Attachment 1
September 26, 2013

Mr. Joseph Pennachetti
City Manager
City of Toronto
Toronto City Hall
11th Floor, East Tower
100 Queen Street West
Toronto, ON M5H 2N2

Dear Mr. Pennachetti:

At its meeting on Wednesday, September 25, 2013 the TTC Board considered the attached report entitled, "Scarborough Subway Options”.

The Board approved the recommendation in the staff report, as follows:

"It is recommended that the Board:

1. Support the Scarborough subway alignment along the McCowan corridor, through Scarborough City Centre and north to Sheppard Avenue East (indicated in Figure 2), previously approved by City Council at the meeting of July 17, 2013;

2. Forward this report to the City Manager for inclusion in the City Manager’s report to City Council at the October 8, 2013 meeting; and

3. Forward this report to Metrolinx, Provincial Minister of Transportation and Federal Minister of Infrastructure, Communities and Intergovernmental Affairs”.

The Board also adopted the following motions:

i) That the TTC Board acknowledge, and convey its thanks, for the Province’s substantial financial contribution to the construction of new transit in Toronto, including the Toronto-York-Spadina Subway Extension and the Eglinton-Crosstown LRT.

ii) That the TTC Board re-affirm its support for the alignment of the Eglinton-Crosstown LRT, Sheppard East LRT and Finch West LRT, as agreed to in the Master Agreement signed by Metrolinx, City of Toronto, and the Toronto Transit Commission and as approved in the Transit Project Assessments.
iii) That the TTC Board request that the Metrolinx Board of Directors, at its next Board meeting, separate from and in parallel with the consideration of the "Scarborough Subway Options" Report:

a) Publicly re-affirm its full financial and technical support of its Eglinton-Crosstown LRT, Sheppard East LRT and Finch West LRT, as per the Master Agreement and as approved in the Transit Project Assessments;

b) Publicly commit to the project known as the Relief Line (also known as the Downtown Relief Line) as Metrolinx's next heavy rail priority for the City of Toronto.

iv) That the Chair of the TTC write to the Chair of the Board of Metrolinx, subsequent to the Oct. 8, 2013 City Council meeting, proposing a joint Board meeting be held by the Metrolinx and TTC Boards to consider the options and determine if a consensus is possible after receiving presentations from TTC and Metrolinx staff.

The foregoing is forwarded for your consideration.

Sincerely,

[Signature]

Vincent Rodo
Chief Financial & Administration Officer

1-11
Attachment
MEETING DATE: September 25, 2013

SUBJECT: SCARBOROUGH SUBWAY OPTIONS

ACTION ITEM

RECOMMENDATION

It is recommended that the Board:

1. Support the Scarborough subway alignment along the McCowan corridor, through Scarborough City Centre and north to Sheppard Avenue East (indicated in Figure 2), previously approved by City Council at the meeting of July 17, 2013;

2. Forward this report to the City Manager for inclusion in the City Manager's report to City Council at the October 8, 2013 meeting; and

3. Forward this report to Metrolinx, Provincial Minister of Transportation and Federal Minister of Infrastructure, Communities and Intergovernmental Affairs.

FUNDING

In 2009 the Province announced funding of $1.8 billion for the cost of the design and construction for the conversion of the Scarborough RT to LRT and extension to Sheppard Avenue. The Master Agreement between the City, TTC and Metrolinx confirms Metrolinx’s responsibility for project delivery.

The Province has publically committed $1.48 of the $1.8 billion to funding the Bloor-Danforth subway extension, less the sunk costs associated with the Scarborough LRT, design and project management (currently estimated at $85 million) and any costs associated with the renegotiation of the Bombardier LRV contract.

Neither the Provincial (RT corridor alignment) nor TTC (McCowan corridor alignment) subway option to Sheppard Avenue estimated at $2.9 billion and $2.5 billion ($2010) respectively, are achievable within the current Provincial funding envelope. Even when the options are truncated at Scarborough City Centre both Provincial and TTC options estimated at $1.7 - $1.9 billion and $1.9 billion ($2010) respectively require additional funding.

Additional funding from the Federal Government, Province or the City will be required to proceed with any of the subway options. The City has requested funding commitment from the Federal Government and anticipates a response before the end of September.
BACKGROUND

In May 2013, City Council indicated support for the extension of the Bloor-Danforth subway line from Kennedy Station to Scarborough Centre and Sheppard Avenue, with an alignment along the McCowan corridor, as an alternate to the Scarborough LRT. As a result, Metrolinx requested clarification on the City’s commitment to the Master Agreement and the Scarborough LRT project, in a letter received June 28, 2013. The letter outlines sunk costs and other implications associated with a change in direction by the City.

City Council on July 17, 2013, confirmed its support for the Scarborough Subway contingent on a number of funding conditions.

If these conditions are not met, the Scarborough LRT project would proceed.

The City Manager will be submitting a report to the October Council meeting outlining the status of Council’s funding conditions.

DISCUSSION

Provincial Plan - Overview

On September 4, 2013, Provincial Transportation Minister Glen Murray announced a new subway plan for Scarborough. The proposed RT corridor alignment is approximately 10.3 kilometers, with four stations at Lawrence, Scarborough City Centre, Centennial College, and Sheppard East following the previous planned Scarborough LRT alignment. The alignment is predominantly at
grade or elevated with small tunneled section at either end. To permit the line to follow the existing SRT corridor a new Kennedy Station must be built to the north and west of its current location. The anticipated duration of this project is 10 years, with construction commencing in year 5. The Province’s estimated cost is $2.3 billion ($2010).

Only the first 6.4 kilometers to Scarborough City Center, with a station at Lawrence would be built in the first phase. The Province has committed to fully funding this phase at an estimated cost of $1.4 billion ($2010).

Chair Stintz in her September 6, 2013 letter requested clarification on a number of questions arising from the plan and press conference. Metrolinx Chair Robert Pritchard in his September 10, 2013 letter of response indicated that:

1) The extension would be owned and operated by the TTC;
2) TTC/City would be responsible for project scope & schedule including cost overruns, operating costs and maintenance costs (this would appear to preclude any transfer of operating maintenance funding from Metrolinx as mentioned at the July 17, 2013 City Council meeting);
3) Metrolinx would assume the net incremental operating costs incurred to the TTC as a result of the construction to offset the SRT closure and the closure from Kennedy to Warden Stations (Bus Bridge);

4) An amendment to the Master Agreement is required for the extension of the Bloor – Danforth Subway; and

5) The proposed alignment would be subject to review as part of the environmental assessment process.

Metrolinx provided to TTC the Feasibility Study prepared in support of the Province’s Scarborough Subway Plan. TTC has reviewed the Feasibility Study and although there are many issues that require more information from Metrolinx, the following provides TTC’s initial comments on the available information.

Planning

In order to properly assess this proposal the following information is required and was not provided in the Feasibility Study:

1) Ridership projections for both Provincial options;
2) Average operating speed and trip time for both subway options;
3) Location of the bus terminal;
4) Walking distance from the TTC bus terminal and GO station to the subway platform; and
5) Any other advantage of this proposal over the TTC proposal.

TTC has requested information from Metrolinx and waits to receive it for further evaluation.

City Planning is reviewing the Feasibility Study and will provide input to the City Manager for his report to the October City Council Meeting.

