

To: York Region Rapid Transit Corporation Board of Directors
From: Mary-Frances Turner, President
Subject: **2011 Capital and Operating Business Plans and Budgets**

Recommendations

It is recommended that:

1. The York Region Rapid Transit Corporation (YRRTC) Board of Directors consider and approve the draft 2011 Capital Business Plan and Budget as amended and presented in Table 1.
2. The York Region Rapid Transit Corporation (YRRTC) Board of Directors consider and approve the draft 2011 Operating Business Plan and Budget as presented in Table 3.
3. The Board of Directors' recommendations be forwarded to the Commissioner of Finance for consolidation into a report to the Regional Finance and Administration Committee meeting on March 3, 2011.

Purpose

The purpose of this report is to:

- Provide a summary of the 2011 Capital and Operating Business Plans and Budgets for York Region Rapid Transit Corporation for consideration and recommendation to Finance and Administration Committee and adoption by Regional Council on March 24, 2011.

Background

The consolidated 2011 Capital and Operating Business Plan and Budget was tabled with Regional Council on January 27, 2011

- It was received and referred to Standing Committees and to the YRRTC Board of Directors for their consideration and recommendation.

A comprehensive report to Finance and Administration Committee will be provided on March 3, 2011. Regional Council approval is scheduled for March 24, 2011

- The Board of Directors' recommendations on the Capital and Operating Business Plans and Budgets will form part of a comprehensive report to Finance and Administration Committee meeting of March 3, 2011. The Finance and Administration Committee's recommendations will then be submitted to Regional Council with final budget approval scheduled for March 24, 2011.

Analysis

Capital Budget

The capital budget includes projects that are either partially funded by senior levels of government or ones funded only by York Region

- The 2011 Request includes increases over the approved 2010 Total Project Budget Authority, along with any new projects introduced in 2011 that require a commitment to expenditures in 2011 and in future years.
- Table 1 below lists the budget amounts for which additional Total Project Budget Authority is being requested for 2011 and the associated financing sources. In addition, page references to the Capital Business Plan & Budget document are noted.
- After the budget was tabled to Regional Council on January 27th, it was noted that the 2011 new TPBA budget request related to the Bus Rapid Transit (BRT) Facilities and Terminals was overstated by \$13,163 due to the difference between budget approval and cash flow forecasting of expenditures. As a result, the total 2011 new TPBA will be \$119,229 as detailed below in Table 1. This adjustment also reduces the debenture requirements for this program.

Table 1
2011 New Total Project Budget Authority (TPBA)

	Page No.	2011 & outyears As Presented (\$000s)	Adjustment (\$000s)	2011 & outyears As Adjusted (\$000s)
New TPBA - Gross				
Capital Expenditures	67	132,392	(13,163)	119,229
Financing Sources:				
Reserves	71	335		335
Debentures	71	(24,206)	(6,603)	(30,809)
Development Charges	71	110,990	40	111,030
Grants & Subsidies	71	45,273	(6,600)	38,673
Total	71	132,392	(13,163)	119,229

- The \$24.206 million reduction in debenture requirements, as originally presented, is the result of funding a portion of capital expenditures directly from the Development Charge reserve rather than issuing debt and funding the principle and interest from the reserve.
- The 2011 Business Plan and Budget will be amended to reflect the adjustment of \$13.163 million prior to final budget approval.

Projects fully funded through Metrolinx and the Province of Ontario are not included in the Total Project Budget Authority (TPBA)

- Projects funded through the \$1.4 billion Provincial Announcement, the \$105.6 million MoveOntario 2020 QuickWins announcement and the Province's 100% share of the \$255 million Flow/Provincial/York Region announcement are not included in the Total Project Budget Authority.
- These projects will be implemented and administered through Metrolinx and are summarized in Table 2.

Table 2
Fully Funded Projects by Senior Levels of Government
Not Included in the Total Project Budget Authority (TPBA)

Project	Total Cost	Funded by
Preliminary Engineering for Bus Rapidways	\$39.3 million	MoveOntario 2020 \$105.6 million QuickWins
Bus Rapid Transit Vehicles	\$13.7 million	MoveOntario 2020 \$105.6 million QuickWins
Land requirements for segments listed below as well as for the OMSF facility and Cornell Terminal	\$154.1 million	MoveOntario 2020 - \$1.4 billion; MoveOntario 2020 - \$105.6 million QuickWins
Construction of Bus Rapidways and Canopies along Highway 7 from Pine Valley Drive to Kennedy Road; along Yonge Street from Richmond Hill Centre to 19th Avenue and from Mulock Avenue to Davis Drive; and along Davis Drive in Newmarket. Additional stops to Cornell	\$1,812.8 million	MoveOntario 2020 - \$1.4 billion; MoveOntario 2020 - \$105.6 million QuickWins; FLOW \$85 million Provincial – Vaughan Metropolitan Centre
Total	\$2,019.9 million	

- Costs in Table 2 have been escalated to include anticipated inflation as a result of the Metrolinx announcement to extend project completion dates by 5 years beyond the timeframe originally contemplated in the 2008 \$1.4 billion funding announcement.
- It should also be noted that the projects and costs in Table 2 assume that all costs are eligible for recovery. Should some costs be deemed ineligible, staff will report back to the YRRTC Board and Regional Council for approval.

Operating Budget

The 2011 Operating Business Plan and Budget includes the administrative and debt financing costs associated with delivering the Rapid Transit program

- The operating budget for YRRTC is found in the 2011 Operating Business Plan and Budget document as outlined in Table 3 below.

Table 3
2011 Operating Budget Summary

York Region Rapid Transit Corporation (Rapid Transit)	Page No.	Draft Operating Budget Gross (000s)	Draft Operating Budget Tax Levy (000s)
Operating Budget	395	\$18,123	\$11,994

Financial Implications

- The proposed 2011 New Total Project Budget Authority for YRRTC as amended in Table 1 reflects additional commitment of \$119,229 million in 2011 and future years. Expenditures not identified for consideration but contained within the ten year capital plan are provided for planning purposes and will be formally approved in subsequent years.
- The above noted net Operating Budget in Table 3 totals \$11.994 million or 1.6% of the Region's total 2011 proposed net operating budget.

Conclusion

- This report sets out the proposed 2011 Capital and Operating Business Plan and Budget for York Region Rapid Transit Corporation, as summarized in Tables 1 and 3 above. To facilitate the completion of the budget process, it is recommended that the Board's recommendations be forwarded to the March 3, 2011 Finance and Administration Committee for consolidation and recommendation to Regional Council on March 27, 2011.

For more information on this report, please contact Joanne Bovair, Acting Chief Financial Officer and Treasurer, York Region Rapid Transit Corporation at 905-886-6767, Ext. 1015.

Mary-Frances Turner
President

January 25, 2011