



# The Corporation of the Town of Milton

Report To:	Council
From:	M. Paul Cripps, P. Eng., Commissioner, Engineering Services Glen Cowan, Chief Financial Officer/Treasurer
Date:	September 16, 2019
Report No:	ENG-028-19
Subject:	Investing in Canada Infrastructure Program - Public Transit Stream
Recommendation:	<b>THAT Council approves the selection of the Transit Operations Centre project for the Town of Milton's application for funding of \$7,187,583 through the Investing in Canada Infrastructure Program - Public Transit Stream (ICIP - PTS).</b>  <b>AND THAT the Commissioner of Engineering and/or the Chief Financial Officer/Treasurer be authorized to submit the Town's application for the ICIP-PTS program, as well as any supplemental submissions required.</b>

## EXECUTIVE SUMMARY

The Town has been invited to apply for funding through the Investing in Canada Infrastructure Program - Public Transit Stream (ICIP-PTS) to an upset limit of \$7,187,583 in combined Federal and Provincial funding for public transit. The program guidelines outline a number of project and program criteria, summarized in this report, that need to be considered upon application submission. Having undertaken a Transit Service Review and Master Plan Update (TMP) as well as a Transit Operations Centre Feasibility and Functional Design Study in 2019, Milton is well positioned to leverage the ICIP-PTS program.

Staff recommend that an application for \$7.2 million in funding from the ICIP-PTS program be made for the construction of a new Transit Operations Centre. A new facility would address existing deficiencies, allow for the growth in the Town's transit service as envisioned in the TMP, and ensure the Town could solicit competitive bids for its transit service operations in the future.

A total of \$40.6 million was identified in the 2019 Budget and Forecast for a new Transit Operations Facility. Based on the Class D cost estimate prepared by Stirling-Rothesay in 2019, an additional \$5.7 million is expected to be required for the construction cost. When



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engineering and contingency amounts are considered, the \$7.2 million in ICIP-PTS funding could provide for the balance of the estimated funding required to construct Phase 1 of the facility as outlined in the Transit Operations Facility Feasibility Study.

There are a number of considerations and risks associated with the proposed project and funding application, which are further outlined in this report, along with potential mitigation measures.

## REPORT

### Background

On March 14, 2018, the Province of Ontario signed an Integrated Bilateral Agreement (IBA) with the Federal Government for \$11.8 billion in funding under the Investing in Canada Infrastructure Program (ICIP) across four (4) streams:

- “ Public Transit
- “ Green Infrastructure
- “ Community Culture and Recreation
- “ Rural & Northern

The IBA includes \$8.3 billion of Federal and \$7.3 billion of Provincial funding that support transit projects in Ontario for municipalities and Metrolinx. Within the terms of the agreement, the Public Transit Stream (PTS) funding is allocated based on ridership to every municipality that receives Provincial Gas Tax funding and has reported subsequent 2015 data to the Canadian Urban Transit Association (CUTA) and Metrolinx. The first intake for the ICIP-PTS was launched in April 2019 to all eligible municipalities outside of the Greater Toronto and Hamilton Area (GTHA).

On July 22, 2019, the Town received a letter from the Provincial Ministry of Transportation (MTO) with respect to the second intake process for ICIP-PTS for municipalities inside the GTHA. Under this program, the Town is eligible to apply for funding up to a \$7,187,583 allocation, of which \$3,266,905 will be provided by the Provincial Government and \$3,920,678 provided by the Federal Government.

