

**THE REGIONAL MUNICIPALITY OF YORK**

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**REPORT NO. 7 OF THE  
COMMISSIONER OF FINANCE**

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**For Consideration by  
The Council of The Regional Municipality of York  
on June 25, 2009**

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INFRASTRUCTURE STIMULUS FUND APPROVAL/DELEGATED AUTHORITY FOR  
TRANSIT FUNDING AGREEMENTS**

**1. RECOMMENDATIONS**

It is recommended that:

1. Council approve an amendment to the 2009 Capital Budget to reflect the Infrastructure Stimulus Fund announcement of \$79,035,000 in additional projects and \$52,689,996 in federal and provincial funding as outlined in Table 1 of this report.
2. Council approve an amendment to the 2009 Capital Budget to reflect the Regional funding for the announced projects as detailed in Table 3 of this report.
3. Council authorize the issuance of Requests for Proposal for design/build proposals where necessary and delegate authority to the Chief Administrative Officer to award the contracts to winning proponents, in order to fast track construction of the stimulus funded projects (subject to acceptance within the program guidelines).
4. Council authorize the Chief Administrative Officer to approve new staffing where necessary for the duration of this program and provide a report to the Finance & Administration Committee in the fall of 2009.
5. Council delegate authority to the Chief Administrative Officer to extend existing contracts as necessary to meet the time deadlines of the program.

6. The Regional Chair and Clerk be authorized to: (i) enter into any contribution agreements required under the Infrastructure Stimulus Fund Program, and (ii) enter into any contribution agreements with the Federal and Provincial governments to secure the balance of the Move Ontario 2020 Quick Wins funding, the \$255 million FLOW/Provincial funding, and the \$14.6 million Provincial funding.

## 2. PURPOSE

The purpose of this report is to seek Council approval to amend the 2009 Capital Budget to reflect recent announcements under the Infrastructure Stimulus Fund and to approve the associated Regional source of funding for those projects. The report also requests the authority to enter into contribution agreements for previously announced provincial and federal funding.

## 3. BACKGROUND

### **Eligible projects were submitted under the Infrastructure Stimulus Fund by the deadline May 1, 2009**

On April 15, 2009, the details of the federal Infrastructure Stimulus Fund were provided to municipalities. The program required the submission of applications for the funding program to be filed no later than May 1, 2009.

On April 23, 2009, Council approved the application to the Infrastructure Stimulus Fund program and the advancing of project funding identified within the 2009-2018 Capital budget to meet the Region's financial contribution commitment for any project that received approval under the program. Staff had identified candidate projects and these projects were reviewed thoroughly to ensure the criteria set out in the guidelines were met. Applications for all eligible projects were submitted by May 1, 2009.

### **Infrastructure Stimulus Fund announcement of \$52.7 million in incremental funding from Federal and Provincial governments**

On June 12, 2009, Infrastructure Canada announced the approved projects and the Region will receive \$26.35 million from each of the Federal and Provincial government to fund the projects. As part of the program the Region is required to also advance funding of \$26.35 million which represents one-third of the total project costs.

#### 4. ANALYSIS AND OPTIONS

##### 4.1 Infrastructure Stimulus Fund

###### **Approved projects must be substantially completed by March 31, 2011**

Table 1 lists the approved projects and their associated funding to be received from the Infrastructure Stimulus Fund. The Region will be responsible for one-third of the project costs. All projects are required to materially end construction prior to March 31, 2011. Should this condition of funding not be met, Infrastructure Canada has the right to cancel funding in whole or in part, and further, Infrastructure Canada has the right to be repaid any funding advanced, in whole or in part, for any project that is not completed by the end of the program.

**Table 1**  
**\$000's**

<b>Project</b>	<b>Total Project Cost</b>
EMS Central Support Facility and Health Connection/Contact Centre	22,000
Richmond Hill Community Environmental Centre	9,750
Garfield Wright Material Recovery Facility Upgrades	7,600
Georgina Water Treatment Plant Upgrade	7,200
Gamble Road from Bathurst St. to Yonge St.	3,700
Rehabilitation of Concrete Bus Stops	2,900
Rehabilitation of Bus Loops	2,000
Water & Wastewater - Instrumentation and Control Replacement	1,100
Various Road Resurfacing Projects (9)	22,785
<b>Total</b>	<b>79,035</b>

###### **Additional resources for delivery of the projects within the time limits will be required**

The Infrastructure Stimulus Fund projects are incremental to the large number of projects already underway within the capital program. In most instances existing resources cannot meet all of the project delivery requirements within the compressed program timelines. It is proposed that additional resources be obtained either through consulting services or through the hiring of staff for the duration of the individual projects to meet critical project delivery and management needs.

