



**STAFF REPORT
ACTION REQUIRED**

**Intergovernmental Infrastructure Funding Priorities in
the 2016-2025 Preliminary Capital Budget and Plan**

Date:	January 29, 2016
To:	Executive Committee
From:	City Manager Deputy City Manager & Chief Financial Officer
Wards:	All
Reference Number:	

SUMMARY

This report outlines the City's priorities under existing federal and provincial infrastructure funding programs as identified in the 2016-2025 Preliminary Capital Budget and Plan. The City receives funding under the Provincial Gas Tax (Dedicated Gas Tax for Public Transportation Program), the Federal Gas Tax Fund, the Streetcar (LRV) Fleet Replacement Program and the Building Canada Fund. Projects are also supported by other sources of funding such as Transit Secure and VIA Rail, as well as the Move Ontario Trust and Metrolinx. The City is in the application stage for new funding and has also received federal commitments under new programs for public transit.

In total, the Government of Canada and the Province of Ontario are expected to contribute \$6.461 billion (19%) towards the \$33.5 billion 2016-2025 Preliminary Tax and Rate Supported Capital Budget and Plan (federal: \$3.319 billion; provincial: \$3.142 billion). A supplementary report has been submitted which requests Council authority to negotiate and execute required agreements, and to make the necessary budget amendments, for the Canada 150 Community Infrastructure Program which will increase the expected federal contribution by \$0.93 million.

The federal government has committed to investing a total of \$125 billion in infrastructure over the next decade, which includes existing programs plus \$60 billion in new spending in social infrastructure, green infrastructure and public transit. City staff are in the process of identifying priority projects to be considered for funding under new programs, per Council direction, and will report back to seek approval of any required contribution agreements.

RECOMMENDATIONS

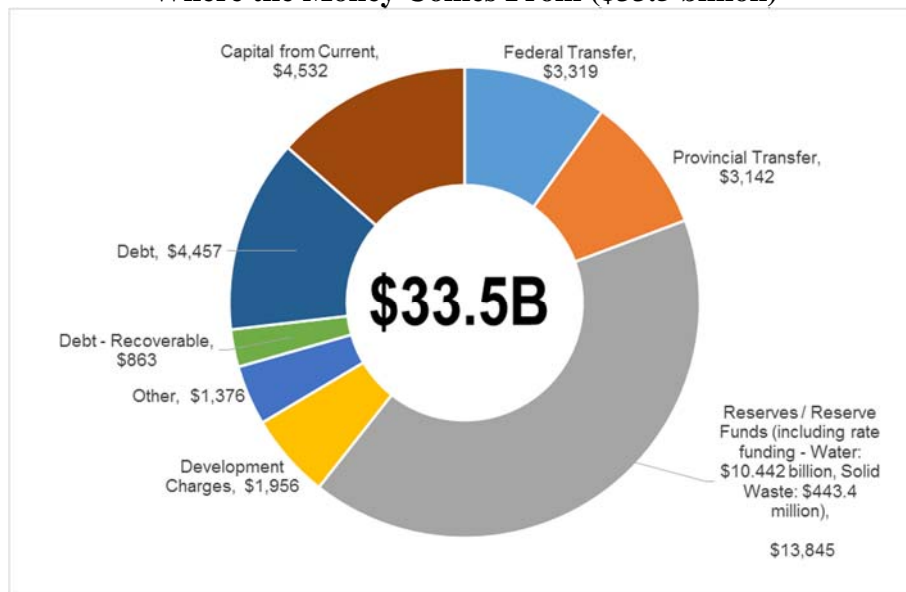
The City Manager and Deputy City Manager & Chief Financial Officer recommend that:

1. City Council receive this report for information.

Financial Impact

In total, the Government of Canada and Province of Ontario are expected to contribute \$6.461 billion (19%) towards the \$33.5 billion 2016-2025 Preliminary Tax and Rate Capital Budget and Plan as outlined in Graph 1.

Graph 1 – 2016-2025 Preliminary Tax and Rate Capital Budget and Plan, Where the Money Comes From (\$33.5 billion)



Federal and provincial funding identified in the 2016-2025 Preliminary Tax and Rate Supported Capital Budget and Plan is summarized in Table 1. If Council adopts the recommendations contained in the supplementary report on the Canada 150 CIP, the federal contributions will increase by \$0.93 million.

