



SUBJECT: Burlington Transit electronic fare system device replacement (PRESTO)

TO: Community Planning, Regulation & Mobility Cttee.

FROM: Transit Department

Report Number: TR-06-20

Wards Affected: All

File Numbers: 465-11-3770-11

Date to Committee: August 11, 2020

Date to Council: August 24, 2020

Recommendation:

Authorize the Chief Financial Officer to fund \$726,620 for the PRESTO device replacement project from the Capital Purposes Reserve Fund as outlined in transit department report TR-06-20.

PURPOSE:

Vision to Focus Alignment:

- Improve integrated city mobility

Background and Discussion:

In 2008, the City of Burlington entered into an agreement with the Province of Ontario to implement a Greater Toronto and Hamilton Area fare collection system. This became known as PRESTO. PRESTO participation was a requirement for Burlington to receive Provincial gas tax funds. The City of Burlington was an early adopter of this system and was one of the first transit agencies within the GTHA to acquire and install the technology on Burlington Transit buses.

In 2018, notice was provided to transit agencies, that the aging fare collection devices would be replaced with a new and upgraded platform. PRESTO worked with the transit agencies to identify potential costs and scheduling for the project.

In the fall of 2019, the Investing in Canada Infrastructure Program: Public Transit Stream (ICIP) was launched. This program is a cost-share infrastructure funding program between the federal government, provinces and municipalities. The program earmarked more than \$30 billion dollars in combined federal, provincial and other partner funding to Canadian infrastructure projects including public transit.

In July 2019, the City of Burlington was notified that approximately \$33 million dollars would be available for public transit project funding through the ICIP: Public Transit Stream program. To be considered for funding, projects had to improve the capacity of public transit infrastructure, improve the quality and/or safety of existing or future transit systems; or improve access to a public transit system.

Municipalities submit their projects to the Province first. The Province reviews the applications and nominates projects to the federal government, who then provides the final approval.

Burlington Transit, along with several transit agencies within the GTHA worked with Metrolinx to ensure that the PRESTO device replacement would fall under the qualification of improving the quality of existing transit systems and therefore would be eligible for ICIP funding.

An application to the ICIP program was submitted in the fall of 2019. The total cost of the Burlington's PRESTO upgrade project was estimated at approximately \$1,400,000. The project funding was allocated as follows:

Funding Source	% Contribution	Funding Amount
Federal	40.00%	\$560,000
Provincial	33.33%	\$466,620
City of Burlington	26.67%	\$373,380
Project Total	100.00%	\$1,400,000

The PRESTO device upgrade project had a GTHA implementation target of October 2020, due to the expiration of the contract with the original hardware vendor, and due to the age of the devices in general.

ICIP intake occurred in October 2019, and it was anticipated that application approval would happen early in 2020. In order to ensure that the project deadline would be met, PRESTO went ahead with the upgrade project and therefore signed a contract with a 3rd party to develop and install the new devices. This was necessary to ensure that all the 2500 plus devices, within the GTHA, would be upgraded by the end of October 2020.

On June 30, 2020, the City of Burlington received correspondence from the Province indicating that Infrastructure Canada had deemed the PRESTO device replacement project as ineligible for funding. This was due to the fact, that the contract with the consultant/developer to complete and implement the PRESTO upgrade project was signed before the funding was approved. Any costs incurred before the (federal) project approval, and any and all expenditures related to contracts signed prior to project approval, were not eligible for funding.

Installation for the devices on Burlington Transit buses began on June 15, 2020 and was completed in mid-July.

The City is now responsible for the entire cost of the project.

Options Considered

In recent conversations with PRESTO, the following options were presented:

- 1) Defer payment of the PRESTO device replacement project to 2021,
- 2) Wait for new funding opportunities from the Province; or
- 3) Look at alternative sources within the municipality.

Considering the project is now complete, it is unlikely that this project would qualify for any new funding opportunities. After consulting with the Finance Department, it was determined that option 3 would be the best approach; and therefore, the City would fund the remaining amount.

Financial Matters:

Total Financial Impact

The ICIP application was submitted based on the total project cost of \$1,400,000. However, the total cost of the project is projected to be lower than originally planned and is approximately \$1,100,000. This is based on actual numbers and fees recently provided by Metrolinx. Due to the ineligibility of the project, the City has a shortfall of \$726,620.

Source of Funding

The recommended funding source to cover the additional costs would be the Capital Purposes Reserve Fund. This fund has recognized savings from other tenders.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Engagement Matters:

Not applicable.

Conclusion:

Based on the information and analysis, staff recommend that funds be allocated from the Capital Purposes Reserve fund to cover the cost of the PRESTO device upgrade project, due to its ineligibility to receive ICIP funding.

Respectfully submitted,

Catherine Baldelli

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Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Council. Final approval is by the City Manager.