Any additional staffing will be for the term of the projects and will not constitute permanent full time positions. Since staff costs are not eligible for funding under program guidelines every effort will be made to provide these resources through contracted services.

#### Water, Wastewater and Solid Waste

To realize the full potential for funding offered through the stimulus package, four resources are required for project management and coordination to successfully implement these projects by the stringent construction deadline of March 31, 2011. Key factors to implementing these projects depend on expedient approvals from local municipalities, conservation authorities, and Ministry of the Environment. Staff are currently preparing detailed implementation plans and meeting with approval agencies to ensure delivery of these capital projects within the required time frame.

It is proposed that existing suppliers of record for equipment as well as design/build implementation strategies may be required to accelerate the procurement process where necessary.

#### Roads and Transit

The Gamble Road project will require an addition to the existing consulting contracts to recognize the acceleration of this phase of the project. It is requested that the CAO be delegated authority to approve these changes if required.

Pavement rehabilitation and transit loop rehabilitation projects will be outsourced for program management, however one internal Design Technician is required to assist the outsourced Program Management (one year duration). As well one existing resurfacing contract position will be extended for one of the resurfacing projects by extending the existing bid unit prices.

Two additional staff positions will be required to undertake design, specifications and contract administration for the transit pad installations.

#### Property Services

Project management services will be handled with internal staff, with a possibility of hiring additional staff or consultants to streamline the process and fast track the project delivery.

The EMS Central Support Facility can only be delivered in time through a design-build process. It is recommended that Council authorize the issuance of a Request for Proposal for design build and delegate authority to the CAO to award the contract to the winning proponent, in order to fast track the construction of the project.

#### Administration

The full details of project reporting are not known at this time but, based on past experience, it is very likely that significant reporting will be required and a temporary resource may be required. Further, it is anticipated that additional legal services will be required related to contract management and procurement.

It is recommended that Council authorize the Chief Administrative Office to approve new staffing where necessary for this program and report on this to the Finance & Administration Committee in the fall of 2009.

## **4.2 Rapid Transit Funding Agreements**

### **Authorization is also required to execute Federal/Provincial funding agreements for rapid transit projects**

On June 21, 2008, a funding update report was presented to the Rapid Transit Public/Private Partnership Steering Committee. Since that time, York Region Rapid Transit Corporation (YRRTC) has moved forward with senior levels of government to finalize the alignment of capital projects under each respective funding announcement.

### **The \$14.6 million contribution agreement with the Province is ready for execution**

The March 23, 2006 Provincial budget included \$7.3 million in support of Viva Phase 2 environmental assessment work and design to fund up to 50% of the costs. On September 14, 2006, Council authorized funding for Phase 2 segment Y1 (Yonge Street – Steeles to Richmond Hill Centre) and a southern Operations and Maintenance facility to be funded as part of the \$14.6 million Provincial and Regional funding commitment. At the time the June 21, 2008 report was written, the Province was prepared to fund 50% of costs incurred from April 1, 2005 to March 31, 2007, to a maximum of \$7.3 million, for preliminary engineering and environmental assessment work.

For this period, incurred costs amounted to \$9.9 million rather than the full \$14.6 million. Through negotiations with the Ministry of Transportation Ontario, the York Region Rapid Transit Corporation has been successful in having the dates extended to include expenditures to March 31, 2008. We are now in a position to recover the full 50% Provincial share for \$14.6 million in total expenditures. The contribution agreement with the Province has been reviewed by Legal Services and is ready for execution.

### **YRRTC is ready to finalize projects to be funded under the \$255 Million FLOW/Provincial Announcement**

In December 2006, the York Region Rapid Transit Corporation submitted a detailed funding application under the Canadian Strategic Infrastructure Fund for preliminary engineering and construction of the Yonge Street Bus Rapid Transit solution from Steeles Avenue to the Richmond Hill Centre, and the Southern Operations and Maintenance Facility. Funding was also requested for construction of the Cornell Terminal and acquisition of related buses and preliminary engineering for Markham Centre Civic Mall. On March 6, 2007, the FLOW announcement agreed to fund \$85 million from the Federal government with matching \$85 million contributions from the Provincial government and York Region.

In light of the inclusion of the Yonge Street subway extension to Richmond Hill Centre/Langstaff Urban Growth Centre in the Metrolinx “Big Move” plan, YRRTC had held back on finalizing the project components to move forward with under FLOW. Now that the provincial \$1.4 billion has been announced, staff, working with Metrolinx, the Ministry of Transportation Ontario, and Transport Canada, are ready to finalize the projects to be funded through the \$255 million FLOW/Provincial Announcement.

The arrangements consist of 50/50 funding for Cornell Terminal, Buses and the O&M facility between the Region of York and the Federal Government, and a 100% contribution from the Province for activities related to Centre Street. Each of the Federal and Provincial contributions are capped at \$85 million.

