

<b>TO:</b>	<b>CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON MARCH 19, 2018</b>
<b>FROM:</b>	<b>KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR ENVIRONMENTAL &amp; ENGINEERING SERVICES AND CITY ENGINEER</b>
<b>SUBJECT:</b>	<b>ONTARIO MUNICIPAL GREENHOUSE GAS (GHG) CHALLENGE FUND TRANSFER PAYMENT AGREEMENT FOR THE BIKE SHARE SYSTEM</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the following actions be taken with respect to the Province of Ontario's Municipal GHG Challenge Fund:

- a) the attached proposed by-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting to be held March 27, 2018 to:
  - i) authorize and approve the Transfer Payment Agreement, attached as Schedule 1 to the by-law, to be entered into between The Corporation of the City of London and Her Majesty the Queen in Right of Ontario, as represented by the Minister of Environment and Climate Change for the Province of Ontario, for funding of a bike share system for London under the Ontario Municipal GHG Challenge Fund;
  - ii) authorize the Mayor and the City Clerk to execute the Agreement authorized and approved in i), above; and
  - iii) delegate authority to the Managing Director of Environmental & Engineering Services and City Engineer and Managing Director, Corporate Services & City Treasurer, or their designate, to execute any reports required as a condition of the Agreement authorized and approved in i), above;
- b) the Civic Administration **BE AUTHORIZED** to increase the 2016-2019 Multi-Year Capital Budget by \$822,500 to reflect the approved Ontario Municipal GHG Challenge Fund contribution as set out in the Source of Financing attached (Appendix B);
- c) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this program.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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The relevant reports that can be found at [www.london.ca](http://www.london.ca) under City Hall (Meetings) are:

- Report to the October 24<sup>th</sup> 2017 Civic Works Committee (CWC) Meeting, Municipal Greenhouse Gas (GHG) Challenge Fund Applications (Agenda Item #15)
- Report to the August 29<sup>th</sup> 2017 Civic Works Committee (CWC) Meeting, Community Energy Action Plan – Update and Status (Agenda Item #11)

## 2015-19 STRATEGIC PLAN

Municipal Council has recognized the importance of climate change mitigation, related environmental issues and the need for a more sustainable city in its 2015-2019 - Strategic Plan for the City of London ([2015 – 2019 Strategic Plan](#)). Specifically, the Community Energy Action Plan (CEAP), addresses all four Areas of Focus, at one level or another, as follows:

### **Strengthening Our Community**

- Healthy, safe, and accessible city

### **Building a Sustainable City**

- Convenient and connected mobility choices
- Strong and healthy environment

### **Growing our Economy**

- Local, regional, and global innovation
- Strategic, collaborative partnerships

### **Leading in Public Service**

- Collaborative, engaged leadership
- Excellent service delivery

## DISCUSSION

### **PURPOSE**

The purpose of this report is to obtain the approvals required for the execution of the Transfer Payment Agreement document with the Province of Ontario to receive funding under the Ontario Municipal GHG Challenge Fund ('GHG Challenge Fund'). The report also requests approval to increase the capital budget to reflect the additional funding to be received through the Ontario Municipal GHG Challenge Fund.

### **CONTEXT**

Bike share systems have been discussed in London for a number of years with increased interest starting in 2014/2015. A bike share system is specifically referenced in the 2016 Cycling Master Plan as an action item:

*Action #4 Exploring a Bike Share System. To identify a system of "for rent" / "on-call" bicycles located at key destinations to provide residents and visitors with an opportunity to ride a bike to work, for fun or for fitness.*

During the 2016-2019 Multi-Year Budget deliberations, Council approved a ten year capital project to assist with the implementation of Active Transportation (TS6020) as part of the implementation of the Cycling Master Plan. This capital project is financed by funds received through the Federal Gas Tax program at a rate of \$300,000 per year with the exception of 2016 (\$150,000). Funds from this project, in addition to grant funding received, will be transferred to a new capital project TS6025 – Bike Share Program to enhance tracking and reporting.

