



REPORT FOR ACTION

Supplementary Report - Toronto's Transit Expansion Program - Update and Next Steps

Date: April 16, 2019

To: City Council

From: City Manager

Wards: All

SUMMARY

The report *EX4.1 Toronto's Expansion Program - Update and Next Steps* provides a comprehensive overview of the current status of Toronto's transit expansion program, and seeks City Council direction to advance progress on building the network. The advice is based on a significant level of due diligence completed over the last several years. The report makes recommendations on the City of Toronto's priority transit expansion projects for its allocation of \$4.897 billion in federal funding under the Investing in Canada Infrastructure Program Public Transit Infrastructure Fund Phase 2 ("PTIF2") in order to inform ongoing discussions with the Province of Ontario and Government of Canada. Specifically:

- \$0.660 billion to the Line 2 East Extension (L2EE) project as described in Attachment 2 of EX4.1 – the one-stop extension to Scarborough Centre;
- \$0.585 billion to the SmartTrack Stations Program;
- \$3.151 billion in federal funding for the Relief Line South; and
- \$0.500 billion in federal funding for the Bloor-Yonge Capacity Improvement project.

On April 10, 2019, and in the April 11, 2019 release of the 2019 Ontario Budget, the Province outlined a new transit proposal that included four priorities for the Province, consistent with the letter received by the City on March 22nd, 2019. Specifically, an extended version of the Relief Line ("Ontario Line"), a three-stop L2EE, the Yonge Subway Extension ("YSE"), and a tunneled Eglinton Crosstown West Extension to Renforth. The proposal suggests an estimated cost of \$28.5 billion, with partial funding available through a provincial commitment of \$11.2 billion for the four projects. The 2019 Ontario Budget indicates the Province is seeking \$17.3 billion from other proposed partners, including the City of Toronto and Federal government.

The Ontario proposal does not explicitly address other City priorities such as the Waterfront Transit Network, Eglinton East LRT extension, or the SmartTrack Stations Program. The Province has indicated they will evaluate the Bloor-Yonge Station Capacity Improvement project.

Further information is required to assess the Province's new proposal. The City and TTC have requested further details, and will need to understand on an expedited basis the Province's proposed changes to the scope of the L2EE Project and Relief Line South in particular. Attachment 1 to this report outlines a set of preliminary technical questions provided to the Province in order to evaluate the merits, and potential for the proposal to meet the City and TTC's primary objective of a safe and reliable transit network, in addition to broader city building and growth objectives.

The advice outlined in the April 3rd report EX4.1 from the City Manager has not changed with respect to the City's priorities for PTIF2 federal funding, advancing the specific projects, and the requirement to report back on the funding and financing prior to the 2020 budget process. As outlined in the April 3rd report, further discussion between the Province and City on cost-matching requirements under the ICIP PTIF 2 program and on the rest of the expansion program is still required.

This supplementary report recommends that the City engage the Province in a technical evaluation of their proposal, enter into discussions on cost-sharing, roles and responsibilities and governance, including the reimbursement for costs should transit plans change. A report will be provided back to City Council with an update as soon as practical on the Province's proposed upload of subway extensions and new lines under Ontario's new transit proposal.

If the Province's proposal proves to address the City and TTC's objectives, and the conditions in terms of roles and responsibilities and cost-sharing are satisfactory to City Council, only at that point should the City consider making contributions and/or endorsing the use of the City of Toronto's PTIF2 federal funding allocation to elements of Ontario's new transit proposal.

As part of the 2019 Ontario Budget, the Province announced that it will not move forward with the previous government's proposed changes to the municipal share of provincial gas tax (PGT) funding for public transit (i.e., the doubling from 2 cents to 4 cents per litre). A discussion on the state-of good repair and ongoing operating costs of the existing TTC network will continue to be pursued as part of the required review of funding and governance of transit in Toronto and the region, described as Option Stream 3 in the May 27, 2019 report *EX3.1 Engagement with the Province on Toronto's Transit System – Q12019 Status Report*.

This report was prepared in consultation with the Chief Executive Officer, Toronto Transit Commission.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council authorize the City Manager, in consultation with the Chief Executive Officer, Toronto Transit Commission, to engage the Province of Ontario in order to:

- a. undertake an assessment of the Province's proposed changes to Toronto's transit expansion program described in the 2019 Ontario Budget, and its alignment with the City of Toronto's and Toronto Transit Commission's strategic objectives and priorities, including an assessment of cost, schedule, operational and network impacts, and commercial and technical merits of the proposed changes;
 - b. negotiate principles with respect to cost-sharing, roles and responsibilities, governance, and funding for transit network expansion including but not limited to capital, operating, maintenance and lifecycle maintenance of the new expansion lines, funding requirements for the state of good repair of the existing network, and reimbursement for any sunk costs associated with a change in transit expansion plans; and
 - c. report back to City Council with an update as soon as practical on the proposed upload of subway extensions and new lines under Ontario's new transit proposal outlined in the 2019 Ontario Budget.
2. City Council direct the City Manager to advise the Province of Ontario and Government of Canada that the City of Toronto will endorse the following Provincial priorities under the City of Toronto's allocation of \$4.897 billion in federal funding under the Investing in Canada Infrastructure Program Public Transit Infrastructure Fund Phase 2, subject to the completion of the assessment, identified in recommendation 1, and the City Manager providing a report back to City Council for its consideration:
- d. \$0.660 billion for the Province's proposed three-stop Line 2 East Extension project instead of the one-stop Line 2 East Extension project; and
 - e. \$3.151 billion for the Province's proposed 'Ontario Line' as described in the 2019 Ontario Budget, instead of the Relief Line South.
3. City Council amend Executive Committee Recommendation 6 by deleting the words "Subject to the adoption of Recommendation 4 above".

FINANCIAL IMPACT

Staff are recommending continuing with the Council-approved plan for the one-stop Line 2 East Extension project and the Relief Line South project until an assessment of the Province's proposal has been conducted. This assessment will include a calculation of all sunk costs and throw-away costs for work that can no longer be used due to scope changes introduced by the Province.

If Council approves this direction, work will continue on the Line 2 East Extension as currently scoped until the three-stop proposal has been defined. Work required to determine the scope of the three-stop proposal includes analysis of the transit network plan that would finalize ridership, design requirements and location of the stations, and the number, location and size of bus terminals.

Preliminary Assessment of Cost Impacts

To date, \$182.5 million has been spend on the Line 2 East Extension project. Continued work on the Line 2 East Extension as currently scoped is estimated to be approximately \$7.5-10 million per month. In proceeding with the work, staff will use best efforts to minimize throw-away costs.

The Relief Line South project is at an earlier stage of design compared with the Line 2 East Extension project. The Province's design for the proposed "Ontario Line" appears to use a different technology, build and contracting methodology than the Relief Line South project. Sunk costs on the project are \$15.4 million up to the end of February 2019. Continued work on the Relief Line South as currently scoped is approximately \$3.6 million per month

In order to minimize throw-away costs associated with the Line 2 East Extension and the Relief Line South, the City and TTC will be seeking the Province's support to undertake an expedited assessment of the implications of a change at this stage in the project lifecycle. The City and TTC have been requesting the Province to provide further details on their proposals since last year, including more recently through ongoing correspondence and meetings under the Terms of Reference for the Realignment of Transit Responsibilities.

This report recommends the City seek reimbursement for sunk costs associated with any change in project scope.

Provincial Gas Tax Funding

As part of the 2019 Ontario Budget, the Province announced that it will not move forward with the previous government's proposed changes to the municipal share of provincial gas tax (PGT) funding for public transit (i.e., the doubling from 2 cents to 4 cents per litre).

The cancellation of the additional 2 cents per litre in gas tax funding will result in a loss of \$1.1 billion in funding to the City over 10 years of which \$585 million had already been applied to the TTC conventional state of good repair capital program. The balance of the funding was to be allocated to fund state of good repair projects as identified in the TTC Capital Investment Plan released in January 2019 that were unfunded pending an assessment of the incremental needs, timing, prioritization, dependencies and stage gating of projects for consideration and integration into the City's 2020 Capital planning and budget process and long term fiscal plan.

The City and TTC will take into consideration the impact of the loss of planned PGT funding in ongoing discussions with the Province on cost-sharing, roles and responsibilities on funding the existing transit network.

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

DECISION HISTORY

At its meeting on March 27, 2019, City Council considered *EX3.1 Engagement with the Province on Toronto's Transit System - First Quarter 2019 Status Report* and requested the City Manager to report on the four transit priorities identified by the Province in its letters dated March 22, 2019 and March 26, 2019 and on the potential impact of these priorities. City Council also requested, should the Province of Ontario introduce legislation affecting the City of Toronto's transit responsibilities, the City Manager to report with a comprehensive assessment of the potential risks, liabilities, implications, and seek authority to engage with the Province of Ontario, as may be required.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX3.1>

At its meeting on April 9, 2019, Executive Committee considered *EX4.1 Toronto's Expansion Program - Update and Next Steps* and requested the City Manager to report directly to City Council at its meeting on April 16 and 17, 2019 regarding new information from the Province on transit upload or transit expansion.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX4.1>

COMMENTS

1. Toronto's Transit Network Plan and the Province's Proposal

The City and TTC report EX4.1 provides a comprehensive update on Toronto's transit expansion program. On April 10, the Province introduced its proposed "Transportation Vision" for Toronto, which was included as part of the 2019 Ontario Budget announced on April 12.¹ The provincial proposal identified four priority projects and proposed changes to the scope of three of the projects discussed in the City and TTC's report presented to Executive Committee on April 9, specifically:

- Line 2 East Extension;
- Relief Line South; and
- Eglinton West Light Rail Transit ("LRT") extension.

