

July 22, 2004

Edmonton City Council
1 Sir Winston Churchill Square
Edmonton, AB T5J 2R7

Dear Councillor:

The Edmonton Transit Advisory Board (ETSAB) appreciates the fact that the Transportation and Public Works (TPW) Committee is recommending to Council that the City continue to use trolley buses.

After ETSAB reviewed the Booz Allen report, our members suggested (letter, February 23, 2004) that the discussion on the future of trolleys should be broader than the parameters of the report. For instance, members of ETSAB are concerned about the rising cost of diesel fuel and wish to see the City explore other technologies, other than petroleum products, to run public transit.

In March of 2004, the ETSAB affirmed its February position when, in the fullness of time, we were permitted to consider the Terms of Reference for the trolley review.

At the recent July 20, 2004 TPW meeting, councilors asked the administration "how savings from decommissioning trolleys could be used to enhance transit service?" Aside from the fact that the Board believes the savings claimed by the administration are dubious to begin with (refer to our letter of July 16th), our members feel that the alleged operating savings could be consumed by rising diesel fuel prices in as little as one year (see attachment). Eliminating clean, quiet electric trolleys for such short-term gain would indeed be short-sighted. A surge in diesel costs will necessitate either cuts in transit service, or fuel subsidization. Further, if capital dollars are spent on other transportation-infrastructure projects, then there are no savings. It is conceivable that car traffic could increase on the back of public transit cuts.

The existing trolley system derives good functionality and viability by linking well-established destination and transfer points in the city core. **Our board emphasizes the need to *maximize* trolley utilization, as this is both good management practice and fiscally prudent. We also feel it important to embark on a plan to add new trolley vehicles to the fleet, as we outlined in our July 19th letter (also see attachment).**

Thank you for providing us with an opportunity to discuss the future of transit, particularly trolleys, from a positive perspective. Dayton, Seattle, San Francisco and Vancouver are North American cities that have made a commitment to a quieter, cleaner urban environment.

Given the unknowns regarding petroleum pricing in the future, the ETSAB believes that it is in the city's best interests to retain and enhance our trolley system. The viability of any system is not determined by its size, but by how well it serves the travel needs of commuters.

Sincerely,

Graeme Feltham
ETS Advisory Board Chair

ATTACHMENT

1. ETSAB Proposed Fleet Scenario – Capital Cost Comparison

Purchase 25 new low floor trolley buses @ \$ 900,000 (cost per <i>Booz Allen</i>)	\$22,500,000
Rehabilitate 20 existing trolleys (APU and Power Steering) @ ~\$ 50,000	\$ 1,000,000
	\$23,500,000

The capital fleet cost of this scenario over ten years is comparable to replacing the trolley fleet with 45 diesel buses in 2008 @ \$500,000 per bus [Total \$22.5 million]. But it would retain future options for expanding or contracting the trolley system, once future fuel price and technology trends become apparent.

2. Diesel vs. Electricity Price Trends

	1999	2004 (June)	Net Change over Period
Diesel Fuel (rack)	0.35/litre	0.51/litre	+0.16/litre
Electricity (pool)	0.04/kWh	0.06/kWh (June)	+0.02/kWh

Diesel prices per City of Edmonton data; electricity rates per CASA, ATCO and Alberta Electric System Operators.

NOTES: Diesel prices rose sharply between 1999 and 2001, and have recently shown further increases. Electricity prices show a brief, abrupt spike in 2001 in response to deregulation, but have declined since that time.

Diesel Fuel Price Increases in City Budget:

2000: Rising diesel costs projected to require \$1.5 M *annual* addition to city budget. (April 11, 2000, doc # 299343)

2001: ~\$2 M net added to budget for “diesel fuel increase”.

2002: Budget includes additional \$575,000 for “inflation on diesel fuel”.

2003: (Specific breakdown of operating increase not available.)

2004: 12% increase in transit diesel fuel cost projected for budget; budget contains additional \$1.2 M for “inflation on diesel fuel”. June 24, 2004: MES reports budget increase for fuel of 11% (doc # 304852)

3. Future energy prices are uncertain. Diesel price hikes have the potential to enhance economic arguments for trolleys.

