

November 15, 2007

Ms. Ulli Watkiss
City Clerk
City of Toronto
Toronto City Hall
100 Queen Street West
Toronto, Ontario
M5H 2N2

Dear Ms. Watkiss:

At its meeting on Wednesday, November 14, 2007, the Commission considered the attached report entitled, "Kipling Station Redevelopment Handover to GO Transit."

The Commission approved the Recommendation contained in the report, as listed below:

"It is recommended that the Commission:

1. Authorize TTC staff to finalize the handover of the design and construction responsibilities for the Terminal, the Re-aligned Facilities and the Parking Lots at Kipling Station to GO Transit as of November 15, 2007 to the satisfaction of the Chief General Manager, in accordance with the principles set out herein.
2. Rescind its jurisdictional interest in the portion of the City's owned land located within Terminal lands, as shown on Attachment 1.
3. Authorize TTC staff to execute a Memorandum of Understanding (MOU) with GO Transit, City of Toronto and Mississauga Transit regarding the roles and responsibilities of the various parties relating to the design, construction and funding of the Kipling Station Redevelopment on terms and conditions agreeable to the Chief General Manager.
4. Forward this report to the City of Toronto for concurrence with this course of action."

The foregoing is forward to the Government Management Committee for consideration of the Commission's request embodied in Recommendation No. 4 above.

Sincerely,

Vincent Rodo
General Secretary
1-16 – Attachment

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: November 14, 2007

SUBJECT: KIPLING STATION REDEVELOPMENT
HANDOVER TO GO TRANSIT

RECOMMENDATION

It is recommended that the Commission:

1. Authorize TTC staff to finalize the handover of the design and construction responsibilities for the Terminal, the Re-aligned Facilities and the Parking Lots at Kipling Station to GO Transit as of November 15, 2007 to the satisfaction of the Chief General Manager, in accordance with the principles set out herein.
2. Rescind its jurisdictional interest in the portion of the City's owned land located within Terminal lands, as shown on Attachment 1.
3. Authorize TTC staff to execute a Memorandum of Understanding (MOU) with GO Transit, City of Toronto and Mississauga Transit regarding the roles and responsibilities of the various parties relating to the design, construction and funding of the Kipling Station Redevelopment on terms and conditions agreeable to the Chief General Manager.
4. Forward this report to the City of Toronto for concurrence with this course of action.

FUNDING

Funds for the Kipling Station Improvements project have been included in TTC 2007-2011 Capital Program under Project 3.9 Building and Structures, as set out on pages 992a1-a3 and 992b1 of the Improvement Category, as approved by the City Council on March 7, 2007.

BACKGROUND

The Kipling Station redevelopment is a joint TTC, City, GO Transit and Mississauga Transit initiative with the following objectives:

- Redevelopment of Kipling Station as a major transit hub by constructing a new 14 bay inter-regional bus terminal for the joint use of Mississauga Transit and GO Transit;

- Relocation of Mississauga Transit bus operations from Islington Station to the new Kipling Station inter-regional bus terminal will free up certain Bloor\Islington lands for development. TTC bus operations at Islington Station will be moved to a new TTC-only bus terminal under a separate TTC project; and
- Replacement of commuter parking spaces with the reconfiguration of the existing lots and the construction of new commuter parking lots at Aukland Road, 915 Kipling and 2 Fieldway.

To date, TTC has been responsible for project management, design and construction for the full scope of the Kipling Station Redevelopment project. The design, which is now at the 60% completion milestone, has been developed in consultation with GO Transit and Mississauga Transit. The Kipling Station redevelopment cost at the 10% design stage was estimated to be \$35.5 million. The cost estimate at the 30% milestone is for \$37.6 million. The cost increase is due to refinement of the design from 10% to 30%.

DISCUSSION

Following various meetings and discussions among TTC, MTO, GO Transit, Mississauga Transit and the City staff regarding cost sharing and project funding arrangements, MTO has confirmed project funding in the amount of \$30 million and Mississauga Transit has committed to fund \$5.5 million. This arrangement was based on the 10% milestone estimate of \$35.5 million.

At a joint meeting attended by MTO, TTC, GO Transit and Mississauga Transit held on July 24, 2007, the Province announced that, as a condition of provincial funding, the majority of the project should be handed over to GO Transit. Provincial funding will flow through GO Transit, which will assume responsibility for the majority of the project from the TTC at a hand over date which is currently set for November 15, 2007. Furthermore, MTO requires that the City agree to convey assets at Kipling Station to GO Transit with a value equal to the provincial funding, as part of the funding arrangement.

In response to the provincial position, TTC and City staff have developed a draft Memorandum of Understanding (MOU) to establish a framework for agreement amongst the City, TTC, GO Transit and Mississauga Transit. The status of the MOU is discussed later in this report.

