



**CITY OF HAMILTON**  
**City Manager's Office**  
**Communications & Intergovernmental Affairs**

<b>TO:</b>	Mayor and Members of Council General Issues Committee
<b>COMMITTEE DATE:</b>	August 23, 2016
<b>SUBJECT/REPORT NO:</b>	Government Relations and Infrastructure Funding Update (CM16009) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Kwab Ako-Adjei Policy & Public Affairs Advisor, 905-546-2424 ext. 2548  Christine Lee-Morrison Manager, Transit Strategy and Infrastructure 905-546-2424 ext. 6390  Mark Bainbridge Director, Water & Wastewater Planning and Capital 905-546-2424 ext. 5929  Joe Spiler Manager, Capital Budgets & Development 905-546-2424 ext. 4519
<b>SUBMITTED BY:</b>	Andrea McKinney Director, Communications & Intergovernmental Affairs 905-546-2424 ext. 2261
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the following priorities be identified as areas of government relations advocacy efforts:
- (i) Infrastructure;
  - (ii) Transit/Transportation;
  - (iii) Housing;
  - (iv) US Steel lands; and,
  - (v) Other areas which may also require attention include, but are not limited to, poverty reduction, addressing the additional social services and housing responsibilities managed by the City of Hamilton, economic development opportunities, the City's two long term care facilities

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*OUR Vision: To be the best place in Canada to raise a child and age successfully.*

*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees*

(Macassa Lodge and Wentworth Lodge) and Funding of emergency medical services;

- (b) That staff be directed to continue to pursue all available funding opportunities with other levels of government to maximize investments in Hamilton; and,
- (c) That the Phase 1 and 2 projects listed in Appendix “A” attached to Report CM16009, be approved for consideration of any transit and infrastructure projects from other levels of government.

## **EXECUTIVE SUMMARY**

The latest iteration of the City’s government relations priorities was ratified by Council in April 2015, following approval at the Government Relations sub-committee. This followed previous priorities set by the former Fairness to Hamilton sub-committee (the Fairness to Hamilton sub-committee was replaced by the Government Relations sub-committee in March 2015).

In light of a collaborative partnership between the Provincial and Federal Governments and new infrastructure funding from the Federal Government; a review of the City’s government relations priorities to ensure alignment with other levels of government is warranted.

A review of both the Provincial and Federal budgets indicate that there are opportunities for advancement in infrastructure funding as well as other initiatives including a national housing strategy, a poverty reduction plan and early learning and child care.

As noted above, the City’s priorities of infrastructure, transit/transportation, housing and poverty reduction appear to be in line with Federal priorities stated.

If and when, priorities shift for the other levels of government, then another review of the City’s government relations priorities will be needed.

### ***Alternatives for Consideration – Not Applicable***

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial:

The total unfunded capital needs for transit, as set out in the Ten Year Local Transit Strategy were estimated at \$302M, \$200M of which was for a new Maintenance and Storage Facility (MSF). However, with preliminary estimated savings, such as in design costs and a more affordable land acquisition option, it is expected that the MSF costs

can be reduced to approximately \$150M. This will result in a total requirement of approximately \$250M in capital funding to implement the City's Ten Year Transit Strategy.

In addition, approximately 25% to 30% of the project cost would be eligible for Development Charge (DC) Funding. The exact amount eligible and availability of Transit DC Reserves will not be determined until the Transit component of the City's DC By-law is updated (expected summer 2017).

Similar to the capital funding required for the MSF, the operation and maintenance costs associated with a MSF are not reflected in the 10 year strategy, and would represent a pressure in the year of completion.

Staffing: N/A  
Legal: N/A

### **HISTORICAL BACKGROUND (Chronology of events)**

Council approved the renaming of the Fairness to Hamilton committee to the Government Relations Sub-Committee on April 22, 2015.

