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Federal Stimulus Funding

Toronto faces delay of infrastructure project rollout

Streetcar strategy affects TTC budget

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The failed attempt by the mayor of Toronto to secure federal stimulus dollars for streetcars could result in delays for stimulus-related city construction projects, says one industry association.

Toronto recently had to reallocate funds from six projects in the Toronto Transit Commission (TTC) capital budget to find an additional \$417 million to pay for 204 new streetcars.

The scramble to find funding resulted after the federal government refused the city's federal stimulus funding application because it did not meet funding criteria. Ottawa has allowed the city to apply for stimulus funds again, although the application deadline has passed.

"Does this mean that the city could have secured more matching funds for other infrastructure projects and then perhaps gone after streetcar funding at a later date?" wonders Andy Manahan, executive director of the Residential and Civil Construction Alliance of Ontario (RCCAO).

"If the city is able to secure other project funding, will the city be able to provide matching funding? For our members, it probably means that for any infrastructure project monies that are secured, there will be delays in the tendering process."

Toronto's commitment for the streetcars sits at \$772 million with the province picking up the remaining \$416 million of the \$1.2 billion project. The streetcars will be manufactured in Thunder Bay.

Manahan says Mayor David Miller has shown "commendable single-mindedness" in securing the Bombardier streetcar contract before a June 27 bid-price deadline. However, in light of the mayor's high-stakes play with the federal government and resulting late applications for infrastructure stimulus funding (ISF), RCCAO does not expect to see any ISF-related projects in Toronto this year.

"This summer and fall are a write-off based on the typical timelines for approving projects and, in this case, for budget reallocations. We do not expect to see a pipeline of ISF projects from the city until the 2010 construction season," says Manahan.

The TTC capital projects that have lost their funding were scheduled to roll out from 2012 to 2018. These now-deferred projects are a new Eglinton bus terminal, fire ventilation upgrades, station modernization, on-grade paving rehabilitation, collector booth renewal and bus rebuilding.

The reallocation of the funds was necessary, explained city officials, in order to not increase the city's net debt in its 2009-2018 capital plan. City staff will now try and accommodate the projects in the 2010-2019 capital plan.

In a letter to the city, the TTC's general manager Gary Webster, says the commission "is prepared to defer the projects" to beyond 2018.