

**Capital Funding Program Notes**  
**ATTACHMENT B**

1. Ontario Bus Replacement Program (OBRP)

- This bus replacement program is capped at \$50 million province wide and is allocated on the basis of fleet plans and is paid when contracts are awarded for delivery within the calendar year. The guidelines and requirements for this program were announced in March 2007. A payment of \$15.3 million was received from the Province in June 2007 towards the contracted delivery of 220 hybrid buses in 2007 and was placed in a City reserve fund. Funding of only \$3.3 million has been applied to 2007 as a result of bus deliveries being delayed into 2008, and the remaining funding (\$12.6 million including interest earned) will be applied upon receipt of those buses. An announcement of the funding allocation for 2008 has not yet been made.

2. Ontario Rolling Stock Infrastructure Funding

- As a result of the cancellation of the Ontario Transit Vehicle Program (OTVP) in 2006, ongoing funding for TTC's rolling stock was no longer addressed under the new OBRP. The Province subsequently announced and paid \$150 million towards TTC's unique rolling stock requirements for the years 2006-2008, noting the unique nature of multi-modal transit operations in Toronto. This funding was paid in March 2007 into a City reserve fund and to the end of 2007 \$78.5 million has been drawn. The remaining reserve funds (\$75.4 million including interest earned) are anticipated to be drawn in 2008. Discussions were envisioned towards developing a long-term framework for funding the needs of TTC's base capital program.

3. Long Term Vehicle Funding

- It was assumed that provincial long term funding would be in place commencing in 2008 to address ongoing funding for TTC's unique rolling stock. In addition to current vehicle requirements above and beyond the standard vehicle replacement funding (buses, life extension overhauls (buses and CLRV's), 156 (of 234) subway cars), this included 204 LRT cars, 36 SRT cars and 126 subway cars for total anticipated Provincial funding of \$481 million during 2008-2012.
- There have been ongoing discussions with the Province on the subject of long term funding for vehicles; however there have not yet been any firm commitments towards upcoming major vehicle contracts for 2008 and beyond.
- In November 2007, the Metrolinx board (formerly the Greater Toronto Transportation Authority (GTTA) approved a number of Quick Wins projects including a Subway Capacity package (\$440.9 million) and Transit City Plan (TCP) EA's (\$7.1 million) for 2008-2012. The subway capacity package included the YUS ATO and crossovers projects (\$189 million), the next subway car order (21 trainsets) (\$235 million) and the Yonge BRT (\$17 million). The incremental funding impact of this proposal results in \$278 million in funding towards the TTC's \$698 million budget shortfall in 2008-2012. The TCP EA's were not included in the funding table (Attachment A) and approval of this project (fully funded) will result in no further funding impact. This Quick Wins funding package is subject to Provincial approval which is anticipated in the upcoming

Provincial 2008 budget.

- Staff are hopeful that the Province will confirm the Metrolinx quick wins funding as well as additional long term funding support to address the \$481 million funding assumption outlined in Attachment A, in the upcoming budget on March 26, 2008.

#### 4. Transit Technology and Infrastructure Program (TTIP)

- The provincial payment of \$31.1 million in March 2007 has been applied against capital project expenditures to 2007 (\$23.4 million) with the remaining \$8.0 million (including interest earned) available in a City reserve fund to be applied against future projects. Partial funding is being allocated to the Islington Station Redevelopment project, along with expected proceeds from redevelopment of part of the existing property.

#### 5. Kipling Station Redevelopment

- The Province advised in May 2007 that funding of \$30 million would be provided for the redevelopment of this key inter-regional transit hub through GO Transit. In addition, Mississauga Transit committed \$5.5 as its capital contribution for this facility (included under other – see item 12). Subsequently, the Province has indicated the intention to ensure that the costs of this facility are fully funded.

#### 6. Canada Strategic Infrastructure Fund (CSIF)

- The provincial payment of \$275.6 million in March 2007 fully addressed the remaining commitment (of the original \$303.3 million) under this program as announced in March 2004, excluding funding for the GTA Farecard project. These funds were deposited in a City reserve fund and \$106.6 million has been applied against capital expenditures to 2007, with the remaining \$176.1 million (including interest earned) to be applied over the years 2008-2011.
- The Federal share of \$350.0 million funding is anticipated to flow commencing in March 2008 shortly after the execution of the Contribution Agreement on March 18<sup>th</sup>. Approximately \$115.3 million in Federal funding has been accrued to December 2006.
- The GTA Farecard project component (\$46.7 million for each government) funding will be provided after the acceptance of an approved business case.

#### 7. Gas Tax

- Since October 2006, the Provincial gas tax funding has been at 2 cents per litre, allocated on a 70% ridership / 30% population basis. Of this total funding the City applies the first \$91.6 million to operating budget funding annually leaving approximately \$70 million per year for capital funding.
- Federal gas tax funding will increase from 2 cents per litre in 2007 to 2½ cents in 2008, allocated on a 100% population basis. This funding, which will increase to a cap of 5 cents per litre in 2009, was made permanent in the recent Federal 2008 budget. It will provide approximately \$163 million per year.