The Province's proposal also identifies the Yonge Subway Extension as a priority project, but does not address other City of Toronto priority projects such as the SmartTrack Stations Program, the Bloor-Yonge Capacity Improvement, the Eglinton East LRT, or the Waterfront Transit Network. The following sections provide a comparison of the City's plan and the Province's proposal, based on current information.

1.1 Line 2 East Extension

In the 2019 Ontario Budget, the Province has proposed changing the scope of the L2EE project from a one-stop to a three-stop subway extension of the TTC's Line 2 Subway. Table 1 provides a summary comparison of the new proposal against the current plan.

¹ <http://budget.ontario.ca/pdf/2019/2019-ontario-budget-en.pdf>, pp. 64-72

Table 1. Line 2 East Extension Project Comparison Summary

City of Toronto Plan (EX4.1)	2019 Ontario Budget Proposal
Scope Description	
<p>Alignment: 6.2-kilometre extension of Line 2 from Kennedy Station via Eglinton Avenue East, Danforth Road and McCowan Road</p> <p>Station Locations: Scarborough Centre</p> <p>Technology: Current technology used on existing Line 2 (T-1 subway trains); use of existing TTC subway maintenance facilities</p>	<p>Alignment: Extension of Line 2 subway from Kennedy to McCowan and Sheppard (exact alignment to be confirmed)</p> <p>Station Locations: Lawrence East, Scarborough Centre, McCowan (exact locations to be confirmed)</p> <p>Technology: Assumed to be current technology used on existing Line 2 (to be confirmed); maintenance facility to be confirmed</p>
Current Stage in Project Lifecycle	
<p>Phase: Preliminary Design and Engineering - complete April 2019</p> <p>Transit Project Assessment Process ("TPAP"): Notice to Proceed issued in October 2017</p> <p>Procurement Options Analysis: Completed in 2017; proceeding with Design-Bid-Build (DBB) as a result of Infrastructure Ontario advising the City and TTC that they would not be able to provide services in support of the project</p>	<p>Phase: To be confirmed</p> <p>TPAP: Amendment likely required (to be confirmed)</p> <p>Procurement Options Analysis: To be confirmed</p>
Cost and Schedule Estimates	
<p>Cost: \$3.887 B (Class 3, 2018\$)</p> <p>Schedule: First phase (in-service) Q4 2026-Q4 2027; Second phase (completion of bus terminal) Q2 2029-Q2 2030</p>	<p>Cost: \$5.5 B (class and design level to be confirmed)</p> <p>Schedule: 2029-2030 (to be confirmed)</p>

Impact Assessment:

The following areas require further analysis:

- Cost and schedule risk analyses for a three-stop extension;
- Impact of a delay to the decommissioning of Line 3 Scarborough on operational services and reliability, costs, and risk of not being able to extend Line 3 service life;

- Costs and schedule impacts associated with a potential transition in project management lead from the TTC to Province proposed in 2019 Ontario Budget;
- Sunk costs associated with design work on the one-stop L2EE that will not be required under a three-stop L2EE project design;
- Overall impacts to the Scarborough transit network plan;
- Required or desired re-design of Scarborough Centre Station; and
- Other issues to be identified through ongoing discussions with the Province.

The City and TTC have submitted a series of preliminary technical questions to the Province to better understand the proposed changes to the L2EE project (Attachment 1).

Next Steps

This report recommends the City and TTC undertake an assessment of the Province's proposed changes and negotiate principles with respect to cost-sharing, roles and responsibilities, and reimbursement for any sunk costs incurred by the City should the parties agree to change the plan.

As part of the recommended technical assessment, the TTC will assess market capability and develop a work plan to start planning and design for two additional subway stations, in addition to required project planning to transition to a three-stop option. The results of this work will inform the advice to City Council and the TTC Board on the impact of changing direction on the project to cost, schedule and other risks that will need to be managed.

To maintain progress, retain the capacity of the team, and minimize potential throw-away costs, the TTC's project team will focus efforts on design work that can be applied to either a one-stop or three-stop subway design.

Following the technical assessment, understanding of the full cost, schedule operational and network impacts of changing scope, and agreement on roles and responsibilities and cost-sharing, a report will be presented to Council for its consideration. If satisfied, City Council should endorse support for the allocation of \$0.660 billion in federal PTIF2 funding under the City of Toronto's allocation to the proposed three-stop L2EE project.

City staff will also report on principles to guide further discussions with the Province on cost sharing. In 2013, The Province of Ontario agreed to a capped funding contribution of \$1.48 billion (2010\$)² to the project. The City became responsible for incremental costs associated with the change in scope of the project, including sunk costs for the cancellation of the Scarborough LRT. The principles for cost-sharing would need to be reviewed in this context.

Impact to Report Recommendations in EX4.1

The report EX4.1 (recommendation #4) seeks City Council approval to proceed to procurement and construction of the one-stop L2EE subject to agreement from the

² <https://www.toronto.ca/legdocs/mmis/2013/cc/bgrd/backgroundfile-62260.pdf>

Province and finalizing required contribution agreements. There is no authority to proceed to procure and construct the one-stop L2EE project in the absence of all parties agreeing to proceed. A date of May 15, 2019 is identified in the recommendation as a final decision date from the Province.

