


---


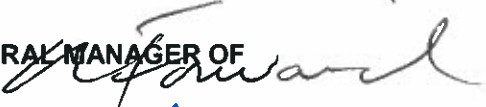
**TO:** GENERAL COMMITTEE


**SUBJECT:** AWARD OF FIN 2013-131P CITY OF BARRIE P3 TRANSIT SERVICE CONTRACT.

**WARD:** n/a

**PREPARED BY AND KEY CONTACT:** D. BURTON, MANAGER OF TRANSIT  
Ext. 4352

**SUBMITTED BY:** D. BURTON, DIRECTOR OF FACILITIES AND TRANSIT (ACTING) 

**GENERAL MANAGER APPROVAL:** K. BRADLEY BA, MLA , GENERAL MANAGER OF INFRASTRUCTURE & GROWTH MANAGEMENT (ACTING)   
R. FORWARD, MBA, M.Sc., P. Eng., GENERAL MANAGER OF COMMUNITY & CORPORATE SERVICES 

**CHIEF ADMINISTRATIVE OFFICER APPROVAL:** CARLA LADD, CHIEF ADMINISTRATIVE OFFICER 

---

**RECOMMENDED MOTION**

1. That the Mayor and City Clerk are authorized to execute and deliver, in the name of and on behalf of the Corporation of the City of Barrie, the Project Agreement as prepared and negotiated as part of the Barrie P3 Transit Procurement Process, and such other certificates, documents, agreements, and instruments as may be necessary or desirable to implement the intent of this resolution or the transactions contemplated by the Project Agreement and this report, on terms acceptable to the Director of Facilities and Transit and the Director of Legal Services;
2. That City staff be authorized to deliver and perform the City's obligations under the Project Agreement and such other certificates, documents, agreements, instruments and transactions contemplated thereby, including without limitation:
  - a) Design and construction of a transit garage commencing in or around June 2014; and
  - b) Performance based transit operations and maintenance commencing in or around July 2015.

**PURPOSE & BACKGROUND**

3. The purpose of this staff report is to seek Council authorization to allow the Mayor and City Clerk to execute the Project Agreement procured under FIN 2013-131P Request for Proposal of City of Barrie P3 Transit Service Contract which includes design-build finance for the capital facility plus a 20yr performance based operating and maintenance agreement for the facility and the transit services:
4. In June 2010 Council adopted Motion 10-G-285 associated with staff report LTF008-10 which states:
  - a) That staff be authorized to submit a funding application to P3 Canada for the Barrie Transit Operations and Maintenance Contract and Garage Project.
  - b) That an outside financial advisor be retained to assist with the development of a business case for the P3 Canada funding application for the project for an amount not to exceed

\$50,000 and that the assignment be funded from the Ontario Dedicated Gas Tax Funds for Public Transportation Program Reserve (Account 11-05-0595)

