



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Transit Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	July 12, 2018
SUBJECT/REPORT NO:	Public Transit Infrastructure Fund (PTIF) - Debt Financing Re-appropriation (PW18054) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tanya Detmar (905) 546-2424 Extension 1855
SUBMITTED BY:	Jason VanderHeide Acting Director of Transit Public Works Department
SIGNATURE:	

RECOMMENDATION

That debt financing related to Public Transit Infrastructure Fund (PTIF) projects be re-appropriated as outlined in Appendix “A” to Report PW18054.

EXECUTIVE SUMMARY

In August 2016, the Government of Canada announced it was providing Ontario with \$1,486,680,000 under the new Public Transit Infrastructure Fund (PTIF) and would cover up to 50 per cent of the funding needed for projects supported under this Agreement that will make public transit more efficient and inclusive for people in Ontario. The Ontario funding was allocated provincially on the basis of transit ridership.

In October 2016, Council authorized Transit staff to submit an application to the Province that contained 14 projects totalling \$72,978,408 to be considered for Federal funding under PTIF (for details refer to Report FCS16083). Subsequently in spring 2017, the City was approved to receive a federal contribution of up to \$36,489,204 towards the 14 projects listed in the application with the City to match the federal funding commitment.

Council approved a financing strategy to fund the City’s matching contribution of \$36,489,204 through the Tax Supported Capital Budget (refer to Report FCS17099) as follows:

- \$29,327,204 Tax Supported debt with annual debt charges of \$3.6M over 10 years
- \$7,162,000 debt funded from Development Charges

OUR Vision: To be the best place 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.

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To receive PTIF funding, the City was required to enter into a Transfer Payment Agreement (TPA) between the City and the Province. Section C of the TPA, allows the City to submit project modification requests as it relates to project completion dates, costs and scope. Additionally, the City was advised that it could request funding reallocations between projects and request consideration of new project submissions. The City submitted its modification submission in the amount of \$12,650,000 which reallocated funding for seven of the 14 projects (refer to Appendix "A" of Report PW18054). The City's submission reflected a decrease in required funding for four projects and an increase in required funding for three projects, as well as, identifying three new projects:

HAM-015 – Transit Network Review

HAM-016 – Exterior Upgrades to Mountain Transit Centre

HAM-017 – Upgrade Operator Seats

The funding reallocation requests associated with the modifications are contained fully within the approved PTIF funding allocation of \$72,978,408.

On March 21, 2018, the Province approved the City's modification request to reallocate funding for the aforementioned seven projects. The three new projects have not yet received final approval from Infrastructure Canada, however, staff anticipate a decision is imminent.

Because of the project modification requests approval, the City's debt financing plan, as it relates to PTIF projects, requires re-appropriation relative to the changes associated with the 10 project modification requests. Note that no new debt is incurred with the approval of the project modifications; it is solely a re-appropriation of the original debt financing to align with the approved revised City's PTIF program.

This report seeks the authority to reallocate debt financing as shown in Appendix "A" of Report PW18054.

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FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: No new debt will be incurred because of the recommended re-appropriation of the approved PTIF debt financing.

Staffing: N/A

Legal: The Transfer Payment Agreement (TPA) has been executed between the City and the Province. An amended Sub-Schedule C1 is required upon final approval of the remaining project modification requests and will be forwarded by the Province.

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HISTORICAL BACKGROUND

In October 2016, Council authorized Transit staff to submit an application to the Province that contained 14 projects to be considered for Federal funding under the Public Transit Infrastructure Fund program (PTIF). The application was submitted on October 18, 2016 and the City was approved to receive a federal contribution of up to \$36,489,204 towards the 14 projects listed in the application providing the funding does not exceed 50% of the projects' total eligible expenditures and the projects are completed by March 31, 2018.

Council approved a financing strategy to fund the City's matching contribution of \$36,489,204 through the Tax Supported Capital Budget (refer to Report FCS17099) as follows:

- \$29,327,204 Tax Supported debt with annual debt charges of \$3.6M over 10 years
- \$7,162,000 debt funded from Development Charges

In June 2017, Council approved that delegated authority be granted to the Director of Transit, to submit project modifications to Infrastructure Canada on behalf of the City (refer to Report PW17051).

