SUBJECT:  City of Hamilton / Ministry of Transportation 2007 Ontario Bus Replacement (OBRP) Funding Requirement - (City Wide) - (PW07118)

RECOMMENDATION:

(a) That in compliance with the revised 2007 Ontario Bus Replacement Program (OBRP) eligibility requirements for the replacement of Conventional and Specialized Transit fleet, the City of Hamilton make an application for subsidy in the amount of $2,185,861 to the Ministry of Transportation.

(b) That the 2007 Ontario Bus Replacement funding be allocated to the 2007 Transit (Conventional) Fleet Capital Vehicle Replacement Project # 5300783101 and the 2007 (Accessible Transit) Fleet Capital Vehicle Replacement Project # 5310782100, as outlined in Table 1.

(c) That staff be authorized and directed to correspond with the Ministry of Transportation requesting consideration of supplemental funding in the amount of $1,378,832 for the higher cost of Hybrid Transit Fleet relative to Diesel Transit fleet on the basis that Hamilton has demonstrated leadership in being the first municipality in Ontario to purchase the lower emission Hybrid fleet.

(d) That the City of Hamilton, Corporate Services Department set up an OBRP capital reserve as per the 2007 OBRP guidelines.

(e) That the Mayor and City Clerk be authorized and directed to execute the necessary documents in accordance with sub-section (a).
EXECUTIVE SUMMARY:

For 2007, the Province will be providing 24.04% subsidy funding towards the replacement of Conventional Transit Fleet and 33.33% towards the replacement of Specialized Transit Fleet. Following approval of the recommendations contained in this Report, a certified copy of the Council resolution will be provided, together with a certified copy of the Confirming By-law at which the resolution was approved by Council, as required by the Ministry.

Other changes to the 2007 OBRP program includes the Province “capping” expenditures under the program at $50 million.

The 2007 Conventional Transit fleet purchase is complete while the award of the tender for the 2007 specialized Transit is still pending. The requested subsidy for these programs is $1,500,214 and $685,647 respectively and has been “approved-in-principle” by the Province for allocation to Hamilton within the aforementioned cap.

However, the Province has advised that should subsidy requests from all Ontario municipalities total less than the $50 million allocation, the Province would consider supplementary requests for funding. In this regard, staff is seeking Council authorization and direction to submit a request to the Province for an additional $1,378,832 to offset the increased cost for the purchase of hybrid buses relative to diesel.

BACKGROUND:

For 2007, the Province of Ontario, under their Ontario Bus Replacement Program (OBRP), has confirmed their funding formula for the subsidy of replacement transit fleet.

The program provides funding at 33.3% for specialized transit buses.

Funding for conventional transit buses will be capped to an amount equal to the total Provincial OBRP funding contribution available in any given program year, being $50 million in 2007, minus the total OBRP funding allocated to all eligible municipalities for specialized transit buses. Therefore, OBRP funding for each conventional transit bus will be capped at a percentage, estimated to be 24.04% in 2007 by the Province, determined by the total province-wide estimated capital expenditure for replacement transit fleet, divided by the number of all forecasted conventional transit bus replacements, less specialized transit subsidy, to a maximum of $50 million. The percentage of funding provided for each conventional transit bus replaced will be the same throughout the Province.

The Province, though, has committed the entire $50 million expenditure in 2007. Therefore, if actual purchases are less than forecasted resulting in a surplus or residual funding, the Province has agreed to consider exceptional funding to individual municipalities on a case-by-case basis until the full $50 million is expended. For this reason, staff is seeking the authorization and direction to appeal to the Province for consideration of supplemental funding for the higher cost of Hybrid fleet versus Diesel fleet, in the order of $1,378,832 on the basis that the City has demonstrated leadership in the purchase of a more environmentally favourable alternative to the conventional diesel transit bus.
ANALYSIS/RATIONALE:

N/A

ALTERNATIVES FOR CONSIDERATION:

There are no alternative considerations.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Ratification of the By-Law required for eligibility of OBRP subsidy funding for the City of Hamilton in 2007.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
<th>%</th>
<th>Funding</th>
<th>Funding Variance</th>
<th>Funding Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 Conventional Bus Purchases</td>
<td>11,040,636</td>
<td>33.30%</td>
<td>3,676,532</td>
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<tr>
<td>2006 Specialized Bus Purchase Budget</td>
<td>1,017,000</td>
<td>33.30%</td>
<td>338,661</td>
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<td>2006 Funding Requirement</td>
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<td></td>
<td>4,015,193</td>
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<td>Less 2006 Unconditional Grant Received</td>
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<td></td>
<td>(2,636,361)</td>
<td>1,378,832</td>
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<tr>
<td>2006 Further Funding Request</td>
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<td></td>
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<td></td>
<td>1,378,832</td>
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<td>2007 Conventional Bus Purchases</td>
<td>6,240,490</td>
<td>24.04%</td>
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<td>2007 Specialized Bus Purchase Budget</td>
<td>2,059,000</td>
<td>33.30%</td>
<td>685,647</td>
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<td></td>
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<tr>
<td>2007 Funding Requirement</td>
<td></td>
<td></td>
<td>2,185,861</td>
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<td>2007 Funding Request</td>
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<td></td>
<td>2,185,861</td>
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<tr>
<td>Total Requested Funding</td>
<td></td>
<td></td>
<td>3,564,693</td>
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</tr>
</tbody>
</table>

POLICIES AFFECTING PROPOSAL:

Complies with Public Works Department’s Strategic Plan goal of sound financial management for the long haul.

RELEVANT CONSULTATION:

Staff has consulted with the Ministry of Transportation’s Public Transit Office, Clerk’s, Corporate Finance and Legal Services.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

**Community Well-Being is enhanced.** ☑ Yes ☐ No
Purchase of modern, environmentally friendly Transit Fleet enhances the image of public transit in the community.

**Environmental Well-Being is enhanced.** ☑ Yes ☐ No
Purchase of low emission Hybrid-Electric Transit Fleet demonstrates leadership in “greening” the community through GHG reductions.

**Economic Well-Being is enhanced.** ☑ Yes ☐ No
Purchase of modern fleet mitigates escalating costs of fleet maintenance associated with older fleet.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No
Do the options you are recommending make Hamilton a City of choice for high performance public servants? □ Yes  ☑ No