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Item No. 9.3.1 (ii)
Audit & Finance Standing Committee
July 23, 2014

TO: Chair and Members of the Audit & Finance Standing Committee

SUBMITTED BY: Original Signed

Eddie Robar, Director, Metro Transit

DATE: June 23, 2014

SUBJECT: HRM Rural Transit Funding Program

SUPPLEMENTARY REPORT

ORIGIN

On April 14, 2014, the Halifax Regional Municipality Grants Committee passed the following motion:

“MOVED by Councillor Dalrymple, seconded by Mr. Darren Watts, that the Grants Committee recommend that Regional Council approve the HRM Rural Transit Funding Program (Attachment A) as described in the April 4, 2014 report, which will replace the HRM Community Based Transit Funding Program approved by Regional Council on March 26, 2013.”

LEGISLATIVE AUTHORITY

The Audit & Finance Standing Committee Terms of Reference sets out its duties and responsibilities to include:

- 3.8 To review and make recommendations on proposals coming to Halifax Regional Council outside of the annual budget or tender process including but not limited to:
- New programs or services not yet approved or funded; and
 - Programs or services that are being substantially altered.

The Authority to expend money required by the Municipality for a grant or contribution to a community organization is granted to Regional Council by section 79(1)(av) of the HRM Charter.

This report complies with Administrative Order Number 54 Respecting the Procedures for Adopting Administrative Orders.

Recommendation on Page 2.

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee recommend that Regional Council adopt Administrative Order Number 2014-012-ADM Respecting Grants for Rural Transit (Attachment 1), and repeal the HRM Community Based Transit Funding Program approved by Regional Council on March 26, 2013.

BACKGROUND

A staff report dated April 4, 2014 "HRM Rural Transit Funding Program" was before the Grants Committee on April 14, 2014. The Grants Committee approved the following motion:

"MOVED by Councillor Dalrymple, seconded by Mr. Darren Watts, that the Grants Committee recommend that Regional Council approve the HRM Rural Transit Funding Program (Attachment A) as described in the April 4, 2014 report, which will replace the HRM Community Based Transit Funding Program approved by Regional Council on March 26, 2013."

Refer to the 'Background' section of the April 4, 2014, staff report for background information on the proposed program.

Following the Grants Committee motion, it was determined that as per *Administrative Order 54 Respecting the Procedures for Adopting Administrative Orders*, an Administrative Order is required to implement the Rural Transit Funding Program. As such, Administrative Order Number 2014-012-ADM Respecting Grants for Rural Transit (Attachment 1) has been prepared for consideration.

DISCUSSION

Administrative Order Number 2014-012-ADM Respecting Grants for Rural Transit was drafted for the purpose of implementing the Rural Transit Funding Program (Attachment A, April 4, 2014 report). However, a few refinements to the program have been included. These include:

- Clarifying that the program would be effective for the 2014/15 fiscal year, and that applicants could be funded for service provided as of April 1, 2014.
- Modifying the approval process such that staff provide a recommendation, and final approval is by Regional Council. As such, funding will not be renewed automatically annually, but will first require a motion of Regional Council.
- Removing the ability to accept late submissions outside the annual funding cycle.

Furthermore, since the April 4, 2014 staff report was prepared, an additional \$40,000 has been made available for this program, bringing the total available funding for 2014/15 to \$52,000.

FINANCIAL IMPLICATIONS

Funding for the Rural Transit Program is available in account R953, TDM Migration.

COMMUNITY ENGAGEMENT

There was no community engagement associated with this supplementary information report.

ENVIRONMENTAL IMPLICATIONS

There were no environmental implications identified associated with this supplementary information report.

ATTACHMENTS

Attachment 1 - ADMINISTRATIVE ORDER NUMBER 2014-012-ADM RESPECTING GRANTS FOR RURAL TRANSIT

A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/index.php> 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: Patricia Hughes, MCIP, LPP, Supervisor, Service Design & Projects, 490-6287

Report Approved by: Original Signed
Dave Reage, MCIP, LPP, Manager, Planning & Scheduling, Metro Transit, 490-5138

Original Signed

Report Approved by: Jane Fraser, Director, Planning & Infrastructure, 490-7166

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Report Approved by: John Traves, Q.C., Director, Legal, Insurance and Risk Management Services, 490-4219

Original Signed

Financial Approval by: Greg Keefe, Director of Finance & ICT/CFO, 490-6308

**ADMINISTRATIVE ORDER NUMBER 2014-012-ADM
RESPECTING GRANTS FOR RURAL TRANSIT**

WHEREAS the Halifax Regional Municipality wishes to provide grants to community organizations that provide community-based transit services in rural communities within the Halifax Regional Municipality to subsidize the cost of regular operation and maintenance of vehicles;

