

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Council Date:</b>	July 28, 2022
<b>Subject / Report No:</b>	CAOR-CW-05-22
<b>Title:</b>	Grey Transit Route Update
<b>Prepared by:</b>	Charles Fitzsimmons, Acting Manager, Community Transportation
<b>Reviewed by:</b>	Kim Wingrove, CAO
<b>Lower Tier(s) Affected:</b>	Grey County Wide
<b>Status:</b>	

## Recommendation

1. That report CAOR-CW-05-22 Grey Transit Route (GTR) Update be received; and,
2. That the 2022 system enhancement funding of \$280,000 over the 2022 Approved Budget and an additional \$42,200 to defray fuel cost increases, for a total of \$322,200 over the 2022 Approved Budget, be considered as part of the 2023 budget deliberations; and,
3. That Council direct staff to undertake a GTR Sustainability Business Plan Project to consider ways and means of strengthening GTR and the intercommunity transportation network over the short, medium, and long term for Council consideration.

## Executive Summary

This report presents the following updates:

1. **Service Expansion Highly Successful.**  
The public's response is amply rewarding Council's investment in more days per week and more runs per day. Since the expansion began on April 1, 2022, average monthly ridership has been up by 240%.
2. **Bruce and Dufferin County Service Enhancements.**  
Financial contributions by Bruce County, The Town of South Bruce Peninsula, and the Town of Shelburne are reinforcing Grey County's leadership in expanding GTR service.
3. **Community Transportation Grant Program (CTGP) Funding Extended.**  
Originally scheduled to be fully expended by March 2023, the Provincial Government has extended GTR's Community Transportation Grant funding timeline through March 2025 in recognition of the impacts of the pandemic.

4. **GTR Service Agreement Extended.**

An Amending Agreement with Driverseat Owen Sound will provide GTR service through March 31, 2025, at a fixed price.

5. **Wheelchair-Accessible Trips Agreement Expected in August.**

A well-established regional provider is expected to confirm an agreement with the County in August in order to provide wheelchair-accessible trips for the GTR as the previous provider had become unavailable.

6. **GTR enrolled in Google Transit.**

Google Transit is a free service offered by Google to qualifying transit services. Google Transit enables the public to see GTR routes and schedules when searching for directions within or connecting to our service area.

7. **Fuel Cost Increases.**

Events beyond the County's control are continuing to bring challenges. Just as pandemic restrictions were easing, the price of fuel quickly rose by 35% to more than \$2 per litre. GTR's fuel costs increased by \$7,000 in June alone.

Annualized, this cost increase is expected to be \$50,000 to \$70,000 in 2022, and potentially \$65,000 to \$85,000 or more in 2023.

8. **GTR Sustainability Business Plan Project.**

In view of the recent upsurge in both ridership and fuel costs, staff recommend development of a project to examine opportunities for revenue generation, cost containment and service enhancement for 2023 – 2028, based on operating experience to date, emerging funding opportunities, and sector best practices.

# Background and Discussion

## 1. Service Expansion Highly Successful.

The public’s response is amply rewarding Council’s investment in more days per week and more runs per day. Since the expansion began on April 1, 2022, average monthly ridership has been up by 240%.

Due to ridership growth, Routes 1 (Owen Sound to Dundalk) and Routes 2 (Dundalk to Orangeville) buses are occasionally booked almost to capacity, leaving little or no room for walk-on passengers. Although this is fantastic news for ridership numbers, the GTR is required to permit walk-ons in order to meet Google’s definition of transit and qualify to be enrolled in Google Transit. Staff and Driverseat are monitoring the situation closely.

