

## Report of Mary-Frances Turner, President

# Proposed 2020 Multi-Year Capital Expenditures Budget Report – Regional Capital Program

## Recommendation

1. The Board endorse and advance the 2020 Multi-Year Capital Expenditures Budget of \$89.8 million for the Regional Capital Program to Committee of the Whole for approval in December 2019; and
2. The Board endorse and advance the 2020 Operating Expenditures Budget of \$4.2 million to Committee of the Whole for approval in December 2019

## Summary

The purpose of this report is to seek the Board of Director's endorsement to advance the 2020 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program to Committee of the Whole for approval in December 2019

## Background

**The current funded capital programs for YRRTC is \$3.544 billion**

The 2020 Multi-Year Capital Expenditures Budget for the current funded capital programs (see Table 1) is being brought forward in two parts:

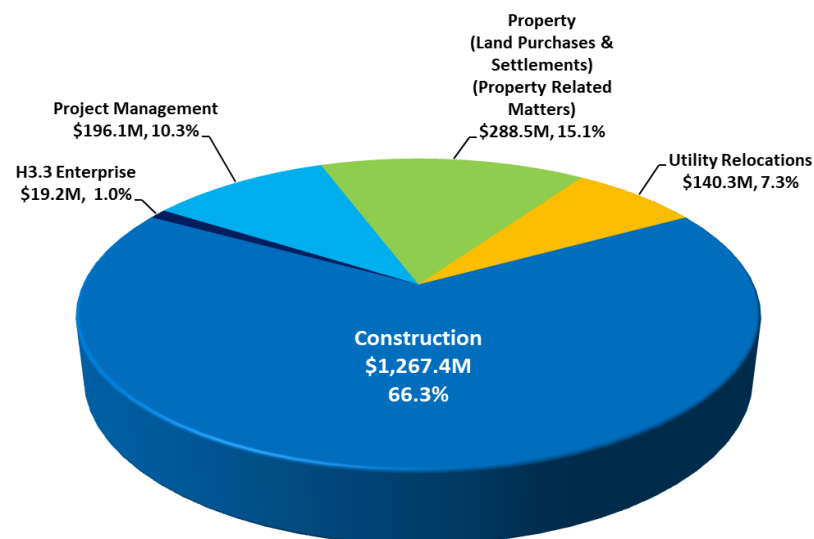
**Table 1: Current Funded Capital Programs – \$3.544 billion**

Current Funded Capital Programs (in \$ Millions)	Metrolinx Capital Program (in \$ Millions)	Regional Capital Program (in \$ Millions)	Total Capital Programs (in \$ Millions)
BRT Rapidways & Stations	\$1,911.5		\$1,911.5
BRT Facilities & Terminals		\$209.2	\$209.2
BRT Rapid Transit Vehicles		\$46.7	\$46.7
Toronto-York Spadina Subway Extension		\$1,329.3	\$1,329.3
Yonge Subway Extension - Conceptual Design		\$4.3	\$4.3
Yonge Subway Extension - Planning & Design		\$36.3	\$36.3
Rapid Transit Initiatives		\$6.2	\$6.2
<b>Total Capital Programs</b>	<b>\$1,911.5</b>	<b>\$1,632.0</b>	<b>\$3,543.5</b>
<b>Total York Region Funded</b>		<b>773.8</b>	<b>773.8</b>
<b>Total York Region Funded %</b>		<b>47%</b>	<b>22%</b>

**Part One** – which is the subject of a separate report, seeks the endorsement of the YRRTC Board as it relates to the 2020 Multi-Year Capital Expenditures Budget, Metrolinx Capital Program which is funded by the Province through Metrolinx

- The current total funding for the Metrolinx Program is \$1.912 billion dollars which includes \$28.9 million for Planning and Design from the QuickWins Contribution Agreement and \$1.883 billion from Metrolinx (including an additional funding of \$127.6 million)
- Upon completion, Metrolinx retains ownership and control over the project assets and York Region operates and maintains these assets, with Metrolinx responsible for the long term rehabilitation and maintenance costs – pursuant to the Metrolinx-York Region Access and Operating Agreement
- Table 2 illustrates the breakdown of the \$1.912 billion by cost:

**Table 2: Metrolinx Capital Program – \$1.912 billion**



**Part Two** – which is the subject of this report, seeks the necessary approvals of Regional Council related to the 2020 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program and is partially funded by York Region

