City of Hamilton
GENERAL ISSUES COMMITTEE
ADDENDUM

Meeting #: 21-013

Date: June 16, 2021

Time: 9:30 a.m.

Location: Due to the COVID-19 and the Closure of City Hall (CC)

All electronic meetings can be viewed at:

City's Website:
https://www.hamilton.ca/council-committee/council-committee-meetings/meetings-and-agendas

City's YouTube Channel:
https://www.youtube.com/user/InsideCityofHamilton or Cable 14

Stephanie Paparella, Legislative Coordinator (905) 546-2424 ext. 3993

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5. COMMUNICATIONS

5.2. Correspondence respecting Fair Payment of Musicians for City-Led Events Policy

*5.2.a. Patricia LeClair, Chair, Hamilton Music Advisory Team

*5.2.b. Keanin Loomis, President and CEO, Hamilton Chamber of Commerce

*5.2.c. Alan Willaert Vice-President from Canada American Federation of Musicians of the United States and Canada

*5.2.d. Larry Feudo, President; and, Brent Malseed, Secretary-Treasurer, Hamilton Musicians' GuildAFM Local 293, CFM

5.3. Correspondence respecting the Hamilton LRT Matter

*5.3.b. Gabriel Nicholson

*5.3.c. Martin Zarate

*5.3.d. Hamilton Transit Alliance

6. DELEGATION REQUESTS

6.1. Delegation Requests respecting the Light Rail Transit (LRT) Matter (For the June 16, 2021 GIC)

*6.1.b. Eric Tuck, Amalgamated Transit Union Local 107

*6.1.c. Karl Andrus, Hamilton Transit Riders Union

*6.1.d. Ian Borsuk, Environment Hamilton

*6.1.e. Michelle Diplock, West End Homebuilders' Association

8. STAFF PRESENTATIONS

*8.1. Light Rail Transit (LRT) Operating and Maintenance Reports Presentation

*8.2. 2022-2024 Multi-Year Outlook and Capital Financing Plan Update (FCS21057) (City Wide)

*8.3. COVID-19 Verbal Update

10. DISCUSSION ITEMS

*10.1. Updated Net Operating Cost Estimates for a Hamilton LRT (CM21006/PED21145/PW21040/FCS21068) (City Wide)

*10.2. Light Rail Transit Investment and City of Hamilton Financial Incentive Programs (FCS21066) (City Wide)

*10.3. Historical Development Activity in the Proposed LRT Corridor (PED21142) (City Wide)

13. GENERAL INFORMATION / OTHER BUSINESS

13.1. Amendments to the Outstanding Business List

13.1.b. Items to be Removed:

*13.1.b.b. Possible Credits that may be Built in to Credit the Cost of the LRT Annual Operations and Maintenance

(Addressed on this agenda as Item 10.2 (Report FCS21066)

*13.1.b.c. Light Rail Transit (LRT) Supportive Development and a Summary of the Transit Oriented Corridor Policy

(Addressed on today's agenda as Item 10.3 (Report PED21142)

May 26, 2021

Re: Fair Payment Recommendation

Dear Councillors,

On behalf of the Hamilton Music Advisory Team (HMAT), this is a letter delegating in support of the Fair Payment guideline recommendation with the intent to ensure any Hamilton musicians hired to perform at a City of Hamilton organized events are paid using, at the minimum, the Hamilton Musicians' Guild payment guidelines.

As a self-declared city of music, it is critically important our municipality demonstrates a leadership role that reinforces a gold standard payment approach. This will positively impact the music community because it's actions offer respect for a musician's work, part of the arts community, and will influence the greater community to follow suit.

The old and antiquated approach of Payment in Exposure (PIE) continues to be perceived as worthy compensation while in fact it is not in keeping with a progressive arts and culture community best practice. The PIE approach doesn't pay bills, cover the expenses an artist experiences to produce the art and it helps perpetuates the myth of the starving artist.

The decision to offer Fair Payment will demonstrate leadership in support of the music community. It will reinforce a message that our musicians are vital to the community, their work is valued and, just as importantly, it will help influence our greater local community, including the arts community, that Payment in Exposure is no longer an acceptable practice.

If the City of Hamilton is truly a city of music who wishes to strengthen its music eco-system and enjoy the economic spin-offs as a greater community, then important steps need to be taken. Fair payment is one step in the right direction to help ensure musicians can build sustainable careers and help avoid Payment for Exposure to continue to be perpetuated. Without fair musicians pay, the realization of a true city of music with a healthy music eco-system will not be realistically possible. We as a city need to 'walk the talk'.

The City of Hamilton Fair Payment recommendation is an important step that will help validate city council's belief in its music strategy and show conviction that our music community is worth the investment.

Sincerely,

Patricia LeClair

Patricia LeClair
Chair, Hamilton Music Advisory Team.

hamilton
chamber of commerce
your voice in business

June 14, 2021

Re: Fair Payment of Musicians for City-Led Events Policy

Dear Members of the General Issues Committee,

On behalf of the Hamilton Chamber of Commerce, Hamilton's oldest institution at 175 years old, I would like to take this opportunity to endorse the proposed *Fair Payment of Musicians for City-Led Events Policy*.

As President & CEO of the Chamber, I have the privilege of speaking for our 1,000+ members that employ over 75,000 people in our community and wish to express our support of the guideline recommendation to ensure that any musicians hired to perform at a City of Hamilton organized events are paid using, at the minimum, the Canadian Federation of Musicians annually established payment guidelines.

As per the recommendations stemming from the Mayor's Task Force on Economic Recovery to "create [a] minimum wage pay scale for musicians hired by the City and at City-related/sanctioned events, to ensure musicians are paid fairly as reopening happens and afterwards," the Hamilton Chamber of Commerce recommends that Committee ratify the proposed policy which will formalize an approach and ensure consistency across the Corporation of the City of Hamilton regarding staff responsibilities when hiring and paying musicians for City-led events.

Establishing and implementing a *Fair Payment of Musicians for City-Led Events Policy* aligns with the City's Music Strategy, Economic Development Action Plan and Fair Wage Policy. Moreover, the adoption of such a policy demonstrates leadership and models fair payment practices found in many Canadian cities that further supports, recognizes, retains and attracts musicians to Hamilton who are essential to our own local music industry.

Sincerely,

Keanin Loomis
President & CEO
Hamilton Chamber of Commerce

Canadian Federation of Musicians

An Organization of the American Federation of Musicians of the United States and Canada

ALAN WILLAERT
Vice-President from Canada, AFM
150 FERRAND DRIVE, SUITE 202
TORONTO, ONTARIO M3C 3E5
(416) 391-5161 • 1-800-463-6333 EXT. 227
FAX (416) 391-5165
E-MAIL: awillaert@afm.org
www.cfmusicians.org

June 10, 2021

To The Mayor and Council, City of Hamilton,

RE: FAIR PAYMENT FOR MUSICIANS

Let me begin by stating that this letter is written on behalf of the 17,000 Canadian members of the American Federation of Musicians of the United States and Canada (AFM), who wish to express their sincere appreciation for the progressive thinking and actions by the City of Hamilton. I would like to share some information, which may be of interest.

The entertainment industry in Canada (with its many derivatives), represents a greater impact on the economy than mining, lumber and tourism *combined*. When musicians earn money, they spend it on local services and businesses, a fact which I'm sure your research has uncovered. The old adage, "A rising tide lifts all boats", is very apropos in this context.

The AFM is the largest entertainment union in the world, and operates in Canada as the Canadian Federation of Musicians (CFM). We are certified in Canada, under the federal *Status of the Artist Act*, as the sole bargaining agent for ALL musicians (not just members), which entitles us to compel entities such as CBC, National Film Board, and the National Arts Centre etcetera to negotiate, with a view to establishing scale agreements under which all musicians may confidently render services.

We also bargain agreements for symphony orchestras, theatres, touring, commercial announcements (jingles), TV/Film/New Media and the major recording labels. Negotiations is one of the core services of any labour union, but it may surprise you that musicians, on average, have a much higher education than the median within the work force, having achieved a university degree or better. They begin training early in life, spend a fortune on lessons, instruments and equipment, and like professional athletes, must practice daily to maintain the high physical and mental capacity required.

Conversely, a large majority of our members are part of the freelance, or "gig economy". They play to live audiences, create their own recordings and count on a steady stream of work to pay the bills. When the pandemic struck, this segment faced devastation. Many have left the business, while others found ways to subsist on the federal subsidies which were introduced.

This wasn't the first adversity. Thirty years ago, musicians were able to eke out a modest income through their live performance and selling CDs, along with royalties which emanate through airplay. Technology has destroyed that world, first with Napster inventing music piracy and file sharing, and now with streaming services like Spotify and YouTube paying minute fractions of a cent per stream, with a system that is weighted to pay the only the top few artists the lion's share. Legislation worldwide is still playing catch up with Big Tech and their above-the-law attitude, including a mandate to exploit artists, expropriate their intellectual property in order own, control and monetize all content for little or no cost. Truly, they represent the worst example in history of insatiable corporate greed.

All of this, combined with a learned public perception that music is free or has no value, threatens to create a new reality where a career in the arts is no longer a viable choice, only untrained hobbyists remain, the cultural fabric of Canada being forever compromised.

For the elected officials of a community to recognize that arts and cultural workers represent an integral part of society, and must be engaged and remunerated as the highly-trained professionals they are, speaks volumes about their integrity and sense of responsibility. It also is indicative of an understanding of how ecosystems work. Similar to plants, which wither and die without water and sunlight, failure to support any portion of the workforce has a cascading, negative impact elsewhere. The City of Hamilton has addressed this, demonstrating the kind of foresight and leadership that other communities can strive to emulate.

Once again, thank you on behalf of all musicians, and we look forward to a very bright future of healthy collaboration, success and mutual benefit.

Respectfully,

Alan Willaert
Vice-President from Canada
American Federation of Musicians
of the United States and Canada

Hamilton Musicians' Guild
AFM Local 293, CFM
20 Hughson Street South, Suite 811
Hamilton, Ontario L8N 2A1
905-525-4040
Local293hmg@bellnet.ca

June 14, 2021

Hamilton City Council
71 Main Street West
Hamilton ON L8P 4Y5
Attention: clerk@hamilton.ca

Dear Mayor and Councillors of the City of Hamilton,

RE: FAIR PAYMENT FOR MUSICIANS

The Hamilton Musicians' Guild is pleased that you are supporting the Fair Payment Proposal to pay Hamilton musicians hired for City of Hamilton events using our Tariff of Fees as a guide for establishing payment.

We laud Council's progressive thinking on this issue as it signals a real commitment to the concept of Hamilton as a music city. As a union for musicians we represent musicians of every stripe, from celebrated artists such as Daniel Lanois, Tom Wilson, Ian Thomas, The Arkells and Feist to journeymen freelancers working in the gig economy on the local level. It is these musicians who need to be fairly paid and respected for their talents and contributions to the rich cultural life of our city.

Over the years we have enjoyed the support and understanding of City Council, particularly when Council stepped up and paid over $20,000 in lost wages to members of the Opera Hamilton Orchestra who were not paid when that organization went bankrupt.

We appreciated the opportunity to present our report to the Mayor's Taskforce on Economic Recovery Labour Sub-Committee which clearly detailed the economic spin-off of the local music industry.

We look forward to the acceptance of this proposal and to continue working together in the future towards our goal of making Hamilton truly a music city.

Respectfully,

Larry Feudo
President

Brent Malseed
Secretary-Treasurer

Live Music Is Best....Use Live Musicians

From: Gabriel Nicholson
Sent: June 14, 2021 6:00 PM
To: Office of the Mayor <mayor@hamilton.ca>; clerk@hamilton.ca; Ward 1 Office <ward1@hamilton.ca>; Farr, Jason <Jason.Farr@hamilton.ca>; Nann, Nrinder <Nrinder.Nann@hamilton.ca>; Merulla, Sam <Sam.Merulla@hamilton.ca>; Collins, Chad <Chad.Collins@hamilton.ca>; Jackson, Tom <Tom.Jackson@hamilton.ca>; Pauls, Esther <Esther.Pauls@hamilton.ca>; Ward 8 Office <ward8@hamilton.ca>; Clark, Brad <Brad.Clark@hamilton.ca>; Pearson, Maria <Maria.Pearson@hamilton.ca>; Johnson, Brenda <Brenda.Johnson@hamilton.ca>; Ferguson, Lloyd <Lloyd.Ferguson@hamilton.ca>; VanderBeek, Arlene <Arlene.VanderBeek@hamilton.ca>; Whitehead, Terry <Terry.Whitehead@hamilton.ca>; Partridge, Judi <Judi.Partridge@hamilton.ca>
Subject: For GIC June 16

Hello General Issues Committee,

The staff report for Wednesday GIC is not online at the time of this writing, but from past reports I imagine it's going to go something like this:

"We are going to reduce or remove service from many Hamiltonians to justify giving some Hamiltonians the gold carpet treatment"

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We can not be considering proceeding with a Memorandum of Understanding until the Federal Government produces the conditions they attached to the funding.

CBC Hamilton May 13, 2021

Part of the deal, McKenna said, will involve numerous conditions such as affordable housing and community benefit agreements, though no further details were provided.

That is a pretty important piece of the puzzle before anything is agreed upon.

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Also, it was written in an op-ed that "7,000 high-paying local jobs" would be created. This is such an odd number. Back in the 2009 Economic Potential Study it was referenced as - "some 6,000 jobs would be created due to construction expenditures combined with over 1,000 ongoing jobs due to on-going operations and maintenance."

It's odd because the Hurontario Line Benefits Analysis states " The construction is estimated to create some 6,210 person-years of employment" and that is a 20km line. Years, not jobs. The Eglinton Crosstown is creating thousands of jobs, 2,500 at peak construction. That's half a subway. Yet their community benefits were lauded as "create tens of thousands of design and construction jobs."

A whole 43 people in Eglinton neighbourhoods get to work for Crosslinx.

2013 Rapid Ready Report PW13014 stated - "The Benefits Case Assessment estimates that 3500 temporary jobs will be created in Hamilton during the construction period and 300 permanent jobs" The 3500/300 numbers were reiterated by Workplace Planning Hamilton in an 2018 document about project jobs. Yet it does not confirm those jobs will be filled by Hamiltonians.

Considering the multinational conglomerates who will be bidding on this don't exactly have offices in Hamilton, why do we think that "7000 high paying local jobs" will be created, let alone offered to Hamiltonians?

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On social media a long diatribe was written headlined "The Sacrifice Zone - Hamilton's Lower City" and the author is oblivious to how this project will sacrifice affordability in our lower city.

Postings about the affordability component of the Downtown Entertainment Precinct have people riled up because they didn't understand the definition of affordable housing. With a 5% yearly increase in CMHC Average Market Rental, we're looking at a 2025 rate of $1398 for a 1 bedroom and the 'affordable price' will be $1748! A 2% yearly increase will still be $1512 as per the affordable definition. Nevermind 2 or 3 bedroom units, where families live. That will be the whole corridor, from Eastgate to McMaster. The pressure the corridor endures from higher rents will push into the rest of the lower city. Any differences in rents between Wards 1 to 5 will be erased.

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In the Region of Waterloo, they redesigned their whole transit system to prepare for an LRT and then they awarded the contract.

Hamilton has not.

In the Region of Waterloo, they implemented a series of Express buses to bolster their ridership.

Hamilton has not.

In the Region of Waterloo, they offered developers along the project corridor No Development Charges for years, and devs cashed in about $50 million not having to pay; and this drove the building boom.

Hamilton has not.

In Waterloo, it's now too pricey for many residents and businesses along the corridor.

Hamilton is on that path.

regards,
Gabriel Nicholson

---------- Forwarded message ---------
From: **Martin Zarate** >
Date: Tue, Jun 15, 2021 at 12:41 AM
Subject: It's time to build the LRT for our next generation
To: <maureen.wilson@hamilton.ca>, <Jason.Farr@hamilton.ca>, <nrinder.nann@hamilton.ca>, <Sam.Merulla@hamilton.ca>, <Chad.Collins@hamilton.ca>, <Tom.Jackson@hamilton.ca>, <esther.pauls@hamilton.ca>, <ward8@hamilton.ca>, <brad.clark@hamilton.ca>, <Maria.Pearson@hamilton.ca>, <Brenda.Johnson@hamilton.ca>, <Lloyd.Ferguson@hamilton.ca>, <Arlene.VanderBeek@hamilton.ca>, Terry Whitehead <Terry.Whitehead@hamilton.ca>, <Judi.Partridge@hamilton.ca>, <mayor@hamilton.ca>

Councillors, Mr Mayor,

I'm writing to respectfully ask you to support the Hamilton LRT project. This is a once-in-a-lifetime opportunity for our city - I know this because I've spent my whole life here in Hamilton, so it's at the very least once in *my* lifetime.

I graduated from Westdale back in 2000, and watched my best and brightest classmates move on to greater cities for greater things - teaching at Cornell, working at Google in Seattle, running their own tech company in London... or move to Brantford and beyond for the kind of housing that we used to be able to afford in Hamilton.

And I look at my kids and see them growing up in a city that is losing the ambition that used to be its slogan. Are my children going to be faced with leaving Hamilton for greener pastures too? We bent over backwards for Bob Young to keep the Ti-cats in Hamilton, is it too much to ask that my kids get the same consideration?

The LRT is a transformative change for Hamilton - a chance to redirect the slow conversion into yet another GTA suburb back to becoming a destination of its own. You've all traveled to see great cities of the world just like I have, and you've all seen how great cities aren't ones where the poor have cars, but ones where the rich take transit. Right now, the HSR is predominantly occupied by either idealists like me or, more frequently, people without an alternative (eg, students). The LRT will change that, and I'm sure you've all seen that yourself in every rail-based transit you've been on, just as I have.

And from an environmentalist perspective, it's irresponsible *not* to work with a giant electric transit vehicle that will take many gas-burning cars off the road. In the endless relitigation of climate change arguments we hear so many things about the futility of fighting climate change: "even with electric cars, the batteries made from cobalt mined by slaves!" Well the LRT runs on a catenary, not batteries. "But the tires and roadway are made of petroleum products!" Well the LRT runs on rails that can be sustainably maintained. "But an E-bus can do most of the same things, and can be re-routed". Exactly, which means that the densification and investment will be more suspicious of the stability of the route. Would Bay Street in Toronto be the same if Union Station could be relocated at the drop of a hat?

We have to fight climate change, and beyond being just an electric vehicle, the LRT attracts intensification, and the dirty secret of environmentalism is that the simplest way to be greener is to densify. Green living doesn't look like Frank Lloyd Wright's Usonian fantasy, it looks like

Manhattan. Looking South, in spite of California's constant arguing about green infrastructure and electric cars and green energy, the lowest-carbon-per-capita state in their 50 states remains New York, simply because they have a gigantic city that has the kind of housing that can be efficiently heated, serviced, and traveled to and from. If you can't get people out of their cars, then they drive. That means they need parking, which means we need seas of surface parking-lots, which means everything is spaced further apart, which means the city isn't walkable, which means transit can't be used, which means *everybody* has to drive, and not everybody can afford that, and so create choking traffic as everybody is pushed further and further out, until our only choices are to sprawl out into the greenbelt with more choking traffic or watch the endless upward march of absurd million-dollar prices for detached split-level bungalows, because nobody wants to live without a 2-car garage in a car-commuter city. Is that your vision for this city? Because I honestly don't see an alternative without real, transformative transit intensification.

It's all one piece. It's all one big structure, and the LRT is the keystone of it. Take that piece out and the future of this city falls apart. With 400,000 new Canadians coming to Canada every year and housing prices climbing out of reach, staying as we are isn't an option. We need to pick a future.

And as a rider, there are so many intangibles that the LRT brings to the table over comparative bus transit. Have you ever been on a bus when it has to stop to allow a disabled person to embark or disembark? I mean, you can't blame them, but it's not a fun delay. An LRT solves this by providing level boarding, eliminating the complicated boarding process for disabled Hamiltonians and giving them the dignity of entering like everyone else. Have you ever stepped onto a bus and been pitched into the ground (or into a stranger) by a sudden acceleration or deceleration? LRTs smoothly accelerate and have a dedicated ROW free from unexpected traffic. I mean, how can we ask Hamiltonians to stop driving so much when we offer them vehicles that feel and sound like they're about to shake themselves to pieces? I invite you to sit at the back of an artic with poorly-secured maintenance hatches, you will not be able to hear your own headphones, much less a conversation.

Yes, these sound like luxuries. So do sidewalks, to some people. If you want somebody who can afford a downtown parking spot and a fancy car to ride transit, a little luxury might be necessary. I've heard poverty-activists decry the LRT as a middle-class toy... and I say that's actually pretty fair. Because getting middle-class people into transit is actually part of the point of this venture. Without middle-class people on transit, transit will always be seen as a poverty service, and you council folk will never be able to get buy-in from your residents for real improvements since they'll see transit as an "other people problem".

And as for those who want BRT and better service to other parts of the city - I do too! But we don't have plans for that ready, or $3.4 billion dollars on the table on offer for any of that. You want to draft up a plan for an A-line and a T-line, I'll support it! You want to raise my taxes for better transit, do that (but also do some zoning changes so that you can get more taxpayers into these new corridors because otherwise that's not a long-term strategy)! But either way, none of those plans are ready right now. The LRT is. And the province and federal government are here to support it. The federal government in general and Hamilton's own Ms McKenna in particular have stuck their necks out for us, and you want to strangle that neck?

This is our chance to build a greater, greener Hamilton. The world is starting to embrace this kind of green infrastructure, and we can't afford to be left behind. And if the world doesn't embrace green infrastructure like this... well, I'd like to be able to explain to my grandkids one day that we *tried* to stop climate change here in Hamilton.

I'm sorry I wrote such a long letter, I didn't have the time for a short one. I assume none of you have read this verbose mess in its entirety, particularly since I'm sure it's one of many, but I thank you for whatever time you've given me.

Regards,

Martin Zarate
Ward 1 resident

HAMILTON TRANSIT ALLIANCE

The Hamilton Transit Alliance (HTA) is a coalition of local organisations within the City of Hamilton who all agree on the importance of reliable and accessible public transit, and push for improvements and expansion of public transit within the city to achieve the social, economic and environmental benefits it brings to Hamilton.

JUNE 15th 2021

In the interest of ensuring that the proposed B-Line Light Rail Transit project is successful, the undersigned members of the Hamilton Transit Alliance are endorsing the call from HTA member, Amalgamated Transit Union 107, that the LRT be operated and maintained by the Hamilton Street Railway (HSR).

The B-Line LRT proposal that has emerged as a result of historic investment from both the provincial and federal governments has the potential to be fully integrated into the HSR network. That network, in turn, is soon to undergo a major reconfiguration via the HSR's (Re)envision initiative. The outcome of all of these changes will benefit the City and riders alike. Making the B-Line LRT part of the HSR would also ensure that the requirement that the HSR is to operate any new fixed transit lines in Hamilton, as set out in the collective agreement between ATU 107 and the city of Hamilton, is fulfilled.

HSR operation and maintenance of the LRT would ensure that any profits generated in the future by the LRT can be directly invested back into the system. It is also the easiest way to ensure that public transit customers have a consistent service network-wide - something that cannot be said for riders who rely on public transit in other cities that have multiple local transit operators. Leading up to the pandemic, the HSR was making positive strides with increased ridership and improved service, and maintained a vital transportation service for essential workers during the pandemic. Let's put the "rail" back in Hamilton Street Railway.

The HTA members that are signatories to this statement are: ACORN Hamilton, ATU 107, Hamilton Centre for Civic Inclusion, Hamilton District Labour Council, Environment Hamilton, Hamilton Transit Riders Union

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The Hamilton Transit Alliance full membership includes: ATU 107, Hamilton ACORN, Hamilton Centre for Civic Inclusion, Hamilton Chamber of Commerce, Hamilton District Labour Council, Disability Justice Network of Ontario, Environment Hamilton, Hamilton Transit Riders Union, YWCA Hamilton, McMaster Students Union, and Immigrants Working Centre.

-----Original Message-----
From: no-reply@hamilton.ca <no-reply@hamilton.ca>
Sent: June 10, 2021 9:50 AM
To: clerk@hamilton.ca
Subject: Form submission from: Request to Speak to Committee of Council Form

Submitted on Thursday, June 10, 2021 - 9:50am Submitted by anonymous user: 162.158.74.166 Submitted values are:

==Committee Requested==
Committee: General Issues Committee

==Requestor Information==
Name of Individual: Eric Tuck
Name of Organization: Amalgamated Transit Union Local 107
Contact Number: 9059024107
Email Address: president@atu107.com
Mailing Address: 1005 King St. E.
Reason(s) for delegation request:
HSR Operation of Higher Order Transit
Re-deployment of B-line buses to Blast
ATU 107 Vested Stakeholder

Will you be requesting funds from the City? No
Will you be submitting a formal presentation? No

Submitted on Thursday, June 10, 2021 - 11:52am Submitted by anonymous user: 162.158.74.233 Submitted values are:

==Committee Requested==
Committee: General Issues Committee

==Requestor Information==
Name of Individual: Karl Andrus
Name of Organization: Hamilton Transit Riders Union
Contact Number:
Email Address:
Mailing Address:
Reason(s) for delegation request: To speak to the potential of HSR operations of the Hamilton LRT from the perspective of Transit Riders.
Will you be requesting funds from the City? No
Will you be submitting a formal presentation? No

Submitted on Monday, June 14, 2021 - 8:28am Submitted by anonymous user: 162.158.126.143 Submitted values are:

==Committee Requested==
Committee: General Issues Committee

==Requestor Information==
Name of Individual: Ian Borsuk
Name of Organization: Environment Hamilton
Contact Number: 9055490900
Email Address: iborsuk@environmenthamilton.org
Mailing Address:
51 Stuart Street,
Hamilton, ON L8L 1B5
Reason(s) for delegation request: I am requesting to speak with regards to the B-Line LRT project
Will you be requesting funds from the City? No
Will you be submitting a formal presentation? No

Submitted on Monday, June 14, 2021 - 8:47am Submitted by anonymous user: 162.158.126.119 Submitted values are:

==Committee Requested==
Committee: General Issues Committee

==Requestor Information==
Name of Individual: Michelle Diplock
Name of Organization: West End Homebuilders' Association
Contact Number: (289) 684-9450
Email Address: michelle@westendhba.ca
Mailing Address: 1112 Rymal Road East, Hamilton
Reason(s) for delegation request: To speak to the General Issues Committee on item 11.1 Hamilton Light Rail Transit (LRT) Project Memorandum of Understanding.
Will you be requesting funds from the City? No
Will you be submitting a formal presentation? Yes

Hamilton LRT Memorandum of Understanding

June 16, 2021

WE HBA contributes

- 27000+ jobs
- $ 1.7 billion in wages
- $ 3 billion in investment value

to the local economy.

Recent History of LRT Support In Hamilton

- The recommendation for Hamilton to continue to advocate for a $1B investment from the province for public transit and call the Federal Government into the discussions regarding support for shovel ready infrastructure projects emerged from the Mayor’s Task Force on Economic Recovery.
- Through the Task Force, an aggressive, action driven plan to position the City of Hamilton now, for long-term, sustainable and equitable economic recovery was supported by multi-sectoral leadership.
- Historically, the project has also had very strong support from all sectors of Hamilton’s economy and Council, including our membership at the West End Home Builders’ Association.

Supporting Investment in Hamilton's Economy

- This project will serve as a significant driver for economic recovery in the City of Hamilton.
- The project's benefits will not only improve local transportation options and help more people choose transit, but it will also serve to reduce congestion, lower greenhouse gas emissions, and establish an efficient east-west rapid transit linkage along an essential economic corridor.
- Emerging from the COVID-19 Pandemic, Hamilton requires significant investment from all levels of government to support our economic recovery.
- Engaging in discussions with other levels of government to draft the Memorandum Of Understanding sends a clear message that Hamilton is open for investment and interested in building a sustainable future for our residents.

Collaboration on Housing Attainability

- Homelessness and insufficient housing supply in Hamilton are barriers to our economic recovery.
- Throughout the pandemic, Hamilton has seen a growing supply crisis and more affordable housing is needed.
- The community benefits of the LRT project will include affordable housing units as well as generating more opportunities for our members to invest in the creation of needed housing supply.
- As Hamilton proceeds through the GRIDS 2/MCR process, all options on the table point to a significant increase in intensification in our community.
- We cannot plan for the high levels of intensification proposed without significant investment in our transportation and underground infrastructure systems (as proposed through the LRT project).
- Therefore, the City must move forward with the drafting of the Memorandum of Understanding and engage in discussions to move the project forward.

WE HBA members need the City of Hamilton's support to deliver **110, 300** new housing units by 2051.

Updated Net Operating Cost Estimates for a Hamilton LRT (CM21006/PED21145/PW21040/FCS21068)

Light Rail Transit Investment and City of Hamilton Financial Incentive Programs (FCS21066)

Historical Development Activity in the Proposed LRT Corridor (PED21142)

Council Direction

General Issues Committee, at its meeting of June 2, 2021, provided direction as follows:

> *Staff be directed to report back to GIC regarding the net operating costs after the 18 buses on the B-line have been removed, eliminating Development Charge Exemptions, fare revenue and the Hamilton Tax Increment Grant Program, and other incentives, that the City may build in to credit the cost of the LRT operations and maintenance.*
>
> *The appropriate staff from Planning and Economic Development was directed to report back to the June 16, 2021 General Issues Committee on LRT Supportive Development, by Ward, that has occurred in the last 10 years; is ongoing or is planned along the corridor from Eastgate to McMaster; an estimate of the private investment in dollars; a before and after picture on assessment for each of these projects; and, a summary of the current Transit Oriented Corridor policy and how it relates to the 3.4 Billion-Dollar investment.*

Staff Reports

In response to the GIC direction, staff have prepared three Information Reports:

Updated Net Operating Cost Estimates for a Hamilton LRT (CM21006/PED21145/PW21040/FCS21068)

Light Rail Transit Investment and City of Hamilton Financial Incentive Programs (FCS21066)

Historical Development Activity in the Proposed LRT Corridor (PED21142)

Updated Net Operating Cost Estimates for a Hamilton LRT

(CM21006/PED21145/PW21040/FCS21068)

Net Operating Costs for an LRT

- Gross transit operating cost of $20 million (provided by Metrolinx).
  - Province responsible for construction costs, maintains ownership of the LRT assets, and responsible for lifecycle costs
  - City responsible for day-to-day cost of operations and maintenance and retains LRT revenue

- To determine net operating costs, for consistency, staff are continuing to use the same methodology that was used for the Rapid Ready report (see Appendix A). For the current analysis, staff have updated the inputs to that methodology to reflect current actuals, for example:
  - previous range of gross operating cost estimates ($11.2 to $14.5 million) adjusted to reflect current $20 million provincial gross operating estimate
  - approx. 25% growth in operations since 2013 report (which used 2011 actuals) due to factors such as 10-year Transit Strategy

Net Operating Costs for an LRT

- Net operating costs are influenced by fare revenues (which is linked to ridership) and operating savings (which depends on adjustments made to service levels for the bus routes currently operating in the B-line corridor).

- Scenario One uses the same assumptions as Rapid Ready, removing all of the #10 B-line express buses as well as 1/3 of service from the King and Delaware lines
  - based on 2011 service levels, that represented 18 buses
  - based on today's service levels, that would represent 29 buses

- Scenario Two would still remove all of the #10 B-line express buses (13 buses), but it would make no change to the bus service levels on the King and Delaware lines.

- For both scenarios, two different ridership forecasts are used:
  - Zero ridership growth system-wide
  - 8% ridership growth system-wide

Net Operating Costs for an LRT

- Scenario One (same as Rapid Ready)
  - Remove all #10 buses and 1/3 of service from King and Delaware lines (29 buses)
  - $6.4 million (8% ridership growth) to $10.4 million (0% growth)

- Scenario Two
  - Only remove the #10 route buses, with no change to King and Delaware service levels (13 buses)
  - $12.5 million (8% ridership growth) to $16.5 million (0% growth)

- Overall Net Operating Cost Estimate Range - **$6.4 million to $16.5 million**

- The two scenarios are meant to serve as a range, contingent on Council decisions about service levels.

Non-Transit Municipal Services

- Estimated levy impact for non-transit municipal services is taken from Report PED18117/ FCS18058 which was presented to GIC at its meeting of May 31, 2018

- Updated 2017-2018 analysis estimated a non-transit levy impact of $2 million, including a 25% contingency factor.

- Anticipated levy cost savings with respect to street-lighting ($265k). Also anticipated cost savings with respect to forestry and horticulture on LRT corridor, but assumed these savings would be re-allocated to other areas of the City (i.e. no net levy savings).

- Major anticipated cost items include road maintenance ($640k), parking operations ($615k) and Rapid Transit Office ($500k).

Light Rail Transit Investment and City of Hamilton Financial Incentive Programs

(FCS21066)

Financial Incentive Programs

Hamilton Tax Increment Grant Program (HTIGP)

Table 2
City of Hamilton
Hamilton Tax Increment Grant Program (HTIGP)
Summary for 2016 to 2020

	Quantity	City Grant Amount	Development Costs	ROI: City Grant Versus Development Costs
Properties on LRT route	6	$ 980,678	$ 73,766,909	1:75
Properties within 500 metres of LRT route	14	3,607,775	159,603,449	1:44
Properties beyond 500 metres of LRT route	11	841,283	51,414,439	1:61
	31	$ 5,429,736	$ 284,784,797	1:52

Financial Incentive Programs

Hamilton Downtown, Barton / Kenilworth Multi-Residential Property Investment (Loan) Program (PIP)

Table 1
City of Hamilton
Hamilton Tax Increment Grant Program (HTIGP)
Multi-Residential Property Investment Program (PIP)
Summary for 2016 to 2020

	Total Amount	HTIGP Grant Amount	PIP Interest Amount
2016	$ 1,392,075	$ 1,010,682	$ 381,393
2017	704,055	452,774	251,281
2018	2,073,580	1,720,128	353,452
2019	1,169,509	948,314	221,195
2020	1,390,999	1,297,838	93,161
Total	$ 6,730,218	$ 5,429,736	$ 1,300,482
Average	$ 1,346,044	$ 1,085,947	$ 260,096

Financial Incentive Programs

Downtown Development Charges Exemptions

Table 3
City of Hamilton
Hamilton Downtown CIPA DC Exemptions
Summary for 2016 to 2020

			DC Exemption Reduction Rate	
	Quantity	Amount	Prior to July 6	As of July 6
2016	10	$ 4,891,965	85%	80%
2017	7	5,820,647	80%	75%
2018	9	493,249	75%	70%
2019	14	20,157,605	70%	60%
2020	12	8,694,113	60%	50%
Total	52	$ 40,057,579		
Average	10	$ 8,011,516		

Note: DC exemption is a 40% reduction from the full DC rate from July 6, 2021 to July 5, 2024

Financial Incentive Programs

Downtown Cash In Lieu Of Parkland Reduced Rate

Table 4
City of Hamilton
Cash-in-lieu Parkland Dedication
Downtown Hamilton CIPA
Summary for 2016 to 2020

	Cash-in-lieu (CIL) Collected under By-law	Maximum CIL Allowable under Planning Act	Foregone CIL	Discount
2016	$ 172,505	$ 4,544,430	$ 4,371,925	96.2%
2017	389,591	9,505,807	9,116,216	95.9%
2018	-	-	-	
2019	1,439,494	32,246,774	30,807,280	95.5%
2020	323,570	5,483,363	5,159,793	94.1%
Total	$ 2,325,160	$ 51,780,374	$ 49,455,214	95.5%
Average	$ 465,032	$ 10,356,075	$ 9,891,043	95.5%

Historical Development Activity in the Proposed LRT Corridor

(PED21142)

Historical Development Activity

Four aspects to the report:

1. Ongoing or planned development for properties fronting onto the LRT corridor from 2010 to 2021:
    - 8 OPAs
    - 23 ZBLAs
    - 89 Site Plans

2. Private sector investment for properties fronting onto the LRT corridor from 2010 to 2021 based on Building Permit construction value
    - $1,084,136,544 total construction value

3. Transit Oriented land use policies on the LRT corridor
    - Transit Oriented Corridor (TOC) Zoning
    - Downtown Hamilton Secondary Plan and ZBLA
    - Centennial Neighbourhoods Secondary Plan and ZBLA

Historical Development Activity

4. "Before and After" increase in tax revenues

20-22 George Street
+ $629,100

15 Queen Street South
+ $608,300

Summary

Summary

Gross Transit Operating Cost:	$20 million
Net Transit Operating Cost (Scenario One):	$6.4 to $10.4 million
Net Transit Operating Cost (Scenario Two):	$12.5 to $16.5 million
Non-Transit Municipal Services Costs:	$2 million
Downtown DC Exemptions Annual Average:	$8 million
LRT Corridor Tax Increment Grants Annual Average:	$917,000
Downtown Loan Program Annual Average:	$260,000
Downtown Cash In Lieu Of Parkland (2020 rate)	$5.1 million
Tax Uplift Examples (additional tax revenues):	
20-22 George Street	$629,100
15 Queen Street South	$608,300

THANK YOU

Hamilton

INFORMATION REPORT

TO:	Chair and Members General Issues Committee
COMMITTEE DATE:	June 16, 2021
SUBJECT/REPORT NO:	2022-2024 Multi-Year Outlook and Capital Financing Plan Update (FCS21057) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Kayla Petrovsky (905) 546-2424 Ext. 1335 Duncan Robertson (905) 546-2424 Ext. 4744
SUBMITTED BY: **SIGNATURE:**	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department

COUNCIL DIRECTION

Not Applicable.

INFORMATION

Executive Summary

The 2022 budget process has begun internally for programs, services and capital infrastructure investments for the City of Hamilton's Tax Supported Operating and Capital Budgets, as well as, programs, services and capital infrastructure investments of the Rate Supported Operating and Capital Budgets. The purpose of Report FCS21057 is to provide information regarding the process and a preliminary estimate of the pressures the City is facing for 2022.

The 2022 budget outlook has been updated with the most current information available. There are still many unknown variables related to the impact of COVID-19 on municipal service delivery in 2022 and whether there will be additional support payments from senior levels of government to mitigate these pressures. The Senior Leadership Team is working on a recovery plan that will appear before Council in the summer. Staff will continue to monitor the impacts of COVID-19 while preparing the 2022 Tax Operating Budget and

review all City provided services in an effort to generate efficiencies, improve revenues and reduce costs.
In recent years, staff has been directed to work towards full cost recovery for user fees in program areas where it is reasonable to expect that users can afford to pay. This will again be a focus in the 2022 Budget to help reduce financial pressures on the tax base and to ensure continuity of essential services.

The preliminary outlook for the 2022 Tax Supported Budget is an estimated 3.6% total average residential tax increase and the preliminary outlook for the 2022 Rate Supported Budget is a 4.05% average rate increase. Staff will continue to update and revise estimates throughout the budget process as more information comes available and efficiencies can be generated.

There are many financial challenges in the multi-year outlook to consider in the development of the annual budget and Capital Financing Plan. Report FCS21057 provides background information on several constraints faced by the City and strategic priorities that are underway in the short to medium term. While some have been provided for in the existing Multi-Year Outlook and Capital Financing Plan, others may require additional resources or re-prioritization of existing financial planning. These include:

- COVID-19 economic recovery;
- Debt capacity;
- Leveraging of reserves;
- Forecasted increase in inflation for municipal goods and services;
- Forecasted growth; and
- Advancing the term of Council priorities.

Budget Direction

Staff will be preparing the preliminary 2022 Budget and the corresponding Multi-Year Outlook and Capital Financing Plan in accordance with the principles outlined in the “Budget Principles” section below. Staff will prepare the preliminary budget at an increase required to maintain existing levels of service, as well as, recommend business cases that advance the Term of Council priorities, in alignment with the 2016-2025 Strategic Plan and other corporate initiatives. This will be done in consideration of the overall impact on tax and water rates, recognizing the financial impact the global pandemic has had on residents and businesses in the community.

There are still many unknown variables related to the impact of COVID-19 on municipal service delivery in 2021 and the impact of these variables on future years. Staff is monitoring the impacts of COVID-19 and the recovery plan while preparing the 2022 Tax Operating Budget and will continue to review all City provided services in an effort to generate efficiencies and reduce costs.

A transfer of $20.3 M from the 2020 operating budget surplus to the COVID-19 Emergency Reserve (Reserve #110053) was approved as part of the year-end disposition, through Report FCS20069(b), for the purposes of funding ongoing pressures related to economic recovery and resumption of services beyond the funding commitments made by senior levels of government to the end of 2021.

At this time, staff is not seeking a recommended budget direction for the preparation of the 2022 budget from City Council but will come forward with a recommendation report in the fall for consideration once the ongoing financial pressures, in relation to the pandemic, are better known.

2022 Budget Process Timeline

The Rate Operating and Capital Budgets and Tax Capital Budget are scheduled to be deliberated on November 21, 2021 and November 26, 2021, respectively. The Tax Supported Operating Budget deliberations (which sets the tax increase) will commence in January 2022 with an expected approval in March 2022. All budgets will be deliberated at meetings of the General Issues Committee and a detailed budget schedule will be provided in the recommendation report coming forward in the fall of 2021.

Budget Principles

Staff will begin preliminary preparations of the 2022 budget and 2023-2025 Multi-Year Outlook in accordance with the following principles:

- The annual budget reflects and supports the 2016-2025 Strategic Plan and Term of Council Priorities;
- The annual budget is aligned with the financial policies approved by Council;
- The City's strong financial position and prudent financial management of debt is prioritized to ensure the City's AA+ credit rating is maintained;
- All growth-related infrastructure costs that can be recovered under the *Development Charges Act, 1997* will be supported from development charge revenue, including dedicated development charge exemption funding for Council approved exemptions and interim financed through debt or reserves, as necessary;
- The annual budget accounts for the investment required to maintain infrastructure in a state-of-good-repair in accordance with the Strategic Asset Management Policy and the Asset Management Plan;
- All grants available to municipalities will be investigated;
- Reserves are maintained per policy in order to repair / replace infrastructure, fund identified priorities and ensure long-term sustainability;
- Use of the Tax Operating Budget Capital Levy is maximized and debt capacity is leveraged to finance capital infrastructure projects in order to limit the impact on taxpayers;
- Total tax and rate supported debt as a percentage of City own-source revenues does not exceed 60% unless approved by Council;

- Total development charge supported debt as a percentage of the total development charge eligible costs for the forecast period of the latest Development Charge Background Study does not exceed 25% unless approved by Council;
- Ongoing expenses are funded from sustainable revenue sources to ensure continuity of services;
- COVID-19 related financial pressures in 2022 will be offset by either federal or provincial funding or contribution from the COVID-19 Emergency Reserve;
- New services, service level enhancements or reductions, increases or decreases to the full-time equivalent staff complement and changes in user fees beyond Council direction require a Business Case to be considered by Council as part of the annual budget process; and
- All 2022 capital projects require an accompanying Capital Detail Sheet to be considered by Council as part of the annual budget process.

Multi-Year Outlook

Multi-year budgeting strengthens the link between budgeting and strategic priorities and enables Council to implement a multi-year vision, assessing the long-term financial implications of current and proposed operating and capital budgets and policies.

During the 2021 budget process, staff prepared a 2022-2024 Multi-Budget Year Outlook which was included in the budget book and presented by the General Managers and City Manager.

The initial outlook for 2022 prepared during the 2021 budget process resulted in a projected levy increase of $37.7 M and a 3.4% municipal tax increase. This projection, however, needs to be re-evaluated to identify opportunities and pressures that have materialized since the preparation of the initial outlook during the 2021 budget process, such as, negotiated contractual agreements, legislated changes or pre-approved impacts. Actions taken to mitigate the pressures in the 2022 budget should not include postponing expenditures to future years but rather, they should be geared towards finding sustainable solutions.

During the 2022 budget process, the multi-year budget outlook will also be updated to include the 2025 budget year.

2022 – 2024 Preliminary Tax Budget Pressures (Outlook)

Based on updated information, the initial projection for 2022 has been revised to a levy increase of $44.7 M, which is estimated at a 3.6% total average residential tax increase.

Table 1 outlines the estimated total average residential tax impact for 2022 to 2024 based on assumptions for assessment growth, reassessment, tax policy changes and education tax adjustments. The current value assessments for 2023 and 2024 are not known at this time. Details on the pressures requiring the levy increase are detailed below.

For years 2023 and 2024, a forecasted range has been provided. It is currently unknown what residual impacts there may be for financial pressures as delivery of municipal services change to support economic recovery and there are currently no commitments from senior levels of government beyond 2022. The forecasted “low” scenario assumes no further financial pressures from COVID-19 in years 2023 and 2024, while the “high” scenario assumes that 25% of the forecasted pressures in 2022 will continue will a subsequent net levy impact.

Table 1
Total Average Residential Tax Impact
2022 - 2024

		2023		2024	
	2022	**Low**	**High**	**Low**	**High**
Levy Increase	4.7%	3.1%	4.5%	3.3%	4.7%
Assessment Growth	(1.0%)	(1.0%)	(1.0%)	(1.0%)	-1.0%
Reassessment	0.0%	0.5%	0.5%	0.5%	0.5%
Levy Restrictions	0.1%	0.1%	0.1%	0.1%	0.1%
Tax Policy	0.2%	0.0%	0.0%	0.0%	0.0%
Education Impact	(0.3%)	(0.3%)	(0.3%)	(0.3%)	-0.3%
Total	**3.6%**	**2.4%**	**3.8%**	**2.6%**	**4.0%**

Note: Anomalies due to rounding

Assumptions:

Assessment Growth - Based on intitial projections and continued construction activity in the City.

Reassessment: 0% for 2022 as announced by the Province and 2023-2024 based on tax policy tools (transitional tax ratios) used to adjust for higher impacts

Levy Restrictions: Based on historical results

Tax Policy: Assumes adoption of small business subclass

Education Impact: Based on historical results

2023 and 2024 provide an outlook range:

1) Low - no residual financial impacts of COVID-19 are assumed

2) High - assumes 25% of the forecasted COVID-19 pressures in 2022 will remain through recovery in 2023 and 2024

Table 2 provides the most up-to-date projections for 2022 through 2024, by department, showing the total net levy requirement by year using the “low” scenario for years 2023 and 2024.

