

Clause 25 in Report No. 12 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 25, 2015.

25

Federal and Provincial Capital Funding Opportunities

Committee of the Whole recommends adoption of the recommendations contained in the report dated June 18, 2015 from the Commissioner of Finance:

1. Recommendations

It is recommended that:

1. Council endorse the following Regional projects for an application to the New Building Canada Fund:
 - a. Upper York Sewage Solutions; and
 - b. Transit Optimization Project.
2. Staff be directed to submit the applications for the projects identified in recommendation (1) to the federal and provincial governments no later than the end of 2015, seeking a combined two thirds minimum contribution from both levels of governments.
3. The Region continue to seek full funding from Metrolinx for the following projects:
 - a) Pre-construction activities, including design and engineering, for the Yonge North subway extension;
 - b) Construction of the Yonge North subway extension;
 - c) Bus rapidways projects, including:
 - Yonge Street (19th/Gamble to Savage Street North; Davis Drive to Green Lane);
 - Green Lane (Yonge Street to East Gwillimbury GO Station);
 - Highway 7 East (Unionville GO Station to Cornell); and
 - Highway 7 West (Highway 50 to Helen Street).

Federal and Provincial Capital Funding Opportunities

4. Staff pursue discussions with the federal and provincial governments on potential funding opportunities for the Langstaff Road bridge over the CN Macmillan yard, including funding for pre-construction activities such as environmental assessments, design, engineering, property acquisition and utility relocation.
5. The Region only enter into funding agreements with the federal and/or provincial governments for capital projects that are either in the ten year capital plan or that can be added to the capital plan without incurring any additional debt.
6. This report be circulated to Members of Parliament and Members of Provincial Parliament representing York Region and to the appropriate federal and provincial ministers.

2. Purpose

In the last two years both the federal and provincial governments have announced major infrastructure initiatives that may present significant opportunities for York Region. This report describes different federal and provincial infrastructure funding programs, seeks Council endorsement for the submission of two Regional projects to the federal Building Canada Fund, and identifies a number of key transportation projects for Metrolinx and other federal and provincial funding opportunities.

3. Background

The federal government has introduced a New Building Canada Plan

The 2013 federal budget announced the next round of the Building Canada Plan, although the program and application details were not made available until the following year in March 2014.

The New Building Canada Plan is a 10 year, \$53.5 billion infrastructure plan that supports national, provincial and municipal projects that facilitate job creation, economic growth, and productivity.

Table 1 shows the main components of the program.

**Table 1
New Building Canada Plan Components**

	\$ (billions)
Community Improvement Fund	32.2 ¹
New Building Canada Fund	
National Infrastructure Component	4.0
Provincial-Territorial Infrastructure Component	
National and Regional Projects	9.0
Small Communities Projects	1.0
Public-Private Partnerships Canada Fund	1.3
Existing Infrastructure Program Funding	6.0 ²
Total	53.5

¹ York Region already receives and will continue to receive grants from the federal Gas Tax Fund and the GST rebate. No application is required for this fund.

² This includes the completion of projects in a number of previously announced programs that are being wound down and are no longer accepting applications. Examples include the Infrastructure Stimulus Fund and the G8 Legacy Fund.

From the federal perspective, York Region is eligible to apply to two funds for discrete project funding: the New Building Canada Fund and the Public-Private Partnerships Canada Fund. Municipalities may apply directly to the Public-Private Partnerships Canada fund, but applications to the New Building Canada Fund would normally be submitted through the Province.

The New Building Canada Fund contains two components with separate application processes

National Infrastructure Component - \$4 billion

The \$4 billion National Infrastructure Component is a merit-based application program, with no pre-determined provincial or territorial allocation.

Eligible projects must support one or more of the following objectives:

- Generate positive economic activity;
- Reduce potential economic disruptions or foregone economic activity;
- Generate productivity gains for the Canadian economy; or,

- Provide benefits that extend beyond the provinces or territories where the project would be located.

Eligible projects will be limited to those that provide the greatest economic impact under the categories in Table 2.

Table 2
National Infrastructure Component: Eligible Project Categories

Highways and major roads
Public transit
Rail infrastructure
Local and regional airports
Port infrastructure
Intelligent transportation systems (ITS)
Disaster mitigation infrastructure

There is a "soft" threshold of a minimum project size of \$100 million in total eligible costs. However, projects below this threshold could be considered if proponents can demonstrate that they are of national significance.

To apply for funding, proponents are required to submit a detailed business case to Infrastructure Canada to demonstrate whether the project meets the program's objectives, as well as category-specific outcomes and criteria.

The province typically does not cost share National Infrastructure Component projects.

Examples of projects funded under previous versions of the National Infrastructure Component include:

- The Evergreen Line, a rapid light rail transit project in British Columbia delivered through a public-private partnership supported by a federal contribution of up to \$350 million;
- Construction of an all-season gravel road from Inuvik to Tuktoyaktuk in the Northwest Territories supported by a federal contribution of up to \$200 million; and

Federal and Provincial Capital Funding Opportunities

- The Southeast Calgary Stoney Trail Ring Road, a local road project in Calgary delivered through a public-private partnership supported by a federal contribution of up to \$100 million.

Provincial-Territorial Infrastructure Component - \$10 billion

The Provincial-Territorial Infrastructure Component – National and Regional Projects is divided into two sub-components:

- \$9 billion for National and Regional projects; and
- \$1 billion for projects located in communities of fewer than 100,000 residents (based upon the 2011 Census) through the Small Communities Fund.

Over the duration of the ten-year New Building Canada Fund, each province and territory will receive a base amount of \$250 million plus a per capita allocation based on the Statistics Canada Final 2011 Census. Although there are no allocations below the provincial level, the notional regional and local share for York Region would be approximately \$200 million over ten years.

Eligible projects must be for the construction, renewal, rehabilitation or material enhancement of public infrastructure and fall into one of the categories in Table 3.

