

MINUTES

TRANSIT SERVICES COMMITTEE
BUDGET DELIBERATIONS

OTTAWA-CARLETON REGIONAL TRANSIT COMMISSION

CHAMPLAIN ROOM

WEDNESDAY, 3 FEBRUARY 1999

9:00 A.M.

PRESENT

Chair: A. Loney

Members: M. Bellemare, W. Byrne, R. Chiarelli, C. Doucet, L. Davis, D. Holmes,
H. Kreling, J. Legendre

CONFIRMATION OF MINUTES

**That the Transit Services Committee confirm the Minutes of the meeting of
27 January 1999.**

CARRIED

REGULAR ITEMS

1. 1999 TRANSIT SERVICES COMMITTEE BUDGET REVIEW

By way of opening remarks, the Interim General Manager, M. Sheflin, said that OC Transpo staff are looking for outcomes in the 1999 budget, and at the effect of actions taken and investments made for the citizens of Ottawa-Carleton. Mr. Sheflin introduced Pamela Sweet, Director, Policy and Infrastructure Planning Division, who reviewed the vision put forward by Council and who spoke of the total cost to the community in both dollars and in quality of life.

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- Notes:
1. Underlining indicates new or amended recommendations approved by the Committee.
 2. Reports requiring the Commission's approval will be presented on 24 February 1999 in Transit Services Report 99-10

Ms. Sweet began by saying that, in order for the transit modal share to climb from 15.2% today to at least 20% in year 2021 and to decrease automobile modal shares from 73.5 to 67, the following strategies will be pursued:

- service geared to serving markets
- buses remaining the primary technology, with rail to supplement the Transitway
- transit priority on arterial roads
- modification of parking standards, especially in the downtown core
- park and ride lots for rural transit users.

To attain these goals, choice automobile users will have to be converted to choice transit riders by increasing market share through coverage, reliability and cost effective transit services.

Ms. Sweet presented a Chart which illustrates the impact of growth in the urban centres outside the Greenbelt where it is most dramatic. Between 1995 and 2021 there will be 100% growth in population and units; travel by car will increase from 32,000 to 51,000 and transit usage will increase from 7,000 to 20,000 trips. She presented a graph showing current travel times from the downtown core to the urban centres outside the Greenbelt, noting that achieving the targets of the Transportation Master Plan (TMP) travel time might increase by 25% to 26 minutes: not achieving the modal share by year 2021 will mean a 50% increase to 39 minutes. Mr. Sheflin posited this would almost be the good news, that every person who drives to work, will spend close to an extra half hour per day driving for the rest of their working lives, with the concurrent problems: if there is vehicle

Ms. Sweet then spoke about the costs of not achieving transit modal share, almost \$200 million in construction cost for another four-lane arterial, and other costs related to increased automobile dependency: pollution, fuel, accidents, parking, representing \$35 million per year. These figures are taken from the report entitled The Total Cost of Travel in Ottawa-Carleton. She added that not doing anything will mean the road network is pushed beyond capacity; both auto travel and transit-based travel times increase to an average annual cost of \$300 million by year 2021. Mr. Sheflin pointed out this means each and every commuter will pay each and every day \$12 dollars in extra costs. Region - wide costs for increased road infrastructure would be \$3 billion and increased road user costs would be \$10 billion.

Ms. Sweet said there are three possible outcomes:

- support the Regional Official Plan (ROP) and the TMP, at a cost of \$.6 billion or \$30 million per year
- build more roads, have more auto dependence at a cost of \$3 billion or \$150 million per year
- do nothing and endure increased delays and costs - \$10 billion or \$500 million per year.

The Assistant General Manager, D. Palmer, presented OC Transpo's budget. He began by saying the Commission has accepted Council's challenge to increase ridership and will aim for a 3% increase in 1999 as the turn-around year. In order to achieve this goal, the focus will be on increased ridership, improved reliability, improved customer service and becoming more cost effective. Mr. Palmer indicated that cost targets will be provided in the 5-year plan. The Operating budget represents a 0% increase for Paratranspo, a 0.2% increase for OC Transpo and a one-time funding increase of \$4.6 million for reliability initiatives, to be funded from the Capital Reserve Fund. The basic components of the \$4.6 million are as follows:

- \$1.3 for improved reliability; more service hours on the street to achieve the reliable service people expect;
- \$1.7 for increased service, more frequency and new service points, primarily in industrial parks
- \$800,000 for a very focused marketing and customer relations exercise
- \$700,000 for improved safety and security. This concern has been expressed clearly in the Comprehensive Review, especially as concerns security for women at night.

