



Public Transit Infrastructure Fund Update

Date: May 8, 2018

To: TTC Board

From: Chief Financial Officer

Summary

On March 14, 2018, the federal and provincial governments signed a bilateral agreement that will provide \$15.619 billion in public transit investments across Ontario over the next ten years, including an estimated maximum allocation to the City of Toronto of \$8.936 billion.

This Public Transit Infrastructure Fund investment (PTIF Phase 2) is intended to provide funding for new construction, expansion, and improvement and rehabilitation of public transit infrastructure. It is expected that upon completion these investments will improve capacity of public transit infrastructure; quality and safety of existing and future transit systems; and access to public transit systems. City Council identified priorities for Phase 2 in December 2016. These priorities included SmartTrack (including Eglinton West LRT), Relief Line, Eglinton East LRT and Waterfront Transit Network.

This funding program will build upon PTIF Phase 1 and \$3.4 billion that was launched in April 2016 and 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, which has been fully allocated to transit and active transportation projects. PTIF Phase 1 funding will be utilized to fund over \$1.6 billion in TTC capital investments, including the acquisition of 1,043 new buses, which will provide service, financial and environmental benefits to the TTC and City of Toronto.

This report provides the status and expected benefits to arise from the PTIF Phase 1 program, along with information on PTIF Phase 2 including the impact of City Council directions on funding allocation and the status of initial discussions between staff at the City and Ministry of Infrastructure.

Financial Summary

PTIF Phase 1

The PTIF Phase 1 program spending authority for the eligible TTC / City of Toronto PTIF projects is \$1.763 billion gross including federal funding of \$856.2 million which can be up to 50% of the total eligible project costs, with 50% matching contribution required by the City.

The TTC portion of the foregoing is \$1.619 billion gross including, federal funding of \$784.3 million. As of March 3, 2018, TTC gross expenditures of \$684.9 million had been spent, representing 42.3% of the total TTC spending authority.

PTIF Phase 2

It is anticipated that the City of Toronto allocation of funding under the PTIF Phase 2 program will be up to \$8.936 billion, comprised of approximately \$4.9 billion in federal funding and \$4 billion in provincial funding. The federal funding allocation includes the prior commitment of \$660 million in federal funding for the Scarborough Subway Extension.

The table below details the anticipated City of Toronto funding allocation:

Description	City of Toronto PTIF 2 Funding Allocation
Canada	4,896,575,759
Ontario	4,039,675,001
Total:	8,936,250,760

The allocation from the federal government to the province is based on a funding formula accounting for ridership (70%) and population (30%). The subsequent provincial allocation to Ontario municipalities is based solely on ridership along with an overall Provincial allocation assumed based on a 33% cost share with the Government of Canada.

Federal public transit funding will provide up to 40% for new public transit construction and expansion projects. Up to 15% of the total allocation may be available for rehabilitation projects, with a maximum of up to 50% of project costs eligible for federal funding.

Equity/Accessibility Matters

All expenditures required to meet the TTC's accessibility and equity requirements are provided for in these budgets.

Decision History

PTIF Phase 2 Priorities

On April 25, 2018, City Council considered the report "Implementation of the SmartTrack Stations Program and the Metrolinx Regional Express Rail Program" that included endorsement of the capital funding and financing strategy for the SmartTrack Stations Program which includes PTIF Phase 2 funding, per prior City Council direction, as described in Attachment 2 to the report.

City Council Decision History Link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX33.1>

On January 31, 2018 City Council endorsed the Waterfront Transit Network Plan from Long Branch and Lake Shore in the west to Queen Street and Woodbine Avenue in the east noting the project was identified by Council as a priority project for Federal Public Transit Infrastructure Fund (PTIF) Phase 2.

City Council Decision History Link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX30.1>

On May 24, 2017 City Council considered the report "Advancing Planning and Design for the Relief Line and Yonge Subway Extension" noting the Relief Line South was identified by Council as a priority project for PTIF Phase 2 funding.

City Council Decision History Link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.1>

On December 16, 2016, City Council confirmed priority projects for PTIF Phase 2 funding as set out in Attachment 3 of the report, EX20.4 Federal Infrastructure Funding-Phase 1 and 2.

City Council Decision History Link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.4>

Attachment 1: City of Toronto Priority Projects for Phase 1 Federal PTIF
<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98740.pdf>

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

<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98741.pdf>

Attachment 3 - City Council Approved Key Priorities for Phase 2 Federal Infrastructure Funding (2017-2028)

<https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98742.pdf>

PTIF Phase 1 Program Approvals

On November 7, 2017, City Council considered the report “Public Transit Infrastructure Fund Phase 1 Update” and approved an amendment to the Public Transit Infrastructure Fund Phase 1 Priority List of projects to increase the number of TTC bus purchases from unallocated Public Transit Infrastructure Fund funding.

City Council Decision History Link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.3>

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 as part of PTIF Phase 1.

<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98802.pdf>

Comments

PTIF Phase 1 Program

The PTIF Phase 1 program was announced as part of the 2016 Federal Budget, with up to \$3.4 billion in federal investment to be made in public transit starting in 2016. These investments were intended to contribute towards improving commutes, cutting air pollution, strengthening communities and growing Canada's economy. The program was also intended to provide short-term funding to help accelerate municipal investments to support the rehabilitation of transit systems, new capital projects, and planning and studies for future transit expansion to foster long-term transit plans.

Program Extension

On January 4, 2018, the City of Toronto was notified that the Government of Canada had agreed to extend the PTIF Phase 1 program, so that recipients could incur eligible costs up to and including March 31, 2020, subject to submission of progress reporting requirements. The program extension also removed the 40% spending cap that had previously restricted the eligibility of project expenditures incurred following March 31, 2018.

