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Information Item 2
Transportation Standing Committee
January 21, 2016

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Maggie Macdonald, Managing Director, Government Relations & External Affairs

DATE: October 27, 2015

SUBJECT: Public Transit Fund

INFORMATION REPORT

ORIGIN

June 2, 2015 motion:

It is recommended that Halifax Regional Council direct staff to prepare a report that:

1. Investigates the criteria for the new Public Transit Fund announced in the 2015 federal budget, which is intended to reduce urban congestion and gridlock and offer new transit alternatives in Canada's major cities through new capital projects; and
2. Considers any major capital projects for Halifax Transit which may meet the eligibility criteria of the Fund and be most effectively delivered with private sector involvement, as the Fund stipulates.

LEGISLATIVE AUTHORITY

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

BACKGROUND

On April 21, 2015, the federal budget announced the creation of a new Public Transit Fund (PTF). The PTF will provide \$750 million per year beginning in 2017-18, increasing to \$1 billion per year in 2019-20. The Fund is meant to support large-scale public transit projects that significantly reduce urban congestion and travel time, providing broad economic and social benefits to Canada's largest cities.

In order to be eligible for PTF funding, projects must have a minimum cost of \$1 billion. The Fund requires private sector involvement and alternate funding mechanisms. The Fund is merit-based and federal contributions will be up to one-third of total eligible costs. At this stage it is not clear whether the PTF is intended for municipalities of all sizes or limited to Canada's largest cities. The Federation of Canadian Municipalities has been actively engaging the federal government on the needs of communities

of all sizes and working to ensure flexibility in project size and scope. More details on the PTF eligibility criteria, intake and selection processes were planned for fall 2015.

Given that the PTF will not be open for applications until 2017-18, HRM can consider developing potential large-scale transit projects that might be able to proceed with funding assistance from the federal government and private sector.

DISCUSSION

Halifax Transit has a ten-year project budget outlook that sets out capital costs by year and by project up until 2024-25. These are all approved projects that have funding in place. The projects are all necessary for ongoing operations and include initiative such as bus replacement and expansion, terminal renovations, emission reduction and ferry refits. However none of the projects meet the \$1 billion minimum cost for the Fund. They also are services which will be delivered solely through Halifax Transit and so do not meet the private sector and alternative financing mechanism criteria.

On October 20, 2015, Halifax Regional Council received a report on the commuter rail feasibility study. Halifax Transit engaged consultant CPCS to undertake this study to identify the costs of implementing and operating commuter rail in Halifax. CPCS considered potential routes, infrastructure needs and ridership projections to develop three possible operating corridors. Each of the three scenarios was analyzed using low, medium and high levels of investment:

- Capital costs were projected to range from \$36 million to \$62 million, with annual operating costs ranging from \$9 million to \$10.9 million. These totals do not include the cost of acquiring the rail tracks from CN or possible ongoing maintenance costs.
- Ridership was estimated to range from 794 people to 2144 people using commuter rail to travel both to and from their destination.
- Revenue generation was estimated to be between \$0.8 million to \$2.9 million per year, giving a cost recovery rate of 9% to 27%.

The report found that none of the scenarios would be economically viable. Council directed staff to develop a strategic plan to increase the modal split of sustainable forms of transportation, including comparative costing analysis of road and right of way infrastructure upgrades and widening as compared to other forms of transportation. This report is due back to Council by April 30, 2016. Council also directed staff to continue consultation with CN in terms of receiving information on cost implications, which will have a significant impact on the viability of any commuter rail project.

As outlined above, the Public Transit Fund was designed to support projects with a minimum cost of \$1 billion delivered with private sector involvement. Even at the highest investment level (\$62 million), the commuter rail project does not meet the \$1 billion minimum investment needed to access the Public Transit Fund. The commuter rail study did not include consideration of service delivery mechanisms, so it is not possible to say whether the project would meet the Fund's criteria to include private sector involvement.

However, the future of the Public Transit Fund is not clear. With the election of a new federal government, there may be changes to previously-announced infrastructure programs. The Liberal platform included details on an infrastructure plan that would see increased investment in public transit, totalling \$19.7 billion over 10 years. This funding falls outside of the Building Canada Plan, which the Liberal platform says will be more focused and cover investment in roads, bridges, transportation corridors, ports, and border gateways.

The federal budget coming in winter 2016 will likely contain more details on the federal government's infrastructure funding programs. Staff will come back to Council following the strategic modal split report, the federal budget and once new information on infrastructure funding as available with a proposed approach on federal funding applications.

FINANCIAL IMPLICATIONS

None.

COMMUNITY ENGAGEMENT

CPCS held a public information meeting attended by approximately 300 people. Follow-up questions and answers were made available on the Halifax Transit website.

If Council chooses to pursue commuter rail, a more comprehensive public consultation program may be warranted.

ATTACHMENTS

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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