In addition to the funding agreements and programs discussed in detail in this report, the plan identifies intergovernmental funding for projects in Transportation Services, Toronto Public Health, Facilities Management, Real Estate & Environment, other Toronto Transit Commission (TTC) projects and the Toronto Parking Authority.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

**Table 1 – Summary of Intergovernmental Funding in the
2016-2025 Preliminary Tax and Rate Capital Budget and Plan**

Program	Project	2016-2025 ~ Intergov. Funding (\$000s)		
		Total	Provincial	Federal
Provincial Gas Tax	TTC Base Capital Program	752,245	752,245*	N/A
Toronto-TTC-Ontario Streetcar Fleet Replacement	TTC Replacement Streetcars (LRVs)	168,783	168,783	N/A
Federal Gas Tax Fund	TTC Base Capital Program	1,658,988	N/A	1,658,988
Building Canada Fund	Toronto-York Spadina Subway Extension Total Funding** - \$ million Federal 697.0 Provincial 974.0 York Region 445.6 City 667.5 Total Cost \$2,784.2	239,296	92,673	146,623
	Union Station Revitalization Total Funding - \$ million Federal 139.5 Provincial 191.8 VIA Rail 24.9 Other Stakeholders 2.4 City 442.1 Total Cost \$800.7	71,067	40,155	30,912
Other	Projects in Transportation Services, Public Health, Facilities Management, Real Estate & Environment (excluding Union Station), other TTC and Toronto Parking Authority.	97,916	97,916	-
Committed Funding†	Scarborough Subway Extension Total Funding - \$ million Federal 660 Provincial 1,990 City 910 Total Cost \$3,560	2,650,000	1,990,000	660,000
	Canada 150 CIP	2,574	N/A	2,574
Estimated Funding	F. G. Gardiner Expressway Total Funding - \$ million Federal 820†† Provincial 0 City 1,780 Total Cost \$2,600‡	820,000	0	820,000
Total (rounded)		6,461,000	3,142,000	3,319,000

* \$91.6 million of the annual allocation from the Provincial Gas Tax is applied to the TTC operating budget.

** Excludes \$400 million in total project costs as reported to the TTC Board on January 21, 2016.

† federal and provincial funding committed, subject to key terms and conditions. Provincial funding for the Scarborough Subway Extension expressed in inflated dollars (\$1.48 billion in 2010 dollars).

†† funding requested and not confirmed. application in progress.

‡ Includes expenditures post 2025

DECISION HISTORY

City Council provides the authority to enter into intergovernmental funding agreements and has approved funding for specific projects through the capital budget process. City Council has also authorized staff to negotiate and enter into agreements, as directed, for new intergovernmental funding for priority projects.

On December 9, 2015, City Council approved the overall direction of the Open Door Program and in doing so, urged the federal government and requested the Province of Ontario to provide funding to support the creation of affordable housing.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18>

On September 30, 2015, City Council directed the City Manager to formally request Government of Canada funding for the Revised Strategic Rehabilitation Plan for the F.G. Gardiner Expressway and enter into any necessary contribution agreements, and also reiterated the request to the Province of Ontario to provide matching one-third funding.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX8.12>

On July 7, 2015, City Council authorized the Chief Corporate Officer to continue negotiations with Metrolinx on funding options for the Northwest PATH connection and directed staff to seek alternate funding for the Union Station Revitalization Project including contributions from other levels of government.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM5.19>

On March 10, 2015, City Council approved the 2015-2024 Capital Budget and Plan and requested the Chief Executive Officer, Toronto Transit Commission, the City Manager, and the Deputy City Manager & Chief Financial Officer to pursue a tri-party partnership between the federal government, provincial government, and the City of Toronto for a dedicated, long-term, stable funding plan to address rolling stock, State of Good Repair, capacity building, service improvement and growth needs.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX3.4>

On December 11, 2014, City Council requested an accelerated work plan for a review of the SmartTrack and Regional Express Rail plans and authorized the City Manager to engage provincial and federal officials as needed to pursue required partnership funding.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX1.12>

On July 8, 2014, City Council authorized the City Manager, the Deputy City Manager Cluster B, and the Deputy City Manager & Chief Financial Officer, in consultation with Waterfront Toronto, to initiate discussions with federal and provincial officials regarding one-third funding contributions to accelerate the design and construction of Port Lands flood protection and related infrastructure.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.PG34.11>

On January 29, 2014, City Council authorized the execution of the 2014-2023 Administrative Agreement on the Federal Gas Tax Fund and directed that planned eligible projects be reported on annually through the capital budget process.
<http://www.toronto.ca/legdocs/mmis/2014/ex/bgrd/backgroundfile-66216.pdf>

On November 13, 2013, City Council requested the Province of Ontario and the Government of Canada to continue to fund social housing at current levels and to provide an additional \$864 million each, representing an equal one-third share of the \$2.6 billion ten-year Toronto Community Housing capital requirements.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX35.4>

On October 8, 2013, City Council authorized the City Manager to negotiate a contribution agreement with the federal government for up to \$660 million towards the cost of constructing the Scarborough Subway Extension project.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CC39.5>

On July 11, 2012, City Council authorized entry into a funding agreement with the Province to receive funding to the maximum of \$417 million to finance up to one-third of the cost of the purchase of light rail vehicles.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CC25.2>

On August 5, 2009, City Council authorized the Union Station Revitalization Project, and confirmation of federal and provincial funding commitments.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.44>

On June 23, 2008, City Council authorized negotiation of a Building Canada Fund Contribution Agreement relating to the Toronto-York Spadina Subway Extension with the Government of Canada.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.EX21.8>