The introduction of a subway alignment within the existing GO corridor may prevent or limit any future expansion.

Customer Impact

The Province’s subway alignment is along the current SRT line, requiring two major closures. First a 3-year closure of the SRT line that would be accommodated by a bus bridge from McCowan to Kennedy Station. Then after constructing the new Kennedy Station it must be connected to the existing Bloor-Danforth line requiring the closure from Warden to Kennedy Stations for an unspecified period of time. This would be accommodated by extending the bus bridge from Kennedy to Warden Station. Currently, Warden Station is not configured to support bus terminal operations of this magnitude and temporary infrastructure would be required.

The new Kennedy Station’s location, to the north and west, would increase the passenger transfer time from both the GO station and the bus terminal to the subway. Detailed designs are not available to quantify this increase.
The design of six curves on the full alignment is well below optimal and approaching the ultimate allowable design standard. The impact of these tight curves requires that the speed in these areas must be reduced from the standard 80 kilometers per hour down to 50 or 55 kilometers per hour. This results in an increase of the overall trip time and possibly impacts to the remaining Bloor-Danforth line. To fully assess these impacts a computer modelling study is required.

Community Impact

In comparison with the current SRT or LRT’s elevated structure, the elevated subway structures are much more intrusive. This may result in community impact and resistance during the environmental assessment process and presents an urban design issue. The combination of elevated structures and tight curves will allow noise, such as wheel squeal, to carry further.

Operational Impacts

As with the current SRT alignment, the proposed Provincial alignment is at surface and elevated, presenting the same operating challenges as currently experienced during fall and winter resulting in delays.

1) During freezing rain and snow there is a build-up of ice on the rails, the third rail and switches. The build-up on the third rail can prevent power from reaching the trains. The significant grades approaching 3.0% are challenging with icy rails and loss of power.
2) The ice build-up can interfere with the operation of the switches, preventing route selection or loss of signal detection.
3) In the fall, the leaves accumulate on the tracks, causing wheel flats, noise, vibration and increase maintenance costs.
4) The extremely tight curves on the alignment will also result in increased wheel and track wear causing premature replacement.

Schedule

TTC and Provincial proposals indicate a start date of 2014 and a completion date of 2023. Therefore, schedule is not a factor between the two options.

Cost

The Province’s feasibility study did not provide a detailed cost breakdown for TTC review nor did time available allow for such a review. The Province’s estimate for Kennedy to Sheppard is $2.3 billion ($2010) specifically excluding the following items:

1) Vehicles;
2) Storage facility;
3) Traction power substations;
4) Cost of interim replacement bus service routing & associated infrastructure; and
5) HST.
In addition it does not include:
1) Signal system upgrades required for Automated Train Control;
2) Bus bridge during construction; and
3) SRT life extension until 2019, the start of construction.

TTC estimates that the full cost of these exclusions and additions to be $670 million while Metrolinx estimates the costs to be $585 million ($2010). Therefore the total actual cost for the Provincial proposal (RT corridor alignment) is between $2.9 to $3.0 billion ($2010). The TTC estimate for the McCowan corridor alignment is $2.5 billion ($2010). However, it should be noted that the cost estimates should be treated as an order of magnitude estimate for comparison purposes only.

Using a similar comparison for the Provincial alignment to Scarborough City Centre, TTC estimates the full cost to be $1.9 billion while Metrolinx estimates $1.7 billion ($2010). The cost for the TTC alignment (McCowan corridor) is $1.9 billion ($2010). Based on the lack of detailed engineering analysis the $100 million difference is not material to the decision making process.

A summary of the exclusions and additions are provided in the following table.

### Provincial Subway Plan (RT Corridor Alignment)

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<td>Variance</td>
<td>$410 to 495</td>
<td>-$215 to -50</td>
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Table 1: Metrolinx Adjusted Estimates ($2010M)
JUSTIFICATION

The TTC Board should be apprised of operational and customer impacts identified by TTC staff on proposed alignment changes to the Scarborough subway.

81-1
September 20, 2013
03074-188-288

Attachments: 1. TTC Chair Stintz’s letter dated September 6, 2013
2. Metrolinx Chair Prichard’s letter dated September 10, 2013
Dear Mr. Prichard,

RE: Minister Murray's September 4, 2013, Scarborough Subway Announcement

On September 4, 2013, the Minister of Transportation, Glen Murray, announced that the Province of Ontario will be funding an extension of the Bloor-Danforth subway line to Scarborough Town Centre. The Minister's proposal uses the current Scarborough Rapid Transit alignment, envisions the relocation of Kennedy Station, ends at Scarborough Town Centre, adds a total of two additional stops, and has a proposed budget of $1.4 billion.

Minister Murray's plan will be studied by the TTC to ensure that it is technically feasible and to assess any impact on the operation of the extended Bloor-Danforth Line. Commissioners should be as informed as possible before we authorize Staff to carry out the study.

I would appreciate clarity from Metrolinx on the following points:

- That the alignment and proposal by the Minister has been approved by the Metrolinx Board of Directors;
- That the input provided by City Council on July 17, 2013, (Item CC37.17, "Scarborough Rapid Transit Options"), including funding and alignment, in response to the letter sent by the Metrolinx CEO, Bruce McCuaig, to the Toronto City Manager, Joe Pennachetti, dated June 28, 2013, is no longer being considered by Metrolinx, and that no Federal funding is being pursued as a result;
- A breakdown of the costs and timelines for this proposal, and confirmation that any cost overruns associated with this plan will be the sole responsibility of the Province and/or Metrolinx;
- Confirmation that the shutdown time of the Scarborough RT, during which the TTC would need to provide approximately 15 million customer shuttle bus riders per annum, will not exceed three years and that the cost of this shuttle bus service will be borne by the Province, as was the case under the original Scarborough LRT proposal;
- Confirmation that the Province will provide or fund alternative transit for TTC customers unable to transition between Warden and Kennedy while the new connection is cut in;
- 2 -

- The impacts (if any) of the Minister's proposal on the Eglinton Crosstown LRT, since the proposal includes the relocation of Kennedy Station;

- Confirmation of the role of the TTC in the design, building and operating of the Minister's proposed subway extension;

- Approvals, if any, which Metrolinx will seek from the City to implement the Minister's proposal.

Of overriding importance is the current status of the Master Agreement, signed by Metrolinx, the Toronto Transit Commission and the City of Toronto on November 29, 2012. Metrolinx CEO Bruce McCuaig stated in his letter dated June 28, 2013, to the Toronto City Manager, Joe Pennachetti, that Metrolinx "continue[s] to rely on the Master Agreement as the legal contract with the City and the TTC to deliver the four [LRT] projects." I request confirmation that this is still the case, noting Mr. McCuaig's subsequent advice to Mr. Pennachetti in his letter dated August 2, 2013:

"The Scarborough LRT remains an approved part of the Master Agreement among Metrolinx, City Council and the TTC."

As there is a meeting of the Metrolinx Board of Directors on September 10, 2013, I ask that you provide the answers to the above by Thursday September 19, 2013, so my fellow Commissioners may discuss them at our meeting September 25, 2013.