5. Staff Report LTF008-10 provided background information to Council as part of the analysis surrounding Public-Private Partnerships (P3's) or otherwise known as Alternative Financing and Procurement (AFP's) and the benefits associated with these types of procurement models. The P3 model assigns the appropriate level of risk to the partner best positioned to manage and mitigate the risk. For example it transfers significant risk to the construction partner for schedule adherence and cost overruns by stipulating firm deadlines and guaranteed pricing. By assigning this risk to the contractor you create a positive value for money (VFM) for the owner.
6. Then in May 2011 Council adopted Motion 11-G-140 associated with staff report LTF008-11 which states:
  - a) That the public private partnership model of Design, Build, Finance, plus Operate and Maintain (DBF+OM) including a performance-based contract be approved for the delivery of Barrie Transit Services, to enable the City of Barrie to achieve transit investment benefits of enhanced customer service, improved fleet maintenance, appropriate transit supportive infrastructure and the provision of a competitive operating and maintenance contract procurement process, in the development of a City of Barrie owned bus garage facility for Barrie Transit.
  - b) That the Mayor and City Clerk be authorized to execute an agreement to the satisfaction of the Director of Legal Services and the Director of Leisure, Transit and Facilities Department with P3 Canada for the procurement process of a Design, Build, Finance, plus Operate and Maintain (DBF+OM) delivery model for Barrie Transit to access P3 Canada's expertise and eligible funding contribution to the project.
  - c) That this report be accepted as the business case required by Motion 11-G-072 concerning the 2011 Business Plan and that capital spending up to \$20,460,000 be approved in accordance with the financing plan presented in this report consisting of \$2,270,902 Development Charges; \$4,297,483 P3 Canada Grant (net); and Debt Financing \$13,891,615.
7. In December of 2011 Council adopted Motion 11-G-366 as part of the fall capital status report which states:
  - a) That the debt financing for Phase I and Phase II of the Transit Operations and Maintenance Facility Project (Capital Projects 14-17-3385-0411 and 14-17-3385-1216) be increased from \$10,250,000 to \$16,893,000 in accordance with Council motion 11-G-140.
  - b) That the Director of Finance be authorized to issue a 10 year debenture for \$16,893,000 which represents the revised debt financing required for Phase I and Phase II of the Transit Operations and Maintenance Facility Project (Capital Projects 14-17-3385-0411 and 14-17-3385-1216).
8. Staff Report LTF008-11 describes the justification of the DBF+OM delivery model by identifying the results of the Value for Money (VFM) exercise that yields a 10.55% savings over the life of the agreement. This is calculated by completing a risk analysis which leverages the P3 delivery model process to appropriately assign risks to the party best able to control those elements. Each risk is then quantified resulting in a net financial benefit to the owner and creating a positive value for money which supports the selected service delivery model. The City's results at the time of including the model in the funding application to P3 Canada in 2011 yielded a slightly

higher result of 11.66% when factoring in the capital contribution from P3 Canada which is equivalent to 25% of the capital expenditure.

9. Report LTF008-11 further describes the rationale for selecting the P3 delivery model as it is an enabler for taking the significant next step in the evolution of the City's transit system. This model selection will enable:
- a) Private sector innovation to be leveraged to attain an integral system component in the acquisition of the transit operating and maintenance facility, while transferring project risk.
  - b) Leveraging private sector innovation through new asset creation and life cycle as well as innovation in operations and maintenance practices.
  - c) The creation of an open, fair and competitive bid process by having a City owned maintenance facility
  - d) The implementation of a performance based operating and maintenance contract
  - e) The system to meet future growth and customer demands

The end result equals transit service investment benefits culminating in the provision of quality customer service to Barrie Transit riders.

10. LTF008-11 outlines supporting rational for a City owned transit operations and maintenance facility:
- a) By the City owning it, we are able to competitively procure the operating contract, which we could not do before because only one company had a garage.
  - b) By starting buses indoors, we no longer have to idle them outdoors through the winter months. This will save approximately \$80,000/year in fuel costs and reduces emissions.
  - c) By keeping the fleet indoors, we hope to extend the useful life of buses.
  - d) The new facility will allow a higher standard of customer service in terms of maintenance and operation of the fleet; cleaning of the interior and exterior of the buses, etc.
11. In 2008 the City conducted a resident satisfaction survey on City services through Environics which indicated that public transit was a service of high importance but with low satisfaction scores. The primary reasons for low satisfaction, as cited in the survey results were:
- a) Poor schedule including frequency of stops and poor routes (lack of direct routes – too many connections)
  - b) No service in area and to destinations;
  - c) Late arrivals, not on schedule, not reliable;
  - d) Poor customer service levels
  - e) Poor hours of operation, limited evening and weekend schedule.