On March 27, 2006, City Council's Policy and Finance Committee authorized the execution of the standard annual Letter of Agreement with the Province for funding under the Dedicated Gas Tax Funds for Public Transportation Program for 2005-2006 and each subsequent year, as necessary.
<http://www.toronto.ca/legdocs/2006/minutes/committees/pof/pof060327.pdf>

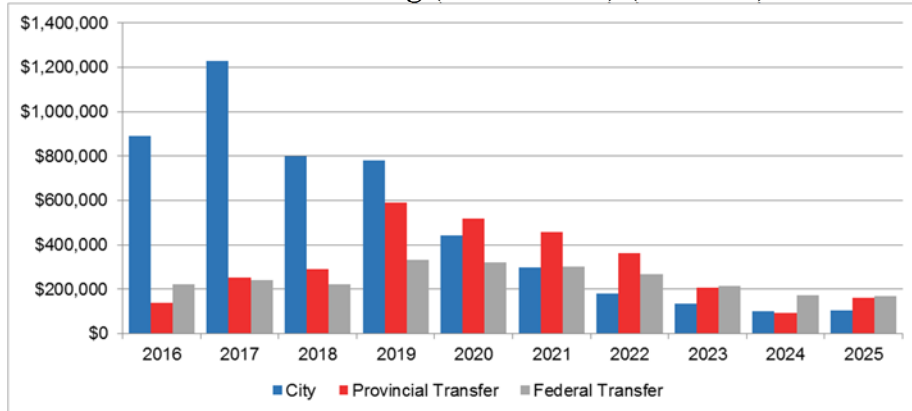
ISSUE BACKGROUND

The City's 2016-2025 Preliminary Tax and Rate Supported Capital Budget and Plan identifies \$33.5 billion in public investments to infrastructure such as transit and transportation, water and wastewater, and other capital assets. Investments are funded from user fees (rates), reserves, development charges, borrowing, and by federal and provincial government transfers.

Contributions from the federal and provincial governments account for a total of 19% (\$6.461 billion) of the funding outlined in the 10-Year Tax and Rate Capital Budget and

Plan. Provincial and federal investments will primarily support investments in the Toronto Transit Commission (TTC), including major capital expansion initiatives such as the Scarborough Subway Extension and the purchase of vehicles to replace aging fleet and meet the demands of ridership growth (Graph 2).

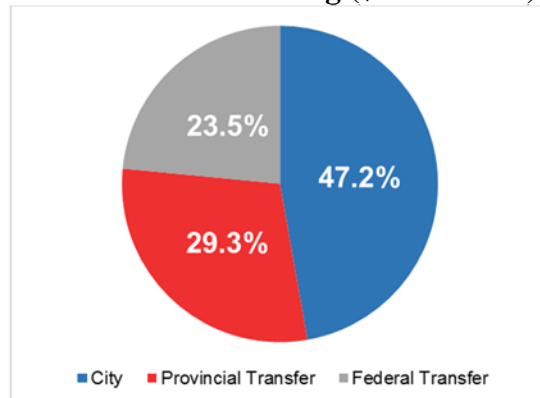
**Graph 2 – TTC 2016-2025 Preliminary Capital Budget and Plan*
Sources of Funding (\$10.5 billion) (in \$000's)**



*Inclusive of TTC's base capital program, Scarborough Subway Extension and Toronto-York Spadina Subway Extension. Excludes \$91.6 million in Provincial Gas Tax which is applied to the TTC operating budget.

Over the 10-Year period, the TTC's base capital program, the Toronto-York Spadina Subway Extension (TYSSE), and the Scarborough Subway Extension (SSE) is approximately 47% funded by the City (\$4.96 billion), 29% by the Government of Ontario (\$3.08 billion), and 24% by the Government of Canada (\$2.47 billion) (Graph 3). Additional federal and provincial funding is necessary for each party to reach a one-third share of total capital costs, and to invest in the unfunded but necessary projects for state of good repair and for system expansion.

**Graph 3 – TTC 2016-2025 Preliminary Capital Budget and Plan*
Share of Total Funding (\$10.5 billion)**



*Inclusive of TTC's base capital program, Scarborough Subway Extension and Toronto-York Spadina Subway Extension. Excludes \$91.6 million in Provincial Gas Tax which is applied to the TTC operating budget.

COMMENTS

Current signed intergovernmental funding agreements include the provincial Gas Tax (Dedicated Gas Tax for Public Transportation Program), the federal Gas Tax Fund, the Streetcar (LRV) Fleet Replacement Program and the Building Canada Fund. Building Canada Fund projects are also supported by other federal sources of funding such as the Transit Secure program and VIA Rail, as well as provincial funding such as the Move Ontario Trust and from Metrolinx.

The City is in the application stage for new funding and has also received federal commitments under new programs for public transit. A supplementary report has been submitted on the Canada 150 Community Infrastructure Program.