Sincerely,

Karen Stintz
Chair, Toronto Transit Commission

Toronto City Hall
100 Queen Street West
Toronto, ON, M5H 2N2
Fax: 416-392-9228
councillor_stintz@toronto.ca

cc: Bruce McCuaig, President and CEO, Metrolinx
    Joe Pennachetti, City Manager, City of Toronto
    Andy Byford, CEO, Toronto Transit Commission
    TTC Commissioners
September 10, 2013

Karen Stintz  
Chair  
Toronto Transit Commission  
Toronto City Hall  
100 Queen Street West  
Toronto, Ontario  
M5H 2N2  

Dear Chair Stintz,

RE: Response to your letter dated September 6, 2013

Thank you for your letter of September 6, 2013 with respect to the announcement made by the Ontario Minister of Transportation, the Honourable Glen Murray, on September 4, 2013 related to the proposed extension of the Bloor-Danforth subway to Scarborough Town Centre using the SRT alignment. Today, the Metrolinx Board of Directors met and discussed the project and I can provide you with the following information in response to your questions.

Metrolinx has consistently supported using the SRT corridor to bring rapid transit to Scarborough Town Centre and linking it to Kennedy Station. The Big Move, the Transit City plan, the 2009 funding announcement and the master agreement between Metrolinx and the City/TTC all reflect this commitment to using the SRT corridor. Similarly, the Minister’s announcement of September 4, 2013 continues this commitment. The alignment has previously been approved under the Environmental Assessment Act for the LRT project.

Following City Council’s July 17, 2013 decision expressing the City’s preference for a subway for Scarborough instead of the LRT contemplated by the master agreement, Minister Murray asked Metrolinx to study whether the proposed subway could follow the existing SRT alignment. We undertook a preliminary feasibility study. It suggests the route using the SRT alignment announced by Minister Murray has a number of advantages: it has greater opportunities for economic growth and employment along its length, relative to the route earlier proposed by the City and TTC; it takes advantage of an existing transportation corridor instead of incurring the cost of building a new one; our preliminary analysis suggests that it could potentially be delivered at a lower capital cost as it requires much less tunnelling; and assuming rapid transit is subsequently extended to Sheppard Avenue East, it serves more priority neighbourhoods and double the population within walking distance. In addition, preliminary work suggests that the subway from Kennedy to Scarborough Town Centre could be delivered close to the existing provincial funding commitment of $1.48 billion. All of these factors suggest using the existing SRT alignment, which is also the approved alignment for the LRT in the master agreement, is...
worthy of the most serious consideration. It offers the possibility of a better solution at lower cost serving more people and generating greater economic growth than any other alignment.

Metrolinx staff met with City and TTC officials on August 29, 2013, when the alignment using the route previously approved for the LRT was discussed and our feasibility study was shared. At that time, TTC officials agreed to review the technical feasibility of the route. I understand that the TTC continues to review this alignment and we are grateful for this work. We will continue to work closely with Mr. Byford and his team to assess the various technical issues and financial estimates.

We acknowledge the need for careful due diligence to confirm our preliminary analysis. We look forward to working closely with your colleagues at the TTC and City to complete this confirmatory work in the next few weeks. Once that work is completed, we will expect Metrolinx management to bring a full report and recommendation to the Metrolinx Board of Directors for consideration. Ultimately, the alignment for the proposed extension will need to receive approval in accordance with the Environmental Assessment Act.

Metrolinx and the Province support securing strong federal support for the rapid transit for the Greater Toronto and Hamilton Area. We encourage the City’s efforts to achieve this goal as well and we are willing to assist the City in any way we can.

As you know, Metrolinx has been clear in communicating its position to City and TTC officials on the proposed subway extension both before and after City Council’s July 17th decision, regardless of the alignment that is ultimately approved and constructed. The position consistently communicated to City and TTC representatives includes:

- Provincial funding of $1.48 billion ($2010) is available for the project.
- All sunk costs for the approved Scarborough LRT, currently estimated at $85 million, must be reimbursed by the City.
- Any costs associated with the re-negotiation of the contract with Bombardier for the supply of LRVs will need to be reimbursed by the City.
- Provincial contributions towards the project will begin no earlier than 2018/19.
- The extension of the TTC’s subway would be a City/TTC project, and the City would be responsible for project scope and schedule, including any cost overruns, operating costs and maintenance costs.
- The Province and Metrolinx will work with the City and TTC to align the scope of the project and the routing with provincial growth and transportation objectives, reflecting the need to maximize economic growth and employment along the corridor.
- The Province is interested in building in a role for Infrastructure Ontario to support the City’s and TTC’s efforts to deliver the project to its schedule and budget.

Preliminary estimates of costs and the potential schedule for the SRT alignment were included in the report we provided to City and TTC officials on August 29th. This represents preliminary work and it was agreed, at that time, that the TTC would undertake an initial review of the report, recognizing that the alignment required significant technical review and analysis.

In terms of the impact of the SRT alignment on the existing Scarborough RT service, it is acknowledged that a shutdown would be required, of up to three years. This is essentially the same as the period of shutdown time built into the LRT project, which City Council and the TTC
approved and was included in the master agreement. In terms of the costs associated with the bus bridge, this would need to be addressed in the context of any amendments to the master agreement. The master agreement currently provides for the four existing approval projects, Metrolinx will reimburse the net incremental operating costs incurred by the TTC which are attributable to disruption to normal service as a result of and during construction.

As indicated above, Metrolinx’s position is that the extension of an existing TTC asset, in this case the Bloor-Danforth subway, must be owned and operated by the TTC. Metrolinx will provide input, advice and support to the TTC, and Infrastructure Ontario is ready to support the project to help ensure it is delivered to schedule and to budget.

Metrolinx continues to rely on the master agreement, as it may be amended from time-to-time, as the legal contract with the City and the TTC. As was agreed with the City and TTC officials when we met, to implement the proposed extension of the Bloor-Danforth subway, an amendment to the master agreement would be required.

Metrolinx is also interested in working with the City of Toronto and the Region of Durham to extend the Pulse bus rapid transit system into Toronto, linking in to the Scarborough Town Centre and serving important regional destinations, such as Centennial College and the University of Toronto at Scarborough. This is a priority project in the Next Wave of transit priorities set out in The Big Move and would strengthen the role of Scarborough Town Centre as an important regional hub.

Metrolinx’s objective continues to be the delivery of improved transit services to the entire Greater Toronto and Hamilton Area, including the City of Toronto. There continues to be great progress, with projects including the revitalization of Union Station, the Eglinton Crosstown, 30-minute service on the GO Lakeshore rail lines, the construction of the Union Pearson Express, the opening of the initial York Viva Rapidways service along Highway 7, the construction of the Mississauga Transitway, and the deployment of PRESTO, with over 750,000 customers currently in place, advancing well. These are just some of the several hundred projects currently underway, many of which are made possible by strong partnerships with the affected municipalities and their transit systems. Our interest is in moving forward with the Scarborough rapid transit project as quickly as possible based on a strong partnership with the TTC and the City of Toronto.

As always, I would be pleased to discuss these matters with you at your convenience.

