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

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

**Subject: YRRTC – 2017 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program**

**Ref: YORK-#7066728**

## Recommendations

It is recommended that:

1. The Board endorse and advance the 2017 Multi-Year Capital Expenditures Budget, Regional Capital Program of \$442.4 million – partially funded by the Region, to the Committee of the Whole for budget submission and Council approval in December 2016
2. The Board endorse and advance the 2017 Operating Expenditures Budget of \$4.7 million and 2018 Outlook of \$4.4 million to the Committee of the Whole for budget submission and Council approval in December 2016

## Purpose

The purpose of this report is to:

- Seek the Board's endorsement to advance the 2017 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program, to the Committee of the Whole for budget submission and Council approval in December 2016

## Background

***The current funded Capital Programs for YRRTC is \$3.479 billion – and includes the latest funding for the preliminary engineering, procurement and due diligence for the Yonge Subway Extension***

- YRRTC's 10-Year Business Plan reflects the Region's Transportation Master Plan, and is the basis for the corporation's Capital Programs
  - The total funded Capital Programs are \$3.479 billion – excluding the initial financial investment of \$172 million for the start of Viva rapid transit project
  - Remaining to be funded is \$5.046 billion (in today's dollars) – which is for the preliminary engineering and capital construction of the Yonge Subway Extension (YSE) and preliminary engineering, design and construction of future bus rapidways
- YRRTC's 2017 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 2017 Multi-Year Capital Expenditures Budget, Metrolinx Capital Program and is fully funded by the Province through Metrolinx
  - Part Two, which is the subject of this report, seeks the necessary approvals of Regional Council related to the 2017 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program and is partially funded by York Region
- The Metrolinx Capital Program – 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, bringing the total Capital Program to \$1.784 billion
  - YRRTC is building the rapidways as the project manager for Metrolinx
  - Upon completion, Metrolinx retains ownership and control over the Project Assets and York operates and maintains the Project Assets with Metrolinx responsible for long term rehabilitation and maintenance costs
- The Regional Capital Program of \$1.695 billion for YRRTC, is driven by the shared funding agreements, which York Region entered into with senior levels of governments

- York Region’s contribution is approximately \$764.8 million or 45% – driven by the Toronto-York Spadina Subway Extension (TYSSE) program, which starts from Downsview station and ends at the Vaughan Metropolitan Centre
- York Region’s TYSSE contribution of \$603.8 million includes the additional capital expenditures of \$252.2 million – or 40.04% of the additional budget required for the project delay until December 2017, the Provincial Move Ontario Trust revenue shortfall, and settlements of contractor claims
- The YSE Program of \$91.3 million is for the preliminary engineering, procurement and due diligence – it will advance the program towards the requirements necessary for Alternative and Financing Procurement (AFP) delivery
  - In June 2016, the Province announced that it would be funding more than \$55.0 million to Metrolinx, to work with the York Region, YRRTC, the City of Toronto and the TTC to advance the 15% design and preliminary engineering of YSE
  - On June 16, 2016, Council reaffirmed YSE as the top priority transit project in York Region by endorsing a resolution which directed staff to apply for federal funding of \$36.3 million from the Federal Public Transit Infrastructure Funds (PTIF) – the application was completed and submitted on October 14, 2016, and is pending Federal consideration

**Table 1**  
**Current Funded Capital Programs – \$3.479 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	\$1,784.2
BRT Facilities & Terminals	\$219.9	\$219.9	\$219.9
BRT Rapid Transit Vehicles	\$46.6	\$46.6	\$46.6
Toronto-York Spadina Subway Extension	\$1,329.2	\$1,329.2	\$1,329.2
Yonge Subway Extension - Conceptual Design	\$4.3	\$4.3	\$4.3
Rapid Transit Initiatives	\$3.2	\$3.2	\$3.2
Yonge Subway Extension - Preliminary Engineering	\$91.3	\$91.3	\$91.3
<b>Total Capital Programs</b>	<b>\$1,784.2</b>	<b>\$1,694.6</b>	<b>\$3,478.8</b>
<b>Total York Region Funded</b>	<b>\$764.8</b>	<b>\$764.8</b>	<b>\$764.8</b>
<b>Total York Region Funded %</b>	<b>45%</b>	<b>45%</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 – a total of \$167.9 million.