Table 2
2022-2024 Operating Budget Outlook

Department	2021 Revised Budget $	2022 Outlook $	% Change	2023 Outlook $	% Change	2024 Outlook $	% Change
Planning and Economic Development	$30,357,480	$31,514,130	3.8%	$32,298,330	2.5%	$32,932,680	2.0%
Healthy and Safe Communities	$255,023,200	$270,584,260	6.1%	$278,579,860	3.0%	$286,786,790	2.9%
Public Works	$266,803,330	$282,387,720	5.8%	$296,315,340	4.9%	$308,056,530	4.0%
Legislative	$5,164,412	$5,249,752	1.7%	$5,342,022	1.8%	$5,433,892	1.7%
City Manager	$13,016,920	$13,300,140	2.2%	$13,596,590	2.2%	$13,900,190	2.2%
Corporate Services	$37,210,120	$37,967,210	2.0%	$38,911,130	2.5%	$39,856,510	2.4%
Corporate Financials / Non Program Revenues	($27,940,780)	($28,759,180)	2.9%	($29,617,520)	3.0%	($30,527,040)	3.1%
Hamilton Entertainment Facilities	$4,037,180	$4,095,980	1.5%	$0	(100.0%)	$0	0.0%
Total City Expenditures	**$583,671,862**	**$616,340,012**	**5.6%**	**$635,425,752**	**3.1%**	**$656,439,552**	**3.3%**
Hamilton Police Services	$176,587,027	$181,884,638	3.0%	$187,341,177	3.0%	$192,961,412	3.0%
Other Boards and Agencies	$48,529,804	$49,597,460	2.2%	$50,688,604	2.2%	$51,803,753	2.2%
City Enrichment Fund	$6,088,340	$6,088,340	0.0%	$6,088,340	0.0%	$6,088,340	0.0%
Total Boards and Agencies	**$231,205,171**	**$237,570,437**	**2.8%**	**$244,118,121**	**2.8%**	**$250,853,505**	**2.8%**
Capital Financing	$139,541,860	$145,238,860	4.1%	$150,409,860	3.6%	$156,738,860	4.2%
Total Levy Requirement	**$ 954,418,893**	**$ 999,149,310**	**4.7%**	**$ 1,029,953,730**	**3.1%**	**$ 1,064,031,920**	**3.3%**
Net Levy Increase Year over Year	**$ -**	**$ 44,730,417**	**4.7%**	**$ 30,804,420**	**3.1%**	**$ 34,078,190**	**3.3%**

Net Levy Pressures

Staff has identified levy pressures of approximately $44.7 M, $30.8 M, and $34.1 M for the years 2022 through 2024, respectively, using the “low” scenario for years 2023 and 2024. This increase includes the following drivers as shown in Table 3 and described below.

Table 3
City of Hamilton
2022 to 2024 Outlook – Summary of Budget Pressures

Budget Pressure	2022 Increase	2023 Increase	2024 Increase
Current Service Level			
Employee related and misc. other current service-level pressures	$ 24,975,027	$ 16,787,960	$ 21,719,950
Enhancements/Service Level Adjustments			
Capital Levy for Discretionary Blocks	$ 4,500,000	$ 4,500,000	$ 4,500,000
10-Year Transit Strategy	$ 4,144,000	$ 3,315,000	$ 3,085,000
Expected loss of Public Health annual service plan funding	$ 2,215,800	$ -	$ -
Sidewalk Snow Clearing	$ 1,776,000	$ 2,664,000	
DARTS	$ 1,720,000	$ 1,820,000	$ 1,950,000
Area Rating for Fire Services	$ 1,400,000		
Capital Levy for New Debt Related to ICIP – Transit and West Harbour	$ 1,197,000	$ 671,000	$ 1,829,000
Affordable Housing - Roxborough	$ 1,047,000	$ -	$ -
Child Care Provincial Funding Ageement	$ 1,001,800	$ -	$ -
Social Housing – provincial benchmarks	$ 753,790	$ 1,046,460	$ 994,240
Hamilton Entertainment Facilities	$ -	$ (4,095,980)	$ -
Total Enhancements/Service Level Adjustments	$ 19,755,390	$ 9,920,480	$ 12,358,240
Total	**$ 44,730,417**	**$ 30,804,420**	**$ 34,078,190**

- **Employee Related and Miscellaneous Other –** for general maintenance and inflation including salaries and benefits increases. This includes previously approved contract adjustments, performance increments, job evaluation changes, as well as, employer provided benefits, Canada Pension Plan, Employment Insurance and Workers’ Safety and Insurance Board changes.

- **Capital Levy for Discretionary Blocks –** the $4.5 M pressure represents a net levy increase of 0.5% for the purpose of state-of-good-repair infrastructure.

- **Ten-Year Local Transit Strategy –** Financial Impact of Year 6, 7 and 8 of implementation of the Transit Strategy. The 2022 pressure includes $990 K pressure due to one-time contribution from reserve in 2021.

- **Public Health Funding –** expected loss of the Mitigation Subsidy for the Public Health Annual Service Plan in 2022.

- **Sidewalk Snow Clearing –** the level of service for winter sidewalk snow removal will be enhanced as approved by Council on April 28, 2021, defined as Scenario 2 in Report PW19022(c). This scenario includes the clearing of an additional 783 km of sidewalk along transit routes. The total cost of the enhancement is estimated at $4.4 M annually with a $1.8 M impact in 2022 and a $2.7 M impact in 2023.

- **DARTS –** contractual increases are expected in DARTS as ridership is projected to increase in 2022 after the fall of ridership in 2021 due to COVID-19.

- **Area Rating for Fire Services –** at its meeting on May 12, 2021, Council approved a two-year phase-in for the impact of rural fire area rating, which amended the 2021 Tax Operating Budget with a $1.4 M contribution from the Tax Stabilization Reserve and a corresponding reduction in the 2021 net levy. This $1.4 M impact for the provision of Fire Services will hit the 2022 net levy.

- **Roxborough Housing Incentive Program (RHIPP) –** as approved in Report HSC19034, the RHIPP allows developers of affordable rental or ownership housing units to receive grants to offset the cost of the City's development charges and parkland dedication fees for 10 years after the issuance of a building permit. Total cost of the program is estimated at $10.47 M over five years. The pressure in 2022 represents the annualization of year one of the 10-year program that began in 2021.

- **Child Care Provincial Funding Agreement –** due to the unique circumstances resulting from the COVID-19 outbreak, the ministry provided a one-time Transitional Grant in 2021 to offset and assist with the new required 50/50 cost share for provincial child care administration, including Wage Enhancement / Home Child Care Enhancement Grant administration funding. This one-time Transitional Grant could also be used to assist with the provision of child care programs and services, as well as, other increased operating costs related to COVID-19. The pressure identified in 2021 is the elimination of this one-time grant.

- **Capital Levy for New Debt (ICIP – Transit and West Harbour) –** to support the annual debt servicing requirements for new debt issuance in ICIP, Transit and the West Harbour Waterfront Development planned capital investments, a net levy increase of $1.2 M is required in 2022.

- **Social Housing – Provincial Benchmarks –** Forecasted 2022 – 2024 provincial benchmarks are based on a moving five-year historical average. Based on these estimates of the minimum operating costs of the City's social housing units covered by the Province, the pressures identified in the next few years are based on the remaining amounts the City is responsible to cover over and above what is covered by our Housing Service Providers.

- **Hamilton Entertainment Facilities (HEF) –** the City of Hamilton will enter into an agreement with the Hamilton Urban Precinct Entertainment Group (HUPEG) to redevelop the First Ontario Centre, Hamilton Convention Centre and First Ontario Concert Hall. In addition to taking on all capital costs for the renewal of Hamilton's downtown entertainment facilities, HUPEG will take over responsibility for operations and maintenance, which is expected to yield a net reduction to the annual tax levy of $3.0 M by the year 2023 ($4.1 M in gross operating costs of the existing facilities less unavoidable and one-time expenditures).

COVID-19 Economic Recovery and Financial Pressures

The COVID-19 pandemic has resulted in many changes affecting human behavior and impacting the world's economic condition. Municipalities were hit particularly hard as they managed service continuity for essential services and infrastructure during the lockdown period. While financial pressures for municipalities in 2020 and 2021 are expected to be fully mitigated through the historic Safe Restart Agreement, Social Services Relief Fund and many other funding announcements, it is anticipated that health risks will continue to remain on an ongoing basis and economic activity is not expected to return to pre-COVID-19 levels beyond 2022.

As the economy reopens, municipalities will play a crucial role in implementing public health safeguards and community support for the most vulnerable. It is essential that municipalities continue to provide service continuity for front-line workers and to play a key role in local economic recovery through rebuilding growth and providing stimulus.
The City will continue to face many financial pressures in 2022 including the loss of revenue from transit operations and recreation user fees, as well as, increased costs for Public Health and housing for the most vulnerable.

Since the onset of the COVID-19 pandemic, there have been numerous announcements from the Federal and Provincial governments regarding funding opportunities to address financial pressures for individuals and organizations including the Safe Restart Agreement, the Social Services Relief Fund and the 2021 COVID-19 Recovery Funding for Municipalities Program. A summary of the forecasted pressures and funding announcements in 2021, as well as 2022, is provided in Appendix "A" to Report FCS21057.

i. Safe Restart Agreement – Transit

On August 12, 2020, the City received confirmation of $17.2 M of immediate funding through the Safe Restart Agreement: Municipal Transit Funding – Phase 1 to support COVID-19 pressures incurred from April 1, 2020 to September 30, 2020. These financial pressures include reduced revenues from farebox, advertising, parking and contracts, as well as, added expenses related to cleaning, new contracts, labour, driver protection, passenger protection and other capital costs.

Based on reporting instructions received from the Province, savings in specialized transit (DARTS) was netted against the 2020 operating deficit for conventional transit. A net amount of $12.2 M was recognized in 2020, with the remaining $5.0 M set aside in the Safe Restart Agreement Reserve to be utilized to fund ongoing COVID-19 financial pressures for Transit for the period from January 1, 2021 to March 31, 2021.

The City of Hamilton received an allocation of $21.5 M in Phase 2 funding, which covers the period from October 1, 2020 and March 31, 2021. It is currently anticipated that the carry over funds from Phase 1 will be sufficient to offset transit pressures during this period and that Phase 2 funding will not be leveraged.

Phase 3 funding was confirmed in a letter from the Ministry of Transportation on March 3, 2021 for the period between April 1, 2021 and December 31, 2021 for a total allocation to the City of $16.8 M. The City will be required to return any unused funding, including interest, at the end of the eligibility period. The Province may also, at its sole discretion and on a case-by-case basis, grant extensions to the Phase 3 eligibility period for costs incurred after December 31, 2021 to January 1, 2023.

ii. Safe Restart Agreement – Municipal

In a letter dated August 12, 2020, the Province advised the City of Hamilton of its Phase 1 funding allocation of $27.6 M under the Safe Restart Agreement to support the operating costs and pressures related to COVID-19. Based on eligible expenses and lost revenues, the City recognized $17.4 M in 2020 and carried the remaining $10.2 M in Safe Restart Funding forward to 2021 to address ongoing pressures as a result of the pandemic.

An additional $11.7 M was provided to the City under the Phase 2 allocation for the purpose of assisting with COVID-19 operating costs and pressures in 2021 on December 16, 2020. Combined with the unused portion from Phase 1, $21.9 M of Safe Restart Agreement – Municipal funding will be available to December 31, 2021.

iii. 2021 COVID-19 Recovery Funding for Municipalities Program

Additional to the Safe Restart Agreement, the Province of Ontario announced a $500 M funding commitment to municipalities under the 2021 COVID-19 Recovery Funding for

Municipalities Program. The City of Hamilton's share under this program is $18.7 M, which can be used to address general municipal COVID-19 costs and pressures in 2021. Remaining funds at the end of 2021 will be put into a reserve to support potential COVID-19 costs and pressures in 2022.

iv. Social Services Relief Fund

In late March 2020, the Province announced the $200 M Social Services Relief Fund (SSRF) in response to the ongoing COVID-19 crisis to allow communities to expand a wide range of services and supports for vulnerable populations, based on local need, to better respond to the emergency. The City of Hamilton received an initial $6.9 M under this program.

On August 12, 2020, the SSRF was expanded by an additional $362 M as part of the federal-provincial Safe Restart Agreement. Under Phase 2 of the program, the City of Hamilton has received an allocation of $11.3 M, as well as, an application for an additional $6.4 M. The SSRF Phase 2 includes an operating component and two new capital components with the objectives of mitigating ongoing risk for vulnerable people, encouraging long-term housing-based solutions to homelessness post COVID-19 and enhancing rent assistance provided to households in rent arrears due to COVID-19. In accordance with program guidelines and eligibility requirements, $13.0 M in revenue from the SSRF was recognized in 2020 and the remaining amount was carried over for use in 2021.

On March 10, 2021, the City received a letter from the Ministry of Municipal Affairs and Housing announcing Phase 3 of the SSRF and the City's allocation of $12.3 M for the period of March 1, 2021 up to December 31, 2021. Combining this with the carryover amounts from Phases 1 and 2, a total of $23.9 M will be available for use in 2021 and is expected to be fully leveraged.

v. Other Funding

There have been various other funding announcements, outside of the Social Services Relief Fund and Safe Restart Agreement, to assist municipalities in the delivery of critical programs and services throughout the pandemic as detailed in Appendix "A" to FCS21057. This includes funding from the Ministry of Health for the COVID-19 response and vaccination programs, mental health and addictions funding, enhancements to the Reaching Home Initiative, the CMHC Rapid Housing Initiative, the ICIP – COVID-19 Resilience Infrastructure Stream, as well as, funding for other emergency response and essential services such as paramedics, long-term care and children services.

vi. Forecasted Pressures in 2022 due to the COVID-19 Pandemic Response

Based on current information, staff is projecting additional financial pressures related to COVID-19 in 2022 of $57.2 M. Details of potential impacts and corresponding assumptions are itemized in Appendix “C” to Report FCS21057. Staff will continue to monitor these assumptions and how they are impacted by changes in various COVID-19 prevention measures through the balance of the year. In the 2022 outlook, it is assumed that these pressures will be funded from the available funding carried forward from 2021 under the Safe Restart Agreement, the 2021 COVID-19 Recovery Funding for Municipalities Program and the funds set aside in the COVID-19 Emergency Reserve from the 2020 tax operating budget surplus.

Based on the funding announcements received to date and the funds set aside from the 2020 operating surplus for COVID-19 recovery, it is anticipated that the financial pressures related to COVID-19 will be mitigated to the end of 2022 as outlined in Appendix “A” to Report FCS21057. However, it is expected that the City will continue to face many challenges in the medium term (2023-2025) as the economy begins to recover. At this point, there is no committed funding from senior levels of government beyond 2022 and it is yet to be determined what impact is to be seen on municipal services moving forward. The pandemic may have several lasting effects as it relates to transit, recreation, parking and tourism revenues depending on many socio-economic factors during the recovery period that the City must prepare to mitigate in order to limit the impact on taxpayers.

Boards and Agencies

Based on historical trends and updated information, staff has preliminary projected budget pressures / risks for Boards and Agencies of approximately $6.3 M, $6.5 M and $6.6 M for 2022 through 2024, respectively (refer to Table 4). The Police budget pressures are based on a five-year average operating budget increase. The other Boards and Agencies are based on a projected 2% per year increase.

Table 4
Boards and Agencies Levy Impact

	Net Levy Increase			
Board / Agency	**2022**	**2023**	**2024**	**Basis of Increase**
Police	$ 5,297,611	$ 5,456,539	$ 5,620,235	5 Year Average (3%)
Conservation Authorities	$ 169,195	$ 172,579	$ 176,031	2%
Library	$ 643,927	$ 656,805	$ 669,941	2%
Other Boards and Agencies	$ 157,474	$ 160,624	$ 163,836	2%
Total Impact	**$ 6,268,207**	**$ 6,446,547**	**$ 6,630,044**	

Staff will be seeking direction from Council later in the budget process on the 2022 Tax Operating Budget guideline for Boards and Agencies.

Capital Financing

The multi-year outlook for Capital Financing includes an annual tax levy increase of 0.5% for discretionary block funding related to state-of-good-repair asset replacement, as well as, additional increases for debt servicing requirements for the municipal share of the Investing in Canada Infrastructure – Public Transit Stream (ICIP) and West Harbour Waterfront Development strategic initiatives. Table 5 provides the forecasted net levy pressures related to the financing of the Tax Capital Budget from 2022 to 2024.

Table 5
Capital Financing Net Levy Impact

Capital Financing	2022 ($)	2022 (%)	2023 ($)	2023 (%)	2024 ($)	2024 (%)
Discretionary Block Funding	$ 4,500,000	0.5%	$ 4,500,000	0.5%	$ 4,500,000	0.5%
West Harbour Development	$ 374,000	0.0%	$ 626,000	0.1%	$ 1,773,000	0.2%
ICIP - Transit	$ 823,000	0.1%	$ 45,000	0.0%	$ 56,000	0.0%
Total Impact	**$ 5,697,000**	**0.6%**	**$ 5,171,000**	**0.5%**	**$ 6,329,000**	**0.7%**

Note - Anomalies due to rounding

During the 2021 budget process, the Capital Financing Plan was updated with new assumptions around the cost to borrow given recent changes in the investment market, cash flow assumptions required for debt servicing upcoming transit and affordable housing projects and leveraging of existing capacity from reserves. This provided additional capacity to fund capital investments over the 10-year period in comparison to the previous Financing Plan.

Preparation of the Capital Financing Plan prioritizes that the City maintain its AA+ credit rating. This is an important aspect of the overall budget as it reduces the City's cost to borrow and limits the tax impact on residents and businesses. The Capital Financing Plan balances the financial obligations required for the effective management of infrastructure in a state-of-good-repair, support growth and development and advance Council's and the City's strategic priorities while limiting the overall impact of taxpayers and staying within Council's approved debt limits.

A. Debt

Based on the capital investment pressures for the Tax Capital and Rate Capital Supported Budgets over the next 10 years, tax and rate supported debt is projected to exceed Council's approved debt limit in 2024 and development charge supported debt is projected to exceed Council's approved debt limit in 2026 as illustrated in Figures 1 and 2. While total debt would still be within legislated requirements in accordance with the provincial Annual Repayment Limit, exceeding the debt limits approved by Council could adversely affect the City's AA+ credit rating. Figure 3 shows the City's projected debt levels in comparison to the provincial Annual Repayment Limit.

Figure 1

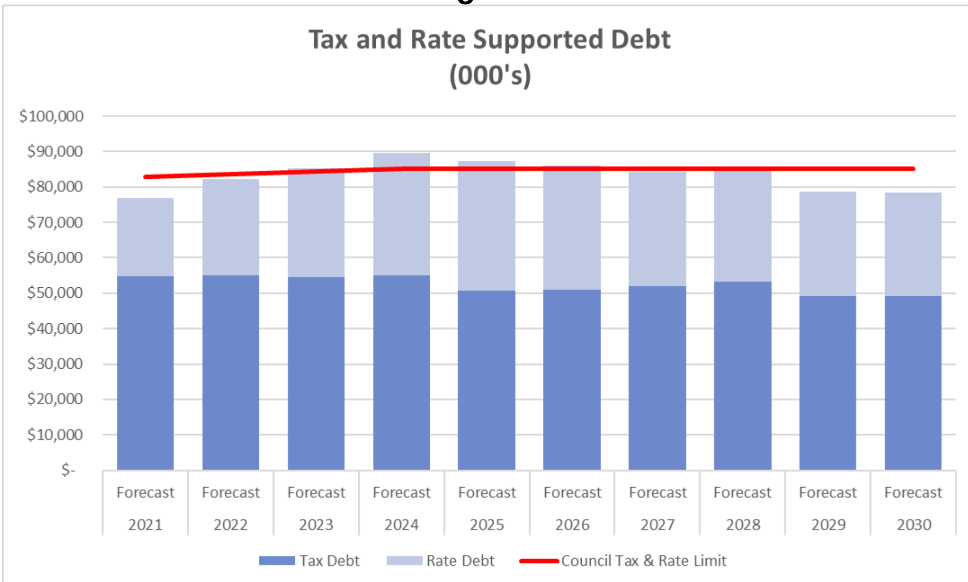
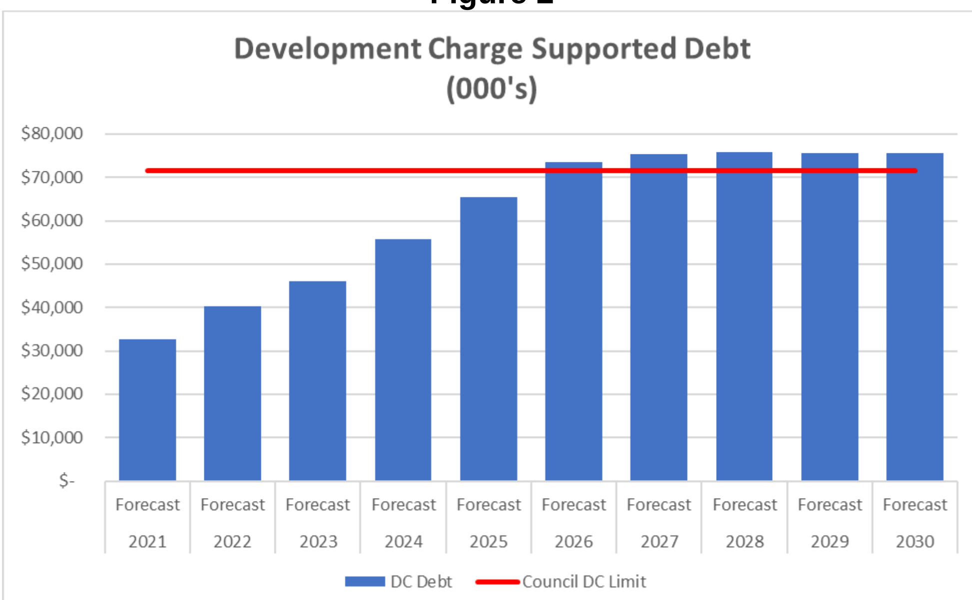
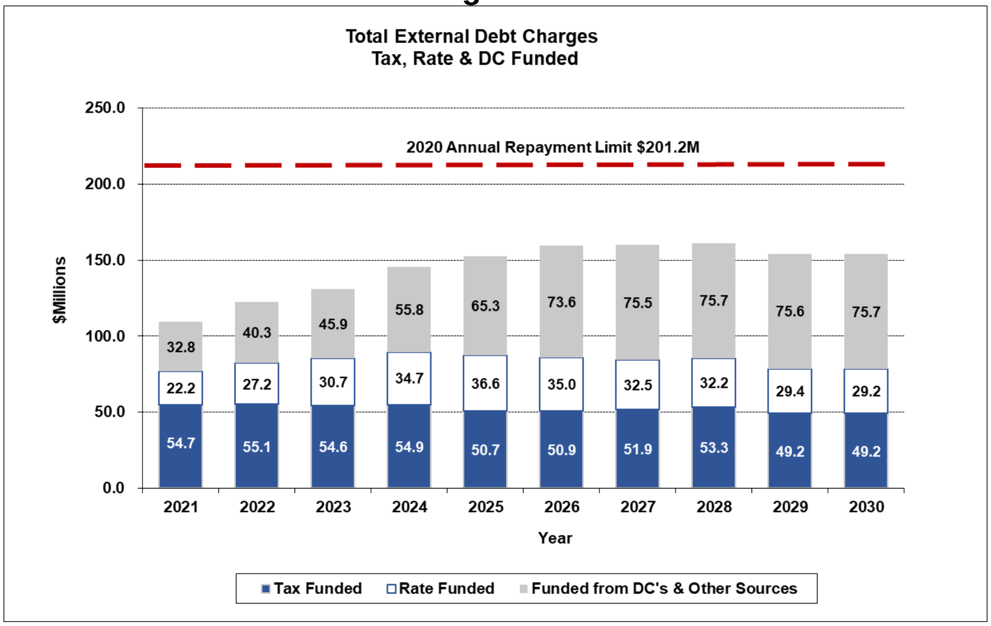


Figure 2



During the 2022 budget process, staff will continue to update assumptions as it pertains to interest rates, timing of issuance and the financing strategies for various initiatives. This may mean revisiting capital funding strategies that previously leveraged debt financing, introducing alternative funding sources to the Capital Financing Plan, such as, reserves or Federal Gas Tax or the deferral of previously planned capital works in order to best position the City for financial stability to support economic recovery over the next few years.

Figure 3



B. Reserves

Based on current projections, capital reserve balances are expected to decrease from $683 M at the end of 2020 to $632 M in 2022 as shown in Table 6. The decrease is the result of draws on the Parkland Acquisition and Dedication Reserves, Rate Supported Reserves and Transit Vehicle Replacement Reserves in order to meet planned requirements in the capital program over the next three years. These decreases partially offset by an increase is the result of anticipated DC collections exceeding capital financing requirements over the next two years, as well as, an additional one-time top-up payment of Federal Gas Tax in 2021 or 2022. Initial indication is that the COVID-19 pandemic has not drastically affected growth in the short-term. Staff will continue to monitor for any declines in development over the next year and adjust growth related infrastructure forecasts accordingly, as well as, develop a financing strategy for the injection of additional Federal Gas Tax funds.

Table 6
Projected Reserve Balances

CITY OF HAMILTON RESERVES	Projected Balances December 31 2020	2021	2022
CAPITAL RESERVES			
DEVELOPMENT CHARGES	285,421	322,678	349,023
PARKLAND RESERVES	70,638	38,413	49,022
VEHICLE & EQUIPMENT RESERVES	47,768	41,558	19,138
UNALLOCATED CAPITAL LEVY	37,209	21,886	24,800
RATE RESERVES	164,976	95,907	71,832
FEDERAL GAS TAX RESERVE	59,102	86,415	88,626
OTHER	17,463	19,707	29,878
TOTAL CAPITAL RESERVES	**682,577**	**626,564**	**632,319**
NON- TAX CAPITAL RESERVES			
TAX STABILIZATION	65,917	17,888	18,250
SAFE RESTART AGREEMENT	15,276	18,682	-
COVID-19 EMERGENCY RESERVE	-	20,277	2,615
EMPLOYEE RELATED RESERVES	108,267	110,705	111,965
PROGRAM SPECIFIC RESERVES	101,596	94,450	92,905
OTHER	114,721	118,428	124,669
TOTAL NON- TAX CAPITAL RESERVES	**405,777**	**380,430**	**350,404**
FUTURE FUND RESERVES			
HAMILTON FUTURE FUND A	56,420	60,498	66,040
HAMILTON FUTURE FUND B	2,047	1,879	1,669
TOTAL FUTURE FUND RESERVES	**58,467**	**62,377**	**67,709**
TOTAL ALL RESERVES	**1,146,821**	**1,069,371**	**1,050,432**

Reserve Funds have been established either through legislation or by Council to be used for specific future liabilities. The reserve amounts available to fund tax supported capital in future years will vary depending upon operating transfers, senior level government funding and the financing implications of large, multi-year capital projects. Staff will continually review existing reserve and reserve fund balances and make appropriate recommendations to Council during the annual capital budget process.

C. Development Charges

As the City of Hamilton moves forward with its growth infrastructure plans, current policies must sustain the *Places to Grow Act, 2005* (Places to Grow) growth patterns. The City's 2019 Development Charge (DC) By-law was based on 2006 Provincial forecasts, which projected Hamilton's population to 660,000 by 2031.

In August 2020, the Province released Amendment 1 to A Place to Grow: the Growth Plan for the Greater Golder Horseshoe ("Growth Plan, 2019, as amended"). The Growth Plan, 2019, as amended, has extended the planning horizon to 2051 and identifies a 2051 population forecast of 820,000. In August 2020, the Province released a revised land needs assessment methodology to be used by all municipalities in allocating the 2051 employment and population forecasts based on the Growth Plan targets.

The City is in the process of completing the land needs assessment which will identify how population and employment growth to the year 2051 will be accommodated and how much additional land may be required to be added to the urban boundary to accommodate the 2051 growth. Through the Growth-Related Integrated Development Strategy (GRIDS 2), the City will identify the preferred growth option to accommodate any additional land need. This preferred growth option will inform the infrastructure masterplan updates.

To date, the City is falling short of the 2006 Places to Grow projections used in the 2019 DC Background Study. To illustrate, the 2006 Places to Grow had forecast that the City's population would reach approximately 565,000 by 2016 (linear assumption based on 540,000 by 2011 and 590,000 by 2021), yet the 2016 census shows that the City's population had only reached 537,000 (547,000 if adjusted for the Statistics Canada under coverage estimate of 1.9%).

Since the City is not experiencing growth at the rate envisioned under the Places to Grow Provincial Targets, the City has not collected enough DC revenues to fund the infrastructure according to the timelines considered in the plans.

In order to balance the growth revenue shortfalls with infrastructure requirements, the City has prioritized its growth infrastructure in a "Staging of Development Report". The Staging of Development Report is an important tool to guide growth in an orderly manner by balancing the infrastructure needs with the costs of extending or upsizing new servicing, co-ordinate growth infrastructure with development approvals and guides the pace of growth across the City. This program, which encompasses a financing strategy of limiting DC reserve exposure and debt financing of growth projects, will ensure that the City's overall DC reserve balance is sustainable and that growth projects proceed in a thought out and systematic order.

The growth shortfall is not the only challenge around the financing of growth infrastructure. The City's DC By-law provides for several Council directed exemptions. These exemptions, such as reduced non-residential rates and a reduction for properties located within the Downtown Hamilton Community Improvement Project Area, are provided with the goal of acting as development incentives. The amounts exempted must be recouped through the tax and rate budgets and current funding levels are not enough to cover all the exemptions.

The Province has also introduced legislation which provides for both a freezing of DC rates and statutory deferrals of DCs for specified forms of development. While the City will eventually receive the funds, these changes affect the City's cash flow and may result in a need to increase reliance on debt. Since the provincial changes are new, the City does not yet have a robust forecast model to be able to quantify the cash flow impacts.

Compounding this challenge, COVID-19 presents an unknown impact on achieving future development targets. In an abundance of caution, the City errs on the side of over forecasting DC debt issuances. Prior to issuing the debt, the DC reserve status is assessed and if the amounts can be cash funded at that time, then no debt will be issued. This conservative process ensures that should debt be needed, the appropriate approvals are in place and at the same time allows the City to avoid interest on approved, but unnecessary, debt should the cash inflows be sufficient to cover the growth projects.

Table 7 illustrates the development shortfall in residential and non-residential growth.

Table 7
Development Forecast

Average Single Detached Unit Equivalent Construction, City Versus Provincial Forecast (Places to Grow)				
	2020	**2021**	**2022-2031**	**Total 2022-2031**
City (Staff Budget)[1]	1,800	1,800	1,800	18,000
Places To Grow (2006)	2,566	2,566	2,567	25,673
Shortfall	**766**	**766**	**767**	**7,673**

Average Square Footage Non-Residential Construction City versus Provincial Forecast (Places to Grow)				
	2020	**2021**	**2022-2031**	**Total 2022-2031**
City (Staff Budget)[1]	950,000	950,000	950,000	9,500,000
Places To Grow (2006)	2,048,700	2,048,700	2,048,700	20,487,000
Shortfall	**1,098,700**	**1,098,700**	**1,098,700**	**10,987,000**

[1] Note that staff budget figures may update annually based on available forecast data and reflect the constraints in place when planning future Capital requests

An amending By-law to the 2019 Development Charges Background Study was prepared and reported to the Audit, Finance and Administration Committee on June 3, 2021 in response to the changes in legislation affecting DCs. While some of the legislated changes were adopted at the time of the change, others required an update to the DC By-law for the City to adopt the changes.

The main impacts from the Amending By-law and accompanying 2019 DC Background Study Update is the removal of the 10% statutory deduction. The removal of the 10% statutory deduction means that 100% of growth-related capital costs are now eligible for inclusion in the DC calculations allowing the City to collect more for DC eligible services. The annualized effect of implementing the changes in the Development Charges Update Study is an estimated increase in forecasted 2021 DC collections of $3.1 M (to $114.1 M from $111.0 M).

Concurrent with the changes to DC legislation, the Province introduced a new tool through the *Planning Act*, namely a Community Benefits Charges (CBC) regime. In effect, the CBC replaces the former Density Bonusing Provisions (Section 37) of the *Planning Act* and moves some services from the DC legislation over to the newly created CBC regime with a two-year transition period. Accordingly, the City will no longer be able collect DCs for those services as of the CBC By-law adoption or September 18, 2022. The effect of removing the ineligible services (Airport Lands and Parking Services) has an estimated annual decrease in forecasted collections of $1.1 M. The loss of $1.1 M in annual DC collections will occur regardless of whether the City's 2019 DC By-law is amended or not.

Therefore, ignoring the potential replacement of Airport and Parking services through a CBC By-law, the net effects on annual DC collections, after considering the future reduction due to the loss of Airport Lands and Parking Services becoming ineligible, is an estimated increase of $2.0 M.

The City has yet to adopt a CBC By-law as staff continues to prepare a workplan to meet the transition deadline of September 18, 2022. While it is anticipated that a CBC By-law will be able to offset some or all of the annual DC collections previously captured for Airport and Parking growth costs, that analysis has yet to be completed.

D. Federal Gas Tax

In recognition of the extraordinary pressures faced by municipalities during the ongoing pandemic, the federal government introduced legislation that would provide an additional $7.2 B in support for urgent health care needs introduced through Bill C-25 on March 25, 2021.

Included in the proposed funding was $2.2 B to address short-term infrastructure priorities in municipalities and First Nations communities. The funds would flow through the Federal Gas Tax Fund. The federal government also proposed to rename the fund as the Canada Community-Building Fund.

The City of Hamilton's expected allocation as a one-time transfer payment in 2021 is $32.7 M. Staff will report back through the budget process on the leveraging of these funds in the 2022 Capital Financing Plan.

2022-2025 Preliminary Rate Budget Pressures (Outlook)

The 2021 Rate Supported Budget approved by Council in November 2020, resulted in a combined rate increase of 4.28%. The budget also included a projection for 2022 to 2025. The Rate Supported Budget reflects Council's ongoing commitment and dedication to implement a sustainable financing plan while bridging the divide between the funding shortfalls for necessary infrastructure with affordable rates.

A number of pressures / risks have been identified for 2022 to 2025 (refer to Table 8).

Table 8
2022-2025 Preliminary Rate Supported Budget Outlook

	2022	2023	2024	2025
Rate Budget Pressures	**$ M**	**$ M**	**$ M**	**$ M**
City Division (Hamilton Water)				
Energy and Other Operating Costs	$1.8	$1.8	$1.9	$1.9
Capital Financing	$9.1	$10.2	$10.7	$10.8
Preliminary Pressures / Risks	**$10.9**	**$12.0**	**$12.6**	**$12.7**
Combined Rate Impact	**4.05%**	**4.29%**	**4.35%**	**4.16%**

The preliminary outlook for the 2022 Rate Operating Budget projects an operating expenditure increase for Hamilton Water Division of approximately $1.8 M or 2.0% over the 2021 Budget.

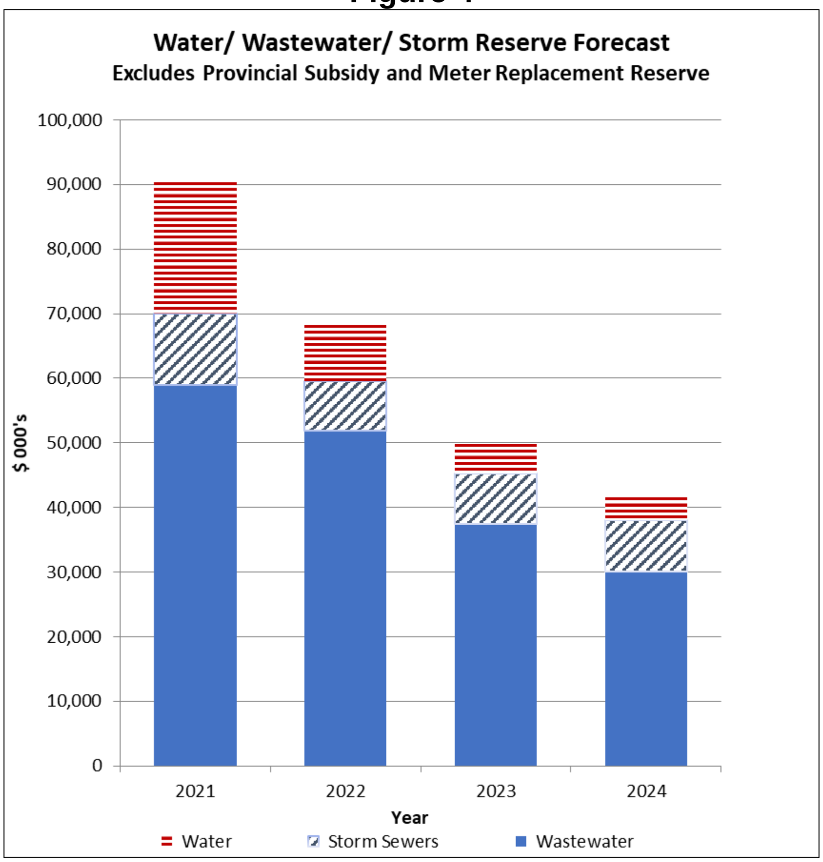
The recommended rate increase of 4.05% is largely comprised of capital financing requirements. Net capital costs are estimated at $172.7 M in 2022 versus $173.4 M in 2021.

During 2021 budget deliberations, City Council directed staff to perform a comprehensive evaluation of all City stormwater programs to identify existing gaps, immediate needs, risks to the City, including risks from climate change and extreme weather, outline the levels of service that the City should strive to achieve, quantify funding requirements along with options for long-term maintenance, second cycle replacements and financing alternatives. This work is underway and depending on the results of the evaluation, may provide additional pressures that were not identified in the multi-year rate budget outlook.

The City continues to face upward pressure on water rates to maintain infrastructure in a state-of-good-repair and sustain service delivery. In response, Hamilton Water is undertaking a review of the Water, Wastewater and Stormwater budget process to better understand long-term sustainability and provide greater transparency to customers and Council. The scope of work includes a review of the prioritization process and risk portfolio for decision making, impacts of corporate strategic priorities and sustainable infrastructure investment needs to maintain the desired level of service. Further information will be shared with Council prior to the 2022 Water, Wastewater and Stormwater Rate Budget deliberation process.

The current Rate Financing Plan has leveraged debt to its full extent in accordance with Council's debt limits, as well as, forecasts drawing reserves down to minimum required balances in the medium term as illustrated in Figure 4. There is little capacity within the existing financial constraints to absorb unexpected events or leverage federal and provincial subsidy programs that may come available.

Figure 4



An update on the Woodward Wastewater Treatment Plant Upgrade project was provided to the Hamilton Water Sub-Committee on May 3, 2021. Overall, construction is progressing well with Contract 1 – Main Pumping Station approximately 85% complete, Contract 2 - Electrical and Chlorination Upgrades approximately 91% complete, and Contract 3 - Tertiary Treatment Upgrades approximately 60% complete.

There have been recent challenges that the project team has encountered during construction including restrictions surrounding COVID-19, as well as, the excavation and management of a significant amount of both hazardous and contaminated soils. As a result, the project team developed a detailed soil and segregation program and met with the

Ministry of Environment, Conservation and Parks and gained their approval. Table 9 provides the most recent forecast for the project.

Table 9
Woodward Wastewater Treatment Plant Upgrade
Gross Capital Forecast ($ Millions)

	Pre-2022	2022	2023	2024	2025	2026	2027	2028	Total
Phase 1 - Clean Harbour	386.8	25.2							412.0
Phase 2 - Expansion	5.1	2.5	2.5	3.1	3.1	94.3	92.9	92.9	296.4
Total WWTP	**391.9**	**27.7**	**2.5**	**3.1**	**3.1**	**94.3**	**92.9**	**92.9**	**708.4**

In 2018, the City of Hamilton had discovered that one of its combined sewer overflow tanks was discharging combined sewage into Chedoke Creek. The City immediately stopped the discharge, began clean-up activities in the area and contacted the Provincial Spills Action Centre.

The City has been working closely with the Ministry of the Environment, Conservation and Parks to investigate the incident, respond to Orders related to the spill and plan for remediation efforts in the Creek and Cootes Paradise. Currently, the City is working with the Ministry of the Environment, Conservation and Parks, as well as, various stakeholders on remediation activities in the watershed. The City has recently submitted a workplan to the Ministry of the Environment, Conservation and Parks outlining targeted dredging activities in Chedoke Creek and a report proposing remediation and mitigation methods for Cootes Paradise and the Western Hamilton Harbour Area.

Inflationary and Other Pressures

A. Inflation

Year-over-year consumer price growth (+3.4%) in April rose at its fastest pace since May 2011 amid the third wave of the COVID-19 pandemic, mostly because prices fell sharply during the early months of the pandemic. As some regions extended restrictions to limit the spread of COVID-19, causing employment losses for some Canadians, prices grew 0.5% month over month in April 2021, the same growth rate as in March 2021. Prices rose in every major component on a year-over-year basis. Transportation prices (+9.4%) increased in April, mainly because of higher gasoline prices compared with April 2020.

The price of gasoline rose 62.5% on a year-over-year basis in April, the largest year-over-year increase on record. The gain in gasoline prices was mainly driven by steep price declines in April 2020, when gasoline fell 15.2% month over month as a result of limited travel, temporary business closures and lower levels of international trade, which created an oversupply of gasoline in the market.

In addition, the rise in gasoline prices was partially attributable to the maintenance of production cuts by OPEC+ countries (countries from the Organization of Petroleum Exporting Countries Plus) amid increased demand.

Shelter prices were up 3.2% year over year in April after rising 2.4% the previous month. The homeowners' replacement cost index (+9.1%) continued to trend upwards, posting its largest gain since April 1989. Higher building costs and demand for single-family homes contributed to an increase in prices for newly built homes.

In Ontario, prices for electricity rose 18.3% compared with April 2020 when the provincial government set all time-of-use electricity prices to the off-peak rate, resulting in lower prices for on-peak and mid-peak electricity usage.

While consumer goods, such as gasoline and electricity, have an impact on municipal operations, costs for municipal services are most significantly impacted by the construction price index in the delivery of capital works. Construction prices have been significantly impacted in the past several months due to the demand of structural lumber. Table 10 shows the trend over the past year in the residential and non-residential construction price index.

Table 10
Construction Price Index Trends

	2020				2021
	Q1	Q2	Q3	Q4	Q1
Construction Price Index Non-Residential	3.0%	2.6%	2.5%	2.2%	3.1%
Construction Price Index Residential	2.0%	1.8%	4.0%	7.6%	15.0%

B. Information Technology

The Information Technology Division engaged an independent consultant to review and make recommendations required to ensure stability of the City's use of technology and applications, ensure the stability of the underlying software, hardware and network infrastructure, review processes and resources for vendor and financial management including consideration for contractual complexities with cloud deployment, conduct a review of our security policies, processes and resources to ensure we continue to protect ourselves from cyber security violations and review future skillsets focusing on cloud deployment.

The assessment findings identified that the Information Technology Division does not have sufficient resources with the skillsets required to effectively manage the scope and complexity of the systems and cloud deployment projects, vendor contracts and processes within its portfolio. A recommended minimum of six additional staff to be phased in over the next three years was determined as required to effectively manage the increasing demand on Information Technology resources with considerations given to ensuring the additional staff have experience in managing and delivering services where cloud deployment is required.

This recommendation was made based on an assessment of planned projects identified as high priority by City Departments, operational sustainability workload and current resource capacity and skillsets. The recommended course of action would phase in the additional six staff over a three-year period from 2021 to 2023. The first two of the six positions were approved in the 2021 budget process.

C. User Fees

For the purposes of preparing the preliminary multi-year outlook, staff has estimated user fee increases of 2% per year for 2022 to 2024, as well as, planned additional user fees pertaining to the implementation of the Ten-Year Local Transit Strategy.

During 2021 budget deliberations, Council approved the freezing of certain Recreation and Planning and Economic Development user fees at 2020 rates in response to economic hardship as a result of the pandemic. To minimize the impact on taxpayers, in some instances the City will require increases in user fees beyond the traditional 2% to make up for the lost increase in 2021 and appropriately maintain targeted subsidy or cost levels for these services.

D. Advancing Council’s Strategic Priorities

The 2016-2025 Strategic Plan is a ten-year plan that supports the community vision and encompasses all services delivered by the City. While the focus of the annual budget process will be to continue to identify the resources needed to deliver services, aligning staff and additional resources around a few key areas allows for more focused efforts towards the achievement of specific goals for this term of Council (2018-2022). A summary and update on the 2018 to 2022 Term of Council Priorities is attached as Appendix “D” to Report FCS21057.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS21057 – 2021-2022 COVID-19 Financial Forecast

Appendix “B” to Report FCS21057 – Memorandum from Ministry of Health regarding 2021 COVID-19 Extraordinary Costs

Appendix “C” to Report FCS21057 – Projected 2022 COVID-19 Financial Impacts

Appendix “D” to Report FCS21057 – Advancing Council’s Strategic Priorities

KP/DR/dt

City of Hamilton
2021-2022 COVID-19 Financial Forecast
As at May 31, 2021

Funding From Senior Levels of Government	2021 Available Funding	2021 Forecasted Pressures	2021 Surplus (Deficit)	2022 Available Funding	2022 Forecasted Pressures	2022 Surplus (Deficit)
Transit		16,040,552	(16,040,552)		11,559,000	(11,559,000)
Safe Restart Agreement - Transit	43,390,806		43,390,806	5,815,278		5,815,278
Transit Subtotal	***43,390,806***	***16,040,552***	***27,350,254***	***5,815,278***	***11,559,000***	***(5,743,722)***
Housing Services		4,471,000	(4,471,000)		13,400,000	(13,400,000)
Social Services Relief Fund	23,882,903	23,882,903	-			-
CMHC Rapid Housing Initiative	10,760,585	10,760,585	-			-
Reaching Home Initiative	5,306,800	5,306,800	-			-
Mental Health and Addictions Support	302,208	302,208	-			-
Housing Services Subtotal	***40,252,496***	***44,723,496***	***(4,471,000)***	***-***	***13,400,000***	***(13,400,000)***
Children's Services		7,506,502	(7,506,502)		4,500,000	(4,500,000)
Children's Services - Federal Safe Restart Funding	7,506,502		7,506,502			-
Children's Services Subtotal	***7,506,502***	***7,506,502***	***-***	***-***	***4,500,000***	***(4,500,000)***
Long-Term Care		408,230	(408,230)		3,500,000	(3,500,000)
Prevention and Containment Funding	270,319		270,319			-
Infection Prevention and Control	317,491		317,491			-
Subtotal Long-Term Care	***587,810***	***408,230***	***179,580***	***-***	***3,500,000***	***(3,500,000)***
Hamilton Paramedic Service	498,277	1,792,020	(1,293,743)		1,800,000	(1,800,000)
Public Health - COVID Response*	12,066,390	12,066,390	-	15,000,000	15,000,000	-
Public Health - COVID Vaccine*	34,461,200	34,461,200	-			-
Fire Service Grant	137,000	137,000	-			
Other Social Services	1,518,919	2,869,160	(1,350,241)			-
Safe Restart Agreement - Municipal	3,052,214		3,052,214			-
Subtotal Public Health & Other Social Services	***51,734,000***	***51,325,770***	***408,230***	***15,000,000***	***16,800,000***	***(1,800,000)***
Parking Revenues		4,839,260	(4,839,260)		3,000,000	(3,000,000)
Slot Revenues		1,000,000	(1,000,000)		2,600,000	(2,600,000)
POA Revenues		1,043,500	(1,043,500)		1,800,000	(1,800,000)
Recreation		7,293,470	(7,293,470)			-
ICIP - COVID-19 Resilence Infrastructure Stream	7,434,008	7,434,008	-			-
Safe Restart Agreement - Municipal	21,919,502		21,919,502			
COVID-19 Recovery Funding for Municipalities Program	18,681,919		18,681,919	18,681,919		18,681,919
Subtotal General Municipal	***48,035,429***	***21,610,238***	***26,425,191***	***18,681,919***	***7,400,000***	***11,281,919***
Subtotal Funding from Senior Levels of Government	**191,507,043**	**141,614,788**	**49,892,255**	**39,497,197**	**57,159,000**	**(17,661,803)**

Municipal Funding Sources	Available Funding	Forecasted Pressures	Surplus (Deficit)	Available Funding	Forecasted Pressures	Surplus (Deficit)
COVID-19 Emergency Reserve	20,277,162	-	20,277,162	20,277,162	-	20,277,162

Net Balance (all sources)	**211,784,205**	**141,614,788**	**70,169,417**	**59,774,359**	**57,159,000**	**2,615,359**

**Note: Assumes Public Health COVID response and vaccine program will be 100% funded by Province in 2021 and 2022. An application is filed but has not yet been confirmed.*

Ministry of Health

Office of the Deputy Premier
and Minister of Health

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Ministère de la Santé

Bureau du vice-premier ministre
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Ontario

January 13, 2021

MEMORANDUM

TO: Chairpersons, Boards of Health
Medical Officers of Health, Public Health Units
Chief Executive Officers, Public Health Units

RE: 2021 COVID-19 Extraordinary Costs

Ontario's public health system has demonstrated remarkable responsiveness to COVID-19, as the outbreak has evolved locally and globally. The government acknowledges the extraordinary and continuing efforts of the public health sector, including public health units, to monitor, detect, and contain COVID-19 in the province.

