



Report: PDL-CPL-16-14

Region of Waterloo

Planning, Development and Legislative Services

Community Planning

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

Date: February 23, 2016

File Code: D10-40

Subject: King-Victoria Multi-Modal Transit Hub Update

Recommendation:

That the Regional Municipality of Waterloo endorse the recommended direction described in Report No. PDL-CPL-16-14, dated February 23, 2016, as the basis for advancing the development of the King-Victoria Multi-modal Transit Hub, subject to the receipt of senior level government funding, and including:

- a) Holding a Public Information Centre to update residents and adjacent land owners on the King-Victoria Multi-modal Transit Hub project, including feedback on the Waterloo Street pedestrian access options, and invite the City of Kitchener to co-host and provide updates on associated planning initiatives;
- b) Retaining Ontario Infrastructure and Lands Corporation (Infrastructure Ontario) to act as the Procurement Advisor for the construction of the King-Victoria Multi-modal Transit Hub project, on terms satisfactory to the Regional Solicitor, to an upset fee limit of \$305,000 plus applicable taxes, and authorize the Commissioner of Planning, Development and Legislative Services and the Chief Financial Officer to enter into agreements with associated advisors, including Legal, Fairness and Design/Engineering services;
- c) Amending the Region's 2016-2025 capital budget and forecast to include the King Victoria Multi-Modal Transit Hub as set out in Attachment 2 to this report, and reflecting the Region's intention to fund that portion of the King-Victoria Multi-modal Transit Hub project related to meeting the increased need for service arising from development, including any excess capacity related to meeting that need by development charges; and

- d) Formally pursuing funding opportunities from a variety of sources, including the Greater Toronto Transportation Authority (Metrolinx), VIA Rail, and the Federal and Provincial governments.

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). The Transit Hub is expected to be an iconic focal point for higher order transit service in Waterloo Region, connecting passengers seamlessly through the co-location of ION LRT, GO Transit (rail and bus service), intercity bus and GRT. The Transit Hub is also expected to generate ION ridership by serving as an anchor development along the Central Transit Corridor (CTC) with transit station functions integrated with a mixed-use destination.

In February 2015, the Region secured Infrastructure Ontario (IO) and Deloitte as the procurement and financial advisors to help the Region determine the best approach for developing the Transit Hub lands. The Transit Hub Steering Committee, which includes Chair Seiling and Councillors Galloway, Lorentz, Strickland and Vrbanovic, considered several recommendations and unanimously endorsed the following approach for Regional Council consideration:

1. That the Transit Hub infrastructure be divided into two integrated delivery streams (on-site and off-site) and that development responsibility be allocated to the most appropriate parties. On-site infrastructure refers to Transit Hub components on the Regionally owned Transit Hub lands, while off-site infrastructure refers to those Transit Hub components in the Metrolinx rail corridor;
2. That the off-site transit infrastructure be delivered as part of a traditional Design/Bid/Build process in partnership with Metrolinx;
3. That the preferred real estate transaction structure is the Direct Disposition (fee simple sale) of the Transit Hub lands to a master developer, subject to specific design and construction obligations. The master developer would be responsible for the integrated design and delivery of the on-site transit infrastructure and mixed-use development;
4. That the Region consider advancing funding for the on-site transit infrastructure as a means to ensure the timing of construction; and
5. That, subject to securing adequate cost-shared funding, the Region proceed with a Request For Qualification and Request For Proposal process to select a master developer to construct the on-site Transit Hub infrastructure and mixed-use development.

An important component of the project is a pedestrian connection envisioned for Waterloo Street. The Steering Committee reviewed and recommends that a pedestrian

overpass be considered as an additional option for the Waterloo Street pedestrian connection. Conceptually, the overpass would be an enclosed bridge with lighting that could also be an architectural feature of the Transit Hub. To consider this option, additional consultation is required with Metrolinx, the City of Kitchener and the community. To date, only an underground pedestrian access has been discussed. Staff recommend holding an additional Public Information Centre to update the broader community on the Transit Hub project.

Infrastructure Ontario is the Region's procurement advisor for ION Rapid Transit and they have been providing considerable value to the Transit Hub Steering Committee. Their coordination with Deloitte has been effective and their recommendations to date have been helpful and innovative. As a crown corporation, IO's participation requires a request from the Region and a Letter of Direction from the Minister of Infrastructure. Staff recommends Regional Council retain IO as the Region's Procurement Advisor for the remainder of the Transit Hub project as well.

Throughout the procurement process, the Region would retain final approval authority for all decision making and staff would report to Regional Council to seek formal direction throughout the process.

