

## SMARTTRACK STATIONS PROGRAM TERM SHEET

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### 1. Definitions

- 1.1. Additional Infrastructure – City infrastructure projects outside the scope of the SmartTrack Stations Program that the City requests to be coordinated with the SmartTrack Stations Program in order to manage interfaces and support coordinated construction.
- 1.2. Base Station Infrastructure – The basic station components of the SmartTrack stations, as contemplated by Metrolinx and the City jointly, that are required to implement a station that operates to meet GO service levels.
- 1.3. City-Initiated Station Requirements – Infrastructure requirements above the Base Station Infrastructure integrated into the design of the SmartTrack Stations that the City requires to better serve the communities surrounding the SmartTrack Stations and address the conditions of Toronto's urban context recognizing that station access in these communities by TTC services, walking and cycling will require additional connections and entrance points.

### 2. Scope of Program

- 2.1. The SmartTrack Stations Program (the "Program") will consist of Base Station Infrastructure and City-Initiated Station Requirements for each of the following five SmartTrack Stations (the "Stations"):
  - 2.1.1. Finch-Kennedy;
  - 2.1.2. King-Liberty;
  - 2.1.3. St. Clair-Old Weston;
  - 2.1.4. Bloor-Lansdowne; and
  - 2.1.5. East Harbour.

### 3. Program Budget

- 3.1. The total capital budget of the Program is up to \$1.463 Billion (inclusive of both \$1.195 Billion for Base Station Infrastructure and \$268 Million for City-Initiated Station Requirements), which total consists of all Station-related capital costs, including without limitation the costs for planning, design, capital financing, risk, contingency, escalation, project management, and property acquisition (the "Program Budget").
- 3.2. Subject to section 7, the City will fund the Program Budget (up to \$1.195 Billion for Base Station Infrastructure, and up to \$268 Million for City-Initiated Station Requirements).
- 3.3. The Province will not fund any portion of the Program Budget.

- 3.4. Any requested enhancements to the Program beyond the overall Program Budget will be jointly determined by the Province and the City, and will be funded by the party that requests the enhancement (i.e., the Province, the City (as part of Additional Infrastructure) or private third parties).
- 3.5. Any underspending of the Program Budget, including savings that may result from lower bid cost, proposed savings that may result from further design development, unspent proceeds from the sale of real estate interests acquired through the Program Budget and any other underspending of the Program overall, will be returned to the City.
- 3.6. The City and the Province will work together to manage the Program Budget by implementing upon mutual agreement such cost mitigation measures as may be required, such as value engineering, de-scoping and using station-specific and Program contingencies, but in any event, prior to committing funding in excess of the Program Budget.

#### **4. Roles and Responsibilities**

##### 4.1. The Province will be responsible for:

- 4.1.1. Delivering the Program within the Program Budget;
- 4.1.2. Engaging with the City to plan the use of the Program Budget prior to its commitment, and being accountable for expenditure of the Program Budget in consultation with the City;
- 4.1.3. Establishing predetermined design milestones prior to which the City will be consulted in accordance with section 4.2.2;
- 4.1.4. Providing the City with immediate notice of any shortages in the Program Budget as soon as the possibility of any such shortage is identified;
- 4.1.5. Submitting proposals for mitigation measures to the City for joint consideration and resolution where Program Budget shortages are anticipated in accordance with section 3.6;
- 4.1.6. Implementing specific mitigations measures (e.g., de-scoping) that are jointly determined with the City in accordance with section 3.6;
- 4.1.7. Providing the City with a Level 2 Program schedule, setting out key Program details and milestones;
- 4.1.8. Monitoring and managing the Program scope, Program Budget and Program schedule through coordination with the Ontario-Toronto Transit Coordination governance framework; and
- 4.1.9. Meeting its obligations under this Term Sheet either directly or through Metrolinx, its agent.

##### 4.2. The City will be responsible for:

- 4.2.1. Identifying Program requirements for the City-Initiated Station Requirements for inclusion in procurement documentation;
- 4.2.2. Reviewing station designs at predetermined design milestones and assisting the Province in evaluating bids; and

4.2.3. Making payment from the Program Budget to the Province for incurred capital costs of the Program at the milestones agreed to pursuant to section 6.

4.3. The Province and the City will be jointly responsible for:

- 4.3.1. Continuing to engage and collaborate throughout the design, procurement, construction, delivery and operation of the Program;
- 4.3.2. Engaging throughout the procurement process, including through the development of procurement documentation and through the technical evaluation of submissions; and
- 4.3.3. Engaging on the technical and non-commercial local site requirements related to Transit-Oriented Development/Transit-Oriented Communities ("TOD/TOC") opportunities, while ensuring due consideration for City initiatives that are planned in the vicinity of the identified Stations.

## **5. Additional Infrastructure**

5.1. Additional Infrastructure requested by the City will be incorporated into construction of the Program, where possible, as provisional or optional items for which separate competitive pricing is to be provided, or following award of the project agreement through the variation procedure, and with which the City can determine if it wishes to proceed in accordance with the following conditions:

- 5.1.1. A timeframe for when a decision regarding the inclusion of the Additional Infrastructure in the Program is required will be defined;
- 5.1.2. The City and the Province will review the price submitted by the bidder or contractor for the Additional Infrastructure, in line with the roles and responsibilities outlined in section 4.1 and 4.3 above, to determine if the price is fair and reasonable and, in evaluating that price the City has the right to request a review of the price using an independent reviewer; and
- 5.1.3. Further specific agreements with respect to the Additional Infrastructure between the City and Province may be required at time of approval.

