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Item No. 12.1.6
Audit & Finance Standing Committee
September 7, 2016

TO: Chair and Members of Audit & Finance Standing Committee

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SUBMITTED BY:

Jane Fraser Acting Chief Administrative Officer

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Amanda Whitewood, Director of Finance and Information Technology/CFO

DATE: August 24, 2016

SUBJECT: Federal Infrastructure Funding: Halifax Transit Project Budget Amendments

ORIGIN

The Government of Canada's March 22, 2016 Budget and subsequent fiscal stimulus initiatives.

June 21, 2016 Council report "Federal Infrastructure Applications."

The Government of Canada's August 16, 2016 approval of public transit projects for funding.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, on December 11th, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend that Regional Council:

- I. Approve an increase to 2016-17 Transit projects with funding from the Public Transit Infrastructure Fund (PTIF) combined with funding from the Building Canada Fund (BCF) in 2016-17, in the amount of \$18,288,667; with no net change to Transit's 2016-17 project budget as

outlined in Table 2 of this report.

- II. Approve a transfer of funds from Project Account No. CVD00436-Biennial Ferry Refit to Project Account No. CM000001 - Ferry Replacement in the amount of \$735,000 to allow for work to begin in 2016-17 on Ferry Replacement.
- III. Approve the list of 2017/18 projects for advanced funding for the purposes of advanced tendering as outlined in Table 3.

BACKGROUND

The March 22nd, 2016 Government of Canada budget specified a nationwide fiscal stimulus with a significant portion of this earmarked for public transit related projects. Phase 1 of the Government’s long-term infrastructure plan will begin rolling out over the next two years, with an immediate focus on maintenance and rehabilitation. In Nova Scotia, \$32.2 million is available over 2 years in the Public Transit Infrastructure Fund (PTIF).

On June 21, 2016, Regional Council approved a list of 15 proposed transit projects, totaling \$58.21 million, to be submitted for consideration for cost shared funding approval under the PTIF.

On 16 August 2016, The Government of Canada and Province of Nova Scotia ratified an infrastructure stimulus agreement, and projects submitted by Halifax were formally approved by the Federal Government.

DISCUSSION

A total of 15 public transit projects were approved by the Government of Canada for PTIF funding. The project names and funding amounts are outlined in Table 1, below.

Table 1: List of Approved PTIF Projects

Fiscal Year	Project Name	Project Account	HRM Funding	PTIF Funding	Federal Portion (BCF) Funding	Total Project Budget
2016/17	Bus Stop Accessibility	CBT00432	\$125,000	\$125,000	-	\$250,000
2016/17	Conventional Transit Bus Replacement/MetroX Replacement	CV020004/ CM020002	\$16,900,000	\$14,785,334	\$1,833,333	\$33,518,667
2016/17	Halifax Ferry Terminal upgrade	CB000039	\$500,000	\$500,000	-	\$1,000,000
2016/17	Shelters Replacement/Expansion	CBT00437	\$110,000	\$110,000	-	\$220,000
2016/17	Transit Priority Measures Implementation	CM000009	\$200,000	\$200,000	-	\$400,000
2016/17 & 2017/18	Ferry Replacement	CM000001	\$6,035,000	\$6,035,000	-	\$12,070,000
2017/18	Bus Stop Improvements		\$235,000	\$235,000	-	\$470,000
2017/18	Conventional Bus Expansion	CV020003	\$2,873,000	\$2,873,000	-	\$5,746,000

2017/18	Transit Priority Measures Implementation	CM000009	\$450,000	\$450,000	-	\$900,000
2017/18	Electric Bus Pilot Project		\$250,000	\$250,000	-	\$500,000
2017/18	Ferry Terminal Generators		\$300,000	\$300,000	-	\$600,000
2017/18	Transit Priority Measures Corridors Study		\$125,000	\$125,000	-	\$250,000
2017/18	Bus Rapid Transit Study		\$100,000	\$100,000	-	\$200,000
2017/18	Mumford Terminal Replacement Opportunities Assessment	CB000014	\$150,000	\$150,000	-	\$300,000
2017/18	Transit Security Upgrades	CMU00982	\$1,950,000	\$1,950,000	-	\$3,900,000
2016-18	Totals		\$30,303,000	\$28,188,334	\$1,833,333	\$60,324,667

*Ferry replacement in 2016-17 relates to the beginning of work for both ferries.

Regional Council approval is required to allocate federal funding into the appropriate project accounts to allow the projects to proceed. The 2016-17 changes required are detailed in Table 2, below.