Table 3
Provincial-Territorial Infrastructure Component: Eligible Project Categories

Highways, major roads and public transit
Connectivity and broadband
Drinking water and wastewater
Solid waste management
Green energy and innovation
Brownfield development
Disaster mitigation infrastructure
Local and regional airports
Short-line rail and short-sea shipping
Northern infrastructure (applies to Yukon, Nunavut and Northwest Territories only)

Federal and Provincial Capital Funding Opportunities

To obtain funding, projects must be jointly identified and negotiated between Canada and provincial partners. All projects under the Provincial-Territorial Infrastructure Component must undergo an initial review to ensure they meet eligibility requirements and are aligned with the program's objectives. If a project is deemed eligible for funding, its proponent is required to submit a business case to demonstrate how the project meets the overall funding criteria, along with the specific outcomes of relevance to the project category.

York Region would not be eligible for funding under the Small Communities Project Fund. However, local municipalities within York Region with fewer than 100,000 residents may apply on their own. Based on the 2011 Census, all of the northern six local municipalities would be eligible to apply. A provincial intake is expected later this year.

Maximum federal contributions could range from 25 percent to 50 percent, depending on the type of project

For projects that fall under the National Infrastructure Component or the Provincial-Territorial Infrastructure Component, the maximum federal contribution from all federal sources will be one-third of the total eligible costs of a project, with the following exceptions:

- For traditionally-procured projects in the Highways and Major Roads category where the asset is provincially-owned, and those in the Public Transit category, the maximum federal contribution from all sources will be up to 50 per cent of the total eligible costs; and
- For all projects that are delivered as public-private partnerships or where the recipient is from the for-profit private sector, the maximum federal contribution from all federal sources will be 25 per cent of the total eligible costs.

Under the New Building Canada Plan there can be no "stacking" of federal funding. This means that projects submitted for 33 per cent funding under the National or Provincial-Territorial components would, if screened as a P3, be considered only for funding under the P3 Canada fund, and no more than 25 per cent of eligible costs would be funded by the federal government.

Attachment 1 summarizes the various New Building Canada Plan components, eligible categories and cost sharing arrangements.

Federal and Provincial Capital Funding Opportunities

All projects over \$100 million must go through a Public-Private Partnership screen

Under federal guidelines, all potential projects over \$100 million must go through a procurement screen that looks at different delivery options. The purpose of this assessment is to determine whether a P3 approach could provide better value for money than a traditional procurement approach.

Public-Private Partnerships Canada will administer the screening process and, if the screen determines that a project would generate better value for money through a P3 procurement, the determination is considered binding and federal funding would be contingent upon the project being delivered as a P3.

The Public-Private Partnerships Canada Fund received \$1.25 billion over five years in new funding for large, discrete infrastructure projects that are deemed suitable for procurement as a public private partnership. Unlike the Provincial Territorial Infrastructure Component, there is no notional allocation of funding by province. Rather, each project is to be evaluated on its own merits.

The Big Move is Metrolinx's transit plan for the Greater Toronto and Hamilton Area

In 2007, the provincial government announced 52 transit projects in a "Move Ontario 2020" transit plan. The following year the plan was subsumed under "the Big Move", a regional transportation plan with over 60 projects and a 25 year implementation horizon.

The estimated cost for the full roll out of the plan was in excess of \$50 billion, and partial funding began with an \$11.5 billion provincial commitment to construct a "first wave" of projects, which included the Viva rapidways in York Region, and investments in GO Transit, the TTC and the Union Pearson Express.

Also in 2008, Metrolinx announced its Top 15 projects to be built in the first fifteen years of its plan, which included both funded and unfunded elements. The unfunded Top 15 included the Yonge North subway extension, Hamilton LRT, Hurontario-Main LRT and the Downtown Relief Line.

In its recent April budget and follow-up announcements, the province announced funding for several additional Top 15 projects, including Regional Express Rail, the Hurontario-Main LRT and the Hamilton LRT.

4. Analysis and Options

Federal Infrastructure Initiatives

The federal government is only accepting projects nominated by the provinces

The federal government has indicated that only projects identified by a province or territory will be considered for federal funding under the Provincial-Territorial Infrastructure Component of the New Building Canada Fund. Under the previous Building Canada Fund, which ended in 2014, York Region nominated projects to the provincial government, which in turn submitted them to the federal government for consideration. Under the last program, the Toronto-York subway extension received \$697 million in federal funding: \$75 million by way of an up-front payment to the Move Ontario Trust and \$622 million by way of a Building Canada Fund contribution agreement. In addition, York Region received \$60 million in federal and provincial funding for the upgrades to the Duffin Creek Water Pollution Control Plant.

From the federal perspective, municipalities can only apply for the New Building Canada Fund through their respective provinces or territories and each province has their own application process or “intake”. Ontario has not announced any plans for a municipal intake.

P3 Canada is a possible but not preferable source of funding

P3 projects tend to be large, discrete, complicated projects with significant risks that can be transferred to the private sector and that can be better managed by the private sector. Examples of possible P3 projects include tolled highways, large hospitals and the Union-Pearson express rail line. Projects that are part of a network such as a section of water pipe, or reasonably straightforward procurements such as a Viva bus replacement project are less likely to pass a P3 screen.

A P3 model can, at times, result in a more expensive project relative to a traditionally procured model. The potential higher cost is a result of the financing structure where the private sector puts its own capital at risk for a set duration of time. P3 projects are initially financed using a combination of private debt and equity where the blended costs are significantly above the public cost of capital, be it funded through government debt or reserves.

Federal and Provincial Capital Funding Opportunities

The value of P3s lies in the ability of the private sector to better manage risk, such as cost overruns, and offer innovative ideas that either reduce costs or improve service. One of the principal arguments in favor of P3s is that by partnering with the private sector, governments procure projects that are on time, on budget and at a standard that is either equal or better than would be achieved under traditional procurement.

The P3 structure requires the identification of a reliable public funding source for the project

Public Private Partnerships are a form of financing rather than funding. Although the private sector finances the P3 project for a set duration, they are repaid through public funding, which in the municipal context would likely be through some combination of property taxes, development charges or fees collected from users or tolls.

