CITY COUNCIL REPORT

TITLE:
CANADA PUBLIC TRANSIT FUND - BASELINE FUNDING 10-YEAR CONTRIBUTION AGREEMENT

PRESENTER:
Greg Brown

DEPARTMENT:
Finance

ATTACHMENTS:

DATE:
8/28/2026

CLEARANCE / APPROVALS:

Dave Wardrop	General Manager
Dave Wardrop	City Manager

RECOMMENDATION(S):
That Council authorizes the City of Brandon to enter into the Canada Public Transit Fund 10-Year Baseline Funding contribution agreement. Executing the agreement will provide the City a total of $3,890,780.00, disbursed in equal payments over 10 years, in federal funding in support of the Transit Bus Replacement 10-Year Capital Plan.

BACKGROUND:
The Government of Canada, through Housing, Infrastructure and Communities Canada, has approved funding for the City under the Canada Public Transit Fund (CPTF) - 10-Year Baseline Funding Program. This program provides long-term, predictable federal funding to support the continued growth, rehabilitation, and replacement of public transit infrastructure, while also increasing local capacity for transit planning.

The City has received approval for a total federal contribution of $3,890,780, to be applied toward eligible projects identified within the City's approved Transit Bus Replacement 10-Year Capital Plan.

The funding agreement extends to March 31, 2036, providing stable funding to assist the City in the implementation of its long-term transit fleet replacement strategy.

ANALYSIS:
The City maintains a fleet of transit buses that require ongoing replacement to ensure safe, reliable, and efficient transit service. As transit vehicles reach the end of their useful service life, replacement becomes necessary to minimize maintenance costs, reduce service disruptions, and maintain accessibility and safety standards.

The approved funding will support the City's Transit Bus Replacement 10-Year Capital Plan, which has an estimated total cost of $42,826,000. Federal participation through the CPTF program will assist in reducing the financial burden on municipal taxpayers while advancing the City's long-term transit infrastructure objectives.

Under the terms of the program:

- Funding must be used solely for activities identified within the approved Capital Plan related to transit rolling stock.
- The total approved federal contribution is $3,890,780.
- Annual disbursements of $389,078 will be provided to the City each year, subject to the submission and acceptance of required annual reporting.
- Annual payments will be made by June 30 of each year, or within 30 business days following acceptance of the annual report, whichever occurs later.
- The initial 2026-2027 funding disbursement will be issued within 30 days of the execution of the Contribution Agreement.
- The funding agreement remains in effect until March 31, 2036.

The agreement also includes a zero-emission vehicle procurement policy, which comes into effect April 1, 2031. The policy requires that only zero-emission transit vehicles be purchased after this date, but the agreement includes an exception policy which allows a Recipient to be exempt if a rationale is submitted and approved by Canada prior to March 31, 2031. Due to the city's infrastructure limitations for refuelling and maintaining zero-emission transit vehicles throughout the term of this agreement, City Administration intends on submitting an exemption request.

Acceptance of this funding will provide a predictable funding source to partially offset future transit vehicle replacement costs and support the sustainability of Brandon Transit services over the next decade.

LEGISLATIVE REQUIREMENTS:
Execution of the Contribution Agreement requires the City to provide a formal resolution of City Council authorizing acceptance of the agreement.

STRATEGIC ALIGNMENT:
The proposed acceptance of funding from the Canada Public Transit Fund (CPTF) - 10-Year Baseline Funding Program aligns with several priorities identified in the City of Brandon's 2022-2026 Council Strategic Plan, particularly those related to Environmental Sustainability, Affordability, and Community Well-Being. The Strategic Plan identifies aging infrastructure as a key challenge and emphasizes the importance of making sustainable investments that support the long-term viability of municipal services.

FINANCIAL IMPACT:
The grant represents approximately 9% of the estimated capital plan cost. Remaining project costs will be funded through future municipal capital budgets and any additional external funding opportunities that may become available.

Acceptance of the grant does not create an immediate additional tax-supported operating expenditure and will assist in funding future capital fleet replacement requirements.

RISK ASSESSMENT:

The risks associated with accepting the Canada Public Transit Fund (CPTF) funding are considered low. The primary risk relates to compliance with the terms and conditions of the Contribution Agreement, including the requirement to submit annual reporting to maintain eligibility for annual funding disbursements. This risk will be mitigated through established financial management, project tracking, and reporting processes.

There is also a risk that future transit fleet replacement costs may exceed current estimates due to inflation, supply chain disruptions, or changes in vehicle technology. While the CPTF funding represents approximately 9% of the overall capital plan cost, it provides a stable and predictable funding source that will help offset future capital requirements and reduce the financial impact on municipal taxpayers.

Failure to accept the funding would result in the loss of federal financial support for approved transit fleet replacement projects and place increased pressure on future municipal capital budgets.

COMMUNICATION STRATEGY:

Upon Council approval, the City will formally execute the Contribution Agreement with Housing, Infrastructure and Communities Canada and acknowledge the federal funding commitment in accordance with program requirements.

Media releases will be coordinated in conjunction with the funding provider.

CONCLUSION:

Acceptance and execution of the contribution agreement will provide the City of Brandon with a predictable source of funding in support of replacing and maintaining the City's transit buses. Risks from the agreement's requirements and deliverables are low.