

Big G in Conversation: Moving in The Future November 17, 2020

Transcript

Host: Wendy King

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Antti Vilkkko, General Manager of Facilities and Energy Management

Greg Clark, Manager of Financial Strategy and Long-Term Planning

Wendy King 0:03

Welcome to Big G in conversation, the podcast from inside Guelph City Hall. Hi, I'm Wendy King and on today's show we're taking a virtual ride on Guelph transit to see what's planned for the future of transit and Guelph and the impacts on the budget. Grab a seat and join us. Big G in Conversation, it's where we talk all things city of Guelph and budget. And today's topic is how we move forward in the future, in respect to public transit and specifically Guelph transit.

Wendy King 0:37

With me today is Robin Gerus, the general manager of Guelph transit, welcome to the show, Robin.

Robin Gerus 0:43

Thank you, Wendy.

Wendy King 0:45

Antti Vilkkko is the general manager of facilities and energy management. Good to have you here Andy.

Antti Vilkkko 0:51

Hi there, thanks.

Wendy King 0:52

And also joining us today about the bottom line is Greg Clark manager financial strategy and long-term planning, thanks again for joining us, Greg.

Greg Clark 1:01

Thanks, Wendy.

Wendy King 1:02

So, the podcast is really timely as you've recently had a workshop with counsel to talk about this exact thing, and I did watch it the other day, but maybe you know some of our listeners may not have gotten a chance to do that. So, Greg, could you just kind of tell us a little bit about what was the purpose of that workshop.

Greg Clark 1:20

Yeah, Wendy, heading into the budget this year we wanted to give Council an opportunity to get a good education about transit and all the things involved with changing, transit, as well as advise them that based on our new multi-year budget forecast, we've highlighted some affordability concerns with the pace of transit growth, especially layered onto the reduction in ridership, caused by COVID so, we wanted to get that opportunity to explain to them how important this strategy is, how it's linked to our operations hub which is out at Dunlop street where we're planning to build some city facilities. The business case development around that, and the upcoming required approval of the investing in Canada infrastructure program, transfer agreements with the city of, or with the federal and provincial governments. So, this workshop provided some time and space for council to have those discussions prior to our budget approval on December 1.

Wendy King 2:12

And so, as you just mentioned, of course COVID affecting every single thing. We heard about how the pandemic has affected Guelph transit Robin maybe could you tell us a little bit about those impacts?

Robin Gerus 2:23

Sure can, Wendy, this pandemic has affected all aspects of Guelph transit ridership numbers have dropped considerably as you may know, overall, transit ridership is down 54% It was down in August, and up to 75% down in September.

Wendy King 2:41

Wow, that's incredible, so. And when you say low ridership, that also equates to less revenue, obviously.

Robin Gerus 2:50

Yes, unfortunately that does. We're projecting a loss of revenue of up to \$10 million in 2021 and this is of course, mainly due to the ongoing drop in rider ships. Apart from our regular customers. As you're aware, we are a university city, and we've lost that student population. As well, there could be permanent changes in our ridership and that's obviously due to people's characteristics in respect to people doing homeschooling. We have work setups. Now a lot of people are working from home, and we also have people working online, and we believe that this is going to most probably affect our ridership permanently if not for an awful long time.

Wendy King 3:29

Wow, that's interesting because people are really getting into new habits and even transportation, sometimes we forget all that and when you do start to do something else. Sometimes you don't go back to what you normally did so with the declining ridership in 2021, Greg, what does that mean specifically for the budget then.

Greg Clark 3:47

So for 2020, you know, we, we've talked a lot about what we lost and how we mitigated that and to help out the federal the federal government did provide us with a \$5.1 million grant. Now that's to offset our losses and shortness in revenue in 2020, but as we move into 2021, there's still a lot of uncertainty like Robin mentioned about when ridership will return. We're projecting it could take as much as four years to get back to our previous ridership levels for 2021 We've taken the approach of keeping our budget static and and working within our reserves and different mitigation strategies to try to manage that lost revenue against reductions in expenses. In that tied to reduction in row frequency and some other mitigation revenue options that transits implemented. However, we do see that going into multi years so that's part of our multiyear financial strategy and part of the reason we need to get in front of Council is to help us come up with a long-term strategy to mitigate those losses.

