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REGIONAL POLICY
FUNDING COLLECTOR ROAD CROSSINGS OF 400-SERIES HIGHWAYS

(Regional Council at its meeting on September 21, 2006 was amended by referring the issue of operating costs to a future meeting of the Committee)

The Transportation and Works Committee recommends the adoption of the recommendations contained in the following report, August 31, 2006, from the Commissioner of Transportation and Works and the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council adopt the policy, procedures, and criteria for Regional funding contributions towards local municipal collector road crossings of 400-series highways, as endorsed in draft form in the February 16, 2006 Council Report titled "Regional Policy Funding Collector Road Crossings of 400-Series Highways".
2. The Regional Clerk forward a copy of this report to the Clerks of the local municipalities for information.

2. PURPOSE

The purpose of this report is to recommend that Committee and Regional Council adopt a policy for Funding Collector Road Crossings of 400-Series Highways (*see Attachment 1*).

3. BACKGROUND

In February 2006, Committee and Regional Council received a Draft Funding Policy for Collector Road Crossings of 400-Series Highways. Copies of the report (*see Attachment 2*) were forwarded to local municipalities for comment.

Upon receipt of comments from the local municipalities, staff was directed to finalize the policy and report back to Committee and Regional Council with recommendations for formal adoption of the Funding Collector Road Crossings of 400-Series Highway Policy.

3.1 Summary of Proposed Policy

The Regional Official Plan contains a number of policies (Sections 5.2.7d, 6.1.15) to encourage the planning and implementation of continuous mid-concession block collector roads. Currently, the Regional arterial roads in the vicinity of the 400-series

highways are experiencing considerable traffic congestion. The costs and timing of widening existing Regional road crossings are not favourable to providing relief in the short term.

The issue of continuous local municipal collector roads was presented to Regional Council in May 2003, as it particularly related to the cost of providing collector road crossings of the 400-series highways. In that report, a dozen potential collector road crossings were noted, which, when built, would substantially improve the performance of the overall road network and the provision of transit services.

Jurisdictional responsibility for the construction and ongoing maintenance for these mid-block collector highway crossings is a local municipal responsibility. These highway crossings provide direct tangible benefits to York Region, such as:

- Provision of additional transportation capacity to relieve expansion pressures on nearby Regional arterial roads.
- Complementary to Regional transit investments.
- Support of the Region's intensification goals.

It is therefore appropriate to consider Regional contribution to these projects.

In this regard, funding for one third of the capital cost of these highway crossings were conditionally included in the 2003 Regional Development Charge (DC) By-law. There are nine projects identified in the DC By-law, five of which are in the approved 2006 - 10 Year Capital Program. Table 1 identifies the status of the five projects while *Attachment 1* shows their location.

Table 1
Project Status Table

Project	Municipality	Project Status	Estimated Cost
1 Hwy 400 Crossing at Portage Parkway (formerly Applewood Cres.)	City of Vaughan	<ul style="list-style-type: none"> • Contract tendered March 2005 • Construction on hold • Awaiting MTO approvals • Expect construction cost increases 	\$14M
2 Hwy 407 Crossing at Rodick Road (between Woodbine Ave and Warden Ave)	Town of Markham	<ul style="list-style-type: none"> • Project currently under construction • Approval negotiations underway with MTO and TRCA • Agreement negotiations underway with Hwy 407 ETR 	\$9.M

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3	Hwy 407 Crossing at Birchmount Road (between Warden Avenue and Kennedy Road)	Town of Markham	<ul style="list-style-type: none"> • Hwy structure complete - built with 407/ETR (1998) • Detailed design complete • Property acquisition, agency approvals and utility relocations awaiting Town Council approval to proceed • Expected tender 2007 with 2-year construction window 	\$11.M
4	Hwy 404 North of Hwy 7 (Bayview, northeast Business Park)	Town of Markham And Town of Richmond Hill	<ul style="list-style-type: none"> • Environmental Assessment completed. • Design consultants procurement underway • Expect project tender in 2007-2008 	\$13.M
5	Hwy 404 North of Major Mackenzie Drive (North Leslie Secondary Plan)	Town of Markham And Town of Richmond Hill	<ul style="list-style-type: none"> • Project not yet started • Environmental Assessment to commence 2006/2007. 	\$8.M

Note: Ministry of Transportation (MTO)

At the present time, two of these projects (Applewood Crescent/Portage Parkway at Highway 400 and Rodick Road at Highway 407) are under construction and requests have been received from the local municipalities for the Region's one-third contribution to the costs of these projects. These two projects, in addition to Highway 407 and Birchmount Road have met the conditions noted in the DC By-law (that the local municipality adopt an Official Plan Amendment which includes the crossing(s) and adds the infrastructure cost to its DC By-law). As a result, Regional development charges for these three crossings became effective on January 30, 2006.

