6

FEDERAL PROVINCIAL BUSINESS PLAN UPDATE AND FINAL NETWORK CONFIGURATION TECHNICAL REPORT

The Rapid Transit Public/Private Partnership Steering Committee recommends the adoption of the recommendations contained in the following report, September 10, 2003, from the Executive Co-ordinator, York Rapid Transit Plan, with the following amendment:

1. Add the following words at the end of recommendation 3:

"and based on establishing and achieving milestone smart growth development and ridership objectives."

1. RECOMMENDATIONS

It is recommended that:

1. The final Network Configuration Technical Report be adopted.

2. The amended York Rapid Transit Business Plan, dated September 2003, be approved.

3. Council approve in principle up to $539 million (2003$) as its 1/3 contribution toward the $1.6 billion capital cost to implement Phase 2 of the full rapid transit network conditional upon receiving matching financial commitments from both the Federal Government and the Province of Ontario over a period from 2005 to 2010.

4. Regional Staff be authorized to submit the amended York Rapid Transit Business Plan to the Canada Strategic Infrastructure Fund Office and the Ministry of Transportation Ontario/SuperBuild in support of the second tranche of funding requests.

2. PURPOSE

This report amends the original rapid transit Business Plan that was developed in October 2002. The amended Business Plan refines project phasing and cash flow associated with the detailed Network Configuration concept and strategy that Council endorsed in principle on June 19, 2003. The report seeks Council approval for 1/3 of $1.6 billion in funding to implement Phase 2 of the rapid transit project contingent upon matching funding commitments by the federal and provincial governments.

3. BACKGROUND

In October 2002, York Rapid Transit Plan Business Plan Report was presented to Council. The purpose of the Business Plan report was to support the federal and provincial funding applications. The Business Plan described a 3 Phase approach to implementing rapid transit in York Region; ie.

- Quick Start (Phase 1).
- Full Rapid Transit program (Phase 2) (2006-2011).
- Expansion of system through 20 years (Phase 3) (2011-2021).

Regional Council resolved with the filing of the October 2002 Business Plan conditional funding for its 1/3 share of the $150 million *Quick Start* program and requested matching funding from each of the federal and provincial governments. The Business Plan was also premised on proportional funding support from each level of government for the $1.5 to $2.2 billion 10 year program, and both governments were advised (and have consistently been reminded) that, at the appropriate time York Region and the Consortium would make specific funding proposals for the final 20 year phase of the plan.

The YRTP Business Plan was submitted to the Province of Ontario's SuperBuild Office, Ministry of Finance on November 1, 2002. The Business Plan was also submitted on November 1, 2002 to the Canada Strategic Infrastructure Fund. Subsequently, both the federal and provincial governments committed matching funding support for the $150 million *Quick Start* program.

Having achieved funding support for Phase 1 of rapid transit implementation; ie. *Quick Start*, it is time to pursue funding support for implementation of Phase 2. A similar process to that used to achieve *Quick Start* funding support is being recommended for Phase 2; ie. development of a detailed technical plan based on the concept and strategy established in the original Business Plan, conditional funding commitment by Council, and submission to both senior levels of government for funding consideration followed by an intensive lobbying campaign.

There is no time to be lost in presenting the amended Business Plan for the full rapid transit network to the senior levels of government for funding consideration. During the negotiation meetings, federal officials advised the Region/Consortium to submit the second round applications as soon as possible because of the number of requests already received. It is also anticipated that the federal government may wish to make a number of infrastructure funding announcements in the period November, 2003 to March, 2004.

4. ANALYSIS AND OPTIONS

Subsequent to the development of the original Business Plan in October 2002, York Consortium 2002, in conjunction with Regional and Municipal Staff, have developed a detailed Network Configuration Plan for Phases 2 and 3. Since the June 19, 2003 Council meeting the Network Configuration Technical Report has been refined to incorporate the comments of stakeholders and is attached in final form.

The Network Configuration Plan assessed several technologies, routes and staging options to arrive at an implementation strategy that optimizes future ridership in a cost effective manner while minimizing environmental and community impacts. Financial modelling was performed to determine cash flow requirements. Subsequently, the October 2002 Business Plan has been amended, and details the implementation staging and costs of Phase 2 outlined in the 6 step strategy that follows:

Step 1: (Phase 1) Initiate the *Quick Start* project as recently funded by the federal and provincial governments and the Region of York to a total of $150 million.

Step 2: (Phase 2) Implement Network Alternative A-1 between 2005 and 2010, to bring full BRT to all corridors. The BRT corridors will be constructed to design standards that facilitate conversion to LRT when warranted. The network design will also include a master plan for the creation of a major intermodal hub at Langstaff Gateway. Planning for the Vaughan North-South link will include property protection for the Spadina subway extension to the Vaughan Corporate Centre based on the EA findings of the preferred subway alignment.

