



Subject: *East Hants Public Transit Financial Options*
To: Council Policy and In camera
Date Prepared: 2026-07-08
Related Motions: C24(436), C25(400)
Prepared by: Graham Scott, Manager Economic and Business Development
Approved by: Adam Clarkson, Director Corporate Services

Summary

Since the 2024 Transit Business Plan update was presented to Council there have been three additional staff reports providing information on financial tax models and public engagement for Council's consideration.

Through the various conversations with Council on the topic, staff felt further discussion on how Public Transit would be funded was required to clarify what financial information was to be presented during the fall public engagement sessions.

To facilitate this, Staff have completed additional new funding scenarios to help inform Council's discussions. These new sceneries use the geographic boundaries of the Urban Service Area and the Partial Serviced Areas (Streetlight/Sidewalk) to fund the proposed transit service, to align with the discussions by Committee.

Financial Impact Statement

The various financial models presented in this report are to help Council in selecting a model for use in the public engagement sessions and do not commit East Hants to providing public transit at this time.

Recommendation

It is recommended that Council select a potential funding model ahead of the engagement. This will allow for an updated engagement plan to be developed if determined by Council.

Recommended Motion

Council approves the Fall 2026 public engagement sessions on Public Transit use funding model as outlined in the staff report entitled "East Hants Public Transit Financial Options" as presented and discussed at the July 23rd meeting of Council.

Background

In December, 2024 the *East Hants Public Transit Business Plan Update* report was presented to Council to outline a purposed transit route, options for operational models, and potential costing for implementing a fixed route transit system in East Hants. Staff committed to return to Council with the Financial Analysis to outline potential funding models for consideration.

In September 2025 Council received the *East Hants Public Transit Business Plan Financial Analysis Update* Staff Report which outlined scenarios for funding the service. In addition, it was identified that East Hants could start planning through Council's budget process for these expenditures to help fund the service prior to any implementation and that potential additional transit service routes in Mount Uniacke and other areas of the Municipality could also begin similar budget planning processes. After discussion, Council requested Staff return to with a plan to complete public engagement in the whole municipality in order to gather public opinion about the proposed transit service and the potential costs to residents and businesses. Specifically, through discussion, it was identified that Council desired to:

- Clearly communicate the details of the developed service plan, including its operational implications for the tax rate.
- Gather feedback from community members regarding their preferences and perceived gaps in the proposed service.
- Assess the level of public interest in, and perceived value of, the transit service for the community.
- Assess the community's interest in the social and environmental advantages of public transit, with an emphasis on battery-electric technology.

In December 2025, Council received the *Fixed Route Transit Public Engagement* Staff Report which outlined a plan to deliver four community engagement sessions in the communities of Mount Uniacke, the Fundy Shore area and the Corridor and delivery of an online community wide survey. After receiving the report Council directed Staff to increase the public engagement sessions to include nine separate communities in East Hants both in and outside of the proposed service area, two open virtual sessions, and the community wide survey.

Through various conversations with Council on this topic, staff noted that a further discussion on how Public Transit would be funded was required to clarify what financial information was to be presented during the future public engagement sessions.

To facilitate this Staff have completed additional funding scenarios to help inform Council's discussions. These new scenarios use the different geographic tax boundaries of East Hants to show various models for funding the proposed transit service, to align with the discussions by Committee in June. As well, the previous funding models from the June Staff report are also provided for comparison. All of this information is presented in the Discussion section of this report for Council's consideration.

Discussion

1. Economic and Social Return on Investment

In continuing to develop the public engagement plan for September and refining the financial models for Council, Staff have noted that it is important to take into consideration the economic and social return on investment for East Hants in providing a public transit service. The majority of Canadian public transit research is in agreement that the economic return for communities on investment in public transportation acts like a economic multiplier, typically within three distinct areas. These areas are net value added, job creation, and reducing household costs. The survey will look at social and economic benefits of transit such as accessibility, access to municipal and other government services within East Hants and Halifax/Truro (with the Link NS work being done), access to post-secondary education and health care, social connections, and connections to jobs within the corridor, at the Halifax airport and beyond.