Other dates to note include:

- March 12, 2015:
  - Fairness to Hamilton Sub-Committee renamed to Government Relations Sub-Committee
  - Committee approves government relations (GR) priorities
- April 13, 2015:
  - Emergency & Community Services Committee amends GR priorities
- April 22, 2015:
  - Council ratifies priorities
- June 23, 2015:
  - A GR strategy is **submitted** to Government Relations Sub-Committee
- October 14, 2015:
  - GR strategy **presented** to Government Relations Sub-Committee

The Fairness to Hamilton committee, formerly known as the Social Services Downloading Steering Committee, was established by Council in September 2005. Its mandate was to provide recommendations to the provincial and federal governments regarding the structure of social services funding and continue to build a broader coalition across Hamilton and the Province of Ontario.

As a result of both the Fairness to Hamilton Sub-Committee and a commitment through the City's 2012-2015 Strategic Plan to improve the City of Hamilton's Governmental

Relations efforts, this report, as well as the Government Relations Strategy, is meant to provide a framework for the City of Hamilton's future government relations activities.

Previous priority areas for government relations were developed in collaboration with City Council and Senior Management Team (SMT) as part of the 2012 - 2015 Strategic Plan.

Those priority areas included:

- Infrastructure
- Transportation
- Housing
- AODA

## **ANALYSIS AND RATIONAL FOR RECOMMENDATION**

### **Federal Government Priorities**

A new Federal Government has made public transit, infrastructure spending and poverty reduction cornerstones of its priorities over the course of their mandate and beyond.

In order to ensure that the City of Hamilton's priorities is in alignment with the Federal Government's plans, a review of the City's government relations priorities is warranted.

Through an analysis of the Liberal Party's campaign platform, their subsequent Speech from the Throne, mandate letters given to Cabinet Ministers and a budget presented in March 2016; the City's government relations priorities align with many of their core priorities.

Earlier in the year, the Federal Minister of Infrastructure & Communities announced the Government's intention to spend \$60B over the next 10 years, including an additional \$10B over the next two years. The focus of the \$60B will be on public transit, social infrastructure and green infrastructure.

This funding was subsequently confirmed with a Federal Budget delivered in March 2016. Highlights of the budget include:

### Infrastructure

- The Government will implement a plan to invest more than \$120B in infrastructure over 10 years
- The plan will be implemented in two phases:
  - **Phase 1** of the Government's infrastructure plan proposes to provide \$11.9B over five years, starting right away:
    - \$3.4B over three years to upgrade and improve public transit systems across Canada
    - \$5B over five years for investments in water, wastewater and green infrastructure projects across Canada
    - \$3.4B across Canada over five years for social infrastructure, including affordable housing, early learning and child care, cultural and recreational infrastructure, and community health care facilities on reserve
- Consultations for Phase 2 funding is expected to be launched in the summer of 2016; with funding expected to flow in 2017-2018.

### Housing

- Invest \$2.3B over two years, starting in 2016–17; of this amount, \$2.2B reflects the Government's commitment to invest in social infrastructure,
- Double current federal funding under the Investment in Affordable Housing initiative. Under this initiative, provinces and territories match federal investments and have the flexibility to design and deliver programs that are tailored to address local housing needs and pressures.
- Invest \$504.4M over two years, starting in 2016–17 to support the construction of new affordable housing units, the renovation and repair of existing affordable housing,
- Provide \$200.7M over two years, starting in 2016–17, to support the construction, repair and adaption of affordable housing for seniors.
  - While funding will be provided under the Investment in Affordable Housing initiative, provinces and territories will not be required to cost-match these investments.

- To support these necessary retrofits and renovations, Budget 2016 proposes to provide \$573.9M over two years, starting in 2016–17.
  - In addition to support provided under the Investment in Affordable Housing initiative
- Budget 2016 proposes to reallocate \$30M over two years, starting in 2016–17, to help social housing providers maintain rent-geared-to-income for households living in social housing.

