Council Direction:
This report responds to correspondence from the Chamber of Commerce addressed to the Mayor and Members of Council dated March 19, 2008, (attached as Appendix A).

The correspondence includes two recommendations for the consideration of Council:

(1) “Independence - The Hamilton Chamber of Commerce urges the City of Hamilton to investigate the possibility of establishing an independent transit commission much like those of Toronto and London.

(2) Long-Term Planning - The Hamilton Chamber of Commerce urges the City of Hamilton to conduct a thorough review of the HSR.”

Apart from the revised method of appointing commission members to the Translink Board in Vancouver and the creation of transit corporations and agencies in Quebec, commissions, as such, have decreased in numbers over the past few decades as separate entities. They have been absorbed into regional government organizations, as these new administrative structures have evolved as in the case of Toronto, Ottawa, Niagara Falls, and Hamilton.

Information:
This report provides a brief overview of the history of the governance structure of transit systems in Canada, namely those governed by independent commissions or boards versus those operating as part of the municipal department structure.

Of the almost 100 transit systems identified as CUTA members in Canada only two operate as transit commissions in British Columbia, five in Ontario, and one each in New Brunswick, Nova Scotia and Newfoundland and Labrador. In Quebec, nine public
transit corporations and 22 municipal agencies govern the majority of transit systems in that province.

**British Columbia**

**Victoria**
In Victoria, the Victoria Regional Transit Commission (VRTC) has seven commission members appointed by the Lieutenant Governor from persons holding elected office in municipalities specified in the BC Transit Act. Under the provisions in this Act, commissioners determine route configurations and service levels, set fares, review and make recommendations on the annual operating and capital budgets and raise the local share of the cost of transit services in the region.

**Vancouver**
In Vancouver, the Translink Board is now selected from a list of candidates identified by a five member “Screening Panel” appointed by the province. Regional mayors are also represented on the panel and are allowed to select three board members from the candidate list put forth by the “panel”.

Translink Board members are appointed for three-year terms and charged with the responsibility of planning, financing, implementing and operating the area’s integrated transportation system, which is partially funded through fuel and local property taxes.

**Atlantic**
In Nova Scotia (Kentville), New Brunswick (Saint John) and Newfoundland (St. John's) commissions are charged with the responsibility of running the public transit system at “arms length” from the municipality in which they operate and in so doing are generally only accountable to council for approval of their annual capital and operating budgets.

In most instances, commissioners are appointed by the council of the municipality in which the service is provided. Selection is usually limited to local citizens (i.e. property owners) for set and often staggered terms and with one or two councillors to represent the interests of the public at large.

Commission members duties in these systems include approving transit service levels, setting transit fares and fare policy and, most importantly, reviewing and making recommendations relating to transit’s annual capital and operating budgets prior to being presented to council for municipal approval.

Until recently, Codiac Transit, which serves the municipalities of Moncton, Dieppe, and Riverside, operated as a commission. However Codiac Transit is now a City department and the former commission members now constitute a nine-member advisory board made up of two councillors from Moncton, and one each from Dieppe and Riverside plus five citizens at large who are selected by the Mayor of Moncton from a cross section of business people in the community.

The advisory board is now responsible for policy development and no longer has any fiscal responsibilities.
Quebec

To resolve major transportation issues in the metropolitan areas, Quebec rationalized governance structures throughout the province. The provincial government created nine corporations, representing Quebec City, Longueuil, Laval, Levis, Montreal, Outaouais, Saguenay, Sherbrooke and Trois-Rivieres. These corporations select their boards of directors from local elected officials with additional representation from conventional transit and paratransit users. These organizations are charged with the responsibility to plan, organize and operate the transit services.

On the other hand, 22 agencies (CITs) were created, comprising one municipal board, one regional transport board, 11 municipalities plus nine inter-municipal boards. The members of these boards are appointed by municipally elected officials who are then responsible for determining the funding and are ultimately responsible for the systems’ operating deficits. They cannot however, operate the transportation service themselves and are obliged to have private or public carriers perform this function on their behalf.

Ontario

In Ontario in the early 1970s, there were at least 15 commissions governing transit system operations throughout the province. Four of these were part of a public utilities commission (Brantford, Stratford, Oshawa and Kingston). Even though they were administered and operated by the public utilities commission, all transit capital and operating funding approvals came through the local municipal government.

Due to revisions to the acts governing public utilities in the late 1990s (deregulation), all hydro commissions were forced, by 2000, to divest themselves of services that were not directly related to their primary functions. In all cases these transit systems, along with the responsibilities for water management, were subsequently assumed by their respective municipalities.

Of the remaining 11 transit commissions, most were originally created in the early 1960s to fill the gap left as a result of privately operated transit companies who, due to declining ridership and revenues, could no longer operate services at a profit and abandoned local service in cities like Belleville and Guelph.

Similarly in St. Catharines and Niagara Falls, the commissions were created as a result of the cancellation of the local services operated by a division of the CNR in the Niagara peninsula that were faced with a similar issue of declining ridership and profits.

