



Media Release: Friday, December 9, 2016, 4:30 p.m.

Regional Municipality of Waterloo

Budget Public Input Meeting

Agenda

Wednesday, December 14, 2016

6:00 p.m.

Council Chambers, 2nd Floor

150 Frederick Street, Kitchener, ON

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- 1. Declarations of Pecuniary Interest under the “Municipal Conflict of Interest Act”**
 - 2. Delegations**
 - 2.1** [Uwe Kretschmann](#), City of Cambridge Re: Regional Services and Investments 2
 - 2.2** Catherine Bischoff, Board Member, CAFKA, Re: Public Art Funding
 - 2.3** Stephanie Sobek-Swant, Executive Director, rare Charitable Research Reserve
 - 3. Call for Delegations**
 - 4. Correspondence**
 - 4.1** [John Shortreed](#), Re: Grand River Transit Business Plan Implementation 4
 - 5. Other Business**
 - 6. Adjourn**

Chairperson, members of council, it is budget time again and again you debate and discuss how to make the program structure cost match the revenue stream.

You do that every year and every year the same issue(s) arise, and every year you raise taxes because the programs are not questioned because you believe that they are needed...That they represent the functions a modern municipality must engage in.

These programs include the more mundane, from water supply to sewage treatment, from transportation, roads and public transit to waste management to policing.

Then we have the soft service programs like health services, daycare and social services.

In addition we have programs which range from downtown revitalisation, industrial development, the airport, the arts, attract doctors to alleviate the real or perceived doctor shortage, capital contributions to our hospitals and direct or indirect subsidies to industry and developers.

It would be difficult to debate the necessity for clean drinking water or policing services or modern sewage treatment facilities and most social services.

Also, it may be difficult to debate the necessity for down town revitalisation or industrial development or capital contributions to hospital construction.

After all who does not want a vibrant down town, modern hospitals and drive industrial development to create jobs for our children and grandchildren...and who does not want a thriving arts community.

But, you say, that is an investment in our region.

Well, let's look at the investments the region and member municipalities made over the past ten to fifteen years.

Kitchener spend, according to the K.W. Record, \$ 140 million on downtown revitalisation. Cambridge is close to \$ 100 million and Waterloo about \$ 80 million and the region matched many of those expenditures. The calculation includes capital and cash incentives to run the airport, about \$ 30 million for the sub-campus of McMaster University, the accelerator center in Waterloo at \$ 30 million plus many land assembly costs in the various municipalities and the regional contribution to the hospitals of about \$ 36 million as well as the forgiving of development charges and the region matched many of the municipal subsidies.

Plus, there are programs from industrial development to tourism to the arts with recurring cash expenditures amounting to millions more.

Some of you will now say that not everything should be measured in terms of return on the investments you made because we have a vibrant and diversified industrial base, take a drive through downtown Kitchener and Waterloo and examine the success of the many businesses located there and the diversified arts sector throughout the region and the new hospitals.

Well, if that is your viewpoint, then you should have no difficulties in passing a 3 or 4 percent tax increase. ..and by the way, you cannot have it both ways...you cannot claim to be concerned about tax increases while to you do nothing to deal with the program structure which drives those tax increases.

And for those of you who care, stop fiddling at the fringes and begin to ask some hard, and perhaps, some uncomfortable questions like...What is the impact of those subsidies on the current and capital budgets, past and present.. what is the return on those investments measured in dollars...How do these incessant tax increases affect affordable housing or apartment rents ..If you increase taxes over ten years by 20% does that generate the need for more affordable housing..Every tax increase removes millions from the disposable income base in the region which in turn puts pressure on the regional retail sector ..So when is enough enough?

Finally, how did that population growth and assessment growth benefit the tax payers?

Well, my waste pick up service is reduced and a user fee is added to that service.

The transportation systems are more congested and public transit fares are going up.

Affordable daycare is at a premium.

Water and sewer rates are going up.

At the local level the leaf pick up program is under threat to be discontinued.

The social service needs are increasing from affordable housing to Ontario Works to subsidised day care.