Provincial Gas Tax

Introduced in 2004, the Provincial Gas Tax (PGT) currently transfers two cents per litre of provincial gas tax revenues to municipalities to expand and improve their public transit systems. The program was phased in over time, and in 2013 legislation was passed that permanently dedicates a portion of annual provincial gas tax revenues to municipalities for public transportation.

Municipal allocations change annually, and are determined using a provincial allocation formula based on transit ridership (70% weighting) and population (30% weighting). Funds are deposited into a dedicated gas tax funds reserve account when received, and revenues must be used to support municipal public transportation expenditures above municipal baseline spending.

The Strategic and Corporate Policy division administers the agreement and program in collaboration with Financial Planning, Legal Services and the TTC. Financial Planning, in consultation with appropriate City divisions and the TTC, oversees the investment of PGT funds by identifying priorities as part of the budget process. From 2004-2015, the City has received over \$1.5 billion in PGT funds which have been invested in the operating and capital requirements of the TTC.

In 2015-2016, the City of Toronto will receive approximately \$169.1 million. In each year of the 2016-2025 Preliminary Capital Budget and Plan, \$91.6 million of the allocation will be applied towards the TTC's operating needs while \$75.2 million will be applied to the capital program. The allocation to both operating and capital costs is similar to prior years.

The City's 2015-2016 PGT capital funding will be \$6.344 million higher than last year, with no change to the provincial allocation formula. The increase in funding is a result of faster ridership growth as compared to other municipalities in Ontario, as well as an increase in gas consumption in Ontario. There is an anticipated overall increase of \$40 million in PGT funding reflected in the 2016-2025 Preliminary Capital Budget and Plan.

Priority PGT projects in the 2016-2025 Preliminary Capital Budget and Plan include the Bus Heavy Rebuild Program (overhaul), communications infrastructure, Easier Access Phases II and III, and power distribution/electrical systems. The full list of TTC projects planned to be funded by the PGT through the 10-Year Capital Budget and Plan is in Appendix A.

Toronto-TTC-Ontario Streetcar Fleet Replacement

In 2009, the Province of Ontario allocated a maximum of \$417 million for the purpose of funding up to one-third of the eligible costs of the TTC streetcar (LRV) fleet replacement project. 204 new streetcars (total project cost of \$1.187 billion) will replace the aging fleet and accommodate future growth. The first new streetcar entered into revenue service on August 31, 2014.

A Transfer Payment Agreement between the City, TTC and Province was fully executed in January 2013. The Strategic and Corporate Policy division, in collaboration with Financial Planning and the TTC, administers the agreement and program. Funds are provided quarterly, on the basis of one-third of the eligible costs that were actually incurred to a maximum of \$417 million, paid and claimed by the TTC.

In 2016, the City is budgeting receipt of \$19.885 million. The 2016-2025 Preliminary Capital Budget and Plan accounts for a total of \$168.783 million of provincial funding to be applied against this purchase, recognizing the adjusted delivery schedule and cash flows.

Federal Gas Tax Fund

Originally established in 2005, the federal Gas Tax Fund (GTF) is a population-based allocation transfer to Canadian municipalities with \$2 billion per year for investment in infrastructure. The program was phased in over time, and is now permanent. The federal government has also indexed the national allocation by 2% each year, with increases applied in \$100 million increments.

The GTF is a flexible source of infrastructure funding, allowing municipalities to select local priority projects within eighteen categories of eligible infrastructure. The Strategic and Corporate Policy and Financial Planning divisions administer the agreement and program. Financial Planning, in consultation with appropriate City divisions and agencies, oversees the investment of GTF funds by identifying priority projects as part of the Capital Budget process.

From 2005-2014, the City has received over \$1.1 billion in GTF that has been directed to the TTC to leverage over \$2.85 billion of investments in the City's transit system. As directed by Council, the City entered into a new Administrative Agreement with the Government of Canada, the Province of Ontario and the Association of Municipalities of Ontario (AMO), which governs the flow of funds until 2023.

In 2016, the City will receive approximately \$159.8 million in federal Gas Tax funding. While annual funding has decreased over time due to slower population growth as

compared to other municipalities in Ontario, the City's allocation is expected to increase to \$167.4 million in 2018 as a result of indexing. This amount is projected to be received in each of the 2019-2025 years, however actual allocations for 2019-2023 will be based on 2016 Census population data.

The 2016-2025 Preliminary Capital Budget and Plan reflects \$1.659 billion in GTF funding to be received. Priority GTF projects over this period includes a continued focus on fleet replacement and renewal (light rail vehicles and buses), bridges and tunnels, and surface and subway track. The full list of TTC projects planned to be funded by the GTF over the 10-Year Capital Budget and Plan is in Appendix B.

Building Canada Fund

Established in 2007, the Building Canada Fund (BCF) provided \$8.8 billion for infrastructure from 2008 to 2014. The City received funding for two projects, the Toronto-York Spadina Subway Extension and the Union Station Revitalization Project. Federal funding under the BCF is also committed for the Sheppard East LRT (\$333 million).

