



**Capital Cost Eligibility Criteria
for
Metrolinx-Owned Rapid Transit Projects**

September 21, 2010

Ministry of Transportation

1. Definitions

When used in these Guidelines, the words set out below that import the singular include the plural and vice versa.

"Guidelines" means this document entitled "Capital Cost Eligibility Criteria for Metrolinx-Owned Rapid Transit Projects", as may be amended from time to time in accordance with the Guidelines.

"Indirect Costs" means a cost that cannot be identified specifically with, or traced to, a given cost object in an economically feasible way.

"Median Transitway" means fixed route for light rail transit or bus rapid transit vehicles along the median of a street that is separated from regular traffic and employs transit prioritization techniques such as exclusive traffic signal phases.

"Metrolinx" means the Corporation established by the *Metrolinx Act, 2006*.

"Ministry" and "Minister" respectively means the Ministry of Transportation and the Minister responsible for the Ministry.

"Municipality" means a municipality as defined in the *Municipal Act, 2001* (Ontario).

"Project" means any transit project funded, in whole or in part by Metrolinx, and implemented by a Provincial crown agency, a Municipality, municipal transit authorities and/or the private sector. GO Transit infrastructure projects funded through Metrolinx's annual budgets shall be subject to a separate guideline and excluded from application of this guideline.

"Province" or "Provincial" means the Province of Ontario including the Ministry, Metrolinx and other Provincial ministries and agencies.

"Revenue Service" means the point in time when a Project is ready to accept paying customers.

2. Purpose

The purpose of the Guidelines is to introduce capital cost eligibility criteria for funding for Metrolinx-owned rapid transit capital projects, designed and constructed through agreements with others including municipal transit operators.

The Guidelines shall not be construed as a Provincial or Metrolinx commitment to fund any particular Project or the budget or budget allocations for any Project, the

details of which will be included in specific Project Charters relating to each funded Project.

Activities or costs identified as ineligible for Metrolinx funding under the Guidelines may still be undertaken at the expense of a non-Provincial funding partner provided such activities or costs do not directly or indirectly impact the Metrolinx-funded works.

3. Date of Effect

This Guidelines document takes effect on April 1, 2009.

4. Principles of Funding

Metrolinx funding for a Project will be applied to cover costs that are:

- A. defined as capital expenditures under the Generally Accepted Accounting Principles (GAAP) in Canada, or meeting the criteria identified in Section 6.A;
- B. directly attributable to a Project; and
- C. necessary to bring a Project into Revenue Service.

5. Appropriation by the Legislative Assembly of Ontario

Despite any other provision in this Guideline, annual funding for individual Projects being implemented will be subject to annual appropriations of such funds by the Legislative Assembly of Ontario.

6. Eligible Costs

A. Studies

Metrolinx will fund the cost of Metrolinx-approved studies that are undertaken to meet Provincial regulatory requirements or demonstrate the technical and economic feasibility of a Project. Studies eligible for funding include but are not limited to Metrolinx-approved:

- i. Environmental assessment (EA) studies to satisfy the requirements of the Ontario Environmental Assessment Act and the Canadian Environmental Assessment Act;
- ii. Technical Studies (e.g. benefits case analysis, financial analysis, ridership forecasts, and land value capture studies, environmental, geotechnical and soils investigations, and noise studies);
- iii. Planning, design and engineering (PDE); and
- iv. Value for money study undertaken by either Infrastructure Ontario (IO) or Metrolinx to determine whether an alternative financing and

- procurement approach to project delivery can generate a value for money advantage over traditional procurement; and
- v. Any study deemed required by the Ministry or Metrolinx prior to the finalization of a funding commitment to a Project.

B. General Expenses

Expenditures incurred which are authorized by Metrolinx and which are directly related to the construction of a Project or that must be incurred in order to bring the Project into Revenue Service, will be eligible for Metrolinx funding. These expenditures include but are not limited to:

- i. Project management;
- ii. Salaries and benefits of municipal staff (including contract positions) assigned or seconded to the Project on a full time basis;
- iii. Salaries and benefits of Metrolinx staff (including contract positions) assigned to the Project on a full time basis;
- iv. Salaries and benefits of new staff retained to work exclusively on a Project;
- v. Salaries and benefits of municipal staff and Metrolinx staff (including contract positions assigned or seconded to the Project) working on a task-specific basis or providing technical services, that are directly related to the implementation of a Project, provided that; (a) such staff provide detailed dockets of actual time spent and identifying the services provided and tasks undertaken; (b) such tasks and services require the application of specific technical skills such as legal services, appraisal services, survey services, realty negotiations; and (c) such tasks or services are not senior level management or oversight functions.
- vi. Rental and office costs directly attributable to staff referenced in B (i) to (iv) inclusive, including training, supplies, taxes, rent (including rental costs of municipal office space used by municipal staff assigned or seconded to the Project, provided such rent does not exceed market rents for comparable space);
- vii. Fixed guideway infrastructure;
- viii. Rolling stock, including but not limited to heavy rail, light rail and bus rapid transit (BRT) buses;
- ix. Acquisitions of interests in land as determined by Metrolinx , including purchases, easements, land leases, licences and other interests in real property required to bring a Project into Revenue Service,
- x. Infrastructure costs related to incorporating the PRESTO Fare system on the Projects, excluding software licensing fees;
- xi. Land transfer and other applicable taxes relating to property acquisitions referenced in B ix;
- xii. Expropriation compensation as required by the *Expropriations Act*, except claims for injurious affection where the statutory authority does