The public funding covers the costs of construction and in some cases longer-term expenses such as maintenance, rehabilitation and lifecycle costs, as well as the higher cost of the private capital associated with the project.

Staff recommend that the Region apply to the New Building Canada Fund, rather than the P3 Canada Fund. Under a P3 agreement, the amount of the funding support, in combination with any other direct federal assistance, may not exceed 25 per cent of the project's direct construction costs. Under the New Building Canada Fund, the federal government can provide up to one-third of a project's total costs, and the province often provides a further one-third matching funding.

The Province may choose to reserve some or all of the Building Canada Funding for its own projects

It is expected that the Province will seek to reserve a large share of the New Building Canada Fund for its own projects. In the 2015 budget, the Province announced that \$16 billion in dedicated funds would be earmarked for Regional Express Rail and transit service improvements in the Greater Toronto Area and Hamilton (see Table 4 for funding breakdown).

Table 4

Moving Ontario Forward: GTHA - 2015 Funding Breakdown

\$13.5 billion to support GO Regional Express Rail

\$1.6 billion for the Hurontario-Main Light Rail Transit connecting Brampton and Mississauga

\$0.9 billion for Hamilton Light Rail Transit

York Region is benefitting from this investment by way of the Barrie GO Rail corridor (servicing Vaughan, Aurora, King, Newmarket and East Gwillimbury), the Stouffville GO Rail corridor (servicing Markham and Whitchurch-Stouffville) and through service improvements along the Richmond Hill GO Rail corridor (servicing Markham and Richmond Hill)

In its April budget, the Province announced it had submitted a list of projects to the federal government in December 2014 for funding under the Provincial– Territorial Infrastructure Component of the New Building Canada Fund. There was no municipal intake for these submissions. The list of projects included:

- Investments in GO Transit improvements;
- Six northern highway projects;
- Five projects that will improve the quality of Ontario Parks' drinking water;
- Five disaster mitigation projects that will improve the resiliency of Ontario's dams to natural hazards and mitigate the impact of climate change; and
- Municipal projects, including Sudbury's Maley Drive Extension and the Ottawa River Action Plan.

The Province has also indicated that it will submit a second list of projects for funding under the Building Canada Fund this year, although it did not provide further details, other than to flag the Toronto Port Lands Flood Protection Project as a potential future candidate.

Regional staff has identified a short list of projects for Council's consideration

In the event that the Province announces a municipal intake to the Provincial-Territorial Component of the Building Canada Fund, York Region will likely be required to submit one or two Council endorsed projects for consideration.

In anticipation of this possibility, staff developed a short list of potential infrastructure project proposals for Council consideration.

Attachment 2 provides a list of eligible projects that could be submitted to the Building Canada Fund. Table 5 highlights the criteria used by staff to assess and prioritize the projects.

Table 5
Proposed Regional Criteria for New Building Canada Fund Submissions

Objective	Criteria
Compliance with program requirements	Meets eligibility criteria Appropriate size Fits time frame
Regional policy priority	Critical infrastructure to support growth Critical for asset management Reduces congestion
Fiscally prudent	In ten-year capital plan Reduces debt Reduces tax levy and/or rate pressure
Grant maximization	Highest combined federal and provincial percentage grant Highest federal percentage grant without provincial funding Highest dollar value of grant

Federal Funding Priorities - Preferably with Provincial Matching

The best approach is likely to select one or two projects and make an application

The best approach would be for York Region to submit its preferred Building Canada projects under a municipal intake run by the Province. However, as there has been no indication to date that the province plans to launch a municipal intake, staff recommend simultaneously submitting the Region's preferred projects to the federal and provincial governments.

Table 6 provides an assessment of potential Regional projects, based on the criteria in Table 5.

**Table 6
Regional Project Assessment**

Projects	Compliance with Program Requirements			Policy Priority			Fiscally Prudent			Grant Maximization		
	Meets eligibility criteria	Appropriate size	Fits time frame	Critical infrastructure to support growth	Critical for asset management	Reduces congestion	In 10-year capital plan	Reduces debt	Reduces tax levy and/or rate pressure	Highest combined federal and provincial percentage grant	Highest federal percentage grant without provincial funding	Highest dollar value of grant
Upper York Sewage Solutions	●	◐	●	●	◐	○	●	●	○	◐	◐	●
Transit Optimization Project	◐	◐	●	●	◐	●	◐	◐	◐	◐	◐	●
404 Mid-block Crossings	●	◐	●	●	○	●	●	○	◐	○	○	◐
Incinerator Rehabilitation at Duffin Creek	●	●	●	○	◐	○	●	◐	◐	○	○	○
Transit Southeast Maintenance Facility	●	●	●	◐	●	○	●	◐	◐	◐	◐	●
Jane Street Transit Priority	◐	●	●	◐	○	◐	●	○	○	○	○	○
Langstaff Road Crossing	●	◐	●	●	○	●	●	●	◐	◐	◐	●

The two recommended projects, Upper York Sewage Solutions and the Transit Optimization Project, are described in more detail below.

Upper York Sewage Solutions

The Upper York Sewage Solutions project is to develop a local sustainable sewage servicing solution to accommodate planned growth of employment and population to 2031 in the Towns of Aurora, East Gwillimbury and Newmarket.

The project includes three key elements:

- Lake Simcoe Water Reclamation Centre and associated linear conveyance infrastructure;
- Modifications to the existing York-Durham Sewage System between the existing Newmarket, Aurora and Bogart Creek Pumping Stations; and
- Project-specific phosphorus off-setting program.

The Upper York Sewage Solutions project meets Infrastructure Canada's eligibility requirements as it is a wastewater project. It is also suitable in terms of size and time frame.

The Upper York Sewage Solutions project will provide critical infrastructure to support growth. It is in the current ten-year capital plan, and additional funding would enable the Region to reduce its debt requirements.