### Total GTR Ridership September 2020 to June 2022

Enhanced Service began April 1, 2022

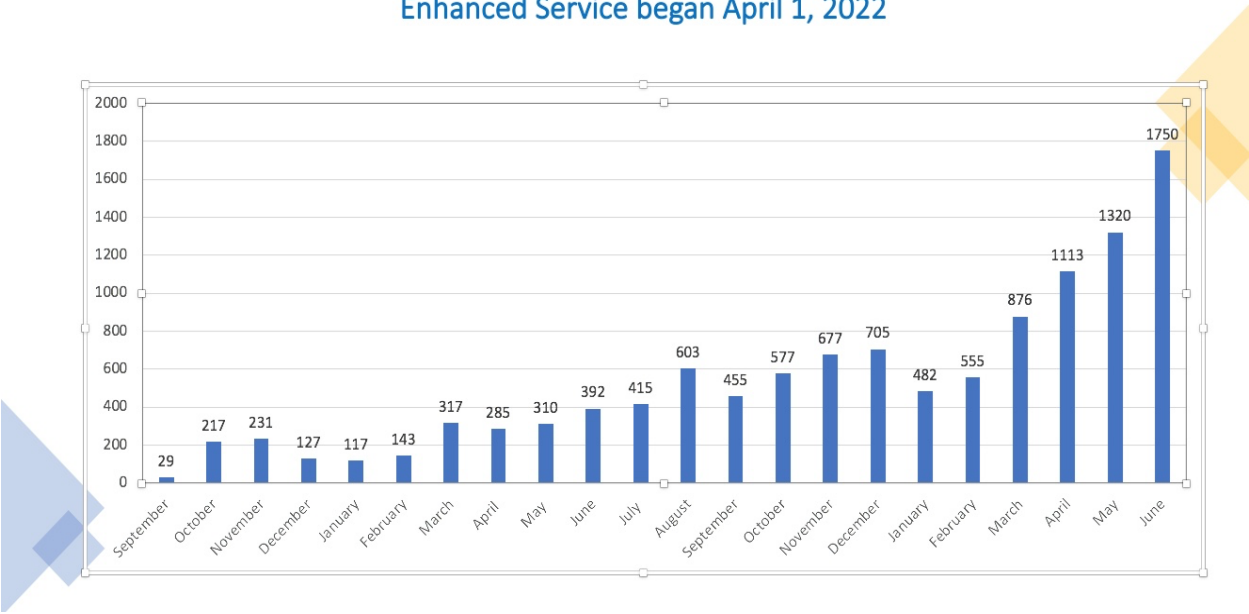


Figure 1 Monthly GTR passenger counts go from 29 to 1,750 in 22 months

### Estimated Costs of Service Expansion

As ridership continues to expand, staff have provided estimates on the cost of continuing with the enhanced level of service through 2023, as well as the estimated costs of returning to the lower level of service. These options are presented on the pages below.

In the following charts, the Dundalk to Orangeville Route is covered by the provincial grant to Southgate, which is administered by Grey County. In both options presented (keeping the enhanced level of service or moving back to the previous level of service), there is an estimated \$62,800 that will not be covered by Southgate’s provincial grant. This shortfall will be covered by

Southgate or other external sources and is shown in the “Cost Recoveries – Transportation” revenue line.

It is not expected that Grey County will pay for any costs related to the transit routes that are within the scope of the Southgate provincial grant, or any service enhancements in Bruce or Dufferin County. As a result, the net tax levy for the Dundalk to Orangeville Route is zero in all of the options presented.

### 2023 Estimated Cost of Services at Current Enhanced Level of Service

The chart below illustrates the 2023 estimated budget if Council were to recommend staying with the increased Level of Service for the Grey Transit Route that began on April 1, 2022.

The Other Expenses line include advertising, salaries, and benefits for the coordinator, as well as equipment and technology costs.

The provincial grant is a fixed amount regardless of which level of service Council adopts.

Fuel surcharges are calculated based on the assumption that fuel prices will average \$2.00 per

Description	OS to Dundalk	Dundalk to Orangeville	OS to Meaford	Meaford to BMR	OS to Wiarton	GR4	Total
<b>Expenses</b>							
Other Expenses	22,700	34,500	22,700	22,700	14,900	0	<b>117,500</b>
Transportation	249,000	244,700	178,100	199,500	271,700	241,200	<b>1,384,200</b>
Fuel Surcharge	12,500	11,200	11,200	6,700	13,700	9,400	<b>64,700</b>
<b>Total Expenses</b>	<b>284,200</b>	<b>290,400</b>	<b>212,000</b>	<b>228,900</b>	<b>300,300</b>	<b>250,600</b>	<b>1,566,400</b>
<b>Revenues</b>							
Fares	-4,200	-10,000	-4,200	-4,200	-1,500	-1,500	<b>-25,600</b>
Provincial Grant	-161,700	-153,400	-115,700	-129,600	-140,500	0	<b>-700,900</b>
Cost Recoveries - Transportation	0	-123,800	0	0	-81,400	-17,700	<b>-222,900</b>
Cost Recoveries - Fuel Surcharge	0	-3,200	0	0	-9,600	-1,700	<b>-14,500</b>
<b>Total Revenues</b>	<b>-165,900</b>	<b>-290,400</b>	<b>-119,900</b>	<b>-133,800</b>	<b>-233,000</b>	<b>-20,900</b>	<b>-963,900</b>
<b>Net Tax Levy</b>	<b>118,300</b>	<b>0</b>	<b>92,100</b>	<b>95,100</b>	<b>67,300</b>	<b>229,700</b>	<b>602,500</b>