In addition we are considering the closure of pools and a reduction in library hours.

I could go on but I think you are getting my point.

To put it bluntly...you spend millions to attract jobs and assessment while you cut back or eliminate or increase the taxes on the services the tax payers want.

How do you square that circle?

Respectfully submitted

Uwe Krestchmann

Submission by John Shortreed, 191 King Street, South, Waterloo - mjshortreed@bell.net

RE: 2017 Region of Waterloo Budget Issue

Grand River Transit Business Plan Implementation

Dear Regional Councillor,

I would like to draw your attention to some misleading information in the Budget issue paper, on page 40 (see below). This is a significant component of budget increases and it seems to me that once the correct information is presented to council, their decision may well be different than if council considered the misleading information in the budget document. From page 40 of the Budget Issues Document:

Implications of Not Approving (Transit Plan implementation)

Excerpt from page 40 of Budget Issues Document

Misleading part of most concern is underlined

“The fundamental strategy of the RTMP is to implement additional transit service to avoid or defer a number of road projects that are costly and disruptive to implement. The RTMP concluded that not implementing the plan would result in the need to expand the road network by about 25 percent or add about 500 new lane kilometres (added to existing roads or by building new roads) within the urban areas. The RTMP reduces this need by about 40% (220 lane kilometres).

Not implementing the proposed transit service improvements **would negatively affect ridership growth momentum**, thereby increasing the risk of not achieving the RTMP transit modal share targets (Targets, given elsewhere in the report, are for 28 million transit rides by 2021 and 53 million transit rides by 2031, resulting from a target of increasing transit ridership from 5% of all trips to about 15% of all trips by 2031) and broader objectives of creating a vibrant, environmentally and socially sustainable community. Not implementing proposed service improvements to the bus network would not maximize the ridership benefit provided by the high capacity ION LRT. “

This submission focuses on the ridership growth statement as it is the most significance cost item of the Budget issues facing the Region in 2017.

The annual transit ridership over the last 3 years is given in the budget issue report in a table titled “Performance Measures” on page 40 as well as in the GRT website which compares 2016 transit ridership for each month with the 2015 monthly ridership. Both sources clearly show that rather than “ridership growth momentum” there is significant and sustained transit ridership decline not growth.

To support this conclusion, the available data for the last 5 years is presented in the Table 1 following. Notes to Table 1, describe the source of the data and limitations.

Table 1 - Transit Ridership for Conventional Transit for GRT

Summarizing data from the preliminary 2017 budget documents, GRT data and data from the Ontario Transit Facts Report for 2015

YEAR->	2012	2013	2014	2015	2016 Conservative estimates	% change 2012-2016
Annual Transit Rides (millions)	21.3	22.0	21.5	20.3	20.1 Estimate	-5.6%
Annual Revenue Bus service hours per capita	1.23	1.47	1.54	1.58	1.60 estimate	+30.0%
Annual Rides per capita	48.51	50.49	49.71	46.73	46.6	- 3.9% (2013-2016) -7.7%
Annual rides per Revenue Bus hour	19.74	14.97	13.96	12.85	12.56	-36.4%
Revenue per Ride	\$1.26	\$1.32	\$1.38	\$1.47	???	
Municipal Tax\$ per Ride operating, (oper+capital)	\$1.98 (\$3.28)	\$1.98 (\$3.34)	\$2.26 (\$2.45)	\$2.35 (\$2.66)	??? (???)	
Total Tax \$ per ride – Local+Provincial+Federal: Operating plus Capital	\$3.72	\$3.84	\$3.65	\$3.48	???	

Note 1 – “per capita” is the population served by transit, which in 2015 was 434,988 of a total population of 520,670 in 2012 this was reported as 438,563 served in total of 505,920 (Provincial Transit Fact Book)

Note 2 – For many years one bus service hour has yielded about 20.9 kilometers of service

Note 3 – See GTR web site, <http://www.grt.ca/en/aboutus/Performance-Measurements.asp> , which compares changes in transit ridership in 2016 with 2015 for each month. Each month in 2016 has less transit usage than 2015.