**Analysis**

**The current funded Capital Programs, Regional and Future Projects have a combined value of \$1,694.6 billion – and the request for Capital Spending Authority of \$442.4 million reflects the remaining dollars to complete the programs**

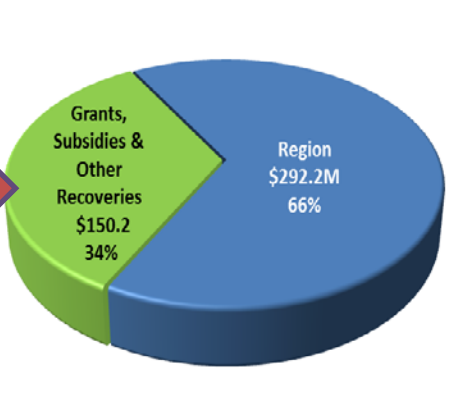
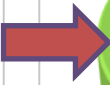
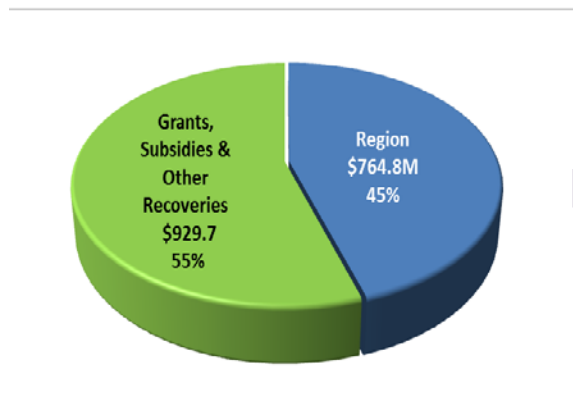
Table 2 provides the breakdown of the capital expenditures required for the various projects to be completed – it also includes Municipal & Third Party Works for the Cornell Terminal and SmartREIT Terminal VMC

**Table 2  
2017 Multi-Year Capital Expenditures Budget – \$442.4 million**

Current Funded Capital Programs (in \$ Millions)	Regional Capital Program (in \$ Millions)	Expenditures To date (in \$ Millions)	Capital Spending Authority (in \$ Millions)
<b>BRT Facilities &amp; Terminals</b>	<b>\$219.9</b>	<b>\$156.7</b>	<b>\$63.2</b>
1. Operations, Maintenance & Storage Facility	\$136.1	\$135.9	\$0.3
2. Cornell Terminal	\$32.8	\$11.6	\$21.2
3. SmartREIT Terminal VMC	\$41.1	\$8.2	\$32.9
4. Park 'n' Ride Facilities	\$9.9	\$1.1	\$8.9
<b>BRT Rapid Transit Vehicles</b>	<b>\$46.6</b>	<b>\$46.6</b>	<b>\$0.0</b>
<b>Toronto-York Spadina Subway Extension</b>	<b>\$1,329.2</b>	<b>\$1,042.1</b>	<b>\$287.1</b>
1. Tunnels & Stations Construction	\$1,274.9	\$1,003.4	\$271.5
2. Viva Concourse	\$14.0	\$9.8	\$4.2
3. Capacity Buy-In	\$30.0	\$20.0	\$10.0
4. Fare Equipment & Other Items	\$10.3	\$8.9	\$1.4
<b>Yonge Subway Extension - Conceptual Design</b>	<b>\$4.3</b>	<b>\$4.3</b>	<b>\$0.0</b>
<b>Rapid Transit Initiatives</b>	<b>\$3.2</b>	<b>\$2.4</b>	<b>\$0.8</b>
<b>Yonge Subway Extension - Preliminary Engineering</b>	<b>\$91.3</b>	<b>\$0.0</b>	<b>\$91.3</b>
<b>Total Capital Programs</b>	<b>\$1,694.6</b>	<b>\$1,252.2</b>	<b>\$442.4</b>

