

## **Supplementary Report to GG28.7 - Ferry Service Operating and Capital Costs**

**Date:** April 21, 2026

**To:** City Council

**From:** General Manager, Fleet Services

**Wards:** All

### **SUMMARY**

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This report responds to a request from the General Government Committee that the General Manager, Fleet Services report to the April 2026 meeting of City Council with an overview of capital and operating costs for the City's ferry fleet, including costs and savings related to electrification. This report is supplemental to [Item 2026.GG28.7](#), which seeks authority for non-competitive agreements required to ensure the safe, reliable, and compliant operation of the City's ferry service, including both existing vessels and new electric ferries entering service.

Toronto's ferry service operates within a heavily regulated environment and must comply with Transport Canada regulations, including requirements in areas such as safety, staffing levels and scheduled inspections and maintenance (e.g., dry docking), that must be met and funded. The majority of operating costs for the service are tied to staffing (salaries and benefits).

The capital program for the ferry service is primarily driven by the Toronto Ferry Fleet Replacement Program - a Council-approved initiative to replace the City's aging ferry fleet, which is at or near end-of-life and requires renewal to maintain safe and reliable service, while also improving capacity and transitioning to larger electric vessels. The City has procured two new electric vessels, arriving in 2026 and 2027, and is making shoreside infrastructure improvements, including necessary civil and mechanical work to support the larger vessels, and electrifying the ferry slips. Each new vessel will carry approximately 1,300 passengers, representing a significant passenger capacity increase compared to the existing vessels that will eventually be replaced.

Both capital and operating costs for the new vessels and the related shoreside infrastructure are driven primarily by the fundamental need for larger, higher-capacity vessels to modernize the City's aging fleet and meet current and growing service demands on the Toronto Islands ferry routes - not the propulsion/fuel type. While there are some unique costs related to electrification, for example, installation and ongoing maintenance of shoreside electrical charging equipment and electricity costs, the

majority of costs reflect requirements that are common to any new vessel procurement and necessary work to prepare the dock to accommodate the significantly larger vessels. Further, the electrical elements of the new vessels and shoreside infrastructure are fully integrated in the design and delivery of this project, and cannot be easily separated.

Electrification represents a targeted, forward-looking investment within a capital program driven primarily by fleet modernization and service needs. This investment will deliver meaningful benefits previously presented to Council, including reduced diesel consumption, improved long-term fuel cost stability, particularly important as we see fuel prices become increasingly volatile globally, and zero direct greenhouse gas emissions.

Fabrication of the City's two new electric ferries and construction of the supporting shoreside infrastructure are progressing on schedule and within approved capital budgets, with no new financial impacts. All costs remain fully funded through previously approved capital and operating budgets, shown in Table 1.

**Table 1: 2026 Operating Budget and Ferry Fleet Replacement Program Capital Budget**

| Category  | Budget Item                     | Cost            | Notes   |
|-----------|---------------------------------|-----------------|---|
| Capital   | Vessel Fabrication              | \$92.2M         | Approved July 2024 ( <a href="#">Item 2024.GG14.8</a> ) for the construction of two new fully electric vessels                                  |
|           | Shoreside Infrastructure        | \$52.1M         | Approved October 2024 ( <a href="#">Item 2024.EX17.3</a> ) includes infrastructure to dock and support the larger vessels, and charging systems |
|           | <b>Total Capital Investment</b> | <b>\$144.3M</b> | <b>Fully approved; on schedule, and budget</b>  |
| Operating | 2026 Approved Budget            | \$16.7M         | 2026 operational budget for the ferry service   |

Details on capital and operating costs, and costs related to electrification where they are known, are provided in the Comments section of this report.

## **RECOMMENDATIONS**

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The General Manager, Fleet Services, recommends that:

1. City Council receive this report for information.

## **FINANCIAL IMPACT**

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There are no financial impacts resulting from the recommendation in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the Financial Impact Section as presented in this report.

