

FINANCIAL IMPLICATIONS

The Long Range Financial Plan (LRFP) – Transit V, prepared by Corporate Finance lays out a comprehensive affordability analysis covering all transit works from 2017 to 2048, including Stage 2 Light Rail. The LRFP covers the full contract period of Light Rail and the 2013 TMP Transit projects up to 2031, and estimated post 2031 projects. In addition, the cost of operating the new combined system has been built into the modeling to ensure affordability within the transit envelope.

The total costs associated with Stage 2 construction is \$3.5 billion. This target budget is funded in part by \$1.157 billion from the Government of Canada and the Province of Ontario. This includes the Airport and Trim extensions which will be 100 per cent funded by both senior levels of government, for \$315 million. Highway 417 is also fully funded by the Province for \$186 million bringing the total senior government contribution to \$2.5 billion. The City share of \$1.0 billion will be funded from savings from reduced bus service hours, existing transit capital contributions, increased gas tax revenue and development charge revenues.

The Long Range Financial Plan confirms that the City is able to provide its share of the final costs of Stage 2 LRT, as described in this report, along with the balance of the capital demands projected in the current long-range transit plans, as long as the following assumptions built into the affordability model are maintained going forward:

- Transit taxes and transit fares will increase at the same rate as transit's costs increase.
- Contributions of two-thirds funding from other levels of government for LRT and BRT projects.
- Interest rates remain below 6%

Any deviation from these assumptions will require a reassessment of the operating and capital cost plans going forward.

With respect to the recommended role for the Rideau Transit Group for the Stage 2 LRT project, staff recommends the following funding sources for the \$492 million capital authority:

Development Charges	102,040,800
Federal and Prov Gas Tax	40,000,000
Transit tax debt	25,239,200
Government Grant	<u>324,720,000</u>
Total Contract	492,000,000