For the 2021 funding year, public health units are expected to take all necessary measures to continue to respond to COVID-19 in their catchment areas, support the Ministry of Health in the provincial roll-out of the COVID-19 Vaccine Program, and continue to maintain critical public health programs and services as identified in Board of Health approved pandemic plans.

As the COVID-19 response continues, we do anticipate that many public health units will continue to incur additional expenses to support these efforts. In recognition of these unique circumstances, we want to assure you that there will be a process for public health units to request reimbursement of COVID-19 extraordinary costs incurred in 2021. Similar to previous processes, we ask that these costs be those over and above what can be managed from within the budget of the Board of Health, and that you continue to track these costs separately.

Thank you for the important service that your public health unit provides to Ontarians, and your ongoing dedication and commitment to addressing the public health needs of Ontarians.

Sincerely,

Christine Elliott

Christine Elliott
Deputy Premier and Minister of Health

c: Dr. David Williams, Chief Medical Officer of Health
Associate Medical Officers of Health, Public Health Units
Business Administrators, Public Health Units

City of Hamilton
Projected 2022 COVID-19 Financial Impacts
As of May 31, 2021

Service	2022 Impact ($)	Assumptions
Parking Services	3,000,000	20% reduction in pre-COVID-19 revenues
Children's Services	4,500,000	Estimate of annual COVID costs directly to operators and licensed home child care agencies in Ontario (PPE, enhanced cleaning, additional staff)
Housing Services	13,400,000	Estimate of annual COVID costs for Drop Ins, Isolation Centers, Hotels, Security, Case Management. Outstanding confirmation from Managers for the types of continued support expected.
Long-Term Care	3,500,000	Estimate of annual COVID costs (PPE, medical supplies/equipment, potential ERE costs)
Hamilton Paramedic Service	1,800,000	Estimated cost for overtime, upstaffing for infection disease protocols and enhanced disinfection protocols, PPE and medical supply costs.
Public Health	15,000,000	Estimate for ongoing costs related to vaccination and contact centres
Transit	11,559,000	Assumptions: 65% conventional ridership Jan-Aug, 80% Sep-Dec, 90% specialized ridership, Year 5 of Local Transit Strategy implemented, University/College return in winter with reduced ridership and enrolment and returns to 2019 enrolment levels for 2021/2022 academic year. Physical distancing measures prevent full standing loads.
Slot Revenues	2,600,000	50% reduction in pre-COVID-19 revenues
POA Revenues	1,800,000	10% reduction in pre-COVID-19 revenues
Total	**$ 57,159,000**	

Advancing Council’s Strategic Priorities

In alignment with the 2016-2025 Strategic Plan, Term of Council Priorities were confirmed in January 2020. They include a focus on climate change, multi-modal transportation, affordable housing and homelessness, equity, diversity and inclusion, integrated growth and development, maintaining trust and confidence in government, fiscal health and financial management and support for a healthy and respectful workplace. These priorities guide the collective work of staff and influence department goals and priority setting.

A. Climate Change

City Council declared a climate change emergency in March 2019, at that time, joining 435 municipalities world-wide. Since then, the total number of municipalities has reached more than 800 cities around the world, as well as, the Government of Canada, all acknowledging the scale of the climate crisis and the need for accelerated action.

The City of Hamilton understands declaring a climate emergency is just the beginning. City Council, through its climate emergency declaration, directed staff to form a multi-departmental Corporate Climate Change Task Force (CCCTF). Through the CCCTF, a centralized approach has been created to recommend actions and initiatives that the City is required to take in order to reach the goal of reducing greenhouse gas emissions to net zero before 2050.

A key piece of work is the Community Energy and Emissions Plan which is a long-term plan to meet Hamilton’s future energy needs while improving energy efficiency, reducing greenhouse gas emissions and fostering local sustainable and community-supported energy solutions. A draft of the Community Energy and Emissions Plan is anticipated to be brought to the General Issues Committee in September 2021.

Council has previously approved the following set of goals in order to achieve the overarching target of reducing greenhouse gas emissions to net zero before 2050.

GOAL 1: To increase the number of new and existing high-performance state-of-the-art buildings that improve energy efficiency and adapt to a changing climate.

GOAL 2: To change the modal split and investigate strategies so that more trips are taken by active and sustainable transportation than single use occupancy vehicles.

GOAL 3: To accelerate the uptake of modes of transportation that are low and / or zero emissions.

GOAL 4: To ensure a climate change lens is applied to all planning initiatives to encourage the use of best climate mitigation and adaptation practices.

GOAL 5: To procure goods, services and construction from vendors who conduct their business in a sustainable and ethical manner that considers equity, diversity and inclusion that contributes to the greater good of the community.

GOAL 6: To increase our carbon sinks and local food production through the preservation and enhancement of the natural environment, including local farmland.

GOAL 7: To improve Hamilton's climate resiliency by decreasing our vulnerability to extreme weather, minimizing future damages, take advantage of opportunities, and better recover from future damages.

GOAL 8: To ensure all our work promotes equity, diversity, health and inclusion and improves collaboration and consultation with all marginalized groups, including local Indigenous Peoples.

GOAL 9: To increase the knowledge and empower City staff and the Hamilton community including business, Non-Government Organizations and individual citizens while advocating to higher levels of government to take action on climate change.

To support the established climate change action goals, Council approved the creation of a Climate Change Reserve through Report FCS19062 and initial funding of $1.5M in the disposition of the 2020 tax operating budget surplus through Report FCS20069(b). Staff is currently developing a policy that outlines the criteria on use of funds in the reserve and will report back to Council once a framework has been developed. However, to advance the climate change action goals established by the City of Hamilton, consideration of a sustainable funding source for the reserve must be given in future budget years which will put upward pressure on the multi-year budget outlook.

City Council also directed Transit staff to cease the purchase of diesel vehicles during the 2021 budget deliberations in line with the Green Fleet Strategy and Zero Emissions Vehicle Infrastructure Program. Staff will be coming forward with information and recommendations in support of these initiatives in 2021 and how they will impact the City's multi-year budget in terms of increased capital costs for electric vehicles and supporting infrastructure, as well as, estimates in decreased fuel consumption.

B. Multi-Modal Transportation

In August 2018, Hamilton City Council unanimously approved the Transportation Master Plan (TMP) and the Cycling Master Plan Update (CMP) and, in accordance with those initiatives, the City is committed to providing transportation options that meet legislated standards for both personal travel and good movement in an accessible, convenient, efficient and affordable manner. Along with priority safety measures to support the principles of the Vision Zero Strategy, this term of Council aims to achieve the goal of a 48% non-single occupant vehicle modal split by 2031 with a target of 15% for walk / cycle, 12% for transit and 21% for auto passenger and shared modes.

In support of this goal, years six through 10 of the Ten-Year Local Transit Strategy have been incorporated into the multi-year budget and capital forecast in 2022 through 2026, which includes approximately $16.2 M in net levy increases over the next five years and additional capital expenditures of $57.3 M.

To finance the infrastructure required to complete the Local Transit Strategy, the City relies heavily on the Investing in Canada Infrastructure Program (ICIP). In order to accommodate the debt charges associated with this financing strategy, Council approved through Report PW19083 / FCS018048(a), additional levy increases of 0.21% in 2020, 0.18% in 2021, 0.09% in 2022 and 0.01% in both years 2023 and 2024.

The Capital Financing Plan incorporates an annual levy increase of 0.5% with the majority of this investment dedicated to roads, bridges, traffic infrastructure, bike lanes and sidewalks. This funding supports the multi-modal goals of the City, as well as, infrastructure improvements required for the Vision Zero Strategy.

The federal and provincial governments announced matching commitments of $1.7 B each ($3.4 B total) to advance the Hamilton Light Rail Transit (LRT) project in May 2021. For the purpose of fiscal planning, staff will continue to monitor this project to ensure that any future commitments are properly reflected in financial forecasts.

C. Affordable Housing and Homelessness

On December 13, 2013, Hamilton City Council approved the City’s 10-year Housing and Homelessness Action Plan (HHAP), which was revised through the endorsement of the five-year review reported to Council in August of 2020 through Report CS11017(d).

The five-year review of the HHAP was a comprehensive overhaul and refocusing of the HHAP necessary due to significant changes in Hamilton’s housing system and its context. The goals of this review were to:

- Determine changes within and influencing the housing sector through an environmental scan;
- Review and report on the progress and status of the 54 strategies and 16 targets;
- Review the elements and structure of the plan: vision, core values, outcome areas;
- Update the strategies and targets;
- Streamline the plan;
- Simplify the language of the plan to be more accessible and relevant to a broader audience;
- Meet the new provincial guidelines to strengthen the plan in the areas of Indigenous housing issues, homelessness, integration of services, environmental sustainability and climate change and a role for the private sector;
- Set SMART (Specific, Measurable, Achievable, Relevant and Time-Bound) targets as required by the Province; and,
- Rebrand the look and presentation of the HHAP and related documents.

An in-depth environmental scan was conducted as part of the five-year review. This included analysis of various data sets including Census data and an assessment of future housing needs. The housing needs assessment determined that Hamilton will need an additional 77,800 total housing units to accommodate local population growth and housing needs through 2041. This means, on average, Hamilton will need to add 3,125 units per year.

Hamilton will continue to need a strong mix of ownership and rental housing with a particular need for affordable rental housing targeted to low and moderate-income households. Previous projections forecasted a need of 300 affordable units per year. This has increased to 341 new affordable rental units for low-income households as Hamilton development of affordable rental housing has not kept pace with demand over the past five years.

Significant investments in the multi-year outlook and capital forecast that have been endorsed by Hamilton City Council in the effort to combat homelessness and address ongoing housing affordability include:

Poverty Reduction Investment Plan: includes $4M annually from 2017-2021 for new affordable rental housing construction, $2M annually from 2018-2027 for social housing repairs and $1M annually from 2018-2027 for general indigenous poverty reduction.

i. **National Housing Strategy:** in-partnership, the City of Hamilton and CityHousing Hamilton (CHH) have submitted a 10-year portfolio-wide application to the Canada Mortgage and Housing Corporation (CMHC) under the National Housing Co-Investment Fund - Repair and Renewal Stream, as detailed in Report HSC19048. On March 11, 2021, CHH and the City received confirmation through a letter of intent from the CMHC for $145.7 M in funding over eight years. This funding will support $194.3 M in repair and renewal projects impacting 6,290 CHH units as detailed in Report HSC19048(a).

ii. **Rapid Housing Initiative:** CMHC funding of $10.8 M to support the development of permanent housing within three categories: acquisition of land and construction of modular housing; acquisition of land and existing buildings for the purpose of conversion; and, acquisition of land and rehabilitation of uninhabitable housing.

iii. **Roxborough Housing Incentive Pilot Program:** allows developers of affordable rental or ownership housing to receive grants to offset the cost of the City's development charges and parkland dedication fees for 10 years after the issuance of a building permit. The estimated financial impact of the program is $2.1 M annually.

iv. **Rent Ready Program**: one-time investment of $1 M towards the rapid repair of out-of-service social housing units and increasing the 2021 Housing Stability Benefit budget to support tenants at risk of losing housing due to impacts of COVID-19.

v. **Adaptation and transformation of services to support the implementation of the COVID-19 response framework:** as articulated in Report HSC20020(c), continuation of COVID-19 emergency response in alignment with the outcomes and strategies within the HHAP.

D. Equity, Diversity and Inclusion

The City of Hamilton is committed to creating and nurturing a city that is welcoming and inclusive. In February 2019, Hamilton City Council unanimously passed a motion to develop an equity, diversity and inclusion (EDI) framework and strategy in order to establish a lens through which future City of Hamilton policy will be measured in order to address systemic discrimination and acknowledge diversity as one of the City's greatest strengths.

This work continues internally with the establishment of the Equity, Diversity and Inclusion Framework Steering Committee who are working to finalize and implement the framework into City programs and service delivery models. A sub-committee of Council will also be engaged to ensure that the EDI framework incorporates appropriate components and is reflective of overall strategy. Internally, early successes, which will continue to evolve, include the City of Hamilton employment equity survey, standardized interview guide and the development and integration of EDI competencies into the City's annual performance accountability process. Externally, an EDI lens has been applied within the Housing and Homelessness Action Plan (HHAP).

In addition, the completion of six hours training on Equity, Diversity and Inclusion will be offered by a third-party vendor to enhance understanding of EDI concepts and evaluate for roll-out across all supervisors and above staff. The four key components that will be incorporated into the EDI framework for implementation include: having a workforce that is representative of the community we serve; addressing systemic barriers and identify and develop action plans to address using an EDI lens; having a workforce that is skilled in working in an inclusive and respectful manner with each other and the community we serve; and creating inclusive programs and services that meet the needs of our diverse community. It is at this stage that the EDI framework will become embedded in various City policies, programs and services. The EDI framework will be presented to Council in the fall of 2021 for approval.

A core value of the HHAP, as revised in the five-year review through Report CS11017(d), is to have a person-centred approach to housing and homelessness. This means always evaluating the supports and solutions needed to ensure everyone has a home on an individual basis and matching households to the housing and support services that best meet their needs, preferences and self-identification with various groups (Indigenous Peoples, youth, families, newcomers, etc.).

Outcome Area 5 of the HHAP is that "all people experience equity in housing and housing-related services," which is simplified from the original HHAP. Additionally, in February 2019 Council directed staff to:

- implement an equity-diversity-and-inclusion lens framework to City policy and program development, practices, service delivery, budgeting, business planning and prioritization; and,

- develop and integrate a consistent gender and equity framework, inclusive of evaluative tools, to the City's Housing and Homelessness Action Plan and service delivery.

The Housing Services Division is committed to continuing to strengthen the active practice of equity, diversity and inclusion principles in its work. This means recognizing and working to address disproportionate structural barriers faced by individuals and groups, ensuring equity is fundamental to all decisions and meaningfully consulting with those impacted by the Division's work. The work of integrating equity, diversity and inclusion principles into the foundations of the Division's daily practice will be strengthened and supported by the implementation of the forthcoming corporate-wide and housing-specific equity, diversity and inclusion frameworks. Recently, City Council approved two investments to address equity issues in the City's homeless-serving system:

i. **Portable Housing Benefit Program**: additional annual funding of $950 K in the 2021 Operating Budget for women, trans-feminine, trans-masculine and non-binary adults from Hamilton's By-Name List as detailed in HSC20061; and

ii. **Menstrual Products Pilot Program**: a one-time investment of $121 K in a pilot program that seeks to provide more universal access to menstrual products for individuals experiencing low income as detailed in Report HSC20001.

Additionally, the City retained Sage Solutions to consult with residents and equity-seeking groups in support of mitigating and preventing hate in our City. The consulting team engaged with equity-seeking groups with lived experiences of discrimination, residents and other stakeholders to inform the development of the City's Hate Prevention and Mitigation Initiative policies, procedures and practices. From this engagement, 20 draft recommendations were developed, and the community was provided with an opportunity to review and enhance them through a survey that was launched between November 2020 and January 2021. The hate prevention and mitigation strategy will be finalized in 2021 with initiatives integrated into future multi-year outlooks and capital plans to support positive change, as well as, operationalize the Hamilton Anti-Racism Resource Centre Board.

E. Integrated Growth and Development

The City of Hamilton is committed to planning for and implementing infrastructure in a manner that manages growth in a way that minimizes impact and creates opportunities for both residential and business development, while ensuring the City's overall long-term sustainability. The below sections provide information on strategic investments that have been endorsed in the past, as well as, information on strategies and opportunities for consideration in the multi-year budget outlook and capital financing plan.

a) West Harbour Waterfront Strategic Initiatives

On May 12, 2010, City Council approved COW Report 10-014, referencing the West Harbour Recreation Waterfront Master Plan (WHRWMP), which identified public investments in parks, open-spaces and programing amenities within the West Harbour waterfront area to transform the area into an active and vibrant waterfront.

From 2012 to 2021, Council approved $118.9 M in capital funding toward the West Harbour Re-Development Plan with $11.9 M from the tax supported Capital Levy approved, in principle, for 2022. The individual projects and initiatives can be categorized by the following:

i. Development-Ready Projects
ii. Asset and Infrastructure rehabilitation
iii. Parks and Public-Space
iv. Marina Management Agreement Commitments

Beyond 2021, two other projects are integral to the long-term viability of the plan:

1. Re-Location of the Hamilton Police Service (HPS) Marine Unit, estimated at $5.15 M (updated estimate) for construction in 2022. The existing HPS Marine Unit building is past the useful lifespan and is being demolished as part of the Piers 5-7 public realm project. In the interim, in 2019 the Police Marine Unit re-located into a temporary facility at Macassa Bay. As a result, a commitment to funding the permanent facility would be required.

2. New Public Parking Garage estimated at $33.2 M. The functional planning, pre-engineering and design work in 2023 of $4.9 M and construction costs of $28.3 M in 2025.

As part of the overall re-development plan, existing free public parking located on Piers 6-8, as well as, the parking for the marina facilities will be eliminated over time as development progresses. West Harbour Staff has identified a long-term need to replace approximately 500-600 parking spaces. Although the WHRWMP identified the future need for a parking structure to address this concern, both the specific site and the funding options for this have not been finalized and, as such, staff would seek possible funding options that mitigate the impact on the City's capital budget.

To support the capital investment required in the West Harbour Re-Development Plan, Capital Levy increases for debt servicing costs of 0.04% in 2022, 0.07% in 2023 and 0.19% in 2024 are planned.

b) Airport Employment Growth District

The Airport Employment Growth District (AEGD) is a planned development area of 551 net developable hectares of employment land per the Secondary Plan. The Secondary Plan is bounded by Garner Road East and Twenty Road West to the north, Upper James Street to the east, Whitechurch Road West to the south and Fiddler's Green Road to the west all of which has been designed to provide for a major business park development which effectively integrates with and complements the existing John C. Munro Hamilton International Airport.

The AEGD provides the opportunity to create a new employment area which improves live-work opportunities and helps meet provincial employment targets for the City. It supports the Airport as important infrastructure and as an economic driver, supports long-term prosperity, contributes to quality of life and establishes a gateway for economic and goods movements for the City. In particular, the AEGD is intended to offer a range of employment and employment-related land uses in the context of an eco-industrial park, which provides for prestige industrial, light industrial, airport-related business and institutional development, as well as, an environmental footprint that is managed through a range of urban design and eco-friendly sustainable design techniques. All of which allows for the development of land uses consistent with the character of surrounding lands.

c) GRIDS 2 (Growth Related Integrated Development Strategy)

The City is undertaking an update to GRIDS, known as GRIDS 2, which is a long-term growth strategy to allocate forecasted population and employment growth to the year 2051 and encompasses matters that have historically not been part of traditional land use planning studies. The provincial forecasts for Hamilton project a population of 820,000 people and employment of 360,000 jobs by the year 2051. This growth equates to an increase of 236,000 people, 110,000 housing units and 122,000 jobs over the next 30 years.

As such, GRIDS must be updated to plan for the additional jobs and persons to 2051 and assess the implications for the Official Plan, Infrastructure Master Plans and Development Charges By-law. Approval of the final growth option is planned for early 2022.

d) Land Needs Assessment

A Land Needs Assessment (LNA) is a study that identifies how much of the forecasted growth can be accommodated within the City's existing urban area based on inputted targets and how much growth may need to be accommodated within any potential urban expansion area. The LNA considers the need for "Community" lands (i.e. lands to accommodate population growth and some commercial and institutional employment growth) separate from "Employment" lands (i.e. lands designated to accommodate employment growth including Business Parks and Industrial areas).

In January 2021, staff consulted on the draft LNA, which was presented to Council in December 2020. The final LNA, detailed in Report PED17010(i), reflects some minor changes and clarifications to address the comments received through the consultation.

The "Ambitious Density" growth scenario was recommended and adopted by Council. The "Ambitious Density" scenario results in the lowest land need out of the four scenarios modelled in the LNA and from a climate change policy perspective, represents the preferred option.

In the "Ambitious Density" scenario, the City will be planning to accommodate almost 80% of its housing unit growth within the existing urban area through both intensification and development of existing greenfield lands. This scenario, which is based on a planned intensification target that increases over time, from 50% between 2021 and 2031, to 60% between 2031 and 2041 and to 70% between 2041 and 2051 and a density of 77 persons and jobs per hectare in new growth areas, results in a need of approximately 1,340 gross developable hectare of Community Area lands. For Employment Area lands, the LNA identifies that the City's supply and demand for Employment Area jobs is in balance and no additional employment lands are required to the year 2051.

F. Trust and Confidence in City Government

The City of Hamilton is committed to promoting an open approach to government. Ensuring public information is readily available and accessible by promoting partnerships and by strengthening and improving its ability to consistently undertake co-ordinated, transparent and inclusive, evidence-based engagement practices, the City is committed to enabling residents, business owners and community stakeholders to become more involved in decision-making processes and find value in partnering and investing in City programs.

The City is doing this by looking at ways to advance and expand the City's data capabilities to support decision-making, organizational performance management and drive a culture of continuous improvement and innovation. A key component of this is also looking at ways to improve and / or introduce new online services, as well as, advocacy efforts related to the provision of improved broadband access to all corners of the municipality. This advocacy work around connectivity also aims to help address the digital divide and has resulted in additional funding investments in the community via the Universal Broadband Fund, in-flight work to expand connectivity options via the Hamilton Public Library, and expanded connectivity opportunities at CityHousing Hamilton properties.

To enhance accountability and transparency, as well as improve governance, Council adopted the City’s Routine Disclosure and Active Dissemination Policy (RD&AD) in December 2019, in support of a proactive approach to releasing information held by the City and the principles of “Access by Design”. Staff has been working to identify and develop plans detailing records and information to be routinely released directly through each Division. The RD&AD plans of Corporate Services are complete and posted on the City of Hamilton website. The plans for Planning and Economic Development are partially posted with completion anticipated by the end of June. Work on Public Works plans has also begun, and the City Manager’s Office will be developed later in the year.

The City is also committed to protecting the privacy of individuals while balancing an open, transparent and accessible approach to governing. In January 2021, Council adopted the City’s Corporate Privacy Policy implemented to establish accountability, roles and responsibilities and direction to support staff through legislated privacy requirements and the principles of “Privacy by Design”. Council approved an additional staff resource in the 2021 budget process to support the administration of the privacy policy. The new hire is expected to be in place in July with the implementation of privacy training to all staff as the first priority.

Traditionally, the City has undertaken public engagement through place-based public engagement modes. This format is not viewed as being accessible as they exclude opportunities for individuals to get involved that may have non-traditional work schedules, care-giving responsibilities, certain disabilities and related costs such as transportation.

In response to this, the City has been exploring ways to improve its approach to public engagement. In June 2020, the City launched Engage Hamilton a virtual engagement platform. Although not in response to COVID-19, this platform supported on-going public engagement throughout the pandemic and looks at removing barriers to public engagement by expanding reach and inclusivity and allowing participants to respond when and how it is most convenient to them, through multiple formats.

The continued evolution of public engagement practices, including how and when to use traditional place-based public engagement and digital engagement tools, is being supported through the development and Council approval of a new public engagement policy in 2021 with implementation into public engagement initiatives by early 2022.

G. Fiscal Health and Financial Management

The City uses financial management tools to plan, direct, monitor, organize and control spending to ensure that the fiscal health of its finances, including its reserves and debt levels. Ensuring the efficient and effective use of tax dollars and revenues leads to competitive property taxes and user rates. Financial health is balanced with the need to maintain infrastructure assets, grow the non-residential property assessment base and maintain overall competitive residential property taxes.

The effective management of infrastructure involves continuous monitoring of conditions, costs, risks, age and performance to systematically identify and prioritize the City's investment needs. This ensures that, with its limited financial resources, the City of Hamilton can effectively sustain service delivery to residents and businesses.

The municipal asset management planning regulation (O. Reg. 588/17) was made under the *Infrastructure for Jobs and Prosperity Act, 2015*, and came into force on January 1, 2018. This regulation was put in place to help municipalities better understand what important services need to be supported over the long-term, while identifying infrastructure challenges and opportunities and finding innovative solutions.

O. Reg. 588/17 was amended on March 15, 2021 to extend regulatory timelines for phases 2, 3 and 4 by one year. O. Reg 588/17 helps municipalities better understand what important services need to be supported over the long term, while identifying infrastructure challenges and opportunities and finding innovative solutions.

The phase-in schedule as amended is as follows:

July 1, 2019: Date for municipalities to have a finalized strategic asset management policy that promotes best practices and links asset management planning with budgeting, operations, maintenance and other municipal planning activities.

July 1, 2022: Date for municipalities to have an approved asset management plan for core assets (roads, bridges and culverts, water, wastewater and stormwater management systems) that identifies current levels of service and the cost of maintaining those levels of service.

July 1, 2024: Date for municipalities to have an approved asset management plan for all municipal infrastructure assets that identifies current levels of service and the cost of maintaining those levels of service.

July 1, 2025: Date for municipalities to have an approved asset management plan for all municipal infrastructure assets that builds upon the requirements set out in 2024. This includes an identification of proposed levels of service, what activities will be required to meet proposed levels of service and a strategy to fund these activities.

H. A Healthy, Respectful and Supportive Workplace

The City's workplaces are healthy, safe, inclusive and supportive. In 2020, there was a 236% increase in demand for just-in-time supports as staff dealt with the impacts of COVID-19 on their personal lives. The resources accessed focused on a wide variety of health, family, eldercare, personal growth and development and work-life balance topics. The most resourced material was on mental health, an increase of 978% over 2019. Stress management and resilience demand for resources increased by 244%.

In response to this, the City is committed to supporting staff in this prolonged COVID-19 emergency, as well as, continued support through a post-pandemic environment to ensure long-term health and wellbeing. To do this, the development of a comprehensive workplace transition strategy that will incorporate a number of considerations including health and safety (including WSIB implications), expense and equipment requirements (including standardization of equipment), flexible hours of work, mental health and well-being considerations (including resources for employees and their families), privacy issues, performance management and culture in the workplace is underway.

Data collection for the Our People Survey will also commence in 2021 with results rolling out and action planning taking place in 2022. If approved by Council, a new non-union benefit plan will also be rolled out in July 2022.

Item 8.2

Hamilton

2022-2024 MULTI-YEAR OUTLOOK AND CAPITAL FINANCING PLAN UPDATE

FCS21057

Mike Zegarac
General Manager, Finance and Corporate Services

June 16, 2021
General Issues Committee

AGENDA

- 2020/21 – COVID impact
- Uncertainty about immediate future
- Provide background on key constraints facing the City for 2022
- Tax Supported Budget Outlook
- Rate Supported Budget Outlook

BUDGET PRINCIPLES

- Supports the updated 2016-2025 Strategic Plan
- Alignment with the financial policies approved by Council
- Ensure the City's AA+ credit rating is maintained
- Growth-related infrastructure costs will be supported from development charge revenue
- Investment to maintain infrastructure in a state-of-good-repair
- Grants available to municipalities will be investigated
- COVID-19 related financial pressures in 2022 will be offset by either federal or provincial funding or contribution from the COVID-19 Emergency Reserve
- New services, enhancements or reductions, changes to the full-time equivalent complement require a Business Case

BUDGET APPROACH DIRECTION

- Staff are budgeting for 2022 based on “pre-COVID” services and service levels with approved enhancements
  - It is assumed that COVID-19 pressures will be funded from the funding carried forward from 2021 under the Safe Restart Agreement, the 2021 COVID-19 Recovery Funding for Municipalities Program, and the funds set aside in the COVID-19 Emergency Reserve from the 2020 tax operating budget surplus

- Staff are budgeting 2023 – 2025 based on “pre-COVID” services and service levels, while factoring in the uncertainty of the recovery

- At this time, staff are not seeking a 2022-2025 budget guideline but will come forward with a Recommendation Report in the Fall for consideration

Hamilton

COVID-19 IMPACT ON 2022

COVID-19 FUNDING

Grant Funding From Senior Levels of Government	Total Announcements ($)
Transit	***56,032,905***
General Municipal	***65,407,127***
Housing Services	***57,883,857***
Public Health and Emergency Services	***60,548,958***
Other Social Services	***12,425,386***
Total City of Hamilton	**$ 252,298,232**

**Note: Assumes Public Health COVID response and vaccine program will be 100% funded by Province. An application is filed but has not yet been confirmed.*

COVID-19 IMPACT ON 2020

- Total funding announcements to date for 2020 and 2021 have been $252.3 M for the City of Hamilton
- The response to the COVID-19 pandemic resulted in significant financial pressures estimated at $38 M in additional expenses and $55 M in lost revenues, for a total of $93 M in pressures in 2020
- These pressures were covered through both funding from senior levels of government and measures the City put in place to mitigate the financial impact of the pandemic response
- An additional $20.3 M of City funding was transferred to the COVID-19 Emergency Reserve as part of the 2020 surplus and year-end disposition

FORECASTED COVID-19 IMPACT ON 2021

- The Province of Ontario announced a $500 M funding commitment to municipalities under the 2021 COVID-19 Recovery Funding for Municipalities Program
  - The City of Hamilton's share under this program is $18.7 M, which can be used to address general municipal COVID-19 costs and pressures in 2021
- Staff are projecting financial pressures of $141.6 M through 2021 as detailed in Appendix "A" to Report FCS21057
- The 2021 pressures are expected to be mitigated through available funding from senior levels of government of $191.5 M
- Based on existing agreements, approximately $24.5 M of remaining funding in 2021 is eligible to carryover into 2022
- Staff will continue to monitor assumptions used and how they are impacted by changes in various COVID-19 prevention measures through the rest of 2021

FORECASTED COVID-19 IMPACT ON 2022

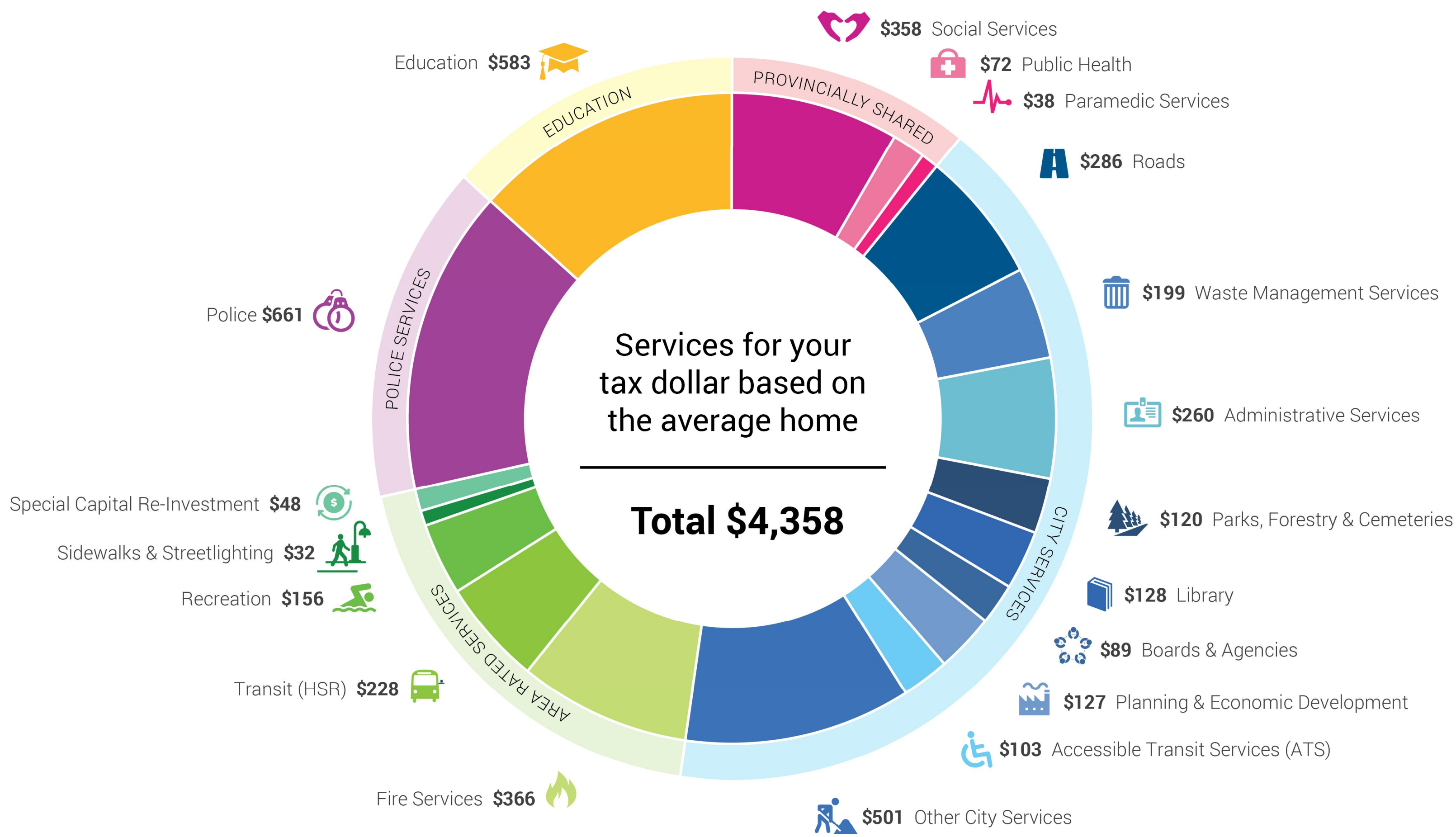
- Based on current information, staff are projecting additional financial pressures related to COVID-19 in 2022 of $57.2 M, leaving an estimated $2.6 M in the City's COVID-19 Emergency Reserve by the end of 2022 based on all available funding sources
- Based on the funding announcements received to date and the funds in reserve from the 2020 operating surplus for COVID-19 recovery, it is anticipated that the pressures related to COVID-19 will be mitigated to the end of 2022
- It is expected that the City will continue to face many challenges in the medium term (2023-2025) as the economy begins to recover
- At this point there is no committed funding from senior levels of government beyond 2022 and it is yet to be determined what impact is to be seen on municipal services moving forward

ESTIMATED COVID PRESSURES IN 2022

Service	2022 Impact ($)	Assumptions
Parking Services	3,000,000	20% reduction in pre-COVID-19 revenues
Children's Services	4,500,000	Estimate of annual Covid costs directly to operators and licensed home child care agencies in Ontario (PPE, enhanced cleaning, additional staff)
Housing Services	13,400,000	Estimate of annual COVID costs for Drop Ins, Isolation Centers, Hotels, Security, Case Management. Outstanding confirmation from Managers for the types of continued support expected.
Long-Term Care	3,500,000	Estimate of annual Covid costs (PPE, medical supplies/equipments, potential ERE costs)
Hamilton Paramedic Service	1,800,000	Estimated cost for overtime, upstaffing for infecction disease protocols and enhanced disinfection protocols, PPE and medical supply costs.
Public Health	15,000,000	Estimate for ongoing costs related to vaccination and contact centres
Transit	11,559,000	Assumptions: 65% conventional ridership Jan-Aug, 80% Sep-Dec, 90% specialized ridership, Year 5 of Local Transit Strategy implemented, University/College return in winter with reduced ridership and enrolment and returns to 2019 enrolment levels for 2021/2022 academic year. Physical distancing measures prevent full standing loads.
Slot Revenues	2,600,000	50% reduction in pre-COVID-19 revenues
POA Revenues	1,800,000	10% reduction in pre-COVID-19 revenues
Total	**$ 57,159,000**	

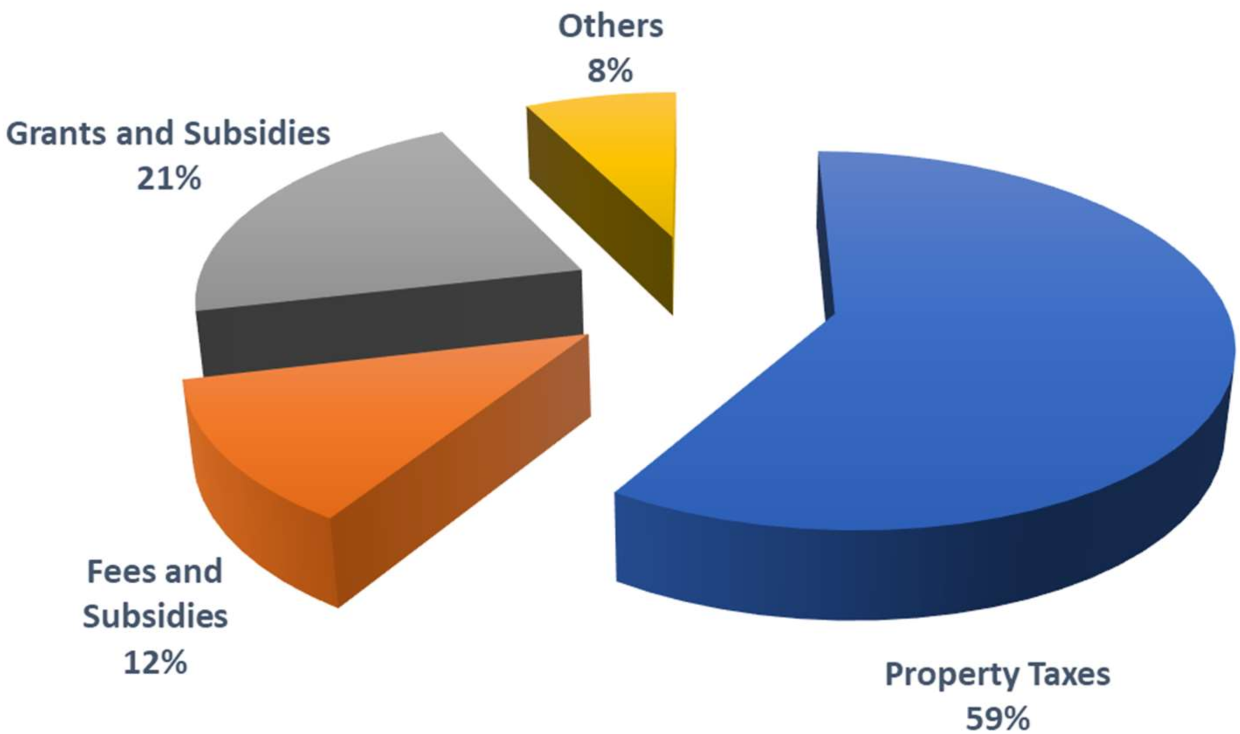
TAX SUPPORTED HISTORICAL BUDGETS

2021 Distribution of Tax Dollars

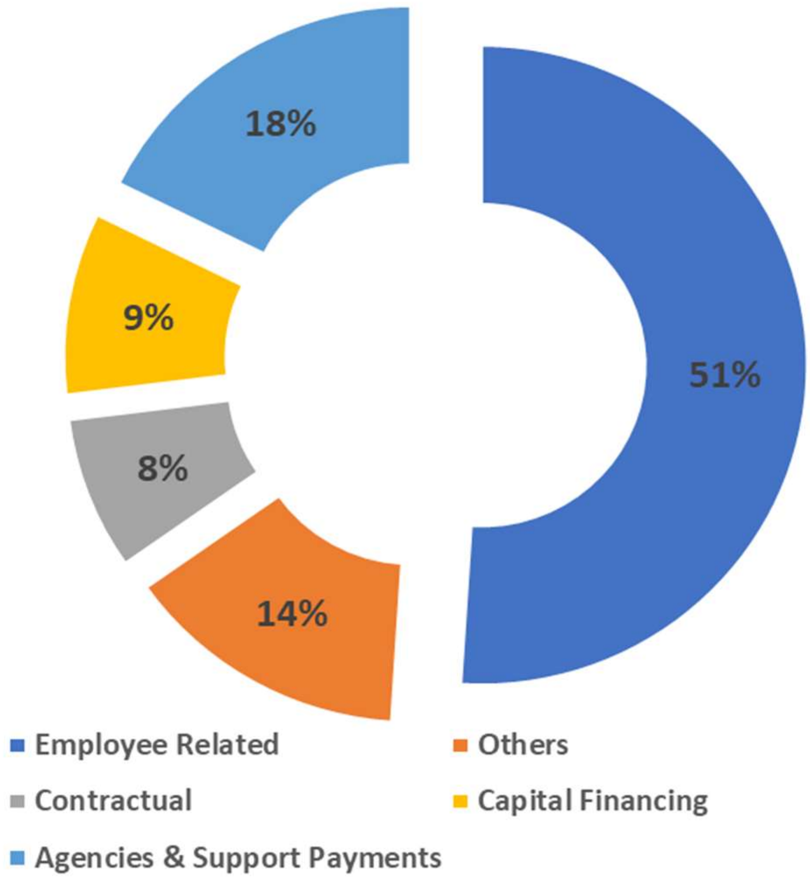


Based on Council Approved Budget, March 31, 2021

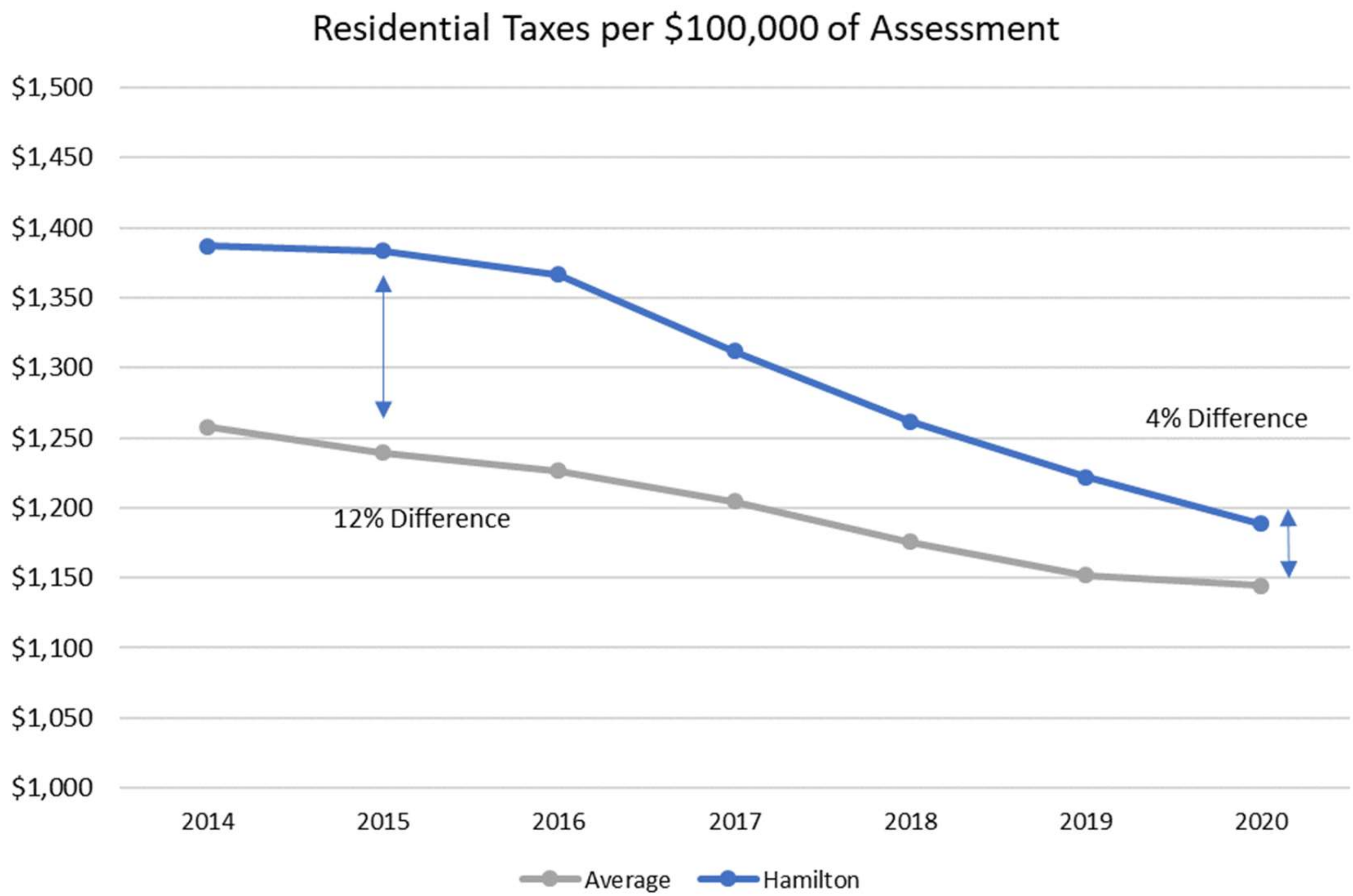
RELIANCE ON PROPERTY TAXES BASED ON 2021 BUDGET



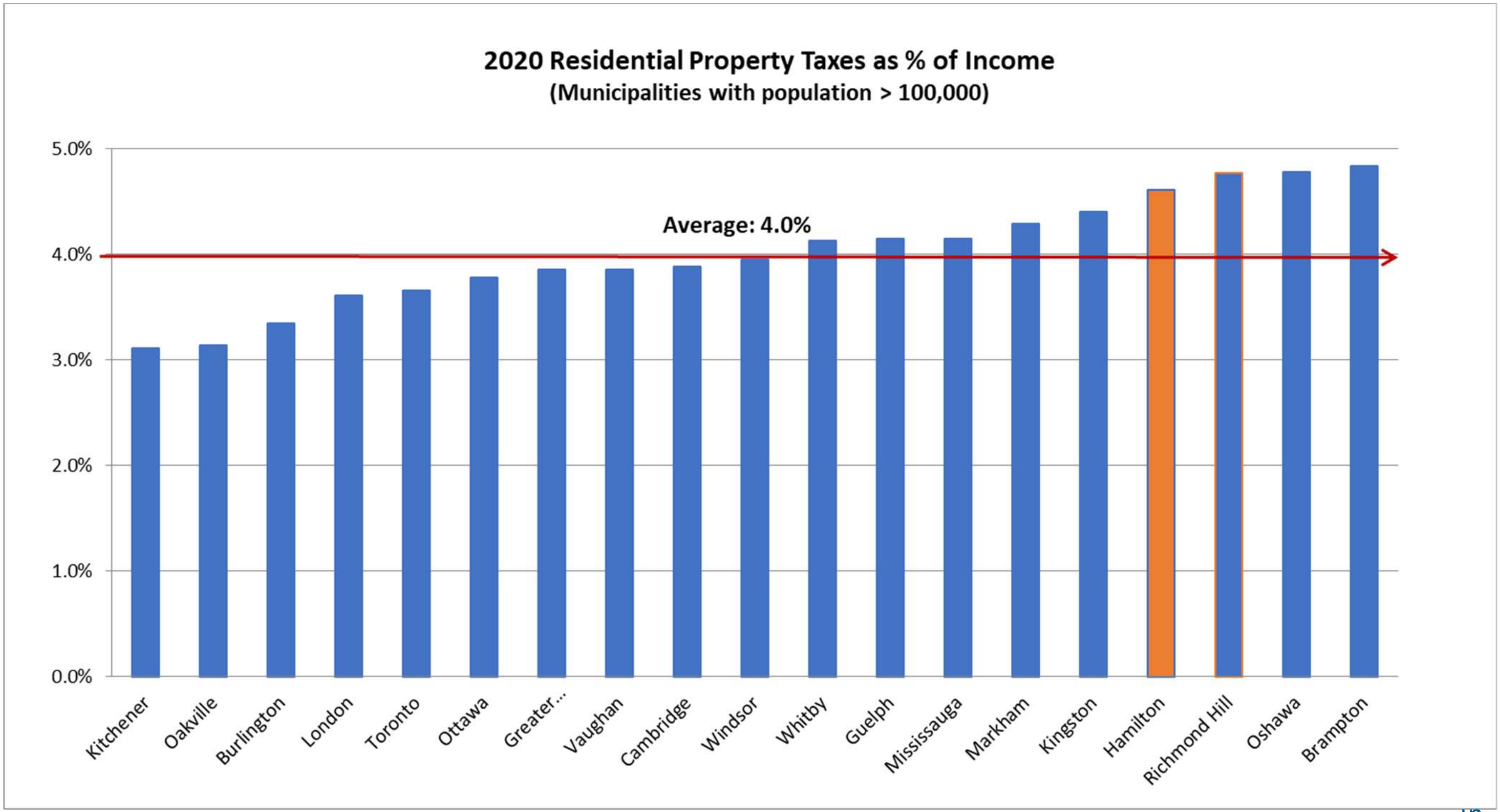
2021 COST OF PROVIDING SERVICES



TAX COMPETITIVENESS



TAX COMPETITIVENESS



Hamilton

2022 TAX SUPPORTED OPERATING BUDGET

PRELIMINARY & MULTI-YEAR OUTLOOK

Total Tax Impact of Municipal Services (2022-2024)

		2023		2024	
	2022	Low	High	Low	High
Levy Increase	4.7%	3.1%	4.5%	3.3%	4.7%
Assessment Growth	(1.0%)	(1.0%)	(1.0%)	(1.0%)	-1.0%
Reassessment	0.0%	0.5%	0.5%	0.5%	0.5%
Levy Restrictions	0.1%	0.1%	0.1%	0.1%	0.1%
Tax Policy	0.2%	0.0%	0.0%	0.0%	0.0%
Education Impact	(0.3%)	(0.3%)	(0.3%)	(0.3%)	-0.3%
Total	**3.6%**	**2.4%**	**3.8%**	**2.6%**	**4.0%**

Note: Anomalies due to rounding

Assumptions:

Assessment Growth - Based on intitial projections and continued construction activity in the City.

