To:	**York Region Rapid Transit Corporation Board of Directors**
From:	**Mary-Frances Turner, President**
Subject:	YRRTC – Regional Capital Plan and Capital & Operating Expenditures Budget
Ref:	**YORK-#4436743**

Recommendations

It is recommended that:

1. The York Region Rapid Transit Corporation (YRRTC) Board of Directors endorse and advance the 2013 Regional Capital Budget of $340.4 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 endorse and advance the 2013 Regional Operating Expenditures Budget of $11.8 million for YRRTC to the Finance and Administration Committee and Regional Council for approval.

Purpose

- The purpose of this report is to seek the Board's endorsement to advance the 2013 Regional Capital & Operating Expenditures Budget for YRRTC to the Finance and Administration Committee on November 29, 2012, and adoption by Regional Council in mid to late January 2013.

Background

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

- The YRRTC Funded Capital Plan and Capital & Operating Expenditures Budget for 2013 (see Table One) 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 2013 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 2013 Capital & Operating Expenditures Budget for Metrolinx funded dollars

- The Regional Capital Plan of $1.4 billion for YRRTC is primarily driven by shared funding agreements, which York Region entered into with the Provincial and/or Federal governments. York Region's contribution is $547.5 million or 38%.

- The Metrolinx Capital Plan - in April 2011, York Region entered into a Master Agreement with Metrolinx to deliver a $1.755 billion capital program, bringing the total Capital Plan - not requiring any funding from York Region - to $1.8 billion.

- In June 2012, the Metrolinx Board of Directors endorsed the revised schedule and cash flow to accelerate the delivery of the BRT Rapidways and Stations. Completion is projected to be by end of Q1 2018 as compared to the original timeline of Q1 2021.

Table One – Total YRRTC Funded Capital Plan

	YRRTC Capital Plan (in $ millions)	Regional Program $$$	Metrolinx Program $$$	Total Program $$$
1.	BRT Rapidways & Stations	-	1,786.6	**1,786.6**
2.	BRT Facilities & Terminals	244.4	-	**244.4**
3.	Spadina Subway Extension	1,098.7	-	**1,098.7**
4.	Yonge Subway Extension	78.6	-	**78.6**
5.	Rapidway Studies	3.2	-	**3.2**
Total Capital $$$		**$ 1,424.8**	**$ 1,786.6**	**$ 3,211.4**
Total Regional Funded $$$		**$ 547.5**	**$ -**	**$ 547.5**

Analysis

The 2013 Regional Capital Budget for YRRTC is $340.4 million

- The 2013 YRRTC / Regional capital program delivery includes the:
  - Spadina Subway Extension - $268.7 million, with a projected completion timeline of end of 2015
  - Facilities & Terminals and Rapid Transit Vehicles - $71.2 million, with a projected completion timeline of Q2-2016
  - Rapidway Studies - $0.5 million

The 2013 Operating Expenditures Budget associated with the delivery of the above noted Capital Budget is $11.8 million

- $11.8 million represents a net increase of $1.0 million over the previous year.
- The net increase is primarily driven by higher financing costs.

Financial Implications

The 2013 Regional Capital Budget has 4 major components. Table Two illustrates the breakdown of the four major components of the Regional Capital Budget and funding sources

Table Two – 2013 Regional Capital Budget and funding Sources

Regional Capital Programs (in $ millions)	2013 $$$	Contribution from DCs + Reserves	Debenture Proceeds	Third Party Funding
Facilities & Terminals	52.5	10.0	14.6	27.9
Rapid Transit Vehicles	18.7	7.9	1.4	9.4
Spadina Subway	268.7	12.8	85.5	170.4
Rapidway Studies	0.5	0.5	-	-
Total Capital $$$	**$ 340.4**	**$ 31.2**	**$ 101.5**	**$ 207.7**

Funding for the Yonge Subway remains an important priority

- YRRTC will continue to support and work with Metrolinx to help prioritize funding for the Yonge Subway Extension to the Richmond Hill Centre.

The 2013 Regional Operating Expenditures Budget is $11.8 million

- Table Three identifies the total 2013 Regional Operating Expenditures Budget and funding sources.
- No additional staff is requested from the previous year.
- Net of financing costs and revenues, the 2013 Regional Operating Expenditures Budget year-over-year increase is 2.9%.

Table Three – 2013 Regional Operating Expenditures Budget

Operating Expenditures (in $ millions)	Total Operating Exp. Budget	Regional Operating Exp. Budget	Metrolinx Operating Exp. Budget
Direct Staff & Office Admin.	10.6	3.3	7.3
Negotiated Specifics	4.9	0.4	4.5
Financing Costs	16.8	16.8	-
Gross Operating $$$	**32.3**	**20.5**	**11.8**
Capital Recoveries	(13.3)	(1.5)	(11.8)
Revenues	(7.2)	(7.2)	-
Net Operating $$$ - Tax Levy	**$ 11.8**	**$ 11.8**	**$ -**

Conclusion

- This report seeks the endorsement of the Board of Directors to advance the 2013 Regional Capital & Operating Expenditures Budget for YRRTC to the Finance and Administration Committee on November 29, 2012, and adoption by Regional Council in mid to late January 2013.

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

October 22, 2012

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