

ATTACHMENT 1

LINE 5 – EGLINTON OPERATING AND FUNDING: TERM SHEET

SCHEDULE A – OPERATING TERMS

Term Sheet Schedule A will form the foundation of the operating terms to be included in a detailed Train Operating and Funding Agreement (TOFA) for Line 5 - Eglinton, to be negotiated and executed between the City of Toronto (the City), the Toronto Transit Commission (TTC) and Metrolinx (the Parties). Metrolinx's Project Company (ProjectCo), i.e. Crosslinx Transit Solutions (CTS), will perform all maintenance of Line 5 - Eglinton in accordance with the terms of the Project Agreement between Metrolinx and CTS.

Item	Issue	Term
1	Control and Operation	<p>As the Operator of Line 5 - Eglinton, the TTC shall:</p> <ul style="list-style-type: none"> • Operate Line 5 - Eglinton service at all times in the safest manner possible and in full compliance with all Applicable Laws and Operator practices, policies, procedures and programs applicable to the Operator. • Operate Line 5 - Eglinton System at the Service Level(s) for each Contract Year as set out in the Operations Service Plan or as the TTC and Metrolinx agree to. • Work co-operatively with Metrolinx if any major, medium or minor changes are required to the service level(s). • Perform Train Dispatch and operate LRVs. • Provide replacement bus service during disruptions to regular service. • Comply with the LRT Rules and Standard Operating Procedures (SOPs). • Develop LRT Rules and SOPs in co-operation with ProjectCo. • Attend and participate in the Rules and Training Committee, and jointly approve changes to the LRT Rules & SOPs.
2	Safety & Security	<p>As the Operator of Line 5 - Eglinton, the TTC shall:</p> <ul style="list-style-type: none"> • Have governing and paramount authority for all matters of security on or relating to Project Co System Infrastructure, with the exception of Eglinton Maintenance and Storage Facility. • Be the controlling authority responsible for managing access to Project Co System Infrastructure, with the exception of Eglinton Maintenance and Storage Facility. • Control egress or evacuation of Passengers and workers from Project Co System Infrastructure when an Emergency is declared, in accordance with applicable Plans. • Be the single controlling authority for the management of emergency incidents.

		<ul style="list-style-type: none"> • Cooperate with ProjectCo in the management of safety, security and Emergency Preparedness on ProjectCo System Infrastructure. • Identify and mitigate risks to safety and security. • Attend and participate in Safety and Security Management Committee. • Conduct Investigations of safety accidents and security incidents, in accordance with applicable Plans. • Undertake tests and exercises of Emergency Preparedness in accordance with applicable Plans and participate in annual joint tests and exercises of Emergency Preparedness with Project Co, GO Transit, UP Express, Emergency Services and other affected third party Stakeholders. • Enforce TTC By-Law #1. • Provide revenue protection.
3	Customer Service	<p>As the Operator of Line 5 - Eglinton, the TTC shall:</p> <ul style="list-style-type: none"> • Provide good and continuously improving customer service in the performance of Operator Services. • Extend its customer and passenger policies to Line 5 - Eglinton and Line 5 - Eglinton passengers and customers. • Extend customer services already in place on the existing TTC network to Line 5 - Eglinton. • Provide public address updates and Emergency instructions to System Users on Trains and at Stations and Stops. • Maintain a record of all public enquiries, complaints and communications. • Extend the existing lost and found services already in place on the existing TTC network to Line 5 - Eglinton. • Engage a third party to conduct annual service satisfaction surveys.
4	Co-ordination with the Maintainer	<p>As the Operator of Line 5 - Eglinton, the TTC shall:</p> <ul style="list-style-type: none"> • Work with Project Co and Metrolinx in order to achieve a common objective of delivering a safe, secure, reliable, and efficient transit service. • Coordinate maintenance related activities through the OCC with ProjectCo. • Establish a Maintenance Committee with ProjectCo and Metrolinx. • Meet with ProjectCo representatives on a daily basis to coordinate daily operations and maintenance activities, and any special events. • Meet with ProjectCo representatives on a weekly basis to coordinate Maintenance and Rehabilitation Services, and determine if any outages are required. • Review and provide approval for any proposed Major Maintenance Shutdowns requested by ProjectCo.