BE IT RESOLVED AS AN ADMINISTRATIVE ORDER of the Council of the Halifax Regional Municipality under the authority of the *Halifax Regional Municipality Charter*, as follows:

Short Title

1. This Administrative Order may be known as the *Rural Transit Grants Administrative Order*.

Interpretation

2. In this Administrative Order,

- (a) “Applicant” means an organization applying for a rural transit grant in accordance with this Administrative Order;
- (b) “Council” means the Council of the Halifax Regional Municipality;
- (c) “Metro Transit” means the municipal department that provides public transit services in the municipality;
- (d) “Municipality” means the Halifax Regional Municipality; and
- (e) “Organization” means a non-profit Society or non-profit co-operative providing a community based transit services.

Purpose

3. The purpose of this Administrative Order is to assist community organizations to operate community-based transit services in rural communities in the Municipality as an efficient, cost-effective form of public transportation outside of urbanized areas.

Grants Available

4. There is hereby established a grant program for community-based transit services in rural communities in the Municipality.

5. Grants shall consist of the following:

- (a) an annual lump sum payment of between \$5,000 and \$10,000; and

- (b) a flat rate of \$0.50 (fifty cents) per vehicle kilometre logged while providing community-based transit service within the Municipality.
6. The amount of the lump sum payment will be determined based on the level of service provided by the organization:
- (a) Where the organization provides service more than 16 hours per day, at least one day per week, the lump sum is \$10,000;
 - (b) Where the organization provides service 8.1 to 15.9 hours per day, 6 to 7 days per week, the lump sum is \$10,000;
 - (c) Where the organization provides service 8.1 to 15.9 hours per day, 1 to 5 days per week, the lump sum is \$5,000; and
 - (d) Where the organization provides service 1.0 to 8.0 hours per day, at least one day per week, the lump sum is \$5,000.
7. The number of hours the service is provided is based on either the actual number of hours the service is provided, or the number of hours the service is potentially available if the service is demand responsive.
8. The lump sum payment shall be made following the annual grant approval process.
9. The total amount of the flat rate payment will be based on the number of in-service vehicle kilometres travelled in each quarter of the municipal fiscal year, as reported to the municipality in accordance with the following deadlines:
- (a) First quarter (April 1 to June 30) must be reported by July 15;
 - (b) Second quarter (July 1 to September 30) must be reported by October 15;
 - (c) Third quarter (October 1 to December 31) must be reported by January 15; and
 - (d) Fourth quarter (January 1 to March 31) must be reported by April 15.
10. Quarterly reports shall include a statement of operations and a statement of financial position.
11. The flat rate payments shall be made following the submission of each complete quarterly report.
12. At the end of each fiscal year, the organization shall provide the municipality with a copy of the previous year's audited financial statements, including a statement of operations, a statement of financial position, and a statement of cash flows.

13. If the organization receiving a grant intends to apply for a grant for the following fiscal year it shall include in its third quarter report projected ridership and projected in-service vehicle kilometres for the upcoming fiscal year.

14. All grants are subject to annual budget availability.

15. (1) Where the program budget is insufficient to provide both the lump sum amount and the per kilometre flat rate, the lump sum payments shall be paid in full, and the per kilometre flat rate will be distributed as a pro-rated per cent for each organization.

(2) Where the program budget is insufficient to provide even the lump sum amount, the total amount of funding will be distributed as a pro-rated per cent to each organization.

16. (1) The municipality shall not provide grants to more than one applicant operating in the same service area.

(2) Notwithstanding subsection (1), the municipality may provide grants to more than one applicant operating in the same service area where the services address the needs of different groups.

Eligible Organizations

17. Eligible organizations must meet the following criteria:

(a) Offer a public transit service located within the municipality or intended to serve the residents of the municipality that is:

(i) in an area of the municipality not currently serviced by Metro Transit; or

(ii) in an area serviced by Metro Transit where the organization can demonstrate that the rural transit service would complement existing Metro Transit service and address an unmet need in the community;

(b) Offer a public transit service that is available to any member of the public and does not require a membership to access; and

(c) Be a non-profit society incorporated under the *Societies Act*, R.S.N.S. 1989, c. 435 and registered with the Nova Scotia Registry of Joint Stocks, or be a non-profit co-operative incorporated under the *Co-operatives Associations Act*, R.S.N.S. 1989, c. 98 and registered with the Nova Scotia Registry of Joint Stocks.

Application Requirements

18. There is one intake period per fiscal year. Applications must be received in person or postmarked on or before January 10 for consideration for the following fiscal year.