Following Provincial and Council approvals, Transit staff began actively working on the 14 projects to achieve substantial completion by the March 31, 2018 deadline. On January 4, 2018, the Province announced the deadline for substantial completion was extended to March 31, 2020 and staff is now working towards this date.

The following provides an update for each project in terms of completion:

Project Complete

HAM-002 Fleet Expansion

HAM-004 Automatic Passenger Counters

HAM-008 Rymal Sidewalks

HAM-010 HVAC upgrades at Mountain Transit Centre

Project 50% Complete

HAM-007 Vehicle Hoists

HAM-009 Radios

Project 25% Complete

HAM-006 End-of-Line Rehabilitation

HAM-011 Passenger Technology & Software Upgrades

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Project below 25% Complete

- HAM-001 Maintenance and Storage Facility
- HAM-003 Transit Shelter/Stop Improvements
- HAM-005 Transit Signal Priority
- HAM-012 Garage Doors at Mountain Transit Facility
- HAM-013 Bus Wash Racks
- HAM-014 Support Fleet

As a result of early project progress, staff have a solid understanding of costs, scope and deadlines for each project. This information, along with favourable tendering results, has resulted in balances that can be reallocated to existing projects as well as the potential to invest in new project opportunities in the PTIF program.

The TPA provides municipalities the ability to modify projects through a prescribed modification process outlined in Section C of the Agreement. Through this process the City can request modifications to projects in terms of cost, scope and deadlines. It also provides the ability to submit new project requests.

On November 23, 2017, the Province advised final project modification requests, including fund reallocation and new project submissions were required by December 15, 2017.

As such, Transit staff prepared and submitted a modification request that included the following project changes:

Project	Change to budget
HAM-001 Maintenance & Storage Facility	-\$6,650,000
HAM-004 Automatic Passenger Counter's	-\$2,100,000
HAM-005 Transit Priority	-\$2,350,000
HAM-006 Transit Capital Infrastructure	+\$2,700,000
HAM-007 Transit Fleet Hoists	+\$4,000,000
HAM-010 HVAC	-\$1,550,000
HAM-011 Customer Service Software	+\$795,000
HAM-015 Transit Network Review*	+\$800,000
HAM-016 Exterior Upgrades to Mountain Transit Centre*	+\$3,900,000
HAM-017 Upgrade Operator Seats*	+\$455,000

*new project submission

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The cost changes associated with the modifications request submission do not exceed the approved PTIF funding allocation totalling \$72,978,408 as per Appendix “A” to Report PW18054.

On March 21, 2018, the Province advised that all project modification requests to reallocate the funds for existing projects have been approved. Project modifications seeking new project status have yet to be confirmed however the Province has advised a decision from Infrastructure Canada will be received shortly.

Because of the project modification requests approval, the City’s debt financing plan, as it relates to PTIF projects, requires re-appropriation relative to the changes associated with the 10 project modification requests. Note that no new debt is incurred with the approval of the project modifications; it is solely a re-appropriation of the original debt financing to align with the approved revised City’s PTIF program

This report seeks the authority to re-appropriate debt financing as shown in Appendix “A” of Report PW18054.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The City’s Debt Management Policy requires Council approval for the issuance of debentures. Report PW18054 requests Council’s approval of previously approved debt financing of PTIF funded projects.

PTIF funding will support the Ten Year Local Transit Strategy which aligns with a number of key policy documents including:

- Hamilton Transportation Master Plan (2007)
- The Big Move Regional Transportation Plan (2008)
- Improving Health by Design in the Greater Toronto-Hamilton Area – A report of Medical Officers of Health in the GTHA (2014) and,
- Urban Hamilton Official Plan (2009)

RELEVANT CONSULTATION

Financial Planning & Policy Division staff provided guidance regarding required debt financing re-appropriations.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Not applicable.

ALTERNATIVES FOR CONSIDERATION

Not applicable.

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.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix A – Public Transit Infrastructure Fund Financial Summary