litre throughout 2023. In both scenarios, the fuel surcharges would still not be able to be absorbed by the provincial grant dollars and will require funding from an additional source.

The transportation and fuel surcharge cost recoveries in the Revenue section are financial contributions from Bruce County, South Bruce Peninsula and the Town of Shelburne for additional routes and levels of service that are taking place outside of Grey County and outside the scope of the provincial grant. These costs are reimbursed to the County.

### 2023 Estimated Cost of Service at Previous Lower Level of Service

The chart below illustrates the 2023 estimated budget if Council were to revert back to the lower Level of Service for the Grey Transit Route that was run prior to April 1, 2022.

The Other Expenses line includes advertising, salaries, and benefits for the coordinator, as well as equipment and technology costs.

Fare revenue is reduced for some routes if the days of service were changed.

The transportation costs differ significantly, especially in regard to Grey Road 4 (GR4).

Fuel surcharges are calculated based on the assumption that fuel prices will average \$2.00 per litre throughout 2023. The cost recoveries for Transportation and Fuel Surcharge in the Revenue section are the same concept as in the previous chart.

Description	OS to Dundalk	Dundalk to Orangeville	OS to Meaford	Meaford to BMR	OS to Wiarton	GR4	Total
<b>Expenses</b>							
Other Expenses	22,700	34,500	22,700	22,700	14,900	0	<b>117,500</b>
Transportation	198,500	244,700	145,600	152,700	218,300	115,500	<b>1,075,300</b>
Fuel Surcharge	8,900	11,200	8,000	4,800	7,100	3,800	<b>43,800</b>
<b>Total Expenses</b>	<b>230,100</b>	<b>290,400</b>	<b>176,300</b>	<b>180,200</b>	<b>240,300</b>	<b>119,300</b>	<b>1,236,600</b>
<b>Revenues</b>							
Fares	-3,400	-10,000	-3,400	-3,400	-1,200	-1,000	<b>-22,400</b>
Provincial Grant	- 161,700	-153,400	-115,700	-129,600	- 140,500	0	<b>-700,900</b>
Cost Recoveries - Transportation	0	-123,800	0	0	-81,400	-11,200	<b>-216,400</b>
Cost Recoveries - Fuel Surcharge	0	-3,200	0	0	-5,500	-700	<b>-9,400</b>
<b>Total Revenues</b>	<b>- 165,100</b>	<b>-290,400</b>	<b>-119,100</b>	<b>-133,000</b>	<b>- 228,600</b>	<b>-12,900</b>	<b>-949,100</b>

Description	OS to Dundalk	Dundalk to Orangeville	OS to Meaford	Meaford to BMR	OS to Warton	GR4	Total
Net Tax Levy	65,000	0	57,200	47,200	11,700	106,400	287,500

## 2023 Proposed Budget

The two charts below summarize the information outlined above and illustrates this information as it will be presented in the 2023 Budget Document. These two charts represent the two options for the GTR in 2023: to keep the enhanced level of service or to revert to the decreased level of service.

As discussed above, both options still require funds collected through taxation to continue the program, as the provincial grant does not fully cover the cost of the service and the Grey Road 4 route is completely outside of the scope of the grant. Currently, the County does not have any specific reserves for transit and relies on taxation to cover any expenses that are not covered by fare revenue or provincial grants.