12. Under the current service contract there is no ability to adequately manage the service provider. It is for these reasons that Council supported the need for a performance based operating

- contract to clearly establish the City's expectations for defined service levels using key performance indicators and reporting requirements at regular frequencies to help the City make informed decisions, better manage the service provided to our residents, and improve our ridership growth and community engagement.
13. On page 14 of LTF008-11 item 77 spoke to the anticipated operating costs under the P3 model based on its implications to the 2010 actual spending. The table within Appendix "A" of this report was included in LTF008-11 and advised council that the impact of including the transit operations and maintenance facility in the service model would increase the annual costs by approximately \$1.2M. This report went on to outline to Council that while a new performance-based contract is likely to increase costs and value, it would be difficult to quantify at that time. Note the table in LTF008-11 and included in Appendix "A" is illustrated in 2010 dollars.
  14. A further summary note in item 78 of LTF008-11 outlined the impacts to the operating budget under the recommended service delivery model;
    - a) Increased building rehabilitation and maintenance costs of operating an Operations and Maintenance facility
    - b) Decreased debt financing than originally planned, and
    - c) Potential new revenue opportunities
  15. Barrie Transit's existing service contract has been a continuously rolled over for nearly 25 years due to the inability to offer a competitive procurement process without a City owned Operations and Maintenance facility being available for use. The incumbent service provider has had a long standing service advantage by owning a maintenance garage within City limits at 85 Brock Street. This current agreement is due to expire on December 31<sup>st</sup>, 2014 with the incumbent service provider First Transit (formerly Greyhound Canada/PMCL).
  16. The terms and conditions of the City's current contract agreement require the service provider to perform the operations and maintenance services for both Conventional and Specialized (BACTS) transit at a 2014 lump sum rate of \$74.19 per revenue service hour with a fuel escalation charge above and beyond the hourly rate. This agreement only identifies key roles and responsibilities of the City and its service provider but does not include any service level standards, reporting requirements, incentives for innovations, no measurable key performance indicators (KPI), or penalty deductions for lack of performance to enable successful management of the contract.
  17. In 2008, the City purchased 133 Welham Road for the purpose of converting the 90,000 sq ft facility into a transit maintenance and operations facility to accommodate up to 85 vehicles for indoor storage with the potential for expansion up to 120 vehicles. This was an initial step made by Council in support of a City owned transit maintenance and operations facility.
  18. With the successful receipt of funding from P3 Canada and the endorsement by Council, the City was able to commence the P3 procurement process starting with the retention of expert advisors to assist in the creation of the project agreement and technical specifications for the DBF+OM transaction. Another component to this procurement process was the mandatory requirement to retain the services of a Fairness Advisor to oversee the process and identify any risks associated with the manner in which the process was delivered.

19. The table below outlines the timelines associated with the procurement work completed to date;

<b>Procurement Process</b>	<b>Issuance Date</b>	<b>Closing Date</b>
Fairness Advisor Selection	October 2011	November 2011
Technical Advisor Selection	May 2012	June 2012
Request for Pre-qualification	October 2012	November 2012
Request for Proposal 2013-011P	March 2013	September 2013
Request for Proposal 2013-131P	November 2013	March 2014

**Advisor Selection**

20. In June 2012 the selection of advisors was completed and the team was created with the following outside consulting services:

<b>Role</b>	<b>Advisor Selected</b>
Technical advisor Design and Construction	Morrison Hershfield
Operations and Maintenance Advisor	P1 Consulting
Financial and Procurement Advisor	Grant Thornton
Legal Services Advisor	Torys LLP
Fairness Monitor	JD Campbell and Associates

**Request for Pre-Qualification**

21. In October 2012 FIN 2012-137PQ P3 Transit Services Project request for pre-qualifications was issued to the market and closed November 2012. The process resulted in a short list of preferred proponents to move the RFP stage of the process. The results of this RFPQ identified the following proponents as pre-qualified:

- a) Kempenfelt Group
- b) Veolia
- c) MVT Canadian Bus

**Request for Proposal 2013-011P & 2013-131P**

22. The three pre-qualified proponents were then invited to bid on FIN 2013-011P which was a six (6) month procurement process which included multiple Commercially Confidential Meetings (CCM's)

as part of the process utilized in an effort to aid in understanding from both the bidders and municipality's side which criteria may be causing pricing pressures or service delivery pressures.

