

Meeting Date: July 8, 2025

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Subject: Ontario Transit Investment Fund (OTIF) Application and Inter-Community Transit Service Continuation

BACKGROUND:

The Middlesex County Connect inter-community transit service has been operating since September 21, 2020, funded through the Province of Ontario's Community Transportation Grant Program (CT) and fare revenue. The CT Program was originally scheduled to conclude on March 31, 2025; however, the Province has extended the program to March 31, 2026. This extension allows grant recipients additional time to fully utilize their allocated funding. Based on available residual CT funding, it is anticipated that the existing Middlesex County Connect routes will continue operating until August 31, 2025.

On November 12, 2024, Middlesex County Council passed a resolution confirming that the County has the capacity and authority to undertake a comprehensive assessment of inter-community transit and future transit development. In January 2025, the County retained Left Turn Right Turn Ltd. (LTRT), a third-party consulting agency specializing in transit planning and evaluation, to lead the federally funded transit assessment. The purpose of the assessment is to optimize existing inter-community transit routes and align services with the County's growing local and regional needs, ensuring that transit remains sustainable, responsive to the community, and aligned with regional growth objectives. The results of the assessment were presented to Middlesex County Council on June 24, 2025. The findings will help inform and support both current and future applications to the Ontario Transit Investment Fund (OTIF) and other funding programs.

On January 21, 2025, Middlesex County applied to the Ontario Transit Investment Fund (OTIF) to support the continued operation and optimization of inter-community transit routes. On April 30, 2025, Middlesex County received a letter from the Ministry of Transportation confirming approval in principle for funding of up to \$3,408,511 over five years (2025–26 to 2029–30) to support transit services through the Ontario Transit

Investment Fund (OTIF). On June 19, 2025, the Government of Ontario and the Ministry of Transportation officially announced the approval of OTIF funding for Middlesex County.

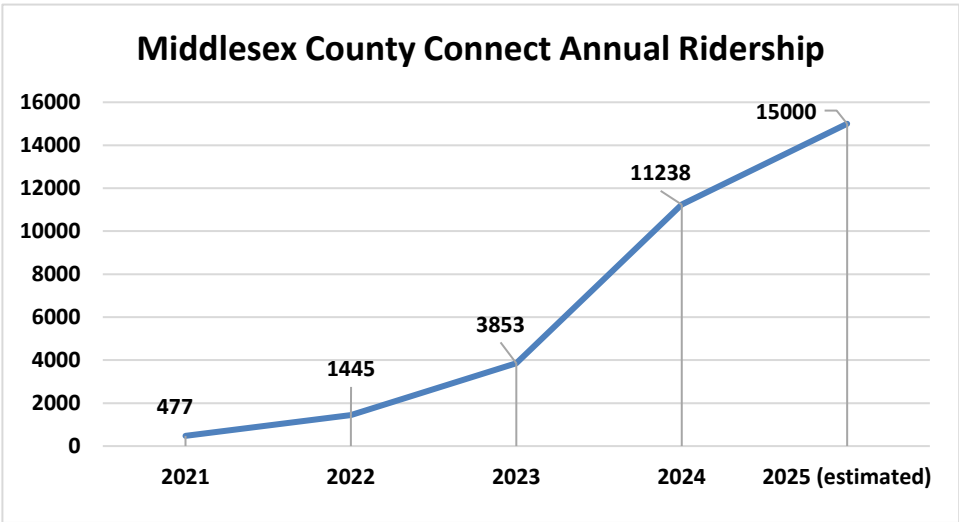
ANALYSIS:

Middlesex County Connect has been operating since September 21, 2020, with financial support from the Province of Ontario's Community Transportation Grant Program (CT). The service initially provided inter-community transit between London, Thames Centre, and parts of neighboring Oxford County. Over time, it has expanded significantly to meet the County's evolving transportation needs.

In 2022, Middlesex County received funding through the federal Rural Transit Solutions Fund (RTSF) Planning and Design Projects stream to conduct a comprehensive County-wide transit needs assessment. Based on the assessment's findings, several initiatives were implemented in 2023, including realigning existing routes, introducing a new route, launching a user-friendly app, introducing a discounted student pass, implementing a Library Bus Pass Loan Program, and developing an employer toolkit to promote transit use.

To further enhance regional connectivity, Middlesex County launched a new transit route in 2024 linking Dorchester, London, and St. Thomas, made possible by additional provincial CT funding. A stop at the Amazon Fulfillment Centre in Southwold was added to this new route in August 2024.

These service enhancements have contributed to a 678% ridership increase between 2022 and 2024, demonstrating substantial and growing demand for inter-community transit services in and around Middlesex County.