5.2. The final price of the Additional Infrastructure will reflect the market price in the winning bid or the variation cost in accordance with the variation procedure noted in the project agreement, as applicable. The City will be responsible for the costs of the Additional Infrastructure and all City payments towards such infrastructure will be in addition to the Program Budget. The Province will not be responsible for any costs associated with Additional Infrastructure.

5.3. As an Additional Infrastructure item, the City will request the Province to incorporate the St. Clair Transportation Master Plan in its procurement for the St. Clair-Old Weston Station.

## **6. Payment**

6.1. The Province and the City will agree to Program milestones at which the City will make payment from the Program Budget for incurred Program costs to the Province, based on the following principles:

- 6.1.1. Milestones will be based on station construction progress or, where the Province has entered into TOD agreements, will be based on the commercial structure of such agreements, as applicable;
- 6.1.2. The milestones will be established so as to minimize the period of time during which the Province must carry Program costs; and
- 6.1.3. Prior to the City remitting a milestone payment to the Province, the Province will provide supporting documentation to the City to substantiate that the milestone has been reached, and the achievement of the milestone will be verified by an independent third-party verifier.

## **7. Federal Funding**

7.1. The Province will continue working closely with the City to secure \$585 Million in federal funding through the Investing in Canada Infrastructure Program (ICIP) – Public Transit Stream towards the Program, which will offset the City's contribution to the Program Budget. The City and Province will seek confirmation of federal funding prior to the issuance of the Request for Proposals (RFP) for the Program. The City's commitment to fund the Program Budget is subject to confirmation of the full amount (\$585 Million) of federal funding for the Program by the Government of Canada.

## **8. Real Estate**

8.1. The Province will acquire all real estate interests required for delivery of the Program through the Program Budget. The City will not have any interest in any severable air rights to be acquired for the Program. Any proceeds realized from the sale of air rights severed from property or other real estate interests acquired through the Program Budget will be returned to the Program Budget.

8.2. For City-owned real estate interests required for the Program, the City will transfer to the Province the rights required for the development of the site at nominal value by way of site-specific agreement or pursuant to further agreements. Acquisition of City-owned real estate will be backstopped (as necessary) by expropriation.

8.3. All transactional costs arising from the transfer of such interests will be recovered from the Program Budget, including land transfer tax.

8.4. In the event the Program does not proceed, any real estate interest acquired through the Program Budget will be transferred to the City in the condition that such interest was originally received.

8.5. The Province will acquire all real estate interests required for delivery of Additional Infrastructure using funds drawn from applicable City budgets, after which the Province will transfer those interests to the City at nominal value by way of a site-specific agreement or pursuant to further agreements.

## **9. Transit-Oriented Development/Transit-Oriented Communities**

9.1. The Province will act as the singular commercial interface with third parties for TOD/TOC negotiations. All benefits resulting from any TOD/TOC in the vicinity of the Stations will be accrued to the City based on the principle that the City, as the primary funder of the transit infrastructure, should benefit from the TOD/TOC value created.

9.2. The Province will:

9.2.1. Pursue TOD/TOC opportunities while ensuring due consideration for City initiatives that are planned in the vicinity of the identified Stations in a manner consistent with the Ontario-Toronto MOU on TOD; and

9.2.2. Engage the City on these opportunities, per the Ontario-Toronto MOU on TOD, including by sharing information with the City regarding TOD/TOC negotiations and negotiated benefits.

9.3. The East Harbour SmartTrack Station is being delivered as a TOD/TOC development that will encompass the East Harbour lands and will be further addressed through a supplemental separate agreement. Any other Stations being delivered as a TOD/TOC development will similarly be the subject of further supplemental agreements.

## **10. Ownership, Operations and Maintenance**

10.1. The Province will own the Stations.

10.2. The Province will pay all operating and maintenance costs and all lifecycle maintenance costs associated with the Program.

## **11. Program Revenue**

11.1. The Province will retain all revenue (farebox and non-farebox) from the Program.

## **12. Fares**

12.1. Fare setting for the Program will be considered in the broader context of regional fare integration.

12.2. The Province will continue to engage the City, TTC, and other municipal partners to develop the regional fare integration framework and associated measures to ensure a seamless travel experience throughout the broader region.

### **13. Dispute Resolution**

13.1. Disputes between the Parties regarding the Program will be resolved in accordance with the Ontario-Toronto Transit Coordination governance framework in place for other transit expansion programs between the City, Metrolinx, the Province, Infrastructure Ontario and the TTC.

### **14. Service Concept**

14.1. Program service levels will be the same as the planned GO Expansion-level service for the corridors in which the Stations reside, with a minimum service level of two-way, 15-minute frequency commencing upon full implementation of GO Expansion service, with more frequent service to be determined on a market-led basis and subject to ridership demand.

### **15. Ontario-Toronto Agreement in Principle – Section 2 ("Regional Express Rail")**

15.1. Subsection 2.1 ("GO Transit Growth Related Capital Costs") of the Agreement in Principle will be modified as follows:

15.1.1. The bullet that reads "the two new GO RER stations located at Spadina and Bloor-Lansdowne" will be replaced with one that reads "the GO Expansion station located at Spadina-Front and any other new GO Expansion stations being built in Toronto".

### **16. Further Agreements**

16.1. In respect of the Program, formal detailed agreements consistent with this Term Sheet, including a Master Agreement in respect of the Program, will be negotiated and entered into between the City and either the Province or Metrolinx or both.