



Subject: *Rural Transit Solutions Fund - Capital Funding for Public Transit*
To: Corporate and Residential Services
Date Prepared: January 6, 2025
Related Motions: C24(435)
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Approved by: Adam Clackson, Director of Corporate Services

Summary

The Federal Government's transit capital funding stream for rural communities, the Rural Transit Solutions Fund is now accepting applications until March 4, 2025. There is an opportunity for East Hants to apply to the Rural Transit Solutions Fund for up to 80% of the total estimated capital cost for implementing public transit in East Hants. The remaining 20% could potentially be funded from the Housing Accelerator Fund.

Financial Impact Statement

There is an opportunity for East Hants to apply to the Rural Transit Solutions Fund for \$1,924,000 to support the estimated capital costs associated with implementing Phase 1 public transit for East Hants.

Recommendation

Staff recommended that Corporate and Residential Services Committee recommends to Council that for East Hants apply to the Rural Transit Solutions Fund to support the \$2,405,000 capital costs associated with implementing Phase 1 of the Battery Electric Bus Strategy for public transit in East Hants.

Recommended Motion

That Corporate and Residential Services Committee recommends to Council that East Hants apply to the Rural Transit Solutions Fund to support the \$2,405,000 capital costs associated with implementing Phase 1 of the Battery Electric Bus Strategy for public transit in East Hants.

Background

East Hants Strategic Plan identifies the key objective to invest in public transit that supports the community's workforce, accessibility and environmental stewardship. To further this objective, the East Hants Transit Services Business Plan Update was presented to Municipal Council in December 2024. The Transit Plan proposes a pilot fixed-route service from Lantz, Elmsdale and Enfield to the Airport, enabling connections to Halifax Transit and future express services that may be developed. The plan also outlines potential future opportunities for additional routes and services to expand to the other regions of the Municipality.

As the cost of owning a vehicle continues to rise, with the average cost of a new vehicle in Canada increasing almost 20% to \$66,000 in 2024 (Atlantic Economic Council, October 2024), access to transit can provide residents a household cost saving measure while maintaining and potentially growing access to services, retail and employment opportunities.

Council has not yet made a decision for the community to proceed with Public Transit, or a decision on which of the proposed transit strategies or operating models East Hants might implement. East Hants will be engaging with the Community Rider Board of Directors in January to present the Transit Service Business Plan and discuss their interest in operating the service through funding agreements. Staff will also bring a financial analysis report forward for Council to consider with potential funding models for the service. Public

engagement with residents and businesses will be scheduled once Council has provided direction to the CAO on the community's intent for proceeding with the proposed transit service.

Previous public engagement on a potential transit service was completed as part of the Municipality of East Hants and Halifax International Airport Authority's Transit Service Feasibility Review (2009). As part of this study over 1000 responses to an online survey were received and provided a baseline understanding of the transportation needs and issues of the Municipality, as well as outlining the desire and willingness of the community and region to use a public transit service. Approximately 89% of the respondents indicated they were "very likely" or "somewhat likely" to use the public transit system to get to the Airport for employment or into Halifax, and over 67% were "very likely" or "somewhat likely" to use the public transit system to get to destinations within the Corridor.

During the following transit studies from 2012 to 2020, interviews with stakeholders provided focused public engagement with potential high-demand users and partners. These engagements were completed with a number of business employers in the area, the Hants East Rural Highschool, the residential development community, Halifax International Airport, Halifax Regional Municipality, Halifax Transit, Local Long Term Care Facilities, The East Hants Chamber of Commerce, The East Hants Community Rider, the Province of Nova Scotia and the NS Department of Public Works, the URAB and the newly formed Joint Regional Transportation Authority.

The capital funding stream for rural communities under the Government of Canada's Canada Public Transit Fund is now accepting applications until March 4, 2025. This fund, called the Rural Transit Solutions Fund provides municipalities the opportunity to apply for a maximum contribution (% of capital eligible expenses) of up to 80% of a project. Unfortunately, as a result of this application timeline, a decision to pursue this funding is required before the Staff financial analysis report will be completed and presented to Council.

