



Amherst Island Ferry Service Information Update

In the past 18 months, MTO provided the following information to Council:

1. July/August 2008 - MTO has no plans to take over and operate the Amherst Island Ferry but would be willing to open the current subsidy agreement for review;
2. August 2009 - MTO will take over ownership of the Millhaven and Stella wharfs and, subject to environmental approvals, upgrade the docks to a standard compatible with ministry end-loading facilities;
3. August 2009 - Contrary to stated willingness to review the current agreement, due to provincial economic downturn, MTO advised that the subsidy agreement will not be opened for renegotiation;
4. October 2009 - MTO is willing to increase the fuel subsidy from 73% to 90% while the Quinte Loyalist is in service.

Council met with MTO about the transfer of the docks to the Province. Both parties intend for the transfer to be completed by the end of the year so the process for the Environmental Assessment (EA) for dock improvements can begin as soon as possible in 2010. The Province expects that the EA process will take 18–24 months. Council continues to request MTO to reopen the Ferry Agreement to provide a better subsidy arrangement for the Amherst Island service on a permanent basis.

Ferry Operating Budget Update

2009 Budget

Based on the Minister of Transportation's announcement in 2008 that the operating agreement would be reviewed and subsequent meetings with MTO staff, it was decided that the projected 2009 operating deficit could be managed without a ferry rate increase, pending the outcome of the subsidy agreement negotiations. That proposal changed with the Minister's letter in August of this year that made it clear that MTO would assume ownership of the docks but the subsidy arrangement would remain unchanged.

The 2009 operating deficit will be less than originally projected, due in part by MTO's decision in October of this year to pay 90% of the fuel while the Quinte Loyalist is in service, as well as due to 2009 operating costs, in particular fuel costs, being less than budget. An adjustment to increase the Ferry subsidy for previous years is expected to further reduce the 2009 year end operating deficit to approximately \$10,000.

2010 Budget

The transfer of the docks by the end of 2009 will affect the operating expenditures in 2010 and future years by eliminating the berthage fees and the cost of dock maintenance. The Township share of those items, covered by fares, is approximately \$13,000. The dock transfer will also eliminate any capital costs for dock repairs or upgrades that the Township would have funded in future years. The price of fuel remains the biggest unknown for the 2010 budget. The preliminary budget sent to MTO shows an operating deficit of approximately \$17,000 if fares remain the same and fuel costs increase slightly.

Council considered several options regarding the 2010 Operating Budget and revenue at the 2009 November 2nd Administration Committee meeting and deferred a staff recommendation for a ferry rate increase to cover the deficit. Instead, Council asked that staff provide up-to-date revenue and expense reports midway through 2010 to determine if a fare increase will be required in 2011.

Loyalist Township Transportation and Solid Waste Department
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