

Our File/N/Réf.
Your File/V/Réf.

DATE: 6 May 1999

TO/DEST: Transit Services Committee

FROM/EXP: General Manager

SUBJECT/OBJET: **ADVANCED PURCHASE TO YEAR 2000 OF 22 LOW-FLOOR
ARTICULATED BUSES**

DEPARTMENTAL RECOMMENDATION

That the Transit Services Committee recommend the Commission approve the advanced purchase to Year 2000 of 22 low-floor, articulated buses currently planned for 2001.

BACKGROUND

In October 1998 the Transit Commission approved a plan to purchase 45 low-floor articulated buses from New Flyer Industries (NFI) with 15 to be delivered in 2000 and 30 in 2001. The objective was to improve accessibility to public transit in Ottawa-Carleton, for people with disabilities through the increased availability of low-floor buses. At that time, NFI was approached regarding the acceleration of the purchase and delivery of low-floor articulated buses to make more of the fleet accessible at an earlier date. However, staff were advised that the available production capacity of NFI would only allow 15 units in 2000 and 30 units in 2001.

DISCUSSION

In addition to the issue of improving public transit accessibility, staff have also identified a need to accelerate the replacement of Ikarus articulated buses due to poor reliability and high ongoing maintenance costs for this segment of the bus fleet. NFI were again approached regarding production capacity and staff were advised that space is now available on the production line for 22 additional low-floor articulated buses in the year 2000.

FINANCIAL IMPLICATIONS

The accelerated replacement of Ikarus buses will result in estimated annual savings of \$0.44 million or \$20,000 per bus composed of fuel savings of \$2,800 maintenance savings of \$7,200 and body repair savings of \$10,000 per bus. Offsetting these savings are additional short term financing costs of approximately \$0.7 million due to the earlier than planned acquisition of the 22 buses.

RIDERSHIP IMPLICATIONS

The widespread use of low-floor buses is one of the key components of the accessibility plan for transit in Ottawa-Carleton. To make an early impact in providing region-wide accessible services, sufficient numbers of both standard and articulated low-floor buses need to be available. The purchase of 140 standard low-floor buses in 1999 is the first step. The next step is having enough articulated low-floor buses to provide a limited amount of accessible service on a variety of articulated bus routes, especially on the Transitway. Moving up the purchase of these twenty-two articulated low-floor buses would mean that, by the end of 2000, OC Transpo would have 37 low-floor articulated buses in service. This would make it possible to provide some accessible service on routes such as 95, 2, 7 and 85, although the service plan for the introduction of low-floor buses is currently under development, in consultation with the disabled community.

*Approved by
M.J.E. Sheflin, P.Eng.*

FINANCE DEPARTMENT COMMENT

On 14 October 1998, Regional Council approved the expenditure of \$29.9 million for the acquisition of 45 articulated low-floor buses along with the establishment of a corresponding level of debenture authority to finance this bus purchase. Based on current financial projections, it is anticipated that the issuance of debentures to finance these 45 buses along with the 245 standard low-floor buses can be minimized if not entirely avoided through the use of capital reserve fund contributions from future budgets. As buses are delivered and paid for, short term borrowing costs will be incurred until such time as sufficient capital reserve funds exist to cash finance the bus replacement program.

Early acquisition of 22 articulated low-floor buses will result in additional short term borrowing costs in 2000. These additional costs along with the projected operational savings will be reflected in the 2000 draft operating estimates to be tabled with Council later this year.

*Approved by Tom Fedec
on behalf of the Finance Commissioner*