3
FINANCIAL UPDATE - YORK RAPID TRANSIT PLAN AS OF DECEMBER 31, 2005

The Rapid Transit Public/Private Partnership Steering Committee recommends the adoption of the recommendation contained in the following report, January 12, 2006, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report provides the monthly update on the costs incurred for the capital project for the delivery of the York Rapid Transit Plan from the commencement of the concept definition in 2002 to December 31, 2005.

3. BACKGROUND

In 2002, Regional Council approved the Quick Start segment of the York Region Rapid Transit Plan and engaged York Consortium 2002 to implement the plan. In March, 2004 the Region executed funding agreements with the federal and provincial governments to contribute $50 million each towards the Quick Start project. Staff have been providing monthly updates of costs incurred to date.

4. ANALYSIS AND OPTIONS

The costs to date associated with the York Region Rapid Transit Plan are set out in the Attachments 1 through 4.

4.1 Stage I Costs

Stage I costs in Attachment 1 which include concept definition, environmental assessment (EA), financial planning and legal, communications and project management are $9.7 million. This stage is substantially complete with the exception of some EA costs.

Quick Start

Implementing the “Quick Start” project was approved by Regional Council at a cost of approximately $150 million of which the Region’s 1/3 share will be $50 million. Attachment 2 segregates those costs that pertain to the Quick Start project. To date costs incurred for Quick Start total $147.0 million. Included in these costs are $52.4 million for buses, $16.2 million for running ways, $15.4 million for the Intelligent Transportation System (ITS), $10.8 million for operating and maintenance mobilization and $6.9 million in project management costs. Regional oversight costs of $8.6 million include internal Regional costs and consultants engaged to assist with project oversight.

Some Stage I and other subsequent costs will be included as eligible for subsidy claim purposes to maximize subsidies. These costs were not originally contemplated as cost shareable.

The column labelled "Approved Total Cost" is divided into two columns to highlight those costs that form part of the original $150 million approval and costs that are approved beyond the $150 million.

4.2 Corporate Expenditures

Those costs in Attachment 3 include salaries and administrative costs for the Rapidco Office in addition to Business Relationship costs of $2.4 million. Business Relationship costs include legal fees for the establishment of the York Region Rapid Transit Corporation, legal support in executing contracts and negotiating funding agreements and long term business arrangements.

4.3 Future Phases of Full Build

Attachment 4 highlights costs associated with the planning and designing of the next phase of the full build of the rapid transit system. To date, $1.0 million has been incurred for the full build portion.

4.4 Highlights of Changes from Previous Report

The expenditures to date in Attachment 2 increased by $14.0 million during the month of December. Of this amount, $6.0 million is attributable to bus acquisition $3.3 million to facility construction, $1.3 million to the ITS system, and $3.4 million in other project costs.

5. FINANCIAL IMPLICATIONS

To date, the York Region Rapid Transit Plan costs of $161.3 million are within the Region's approved budget envelopes.

5.1 Funding Status Update

As highlighted in Attachment 2, the Region has incurred costs totalling $147.0 million for the Quick Start project as at December 31, 2005. As noted in the background section of the report, in March 2004 the Region executed funding agreements with the provincial and federal governments who are to contribute $50 million each towards the Quick Start project.

The federal government has commenced the flow of funds. In late December, the Region received $1.4 million, representing 1/3 of the 2004 vehicle down payment. The Region has temporarily financed the full cost of this project through its Working Capital Reserve and as a result has foregone approximately $2.4 million in interest earnings potential on the federal/provincial share in 2005.

Staff will continue to cooperate with our counterparts at the provincial level in an attempt to secure the funding to which they have committed.

6. LOCAL MUNICIPAL IMPACT

Rapid Transit costs are included in the Regional levy. The integrated transit network will provide a timely, efficient transportation alternative to the area.

7. CONCLUSION

This report provides an update of the financial activity of the York Region Rapid Transit Plan. Costs reported are from inception in 2002 to December 31, 2005. The federal government has commenced the flow of funds in December 2005 and discussions are ongoing with the provincial government to secure the funding to which it has committed.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is included with this report.)