A BCF contribution agreement for the TYSSE was signed by the City, York Region and Canada in September 2008 committing \$622 million in federal funding to the project. This is in addition to the \$75 million which was already provided by the federal government under the Public Transit Capital Trust. The Corporate Finance division supports project governance, including monthly meetings of the Executive Task Force, which includes membership from both the City and York Region; the quarterly meetings of the (Federal) Management Committee which has representation from the City of Toronto, the Region of York, and Transport Canada; and the Move Ontario Trust which has one Trustee from the Ministry of Transportation and from each municipality, including the Deputy City Manager & Chief Financial Officer.

The Province allocated a total of \$870 million to TYSSE in 2006 and 2007 via contributions to the Move Ontario Trust. As outlined in the 2016-2025 Preliminary Capital Budget and Plan, there is an \$85.0 million shortfall in provincial funding arising from the inability of the Move Ontario Trust to achieve anticipated interest earnings of 4%, which was anticipated to achieve total funding of \$1.059 billion in the original funding plan. Including estimated interest income, the total provincial contribution to the project, without a top-up to address the funding shortfall, is expected to be \$974 million.

The 2016-2025 Preliminary Capital Budget and Plan outlines \$239.296 million in federal and provincial funding for the Toronto-York Spadina Subway Extension. This includes the shortfall noted above which will be offset by increased funding from the City of Toronto and the Region of York.

Federal and provincial governments committed funding to the Union Station Revitalization project in July 2009. In total, the Government of Canada is contributing up to \$133.0 from the BCF and \$6.5 million from the Transit-Secure Fund toward the

project (total \$139.5 million), plus \$24.9 million from Via Rail. The Government of Ontario is contributing up to \$191.8 million (through Metrolinx).

The Chief Corporate Officer is responsible for the expenditure and management of funds, including those received as part of the Union Station Revitalization BCF agreement. The Chief Corporate Officer and the Strategic and Corporate Policy division co-ordinate governance oversight of the Union Station Revitalization project, including the Intergovernmental Committee which includes representatives from the Ministry of Transportation, Metrolinx, Transport Canada and the City of Toronto.

The Union Station Revitalization project will receive \$71.067 million in federal and provincial contributions as part of the 2016-2025 Preliminary Capital Budget and Plan to complete the remaining work on the project.

New Building Canada Fund & P3 Canada Fund

In spring 2014, the federal government announced the details of the New Building Canada Fund (NBCF), a \$14 billion commitment to infrastructure over ten years. Also announced was funding of \$1.25 billion through the P3 Canada Fund, a merit-based program designed to incent innovation in P3s as well as to encourage inexperienced governments to consider P3s in public infrastructure procurements.

A number of funding announcements were made prior to the election. The new federal government has committed to making changes to the New Building Canada Fund to improve transparency, speed up approvals and to focus the program on strategic and trade enabling priorities including roads and bridges.

Scarborough Subway Extension

Federal and provincial commitments have been received for the Scarborough Subway Extension, subject to key terms and conditions. As directed by Council, a Procurement Options Analysis for the SSE is underway and recommendations will be reported back in the first quarter of 2016. The 2016-2025 Preliminary Capital Budget and Plan identifies \$2.65 billion in intergovernmental funding to be received starting in 2018 (Table 2).

Table 2 – Scarborough Subway Extension

Funding Source (\$000s)	As of Dec 31, 2015	2016	2017	2018-2025	Total
City Funding	51,704	120,118	185,550	552,628	910,000
Provincial Funding*†	-	-	-	1,990,000	1,990,000
Federal Funding*	-	-	-	660,000	660,000
Total Gross Annual Expenditures & Plan	51,704	120,118	185,550	3,202,629	3,560,000

* funding committed, subject to key terms and conditions.

† \$1.99 billion in inflated dollars. \$1.48 billion in 2010 dollars.

F.G. Gardiner Expressway Rehabilitation

As directed by Council, the City will complete and submit a business case and other required material to PPP Canada (P3 Canada Fund) and Infrastructure Canada (NBCF) to continue its formal request for federal funding for the Revised Strategic Plan for the Rehabilitation of the F.G. Gardiner Expressway. The City's submissions to the NBCF and P3 Canada Fund are being led by the Corporate Finance division.

Federal funding is estimated in the 2016-2025 Preliminary Capital Budget and Plan to be \$820 million, which is equal to one-third of total construction costs. The remaining \$1.78 billion is estimated to be funded by the City. On September 30, 2015, City Council reiterated the request to the Province of Ontario to provide matching one-third funding in recognition of the vital importance of the F.G. Gardiner Expressway to the economy of Ontario.

Canada 150 Community Infrastructure Program

As part of the 2015 federal budget, the Government of Canada announced \$150 million over two years for the Canada 150 Community Infrastructure Program (CIP). \$44.4 million in CIP funding is allocated to southern Ontario, and is administered by the Federal Economic Development Agency for Southern Ontario (FedDev Ontario).

