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REGIONAL POLICY FUNDING COLLECTOR ROAD CROSSINGS OF 400-SERIES HIGHWAYS

The Transportation and Works Committee recommends:

- 1. The presentation by Dino Basso, Director, Capital Delivery – Roads be received; and**
- 2. The recommendations contained in the following report, January 26, 2006, from the Commissioner of Transportation and Works and the Commissioner of Finance be adopted:**

1. RECOMMENDATIONS

It is recommended that:

1. Council endorse the draft policy, procedures and criteria outlined in this report.
2. Copies of this report be forwarded by the Regional Clerk to the Clerks of the local municipalities to advise them of this policy and ask for formal comments by May 31, 2006.
3. A final policy be brought forward to Regional Council following receipt of comments from the local municipalities.

2. PURPOSE

The purpose of this report is to:

- Provide clarification to the local municipalities regarding the Region's Development Charge (DC) funding formula for collector road crossings of 400-series highways.
- Establish a policy and necessary procedures to define the extent of a project that will be eligible for Regional contribution.
- Establish procedures required for the enactment of the contingent development charges for collector road crossing of 400-series highways.

3. BACKGROUND

The Regional Official Plan contains a number of policies (Sections 5.2.7d, 6.1.15) to encourage the planning and implementation of continuous mid-concession block collector roads. Currently, the Regional arterial roads in the vicinity of the 400-series highways are experiencing considerable traffic congestion.

The issue of continuous local municipal collector roads was presented to Regional Council in May 2003, as it particularly related to the cost of providing collector road crossings of the 400-series highways. In that report a dozen potential collector road crossings were noted, which, when built, would substantially improve the performance of the Regional road system and the provision of transit services.

Jurisdictional responsibility for the construction and ongoing maintenance for these mid-block collector highway crossings is a local municipal responsibility. These highway crossings provide direct tangible benefits to York Region, such as:

- Provision of additional transportation capacity to relieve expansion pressures on nearby Regional arterial roads.
- Complementary to Regional transit investments.
- Support of the Region's intensification goals.

It is therefore appropriate to consider Regional contribution to these projects.

In this regard, funding for one third of the capital cost of these overpasses/underpasses was conditionally included in the 2003 Regional Development Charge By-law. There are nine projects identified in the DC By-law, five of which are in the approved 2006-10 year Capital Program. Table 1 identifies the status of the five projects while Attachment 1 shows their location.

Table 1
Project Status Table

Project	Municipality	Project Status
1 Hwy 400 Crossing at Portage Parkway (formerly Applewood Cres.)	City of Vaughan	• Contract tendered March 2005 • Construction on hold • Awaiting MTO approvals • Expect construction cost increases
2 Hwy 407 Crossing at Rodick Road (between Woodbine Ave and Warden Ave)	Town of Markham	• Project currently under construction • Approval negotiations underway with MTO and TRCA • Agreement negotiations underway with Hwy 407 ETR
3 Hwy 407 Crossing at Birchmount Road (between Warden Avenue and Kennedy Road)	Town of Markham	• Hwy structure complete - built with 407/ETR (1998) • Detailed design complete • Property acquisition, agency approvals and utility relocations awaiting Town Council approval to proceed • Expected tender 2007 with 2-year construction window
4 Hwy 404 North of Hwy 7 (Bayview, northeast Business Park)	Town of Markham and Town of Richmond Hill	• Environmental Assessment completed. • Design consultants procurement underway • Expect project tender in 2007-2008
5 Hwy 404 North of Major Mackenzie Drive (North Leslie Secondary Plan)	Town of Markham and Town of Richmond Hill	• Project not yet started • Environmental Assessment to commence 2006/2007.

At the present time, two of these projects (Applewood Crescent/Portage Parkway at Highway 400 and Rodick Road at Highway 407) are under construction and requests

have been received from the local municipalities for the Region's one-third contribution to the costs of these projects. These two projects, in addition to Highway 407 and Birchmount Road have met the conditions noted in the DC By-law (that the local municipality adopt an Official Plan Amendment which includes the crossing(s) and adds the infrastructure cost to its DC By-law). As a result, Regional development charges for these three crossings will become effective on January 30, 2006

4. ANALYSIS AND OPTIONS

4.1 Current Situation

The Region and the local municipalities need a clear and transparent formula for capital budget planning purposes for these collector road crossing projects. Currently, there is no clear policy of what exactly are eligible costs (i.e. bridge infrastructure, municipal roadway connections, new or modified traffic signals that may be required, municipal intersection improvements, property, contract administration, approvals, tender, award, contract administration and construction) for the Region's one-third financial commitment to municipal collector road crossings of 400-series highways.

