

2019

CORPORATE ASSET MANAGEMENT PLAN

Saskatoon Transit

*We invest in what matters...financial
and physical resources under our
care are used to address the needs
of citizens today — and tomorrow.*

INTRODUCTION

Saskatoon Transit has significantly improved the condition of its fleet over the past several years, mostly due to a significant amount of funding from the Federal Government through the Public Transit Infrastructure Funding program, or PTIF. This funding was used to replace 41 conventional transit buses and nine access transit buses between 2017 and 2019.

Since the last Asset Management Plan was presented to City Council in 2016, Saskatoon Transit's Conventional Fleet's average age has improved from 11.9 years to 7.9 years and is currently in line with industry best practices. Access Transit has seen similar improvements as their average age has improved to 3.0 years from 4.6 years in 2016.

While Saskatoon Transit has made significant strides in the last number of years to improve the condition of its fleet, this improvement was largely the result of one-time funding. Current available funding for the replacement and refurbishment of Transit is approximately \$1.2 million per year, which is mostly utilized for mid-life refurbishment as opposed to replacement. Even if the full amount was utilized for replacement it would take 60 years to replace the fleet.

EXPENDITURE SERVICE LEVELS

The Administration evaluates the condition of the City's assets in order to develop annual programs to maintain the assets at a minimum life cycle cost. Where feasible, condition assessments are conducted and used to establish condition and develop annual capital improvement plans.

The Level of Service for each type of asset is defined differently but as the Level of Service increases for the asset so does the cost of maintaining the asset. In order to be able to compare all assets equally corporate-wide, five levels of expenditures are identified.

"A" represents the highest level of expenditure and "F" represents no expenditure.

*In order to maintain
the current "Good"
condition of the City's
Transit and Access
Transit Fleet a
**sustainable
funding plan**
is needed for the
ongoing replacement
of buses.*



Table 1: Expenditure Service Levels

Expenditure Level	Asset Condition	Description
“A”	Getting Better Quickly	Sufficient expenditures to keep asset in top condition and to increase asset condition/value quickly over time.
“B”	Getting Better	Sufficient expenditures to keep asset in top condition and to increase asset condition/value slowly over time.
“C”	Maintain Assets in current condition	Sufficient expenditures to keep asset in constant condition over time.
“D”	Getting Worse	Insufficient expenditures to maintain asset condition. Over time asset condition will deteriorate.
“F”	Getting Worse Quickly	No expenditures. Asset condition/value decreased rapidly.

Using the above criteria and the physical condition desired, the Administration has identified the following expenditure services levels for the buses as shown in **Table 2**.

Table 2: Funding Gap (in Millions of Dollars)

Asset	Actual Average Fleet Age	Desired Average Fleet Age	Expenditure Service Level	Required Annual Funding (to meet Expenditure Service Level)	2019 Budgeted Annual Funding*	Annual Funding Gap (to meet Expenditure Service Level)
Transit Buses	7.9 years	7.0 years	Level C	\$5.40	\$0.30*	\$5.10
Access Transit Buses	3.0 years	3.0 years	Level C	\$0.65	\$0.25*	\$0.40

**The Budgeted Annual Funding includes only on-going funding dedicated to bus purchases and not one-time funding. Current Transit Vehicle Replacement Reserve (TVRR) funds of \$1.2 million per year are mostly being used for refurbishment of existing fleet and therefore these funds are not available for replacement bus purchases.*

As previously mentioned, while the City’s actual condition is in line with industry best practices, additional funding of \$5.10 and \$0.40 million per year for Transit and Access Transit respectively, is required in order to maintain this on an ongoing basis as identified in the above table.

For context, the current buses in the Transit fleet have a replacement cost of approximately \$82.58 million and the Access Transit fleet has a replacement cost of \$3.78 million as detailed in **Table 3**.

Table 3: What do we own? What is it worth?