The MOU divides the current Kipling Station design and construction of the project into four areas, as illustrated in the attachments and as described below:

- **Terminal** – which is the new inter-regional bus terminal (Attachment 1);
- **Re-Aligned Facilities** – which includes the re-alignment of facilities in proximity to the Terminal, including a west passenger pick-up and drop off (PPUDO), north and west entrances and the north, west and Subway Crescent parking lots (Attachment 1);
- **Parking Lots** – which includes new parking lots at 915 Kipling Avenue and on the east and west sides of Aukland Road north of Dundas Street West (Attachment 2); (Consideration is also being given to extending the lot easterly from 915 Kipling Avenue on the hydro corridor lands currently leased to an automotive sales facility); and

- **East Entrance and East PPUDO** – which includes a new east entrance and passenger pick-up and drop-off facility (Attachment 3).

Key principles agreed and are being discussed in the MOU are summarized below:

Design and Construction

- GO Transit will takeover responsibility for project management, design and construction from the TTC for the Terminal, Re-Aligned Facilities and Parking Lots as of November 15, 2007. This has been agreed in principle and, although construction activities are not scheduled to start until mid 2008, a Handover Plan in the form of a working procedure, has been prepared by TTC to facilitate the transfer of the design deliverables and documentation to GO Transit. This Handover Plan will be agreed to by both parties prior to the transfer of design responsibilities. The handover should be approved in order that progression to the 100% design stage is not delayed and the transaction with SNC Lavalin is not impacted. Accordingly, this report recommends approval of the handover. It should be noted that the MOU cannot be signed until approval has been provided by all parties, including the City of Toronto. It is expected that this matter will be before Council in January 2008. If the MOU is not approved by all parties, the responsibility for implementation will have to be transferred back to the TTC which could result in delays. This risk will be managed by the TTC in cooperation with GO Transit to ensure that the design continues in accordance with the project schedule.
- TTC will retain responsibility (i.e. project management, design and construction) for the East Entrance and East PPUDO and it is projected that the construction will commence in spring 2008.

Real Estate

- GO Transit will own and operate the Terminal, which will be used primarily by Mississauga Transit, GO Transit and provide access routes for TTC buses to the existing TTC terminal. The Terminal is located on lands partially owned by the City and partially owned by Hydro One. The City owned land forms part of an existing TTC parking lot and an area which forms the easterly portion of Subway Crescent. This area will be stopped up and closed, and subsequently be conveyed to GO Transit. The proposed closing date in the MOU for the City lands, within the boundaries of the Terminal, is June 30, 2008 as the process to close Subway Crescent is expected to be complete by that date. City staff will be reporting to City Council on this matter in due course.
- GO Transit will arrange directly with Hydro One a purchase or lease of the Hydro One lands to be occupied by the Terminal and provide an access route for TTC buses destined to the existing TTC bus terminal. Accordingly, this report recommends that the TTC agree to rescind its jurisdiction over that portion of the City lands which form part of the existing parking lot.
- In order to satisfy the provincial funding requirement that GO Transit secure assets equal to the value of the provincial funding, the prospect of GO Transit acquiring certain City owned properties within the Kipling Station lands, which are used by the TTC, is being discussed but has not yet been resolved in the MOU. Any lands conveyed to GO Transit would be immediately leased back to the City on a perpetual basis for a nominal net rent with the

City/TTC being responsible for all operating costs and taxes. A further report will be submitted on this matter when the City and TTC staff have fully negotiated the MOU with GO Transit.

- Operation and maintenance agreements between the three transit agencies will be finalized prior to the opening of the Terminal.

Financial

The financial elements of the MOU are still being discussed. The position which City/TTC staff have taken are:

- GO Transit will secure the provincial project funding and utilize the funding to reimburse the TTC for costs it has incurred to the date of the handover and to fund the ongoing costs of the project;
- The project funding from Mississauga Transit (\$5.5 million) will be provided to the project and will be applied towards design and construction of the East Entrance and East PPUDO. The TTC will provide a full accounting with GO Transit being responsible for any costs in excess of the \$5.5 million or any excess funds being provided to GO Transit for application to the overall Kipling Redevelopment project;
- GO Transit will be responsible to secure the required budget for Kipling Station with the exception of the \$5.5 million provided by Mississauga Transit and will be responsible for all cost overruns;
- GO Transit acknowledges that the TTC and the City have entered into an agreement with SNC-Lavalin, which includes liquidated damages after June 30, 2011. If the Kipling Station Redevelopment project is not complete in the time required to relocate Mississauga Transit from Islington Station, GO Transit will indemnify TTC and the City for any losses associated with GO Transit assuming responsibility for the design and construction of the Terminal, Re-aligned Facilities and Parking Lots.

Once the financial details of the MOU are fully negotiated, a further report will be submitted to the Commission.

JUSTIFICATION

Handover of the majority of the responsibility for the design and construction of the project to GO Transit is a provincial funding requirement and is acceptable to City/TTC staff. Rescinding the TTC jurisdiction over the portion of the existing parking lot, to be incorporated into the Terminal, enables City staff to move forward with the process to declare the land surplus for conveyance to GO Transit.

- Attachments:
- 1 – Lands to be Jurisdictionally Rescinded/East Entrance and East PPUDO
 - 2 – Terminal Lands and Re-Aligned Facilities
 - 3 – Parking Lots