



City of
Peterborough

To: **Members of the General Committee**

From: **W.H. Jackson,
Commissioner of Infrastructure and Planning Services**

Meeting Date: **May 28, 2018**

Subject: **Report IPSTR18-016
Pre-Commitment of 2019 Budget for the Supply and Delivery
of Three 40 Foot Low Entry Fully Accessible Urban Diesel
Transit Buses**

Purpose

A report to recommend the pre-commitment of a portion of the 2019 Transit Budget and to exercise a contract extension for Proposal P-09-14 for the Supply and Delivery of Three 40 Foot Low Entry Fully Accessible Urban Diesel Transit Buses.

Recommendations

That Council approve the recommendations outlined in Report IPSTR18-016, dated May 28, 2018 of the Commissioner of Infrastructure and Planning Services, as follows:

- a) That the \$1,834,000.00 budget amount proposed for the 2019 Capital Budget for the purchase of Transit Buses, which includes \$397,000 in funding from the proposed 2019 Transit Operating Budget be pre-committed; and
- b) That a contract extension for Proposal P-09-14 for the Supply and Delivery of Three 40 Foot Low Entry Fully Accessible Urban Diesel Buses be issued to Nova Bus, 1000 Boulevard Industrial, St-Eustache, QC, J7R 5A5 at a cost of up to \$1,592,204.94 plus \$206,986.65 HST for a total cost of \$1,799,191.59;

Budget and Financial Implications

The total cost of \$1,620,227.75 (net of HST rebate) will be funded by the \$1,834,000.00 included in the proposed 2019 Transit Buses Capital Budget, with funding obtained from the sources shown in Table 1:

Table 1: Funding Source for Contract Extension

Line	Description	Amount
1	Transit Reserve Fund	\$ 495,000.00
2	2018/2019 Federal Public Transit Infrastructure Fund Allocation – Phase 2	\$ 734,000.00
3	2018/2019 Provincial Public Transit Infrastructure Fund Allocation – Phase 2	\$ 605,000.00
4	Total	\$1,834,000.00

Funding for the new bus purchases is part of the Public Transit Infrastructure Funding (PTIF) – Phase 2 program, launched by the Federal Government in the 2017 budget. In March 2018 the Federal and Provincial Government announced that they had signed a bilateral agreement for infrastructure investment through the Investing in Canada Plan, covering investments in public transit, green infrastructure, and recreational and cultural infrastructure.

Under the public transit stream, Peterborough will receive up to \$31,174,174 in federal funding and \$25,718,693 in provincial funding over the next 13 years. Details of the PTIF funding allocation for each of the 13 years of the program has not yet been announced, although the province intends to solicit project funding requests from each municipality in the fall of 2018, leading to the completion of funding transfer agreements with each recipient in early 2019.

The PTIF program requires a minimum of 27% matching contribution from municipalities, with up to 40% funding from the Federal Government and 33% from the Province. Based on the funding allocation to the province in 2018/2019, it is anticipated that Peterborough may be eligible for 2019 PTIF funding in the amount of \$1,339,000.00 with \$734,000.00 in federal funding and \$605,000.00 in provincial funding. The City's contribution of \$495,000.00 is proposed to come from the Transit Reserve Fund.

The uncommitted balance in the Transit Reserve Fund, after the recommended \$495,000.00 draw and the full 2019 contribution will be \$206,277.00. The Transit Operating budget typically includes a \$602,500.00 contribution to the Transit Reserve to fund vehicle and equipment replacement costs. Recommendation a) will pre-commit \$397,000.00 of this \$602,500.00 annual amount to provide the City's capital cost contribution to the new bus purchase.

While the City has not yet received confirmation of the 2019 allocation amounts from the Provincial and Federal Government, it is anticipated that approval of the City's application will be received in late December or early January 2019. In the event that approval of our funding application is not received, the purchase order for the new buses will be cancelled and re-issued for one bus, which can be accommodated within the City contribution and the remaining uncommitted balance of the Transit Reserve Fund.

