

**Municipality of Chatham-Kent**  
**Infrastructure and Engineering Services**  
**Engineering and Transportation Division**

**To:** Mayor and Members of Council

**From:** Ann-Marie Millson  
Manager, Engineering (Transit & Capital Asset Management)

**Date:** March 22, 2021

**Subject:** Ministry of Transportation Safe Restart Program Funding - Transit

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**Recommendation**

It is recommended that:

1. In order to adhere to Provincial requirements relating to the Safe Restart Program Funding announcements for Phase 1 through 3, Council approval is required as follows:
  - a) The Mayor and Clerk to be authorized to execute on behalf of the Municipality of Chatham-Kent the transfer payment agreement(s) and approve the associated Municipal by-law (Appendix A).
  - b) The Engineering and Transportation Division be authorized to prepare and coordinate approvals for any necessary reporting forms and forward to the Ministry of Transportation (MTO) at the appropriate time.

**Background**

The Ministry of Transportation has provided funding to assist with offsetting additional expenses and losses of revenue that transit agencies have experienced during the COVID-19 pandemic. This funding will assist the Municipality with the continued enhanced cleaning and sanitizing of transit assets as well as any losses due to contract changes and loss of revenue.

**Comments**

The Municipality of Chatham-Kent received a letter addressed to Mayor Darrin Canniff from Minister Caroline Mulroney, Minister of Transportation dated March 3, 2021 with the announcement that funding would be provided to CKTransit for Phase 2 and Phase 3 (Appendix B). A letter was also received dated August 12, 2020 detailing funding announcement information for Phase I (Appendix C).

The guidelines allow for specific expenses to be transferrable to our contracted service providers with the submission of invoices and work orders as proof of purchase. The Safe Restart Program Funding is broken down into the following phases with the associated funding available to Chatham-Kent.

**Phase 1:** Financial Impacts between Apr 1, 2020 and Sep 30, 2020 - \$ 236,382

**Phase 2:** Financial Impacts between Oct 1, 2020 and Mar 31, 2021 - \$ 305,327

**Phase 3:** Financial Impacts between Apr 1, 2021 and Dec 31, 2021 - \$ 218,199

In each phase, the costs must be incurred during the eligibility period and paid prior to submission of reporting. Should CKTransit not require all funding provided, any unused funding must be returned for other municipal services experiencing operational expenses due to COVID-19. All unused funding must be returned to the Ministry of Transportation. Further, funding cannot be carried over to any subsequent phases. Any unused funding from Phase 1 must be returned and the same for each subsequent phase of funding.

Council is required to approve the Mayor and Clerk to enter into a Transfer Payment Agreement (TPA) with the signing of a related By-law in order for CKTransit to receive the allotted funding.

#### Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

- Economic Prosperity:**  
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:**  
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:**  
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- Environmental Sustainability:**  
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

- Financial Sustainability:**  
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- Open, Transparent and Effective Governance:**  
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

**Consultation**

No other departments were consulted in the preparation of this report.

**Financial Implications**

The revenue stream identified is to be only used for incremental COVID-19 related expenses. There is no 2021 budget impact.

Prepared by:

Reviewed by:

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Ann-Marie Millson  
Manager, Engineering  
(Transit & Capital Asset Management)

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Chris Thibert, P. Eng  
Director  
Engineering & Transportation

Reviewed by:

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Thomas Kelly, P. Eng., MBA  
General Manager  
Infrastructure & Engineering Services

Attachments: Appendix A – Municipal By-Law  
Appendix B – Funding Announcement Letter from MTO – March 2021  
Appendix C – Funding Announcement Letter from MTO – August 12, 2020

P:\RTC\Infrastructure & Engineering\I & ES\2021\4364 – MTO Safe Restart Funding - Transit

By-law Number \_\_\_\_\_  
of The Corporation  
of the Municipality of Chatham-Kent

A By-law to authorize the execution of the transfer payment agreement for the Safe Restart Agreement (SRA - Phase 1, 2 and 3) between Her Majesty the Queen in Right of the Province of Ontario Represented by the Minister of Transportation for the Province of Ontario and the Municipality of Chatham-Kent

WHEREAS it is deemed expedient to authorize the execution of an Agreement with Her Majesty the Queen in right of the Province of Ontario, represented by the Minister of Transportation for the Province of Ontario for funding under the Safe Restart Agreement (SRA - Phase 1, 2 and 3).

