Public Transit Infrastructure Fund Phase 1 Update

Date: October 23, 2017  
To: Executive Committee  
From: City Manager & Acting Chief Financial Officer  
Wards: All

SUMMARY

Federal financial commitment to municipal infrastructure investments are critical to the growth and economic vitality of Canada’s big cities. The City of Toronto relies on intergovernmental partnerships to support necessary investments in state of good repair (SOGR) of Canada’s largest transit system, the Toronto Transit Commission (TTC), investments in advancing future expansion of the transit network, and building an active transportation network that provides choice in mobility options.

The federal government launched the $3.4 billion Public Transit Infrastructure Fund (PTIF) Phase 1 in April 2016. The PTIF Phase 1 program provides 50-50 (federal-municipal) contributions for investment in public transit and active transportation projects. The City of Toronto was allocated $856 million in federal funding in August 2016 based on the City’s share of transit ridership. Per federal funding guidelines, all projects are required to be complete by either March 31, 2018 or March 31, 2019, with a maximum of 40% of the program spent in the final year. In the event that projects are not completed by the end of the PTIF program, the City would be responsible for 100% of project costs resulting in additional capital expenses.

In December 2016, City Council approved 87 eligible PTIF projects (2016.EX.20.4), that leveraged the $856.2 million in federal funding and approved matching funding in the 2017 Budget process, establishing total project spending authority of $1.770 billion for the PTIF program. This included $22.9 million in federal funding remaining unallocated with eligible projects to be determined. At the time of reporting, staff also identified the potential risks with the delivery of the program given its requirements.

A recent review of PTIF project expenditures approved in December 2016 has identified approximately $301.2 million gross and $121.5 million in PTIF funds currently at risk that cannot be spent within current PTIF program guidelines. Further, of the $1.469 billion gross and $734.7 million in PTIF funding that can be spent within program guidelines, 37% is currently projected to be spent in the final year of the program (April 1, 2018 and March 31, 2019). As a result, there is limited contingency for slippage in project delivery beyond March 21, 2018. The annual cash flow requirements, also present limitations in the opportunity to find new projects to reallocate the $301.1 million gross and $121.5 million in PTIF funding currently at risk.
This report recommends City Council renew the December 2016 request to the federal government to extend program timelines. In particular, this report recommends the federal government increase the percentage of the program that can be spent in the final year from 40% to 70%, and extend the program completion deadline to March 31, 2020. In the absence of additional program flexibility, the City will need to revise the City’s PTIF project list to phase projects so they can be completed within the PTIF program deadlines (i.e. reduce scope), or remove projects from the PTIF program that have limited to no spending to date, which would revert back to requiring full City funding to complete these projects.

The PTIF program is at a critical juncture, and timely decisions will need to be made regarding the scope of the City’s PTIF project list pending the outcome of discussions with the federal government on program flexibility. The PTIF project list will likely require amendments and resubmission to the provincial and federal government.

The TTC is currently investigating options to add additional buses to the PTIF program that can be delivered by March 31, 2019. Pending negotiations with vendors, there is the potential to reduce the risk to federal funding being left unallocated from $121.5 million to $84.8 million while still maintaining the overall program spend guidelines of 40% in the final year of the program. The purchase of additional buses is subject to TTC Board approval. An increase in the cash flow available to be spent in the final year of the program, and/or extension in program timelines, may also provide opportunity for utilizing the funds for an increased number of additional buses. The City is interested in identifying large projects that can benefit from PTIF federal funding in the interest of more efficient administration of the overall program.

This report recommends that delegated authority be provided to the City Manager and the Acting Chief Financial Officer to amend the project list, within specific parameters in order to maximize the availability of federal funding and mitigate against future risks as they become known. The report also recommends reallocating project budgets to align with the programs delivering the work in order to streamline administration of the funds.

