

Asset Management Plan Update – Saskatoon Transit

ISSUE

This report and accompanying document provide information on the Saskatoon Transit Asset Management Plan inventory, value, condition, life cycle programs, funding, and proposed way forward.

BACKGROUND

In 2014, Saskatoon Transit's average fleet age was 13.9 years and its spare ratio was 45%. Effectively, Saskatoon was maintaining a larger than normal fleet of buses twice as old as the industry desired standard of 7.0 years, which resulted in high maintenance costs and at times, inability to provide the scheduled bus service.

In 2015, the Transit Fleet Renewal report, which later became the Transit Asset Management Plan, was approved by City Council and funding for new transit buses was approved from the Gas Tax Fund for buses in 2015. In 2016 the Public Transit Infrastructure Fund (PTIF) became available and funds were made available for transit bus purchases in 2016, 2017 and 2018; the last buses from this purchase arrived in 2019.

The funding received in 2015 and 2016 for fleet replacement resulted in achieving the industry standard average age of 7.0 years and right sizing the fleet to the industry standard spare ratio of 35%.

Saskatoon Transit has not had the capital available to purchase fixed route transit buses since 2018. While the Investing in Canada Infrastructure Program – Public Transit Stream (ICIP) has a funding allocation that could be used for purchasing transit buses, those funds have not been released or made available to date. The absence of new fleet assets has seen the fleet average age rise from 7.2 years in 2018 to 9.5 years in 2021, and it will rise to 10.5 years in 2022 without the addition of new buses in the fleet.

Access Transit buses have been purchased within the last two years, however, not at a rate to keep up with the Asset Management Plan requirements. The 11 new Access Transit buses purchased with PTIF and Transit Assistance for People with Disabilities (TAPD) funding in 2019 are approaching the midpoint of their life cycle. The short life span of these buses will put Access Transit in an increasingly difficult position, as the condition of those buses can rapidly decline within one season. The current average age of the Access Transit fleet of buses is 4.5 years compared to the industry standard desired average fleet age of 3.0 years.

CURRENT STATUS

Saskatoon Transit has submitted a budget option for fleet replacement for consideration in the 2022-2023 budget business options package. The budget option includes the following:

2022

- \$9,000,000 for the purchase of 10 hybrid buses; and,
- \$850,000 for the purchase of five Access Transit buses.

2023

- \$10,500,000 for the purchase of five hybrid buses and five electric battery buses; and,
- \$850,000 for the purchase of five Access Transit buses.

DISCUSSION/ANALYSIS

To align with the requirements of the Transit Asset Management Plan, the bus replacement plan for the fixed route system is up to ten 40 foot-equivalents per year to meet the recommended average age of 7.0 years. The typical life span of a fixed route bus is 16 years. Access Transit requires the purchase of five buses per year to maintain the recommended average age of 3.0 years. The service life of Access Transit buses is 6 years. Saskatoon Transit has been able to purchase small numbers of Access Transit vehicles with the assistance of TAPD, but this does not meet the intent of the Transit Asset Management Plan.

The Administration planned to utilize ICIP Public transit stream funding to continue moving forward with the Transit Asset Management Plan, the BRT, and the updated Transit plan implementation. However, the Government of Saskatchewan has not opened an intake specifically for the public transit stream. The delay of ICIP funding available for fleet replacement has slowed progress with the Asset Management Plan. With ICIP, a large proportion of the funding to transition to a fully electric fleet would also have been available while keeping the fleet at the recommended average age. The Administration will continue to investigate funding alternatives with the recent Federal Government announcements for zero emission transit vehicles, but with no detailed information currently available, it could be several years until buses could be operating in the fleet under these programs.

Without additional funding, the fleet age will continue to increase and risks to service will also increase. With funding as outlined in the original 2015 fleet renewal report (i.e. annual replacement of 10 diesel buses and up to five Access Transit buses) Saskatoon Transit will need 12 years to reach the 7.0-year average age once again. The business plan option of 10 hybrid buses in 2022 and five hybrid buses and five electric battery buses in 2023, and five Access Transit buses in each of 2022 and 2023 introduces the recommended fleet purchases to start meeting the fleet renewal strategy.

This strategy of a mix of hybrid and electric battery buses in 2022 and 2023 aligns with the City's Low Emissions Community plan and positions for potential federal funding through transit programs for zero emissions transit vehicles. Then in subsequent years, full battery electric bus purchases would be programmed. These come with a higher initial capital cost, \$900,000 per hybrid bus and \$1,200,000 per electric bus, but there will be reduced operating and total life cycle cost per bus.

FINANCIAL IMPLICATIONS

The original requirement to fund 10 diesel buses per year, as approved in 2015, was \$6,050,000. To achieve the modified recommendation for the Fleet Renewal Strategy with hybrid and electric battery buses for fixed route buses, requires \$9,000,000 for fixed route buses and \$850,000 for Access Transit buses in 2022 and \$10,500,000 for fixed route buses and \$850,000 for Access Transit buses in 2023. This replacement strategy will start moving to zero emissions vehicles for the fixed route fleet. Property tax phase-ins of approximately \$1,800,000 per year over five years or equivalent to a 0.70% per year property tax increase would be required to generate \$9,000,000 of funding over five years, if all funding was added to the property tax base. One-time capital funding could be utilized to offset this increase and address the immediate fleet needs.

NEXT STEPS

The appended 2021 Corporate Asset Management Plan for Saskatoon Transit will be included as part of the 2022-2023 budget options presentation at the August 23, 2021 Governance and Priority Committee Meeting.

APPENDICES

1. 2021 Corporate Asset Management Plan Saskatoon Transit

Report Approval

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