Following the program extension, adjustments to City-wide PTIF projects and Council's approval to direct \$23 million in previously un-allocated PTIF funding towards the TTC, the TTC has been able to add an additional 260 buses to the list of eligible projects included in the PTIF Phase 1 program, subject to final Treasury Board approval.

This change increases the amount of buses procured as part of the PTIF Phase 1 program from the original 783 clean diesel buses to 1,043 buses comprised of:

- 729 of the latest generation clean diesel buses;
- 254 2nd generation hybrid-electric buses; and
- 60 all electric buses and associated infrastructure.

From 2016 to 2017 a total of 418 of the latest generation clean diesel buses were procured at a total cost of \$264 million. These buses are anticipated to provide the following benefits:

- Environmental Impact: GHG emissions reduction of approximately 49.6 tons CO₂e per bus per year – total 20,700 tons CO₂e per year.
- Service Impact (vehicle reliability): Mean Distance Between Failures (MBDF) 28,000km versus 17,000 for the vehicles they replaced – average improvement of 65%.
- Financial Impact (fuel savings only): Diesel fuel savings of approximately \$6.5 million per year

The planned procurements within the remaining PTIF timeframe, between 2018 and 2020, include a total of 625 buses. These buses are expected to provide the following benefits:

Clean diesel buses (311 buses):

- Environmental Impact: GHG emissions reduction of approximately 49.6 tons CO₂e per bus per year – total 15,400 tons CO₂e per year
- Service Impact (vehicle reliability): Mean Distance Between Failures (MBDF) 28,000km versus 17,000 for the vehicles they replaced – average improvement of 65%.
- Financial Impact (fuel savings only): Diesel fuel savings of approximately \$15,600 per bus per year – total \$4.9 million per year
- Other Key Benefits: Electric doors; engine idle stop technology; and active obstacle detection on front doors.

2nd generation hybrid electric buses (254 buses)

- Environmental Impact: GHG emissions reduction of approximately 75.6 tons CO₂e per bus per year – total 19,200 tons CO₂e per year.
- Financial Impact (fuel savings only): Diesel fuel savings of approximately \$25,600 per bus per year – total \$6.5 million per year.
- Other Key Benefits: Short range EV mode; start/stop idle technology; and electrification of onboard systems including HVAC, doors, power steering and air systems.

All-electric eBuses (60 buses)

The approved scope of this program includes 30 eBuses and related infrastructure with an estimated cost of \$50 million. TTC staff are in the process of seeking Board approval for the procurement of 30 additional eBuses and the infrastructure to begin electrification of the TTC's first all-electric bus garage with an added cost of \$90 million.

A total of 60 eBuses are anticipated to provide the following benefits:

- Environmental Impact: Zero tailpipe emissions; GHG emissions reduction of approximately 149.2 tons CO₂e per bus per year – total 8952 tons CO₂e per year.
- Financial Impact (fuel savings only): Diesel fuel savings of approximately \$3.4 million per year.

In total, it is anticipated that the TTC will procure 1,043 buses under the PTIF Phase 1 program at a total expected cost of \$822.2 million. The total GHG impact (reduction and avoidance) is 64,200 tons CO₂e and the total annual fuel savings is approximately \$21.3 million.

The procurement of these buses and associated environmental benefits will also support TransformTO, the City's climate action strategy that aims to reduce local greenhouse gas emissions, and improve our health, grow our economy, and improve social equity.

Toronto's mandate is to reduce GHG emissions by 30% by 2020; 65% by 2030; and 80% by 2050.

Council Approved PTIF Phase 2 Priority Projects

In 2016, the Government of Canada committed \$95 billion in infrastructure funding as part of the *Investing in Canada Plan*, which was to be delivered in two phases over the 2016 to 2028 time period. This plan included funding to be directed towards public transit; social infrastructure; green infrastructure; trade and transportation; and rural and northern infrastructure.

As detailed in the decision history section of the report, City Council at the meeting of December 13, 2016 considered a report titled Federal Infrastructure Funding – Phase 1 and 2, and in doing so approved projects for inclusion in the PTIF Phase 1 program as well as establish key funding priorities for PTIF Phase 2 funding.

The Council approved priority projects for PTIF Phase 2 funding included SmartTrack, Eglinton West LRT, Relief Line South, Eglinton East LRT and the Waterfront Transit network. City Council has reiterated the commitment to direct PTIF Phase 2 funding to these projects through consideration of the following reports:

- Implementation of the SmartTrack Stations Program and the Metrolinx Regional Express Rail Program (April 2018);
- Waterfront Transit Network Plan (January 2018); and
- Advancing Planning and Design for the Relief Line and Yonge Subway Extension (May 2017).

The Government of Canada has also identified early commitment to specific projects under Phase 2 of the program. In June 2015, the Government of Canada signalled up to \$2.6 billion under the then Public Transit Fund would be available to SmartTrack, subject to a formal application being assessed and approved. In January 2016, the new federal government re-affirmed its commitment to provide funding for SmartTrack.

The Province of Ontario through Budget 2018 also signalled a commitment to providing funding, over and above the Investing in Canada plan agreement, where necessary, to support the construction of priority transit projects such as the Toronto Relief Line Subway, the Yonge North Subway Extension and the Toronto's Waterfront Transit Network.

PTIF Phase 2 Program Rollout and Details

City of Toronto and Ministry of Infrastructure staff are currently engaged in PTIF Phase 2 program discussions. Further details on program implementation will be provided once available to the Commission during future Board meetings following significant updates or a formal program agreement.

Contact

Stephen Conforti, Head of Finance & Treasurer
416-393-3654
Stephen.Conforti@ttc.ca

Signature

Dan Wright
Chief Financial Officer