Delivery of the infrastructure elements of the project will encourage both residential and non-residential development in Regional Centres and Corridors, which supports the "Manage Environmentally Sustainable Growth" priority area in the Region's 2015 to 2019 Strategic Plan.

The total estimated project cost of the Upper York Sewage Solutions project in the approved 2015 Ten Year Capital Plan is \$517.38 million.

Transit Optimization Project

Major investments are being made by all levels of government to improve transportation services in York Region. York Region is developing a Transit Optimization Project (TOP) to expand service, improve reliability, build capacity and align infrastructure projects with planned provincial/federal investments in enhanced transit service. TOP includes:

- Road/Rail grade separations and expansion;
- First Mile/Last Mile and Active Transportation;
- Transit station (ie service enhancements);
- Transit Fleet procurement; and

- GO Station access/egress.

The Viva Bus Rapid Transit System and the Roads Capital Program support intensification and growth in the Regional Centres and Corridors, in line with the “Manage Environmentally Sustainable Growth” priority area within the Region’s 2015 to 2019 Strategic Plan. The Transit Optimization Project will further advance the implementation of critical infrastructure and expand transit service frequency, accessibility and reliability to align with future provincial and federal transportation investments.

The TOP addresses three key aspects of Regional infrastructure and service needed to realize the benefits of the Regional Express Rail (RER) service enhancements. These are road/rail grade separations, station access/egress and improved “First Mile/Last Mile” experience for transit customers.

The integration of infrastructure expansion, asset rehabilitation, service increases and reliability into one project allows for incremental implementation and scalability. For example, early-term elements include transit fleet procurement and service increases. Mid-term elements include active transportation expansion and GO Rail station access/egress improvements. Long-term elements include new road/rail grade separations and major road expansion. Each of these elements are required and can be delivered stand-alone or included through a scaled implementation of TOP.

The total estimated cost of TOP to complete the planning, design and construction is \$514 million.

Provincial Funding Priorities and the Big Move

The Region is seeking full funding from Metrolinx for design, engineering and construction of the Yonge North Subway Extension

The proposed Yonge North subway extension would extend the subway by 5 stations and 7.4 kilometers from Finch station to the Langstaff/Richmond Hill transit hub at Highway 7 and Yonge Street.

The Yonge North subway project is second only to Union Station for intermodal connections to GTA transit networks, including connections to bus rapid transit, conventional transit, heavy commuter rail and 407 express rapid transit services.

With the environmental assessment approved, the conceptual design study completed and its identification by Metrolinx as a Top 15 priority project, the Yonge North subway extension is ready to proceed with design and engineering. In its

Federal and Provincial Capital Funding Opportunities

recent budget, the province said that “ongoing planning and design work will continue for projects in the Next Wave of the Big Move, including...the Yonge North subway extension.”

The Region is seeking full funding from Metrolinx for design, engineering and construction of the next phase of its Bus Rapid Transit network

Rapidway Viva service operating on a frequent basis provides important benefits to the Region, including improving mobility, managing congestion and promoting mixed-use land development.

The Region is pursuing opportunities to advance the Bus Rapid Transit (rapidway) network. In 2009, the Province committed \$1.8 billion to fund 34 kilometers of rapidways in the Region – approximately half of the planned rapidway network.

The remaining unfunded portions of the rapidway plan are:

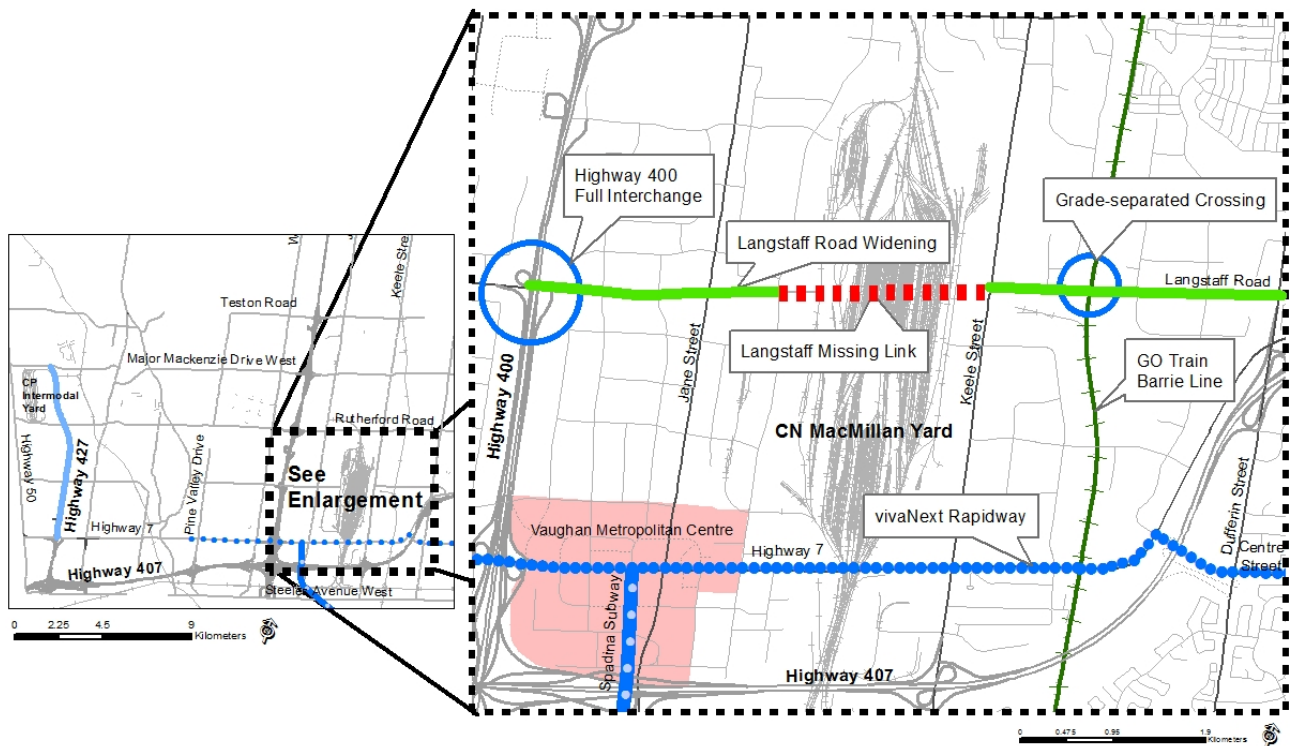
- Yonge Street (19th/Gamble to Savage Street North; Davis Drive to Green Lane);
- Green Lane (Yonge Street to East Gwillimbury GO Station);
- Highway 7 East (Unionville GO Station to Cornell); and
- Highway 7 West (Highway 50 to Helen Street).