Mr. Palmer concluded by saying the Capital funding requirements will be addressed in the 5-year plan to be presented later in the year.

The Committee Chair, A. Loney, said it is fundamental to approach this budget with the notion that a quantum change is about to take place. Chair Loney said the Commission knows how unreliable it has been, and the volume and backlog of complaints means there are many dissatisfied customers; their comments and concerns must be addressed. Chair Loney made reference to a comment about the penury of service being added and the related costs by saying the Commission needs to spend more effectively to provide the service it says it will provide.

Councillor L. Davis expressed the hope that the reliability of Paratranspo service and the booking system would be evaluated, to ensure the population served does not "fall through the cracks". Mr. Sheflin indicated that the Accessible Transit Committee has provided much input to the Commission and work is underway to hold the refusal rate at 5%. In response to a further question from Councillor Davis, Dr. Helen Gault confirmed there is a commitment to maintain the program of providing passes to the Canadian National Institute for the Blind (CNIB).

Councillor J. Legendre described a situation in one of his neighbourhoods, where a school system was in exam period, and the number of students using the bus contributed to no one else being able to get on the buses, day after day. He suggested there needs to be more internal feedback within the system to prevent situations like these for re-occurring. Mr. Sheflin agreed this was necessary; he pointed out the Commission doesn't have enough buses for the regular runs and there will need to be closer Cupertino with the school boards to be able to handle these situations.

Councillor Legendre commented that the exercise the Commission is undertaking today requires Commissioners to have a certain amount of trust in staff. He pointed out that the final report of the Comprehensive Review has not yet been presented, and he expressed the hope the document presented addresses the major thrust of the review. Chair Loney indicated that the final report will be released on 8 February 1999 in a briefing to Council. Mr. Sheflin added this is the reason the Capital budget has not been brought forward, and that all staff, Unions and Management at OC Transpo are committed to implementing the recommendations.

Councillor W. Byrne posed a number of questions about the Computer Aided Dispatch system for Paratranspo. Mr. Pat Larkin, Director, Para Transpo, said the system has run on week-ends and week-day service is being offered today. He indicated that implementation should take place during good weather, expressing the hope this would be done by April 1999. Councillor Byrne asked how many trips will be accommodated once the system is fully operational. Mr. Larkin replied there is the potential to insert trips as cancellations are received, and that there could be up to 50 to 100 trips per day, once the system is reliable. Speaking to the issue of the 40,000 un-accommodated trips for the past three years, Mr. Larkin said the demand has not increased, and there are likely persons who would like more service but are not asking because there are problems.

Councillor D. Holmes asked whether staff are working with the Ottawa-Carleton District School Board to accommodate students who will no longer be able to access yellow bus service. Dr. Gault indicated staff have met with Board officials and have asked whether school start times could be a little later so students can be accommodated more cost-effectively.

Councillor McGoldrick-Larsen inquired whether the 4000 students from South Nepean who are bussed to schools inside the Greenbelt will be accommodated with the budget being proposed. Dr. Gault replied that, if there is a willingness to move school start times as suggested, a lot of service could be provided with existing buses. A review done recently has shown that the costs and revenues might be close. Dr. Gault added this has not been addressed in the budget, and staff will report back if the Board is not willing to move the school start times: in this case, 23 new buses would be needed at a huge cost since they would only be used once in the morning and once in the afternoon. Councillor McGoldrick-Larsen proposed that the Committee Chair write to the Boards, asking for their co-operation in delaying school start times to later in the morning. The Councillor also felt that Boards should be encouraged to consider, in their deliberations on criteria for school closures, access to public transit and keep open schools that have current and quick access to public transit.