- Out of the Regional Capital Program of \$1.632 billion, York Region’s contribution is approximately \$773.8 million or 47% – driven by the now in-service Toronto-York Spadina Subway Extension (TYSSE), which was an extension of Toronto Transit Commission’s (TTC) Line 1 from Downsview station to Vaughan Metropolitan Centre
- In addition to the TYSSE and Facilities and Terminals work programs, the Regional Capital Program of \$1.632 billion also includes York 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 from York Region’s contribution – funded from the Federal Public Transit Infrastructure Fund (PTIF) Phase I allocation to York Region

- While planning and design work is underway for the YSE and is included in the 2020 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program, funding sources for the full capital construction of the YSE project have not been identified
- Funding sources of approximately \$72.0 million for the next phase of Bus Rapid Transit planning and design work program have not been identified and YRRTC staff continues to work closely with Metrolinx staff to seek funding related to the remaining BRT segments as noted in Attachment 1

## Analysis

The capital expenditures of \$89.8 million reflects the latest construction progress activities in the Regional program

- Table 3 provides the breakdown of the capital expenditures of \$89.8 million – of which \$44.2 million or 49% is in 2020

**Table 3: 2020 Multi-Year Capital Expenditures Budget – \$89.8 million**

Current Funded Capital Programs (in \$ Millions)	Regional Capital Program (in \$ Millions)	Expenditures To-Date (in \$ Millions)	Capital Spending Authority (in \$ Millions)	2020 In-Year Capital Spending Authority (in \$ Millions)
<b>BRT Facilities &amp; Terminals</b>	<b>\$209.2</b>	<b>\$206.5</b>	<b>\$2.7</b>	<b>\$2.6</b>
1. Operations, Maintenance & Storage Facility	\$135.4	\$135.4	\$0.0	\$0.0
2. Cornell Terminal	\$38.4	\$35.8	\$2.6	\$2.5
3. SmartCentres Place Bus Terminal	\$34.8	\$34.7	\$0.1	\$0.1
4. Park 'n' Ride Facilities	\$0.6	\$0.6	\$0.0	\$0.0
<b>BRT Rapid Transit Vehicles</b>	<b>\$46.7</b>	<b>\$46.7</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Toronto-York Spadina Subway Extension</b>	<b>\$1,329.3</b>	<b>\$1,265.9</b>	<b>\$63.4</b>	<b>\$18.7</b>
1. Tunnel & Stations Construction	\$1,274.3	\$1,210.9	\$63.4	\$18.7
2. Viva Concourse	\$14.0	\$14.0	\$0.0	\$0.0
3. Capacity Buy-In	\$30.6	\$30.6	\$0.0	\$0.0
4. Fare Equipment & Other Items	\$10.4	\$10.4	\$0.0	\$0.0
<b>Yonge Subway Extension - Conceptual Design, Planning &amp; Design</b>	<b>\$40.6</b>	<b>\$20.4</b>	<b>\$20.2</b>	<b>\$20.2</b>
<b>Rapid Transit Initiatives</b>	<b>\$6.2</b>	<b>\$2.7</b>	<b>\$3.5</b>	<b>\$2.7</b>
<b>Total Capital Programs</b>	<b>\$1,632.0</b>	<b>\$1,542.2</b>	<b>\$89.8</b>	<b>\$44.2</b>

### \$2.7 million is required to complete the Facilities & Terminals

- \$2.6 million for Cornell Terminal – an 11-bay bus terminal located in the vicinity of Markham-Stouffville Hospital – City of Markham, and projected to be in-service in Q1-2020
- \$0.1 million for SmartCentres Place VMC Terminal – a 9-bay bus terminal located at the new Vaughan Metropolitan Centre Subway Station, and projected to be in-service in Q4-2019

**\$63.4 million is required to close-out the remaining project files for the Line 1 subway extension to Vaughan**

- The Line 1 subway extension is a \$3.184 billion project, of which the Region's contribution is \$604.0 million or 19% of the project costs
  - Line 1 opened in December 2017 – and over the course of 2018 and 2019, the close-out of the project has been underway
  - 40.04% of overall project or \$1.274 billion, was spent on 3 subway stations in York Region – Pioneer Village Station, 407 Station & Vaughan Metropolitan Centre Station
- \$63.4 million is required to close-out the remaining project files – including resolution of the contractor claims and property matters, which is expected to be completed over the next 3 years

**\$20.2 million is required to complete conceptual design, planning and design work for the Yonge Subway Extension (YSE)**