To be considered for funding, projects must meet at least one of the following outcomes:

- “ Improved capacity of public transit infrastructure
- “ Improve quality and/or safety of existing or future transit systems, and
- Improved access to a public transit system



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The application period will remain open until October 20, 2019; however, municipalities have been encouraged to submit applications and supporting documentation as soon as they are available. Full details can be found in the Program Guide<sup>1</sup>, and include:

- “ Cost sharing of 40% Federal, 33.33% Provincial and 26.67% Municipal
- “ A transfer payment agreement with the Ministry will be required for successful applicants
- “ Funding can be applied to new construction, rehabilitation or replacement of eligible infrastructure projects
- “ Capital components must be owned by the applicant
- “ Projects must be substantially complete by March 31, 2027
- “ Ineligible costs include land acquisition, leasing costs, operating costs, overhead costs
- Applicants will be required to ensure that any funding provided does not displace (in-plan) municipal spending on public transit
- “ For joint projects with other applicants, all applicants must secure endorsement from their respective municipal Councils
- “ If successful, applicants are required to remain in compliance with the new Asset Management Planning requirements that were introduced via Ontario Regulation 588/17 throughout the entire term of the project
- “ Applicants are encouraged to submit projects that increase connectivity between existing transit infrastructure, collaboration with other municipalities, or expand regional networks where available
- “ Applicants can submit multiple applications under the program

Submissions will be assessed by the Province with consideration for their technical viability, the municipality’s progress towards O.Reg. 588/17 compliance, the financial risk and due diligence undertaken, alignment with Provincial planning priorities, and a business case analysis (where applicable).

## Discussion

During 2019 Council has approved two key strategic reports with respect to the Town’s transit services, as outlined below. These strategic reports formed the starting point for evaluation of the potential investment opportunities for the ICIP-PTS program.

<sup>1</sup> Source: Province of Ontario, “Investing in Canada Infrastructure Program: Public Transit Stream”, [https://www.grants.gov.on.ca/prodconsum/groups/grants\\_web\\_contents/documents/grants\\_web\\_contents/prdr019920.pdf](https://www.grants.gov.on.ca/prodconsum/groups/grants_web_contents/documents/grants_web_contents/prdr019920.pdf), accessed July 24, 2019



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## 2019-2023 Milton Transit Service Review and Master Plan Update (TMP)

Through [ENG-021-19](#), Council endorsed in principle a Transit Service Review and Master Plan for the years 2019 to 2023, with recommended service adjustments to be considered through the annual budget process. The plan was prepared by WSP Canada Group, and involved significant consultation with the community and stakeholders. In summary, service recommendation themes were:

- “ Improved services within Milton and connections to key destinations
- “ New, innovative service delivery models to cost-effectively meet transit needs in unique areas (e.g. low-density and developing areas)
- “ Defining service warrants to trigger service implementations/changes based on demonstrated demand, and a performance monitoring system to promote continuous improvement of service efficiency and effectiveness
- “ Strategic investments into new vehicles, passenger facilities and a Transit Operations Facility
- “ Applications of advanced technology to improve fare collection, customer information and service efficiency
- “ Expanded administrative staffing compliment to manage complex service delivery and customer service requirements

## Milton Transit Operations Centre Feasibility and Functional Design Study

Through [ENG-022-19](#), Council received a feasibility and functional design study for a Transit Operations Facility and directed staff to identify site alternatives and move forward with next steps. This study is timely as the existing facility (provided via lease by the Town’s transit service provider, PWTransit) has reached a critical threshold and will not be able to support the strategic vision established in the TMP.

The Town retained Stirling-Rothesay/Stantec to develop the Feasibility Study to assess infrastructure needs for storing, servicing, maintaining and operating transit fleet assets and house service delivery functions. The study resulted in conceptual layout for a new facility with consideration of the Town’s future needs over a 20-year program horizon. At a total size of 143,030 square feet (13,288 square metres), the proposed facility would provide for indoor and outdoor storage, a maintenance area, a servicing lane, administrative & supportive services space and staff parking.

