

Canada Public Transit Fund 2025 – Capital Plan Application

ISSUE

On September 13, 2024, Administration submitted a pre-application to Housing, Infrastructure and Communities Canada's (HICC), Canada Public Transit Fund (CPTF) and on October 4, 2024, was deemed eligible under the baseline funding stream. The next step in the process is to submit a preliminary five or ten-year capital plan which outlines how the City of Saskatoon (City) will allocate the funding and indicate the City's plans to have matching funding available. If the capital plan is approved, a contribution agreement will be required to receive the funding. This report seeks approval to continue with the next step of the application process.

RECOMMENDATION

That the Governance and Priorities Committee recommend to City Council that the City's preliminary five-year capital plan submission for the Canada Public Transit Fund baseline stream funding be approved.

BACKGROUND

The CPTF was created by the Government of Canada to provide predictable, long-term financial support to municipalities with existing transit systems. The program provides \$3 billion per year among multiple funding streams for public transit and active transportation infrastructure. Administration submitted an Expression of Interest (EOI) on September 13, 2024, under the Baseline Stream of funding, which provides approximately \$500 million annually, beginning in the 2026-2027 fiscal year. Under this program, the federal government will contribute up to 40% of eligible project costs. Recipients will receive allocation funding based on a combination of ridership (70%) and population (30%). The program allocated \$33,530,130 to the City over a 10-year period and requires City matching funding of \$50,295,195.

Through the EOI, Saskatoon Transit and Active Transportation related capital projects were deemed eligible and the proposed projects have progressed to the next stage of the application process. The second stage requires the submission of a Capital Plan Application, outlining the projects the City plans to fund with contributions from the CPTF, as well as an indication that the City has funding available for the City's requirement of 60% of project funding. Upon approval of the Capital Plan, the City will be required to enter into a Contribution Agreement with Canada which will cover up to ten years of the program funding. A revised capital plan would be required after the initial five years of the program's existence and for a possible recalculation of the annual payment under CPTF. The identified milestones agreed to under the capital plans must be met to continue to receive the annual funding allocation.

DISCUSSION/ANALYSIS

Capital Plan and Funding

Eligible capital projects under CPTF include transit (buses, transit infrastructure, etc.), paratransit, and active transportation. The City's plan is to submit a capital plan which includes Transit and Access Transit bus replacements as well as projects in line with the City's Active Transportation Plan. Currently, only a high-level preliminary capital plan is required under the CPTF indicating types of projects to be submitted; upon approval of the high-level preliminary capital plan by the CPTF, a component plan will be required to identify specific, number and types of buses to be purchased, Active Transportation Projects etc. The Administration is currently working on the details of the component plan however, to keep the application process moving, Administration is seeking approval of the high-level preliminary capital plan submission to CPTF. Future reporting on the component plan will be brought forward to Committee and City Council for approval prior to submission, which will allow City Council to review and adjust the projects submitted. This approach will keep the City's application moving forward and provides the best opportunity for the City to be successful in its application and be ready for 2026 allocations.

In terms of availability of City funding for our required \$5.03 million in annual matching contribution, current annual transfers to the relevant reserves which could be used for the City's portion of funding are as follows:

- Transit Vehicles Replacement Reserve: \$2,117,700
- Access Transit Capital (Replacement) Reserve: \$325,600
- Active Transportation Reserve: \$575,000

Unfortunately, some of the funds within these reserves as well as future transfers may be allotted for existing projects or other government funding applications for which we are waiting for results. This includes the recent application to the [Active Transportation Fund](#), which included the following projects and City allocations from the Active Transportation Reserve:

Canada Public Transit Fund 2025 – Capital Plan Application

Project	City Contribution	Active Transportation Fund Contribution	Total Cost	Proposed timing
West Central Multi-Use Corridor (Avenue Q to Avenue W)	\$480,000	\$720,000	\$1,200,000	2025
31 st Street to 33 rd Street Shared-Use Pathway (Idywlyld Drive & 31 st Street to 33 rd Street & Ontario Avenue)	\$680,000	\$1,020,000	\$1,700,000	2026
West Central Multi-Use Corridor (Avenue F to Avenue K)	\$480,000	\$720,000	\$1,200,000	2027
Connecting Avenue C – Neighbourhood Bikeway (Jamieson Street to 38 th Street)	\$440,000	\$660,000	\$1,100,000	2028
22 nd Street & Confederation Drive Intersection Improvements - Shared-use pathway on south side (Diefenbaker Drive to Confederation Drive)	\$100,000	\$150,000	\$250,000	2029
22 nd Street Shared-Use Pathway (Witney Avenue to Pedestrian Overpass)	\$120,000	\$180,000	\$300,000	2029
TOTALS	\$2,300,000	\$3,450,000	\$5,750,000	

In addition, the [Saskatoon Transit 2025 Fleet Renewal Request](#) that City Council approved at its Regular Business meeting on January 29, 2025 leveraged \$23.5 million in borrowing and \$23,900 from the Transit Vehicle Replacement Reserve.