Reassessment: 0% for 2022 as announced by the Province and 2023-2024 based on 2016-2020 reassessment impact

Levy Restrictions: Based on historical results

Tax Policy: Assumes adoption of small business subclass

Education Impact: Based on historical results

2023 and 2024 provide an outlook range:

1) Low - no residual financial impacts of COVID-19 are assumed

2) High - assumes 25% of the forecasted COVID-19 pressures in 2022 will remain through recovery in 2023 and 2024

2022 – 2024 Operating Budget Outlook by Department

Department	2021 Revised Budget $	2022 Outlook $	% Change	2023 Outlook $	% Change	2024 Outlook $	% Change
Planning and Economic Development	$30,357,480	$31,514,130	3.8%	$32,298,330	2.5%	$32,932,680	2.0%
Healthy and Safe Communities	$255,023,200	$270,584,260	6.1%	$278,579,860	3.0%	$286,786,790	2.9%
Public Works	$266,803,330	$282,387,720	5.8%	$296,315,340	4.9%	$308,056,530	4.0%
Legislative	$5,164,412	$5,249,752	1.7%	$5,342,022	1.8%	$5,433,892	1.7%
City Manager	$13,016,920	$13,300,140	2.2%	$13,596,590	2.2%	$13,900,190	2.2%
Corporate Services	$37,210,120	$37,967,210	2.0%	$38,911,130	2.5%	$39,856,510	2.4%
Corporate Financials / Non Program Revenues	($27,940,780)	($28,759,180)	2.9%	($29,617,520)	3.0%	($30,527,040)	3.1%
Hamilton Entertainment Facilities	$4,037,180	$4,095,980	1.5%	$0	(100.0%)	$0	0.0%
Total City Expenditures	**$583,671,862**	**$616,340,012**	**5.6%**	**$635,425,752**	**3.1%**	**$656,439,552**	**3.3%**
Hamilton Police Services	$176,587,027	$181,884,638	3.0%	$187,341,177	3.0%	$192,961,412	3.0%
Other Boards and Agencies	$48,529,804	$49,597,460	2.2%	$50,688,604	2.2%	$51,803,753	2.2%
City Enrichment Fund	$6,088,340	$6,088,340	0.0%	$6,088,340	0.0%	$6,088,340	0.0%
Total Boards and Agencies	**$231,205,171**	**$237,570,437**	**2.8%**	**$244,118,121**	**2.8%**	**$250,853,505**	**2.8%**
Capital Financing	$139,541,860	$145,238,860	4.1%	$150,409,860	3.6%	$156,738,860	4.2%
Total Levy Requirement	**$ 954,418,893**	**$ 999,149,310**	**4.7%**	**$ 1,029,953,730**	**3.1%**	**$ 1,064,031,920**	**3.3%**
Net Levy Increase Year over Year	**$ -**	**$ 44,730,417**	**4.7%**	**$ 30,804,420**	**3.1%**	**$ 34,078,190**	**3.3%**

BUDGET PRESSURES SUMMARY

Budget Pressure	2022 Increase	2023 Increase	2024 Increase
Current Service Level			
Employee related and misc. other current service-level pressures	$ 24,975,027	$ 16,787,960	$ 21,719,950
Enhancements/Service Level Adjustments			
Capital Levy for Discretionary Blocks	$ 4,500,000	$ 4,500,000	$ 4,500,000
10-Year Transit Strategy	$ 4,144,000	$ 3,315,000	$ 3,085,000
Expected loss of Public Health annual service plan funding	$ 2,215,800	$ -	$ -
Sidewalk Snow Clearing	$ 1,776,000	$ 2,664,000	
DARTS	$ 1,720,000	$ 1,820,000	$ 1,950,000
Area Rating for Fire Services	$ 1,400,000		
Capital Levy for New Debt Related to ICIP – Transit and West Harbour	$ 1,197,000	$ 671,000	$ 1,829,000
Affordable Housing - Roxborough	$ 1,047,000	$ -	$ -
Child Care Provincial Funding Ageement	$ 1,001,800	$ -	$ -
Social Housing – provincial benchmarks	$ 753,790	$ 1,046,460	$ 994,240
Hamilton Entertainment Facilities	$ -	$ (4,095,980)	$ -
Total Enhancements/Service Level Adjustments	$ 19,755,390	$ 9,920,480	$ 12,358,240
Total	**$ 44,730,417**	**$ 30,804,420**	**$ 34,078,190**

BOARDS AND AGENCIES LEVY IMPACT

	Net Levy Increase			
Board / Agency	**2022**	**2023**	**2024**	**Basis of Increase**
Police	$ 5,297,611	$ 5,456,539	$ 5,620,235	5 Year Average (3%)
Conservation Authorities	$ 169,195	$ 172,579	$ 176,031	2%
Library	$ 643,927	$ 656,805	$ 669,941	2%
Other Boards and Agencies	$ 157,474	$ 160,624	$ 163,836	2%
Total Impact	**$ 6,268,207**	**$ 6,446,547**	**$ 6,630,044**	

CAPITAL FINANCING OUTLOOK

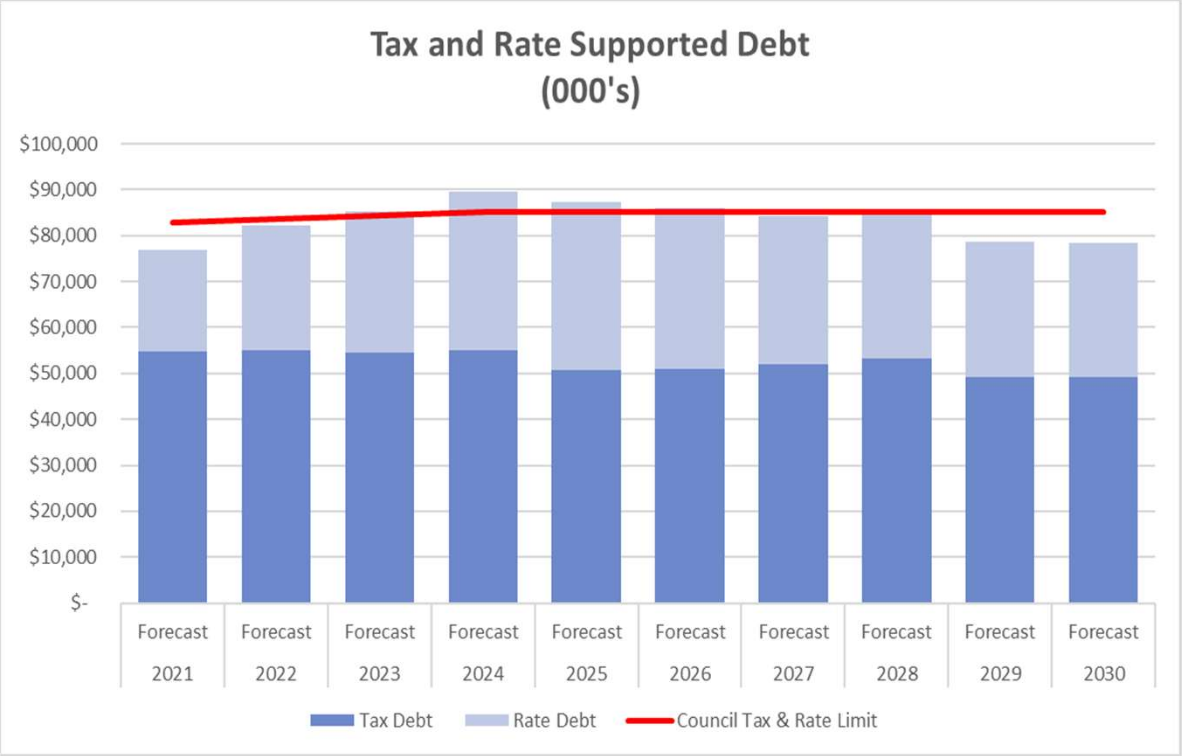
Capital Financing	2022 ($)	2022 (%)	2023 ($)	2023 (%)	2024 ($)	2024 (%)
Discretionary Block Funding	$ 4,500,000	0.5%	$ 4,500,000	0.5%	$ 4,500,000	0.5%
West Harbour Development	$ 374,000	0.0%	$ 626,000	0.1%	$ 1,773,000	0.2%
ICIP - Transit	$ 823,000	0.1%	$ 45,000	0.0%	$ 56,000	0.0%
Total Impact	**$ 5,697,000**	**0.6%**	**$ 5,171,000**	**0.5%**	**$ 6,329,000**	**0.7%**

Note - Anomalies due to rounding

- One-time transfer payment of $32M in 2021 of Federal Gas Tax

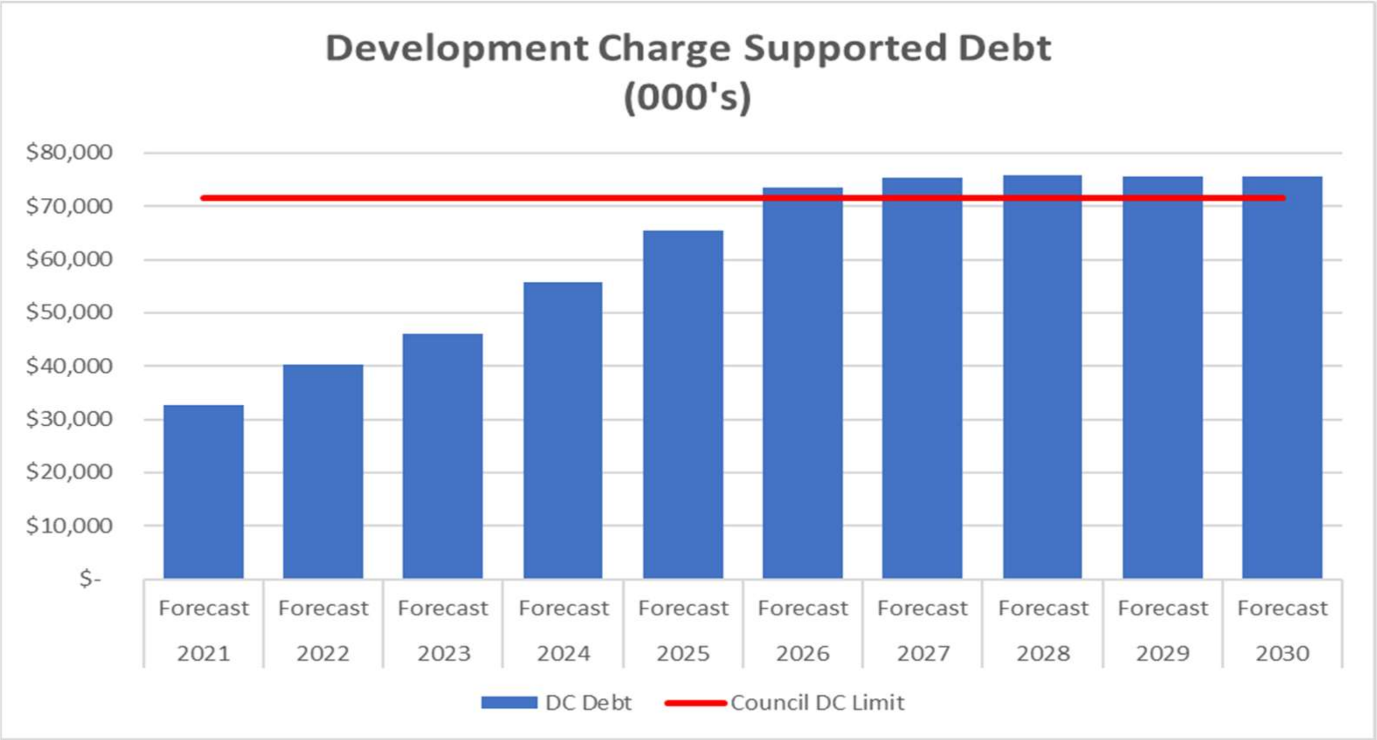
CAPITAL FINANCING – TAX & RATE DEBT

- Total tax and rate supported debt as a percentage of City own-source revenues does not exceed 60% unless approved by Council



CAPITAL FINANCING - DC DEBT

- Total development charge supported debt as a percentage of the total development charge eligible costs for the forecast period of the latest Development Charge Background Study does not exceed 25% unless approved by Council



CAPITAL FINANCING – PROJECTED RESERVES

CITY OF HAMILTON	Projected Balances December 31		
RESERVES	2020	2021	2022
CAPITAL RESERVES			
DEVELOPMENT CHARGES	285,421	322,678	349,023
PARKLAND RESERVES	70,638	38,413	49,022
VEHICLE & EQUIPMENT RESERVES	47,768	41,558	19,138
UNALLOCATED CAPITAL LEVY	37,209	21,886	24,800
RATE RESERVES	164,976	95,907	71,832
FEDERAL GAS TAX RESERVE	59,102	86,415	88,626
OTHER	17,463	19,707	29,878
TOTAL CAPITAL RESERVES	**682,577**	**626,564**	**632,319**
NON- TAX CAPITAL RESERVES			
TAX STABILIZATION	65,917	17,888	18,250
SAFE RESTART AGREEMENT	15,276	18,682	-
COVID-19 EMERGENCY RESERVE	-	20,277	2,615
EMPLOYEE RELATED RESERVES	108,267	110,705	111,965
PROGRAM SPECIFIC RESERVES	101,596	94,450	92,905
OTHER	114,721	118,428	124,669
TOTAL NON- TAX CAPITAL RESERVES	**405,777**	**380,430**	**350,404**
FUTURE FUND RESERVES			
HAMILTON FUTURE FUND A	56,420	60,498	66,040
HAMILTON FUTURE FUND B	2,047	1,879	1,669
TOTAL FUTURE FUND RESERVES	**58,467**	**62,377**	**67,709**
TOTAL ALL RESERVES	**1,146,821**	**1,069,371**	**1,050,432**

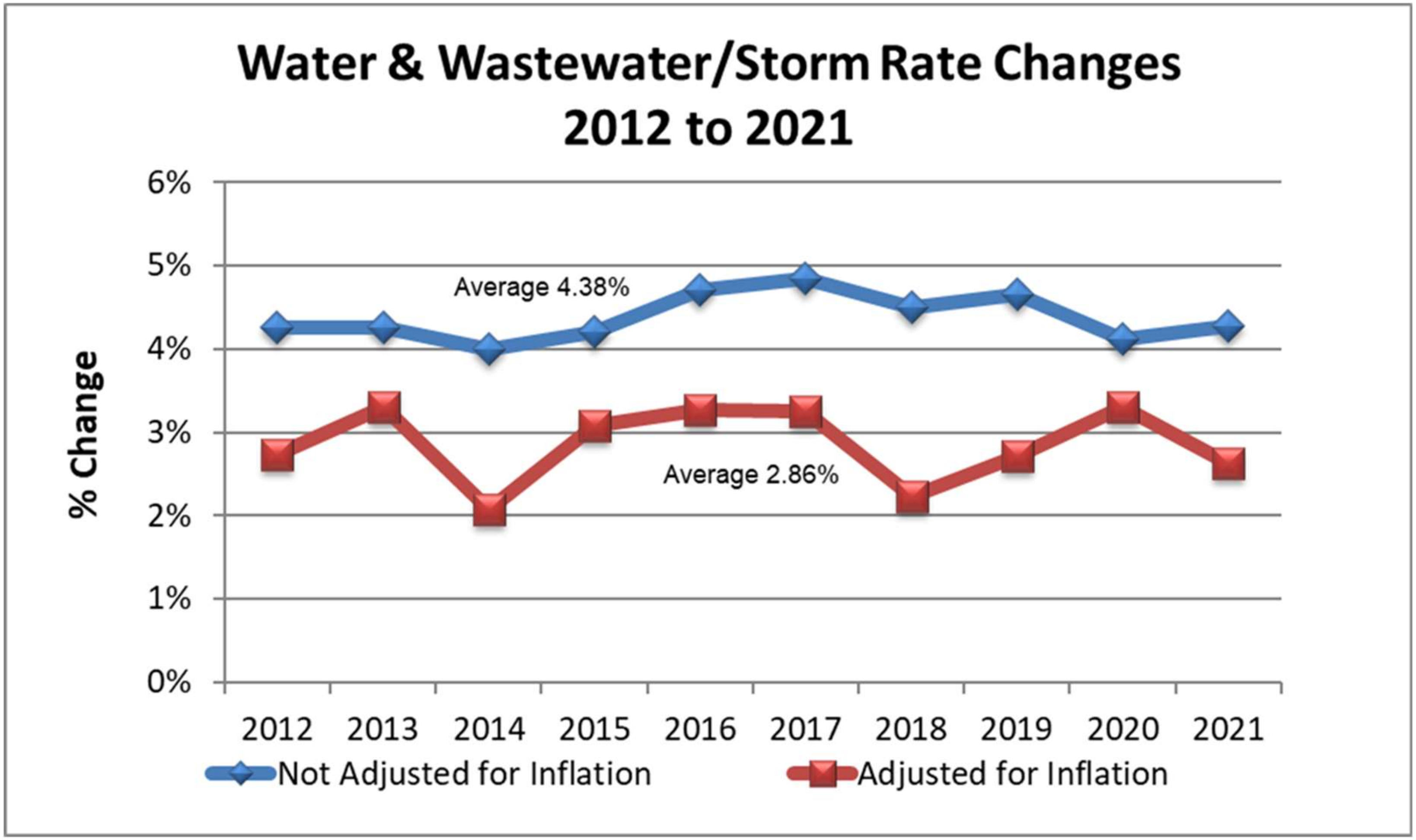
CAPITAL FINANCING – DC EXEMPTIONS SUMMARY

	2013 - 2018	2019	2020	8 Year Total
DC Exemptions By Area				
Hamilton	$ 68,922,517	$ 29,929,989	$ 17,596,731	$ 116,449,237
Stoney Creek	$ 12,627,816	582,847	1,011,190	$ 14,221,853
Flamborough	$ 20,934,702	3,608,418	5,271,469	$ 29,814,589
Ancaster	$ 8,368,044	1,464,329	4,671,298	$ 14,503,670
Glanbrook	$ 7,698,401	5,458,725	12,682,093	$ 25,839,219
Dundas	$ 1,436,420	297,593	74,586	$ 1,808,599
Total Exemptions By Area	**$ 119,987,900**	**$ 41,341,901**	**$ 41,307,367**	**$ 202,637,168**
DC Act Statutory Exemptions	$ 19,117,656	$ 3,389,825	$ 7,536,634	**$ 30,044,114**
Council Authorized Exemptions	$ 100,870,244	$ 37,952,077	$ 33,770,733	**$ 172,593,053**
Total Exemptions By Development Type	**$ 119,987,900**	**$ 41,341,902**	**$ 41,307,367**	**$ 202,637,168**
DC Exemption Funding	**$ 54,618,116**	**$ 16,841,836**	**$ 16,500,000**	**$ 87,959,952**
Net total Unfunded Exemptions	**$ 65,369,784**	**$ 24,500,066**	**$ 24,807,367**	**$ 114,677,216**
Prior Year DC Exemption Funding				**$ 15,258,711**
Net total unfunded Exemptions (Prior Years)				**$ 99,418,505**
Net total Discretionary unfunded Exemptions (Prior Years)				**$ 69,374,391**

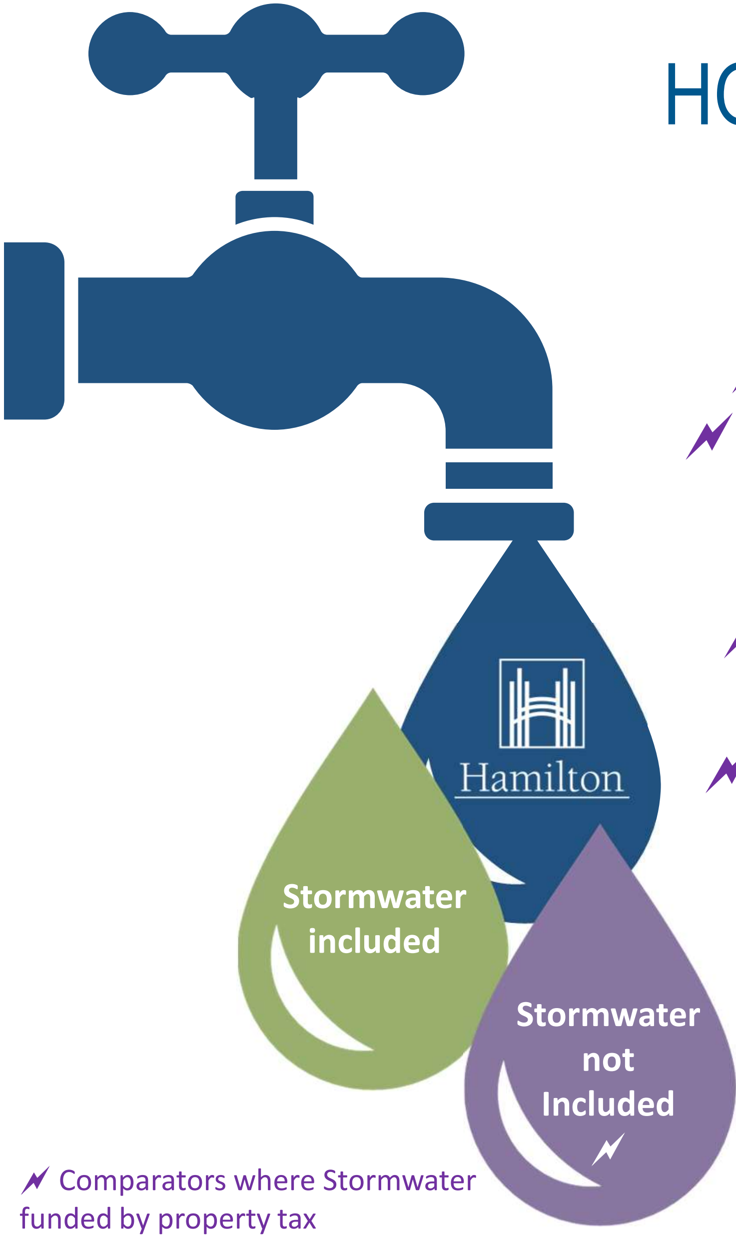
Hamilton

RATE SUPPORTED HISTORICAL BUDGETS

10 YEAR RATE CHANGES



HOW DOES HAMILTON COMPARE?



Kitchener: $1,503
Norfolk: $1,366
Cambridge: $1,171
West-Lincoln: $1,168
London: $1,113
Waterloo: $1,040
Haldimand: $1,038
Guelph: $998
St. Catharines: $974
Brantford: $943
Durham: $913
Halton: $902
Toronto: $815
Hamilton: $753
Peel: $632

2020 Water Bill Residential

200m³/ (year)

Survey Average
$1,022

Hamilton provides three services for less than some municipalities which offer two

Comparators where Stormwater funded by property tax

2021 RESIDENTIAL AVERAGE BILL

$752.60
2020 Residential Bill

$32.20
Recommended Change ($)

4.28%
Recommended Change (%)

$784.80
2021 Residential Bill

Impact of Recommended 2021 Water and Wastewater/Storm Rate Increases on a Typical Residential Bill: 4.28%

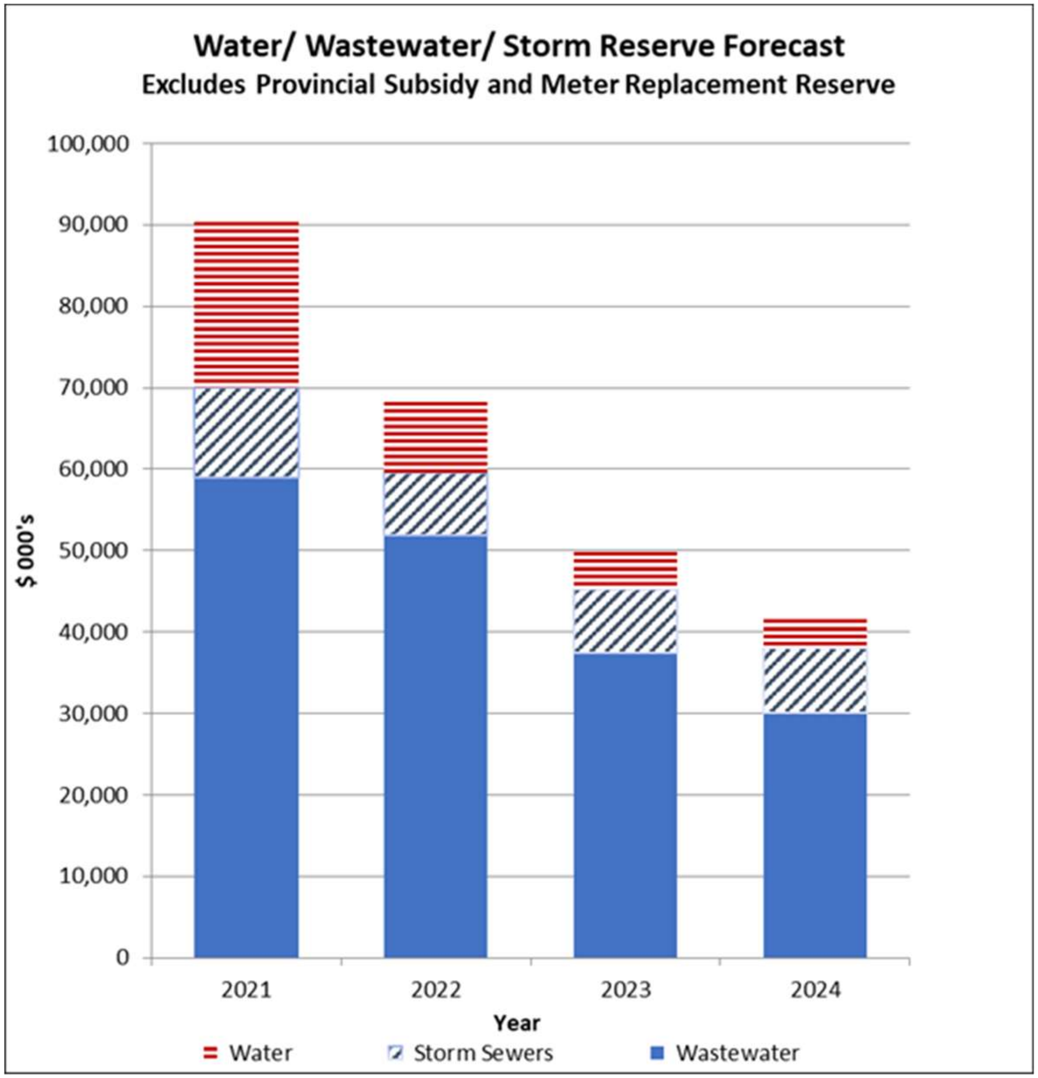
Based on annual water consumption of 200m^3

2022 RATE SUPPORTED OPERATING BUDGET PRELIMINARY & MULTI-YEAR OUTLOOK

RATE BUDGET OUTLOOK

	2022	2023	2024	2025
Rate Budget Pressures	**$ M**	**$ M**	**$ M**	**$ M**
City Division (Hamilton Water)				
Energy and Other Operating Costs	$1.8	$1.8	$1.9	$1.9
Capital Financing	$9.1	$10.2	$10.7	$10.8
Preliminary Pressures / Risks	**$10.9**	**$12.0**	**$12.6**	**$12.7**
Combined Rate Impact	**4.05%**	**4.29%**	**4.35%**	**4.16%**

RATE BUDGET OUTLOOK – RESERVE FORECAST



INFLATIONARY AND OTHER PRESSURES

- The expenditure profiles of municipal governments are much different than the expenditure profiles of an average Canadian consumer
- The CPI is a useful indicator of inflation because it is consistent, well known and readily available, but it does not reflect the purchasing patterns of municipal governments
- Municipal services are most heavily weighted in salaries & wages, benefits, professional services, hydro, natural gas, fuel and capital / construction costs, such as land purchases, equipment, materials and contracted services

INFLATIONARY AND OTHER PRESSURES

- On a year-over-year basis in April 2021:
  - Consumer Price Index 3.4%
  - Gasoline prices rose 62.5%
  - Electricity prices rose 18.3%
  - Construction prices have been significantly impacted in the past several months due to the demand of structural lumber

Construction Price Index Trends

	2020				2021
	Q1	Q2	Q3	Q4	Q1
Construction Price Index Non-Residential	3.0%	2.6%	2.5%	2.2%	3.1%
Construction Price Index Residential	2.0%	1.8%	4.0%	7.6%	15.0%

NEXT STEPS

- A recommendation report seeking more specific Direction will come to GIC in the Fall
    - Detailed Budget Schedule to be provided with this report
- Rate Operating and Capital Budgets and Tax Capital Budget
    - Scheduled to be deliberated on November 21, 2021 and November 26, 2021 respectively
- Tax Supported Operating Budget
    - To be commenced in January 2022 (expected March 2022 approval)

Hamilton

THANK YOU

Hamilton

INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	June 16, 2021
SUBJECT/REPORT NO:	Updated Net Operating Cost Estimates for a Hamilton LRT (CM21006/PED21145/PW21040/FCS21068) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Matthew Grant (905) 546-2424 Ext. 2739 Jason Vander Heide (905) 546-2424 Ext. 2390
SUBMITTED BY:	Janette Smith, City Manager Jason Thorne, General Manager, Planning and Economic Development Dan McKinnon General Manager, Public Works Mike Zegarac General Manager, Finance and Corporate Services

COUNCIL DIRECTION

General Issues Committee, at its meeting of June 2, 2021, provided direction as follows:

> *Staff be directed to report back to GIC regarding the net operating costs after the 18 buses on the B-line have been removed, eliminating Development Charge Exemptions, fare revenue and the Hamilton Tax Increment Grant Program, and other incentives, that the City may build in to credit the cost of the LRT operations and maintenance.*

This report addresses the net operating cost estimates in the Motion above. A companion report on the same agenda entitled "Light Rail Transit Investment and City of Hamilton Financial Incentive Programs (FSC21066)" addresses the development charge exemptions, grant program and other incentives.

INFORMATION

The following report provides updated estimates on the net operating costs for a Hamilton LRT and includes the most up-to-date information on anticipated non-transit impacts.

Appendices:

- Appendix A: Methodology Appendix to the 2013 Rapid Ready Report
- Appendix B: 2017 updated analysis on non-transit related operating costs, originally included as Appendix to Report PED18117/ FCS18058

Relevant Documents:

- *Report on Conventional, Rapid and Interregional Transit: Technical and Financial Land Use Considerations – CM11016/PW11064/PED11154/FCS11072* (2011)
- *Rapid Ready – Expanding Mobility Choices in Hamilton* - PW130014 (2013)
- *Operation and Maintenance of the Hamilton Light Rail Transit (LRT) System –* PED18117/FCS18058 (2018)

EXECUTIVE SUMMARY

In February 2021, Ontario's Minister of Transportation confirmed that the Hamilton LRT was planned to be one of five priority transit projects for the Government of Ontario.

In May of 2021, the federal and Ontario governments announced that they would jointly invest $3.4 billion ($1.7 billion from Ontario and $1.7 billion from Ottawa) to construct an LRT project from McMaster University to Eastgate Square.

The announcement was followed by a June 2nd joint presentation by the Ontario Government Assistant-Deputy Minister James Nowlan and Metrolinx President and CEO Phil Verster to the City's General Issues Committee. The presentation confirmed that the Government of Ontario would retain ownership of LRT assets if constructed, pay for all construction costs, and assume all longer-term vehicle and infrastructure-related costs (lifecycle costs).

The presenters stated that the City would be expected to take on operations and maintenance costs that the province currently estimates will have a gross annual cost of $20 million (2019 dollars).

At the June 2, 2021 meeting of the General Issues Committee (GIC), a motion directing staff to develop a Memorandum of Understanding with the province to formalize general roles and responsibilities concerning the capital construction, operations and maintenance costs and lifecycle costs of a Hamilton LRT was deferred to the June 16, 2021 meeting of GIC.

At the June 2, 2021 General Issues Committee meeting, staff was directed to report back to the June 16, 2021 GIC on estimated net operating costs of an LRT in Hamilton. The costs were to take into account the reduction of 18 fleet vehicles, the number of vehicles contemplated in the 2013 Rapid Ready Report.

Staff was also directed to examine the impact that eliminating Development Charge exemptions, the Tax Increment Grant and other incentives might have on the city's levy.

This report uses the majority of assumptions and costing methodologies used in Appendix A of the 2013 Rapid Ready report (Appendix A to this report). The main exceptions are updating the operating actuals from 2011 to 2019 data and introducing $20 million as the gross operating cost estimate exclusive of life cycle costs, which is an increase from the 2013 Rapid Ready estimates.

The gross operating costs for Rapid Ready were identified as $11.2 million (2011$) (six-minute headways) and $14.5 million (2011$) (four-minute headways). Adjusting these figures for inflation, the gross operating costs range from $12.8 million to $15.9 million (2019$). Some life-cycle costs were included in the gross operating cost calculations in the Rapid Ready report.

Using the updated calculations, staff have calculated an estimate net operating costs that range from $6.4 million to $16.5 million. Where on the range of net operating costs a Hamilton LRT would be on Day 1 of operations would depend on future service level decisions.

Given the time constraints, the estimates in this report are at a high-level and focus on a few key factors. They are not meant as a substitute for a Class D (or better) cost estimate.

This report will focus solely on operating costs with information on Development Charge credits and tax increment grant program incentives appearing in a companion report.

STRATEGIC BACKGROUND

General Overview:

Following the June 2nd presentation by the Government of Ontario and the President and CEO of Metrolinx, Council directed staff to prepare updated net operating cost estimates for the proposed Hamilton LRT project.

In preparing the calculations, staff reviewed past reports dating back to 2008 to ensure they reviewed all relevant material and used assumptions and a methodology for calculating the estimates consistent with what Council has reviewed and approved previously.

The main assumptions and methodology for calculating the estimates were taken from the 2013 Rapid Ready report. That report, informed by previous work by the City, 2011 transit data and community consultation, was also used to inform updated estimates in a 2018 report to Council. It should be noted that the estimated costs in the 2018 report were based on a 2 % per annum adjustment from 2013 to 2017 with some updates to the municipal services portion estimates based on new information.

The province has confirmed new gross operating estimates since Rapid Ready was created. The HSR operating hours have increased by 25% between 2011 and 2019 due in large part to investments in the City's 10-Year Transit Strategy. As a result, the estimates below represent a recalculation of Rapid Ready's estimates using updated 2019 figures from HSR operations.

The Rapid Ready report did not contemplate any future investment which might take place along the B-line corridor or investment that has now taken place prior to and during the first four years of the 10-year Local Transit Strategy. These investments have resulted in increased operating hours for routes operating entirely or partially on the B-line corridor.

With 70,000 additional annual hours now operating on the B-Line corridor itself since 2011, the impact of removing the Number 10 express (the B-Line) and one-third of the operating hours on the #1 King and the #5 Delaware would result in the removal of significantly more buses from the system than the 18 contemplated in the Rapid Ready report and the range of net operating costs broader. It should be noted that when using 2019 actuals with the same assumptions as Rapid Ready, the number of buses the formula would contemplate removing would be higher than 18 buses and would have a significantly different impact on the transit service than would have been contemplated in 2013.

Overview of the B-Line and B-Line Corridor:

The busiest and most used part of the City's transit network is the existing B-Line corridor, which runs across the length of the City in an east-west corridor.

The "B-Line" itself is the #10 bus that operates from University Plaza in the west to Eastgate Square in the east end, where it provides connectivity into Stoney Creek through Routes #55 and #58, which operate along King Street, Highway 8, and Barton Street.

The B-line corridor, also referred to as the Main/King/Queenston corridor, sees upwards of 75 buses in peak periods whose routes partially operate along the B-line corridor to varying degrees and service various City areas.

Of the routes operating along the corridor, six have typically been included in analysis and consideration for changes or augmentation when a higher-order transit line became operational in Hamilton. These routes are #10 - B line, #1 - King, #5 – Delaware, #51 – University, #55 Stoney Creek Central, and #58 Stoney Creek Local. Of these routes, the Rapid Ready Report contemplated service reductions on three routes, including removing the #10 B-Line, and reducing the #1 King, and the #5 Delaware.

The B-line express operates on the same approximate route as the proposed LRT. The King line operates from University Plaza in the west to Eastgate Square in the east and provides service along the same approximate route as the Number 10 but provides access to customers to four times as many stops as the express route. The Delaware route provides service from west end stops, including Ancaster (Meadowlands) and two in Dundas (Pirie and Head St.), through the lower City to stops in east end, including Rosedale Arena, Quigley and Greenhill, and Stoney Creek. Approximately 10% of the Delaware route operates on the proposed LRT route. All 3 existing routes, the B-line, King and Delaware provide transit service along Main St. W (west of McMaster and east of the 403 to downtown) and Main St. E (easterly of downtown) that the proposed LRT route will not.

2011 Report on Conventional, Rapid and Interregional Transit:

In the years following the release of the MoveOntario 2020 plan by the Province of Ontario in June 2007 and the development of the province's Regional Transportation Plan, staff received authorization and direction from Hamilton City Council to undertake planning, design and engineering activities related to the development of Rapid Transit for Hamilton.

In the months and years that followed Council's direction, staff engaged Metrolinx in discussing rapid transit feasibility using light rail technology and engaged in its own preliminary study, reviews, and public consultation.

In 2011, staff updated Council on the progress of its work in a report titled*: Report on Conventional, Rapid and Interregional Transit: Technical and Financial Land Use Considerations – Report CM11016/PW11064/PED11154/FCS11072*. The report included updates and rapid transit planning and responded to requests from Council for updated estimates on the financial impact on an LRT in Hamilton.

The report, which was drafted prior to more detailed work completed in the Rapid Ready report, provided estimates on the potential financial impacts of a B-line LRT. Estimated costs included, among other things:

- Annual gross operating cost of $13.5 million
- Identification of 18 buses (approximately 60 to 65,000 service hours) that could be redeployed to the Blast network, redeployed to support connectivity for the LRT, or removed from the system.
- Net operating costs estimated of $7.8 million (contemplates removal of 18 buses from the B-line and elsewhere in the system with an estimated savings of $5.7 million in 2011 dollars)

2013 Rapid Ready Report:

In February 2013, Hamilton City Council was presented with the Rapid Ready – Expanding Mobility Choices in Hamilton report. The report represented the City's most comprehensive review of rapid transit feasibility in Hamilton.

The report set out the actions and investments the City would need to consider if it realized its approved transportation strategy.

The Rapid Ready report used a detailed methodology to calculate the Day 1 operating costs of an LRT in Hamilton and made several assumptions, including:

- that the City of Hamilton would operate the system

- that existing staff would be utilized wherever possible
- that 18 buses would be removed from service upon the completion of an LRT
- That the 18 buses that would be removed from service would come from removing the Number 10 express (the B-Line), one-third of the operating hours on the #1 King, and one-third of operating hours from the #5 Delaware
- That the City could expect an eight per cent increase in ridership as the result of implementing an LRT
- The report calculated operating costs using two ridership scenarios – no ridership growth at six minute headways and an eight percent growth in ridership and four minute headways

The report used 2011 actuals (revenue, ridership, expenses etc.) and 2012 projected revenues as inputs into the report methodology's calculations.

The gross operating costs for Rapid Ready were identified as $11.2 million (six-minute headways) and $14.5 million (four-minute headways). Some life-cycle costs were included in the gross operating cost calculations.

The net operating calculations in Rapid Ready were calculated between $2.9 million (six minute headways and no ridership growth) to $3.4 million (four minute headways with 8 per cent ridership growth), which assumed the removal of the #10 B-line and one third of the operating hours of the King and Delaware lines respectively.

<u>2018 Report on the Operation and Maintenance of the Hamilton Light Rail Transit System:</u>

In May of 2018, City staff updated net operating cost estimates for a Hamilton LRT.

In calculating the updated net costs, staff applied a two per cent annual inflationary factor, calculated from 2013 to 2017, but did not change any of the assumptions or inputs contained in the 2013 Rapid Ready report. The updated net operating figures for the LRT were $3.2 for a no ridership growth estimate and $3.9 million for eight per cent ridership growth estimates.

These new operating estimates for the LRT, like those in the 2013 Rapid Ready report, assumed the removal of the Number 10 express and one-third of the operating hours on the #1 King and the #5 Delaware respectively.

<u>2015 to Present – 10 Year Transit Strategy</u>:

In June 2013, staff were directed to report back on a 10-year Hamilton local transit service level strategy, including specific route recommendations, the anticipated role played by rapid transit, and a financial strategy to assist the City in achieving a goal of 80 to 100 rides per capita by 2025.

As detailed in a March 6, 2015 report to Council, the “phased strategy includes actions and resources to address: firstly, current deficiencies in the system; secondly, the alignment of services with updated Service Standards; thirdly, accommodating ongoing growth; and finally, promoting ridership (modal split) through the introduction of additional express bus service on the BLAST corridors which would create a differentiated level of service establishing the beginning of a rapid transit system.”

To the end of 2019, four years of the 10-Year Local Transit Strategy had been approved by Council with the first three years being fully implemented, part of year four being implemented in Fall 2019 and the remaining annualized hours of year four implementation taking place in 2020.

As of the end of 2019, the overall system as represented by operating hours had grown by 25% from 2011, from 730,000 operating hours to 913,000 operating hours. Service improvements from 2011 to 2015, included 39,000 hours implemented on the B-Line corridor itself with further investments of 46,000 of the total 123,000 hours of the first four years of the 10-Year Local Transit Strategy being added to the corridor.

It should be noted that Transit service will continue to evolve in the coming years with an additional 299,000 hours of service planned for implementation from year five to the end of the 10-Year Local Transit Strategy and with the evolution of the network itself through routing changes and re-configuration efforts expected upon completion of (re)envision.

ANALYSIS

<u>Overview of Methodology</u>:

To ensure consistency with previous reports and City net operating estimates, staff continued to use the assumptions and methodology outlined in the 2013 Rapid Ready report with updated inputs including the use of no-growth and 8 per cent growth assumptions.