19. Metro Transit may review draft applications from first time applicants, received on or before November 1, and provide feedback prior to the submission of the applications.

20. All applications must be received by mail or in person. E-mailed or faxed applications will not be accepted. Applications may be submitted:

(a) In person to:
Rural Transit Grants, Metro Transit
200 Ilsley Avenue
Dartmouth, NS

(b) By mail to:
Rural Transit Grants, Metro Transit
PO Box 1749,
Halifax, NS, B3J 3A5

21. First time applications shall include the following:

(a) proof of incorporation;

(b) description of fleet and licences;

(c) (i) proof of license under the *Motor Carrier Act*, with associated proof of insurance; or

(ii) confirmation of status from the Nova Scotia Utility and Review Board that the *Motor Carrier Act* does not apply, with proof of insurance commensurate with the operations being undertaken and vehicles being used, but being no less than a Nova Scotia Automobile Standard Policy Form (SPF) 1 with a SEF 6A endorsement (permission to carry passengers for compensation) and a SEF 22 endorsement (damage to property of passengers), or equivalent;

(d) map of service area;

(e) business description, including services offered and governance structure;

(f) market assessment, including: a description of the market being served, a map of the service area, the approximate population of the catchment area and its spatial distribution, a description of any competing services, and the integration/complementation of existing Metro Transit Services;

- (g) financial assessment, including: three year projected revenues and expenditures; projected annual ridership and service kilometers; previous financial statements; and list of other funding sources;
- (h) for drivers, proof of drivers' licences and criminal record check with vulnerable sector check; and
- (i) a description of use of community resources and volunteers to ensure service is as efficient and cost effective as possible.

22. Subsequent applications shall include:

- (a) Annual audited financial statements;
- (b) Current proof of insurance and confirmation of status from the Nova Scotia Utility and Review Board; and

shall be in compliance with all reporting requirements from previous rural transit grant applications.

Application Evaluations

23. The following criteria will be used to evaluate applications for Council's consideration:

- (a) completeness of application;
- (b) appropriateness of business and governance model;
- (c) appropriateness of market assessment;
- (d) appropriateness of financial assessment;
- (e) use of community resources; and
- (f) any other matter staff considers relevant.

Application Review and Approval Process

24. All applications shall be screened by staff for basic eligibility as they are received. Applicants shall be notified promptly if their application is ineligible.

25. Incomplete applications will not be reviewed or considered.

26. Metro Transit staff shall prepare a recommendation report of eligible applicants for consideration by the Grants Committee.

27. The staff report shall be reviewed by the Grants Committee for recommendation to Council.
28. Final approval of all applications for grants, and their amount, is a decision of Council in its sole discretion.
29. Notification of the decision of Council shall be mailed to applicants.
30. Approval of grants is conditional on Council's approval of the annual budget.
31. Not all eligible applications may receive a grant.

Conditions of Approval

32. Grant approval is subject to the following conditions:
 - (a) transit service vehicles are for the transportation of passengers and are not for personal use;
 - (b) the applicant shall maintain the necessary licenses in good standing under the *Motor Carrier Act* as applicable;
 - (c) the applicant shall maintain the necessary insurance for their operation;
 - (d) the applicant shall remain in good standing with the Registry of Joint Stock Companies;
 - (e) the applicant shall maintain a log of the number of daily passengers, the purpose of the trip, and the fare revenue collected;
 - (f) the applicant shall record all revenue received outside of fare collection and report annually to the municipality;
 - (g) any modification to a proposal or transit service must be reported to the municipality;
 - (h) the applicant shall meet quarterly and annual financial reporting deadlines as outlined in this Administrative Order; and
 - (i) the applicant shall not represent itself as having any relationship or affiliation with Metro Transit or the municipality beyond being the recipient of a grant;

Scope

33. Nothing in this Administrative Order shall be interpreted to limit or otherwise prescribe Council's general discretion to provide grants under the *Halifax Regional Municipality Charter* or otherwise.

Effective Date

34. This Administrative Order shall come into effect on the date it is adopted by Council. Notwithstanding section 18, for the fiscal year 2014-15, applications may be received until September 15, 2014 and notwithstanding section 9, for the fiscal year 2014-15, flat rate payments will commence with the third quarter reporting period but may include flat rate payments for the first, second, and third quarter with the requisite documentation.

Repeal

35. The HRM Community Based Transit Funding Program adopted by Council on March 26, 2013 is hereby repealed.

Done and passed by Council this ____ day of _____, 2014.

Mayor

Municipal Clerk

I, Cathy Mellett, Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above noted Administrative Order was passed at a meeting of Halifax Regional Council held on [month], [day], 201_.

Cathy Mellett, Municipal Clerk