Warm Regards,

J. Robert S. Prichard
Chair
Metrolinx

c. Bruce McCuaig, President and Chief Executive Officer, Metrolinx
   Joe Pennachetti, City Manager, City of Toronto
   Andy Byford, Chief Executive Officer, Toronto Transit Commission
COUNCIL DECISION JULY 16, 2013

LRT Plan

TTC/City Subway Plan
September 4, 2013 – Provincial Scarborough Subway Plan

Full Alignment

- 10.2km
- 4 Stations
- $2.28B ($2010)

Truncated at SCC

- 6.4km
- 2 Stations
- $1.33B ($2010)
TTC Requested from Metrolinx:

- Ridership projections for both Provincial options
- Average operating speed and trip time for both subway options
- Location of the bus terminal
- Walking distance from the TTC bus terminal and GO station to the subway platform
- Any other advantage of this proposal over the TTC proposal

City Planning is reviewing the Study and will provide input to the City Manager’s report to the October Council meeting
CUSTOMER IMPACT

Stations:

- Stations proposed appear to be well-sited
- Centennial College Station location beneficial
- Opportunity for larger mobility hub at Kennedy, providing existing Kennedy Station is eliminated

Slower operation:

- Design min. curves & max. grades = 50-55 kph vs 80 kph operating standard
- Six speed restricted zones
- Increases overall trip and passenger time
CUSTOMER IMPACT

Extended service shut-downs:

- SRT shut down for minimum 3 years
- Warden to Kennedy subway closure for undetermined time
  - Additional bus requirement to extend to Warden Station which may require a temporary bus terminal

Less convenient transfer:

- TTC-GO connection at Kennedy is longer
- Bus-Subway connection at Kennedy is longer

Expansion in Rail Corridor:

- May preclude GO Transit’s expansion plan
COMMUNITY IMPACT

Noisy:

- Wheel squeal at tight curves on elevated guideway

Size of Structure:

- Size of elevated guideway is larger than SRT and have greater presence in community
Exposed winter fall conditions are a concern:

- Snow drifting and ice accumulation risk
- 3.0% gradient in open-cut
- Wheel flats
- Potential for service delays
Provincial and TTC option both:

- Commence in 2014
- Completed in 2023

Schedule not a factor

Construction start in 2019 will require 4 years of additional operation of the SRT and associated life extension costs to maintain service($48 million $2010)
### PROVINCIAL EXCLUSIONS ($2010M)

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REEXAMINE TTC SUBWAY OPTION

- End line at SCC
- 5.9km
- 2 stations
- Cost $1.75B
- Comparable costs
  - Demolition $75M
  - SRT life ext $96M
- Total Cost $1.92B
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Concept is too preliminary for development of reliable schedule and detailed cost estimate.

Estimates accepted as provided, without detailed review.
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</table>
CONCLUSIONS

• Provincial alignment appears to be technically feasible, but does not optimize the advantages of subway technology
• Cost of Provincial and TTC/City alignments to SCC are comparable given the preliminary nature of the estimates
• TTC alignment to SCC has customer, community and operational benefits
• Detailed alignment should be selected as part of the environmental assessment process
• No clear advantage of Provincial proposal, many disadvantages
Attachment 2
July 29, 2013

Bruce McCuaig
President and Chief Executive Officer
Metrolinx
20 Bay Street, Suite 600
Toronto, ON M5J 2W3

Dear Mr. McCuaig,

Re: Scarborough Rapid Transit Options

In response to your June 28, 2013 letter requesting clarification on the City's commitment to the Master Agreement and the Scarborough LRT project, a report was prepared in conjunction with the Chief Executive Officer of the Toronto Transit Commission and brought before City Council on July 16, 2013. The report presented information on the potential financial, planning and other implications of pursuing an extension of the Bloor-Danforth subway instead of the Scarborough LRT.

The resulting Council direction from the report, CC37.17 Scarborough Rapid Transit Options has been attached to this letter, and can be found at the following link with a copy of the staff report and attachments:

City Council confirmed support for the Scarborough Subway subject to several key terms:

- Provincial contribution of $1.8 billion (2010$);
- Commitment from the federal government to provide new funding equal to 50 percent of the net capital costs of the project;
- No other funding outlined in the Metrolinx, City of Toronto and TTC Master Agreement is to be re-allocated to the Scarborough Subway project from the other three light rail transit (LRT) lines, i.e. Sheppard LRT, Finch LRT, Eglinton LRT; and
- No reallocation of existing City revenues from other services to pay for the subway.

In addition to requesting a fair share of funding from provincial and federal partners, City Council committed to fund the City's share of the cost of the construction of a Scarborough subway. In particular Council directed the Deputy City Manager and Chief Financial Officer to prepare a Development Charges By-law to include the City's share of capital costs for the subway to be considered in 2014. Council also committed to a dedicated property tax increase over three years.
Currently, the City is working through the Mayor's Office to request federal funding for the Scarborough Subway project. Discussions are still in the early stages. Pending the outcome of these discussions and ongoing discussion with the Province with respect to the $1.8 billion (2010$) previously allocated to the Scarborough LRT, a report will be provided to Council in fall 2013 to follow up on whether the terms providing conditional support for a Scarborough Subway have been met, and any other relevant information.

In order to proceed, City Council has requested the provincial and federal governments to commit their share of funding by September 30, 2013. Only upon these terms being met, has Council authorized the City to work with Metrolinx and the Province to amend the Master Agreement, and if necessary enter into a separate agreement with respect to:

- removal of the Scarborough LRT project from the program description;
- redirection of LRT funding of $1.8 billion (2010$) and the estimated value of any costs which would have been borne by Metrolinx for the LRT (i.e. operations, capital maintenance, etc) to the Scarborough Subway project;
- ensuring the Master Agreement continues to apply to key interchange stations with the light rail transit program (i.e. Kennedy Station, Sheppard East Station); and
- any further amendments under the current Master Agreement program that may be required.

With respect to the sunk costs of $85 million identified in the June 28, 2013 letter, Council has authorized the CEO of the TTC to undertake a third party audit of the costs.

The Metrolinx letter dated June 28, 2013, indicated that work currently underway on the Scarborough LRT project would be halted on August 2, 2013 if Council did not confirm support for the LRT project and Master Agreement. Given that City Council has indicated conditional support for a Scarborough subway based on meeting specific terms by September 30, 2013 we would appreciate that Metrolinx take no action in stopping the LRT project until we have obtained final direction from City Council.

Yours truly,

Joseph P. Pennachetti
City Manager

c: Andy Byford, CEO, Toronto Transit Commission

Encl.: CC.37.17. Scarborough Rapid Transit Options Decision History
August 2, 2013

Joe Pennachetti
City Manager
City of Toronto
City Hall
100 Queen Street West
Toronto, ON M5H 2N2

Dear Mr. Pennachetti:

RE: Response to July 29, 2013 letter

This is to acknowledge receipt of your letter dated July 29, 2013, with respect to Scarborough rapid transit options. I appreciate receiving this information in advance of the August 2, 2013 date set out in my June 28, 2013 letter to you.

In terms of Metrolinx’s next steps, I can advise you as follows:

1. The Scarborough LRT remains an approved part of the Master Agreement among Metrolinx, City Council and the TTC, consistent with The Big Move and sound transit planning for the region. We will not expend any more funds on the project because it no longer enjoys the essential support of our partner, City Council. It would be imprudent for us to spend more on a project Council has by majority vote repudiated, as further expenditures would increase the sunk costs already incurred for which the City is responsible. As you know, Metrolinx estimates that sunk costs amount to $85 million at this time. Putting the Scarborough LRT on hold is not due to any shortcomings inherent in the project. The project would serve Toronto and its communities well. In the event the City suspends pursuit of the subway extension, Metrolinx is prepared to return to implementing the current project.

