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**To:** York Region Rapid Transit Corporation Board of Directors

**From:** Mary-Frances Turner, President

**Subject:** YRRTC – 2018 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program

**Ref:** YORK- #7872320

## Recommendations

It is recommended that:

1. The Board endorse and advance the 2018 Multi-Year Capital Expenditures Budget, Regional Capital Program of \$189.1 million to Committee of the Whole for approval on November 30, 2017
2. The Board endorse and advance the 2018 Operating Expenditures Budget of \$4.4 million to Committee of the Whole for approval on November 30, 2017

## Purpose

The purpose of this report is to:

- Seek the Board's endorsement to advance the 2018 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program to Committee of the Whole for approval on November 30, 2017

## Background

### The current funded Capital Programs for YRRTC is \$3.414 billion

- The 2018 Multi-Year Capital Expenditures Budget for the current funded Capital Programs (see Table 1) is being brought forward in two parts:

**Part One** – which is the subject of a separate report on this agenda, seeks the endorsement of the YRRTC Board of Directors related to the 2018 Multi-Year Capital Expenditures Budget, Metrolinx Capital Program and is fully funded by the Province through Metrolinx

- In April 2011, York Region entered into a Master Agreement with Metrolinx to construct approximately 34.6 km of dedicated median bus rapidways for a total value of \$1.755 billion as part of the Metrolinx Regional Transportation Plan, “The Big Move.” After including the planning work from the QuickWins Contribution Agreement, the total Capital Program is \$1.784 billion
- YRRTC is building the rapidways as the project manager for Metrolinx. Upon completion, Metrolinx will retain ownership and control over the Project Assets and York Region operates and maintains these assets, with Metrolinx responsible for long term rehabilitation and maintenance costs

**Part Two** – which is the subject of this report, seeks the necessary approvals of Regional Council related to the 2018 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program and is partially funded by York Region

- Out of the Regional Capital Program of \$1.63 billion, York Region’s contribution is approximately \$747.7 million or 46% – driven by the Toronto-York Spadina Subway Extension (TYSSE) work program, which starts from Downsview station and ends at the Vaughan Metropolitan Centre
- In addition to the TYSSE and Facilities & Terminals work programs, the Regional Capital Program of \$1.63 billion also includes the Region’s contribution of \$36.3 million to the Yonge Subway Extension (YSE) planning and design work program of \$91.3 million
  - \$36.3 million is the Region’s contribution – funded from the Federal’s Public Transit Infrastructure Fund (PTIF) Phase I allocation to the Region
  - \$55.0 million from the Metrolinx announcement

The Toronto Transit Commission (TTC) is the Project Management Lead and is working in collaboration with YRRTC, who is leading the Region’s participation and interests in the Planning & Design work program

**Table 1**  
**Current Funded Capital Programs – \$3.414 billion**

Current Funded Capital Programs (in \$ Millions)	Metrolinx Capital Program (in \$ Millions)*	Regional Capital Program (in \$ Millions)	Total Capital Programs (in \$ Millions)
BRT Rapidways & Stations	\$1,784.2		\$1,784.2
BRT Facilities & Terminals		\$210.0	\$210.0
BRT Rapid Transit Vehicles		\$46.6	\$46.6
Toronto-York Spadina Subway Extension		\$1,329.2	\$1,329.2
Yonge Subway Extension - Conceptual Design		\$4.3	\$4.3
Rapid Transit Initiatives		\$3.2	\$3.2
Yonge Subway Extension - Planning & Design**		\$36.3	\$36.3
<b>Total Capital Programs</b>	<b>\$1,784.2</b>	<b>\$1,629.7</b>	<b>\$3,413.9</b>
<b>Total York Region Funded</b>		<b>747.7</b>	<b>747.7</b>
<b>Total York Region Funded %</b>		<b>46%</b>	<b>22%</b>

