

**South Essex Community Council  
Erie Shore Community Transit**

**A Brief History of Municipal Funding, Rationale for Annual Ridership Funding Increase and  
Maintenance of the Current Capital Reserve Funding Structure**

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Since 1991, The Municipality of Leamington, The Town of Kingsville and The Municipality of Chatham-Kent have supported accessible transportation services for seniors and persons with disabilities through the South Essex Community Council's (SECC) Erie Shore Community Transit service. Originally, the three municipalities agreed to provide annual operating funding, based on proportional ridership, in the amount of \$21,012.00. Additionally, each municipality agreed to contribute, on a proportional basis, to create a \$5,000.00 annual capital reserve fund for future vehicle purchases.

There was no set expiry date on the 1991 agreement; however, it was renegotiated in January of 2008. In order to gain consensus and support among the three municipalities, the annual ridership contribution was frozen at \$21,012.00. Capital reserve contributions were restructured from \$5,000.00 annually split proportionately between the three municipalities to \$5,000.00 reserved annually by each of the three municipalities (for a combined total of \$15,000.00 reserved by municipalities) with SECC contributing an estimated \$10,000.00 annually through fundraising and donations. This agreement was to remain in effect January 1, 2008 until December 31, 2017.

As we draw near the end of the tri-municipal agreement, SECC wishes to continue its partnership with The Municipality of Leamington, The Town of Kingsville and The Municipality of Chatham-Kent to provide affordable, accessible transportation for seniors and persons with disabilities. However, 26 years after the original agreement was first signed and then reconfirmed 10 years ago, we feel that the annual municipally provided operating funding of \$21,012.00 is no longer sufficient to meet the current and future needs of the specialized transit system. With ever increasing operational (fuel, insurance, maintenance and repair, etc.) and wage costs, we are seeking an increase in annual operating funding from the three municipalities totalling \$40,000.00 annually, plus an annual adjustment based on CPI for the duration of the agreement.

As per current tri-municipal agreement terms, this \$40,000.00 would be invoiced two times per year (once in July based on proportional ridership from January 1 to June 30, and again in January based on proportional ridership from July 1-December 31). To put this in context, for the past 10 years of the current agreement the average annual proportional distribution of ridership for the three municipalities was Leamington = 54%, Kingsville = 37% and Chatham-Kent = 9%. In this example, based on a \$40,000.00 annual funding agreement, Leamington would contribute \$21,600.00, Kingsville \$14,800.00, and Chatham-Kent \$3,600.00. Of course, ridership in each municipality will vary from year to year so this example is only to serve as a guide. An adjustment for CPI, if granted, would also influence these examples.

Additionally, we would like to reaffirm the existing capital contribution plan that would see each municipality "reserve" \$5,000.00 per year for the express purpose of a capital bus replacement fund.

SECC will continue to strive to contribute \$10,000.00 per year to a capital replacement fund through fundraising and donations. Annually this would see \$25,000.00 reserved for future bus purchases by all four parties of the agreement which would then create a \$100,000.00 every four years. Over a four year period, the cost per municipality would be \$60,000.00. Capital reserve would be invoiced annually and municipalities will retain the choice to either set aside the funds in their own reserves (and releasable to SECC only upon advanced written request for a pending vehicle purchase), or forward directly to SECC to be held in trust in a dedicated capital reserve account only for future bus purchases.