2. Metrolinx will continue its work to advance the Eglinton Crosstown. We want to avoid delays to this project that might otherwise result from City Council’s decision on the replacement of the Scarborough RT.

3. To accomplish this, Metrolinx will be removing the Scarborough LRT project from the joint procurement that is currently underway for the Eglinton Crosstown and Scarborough LRT. This will allow the Eglinton Crosstown to proceed on its own.

4. Re-designing the improvements required for Kennedy Station will be necessary in order to avoid delays to the Eglinton Crosstown. Metrolinx is proceeding with this planning...
and design work, and will continue to work with staff from the City of Toronto and the TTC on the necessary planning and engineering work.

5. As previously indicated, any current and future sunk costs will need to be borne by the City of Toronto. I understand that City Council has accepted its responsibility to address these costs in principle, subject to a review of the costs that Metrolinx has identified. Once City Council finalizes its position on Scarborough rapid transit, we can mutually determine an effective process for the City's review of the sunk costs. As previously disclosed, some of these costs relate to payments Metrolinx has made to the TTC from the time the TTC was managing the project. In addition, costs associated with the signed contract with Bombardier for the delivery of light rail vehicles will not be known until negotiations with the company are completed. We will not pursue these negotiations until we have a final position from City Council.

As outlined in my June 28th letter, provincial funding of $1.48 billion ($2010) remains available for the replacement of Scarborough RT line. This is the amount necessary to build the planned LRT pursuant to the Master Agreement based on our current cost estimates. The total provincial funding commitment of $8.4 billion ($2010) towards rapid transit in Toronto remains in place as reflected in the Master Agreement.

Over the coming weeks, Metrolinx will meet with City staff to discuss the parameters for moving forward.

Thank you for providing the information on City Council's position.

Sincerely,

Bruce McCuaig
President & Chief Executive Officer

c. Andy Byford, Chief Executive Officer, Toronto Transit Commission
Attachment 4
August 12, 2013

The Honourable Denis Lebel
Minister of Infrastructure, Communities and Intergovernmental Affairs and
Minister of the Economic Development Agency of Canada for the Regions of Quebec
Suite 800 66 Slater Street
Ottawa, Ontario K1A 0A3

Re: Federal Support for Rapid Transit in Scarborough

Dear Minister Lebel,

This letter is to request Infrastructure Canada's (INFC) support for the extension of the Toronto Transit Commission’s (TTC) Bloor-Danforth subway line into Scarborough. The project is a 7.6 kilometre addition to the subway line, with three new stations, providing rapid transit service to Scarborough Centre and north to Sheppard Avenue East.

I am a strong supporter of expanding Toronto's subway network. I am very pleased with Council's decisions on May 7, 2013 (EX31.3) and July 16, 2013 (CC37.17) confirming the City of Toronto's support for a Scarborough Subway. This is exceptional news for Scarborough residents and businesses as well as regional transit users. It provides the long awaited rapid transit option for the eastern part of Toronto. Council's direction to build the subway, however, is contingent on obtaining additional Provincial and Federal funding to cost share with the city in the capital expenditure required.

The City acknowledges and appreciates the previous federal funding contributions to Toronto under the Building Canada Fund (BCF), including the most recent $333 million which has been formally committed towards the Metrolinx Sheppard LRT project. The Scarborough subway is a new project which brings with the potential for economic benefits such as job creation opportunities. To achieve this economic growth the City is seeking a new funding partnership with the Government of Canada to implement our shared vision, the Scarborough Subway.

As outlined in the staff report to Council in July (enclosed for information), the cost of the Scarborough Subway is currently estimated at $2.3 billion, expressed in 2010 dollars or $3.283 billion in escalated dollars through the construction period. Toronto has received a commitment from the Province, through its regional transportation agency Metrolinx, for $1.48 billion ($2010) towards the budget for this subway. Metrolinx has also committed to provide their contribution in escalated dollar terms, estimated at a total of $1.991 billion. Based on assumptions and estimates referenced in the July 16, 2013 report to City Council, the remaining budget required for the project is approximately $1.320 billion (escalated $).

The City is seeking a federal government contribution of approximately $660 million under the New Building Canada Plan (NBCP), the P3 Canada Fund and/or any other available sources of federal funding. This request is equivalent to approximately 20 percent of overall project funding.

I appreciate that the various programs under the NBCP are not yet established to receive an intake of applications. However, City Council has placed urgency on this request by asking that the federal
government commit to funding the project by September 30, 2013 in order for the project to proceed. As a result, my office has initiated discussions with representatives from Minister Flaherty's office with respect to potential federal funding for this project. City staff members have also been in contact with INFC staff and have provided the enclosed package of preliminary information on the project. Of course, the City will provide all needed information to obtain a federal response in time to report to Committee and Council in late September.

I hope to establish a dialogue with yourself and Minister Flaherty over the coming weeks to secure a commitment for federal funding for the Scarborough Subway. I look forward to hearing from you and advancing discussions on this vital infrastructure project.

Your attention to this important Toronto initiative is greatly appreciated.

Yours truly,

[Signature]

Mayor Rob Ford
City of Toronto

cc. The Right Honourable Stephen Harper, P.C., M.P. Prime Minister
    The Honourable James Flaherty, P.C., M.P. Minister of Finance
    Louis Levesque, Deputy Minister, Transport, Infrastructure and Communities
    Joseph P. Pennachetti, City Manager

Enclosed  City Council Decision History
          Staff Report "CC37.17. Scarborough Rapid Transit Options"
          Information on Scarborough Subway Project
Attachment 5
September 6, 2013

J. Robert S. Prichard
Chair, Metrolinx
20 Bay Street, Suite 600
Toronto, ON M5J 2W3
Fax: 416-869-1755
Chair@metrolinx.com

Dear Mr. Prichard,

RE: Minister Murray's September 4, 2013, Scarborough Subway Announcement

On September 4, 2013, the Minister of Transportation, Glen Murray, announced that the Province of Ontario will be funding an extension of the Bloor-Danforth subway line to Scarborough Town Centre. The Minister's proposal uses the current Scarborough Rapid Transit alignment, envisions the relocation of Kennedy Station, ends at Scarborough Town Centre, adds a total of two additional stops, and has a proposed budget of $1.4 billion.

Minister Murray's plan will be studied by the TTC to ensure that it is technically feasible and to assess any impact on the operation of the extended Bloor-Danforth Line. Commissioners should be as informed as possible before we authorize Staff to carry out the study.