## **DECISION HISTORY**

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At its meeting on April 8, 2026, General Government Committee adopted Item 2026.GG28.7 - Non-Competitive Agreements Required to Support the Existing and New Electric Ferries, with an amendment requesting that the General Manager, Fleet Services, report directly to the April 2026 meeting of City Council with an overview of the capital and operating costs of the City's ferry fleet, including specific costs or savings attributable to electrification.

<https://secure.toronto.ca/council/agenda-item.do?item=2026.GG28.7>

## **COMMENTS**

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This report responds to a request from the General Government Committee that the General Manager, Fleet Services report to the April 2026 meeting of City Council with an overview of capital and operating costs for the City's ferry fleet, including costs and savings related to electrification.

This report is supplemental to Item 2026.GG28.7, which seeks authority for non-competitive agreements required to ensure the safe, reliable, and compliant operation of the City's ferry service, including both existing vessels and new electric ferries entering service.

### **Background**

Toronto's ferry service operates within a heavily regulated environment and must comply with Transport Canada regulations, including requirements in areas such as safety, staffing levels and scheduled inspections and maintenance (e.g., dry docking), that must be funded and met.

City Council has also approved the Ferry Fleet Replacement Program to replace the City's aging ferry fleet, beginning with two new, larger electric vessels arriving in 2026 and 2027 respectively.

Base operating costs for the service, as well as capital costs to deliver the new ferries and related shoreside infrastructure are summarized below.

### **Base Operating Costs**

The base operating budget reflects projected expenditures required to operate the ferry service, including the operating costs of meeting all regulatory requirements, such as staffing levels. The majority of operating costs for the service are tied to staffing (salaries and benefits). Salaries & Benefits costs are expected to increase in 2027 and 2028 as the new vessels enter service with the additional FTEs required to operate the larger-capacity passenger vessels in accordance with Transport Canada requirements.

**Table 2: Base Operating Costs**

| Expenditures            | 2026 Approved Budget | 2027 Outlook        | 2028 Outlook        |
|-------------------------|----------------------|---------------------|---------------------|
| Salaries & Benefits     | \$14,827,525         | \$19,014,918        | \$21,621,487        |
| Non-Salaries & Benefits | \$1,891,619          | \$1,928,918         | \$1,963,543         |
| <b>Total</b>            | <b>\$16,719,144</b>  | <b>\$20,943,836</b> | <b>\$23,585,030</b> |

### Capital Costs - Ferry Fleet Replacement Program

The capital program for the ferry service is primarily driven by the Ferry Fleet Replacement Program - a Council-approved initiative to replace the City's aging ferry fleet, which is at or near end-of-life and must be renewed to maintain safe, reliable, and compliant service. The City has procured two new, higher capacity electric vessels to meet current and growing service demands on the Toronto Islands ferry routes, and is making shoreside infrastructure improvements, including necessary civil and mechanical work to support the larger vessels, and electrifying the ferry slips. The new vessels will deliver significant service and operational benefits, including improved reliability, reduced downtime, and an enhanced passenger experience along with meeting sustainability objectives.

Each new vessel will carry approximately 1,300 passengers. This represents a significant passenger capacity increase, compared to the existing vessels that will eventually be replaced (i.e., increase of approximately 500% compared to the Ongiara (216 passengers), and 230% compared to William Inglis (395 passengers)).

### Council-Approved Capital Costs

The Ferry Fleet Replacement Program includes Council-approved capital investments to support the transition to a modern, fully electric fleet and associated infrastructure. As of April 2026, these projects remain on time and on budget, and continue to advance the City's broader objectives related to sustainability and service modernization.

**Table 3: Council-Approved Capital Budget - Ferry Fleet Replacement Program**

| Category                 | Capital Costs | Notes   |
|--------------------------|---------------|---|
| Vessel Fabrication       | \$92,200,000  | Approved July 2024 ( <a href="#">Item 2024.GG14.8</a> ) for the construction of two new fully electric vessels                                  |
| Shoreside infrastructure | \$52,100,000  | Approved October 2024 ( <a href="#">Item 2024.EX17.3</a> ) includes infrastructure to dock and support the larger vessels, and charging systems |

### Cost Drivers

The overall cost of the program is primarily driven by the required replacement of the City's end-of-life ferry fleet and the introduction of larger, higher-capacity vessels, and the related regulatory requirements - not propulsion/fuel type. While there are some unique costs related to electrification, for example, installation and ongoing

maintenance of shoreside electrical charging equipment and electricity costs, the majority of costs reflect requirements that are common to any new vessel procurement and necessary work to prepare the dock to accommodate the significantly larger vessels.

