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GO TRANSIT DEVELOPMENT CHARGE BY-LAW REVIEW

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, March 12, 2004, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Staff be authorized to proceed with a comprehensive review of the joint GO Transit Background Study in conjunction with the Regions of Durham, Halton and Peel, and the Cities of Toronto and Hamilton, based on the schedule outlined in this report.

2. Staff be authorized to fund York Region's share of the cost to prepare the joint GO Transit development charge background study, at an estimated cost of $15,000, to be funded from the Development Charge reserve.

3. Staff be authorized to proceed with a comprehensive review of the York Region GO Transit Development Charge By-Law, including the holding of a public meeting, based on the schedule outlined in this report.

4. Staff be authorized to retain the firm of C.N. Watson and Associates to complete the necessary York Region GO Transit background study and Development Charge By-law, at an estimated cost not to exceed $15,000, to be funded from the Development Charge reserve.

2. PURPOSE

The purpose of this report is to obtain Council authorization to proceed with the review of the GO Transit Development Charge By-law ("GO Transit DC By-law"), in order to enact a revised by-law prior to its expiration on December 31, 2004.

3. BACKGROUND

On January 1, 1998, the responsibility for funding GO Transit services was transferred from the Province to the Regions of York, Durham, Halton and Peel, the City of Toronto and the City of Hamilton. The Greater Toronto Services Board ("GTSB") was formed in Janurary 1999, comprised of the above-noted municipalities, and assumed responsibility for GO Transit. Funding for GO Transit was to be provided by the representative GTSB municipalities on an annual basis based on a negotiated cost sharing formula. The cost sharing formula pertaining to growth and expansion capital was approved by the GTSB in June 2000, for a three year period.

In February 2001, the GO Transit Board approved a $1.03 billion ten-year growth and expansion capital plan. As the Provincial legislation did not permit the GTSB to enact a development charge to recover growth-related capital costs, the municipalities had to enact their own GO Transit DC By-laws to recover a portion of their share of growth-related capital costs.

As GO Transit is an inter-regional system, the Regions of York, Durham, Halton and Peel, the City of Toronto and the City of Hamilton engaged the firm of C.N. Watson and Associates to undertake a joint background study required for the establishment of a GO Transit DC By-law. The joint study was used as the basis for each municipality to create their own background studies, and enact a GO Transit DC By-law. By the end of 2001, the Regions of York, Durham, Halton and Peel had enacted DC By-laws for GO Transit capital costs, with an expiration date of December 31, 2003. The City of Toronto and the City of Hamilton chose not to enact GO Transit DC By-laws at that time.

In January 2002, the GTSB was dissolved, with the Province assuming 100% responsibility for operating costs. The former GTSB municipalities were responsible for funding one-third of the growth and expansion capital program. Since the beginning of 2003, the municipalities have held discussions with GO Transit and the Ministry of Transportation regarding the completion of a revised GO Transit DC By-law. Recognizing that a revised cost sharing formula would be required, an expanded GO Transit capital plan, and the time required to complete a revised DC background study, in December 2003, Provincial legislation was passed to extend existing GO Transit DC By-laws to December 2004.

4. ANALYSIS AND OPTIONS

4.1 GO Transit DC By-law Review

In 2001 C. N. Watson and Associates undertook a joint GO Transit DC background study on behalf of the former GTSB municipalities. Since this time, the following issues have arisen:

- The Province dissolved the GTSB, assumed responsibility for 100% of GO Transit operating costs, and made the municipalities responsible for funding one-third the growth and expansion capital program
- The capital cost sharing formula approved by the GTSB was to be reviewed in 2003
- The draft GO Transit ten year growth and expansion capital plan proposed for 2004/2005 is estimated at $2.2 billion – more than double the cost anticipated in the 2001 DC review.
- The Province has amended legislation to give municipalities until December 31, 2004 to enact revised GO Transit DC by-laws

In order to continue to collect development charges for growth-related GO Transit capital expenditures, the Region must enact a revised DC by-law, considering the above-noted issues.

4.2 Timetable

The firm of C.N. Watson and Associates has been retained by the participating municipalities to undertake the joint GO Transit background study that will form the basis of any municipal background study and DC by-law. It is proposed that C.N. Watson and Associates be retained to complete the York Region GO Transit DC background study and DC By-law. The proposed schedule outlined by C.N. Watson and Associates to complete this assignment is summarized below.

March 2004	- Commence joint DC background study
May 2004	- Review draft background study with GO Transit, Ministry of Transportation and development industry
June 2004	- Finalize joint background study
July 2004	- Commence York Region DC background study
September/October 2004	- Review of draft background study and presentation at statutory public meeting - Meetings with stakeholders
November/December 2004	- Present DC By-law to Council for enactment

5. FINANCIAL IMPLICATIONS

Based on the cost sharing formula approved by the GTSB, York Region's share of the $1.03 billion 2001 GO Transit ten year growth and expansion capital program totalled $47.6 million. In accordance with York Region's GO Transit DC background study, $19.6 million of these costs would be eligible for recovery from development charges. The balance is to be funded from non-DC sources, i.e. tax levy.

The current GO Transit DC By-law imposes a charge for GO Transit of $267 per single family dwelling. The revised development charge rate will be based on an updated ten year GO Transit capital plan and a revised cost sharing formula between the participating municipalities.

It is important to note that the ten year GO Transit capital plan has not yet been endorsed by the GTA Regions. The proposed 2004/2005 ten year growth and expansion capital plan is estimated at $2.2 million. GO staff have been requested to make a presentation on this capital plan to a future Council meeting.

York Region's share of the cost to complete the joint DC background study is estimated at $15,000. It should be noted that the Province is funding 50% of the cost of the joint study. The cost to retain C.N. Watson and Associates to complete the York Region background study and DC By-law is estimated at a cost not to exceed $15,000. These costs will be funded from the Development Charge reserve.

6. LOCAL MUNICIPAL IMPACT

GO Transit services residents throughout the GTA, including York Region. The collection of development charges for GO Transit provides funding for capital projects that will improve service to York Region residents, and reduces the financial burden on taxpayers, as these costs will be borne by new development.

7. CONCLUSION

The current GO Transit DC By-law is to expire on December 31, 2004. In order to continue to recover growth-related capital costs associated with GO Transit, it is recommended that staff be authorized to proceed with the comprehensive review of the by-law, in order to enact a revised by-law prior to its expiry at the end of the year.

The Senior Management Group has reviewed this report.