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**Item No. 15.1.6**  
**Halifax Regional Council**  
**September 3, 2024**

**TO:** Mayor Savage and Members of Halifax Regional Council  
**FROM:** Brad Anguish, Acting Chief Administrative Officer  
**DATE:** July 26, 2024  
**SUBJECT:** Canada Public Transit Fund & Zero Emission Transit Fund: Funding Applications

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### **ORIGIN**

Staff initiated.

### **EXECUTIVE SUMMARY**

The Federal Government (Housing, Infrastructure and Communities Canada) has announced the launch of the Canada Public Transit Fund, a new \$30 billion investment over ten years to expand public transit and make it more accessible across the country.

The Canada Public Transit Fund will be delivered through several funding streams, two of which require immediate action for prospective applicants. These include the Baseline Funding Stream, which can be applied for directly by the municipality, and the Metro Region Agreement (MRA) program, which requires a commitment to a governance structure that includes all partner agencies and is being pursued via participation in the Joint Regional Transportation Agency (JRTA). In addition, a pre-existing federal funding program, the Zero Emission Transit Fund, remains available for infrastructure and vehicle purchases.

The purpose of this report is to provide direction to proceed with next steps for funding, including submitting an Expression of Interest for the Baseline Funding Stream, confirming Halifax Regional Municipality's support for the JRTA's Expression of Interest to the MRA, and submitting a full application to the Zero Emission Transit Fund.

### **RECOMMENDATION**

It is recommended that Halifax Regional Council:

- 1) Direct the Chief Administrative Officer to submit an Expression of Interest to the Canada Public Transit Fund Baseline Funding Stream;
- 2) Authorize the Chief Administrative Officer to send a letter to the Joint Regional Transportation Agency confirming the Halifax Regional Municipality as a willing Metro Region Partner organization in the Expression of Interest application for the Canada Public Transit Fund; and
- 3) Direct the Chief Administrative Officer to submit a funding application to the Zero Emission Transit Fund (ZETF) for the replacement of the Burnside Transit Centre and for zero emission fleet acquisition.

### **BACKGROUND**

On July 17, 2024, the Federal Government announced the launch of the Canada Public Transit Fund (CPTF), a new \$30 billion investment over the first ten years to expand public transit and make it more accessible across the country. This is the largest investment in public transit in Canadian history and is a permanent ongoing program. The CPTF has three funding streams:

- \$2B for the Metro Region Agreement (MRA) program;
- \$0.5B for base funding for all transit agencies (Baseline Funding Stream); and
- \$0.5B for other direct apply programs.

The MRA program and Baseline Funding Stream are now open for applications, with funding scheduled to commence in 2026.

The Baseline Funding Stream is accepting Expressions of Interest (EOI) from municipalities and transit providers. Although based on an allocation formula, the Baseline Funding Stream requires that municipalities apply. EOIs are the first stage of the application process and must be submitted by September 16<sup>th</sup>, 2024. Halifax Transit is working on an EOI for the Baseline Stream.

Municipalities can apply for and receive funding under both the MRA and the Baseline Funding Stream. For Halifax Regional Municipality, the MRA is primarily being pursued via participation in the Joint Regional Transportation Agency (JRTA). The purpose of this report is to confirm the Municipality's support for the JRTA's EOI to the MRA.

Pre-existing funding programs delivered by Housing, Infrastructure, and Communities Canada, including the Active Transportation Fund, Rural Transit Solutions Fund, and Zero Emission Transit Fund (ZETF) remain in place. The ZETF supports the transition of public transit and school bus fleet through the purchase of zero emission vehicles, charging infrastructure, and facility upgrades. An initial EOI has already been submitted by Halifax Transit under the ZETF program. A complete ZETF application has now been prepared by staff and this report requests direction to proceed with that application in parallel to the new funding streams.

## **DISCUSSION**

As a result of the new program offerings, there are three potential funding opportunities that can be pursued in parallel to support increased investment in public transit for Halifax. These three programs are described in more detail below.

### 1) Baseline Funding Stream

Part of the CPTF, the Baseline Funding Stream provides \$500 million annually in predictable, long-term funding to communities with existing transit systems to support routine capital and non-capital investments, with an expected focus on projects of a relatively small-scale, including public transit and active transportation system expansions, improvements, and state of good repair. Allocations from the \$500 million funding envelope are determined based on a formula that considers both ridership and population metrics, and the potential allocations will be determined following the EOI process. The Baseline Funding Stream is available to fund 40% of capital infrastructure projects, and up to 80% of non-capital projects (i.e. feasibility studies).

Transit authorities or other public sector entities that own a municipal transit system are expected to be the lead applicants for Baseline funding. The EOI process will identify eligible applicants. Following that, for the full application, applicants will be required to submit full capital plans, commit to completing a Housing Needs Assessment, and also commit to supporting Canada's plan to achieve net-zero emissions by 2050.

