

Report to Council



Date: February 6, 2023
To: City Council
From: City Manager
Subject: Investing in Canada Infrastructure Program (ICIP) Grant Application
Department: Infrastructure Division

Recommendation:

THAT Council receives for information, the report from the Infrastructure Division dated February 6, 2023, with respect to BC Transit's Investing in Canada Infrastructure Program (ICIP) grant applications;

AND THAT Council authorizes the Infrastructure General Manager to send a letter of Council's support of BC Transit's ICIP funding applications for 1) refurbishment of the Hardy Street transit facility, and 2) further planning work for the new Hollywood Road transit facility.

Purpose:

To secure grant funding for public transit by providing letters of support for BC Transit's ICIP funding submissions for refurbishment of the Hardy Transit Centre and planning/design work for the new Hollywood Road Transit Centre.

Background:

BC Transit and the City of Kelowna recently completed a 25-year Operations and Maintenance Facility Master Plan which provided several investment scenarios to facilitate anticipated fleet expansion and the introduction of battery electric buses into the system.

The current Kelowna Regional Transit System (KRTS) fleet is comprised of 109 buses that include a mix of heavy-duty (69), medium-duty (5), and light-duty (35) vehicles. The most recent Transit Future Plans have identified the need for 20 additional buses and 50,000 service hours over the next seven years - with a forecast need for an additional 100 buses over the next 25 years. Core to BC Transit's Low Carbon Fleet program, and the CleanBC Plan, is a 10-year fleet strategy to replace existing buses with battery electric buses and restrict fleet expansion to battery electric buses only. BC Transit will be working with Local government partners to plan for battery electric bus deployments in the 2023/24 fiscal year, subject to availability of federal funding and vehicles.

The existing Hardy Street Transit facility has reached its useful life without additional investment. The facility was built by BC Transit in 1998 and was designed to support 70 conventional vehicles. The site

currently supports a fleet of 109 buses, far above its original design capacity. The land for the Hardy facility is owned by the City of Kelowna leased to BC Transit. Both parties agree that it is necessary to extend the operations at the Hardy facility until the planned new transit facility is ready for service.

In early 2022 the City of Kelowna was successful in their application to remove a 16.2 acre parcel of the 4690 Hwy 97 (Hollywood Road) property from the Agricultural Land Reserve and steps are being taken to define the area to support construction of a new O&M centre as well as road access and egress.

Discussion:

Hardy Transit Facility Refurbishment Project

To support transit service growth, including the introduction of battery electric buses over the next 5-7 years, the following actions are proposed:

- Retain and upgrade the Hardy Transit Centre (up to 130 buses) until the Hollywood Road Facility is in service,
- Modernize the current location to support the deployment of battery electric buses and enable fleet expansion prior to the second Hollywood Road centre becoming operational,
- Develop a master plan for the new facility at Hollywood Road with an initial fleet size of 150 buses, increasing to 230 buses over time.

The Hardy Street refurbishment project is budgeted to cost \$4,000,000 inclusive of up to \$285,000 to prepare the ICIP application. The costs of charging equipment infrastructure will be funded separately through vehicle lease fees. Ultimately, the Hardy Transit Refurbishment Project will consist of refurbishment of existing buildings, and adding equipment with associated site improvements, to support deployment of up to 40 battery electric buses.

Hollywood Transit Facility Planning and Design Project

The planning and design for a new facility is being advanced to prepare the project plan such that we can secure necessary federal funding. We expect that the new transit facility will require Provincial and Federal grant funding business cases. One of the ICIP applications associated with this report will help fund the background studies that will be required as part of the future grant funding business cases. The planning and design tasks are estimated to cost \$4 million. Ultimately, the Hollywood Transit Facility Planning and Design Project will consist of advancement of design options, development of Class C cost estimates, confirmation of Transit Facility characteristics and the eligible or ineligible project scope and costs, development of an engagement plan for public and Indigenous stakeholders, development of a preliminary Transit Facility delivery schedule, and preparation of a business case and subsequent federal funding application.

Funding

Under the current Investing in Canada Infrastructure Program (ICIP) costs eligible for federal funding are shared through a 20% local government contribution (in this case KRTS), 40% Province of BC contribution and 40% Government of Canada contribution. Cost sharing for the KRTS partners is determined by the total percentage of service hours delivered in each local government jurisdiction (Kelowna, Peachland, West Kelowna, WFN, Lake Country, RDCO). The City of Kelowna's share is currently at 75.67%. Based on this partner share and a \$4 million project cost, the City of Kelowna's

share is estimated at \$605,360 of the \$800,000 total local government partner cost. Local government costs are not due until project completion and can be paid either through amortization via the Annual Operating Agreement (AOA) or in a lump sum.

The ICIP program applications under the current program are required by March 31, 2023. A new program is being developed by the Federal government to continue capital funding for public transit projects however details are not yet available.

Conclusion:

BC Transit requests letters from the City of Kelowna providing support for BC Transit to submit two ICIP applications to the federal government:

- An ICIP application for the Hardy Transit Centre to refurbish the facility and support the implementation of battery electric buses.
- An ICIP application for the planning and design of the new Hollywood Transit Centre to complete the preliminary work necessary to develop designs and cost estimates for a future funding application.

Internal Circulation:

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Strategic Land Development

Considerations applicable to this report:

Financial/Budgetary Considerations:

- Pending ICIP funding approval, the City of Kelowna's share of funding estimated at \$605,360 per project is payable upon project completion in 2024 or beyond.

Considerations not applicable to this report:

Communications Comments:

Existing Policy:

External Agency/Public Comments:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Submitted by: M. Logan, Infrastructure General Manager

Approved for inclusion: D. Gilchrist, City Manager

Attachments: ICIP Grant Application Presentation

cc: Divisional Director, Corporate Strategic Services
Divisional Director, Partnership & Investments
Acting Divisional Director, Financial Services
Divisional Director, Planning & Development Services