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HALIFAX
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Halifax Regional Council
July 3, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: _____

Mike Labrecque, P.Eng., Director, Transportation and Public Works

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For Cathie O'Toole, CGA, A/Director, Finance

DATE: June 25, 2007

SUBJECT: <u>**Options to Extend Transit Service to Timberlea and Timber Trails**</u>

INFORMATION REPORT

ORIGIN

This report originates from the April 17, 2007 Regional Council Budget Discussions Meeting, Item 10.1.1 - 2007/08 Budget.

BACKGROUND

At the April 17, 2007 Halifax Regional Council meeting, Councillor Johns requested a staff report on the financial implications of providing transit service for the Lucasville Road, Timber Trails area.

DISCUSSION

Lucasville Road/Timber Trails - In order to determine the cost of providing transit service to this area, Metro Transit Planning staff developed a scenario based on a peak hour weekday service consisting of four morning trips and three afternoon trips.

The routing sequence for this scenario is:
Sackville Bus Terminal to Old Sackville Road, to Lucasville Road, to Cranley Road, to Newbury Road, to Waterstone Run, returning by the same routing to the Sackville Bus Terminal.

This service scenario provides a 60-minute frequency with four morning and three afternoon trips. The first trip in the morning allows people who work at the hospitals to get to work for 7:00 am with three subsequent trips in 60 minute intervals. An example of this service schedule and routing are included as Appendix A and B to this report.

The estimated annual cost of this transit service scenario is outlined as follows:

	Year 1	Year 2
Operating cost:	$ 158,800	$ 158,800
Capital cost for 1 bus:	$ 50,000 [1]	$ 0
Total Annual cost:	$ 208,800	$ 158,800
Fare Revenues:	($ 15,900) [2]	($ 15,900)
Net cost:	$ 192,900	$ 142,900

In accordance with HRM's tax structure policy, all properties in the Suburban tax zone which are within 1 km of the transit route would be charged an area rate to fund the net cost of the route. Based on current assessment data, an estimated area rate of $ 0.035 would be required to generate this revenue from the taxable properties within the proposed catchment area. This is equivalent to $35.00 for each $100,000 of taxable assessment.

As with the existing transit service area rates, the area rate would only be applied to residential and resource properties within the Suburban tax zone. There would need to be an annual transfer to the community transit service from the Suburban general tax rate equivalent to the amount of revenue that would be generated if commercial and business occupancy assessment in the Suburban tax zone within 1 km of the route could be taxed for this service. The calculation of this transfer would include weighting the assessment by the commercial multiplier.

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[1] Estimated cost to refurbish a bus retired from Conventional Transit service. The cost would be fully recovered in the first year of operation resulting in a $50,000 decrease in net cost of the service starting in the second year.

[2] The estimated Fare Revenue indicated above is based on Community Transit fares of $2.50 for adults and $1.25 for students and seniors and assumes a 10% recovery in operating costs.

Part of the route also traverses into the Urban tax zone. Since Conventional Transit is funded from the Urban general tax rate, an area rate for Community Transit cannot be applied within the Urban tax zone. Therefore, it would be necessary for the community transit service to receive an annual transfer from the Urban general tax rate equivalent to the amount of revenue that would be generated if residential, resource, commercial and business occupancy assessment in the Urban tax zone within 1 km of the route could be taxed for this service. The calculation of this transfer would include weighting the commercial and business occupancy assessment by the commercial multiplier.

Based on this approach, the net cost of the service would be allocated as follows:

	Year 1	Year 2
Revenue from Area-Rate:	$ 18,300	$ 13,600
Revenue from Suburban General Rate:	$ 1,200	$ 900
Revenue from Urban General Rate:	$ 173,400	$ 128,400
Total Revenue Required:	$ 192,900	$ 142,900

Therefore, approximately 90.5% of the tax revenue required to fund the net cost (after fares) of the service would come from the Urban and Suburban General Tax Rates. Given that most of the cost of the route, like the Conventional Transit System, is funded from General Tax Rates, the requirement for this service would need to be prioritized along with all the other service priorities in the Conventional Transit System. It would also need to be considered within the context of the Regional Plan which calls for Neighbourhood Busing and Rural Express routes.