**RECOMMENDATIONS**

The City Manager and the Acting Chief Financial Officer recommend that:

1. City Council reiterate its request that the Federal and Provincial Governments enhance the flexibility of the Public Transit Infrastructure Fund Phase 1 program by amongst other measures, extending the completion deadline for implementation of Public Transit Infrastructure Fund Phase 1 to March 31, 2020, and further to increase the cash flow flexibility in the final year of the program from 40 percent to 70 percent post March 31, 2018.

2. City Council authorize the City Manager, in consultation with the Acting Chief Financial Officer, the Chief Executive Officer, Toronto Transit Commission (TTC) and pending Toronto Transit Commission Board approval; to further amend the Public Transit Infrastructure Fund Phase 1 Priority List of projects to increase the number of bus purchases from unallocated Public Transit Infrastructure Fund funding pending
3. City Council authorize the City Manager, in consultation with the Acting Chief Financial Officer, to make amendments to the Public Transit Infrastructure Fund Phase 1 Project List as approved by City Council on December 13, 14 and 15, 2016, (Item EX20.4 Federal Infrastructure Funding – Phase 1 and 2), as may be required from time to time by adding, deleting or changing project scope, subject to appropriate budget approvals, and the following conditions:

   a. the project has been approved by City Council within the 10-year Capital Budget and Plan, and has a capital financing strategy which assumed future Provincial/Federal funding; or City Council gave direction to seek intergovernmental funding for unfunded (below-the-line) projects within the 10-Year Capital Budget and Plan;

   b. the project meets the Public Transit Infrastructure Fund Phase 1 program criteria, including meeting the overall annual program cash flow and completion deadlines;

   c. consideration has been given to best practices in capital planning and budgeting, including the prioritizing of projects that maintain assets in a state of good repair; and prioritizing larger projects that facilitate more efficient administration of the Public Transit Infrastructure Fund program; and

   d. Toronto Transit Commission Board authority has been obtained to proceed with Toronto Transit Commission (TTC) projects.

4. City Council authorize the following budget adjustments:

   a. the transfer of $2 million in Public Transit Infrastructure Fund funding from the Transportation Services 2017 Capital Budget to the Toronto Parking Authority and to increase the Toronto Parking Authority 2017 Capital Budget by $4 million (gross), including $2 million in funding from the Toronto Parking Authority Capital Expenditure Reserve Fund (XR6002) for the purchase of 750 bicycles, 71 bicycle stations and 1,000 docks. Future reallocations of Public Transit Infrastructure Fund funding related to the Bike Share program will be considered as part of the 2018 Capital Budget process;

   b. the transfer of $55.5 million (gross) including $27.8 million in Public Transit Infrastructure Fund funding and $27.7 million in debt for Relief Line planning, design and engineering from the 2017 Corporate Initiatives Capital Budget Account (CCI108-01) to the Toronto Transit Commission (TTC), along with the addition of 1.0 temporary position required until project completion to support the program, fully funded from the capital project; and

   c. the transfer of $3.6 million (gross) which includes $1.8 million in Public Transit Infrastructure Fund funding and $1.8 million in debt for Waterfront Transit
FINANCIAL IMPACT

The PTIF Phase 1 program spending authority for the 87 eligible PTIF projects as approved by City Council in December 2016 and affirmed in the 2017 Budget process is $1.770 billion gross and includes federal funding of $856.2 million which can make up 50 percent of the total eligible project costs, with 50 percent matching contribution required by the City. Approved PTIF funding also included $22.9 million of the federal program remaining unallocated at that time.

Based on actuals and updated project budgets there is a current risk of $301.2 million gross and $121.5 million in federal funding that cannot be spent within current PTIF program requirements. Pending negotiations with vendors on the purchase of additional TTC buses that can meet the PTIF guidelines, there is the potential to reduce the risk to federal funding to $84.8 million while still maintaining the current overall program spend guidelines of 40% in the final year of the program.