Step 3: (Phase 3) Prior to 2011 a major review of the program will be undertaken to confirm that the underlying assumptions about growth (population, employment and other activities), in York Region have occurred and that ridership response to the YRTP program has met expectations. The next decade of the evolution of the rapid transit network will proceed based on the determination of the length and timing of an extension of the Yonge subway.

Decision Point: If the major program review confirms that underlying assumptions regarding development (residential, employment, commercial, etc.) have occurred and that ridership response to the YRTP program has met or exceeded expectations proceed to Step 4 in conjunction with implementation of a subway extension to Langstaff, or if it is determined that a subway extension to Langstaff will not be in place by 2021 or soon thereafter, activity will proceed directly to Step 4. It would also be appropriate to address the timing of a potential extension of the Spadina subway at this point. Staff are currently reviewing the extension of the Spadina Subway with Toronto and the TTC.

Step 4: Implement LRT in the Yonge corridor, between the end of the Yonge subway (Finch) and 19th Avenue.

Step 5: Extend the LRT network to include the Highway 7 east corridor to Markham Centre.

Step 6: In the longer term, convert other surface rapid transit lines from BRT to LRT as demand warrants.

4.1 Phase 2 – Network Alternative A-1

Network Alternative A-1 was determined to provide the greatest transit benefits and value to the Region. Step 2 above describes Alternative A-1 in more detail.

4.2 Area Municipality Comments

The June 19, 2003 Network Configuration Report recommended that the report be circulated to Area Municipalities. Comments were received from Vaughan and Newmarket. Vaughan expressed concern that Highway 7 and the Vaughan Corporate Centre are not served between Keele and Jane streets in the proposed network configuration. The final alignment in this section of the Highway 7 will not be determined until the Environmental Assessment is complete and therefore all route options will be taken into consideration. Newmarket expressed concern that the BRT concept definition needs clarification and that the network configuration needs to be rationalized in consideration of the new GO Transit Gateway on Green Lane. A major terminal is now shown in Newmarket and the final determination of the gateway terminal will be analyzed as part of the EA process, for Yonge Street north of Bernard.

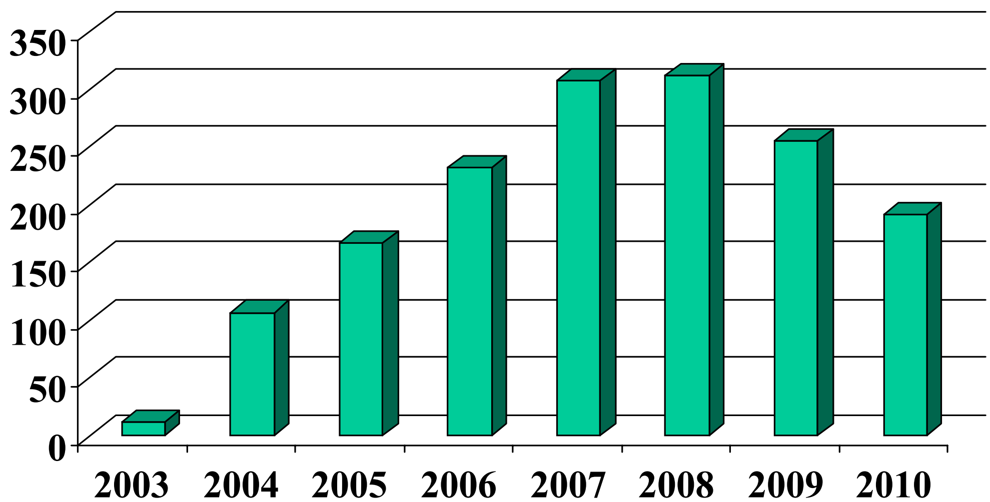
GO Transit and the TTC and the City of Toronto have had an opportunity through our Technical Advisory Committee to participate and comment on the Network Configuration Report verbally and the report has been revised accordingly.

5. FINANCIAL IMPLICATIONS

This report recommends that the preferred network configuration be adopted and that Council commit up to $539 million to implement full BRT in York Region, subject to receiving matching funds from the Government of Canada and the Province of Ontario.

