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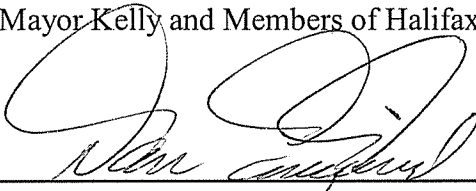


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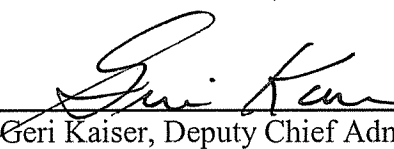
Halifax Regional Council
March 6, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Geri Kaiser, Deputy Chief Administrative Officer

DATE: February 28, 2007

SUBJECT: Strategic Transit Funding Allocation

ORIGIN

On February 1, 2007, the Strategic Transit Funding agreement between Halifax Regional Municipality and the Province of Nova Scotia was signed. A list of projects is required to enable the transfer for 2006/07.

RECOMMENDATION

It is recommended that:

1. Council approve the list of projects for Strategic Transit funding as listed in Attachment A;
2. Council approve a reduction in the capital budget of \$110,872 as per the Budget Implications section of this report.; and
3. Approve the Reserve Business Case contained in Attachment C.

BACKGROUND

On November 24, 2006 the Province of Nova Scotia and the Government of Canada signed a bilateral agreement to transfer Strategic Transit Funding to municipalities. On February 1, 2007, HRM signed a municipal funding agreement with the Province. This agreement formalizes the criteria and requirements; and details the responsibilities of the partners.

Strategic Transit Agreement Highlights

Following is a brief summary highlighting some of the terms and conditions contained within the Municipal Funding Agreement.

Municipal Requirements:

- Funds must result in net incremental capital spending on Public Transit Infrastructure
- The funds will not clawback any current capital funding
- Average annual capital spending on transit will not fall below \$6.9m
- HRM will provide access to records related to funded projects if requested
- HRM will comply with the communications protocol outlined
- HRM will retain title to the resulting infrastructure for at least 10 years
- HRM will invest any funds received in advance of the Municipality incurring and paying Eligible Costs in accordance with Section 100 of the Municipal Government Act.
- HRM will provide a Transit Strategy, including Transportation Demand Management measures.

Eligible Projects Include:

- Rapid Transit Infrastructure
- Rolling Stock
- Intelligent Transport System
- Related Capital Infrastructure
- Accessible Transit

Eligible Costs Include:

- Capital costs
- Fees to professionals
- Environmental assessments

Ineligible Costs Include:

- Costs incurred prior to May 18, 2005
- Services normally provided
- Salaries
- Overhead (operating, administrative, planning)

- Feasibility and planning studies
- Taxes
- Land
- Leasing equipment
- Routine repair/maintenance
- Audit/evaluation

Reporting:

- HRM will provide a capital budget, including a list of proposed capital projects, with eligible projects identified prior to fund transfer
- An annual expenditure report will be provided each year by July 31, which must include a report on amounts held at year end by the Municipality to be spent on Eligible Projects.

Audits:

- Nova Scotia may audit, or ask HRM to audit, any eligible project and costs are paid by the municipality

Communications:

- There will be a public Agreement signing event
- Regular announcements of projects that benefited from strategic transit funds
- All communications acknowledge federal contributions
- Permanent signage at location of projects receiving investment or where there is no permanent location, a prominent marker will be displayed.

DISCUSSION

Estimated Strategic Transit Funding

HRM expects to receive approximately \$35m over 4 years. Staff estimates that HRM will receive approximately \$11.0M in 2007/08, \$7.0M in 2008/09 and \$6.1M in 2009/10. The estimated strategic transit revenue is included as a funding source in the approved 2006/07 capital budget and the three year capital plan. This effectively increased the capital budget and allowed additional projects to be added.

BUDGET IMPLICATIONS

In preparing the 2006/07 Capital Budget, staff estimated that HRM would receive \$11M in funding. We have been notified that we will receive \$10,889,128. This requires a slight reduction in the Capital Budget of \$110,872. Staff are recommending that this reduction be made in capital account CVD00435 Conventional Transit Replacement.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation. Approval of this report will result in a reduction of the approved 2006/07 Capital Budget.