Given the changes in the transit system over time and new information from the provincial government, the following key changes were made in the recalculation:

- The report uses 2019 actuals for HSR annual service hours, operational costs, ridership, and revenue in place of 2011 actuals.

- Calculations use $20 M as its gross annual operational cost, as presented by Metrolinx at the June 2, 2021 GIC meeting. Estimate is based on 80,000 hours of service.

- Both ridership assumptions (0% growth and 8% growth) were entered in two different scenarios in an effort to give Council estimates on two ends of what can be considered a spectrum. Future Council decisions on service levels would determine where on the spectrum final net operations and maintenance costs would be.

Note: For the purpose of calculating LRT fare revenue, staff are assuming LRT fares will be at parity with HSR fares. In addition, staff are assuming that LRT users will be eligible to apply City subsidy transit fare programs, as well users will be eligible to transfer from conventional transit to LRT with no incremental costs. Staff used the 2019 revenue per bus ride to compare to revenue per LRT ride at $2.13.

<u>Scenario One Overview</u>:

Scenario one represents the full impact of service reduction envisioned in the 2013 Rapid Ready Report, including the removal of the B-Line express and a one-third reduction respectively in the operating hours of the #1 King and the #5 Delaware. The numbers are reflective of 2019 actuals and any investments in the route since then will not be reflected in the scenario.

It should be noted that the one-third reductions envisioned in Rapid Ready will have increased significantly due to the 25 per cent increase in overall service hours since the Rapid Ready report was completed, including 70,000 additional operating hours on the B-line corridor itself.

<u>Scenario Two Overview</u>:

Scenario two contemplates only removing Number 10 express buses (the B-Line) from service if an LRT is completed. The numbers are reflective of 2019 actuals and any investments in the route since then will not be reflected in the scenario.

<u>Net Operating Costs – Findings</u>:

The estimated Day one net operating costs for both scenarios represent only the changes to the transit service itself and does take into account impacts to the levy through additional development or contemplated through other measures such as a reduction in development incentives. It also does not take into account any increase of fare over time, or any increased cost associated with the use of Presto, if either were to occur.

Net Operating Cost Estimates on Day 1 of a Hamilton LRT

Scenario	8% ridership growth	0% ridership growth	Approx. # of Buses removed from the system	Approx. # of service hours equivalent for buses removed from the system
Scenario One – Linear Update to Rapid Ready	$ 6.4 million	$10.4 million	29	103,000
Scenario Two	$12.5 million	$16.5 million	13	33,000

Note: The 18 buses identified for removal in the 2013 Rapid Ready report was based on the removal of all #10 express buses and one third of the King and Delaware lines respectively. Based on 2019 actuals, removing all #10 express buses and one third of the King and Delaware lines would now total 29 buses due to the growth in operating hours in the system (Scenario 1). Were only the #10 express buses removed and not one third of the King and Delaware lines it would total 13 buses based on 2019 actuals (Scenario 2).

<u>Non-Transit Operations and Maintenance Impacts</u>:

The estimated levy impact for municipal services, not including transit, is taken from Report PED18117/ FCS18058 which was presented to GIC at its meeting of May 31, 2018. That report presented non-transit costs of $9.8M based on an inflationary adjustment to the original Rapid Ready assumptions, but also presents new analysis undertaken in 2017 based on an understanding of the corridor design and operating model as it existed at that time.

The updated 2017 analysis estimated a non-transit levy impact of $2 million, including a 25% contingency factor. Details of the 2017 updated analysis are included as Appendix “B” to report CM21006/PED21145/PW21040/FCS21068.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to report CM21006/PED21145/PW21040/FCS21068: Light Rail Transit

Appendix “B” to report CM21006/PED21145/PW21040/FCS21068: LRT Operations & Maintenance Costing Exercise – Municipal Services (Excluding Transit)

Appendix A:
Light Rail Transit

A1:	List of Associated Reports
A2:	List of Planning, Design and Engineering Reports
A3:	Hamilton B-Line Project Phasing Options
A4:	LRT Benefits and Cost Report
A5:	Comparative Summary of LRT Systems (CD)
A6:	McMaster Institute of Transportation and Logistics: The North American Light Rail Experience: Insights for Hamilton (CD)
A7:	Light Rail Transit in Hamilton: Health, Environmental and Economic Impact Analysis (CD)
A8:	Rapid Transit Workplans

A1. List of Associated Reports

RAPID TRANSIT FEASIBILITY PHASE 1

- Phase 1 Rapid Transit Feasibility Report
  - » Assessment of Rapid Transit Technologies
  - » Description of Representative Alignments
  - » Estimated Capital Costs
  - » Transit Supportive Development Policies
  - » Ontario Environmental Assessment Act

RAPID TRANSIT FEASIBILITY PHASE 2

- Phase 2 Rapid Transit Feasibility Report
  - » Terms of Reference: Preliminary Design Analysis and Environmental Project Report
  - » Staging Analysis
  - » Niagara Escarpment Crossing Functional Investigation
  - » Traffic Operations Analysis

RAPID TRANSIT FEASIBILITY PHASE 3

- Acoustic Assessment Report
- Air Quality Assessment Report
- Stage 1 Archeologically Assessment
- Cultural Heritage Assessment Report: Built Heritage Resources and Cultural Heritage Landscapes
- Community Impact & Economic Analysis of Light Rail Transit
- Economic Potential Study
- Functional Planning Analysis: B-Line Corridor
- Hydrogeology Report
- Water Resources Memo
- LRT Underground (Subsurface) Impact Study
- Maintenance Facility – Site Assessment Study
- Light Rail Technology Overview & Analysis
- Terrestrial and Avian Ecology Report

RAPID TRANSIT FEASIBILITY STUDY PHASE 1, 2 & 3 OVERALL SUMMARY

METROLINX BENEFITS CASE ASSESSMENT

RAPID TRANSIT FEASIBILITY STUDY PHASE 4

- McMaster University: LRT alignment and stop locations
- Rapid Transit Transition Study
- Parking and Loading Study
- Accessibility Implications Analysis
- Analysis of Innovation Park Options
- Preliminary Design Study
- Preliminary Assessment of LRT Operations
- A-Line BRT Feasibility Study
- B-Line Opportunity and Challenges Study
- Hamilton LRT – Underground Life Cycle Assessment Report
- B-Line Value Uplift Study

HAMILTON RAPID TRANSIT 70% DESIGN REPORT: PREPARATION OF ENGINEERING DRAWINGS FOR CONSTRUCTION COST ESTIMATE SUMMARY REPORT

MAKING THE CASE:

- Transportation Case Review – Working Paper
- B-Line Funding, Financing and Procurement Options – Final Working Paper
- Making the Case Summary Document

A2. List of Planning, Design and Engineering Reports

A-LINE REPORTS:

- Acoustic and Air Quality Report
- Built Heritage & Cultural Landscapes Inventory
- Consultation Report
- Economic Potential Report
- Initial Feasibility & Opportunities Report
- LRT Feasibility Assessment
- Natural Environment Inventory & Impact Identification
- Record of Public Consultation
- Stage 1 Archaeological Assessment
- Utilities Assessment Report

A AND B LINE REPORTS

- System Design Guide
- Integrated Transit System Operations Plan

B-LINE REPORTS:

- Construction Phasing Strategy & Traffic Management Report
- Cost Estimate Report
- Environmental Project Report
  - » Appendix A
  - » Appendix B
  - » Appendix C
- Highway 403 Bridge Crossing Options
- Maintenance and Storage Facility Requirements and Location Analysis
- Post Consultation Alignment Changes Memo
- Preliminary Drainage Report
- Preliminary Operations & Maintenance Plan
- Project Constraints Assessment
- Project Implementation Plan
- Red Hill Valley Parkway Structural Design Brief
- Risk Assessment Report
- Safety and Security Plan
- Signalling System Design Brief
- Structural Assessment Design Brief
- Track Plan Report
- Trackwork Design Brief
- Traction Power Design Brief
- Traffic Lane Widths Report
- Utility Strategy Guidelines

Appendix A:
Light Rail Transit

A3: Hamilton B-Line Project Phasing Options

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Hamilton B-Line
Project Phasing Options

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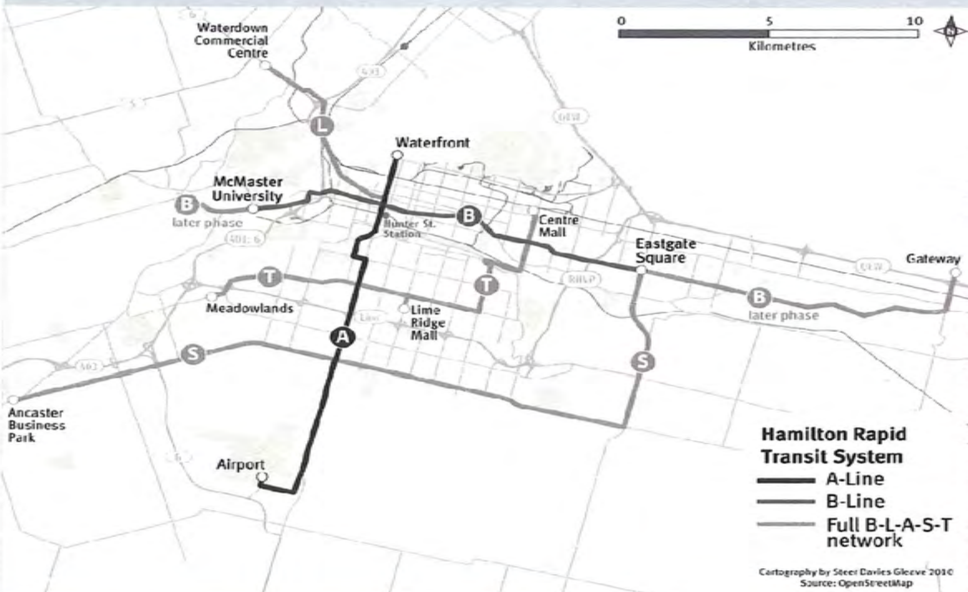

Phasing Scenarios

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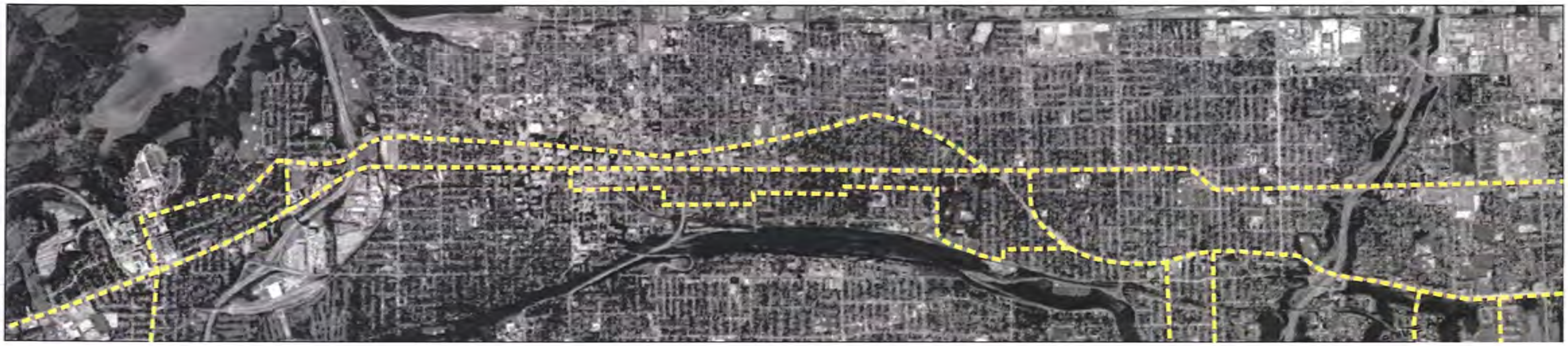
Scenario A: Business as Usual



HSR bus routes: 1, 1A, 5 group, 10, 10A, 51, 52, 55, 55A, 58

West anchor: McMaster University

- Major employment and service area (hospital) and educational institution
- Market driven by students, teaching staff, medical staff and hospital visits

East anchor: Eastgate Square

- Planned Sub-Regional node, major commercial centre and higher density residential
- Market driven by consumers and employees

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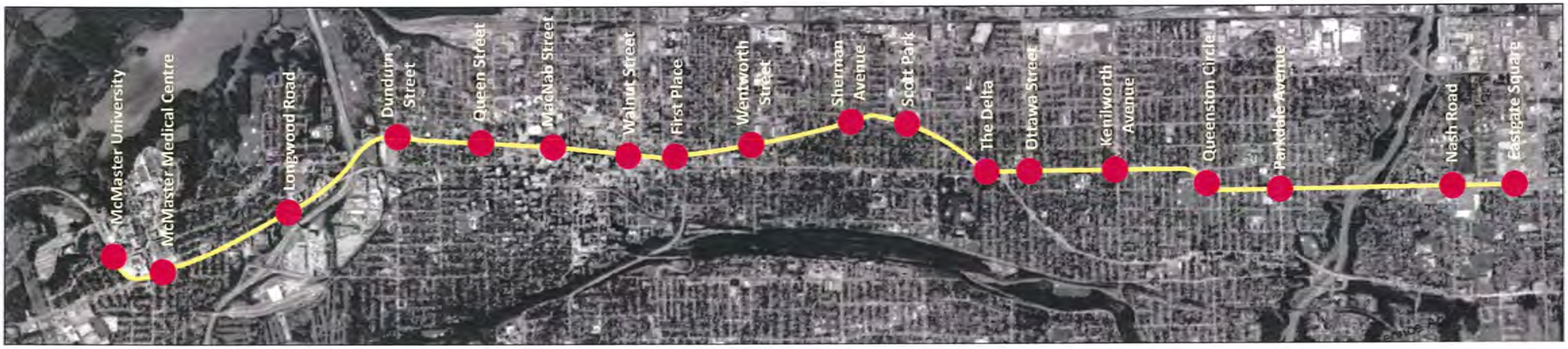
Scenario B: TPAP Approved B-Line



Length: 13.8* km

West anchor: McMaster University

- Major employment and service area (hospital) and educational institution
- Market driven by students, teaching staff, medical staff and hospital visits

East anchor: Eastgate Square

- Planned Sub-Regional node, major commercial centre and higher density residential
- Market driven by consumers and employees

*Source: Hamilton Rapid Transit Preliminary Design and Feasibility Study (September 2011), Table 4.1

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Scenario C: McMaster to Ottawa

Length: 9.1* km

West anchor: McMaster University

- Major employment and service area (hospital) and educational institution
- Market driven by students, teaching staff, medical staff and hospital visits

East anchor: Ottawa Street

- Established Business Improvement Area (BIA) for textile and home décor
- Market driven by consumers and employees

*Source: Hamilton Rapid Transit Preliminary Design and Feasibility Study (September 2011), Table 4.1

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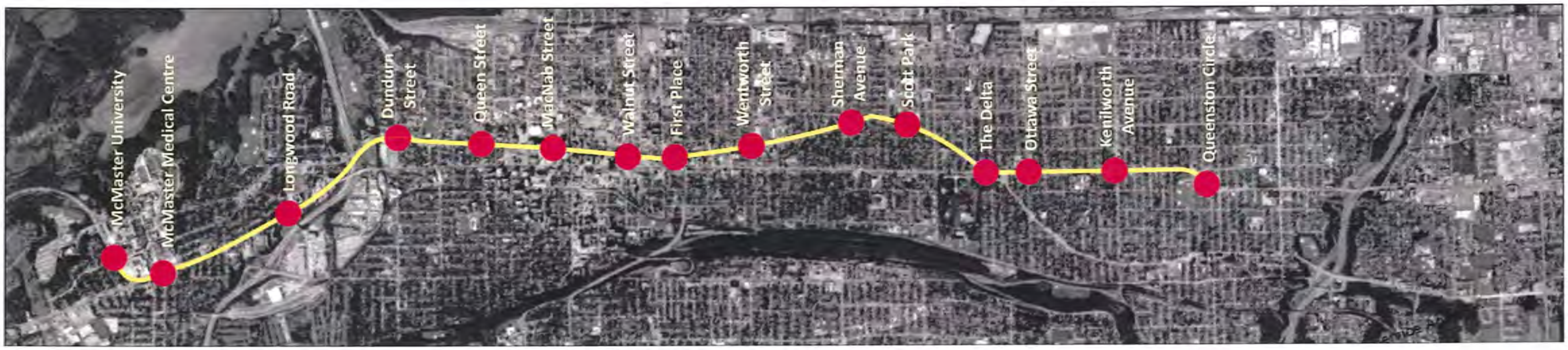
Scenario D: McMaster to Queenston Circle



Length: 10.8* km

West anchor: McMaster University

- Major employment and service area (hospital) and educational institution
- Market driven by students, teaching staff, medical staff and hospital visits

East anchor: Queenston Circle

- Major residential area with some commercial developments
- Market driven by consumers, employees and residents

*Source: Hamilton Rapid Transit Preliminary Design and Feasibility Study (September 2011), Table 4.1

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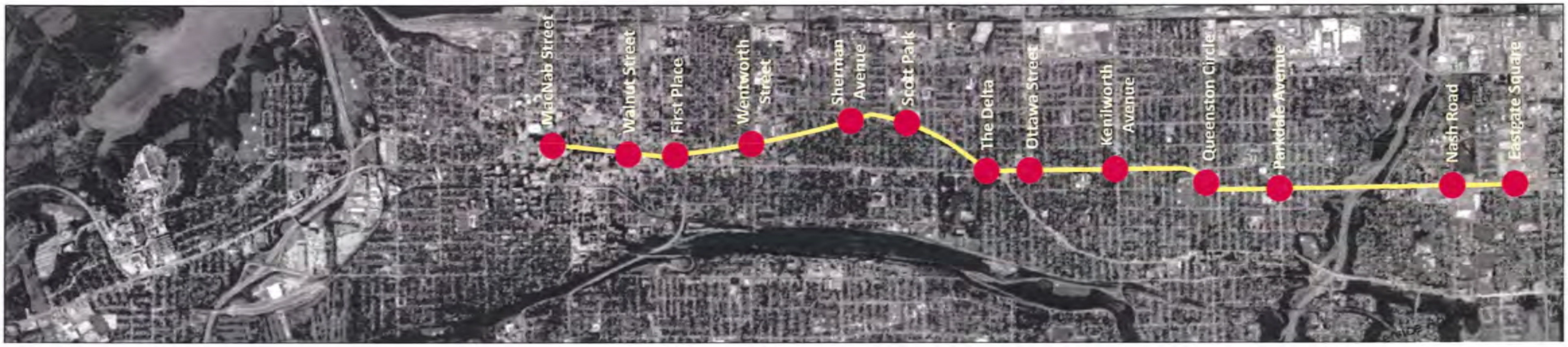
Scenario E: Downtown to Eastgate Square



Length: 9.2* km

West anchor: Downtown (MacNab Street)

- Major employment area, commercial, civic and entertainment centre
- Market driven by employees and consumers

East anchor: Eastgate Square

- Planned Sub-Regional node, major commercial centre and higher density residential
- Market driven by consumers and employees

*Source: Hamilton Rapid Transit Preliminary Design and Feasibility Study (September 2011), Table 4.1

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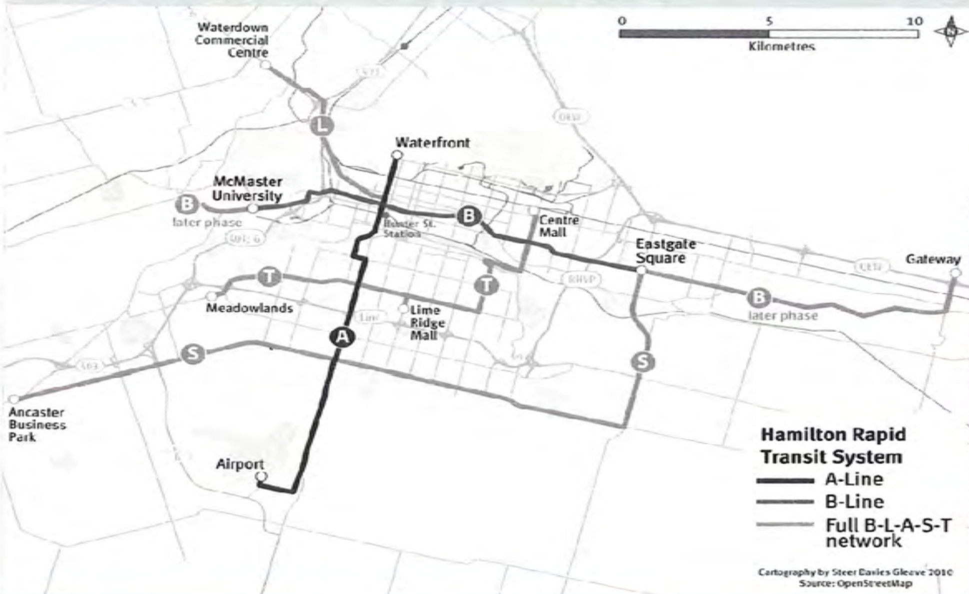

Multiple Accounts Evaluation

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Multiple Accounts Evaluation – B-Line Phasing

Goal:

To develop a Multiple Account Evaluation (MAE) process:

- to identify the advantages, disadvantages and trade-offs involved with each phasing alternative under consideration, and;
- to inform and assist in the decision-making process utilizing quantitative and qualitative assessments for defined evaluation criteria.

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Scenario A: Business as Usual (For Reference Only)

Hamilton King-Main Benefits Case (February 2010)

- A MAE was undertaken for the following options with a comparison to the Do Nothing option:
  - Option 1: Full BRT
  - Option 2: Full LRT
  - Option 3: Phased LRT
- Report recommendations:
  - Option 2 provides the greatest benefits in all the accounts and supports the City of Hamilton's broader objectives to revitalize, redevelop and reshape the B-Line corridor
  - ***Option 2 (Full LRT) to be carried forward for further review***

Scenario A will not be included in this comparative analysis as the original Benefits Case Study did not indicate that it should be carried forward for further review.

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MAE Accounts

	Definition:	Measures:
Financial Account	An account of measures that take into consideration the revenue and expenditure implications.	➢ Capital costs ➢ Operating costs ➢ Cost effectiveness
User Benefit Account	An account of measures that take into consideration the benefit to the transportation user.	➢ Travel time cost
Environmental Account	An account of measures that take into consideration the impacts to community / social environment.	➢ Air quality (GHG)
Economic Development and Growth Account	An account of measures that take into consideration the increased tax revenue and increased employment opportunities along the B-Line corridor.	➢ Accessibility to employment areas ➢ Increased DC revenues
Social Account	An account of measures that take into consideration the benefits / impacts to the social fabric and the community adjacent to the B-Line corridor.	➢ Community accessibility and connectivity ➢ LRT construction mitigation
Urban Development Account	An account of measures that take into consideration the benefits / impacts development opportunities.	➢ Reurbanization potential ➢ Regional transit connectivity

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Financial Account Measure #1

Effectiveness of Capital Cost Investment

Capital costs required to implement the phasing scenario inclusive of infrastructure (vehicles and maintenance centre), construction, design, management and administration, insurance, property and contingencies.

Inputs:

- B-Line LRT capital cost estimate / phasing scenario
- Total scenario LRT kilometres
- EMME model peak period LRT Station boardings (includes transfers)
- Annual ridership (boardings)/ phasing scenario

Annual Ridership Adjustments:

- Peak period to annual factor: 909
- LRT ridership uptake - TPAP
    - Bus network update +16%
    - Vehicle operating costs + 4%
    - Parking charges +16%
    - LRT quality benefits +37%
    - Revised growth opportunities +47%

Measure:

Capital cost / Annual passenger km

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Financial Account Measure #1

Capital Cost Estimate

Capital Cost Items	SCENARIO B TPAP	SCENARIO C McMaster to Ottawa Street	SCENARIO D McMaster to Queenston Circle	SCENARIO E Downtown to Eastgate Square
Length of LRT Service (km)	**13.8**	**9.1**	**10.8**	**9.2**
Preparatory works	$95,578,021	$63,026,086	$74,800,190	$63,718,681
Guideway	$79,811,694	$50,329,450	$60,161,326	$41,107,796
Trackwork and stations	$115,586,465	$84,590,225	$96,988,721	$84,590,225
Systems	$90,750,250	$57,842,556	$71,021,935	$60,500,167
Maintenance facility	$48,480,143	$48,480,143	$48,480,143	$48,480,143
Vehicles	$110,000,000	$72,536,232	$86,086,957	$73,333,333
Total Construction Cost (2011 $)	**$540,206,573**	**$376,804,692**	**$437,539,271**	**$371,730,344**
Design and management (.22)	$120,431,493	$82,897,032	$96,258,640	$81,780,676
Property allowance (.06)	$34,557,000	$22,608,282	$21,876,964	$22,303,821
Total Estimate Before Contingencies (2011 $)	**$695,195,066**	**$482,310,006**	**$555,674,874**	**$475,814,841**
Contingencies (17%)	$116,190,893	$81,992,701	$94,464,729	$80,888,523
Total Estimate With Contingencies (2011 $)	**$811,385,959**	**$564,302,707**	**$650,139,603**	**$556,703,364**

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Financial Account Measure #1

2031 LRT Annual Ridership Estimates

Annual Ridership	SCENARIO B TPAP	SCENARIO C McMaster to Ottawa Street	SCENARIO D McMaster to Queenston Circle	SCENARIO E Downtown to Eastgate Square
Peak Period Boardings	**10,154**	**6,947**	**8,122**	**7,588**
Base annual ridership (peak period *909)	9,229,986	6,314,823	7,382,898	6,897,492
Base Annual Ridership (M)	**9.2**	**6.3**	**7.4**	**6.9**
Bus network update	0.16	0.16	0.16	0.16
Vehicle operating costs	0.04	0.03	0.03	0.03
Parking charges	0.16	0.11	0.08	0.06
LRT quality benefits	0.37	0.24	0.29	0.25
Revised growth	0.47	0.31	0.37	0.31
Total Uplift Factor	**1.20**	**0.85**	**0.93**	**0.80**
2031 annual forecast ridership (M)	20,305,969	11,655,882	14,258,344	12,427,307
Adjusted 2031 annual forecast ridership (0.93)	18,884,551	10,839,970	13,260,260	11,557,396
2031 Annual Ridership (M) - boardings	**18.9**	**10.8**	**13.3**	**11.6**

Note: Annual ridership includes transfers.

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Financial Account Measure #1

LRT Capital Costs (2011 $) / 2031 Annual Passenger KM

	SCENARIO B TPAP	SCENARIO C McMaster to Ottawa Street	SCENARIO D McMaster to Queenston Circle	SCENARIO E Downtown to Eastgate Square
Capital costs (2011 $) / 2031 Annual passenger km	**$8.39**	**$9.43**	**$8.76**	**$10.49**
% Change in relation to TPAP		**12%**	**4%**	**25%**
Capital costs	$811,385,959	$564,302,707	$650,139,603	$556,703,364
Annual LRT passenger km	96,736,325	59,812,927	74,229,149	53,071,783
Annual LRT passengers (boardings)	18,900,000	10,800,000	13,300,000	11,600,000

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Financial Account Measure #2

Effectiveness of Operating Cost Investment

Costs required to operate the phasing scenario .

Inputs:

- Annual 2031 LRT operating costs
- Annual 2031 bus operating costs
- LRT scenario passenger km (includes transfers)
- Bus scenario passenger km

Assumptions:

- Gross cost per passenger:
  - $2.93 per boarding passenger (B-Line specific 2012 cost)

Measure:

LRT + bus operating costs / annual passenger km

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Financial Account Measure #2

2031 Operating Cost Estimate

2031 Operating Cost Item per Annum	SCENARIO B McMaster to Eastgate Square	SCENARIO C McMaster to Ottawa Street	SCENARIO D McMaster to Queenston Circle	SCENARIO E Downtown to Eastgate Square
Labour costs (admin, operations, maintenance)	$17,905,963	$10,238,955	$12,607,426	$10,995,889
Vehicle maintenance costs	$587,454	$335,917	$413,621	$360,750
Track maintenance / rail replacement	$125,206	$82,563	$97,987	$83,471
Power costs	$726,480	$479,055	$568,549	$484,320
Cost for parts for maintenance of catenary and TPSS	$89,157	$58,792	$69,775	$59,438
Cost for parts for maintenance of communication and fare collection equipment	$44,578	$25,491	$31,387	$27,375
Office supplies	$53,970	$53,970	$53,970	$53,970
10% insurance, rates, property taxes, etc.	$1,953,281	$1,953,281	$1,953,281	$1,953,281
2031 LRT Operating Costs	**$21,486,089**	**$13,228,024**	**$15,795,996**	**$14,018,494**
Bus Operating Costs	$5,975,839	$24,330,203	$17,073,827	$29,879,197
Total 2031 LRT and Bus Operating Costs	**$27,461,928**	**$37,558,228**	**$32,869,823**	**$43,897,691**

Note: Bus operating costs are reflective of stops between McMaster University and Eastgate Square along the B-Line LRT alignment.

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Financial Account Measure #2

2031 B-Line LRT + Bus Operating Cost / Passenger km

	SCENARIO B TPAP	SCENARIO C McMaster to Ottawa Street	SCENARIO D McMaster to Queenston Circle	SCENARIO E Downtown to Eastgate Square
Annual 2031 LRT operating costs	$21,486,089	$13,228,024	$15,795,996	$14,018,494
Annual 2031 bus operating costs	$5,975,839	$24,330,203	$17,073,827	$29,879,197
Total (LRT + bus) operating costs	**$27,461,928**	**$37,558,228**	**$32,869,823**	**$43,897,691**
Annual LRT passenger kms	96,736,325	59,812,927	74,229,149	53,071,783
Annual bus passenger kms	4,110,729	17,957,365	10,254,486	30,332,104
Total (LRT + bus) passenger kms	**100,847,054**	**77,770,292**	**84,483,635**	**83,403,887**
2031 LRT and bus operating costs / Annual passenger kms	**$0.27**	**$0.48**	**$0.39**	**$0.53**

Note: Bus operating costs are reflective of stops between McMaster University and Eastgate Square along the B-Line LRT alignment.

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Financial Account Measure #3

Cost Effectiveness of B-Line Service

Annual forecast revenue for the 2031 horizon year based on forecast ridership compared to the annual operating costs.

Inputs:

- 2031 B-Line Corridor LRT and bus annual ridership (includes transfers)
- 2031 B-Line Corridor LRT and bus annual operating costs
- Average ridership fare

Assumptions:

- Annual B-Line corridor fare revenue (annual boardings *$2.05)

Measure:

Annual passenger revenue / Annual operating cost

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Financial Account Measure #3

Cost Effectiveness of B-Line Service

B-Line Corridor	SCENARIO B TPAP	SCENARIO C McMaster to Ottawa Street	SCENARIO D McMaster to Queenston Circle	SCENARIO E Downtown to Eastgate Square
Annual LRT passengers (boardings)	18,900,000	10,800,000	13,300,000	11,600,000
Annual LRT passengers less transfers (77% of total boardings)	14,553,000	8,316,000	10,241,000	8,932,000
Annual bus passengers (stops on B-Line LRT alignment only)	1,400,000	5,700,000	4,000,000	7,000,000
2031 total passengers (less transfers)	**15,953,000**	**14,016,000**	**14,241,000**	**15,932,000**
Average fare	$2.05	$2.05	$2.05	$2.05
LRT and bus annual revenue	$32,703,650	$28,732,800	$29,194,050	$32,660,600
Annual 2031 LRT and bus operating costs	$27,461,928	$37,558,228	$32,869,823	$43,897,691
2031 LRT and bus revenue / operating costs ratio	**1.19**	**0.77**	**0.89**	**0.74**

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Financial Account Summary

Financial Account Summary	SCENARIO B TPAP	SCENARIO C McMaster to Ottawa Street	SCENARIO D McMaster to Queenston Circle	SCENARIO E Downtown to Eastgate Square
LRT capital cost (2011 $) /2031 Annual passenger km	$8.39	$9.43	$8.76	$10.49
Measure #1 Ranking	1	3	2	4
2031 LRT + bus operating cost / Annual passenger km	$0.27	$0.48	$0.39	$0.53
Measure #2 Ranking	1	3	2	4
2031 LRT + bus revenue / Annual operating costs	1.19	0.77	0.89	0.74
Measure #3 Ranking	1	3	2	4
Total Measure Ranking	3 Best	9	6 2nd Best	12

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Community Accounts

	Definition:	Measures:
User Benefit Account	An account of measures that take into consideration the benefit to the transportation user.	Travel time cost
Environmental Account	An account of measures that take into consideration the impacts to community / social environment.	Air quality (GHG)
Economic Development and Growth Account	An account of measures that take into consideration the increased tax revenue and increased employment opportunities along the B-Line corridor.	Accessibility to employment areas Increased DC revenues
Social Account	An account of measures that take into consideration the benefits / impacts to the social fabric and the community adjacent to the B-Line corridor.	Community accessibility and connectivity LRT construction mitigation
Urban Development Account	An account of measures that take into consideration the benefits / impacts development opportunities.	Reurbanization potential Regional transit connectivity

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Community Accounts Summary

Scenario	User Benefit Account	Environmental Account	Economic Development Account	Social Account	Urban Development Account	Overall Community Account
Scenario B: McMaster to Eastgate Square	1	1	1	2	1	1
Scenario C: McMaster to Ottawa Street	3	4	2	4	4	4
Scenario D: McMaster to Queenston Circle	2	2	2	3	3	2
Scenario E: Downtown to Eastgate Square	4	3	3	1	2	3

Legend:

1 – Best 2 – Good 3 – Average 4 – Poor

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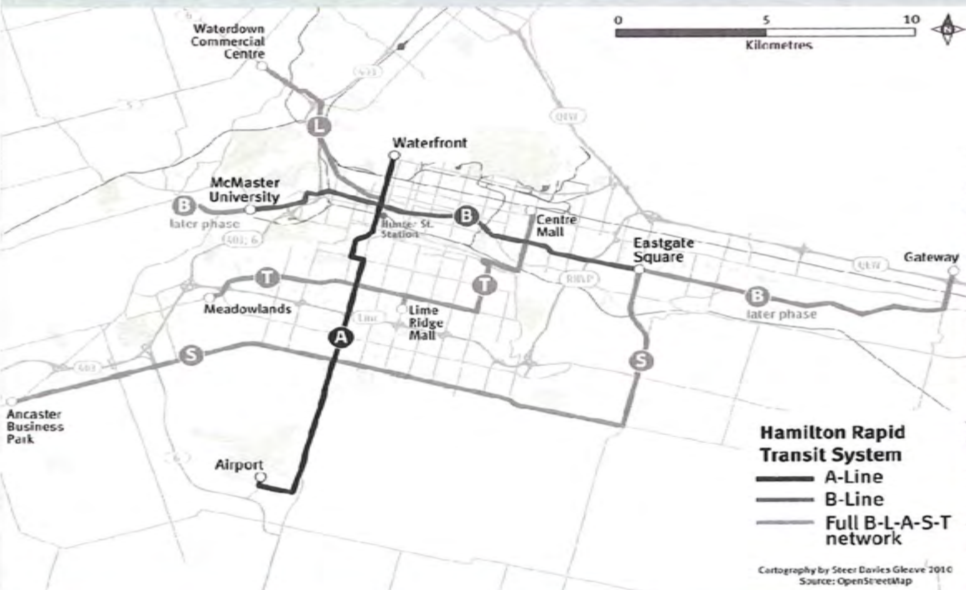

MAE Summary

December 11, 2012

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Multiple Accounts Evaluation Summary Table - Financial

Scenario	Capital Account	Operating Account	Cost Effectiveness Account	Overall Financial Account
Scenario B: McMaster to Eastgate Square	1	1	1	1
Scenario C: McMaster to Ottawa Street	3	3	3	3
Scenario D: McMaster to Queenston Circle	2	2	2	2
Scenario E: Downtown to Eastgate Square	4	4	4	4

Legend:

1 – Best 2 – Good 3 – Average 4 – Poor

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Multiple Accounts Evaluation Summary Table - Community

Scenario	User Benefit Account	Environmental Account	Economic Development Account	Social Account	Urban Development Account	Overall Community Account
Scenario B: McMaster to Eastgate Square	1	1	1	2	1	1
Scenario C: McMaster to Ottawa Street	3	4	2	4	4	4
Scenario D: McMaster to Queenston Circle	2	2	2	3	3	2
Scenario E: Downtown to Eastgate Square	4	3	3	1	2	3

Legend:

1 – Best 2 – Good 3 – Average 4 – Poor

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LRT Phasing – Overall Evaluation

Scenario	Financial Accounts	Community Accounts	Overall MAE Ranking
Scenario B: McMaster to Eastgate Square	1	1	1
Scenario C: McMaster to Ottawa Street	3	4	3
Scenario D: McMaster to Queenston Circle	2	2	2
Scenario E: Downtown to Eastgate Square	4	3	3

Legend:

1 – Best 2 – Good 3 – Average 4 – Poor

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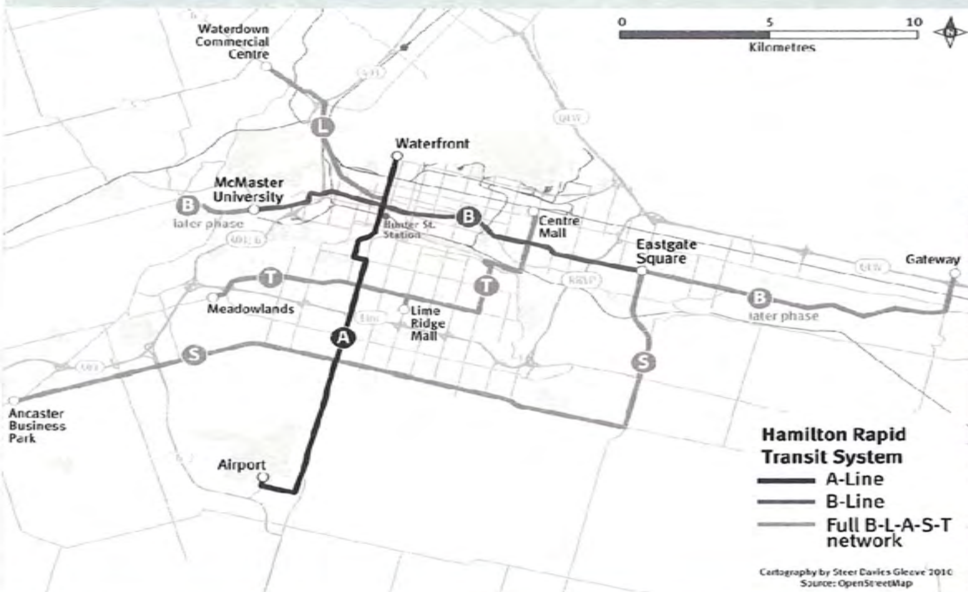

Thank You

December 11, 2012

Hatch Mott MacDonald

Appendix A:
Light Rail Transit

A4: LRT Benefits and Cost Report

City of Hamilton – LRT Benefit and Cost Report

Prepared by: City of Hamilton Rapid Transit Staff
Date: January 30, 2013

Table of Contents

1.0 Executive Summary

This report is provided to update Council on a motion emerging from the October 13, 2011 General Issues Committee meeting (Report CM11016/ PW11064/PED11154/FCS11072), in which staff received direction to:

- Undertake a complete Light Rail Transit (LRT) project Benefit and Cost Report including the cost of not completing LRT and a triple bottom line analysis;
- Provide a full review of capital costs;
- Provide a recommended funding request to Metrolinx for capital and operating costs for LRT vs. the City’s existing HSR bus system including the cost per passenger.

This report will provide Council with a full breakdown of tangible and intangible benefits and costs (from existing consultant reports and other published sources) related to the possible construction and implementation of an LRT system along the B-Line in Hamilton.

The report also provides an overview of the LRT Phasing Strategy which focuses on several construction/implementation scenarios for the B-Line and related current activities. The report responds to Council’s request for further updated financial impact information on the costs and benefits associated with an LRT system for Hamilton.

The City’s Transportation Master Plan reflects the approved nodes and corridors land use structure for the City and relies on aggressive transit improvements and an urban fabric with a high degree of connectivity. Rapid Transit is a key element for implementing the City’s growth strategy and land use structure.

Hamilton’s current ridership in the B-Line corridor and its projected ridership growth, requires the development of a Rapid Transit system to ensure efficient and effective connectivity for citizens who want to move throughout the city and connect to inter-regional travel modes. Successful planning for higher order transit (i.e.: LRT, BRT) must be completed through an integrated approach which includes planning for other travel modes (walking, cycling, conventional transit, cars, goods movement), land use planning and financial analysis.

This report presents a summary of the work completed to date categorized by costs and benefits (Financial, Health, Environment, Social/Tourism).

Summary of Costs & Benefits (Full B-Line LRT McMaster to Eastgate)

Costs

- Project Capital is $811 million - (plus/minus 20% $649M to $973M).
- City Capital cost is approximately $1.8 million (includes articulated aerial device – Fire Department).
- Day One Stand-Alone Project Operating is $14.5 million with an organizational structure of approximately 182 staff.
- Day One In-house Project Operating is a net levy increase of $2.9 to $3.5 million with the removal of redundant transit fleet and the use of in-house staff.
- City Operating costs (over and above LRT operating) are approximately $8.7 million (e.g. winter control, parking, By-law services).
- Day One Startup: System-Wide Bus and LRT Net operating cost per passenger ranges from $2.13 (no increase in ridership) to $2.00 (with increase ridership). Current Bus System-Wide costs: $2.00 per passenger.
- Day One Startup: B-Line only LRT Net operating cost per passenger ranges from $1.80 (no increase in ridership) to $0.45 (with increase ridership). This assumes an 8% increase in ridership plus the transfer of two-thirds of all passengers on the B-Line corridor route to the LRT (based on industry consultants). The $1.80 cost per passenger assumes no ridership growth and the transfer of one-third of the King and Delaware passengers to LRT. Current B-Line only Bus costs = $1.07 per passenger.
- Future Projections - Year 2031, indicates a Bus and LRT system may cost approximately $7million less than the Bus only system, utilizing the existing fleet sizes. Net operating cost per passenger estimates are $2.28 per passenger for the existing Bus system compared to $1.51 per passenger for the Bus and LRT system. Net operating cost per passenger along the B-Line only are estimated at $1.12 per passenger for the existing Bus system compared to $(0.75) per passenger for the Bus and LRT system.

Benefits

Financial:

- B-Line Corridor Capital Works – a reduction of scheduled and unscheduled backlog of capital works in the order of approximately $79 million.

- The Canadian Urban Institute (CUI) Study found:
  - that three times the number of developments were likely to occur (e.g. 108 projects vs. 32) within the same timeframe *with LRT* as compared to *without LRT*[1]
  - Tax Benefit from new development by LRT estimated at $22.4 million.[2]
  - Building permit fees and development charges (existing development exemptions removed) estimated at $30.2 million.[3]
  - Residential property value premium estimated at $29 million (Net Value $0). This uplift premium increases the property taxes paid by property owners benefiting from the LRT and reduces taxes for all other tax payers.[4]
- Potential for 6,000 construction jobs (provincial); 3,500 directly in Hamilton.

- Potential for 1,000 permanent jobs (provincial); 300 jobs located in Hamilton to deliver regular operations and maintenance.

- B-Line LRT investment may result in an estimated increase of more than $443 million in Ontario’s GDP.

- Annual accident costs are expected to reduce by $3.48 million over 22 years.

Health

- Investments in public transportation such as LRT can help shape a city’s built environment into a more walkable, complete and compact community.

- Individuals who walk an additional kilometre per day reduce their chances of becoming obese by 5%, compared to motorists driving an additional hour daily who are 6% more likely to become obese.

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[1] **Hamilton B-Line Value Uplift and Capture Study, Canadian Urban Institute, June 2010, page 44**
[2] **Hamilton B-Line Value Uplift and Capture Study, Canadian Urban Institute, June 2010, page 66**
[3] **Hamilton B-Line Value Uplift and Capture Study, Canadian Urban Institute, June 2010, page 68**
[4] **Hamilton B-Line Value Uplift and Capture Study, Canadian Urban Institute, June 2010, page 69**

Environment

- Public transportation produces on average (per person) 50-95% lower emissions than driving.

- A 30%-50% reduction in car traffic (GTA) can lower emission rates and have the potential to save an estimated 200 lives and $900 million per year.

- Auto-dependent communities require 20-50 times more space than transit-friendly communities, resulting in storm water management challenges.

Social/Tourism

- LRT has the potential to connect people living in downtown neighbourhoods with job opportunities and amenities, including health and social facilities.

- Investment in LRT and transit can help reduce poverty by providing economical transportation options.

- In Hamilton, 17% of the existing population and 20% of employment opportunities are located within 800 metres of the B-Line Corridor. 80% of the city’s population is serviced by HSR transit routes that connect directly with the B-Line.

- High quality light rail systems have an iconic value that is attractive to tourists, commuters and residents because transportation is a key element in the visitor experience. An efficient public transportation system can significantly enhance a city’s reputation among travelers.

In conclusion, Light Rail Transit along the B-Line is a worthwhile investment. The benefits captured within this report have used conservative values (i.e. worst case scenario values to ensure that the benefits are cautious rather than optimistic). Summed up the City of Hamilton should see a direct benefit of approximately $130M (reduction in backlog, building permits and tax benefits from development).

In addition, there are a number of spin off benefits associated with the construction of LRT. The Benefits Case Assessment estimates that 3500 temporary jobs will be created in Hamilton during the construction period and 300 permanent jobs. This also affects Ontario’s Gross Domestic Product providing a value of $443 million.

Health, Environment and Social Tourism are difficult to quantify without extensive and costly studies. This report recognizes that LRT does provide benefits within these areas and offers enhanced quality of life for residents.

A fundamental consideration of the benefits of this type of project, which aligns with the findings of the McMaster Institute of Transportation and Logistics study, is the ability for LRT to refocus growth within the community. This is in keeping with Places to Grow, the City of Hamilton Official Plan and the City of Hamilton Transportation Master Plan and allows the City to capitalize on existing infrastructure while achieving population and employment growth.

2.0 The Rapid Transit Vision

In January 2009 (Report PW09007), Hamilton City Council adopted the following vision statement for Rapid Transit:

Rapid Transit is more than just moving people from place to place. It is about providing a catalyst for the development of high quality, safe, sustainable and affordable transportation options for our citizens, connecting key destination points, stimulating economic development and revitalizing Hamilton. Rapid transit planning strives to improve the quality of life for our community and the surrounding environment as we move Hamilton forward.