The area rate would need to be reassessed after the first year of operation because:
1. The cost of the bus refurbishment would be paid for; and
2. The actual operating costs and fare revenues would be known with greater certainty. This would include consideration of any surplus or deficit from the first year of operation.

Prior to implementation of transit service to the Lucasville Road/Timber Trails area, it would be necessary to conduct a public consultation as outlined in the Interim Area Rate Guidelines. A copy of the Guidelines are included as Appendix C to this report.

BUDGET IMPLICATIONS

There are no budget implications for the 2007-08 Operating, Capital or Reserve Budgets.

Because of the time needed to conduct the necessary public consultation as required by the Interim Area Rate Guidelines and plan for the new service, it could not be implemented any earlier than the 2008-09 fiscal year. If Community Transit service as outlined in this report was implemented starting in 2008-09, Council would need to commit $174,600 from the 2008-09 general rated Operating Budget to cover the transfers required from the Urban and Suburban General Tax Rates. This commitment would have to be considered within the context of other priorities for service enhancements, not only for transit, but for other municipal services as well.

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.

ATTACHMENTS

Appendix A: Community Transit Draft Schedule
Appendix B: Draft Routing and Area Rate Catchment Area
Appendix C: Interim Area Rate Guidelines

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

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For Debbi McCaig, CMA, A/Manager, Budget & Financial Analysis, Finance 490-7203

Appendix A: Draft Schedule for Costing Scenario
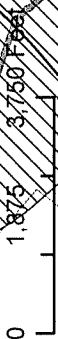
Lucasville Road/Timber Trails Community Transit Service					
Leave Garage	Leave Sackville Terminal	Arrive Lucasville Rd/ Cranley Rd	Leave Lucasville Rd/ Cranley Rd	Arrive Sackville Terminal	Arrive Garage
04:30:00	05:00:00	05:30:00	05:30:00	06:00:00	
	06:00:00	06:30:00	06:30:00	07:00:00	
	07:00:00	07:30:00	07:30:00	08:00:00	
	08:00:00	08:30:00	08:30:00	09:00:00	09:30:00
14:30:00	15:00:00	15:30:00	15:30:00	16:00:00	
	16:00:00	16:30:00	16:30:00	17:00:00	
	17:00:00	17:30:00	17:30:00	18:00:00	18:30:00