I would appreciate clarity from Metrolinx on the following points:

- That the alignment and proposal by the Minister has been approved by the Metrolinx Board of Directors;
- That the input provided by City Council on July 17, 2013, (Item CC37.17, "Scarborough Rapid Transit Options"), including funding and alignment, in response to the letter sent by the Metrolinx CEO, Bruce McCuaig, to the Toronto City Manager, Joe Pennachetti, dated June 28, 2013, is no longer being considered by Metrolinx, and that no Federal funding is being pursued as a result;
- A breakdown of the costs and timelines for this proposal, and confirmation that any cost overruns associated with this plan will be the sole responsibility of the Province and/or Metrolinx;
- Confirmation that the shutdown time of the Scarborough RT, during which the TTC would need to provide approximately 15 million customer shuttle bus riders per annum, will not exceed three years and that the cost of this shuttle bus service will be borne by the Province, as was the case under the original Scarborough LRT proposal;
- Confirmation that the Province will provide or fund alternative transit for TTC customers unable to transition between Warden and Kennedy while the new connection is cut in;
• The impacts (if any) of the Minister's proposal on the Eglinton Crosstown LRT, since the proposal includes the relocation of Kennedy Station;

• Confirmation of the role of the TTC in the design, building and operating of the Minister's proposed subway extension;

• Approvals, if any, which Metrolinx will seek from the City to implement the Minister's proposal.

Of overriding importance is the current status of the Master Agreement, signed by Metrolinx, the Toronto Transit Commission and the City of Toronto on November 29, 2012. Metrolinx CEO Bruce McCuaig stated in his letter dated June 28, 2013, to the Toronto City Manager, Joe Pennachetti, that Metrolinx "continue[s] to rely on the Master Agreement as the legal contract with the City and the TTC to deliver the four [LRT] projects." I request confirmation that this is still the case, noting Mr. McCuaig's subsequent advice to Mr. Pennachetti in his letter dated August 2, 2013:

"The Scarborough LRT remains an approved part of the Master Agreement among Metrolinx, City Council and the TTC."

As there is a meeting of the Metrolinx Board of Directors on September 10, 2013, I ask that you provide the answers to the above by Thursday September 19, 2013, so my fellow Commissioners may discuss them at our meeting September 25, 2013.

Sincerely,

Karen Stintz
Chair, Toronto Transit Commission

Toronto City Hall
100 Queen Street West
Toronto, ON, M5H 2N2
Fax: 416-392-9228
councillor_stintz@toronto.ca

cc: Bruce McCuaig, President and CEO, Metrolinx
Joe Pennachetti, City Manager, City of Toronto
Andy Byford, CEO, Toronto Transit Commission
TTC Commissioners
Attachment 6
September 10, 2013

Karen Stintz
Chair
Toronto Transit Commission
Toronto City Hall
100 Queen Street West
Toronto, Ontario
M5H 2N2

Dear Chair Stintz,

RE: Response to your letter dated September 6, 2013

Thank you for your letter of September 6, 2013 with respect to the announcement made by the Ontario Minister of Transportation, the Honourable Glen Murray, on September 4, 2013 related to the proposed extension of the Bloor-Danforth subway to Scarborough Town Centre using the SAT alignment. Today, the Metrolinx Board of Directors met and discussed the project and I can provide you with the following information in response to your questions.

Metrolinx has consistently supported using the SRT corridor to bring rapid transit to Scarborough Town Centre and linking it to Kennedy Station. The Big Move, the Transit City plan, the 2009 funding announcement and the master agreement between Metrolinx and the City/TTC all reflect this commitment to using the SRT corridor. Similarly, the Minister’s announcement of September 4, 2013 continues this commitment. The alignment has previously been approved under the Environmental Assessment Act for the LRT project.

Following City Council’s July 17, 2013 decision expressing the City’s preference for a subway for Scarborough instead of the LRT contemplated by the master agreement, Minister Murray asked Metrolinx to study whether the proposed subway could follow the existing SRT alignment. We undertook a preliminary feasibility study. It suggests the route using the SRT alignment announced by Minister Murray has a number of advantages: it has greater opportunities for economic growth and employment along its length, relative to the route earlier proposed by the City and TTC; it takes advantage of an existing transportation corridor instead of incurring the cost of building a new one; our preliminary analysis suggests that it could potentially be delivered at a lower capital cost as it requires much less tunnelling; and assuming rapid transit is subsequently extended to Sheppard Avenue East, it serves more priority neighbourhoods and double the population within walking distance. In addition, preliminary work suggests that the subway from Kennedy to Scarborough Town Centre could be delivered close to the existing provincial funding commitment of $1.48 billion. All of these factors suggest using the existing SRT alignment, which is also the approved alignment for the LRT in the master agreement, is
worthy of the most serious consideration. It offers the possibility of a better solution at lower cost serving more people and generating greater economic growth than any other alignment.

Metrolinx staff met with City and TTC officials on August 29, 2013, when the alignment using the route previously approved for the LRT was discussed and our feasibility study was shared. At that time, TTC officials agreed to review the technical feasibility of the route. I understand that the TTC continues to review this alignment and we are grateful for this work. We will continue to work closely with Mr. Byford and his team to assess the various technical issues and financial estimates.

We acknowledge the need for careful due diligence to confirm our preliminary analysis. We look forward to working closely with your colleagues at the TTC and City to complete this confirmatory work in the next few weeks. Once that work is completed, we will expect Metrolinx management to bring a full report and recommendation to the Metrolinx Board of Directors for consideration. Ultimately, the alignment for the proposed extension will need to receive approval in accordance with the Environmental Assessment Act.

Metrolinx and the Province support securing strong federal support for the rapid transit for the Greater Toronto and Hamilton Area. We encourage the City's efforts to achieve this goal as well and we are willing to assist the City in any way we can.

As you know, Metrolinx has been clear in communicating its position to City and TTC officials on the proposed subway extension both before and after City Council's July 17th decision, regardless of the alignment that is ultimately approved and constructed. The position consistently communicated to City and TTC representatives includes:

- Provincial funding of $1.48 billion ($2010) is available for the project.
- All sunk costs for the approved Scarborough LRT, currently estimated at $85 million, must be reimbursed by the City.
- Any costs associated with the re-negotiation of the contract with Bombardier for the supply of LRVs will need to be reimbursed by the City.
- Provincial contributions towards the project will begin no earlier than 2018/19.
- The extension of the TTC's subway would be a City/TTC project, and the City would be responsible for project scope and schedule, including any cost overruns, operating costs and maintenance costs.
- The Province and Metrolinx will work with the City and TTC to align the scope of the project and the routing with provincial growth and transportation objectives, reflecting the need to maximize economic growth and employment along the corridor.
- The Province is interested in building in a role for Infrastructure Ontario to support the City's and TTC's efforts to deliver the project to its schedule and budget.

Preliminary estimates of costs and the potential schedule for the SRT alignment were included in the report we provided to City and TTC officials on August 29th. This represents preliminary work and it was agreed, at that time, that the TTC would undertake an initial review of the report, recognizing that the alignment required significant technical review and analysis.

In terms of the impact of the SRT alignment on the existing Scarborough RT service, it is acknowledged that a shutdown would be required, of up to three years. This is essentially the same as the period of shutdown time built into the LRT project, which City Council and the TTC
approved and was included in the master agreement. In terms of the costs associated with the bus bridge, this would need to be addressed in the context of any amendments to the master agreement. The master agreement currently provides for the four existing approval projects, Metrolinx will reimburse the net incremental operating costs incurred by the TTC which are attributable to disruption to normal service as a result of and during construction.

