

**Item No. 11.1.5**

**Halifax Regional Council  
September 25, 2012**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:** Original signed by   
\_\_\_\_\_  
Richard Butts, Chief Administrative Officer

Original Signed by  
\_\_\_\_\_  
Mike Labrecque, Deputy Chief Administrative Officer

**DATE:** August 29, 2012

**SUBJECT:** Early Funding for 40-Foot Transit Buses  
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**ORIGIN**

This report originates from the Metro Transit Five-Year Capital Plan and the Metro Transit Strategic Operations Plan.

**RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Approve the early tender of a three year price agreement for 40-foot transit buses for the 2013-14, 2014-15, and 2015-16 budget years; and
2. Approve 100% advanced capital funding for 2013-14 in the amount of \$8,620,000 as per the Budget Implications section of this report.

**BACKGROUND**

In 2012-13, Metro Transit will take delivery of 20 60-foot articulated transit buses. These buses represent the final year of HRM’s three-year price agreement for conventional buses. In order to continue purchasing conventional buses, an RFP is required to select a proponent for the next three-year price agreement. This agreement would cover the fiscal years 2013-14 through 2015-16.

The lead-time required to purchase conventional transit buses is typically one year or longer. As a result, advanced funding is required in order to have buses delivered in the fiscal year from which funding is allocated and allow sufficient time for the RFP process.

Based on standard procurement practice, the RFP for new 40-Foot Transit Buses would be issued upon approval of early funding for 2013-14 by Regional Council. The purchase of any buses from this three-year price agreement in subsequent years would require separate approval from Regional Council.

Metro Transit currently operates 322 conventional transit buses including 30-foot, 40-foot and 60-foot sizes. The average age of the Metro Transit conventional bus fleet is approximately eight years; the oldest bus in the Metro Transit fleet is 25 years old.

**DISCUSSION**

The process and time lines associated with procuring 40-Foot Transit Buses for 2013-14 are outlined in the table below

<b>40-Foot Transit Bus Purchase Process &amp; Time Lines</b>	
<b>Task/Milestone</b>	<b>Date</b>
Early Funding Approval	September 2012
RFP Available to Proponents	September 2012 – November 2012
Review RFP's/Prepare Award Report	November 2012 – December 2012
Council Approval of RFP Award	January 2013
Prepare/Issue Purchase Order	February 2013
Vehicle Construction	February 2013 – October 2013*
Bus Inspection / Licensing / Fit-Up	October 2013 – December 2013
Buses Enter Service	January 2014 – February 2014**

\* Exact duration would be determined during the RFP process.

\*\*Expansion buses would enter service on the February schedule change date as per Metro Transit’s collective agreement with ATU508. Replacement buses could enter service sooner.

If advanced funding is not approved, the process above would shift to begin at the approval of the 2013-14 budget. As a result buses would not be delivered until the 2014-15 fiscal year.

The final number of buses that could be purchased in 2013-14 would be subject to pricing from

the successful proponent. However, it is expected that the 2013-14 budget plan would allow the purchase of approximately 19 40-Foot Transit Buses.

A detailed plan for the use of these buses would be brought forward for Regional Council's consideration as part of the 2013-14 Annual Service Plan and Budget. At present, staff expect the use of the buses will be generally as shown in the following table.

<b>Planned Use of 40-Foot Transit Buses in 2013-14*</b>	
<b>High Level Use</b>	<b>Number of Buses</b>
Enhancement/Maintenance of Existing Services	5
New Feeder Services for Expanded Woodside Ferry Service	4
Fleet Replacement	10
<b>Total</b>	<b>19</b>

\*Preliminary only, subject to 2013-14 Annual Service Plan and Budget.

Please note that although the RFP will be requesting a three year price agreement, this does not commit HRM to purchasing any buses beyond the first year of the agreement. The funding allocated for vehicle purchases in the remaining two years of the agreement is subject to change based on detailed budget planning and Regional Council approval. At this time, the projected capital budget for conventional vehicle expansion and replacement in each of 2014-15 and 2015-16 is approximately \$12.3 million dollars. Subject to pricing per vehicle, this budget could potentially allow for the purchase of 27 buses in 2014-2015, and an additional 27 buses in 2015-16.

### **BUDGET IMPLICATIONS**

Pre-approval by Regional Council of a portion of the total 2013-14 capital budget will allow HRM to issue an RFP and begin the process to acquire these buses. Although capital funding will not be spent until vehicles are delivered to HRM in 2013-14 and beyond, this report is permanently earmarking 2013-14 capital funding of \$8,620,000 for this initiative.

The breakdown of accounts within which funds would be pre-approved is as follows:

CVD00434	Conventional Transit Bus Expansion	\$5,075,000
CVD00435	Conventional Transit Bus Replacement	\$3,545,000

There is no operating cost implication of approving 100% advanced capital funding at this time. Operating cost implications related to expansion buses would be brought forward for Regional Council's consideration as part of the 2013-14 Annual Service Plan and Budget. It is anticipated that operating costs will be lower than those identified in the Capital Supplementary Reports from the 2012-13 Annual Budget (see Attachment 1), which allowed for 11 expansion buses in 2013-14, as the intent is to use only nine buses for expansion, resulting in approximately \$1,589,900 in operating costs annually (\*preliminary only, subject to 2013-14 Annual Service

Plan and Budget). If Regional Council declined to approve the operating budget increases, all buses purchased would be used as replacement buses.

### **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

### **COMMUNITY ENGAGEMENT**

No community engagement was conducted specifically for this initiative. However, both the Metro Transit Five-Year Strategic Operations Plan (which included community engagement) and the 2012 HRM Citizen Survey indicated support for increased transit service in HRM.

