



March 3, 2021

107-2021-681

Mayor Ian Boddy
City of Owen Sound
808 2nd Avenue East
Owen Sound ON N4K 2H4

Dear Mayor Boddy:

The COVID-19 pandemic has created an unprecedented need for financial support for municipal transit. Through the Safe Restart Agreement (SRA), the province of Ontario (“Province”) and the federal government are responding to municipalities’ needs for transit support.

The Province has heard from municipalities about the ongoing need for financial support beyond the end of the SRA program on March 31, 2021. To respond to the ongoing need, the Province has updated the SRA program. This letter describes the revisions made to the program and provides further details on their implementation, including the provision of the funding amounts outlined in the Dec. 15, 2020, letter (“Letter”) sent to the **City of Owen Sound** (the “Municipality”) and the additional funding from the Province.

I am pleased to advise you that the Province has approved an additional \$150 million of provincial funding to support COVID-19 financial impacts on transit. This brings the total SRA funding envelope to \$2.15 billion, which will now consist of three phases:

- **Phase 1:** \$700 million, including needs-based top-ups, for COVID-19 related financial impacts between April 1 and Sept. 30, 2020;
- **Phase 2:** \$800 million for COVID-19 related financial impacts between Oct. 1, 2020, and March 31, 2021; and
- **Phase 3:** \$650 million for COVID-19 related financial impacts and costs related to transit initiatives, including fare and service integration, on-demand microtransit, and transformation of transit structures/governance, as detailed below, between April 1 and Dec. 31, 2021.

Municipal funding allocations under the program continue to be based on a formula of transit ridership, plus a base amount of \$40,000 applied to each total program allocation.

As was noted in the Letter, the **City of Owen Sound** will be eligible to receive up to **\$225,398** to support the Municipality's COVID-19 municipal transit financial impacts between Oct. 1, 2020 and March 31, 2021. This Phase 2 funding will be provided to the Municipality pursuant to the transfer payment agreement (TPA) with the Ministry of Transportation ("Ministry") that will be shared with the Municipality. The TPA sets out the details of the funding, including a description of the expenditures that are eligible under the TPA and for which the Municipality may submit one claim for payment.

The Letter also referred to a \$500 million funding stream to be made available to municipalities for additional transit needs. This amount, referred to as the "Phase 3 funding," will now include an additional \$150 million, for a total of \$650 million. This funding is being provided upfront to be applied to COVID-19 transit related financial impacts and costs incurred between April 1 and Dec. 31, 2021, related to transit initiatives, including the costs for fare and service integration, on-demand microtransit and transformation of transit structures/governance (see Appendix A to this letter for further details). The Province may also, at its sole discretion and on a case-by-case basis, grant extensions to the Phase 3 eligibility period for costs incurred after Dec. 31, 2021, but prior to Jan. 1, 2023.

I am pleased to confirm that, based on the revised Phase 3 funding amount, the **City of Owen Sound's** revised allocation to address additional COVID-19 related financial impacts is up to **\$155,449**.

For the Municipality to receive its Phase 3 funding, I am requesting that the municipal treasurer for the Municipality sign the acknowledgement below, and return the signed copy to the Ministry by email on or before March 12, 2021 to MTO-COVID_Transit_Funding@ontario.ca.

Once received, the Municipality must place its Phase 3 funding in an interest-bearing account in the name of the Municipality at a Canadian financial institution.

Eligible Expenditures and Reporting

Eligible expenditures under Phase 2 and Phase 3 of the program will continue to include COVID-19 transit financial impacts. Financial impacts refer to the net revenue losses and additional net operating and capital costs the Municipality has incurred in respect of the Municipality's municipal transit system as a result of the COVID-19 pandemic. The losses and new expenditures will have to be incurred in the respective eligibility period corresponding to the Municipality's Phase 2 and Phase 3 allocations.

The Municipality will also have to consider savings associated with COVID-19 (e.g., reduced service levels, lower maintenance costs, etc.) as these savings will need to be included as part of the Municipality's reporting submission. The Province will only provide funding for net municipal expenditures (i.e., net COVID-19 related financial impacts above pre-COVID budgeted expenditures). The SRA funding is not to replace the budgeted municipal funding that the Municipality provides for transit operations.

The eligible expenditures which the Province, at its sole discretion, may consider for Phase 3 funding are described in Appendix A to this letter.