The Transit Hub aligns with many important Provincial, Regional and Area Municipal objectives, including satisfying the need for new transit facilities, providing greater convenience for transit customers, improving employee access to downtown Kitchener, and demonstrating excellence in urban design. The Transit Hub is also a key element of the Region's effort to connect companies and employees along the Toronto-Waterloo technology corridor and is expected to be a catalyst for the further growth and intensification of downtown Kitchener.

The projected cost of the Transit Hub project is \$43 million (\$36.7 million in 2016 dollars), including the on- and off-site transit components, procurement costs, and 100 parking spaces for transit riders.

The planned mixed-use development will create opportunities for incremental property tax from the residences and offices located on the site. The Region could gain between \$30 million to \$41 million in property taxes over 30 years, depending on the density and mix of uses on site. It is recommended that the 2016-2025 capital program be amended to include \$31.6 million in 2016 dollars (which is equivalent to \$36.2 million in nominal dollars) for the Transit Hub, which is the capital requirement expected within the 10 year time frame of the 2016 – 2025 capital program. The Region will seek funding for the project from a variety of sources, including Metrolinx, VIA Rail and the Federal and Provincial governments.

Report:

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 approximately one million square feet of associated development, with a broad range of possible residential, office and commercial uses. These Official Plan and Zoning By-law amendments are now in force and effect.

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 LRT, inter-city bus services, GO and VIA Rail service, as well as GRT buses;
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 entire Transit Hub site to reduce the Region's overall infrastructure costs.

Project Description

The Transit Hub is expected to be a focal point for higher order transit service in Waterloo Region, connecting passengers seamlessly through the co-location of ION LRT, GO Transit (rail and bus service), intercity bus and GRT. The Transit Hub is also expected to generate ION ridership as an anchor development along the Central Transit Corridor (CTC) with transit station functions integrated with a mixed-use destination.

The City of Kitchener approved Official Plan and Zoning By-law applications made by the Region to permit a broad range of land uses at higher densities, with transit-supportive parking requirements. These zoning provisions will enable a future developer to adapt the site plan to respond to dynamic market conditions. Subject to available funding, the Region is also interested in working with the master developer to integrate affordable housing with any residential component of the mixed-use development.

The GRT routes planned to connect with ION at the Transit Hub currently connect at the Charles Street Terminal, which is the main transfer node for GRT services in Kitchener. The Charles Street Terminal also serves as the intercity bus terminal for Kitchener and Waterloo, with regularly scheduled services provided by GO Transit, Greyhound and Coach Canada, as well as chartered bus service by other smaller companies. GRT plans to reconfigure its bus network around ION and phase out the Charles Street Terminal by 2019. As GRT expands over time, it is anticipated that the GRT feeder service changes will increase the number of buses connecting through the intersection of King and Victoria Streets. To ensure seamless connections between local transit

service and intercity coach services, it is necessary to facilitate the relocation of GO Transit, Greyhound and Coach Canada to the Transit Hub.

In addition to intercity and GRT bus service connections at the Transit Hub, passenger rail service is currently provided at the Kitchener GO Station (approximately 800 metres from the Central Station – Innovation District ION Stop). VIA Rail currently operates two trains in each direction through Kitchener Station, one between Toronto and London and one between Toronto and Sarnia via London. GO Transit introduced regional rail service to Toronto from Kitchener Station via Georgetown and Brampton in December 2011. GO Transit currently operates two trains from Kitchener to Toronto in the morning and two trains from Toronto to Kitchener in the afternoon, with additional service planned in the coming years. To facilitate passenger transfers between passenger rail and ION LRT, it is essential to relocate the Kitchener Train Station Platforms to the Transit Hub to further reduce walking distances. The existing GO/VIA Station is federally designated under the Heritage Railway Stations Protection Act.

The Region has developed conceptual site plans to demonstrate how the Transit Hub functions could be integrated with the private mixed-use development. In consultation with real estate experts at Cushman & Wakefield, different development scenarios were also created to test the marketability of the site and to demonstrate to residents what the permitted uses and density could look like. A conceptual overview of the key elements of the Transit Hub is provided in Attachment 1.

Please note that the land-uses and ultimate density of the mixed-use development are unknown at this time. The design of the Transit Hub is conceptual and would be expected to evolve once the Region selects a developer through a Request for Proposal process in 2016/2017.