As part of our ongoing commitment to improving transportation services across Middlesex County and the current inter-community transit routes, the County once again secured federal funding to conduct a comprehensive assessment of inter-community transit services. This assessment, led by Left Turn Right Turn Ltd. (LTRT), a third-party

consulting agency, included a detailed analysis of ridership trends, route efficiency, service accessibility, and opportunities for service improvements. To ensure a comprehensive understanding of the County's transit network, the assessment encompassed all inter-community transit services within Middlesex County, with a primary focus on Middlesex County Connect and the Strathroy-Caradoc inter-community transit.

Both public and interest-holder engagement activities were conducted as part of the assessment. Public engagement included a survey distributed digitally and onboard transit vehicles, rider engagement during ride-alongs, and a pop-up event at the FlightExec Centre in Dorchester. The survey was available to residents of all local and neighbouring municipalities served by the inter-community transit services and received 594 responses. Robust interest-holder engagement activities included an interest-holder survey, focus groups, and workshops with municipal and community partners, as shown in the figure below.



Two workshops were held with the Middlesex County Municipalities Working Group, which included representatives from all local municipalities within Middlesex County. Additionally, two focus groups were conducted with neighbouring municipal partners and prospective community interest-holders to gather feedback on how existing services are meeting interest-holder needs, current transit usage, and critical gaps within the system. These sessions saw strong participation and generated productive discussions. Feedback from the assessment indicates strong support for maintaining and expanding inter-community transit services. The results of the assessment were presented to Middlesex County Council on June 24, 2025.

The Community Transportation (CT) Program currently funding the inter-community routes was originally scheduled to conclude on March 31, 2025; however, the Province has extended the program to March 31, 2026, to allow for the use of remaining CT funds. Current projections indicate the service can continue until the end of August 2025 using these residual CT funds.

Ongoing advocacy efforts have been undertaken to support the continuation of inter-community transit services in the region. These efforts have involved coordination among municipal partners to emphasize to the Province the importance and impact of these services for residents. The City of London, the City of St. Thomas and Middlesex County participated in a joint delegation on inter-community transportation at the AMO 2024 conference. A joint delegation with the City of London and Middlesex County was held at

the ROMA 2025 conference. Middlesex County, the City of London, and the City of St. Thomas have also submitted a request for a joint delegation on inter-community transportation at the upcoming AMO 2025 conference.

To be eligible for provincial funding and to support the continuation and enhancement of transit services beyond August 2025, Middlesex County submitted an application on January 21, 2025, under the Ontario Transit Investment Fund (OTIF) as the lead applicant for the following inter-community routes:

- Route 1: Lucan, Ilderton, Arva, London
- Route 2: Woodstock, Ingersoll, Putnam, Dorchester, London
- Route 3: Dorchester, London, St. Thomas, Southwold
- Route 4*: Sarnia, Strathroy, Mt. Brydges, Komoka, London

*Route 4, currently operated by the Municipality of Strathroy-Caradoc, is proposed for integration into Middlesex County Connect operations as part of the OTIF-funded service plan. This integration is necessary for the application to meet OTIF funding eligibility criteria.

The OTIF application criteria require a lead municipality to be identified, along with a clearly defined project team that demonstrates collaboration among all municipalities served by the transit routes. As part of the current application, 27 project team members signed a collaboration framework, agreeing in principle to participate in the transit system assessment and to support Middlesex County's OTIF submission. Their participation is non-financially binding at this stage and will be further defined through the revised application process, as explained further below in the report. Additional partners may be added to the project team as part of a revised OTIF application. The current project team includes representatives from the following municipalities, economic development offices, and transit agencies:

Middlesex County Local Municipalities:

- Township of Lucan Biddulph
- Municipality of Middlesex Centre
- Municipality of Strathroy-Caradoc
- Municipality of Thames Centre

Neighbouring Municipalities:

- Elgin County
- Lambton County
- Oxford County
- City of London
- City of Sarnia
- City of St. Thomas
- City of Woodstock
- Town of Ingersoll

- Township of Southwold

Economic Development Offices/Corporations:

- Elgin County Economic Development
- Ingersoll Economic Development
- London Economic Development Corporation
- St. Thomas Economic Development Corporation
- Sarnia-Lambton Economic Partnership
- Woodstock Economic Development

Transit Agencies:

- London Transit Commission
- Railway City Transit
- Sarnia Transit
- Woodstock Transit

Under OTIF program guidelines, funding is limited to a maximum of five years and covers up to 50% of eligible project costs. The remaining 50% is required from the project team through a shared funding model that includes municipal contributions, fare and advertising revenue, and funding from other federal or provincial sources, such as Ontario's Gas Tax Program. The provincial government has approved Middlesex County's full requested amount of up to \$3,408,511 over five years to support up to 50% of the project costs through OTIF.