\* \$1,784.2M for the Metrolinx Capital Program is net of Proceeds from the Disposition of Surplus Lands and Municipal & Third Party Works

\*\* \$36.3M is the Region’s contribution to the YSE planning and design work program of \$91.3M

**The 2018 Multi-Year Capital Expenditures Budget, Metrolinx or Regional Capital Programs do not consider the Federal Government’s infrastructure funding program announcements and Metrolinx’s recently released Draft 2041 Regional Transportation Plan (RTP)**

- The Metrolinx Draft 2041 RTP is currently in public consultation and is expected to be adopted by the Metrolinx Board in December 2017. The Region’s rapid transit priorities included in the draft plan are:
  - Yonge Subway Extension
  - Bus Rapid Transit (BRT) segment for the remainder of Yonge St. – from Gamble Rd. /19th Ave. to Mulock Dr.
  - Bus Rapid Transit (BRT) segments for the remainder of Highway 7 – from Unionville GO Station to the Cornell Community; and from Helen St. to Hwy. 50
- While planning and design work is underway for the Yonge Subway Extension and is included in this 2018 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program, funding sources of approximately \$68.0 million for the BRT planning & design work program has not been identified

## Analysis

**The 2018 Multi-Year Capital Expenditures Budget, Regional Capital Program of \$189.1 million reflects the latest construction progress activities**

**\$23.9 million is required to complete the Facilities & Terminals program**

- **SmartCentres Place VMC Terminal** – a 9-bay bus terminal located at the new Vaughan Metropolitan Centre Subway Station, which will be in service by December 2017, with final acceptance projected to be in December 2019
- **Cornell Terminal** – an 11-bay bus terminal located in the vicinity of Markham-Stouffville hospital – City of Markham, and projected to in service by June 2019
- **Park ‘n’ Ride Facilities** – planning & design for the Warden Ave./Enterprise Dr. facility underway, with construction to start in late 2018/early 2019

**\$127.9 million is required to complete TYSSE program**

- Overall TYSSE project costs total \$3.184 billion, of which the Region’s contribution is \$604.0 million or 19% of the project costs
  - \$1.274 billion or 40.04% of overall project costs is reflected in the Regional Capital Program for the 3 subway stations in York Region (Pioneer Village Station, 407 Station & Vaughan Metropolitan Centre Station)
- With the subway in service in December 2017, \$117.9 million is estimated for the close-out of the project costs

- Capacity Buy-In – as part of the Memorandum of Understanding, the last payment of \$10.0 million from the Region to City of Toronto-TTC is due when TYSSE goes in service

**\$91.3 million of planning and design work for the Yonge Subway Extension is underway – of which the Region’s contribution is \$36.3 million**

- Originally announced with a cumulative funding of \$91.3 million – \$55.0 million from Metrolinx and \$36.3 million from the Region’s Federal PTIF Phase I funds, planning and design work for the YSE from Finch Ave. to Richmond Hill Centre is now underway
- With a governance model established among TTC, City of Toronto, YRRTC, the Region and Metrolinx, TTC is the Project Management Lead for this work program
- The deliverables of this work program include, but not limited to:
  - Advancing overall level of design (to 15%, and up to 30%)
  - Developing cost estimates
  - Developing a schedule
  - Business case and economic analysis
  - TPAP amendment (if required)
  - Recommending next steps for the preferred project delivery model

**Table 2 provides the breakdown of the Capital Expenditures of \$189.1 million – of which \$96.1 million or 51% is in 2018**