Wendy King 4:52

Yeah, wow, four years. So, what does that do because I know you have all kinds of plans to move forward with transit.

Greg Clark 5:01

Yes, it is as was talked about at the workshop on Tuesday, a big part of our future forecast and part of the Guelph strategy is an expansion of transit so we had a really robust transit strategy that looked for a lot of growth over the next 10 years adding as many as 41 buses to provide additional routes provide additional capacity on existing routes, but given the place that we're going into right now, we knew that that wasn't necessarily the right approach and that we need to relook at that pace of growth so for 2021 Specifically, we're looking at how can we manage things temporarily, But also then how does Council give us direction so what is the right pace of growth we know there's an affordability aspect to it. We want to get Council's input and direction on what affordable growth looks like, and then working with Robin and his team to look at route reviews, fare updates, how on demand transit could potentially transform some of the service, and those different opportunities through 2021.

Wendy King 6:07

And Robin, did you want to jump in on that?

Robin Gerus 6:10

Yeah, that's correct Greg. Transit right now our management team mo we are working on these strategic initiatives that will ensure obviously a safe and reliable transit as we move forward, and we continue to address financial implications of the low ridership reality, and also how that serves as a foundation for our long-term planning towards our operational campus, and obviously towards transit fleet electrification. And you know, like so many people and other businesses. We at transit, we need to keep focused on where we want to go and figure out exactly what this new reality is, and we need to set our strategy moving forward so that we can address all these concerns and try to build the best transit for the citizens.

Wendy King 6:54

I noticed in the workshop and looking ahead to the 2021 budget Council referred to it as big-ticket items for transit, and there was a lot of talk of electrification of the transit bus fleet. So how do electric buses finances and growth, all go together?

Robin Gerus 7:13

Yes, there was quite a bit of talk around electrification of fleet, and other initiatives obviously surrounding the whole process of that decision. And more importantly, looking at all the work that we have to do. And the good thing is is that we still have some time available to us to make those proper decisions.

Wendy King 7:34

And if I could direct this to Andy. When we talk about adding electric buses to the transit fleet. We know that will be good for the environment. So, I guess the obvious question is why don't you just jump in and do it?

Antti Vilkkko 7:47

Thanks, Wendy, I think certainly those sound easy, and, in essence, it really isn't that difficult, but it's just not just about getting the buses themselves, it's about everything else. Infrastructure wise that needs to be in place around the buses like the facilities themselves and the charging stations, electrical power, and even the number of buses, and of course all of these things come at a cost. So there's an investment component to it. And certainly, we don't want to look foolish and simply just buy buses have and have no way of charging them so that's an important piece. We do have some work to do here. Before we can finalize some of these decisions. We do need to find what is the right size of the facility, which is a little bit depending on how many buses we have and what the pace of our growth is forecasted. We're also looking at the charging infrastructure and figuring out our capacity, and what the paces of replacing our diesel buses with electric. So, certainly there's an opportunity here as buses reach their end of life, replacing those diesel buses that are end of life with an electric bus as opposed to replacing a diesel bus with another diesel bus.

Wendy King 8:58

I got the impression. During the workshop that some people were a little concerned about the pace, but you were just staff rather was describing how you have to replace some buses that are at the end of their life term so do you do that with another diesel or do you move forward so I know it's a total juggling act but is that where you are trying to figure out what's the best route to go?

Antti Vilkkko 9:24

So, well, I think the, the piece of replacement is really dictated by the asset lifecycle. And so, as diesel buses come to their end of life. Our objective is really do springboard into electrification with that life cycle driver, and that's really what's taking the pace. And we're trying to keep up with that life cycle of replacing diesel buses with electric buses.

Wendy King 9:52

Yeah, and Robin, did you want to jump in with some more detail on that?

