9
2008 CAPITAL PROJECT FUNDING UPDATE

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, May 1, 2008, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that:

1. Staff be authorized to amend the 2008 capital budget to utilize provincial funding announced in March, 2008 of $7,947,638 to replace funding sources originally included in the approved 2008 budget, as outlined in this report.

2. PURPOSE

The purpose of this report is to seek Council approval to adjust the approved 2008 Transit Capital budget to reflect recent funding announcement received by the Province for public transportation including bicycle infrastructure.

3. BACKGROUND

Regional Capital Budget passed December 2007

On December 17, 2008, Regional Council approved a $682 million Capital Plan as part of The Regional Municipality of York's 2008 Business Plan and Budget. This Capital plan included the transit budget of $65.1 million. The Transit Capital Budget was financed by Development charges, Current tax levy reserve, Federal funding, Provincial Funding Federal Gas Tax Reserve, Provincial Gas Tax reserve and Debentures.

One-time payment of $7,852,638 received from the Province for Transit purposes

In March of 2008, the Region received $7,852,638 from the Ministry of Transportation as part of their commitment to support public transit in Ontario. The one-time funding received by the Province is to be used to improve and expand public transit across Ontario. In order to be eligible for receipt of the one-time payment, the Ministry of Transportation of Ontario required that a By-law be passed detailing the criteria for the use of funds. On March 27, 2008, Regional Council passed By-law 2008-23 respecting dedicated funds for the expansion of public transportation in York Region.

Bicycle expansion funding of $693,872 received via Metrolinx

On March 31, 2008, 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." Funding of $480,000 was announced for the purchase and installation of bicycle racks on buses and $213,872 for secure and safe bicycle parking. In order to be eligible for receipt of the payment, Metrolinx required that a By-law be passed detailing the criteria for the use of funds. On April 24, 2008, Regional Council passed By-law 2008-28 respecting dedicated funds for bicycle-related infrastructure.

4. ANALYSIS AND OPTIONS

Three Projects were identified to apply the additional funding towards

On April 24, 2008, Regional Council adopted that $5,300,000 be transferred in provincial gas tax from the 2008 Capital Budget, to the 2008 Operating Budget as a source of funding for public transit operating costs, and replaced the capital gas tax funding with the additional transit funding received from the province.

In light of the announcement of additional funding, staff identified three projects that this funding could be applied to. These projects are listed below in table 1:

Table 1
Projects Identified for Funding

Project	Provincial Funding Amount	Approved Funding Source	New Source of Funding	2008 Total Cost
81580 Vehicle Garage	$5,300,000	Provincial Gas Tax	February 29 Transit	$25,000,000
84508 Conventional Buses Expansion	$2,552,638	Tax Supported Debt	February 29 Transit	$ 7,360,000
83970 Bike Racks	$ 95,000	Tax Levy	Metrolinx	$ 100,000

It should be noted that $95,000 of the $480,000 is proposed to be directed towards Bike Racks, previously funded by tax levy. The Bike Racks project has approved expenditure of $100,000 in 2008 and the balance of the project is funded by development charges. The balance of the $480,000 funding will be applied against this project in future years. A program to allocate the remaining $213,872 dedicated for secure and safe bicycle parking does not exist and information on the development of such a program will come forward in the future as more details become available. Rules regarding Provincial Gas Tax permit funding to be transferred to offset operating expenditures.

The approved Capital budget must be adjusted to reflect these changes.

5. FINANCIAL IMPLICATIONS

Approved Capital Budget funding adjusted to free up operating budget funding

The one-time provincial transit funding of $7,852,638 is to be applied to two Capital projects, Transit Vehicle Garages and Conventional Buses Expansion 2008. The one-time payment received by the Province was able to free up $5,300,000 in provincial gas tax.

The remaining balance of $2,552,638 allows tax supported debt to be decreased. Although the $2,552,638 does not have a direct impact in the 2008 calendar year, it will have a future impact in debt repayment savings.

Metrolinx funding is to be applied to one Capital project, Bike Racks, resulting in $95,000 savings of tax levy. These tax levy savings will be applied to the capital budget in future years.

6. LOCAL MUNICIPAL IMPACT

There is no direct local impact from the one-time transit payment and bicycle infrastructure funding received from the Province.

7. CONCLUSION

As funding was received from the Province and Metrolinx after the Region's Capital Budget was approved, the budget must be adjusted to reflect this additional funding. The one-time payment received by the Province was able to free up $5,300,000 in gas tax that was applied to the operating budget. The remaining balance of $2,552,638 allows tax supported debt to be decreased. As a direct result of the bicycle funding via Metrolinx, the budget will result in transit tax levy reserve savings of $95,000 in 2008. These transactions will not result in any overall change to the 2008 Transit Capital Budget expenditures as total gross expenditures remain the same.

For more information on this report, please contact Beth Kodama, Senior Budget Advisor at Ext. 1699 or Kelly Strueby, Director of Business Planning & Budgets at Ext. 1611.

The Senior Management Group has reviewed this report.