Note 4 – Estimates for 2016 are projections for the changes from 2012 to 2015 (provided in the Budget Issues Report) This is justified by Note 3 which shows ridership continuing to decline in absolute numbers and per capita from 2012 to 2015.

Note 5 – The entry in the Budget Issues paper for, “Annual rides per capita”, of 42.05 for 2012 is incorrect, the correct number is 48.51 from Ontario Transit statistics Fact Book as shown in Table 1.

Note 6 – The 2016 municipal tax impact as well as the total tax impact (municipal+Prov+Fed) for both operating and capital is too complex to estimate since the Regional budget combines conventional and special bus services, and the capital expenditures per year vary widely (local tax for capital varied from \$26 million to \$5 million) but average 24 million per year for all tax levels and \$17.7 million per year for local taxes. Also the average revenue per ride for 2016 is not possible to estimate without more information from GRT.

Comments on Table 1

1. For the last 5 years, transit ridership in total has declined 5.6% and the rides per capita served by the transit system has also declined by 3.9%. Transit ridership is in decline and this trend has been observed across North America. The main reasons for this are outlined below.
2. The reduction in transit ridership in Waterloo region has taken place even with a dramatic increase in levels of transit service provided, as measured by Annual Revenue Bus service hours per capita served which was increased by 30%. In general, this means the frequency of transit service for a specific resident has increased by almost a third, for example, 10 minute service rather than 15 minute service.
3. The Regional taxpayer's average operating cost per ride, due to inflation and expanded service, has increased from \$1.98 in 2012 to \$2.35 in 2015, an increase of 6.2% per year.
4. Capital costs vary considerably year to year, for example in 2012 local taxpayers paid \$23.9 million for capital items but in 2015 they paid only \$5.6 million. When all tax payments are included (local, provincial, and federal) transit rides cost taxpayers about \$3.60 per transit ride. For example, in 2015 the transit user paid \$1.47 on average and the taxpayers from all levels of government paid \$3.48, for a total cost of \$4.95 per transit ride. Capital costs for 2012-2015 averaged \$17.7 million per year for local taxpayers and for the period 2017-2021 the budget document has forecast all government level capital costs (taxes, reserve funds, and debentures) of about \$17 million per year for the 2017-2021 period.
5. Capital and operating cost in 2017-2018 will increase dramatically since the Grandlink contract is about \$1 million per week and the savings in existing buses will be about \$0.35 million per week, for an annual cost increase of approximately \$33 million per year or about \$1.60 for each transit trip, for a total local taxpayer cost per trip will be about \$4.40 per local transit trip up from about \$2.80. Capital costs are difficult to determine from the budget documents with any degree of accuracy, since the budget; is characterized as expenditures by operating division, has conventional transit and special transit combined, and so forth. The Provincial Transit Fact reports are published in November and are management based and give accurate estimates of expenditures for operations and capital on transit as well as outcomes in terms of transit rides, number of buses, etc., but the data is always about one year behind.

Reasons for the decline in demand for transit

1. Aging of the "Baby Boom", who are now age 72 to 53. For example, about 30% of the expected 200,000 population increase for the Waterloo Region, or 60,000 people out of the 200,000 increase, will be older than 65 and retired with less transit trips than economically active people. The last 7 years and the next 12 years will see this demographic change impact transit ridership at a rate of about 1.6% per year. Also on the demographic side the higher population growth rate in the region that are not well served by transit (outlying communities such as Elmira) have, according to the 2011 census, almost double the growth rate of the cities that are well served by transit. This will also reduce the impact of increases in population on the demand for transit.
2. Technical, computer, and automation trends have resulted in fewer workplaces with large numbers of employees that travel to and from work in the peak period. Since transit is most competitive in the peak periods, because of the effects on cars of traffic delays and parking costs, this means fewer

people in the population will use transit. Often for example new jobs in the Region work at home, or travel to many workplaces, as well as travel in off peak times.

