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RAPID TRANSIT CAPITAL FUNDING ADJUSTMENT

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated May 7, 2010, from the Commissioner of Finance.

1. RECOMMENDATION

It is recommended that:

1. Regional Council approve realigning debt authority in the amount of $14,692,175 to correspond with the new project numbers as outlined in this report and the cancellation of $14.45 million in debt that will not be issued.

2. PURPOSE

Council approval is required to realign previously approved debt authorities to match with updated project elements. This is a requirement of the Region's external counsel whenever the debt is actually issued, allowing for a transparent chain of authorization.

3. BACKGROUND

York Region Rapid Transit Corporation has reconfigured its project numbers to better reflect its operations and reporting requirements

As part of approving the 2009 capital budget on December 18, 2008, Regional Council approved debt to be issued for projects to be undertaken by the York Region Rapid Transit Corporation (YRRTC) in the amount of $58.108 million. Subsequently, YRRTC reconfigured its project coding to better reflect its operations and reporting requirements.

At its April 22, 2010 meeting, Council adopted Report 4, Clause 8 where Regional Council approved realigning debt authority of $27.556 million for the Spadina Subway Extension project to its new project number. The report noted that YRRTC has requested several further changes to be made to its debt authorities previously authorized by Council and these would be detailed in May or June of 2010.

YRRTC seeks to realign an additional $14.692 million when the Region next issues debenture financing in 2010. This request is being made against new project numbers as outlined in table 1 of this report and is less than the previously approved 2009 debt authority of $30.542 million.

The Region's external counsel has indicated that project number changes require Council approval

Where funding involves debentures, the debenture authority remains with the project number in effect at the time that the budget was approved. The Region's external legal counsel has indicated that Regional Council approval is required to switch the debt funding authority from the previous project numbers to the new project numbers. This will allow for a clear chain of authority.

4. ANALYSIS AND OPTIONS

Changing debt within projects does not increase overall debt

Changing the project coding in this instance is an administrative matter and does not affect any capital expenditures or other funding authorities previously authorized by Council.

Table 1 below reflects the project numbers in effect when the debt authority was approved, as outlined in report 10, clause 1, attachment 2, Regional Council December 18, 2008.

Table 1
Debt Authority - Old Project Numbers

Old Project Description	Old Project Number	Debt Authority as approved in 2009 budget submission
*vivaNext Rapid Transit Vehicles	82760	$2,917,000
Davis Drive Bus Rapid transit Design Build	90759	$19,089,000
Highway 7 from Yonge to Markham Centre Bus Rapid transit Design Build	90772	$8,536,000
Total		**$30,542,000**

*$1.41 million in debt was issued in 2009 for this project. Therefore, $29.132 million of debt in total has not been issued.
Table 2 below reflects the required realignment of debt authority to the new project numbers.

Table 2
Realignment of Debt Authority to new Project Numbers

New Project Description	New Project Number	Realigned Debt Authority
Facilities and Terminals - Partially Funded by Sr Govt	90992	$6,816,000
BRT Vehicles - Partially Funded by Sr Govt	90993	$584,250
Capacity Upgrade Projects	90999	$7,291,925
Total		**$14,692,175**

Of the $29.132 million of debt that has not been issued, $14.692 million is to be realigned. The remaining $14.45 million debt will not be realigned to new project numbers and therefore should be cancelled. For administrative purposes, this will be cancelled against the old Davis Drive Bus Rapid transit Design Build project (90759).

5. FINANCIAL IMPLICATIONS

There is no impact on debenture requirements arising from the recommendation in this report.

Collectively, the total debt authority for prior years being allocated to new project numbers is $14.692 million. $14.45 million of unused debt is to be cancelled.

The timing of the debenture requirements has already been reflected in the 2010 Capital Budget

There is no impact on the 2010 Capital Budget that was approved in December 2009. The debenture requirements were associated with the new project numbers and were reflected in the Budget process.

6. LOCAL MUNICIPAL IMPACT

There are no impacts to local municipalities arising from the recommendation in this report.

7. CONCLUSION

This realignment of $14.692 million to new project numbers provides the necessary documentation required by external counsel during the debenture issuance process. There are no financial impacts arising from these administrative changes.

For more information on this report, please contact Kelly Strueby, Director of Business Planning & Budgets at Ext. 1611.

The Senior Management Group has reviewed this report.