Scarborough Rapid Transit Options: Reporting on Council Terms and Conditions

City Council Decision

City Council on October 8, 9, 10 and 11, 2013 adopted the following:

A. City Council reconfirm its support for a Scarborough Subway, extending the Bloor-Danforth line along the McCowan Road corridor to Sheppard Avenue East (the "McCowan Corridor Subway"), subject to approval of the final alignment through an Environmental Assessment, to Part A.3. below, and to reaching agreements under Parts A.1. and A.2. below, and

1. Authorize the City Manager to negotiate an amendment of the Master Agreement, and, if necessary, a separate agreement with Metrolinx and the Province, to:

   a. remove the Scarborough LRT from the description of the program to be constructed by Metrolinx under the Master Agreement (the "Program");

   b. accept the redirection of a minimum of $1.48 billion (in 2010 dollars) of Provincial funding to the City, for the purpose of the construction of the McCowan Corridor Subway, which amount shall be indexed by an appropriate cost escalation factor from 2010 to the date of transfer to the City, currently estimated at $1.99 billion (the "Indexed Amount"), payable to the City in a manner to be agreed upon by the parties having regard to ensuring that the City's financing charges or contract payments related to the Indexed Amount are fully offset over the life of the City's financing, or contract payments in respect of the Indexed Amount;

   c. amend the overall Program budget under the Master Agreement by reducing it by the $1.48 billion (in 2010 dollars);

   d. ensure that the Master Agreement continues to apply to all interchange stations to which it currently applies;

   e. ensure that no funding currently allocated to other projects under the Master
Agreement, except any savings from the Eglinton-Scarborough Crosstown up to a cap of $650 million, is reallocated to the McCowan Corridor Subway; and

f. make any further amendments to the Master Agreement as may be necessary to reflect the removal of the Scarborough LRT from the Program,

all on such terms and conditions as are satisfactory to the City Manager and Toronto Transit Commission Chief Executive Officer, in consultation with any other relevant City officials, and in a form acceptable to the City Solicitor, and authorize the City Manager and the Mayor and any other relevant City official as may be required to enter into any such agreement.

2. Authorize the City Manager to negotiate a contribution agreement with the Federal Government, and any other parties as may be required, to accept the announced federal contribution of up to $660 million (inflated dollars) to the cost of constructing the McCowan Corridor Subway, upon such terms and conditions as are set out in this report and in the attached letter from the federal Minister of Infrastructure, Communities and Intergovernmental Affairs, including the requirement to undertake a P3 assessment, and upon such other terms and conditions as are satisfactory to the City Manager and the Toronto Transit Commission Chief Executive Officer, in consultation with any other relevant City officials, and in a form acceptable to the City Solicitor, and authorize the City Manager and the Mayor and any other relevant City official as may be required to enter into any such agreement.

3. Direct that no City revenues allocated to other services or programs provided by the City or City agencies be reallocated to the McCowan Corridor Subway, as determined by City Council at its July 16, 17, 18 and 19, 2013 meeting.

4. Direct the City Manager to report back directly to City Council if agreements cannot be reached under either of Parts A.1. or A.2. above.

5. Direct the City Manager to further negotiate the following with the Province and Metrolinx, and to report back to City Council with the results of such negotiations:

a. an agreement for the payment by the City to Metrolinx of such actual sunk costs as are independently verified as accurate by a third party auditor that were incurred by Metrolinx prior to or as a result of Council’s July decision for work undertaken by Metrolinx on the Scarborough LRT project under the Master Agreement, including any potential costs associated with the LRT vehicle supply contract.
b. an agreement that defines the roles of the City and Metrolinx in the funding of operating and maintenance costs of new rapid transit projects, including the Bloor-Danforth extension and the Metrolinx Program covered by the existing Master Agreement, inclusive of compensation by Metrolinx to the City for any costs which would have been borne by Metrolinx under the Master Agreement in respect of the Scarborough LRT related to operations, capital maintenance and such other costs as may be negotiated between the parties.

6. Commit to funding the City’s share of the cost of construction of the McCowan Corridor Subway by:

   a. implementing a residential property tax rate increase, dedicated to funding the McCowan Corridor Subway, in the following amounts:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>2014</td>
<td>0.5%</td>
</tr>
<tr>
<td>2015</td>
<td>0.5%</td>
</tr>
<tr>
<td>2016</td>
<td>0.6%</td>
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   and implementing a property tax rate increase on the non-residential property tax classes of 1/3 of such a residential rate increase, in accordance with current City policy;

   b. directing the Deputy City Manager and Chief Financial Officer to prepare a Development Charge By-law to include the City’s share of capital costs in respect of the McCowan Corridor Subway for Council’s consideration;

   c. requesting the Province of Ontario to make appropriate amendments to the Development Charges Act for the purposes of the McCowan Corridor Subway Project similar to those made by the Province for the Toronto York Spadina Subway Extension project; and

   d. directing staff to aggressively pursue the Federal P3 screen process, so that any project cost savings arising from a P3 partnership with the City can be applied to reduce any dedicated tax rate increases needed to support the Scarborough Subway.

7. Direct the appropriate City officials to seek the necessary approval under the Environmental
Assessment Act using the Transit Project Approval Process as set out in Ontario Regulation 231/08, as amended, and to ensure that the process considers the impact of the McCowan Corridor Subway on the transit network as a whole.

8. Direct the City Manager to report to the Executive Committee on the feasibility of maintaining the abandoned S.R.T. line and converting it to a public park similar to Manhattan's High Line, once the S.R.T. is decommissioned.

9. Refer Toronto Transit Commission and City costs associated with initial work to be done in 2014 in respect of the McCowan Corridor Subway to the Budget Committee to be addressed as part of its 2014 budget deliberations.

10. Authorize the City Manager, and as required, the Mayor and other appropriate City officials, to enter into any other agreements with any parties as may be additionally necessary to give effect to City Council's decision, and to authorize the appropriate City officials to take all actions necessary to give effect to City Council's decision.