As in the examples noted earlier in the Atlantic provinces, commission members were appointed in much the same manner for set and staggered terms with similar duties and obligations relating to service policy and budget issues.

Over the next several years, the transit commissions in Hamilton, Ottawa, Belleville, Guelph, Sault St. Marie and most recently Niagara Falls, have been dissolved and their operations absorbed into local municipal or regional governments and integrated into existing municipal/regional departments.
For the most part these transitions occurred over an extended period of time (about 20 years), but certainly tended to be influenced by provincial policies such as the downloading that occurred in the 1990s and the end of the province’s major funding commitment to municipal transit services. Prior to that, it was often in the local municipalities best interest from a financial standpoint to support an independent transit commission, particularly as it related to receiving Ministry of Transportation of Ontario subsidies.

Of the five remaining transit commissions operating in Ontario, namely the Toronto Transit Commission (TTC), Durham Region Transit, Transit Windsor, the London Transit Commission and St. Catharines Transit, each has developed its own particular dynamics which allow it to have varying degrees of independence from the city governance structure.

**Durham Region**
Durham Region Transit is the most recent transit commission created as a result of the amalgamation of local municipal transit services in Pickering, Ajax, Whitby and Oshawa in 2006. Durham Region Transit was set up as a separate entity, however the commission comprises all 28 members of regional council plus the chair. To operate more efficiently, an executive committee was established to act as a governance board that meets monthly to oversee the administration of the system. This committee is made up of eight members plus the chair representing each of the area municipalities. As with all other commissions, the budgets for both operating and capital are approved by Council.

**St. Catharines**
In the case of St. Catharines, two councillors sit as commission members and the remaining board members have generally provided a mix of professional and transit users. The transit administration has maintained an open relationship with the City administration to maintain this relationship.

**Transit Windsor**
Similarly, Transit Windsor has three council members on its board, one of which acts as chair. The remaining two members represent the local Chamber of Commerce and the local Labour Council.

Transit Windsor administration takes steps to ensure that the City administration is aware of transit activities and in some cases utilize City financial and HR staff to complement their operations and project a policy of openness.

**London**
The London Transit Commission (LTC) is made up of five members with a minimum of two councillors representing the City. The remaining members are appointed by council from qualified candidates.

LTC has remained a commission largely due to it’s ability to maintain high program performance (efficiency and effectiveness).
Toronto
The commission for the TTC consists entirely of City council members appointed by the Mayor. Their duties, like those of other commissions in Ontario and elsewhere, include setting policy, fares and identifying capital and operating budgets. Since the TTC is effectively totally under the control of council with no public representation on its board, it is, for all intents and purposes, another City department.

Other
The correspondence from the Hamilton Chamber of Commerce makes reference to there not being any service to the Ancaster Business Park (ABP). Included in the 2009 Budget, Council approved implementation of service to the ABP that began in September.

Reference is also made to fare boxes not recording bus pass trips. Hamilton has since partnered with the other GTA municipalities and Metrolinx on the implementation of a universal bus pass program for the GTA-Hamilton, named “PRESTO”. Hamilton is scheduled to come online in 2010.

An operational review of the HSR is also recommended by the Chamber. An Operational Review of Transit has been completed and the preliminary results were communicated to Council as part of the 2009 transit budget presentation.

Commission Structure Advantages
Those systems that continue to operate as commissions enjoy the following advantages:

- Council does not need to get involved in daily operating challenges but still have the ability to exercise control through the appointment of commissioners and have the final say in approving capital and operating budgets.
- The commission as a single purpose body can focus on the delivery of transit without having to deal with a wide range of other municipal issues.
- The commission, independent of the municipal structure, can develop systems, work rules and procedures appropriate to transit's unique nature rather than having to fit within a one size fits all municipal structure.
- Commission structures usually have citizen representatives who are appointed for their skills in particular areas, providing an informed public input into making operating decisions.

Municipal Structure Advantages
Those systems that continue to operate as a part of a city/regional structure enjoy the following advantages:

- Being directly part of the municipal organization places transit in a better position to influence the municipal administration to support its operating and capital budgets.
- There is often less duplication of administrative functions such as human resources, and finance, allowing transit administration to concentrate on the delivery of service
to the public.

- Eliminates the animosity that can develop when different organizations operating under the municipal umbrella of services create the perception of empires that are less accountable to the senior administration charged with the responsibility of managing the municipal organization.

- Operating as part of one municipal structure eliminates the wage and benefit disparity that often develops when municipalities support other organizations within the municipal envelope.

- As part of a municipal department, the public will tend to consider the transit system as part of the municipal family of services and thus more accountable to the taxpayer.

- Transit as part of the City structure allows more opportunity for collaboration because we are all part of the same team. We are better able to influence/promote/enhance transit’s role in Council’s strategic plans; Vision 2020, Transportation Master Plan, etc.