## ICIP-PTS Recommended Project - Transit Operations Centre

Staff are recommending that the Town submit an application in order to secure ICIP-PTS funding in support of a new Transit Operations Centre. As outlined in [ENG-022-19](#):



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- “ Continued growth in the Town will increase the demand for transit services with the Town’s transit fleet potentially growing from the existing 26 vehicles to 75 vehicles over a 20-year horizon (including support vehicles).
- “ The existing contractor-leased industrial facility in Milton at 420 Morobel Drive has limitations in terms of site layout and vehicle maneuverability, requires manual workarounds that affect productivity, and having already exceeded capacity cannot support the growth envisioned in the Town’s Transit Master Plan
- “ The absence of facility options (either Town-owned or other alternative) remains a barrier in soliciting competitive interest for contracted services delivery.
- € Given program space requirements identified totaling 143,030 square feet, a significant capital investment will be required. This investment can be phased, with an initial phase of approximately 99,175 square feet to provide for the first 10 years of growth, with the remaining 36,989 square feet as a separate second phase.
- “ The 2019 Budget and Forecast identified a total of \$40.6 million for a Transit Facility between the years 2019 and 2022. This amount included \$20.8 million for the construction contract. Based on the Class D cost estimate received from Stirling-Rothesay, phase one of the proposed facility would require \$26.5 million, \$5.7 million more than what is currently provided for in the budget forecast.

In terms of alignment with the guidelines for the ICIP-PTS program, this project:

- “ Falls within the “improved capacity of public transit infrastructure” outcome as it will involve the construction of a maintenance and storage facility (the “indicator”)
- “ Will not displace municipal funding based on the Class D cost estimate recently undertaken
  - Is expected to be achieved during the ICIP-PTS time horizon to March 2027
  - Is supported by a financial plan as the facility has been considered in the Town’s 2019 Budget and Forecast as well as the Town’s 2017 Fiscal Impact Study for the years 2017-2036
  - Is consistent with and supports the provincial priorities and policy direction of the Provincial Policy Statement
  - Is consistent with asset management best practices with consideration of full cost of service delivery



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## Risks & Other Considerations

Although leveraging significant funding through programs such as the ICIP-PTS can be greatly beneficial to municipalities, they do come with a degree of risk as the recipient generally commits to expenditures (via contract award) in advance of satisfying all program requirements and receiving the grant funding. There are also other considerations in the project delivery that can be affected by program requirements. The following table outlines some of these considerations.

	Consideration or Risk	Potential Mitigation
1	Project must be completed by March 31, 2027 (noting that the Town has yet to establish a preferred location or finalize a detailed design)	In order to ensure this risk is minimized, the Town would need to move aggressively forward in the next steps of the project including securing the required land and finalizing a detailed design.
2	Province is currently undertaking a Regional Governance Review	The results of the Province's review are expected to be known well in advance of any potential construction tender award, which is where the primary financial cost to the Town would be incurred.  New facility space is also likely required to service the Town's future transit needs, regardless of governance structure.
3	Program guideline precludes the ability to develop a new operations centre through a leasing partnership with the private sector	This will limit the partnership opportunities as the Town had intended to investigate a full spectrum of potential arrangements. It will not, however, have any impact on the Town's ability to leverage private sector partnerships to operate the service or facilitate (as is current practice).
4	Provincial/Federal contributions will be fixed, and therefore any cost overages will be the responsibility of the Town	The Town will have the opportunity to re-assess the funding plan through the detailed design process as well as part of the any tender award. Further the Town will maintain contingency funding in the approved project as is current practice for other projects of this nature.
5	Project must meet or exceed any applicable energy efficiency standard for buildings outlined in the Pan-Canadian Framework on	The conceptual design presented by Stirling-Rothesay specifically considered sustainability and incorporated a number of measures related to energy consumption,