Public Delegations

Mr. Kevin Kinsella, said he was somewhat gratified to see the Commission holding the line on Paratranspo. He suggested the RMOC go after the \$32 million it is entitled to from the Province to cover downloaded services. Speaking to comments made about low floor buses and these helping hold the line on expenditures, Mr. Kinsella indicated that none of

the low floor buses work and no one who is disabled in a wheelchair can use these vehicles. He asked about passengers who have trips refused and who have given up trying to get bookings, saying it was a misnomer to say that persons in wheelchairs have not been refused bookings. He cited his own experience and the fact that he often is able to get bookings later. He advanced the view that a slight increase for Paratranspo is warranted.

Linda Kinsella, gave her perspective as person who uses both OC and Paratranspo. Many persons on regular buses have misconceptions about Paratranspo service, namely they think it is free or that it can be accessed in an hour. She suggested the Commission advertise about the service and address these misconceptions. She pointed out that Paratranspo has not had an increase since 1993 and that there are still 40,000 refused trips. In addition, the amount of waiting time is increasing and is now commonly up to one hour. Reliability of service also has to be addressed.

Nicholas Patterson, Canadian Development Institute

Mr. Patterson commented on the paucity of information available. As a person with a financial background as a stock analyst and a sometime banker, he said he was astounded that the Committee purports to examine a budget that does not provide basic financial information. Any company listed on the stock exchange routinely provides 10 years of basic financial information, a history of total sales, expenditures, net profits, operating results. The Committee should require 3 to 5 years of projections before considering the budget.

Councillor Legendre, responding to Mr. Patterson's comments, said that the ground has shifted significantly for regional government over the last ten years, for example in the way public transit has traditionally been funded. In this light, 10 years of history might not be useful, but adopting this approach in the future is a good notion. Mr. Sheflin recalled Ms. Sweet's presentation at the start of the meeting, noting the speaker had not been present at that time; he indicated that this kind of information is provided routinely and is available to anyone who wants to see it.

Jeff Alguire, Chair, Accessible Transit Advisory Committee

Mr. Alguire said the 40,000 trips refused on Paratranspo is of great concern to members of the Accessible Transit Advisory Committee and the Committee recognizes the frustrations of persons who have to call after 9:00 a.m. when the vast majority of refusals happens. This underscores the need for alternate services to help people affected by the limitations of Paratranspo. He expressed his appreciation for the \$100,000 provided in 1998 and the commitment to low floor buses which may, in the long term, help mitigate the situation. He pledged the continued assistance of the Advisory Committee in the appropriate use of Paratranspo, indicating the Committee will soon be forwarding its comments on fares and on eligibility criteria. Regardless of this, all should be aware that customers are not being served as effectively as they feel they should be and the Commission should consider a slight fare increase in the meantime. Mr. Alguire indicated

the annual report will be provided next month and some of these issues will be discussed therein.

Committee Discussion

Replying to a question of clarification from Councillor Legendre, the Finance Commissioner, J. LeBelle confirmed that the Committee will be working from the replacement page 71 (1999 Draft Operating Estimates). Mr. LeBelle also directed the Committee to p. 157 of the 1999 Draft Operating Estimates, requesting that the last item, Rebate Program, be deleted.

The following was considered:

That the fuel budget be reduced by \$1.3 million, as endorsed by the Budget Sub-Committee.

CARRIED

Councillor Legendre said he could support a change in accounting practices to “capitalize” major bus rebuilds. He felt that reducing the balance in the Transit Capital Reserve Fund, along with reducing the Depreciation Reserve Fund and taking \$3 million out of PAYG is moving in the wrong direction and he asked for a comment on this. Mr. Sheflin indicated that the Comprehensive Review will propose a totally new approach to Capital and that the year 2000 Capital budget will look quite different. In 1999 the Commission is trying to capture efficiencies in maintenance, something which must be changed around. He posited this is not the year to be making major capital decisions, rather it is the “show me” year for the Commission, and decisions made this year are to get the Commission in shape.

