



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:

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Updated Net Operating Cost Estimates for a Hamilton LRT

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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
	<u>31</u>	<u>\$5,429,736</u>	<u>\$284,784,797</u>	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	<u>\$ 6,730,218</u>	<u>\$ 5,429,736</u>	<u>\$ 1,300,482</u>
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

	Quantity	Amount	DC Exemption Reduction Rate	
			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	<u>52</u>	<u>\$ 40,057,579</u>		
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	<u>\$ 2,325,160</u>	<u>\$ 51,780,374</u>	<u>\$ 49,455,214</u>	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
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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
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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