Robin Gerus 9:57

Yes, I do. So, what that really means is that we have a lot of challenges ahead of us. We are currently at transit we're reviewing our routes and mapping out how electrical buses will perform with our existing routes with the changes that need to be made, we want to answer a whole range of questions. For instance, are the bus battery life cycles. Will they be able to adhere to, to our trip, links, do we need more buses? Is there an opportunity to get smaller batteries for the buses or logistically smaller buses that we can use in the process? Obviously, we want to right size, this is the right size and exercise. As you may be aware, we have 80 buses right now, we have to take 70 A week schedule with little downtime. So, we want to make sure that throughout this process that we better understand exactly the right number of buses to serve our community as we move forward in this electrification process so there's lots of challenges.

Wendy King 10:59

Yeah, I can see that. So, and you were discussing that, you know, new buses, then you need the charging stations. Yeah, I'd have somewhere to put the buses especially you know in a Canadian winter, you can't just leave those sitting out in a parking lot somewhere. So, all of that comes at a price, obviously. And so how are you dealing with that?

Robin Gerus 11:19

So you're right and when it really comes down to is taking baby steps, making the right decisions so there's going to be a period of time when we're transferring from the diesel buses to the electric buses, there's going to be a cost associated to both we need to make the right decisions, so that we're spending the money appropriately, we need to use the facility that we're in now to the best of its ability until we transform to the campus, and then as our electrification and the electric buses come online, we make it we need to make sure that we're ready for it, that

we're spending the money appropriately, and the decision making process is agreed to well in advance of when those decisions are made and that we have support from everybody that's involved.

Wendy King 12:01

So, if you move ahead with everything you would like to do you know what the price tag is?

Robin Gerus 12:10

Price tags. I'm going to probably have to revert to the smarter people in our obviously finance department, I'm not sure if Greg can chime in on that but I will tell you this is going to be expensive and it's going to be money that is well used, and we're going to do whatever we can at our level to make sure that we make the appropriate decisions that are right for the city.

Greg Clark 12:36

Yeah, You're right, Robin it you know it is it is a big investment and I know Council one of their concerns in looking at this is that, you know, large dollar figure that's attached to all of this and, you know, part of that is the investing in Canada program that we talked about IC IP. You know we have for the depth of campus, the 35 conversion buses from diesel to electric plus the 30 expansion we have around 75 million of grant money lined up, but also it requires about 104 million of taxpayer in development and urge money from the city's point of view, so that that's just for the capital, then you get into the operating and, you know, maintenance and fueling of electric buses, you know, all those things add to our operating budget and that's part of what we you know shared during the workshop is that we're looking at a 1 to 2% tax rate increase to bring on some of this, this infrastructure so there is a lot of investment in this, but to Robin's point there, there's also a huge benefit. So we have a and I can let Andy talk to this but you know we have 100% our goal for the city and the zero carbon, and, you know, we know that 50% of our emissions is by our transit fleet so there's a huge wind to replacing our transit fleet and the opportunity is that the federal government's willing to partner with us on some of that so we know we need a new facility, we know we need to go green. We do know we need to grow. It's really about the pace and the timing of that and how we manage all of that. And in really utilizing that funding from the ICP to the maximum ability that we can. So, you know, from a financial perspective, it is big numbers, but we have, you know when you have some time to work out the details and make sure we're making the best investment possible.

Antti Vilkkio 14:24

I guess just to add on to what Greg mentioned there I think is a phased approach. We do have plans to make some moderate electrical modifications and the existing transit road transit facility location, and currently there's only enough electrical power capacity to charge one, but one charger at that location. So, the moderate upgrades will allow us to install 450 kilowatt chargers, and that'll get us now really a pilot study approach to understand the logistics around. As we transition from diesel to electric buses, and also understand what between logistics and timing, and how that all works together.

Wendy King 15:12

And I know you're also dealing with the fact that Guelph is just exploding in population.

Antti Vilkkio 15:19

Well, that's right too. And I think that's part of the review and route analysis that's being done by transit in terms of optimizing the service and defining the needs.