Transit Hub Steering Committee Recommendations

In February 2015, the Region began working with IO and Deloitte to establish a recommended approach for developing the Transit Hub lands, incorporating both transit infrastructure and the mixed-use development. IO and Deloitte also identified the steps and timelines required to bring the Transit Hub project to the development stage. The Transit Hub Steering Committee, which includes Chair Seiling and Councillors Galloway, Lorentz, Strickland and Vrbanovic, considered several recommendations and unanimously endorsed the following for Regional Council consideration.

- 1. Divide the Transit Hub infrastructure into two integrated delivery streams and allocate development responsibility to the most appropriate parties.** The first stream would include off-site transit infrastructure in the Metrolinx rail corridor. These off-site components include:
 - The GO/VIA Rail platform and canopy;
 - Waterloo Street pedestrian access (Overpass or Underpass concept);

- A multi-use trail connection over King Street, parallel to the GO and VIA Rail platform; and
- The south access located by the UW School of Pharmacy, connecting the southbound ION stop with the GO and VIA Rail platform and the multi-use trail.

Removing the off-site components and associated unknowns from the developer's scope of work is expected to enhance the competitive process. The off-site infrastructure would be built on lands owned by Metrolinx and would be expected to be implemented through an alternative agreement/contract.

The second stream would include the on-site transit infrastructure on the Regionally owned Transit Hub site. The on-site components include:

- The Transit Hall plus 100 parking spaces for transit passengers;
- A Public Square and Transit Plaza ("Plazas");
- The Victoria Street Bus Loop and Bus Bays; and
- Passenger Pick-Up and Drop-off.

The on-site infrastructure should be integrated with the mixed-use development and, therefore should be included in the developer's obligations to optimize design and construction efficiency. Due to the integrated nature of the on-site transit infrastructure with the overall mixed-use development, the entity that builds the mixed-use development should be the same entity that constructs the on-site transit components and be responsible for the integrated design of the site. This entity is described as the master developer in the remainder of the report. Please see Attachment 1 – Overview of On-site and Off-site Transit Related Components.

- 2. Deliver the off-site transit infrastructure as part of a traditional Design/Bid/Build (DBB) process.** In a DBB arrangement, which is the typical process used by municipalities for tendering civil and public works projects, the Region and/or Metrolinx would collaborate on the design and tendering of the off-site Transit Hub infrastructure. The DBB process is well-suited for constructing transit-related components in the rail corridor, where transit authorities require a greater degree of control over design and direct supervision of the general contractor. Metrolinx has very specific requirements for the off-site components, which limit the potential for design innovation and risk transfer through an Alternative Procurement and Financing (P3) process. Further, based on current estimates, the construction costs of the off-site transit infrastructure is not expected to meet the minimum expenditure level required for most P3 processes.
- 3. Identify Direct Disposition (fee simple sale) of the Transit Hub site as the preferred real estate transaction structure, subject to specific design and construction obligations.** Direct Disposition is the real estate transaction structure most marketable to the widest number of developers. It is also the structure most

likely to maximize the total proceeds of the sale, while providing the greatest certainty regarding the amount and timing of those proceeds.

The Steering Committee considered several real estate transaction structures, including Direct Disposition and ground lease arrangements. To meet the Region's objectives using Direct Disposition, the master developer would be required to enter into an agreement of purchase and sale, with specific design and construction obligations for the on-site transit infrastructure. This option does not provide ongoing revenue for the Region, but it is expected to result in better bids as they relate to the sale of the land, delivery of the on-site transit infrastructure, and the construction of the mixed-use development. Comparatively, in ground lease arrangements, the Region would retain ownership of the Transit Hub lands and a long-term lease with a master developer would be required to achieve the mixed-use development. These arrangements are known to restrict some land uses. For example, residential condominiums have not generally proven to be commercially viable in Canada in the context of a ground lease.

In addition to construction of the on-site infrastructure, important considerations for the agreement of purchase and sale for the Transit Hub lands include the expeditious development of the entire site, high quality and pedestrian focused urban design, and energy efficiency. If the master developer fails to fulfill its contractual obligations, a repurchasing option could also be incorporated into the agreement of purchase and sale and associated contracts.

- 4. Consider upfront funding as a means to ensure the timing of the construction of the on-site transit infrastructure.** From a market perspective, a way to influence the value of the Transit Hub lands is to permit the master developer to build when there is sufficient market demand for the mixed-use development and to have no deadline for construction. Alternatively, the Region could financially and physically separate the transit infrastructure from the mixed-use development and impose timing requirements on the construction of the transit components. However, this could reduce the potential density and value of the site, and may not achieve the integration objective of the Region.