- not acquire part of the land of an owner (which claims will be considered by Metrolinx for eligibility of cost recovery on a case-by-case basis);
- xiii. The following administration costs and out-of-pocket expenses relating to property acquisition referenced in B ix:
 - (a) appraisal, environment and other service provider costs;
 - (b) expert witness services (including reports) relating to expropriation matters;
 - (c) registration costs;
 - (d) title search disbursements, including Teraview fees;
 - (e) off title search enquiry disbursements;
 - (f) photocopies, long distance charges and other disbursements;
 - (g) courier/process server costs;
 - (h) special examiner and other reporting costs – e.g. discoveries, and court reporter and transcripts (relating to expropriation matters).
 - xiv. Works related to structure demolition or construction;
 - xv. Safety and security equipment;
 - xvi. Computer, electronics and communication devices;
 - xvii. Transit stops, stations and terminals;
 - xviii. Garages and facilities;
 - xix. Teraview licenses;
 - xx. Commercial and other necessary Insurance;
 - xxi. Utility relocations generated primarily as a result of the Project and not associated with any other municipal repair and/or utility replacement or expansion program;
 - xxii. Standard grass landscaping at construction sites;
 - xxiii. Hording and signage at Project construction sites;
 - xxiv. Project corridor and urban design enhancements up to 1.5% of total construction cost;
 - xxv. Project operating expenses needed to bring a Project into Revenue Service including:
 - a. Testing
 - b. Safety inspection:
 - xxvi. Other costs deemed by Metrolinx as capital expenditures necessary to bring the Project into Revenue Service;
 - xxvii. Communication costs related to Projects, including expenses related to community relations, Project websites and public information; and
 - xxviii. Indirect Costs incurred to the extent authorized and necessary to bring a Project into Revenue Service will also be eligible for Metrolinx funding.

7. Municipal Expenditures

Municipalities shall be responsible for the following expenses:

- i. Any cost which does not qualify as an Eligible Cost, including Ineligible Costs which a Municipality wishes to incur;
- ii. Project corridor and urban design enhancements beyond 1.5% of total construction cost;
- iii. Upgrades to materials beyond pre-existing municipal standard;

8. Ineligible Costs

A. Except as otherwise specifically set out in these Guidelines Metrolinx will not fund expenditures that are not directly related to bringing a Project into Revenue Service. These ineligible costs include:

- i. Any expenses which are the responsibilities of municipalities under section 7;
- ii. Subject to section 6(B)(v), salaries and benefits of staff whose full-time services are not dedicated to the implementation, management or oversight of the Project;
- iii. Costs of any activities that are part of the regular operation and maintenance of municipal transit assets;
- iv. Carrying costs incurred on the funding share of any funding partner other than the Province;
- v. Legal or litigation costs brought by municipalities in proceedings against Metrolinx or the Province, including cross-claims by municipalities against Metrolinx or the Province; and
- vi. Municipal upgrades not expressly approved by Metrolinx. Metrolinx may agree to fund upgrades or additions to Projects which support the operational effectiveness of the Project.

B. Metrolinx will not fund expenditures related to activities that may be undertaken as part of the Project, but which are over and above the Project's defined scope. These costs include, but are not limited to:

- i. Upgrading of municipal services and utilities that are over and above relocation or basic replacement needs
- ii. Project corridor and urban design enhancements over and above a maximum allowance of 1.5% of total Project costs;
- iii. Expansion or upgrades to a Municipality's or private sector partner's existing computer and communication systems that may be undertaken as part of, or simultaneous to, the implementation of the Project;
- iv. Expansion or upgrades to existing transit garages and facilities owned by municipalities that are over and above the Project's needs;

- v. Software license fees and other non-infrastructure expenses relating to the Presto implementation.
- C. Metrolinx funding of any cost or expenditure is without duplication to other sources of funding provided by Metrolinx. Metrolinx will not fund costs or expenditures which are the subject of any municipal, Federal or Provincial funding agreement or other reimbursement arrangement including development charges.

9. Amendments

The Ministry may change these Guidelines from time to time provided that no such changes will render previously eligible costs ineligible where such costs were either incurred or, through the execution of binding legal agreements, committed to prior to the effective date of such amendment.