3. Changes in student housing – this is a local trend with significant implications for transit demand. In the last few years, student housing has become economic to build and as seen near the two universities this has resulted in more than 10,000 new student housing places being built with more being added each year. These new student housing developments are built within walking distance of the two Universities and reduce transit demand for the journey to and from the University. A secondary effect is the concentration of students will lead to the provision of retail, services and entertainment opportunities in a “walking distance” cluster, further reducing transit demand.
4. Artificial intelligence (AI) - In the near future, AI will impact all aspects of our lives and particularly in transportation with Uber technology applied to self drive vehicles providing private door to door service for less than taxi fares and approaching transit fares. These trends, unlike the first three listed above, are still in the future but effects are expected to impact transit use in the 5-10 year time frame. There are existing bus services in Europe using self-drive vehicles.
5. Other trends - There are many other trends that impact transit demand and supply, including: income disparity, higher than inflation transit costs, high density lifestyle communities for work-play-live, high youth unemployment, less expensive cars, terrorism, and so forth. On balance, they are expected to result in only small changes in transit usage relative to the first 3 factors which have and continue to impact transit and factor 4, which is just starting but will have a major disruptive impact on our lives.

Food for Thought on the unique impact of urban structure on transit

It may be useful, as you approach the budget issues for 2017 to consider two additional factors, the unique urban structure and transit environment in Waterloo Region and expectations for ridership on the LRT.

Importance of each cities unique urban structure

**Table 2 – Comparison of London, Ontario and Waterloo Region Transit
(conventional transit only – buses on routes)**

From the November 2016, Ontario Urban Transit Fact Book – 2015 Operating Data

	London, ON	Region of Waterloo
Population served by transit (capita in per capita)	381,300	434,988
Annual Transit trips (millions)	22.4	20.3
Annual Transit trips/capita	58.7	46.7
Number of peak period buses in service	164	193
Revenue Bus hours/capita	1.52	1.58
Operating cost/Revenue Bus hour	\$92.18	\$108.11
Average Revenue/Transit trip	\$1.37	\$1.47
Local Operating Costs/capita	\$60.01	\$87.76
Average speed (km/Revenue hour)	18.44	20.87
Operating Revenue/Cost Ratio	54%	39%

Table 2 illustrates that London has similar population served, offers similar transit service as measured by Revenue Bus Hours per capita but has 46% lower taxes per capita (\$60 versus \$88) needed to support operations of the transit system.

The lower costs are partly due to the lower cost per Revenue Bus hour (17% lower) but is mainly due to the higher productivity of 58.7 annual transit rides per capita in London versus 46.7 rides per capita in Waterloo a 26% difference. Note that 17% and 26% total 43 % - explaining most of the 46% difference in costs between the two cities.

Other differences are the lower fares in London, the slower speeds of buses in London, and a slightly lower wage rate (not shown in table) in London.

The main “urban structure” difference between the two cities is that London has a more concentrated core (only one core rather than 3) with more employment in the core and a circular, more dense city rather than a linear city.

Realistically, given the differences between the two cities, London’s higher transit usage and lower transit costs are not unexpected and imply only that when it came to transit service London was dealt a better hand than Waterloo because of historical development of the two cities. The structure and employment distribution in London is more favourable to transit service. To use an extreme example, the structure, size and core employment (500,000) of Toronto is more favourable to transit usage than either London or Waterloo. In the short run (20-50 years) it usually is not possible to make major changes in the urban structure of a city, with exception of places like Dresden which experience the effects of war, or earthquakes or sudden removal of their economic base, etc.

Expectations for ridership on Waterloo’s LRT

Expectations for LRT ridership are important when considering the question – will there be a dramatic change in ridership with increases from 20 million transit rides per year to 28 million in 2021 and 53 million in 2031?

Firstly, it is important to recall that most of the increase in transit ridership in Waterloo was estimated as a general region wide increase in the use of transit in areas outside the LRT corridor due to increased transit service and increased transit speeds. The data from the last 5 years suggests that this assumption in the Transportation Plan of the Region was not realistic. Moreover, the background trends given above suggest strongly that transit usage on a per capita basis will continue to fall.

