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12-YEAR CONVENTIONAL TRANSIT BUS LIFE UPDATE PROVINCIAL FUNDING CHANGES

The Transportation Services Committee recommends the adoption of the recommendation contained in the following report dated May 25, 2010, from the Commissioner of Transportation Services.

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report updates Regional Council on the impact of maintaining retirement of conventional transit buses after 12 years of service with the recent withdrawal of provincial subsidy funding.

3. BACKGROUND

The Ontario Bus Replacement Program, which provided up to a one-third subsidy on replacement buses, has been eliminated. A review of the 12-year conventional bus life is required

Regional Council, at its November 2009 meeting, approved the retirement of conventional transit buses after 12 years of service instead of the former 18 years, subject to continuation of the provincial subsidy program. The 12-year bus life resulted in capital and operating cost savings as well as improved air quality with bus engines that meet stringent emission standards and improved customer service amenities.

Regional Council received an information report at its April 2010 meeting regarding the impact of the 2010 Provincial Budget which was released on March 25, 2010. Among other items, the Provincial Budget eliminated the Ontario Bus Replacement Program (OBRP) which has been providing up to one-third funding on the purchase of replacement buses. The Ontario Bus Replacement Program funding for York Region Transit (YRT) replacement buses in 2010 is being honoured by the Province. There was information in the body of the April report that a report would be submitted to the June 2010 Transportation Services Committee meeting.

4. ANALYSIS AND OPTIONS

A number of factors are currently being assessed to determine if there are continued overall benefits to retiring buses after 12 years of service

Staff are currently assessing the impact of the elimination of the Ontario Bus Replacement Program funding. The following factors are being investigated to determine if there continues to be an overall benefit to replacing buses after 12 years of service:

- Experience of other transit systems in Ontario related to bus life.
- Life-cycle cost analysis for buses and systems on the buses.
- Operating cost impact.
- Existing contractual obligations
- Environmental considerations by reducing exhaust pollutants through the use of cleaner engine technology.
- Customer service factors.
- Impact on the 10-year capital budget.

5. FINANCIAL IMPLICATIONS

There will be no financial impact to the Region in 2010 with the elimination of the Ontario Bus Replacement Program

The Province will honour the Ontario Bus Replacement Program subsidy in 2010 and will be providing funding to the Region in the amount of $7.9 million to subsidize the purchase of 51 conventional transit buses being replaced this year.

The 2011 draft capital budget will not contain any conventional bus replacements. As such, there will be no subsidy funding impact with the elimination of the Ontario Bus Replacement Program in that year. Replacement of conventional transit buses is scheduled to resume in 2012. Staff are currently analyzing this impact and will report back to an upcoming Transportation Services Committee meeting.

6. LOCAL MUNICIPAL IMPACT

The elimination of the Ontario Bus Replacement Program could impact the age of retiring conventional transit buses and the associated level of customer convenience, comfort and environmental impact.

7. CONCLUSION

The elimination of the Ontario Bus Replacement Program requires a review of the current practice where buses are retired after 12 years. Fortunately, the impact of the subsidy elimination will not be immediate. Staff are currently assessing the retirement age of conventional buses and will be submitting a report to the September Transportation Services Committee meeting.

For more information on this report, please contact Rick Takagi, Manager, Capital Assets at Ext. 5624.

The Senior Management Group has reviewed this report.