2
YEAR THREE WORK PROGRAM / PLAN

Regional Council at its meeting on June 24, 2004, amended the foregoing Clause to adopted the following recommendations:

The recommendations of the Committee be received and the following recommendations be adopted:

1. ***Council authorize this work program and the Regional Chair and President and CEO of the York Region Rapid Transit Corporation be authorized to enter into appropriate legal arrangements to undertake the first three months of the Year Three Work Program at a cost not to exceed $1.5 million.***

2. ***Regional Council release one half of the remaining $1.06 million, from the authorized of $8.8 million Year Two Work Plan, and that the remaining one half be held pending a full review of the deliverables to be completed by September, 2004.***

3. ***Staff report back to Council in September 2004 as to any adjustments recommended to the proposed Year Three Program as a result of the submission and follow up on the business plan during the summer months.***

4. ***The funding for the work be allocated to the Quick Start budget and the 2004 Rapid Transit budget.***

5. ***The Regional Treasurer report back to Council in September with a complete financial statement for all functional components of the Quick Start budget and expenditures to date.***

The Rapid Transit Public/Private Partnership Steering Committee recommends the adoption of the recommendations contained in the following report, June 17, 2004, from the Vice President of the York Region Rapid Transit Corporation:

1. RECOMMENDATION

It is recommended that:

1. Council authorize this work program and the Regional Chair and President and CEO of the York Region Rapid Transit Corporation be authorized to enter into

appropriate legal arrangements to undertake the first three months of the Year Three Work Program at a cost not to exceed $1,996,000.

2. Regional Council release an amount of $1.06 million, remaining from the overall authorization of $8.8 million granted in June 2003 for Year Two Work, to facilitate timely completion of the Year Two Work Plan and deliverables.

3. Staff be directed to complete a review of the Year Two deliverables, following a similar process to that which was completed in 2003 for the Year One Work, with a report back to Council in September 2004.

4. Staff report back to Council in September 2004 as to any adjustments recommended to the proposed Year Three Work Program as a result of the submission and follow up on the business plan during the summer months.

5. The funding for the work be allocated to the *Quick Start* budget and the 2004 Rapid Transit budget.

2. PURPOSE

Significant accomplishments have been made by the Regional Corporation and its private sector partner, York Consortium 2002 (YC2002), in the delivery of rapid transit to York Region. The partnership is now entering into its third year and needs to move forward on a number of fronts in order to fulfill its mandate to deliver rapid transit infrastructure as laid out in the Network Configuration report adopted by Regional council in September 2003.

The purpose of this report is to seek funding support for the work necessary to complete the activities related to *Quick Start* technical support, launching and operations and maintenance of *Quick Start* and to commence work necessary to lead to the implementation of the next segment of the rapid transit project, in addition to completing all of the environmental assessment work.

3. BACKGROUND

The following major areas of work have been undertaken to date:

3.1 Year One Work Plan (Stage One)

On June 27, 2002, the Regional Corporation entered into the Stage One Agreement with YC 2002 as the initial stage for laying the foundation for the York Region Rapid Transit Project and the public private partnership that will implement the York Region Rapid Transit Plan.

The majority of the Stage One Work Plan components and activities are complete and the only outstanding work, which continues, relates to the Environmental Assessments and the amended Terms of Reference.

3.2 Year Two Work Plan (Stage One)

In June 2003, the Regional Corporation entered into the Amended and Restated Stage One Agreement, extending the Stage One Agreement period to June 30, 2004 and including authorisation for expenditure of up to $3.1 million to complete the work included in the Preliminary Engineering (P.E.) Work Plan and up to $8.8 million to undertake work included in the Year Two Work Plan. To date $3.1 million has been completed for P.E. and $7.74 million has been expended for Year Two work and the approval of the balance of the budget in the amount of $1.06 million is being sought in this report.

The PE Work Plan included the scope of work necessary to complete the preliminary design phase for the *Quick Start* project. The purpose of the preliminary engineering was to further refine the findings of the *Quick Start* project report and the work was required to support York Region's cost confidence process for the *Quick Start* Project. The Year Two Work Plan supports and commences preparations for implementation of *Quick Start* services and operations and maintenance and addresses other necessary and impending parts of the overall project.

Preliminary Engineering was completed on schedule in September 2003, followed by the cost confidence process, which was completed in January 2004. The scope of the Year Two Work Plan is nearing completion and is anticipated to be substantially complete, with agreed amendments, by the end of June or early July 2004.

3.3 *Quick Start* Design-Build Contract

Commencing October 1, 2003, YC2002 proceeded, under an Authorization to Proceed and subsequently a Notice to Proceed Agreement granted by the Regional Corporation, to progress design and other works related to *Quick Start* and the Regional Corporation gave interim authorisation of $3.5 million to commence detail design for *Quick Start*, together with a sum of $1.2 million for management and related activities, pending resolution of the terms of the Design-Build Contract.

On March 24, 2004, the Regional Corporation entered into a Design-Build Contract for $68.3 million, inclusive of the work commenced under the Authorization to Proceed and Notice to Proceed, with Kiewit-Ellis Don, a Partnership, following an exhaustive cost confidence process. The Work of the Design-Build Contract includes design professional services, the construction, the bus procurement work and commissioning.
Progress on detailed design work, undertaken under the Design-Build Contract, has reached a level of completion to allow commencement of the site and construction works for *Quick Start.*

4. ANALYSIS AND OPTIONS

York Region staff are in receipt of a comprehensive draft 80 page 18 month (July 2004-December 2005) Work Program divided into a base case and a base case plus work. A draft budget of between $13,200,000 to $17,900,000 for the 18 month work program has been prepared and is under review by Regional and York Region Rapid Transit Corporation (Rapidco) Staff. The difference between the two is essentially assumptions around securing further funding support. In addition to the coordination and oversight of the construction of the design-build and vehicle contract there are a number of other major rapid transit project activities that are identified in the Work Program.