**Table 2  
2018 Multi-Year Capital Expenditures Budget – \$189.1million**

Current Funded Capital Programs (in \$ Millions)	Regional Capital Program (in \$ Millions)	Expenditures To-Date (in \$ Millions)	Capital Spending Authority (in \$ Millions)	2018 In-Year Capital Spending Authority (in \$ Millions)
<b>BRT Facilities &amp; Terminals</b>	<b>\$210.0</b>	<b>\$186.1</b>	<b>\$23.9</b>	<b>\$21.4</b>
1. Operations, Maintenance & Storage Facility	\$135.4	\$135.4	\$0.0	\$0.0
2. Cornell Terminal	\$36.8	\$18.9	\$17.9	\$17.8
3. SmartCentres Place Bus Terminal	\$31.2	\$30.6	\$0.6	\$0.5
4. Park 'n' Ride Facilities	\$6.6	\$1.3	\$5.4	\$3.0
<b>BRT Rapid Transit Vehicles</b>	<b>\$46.6</b>	<b>\$46.6</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Toronto-York Spadina Subway Extension</b>	<b>\$1,329.2</b>	<b>\$1,201.4</b>	<b>\$127.9</b>	<b>\$47.7</b>
1. Tunnel & Stations Construction	\$1,274.9	\$1,157.1	\$117.9	\$37.7
2. Viva Concourse	\$14.0	\$14.0	\$0.0	\$0.0
3. Capacity Buy-In	\$30.0	\$20.0	\$10.0	\$10.0
4. Fare Equipment & Other Items	\$10.4	\$10.4	\$0.0	\$0.0
<b>Yonge Subway Extension - Conceptual Design</b>	<b>\$4.3</b>	<b>\$4.1</b>	<b>\$0.2</b>	<b>\$0.2</b>
<b>Yonge Subway Extension - Planning &amp; Design</b>	<b>\$36.3</b>	<b>\$0.0</b>	<b>\$36.3</b>	<b>\$26.6</b>
<b>Rapid Transit Initiatives</b>	<b>\$3.2</b>	<b>\$2.4</b>	<b>\$0.8</b>	<b>\$0.2</b>
<b>Total Capital Programs</b>	<b>\$1,629.7</b>	<b>\$1,440.6</b>	<b>\$189.1</b>	<b>\$96.1</b>

The below charts provide the breakdown of the key funding components:

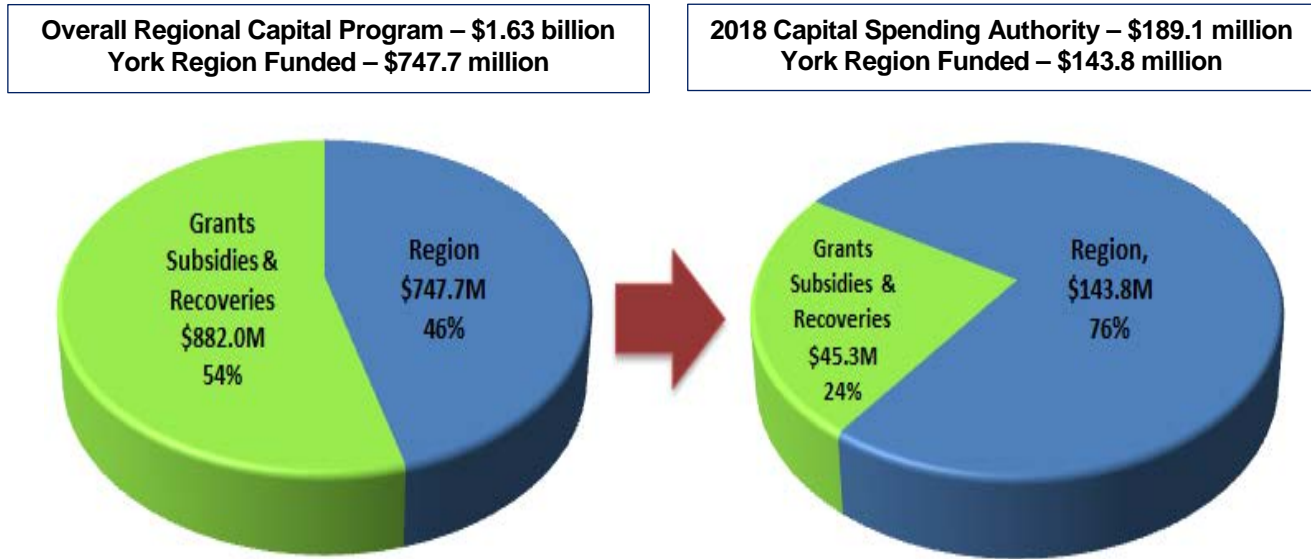
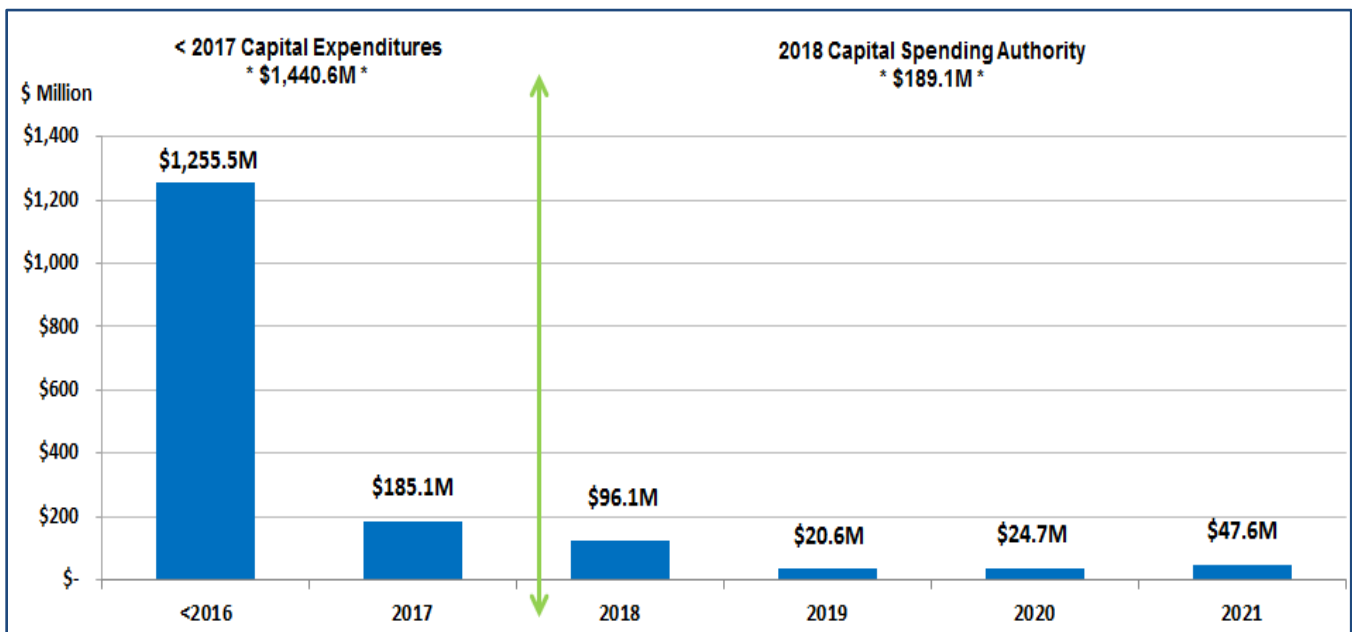


Table 3 provides the discrete cash flow of the Capital Expenditures – of which \$96.1 million or 51% is in 2018

**Table 3**  
**2018 Multi-Year Capital Expenditures Budget – Cash Flow**



**The 2018 Operating Expenditures Budget of \$4.4 million is aligned with the 2018 Outlook approved by Council in December 2016**

- Table 5 shows the Net Operating Expenditures for 2018 compared to 2017 – \$4.4 million or a 4.9% decrease year-over-year

