

Clause 6 in Report No. 11 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 29, 2017.

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Public Transit Infrastructure Fund (PTIF) Phase I
Progress Update and Next Steps

Committee of the Whole recommends adoption of the following recommendation contained in the report dated June 22, 2017 from the Chief Administrative Officer:

1. Council authorize the Region entering into a Transfer Payment Agreement under the Public Transit Infrastructure Fund Phase I program funding.
2. York Region Rapid Transit Corporation be authorized to act as the Region's agent with respect to the planning and design work program related to PTIF Phase I program funding.
3. The Regional Solicitor prepare the necessary bylaw authorizing the agreement for presentation to Council.
4. The Government of Canada be requested to extend the PTIF Phase I program funding deadlines from March 31, 2018 to March 31, 2020 to allow the Yonge Subway Extension planning and design work program to advance.

Report dated June 22, 2017 from the Chief Administrative Officer now follows:

1. Recommendations

It is recommended that:

1. Council authorize the Region entering into a Transfer Payment Agreement under the Public Transit Infrastructure Fund Phase I program funding.
2. York Region Rapid Transit Corporation be authorized to act as the Region's agent with respect to the planning and design work program related to PTIF Phase I program funding.

3. The Regional Solicitor prepare the necessary bylaw authorizing the agreement for presentation to Council.
4. The Government of Canada be requested to extend the PTIF Phase I program funding deadlines from March 31, 2018 to March 31, 2020 to allow the Yonge Subway Extension planning and design work program to advance.

2. Purpose

This report seeks Council's authorization for the Region to enter into the Transfer Payment Agreement (TPA) and for York Region Rapid Transit Corporation (YRRTC) to act as the Region's agent with respect to the planning and design work program related to PTIF Phase I program funding.

This report also provides an overview of the Transfer Payment Agreement.

3. Background and Previous Council Direction

On June 23, 2016, Council directed staff to pursue PTIF Phase I funding, associated with the Yonge Subway Extension planning and design project, subject to the following conditions:

- The recently announced provincial funding of \$55.0 million being deemed to satisfy the federal requirement for matching funds from other sources.
- An appropriate extension of the March 2018 deadline such that the work can be completed or arrangements made to the satisfaction of the Federal Government.
- In the event that the above conditions are not met, or federal and provincial program criteria cannot be met with the Yonge subway extension project, the PTIF Phase I program funding would be then directed towards the purchase of York Rapid Transit buses.

York Region was allocated \$36.3 million from Public Transit Infrastructure Fund Phase I

The Public Transit Infrastructure Fund was announced in the 2016 Federal Budget. Phase I of the program is providing \$3.4 billion to upgrade and improve public transit systems across Canada. The funding allocation to municipalities is based on transit ridership which resulted in \$36.3 million for York Region. The federal contribution is 50 per cent of eligible project costs, with the other 50 per cent coming from other sources.

The Region submitted the PTIF Phase I application through Grants Ontario on October 14, 2016.

The PTIF Phase I funding of \$36.3 million will be used in combination with the provincial (Metrolinx) funding of \$55.0 million announced on June 2, 2016 for planning and design work on the Yonge Subway Extension. The total estimated cost for this project is \$91.3 million.

The Region's project will extend beyond the March 31, 2018 deadline

While the program guidelines indicate that costs incurred between April 1, 2016 and March 31, 2018 are eligible, the Provincial Ministry of Transportation has advised that the PTIF Phase I program terms and conditions allow some flexibility for incurring eligible costs after the March 31, 2018 program deadline, based on a demonstrated need.

The application guideline indicated that requests for the extension of funding and/or reallocation of unspent dollars beyond March 31, 2018 may be considered by the Federal Ministry of Infrastructure and Communities. On May 30, 2017, Infrastructure Canada announced that eligible costs incurred up to March 31, 2019 could receive PTIF funding, provided that at least 60 per cent of the federal allocation is spent by March 31, 2018 (previously, the requirement was for at least 75 per cent of federal allocation to be spent by March 31, 2018).

The Region provided the following cash flow assumptions in its PTIF funding application (Table 1). This shows anticipated spending of \$18.8 million in PTIF funds in Year 1 (from inception to Q1-2018) and \$17.6 million in Year 2 (Q2-2018 to Q1-2019). With this cash flow forecast, approximately 52 per cent of the total PTIF allocation would be spent prior to March 31, 2018 and is less than the 60 per cent currently required by the federal government (Table 2), even with an extension granted by the minister.

