

**Subject: Capital Adjustment for the Purchase of Additional Minibuses**

**File Number: ACS2023-TSD-TCSP-0016**

**Report to Transit Commission on 14 September 2023**

**and Council 27 September 2023**

**Submitted on September 5, 2023 by Renée Amilcar, General Manager,  
Transit Services Department**

**Contact Person: Pat Scrimgeour, Director, Transit Customer Systems and  
Planning, Transit Services Department**

**613-580-2424 ext. 52205, Pat.Scrimgeour@Ottawa.ca**

**Ward: Citywide**

**Objet : Ajustement du budget des immobilisations pour l'acquisition de  
minibus supplémentaires**

**Numéro de dossier : ACS2023-TSD-TCSP-0016**

**Rapport présenté au Commission du transport en commun**

**Rapport soumis le 14 septembre 2023**

**et au Conseil le 27 septembre 2023**

**Soumis le 2023-09-05 par Renée Amilcar, Directrice générale, Services de  
transport en commun**

**Personne ressource : Pat Scrimgeour, Directeur, Systèmes-clients et  
Planification du transport en commun**

**(613) 580-2424 poste 52205, pat.scrimgeour@ottawa.ca**

**Quartier : À l'échelle de la ville**

## **REPORT RECOMMENDATION(S)**

**That Transit Commission recommend that Council approve:**

- 1. A reduction of \$16.7 million in approved capital authority from the Zero**

**Emission Bus (ZEB) Program capital account 911101, be reallocated for the purchase of new minibuses and for account 911101 to be replenished as part of the 2024 Budget approval process;**

- 2. The creation of a new capital account dedicated to the purchase of 51 replacement and growth minibuses, to be used for Para Transpo and on-demand services, funded by the reallocation of \$16.7 million from capital account 911101, as noted above.**

## **RECOMMANDATION(S) DU RAPPORT**

**Que la Commission du transport en commun recommande que le Conseil approuve :**

- 1. la réduction de 16,7 millions de dollars des dépenses d'immobilisations autorisées à partir du compte d'immobilisations 911101 pour le Programme des autobus à émission zéro (afin de réaffecter ce montant à l'achat de nouveaux minibus), ainsi que le réapprovisionnement du compte 911101 dans le cadre du processus d'approbation budgétaire de 2024;**
- 2. la création d'un nouveau compte d'immobilisations consacré à l'acquisition de 51 minibus (croissance et remplacement) pour Para Transpo et les services sur demande, financée par la réaffectation des 16,7 millions de dollars puisés dans le compte d'immobilisations 911101, comme il est indiqué précédemment.**

## **BACKGROUND**

Council has allocated \$503 million for the purchase of 350 new zero-emission buses for conventional service over the next four years. Of this, \$350 million will be a grant from the federal government and \$75 million will be a draw-down on the existing credit facility with the Canada Infrastructure Bank. The remaining \$78 million was approved by Council as part of the 2022 and 2023 budgets to purchase the first two tranches of zero-emission buses.

The City's funding of \$78 million is equivalent to the price to purchase 103 40-foot diesel buses, with additional capital funding to be requested in future years. The \$78 million is required for the first 26 buses but the remaining 77 buses will be purchased in 2024. Therefore, there is budget room to reallocate these funds which are not immediately needed for the ZEB program in 2023 but will be required in 2024. Staff intend to

replenish the ZEB budget as part of the 2024 capital budget approval process.

The 2023 Capital Budget included a provision for the lifecycle replacement of the fleet of minibuses used to provide Para Transpo service. Based on current costs to acquire new minibuses, the \$15.2 million approved funds only allow for the replacement of 41 of the original fleet of 82 minibuses. An additional \$13.2 million is required to replace the remaining 41 minibuses.

In 2020, the provincial government provided Safe Restart Agreement funding to municipalities to cover transit costs and fare reductions related to the COVID-19 pandemic. As part of this funding, municipalities were required to consider "...whether On-demand Microtransit, or other service innovations, would better serve Low-performing Routes or cancelled or new routes than traditional fixed-route service as part of the Recipient's regular service reviews."

In June 2023, staff updated Transit Commission on the review of on-demand service, with a goal of starting a demonstration pilot project in Fall 2023. This pilot project will make use of minibuses from the existing fleet on weekends only, when current Para Transpo service demands do not require the use of all the minibuses in the fleet. Expanding on-demand service into more areas, or to more days of the week, would require the purchase of additional minibuses.

## **DISCUSSION**

Staff are currently working on two separate procurement streams for buses: one to replace conventional diesel buses with zero-emission battery-electric buses; and another for the replacement of life-expired minibuses used for Para Transpo service. Both projects have received Council-approved funding in recent budgets, with the zero-emissions bus program also receiving grant funding from Infrastructure Canada (INFC) and loan funding from the Canada Infrastructure Bank (CIB).

