

**MANAGEMENT REPORT TO METROLINX**

<b>Report Title:</b>	2009/10 and Five-Year Capital Plan					
<b>Report Number:</b>		<b>Date to Board:</b>	November 28, 2008	<b>Date to Committee:</b>		
<b>Report To:</b>	<input checked="" type="checkbox"/> BOARD		<input type="checkbox"/> ADVISORY COMMITTEE <input type="checkbox"/> AUDIT COMMITTEE <input type="checkbox"/> GOVERNANCE COMMITTEE <input type="checkbox"/> HUMAN RESOURCES COMMITTEE <input type="checkbox"/> TECHNICAL ADVISORY GROUP <input type="checkbox"/> OTHER:			
<b>Report Referred From:</b>						
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<b>Item Class:</b>	IN CAMERA	<input type="checkbox"/>	DECISION	<input checked="" type="checkbox"/>	INFORMATION	<input type="checkbox"/>

**1.0 RECOMMENDATION:**

*RESOLVED:*

**THAT** the Board approve the five-year Capital Plan for the five fiscal years commencing April 1, 2009 including an amount of \$495.5M for the 2009/10 fiscal year, with a total 2009/10-2013/14 expenditure profile of \$6,996.2M as outlined in Report CA 08-033;

**THAT** the Board authorize the CEO to submit the proposed five-year Capital Plan to the Province of Ontario, with further updates as they become available, for consideration as part of the Province's annual Results-Based Capital Plan for the fiscal year 2009/10;

**THAT** the CEO report to the Metrolinx Board on any formal response by the Province to the Metrolinx Capital Plan submission at the earliest possible opportunity;

**THAT** the Board authorize the CEO to undertake the necessary work to ensure the projects proceed without interruption following the release of the 2009 Provincial Budget;

**THAT** staff continue to work with the Province on the issues of cost eligibility and asset ownership options for transit capital projects, and encourage the Province to consult with the municipalities and transit agencies;

**THAT** the Board authorize the CEO to work with the transit agencies and municipalities to develop Performance/Contribution Agreements for funding projects;

**THAT** staff report back in September 2009 with any updates to the 2009/10 Capital Plan, the preliminary 2010/11 Capital Plan and five-year Capital Plan for the five fiscal years commencing April 1, 2010;

## **2.0 PURPOSE & EXECUTIVE SUMMARY:**

N/A

## **3.0 BACKGROUND:**

On November 23, 2007 the Board approved Quick Win projects for submission to the Province for funding. In the 2008 Ontario Budget, the Province approved almost \$750M in funding for the Quick Win project package. The majority of this funding was provided to municipal partners in 2008.

On January 25, 2008, the Board approved the following six projects for Benefits Case Analysis (BCA);

- GO Lakeshore Express Rail
- Yonge North Subway extension
- Scarborough Rapid Transit (SRT) replacement and extension
- Eglinton Crosstown
- York VIVA
- Sheppard / Finch LRT

These projects were also approved by the Board for Alternative Finance and Procurement Process (AFP) analysis on November 23, 2007. It should be noted that at the time of decision, the selection of these six projects for AFP analysis was not intended to prioritize projects for implementation.

On October 24, 2008 the Board received and approved report CA 08-027, entitled Capital Planning and Programming Process. The report outlined the methodology for the Metrolinx Capital Plan and directed staff to consult with the Province and municipal officials in the development of the Capital Plan.

## **4.0 DISCUSSION:**

The proposed Capital Plan is comprised of three categories of transit capital projects, including (as outlined in Appendix A):

### Category A

Top 15 priority projects identified in the Draft Regional Transportation Plan (RTP) that are ready to proceed to implementation in 2009/10, including:

- Sheppard East LRT; and
- York VIVA.

### Category B

Remaining funding commitments to Quick Wins projects:

- James Street North Station;
- Bolton GO Transit improvements;
- Durham Highway 2 Bus Rapid Transit (early phases); and
- Airport Renforth Gateway.