If the Province does not support the project as currently scoped, the report EX4.1 recommends City and TTC report back on the impacts associated with changing the scope and/or delivery model of the project given that the project is ready to proceed to procurement and construction.

The City recognizes that in the 2019 Ontario Budget, the Province has indicated preference to change the scope of the project to a three stop subway, and the likelihood that the conditions of recommendation 4 in the report EX4.1 being met are unlikely. The report preserves the option recognizing the one stop L2EE project can be procured and constructed immediately.

The City and TTC will proceed to undertake an evaluation immediately on changing to a three-stop per this supplementary report, in order to develop advice for City Council and TTC Board to consider.

1.2 Relief Line South / Ontario Line

In the 2019 Ontario Budget, the Province has proposed redesigning the Relief Line South project from an eight-station subway to an extended freestanding "Ontario Line" using different technology. Table 2 provides a summary comparison of the new proposal against the current plan.

Table 2. Relief Line South / Ontario Line Project Comparison Summary

City of Toronto Plan	Ontario Proposal
Scope Description	
<p>Alignment: 7.4-kilometre subway line along Queen Street, Eastern Avenue, Carlaw Avenue and Pape Avenue; Connects to Line 1 at Queen and Osgoode and Line 2 at Pape</p> <p>Station Locations: Osgoode, Queen, Sherbourne, Sumach, Broadview, Carlaw, Gerrard, Pape</p> <p>Technology: Entirely tunneled; assumed subway trains; Automatic Train Control (ATC); use of existing subway maintenance facilities</p>	<p>Alignment: To be confirmed; 2019 Ontario Budget describes extension north past the planned terminus of Pape Station to a new terminus at Ontario Science Centre and an extension west of Osgoode Station through King and Bathurst to a new terminus at Ontario Place</p> <p>Station Locations: Ontario Science Centre, Flemington Park, Thorncliffe Park, Cosburn, Pape, Gerrard, Leslieville, East Harbour, Sumach, Sherbourne, Queen, Osgoode, Queen/Spadina, King/Bathurst, Ontario Place (to be confirmed)</p> <p>Technology: To be confirmed, including maintenance facilities</p>

City of Toronto Plan	Ontario Proposal
Current Stage in Project Lifecycle	
<p>Phase: Preliminary Design and Engineering - to be complete in Q1 2020</p> <p>TPAP: Notice to Proceed issued in October 2018</p> <p>Procurement Options Analysis: In progress; deliverable required under existing MOU between City/TTC and Metrolinx</p>	<p>Phase: To be confirmed</p> <p>TPAP: Amendment likely required (to be confirmed)</p> <p>Procurement Options Analysis: To be confirmed</p>
Cost and Schedule Estimates	
<p>Cost: \$6.8 B (Class 5, YOES)</p> <p>Schedule: 2031; City and TTC analyzing opportunities to accelerate the project</p>	<p>Cost: \$10.9 B (class and design level to be confirmed)</p> <p>Schedule: 2027</p>

Impact Assessment Required:

The following areas require further analysis:

- Cost and schedule risk analyses;
- Assessment of how much of current work can still be used;
- Sunk costs associated with design work on the current Relief Line technology;
- Ridership analysis to ensure sufficient relief to Line 1 (e.g., can the proposal meet ridership demand with smaller trains; does the north alignment to Eglinton instead of Sheppard provide sufficient relief, etc.) and overall network impacts; and
- Other areas to be identified through ongoing discussions with the Province.

The City and TTC have submitted a series of preliminary technical questions to the Province to better understand the proposal (Attachment 1).

Impact to Report Recommendations in EX4.1

The City is recommending \$3.151 billion of Toronto's PTIF2 allocation be put towards the Relief Line South project as currently scoped in EX4.1. This Supplementary Report recommends that the City consider redirecting the \$3.151 billion in PTIF2 dollars to the proposed "Ontario Line", subject to the outcome of further analysis on the commercial and technical merits of the project and its effect on the overall transit network, to the satisfaction of City Council.

1.3 Eglinton West LRT Extension – Toronto Segment

In the 2019 Ontario Budget, the Province has proposed changing the scope of the Eglinton West LRT extension from an at-grade LRT to put a portion of the extension

underground. Table 3 provides a summary comparison of the new proposal against the current plan.

