
To: York Region Rapid Transit Corporation Board of Directors

From: Mary-Frances Turner, President

Subject: YRRTC – 2016 Regional Multi-Year Capital and Operating Expenditures Budget

Ref: YORK-#6351189

Recommendations

It is recommended that:

1. The York Region Rapid Transit Corporation (YRRTC) Board of Directors endorse and advance the 2016 Regional Capital Expenditures total of \$165.1 million, with a Regional Multi-Year Capital Spending Authority of \$316.4 million
2. The York Region Rapid Transit Corporation (YRRTC) Board of Directors endorse and advance the 2016 Regional Operating Expenditures Budget of \$7.9 million and 2017-2018 Outlook

Purpose

- The purpose of this report is to seek the Board's endorsement to advance the 2016 Regional Multi-Year Capital and Operating Expenditures Budget to the Committee of the Whole in December 2015 for approval

Background

The total funded Capital Programs for YRRTC is valued at \$3.2 billion

- The YRRTC Funded Capital Programs (see Table 1) is being brought forward in two parts:
 - Part One, which is the subject of this report, seeks the necessary approvals of Regional Council related to the 2016 Regional Multi-Year Capital and Operating Expenditures Budget, which include York Region funded dollars

- Part Two, which is the subject of a separate report on this agenda, seeks the endorsement of the YRRTC Board of Directors related to the 2016 Metrolinx Multi-Year Capital Expenditures Budget, which are 100% Metrolinx funded dollars
- The Regional Capital Program of \$1.4 billion for YRRTC is driven by the shared funding agreements, which York Region entered into with the Provincial and/or Federal governments. York Region's contribution is approximately 42% or \$602.4 million – mainly for the Toronto-York Spadina Subway Extension (TYSSE), which starts from Downsview station and ends at the Vaughan Metropolitan Centre

York Region's contribution includes its additional share of \$60.0 million for the reset of the TYSSE project, i.e. Bechtel's project management fees and the project extension to December 2017 – per the TYSSE report of March 26th this year, and approved by Council at an overall cost of \$150.0 million. Additionally, it includes another \$32.0 million, with the Provincial Move Ontario Trust expected to have a revenue shortfall

- 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 \$1.8 billion which includes design and preliminary engineering

YRRTC is building the rapidways as the project manager for Metrolinx. On completion, asset ownership will transfer to Metrolinx and York Region will become responsible for maintaining and operating the assets

Table 1
Funded Capital Programs – \$3.2 Billion

YRRTC Capital Programs (\$Millions)	Regional Program \$\$\$	Metrolinx Program ** \$\$\$	Total Program \$\$\$
BRT Rapidways & Stations	-	1,784.0	1,784.0
BRT Facilities & Terminals	208.9	-	208.9
BRT Rapid Transit Vehicles	46.6	-	46.6
Toronto-York Spadina Subway Extension	1,160.3	-	1,160.3
Yonge North Subway Extension	4.3	-	4.3
Rapid Transit Studies	3.2	-	3.2
Total Capital Programs	1,423.3	1,784.0	3,207.3
* Total York Region Funded	\$602.4		\$602.4
Total York Region Funded - %	42.3%		18.8%
Total Metrolinx Funded		1,784.0	\$1,784.0
Total Metrolinx Funded - %		100.0%	55.6%

* Remaining funding dollars are from the Provincial and Federal governments

** \$1,784.0M for the Metrolinx Program is net of Municipal & Third Party Works, H2-DBF Financing Costs, and Proceeds from the Disposition of Excess Lands for a total \$190.0M

Analysis

The 10-Year Capital Plan is \$326.9 million, of which \$316.4 million is being requested for the Capital Spending Authority (CSA) to complete the multi-year commitments

- Funding confirmation for Municipal and Third Party works is the difference of \$10.5 million between the Capital Plan and CSA
- The 2016 Regional Capital Expenditures Budget, i.e. CSA is \$316.4 million

