



**Report:** PDL-CPL-15-55

## **Region of Waterloo**

### **Planning, Development and Legislative Services**

#### **Community Planning**

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**To:** Chair Tom Galloway and Members of the Planning and Works Committee

**Date:** November 17, 2015                      **File Code:** D10-40

**Subject:** **King-Victoria Multi-Modal Transit Hub Update**

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#### **Recommendation:**

For information.

#### **Summary:**

Between 2008 and 2013, the Region of Waterloo assembled approximately 1.6 hectares (4 acres) of land located at and near the intersection of King and Victoria Streets in Kitchener to develop a multi-modal transportation hub (Transit Hub). To date, the Region has completed the required Environmental Assessments, a Preliminary Site Design, Heritage Impact Assessment, Urban Design Brief and a Market Scoping and Sounding Analysis. In addition, the Region received approval from the City of Kitchener for Official Plan and Zoning By-law amendments that provide for up to one million square feet of development, with the broadest range of possible residential, office and commercial uses. These Official Plan and Zoning By-law amendments are now in full force and effect.

To further advance the project, Regional Council approved a recommendation to retain procurement and financing advisors to complete a Municipal Business Case and to assist in the preparation of Request for Qualifications (RFQ) and Request for Proposal (RFP) documents (please see Report P-14-061). As an extension of their role with ION Rapid Transit, Infrastructure Ontario (IO) and Deloitte were retained for the Municipal Business Case in February 2015. Through the Municipal Business Case process, the Transit Hub Steering Committee has been considering several preliminary recommendations to achieve Council's vision of a Transit Hub. These preliminary recommendations include:

1. Dividing the Transit Hub infrastructure into two integrated delivery streams;
2. Using a Design Bid Build process to construct the Transit Hub infrastructure in the Metrolinx rail corridor;
3. Considering the Transit Hub primarily as a transit-integrated real estate development opportunity; and
4. Development scenarios with varying degrees of design integration between the transit infrastructure and the mixed-use development.

The anticipated completion date for the Municipal Business Case is early 2016.

**Report:**

Between 2008 and 2013, the Region assembled approximately 1.6 hectares (4 acres) of land located at and near the intersection of King and Victoria Streets in Kitchener. This land was purchased to develop a multi-modal transportation hub (Transit Hub). It is anticipated that the transportation infrastructure associated with the Transit Hub would be integrated into a broader high-density mixed-use development on the site. Currently, GrandLinq is using a portion of the site as a construction staging area for the King Street grade separation.

The Region has identified three primary goals for the Transit Hub:

1. Provide a centralized transportation facility with infrastructure that delivers seamless connections between walking, cycling, ION Light Rail Transit, Grand River Transit (GRT), GO train and VIA Rail service, as well as inter-city bus services such as GO bus, Greyhound and Coach Canada;
2. Develop a high-density, transit-oriented development with residential, office and retail uses, fully integrated with the proposed transit-related infrastructure; and
3. Leverage the development of the site to reduce the Region's overall Transit Hub infrastructure costs.

In May 2014, the Region completed the planning and feasibility phase of the Transit Hub (please see Report P-14-061). This phase included completing design concepts to illustrate the transit-related infrastructure required to seamlessly integrate all forms of transportation on site. The infrastructure envisioned includes the GO train and VIA Rail platform, a public plaza and two storey transit hall for passenger circulation, a pedestrian connection at Waterloo Street, a bus loop, passenger pick-up and drop-off, short-term and long-term bike parking, as well as a multi-use path over King Street. The planning and feasibility phase also included:

- Completing the required Environmental Assessments, Heritage Impact Assessment and Urban Design Brief;

- Approval from the City of Kitchener for Official Plan and Zoning By-law amendments; and
- Completing a Market Scoping and Sounding Analysis from a real estate and development perspective.

To further advance the project, Regional Council approved a recommendation to retain procurement and financing advisors to complete a Municipal Business Case and to assist in the preparation of Request for Qualifications (RFQ) and Request for Proposal (RFP) documents (please see Report P-14-061). As an extension of their role with ION Rapid Transit, Infrastructure Ontario (IO) and Deloitte were retained for the Municipal Business Case in February 2015. The anticipated completion date for the Municipal Business Case is early 2016. This report provides a brief update on the work completed to date on this assignment.

### **Preliminary Findings of the Municipal Business Case**

In February 2015, the Region began working with IO and Deloitte to develop the Municipal Business Case. The purpose of this work is to determine the best approach for developing the Transit Hub lands, incorporating both transit infrastructure and the mixed-use development. IO and Deloitte are building on the Market Scoping and Sounding Analysis completed by Cushman & Wakefield (2013) and will identify the steps and timelines required to bring the Transit Hub project to the development stage.

The Transit Hub Steering Committee, which includes Councillors Galloway, Lorentz, Strickland and Vrbanovic, has been considering several preliminary recommendations for delivering the Transit Hub vision. These recommendations include:

1. **Dividing the Transit Hub infrastructure into two integrated delivery streams.** The first stream would include infrastructure in the Metrolinx rail corridor, such as the GO/VIA Rail platform and shelters, Waterloo Street pedestrian access and the south access located by the UW School of Pharmacy. The second stream would include all infrastructure on the Transit Hub site, such as the public plaza, pedestrian pick-up and drop-off, transit hall, intercity bus loop, as well as 100 underground parking spaces for transit users.
2. **Using a Design Bid Build process to construct the Transit Hub infrastructure in the Metrolinx rail corridor.** This would enable the lead public agency to maintain full control over the design, construction, operations and completion schedule of the Transit Hub infrastructure within the rail corridor. Public agencies use the Design Bid Build process for most public infrastructure and IO considers Metrolinx and/or the Region as the appropriate agencies for delivering the rail corridor infrastructure.

