



Scarborough Rapid Transit (SRT) Busway Funding Status Update

Date: February 22, 2024
To: TTC Board
From: Chief Financial Officer

Summary

The purpose of this report is to provide the TTC Board with an update on the funding status of the Scarborough Rapid Transit (SRT) Busway project. As directed by the TTC Board at its January 25, 2024 meeting, TTC staff were exploring opportunities to reallocate \$15.2 million to reduce the project's risk and ensure the property acquisition and enabling works of the Busway project would continue to proceed.

However, in preparation for the Mayor's release of the 2024 Operating and Capital Budgets, TTC staff and the Office of the Chair were advised that the Mayor intended to recommend to City Council full funding for the SRT Busway project as efforts continue to recover the project's cost from the Province. TTC staff, in consultation with the City's Chief Financial Officer and staff from the Offices of the Mayor and TTC Chair, provided advice on a potential funding reallocation option within the 2024-2033 Capital Budget and Plan that would minimize the impact on the TTC's other critical priorities in the immediate term. This option included a reallocation of \$12.2 million in 2023 permanent savings (underspending) realized in the SRT Life Extension State of Good Repair (SOGR) and Phase 1 of the Line 3 Bus Replacement infrastructure projects, with the remaining funding of \$55.7 million, to be reallocated from the Line 1 Capacity Enhancement project.

The 2024-2033 Capital Budget and Plan that was approved by the TTC Board on December 20, 2023 has been revised and subsequently approved by City Council on February 14, 2024, reflecting the reallocation of \$67.9 million necessary to accommodate full funding of the SRT Busway project based on a 60% design estimate.

City staff have committed to work with the TTC to identify any incremental funding that may be required once 100% design of the Busway is completed. City Council has directed City staff to continue negotiations with the Province as part of the Subway Agreement in Principle (AIP) to fully recover the cost of the SRT Busway project.

Financial Summary

As reported to the Board at its meeting on January 25, 2024, the construction estimate for the SRT Busway project increased from a 30% design estimate of \$55.7 million to \$67.9 million based on the completion of 60% design. The \$67.9 million funding requirement will be accommodated through a reallocation of permanent savings of \$12.2 million from the SRT Life Extension SOGR and Phase 1 of the Line 3 Bus Replacement infrastructure projects, as well as \$55.7 million originally intended for property procurements required for the Line 1 Capacity Enhancement project.

The 2024-2033 Capital Budget and Plan that was approved by the Board on December 20, 2023 has been revised as a result of City Council's approval of the reallocation of funds at its meeting on February 14, 2024, as outlined in Table 1 below.

Table 1 – 2024-2033 Capital Budget and Plan

2024-2033 Capital Budget and Plan (\$ Millions)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10-Year Total
December 20, 2023 Board Approved	1,368.7	1,779.2	1,341.8	1,284.1	1,213.4	1,216.1	1,126.3	1,135.2	1,001.9	931.1	12,397.7
Adjustments:											
SRT Life Extension / Transition Savings		(12.2)									(12.2)
Line 1 Capacity Enhancement Reallocation					(55.7)						(55.7)
Busway Construction Costs	8.7	25.0	22.2	12.0							67.9
Total Adjustments	8.7	12.8	22.2	12.0	(55.7)						-
Council Approved Capital Budget and Plan	1,377.4	1,792.0	1,364.0	1,296.1	1,157.7	1,216.1	1,126.3	1,135.2	1,001.9	931.1	12,397.7

The cost of this project will not be final until design reaches 100%, and City staff have committed to work with the TTC to identify funding that may be required to address any resultant increases. In accordance with the Board's previous recommendations and City Council's directions, including the most recent approval on February 14, 2024, TTC staff will continue to work with City staff to seek Provincial funding to recover the costs of this project.

The Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Equity/Accessibility Matters

The TTC is dedicated to promoting and supporting diversity, accessibility and inclusion in all of its corporate policies, programs and services. As a proud leader in providing accessible public transit to Toronto residents and beyond, we are committed to ensuring reliable, safe, accessible and inclusive transit services for all our customers.

Previously, Line 3 Scarborough was only partially accessible with elevators and other accessibility features provided at Kennedy and Scarborough Centre stations and limited step-free access to southbound trains at Lawrence East Station. However, Ellesmere, Midland and McCowan stations were not accessible, as well as northbound service at Lawrence East Station. Accessibility improvements for these stations were removed from the scope of the TTC's Easier Access (EA) program in 2014 due to the expectation at the time that Line 3 would be upgraded or replaced by the provincially legislated Accessibility for Ontarians with Disabilities Act (AODA) deadline of 2025.

