

Subject: 2025 Purchase Approval for 10 New 40' Conventional Buses
Report to: Niagara Transit Commission Board
Report date: **Tuesday, August 26, 2025**

Recommendations

1. That the Niagara Transit Commission Board (NTC) **APPROVE** the co-operative procurement totaling \$12,768,877 (inclusive of 13% HST) for the purchase of 10 new 40' Conventional Transit Vehicles to New Flyer Industries under the Metrolinx Transfer Procurement Initiative (TPI) Cooperative Purchase Governance Agreement;
2. That a capital budget adjustment in the amount of \$2,467,995 gross and \$0 net **BE APPROVED** for the purchase of 10 new 40' Conventional Buses and this increase and **BE FUNDED** as follows:
 - Investing in Canada Infrastructure Program (ICIP) - \$1,809,781
 - Provincial Gas Tax (PGT) funding - \$658,214;
3. That the General Manager **BE AUTHORIZED** to execute the necessary documents, in a form satisfactory to the Director, Legal and Court Services, to complete the acquisition of the conventional vehicles; and
4. That this report **BE FORWARDED** to Regional Council for information at the Regional Council meeting being held on August 28, 2025.

Key Facts

- The purpose of this report is to seek approval from the Board to acquire 10 new 40' Conventional Transit vehicles from New Flyer Industries through the Metrolinx TPI Agreement and to approve a gross capital budget increase funded through external ICIP and PGT.
- This acquisition is compliant with the Niagara Region's procurement By-law No. 02-2016, as amended, specifically section 22 Co-operative Purchasing, as approved through report NTC 21-2022 schedule B, whereby all co-operative purchases greater than \$1 million require Board approval.

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- To date, \$9,355,797 was approved in the 2025 Capital budget for the purchase of 10 conventional buses funded through ICIP and PGT. The additional \$2,467,995 increase will also be externally funded through ICIP and PGT resulting in no levy or reserve impact.
 - Per the Budget Control By-Law 2022-80 as amended, Board approval is required for gross budget adjustments funded by external sources greater than \$1,000,000.
 - The original term for the Multi-Year Governance Agreement for Joint Transit Procurements Facilitated by Metrolinx ended March 31, 2024 but Metrolinx elected to exercise its option to extend the Term for another five years now ending March 31, 2029.
 - New Flyer Industries is the current designated Original Equipment Manufacturer (OEM) for 12-metre conventional buses under the Metrolinx Agreement.

Financial Considerations

In accordance with the updated price list received through the Metrolinx agreement, the current base cost per vehicle, including additional required specifications, is \$1,045,345 (inclusive of non-recoverable HST). Additional bus costs of approximately \$325,000 (inclusive of non-recoverable HST) per vehicle need to be added to this base bus cost in order for these buses to be ready for service. These costs include specific ITS equipment, fareboxes, inspection, branding, CAD/AVL and Metrolinx participation fees.

New Flyer has advised of potential tariff impacts to bus prices and is currently negotiating with Metrolinx to establish a process for determining how these additional costs shall be applied. Tariff costs shall not be confirmed at the time an order is made but rather when parts are ordered prior to the bus entering the line. New Flyer is estimating Tariffs could range from 3-15% of the cost. For this order, Tariff costs have been estimated at 10% of the bus cost for a total of \$1,045,345 for 10 vehicles. Estimates have been made at the middle of the range provided by New Flyer as current tariffs on similar projects are around 3-5%. Should any increases to this cost be required, a further report will be brought to the board at that time.

The previous OEM was Nova Bus Inc. but now New Flyer Industries is the OEM for the 40' conventional buses. Based on New Flyers base bus cost pricing, the base price has increased 27% over the 2024 Nova Bus purchases. The estimates used to create the 2025 Capital budget did not capture a 27% increase in base bus costs or potential tariffs. Niagara Transit needs to replace the full 10 conventional vehicles due to the age of the fleet and incremental service required. The total 2025 approved capital project is

\$9,355,797 (inclusive of non-recoverable HST). This project is externally funded through the Federal and Provincial ICIP and PGT. A capital budget adjustment in the amount of \$2,467,995 is required in order to cover these additional costs. NTC has a 10-year bus replacement project with ICIP and is able to allocate additional funding in the current year to fund the budget adjustment at 73.33%. There is PGT available to fund the difference resulting in no requirement to transfer from reserves or impact to the levy.