The CIP provides infrastructure funding for projects that rehabilitate, renovate and expand existing community infrastructure in the lead up to the national celebration of the 150th anniversary of Canadian Confederation in 2017. Projects were identified based on ability to meet federal selection criteria such as being smaller in scope; in an advanced state of readiness to meet March 31, 2018 timeline for substantial completion; ability to leverage 66.6% of funding from other sources; and, the ability to be constructed quicker because of CIP support.

Applications to the CIP were coordinated by the Strategic and Corporate Policy division with support from Financial Planning and Legal Services. Projects submitted by the City were selected from the Council-approved 2015-2024 Capital Budget and Plan according to application criteria, including the ability to be completed in an accelerated timeline and the ability to request a maximum of 33% of eligible project costs from the CIP.

The 2016-2025 Preliminary Capital Budget and Plan includes \$2.57 million in federal contributions to Economic Development and Culture (EDC) and Parks, Forestry and Recreation (PF&R) projects. City staff were notified of these projects in late 2015. Details on these projects are provided in Appendix C, and are identified within EDC and PF&R budget notes.

City staff were notified in early 2016 that federal funding has also now been committed for seven Toronto Public Library projects. A supplementary report has been submitted which requests Council authority to negotiate and execute agreements for the Canada 150

CIP, and to make the necessary budget amendments which will increase the expected federal contribution by \$0.93 million.

The CIP will enable the City of Toronto to expedite construction and offset the need for City funding for these projects. The federal government has also announced funding through the Canada 150 Fund which could support the costs associated with City's celebrations in 2017. City Council authorized staff to apply for funding under this program on December 9, 2015 (ED8.9).

New Federal Infrastructure Funding

SmartTrack

The 2015 Ontario Budget allocated \$13.5 billion to implementing GO Regional Express Rail (RER) over the next ten years. These investments in GO infrastructure improvements (electrification, double tracking on Stouffville Corridor, etc) will support and enable SmartTrack. In its 2015 Budget, the Province identified that its contribution to SmartTrack is within the GO RER plan.

In June 2015, the federal government announced a new Public Transit Fund which was intended to provide significant permanent support for large-scale public transit projects. As part of this announcement, a specific commitment was made to contribute up to one-third of the costs for the SmartTrack proposal, up to a maximum amount of \$2.6 billion, upon receipt and approval of a formal application. A further announcement on program details was expected in fall 2015 but was pre-empted due to the federal election.

On January 21, 2016, Minister Amarjeet Sohi (Infrastructure and Communities) re-affirmed the federal commitment to SmartTrack. The terms and conditions of this commitment have not been finalized. As directed by Council, the SmartTrack work plan includes ongoing discussions with provincial and federal governments on the capital funding and financing strategy.

New Investments

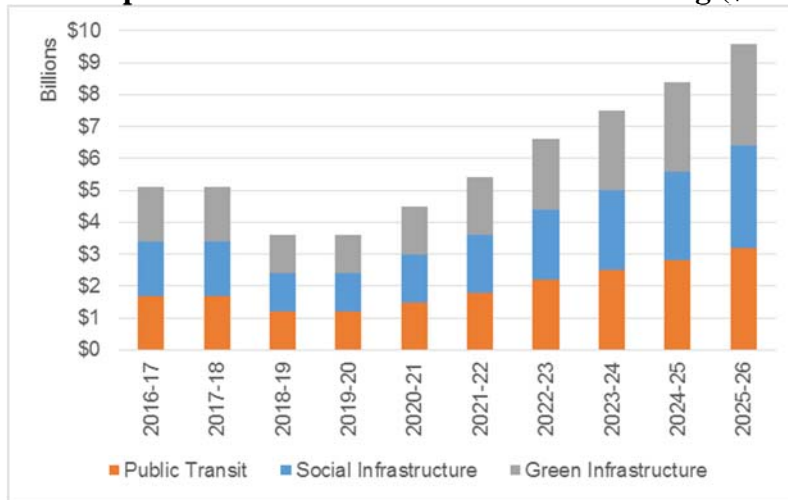
The federal government has committed to investing a total of \$125 billion in infrastructure over the next decade, which includes existing programs (as noted above) plus \$60 billion in new spending in social infrastructure, green infrastructure and public transit.

The \$60 billion in new funding is proposed to be divided equally among these categories, with each receiving one-third of the annual allocation. The total amount of new spending is to be \$5.1 billion in each of the first two years, followed by \$3.6 billion each year for the 2018-2020 period. Spending is then planned to increase over time, reaching \$9.6 billion in 2025-2026 (Graph 4).

Since taking office, the federal government has been consulting provinces, territories and municipalities (including the Federation of Canadian Municipalities) on these programs,

their potential design, and to learn about local priorities. The City has welcomed the Prime Minister, Minister Morneau (Finance), and Minister Sohi during this time, with the latter two touring key City building infrastructure projects such as the waterfront and the revitalization of Regent Park.

