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FUNDING UPDATE – YORK REGION RAPID TRANSIT CORPORATION CAPITAL PROGRAMME

The Rapid Transit Public/Private Partnership Steering Committee recommends the following:

1. **The presentation by Susan Tuckey, Chief Financial Officer, York Region Rapid Transit Corporation, be received; and**

2. **The recommendation contained in the following report, June 5, 2008, from the Vice-President, York Region Rapid Transit Corporation, be adopted:**

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report provides an update on the status of funding commitments, announcements and agreements from the Provincial and Federal governments and the respective costs, incurred to date, under such programs.

3. BACKGROUND

The York Region Rapid Transit Corporation has been successful in securing funding from the Provincial and Federal levels of government to advance the development of the Rapid Transit Plan; a key success factor being the proactive state of readiness of the engineering efforts.

We are transitioning from an environment of piecemeal announcements for subcomponents of the Rapid Transit Plan to more comprehensive ones that acknowledge the scale, scope and timing of necessary infrastructure. MoveOntario 2020, announced on June 15, 2007, by the Province of Ontario, is a $17.5 billion dollar transit funding program to be funded one-third by the Federal Government and two-thirds by the Province. Although the Federal contribution has not been confirmed, Metrolinx has made it quite clear that they are pursuing the funding of projects up to the value of their two-thirds commitment (i.e., The Province may be prepared to fund 100% of the value of any project up to their $11.5 billion commitment).

4. ANALYSIS AND OPTIONS

A summary of Provincial and Federal funding is provided in *Attachment 1*.

Cost estimates for both the Yonge Street Subway extension and vivaNext Bus Rapid Transit have been updated to 2008 dollars and are inclusive of Davis Drive and Green Lane system expansion in Newmarket and East Gwillimbury.

More detail on the funding of each programme is provided below.

The Quick Start project is now complete and final claims can be processed

In 2002, Regional Council approved the Quick Start segment of the York Region Rapid Transit Plan and engaged York Consortium 2002 to implement it. In March 2004, the Region executed funding agreements with the Federal and Provincial governments to contribute $50 million each towards the Quick Start project.

To date, $43.6 million and $46.4 million have been reimbursed by the Provincial and Federal governments, respectively. Claims for the remaining $10 million will be filed over the summer now that the project is complete and costs have been finalized, with the completion of the Richmond Hill Centre Pedestrian Bridge.

Costs incurred between April 1, 2005 and March 31, 2007 for Preliminary Engineering for the Yonge Street Corridor – Steeles Avenue to Richmond Hill Centre (Y1), will be claimed under the $7.3 million 2006 Provincial Budget Announcement

The March 23, 2006 Provincial budget included $7.3 million in support of Viva Phase 2 environmental assessment work and design to fund up to 50% of the costs. The Region is required to fund $7.3 million of the costs as well. On September 14, 2006, Council authorized funding for Phase 2 segment Y1 (Yonge Street – Steeles to Richmond Hill Centre) and a southern Operations and Maintenance facility to be funded as part of the $14.6 million Provincial and Regional funding commitment.

The York Region Rapid Transit Corporation has accumulated $9.9 million in costs between April 1, 2005 and March 31, 2007 for preliminary engineering and environmental assessment work and will seek to claim funding for 50% of these costs. Staff will work with the Province at all levels to obtain funding for the full $7.3 million commitment.

FLOW announcement funding is on hold awaiting the outcome of Metrolinx Benefits Case and alternate financing and procurement analysis

In December 2006, the York Region Rapid Transit Corporation submitted a detailed funding application under the Canadian Strategic Infrastructure Fund for preliminary engineering and construction of the Yonge Street Bus Rapid Transit solution from Steeles Avenue to the Richmond Hill Centre, and the Southern Operations and Maintenance Facility. Funding was also requested for construction of the Cornell Terminal and the acquisition of related buses and preliminary engineering for Markham Centre Civic Mall. On March 6, 2007, the FLOW announcement agreed to fund $85 million from the Federal government with matching $85 million contributions from the Provincial government and York Region.