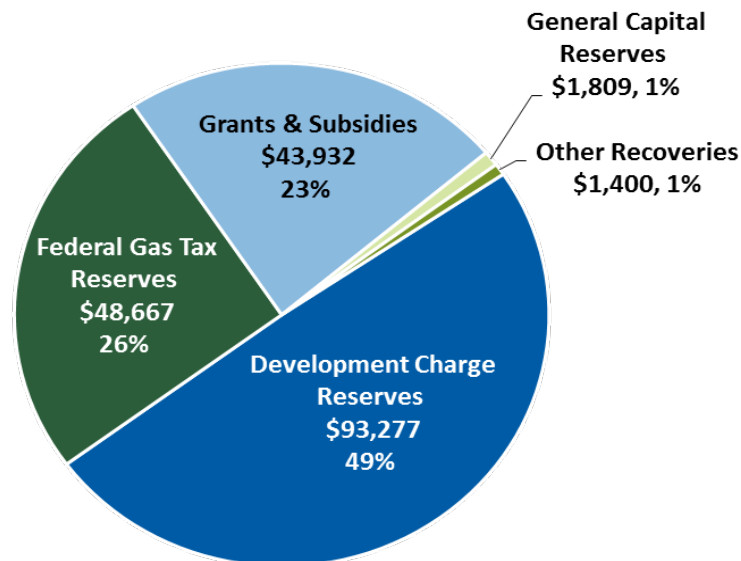
**Table 5  
2018 Operating Expenditures Budget – \$4.4 million**

Operating Expenditures (in \$ Millions)	2017 Operating Projections	2018 Operating Budget
Gross Operating Expenditures - YRRTC	\$24.9	\$30.8
Revenues - Development Charges & Federal Gas Tax	(\$20.2)	(\$26.4)
<b>Net Operating Expenditures - Tax Levy</b>	<b>\$ 4.7</b>	<b>\$ 4.4</b>
Year-Over-Year - (Increase) / Decrease		4.8%

**Financial Implications**

**Funding sources for the Capital Spending Authority of \$189.1 million are consistent with previous years**

**Table 6  
2018 Regional Multi-Year Capital Expenditures Budget – Funding Sources**



- **Capital Spending Authority - \$189.1 million**
- **York Region Contribution - \$143.8 million**

\*Grants & Subsidies include the Region's contribution of \$36.3M to the YSE – Planning & Design work program of \$91.3M  
 - Federal's Public Transit Infrastructure Fund (PTIF) Phase I is the funding source for this \$36.3M  
 - Provincial funding of \$55.0M has been deemed to satisfy the federal requirement for matching funds for \$36.3M received through PTIF (as per Council report of June 22, 2017)

The 2018 Operating Expenditures Budget is within the Region’s direction as to year-over-year tax levy increase

**Table 7**  
**2018 Operating Expenditures Budget**

Operating Expenditures (in \$ Millions)	Net Operating Budget (in \$ Millions)		Metrolinx Operating Budget (in \$ Millions)		Regional Operating Budget (in \$ Millions)
YRRTC Direct Staff & Admin. Costs	\$16.4		\$9.8		\$6.6
York Region Dedicated Charges	\$5.4		\$4.9		\$0.5
Recoveries from Capital Programs	(\$19.1)	=	(\$14.7)	+	(\$4.4)
Financing Costs for Debt Principal & Interest Payments	\$28.1		\$0.0		\$28.1
<b>Gross Operating Expenditures</b>	<b>\$30.8</b>		<b>\$0.0</b>		<b>\$30.8</b>
Revenues - Development Charges & Federal Gas Tax	(\$26.4)		\$0.0		(\$26.4)
<b>Net Operating Expenditures - Tax Levy</b>	<b>\$4.4</b>		<b>\$0.0</b>		<b>\$4.4</b>

