

**Josie La Vita**  
 Interim Chief Financial Officer

**Toronto Transit Commission**  
 1900 Yonge Street  
 Toronto, ON M4S 1Z2

 Tel: (416) 393-3914  
 Josie.LaVita@ttc.ca  
[www.ttc.ca](http://www.ttc.ca)


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## 2021 CAPITAL BUDGET BRIEFING NOTE

### TTC Capital Projects Requiring Secured Intergovernmental Funding

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#### Issue / Background:

This briefing note responds to the Budget Committee's request made at its January 21, 2021 meeting, for the Chief Executive Officer of the Toronto Transit Commission, in collaboration with the City's Chief Financial Officer and Treasurer, to prepare a briefing note identifying capital projects within the Toronto Transit Commission's 2021-2030 Capital Plan where funding from federal or provincial governments is not yet secured.

#### Key Points:

The TTC's 2021-2030 Capital Budget and Plan of \$11.9 billion includes gross expenditures of \$1.514 billion for the *Bloor-Yonge Capacity Improvement project* that is to be funded equally by the three orders of government of which only the City's share has been secured, as summarized in the table below:

Total Project Cost	\$1,514 million	Percent Share
Federal	\$ 500 million	33%
Provincial	\$ 500 million	33%
City	\$ 514 million	34%

This is the only major capital project in the TTC's 10 Year Capital Plan where funding from Federal and Provincial levels of government is not yet secured.

#### Project Overview:

- The Bloor-Yonge Capacity Improvement project is a critical component of addressing capacity constraints on Line 1. Existing capacity issues at the station; projected growth in the City of Toronto and surrounding jurisdictions; the planned transit expansion programs as well as the expected higher density in the area are all key factors expected to impact the Bloor-Yonge subway station.
- Pre-COVID, the station experienced the following overcrowding issues:
  - Overcrowding of the Line 2 platform due to substandard platform width and congested vertical circulation in the AM and PM peak hours;

- Overcrowding of the Line 1 platforms due to poor passenger distribution leading to congestion and queuing at vertical circulation in the AM and PM peak hours; and,
  - Overcrowding of Lines 1 and 2 platforms AM and PM peak hour hampering alighting and boarding leading to the increase in dwell time for trains
- Projected ridership growth arising from planned transit expansion projects will further exacerbate current deficiencies in station performance. Even with the implementation of the Ontario Line, capacity improvement is required *before* the Line 1 extension to Richmond Hill is in service.
  - Given the criticality of the Bloor-Yonge Capacity Improvement project as a means to address current overcrowding issues and as a prerequisite project for planned transit expansion, this SOGR project was deemed a priority project by the City of Toronto, the Province and the Federal Government with commitments to equally fund the estimated \$1.514 billion project (Class 5).

### **Project Funding Commitments and Status**

- In April 2019, Toronto City Council (EX4.1) endorsed the Bloor-Yonge Capacity Improvement Project as a priority project under the City of Toronto's funding allocation of the Investing in Canada Infrastructure Plan (ICIP) Public Transit Infrastructure Fund (PTIF).
- On August 26, 2019<sup>[1]</sup>, the Government of Canada announced<sup>[1]</sup> priority funding consideration would be given to the project and is setting aside \$0.5 B in federal funding through the Public Transit Infrastructure Stream, subject to conditions being met, including final approval by the Treasury Board.<sup>[2]</sup>
- On November 4, 2019, the Province of Ontario and the City of Toronto jointly announced the "Ontario-Toronto Transit Partnership. On February 12, 2020, the City and Province signed a Preliminary Agreement, in which the Province committed to endorse the project under the ICIP-PTIF2 program, and to fund one third of the total capital costs of the Bloor-Yonge Capacity Improvement project<sup>[3]</sup>.
- On December 17, 2019, City Council approved an increase in the tax levy as dedicated funding for transit and social housing funding through the City Building Fund. As part of the 2020 Budget process, City Council approved an additional \$4.7 billion from the City Building Fund in TTC's 2020-2029 Capital Budget and Plan, providing \$500 million or the City's one-third share of the Bloor-Yonge Capacity Project's funding.
- In 2019, a preliminary business case was submitted to the Federal and Provincial governments and a final business case will be prepared and submitted at Stage Gate 3 to

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<sup>[1]</sup> <https://www.canada.ca/en/office-infrastructure/news/2019/08/getting-torontonians-moving-making-crucial-investments-in-public-transit.html>

<sup>[2]</sup> <https://www.canada.ca/en/office-infrastructure/news/2019/08/backgrounder-getting-torontonians-moving-making-crucial-investments-in-public-transit.html>

<sup>[3]</sup> [Ontario-Toronto Transit Partnership Preliminary Agreement \(2020\)](#)

support the business requirements and secure the Federal/Provincial/City of Toronto Transfer Payment Agreement.

**Project Status:**

- Work has commenced on the Bloor-Yonge Capacity Improvement Project since City Council's approval of its funding in the 2020 Budget process and the costs incurred to date are sourced through the City's one-third funding.
- The project is progressing towards Stage Gate 3 which will establish the baseline project performance criteria including scope, cost, schedule, risk, packaging, procurement method and updated business case, which include the following planning and early works activities:
  - Discussions with adjacent property owners/developers commenced in 2019 and continued through 2020. The current design is being integrated with developers' plans and construction staging and phasing is currently being planned. The property acquisitions for the early works construction commenced in late 2020 and the main construction property acquisitions will commence in mid-2021.
  - A draft 30% design has been completed and a Class 3 cost estimate is being finalized along with a Level 3 project schedule.
  - A procurement options analysis including a comprehensive risk assessment and market sounding to determine the optimum project delivery method is nearing completion.
  - Third parties have been retained to complete a Value Engineering Assessment and prepare a project Business Case for submission at Stage Gate 3, expected to be completed by Q2, 2021
  - During 2022, early works will continue as will the issuance of an RFP. It will be necessary to secure Provincial and Federal funding in advance of the procurement process.

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**Prepared by:** Josie LaVita, Interim Chief Financial Officer, Toronto Transit Commission, (416)393-3914, [Josie.LaVita@ttc.ca](mailto:Josie.LaVita@ttc.ca); Jennifer Imbrogno, Director, Capital Accounting, Toronto Transit Commission, (416) 393-3619, [jennifer.imbrogno@ttcc.ca](mailto:jennifer.imbrogno@ttcc.ca)

**Further information:** Jennifer Imbrogno, Director, Capital Accounting, Toronto Transit Commission, (416) 393-3619, [jennifer.imbrogno@ttcc.ca](mailto:jennifer.imbrogno@ttcc.ca)

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