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April 23, 2009

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

Dear Ms. Watkiss:

Re: Item BU48.5 – Procurement Authorization Kipling Station East Entrance Contract F7-25

Further to the communication dated April 7 2009 from the TTC General Secretary and subsequent discussions on this matter with City Finance staff, this letter serves to respond to the City's request for the TTC to find savings within the capital program to address the increased requirements of \$1.2 million on the Kipling Station project. The need to move forward with this project and scope of work at this time is dictated by the following:

- Redevelopment of the Bloor-Islington lands at Islington Station, which have been declared surplus by the City, would not be feasible without the relocation of the regional bus facilities to a suitable new Regional Bus Terminal at Kipling Station,
- The new east entrance will provide an alternative entrance that is remote from the Regional Bus Terminal construction site, and allow staging flexibility for temporary closures of the existing PPUDO and mitigate the risks of revenue service interruption, during construction,
- Schedule delays would have potential impacts on the Regional Bus Terminal construction work activities managed by GO/Metrolinx and would also result in increased contract costs due to retendering of the contract, and
- Resolve capacity constraints with current bus terminal where during busy periods, buses are required to layover on St. Albans Road, adjacent to high rise condominium residences resulting in complaints from local residents on noise, vehicle emissions and sight lines for vehicles and pedestrians exiting the condominiums.
- Facilitate the development of City owned Westwood Theaterlands, adjacent to the Kipling Subway Station.



While the Kipling Station Improvements project requires a project cost increase of \$1.2 million to accommodate the commitment for the award of the noted contract, there will be no impact upon the 2009 budget cashflow. The increased costs will be required in the 2010 budget year. TTC staff are monitoring the capital project expenditures and have commenced the preparation of the 2010-2014 Capital Program budget process; however, at this point it is premature to find permanent savings within projects that could be committed towards this project. We are committed to ensure that TTC will not overspend the 2009/2010 budget and that under expenditures will be found to address these project cost increases. Historically TTC has been granted authority to move forward on project changes, on the proviso that expenditures are managed within the current year budget allocation, and changes to the future years were addressed during the annual capital review where debt target and other total budget constraints were imposed. However, it is anticipated that the net rebate from the Ontario Harmonized Sales Tax will be more than sufficient to offset this increase in expenditures. Staff will be assessing the impacts on the capital program of the harmonization of the PST and GST taxes in Ontario, as this has potentially significant and differing impacts upon the various capital projects.

I trust the foregoing information addresses any questions on the issue and enables the Committee to proceed with approval of this change.

Sincerely,



Gary Webster  
Chief General Manager

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Copy: Adam Giambrone – Chair, Toronto Transit Commission  
Cam Weldon – Deputy City Manager and Chief Financial Officer