Commissioner LeBelle made reference to Annex B of the Budget Reductions and Adjustments Options, saying it contains proposals to counter the \$32 million shortfall and is presented in the context of Council’s stated objective to freeze taxes at 1998 levels. Mr. LeBelle said there is no question this represents a two-edged sword, as pressure off 1999’s tax requirement will put pressure on Council’s ability to fund capital programs in the future. Commission management have spoken about increasingly identified problems with the fleet, new service initiatives and a other service-related technologies that have to be addressed within the long range capital program, not the least of which would represent new technologies. Mr. LeBelle indicated he has started putting together the team that will develop a 25-year plan to address all known factors, including significant increases in the unit cost of the fleet: one low-floor, articulated bus costs \$662,000 and having 800 of these on the fleet represents big numbers. Staff will need to identify for the Commission and for Council the ability of the fare box and of the taxes to sustain the service levels proposed for the future.

The Interim Manager, M. Sheflin indicated the future involves “user pay” for the total transportation system. In this new reality, the system user has to be given the option of paying \$12 dollars extra per day, or .25 cents extra per day. He said it was unfortunate the Ontario Government has abandoned urban transportation and has taken all the user pay

funds and is using them for their own purposes, causing local citizens to have transportation costs increase potentially by as much as \$5 million per year. Mr. Sheflin said the irony is that when transit has achieved the desired modal split, it will be persons still using their cars who will realize the bulk of the savings.

Councillor Legendre expressed the fear that, in view of Council's established policies in the ROP and in the TMP, staff proposals are not consistent. He said he thought Council should be putting more, not less, money in capital and he wondered whether the Commission won't be in even more difficulty next year because of these reductions.

Commissioner LeBelle pointed out that the 1999 Draft Estimates propose a contribution to the depreciation reserve of \$25 million before the reduction of one half million dollars: two years ago, no money was going into the reserve. Mr. LeBelle went on to say that, prior to the reductions proposed today, staff anticipated that \$50 million per year out of the operating budget would be placed in the reserves. On an annualized bases, the real impact of reductions is \$3 million per year. Mr. LeBelle agreed that putting \$3 million dollars less annually will eventually put pressure on Council's ability to fund capital programs but this amount "won't break it"; putting service on the street will cost more than \$3 million per year.

Commissioner W. Byrne said her concern is that the emphasis was placed on the first words of the guiding principle, "aim for a zero tax increase" and the rest of the clause, "subject to adequate provincial funding to address problems caused by downloading", was not given sufficient consideration. The Region has not received adequate funding and expects its residents to accept a lower level of service, when OC Transpo is at a turning point. Councillor Byrne indicated that the Region has always been able to find efficiencies and has focused on continuing to do so but not by making up for the Province by short-changing taxpayers.

Commissioner LeBelle informed the Committee that the Regional Chair has been meeting with provincial finance officials and may want to share his comments with members. He recalled that, in November 1998, he informed Council that the Province had indicated there were no programs from which the Region could expect funding; any contribution would be gratuitous and subject to the whims of the government. Councillor Byrne said another option is to take a stand and force the Province to live up to its obligations, as was done in 1998.

Councillor M. McGoldrick-Larsen spoke about reading a report on Pay-As-You-Go and learning that the RMOC will be short an average of \$25 million per year for next 10 years to meet capital requirements. Mr. LeBelle acknowledged that, on the transportation side, the 10-year capital forecast will not address the objectives currently in the ROP. Mr. Sheflin reiterated that the future of transportation is a connection in total transportation dollars in Ottawa-Carleton.

The Regional Chair, B. Chiarelli, informed the Committee that there have been discussions over the last few months, with Ministry of Finance officials, particularly with Mr. John

Baird, Parliamentary Secretary to Minister E. Eaves. During these discussions, Chair Chiarelli indicated the Region would do its share but would need several years to adjust and absorb the shock of downloading and expected the Province to be part of the ongoing solution. A request was made for \$22 million in 1999 and another \$11 million in the following year. Another requirement was that the Province provide restructuring to help achieve efficiencies. Chair Chiarelli has told Mr. Baird that he must reply by February 4th; if not, it will be assumed that nothing is forthcoming and the appropriate political action will be taken. In 1998 the Province announced the Municipal Capital and Operating Fund, a four year program for transition where the expectation was that money would be available to assist the RMOC and other municipalities. In meetings with Finance Ministry Officials it was confirmed this program did not exist and officials gave indications they were looking at other funding mechanisms, however nothing has been forthcoming. Chair Chiarelli said it was important to understand that part of the funding received last year went into reserves and may not be available for budgetary purposes in 1999. Council has to accept the fact there is fluidity in how those funds are accommodated.