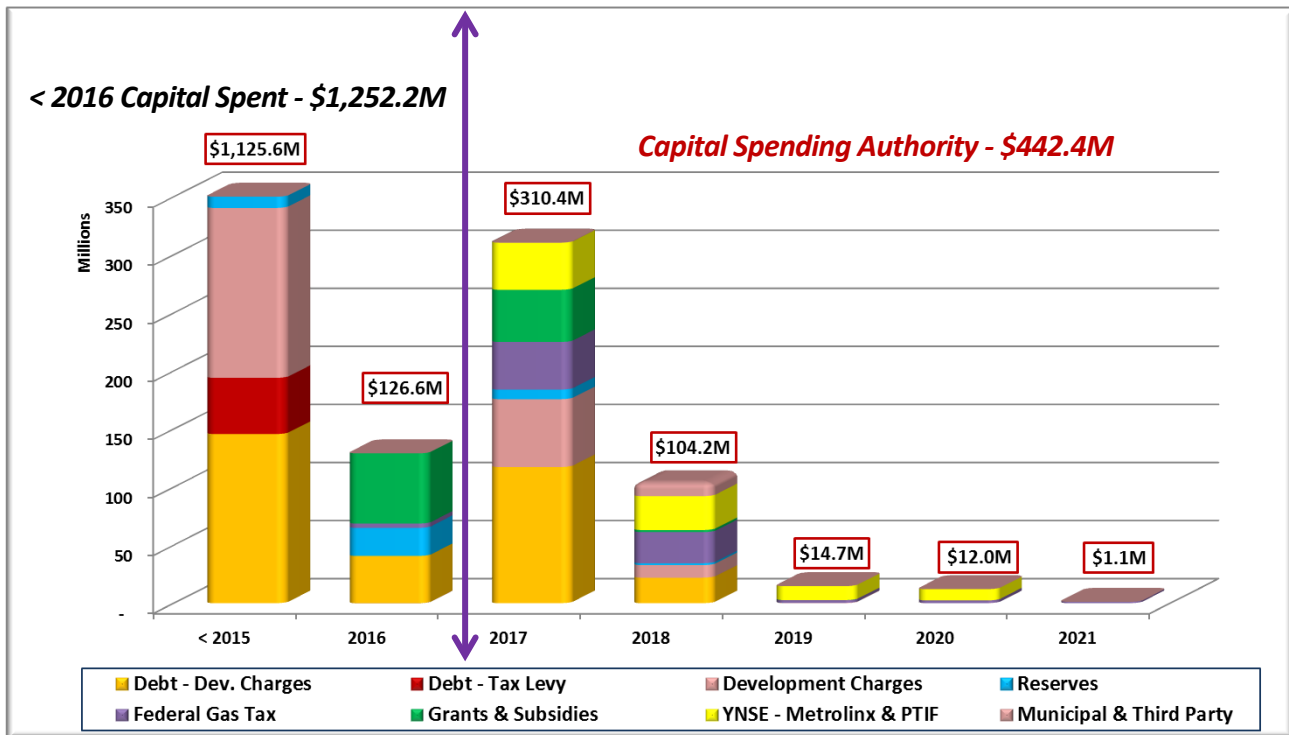
**Total Capital Program – \$1.695 billion  
Total York Region Funded – \$764.8 million**

**Capital Spending Authority – \$442.4 million  
York Region Funded – \$292.2 million**



- Table 3, provides the cash flow of the capital expenditures – of which approximately \$310.4 million or 70% is in 2017

**Table 3**  
**2017 Multi-Year Capital Expenditures Budget – Cash Flow**



**The Capital Spending Authority of \$442.4 million includes the completion of the Facilities & Terminals Capital Program and the TYSSE Capital Program - YSE Preliminary Engineering**

**Facilities & Terminals – \$63.2 million**

- Cornell Terminal** – an 11-bay bus terminal located in the vicinity of Markham-Stouffville hospital in the City of Markham
  - In-Service date of December 2017
- SmartREIT Terminal VMC** – a nine-bay bus terminal located at the new VMC Subway Station
  - In-service date of December 2017
  - Scope of work includes Millway Avenue infrastructure works for the City of Vaughan
- Park ‘n’ Ride Facilities** – work in progress for facility located at Warden Ave. & Enterprise Dr.; additional others to be determined in support of the bus rapidways