Based on the projects that currently meet PTIF guidelines, it is anticipated that 63% or $924.7 million (gross) will be spent by March 31, 2018 achieving the PTIF guidelines of having no more than 40% of the spend occurring in the final year of the program. It is anticipated the final year of the program - April 1, 2018 to March 31, 2019 - will comprise 37% or $544.8 million (gross) of the total program spend. Table 1 below summarises the original budget and impact of the at-risk funding with and without the additional TTC bus purchases in meeting PTIF program guidelines. Table 1 does not include the unallocated gross and PTIF funding currently at risk. Table 1 represents the scenario in which no further program flexibility is provided, requiring the City to amend the December 2016 project list.

The report also recommends reallocating project budgets to align with the Programs delivering the work including PTIF funding to the Toronto Parking Authority for the Bike Share program and reallocating funding to the TTC for the design and engineering work associated with transit expansion planning projects.

TTC projects account for 88% of the PTIF program that can be spent within current program guidelines, and are projected to be 68% spent by March 31 2018. Transportation Services and corporate initiative projects (i.e. transit expansion planning projects), are heavily weighted in the final year of the program and represent a risk in completion of the projects in accordance with program guidelines.

In the event that the City does not achieve spending guidelines then the City is at risk of not receiving the Federal portion of funding on projects that have been initiated by the City. As of June 30, 2017, the City had achieved actuals of $402.9 million (gross) or 27% of the total project gross budgets currently meeting guidelines.
<table>
<thead>
<tr>
<th>Program</th>
<th>Original Gross Expenditures</th>
<th>Original PTIF Funding</th>
<th>Budget Within Guidelines Gross</th>
<th>Budget Within Guidelines PTIF</th>
<th>Project Gross Spend LTD March 2018</th>
<th>Project Gross Spend April 2018-March 2019</th>
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<tbody>
<tr>
<td>TTC</td>
<td>1,363,357,000</td>
<td>681,678,500</td>
<td>1,289,993,000</td>
<td>644,996,500</td>
<td>880,008,000</td>
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<td>57,010,322</td>
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<td>Corp Initiatives</td>
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<td>99,552,000</td>
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<td>52,753,438</td>
<td>27,668,680</td>
<td>77,838,196</td>
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<td><strong>A. Sub-Total</strong></td>
<td><strong>1,770,722,000</strong></td>
<td><strong>856,244,152</strong></td>
<td><strong>1,469,565,976</strong></td>
<td><strong>734,782,988</strong></td>
<td><strong>924,732,458</strong></td>
<td><strong>544,833,518</strong></td>
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<td><strong>A. As % Gross Within Guide</strong></td>
<td></td>
<td></td>
<td>63%</td>
<td>37%</td>
<td></td>
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<tr>
<td><strong>A. @ Risk Funding</strong></td>
<td></td>
<td></td>
<td>301,156,024</td>
<td>121,461,164</td>
<td></td>
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<td><strong>B. Add Bus Mitigation</strong></td>
<td></td>
<td></td>
<td>73,364,000</td>
<td>36,682,000</td>
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<td>73,364,000</td>
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<td><strong>B. Sub-Total With Buses</strong></td>
<td></td>
<td></td>
<td><strong>1,542,929,976</strong></td>
<td><strong>771,464,988</strong></td>
<td><strong>924,732,458</strong></td>
<td><strong>618,197,518</strong></td>
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<td><strong>B. As % Gross Within Guide</strong></td>
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<td>60%</td>
<td>40%</td>
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<td><strong>B. @ Risk Funding</strong></td>
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<td>227,792,024</td>
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DECISION HISTORY

On November 21, 2016 the TTC considered the report “Federal Public Transit Infrastructure Fund (PTIF)” and approved the list of TTC priority capital projects for funding. The decision of the TTC Board and the report was forwarded to City Council. Link: [http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98802.pdf](http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98802.pdf)


On December 16, 2016, City Council confirmed priority projects for PTIF Phase 1 as set out in Attachment 1 of the report, EX20.4 Federal Infrastructure Funding- Phase 1 and 2. City Council also authorized the Mayor and the City Manager to negotiate and enter into intergovernmental agreements and amendments as may be required with the Province of Ontario for the PTIF substantially in accordance with the terms and conditions set out in Attachment 2 of the report EX20.4.

