



## City of Hamilton Report for Consideration

**To:** Chair and Members  
Public Works Committee

**Date:** June 9, 2025

**Report No:** PW24058(a)

**Subject/Title:** Canada Public Transit Fund – Capital Plan  
Application

**Ward(s) Affected:** City Wide

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### Recommendations

- 1) That the General Manager, Public Works, or their designate, **BE DIRECTED** and **BE APPROVED** to submit to Housing, Infrastructure and Communities Canada, on behalf of the City, a 5-year capital plan application for the purchase of replacement vehicles in accordance with the terms and conditions associated with the Canada Public Transit Fund;
- 2) That the Director of Transit, or their designate, **BE DIRECTED** and **BE APPROVED** to submit future capital plan amendments that may be required on behalf of the City, to Housing, Infrastructure and Communities Canada, provided that such amendments are acceptable to the General Manager, Public Works or their designate;
- 3) That the Mayor and Clerk **BE DIRECTED** and **BE APPROVED** to execute on behalf of the City, all necessary agreements and documentation, including Contribution Agreements to receive funding under the Canada Public Transit Fund with content satisfactory to the General Manager, Public Works, or their designate, and in a form satisfactory to the City Solicitor;
- 4) That where required to give effect and authorize the signing of a Contribution Agreement between the City of Hamilton and His Majesty the King as represented by the Minister of Housing, Infrastructure and Communities Canada, to receive funding under Canada Public Transit Fund, Legal staff **BE DIRECTED** to prepare a By-law in the form satisfactory to the City Solicitor for consideration by Council; and

- 5) That staff **BE DIRECTED** and **BE APPROVED** to procure replacement fleet as contained in the 5-year Capital Plan submission of the Canada Public Transit Fund, upon receipt of approval of the Capital Plan submission from the Ministry of Housing, Infrastructure and Communities Canada.

## Key Facts

- In September 2024, the Transit Division submitted an Expression of Interest to the Housing, Infrastructure and Communities Canada as Stage 1 of the application process for funding.
- On November 27, 2024, Mayor Horwath was advised by Housing, Infrastructure and Communities Canada that the City would receive a 10-year allocation of \$62,123,260 (\$6,212,326 annually).
- The Transit Division is now ready to proceed to Stage 2 of the process with the submission of a Capital Plan Application, which is a requirement to receive the funding.
- Through this report, staff are seeking approval from Council to submit a 5-year Capital Plan application to Housing, Infrastructure and Communities Canada, as the second phase in the application process for funding under the Baseline Funding stream of the Canada Public Transit Fund.

## Financial Considerations

Baseline Funding will provide up to 40% federal funding for capital projects and up to 80% for non-capital projects to a maximum annual of \$6,212,326 for 10 years until 2035/36. Annual funding allocations must be used in each fiscal year and cannot be stacked or banked to future fiscal years. Considering the ongoing needs for replacement buses, the opportunity that the fund provides will allow the City to avoid paying up to \$62M from reserve over the next 10 years which will assist in making the reserve fund viable over the long term.

## Background

On July 17, 2024, the Federal Government introduced the Canada Public Transit Fund. This new fund will provide municipalities and transit agencies three billion dollars per year in permanent and predictable public transit funding beginning in the 2026/27 fiscal year.

The funding will be delivered through three streams:

- Baseline Funding
- Targeted Funding Streams
- Metro-Regional Agreements

The Baseline Funding stream is a \$500 million annual fund allocated across Canada based on a formula that considers both ridership and population metrics. The fund will provide federal funding for ten years to support routine capital and non-capital investments. The funding is a two-stage application process:

Stage 1 - Expression of Interest  
Stage 2 - Capital Plan Application

The Transit Division responded to the Expression of Interest in September 2024 and on November 27, 2024, Mayor Horwath was advised by Housing, Infrastructure and Communities Canada that the City would receive a 10-year allocation of \$62,123,260 (\$6,212,326 annually until the 2035/36 fiscal year). This annual amount will be recalculated at Year 5 but will not decrease.

Funding will be offered in regular annual payments. Use of multiple sources of grant funding, referred to as Stacking, is not permitted.

The City is now ready to proceed to Stage 2 of the process with the submission of a Capital Plan Application, a requirement to receive the funding.

