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PROVINCIAL BUDGET FUNDING ANNOUNCEMENTS

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, April 9, 2008, from the Commissioner of Finance, subject to the following additional recommendation:

“3. The Regional Chair send letters to the appropriate Ministers expressing Council’s appreciation for the funding recently announced by the Province and requesting the Province’s continuing recognition of the investments required to assist the Region with future funding challenges.”

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council accept the funding and terms for each of the provincial announcements detailed in this report.
2. Legal Services bring forward to Council the necessary by-laws to meet the requirements of the Province to receive the various grants.

2. PURPOSE

Specific budget announcements relative to York Region contained in the Provincial Budget

This report outlines the specific budget announcements relative to York Region that were contained in the Provincial Budget tabled March 25, 2008. The report also outlines the various requirements of the Region for each of the announcements. While the full details are not outlined for each announcement generally there is a reporting requirement, audit requirement and in most cases the need for a by-law to be passed accepting the funding and related conditions.

3. BACKGROUND

The following will provide details on each of the announcements.

Minister of Transportation approves \$67,600,000 for Rapid Transit

The provincial budget documents announced funding for the next phases of rapid transit in the amount of \$105.6 million.

The letter from the Minister of Transportation dated March 31, 2008 (Attachment 1) announced funding of \$67,600,000 for the following projects which were identified in the Quick Wins submission: Transit vehicles and infrastructure for VIVA Highway 7 – Pine Valley Drive to Kennedy Road; transit vehicles for VIVA Yonge Street – Richmond Hill Centre to 19th Avenue; transit vehicles for VIVA Yonge Street – 19th Avenue to Newmarket; and transit infrastructure for the Cornell transit terminal.

It should be noted that this is less than the amount announced in the budget. It is understood that the remaining funds for these two projects will flow in future periods.

This funding will be applied against these projects which are already included in the approved 2008 capital budget.

The approved funds will be transferred to the Region by June 30, 2008, at which time the province will also provide details on reporting requirements and other accountability related requirements. These requirements will include, as a minimum, a description of the types of eligible expenditures for which the funding is intended, and requirement for a final report on how the funds were used. In addition, the Province reserves audit rights to ensure that funds were used for the purpose intended and to recover funds if it is determined that they were not used, or will not be used for the intended purpose.

The province also requires an authorizing by-law/council resolution from the Region, dated no later than April 30, 2008.

The by-law is to reference that:

1. the monies will be used for the transit projects specified in the letter;
2. a report summarizing expenditures, use of provincial monies and outcomes shall be submitted to the Ministry;
3. the Ministry may request an independent audit of the project; and
4. that any funds intended for the project that are not used in accordance with the terms outlined in the letter will be returned to the Ministry.

Bicycle expansion funding of \$693,872 received via Metrolinx

The provincial budget announced funding for an inter-regional project identified as “Bicycle Expansion: New bicycle-carrying devices on municipal transit vehicles and bicycle-storage spaces at stations across the GO Transit network.”

A letter from the Chair of Metrolinx dated March 31, 2008 (Attachment 2) announced funding of \$480,000 for the purchase and installation of bicycle racks on buses and \$213,872 for secure and safe bicycle parking. A project was included in the 2008 capital budget for bike racks on buses. The funding identified here will cover the program for the entire existing fleet. A capital project for bicycle storage does not currently exist and information on the development of such a program will come forward in the future as more details become available.

The conditions related to this funding are that a municipal by-law be enacted and received by Metrolinx no later than April 30, 2008 to reaffirm the funding amount noted above will be:

1. Used to purchase and install bicycle racks on buses as well as secure and safe bicycle parking as defined by Metrolinx; and
2. Deducted, in full or in part, from future provincial transit funding allocations, if the municipality is found to not be in compliance with the terms set out above.

The funds are required to be placed in a dedicated, interest-bearing account until they are to be used.

After the funds have been expended, a final report is to be produced and delivered to Metrolinx on how the funds were used, including the number of racks and storage spaces installed.