Background

As of December 2016 the City operated a fleet of 56 diesel buses, for the delivery of conventional, fixed route, public transit service. In 2017, four of our oldest buses were retired due to the high costs of maintaining specialized parts for these vehicles, the costs to obtain safety certificates for these older vehicles, and the lack of parking space at the Public Works Yard / Transit Garage. For 2017 and 2018, transit operations were maintained using a lower bus spare ratio of 15% compared to the preferred ratio of 25% spares.

With the retirement of 4 buses in 2017, our fleet of 40 foot diesel buses was reduced to 52 vehicles, all manufactured by Nova Bus. The fleet is composed of vehicles of varying ages and 100% of the fleet is fully accessible.

With the recommended purchase, the total fleet compliment will increase to 55 buses, with an average vehicle age of 8.3 years by the end of 2019, which is under the target age of 10 years established in the 2012 Transit Operations Review.

RFP P-09-14 Overview

At its meeting of July 2, 2014, in considering Report USTR14-009, Council approved the award of RFP P-09-14 for the Supply and Delivery of Three 40 Foot Low Entry Fully Accessible Urban Diesel Buses to Nova Bus, 1000 Boulevard Industrial, St-Eustache, QC. Within this award, the City, at its sole discretion, can negotiate for the acquisition of an additional fifteen units over the next five years with the successful proponent. With the recommended purchase the permitted extension of this contract will be complete.

The new buses come equipped with Nova Bus' clean diesel propulsion system which includes a proprietary electric engine cooling system, resulting in significant fuel savings, reduced greenhouse gas emissions and competitive life cycle costs when compared to conventional diesel-powered buses. Continuing to reduce the age of the fleet will contribute to meeting corporate greenhouse gas emission targets approved by Council (Report CSD16-031).

2019 Purchase

The 2014 base price within P-09-14 was \$465,125.00 for each unit. Given the decline in the value of the Canadian dollar and after accounting for inflation over the past 4 years, a new unit price for the additional buses is \$530,734.98 per bus.

Why is a Pre-Commitment Needed Now?

Proceeding to issue a purchase order now will secure our priority in the production schedule such that delivery of the three additional buses can occur before September 2019, in time for the start of peak service in the fall. With increased service requested by Trent University and Fleming College in 2017 and early 2018, the lower spare ratio of the transit fleet during the past winter resulted in service reliability concerns, and service was almost impacted on a few occasions when all of the spare buses were in for maintenance or repairs. With the record ridership increases recorded in 2017, operating on a low spare ratio is not sustainable and increases the risk of service failure or suspensions.

Council Approval Required

RFP P-09-14 for the Supply and Delivery of Three 40 Foot Low Entry Fully Accessible Urban Diesel Transit Buses was awarded in accordance with the City's Purchasing By-law and contained provision to purchase up to 15 additional units over the next five years. The Purchasing By-law 14-127 requires approval by Council to award an extension to an existing agreement, where a pre-commitment against a future year's budget is required. Pre-approval of the 2019 Capital Budget request for Transit Buses will provide sufficient funds to extend the contract for P-09-14 for the purchase of three additional 40 Foot Low Entry Fully Accessible Urban Diesel Buses from Nova Bus, as recommended in this report.

Timelines

If the recommendation is approved, the purchase will be confirmed via a purchase order before the work commences. Delivery of the new buses is anticipated by the end of August 2019.

Summary

RFP P-09-14 for the Supply and Delivery of Three 40 Foot Low Entry Fully Accessible Urban Diesel Transit Buses was awarded in accordance with the City's Purchasing By-law and contained provision to purchase up to 15 additional units over the next five years. The extension of this contract can be awarded within the proposed budgets as recommended in this report. The pre-commitment of 2019 funding now will allow staff to issue a purchase order to ensure delivery of the new vehicles in fall 2019.

Submitted by,

W.H. Jackson, P. Eng.
Commissioner, Infrastructure and Planning Services

Contact Name:
Kevin Jones
Manager, Transportation
Phone 705-742-7777 ext 1895
Toll Free: 1-855-738-3755
Fax 705-876-4621
E-mail address: kjones@peterborough.ca