

Region of Waterloo
Corporate Services
Facilities and Fleet Management

To: Administration and Finance Committee

Meeting Date: February 7, 2023

Report Title: King-Victoria Transit Hub Project Update

1. Recommendation:

That the Regional Municipality of Waterloo take the following action with respect to the King-Victoria Transit Hub as outlined in Report COR-FFM-23-001 dated February 7, 2023:

- a) Authorize the Commissioner, Corporate Services to enter into an amended cost sharing agreement with Metrolinx to the satisfaction of the Regional Solicitor for Phase 1 of the King-Victoria Transit Hub project;
- b) Enter into an Agreement with WZMH Architects to complete consulting services for the realignment and roadway reallocation of Victoria Street and for additional scope related to the Phase 1 detailed design at an upset limit fee of \$450,000 plus all applicable taxes.

2. Purpose / Issue:

The purpose of this report is to provide an update on the progress of the King-Victoria Transit Hub (KVTH) Project.

3. Strategic Plan:

The KVTH project supports the Thriving Economy, Sustainable Transportation, and Environment and Climate Action focus areas in the 2019-2023 Strategic Plan by creating a competitive business-supportive community to help attract, retain and grow employers, talent and investments in Waterloo Region (Objective 1.1); enhancing the transit system to increase ridership and ensure it is accessible and appealing to the public (Objective 2.1); improving and better integrating roads and rail transportation services to and from Waterloo Region (Objective 2.2); and reducing greenhouse gas emissions (Objective 3.1).

4. Report Highlights:

- The Phase 1 KVTH project design has been updated to 30% completion and is shown in Appendices A-C. These drawings will be shared publicly on the engageWR platform in mid-February for public viewing.
- The current Transfer Payment Agreement (TPA) with the Provincial Ministry of Transportation (MTO) is sufficient to cover the \$43 million estimate for Phase 1. Region and Metrolinx staff are in the process of negotiating a cost sharing agreement amendment for the additional works to be completed by Metrolinx within the rail corridor in support of the Region's Phase 1 construction.
- A revised cost estimate has been completed for the entire project based on the current design. The overall cost estimate is now \$130 million which represents an increase of \$23.9 million from the 2020 estimate. This increase is fully attributed to cost escalation in the current environment. The Business Case prepared to support necessary amendments to the Phase 1 TPA and the Investing in Canada Infrastructure Program (ICIP) application is viable up to the current estimate of \$130 million.
- Regional staff submitted an ICIP application in December 2022 per Council direction (COR-CFN-22-030 dated December 14, 2022). The preliminary 2023-2032 Capital Program has been prepared to include updates for the KVTH project in terms of costing and expected ICIP funding.
- The current design team, WZMH Architects, has been engaged by the Region since 2019. Staff recommend an upset limit fee of \$450,000 for design work to support Metrolinx to be completed by November 2023.

5. Background:

The KVTH site is planned to be a landmark development and train station connecting the Region to the Toronto-Waterloo Region Innovation Corridor. It will 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), VIA rail service, intercity bus, passenger vehicles 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 privately developed mixed-use destination.

As part of Phase 1, Metrolinx will deliver track modifications, platforms and amenities, and station underpasses while the Region delivers bus infrastructure, passenger waiting areas, bike storage, passenger pickup and drop off facilities, parking, segregated cyclist

and pedestrian trails and a new pedestrian bridge over King Street. The Region will deliver the transit hub building and public square and transit plaza in a subsequent Phase 2.

As outlined in report COR-FFM-21-04/COR-CFN-21-09 dated February 9, 2021 the overall KVTH Project is currently paused pending funding availability. Metrolinx is committed to moving forward with the work within the adjacent rail corridor to relocate their platform to the KVTH site in support of the Region's plans and the Kitchener Line expansion in preparation for two-way all-day GO service. As outlined in Report COR-FFM-21-09 dated June 22, 2021, some elements of the Region's site design are moving forward as a Phase 1 development in parallel with the Metrolinx design work in order to ensure that site circulation, parking, bus loop and passenger pick up and drop off area are coordinated and can be ready for use when Metrolinx is ready to move to the new platform.

