

Attachment 1 – Summary Term Sheet

#	ISSUE	PROPOSED TERMS
1	SmartTrack/RER Integration	
1.1	Stage Gate Process	<p>The City and Province agree to establishing a "Stage Gate Process" for SmartTrack/GO RER integration that refers to a phased decision-making process set out in Figure 1, which allows for reconsideration of commitments by City Council at various pre-defined stages of the SmartTrack Project, and which:</p> <p>(a) allows the City to commit to expenditures at the planning (current) and procurement (RFQ) phases, as costs are refined and incurred through the various stages;</p> <p>(b) identifies decision points in the Project where City Council and the Province reserve the right to assess whether City and Province's conditions outlined through this document have been addressed to the City and Province's satisfaction and to cancel or alter the Project scope, subject to the party who has cancelled or altered the Project or its scope making the other party whole for costs incurred to date, of which key City conditions include:</p> <ul style="list-style-type: none"> • 6.9: mutual agreement on governance and dispute resolution • 1.3: further assessment of foundational station design requirements and validation of costs associated with the construction of the SmartTrack stations (1.2) and SmartTrack operating and maintenance (1.4) • 1.6: fare setting for SmartTrack will be combined with the broader regional fare integration framework and address the related request from the City in July 2016, EX16.1 • 1.9: consideration of through service at Union Station • 1.11: treatment of federal funding to SmartTrack • 4.2: confirmation of federal funding for the Scarborough Subway <p>(c) requires City Council to make decisions in a timely manner so as to not cause delays in the Metrolinx's processes.</p>
1.2	Capital Costs- New SmartTrack Stations	<p>The Province is prepared to integrate the six new stations into GO RER procurement and implementation provided the City agrees to fund sunk costs and additional costs associated with planning and design, capital construction (including land acquisition, utility relocation, etc.), financing and escalation costs, for the six new stations. The City will commit to contribute towards the incremental planning, design, EA preparation,</p>

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	(Finch, Lawrence, Gerrard, Unilever, Liberty Village and St.Clair West)	<p>property acquisition, and AFP costs associated with the six new SmartTrack stations (the "Preliminary Costs") that are incurred up to Stage 5 in the Stage Gate Process up to a maximum of \$22 million (the "Maximum").</p> <p>If the Preliminary Costs incurred are within 10% of the Maximum, Metrolinx will notify the City and the City agrees to seek additional funding authority from City Council in a timely manner once it receives such notice from Metrolinx.</p> <p>The City commits to contribute 100% of the SmartTrack capital, property acquisition, financing and escalation costs associated with the six new SmartTrack stations at mutually agreeable locations and any unforeseen capital investment identified during design or construction implementation required for SmartTrack stations, subject to a right to reconsider through the Stage Gate Process.</p> <p>The City will be responsible for any additional infrastructure costs that are required for a service concept or frequency (e.g., through service at Union Station) that deviates from the planned service for GO RER.</p> <p>The City is the proponent of the SmartTrack Project. The "proponent" is the party responsible for nominating and funding a specific infrastructure or service proposal.</p>
1.3	Station Planning & Design	<p>Foundational station design standards for SmartTrack stations will be determined by the Province/Metrolinx in consultation with the City/TTC, and will consider Metrolinx and TTC operational needs and safety and City planning guidelines.</p> <p>Any enhancements to SmartTrack stations beyond the agreed to foundational station design standard will be jointly determined by the Province/Metrolinx and the City/TTC and will be paid by the party that requests the enhancement (including private third parties).</p>
1.4	Operating & Maintenance	<p>The City is responsible for the incremental O&M costs resulting from SmartTrack stations and any required incremental service operating on GO corridors. The Province/Metrolinx will work with the City to determine an appropriate methodology for determining the City's share of such incremental O&M costs, to be verified by an independent third party.</p>

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1.5	Revenue Sharing	Revenue sharing associated with farebox and non-farebox revenues for GO Transit service that may be connected to SmartTrack will be determined in tandem with the SmartTrack O&M cost-sharing formula.
1.6	Fare	Fare setting for SmartTrack service will be combined with the broader Provincial GO Transit regional fare integration framework, and consider the fare related requests from the City made in July 2016 per <u>EX16.1</u>
1.7	Ownership Lifecycle Maintenance	The Province as owner of the SmartTrack stations is responsible for lifecycle maintenance costs.
1.8	Property Acquisition	<p>The City will provide funding to the Province for land acquisition of privately-held properties required for new stations, which property acquisition work will be done by Metrolinx. Any severable air rights associated with these properties will be transferred to the City. Alternatively, if the air rights are not transferred to the City, the City will provide funding only in respect of the value of the properties associated with the stations and will not fund the value of any air rights associated with the land.</p> <p>Where a private landowner/developer is contributing funding and/or land to Metrolinx for the construction of a station, municipal contributions for land acquisition will not be required.</p> <p>For City-owned lands required for new stations, the City will retain the air rights and transfer the remainder of the property to Metrolinx at nominal value. If the City does not retain air rights, Metrolinx will pay the fair market value of the air rights for the transfer of the property.</p> <p>Where the Province/Metrolinx currently owns land required for new stations, no land acquisition contributions will be required from the City, and any air rights associated with these properties will remain with Metrolinx, or as otherwise already deeded, if previously severed.</p>
1.9	Service Concept	The SmartTrack service concept along existing GO Transit corridors is intended to operate at the planned GO RER-level service for those corridors. To the extent that SmartTrack stations result in increased demand for more SmartTrack service, the City is responsible for those additional costs. Metrolinx will continue to examine the potential for through service at Union Station as part of its service planning; however, determinations about

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		<p>service configuration will be based on operational considerations for the GO network. To the extent that the City requires through service at Union Station between the Stouffville and Kitchener GO corridors that does not align with the Province’s GO RER service plan, the Province will inform the City of any resulting capital infrastructure or operating costs required, which the City will consider as part of a future decision point in the stage gate process as outlined in 1.1.</p>
1.10	Procurement and Project Delivery	<p>Metrolinx will procure the SmartTrack stations within similar time frames as and possibly together with its GO RER procurement.</p> <p>The Province and Metrolinx will consult with the City on procurement approaches for SmartTrack stations and City Council will consider the procurement approaches at the identified stages of the Stage Gate Process but will not impede Provincial procurement timelines. Metrolinx will work with the City on development of the Project Specific Output Specifications (PSOS) related to the new SmartTrack stations.</p>
1.11	Federal Contribution	<p>Recognizing that SmartTrack will be procured by Metrolinx on behalf of the City as proponent, the City will consult with the Province on the transfer and administration of federal funding the City receives for SmartTrack, in order to minimize administrative burden of the transfer and disbursement by Metrolinx.</p>
2 Regional Express Rail		
2.1	GO Transit Growth Related Capital Costs	<p>The City will make the outstanding payment in respect of its GO Transit Growth Related Capital Costs obligation in the amount of \$60 million payable in three \$20 million instalments over three years starting in 2017.</p> <p>The Province agrees such payment is deemed to be the City’s contribution to the following capital expansion projects, and fully fulfills any City obligation to contributed to these capital GO expansion projects:</p> <ul style="list-style-type: none"> - the two new GO RER stations located at Spadina and Bloor-Lansdowne - upgrades to existing stations across the entire GO network in Toronto <p>City obligations in respect of GO Transit Growth Related Capital will be fulfilled by the City's contribution to the SmartTrack Project for a period ending 2024/25.</p>

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2.2	Capital- Grade Separations New and Existing	<p>Metrolinx has identified 5 grade separations required for GO RER located at:</p> <ul style="list-style-type: none"> - Scarborough Golf Club - Morningside Drive - Galloway Rd. - Finch Avenue East - Steeles Avenue East <p>The Province is responsible for 85% of the costs associated with the 5 GO RER grade separations, and the City will contribute the remaining 15% of the costs.</p>
2.3	Utility Relocation	<p>New and updated agreements for utility crossings will reflect the cost-sharing principles tentatively agreed by the City and Metrolinx, and put before City Council in March 2015.</p> <p>Notwithstanding any existing agreements all costs that are incurred for utility relocations or replacements on Metrolinx lands to implement the GO RER program (including alterations to utilities caused by GO electrification) will be apportioned between the City and Metrolinx based on the life-cycle depreciation formula cost sharing principles to be included in the updated utility agreements referred to above.</p>
3 Metrolinx Light Rail Transit Projects		
3.1	Capital Costs- Eglinton West LRT Extension (SmartTrack)	<p>As the proponent of SmartTrack, the City is responsible for the costs associated with the portion of the western extension of the Eglinton Crosstown LRT, which extension is deemed by the City and the Province to be part of the SmartTrack Project. The City will commit to contribute towards the planning, design, property acquisition and EA preparation costs associated with the Eglinton West LRT Extension (the "Preliminary Costs") that are incurred up to Stage 5 in the stage-gate decision making process defined in Figure X (the "Stage Gate Process") up to a maximum of \$51 million (the "Maximum").</p> <p>If the Preliminary Costs incurred are within 10% of the Maximum, Metrolinx will notify the City and the City agrees to seek additional funding authority from City Council in a timely manner once it receives such notice from Metrolinx</p> <p>City will contribute 100% of the costs of the property acquisition, utility relocation, capital construction (including deferred capital payments to the end of the AFP concession period) financing and escalation costs</p>

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		<p>associated with the extension of the Eglinton LRT to the Renforth gateway, subject to a right to reconsider through the Stage Gate Process, per 1.0.</p> <p>The City will also continue to advance the portion of the Eglinton West LRT project from the Renforth gateway to the Pearson Airport subject to a right to reconsider through the Stage Gate process, and the City of Mississauga, GTAA and/or a third party committing to the planning, design, AFP, capital, financing, and escalation costs associated with the extension of the LRT from Renforth Gateway to Pearson airport.</p>
3.2	Operating and Regular Maintenance Costs	<p>TTC will operate the LRTs located in the City of Toronto.</p> <p>Metrolinx will continue to retain asset ownership and control consistent with the Public Sector Accounting Board (PSAB) requirements.</p> <p>The City is responsible for the operating and regular (i.e., all non-lifecycle) maintenance costs of the:</p> <ul style="list-style-type: none"> · Eglinton Crosstown LRT · Finch West LRT · Sheppard East LRT · Proposed Eglinton West LRT extension (within the City of Toronto) · Proposed Eglinton East LRT extension <p>The City/TTC will set fares, and in consultation with Metrolinx, establish an approach to fare setting that is in accordance with Metrolinx' requirements for asset ownership and control.</p> <p>The City/TTC will retain farebox revenue and non-farebox revenue, in order to recover all or a portion of the costs of operating the LRTs and TTC service.</p> <p>The City/TTC will establish service levels, in accordance with the terms of the Project agreement between Metrolinx and Project Co. Nothing in the establishment of service levels by the City/TTC is intended to derogate from or go beyond the terms of existing or future contracts with Project Co.</p>

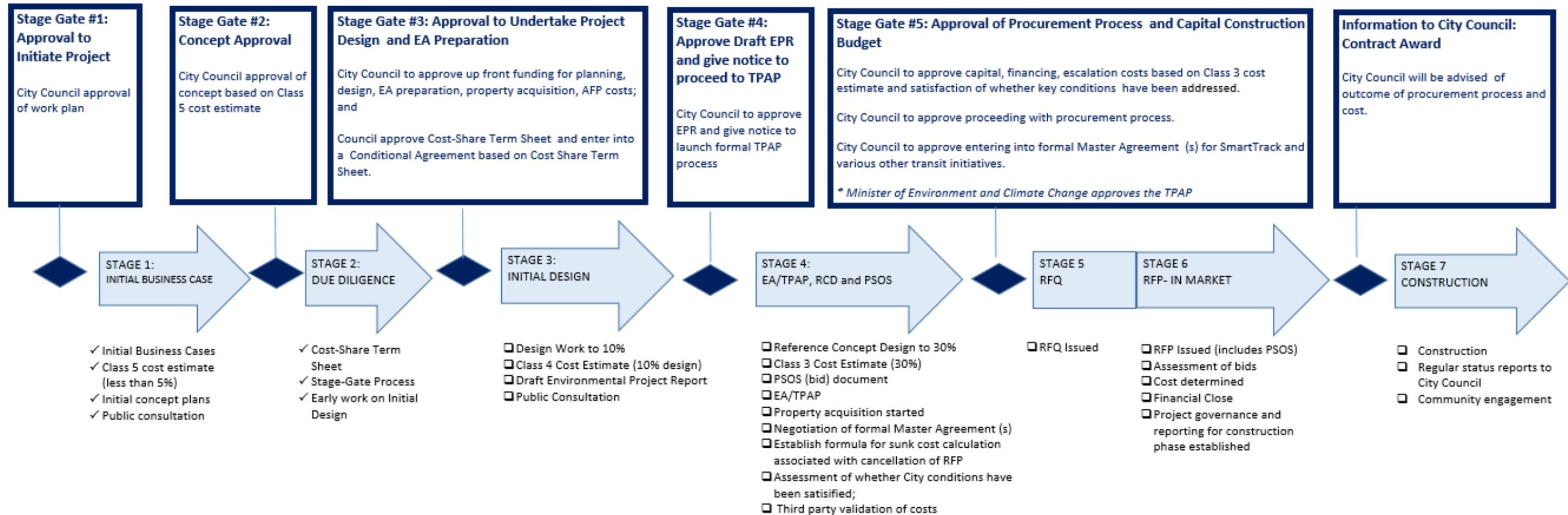
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3.3	Lifecycle Costs	Province is responsible for lifecycle maintenance, financing and capital costs for all provincially-owned LRTs.
4	Scarborough Transit Network	
4.1	Provincial contribution to Scarborough Transit – SSE and Eglinton East LRT Extension Capital Costs	The provincial contribution to the Scarborough Subway Extension is \$1.48B (2010\$) less \$74.8M in sunk costs and any penalties associated with the cancellation of the original Scarborough LRT project.
4.2	Federal contribution to SSE	See City condition, outlined in 1.0
5	Other Transit Initiatives	
5.1	Georgetown South Project Costs	<p>Settlement of the City’s contributions towards the Georgetown South Expansion Project will be based on the terms of the tentative agreement reached between the City and Province, as set out in Appendix 1 of Confidential Attachment 6.</p> <p>New utility crossing agreements will be based on the principles set out in Appendix 2 of Confidential Attachment 6.</p> <p>The principles for future cost sharing for grade separations in Appendix 2 of Confidential Attachment 6 will only apply for those grade separations that were completed for GTS.</p>
6	Implementation/ General Issues	
6.1	Implementation Timelines and Resources	<p>City shall provide feedback in a reasonable timeframe and to assist the Province/Metrolinx in navigating or seeking exemptions from municipal processes that unnecessarily delay project procurement and implementation.</p> <p>Province/Metrolinx shall also engage the City in a reasonable timeframe in the development of the procurement and other project documents related to SmartTrack.</p>

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6.2	Regional Engagement	The parties recognize that GO RER and SmartTrack extend beyond the boundaries of the City of Toronto and the City agrees to engage the affected municipalities with support from the Province and Metrolinx regarding elements of SmartTrack not located in the City of Toronto.
6.3	Public Consultation	<p>Province is the sole lead on consultation/engagement of the broader GO RER program. City will support Province/Metrolinx.</p> <p>The City and the Province/Metrolinx to develop mutually agreed upon content and timing for integrating public consultations and engagement on SmartTrack. The City agrees to provide the funding necessary to undertake these consultations.</p>
6.4	Branding/Communications Strategy	The Province and the City will develop by mutual agreement a branding and communications strategy for the infrastructure and services to be developed as part of the program, in accordance with financial contribution.
6.5	Payment Terms	<p>The parties will work toward achieving mutual agreement prior to Stage 5 of the Stage Gate Process for capital projects.</p> <p>Costs, including costs incurred to-date, associated with SmartTrack are the responsibility of the City of Toronto. Mechanisms for payments by the City to the Province will be defined through individual agreements between the parties.</p>
6.6	Costs Estimates & Actuals	<p>All cost estimates are based on best available information; however, final contributions will be based on actual project costs as determined through procurement processes (suggested as general principle for all projects)</p> <p>In all cases, proponent of capital works is responsible for overall project costs as per above. While risk transfer to Project Co. should be maximized, retained risk and associated costs must be borne by proponent.</p>
6.7	Escalation, AFP and Financial Costs	City assumes full responsibility for any AFP and financing and escalation costs associated with capital costs that it is responsible for.

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6.8	Agreement Implementation Timeline	Adoption of the Agreement is needed by November 30, 2016 in order to integrate SmartTrack into GO RER procurement. Resulting binding agreements for capital contributions, operations, maintenance, fares and revenue sharing shall be established at a later date using established oversight committees to determine appropriate timelines for each component of this agreement.
6.9	Dispute Resolution	<p>The parties will establish (or utilize existing) executive oversight committee(s), and working groups to address issues and resolve disputes arising out of the planning, design, EA preparation, property acquisition and AFP preparation work for SmartTrack.</p> <p>The committee(s) will be responsible for:</p> <ul style="list-style-type: none"> • Establishing a new dispute resolution process to prioritize the identification and resolution of issues to ensure progress towards the finalization of final binding agreements on matters addressed above • Establishing an escalation process to ensure issues that cannot be resolved in a timely manner are elevated to the appropriate decision makers in both the Province and the City. • Table will be supported by appropriate technical, financial and legal staff

Appendix A- The Stage Gate Process

Figure 1. The Stage Gate Process for the SmartTrack Project



Stage Gate #	Eglinton West LRT Extension	SmartTrack/ RER Stations
1. Approval to Initiate Project	Q1 2015 – Complete (2015.EX2.2); (2016.EX13.3)	Q1 2015 – Complete (2015.EX2.2)
2. Concept Approval	Q2 2016 – Outstanding work to be completed on stops and grade separations. (2016.EX16.1)	Q2 2016 – Complete (2016.EX16.1)
3. Approval to undertake detailed design and EA preparation	Q4 2016 – Current Gate	Q4 2016 – Current Gate
4. Approve draft Environmental Project Report and give notice to proceed to TPAP	Q3 2017 – Determine if addendum to EA/TPAP is required. Note – will also report on stops and grade separations.	Q3 2017
5. Approval of Procurement Process and Capital Construction Budget	TBD- Potentially Q1 2019	Q2 2018
Information to City Council: Contract Award	TBD- Potentially 2021	2019