The draft policy, as endorsed by Regional Council, provided a clear and transparent formula for capital budget planning purposes for these collector road crossing projects. In the February report, staff recommended and received direction in three areas; the project limits of the funding, the eligible versus non-eligible components for funding, and a procedural mechanism so that the local municipalities notify the Region when the requirements of the contingent DC by-law have been met.

The funding policy, endorsed by Regional Council in February 2006, included York Region contributing to one-third of the cost of the bridge, plus the road works to a point

at which a local municipal road either exists, or is planned as part of a plan of subdivision.

4. ANALYSIS AND OPTIONS

4.1 Comments from Local Municipalities

On February 20, 2006, following Regional Council endorsement of this draft policy, copies of the report was forwarded to the local municipalities for formal comments by May 31, 2006.

To date, we have received comments back from both the City of Vaughan and Town of Richmond Hill Councils as well as from Town of Markham staff, the municipalities where all of the currently envisioned crossings are located. Although all three municipalities are in general agreement with the principles of the policy, there were some additional recommendations that the Region is being requested to include in the final policy document. Specifically, the municipalities were in agreement with the project limits of funding but believed additional items should be considered eligible for Regional funding contribution over and beyond what was identified in our draft policy (see Table 2).

Table 2
Eligible versus Non-Eligible Project Costs
(as recommended to Regional Council – February 2006)

Project Cost Items	Eligible	Non Eligible
<u>Engineering Fees</u>		
• Environmental Assessment	✓	
• Detail design/contract preparation	✓	
• Construction admin/inspection/testing	✓	
<u>Construction</u>		
Road works		
• Curb/granulars/asphalt	✓	
• Storm sewers	✓	
• Sidewalk		✓
• Local municipal watermain/sanitary sewer services		✓
• Signage		✓
Structural Work		
• Standard highway, railway, water crossing	✓	

Electrical		
• Illumination		✓
• Traffic signals		✓
Streetscaping		✓
<u>Other</u>		
• Maintenance agreements – 407, MTO		✓
• Legal agreements		✓
• Utilities relocations	✓	
• Property	✓	

A summary of the recommendations from the local municipalities are as follows:

- York Region be requested to include provision for their financial participation and to become an equal partner to an agreement with MTO and/or the 407 group for the rehabilitation and replacement of the mid-block collector road crossing of the Highway 404 up to one third of the cost (Town of Richmond Hill, City of Vaughan).
- The participating funding partners including the Region forward their share of the proposed funding in advance of the construction to the municipal partner which becomes the project manager (Town of Richmond Hill).
- Illumination and traffic signals be equally shared amongst the funding partners (Town of Richmond Hill).

4.2 Review of Local Municipal Requests

4.2.1 Financial participation for Rehabilitation / Replacement

Jurisdictional responsibility for these collector roads remains that of the local municipality. The intent as presented to Committee and Regional Council in February was that York Region would contribute to the initial construction costs to complete these critical road links that would have a direct benefit to the adjacent arterial roads. Funding was conditionally included in the 2003 Regional Development Charge By-law for one third of the capital cost of these overpasses / underpasses. Allocation for the long term maintenance and replacement costs were not considered in the approved DC by-law because they are not eligible for funding from Development Charges (must be funded from tax levy) and therefore, are not funded.

The maintenance/replacement costs that are being asked to be cost shared by York Region include the ongoing rehabilitation, as well as the long-term replacement costs. It is expected that this will include full bridge replacement at the end of its useful life (estimated 75 years), repair/rehabilitation at regular intervals (estimated 15-25 years), and any wearing surface work that is required to maintain the integrity of the road surface.

It is anticipated that the inclusion of these additional maintenance/replacement costs, when converted to a net present value (NPV), would result in an annual funding

requirement of approximately \$600,000 per year for all nine structures in the current DC By-law.

There were two key criteria that were used during the development of this policy to determine which project items were deemed eligible versus non-eligible items for Regional contribution. These criteria, endorsed by Regional Council, were as follows:

1. Whether the specific item is normally a local municipal cost item
2. If the Region would have to pay for similar items on adjacent Regional arterial roads if the crossing was not being constructed.

Regional funding participation is predicated on deferring expansion of adjacent Regional roads by a few years. The ongoing maintenance obligation would become onerous and skew responsibility/accountability. Therefore, it is recommended that this request not be included in the final policy.

Recent conversations between York Region and other municipal staff appear to indicate that the MTO has not been consistent in their request for long term maintenance funding on these crossings. Town of Richmond Hill and City of Vaughan staff have indicated that the Ministry staff are requesting a long term maintenance/agreement that includes replacement costs.

In other jurisdictions, draft agreements being finalized are proceeding on the basis of the local municipality being responsible for only the replacement of the wearing surface (i.e. asphalt) over the structure, while the Ministry continues to assume bridge structure replacement/maintenance costs.

York staff will continue to coordinate with other municipalities on this issue to ensure a consistent approach is used.