At that time, City Council requested the Government of Canada and the Province of Ontario to extend program timelines for the PTIF program as may be required, and confirm that any unspent funds under the PTIF agreement be re-profiled and reallocated to Toronto on a ridership basis.

City Council Decision History Link:

Attachment 1: City of Toronto Priority Projects for Phase 1 Federal PTIF

Attachment 2: Key Terms and Conditions of the Toronto-Ontario PTIF and CWW Transfer Payment Agreements

ISSUE BACKGROUND

The Government of Canada has committed $95 billion in infrastructure funding (the Investing in Canada plan) from 2016-17 to 2027-28 to be delivered in two phases.

Phase 1 allocated $11.9 billion nationally over five years, including:
- $3.4 billion through the Federal Public Transit Infrastructure Fund (PTIF);
- $5.0 billion for green infrastructure, including $2.0 billion through the Clean Water and Wastewater Fund (CWWF); and
- $3.42 billion through the Social Infrastructure Fund (SIF), including housing.

Program implementation of the CWWF and SIF are ongoing, with City Council approved projects underway as planned. Implementation of these projects continues to proceed in accordance with program guidelines. This report provides an update on the progress of PTIF Phase 1.
PTIF Phase 1 Overview

The City of Toronto was allocated $856 million for PTIF Phase 1 projects (26% of the national program allocation) based on transit ridership. The ridership-based allocation recognizes the need for investment in Canada's largest transit system. Federal program criteria allowed local governments to identify priority projects.

As per the PTIF program requirements, all eligible projects must be incremental by either being:

- New (not within the City's 10 Year Capital Plan);
- Accelerated in scope or timelines (including avoided deferral); or
- Were to benefit from anticipated federal funding (i.e. anticipated as part of the capital financial reserve).

Eligible investment categories include:

- Capital projects for the rehabilitation, optimization and modernization of public transit infrastructure, or that improve the efficiency, accessibility and/or safety of public transit infrastructure (including rehabilitation or enhancement of existing guide ways, maintenance and storage facilities, or other existing public transit capital assets; refurbishment or replacement of existing rolling stock; and replacement or enhancement of transit stations);
- Expenditures to support the asset management capacity of a public transit system;
- Expenditures to support the design and planning for the future expansion and improvements to public transit systems, including transportation demand management measures and studies and pilot projects related to innovative and transformative technologies; and
- Projects for system expansion, which may include active transportation, if they can be completed within the program timeframe.

Federal funding will only be provided for eligible costs incurred between April 1, 2016 and March 31, 2018 on a reimbursement basis. The federal Minister of Infrastructure and Communities can provide flexibility to allow for projects to continue until March 31, 2019. Up to 40% of the program costs can be incurred between April 1, 2018 and March 31, 2019 if there is a demonstrated need. The Federal government previously increased this threshold from 25% to 40%, which was a positive step towards addressing City Council's December 2016 request for further flexibility. Any unspent allocations would remain with the federal government.

Eligible projects are cost shared 50/50 between the City and the Government of Canada. There is no requirement for a provincial matching contribution for this phase of the fund.

Link to program details:
City Council Approved Project List

The Federal PTIF funding program is of significant benefit to the City's ten year capital plan as it supports accelerated investments in transit and active transportation infrastructure projects in Toronto. It also leverages the City's spending on public transit infrastructure, the Ten Year Cycling Network Plan and the Vision Zero Road Safety Plan.

On December 16, 2016, City Council confirmed priority projects for PTIF Phase 1 as set out in Attachment 1 of the report, EX20.4 Federal Infrastructure Funding- Phase 1 and 2. See Attachment 1: City of Toronto Priority Projects for Phase 1 Federal PTIF http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98740.pdf

Phase 1 projects were selected by the City based on the following principles:

- Project is approved within the 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;
- Project meets criteria of funding program objectives, including timeline for completion; and
- Application of best practices in capital planning and budgeting, including prioritizing projects that maintain assets in a state of good repair.

