



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	June 21, 2017
SUBJECT/REPORT NO:	Property Acquisition for a Transit Maintenance and Storage Facility (PED17111) (Ward 3)
WARD(S) AFFECTED:	Ward 3
PREPARED BY:	John Hamilton (905) 546-2424 Ext. 7045
SUBMITTED BY:	Glen Norton Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

Discussion of Confidential Appendix “B” to Report PED17111 in closed session is subject to the following requirement(s) of the City of Hamilton’s Procedural By-law and the *Ontario Municipal Act, 2001*:

- ◆ A proposed or pending acquisition or disposition of land for City purposes;

RECOMMENDATION

- (a) That an Option to Purchase, executed by 1521020 Ontario Inc. (Duke Electric) on May 7, 2017, and scheduled to close on or before August 31, 2017, to purchase the land described as Part of Lot 10, Concession 1, Formerly Barton Township, designated as Part 1, Plan 62R-12886 being all of Pin #17193-0018, known municipally as 2 Hillyard Street, Hamilton, as shown on Appendix “A” attached to Report PED17111, based substantially on the Major Terms and Conditions outlined in Appendix “B” attached to Report PED17111, and such other terms and conditions deemed appropriate by the General Manager of Planning and Economic Development, be approved and completed;
- (b) That the sum of \$46,000 be funded from Reserve number 110023 and credited to Account 45408-3560150200 (Property Purchases and Sales) for recovery of Real Estate administrative and legal expenses;
- (c) That the non-refundable deposit of \$2, be paid to the registered owner of 2 Hillyard Street, Hamilton, pursuant to the Option to Purchase agreement by the

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General Manager of Finance and Corporate Services within seven days of Council approval of the Option to Purchase agreement;

- (d) That the City Solicitor be authorized and directed to complete the transaction, respecting the property acquisition of 2 Hillyard Street, for a Transit Maintenance and Storage Facility on behalf of the City, including paying any necessary expenses, amending the closing, due diligence and other dates, and amending and waiving terms and conditions on such terms as she considers reasonable;
- (e) That the Mayor and City Clerk be authorized and directed to execute all necessary documents, respecting the property acquisition of 2 Hillyard Street, in a form satisfactory to the City Solicitor; and,
- (f) That Appendix “B” to Report PED17111, respecting the Property Acquisition for a Transit Maintenance and Storage Facility a 2 Hillyard Street, remain confidential until completion of the real estate transaction.

EXECUTIVE SUMMARY

As identified in Rapid Ready (2013) and the Ten Year Local Transit Strategy (2015), the need for a new Bus Maintenance and Storage Facility (MSF) is needed in the very short term in order to accommodate current and projected growth within the local transit system.

In 2016, Council approved \$2M to begin feasibility studies for the new MSF. Since that time, Transit staff and Real Estate staff have been actively working together to identify an appropriate location within the lower City for the new MSF. Council also approved the allocation of \$28.6M in Public Transit Infrastructure Funds to undertake detailed design and some site preparations works.

In order to accommodate a new MSF, a site of approximately six hectares (15 acres) is required. The purpose of this Report is to secure the land for the new MSF.

On June 24, 2015, Council approved the acquisition of a 3.5 hectares (8.6 acre) parcel of land located at 80 Brant Street for \$1.85M. At the time, it was intended that this site would be used for a new MSF for the Hamilton LRT project. However, upon further study and review an alternative site has been chosen for the LRT MSF. As such, this site is currently in City ownership and available for a bus MSF.

In order to accommodate an MSF, an additional +/- 2.5 hectares (6 acres) of land is required. Lying immediately to the south of 85 Brant Street a 1.21 acre abandoned rail line owned by the Toronto Hamilton and Buffalo Railway Company was acquired by the City on May 19, 2017 at a price of \$242,000. If adjacent lands located at 2 Hillyard Street (0.9hectares / 2.2 acres) were acquired, along with the relocation of some of the

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current uses at 330 Wentworth Street (e.g. DARTS parking and salt dome), sufficient lands would be available for the MSF. See attached map Appendix “A” to Report PED17111.

To confirm site suitability, an architect was retained to evaluate the comprehensive site based on the recent design, of a similar facility, and the program needs and requirements for HSR operations. Sub-consultants were retained by the architect to prepare functional servicing, storm-water and Class D cost estimate reports. Recommendations from the Feasibility Study include a Stage 2 Environmental Assessment, Subsurface Soil Investigation, topographic survey, Zoning confirmation and consultation with Hamilton Hydro regarding the hydro corridor. The recommendations are typical in nature for a development of this scale. Real Estate staff have negotiated an option to purchase the lands located at 2 Hillyard Street, as shown on Appendix “B” to Report PED17011.

Alternatives for Consideration – see Page 5.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As shown in Appendix “B” to Report PED17011.

Real Estate and Legal fees are estimated at \$46,000 and will be credited to Account 45408-3560150200 (Property Purchases and Sales) and funded from Reserve number 110023.