Total Service Hours/Day	9
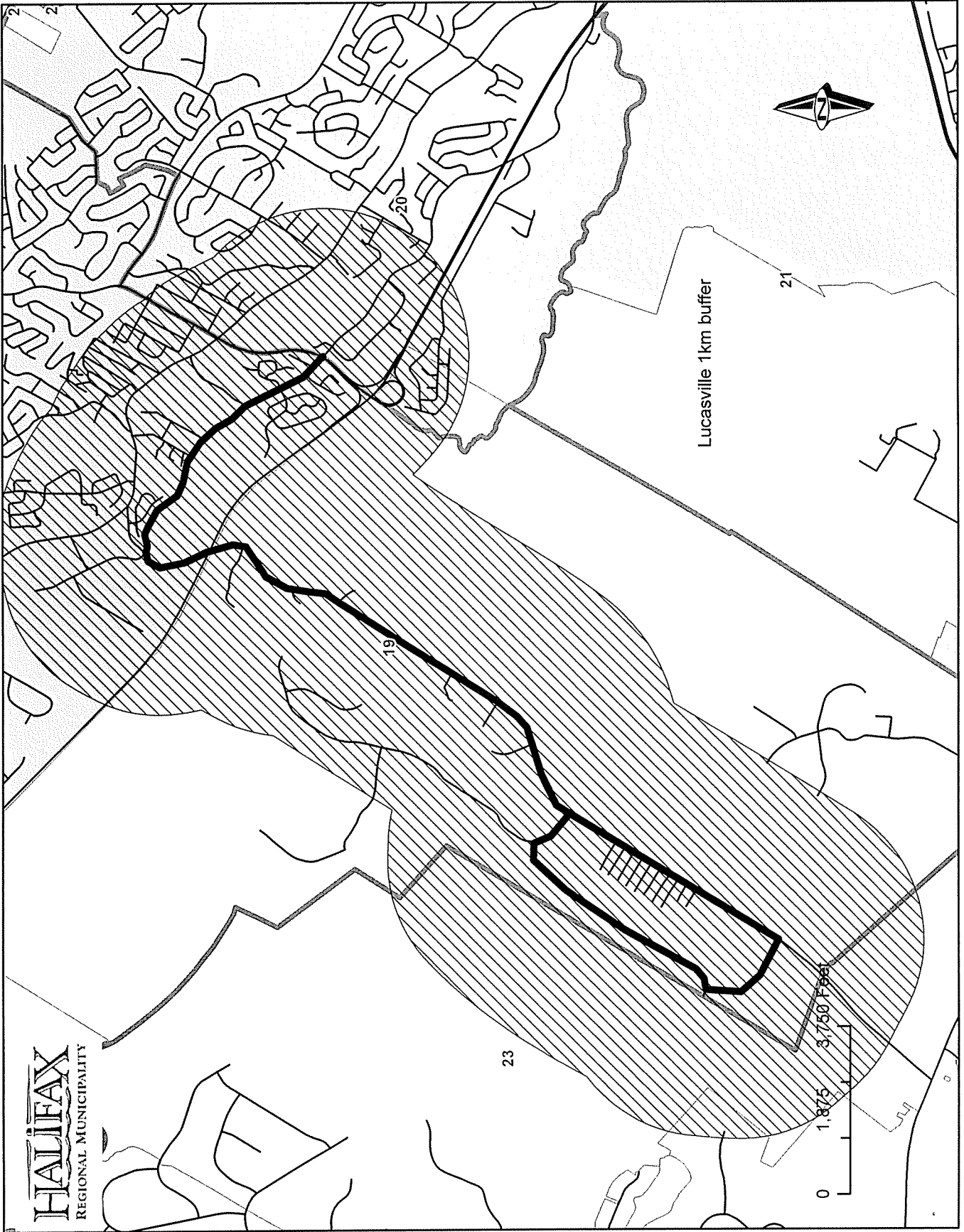
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Lucasville 1km buffer

19

20

21

23

0   1,875   3,750 Feet

INTERIM AREA RATE GUIDELINES

As per report dated January 4, 2000 and approved by Halifax Regional Council January 11, 2000.

1. Area rates can only be used for the provision of services within the municipal mandate; services traditionally provided by the municipality.

   Description of Service:

2. Area rates are not to be used to provide different levels of a municipal service within urban and suburban areas where said service is covered by the general tax rate.

   Service Standard:

3. In order for a proposed new area rate to move to the process as outlined in #4 below, it must have the support of the area's Councillor(s).

   District:

   Councillor Communication:

4. Proposals for new area rates must be advertised publicly, clearly identifying affected areas, the purpose for the rate, rate information and the duration the rate is expected to be charged. A public meeting will be held and those attending the meeting will be informed of the rationale for the rate and consulted on its appropriateness.

   a) Advertised:

   b) Map:

   c) Purpose of rate:

   d) Rate Calculation:

e) Rate Duration:

f) Public Meeting:

g) Meeting Handout:

h) Questionnaire Results:

Total Number Sent Out:
Total Number Returned: Percentage Returned:
Number Yes: Percentage Yes:
Number No: Percentage No:

5. With the concurrence of the Councillor, the request is forwarded to the Community Council for review and a recommendation to Halifax Regional Council. Where a Community Council does not exist, the request will go directly to Halifax Regional Council.

Date to Community Council:

Council Report:

6. Any proposed new area rates recommended by a Community Council (or, in the absence of a Community Council, the Councillor for the area) will be submitted to Halifax Regional Council through a staff report with a recommendation from the Chief Administrative Officer. The staff report will identify the implications to the Municipality along with the results of any public meeting.

Date to Regional Council:

Staff Report:

7. Halifax Regional Council is responsible for approving all area rates.

8. All area rates run by community groups are subject to the Recreation Area Rate Policy dated April 25, 2002 and passed by Council May 14, 2002. Area rates must follow all budget, business planning, procurement, and other financial requirements of HRM.