		<ul style="list-style-type: none"> • Be responsible for managing the movement of customers affected by Major Maintenance Shutdowns or a disruption to Line 5 - Eglinton Revenue Service. • Be provided access and training on the Maintenance Management System by Metrolinx and ProjectCo.
5	Operator Staff	<p>As the Operator of Line 5 - Eglinton, the TTC shall:</p> <ul style="list-style-type: none"> • Provide Field Staff (to fulfill the functions of providing security and customer service), Operations Control Centre staff, Back-up Operations Control Centre staff, Security Operations Office staff and (LRV) Drivers. • Have the same level of authority, qualifications, training and re-certification as comparable TTC staff on the remainder of the TTC rail network. • Employ staff who shall have authority and full responsibility for ensuring compliance with the applicable requirements of this Agreement.
6	Submittals and Review Process	<p>The TTC is required to submit the following Plans during the Mobilization Period in relation to Line 5 - Eglinton, and re-submit on an annual basis during the Operating Period as required:</p> <ul style="list-style-type: none"> • Cost Management Plan • Mobilization Resource Plan • Operating Period Resource Plan • Operator Schedule • Revenue Protection Plan • Operator's Safety Management Plan • Operator's Security Management Plan • Risk Management Plan • Quality Documentation (Quality Management Plan, etc.) • Operator Communications Plan
7	Quality Management System and Performance	<p>The TTC is responsible for:</p> <ul style="list-style-type: none"> • Developing and implementing a quality management system (QMS), and is solely responsible for the quality of the Operator Services. • All quality assurance and quality control activities that are required to manage its own processes as well as those of the Operator Parties. • Ensuring compliance with the QMS is maintained throughout the Term of the Agreement. • Updating its QMS and other documentation to remain in alignment with ISO 9001:2015 Standard. • Implementing mechanisms such as management reviews and Quality Audit programs to continuously improve its QMS.

		<ul style="list-style-type: none"> Submitting Quality Management System reports inclusive of a Non-Conformance Report log, Corrective Action and Preventive Action logs, continual improvement initiatives taken, and any changes to Operator QMS.
8	Mobilization and Readiness	<p>The TTC is responsible for:</p> <ul style="list-style-type: none"> Confirming the readiness of all of its own procedures, staffing, equipment and training to ensure it is fit to start Revenue Service. Developing a Mobilization Resource Plan to address activities that are to be undertaken during the Mobilization Period. Participating and assisting ProjectCo during Revenue Service Demonstration Receiving a system that is safe and secure to operate on, subject to completion of safety security certification process of the Line by Metrolinx and ProjectCo.
9	Communications and Public Engagement	<p>The TTC is responsible for:</p> <ul style="list-style-type: none"> All customer and public facing communications in respect of Line 5 – Eglinton. All communications-related protocols, plans, materials, advertisements, notices, activities, approaches and strategies with respect to the Line 5 – Eglinton. All customer-facing communication activities during the Operating Period in respect of Line 5 – Eglinton, in order to deliver a consistent and uniform communications approach to all transit users in respect of their transit experience. Integrating Line 5 – Eglinton into the TTC’s advertising communications and marketing strategy to the same degree as other TTC lines to achieve a seamless customer experience. Participating in a Communications Working Group and a Customer Communications Working Group to plan and implement communications and public engagement strategies for Line 5 - Eglinton, share information, discuss community relations updates, identify and plan for communications and Line 5 - Eglinton milestones, manage issues and receive schedule updates.
10	Records	<p>The TTC is responsible for:</p> <ul style="list-style-type: none"> Preparing, retaining and maintaining all records in relation to Line 5 - Eglinton for a minimum period of at least 7 years, or as required by Applicable Law. Storing records in electronic format within Metrolinx’s electronic control management system. Storing records in electronic format within Metrolinx’s electronic control management system.

		Receiving access to those areas of Metrolinx’s electronic control management system that Metrolinx and the Operator agree are necessary for the Operator to fulfill its obligations.
11	ProjectCo Maintenance Standards	<p>ProjectCo is expected to meet certain Maintenance Standards which will be included within the TOFA for information purposes, and will comprise of maintenance standards in relation to:</p> <ul style="list-style-type: none"> • Safety, Security and Operations • Systems • Facilities, Structures, Guideway, Tunnels • Waste, Recycling, Cleaning and Supplies • Access and Availability.

SCHEDULE B: COMMERCIAL TERMS

Term Sheet Schedule B will form the foundation of the commercial terms to be included in a detailed Train Operating and Funding Agreement for Line 5 - Eglinton, to be negotiated and executed between the City of Toronto (the City), the Toronto Transit Commission (TTC) and Metrolinx (the Parties). Metrolinx's Project Company (ProjectCo), i.e. Crosslinx Transit Solutions (CTS), will perform all maintenance of the Line 5 - Eglinton in accordance with the terms of the Project Agreement between Metrolinx and CTS.