Staff are purchasing the new minibuses through a cooperative procurement program led by the provincial agency Metrolinx, along with many other Ontario municipalities. This joint procurement ensures a competitive price based on a bulk purchase and standardization of requirements. Based on current costs to acquire new minibuses, the \$15.2 million approved by Council funds only the replacement of 41 of the original fleet of 82 minibuses. An additional \$13.7 million is required to replace the remaining 41 minibuses, which are also at end of life.

Additional minibuses will also be required for a larger roll-out of on-demand service

beyond the initial demonstration pilot project on weekends. On-demand service could replace scheduled fixed-route service in some areas, reducing the number of conventional 40-foot buses required in the fleet. Purchasing 10 minibuses in 2024, at a cost of \$3.5 million, could replace the need for 10 conventional buses, thus producing a saving in the capital requirements for bus replacement. If on-demand service is not developed beyond the pilot project or later comes to an end, these minibuses could be used for Para Transpo service or in conventional services on lower-ridership fixed-route services.

In summary, staff recommend purchasing 51 additional minibuses through the current joint procurement, 41 for replacement of life-expired buses providing Para Transpo service and 10 for on-demand service beyond the demonstration pilot project. These 51 buses would cost approximately \$17.2 million: \$13.7 million for the minibuses for Para Transpo service and \$3.5 million for the minibuses for on-demand service.

Staff recommend reallocating \$17.2 million in capital authority of the ZEB Program (capital account 911101) and creating a new capital account for the purchase of these minibuses.

The \$17.2 million would be proposed to be reinstated to the ZEB account in the 2024 capital budget.

Battery-electric minibuses are not yet available that would meet the requirements for Para Transpo service, and so the buses purchased under the joint procurement will be gasoline-powered. Battery-electric minibuses with a shorter range have been purchased by two Canadian municipalities, and staff will be in contact with those municipalities to understand their experience. Staff will also be in contact with minibus manufacturers as battery and power technology evolves and range increases. Staff propose to purchase at least two battery-electric minibuses once suitable vehicles are available, and to use the experience with those to build the specifications for future minibus procurement.

## **FINANCIAL IMPLICATIONS**

The \$17.2 million in additional funding is required in 2023. The re-allocation of \$17.2 million from the ZEB Program - 911101 is to advance funding to 2023 to the minibus purchases and the \$17.2 million reimbursement of the ZEB Program will need to be funded from the 2024 Transit capital budget envelope. The funding source for the \$17.2 million in 2023 to be allocated to the minibus purchase is federal gas tax cash.

## **LEGAL IMPLICATIONS**

There are no legal impediments to approving the recommendations as outlined in the report.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

This is a city-wide issue.

### **ACCESSIBILITY IMPACTS**

One of OC Transpo's Mission statements, as outlined in the Five-Year Roadmap is: We promise to deliver safe, clean, dependable and accessible public transit. All components of future bus procurement and Para Transpo services will adhere to the *Accessibility for Ontarians with Disabilities Act (AODA)*.

Staff will ensure that any applicable accessibility legislation, standards and guidelines are adhered to during the execution of the procurement and On-demand project identified in this report. Staff will continue to engage persons with disabilities and accessibility stakeholders, including the Para Transpo Customer Service Working Group, to ensure that their perspectives are considered and incorporated, and to promote inclusion.

The vehicles identified in this report will be fully-accessible minibuses and will be used to provide paratransit service.

### **CLIMATE IMPLICATIONS**

Ottawa's Climate Change Master Plan established greenhouse gas (GHG) reduction targets of 100 per cent by 2050 for the city as a whole and 100 per cent by 2040 for the municipal corporation. The transportation sector contributes 44 per cent of Ottawa's overall GHG emissions, so achieving these targets will require significant shifts in vehicle technology and travel behavior, as outlined in the City's Energy Evolution Strategy. One of the reported benefits many agencies experience from implementing on-demand transit is a reduction in driving distance and fuel savings.

### **RURAL IMPLICATIONS**

Rural implications have been taken into consideration in the development of the projects outlined in this report. The initial on-demand demonstration pilot project will be within the Urban Transit Area. On-demand transit service may prove to be a viable option for rural areas.

### **TERM OF COUNCIL PRIORITIES**

This report supports the following Term of Council Priorities:

- A city that is more connected with reliable, safe and accessible mobility options
- A city that is green and resilient

## **DISPOSITION**

Transit Services Department staff will work with Supply Services and Metrolinx to proceed with the procurement of the minibuses, as identified in this report. Staff will stage ordering and delivery of all minibuses to be compatible with a smooth transition to ZEV minibuses in future.