- A total of \$91.3 million – \$55.0 million from Metrolinx and \$36.3 million from York Region's Federal PTIF Phase I funds – is allocated to the preliminary design and engineering work program for the YSE from Finch Ave. to Richmond Hill Centre
- The deliverables of this work program are projected to be completed by Q1-2021 and include, but are not limited to:
  - Advancing overall level of design (to 15%, and up to 30%);
  - Developing project delivery schedule and cost estimates;
  - Business case and economic analysis;
  - Transit Project Amendment Process (TPAP) , if required; and
  - Recommending next steps for the preferred project delivery model

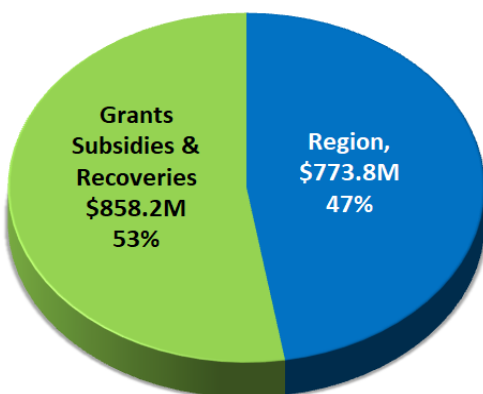
**\$3.5 million is required to complete rapid transit initiatives in Markham Centre**

- Capital expenditures are required for the planning and design of lands at Warden Ave./Enterprise Dr. as well as potential partnership with area land developer to extend the rapid way in Markham Centre

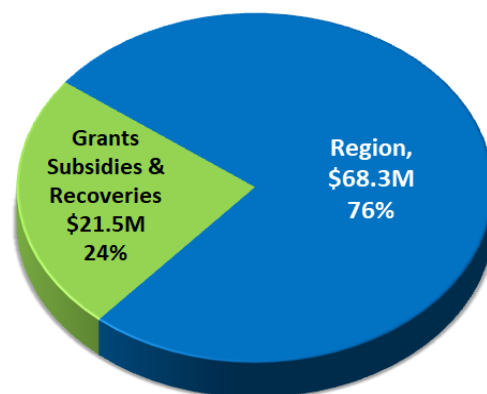
**YRRTC's capital spending authority for 2020 is \$89.8 million**

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

**Overall Regional Capital Program – 1.632B**



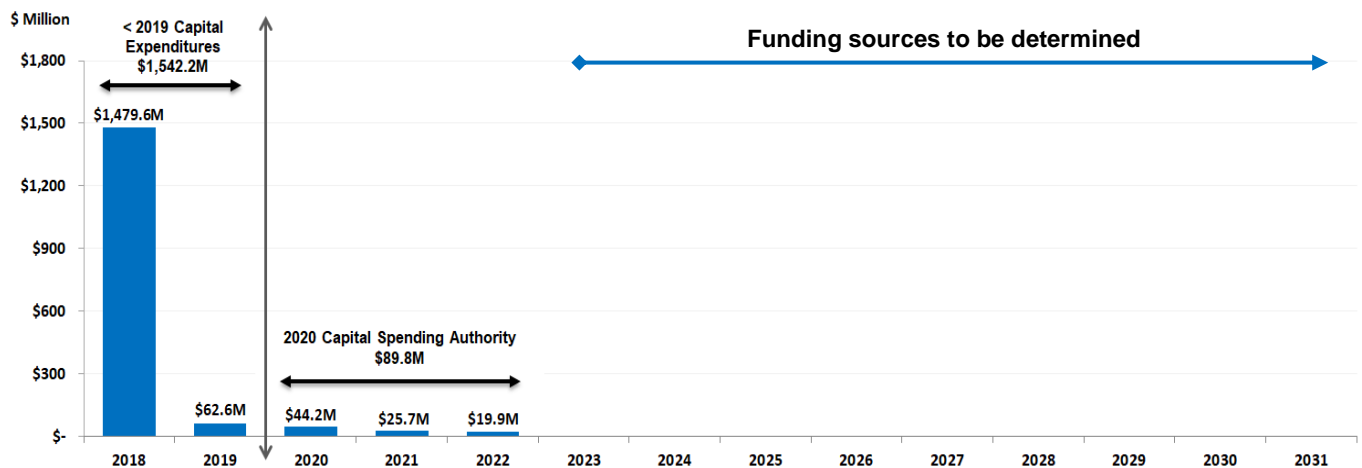
**2020 Capital Spending Authority – \$89.8M**