Table 3. Eglinton West LRT Project Comparison Summary

City of Toronto - Staff Recommended Option	Ontario Proposal
Scope Description	
<p>Alignment: 9-kilometre surface-running extension of Eglinton Crosstown west from Mt. Dennis Station to Renforth Station at Commerce Boulevard ("Toronto Segment")</p> <p>Station Locations: 10 stops: Jane, Scarlett, Mulham, Royal York, Islington, Wincott/Bemersyde, Kipling, Widdicombe Hill/Lloyd Manor, Martin Grove, Renforth</p> <p>Technology: Same technology as on Line 5</p>	<p>Alignment: Extension of Eglinton Crosstown west from Mt. Dennis Station to Renforth Drive; partially tunneled, primarily between Royal York Road and Martin Grove Road</p> <p>Station Locations: To be confirmed</p> <p>Technology: Same technology as on Line 5 (to be confirmed); use of expanded Metrolinx maintenance facility to be confirmed</p>
Current Stage in Project Lifecycle	
<p>Phase: Initiation and Development</p> <p>TPAP: Notice to Proceed issued in 2010 and amended in 2013; further amendment not required for a surface-running LRT as recommended</p> <p>Procurement Options Analysis: Pending; assumed to be informed by Design-Build-Finance-Maintain model consistent with the one used for the Eglinton Crosstown project</p>	<p>Phase: To be confirmed</p> <p>TPAP: Amendment likely required (to be confirmed)</p> <p>Procurement Options Analysis: Ontario Budget 2019 states the project could be delivered using a Design-Build-Finance-Maintain model consistent with the one used for the Eglinton Crosstown project</p>
Cost and Schedule Estimates	
<p>Cost: \$1.8 B (Class 4, 2019\$)</p> <p>Schedule: To be confirmed</p>	<p>Cost: \$4.7 B (class and design level to be confirmed)</p> <p>Schedule: 2030-2031</p>

Impact Assessment Required:

- Cost and schedule risk analyses;
- Review of updated Metrolinx business case analysis;
- Status of Agreement in Principle commitments;
- Overall network impacts of proposal; and
- Other areas to be identified through ongoing discussions with the Province.

The City and TTC have submitted a series of preliminary technical questions to the Province to better understand the proposal (Attachment 1).

Impact to Report Recommendations in EX4.1:

None. The report recommends City Council direct staff to report back to Executive Committee on next steps for the Eglinton West LRT project once Metrolinx and the Greater Toronto Airports Authority have completed the planning and analysis of the full extension from Mount Dennis Station to Pearson International Airport.

1.4 Other Projects in the Ontario Proposal

The 2019 Ontario Budget also contains information about other transit projects and initiatives currently underway. The Budget commits to continuing investment in the GO Expansion Program, including additional infrastructure work along GO corridors and at stations. The 2019 Ontario Budget also commits to the full completion of the Yonge Subway Extension, and estimates it could be in-service by 2029-2030 following the completion of the proposed Ontario Line.

The Province also intends to undertake measures in the immediate term to reduce congestion on Line 1 by better utilizing and promoting the use of the existing Richmond Hill GO line. The Province also indicated it would evaluate the retrofit of the Bloor-Yonge Station, which should be informed by the City/TTC's Bloor-Yonge Capacity Improvement project. Details associated with these projects are unknown.

The Province has also indicated its commitment to an eastern extension of Line 4 Sheppard to connect the existing terminus at Don Mills Station with the future terminus of the Line 2 East Extension at McCowan Station. The Province will begin exploratory work on cost and schedule for this project, with a build date that will follow the completion of the Line 2 East Extension.

1.5 Summary

The 2019 Ontario Budget commits provincial funding of \$11.2 billion to support four priority rapid transit projects with a total preliminary cost estimate of \$28.5 billion (\$26.7 billion for the four projects plus \$1.8 billion which is unallocated). The balance of \$17.3 billion is assumed to come from federal and municipal sources (i.e., City of Toronto and York Region).

The 2019 Ontario Budget suggests potential funding sources, including:

- The City of Toronto's \$4.897 billion allocation under the Federal Public Transit Infrastructure Fund Phase 2 (PTIF2) could be used for eligible subway projects;
- Ontario's \$2.25 billion federal funding allocation under the ICIP Green Infrastructure Stream of the federal Investing in Canada Infrastructure Plan could be reallocated to the PTIF2 Stream, a figure which represents the full remaining federal allocation under the ICIP Green Infrastructure Stream; and
- The Budget also assumes the City of Toronto will make project specific contributions of:

- \$1 billion (to be adjusted for inflation) to the L2EE project; and
- A contribution to the Eglinton West LRT extension.

Contributions from federal and municipal partners are not confirmed.

Table 4. Overview of the Province's Four Priority Rapid Transit Projects

Projects	Preliminary Cost Estimate¹
Extended Relief Line ("Ontario Line")	\$10.9 B ²
Line 2 East Extension – three stops	\$5.5 B
Eglinton West LRT Extension – Toronto Segment	\$4.7 B
Yonge Subway Extension	\$5.6 B
Sub-Total	\$26.7 B
Additional - Unidentified	\$1.8 B
Total	\$28.5 B
Notes: (1) Cost estimate classifications and assumptions behind costs unknown. (2) Subject to market bids.	

The Province has committed to provide a technical briefing in the next week on the new transit plan. Once more detailed information is provided by the Province, this report recommends an evaluation be undertaken to assess the impacts to each individual project, and also from a network perspective. City and TTC staff will report back to City Council and the TTC Board on an expedited basis.

