

Authorities for the TTC Streetcar Program

Date: May 25, 2021

To: City Council

From: City Manager and Chief Financial Officer and Treasurer

Wards: All

SUMMARY

On May 12, 2021, the Government of Canada and the Province of Ontario announced a total of \$360 million in funding commitments for the Toronto Transit Commission (TTC) Streetcar Program which includes the purchase of 60 new streetcars and modifications to the TTC's Hillcrest Facility to accommodate additional streetcars.

This report outlines City staff support for the request from the Toronto Transit Commission Board to adjust the capital budget, and seeks authorization for the City to enter into required intergovernmental funding agreements. Timely consideration is required so that the Toronto Transit Commission can proceed with its procurement.

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council authorize the Mayor and/or City Manager and/or any other relevant City Official, in consultation with the Chief Financial Officer and Treasurer and Chief Executive Officer, Toronto Transit Commission, to negotiate and execute intergovernmental funding agreements, including any amendments and extensions, required with the Government of Canada and the Province of Ontario for the TTC Streetcar Program as outlined in this report, in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

In total, the TTC Streetcar Program is anticipated to cost \$568 million.

Funding of \$139.752 million toward the initial procurement of the first 13 of the total 60 streetcars was approved by City Council on February 18, 2021.

Additional funding of \$180 million from the Government of Canada and \$180 million from the Province of Ontario is expected to reduce the unfunded portion of the TTC's 15-Year Capital Investment Plan. The balance of funding for the \$568 million TTC Streetcar Program is to be funded by the City of Toronto.

City staff support the increase of the City of Toronto funding contribution from \$140 million to \$208 million to fully fund the estimated \$568 million Program, and associated budget amendments to receive and allocate federal and provincial funding. As requested by the TTC Board, City staff recommend this be done by:

- Increasing the 2021-2030 Approved Capital Budget and Plan by \$425.785 million to a total of \$568.0 million for the TTC Streetcar Program to reflect the procurement of an additional 47 streetcars at an incremental cost of \$328.248 million and the modifications to the Hillcrest Facility to accommodate the additional fleet at an additional cost of \$97.537 million; and,
- Offsetting the costs by adding \$360 million in federal and provincial funding (subject to approvals), withdrawing \$65.785 million in available funding from the Toronto-York Spadina Subway Extension Working Capital Reserve Fund (XR3027) to fund planned Toronto-York Spadina Subway Extension capital works in 2021 and 2022 and replace the current debt funding allocated to this project; and reallocating the now released debt funding to the TTC Streetcar Program as the City's share to fund the balance of the incremental \$425.785 million increase to the Program.

DECISION HISTORY

On May 25, 2021, the Toronto Transit Commission Board authorized an amendment to the TTC Capital Budget and Plan for the TTC Streetcar Program and requested approval from City Council.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2021/May 25/Agenda/index.jsp](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2021/May%2025/Agenda/index.jsp)

On February 18, 2021, City Council approved the 2021-2030 Tax Supported Capital Budget and Plan which included \$139.752 million for the TTC's purchase of 13 of 60 new streetcars. The TTC's 15 Year Capital Investment Plan outlined that due to unmet needs the purchase of remaining streetcars and Hillcrest Facility modifications were unfunded.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX21.2>

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-163345.pdf>

On February 19, 2020, City Council approved the 2020-2029 Capital Budget and Plan. As part of the budget process, a breakdown was provided of proposed additional vehicles in the TTC's 2020-2029 Capital Budget and Plan (including 60 streetcars).

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX13.2>

<https://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-146042.pdf>

COMMENTS

On May 12, 2021, federal and provincial governments announced contributions to the TTC Streetcar Program and outlined benefits to the residents of Toronto and Ontario, including Thunder Bay.

City staff have been working with the TTC on identifying the budget adjustments and other approvals required to receive federal and provincial funding for the TTC Streetcar Program, which is comprised of 60 new streetcars and the associated modifications required for the Hillcrest Facility. 13 streetcars have already been approved by the City and procured by the TTC. New federal and provincial commitments plus the recommended amendments to the City's contributions will result in the estimated cost of the Toronto Streetcar Program to be fully funded.

As outlined through the Budget process, the City and TTC are collaborating to seek partnership funding for the procurement of new vehicles over the next 10-15 years.

Budget Adjustments

City staff have worked with TTC staff on budget adjustments, and are supportive of the TTC Board request to amend the City's 2021-2030 Capital Budget and Plan to receive and allocate federal and provincial funding and to accommodate the City's matching portion for the purchase of 47 additional streetcars and improvements to Hillcrest Facility. Additional City funding will leverage federal and provincial commitments and help to address latent service demand and to enable growth.

Intergovernmental Agreements

The City of Toronto will be the ultimate recipient of federal and provincial funding and will be required to enter into necessary intergovernmental funding agreements with each order of government to receive funding. This is consistent with other agreements where the City works with the TTC to meet federal and provincial terms and conditions while working in collaboration with other governments to provide oversight to joint investments.

The federal and provincial letters of commitment, as appended to the May 21, 2021 report from the Chief Executive Officer, TTC, outline select terms and conditions as follows:

- Each government is providing up to \$180 million for the Toronto Streetcar Program.
- Costs incurred as of the date of the letters will be eligible for federal and provincial funding.
- Further project details and regular reporting are to be provided on a timely basis.
- Funding will be governed through agreements, which will identify specific terms and conditions. As is typical with intergovernmental funding, execution of these agreements will signal final approvals.

City staff are satisfied with the terms and conditions as outlined in the letters as they reflect standard requirements and obligations for funding. Additional details are subject to negotiation. It is recommended that authority be provided for City officials to work with the TTC to negotiate and execute agreements and any amendments which may be required.

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SIGNATURE

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