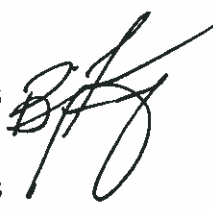



TO: GENERAL COMMITTEE


SUBJECT: PROVINCIAL TRANSIT INFRASTRUCTURE FUND (PTIF) AGREEMENT

WARD: ALL

PREPARED BY AND KEY CONTACTS: B. FORSYTH, SUPERVISOR OF TRANSIT BUSINESS SERVICES Ext. 4521 

SUBMITTED BY: B. FORSYTH, SUPERVISOR OF TRANSIT BUSINESS SERVICES

GENERAL MANAGER APPROVAL: R. JAMES-REID EXECUTIVE DIRECTOR OF ACCESS BARRIE 

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That the Mayor and City Clerk be authorized to execute the Transfer Payment Agreement with the federal government for the purpose of the Public Transit Infrastructure Fund associated with the receipt of \$4,000,000 from the federal government to be matched by City of Barrie's contribution of \$4,000,000.
2. That the following Conventional Transit Bus Replacement projects be preapproved and funded as follows:

Project	Financial Impact
Conventional Transit Bus Replacement 2016	Gross = \$2,625,000 PTIF = \$1,312,500 Tax Capital Reserve = \$1,312,500
Conventional Transit Bus Replacement 2017	Gross = \$2,100,000 PTIF = \$1,050,000 Tax Capital Reserve = \$1,050,000
Conventional Transit Bus Replacement 2018	Gross = \$2,100,000 PTIF = \$1,050,000 Tax Capital Reserve = \$1,050,000

PURPOSE & BACKGROUND

3. The Federal government has established the Public Transit Infrastructure Fund (PTIF) that proposes to invest \$3.4 billion in public transit over the next two years. The funding is expected to accelerate investments to support the rehabilitation of transit systems and fund studies to support transit expansion plans.
4. The City of Barrie had been selected to receive preapproval for their share of the funding which was estimated to be approximately \$4M. All other municipalities have until October 18, 2016 to

submit their applications. Motion 16-G-018 provides staff with the authorization to submit applications for grants that would reduce expenditures associated with projects, programs and services approved as part of the operating and capital budgets. In addition, motion 16-G-107, provided direction to staff to apply for federal infrastructure funding opportunities.

5. As part of the program the Federal government will fund up to 50% of the eligible costs of the project. Appendix A lists the projects that were included as part of the preapproval. Included in the submission was the replacement of 13 conventional buses, the replacement of 2 specialized buses and the addition of 4 specialized buses to enhance the level of service.
6. The purpose of this report is to obtain authority from Council to enter into a Transfer Payment Agreement to receive the PTIF funding and to receive preapproval to advance the Conventional Bus Replacement capital projects. The staff report is also intended to inform Council of the specialized transit vehicle projects that were preapproved and the plan to include them as part of the regular 2017 capital planning process.

ANALYSIS

7. The City of Barrie currently maintains their conventional transit buses and assumes a useful life of approximately 12 years. Based on the life of the current assets 13 conventional buses will need to be replaced over the next 2 to 3 years. By utilizing the PTIF funding to help refresh the fleet, 50% of the costs will be funded through the federal government, allowing the municipality to apply the \$4M elsewhere.
8. The requirements of the program are to have the projects completed by March 31, 2018, creating a tight timeline to spend the funds. With this infusion of PTIF funding many other municipalities will be advancing their bus purchases creating a limited amount of production facility plants able to fulfill the large quantity of orders.
9. The City of Barrie is part of the Metrolinx Transit Procurement Initiative, which is a consortium of 16 municipalities organized by Metrolinx to create an improved RFP process for bus purchases which is intended to leverage expertise in this area across municipalities as well as the hope to get volume pricing. The most recent RFP expires on March 31, 2017. Receiving preapproval through the PTIF program allows city staff to proceed with the next order of buses under the current TPI program and utilize pricing from that RFP.
10. In consultation with the current conventional bus manufacturer the required lead time to have conventional buses ordered, assembled and delivered can range from 6-9 months. Given the March 31, 2018 deadline it is important to move forward and obtain preapproval in order to meet the program timelines.
11. The table below illustrates the impact of the PTIF funding on Barrie Transit's capital plan over the next 4 years. It is anticipated that the first 5 conventional buses would be slotted to begin production in March 2017 with a delivery date in May 2017; therefore it would not have an impact on 2016 cash flow.