### 2) Metro Region Agreements (MRAs)

The JRTA is a provincial Crown Corporation reporting to the provincial Minister of Public Works. The Agency was established in Fall 2021 by provincial legislation (Bill 61 - the Joint Regional Transportation Agency Act). The Technical Advisory Board consists of representatives from the Nova Scotia Department of Public Works, Halifax Regional Municipality, Halifax Harbour Bridges, Halifax International Airport Authority, Halifax Port Authority, and the Atlantic Canada Opportunities Agency, with CN as an associate member. Chief Administrative Officer Cathie O'Toole, Commissioner of Operations Brad Anguish, and Halifax Transit Executive Director Dave Reage are the Halifax Regional Municipality representatives.

The mandate of the JRTA is to address transportation issues associated with rapid growth in and around the Halifax Regional Municipality. To achieve this goal, the JRTA is developing a Regional Transportation plan to “establish a coordinated long-term vision for a regional transportation system that makes sustainable growth and development possible and improves the safe and efficient movement of people and goods into, out of, and throughout Halifax and surrounding communities”.

The Province of Nova Scotia and JRTA are preparing to respond to an EOI call for the MRA program, as the MRA is a potentially significant source of funding for major transit projects contained in the JRTA Plan. The program requires a commitment to a governance structure that includes all partner agencies within the geographic scope of the MRA that identifies how these partners will work together to prioritize projects. The current work and structure of the JRTA is highly aligned with these MRA program requirements. The EOI will be based on the JRTA Regional Transportation Plan currently underway and due to government in late 2024.

The EOI stage of the application process requires provincial and municipal commitments to program parameters but does not include identification of specific projects. The projects to be funded under the MRA are yet to be determined. It should be noted that the MRA stream has been designed specifically to encourage intensification of urban areas to increase the supply of housing and affordable housing and requires all partner agencies (including municipalities) to commit to planning policies that encourage housing densification near transit systems. Halifax Regional Municipality has already made these commitments for eligibility for the federal Housing Accelerator Fund.

The MRA program will provide up to 40% federal contribution to approved capital projects. The program does not fund the purchase of land for transit projects.

Proceeding promptly with an EOI is advantageous for reserving funding for Nova Scotia, which is in competition with Canada's large transit organizations who have expressed a need for significant funding from the program. Although there is no deadline to apply, early application to the program may be an advantage.

### 3) Zero Emission Transit Fund (ZETF)

Announced in 2021, ZETF is a \$2.75 billion program intended to help modernize school bus and transit fleets to reduce emissions. ZETF was developed with a close partnership with the Canada Infrastructure Bank. Although the original deadline for claims to this fund was set as 2025, it is expected that this will be extended to allow the program to meet the objectives set. Direction from Regional Council is being sought to submit a formal application for the replacement of the Burnside Transit Centre and the purchase of zero emission buses.

In September 2022, funding was secured in the amount of \$20.8 million under the Investing In Canada Infrastructure Program (ICIP) for the design of the new Burnside Transit Centre. The construction of the new facility has been included notionally in the municipal capital budget, but funding has not yet been secured. Halifax Transit staff previously prepared an EOI for the ZETF, which was submitted to Housing, Infrastructure and Communities Canada, who administers the program. A separate EOI was also submitted for the ZETF to support procurement of buses over multiple years. Both ZETF EOIs were accepted, progressing these projects to the second stage of the ZETF application process. Housing, Infrastructure

and Communities Canada requested that both projects be combined into a single capital funding application.

The total estimated project cost for the purposes of the ZETF application is \$890 million, which is further broken down into \$478 million for buses and \$412 million for infrastructure, including a complete rebuild of Burnside Transit Centre facilities and provision of required charging or fueling equipment. The cost estimate for bus procurement is based on prior purchases and industry feedback, with an assumed 3% annual cost escalation. This encompasses both planned replacement and expansion buses until 2033/34, including recent upward pressure on pricing assumptions that is not yet reflected in the municipal capital budget.

ZETF funding can be combined with additional financing through the Canada Infrastructure Bank to support the municipal portion of the funding, which is also being pursued in tandem with the ZETF application.

### **FINANCIAL IMPLICATIONS**

No financial implications have been identified at this time.

### **RISK CONSIDERATION**

No risk considerations were identified.

### **COMMUNITY ENGAGEMENT**

No community engagement was required for this report.

### **ENVIRONMENTAL IMPLICATIONS**

No environmental implications were identified.

### **ALTERNATIVES**

Regional Council could choose not to approve the recommendation.

### **LEGISLATIVE AUTHORITY**

Provincial Bill 61, An Act to Establish a Joint Transportation Agency.

### **ATTACHMENTS**

None

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