



SUBJECT: COVID-19 Municipal Funding

TO: Mayor and Members of Council

FROM: Corporate Communications and Government Relations

Report Number: CC-05-20

Wards Affected: All

File Numbers: 155-03-01

Date to Committee: n/a

Date to Council: September 28, 2020

Recommendation:

Authorize the Mayor and City Clerk to execute the necessary Transfer Payment Agreements between the City of Burlington and the Province of Ontario in relationship to the Safe Restart Funding, and the Municipal Transit Enhanced Cleaning Fund, along with any other related documents or by-laws to the satisfaction of the Executive Director of Legal Services and Corporation Counsel, and;

Direct the Chief Financial Officer to seek Phase 2 funding for Municipal Operating Pressures and Municipal Transit funding, on behalf of the City of Burlington, as part of the Federal-Provincial Safe Restart Program; and.

Authorize the Mayor and City Clerk to execute the necessary Transfer Payment Agreement between the City of Burlington and the Province of Ontario in relation to the Public Transit Infrastructure Stream funding subject to the satisfaction of the Executive Director of Legal Services.

PURPOSE:

Vision to Focus Alignment:

- Improve integrated city mobility
- Support sustainable infrastructure and a resilient environment
- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

Like municipalities across the country the City of Burlington's operations and finances have been greatly impacted by COVID-19. Both the Province of Ontario and the Federal government have responded to the municipal calls for assistance.

On June 29, 2020 the Province of Ontario announced that it would be providing \$15 million to 110 municipalities across the province to support enhanced cleaning on transit systems to keep passengers and employees safe and also help reduce the spread of COVID-19.

Municipal Transit Enhanced Cleaning (MTEC) Fund

The City of Burlington's allocation from the Municipal Transit Enhanced Cleaning (MTEC) fund is \$89,372. Reporting back on expenditures is due on or before January 29, 2021.

The funding allocation was determined using a modified version of the Provincial Gas Tax funding formula. The funding includes \$500 in base funding for each municipality plus an additional amount determined using 70 per cent ridership and 30 per cent population. The percentages were on the numbers used for the 2019-20 Gas Tax allocations.

The MTEC funding can be used on direct costs incurred on or after April 1, 2020 and on or before December 31, 2020. Eligible costs that can be covered by this program are for:

- Cleaning materials;
- Hand sanitizer for passengers and staff use;
- Safety wear, such as gloves and goggles;
- Equipment purchases;
- Contracted services;
- Salaries, including redeployment of staff, for the MTEC; and
- Any other cost, that in the opinion and at the sole discretion of the Province, is necessary for the MTEC.

On July 27, 2020 the Ontario government announced that it had secured up to \$4 billion in one-time emergency assistance for Ontario's 444 municipalities as part of the Federal-Provincial Safe Restart Agreement. This funding will provide support for municipalities and for municipal transit systems to address the financial pressures related to COVID-19, maintain critical services and protect vulnerable people as the Province safely and gradually reopens. There is up to \$2 billion of funding to support

municipal operating pressures and up to \$2 billion allocated to supporting municipal transit systems.

Funding will be allocated in two phases for both the municipal operating pressures stream and the transit support stream.

The City of Burlington's phase one allocations are:

- Municipal Operating Funding Phase 1: Immediate Funding for Municipal Pressures - \$4,470,700
- Municipal Transit Funding Phase 1: Immediate Funding - \$1,571,213

Municipal Operating Funding Phase 1: Immediate Funding for Municipal Pressures

This funding was allocated on a per household basis and is to be used for addressing priority COVID-19 operating costs and pressures. If the amount of Phase 1 funding exceeds our 2020 impacts, excess funds must be placed in a reserve fund which can be accessed for operating costs and pressures we incur in 2021.

Municipal Operating Funding Phase 2: Funding for Additional Municipal Pressures

To be considered for Phase 2 funding, we will be required to submit reports/templates outlining our COVID-19 operating costs and pressures to the Ministry of Municipal Affairs and Housing (MMAH) by October 30, 2020. An extension, until November 6, 2020, to complete the reports may be requested, but that extension request must be made prior to October 30. At the time of writing this report the City had not yet received the templates from MMAH. Staff have established an internal deadline of October 2, 2020 for receipt of the template. If it is not received by that time, we will request an extension to November 6, 2020.

The City will be required to provide the following information to MMAH for consideration for Phase 2 funding:

- Information about the measures we have implemented to reduce financial pressures and impacts;
- An explanation of how we used the Phase 1 funding;
- A year-end forecast of COVID-19 operating costs and pressures;
- Actual COVID-19 related impacts as of the end of Q3 of municipal fiscal year (September 30, 2020);
- A treasurer's statement as to the accuracy of the reporting; and
- A council resolution seeking additional funding.

Municipal Transit Funding Phase 1: Immediate Funding

This phase 1 funding is to be used for the municipal transit financial impacts incurred from April 1, 2020 to September 30, 2020. Financial impacts or pressures that are eligible for reimbursement included both the pressures to continue to operate with reduced revenue as well as new expenses resulting from COVID-19.

Eligible reduced revenues, subject to the Ministry of Transportation's (MTO) sole discretion include:

- Farebox;
- Advertising;
- Parking; and
- Contracts, e.g. school contracts.

Eligible new expenses incurred, subject to the MTO's sole discretion, include:

- Cleaning costs (costs not claimed as part of MTEC)
- New contracts
- Labour costs
- Driver protection
- Passenger protection; and
- Other capital costs.