The goal of the Steering Committee was to design a transaction structure to deliver on the Region's objectives and market expectations. Unique components of the transaction structure include dividing the transit infrastructure into two delivery streams (on- and off-site), and delivering the off-site infrastructure using a DBB process. To test these plans, IO and Deloitte completed interviews with a sample of residential and mixed-use developers, and private equity investment firms.

Following these interviews, the Steering Committee reviewed the key findings and how the Region's financial, physical integration, and scheduling objectives could be achieved based on this feedback. The Steering Committee viewed schedule certainty and the physical integration as critical to the success of the project. To

achieve these objectives, three potential options for the transaction structure were considered (please see Figure 1).

Figure 1 – Transaction Structure Options Assessment Summary

Option	Description
Option A: Mixed-use site development with phased integration of transit components	Master developer builds the Transit Hub in phases with a high degree of integration as the market demands. Timing of the on-site transit infrastructure is uncertain and largely dependent on the developer's decisions on land uses and market absorption.
Option B (preferred): Mixed-use site development with schedule-certain delivery of transit components	Master developer builds the Transit Hub in phases with timing imposed by the Region for the delivery of on-site transit infrastructure. Having a single master developer ensures an integrated design that permits increasing densities as market demands. To achieve timing certainty, upfront funding from the Region would be required for the transit infrastructure, but land value is improved.
Option C: Partial mixed-use site development with transit components delivered separately by Region	Site is physically divided to allow the on-site transit infrastructure to be built separately from the mixed-use development. There would be no integrated design and the Region would be responsible for funding and building the on-site infrastructure. The remaining parcel(s) would be sold at market rates.

IO and Deloitte undertook a qualitative evaluation of the three options and their respective benefits and risks. The result of their evaluation, and further discussions with the Steering Committee, indicated that Option B is the preferred transaction structure. In this structure, a master developer purchases the site, develops an integrated design, builds the on-site transit infrastructure by a specific date, and ultimately delivers a mixed-use development as the market demands. The Region and/or Metrolinx separately builds the off-site transit infrastructure. The key benefits of this approach are schedule certainty and integrated design. The separation of transit-related infrastructure costs reduces risk to the private sector, while retaining both density potential and land value.

5. **Proceed with an RFQ/RFP process to select a master developer to construct the mixed-use development and on-site Transit Hub infrastructure.** Three

transaction process options were considered for implementing the Transit Hub, including:

- A RFQ/RFP, which is often used to deliver public infrastructure to specific design requirements. The capabilities of potential master developers are evaluated first, followed by the detailed evaluation of their project designs;
- B An Offering Memorandum, which can be used when public infrastructure requirements are more flexible. It is a streamlined process, where the capabilities of potential master developers are evaluated but detailed designs are not required; and
- C A Broker Led Sale, which can be used to dispose of municipal properties when there are no long-term requirements for the site.

Given the complexity of the transit infrastructure components, an RFQ/RFP process is considered the most suitable approach to ensure the site is developed in a manner consistent with the Region's objectives. In addition, given the complexity and scale of developing the Transit Hub site, and the nature of the work involved in responding to an RFQ/RFP, the opportunity is expected to attract larger developers with a national presence, or a consortium of smaller and/or local developers as the master developer.

The recommendation to proceed with an RFQ/RFP process is premised on the following key assumptions:

- a) The Region places greater importance on the timing and design of the Transit Hub infrastructure than other objectives;
- b) It is a Region objective/requirement that the on-site Transit Hub infrastructure is constructed in a manner that is fully integrated, both in terms of design, function and physical interface, with other land uses to be located on the site;
- c) The Region is able to define physical and functional design requirements and criteria for the Transit Hub infrastructure, but is willing to provide flexibility to prospective development partners regarding the site layout and detailed design for the purposes of submitting development proposals;
- d) The Region's requirement with respect to schedule certainty can be limited to the construction of the Transit Hall, Plazas and customer parking for the purposes of what prospective development partners might propose in terms of phasing; and
- e) The Region's recognition that market conditions change and are willing to provide prospective development partners with flexibility regarding scale and land-use mix.

Project Rationale and Key Benefits

The goal of developing the Transit Hub aligns with many important provincial, Regional and Area Municipal objectives. It is also intended to drive broad community and

municipal benefits beyond satisfying the need for new transit facilities and providing greater convenience for transit customers. The proposed location of transit uses, together with other uses at the site, will:

- Support intensification and the Region's implementation of the Official Plan and Growth Plan for the Greater Golden Horseshoe;
- Improve transit access to downtown Kitchener;
- Enhance the attractiveness of the area for employers;
- Capitalize on opportunities for complementary retail and civic uses;
- Create opportunities for unique public and civic spaces; and
- Serve as a catalyst for the further growth and intensification of downtown Kitchener.