23. Upon closing of FIN 2013-011P it was determined that no bids submitted for review and consideration met the minimum mandatory compliance review criteria. After reviewing the process and discussing the matter with our internal team and outside advisors it was determined that FIN 2013-131P would be issued to the same three pre-qualified proponents with revisions to the document based on the feedback received from the bidders. This process resulted in an additional four (4) month procurement phase which had additional CCM's included as part of the process.
24. On March 18, 2014, FIN 2013-131P closed with one submission received from MVT Canadian Bus. This submission was received in accordance with the procurement process and after ensuring mandatory compliance with the RFP document the submission was sent to the evaluation committee for review.

### **ANALYSIS**

25. For the evaluation process three separate teams were created to review and score three unique and distinct packages as part of the RFP submission requirements. The three groups completed their individual scoring evaluation and then met to complete a consensus scoring process administered by the procurement lead and audited by the fairness monitor. The three groups included;
  - a) Technical Evaluation – Design and Construction
  - b) Technical Evaluation – Facility and Transit Operations
  - c) Financial Evaluation

### **Technical Evaluation – Facility Design and Construction**

26. FIN 2013-131P outlined the submission requirements for each proposal and identified the criteria by which each element would be reviewed and evaluated. The submission called for technical criteria outlining team integration through design and construction with an emphasis on the successful integration of the Operating group into the process. The technical submission also evaluated the approach and methodology for design and construction as well as mitigation strategies for ensuring schedule and cost adherence.
27. The submission further requested 30% design drawings to demonstrate a sound understanding of the requirements within the Project Agreement as well illustrate how they would meet the operational requirements identified.
28. The requirements outlined in the Project Agreement identify minimum key standards that were to be adhered to within each proponents design solution. In creating this section the team was very careful to ensure the requirements were kept to a minimum and focused on energy optimisation, life cycle evaluations, and life safety elements. The reason for doing this was to leverage the P3 process with its key goal of design innovation. By allowing proponents to develop a layout and functional design that effectively and efficiently meets and supports the use of the facility you achieve greater integration with the operational requirements of the service.
29. The MVT Canadian Bus design submitted as part of the RFP met the requirements of the Project Agreement and the scoring and comments are reflected in the evaluation scoring. The conceptual artist rendering of the proposed design is attached in Appendix "B" of this report.

### **Technical Evaluation – Facility and Transit Operations**

30. Unlike the design and construction elements, the Project Agreement clearly describes, through a performance based specification, the criteria associated with the delivery of the services for both facility maintenance and operations, but more importantly for the transit services.
31. The Project Agreement clearly defines all service delivery elements and standards including, as an example, the determination of a bus being available for service. The factors associated with a bus being deemed available for service include the daily completion of a safety checklist prior to service commencement, the cleanliness of the bus both inside and out to a City described standard, as well system verifications of all technology pieces to name a few.
32. The Project Agreement further identifies Key Performance Indicators (KPI's), a penalty deduction mechanism, system monitoring requirements, insurance requirements, service level standards, as well as requirements for the contractor to submit for review and approve Standard Operating Procedures (SOP) and service policies. Examples of these elements include some of the following:
  - a) On-time performance
  - b) Maintenance performance, Kilometers between road calls
  - c) Failures rendering a bus as not available for service
  - d) Customer service complaint tracking
  - e) Vehicle cleanliness
33. Some of the RFP submission requirements that were to be evaluated by the team included the proponents' approach and methodology towards the delivery of the service including detailed procedures for customer service, complaint resolution, emergency response, and safety protocols. This evaluation team also scored their proposed organizational structure, staffing counts, as well as Curriculum Vitae of all key personnel.
34. The submission from MVT Canadian Bus met the requirements of both the RFP and Project Agreement and the scoring and comments were documented and reflected in the evaluation scoring as part of the consensus meeting which took place.

