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# Durham Region Transit Report

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To: Durham Region Transit Executive Committee  
From: General Manager, Durham Region Transit  
Report: #2024-DRT-05  
Date: March 6, 2024

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**Subject:**

2024 Durham Region Transit Business Plan and Budget

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**Recommendation:**

That the Transit Executive Committee (TEC) recommends to the Finance and Administration Committee for subsequent recommendation to Regional Council that the 2024 Durham Region Transit Business Plan and Budget be approved.

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**Report:**

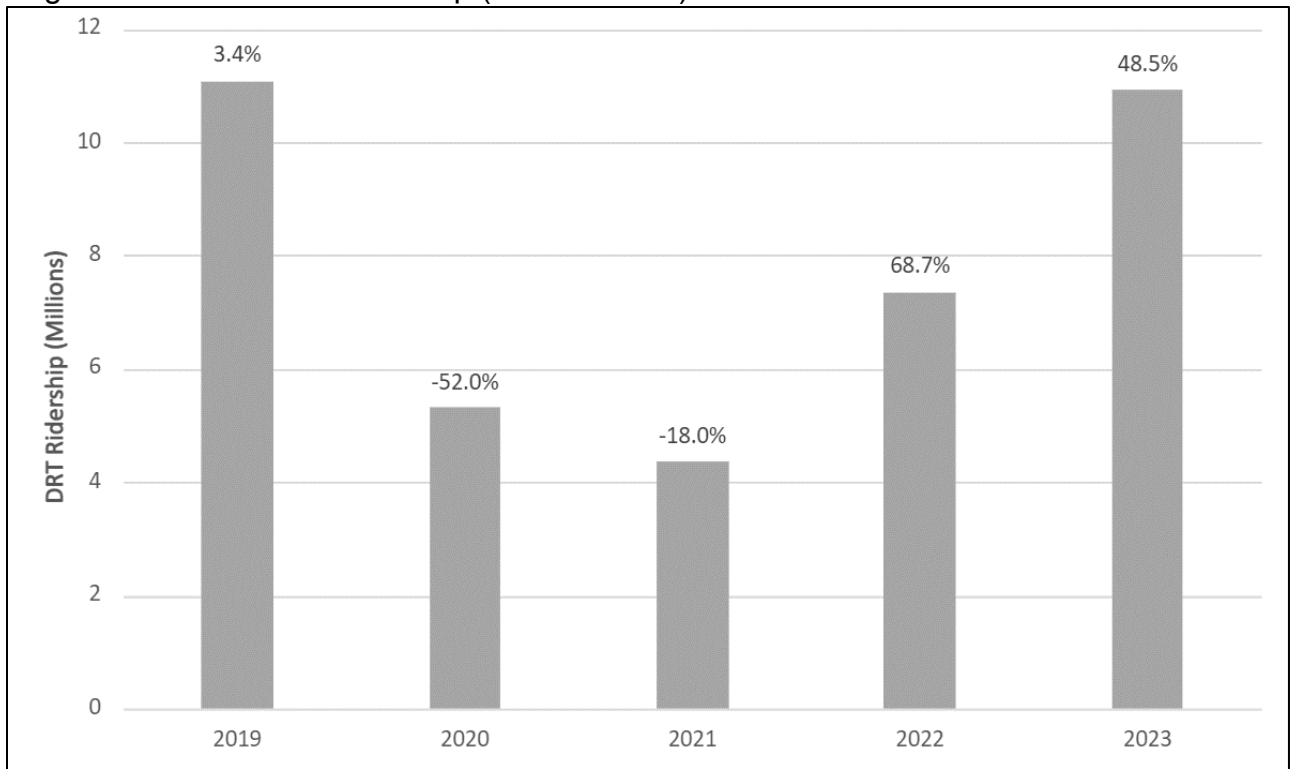
**1. Purpose**

1.1 The purpose of this report is to obtain TEC's concurrence with the 2024 Business Plan and Budget for Durham Region Transit (DRT). The DRT 2024 Business Plan and Budget will be presented to the Finance and Administration Committee for consideration during deliberations of the 2024 Property Tax Supported Business Plan and Budget.