### Category C

Top 15 priority projects identified in the Draft RTP that are in various stages of planning, design and/or engineering:

- King/Main Rapid Transit in Hamilton;
- Dundas Street Rapid Transit in Halton and Peel;
- Hurontario/Main Rapid Transit in Peel;
- Scarborough RT replacement and extension;
- Finch West LRT;
- Eglinton Crosstown;
- Yonge North Subway extension;
- Durham Highway 2 Rapid Transit;
- GO Lakeshore Express Rail; and
- Improvements to existing GO Rail services and extension of GO Rail service to Bowmanville.

It should be noted that four of the Top 15 priority projects are being funded from other sources and are therefore not included in the Capital Plan. These projects include:

- Mississauga Transitway;
- Rail Link between Union Station and Pearson Airport;
- Toronto York Spadina Subway Extension from Downsview to Vaughan Corporate Centre; and

- Peel Queen Street Rapid Transit (majority already funded through federal, provincial and municipal commitments to Brampton AcceleRide initiative).

### Capital Plan Recommendations

For both Category A and B projects, all of which will be ready to proceed to construction in 2009/10, it is recommended that the Board approve the inclusion of these projects in the Capital Plan and submit them to the Province for funding consideration beginning in 2009/10. As noted above, Category C projects are in various stages of planning, design and/or engineering, and the level of detailed information available for each project is inconsistent. Five of the projects are nearing completion of their respective BCA evaluations. In order to create a fair and transparent process for evidence-based decision-making on project prioritization, it is recommended that BCAs be completed for all remaining Category C projects. The additional BCAs are anticipated to be completed before summer 2009. Further detail on the expanded BCA workplan is included in report IS 08-08-016.

In order to maintain project implementation momentum for all of the priority projects, it is recommended that funding of \$320M be requested from the Province in 2009/10 to support planning, design and engineering needs for Category C projects. Beyond 2009/10, it is recommended that the Province be requested to provide a capital outlook for Category C projects that would ramp up gradually to \$1,640.2M by 2013/14. This funding is intended to bring projects through the development phase into construction, pending BCA evaluations and project prioritization decisions by the Board.

### **OUTSTANDING ISSUES:**

The Premier's landmark \$11.5B MoveOntario 2020 commitment will allow several significant transit projects to proceed over the next five years. Based on current estimates the cost to complete all of the priority projects will require an estimated \$17.8B - \$22.2B. The estimate is based on the best available cost information from municipal and transit agency partners, the RTP consultants, as well as preliminary results from the cost estimates generated through the BCA process.

The underlying assumption of MoveOntario 2020 is that senior government partners provide 100 percent of capital costs. To ensure that as many projects as possible can be funded through the MoveOntario 2020 commitment, the Province has indicated that it is considering cost containment strategies such as cost eligibility criteria, value engineering or project phasing. Below is a brief synopsis of outstanding issues to be addressed:

*Asset Ownership:* the Province is currently reviewing options for asset ownership in relation to major capital transit projects funded under MoveOntario 2020. Metrolinx staff recommend that the Province be requested to consult with staff from partner municipalities and transit agencies on the options under consideration.

*Capital Costs Eligibility:* Metrolinx staff continue to work with the Ministry of Transportation (MTO) on cost eligibility for capital projects. Metrolinx staff recommend that the Province be requested to consult with staff from partner municipalities and transit agencies on the options under consideration.

*Performance / Contribution Agreements:* Metrolinx staff continue to work on drafting performance/contribution agreements and will be consulting with municipal staff including treasurers, and transit agencies over the next couple of months.

*Operating Responsibility:* As outlined in the Draft Investment Strategy, options for funding of operating costs will be considered as part of the report back to the Province by 2013.

#### **5.0 FINANCIAL MATTERS:**

The 2009/10 Capital Plan as outlined in this report and in the attached Appendix A, results in a total request of funds in the amount of \$495.5M. The total five-year funding request for the capital plan is \$6,996.2M.