**\$67.6 million QuickWins funding has been received and the Region must enter into a contribution agreement for the remaining \$38 million of the total \$105.6 million QuickWins announcement**

In 2008, the Region received \$67.6 million from the Metrolinx Quick Wins announcement. Working with Metrolinx and the Ministry of Transportation Ontario, YRRTC staff have identified the project components to be funded through the contribution agreement. The contribution agreement covers expenditures that occur after March 25, 2008, and is also prescriptive on expenditure eligibility. The recommended project components to be associated with the \$38 million contribution agreement have been identified and will be included in the contribution agreement.

## **5. FINANCIAL IMPLICATIONS**

The funding of projects through the Infrastructure Stimulus Fund program will reduce the overall Regional funding requirement for these projects by two-thirds but will require advancing of \$26,345,004 which represents one third of the total project costs.

Some costs (eg. staff costs, overhead costs, land acquisition, financing charges, legal fees) are ineligible based on the program guidelines. These costs will not be fully avoidable and will remain as regional costs beyond its one third share. A further report will be brought forward as these costs are better defined.

The advancing of these projects will accelerate the operating costs from those timeframes shown within the operating budget. This will primarily impact the 2011 and 2012 budgets.

### **Regional funding required supporting one third of the project**

Table 2 illustrates funding for each of the projects as currently reflected in the future years of the capital budget.

**Table 2**  
**Current Regional Sources of Funding**  
**\$000's**

<b>Project</b>	<b>Total Regional Funding</b>	<b>DC's</b>	<b>Tax Levy</b>	<b>User Rate</b>	<b>Debt</b>
EMS Central Support Facility etc.	7,333				7,333
Richmond Hill CEC	3,250				3,250
Garfield Wright MRF Upgrades	2,533				2,533
Georgina Water Treatment Plant Upgrade	2,400	2,280		120	
Gamble Road from Bathurst St. to Yonge St.	1,233	1,085	148		
Rehabilitation of Concrete Bus Stops	967		967		
Rehabilitation of Bus Loops	\$667		667		
Water & Wastewater - Instrumentation and Control Replacement	\$367			367	
Various Road Resurfacing Projects (9)	7,595		7,595		
<b>Total</b>	<b>26,345</b>	<b>3,365</b>	<b>9,376</b>	<b>487</b>	<b>13,117</b>

Staff propose that the funding sources that are identified in future years be advanced to meet the Region's funding share and the future capital budget be reduced accordingly to reflect the advancing of these projects.

It is recommended that the debt financing and contribution from tax levy be eliminated for all projects except the road resurfacing projects by reallocating funds from the Capital Reserve Fund. The source of these funds is primarily from the 2008 surplus allocation. This funding recommendation eliminates future debt repayment costs and fully funds the projects without further regional funding being required. The resurfacing projects will also be temporarily funded through the Capital Reserve Fund but will be repaid in the years the works were originally budgeted. The recommended Regional funding is shown in Table 3.

**Table 3**  
**Recommended Regional Funding Sources**  
**\$000's**

Project	Total Regional Funding	D.C.'s	Tax Levy to be advanced from 2011	User Rate	Reallocation of 2008 Surplus
EMS Central Support Facility	7,333				7,333
Richmond Hill CEC	3,250				3,250
Garfield Wright MRF Upgrades	2,533				2,533
Georgina Water Treatment Plant Upgrade	2,400	2,280		120	
Gamble Road from Bathurst St. to Yonge St.	1,233	1,085			148
Rehabilitation of Concrete Bus Stops	967				967
Rehabilitation of Bus Loops	667				667
Water & Wastewater - Instrumentation and Control Replacement	367			367	
Various Road Resurfacing Projects (9)	7,595		7,595		
<b>Total</b>	<b>26,345</b>	<b>3,365</b>	<b>7,595</b>	<b>487</b>	<b>14,898</b>

## 6. LOCAL MUNICIPAL IMPACT

This Infrastructure Stimulus Funding program is also available to the local municipalities who have made applications for their own projects. The Federal program is also open to Provinces/Territories, non-profit organizations and the private sector.

## 7. CONCLUSION

The Infrastructure Stimulus Fund will accelerate construction of a number of projects, create employment, and reduce overall Regional funding for the approved capital projects.

For more information on this report, please contact Lloyd Russell, Commissioner of Finance at Ext. 1600 or Beth Kodama, Manager, Capital & Development Financing at Ext. 1699.

The Senior Management Group has reviewed this report.

**Respectfully submitted,**

**June 23, 2009  
Newmarket, Ontario**

**L. Russell  
Commissioner of Finance**

***(Report No. 7 of the Commissioner of Finance was adopted without amendment,  
by the Council of The Regional Municipality of York at its meeting on June 25,  
2009.)***