**2. Background**

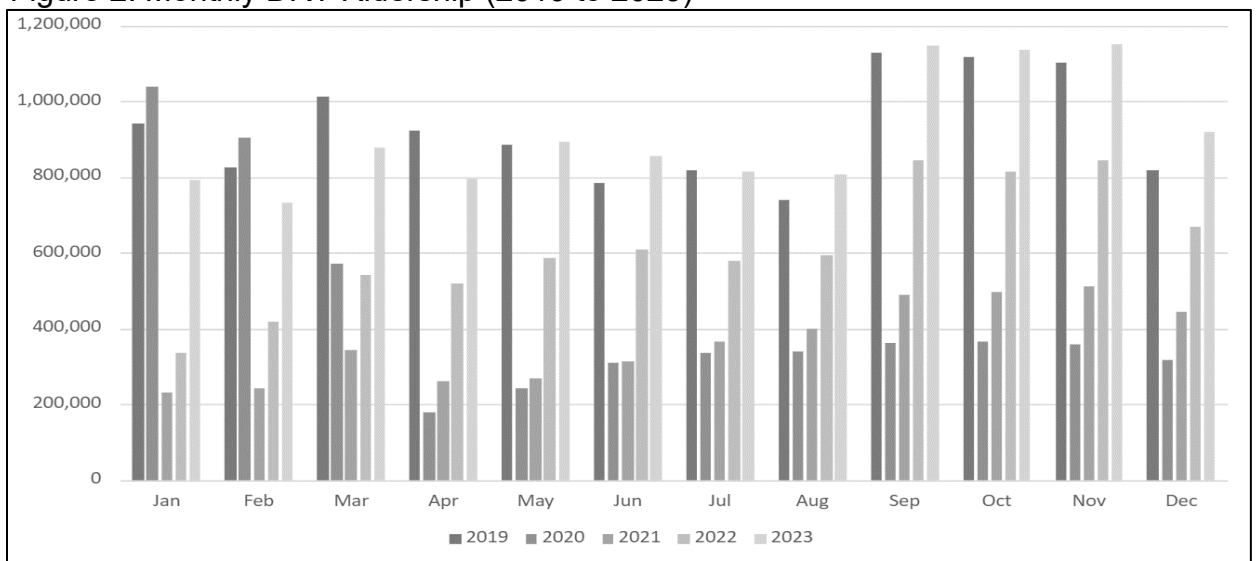
2.1 In 2023, DRT experienced the full recovery of ridership levels, with ridership surpassing pre-pandemic levels throughout the fall. Annual ridership for 2023 was 10.8 million, an increase of 48 per cent from 2022. Final 2023 ridership reached 98 per cent of DRT's peak pre-pandemic ridership level in 2019 (11.1 million). Figure 1 compares annual changes in ridership over the past five years:

Figure 1: Annual DRT Ridership (2019 to 2023)



2.2 Monthly 2023 ridership totals continue to surpass that of the previous year. By the end of summer in 2023, monthly ridership totals also consistently exceeded pre-pandemic monthly totals (2019). Figure 2 highlights the change in monthly ridership throughout 2023 compared to the previous three years. By the end of 2023, annual ridership was just 2 per cent shy of meeting pre-pandemic levels.

Figure 2: Monthly DRT Ridership (2019 to 2023)



- 2.3 Final fare revenues for 2023 (including U-Pass) are projected to be \$30.4 million, exceeding the budgeted total by 5 per cent. This is \$7.9 million higher than the 2022 fare revenue total and exceeded pre-pandemic fare revenues of \$28.5 million in 2019. This is a strong indicator of ridership having fully recovered from the pandemic and more importantly continuing to grow in the years ahead.
- 2.4 On February 28, 2023, Regional council approved Report #2024-DRT-03 2024 Transit Fares, increasing the base adult fare by \$0.25, and the continued modernization of fare payments. For 2023, PRESTO continued to be the choice of payment method for most DRT customers, with cash and other legacy fares representing only 6 per cent of all fares. In addition, as new methods for payment become available, such as PRESTO's Mobile Wallet, as well as the recently announced fare integration efforts, DRT staff anticipate that use of cash fares will continue to decline. Paper tickets continue to be made available on a restricted basis to community and social agencies who distribute applicable residents.

### **3. Previous Reports and Decisions**

- 3.1 The 2024 Regional Business Plan and Property Tax Supported Budget Guideline report ([#2023-F-35](#)) was approved by Regional Council at its meeting on December 20, 2023, setting the 2024 Property Tax Guideline.
- 3.2 The Transit Service and Financing Strategy (2023-2032) report ([#2023-DRT-05](#)) was approved by the Transit Executive Committee at its meeting on February 8, 2023, outlining investments required over the next 10 years to achieve Council's transit priorities.
- 3.3 The Transit Service and Financing Strategy (2023-2032) report ([#2023-F-5](#)) was approved by the Finance and Administration Committee at its meeting on February 14, 2023 and Regional Council on March 1, 2023.
- 3.4 On June 29, 2022, Regional Council approved the E-Mission Zero - DRT Fleet Electrification Plan ([#2022-DRT-10](#)) to transition DRT fleet vehicles to zero emission technologies by 2037. This report also identified potential Federal financing and funding opportunities to help offset a portion of the incremental capital costs of the transition. A key next step was execution of a Memorandum of Understanding with the Canada Infrastructure Bank in June 2022, and completion of due diligence on the financing framework for establishment of a credit agreement supporting the purchase of zero emission buses. Council approved the execution of the credit agreement on March 29, 2023 ([Report #2023-F-9](#))

- 3.5 On October 4, 2023, TEC approved Report #[2023-DRT-23 – E-Mission-Zero](#) – Approval to Negotiate an Agreement with PowerOn Energy Solutions LP for Durham Region Transit’s Electrification Infrastructure Delivery.
- 3.6 On November 29, 2023, Regional Council approved Report [#2023-DRT-26](#) – UPASS Agreement Extension, providing a 1.9% increase per semester to the UPASS, along with concurrence on the strategy to negotiate a multi-year UPASS Agreement, that will be presented to Transit Executive Committee and Council in 2024.
- 3.7 On February 28, 2024, Regional Council approved Report [#2024-DRT-03](#) – Transit Fares, where staff proposed a base fare increase of 7.5%, beginning July 1, 2024.