NOW THEREFORE, THE COUNCIL OF THE MUNICIPALITY OF CHATHAM-KENT  
HEREBY ENACTS AS FOLLOWS:

1. THAT the Mayor and Clerk are hereby authorized to execute on behalf of the MUNICIPALITY OF CHATHAM-KENT the Transfer Payment Agreement for the Safe Restart Agreement (SRA - Phase 1, 2 and 3) ("Agreement") between Her Majesty the Queen in right of the Province of Ontario, represented by the Minister of Transportation for the Province of Ontario, and the MUNICIPALITY OF CHATHAM-KENT in a form satisfactory to Legal Services.
2. THAT, the Mayor and Clerk and, as applicable, the delegate specified in Schedule "B" of the Agreement are hereby authorized to execute on behalf of the MUNICIPALITY OF CHATHAM-KENT any amendment to the Agreement or

ancillary document necessary to fulfil the Safe Restart Agreement (SRA Phase 1, 2 and 3) requirements in a form satisfactory to Legal Services.

3. THAT the Clerk has the delegation of authority to execute any and all required documentation, on behalf of the MUNICIPALITY OF CHATHAM-KENT, as required under Safe Restart Agreement (SRA - Phase 1, 2 and 3). For clarity, the Clerk is authorized to execute any amending, subsequent or further agreement for the purposes of the Safe Restart Agreement or any extension of the program that may arise.
  
4. THAT the MUNICIPALITY OF CHATHAM-KENT commits to spending Safe Restart Agreement (SRA - Phase 1, 2 and 3) funding in accordance with all of the terms and conditions specified in the Agreement.
  
5. THAT the MUNICIPALITY OF CHATHAM-KENT commits to spending Safe Restart Agreement (SRA - Phase 1, 2 and 3) funding only on implementing the approved expenses identified in the Agreement.

BY-LAW read a first, second and third time and finally passed this      day of

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MAYOR

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CLERK

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March 3, 2021

107-2021-681

Mayor Darrin Canniff  
Municipality of Chatham-Kent  
315 King Street West, PO Box 640  
Chatham ON N7M 5K8

Dear Mayor Canniff:

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 **Municipality of Chatham-Kent** (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 **Municipality of Chatham-Kent** will be eligible to receive up to **\$305,627** 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 **Municipality of Chatham-Kent's** revised allocation to address additional COVID-19 related financial impacts is up to **\$218,199**.

**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.

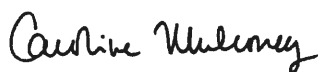
The second report is due to the Ministry on or before Jan. 31, 2022, and will consist of actual financial impacts between April 1 and Dec. 31, 2021. This reporting will confirm the actual amount of Eligible Expenditures incurred during the eligibility period.

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




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By signing below, I acknowledge that the amount of **\$218,199** is provided to the **Municipality of Chatham-Kent**, 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: Gord Quinton

Title: Chief Financial Officer / Treasurer

Signature: 

Digitally signed by Gord Quinton  
Date: 2021.03.04 13:28:38 -05'00'