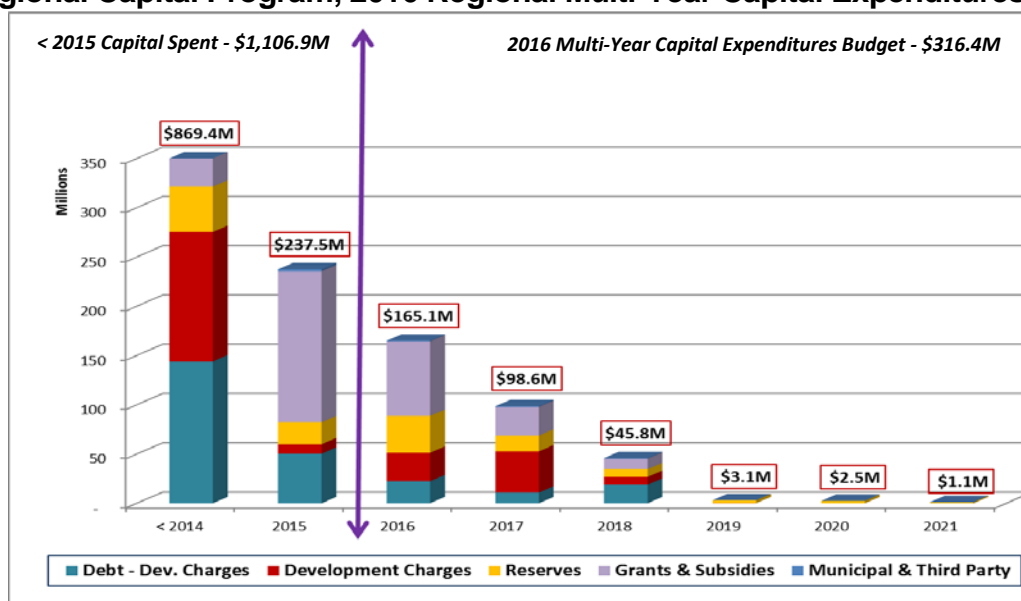
Table 2 provides the breakdown of the capital dollars for the projects associated with the 2016 Regional Multi-Year Capital Expenditures Budget

**Table 2
Regional Capital Program, 2016 Regional Multi-Year Capital Expenditures Budget**

Regional Capital Program (\$Millions)	Regional Program \$\$\$	Financial Projection (Inception to 2015) \$\$\$	2016 & Onwards (CSA)	
			\$\$\$	%
BRT Facilities & Terminals	208.9	152.1	56.8	27.2%
BRT Rapid Transit Vehicles	46.6	46.6	0.0	0.0%
Toronto-York Spadina Subway Extension	1,160.3	902.1	258.2	22.3%
Yonge North Subway Extension	4.3	4.0	0.3	6.4%
Rapid Transit Studies	3.2	2.1	1.1	34.1%
Total Regional Capital Program	\$1,423.3	\$1,106.9	\$316.4	22.2%

- Table 3 provides the timing of the capital dollars associated with the 2016 Regional Multi-Year Capital Expenditures Budget – of which \$165.1 million is for 2016

**Table 3
Regional Capital Program, 2016 Regional Multi-Year Capital Expenditures Budget**



The 2016 Regional Multi-Year Capital Expenditures Budget of \$316.4 million reflects the completion of the following key programs and projects:

- **BRT Facilities & Terminals – \$56.8 million**
 - Cornell Terminal – an 11-bay bus terminal located in the vicinity of Markham-Stouffville hospital in the City of Markham
 - Conceptual design and engineering work to commence in early 2016, and construction work to start in the Fall
 - Projected to be in service by end of 2017
 - SmartReit-VMC Terminal – a 9-bay bus terminal located at the new VMC Subway Station
 - Conceptual design and engineering work underway, with construction to begin in mid 2016
 - Coordinated to be in service with the opening of TYSSE
 - Park ‘n’ Ride Facilities
 - Warden Park ‘n’ Ride facility located at Warden Ave./Enterprise Blvd. – design and engineering in spring / summer of 2016
 - Construction for 4 additional Park ‘n’ Ride facilities planned along Highway 7 West and Yonge Street

