



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 15.1.8
Halifax Regional Council
December 13, 2022

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

Caroline Blair-Smith, Acting Chief Administrative Officer

DATE: December 6, 2022

SUBJECT: **COVID-19 Transit Funding**

ORIGIN

Letter dated November 17, 2022 from the Provincial Minister of Public Works regarding a one-time funding related to COVID-19 impacts on transit services.

LEGISLATIVE AUTHORITY

HRM Charter Section 74 – permits HRM to enter into agreements with the Province or the Government of Canada to provide or administer municipal services.

Administrative Order #58, section 16(1) provides that revenue generating agreements for the municipality must be approved by Council when HRM is receiving more than \$500,000.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Agree to the terms and conditions per the letter from the Provincial Minister of Public Works in Attachment 1, by authorizing the Mayor and Municipal Clerk to sign the attached letter to receive \$8,655,876 in funding from the Government of Canada and Province of Nova Scotia related to COVID-19 impacts on transit services.
2. Direct the CAO to allocate the funding to Halifax Transit as a revenue recovery to cost center R631.

BACKGROUND

The COVID-19 pandemic has severely hindered how Halifax Transit has been able to operate. Since March 2020, ridership had seen major drops as many employers were allowing employees the ability to work from home while Transit offered free ridership during portions of that period.

In 2021/2022, ridership has slowly started to rebound but is still below the levels that were achieved in Fiscal 2019/2020. For example, in Fiscal 2021/22, Fare Revenue was down approximately \$13.7M or 37.6% from 2019/2020 levels. To offset these revenue losses, the Government of Canada has provided funding to allow Transit organizations to safely ramp up operations and to offset reduced revenue from ridership.

DISCUSSION

Over the past two years, there has been a couple of instances of funding being provided for transit operations by the Government of Canada to help offset any COVID-19 operating losses:

July 2020

The Government of Canada made an announcement that it would invest up to “\$2 billion to support municipalities with COVID-19 operating costs and \$2.4 billion to cost-match any additional provincial/territorial contributions to public transit operations under the Safe Restart Agreement”.

March 2021

The Government of Canada announced it would provide “one-time additional investment of \$2.2 billion to address infrastructure priorities in municipalities and First Nations communities by doubling the Canada Community-Building Fund”.

Current Contribution

In a letter to HRM dated November 17, 2022, the Provincial Minister of Public Works announced the Government of Canada and the Province of Nova Scotia would provide a one-time investment in the amount of \$8,655,876 related to COVID-19 impacts on transit services. The terms and conditions required for this agreement are as follows:

1. The proponent commits to put the funding towards transit capital or operating shortfalls or housing;
2. The proponent commits to work with the Province of NS to address barriers to increasing housing supply and density, which could include further progress on:
 - a) Reforming zoning and land use policies;
 - b) Enabling and supporting construction of new housing and more density in proximity to new public transit projects;
 - c) Reforming municipal development charges or equivalent for new builds; and
 - d) Speeding up approval processes through innovative tools such as digital permitting systems.
3. Unless otherwise agreed to, the Proponent shall follow the intent of the Nova Scotia Government Procurement Policy in awarding contracts.

FINANCIAL IMPLICATIONS

The \$8,655,876 funding is a one-time funding source from the Government of Canada and the Province of Nova Scotia. Funding will be used in fiscal 2022/23 to offset any operating shortfalls in Halifax Transit that would have incurred as the result of the COVID-19 pandemic.

Currently the projected corporate deficit as reported in the Second Quarter Financial Report is \$7,429,700. This funding will effectively eliminate our current deficit.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report as the noted funding does not require HRM to expend additional or unbudgeted funds related to this agreement.

COMMUNITY ENGAGEMENT

No community engagement was required.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

Council could choose not to approve the contribution agreement. This is not recommended as the funds are required to help offset any operating shortfalls in Halifax Transit. Declining the agreement would put increased pressure on future proposed operating/capital budgeting requirements.

ATTACHMENTS

Attachment 1 - Funding Letter from the Province of Nova Scotia dated November 17, 2022

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Jeff Drover, Financial Business Partner, Finance & Asset Management, 902.478.6936



**Public Works
Office of the Minister**

PO Box 186, Halifax, Nova Scotia, Canada E3J 2N2

NOV 17 2022

Jacques Dube, Chief Administrative Officer
Halifax Regional Municipality
1841 Argyle Street
PO Box 1749
Halifax, NS B3J 3A5

Dear CAO Dube:

On behalf of the Department of Public Works (DPW), I wish to congratulate your municipality on its endeavors to support the growth of transit in HRM. In response to the impacts of COVID-19 on transit services the Government of Canada and the Province of Nova Scotia are providing a one-time investment to be put toward transit capital or operating shortfalls or housing. I am pleased to advise you that HRM's allocation of this funding is \$8,655,876.

The funding will be provided upon acceptance of the following terms and conditions:

1. The proponent commits to put the funding towards transit capital or operating shortfalls or housing;
2. The proponent commits to work with Province to address barriers to increasing housing supply and density which could include further progress on
 - a. Reforming zoning and land use policies;
 - b. Enabling and supporting construction of new housing and more density in proximity to new public transit projects;
 - c. Reforming municipal development charges or equivalent for new builds; and
 - d. Speeding up approval processes through innovative tools such as digital permitting systems.
3. Unless otherwise agreed to, the Proponent shall follow the intent of the Nova Scotia Government Procurement Policy in awarding contracts.

Please sign below indicating that Halifax Regional Municipality is in agreement with the above noted terms and return a copy to Greg Sewell, Director, Active Transportation and Community Transit, at gregory.sewell@novascotia.ca.

Sincerely,



Kim D. Masland
Minister

c: Peter Hackett, P. Eng., Deputy Minister, Public Works

ACKNOWLEDGEMENT:

On behalf of Halifax Regional Municipality, I, _____, agree with the terms and conditions listed in this letter.	
_____ Signature	_____ Date