SPADINA SUBWAY EXTENSION

TTC Board Meeting – March 26, 2015

Andy Byford, CEO
Toronto Transit Commission
SPADINA SUBWAY EXTENSION

Headlines

• Open in 2017

• 70% complete

• $150 million ($90 million to the City)

• Fully-funded to end of 2016
Funding

- **Budget - $2.6 billion**
  - $697 million – Government of Canada
  - $1.059 billion – Government of Ontario
  - $526 million – City of Toronto
  - $352 million – Regional Municipality of York

- **Spent to-date - $1.6 billion**
YORK UNIVERSITY STATION
PIONEER VILLAGE STATION (STEELES WEST)
PIONEER VILLAGE STATION
VAUGHAN METROPOLITAN CENTRE STATION
VAUGHAN METROPOLITAN CENTRE STATION
Key Report Recommendations:

• Open by the end of 2017
• Retain third party to project manage and incentivize contractors
• Increase funding by $150 million – shared by City ($90M) and York Region ($60M)
• Consider funding City portion through any TTC operating surplus, surplus land sales, project deferrals
• Report on estimated final costs, including claims, by end of 2015
Options

1. Retain third party to project manage – sole source
   • $150 million
   • open Q4 2017
   • full “reset” of project and contractor relationships
   • manage and resolve claims
   • sole source saves 6 months
   • staff recommendation
Options

2. Retain third party to project manage – RFP
   - $180 million
   - open Q2 2018
   - full “reset” of project and contractor relationships
   - manage and resolve claims
   - requires 6 months to conduct
Options

3. **TTC continues to manage with outside expertise**
   - $155 million
   - open Q4 2018
   - significantly later opening
   - manage and resolve some claims, but risk an increase in others
Options

4. No change – TTC project team continues
   - $185 million
   - open Q2 2019
   - significantly later opening and ongoing project team costs
   - increased risk of higher claims
Financial Impact

- $995 million remains available to end of 2016:
  - $705 million for station contracts, system contracts, staffing management, track, etc.
  - $95 million for contingency
  - $52 million for external project management
  - $45 million for property
  - $98 million for future contracts

- $150 million – funding agreement requires City and York Region share overruns
  - City share = $90 million (59.96%)
  - York Region share = $60 million (40.04%)
History

- **Aggressive schedule**
  - construction ready to start in March 2007
  - funds not released until September 2008
  - not factored into original schedule based on March 2007 start

- **Utilities**
  - more complex and extensive than scheduled
  - power, water and sewer relocations
  - delays between 2-11 months
  - workarounds found for those with long durations

- **York University Station fatality**
  - October 11, 2011
  - Kyle Knox, working for a sub-contractor, was tragically killed
  - impact to schedule of approx. 4 months
TRACK INSTALLATION – SOUTHERN TUNNELS

Between Sheppard and Downsview Park Stations
Today

- 70 per cent complete

- **Contractor challenges pervade**
  - skilled trades availability
  - strained contractor/project staff relationships
  - no financial incentives
Action Taken in 2014

• **Three independent schedule reviews**
  • Parsons Brinkerhoff - Summer
    • at current rate, won’t open until 2019
  • American Public Transit Association - Fall
    • needs project reset
    • incentivize contractors
    • can open end of 2017
  • Bechtel Construction - Winter
    • agrees with APTA findings
    • needs renewed project management
Phased Opening - York University Station

- APTA considered as part of overall review
- will only achieve a 2-3 month schedule benefit
- delay to opening the rest of line by min. 6 months
- cost premium of $12 million
- considerable operational challenges
- unacceptable to funding partners
- not recommended as a means to advance operations
Solution – Project Reset

• Overall
  • new schedule – open end of 2017
  • immediately retain third party to project manage
  • advance payment to contractors to settle some claims - incentivize
  • repair deteriorating and strained relationships between project staff and contractors
  • financial incentive to third party to finish Q4 2017
Solution – Project Reset

• **Claims**
  • claims are a normal part of large contracts
  • not unique to the TTC
  • complicated legal and dispute resolution process
  • third party/project manager will assist with estimated, reasonable value of claims by end of 2015
  • third party/project manager to resolve and pay some claims now to get projects back on track
  • report back by end of 2015
To repeat…

• Open in 2017

• 70% complete

• $150 million ($90 million for the City)

• Fully-funded to end of 2016