Council also directed that the Rapid Transit vision statement be applied as the guiding principle behind the planning for and delivery of a rapid transit system for Hamilton. As such, this vision statement has been used to guide decisions made in the development of the Planning, Design and Engineering work for B-Line Rapid Transit.

3.0 City of Hamilton Strategic Plan – 2012–2015

OUR Vision
To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

OUR Mission
WE provide quality public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Values

Honesty - WE are truthful and act with integrity.
Accountability - WE are responsible for our actions ensuring the efficient, cost effective and sustainable use of public resources.
Innovation - WE are a forward thinking organization that supports continuous improvement and encourages creativity.
Leadership - WE motivate and inspire by demonstrating qualities that foster effective decision making and promote success at all levels.
Respect - WE treat ourselves and others as we would like to be treated.
Excellence - WE provide municipal services through a commitment to meeting and exceeding identified standards.
Teamwork - WE work together toward common goals, through cooperation and partnership.
Equity - WE provide equitable access to municipal services and treat all people fairly.
Cost Consciousness – WE must ensure that we are receiving value for taxpayer dollars spent.

4.0 History of Rapid Transit in Hamilton

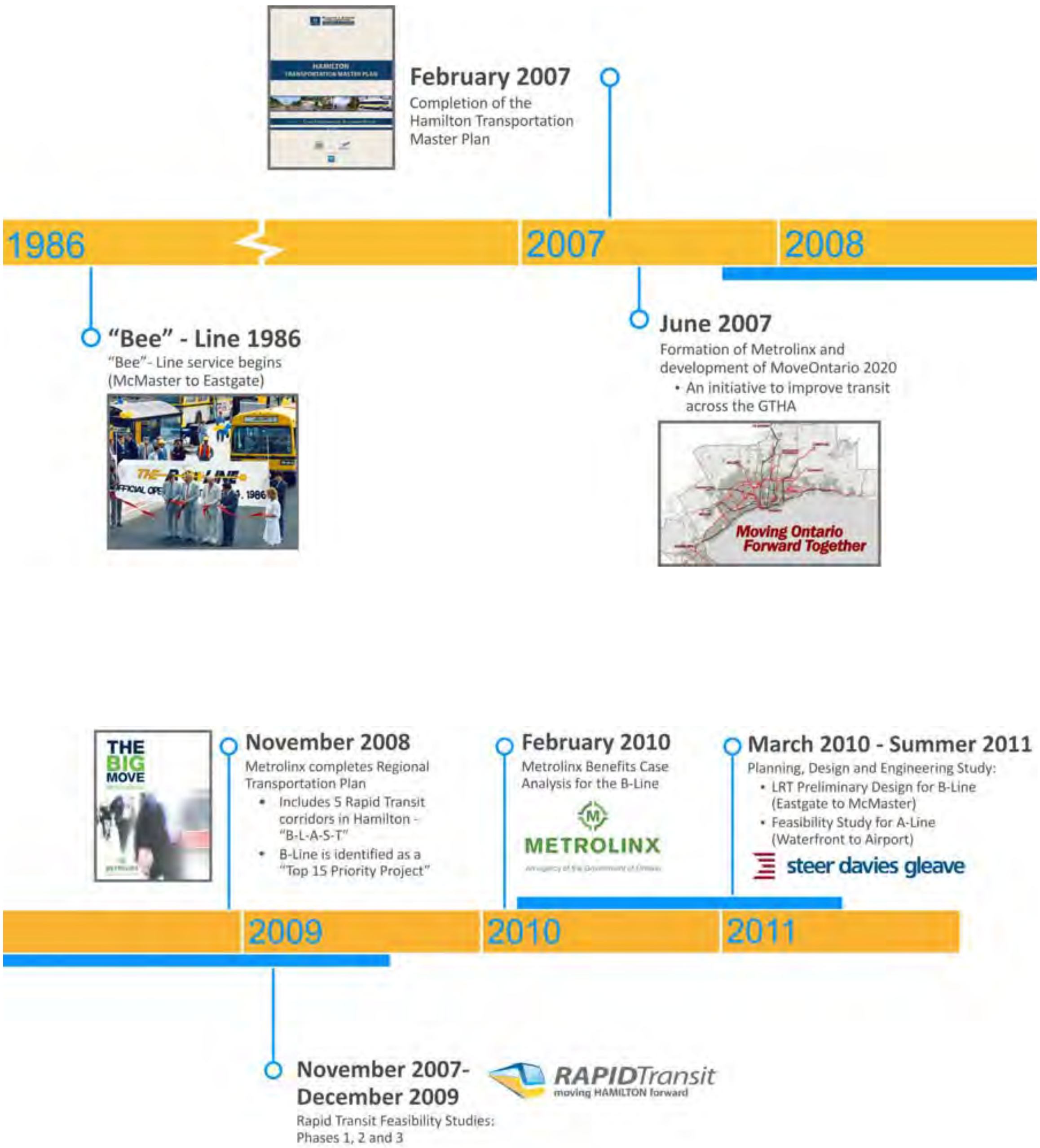

Figure 1 – Rapid Transit Timeline

5.0 What is Light Rail Transit and What Can it Do?

For Hamilton, Rapid Transit is more than just a transit project; it is a community shaping initiative and potentially the largest capital project the City will have ever constructed.

Modernized public transportation (including LRT) is a key, corporate strategic priority that supports the concept of community building and economic development while enhancing connections to the Greater Toronto Hamilton Area (GTHA) through improved transportation networks and linkages to the planned GO Transit expansions at James Street North and Confederation stations.

LRT infrastructure includes the following features:

- Electrically-powered, clean and green vehicles with no emissions at street level
- Bi-directional
- Provides predictable journey times
- Operates in dedicated transit lanes
- Offers a smooth, comfortable and quiet ride
- Fully accessible; level boarding with easy access for all
- High capacity
- Affordable
- Reliable – can operate even in heavy snow or icy conditions
- Integration with the current streetscape

LRT also provides a platform for future investments such as upgraded water and sewer infrastructure, roads, utilities, and public realm contributing to quality of life benefits.

In addition, LRT supports the City’s Strategic Priority of becoming *A Prosperous & Healthy Community* and enhancing Hamilton’s image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

This will be accomplished through a *Corporate Strategic Objective* that commits to improving the City’s transportation system to support multi-modal mobility and encourage interregional connections. As such, the *Strategic Actions* will focus on the following:

- Complete the design and develop an implementation and financial plan for the delivery of higher order transportation and enhanced transit service including all-day GO Transit service and rapid transit
- Develop an integrated, multi-modal, public transportation program including implementation of rapid transit, conventional transit, active transportation (e.g. pedestrian, cycling) and the associated transportation demand management (TDM) plan
- Develop a strategy to enhance conventional transit service levels within the A Line and B Line corridors

6.0 LRT – Stimulating the Economy

LRT is often a catalyst for stimulating the economy through investment in infrastructure. LRT has been found to stimulate the economy by:

- **Increasing land value** –In Hamilton, the increase is estimated from 8% to14% within 800m of the B-Line, particularly within close proximity to station areas.[5]

- **Increasing assessment value** – High value, high density, mixed use land parcels may produce higher assessment which can assist in paying for capital and operating costs of the system.

- **Creating jobs** – In the initial design and construction stage and in the ongoing operations and maintenance phase. Estimates show that some 6,000 construction jobs would be created with more than 1,000 (provincial) permanent jobs (300 local) associated with regular operations and maintenance.[6]

- **Encouraging urban development** – Permanence of an LRT line allows both riders and developers to have a vision, plan ahead and helps create compact urban communities with confidence in long term viability.

- **Attracting private investment** – Focused on building new neighbourhoods and renewing those in need of improvement. Studies show that LRT may support local economic development attracting more consumers to local businesses.[7]

[5] **Metrolinx Benefits Case Analysis, February 2010, Land Value Changes, page 43**
[6] **Hamilton Rapid Transit Initiative: Economic Potential Study, March 2009, page 3**
[7] **Metrolinx Benefits Case Analysis, February 2010, Land Use Shaping, page 46**

LRT has the potential to help Revitalize Hamilton by:

- **Supporting the concept of "community building" which will eventually lead to:**
  - A more attractive downtown core
  - A waterfront that continues to serve the growing needs of the community
  - Inner-city neighbourhoods that benefit from revitalization
  - Better integration and focus between the City and community groups
- **Increasing potential and concentration of community development** that will revitalize Downtown Hamilton resulting in a greater increase in property values and greater potential for economic spin-offs
- **Stimulating mixed-use, higher density communities** within walking distance of a transit stop making it convenient to travel to a multitude of destinations by walking, cycling or using public transit instead of a car.
- **Increasing populations and employment densities** adjacent to the LRT line specifically in the vicinity of LRT stations
- **Reducing auto traffic** in the downtown core
- **Transforming our community through spurring economic activity** by creating unique streetscapes that support adjacent neighbourhoods
- **Contributing to vibrant streets** where all road uses can co-exist
- **Promoting new development and investment** along its key corridors
- **Supporting opportunities to redevelop and intensify** existing developments
- **Attracting new residents and skilled workers** to develop creative and knowledge-based industries

LRT can potentially improve Quality of Life by:

- **Making Hamilton more accessible** – LRT will be located within 800 metres of 20% of Hamilton residents and employment [8]
- **Offering time savings** of $647 million annually for existing transit users, new transit users and auto users [9]
- **Offering competitive journey times and reliability**
- **Increasing passenger comfort**
- **Increasing public access** to employment areas, residential properties, commercial districts and municipal services, increasing the connectivity and vibrancy of urban areas
- **Connecting Hamilton's priority neighbourhoods** to more employment, educational, healthcare, recreational and cultural opportunities (as outlined in the Code Red Study[10]
- **Encouraging healthier lifestyles** by promoting walking & cycling as regular daily commutes

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[8] **Hamilton Rapid Transit Initiative: Economic Potential Study, March 2009, page 2**
[9] **Metrolinx Benefits Case Analysis, February 2010, Travel Time Savings, page 33**
[10] **The Hamilton Spectator, Code Red Special Report, May 11, 2010**

- **Reducing collisions** as a result of declining automobile use with estimated savings of $18 million over a 30-year period[11]
- **A more reliable transit service** where riders do not need to consult a schedule, making their journey more convenient

LRT will lead to Environmental Benefits by:

- **Reducing air pollution** from vehicle emissions and greenhouse gases
- **A transit rider creating 65% fewer greenhouse gas emissions** compared to an auto user based on the same trip [12]
- **Decreasing total vehicle use**
- **Reducing the number of annual automobile traveled kilometres** by 17 million in 2021[13]
- **Contributing to clear air** helping meet Hamilton's Clean Air and Green House Gas emissions targets[14]
- **Reducing noise pollution**

LRT will Connect Key Destination Points by:

- **Improving public access** to employment areas, residential properties, commercial districts and municipal services with the provision of faster, more frequent service (see figure 2).
- **Providing choice of travel modes** that support and interconnect to each other at the local level (trails, cycling and walking) and interregional transportation (GO Transit).

[11] **Metrolinx Benefits Case Analysis, February 2010, Safety Benefits, page 34**
[12] **The Benefits of LRT Expansion in Edmonton, City of Edmonton, June 2010, page 4**
[13] **Metrolinx Benefits Case Analysis, February 2010, Greenhouse Gas Emissions, page 39**
[14] **Corporate Air Quality & Climate Change Strategic Plan Phase II, Clean Air Hamilton**

Figure 2 – A-Line and B-Line Corridors

7.0 B-Line Corridor – McMaster to Eastgate

Hamilton's B-Line is identified as a "Top 15 Priority Project" in the Metrolinx Transportation Plan, "*The Big Move."* Metrolinx completed a Benefits Case Analysis (BCA) demonstrating full LRT (starting with the B-Line) as the option that would generate the highest benefits for Hamilton and also be capable of accommodating the long-term travel demand growth in the corridor. Full LRT is also the highest cost option. While full BRT may cost considerably less to build and can generate a strong benefits-cost ratio, the benefits of BRT are less extensive as compared to the potential benefits of LRT.

A $3 million Planning, Design and Engineering (PDE) study was initiated in March 2010, funded by Metrolinx. The study produced the preliminary design for an LRT B-Line (see Figure 3 for study area) and a Preliminary Feasibility Study for the A-Line (Waterfront to Airport). The PDE study was completed in October 2011 and, in January 2012, staff completed the Environmental Process for rapid transit along the B-Line Corridor**.**

Figure 3 – B-Line LRT McMaster to Eastgate

8.0 Hamilton's Rapid Transit Network

BLAST Network

Hamilton has focused its rapid transit planning (BRT/LRT) on a city-wide system referred to as B-L-A-S-T. This system includes five corridors (please see map of the B-L-A-S-T network – Figure 4.)

The B-Line corridor is the first part of the City of Hamilton's rapid transit network. As part of the network, the A-Line would be the next line to develop operating from the Waterfront to the Airport.

The Planning, Design and Engineering (PDE) Study initiated in March 2010 included the pre-feasibility study for the A-Line, completed in March 2012. It is anticipated that a full feasibility study and Benefits Case Analysis for the A-Line will be completed in Q4 2013.

The City of Hamilton is committed to applying a strategic, forward thinking approach to all public transportation initiatives. Completing the A-Line in conjunction with the B-Line would create a strong connection between Hamilton's interregional network connections (GO), Downtown, McMaster University, Mohawk College and the East end including Confederation. This strategic approach would significantly enhance the following benefits of LRT in Hamilton by:

- Stimulating the Economy
- Revitalizing Hamilton
- Improving Quality of Life
- Increasing Environmental Benefits
- Connecting Key Destination Points

Hamilton' current ridership in the B-Line corridor and its projected ridership growth, requires the development of a Rapid Transit system to ensure efficient and effective connectivity for citizens who want to move throughout the city and connect to interregional travel modes. Successful planning for rapid transit must be completed through an integrated approach which includes planning for other travel modes (walking, cycling, conventional transit, car sharing, bike sharing , park-n-ride, cars, goods movement), land use planning and financial analysis.

The City of Hamilton's public transportation network is comprised of five major components:

- Interregional integration (GO bus and rail, Burlington Transit, Niagara Region)
- Conventional HSR transit
- Specialized transit ATS/DARTS
- Rapid Transit
- Active Transportation (Walking, Cycling, Bike Share)

All network components, including Light Rail Transit, must be integrated to the greatest extent possible to provide the most effective and seamless public transportation system for the citizens of Hamilton.

Figure 4 – BLAST Network

9.0 Background

The Official Plan (glossary) defines Higher Order Transit as:

> *Transit that generally operates in its own dedicated right-of-way, outside of mixed traffic where possible, and therefore can achieve a speed and frequency of service greater than conventional transit. Higher order transit can include heavy rail (i.e.: subways), light rail transit and buses in dedicated rights-of-way and is typically referred to as rapid transit (Growth Plan, 2006).*

Chronology

In 2007, the Province of Ontario announced that, through its MoveOntario 2020 Plan, Hamilton had emerged as a short-term candidate for Rapid Transit funding. Since then, evolving and shifting funding priorities have impacted the momentum of Rapid Transit development in Hamilton and other Greater Toronto and Hamilton Area (GTHA) municipalities.

At its October 7, 2008 meeting, the Public Works Committee approved a recommendation directing staff to study rapid transit with Light Rail Technology as the preferred option. Hamilton City Council endorsed Report PW08043D on **October 29, 2008,** approving the following recommendation:

a) Request Metrolinx to undertake the appropriate benefits case analysis required in order to include the functional design, detailed design and construction of the B-Line Rapid Transit Corridor for the City of Hamilton in their 2009-2013 five year capital budget utilizing Light Rail Technology;

b) Request Metrolinx to undertake the Rapid Transit Feasibility Study (Phase 3) in order to continue the planning and design for the A-Line Rapid Transit Corridor utilizing Light Rail Technology in conjunction with the design and construction of the B-Line Rapid Transit Corridor for the City of Hamilton as part of their 2009-2013 capital budget with design and construction funds to be included in a future five year capital budget;

c) Continue its undertaking of required rapid transit initiatives studies and an aggressive public consultation program for rapid transit in Hamilton.

On April 1, 2009, the Province of Ontario included $3 million in the Provincial Budget for the City of Hamilton to study Light Rail Transit on the B-Line and to determine the feasibility of rapid transit (either LRT or BRT) on the A-Line. Hamilton was the only municipality to receive such funding.

On October 13, 2009, Hamilton City Council gave its approval for the City of Hamilton to enter into a Contribution Agreement with Metrolinx for $3 million in funding for Rapid Transit studies and for the General Manager of Public Works and the City Treasurer to be authorized and directed to negotiate and sign the final terms of the Agreement in a form acceptable to the City Solicitor. (Report # PW09088).

On February 19, 2010, Metrolinx presented its Benefits Case Analysis (BCA) for Hamilton rapid transit to its Board of Directors.

Although the BCA identified full LRT as the highest cost option, it also noted that LRT in Hamilton would generate the highest transportation user benefits comprised of travel time savings, ridership attraction and overall qualitative travel experience. LRT also carries a stronger potential to reduce greenhouse gas emissions and generate more significant economic development impacts including employment, income, and Gross Domestic Product growth for the city and region. The BCA also identifies LRT as having greater potential to shape land uses and uplift land values along the King-Main corridor.

On September 22, 2011, a joint Metrolinx/City of Hamilton meeting was held for the purpose of providing a status update on the Planning, Design and Engineering (PDE) study and project benefit and cost report (Making the Case). At this meeting, Metrolinx indicated that it was encouraged with Hamilton's progress on the Rapid Transit initiative and urged the City to complete the work plan outlined for 2012. This work provides further necessary information allowing Metrolinx to put forth a positive recommendation stating that Hamilton's Rapid Transit initiative has reached a maximum state of implementation readiness.

On October 26, 2011, City Council approved recommendations in the report: *Conventional, Rapid and Inter-Regional Transit: Technical, Financial and Land Use Considerations* (CM11016/PW11064/PED1154/FCS11072). Included in the amended recommendations, Council directed staff to complete the project benefit and cost report including the cost of not doing LRT and a triple bottom line analysis and also that, in its report back, staff include firm capital costs and a recommended funding request to Metrolinx for capital and net change in operating costs in LRT vs. the existing HSR bus system including the cost per passenger. Also on October 26, 2011, staff presented the City of Hamilton contributions to the Rapid Transit initiative.

City of Hamilton Contributions to the Rapid Transit Initiative: The Rapid Transit Initiative began in 2008. Since that time, the City of Hamilton has spent over $5,000,000. City Capital expenditures total approximately $2 million which included earlier Rapid Transit Feasibility studies for the A&B Line, preliminary assessment of LRT Operations, economic potential study, development opportunities & model development. Operating expenditures have totalled approximately $3 million which included staffing and resources of the rapid transit office. Yearly Rapid Transit budgets have been submitted to Council for approval, since 2008.

In January 2012, staff completed the Environmental Process for rapid transit along the B-Line corridor.

10.0 Triple Bottom Line

Economic/Financial

Project Capital

The following table provides the Capital Cost estimate for LRT on Hamilton's B-Line as prepared by consultant, Steer Davies Gleave. Cost estimates were prepared in February 2012, based on 2011 dollars.

	TOTALS ($2011)
Preparatory Works	$ 95,578,021
Guideway	$ 79,811,694
Trackwork & Stations	$115,586,465
Systems	$ 90,750,250
Maintenance Facility	$ 48,480,143
Vehicles	$110,000,000
Construction Sub-total	**$540,206,573**
Design & Management	$120,431,493
Property Allowance	$ 34,557,000
Sub-total	**$695,195,066**
Contingency (17%)	$ 116,190,893
Total	**$811,385,960**

Figure 5 – Project Capital

On October 26, 2011, City Council was presented with Project Capital Estimates totaling approximately $875.5 million. The updated Project Capital estimates are approximately $811.4 million. The reduction of approximately $64.1 million is primarily due to $27million in construction costs, $16million in Design & Mgmt, $20million in Contingency.

As summarized in the Steer Davies Gleave Cost Estimate report, the estimates pertain to the construction of a 13.8 kilometre LRT system from McMaster University to Eastgate Square on dedicated and shared right of way. Figures include construction of power sub-station buildings, power distribution through a catenary system, guideway, construction of an 'LRT only' bridge at the 403 crossing, modifications or removal of the skywalk pedestrian bridge (as required) and structural reconditioning of the Red Hill Valley Parkway bridge. The route accounts for eighteen LRT stops which include terminal stops at McMaster and Eastgate. Each cost category is described in detail below:

- **Preparatory Works:** Includes the removal of existing pavement surfaces along the corridor for the construction of the guideway, relocation of signs, signal heads, controllers, etc. Also includes cost estimates to remove/relocate/install all structures for municipal services (water, sanitary & storm water) and the relocation of infrastructure for hydro, communications and gas.

- **Guideway**: This item includes the concrete guideway, guideway curb, track cross gutter drain and weep drain. In addition, the LRT-only bridge (at the 403 crossing) and structural reconditioning of the Red Hill Valley accounts for approximately $14.5 million of the cost estimate.
- **Trackwork & Stations**: Includes cost of installing embedded track for the guideway and all special trackwork for the system. This includes an allowance for the guideway connection from a Maintenance Storage Facility to the main line (approximately 1.25 km). Also includes the cost for the construction of all eighteen stops (side running and centre) and the termini at McMaster and Eastgate.
- **Systems**: Includes the installation of the guideway electrical cable and catenary poles, major modification of 69 existing signals, construction of a system wide communications duct bank and street lighting. This also provides an allowance for the construction and equipping of seven (7) traction power sub stations buildings. This estimate also includes signaling, communications and fare equipment (ticket vending/validation machines).
- **Maintenance Facility**: A Maintenance Storage Facility is not defined in the preliminary engineering phase of the project. Therefore, this cost estimate is presented at a higher level and will be confirmed during the next phase of the project.
- **Vehicles**: Includes the provision of 22 low floor light rail vehicles and is based on a recent procurement cost of light rail vehicles for Metrolinx.
- **Design & management**: Includes the cost for final design, construction administration, insurance, permits, surveys, testing, investigation, inspection, and startup based on the consultant's best estimate.
- **Property Allowance**: The purchase or lease of real estate may be required. This is an estimated cost of the property requirements for the construction of the project and is based on property values in Hamilton.
- **Contingency**: An overall price contingency is provided at approximately 17% of total costs.

These cost estimates are based on preliminary engineering at 30% detailed design and, as such, are subject to a plus/minus variance of 15% to 20%. Taking this into account, the Project Capital costs in 2011 dollars are estimated to range from $649,108,768 to $973,663,152 (as illustrated below).

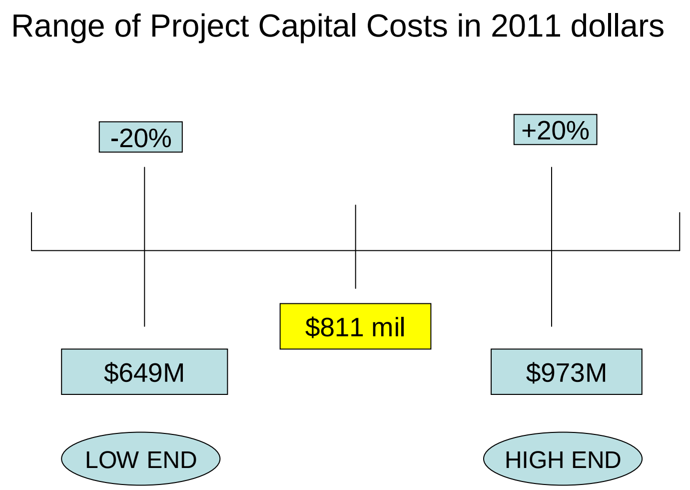

Figure 6 - Range - Project Capital Costs

Depending on the timing of construction, these figures would increase based on rate of inflation (assuming 2% annually) by a range of $675 million in 2013 to $1.2 billion in 2023 (as illustrated below).

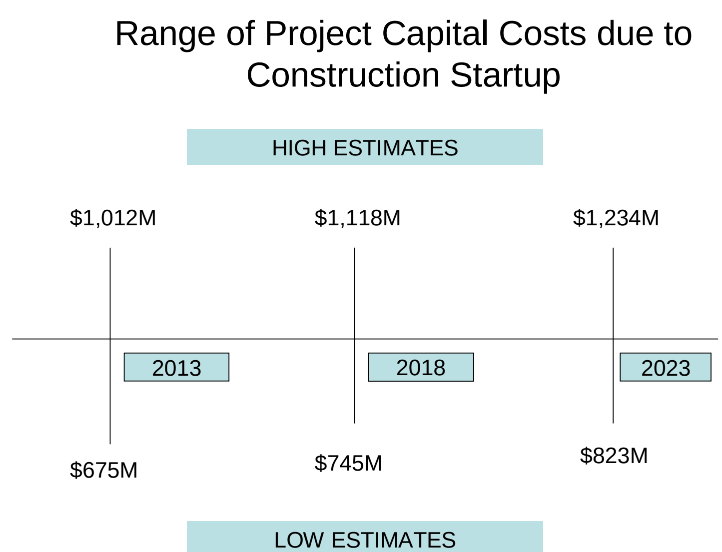

Figure 7 – Range of Project Capital Costs - Construction Startup

A recent example of another LRT system and its respective Project Capital Costs include:

Waterloo LRT/BRT Project:

19km of LRT + 17km of BRT = $818 million (in 2014 dollars)

While the breakdown of costs remains confidential at this time, it is expected that a significant amount of the $818 million is related to Waterloo Region’s LRT. Assuming $750 million (in 2014 dollars) is LRT related, this equates to approximately a cost of $39.5 million per kilometre (in 2014 dollars).

Capital cost estimates provided for a Hamilton B-Line LRT system seem to be high in comparison to other systems. Assuming that $811M (2011 dollars) is a reasonable estimate, a 13.8km LRT line would equate to $860M in 2014 (based on 2% inflation), approximately $61 million per kilometre. When considering the lower end estimate of $675M (2013 dollars) and the respective increase to $689M (2014 dollars), the resulting $49 million per kilometre remains relatively high compared to other systems.

Included in the 2013 rapid transit work plan is an opportunity to undertake a Value Engineering assessment to review capital cost estimates. This evaluation may uncover savings not already accounted for in the current capital cost estimates. For example, a Value Engineering assessment undertaken by the Region of Waterloo for its LRT system resulted in a project cost savings of approximately 18%.

With the introduction of an LRT system on Hamilton’s B-line corridor, there may be changes in the service delivery of other City services which could result in additional City capital costs of approximately $1.8 million (as identified in report CM11016/PW11064/PED11064/FCS11072.) Much of the additional cost would be dedicated to the purchase of an articulated aerial device for the Hamilton Fire Department valued at approximately $1.5 million. The remaining $300,000 would be dedicated to such anticipated services as enhanced litter control and concrete curb repairs.

11.0 B-LINE Corridor Capital Works – Status Quo

LRT capital cost estimates include the removal of existing pavement surfaces along the corridor and the removal/relocate/install of municipal sewer and water services. LRT roads will have a life cycle of 35 years and LRT subsurface infrastructure will have a life cycle of 50 years. Assuming that all capital works associated with the implementation of Hamilton's LRT B-Line are funded by other levels of government, a reduction in the overall backlog of City rehabilitation, replacement and reconstruction needs along the corridor would be realized.

Due to budget constraints, all City capital works noted below are not necessarily programmed within the capital budget. The budget is determined based on risk assessment. However, these capital works are part of the overall backlog of rehabilitation and reconstruction needs contributing to the accumulation of the City's infrastructure deficit annually. The following summary is provided in order to quantify the backlog of capital works that would be reduced.

Roadworks

Capital works associated with Roads are identified as either road resurfacing or road reconstruction.

To determine which capital work is necessary on a segment of road, an overall condition index (OCI) is determined. The need for a road reconstruction is triggered when an OCI index of 0 to 20 is identified. When the OCI index is between 21 and 60, road resurfacing is required.

There are 157 road segments on the B-Line corridor, or approximately 58.6 lane kms. At present**,** ninety segments (or 35.3 lane kilometres) require road resurfacing. City staff recognizes that the B-Line corridor is a main artery in downtown Hamilton with significant road usage.

Within a 35 to 50-year period, it is anticipated that one (1) road reconstruction of the entire B-Line corridor would potentially be addressed. As noted in the chart below, this equates to approximately a $38.1 million reduction in backlog of City road works.

Sewermains

Capital works associated with Sewermains are identified as either sewer Cured in Place Pipe (CIPP) Lining or sewer replacement.

Sewermain conditions are assessed by using a closed circuit television (CCTV) video*.* There are five condition levels : 1 (very good) through to 5 (critical). When a sewermain has a condition level of 3, 4 or 5, sewer lining is recommended provided that no capacity upgrades are required. A condition level-5 may require full sewer replacement, depending on the severity of the structural defects that could prevent the installation of a liner.

There is approximately 37 kilometres of sewermain along the B-Line corridor. At present, 4 kilometres of sewermain have a need for full replacement. Once a sewer is replaced or relined, the life expectancy of that sewermain increases to the original 50 year life span. It is presumed that the remaining 33 kilometres of sewermain will require, at the very least, a relining over a 50-year period. These costs are illustrated in the chart below.

Watermains

Watermain capital works is primarily a replacement. Watermain conditions are determined by reviewing and analyzing the break history, pipe material and age of the infrastructure.

There is approximately 37 kilometres of watermain along the B-Line corridor. It is the assumption of City staff that, over a 50-year period, at least 19 kilometres of watermain (approximately half of the total kilometres) will have a need for replacement. The chart below quantifies the reduction in backlog that would be addressed.

CAPITAL WORKS	UNIT COST (2011 $s)	LANE KMS OR KMS	Reduction in Backlog
ROADS			
Reconstruction	$650,000 / lane km	58.6 lane kms	$38.1 M
SEWER			
CIPP Lining	$325,000 / km	33 kms	$10.7 M
Replacement	$1,625,000 / km	4 kms	$ 6.5 M
WATER			
Replacement	$1,250,000 / km	19 kms	$23.7 M
		TOTAL	**$79 M**

Figure 8 – Reduction in Backlog

As stated above, not all City Capital works noted are programmed within the Capital budget. However, these capital works are part of the overall backlog of rehabilitation, replacement and reconstruction needs accumulating and adding to the City’s annual infrastructure deficit. The implementation of the LRT B-Line system will potentially address the future backlog of capital work totaling an estimated $79 million (in 2011 dollars).

12.0 LRT Project Operating Costs / Cost per Passenger

LRT Project Operating Costs

A Preliminary Operations and Maintenance plan for the 13.8 kilometre LRT system along the B-line corridor was completed by Steer Davies Gleave.

The report highlights a preliminary organizational structure and estimated costs associated with labour, maintenance, power for the vehicles and the LRT system. This information is based on typical operations and maintenance practices used worldwide. The preliminary operations and maintenance plan assumes the LRT system is a direct operating division of the City of Hamilton.

The preliminary organizational structure identifies approximately 182 staff members. Current existing staff may be qualified to carry out some of the functions identified, therefore, reducing the number of staff required for the LRT. However, for the purposes of conservative costing, a stand alone structure has been maintained.

As illustrated below, the organizational structure is broken down into five departments that report to a General Manager.

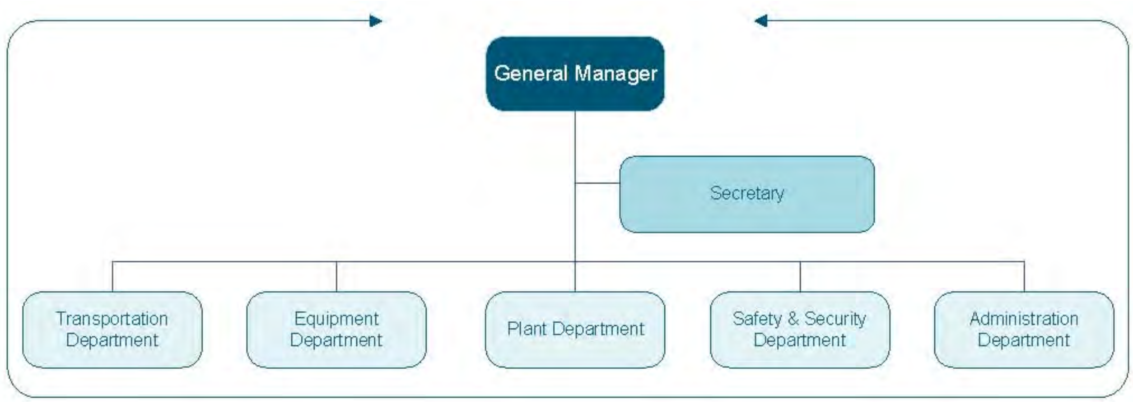

Figure 9 – Organizational Structure

The General Manager’s Office provides management direction, coordinates the activities of the Operations and Administration departments and is responsible for the performance of all aspects of the transit service. FTE = 2.

The Transportation Department is responsible for operating LRT vehicles and monitoring and controlling service from the Control Centre. FTE = 86.

The Equipment Department is responsible for vehicle maintenance and servicing. On a scheduled basis, all vehicles will undergo preventive maintenance, safety tests, major overhauls and inspections. Maintenance staff will handle LRT vehicle problems during revenue service. FTE = 27.

The Plant Department will look after the maintenance of all fixed assets including stops, tracks/right-of-way, offices and yards. FTE = 29.

The Safety and Security Department is responsible to ensure the safety and security of all passengers and staff of the transit system and its facilities. It will oversee the auditing, quality assurance and environmental monitoring for the transit system. FTE = 17.

The Administration Department will provide financial management, revenue collection, legal, human resources, procurement, marketing and IT support.

In summary, the report identifies a total operations and maintenance cost of approximately $14,459,522 annually to include labour, maintenance, and power for the LRT vehicles and the LRT system.

COST ITEM	**PER YEAR ($2011)**
Labour Costs	$ 12,050,200
Vehicle Maintenance Costs	$ 395,340
Track Maintenance	$ 84,260
Power Costs	$ 488,900
Cost for parts for maintenance of Catenary and TPSS	$ 60,000
Cost for parts for maintenance of Communications & fare collection equipment	$ 30,000
Office Supplies	$ 36,320
SUB-TOTAL	$ 13,145,020
10% (Contingency -insurance, rates, property taxes, etc)	$ 1,314,502
TOTAL	**$ 14,459,522**

The Labour component is primarily driven by the Transportation department accounting for 50% of the labour costs equating to $6,045,000. Eighty six employees will work shifts seven days a week and provide services to meet the traveling demand of the public.

To accommodate a 4-minute headway for morning and afternoon peak periods, 22 LRT vehicles are required (19 operational, 3 stand-by spares). Non-labour maintenance costs per vehicle are estimated at $17,970 per year.

Various components of the track system will need to be replaced at different periods of time. A Track Maintenance annual budget of $84,260 will ensure the track is continuously maintained. If the track is neglected and maintenance deferred, higher costs will be incurred in a shorter time frame. This will result in replacement costs having to be capitalized.

Annual Power consumption costs are made up of a total of three components including:

- o Traction Power Consumption
- o Stop Power Consumption
- o Maintenance Storage Facility Power Consumption

Based on estimated kWh for each component and published rates from Horizon Utilities, the resulting estimate is $488,900 per year for Power Costs.

Similar to track maintenance, it is important that scheduled inspections and periodic replacements are carried out annually for the maintenance of the catenary, communications and fare equipment systems. If these systems are well maintained on an annual basis, replacement costs can be accommodated within the operations and maintenance budget.

Operating Budget Impacts and Operating Cost per Passenger

To determine estimated financial impacts LRT would have on the operating budget, staff prepared a comparable analysis of the existing Bus system (HSR) vs. Bus and LRT system.

The analysis included the following assumptions:

- o LRT system is operated by the existing Transportation Division of the City of Hamilton
- o Existing staff will be utilized where possible
- o 18 buses are removed from service

As illustrated in Table-1, (Day 1 – Existing Ridership with LRT - LOW), the BUS column reflects current HSR expenditures and revenue actuals projected for 2012 with a net levy impact of $44M (excluding Gas Tax Revenues). The current system-wide ridership is approximately 22 million. This results in a system-wide net operating cost per passenger of $2.00. On the existing bus B-Line route only, a net operating cost per passenger is estimated at $1.07. The detailed analysis can be found in Appendix A.

The BUS and LRT column represents the implementation of an LRT system along the B-Line corridor including HSR bus route integration on Day 1. This scenario accounts for an LRT headway of 6 minutes and a shift of one third of service hours and riders from the King and Delaware routes to the B-Line route. This results in a decrease to the operating costs for both the King and Delaware lines, and an increase to the operating cost of the B-Line route.

Assuming total ridership remains the same, the gross and net levy will increase by $2.9 million. With a higher net levy compared to the existing bus system (i.e. $44M to $46.9M), the resulting net operating cost per passenger for both system-wide and B-line-Only have increased to $2.13 and $1.80 respectively. The detailed analysis is provided in Appendix A.

It is worth noting that, if a decision is made to redeploy the 18 buses to other routes within the network, there would be an increase of $6 million in gross operating costs. This figure does not include revenue from ridership which would occur and, to some degree, offset these costs.

TABLE 1
DAY 1 – EXISTING RIDERSHIP WITH LRT - (LOW)

	Existing BUS Service	BUS & LRT	VARIANCE	% VARIANCE
GROSS EXPENDITURES	$79M	$81.9M	$2.9M	3.6%
REVENUES *	($35M)	($35M)	($0)	0%
NET LEVY	$44M	$46.9M	$2.9M	6.5%
Ridership	22 M	22 M	0 M	0%
Net Operating Cost per passenger(System wide)	$2.00	$2.13	$0.13	6.5%
Net Operating Cost per passenger(B-Line only)	$1.07	$1.80	$0.73	68%

* Average Fare rate per passenger $1.59 and does not include Gas Tax monies
Note: Assumes the existing $6million bus B-Line costs are NOT redeployed.

Public transportation industry consultants have stated that two-thirds of ridership from the existing B-Line corridor can be expected to transfer to the LRT B-Line causing an immediate 8% city-wide ridership increase to potentially occur with the implementation of an LRT system.

As illustrated in Table-2, (Day 1 – Increase Ridership with LRT HIGH) these assumptions result in an increase of approximately 1.8 million riders. With the increased ridership along the B-Line, an LRT headway of 4 minutes would be implemented. This results in a net levy impact of $3.5M or 7.9% increase to the current existing HSR Budget. Net operating cost per passenger system-wide remains the same as existing cost per passenger $2.00, and the B-Line-Only net operating cost per passenger equates to $0.45. The detailed analysis is provided in Appendix A.

TABLE 2
DAY 1 – INCREASE RIDERSHIP WITH LRT - (HIGH)

	Existing BUS Service	BUS & LRT	VARIANCE	% VARIANCE
GROSS EXPENDITURES	$79M	$85.3M	$6.3M	7.9%
REVENUES *	($35M)	($37.8M)	($2.8M)	8.0%
NET LEVY	$44M	$47.5M	$3.5M	7.9%
Ridership	22 M	23.8 M	1.8 M	8.0%
Net Operating Cost per passenger (System wide)	$2.00	$2.00	$0	0%
Net Operating Cost per passenger(B-Line only)	$1.07	$0.45	$(0.62)	(58%)

* Average Fare rate per passenger $1.59
Note: Assumes the existing $6million bus B-Line costs are NOT redeployed.

The above-noted analysis provides an estimate of net operating budget impacts and net operating cost per passenger for Day 1 with LRT for two ridership scenarios (Low & High). In summary, a Bus and LRT system would result in a system wide net operating cost per passenger ranging from $2.00 to $2.13 compared to the existing system-wide net operating cost per passenger of $2.00. The LRT B-Line-Only would result in a net operating cost per passenger ranging from $1.80 to $0.45, compared to the existing B-Line-Only net operating cost per passenger of $1.07. Net levy impacts on Day 1 would also range from $2.9 million (no increased ridership) to $3.5 million (increase in ridership).

While Table 1 and Table 2 examine a Day 1 scenario, it is also important to consider the future operations of the system. Table 3 compares the Existing Bus system and Bus and LRT system to year 2031. Gross Expenditures for each were inflated by 2% annually to year 2031. Revenues were determined by the ridership projections for 2031. The existing average Fare rate per passenger of $1.59 has been increased by 40% to $2.23 based on a 10-year historical average increase of 20%. The detailed analysis is provided in Appendix B. For the Bus system, consultant Hatch Mott McDonald recommended 16% ridership growth over the 20 year period which equates to less than 2% a year. For the Bus and LRT system, 2031 ridership projections were provided by Consultants

Steer Davies Gleave. The LRT ridership estimate includes a 30% uplift based on optimizing routes to complement LRT, 31% uplift based on quality and reliability associated with LRT and an additional 30% based on growth (assuming full 2031 GRIDS growth is achieved).

TABLE 3
FUTURE 2031 – INCREASE RIDERSHIP WITH LRT

	BUS - 2031	BUS & LRT-2031	VARIANCE	% VARIANCE
GROSS EXPENDITURES	$115M	$126.6M	$11.6M	10%
REVENUES*	$(56.8M)	$(75.3M)	$(18.5M)	32.5%
NET LEVY	$58.2M	$51.3M	$(6.9M)	(11.9%)
Ridership	25.5M	33.9M	8.4M	32.9%
Net Operating Cost per passenger (System wide)	$2.28	$1.51	$(0.77)	(33.7%)
Net Operating Cost per passenger(B-Line only)	$1.12	$(0.75)	$(1.87)	(167%)

* Estimated Average Fare per passenger $2.23 in 2031 (based on 10-year history of rate increases)

The results indicate that a combined Bus and LRT system would operate at a lower net levy impact in year 2031, compared to existing Bus service in year 2031. Net operating cost per passenger for both system-wide and B-Line is also significantly lower. Consultants have reported that LRT will bring a greater increase in ridership to the system.

Other City Cost Impacts: With the implementation of a B-Line LRT system, consideration must be given to operating implications of all other divisions and City Departments. Winter control, street tree trimming, street lighting, water and sewer and parking/By-law services all contribute to the approximate $8.7 million city operating cost implications from other areas (as identified in report CM11016/PW11064/PED11064/FCS11072) . These proposed changes would require Council approval and proceed through the normal operating budget process.

Ridership

The chart below shows LRT daily ridership displayed by TRK index. (**TRK index =daily ridership/route length (km) / 1000)**

Therefore, as illustrated in the chart below, Day 1 LRT ridership in Hamilton is within range of the majority of successful LRT systems. This analysis shows that B-Line LRT is viable from a ridership perspective.

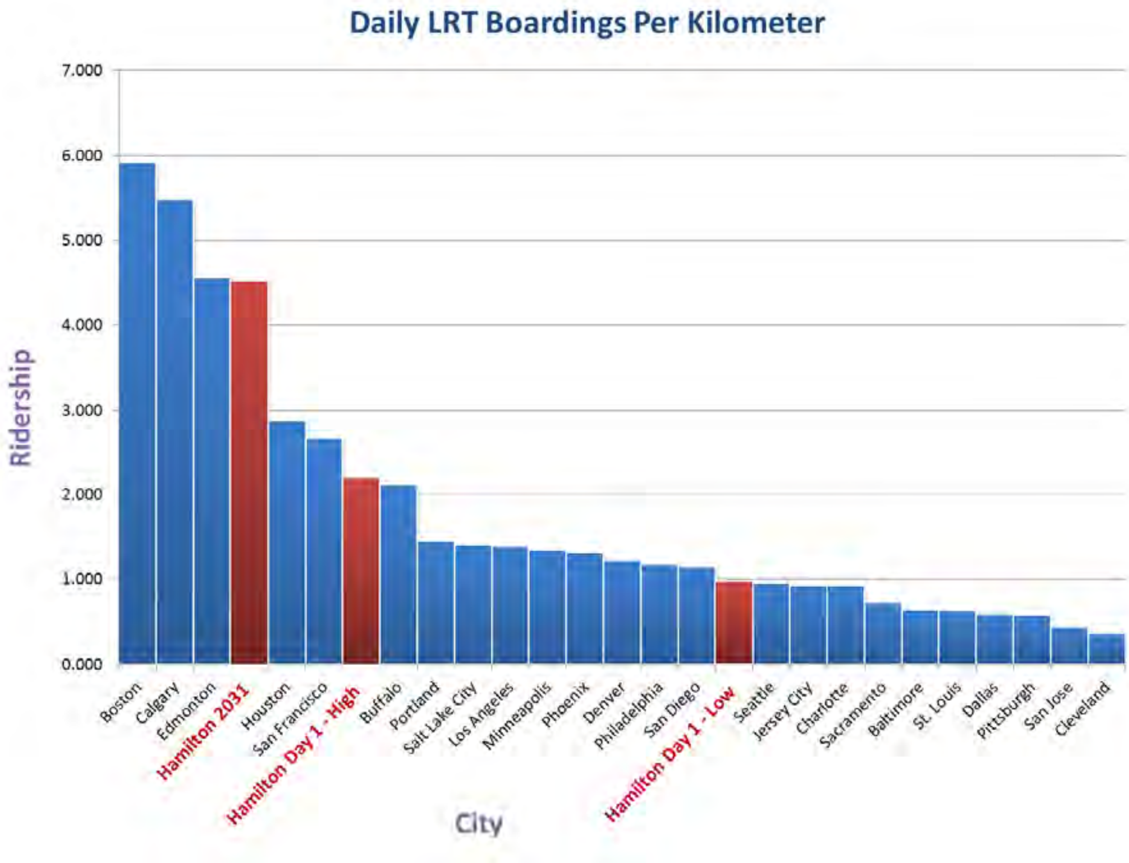

Figure 10 – LRT Boardings

13.0 Hamilton B-Line LRT Phasing Alternatives Analysis

As part of the 2012 Rapid Transit Work Plan, staff received direction to undertake an evaluation of phasing options for Hamilton’s B-Line LRT initiative to inform and assist Council in the decision making process related to B-Line LRT phasing alternatives.

The analysis will outline the advantages, disadvantages and trade-offs associated with a number of phasing alternative scenarios including:

- Scenario A - Business as Usual - Bus Routes: 1, 1A, 5 group, 10, 10A, 51, 52, 55, 55A, 58
- Scenario B - TPAP Approved – McMaster University to Eastgate Square – 13.8 km
- Scenario C - McMaster University to Ottawa Street – 9.1 km
- Scenario D - McMaster University to Queenston Circle – 10.8 km
- Scenario E – Downtown (MacNab Street) to Eastgate Square – 9.2 km

McMaster to Downtown option was not included since it does not connect to the potential Maintenance Storage Facility which was assumed to be 330 Wentworth Street North.

A multiple accounts evaluation (MAE) approach was applied including an assessment and evaluation of specific measures related to Community Benefits Account (User, Environmental, Economic Development, Community, and Urban Development) and Financial Considerations Account (e.g. Capital Costs, Operating Costs, Cost Effectiveness).