#### **6.0 HUMAN RESOURCES MATTERS:**

N/A

#### **7.0 ENVIRONMENTAL MATTERS:**

N/A

#### **8.0 COMMUNICATION MATTERS:**

N/A

#### **9.0 LEGAL MATTERS:**

With respect to the Capital Plan, Metrolinx is bound by the provisions of the *Greater Toronto Transportation Act, 2006*, section 6 (2) (j) and section 32 (2).

#### **10.0 CONCLUSION:**

Staff recommend that the Board approve \$495.5M for the 2009/10 Capital Plan and a five-year expenditure profile of \$6,996.2M and authorize the CEO to submit the proposed Capital Plan to the Province of Ontario for consideration as part of the Province's annual Results-Based Capital Plan for the fiscal year 2009/10.

Respectfully submitted,

Approved for Submission to the Board



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Kim Lambert, Executive Lead,  
Corporate Affairs



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W. Michael Fern, CEO



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John Howe, General Manager,  
Investment Strategy & Projects

**APPENDIX A**

**Metrolinx Five-Year Capital Program**

Region	Project	2009/10	2010/11	2011/12	2012/13	2013/14	Total
<i>\$ (Millions)</i>							
<b>Category A - Major Projects Ready for Implementation (Submitted to Province of Ontario for Capital Funding)</b>							
Toronto	Sheppard East LRT	55.37	236.45	284.64	198.81	169.21	944.50
York	VIVA*	<u>77.00</u>	<u>138.50</u>	<u>319.90</u>	<u>367.40</u>	<u>191.00</u>	<u>1,093.80</u>
<i>A Sub-Total</i>		132.37	374.95	604.54	566.21	360.21	2,038.30
<b>Category B - Quick Wins (Remaining Funding to flow from Province of Ontario)</b>							
Hamilton	James Street North Station	1.00	2.00				3.00
Peel	Bolton GO Improvements	0.05	0.27	0.28			0.60
Durham	Highway 2 Bus Rapid Transit	41.00	10.60	8.40	5.30		65.30
GTHA-Wide	Airport Renforth Gateway	<u>1.10</u>	<u>5.90</u>	<u>21.00</u>	<u>11.00</u>		<u>39.00</u>
<i>B Sub-Total</i>		43.15	18.77	29.68	16.30	-	107.90
<b>SUB-TOTAL (A+B)</b>		<b>175.52</b>	<b>393.72</b>	<b>634.22</b>	<b>582.51</b>	<b>360.21</b>	<b>2,146.20</b>

**Category C - Planning, Design, Engineering and Construction Funding for Projects Below-the-Line to be Determined by Board\*\***

*Remaining Top 15 Projects (Eligible for Planning, Design and Engineering Funding)*

Hamilton	King / Main Rapid Transit						
Halton / Peel	Dundas Street Rapid Transit						
Peel	Hurontario / Main Rapid Transit						
Toronto	Scarborough RT Replacement / Extension						
Toronto	Finch West LRT						
Toronto	Eglinton Crosstown						
Toronto / York	Yonge North Subway Extension						
Durham	Highway 2 Rapid Transit						
GTHA-Wide	GO Transit Improvements to existing GO rail services						
GTHA-Wide	GO Transit extension to Bowmanville						
GTHA-Wide	GO Lakeshore Express Rail						
<i>C Sub-Total</i>		320.00	610.00	870.00	1,420.00	1,640.00	4,850.00
<b>TOTAL FIVE-YEAR CAPITAL PROGRAM</b>		<b>495.52</b>	<b>1,003.72</b>	<b>1,504.22</b>	<b>2,002.51</b>	<b>2,000.21</b>	<b>6,996.20</b>

\* Figures for York VIVA include funding remaining from Quick Wins (\$38M) and FLOW (\$255M)

\*\* Metrolinx staff to consult with project proponents and present recommendations to Board for funding

*Appendices:*

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*Staff & Others  
Consulted:*

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Mary Martin General Counsel, Corporate Secretary	416 874-5915

*Notifications:*

Name	Mailing or E-mail Address

*Special Instructions:*

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