

May 9, 2007

Ms. Ulli Watkiss
City Clerk
City of Toronto
Toronto City Hall
100 Queen Street West
Toronto, Ontario
M5H 2N2

Dear Ms. Watkiss:

At its meeting on Tuesday, May 8, 2007, the Commission considered the attached report entitled, "Capital Funding Status Update."

The Commission adopted the Recommendation contained in the report, as listed below:

"It is recommended that the Commission adopt this funding update report and forward this report to the Deputy City Manager and Chief Financial Officer and to the Budget Committee for confirmation of the status of the funding program and consideration of a strategy to address the long term capital funding requirements of the Toronto Transit Commission."

The foregoing is forwarded to the City Budget Committee for information and necessary action, as noted above.

Sincerely,

Vincent Rodo
General Secretary
1-16
Attachment

Similar letter sent to: Mr. J. Pennachetti, Deputy City Manager & CFO, City of Toronto

Form Revised: February 2005

**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: May 8, 2007

SUBJECT: Capital Funding Status Update

RECOMMENDATION

It is recommended that the Commission adopt this funding update report and forward this report to the Deputy City Manager and Chief Financial Officer and to the Budget Committee for confirmation of the status of the funding program and consideration of a strategy to address the long term capital funding requirements of the Toronto Transit Commission.

FUNDING

This report outlines the funding implications related to recent events and the currently known impacts related to the TTC 2007-2011 Capital Program.

BACKGROUND

As noted in the previous update report on this subject which was considered at the Commission meeting of April 18, 2007, there have been a number of events subsequent to the approval of the budget by City of Toronto Council on March 7, 2007. In view of the recent Federal and Provincial budgets and the payments received from the Province for capital funding commitments, staff have reviewed these events in the context of the anticipated capital funding projections. Although the impacts on the projected funding under the approved capital program are not currently expected to be significant, this report intends to provide some further context on each of the funding program elements.

DISCUSSION

Attachment A outlines the capital program funding as projected for each level of government in the 2007 -2011 Capital Program approved by City Council. The notes referenced on these funding program elements refer to the discussion points which provide further background information on these programs, as outlined in Attachment B. Unless otherwise noted, there is no change in the funding program status.

It is important to note that these funding projections are based on the cashflow expenditures under the approved 2007 Capital Program, net of \$275 million in unspecified budget reductions applied by the City over five years (ie our five year request of \$3,719 million was reduced to \$3.444 million). The projected funding shortfall for the Commission's 2007-2011 Capital Program is currently estimated at \$190 million before factoring in any interest earnings on the recent provincial payments to be held in City reserve funds. This is essentially unchanged from the \$197 million shortfall projected at the time that City Council approved the budget on March 7, 2007. No expenditures or funding has been included for the Subway Spadina Extension in these figures.

Noting that although the projected funding for the TTC's 2007-2011 Capital Program remains largely unchanged as a result of recent events, this funding projection continues to rely on the critical assumption of long-term vehicle funding from the Provincial and Federal governments. Over the next 5 years, long term provincial program funding (\$257 million) and additional Canada Strategic Infrastructure Fund (CSIF) type federal program funding (\$71 million) has been assumed for vehicles including the new LRT cars. To date; however, there have been no government

commitments to these long term unique rolling stock needs. Neither of the recent provincial and federal budgets provided any specific funding for these long term requirements, and it was noted that CSIF programs are being phased out by the Federal government to be addressed under the new Building Canada Fund.

JUSTIFICATION

Staff will continue to work with the City and the Federal and Provincial governments to pursue funding to meet the requirements of the Commission's Capital Program, and also to support these levels of government as they consider long –term strategies for funding existing and projected transit needs.

April 26, 2007

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Attachment A – 2007-2011 Capital Program Requirements & Sources of Funding

Attachment B – Capital Funding Summary Notes