Middlesex County requested five-year funding from OTIF, with Year 1 (April 1, 2025 – March 31, 2026) serving as the initial phase. During this first year, financial contributions will come from residual CT Program funds, fare revenue, and OTIF funding; therefore, no financial contributions from Middlesex County or other project team members are required for Year 1.

A preliminary budget for Years 2–5, reflecting current routes and service levels, was submitted with the OTIF application. The OTIF budget will be updated based on the results of the transit assessment and finalized commitments from Middlesex County, local and neighbouring municipalities, and potentially community interest-holders as part of the 2026 budget process. These commitments will guide the preparation of a revised OTIF application for Years 2–5.

Based on the current OTIF budget, if at least five municipalities commit to the project, each partner will be required to contribute approximately \$422,813.22 in total across Years 2–5. This amount is subject to change and will be updated in the revised OTIF budget, reflecting the results of the assessment and finalized municipal commitments.

Middlesex County is exploring Ontario's Dedicated Gas Tax Funds for Public Transportation (Gas Tax) Program as an additional funding source for the OTIF project

and will also explore other potential provincial and federal funding programs to support the project.



This strategic approach ensures service continuity, supports regional economic growth, enhances mobility options for residents, and leverages external funding to sustain and expand inter-community transit across Middlesex County and its partner communities.



FINANCIAL IMPLICATIONS:

There is no funding requirement expected from the 2025 budget based on the OTIF application. However, participation in OTIF depends on confirmed commitments from municipal and community partners. The long-term sustainability of Middlesex County's inter-community transit services relies on a cost-sharing model, including financial contributions from participating municipalities. The County will continue to advocate for funding from all levels of government.

ALIGNMENT WITH STRATEGIC FOCUS:

This report aligns with the following Strategic Focus, Goals, or Objectives:

Strategic Priority	Goal	Objectives
Economic Development 	Enhance overall economic well-being and community prosperity by fostering a sustainable and thriving local economy	<ul style="list-style-type: none">• Develop and implement an Economic Development approach for the County, focusing on key priorities, actions, and areas of growth while providing strong support for small businesses and entrepreneurs, including agriculture-related businesses.
Collaboration & Partnerships 	Strengthen collaboration with local municipalities and regional partners to improve economic efficiency, enhance service delivery, and support regional development in alignment with community priorities	<ul style="list-style-type: none">• Optimize service delivery through inter-municipal collaboration and shared services to improve efficiency and seamless operations.• Build and enhance relationships with municipal, regional, First Nations, community, and private sector partners to align priorities, share resources, and implement joint initiatives that improve community well-being and economic growth.• Improve communication and transparency through open engagement, accessible information, and informed decision-making.

Strategic Priority	Goal	Objectives
Sustainable Infrastructure Development 	Expand and upgrade critical infrastructure to enhance resilience, efficiency, and accessibility while prioritizing sustainability and long-term cost-effectiveness	<ul style="list-style-type: none"> Enhance and maintain road infrastructure to improve connectivity, traffic efficiency, and encourage active transportation, while preserving the unique character of municipal main streets. Pursue funding and grants for infrastructure projects to deliver lasting benefits while providing predictable costs for taxpayers.
Adaptability and Agility 	Modernize the County's administrative capabilities to strengthen decision-making, improve service delivery, and achieve better community outcomes	<ul style="list-style-type: none"> Transform, modernize and continuously improve administrative systems and processes to increase efficiency and enhance the experience of residents and partners. Strengthen internal administrative capabilities to ensure key support services have the necessary resources to meet community needs and support organizational growth. Enhance the County employee value proposition to attract, retain, and support a talented workforce through competitive benefits, professional growth opportunities, and a positive workplace culture.

RECOMMENDATION:

THAT the Ontario Transit Investment Fund (OTIF) Application and Inter-Community Transit Service Continuation report be received for information;

AND THAT Middlesex County Council direct staff to:

- a) Proceed with finalizing the Ontario Transit Investment Fund (OTIF) funding agreement as the lead applicant and return to Council for approval to execute the agreement upon receipt from the Province;
- b) Lead discussions with OTIF project team members, including local municipalities, neighbouring municipalities, and community interest-holders, to secure the financial contributions necessary to meet the cost-sharing requirements for Years 2–5 (2026–27 to 2029–30); and
- c) Coordinate and submit, a revised OTIF application reflecting the transit assessment findings and confirmed financial contributions for Years 2–5 of the project.

Attachment: Ontario Transit Investment Fund (OTIF) Conditional Approval