Meeting of the Board of Directors
on December 1, 2011

To: York Region Rapid Transit Corporation Board of Directors

From: Mary-Frances Turner, President

Subject: **YRRTC – Regional Capital Plan and Capital & Operating Budget Approval**

Ref: YORK-#3893446

Recommendations

It is recommended that:

1. The York Region Rapid Transit Corporation (YRRTC) Board of Directors consider and approve the Regional Capital Plan of $1.37 billion, and advance the 2012 Regional Capital Budget of $332.2 million for YRRTC to the Finance and Administration Committee and Regional Council for approval.

2. The York Region Rapid Transit Corporation (YRRTC) Board of Directors consider, approve and advance the 2012 Regional Operating Expenditures Budget of $10.8 million for YRRTC to the Finance and Administration Committee and Regional Council for approval.

Purpose

- The purpose of this report is to provide a summary of the Regional Capital Plan for consideration and approval, and advance the 2012 Regional Capital & Operating Expenditures Budget for YRRTC to the Finance and Administration Committee on January 12th, 2012, and adoption by Regional Council on January 26th, 2012.

Background

The total Capital Plan for YRRTC is valued at $3.2 billion

- The YRRTC Capital Plan and Capital & Operating Expenditures Budget for 2012 are being brought forward in two parts:
    - Part One, which is the subject of this report, seeks the necessary approvals of Regional Council related to the 2012 Capital & Operating Expenditures Budget which include regional funded dollars.
    - Part Two, which is the subject of a separate report on this agenda, seeks the endorsement of the YRRTC Board of Directors related to the 2012 Capital & Operating Expenditures Budget for Metrolinx funded dollars.
- In April 2011, York Region entered into a Master Agreement with Metrolinx to deliver a $1.76 billion capital program, bringing the total Metrolinx program - not requiring any funding from York Region - to $1.82 billion.

Total YRRTC Capital Programs		Regional Funded $$$	Metrolinx Funded $$$	Total Funded $$$
90991	BRT Rapidways & Stations	-	1,786.55	1,786.55
90992	BRT Facilities & Terminals	131.80	22.34	154.14
90993	BRT Vehicles	44.20	13.72	57.92
90994	Future BRT	1.08	-	1.08
90995	Future LRT	1.25	-	1.25
90996	Spadina Subway Extension	1,084.70	-	1,084.70
90997	Yonge Subway Extension	78.55	-	78.55
90999	Rapid Transit Strategic Initiatives	31.09	-	31.09
Total Capital ($ millions)		**1,372.67**	**1,822.60**	**3,195.27**

Analysis

The Regional Capital Plan of $1.37 billion for YRRTC is driven by the shared funding agreements below, which the York Region entered into with the Provincial and/or Federal governments. York Region's contribution is 40% or $544.4 million

- FLOW-TYSSE Contribution Agreement – Spadina Subway Extension.
- Canada Strategic Infrastructure Fund (CSIF) – Terminals, Facilities & Rapid Transit Vehicles.

The 2012 Regional Capital Budget for YRRTC is $332.2 million compared to $163.4 million in the previous year

- It is comprised of the following:
  - Spadina Subway Extension - $275.0 million, with a projected completion timeline of end of 2015.
  - Terminals, Facilities & Rapid Transit Vehicles - $41.0 million, with a projected completion timeline of 2014.
  - Strategic Initiatives, including the Yonge Subway Extension - $16.2 million.

The 2012 Regional Operating Expenditures Budget associated with the delivery of the above noted Capital Budget is $10.8 million for YRRTC, a net decrease of $1.2 million over the previous year, driven by higher recoveries and lower financing costs

Financial Implications

- The 2012 Regional Capital Budget is $332.2 million.

Capital Programs	Total	Contribution from Reserves	Debenture Proceeds	Third Party Funding
Facilities & Terminals	37.48	5.65	13.08	18.74
Rapid Transit Vehicles	3.50	0.47	1.28	1.75
Spadina Subway	275.00	74.14	24.19	176.67
Strategic Initiatives	16.23	2.40	8.82	5.00
Total ($ millions)	**332.20**	**82.67**	**47.38**	**202.16**

- The 2012 Regional Operating Expenditures Budget for 2012 is $10.8 million. No additional staff requested from previous year.

Operating Items	$ millions	%
Direct Staff and Office	2.82	16.2%
Negotiated Specifics	0.57	3.3%
Professional Services	0.67	3.8%
Financing Costs	15.24	87.6%
Capital Recoveries	(1.90)	-10.9%
Gross Operating Exp.	**17.39**	**100.0%**
Revenues	**(6.58)**	
Net Operating Exp. - Net Tax Levy	**10.81**	

Conclusion

- This report seeks the approval and recommendation of the YRRTC Board of Directors to consider and approve the Regional Capital Plan, and advance the 2012 Regional Capital & Operating Expenditures Budget for YRRTC to the Finance and Administration Committee on January 12th, 2012, and adoption by Regional Council on January 26th, 2012.

- No unfavourable financial implications and no new significant commitments for York Region.

For more information on this report, please contact Michael Cheong, Chief Financial Officer, York Region Rapid Transit Corporation at 905-886-6767, Ext. 1015.

Mary-Frances Turner
President

November 16, 2011

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