## 8. Building Canada Fund (BCF - CSIF Additional)

- In its March 2007 budget, the Federal government announced the creation of a Building Canada Fund for large projects which will be application based, noting that three funding programs including CSIF were being replaced for which no new commitments would be announced. Discussions were to result in the signing of a framework agreement with each Province under which the program would be managed. At this time, we understand the framework agreement with Ontario has not yet been resolved. The first project announced under BCF was the Toronto-York Spadina Subway Extension. No other funding commitments are known or currently anticipated for public transit in Toronto under this program.
- Subsequent to CSIF, long-term funding was assumed at a 1/3 share of future rail vehicle procurements under the BCF or another available Federal funding program. This included 204 LRT cars, 36 SRT cars and 126 subway cars for total anticipated Federal funding in 2008-2012 of \$324 million. This funding is required to allow staff to proceed towards establishing a contract for the LRV's later in 2008.
- In its February 2008 budget, the Federal government announced funding of \$500 million to be paid into a third party trust for public transit infrastructure and to be allocated on a per capita basis. Of the approximately \$196 million anticipated for Ontario, as much as \$125 million would be allocated to Toronto if the allocation was ridership based, or approximately \$42 million if population based. While mention was made of three specific projects (Vancouver Evergreen line, Montreal RT to airport, Peterborough rail line to Toronto), it is not yet known whether any of this funding will be available for Toronto.
- The federal government previously announced in November 2006 under Advantage Canada, the establishment of a federal Public Private Partnerships (P3) office to facilitate a broader use of P3s in Canadian infrastructure projects. A new crown corporation PPP Canada Inc. has been created to work with the public and private sectors to support public-private-partnerships.

## 9. Transit-Secure

- Funding of \$1.5 million was announced in November 2006 (Round 1) for TTC capital security projects and a contribution agreement was executed in July 2007. Round 3 funding of \$6.4 million was announced by Minister Lawrence Cannon in September 2007 for the subway station CCTV project, for which an amending agreement will be signed in March 2008 to allow funding to flow to the City. Federal funding of \$2.9 million for the eligible expenditures incurred has been accrued to 2007. Subsequently, Round 4 funding of \$0.9 million for 3 TTC projects was announced by Transport Canada in January 2008, however a contribution agreement must be executed before funds can be released. The Transit-Secure funding is effective for expenditures June 23, 2006 through to March 31, 2009.

#### 10. Public Transit Capital Trust (PTCT)

- A one-time investment from this fund was allocated to Provinces by the Federal government for transit capital, and the Province of Ontario distributed this to municipalities based on transit ridership. PTCT funds of \$222.6 million were paid in March 2007 and were deposited in a City reserve fund to be used for transit capital funding. Of this amount, \$75.0 million was designated as the Federal government's initial funding towards the Toronto-York Spadina Subway Extension; however the Province provided a top-up payment of \$75.0 million to cover these funds diverted from the PTCT. The initial funding draw of \$74.1 (Federal share) was applied for 2006 and the \$75.0 top-up draw (Provincial share) was applied for 2007. The remaining PTCT City reserve fund balance \$78.4 million (including earned interest) is comprised of Federal funding which will be available to apply to future projects.

#### 11. TTC Depreciation

- TTC self funds a certain portion of assets through cashflow and pays for the unfunded portion over the useful life of those assets through annual depreciation charges to the operating budget. The portion of capital expenditures to be funded through depreciation is presented.

#### 12. Other Reserves

- This funding is derived from specific agreements with 3<sup>rd</sup> parties or from other City funds such as the net proceeds on sale of transit properties (held in reserve by the City on behalf of the TTC). The key elements of this funding relate to land acquisition reserve funds for Islington and Warden, Mississauga Transit funds for Kipling and Toronto Community Foundation funds for station renaissance.

#### 13. Development Charges

- Based on City projections, approximately \$117 million in development charges funding will be available to fund TTC growth projects over the next five years. The City is currently undertaking a new development charges bylaw review to consider major development projects and City priorities with potential impact on future funding projections.

#### 14. Toronto-York Spadina Subway Extension

- In March 2006, the Provincial Government announced approval and a funding contribution of \$670 million (based on the original estimated cost in \$2006) for the Toronto-York Spadina Subway Extension into York Region and this funding was deposited in the MoveOntario Trust. In January 2008, the Province announced a further contribution of \$200 million (based on the current project cost estimate of \$2.634 billion) and these funds have been deposited in the MoveOntario Trust. Work is in progress to establish processes for handling expenditures, claims and funds releases amongst the parties (MOT, City, York, TTC) and once established initial funds will be drawn from the trust. No funding has been accrued to 2007.
- On March 6, 2007 the Federal Government announced that it would contribute funding for the Toronto-York Spadina Subway Extension into York Region with the amount capped at \$697 million for the project. The first \$75 million was designated from the Federal Public Transit Capital Trust funds and was provided to the Province to be placed in the MoveOntario Trust. The remaining \$622 million is to be provided through the new Building Canada Fund, subject to the completion of a due diligence review and approval of a business case by Treasury Board and the negotiation of a contribution agreement. The finalization of the business case and contribution agreement requirements is expected to be complete by mid 2008. Under the terms of agreement, no expenditures are eligible for Federal funding until approval has been received and no funding has been accrued to 2007.

#### 15. MoveOntario 2020 / Transit City Plans

- On June 15, 2007, the Provincial Government announced a 12-year \$17.5 billion action plan to deliver 52 rapid transit initiatives in the GTA and Hamilton. This plan was to be financed over 50 years and the Federal government was asked to cover at least a third of the program cost. This plan included the TTC's Transit City Plan (TCP) (7 new light rail lines), subway extensions to York Region (Spadina and Yonge), the Yonge BRT and the SRT extension. Work has commenced on the TCP Environmental Assessment work which has been approved by Metrolinx but is awaiting Provincial funding approval. In addition, City Council has approved the TCP EA work as well as an additional \$4.0 million for early start project work on the rapid transit lines and maintenance facilities, subject to confirmation of funding approvals by the Province in the 2008 provincial budget.