



## **ADDITIONAL AGENDA ITEMS**

### **REGULAR BUSINESS MEETING OF CITY COUNCIL MONDAY, SEPTEMBER 29, 2014, COUNCIL CHAMBER**

#### **2. CONFIRMATION OF AGENDA**

##### **Recommendation**

That the agenda for today's meeting be amended by adding the following report as Item 12.1 as outlined in this document:

#### **12. URGENT BUSINESS**

##### **12.1 Purchase of New Buses for Saskatoon Transit (File No. CK. 1402-1)**

##### **Recommendation**

1. That the Administration be directed to order ten new Nova buses at a total cost to the City of \$4,630,000 (GST and PST included); and
2. That the purchase of these buses be funded by submitting eligible water utility projects to the Federal Gas Tax Fund and in turn, the Utility issue a disbursement to the General Fund in the same amount received.

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## Purchase of New Buses for Saskatoon Transit

### Recommendation

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2. That the purchase of these buses be funded by submitting eligible water utility projects to the Federal Gas Tax Fund and in turn, the Utility issue a disbursement to the General Fund in the same amount received.

### Topic and Purpose

The Administration is recommending the advancement of purchase of ten new Nova buses. Council approval is required due to the funding strategy proposed.

### Report Highlights

1. Saskatoon Transit's fleet strategy has included both used and new bus purchases.
2. Saskatoon Transit's fleet requires constant renewal and upgrades. Bus replacements were included in the August 18, 2014, financial strategy report of the CFO/General Manager, Asset and Financial Management Department.
3. Given the fleet issues recently experienced, combined with the extended lead time required to procure new buses, Saskatoon Transit is recommending the immediate purchase of ten new Nova buses.

### Strategic Goal

The recommendations in this report support the strategy to reduce the gap in the funding required to rehabilitate and maintain our infrastructure.

### Report

In recent years, Saskatoon Transit has been able to supplement its fleet with used buses purchased from other municipalities. This approach resulted in significant cost savings for the City. For example, Saskatoon Transit recently purchased a 2008 Nova Articulating Bus for \$60,000, which has approximately 90% of its service life remaining. The cost of a new articulating bus is approximately \$750,000. In comparison, a new conventional bus costs approximately \$450,000. Other municipalities have also adopted this approach, which has resulted in fewer good used buses available for Saskatoon to purchase.

In order to maintain a fleet with a 9 year median age, or an 18 year maximum bus life, an average of 9.3 new buses annually are required. At this replacement rate, it would take 18 years to renew the City's fleet. Saskatoon Transit currently purchases four to five new buses per year.

## **Purchase of New Buses for Saskatoon Transit**

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In December of 2013, Saskatoon Transit closed a multi-year tender for the procurement of up to 12 new conventional buses. Nova Bus was the successful bidder, and Saskatoon Transit has ordered five buses which are expected to be delivered in the coming weeks. There are seven buses remaining on the tender amount, which can be expanded to ten buses. Buses are ordered as funding becomes available.

Saskatoon Transit Administration have discussed options with Nova, and Nova has committed that they could fast-track an order for Saskatoon as long as the purchase is confirmed in September of 2014. The buses would be delivered in approximately May of 2015. If Transit were to wait until the 2015 budget were approved and order at that time, new buses may not be delivered until spring of 2016.

The Administration is recommending that Saskatoon Transit issue an order to Nova for the purchase of ten new conventional low-floor buses. This purchase will enable Saskatoon Transit to retire ten of its oldest buses, some of which have in excess of 1.5 million kilometres and are 20 years old.

The fundamental elements of Saskatoon Transit will be changing over the coming years. Saskatoon Transit will operate from a world-class facility at the Civic Operations Centre, which will be opened in late 2016. The route system is currently being re-envisioned as part of the GrowingForward! initiative, and is expected to include a significant Bus Rapid Transit component which utilizes both conventional and articulating buses. Fleet renewal will be required, and buses purchased today will benefit both existing customers, as well as customers of the new Saskatoon Transit. The bus purchases recommended in this report support transit customers in both the short and long term.

### **Options to the Recommendation**

Council could choose to not purchase the buses as outlined in this report or could purchase a different number of buses.

### **Public and/or Stakeholder Involvement**

There is no public and/or stakeholder involvement required.

### **Communication Plan**

Website updates and a news release will be coordinated as necessary.

### **Financial Implications**

At its meeting on August 21, 2014, City Council received a New Building Canada Fund and Federal Gas Tax Fund report. At the same meeting City Council further resolved that the capital projects identified in the August 18, 2014, report of the CFO/General Manager, Asset and Financial Management Department, be approved for submission to the appropriate authorities for funding from the New Building Canada Fund or the Gas Tax Fund.

## Purchase of New Buses for Saskatoon Transit

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Under the Gas Tax Fund portion of the report Administration identified that, in an effort to maximize the funding potential, Water and Wastewater Capital projects that are fully funded by the Water Capital Reserve or Wastewater Capital Reserve would be submitted for approval under this funding. In return for any Water Utility projects that receive funding, an equivalent amount will be paid from the Utility to the City's General Revenue, thus making this funding available for re-allocation to other capital projects. This approach will not have any effect on the Utility rates charged to the customer for these services.

Administration is recommending that up to \$5.0 M for the purchase of ten new buses be funded by the Gas Tax equivalent amount from the Water Utility. This is sufficient funding to purchase the buses, and fit them to be road-ready.

### **Environmental Implications**

One full bus trip reduces greenhouse gas emissions by approximately 29 equivalent length car trips.

### **Other Considerations/Implications**

There are no policy, privacy, or CPTED implications or considerations.

### **Due Date for Follow-up and/or Project Completion**

A follow up report is not required.

### **Public Notice**

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

### **Report Approval**

Written and

Approved by: Jeff Jorgenson, General Manager, Transportation & Utilities  
Department

Council JJ - Purchase of New Buses for Saskatoon Transit