Date: March 4, 2021

**Appendix A – Eligible Expenditures for SRA Funding**

Applicable SRA Phase	Eligibility Details
<p><b>For Phase 1, Phase 2, and Phase 3 funding</b></p>	<p>Eligible expenditures will include, at the Province's sole discretion, the following:</p> <p><b>a. Revenue Losses:</b></p> <ul style="list-style-type: none"> <li>• farebox revenue losses;</li> <li>• advertising revenue losses;</li> <li>• parking revenue losses;</li> <li>• contract revenue losses; and</li> <li>• 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.</li> </ul> <p><b>b. Operating Costs:</b></p> <ul style="list-style-type: none"> <li>• costs associated with vehicle cleaning, except for those for which MTEC funds have been provided or claimed;</li> <li>• 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);</li> <li>• costs associated with vehicle maintenance;</li> <li>• costs associated with transit facilities;</li> <li>• costs resulting from existing contracts with expanded scope/new contracts;</li> <li>• employee related costs (i.e., salaries, wages, benefits);</li> <li>• costs for employee personal protection equipment (e.g., face masks, gloves, sanitizer);</li> <li>• costs for signage and other means of communications related to COVID-19 pandemic (e.g., social distance guidance); and</li> <li>• 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.</li> </ul> <p><b>c. Capital Costs:</b></p> <ul style="list-style-type: none"> <li>• costs associated with installing driver protection barriers and other protection measures for transit drivers;</li> <li>• costs associated with providing passenger protection equipment and other passenger safety measures; and</li> <li>• 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.</li> </ul>
<p><b>For Phase 3 funding only</b></p>	<ol style="list-style-type: none"> <li>1. A provincial/municipal 50%/50% cost share of initiatives that support a long-term vision for regional fare and service integration.</li> <li>2. A provincial/municipal 50%/50% cost share for On-Demand Microtransit (ODMT) studies and pilot initiatives.</li> <li>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.</li> </ol>

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August 12, 2020

107-2020-3242

Mayor Darrin Canniff  
Municipality of Chatham-Kent  
315 King Street West, PO Box 640  
Chatham ON N7M 5K8

Dear Mayor Canniff:

Municipalities play a key role in delivering services that people across Ontario rely on and are the frontlines of a safe reopening of the economy. Our government recognizes that municipalities have sustained significant financial pressures as a result of the COVID-19 outbreak and need financial support to ensure they can continue to deliver important services while minimizing the spread of COVID-19.

On July 27, 2020, as part of the federal-provincial Safe Restart Agreement, the Ontario government announced that it had secured up to \$4 billion in one-time emergency assistance to provide Ontario's 444 municipalities with the support they need to respond to COVID-19 and deliver the critical services people rely on every day.

This investment will provide support to municipalities and municipal transit systems to help them deal with financial pressures related to COVID-19, maintain critical services and protect vulnerable people as the province safely and gradually opens. It includes:

- Up to \$2 billion to support municipal operating pressures; and
- Up to \$2 billion to support municipal transit systems.

The Honourable Steve Clark, Minister of Municipal Affairs and Housing, will provide more information on the funding to support municipal operating pressures.

Up to \$2 billion will be available to Ontario's municipalities to address transit pressures. Funding will be allocated in two phases: In Phase 1, \$666 million will be allocated to municipalities with transit systems to help provide immediate relief from the financial pressures of COVID-19; In Phase 2, the balance will be available for municipalities with transit systems to address the ongoing financial pressures of COVID-19 until the end of the provincial fiscal year, or March 31, 2021. A two-phased approach will provide the flexibility to address actual municipal transit pressures, including any impacts of a potential second wave of COVID-19.

Financial pressures that are eligible for reimbursement under this program include both financial pressures associated with the need to continue to operate with reduced revenue and new expenses resulting from COVID-19:

- Reduced revenue would include pressures related to, at the ministry's sole discretion, the following:
  - Farebox;
  - Advertising;
  - Parking; and
  - Contracts (e.g., school contracts)
- New expenses incurred in response to the COVID-19 outbreak would include, at the ministry's sole discretion, the following:
  - Cleaning costs [costs not claimed as part of MTO's dedicated cleaning funding program];
  - New contracts;
  - Labour costs;
  - Driver protection;
  - Passenger protection; and
  - Other capital costs.

The ministry program area will consult with transit stakeholders to continue to refine eligible program expenses.

#### Municipal Transit Funding Phase 1: Immediate Funding

I am pleased to share that the **Municipality of Chatham-Kent** ("Recipient") will receive **\$236,381** to support your COVID-19 municipal transit pressures for Phase 1, incurred from April 1, 2020 to September 30, 2020.