#### Transit/Transportation

- \$3.4B over three years to upgrade and improve public transit systems across Canada;
- Funding under the program will be allocated to municipalities based on ridership. Ontario's allocation is set to be \$1.48B
  - Based on 2014 ridership calculations, Hamilton may receive approximately \$36M

#### Poverty Reduction

- The Canada Child Benefit will provide a maximum annual benefit of up to \$6,400 per child under the age of 6 and up to \$5,400 per child for those aged 6 through 17.
  - Families with less than \$30,000 in net income will receive the maximum benefit.
- Making new investments in social infrastructure—in things like affordable housing and early learning and child care
- Budget 2016 proposes to invest \$8.4B over five years, beginning in 2016–17, to improve the socio-economic conditions of Indigenous peoples
- Budget 2016 proposes to increase the Guaranteed Income Supplement top-up benefit by up to \$947 annually for the most vulnerable single seniors starting in July 2016

Among the other priorities announced by the Federal Government, the Minister of Families, Children and Social Development, through his mandate letter, has been charged with developing a poverty reduction strategy.

## **Phase 1 and Phase 2 Considerations (Federal Funding)**

### *City Transit Needs*

#### Ten Year Local Transit Strategy

On February 27, 2013 Rapid Ready Expanding Mobility Choices in Hamilton ("Rapid Ready", Report PW13014) was approved by Council. Rapid Ready was submitted to Metrolinx, seeking growth funding for the overall public transportation program. Rapid Ready was further detailed by the Ten Year Local Transit Strategy, approved by Council on March 11, 2015. As a result, an updated request for Provincial funding was made, including approximately \$302M in unfunded capital to support the BLAST express bus network.

As outlined in report PW14015a, the Ten Year Local Transit Strategy would stabilize the local system, while incrementally building service and increasing transit modal split. 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. An update on the Ten Year Local Transit Strategy was received by the General Issues Committee on February 1, 2016, including updates that reflected the Provincial announcement to fund LRT on the B-Line.

The main components of the Ten Year Local Transit Strategy include:

- Fleet – 126 buses (25 have been purchased to date to stabilize the local system. Additional required includes: 1 to address new standards, 40 to accommodate growth, and 60 to growth ridership);
- Passenger Amenities – local shelters (approx. 108) and terminals and shelters on the L, A, S and T lines (approx. 63 enhanced shelters and 5 terminals);
- Branding & Marketing - including promotion of express bus;
- Corridor Capacity - including transit priority measures along the L, A, S and T lines; and,
- A new Maintenance and Storage Facility.

Maintenance and Storage Facility (MSF)

Critical to the above transit strategy, is a new MSF. Without a new MSF, there will be significant constraints to conventional transit in the City, including the ability to provide transit to keep up with City growth, grow ridership and support LRT.

Maintenance, storage, operations and administrative functions for HSR and administrative functions for Accessible Transit Services (ATS) occur at the Mountain Transit Centre located at 2200 Upper James Street, which was opened in 1983. This Maintenance and Storage Facility (MSF) was designed with an indoor storage capacity for 200 12m buses.

Currently, HSR operates a fleet comprised of 242 buses including 43 18m (60 ft.) articulated buses, 192 12m (40ft) buses, 5 8 m (26 ft.) buses and 2 10.7m (35 ft.) trolleys. An additional 19 buses are due to be delivered within the next month. As outlined above, it is anticipated that the fleet will grow by an additional 100 buses by 2024.

With approximately 260 buses to store and maintain, including a growing number of articulated buses, the existing facility is currently operating well above its practical capacity. All internal storage space has been maximized. While outdoor storage is not ideal, HSR is also using available external paved areas as overflow storage, including portions of the recently constructed bus terminal.

In order for Transit to efficiently and safely operate current service and accommodate projected system growth, a new MSF is required in the short term. A site of approximately 6 ha (15 ac) is required below the escarpment for a new MSF to serve lower City routes. Staff are currently investigating land acquisition for the facility. The existing MSF at 2200 Upper James would continue to store buses servicing routes above the escarpment.

The full cost of the MSF is estimated at \$200M and is currently unfunded. Transit staff are currently working to obtain plans for a recently constructed TTC garage which could substantially reduce the cost of designing the facility. In addition, approximately 25% to 30% of the project cost would be eligible for Development Charge (DC) Funding. The exact amount eligible and availability of Transit DC Reserves will not be determined until the Transit component of the City's DC By-law is updated (expected summer 2017).

