

ETS FLEET STORAGE FACILITY UPDATE AND LAND ACQUISITION

RECOMMENDATION

That the June 7, 2022, Integrated Infrastructure Services report IIS01208, be received for information.

Report Purpose

Information only.

Council is being informed about the ongoing implementation of the ETS Fleet Storage, Operations and Maintenance Facility Strategy and an upcoming request for funding for the acquisition of land to advance to concept and preliminary design for the new southeast garage to be included in the Spring 2022 Supplemental Capital Budget Adjustment.

Executive Summary

- The Edmonton Transit Service Fleet Storage, Operations and Maintenance Facility Strategy (“the Strategy”) is designed to guide the renewal and development of existing and future Edmonton Transit Service fleet storage and maintenance facilities to address the growth, capacity and move to zero emission of the fleet through to 2040. The Strategy, approved by City Council on February 22, 2022, is detailed in Scenario 3 of Attachment 1 of Council Report IIS00416 ETS Fleet Storage and Maintenance Facility Project.
- A critical component to the implementation of the Strategy is the acquisition of land to advance to concept and preliminary design for the new southeast garage to meet the target for commissioning of the new garage in the 2027-2030 budget cycle.
- The required land is estimated at 18 hectares (44.5 acres). The request for funding is included in the June 7, 2022, Council Report FCS01144 Spring 2022 Supplemental Capital Budget Adjustment for an estimated \$45 million.
- An Expression of Interest for funding of the construction of the new southeast garage was submitted to the federal government’s Zero Emission Transit Fund (ZETF) in Spring 2022.
- While land is not an eligible expenditure under the ZETF program, it is a key project component and a critical next step in advancing our funding application. It will also signal to our federal funding partner that the project is a critical civic priority.

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REPORT

The Edmonton Transit Service Fleet Storage, Operations and Maintenance Facility Strategy (“the Strategy”) is designed to guide the renewal and development of existing and future Edmonton Transit Service fleet storage and maintenance facilities to address the growth, capacity and electrification needs of the fleet through to 2040. The Strategy, approved by City Council on February 22, 2022, is detailed in Scenario 3 of Attachment 1 of the Integrated Infrastructure Services report IIS00416, ETS Fleet Storage and Maintenance Facility Project. The Strategy supports the implementation of The City Plan and advancement of the Energy Transition Strategy. The Strategy also has the flexibility to integrate and adapt to evolutions in technology and the future decisions related to the Edmonton Metropolitan Regional Transit Commission.

The Strategy recommends the construction of two new operations and maintenance garages in the southeast and northwest quadrants of the city, enabling a zero emission bus fleet. The Strategy also recommends a progressive series of upgrades, renewals and expansion projects within existing facilities to accommodate growth, capacity and electrification.

The success of this Strategy will ideally see facility development reflect fleet growth, capacity and electrification requirements. New and upgraded facilities are needed to enable transit service growth related to bus service.

Current Implementation Activities

The first priorities of the Strategy implementation are currently at different planning stages, funded through Capital Profile 20-20-2022 New Transit Bus Garage and following the Project Development and Delivery Model (PDDM) per the Capital Project Governance Policy C591.

- New Southeast Garage: Development of the functional program to PDDM Checkpoint 2.
- Davies and Ellerslie Garage Expansions: Advancing concept and preliminary design towards PDDM Checkpoint 3 for the expansion accommodating the additional maintenance requirements as the fleet grows.
- Upgrades to the electric bus charging infrastructure at Centennial and Kathleen Andrews Transit Garages: Advancing concept and preliminary design towards PDDM Checkpoint 3.
- Satellite Storage Facility: Working with external real estate partners to identify and assess opportunities for converting existing privately owned facilities to support bus operations and deployment and long-term leasing opportunities for a purpose built facility.
 - The satellite facility would allow for the storage and dispatch of a limited number of buses to facilitate nearer term fleet growth, and would also ensure the work on existing facilities is completed safely and efficiently by temporarily housing operations on a rotating basis as facilities are expanded to accommodate the long-term growth.

Land Acquisition

A critical component to the implementation of the Strategy is the acquisition of land to advance to concept and preliminary design for the new southeast garage to meet the target for a new southeast garage in the 2027-2030 budget cycle. Land must also be in place to provide a clear estimate of the power distribution and transmission costs for the new garage and start the

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process to secure the power from the grid and initiate design, as well as considerations for hydrogen fuel availability. Approval by the Alberta Electric System Operators (AESO) is required before implementing the design and construction of the main and standby power feeds. Obtaining approval could take three or more years.