In December 2016, City Council approved 87 PTIF projects for submission to the Provincial and Federal government, with approximately $22.9 million of the PTIF program remaining unallocated at that time. A majority of funding is dedicated to the TTC, and is supplemented with projects that directly enhance the existing transit and transportation network and for expansion projects that set the stage for future growth.

All projects received federal and provincial approval by October 2017, with the exception of the City's largest project, the purchase of buses and the bus rebuild project ($630 million gross; $315 million net). Approval for this project is still outstanding as it requires approval from the Federal Treasury Board. A decision is anticipated in Q1 2018. Projects with forecasted federal contribution of more than $250 million require Federal Treasury Board approval.

Per City Council direction, projects have proceeded prior to formal federal approval given the risks associated with the program deadlines. In addition, the City continues to work with the Province of Ontario to finalize the PTIF Phase 1 Transfer Payment Agreement (TPA) which will govern management of the program, including the flow of funds and formal obligations such as communications requirements.

Current Status of PTIF Program Expenditures

The City has undertaken a review of PTIF projects and anticipated expenditures within the PTIF program deadlines of March 31, 2018 (for 60% of the program), and March 31, 2019 (40% of the program). Table 1 in the Financial Impact section of the report provides a summary of the PTIF funding program as allocated across program areas in
December 2016 (EX20.4), and the program budgets that meet current PTIF guidelines in a scenario in which further program flexibility is not granted.

The analysis has indicated that approximately $121.5 million in PTIF funds are currently at risk and cannot be spent within current program guidelines. Further of the $734.7 million in PTIF funding that can be spent within program guidelines, 37% is currently projected to be spent in the final year of the program between April 1, 2018 and March 31, 2019. Without further flexibility in the PTIF program requirements, the following types of amendments to City Council’s approved PTIF Project list will be required:

- Break projects into phases that can be completed within timelines; i.e. reduce the scope of the project that is within the PTIF program;
- Projects that have either not been started or minimal spending has happened to date will need to be considered for removal from the PTIF funding program. Alternative funding sources will need to be identified through the Capital budget to complete them.

A revised project list would need to be resubmitted to the Provincial and Federal government.

Table 2 provides an update on the forecasted cash flow over the remainder of the program currently allocated to projects. The life to date (LTD) spend on the program anticipated by March 31, 2018 is 63%, with the remainder to be spent in the final year of the program.

<table>
<thead>
<tr>
<th>Program</th>
<th>LTD June 2017</th>
<th>July-Dec 2017</th>
<th>Jan-March 2018</th>
<th>LTD March 2018</th>
<th>April 2018 - March 2019</th>
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<tr>
<td>TTC</td>
<td>30.9%</td>
<td>25.8%</td>
<td>11.6%</td>
<td>68.2%</td>
<td>31.8%</td>
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<td>Transportation</td>
<td>2.3%</td>
<td>18.7%</td>
<td>0.4%</td>
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<td>78.6%</td>
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<tr>
<td>corporate initiatives</td>
<td>3.0%</td>
<td>7.8%</td>
<td>15.5%</td>
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<tr>
<td>Facilities Management</td>
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<tr>
<td>FREE (Union Station)</td>
<td>1.0%</td>
<td>60.7%</td>
<td>38.3%</td>
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<td>0.0%</td>
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<tr>
<td>Total</td>
<td>27.4%</td>
<td>24.2%</td>
<td>11.3%</td>
<td>62.9%</td>
<td>37.1%</td>
</tr>
</tbody>
</table>

The following implementation and program design issues have had an impact on the City’s ability to effectively maximize federal funding contributions to date:

- **Program Terms and Conditions** - This includes requirements for incrementality; the need for projects to be complete by March 31, 2018 or March 31, 2019, and the limit to spend only 40% of cash flows in the final year of the program (April 2018- March 31, 2019).
- **Project List Submission Process and Approvals** - the process for identifying projects for submission was accelerated in 2016 to meet federal and provincial timelines, prior to a formal funding agreement in place. City staff identified in the December
2016 report that further refinements to project scope and/or changes to the list may be required to ensure alignment with the Transfer Payment Agreement (TPA) and to ensure deliverability within the program timelines.