Federal and Provincial Funding Opportunity

Regional staff will pursue discussions with the federal and provincial governments on potential funding opportunities for the Langstaff bridge over the CN Macmillan yard

The Langstaff Road Extension project will improve east-west automobile and truck traffic mobility and provide a better connection to Highway 400. The main project components are shown in Figure 1. This will support regional and national economic growth by reducing the economic loss associated with the excess vehicle travel required to bypass the CN MacMillan rail yard. The project will generate positive economic activity by reducing automobile and truck emissions, providing a better link between communities, and increasing productivity through decreased traffic congestion.

Figure 1: Langstaff Road Extension project component map



Link to key Council-approved plans

The new Building Canada Plan supports the “Liveable Cities and Complete Communities” theme areas in *Vision 2051*. The program also supports the “Manage Environmentally Sustainable Growth” priority area in the *2015 to 2019 Strategic Plan*.

5. Financial Implications

The financial implications of these subsidies will depend on their magnitude and timing, and especially on whether any Regional share can be accommodated in the Region’s capital plan without increasing debt.

If the federal and provincial governments provide two thirds funding for the Upper York Sewage Solutions project, the Region would see a commensurate reduction in future development charge (DC) collections, but would also have to

issue less DC-supported debt. If the federal government provided support and the province did not, the effect would be proportionately smaller.

The Transit Optimization Project appears to be financially feasible with two thirds funding from the federal and provincial governments. The remaining one third would consist of elements of the project already in the Ten-Year Capital Plan and possibly some realignment of other projects.

6. Local Municipal Impact

Advancing capital projects through third party funding has a significant benefit to the local municipalities.

7. Conclusion

The report provides background on the New Building Canada Plan and the sub-components most relevant to York Region. Federal and provincial funding for capital projects would enable the Region to undertake important capital projects. In addition, the report provides a short list of projects, namely Upper York Sewage Solutions and Transit Optimization Project, for Council consideration and project nomination to the federal and provincial governments. Finally, the Region will continue to seek funding for the necessary pre-construction activities on the Langstaff bridge, over the CN Macmillan yard. This report also identifies Regional transit projects, namely the Yonge North subway extension and significant bus rapidway enhancements, for which full funding from Metrolinx will be sought.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at Ext. 71644.

The Senior Management Group has reviewed this report.

June 18, 2015

Attachments (2)

Edocs 6136664

Accessible formats or communication supports are available upon request

Summary of Building Canada Plan Components

Building Canada Plan Component	Eligible Project Categories	Cost Sharing Arrangement for Projects in Provinces
National Infrastructure- (merit based)	<ul style="list-style-type: none"> • Highways and major roads • Public transit • Rail infrastructure • Local and regional airports • Port infrastructure • Intelligent transportation systems (ITS) • Disaster mitigation infrastructure 	<p>The maximum federal contribution from all sources will be one-third (33.3 per cent) of the total eligible costs of a project, with the following exceptions:</p>
Provincial Infrastructure (base + per capita allocation to the provinces)	<ul style="list-style-type: none"> • Highways and major roads • Public transit • Drinking water • Wastewater • Solid waste management • Green energy • Innovation (post-secondary infrastructure supporting advanced research and teaching) • Connectivity and broadband • Brownfield redevelopment • Disaster mitigation infrastructure • Local and regional airports • Short-line rail • Short-sea shipping • Northern infrastructure (territories only) 	<ul style="list-style-type: none"> • For all traditionally-procured projects in the highways and major roads category where the asset is provincially-owned, the maximum federal contribution from all sources will be 50 per cent of total eligible costs. • For all traditionally-procured projects in the public transit category, the maximum federal contribution from all sources will be 50 per cent of the total eligible costs. • For all projects where the recipient is from the for-profit private sector, the maximum federal contribution from all sources will be 25 per cent of total eligible costs.
P3 Fund	<ul style="list-style-type: none"> • All projects with eligible costs of over \$100 million must be screened • Economically focused projects that are critical to the support of international trade (including rail infrastructure, port infrastructure, and Intelligent Transportation Systems) • Projects under the innovation category (post-secondary institutions) 	<p>Maximum federal contribution from all sources will be 25 per cent.</p>

Attachment 2

Potential Projects	Description	Total Capital Cost
Upper York Sewage Solutions	Provides additional sewage servicing capacity related to planned growth in East Gwillimbury, Newmarket and Aurora	\$529 million (over ten years)
Transit Optimization Project	Provides road network expansion and intersection optimization, transit service enhancements and route realignment, transit fleet vehicle procurement and active transportation facility implementation	\$514 million (over ten years, early estimates)
404 Mid-block Crossings (incl. north of 16 th Ave., north of Elgin Mills and north of Hwy 7)	Nine crossings. Important for congestion management; improving Region's transit system and providing more road capacity	\$118 million (over ten years)
Incinerator Rehab, Duffin Creek Water Pollution Control Plant	Rehabilitation works needed for the Water Pollution Control Plant in Durham Region.	\$170 million (over ten years)
York Region Transit's Southeast Division's Operations and Maintenance Facility	Supports the conventional service expansion of its transit network to support the Spadina Subway Expansion into York Region, the Metrolinx Regional Express Rail initiative and Toronto's Smart Track.	\$83 million (over ten years)
Jane Street Transit Priority	Environmental assessment and road widening from 4 to 6 lanes.	\$11 million (over ten years)
Langstaff Road Extension (crossing the Macmillan CN rail yard)	Will serve to increase east-west capacity on the Region's arterial road network, accommodate planned growth and help alleviate congestion on parallel corridors (Highway 7 and Rutherford Road)	\$588 million (over twenty years)

