



Ontario Bus Replacement Program: A Review and Comment

Submission to

The Ministry of Transportation

Prepared by the

Ontario Public Transit Association

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Introduction

After several years of relatively little focus or priority on public transit, the industry began to see a welcome upswing in both policy attention and financial support from the provincial government beginning about 2002. During the preceding years of relative “inattention” to transit, ridership in many towns and cities across the province was falling, the average age of bus fleets was increasing, and systems were forced into a “hold or retrench” mode as opposed to expanding to meet the needs of their growing communities.

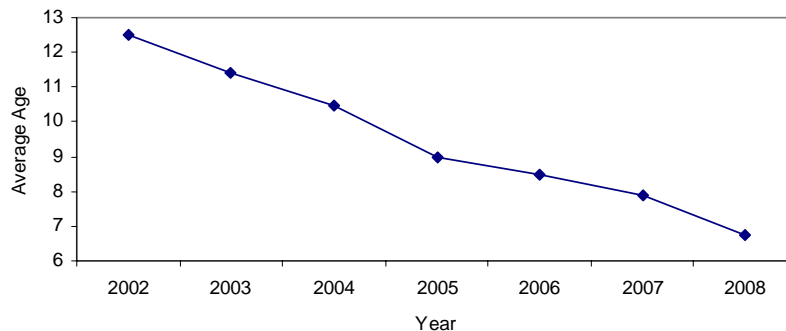
The OBRP (and its predecessor program, the “Ontario Transit Vehicle One-Third Funding Program” or OTVP) was initiated in 2002 to deal with funding for replacement vehicles only. The purpose of this briefing note is to provide commentary on the OBRP program and to describe the substantial return on investment it has generated for the Province, including the assistance it has provided in the attainment of public policy goals pertinent to transit while also helping to fulfill other social and environmental objectives.

The OBRP has demonstrated tremendous value to the transit sector and has been an effective way to deploy transit dollars throughout the province. It is important that funders and policy-makers understand why this is so, and the implications to the transit sector in particular, and the province in general, if the program were to be discontinued.

Why the OBRP is an Effective Way to Fund Transit

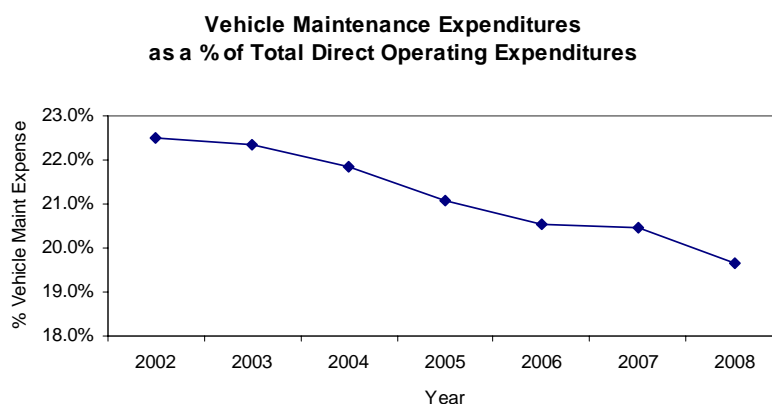
When the program was introduced in 2002, the average age of the conventional bus fleet in Ontario exceeded 12 years, which represented the generally accepted economic “useful life” of a transit vehicle. Once past that date, a bus must undergo major refurbishing to both interior and exterior systems, and while that may extend the life for that vehicle another 5-6 years, it does so at the expense of increased operating and maintenance costs.