The Region assessed the community, economic, environmental and financial benefits associated with the Transit Hub, which show the strong rationale for the project. These benefits are summarized below.

- **Community Benefits** - The Transit Hub will bring together a high volume of transit passengers and improve the convenience of public transportation in Waterloo Region. The combination of the uses with a mixed-use development is expected to create opportunities for public art, retail shops, offices and residences, all of which contribute to a vibrant downtown Kitchener and a successful ION corridor.
- **Economic Benefits** – The Transit Hub is expected to create a new customer base of office tenants, residents and commuters. It will promote continued residential development in downtown Kitchener and support retail business activities. In addition, the improved transit connectivity and convenience of the Transit Hub is expected to improve the attractiveness of office, commercial and institutional spaces in the Innovation District, and attract employees from a wider geographical area. The Transit Hub is part of the Region's effort to connect companies and employees along the Toronto-Waterloo technology corridor.
- **Environmental Benefits** – The co-location of transit uses with a mixed-use development will support transit use in downtown Kitchener. In addition, higher densities are known to promote walking and cycling. In combination with improved transit service, the Transit Hub is expected to help reduce the Region's dependency on automobile transportation, and in turn reduce greenhouse gas emissions and energy consumption.
- **Financial Benefits** – The planned mixed-use development will create opportunities for incremental property tax from the residences and offices located on the site. Based on two different development scenarios, Cushman & Wakefield attempted to quantify the potential 30-year property tax benefit of the Transit Hub. Their analysis concluded that, depending on the density and mix of uses, the Region could gain between \$30 million and \$41 million in property

taxes on the site. The sale of mixed-use development rights will also offset the Region's capital outlay for new transit infrastructure. This new infrastructure is expected to accommodate significant transit ridership growth over the medium to long term.

Waterloo Street Access

The Region commissioned IBI Group in 2013 to prepare a Preliminary Site Design and Station Area Access Plan to develop a conceptual site plan of the Transit Hub, integrating a mixed-use development with the planned Transit Hub infrastructure. Based on this conceptual site plan (and a Supplemental Design Package prepared by IBI in October 2015), IO and Deloitte analyzed each element of the transit-related infrastructure based on its location, and construction and operational requirements.

The Preliminary Site Design identified existing and future walking, cycling, transit and driving routes to and through the Transit Hub station area. To shorten walking distances and to animate the surrounding streets, the main building entrances were identified as facing King and Victoria Streets. Additional active transportation connections were also envisioned for Waterloo Street, and from Duke Street and the Bramm Yards via a multi-use trail over King Street. The purpose of the Waterloo Street connection was to reduce walking distances for people living and working north of the Metrolinx rail corridor.

To maintain truck access to Breithaupt Block, and to avoid moving significant underground infrastructure in Waterloo Street, the Preliminary Site Design identified a 4 to 5-metre wide concrete pedestrian underpass as being a possible solution for the Waterloo Street pedestrian connection. The entrance feature would require an elevator and stairs (with side running ramp for dismounted cyclists) to provide access from the Waterloo Street grade to the Victoria Street level.

The Steering Committee recommends that a pedestrian overpass now also be considered as an option for the Waterloo Street pedestrian connection. Conceptually, the overpass would be an enclosed bridge with lighting that could also be an architectural feature of the Transit Hub. To consider this option, additional consultation is required with Metrolinx, the City of Kitchener and the community. Staff recommend holding an additional Public Information Centre to update the broader community on the Transit Hub project, including the Waterloo Street access.

Following these consultations and public meeting, the preferred alternative for Waterloo Street could be included in the proposed RFP documents.

Parking

The City of Kitchener has approved transit-supportive parking rates for the Transit Hub. As a downtown GO Station, transit, walking and cycling will be available options for riders. However, 100 parking spaces are also proposed on-site once the Transit Hub is constructed. Parking off-site may need to be provided as well. The City of Kitchener is

developing a Downtown Parking Master Plan that is evaluating parking options for the Innovation District. Through this plan, parking in the Innovation District can be strategically used to support further intensification and transit ridership. Parking options along the ION corridor may also reduce demand in the Innovation District, as some commuters choose to park and then ride into downtown Kitchener from other locations in Cambridge, Kitchener and Waterloo.

Currently, free parking is provided on the Transit Hub lands for transit riders arriving before 7 a.m. GRT also provides a fare discount to GO train riders taking GRT to or from the GO Station. The discount fare is 50 cents and GO reimburses GRT up to the value of an adult ticket.

