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YORK REGION RAPID TRANSIT CORPORATION WORK PROGRAM CONTINGENCY PLAN

The Rapid Transit Public/Private Partnership Steering Committee recommends the adoption of the recommendations contained in the following report, September 16, 2004, from the Vice President of the York Region Rapid Transit Corporation:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council endorse the contingency plan outlined in this report to fund critical non-marketing rapid transit activities during the period October 2004 to November 2004.

2. Regional Council authorize the expenditure of $1,129,940.00 dollars to undertake the activities outlined in this report.

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

4. Staff report back to Council on a monthly basis regarding progress achieved against budget expended, and work to be completed against remaining budget.

5. Staff be authorized to release $530,000 to YC2002 for Year Two completed work.

6. Staff be authorized to retain $350,000, pending confirmation of Year Two deliverables, from Year One and Year Two holdbacks, and release the balance.

2. PURPOSE

This report follows up on the recommendations of the June 2004 work program report and recommends that, in order to provide staff adequate time to review the business proposal brought forward by the consortium on September 3, 2004, that adequate monies be approved by Council for the next two months.

The recommended program ensures the continuing implementation of the *Quick Start* program, completion of the full-build Environmental Assessments (EA’s), and pursuit of senior government funding for the next phase of York Region’s rapid transit program.

3. BACKGROUND

In June 2004 the following recommendations were adopted by Regional Council with regard to the Year Three Work Program/Plan for the York Region Rapid Transit Corporation (Rapidco):

1. Council authorized the Regional Chair and President and CEO of the York Region Rapid Transit Corporation 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 authorized the release of one half of the remaining $1.6 million, from the authorized $8.8 million Year Two Work Plan, and that the remaining half be held pending a 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 Work 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.

4. ANALYSIS AND OPTIONS

The following major areas of activity have occurred with respect to each of the June 24, 2004 Council resolutions:

Council Resolution #1 - **Authorized the Regional Chair and President and CEO of Rapidco 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.**
York Consortium 2002 (YC2002) work has proceeded in earnest over the summer months based on the review and approval by Rapid Transit staff of the final attached three month work program. WeirFoulds have forwarded all of the appropriate legal documents to YC2002 for execution and the Chair will execute these documents once they have been executed by YC2002.

Council Resolution #2 - Regional Council release one half of the remaining $1.06 million, from the authorized $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.

In addition to the $530,000 that Council requested not be released, staff have confirmed that they currently have a holdback for Year One work in addition to a holdback for Year Two work. The Stage One Amended and Restated Agreement provided that no holdback monies for Year One be released until all Year Two deliverables had been reviewed and considered complete by the Region, but also provided that the original Year One holdback was adequate to cover both Year One and Year Two. The Region processed bills received from YC2002 for Year Two work that included a holdback at the time.

It is recommended that staff be authorized to holdback a total of no more than $350,000, in accordance with the legal provisions of the Amended and Restated Stage One Agreement, until the Region has been provided with full confirmation of the completion of all Year One Work, P.E. Work and Year Two Work together with supporting documentation and invoices as fully reconciled. While this review commenced during the summer, it has not yet been completed due to the emphasis at the Region and at YC2002 on finalizing going forward business arrangements, ongoing work program activities and the unfortunate injury of a key YC2002 staff person working on this reconciliation. This would entitle YC2002 to a release of the $530,000 and release of Year One and Two holdbacks with the exception of $350,000.

Council Resolution #3 - 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.
As outlined in some detail in the Progress Report on the Year Three work, activities on the work program have been underway in earnest during the summer months of 2004.

Over the course of the summer, YC2002 met with the Region on several occasions, primarily to establish the framework for the go-forward business arrangements between the parties that would evaluate and capture the balance of any go-forward work program. As a result of these negotiations, on September 6, 2004 staff received a business proposal from YC2002 to undertake the completion of all work needed to complete *Quick Start*, launch the rapid transit system and undertake the planning work for the first segment of the segregated rapid transit system. This business proposal is an important improvement and departure from the previously submitted Year Three Work Program in that it provides a comprehensive proposal for all work necessary to complete a particular component of work ie. *Quick Start*, and the planning phase of the first segment of the full build system. This now allows Rapidco to present a comprehensive budget to undertake any phase of work rather than to look at it year to year as originally proposed in the YC2002 Year Three Work Program.

As indicated, staff have just recently received YC2002's business proposal and have not had adequate time to analyze it in the context of the framework of the proposed new business arrangements. In order to keep the project on schedule and allow adequate time to review the business proposal, staff are recommending that an additional two months of funding be allocated to the project with the exception of the marketing and branding launch of the new rapid transit system where it is recommended that approval of the first phase (six months) of the marketing and communication launch be approved.

Staff have negotiated the following two month work program for all activities and the costs related to the continued running of the office and quick start technical support in addition to the ongoing environmental:

QUICK START COSTS

- Project Management: $138,459.
- Controls and Administration $146,887.
- Office Costs $108, 743.
- Design Build Construction Support $177, 605.
- TOTAL *QUICK START* COSTS: $571,694.
- *Quick Start* Operations and Maintenance $278,213.

FULL SYSTEM

- Environmental Assessments $280,033.

These costs have been negotiated based on a comprehensive all inclusive costs and work program to complete all quick start activities. The costs associated with this work program are a significant improvement over the costs outlined in the business proposal submitted on September 3rd and are recommended to Council as a sound program to move forward with over the next two months while finalizing our business arrangements and finalizing our review of the full work program. The costs associated with all items not related to the operations and maintenance program and the branding and launch are covered inside the $150 million dollar envelope. The balance of the program is covered in the 2004 rapid transit capitol budget.

Quick Start rapid transit service is scheduled to "go-live" in September 2005. The Design-Build contract with Kiewit-Ellis Don for the provision of road and shelter construction and the RT vehicle procurement contract with Van Hool are the most significant components of *Quick Start*. However, several activities that are not part of these two contracts must be advanced during the next year in support of the new service. These activities consist of selecting a qualified operator to run the service and ensuring that proper vehicle storage and maintenance facilities are provided to service the technically advanced rapid transit fleet. A communications program to 'launch' the new service is essential to public awareness and acceptance. In addition, it will be necessary to support the Design-Build contract aspect of the *Quick Start* program.

Council Resolution #4 - The funding for the work be allocated to the *Quick Start* budget and the 2004 budget.

The June 2004 report identified that approximately $5.8 million dollars is available within the $150 million dollar *Quick Start* budget to undertake all remaining *Quick Start* work. This budget does not cover the cost of any new planning work for the next segment of the system, the purchase of the North Maintenance or the South Satellite facilities, or the original $8.5 million dollars that covered the initial Year One work.
It is recommended that the budget for the next two months of work be funded from the remaining $5.8 million dollars in the *Quick* Start budget and that the balance of work

relating to the marketing and launch of the new rapid transit service be funded from the 2004 rapid transit budget.

5. FINANCIAL IMPLICATIONS

The source of funding for this contingency program would be a combination of *Quick Start* budget and the Rapid Transit Budget.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this Report.

7. CONCLUSION

In order to continue to implement *Quick Start* and support the planning phase for Segment One of the Full-Build System while reviewing the recently received YC2002 business proposal, a two month budget of $1,129,940 is required. It is recommended that these funds be acquired from the remaining $5.8 million dollars in the *Quick* Start budget.