

MUNICIPALITY OF CHATHAM-KENT
INFRASTRUCTURE AND ENGINEERING SERVICES
ENGINEERING AND TRANSPORTATION DIVISION

TO: Mayor and Members of Council

FROM: Stephen E. Jahns, B.A.Sc., P.Eng., CMMIII
Manager, Infrastructure and Transportation
Engineering and Transportation Division

DATE: February 26, 2008

SUBJECT: 2007 Ontario Bus Replacement Program
Distribution of Surplus Funds
Ministry of Transportation Ontario

RECOMMENDATION

It is recommended that:

1. In accordance with the guidelines and requirements of the 2007 Ontario Bus Replacement Program and the Amending Letter of Agreement as prepared by the Ministry of Transportation (MTO):
 - a) The Mayor, Clerk and Administration be authorized to sign the necessary Letter of Agreement which shall be submitted to the Ministry of Transportation.

BACKGROUND

Public Transportation is one of the government's key priorities. Millions of people rely on public transportation to get where they need to go safely and conveniently. Public transportation plays a critical role in improving the quality of life across Ontario and the Province of Ontario has recognized concerns expressed by Ontario Municipalities related to transit bus replacement. Ageing transit buses contribute to higher operating costs, increased emissions, reductions in service and reliability, and delays in achieving system accessibility.

The Ontario Bus Replacement Program (OBRP) is a new multi-year capital funding program which will support the replacement of ageing municipal transit buses. The OBRP replaces the former Ontario Transit Vehicle Program (OTVP) disbanded by the Province in the 2006 Provincial Budget.

The OBRP is an important element in the ongoing relationship between the Province of Ontario and the Municipality of Chatham-Kent in the delivery of public transportation. As

such, Chatham-Kent will be expected to work with the Ministry to develop an asset management approach to managing the replacement of ageing municipal transit buses and ensure that the requested five-year capital forecasts for transit bus replacement are consistent with that asset management approach for bus replacement.

COMMENTS

Subject to the Legislative Assembly of Ontario, the OBRP will provide multi-year funding for transit bus replacement to an annual capped maximum of fifty million dollars (\$50M). Furthermore, each Municipality's allocation will be capped to a specific amount.

Municipalities applying for OBRP funding must meet the following requirements:

- a) Transit buses only are eligible;
- b) To be eligible for OBRP funding for a program year a municipality must order or contribute to an order for vehicles intended for delivery within that same program year;
- c) Where a municipality contributes capital funds towards transit buses operated on behalf of the municipality, but not owned by the municipality, the municipality must submit a binding written operating agreement between the municipality and the transit operator before the payment of any OBRP funding;
- d) Transit buses acquired through capital leases are not eligible for OBRP funding;
- e) OBRP funding is only available towards the base purchase price of one transit bus for each transit bus replaced;
- f) Transit bus replacement must be carried out in compliance with all laws including federal, provincial, municipal laws, and all relevant rules, policies agreements, notices and approvals. Specifically, all replacement transit buses must be fully accessible in accordance with the requirements as set out under the *Ontarians with Disabilities Act, 2001* and *Vehicles for the Transportation of Physically Disabled Passengers* passed under the *Highway Traffic Act*.
- g) Unless otherwise approved, conventional transit buses are only eligible for replacement twelve years from the date of manufacture.

Similarly, the following requirements must be adhered to:

- a) Funds may only be used to offset municipal share of the costs of the replacement of transit buses.
- b) A municipality receiving OBRP funding must comply with requirements of the program including installation and maintenance of visual identity signage.

- c) A municipality must obtain written permission from the Ministry for any transfers of ownership of a transit bus which has received Ministry funding.
- d) The eligibility of any transit bus for OBRP funding is at the sole discretion of the Ministry.

In March 2007, Chatham-Kent Council approved *Report to Council 2854* which indicated that the Municipality of Chatham-Kent would be eligible to receive \$16,671 under the 2007 Ontario Bus Replacement Program (OBRP).

In February of 2008, Engineering and Transportation Division was advised that some additional funds would be distributed among eligible municipalities as a result of a surplus of program funding. Consequently, the Municipality of Chatham-Kent will be eligible to receive \$21,581 as opposed to the \$16,671 advised by the MTO. This report authorizes the execution of the necessary amending agreement by the Municipality of Chatham-Kent.

COMMUNITY STRATEGIC PLAN

The recommendation in this report supports the following objective and strategic direction:

A. Health – We are a healthy community

A1: Provide sufficient capacity to sustain community health and economic growth

Desired Outcomes

- Provide safe, accessible, convenient and efficient public transportation

The recommendation in this report will not adversely impact on the remainder of the Community Strategic Plan.

CONSULTATION

No consultations were made during the preparation of this report.