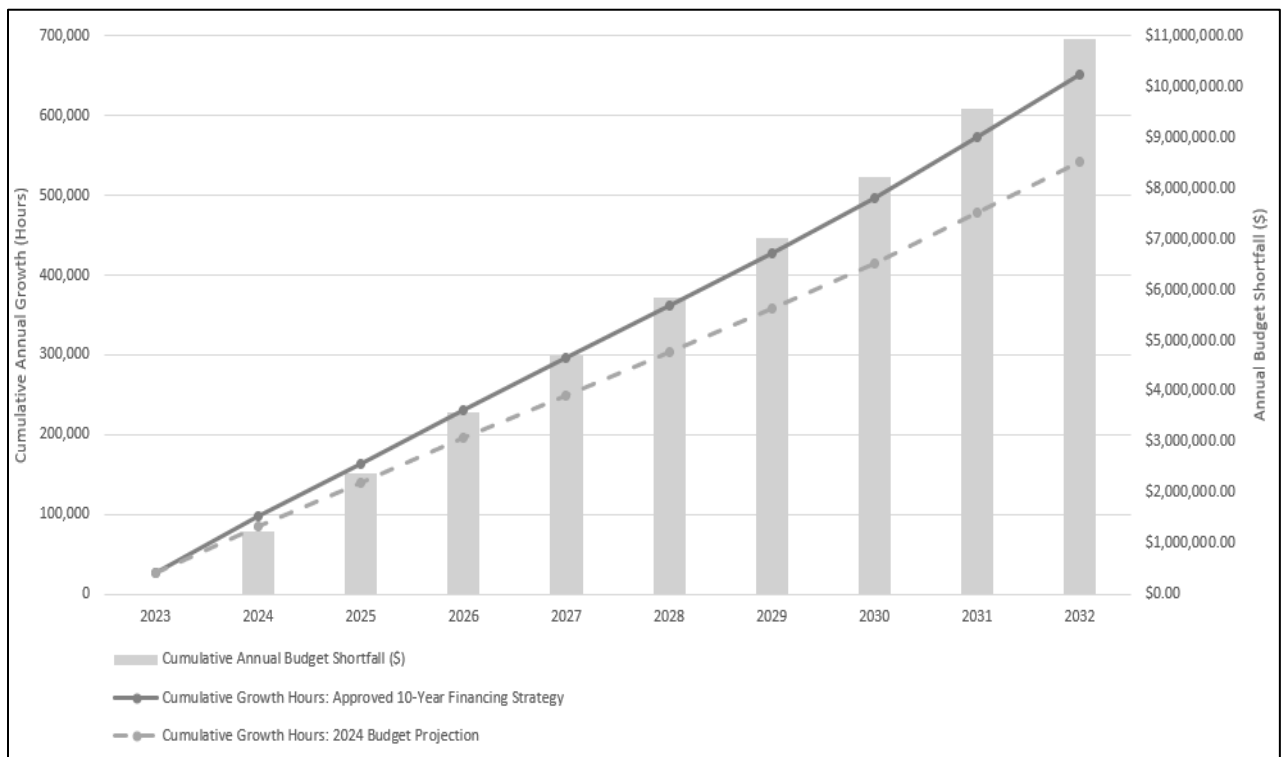
#### **4. Overview**

- 4.1 The recommended 2024 DRT Business Plan and Budget meets the Council approved guideline for the 2024 Property Tax Supported Business Plan.
- 4.2 In February 2023, Council approved the Transit Service and Financing Strategy for 2023-2032 (the “Transit Strategy”), which when fully implemented will increase revenue services by 127 per cent, advance the fleet electrification program, and build new fleet and maintenance facilities. The Transit Strategy was developed in 2022 based on projections at that time. The strategy is intended to be dynamic insofar as it requires periodic review and updating based on ridership, network performance, and status of funding commitments and opportunities. The Transit Strategy acknowledges that senior government funding is critical to being able to deliver on the service growth and accelerated electrification of the fleet outlined in the ten-year forecast. In addition, as the expenditure plan was not consistent over the forecast period, efforts to smooth out expenses would be necessary as part of the annual business planning and budget process.
- 4.3 The Transit Strategy had proposed a starting increase of approximately 2 per cent of the overall Regional tax levy increase to be dedicated to Durham Region Transit. Given the significant challenges in the current economic environment and the overall Regional 2024 budget guideline of 7.5 per cent, 1.6 per cent of the overall Regional levy increase has been dedicated to Durham Region Transit. The Transit Strategy estimated 69,882 new annual revenue service hours for 2024, however, within the 2024 budget allocation and in consideration of the operating pressures facing Durham Region Transit, the proposed 2024 Business Plan and Budget includes funding for 59,665 new annual revenue service hours,