1.1. Net Value-Added

Recently, in Canada, a significant portion of transit economic research has focused on the economic benefits generated when transit effectively pools labour markets, increases access to education, and encourages peer-to-peer learning in urban areas (Dachis, 2024). Analysis of major Canadian transit networks (such as the Toronto Transit Commission) demonstrates that public transit investments yield at least a net value-added of \$1 directly back into the Canadian economy for every \$1 spent (Miller, 2022). This net value-added is not the only impact, there is also a wider, long-term compounding return on local community economic activity and productivity which many research models place at \$4-\$5 for every one dollar spent.

1.2. Job creation using a Multi-Regional Input-Output model

To understand how transit spending flows through the Canadian workforce, researchers typically utilize a Inter/Multi-Regional Input-Output (MRIO) model of the Canadian economy (Miller, 2022). These models illustrate typical impacts of transit investment, and while they have challenges in terms of the economic theory of input/output modeling (and it's strict relational push/pull effects on an economy), what is not disputed is the significant job creation that occurs within a region through public investment in transit services.

Historically, organizations like the Canadian Urban Transit Association (CUTA, 2019) have documented that public transit investments are among the most labor-intensive (noted at 20+ jobs per \$1M invested) and locally stimulative infrastructure investments available to communities, keeping the majority of the economic impact within the local region and province.

1.3. Regional and rural transit provide household cost-savings

Because Canada in general features vast geographies with many lower-density municipalities, local economic development studies have often evaluated transit through the lens of individual household cost-savings and local business support (Knowledge Synthesis on Rural Transportation, Majkut, 2011).

This summary case study paper published by Queens School of Business, brought together academic knowledge with economic development priorities in rural (populations less than 30,000) Ontario. The case study adapted federal cost-benefit models specifically for smaller Canadian communities. According to the case study, introducing or expanding localized public transit in Canadian communities drastically lowers commuting costs, enabling local residents to access employment and essential services like healthcare (Majkut, 2011). The model in the study measured cost savings and community benefit in several highly localized ways.

In areas outside of major population centres, if a resident does not own a car or is unable to drive (due to age, income, or disability), the baseline cost of essential travel is incredibly high. The model notes that if a resident in a rural community needs to travel for a medical appointment, or any type of appointment, they must either pay for a private taxi/shuttle or pay a friend/family member to drive them. The option of public transit is typically much less expensive per traveller, when compared with these other modes such as taxi service or friends with vehicles. By shifting these necessary trips to a community transit option, the study estimated that families save \$30 to \$100+ per round trip in out-of-pocket costs.

In major Canadian cities, transit is often a household choice to avoid traffic or parking fees. In smaller communities, the absence of transit leads to “forced car ownership”—where households must purchase and maintain a vehicle, that they may struggle to afford, simply to keep a job. According to the Canadian Urban Transit Association (CUTA), transit in smaller and rural communities acts as an insurance policy against “forced” ownership. By offering even a basic transit service, households can avoid purchasing a secondary vehicle.

- This saves the family household an estimated \$6,000 to \$10,000 annually in fixed costs (insurance, registration, depreciation) and high variable operating costs (high fuel costs, driving/commuting distances).

In areas without transit, the study found that many people either delay, or just do not make necessary trips because they have no way to get there. The economic cost of a “forgone trip” can be devastating. Forgoing a preventative medical appointment because of a lack of transportation eventually can result in an emergency room visit or hospitalization, which is the more expensive health services visit. In a publicly funded healthcare system, an avoided hospital visit translates directly to overall taxpayer savings. In East Hants the clear transit link to health care services and educational institutions in downtown Halifax could be very impactful for East Hants residents.

The case study concluded that transit generates its highest social and economic return on investment by providing access to employment centres and non-emergency medical and health transportation, and lowering household's annual costs. Keeping residents healthy and employed, with less annual household costs, reduces the public demand for social assistance and decreases strain on many government services.