**Table 1
YRRTC Cash Flow Forecast for PTIF Funding Allocation at Submission**

<i>(In \$ Millions)</i>	Year 1 Inception - Mar. 31-18	Year 2 Mar. 31-18 - Mar. 31-19	PTIF Funding	Year 2+ > Apr. 1-19	Total Funding
Federal	\$18.8	\$17.6	\$36.3	-	\$36.3
Provincial	\$18.8	\$17.6	\$36.4	\$18.7	\$55.0
Total Funding	\$37.5	\$35.2	\$72.7	\$18.7	\$91.3
	52%	48%			

**Table 2
New Federal Government Cash Flow Requirement for PTIF Funding Allocation**

<i>(in \$ Millions)</i>	Year 1 Inception - Mar. 31-18	Year 2 Mar. 31-18-Mar.31-19	PTIF Funding	Year 2+ >Apr. 1-19	Total Funding
Federal	\$21.8	\$14.5	\$36.3	\$0.0	\$36.3
Provincial	\$21.8	\$14.5	\$36.3	\$18.7	\$55.0
Total Funding	\$43.6	\$29.1	\$72.7	\$18.7	\$91.3
	60%	40%			

The Region will need to seek an extension beyond March 31, 2019

The Yonge Subway Extension planning and design work program has not begun in earnest and staff are currently estimating that an extension of two years will be needed – from March 31, 2018 to March 31, 2020.

At a PTIF Phase I program information session held on March 29, 2017, staff were advised that some municipalities have already submitted and have received approval for extension of the PTIF Phase I program funding deadlines.

In the event that an extension to the PTIF Phase I program funding deadlines is not received, the unspent dollars from PTIF Phase I could be re-directed towards the purchase of buses for York Rapid Transit subject to federal approval. It may then be possible to use the dollars otherwise budgeted for the purchase of buses to complete, the Yonge Subway Extension planning and design work program.

Administrative processes to receive federal funding are under way

The federal government requires documentation as part of the grant approval process: a Request for Recipient Information Form, a Progress Report template and a Transfer Payment Agreement. The Transfer Payment Agreement is a generic template document.

The Recipient Information Form and the Progress Report were completed and submitted as required by March 7, 2017.

The Ministry of Transportation (MTO) has indicated that a copy of an approving bylaw and, if applicable, any council resolution(s) authorizing the Transfer Payment Agreement is required. In addition, authorized representatives of the recipient jurisdiction are to be identified.

4. Analysis and Implications

The planning and design work is under development

The planning and design work program will involve several elements including:

- Governance and Project Management
- Planning, Ridership Forecasting/Modeling
- Economic Analysis, Benefits/Business Case Development
- Preliminary Engineering
- Communications and Community Relations

This analysis will be completed to the level of detail needed to position the project for pre-construction procurement readiness.

York Region Rapid Transit Corporation is the Region's transit capital delivery entity, so staff propose that YRRTC represent the Region with respect to the planning and design work program working closely with Regional and local municipal staff.

Governance and project management arrangements are being negotiated

Negotiations regarding project governance and contribution arrangements among the key parties – the Region/YRRTC, City of Toronto/TTC and Metrolinx – are under way. The parties are seeking to negotiate a Memorandum of Understanding and a Project Charter.

A separate report (Advancing the Planning and Design for the Yonge Subway Extension) provides Council with a progress update on the Yonge Subway Extension project.

On April 3, 2017, the TTC advised that it must be the Project Management Lead and is developing a preliminary project schedule and plan, in collaboration with YRRTC.

5. Financial Considerations

The federal government has approved the use of the Region's PTIF Phase I allocation of \$36.3 million for the Yonge Subway Extension project – planning and design. Provincial funding of \$55.0 million – via Metrolinx – will be used in combination with the federal funding. No Regional funding is required.

The City of Toronto is seeking significant financial contributions from others, including York Region

At its May 24, 2017 meeting, Toronto City Council authorized staff to work with York Region and Metrolinx to advance the planning and design of the Yonge Subway Extension but has attached a number of financial and other conditions:

- No financial cost to the City for the planning and design work
- The Toronto Transit Commission will own, operate and maintain the extension, subject to satisfactory cost-sharing arrangements with York Region and/or the Province of Ontario
- Funding agreements with York Region, the Province of Ontario and the Government of Canada for the capital construction, operating, maintenance and life cycle costs of the extension
- The Relief Line South must be fully funded with a firm schedule for completion and the Relief Line must be in operation prior to the opening of the Yonge North extension.

6. Local Municipal Impact

The Yonge Subway Extension is the top transit infrastructure priority of Regional Council and many of the Region's business organizations.

The area of Yonge Street between the Richmond Hill/Langstaff centre and the Finch subway is currently served by up to 2,500 bus trips on a typical day. The subway extension would remove a substantial number of these bus trips along the corridor currently connecting commuters to the Finch Subway Station.

The project is a critical part of the Region's Transportation Master Plan. The extension of the subway to Richmond Hill would create an anchor hub that links

GO service, subway service, and bus rapid transit (VIVA) services on Hwy 7 and Yonge Street as well as future express service along Highway 407 ETR.

7. Conclusion

The next step in the process of obtaining PTIF Phase I funding is the execution of a transfer payment agreement, which requires Council authorization.

Delegated authority to act as the Region's agent will enable YRRTC to deliver the Yonge Subway Extension planning and design work program, using the combined funding from the Provincial and Federal governments.

For more information on this report, please contact Michael Cheong, YRRTC Chief Financial Officer, at 905-830-4444, Ext. 71015 or Yi Luo, Manager Revenue Forecasting and Policy, Ext. 71493.

The Senior Management Group has reviewed this report.

June 22, 2017

Accessible formats or communication supports are available upon request

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