Federal and Provincial Capital Funding Opportunities

Presentation to
Committee of the Whole

Bill Hughes

June 18, 2015



Purpose

- To provide an overview of federal and provincial capital funding opportunities
- To identify two potential projects for application to the New Building Canada Fund

The Region has benefited from federal and provincial capital programs

Project	Federal Contribution	Provincial Contribution
Toronto-York Spadina Subway Extension*	\$697 million	\$870 million
Rapidways on Hwy 7, Yonge Steeles, Davis Drive	\$0	\$1.8 billion
Duffin Creek Water Pollution Control Plant	\$29.94 million	\$29.94 million
Operations and Maintenance Storage Facility (Transit)	\$52** million	\$18 million

- This is the total Federal and Provincial contribution. The Region used an additional \$38.53 million in federal gas tax money to fund the extension

** \$57 million less the Federal Gas Tax of \$5.1 million.

The federal and provincial governments both have new infrastructure programs

Provincial	\$ (billions)
Moving Ontario Forward	16 over 10 years
Federal	\$ (billions)
New Building Canada Plan	53.5 over 10 years

New provincial transit funding for GTHA mostly committed

	Provincial Commitment
Moving Ontario Forward	\$16 billion
Go Regional Express Rail	\$13.5 billion
Hurontario LRT	\$1.6 billion
Hamilton Light Rapid Transit	\$0.9 billion

Region will reap major benefits from RER

RER - Barrie Line	RER - Stouffville Line	RER - Richmond Hill Line
With RER = forecasting 442 per cent ridership increase (2014-2029)	With RER = forecasting 217 per cent ridership increase (2014-2029)	With RER = forecasting 18 per cent ridership increase (2014-2029)
RER Service Expansion: <ul style="list-style-type: none"> • Additional 24 Off-peak weekend trips, 20 Off-peak weekday trips and two peak-direction weekday trips • 15-minute electrified service, running on weekdays, evenings and weekends between Aurora and Union Station 	RER Service Expansion: <ul style="list-style-type: none"> • Additional 4 Peak-direction weekday trips, 15 Off-peak weekday trips and 28 Off-peak weekend trips • 15-minute electrified service, running on weekdays, evenings and weekends between Unionville and Union Station 	RER Service Expansion: <ul style="list-style-type: none"> • Additional 4 Peak-direction weekday trips • Peak period, peak direction service on weekdays every 15-30 minutes on the Richmond Hill line
Electrification: Entire Line is electrified – double-tracking to Aurora Additional Stops: Downsview Park & Caledonia (Eglinton Crosstown)	Electrification: Entire Line is electrified – double-tracking to Unionville Additional Stops: TBD - SmartTrack	Electrification: Line will not be electrified Additional Stops: Gormley (2016) & Bloomington (2019) – both already approved

The Yonge North Subway Extension remains the Region's highest unfunded priority

- The environmental assessment was unconditionally approved in 2009.
- The subway extension is expected to cost approximately \$4 billion.
- There were positive signals in the 2015 Ontario Budget:
“Ongoing planning and design work will continue for projects in the Next Wave of the Big Move, including...the Yonge North subway extension.”

More funding is needed for future phases of the Bus Rapidway Program

- Metrolinx is providing full funding for 34.2 kilometres of rapidways, approximately half of the planned future network
- Construction of the currently funded rapidways is expected to be completed by 2020
- Next phase of the rapidway program:

Projects

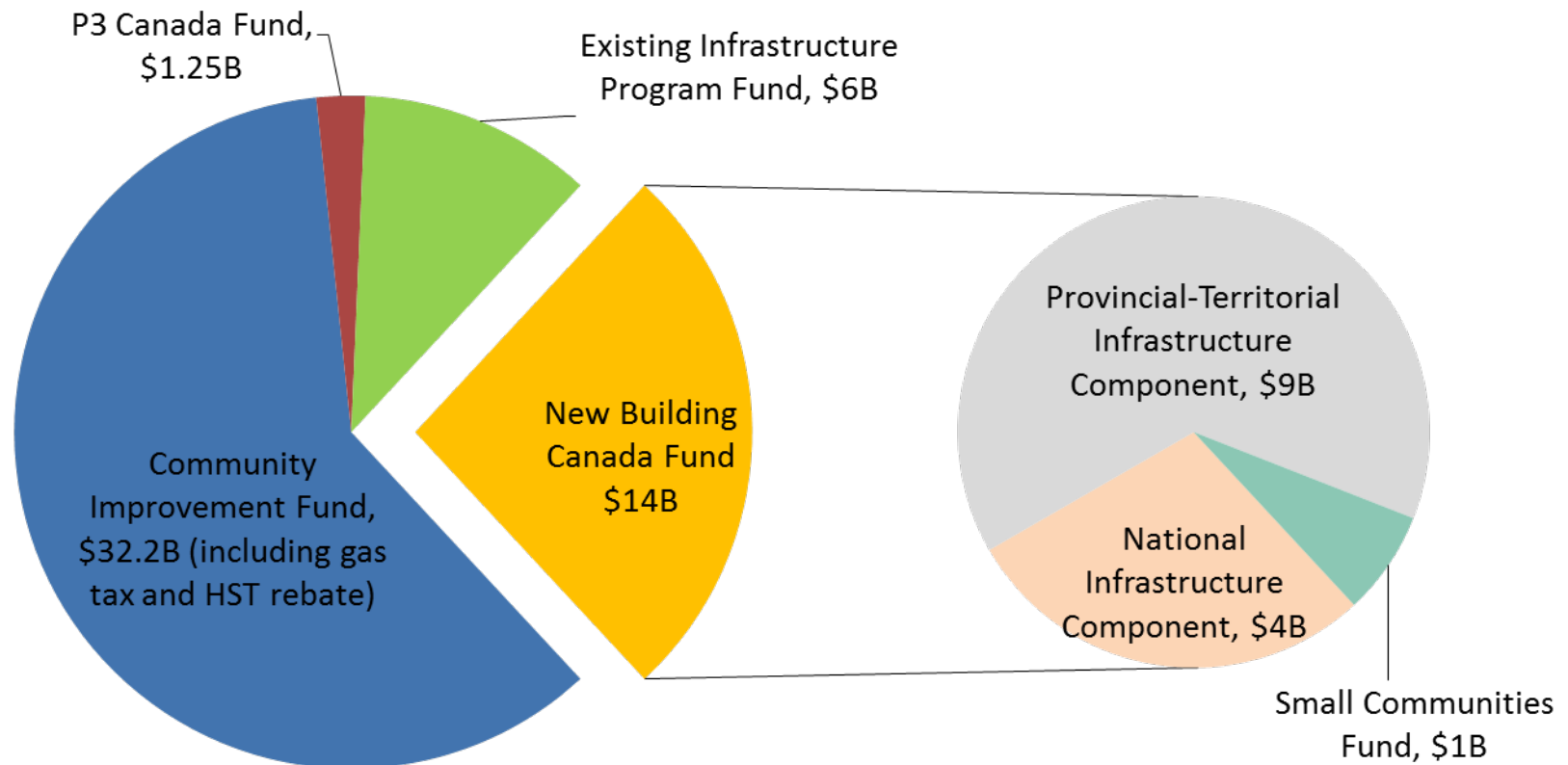
Yonge (19th/Gamble - Savage St. North and Davis Dr. - Green Lane)