Selecting a Procurement Advisor

IO is the Region's procurement advisor for ION Rapid Transit and they are providing considerable value to the Steering Committee and the Transit Hub project. Their coordination with Deloitte has been effective and their recommendations to date have been helpful and innovative. Staff discussions with IO have confirmed their interest in being the procurement advisor for the Transit Hub. As a crown corporation, IO's participation requires a request from the Region and a Letter of Direction from the Minister of Infrastructure.

IO has procured many Provincial and municipal projects, and have experience implementing real estate processes, similar to what is being considered for the Transit Hub. The team at IO has experience managing complex land dispositions with development obligations beyond a typical disposition. One such example is the sale of River City development lands, located in Toronto's West Don Lands district, which IO conducted on behalf of the Province and Waterfront Toronto. The disposition included a development agreement, containing provisions to ensure that Waterfront Toronto's design and functional requirements were met. IO is also advising on a complex transaction involving the integration of transit infrastructure with real estate development. This multi-modal hub, located in Port Credit, Ontario, will involve the disposition of a land parcel to a private sector partner for high density development, with obligations to construct transit facilities, including a rail station and parking structure. In each case, IO leverages its knowledge of both public and private sector to customize the process to the needs of the client.

IO estimates an upset fee limit of \$305,000 excluding taxes to support the RFQ and RFP process, including the document development stage, managing the RFP launch and the evaluation process. Staff recommends Regional Council retain IO as the Region's Procurement Advisor for the remainder of the Transit Hub project. The Region would be responsible for selecting additional third party advisors in the coming months, including Legal, Design and Engineering, and Fairness services.

Throughout the procurement process, the Region would retain final approval authority

for all decision making and staff would report to Regional Council to seek formal direction throughout the process.

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 past 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, Waterloo Street pedestrian access, 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. All Area Municipalities were also provided with a copy of this report.

Corporate Strategic Plan:

The implementation of the King-Victoria Multi-modal Transit Hub supports the Thriving Economy, Sustainable Transportation, and Environment and Sustainable Growth focus areas in the 2015-2018 Strategic Plan by: attracting new employers and investments (Objective 1.1); planning for and providing the infrastructure and services necessary for economic success (Objective 1.2); enhancing arts and heritage opportunities for residents and visitors (Objective 1.3); creating an integrated, accessible, affordable and sustainable transportation network (Objective 2.1); improving inter-city rail transportation services (Objective 2.2); and improving environmental sustainability and livability in intensifying urban settlement areas (Objective 3.6).

Financial Implications:

Capital Costs

The 2016 capital program provides \$660,000 from the Capital Levy Reserve Fund and in year property tax revenues for the continued planning of the Transit Hub. The project capital costs in this section are stated in nominal dollars, which means they are escalated based on inflation assumptions to the year of construction; the 2016 capital costs are included in brackets. For budgeting purposes, the 2016 numbers would be used to update the 2016 – 2025 capital budget forecast. For budgeting purposes, it is assumed that construction of the Transit Hub begins in 2019, but the land may be available as early as late 2017. A second phase of construction is assumed for 2025, but could be accelerated to an earlier date depending on available funding to achieve full buildout of the on- and off-site infrastructure by 2021/2022.

The projected cost of the Transit Hub project is \$43 million (\$36.7 million in 2016 dollars), including the on- and off-site transit components, procurement costs, and 100 parking spaces for transit riders.

Staff will pursue funding for the project from a variety of source, including Metrolinx, VIA
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Rail and the Federal and Provincial governments. The Region will pursue the Federal and Provincial funding for this project as part of a larger package of transit expansion and enhancement projects, to totaling approximately \$150 million. For the purposes of the recommended changes to the 2016-2025 capital program, staff have assumed the Region will finance up to one-third of the project costs through the issuance of long-term debt. The resulting debt servicing costs would be funded by a combination of property taxes and development charges.

In order to include the costs associated with the Transit Hub in the upcoming Regional Development Charge Background Study, the Region's 2016 – 2025 capital program must be amended to include this project. Inclusion of the Transit Hub in the capital budget indicates Region Council's intent to undertake these works, which is a requirement of the Development Charges Act. Staff also recommend that Council indicate its intent to recover the growth-related portion of the project from development charges, hence recommendation "e". The amount of development charge funding will be determined through the Background Study to be undertaken this year.

As set out in Attachment 2 to this report, the 2016 – 2025 capital program will be amended to show the Region's contribution being financed through the issuance of debentures. When the amount of RDC funding is known, the funding will be adjusted in future years' capital budgets.

