

Status of Capital Funding and Implementation Progress Kipling / Islington Redevelopment Initiative

Date:	August 17, 2007
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	Ward 5 – Etobicoke-Lakeshore
Reference Number:	P:\2007\Internal Services\F&re\Ec07082F&re – (AFS 3914)

SUMMARY

In February, 2007, City Council approved the Kipling/Islington Redevelopment Initiative (K/I Initiative) and the allocation of capital funding of \$17,500,000 for this project, subject to confirmation of funding commitments from Mississauga Transit (MT), GO Transit (GO), the Province of Ontario, the Greater Toronto Transportation Authority (GTTA) and the Federal Government.

This report summarizes the status of the cost-sharing arrangements with MT, GO, GTTA, the Province and the Federal Government, to date. Full funding commitments of \$35,500,000 for the Kipling project have been received, but additional capital funding is required for the Islington project. Additional capital funding is available from the funds remaining under the Golden Horseshoe Transit Investment Partnerships (GTIP) initiative grant to the City in 2007, to address the current estimated shortfall of \$5,400,000 for the Islington project.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council approve additional capital funding of \$5,400,000 for the Kipling/Islington Redevelopment Initiative (K/I Initiative) from the Golden Horseshoe Transit Investment Partnerships (GTIP) grant funds received in 2007.

2. Applications for the Islington project from the Building Canada Fund or any other appropriate Federal infrastructure programs be filed as soon as the criteria of these programs are finalized; and
3. The appropriate City officials be authorized and directed to take the necessary actions to give effect thereto.

Financial Impact

It is currently estimated that the K/I Initiative will have a total capital cost of \$58,400,000, as summarized below:

<u>Projects</u>	<u>Islington</u>	<u>Kipling</u>	<u>Total</u>
Inter-regional bus terminal		\$10.5 M	
East Entrance		\$ 5.8 M	
New TTC bus terminal, PPUDO, entrances	\$18.5 M	\$ 6.5 M	
Replacement Commuter Parking	\$ 4.4 M	\$10.7 M	
Property Acquisition		\$ 2.0 M	
TOTAL	\$22.9 M	\$35.5 M	\$58.4 M

In February, City Council approved a capital allocation to the K/I Initiative of \$17,500,000 from the Land Acquisition Reserve Fund (LARF) subject to confirmation of cost-sharing from the other stakeholders. Based on the funding commitments received from the Province and MT, the total capital costs of the Kipling improvements, \$35,500,000 are secured. For the Islington portion of the project, with a capital cost of \$22,900,000, no additional stakeholder funding has been provided. Consequently, an additional \$5,400,000 in capital funding is required, which is approximately 10% of the total projected cost of the K/I Initiative.

It is recommended that \$5,400,000 be allocated from the GTIP funding grant received from the Province in March 2007, of which about \$8,000,000 will be available after the application to other GTIP projects, to complete the financing of the new Islington terminal. It is also recommended that the potential for a Federal contribution in 2008 continue to be pursued to offset as much as possible of the City's financing of the K/I Initiative. The LARF is to be reimbursed through any proceeds that are realized from the sale of the Bloor/Islington lands achieved through the relocation of the Islington bus terminal and redevelopment of these lands and the sale of Westwood lands.

The following table sets out the proposed source of funding of the K/I Initiative over the term of the project based on the funding commitments received.

	2007	2008	2009	2010	Total
Total Gross Expenditure	8.5M	30.7M	14.5M	4.7M	58.4M
Source of Funding					
City/ LARF	8.5M	3.6M	0.7M	4.7M	17.5M
GTIP Funds		5.4M			5.4M
Other Stakeholders		21.7M	13.8M		35.5M
Total Source of Funding	8.5M	30.7M	14.5M	4.7M	58.4M

DECISION HISTORY

On September 25, 26, 27 and 28, 2006, City Council adopted recommendations in a September 26, 2006, confidential report from the Deputy City Manager and Chief Financial Officer regarding the Kipling/Islington Redevelopment Initiative and the status of negotiations with SNC Lavalin Group Inc. (SNC).

On February 5, 6, and 7, 2007, City Council adopted the recommendations in Clause 2:10 of the Executive Committee that the K/I Initiative be approved and that a capital funding allocation of \$17,500,000 from the Land Acquisition Reserve Fund be made as the City's contribution to the total \$58,400,000 budget, subject to the confirmation of cost-sharing commitments from other government and transportation stakeholders in this project. City Council directed that proceeds from the sale of the Bloor/Islington lands (Phase 1 sale to SNC and any future sale of the Phase II lands) and the Westwood lands be used to reimburse LARF.

On April 23 and 24, 2007, City Council adopted the recommendations of Clause GM 3:29 of the Government Management Committee authorizing the acceptance of an Offer to Purchase from SNC for portions of 3326 Bloor Street West and 1226 Islington Avenue on the terms and conditions set out in a confidential attachment.

On June 19, 20 and 27, 2007, City Council adopted the recommendations of Clause GM5:23 and authorized the initiation of expropriation proceeding to acquire 915 Kipling Avenue for the K/I Initiative.