While the future funding of the rapid transit program is pending, the 10-year capital spending authority will be updated as funding is achieved

- Table 4 provides the breakdown of the capital expenditures of \$89.8 million, of which \$44.2 million or 49% is in 2020
- No funding has been confirmed from 2023-2029

**Table 4: 2020 Multi-Year Capital Expenditures Budget – Cash Flow**



The 2020 operating expenditures budget and outlook is aligned with the Region's Net Fiscal Impact Study

- Table 5 shows the net operating expenditures for 2020 compared to 2019 – \$4.2 million or a decrease of 1.4% year-over-year

**Table 5: 2020 Operating Expenditures Budget – \$4.2 million**

Operating Expenditures (in \$ Millions)	2019 Operating Actual	2020 Operating Budget	2021 Operating Outlook	2022 Operating Outlook
Operating Expenditures	\$32.9	\$27.9	\$17.4	\$8.2
Financing Costs	\$28.5	\$28.4	\$27.5	\$27.0
Program Management Recoveries	(\$30.0)	(\$24.9)	(\$14.3)	(\$3.0)
<b>Operating Expenditures - Net of Program Management Recoveries</b>	<b>\$31.4</b>	<b>\$31.4</b>	<b>\$30.6</b>	<b>\$32.2</b>
Revenues - Development Charges & Federal Gas Tax	(\$27.1)	(\$27.2)	(\$27.2)	(\$26.7)
<b>Net Operating Expenditures - Tax Levy</b>	<b>\$4.3</b>	<b>\$4.2</b>	<b>\$3.4</b>	<b>\$5.5</b>
Year-Over-Year - Increase / (Decrease)	(2.8%)	(1.4%)	(20.4%)	63.2%

The 2020 operating expenditures budget is within the Region's overall direction as to year-over-year tax levy increase

- Table 6 shows the breakdown of the 2020 operating expenditures budget of \$4.2 million

**Table 6: 2020 Operating Expenditures Budget**

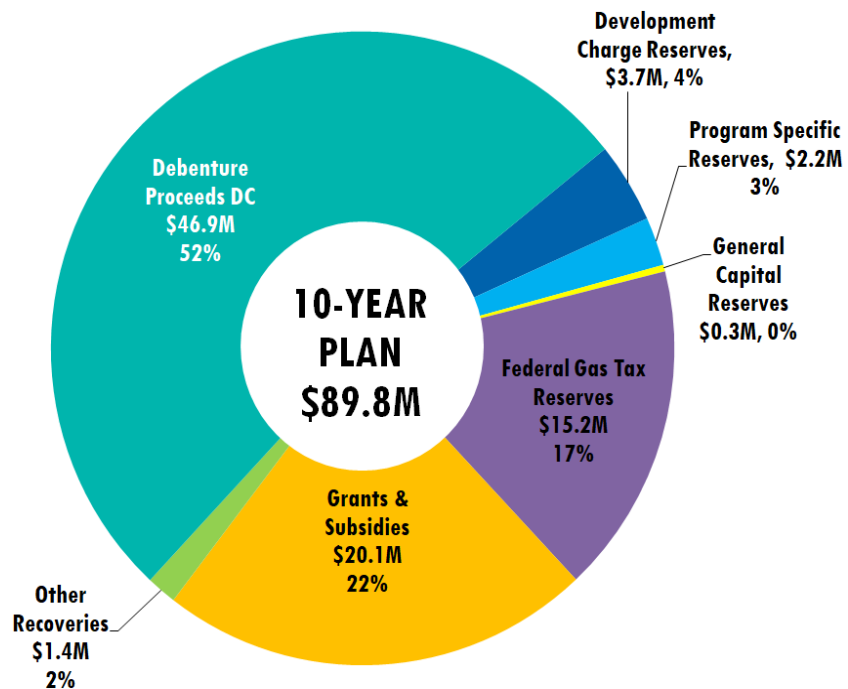
Operating Expenditures (in \$ Millions)	Net Operating Budget (in \$ Millions)		Metrolinx Operating Budget (in \$ Millions)		Regional Operating Budget (in \$ Millions)
YRRTC Direct Staff & Admin. Costs	\$24.1		\$16.8		\$7.3
York Region Dedicated Charges	\$3.8		\$3.8		\$0.0
Financing Costs for Debt Principal & Interest Payments	\$28.4	=	\$0.0	+	\$28.4
Program Management Recoveries	(\$24.9)		(\$20.6)		(\$4.3)
<b>Gross Operating Expenditures</b>	<b>\$31.4</b>		<b>\$0.0</b>		<b>\$31.4</b>
Revenues - Development Charges & Federal Gas Tax	(\$27.2)		\$0.0		(\$27.2)
<b>Net Operating Expenditures - Tax Levy</b>	<b>\$4.2</b>		<b>\$0.0</b>		<b>\$4.2</b>