or 85.4 per cent of the 2024 Transit Strategy target. The new revenue service hours proposed for 2024 represents an overall service increase of 10.1 per cent. The proposed 2024 Business Plan and Budget also includes investment in both capital and new permanent positions identified as critical to supporting current operational needs, which were not contemplated in the Transit Strategy.

- 4.4 To achieve 85.4 per cent of 2024 Transit Strategy revenue service hours, DRT deferred key planned staffing and capital programs. Seventeen new staff positions, four of which are currently temporary funded roles, are required to fill existing gaps in staff capacity, and were able to be incorporated as noted in Section 5.4 of this report. The deferrals may have negative externalities, including reducing innovation capacity, increasing operational risk, risks of delay to the fleet electrification program, and future service growth due to limited staff capacity. For example, a condition of external funding typically includes the ability to deliver infrastructure within certain timeframes, and with limited project management capacity there are risks with respect to project timelines. Additionally, DRT is contemplating a larger organizational restructuring and enhanced capabilities that will position DRT to meet increasing demands and pressures, which will require dedicated staff capacity.
- 4.5 The service level targets are cumulative in nature through 2032, and to achieve the long-term service objectives of the Transit Strategy, future budgets will need to account for the variance in planned 2024 revenue service hours. As noted in the Transit Strategy, it will require a refresh at various points as ridership, the network, and funding and expenditure variations evolve.
- 4.6 Figure 3 demonstrates a scenario comparing both Transit Strategy and projected annual service hours, assuming the 2024 service hours at 85.4 per cent of the Transit Strategy plans is not addressed. In this scenario, DRT will fall progressively further behind each year, impacting future growth opportunities, DRT's ability to match anticipated population growth and ridership demands, and providing a transit service that is increasingly competitive with comparator municipalities in the Greater Toronto and Hamilton Area (GTHA) and Ontario.

Figure 3: Service Plan Implications on Budget and Growth



4.7 To meet the 2024 guideline, the recommended 2024 DRT Business Plan and Budget includes \$474.2 million in gross expenditures requiring \$94.1 million in property tax funding, an increase of \$13.3 million (16.4 per cent) from the 2023 approved budget. The balance of proposed 2024 financing comes from program and fare revenue, development charges, provincial gas tax, provincial and federal grant funding (e.g., Investing in Canada Infrastructure Program, Zero Emission Transit Fund, Zero Emission Vehicle Infrastructure Program), significant reserves and reserve draws, and debenture financing both directly from the capital markets and through the Canada Infrastructure Bank (CIB).

**5. 2023 Overview and Accomplishments**

5.1 2023 was a positive but challenging year for DRT. While the significant ridership increases are positive, the magnitude of the increases experienced in 2023 strained resources and staff. Ridership pressures are expected to continue through 2024 and require increased investment to support customer demand and enhance the transit network. DRT experienced a significant fire event at the Raleigh Bus Garage in Oshawa on August 16, 2023. While DRT was able to rapidly recover service levels following the fire, it nonetheless highlighted several areas for improvement from a risk mitigation perspective, including maintenance staffing and asset management. Some of these requirements are included within

the 2024 budget, however additional resourcing may be required as DRT continues to experience significant ridership growth pressures, and to enable the transit network and organization to modernize to meet increasing customer and resident demands and expectations of their transit service.

## 5.2 DRT highlights for 2023 include:

- a. Ridership demand continued to increase throughout 2023, ending the year with an annual total of 10.8 million, a 48 per cent increase over 2022.
- b. Launched new service enhancements, including 3 new local routes, the 301, 421, and 507. The 920, connecting Harmony Terminal to Scarborough, was rerouted to terminate at the TTC Scarborough Centre Bus Terminal, allowing a quick connection between TTC and DRT.
- c. Purchased property at Harmony Road and Green Hill Avenue to support the future planned Harmony Terminal, which will move into the design stage in 2024. This will be the first DRT-owned and operated bus terminal facility.
- d. Successfully completed the service model transition program, with On Demand services operated by a single contracted service provider, and all scheduled services operated by DRT staff.
- e. Integrated Specialized Transit with On Demand, advancing service equity and reaching record ridership levels of over 6,500 trips per week by Fall 2023. Through this integration, customers registered with Specialized Transit benefit from the same travel flexibility available to other On Demand customers, with a consistent travel experience specific to their eligibility.
- f. Finalized production details with Nova Bus for DRT's first six battery electric buses funded through the Canada Community-Building Fund. The buses are expected to be deployed into service in 2024.
- g. Achieved 60 per cent design completion on the charging equipment and infrastructure project to support the first six battery electric buses. The project experienced some challenges due to the fire at the Raleigh depot, and the project team has worked collaboratively to complete the re-design and minimize delays to achieve substantial completion by fall 2024.
- h. The Transit Assistance Program (TAP) on PRESTO continued to support residents receiving benefits from the Ontario Disability Support Program (ODSP) and Ontario Works, averaging at least 1,500 customers per month who are benefiting from the discounted cost of TAP. Since the introduction of TAP in late 2019 through December 2023, the program has enabled

