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FINANCIAL UPDATE - YORK RAPID TRANSIT PLAN

The Rapid Transit Public/Private Partnership Steering Committee recommends the adoption of the recommendation contained in the following report, September 8, 2004, from the Commissioner of Finance and requests staff to provide a further report providing detailed financial information:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report provides an update on the costs incurred in the delivery of the York Rapid Transit Plan from the commencement of the concept definition in 2002 to July 31, 2004.

3. BACKGROUND

In 2002, Regional Council approved the York Region Rapid Transit Plan and engaged York Consortium 2002 to put the plan into effect. In March, 2004 the Region executed funding agreements with the federal and provincial governments to contribute $50 million each towards the $150 million Quick Start project.

4. ANALYSIS AND OPTIONS

The costs to date associated with the York Region Rapid Transit Plan have been set out in the attached Table 1.

The original cost of defining the rapid transit system was approximately $8.5 million. This contract was awarded to York Consortium 2002 in June 2002 and has been completed with the exception of some environmental assessments.

Implementing the “Quick Start” project was approved by Council at cost of approximately $150 million of which the Region’s 1/3 share will be approximately $50 million. Preliminary engineering costs of approximately $3.1 million, some detailed engineering as well as the bus deposit of $4.3 million were approved separately by Council prior to the Provincial and Federal funding agreements being finalized but are included as part of the $150 million project envelope. Also within this envelope is a cost of approximately $8.8 million contained within York Consortium’s Year 2 Workplan for Quick Start support.

There are also costs associated with the planning and designing of the next phase of the "full build" of the rapid transit system and for support with acquiring senior government funding for it. In September 2003, Council adopted the Final Network Configuration and approved in principle up to $539 million as its 1/3 share of the $1.6 billion estimated cost conditional upon receipt of matching funds from the federal and provincial governments. These "at risk" activities were included in the York Consortium's Year 2 Workplan. They are shown as "Full Build – Future Phases" costs.

Finally, there are the ongoing costs associated with the Region's oversight of the project and the costs of selecting York Consortium as our partner.

Consultants engaged to assist the Region with the project include Marshall, Macklin, Monaghan for project oversight; Weir Foulds for legal fees for establishment of the York Region Rapid Transit Corporation, legal support in the contract executions and the negotiations for the funding agreements and long term Business Arrangements; Mercer Delta for business relationship development; and others for various project related activities.

5. FINANCIAL IMPLICATIONS

To date, the York Region Rapid Transit Plan costs of $47.9 million are within the Region's approved budget envelopes. The federal and provincial funds have not yet flowed to the Region. Currently, staff are analyzing the detailed costs and continue to await direction from the two senior levels of government respecting forwarding our claims for reimbursement for eligible costs. Until such time as there has been a full review, Regional staff continue to include costs as potentially eligible for subsidy. All costs which exceed the $150 million funding envelope are fully funded by the Region and will be debentured, with annual debenture payments included in the tax supported regional levy. Staff will track these costs for eligibility under any future federal/provincial funding envelopes which may become available.

6. LOCAL MUNICIPAL IMPACT

Rapid Transit costs are included in the Regional levy. The integrated transit network will provide a timely, efficient transportation alternative to the area.

7. CONCLUSION

This report provides an update of the financial activity of the York Region Rapid Transit Plan. Going forward, staff will prepare a monthly report to apprise Committee and Council of the financial position of the Plan.

(A copy of the attachment referred to in this Clause is included with this report and a copy is also on file in the Regional Clerk's Office.)