## **Analysis**

Stage two, Capital Plan Application, consists of a further two-part submission:

- Part One – Capital Plan Application
- Part Two – Components

The City has the option to submit a 5-year or 10-year capital plan that outlines which projects/components the City will submit for Baseline Funding. Regardless of which term is selected, Housing, Infrastructure and Communities Canada will enter into a Contribution Agreement with the City for 10 years. Recipients who submit a 5-year plan will be offered to submit a further 5-year plan at a future date.

Detailed information of any construction and/or procurement activities that will take place as part of the capital plan must be submitted to Housing, Infrastructure and Communities Canada and are called “components” of the plan. This could include activities such as procurement of new buses, construction of new transit facilities, studies etc. No work or procurement on a component can commence until Housing, Infrastructure and Communities Canada confirms its eligibility for inclusion in the capital plan.

The final funding allocation provided at the time of approval-in-principle of the capital plan will be the maximum federal contribution. Component costs that exceed the maximum contribution will be the responsibility of the City.

For a Capital Plan to be eligible for funding, the City must meet all applicable program requirements including:

- Communities with populations above 300,000 will be required to complete a Housing Needs Assessment.

In addition, communities with population of more than 150,000 will be required to:

- Concentrate more housing development near transit by allowing high-density within 800m of high-frequency or higher-order transit.
- Eliminate mandatory minimum off-street parking requirements within 800m of high-frequency or higher-order transit, excluding accessibility requirements.
- Enable more housing supply near post-secondary institutions by allowing high-density housing as-of-right within 800m of recognized post-secondary institutions.

The City is well positioned to meet these requirements, as most have already been met and/or are being updated as part of ongoing initiatives such as the Major Transit Station Area (MTSA) planning work or the Zoning By-law review.

Additional requirements may include Environmental Assessments, Indigenous Consultation and Green House Gas Assessments.

After conducting reviews of current and future budgets, staff recommend that Baseline Funding for the years 2026/27 to 2030/31 be directed to support the purchase of annual replacement buses. Quantity of buses purchased under the program will be determined annually, relative to purchase price. Baseline Funding will not cover all annual costs of the replacement fleet program as the maximum annual funding contribution is 40% to a maximum of \$6,212,326. The City will be required pay the balance from fleet reserves.

<b>Fiscal Year*</b>	<b>Annual Cost (replacement fleet forecast)</b>	<b>Canda Public Transit Fund Allocation</b>	<b>Balance from Reserves</b>
2026/27	\$26,321,000	\$6,212,326	\$20,108,674
2027/28	\$15,856,000	\$6,212,326	\$9,643,674
2028/29	\$15,600,000	\$6,212,326	\$9,387,674
2029/30	\$37,003,000	\$6,212,326	\$30,790,674
2030/31	\$26,139,000	\$6,212,326	\$19,926,674

\*Fiscal year is April 1 to March 31

Staff will be required to issue purchase orders for replacement fleet 12-18 months in advance of the corresponding fiscal year as the Canda Public Transit Fund program only recognizes the date of payment as the date of eligible expense and not the date of purchase order. For example, for costs to be eligible and claimed in year 2026/27, a purchase order needs to be issued by mid-2025 so that buses can be fabricated, delivered and invoiced for the April 1, 2026 to March 30, 2027 fiscal year. Purchases for future years of the program will be ordered correspondingly.

Appendix “A” attached to Report PW24058(a) contains the proposed Capital Plan Application submission.

In order to receive Baseline funding through the Canada Public Transit Fund, the City will be required to enter into a Contribution Agreement with the Government of Canada.

Baseline funding directed to the purchase of annual bus replacements will have no requirement for additional FTE.

## **Alternatives**

Committee can opt to direct staff to not submit a Capital Plan Application for Baseline Funding and forego the opportunity of \$62,123,260 in funding.

## **Relationship to Council Strategic Priorities**

Report PW24058(a) aligns with the following Council Priorities:

1. Sustainable Economic & Ecological Development
  - 1.1. Reduce the burden on residential taxpayers
  - 1.2. Facilitate the growth of key sectors

Continued review of funding programs and their associated projects ensures City resources are managed efficiently.

## **Previous Reports Submitted**

- [PW24058 Canada Public Transit Fund - Permanent Baseline Funding, Public Works Committee September 30, 2024](#)

## **Consultation**

Dianne Hicks, Manager, Finance and Administration, Corporate Services

## **Appendices and Schedules Attached**

Appendix A: Baseline Funding, Capital Plan Application

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**Submitted and recommended by:** Nancy Purser, Acting Director of Transit  
Public Works Department, Transit Division