Staffing: N/A

Legal: Legal Services will be required to assist in the preparation of the necessary documents required to complete the transaction as set out herein.

HISTORICAL BACKGROUND

Need for New HSR Maintenance and Storage Facility (MSF)

The need for a new MSF has been identified in both Rapid Ready (2013) and the Ten Year Local Transit Strategy (2015). In order to begin feasibly studies for the new MSF Council approved a budget of \$2M as part of the 2016 Capital Budget.

Currently, the Hamilton Street Railway (HSR) operates a fleet comprised of 251 buses including over 40 18 metre articulated buses. Based on the Ten Year Local Transit Strategy, the fleet will grow by an additional 100 buses by 2024. All maintenance, storage, operations and administrative functions for HSR and administrative functions for ATS occur at the Mountain Transit Centre located at 2200 Upper James Street,

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which was opened in 1983. This MSF was designed with an indoor storage capacity for 200 12 metre buses. With approximately 260 buses to store and maintain, including a growing number of articulated buses, the 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.

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. As such, a new MSF should be located centrally below the escarpment. The existing MSF at 2200 Upper James Street would continue to store and maintain buses servicing routes above the escarpment and the new MSF would serve lower City routes. A site of approximately 6 hectares (15 acres) is required.

Brant Street Site and 2 Hillyard

On June 24, 2015, Council approved the acquisition of a 3.5 hectares (8.6 acre) parcel of land located at 80 Brant Street for \$1.85M, see Appendix “A” to Report PED17111. This parcel is located immediately north of a dormant CP rail spur line that separates the property from the City’s facility at 330 Wentworth Street North. The property fronts along Hillyard Street in the west and Brant Street to the north. It is separated from Birch Avenue by a Hydro power line ROW to the east. The immediate area is industrial in character and use. At the time, it was intended that this site would be used to facilitate a new MSF for the Hamilton LRT project. However, upon further study and review an alternative site has been chosen for the LRT MSF. As such, this site is currently in City ownership and would be available for a bus MSF.

In order to accommodate an MSF an additional + / - 2.5 hectares (6 acres) of land is required. If adjacent lands located at 2 Hillyard Street (0.9 hectares / 2.2 acres) is acquired, along with the relocation of some of the current uses at 330 Wentworth Street (e.g. DARTS parking and salt dome), sufficient lands would be available for the MSF.

City of Hamilton Real Estate staff have negotiated an option to purchase 2 Hillyard Street, as shown in Appendix “B” to Report PED17011, the offer is conditional upon Council approval. As noted the TH & B (CP) lands were acquired May 19, 2017.

Federal Public Transit Infrastructure Fund

In April 2016, the Federal government announced the Public Transit Infrastructure Fund. The funding is intended to improve and expand public transit systems across Canada, and includes an investment of up to \$3.4B in public transit over three years, starting in 2016. The Federal Government will fund up to 50% of eligible costs for projects and funding under the program will be allocated to municipalities based on

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ridership. Hamilton is eligible to receive \$36.5M of dedicated transit funding. The funds will be administered through the Province and on October 12, 2016 Council approved Phase 1 of the MSF development which includes detailed design and site preparation works, as part of the City of Hamilton's submission for consideration to Infrastructure Canada. On March 31, 2017, Infrastructure Canada announced the approval of the PTIF funding for Transit projects in Hamilton, including \$28.6M Phase 1 of the MSF.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

- Building a Strong Foundation
- Provincial Policy Statement
- Places to Grow

RELEVANT CONSULTATION

- Legal Services Division, City Manager's Office
- Public Works Department, Transit Division
- Corporate Services Department, Finance

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Land to accommodate a new bus MSF should be secured as soon as possible as program timelines stipulated by the Federal Public Transit Infrastructure Fund must be met and require an aggressive project schedule. As the need to proceed with a new MSF is critical it is recommended that the City proceed with the purchase of the lands located at 2 Hillyard Street.

ALTERNATIVES FOR CONSIDERATION

Alternative 1 – Renovate Existing Works Facility at 330 Wentworth Street

Currently the 330 Wentworth Street North property is a multi-use site, incorporating various Public Works operations, storage and yard functions. The renovations and upgrades required to re-establish an MSF at the 330 Wentworth Street facility are estimated to cost approximately \$50M. In addition, it would cost an additional estimated \$100M to relocate the Public Works functions currently using the site and building. There is currently no funding available to relocate the works facility and the Public Transit Infrastructure Fund presently available can only be used for transit projects. Therefore, this option is not recommended.

Alternative 2 – Alternative Site

A second alternative would be to locate another suitable site for the MSF. However, the site at 2 Hillyard is ideally located from a transit operations perspective and the current owner is willing to sell. Therefore, given the extremely tight timelines required to take advantage of the Public Transit Infrastructure Fund locating an alternative suitable site is not recommended.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED171111 – Location Map

Appendix “B” to Report PED171111 – Terms and Conditions Sheet (Confidential)

JH/dt