Table 2: 2016-17 PTIF and BCF Funding Allocations

Project Name	Project Account	PTIF Funding	BCF Funding	Totals
Bus Stop Accessibility	CBT00432	\$125,000	-	\$125,000
Conventional Transit Bus Replacement/MetroX Replacement	CV020004/C M020002	\$14,785,334	\$1,833,333	\$16,618,667
Halifax Ferry Terminal upgrade	CB000039	\$500,000	-	\$500,000
Shelters Replacement/Expansion	CBT00437	\$110,000	-	\$110,000
Transit Priority Measures Implementation	CM000009	\$200,000	-	\$200,000
Ferry Replacement	CM000001	\$735,000	-	\$735,000
Totals		\$16,455,334	\$1,833,333	\$18,288,667

One of the projects approved was to allow for the replacement of two existing ferries. This project eliminates the immediate need for the scheduled biennial ferry refit. To leverage the PTIF funding available, funding is to be re-allocated in 2016-17 from Project Account No. CVD00436 - Biennial Ferry Refit to Project Account No. CM000001-Ferry Replacement. Additional funds are budgeted in 2017-18 to complete this project. Approval of the full project amount is required for procurement procedures. Staff is requesting the total project budget approval to allow the project to be tendered for the entire project scope. The entire cost of the project is outlined in Table 1.

Advanced funding for the purposes of advanced tendering is being requested for several 2017-2018 projects in receipt of PTIF funding to ensure the requirement of PTIF to complete projects by March 31st 2018 is achieved. Critically, the purchase of ten expansion vehicles in 2017-18 requires advanced tendering due to the lead time needed for bus manufacturing. It is standard practice to obtain advanced funding approval for bus purchases to ensure timely delivery.

Advanced funding is being sought for three studies, the installation of three generators, the purchase of new/additional security cameras on transit vehicles, opportunity assessment of the Mumford Terminal and

for bus stop improvements including the installation of accessible landing pads and purchase of shelters.

Approval of advanced funding requests outlined in Table 3 below will result in work being able to be awarded to ensure timely completion of project management.

Table 3: 2017-18 Advanced Funding Request(s)

Project Name	Project Account	Proposed Gross Budget	HRM Funding	PTIF Funding	Advanced Funding Request
Bus Stop Improvements	TBD	\$470,000	\$235,000	\$235,000	\$470,000
Conventional Bus Expansion	CV020003	\$5,746,000	\$2,873,000	\$2,873,000	\$5,746,000
Electric Bus Pilot Project	TBD	\$500,000	\$250,000	\$250,000	\$500,000
Ferry Terminal Generators	TBD	\$600,000	\$300,000	\$300,000	\$600,000
Ferry Replacement	CM000001	\$10,600,000	\$5,300,000	\$5,300,000	\$10,600,000
Transit Priority Measures Corridors Study	TBD	\$250,000	\$125,000	\$125,000	\$250,000
Bus Rapid Transit Study	TBD	\$200,000	\$100,000	\$100,000	\$200,000
Mumford Terminal Replacement Opportunities Assessment	CB000014	\$300,000	\$150,000	\$150,000	\$300,000
Transit Security Upgrades	CMU00982	\$3,900,000	\$1,950,000	\$1,950,000	\$3,900,000
Total		\$22,566,000	\$11,283,000	\$11,283,000	\$22,566,000

FINANCIAL IMPLICATIONS

As outlined in the above section(s) of the report, \$735,000 of funding from Project Account No. CVD00436 – Biennial Ferry Refit will be allocated to Project Account No. CM000001-Ferry Replacement. This will enable this project to begin in 2016-17.

2016-2017 Budget Summary:

Project Account No. CVD00436 – Biennial Ferry Refit

Cumulative Unspent Budget	\$ 1,074,489
Less: Transfer to Project Account CM000001	\$ 735,000
Balance	\$ 339,489

Project Account No. CM000001 – Ferry Replacement

Cumulative Unspent Budget	\$ 499,903
Plus: PTIF Funding:	\$ 735,000
Plus: Transfer from Project CVD00436:	\$ 735,000
Balance	\$ 1,969,903

2016-17 PTIF and BCF allocations are outlined in Table 2, these reflect the receipt of funds from the PTIF and BCF programs into appropriate project accounts. The total requested increase in 2016-17 is \$18,288,667, if approved this will result in an increase to the gross capital budget but not the net.

2017-18 Advanced HRM and PTIF funding allocations are outlined in Table 3. These reflect the receipt of

funds from the PTIF program along with HRM funding into appropriate project accounts. The total requested increase in 2016-17 for advanced funding is \$22,566,000 for both the HRM and the PTIF portion.

In 2017-18, Halifax Transit is planning to procure 10 conventional buses at a forecasted cost of \$574,600 per bus, to align with the Moving Forward Together Plan (MFTP). Expansion of buses carries operating cost of capital implications (OCC), approximately \$225,000 per additional bus. These additional operating costs will be included in Halifax Transit's 2017-18 Operating Budget.

PTIF and BCF funding has been confirmed by Finance.

RISK CONSIDERATION

As outlined in the staff report dated June 21, 2016, there is no material risk associated with the recommendations outlined in this report. Phase II of the PTIF program will require additional analysis from Finance staff to ensure future capital expenditures align with the long-term fiscal strategy of the municipality.

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications directly associated with this report.

ALTERNATIVES

The Audit & Finance Standing Committee could choose not to recommend the outlined changes to Regional Council. This would not be advisable due to the timing constraints related to beginning project work on 2016-2017 project budget items and would hinder the ability to attain timely procurement of fleet assets.

ATTACHMENTS

N/A

A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance/index.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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