733,052 trips on DRT at no charge, saving these Durham residents an estimated \$2.4 million in transit fares.

- i. In collaboration with the Region of Durham's Social Services Department, DRT initiated a pilot to fund two dedicated outreach workers to provide support and assist at risk residents and populations with diverse needs who are interacting with or accessing transit.
- j. Successful transition to the Dynamics 365 Customer Relationship Manager (CRM) to enhance the customer experience across all Regional Services, in addition to providing DRT with more robust options for data collection and reporting.
- k. Continued fare modernization including new methods of fare payment, such as the launch of open payment in January 2023 and Google Wallet in November 2023.

## 2024 Strategic Highlights

5.3 The proposed 2024 DRT Business Plan and Budget of \$474.2 million supports continued service enhancements, investments in growth infrastructure and fleet electrification, maintaining core service requirements and assets, actively engaging customers and stakeholders, and building an organizational framework to sustain DRT during a period of unprecedented growth, service modernization, and innovation. As described in Section 4, The proposed budget includes several key initiatives:

- a. The proposed 2024 DRT Business Plan and Budget provides for up to 569,876 hours of annual scheduled revenue service and 174,692 hours of On Demand revenue service. As a result of the service model transition, this is the first year that DRT is reporting separate revenue service hours for scheduled and On Demand. The 2024 service plan includes an increase of 59,665 hours above the adjusted 2023 base service hours at an estimated net cost of \$5.9 million and will provide for:
  - select resumption of service suspended in January within Ajax, Whitby, and Clarington that was reallocated in January to address growth demands across the system. This will provide service to areas of furthest distance to a transit stop.
  - new service to Seaton and Whites Road in Pickering 7 days per week.
  - Approximately 7,000 additional hours to support service reliability for select routes most impacted by known construction projects.
  - Approximately 5,000 additional service hours to improve reliability on select routes most impacted by increasing congestion.



- Approximately 7,000 additional On Demand hours to increase capacity to meet ridership pressures in new growth and rural areas.
  - approximately 7,000 additional On Demand hours to increase capacity in urban areas.
- b. In consideration of implementing 85.4 per cent of planned 2024 revenue service hours, the following service enhancements will be deferred:
- scheduled service to growth areas
  - service hours to improve reliability for all routes impacted by known construction projects and congestion.
- c. The 2024 DRT Business Plan and Budget includes capital investments totaling \$342.1 million that includes:
- 18 growth battery electric buses planned to be delivered in 2026 (\$31.7 million);
  - electric vehicle charging infrastructure and related equipment (\$19.2 million);
  - 16 battery electric buses, as replacements for diesel buses planned to be delivered in 2026 (\$27.5 million);
  - advancing planning and construction for DRT's new facility in north Oshawa to support fleet electrification (\$240.0 million);
  - construction & design of Harmony and Pickering terminals (\$15.0 million);
  - Various infrastructure related upgrades to bus storage facilities at Westney and Raleigh garages (\$10.5 million).
  - Capital investments include a previously approved Investing in Canada Infrastructure Program (ICIP) bus stop infrastructure improvement project (\$3.0 million).
- d. As approved by Regional Council approval on February 28, 2024, the \$0.25 increase to the base adult fare will be implemented July 1, 2024, with proportional adjustment to other fare concessions at the established discount rates. The fare change will generate an estimated \$0.95 million in additional revenue in 2024, and the annualized impact is a revenue increase of approximately \$1.9 million.
- e. The UPASS Agreement with Durham College, Ontario Tech University and Trent University continues to offer exceptional value for students. For the period September 1, 2024, to August 31, 2025, a one-year extension was

previously approved by Regional Council with a 1.9 cent fee adjustment, increasing the U-Pass cost from \$150 to \$152.85 per semester (four months). The UPASS fee adjustment will generate an estimated \$63,000 in additional revenue in 2024, and the annualized impact is an increase of \$140,000.