Wendy King 15:31

Have you discussed yet? You know, everybody always wants to know what about a fare increase but you've already discussed that ridership is down, so you probably don't want to hit customers again but I'm just curious if that's, I'm sure that is part of the discussion.

Robin Gerus 15:47

So I can chime in on the fare increase so there's never a good time for a fare increase, and as you know what we are doing a review right now and after the review, our intention is to finalize our FMS project which is our electronics our management system and once we have that in place and we're satisfied that we're, we're in the right direction that we're going to look at a fair strategy we're going to come up with a new chair strategy that coincides with the transit master plan. And at some point, in time in the near future, we will make the right decision. Once we've finalized our route review and we know the direction we're going to head in, and we've satisfied our strategy needs that the discussions for fare strategies and fare increases will point in that direction at the appropriate time.

Wendy King 16:36

Forgive my ignorance about, you know, transit words that I heard the words hub, and then I heard operations campus does that mean like terminal. Does that mean like a bus terminal?

Antti Vilkkio 16:51

So, the term round operations campus is looking at how we service our operational departments specifically transit is one operation, fleet maintenance and corporate building maintenance, and the idea of an centralized operation campus is to gain efficiencies by having our operational departments work in one location. And when we look at the asset and life expectancy of those assets, they are all at end of life, and at overcapacity, so we're looking to for a solution on how do we keep up with the pace of growth for the population, and also be able to service, provide our operational services. So, there is a business case that's being prepared, that will come in, Council, next year, and that'll help counsel with the decisions needed not only for our transit discussion today but also for how we move forward with, with our operational departments.

Wendy King 17:57

So much information I know we've just barely scratched the surface but at the end of the day, where would each of you say this leaves us, in terms of transit for the future.

Antti Vilkkio 18:10

I think we're in a, we're in a good place to have more discussions with council, certainly what we're talking about here with electrification of transit and our operations campus and future needs are is really aligned with not only current Council direction for energy goals for 100% renewable and netzero carbon. It's also aligned with our strategic plan, particularly our building our future and sustaining our future. So again, there's some, some really exciting opportunities for for the city that transform and grow as we as we move through this process. And I think we're in a really good place to have discussions of counsel and allow them to make informed decisions on these issues.

Greg Clark 18:57

Yeah, totally agree, Wendy, you know, for a number of years, behind the scenes staff have been looking at our aging facilities and like Andy said, you know, this is partially about transit but it's about the city as a whole, and really having this conversation with councils started last fall continues today, and multi year budgeting is really highlighting it is, we need to be planning for the future. And, you know transit is a big part of that future and there trigger, there also an opportunity this grant funding allows us to move projects forward that we wouldn't have been able to at a time. You know given budget constraints and funding constraints. So, it's an opportunity transit can be the leader we can do some transformative stuff with transit ensure we're meeting customer needs, as well as helping the city move forward from an overall budget perspective and really get us in a good place to move those other operations supporting facilities forward and bring them to the 21st century facilities that meet the needs of today and tomorrow.

Wendy King 19:57

Robin, you got the last word.

Robin Gerus 19:59

This is great conversation. And at the end of the day what we're all trying to do is to really bring the best possible transit service to the people of our community, both today and for the future. And we understand that we've got some challenges ahead of us, and obviously Council has some big decisions to make over the next couple of years, but you know, all in all, we're working, and I truly believe that we're going to get to the point where we're all happy.

Wendy King 20:21

I hope that's true and you know, listening to all of you today, I am never going to look at a bus, the same way again. As long as I live. You guys have got big jobs ahead and a lot of a lot of juggling but I'm sure we'll talk again. As you move closer to to deadline so thanks for your time today. Really appreciate it, I'd like to thank my guests, Robin, Andy and Greg, for joining me and for all the great information.

Guests 20:46

Thank you, Wendy.

Wendy King 20:50

I'm Wendy King with the city of Guelph, big in conversation podcast. Thanks for joining me, if you have ideas for a show or comments, you can email, bigGpodcast@guelph.ca. Until next time, take care, and let's keep the conversation going.

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