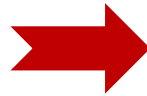
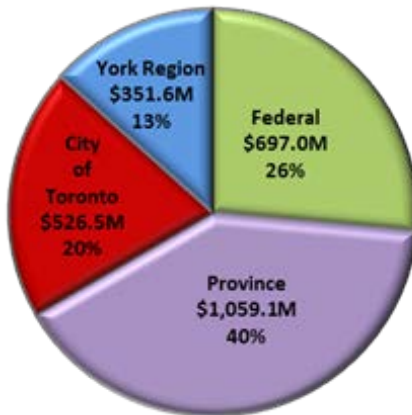
- **Toronto-York-Spadina Subway Extension (TYSSE) Construction – \$241.8 million**
 - The TYSSE dollars include additional contribution of \$60.0 million from York Region, reflecting the Project Reset, i.e. Bechtel’s project management fees and the project extension to December 2017 – per the TYSSE report of March 26th this year, and approved by Council at an overall cost of \$150.0 million
 - Overall, the TYSSE project costs have increased from \$2.634 billion to \$2.784 billion – of which \$1.114 billion is reflected in the Regional Capital Plan for the 3 subway stations in York Region (Pioneer Village, 407 Station & Vaughan Metropolitan Centre) – in service by end of 2017
 - The TYSSE dollars does not include claims from contractors currently working on the project. These claims are currently being reviewed in detail to determine their merit and quantify them. The TTC is finalizing an estimate of their expected value
 - With the Provincial Move Ontario Trust expected to have a revenue shortfall of approximately \$80.0 million, York Region’s funding contribution is an additional \$32.0 million – 40.04% of the revenue shortfall per the Capital Cost Allocation MOU with the City of Toronto

Table 4 shows the evolution of York Region’s funding contribution – a total of \$92.0 million, reflecting its contribution of \$60.0 million for the reset of the project and the revenue shortfall of \$32.0 million from the Provincial Move Ontario Trust

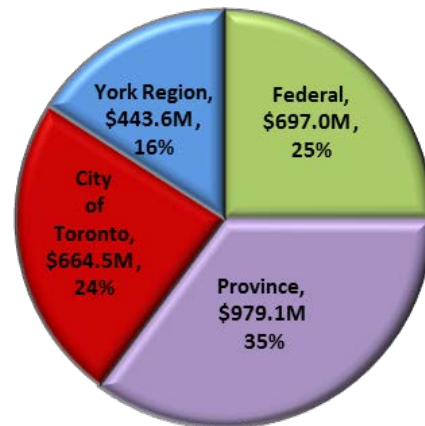
Table 4

TYSSE Construction – Evolution of York Region’s Funding Contribution

TYSSE \$2.634 billion
 – Original Project –
 In Service – December 2015



TYSSE \$2.784 billion
 – Project Reset and MOT Revenue Shortfall –
 In Service – December 2017



- **Toronto-York-Spadina Subway Extension (TYSSE) Viva concourse & Capacity Buy-In – \$16.4 million**
 - Construction of the Viva concourse – an underground connection connecting the YRT / Viva-BRT network to the subway at Vaughan Metropolitan Centre at Highway 7 West and Jane Street
 - Construction will be completed in 2016 by YYSSE as the project manager, and the Viva concourse will be available for service with the opening of YYSSE
 - York Region has agreed to contribute \$30.0 million towards the upgrade of subway infrastructure south of Downsview Station, in order to accommodate 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
 - Payment expected to be by end of 2017

The 2016 Regional Operating Expenditures Budget and Outlook is aligned with the delivery of the Regional Multi-Year Capital Expenditures Budget and new Rapid Transit initiatives

- For 2016, the Operating Expenditures Budget is \$7.9 million, driven by financing costs which are primarily for the TYSSE project

Table 5 illustrates Operating Expenditures for 2016 and outlook years

Table 5

Regional Capital Program, 2016 Regional Operating Expenditures Budget and Outlook

Operating Expenditures (\$Millions)	2016	2017	2018
Staff & Admin. Costs	2.4	2.3	2.2
Financing Costs & Revenues	5.5	2.6	2.2
Net Operating - Tax Levy	\$7.9	\$4.9	\$4.4

