




COMMUNICATION UPDATE

TO:	Mayor and Members City Council
DATE:	August 2, 2023
SUBJECT:	Ontario Safe Restart Agreement: Municipal Transit Stream (City Wide) (HSR2301)
WARD(S) AFFECTED:	City Wide
SUBMITTED BY:	Maureen Cosyn Heath Director, Transit Public Works Department
SIGNATURE:	

The purpose of this Communication Update is to provide Council with information regarding the province of Ontario's Safe Restart Agreement: Municipal Transit Stream, funding for the City of Hamilton.

On July 14, 2023, the City of Hamilton received notice from the Ontario Ministry of Transportation that it must return **\$7,895,804** in unused Safe Restart Funding from Phases One and Three. The unused portion of Safe Restart Funding has been held in Reserves (#110054 – Safe Restart Agreement), and funds, including accrued interest, will be returned as requested by the Province of Ontario, subject to a reconciliation process.

Background:

The Province of Ontario introduced Safe Restart Funding in 2020 to assist municipalities and transit agencies with costs incurred arising from the COVID 19 pandemic, as a means to provide operating dollars due to unrealized revenue from the farebox when ridership plummeted and new costs, such as personal protective equipment and enhanced cleaning, were being realized.

The Transfer Payment Agreement (TPA) signed between the province and the City established that unused funds must be returned at a future date.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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Hamilton received Safe Restart Funding in four phases as set out below:

SRA Funding Phase	Funding Phase Period	SRA Funding	Funds Utilized	Funds Remaining
Phase One	April 1, 2020 – September 30, 2020	\$17,211,723	\$13,831,826 utilized from April 2020 – March 2021	\$3,379,897 surplus after expenditures excluding interest earned
Phase Two	October 1, 2020 – March 31, 2021	\$0, didn't need additional provincial funds		
Phase Three	April 1, 2021 - January 31, 2022	\$16,822,206	\$6,686,225 utilized from April 2021 – December 2021 \$8,103,135 utilized in 2022	\$2,032,846 surplus after expenditures excluding interest earned
Phase Four	February 1, 2022 – December 31, 2022	Up to \$5,181,247 <i>*Hamilton had remaining Phase 1 & 3 funding, so was not eligible to receive Phase 4 funding</i>		

The City has calculated that the total Safe Restart Funding surplus excluding interest totals \$5,412,743. Including interest of \$462,067.22 the total surplus in Safe Restart Funding funds totals \$5,874,810.22. This is a difference of \$2,020,993.78 from what the Ministry has requested to be returned. Staff has asked for a calculation from the Ministry to see how the Safe Restart Funding amount owing was calculated to ensure the proper amount is being returned and will remit the funds once reconciled.

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To date, Hamilton's ridership has not yet recovered to the 2019 levels, although our progress is encouraging. For example, in June of 2023, ridership achieved 94% of June 2019, but January – June averages are 87% of 2019 overall. Revenues remain below budget, with a \$1.8 million dollar shortfall from January to June 2023.

While some municipalities and transit agencies have fully recovered ridership to 2019 levels, others, like Hamilton, are not quite there yet. Hamilton was aware that there was no extension of the Safe Restart Funding for 2023 but was optimistic that the Province would allow unused funds to be applied to any 2023 revenue shortfalls as we remain in recovery mode.

Through report FCS23063, Tax and Rate Operating Budgets Variance Report as at April 30, 2023 – Budget Control Policy Transfers, it was reported that in the 2023 Tax Operating Budget, \$2,137,000, was budgeted to come from the Safe Restart Reserve to help offset the budgeted revenue shortfall due to low ridership levels. With the request from the Province to now return these funds, a different source to help mitigate this budget impact in 2023 will be needed. Staff will make recommendations related to this as part of 2023 year-end reporting.

Some preliminary options would include using monies in the Transit Provincial Gas Tax Reserve (#112204) or a reduction in the planned contributions to the Fleet Vehicle Reserve in 2023. Based on current ridership forecasted with Year 8 of the Transit Strategy, it is expected that there will not be a negative budget impact because of removing the \$2,137,000 revenue from the budget in 2024.

For further information, please contact Maureen Cosyn Heath, Director, Transit, at Maureen.CosynHeath@hamilton.ca or (905) 546-2424 ext. 1860.

APPENDICES AND SCHEDULES ATTACHED

N/A