Findings from the MAE analysis show that Scenario B–McMaster University to Eastgate Square received the highest ranking for both the Community and Financial Accounts. Following closely behind is Scenario D–McMaster University to Queenston Circle.

Details of the Hamilton B-Line LRT Phasing MAE analysis and findings are included in the attached staff reports.

14.0 Economic Uplift

Land Value and Property Taxes

LRT is considered to be one of the fundamental elements in the successful redevelopment of downtown cores in urban centres. As identified in the Canadian Urban Institute’s (CUI) Hamilton B-Line Value Uplift and Capture Study (June 2010, *see Appendix C*), private investment often follows public investment. The fixed nature of LRT lines and stations attract investment by developers which often results in new infill development for mixed use, commercial or residential purposes. The heightened development supports regeneration by bringing people back to the core to live, work, learn and play. Revitalizing the core will attract creative talents by offering a high quality of life at a relatively low cost of living.

LRT stations in downtown cores often attract more office and retail development. According to the City of Hamilton Office Study (December 2009), the office vacancy rate in Hamilton was 15% and, while demand for office space has been strong, that is not the case in the downtown core. While neighbouring municipalities have experienced growth in their occupied space, Hamilton has struggled. Therefore, in order to compete, Hamilton needs to build amenities such as LRT to offer an urban form that will attract new office tenants.

Three of the key drivers supporting office development include:

- Clustering of services
- Economic factors (i.e.: competitive lease rates, operating costs, taxes)
- Amenities (i.e.: access to services, good quality housing, and recreational opportunities.)

LRT would contribute to these main drivers by enhancing mobility and making such amenities more accessible.

As noted in the Hamilton B-Line Value Uplift and Capture Study, “*higher order transit has the potential to enhance the value of land and lead to economic development along the transit corridor*.” The greatest increase in land value is focused on properties located within a reasonable walking distance from the station (e.g. 5 minute walk, 400m from station) and properties that are visible from the transit line. Conservative estimates indicate a 10-to-20% value premium for real estate located within easy access to the station.

To estimate an uplift value for Hamilton, the CUI study identified vacant and underused parcels of land within 400 metres of the B-line, likely to be redeveloped. This analysis included both vacant public and private parcels of land (e.g. surface parking lots).

Researchers identified prototypes of typical Hamilton buildings and determined future development potential for each of the vacant or underused parcels of land. A workshop was held with the participation of a wide cross section of City staff and Councillors to obtain feedback on the likelihood and timing of development.

The analysis of the development potential on the identified properties determined:

- o 32 development projects were likely to proceed along the B-line corridor *without LRT*
- o 108 development projects were likely to proceed along the B-line corridor *with LRT*

Three times the number of developments are likely to occur within the same timeframe *with LRT* than *without LRT*. Given current market conditions in Hamilton, it was determined that 60% of these developments would be residential buildings and 40% non-residential.

The study also shows that, over the coming 15 years, approximately 2.1 million square feet of development is likely to occur *without LRT,* compared to 5.7 million sq.ft of development that is likely to occur *with LRT*. The difference equates to 3.6 million square feet of additional development that could occur with a City of Hamilton public investment in LRT.

The two figures below highlight the difference in property tax assessment for the two scenarios, *Without LRT* and *With LRT.*

Figure 7 - Distribution of New Taxable Assessment "Without LRT" Per Square Metre

Figure 8 - Distribution of New Taxable Assessment "With LRT" Per Square Metre

Figure 11 – CUI - Distribution of New Taxable Assessment "With" and "Without" LRT[15]

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[15] **CUI Analysis, page 46, Figures 7 & 8**

More recently, the City’s Planning and Economic Development Department analyzed the potential for the properties along the corridor to transform into a different built form consistent with recent land use policy directions for the Main-King-Queenston corridor. Phase one of the Main-King Queenston Corridor Study (2012) looked at the properties within 400m on either side of the corridor and estimated that with a transformation of the properties to an appropriate built form (generally, multi-story mixed use buildings), the corridor would accommodate approximately a 1.2 million square feet increase in commercial space and 11.4 million square feet increase in residential space throughout the corridor (not including Downtown). These estimates assumed a certain percentage of the building stock would redevelop within the planning period (to 2031).

The CUI analysis was a more conservative approached, estimating 3.6 million square feet, compared to 12.6 million square feet estimated by the Main, King Queenston Corridor Strategy. The City’s development estimates are considered optimistic and may not occur within the 2031 period as it is recognized that redevelopment and transformation will require more than the construction of an LRT line. Pace of redevelopment will be affected by market trends, the demand for residential and commercial, availability of suitable sites for redevelopment along the corridor. A multifaceted strategy would have to be in place to encourage and facilitate intensification and development along the corridor.

To illustrate, note the more detailed work completed by the City’s Planning and Economic Development Department Nodes and Corridors study compared to the CUI Value Uplift and Capture Study:

To illustrate
Dundurn:
CUI: Total New Floor Space = 228, 110 sq. ft

3 DUNDURN

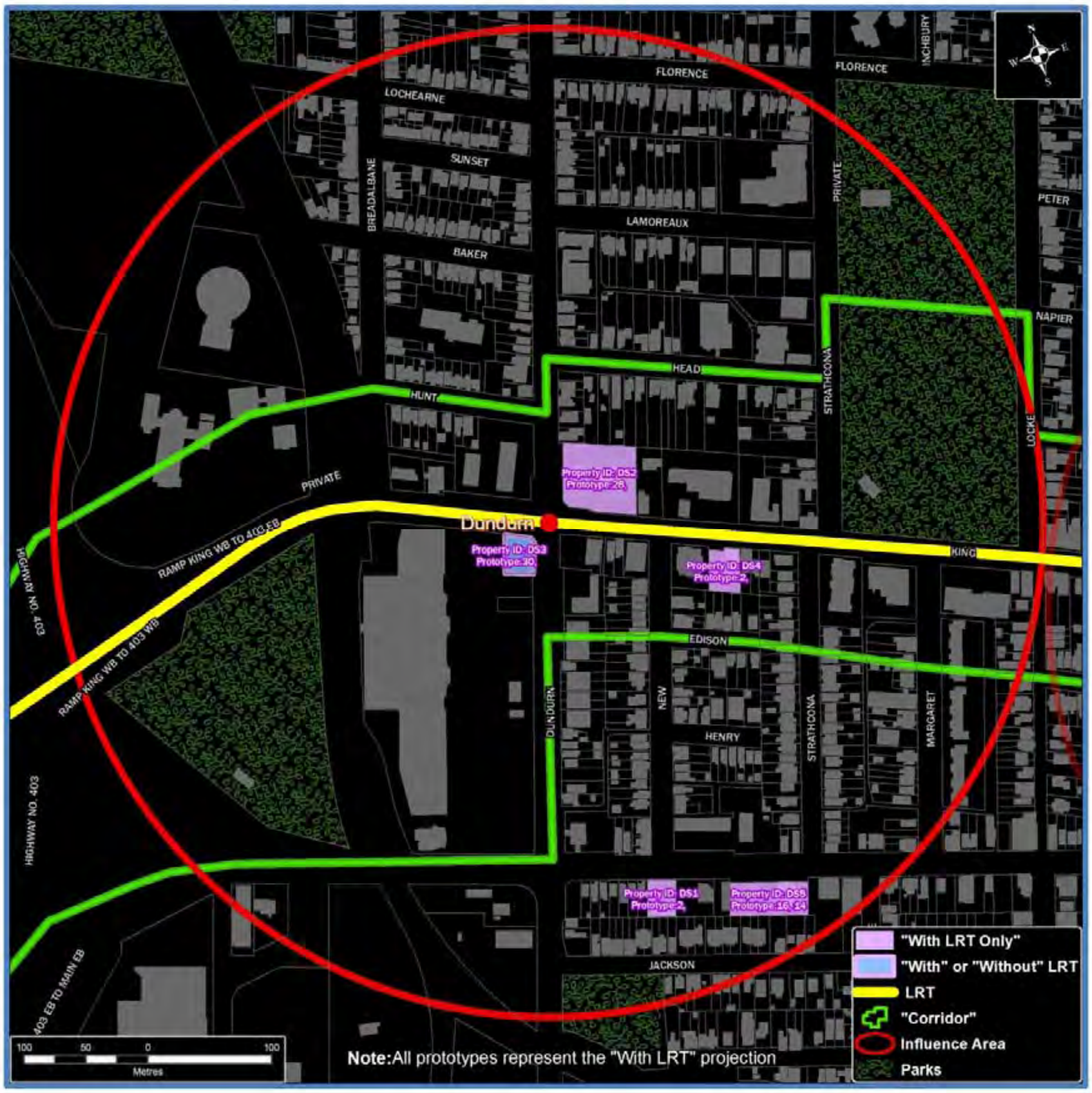

Figure 12 – Total New Floor Space CUI – Dundurn

City of Hamilton: Total New Floor Space = 1,309,179 sq. ft

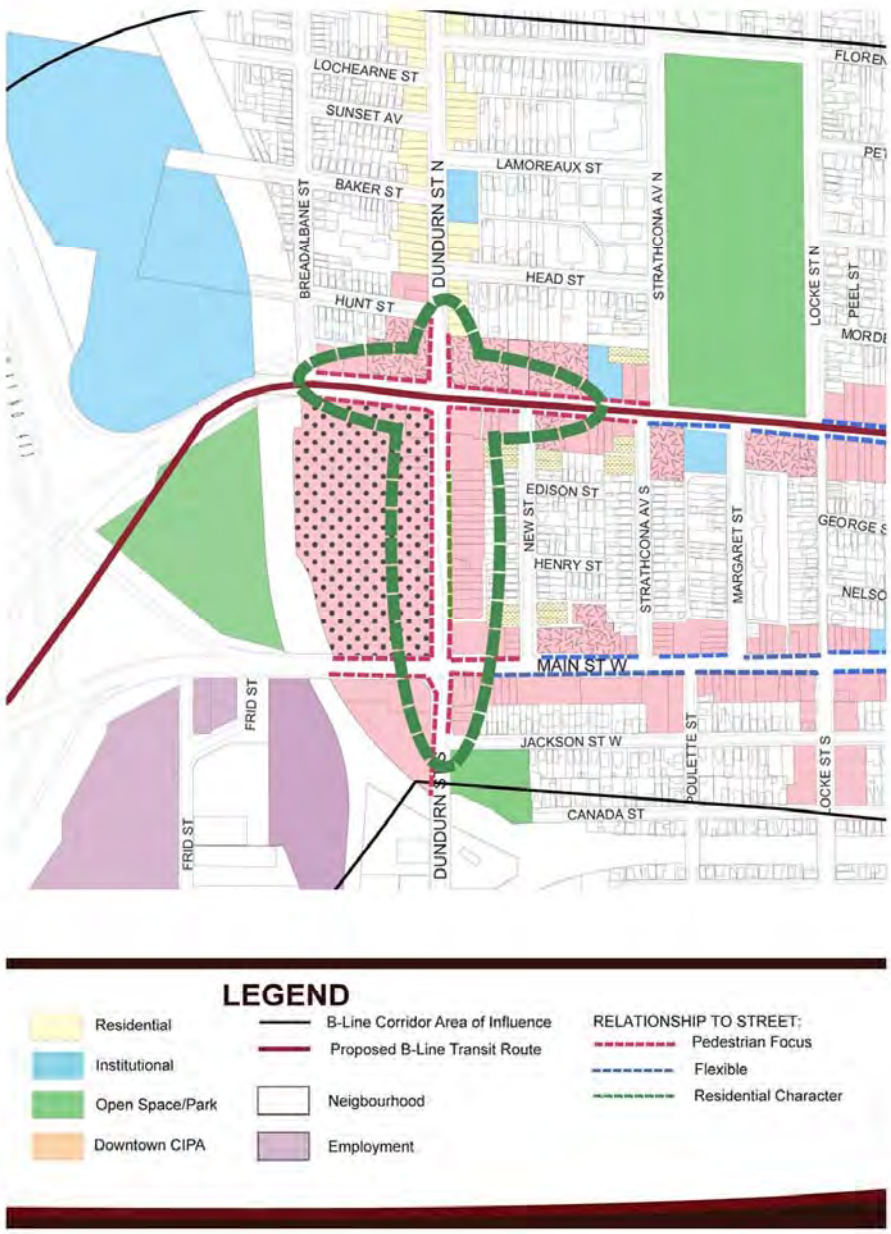

Figure 13 - Total New Floor Space – City Of Hamilton

To illustrate:
Nash Road:
CUI: Total New Floor Space = 184,600 sq. ft.

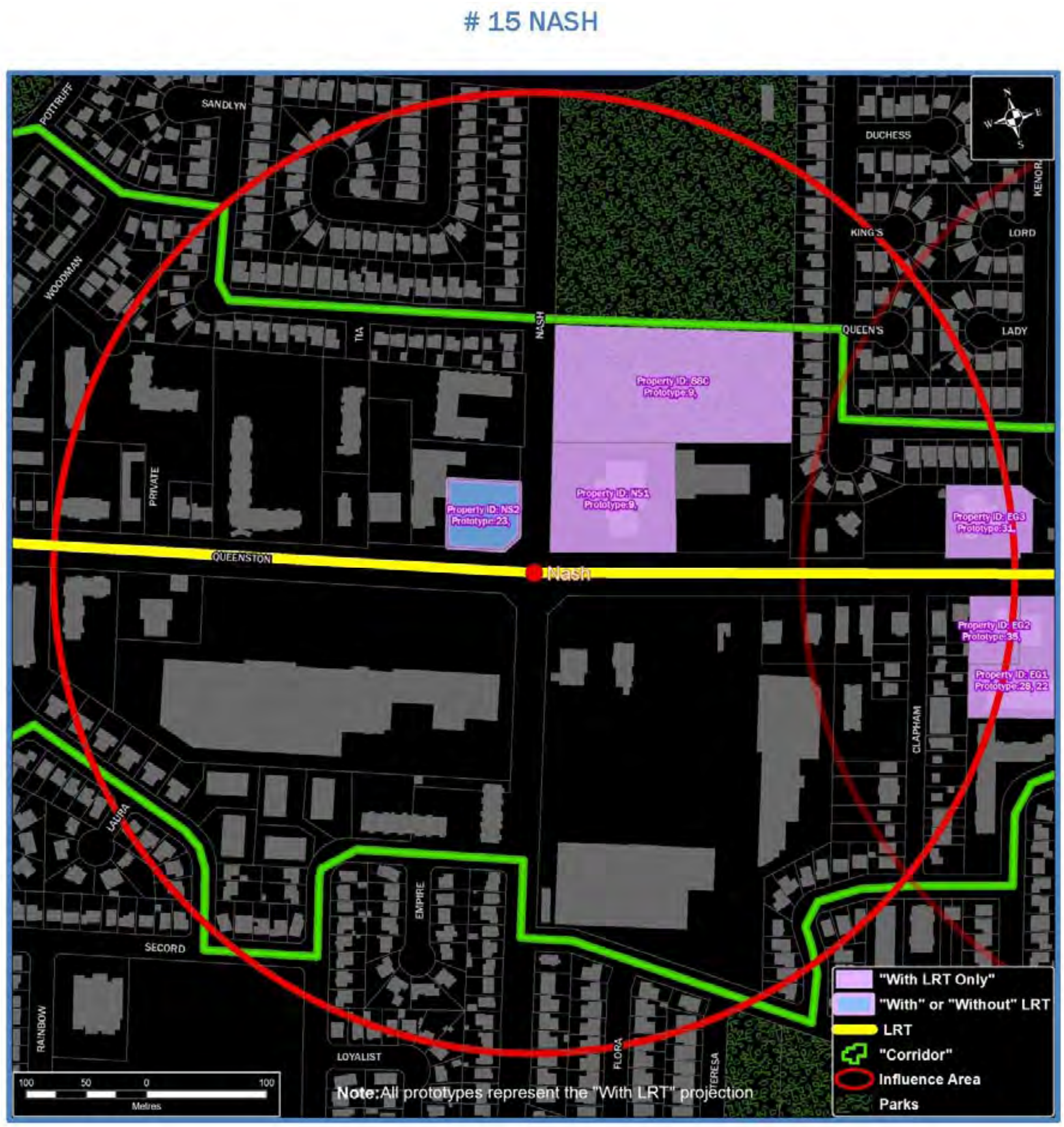

Figure 14 – Total New Floor Space CUI – Nash

City of Hamilton Total New Floor Space = 2,208,740 sq. ft.

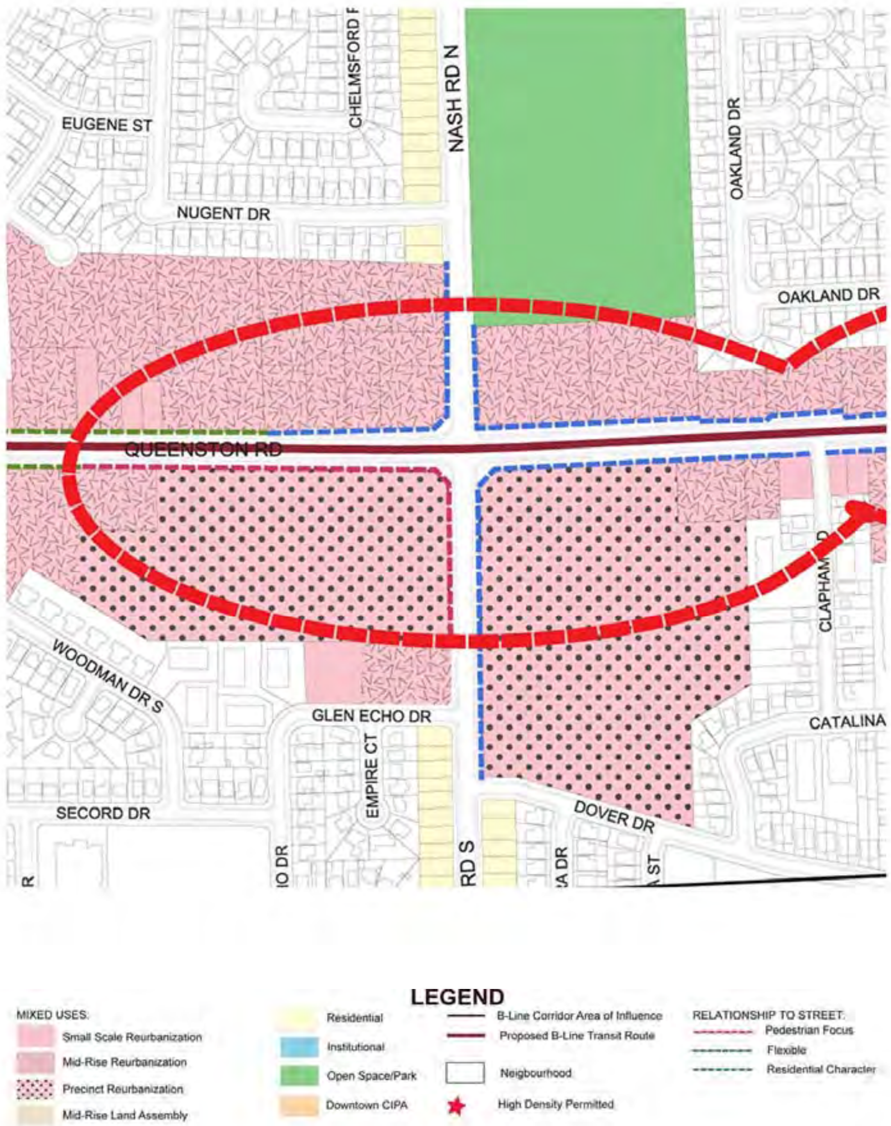

Figure 15 – Total New Floor Space City of Hamilton – Queenston

As noted previously, the CUI study shows very conservative development projections. CUI also used a conservative approach when determining the revenue estimates generated by the additional development.

CUI summarizes the estimates of the financial benefits of the B-line as follows:

Estimate of B-Line Financial Benefits

Source of additional tax benefit for Hamilton (based on 3.6 million sq. ft.)	**Amount over 15 years**
Tax Benefit from new development by LRT on evaluated vacant and underused parcels (New Tax $s collected by the City)	$22.4 million
Building permit fees and development charges for this new development (New $s collected by the City)	$30.2 million
LRT value premium – Homeowner Benefit $29 million	Net Value $0
TOTAL	**$52.6 million**

The increase in taxable assessment and tax benefit resulting from new development (by location in the corridor) indicated that approximately 71% of the uplift occurred within a one block range for a total of $16 million. The remaining $6.4 million was beyond 1-block but within a 400 metre radius for a total of $22.4 million.

Building permit fees and development charges for the new development equates to approximately $30.2 million. This model assumed that existing development charge exemptions in the City of Hamilton were discontinued.

An LRT value premium was also calculated on properties within 400 metres of an LRT line because of its increased accessibility relative to other properties elsewhere in the City. This uplift premium increases the property taxes paid by the property owners benefiting from the LRT and reduces the taxes for all other taxpayers.

Blue = **2% LRT premium**
Purple = **4% LRT premium**

Figure 16 – LRT Premium areas

Of the $29 million of LRT value premium, 60% is attributed to properties located within a 1-block depth (4% premium).

A total of ***$52.6 million*** is an estimate of the financial benefits of the development potential of a B-line LRT system, based on the 3.6 million square foot increase in development as shown in the CUI study, *not* the City of Hamilton’s estimates.

The Hamilton B-line Value Uplift and Capture study suggests that, over time, LRT stations would become the focus of new development and economic activity, similar to what has occurred in Portland, Dallas and Minneapolis.

It is worth noting that “The North American Light Rail Experience: Insights for Hamilton” report, prepared by the McMaster Institute for Transportation & Logistics (MITL) concludes that LRT itself is “a tool to guide development more than a generator of development. Even in favourable locations, ridership increases and new developments associated with light rail may proceed slower than anticipated. Planning incentives will likely be necessary to induce new investment along the route. To that end, the City of Hamilton is currently engaged in land use planning in advance of rapid transit and appears to be adhering to sound principles for the most part.” MITL also concluded that light rail transit has the potential to succeed in Hamilton under the right set of circumstances.

15.0 Employment Growth

As stated previously, LRT is often a catalyst for stimulating the economy through investment in infrastructure. This includes job creation in both the initial design and construction stage and in the ongoing operations and maintenance phase.

Estimates show that approximately 6,000 construction jobs (provincial) would be created with the implementation of a B-Line system, 3,500 directly in Hamilton. Approximately 1,000 jobs (provincial) would be created to deliver regular operations and maintenance, including 300 jobs in Hamilton.[16]

[16] **Hamilton Rapid Transit Initiative: Hamilton Economic Potential Study**

Employment generated by the LRT initiative would create further increases in spending which could have local (Hamilton) and provincial impacts. As noted in the *A-Line Economic Potential Impact* study (Steer Davies Gleave), such spending permeates through the economy by way of direct, indirect and induced impacts:

- Direct impact relates to the direct spending and employment created in each industry (i.e.: on-site construction jobs, rolling stock manufacturing jobs).
- Indirect impact relates to the spending and employment created in other industries further down the chain that would produce materials and services required for direct inputs.
- Induced impacts relate to additional spending generated by both direct and indirect impacts from higher wages and employment.

According to the *Hamilton Rapid Transit Initiative: Economic Potential Study,* a B-Line LRT investment is estimated to result in an increase of more than $443 million in Ontario’s GDP.

16.0 Health

Investments in public transportation such as LRT can help shape a city's built environment into a more walkable, complete and compact community. Transit friendly communities have positive impacts on human health. For instance, a 2009 study states that "*80% of cardiovascular diseases and type 2 diabetes along with 40% of cancers could be avoided if major risk factors associated with the environment were eliminated*." [17]

In fact, for each additional hour spent in a car per day, the likelihood of a person becoming obese increased by 6%.[18] By contrast, people who each walked an additional kilometre per day reduced their chances of becoming obese by 5%.

According to Statistics Canada, the number of overweight and obese people in Hamilton is higher on average than levels in similar cities. This has become an increasingly greater public concern and is impacting the health care system.

In 2010, another study was conducted both before and after the construction phase of the Charlotte North Carolina Light Rail Line. The study concluded that "*public transit systems can generate positive health impacts by encouraging greater numbers of users to walk to station stops and maintain more physically active lives on top of the general transportation benefits accrued*." [19]

According to the 2010 Hamilton B-Line Benefits Case Assessment completed by Metrolinx, annual accident costs are expected to be reduced by $2.48 million over a period of 22 years, primarily because transit is found to be a safer mode of travel compared to driving. Upon further evaluation, Steer Davies Gleave estimates this cost savings to rise to $3.48 million during the 2008 to 2031 evaluation period.

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[17] Metcalfe, O., & Higgins, C. (2009). Healthy public policy – is health impact assessment the cornerstone? Public Health, 123, 296-301
[18] Frank, L., Andresen, M., & Schid, T. (2004). Obesity relationships with community design, physical activity and time spent in cars. American Journal of Preventative Medicine, 27(2), 87-89.
[19] MacDonald JM, Stokes RJ, Cohen DA, Kofner, A, Ridgeway GK. The Effect of Light Rail Transit on Body Mass Index and Physical Activity. American Journal of Preventative Medicine. 2010. 39(2)105-112.

17.0 Environment

Light rail transit has the ability to improve air quality by shifting mode choice from single occupancy vehicles to transit. Data collected by Clean Air Hamilton indicates that particulate matter and other toxins are most highly concentrated along roadways and intersections than compared to any other locations elsewhere in the city. This shows that transportation traffic in Hamilton contributes either as much or more significantly to air pollution than does surrounding industry. These emissions are directly related to acute and chronic heart disease.

According to Shapiro et al 2002, "*Moving a person a given distance by public transportation produces, on average, only about 5% as much carbon monoxide, less than 10% as much volatile organic compounds, and nearly half as much carbon dioxide and nitrogen oxides, as moving a person the same distance by private automobile, SUV, or light truck*." [20]

In terms of energy intensity, automobiles including cars, sport utility vehicles and light trucks required an average of 5,255 British Thermal Units (BTUs) per passenger mile, while transit BTUs ranged from 911 to 1,612 for heavy rail, light rail and commuter rail in 1998.[21]

In the Toronto area, taxpayers pay approximately $2.2 billion in mortality related issues arising from traffic pollution. A 30% to 50% reduction in car traffic can lower emission rates, saving an estimated 200 lives and $900 million per year.[22]

According to Topalovic et al. 2012, local transit can reduce total vehicle use by 2% to 12%. However, LRT combined as an integral part of "*transportation planning, commute trip reduction, smart growth policy and parking management may be able to reduce total vehicle use by 18 to 58%.*"[23]

According to the Victoria Transportation Policy Institute (VTPI 2007)[24], auto-dependent communities require 20 to 50 times more space than transit-based communities. That means 66 to 80% of the land must be devoted to roads and parking facilities. This pavement deflects rain water causing storm surges which places a large burden on the sewer system. This infrastructure also requires constant maintenance (resurfacing, lining, replacement and dredging), impacting the overall municipal budget.

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[20] Shapiro RJ, Hassett KA, Arnold FS. Conserving Energy and Preserving the Environment: The Role of Public Transportation. Washington, DC: APTA: 2002;2. Available at: http;//www.apta.com/research/info/online/Shapiro.cfm Accessed October 21, 2012

[21] Zimmerman R. Mass Transit Infrastructure and Urban Health. Journal of Urban Health: Bulletin of the New York Academy of Medicine, Vol. 82, No.1. 2005

[22] McKeown, D. (2007). Air pollution burden of illness from traffic in Toronto: Problems and solutions. Toronto: Public Health Office.

[23] Topolovic, P., Carter, J., Topolovic, M., Krantzberg, G. Light Rail Transit in Hamilton: Health, Environmental & Economic Impact Analysis. Soc Indic Res DOI 10.1007/s1 1205-012-0069-x

[24] VTPI. (2007). Transportation Costs and Benefit Analysis. Retrieved from the Victoria Transportation Policy Institute, http://www.vtpi.org/tca.

18.0 Social / Tourism

Within the Greater Golden Horseshoe area, Downtown Hamilton has been found to have the highest level of social need (dark purple as outlined in figure 17).

Figure 17 – Big Move Areas of Social Need Map

Category	Corridor	Hamilton	GTHA	Ontario	Canada
Government transfers as a proportion of total income	20.6%	12.9%	9.3%	9.8%	11.1%
Population over 65	14.8%	14.2%	12.2%	13.6%	13.7%
Single Parents	23.6%	14.7%	14.2%	15.8%	15.9%
No High School certificate	38.5%	28.7%	24.1%	22.2%	25.5%
Low Income	35.6%	16.2%	12.4%	14.7%	15.3%
Unemployment rate	10.4%	5.8%	5.2%	6.4%	6.6%

Comparison of Social Need Indicators (*Source: Hamilton Rapid Transit Initiative: Economic Potential Study)*

The proposed LRT corridor scores high in each category with the exception of population over 65 relative to the entire City of Hamilton, Greater Toronto and Hamilton Area, Ontario and Canada. Figures for the corridor are based on areas within an 800 metre radius of the proposed LRT route.

LRT has the potential to connect people living in downtown neighbourhoods with job opportunities and amenities, including health and social facilities which can lead to improved quality of life and accessibility benefits.

Access to high quality public transportation also increases travel reliability and can help reduce overall household transportation expenditures by reducing the need for multiple household vehicles. In 2011, the Canadian Automobile Association estimated the average annual cost of auto ownership to be approximately $12,000 inclusive of insurance, depreciation, financing and costs for fuel and maintenance.

Low income or disadvantaged populations can be vulnerable when inadequate transportation options are available. This is because of greater dependence on automobile travel and ownership of older vehicles, which strengthens the need for a strong, integrated local and regional transportation system.[25]

The proposed B-Line route connects a number of key destinations within the City. These include:

- McMaster University
- McMaster Innovation Park/West Hamilton Innovation District
- Westdale
- Locke Street
- Downtown/Central Business District
- Copps Coliseum
- Hamilton Farmers' Market
- Hamilton Public Library Central Branch
- Jackson Square
- International Village
- Ivor Wynne Stadium
- Ottawa Street
- Eastgate Square, and
- A number of existing neighbourhoods.

In Hamilton, 17% of the existing population and 20% of employment opportunities are located within 800 metres of the B-Line corridor. In addition, 80% of the city's population is serviced by HSR transit routes that connect directly with the B-Line.

"*In order to attract new urbanite companies, Hamilton will have to respond to the needs of young graduates, who, through focus groups and web-based survey, shared their frustrations with the car dependant nature of the city and a lack of transit facilities and opportunities for active transportation*."[26]

The City Manager of Cincinnati, Ohio summarized this by saying, "…*today, young, educated workers move to cities with a sense of place and if businesses see us laying rail down on a street, they'll know that it is a permanent route that*

[25] Murakami E, Young J. Daily travel by persons with low income. In: Proceedings from the Nationwide Personal Transportation Survey Symposium, October 29-31, 1997. Washington, DC: U.S. DOT; 1999:69
[26] Topolovic, P., Carter, J., Topolovic, M., Krantzberg, G. Light Rail Transit in Hamilton: Health, Environmental & Economic Impact Analysis. Soc Indic Res DOI 10.1007/s1 1205-012-0069-x

will have people passing by 7 days a week…Cincinnati has to compete with other cities for investment…talent and for a place of national prominence."[27]

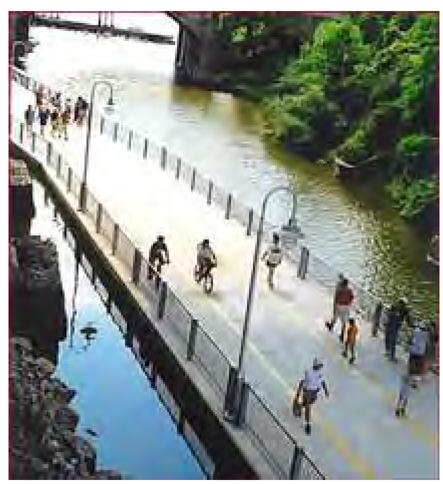
Research conducted by Richard Florida, professor and head of the Martin Prosperity Institute at the Rotman School of Management (University of Toronto) indicates that a number of strategies are required to attract and retain the creative workforce. These include downtown core renewal, heritage building preservation, smart growth, inner urban investment, space conversion, park and trail design, efficient rapid transit and growth in the entertainment sector.

Further, the 2012 study authored by Topolovic et al states that *"sustainable development is no longer just the right thing to do; it is a business decision motivated by financial interests and the need for community well being, and that the evidence indicates that LRT can be a key enabler of downtown renewal and sustainable urban planning and would therefore help to attract the creative class*."

The report analysis also recommends "*that LRT be considered as*:

- *A viable and desirable transit option;*
- *A catalyst for transit oriented, high density, mixed use development;*
- *An economically sound investment opportunity, providing a return on investment to property owners, businesses and the municipality and;*
- *A catalyst for social change; improving the health, environment, sustainability and connectivity of the community.*

These recommendations hold true provided that supportive Smart Growth and Transit Oriented Development policies are in place and that there is significant population, transit ridership and development potential to warrant the investment in the corridor of interest." [28]



[27] Driehaus, B. (2008). Downtowns Across the US See Streetcars in Their Future. New York Times. Retrieved from: http://www.nytimes.com/2008/08/14/US/14streetcar.html
[28] Topolovic, P., Carter, J., Topolovic, M., Krantzberg, G. Light Rail Transit in Hamilton: Health, Environmental & Economic Impact Analysis. Soc Indic Res DOI 10.1007/s1 1205-012-0069-x

19.0 LRT – Image • Connectivity • Community Pride

High quality light rail systems often have an iconic value that is attractive to tourists, commuters and residents. While bus routes can sometimes be difficult for domestic and international visitors to navigate, LRT networks are often perceived to be simpler and more reliable, largely because routes are permanent and highly visible. Because transportation is a key element in the visitor experience, an efficient public transportation system can significantly enhance a city's reputation among travelers.



Photographs courtesy of Dan Banko

Surrounded by nature, Hamilton is rich in history and culture. Exceptional in its distinctive urban feel and vibrant arts and culture, Hamilton has deep roots and a proud history. In order to create a livable city, people must first feel a sense of pride in where they live.[29]

[29] **Shaker, P., Centre for Community Study, Hamilton and the Creative Class**

20.0 Conclusion - The Cost of Not Implementing LRT

The benefits captured within this report have used conservative values (i.e. worst case scenario values to ensure that the benefits are cautious rather than optimistic). Summed up the City of Hamilton should see a direct benefit of approximately $130M (reduction in backlog, building permits and tax benefits from development).

In addition, there are a number of spin off benefits associated with the construction of LRT. The Benefits Case Assessment estimates that 3500 temporary jobs will be created in Hamilton during the construction period and 300 permanent jobs. This also affects Ontario’s Gross Domestic Product providing a value of $443 million.

Health, Environment and Social Tourism are difficult to quantify without extensive and costly studies. This report recognizes that LRT does provide benefits within these areas and offers enhanced quality of life for residents.

A fundamental consideration of the benefits of this type of project, which aligns with the findings of the McMaster Institute of Transportation and Logistics study, is the ability for LRT to refocus growth within the community. This is in keeping with Places to Grow, the City of Hamilton Official Plan and the City of Hamilton Transportation Master Plan and allows the City to capitalize on existing infrastructure while achieving population and employment growth.

DAY 1 - TODAY PROJECTIONS

	Bus Only - DAY 1 - TODAY		BUS & LRT - DAY 1 (Low) Transfer of 1/3 service hours from Delaware & King TO B-line		BUS & LRT - DAY 1 (High) Per SDG Assumptions: 2/3 of ridership from all routes TO B-Line Only route +8% city wide increase	
Annual Service Hours						
King	63,040	Annual service hours based on % of daily service hours per route	42,026	Reduced by 1/3	42,026	Reduced by 1/3
Del	100,864		67,242	Reduced by 1/3	67,242	Reduced by 1/3
B-Line	32,465		93,600	As per SDG report - Capital/Operating pg. 10	93,600	As per SDG report - Capital/Operating pg. 10
Univ	25,846		25,846		25,846	
Dun	2,522		2,522		2,522	
St.Cr. Cent	17,336		17,336		17,336	
St.Cr. Loc	7,880		7,880		7,880	
HSR B-Line Corridor	249,953		256,453		256,453	
HSR Non-B-Line Corridor	480,047		480,047		480,047	
HSR System Wide	730,000	Based on HSR Budgetted hours	736,500		736,500	
Annual Operating Costs						
King	$ 6,822,107	Annual Operating Costs based on % of totals from above	$ 5,002,879	80% DIRECT COSTS REDUCED BY 1/3	$ 5,002,879	80% DIRECT COSTS REDUCED BY 1/3
Del	$ 10,915,371		$ 8,004,606	80% DIRECT COSTS REDUCED BY 1/3	$ 8,004,606	80% DIRECT COSTS REDUCED BY 1/3
B-Line	$ 3,513,385		$ 11,205,646	Reduced from $14.5million. Reduced 22 vehicles to 16 vehicles. Increased headway from 4 mins to 6 mins.	$ 14,500,000	As per SDG
Univ	$ 2,797,064		$ 2,797,064		$ 2,797,064	
Dun	$ 272,884		$ 272,884		$ 272,884	
St.Cr. Cent	$ 1,876,079		$ 1,876,079		$ 1,876,079	
St.Cr. Loc	$ 852,763		$ 852,763		$ 852,763	
HSR B-Line Corridor	$ 27,049,655		$ 30,011,921		$ 33,306,275	
HSR Non-B-Line Corridor	$ 51,950,345		$ 51,950,345		$ 51,950,345	
HSR System Wide	$ 79,000,000	Based on 2012 Restated Budget/Projected Actuals	$ 81,962,266		$ 85,256,620	
		Increase in Gross Cost over Bus only	**$ 2,962,266**		$ 6,256,620	
Annual Ridership (passengers)						
King	3,080,000	Based on actual % of ridership per route X system wide passengers	2,053,330	Reduced by 1/3 & transferred to B-Line	1,108,800	1/3 of Bus only + 8% city wide increase
Del	2,860,000		1,906,670	Reduced by 1/3 & transferred to B-Line	1,029,600	1/3 of Bus only + 8% city wide increase
B-Line	1,320,000		3,300,000	B-Line + 1/3 from Delaware & King	7,112,113	Bus Only + 2/3 of routes + 8% city wide incr.
Univ	1,320,000		1,320,000		475,200	1/3 of Bus only + 8% city wide increase
Dun	88,000		88,000		31,680	1/3 of Bus only + 8% city wide increase
St.Cr. Cent	440,000		440,000		158,400	1/3 of Bus only + 8% city wide increase
St.Cr. Loc	110,000		110,000		39,600	1/3 of Bus only + 8% city wide increase
HSR B-Line Corridor	9,218,000		9,218,000		9,955,393	
HSR Non-B-Line Corridor	12,782,000		12,782,000		13,804,560	Bus only +8% increase system wide
HSR System Wide	22,000,000	Based on IBI report - Services review	22,000,000		23,759,953	
Annual Revenue						
King	$ 4,900,000	Based on actual % of ridership per route X system wide revenues	$ 3,266,662		$ 1,764,000	Above ridership #s X $1.59 per passenger which is based on Bus Only
Del	$ 4,550,000		$ 3,033,338		$ 1,638,000	
B-Line	$ 2,100,000		$ 5,250,000		$ 11,314,726	
Univ	$ 2,100,000		$ 2,100,000		$ 756,000	
Dun	$ 140,000		$ 140,000		$ 50,400	
St.Cr. Cent	$ 700,000		$ 700,000		$ 252,000	
St.Cr. Loc	$ 175,000		$ 175,000		$ 63,000	
HSR B-Line Corridor	$ 14,665,000		$ 14,665,000		$ 15,838,126	
HSR Non-B-Line Corridor	$ 20,335,000		$ 20,335,000		$ 21,961,800	
HSR System Wide	$ 35,000,000	Based on 2012 Restated Budget(less Gas Tax Rev.)	$ 35,000,000		$ 37,799,926	
rate per passenger	**$ 1.59**		**$ 1.59**		**$ 1.59**	
NET COST - TOTAL (System Wide)	**$ 44,000,000**		**$ 46,962,266** **$ 2,962,266**		**$ 47,456,695** **$ 3,456,695**	
Gross Cost per Passenger						
King	$ 2.21	Annual Operating Cost / Annual passengers per route	$ 2.44		$ 4.51	
Del	$ 3.82		$ 4.20		$ 7.77	
B-Line	$ 2.66		$ 3.40		$ 2.04	
Univ	$ 2.12		$ 2.12		$ 5.89	
Dun	$ 3.10		$ 3.10		$ 8.61	
St.Cr. Cent	$ 4.26		$ 4.26		$ 11.84	
St.Cr. Loc	$ 7.75		$ 7.75		$ 21.53	
HSR B-Line Corridor	**$ 2.93**		**$ 3.26**		**$ 3.35**	
HSR Non-B-Line Corridor	$ 4.06		$ 4.06		$ 3.76	
HSR System Wide	$ 3.59		$ 3.73		$ 3.59	
Net Cost per Passenger						
King	$ 0.62	Annual Operating Cost - Annual Revenue per route / Annual passengers per route	$ 0.85		$ 2.92	
Del	$ 2.23		$ 2.61		$ 6.18	
B-Line	$ 1.07		$ 1.80		$ 0.45	
Univ	$ 0.53		$ 0.53		$ 4.30	
Dun	$ 1.51		$ 1.51		$ 7.02	
St.Cr. Cent	$ 2.67		$ 2.67		$ 10.25	
St.Cr. Loc	$ 6.16		$ 6.16		$ 19.94	
HSR B-Line Corridor	**$ 1.34**		**$ 1.66**		**$ 1.75**	
HSR Non-B-Line Corridor	$ 2.47		$ 2.47		$ 2.17	
HSR System Wide	**$ 2.00**		**$ 2.13**		**$ 2.00**	
			NOTE: INCREASE IN HEADWAY FROM 4 - 6 MINS NO INCREASE IN RIDERSHIP		**NOTE: Increase in Ridership based on SDG assumptions**	

APPENDIX B

2031 PROJECTIONS	Bus Only - DAY 1 - TODAY	$79 Mil Exp & $35mil Rev	Bus Only - 2031		BUS & LRT - Year 2031	
Annual Service Hours						
King	63,040	Annual service hours based on % of daily service hours per route	63,040	Annual service hours based on % of daily service hours per route	42,026	Reduced by 1/3
Del	100,864		100,864		67,242	Reduced by 1/3
B-Line	32,465		32,465		93,600	As per SDG report - Capital/Operating pg. 10
Univ	25,846		25,846		25,846	
Dun	2,522		2,522		2,522	
St.Cr. Cent	17,336		17,336		17,336	
St.Cr. Loc	7,880		7,880		7,880	
HSR B-Line Corridor	249,953		249,953		256,453	
HSR Non-B-Line Corridor	480,047		480,047		480,047	
HSR System Wide	730,000	Based on HSR Budgetted hours	730,000	Based on HSR Budgetted hours	736,500	
Annual Operating Costs						
King	$ 6,822,107	Annual Operating Costs based on % of totals from above	$ 9,938,522	Annual Operating Costs based on % of totals from above	$ 7,434,015	Inflated to 2031 dollars - 2% annually
Del	$ 10,915,371		$ 15,901,635		$ 11,894,423	Inflated to 2031 dollars - 2% annually
B-Line	$ 3,513,385		$ 5,118,339		$ 21,546,237	Inflated to 2031 dollars - 2% annually
Univ	$ 2,797,064		$ 4,074,794		$ 4,156,290	Inflated to 2031 dollars - 2% annually
Dun	$ 272,884		$ 397,541		$ 405,492	Inflated to 2031 dollars - 2% annually
St.Cr. Cent	$ 1,876,079		$ 2,733,094		$ 2,787,755	Inflated to 2031 dollars - 2% annually
St.Cr. Loc	$ 852,763		$ 1,242,315		$ 1,267,162	Inflated to 2031 dollars - 2% annually
						Inflated to 2031 dollars - 2% annually
HSR B-Line Corridor	$ 27,049,655		$ 39,406,239		$ 49,491,374	Inflated to 2031 dollars - 2% annually
HSR Non-B-Line Corridor	$ 51,950,345		$ 75,681,844		$ 77,195,480	Inflated to 2031 dollars - 2% annually
HSR System Wide	$ 79,000,000	Based on 2012 Restated Budget/Proj. Actuals	$ 115,088,083	Based on 2012 Budget/Actuals inflated by 2% -to 2031	$ 126,686,854	Inflated to 2031 dollars - 2% annually
Annual Ridership (passengers)						
King	3,080,000	Based on actual % of ridership per route X system wide passengers	3,572,800	Based on actual % of ridership per route X system wide passengers	1,286,208	same as Day 1 High riders + 16% growth
Del	2,860,000		3,317,600		1,194,336	same as Day 1 High riders + 16% growth
B-Line	1,320,000		1,531,200		14,553,000	as per SDG - 18.9M boardings = 14.5 rev pas.
Univ	1,320,000		1,531,200		551,232	same as Day 1 High riders + 16% growth
Dun	88,000		102,080		36,749	same as Day 1 High riders + 16% growth
St.Cr. Cent	440,000		510,400		183,744	same as Day 1 High riders + 16% growth
St.Cr. Loc	110,000		127,600		45,936	same as Day 1 High riders + 16% growth
HSR B-Line Corridor	9,218,000		10,692,880		17,851,205	
HSR Non-B-Line Corridor	12,782,000		14,827,120		16,013,290	same as Day 1 High riders + 16% growth
HSR System Wide	22,000,000	Based on IBI report - Services review	25,520,000	Based on IBI report - Services review X 16% growth	**33,864,494**	
Annual Revenue						
King	$ 4,900,000	Based on actual % of ridership per route X system wide revenues	$ 7,953,053	Based on ridership+ 16% growth (above) X **$2.23 per rider**	$ 2,863,099	Above ridership X $2.23 per passenger Rate is 40% increase over 20 years. (Historical average over 10-years resulted in 20% increase)
Del	$ 4,550,000		$ 7,384,978		$ 2,658,592	
B-Line	$ 2,100,000		$ 3,408,451		$ 32,394,978	
Univ	$ 2,100,000		$ 3,408,451		$ 1,227,042	
Dun	$ 140,000		$ 227,230		$ 81,803	
St.Cr. Cent	$ 700,000		$ 1,136,150		$ 409,014	
St.Cr. Loc	$ 175,000		$ 284,038		$ 102,254	
HSR B-Line Corridor	$ 14,665,000		$ 23,802,351	Above ridership totals X $2.23 per passenger	$ 39,736,782	
HSR Non-B-Line Corridor	$ 20,335,000		$ 33,005,169	Above ridership totals X $2.23 per passenger	$ 35,645,583	
HSR System Wide	$ 35,000,000	Based on 2012 Restated Budget/Proj. Actuals	$ 56,807,520	Above ridership totals X $2.23 per passenger	$ 75,382,365	
rate per passenger	**$ 1.59**	**current average**	**$ 2.23**		**$ 2.23**	
NET COST - TOTAL (System Wide)	**$ 44,000,000**		**$ 58,280,563**		**$ 51,304,489**	
			$ 14,280,563		$ 7,304,489	
Gross Cost per Passenger						
King	$ 2.21	Annual Operating Cost / Annual passengers per route	$ 2.78	Annual Operating Cost / Annual passengers per route	$ 5.78	
Del	$ 3.82		$ 4.79		$ 9.96	
B-Line	$ 2.66		$ 3.34		$ 1.48	
Univ	$ 2.12		$ 2.66		$ 7.54	
Dun	$ 3.10		$ 3.89		$ 11.03	
St.Cr. Cent	$ 4.26		$ 5.35		$ 15.17	
St.Cr. Loc	$ 7.75		$ 9.74		$ 27.59	
HSR B-Line Corridor	**$ 2.93**		**$ 3.69**		**$ 2.77**	
HSR Non-B-Line Corridor	$ 4.06		$ 5.10		$ 4.82	
HSR System Wide	$ 3.59		$ 4.51		$ 3.74	
Net Cost per Passenger						
King	$ 0.62	Annual Operating Cost - Annual Revenue per route / Annual passengers per route	$ 0.56	Annual Operating Cost - Annual Revenue per route / Annual passengers per route	$ 3.55	
Del	$ 2.23		$ 2.57		$ 7.73	
B-Line	**$ 1.07**		**$ 1.12**		**$ (0.75)**	
Univ	$ 0.53		$ 0.44		$ 5.31	
Dun	$ 1.51		$ 1.67		$ 8.81	
St.Cr. Cent	$ 2.67		$ 3.13		$ 12.95	
St.Cr. Loc	$ 6.16		$ 7.51		$ 25.36	
HSR B-Line Corridor	**$ 1.34**		**$ 1.46**		**$ 0.55**	
HSR Non-B-Line Corridor	$ 2.47		$ 2.88		$ 2.59	
HSR System Wide	**$ 2.00**		**$ 2.28**		**$ 1.51**	

Appendix A: Light Rail Transit

A8: Rapid Transit Workplans

2013 Workplan

Program

Light Rail Transit B-Line

Context and Purpose

The B-Line has been identified as a 15-year priority project within the Big Move (2008). Significant advancement has been made on the B-Line with the completion of the Environmental Project Report and Planning, Design and Engineering work; however, additional work is required to advance the project to an implementation ready project. Some items may only be taken forward pending a funding recommendation from the Metrolinx Board and are noted below.