### **Financial Evaluation**

35. One of the final elements of the evaluation was the financial review. Based on the structure of the RFP and requirements of PPP Canada, the financial package was to equate to 75% of the available scoring points for the RFP. This section of the RFP required the proponents to demonstrate the financial viability of each prime member (key company) on the team by submitting audited financial statements, reference letters from their banks and other relevant financial details. It also requested the completion of a financial model along with an approach to financing the capital investment for the Design Build portion of the transaction.
36. The submission from the proponent met the requirements of both the RFP and Project Agreement and the scoring and comments were documented and reflected in the evaluation scoring as part of the consensus meeting which took place.

### **Financial Analysis (bid form)**

37. As part of the bid submission, proponents were required to complete a detailed financial model identifying the composition of all cost elements included on the bid submission form. The model

- then runs a Net Present Value Calculation (NPV) on the overall cost associated with the transaction and further populates the different payment line items within the bid form.
38. The bid form breaks down the annual payment amounts into seven (7) distinct categories;
    - a) Substantial Completion Payment (capital facility)
    - b) Revenue Service Hour Payment (RSH)
    - c) Chartered Transit Service Hour Payment (CTSH)
    - d) RSH & CTSH Fuel Payment
    - e) Specialized Transit Service Hour Payment (STSH)
    - f) Fixed Transit Costs
    - g) Fixed Facility Costs
    - h) Facility Utility Costs
  39. The project agreement outlines the payment terms for the design build portion of the facility in that a one-time substantial completion payment will be paid to the proponent upon successful completion of the facility as determined by an independent third party certifier. Based on the price submission form and in compliance with the requirements of the RFP and the Project Agreement the value of this Substantial Completion Payment is \$16,719,938 for the Design, Build, and Finance portion of the transaction with an additional \$875,000 for fare box acquisition.
  40. The make-up of the Revenue Service Hour Payment includes an hourly rate of \$39.19 per RSH for the operations and maintenance of the bus in service. The Chartered Service Hour Payment is structured the same way at a rate of \$34.19 per CTSH. The fuel payment for each RSH and CTSH is calculated using an average consumption per hour multiplied by the hours used then multiplied by the rate of fuel. (RSH x hourly consumption x rate of fuel). The project agreement further outlines the transfer of consumption risk to the proponent for any fuel consumed outside of the revenue service hours.
  41. The Specialized Transit Service Hour payment is structured slightly different. The hourly rate for this service is \$41.88 and it includes fuel which transfers the risk of rate and consumption both to the proponent.
  42. The Fixed Transit and Fixed Facility Costs are broken down separately and the annualized costs are split equally over a twelve (12) month period. The elements included in these costs were pulled out to be identified as separate fixed costs as they will not change at the same pace as the service itself. This is a distinct difference over our current contract allowing the City the flexibility to add service hours at a much lower rate. The Project agreement further outlines trigger points for adjustment to the fixed cost elements at milestones that would require an increase in the fixed elements.
  43. The Facility Utility Cost element is structured by leveraging the benefits of the P3 transaction process. As part of the bid submission the proponents are to submit their design team's energy model for the facility which is to demonstrate an energy consumption rate of a minimum of 40% cost improvement than the Model National Energy Code for Buildings (MNEBC) base case. The energy consumption targets identified in the model will then be written in the agreement and will be the basis for payment over the term. This is done to transfer the energy consumption risk to the proponents from design and construction right through to operations of the facility. The City retains risk associated with pricing for energy but not consumption.
  44. In an effort to provide for comparison to the financial data found within LTF008-11 and included in the Appendix "A" of this report a column has been added to reflect the 2014 budget cost and the breakdown of the bid submission into the buckets outlined in LTF008-11:



45. With inputting the financial information into the chart found in Appendix "A" for comparison to LTF008-11, it results in a cost increase of approximately \$1.8M over the costs today, largely due to the facility operations and maintenance costs as indicated would be the case.
46. While the chart in Appendix "A" provides a comparison to the original report the table below outlines the direct comparison based on the operational service groupings as we have them today This chart below does not represent the full costs for transit and simply accounts for the service contract elements of Barrie Transit operations:

Element	2014 Budget	P3 Contract	Difference
Conventional Transit Operations (RSH & CTSH)	\$12,114,500	\$12,611,719	\$497,219
Conventional Transit Fuel (RSH & CTSH)	\$2,100,000	\$2,391,553	\$291,553
Specialized Transit Operations (STSH)	\$1,437,000	\$964,990	(\$472,010)
<b>Transit Operations Subtotal</b>	<b>\$15,651,500</b>	<b>\$15,968,262</b>	<b>\$316,762</b>
Facility Life Cycle Reserve	\$0	\$91,750	\$91,750
Facility Operations and Maintenance	\$0	\$734,800	\$734,800
Utilities	\$0	\$143,428	\$143,428
Debt Servicing	\$0	\$1,872,000	\$1,872,000
Shelter and Stop Maintenance, Life Cycle, Snow removal, and Garbage removal	\$253,000	\$185,360	(\$67,640)
	<b>\$15,904,500</b>	<b>\$18,995,600</b>	<b>\$3,091,100</b>

47. Based on the chart above, the City will be experiencing a 2% increase in costs for the transit operations to implement a performance based contract with KPI's and penalty deductions for non-compliant operations. This new contract further transfers significant risk to the proponent that is currently taken on by the City in its current service agreement.
48. The elements outlined in the chart above relating to the Facility itself are net new costs that are not incurred to date. The project also transfers risks to the proponent for this element as well relating to day to day operations, emergency repairs, life cycle replacement, asset management and renewal, premature failures of equipment and systems, to name a few. The agreement is structured to ensure that at the end of the 20yr operating term the City is returned an asset that will have full remaining useful life on all elements within the Facility and that no element will have less than 3yrs remaining life.
49. In summary the decision made by Council in 2011 has yielded the optimal desired result. By leveraging the P3 procurement process the City has been able to transfer significant risks as part of the Project Agreement including the following:
- a) Capital Project risk (time and cost)
  - b) Consumption risk during operational phase (Fuel and Energy)
  - c) Operational performance risk (on time performance penalties, maintenance penalties, customer service penalties)
50. Other value added benefits achieved through the P3 procurement process are:
- a) Fair competitive procurement process for the transit service
  - b) Leveraging Capital and Operational innovations put forward by the bidders
  - c) Technologies and reporting requirements leading to more holistic data and evidence based decisions
  - d) Improved service reliability through performance metrics

51. MVT US and their Canadian operating division MVT Canadian Bus is a long standing company in the Transit industry with numerous large scale transit service contracts throughout the US and Canada including Vancouver, Quebec, and Durham Region. The company profile can be viewed by going to [www.mvtransit.com](http://www.mvtransit.com).

**ENVIRONMENTAL MATTERS**

52. The construction of this facility will reduce the CO2 emissions by 192,000kg annually due to the elimination of overnight winter idling of buses being stored outside. This will also reduce vehicle fuel consumption which will result in an anticipated fuel savings of \$80,000/yr.
53. The facility will be designed, constructed, and operated utilizing a 40% energy consumption reduction in costs over the Model National Energy Code for Buildings.

**ALTERNATIVES**

54. There are no alternatives available for consideration by General Committee:

**FINANCIAL**

55. As noted in the Purpose & Background section above, the P3 model is projected to generate positive value for money over the life of the agreement. In this instance, the value is driven primarily by cost avoidance and future cost containment.
56. The Financial Evaluation Team identified additional due diligence items in their report to the Project Evaluation Team that will be resolved before the final agreement is signed. In general terms, the team wishes to follow-up on the ongoing financial health of the principal members, project insurability, and additional transparency on certain amounts contained in the financial model. These due diligence items are currently with the City's financial consultants and from a preliminary review there do not appear to be any issues. It is anticipated that a final report from our financial consultants will be received prior to this report being approved at council.
57. The Analysis section of the report adequately describes the financial impact of the P3 Operating Agreement. No additional explanation is required.
58. The table below compares the planned capital expenditures and funding presented in LTF008-11 for the Design, Build, and Finance of the facility to the most current financial information available for the project.