Year	Previous Forecasted Capital Plan					Proposed Capital Plan				
	# of Vehicles		Gross Funding	Municipal Funding	PTIF Funding	# of Vehicles		Gross Funding	Municipal Funding	PTIF Funding
Conventional	STS	Conventional				STS				
2017 Capital Plan	6	2	\$ 2,930,000	\$ 2,930,000	\$ -	9	6	\$ 5,900,000	\$ 2,950,000	\$ 2,950,000
2018 Capital Plan	4	2	\$ 2,440,000	\$ 2,440,000	\$ -	4	0	\$ 2,100,000	\$ 1,050,000	\$ 1,050,000
2019 Capital Plan	4	2	\$ 2,440,000	\$ 2,440,000	\$ -	0	0	\$ -	\$ -	\$ -
2020 Capital Plan	4	3	\$ 2,615,000	\$ 2,615,000	\$ -	1	3	\$ 1,150,000	\$ 1,150,000	\$ -
TOTAL	18	9	\$ 10,425,000	\$ 10,425,000	\$ -	14	9	\$ 9,150,000	\$ 5,150,000	\$ 4,000,000

Note: The previous 2020 Capital Plan had replacement of four conventional buses, upon further review it is anticipated only one conventional bus will need to be replaced.

12. Staff are in the process of reviewing and finalizing the specialized vehicle needs, for both replacement and growth, and will have a plan in place prior to seeking Council approval of the 2017 Capital Plan. As the lead time for specialized vehicle production is much more condensed at approximately 2 months, preapproval would not be required and the projects will be included in the 2017 Business Plan for consideration.

ENVIRONMENTAL MATTERS

13. There are no environmental matters related to the recommendations.

ALTERNATIVES

14. There are alternative available for consideration by General Committee:

Alternative #1

General Committee could choose to approve the initial 5 conventional buses with the remainder for inclusion in the 2017 Capital Plan.

This alternative is not recommended given the risks with the production timelines surrounding the funding program deadline of March 31, 2018. The availability of the bus manufacturers will be limited, if the City of Barrie cannot solidify the orders sooner than there would be a greater risk associated with missing the deadline.

Alternative #2

General Committee could choose not to utilize the PTIF funding.

This alternative is not recommended as the City of Barrie would not be leveraging the PTIF program to fund 50% of the project costs.

FINANCIAL

15. The parameters associated with the PTIF funding indicate that all funds are to be expensed by March 31, 2018. In order to maximize the City of Barrie's contribution, preapproval is required in order to provide enough lead time to have the vehicles ordered, assembled and delivered. Below are the costs from the 2016 forecasted multi-year capital plan related to conventional buses, compared to the proposed plan which includes the PTIF funding.

PREVIOUS PLAN 2017-2020					
Project Type	Capital Budget Year	# of Vehicles	Gross Cost	Municipal Funding	PTIF Funding
Conventional Bus Replacement / Rehabilitation	2017	6	\$ 2,580,000	\$ 2,580,000	\$ -
Conventional Bus Replacement	2018	4	\$ 2,090,000	\$ 2,090,000	\$ -
Conventional Bus Replacement	2019	4	\$ 2,090,000	\$ 2,090,000	\$ -
Conventional Bus Replacement	2020	4	\$ 2,090,000	\$ 2,090,000	\$ -
TOTAL		18	\$ 8,850,000	\$ 8,850,000	\$ -

PROPOSED PLAN 2017-2020					
Project Type	Capital Budget Year	# of Vehicles	Gross Cost	Municipal Funding	PTIF Funding
Conventional Bus Replacement	2017	9	\$ 4,725,000	\$ 2,362,500	\$ 2,362,500
Conventional Bus Replacement	2018	4	\$ 2,100,000	\$ 1,050,000	\$ 1,050,000
Conventional Bus Replacement	2019	0	\$ -	\$ -	\$ -
Conventional Bus Replacement	2020	1	\$ 550,000	\$ 550,000	\$ -
TOTAL		14	\$ 7,375,000	\$ 3,962,500	\$ 3,412,500

16. Below are the costs from the 2016 forecasted multi-year capital plan related to the specialized vehicles, compared to the current proposed plan which includes the PTIF funding. Staff will continue to review the specialized vehicle needs prior to submitting the projects as part of the 2017 Capital Plan.