The province reserves the right to verify any information submitted, to audit that information for completeness and accuracy, and to ensure that funds were used for the purposes intended.

Minister of Transportation approves \$4,606,235 for Municipal Roads and Bridges

The provincial budget identified funding for municipal roads and bridges outside of Toronto in the amount of \$400 million.

A letter from the Minister of Transportation dated March 31, 2008 (Attachment 3) announced funding for York Region of \$4,606,235.

The funding includes the following conditions:

The approved funds will be transferred to York Region by June 30, 2008, at which time the province will also provide details on reporting requirements and other accountability related requirements. These requirements will include as a minimum a description of the types of eligible expenditures for which the funding is intended, and requirement for a final report on how the funds were used. In addition, the province reserves audit rights to ensure that funds were used for the purpose intended and to recover funds if it is determined that they were not used, or will not be used for the intended purpose.

Since the program details are not fully know, the funding will be held until further information is available at which time the use of the funds for specific projects will be determined.

The province also requires an authorizing by-law/council resolution from the Region, dated no later than April 30, 2008.

The by-law is to reference that:

1. the monies will be used for the municipal roads and bridges capital investment needs;
2. a report summarizing expenditures, use of provincial monies and outcomes shall be submitted to the Ministry;
3. the Ministry may request an independent audit of the project; and
4. that any funds intended for the project that are not used in accordance with the rehabilitation of municipal roads and bridge capital investment needs or the terms outlined in the letter will be returned to the Ministry.

Minister of Municipal Affairs announces \$2,676,123 funding for Social Housing Repairs

A letter from the Minister of Municipal Affairs and Housing dated March 31, 2008 (Attachment 4) announced funding in the amount of \$2,676,123. The funding is for financing capital repairs to social housing properties in our portfolio or social housing renewal.

The details and conditions related to this funding are:

The approved funds will be transferred to York Region by June 30, 2008, at which time ministry staff will also provide details on reporting requirements and other accountability-related requirements.

As a minimum, these requirements will include a description of the types of eligible expenditures for which the funding is intended and a final report on how the funds were used. In addition, the Province reserves the right to conduct an audit to ensure that the

funds were used for eligible expenditures and the purposes intended. The province also reserves the right to recover funds if it determines that they have not been used, or will not be used, for the intended purposes. An authorizing by-law from Regional Council is not required for these funds.

4. ANALYSIS AND OPTIONS

The announced funding helps address the rehabilitation costs facing the Region in the future and address some short term funding needs. In other cases such as Rapid Transit, it represents monies that were identified in order to deliver the 2008 capital program.

Staff will address the various reporting requirements and identify in future reports any further issues that may arise when full details are made available for each of the funding initiatives.

5. FINANCIAL IMPLICATIONS

The announcements will provide the expected funding for rapid transit projects identified in the 2008 capital budget, replace Regional funding for the bicycle rack program in York Region Transit's capital program; and additional infrastructure financing for the Region in the areas of roads, bridges and social housing. Ultimately these additional funds will reduce the impact of infrastructure rehabilitation costs to be paid through the Region's tax requirements in the future.

6. LOCAL MUNICIPAL IMPACT

There is no direct local impact from any of the provincial announcements addressed in this report.

7. CONCLUSION

The funding announcements from the Provincial budget are summarized in the table below:

Table 1 Summary of Additional Provincial Funding Announcements		
Purpose	Provincial Funding	Comments
Rapid Transit	\$67,600,000	Partially meets capital budget amount of \$100m
Transit – Bicycle racks & storage	\$693,872	Offsets capital funding in 2008 budget and provides additional funding
Roads and Bridges	\$4,606,235	New funding
Social Housing	\$2,676,124	New funding; provides additional funding of up to \$1.8 million to offset Regional funding in 2008 budget
Total	\$75,576,230	

The funds will be applied to existing and future capital projects in accordance with the details of each of the announcements.

For more information on this report, please contact Lloyd Russell, Commissioner of Finance at Ext. 1600.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause are attached to this report.)