There are six main components in the Year Three Work Program in addition to the program management and administration need to support it:

- Program Management and Program Administration, Control and Procedures

- *Quick Start* Design-Build Support
  - Technical Support
  - Communication Activities

- *Quick Start* Operation and Maintenance Activities

- Branding and Launching of the Rapid Transit System

- Environmental Assessment Work
  - Completion of Year One EA Work.
  - Undertaking and Completion of North Yonge Street EA
  - Communication Support

- Full build System
  - Transportation Planning
  - Runningways, Facilities, and ITS Planning
  - Business Plan and Government Relations Activities
  - Station Area Planning and Transit Oriented Development / Joint Development
  - Operations and Maintenance Activities

It is recommended that staff be directed to undertake the following major work program activities over the next three months while the balance of the work program is under review and that staff report back in September as to their recommendations on the go-forward work program.

Table 1
Year Three Work Plan

Task #	Description	July $ 000's	August $ 000's	September $ 000's	Total $ 000's
	Year Three Program	$201	$200	$219	$620
	Program Management/Admin & Controls incl expenses included in each activity				
1	*Quick Start* Design Build Support	$106	$220	$268	$594
2	*Quick Start* Operations & Maintenance	$100	$100	$118	$318
3	*Quick Start* Brand Launch	$125	$125	$127	$377
4	North Yonge EA	$12	$13	$52	$77
5	Full Build System – Program Level	$42	$34	$54	$130
	Total Year Three	$586	$692	$839	$1,996
	Balance of Year Two Work				$1,060
Total					**$3,056**

These are the base case work program activities that are essential to moving the *Quick Start* program forward and strategic work to identify funding strategies and work program for the Year Three. Following submission of the Business Plan and subsequent follow-up with the provincial and federal levels of government staff will report back on the recommended elements of the comprehensive work program for the period from October 2004 to December 2005 or a shorter interval if funding support for the next segment of the project needs further analysis. A comprehensive report and budget will be presented at that time.

The York Consortium 2002 has reduced its fees from its normal rates for the three month work program in the amount of $120,000.

5. FINANCIAL IMPLICATIONS

Table 2 identifies the original breakdown of the *Quick Start* costs and the adjusted final costs. It is recommended that the source of funding for Year Three program be funded from a combination of *Quick Start* budget (identified as unallocated in Table 2) and the Rapid Transit Budget.

Table 2
Quick Start Costs

Item	Original Budget	Revised Budget	Comments
***QUICK START* COSTS**			
Final Design Build Cost	$69,001,298	$68,318,747	
Potential DB Change Orders		$1,300,000	Stop location modifications
Potential GO MOU Changes		$2,180,000	Langstaff pedestrian overpass, Finch canopy, etc.
Vehicle Cost	$48,070,000	$46,601,204	
Potential Vehicle Change Orders		$1,000,000	
GST (3% Net)	$3,512,139	$0	
Contingency	$7,014,000	$4,685,347	Reduced to reflect DB change orders and GO MOU change orders
Insurance	$3,000,000	$1,400,000	Actual costs less than budget
Project Oversight	$4,500,000	$4,500,000	
Bonding	$1,178,000	$1,075,031	
Financing on Warranty Holdback	$221,000	$221,000	
Year 2 Costs (July/03 – June/04)	$8,800,000	$8,800,000	
Preliminary Engineering	$3,100,000	$3,100,000	
Other Potential Project Enhancements		$1,000,000	Garbage receptacles, newspaper boxes, better stop signage, etc.
See Table 3		$5,800,000	
Total *Quick Start*	**$148,396,437**	**$149,981,329**	**To be funded equally by 3 levels of government**

Table 3 identifies the total magnitude of existing and projected costs not included in the $150 million *Quick Start* funding envelope.

Table 3
Other Rapid Transit Costs

	Costs Incurred to date	Projected Costs to be Incurred	
Stage 1 (July/02 – June/03)	$8,500,000		
Year 3 Costs (July/04 – Dec/05)		$13,200,000 to $17,900,000	Low end of range reflects the base case for Year 3 costs. Upper end includes a full enhanced program.
Newmarket O & M Facility		$4,000,000	
Southern Operations Facility		$6,000,000	
Total Other Rapid Transit	**$8,500,000**	**$23,200,000 to $27,900,000**	**To be funded by York Region with potential future contributions from funding partners**

Funding for the completion of the Year Two Work Program in the amount of $1.06 million are included in the 2004 Rapid Transit budget and is within the $150 million project scope. A total budget allocation of $3,056,000 will allow the balance of the year Two work and the Year Three work to be completed over the next three months.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this Report.

7. CONCLUSION

In order to continue to progress *Quick Start* and undertake essential activities related to the full build system, it is recommended that Regional Council approve the release of the balance of the Year Two authorisation in the amount of $1.06 million and authorize additional funding of $3,056,000 in order to commence with the Year Three Work Plan during the period July 2004 to September 2004.