2. Provincial Gas Tax Funding and the TTC's Capital Investment Program

Introduced in 2004, the Provincial Gas Tax (PGT) program currently transfers 2 cents per litre of PGT revenues to municipalities to expand and improve public transit systems. The program was phased in over time, and in 2013 legislation was passed that permanently dedicates a portion of annual PGT revenues to municipalities.

Municipal allocations change annually, and are determined using a provincial allocation formula based on transit ridership (70% weighting) and population (30% weighting). Revenues must be used to support municipal public transportation expenditures above municipal baseline spending. From 2004 to 2018, the City received roughly \$2.3 billion which has been invested in the operating and capital requirements of the TTC.

In December 2016, as part of *EX20.2 The City of Toronto's Immediate and Longer-term Revenue Strategy*,³ City Council requested the Province to allow the City to implement road tolls on roads under the jurisdictional ownership of the City along with other legislative and regulatory reforms.

Subsequently, on January 27, 2017, the Province rejected the City's request, stating that revenue-generating measures such as municipal road tolls would not be approved until reliable transit options are available to commuters. At the same time, the Province announced that the PGT program would be enhanced by doubling the municipal share from 2 cents per litre to 4 cents per litre. The Province had committed to increasing PGT funding from 2 cents per litre to 2.5 cents per litre in 2019-2020, to 3 cents per litre in 2020-2021 and to 4 cents per litre in 2021-2022.⁴

As part of the 2019 Ontario Budget, the Province announced that it will not move forward with the previous government's proposed changes to the municipal share of gas tax funding for public transit (i.e., the doubling from 2 cents to 4 cents per litre).

The cancellation of the additional 2 cents per litre in gas tax funding will result in a loss of \$1.1 billion in funding to the City over 10 years of which \$585 million had already been applied to the TTC conventional state of good repair capital program. The balance of the funding was to be allocated to fund state of good repair projects as identified in the TTC Capital Investment Plan released in January 2019 that were unfunded pending an assessment of the incremental needs, timing, prioritization, dependencies and stage gating of projects for consideration and integration into the City's 2020 Capital planning and budget process and long term fiscal plan.⁵

The City and TTC will take into consideration the impact of the loss of planned PGT funding in ongoing discussions with the Province on cost-sharing and roles and responsibilities on funding both the existing transit network and expansion projects.

Table 5. Toronto Provincial Gas Tax Allocations 2018-2027

Budget Year	Cents/Litre Shared	Toronto Allocation (\$M)	Incremental (\$M)
2018	2.0	166	(5)
2019	2.0	194	24
2020	2.5	236	64
2021	3.0	307	136
2022-2027 (per year)	4.0	327	157
Total 2019-2027			1,162
<u>Note:</u> Budgeted base PGT allocation \$171 M (2 cents/litre)			

³ <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.2>

⁴ <https://news.ontario.ca/opo/en/2017/01/ontario-providing-more-transit-funding-for-cities-and-towns-across-province.html>

⁵ <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX2.5>

3. Toronto-Ontario Transit Responsibilities Realignment Review

The 2019 Ontario Budget includes a section (p. 64) on the status of the "Upload" of the TTC subway infrastructure and proposes that the subway upload will be completed in two parts:

1. Legislation will be introduced in the spring session to upload responsibility for all subway extensions and new lines, including the ones listed in Ontario's "Transportation Vision".
2. Discussions will continue between the City and Province under the Terms of Reference to determine how to best accomplish the upload of the existing network, with further legislation envisioned for 2020.

The Province has indicated that it will take a "leadership role" in the delivery of the expansion projects through Metrolinx and Infrastructure Ontario, assuming responsibility for planning, design and delivery of these projects.⁶ The Province has suggested that ownership of the subway network will allow the Province to amortize its capital contributions to projects, while acknowledging that this is subject to the confirmation of the accounting impacts by the Auditor General of Ontario.

The Province has also introduced amendments to the *Public Transportation and Highway Improvement Act* that will allow the Minister of Transportation to appoint inspectors "for the purpose of inspecting, auditing, examining, assessing and evaluating transit infrastructure assets held by or on behalf of the Toronto Transit Commission (TTC) or the City of Toronto" (2019 Ontario Budget, p. 343).

Inspectors will be empowered to enter City/TTC premises, without notice during hours of operation, and be permitted to undertake tasks such as examining assets, questioning persons, taking photographs, conducting tests, requiring the production of records, or observing the activities of employees, officers or agents.⁷ Should the City or TTC, in the opinion of the Minister of Transportation, be seen to not comply with requests from an inspector, "the Minister may apply to the Superior Court of Justice for an order directing the City of Toronto or the Toronto Transit Commission to comply with the inspector's request."⁸ These powers will come into effect when the Budget receives Royal Assent.

Future discussions with the Province will focus on understanding and assessing the Province's proposed changes to the City's transit network program, and negotiating terms regarding governance, roles and responsibilities, and cost-sharing arrangements that uphold the City's priorities and strategic objectives and result in the cost-effective and efficient delivery of transit expansion projects.

