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October 21, 2003

Resolution No. 2003-999

Denis Kelly
Regional Clerk
Regional Municipality of York
17250 Yonge Street
Newmarket, ON L3Y6Z1

Subject: Go Transit – Development Charge By-Law Extension

I am writing to advise that Regional Council approved the following resolution at its meeting held on October 9, 2003:

> That the Ontario Government be requested to extend the term of the current GO Transit Development Charges by-laws for a period not to exceed December 31, 2004 in order to permit the GTA Regions to continue collecting development charges revenues in support of the original GO Transit 10-year Growth Capital Plan;
>
> And further, that Regional staff be directed and authorized to take the necessary action to collaborate with the staff of the GTA Municipal GO Transit funding partners, GO Transit and the Ministry of Transportation to prepare and bring forward a detailed background study in support of a new GO Transit Development Charges by-law in 2004;
>
> And further, that a copy of the report of the Treasurer and Commissioner of Finance dated September 16, 2003 titled "Go Transit - Development Charge By-law Extension" be forwarded to the Minister of Transportation, the Minister of Municipal Affairs and Housing, the GO Transit Board of Directors and the Councils of Durham Region, Halton Region, York Region, the City of Hamilton and the City of Toronto.

The above resolution and report is provided for your information.

Sincerely,

Jeff Payne

Jeff Payne
Legislative Co-ordinator

:sj

Encl.

c: Dan Labrecque, Treasurer and Commissioner of Finance

MA-A1-1

Region of Peel
Working for you

REPORT
General Committee

DATE: September 16, 2003

SUBJECT: **GO TRANSIT - DEVELOPMENT CHARGE BY-LAW EXTENSION**

FROM: Dan Labrecque, Treasurer and Commissioner of Finance

RECOMMENDATION

That the Ontario Government be requested to extend the term of the current GO Transit Development Charges by-laws for a period not to exceed December 31, 2004 in order to permit the GTA Regions to continue collecting development charges revenues in support of the original GO Transit 10-year Growth Capital plan;

And further, that Regional staff be directed and authorized to take the necessary action to collaborate with the staff of the GTA municipal GO Transit funding partners, GO Transit and the Ministry of Transportation to prepare and bring forward a detailed background study in support of a new GO Transit development charges by-law in 2004;

And further, that a copy of this report be forwarded to the Minister of Transportation, the Minister of Municipal Affairs and Housing, the GO Transit Board of Directors and the Councils of Durham Region, Halton Region, York Region, the City of Hamilton and the City of Toronto.

REPORT HIGHLIGHTS

- Both the GO Transit development charge by-laws and the municipal cost-sharing arrangement expire on December 31, 2003.
- The Minister of Transportation has requested formal input on municipal funding of the GO Transit 10-year Capital Growth Plan.
- Regional and GTA staff have previously requested an extension to current GO Transit development charge by-laws.
- Detailed background study required to be prepared in support of new GO Transit development charge by-law.

DISCUSSION

1. Background

The original 2001-2010 GO Transit 10-year Capital Growth Plan ($1 billion) is to be funded equally on a one-third basis by the federal, provincial and municipal levels of government. The municipal portion is funded by the GTA Regions, the City of Toronto and the City of Hamilton. In 2001, with the exception of the City of Toronto and the City of Hamilton, all municipal funding partners passed GO Transit development charge by-laws to assist in financing their obligations and all the by-laws expire on December 31, 2003. The Region of Peel's financial obligation under this Plan is approximately $57 n licn ınd is to be funded through development charges (40% or $23 million) and internal financ g (6 % or $34 million).

2. 2003 Developments

At the beginning of this year, staff orn he GTA Regions had several discussions and communicated with staff from the foll ving Ministry of Transportation, Ministry of Municipal Affairs and Housing, GO Transit, CN Vats n & Associates and Aird & Berlis regarding the expiry of the GO Transit development c arge by-laws.

Staff from the GTA Regions thought it est o request the Province to extend the existing GO Transit development charge by-laws vith a view to undertaking the necessary work to implement new development charge b law in 2004. At that time, it was considered not to have been prudent for the 905 Regi s a d the City of Hamilton to reaffirm their financial commitment under the 10-year Capi l G owth Plan and embark upon an intensive and resource consuming background study or th following reasons:

- there were no federal or provinc l fur ding commitments to the Plan;
- there was uncertainty over the (y of Toronto's commitment to the Plan; and
- there was uncertainty arising f m tl e anticipated provincial spring election, which did not occur, and the transitional is ues hat could follow.