Average Age of Ontario Bus Fleet



As the graph above illustrates, in December 2008, the average age of the bus fleet in operation across the Province has been reduced to approximately 7 years, in large part due to the partnership the Province has created with municipalities through the OBRP. The improved fleet age for the average transit system in Ontario has resulted in a number of positive outcomes, including the following:

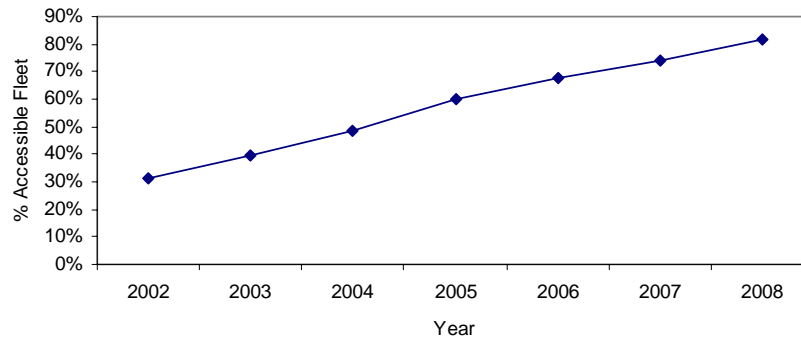
- *A reduction in vehicle maintenance and servicing costs as expressed as a percentage of total direct operating costs.* Given that this program is targeted specifically at bus replacement, it has a direct impact on the costs associated with the maintenance of the transit fleet in the Province. As illustrated in the graph below, the % of the total direct operating costs allocated to vehicle maintenance has steadily declined since 2002. The decline in bus maintenance expenditures from 2002 to 2008 is an important contributor to cost-avoidance and increases the pool of funds available for re-investment in service delivery.



- *A potential reduction in spare fleet requirements.* Newer fleets tend to be more reliable, resulting in a reduction of the need for spare buses, which in turn has a tendency to result in both capital and operating cost avoidance.
- *Improvement in bus availability and reliability because newer vehicles have fewer service interruptions.* This means reduced incidences of vehicle shortages at peak hours, and increased reliability and predictability of service. This applies to both conventional and specialized fleets.
- *Faster progress toward providing a fully accessible conventional service.* With all conventional expansion and replacement buses being low-floor accessible, the % of accessible conventional buses has increased at a faster rate than it otherwise would have without the OBRP.

The following graph illustrates the progress Ontario transit systems have made toward fully accessible fleets with the assistance of the OBRP program.

% of Accessible Bus Fleet in Ontario



As illustrated in the graph, in 2008, 81% of the conventional buses in operation in Ontario's transit systems were accessible. Continued support through the OBRP program will ensure that fleets are 100% accessible within the next few years, noting that in 2008, two systems had already reached 100% accessibility. Continuation of the OBRP will be key to helping systems get the infrastructure in place to be able to meet the targets set out in the AODA Transportation Standard expected to take effect next year.

- *A healthier, more sustainable environment.* Newer buses, with improvements in design and technology, coupled with improved fuel technology, produce fewer emissions.

Need for Long Term Sustainable Investment in Transit

As with other public investments in infrastructure, the planning horizon to bring new transit services into effect are long-term in nature. The planning of new routes to meet land-use planning objectives for a given municipality requires long lead times of up to several years in some cases; long lead times are also necessary for the purchase of vehicles and ensuring that service and storage facilities – and the land necessary to accommodate it -- are adequate. All of these things take time and it is vital that municipalities are confident that the funding will be in place to enable the procurement of the goods and services required to deliver on those commitments.

OPTA believes that the targeted nature of the OBRP, and the size of the funding, is vital to maintaining a healthy public transit system across the province. The elimination of this program would see a return to the “spiral down” effect we saw in the late 90's which was characterized by reduced ridership and ailing fleets. Long term sustainable investment in transit is critical to making sound fleet and service planning decisions.

Program Administration

Given the OBRP program has been in existence for several years, the administration of the program and the associated guidelines have gone through several iterations. Going forward, the industry would appreciate the opportunity to provide input to Ministry staff on possible amendments to the administration of the program, including the following:

- the timing of the annual announcement to better coincide with municipal budget cycles and deadlines associated with the Provincial Transit Procurement Initiative;
- the annual reporting requirements noting that much of the required documentation is a duplication of that provided to the Ministry of Transportation under other program requirements (i.e. CVOR).

Conclusion

OBRP is an important program which is critical to ensuring the delivery of effective and efficient transit services in the province. OPTA commends the provincial government for initiating this program and strongly recommends that it be continued and be made a permanent feature of transit funding going forward.