Overall, by shifting residents from expensive options (like taxis, long-distance ride shares, or maintaining a secondary household vehicle) to public transit over time, a \$2.5 million local transit system has the potential to directly save combined regional households in East Hants, hundreds of thousands of dollars annually. This money is then able to be re-spent on local businesses and services, rather than leaked out of the community on vehicle depreciation, fuel, and parts.

2. Funding Models for East Hants

The previous two funding models presented to Council in 2025 are summarized below as Option 1 and Option 2. In both of these options, only one scenario was provided where the commercial tax base was proposed to cover 10% of the cost and the residential tax base would cover 90%.

2.1. Previous Funding Models

Option 1: Urban Service Rate (USR) and General Tax Rate (GTR) blended model

Commercial Pays 10%, Residential pays 90%

Type	Rate per \$100 of assessed value	Rate per \$100 of assessed value
USR Commercial	1.5¢	1.0¢
GTR Commercial	0.49¢	0.74¢

Type	Rate per \$100 of assessed value	Rate per \$100 of assessed value
USR Residential	1.5¢	1.0¢
GTR Residential	0.52¢	0.71¢

Option 2: Urban Service Rate (USR) only model

Commercial Pays 10%, Residential pays 90%

Type	Rate per \$100 of assessed value
USR Commercial	2.4¢

Type	Rate per \$100 of assessed value
USR Residential	2.8¢

2.2. New Funding Model Options

Staff have developed four new models for Council to consider. They are provided below as Options 3 to 6. These four options are presented in two commercial funding scenarios (Scenario 1 and Scenario 2) and two residential funding scenarios (Scenario A and Scenario B). These Scenarios are summarized below:

Scenario	Description	Impact
----------	-------------	--------

Commercial Scenario 1	Reduce the GTR area commercial rate by 5¢ while increasing the USR area commercial rate by 10¢.	• All businesses in East Hants would see a reduction on the General Rate • The tax burden for the businesses in the Urban Service area goes up by 5¢ • The residential burden for transit is less than other scenarios
Commercial Scenario 2	Increase the USR area commercial rate by 5¢.	• The tax burden for the businesses in the Urban Service area goes up by 5¢ • The residential burden for transit is more than Option 1.
Residential Scenario A	Residential funding is achieved by an increase to the tax rate	• Tax rate increase
Residential Scenario B	Residential funding is achieved as a fee per dwelling unit.	• Fee charged

2.2.1. Commercial Scenario 1

Option 3 (1-A) Urban Service Rate Areas and the Partial Service Rate (PSR) Areas

Commercial Scenario 1: Reduce the General Commercial Tax Rate by 5¢ while increasing the USR Commercial Rate by 10¢.

Residential Scenario A: Residential funding is reduced by an increase to the Commercial tax rate

Type	Rate per \$100 of assessed value
USR Commercial	10¢
Milford & Shubenacadie USR Commercial	5¢

Type	Rate per \$100 of assessed value
USR Residential	1.3¢
PSR Rates	1¢

Option 3 (1-B): Urban Service Rate Areas and the Partial Service Rate Areas

Commercial Scenario 1: Reduce the General Commercial Tax Rate by 5¢ while increasing the USR Commercial Rate by 10¢.

Residential Scenario B: Residential funding is achieved as a fee per dwelling unit.

Type	Rate per \$100 of assessed value
USR Commercial	10¢
Milford & Shubenacadie USR Commercial	5¢

Type	Dwelling Unit Fee
Include only USR Residential	\$55
Include all Dwellings, including PSR Residential	\$32

Option 4 (1-A): Urban Service Rate Areas only

Commercial Scenario 1: Reduce the General Commercial Tax Rate by 5¢ while increasing the USR Commercial Rate by 10¢.