As indicated above, Metrolinx's position is that the extension of an existing TTC asset, in this case the Bloor-Danforth subway, must be owned and operated by the TTC. Metrolinx will provide input, advice and support to the TTC, and Infrastructure Ontario is ready to support the project to help ensure it is delivered to schedule and to budget.

Metrolinx continues to rely on the master agreement, as it may be amended from time-to-time, as the legal contract with the City and the TTC. As was agreed with the City and TTC officials when we met, to implement the proposed extension of the Bloor-Danforth subway, an amendment to the master agreement would be required.

Metrolinx is also interested in working with the City of Toronto and the Region of Durham to extend the Pulse bus rapid transit system into Toronto, linking in to the Scarborough Town Centre and serving important regional destinations, such as Centennial College and the University of Toronto at Scarborough. This is a priority project in the Next Wave of transit priorities set out in The Big Move and would strengthen the role of Scarborough Town Centre as an important regional hub.

Metrolinx's objective continues to be the delivery of improved transit services to the entire Greater Toronto and Hamilton Area, including the City of Toronto. There continues to be great progress, with projects including the revitalization of Union Station, the Eglinton Crosstown, 30-minute service on the GO Lakeshore rail lines, the construction of the Union Pearson Express, the opening of the initial York Viva Rapidways service along Highway 7, the construction of the Mississauga Transitway, and the deployment of PRESTO, with over 750,000 customers currently in place, advancing well. These are just some of the several hundred projects currently underway, many of which are made possible by strong partnerships with the affected municipalities and their transit systems. Our interest is in moving forward with the Scarborough rapid transit project as quickly as possible based on a strong partnership with the TTC and the City of Toronto.

As always, I would be pleased to discuss these matters with you at your convenience.

Warm Regards,

J. Robert S. Prichard
Chair
Metrolinx

c. Bruce McCuaig, President and Chief Executive Officer, Metrolinx
Joe Pennachetti, City Manager, City of Toronto
Andy Byford, Chief Executive Officer, Toronto Transit Commission
Attachment 7
His Worship Mayor Rob Ford  
Toronto City Hall  
100 Queen Street West, 2nd Floor  
Toronto, ON M5H 2N2

Dear Mayor Ford:

I am writing in response to your letter of August 12, 2013 requesting a funding commitment from the Government of Canada to support the Toronto Transit Commission’s proposal, as passed by Toronto City Council on July 16, 2013, to extend the Bloor-Danforth Subway line into Scarborough, which would provide rapid transit subway service from the existing Kennedy Station to Scarborough Centre and north to Sheppard Avenue East.

Since 2006, our Government has taken unprecedented action to support the provinces, territories and municipalities build new, modern, and efficient public infrastructure in every community across Canada. In 2007, we launched the historic Building Canada Plan, which is providing $33 billion over 7 years for provincial, territorial and municipal infrastructure projects. Then, in 2009, when the economy needed a boost, our Economic Action Plan provided an additional $14 billion in funding. All together, our Government’s infrastructure investments have supported over 43,000 projects in Canada that have helped create jobs, growth and long-term prosperity for Canadians.

In the Greater Toronto Area, since 2006, our Government has been pleased to provide record infrastructure funding, totalling more than $4.5 billion. This has included support for many important transit projects, such as the Toronto-York Spadina Subway Extension ($697 million), the GO Transit network improvements ($250 million) and the Union Station revitalization project ($133 million).

As you note in your letter, Economic Action Plan 2013 announced a New Building Canada Plan to help finance the construction of infrastructure across Canada. The Plan includes over $53 billion in new and existing funding for provincial, territorial and municipal infrastructure over 10 years, beginning in 2014-15. Combined with investments in federal infrastructure and First Nation’s infrastructure, total federal spending for infrastructure will reach $70 billion over the next decade. This is the largest and longest federal investment in job-creating infrastructure in Canadian history.

Under the New Building Canada Plan, public transit will continue to be an eligible project category, and our Government will continue being a strong partner by supporting the infrastructure projects that are prioritized by our municipalities, provinces and territories. Consequently, if the Scarborough subway expansion project is a priority for the City of Toronto and the Province of Ontario, then the federal government will set aside up to $660 million under Ontario’s funding allocation of the Provincial-Territorial Infrastructure Component of the New Building Canada Plan to support this project.
That being said, I must explain that any federal funding of this project will be conditional upon:

- a renewed commitment by the Provincial government to fund the project approved by Toronto City Council on July 16, 2013;

- a formal project application being received and assessed by Infrastructure Canada once the New Building Canada Plan is available to accept applications;

- the project meeting the New Building Canada Plan terms and conditions, including the requirement for a P3 assessment;

- the provision of all necessary project information required for federal officials to undertake a detailed project review;

- all the typical conditions that apply to federal infrastructure contributions, including the necessary Treasury Board approvals, and the completion of any required environmental assessments and aboriginal consultations; and

- the signing of a contribution agreement that will detail the project elements, scope, schedule, costs and funding parameters.

For added clarity, I must emphasize that any costs incurred before the formal granting of the federal government’s approval-in-principle for this project, as signified by me in writing, will not be eligible for reimbursement. I must also explain that should the P3 assessment determine that this project is viable for P3 procurement, the federal government’s funding commitment would need to be re-evaluated.

I would also like to take this opportunity to inform you that I have recently approved the re-commitment of $333 million in federal funding under the current Building Canada Fund – Major Infrastructure Component for the Metrolinx Sheppard East Light Rail Transit Project.

Together, these two investments will deliver nearly $1 billion in federal funding to support the transit priorities of Toronto.

I look forward to working with the City of Toronto and the Province of Ontario to advance these two important projects over the months and years ahead. Together, in partnership, we can continue building world-class infrastructure that supports job creation, economic growth and a high quality of life for Canadians.

Yours sincerely,

Denis Lebel, P.C., M.P.
Attachment 8
October 1, 2013

Joe Pennachetti
City Manager
City of Toronto
City Hall
100 Queen Street West
Toronto, ON M5H 2N2

Dear Mr. Pennachetti,

RE: Master Agreement Amendment

In light of the recent federal funding announcement for a Scarborough subway, I write on behalf of the Metrolinx Board of Directors with respect to the City's desire, further to Council's July 17, 2013 resolution, to amend the Master Agreement between Metrolinx, the City and the TTC to substitute a subway for the previously approved Scarborough LRT.

Purpose:

The purpose of this letter is to set out a path for moving forward with the proposed extension of the Bloor-Danforth subway to Scarborough. On behalf of the Board of Directors of Metrolinx, I want to be clear about the approach and conditions we could support before City Council addresses the question at its October meeting.

Current Agreement:

The Master Agreement entered into between Metrolinx and the City and TTC provides for the Scarborough LRT. Metrolinx continues to believe that the LRT project, which was to run from Kennedy station to Sheppard Avenue through the Scarborough Town Centre and to be located on an alignment that would be fully separated from roads and traffic, would provide an effective rapid transit solution to the transportation challenges in this area and could be delivered within the $1.48 billion budget provided for it. However, given that all three levels of government have expressed a preference for a subway in this corridor instead, and each level of government has committed to share in funding the subway project, we accept that an amendment to the Master Agreement to accommodate a subway is required. Governments are the ultimate decision-makers in these matters and we must defer to the judgments that have been made. The provincial contribution to the subway project should remain limited to the funds that would have otherwise been spent on the LRT, thus protecting the other Toronto projects encompassed by the Master Agreement and other investments in reducing congestion in the Greater Toronto and Hamilton Area. The contributions made by the federal government and the City of Toronto will meet the additional cost of converting the LRT into a subway project.