The London Plan, approved in 2017, also includes two policies that speak directly to introducing bike share into downtown:

*96\_ Our Downtown will be an exceptional neighbourhood unto itself - with housing, services, and amenities targeted to serve a wide spectrum of lifestyles such as families, seniors, and young adults. The shared economy will thrive in our core, including such features as shared office and work space, as well as shared car and bicycle fleets. Our Downtown will be the most highly connected location in the entire city, being the hub for rapid transit, rail, high speed rail, and the multi-use pathway along the Thames River. Downtown will offer the city's premier pedestrian experience.*

*803\_10. Shared car and bicycle parking facilities and carshare/bikeshare programs will be encouraged within the Downtown.*

The Ontario Municipal GHG Challenge Fund, announced in August 2017, is one of the programs funded by revenue from Ontario's Cap & Trade program in support of Ontario's Climate Change Action Plan. This fund is administered by the Ontario Ministry of Environment and Climate Change (MOECC). It complements other programs funded by Cap & Trade revenue, such as the Green Ontario (GreenON) Fund programs for residents and businesses, the Ontario Municipal Commuter Cycling Program, and the Green Commercial Vehicle Program.

The estimated total capital cost that was submitted to the GHG Challenge Fund for a bike share system was \$1,645,000 including detailed design, construction and contract administration costs. The GHG Challenge Fund has confirmed that it will cover 50 percent of these costs, or \$822,500.

This funding will go towards establishing an anticipated first phase of a bike share system that would start off serving neighbourhoods in or near downtown, St. Joseph's Hospital and Western University. Phase one of the bike share will consist of approximately 300 bikes, serving approximately 40,000 residents, 35,000 employees, two hospitals, Western University and Fanshawe College (downtown campus) faculty, staff and students. An additional target audience includes visitors to London.

#### **Procuring Technical Consulting Assistance**

City staff will be procuring the services of a technical consultant given that there is a rapid shift in technology occurring now with bike share systems worldwide. In Canada, there is evidence of this when comparing the first generation of bike share systems in Montréal and Toronto, for example, with second generation systems piloted in Kingston (and expanding into other cities). First generation systems have fixed bike share stations where bikes are docked (picked up and returned), payment is made, and information such as maps is provided. Second generation bike share systems are station-less systems where bikes have built-in mobile payment technology and built-in locks so they can be parked anywhere within the service area.

The consultant will assist City staff with the following project activities:

- Business case development;
- Development of a Request for Proposal (RFP) for the design, build, operate and maintenance of the bike share system; and
- Preliminary operations period and acceptance testing to confirm the bike share system meets specified performance criteria.

### **FINANCIAL AND RISK CONSIDERATIONS**

The overall project has been designed in four phases including seven activities with estimated costs and timelines identified on the table below. The costs below do not include the Harmonized Sales Tax (HST) which will be included within the Transfer Payment Agreement.

Project Activities	Estimated Cost to be Split 50/50	Timeline
Phase 1 – Prepare and Approve Final Business Case		
1. Finalize options and design, including community engagement and final Business Case development	\$22,500	April 2018 – December 2018
2. Submission of Business Case to Municipal Council for approval		January 2019

<b>Project Activities</b>	<b>Estimated Cost to be Split 50/50</b>	<b>Timeline</b>
Phase 2 - Request for Proposal (RFP) for Bike Share System		
3. Development and release of a RFP for the design, build, operate and maintenance of the bike share system	\$6,250	February 2019 – July 2019
4. Submission of RFP recommendations to Municipal Council for approval		August 2019
Phase 3 - Final Design, Product Purchase, Construction and Implementation		
5. Final design, product purchase, construction and implementation requirements for bike share system including pre-launch promotional activities and events	\$1,595,750	September 2019 – February 2020
Phase 4 – Program Launch		
6. Preliminary operations period and acceptance testing to confirm the bike share system meets specified performance criteria	\$20,500	January 2020 – March 2020
7. Program launch		Earth Day 2020
<b>Total Estimated Budget</b>	<b>\$1,645,000</b>	
<i>Province</i>	<i>\$822,500</i>	
<i>City of London</i>	<i>\$822,500</i>	

### **Risk Mitigation**

Bike share systems in communities the size of London are not common. Kitchener-Waterloo (340,000) has a system, but it is currently evolving into something new. Bike share systems are more common in communities with larger populations such as cities of Hamilton (500,000), Toronto (2.8 million), Ottawa (950,000), and Montreal (1.8 million); however there are bike share systems in places with lower populations like Kingston (130,000) and Kitchener-Waterloo (340,000).

Updated information will be obtained from these and other comparable locations as part of Phase 1 activities.