Design Update

Working in parallel with Metrolinx, the design for Phase 1 has been updated to approximately 30% completion to include feedback from public consultation, the project Joint Design Review Panel and other stakeholders. The attached drawings (Appendix A) show the current state of the design. Of particular note, the design of multi-use trails and King Street crossing are significantly more developed based on community feedback. The site access has also changed to minimize impact on traffic flow on Victoria Street. All buses will now use the signalized intersection at Duke Street, on-site parking will be provided for short stays only and commuter parking has been moved off-site to a nearby property (Appendix B).

The Metrolinx design for in-corridor work has also evolved to 95% design as shown in the attached site plan (Appendix C). The design of Region and Metrolinx scope will continue to proceed in parallel to ensure coordination between the designs.

Schedule Update

The timing of the Region's Phase 1 work is driven by Metrolinx's construction schedule. In the updated project schedule, based on the 95% design, it is anticipated that Metrolinx will start construction in late 2023 and be fully complete in 2027. The Region understands the updates to the schedule are related to further development of the construction staging plan as the design advanced, as well as utility work and unforeseen geotechnical conditions associated with recent changes in the site layout.

Due to the complex nature and close adjacent sites, construction cannot be completed concurrently. Based on the current Metrolinx schedule, Region's work will begin spring/summer 2024 with completion in April 2027. The Region and Metrolinx will work collaboratively together to expedite and confirm the schedule in upcoming months.

Metrolinx Memorandum of Understanding (MOU)

Region and Metrolinx staff are in the process of negotiating a cost sharing agreement amendment for the additional works to be completed by Metrolinx within the rail corridor in support of the Region's Phase 1 construction. This includes:

- The multi-use trail underpass at Duke Street;
- The retaining wall on the south side of the rail corridor between Region and Metrolinx lands;
- Space for bike storage rooms, bus shelters and service rooms under the South Platform (equipment installation and fit-out of the space is not included); and
- Structural work for the station tunnel near King Street to provide direct access to the Phase 2 Transit Hub building from the North platform (equipment installation and fit-out of the tunnel is not included).

It is expected that the cost of this work will be covered by the \$10 million allocation within the MTO Transfer Payment Agreement (TPA) for in-corridor work and will be confirmed with the schedule confirmation. The TPA is expected to be amended to transfer these funds directly from MTO to Metrolinx for completion of the work. Ownership of this infrastructure will remain with Metrolinx. The agreement provides provisions for future licence, operations and maintenance agreements for the Region's long term use of this infrastructure. The agreement also includes provisions for dispute resolution, access, insurance requirements and clearly identifies roles and responsibilities of both parties in relation to the cost shared scope as well as the overall project.

Increased Cost Estimate & Business Case

A revised project cost estimate has been completed based on the current design for both Phase 1 and Phase 2. As with most projects in the current environment, significant cost escalation has occurred. The total project cost is now estimated at \$130 million compared to the previous estimate of \$106.1 million in 2020.

The current Phase 1 estimate is \$43 million including the work to be completed by Metrolinx as described above. This cost can be accommodated through the existing TPA with the Province. The current Phase 2 estimate is \$102 million (in 2023\$), which represents an increase of \$28.9 million over the previous estimate. This increase can be entirely attributed to escalation as no design activity has occurred between the two estimates.

An updated Business Case has been prepared for the overall project to support necessary amendments to the TPA and submission of an ICIP application as directed by Council in report COR-FFM-21-04/COR-CFN-21-09 dated February 9, 2021. Although the Business Case was prepared based on the 2020 estimates, staff have

confirmed that it remains viable at the current project estimate of \$130 million (inflated\$ based on estimated construction years).