Highway 7 East (Unionville GO Station – Cornell)

Highway 7 West (Highway 50 - Helen St.)

Green Lane (Yonge Street - East Gwillimbury GO Station)

New Building Canada Plan is a ten-year, \$53.5 billion program



The Region is eligible for three programs

Provincial-Territorial Infrastructure Component	National Infrastructure Component	P3 Canada Fund
<ul style="list-style-type: none">• Supports infrastructure projects of national, regional and local significance	<ul style="list-style-type: none">• For projects of national significance, with a focus on projects that have broad public benefits, and contribute to long-term economic growth and prosperity	<ul style="list-style-type: none">• For projects developed through public-private partnerships• All Building Canada Fund projects over \$100 million will be required to go through a P3 screen

Potential levels of subsidy are variable

	Maximum Federal Contribution	Special Cases	Provincial Matching
Provincial-Territorial Infrastructure Component	One third	For all traditionally-procured projects in the highways and major roads category where the asset is provincially-owned and the public transit category, the maximum federal contribution from all sources will be 50 per cent of the total eligible costs	One third if province matches
National-Infrastructure Component	One third		The province doesn't usually match
Public-Private Partnerships	25 per cent		The province doesn't usually match

Building Canada roll-out is at an early stage

- Ontario's share of the Provincial-Territorial component of the Building Canada Fund is about \$2.7 billion
- So far Ontario has received funding for two projects: a \$62 million sewage project in Ottawa and \$660 million for the Scarborough subway extension
- Under the \$4 billion National Component, only \$68 million has been announced so far: an airport in Fort McMurray and upgrades to the federally-owned Port of Montreal

Provincial matching is uncertain

- The province has not announced a municipal intake for the New Building Canada projects or indicated whether an intake will be held
- The province is expected to seek Building Canada funding for its own projects, especially for Regional Express Rail
- As a result, provincial matching funding for Provincial-Territorial Component projects may be less available than in the past

The best approach is to submit an application

- Despite the lack of a municipal intake, it is in the Region's interest to make an application for funding
- The best approach is to apply simultaneously to the federal and provincial governments for funding for one or two significant projects

Staff developed project assessment criteria

Objective	Criteria
Compliance with program requirements	<ul style="list-style-type: none"> Meets eligibility criteria Appropriate size Fits time frame
Regional policy priority	<ul style="list-style-type: none"> Critical infrastructure to support growth Critical for asset management Reduces congestion
Fiscally prudent	<ul style="list-style-type: none"> In ten-year capital plan Reduces debt Reduces tax levy and/or rate pressure
Grant maximization	<ul style="list-style-type: none"> Highest combined federal and provincial percentage grant Highest federal percentage grant without provincial funding Highest dollar value of grant

Departments identified potential projects

Projects	Total Cost
Upper York Sewage Solutions	\$529 million over ten years
Transit Optimization Project (RER)	\$514 million over ten years
404 Mid-block Crossings	\$118 million over ten years
York Region Transit's Southeast Division's Operations and Maintenance Facility	\$83 million over ten years
Incinerator Rehab, Duffin Creek Water Pollution Plant	\$170 million over ten years
Jane Street Transit Priority	\$11 million over ten years
Langstaff Road Extension	\$588 million over 20 years

