# Scarborough Rapid Transit Options: Reporting on Council Terms and Conditions

October 8, 2013

Report from the City Manager and CEO, Toronto Transit Commission



## Council Terms and Conditions for McCowan Corridor Subway

- City Council confirmed support for the McCowan Corridor Subway alignment proposed in the July 16, 2013 report to Council, contingent on several terms and conditions
- Council's Terms and Conditions (McCowan Corridor Subway)

Directive	Council Term/Condition	Satisfied
1.A	New Federal Funding Equal to 50% of Net Capital Costs	Yes
1.B	Provincial contribution of \$1.8 billion (\$2010)	No
1.C	Other funding under the Master Agreement not to be reallocated	Yes
1.D	No reallocation of existing City revenues from other services	Yes

- As a result, Council's July 16, 2013 decision as a whole has not come into effect and the City Manager does not have authority to amend the Master Agreement with Metrolinx. The Scarborough LRT remains in the Master Agreement.
- Should Council continue to support a subway option, the City Manager requires new direction and authority from Council



#### Report Recommendations: Two Options

#### A. Subway

City Council reconfirm its support for a Scarborough Subway, extending the Bloor-Danforth line along the McCowan Road corridor to Sheppard Avenue East subject to approval of an Environmental Assessment

- Amend Master Agreement to remove the Scarborough LRT
- Enter into an agreement with Metrolinx for a minimum of \$1.48B
- Enter into an agreement with the federal government for up to \$660M
- City Council commit to fund \$910M
  - Development charges \$165M
  - Property tax \$745M

#### OR

#### B. LRT

City Council reconfirm its support for the Scarborough LRT under the current Master Agreement



## Funding for a McCowan Corridor Subway

Expenditure Estimate:	(\$millions)			
Subway Option Cost Estimate (\$2010)	\$2,300			
SRT Life Extension, Decommissioning & Demolition (\$2010)	\$170			
Total Cost (\$2010)	\$2,470			
Total Subway Option Cost Estimate (\$ inflated)	\$3,560			
Funding Sources:	Provincial Funding <u>of</u> \$1.48 B (\$2010)		Provincial Funding of \$1.8 B (\$2010)	
	(\$inflated) (\$inflated)			
Federal Funding	\$660	19%	\$420	12%
Provincial Transfer <sup>1</sup>	\$1,990	56%	\$2,450	69%
City	<u>\$910</u>	<u>26%</u>	<u>\$690</u>	<u>20%</u>
Total Funding for Subway Options	\$3,560	100%	\$3,560	100%
City Funding:				
Estimated Development Charges	\$165		\$115	
Estimated Tax Supported Cost	\$745		\$575	
Total Residential Tax Increase 2014 -2016	1.6%		1.1%	
Estimated Future Annual Debt Service Charge	\$38		\$26	

<sup>1.</sup>Provincial Contribution net of \$85 million sunk costs



### Financial Impact

A dedicated tax increase of 1.6% is required over next three years

Year	Percentage
2014	0.5%
2015	0.5%
2016	0.6%

- Per City policy, 1/3 of the residential rate increases applies to nonresidential property tax classes
- TTC and City start up funding will be required and will be addressed as part of the 2014 Capital Budget process

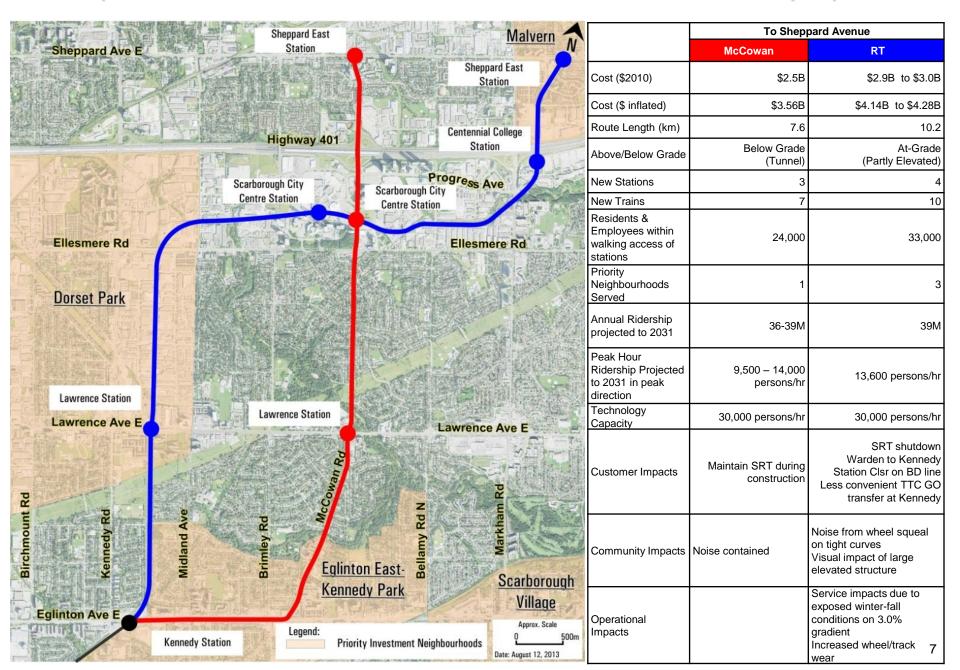


#### Other Issues

- Cost over-runs
- Operations and maintenance
- Automatic train control
- Pressures on 2014-2023 Capital Plan
  - Transit SOGR
- Debt service ratio



#### Comparison of McCowan Corridor and RT Corridor Subway Options



## Scarborough LRT Option

- Second option is to support the Scarborough LRT, which remains in the Master Agreement
- The current estimate for the Scarborough LRT is \$1.48 billion (\$2010), and is fully funded by the Province
- The EA for the project was approved by the TTC and Council in 2010
- Scheduled to be constructed from 2015-2020; Metrolinx would build, maintain and own the project



## **Council Decision**

Subway or LRT