- f. Increase in the payment to PRESTO (\$0.6 million) resulting from increasing ridership, in accordance with the Metrolinx-905 transit agency operating agreement. Ridership is projected to be 13.4 million passengers in 2024 based on ridership trends and planned service and ridership recovery efforts, exceeding peak pre-pandemic ridership by 20%.
- g. Continue strategic planning activities to support DRT's long-term planning and continuous improvement efforts, including development of a workplace safety program supporting fleet electrification, integration of an on-time performance analytics platform, and investment into a rebranding strategy (at a combined cost of \$0.6 million).
- h. Implement comprehensive strategic asset management practices for the transit fleet, such as regular maintenance schedules tailored to each vehicle's usage patterns and implementing advanced diagnostics and monitoring systems, which can significantly enhance vehicle longevity and operational efficiency.

5.4 The DRT 2024 Business Plan and Budget provides for 94 new full-time positions. Service Plan enhancements require 36 new positions, and 41 new positions are required to support the service model transition (Figure 4). The work performed by the 41 positions attributed to service model transition was previously delivered through DRT's contract with the third-party service provider. While DRT will require staff capacity to support fundamental business management and operations, such as business transformation, project management, asset and energy management, and carbon off-set revenue streams, the 17 new positions (Figure 5), which were not contemplated in the Service Strategy, are required in 2024 to fill existing capacity gaps and minimize safety, security, and operational risks.

**Figure 4 – Service Plan and Service Model Transition staffing requirements**

Position Title	Total Annual Cost	Number of Positions	Rationale
<b>Operations Supervisor</b>	\$453,357	3 (1 for Service Plan, 2 for Service Model Transition)	As service increases, additional operational supervisors are needed in the field to oversee operations, respond to emergency situations and complaints, supervise employees, conduct investigations, and other key functions.
<b>Mechanic</b>	\$779,100	6 (3 for Service Plan, 3 for Service Model Transition)	With 57,648 new service hours coming online in 2024, additional mechanic positions are required to ensure adequate fleet maintenance capacity.
<b>Operators</b>	\$6,710,382	63 (29 for the Service Plan, 34 for Service Model Transition)	Required to deliver approved revenue service hours.
<b>Service Lane Staff</b>	\$492,060	5 For Service Model transition	Service Lane staff provide critical functions, such as bus cleaning and washing, parking, fueling and other tasks.

**Figure 5 – Additional staff requirements to fill existing capacity gaps.**

Position Title	Budget (50%) & Annualized	Number of Positions	Rationale
<b>Coordinator, Transit Technical Services</b>	(\$63,299) \$114,802	1	DRT faces several evolving and new technical requirements, including fare integration, electrification requirements, ongoing support for our internal IT systems. This role is currently funded by DRT as a temporary position.
<b>Manager, Safety &amp; Training</b>	(\$75,560) \$151,120	1	With expected continued service demand increases, resumption of cyclical operator training, and the corresponding increases in operator positions, additional and sustained training is required. This role is currently funded by DRT as a temporary position.
<b>Data Analyst</b>	(\$69,141) \$137,202	1	The ability to interpret and present data is a key function of any Transit agency and allows for proactive and evidence-based decision-making. This position ensures capacity to conduct advanced data analysis to realize operational and financial savings. This role is currently funded by DRT as a temporary position.
<b>Fleet Engineer</b>	(\$82,634) \$165,268	1	As DRT matures, this position will support evolving maintenance programs and processes, fleet asset management to support data-based vehicle life cycle decisions, repair campaigns, major rebuilds and other fleet engineering decisions, ensuring effective management of a core asset.
<b>Maintenance Information &amp; System Specialist</b>	(\$69,141) \$137,202	1	This position will ensure the fleet management system is fully utilized across all asset classes to support efficiencies. This includes inventory and life cycle costing, inventory control and management, and represents a core business requirement for effective fleet management. The role will drive efficiencies in fleet and inventory management.

<b>On-Route Coordinator</b>	(\$63,299) \$114,802	1	This position supports on-route operations such as garbage/graffiti removal, shelter issues and maintenance, and many others. This role is currently funded by DRT as a temporary position.
<b>Manager, Finance, Analytics and Reporting</b>	(\$98,958) \$197,916	1	This position fills a gap within the organization, providing needed capacity to support core business functions, including proactive analytics and reporting, improved coordination with Regional Finance to support increasing reporting requirements for funding programs and fleet electrification, and function as a key driver for strategic initiatives and continuous improvement across the department. In addition, this position will be central to improve business performance in general and oversee broader business transformation objectives.
<b>Mechanic</b>	(\$129,850) \$259,700	2	The maintenance division requires two additional mechanics to enhance staff capacity to ensure DRT continues to meet fleet maintenance program requirements for existing fleet size.
<b>Maintenance Supervisor</b>	(\$165,268) \$330,536	2	The maintenance division requires two additional maintenance supervisors to provide effective management and supervision for maintenance staff and to ensure site safety and security for the 24/7 maintenance operation.
<b>Storeperson</b>	(\$53,257) \$106,514	1	As DRT moves towards a more proactive and cost-effective maintenance schedule through the implementation of the fleet maintenance system, an additional resource is required to meet increased workloads and ensure coverage and inventory control across all shifts.
<b>Operators</b>	\$(266,285) \$532,570	5	The operations division requires five additional operators to provide coverage necessary to reinstate annual cyclical training for bus operators, which will include new and emerging operational policies, programs and procedures, programs such as DEI foundations and accessibility and disability awareness, and defensive driving refresher to minimize risks of on-street incidents.