- **Capacity to Spend** - Increase in a program area’s capital spend comes with associated requirements to increase the capacity to spend and manage additional projects. While measures have been taken to prioritize corporate support services to the program, it has proven difficult to spend at the rate required by the PTIF program timelines.

- **Interface Risks and Capital Coordination** - This is most evident in projects with multiple partners and those where planning and design often interfaces with other projects and programs. Further due diligence has identified a number of projects that will not be able to proceed due to coordination with broader capital program delivery timelines and interdependencies with larger initiatives.

The City and TTC have internally taken a number of administrative measures in an effort to support timely implementation of projects. Program areas with significant spend requirements in the last year of the program, in particular, continue to be closely monitored to identify future potential risks.

In the event that projects are not competed by the end of the PTIF program, the City would be responsible for 100% of project costs resulting in additional capital expenses. As a number of these risks were anticipated, City Council previously requested an extension to the PTIF project timelines in December 2016. As of June 30, 2017, the City has reported gross actuals of $402.9 million in PTIF Phase 1 implementation capital projects.

**COMMENTS**

To ensure maximization of federal funding, the following mitigation strategies should be pursued:

**Recommendation #1 - Request the Federal Government to Grant Program Flexibility**

In December 2016, City Council requested the Federal government to extend the program timelines recognizing that achieving PTIF Phase 1 timelines would be challenging. Project implementation in Toronto to date has demonstrated that further flexibility is necessary to ensure projects can continue to benefit from PTIF funding.

City staff understand that similar challenges are being faced by other municipalities across Ontario and Canada in implementing PTIF projects within current program requirements. In June 2017, York Region Committee of the Whole formally requested that the Government of Canada extend the PTIF Phase I program funding deadlines to March 31, 2020 (http://www.york.ca/wps/wcm/connect/yorkpublic/8afdc90f-0d08-4cd5-a104-f9bf9c41bc8f/jun+22+transit+ex.pdf?MOD=AJPERES).
This report recommends City Council reiterate the request to the Federal government to grant further flexibility in the program design of PTIF Phase 1 to enable further mitigation of risks. Specifically:

- Increase the cash flow flexibility in the final year of the program (post April 1, 2018) to at least 70% from the current 40% threshold; and
- Extend the project completion deadline for implementation to March 31, 2020.

The additional flexibility in the program guidelines will enable the City to complete the majority of the projects on the Council approved PTIF list, with some exceptions. The City would require a commitment from the Federal Government before year end on the opportunities for building flexibility into the program spending requirements. City staff have initiated discussions with provincial and federal counterparts, and identified some of the key challenges and issues the City is facing in leveraging PTIF Phase 1 funding to deliver needed transit and active transportation projects.

A PTIF Phase 1 program extension is the strongest mitigation measure to address risks, and can preserve the City's full federal allocation while providing projects the flexibility required to meet terms and conditions. In the event, this does not occur, future intergovernmental discussions will be required to identify possibilities for reallocation on a ridership basis of any funds that remain unallocated.

**Recommendation #2: Evaluate Opportunity for Purchasing Additional TTC Buses**

The balance of the PTIF funding at risk could potentially be further reduced pending negotiations with vendors on the purchase of additional TTC buses. The TTC is currently in discussions to determine the number of buses and the costs associated with procuring within the current PTIF program timelines of completion by March 31, 2019. TTC Board approval would be required to add additional buses to the TTC Capital Program.