4.2.2 Forwarding Funds in Advance of Construction

On many York Region capital infrastructure projects, our local municipalities request the inclusion of watermains, sewers and sidewalks (i.e. items within their jurisdiction) be included in our contract. The value of works that are included by the local municipality in a York Region contract is often times very similar in scale to York Region's proposed average \$3.3M contribution to the crossings. It has been York Region practice to secure a Council resolution from the local municipality of its commitment to fund the works once they are completed. It is staffs' recommendation that the same process be applied for York Region's contribution to the local municipal projects. The benefit of this funding partnership to York Region only occurs when the local road link is completed and is open to traffic. Although it may be possible to implement a system whereby York Region is asked to pay its portion on the construction costs as they occur by being invoiced monthly, we believe this would be difficult to administer by the local municipality and would be equally challenging and onerous for York Region staff to verify exact quantities of eligible tender items attributable to Regional funding. Therefore, it is suggested that York Region wait for the substantial completion of the project and once invoiced by the

local municipality, forward payment as appropriate. However, as preconstruction phases of project work are completed (i.e. environmental assessment, engineering design, property acquisition, etc.) interim payments covering York Region's funding contribution for each completed phase can be made.

4.2.3 Illumination and Traffic Signals

The jurisdiction of illumination and traffic signals along collector roads has been the sole responsibility of the local municipality. The only exception to this is at an intersection of Regional and a local municipal road, York Region takes responsibility for the signals and illumination. The local municipal resolution indicates *"that given that illumination and traffic signals are considered part of the overall project and are necessary for the road to function safely, the Region be requested to amend the policy so that illumination and traffic signals are equally shared amongst the funding partners"*.

Although it is agreed that both illumination and traffic signals are critical to a safe road crossing project, the fact remains that the location of the new signals and illumination will occur in areas that are a local municipal jurisdiction and therefore the costs of these items shall not be included in what is deemed eligible for York Region's contribution. If however, modifications are required to signals and illumination at the intersections of the local collector road and the Regional arterial road, staff feel it is appropriate for York Region to pay for its portion as part of the overall project costs.

5. FINANCIAL IMPLICATIONS

Based on the approval by Regional Council for funding support for highway crossings, the Region's DC By-law includes \$31.1M, which represents a one-third share of the cost of these nine projects. Our preliminary estimate of the value of the work that will constitute York Region's contribution for all the projects is approximately \$27 to \$30M, which, given the very preliminary nature of most of the estimates, is consistent with the amount currently included in the DC By-law. The Region's contribution for projects identified in the approved 2006 - 10 Year Capital Plan is approximately \$17 to \$20M. This money has been budgeted in the capital program and is currently funded at a rate of 76.5% DC, 23.5% tax levy.

The local municipal resolutions that have been forwarded to York Region staff for consideration would have an additional financial implication of approximately \$600,000 per year for annual maintenance and replacement costs for all nine structures in the current DC By-law.

The recommendations to not affect the requested changes to our proposed policy would therefore have no additional financial implications those identified in the draft policy report endorsed in February 2006.

6. LOCAL MUNICIPAL IMPACT

The local municipalities recognize the benefits of continuous collector roads and support the Region's proposal for financial contribution for new municipal 400-series highway crossings. To date, two mid-block crossings are under construction (Rodick Road at Highway 407 in Markham and Portage Parkway at Highway 400 in Vaughan). Another crossing is slated to start next year in Markham (Birchmount Road at Highway 407) and one has Environmental Assessment approval (Highway 404 crossing north of Highway 7, Towns of Richmond Hill and Markham) and is scheduled for construction in 2007. It should be noted that correspondence has been received from Town of Richmond Hill staff that indicates that the Town will await the outcome of this report before deciding how to proceed with the Highway 404 crossing project north of Highway 7 in partnership with the Town of Markham and York Region. It is unclear whether this alone would cause the project to fail so there are obvious economic development advantages to it proceeding.

There is a compelling need from the local municipal standpoint to obtain the Region's funding commitment as soon as possible.

The recommended policy as detailed in this report defines the process to determine the extent of Regional funding applicable in each municipality based on fair and rational criteria. The policy will assist local municipalities and the Region in budgeting for additional future collector road crossings of 400-series highways.

7. CONCLUSION

Regional funding of municipal collector road crossings of 400-series highways directly benefits the Region in terms of transit and provides some traffic relief on nearby Regional roads. The funding policy that is recommended will cover the bridge structure and associated works to a point where the roadway matches an existing or planned municipal road on each side of the 400-series highway. Two projects are currently under construction and the approval of this policy and the enactment of the contingency DC By-law will allow the Region to contribute to these critical components of our integrated transportation network in partnership with the local municipalities. A draft funding policy was endorsed by Regional Council in February 2006 and circulated to the local municipalities for formal comments. York Region has now received comments back from some municipalities and is seeking Council adoption of the final "Funding Collector Road Crossings of 400-Series Highways" policy.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause are attached to this report.)