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MUNICIPAL FUNDING AGREEMENT FOR THE ONTARIO BUS REPLACEMENT PROGRAM

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, May 9, 2007, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize the Regional Treasurer to execute the Letter of Agreement with the Ministry of Transportation for the provision of funds under the Ontario Bus Replacement Program (OBRP).
2. Council authorize the establishment of the Ontario Bus Replacement Program Reserve Fund.

2. PURPOSE

The purpose of this report is to put into place the necessary agreement with the Ministry of Transportation to receive OBRP funding and to establish a reserve fund in accordance with the program guidelines and requirements.

3. BACKGROUND

The Ontario Bus Replacement Program is a new multi-year capital funding program to support the replacement of aging municipal transit buses. The OBRP will replace the former Ontario Transit Vehicle Program (OTVP), which the province ended in the 2006 Provincial Budget.

The execution of a Letter of Agreement and the establishment of a reserve fund are required to secure the OBRP funding.

4. ANALYSIS AND OPTIONS

York Region is eligible to receive \$2,063,677 under the OBRP in 2007. Beyond 2007, the Region must apply annually by June 15th of the year preceeding the program year for which OBRP funding is requested.

The total annual provincial funding for the OBRP is capped at a maximum of \$50 million province wide.

The following are general eligibility requirements for OBRP:

- o Transit buses only are eligible (conventional and specialized).
- o Buses funded under OBRP must be intended for delivery within the program year.
- o OBRP funding is only available towards the base purchase price of one transit bus for each transit bus replaced.
- o Conventional transit buses are only eligible for replacement twelve (12) years from the date of manufacture.
- o Funds received must be used only to offset the municipal share of the costs of the replacement of transit buses.

Municipalities are annually required to submit a year end report providing details of the municipality's replacement of conventional and/or specialized transit buses, a reconciliation of funds provided, eligible expenditures and the reserve account balance, including interest earned. Interest must be accrued based on the Chums One Rate for the period earned.

5. FINANCIAL IMPLICATIONS

The region will receive \$2,063,677 once the Ministry receives an executed Letter of Agreement and the related authorizing by-law.

The funds will be deposited in an OBRP Reserve Fund and used for the replacement of transit buses.

6. LOCAL MUNICIPAL IMPACT

This program is for the replacement of transit buses and therefore local municipalities will not be receiving any additional funding for this program.

7. CONCLUSION

The execution of the Letter of Agreement with the Ministry of Transportation will permit the flow of Ontario Bus Replacement Program funds to York Region in the amount of \$2,063,677.

The Senior Management Group has reviewed this report.