

**Item No. 11.1.9**  
**Halifax Regional Council**  
**August 7, 2012**

**TO:** Mayor ~~Kelly~~ and ~~Members~~ of Halifax Regional Council

**SUBMITTED BY:** Original Signed  
Richard Butts, Chief Administrative Officer

Original Signed  
~~Brad Anguish~~, Acting Deputy Chief Administrative Officer

**DATE:** June 11, 2012

**SUBJECT:** Metro Transit Ferry Service

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**ORIGIN**

This report originates from the May 1, 2012 Regional Council meeting, Item 12.2 Transportation Standing Committee Recommendation re: Metro Transit Ferry Evening Service.

MOVED by Councillor Watts, seconded by Councillor McCluskey that Halifax Regional Council defer the implementation of the cuts to ferry service until the end of August and direct staff to prepare a staff report regarding funding options to maintain status quo service.

**RECOMMENDATION**

It is recommended that Halifax Regional Council implement the Ferry service reductions effective August 27, 2012, as per the Metro Transit 2012-13 Annual Service Plan approved by Regional Council on April 3, 2012.

**BACKGROUND**

On April 3, 2012 Halifax Regional Council approved Metro Transit's 2012-13 Annual Service Plan, including staff recommended Ferry service reductions.

Service reductions represent service where ridership does not meet the approved service standards, or where service is deemed to be redundant. In some cases, the adjustments were proposed to improve the performance of the service in order to meet the service standards.

Service standards were approved by Halifax Regional Council as part of the Five-Year Strategic Operations Plan.

**DISCUSSION**

**Service Options**

In response to Council's request for information, the costs associated with three service options are outlined below:

**Option 1 – Annual Service Plan Service Reductions (as already approved by Regional Council)**

Under this option, the Ferry service reductions approved in the Annual Service Plan would be implemented on August 27, 2012. A summary of these reductions is outlined in the table below:

<b>Annual Service Plan Ferry Service Reductions Effective August 27, 2012</b>		
<b>Service Day</b>	<b>Alderney Ferry</b>	<b>Woodside Ferry</b>
<b>Weekdays</b>	Reduce frequency to every 30 minutes from noon to 2:00pm	Remove the 9:37am trip departing Woodside
	Remove service after 10:30pm with last trip departing Halifax at 10:15pm	Remove the 9:52am trip departing Halifax
<b>Saturdays</b>	Remove service after 10:30pm with last trip departing Halifax at 10:15pm	N/A
<b>Sundays</b>	Remove service before 11:30am	N/A
<b>Holidays</b>	Remove service after 10:30pm with last trip departing Halifax at 10:15pm	N/A

There are no additional incremental and/or annual operating costs associated with this option.

**Option 2 – Maintain Current Ferry Service Levels**

Under this option, current Ferry service levels would be maintained. The incremental cost of this option for the remainder of 2012-13 is \$174,000, and the annualized operating cost is \$282,000.

Option 3 – Annual Service Plan Reductions Plus Friday and Saturday Night Service

In response to public feedback and commentary at Committee/Council, staff understand the key concern regarding the Annual Service Plan reductions may be the removal of the Friday and Saturday night service for the Alderney Ferry.

Under this option, the ferry service reductions in the Annual Service Plan would be implemented on August 27, 2012 with the exception of Friday and Saturday nights. Friday and Saturday night service would be maintained at current levels. Ridership on these late night trips (after 10:30pm) is typically higher on Friday and Saturday nights than the rest of the week.

The incremental cost of this option for the remainder of 2012-13 is \$11,000, and the annualized operating cost is \$19,000.

**Potential Funding Sources**

In response to Council’s request for information, the potential funding sources for each of the service options are outlined below:

Option 1 – Annual Service Plan Service Reductions

There is no incremental and annual operating cost of this option; therefore no additional funding is required.

Option 2 – Maintain Current Ferry Service Levels

Operating all current Ferry service beyond August 26, 2012 is outside of the Halifax Regional Council-Approved Annual Service Plan. This option will have budget implications and is not funded in the 2012-13 operating budget. Funding for this option can be achieved through three potential sources as outlined below:

<b>Funding Option – Fare Increase</b>		
	<b>Incremental Cost</b>	<b>Annual Cost</b>
<b>Cost to Reinstate all Ferry Service</b>	<b>\$174,000</b>	<b>\$282,000</b>
	<b>Incremental</b>	<b>Annual</b>
Fare Increase*	\$0.15	\$0.15
Adult Cash Fare	\$2.40	\$2.40
<b>Total Fare Revenue**</b>	<b>\$229,500</b>	<b>\$393,500</b>

\*Fare increase on Cash & Ticket method only (all services)

\*\* Revenue exceeds costs as fare increases should be in \$0.05 increments at minimum

<b>Funding Option – Tax Increase</b>		
	<b>Incremental Cost</b>	<b>Annual Cost</b>
<b>Cost to Reinstate all Ferry Service</b>	<b>\$174,000</b>	<b>\$282,000</b>
	<b>Incremental</b>	<b>Annual</b>
Tax Rate Regional Transportation	\$0.0003	\$0.0005
Tax Rate Commercial Contribution***	\$0.001	\$0.002
Tax Revenue Regional Transportation	\$88,000	\$146,000
Tax Revenue Commercial Contribution	\$85,000	\$140,000
<b>Total Tax Revenue</b>	<b>\$173,000</b>	<b>\$286,000</b>

\*\*\*Commercial rate would apply to all general commercial rates

Note: On April 3, 2012, Regional Council approved setting the Regional Transportation rate at \$0.051, and the General Tax Rates for Commercial and Business Occupancy at \$3.084 for the Urban and Suburban areas, and at \$2.733 for the Rural area.

**Funding Option – Metro Transit Net Surplus/Deficit**

Regional Council could direct Metro Transit to absorb the 2012-13 incremental cost of \$174,000 as part of its overall net surplus/deficit. It should be noted that Metro Transit’s net surplus/deficit is already negatively impacted by \$142,000 associated with ferry crew training, safety drills and professional development and, therefore, this funding option would push the negative pressure to \$316,000 for this fiscal year.

**Option 3 – Annual Service Plan Reductions Plus Friday and Saturday Night Service**

Where the additional cost of providing this service is only \$11,000 for fiscal year 2012/13, it is too small to be recovered through a fare increase or transit tax rate increase. Regional Council could direct Metro Transit to absorb the incremental cost of \$11,000 as part of its overall net surplus/deficit.

**BUDGET IMPLICATIONS**

As outlined in the discussion section of the report.

**FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality’s Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

**COMMUNITY ENGAGEMENT**

The Annual Service Plan was developed based on council approved service standards therefore community engagement was not required. The recommended service reductions were based on 13 months of data from actual ridership figures recorded per trip per day.

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**ENVIRONMENTAL IMPLICATIONS**

Implications not identified.

**ALTERNATIVES**

1. Implement the Ferry service reductions as per the Metro Transit 2012-13 Annual Service Plan approved by Regional Council on April 3, 2012. This is the staff recommendation.
2. Maintain Current Ferry Service Levels with funding provided from one of the sources identified in the Discussion section of this report.
3. Implement the Metro Transit 2012-13 Annual Service Plan, with the exception of the Ferry Service reductions on Friday and Saturday nights with funding from Metro Transit's net annual surplus/deficit.

**ATTACHMENTS**

None.

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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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