Operating Costs

The operational funding requirement for the Transit Hub has been estimated as approximately \$900,000 for Operation and Maintenance (O&M) costs, \$400,000 for lifecycle costs, and \$2.6 million to service the debt incurred based on the capital financing requirement (at the point in time when all transit-related components are in their operational period, assumed to be 2027). Potential offsetting savings available to the Region include the Charles Street Terminal O&M savings (approximately \$1 million annually) post 2019.

Other Department Consultations/Concurrence:

Staff from Corporate Services and Transportation and Environmental Services has been consulted in the preparation of this report.

Attachments:

Attachment 1 - Overview of On-site and Off-site Transit Related Components

Attachment 2 – Amendments to 2016 – 2025 Capital Program

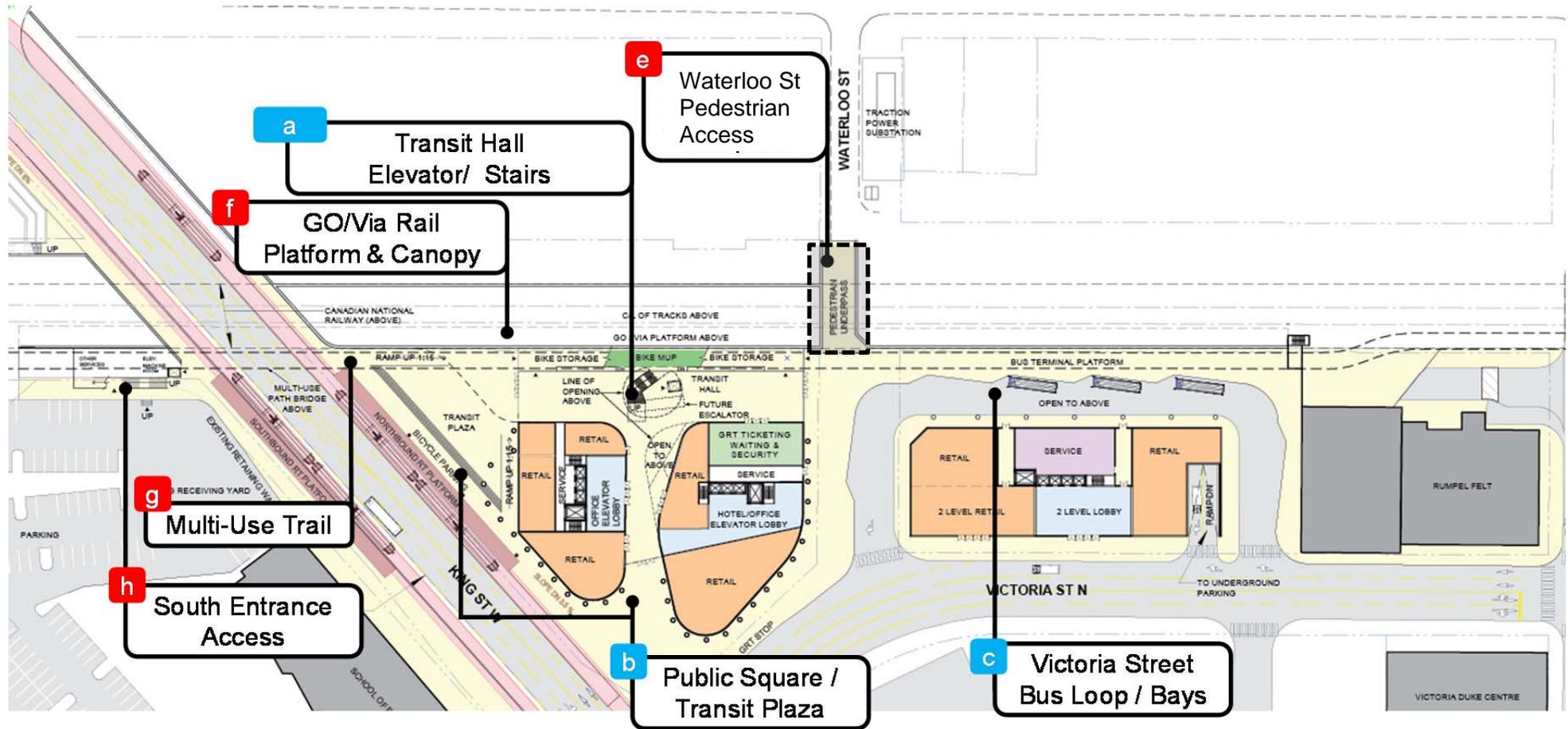
Prepared By: John Hill, Acting Manager of Development, Reurbanization