The Line 3 Bus Replacement project replaces Line 3 train service with accessible bus service between Scarborough Centre Station and Kennedy Station until the opening of the Scarborough Subway Extension. This bus service will maintain frequent transit for numerous Neighbourhood Improvement Areas and equity-seeking groups in Scarborough.

Decision History

At its meeting on December 20, 2023, the TTC Board approved a 2024 Capital Budget of \$1.369 billion and future year planned estimates of \$11.029 billion for a total TTC 2024-2033 Capital Budget and Plan of \$12.398 billion.

[Staff Recommended 2024 TTC Conventional and Wheel-Trans Operating Budgets and 2024-2033 Capital Budget and Plan](#)

At its meeting on January 25, 2024, the TTC Board considered the Scarborough Rapid Transit (SRT) Line 3 Bus Replacement and Busway Status Update report. With this report, the TTC Board approved the recommended temporary property rights and acquisitions and directed staff to prepare the Environmental Project Report for the SRT Busway Conversion and issue the Notice of Commencement for the Transit Project Assessment Process (TPAP) once ready to proceed.

In addition, the TTC Board directed TTC staff to report back to the TTC Board's February 22, 2024 meeting on a reallocation of \$15.2 million of funding within TTC's 2024 Capital Budget for the property acquisition and enabling works of the Busway as well as the outcome of the City of Toronto's negotiations with the Province of Ontario to secure funding for the full cost of constructing the Busway.

[Scarborough Rapid Transit \(SRT\) Line 3 Bus Replacement and Busway Status Update](#)

Please see the January 25, 2024 report to the Board for full decision history.

Issue Background

The previous construction estimate for Phase 2 of the SRT Bus Replacement project was provided to the TTC Board at a 30% design stage gate and was estimated at \$55.7 million, which was unfunded. The design for Phase 2 for the Busway conversion has progressed to 60% and the estimated construction cost has increased to \$67.9 million. However, the estimate is not final and will likely fluctuate until the design reaches 100%.

At its meeting on January 25, 2024, the Board considered the [Scarborough Rapid Transit \(SRT\) Line 3 Bus Replacement and Busway Status Update](#) report, which highlighted the revised construction estimate for the Busway and the TTC Board approved the following motions:

1. Request the Chief Executive Officer to identify and report back to the TTC Board at its February 22, 2024 meeting on any 2023 permanent savings and/or reallocation of funds within the TTC's 2024 Capital Budget totalling \$15.2 million in order to reduce risk and ensure the property acquisition and enabling works of the Busway project can continue to proceed on schedule while the City of Toronto pursues provincial funding for the project; and
2. Request the Chief Executive Officer to report to the TTC Board on the outcome of the City of Toronto's negotiations with the Province of Ontario to secure funding for the full cost of constructing the Busway, and if necessary identify options to fund the balance of the Busway construction costs to ensure the project's completion.

Comments

In accordance with the TTC Board's directions regarding the Scarborough Rapid Transit (SRT) Line 3 Bus Replacement and Busway Status Update report, TTC staff were reviewing potential contingency funding options for the SRT Busway project, recognizing the priority to fully implement this project and the time sensitivity to continue its implementation. Subsequently, during preparation for the Mayor's release of the 2024 Operating and Capital Budgets, TTC staff and the Office of the Chair were advised that the Mayor intended to recommend to City Council full funding for the SRT Busway project as efforts continue to recover the project's cost from the Province. TTC staff, in consultation with the City's Chief Financial Officer and staff from the Offices of the Mayor and TTC Chair, provided advice on a potential funding reallocation option within the 2024-2033 Capital Budget and Plan that would minimize the impact on the TTC's other critical priorities.

In order to accommodate the \$67.9-million funding reallocation, an option was provided that includes a reallocation from permanent savings (underspending) of \$12.2 million realized in the SRT Life Extension SOGR and Phase 1 of the Line 3 Bus Replacement Infrastructure projects, as well as \$55.7 million originally intended for property procurements required for the Line 1 Capacity Enhancement project. This latter source is identified as the least impactful option given that there is already insufficient funding to advance the Line 1 Maintenance and Storage Facility notwithstanding that this project continues to be a priority for future funding.

This funding option was put forward in the Mayor's proposed 2024-2033 Capital Budget and Plan and was approved by City Council on February 14, 2024. With funding now included in the TTC's 2024-2033 Capital Budget and Plan based on the 60% design estimate, the TTC will proceed with the enabling works and property acquisitions for the Busway project with concurrent activities to complete the project's design to 100%. Once design reaches 100% for the construction costs, City staff have committed to work with the TTC to identify any incremental funding that may be required.

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Signature

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