PREVIOUS PLAN 2017-2020					
Project Type	Capital Budget Year	# of Vehicles	Gross Cost	Municipal Funding	PTIF Funding
Specialized Bus Replacement	2017	2	\$ 350,000	\$ 350,000	\$ -
Specialized Bus Replacement	2018	2	\$ 350,000	\$ 350,000	\$ -
Specialized Bus Replacement	2019	2	\$ 350,000	\$ 350,000	\$ -
Specialized Bus Replacement	2020	3	\$ 525,000	\$ 525,000	\$ -
TOTAL		9	\$ 1,575,000	\$ 1,575,000	\$ -

PROPOSED PLAN 2017-2020					
Project Type	Capital Budget Year	# of Vehicles	Gross Cost	Municipal Funding	PTIF Funding
Specialized Bus Replacement	2017	2	\$ 375,000	\$ 187,500	\$ 187,500
Specialized Bus Service Enhancement	2017	4	\$ 800,000	\$ 400,000	\$ 400,000
Specialized Bus Replacement	2018	0	\$ -	\$ -	\$ -
Specialized Bus Replacement	2019	0	\$ -	\$ -	\$ -
Specialized Bus Replacement	2020	3	\$ 600,000	\$ 600,000	\$ -
TOTAL		9	\$ 1,775,000	\$ 1,187,500	\$ 587,500

LINKAGE TO 2014-2018 STRATEGIC PLAN

17. The recommendations included in this Staff Report support the following goals identified in the 2014-2018 City Council Strategic Plan:

- Well Planned Transportation
- Responsible Spending

APPENDIX A

Preapproved PTIF Funded Projects

Project Title	Project Description	Project Nature	Forecasted Start Date (YYYY/MM/DD)	Forecasted End Date (YYYY/MM/DD)	Total Project Cost	Program Contribution (Eligible Expenditures)	Municipal Contribution (Eligible Expenditures)
Conventional Transit Bus Replacement 2016	Barrie Transit's fleet has a life cycle expectancy of 12 years on the conventional buses which results in over 1M kilometers being traveled on the asset. By the end of its anticipated useful life the probability of failure on this in service asset is high and would cause significant impact on the service level provided to the residents. As such Transit would like to purchase five new replacement buses and retire the existing asset which has reached its expected life.	Rehabilitation	2016-11-01	2017-03-31	\$2,625,000	\$1,312,500	\$1,312,500
Conventional Transit Bus Replacement 2017	Barrie Transit's fleet has a life cycle expectancy of 12 years on the conventional buses which results in over 1M kilometers being traveled on the asset. By the end of its anticipated useful life the probability of failure on this in service asset is high and would cause significant impact on the service level provided to the residents. As such Transit would like to purchase four new replacement buses and retire the existing asset which has reached its expected life.	Rehabilitation	2017-06-01	2017-10-31	\$2,100,000	\$1,050,000	\$1,050,000
Conventional Transit Bus Replacement 2018	Barrie Transit's fleet has a life cycle expectancy of 12 years on the conventional buses which results in over 1M kilometers being traveled on the asset. By the end of its anticipated useful life the probability of failure on this in service asset is high and would cause significant impact on the service level provided to the residents. As such Transit would like to purchase four new replacement buses and retire the existing asset which has reached its expected life.	Rehabilitation	2017-11-01	2018-03-31	\$2,100,000	\$1,050,000	\$1,050,000
Specialized Transit Bus Replacement 2017	The asset utilized for the delivery of Accessible transit as legislated by the Accessibility for Ontarians with Disability Act (AODA) has reached its useful life of 7 years. These fleet vehicles are required in order to meet a legislative service level as well as meet the requirements of our contract with our service provider. The proposed solution will be purchase two municipally owned specialized transit vehicles, while retiring two existing vehicles.	Rehabilitation	2017-06-01	2017-10-31	\$375,000	\$187,500	\$187,500
Specialized Transit Bus Growth 2017	The City of Barrie currently denies approximately 400 trips to specialized clients on a monthly basis. This project is to acquire an additional 4 specialized buses to help enhance the level of service by reducing the number of denials. The plan would be to purchase 4 new low floor cutaway buses, which will give Barrie Transit greater flexibility to respond to the needs of their specialized clients.	Expansion	2017-06-01	2017-10-31	\$800,000	\$400,000	\$400,000
TOTAL					\$8,000,000	\$4,000,000	\$4,000,000