⁶ <https://www.toronto.ca/legdocs/mmis/2019/cc/bgrd/backgroundfile-131252.pdf>

⁷ 2019 Ontario Budget, Amendments to Public Transportation and Highway Improvement Act. <https://www.ola.org/en/legislative-business/bills/parliament-42/session-1/bill-100#BK56>

⁸ Ibid.

Prior reports to City Council have identified the need for a review of transit governance and sustainable funding for transit in the City and region. This is consistent with Option Stream 3 of the Terms of Reference.

Discussions with the Province related to assessing the proposed changes to the City's transit expansion program need to occur concurrently with an assessment of option stream 3, including the required changes to funding and governance of transit in Toronto and the region. This assessment will include public consultation as described in the May 27, 2019 report *EX3.1 Engagement with the Province on Toronto's Transit System – Q12019 Status Report*.

CONTACT

Gary Downie, Chief Transit Expansion Officer, TTC
Email: gary.downie@ttc.ca, Tel: 416-590-6218

Joe Farag, Executive Director, Corporate Finance
Email: Joe.Farag@toronto.ca, Tel: 416-392-8108

James Perttula, Director, Transportation Planning, City Planning
Email: James.Perttula@toronto.ca, Tel: 416-392-4744

Karen Thorburn, Project Director, Corporate Initiatives, Strategic and Corporate Policy
Email: Karen.Thorburn@toronto.ca, Tel: 416-392-2720

SIGNATURE

Chris Murray
City Manager

ATTACHMENTS

Attachment 1 – Preliminary Technical Questions for the Province
Attachment 2 – Ontario Transit Map from 2019 Ontario Budget

ATTACHMENT 1

PRELIMINARY TECHNICAL QUESTIONS FOR THE PROVINCE

Transit Planning and Design

The following questions apply to all four transit projects identified in the transit proposal outlined in the 2019 Ontario Budget.

1. At what stage in the project lifecycle is each project, relative to either the City/TTC project lifecycle map (in EX4.1) or the Metrolinx Benefits Management Framework?
2. Is Metrolinx preparing a business case analysis for each project in the new Ontario plan? If so, when will these be reported to the Metrolinx Board?
3. What level of design was used to develop the cost estimate and schedule for each project?
4. What is the cost and schedule estimate classification for each project?
5. What is included in each cost estimate (e.g., financing, property acquisition, escalation, operating, maintenance, fleet, maintenance and storage facilities, etc.)?
6. Who prepared the cost estimates? Have they been peer-reviewed/validated by a third party?
7. Have operating cost estimates been prepared for each project?
8. What are the ridership projections for each project for each of the following:
 - a. Peak point demand
 - b. Weekday demand
 - c. New riders
9. What input assumptions were used in the modelling work with respect to the following:
 - a. Forecast year (e.g., 2031, 2041);
 - b. Population and employment growth;
 - c. Land use assumptions;
 - d. Service integration with TTC surface transit;
 - e. Proposed service plan(s);
 - f. Capacity of transit lines and proposed transfer stations;
 - g. Fares; and
 - h. Other planned network improvements (e.g., SmartTrack Stations Program, Waterfront Transit Network, Line 1 Capacity Improvements, Eglinton East LRT, GO Expansion, Durham-Scarborough BRT, etc.)
10. What are the impacts on the City/TTC transit network resulting from these projects?
11. What existing planning and design work can be used for each of the proposed projects? Has an assessment been undertaken yet?
12. Do you anticipate new TPAPs or amendments being required to approved TPAPs? If so, what is the expected timing on this?
13. With respect to "transit-oriented development" and seeking private sector investment, what assumptions are being made with respect to compliance with the City's Official Plan policies and guidelines?
14. What is the Province's plan for public consultation?

15. Will the proposed lines meet the requirements of NFPA 130 and the Ontario Building Code?
16. Will the accessibility features for the proposed vehicles and infrastructure be consistent with those used by TTC?

Project Delivery

17. What assumptions were made with respect to procurement?
18. Has a procurement options analysis been conducted for each project?
19. What are the anticipated property impacts (including City property and private property)?
20. What is the timeline for going to procurement for each project? At what stage of design will the project be tendered?
21. Has an assessment of impacts on City infrastructure been undertaken (e.g., roads, bridges, water mains, public realm, etc.)?
22. Has an assessment of construction-related impacts been undertaken as part of the preliminary planning and design? What about impacts on community, businesses, traffic congestion, noise, etc.? If not, when will this occur and be factored into decisions on build methodology, procurement, and a program for business and community supports?
23. Will the Province adhere to City permits and approvals, per the practice under the LRT Master Agreement?
24. Do the project schedules factor in risks associated with current market capacity to undertake all projects concurrently? What approach will be taken to prioritizing projects should the market not allow for all projects to proceed concurrently?
25. How will the Metrolinx "market-driven approach" apply to these projects? Have any private sector partners been engaged on any of these projects to date?