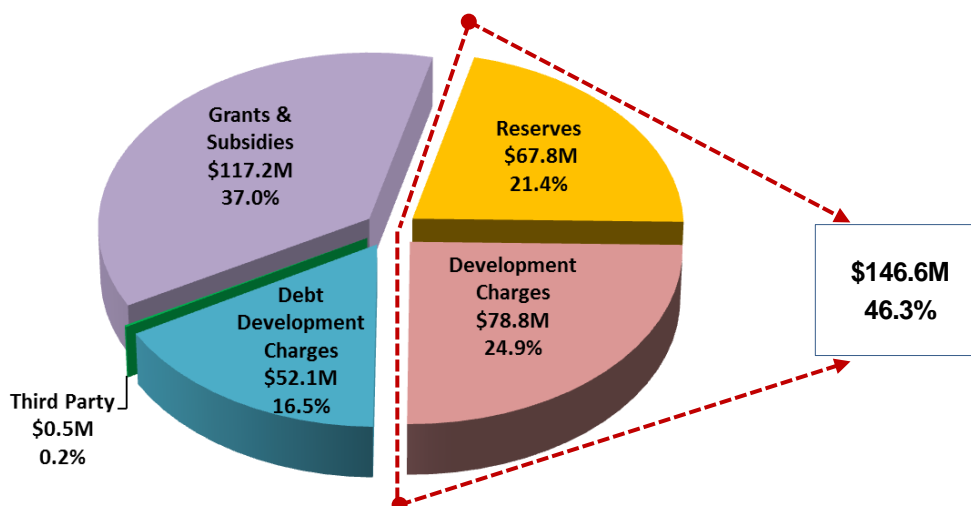
Financial Implications

The 2016 Regional Multi-Year Capital Expenditures Budget of \$316.4 million is funded by four major components – Reserves; Debt funded by Development Charges; Grants and Subsidies by other levels of government; and Municipal and Third Party Recoveries

- Table 6 provides the breakdown of the funding sources associated with the 2016 Regional Multi-Year Capital Expenditures Budget

Table 6

2016 Regional Multi-Year Capital Expenditures Budget – Funding Sources



- Table 7 provides a breakdown of the capital dollars by project by funding sources associated with the 2016 Regional Multi-Year Capital Expenditures Budget

Table 7**2016 Regional Multi-Year Capital Expenditures Budget by Project by Funding Sources**

Regional Capital Program (\$Millions)	2016 Budget \$\$\$	Reserves (incl. Dev. Charges) \$\$\$	Debt Dev.Charges \$\$\$	Grants & Subsidies \$\$\$	Municipal & Third Party \$\$\$
BRT Facilities & Terminals	56.8	30.1	-	26.3	0.5
Toronto-York Spadina Subway Extension	258.2	115.2	52.1	90.9	-
Yonge North Subway Extension	0.3	0.3	-	-	-
Rapid Transit Studies	1.1	1.1	-	-	-
Total Regional Capital Program	316.4	\$146.6	\$52.1	\$117.2	\$0.5
Funding Percentage		46.3%	16.5%	37.0%	0.2%
Total York Region Funded - \$\$\$		\$198.7			
Total York Region Funded - %		62.8%			

- Table 8 below identifies the Operating Expenditures Budget for 2016

Table 8**2016 Operating Expenditures Budget**

Operating Expenditures (\$Millions)	Total Operating Budget \$\$\$	Regional Operating Budget \$\$\$	Metrolinx Operating Budget \$\$\$
YRRTC Direct Staff & Office Admin.	13.4	3.6	9.8
York Region Dedicated Charges	5.4	0.3	5.0
Capital Recoveries	(16.3)	(1.5)	(14.8)
Financing Costs	21.7	21.7	0.0
Gross Operating	\$24.2	24.2	0.0
Revenues	(16.3)	(16.3)	0.0
Net Operating - Tax Levy	\$7.9	\$7.9	\$0.0

The Operating Budget also considers new Rapid Transit initiatives by YRRTC

- Funding for the construction of the Yonge North Subway Extension remains the number one priority - YRRTC staff continues to work in consultation with Metrolinx, City of Toronto and the TTC to advance the project development of the Yonge North Subway Extension from Finch Station to Richmond Hill Centre Terminal
- Funding initiatives for remaining of Highway 7 and Yonge St. Bus Rapid Transit (BRT) rapidway segments are underway
- The combined value of the above Rapid Transit initiatives is approximately \$5.8 billion

Conclusion

- This report seeks the endorsement of the Board of Directors to advance the 2016 Regional Multi-Year Capital and Operating Expenditures Budget to the Committee of the Whole in December 2015 for approval

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 19, 2015