ALTERNATIVES

Council could select different projects for 2006/2007. Attachment B denotes 2006/2007 capital budget projects that meet the program criteria.

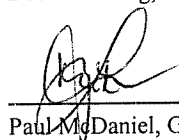
ATTACHMENTS

Attachment A:	Recommended Strategic Transit Funding Allocation
Attachment B:	Projects Eligible: Strategic Transit Funding
Attachment C:	Reserve Business Case: Strategic Transit Funding

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Debbi McCaig, CMA, A./Manager, Budget and Financial Analysis 490-7203

Report Approved by:



Paul McDaniel, General Manager, Transit 490-6608

Report Approved by:



Cathie O'Toole, CGA, A/Director, Finance 490-6308

Attachment A
Recommended Strategic Transit Funding Allocation

Metro Transit		Strategic Transit
CHD00060	Farebox Replacement	\$2,000,000.00
CVD00429	Access-A-Bus Vehicle	120,000
CVD00430	Access-A-Bus Replacement	440,000
CVD00434	Conventional Transit Bus Expansion	3,915,000
CVD00435	Conventional Transit Bus Replacement	<u>4,414,128</u>
Total		<u>\$10,889,128.00</u>

Attachment B
Projects Eligible: Strategic Transit Funding

2006-07
Total
Gross

Metro Transit

Transportation & Public Works

CB200427	Satellite Garage Facility	\$300,000.00
CB200425	Park & Ride Improvement & Expansion	650,000
CB200428	Transit Terminal Upgrade & Expansion	3,215,000
CBT00432	Bus Stop Accessibility	75,000
CBT00437	Bus Shelters-Replacement	60,000
CBU00876	200 Ilsley Upgrades	500,000
CHD00060	Farebox Replacement	2,000,000
CIU00875	Scheduling Software Upgrades	125,000
CVD00429	Access-A-Bus Vehicle	120,000
CVD00430	Access-A-Bus Replacement	440,000
CVD00431	Midlife Bus Rebuild	655,000
CVD00433	Service Vehicle Replacement	50,000
CVD00434	Conventional Transit Bus Expansion	3,915,000
CVD00435	Conventional Transit Bus Replacement	7,240,000
CVD00436	Bi-annual Ferry Refit	300,000
CVU00877	Strategic Transit Projects	<u>500,000</u>

Total

\$20,145,000.00

Transportation & Public Works

CB300834	200 Ilsley Ave.-Safety Upgrades	250,000
CB300862	Transit facilities Upgrades (Bundle)	<u>448,000</u>

Total

698,000

Financial Services

CBM00901	Transit Fleet Expansion	<u>50,000</u>
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Total

50,000

Total Metro Transit

\$20,893,000.00

Reserves Business Case

Halifax Regional Municipality • Corporate Services • Finance Division • 490-4446 • Fax: 490-4175

Date: February 27, 2007
Contact: Director of Finance

Qxxx Strategic Transit Funding Reserve

Purpose

To provide a financial vehicle for maintaining the funds received under the Canada-Nova Scotia Agreement on the Transfer of Federal Strategic Transit revenue

Source of Funds

As outlined in the Transit Funding Agreement between the Province of Nova Scotia and Halifax Regional Municipality, HRM will receive annual Strategic Transit funding. In return, the municipality is required to use the funds for investment in public transit infrastructure and to provide accountability documentation to the provincial government, who will act as administrator of the funds. The Municipality is required to maintain a separate accounting for the funds provided and for the interest earned on unexpended funds. As funds are required to fund expenditures on approved eligible capital projects, Reserve withdrawals will be made in accordance with the Council approved Strategic Transit Funding Allocation and the Multi-Year Financial Strategy.

All funds provided and income earned that are not expended prior to March 31st of any year, will be retained in the Reserve and expended in accordance with the Transit Funding Agreement in the following fiscal years.

