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2012 BUDGET BRIEFING NOTE

Operating Impact of Articulated Buses

Issue/Background:

- Budget Committee, at its meeting of December 9, 2011, requested a Briefing Note from the TTC on the multi-year operating impact of purchasing articulated buses.
- The TTC does not currently have any articulated buses as part of its bus fleet.
- Based on the TTC's network, 7 existing routes can accommodate articulated buses from a cost/payback perspective, resulting in an optimal fleet size of approximately 150 articulated buses.
- The TTC's 2012-2021 Capital Plan includes approximately \$160 million for the purchase of 153 articulated buses over a three year period commencing in 2014 as follows:
 - 15 in 2014 - \$15 million
 - 42 in 2015 - \$43 million
 - 96 in 2016 - \$102 million

Key Points:

- TTC staff is currently assessing the ability of bus manufacturers to supply articulated buses.
- Net Present Value (NPV) analysis shows that, on average, each articulated bus would reduce operating costs by about \$60,000 per year - primarily as a function of reduced labour and benefit costs. With a fleet of 150 articulated buses, TTC workforce would be reduced by 118 positions.
- Assuming introduction into service in September of each year, the following operating budget savings are anticipated:
 - 2014 - \$0.2 million
 - 2015 - \$1.6 million
 - 2016 - \$5.7 million
 - Annualized thereafter - \$9.0 million

These savings have been reflected in the multi-year operating budget outlooks.

- The current procurement plan may be modified to advance the timing and number of buses acquired in each year (to as early as 2013) contingent upon the ability of manufacturers to provide vehicles on an accelerated timeline and the ability to accommodate the increased capital cash flow requirements from a budget perspective.

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