Project-Specific Questions

Relief Line / Ontario Line

26. For the segment of the Ontario Line between Pape and Osgoode, are the proposed alignment and stations/stops the same as the current plan for the Relief Line South?
27. With respect to the new technology proposed for the Ontario Line, please clarify the following:
 - a. Type, number length and weight of trains
 - b. Depth and diameter of the tunnel
 - c. Whether the design will achieve a 90-second headway or better
 - d. The carrying capacity of the technology
 - e. Whether the technology has been proven to perform under similar climate conditions experienced in Toronto
28. If the approach is to have the market define the technology, what requirements are being included in the PSOS document? How were these requirements defined in order to determine an estimate of \$10.9 B?
29. Are you building the line to a budget of \$10.9 B or are you building a line with a defined scope of work?

30. What is the proposed build methodology along the various segments of the alignment? What elements of the alignment are tunnelled, at-grade or elevated?
31. Are existing GO tracks/corridors being used as part of the alignment?
32. Are the tunnelled stations mined or cut-and-cover construction?
33. Does your proposal include for the diversion of the Enwave energy system?
34. What geotechnical analysis has been undertaken, particularly in the areas north and west of the current Relief Line South PDE work?
35. Has the planning analysis taken into account current plans for SmartTrack Stations and the Waterfront Transit Network?
36. Has the design taken into account necessary facilities for passenger transfers to and from TTC buses and streetcars?
37. How were the proposed alignment and the station stops identified in the 2019 Ontario Budget map (p. 68) determined? Is this still preliminary?
38. What are the configuration of the bridges proposed over the Don River, both at the south end near Eastern Avenue and farther north near Thorncliffe Park? What are the proposed elevations, grades, locations of tunnel portals, etc.?
39. What are the proposed interfaces and plans for surface transit at each station location to ensure multi-modal integration of the network and achievement of Line 1 relief objectives?
40. Where will the maintenance and storage facility (MSF) be located?
41. Has a cost-benefit analysis been undertaken that suggests a separate MSF facility from the Greenwood Yard is preferable?
42. Given the proximity of the Ontario Science Centre to the flood plain of the Don River, are flood control measures included in the scope or cost estimate?

Line 2 East Extension

43. What assumptions have been made related to the re-design of Scarborough Centre Station if it is no longer a terminus?
44. Has the design taken into account necessary facilities for passenger transfers to and from TTC buses and streetcars?
45. What are the bus-bay requirements at each station?
46. What assumptions have been made related to extending the life of Line 3 Scarborough (RT) and supplementary bus service?
47. Does the cost estimate include or not include Automatic Train Control (ATC) implementation on Line 2?
48. Has the province undertaken a comparative analysis of the requirements for a station at Lawrence East given the current plan for a SmartTrack station at Lawrence?
49. What assumptions about the Scarborough transit network have been made with respect to Sheppard East Extension, SmartTrack Stations, GO Expansion, Eglinton East LRT to UTSC and to Malvern Centre, etc.?
50. Is the McCowan station proposed to be an interchange with the proposed future Sheppard East Extension or a direct connection? What intersection on the McCowan alignment is the McCowan station (i.e., Sheppard and McCowan)?
51. Is the project completion date of 2030 for L2EE for revenue service only, or does that include demolition of Line 3 Scarborough (RT)?

Eglinton West LRT

52. How many stations are proposed and where are they located?
53. Will the service levels and fare be comparable to the Eglinton Crosstown LRT?
54. Has the design taken into account necessary facilities for passenger transfers to and from TTC buses and streetcars?
55. Metrolinx has previously recommended an at-grade LRT for the Eglinton West LRT; what new information has Metrolinx considered that supports a tunneled option?
56. City analysis shows that a significant portion of the congestion along Eglinton Avenue West is caused by the configuration of highway ramps in the area and constrictions on the 401. What concurrent work does the Province propose to mitigate traffic congestion at Martin Grove Rd and Eglinton Ave W?
57. The \$4.7 B estimate in the 2019 Ontario Budget (p. 71) is for an extension to Renforth Drive to be delivered by 2030-31.
 - a. What is the timing for the extension from Renforth to Pearson post 2030-31?
 - b. What is the timeline for concluding the planning analysis on the Airport Segment of the LRT?
 - c. Will Metrolinx be conducting an updated business case for the full alignment from Renforth Station to Pearson International Airport?
58. What is the timeline for completing the PDE phase of work for the Eglinton West LRT Toronto Segment?

Sheppard East Extension

59. How will the Province advance work on the proposed extension of Line 4 (Sheppard) to McCowan?
60. What is the status of the confirmed funding for the Sheppard East LRT?
61. What technology is proposed for the rapid transit line east of McCowan? What will this change of plans mean for the approved Conlins LRV Maintenance and Storage Facility?

ATTACHMENT 2

ONTARIO TRANSIT MAP FROM 2019 ONTARIO BUDGET