Councillor Doucet asked what political action Chair Chiarelli was alluding to when he called for alternative political action should the Province not provide funds. Mr. Chiarelli spoke about having obtained an independent legal opinion from a nation firm on the constitutionality of the Provincial downloading. The opinion suggests that several aspects of downloading are susceptible to challenge under the Charter on a technical basis. The Chair indicated it is not his preference to challenge the Province on legal grounds but it is his obligation to know whether such a challenge is possible. He has had discussions with several other Regional Chairs and as of recently there was one other significant Region that was prepared to join the RMOC on a constitutional challenge on downloading. The Chair reiterated he has significant reluctance to act in this manner, as he would not want to jeopardize the positive relationship he has with the Province, however, as there has been no response to the Region's request, this option may need to be considered.

Councillor Byrne asked for a definition of "the Region's share". Chair Chiarelli recalled that when the downloading process began, the Province said it would be revenue neutral. In 1997, revenue neutral was re-defined to mean that it would be so if the Region found the money itself, and according to the Province's calculations, the Region had to find \$43 million each year from 1998 onwards. This was not accepted and the Province provided \$43 million in 1998 to make sure the downloading was revenue neutral. The Chair posited that the Province has to be a partner with the Region to help it achieve revenue neutrality. Mr. LeBelle pointed out that the \$43 million excluded the cost of highway transfers (\$8 million) and did not take into account the cost for ambulance service. The following Motions were then brought forward:

That the Committee approve the "capitalization" of Major Bus Rebuilds, representing \$1.1 million, as endorsed by the Budget Sub-Committee

CARRIED

That the Committee approve a reduction of \$0.5 million in the Depreciation Reserve Fund Contribution, as endorsed by the Budget Sub-Committee.

CARRIED

That the Committee approve a reduction of \$0.6 million in the Sick Benefit Reserve Fund Contribution, as endorsed by the Budget Sub-Committee.

CARRIED

That the Committee approve a reduction of \$0.8 million in the Insurance Reserve Contribution, as endorsed by the Budget Sub-Committee.

CARRIED

That the Committee approve a reduction of \$0.4 million in the Short Term Interest Budget, as endorsed by the Budget Sub-Committee.

CARRIED

That the Committee approve a reduction of \$3.0 million in Pay-As-You-Go (PAYG) Transit Capital Reserve Fund Contribution, as endorsed by the Budget Sub-Committee

CARRIED

Councillor Kreling asked how improved reliability and increased service could represent a one-time cost. Mr. Sheflin said that, based on how well the Commission does at increasing ridership, this requirement will be reviewed to ascertain whether continued funding is warranted in 2000. The Assistant General Manager, D. Palmer added that funds for increased reliability and increased service are somewhat of an estimate and both equate to service hours. After a few months staff will see whether there is a need to use some of the funds earmarked for increased service to further boost reliability.

Councillor Kreling said this was the one item he found the most troubling. He asked that the Committee be provided with a report later in the year on the result of these initiatives; at that time, the Commission will have to evaluate whether the money has to be added to the base operating budget.

Councillor Byrne asked how to reconcile the fact that the Commission is trying to accelerate the acquisition of buses while at the same time reducing the Transit Capital Reserve for future acquisitions. Mr. LeBelle responded by saying that, this year, staff from both the Region and OC Transpo will look at the entire Capital issue. Capital requirements have to be put on the table and priced, as well as the impact on the operating side and the ability to deliver service.

That the Committee approve a one-time funding for increased service/reliability initiatives representing \$4.6 million, as endorsed by the Budget Sub-Committee.

CARRIED

Councillor D. Holmes asked about Planning and Development, saying she had expected to see comments on municipalities having to comply with the Region in this area. Dr. Gault said that part of the comprehensive review is to work with staff from the Regional Planning and Development Approvals Department whereas the budget focuses on service initiatives. Through the 1999 Transplan process staff believe better co-ordination can be achieved and that they can be more effective in influencing development. However, no new staff resources are foreseen for these purposes. Chair Loney suggested that a better deployment of resources was needed, that staff should attend Planning Committee meetings, write letters to municipalities, attend meeting to make the case for public transit.

