

Commission History and Business Case Overview

Commission History

In 2018, a Memorandum of Understanding (MOU) was signed by elected officials from the City of St. Albert and the City of Edmonton to look into creating a regional commission model for public transit service. That MOU also led to securing a provincial grant to support the development of a business case. In 2019, a total of 13 municipalities from the region agreed to be part of developing the first regional transit business case (Attachment 2). The 13 municipalities that contributed to the first business case included City of Edmonton, City of Fort Saskatchewan, Strathcona County, City of Leduc, Leduc County, City of Beaumont, Town of Devon, Town of Stony Plain, City of Spruce Grove, City of St. Albert, Town of Morinville, Sturgeon County and Parkland County. In February 2020, the business case was presented to Council (CR_7974 Regional Transit Services Commission Submission - Decision) and Council approved the below motion:

That Administration provide notice in writing to the Government of Alberta that the City of Edmonton supports enactment of a regulation under the Municipal Government Act creating a Regional Transit Services Commission for the Edmonton Metropolitan Region including Edmonton as a Commission member, as outlined in Attachment 1 of the February 19, 2020, Urban Form and Corporate Strategic Development report CR_7974.

In total, eight municipalities including the City of Fort Saskatchewan, City of Spruce Grove, City of Leduc, City of Beaumont, Town of Stony Plain, Town of Devon, City of St. Albert and the City of Edmonton agreed to move forward to create a regional transit commission. Five municipalities opted not to proceed to join the newly formed Edmonton Metropolitan Transit Services Commission, including Strathcona County, Leduc County, Sturgeon County, Town of Morinville and Parkland County.

In June 2020, the business case was updated (Attachment 2). This involved updating the service hour contribution from each participant, cost allocation and associated financial analysis. The business case contemplates annual contributions from members through a base fee charged to each member on a per capita basis and an allocation to each municipality of the service delivery costs. The allocation for the regional routes was proposed to be budget neutral and to be assigned to reflect the amount of service or benefit received by each respective municipality. This neutrality was achieved through reallocation of

existing service and through efficiencies found by combining regional service. The operational analysis of the updated business case can be found under “Business Case Overview” in this attachment.

The motion provided the City of Edmonton’s support for the establishment of a regional transit Commission.

Business Case Overview

When conducting operational analysis of the business case, there are a few takeaways:

- Council sets direction for transit through policy, budget and strategies like The City Plan. The governance model for the Commission direction and decisions, such as setting service standards and fare pricing, will shift to the Commission’s Board of Directors.
- Both the operating model and service delivery approach outlined in the business case are anchored on finding efficiencies by merging service hours and changing route design for some service across the region. The business case identified a savings of 850 service hours per week, which translated into \$5.5 million annually by 2026. These efficiencies were planned to offset the start-up and recurring costs associated with forming and operating the Commission, with the initial start-up costs fully recovered by 2026.
- While the financial model included forecasted fare and non-fare revenue, ridership and fare modeling were not completed to inform this forecast.
- Edmonton’s contribution in the original business case was identified as funding 41.93 per cent of the costs of the Commission, with an annual contribution of approximately \$24M. The base fee each year for Edmonton to be part of the Commission was identified as approximately \$2M.
- The business case identifies all of the ETS service hour contributions as regional service. However, in both the former and current bus network, almost all of ETS service is provided in Edmonton as local service. The only regional route currently within the ETS budget is the route 747 airport service, which is funded through a cost sharing agreement with the City of Leduc, Leduc County and the Edmonton International Airport. Through this agreement, ETS contributes 39 per cent of the net costs.

Attachment 4

Summary of Business Case and 2023 Opening Day Service Plan

	Service Hours Weekly - Total Regional Network	Service Hours Weekly - Edmonton Allocation	Edmonton Allocation as % of Regional Network	Edmonton Allocation as % of ETS Service Hours	Edmonton Financial Allocation (2023)
2020 Business Case	5,986	4,809	80%	11%	\$23.7M
2020 Business Case Addendum	5,527	4,159	75%	10%	\$20.7M
2023 Opening Day Service Plan	2,606	1,253	48%	3%	\$7.2M + base fee + overhead fee + debt servicing - revenue