In order to begin feasibility studies for the new MSF Council approved a budget of \$2M as part of the 2016 Capital budget. It is expected that savings in deadheading costs will contribute to operating the second MSF. (Due to the location of the existing MSF at 2200 Upper James Street in relation to the service areas, it is estimated that over \$3M is spent annually deadheading vehicles to



and out of service.).Capital and operating costs will be refined as the feasibility studies proceed.

#### Total Unfunded Capital

As indicated above the total unfunded capital needs for transit were estimated at \$302M, \$200M of which was for a new MSF. However, with preliminary estimated savings, such as in design costs and a more affordable land acquisition option, it is expected that the MSF costs can be reduced to approximately \$150M. This will result in a total requirement of approximately \$250M in capital funding to implement the City's Ten Year Transit Strategy.

#### *Clean Water/Wastewater*

The City of Hamilton has a large and complex lake based water and wastewater treatment, pumping, storage, and piping system which serves a community of approximately 460,000 residents as well as the associated commercial, industrial, and institutional land uses within the City of Hamilton.

Phase 1 Projects identified for the Building Canada Fund by Hamilton Water reflect the strategic and operational needs that continue to be managed and sequenced for implementation based upon conclusions made through an active processes of data collection and infrastructure review. Ageing infrastructure continues to exert a pressure on our municipal system, as does the need to keep up with a community that continues to develop and grow. These pressures are key drivers for projects we anticipate will be executed in the coming years.

Of the 14 projects that are presented, the majority are reflective of a reinvestment in both water and wastewater infrastructure systems that have served the community well for many years. These sites, having significant components at the end of their lifecycle, require either rehabilitation, renewal or decommissioning to ensure that they are properly managed, and continue to reflect the needs of the community.

The majority of these sites will receive a strategic rehabilitation activity in order to add new life expectancy to the identified components within the asset so they may continue the provision of services to the community into the future. In addition, this list also includes the removal of an asset which has been made obsolete through new servicing strategies supported by master planning processes, and construction of new assets to meet changing community demands and priorities. Other benefits that we hope to realize from this work include reduced risk, optimized energy use, and increased operational reliability and flexibility.

## **Provincial Funding Considerations**

### *Twelve Year Infrastructure Commitment*

In their 2016 budget, the Provincial government announced infrastructure investments of \$137B over the next 10 years. That announcement built on their 2014 Budget commitment to infrastructure spending, which will bring the Provincial infrastructure spending commitment to \$160B over 12 years.

The 12 year infrastructure investment commitment includes Provincial spending in areas including transit, roads, bridges, hospitals and education. The \$160B includes investments in *Moving Ontario Forward*, which dedicates \$31.5B to infrastructure spending. Of the \$31.5B, about \$16B has been dedicated to the Greater Toronto and Hamilton Area (GTHA), while \$15B has earmarked for communities outside the GTHA.

The GTHA funding of \$16B has been committed to various transit projects which include Hamilton's Light Rail Transit.

### *Climate Change Action Plan*

In the spring of 2016, the Province announced its 5 year Climate Change Action Plan which, along with a cap and trade program, comprises Provincial efforts to combat climate change. The Action Plan lays out key areas of focus for provincial investments to meet greenhouse gas reduction targets.

Areas of investment include transportation, which consists of funding for cycling infrastructure, low-carbon buses and other transportation methods; land-use planning, which entails supporting municipal climate action plans and other municipal efforts to reduce greenhouse gases; and buildings and homes, which would include retrofits to residential buildings to improve energy efficiency.

Ontario expects to generate \$1.8B to \$1.9B annually in proceeds from the cap and trade program; these funds will be deposited into a Greenhouse Gas Reduction Account. Program spending under the Action plan is expected to begin in 2017.

## **ALTERNATIVES FOR CONSIDERATION**

None.

## **ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

### **Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

**Strategic Objective**

- 3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix A – City of Hamilton Phase 1 and Phase 2 Projects