Councillor Van den Ham asked whether any consideration has been given to fare adjustments for both OC and Paratranspo, as this would generate significant revenues. Chair Loney said there would be detailed information on this in the final report of the Comprehensive Review and the Accessible Transit Advisory Committee is also working on this.

Councillor Davis suggested consideration be given to family passes for low income families to assist with additional costs generated by the loss of school buses to schools.

Moved by L. Davis

That a joint report be prepared by the Social Services Commissioner and the A/General Manager, providing a cost/benefit analysis re: the provision of low income transit passes.

CARRIED

Moved by H. Kreling

That the Operating Budget for OC Transpo and Paratranspo be approved as amended by the foregoing.

CARRIED

CAPITAL BUDGET

- pp. 236 to 241, 1999 Draft Capital Estimates and 10-Year Capital Forecast

Councillor Legendre suggested that the Committee approve only 25% of the Capital budget, in recognition of the fact that the KPMG recommendations will have an impact. Allowing expenditures up to 25% will cover the period between now and when the report is presented. Mr. Sheflin indicated staff will report regularly on expenditures, and will not spend the entire envelope of \$12 million immediately; at any time the Committee can tell the Commission to cease its capital expenditures. He pointed out that the Comprehensive Review document is a large document, and the Committee may spend a lot of time in discussing it; approving the Capital budget would give the Commission the latitude to keep operating in the meantime.

In response to a question from the Committee Chair on the best way to proceed, Commissioner LeBelle said he thought it would be preferable to recognize the entire \$12 million in capital authority than to try to put a limit on this amount. Councillor Legendre said he would move the Capital amount and give the department authority to proceed with 25% of the total amount. He pointed out there is a lot more information about other aspects of the budget, whereas the section on Capital states it is included for forecasting purposes only and does not represent the Capital requirements to come forward in 1999. Many of these will come from KPMG's report. Councillor Legendre said his Motion provides staff with the latitude to move forward. He posited it would be an abdication of a Commissioner's responsibility not to act in this manner.

Councillor Holmes said she would not support the recommendation, as the KPMG report will have ramifications on both the operating and capital budgets. She added she was satisfied that staff will report on each matter when spending from this "envelope" and that the Committee can, at any time, reign in spending, as is true of most other items in the budget. Mr. Sheflin indicated that, by the time the budget is ready to go to the Commission on 24 February, staff will be able to provide a detailed list of spending.

Moved by J. Legendre

That in order to allow OC Transpo necessary flexibility, that the Transit Services Committee approve the \$12,135,000 1999 OC Transpo Capital Envelope (p. 237) with the understanding that staff have the authority to actually spend up to 25% of this amount prior to consideration of the KPMG/IBI report.

CARRIED

Moved by D. Holmes

That staff provide a breakdown of proposed spending items related to p. 237, OC Transpo Capital Program Envelope, prior to the 24 February 1999 Commission deliberations.

CARRIED

That the Capital budget be approved, as amended by the foregoing.

CARRIED, as amended

2. 1999 BUDGET SUB-COMMITTEE REPORT

The Budget Sub-Committee was constituted to review the 1999 Regional budget in an effort to maintain the net taxation requirement for Regional programs at 1998 levels;

The Budget Sub-Committee acknowledges the 1999 budget challenges and reduction initiatives as outlined in the Chief Administrative Officer and Finance Commissioner's Joint Report dated 18 January 1999 entitled "1999 Draft Estimates - Budget Reductions and Adjustments Options";

The Budget Sub-Committee recommends the Standing Committees consider the 18 January 1999 Joint Report, the Budget Sub-Committee comments of 20 January 1999, and any other initiatives or alternatives that the Standing Committees deem advisable to reduce the departments' 1999 budgetary requirements in an effort to maintain net taxation requirements at 1998 levels.

CARRIED

ADJOURNMENT

The meeting adjourned at 1:00 p.m.

CHAIR

CO-ORDINATOR