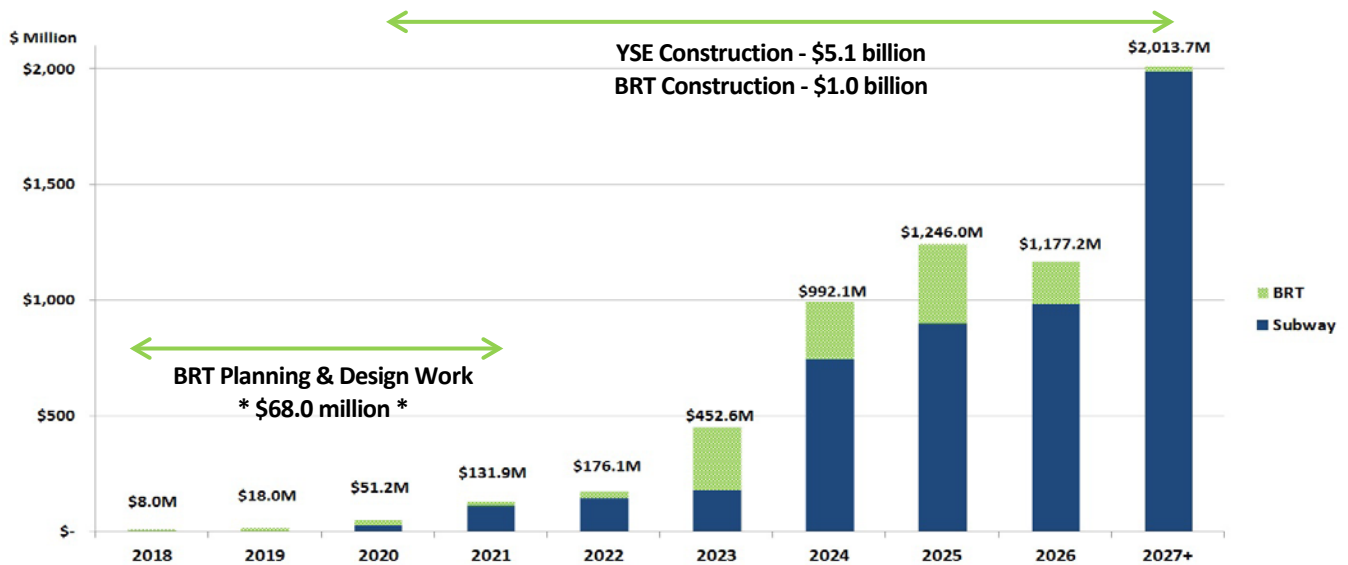
The Region’s rapid transit priorities – capital construction of the Yonge Subway Extension, and planning & design work and construction of the BRT segments for the remainder of Yonge St. and Hwy. 7 as reflected in YRRTC’s 10-Year Business Plan, are not included in the 2018 Multi-Year Capital Expenditures Budget, Metrolinx or Regional Capital Programs

- Funding sources of approximately \$6.2 billion for the delivery of the rapid transit priorities over the next 10 years have not been identified for the following:
  - Capital construction of the Yonge Subway Extension – \$5.1 billion
  - Planning & design work and construction of remainder of Yonge St. & Hwy. 7 – \$1.1 billion
  - Environmental Assessment for the Major Mackenzie/Jane/Leslie corridor



- Table 8 shows the annual cash flow requirements over the next 10 years

**Table 8**  
**2018-2027 Annual Cash Flow Requirements**



- Additional information regarding infrastructure funding programs from Senior Levels of Government (through the Integrated Bilateral Agreements – Public Transit and Green Infrastructure streams) and the investment strategy for the Metrolinx RTP is expected to be announced in early 2018
- YRRTC staff will report back on a funding strategy in Q2 of next year

**Conclusion**

- This report seeks the Board’s endorsement and advancement of the 2018 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program to Committee of the Whole for approval on November 30, 2017

For more information on this report, please contact Michael Cheong, Chief Financial Officer, York Region Rapid Transit Corporation at 905-886-6767, Ext. 71015.

Mary-Frances Turner  
President

November 9, 2017



# Appendix A – vivaNext Rapid Transit Projects