Table 1: Summary of Capital Project and required budget adjustment (including non-recoverable HST):

Description	Council Approved Budget	Budget Increase	Revised Budget
Purchase Cost of 10 Buses-New Flyer	9,030,797	1,422,650	10,453,477
Estimated Tarriff Costs-New Flyer	0	1,045,345	1,045,345
Other Costs *	325,000	0	325,000
TOTAL Project Costs	9,355,797	2,467,995	11,823,792
ICIP Funding	(6,860,606)	(1,809,781)	(8,670,687)
PGT Funding	(2,495,191)	(658,214)	(3,153,405)
TOTAL Project Funding	(9,355,797)	(2,467,995)	(11,823,792)
Variance	\$0	\$0	\$0

* Includes ITS, inspection, branding, metrolinx administration fee, etc.

Analysis

The acquisition of conventional transit vehicles is critical for maintaining service continuity, enhancing fleet modernization, and achieving cost efficiency. The existing fleet is inadequate to meet this demand effectively. Currently, the average age of the conventional fleet is 8 years. A conventional bus has a useful life of 12 years. The conventional bus fleet is constantly in for service as a result of repairs required due to breakdowns. Ensuring that the NTC can continue providing reliable and timely services is essential for meeting the needs of customers. Additionally, modernizing the fleet by incorporating newer, more reliable vehicles will enhance the overall efficiency and sustainability of transit operations. The Metrolinx TPI Cooperative Purchase

Governance Agreement facilitates this process by allowing for significant cost savings and procurement efficiencies through bulk purchasing and standardized procedures.

The original term for the Multi-Year Governance Agreement for Joint Transit Procurements Facilitated by Metrolinx ended March 31, 2024 but Metrolinx elected to exercise its option to extend the Term for another five years now ending March 31, 2029. On January 29, 2024, the agreement with the new OEM, New Flyer Industries, for Conventional Diesel bus purchases began which changed from the previous OEM, Nova Bus Inc. The expected date to receive these 10 vehicles is Q1 2027.

The addition of these new vehicles will continue to allow Niagara Transit to significantly improve service delivery by enhancing our ability to deliver timely and reliable services. Replacing vehicles that are past their life expectancy will minimize delays and cancellations due to vehicle breakdowns, directly impacting customer satisfaction. Modern vehicles equipped with the latest amenities and accessibility features will cater to the needs of all passengers, including those with disabilities, thereby improving the overall customer experience. Moreover, modern vehicles typically require less maintenance and are more fuel-efficient, leading to lower operational costs and a smaller environmental footprint.

Alternatives Reviewed

The Board could opt out of the TPI agreement with Metrolinx and undergo a separate formal procurement for conventional vehicles. This option is not recommended as it could result in further delays to delivery, negatively impacting NTC's service reliability. In addition, the cost per vehicle may prove to be greater than that of the cooperative purchase price.

Relationship to Niagara Transit Commission Strategic Priorities

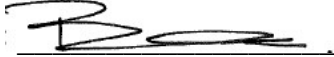
Employee Success: By integrating newer vehicles into the fleet, transit operators and maintenance staff will experience reduced downtime and less frequent mechanical issues. This translates to a more predictable and stable work environment. The introduction of advanced vehicle technologies provides opportunities for employees to receive training and

certification on the latest systems, enhancing their skill set and career development prospects.

- Service Excellence:** The acquisition of new vehicles helps to maintain and potentially exceed current service levels. This reduces the incidence of service interruptions due to mechanical failures, ensuring a more dependable service for customers. New vehicles are typically more fuel-efficient and require less maintenance, translating to more efficient operations and better use of resources.
- Safety:** Ensuring the vehicles are up to date with the latest safety standards means that both drivers and passengers are protected against potential hazards, promoting a secure transit environment.
- Affordability:** By purchasing through the Metrolinx TPI Cooperative Purchase Governance Agreement, NTC can benefit from economies of scale, achieving lower per-unit costs than would be possible through independent procurement. Efficient procurement and funding strategies, such as the ensure that the NTC maximizes its financial resources without compromising service quality.
- Customer Focus:** Modern vehicles offer a more comfortable ride with better seating, climate control, and reduced noise levels, contributing to a more pleasant travel experience for passengers. By maintaining a reliable and modern fleet, the NTC can more effectively respond to customer needs and feedback, adapting services to better serve the community.

Other Pertinent Reports

- NTC C 10-2024 Transit Procurement Initiative - Metrolinx Cooperative Purchase Agreement



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Appendices

N/A