Graph 4 – Proposed New Federal Infrastructure Funding (\$60 billion)



On January 21, 2016, Minister Sohi announced that the government would be taking a two phased-approach to implement this commitment. The first phase will take place over the next two years with federal funding (approximately \$10 billion) directed to state of good repair projects that can occur in the short-term (i.e. are “shovel ready”). Funding will also be provided to improve municipal planning, asset management and data collection. As these investments are made, the federal government will work with other governments and stakeholders on a 10-Year plan that will “provide predictable, dedicated and transparent funding”. The first phase is expected to begin following release of the federal budget, which is expected in the coming months.

The City’s Preliminary 2016-2025 Capital Budget and Plan focuses investments in state of good repair, while addressing Council priorities for service improvements and growth related projects. While 63% of the Tax Supported Capital Budget and Plan is dedicated to state of good repair, current funding is well below needs and Council directions. The state of good repair backlog is expected to grow over time and the City faces \$23 billion in major unmet capital needs.

City staff are in the process of identifying priority projects to be considered for funding under new programs, per Council direction to seek intergovernmental funding. The 10-Year Capital Budget and Plan, upon Council approval, will inform the identification of priority projects. City Council has also provided direction to seek intergovernmental funding for unfunded (below-the-line) projects. Refinements to identified priority projects will occur as the federal government releases additional details on program design and criteria (including potential requirements for matching funding).

The following principles will be used to identify priority projects, per Council direction:

- Project is approved within the Preliminary 10-Year Capital Budget and Plan, with consideration given to whether the capital financing strategy assumed future provincial/federal funding;
- City Council gave direction to seek funding for unfunded (below-the-line) projects;
- Application of best practices in capital planning and budgeting, including prioritizing projects that maintain assets in a state of good repair;
- Alignment with Council's Long-Term Fiscal Plan and Strategic Actions; and,
- Project meets the potential criteria of program objectives, including project readiness.

Staff will report back to Council on progress made to intergovernmental funding agreements and seek Council approval, as required for contribution agreements and funding adjustments in the City's Capital Program.

The City Manager's Office, Financial Planning and Corporate Finance, in collaboration with other City division and agencies are responsible for identifying infrastructure projects requiring intergovernmental funding based on Council's priorities. Intergovernmental funding agreements provide significant capital contributions that help address many of the City's key strategic priorities.

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SIGNATURE

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City Manager

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ATTACHMENTS

Appendix A – Provincial Gas Tax Funding for TTC's 2016-2025 Preliminary Capital Budget and Plan

Appendix B – Federal Gas Tax Funding for TTC's 2016-2025 Preliminary Capital Budget and Plan

Appendix C – Projects under the Canada 150 Community Infrastructure Program contained in the 2016-2025 Preliminary Capital Budget and Plan

Appendix A – Provincial Gas Tax Funding for TTC's 2016-2025 Preliminary Capital Budget and Plan

Projects	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
ATC Resignalling	-	-	-	-	-	-	-	10,824	13,037	23,284	47,145
Bridges and Tunnels - Various	-	-	-	-	10,667	9,099	-	-	-	12,010	31,776
Bus Heavy Rebuild Program - Overhaul	65,182	53,143	31,305	9,903	5,804	-	-	-	-	-	165,337
Communications - Various	-	9,250	14,329	13,762	7,295	6,139	5,923	5,750	5,798	8,246	76,492
Easier Access Phase II & III	-	-	-	-	-	15,826	18,043	25,225	7,069	-	66,163
Environmental Programs	-	-	-	-	-	-	4,160	4,591	5,790	5,934	20,475
Equipment - Various	-	-	-	-	-	9,852	6,484	-	1,187	4,000	21,523
Finishes - Various	-	-	3,021	1,136	8,000	-	3,872	-	2,253	-	18,282
On-Grade Paving Rehabilitation	4,000	4,000	4,000	4,000	13,000	12,000	12,000	-	165	-	53,165
Other Bldgs & Structures Projects	-	-	-	-	-	-	8,190	4,526	-	4,859	17,575
Other Service Planning	-	-	-	-	-	-	-	-	-	275	275
Power Dist./Electric Systems - Various	6,043	8,831	9,669	7,551	5,122	5,051	4,912	5,019	5,226	7,436	64,860
Rail Non-Revenue Vehicle Overhaul	-	-	-	-	-	-	-	-	-	1,153	1,153
Signal Systems - Various	-	-	-	-	-	-	1,608	1,257	1,296	1,331	5,492
Streetcar Overhaul Program	-	-	-	-	-	-	688	586	11,527	-	12,801
Subway Car Overhaul Program	-	-	-	-	-	-	3,930	13,019	15,782	-	32,731
Subway Track	-	-	-	14,140	-	5,366	-	-	-	2,000	21,506
Surface Track	-	-	-	10,000	-	7,444	1,569	-	1,521	-	20,534
Toronto Rocket Yard & Storage Track Accommodation	-	-	-	-	17,579	-	-	-	-	-	17,579
Traction Power - Various	-	-	12,900	14,732	3,759	4,448	3,844	4,428	4,574	4,387	53,072
Transit Shelters & Loops	-	-	-	-	-	-	-	-	-	309	309
Yards and Roads - Various	-	-	-	-	4,000	-	-	-	-	-	4,000
Grand Total	75,225	75,224	75,224	75,224	75,226	75,225	75,223	75,225	75,225	75,224	752,245

* The list of projects funded by Provincial Gas Tax is subject to change.

