

FINANCE COMMITTEE REPORT

Report Date	March 17, 2022			
Meeting Date	March 23, 2022			
Service Area	Transportation and			
	Environment Services			

Chairman Sullivan and Members of Finance Committee

SUBJECT: Application to Zero Emission Transit Fund

OPEN OR CLOSED SESSION

This matter is to be discussed in Finance Committee Open Session.

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	City Manager
Ian Fogan	Michael Hugenholtz	John Collin

RECOMMENDATION

Direct staff to submit application to Federal Zero Emission Transit Fund and refer the purchase and funding opportunity to the Capital Budgeting process.

EXECUTIVE SUMMARY

The City of Saint John is completing a study on decarbonization of the City fleet including transit towards a goal of being carbon neutral by 2040 in line with the City's Climate Change Action Plan. An early opportunity identified is to leverage a recently announced Federal program where grant funding is available to help switch transit vehicles to zero emission vehicles. The program can provide a 50% grant and 50% financing for the purchase of zero emission vehicles.

The City is in the process of redefining the transit service and electric vehicles can reduce maintenance and operating costs which would help to modernize the transit service in the City of Saint John. This report seeks direction to proceed with the application process in order to provide clarity on the impact to the Capital Budget for transit purchases.

PREVIOUS RESOLUTION

STRATEGIC ALIGNMENT

This initiative aligns with the Council priorities of; **MOVE**, by providing sustainable transportation choices and, **GREEN** by seeking opportunities to implement green practices within daily City operations.

REPORT

To reach the goal of becoming carbon neutral by 2040 as laid out in the Climate Change Action Plan, the City's fleet, in particular Transit, must reduce the amount of Greenhouse Gas (GHG) emitting vehicles. The Federal Government has introduced the Zero Emission Transit Fund (ZETF) valued at \$2.75 billion over five years, to help transit authorities switch to zero emission vehicles. An analysis was conducted to see if there was an alignment opportunity between the City's asset replacement program and the new Federal Program.

Through an analysis conducted by Wood Consulting to be presented to Common Council in the coming weeks, it has been demonstrated that with a reduction in operating and maintenance cost associated with electric vehicles and the funding opportunity that currently exists, there is a cost savings overall to switch to electric transit vehicles. Using those results, Transit then undertook an evaluation of the current fleet to determine what vehicles would need to be replaced in the next five years in line with the funding opportunity. Transit would not be recommending replacement any vehicle that has not reached the end of their lifecycle within that time.

Transit is developing a transformation plan which will see Transit switch to a model of some rapid line supported by an on-demand service with increased service levels by decreasing wait time on feeder lines to increase ridership. Part of that project will see Transit shift sixteen 40-foot buses to smaller, less expensive vehicles along with an overall reduction of six vehicles.

The table below shows the changes in vehicle numbers and the cost.

				Required				
			Current	in new		New		
		Requirements	Inventory	model	Retaining	Required	Cost per	total
Fleet	Fixed or rapid routes	40 foot bus	42	21	15	6	\$1,000,000	\$6,000,000
	On-demand service	20-30 foot bus	0	16	0	16	\$700,000	\$11,200,000
	Para Transit	20-30 foot bus	7	6	4	2	\$700,000	\$1,400,000
Sub Total			49	43	19	24		\$18,600,000
		Covered pavillion for rapid						
Facilities	Uptown Station	charging and main hub transfers	0	1		1	\$3,000,000	\$3,000,000
		Electrical upgrade to enable						
	Transit Facility	fleet charging at depot	0	1		1	\$30,000	\$30,000
	Upfront tech costs							\$950,000
Sub Total								\$3,980,000
Total								\$22,580,000

Using the current model and current fleet replacement schedule replacing GHG vehicles would have a cost of \$13.5 million to the City over the next five years. The ZETF provides 50% funding which, under the new Transit model, would reduce the cost to the City to \$9.3 million for a direct fleet comparison savings of \$4.2 million.

The table above also demonstrates a one-time investment in facilities and technology cost of just under \$4 million. Those costs are also eligible for funding reducing the City cost to just under \$2 million. The one-time cost would support the fleet transition past the five-year program but even including the one-time cost would still produce a savings to the City of over \$2 million in the next five years.

SERVICE AND FINANCIAL OUTCOMES

None at this point. If approved, any outcome of applications and funding of the capital purchases would be considered during the Capital Budgeting process. Submitting an application does not obligate the City to spend the funds, but it does create additional options and will reduce overall costs should Council commit to these purchases as part of the budget process.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

Input into the report has been sought from Finance and Utilities and Infrastructure.

ATTACHMENTS

None