### **ENVIRONMENTAL IMPLICATIONS**

The purchase of buses for expansion will provide an opportunity to reduce greenhouse gas emissions through a reduction in single occupant vehicle trips.

The purchase of buses for fleet replacement will reduce overall vehicle emissions as newer buses produce approximately 1/60<sup>th</sup> of the greenhouse gas emissions of the buses they will replace.

### **ALTERNATIVES**

Regional Council could decide to not approve the early funding for 40-foot transit buses. This is not recommended as it would delay the implementation of new services, including those supporting the launch of expanded Woodside Ferry service. Also, it would delay the replacement of older transit buses which are less economical to operate/maintain, and are not accessible for those person using mobility devices.

### **ATTACHMENTS**

Attachment 1	Capital Supplementary Report – Conventional Bus Expansion
Attachment 2	Capital Supplementary Report – Conventional Bus Replacement

**Early Funding for  
40-Foot Transit Buses  
Council Report**

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**September 25, 2012**

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Financial Approval by: \_\_\_\_\_  
Greg Keefe, Director of Finance & Information, Communications & Technology/CFO, 490-6308

Report Approved by: \_\_\_\_\_  
Eddie Robar, Director, Metro Transit, 490-6388

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## Supplemental Report

Project Name:	Conventional Bus Expansion
Project Number:	CVD00434
Project Manager:	Eddie Robar
Budget Category:	Metro Transit
Primary Outcome Area:	Integrated and Affordable Transportation Networks
Type:	Service Improvements
Asset Life Expectancy (Years):	20
Anticipated Commissioning Date:	

### Project Description:

This project is for the purchase of new buses for the expansion and improvement of conventional transit service within the HRM urban transit boundary (including Urban Express services). Based on Council Focus Area, continued service enhancements to alleviate capacity constraints and improve service to meet standards within the conventional transit system.

New buses will allow an increase in frequency of service and/or service to new areas and help develop a more extensive and environmentally friendly public transportation system. With an increased utilization of public transportation by HRM residents, greenhouse gas emissions can be reduced to create a healthier and sustainable environment.

In 2012, Five 60-foot articulated conventional buses would be purchased for expansion purposes. Plans include improvements to schedule adherence on key routes and implementation of the Portland Street High Frequency Corridor project. The 2012-13 Metro Transit Annual Service Plan will provide further details on planned service improvements.

### Capital Costs

Fiscal Year:	2012	2013	2014	2015	2016
Gross Budget:	3,950,000	5,075,000	6,300,000	6,090,000	6,300,000
Funding Source:					
	-	-	-	-	-
	-	-	-	-	-
Reserve:					
Total Funding:	-	-	-	-	-
Net budget:	3,950,000	5,075,000	6,300,000	6,090,000	6,300,000

### Ongoing Operating Costs

Expected Annual Revenues (i.e. user fees):	101,300	264,200	358,100	317,600	357,500
Expected Annual Utility Costs:	-	-	-	-	-
Expected Annual Operating Costs:	266,800	582,800	766,600	701,800	766,600
Expected Annual Maintenance:	88,300	220,000	286,000	264,000	286,000
Expected Annual Compensation Costs:	489,800	1,217,500	1,686,100	1,462,200	1,681,200
Total Annual Operating Costs:	743,600	1,756,100	2,380,600	2,110,400	2,376,300

### One-Time Operating Costs

Implementation Costs:	6,000	12,000	15,600	14,400	15,600
Net Impact to Operating Budget	749,600	1,768,100	2,396,200	2,124,800	2,391,900

## Supplemental Report

Project Name:	Conventional Bus Replacement
Project Number:	CVD00435
Project Manager:	Eddie Robar
Budget Category:	Metro Transit
Primary Outcome Area:	Integrated and Affordable Transportation Networks
Type:	State of Good Repair
Asset Life Expectancy (Years):	20
Anticipated Commissioning Date:	

### Project Description:

Recapitalization of the Metro Transit Fleet includes the acquisition of Transit buses to replace an aging fleet. Buses are identified for replacement to best meet the ongoing demands of providing safe, reliable transit service that is responsive to the ever changing demographics of HRM.

Fifteen articulated buses and two 40-foot buses would be purchased to replace older buses that are due for retirement. The replacement of these older buses has many benefits. Newer buses are more environmentally friendly, more reliable, provide accessible low-floor service and are less costly to maintain than older buses. As an example, the average annual cost to maintain a bus that is three to six years old is \$27,000. The average annual cost to maintain a bus that is 18 years old or greater is \$78,000. The result is an operational savings of more than \$860,000 per year by retiring 17 older buses, not including the further reduction in maintenance costs that HRM experiences while new buses are under warranty.

### Capital Costs

Fiscal Year:	2012	2013	2014	2015	2016
Gross Budget:	13,471,500	3,545,000	6,000,000	6,252,000	8,252,000
Funding Source:					
	-	-	-	-	-
	-	-	-	-	-
Reserve:					
Total Funding:	-	-	-	-	-
Net budget:	13,471,500	3,545,000	6,000,000	6,252,000	8,252,000

### Ongoing Operating Costs

Expected Annual Revenues (i.e. user fees):	-	-	-	-	-
Expected Annual Utility Costs:	-	-	-	-	-
Expected Annual Operating Costs:	-	-	-	-	-
Expected Annual Maintenance:	-	-	-	-	-
Expected Annual Compensation Costs:	-	-	-	-	-
Total Annual Operating Costs:	-	-	-	-	-

### One-Time Operating Costs

Implementation Costs:	-	-	-	-	-
Net Impact to Operating Budget	-	-	-	-	-