Please note that the Recipient is accountable for using this funding for the purpose of addressing the Recipient's COVID-19 municipal transit pressures.

The Recipient is required to report back, using a template to be provided by the ministry, to the province by October 30, 2020 with details on the use of the Phase 1 funds and a forecast of eligible expenditures to March 31, 2021.

If the amount of funding allocated in Phase 1 exceeds the Recipient's COVID-19 municipal transit pressures, the province's expectation is that the Recipient will place the excess funding into a reserve account to be accessed to support Phase 2 COVID-19 municipal transit pressures the Recipient may continue to incur up to March 31, 2021.

If the amount of funding allocated in Phase 1 is less than the Recipient's COVID-19 municipal transit pressures, the Recipient's report back will support the need for additional funding in advance of Phase 2 reporting. The additional funding is expected to be provided by December 31, 2020. The ministry will provide the Recipient with additional details on the reporting in the coming weeks; responses to information gathering questions are required.

The Recipient will be required to return any unused funds to the province where the funding from Phase 1 is in excess of the eligible expenditures incurred under both Phase 1 and Phase 2.

**In the meantime, I am requesting that the municipal treasurer for the Recipient sign the acknowledgement below and return the signed copy to the ministry by email by September 11, 2020 to [MTO-COVID\\_Transit\\_Funding@ontario.ca](mailto:MTO-COVID_Transit_Funding@ontario.ca).**

Please note that the ministry must receive this acknowledgement before making a payment to the Recipient. The province intends to make the Phase 1 payment to the Recipient in September 2020.

#### Phase 2: Ongoing Support

To be considered for Phase 2 funding, municipalities will be required to submit the reports noted above. Phase 2 funding will consider the reported actual impacts to determine the funding allocations and will be governed by a transfer payment agreement (TPA). The ministry will consult with municipalities on the TPA in Fall 2020.

MTO intends to build specific requirements into the Phase 2 agreements to achieve important transit objectives to promote ridership growth and transit sustainability. These include, for example:

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

In order to achieve these objectives, municipalities will be required to demonstrate their participation and progress in different areas.


Through the Phase 2 TPAs, the **Municipality of Chatham-Kent** will be required to:

- Engage in consolidated procurement opportunities leveraging Metrolinx and other provincial procurement tools (ALL MUNICIPALITIES)
- Review the lowest performing bus routes and consider whether they may be better serviced by microtransit (ALL MUNICIPALITIES)
- Work with the Province and Metrolinx where appropriate to determine the feasibility of implementing microtransit options on viable routes (ALL MUNICIPALITIES)
- Participate in discussions with the Province on advancing fare and service integration (GTHA & select municipalities)
- Participate in discussions with the Province to optimize transit through new possible governance structures (GTHA & select municipalities)

We are committed to working with municipalities, and their transit systems to refine the processes that will be required, in order to achieve the best possible outcomes as we work together through this recovery period.

Our government is committed to supporting municipal transit, and we will continue to champion the needs of our municipal partners and transit users. Through this historic agreement, municipalities will have the support and flexibility they need to address budget shortfalls related to COVID-19, help limit the spread of the virus, and chart a path to a strong recovery for their communities and for our province.

Sincerely,



Caroline Mulroney  
Minister of Transportation

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By signing below, I acknowledge that the allocation of **\$236,381** is provided to the **Municipality of Chatham-Kent** for the purpose of assisting with COVID-19 municipal transit pressures and that the province expects any funds not required for this purpose in Phase 1 will be put into reserves to support potential COVID-19 municipal transit pressures that you may continue to incur up to March 31, 2021. I further acknowledge that the **Municipality of Chatham-Kent** is expected to report back to the province on COVID-19 municipal transit pressures and the use of this funding.

**Name:**           Matt Torrance          

**Title:**           Deputy Treasurer          

**Signature:**           Matt Torrance            
Digitally signed by Matt Torrance  
Date: 2020.09.21 14:00:59 -04'00'

**Date:**           September 21, 2020