The policy approved during the 2003 DC By-law review and included in the background study supporting the DC By-law states that "the Region agree to provide funding for one-third of the capital cost of these overpasses" and that "the cost of the overpass would only be included in the Regional DC By-law once the local municipality has adopted an Official Plan Amendment and included the infrastructure in its DC By-law". It does not specify or define the project limits that would be eligible for Regional funding contribution, or what components of the project would be eligible for funding. Hence, a Regional policy is required.

Further, a procedural mechanism is required to advise the local municipalities of how and when to notify the Region when the requirements of the contingent development charges have been met. If these requirements are not met, the Regional DC By-law would not be triggered and the Region would not fund the project with Development Charge "DC" funds.

4.2 Policy Benefits

There are a number of benefits to York Region and the local municipalities from the implementation of these collector crossings of 400-series highways. The creation of a better transportation network creates additional capacity, robustness and flexibility and supports transit by optimizing access to transit services. In addition, it will reduce traffic congestion on adjacent arterial roads and provides options for the provision of emergency services. The timely completion of these mid-block highway crossings will potentially defer significant expenditures by York Region on adjacent arterial roads. The construction of the mid-block crossing is critical to support the Region's intensification goals and has been clearly identified in the Official Plan. Most of the crossings also

connect employment areas flanking each side of the 400-series highway and provide integration opportunities for growth of related businesses.

4.3 Funding Policy Objectives

The funding policy proposed in section 4.4.and 4.5 addresses the following objectives:

- The adoption of a defensible / transparent decision making process.
- A fair set of rules applied consistently in all local municipalities.
- Clear definition of eligible versus non-eligible cost items for the Regional contribution.

4.4 Funding Options

Local municipal roadway extensions and associated infrastructure (sidewalks, illumination, property requirements, storm sewers, etc.) are required to connect the existing municipal road system to the proposed overpass/underpass structures. Hence, defining the project limit for the Region's commitment must be addressed and forms the key basis for the funding policy. It answers the first of two key questions:

1. What is the "partnership project" that is required to ensure the critical connection is made to benefit York Region?
2. What project cost items are eligible for Regional contribution?

The second question is answered in section 4.5.

The guiding principles used when evaluating the funding options and eligibility criteria are as follows:

- Road connection must be achieved between arterial (i.e. Regional) roads.
- Anticipated deferral of expenditures on adjacent Regional roads.
- Respect existing jurisdictional responsibilities between local and Regional governments.
- Should constitute a fair and transparent rationale for supporting the Region's participation in each local municipality.

Five funding options have been considered and are evaluated in the following sections.

The five options are:

1. Fixed Funding.
2. Bridge Structure Only.
3. Fixed Distance from Centre of Bridge.
4. All Infrastructure.
5. Bridge and Infrastructure to Closest Street.

4.4.1 Fixed Funding

This option identifies a fixed-average dollar amount for each highway crossing and limits York Region's contribution to this predetermined amount. The basis for this option

would be the funding that was included in the 2003 DC Bylaw. In that document, the Region's one-third contribution was estimated at \$3.33M per crossing with the exception of two crossings (Portage Parkway crossing of Highway 400 and Highway 404 crossing north of Highway 7) which were both slightly higher at \$4.3M for a total funding commitment of \$31.1M for the nine crossings.

Although this option is the easiest to administer for staff as well as providing certainty with respect to the Region's funding commitment, it is difficult to rationalize the Regional funding contribution on the basis of the estimates identified in the 2003 DC Bylaw. Due to the degree of variation of scope on each project (i.e. railway crossing, water crossing etc.) the costs of the project may vary and as such the average \$3.3M per project may not accurately reflect one-third of the crossing's costs. Also, since a key guiding principle is to provide sufficient funds to ensure the road connection is made, we are unable in this option to do so by providing an average cost contribution.

This option does not direct the local municipality on what project items should be funded and as such the Region may be paying in some cases for what is deemed a local municipal responsibility.

For these reasons this option is not recommended as the preferred funding option.

4.4.2 Bridge Structure Only

This option would have the Region only contribute one-third of the cost of the bridge structure. This option separates the local municipal responsibility of constructing the local collector road up to and including the approach grades to the bridge.

This option would not ensure that the link between Regional arterial roads is completed. Also, the cost of funding only the bridge is such that in most cases, the Region's contribution is much less than the originally envisioned one-third cost. Although, this option is the least expensive to the Region and maintains as much of the local municipal jurisdiction for the collector roads as possible, it is not recommended by staff.