For Federal eligibility, a condition of FLOW funding is that any preliminary engineering work to be recovered through FLOW must have a constructed asset related to the preliminary engineering effort. The likelihood of a Yonge Street subway extension to Richmond Hill Centre has delayed the decision to construct rapidways or alternative treatments along the Y1 section of the network.

Staff is working with Metrolinx to confirm the appropriate capital projects for application of the FLOW funds.

Spadina Subway cost recoveries are starting to flow through the system

The March 23, 2006 Provincial budget included $670 million towards the cost of extending the Spadina Subway to the Vaughan Corporate Centre. Subsequent to the announcement, partners have agreed to fund the project in the amounts identified in Table 1.

Table 1
Spadina Subway Extension Funding by Partner

Partner	Financial Commitments ($ millions)
Federal	622.0
Move Ontario Trust	1,134.4
Toronto	526.5
York	351.6
	2,634.5

Regional staff has invoiced the project in the amount of $631,000 for costs incurred during 2007.

York Region projects have been identified by Metrolinx as "Break Out Projects" due to current state of readiness

As noted in *Attachment 1*, the Region has received funding for the Cornell Terminal Quick-Wins Tranche 1 project to cover preliminary engineering costs, land and additional stations. As well, $10 million has been received to fund a portion of the Centres-to-Centres preliminary engineering efforts along Highway 7 – Pine Valley Drive to

Richmond Hill Centre (H2) and Highway 7 – Richmond Hill Centre to Warden Avenue (H3). A total of $67.6 million is expected to be received from the Province by mid June 2008 with the balance of the Quick-Wins Tranche 1 and 2 funds (an incremental $38 million) to follow. Quick-Wins Tranche 1 and Tranche 2 funds are primarily for preliminary engineering, vehicles and intelligent transportation system equipment.

Metrolinx has identified the Viva network and Yonge Street subway as “Break Out Projects”, meaning, these projects, among a few others, have been given the highest priority for Benefits Case and alternate financing and procurement analysis completion. Staff continue to work with Infrastructure Ontario and Metrolinx to provide the inputs necessary to develop the benefits case and alternate financing and procurement analysis. The benefits case will identify the preferred network and technology solutions for each of the Viva and Subway projects. The alternate financing and procurement analysis, a component of the benefits case, will determine whether or not the project is suitable for the market as an alternate financing and procurement offering. It is projected that the alternate financing and procurement analysis will be completed by July 2008, with the benefits case and Metrolinx funding decision being made in the fall.

5. FINANCIAL IMPLICATIONS

Staff continue to work closely with both the Federal and Provincial levels of government to finalize claims and funding agreement details.

6. LOCAL MUNICIPAL IMPACT

Rapid transit capital costs, to the extent that they are not funded through the senior levels of government, are included in the Regional tax levy, mainly as interest and debt repayment costs. Increases in transit ridership and transit service levels will have a positive impact on the transit modal split (percentage of transit market share vs. automobile use). This increase is critical if the Region is to achieve a more balanced transportation system that will benefit all area municipalities.

The significant increase in public transit investment through the Quick Start program is resulting in record transit ridership. Between 2001 and 2007, annual ridership on the YRT/Viva system has increased significantly, with almost 10.6 million new trips.

7. CONCLUSION

Now that the Quick Start program is complete, final claims can be made to the Federal and Provincial governments to recover the final $10 million of Quick Start funding. Staff is also in a position to finalize the contribution agreement and finalize the claim under the $14.6 million 2006 Provincial Budget Announcement.

Work continues to progress on preliminary engineering efforts for the Yonge Street Corridor – Richmond Hill Centre to 19th Avenue (Y2) and Highway 7 Corridor – Richmond Hill Centre to Warden Avenue (H3) segments of the system. Environmental assessment work for the Yonge Street Corridor – 19th Avenue to Newmarket, and the Yonge Street subway is also on track. These projects are being funded through a combination of funding announcements and Regional dollars; some of which will be better known with the outcome of the Metrolinx alternate financing and procurement analysis and benefits case.

For additional information, please contact Mary-Frances Turner, Vice-President, York Region Rapid Transit Corporation at (905) 886-6767 ext. 2226.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included with the June 12, 2008 Committee agenda.)