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January 7, 2008

Ms. Ulli S. Watkiss
City Clerk
Toronto City Hall
10th Floor, West Tower
100 Queen Street West
Toronto, Ontario
M5H 2N2

Dear Ms. Watkiss:

Re: Toronto-York Spadina Subway Extension – Project Update

The Planning and Growth Management Committee at its November 29, 2007 meeting requested an update on the Toronto-York Spadina Subway Extension (TYSSE) Project. Following is the requested update at the time of writing as it covers our involvement on the Project.

Funding

In early 2006 the Provincial Government announced approval of the extension of TTC's Yonge-University Spadina line from the current terminus at Downsview Station to a new terminus at Vaughan Corporate Centre, a length of 8.6 kilometres. Part of the extension of 2.4 kilometres and two full stations and part of one station are located in the Regional Municipality of York.

The total estimated cost of the Project in July 2006 costs, unescalated, is \$2.090 billion.

The Province committed \$670 million unescalated, which it placed in trust. This trust money is administered by the Move Ontario Trust which has one member each from the City of Toronto, the Region of York and the Province.

In late 2006 by separate reports approved by their councils, the City of Toronto and Region of York agreed to pay, in total 1/3 of the final Project cost, with a split of 59.96% (City) and 40.04% (Region).

In March 2007 the Federal Government agreed to provide funding totalling \$697 million for the Project.



The estimated final cost in 2015, once escalation using a rate of inflation of 4% is considered, is \$2.633 billion.

The Federal contribution has been capped at \$697 million. Currently, the estimated final cost of the Project is under-funded by approximately \$389 million. Discussions are ongoing with the Provincial government with the objective of having the Provincial government fund this shortfall.

Funding requests by the TTC's TYSSE Department staff are first considered by an Executive Task Force (ETF) consisting of the Chief Administrative Officer – York Region and City Manager – City of Toronto as Co-Chairs, plus two additional members from each municipality. These requests are then forwarded to the Trust.

To date, the ETF has approved in total \$43,897,000. The Trust has approved the amount of \$11,950,000 and has on hand a request to also increase approval to \$43,897,000.

The amounts approved by the ETF, to date, and expected to be approved by the Trust will allow for advancement of most work anticipated in 2008. The TTC has budgeted the amount of \$56.8 million for 2008.

Agreements/Reports

A number of agreements and reports need to be executed, some of which are schedule critical. Following is a summary of the status of these documents.

1. Provincial Environmental Assessment (EA)

- a) The EA for the City/TTC portion was submitted in February 2006 and approved by the Ministry of the Environment in March 2007.
- b) The EA for the Region's portion was approved in April 2007. As a condition of approval, the Region was requested to submit a subway alignment optimization report which has been done.

2. Federal Environmental Assessment

The Project submitted a report to the Canadian Environmental Assessment Agency in November 2007. This is required for a federally funded project. Approval is pending.

3. Building Canada Fund (BCF) Business Case Report

An extensive report covering comprehensive business case and other justification for the Project is required by the Federal Treasury Board. A draft has been prepared collaboratively by the City/Region/Province and shared with the Federal government.



There has been broad agreement with the content, other than the requirement that the City/Region/Province needs to address the \$389 million shortfall before Federal consideration.

4. Contribution Agreement

A Contribution Agreement which will bind the parties to contribute has been drafted and expected to be executed once the BCF report is accepted by the Federal government.

5. Memorandum of Understanding – Operating

A Memorandum of Understanding outlining in detail the maintenance and operation of the subway extension has been drafted and accepted in principle by the City and Region. Execution of this Memorandum is expected in the near future.

It essentially establishes that the TTC will build, own, operate and maintain the subway extension in York Region with the exception of some surface features such as bus platforms, passenger pick-up and drop-off, parking lots.

6. Capital Cost Allocation Agreement

This agreement establishes the capital cost apportionment for the construction of the extension for the one-third total cost to be shared between the City (59.96%) and York (40.04%).

7. Executive Task Force (ETF) – Terms of Reference

The Terms of Reference for the functioning of the ETF have been adopted and two meetings of the ETF have been held and future meetings are scheduled.

The governance structure of the Project, as outlined in the Terms of Reference, allows the ETF to provide oversight of the Project on matters of inter-regional interest. The delivery of the Project is the mandate of the TTC who are assembling staff and organizing a Department for this purpose.

Schedule

Following Provincial approval in early 2006, it was expected that other elements of the Project would fall quickly into place. It was expected that Project activity would intensify significantly in early 2007 with the commencement of staffing, design work, property acquisition, etc. However, obtaining approvals, confirming and consummating agreements have taken longer than contemplated. It is currently projected that the expected intensification of Project activity will commence in April 2008, subject to agreements being in place.



With the expectation that the Project will now be allowed to advance in an orderly manner, we are currently targeting mid-2015 as the commencement of revenue service to serve all stations to Vaughan Corporate Centre.

Current Activity

1. Organization Set-Up

Recruitment of TTC staff and Request for Proposals to retain consultants are ongoing to set up and staff the TTC's Spadina Subway Extension Department.

2. Office

Office space has been secured to locate Project staff, scheduled for occupancy in early 2008.

3. Property Acquisition

Resolution of property issues that have arisen in efforts to protect the necessary property along the alignment are ongoing. Expenditures for this purpose are being incurred for which funding has been confirmed by the ETF and Trust.

Property acquisition, agreements, leases, etc., in the City are being managed in the conventional manner, much in the same way as the Sheppard Subway property was managed.

A Property Acquisition Protocol is being drafted largely to cover the property requirements in York Region.

As with other locations in the City, the subway infrastructure will be owned by the TTC and the adjoining property by the City. In the Region, the TTC will own both the infrastructure and the immediately adjoining property.

4. Construction

Early construction/relocation contracts are being considered to clear the site of major obstacles such as utilities before major contracts commence.

One early contract for the relocation of a storm sewer at Steeles Avenue West is being tendered in early January. Awarding this contract will also fulfill the Provincial and Regional requirements that a construction contract be awarded by the earlier of 365 days of Provincial Environmental Approval (March 23, 2008) or April 1, 2008.

Significant construction activity is anticipated by mid-2009.



With the above there are a lot of details which I have not included for the sake of brevity. In summary I believe that this covers the status of the Project.

Sincerely,



Gary Webster
Chief General Manager

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Copy: Merle MacDonald – Planning & Growth Management Committee
TTC Commissioners