Asset	Inventory	Replacement Cost
Transit – 30-foot Buses	8	\$3,520,000
Transit – 40-foot Low Floor Buses	121	\$67,760,000
Transit – 60-foot Articulating Buses	10	\$8,500,000
Transit – 40-foot Hybrid Buses	4	\$2,800,000
Access Transit – Coach	28	\$3,780,000

Transit – 30-foot Buses

In 2018, Saskatoon Transit took possession of eight 30-foot buses. These low-floor buses are equipped to kneel, and four of them have a rear door wheelchair ramp and a third wheelchair securement station. These buses are also equipped with air conditioning and the same amenities as the 40-foot low floor bus fleet. The City will be purchasing 30-foot buses as part of its operational mix once it has been determined how well they meet the planned life cycle. Estimated cost for a 30-foot bus is \$440,000. There are also electric versions of this bus that could be purchased at an increased cost.

*30-foot bus*

Transit – 40-foot Buses

Over the period from 2016–2019 the following 40-foot buses were ordered and delivered:

- 2016 – 10
- 2017 – 11
- 2018 – 15
- 2019 – 7

At present, there are funds available as part of the **Investing In Canada Infrastructure Program (ICIP) - Transit Stream** for bus purchases but the details and permission to spend have not yet been received from the Federal Government through the Province. It is expected that there will be up to 20 buses purchased between 2020 and 2021 with additional buses purchased up to 2027. At this time, Saskatoon Transit is investigating the feasibility of switching to Electric Battery Buses (EBB) from 2022 on. The total bus purchase envelope currently expected under the ICIP is \$60 million. Currently the cost of a 40-foot bus is \$560,000 with EBBs costing up to \$1.2 million.

*40-foot bus*



60-foot articulated bus

Transit – 60-foot Articulating Buses

Articulating buses allow higher capacity buses to be placed on high-demand routes. The goal is to have a fleet that is 1/3 articulating buses to low-floor buses. The original goal has not yet been met, and we are continuing to determine when the fleet mix should start changing due to the BRT and Transit Plan detailed changes to the Saskatoon Transit system. Currently the cost of a 60-foot bus is \$850,000.

Transit – Hybrid Buses

There is no plan to purchase additional hybrid buses in the near future. EBBs have overtaken hybrid buses in both usefulness and efficiency.

Access Transit - Coach

The number of Access Transit buses is limited to 28 units, which allows for seven spares. The current fleet age is about 3.0 years, currently at the Industry Standard desired fleet age. To maintain this desired age, five new buses will be required each year at an estimated cost of \$130,000 per bus.

We are investigating a move to low-floor buses without lifts for the access fleets. Due to locations where they provide accessible door to accessible door pickups it would not be suitable to use any of the current conventional transit fleet. Low-floor versions are more expensive, but are trending as safer for both operator and passengers.

Fleet Electrification

With the plan to electrify the fleet in the next few years, these funding numbers will change considerably. With the estimated cost of a new electric bus and charger costing \$1.26 million, an annual funding number of \$14 million (tax included) will be required.

The advantage to the electric bus is the expected reduction in operational costs as the total cost of ownership starts showing benefits after year 10. Over the economic life of the bus, the expected savings is \$250,000, or \$3.75 million over the fleet.



OPTION TO ADDRESS FUNDING GAP

Although Saskatoon Transit has received significant funding from the PTIF program in the past, and is expected to receive more Federal support as part of the ICIP, relying on these one-time funding sources is not a sustainable strategy. However, the additional funding these programs have provided allows for the City to phase in sustainable funding over a longer period, since the condition of these assets has improved since 2016.

In order to achieve the required \$6.05 million in funding, property tax phase-ins of approximately \$1.1 million per year or equivalent to a 0.45% property tax increase would be required, as illustrated below:

Table 4: Funding Availability

	2020	2021	2022	2023	2024
Existing Funding	\$550,000	\$1,650,000	\$2,750,000	\$3,850,000	\$4,950,000
Property Tax Phase-In	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
Equivalent Property Tax Increase Required	0.45%	0.45%	0.45%	0.45%	0.45%
Funding Available	\$1,650,000	\$2,750,000	\$3,850,000	\$4,950,000	\$6,050,000

Ongoing funding of
\$6.05 million
per year
is required in order to
maintain the 7.0 and
3.0-year average age
for Transit and Access
Transit respectively.