FINANCIAL IMPLICATIONS

As indicated earlier in this report, the Municipality of Chatham-Kent stands to receive an additional \$4,910 under the 2007 Ontario Bus Replacement Program as administered by the Ministry of Transportation Ontario. This would see the total amount received under the 2007 OBRP as \$21,581 – an increase from the original \$16,671 as indicated by the MTO in March 2007.

Prepared by:

Reviewed by:

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Reviewed by:

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General Manager
Infrastructure and Engineering Services

Gerry Wolting, B.Math, CA
Acting Chief Administrative Officer

Attachments: Appendix A: Amending Letter of Agreement

(RTC:\Infrastructure & Engineering\I&ES\2007\2965 – 2007 Ontario Bus Replacement Program OBRP Surplus.doc)

- c. Director, Engineering and Transportation
 Director, Budget and Performance Services

**Ministry of
Transportation**

Office of the Minister

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FEB 25 2008

His Worship Randy Hope
Mayor
The Municipality of Chatham-Kent
P.O. Box 640, Civic Centre, 315 King St. W.
Chatham, Ontario
N7M 5K8

Dear Mayor Hope:

RE: Amending Letter of Agreement to the Ontario Bus Replacement Program (OBRP) Letter of Agreement between Her Majesty the Queen in right of the Province of Ontario, represented by the Minister of Transportation for the Province of Ontario (the "Ministry") and the Municipality of Chatham-Kent (the "Municipality") (the "Amending Letter of Agreement")

The Ministry and the Municipality entered into a letter of agreement, dated March 22, 2007, (the "Letter of Agreement"), whereby the Ministry agreed to provide funding to the Municipality, subject to certain conditions, towards the capital costs of replacing transit buses.

In recognition of a surplus of funds for the 2007 OBRP, the Ministry wishes to support the capital costs of replacing transit buses and to provide additional funding to the Municipality, if it agrees to meet the terms and conditions set out in this Amending Letter of Agreement and submits the required documentation by the deadline set out below. The provision of such additional OBRP funding is to be in accordance with the terms and conditions set out in the Letter of Agreement, as amended by this Amending Letter of Agreement, and the Ontario Bus Replacement Program (OBRP) – 2007 Guidelines and Requirements which form part of the Letter of Agreement (the "Guidelines and Requirements").

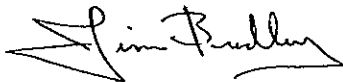
In consideration of the mutual covenants and agreements contained in this Amending Letter of Agreement, and other good and valuable consideration (the receipt of which is hereby acknowledged), the Ministry and the Municipality covenant and agree as follows:

1. Section 1 of the Letter of Agreement is amended by deleting \$16,671 and replacing it with \$21,581. The Municipality understands that the Ministry has amended subsection 5(d) of the Guidelines and Requirements by deleting the last two sentences of the second bullet of that subsection.
2. In all other respects, the Ministry and the Municipality hereby confirm that the terms of the Letter of Agreement, and the Guidelines and Requirements, remain the same and continue to apply.
3. The Municipality represents and warrants that it has the full power and authority to enter into this Amending Letter of Agreement, and that it has taken all necessary actions to authorize its execution including, if necessary, passing a new municipal by-law authorizing the municipality to enter into this Amending Letter of Agreement.
4. The Municipality hereby consents to the execution by the Ministry of this Amending Letter of Agreement by means of an electronic signature.

If the Municipality is satisfied with and accepts the terms and conditions of this Amending Letter of Agreement, please secure the required signatures for the four enclosed copies of this Amending Letter of Agreement and return two fully signed copies, **NO LATER THAN MARCH 14, 2008** (the "deadline") to the Ministry to be eligible for the additional OBRP funding set out in this Amending Letter of Agreement. Signed copies of the Amending Letter of Agreement and any necessary authorizing municipal by-law are to be forwarded to the Provincial Transit Policy Office, 2nd Floor, Building B, 1201 Wilson Avenue, Downsview, ON, M3M 1J8 for the Ministry's records.

Once the Ministry has received the signed copies of this Amending Letter of Agreement and any necessary authorizing municipal by-law, the Ministry may, in accordance with the OBRP, make arrangements for the payment of additional OBRP funding to the Municipality.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Jim Bradley". The signature is stylized with a large initial "J" and a long horizontal stroke at the end.

Jim Bradley
Minister of Transportation

I have read and understand the terms of this Amending Letter of Agreement, as set out above, and by signing below I am signifying the Municipality's consent to be bound by these terms.

The Corporation of the Municipality of Chatham-Kent

Per: _____
Mayor

Date: _____

Per: _____
Chief Financial Officer/Treasurer
or Clerk

Date: _____