4.4.3 Bridge Plus Fixed Distance

This option consists of the Region contributing one-third of the cost of the bridge plus selecting an arbitrary distance on either side of the bridge.

In this option, although staff believe it is reasonable for the costs of the bridge to be shared, the arbitrary determination of a fixed distance as a general rule is difficult to defend when the fixed distance is applied to each crossing location. Due to the nature of the existing conditions at the crossings, some local municipalities may be subject to a larger percentage of the Region's contribution.

In addition, this option does not ensure that the link between the arterial roads is completed and it is difficult to rationalize what distance is selected. For these reasons staff is not recommending this funding option.

4.4.4 All Infrastructure

This option considers the Region's one-third contribution to include all works that are required to complete the network link between the two adjacent arterial roads. This option does ensure that the full road connection over the highway and connecting to the arterial roads can be made.

This option would include the Region participating in any widenings of the local municipal road network that may already exist. This begins to raise the question of jurisdictional responsibility of servicing the adjacent land uses.

In preliminary discussions with staff at some of the local municipalities, it appears that this is the interpretation they have of the Region's one-third contribution, however York Region staff believe that this jurisdictional issue is difficult to rationalize and as such is not recommended as the preferred funding option.

4.4.5 Bridge Plus Distance to Closest Street

This option would include York Region contributing to one-third of the cost of the bridge, plus the roadworks to a point at which a local municipal road either exists, or is planned as part of a plan of subdivision.

This option ensures that the physical road network connection is completed since the Region's contribution ensures the project connects to an existing or planned roadway. This would avoid encroaching on the jurisdictional issues of widening local municipal infrastructure. This, in staff's opinion, is the key difference between this option and option 4.4.4 (All Infrastructure). As well, it makes this option more fair/transparent than the other options and is why it is being recommended as the preferred funding option.

To ensure the connection between the two adjacent arterial roads provides a substantial Regional benefit, York Region will require that the planned highway crossings are constructed to a four lane collector road cross-section.

The partnership project is therefore defined to include the bridge plus whatever distance it takes to connect to the local collector road. In meetings with local municipal staff, they have indicated that they believe this option is fair and reasonable and acceptable to them.

4.4.6 Cost Comparison of Funding Options

Currently, only two of the projects have construction contracts awarded and as such detailed project costs are available only for these projects. General project cost estimates are available for the remaining seven projects. Five have not yet begun, one is scheduled for 2006 construction and one has Environmental Assessment approval. We have worked closely with local municipal staff to secure project cost estimates but due to the relative infancy of these projects, only preliminary estimates are available. Table 2 outlines the Region's expected contributions for the recommended funding option.

Table 2
Financial Comparison of Options

Project Description	Option 1	Option 2	Option 3	Option 4	Option 5
	Fixed Funding	Bridge Structure Costs Only	Fixed Length of Road from Bridge Centre line (200m)	All infrastructure (Entire Project Limits)	Bridge plus distance to Closest Street
Projects in 10 Year Program	\$17.80	\$7.0	\$11.0	\$18.0	\$17.0
Projects Beyond 10 Year Program	13.30	4.0	9.0	12.0	10.0
Grand Total	\$31.91	\$11.0	\$20.0	\$30.0	\$27.0

Note: Costs in Millions. Costs represent Region's one-third funding.

4.5 Eligible / Non Eligible Project Cost Items

This section describes what staff believe to be a fair, defensible basis for what specific project cost items are deemed to be eligible for the Region's contribution within the defined partnerships with our local municipalities.

Two key criteria that were used in determining the eligible versus non-eligible project cost items are:

1. Whether the specific item is normally a local municipal cost item.
2. If the Region would have to pay for similar items on adjacent Regional arterial roads if the crossing was not being constructed.

Table 3 provides a summary of the items.

Table 3
Eligible versus Non-Eligible Project Costs

Project Cost Items	Eligible	Non Eligible
<u>Engineering Fees</u>		
• Environmental Assessment	✓	
• Detail design/contract preparation	✓	
• Construction admin/inspection/testing	✓	
<u>Construction</u>		
Roadworks		
• Curb/granulars/asphalt	✓	
• Storm sewers	✓	
• Sidewalk		✓
• Local municipal watermain/sanitary sewer services		✓
• Signage		✓
Structural Work		
• Standard highway, railway, water crossing	✓	
Electrical		
• Illumination		✓
• Traffic signals		✓
Streetscaping		✓
<u>Other</u>		
• Maintenance agreements – 407, MTO		✓
• Legal agreements		✓
• Utilities relocations	✓	
• Property	✓	

This list is provided as a general categorization of the majority of project cost items. Any specific items that arise on individual projects and are not easily related to this list shall be subject to discussions and agreement between staff at the Municipal/ Regional level. If staff are unable to resolve any differences, a report will be brought forward to Regional Council for direction. Also, it is recommended that the Region not fund any retroactive works that have been completed prior to the adoption of the inclusion list noted in the 2003 Development Charges By-law.