- 5.5 The DRT 2024 Business Plan and Budget is also funding the equivalent of two outreach worker resources for Social Services in 2024 through a pilot (\$244,046 annualized) dedicated to supporting at risk residents and populations interacting with DRT. In addition, DRT is also funding one Recruiter for Human Resources (\$115,882 annualized) dedicated to DRT's unprecedented recruitment requirements for growth and replacement staff.
- 5.6 Fare and other revenue streams continue to provide necessary funding to maximize service levels across the transit network. The following are highlights related to 2024 fare and advertising revenues:
- a. 2024 fare revenues (including U-Pass) are projected at \$36.1 million, or 123 per cent of pre-pandemic levels (2020 budgeted revenues), an increase of \$7.2 million (25.0 per cent) from 2023 budgeted levels.
  - b. 2024 advertising revenue is projected to be \$1.2 million, an increase of \$0.4 million (54.8 per cent) from 2023 budget levels.
- 5.7 DRT will continue to advance key initiatives throughout 2024 that support the Region's climate change objectives including the delivery of DRT's first six battery electric buses and installation of related charging infrastructure and utility upgrades at DRT's Raleigh Depot in Oshawa. Other on-going initiatives include the continued installation of solar lighting in DRT bus shelters (2020 Investing in Canada Infrastructure Program funding) and evaluating lighting solutions for remote bus stops.
- 5.8 DRT will also continue to progress implementation of the transit fleet Electrification Plan, which includes the purchase and delivery of up to 107 battery electric buses by 2027 and related charging equipment and infrastructure, leveraging debenture financing through the Canada Infrastructure Bank (up to \$20.2 million in 2024, up to \$62 million overall) and pending federal funding from Infrastructure Canada through the Zero Emission Transit Fund.
- 5.9 As per Report [#2023-DRT-23](#), DRT was provided delegated authority to begin negotiations on a Principal Agreement with PowerOn Energy Solutions LP ("PowerON"), for the engineering, procurement, construction, management, operations and maintenance of electrification infrastructure, according to predefined stipulations within the term sheet provided. Negotiations are progressing, with a report expected at the April 3<sup>rd</sup>, 2024, Transit Executive Committee Meeting and April 16, 2024 Finance and Administration Committee meeting. By partnering with PowerON, DRT seeks to benefit from leading industry

experience with respect to electrification, along with significant savings in time and costs, to best support the implementation of the transit Electrification Plan and mitigate risks and uncertainties.

## **6. 2024 Risks and Uncertainties**

6.1 Several key risks may impact DRT in 2024 and beyond, including the following.

- a. While ridership has fully recovered, the post-pandemic demand for transit travel places growing pressures across all DRT services. DRT continues to experience ridership pressures based on existing network capacity, including On Demand. Strategic service optimization may be required to sustain the network in areas of highest demand.
- b. Work, school and leisure travel patterns have changed by remote/hybrid approaches and options that are now commonplace across the Region, one of the lasting impacts of the pandemic. These distinct shifts in travel patterns change where and when transit is most needed, prompting additional services for midday and weekend service, new growth routes, and a shift in routing to support local travel within Durham Region. While DRT continues to accommodate a variety of travel markets, further adjustments to the network may be required in the future.
- c. The Province has not announced the 2023-24 Provincial Gas Tax program funding allocations. The 2024 Business Plan and Budget has assumed the Province will maintain the 2022-23 funding allocation to DRT of \$9.35 million.
- d. DRT, and the transit industry more broadly, continue to face pressures resulting from supply chain constraints for parts and equipment, and longer than normal production timelines for new vehicles (i.e., up to 24 months). Timely repair and refurbishment for the transit fleet continues to mitigate major repair costs and ensure service availability.
- e. Fuel price fluctuations and weather-related impacts on facility and bus stop maintenance expenditures is a regular and ongoing uncertainty.
- f. The deferral of staff capacity to further a solid foundation for the organization remains a risk to DRT to meet organizational and operational objectives and efficiencies with respect to lost opportunity costs (limited capacity to pursue and secure external funding), reduced risk management (contract/vendor management staff), and other fundamental business operations, such as dedicated staffing to support the \$750 million fleet Electrification Plan.

- g. Recovery from the Raleigh bus fire continues to pose operational risks for DRT. These challenges have been mitigated with assistance from other transit partners, however continued ridership demand and existing plans for fleet and facility electrification will require interim measures to fully leverage available funding while meeting operational pressures.