Locating the new garage in the Southeast is based on the location of existing facilities, network connections and projected growth areas as outlined in the City Plan. The site area must be sufficient to accommodate the ultimate capacity of 430-forty-foot-equivalent (FFE) buses. The required land is estimated at 18 hectares (44.5 acres) based on the following assumptions:

- A main level building footprint of approximately 72,000 square metres
- Allowance for surface parking
- Minimal allowances for on-site snow storage and stormwater management
- Space allowance for potential energy storage system
- Solar photovoltaic installation on rooftop only (i.e. no incremental site area allocation)

Important considerations for the site include:

- Street frontage on two sides preferred for redundancy in site access and minimization of on-site circulation area requirement, with arterial or collector road frontage.
- Power availability and site location with respect to EPCOR substations is a key consideration in accommodating projected electric buses' energy demand.

A preliminary review of existing City-owned land inventory suggests that given the site parameters and considerations, the search for the appropriate land for the transit garage will likely need to consider land not owned by the City that would be purchased at market value.

Zero Emission Transit Fund

Given the order of magnitude of the investment required, support from other orders of government would greatly assist in advancing the construction of the proposed new southeast garage. As Administration continues to investigate and secure funding in partnership with other orders of government, it will continue to emphasize the environmental, social and economic benefits of a robust public transit program.

At this time, the federal grant program that best aligns with this project is the federal government's Zero Emission Transit Fund (ZETF). Launched in 2021, the program funding bridges the Investing in Canada Infrastructure Program (ICIP), to which Alberta is fully committed, and the Permanent Transit Fund, which will begin in 2026. Currently, there is no identified provincial funding source for this project.

The ZETF program provides \$2.75 billion over five years to support the purchase of zero emission buses and to build supporting infrastructure, including charging infrastructure and facility upgrades. The program has two components: a planning stream that provides funding for up to 80 percent of eligible costs; and a capital stream that will fund up to 50 percent of eligible costs to a maximum of \$350 million per project. This investment is being made in coordination with the Canada Infrastructure Bank's (CIB) commitment to invest \$1.5 billion through its Zero Emission Bus (ZEB) program. As such, applicants who include the purchase of zero emission buses as part of their funding application have the potential to combine the grant funding with

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CIB financing for up to 100 per cent of eligible costs for the purchase of zero emission buses. The CIB's ZEB program offers transit providers low interest financing to borrow the upfront cost difference between a ZEB and a conventional diesel bus. Borrowed amounts are repaid with savings from lower operating costs of the electric buses compared to diesel buses. The City is currently benefiting from the ZEB program through \$14.4 million in CIB low interest debt financing towards purchasing 20 additional buses that will increase our total electric bus fleet from 40 to 60.

Administration has consulted with Infrastructure Canada (INFC) about the Strategy and discussed the program's parameters to understand if and how the New Southeast Garage project aligns. With a better understanding of the project's scope and its alignment with the City's electrification goals and, more broadly, the City's Energy Transition Strategy, INFC has confirmed the project would be eligible under the program's capital stream and encouraged the City to submit an Expression of Interest. INFC also confirmed that since the City already has a plan to move the bus fleet to zero emission and an established electric bus fleet, the construction of the new southeast garage would not be a fit under the program planning stream, as it is geared to the development of fleet system electrification plans rather than planning and design work to enable construction readiness. An Expression of Interest for the new southeast garage project was submitted for consideration under the capital stream in early May 2022 and is currently under review by INFC.

The ZETF's continuous submission intake is a two-step process that first includes an Expression of Interest to assess project alignment with program parameters, followed by a more comprehensive project application. If the City's Expression of Interest advances to the application phase, more detailed information is required, including project scope, timelines and milestones, status of land acquisition, benefits and outcomes that can be reported and measured upon project completion, financial breakdown of costs, expenditures and contingencies, and identification of funding sources to provide assurance funding will be in place to undertake and complete the project.

Since the primary focus of the ZETF program's capital stream is the procurement of zero emission buses, a successful submission must make a strong case for how a new transit garage is necessary to advance the City's electrification goals and unlocks the potential to transition the civic fleet to zero emission buses. Accordingly, including the procurement of zero emission buses to coincide with the completion of the project as part of the total funding request would strengthen the City's application. As noted above, the inclusion of zero emission bus purchases provides the opportunity to leverage CIB financing through the ZEB program in combination with the grant. It also increases the project's alignment with the ZETF and ZEB programs, and supports the federal government's goal of electrifying transit bus fleets across the country.