Note: Chart excludes \$91.6 million of the annual allocation from the Provincial Gas Tax as it is applied to the TTC operating budget

Appendix B – Federal Gas Tax Funding for TTC's 2016-2025 Preliminary Capital Budget and Plan

Project Description (\$000's)	2016	2017	2018	2019	2020	2016 - 2020	2021	2022	2023	2024	2025	2016 -2025
ATC Resignalling	-	-	-	-	13,925	13,925	10,575	-	8,795	8,691	17,222	59,208
Bridges and Tunnels - Various	-	-	-	-	19,438	19,438	30,338	39,681	44,298	41,811	27,520	203,086
Bus Heavy Rebuild Program - Overhaul	-	12,454	11,100	-	-	23,554	-	-	-	-	-	23,554
Easier Access Phase II & III	5,696	-	-	-	16,542	22,238	20,139	28,696	16,816	20,847	22,564	131,300
Environmental Programs	-	-	-	-	1,625	1,625	5,398	1,277	-	-	-	8,300
Equipment - Various	-	-	-	-	12,322	12,322	9,954	9,310	11,856	8,610	2,275	54,327
Finishes - Various	5,872	-	-	-	8,585	14,457	13,410	13,582	9,000	5,000	900	56,349
Leslie Barns Streetcar Maint. & Storage Facility	7,022	-	880	-	-	7,902	-	-	-	-	-	7,902
McNicoll Bus Garage Facility	-	-	7,152	20,000	7,162	34,314	-	-	-	-	-	34,314
On-Grade Paving Rehabilitation	-	-	-	-	-	-	-	-	10,000	10,000	-	20,000
Other Bldgs & Structures Projects	-	-	-	-	27,155	27,155	11,354	-	1,448	7,950	3,000	50,907
Purchase of Legacy LRVs	42,909	90,936	89,121	77,390	-	300,356	-	-	-	-	-	300,356
Replace 40' Diesel Buses or Equivalent	61,708	49,396	38,165	49,490	-	198,759	-	10,417	-	-	-	209,176
Streetcar Overhaul Program	-	-	-	-	-	-	-	-	3,000	1,624	18,618	23,242
Subway Car Overhaul Program	-	-	-	-	7,154	7,154	6,119	9,293	4,040	1,591	24,415	52,612
Subway Car Purchases	12,965	4,880	-	-	-	17,845	-	-	-	-	-	17,845
Subway Track	8,358	-	-	-	8,900	17,258	19,035	25,096	25,738	29,293	19,427	135,847
Surface Track	-	-	-	593	9,155	9,748	17,963	23,069	25,430	25,002	22,556	123,768
Toronto Rocket Yard & Storage Track Accommodation	15,282	2,145	21,002	19,947	27,956	86,332	17,356	-	-	-	-	103,688
Traction Power - Various	-	-	-	-	7,504	7,504	5,779	7,000	7,000	7,000	8,924	43,207
Grand Total	159,812	159,811	167,420	167,420	167,423	821,886	167,420	167,421	167,421	167,419	167,421	1,658,988

* The list of projects funded by federal Gas Tax Fund is subject to change.

Appendix C – Projects under the Canada 150 Community Infrastructure Program contained in the 2016-2025 Preliminary Capital Budget and Plan

Project Name		Division	Federal Funding as a Percent of Eligible Costs	Federal Funding (\$)
1	Centennial Park Arena Improvements	Parks, Forestry & Recreation	25%	1,000,000
2	Falstaff Community Centre Improvements	Parks, Forestry & Recreation	33%	295,000
3	Former Inglis Lands Park Development	Parks, Forestry & Recreation	33%	260,000
4	Port Union Community Centre Improvements	Parks, Forestry & Recreation	33%	246,333
5	Fort York Landscape - Link to the Lake Ontario Shoreline	Economic Development & Culture	33%	199,800
6	St. James Park - Playground & Park Upgrades	Parks, Forestry & Recreation	33%	198,667
7	Toronto Assembly Hall Seating	Economic Development & Culture	33%	110,223
8	Spadina House Restoration	Economic Development & Culture	33%	96,570
9	Stanley Gates	Economic Development & Culture	33%	66,600
10	Restoration of Goulding Massey Estate	Economic Development & Culture	33%	65,934
11	Windfields Upgrade – Canada Film Centre	Economic Development & Culture	33%	33,300
Total Federal Contribution				2,572,427

* A supplementary report has been submitted which outlines seven additional projects with committed Canada 150 CIP funding which will increase the expected federal contribution by \$0.93 million.