There is the potential to reduce the risk of unallocated federal funding from $121.5 million to $84.8 million, while still being within the 40 percent overall program spend in the final year of the program. An extension of the program timelines and/or increase in cash flow flexibility in the final year would enable the City and TTC to consider further opportunities for additional buses to maximize federal funding.

Larger projects support efficient administration of the PTIF program, particularly in dealing with claims processes, and more effective project management oversight. Multiple smaller projects can be administratively burdensome and present more risk. Opportunities to spend federal grant funding on a larger project such as additional TTC buses is recommended.

**Recommendation #3: Delegate Authority to Manage the Project List**

The administration of the PTIF program is at a critical juncture. Timely decisions will need to be made to effectively balance the following goals:

- maximizing federal funding available to deliver City Council priority projects; and
• managing the City’s risk exposure to being left with 100% of costs if projects are not completed on time or within constraints of overall PTIF program design.

Pending the outcome of further discussion with the Federal government, and opportunities for procuring additional TTC buses, there will be a requirement to amend the City’s project list. This report requests that City Council delegate authority to the City Manager and the Acting Chief Financial Officer to manage changes required to the PTIF project list, within specific parameters, and subject to appropriate budget approvals. This includes potential revisions in scope, removing projects from the PTIF list and/or adding new City Council approved projects that can be completed in accordance with program guidelines.

The report recommends delegated authority to staff be given to make amendments to the PTIF project list subject to the following conditions:

• Project is approved within the 10-year Capital Budget and Plan, with consideration given to whether they were new projects as of the 2017-2026 capital budget and plan, the capital financing strategy assumed future provincial/federal funding; or City Council gave direction to seek funding for unfunded (below-the line) projects;
• Project meets criteria of the funding program, including timelines required for completion;
• Consideration of best practices in capital planning and budgeting, including prioritizing projects that maintain assets in a state of good repair;
• Consideration for prioritizing larger projects that meet the above criteria and facilitate more efficient administration of the PTIF program; and
• TTC Board authority be obtained to proceed with TTC projects.

Any new projects under consideration would need to be assessed against the above conditions, in addition to determining the capacity of the program area to deliver the project. As stated above, opportunity is limited to add to the PTIF list given the current 40% spend constraint in the final year of the program. In the event there is opportunity to consider new projects, City and TTC staff have started a process of identifying potential City Council approved projects should there be a change in program flexibility. For example, City Council directed staff to seek intergovernmental funding for the Bentway in July 2016 (EX16.12). The active transportation component of the Bentway (i.e. Pedestrian Bridge) may be a suitable project for consideration, subject to the third party donor identifying a matching source of funding, and required provincial and federal approvals.

Delegated authority to staff to manage the PTIF list, will ensure timely, efficient and coordinated changes to the project list in order to maximize federal funds. This will also give staff flexibility to split projects into phases so that projects can be managed to meet PTIF program deadlines.

**Conclusion**

In summary the report provides a number of recommendations to mitigate against known risks, and requests authority for City staff to make any necessary future amendments to the project list in order to maximize the federal funding available under
PTIF Phase 1 for City Council approved projects. Additional flexibility in the program design is important to ensure the City can maximize the full allocation. The City will need to seek confirmation of a federal approval in timeline extensions before year end, in the interest of making further decisions on potential changes to the project list. There is a need to balance the interest of maximizing the federal funding with the ability to complete all projects within the program requirements. The City will be responsible for 100% of project costs if the program requirements are not met.

In order to support effective administration of project budgets, the report also recommends the transfer of specific project budgets to the program area responsible for the majority of project deliverables (e.g. the TTC is project managing the design and engineering work for the Relief Line South and the Dufferin to Exhibition Loop under the “Waterfront Transit” program). This will further support timely implementation of PTIF projects, and streamline administrative requirements.

The City is appreciative of the federal funding partnerships that advance shared priorities. As a result, the City seeks to support successful implementation of important infrastructure programs like PTIF and ensure that program outcomes are achieved. Participation from City staff in future discussion on program design, can provide direct municipal input based on the implementation experience of PTIF Phase 1.

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