	<b>LTF008-11</b>	<b>P3</b>	<b>Variance</b>
Phase 1 (unfunded)	2,992,534	2,683,116	(309,418)
Phase 2	21,380,000	20,057,510	(1,322,490)
<b>Total expenditure to fund</b>	<b>24,372,534</b>	<b>22,740,626</b>	<b>(1,631,908)</b>
P3 Canada	5,167,483	5,014,378	(153,106)
Development Charges	2,270,902	2,227,612	(43,290)
Provincial Gas Tax	50,000	50,000	-
Debenture	16,884,149	15,448,637	(1,435,513)
<b>Total Funding</b>	<b>24,372,534</b>	<b>22,740,626</b>	<b>(1,631,908)</b>

59. The following items from the P3 column in the table above are notable:

- a) The amount reported for Phase 1 reflects the remaining unfunded balance for the project relating primarily to the acquisition of the property,
- b) The amount reported for Phase 2 reflects to combined total of project-to-date spending (\$1.5M) and the anticipated substantial completion payment for construction (\$16.7M), and outstanding consulting, legal, and City of Barrie fit-up costs (\$1.8M),
- c) The P3 Canada amount is calculated by multiplying the Phase 2 amount by 25%. The amount is an estimate. P3 Canada will fund "eligible costs" up to a maximum of \$5.8M.
- d) As noted in paragraph 5b, the Treasurer is authorized to issue debentures in the amount of \$16,893,000. The debenture requirements identified in this staff report have not exceeded the approved amount. Therefore, authorization for additional debt is not required at this time and the percentage of the annual debt repayment limit used is unchanged.

60. An additional \$875,000 is budgeted in a separate capital project for the acquisition of fare boxes.

**LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN**

61. The recommendation(s) included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:
- Manage Growth and Protect the Environment
  - Strengthen Barrie's Financial Condition
  - Improve and Expand Community Involvement and City Interactions
62. To best meet the needs of a growing community focused on intensification, transit services will continue to grow in importance and users expectations for expanded transportation choices and improved services will be experienced.
63. Transit service can have a positive impact on the reduction in the emissions of CO2 from private vehicles and from the elimination of winter idling of buses overnight as well as reduced fuel consumption.
64. The implementation of a performance based transit operating contract for transit services, predicated on a City owned dedicated transit facility, will enable the City of Barrie to establish services levels that best meet the needs of its residents and customers, within the financial resources available. It will encourage fair and transparent competitive bidding for future transit contracts at best value to the City.
65. With the ability to expand the fleet, new revenue opportunities can be explored in developing potential partnerships within the region and neighbouring municipalities for transit service agreements.
66. Most importantly with all of the components in place to operate a modern transit system, a customer service strategy can be developed to enhance transit customer experiences.
67. The investment in and implementation of a P3 model for Transit Services can serve as a "template" for consideration where appropriate in the potential delivery of other municipal services.

**LTF008-11 & 2013-131P Costing Table**

<b>Transit service costs – Under proposed model</b>	<b>LTF008-11</b>	<b>P3 Contract</b>
Transit Admin & Other (Note 1)	1,403,703	6,166,075
Debt Servicing (Note 2)	2,046,274	1,872,000
Fleet Operations & Maintenance	10,596,629	7,595,990
Facility Operations & Maintenance (Note 3)	169,443	878,235
Increased Contribution to Reserves – Facility Replacement	336,664	91,750
Fuel Surcharge	625,715	2,391,550
<b>Total</b>	<b>15,178,428</b>	<b>18,995,600</b>

NOTE 1 – 2010 Transit costs other than fleet operations, maintenance, and fuel.

NOTE 2 – LTF008011 estimated \$16,844,149 debenture at 3.81% over 10yrs, semi-annual payment. P3 forecast is \$15,448,637 at 3.81% over 10yrs, semi-annual payment.

NOTE 3 – Estimated at 1.5% of the sum of fleet operations & maintenance plus fuel.

Facility Rendering