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	Clean Growth and Climate Change (PCFCGCC)	grey-water recycling, building materials, external light pollution, etc. These measures will require further review in the detailed design including alignment with the PCFCGCC.
6	Project must meet or exceed the requirement of the highest published accessibility standard in Ontario in addition to applicable building codes and relevant municipal by-law	This requirement would be considered and addressed as part of the detailed design process.
7	Funding is contingent on the Town remaining compliant with all of the new asset management planning standards established through O.Reg. 588/17	With the approval of the Town's first Asset Management Policy in June 2019, Milton has satisfied the first milestone of the updated regulations. These regulations will require further growth in the Town's asset management documentation & processes beyond what has historically been included. Through the 2019 Budget Council has approved two new staffing resources to help address these requirements and further strengthen the Town's practices. The Town will need to continue to prioritize asset management in its annual work plan to minimize any potential risk to funding received through federal and provincial programs going forward.
8	Movement towards alternative fuel vehicles to reduce energy consumption, pollution and greenhouse gas emissions.	As noted in the Stirling-Rothesay report, electric buses are being evaluated by many transit operators and will likely be the industry standard in the future. The conceptual facility design provided for a conversion to electric-powered vehicles in the long-term.
9	An appropriate land parcel can be located and acquired at a reasonable cost	The Stirling-Rothesay report outlined the characteristics of the required site, including that it should be a minimum of 11 acres, relatively flat with an aspect ratio of 2:1, allow for ease of access, minimize deadheading, avoid environmentally sensitive areas, etc. Locating a preferred



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	site in 2020 will need to be a priority for the Town.
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## Alternative Projects Considered for ICIP-PTS

While a new Transit Operations Facility remains the most significant and critical component to accommodate service growth relative to recommended TMP initiatives, other project alternatives for ICIP-PTS funding were considered by staff. These other initiatives primarily relate to the capital program outlined in the TMP. Alternatives along with some associated considerations, include:

	Alternatives	Comment
1	Bus acquisitions to support Milton-Trafalgar Premium Outlets - Lisgar Regional Route Connection	\$1.3 million was estimated as the potential Milton share for capital cost to support this initiative in the TMP. There are potential complexities with establishing the terms of such a route with the stakeholders involved, especially in relation to the 90-day application timeline for the ICIP-PTS and while adhering to the program guidelines.
2	Expand/Improve Local Fixed-Route Network	\$6.985 million was identified between 2022 and 2025 in the TMP. This amounts consists of new buses that would allow the Town to expand routes to new growth areas within the Town. As the timing of the introduction of these routes may vary depending on the location and pace of growth, as well as the Town's ability to incorporate the operating impact into the annual budget, there may be timing risk that would have to be considered relative to the ICIP-PTS program time horizon.
3	Transfer Hubs (Velodrome, Bristol Park)	A cost between \$0.75 million and \$1.3 million was identified between 2022 and 2025 for these hubs in the TMP. These hubs form part of the network expansion that will be required as the Town grows further in new secondary plan areas. As such timing, and similar to item 2 above, timing will be dependent on the location and pace of growth as well as the Town's ability to fund the related operating cost of the new





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		routes. One of the hubs is also located in lands that are currently beyond the approved urban boundary.
4	Bus Replacement Program	The Town’s 9-year capital forecast for the years 2020 to 2028 includes a total of \$10.6 million in replacement costs related to the Town’s existing fleet. Of all of the alternatives, this option likely offers the greatest certainty with respect to timing and total cost. However, given the existing language in the ICIP-TPS with respect to the displacement of municipal cost and in an effort to attract as much funding to the Town’s transit program as feasible, this alternative is not recommended to be further pursued.

### Next Steps

Staff will submit an application for the ICIP-TPS program to the Ministry in accordance with the direction received from Council. If successful, a subsequent report to Council will be required in order to outline the terms of the transfer payment agreement and to secure further approvals.

### Financial Impact

At an upset limit of \$7.2 million, the ICIP-TPS provides an opportunity for a significant investment in the Town’s transit program by the Federal and Provincial levels of government.

Should the recommendations contained herein be approved, the Town will submit an application with the intent of securing the full extent of ICIP-TPS funding available for the Transit Operations Facility project. Based on the Class D cost estimate prepared by Stirling-Rothesay, the \$7.2 million would be required in addition to the \$40.6 million that the Town had already anticipated in the 2019 Budget and Forecast in order to fund the revised construction cost estimate, as well as the associated engineering and contingency costs.

There are several considerations and risks associated with project and related funding request that are outlined within this report. Should the Town’s application for funding be successful, Council will have further opportunities to manage the related risks at key