### Keeping the (Current) Enhanced Level of Service

Budget Division	2022 Approved Budget	2023 Proposed Budget	2023 Budget Variance (\$)	2023 Budget Variance (%)
Intercommunity	83,200	305,500	222,300	267%
Local	7,600	67,300	59,700	786%
Southgate	0	0	0	0%
Grey Road 4	189,500	229,700	40,200	21%
<b>Total (Net Tax Levy)</b>	<b>280,300</b>	<b>602,500</b>	<b>322,200</b>	<b>115%</b>

### Returning to the Lower Level of Service

Budget Division	2022 Approved Budget	2023 Proposed Budget	2023 Budget Variance (\$)	2023 Budget Variance (%)
Intercommunity	83,200	169,400	86,200	104%
Local	7,600	11,700	4,100	54%
Southgate	0	0	0	0%
Grey Road 4	189,500	106,400	-83,100	-44%
<b>Total (Net Tax Levy)</b>	<b>280,300</b>	<b>287,500</b>	<b>7,200</b>	<b>3%</b>

## **2. Bruce and Dufferin County Service Enhancements.**

Financial contributions by Bruce County and South Bruce Peninsula are reinforcing Grey County's leadership in expanding GTR service. Bruce County contributions are enabling GTR to maintain Route 6 (Grey Road 4) service to Walkerton and add an additional stop there. Route 6 ridership grew by 10% from May to June this year.

Bruce County and South Bruce Peninsula's financial support are enabling daily summer service on Route 5 (Owen Sound to Wiarton) to be restored to Sauble Beach and Wiarton through Labour Day. Route 5 monthly ridership more than tripled from May to June (71 to 241).

Weekend Service in Shelburne is continuing into the second year as this is funded by the Town of Shelburne as an extension of Route 2 (Dundalk to Orangeville). Route 2 is funded by Southgate's Transportation Grant and is administered by the County to enable the same level of service for all of the GTR.

## **3. Community Transportation Grant Program (CTGP) Funding Extended.**

The Provincial Government has extended GTR's Community Transportation Grant funding timeline through March 2025.

Unfortunately, the provincial funding does not include any inflation protection. Although staff have brought this point forward, there have been no announcements to date from the province that these grants will be increased to account for the rising costs of transportation.

## **4. GTR Service Agreement Extended.**

An Amending Agreement with Driverseat Owen Sound will provide GTR service through March 31, 2025, at a fixed price.

The agreement provides for two service scenarios for the period January 1, 2023, through March 31, 2025: maintaining the service enhancements implemented in April 2022 or reversion to the previous, lower level of service. Council will decide which scenario will be implemented and this will be included in the 2023 Budget for consideration.

## **5. Wheelchair-Accessible Trips Agreement Expected in August.**

A well-established regional provider is expected to confirm an agreement in August to provide wheelchair-accessible trips to GTR as the previous provider had become unavailable.

This is a solid achievement for GTR, as the provision of wheelchair trips is an important customer service and legal requirement, but given the vast extent of GTR's service area, it has been challenging to place trips with accessible service providers.

## **6. GTR enrolled in Google Transit.**

Google Transit is a free service offered by Google to qualifying transit services. Although it is free of charge, it requires specialized knowledge, oversight, and frequent updating, which GTR receives from Grey County GIS Services.

Google Transit enables the public to see GTR routes and schedules when they search for directions within or connecting to our service area.



GTR, with assistance from Grey County GIS Services, enrolled in Google Transit in October of 2021. This is a valuable asset for promoting GTR and making it visible to a vast audience via the Internet.

## 7. Fuel Cost Increases.

Events beyond GTR’s control are continuing to bring challenges. Just as pandemic restrictions were easing, in February 2022, the price of fuel quickly rose by 35%, to more than \$2 per litre.

In order to protect service availability, GTR’s service contract enables a fuel surcharge to be billed when the pump price exceeds \$1.30 per litre. GTR service vehicles consumed nearly 10,000 litres of fuel in June, on which the surcharge was \$7,000 plus HST. The surcharge for 2022 is expected to reach \$50,000 to \$70,000. In 2023, it is estimated that if fuel prices stay around \$2.00 per litre, the County could incur an estimated \$65,000 in fuel surcharges, or as high as \$85,000 or more if fuel were to increase beyond 2022 levels.

Some of this surcharge will be allocated to the Dundalk/Orangeville (Southgate) route, and some will be recovered from the Bruce and Dufferin County service enhancements, as noted in more detail on the following page.

Although many of the Grey Transit Routes are funded at least in part by the provincial grant, these grant dollars have already been allocated to the current transit service and is not able to absorb these additional fuel surcharges.