Projects were assessed using the criteria



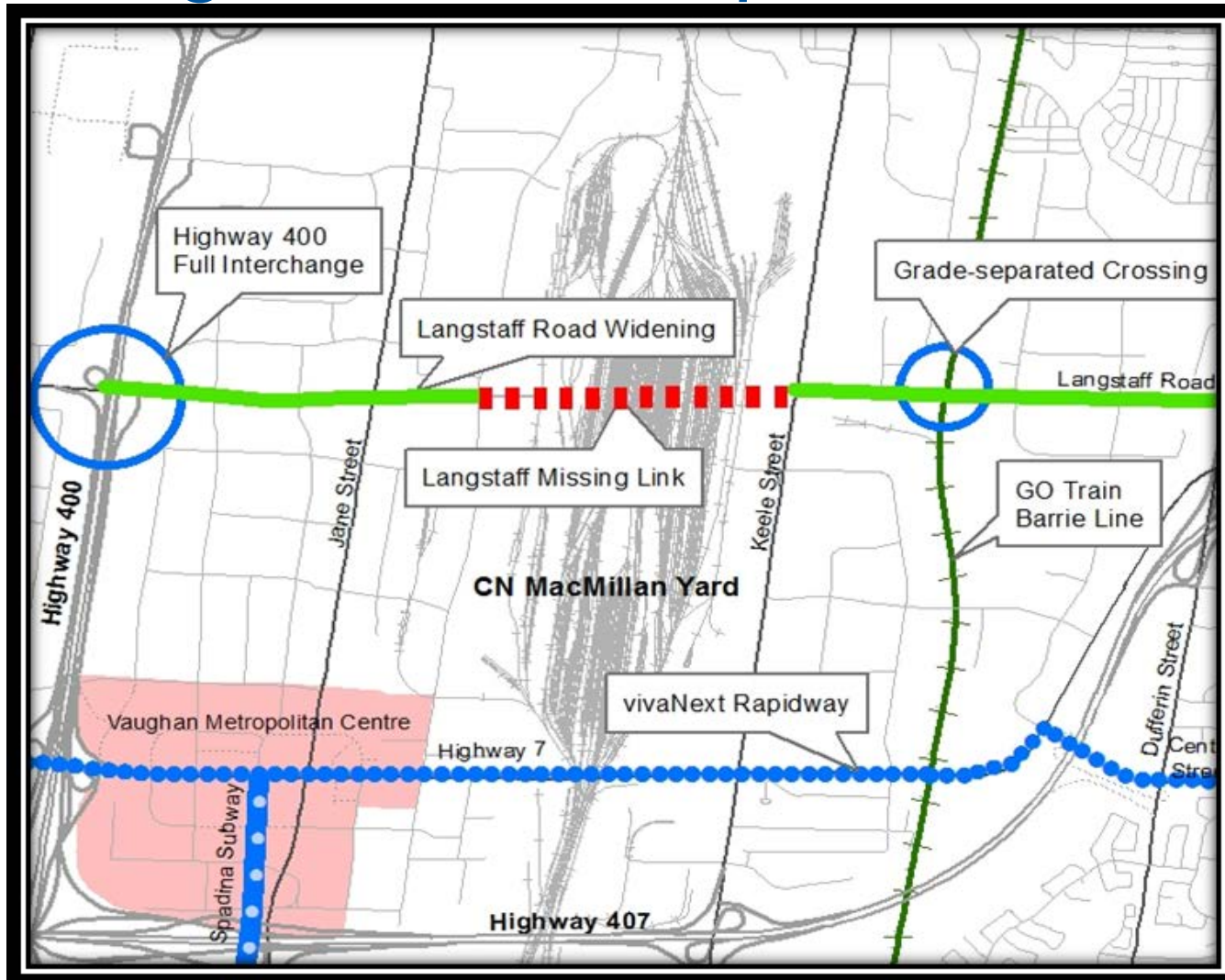
New Building Canada Fund Project Assessment Matrix

Projects	Compliance with Program Requirements			Policy Priority			Fiscally Prudent			Grant Maximization		
	Meets eligibility criteria	Appropriate size	Fits time frame	Critical infrastructure to support growth	Critical for asset management	Reduces congestion	In 10-year capital plan	Reduces debt	Reduces tax levy and/or rate pressure	Highest combined federal and provincial percentage grant	Highest federal percentage grant without provincial funding	Highest dollar value of grant
Upper York Sewage Solutions	●	◐	●	●	◐	○	●	●	○	◐	◐	●
Transit Optimization Project	◐	◐	●	●	◐	●	◐	◐	◐	◐	◐	●
404 Mid-block Crossings	●	◐	●	●	○	●	●	○	◐	○	○	◐
Incinerator Rehabilitation at Duffin Creek	●	●	●	○	◐	○	●	◐	◐	○	○	○
Transit Southeast Maintenance Facility	●	●	●	◐	●	○	●	◐	◐	◐	◐	●
Jane Street Transit Priority	◐	●	●	◐	○	◐	●	○	○	○	○	○
Langstaff Road Crossing	●	◐	●	●	○	●	●	●	◐	◐	◐	●

Two projects recommended for Building Canada application

Project	Project Description
Upper York Sewage Solutions	Additional sewage servicing capacity for planned growth in East Gwillimbury, Newmarket and Aurora.
Transit Optimization Project	Investments to realize the benefits of Regional Express Rail, including road expansion (adjacent to new and existing stations), intersection optimization, transit service improvement, new buses, road/rail grade separations and active transportation investment.

The Langstaff Macmillan Rail Yard Crossing holds future promise



Recommendations

- Seeking Council authorization for:
 - Endorsement of the following projects for an application to the New Building Canada Fund
 - a) Upper York Sewage Solutions
 - b) Transit Optimization Project
 - Staff be directed to submit applications for projects above, seeking a combined two thirds minimum contribution from both levels of the government

Recommendations (cont'd)

- Region continue to seek full funding from Metrolinx for the following projects:
 - a) Preconstruction activities for the Yonge North subway extension
 - b) Construction of the Yonge North subway extension
 - c) Bus rapidways projects, including:
 - Yonge Street (19th/Gamble to Savage Street North; Davis Drive to Green Lane);
 - Green Lane (Yonge Street to East Gwillimbury GO Station);
 - Highway 7 East (Unionville GO Station to Cornell); and
 - Highway 7 West (Highway 50 to Helen Street)

Recommendations (cont'd)

- Staff pursue discussions with the federal and provincial governments on potential funding opportunities for the Langstaff Road bridge over the CN Macmillan yard, including funding for pre-construction activities such as environmental assessments, design, engineering, property acquisition and utility relocation
- The Region only enter into funding agreements with the federal and/or provincial governments for capital projects that are either in the ten year capital plan or that can be added to the capital plan without incurring any additional debt
- This report be circulated to Members of Parliament and Members of Provincial Parliament representing York Region and to the appropriate federal and provincial ministers