THE WAY FORWARD

Saskatoon Transit will continue to focus on increasing ridership by providing strong customer service and delivering service that is safe, convenient, efficient and affordable.

These initiatives support the Strategic Goal of Moving Around and the Growth Plan to Half a Million. Saskatoon Transit's mission is to provide transportation options that are considered viable options as part of the overall transportation network.

We are committed to maintaining and carefully investing in our transit service.

We will use the financial resources and physical resources under our care to address the needs and expectations of Saskatoon citizens today and for the future.



2018

BY THE NUMBERS

Saskatoon Transit is a public transit provider wholly owned and operated by the City of Saskatoon, with an annual budget of \$46 million, assets valued at approximately \$200 million and over 400 employees. Saskatoon Transit is a significant example of service the City of Saskatoon provides to citizens.



172 buses
145 CONVENTIONAL
27 ACCESS

23
CONVENTIONAL
REPLACED



10
CONVENTIONAL
REFURBISHED



102 BUSES ON THE
ROAD DURING
PEAK HOURS



21

ACCESS TRANSIT
BUSES ON THE
ROAD DURING
PEAK HOURS

1,481 bus stops

276 km of streets

40 routes

3 high frequency corridors

3 bus stops upgraded to be fully accessible

6 bus terminals

10 new bus shelters

\$46.6M Operating Budget

Conventional Access

\$41.2M

\$5.4M



9.4M RIDERS

using electronic ridership on Conventional Transit
approximately 12.9M based on formula-based ridership

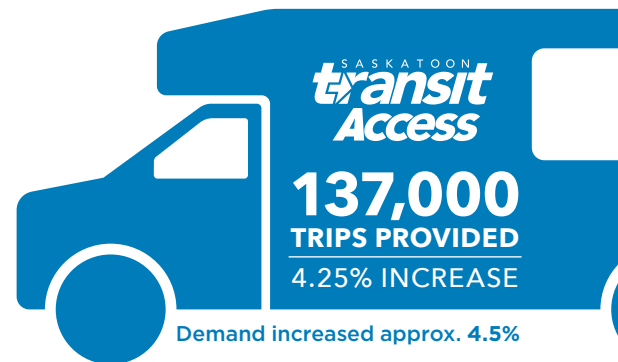
NEARLY

40,000

conventional rides per day

8.1%

CONVENTIONAL
RIDERSHIP
INCREASE
using electronic ridership
4.1% using calculated



411

employees working 365 days a year

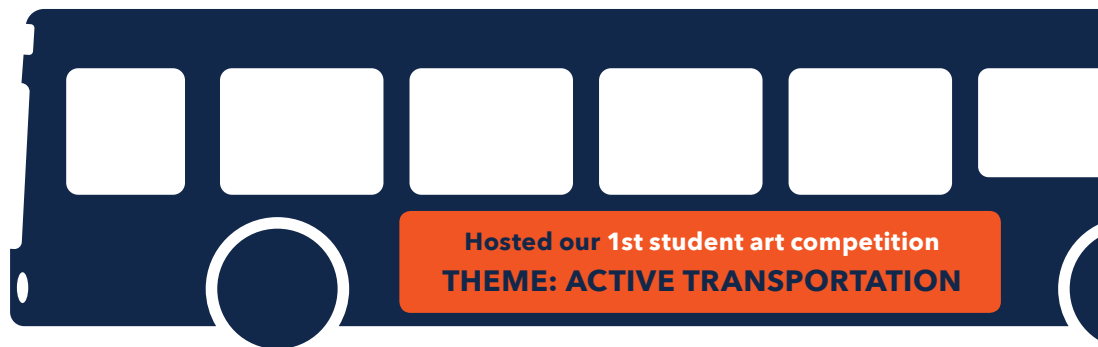
+13 since
2014



completed our
1st bus shelter art
project at Aden
Bowman Collegiate



Hosted our 1st student art competition
THEME: ACTIVE TRANSPORTATION





*We strive to maintain and fund
our key infrastructure assets to
minimize total life cycle costs.*



**City of
Saskatoon**