If funds are received by HRM in advance of incurring and paying eligible costs, such funds shall be invested in accordance with Section 100 of the *Municipal Government Act* and interest earned will be retained in the reserve for expenditure on eligible costs.

Application of Funds

The Transit Funding Agreement stipulates the following terms and conditions on use of the

Transit Funding revenue:

“The Eligible Recipient agree that the Funds provided under this agreement and the income earned will be used only for public transit expenditures of the general types of projects listed in I); subject to II) Eligible Costs, and III) the award of contract criteria.

I. Eligible Projects

Schedule I contains the list of Public Transit Infrastructure Projects eligible under this Agreement.

II. Eligible Costs

Schedule 2 contains a listing of Eligible Costs as defined under this Agreement.

III. Award of Contracts and Use of Municipal Forces

Schedule 3 contains guidelines related to the Award of Contracts, and Schedule 2 contains guidelines related to the use of Municipal Forces.

Time Line

The reserve will be maintained until all funds received through the life of the Transit Funding Agreement or until all funds have been received and expended or returned to the Province as required in the Municipal Funding Agreement.

Approval Process

The reserve will be used to fund eligible costs as outlined in the attached Schedule 2 for projects approved by Council annually as part of the budget process. Finance is responsible for ensuring availability of funds and appropriateness of expenditure prior to Council approval.

Attachments

Transit Funding Agreement Schedule A - Eligible Project Categories
Transit Funding Agreement Schedule B - Eligible Costs

Approval

CAO

SCHEDULE A – Eligible Project Categories

Public Transit Infrastructure capital investments include the following:

- i) rapid Transit Infrastructure: light rail, heavy rail additions, subways, transit stations, park and ride facilities, grade separated bus lanes and rail lines;
- ii) rolling Stock: buses (including hybrids, diesel, natural gas, and fuel cell buses), light and heavy rail cars, trolleys, ferries;
- iii) Intelligent Transport System (ITS): fare collection, passenger information, maintenance, propulsion and communications technologies, transit priority signalling, passenger and traffic information and transit operation systems, including technology that enhance safety and security of operations;
- iv) related Capital Infrastructure: transit queue-jumpers and High Occupancy Vehicle (HOV) lanes, storage and maintenance facilities, terminals; and
- v) accessible transit: rolling stock, fixed capital assets and systems.

SCHEDULE B – Eligible Costs

Eligible Costs

1 Project Costs

Eligible costs, as specified in each TFA, will be all direct costs which are, in Canada's opinion, properly and reasonably incurred and paid by an Eligible Recipient under a contract for goods and services necessary for the implementation of an Eligible Project. Eligible costs may include only the following:

- a) the capital costs of acquiring, constructing or renovating a tangible capital asset and any debt financing charges related thereto;
- b) the fees paid to professionals, technical personnel, consultants and contractors specifically engaged to undertake the surveying, design, engineering, manufacturing or construction of a project infrastructure asset and related facilities and structures.
- c) the costs of environmental assessments, monitoring, and follow-up programs as required by the *Canadian Environmental Assessment Act*, or a Nova Scotia equivalent.

2 Administration Costs

That portion of Funds representing interest earned may be used to pay for administration costs.

Ineligible Costs

Costs related to the following items are ineligible costs:

- a) Eligible Project costs incurred before May 18, 2005;
- b) services or works that, in the opinion of Nova Scotia, are normally provided by the Eligible Recipient or a related party;
- c) salaries and other employment benefits of any employees of the Eligible Recipient;
- d) an Eligible Recipient's overhead costs, its direct or indirect operating or administrative costs, and, more specifically, its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its applicant's staff;

- e) costs of feasibility and planning studies for individual Eligible Projects;
- f) taxes for which the Eligible Recipient is eligible for a tax rebate and all other costs eligible for rebates;
- g) costs of land or any interest therein, and related costs;
- h) cost of leasing of equipment by the Eligible Recipient;
- i) routine repair and maintenance costs;
- j) legal fees;
- k) administrative costs incurred as a result of implementing this Agreement, subject to 2 above and Section 7.3 of this Agreement; and
- l) audit and evaluation costs.