It should be noted that fuel surcharges are present in both options presented to Council for consideration (staying at the enhanced level of service or reverting back to the previous level of service).

The County is collaborating with the Southwest Community Transit Association, the Ontario Public Transit Association, as well as AMO and ROMA, to ask the Ministry of Transportation for relief from these unforeseeable additional costs.

### Summary of Fuel Surcharges

The following charts summarize the estimated fuel surcharges that staff are estimating for 2023. These surcharges assume that fuel prices will average \$2.00 per litre throughout 2023.

Some of this fuel surcharge is part of the routes that are funded by Southgate’s provincial grant, and some of this will be passed on for reimbursement for the Bruce and Dufferin County Service enhancements. As a result of the \$65,000 in estimated fuel surcharges in 2023, about \$22,500 will be either allocated to the route that is covered by the Southgate provincial grant, or recovered from Bruce County, The Town of Shelburne, or the Town of South Bruce Peninsula. This is shown in the “Cost Recoveries – Fuel Surcharge” lines. An estimated \$42,200 would be required from the County to continue at the current level of service.

### 2023 Estimated Fuel Surcharges at Current Enhanced Level of Service

Description	OS to Dundalk	Dundalk to Orangeville	OS to Meaford	Meaford to BMR	OS to Warton	GR4	Total
Fuel Surcharge	12,500	11,200	11,200	6,700	13,700	9,400	<b>64,700</b>

Description	OS to Dundalk	Dundalk to Orangeville	OS to Meaford	Meaford to BMR	OS to Warton	GR4	Total
Cost Recoveries - Fuel Surcharge	0	(11,200)	0	0	(9,600)	(1,700)	<b>(22,500)</b>
<b>Total Expenses</b>	<b>12,500</b>	<b>0</b>	<b>11,200</b>	<b>6,700</b>	<b>4,100</b>	<b>7,700</b>	<b>42,200</b>

**2023 Estimated Fuel Surcharges at Previous Lower Level of Service**

Description	OS to Dundalk	Dundalk to Orangeville	OS to Meaford	Meaford to BMR	OS to Warton	GR4	Total
Fuel Surcharge	8,900	11,200	8,000	4,800	7,100	3,800	<b>43,800</b>
Cost Recoveries - Fuel Surcharge	0	(11,200)	0	0	(5,500)	(700)	<b>(17,400)</b>
<b>Total Expenses</b>	<b>8,900</b>	<b>0</b>	<b>8,000</b>	<b>4,800</b>	<b>1,600</b>	<b>3,100</b>	<b>26,400</b>

## 8. GTR Sustainability Business Plan Project.

In view of the recent upsurge in ridership and fuel costs, and mindful that our Community Transportation grant will expire in March 2025, GTR considers it timely to develop a revised business plan for 2023 – 2028, based on operating experience to date, best practices in the sector and any emerging funding opportunities.

Staff are considering the following as General Terms of reference:

- Identify the key factors that determine GTR's sustainability in the short, medium, and long term:
  - The cost of service.
  - Factors affecting service revenues: fare levels and vehicle passenger capacity
  - The extension of the CTGP program beyond March 2025.
  - GTR Access to the Ontario Gas Tax Program.
  - GTR access to federal Rural Transit Solutions grants for fleet renewal
  - Municipal partnerships.
  - First-mile / last-mile challenges: getting passengers to and from GTR stops
  - Changes in GTR's market due to rising barriers to car ownership and operation: escalating fuel prices and constraints on obtaining new cars, car parts, and car repairs.

## Next Steps

- The Grey Transit Route will continue to monitor and obtain feedback from riders to improve service over the next few years.
- With Council support, the Grey Transit Route will include a total of \$602,500 over and above the provincial grant funding in its 2023 budget to maintain additional days of service begun in April 2022 and defray rising fuel costs. This represents a net tax levy increase of \$322,200 over the 2022 Approved Transit Budget.
- The GTR will continue to actively promote the additional service.

## Legal and Legislated Requirements

None.

## Financial and Resource Implications

Staff will include the GTR Transit in the 2023 Budget for Council's consideration of the level of service recommended by Council in this Staff Report.

## Relevant Consultation

Community stakeholders

Residents

Employment agencies

Employers

Grey County Finance Department

## Appendices and Attachments

None