Based on these circumstances, mun pal staff requested provincial staff to investigate the feasibility of extending the existing b laws while the outstanding issues could be resolved. Since making this request, the followin has ranspired which are discussed further below:

- Federal government funding an ounc ement for certain GO Transit projects;
- Provincial commitment made to he 1 -year Capital Growth Plan; and
- the Regional Chair has been re uest d by the Minister of Transportation to provide input into the GO Transit 10-year Ca al G owth Plan.

a) Federal Government Announ eme ts

On March 26, 2003 the federa gove nment announced that it will be contributing $385 million for improvements to G Tra sit's rail network in the GTA and beyond. The federal contributions will be fur ed f om the Canada Strategic Infrastructure Fund and the Toronto Waterfront Revit izati n Initiative. In its announcement, the federal government indicated that it vill p ursue discussions with the Province to secure provincial and municipal fundin to c mplete these projects. GO Transit and Ministry of Transportation staff have sta d th at GTA municipalities and Hamilton will not be requested to fund projects beyc d th GTA.

b) Provincial Budget

Prior to the March 27, 2003 prov ncial budget, the Ontario Government had only committed to funding its one-tl d sl are of the GO Transit Growth Capital Budget until 2004/05. As part of this year's prov ncial budget, the government is now committed to the 10-year Capital Growth Pla

c) Minister of Transportation

The Honorable Frank Klees, M iste of Transportation, wrote a letter dated August 12, 2003 to the Regional Chair rec esti g municipal input regarding the GO Transit 10-year Capital Growth Budget, conce ing new municipal cost-sharing arrangement and the extension of GO Transit develc mer charge by-laws.

d) City of Toronto

The City of Toronto is responsible for 44.6% of the municipal funding formula and its participation and commitment to the 10-year Capital Growth Plan remains unresolved. City Council does not want to provide financial support to GO Transit until it receives additional funding for the TTC from the federal and provincial governments.

3. GO Transit Development Charge By-Laws Extension

It is recommended that Regional Council request the provincial government to extend the GO Transit Development charge by-laws, not to extend beyond December 31, 2004 for the following reasons:

a) GO Transit 10-Year Capital Growth Budget

GO Transit staff are currently in the process of preparing the 2004 – 2014 10-year Capital Growth Plan. The GTA Regions, the City of Toronto and the City of Hamilton need to review the Plan to determine their respective benefits and to confirm that it meets their long term inter-regional public transportation needs. In addition, GO Transit funding partners need to review how federally funded projects and the proposed Bus Rapid Transit program impacts the 10-year Capital Growth Plan.

b) Municipal Cost-Sharing Arrangement

Based on a review of the Capital Plan, participating municipalities will need to negotiate a new municipal cost-sharing arrangement which will govern how the one-third municipal share is to be funded.

c) Background Study

In order to pass a new GO Transit development charge by-law, a comprehensive background study needs to be prepared and each municipal partner will have to approve and action the background study into a new development charge by-law in order to comply with the *Development Charges Act.*

d) Municipal Budgets and Development Charge Quantum

Once municipalities have reviewed and participated in the above items, each respective municipality will have to determine whether they wish to implement a GO Transit development charges by-law, the allocation amongst financing options and the financial impact on their respective budgets.

FINANCIAL IMPLICATIONS

The Ministry of Transportation has confirmed that the one-third municipal share for 2003/04 will be based on the original 2003/04 Capital Growth Program of $87 million. The Region of Peel is responsible for $4.8 million of the program and has been budgeted for in 2003.

The Region of Peel's financial commitment under the 10-year plan for 2004/05 is $6.9 million. Should the existing by-law expire and no development charges revenue be collected during 2004, the Region can draw on its working fund reserves to fund the difference between the amount of the obligation and the amount allotted in the 2004 budget envelope. The draw on working fund reserves can only be sustained in the short term and is not a viable long term financing strategy.

CONCLUSION

Regional and GTA staff have been consu ng w th provincial staff throughout the year concerning the need to extend GO Transit development harg e by-laws which are set to expire at the end of this year. The Minister of Transportation ha req iested that the Region of Peel formally request an extension of the development charge by aw. Staff should be directed to commence the detailed background study, as required by the *evel pment Charges Act,* in cooperation with the GTA municipal partners and be brought forwarc n 2C)4.

Dan Labrecque
Treasurer and Commissioner of Finance

Approved for Submission:

R. Maloney, Chief Administrative Officer

Authored By: John Cappuccio

c. Legislative Services