3. **Considering the Transit Hub primarily as a transit-integrated real estate development opportunity.** By dividing the infrastructure into two delivery streams, the Region could effectively reduce the scale, cost and complexity of the Transit Hub. As part of their preliminary analysis, IO analyzed three public-private partnership (P3) options and assessed their feasibility for the project. Similar to Cushman & Wakefield, IO concluded that the potential capital costs for the Transit Hub infrastructure are lower than most P3 thresholds. Further, there are few opportunities for transferring design or financing risk to the private sector. Therefore, a P3 process is unlikely to be recommended in the Municipal Business Case. IO also determined that, with an RFQ/RFP process, Direct Disposition of the Transit Hub lands to a single master developer is likely to be the most marketable option. It also enables the Developer to integrate the on-site Transit Hub infrastructure with the rest of the development. The RFP should address all detailed design obligations for the developer, with the Region and/or Metrolinx taking back control of the on-site Transit Hub infrastructure (through outright ownership or permanent lease back arrangements, as appropriate) post-construction.

The Transit Hub Steering Committee is also considering three development scenarios with varying levels of design integration between the Transit Hub infrastructure and the private mixed-use development. Different variations of these scenarios may also be explored, but the three developed to date include:

**Scenario A** – A Master Developer develops the site with a high degree of integration between the Transit Hub infrastructure and the private mixed-use development. The development schedule would be largely dependent on the proposed land uses and market absorption.

**Scenario B** – A Master Developer constructs the site in phases, but in such a way that a high degree of integration is ultimately achieved. The construction timing of the Transit Hub infrastructure would be prescribed in an RFP process, and sequenced through upfront government funding of the infrastructure.

**Scenario C** – The Region develops the Transit Hub infrastructure separately from the mixed-use development. This would accelerate the delivery of the Transit Hub infrastructure and result in the physical and financial separation of the transit infrastructure from the mixed-use development.

### Next Steps

There are several key milestones and decision points anticipated in the coming months, including:

- Completion of the Municipal Business Case (early 2016)
- Staff report detailing the findings of the Municipal Business Case for Council's consideration (early 2016)
- Pending successful negotiations with IO, staff may recommend IO as the Transit Hub procurement advisor (early 2016)
- Secure team of external advisors (procurement, legal, technical and financial) to support RFQ/RFP documents development (early 2016)
- Develop RFQ/RFP documents (2016/2017).

Regional staff will continue to investigate funding and partnership options with the Provincial and Federal governments, Metrolinx and VIA Rail regarding development of the Transit Hub infrastructure. Discussions with Metrolinx are ongoing regarding the design specifications of the proposed transit infrastructure, as well as passenger facilities and parking on the Transit Hub site. (VIA Rail typically co-locates with GO facilities in the GO service area.)

### **Area Municipal Consultation/Coordination**

City of Kitchener staff has been regularly consulted over the course of this project. In addition, both City of Kitchener staff and a City of Kitchener Councillor were members of the Steering Committee during the planning and feasibility stage of the project. City staff continues to be involved in discussions regarding Transit Hub design and parking, as well as the planned public plazas. Further, the City of Kitchener has included the Region in discussions on long-term parking solutions for the broader Innovation District.

### **Corporate Strategic Plan:**

The development of the King-Victoria Transit Hub supports Strategic Actions 2.2, 2.1 and 3.6 in the 2015-2018 Strategic Plan by improving inter-city rail transportation services, creating an integrated public transportation network, and improving environmental sustainability in intensifying urban areas.

### **Financial Implications:**

The approved 2015 Region of Waterloo Capital Budget includes \$660,000 for the multi-modal hub project funded from the Capital Levy Reserve Fund and in year property tax revenues. The costs for the consulting assignment to complete the Municipal Business Case by IO and Deloitte are estimated at \$162,000, plus applicable taxes. The remaining funds will support the development of RFQ/RFP documents in 2016.

Capital cost estimates for the transit related infrastructure (both in the Metrolinx corridor and on site) are being developed. Depending on how the development proceeds, it is

also possible that two levels of underground parking would be constructed at the same time as the Transit Hub infrastructure. This parking could be used to support the phasing of a mixed-use development and/or to provide GO parking in the medium term.

Cost estimates for and timing of the works described above are being investigated as part of the Municipal Business Case to be completed in early 2016. Partnership discussions with Metrolinx are ongoing regarding the capital cost and design specifications of the Transit Hub. Staff and financial advisors will explore sources of funding for including Federal and Provincial Government grants, development charges, partner contributions (e.g. Metrolinx, VIA, etc.), and long term financing. Additional sources could include the proceeds of sale of the Transit Hub lands and divestment of the Charles Street Transit Terminal. Given the uncertainty surrounding the quantum and timing of the cost estimates and funding sources, the project has not been included in the proposed 2016-2025 Capital Program. A recommendation with respect to capital costs and funding sources will be brought forward following the completion of the Municipal Business Case.

**Other Department Consultations/Concurrence:**

Staff from Transportation Planning, Legal Services, Facilities Management and Finance has been consulted in the preparation of this report.

**Attachments:**

Nil.

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**Approved By:** Rob Horne, Commissioner, Planning, Development and Legislative Services