Residential Scenario A: Residential funding is achieved by an increase to the tax rate

Type	Rate per \$100 of assessed value
USR Commercial	10¢
Milford & Shubenacadie USR Commercial	5¢

Type	Rate per \$100 of assessed value
USR Residential	1.9¢

Option 4 (1-B): Urban Service Rate Areas only

Commercial Scenario 1: Reduce the General Commercial Tax Rate by 5¢ while increasing the USR Commercial Rate by 10¢.

Residential Scenario B: Residential funding is achieved as a fee per dwelling unit.

Type	Rate per \$100 of assessed value
USR Commercial	10¢
Milford & Shubenacadie USR Commercial	5¢

Type	Dwelling Unit Fee
USR Residential	\$55

2.2.2. Commercial Scenario 2

Option 5 (2-A): Urban Service Rate Areas and the Partial Service Rate Areas

Commercial Scenario 2: Increase the USR area commercial rate by 5¢.

Residential Scenario A: Residential funding is achieved by an increase to the tax rate

Type	Rate per \$100 of assessed value
USR (All) Commercial	5¢

Type	Rate per \$100 of assessed value
USR Residential	1.9¢
PSR Rates	1¢

Option 5 (2-B): Urban Service Rate Areas and the Partial Service Rate Areas

Commercial Scenario 2: Increase the USR area commercial rate by 5¢.

Residential Scenario B: Residential funding is achieved as a fee per dwelling unit.

Type	Rate per \$100 of assessed value
USR (All) Commercial	5¢

Type	Dwelling Unit Fee
Include only USR Dwellings Residential	\$72
Include all Dwellings, including PSR Residential	\$42

OPTION 6 (2-A): Urban Service Rate Areas only

Commercial Scenario 2: Increase the USR area commercial rate by 5¢.

Residential Scenario A: Residential funding is achieved by an increase to the USR tax rate

Type	Rate per \$100 of assessed value
USR (All) Commercial	5¢

Type	Rate per \$100 of assessed value
USR Residential	2.5¢

OPTION 6 (2-B): Urban Service Rate Areas only

Commercial Scenario 2: Increase the USR area commercial rate by 5¢.

Residential Scenario B: Residential funding is achieved as a fee per dwelling unit.

Type	Rate per \$100 of assessed value
USR (All) Commercial	5¢

Type	Dwelling Unit Fee
USR Residential	\$72

STRATEGIC ALIGNMENT

This plan aligns with the East Hants strategic plan and the commitment to Sustainable Infrastructure, Strong Communities, and Economic Prosperity. It also aligns with Council's Economic Development Plan for Building Resilient Communities and Supporting Workforce Development.

LEGISLATIVE AUTHORITY

Municipal Government Act

FINANCIAL CONSIDERATIONS

The financial considerations for the various public transit service funding models are presented above. Selecting one of these models for use in the public engagement scheduled for the fall is needed to develop the content. Details are outlined in the Appendix attached to the staff report.

Alternatives

1. Various alternatives have been presented within the report. Council may request alternative scenarios for consideration.

Attachments

CRS - East Hants Public Transit Service - Financial Model July 2026 - Appendix.pdf

References

1. Dachis, B. (2024). Trains, lanes and automobiles: The effect of COVID-19 on the future of public transit (Commentary No. 598). C.D. Howe Institute. <https://www.cdhowe.org/public-policy-research/trains-lanes-and-automobiles-effect-covid-19-future-public-transit>
2. Majkut, K. (2011). Knowledge synthesis: Rural transportation issues and strategies paper. Rural Ontario Institute. <https://www.ruralontarioinstitute.ca/uploads/userfiles/files/Rural%20Transportation%20Issues%20and%20Strategies%20Paper.pdf>
3. Miller, E. J. (2022). Economic, social, and environmental benefits of transit investment. Mobility Network, University of Toronto. <https://www.mobilitynetwork.utoronto.ca/wp-content/uploads/2024/02/Mobility-Network-Discussion-Paper-Economic-Benefits-of-Transit-December-2022.pdf>