Responsibility

Director of Transportation, Manager of Mobility Programs and Special Projects, Manager of Rapid Transit

Activities

- **LRT Vehicle Optimization Modeling** – optimization of LRT headways to maximize operational efficiencies
- **Value engineering of the B-Line** – A value engineering exercise will critically evaluate the costing and the items included in the LRT implementation plan. Other municipalities have been able to trim implementation costs by approximately 18 percent. Value engineering is a process where key city and technical staff review the plans through a series of workshops and determine the level of implementation detail outlined in the design plates to evaluate elements that can be reduced in scope or refined for overall cost reductions.
- **Modifications to the Overhead Power Supply Design** – Mitigation measures required for the Scanning Electron Microscope at McMaster may allow for the removal of overhead power at locations along the B-Line. Further work is required to determine where the overhead power supply could be removed and the cost savings
- **Advanced B-Line Utilities Coordination** – while consultation has occurred with utilities full agreements will be required and utility coordination requires a significant amount of lead time.
- **Additional B-Line Geotechnical Investigations** – to confirm areas that are missing borehole logs to minimize financial risk during the bid process.
- **Early enabling works (utility relocates before design build contract)** – Advanced utilities coordination can also save costs where utilities that are up for relocation prior to LRT construction are placed out of the LRT construction impact zone.
- **Environmental Project Report and Consultation (Maintenance Storage Facility)** – Completion of this component is required to obtain approvals for the construction of the facility.
- **Conduct property by property impact assessment (B-Line)** – general land-take requirements have been identified along the B-Line. This component further refines the land impact.
- **Power substation site selection** – The B-Line Environmental Project Report has identified general alignments for power substations. Further work is required to determine the exact location within the ranges provided.
- **Delivery model assessment strategy** – Infrastructure Ontario is completing a value for money exercise. The City of Hamilton should conduct its own assessment to ensure that Hamilton’s interests are protected in the preferred delivery model.

Internal Linkages

- Mobility Corporate Working Team
- SMT
- Divisions/Departments as required to support program areas
- Ward Councillors

Timelines

- **LRT Vehicle Optimization Modeling** – 4 months, Q1
- **Value engineering of the B-Line** – 4 months, Q1
- **Advanced B-Line Utilities Coordination** – 6 months, Q1
- **Modifications to the Overhead Power Supply Design** – 8 months, Q2
- **Additional B-Line Geotechnical Investigations** – 2 months, Q2
- **Early enabling works (utility relocates before design build contract)** – Ongoing
- **Environmental Project Report and Consultation (Maintenance Storage Facility)** – 7 months, starting Q3
- **Conduct property by property impact assessment (B-Line)** – 2 months, Q3
- **Power substation site selection** – 6 months, Q3
- **Delivery model assessment strategy** – 6 months, Q3

City Strategic Plan Link

- **1.4 Improve the City's transportation system to support multi-modal mobility and encourage inter-regional connections.**
    - **i)** Complete the design and develop an implementation and financial plan for the delivery of higher-order transportation and enhanced transit service, including all-day GO Transit service and rapid transit
    - **iii)** Develop an integrated, multi-modal, public transportation program, including implementation of rapid transit, conventional transit, active transportation (e.g. pedestrian, cycling) and the associated transportation demand management (TDM) plan
    - iv) Develop a Land Use Strategy, Urban Design Guidelines and implementation plans for the lands surrounding the James Street GO Station and along the A and B-line transit corridors
    - v) Development of a strategy to enhance conventional transit service levels within the A Line and B Line corridors

Budget Impact

Staff Resource (Full time as well as partial staff support to administer the program), consulting ($500,000 – to be approved through staff reports to Council)

Resources Required

- 1 FTE to manage the programs
- External consultants for technical components
- Assistance from 3 existing FTE's

Performance Criteria

- **Maintain strong partnership with Metrolinx/Province**
- **Successful completion of 2013 work plan elements**
    - **LRT Optimization Report**
    - **Value Engineering Report**
    - **B-Line Utilities Memo Report**
    - **Overhead Power Modifications Report**
    - **Geotechnical Report and Borehole Logs**
    - **Terms of Reference Document for MSF Transit Project Assessment Process**
    - **Property Impact Assessment Document**
    - **Power Substation Location Report**
    - **Delivery Model Assessment Report**

2013 Workplan

Program

Rapid Transit A, L, S, T Lines

Context and Purpose

The A-Line has been identified as a 15-year project within the Big Move (2008), while the L, S, and T lines are each identified as 25 year + projects.

Responsibility

Director of Transportation, Manager of Mobility Programs and Special Projects, Manager of Rapid Transit

Activities

- **A-Line Technology and Route Development –** Feasibility study identified general routing and evaluated BRT and LRT technology and pros and cons. Further refinement is required following Council Reporting to determine the preferred technology for the A-Line
- **HSR Network Optimization to support integrated transit and future BLAST Rapid Transit** – Routing modifications are required to support rapid transit. Existing bus routes will be evaluated using systems optimization techniques to determine route modifications and headways to maximize system efficiency.

Internal Linkages

- Mobility Corporate Working Team
- SMT
- Divisions/Departments as required to support program areas
- Ward Councillors

Timelines

- **A-Line Routing and Technology Development** – 12 months, Q3
- **HSR Network Optimization to support integrated transit and future BLAST Rapid Transit**– 12 months, Q2

City Strategic Plan Link

- **1.4 Improve the City's transportation system to support multi-modal mobility and encourage inter-regional connections.**
    - **i)** Complete the design and develop an implementation and financial plan for the delivery of higher-order transportation and enhanced transit service, including all-day GO Transit service and rapid transit
    - **iii)** Develop an integrated, multi-modal, public transportation program, including implementation of rapid transit, conventional transit, active transportation (e.g. pedestrian, cycling) and the associated transportation demand management (TDM) plan
    - iv) Develop a Land Use Strategy, Urban Design Guidelines and implementation plans for the lands surrounding the James Street GO Station and along the A and B-line transit corridors
    - v) Development of a strategy to enhance conventional transit service levels within the A Line and B Line corridors

Budget Impact

Staff Resource (Full time as well as partial staff support to administer the program), consulting ($100,000)

Resources Required

- 1 FTE dedicated to managing the programs

Performance Criteria

- **A-Line Technology and Route Development Report**
- **System Optimization Report**

LRT OPERATIONS & MAINTENANCE COSTING EXERCISE - MUNICIPAL SERVICES (Excluding Transit)

Municipal Service	PHASE 2 ASSUMPTIONS/JUSTIFICATION	2017 B-LINE CORRIDOR LEVY IMPACTS	2017 CORPORATE LEVY IMPACTS	FTE IMPACTS
Forestry: Storm Damage Response, Tree Maintenance, Tree Planting	Assumption: Currently we maintain 9,110 annual Diameter at Breast Height cms along the LRT corridor. The assumption is that there will be a 90% decrease in trees along the corridor once LRT is implemented. Although there is a proposed reduction along the corridor, the Corporate levy impact to the City will not change. Through existing funding and the "loss of tree canopy" component of the permit that will be issued under By-law 15-125, the tree maintenance costs are effectively just moved out of the LRT corridor but still a cost to the City.	-$89,630.00	$0.00	0.00
Horticulture: Traffic Island Beautification & Hanging Baskets	Assumption: Currently we maintain 1,417m2 of Traffic Islands & 132 Hanging Baskets along the corridor. The assumption is that there will be a 95% decrease in traffic island beautification along the corridor and a 100% decrease in hanging baskets along the corridor with LRT implementation. Even though there is a reduction in costs along the LRT corridor, this will be offset by an increase in traffic island inventory & hanging baskets in other areas of the ward/city.	-$352,720.00	$0.00	0.00
Parks & Cemeteries: Christmas Displays	Assumption: Christmas displays will be done elsewhere OR labour hours will be reallocated as necessary to Winter Park Activities eg. trash collection (budget is primarily labour).	-$102,210.00	$0.00	0.00
Streetlighting: Maintenance & operations of ROW streetlighting	Assumption: The majority of street lighting infrastructure is planned to be attached to the LRT Overhead Catenary System (OCS) poles and the Project Specific Output Specfication (PSOS) documentation places the ownership and operation of this infrastructure on ProjectCo/Metrolinx and not the City. Based on this the maintenance responsibilities for street lighting in the LRT corridor will be considerably reduced. Assumed 100 poles remain as City assets along the LRT corridor. This also assumes electricity expenses will be paid for by ProjectCo. Reductions are as follows: **Labour ($12,400) + Contractual ($67,800) + Electricity ($197,300)**	-$277,500.00	-$265,000.00	0.00
Traffic: Traffic Signal Maintenance, Sign Installation & Maintenance, Pavement Markings, Admin	Assumption: Traffic Signal Maintenance: Currently have 52 Full Signals and 8 Ped Signals along the Corridor. With LRT, Signal Mix has been changed. Reduced Full Signals by 10 and increased Ped Signals by 12. City Levy impact = 0 due to labour hours being reallocated.	-$34,000.00	$0.00	0.00
	Assumption:Traffic Sign Installation & Maintenance : No change	$0.00	$0.00	0.00
	Assumption : Pavement Markings : The use of "plastics vs paint" will change, thereby shifting labour hours from City to contractual work. The number of ladder crosswalks is expected to increase as is other plastic work. Lane line "paint" work is expected to decrease.	$25,330.00	$43,920.00	0.00

LRT OPERATIONS & MAINTENANCE COSTING EXERCISE - MUNICIPAL SERVICES (Excluding Transit)

Municipal Service	PHASE 2 ASSUMPTIONS/JUSTIFICATION	2017 B-LINE CORRIDOR LEVY IMPACTS	2017 CORPORATE LEVY IMPACTS	FTE IMPACTS
Roads: Winter - salting, plowing, anti-icing, snow removal, hired equipment Summer - pothole repairs, drainage, sidewalk repair	Assumption Winter: Due to lane restrictions, snow removal instead of ploughing becomes essential along the corridor. Therefore, 2 dedicated crews required for afterhours (ie. 8 Operators and 2 Lead Hands with 2 - 4X4 crew cabs with plow&hopper). Summer: Nightly sweeping along the corridor instead of weekly to ensure LRT corridor is kept free from debris. Maintenance work would be conducted during LRT shutdown hours, to avoid traffic congestion during the days. Alternative is to continue to provide road maintenance during the day regardless of traffic implications. (4 operators + 1 Lead Hand, Sweeper) **Labour increase: $ 547,030 + Equipment $93,210**	$640,250.00	$640,250.00	7.10
Waste Mgmt: Curbside garbage collection, organics L&Y, blue box, automated blue carts , public space litter containers, power sweeping/washing in the downtown core	Assumption: Addition of 2 - 1 tonne Stake Trucks with tipper required for International Village and small space accessibility for all streams of pickup (ie. garbage, organics, leaf & yard, Recycling Blue Box cart, Call-in Bulk, Commercial Garbage, Public Space containers and Illegal Dumping)	$30,000.00	$60,000.00	0.00
Licensing & By-law: Annual renewal fees for Licensing	Assumption: In regards to demolition of properties and its impact on Licensing Fees, the information was based on the SDG Environmental Impact Report. There is no report of any demolition from Queenston Traffic Circle to Eastgate Square. Based on this information, 13 business licenses would be lost due to demolition resulting in approx. $ 20,250 in loss revenue. This does not include the loss of license fees due to construction at this time.	$20,250.00	$20,250.00	0.00
Parking Enforcement & School Safety:	Assumption: Parking Enforcement - no change: with the implementation of LRT, there will still be parking regulations along the corridor that will need to be enforced via both internal and contract staff. There is a risk of more enforcement needed if the priority of corridor parking regulations take precedence or additional regulations are implemented (This is a change in service delivery and will therefore requrie Council approval). School Crossing Guard - no change: With the implementation of LRT, the crossing points are still required due to existing school walking patters and existing Schools. There are yearly reviews of existing crossing points with potential changes in walking patterns. These points may be altered or traffic design may also alter crossing locations.	$0.00	$0.00	0.00
Parking Operations:	Assumption: Based on 522 Parking Meters being removed. This includes the removal of meters along the sidestreets as well.	$615,000.00	$615,000.00	0.00
Rapid Transit Office & Staff:	Assumption: City Staff required to manage the LRT operating contract.	$0.00	$500,000.00	4.00
		$474,770.00	**$1,614,420.00**	**11.10**
	25% CONTINGENCY		$403,600	
			$2,018,020.00	

Hamilton

INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	June 16, 2021
SUBJECT/REPORT NO:	Light Rail Transit Investment and City of Hamilton Financial Incentive Programs (FCS21066) (City Wide) **(Outstanding Business List Item)**
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brian McMullen (905) 546-2424 Ext. 4549
SUBMITTED BY: **SIGNATURE:**	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department

COUNCIL DIRECTION

The General Issues Committee (GIC), at its meeting of June 2, 2021, provided direction as follows:

> Staff be directed to report back to GIC regarding the net operating costs after the 18 buses on the B-line have been removed, eliminating Development Charge Exemptions, fare revenue and the Hamilton Tax Increment Grant Program, and other incentives, that the City may build in to credit the cost of the LRT operations and maintenance.

Report FCS21066 deals with the financial incentives' content of the motion while a companion report on the GIC agenda deals with the remaining components of the motion.

INFORMATION

The City of Hamilton provides a number of financial incentive programs that advance the 2016-2025 Strategic Plan priority of Economic Prosperity and Growth. Economic Development Division staff of the Planning and Economic Development Department and Financial Planning, Administration and Policy Division (Finance) staff of the Corporate Services Department provide regular reports to Council through standing committees on these financial incentive programs (including development charges reductions and exemptions).

Report FCS21066 provides information on select City of Hamilton financial incentive programs including Hamilton Tax Increment Grant Program (HTIGP), Hamilton Downtown, Barton and Kenilworth Multi Residential Property Investment Program (HDBKMPIP or Property Investment Program), Cash-in-lieu of Parkland Dedication Incentives and Development Charge Reductions and Exemptions.

The General Issues Committee, at its meeting of March 24, 2021, received Report PED21035, Five-year Review of the Downtown and Community Renewal Community Improvement Plan and Associated Financial Incentive Programs.

The General Issues Committee, at its meeting of May 19, 2021, received Report PED21095, Status of the Hamilton Downtown, Barton/Kenilworth Multi-Residential Property Investment Program and Other Commercial Districts and Small Business Section Initiatives.

Audit, Finance and Administration Committee, at its meeting on June 3, 2021, received Report FCS21030, Parkland Dedication Reserve Status Report as at December 31, 2020.

Audit, Finance and Administration Committee, at its meeting on June 17, 2021, will receive Report FCS21047, Development Charges (DC) Reserves Status Report as at December 31, 2020 which includes information on DC Exemptions.

Downtown and Community Renewal Community Improvement Plan and Associated Financial Incentive Programs (DCR CIP)

Financial incentive programs are provided in the City of Hamilton to businesses in commercial districts. Current programs offered under the DCR CIP provide either grants or low-interest loans which collectively promote and incentivize private sector investment in the form of new developments on under-utilized properties, improving the appearance, functionality, marketability and usability / safety of existing commercial buildings and / or attract tenants from key sectors to locate within specific areas.

Since the inception of the two programs most utilized to facilitate new development projects, the Hamilton Tax Increment Grant Program (HTIGP) and Hamilton Downtown, Barton / Kenilworth Multi-Residential Property Investment (Loan) Program (HDBKMPIP), staff notes in Report PED21035 that:

- For every tax dollar of grant money provided under the HTIGP since inception, $26 in private sector investment has been leveraged; and
- For every tax dollar of cost incurred under the HDBKMPIP for the provision of low-interest loans since inception, $46 in private sector investment has been leveraged

Table 1 provides a summary of the cost to the City of these two programs over the past five years.

Table 1
City of Hamilton
Hamilton Tax Increment Grant Program (HTIGP)
Multi-Residential Property Investment Program (PIP)
Summary for 2016 to 2020

	Total Amount	HTIGP Grant Amount	PIP Interest Amount
2016	$ 1,392,075	$ 1,010,682	$ 381,393
2017	704,055	452,774	251,281
2018	2,073,580	1,720,128	353,452
2019	1,169,509	948,314	221,195
2020	1,390,999	1,297,838	93,161
Total	$ 6,730,218	$ 5,429,736	$ 1,300,482
Average	$ 1,346,044	$ 1,085,947	$ 260,096

HTIGP, basically, provides a five-year grant in an amount not exceeding the increase in municipal taxes to applicants in the defined areas.

The Hamilton Tax Increment Grant Program (HTIGP) and Hamilton Downtown, Barton / Kenilworth Multi-Residential Property Investment (Loan) Program (HDBKMPIP) apply to locations in the City beyond the downtown and the proposed Light Rail Transit (LRT) corridor. The HTIGP eligible area includes Downtown Hamilton, Community Downtowns of Ancaster, Dundas, Waterdown, Stoney Creek and Glanbrook, the Mount Hope / Airport Gateway, Business Improvement Areas (BIAs) and those properties within the City boundary designated under the *Ontario Heritage Act*. The eligible areas for the HDBKMPIP includes Downtown Hamilton, the Barton Village Business Improvement Area (BIA) and the commercial corridors along Barton Street, east of the Barton Village BIA and along Kenilworth Avenue.

Analysis of the Hamilton Tax Increment Grant Program (HTIGP) and related return on investment (ROI) over the past five years shows that grants were approved for:

- 6 properties along the proposed LRT Route
- 14 properties within 500 metres of the proposed LRT Route
- 11 properties beyond 500 metres of the proposed LRT Route

A summary is provided in Table 2.

Table 2
City of Hamilton
Hamilton Tax Increment Grant Program (HTIGP)
Summary for 2016 to 2020

	Quantity	City Grant Amount	Development Costs	ROI: City Grant Versus Development Costs
Properties on LRT route	6	$ 980,678	$ 73,766,909	1:75
Properties within 500 metres of LRT route	14	3,607,775	159,603,449	1:44
Properties beyond 500 metres of LRT route	11	841,283	51,414,439	1:61
	31	$5,429,736	$284,784,797	1:52

These metrics show a consistent and sustained demand for incentives offered through current programs, as well as, significant private-sector investments being leveraged as a result of the programs offered.

In 2020, the Commercial Districts and Small Business (CDSB) Section, Economic Development initiated a review of the existing Downtown and Community Renewal Community Improvement Plan (DCR CIP) and its associated financial incentive programs which was presented in detail through Report PED21035 as approved by City Council on March 31, 2021.

However, CDSB staff's review also identified key issues and concerns commonly raised through stakeholder consultation which highlighted the continued importance and need for incentive programs to sustain revitalization efforts going forward due to the continued presence of significantly under-utilized buildings /properties across the eligible areas and the need to continue increasing local residential populations in or near commercial districts to support demand for local commercial businesses and services. In addition, staff also noted the emergence of specific community / City Council priorities not currently supported by existing programs including environmental sustainability and climate change, housing affordability and the potential for rising commercial vacancies as a result of the COVID-19 pandemic, issues that pose both short and long-term risks to sustained revitalization efforts in the eligible areas.

As a result, the existing Downtown and Community Renewal Community Improvement Plan (DCR CIP) was modified in Report PED21035 and has been incorporated into the Revitalizing Hamilton's Commercial Districts Community Improvement Plan (RHCD CIP) and Community Improvement Project Area (RHCD CIPA) by-laws and associated program descriptions. The Hamilton Tax Grant Program has been modified to reduce the grant amounts by one year from a five-year tax grant program to a four-year tax grant program. In addition, to address the emergence of specific community / City Council priorities not currently supported by existing programs including environmental sustainability and climate change and housing affordability, the tax grant program will provide, over the four-year period, a greater financial incentive to incorporate housing affordability and / or environmental sustainability and climate change measures into developments.

Development Charges Exemptions

Development Charges (DC) are charges that are collected to recover growth-related capital infrastructure costs required to service new development and redevelopment under the *Development Charges Act.* Through DC Background Studies and DC By-laws (By-law 19-142, as amended and By-law 11-174, as amended), development charges are established and DC credits and exemptions are approved. In addition, Council from time to time approves DC exemptions for non-profit organizations.

Over the past eight years, DC Exemptions total $202.6 M with $30 M in statutory DC Exemptions and $172.6 M in Council authorized discretionary DC Exemptions. Council has approved $99.4 M in funding which is used towards discretionary DC Exemptions. Therefore, $69.4 M in discretionary DC Exemptions and $30 M in statutory DC Exemptions remain unfunded.

The eight-year (2013-2020) summary of the DC exemptions provided by the City is included as Appendix "A" to Report FCS21066.

With Council approval of the 2020 Operating Budget Variance Report (Report FCS20069(b)), $15.1 M of the tax operating budget surplus was allocated to reduce the unfunded amount of $69.4 M. The 2021 Tax and Rate supported Budgets allocated combined funding of $17 M ($8 M Tax, $9 M Rates) to be applied to in-year DC exemptions.

DC exemptions are provided in the Downtown Hamilton CIPA through a discounted or reduced rate. Over the past five years (2016-2020) the City provided $40.1 M (or an annual average of $8 M) of these exemptions. Table 3 provides a summary. As of July 6, 2021, the DC exemptions in the Downtown Hamilton CIPA will be a 40% reduction from the full DC rate and will remain at that level unless Council directs further changes through the adoption of the ensuing DC by-law.

Table 3
City of Hamilton
Hamilton Downtown CIPA DC Exemptions
Summary for 2016 to 2020

	Quantity	Amount	DC Exemption Reduction Rate Prior to July 6	DC Exemption Reduction Rate As of July 6
2016	10	$ 4,891,965	85%	80%
2017	7	5,820,647	80%	75%
2018	9	493,249	75%	70%
2019	14	20,157,605	70%	60%
2020	12	8,694,113	60%	50%
Total	52	$ 40,057,579		
Average	10	$ 8,011,516		

Note: DC exemption is a 40% reduction from the full DC rate from July 6, 2021 to July 5, 2024

As DC exemptions need to be funded from non-DC sources (from existing taxpayers and ratepayers and primarily, from the property tax levy, water and sewer rates or from reserves or annual operating budget surplus allocations) any change in the Downtown Hamilton CIPA DC Exemption will not have a direct budget impact. Rather, it would bring the annual budget closer in line to being able to address in-year exemptions, as well as, pay down past unfunded discretionary exemptions.

As the pace of development increases in Downtown Hamilton, so does the amount of DC exemptions that need to be funded through other non-DC sources and existing taxpayers and ratepayers.

Through legislation passed and enacted in 2019 and 2020 (*More Homes, More Choice Act, 2019* – Bill 108 and associated legislation), the Province provided increased predictability to the development community by establishing a DC rate lock-in date connected to the related planning application. The Province now requires DCs to be locked in as of the date of the related planning application. Therefore, the length of time to see the financial effects of any change in exemption policies is extended and would affect only developments who have not yet applied for a site plan or site-specific zoning application or those who are not required to go through either application process.

Cash-in-lieu of Parkland Dedication

Under the *Planning Act*, municipalities may by by-law, require that land, as a condition of development or redevelopment of land for residential, commercial, industrial purposes and other purposes of the land, be conveyed to the municipality for park or other public recreational purposes.

Under City By-law 18-126, as amended by By-law 21-078, in lieu of requiring the conveyance of land, the City may require the payment of money to the value of the lands required to be conveyed. Parkland Dedication fees or cash-in-lieu of parkland dedication collected in 2020 amounting to $9.1 M was deposited to the Parkland Dedication Reserve.

Different rates can be approved across the municipality. Through a review in 2018 and Report PED18105, Parkland Dedication By-law Review – Large Scale Intensification, Multi-storey Residential Development, rates were amended to phase out the reduced rate of 5% of net land area for multiple dwellings in the Downtown Hamilton CIPA. Parkland Dedication By-law 18-126 established rates in the Downtown Hamilton CIPA of $2,000 per unit as of April 1, 2020, $3,500 per unit as of April 1, 2021 and $5,000 per unit on April 1, 2022.

Table 4 provides a summary of the Cash-in-lieu of Parkland Dedication collected in the Downtown Hamilton CIPA compared to the maximum allowable rates under the *Planning Act* and the resulting foregone revenue.

Any further changes to the Cash-in-lieu of Parkland Dedication rates will affect the amount collected and set aside in the Parkland Dedication Reserve to be used to develop municipal parks and recreation spaces. Any additional revenue is not available for general taxation purposes.

Table 4
City of Hamilton
Cash-in-lieu Parkland Dedication
Downtown Hamilton CIPA
Summary for 2016 to 2020

	Cash-in-lieu (CIL) Collected under By-law	Maximum CIL Allowable under Planning Act	Foregone CIL	Discount
2016	$ 172,505	$ 4,544,430	$ 4,371,925	96.2%
2017	389,591	9,505,807	9,116,216	95.9%
2018	-	-	-	
2019	1,439,494	32,246,774	30,807,280	95.5%
2020	323,570	5,483,363	5,159,793	94.1%
Total	$ 2,325,160	$ 51,780,374	$ 49,455,214	95.5%
Average	$ 465,032	$ 10,356,075	$ 9,891,043	95.5%

Planned Actions

City staff is anticipating bringing forward to Council a number of future reports related to the above incentive programs.

1. Downtown and Community Renewal Community Improvement Plan Financial Incentives:
    - Economic Development staff of PED regularly review the status and need for the City's various financial incentive programs. The results of the most recent review were presented to and approved by GIC in March 2021 and the implementing statutory changes will be brought to Council in July 2021. It is expected that future program reviews will be impacted by the LRT investment should the project proceed.

2. Development Charges By-law and Community Benefits Charges By-law:
    - Finance staff of Corporate Services and the Planning Division Staff of Planning and Economic Development will be co-ordinating a review, study and by-law for Community Benefits Charges under the *Planning Act* in 2021 / 2022 for implementation by September 2022
    - Finance staff of Corporate Services will be co-ordinating a DC Background Study and new by-law under the DC Act which will include a review of DC exemptions in 2022 / 2023 for implementation by September 2023.

3. Parkland Dedication By-law:
    - Real Estate staff of the Planning and Economic Development Department will be co-ordinating a Parkland Dedication By-law Review under the *Planning Act* which will include an assessment of the cash-in-lieu of parkland dedication incentives with a report to Council in the second quarter of 2022.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS21066 – Eight-Year Development Charges Exemption Summary

BM/dt

CITY OF HAMILTON
Eight-Year Development Charges Exemption Summary

	Eight Year History								
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**8 Year Total**
DC Exemptions By Area									
Hamilton	$ 9,237,467	$ 16,179,960	$ 4,955,063	$ 11,629,859	$ 19,009,777	$ 7,910,391	$ 29,929,989	$ 17,596,731	$ 116,449,237
Stoney Creek	2,920,238	2,681,818	2,480,781	1,933,947	2,039,113	571,919	582,847	1,011,190	$ 14,221,853
Flamborough	217,578	8,217,783	801,666	2,858,491	2,085,378	6,753,806	3,608,418	5,271,469	$ 29,814,589
Ancaster	1,369,355	537,364	655,867	1,021,527	2,253,048	2,530,883	1,464,329	4,671,298	$ 14,503,670
Glanbrook	60,617	1,811,077	4,533,314	431,516	378,343	483,534	5,458,725	12,682,093	$ 25,839,219
Dundas	59,300	679,060	298,946	96,791	169,840	132,483	297,593	74,586	$ 1,808,599
Total Exemptions By Area	**$ 13,864,555**	**$ 30,107,062**	**$ 13,725,637**	**$ 17,972,132**	**$ 25,935,498**	**$ 18,383,016**	**$ 41,341,901**	**$ 41,307,367**	**$ 202,637,168**
DC Act Statutory Exemptions									
Residential Intensification	$ 11,576	$ 528,665	$ 685,923	$ 1,189,027	$ 2,251,960	$ 2,634,333	$ 3,086,550	$ 3,972,243	$ 14,360,277
50% Industrial expansion	2,341,814	1,220,113	485,441	2,718,715	3,537,639	1,512,450	303,275	3,564,391	$ 15,683,838
Subtotal DC Act Statutory Exemptions	**$ 2,353,390**	**$ 1,748,778**	**$ 1,171,363**	**$ 3,907,742**	**$ 5,789,599**	**$ 4,146,783**	**$ 3,389,825**	**$ 7,536,634**	**$ 30,044,114**
Council Authorized									
Residential Exemptions									
Affordable Housing	$ 56,190	$ 414,023	$ 283,720	$ 36,113		$ 525,460	$ 1,341,836	$ -	$ 2,657,342
Farm Help Houses					53,730	-	-	-	$ 53,730
Student Residence			115,070	103,570	2,050,125		-	489,308	$ 2,758,073
Redevelopment for residential facility					17,089		-	20,045	$ 37,133
Laneway House / Garden Suite								43,489	$ 43,489
Non-Residential Exemptions									
Industrial rate reduced from max	670,131	1,053,241	1,844,481	666,318	2,652,471	1,955,378	6,144,739	19,057,768	$ 34,044,528
Stepped non-industrial rates	2,034,575	1,190,944	463,987	761,142	813,419	1,641,659	1,329,341	52,844	$ 8,287,910
Non-industrial expansion	525,025	1,081,948	256,693	449,210	713,225	748,338	851,001	4,843	$ 4,630,283
Academic [4]	4,289,403	325,912	-	3,176,896	2,114,952	1,407,708	2,463,843	-	$ 13,778,714
Public Hospital	10,870					-		-	$ 10,870
Agricultural Use		7,652,982	1,257,589	2,579,039	491,027	6,905,765	4,367,557	3,161,098	$ 26,415,057
Place of Worship		614,436	161,318	84,509	24,407	115,043	24,670	750,922	$ 1,775,304
Parking Structure					3,841,662	-	-	-	$ 3,841,662
Covered Sports Field						-		-	$ -
Residential & Non-residential Exemptions									$ -
Downtown Hamilton CIPA	2,814,787	11,095,535	1,118,464	4,891,965	5,820,647	493,249	20,157,605	8,694,113	$ 55,086,365
Downtown Public Art	231,191	44,333			641,050	-	-	-	$ 916,574
Heritage Building					337,372	-	-	-	$ 337,372
Transition Policy	56,584	4,802,094	6,761,281	228,632	532,585	443,634	1,271,486	1,496,304	$ 15,592,599
Council Granted	822,409	82,836	4,406	1,086,996	42,138	-	-	-	$ 2,038,785
ERASE [1]			287,265			-	-	-	$ 287,265
Subtotal Council Authorized Exemptions	**$ 11,511,165**	**$ 28,358,283**	**$ 12,554,273**	**$ 14,064,390**	**$ 20,145,899**	**$ 14,236,233**	**$ 37,952,076**	**$ 33,770,733**	**$ 172,593,053**
Total Exemptions By Development Type	**$ 13,864,555**	**$ 30,107,062**	**$ 13,725,637**	**$ 17,972,132**	**$ 25,935,498**	**$ 18,383,016**	**$ 41,341,901**	**$ 41,307,367**	**$ 202,637,168**
DC Exemption Funding									
Exemptions funded from Rates Budget [2]	$ 7,280,599	$ 8,000,000	$ 7,750,000	$ 7,640,000	$ 7,400,000	$ 4,979,919	$ 9,000,000	$ 8,000,000	$ 60,050,518
Exemptions funded from Tax Budget [3]				3,000,000	3,000,000	5,525,460	7,841,836	8,500,000	$ 27,867,296
Exemptions funded from Council (Rate portion)					18,895				$ 18,895
Exemptions funded from Council (Tax portion)					23,243				$ 23,243
Total DC Exemption Funding	**$ 7,280,599**	**$ 8,000,000**	**$ 7,750,000**	**$ 10,640,000**	**$ 10,442,138**	**$ 10,505,379**	**$ 16,841,836**	**$ 16,500,000**	**$ 87,959,952**
Net total unfunded Exemptions	**$ 6,583,956**	**$ 22,107,062**	**$ 5,975,637**	**$ 7,332,132**	**$ 15,493,360**	**$ 7,877,637**	**$ 24,500,066**	**$ 24,807,367**	**$ 114,677,216**

Prior Year DC Exemption Funding	
2017 YE Surplus allocated to NR Roads Exemptions	$ 8,000,000
2018 Rates Exemption Funding Surplus	4,020,081
2018 YE Surplus allocated to NR Roads Exemptions	$ 538,630
2018 YE Surplus allocated to Rates Exemption	2,700,000
Total Prior Year DC Exemption Funding	**$ 15,258,711**
Net total unfunded Exemptions (Prior Years)	**$ 99,418,505**
Net total Discretionary unfunded Exemptions (Prior Years)	**$ 69,374,391**

Notes:
[1] ERASE used to be grouped with other exemptions, now funding recovered through the future ERASE grant/future taxes.
[2] 2020 Rates Budget funded $8M
[3] In the prior year, Exemptions funded from the Housing Reserve were included as funded under the "Tax Budget." However, in 2020, there were no Housing exemptions to be funded.

Hamilton

INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	June 16, 2021
SUBJECT/REPORT NO:	Historical Development Activity in the Proposed LRT Corridor (PED21142) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Steve Robichaud (905) 546-2424 Ext. 4281 Jason Thorne (905) 546-2424 Ext. 4339
SUBMITTED BY: **SIGNATURE:**	Jason Thorne General Manager Planning and Economic Development Department

COUNCIL DIRECTION

At the Council Meeting of June 9, 2021, Council approved the following direction:

> *"The appropriate staff from Planning and Economic Development was directed to report back to the June 16, 2021 General Issues Committee on LRT Supportive Development, by Ward, that has occurred in the last 10 years; is ongoing or is planned along the corridor from Eastgate to McMaster; an estimate of the private investment in dollars; a before and after picture on assessment for each of these projects; and, a summary of the current Transit Oriented Corridor policy and how it relates to the 3.4 Billion-Dollar investment."*

INFORMATION

Ongoing or Planned Development on the Light Rail Transit (LRT) Corridor

With respect to ongoing and planned development activity on the LRT corridor, the table below presents the number of Official Plan Amendment Applications, Zoning By-law Amendment Applications, and Site Plan Applications received by the City for properties fronting onto the LRT corridor from 2010 to 2021 by Ward (note: figures for 2021 reflect the year up to the end of April).

SUBJECT: Historical Development Activity in the Proposed LRT Corridor (PED21142) (City Wide) - Page 2 of 4

Table One: Ongoing or Planned Development on the LRT Corridor

Ward 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD	TOTAL
Official Plan Amendments			1		1		1	2	1		2		8
Zoning Applications		2	1		1	2	1	2			2		11
Site Plan Applications	2	7	5	5	1	4	2	1	4	6	1	3	41
TOTAL	2	9	7	5	3	6	4	5	5	6	5	3	60

Ward 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD	TOTAL
Official Plan Amendments													0
Zoning Applications								3		1	2		6
Site Plan Applications		3	3	2		2	2	3	4	1	3		23
TOTAL	0	3	3	2	0	2	2	6	4	2	5	0	29

Ward 3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD	TOTAL
Official Plan Amendments													0
Zoning Applications				1									1
Site Plan Applications	2		2			1	2	3		2			12
TOTAL	2	0	2	1	0	1	2	3	0	2	0	0	13

Ward 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD	TOTAL
Official Plan Amendments													0
Zoning Applications		3		2									5
Site Plan Applications	1			1		1	1		2				6
TOTAL	1	3	0	3	0	1	1	0	2	0	0	0	11

Ward 5

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD	TOTAL
Official Plan Amendments													0
Zoning Applications													0
Site Plan Applications		3	1		1		1		1				7
TOTAL	0	3	1	0	1	0	1	0	1	0	0	0	7

TOTAL Wards 1-5

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD	TOTAL
Official Plan Amendments	0	0	1	0	1	0	1	2	1	0	2	0	8
Zoning Applications	0	5	1	3	1	2	1	5	0	1	4	0	23
Site Plan Applications	5	13	11	8	2	8	8	7	11	9	4	3	89
TOTAL	5	18	13	11	4	10	10	14	12	10	10	3	120

Private Sector Investment on the LRT Corridor

With respect to an estimate of the private sector investment on the LRT corridor, the table below presents the construction value of Building Permits issued for properties fronting onto the LRT corridor from 2010 to 2021 (Note: Figures for 2021 reflect the year up to the end of April).

Table Two: Private Sector Investment on the LRT Corridor

Year	Const.Cost($)	Count
2010	58,733,448	249
2011	100,656,283	273
2012	56,404,722	217
2013	106,444,993	290
2014	71,943,980	267
2015	76,524,354	307
2016	101,093,752	330
2017	164,552,909	315
2018	80,831,790	319
2019	101,627,489	299
2020	128,801,425	224
2021*	36,521,400	71
Total	**1,084,136,544**	**3,161**
2010-2020 Avge/Yr	95,237,740	281

Before and After Assessed Values

Given the time available, staff was not able to calculate a "before and after" assessed property value for each of the development projects that have occurred on the LRT corridor since 2010. Staff does report to Council annually on the assessment uplift from development projects that have received grants or incentives under the City's incentive programs. The most recent report was presented to GIC on May 19, 2021 (Report PED21095). It summarizes the difference between base year taxes and post development taxes for projects in Downtown Hamilton and in the Ancaster, Westdale Village, Stoney Creek, Waterdown, and Barton/Kenilworth Community Improvement Project Areas that have been approved for loans/grants under the City's Hamilton Downtown, Barton and Kenilworth Multi-Residential Property Investment Program and/or the Hamilton Tax Increment Grant Program and/or the Barton/Kenilworth Tax Increment Grant Program. It is important to note that the information in Report

PED21095 represents all projects that have been approved for those programs, not just those fronting onto the LRT corridor. Furthermore, it would not capture development activity on the LRT corridor that did not qualify for one of the city's incentive programs.

The information that was originally presented to Council in Report PED21095 on May 19, 2021 is included as Appendix "A" to Report PED21142.

<u>Transit Oriented Corridor Policy</u>

Over the past few years, the City of Hamilton has adopted a number of land use policies to support higher density development and intensification on the LRT corridor. The most significant include:

- Transit Oriented Corridor (TOC) Zoning – In 2017, Council approved new zoning for the LRT corridor that provided for a number of transit-supportive zoning standards, including eliminating permission for certain land uses (e.g. drive-throughs, car dealerships), increasing minimum and maximum permitted densities, and reducing parking requirements.

- Downtown Hamilton Secondary Plan and Zoning By-law Amendment – In 2018, Council approved a new Secondary Plan for downtown Hamilton, as well as implementing zoning, that provided for, among other changes, increased as-of-right height and density permissions, a broader range of mixed-use permissions, reduced parking requirements, and transit-supportive design requirements.

- Centennial Neighbourhoods Secondary Plan and Zoning By-law Amendment – In 2018, Council approved a new Centennial Neighbourhoods Secondary Plan as well as implementing zoning. The Centennial Neighbourhoods area includes the Eastgate LRT terminus. The Secondary Plan and associated zoning provided for, among other changes, increased as-of-right height and density permissions, a broader range of mixed-use permissions, reduced parking requirements, and transit-supportive design requirements.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED21142 - Projects Approved for Loans/Grants Under the City's Multi-Residential Loan and Tax Increment Grant Programs (as presented in Report PED21095)

Projects Approved for Loans/Grants Under the City's Multi-Residential Loan and Tax Increment Grant Programs (as presented in Report PED21095)

The following chart lists projects in Downtown Hamilton and in the Ancaster, Westdale Village, Stoney Creek, Waterdown, and Barton/Kenilworth Community Improvement Project Areas (CIPA) that have been approved, for loans/grants under the HDBKMRPIP and/or the HTIGP and/or the Barton/Kenilworth Tax Increment Grant Program and compares their pre-development Municipal taxes to their post-development Municipal taxes. This information is extracted from Report PED21095 presented to GIC May 19, 2021.

Property Address	Base Year	Difference between base year taxes and post development taxes	HDBKMRPIP	HTIGP	BKTIG
135 James Street South	2003	+$446,300	✓		
11 Rebecca Street	2004	+$79,700	✓	✓	
155 James Street South	2003	+$84,300	✓		
118 Market Street	2003	+$188,000	✓	✓	
91 Wellington Street North	2003	+$15,800	✓		
4, 8, 12 Forest Avenue	2005	+$35100	✓	✓	
47 Caroline Street North	2007	+$133,000	✓	✓	
80 King William Street	2003	+$151,200	✓		
267/271 King Street East	2007	+$3,300	✓		
260-280 King Street East	2005	+$105,400	✓	✓	
170-176 Jackson Street West	2007	+$7,000	✓	✓	
289 Hunter Street East	2007	+$700	✓		
68 George Street	2010	+$228,800	✓	✓	
275 King Street West	2011	+$101,100	✓	✓	
40 Bay Street South	2012	+$307,300	✓	✓	
150 Main Street West	2013	+$487,600	✓	✓	
137-149 Main Street West	2013	+$111,100	✓	✓	
33 Main Street East	2002	+$16,700		✓	
135 Hunter Street	2002	+$63,100		✓	
100-110 James Street South	2004	+$24,000		✓	

Property Address	Base Year	Difference between base year taxes and post development taxes	HDBKMRPIP	HTIGP	BKTIG
1 Main Street West	2004	+$67,900		✓	
66 Bay Street South	2004	+$265,600		✓	
1 Hunter Street East	2006	+$63,300		✓	
210 Main Street East	2007	+$70,300		✓	
87-89 King Street East	2006	+$15,600		✓	
232 Cannon Street East	2009	+$51,000		✓	
52 Cannon Street West	2008	+$30,100		✓	
193-197 James Street North	2009	+$10,100		✓	
130-134 Wellington Street North	2011	+$10,900		✓	
162 Ferguson Avenue North	2012	+$16,300		✓	
121-123 James Street North	2012	+$79,400		✓	
69 Hughson Street North	2013	+$17,900		✓	
50 Murray Street	2012	+$105,700		✓	
147-159 Walnut Street South	2013	+$18,800		✓	
180-188 Wilson Street	2014	+$17,300		✓	
179-191 James Street North	2017	+$287,700	✓	✓	
125 Wellington Street North	2014	+$59,200		*✓	
140 Main Street West	2014	+$280,200		*✓	
290 Barton Street West	2015	+$108,400		✓	

Property Address	Base Year	Difference between base year taxes and post development taxes	HDBKMRPIP	HTIGP	BKTIG
112 King Street East	2015	+$373,300		✓	
245 James Street North	2015	+$2,400		*✓	
193 King Street East	2015	+$17,600		✓	
31-39 King William Street	2015	+$69,500		✓	
127 Market Street	2016	+$5,200		*✓	
220 Cannon Street East	2015	+$176,600	✓	✓	
232 Cannon Street East	2016	+$8,000		✓	
20-22 George Street	2017	+$629,100		*✓	
73 King Street East	2017	+$2,000		✓	
27 Bold Street	2018	+$103,300		*✓	
11 & 15 Cannon Street West	2019	+$89,000		*✓	
121-125 King Street East	2019	+$91,800		*✓	
15 Queen Street South	2019	+$608,300		*✓	
144 Wellington Street North	2018	+$11,500		*✓	
Ancaster CIPA					
407 Wilson Street East	2013	+$6,800		✓	
Westdale Village CIPA					
1005 King Street West	2016	+$10,200		✓	
Stoney Creek CIPA					

Appendix "A" to Report PED21142
Page 4 of 4

22 Jones Street	2014	+$6,700		✓	
Property Address	**Base Year**	**Difference between base year taxes and post development taxes**	**HDBKMRPIP**	**HTIGP**	**BKTIG**
Waterdown CIPA					
244 Dundas Street East	2018	+$1,600		*✓	
493 Dundas Street East	2018	+$32,600		*✓	
Dundas CIPA					
33 King Street West	2017	+$27,900		*✓	
Barton/Kenilworth Tax Increment Grant Program					
657-659 Barton Street East	2017	+$4,700			✓
431-435 Barton Street East	2017	+$13,500			*✓
286 Sanford Avenue North	2018	+$133,500			*✓
301-303 Barton Street East	2018	+$5,000			*✓
302 James/6 Barton St. E.	2018	+$700			*✓
635 Barton Street East	2019	+27,900			*✓
Total		**$6,103,400**			