The capital costs estimate from the draft Transit Services Business Plan presented to Council is \$2,405,000 for the Phase 1 Battery Electric Bus (BEB) Strategy. This strategy includes one electric bus and one diesel bus, operating an hourly fixed route service. The Phase 2 BEB Strategy cost estimate is \$3,065,000, which is two BEB buses operating a half-hour fixed route service.

Discussion

If Council was interested in pursuing capital funding for Transit in 2025, the Federal RTSF intake period closes at the beginning of March, with funding awarded in the 2025-26 fiscal year. The amount of funds East Hants could apply for will vary depending on whether the Phase 1 or Phase 2 BEB Strategy is considered for implementation.

In addition, the current estimated lead time to procure, manufacture and purchase a Battery Electric Bus is 20-24 months. The lead time on a Diesel bus is 14-18 months. These timelines are subject to change based on market conditions and demand. This means that if East Hants was successful in securing capital funding for the transit service it would still be 2027 or 2028 before the buses were delivered and the service could be operational.

If the Phase 1 BEB Strategy was to be considered for implementation, East Hants could apply for \$1,924,000, which is 80% of the total estimated cost of \$2,405,000. The remaining 20% or \$481,000 would need to be funded by East Hants. If the Phase 2 BEB Strategy was to be considered for implementation, East Hants could apply for \$2,452,000, which is 80% of the total estimated cost of \$3,065,000. The remaining 20% or \$613,000 to be funded by the Municipality (Table 1.0).

As discussed at the December 2024 Council meeting (C24(435)) Staff are recommending that if Council wishes to implement public transit, that the Phase 1 BEB strategy be selected due to the balance of service options and financial costs.

Table 1.0 - Estimated Capital Costs and Potential Funding Amounts by Transit Strategy

Public Transit Strategy	Total Estimated Capital Cost	Potential RTSF 80% Funding	20% Contribution
BEB Phase 1	\$2,405,000	\$1,924,000	\$481,000
BEB Phase 2	\$3,065,000	\$2,452,000	\$613,000

Council has identified \$800,000 through the Housing Accelerator Fund for Public Transit. This Funding is required to be used by 2027 and could be used to fund the portion of these capital purchases not covered by the RTSF or it could be used to offset some the annual operational costs of the system. The transit financial analysis report Finance Staff are developing for Committee and Council will examine these options in more detail.

It is also important to note that the proposed fixed-route system from Lantz to the Airport is a pilot service and a starting point for East Hants. Future growth of the system, if successful and feasible, could include additional route options and service levels for more communities in East Hants. Potential routes could connect Kennetcook, Maitland and the Fundy Shore to each other or into the Corridor, or could connect Mount Uniacke to Sackville.

RISKS

There is minimal risk in applying to the RTSF for capital funding, as it does not tie Council financially to implementing the service. However, there would be potential negative public perception if East Hants were to apply and be successful in receiving funding from the RTSF and decided later in 2025 not to proceed with implementing Transit. This risk is minimal and could be accepted by East Hants if Council wished to proceed with applying for funding. The risk could also be mitigated depending on timelines for the awarding of the funding and Council’s decisions.

There is also a risk that future capital funding may not be available or may be reduced based on the changing federal political landscape. However, the RTSF has confirmed that the current application and intake process will continue while the prorogation of Parliament is in effect.

STRATEGIC ALIGNMENT

East Hants’ Strategic Plan identifies the key objective to invest in public transit that supports the community’s workforce, accessibility and environmental stewardship.

LEGISLATIVE AUTHORITY

Municipal Government Act (1998, c. 18, s. 1.) Public transportation service, 55 (1)

FINANCIAL CONSIDERATIONS

There is an opportunity for East Hants to apply to the Rural Transit Solutions Fund for \$1,924,000 (80% of the estimated capital costs) to support implementing the Phase 1 BEB strategy for public transit in East Hants. The remaining 20% or \$481,000 would need to be funded by East Hants. This could potentially be funded from the Housing Accelerator Fund. The transit financial analysis report that the Finance Department is developing for Committee and Council will examine in more detail both the approximate \$2.4 million capital cost and approximate \$425,000 operational costs and potential funding scenarios for East Hants.

Alternatives

1. Council could choose to not apply for funding until a decision on implementing Transit is completed.
Staff would continue to monitor funding programs and timelines for potential opportunities for Council.

Attachments

None