




COMMUNICATION UPDATE

TO:	Mayor and Members City Council
DATE:	January 24, 2024
SUBJECT:	Ontario Safe Restart Agreement: Municipal Transit Stream (City Wide) (HSR2401)
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 updated information regarding the province of Ontario's Safe Restart Agreement: Municipal Transit Stream, funding for the City of Hamilton.

On August 2, 2023, a Communications Update informed Council that the City of Hamilton received notice from the Ontario Ministry of Transportation (MTO) that it must return \$7,895,804 in unused Safe Restart Funding – Transit Stream from Phases One and Three. The unused portion of Safe Restart Funding – Transit Stream has been held in Reserves (#110054 – Safe Restart Agreement), including accrued interest.

The August 2023 Communications Update advised Council that a reconciliation of the Safe Restart Funding – Transit Stream reserve balance would be undertaken in consultation with the MTO, which has been completed, and the MTO subsequently advises that the City must return \$5,802,074, after acknowledging computation errors on their part. The City concurs with this amount and is obliged as per the Transfer Payment Agreement (TPA) to remit the remaining funds.

Background:

The Province of Ontario introduced Safe Restart Funding – Transit Stream 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.

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.

**SUBJECT: Ontario Safe Restart Agreement: Municipal Transit Stream
(City Wide) (HSR2401) – Page 2 of 3**

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

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 Ministry originally advised the City that it was obliged to return \$7,895,804, however later acknowledge computation errors on their part and revised the amount to \$5,802,074, which is consistent with the City's calculations. Now that the reconciliation between the parties is complete, the City is required to return the funds.

To date, Hamilton continues to experience cost pressures in transit operating and capital costs. Ridership has not yet recovered to the 2019 levels, although continued

**SUBJECT: Ontario Safe Restart Agreement: Municipal Transit Stream
(City Wide) (HSR2401) – Page 3 of 3**

progress is noted. For example, from January to November 2023, ridership achieved 88% of the same timeframe in 2019. Revenues remain below budget, with an approximate \$4,520,014 shortfall from January to December 2023.

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.

Additionally, the City has entered a contract to construct its long-awaited second Maintenance and Storage Facility. Following a project bid submitted higher than estimate, the overall project is approximately \$146 million over the original budget. The government partner contribution commitment was fixed at the original projected budget cost as established in 2019. The original contribution levels through the Investing in Canada Infrastructure Program were: Federal, 40% Provincial, 33.33% and Municipal, 26.67%. Requests to maintain the proportionate share per the trilateral agreement have not been accepted to date, noting discussions between the Mayor and other government partners continue. Therefore, the ~\$146 million must be borne by the City, through the Transit Development Charge Debt and City Debt.

Alternatively, the City may, through Council, officially request that the City be permitted to retain the \$5,802,074 for the purpose of dedicating those funds to the Maintenance and Storage Facility project given the exponential shift in cost to be borne by the Municipality.

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