With the commitments on existing contributions to these reserves as well as them being lower than the \$5.03 million annual City requirement, it limits the amount of funding readily available to contribute the required 60% of funding to receive the 40% contribution from CPTF. If funding each year is not matched, the CPTF portion does not carry over to the next year as it must be completely allocated in the year received. Thus, with funding under the program scheduled to start in April of 2026, the City would need to have a plan in place to proceed with implementation of the CPTF Capital Plan. Funding options are currently being developed and would be subject to future approval of City Council and could include some combination of the following:

1. Usage of existing relevant reserve contributions;
2. The phase-in of additional property tax supported operating funding;
3. Adjustments to the [City's Major Capital Funding Strategy](#) and ICIP applications; and/or
4. Utilization of discretionary funds such as the Reserve for Capital Expenditures, Neighbourhood Land Development Fund contributions or Property Realized Reserve allocations.

Zero Emission Vehicle Transition Requirement

CPTF requires the transition to Zero Emissions Bus (ZEBs) by 2028-2029 for buses, and by 2030-2031 for paratransit vehicles. As indicated in the [Saskatoon Transit 2025 Fleet Renewal Request](#) report, transitioning to battery electric buses would require more buses to service Saskatoon's transit routes since the battery charge does not last for an entire day of service before requiring a recharge. It is estimated the replacement ratio

for an electric battery bus requires between 1.20 and 1.40 electric buses to be purchased to replace each diesel bus to maintain the same service levels.

Additionally, due to the price difference between ZEBs and conventional diesel buses, Administration would not be able to acquire as many buses if required to move to ZEBs at this time. Current estimates for a 40-foot ZEBs are \$1.75 million, not including required charging infrastructure, and a 40-foot diesel is \$1.00 million. As more ZEBs are acquired, the need for improvements at the Civic Operation Centre would also be required that the CPTF funding could be utilized for, but there is currently no matching City funding available to supply the required contribution. Administration has outlined their concerns on this transition period to HICC and requested that more time be granted before the transition to ZEBs is implemented.

The Saskatoon Transit Zero Emissions Transition report being completed by the Canadian Urban Transit Research and Innovation Consortium (CUTRIC) is planned to be presented to the Standing Policy Committee on Transportation in May 2025, subject to CUTRIC completing the report as scheduled. This report will provide additional information on the total cost of ownership (TOC) and green house gas (GHG) reductions for a baseline case of a fixed route diesel bus fleet versus transition to ZEBs consisting of three scenarios; 1) full battery electric; 2) fuel battery cell electric (hydrogen), and 3) a mixed fleet of battery electric and fuel cell battery electric (hydrogen). The CUTRIC report will inform the 10 Year Saskatoon Transit Fleet Renewal Plan (that includes both fixed route fleet and Access Transit fleet renewal) which is also planned for presentation to the Standing Policy Committee on Transportation in May 2025.

The intention is to submit both the CUTRIC report, and 10 Year Saskatoon Transit Fleet Renewal report, once approved by City Council, to HICC to support and request revisions, if necessary, to the original Capital Plan submission. Administration is proposing submitting the first Capital Plan Application prior to presentation of the CUTRIC report and 10 Year Saskatoon Transit Fleet Renewal report planned for May 2025 to facilitate submission of the Capital Plan Application to HICC as soon as possible.

Asset Management Plan

The most recent Saskatoon Transit Asset Management Plan submitted to the Standing Policy on Transportation in October 2023 identified average annual funding for fixed route fleet and Access Transit fleet renewal at \$12.5 million from 2022 to 2031. 2023 budgeted available funding for fleet renewal for both fleets totaled \$2,610,000, for an average annual funding gap of \$9.8 million. With the current funding gap, the Administration believes the City must take advantage of the CPTF baseline stream capital plan funding, as increased funding for fleet replacement is not avoidable to maintain reliable transit service. The Administration's recommended approach is to participate in the program, monitor zero emission bus technology advancements over the next two years, and continue to advocate for changes to the CPTF program.

Risk

If the City were successful in its application and decided not to proceed in future years of the agreement either through lack of matching funding or should the zero-emission bus requirement not be removed, and the negative cost impacts remain, Administration views the overall financial and reputational risk to the City as relatively low. Although a draft agreement has not been received or reviewed, historically, these types of agreements and funding are applied for and reviewed on a year-to-year basis despite being a five-year agreement. If the City does not complete the applied-for projects in a given year, Administration does not believe this would put future funding at risk or require repayment of prior years funding, the City would simply lose out on the current year funding only. The Administration will work with the program staff at HICC on contract wording once we are at the stage of drafting an agreement.

FINANCIAL IMPLICATIONS

To fully utilize this program, the City is required to allocate \$5,029,520 in annual funding. As current annual funding to reserves is used for the other Government funding sources such as the Active Transportation Fund, additional base funding or one-time contributions will be required to make use of the full funding under CPTF. Following the City's CPTF approval and upon hearing back on the application status of other government funding programs, the Administration will report back to City Council with options to fund the City's required contribution for CPTF.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

NEXT STEPS

Pending City Council approval, the Administration will submit the preliminary Capital Plan Application.

REPORT APPROVAL

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