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

Attachment 1 – Overview of On-site and Off-site Transit Related Components

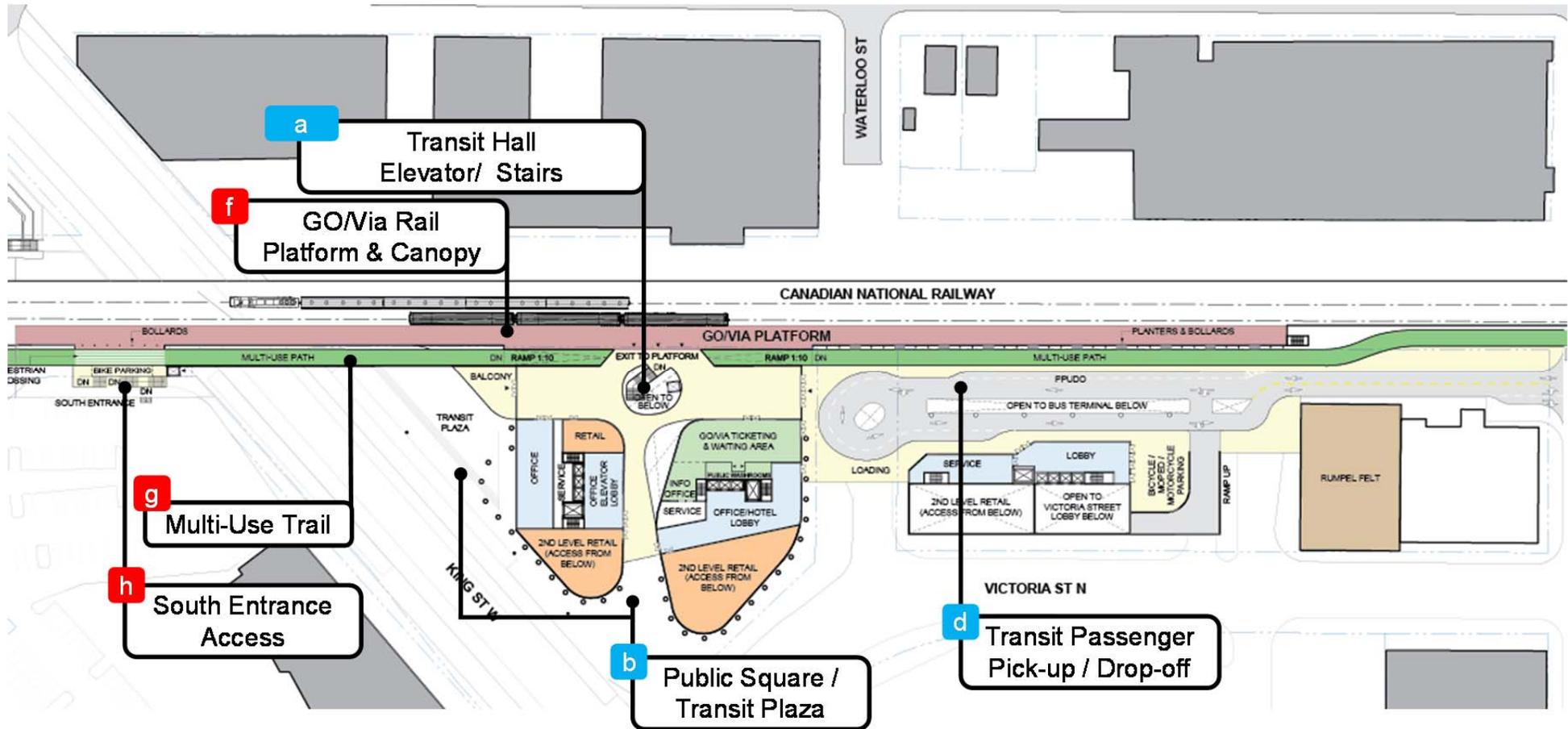
Victoria Street Level (Concept Only)

■	On-site Components
■	Off-site Components



Rail Platform Level (Concept Only)

	On-site Components
	Off-site Components



Attachment 2 – Amendments to 2016 - 2025 Capital Program

Capital Expenditures (\$000)	2017	2018	2019	2020	2021	2025
Total Cost	340	-	7,446	14,892	7,446	1,479
Regional Debentures	340		2,482	4,964	2,482	493
Capital Levy Reserve Fund						
Federal Grant/Subsidy			2,482	4,964	2,482	493
Provincial Grant/Subsidy			2,482	4,964	2,482	493
Total Funding	340	-	7,446	14,892	7,446	1,479