## 7. Future Budget Pressures and Opportunities

- 7.1 DRT's 2024 Business Plan and Budget includes the following items that will have an impact for the 2025 budget, these include:
  - a. Annualization of the seventeen new positions included in the 2024 budget (estimated incremental impact on the 2025 budget of \$1.1 million).
  - b. Annualization of the fare adjustments taking effect July 1, 2024, and UPass adjustments taking effect September 1, 2024 (estimated incremental revenue on the 2025 budget of \$1.0 million).
- 7.2 Beyond 2022-23 there is uncertainty with Durham's share of Provincial Gas Tax revenues due to declines in Ontario gasoline sales following the COVID-19 pandemic. The 2021-2022 Gas Tax program allocation was the first to reflect impacts of the COVID-19 pandemic based on 2020 ridership and gasoline sales. The Province announced in late 2021 that municipal Gas Tax allocations for 2021-22 would be topped up to 2020-2021 program levels, through a one-time \$120 million provincial commitment to help mitigate the impacts of COVID-19. A similar top up was announced by the Province for 2022-23 with a one-time \$80 million contribution. It is unknown whether future provincial gas tax allocations will be affected.
- 7.3 One of the objectives of the Transit Strategy is to enhance the competitiveness of public transit in Durham relative to comparator municipalities in the Greater Toronto and Hamilton Area (GTHA) and Ontario. A competitive transit network supports economic development by enabling seamless and timely travel to employment, training and education opportunities across the Region. Implementation of the Transit Service and Financing Strategy (2023-2032), including investment from the Region and other orders of government, are crucial to achieving the Region's vision for transit in Durham.
- 7.4 2024 is the second year of the Transit Service and Financing Strategy (2023-2032), and DRT has been required to reduce investment in planned revenue service hours. Sustained deferral of service levels poses material challenges to the overall service, and is cumulative in nature (Figure 3). Accordingly, significant



investments by the Region and from other levels of government are required over the ten-year Transit Strategy to improve service levels available to residents, advance fleet electrification, expand infrastructure and improve passenger amenities. This includes:

- a. Significant service expansion including annual increases by an additional 625,000 revenue service hours by 2032.
- b. Acquisition of 325 growth and replacement battery electric buses and associated charging infrastructure that will support the transition of up to 90 per cent of DRT's fleet to zero emission technologies by 2032.
- c. Capital and operating impacts for the new maintenance and storage facility to be constructed at 2400 Thornton Road in north Oshawa.
- d. Upgrades and expansion to transit terminals including Harmony, Pickering Parkway and Windfield Farms.
- e. Completing bus stop safety and accessibility improvements (e.g., hard surfacing, lighting installations) by 2025 in accordance with the *Accessibility for Ontarians with Disabilities Act*.
- f. Rightsizing the staff complement to ensure additional service is supported from a business perspective, and that DRT does not continue to fall behind with respect to innovation, proactive vs reactive fleet and facility maintenance, lost opportunities, risk management and many others, which may in fact drive costs up in the long term.
- g. Staff is currently waiting for feedback from Infrastructure Canada on the Region's grant application submitted under the Zero Emission Transit Fund program. Approval of this federal funding is critical to the implementation of the Region's fleet electrification strategy. Without significant financial contributions from senior governments, Staff will need to review and will report back on the scale, scope and timing of the above initiatives to align with the level of available funding.

## **8. Relationship to Strategic Plan**

8.1 This report aligns with/addresses the following strategic goal and priorities in the Durham Region Strategic Plan.

- a. Goal 1 Environmental Sustainability – The proposed budget includes a number of elements directly and indirectly linked to the expansion of DRT's electric fleet, as well as sustainable and active transportation. Moreover, proposed service enhancements, albeit reduced, should still result in

continued transit ridership recovery thereby reducing reliance on single-use vehicle trips.

- b. Goal 5 Service Excellence – to provide exceptional value to Durham taxpayers through responsive, effective, and fiscally sustainable service delivery. By responsibly managing the Region’s financial assets, the proposed 2024 DRT Business Plan and Budget optimizes resources within the budget guideline.

## **9. Conclusion**

9.1 The recommended 2024 DRT Business Plan and Budget meets the Council approved guideline for the 2024 Property Tax Supported Business Plan and Budgets, representing 1.6 per cent of the overall Regional tax levy, and delivering 59,665 new annual service hours which represents 85.4 per cent of the Transit Strategy revenue service hours.

9.2 It is recommended that the Transit Executive Committee approve the 2024 Business Plan and Budget for DRT and forward this report to the Finance and Administration Committee for consideration during the budget deliberations of the 2024 Property Tax Supported Business Plan and Budget.

9.3 This report has been reviewed by the Finance Department and the Commissioner of Finance/Treasurer of DRT concurs with the recommendation.

## **10. Attachments**

10.1 The detailed 2024 Business Plans and Budget for DRT is attached.

Respectfully submitted,

Original signed by:

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Bill Holmes  
General Manager, DRT

Recommended for Presentation to Committee

Original signed by:

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Elaine C. Baxter-Trahair  
Chief Administrative Officer