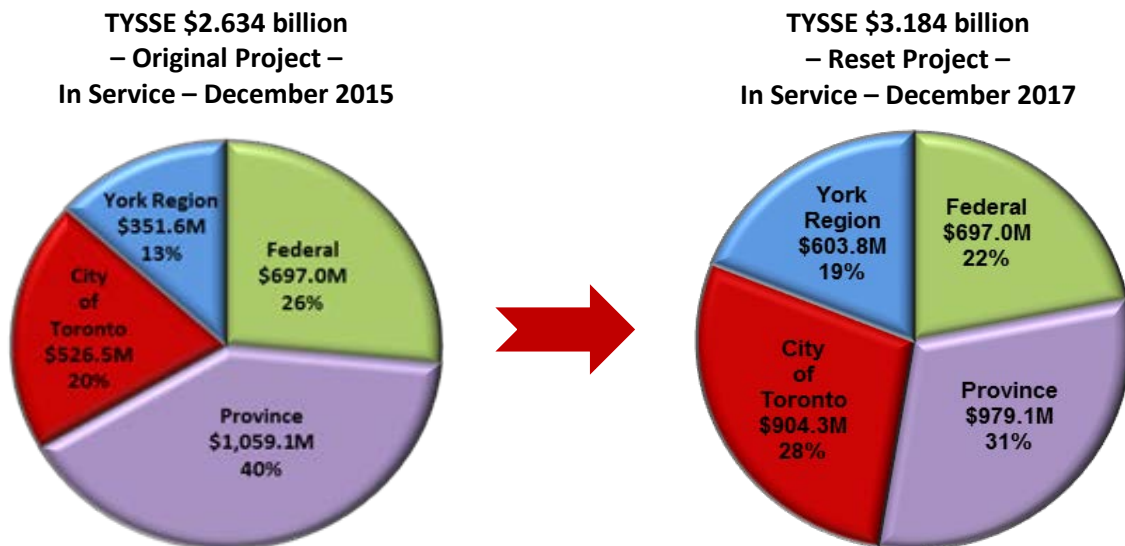
**TYSSE Tunnels & Stations Construction – \$271.5 million**

- In late 2015 and early 2016, Council approved the additional capital expenditures related to the project reset from December 2015 to December 2017 and to settlement of contractor claims for the project delay
- Overall, the TYSSE project costs have increased from \$2.634 billion to \$3.184 billion – of which \$1.274 billion is reflected in the Regional Capital Program for the 3 subway stations in York Region (Pioneer Village, 407 Station & Vaughan Metropolitan Centre)

With the TYSSE project costs increased to \$3.184 billion, York Region’s contribution increased to \$603.8 million

**Table 4**

**TYSSE Construction – Evolution of York Region’s Funding Contribution**



### **TYSSE Viva Concourse, Capacity Buy-In and Fare Equipment – \$15.6 million**

- Construction of the Viva concourse – an underground connection connecting the YRT-Viva network to the subway at Vaughan Metropolitan Centre at Highway 7 West and Jane Street
- Capacity Buy-In – as part of the Memorandum of Understanding, York Region agreed to contribute \$30.0 million towards upgrade of the subway infrastructure south of Downsview Station, accommodating for the increased number of riders
  - Tranche #1, \$10.0M – When the project starts – “shovel in the ground”
  - Tranche #2, \$10.0M – When the project enters York Region
  - Tranche #3, \$10.0M – When the project is in service
- Fare Equipment –funded by TYSSE, ticket vending machines and intelligent transportation systems will be purchased for the 3 subway stations in York Region


### **Yonge Subway Extension**

- In June 2016, York Region received Metrolinx’s confirmation for funding of \$55.0 million re the 15% Preliminary Engineering of the YSE
- YRRTC is working collaboratively with Metrolinx, York Region, City of Toronto and TTC staff to set up a project office and to get the work program underway
- The proposed work program considers the following:
  - Governance & Project Management
  - Planning, Ridership Forecasting-Modeling
  - Economic Analysis, Benefits Case Analysis and Business Case Development
  - Preliminary Engineering
  - Communications and Community Relations