The leaves the question – Can the LRT by itself lead to a dramatic increase in transit usage in the Waterloo region? The answer is No, the future usage of transit in the Region is expected to remain at the existing level or decline. The reasons for this outlined below but in short can be summarized by two factors; 1) limited added convenience and comfort of the LRT compared to existing transit service, and 2) limited potential in the next 20-30 years for increased population in the Region leading to a better structure of the urban areas such that, for example, ridership levels in Waterloo might approach those in London, for reasons given above concerning;

- a) demographic changes particularly the aging population,

- b) automation of the workplace leading to fewer “transit friendly” situations,
- c) concentration of student housing and services in a focused walking environment, and
- d) the application of artificial intelligence everywhere but particularly in the development of self-drive vehicles for public transit.

Relative advantage of the LRT compared to Existing iXpress Transit service

The LRT route, speed and stops correspond closely to the existing iXpress service so the relative advantage can be estimated from comparisons between the two services. The comparisons are given in order of their approximate importance for transit ridership;

- 1) Stops at WLU and Lakeshore village have been moved to much less convenient locations, which reduces the potential ridership.
- 2) To increase utilization of the higher LRT vehicle capacity, it is proposed to introduce more transfers from the LRT to proposed, revised bus routes. Transfers increase the perceived cost of using transit relative to other modes of travel.
- 3) Every two existing buses on iXpress will be replaced by one LRT streetcar as one streetcar will have a capacity of 200 riders compared to 150 on two buses. This will reduce the frequency of service. Also the streetcar has 56 seats compared to 74 seats on two buses so there will be a higher percentage of riders standing rather than sitting.
- 4) Walking distances to the transit stops will increase due to the location and size of the “LRT platforms”. Typically, from the existing bus stops at the corner of the intersection additional walk distance is required to and on the LRT platform (it is possible that mid platform access points will be established).
- 5) Depending on the actual operation of the LRT service and the traffic signals, speeds on the LRT may be lower due to interaction with turning vehicles, pedestrians at busy intersections and increased number of signalized intersections to accommodate the LRT (for example new signalized intersections; John Street at King and Allen at Caroline).
- 6) Visually the LRT streetcars are larger and look more modern which may increase ridership.
- 7) The car with 90% of the transport trips will have lower speeds due, for example to about a 60% reduction in capacity on King street because of the LRT, which may shift demand to transit, however, since the relative attractiveness of the two modes is so great relative to the change, the impact may be small and in any event limited to roads in the LRT corridor.

My Submission to Regional Council

- 1. Please verify the decline in transit usage over the last 5 years by asking staff to confirm my Table 1 and to estimate accurate values for 2016. This can easily be done before making any decisions on the 2017 budget.**
- 2. If Table 1 and my conclusions are correct, please defer unnecessary investments in transit in 2017. It is noted that the LRT system is delayed by at least one year so it makes sense to delay the programmed investment in the bus transit system. It is noted that for 2017, bundles 1,2 and 3 in the Budget Issues represent 42% of the total budget issue costs (\$4.6 million of a total of \$11.0 million) so this is an important issue for taxpayers, particularly given the large**

taxpayer costs for the Grandlink contract of about a million dollars a week less about \$350,000 savings in bus hours.

3. Please establish a regular monitoring and reporting process to provide council with information on transit usage and implications for expansion or contraction of the transit system. I found the "growth" misstatement in the Budget Issues paper disturbing particularly since the associated table in the Budget Issues document was clearly opposite to the statement about "growth, There has been a decline in transit usage, both in total and on a per capita basis over the last 5 years. It was also difficult, if not impossible, to determine what the total costs for transit would be for the next few years once the payments to Grandlink as per contractual terms come into effect. It appears that there will be a dramatic increase in costs with little of no change in transit ridership. Without these "management friendly" estimates it is difficult to make informed decisions.
4. If you would like to discuss this submission, please email me or call at 885-4027 and I will be delighted to come and discuss this submission and other transit issues with you.