

March 27, 2020

The Honourable Catherine McKenna, P.C., M.P.
Minister of Infrastructure and Communities
180 Kent Street, Suite 1100
Ottawa, Ontario K1P 0B6

Dear Minister,

The ability of the Canadian public transit industry to operate vital services for essential workers and those in need is rapidly deteriorating due to the COVID-19 pandemic. We do not operate like other modes of travel. Transit systems cannot afford to move to a skeletal service structure as this would lead to more crowded buses and trains and would prevent safe physical distancing. When we spoke last week about the urgent support that transit required, I committed to providing you with more detail and am pleased to do so today.

CUTA has surveyed our transit system members and found significant revenue shortfalls due to plummeting ridership, significantly higher cleaning and disinfecting costs, and the provision of personal protective equipment to operators. Some transit systems also face liquidity emergencies in the coming month.

These challenges lead us to urge the federal government to take extraordinary measures. We have four specific requests:

Provide \$301 million per month to replace lost revenues due to the pandemic

CUTA's survey shows that transit systems have experienced an 80% aggregate decline in overall transit ridership since the onset of the pandemic. Many systems have cancelled fare collection to observe mandated best practices in public health. CUTA statistics show that \$4.3 billion in ridership revenues were collected in 2018. An 80% decline in ridership is equivalent to \$287 million in lost monthly revenues. These cannot be foregone without doing irreparable damage. To account for increases in revenues and costs since 2018, we have factored in a 5% increase on the 2018 statistics and urge the federal government to provide \$301 million per month to transit systems, distributed based on system ridership. This support should be provided for the duration of the pandemic and until ridership levels regain February 2020 levels. Doing so will ensure that transit systems can remain whole and keep essential services operating reliably and safely while our country begins to recover.

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Provide access to \$1.2 billion in relief funding for transit systems facing liquidity challenges

CUTA urges the federal government support transit systems experiencing liquidity problems with immediate relief of up to \$1.2 billion in emergency operating grants. Some transit systems are not municipally owned and operated, and as such cannot rely on a municipal funding backstop. Where transit systems are municipally owned, liquidity may be imperilled by requirements for balanced budgets or maintaining debt caps in line with provincial legislation. We have calculated that immediate relief funding of up to \$1.2 billion could support up to 40% of transit systems in this situation.

Support the procurement of cleaning agents and disinfectants

Transit systems are incurring four times the normal costs of cleaning and disinfecting vehicles as a result of COVID-19. This, too, is straining already stretched operating budgets. CUTA's survey shows that 71% of transit systems are experiencing difficulties in sourcing cleaning agents and disinfectants, while 73% are reporting difficulties in procuring personal protective equipment. CUTA urges the federal government to include the transit industry on the priority list of sectors for supply and distribution of these products should supply chain restrictions be initiated by invoking the *Emergencies Act*. We also call on the federal government to reimburse transit systems for the costs of these unforeseen expenses once the pandemic is under control. They would be able to submit invoices to Infrastructure Canada for reimbursement.

Inject stimulus for capital projects to underpin Canada's economic recovery

Your government has an opportunity to make strategic investments in transit infrastructure to support the jobs, R&D spending and supply chains that will underpin the post-pandemic recovery. To build tomorrow's public transit, we urge the government to commit now to permanently fund transit capital and operational expenses of up to \$3.4 billion per year, and bring forward the launch of the permanent transit fund to 2020. Stimulus investments of this magnitude would send a clear signal to the private sector of the federal government's commitment to transformative and sustainable transportation options for Canadians, and provide a welcome signal to our innovative manufacturers and suppliers to help them recover.

I recognize these are extraordinary measures, but the challenges that COVID-19 has inflicted upon transit systems, almost overnight, are equally extraordinary. On behalf of those systems, I thank you for our positive discussion last week and remain committed to working closely with you and provincial governments in the weeks and months ahead to ensure public transit can support Canadians during the pandemic and in the recovery to come.

Yours sincerely,

Marco D'Angelo
President and CEO

Cc. The Honourable Chrystia Freeland
 The Honourable Bill Morneau
 The Honourable Jean-Yves Duclos
 The Honourable Patty Hajdu
 The Honourable Navdeep Bains