As the local municipalities come forward and request payment of the Regional contribution, it is critical that well defined steps are documented to be clear on the

Region's expectations. These processes are currently being developed and include requirements such as:

- Local municipal council resolution for award of contract.
- Copies of awarded contract.
- Copies of payment certificates made to contractor.

4.6 Relationship to Vision 2026

The concept of a diverse and better road network of local and Regional roads that will support transit services and provide optimum flexibility for general traffic is an essential element of the vision for the mature community. Every effort should be made by the Region to ensure the local municipalities achieve this vision. The overall benefits to both the Region and each local municipality include improving the transit network and relieving traffic congestion on the Regional road network at the 400-series highways.

5. FINANCIAL IMPLICATIONS

Based on the approval by Regional Council for funding support for highway crossings, the Region's DC By-law includes \$31.1M, which represents a one-third share of the cost of these nine projects. Our preliminary estimate of the value of the work that will constitute York Region's contribution for all the projects is approximately \$27 to \$30M, which, given the very preliminary nature of most of the estimates, is consistent with the amount currently included in the DC By-law. The Region's contribution for projects identified in the approved 2006 10 Year Plan is approximately \$17 to \$20M. This money has been budgeted in the capital program and is funded at a rate of 76.5% DC, 23.5% tax levy.

To ensure that the cost of approved overpasses has been included in the Region's DC By-law such that the Region can collect sufficient DC's to contribute towards the cost of the infrastructure, the following Municipal notification protocol is recommended:

Upon adoption of the local OPA and inclusion of the municipal road crossing of the 400-series highway into the local DC By-law, the local municipality must notify the Regional Municipality of York that these two criteria have been met and the local municipality must provide evidence to the Region to support this claim. These criteria will trigger the adoption of 'Schedule G' as per the 2003 Development Charge Background Study so that the cost of the overpass/underpass can be included in the Regional DC By-law.

If the conditions have been met to the satisfaction of the Regional Treasurer, the Finance Department will issue a notice to the local municipalities, the Urban Development Institute (UDI), and the Greater Toronto Homebuilders Association (GTHBA) that an increase in the DC rate has been triggered, and will take effect 30 days from the date that the Region has been given notice.

In accordance with 'Schedule G' of the DC By-law, inclusion of the Applewood/Portage crossing, Birchmount Road and Rodick Road overpasses has resulted in an increase to the road component of the Regional DC of \$30 per single family dwelling effective January 30, 2006. As part of the 2006 Development Charges Update, the residential development charge component for collector road crossings of 400-series highways will be reviewed and updated as required.

6. LOCAL MUNICIPAL IMPACT

The local municipalities recognize the benefits of continuous collector roads and support the Region's proposal for financial contribution for new municipal 400-series highway crossings. To date, two mid-block crossings are under construction (Rodick Road at Highway 407 in Markham and Portage Parkway at Highway 400 in Vaughan). Another crossing is slated to start next year in Markham (Birchmount Road at Highway 407) and one has Environmental Assessment approval (Highway 404 crossing north of Highway 7 – Richmond Hill and Markham) and is scheduled for construction in 2007. The current status of these crossings is noted in Table 1.

There is a compelling need from the local municipal standpoint to obtain the Region's funding commitment as soon as possible.

The recommended policy as detailed in this report defines the process to determine the extent of Regional funding applicable in each municipality based on fair and rational criteria. The policy will assist local municipalities and the Region in budgeting for additional future collector road crossings of 400-series Highways.

York Region staff have met with staff from the local municipalities at various points in the development of this policy. Although staff have not been able to share with them our preferred funding policy pending Council endorsement of this report, local staff were comfortable with the options that were being considered and will provide formal comments on the draft policy before May 2006 so that Regional Council can finalize the policy before September 2006.

7. CONCLUSION

Regional funding of municipal collector road crossings of 400-series highways directly benefits the Region in terms of transit and provides some traffic relief on nearby Regional roads. The funding policy that is recommended will cover the bridge structure and associated works to a point where the roadway matches an existing or planned municipal road on each side of the 400-series highway. Two projects are currently under construction and the approval of this policy and the enactment of the contingency DC By-law will allow the Region to contribute to these critical components of our integrated transportation network in partnership with the local municipalities.

The Senior Management Group has reviewed this report.

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