On July 16, 17, 18 and 19, 2007, City Council adopted the recommendations of Clause GM6:14 giving authority to negotiate to acquire and/or initiate expropriation proceedings for the southwest corner of Cordova Avenue and Mabelle Avenue and 5341 Dundas Street West for the K/I Initiative.

COMMENTS

Federal Contribution

In an April 16, 2007 letter, Mayor Miller and Adam Giambrone, Chair of the TTC, requested that the Minister of Transport Infrastructure and Communities, Lawrence Cannon, provide a Federal contribution to the costs of the infrastructure improvements of the K/I Initiative. Federal Minister Cannon replied that Transport Canada is not in a position to consider funding requests until Cabinet and Treasury Board have approved the criteria for new infrastructure programs, such as the \$8.8 billion Building Canada Fund, later this year. Consequently, it is not possible to determine if elements of the K/I Initiative will be eligible for any Federal funding program until the end of this year or early in 2008. Staff will monitor the Federal funding programs in order to utilize any funding opportunities that may become available. The Federal Minister's letter received May 18, 2007 is appended as Attachment 1.

Provincial Contribution

The Minister of Transportation for the Province of Ontario, Donna Cansfield, set out the terms of Provincial participation in the K/I Initiative in a letter to Mayor Miller dated May 28, 2007. The Province's interest is in the Kipling area to establish an inter-regional transit hub within the Greater Toronto Area consistent with provincial policy objectives. Provincial participation would be in the order of \$30,000,000 that would be administered through GO. GO would purchase the Kipling inter-regional transit terminal site and fund and/or develop the facilities, including the bus terminal, PPUDO, parking, pedestrian tunnels and entrances, and vehicle access. It is a Provincial funding requirement that on completion GO would hold assets worth \$30,000,000. The Provincial Minister's letter is appended as Attachment 2.

This Provincial contribution is the total funding commitment that will be received from all Provincial agencies, including the GTTA.

Mississauga Contribution

On June 20, 2007, City of Mississauga Council approved General Committee recommendation GC-0497-2007 that \$5,500,000 be allocated in 2007 from the Gas Tax (Federal) Reserve Fund for MT's contribution to the construction cost of the Kipling inter-regional transit terminal. The City of Mississauga is to enter into an agreement with GO and the City/TTC regarding MT's accommodation in the new inter-regional terminal and share of the construction costs. The City of Mississauga letter to the Ministry of Transportation is appended as Attachment 3.

There are still approximately 800 MT passengers whose destination is the Islington station area and MT plans to maintain some limited service to the Islington Subway Station to accommodate these passengers. This may take the form of a shuttle service until such time as fare integration between the TTC and MT system is implemented and these MT riders will be able to utilize the TTC subway to reach the Islington Station area, at no additional cost.

K/I Initiative Progress

The K/I Initiative as approved by Council is shown in Attachment 4 – the Islington Station improvements and Attachment 5 – the Kipling Station area improvements.

The design of the Kipling and Islington terminals is on-going and has reached approximately 50% completion. Some aspects of the project, such as the PPUDO at Islington will be fully designed by the end of the year. Construction is scheduled to start in the spring of 2008.

A Memorandum of Understanding will have to be negotiated between the financing parties of the K/I Initiative: GO, MT, TTC and the City to set out the respective responsibilities, deliverables and timing deadlines to achieve the K/I Initiative's scheduled completion. Preliminary discussions with the Ministry of Transportation, GO and MT have indicated that the Province's objective is to make an investment in transit infrastructure for which it would secure compensating assets that would be held in the ownership of GO.

The Kipling inter-regional terminal site is comprised of City-owned lands as well as Ontario Realty Corporation/Hydro One lands. The footprint of the building actually straddles the two property ownerships. It is anticipated that GO would acquire the required City-owned property and would license the Hydro Corridor for the inter-regional terminal use.

In order to secure the Provincial \$30,000,000 funding commitment, the Province requires that \$30,000,000 in assets be secured through GO. Further meetings between the stakeholders are required to work out the details of the financing of the project, including any City-owned property to be conveyed to GO, the leaseback of any required property to the City for TTC use, and future maintenance and cost-sharing arrangements. When these matters have been negotiated, a further report will be submitted on the proposed Memorandum of Understanding between the parties.

F&RE is negotiating the acquisition and/or expropriation of three properties that are required to implement the K/I Initiative: the southwest corner of Cordova Avenue and Mabelle Avenue, 5341 Dundas Street West, and 915 Kipling Avenue.

In addition to the acquisition of three properties, the real estate requirements of the K/I Initiative include the renewal of licenses of Hydro Corridor lands for commuter parking, the negotiation of licenses of Hydro Corridor lands for the construction of the new bus terminals, PPUDO facilities, driveways and, the licensing of new Hydro Corridor lands north of Fieldway Road and along Aukland Avenue for commuter parking. These real estate matters will be reported on further to Government Management Committee and City Council.

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SIGNATURE

Joseph P. Pennachetti
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

- Attachment 1 - Letter from Lawrence Cannon, Federal Minister of Transportation
Infrastructure and Communities
- Attachment 2 - Letter from Donna Cansfield, Provincial Minister of Transportation
- Attachment 3 - Letter from City of Mississauga Clerk
- Attachment 4 - Islington Station area improvements
- Attachment 5 - Kipling Station area improvements