
2014 CAPITAL BUDGET BRIEFING NOTE

Federal-Provincial Funding Requests Related to Capital Needs

Issue/Background:

- At the December 12, 2013 City Budget Committee meeting, the CEO of the TTC was requested to provide a briefing note that summarizes the federal-provincial funding requests related to capital and operating needs and the communications strategy to support a public campaign.
- In accordance with the Municipal Act, funding for the Commission's capital program from other governments flows through the City.
- Sources of capital subsidies include Federal and Provincial levels of government and other funding which includes specific purpose third party agreements with organizations such as Waterfront Toronto.
- **Provincial Government**
 - Provincial Gas Tax – In October 2004 the Province introduced gas tax funding to municipalities for public transit. Commencing at 1 ¢/litre, the funding is based on a province wide 70% ridership and 30% population allocation base, updated annually. The funding rate increased to 1½ ¢/litre, effective October 2005, and then 2 ¢/litre effective October 2006. The City has directed \$91.6 million of the PGT pot to the Commission's operating needs with the remainder applied to capital needs.
 - The following are other Provincially funded programs (which are either complete or will be winding down shortly) – these funding programs have not been replaced.

Provincially funded programs	Status
Vehicle funding Programs (including OBRP – Ontario Bus Replacement Program/ ORSIF – Ontario Rolling Stock Infrastructure Fund)	Reserve - exhausted
Canada Strategic Infrastructure fund	Reserve – to be fully applied by 2013
Transit Technology Infrastructure Program	Reserve – exhausted

Metrolinx Quickwins	Reserve – to be fully applied by 2016
Provincial 1/3 LRV funding	2009 to 2019
Public Transit Capital Fund	Reserve – exhausted

- Note that the 10-Year Plan includes \$1.023 billion or 16.2% of funding from the Province (excluding TYSSE and Scarborough Subway).

- **Federal Government**

- In June 2005, a joint announcement by the Federal, Provincial, and City of Toronto governments and the Association of Municipalities of Ontario was made in connection with the signing of two federal gas tax funding agreements under the “New Deal for Cities and Communities”. The gas tax funding is allocated on a per capita basis for environmentally sustainable municipal infrastructure, growing from 2½¢/litre in 2008 to 5¢/litre in 2009. In 2008 the Federal Government announced that gas tax funding had been made a permanent measure and in 2009 an extended framework agreement for the 4 year period 2010-2013 was based on updated 2006 Census population. Ontario’s allocation of this to municipalities is based on population and the City was allocated \$154.4 million (in 2012 and 2011) under this program. This amount was allocated to the Commission.
- The following are other Federally funded programs (which are either complete or will be winding down shortly) – these funding programs have not been replaced.

Federally funded programs	Status
Infrastructure Stimulus Fund	2009-2011
Canada Strategic Infrastructure fund	Program to be completed by 2015
Public Transit Capital Fund	Reserve – exhausted
Transit Secure	Program Complete

- Note that the 10-Year Plan includes \$1.547 billion or 24.5% in Federal funding (excluding TYSSE and Scarborough Subway).

Key Points:

- The 2014-2023 TTC Capital Budget includes a \$9 billion (not including TYSSE) Capital need to maintain and replace ageing infrastructure while also addressing increasing ridership.
- The Commission needs to implement improvements such as system accessibility and PRESTO while also continue to improve service and ensure system reliability.

- While City Staff acknowledge that the needs are real, the City can only afford funding commitments of \$6.510 billion which leaves \$2.526 billion of unfunded projects below the line until funding can be secured.
- As the City cannot fund the Commission’s Capital Program all alone, the Commission needs to pursue long term, predictable and sustainable funding for its base capital program needs (SOG) – as well funding to enhance and expand the transit system from the Provincial and Federal governments.
- The Board of the Commission has approved the creation of a Special Task Force comprised of the TTC Chair, the TTC CEO, the TTC CFAO, the City Manager and the City CFO, to seek and secure funding for the list of “unfunded TTC Capital Projects” contained in Table 1 (attached). As part of this work, the Task Force will also consider the communication strategy for a public campaign.
- Please note that the unfunded projects are \$2.5 billion over 10 years. The majority of funding is required in the latter 5 years (\$2.151 billion). The Special Task Force will be created with the aim of securing Federal and Provincial support for these unfunded capital projects.

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Table 1 – 2014-2023 Capital Budget Unfunded Projects – Below the Line

TTC 2014-2023 Unfunded Projects
 Summary of Changes - Cash Flow by Year

\$000s	2014	2015	2016	2017	2018	2014-2018	2019	2020	2021	2022	2023	2014-2023
Proposed gross costs below the line:												
372 Replacement Subway Cars											(425,707)	(425,707)
58 Wheel-Trans Buses					534		1,965	(12,381)		(12,189)		(22,071)
135 Buses for Service Improvements							(105,276)					(105,276)
Buses (Revert to 18 Year Life)		(29,222)	(37,185)	(24,953)	(74,851)	(166,211)	(155,875)	(163,308)	(171,100)	(179,277)	(93,871)	(929,642)
Bus Rebuilds (to support 18 year life)	7,168	27,604	27,732	59,883	48,592	170,979	48,926	7,486	9,217	3,977	19,181	259,766
60 New LRVs	(51,724)					(51,724)	(160,819)	(130,946)	(9,415)			(352,904)
Fire Ventilation Upgrade	2,806	(7,485)	(23,842)	(12,550)	(14,372)	(55,443)	(16,785)	(21,303)	(19,822)	(19,545)	(26,212)	(159,090)
McNicoll New Bus Garage (Phase 2)	8,000	25,000	10,000	(25,300)	(45,000)	(27,300)	(45,000)	(28,700)				(101,000)
Station Finish Renewal Program												
Train Door Monitoring System - T1 & TR	(13,803)	(22,506)	(15,166)		(1,500)	(1,500)	(4,750)	(9,500)	(10,000)	(10,000)	(10,000)	(45,750)
SMS Work Order System SOGR		(200)	(800)	(2,000)	(2,000)	(5,000)	(5,000)	(5,000)				(51,475)
Easier Access III					(5,442)	(5,442)	(51,752)	(44,911)	(46,372)	(48,813)	(42,710)	(240,000)
Subway Track					(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(60,000)
Surface Track	(10,000)	(8,000)	(10,000)	(10,000)	(10,000)	(48,000)						(48,000)
Traction Power	(10,000)	(10,000)	(5,000)			(25,000)						(25,000)
Finishes		(10,000)				(10,000)						(10,000)
Equipment	(5,000)	(10,000)	(5,000)	(5,000)	(5,000)	(30,000)	(5,000)	(5,000)	(10,000)	(10,000)		(40,000)
Bridges and Tunnels	(5,000)	(10,000)	(5,000)	(5,000)	(5,000)	(30,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(65,000)
On-Grade Paving		(5,000)	(5,000)	(5,000)	(5,000)	(20,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(45,000)
Building and Structures		(10,000)				(10,000)						(10,000)
Total Gross Change	(77,553)	(69,809)	(69,261)	(29,920)	(129,039)	(375,582)	(519,346)	(443,563)	(282,492)	(300,847)	(604,319)	(2,526,149)