



REPORT

Council

Meeting Date: October 21, 2024

FROM: Oakville Transit

DATE: October 8, 2024

SUBJECT: Oakville Transit – Garage Facility Expansion - Budget Update

LOCATION: 430 Wyecroft Road

WARD: Townwide

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RECOMMENDATION:

That the 2024 capital budget be amended to add \$5,000,000 to project 54212307 Transit Facility Expansion funded through debt.

KEY FACTS:

The following are critical points for consideration with respect to this report:

- Oakville Transit is currently expanding its garage facility and electrifying its bus fleet. To undertake this work, the Town retained PowerON Energy Solutions and executed three contracts to deliver the electrification program.
- Council approved the budget for the Transit Facility Expansion in February 2023 for \$18M, under project 54212307, funded by debt.
- In September 2024 staff received an updated cost estimate for expanding the Oakville Transit garage facility which identified a potential \$5M shortfall from the approved budget.
- Design efficiencies have been implemented to date through value engineering exercises to reduce the cost of the project.
- Project delays may increase the cost of the expansion project
- Staff are pursuing other sources of project funding opportunities, notably grants such as the Zero Emission Transit Fund (ZETF), the Green Municipal Fund, and the Canadian Public Transit Fund to assist in funding the facility expansion.

BACKGROUND:**Town staff released RFP-48-2021 to electrify the Oakville Transit bus garage.**

In June 2023, PowerON Energy Solutions was retained as the successful proponent to deliver and operate energy infrastructure as part of RFP-48-2021. The Town and PowerON Energy Solutions executed three contracts:

- **Energy Infrastructure Contract (EIC):** Valued at \$58.1M over a 20-year period which includes the procurement and installation of charging infrastructure, energy equipment, electrical, and civil works (Oakville Transit garage and Uptown Terminal).
- **Energy Services Agreement (ESA):** Valued at \$50.4M over a 20-year period and includes the provision of energy services, associated operating costs, and energy infrastructure maintenance costs.
- **CCDC-5A Construction Management (Agent) Contract:** Valued at \$18.0M and includes the design and construction management services for expanding the transit garage to include bus storage lanes and 33 bus charging points.

The EIC, ESA, and CCDC-5A agreements collectively represent a cumulative value of \$126.5M over a 20-year period.

The 2023 capital budget included \$18 million for the Oakville Transit facility expansion funded through debt, under project 54212307.

COMMENT/OPTIONS:**Designs for the Oakville Transit facility expansion were completed and bid documents were tendered.**

In July 2024, PowerON Energy Solutions prepared a Class B cost estimate for the cost of expanding the garage facility based on a 100% detailed design package and a projected shortfall of \$5M has been identified. The design package is currently being tendered to general contractors and is expected to close in October 2024.

An independent cost consultant was retained to provide a third-party cost estimate review on the Town's behalf to ensure project costs were in line with industry standards. **Table 1** identifies the updated cost estimate at 100% detailed design stage based on the Class B and tender cost estimates.

Table 1: Updated Project Cost Estimate

Oakville Transit Facility Expansion – Class B Costs Estimate	
Total updated project costs	\$23M
Approved budget	\$18M
Estimated shortfall	\$5M

The cost to complete the Oakville Transit garage facility expansion based on the most up-to-date construction design estimates is now \$23M. The increased cost represents a shortfall of \$5M from the current budget and will be verified when the tender for the construction of the facility closes.

Increased facility expansion costs were driven by several factors.

The following factors have been identified as the sources for the increased cost to expand the transit garage facility:

- The original estimate for expanding the transit garage facility was developed based on a concept, which was based on a 10-15% level of design.
- A design level at 30% is generally required to develop a capital budgetary estimate.
- Actual inflationary costs have been higher than the original estimated inflationary costs of the garage expansion.

Town staff identified project efficiencies to decrease the cost of building the facility expansion.

During the design stage, value engineering initiatives were implemented to reduce the construction costs of the facility which included:

- Decreasing the gross floor area (GFA) of the building expansion by 10%
- Decreasing the sizes of the electrical rooms
- Substituting building materials with more cost-effective options
- Reducing the building height at the entrance and changing roof type

Savings of approximately \$2M have been identified as a result of the above value engineering initiatives for the design of the garage expansion.

To further mitigate cost increases, several general contractors were invited to bid on the garage expansion tender ensuring competitive pricing. Further cost reductions are planned to be implemented through value engineering exercises during the negotiations with shortlisted general contractors.

Construction in 2024 will mitigate potential project costs increases

Staff evaluated the potential cost impact to the project should the funding to expand the facility not be approved in 2024 and the project in turn is delayed. In consultation with PowerOn Energy Solutions, staff identified a potential increase to the project should the construction of the garage expansion be delayed. The increased project costs are related to the following:

- A schedule delay impact of 8-month (labour, material pricing, project commissioning)
- Delay in energy infrastructure implementation and electrification plan (timing of electric bus deliveries and ability to charge them)
- Risks associated with storage of equipment currently procured for the project (procured infrastructure to be housed in facility expansion before installation).

The above identified project costs have been estimated at \$1.7M by the PowerOn Energy Solutions team should there be a delay in construction in 2024. Therefore, beginning the construction in 2024 is preferred to mitigate any further project costs.

Staff continue pursuing grant funding to decrease the Town's portion for expanding the transit garage facility.

Grant funding opportunities such as the Zero Emission Transit Fund (ZETF), Green Municipal Fund (GMF) and Canada Public Transit Fund (CPTF) are being pursued to assist in funding the facility expansion. As well, a portion of the growth-related component of the facility expansion cost may be eligible for development charges. The timing of debt issuance is based on the timing of capital project spending and will occur over the coming years. Funding from alternate sources would limit the amount of debt required for this project.

RECOMMENDATION

An amendment to the 2024 capital budget is being recommended

To continue the implementation of the Energy Infrastructure program at Oakville Transit, an amendment to the 2024 capital budget for an increase of \$5M to project 54212307 Transit Facility Expansion is being recommended. The amendment to the budget will allow for the garage expansion construction work to begin in 2024.

CONSIDERATIONS:

(A) PUBLIC

Oakville residents and transit customers will benefit from battery electric bus environmental benefits, including the energy infrastructure used to charge the buses at the garage facility.

(B) FINANCIAL

A long-term financing plan has been identified to fund the expansion of the transit facility. Staff will continue to pursue grant funding opportunities and the use of development charges to limit the amount of debt required to fund the Oakville Transit garage facility expansion.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

Transit staff are worked with the Facility Services and Finance team for this report.

(D) COUNCIL STRATEGIC PRIORITIES ON CLIMATE CHANGE/ACTION

Energy use and carbon emissions reductions directly affect our climate, as they are the main drivers for climate change mitigation. By electrifying transit vehicles, and being able to recharge them, the Town is addressing climate change mitigation through its corporate activities.

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