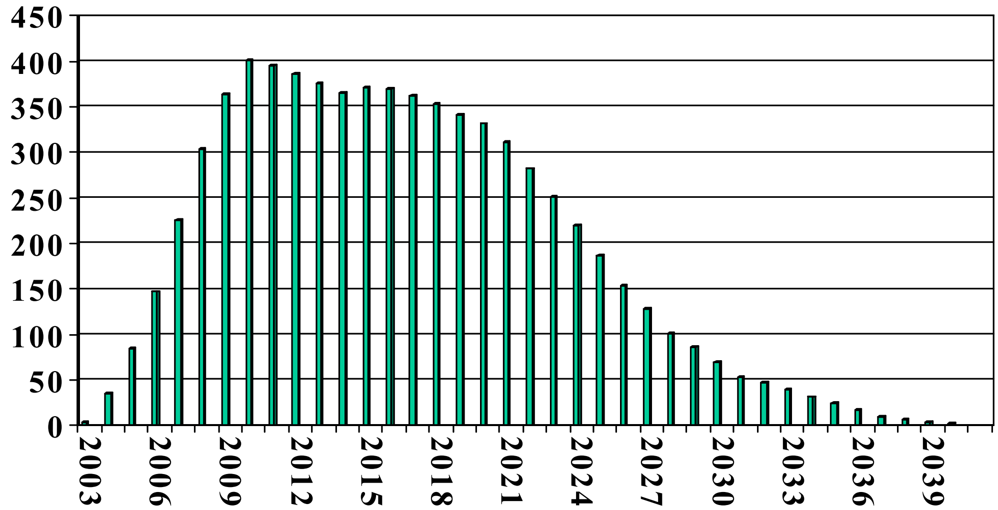
The incremental capital cost associated with Phase 2 – full BRT is estimated to be approximately $1.6 billion (2003$) with the bulk of the expenditures ($1.4 billion) to be made during the period 2005 – 2010 (see Figure 1). As with *Quick Start*, the Business Plan anticipates that the capital costs will be shared equally between the Region, Province and the Federal governments. While no private sector contribution has been shown at this time, it is expected that private sector contributions will be achieved as part of the full system.

Figure 1
Full BRT – YRTP Phase 2
Annual Capital Expenditures
($ millions)



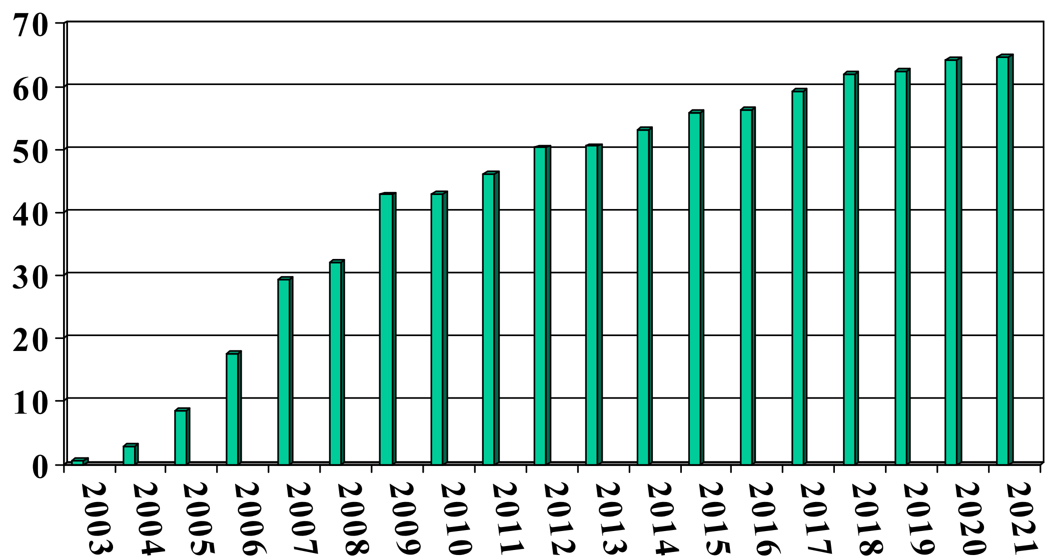
It is proposed that the Region's share of the capital cost will be funded from a combination of debt and development charges. Depending upon the perceived financial benefits at the time, the debt may be issued either by the Region or by its municipal business corporation "Rapidco". The estimated debt will peak at approximately $400 million (2003$) in 2010 and would be fully paid off by 2040 (see Figure 2).

Figure 2
Full BRT – YRTP Phase 2
Outstanding Long Term Debt
($ millions)



The annual operating subsidy (operating costs plus debt servicing less revenues) associated with B.R.T. will be borne 100% by the Region under the current funding framework. The annual subsidy associated with *Quick Start* is expected to reach the $10 – 12 million range by 2006. Full BRT would increase the annual subsidy by a further $50 million (2003 $) before levelling off around 2021 (see Figure 3).

Figure 3
Full BRT – YRTP Phase 2
Annual Subsidy Requirements
($ millions)



A number of options to reduce costs/increase revenues will be looked at as the project is further developed including:

- Private sector contributions/joint developments
- Innovative financing
- Provincial opportunities including joint purchase proposals and O.M.E.I.F.A. bonds
- Tax Increment Financing (T.I.F.)
- Concession and other operating revenues

6. LOCAL MUNICIPAL IMPACT

The deployment of the rapid transit network to serve York Region municipalities is critical to the realization of the Smart Growth objectives established in Official Plan and Secondary Plan documents. The funding of the rapid transit network will assure the local municipalities and their constituents that growth will be accompanied by a robust rapid transit network.

7. CONCLUSIONS

Time is of the essence in presenting the amended Business Plan for the full rapid transit network to the senior levels of government for funding consideration. A conditional funding commitment by York Region at this time for Phase 2 implementation will enable staff to formally submit the amended Business Plan for funding consideration by both the federal and provincial governments.

The Senior Management Group has reviewed this report.