**The 2017 Operating Expenditures Budget of \$4.7 million and 2018 Outlook of \$4.4 million are aligned with the delivery of the current funded Capital Programs**

- Table 5 shows the Net Operating Expenditures for 2017 and 2018, compared to 2016

**Table 5  
2017 Operating Expenditures Budget & 2018 Outlook**

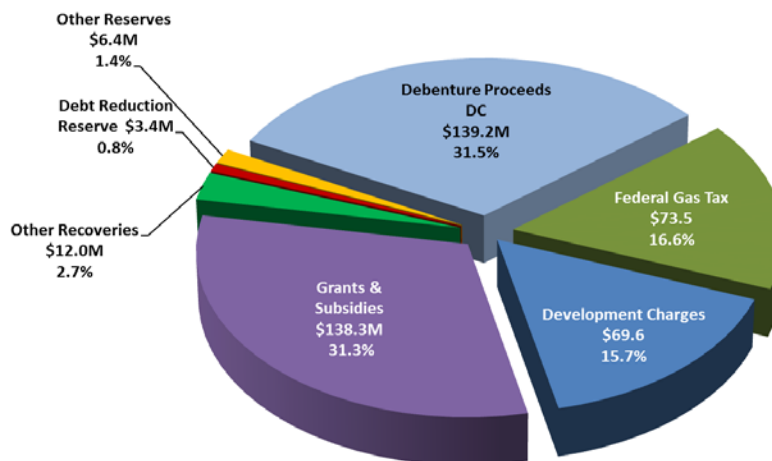
Operating Expenditures (in \$ Millions)	2016 Operating Projections	2017 Operating Budget	2018 Operating Outlook
Gross Operating Expenditures - YRRTC	\$24.2	\$24.9	\$31.7
Revenues - Development Charges & Federal Gas Tax	(\$16.3)	(\$20.2)	(\$27.3)
<b>Net Operating Expenditures - Tax Levy</b>	<b>\$7.9</b>	<b>\$4.7</b>	<b>\$4.4</b>
Year-Over-Year - <b>(Increase)</b> / Decrease		40.8%	4.8%

**Financial Implications**

**The Capital Spending Authority of \$442.4 million is funded by 4 major components**

- Table 6 provides the breakdown of the funding sources associated with the Capital Spending Authority

**Table 6  
2017 Regional Multi-Year Capital Expenditures Budget – Funding Sources**



- Capital Spending Authority - \$442.4 million
- York Region Contribution - \$292.2 million



- Table 7 below identifies the 2017 Operating Expenditures Budget and is within York Region's direction as to year-over-year tax levy increase (per Table 5)

**Table 7**  
**2017 Operating Expenditures Budget**

Operating Expenditures (in \$ Millions)	Net Operating Budget (in \$ Millions)	Metrolinx Operating Budget (in \$ Millions)	Regional Operating Budget (in \$ Millions)	Future Projects- YSE Operating Budget (in \$ Millions)
YRRTC Direct Staff & Admin. Costs	\$16.5	\$10.6	\$3.8	\$2.1
York Region Dedicated Charges	\$5.6	\$5.1	\$0.5	\$0.0
Recoveries from Capital Programs	(\$19.5)	(\$15.7)	(\$1.8)	(\$2.1)
Financing Costs for Debt Principal & Interest Payments	22.4	-	22.4	-
<b>Gross Operating Expenditures</b>	<b>\$24.9</b>	<b>\$0.0</b>	<b>\$24.9</b>	<b>\$0.0</b>
Revenues - Development Charges & Federal Gas Tax	(\$20.2)	\$0.0	(\$20.2)	\$0.0
<b>Net Operating Expenditures - Tax Levy</b>	<b>\$4.7</b>	<b>\$0.0</b>	<b>\$4.7</b>	<b>\$0.0</b>

## Conclusion

- This report seeks the endorsement of the Board to advance the 2017 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Programs, to the Committee of the Whole for budget submission and Council approval in December 2016

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

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Mary-Frances Turner  
President

November 10, 2016