SUBJECT: Cost Sharing of Proposed Interchange at King’s Highway Nos. 5 and 6 (FCS07037) (City Wide)

RECOMMENDATION:

That the following principles for negotiations between the City of Hamilton, Ministry of Transportation and Flamborough Power Centre Incorporated be endorsed by Council and that staff continue negotiations based upon the following principles:

a) That the City cost-share in the amount of twenty-five (25%) percent with the Ministry of Transportation, whose share would be seventy-five (75%) percent;

b) That the City would contribute and pay to the Ministry, twenty-five (25%) percent of the construction cost to a maximum of $7,500,000 of the Interchange;

c) That, based on proposed land acquisitions by the Ministry, the budgeted land cost component is in the range of $30,500,000 in total (2006 dollars) and the City’s twenty-five (25%) percent share will be approximately $7,625,000;

d) That the City’s total twenty-five (25%) percent contribution to this project is projected to be within the original estimate range of $16,190,000 (2006 dollars);

e) That the City’s 25% share be funded from Development Charges with no impact on the existing taxpayer;

f) That the Developer be required to make a one-time capital contribution of $2 million, with payment due prior to construction of the interchange; and
g) That the final agreements with the Ministry of Transportation and Flamborough Power Centre Inc., be submitted to Council for approval.

Joseph L. Rinaldo
General Manager
Finance and Corporate Services

**EXECUTIVE SUMMARY:**

The Ministry of Transportation had not provided for this capital project within its’ latest 10-year Capital Plan and therefore was not included in the City’s Development Charge Capital Forecast. Due to increased area growth projections, the time-frame for the development of this project has now been accelerated to 2009-2010. Based on the percentage of traffic generated from each of the four (4) legs (traffic from the east on Dundas Street, which is the City’s responsibility, represents more than 25% of the total traffic at the interchange), the Ministry is prepared to limit the City’s contribution to 25% of the total cost.

Table 1 summarizes the most current cost estimate:

**Table 1**

<table>
<thead>
<tr>
<th>Hwy #5 &amp; 6 Interchange</th>
<th>Estimated Project Costs ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MTO (75%)</td>
</tr>
<tr>
<td>Land</td>
<td>$22.87</td>
</tr>
<tr>
<td>Construction</td>
<td>22.52</td>
</tr>
<tr>
<td>Overhead</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>45.39</td>
</tr>
</tbody>
</table>

Note: Costs are 2006 dollars and subject to escalation over time

Development Revenue estimates:

1. Forecast Commercial Property Tax Revenue (Flamborough Power Centre only)
   - Years 1 – 3, $1.3 million annually
   - Years 3 – 5, $2.0 million annually
   - Year 6, $3.5 million (municipal only) annually

2. Commercial Development Charge Revenue.

3. Estimated Borer’s Creek collections $587,000.

4. Parkland Dedication Revenue = $1 million

**BACKGROUND:**

The proposed Interchange was originally planned by the Province to be built in the time frame of 2020-2025. Due to increased Provincial Population estimates contained in the Province’s most recent “Places to Grow” document and the Flamborough Power Centre Development, this project’s development schedule has been accelerated to the 2009–2010 time period.

The Ministry of Transportation has come to an agreement with a landowner regarding a significant portion of the MTO’s land acquisition requirements for the interchange. The financial cost of this acquisition was within the proposed budget for this piece.

City of Hamilton has received a draft cost-sharing agreement from the Ministry of Transportation and are in the process of reviewing the terms. Staff will present to Council the final agreements between the City, the MTO and Flamborough Power Centre developer for approval as they are finalized.

**ANALYSIS/RATIONALE:**

N/A

**ALTERNATIVES FOR CONSIDERATION:**

N/A

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**
Table 1
Hwy #5 & 6 Interchange
Estimated Project Costs ($ millions)

<table>
<thead>
<tr>
<th></th>
<th>MTO (75%)</th>
<th>Hamilton (25%)</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>22.87 $</td>
<td>7.63 $</td>
<td>30.50 $</td>
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<tr>
<td>Construction</td>
<td>22.52</td>
<td>7.50</td>
<td>30.02</td>
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<tr>
<td>Overhead</td>
<td>-</td>
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<td>1.06</td>
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<tr>
<td>Total</td>
<td>45.39</td>
<td>16.19</td>
<td>61.58</td>
</tr>
</tbody>
</table>

Note: Costs are 2006 dollars and subject to escalation over time.

Refer to Table 1 on previous page. At this point, timing of cash flow is unknown. Staff will be collecting the funding of this project from development charges once the next development charge by-law is approved by Council. This is forecast to occur late 2007, early 2008.

POLICIES AFFECTING PROPOSAL:

N/A

RELEVANT CONSULTATION:

N/A

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Evaluate the implications of your recommendations by indicating and completing the sections below. Consider both short-term and long-term implications.

Community Well-Being is enhanced. ☑ Yes ☐ No

Environmental Well-Being is enhanced. ☑ Yes ☐ No

Economic Well-Being is enhanced. ☑ Yes ☐ No

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No