.../2
Federal Commitment:

The $660 million commitment of new funding from the federal government is a significant new investment in building transit infrastructure for the Greater Toronto and Hamilton Area. It is also important that federal funding become a regular part of the program to expand and improve our urban transportation systems. Metrolinx will continue to put forward the case for sustained and dedicated funding from all orders of government to address the transportation challenges in the GTHA. In the meantime, however, we welcome a major project made possible by funding commitments from all three levels of government. Working collaboratively in a tri-partite partnership, there is no limit to what our governments can achieve in this area.

Provincial Commitment and Reimbursement of Sunk Costs:

On behalf of Metrolinx, I want to re-confirm that $1.48 billion (2010) in provincial funding remains available for the proposed extension. This is the amount of funding required to build the Scarborough LRT pursuant to the Master Agreement. We are not prepared to spend more than this amount because we do not wish to divert funds from other projects covered by the Master Agreement and its total funding commitment of $8.4 billion.

The Province's funding contribution to the project would become available for expenditure beginning in 2018/19 and extend over a number of years to be mutually agreed. The total provincial funding commitment of $8.4 billion (2010) towards rapid transit in Toronto remains in place.

As a condition of amending the Master Agreement, as communicated previously, it continues to be a requirement that the City of Toronto reimburse Metrolinx for the sunk costs, estimated at $85 million, invested in the Scarborough Light Rail Transit project. The City/TTC must also reimburse any costs associated with re-negotiating the LRT vehicle supply contract with Bombardier for a lower number of required vehicles.

Kennedy Station:

As you know, $320 million of provincial funding is being used to support the improvements necessary to the Kennedy station, related to the construction of the Eglinton Crosstown rapid transit line. This location also represents the starting point of the proposed subway extension. Metrolinx will work with the City and TTC to finalize the design of the necessary improvements at the Kennedy station. We request that the City and TTC support Metrolinx in finalizing this plan as quickly as possible to avoid any delays in moving forward with the Crosstown. When completed, the final plan may lead to savings in the $320 million budget since the Scarborough LRT station at Kennedy will no longer be required. At the same time, TTC and Metrolinx continue to work together on station improvements at Yonge and Eglinton, where the Eglinton Crosstown LRT and the Yonge subway will intersect. These important improvements will increase the station costs beyond the budgeted amount in the Eglinton Crosstown budget. Once the final costs of the Kennedy and Eglinton/Yonge station improvements are finalized, Metrolinx will recommend to the Province that any net savings to the two budgets be provided to the City/TTC for the Scarborough subway, in addition to the $1.48 billion stated above, so long as no delay costs are incurred which would reduce this amount.

City/TTC project:

Since the Scarborough subway is an extension of the current Bloor-Danforth subway owned
and operated by the TTC, the subway extension will be a City/TTC project, not Metrolinx's. Toronto and the TTC will be responsible for the delivery of the project, in terms of providing the balance of the estimated capital construction cost and assuming any risk of delivering the project to budget and to schedule. In addition, ongoing operating and maintenance costs will be the responsibility of the City of Toronto.

**Infrastructure Ontario’s Role:**

Infrastructure Ontario is available to provide support to the City and the TTC in the delivery of the project through an alternative financing and procurement process which we believe would deliver value and reduce risk for the City/TTC. Since 2005, over 50 projects in various sectors have been brought to market, with over 20 projects completed and about 30 under construction. In the area of transit, Infrastructure Ontario has partnered with Metrolinx, the City of Ottawa and the Region of Waterloo to assist in delivering major transit infrastructure. Infrastructure Ontario has built a strong reputation for delivering projects to schedule and on budget. However, the decision on whether or not to use Infrastructure Ontario’s expertise is for the City to make.

**Route and Alignment:**

This provincial funding is available to support a subway extension from Kennedy station to Sheppard Avenue East where it will intersect with and connect to the Sheppard LRT.

The particular alignment for the subway must be selected and approved under the Environmental Assessment Act. As the project involves an extension of an existing municipal asset, the City and/or the TTC would be the proponent under the Environmental Assessment Act. In determining the detailed alignment and station locations, it is essential that a collaborative and evidence-based approach be used.

In seeking the environment approval, we expect the City/TTC to consider all alternatives for the alignment and station locations, in addition to the two that have been discussed to date, in accordance with normal practice under the legislation. This process will also permit participation and comment by members of the public, residents, businesses, land owners and other interested parties. It is in the interest of all three funding partners and all other parties that the optimal alignment and station locations be selected, which will best reflect the balance of factors that should bear on the final choice.

Our preliminary work suggests no one alignment among those that have received consideration to date dominates with respect to all relevant factors. Multiple trade-offs will be required in coming to a final judgment, and could involve refinements or adjustments to the two existing alternatives, to optimize the route. We are prepared to accept the City/TTC’s judgment on the optimal alignment after it has considered all relevant information and after the proposed route has been reviewed in the Environmental Assessment process. This information must include ridership, costs and benefits, land use, economic development and employment opportunities, providing service to priority neighbourhoods, and the implementation of applicable provincial and municipal policies, including Places to Grow – the Growth Plan for the Greater Golden Horseshoe, The Big Move regional transportation plan and Toronto’s Official Plan.

Ultimately, the optimal alignment is directly tied to the City’s choices on land use and development to permit intensification along the route of the subway. As a result, it is essential that the City make an integrated set of choices about the alignment (including the station...
locations) and the related planning, development and zoning decisions which fall within City Council's jurisdiction. It is also essential that the City take full account of our shared plans for building a network of inter-related rapid transit solutions for the region. The City/TTC must ensure the recommended alignment serves Scarborough Town Centre as a regional transportation hub (including serving as the western terminal for the Durham Pulse line) and connects with the Sheppard LRT. Absent this integrated approach to finalizing the alignment and station locations and building a rapid transit network and not just an individual project, less than full value for the subway extension would be achieved.

**Relevant Data and Recommendations:**

At Metrolinx, we will continue to share with the City and TTC all our analysis and data that bear upon the choice of alignment. We have already provided our preliminary work and will provide further analysis to the City and TTC as it is completed. In addition, the Duguid-Thompson task force will bring forward recommendations to promote economic development and jobs in Scarborough and these recommendations will have implications for the optimal alignment. We expect all of this material will be considered by the City/TTC as relevant evidence in coming to its final proposed alignment which should be based on an assessment of all the evidence available at that time.

**Conclusion:**

On the basis of the content of this letter and subject to City Council's final position, Metrolinx is prepared to enter into negotiations with the City and the TTC to amend the Master Agreement to provide for a Scarborough subway on these terms. All other aspects of the Master Agreement will remain unchanged and Metrolinx will continue to implement the projects it provides for.

We look forward to working with the City and the TTC to deliver improved rapid transit to the people of Scarborough.

Sincerely,

Bruce McCuaig  
President & Chief Executive Officer

c. Andy Byford, Chief Executive Officer, Toronto Transit Commission