Design Assignment

As outlined in report COR-FFM-19-13 dated October 1, 2019, the current design team, WZMH Architects have been approved as the project design team. Staff recommends an upset limit fee of \$450,000 for this limited phase of design work to support Metrolinx and to be completed by November. Based on the nature of the project and similar experience, staff feel this fee is reasonable and appropriate.

Procurement

Section 21(1)(g) of the Purchasing By-Law 16-032 allows for acquisition by negotiation where the extension of an existing or previous contract would prove more cost effective or beneficial for the Region.

6. Area Municipality Communication and Public/Stakeholder Engagement:

Area Municipality Communication: The project Joint Design Review Panel has provided input into the design process and includes representation from the City of Kitchener and Metrolinx. In addition, City of Kitchener staff are consulted regularly on various design elements.

Public/Stakeholder Engagement: The drawings attached to this report will be posted on the KVTH page on the engageWR platform in early 2023 for public viewing. The project's Joint Design Review Panel met on January 25, 2022 to review the Phase 1 design as well as the Metrolinx design for in-corridor work. In general, the feedback was positive about the current design with some comments about ensuring that the future development potential of the historic Rumpel Felt building is not negatively impacted. The group did, however, express strong concern about ensuring that the project continues to move forward into the Phase 2 development of the Transit Hub building and public square to ensure that the Region builds a public realm that the community can take pride in for years to come.

There have been a wide range of stakeholders involved in the development of the current design. These include transit providers such as Metrolinx, VIA, GRT and various intercity bus providers. These also include area businesses, neighbourhood groups as well as active transportation groups.

7. Financial Implications:

The current Phase 1 estimate is \$43 million which is provided for under the current TPA with the Province of which \$33 million is for the Region's scope and \$10 million is for

Metrolinx's scope. The Phase 2 estimate (in 2023\$) has been reflected in the Region's preliminary 2023-2032 capital program as set out in the table below:

| CAPITAL PLAN (\$000s) | 2027 | 2028 | 2029 | Total |
|---|----------------|-----------------|-----------------|------------------|
| Expenditure | | | | |
| Phase 2 (current \$) | \$2,500 | \$30,240 | \$69,260 | \$102,000 |
| Funded by: | | | | |
| Investing in Canada Infrastructure Program | 1,825 | 22,075 | 50,560 | 74,460 |
| 20 Year Property Tax Supported Debentures | 400 | 4,839 | 11,081 | 16,320 |
| 20 Year Development Charge Supported Debentures | 275 | 3,326 | 7,619 | 11,220 |
| Total Funding | \$2,500 | \$30,240 | \$69,260 | \$102,000 |

The Investing in Canada Infrastructure Program includes federal contributions of up to 40% of project expenditure, and provincial contributions up to 33.33% of project expenditure. The remainder will be financed by development charge and property tax supported Regional debt. A total of \$27.5M in debt will need to be issued for Phase 2. Incremental debt servicing costs to be reflected in future operating budgets are estimated to be \$2.2M annually (over a period of 20 years at an estimated cost of borrowing of 5.0%), of which \$0.9M will be recovered from development charges annually over the 20 year period and the remaining \$1.3M will be funded from future property tax levies. In addition, future operating budgets would include an estimated provision of \$1.3 million for ongoing operating and maintenance costs for the Transit Hub

Regional staff submitted an ICIP application for Phase 2 to the Investing in Canada Infrastructure Program (ICIP) in mid-December, pursuant to report COR-CFN-22-030 dated December 14, 2022.

8. Conclusion / Next Steps:

Subject to approval of this report, staff will finalize the cost sharing agreement with Metrolinx for Phase 1 and update the business case to reflect the current costs estimates for Phase 2. Staff will also continue to work with the design team and MTO to finalize and implement the scope of work necessary to support the Metrolinx corridor design activity.

9. Attachments / Links:

Appendix A: Site Plans

Appendix B: Off-Site Parking

Appendix C: Metrolinx Site Plan

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