The preparation of the Business Case will include annual operating costs and revenues for the system. The Business Cases requires Council approval.

Phase 2 will include an RFP for a system operator including all financial elements of the system. The outcome of the RFP process requires Council approval.

### **Termination and Default Clauses**

Section A15 of the Transfer Payment Agreement (Event of Default, Corrective Action, and Termination for Default) does allow for the City of London to withdraw from the agreement in the event that Municipal Council does not approve the business case or the recommendation from the RFP.

Section A14 of the Transfer Payment Agreement (Termination Where No Appropriation) has similar language in the event that the Province does not receive the necessary appropriation from the Ontario Legislature.

**Source of Financing**

The attached Source of Financing report 'Appendix B' outlines the source of financing for the bike share system. The City's portion, \$822,500, will be funded using \$750,000 currently in the Active Transportation (TS6020) project, which as previously noted will be transferred to a new capital project to better facilitate expenditure tracking and project reporting, and \$72,500 of Federal Gas Tax funding allocated for future eligible Active Transportation projects currently held in the Federal Gas Tax Reserve Fund.

**ACKNOWLEDGEMENTS**

This report was prepared with assistance from Allison Miller, Transportation Demand Management (TDM) Coordinator; Jason Davies, Manager III, Financial Planning & Policy; and Laurie Green, Financial Business Administrator

<b>PREPARED BY:</b>	<b>PREPARED &amp; SUBMITTED BY:</b>
<b>JAMIE SKIMMING, P.ENG MANAGER, AIR QUALITY</b>	<b>JAY STANFORD, M.A, M.P.A. DIRECTOR, ENVIRONMENT, FLEET &amp; SOLID WASTE</b>
<b>RECOMMENDED BY:</b>	
<b>KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL &amp; ENGINEERING SERVICES AND CITY ENGINEER</b>	

Attach: Appendix A – By-law No. A -  
Appendix A Schedule 1 – Transfer Payment Agreement  
Appendix B – Source of Financing Report

c: Anna Lisa Barbon, Managing Director, Corporate Services and City Treasurer  
Edward Soldo, P.Eng., Director, Roads & Transportation  
John Millson, Senior Financial Business Administrator

## APPENDIX A

Bill No.  
2018

By-law No. A.-

A by-law to authorize and approve a Transfer Payment Agreement under the Ontario Municipal GHG Challenge Fund Program, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Environment and Climate Change for the Province of Ontario and The Corporation of the City of London; to authorize the Mayor and the City Clerk to execute the Agreement; and to delegate authority to the Managing Director of Environmental & Engineering Services and City Engineer, or their written designate, and the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, or their written designate, to execute any financial reports and all other documents required under the Agreement.

WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS section 8 of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended provides that the powers of a municipality shall be interpreted broadly so as to confer broad authority on the municipality to enable it to govern its affairs as it considers appropriate and to enhance its ability to respond to municipal issues;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS the Province of Ontario (the "Province") and The Corporation of the City of London (the "City") recognize that investment in bike share systems is a key component in Ontario's Climate Change Action Plan;

AND WHEREAS the City has applied to the Province for funding under the Ontario Municipal GHG Challenge Fund Program for a list of projects;

AND WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Transfer Payment Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of the Environment and Climate Change for the Province of Ontario and The Corporation of the City of London, for the provision of funding from the Ontario Municipal GHG Challenge Fund Program, attached hereto as Schedule "1", is hereby authorized and approved.
2. The Mayor and the City Clerk are hereby authorized to execute the Agreement authorized and approved under section 1, above.
3. The Managing Director of Environmental & Engineering Services and City Engineer, or their written designate, and the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, or their written designate, are delegated authority to verify and attest to the accuracy of claimed costs and all other documents required by the Province and is the Authorized Representative with signing authority on behalf of the City.

4. The City commits to reviewing its existing Community-wide GHG Emissions Inventory, Community-wide GHG Reduction Targets, and Community-wide GHG Emissions Reduction Plan to ensure they meet each of the definitions in Schedule B of the Transfer Payment Agreement within two years of signing the Agreement.

5. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on March 27, 2018.

Matt Brown  
Mayor

Catharine Saunders  
City Clerk

First Reading – March 27, 2018  
Second Reading - March 27, 2018  
Third Reading - March 27, 2018

**Schedule 1**  
**Transfer Payment Agreement**