The new vessels are also more complex than the legacy fleet they are replacing and require specialized maintenance and service arrangements, including access to shipyards with sufficient dry dock capacity and infrastructure to accommodate larger, heavier vessels. These requirements are necessary to support ongoing inspection, repair, and lifecycle maintenance as required by Transport Canada and to ensure a reliable service.

### **Electrification Costs, Savings & Other Benefits**

Unlike a traditionally fueled vessel, the two new electric ferries will utilize:

- Electrical propulsion/electricity and onboard vessel energy systems
- Shoreside charging (a component of the broader shoreside infrastructure work)
- Grid connection and system integration requirements
- Ongoing maintenance, parts and other support for the shoreside electrical charging system and vessel electrical systems (one of the four recommended contracts outlined in 2026.GG28.7)

It is important to note that the electrical elements of the new vessels and shoreside infrastructure/grid connection are fully integrated in the design and delivery of this project, and cannot be easily separated. Costs that can be easily identified or estimated have been noted below. In some cases, costs will be refined once the new vessels are in service.

#### **Electricity Costs**

The City is working in close partnership with Toronto Hydro as part of this project. Modelling is underway to estimate the cost for electricity consumption for the two new electric ferries. Actual electricity consumption costs will depend on finalized operating profiles, charging strategies, and confirmed utility rates. Updated and more precise cost information will be reported once these factors are finalized.

#### **OEM Electrical Maintenance Contract - Aspin Kemp & Associates Inc. (AKA) Energy Systems**

Through 2026.GG28.7, staff are seeking authority for several non-competitive agreements, including a contract with AKA Energy Systems for Original Equipment Manufacturer (OEM) maintenance, remote diagnostics and troubleshooting, repairs, parts, and training for the shoreside electrical charging system and vessel electrical systems. Note: The remaining three contracts for which staff are seeking City Council approval are not related to electrification.

The contract includes a one-time cost of \$1,100,000 and an estimated ongoing annual spending cap ranging between approximately \$914,400 and \$1,029,165, over the five year contract duration. Funding is derived from the previously approved capital budget. Detailed costing for the proposed contract is outlined in 2026.GG28.7.

### **Benefits of Electrification**

Electrification provides measurable financial benefits. In 2025, the cost to fuel the two legacy vessels that will eventually be replaced by the new electric ferries (i.e., Ongiara and William Inglis) was \$222,000. Comparisons between historical diesel fuel costs and future electricity costs/savings are not directly comparable due to the significantly larger vessel size and service capacity. While staff cannot precisely estimate the cost of fuel to propel two diesel powered vessels of a similar size to the new, larger electric ferries, given the new vessels are not yet in service and the volatility of diesel prices, staff expect similarly sized diesel vessels would require significantly more fuel to operate. In addition, electric vessels significantly reduce exposure to global diesel price volatility, contributing to greater long-term cost stability as electricity rates are more consistent.

The electrification of the ferry vessels represents a significant step towards green, efficient urban transportation, and highlights the City's commitment to sustainable practices and greenhouse gas reduction through the TransformTO Net Zero Strategy and other City initiatives. Electric ferries produce zero direct greenhouse gas emissions and in 2024, staff estimated that replacing diesel-powered ferries and fully electrifying the whole ferry fleet would result in an approximately 2,800 tonnes of greenhouse gas emissions reduction, equivalent to removing 600 cars from the road. In addition, Ontario's electricity system is largely generated from low-carbon and domestic sources, which further enhances the environmental benefits of electrification while supporting the use of locally produced energy.

### **CONTACT**

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### **SIGNATURE**

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