

Municipality of Chatham-Kent
Infrastructure and Engineering Services
Engineering and Transportation Division

To: Mayor and Members of Council
From: Ian Clark, Transit Project Manager
Date: December 16, 2020
Subject: Final Gas Tax Approval on Transit Vehicle Purchase

Recommendation

It is recommended that:

1. \$600,959 from the Provincial Gas Tax Reserve be used to complete the purchase of a new fleet of transit vehicles according to the previously communicated budget.

Background

In March 2020, Council approved the partial purchase of a transit vehicle fleet at a total cost of \$1,430,000 (including HST) funded from a combination of the Transit Reserve and Provincial Gas Tax Reserve. Council was also informed that once administration received formal approval of up to \$1,800,000 in a transit vehicle grant under the Investing in Canada Infrastructure Program (ICIP) – Public Transit Stream, staff would return to Council for permission to proceed with the purchase of all remaining transit vehicles. This is at an estimated cost of \$2,420,000 using a combination of the ICIP grant and Provincial Gas Tax funds.

In May 2020, Council approved administration to receive ICIP grants and proceed with purchasing goods related to these ICIP projects. This included a \$1,819,041 project to purchase new transit vehicles to be funded at 26.67% by the Municipality.

In December 2020, administration received the revised Transfer Payment Agreement package from the Provincial government confirming the previously communicated ICIP project funding. As a result of this confirmation staff are now requesting the final \$600,959 (\$2,420,000 minus \$1,819,041) required to complete the purchase of all new transit vehicles be accessed from the Provincial Gas Tax Reserve.

Comments

All vehicles have been procured under the Municipality's joint procurement initiative with Metrolinx. The final price of all vehicles and in-servicing costs are expected to come in according to the original budget.

The following table outlines the timeline for spending approvals and funding sources required to procure the remaining fleet:

| Approval Date | Transit Reserve (State of Good Repair) | Provincial Gas Tax Reserve | ICIP Grant | Total |
|----------------------------|---|----------------------------|--------------------|--------------------|
| March 23, 2020 | \$276,657 | \$1,153,343 | | \$1,430,000* |
| May 25, 2020 | | \$485,138 | \$1,333,903 | \$1,819,041 |
| January 18, 2021 - Pending | | \$600,959 | | \$600,959 |
| Total | \$276,657 | \$2,239,440 | \$1,333,903 | \$3,850,000 |

Table 1

*Full HST cost included (\$1,287,759.29 less HST rebate)

The above chart does not include two transit vehicles approved for purchase in November 2019, at a total cost of \$442,000, as part of the evening transit service pilot and for use in future CKTransit operations. The procurement of those vehicles has been completed.

The following fleet of transit vehicles will be available to service the CKTransit network beginning July 1, 2021:

- Enviro200 (x2) – 24 Seat + 2 Wheelchair
- CS-2 Promaster (x2) – 4 Seat + 3 Wheelchair
- Spirit of Freedom (x11) – 21 Seat + 2 Wheelchair
- Spirit of Freedom (x2) – 9 Seat + 4 Wheelchair

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

The Budget and Performance Services Division was consulted regarding the recommendation in this report.

Financial Implications

The \$600,959 from the Provincial Gas Tax Reserve will be used to complete the purchase of a new fleet of transit vehicles according to the previously communicated budget.

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Attachment(s): None

(RTC:\Infrastructure & Engineering\I&ES\2020\4322 –Final Gas Tax approval Vehicle Purchase)