## Financial Considerations

Funding sources for the capital spending authority of \$89.8 million are consistent with previous years

**Table 7: 2020 Regional Multi-Year Capital Expenditures Budget – Funding Sources**

- Capital Spending Authority – \$89.8M
- York Region Contribution – \$68.3M



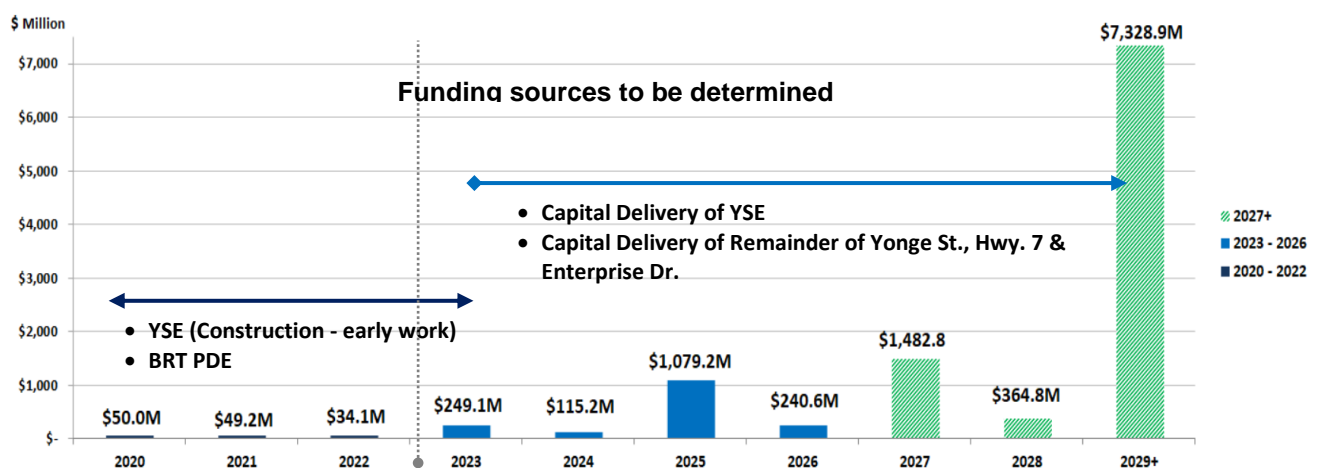
Grants & Subsidies include the Region's contribution of \$36.3M to the YSE planning & design work program of \$91.3M

- 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 Phase I (as per the June 22, 2017 Regional Council report)

## Funding sources of approximately \$11.0 billion for the delivery of future rapid transit projects have not been identified

- In April 2019, the Government of Ontario announced a \$28.5 billion expansion to Ontario's transit network plan of which the province has committed \$11.2 billion. The plan includes the Yonge Subway Extension; however there has been no formal capital funding commitment from the federal government
- YRRTC continues to work with all levels of government to move forward the remaining bus rapid transit and subway projects needed to create a seamless rapid transit network in York Region
- Table 8 shows the annual cash flow requirements over the next 10 years when funding does become available (including staffing)

**Table 8: 2020-2029 Annual Cash Flow Requirements – \$11.0 billion**



### 2020 to 2029+ – \$11.0B

- Yonge Subway Extension, construction (assumption based on the project will be procured under the Design-Build-Finance (DBF) model)
- Remainder of Yonge St. & Hwy. 7 Bus Rapid Transit, planning & design work and construction
- Major Mackenzie Ave./Jane St./Leslie St. Bus Rapid Transit, environmental assessment, planning & design work and construction

## Conclusion

- The purpose of this report is to seek the Board's endorsement to advance the 2020 Multi-Year Capital and Operating Expenditures Budget, Regional Capital Program to Committee of the Whole for approval in December 2019

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

Accessible formats or communication supports are available upon request.

Recommended by:

Mary-Frances Turner  
President, YRRTC

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