While land is not an eligible expenditure under the ZETF program, it is a key project component and critical next step in advancing the City's funding application. Land acquisition is needed to proceed with further planning and design work, to provide a more accurate estimate of the building construction cost, including the electricity distribution and transmission costs, which requires confirmation of its location and most importantly, to inform total project costs and the

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funding contribution required. It will also signal to funding partners that the project is a civic priority that the City is serious about advancing.

Next Steps/Priorities

Following the approval of the Strategy by City Council, Administration has identified the next steps and priorities for the implementation of the Strategy.

- Administration is moving ahead with planning and design of the approved priorities funded through Capital Profile 20-20-2022 New Transit Bus Garage, including a New Southeast Garage, the Davies and Ellerslie Garages Expansions and upgrades to the electric bus charging infrastructure at Centennial and Kathleen Andrews Transit Garages.
- A critical component of the implementation of the Strategy is the acquisition of land for the new southeast garage. The request for funding is included in the Spring 2022 Supplemental Capital Budget Adjustment for an estimated \$45 million.
 - If the request is approved, Administration will start the process of land acquisition. Actual costs of the land would be updated at a subsequent Supplemental Capital Budget Adjustment based on the result of the acquisition process and market conditions.
- Additional funding may be required in the short term or in the 2023-2026 budget to support the establishment of a satellite storage facility based on the work underway.

The work identified above supports planning the implementation of the Strategy. It does not commit the City to its implementation. Administration will include budget requests in the 2023-2026 Capital Budget to support the next steps in the implementation of the strategy for Council's consideration and direction, including:

- Planning and design funding for the New Southeast Garage, estimated at \$57 million (-30 per cent to +50 per cent);
- Design and delivery funding for the upgrades to the electric bus charging infrastructure at Centennial and Kathleen Andrews Transit Garages, estimated at \$27 million (-30 per cent to +50 per cent); and
- Delivery funding for the Davies and Ellerslie Garages Expansions, estimated at \$36 million (-30 per cent to +50 per cent).

Delivery funding for the New Southeast Garage may need to be committed ahead of the completion of PDDM Checkpoint 3 should matching funds be required to secure a funding agreement with the federal and/or provincial governments. Early concept estimate for the delivery of the New Southeast Garage is \$575 million (-30 per cent to +50 per cent).

Budget/Financial Implications

Administration is recommending a capital budget adjustment to capital profile 20-20-2022 New Transit Bus Garage to fund the acquisition of land for the new southeast garage, estimated at \$45 million. The funding request is included in the Spring 2022 Supplemental Capital Budget Adjustment Report FCS01144, presented at Council on June 7, 2022.

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The total estimated cost for planning, design and delivery of the priorities identified for consideration in the 2023-2026 capital budget, including the New Southeast Garage, is approximately \$740 million (-30 per cent to +50 per cent). Should the City be unsuccessful in securing grant funding from other orders of government, the totality of the funding would likely be tax-supported debt.

The new and expanded infrastructure required for the implementation of the Strategy will also have impacts and requirements of the operating budget. These Operating Impacts of Capital will be developed through the PDDM process and presented to inform future funding decisions.

COMMUNITY INSIGHT

Through public engagement completed for ConnectEdmonton and The City Plan, Edmontonians emphasized the importance of accessible and environmentally-conscious public transportation networks — maintenance and operations facilities like those detailed in this report support the delivery of the transit service. As the facilities advance through future phases of project planning, engagement with Edmontonians and City employees will be determined on a case-by-case basis.

GBA+

The development of the ETS Fleet Storage, Operations and Maintenance Facility Strategy has identified some key areas and opportunities to address equity for all age groups, abilities and diverse demographics:

- **Accessibility:** ensure accessibility requirements for people with disabilities in the new and existing facilities and their surrounding areas are in place; accessibility is considered at each stage of the project design.
- **Safety:** Incorporate the needs of diverse demographics to improve safety within existing and new facilities.
- **Useability:** Consider how facility renewals (i.e. existing buildings) and new facilities improve the useability for those working in and for others who visit these facilities for business or other purposes.

The planning and design process will be guided by the principles of universal design, which speak to “the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design.”

As the Strategy transitions into the Develop phase, GBA+ Analysis will be applied to ensure the projects are inclusive, decisions are evidence-based, work is effective and the process contributes to equality of outcomes.