Direction for the future of the Transit program will come from Council approved policies and direction such as the:

- Transportation Master Plan (in coordination with GRIDS)
- Transit Ridership Growth Strategy (which aligns with Vision 2020 and TMP)

Arising from the Transit Operational Review presentation to Council on Transit Day, staff has been directed to report back with a five-year Transit Service Plan for Council’s approval.

Finally, the pursuit of Corporate Strategic Initiatives of which Transit is a stakeholder, such as LRT and the Pan Am Games will be best served by a direct connection to Council.
March 19, 2008

Mayor Fred Eisenberger
And Members of City Council
71 Main St. West
Hamilton, Ontario
L8P 4V6

Dear Mayor Eisenberger and Members of City Council:

Attached is the Hamilton Chamber of Commerce's policy on the Hamilton Street Railway. Please note that the policy does not contain a "Funding" recommendation at this time because we have not reached a consensus on this issue yet. It will, however, follow in due course.

Sincerely,

Tyler MacLeod
President
Hamilton Chamber of Commerce
Public Transit Policy Resolution

Submitted by the Hamilton Chamber of Commerce - Hamilton Street Railway

Issue:

The Hamilton Street Railway (HSR) is essential to the economic life of Hamilton. However, in recent years, the HSR has been undervalued by the City of Hamilton even while hailing its obvious benefits including poverty mitigation, reduced greenhouse gas emissions and air pollution and less gridlock. The City of Hamilton needs to value this essential public service through a thorough review of the HSR’s independence, long-term planning and funding. Though this will require an investment of time and money, strong public transit provides excellent value for money and is capable of providing Hamilton with a competitive advantage over other communities.

Background:

Hamilton has recognized through Vision 2020, GRIDS and the Transportation Master Plan that public transit is a key priority. Ridership and the transit network must be aggressively expanded for Hamilton to gain a competitive edge in order to attract new jobs and build a sustainable city.

1) Independence

Since amalgamation, the HSR has been increasingly subject to undue political influence. New routes are assigned, not based on need or maximized ridership or access to employment lands but on specific interests. The existing plans are vague and aspirational rather than well documented with data and annual ridership targets and reviews of the impact of initiatives. The HSR therefore cannot develop or implement unbiased long-range planning activities.

The HSR has a dedicated management team which oversees the day-to-day operations, sets budgets, and recommends enhancements or alterations to the service levels. However, the overall decision powers lie within City Council, thereby rendering progressive initiatives susceptible to biased support or lack thereof.

Other communities such as Toronto and London have independent public transit commissions that manage their systems and report to city councils. The function of the commission would be to set priorities and goals and be responsible to City Council for the running of the HSR. Naturally, given this role the City would have to reassess the HSR’s placement within Public Works. This commission must naturally include some councillors but should also draw from the business community and riders to ensure that city-wide goals are met.

2) Long-Term Planning

A strong transit system works much like a strong business: It requires continued measurement, analysis, planning and implementation. Therefore public transit needs
to have the facts on hand gathered through the fare box and customer surveys. It needs to take the time to analyze trends and possible growth areas. It also needs to develop goals and plan how to reach them. Finally it needs to develop a schedule for implementation that works with its budget.

While the HSR runs a laudable, lean and efficient system, there seem to be no clear plans for expanding ridership, enhancing service levels or developing new routes. The HSR has not conducted a system review since amalgamation despite many changes to the city.

Furthermore the Transportation Master Plan calls for “aggressive transit expansion” and an increase from the current 47 transit rides per capita to between 80-100 rides per capita by 2030. To achieve this end, it relies exclusively on two new rapid transit corridors in addition to the current B-Line route in the lower city. Yet this is not a system wide plan and implementing these new routes will not necessarily achieve a doubling of the rides per capita as hoped.

It is also vital to develop transit expansion plans that work with the city’s business community and access the city’s employment areas. For instance, currently the HSR does not service the Ancaster Business Park. Developing a plan in line with business and economic development priorities is essential.

Measurement is also limited; regularly fare boxes do not record trips taken by passes for instance. The impacts of fare increases on ridership are therefore difficult to calculate beyond a best guess. This situation, combined with politics and fluctuating funding levels, limits the HSR’s ability to make factual and sound decisions and plans.

A review could be undertaken as a first order of business of a newly formed commission or happen immediately. This review should include consultations with riders, businesses and non-riders to learn what they need from the HSR and what barriers they face to using the system. Routing should be analyzed to gauge whether current routing makes sense for Hamilton. Ridership should be clearly tracked and plans made for its steady growth and progress (or regress) accurately measured and made public on an annual basis.

RECOMMENDATIONS:

1) Independence

The Hamilton Chamber of Commerce urges the City of Hamilton to investigate the possibility of establishing an independent transit commission much like those of Toronto and London.

2) Long-Term Planning

The Hamilton Chamber of Commerce urges the City of Hamilton to conduct a thorough review of the HSR.

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.
Values: Honest, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork