

Implementation of the SmartTrack Stations Program and the Metrolinx Regional Express Rail Program

Date: April 10, 2018

To: Executive Committee

From: Interim City Manager, Interim Chief Financial Officer, Deputy City Manager, Internal Corporate Services, Interim Deputy City Manager, Cluster B

Wards: All

SUMMARY

This report addresses interrelated programs of work that will transform mobility choices within Toronto and the region—the City’s SmartTrack Stations Program, and Metrolinx’s Regional Express Rail (RER) Program, including the Union Station Enhancement Project (USEP).

SmartTrack Stations Program

The SmartTrack Stations Program includes six new SmartTrack stations on the Kitchener GO and Stouffville/Lakeshore East GO corridors, and is further defined in Attachment 1 of this report. The SmartTrack Stations Program will provide access to a service level of 6-10 minute peak frequencies at the six new stations and eight existing stations on the Kitchener GO and Stouffville/Lakeshore East GO corridors.

Since 2015, the City of Toronto, Metrolinx, Ministry of Transportation (MTO) and the Toronto Transit Commission (TTC) have advanced the planning and design of SmartTrack, including business case analysis, establishing principles for cost-sharing, and developing the station design concepts in order to proceed to the Transit Project Assessment Process (TPAP). The business case analysis to date has concluded that the SmartTrack Stations Program demonstrates a positive benefit-cost ratio. East Harbour and King-Liberty benefit from their proximity to current or proposed major employment nodes, supporting population and employment growth; and Finch-Kennedy, Gerrard-Carlaw, Lawrence-Kennedy and St. Clair-Old Weston stations are expected to attract boardings from nearby residential areas and provide overall transportation user benefits.

In November 2016, the parties agreed to a Summary Term Sheet that established a Stage Gate Process for phased decision-making on the project. The SmartTrack Stations Program is now at Stage Gate 5, which seeks City Council approval to commit to funding the project. Per the Stage Gate Process, the City and Province agreed to address a series of conditions to the satisfaction of both parties. The report outlines how

each condition has been addressed, and recommends City Council confirm the Stage Gate 5 conditions have been satisfied.

The report recommends City Council commit to a capped funding amount of up to \$1,195 M (YOE\$) for the Base Station Infrastructure. Per City Council direction and in the interest of coordinated planning and construction, the station designs include additional infrastructure required to support station access and connectivity in Toronto's urban context. It is recommended City Council also contribute up to \$268 M (YOE\$) for City-Initiated Station Requirements to be procured with the SmartTrack Stations Program. The City's funding contribution is subject to the terms and conditions outlined in Attachment 1 of the report, which provide terms related to governance, service concept, real estate and procurement, and other matters. Key highlights include:

- The City's financial obligation to the SmartTrack Stations Program is capped to the capital costs of the six new stations;
- A service concept as described above is to be provided; and
- The Province of Ontario in the 2018 Budget has announced new fare initiatives for GO Transit which further unlocks the benefits of RER and SmartTrack.

The City with Metrolinx is also committed to develop a joint framework for pursuing transit-oriented development opportunities in relation to both SmartTrack and RER. Attachment 1 provides further direction on the project and establishes key terms for the development of an implementation agreement.

To facilitate coordinated capital planning and construction, this report also identifies two other categories of infrastructure; Additional City Infrastructure and Unidentified Works. Additional City Infrastructure (i.e., the St. Clair Transportation Master Plan) is recommended to be included in the procurement package as an optional or provisional item that will be separately priced for the City's consideration. Coordination with the SmartTrack Stations Program minimizes construction disruption, and reduces interface risks arising from constructor conflicts if procured separately. Building on the lessons learned from the Toronto LRT Program, the report also recommends delegating authority to staff to identify other opportunities to replace or upgrade City infrastructure (the "Unidentified Works"), that the City may wish to request Metrolinx to procure and construct as part of the Program (e.g., water and wastewater assets, etc.).

Regional Express Rail

Metrolinx's Regional Express Rail (RER) is a transformational program to provide increased service on core portions of the GO Rail network by 2024/25, and represents a \$13.5 B (2014\$) investment by the Province of Ontario. The Program will see an increase in GO service from 1,500 to 6,000 trains per week, providing more opportunities for travel in and around the city and region. RER includes electrification of five GO corridors, enhancements to Union Station, grade separations, new stations and upgrades to existing stations.

As described in previous reports to City Council, the RER Program will require continued and ongoing collaboration between the City of Toronto and Metrolinx. City staff are also working to develop principles and agreement(s) that will govern how the

City and Metrolinx will continue to work together on RER. To facilitate tight procurement timelines for RER, this report recommends delegating authority to the Deputy City Manager, Internal Corporate Services and the Director, Real Estate Services to approve the disposal to Metrolinx of certain City property, for nominal consideration (the "RER Excess City Lands") based on specific criteria, including that the lands are not required for current or future City purposes. Further due diligence by City staff is required to assess whether the properties requested by Metrolinx would qualify as "RER Excess City Lands".

Union Station Enhancement Project

Metrolinx's Union Station Enhancement Project (USEP) is part of a program of planned improvements at Union Station that are required to support planned rail service increases. USEP is the first phase of multiple projects that are needed to expand rail capacity to offer a fast, frequent and reliable electric rail service. Maximum flexibility of Union Station track and platforms is required for planned service and ridership levels. The project includes the addition of a south platform and new concourse below track level to the Union Station building. USEP is south of Union Station and is separate and distinct from the current work underway as part of Union Station Revitalization Project (USRP) at the York and Bay concourse, which has been reported on several times in previous years. The recommendations set out in this report enable the City to work with Metrolinx (and Infrastructure Ontario, as necessary) to advance this important project while ensuring the City's assets and interests are represented.

Recognizing that RER will create significant demand on Union Station's access points and pedestrian routes, there is a need to re-initiate discussions with Metrolinx to complete the Northwest PATH (NW PATH) connection to the York GO Concourse to ensure efficient flow of passengers in and out of Union Station. An Environmental Assessment for the construction of the NW PATH was completed in 2008, with Phase 1 officially open to the public in 2015. Given the need to complete Phase 2 of the NW PATH to accommodate increased passenger flows resulting from RER, this report seeks City Council approval to negotiate terms of agreements with Metrolinx for USEP related to the NW PATH and cost-sharing obligations, among other issues.

Implementation Considerations

This report presents 19 recommendations required to advance interrelated programs of work that will transform the heavy rail network for Toronto and the region. The scope and scale of transit infrastructure investment by all three orders of government in the next decade and beyond is unprecedented and requires the City to reconsider its internal organizational structure with respect to transit expansion planning, procurement, delivery and capital coordination. The City Manager in consultation with the CEO, TTC will obtain a third-party consultant to provide advice on an appropriate organizational model to effectively manage the transit expansion portfolio. In the interim, this report recommends 52 new positions that have been identified in respect of SmartTrack (20) and RER (32), to be charged back to those projects, with an agreement in place to recover the costs of the RER positions from Metrolinx. Resource requirements will be reviewed annually in accordance with the work program and schedule.

RECOMMENDATIONS

The Interim City Manager, Interim Chief Financial Officer, Deputy City Manager, Internal Corporate Services, and Interim Deputy City Manager, Cluster B recommend:

SmartTrack Stations Program

1. City Council confirm that the Stage Gate 5 conditions set out by City Council on November 8 and 9, 2016, in adoption of Item EX19.1 – Transit Network Plan and Financial Strategy, and as described in Attachment 1 to the report, are satisfied.
2. City Council approve a contribution of up to \$1.195 billion to Metrolinx for the Base Station Infrastructure, and request Metrolinx to proceed with the procurement of the SmartTrack Stations Program subject to the terms and conditions described in Attachment 1.
3. City Council approve a contribution of up to \$268 million to Metrolinx for City-Initiated Station Requirements as described in Appendix 1 to Attachment 1, to be procured by Metrolinx as part of the procurement of the SmartTrack Stations Program, subject to the terms and conditions described in Attachment 1.
4. City Council authorize the City Manager to negotiate, approve and execute any agreement(s) necessary for the implementation of the SmartTrack Stations Program based on the terms outlined in Attachment 1 and on such other terms and conditions satisfactory to the City Manager and in a form satisfactory to the City Solicitor.

Additional City Infrastructure

5. City Council, with respect to the Metrolinx SmartTrack Stations Program procurement process:
 - a. Authorize the Deputy City Manager, Cluster B, to request Metrolinx to include Additional City Infrastructure, as set out in Appendix 1 to Attachment 1, in its request for proposals (RFP) for the SmartTrack Stations Program, as provisional or optional items for which separate competitive pricing is to be provided and with which the City can determine if it wishes to proceed, all in accordance with the terms of Attachment 1.
 - b. Authorize the Deputy City Manager, Cluster B, following selection by Metrolinx of the SmartTrack Stations Program Alternative Financing and Procurement (AFP) Contractor(s), to identify and approve the Additional City Infrastructure which the AFP Contractor(s) will be asked to construct, subject to the following conditions:

1. The Deputy City Manager, Cluster B considers the price submitted by the AFP Contractor(s) for the Additional City Infrastructure to be fair and reasonable; and
 2. The funding for the cost of the Additional City Infrastructure is available, in the year required, within an approved capital budget.
6. City Council direct the General Manager, Transportation Services to bring forward for City Council consideration the capital costs and cash flows for the St. Clair Transportation Master Plan as part of the Transportation Services Division 2019 Capital Budget and 2020 – 2028 Capital Plan submission.
7. City Council authorize the Deputy City Manager, Cluster B to identify and approve other enhancements or upgrades to City infrastructure impacted by the SmartTrack Stations Program, as well as investigative, planning and design studies considered necessary for City infrastructure and services in the vicinity of the Program, which may arise from time to time (the "Unidentified Works") as additional scope in any agreement which Metrolinx may have for the Program, including any agreement with the Alternative Financing and Procurement (AFP) Contractor(s). The authority of the Deputy City Manager, Cluster B for the Unidentified Works is subject to the following conditions:
- a. the Deputy City Manager, Cluster B, considers the benefits and costs of the Unidentified Works in each case to be fair and reasonable; and
 - b. the funding for the cost of the Unidentified Works is available, in the year required, within an approved capital or operating budget.

Real Estate

8. City Council implement the real estate principles identified in Attachment 1 in respect of the SmartTrack Transit Lands, which are determined by the Deputy City Manager, Internal Corporate Services to be required for the implementation of the SmartTrack Stations Program (the "SmartTrack Transit Lands") as follows:
- a. City Council amend from the requirements of City of Toronto Municipal Code, Chapter 213, Sale of Real Property to include SmartTrack in the definition of Transit Projects in that Chapter;
 - b. City Council authorize the permanent closure of any SmartTrack Transit Lands that are public highways and exempt these lands from the requirements of Municipal Code, Chapter 162, Public Notice;
 - c. City Council direct the appropriate City staff to advise the public of the proposed closures of any SmartTrack Transit Lands that are public highways, prior to implementation, in accordance with the requirements of the Municipal Class Environmental Assessment for Schedule "A+" activities, by posting notice of the proposed closures on the notices page of the City's website;

- d. City Council delegate authority to each of the Deputy City Manager, Internal Corporate Services and the Director, Real Estate Services, severally, to approve the disposal to Metrolinx of SmartTrack Transit Lands for nominal consideration in accordance with the principles identified in Attachment 1, which will be incorporated into a real estate protocol that will form part of a SmartTrack Stations agreement subject to the reservation of any easements necessary to protect existing City services in a form acceptable to the City Solicitor;
- e. City Council authorize the granting of easements for services and utilities in the SmartTrack Transit Lands for nominal consideration in accordance with the principles identified in Attachment 1 to be incorporated into a SmartTrack Stations agreement on terms satisfactory to the Deputy City Manager, Internal Corporate Services, and in a form acceptable to the City Solicitor;
- f. City Council authorize the Director, Real Estate Services to serve and publish Notices of Application for Approval to Expropriate any property interests required to implement the Additional City Infrastructure and Unidentified Works described in Appendix 1 to Attachment 1 procured with the SmartTrack Stations Program (the "Additional City Infrastructure Lands"), to forward to the Chief Inquiry Officer any requests for hearing that are received, to attend the hearings to present the City's position and to report the Chief Inquiry Officer's recommendations to City Council for its consideration;
- g. City Council authorize, as the approving authority under the Expropriations Act, each of the Deputy City Manager, Internal Corporate Services and the Director, Real Estate Services, severally, to dispose of those Additional City Infrastructure Lands acquired by the City by expropriation for the purpose of Additional City Infrastructure projects and Unidentified Works, without giving the owner from whom the land was expropriated the first chance to repurchase the land on the terms of the best offer received by the expropriating authority;
- h. City Council exempt the disposition of the SmartTrack Transit Lands from policies generally applicable to the disposal of City land and authorize the Deputy City Manager, Internal Corporate Services to approve and execute such additional or other agreements or documents and to do all things deemed appropriate as may, in the opinion of the Deputy City Manager, Internal Corporate Services or the City Solicitor, be desirable to give effect;
- i. City Council authorize the City Solicitor to complete the transactions on behalf of the City, including paying any necessary expenses, amending the closing and other dates, and amending and waiving terms and conditions, on such terms as the City Solicitor considers appropriate; and

- j. City Council authorize the Deputy City Manager, Internal Corporate Services and Director, Real Estate Services, severally, to consent on behalf of the City, as owner, to the submission of applications and documents required in connection with any regulatory approvals in respect of the SmartTrack Transit Lands and in respect of any Additional City Infrastructure Lands and each of the Deputy City Manager, Internal Corporate Services and the Director, Real Estate Services be authorized severally to execute any documents required to give effect.

Metrolinx Regional Express Rail Program

9. City Council delegate authority to each of the Deputy City Manager, Internal Corporate Services and the Director, Real Estate Services, severally, to approve the disposal to Metrolinx and the use by Metrolinx of certain City property, for nominal consideration (the "RER Excess City Lands"), provided that:
 - a. The lands are not required for any current or future City purposes, including redevelopment purposes;
 - b. The lands will be used solely to construct and operate Regional Express Rail transit infrastructure;
 - c. The lands will be subject to the reservation of easements, as required for City purposes; and
 - d. Metrolinx has entered into a real estate protocol with the City that includes, among other things, the criteria set out in this Recommendation 9, together with a permit and approval protocol whereby Metrolinx agrees to comply with the City's by-law and permit requirements.
10. City Council with respect to the RER Excess City Lands:
 - a. Exempt the RER Excess City Lands from the requirements of City of Toronto Municipal Code, Chapter 213, Sale of Real Property;
 - b. Authorize the permanent closure of any RER Excess City Lands that are public highways and exempt these lands from the requirements of Municipal Code, Chapter 162, Public Notice;
 - c. Direct the appropriate City staff to advise the public of the proposed closures of any RER Excess City Lands that are public highways, prior to implementation, in accordance with the requirements of the Municipal Class Environmental Assessment for Schedule "A+" activities, by posting notice of the proposed closures on the notices page of the City's website; and
 - d. Authorize the Deputy City Manager, Internal Corporate Services and the Director, Real Estate Services to approve and execute the protocol with

Metrolinx required by Recommendation 9d, upon terms and conditions satisfactory to them in consultation with the City Solicitor.

11. City Council approve in principle the use of the City-owned land to the south of Union Station by Metrolinx for its Union Station Enhancement Project Phase 1 (USEP) and authorize the following:

- a. the Deputy City Manager, Internal Corporate Services to negotiate the terms of the necessary easements, licences and other agreements with Metrolinx for USEP and the terms of any required amendments to existing agreements that will be impacted by USEP, including the Northwest PATH (NW PATH) Agreement, and report back to the Executive Committee on the recommended terms of such agreements; and
- b. the Deputy City Manager, Internal Corporate Services to negotiate, approve and execute a funding agreement between the City and Metrolinx (and Infrastructure Ontario, as necessary) requiring Metrolinx to pay all direct and indirect costs that will be incurred by the City in connection with USEP and to negotiate, approve and execute such interim ancillary agreements as may be necessary for the initial review of the USEP, on terms and conditions satisfactory to the Deputy City Manager, Internal Corporate Services, and in a form satisfactory to the City Solicitor.

12. City Council approve:

- a. the sole source retainer of Davies, Ward, Phillips and Vineberg LLP for the initial amount of \$300,000 for real estate law advice and completion of the necessary property-related agreements to facilitate the Union Station Enhancement Project;
- b. the sole source retainer of Osler, Hoskin and Harcourt LLP for the initial amount of \$250,000 for construction law advice and completion of the necessary construction-related agreements for the Union Station Enhancement Project;
- c. the sole source retainer of Arup Canada Inc. for the initial amount of \$100,000 for technical resources dedicated to pedestrian modelling reviews; and
- d. the sole source retainer of NORR Limited for the initial amount of \$100,000 for peer reviews of the proposed Union Station Enhancement Project design;

and authorize any subsequent amendments, increases and/or assignments of these retainers, as deemed appropriate by the City Solicitor and Deputy City Manager, Internal Corporate Services, with all funding for these retainers to be provided by Metrolinx as described in Recommendation 11b above.

13. City Council amend the 2018-2027 Council-approved Capital Budget and Plan for Facilities, Real Estate, Environment and Energy (FREEE) to add a new project called "Union Station Enhancement Project (USEP)", with \$750,000 of project cost, \$750,000 of cash flow in 2018 and to be fully funded by Metrolinx.
14. City Council approve the amendment of the retainer of Davies, Ward, Phillips and Vineberg LLP (Purchase Order No. 6025203) to provide ongoing real estate legal advice and expertise for the negotiation and completion of the necessary agreements for the Union Station Revitalization Project (USRP), in the additional amount of up to \$0.415 million, for a revised total of up to \$3.985 million, excluding applicable taxes and funded through the existing Council-approved 2018 Operating Budget for Facilities, Real Estate, Environment and Energy.

Resources

15. City Council authorize the City Manager to hire a total of 52 temporary resources at a cost of \$24.9 million gross over 2018-2020, which includes:
 - a. 32 temporary full-time equivalent positions dedicated to the implementation of the Regional Express Rail Program, fully funded by Metrolinx at a net-zero cost to the City, for a minimum of three years and renewable in subsequent years through agreements with Metrolinx;
 - b. 20 temporary full-time equivalent positions dedicated to the implementation of the SmartTrack Stations Program, funded by the SmartTrack Capital Account; and
 - c. Direct the City Manager to undertake an annual review of resource requirements.
16. City Council increase the 2018 Approved Operating Budgets and complement for the following City Programs to provide the authority for temporary resources for the period May 2018 to December 2020 necessary for project planning and preparation, with the cost of \$3,630,985 in 2018, and the annualization cost of \$3,499,622 in 2019, to be fully recovered from Metrolinx:
 - a. Legal Services \$627,381 gross and \$0 net and 5.5 positions;
 - b. City Planning \$156,920 gross and \$0 net and 1.5 positions;
 - c. Transportation Services \$657,084 gross and \$0 net and 6.5 positions;
 - d. Toronto Water \$299,676 gross and \$0 net and 2.5 positions;
 - e. Parks, Forestry and Recreation \$92,092 gross and \$0 net and 1.0 position;
 - f. Toronto Building \$119,865 gross and \$0 net and 1.0 position;

- g. Fire Services \$149,404 gross and \$0 net and 1.0 position;
 - h. Toronto Paramedic Services \$55,463 gross and \$0 net and 0.5 positions;
 - i. Engineering and Construction Services \$487,130 gross and \$0 net and 4.5 positions;
 - j. Real Estate Services (within Facilities, Real Estate, Environment and Energy) \$327,782 gross and \$0 net and 3.0 positions; and
 - k. Major Capital Infrastructure Coordination Office (within Policy, Planning, Finance and Administration) \$658,188 gross and \$0 net and 5.0 positions.
17. City Council increase the 2018 Approved Operating Budgets and complement for the following City Programs to provide the authority for temporary resources for the period May 2018 to December 2020 necessary for project planning and preparation, with the cost of \$1,318,931 in 2018, and the annualization cost of \$1,294,610 in 2019, to be fully recovered from the SmartTrack Capital Project:
- a. Legal Services \$247,314 gross and \$0 net and 3.5 positions;
 - b. City Planning \$289,896 gross and \$0 net and 4.5 positions;
 - c. Transportation Services \$168,627 gross and \$0 net and 2.5 positions;
 - d. Toronto Water \$38,059 gross and \$0 net and 0.5 positions;
 - e. Parks, Forestry and Recreation \$58,479 gross and \$0 net and 1.0 position;
 - f. Fire Services \$94,871 gross and \$0 net and 1.0 position;
 - g. Toronto Paramedic Services \$35,219 gross and \$0 net and 0.5 positions;
 - h. Engineering and Construction Services \$157,092 gross and \$0 net and 2.5 positions;
 - i. Real Estate Services (within Facilities, Real Estate, Environment and Energy) \$59,611 gross and \$0 net and 1.0 position; and
 - j. Major Capital Infrastructure Coordination Office (within Policy, Planning, Finance and Administration) \$169,763 gross and \$0 net and 2.0 positions.

Funding and Financing

18. City Council:

- a. Amend the 2018-2027 Council-approved Capital Budget and Plan estimates for the SmartTrack capital projects by approving Total Project

Costs of \$1,195 million for Base Station Infrastructure, \$268 million for City-Initiated Station Requirements, and \$6.9 million for capital positions dedicated to the SmartTrack capital project, as provided for in recommendations 2, 3 and 15b, comprising cash flow funding commitments of \$1.3 million in 2018, \$2.8 million in 2019, \$2.8 million in 2020, and \$1,463 million in 2025;

- b. Endorse the capital funding and financing strategy for the SmartTrack Stations Program described in Attachment 2, consisting of debt financed capital contributions, the majority of which are anticipated in 2025, with the associated debt service payments funded from a combination of accumulated and future municipal tax increment from new development, development charges, and City Building Fund allocations;
- c. Authorize the creation of a Reserve Fund entitled the "SmartTrack Funding Reserve Fund" for the purpose of receiving and expending funds in accordance with the SmartTrack Stations Program funding and financing strategy, with the criteria described in Appendix 1 to Attachment 2;
- d. Adopt the SmartTrack Stations Program Tax Increment Financing Zones shown in Table 2 of Attachment 2 and identified in the Strategic Regional Research Alliance (SRRA) report entitled, "Commercial & Multi-Residential Forecasts for the Review of SmartTrack", dated January 2016, for the purpose of segregating municipal tax revenue arising from commercial and residential assessment growth in these Zones to facilitate the SmartTrack Stations Program funding and financing strategy;
- e. Direct the Chief Financial Officer to include in annual budget submissions of an allocation of fifteen percent (15%) of all incremental municipal tax revenue arising from commercial and residential assessment growth in the Tax Increment Financing Zones identified in Recommendation 18d to the "SmartTrack Funding Reserve Fund", net of any Imagination, Manufacturing, Innovation and Technology (IMIT) Grants attributable to this assessment growth, commencing in 2019 and continued for a period of 25 years ending in 2043; and
- f. Authorize the phasing out of Imagination, Manufacturing, Innovation and Technology (IMIT) Grants over a 10-year period in the Queen/Carlaw (East Harbour SmartTrack Station) and Liberty (King-Liberty SmartTrack Station) Tax Increment Financing Zones identified in Recommendation 18d for eligible applicants who obtain building permits between 2019 and 2028, in accordance with the following Table, and as described in greater detail in Table 5 of Attachment 2, and that any new Community Improvement Plan that defines the IMIT program be amended accordingly:

Above-Grade Building Permit Issued	Total Value of IMIT Grant over 10 Years
2020	56%
2021	51%
2022	47%
2023	42%
2024	38%
2025	33%
2026	29%
2027	24%
2028	20%
Thereafter	0%

General

19. City Council authorize the City Manager or designate to negotiate, approve and execute any agreements or documents between the City, Metrolinx and any other parties as may be required, desirable or necessary, in relation to the implementation of this report, all on such terms and conditions as are set out herein, and as are satisfactory to the City Manager, in consultation with the Chief Financial Officer and any other relevant official, and in a form acceptable to the City Solicitor.

FINANCIAL IMPACT

1. SmartTrack Stations Program

Updated Terms for Revenue and Cost Sharing

In November 2016, City Council endorsed a Summary Term Sheet (EX19.1, Attachment 1 – Appendix A) ¹ and authorized the City of Toronto to enter into a Toronto-Ontario Cost Sharing Agreement in Principle (AIP) with the Province of Ontario with respect to SmartTrack and other transit related matters.

In accordance with the November 2016 Summary Term Sheet and the AIP, the City agreed to fund 100% of the capital costs associated with the SmartTrack Stations Program, including property acquisition, financing, alternative financing and procurement (AFP) and escalation costs. The updated terms proposed in this report provide for the capping of the City's capital contributions in order to provide cost certainty to the City.

In accordance with the November 2016 Summary Term sheet, the City also committed to funding incremental operating and maintenance (O&M) costs resulting from the SmartTrack Stations Program. The Province/Metrolinx agreed to work with the City to establish an appropriate methodology for determining the City's share of these incremental O&M costs. The parties also agreed to determine the sharing of fare revenues associated with the SmartTrack Stations Program in tandem with the O&M cost-sharing formula.

There are considerable challenges in accurately and efficiently isolating the SmartTrack Stations Program's share of O&M costs and revenues from those of the broader GO Transit system. As described in Attachment 1, and per consultation with the Ministry of Transportation and Metrolinx, the report recommends that Metrolinx assume full responsibility for O&M costs associated with the SmartTrack Stations Program and retain all related revenues.

This arrangement is expected to be cost neutral or better for the City. Overall GO Transit system O&M costs are currently greater than overall GO Transit fare revenues, so the City's commensurate share of O&M costs for the SmartTrack Stations Program would also likely have exceeded its commensurate share of fare revenue. This arrangement will also reduce administrative complexity and provide certainty to the City with respect to its financial obligations related to the SmartTrack Stations Program, which will end upon completion of the stations.

Property Tax Impact of SmartTrack Stations Program Capital Costs

In November 2016, City Council considered the SmartTrack project (both the SmartTrack Stations Program and the extension of the Eglinton West LRT) with cash flows estimated at \$3.7 B gross and \$2.0 B net based on preliminary capital cost estimates available at that time. Preliminary funding estimates suggested the need for a

¹ <http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-97894.pdf>

small property tax increase to supplement tax increment and development charge funding. The availability of revenues from the City Building Fund means that no additional dedicated or special property tax increases should be required to support the SmartTrack Stations Program. This report addresses the SmartTrack Stations Program only. The extension of the Eglinton West LRT will be addressed in 2019, once the additional analysis directed by City Council is complete.

City Contributions for Metrolinx Procurement of the SmartTrack Stations Program

In accordance with the new terms in Attachment 1, this report recommends that City Council enter into an agreement with Metrolinx that will commit the City to providing Metrolinx with the contribution amounts of up to \$1,195 M (YOES) for the "Base Station Infrastructure" and up to \$268 M (YOES) for the "City-Initiated Station Requirements". These two categories of infrastructure must be packaged together as part of the current SmartTrack Stations Program procurement process. Per Attachment 1, the majority of the City's contribution will be made at substantial completion of the project, anticipated in 2025.

The proposed Base Station Infrastructure contribution amount is consistent with the previous capital cost estimate of \$1,252 M (YOES) provided to City Council in November 2016. The Base Station Infrastructure is defined as the elements required to implement a fully functioning station, which meets Metrolinx's Design Requirements Manual (DRM), 2016 GO Rail Station Access Plan, and emerging station design guidelines.

Through the planning, design and engineering phase, which included community consultation and reporting to City Council on the individual station concepts, City-Initiated Station Requirements were identified by both City Council and staff for inclusion in the station designs. This category of infrastructure comprises work that enhances the base station functionality to suit Toronto's urban context. These components are consistent with direction from City Council ([EX29.1](#)) to consider station-specific design elements for each of the stations. This report recommends City Council approve up to \$268 M (YOES) for the City-Initiated Station Requirements, and authorize its inclusion in the procurement of the SmartTrack Stations Program.

Table 1. Required City Contributions for Metrolinx Procurement

Project Component	Contribution (\$M, YOES)
Capital Construction – Base Station Infrastructure	1,195
Capital Construction – City-Initiated Station Requirements	268
Total:	1,463

Funding for Required Smart Track Capital Costs

The November 2016 report to City Council proposed that the necessary capital funding for the SmartTrack Stations Program will be raised through the following four sources:

- Federal Government contribution
- Development Charges
- Tax Increment Financing
- Property Tax Increases or Equivalent Sources of Annual Revenue

Federal Government Contribution – The Federal Government has recently confirmed its commitment to provide \$8.3 B in funding to the Province of Ontario over the next 10 years from its Phase 2 Public Transit Infrastructure Fund. Approximately \$4.9 B is allocated to the City of Toronto based on ridership.² City Council identified SmartTrack as a priority project for Phase 2 federal funding in December 2016 ([EX20.4](#)). Per Attachment 1 of this report, the City and Province will work together to support the application of the SmartTrack Stations Program under the Phase 2 federal funding program. The Federal Government will fund up to 40% of eligible project costs. It is anticipated that the SmartTrack project will be eligible for the full maximum 40% funding that is available from this program. The Federal contribution is expected to occur at the time of the City's capital outlay.

Development Charges – The forecast capital expenditures for the SmartTrack Stations Program have been incorporated in the Background Study for the proposed update to the Development Charge By-Law. The Background Study calculations forecast that the City will recover \$290 M (YOES) of the SmartTrack Stations Program capital costs from city-wide development charge revenues. This is the estimated recoverable amount per the recommended by-law and Background Study, based on a City wide development forecast, including the statutory and discretionary exemptions and transition policies, which may change over time. The proposed rates include a provision for the cost of financing the City's contribution until the projected growth results in sufficient revenues to defray the cost. The accumulated and future development charges revenues are forecast to offset the equivalent debt service on this recoverable amount, an average annual debt service amount of approximately \$17.4 M per year.

Tax Increment Financing – As discussed in the report to City Council in November 2016, Strategic Regional Research Alliance (SRRA) forecasted the incremental new development that will occur in the zones around the proposed SmartTrack stations. Corporate Finance staff used this analysis to prepare a forecast of the net incremental future property taxes that will be generated as a result of the SmartTrack Stations Program. The revenues are an estimated \$292 M (YOES), forecasted to be recovered over the 25-year period of the TIF. During this period, TIF revenues will grow as development in the TIF zones occurs. In the early years, when annual revenues are relatively small, there will be a greater reliance on City Building Fund contributions to service the debt. In later years, the reverse will occur. The accumulated and future tax increment revenues are forecast to offset the equivalent debt service on this recoverable amount, an average annual debt service amount of approximately \$17.5 M per year.

City Building Fund – Incremental taxes, development charges and federal funding will not provide sufficient funding for the total cost of the SmartTrack Stations Program. The

² <https://news.ontario.ca/moi/en/2018/03/under-the-180-billioninvesting-in.html>

November 2016 report proposed making use of a property tax increase to provide supplemental funding.

In January 2017, City Council established the "City Building Fund" for the purposes of providing capital funding for transit and affordable housing initiatives, and directed a dedicated property tax increase of 0.5% per year be imposed for five years commencing in 2017 to fund this reserve. No allocation of funding from this reserve has been made as of yet. The SmartTrack Stations Program is expected to have a transformative city-wide impact, and so the City Building Fund is an obvious choice for funding a share of the project. The purpose of the reserve is for two uses (transit and affordable housing), so it may be appropriate to allocate up to one half of the reserve to transit, and the other half to affordable housing.

In 2025, when it is anticipated that the City would make its SmartTrack Stations Program funding contributions, annual contributions to the City Building Fund will have reached approximately \$74 M. The annual debt service costs associated with the portion of the SmartTrack Stations Program to be funded by City Building Fund or other tax supported contributions will be approximately \$18.2 M per year, or approximately one quarter of the annual revenue generated by the City Building Fund levy.

Overall Funding Availability

The anticipated funding from Federal Government contributions, development charges and incremental tax revenues is shown in Table 2.

Table 2. SmartTrack Stations Program Required Funding Summary

	\$M, YOES
Required City Contribution	1,463
Less Expected Federal Funding @ 40% of Contribution	<u>(585)</u>
Required City Net Funding Contribution (anticipated in 2025)	878
Estimated Debt Financing Charge (30-year debt in 2025)	
	53
Average Annual Debt Service Offset:	
Development Charges	17.4
Net Tax Incremental Financing Revenues (net of IMIT grants)	17.5
City Building Fund/ Tax Supported Requirement	18.2

Funding Risks

As discussed above, the incremental property tax revenue estimates are based on forecasts prepared for the City by SRRA. These estimates were peer-reviewed for the

City by Cushman & Wakefield in 2015. Overall, Cushman & Wakefield was satisfied that the forecasts produced by SRRA were reasonable based on the best market information available at that time. However, there is always considerable uncertainty associated with any longer-term forecast of redevelopment because the actual rate of development will be driven by many factors such as the future rate of economic growth in Toronto.

Similarly, the actual amount of development charge revenue will also be tied to the actual rate of development. The potential variability is reduced somewhat for development charges because they will be generated from a City-wide charge on development rather than from specific zones around the SmartTrack stations.

Under these circumstances, by far the most efficient way to finance the underlying contribution is through City issued debentures. City debentures are guaranteed by the City's tax base. Any changes to expected cash flows supporting debt repayment will be the City's responsibility. It is for these reasons that the City took care to peer review its revenue forecasts and to ensure that estimates for growth related revenues are supportable and conservative.

Financing Plan for Required SmartTrack Stations Program Capital Costs

This report recommends that a reserve fund be established that begins to accumulate the incremental tax revenues associated with the SmartTrack Stations Program starting in 2019. Furthermore, this report recommends that the balance of the required contribution amount be financed by issuing a 30-year traditional sinking fund debenture in 2025. The debt charges arising from this debenture will be funded firstly from ongoing applications of the incremental property tax revenues accumulating in the proposed reserve fund established for the project, and secondly by development charges. In the early years after 2025 these amounts will have to be supplemented by draws from the City Building Fund.

Under this proposed financing plan, the estimated equivalent residential 2% property tax increase forecast in the November 2016 report would not be necessary. Part of the reason for this more favourable outcome is that the November 2016 report addressed the funding and financing of both the SmartTrack Stations Program and the Eglinton West LRT portions of the SmartTrack project. The SRRA analysis indicated that the largest portion of the forecasted incremental property taxes would be raised around the SmartTrack Stations Program, so the funding potential is greater when these stations are considered in isolation.

Capital Budget Amendments for SmartTrack Capital Costs

This report recommends City Council amend the 2018-2027 City Council-approved Capital Budget and Plan estimates for the Smart Track capital projects by approving Total Project Costs of \$1,195 M for Base Station Infrastructure, \$268 M for City-Initiated Station Requirements, and \$6.9 M for capital positions dedicated to the SmartTrack capital project, comprising cash flow funding commitments of \$1.3 M in 2018, \$2.8 M in 2019, \$2.8 M in 2020, and \$1,463 M in 2025.

Table 3. SmartTrack Stations Program Cash Flow (\$M, YOES)

	Total	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Expenditures	1,470	1	3	3	0	0	0	0	1,463	0	0
Funding:											
Recoverable Debt	885	1	3	3	0	0	0	0	878	0	0
Federal Funding	585	0	0	0	0	0	0	0	585	0	0
Total Funding	1,470	1	3	3	0	0	0	0	1,463	0	0

St. Clair Transportation Master Plan

City Council directed staff to coordinate the delivery of the St. Clair Transportation Master Plan (TMP) with the St. Clair-Old Weston SmartTrack station. The cost estimate for the St. Clair TMP works is \$222 M (YOES), and is anticipated to be funded through the 10-year Capital Program and development charges. Per the term sheet in Attachment 1, the infrastructure components associated with the St. Clair TMP were identified as "Additional City Infrastructure" that will be identified as optional items in the SmartTrack Stations Program procurement package for which separate competitive pricing is to be provided. The City will be given the opportunity to review the price submitted by the Alternative Financing and Procurement Contractor(s) before determining whether to proceed with the construction of the St. Clair TMP, conditional on necessary budget approvals.

2. Implementation Staffing Costs

Metrolinx will deliver the SmartTrack Stations Program on behalf of the City. The City will continue to have a role in supporting the final design, procurement and construction phases of the Program. This involvement includes actively participating in the procurement process; reviewing technical drawings; co-leading the Transit Project Assessment Process (TPAP) that is currently underway; developing required legal agreements, reviewing construction management and traffic management plans and planning approvals, among other activities. As such, temporary capital staff positions are required to support implementation of the Program and to ensure the City's interests are addressed. Table 4 provides a summary of the City's resource requirements for the SmartTrack Stations Program, which will be reviewed on an annual basis. This report recommends 20 FTEs over 2018-2020 at a total estimated cost of \$6.9 M.

Additionally, and per City Council direction, the City and Metrolinx have developed and agreed to a City of Toronto staff resource plan to support the implementation of the RER program. Metrolinx will provide funding of \$18.0 M over 2018-2020 to the City to fund approximately 32 new temporary full-time equivalent (FTE) positions in various divisions (see Table 4). The resource requirements to support the RER program will be reviewed annually.

There are several FTE positions that will be shared across the SmartTrack Stations and RER Programs in order to ensure efficiencies and full utilization of staff positions.

Separate cost-centres will be maintained for each of the programs with tracking and reporting systems in place to manage allocation of costs to appropriate parties.

Table 4. SmartTrack Stations Program and RER City Staff Resourcing Requirements

	Number of FTEs	Estimated Costs (\$M, YOES)			
		2018	2019	2020	Total
SmartTrack Stations Program	20	1.3	2.8	2.8	6.9
Regional Express Rail	32	3.6	7.1	7.2	18.0
Total	52	4.9	9.9	10	24.9

The cost of the temporary resources for the SmartTrack Stations Program will be fully recovered from the 2018-2027 Capital Budget & Plan for Corporate Initiatives (SmartTrack Project). The cost of the temporary full-time resources for the RER Program will be fully recovered from Metrolinx. The temporary positions will expire on December 31, 2020 and any additional temporary resources required for the Programs will be considered as part of the 2019 and 2020 budget processes.

Union Station Enhancement Project

There is no financial impact to the City associated with the USEP recommendations in this report. Per discussions with Metrolinx, full funding will be provided to the City to undertake the necessary studies and associated project work for the USEP.

The Interim Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

1. SmartTrack Stations Program

In July 2016, City Council considered the report *EX16.1 Developing Toronto's Transit Network Plan to 2031*, and approved a SmartTrack project scope based on an Initial Business Case prepared by Metrolinx, including a SmartTrack Stations Program with six new SmartTrack stations on the Kitchener and Stouffville/Lakeshore East GO corridors. Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.1>

In November 2016, City Council considered the report *EX19.1 Transit Network Plan Update and Financial Strategy*, and endorsed a Summary Term Sheet that established terms and conditions for funding the SmartTrack Stations Program. The Summary Term Sheet also established a Stage Gate Process developed by the City and the Province that allows for key decisions at defined stages of the project. City Council committed to fund the preliminary planning and design costs for SmartTrack and directed staff to work with Metrolinx to complete the planning and design for the new stations.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX19.1>

In December 2016, City Council considered the report *EX20.4 Federal Infrastructure Funding – Phase 1 and 2*, and identified SmartTrack as a priority project for federal funding under Phase 2 of the Public Transit Infrastructure Fund.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.4>

In November 2017, City Council considered the report *EX28.6 Advancing Fare Integration*, and approved the terms of an agreement for the implementation of a discounted fare initiative between GO/UP Express and the TTC. City Council also directed the City Manager to request Metrolinx and the TTC to accelerate their plans for full and affordable fare integration for the City of Toronto.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.6>

In December 2017, City Council considered the report *EX29.1 SmartTrack Project Update and Next Steps*, and authorized the City to act as co-proponents with Metrolinx for the Transit Project Assessment Process (TPAP) for the SmartTrack stations. City Council also approved an Eglinton West LRT concept with 10 stops from Mount Dennis to Renforth Station ("Toronto Segment") and directed staff to form a working group of community stakeholders to investigate grade separation and/or tunnelling options.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX29.1>

St. Clair Transportation Master Plan

In June 2012, City Council considered the report *PW15.3 Environmental Assessment Study of St. Clair Avenue West / Rail Crossing Between Keele Street and Old Weston Road*, and directed the General Manager, Transportation Services to initiate and carry out an Environmental Assessment Study of the St. Clair Avenue/Rail Crossing between Keele Street and Old Weston Road.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.PW15.3>

In December 2017, City Council considered the report *EX29.1 SmartTrack Project Update and Next Steps*, and directed staff to make all efforts to advance the St. Clair Transportation Master Plan with St. Clair-Old Weston SmartTrack station.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX29.1>

2. Regional Express Rail

In July 2016, City Council considered the report *EX16.1 Developing Toronto's Transit Network Plan to 2031*, and directed staff to work with Metrolinx to further consider the feasibility of a Woodbine GO Station on the Kitchener GO Corridor.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.1>

In November 2016, City Council considered the report *EX19.1 Transit Network Plan Update and Financial Strategy*, and endorsed a Summary Term Sheet that set out principles between the City and the Province on cost sharing related to RER projects. This includes the City's share of funding for GO Growth Related Capital Cost obligations as contribution to two new GO RER stations (Spadina-Front and Bloor-Lansdowne), and upgrades to existing stations across the GO network in Toronto. A City funding allocation for five identified grade separations (15% of costs) was included.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX19.1>

In November 2017, City Council considered *MM34.3 Park Lawn GO*, advised Metrolinx that a new Park Lawn GO station is a priority for the City of Toronto, and directed staff to work with Metrolinx to consider the feasibility of a Park Lawn GO station on the Lakeshore West GO corridor to support potential future development in the vicinity.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.MM34.3>

In December 2017, City Council considered the report *EX29.1 SmartTrack Project Update and Next Steps*, and provided City Council with an update from Metrolinx on the scope and implementation of the RER program, including the procurement approach, construction schedule for enabling works, and broader coordination with the City of Toronto. This report also authorized the City Manager to negotiate an agreement with Metrolinx to have Metrolinx fund dedicated staff resources in support of RER.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX29.1>

Union Station Enhancement Project

In April, 2008, as part of *PW14.6 Municipal Class Environmental Assessment Study (Schedule "C") for a New Northwest PATH Connection (Union Station to Wellington Street)*, City Council endorsed the preferred alternative in a Municipal Class Environmental Assessment (EA) study for the NW PATH project. The approved route for the NW PATH extended from the west moat of Union Station up York Street to 100 Wellington Street West and 70 York Street and included a combination of cut and cover tunneling and at-grade surface improvements in the pedestrian realm.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.PW14.6>

In July 2015, as part of *GM5.19 Union Station Revitalization Project – Status Update*, City Council deferred completion of the NW PATH until appropriate funding could be obtained, and directed staff to continue negotiations with Metrolinx on funding options.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM5.19>

ISSUE BACKGROUND

The two interrelated programs described in this report—the SmartTrack Stations Program and the Regional Express Rail (RER) Program, including the Union Station Enhancement Project (USEP), represent transformative investments to improve transportation choices within the city and region and to leverage existing transit infrastructure to serve more people. These initiatives are also being coordinated with existing local transit services and future network expansion plans, not only in Toronto but across the Greater Toronto and Hamilton Area (GTHA).

The successful implementation of these projects will transform heavy rail infrastructure in Toronto from a regional commuter service into the foundation of an urban rapid transit network. With additional stations, all-day, two-way service, increased frequency and quieter and faster electric trains, SmartTrack and RER expand transit access for Toronto residents travelling within and beyond the city. SmartTrack and RER also represent a significant opportunity to support population and employment growth within

Toronto. Proposed new stations are positioned in areas where existing population and employment or planned growth will significantly benefit from increased transit service.

A series of reports have been brought for City Council consideration over the last several years to advance the SmartTrack Stations Program and provide information on RER. This report marks a milestone for the SmartTrack Stations Program—seeking full funding commitment to the project.

City Council has also identified priorities for transit expansion by funding the planning and design of specific projects to get them ready for procurement and construction. These projects include the Relief Line, Waterfront Transit, Eglinton East and West extensions, and the Scarborough Subway Extension. The City and TTC are also working with York Region and Metrolinx to support the early planning and design phase of the Yonge Subway Extension. A longer term transit network plan is also being developed to identify infrastructure required to serve future needs.

This report focuses on two programs of work that are foundational to achieving an integrated regional transit network.

COMMENTS

1. SmartTrack Stations Program

1.1 Background

The City of Toronto, Metrolinx, Ministry of Transportation and TTC have been working in partnership since 2015 to advance SmartTrack. The SmartTrack project scope includes two components:

- The SmartTrack Stations Program: Six new stations at Finch-Kennedy and Lawrence-Kennedy on the Stouffville GO corridor, Gerrard-Carlaw and East Harbour on the Stouffville/Lakeshore East GO corridors, and King-Liberty and St. Clair-Old Weston on the Kitchener GO corridor. The SmartTrack Stations Program will provide a service level of 6-10 minute peak service and 15-minute off-peak service frequencies at the six new stations and eight existing stations on the Kitchener GO and Stouffville/Lakeshore East GO corridors; and
- An extension of Eglinton Crosstown LRT west from its western terminus at Mount Dennis Station to Renforth Station, with 10 stops and potential grade separations at key locations. Further extension to Pearson Airport is also being studied by Metrolinx in consultation with the City of Mississauga, the City of Toronto and the Greater Toronto Airports Authority (GTAA).

City Council's approval of the SmartTrack concept is based on Initial Business Cases (IBCs) prepared by Metrolinx and the City.^{3,4} A range of options were assessed using

³ SmartTrack/RER Integration IBC: <http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94599.pdf>

⁴ Eglinton West LRT IBC: <http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94621.pdf>

the Metrolinx Business Case Methodology. The City's Rapid Transit Evaluation Framework (RTEF) was also integrated into the analysis. The IBCs for both the SmartTrack Stations Program and the Eglinton West LRT extension identified options that demonstrated strategic benefits and positive benefit-cost ratios.

Figure 1. SmartTrack Stations Program and Eglinton West LRT Extension



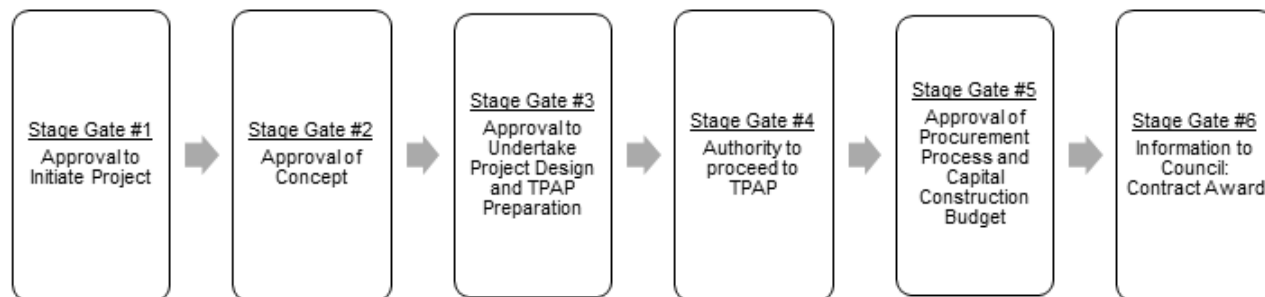
Note: SmartTrack station names are working names only and subject to change.

In November 2016, City Council endorsed a Summary Term Sheet (EX19.1, Attachment 1 – Appendix A)⁵ that set out conditions between the City of Toronto and the Province of Ontario on cost and revenue sharing for SmartTrack and other transit related matters. As directed by City Council, an Agreement in Principle (AIP) was established based on the approved Summary Term Sheet.

⁵ <http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-97894.pdf>

Per EX19.1, City Council approved a Stage Gate Process for the SmartTrack project. The Stage Gate Process, illustrated in Figure 2, allows City Council to consider advancing commitments at defined stages of the SmartTrack project, and identifies decision points in the project where City Council and the Province reserve the right to assess whether the conditions outlined in the Summary Term Sheet have been addressed to the City and Province’s satisfaction.

Figure 2. Schematic of the Stage Gate Process



This report is focused on the SmartTrack Stations Program component of the SmartTrack project. The SmartTrack Stations Program is at Stage Gate 5.

Table 5. Status of SmartTrack Stations Program in Stage Gate Process

Stage Gate	City Council Decision History
1. Approval to initiate project	February 2015 (EX2.2)
2. Approval of concept	July 2016 (EX16.1)
3. Approval to undertake project design and TPAP preparation	November 2016 (EX19.1)
4. Authority to proceed to Transit Project Assessment Process (TPAP)	December 2017 (EX29.1)
5. Approval of procurement process and capital construction budget	April 2018 (current report)
6. Information to City Council: contract award	Q1 2020

1.2 Stage Gate 5 Conditions

The Summary Term Sheet adopted in November 2016 included conditions to be addressed by the City and Province to both parties' satisfaction by Stage Gate 5 in the Stage Gate Process for SmartTrack. The conditions are as follows:

- A. Mutual agreement on governance and dispute resolution;
- B. Agreement on foundational station design requirements;
- C. Validation of costs associated with the construction of the SmartTrack stations and SmartTrack operating and maintenance;

- D. Fare setting for SmartTrack will be combined with fare integration and consider specific City Council requests;
- E. Consideration of through-service at Union Station;
- F. Treatment of federal funding of SmartTrack; and
- G. Confirmation of federal funding for the Scarborough Subway Extension.⁶

Attachment 1 of this report elaborates on the key principles set out in the November 2016 Summary Term Sheet. The following provides a summary of the current status of each item and the rationale for recommending that City Council confirm the Stage Gate 5 conditions have been satisfied.

A. Governance and Dispute Resolution

This report seeks authority to negotiate, enter into and execute agreement(s) necessary for the implementation of the SmartTrack Stations Program based on the terms in Attachment 1 of this report. The Attachment 1 term sheet sets the framework for the development of agreement(s) that will articulate the financial obligations of both parties, the scope of capital work and associated service to be achieved, the City's ongoing role in the procurement and construction of the SmartTrack Stations Program and commitment to developing a dispute resolution process.

The Term Sheet also clearly articulates the role of Metrolinx as the owner of the assets, the operator, and the delivery agent of the program (in partnership with Infrastructure Ontario). The City is making a capped capital contribution to deliver new infrastructure in Toronto subject to key conditions outlined in Attachment 1, which includes agreed to station design, fare, service concept, procurement processes and principles on operating, maintenance and revenue.

The program is currently coordinated through a joint City-Metrolinx Steering Committee, which reports to a Program Committee with senior executive staff representation from the City, Metrolinx, Ministry of Transportation and TTC. An Executive Committee is also established for dispute resolution and consultation where required.

B. Station Concept Design

In December 2017, City Council approved the SmartTrack station concepts as the basis for completing planning and design work, including station-specific design elements. Attachment 3 to this report provides an overview of the station design and planning process. The Reference Concept Designs for each station in Attachment 3 incorporate mutually agreed-to station design elements by both Metrolinx and the City. The station designs incorporate two categories of infrastructure: Base Station Infrastructure and City-Initiated Station Requirements.

The Base Station Infrastructure is defined as the elements required to implement a fully functioning station, which meets Metrolinx's Design Requirements Manual (DRM), 2016

⁶ \$660 million in federal funding committed to SSE identified in Phase 2 Federal Funding. See March 14, 2018, Ontario News Release: <https://news.ontario.ca/moi/en/2018/03/canada-and-ontario-to-make-significant-infrastructure-investments-that-will-improve-the-lives-of-can.html>

GO Rail Station Access Plan, and emerging station design guidelines. See Attachment 1, Appendix 1 for description.

City-Initiated Station Requirements comprise components that support station operations in an urban context by enhancing station access and ensuring seamless connection to TTC services, consistent with previous City Council direction. The City, TTC and Metrolinx have worked to advance the station design to address the station-specific elements directed by City Council. Central to the design work for the SmartTrack and GO RER stations is integrating the new stations into the existing and planned local context. These components have been integrated into the design of the SmartTrack Stations Program and are recommended to be procured and constructed with the program. Table 6 provides a summary of the City-Initiated Station Requirements by station. Should City Council not proceed with this category of station infrastructure, the station concepts would require redesign work.

Table 6. City-Initiated Station Requirements – Scope Description

Station	Scope Description	Rationale
St. Clair-Old Weston	<ul style="list-style-type: none"> • Bus loop • North tunnel 	<ul style="list-style-type: none"> • Bus loop provides surface transit connections (e.g., Davenport bus) • North tunnel provides access to bus loop
King-Liberty	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A
East Harbour	<ul style="list-style-type: none"> • Don River multi-use bridge • Corktown entrance • Broadview underpass 	<p>EX29.1, 1c: "East Harbour SmartTrack station will be fully integrated into the broader Unilever Precinct planning process to support the development of this area as a major employment area"</p> <ul style="list-style-type: none"> • Don River multi-use bridge and Corktown entrance connect to emerging neighbourhoods to west (e.g., West Don Lands, Corktown and Keating Precinct) • Broadview underpass provides access to main station entrance and connections to future Broadview streetcar extension
Gerrard-Carlaw	<ul style="list-style-type: none"> • Pape pedestrian-cycling underpass • Full length platform • Tertiary building entrances 	<p>EX29.1, 1d: "Gerrard-Carlaw SmartTrack station will include entrances that optimize connections with the planned Relief Line station, other transit lines and the broader station area"</p> <ul style="list-style-type: none"> • Underpass replaces and improves existing pedestrian overpass

Station	Scope Description	Rationale
Lawrence-Kennedy	<ul style="list-style-type: none"> • Access from Lawrence overpass • North tunnel 	EX29.1, 1e: Station "will feature direct access from the Lawrence Avenue overpass" and will include "connections to areas of potential future development north of Lawrence Avenue" <ul style="list-style-type: none"> • Access from Lawrence overpass will provide efficient transfer of passengers from TTC • North tunnel will help optimize connections to support future redevelopment north of Lawrence
Finch-Kennedy	<ul style="list-style-type: none"> • Northern station entrance 	EX29.1, 1f: Station will "include new local access roads at the north end of the station to provide for passenger pick up/drop off and consideration of improved access from areas south of the station" <ul style="list-style-type: none"> • Northern station entrance also provides for Wheel-Trans access and informal passenger pickup/drop-off

C. SmartTrack Costs

The Financial Impact section of this report describes the capital cost estimates of the project, and the City’s financial obligations to the SmartTrack Stations Program.

Metrolinx capital cost estimates were validated by the City’s third party technical advisors, LeighFisher. They reviewed all technical documentation from Metrolinx and its consultants, and assessed the costing methodology. LeighFisher is confident that the costing methodology is consistent with accepted industry practice. By capping the City’s contribution, the City has effectively mitigated risk.

In accordance with the Summary Term Sheet approved by City Council in November 2016 (EX19.1),⁷ it was contemplated the City would fund the incremental operating and maintenance (O&M) costs associated with the SmartTrack Stations Program. The Province/Metrolinx agreed to work with the City to establish an appropriate methodology for determining the City's share of these incremental O&M costs. The sharing of fare revenues associated with the SmartTrack Stations Program was to be determined in tandem with the O&M cost-sharing formula.

While evaluating potential formulas, the City, Metrolinx and Ministry of Transportation staff identified considerable challenges in accurately and efficiently isolating the SmartTrack Stations Program's share of O&M costs and revenues from those of the broader GO Transit system. As described in Attachment 1, Metrolinx will assume full responsibility for O&M costs associated with the SmartTrack Stations Program and retain all related revenues.

Overall GO Transit system O&M costs are currently greater than overall GO Transit fare revenues, so the City's commensurate share of O&M costs for the SmartTrack Stations Program would also likely have exceeded its commensurate share of fare revenue. For

⁷ <https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-97894.pdf>

instance, as with most transit agencies, Metrolinx's annual revenue is less than its annual operating expenses. Metrolinx's operating expenses for 2017-18 are projected to be \$993.1 M, with total revenue (both fare and non-fare) of \$632 M. Metrolinx anticipates requiring an operating subsidy of approximately \$383.2 M from the Province of Ontario, equal to approximately 38% of all operating expenses.

Metrolinx assuming responsibility for O&M costs reduces administrative complexity and ensures that there will not be any long-term financial impact from the SmartTrack Stations Program following the completion of the stations. As a result, it is recommended that the City's SmartTrack Stations Program financial contribution be limited to the capital contribution and related terms and conditions established in Attachment 1.

D. Fare Integration

In July 2016, the City identified two key measures for Metrolinx's consideration related to GO Transit fare policy.⁸ First, reduce GO Transit's base fare component and increase the distance component (i.e., adjustments to GO's fare structure); and second, provide riders using transit in Toronto with the same GO Transit discounted fare option on the TTC offered to riders who start their trips in the 905 (i.e., discounts on double fares).

Both City Council requests were acknowledged in Metrolinx's update to its board on the GTHA Fare Integration Strategy in September 2017. Metrolinx's board endorsed a step-by-step strategy to advance the goal of fare integration across the GTHA with four elements:

- Discounts on double fares (GO-TTC);
- Discounts on double fares (905-TTC);
- Adjustments to GO's fare structure; and
- Fare Policy Harmonization.

Since then, significant advances have been made by the Province and Metrolinx to implement the strategies endorsed by the Metrolinx Board and as a result, both City Council requests identified in the Summary Term Sheet are being addressed.

Discounts on double fare (GO-TTC) were implemented in January 2018. City Council and the TTC Board approved terms for an agreement with Metrolinx to implement the program.⁹ This initiative addressed an important first step towards improving the utilization of GO services within Toronto.

In the Ontario Budget 2018, the Province announced additional measures that will improve access to the GO rail network. These measures include the following:

- Funded by carbon allowance proceeds, the Province will work with the TTC, York Region Transit, Mississauga's MiWay, Brampton Transit and Durham Region

⁸ EX16.1 Attachment 7: Fare Policy Current State Assessment
<https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94625.pdf>

⁹ City Council Report: EX28.6 Advancing Fare Integration (November 2017)
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.6>

Transit to introduce discounts to transit user who transfer between these municipal transit networks and the TTC.

- All GO Transit trips within Toronto will cost PRESTO card users just \$3 per trip.
- All GO Transit trips under 10 kilometres will cost PRESTO card users just \$3 per trip anywhere on the GO Network.¹⁰

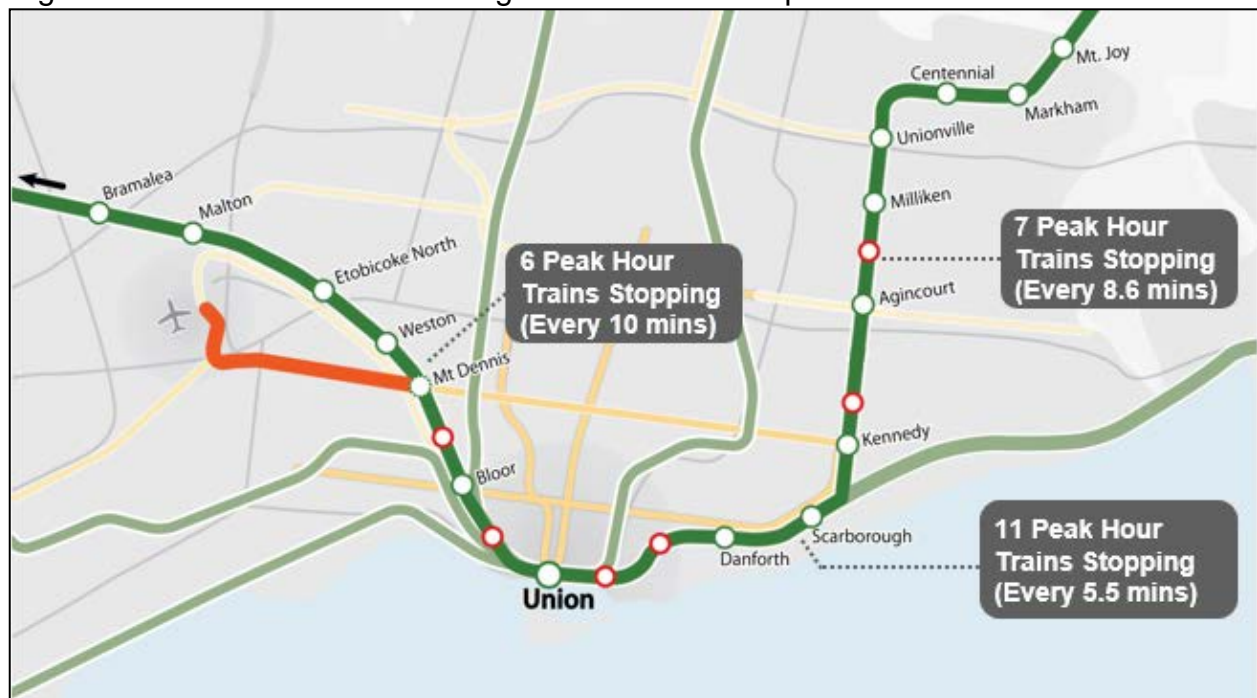
The implementation of Metrolinx's GTHA Fare Integration Strategy will allow for seamless and efficient use of existing and future transit services within Toronto, enabling greater integration between the TTC and GO systems.

E. Service Concept – Through Service at Union Station

Per Attachment 1, the service concept for SmartTrack still contemplates through service at Union Station. Metrolinx is evaluating opportunities for through service at Union Station through the refinement of the broader RER service concept, and has identified benefits associated with through service in their business case analysis.

Attachment 1 also specifies the minimum service level frequencies that users can expect for the SmartTrack Stations Program, as illustrated in Figure 3 below. This service concept is consistent with previous reports.

Figure 3. SmartTrack Stations Program Service Concept¹¹



1.3 Business Case Update

Metrolinx Preliminary Design Business Cases

¹⁰ Ontario Budget 2018 (p. 126) <http://budget.ontario.ca/2018/budget2018-en.pdf>

¹¹ <https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94599.pdf>

As part of Metrolinx's Business Case Analysis and Benefits Management Framework,¹² business cases for major capital projects evolve and advance over the project lifecycle as levels of design and cost certainty mature. On March 8, 2018 the Metrolinx Board of Directors approved the Preliminary Design Business Cases (PDBC's) for all new stations, which include new RER stations and the six SmartTrack stations.¹³ The PDBC's represent a higher level of design and updated cost estimates in comparison to the Initial Business Cases (IBC's) presented in 2016.

The PDBC's for the six SmartTrack stations reconfirm the positive benefit-cost ratio presented in the IBC analysis. The updated business cases also reiterate the strategic benefits of the six stations, including:

- East Harbour and King-Liberty benefit from their proximity to current or proposed major employment nodes, supporting population and employment growth in Toronto; and
- Finch-Kennedy, Gerrard-Carlaw, Lawrence-Kennedy and St Clair-Old Weston stations are expected to attract boardings from nearby residential areas and provide overall transportation user benefits.

The Metrolinx findings suggest the combined net benefits of the six stations are \$4.59 B. These benefits exceed the costs of the Base Station Infrastructure (\$1,195 M) and the City-Initiated Station Requirements (\$268 M).

In addition, the PDBC model included three new policy, infrastructure and operational advancements Metrolinx assumed would be introduced in the next sixty years of the lifecycle of the stations: the use of express services, the introduction of level boarding, and the removal of fare barriers through fare integration. All three of these advancements had a positive impact on the station benefits.

Ridership Analysis Update

City staff have undertaken ridership analysis in order to update previous ridership reports provided to City Council in 2016. For the purpose of this analysis, the SmartTrack Stations Program consists of the six new stations in the City of Toronto, as well as TTC fares across the GO network within Toronto in order to align with Metrolinx's PDBC's. The analysis was conducted using the City's GTAModel V4.0 and uses the same population and employment projections as previous ridership analyses.

Changes relative to the earlier report include updating the analysis year to 2041 from 2031, incorporating the recently introduced Discounted Double Fares for GO-TTC trips and reflecting the latest refinements to the GO RER service concept. Not all of the changes to the GO fare structure announced in the Provincial Budget on March 28, 2018 have been considered at this point, but the change to GO fares in Toronto was incorporated.

¹² http://www.metrolinx.com/en/regionalplanning/projectevaluation/benefitscases/Business_Case_Overview.pdf

¹³ http://www.metrolinx.com/en/docs/pdf/board_agenda/20180308/20180308_BoardMtg_Staff_Report_EN.pdf

The results of the updated ridership analysis are similar to those previously reported. The SmartTrack Stations Program is expected to serve over 33 million trips annually and attract approximately 6.2 million annual new riders to the entire transit system. These results compare to 25.1 to 26 million trips annually and 8.5 to 9 million annual new riders previously reported. The increase in overall SmartTrack Stations Program ridership is largely a result of the change in analysis year, while the change in new transit system ridership is primarily due to refinements of the GO RER service concept and the inclusion of the Discounted Double Fare in the base case. As before, fare integration remains critical to the success of the SmartTrack Stations Program.

1.4 Next Steps

Environmental Assessment/TPAP

The Notice of Commencement for the SmartTrack Stations Transit Project Assessment Process (TPAP) was issued on March 29, 2018, following an additional series of public consultation meetings in February and March 2018. The purpose of the consultation was to seek input on the environmental studies and keep the public and stakeholders apprised of station planning and design work. All Councillors were notified of the public meetings. Details on the public consultation findings are included in Attachment 3.

As authorized by City Council, the City and Metrolinx are co-proponents of the TPAP process, ensuring the perspectives of both parties continue to be brought to the design of the stations and all related public consultation efforts. The TPAP process includes the assessment of potential environmental effects of each of the new stations, which will be summarized in the Environmental Project Reports. Notice of Completion of the TPAP process is expected to be issued in fall 2018.

Real Estate

Attachment 1 identifies the roles and responsibilities among the parties with respect to the acquisition of both private property and City property required to implement the SmartTrack Stations Program. In summary, Attachment 1 identifies the following:

- Metrolinx will undertake the property acquisition work required for the SmartTrack Stations Program;
- The City will transfer at nominal value to Metrolinx (minus the air rights) City-owned properties required for the SmartTrack stations; and
- The City will acquire private properties associated with City infrastructure projects that the City plans to procure with the SmartTrack Stations Program (e.g., St. Clair Transportation Master Plan).

Recommendations in this report will allow City staff to expedite the real estate process and transfer any lands required for the implementation of the SmartTrack Stations Program. This report also recommends City Council authorize the Deputy City Manager, Internal Corporate Services to expropriate lands that may be required for Additional City Infrastructure projects and Unidentified Works as described in Appendix 1 to Attachment 1.

City Planning continues to explore station area planning needs and opportunities to help ensure that the station areas mature in a way that is supportive of city-building objectives and the significant public investments being made in rapid transit improvements. Discussions are underway to identify priority locations for potential precinct planning studies and public realm improvements, as well as transit-supportive development and strategic property acquisition. City Planning, CreateTO and Real Estate Services are working with Metrolinx to develop strategies for potential joint development, partnerships, and strategic property acquisition to support common city-building and transit-oriented development objectives. This work could include development integrated into the new stations, which will be dependent on market conditions and appropriate integration with the Metrolinx RER procurement timelines and process.

Procurement

Metrolinx is engaging Infrastructure Ontario to deliver the SmartTrack stations through an Alternative Financing and Procurement ("AFP") method. Under AFP, provincial ministries and/or project owners establish the scope and purpose of a project, while design and construction work is financed and carried out by the private sector.

A Request for Qualifications (RFQ) for the SmartTrack Stations Program was jointly issued by Infrastructure Ontario and Metrolinx on March 29, 2018 and will close in September 2018.

A Request for Proposals (RFP) for the SmartTrack Stations Program is anticipated for release in Q1 2019, with financial close planned for Q1 2020. Construction is slated to begin in 2020, with completion of the stations by 2024/2025.

Metrolinx and the City will continue to work together through the procurement process for the stations and related City infrastructure before the RFP is issued. This joint work includes any further design work and Project Specific Output Specification documents for the SmartTrack Stations Program procurement package. The City will also participate in the review of submission to the RFP, the process for which is outlined in Attachment 1.

1.5 City Infrastructure

The public will benefit from coordinated planning and construction of overlapping capital projects (i) through a shorter period of construction in which one contractor can accomplish multiple tasks; and (ii) due to a lower cost of construction in which one contract will reduce the expense of separate projects tendered at different times. To achieve those benefits, City Council is required to authorize certain actions by staff as set out in this report.

This report recommends Metrolinx include Additional City Infrastructure as set out in Appendix 1 to Attachment 1 in its RFP for the SmartTrack Stations Program as provisional or optional items to be priced separately. The Additional City Infrastructure identified is the St. Clair Avenue West Transportation Master Plan (TMP). Attachment 7 of this report provides an overview of the work to date on the St. Clair TMP. The City will

be given the opportunity to review the price submitted by the AFP Contractor(s) for the St. Clair Transportation Master Plan before determining whether to proceed with the construction of any additional infrastructure projects.

As Metrolinx refines its schedule and finalizes technical design, other City infrastructure may be identified that is impacted by the SmartTrack Stations Program. The City will continue to evaluate opportunities to upgrade its infrastructure and services. This report also requests authority for the Deputy City Manager, Cluster B to identify and approve the construction of other City infrastructure impacted by the SmartTrack Stations Program, subject to key conditions. These "Unidentified Works" are described in Appendix 1 to Attachment 1.

Subject to Council approval, City staff will negotiate a project implementation agreement, as well as any other necessary agreements, in order to advance Additional City Infrastructure with the SmartTrack Stations Program.

2. Regional Express Rail

2.1 Background

In 2015, the Province of Ontario announced a \$13.5 B (2014\$) Regional Express Rail (RER) Program to plan, design, procure and construct RER by 2024-25. RER is a series of complex projects that will bring frequent (i.e., every 15 minutes or better), two-way, all-day service to a vast expanse of the GO rail network, including electrification on five of the seven GO Rail corridors. The Program will see an increase in GO service from 1,500 to 6,000 trains per week.

All seven GO corridors run through the City of Toronto converging at Union Station. As such, a significant portion of the planned RER Program includes work within the City of Toronto. The Program plans to build new tracks, bridges and tunnels, procure new trains, and renew existing infrastructure in order to transform GO frequency and service. The RER Program will also introduce two new GO stations within the City, at Spadina-Front and Bloor-Lansdowne on the Barrie GO Corridor. Bringing RER to the GTHA will provide improved access to regional rapid transit, increase travel options for transit riders, and expand connections to transit networks.

Previous reports to City Council have included updates on the RER Program:

- November 2017, EX29.1, Attachment 3: Metrolinx Update on RER
<https://www.toronto.ca/legdocs/mmis/2017/ex/bgrd/backgroundfile-109251.pdf>
- November 2016, EX19.1 Attachment 3: Regional Express Rail Grade Separations Technical and Planning Update
<https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-97896.pdf>

RER Stations within the City of Toronto

There are currently 19 GO stations within the City of Toronto. An additional eight stations will be added within the City (six SmartTrack and two RER). The City continues to work with Metrolinx to ensure the two new RER stations within the City take into

account the City's objectives and requirements, including consideration of a decking structure in the planning, design, and engineering work of the Spadina-Front station, as to not preclude Rail Deck Park.

As part of Metrolinx's approved Preliminary Design Business Cases (PDBC's) for all new GO stations, Metrolinx also updated five other station concept designs which underwent Initial Business Cases (IBCs) in 2016.¹⁴ Within the City of Toronto, these included Ellesmere, Park Lawn, and St. Clair West (on the Barrie corridor). Through this work, only the Park Lawn station within the City of Toronto resulted in positive benefits that are greater than costs. Metrolinx staff will advance the Park Lawn station to the PDBC stage.

In June 2016, Metrolinx staff were directed by the Metrolinx Board to undertake IBCs for two new stations locations, including one in the City of Toronto at Woodbine-Highway 27. Metrolinx staff will report to its Board on this work in June 2018.

2.2 Status of RER Program Capital Works

RER is being delivered in three “packages” of work, consisting of a set of early enabling works that are currently underway or in procurement, followed by a program of new stations and off-corridor work (e.g., stations and parking) and a program of on-corridor work (e.g., signals, track and electrification) to be procured in late 2018 or early 2019. The Request for Qualifications (RFQ) for both the off-corridor and on-corridor programs were released by Metrolinx and Infrastructure Ontario in March of this year.

On March 29, RFQs were issued for RER and SmartTrack stations. The RFQs outline the scope of work required for both projects, which includes new station buildings or pavilions, trackbed and grading, platforms, new parking, pedestrian access (tunnel or overpass) and public realm improvements. Similarly, on March 29, the RFQ was also issued for procurement of the on-corridor program through a Design, Build, Finance, Operate, Maintain (DBFOM) model.

An update provided by Metrolinx on the early enabling works for RER is provided in Attachment 5.

2.3 Assessment of Potential Impacts to City Infrastructure and Services

A significant portion of the RER infrastructure improvements to facilitate the regional service will be made within the City of Toronto, including work in and around Union Station, the construction of new grade separations, and modifications or replacement of bridges. Metrolinx will also seek to relocate or replace portions of the City's underground infrastructure, acquire some of the City's real estate assets, and cause impacts during and after construction that will be felt by residents and businesses within the vicinity of the seven GO rail corridors. Potential impacts to City infrastructure to allow for increased GO-RER service, may include:

- Necessary upgrades to existing City infrastructure;

¹⁴ http://www.metrolinx.com/en/docs/pdf/board_agenda/20180308/20180308_BoardMtg_Staff_Report_EN.pdf

- Necessary construction of new City infrastructure; and
- Discretionary upgrades to City infrastructure.

City staff will report back to City Council with an assessment of RER impacts to City infrastructure as further details from Metrolinx become available.

Real Estate and Property Impacts

The RER program will have significant property requirements, both private and City-owned. As part of previous Metrolinx projects (e.g., Eglinton Crosstown LRT), City Council approved delegated authorities to City staff and exemptions to by-laws associated with real estate and property disposal. Further due diligence by City staff is required to assess whether the properties requested by Metrolinx would qualify as "RER Excess City Lands".

This report recommends delegated authority to the Deputy City Manager, Internal Corporate Services and the Director, Real Estate Services to approve the disposal to Metrolinx of certain City property, for nominal consideration provided that:

- a) The lands are not required for any current or future City purposes, including redevelopment purposes;
- b) The lands will be used solely to construct and operate RER transit infrastructure;
- c) The lands will be subject to the reservation of easements, as required for City purposes; and
- d) Metrolinx has entered into a real estate protocol with the City, including a permit and approval protocol.

As described above, the City will work with Metrolinx to determine transit-oriented-development opportunities associated with the SmartTrack and RER programs.

In order to give effect to the above recommendation, this report also seeks Council approval to exempt the "RER Excess City Lands" from requirements associated with Toronto Municipal Code Chapter 213, Sale of Real Property, and to authorize the permanent closures of any "RER Excess City Lands" that are public highways and exempt these lands from requirements of Chapter 162, Public Notice. As required under the Municipal Class Environmental Assessment for Schedule "A+" activities, this report seeks City Council approval for City staff to advise the public of proposed closures on the City's website of any RER Excess City Lands that are public highways, prior to implementation.

2.4 Community Impacts

Community Consultation and Engagement

With construction come impacts to the community that must be worked through with residents and elected officials. Working together, staff from the City and Metrolinx endeavour to align environmental assessments (EAs) and other related engagement opportunities and use mechanisms such as Community Advisory Committees (CACs) to ensure meaningful dialogue and consultation. In addition, Metrolinx staff will continue to

provide Councillor's offices project information and local updates in coordination with information that is shared with Members of Provincial Parliament and Members of Parliament. Metrolinx also attends local community fairs and other community engagement opportunities to provide targeted information about local projects. Other engagement that supplements CACs include monthly community meetings, personalized resident visits, and walking tours. The Metrolinx Community Relations team regularly meets with Councillors, MPPs and community representatives.

Whistle and Bell Noise

GO Transit travels throughout Toronto and the region, passing through neighbourhoods and communities, over level crossings and through stations. The locomotives that pull GO trains have limited ability to stop quickly in the event of any vehicles, pedestrians or passengers present on the tracks. The sounding of whistles and bells, which is a common feature of railway operations, provides warning of an approaching train and is an important measure to ensure the safety of communities, residents and customers.

Transport Canada's Canadian Rail Operating Rules (CROR) set out the requirements for train operators to follow related to sounding whistles and bells, including where and when they must be used, and their volume and duration. Operators do not have discretion over their use and excessive use of these devices is prohibited. Metrolinx's rail operations (GO Transit and UP Express) currently follow CROR. Under CROR, whistles must be routinely sounded at all public level crossings by default unless the crossing has been specifically exempted, and bells must be routinely sounded at all station platforms, with no exemption procedure.

As service grows, the frequency and span of the day over which train whistles and bells are sounded also grows, and Metrolinx understands this can trigger community concerns regarding the associated noise. There is an existing procedure that allows municipalities to have routine whistling discontinued at specific level crossings if they feel that would better reflect their community's priorities. Various terms and conditions related to technical feasibility, implementation cost and liability apply. Metrolinx continues to support communities in making their own informed choices about the appropriate balance to strike between public safety risk and community disruption, and has successfully worked with municipalities in the Greater Toronto and Hamilton Area as they have followed this process to discontinue routine whistling.

At public consultations, the issue of increased noise from train bells and whistles and the approach to noise mitigation was heard from the community as a key concern. With respect to bells at station platform locations, Metrolinx is undertaking the following:

- Fleet adjustments: Testing noise levels from bells on GO locomotives and cab cars to confirm how they stand relative to requirements, which will inform if any additional measures can be pursued.
- Operational measures: A review of operational practices that could have an impact on the amount of noise experienced by adjacent communities, including the potential to adjust train speeds arriving and departing at stations and/or whistle and bell ringing practices within the existing rules framework.

- Bell alternatives: Launch of a feasibility study to identify the potential for alternatives to bell ringing at stations that could provide warning of approaching trains without compromising safety. In the event such an approach is identified as technically viable, an alternative regulatory arrangement from existing CROR provisions on bells would also need to be implemented.

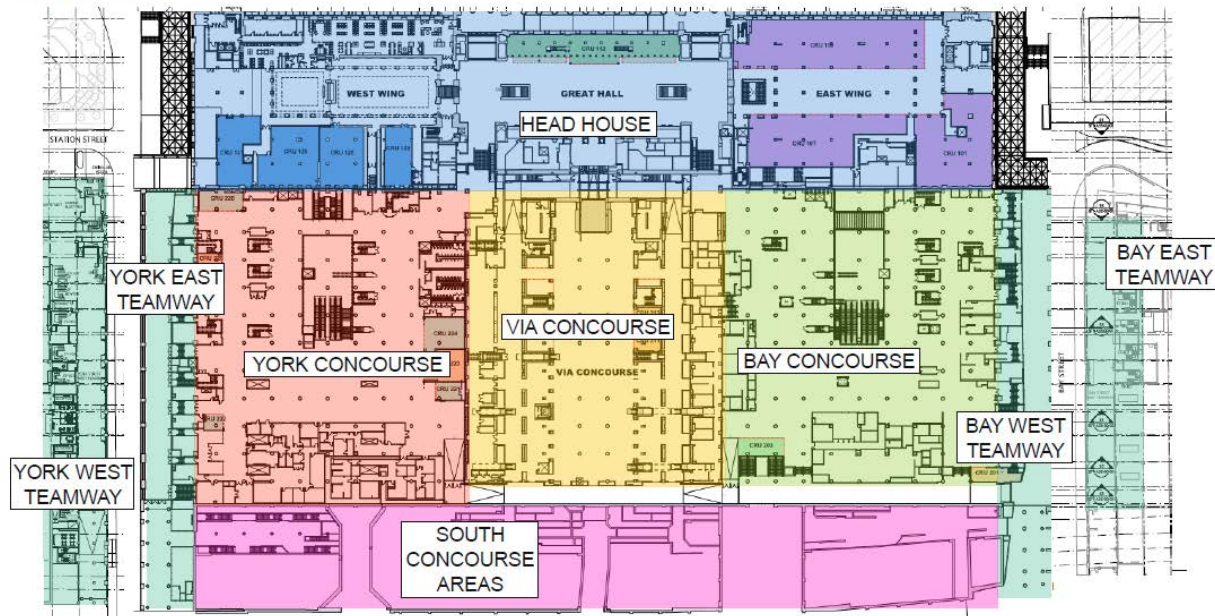
2.5 Union Station Enhancement Project

Union Station Enhancement Project – Phase 1

As part of its Alternative Financing and Procurement (AFP) approach, Infrastructure Ontario (IO) and Metrolinx issued a Request for Qualifications on February 23, 2017 to prequalify project teams that would be interested in responding to a Request for Proposals for the construction of a new rail platform and a new concourse below track level at Union Station under a Design-Build-Finance model. This project is referred to as the Union Station Enhancement Project (USEP), which is part of a program of planned improvements at the Station that are required to support increased service levels and ridership through Union Station. GO RER is expected to increase ridership by 140% over the next fifteen years by expanding the number of trains Union Station is able to accommodate during peak hours from approximately 30 trains to 45-50 trains. USEP is seen as the first step towards that goal. Figure 4 below provides a rendering of the proposed concourse level. Additional renderings from Metrolinx are provided in Attachment 6.

Figure 4. Layout of Proposed South Concourse over Existing Area

OVERVIEW - CONCOURSE LEVEL



On July 18, 2017, EllisDon Infrastructure Transit and Graham Construction Rail Solutions were each prequalified to respond to the RFP for USEP. The first phase of USEP includes realignment of Tracks 13 and 14, the construction of a new platform and

roof structure south of the existing train shed and the construction of a new concourse area south of the existing concourses that will extend across the full width of the Station from the York East Teamway to the Bay West Teamway. The new concourse would constitute a significant expansion of Union Station. The design would include an expanded entrance to the City's new retail level at the southern end of the station. The project cost is currently estimated at approximately \$500 M, with IO and Metrolinx intending to issue an RFP to facilitate an early 2019 construction start. It is expected the project would be completed in early 2022. It is important to note that Metrolinx's USEP is south of Union Station and is separate and distinct from the current work underway as part of Union Station Revitalization Project (USRP) at the York and Bay concourse, which has been reported on several times over previous years.

The City, as a majority owner of Union Station and the property required for USEP, will need Metrolinx (and Infrastructure Ontario, as necessary) to agree to a number of requirements, subject to City Council approvals following negotiations. In broad terms these include:

- Preparation of a survey of the lands included in USEP to determine the extent of City ownership;
- Acknowledgement of the City's property ownership in the RFP and other project documents;
- Agreement on the terms pertaining to the use of the City's property through appropriate easements, leases, licences, and other agreements;
- Key terms of agreements for the commencement and execution of the project, including construction and access agreements that mitigate impacts to City interests, station operations, and tenants/sub-tenants of Union Station, as well as the terms of any amendments to existing agreements that will be impacted by USEP;
- A governance framework and agreement that ensures the involvement of the City throughout the duration of the project;
- Agreement that the City, as a key stakeholder and majority property owner, will be consulted and given the opportunity to have input on all aspects of USEP, including subsequent phases; and
- A commitment from Metrolinx that all direct and indirect costs to the City will be reimbursed by Metrolinx.

Metrolinx is working with the City to address the above requirements. Upon receipt of Council approval to initiate the negotiations, City staff will work diligently to support the work of Metrolinx to advance USEP.

Property Ownership and Property-Related Agreements

A plan of survey needs to be prepared, together with a complete list of the property-related agreements that will need to be amended or created prior to the construction of USEP. The following list, which is not exhaustive, identifies some of agreements that will be impacted:

- Heritage Easement Agreement and Collateral Agreements
- Tenant Leases
- Construction Related Agreements
- Metrolinx Easements and Agreements
- Agreements and Easements with Third Party Partners
- Sponsorship Agreements

Preliminary property sketches provided by Metrolinx indicate that approximately 70% of the land and approximately 60% of the air space required for USEP is owned by the City of Toronto. Legal and surveying work will be required to confirm the stratified ownership of the impacted area. A preliminary estimate of the cost to do the surveying work and to retain external legal counsel to provide real estate law advice and complete the necessary property-related agreements is set out below:

- Legal review of RFP and development of Metrolinx/City of Toronto agreement:
 - Estimate \$300,000 in outside legal fees not including internal City costs
- Initial property boundary survey outlining City interests:
 - Estimate \$20,000-\$50,000 in outside survey costs not including internal City costs
 - Metrolinx proposing to complete this exercise and review with City Staff
 - Timeline of three months

Davies Ward Philips and Vineberg (DWPV) was retained by the City for the purchase of Union Station in 2000 and, in 2007, DWPV was retained for the real estate aspects of the Union Station Revitalization Project (USRP). The retainer for USRP was authorized by Council as a sole source retainer, given DWPV's history and knowledge of the Station. It is recommended that a sole source retainer with DWPV be approved for USEP, at Metrolinx' expense, to ensure that the City has the benefit of experienced legal counsel with extensive knowledge of the Station and its complicated leasing and ownership issues.

It is also recommended that the current retainer with DWPV for USRP (Purchase Order #6025203) be amended by up to an additional \$0.415 M, for a revised total of up to \$3.985 M, excluding taxes to enable DWPV to continue providing legal services and expertise for the negotiation and completion of the necessary agreements required to complete USRP.

Construction Agreement and Construction Related Agreements

At present, the City of Toronto is not identified in the RFP as a participant in the Project Agreement as it is between the successful private sector consortium and the "Contracting Authority" which is collectively IO, as the administering Provincial authority, and the "Owner", i.e., the party that is in a position to contract with the private sector consortium for the structure to be built, to provide access, approvals, directions, etc. Because the City will not be a joint "Contracting Authority", there needs to be an underlying agreement between the City and Metrolinx (and IO, as necessary) that provides the contractual framework for Metrolinx to contract with a private sector

consortium on behalf of both parties. Metrolinx and IO have also agreed to consult with and include the City in the procurement process.

A preliminary estimate of the cost to retain external legal counsel to provide construction law advice and complete the necessary construction-related agreements is set out below:

- RFP review and development of Metrolinx/City of Toronto construction agreement
- Estimate \$250,000 in outside legal fees not including internal City costs

Osler, Hoskin & Harcourt LLP (Osler) have provided the City with construction law support services since the initiation of the RFP for the Stage 1 general contractor/construction manager, the development and refinement of the master contract with the initial contractor, the contract used for the Stage 2/3 construction, ongoing project support to address the various claims that have arisen to date on the file, as well as having carriage of the Stage 1 litigation. It is recommended that a sole source retainer with Osler be approved for USEP, at Metrolinx' expense, to ensure that the City has the benefit of experienced legal counsel with extensive knowledge of the Station Revitalization and its complicated construction law issues.

A preliminary estimate of the cost to vet the initial pedestrian model provided by Metrolinx and to complete due diligence on potential impacts to the existing building, is set out below:

- Third Party review of Metrolinx pedestrian modelling assumptions and conclusions to ensure alignment with existing master plan
- Estimate \$50,000-\$100,000 in third party fees not including internal City costs
- Timeline dependent on results of initial reviews

Arup Canada Inc. has been assisting the City and other revitalization project stakeholders since 2008, undertaking pedestrian flow, modelling and construction coordination analyses. On January 20, 2015, Metrolinx staff agreed with City Planning staff and Arup that any updates to the model would be applied solely by Arup to ensure the integrity of the model. Arup's expertise on this project, together with experience with the stakeholders, including the Air Canada Centre, will also serve to ensure that pedestrian movement into and around the Station addresses not only construction staging challenges, but also influx issues related to the volumes of pedestrian traffic generated by events. For this purpose, it is recommended that the City retain Arup Canada Inc. on a sole source basis, at Metrolinx' expense.

A preliminary estimate of the cost to complete a third party review of Metrolinx' integration strategy, including peer reviews of the proposed mechanical, electrical, and structural designs is set out below:

- Estimate \$100,000 in third party fees not including internal City costs
- Timeline dependent on results of initial reviews

NORR Limited have been the architects and engineers of record on the Union Station Revitalization Project, and have a thorough understanding of the existing building systems within Union Station. In order to mitigate against unwanted integration issues with the newly proposed concourse, subject matter experts are required to provide peer reviews of the detailed design drawings. For this purpose, it is recommended that the City retain NORR Limited on a sole source basis, at Metrolinx' expense.

Northwest PATH – Phase 2

Staff anticipate that RER and USEP will create significant additional demand on Union Station's access points and pedestrian routes. Metrolinx has indicated that it is undertaking a study to understand pedestrian flow and future needs within Union Station. City staff is of the view that if USEP proceeds, it is critical to complete the Northwest PATH (NW PATH) connection to the York GO Concourse in time for the opening of the new south concourse. Completion of the NW PATH extension will play an integral part in flowing passengers in and out of the Station in order to meet the demands of Metrolinx' new service levels.

A Municipal Class Environmental Assessment (EA) study for the NW PATH project was endorsed by City Council on April 28, 2008. The approved route for the NW PATH extended from the west moat of Union Station up York Street to 100 Wellington Street West and 70 York Street and included a combination of cut and cover tunneling and at-grade surface improvements in the pedestrian realm.

During the development of the original EA, GO Transit had indicated that the construction of the NW PATH was critical to the phasing of its operational improvement program, including the opening of the York Concourse. Given that the need for these expanded pedestrian services was, in large part, as a result of GO Transit's improvement program, Metrolinx agreed to enter into a cost sharing agreement with the City, pursuant to which it agreed to contribute 50% of the required construction funding, to a maximum of \$33 M, in exchange for an easement to be granted in favour of Metrolinx over the full length of the tunnel. The approved construction budget for the full extension to Wellington Street was \$66 M.

Phase 1 construction of the NW PATH across Front Street began in Q4 2014 under the supervision of Engineering and Construction Services. This segment of the tunnel was opened to the public in Q2 of 2015 at a cost of \$48.4 M. To date, Metrolinx has reimbursed the City for approximately 50% of the incurred costs.

Due to projected cost overruns, on July 7, 2015, City Council deferred completion of Phase 2 of the NW PATH and directed staff to find an alternative solution and to negotiate with Metrolinx on funding options. In pursuit of a viable solution, an EA Addendum Study was developed to examine and evaluate a number of alternative solutions and designs in order to recommend a new northwest pedestrian connection between Union Station and the existing PATH network in the vicinity of Wellington Street.

The evaluation maintained consistency with the original EA while providing additional technical detail and updated pedestrian modelling assumptions, as well as consultation

with the public, adjacent property owners and review agencies, resulting in a recommended alternative primarily situated below the University right-of-way that focuses on balancing cost with performance (see Attachment 6 – Figure 6). This route will be the subject of an upcoming staff report to City Council for approval in 2018.

Although the recommended route has changed, the need for the NW PATH extension remains essential to alleviating pedestrian congestion concerns for future transit expansion plans. In consultation with Metrolinx, the NW PATH has been identified as a critical project required to support plans for RER.

2.6 City-Metrolinx Coordination

To facilitate timely implementation of the RER program, the City and Metrolinx are establishing principles for City Council consideration on a range of implementation issues. These include, but are not limited to future grade separations; City infrastructure; construction and noise management; traffic management; business impact mitigation; vegetation; public realm; utilities; real estate; permits, licences and approvals; road closures; and other matters as necessary to implement the RER program.

The parties will negotiate terms for agreement(s) necessary for the RER Program to outline roles, relationships, responsibilities, mutual expectations and accountability mechanisms. The current Master Agreement between the City, TTC and Metrolinx on the "Light Rail Transit" projects has been an integral component to the success of the program, and will, in part, be used as a basis from which to frame the necessary agreement(s) for RER. A report to City Council will be brought forward for consideration.

In December 2017, City Council authorized the City Manager to negotiate and execute an agreement with Metrolinx to fund dedicated City staff resources to advance the RER Program. The City has reached agreement with Metrolinx to have 32 temporary dedicated City FTEs, fully funded by Metrolinx to support timely implementation of the RER Program. This report recommends City Council authorize the City Manager to hire a total of 32 temporary dedicated FTEs for the RER Program at a net-zero cost to the City, for a minimum of three years and renewable in subsequent years through agreements with Metrolinx. The reporting structure of FTEs may be subject to future change pending the outcomes of an organizational review of how the City is organized around the transit expansion portfolio.

3. Summary

The report makes 19 recommendations on interrelated programs of work that will transform how heavy rail infrastructure is utilized within the City and region to support mobility. The transformation of the heavy rail infrastructure system in the region is an important step towards the development of an integrated service network. The City and TTC will continue to work with Metrolinx to create opportunities for alignment of the TTC network with the heavy rail system, in addition to considering how the investments in heavy rail integrate with City Council's other transit network priorities—Relief Line,

Waterfront Transit, Scarborough Subway Extension, Eglinton East LRT, and Eglinton West LRT extension.

SmartTrack and RER are both complex programs of work that will require ongoing partnership and coordination with Metrolinx over the next decade and beyond. The scale of investment is transformative and significant in scope and budget, requiring enhanced levels of accountability. The report makes a series of recommendations around the establishment of new legal agreements that clarify governance, respective roles and responsibilities and financial obligations of all parties in order to effectively deliver these programs.

This report marks an important milestone in the SmartTrack Stations Program. An information report will be provided to City Council at financial close, anticipated in 2020, outlining the status of the Program prior to commencement of the construction period.

A further report on RER will be brought to City Council for consideration, seeking where appropriate delegated authorities to support the ongoing timely implementation of RER, and terms for the development of new agreement(s) between the City and Metrolinx. An assessment of impact to City infrastructure and services will also be undertaken and reported to City Council.

Finally, a new organizational model within the City is required including dedicated staff positions to support the implementation of the SmartTrack Stations and RER Program and other transit network expansion priority projects. The City Manager in consultation with the CEO, TTC and relevant divisions will undertake a review of the capacity and the organizational model required to achieve City Council's transit priorities and ongoing work with Metrolinx and the Province.

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ATTACHMENTS

Attachment 1 – SmartTrack Stations Program – Terms & Conditions
Attachment 2 – SmartTrack Stations Program Funding & Financing Strategy
Attachment 3 – New SmartTrack/GO RER Stations – Technical & Planning Update
Attachment 4 – St. Clair Transportation Master Plan
Attachment 5 – Regional Express Rail – Enabling Works Update
Attachment 6 – Union Station Enhancement Project – Phase 1 RFP Renderings