Please note that these eligible expenditures will also include the costs incurred by the Municipality, up to 50 per cent of the total costs, of the following:

1. Initiatives (including short-term foundational actions) that support a long-term vision for regional fare and service integration;
2. On-Demand Microtransit (ODMT) studies and pilot initiatives, including capital expenses incurred; and
3. Expenses to support the transformation of transit structures/governance between neighboring municipal governments, where the Province has been engaged in discussions.

The Municipality must use any interest earned on Phase 3 funding towards eligible expenditures under the program. The Municipality will be required to return any Phase 3 funding, including interest on the funding, that remain unspent at the end of the eligibility period.

For Phase 3 funding, municipal transit systems are required to provide two reports to the Ministry with details of the financial impacts that are being offset by Phase 3 funding and outcomes on the use of the funds. The first report is due to the Ministry on or before Oct. 26, 2021 and consists of actual impacts between April 1 and Sept. 30, 2021 and forecasted impacts between October 1 and Dec. 31, 2021. This report is intended to provide the Ministry with an interim estimate of financial impacts.

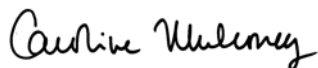
The second report is due to the Ministry on or before Jan. 31, 2022, and will consist of actual financial impacts between April 1 and Dec. 31, 2021. This reporting will confirm the actual amount of Eligible Expenditures incurred during the eligibility period.

Should the Municipality request an extension to the Phase 3 eligibility period, a third report will have to be submitted to confirm the actual amount of Eligible Expenditures incurred during the extended eligibility period.

At the end of the eligibility period, the Ministry will review the municipal reporting and provide direction for the return of any unused funds, including interest earned, to the Province. The Ministry reserves the right to conduct an audit to assess the Municipality's compliance with the terms and conditions outlined in this letter.

The funding commitment made as part of the SRA demonstrates the Province's continued action to support municipal transit and ensure transit systems play a role in the Province's economic recovery from COVID-19.

Sincerely,



Caroline Mulroney
Minister of Transportation

By signing below, I acknowledge that the amount of **\$155,449** is provided to the **City of Owen Sound**, for the purpose of assisting with COVID-19 municipal transit pressures and costs related to transit initiatives, including fare and service integration, on-demand microtransit, and transformation of transit structures/governance as described in this letter, incurred during the eligibility period of April 1, 2021 to Dec. 31, 2021. I further acknowledge that the Municipality is expected to report back to the Province on COVID-19 municipal transit pressures and the use of this funding.

Name:_____ **Title:**_____

Signature:_____ **Date:**_____

Appendix A – Eligible Expenditures for SRA Funding

Applicable SRA Phase	Eligibility Details
For Phase 1, Phase 2, and Phase 3 funding	Eligible expenditures will include, at the Province's sole discretion, the following: a. Revenue Losses: • farebox revenue losses; • advertising revenue losses; • parking revenue losses; • contract revenue losses; and • any other revenue loss the Recipient incurred as a result of the COVID-19 pandemic that, in the opinion of the Province, is considered eligible. b. Operating Costs: • costs associated with vehicle cleaning, except for those for which MTEC funds have been provided or claimed; • costs associated with changes in fuel consumption (e.g., increases due to running additional buses or savings in consumption relating to lower service levels than budgeted, or both); • costs associated with vehicle maintenance; • costs associated with transit facilities; • costs resulting from existing contracts with expanded scope/new contracts; • employee related costs (i.e., salaries, wages, benefits); • costs for employee personal protection equipment (e.g., face masks, gloves, sanitizer); • costs for signage and other means of communications related to COVID-19 pandemic (e.g., social distance guidance); and • any other operating cost the Recipient incurred as a result of the COVID-19 pandemic that, in the opinion of the Province, is considered eligible. c. Capital Costs: • costs associated with installing driver protection barriers and other protection measures for transit drivers; • costs associated with providing passenger protection equipment and other passenger safety measures; and • any other capital cost the Recipient incurred as a result of the COVID-19 pandemic that, in the opinion of the Province, is considered eligible.
For Phase 3 funding only	1. A provincial/municipal 50%/50% cost share of initiatives that support a long-term vision for regional fare and service integration. 2. A provincial/municipal 50%/50% cost share for On-Demand Microtransit (ODMT) studies and pilot initiatives. 3. A provincial/municipal 50%/50% cost share of expenses to support the transformation of transit structures/governance between neighboring municipal governments, where the province has been engaged in discussions.