The City is required to report back to the MTO, by October 30, 2020 with details on how the Phase 1 funding was used and provide a forecast of eligible expenditures to March 31, 2021. If the Phase 1 funding exceeds our 2020 pressures, the excess funds must be placed in a reserve fund which can be accessed to support our Phase 2 municipal COVID-19 related transit pressures incurred up to March 31, 2021. If the Phase 1 allocation is less than our actual COVID-19 related transit impacts, our report will support a need for additional funding, in advance of the Phase 2 reporting. The additional funding if required, is expected to be provided by December 31, 2020.

Municipal Transit Funding Phase 2: Ongoing Support

To be eligible for Phase 2 funding, we are required to submit all the necessary Phase 1 report. The reported actual impacts of Phase 1 will be used to determine Phase 2 funding allocations. Phase 2 funding will be governed by a transfer payment agreement.

Specific requirements will be built into the Phase 2 agreements that will help MTO achieve specific transit priorities, which include:

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

The Phase 2 agreement will require the City of Burlington to:

- Engage in consolidate procurement opportunities leveraging Metrolinx and other provincial procurement tools;
- Review the lowest performing bus routes and consider whether they may be better service by microtransit;
- Work with the Province and Metrolinx, where appropriate, to determine the feasibility of implementing microtransit options on viable routes;
- Participate in discussion with the Province on advancing fare and service integration;
- Participate in discussion with the Province to optimize transit through new possible governance structures.

Public Transit Infrastructure Stream Funding

On September 8, 2020 the Government of Canada and the Province of Ontario formally announced the funding for six Burlington projects through the Public Transit Infrastructure Stream for Intake 1. This program, also referred to as the Investing in Canada Infrastructure Program (ICIP), is a federal infrastructure program designed to create long-term economic growth, and build inclusive, sustainable and resilient communities. The transit stream will fund construction, expansion and improvement of public transit networks. The program is governed by an integrated bi-lateral funding agreement between the Federal and Provincial governments.

The projects that were approved are:

	Federal Funding	Provincial Funding	City Funding
Conventional Transit Vehicle Expansion	\$3,123,606	\$2,602,745	\$2,082,664
Conventional Transit Vehicle Replacement	\$1,121,467	\$ 934,463	\$ 747,738

Specialized Transit Expansion Vehicles	\$ 281,544	\$ 234,597	\$ 187,720
Transit Traffic Signal Priority	\$ 334,000	\$ 278,306	\$ 222,695
On Demand/Alternative Service Delivery	\$ 80,000	\$ 66,650	\$ 53,340
Vehicle Hoist Replacement and Fuel Pump Expansion	\$ 220,500	\$ 183,732	\$ 147,018

Financial Matters:

As part of the Chief Financial Officer's monthly September financial update the City is projecting \$18.5 million of revenue losses/additional COVID-19 related expenses for 2020. These losses have been partially mitigated from the implementation of an expenditure restraint program and other business as usual cost savings resulting in a projected shortfall of \$9 million.

Funding for Municipal Pressures under phase 1 of the Safe Restart Program and the MTEC program amount to just over \$6.1 million of senior government funding to assist with the financial operating challenges of the COVID-19 pandemic in 2020. This funding will be used to partially offset the projected loss. The Phase 1 Funding has not yet been received by the city.

An application for Phase 2 funding assistance will be made later this fall.

The Public Transit Infrastructure Stream Funding (ICIP):

The total funding allocation for the City of Burlington is \$45 million with \$33.2 million funded from the senior levels of government and \$12 million funded by the City. Report CM-22-19, Infrastructure Funding identified the candidate projects for the Transit stream to be submitted throughout the various program intakes. There were seven projects submitted for Intake 1. Six of the seven projects submitted received senior government approval with a total senior government investment of \$9.4 million, along with City contribution of \$3.4 million. The City's funding portion for these projects is included in the approved 2020-2029 Capital Budget and Forecast.

The PRESTO project was deemed ineligible for ICIP funding. City funding for this project was recently approved by Council on August 24th through report TR-06-20, Burlington Transit electronic fare system device replacement (PRESTO).

Total Financial Impact

The senior government funding is subject to the terms and conditions of an executed Transfer Payment Agreement between the City and the Province.

Climate Implications

Public transit plays a critical role in local climate mitigation by providing residents with the opportunity to utilize public transit to decrease greenhouse gas emissions from automobiles for single use trips. This funding ensures that transit remains a viable and stable option and promote the goals identified in the City's Climate Change Action Plan.

Engagement Matters:

There are no public engagement matters associated with this report. However, Burlington Transit continues to partner with external groups and City committees including Burlington For Accessible and Sustainable Transit (BFAST); and the Burlington Accessibility Advisory Committee, for input into transit needs and expansion of service within Burlington.

In June 2020, Burlington Transit engaged with transit riders and residents by launching the "Return to Service Survey". This survey asked questions related to how comfortable they were with using transit and what would be required for them to return to using transit during COVID-19. The survey was conducted throughout the month of June.

Over 440 people responded to the survey, with almost 90% of the respondents Burlington residents. Highlights of the survey include:

- 37.6% of respondents were still going to their places of employment
- 23% of respondents were working from home
- 83% used Burlington Transit prior to COVID-19 and 43% were using Burlington Transit during the pandemic
- Most riders who used transit during COVID-19, did so to get groceries.

For riders to be comfortable using Burlington Transit, clean buses ranked the highest.

Conclusion:

The City of Burlington is grateful to the Governments of Canada and Ontario for their continued support of municipalities during these extremely difficult times. The Safe Restart Funding, the Municipal Transit Fund and the Municipal Transit Enhanced

Cleaning Fund will allow the City to continue to provide important services to our community while keeping passengers and staff safe.

Respectfully submitted,

Helen Walihura

Government Relations Manager

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Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Council.