

**Ministry of
Transportation**

Office of the Minister

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**Ministère des
Transports**

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August 12, 2020

107-2020-3242

Mayor Fred Eisenberger
 City of Hamilton
 71 Main Street West
 Hamilton ON L8P 4Y5

Dear Mayor Eisenberger:

Municipalities play a key role in delivering services that people across Ontario rely on and are the frontlines of a safe reopening of the economy. Our government recognizes that municipalities have sustained significant financial pressures as a result of the COVID-19 outbreak and need financial support to ensure they can continue to deliver important services while minimizing the spread of COVID-19.

On July 27, 2020, as part of the federal-provincial Safe Restart Agreement, the Ontario government announced that it had secured up to \$4 billion in one-time emergency assistance to provide Ontario's 444 municipalities with the support they need to respond to COVID-19 and deliver the critical services people rely on every day.

This investment will provide support to municipalities and municipal transit systems to help them deal with financial pressures related to COVID-19, maintain critical services and protect vulnerable people as the province safely and gradually opens. It includes:

- Up to \$2 billion to support municipal operating pressures; and
- Up to \$2 billion to support municipal transit systems.

The Honourable Steve Clark, Minister of Municipal Affairs and Housing, will provide more information on the funding to support municipal operating pressures.

Up to \$2 billion will be available to Ontario's municipalities to address transit pressures. Funding will be allocated in two phases: In Phase 1, \$666 million will be allocated to municipalities with transit systems to help provide immediate relief from the financial pressures of COVID-19; In Phase 2, the balance will be available for municipalities with transit systems to address the ongoing financial pressures of COVID-19 until the end of the provincial fiscal year, or March 31, 2021. A two-phased approach will provide the flexibility to address actual municipal transit pressures, including any impacts of a potential second wave of COVID-19.

Financial pressures that are eligible for reimbursement under this program include both financial pressures associated with the need to continue to operate with reduced revenue and new expenses resulting from COVID-19:

- Reduced revenue would include pressures related to, at the ministry's sole discretion, the following:
 - Farebox;
 - Advertising;
 - Parking; and
 - Contracts (e.g., school contracts)
- New expenses incurred in response to the COVID-19 outbreak would include, at the ministry's sole discretion, the following:
 - Cleaning costs [costs not claimed as part of MTO's dedicated cleaning funding program];
 - New contracts;
 - Labour costs;
 - Driver protection;
 - Passenger protection; and
 - Other capital costs.

The ministry program area will consult with transit stakeholders to continue to refine eligible program expenses.

Municipal Transit Funding Phase 1: Immediate Funding

I am pleased to share that the **City of Hamilton** ("Recipient") will receive **\$17,211,723** to support your COVID-19 municipal transit pressures for Phase 1, incurred from April 1, 2020 to September 30, 2020.

Please note that the Recipient is accountable for using this funding for the purpose of addressing the Recipient's COVID-19 municipal transit pressures.

The Recipient is required to report back, using a template to be provided by the ministry, to the province by October 30, 2020 with details on the use of the Phase 1 funds and a forecast of eligible expenditures to March 31, 2021.

If the amount of funding allocated in Phase 1 exceeds the Recipient's COVID-19 municipal transit pressures, the province's expectation is that the Recipient will place the excess funding into a reserve account to be accessed to support Phase 2 COVID-19 municipal transit pressures the Recipient may continue to incur up to March 31, 2021.

If the amount of funding allocated in Phase 1 is less than the Recipient's COVID-19 municipal transit pressures, the Recipient's report back will support the need for additional funding in advance of Phase 2 reporting. The additional funding is expected to be provided by December 31, 2020. The ministry will provide the Recipient with additional details on the reporting in the coming weeks; responses to information gathering questions are required.

The Recipient will be required to return any unused funds to the province where the funding from Phase 1 is in excess of the eligible expenditures incurred under both Phase 1 and Phase 2.

In the meantime, I am requesting that the municipal treasurer for the Recipient sign the acknowledgement below and return the signed copy to the ministry by email by September 11, 2020 to MTO-COVID_Transit_Funding@ontario.ca.

Please note that the ministry must receive this acknowledgement before making a payment to the Recipient. The province intends to make the Phase 1 payment to the Recipient in September 2020.

Phase 2: Ongoing Support

To be considered for Phase 2 funding, municipalities will be required to submit the reports noted above. Phase 2 funding will consider the reported actual impacts to determine the funding allocations and will be governed by a transfer payment agreement (TPA). The ministry will consult with municipalities on the TPA in Fall 2020.

MTO intends to build specific requirements into the Phase 2 agreements to achieve important transit objectives to promote ridership growth and transit sustainability. These include, for example:

- Ensuring and promoting the safety of public transit systems through the coordinated procurement of new safety materials;
- Requiring that the transit systems drive service sustainability through innovation in route planning and technology, as well as reviewing municipal transit jurisdictions where there are upper- and lower-tier systems operating in the same areas; and
- Requiring that the GTHA municipalities work with the province to make real progress on fare and service integration to provide rider benefits.

In order to achieve these objectives, municipalities will be required to demonstrate their participation and progress in different areas.

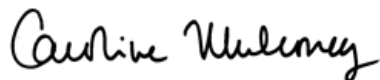
Through the Phase 2 TPAs, the **City of Hamilton** will be required to:

- Engage in consolidated procurement opportunities leveraging Metrolinx and other provincial procurement tools (ALL MUNICIPALITIES)
- Review the lowest performing bus routes and consider whether they may be better serviced by microtransit (ALL MUNICIPALITIES)
- Work with the Province and Metrolinx where appropriate to determine the feasibility of implementing microtransit options on viable routes (ALL MUNICIPALITIES)
- Participate in discussions with the Province on advancing fare and service integration (GTHA & select municipalities)
- Participate in discussions with the Province to optimize transit through new possible governance structures (GTHA & select municipalities)

We are committed to working with municipalities, and their transit systems to refine the processes that will be required, in order to achieve the best possible outcomes as we work together through this recovery period.

Our government is committed to supporting municipal transit, and we will continue to champion the needs of our municipal partners and transit users. Through this historic agreement, municipalities will have the support and flexibility they need to address budget shortfalls related to COVID-19, help limit the spread of the virus, and chart a path to a strong recovery for their communities and for our province.

Sincerely,



Caroline Mulroney
Minister of Transportation

By signing below, I acknowledge that the allocation of **\$17,211,723** is provided to the **City of Hamilton** for the purpose of assisting with COVID-19 municipal transit pressures and that the province expects any funds not required for this purpose in Phase 1 will be put into reserves to support potential COVID-19 municipal transit pressures that you may continue to incur up to March 31, 2021. I further acknowledge that the **City of Hamilton** is expected to report back to the province on COVID-19 municipal transit pressures and the use of this funding.

Name:_____

Title:_____

Signature:_____

Date:_____