Item	Issue	Term
1.	General	<ul style="list-style-type: none"> • All aspects of the Train Operating and Funding Agreement (the Agreement) will be based on the principles of the Light Rapid Transit Master Agreement between the Parties, dated November 28, 2012¹ and the Revised Agreement in Principle between the Ministry of Transportation and the City, dated August 13, 2021 (the "AIP")² unless otherwise agreed by the Parties, subject to the necessary Council and Board approvals.
2.	City/TTC Roles	<ul style="list-style-type: none"> • The TTC will be the Operator of Line 5 – Eglinton. • The City will fund the operation and non-lifecycle maintenance costs of Line 5 – Eglinton.
3.	Agreement Term	<ul style="list-style-type: none"> • During the first 30 years of Line 5 – Eglinton, TTC operation and City funding will be governed by the Agreement as follows: <ul style="list-style-type: none"> ○ The initial term of the Agreement will be 10 years and there will be two successive renewal terms, each for an additional 10-year term that will renew automatically save and except that each Party will have the right to terminate either during the initial term or a renewal term or at the expiry of the then current term for major default of the other Party. Major default will be defined in the Agreement. ○ Three years before the end of the final renewal term, or such other period as the Parties may agree, the Parties will start negotiations for an extended agreement or a new agreement, to be completed at least two years before the end of the term, subject to each Parties' approval and governance processes. ○ When an extension to Line 5 - Eglinton is completed, the Parties may agree to incorporate the operation and funding of the extension into the Agreement.

¹https://www.metrolinx.com/en/projectsandprograms/transitexpansionprojects/Master_Agreement_Nov_28_2012.pdf

²<https://www.toronto.ca/wp-content/uploads/2021/08/9672-revised-ontario-toronto-agreement-in-principle-2021.pdf>

4.	City/TTC Operating and Maintenance Obligations	<ul style="list-style-type: none"> • The City will fund all operating and non-lifecycle maintenance costs, including the costs to administer the operating and non-lifecycle maintenance components of the Project Agreement in accordance with parameters to be set out in the Agreement. Operating costs of the ECLRT include utilities and payments-in-lieu of taxes. • The Agreement will describe the financial obligations for operating and non-lifecycle maintenance costs to be incurred by the City and TTC in the following ways: <ul style="list-style-type: none"> a) by specifically identifying operating and non-lifecycle maintenance costs for the ECLRT, including all the operations and non-lifecycle maintenance cost items described in the Project Agreement, as obligations that stand alone in the TOFA without reference to the Project Agreement; b) by identifying the circumstances where Metrolinx will apply deductions against operations and non-lifecycle service payments to ProjectCo for performance failures under the Project Agreement, including the process, service standards and other criteria used by Metrolinx to determine when such circumstances exist, and the method used by Metrolinx to calculate such deductions and by identifying Metrolinx's obligation to apply all such deductions against payments owing by the City/TTC under the Agreement; c) by requiring that any changes to the financial obligations of each party to the other party which may occur over time must be negotiated and jointly agreed between the Parties through a variation process to be identified in the TOFA; and d) by clearly identifying the processes by which Metrolinx will annually forecast operating and non-lifecycle maintenance costs to the City/TTC, by which the Parties will reconcile forecasted amounts to actual amounts, and by which the Parties will resolve any disputed amounts. • Metrolinx will provide the City and the TTC transparency into the calculation and payment of costs that are set out in the Agreement as being the responsibility of the City and the TTC. • The Agreement will include an appendix outlining the maintenance standards of ProjectCo for non-lifecycle maintenance work under the Project Agreement. • The City will reimburse Metrolinx for costs related to a change in the ProjectCo System Infrastructure, or a change to ProjectCo's maintenance responsibilities and obligations, when the change is directly requested by the City or TTC for their sole benefit.
----	---	---

		<ul style="list-style-type: none"> The TTC will be the Operator of Line 5 – Eglinton and will coordinate on maintenance activities to be undertaken by Metrolinx's ProjectCo. The Agreement will define the details of the TTC's operating obligations including the scope of operator services and the applicable operator performance regime.
5.	Lifecycle Costs	<ul style="list-style-type: none"> Metrolinx is responsible for all lifecycle maintenance costs of the Line 5 – Eglinton, including lifecycle maintenance costs associated with acceleration of service levels due to increases in ridership demand. In the event changes to service levels are requested solely by each Party which are not driven by ridership demand, the Parties will work together to mutually determine the associated incremental costs, including operations, non-lifecycle maintenance and lifecycle maintenance that will be paid for by the Party requesting the change.
6.	Budget Process	<ul style="list-style-type: none"> The City will flow funds for its contribution towards the Line 5 – Eglinton operations and maintenance through the TTC in accordance with the annual budgetary process between the City and the TTC. The TTC will flow the funds for maintenance to Metrolinx using an agreed upon funding model to be outlined in the Agreement.
7.	Review and Verification of Maintenance Activities	<ul style="list-style-type: none"> Metrolinx as the owner of Line 5 - Eglinton is responsible for the administration of the Project Agreement with their ProjectCo, CTS. Metrolinx will permit the City and the TTC, when requested, to participate with Metrolinx in review and verification of: <ul style="list-style-type: none"> planned maintenance activities; maintenance activities undertaken and performed; and costs incurred by CTS on behalf of Metrolinx that are reimbursable by the City. Metrolinx will credit to the TTC, all funds pertaining to any failure by ProjectCo of its maintenance obligations to Metrolinx, once the applicable penalties have been recovered from CTS. Funds will be credited to the TTC through a quarterly reconciliation process.
8.	Maintenance Payment Limits	<ul style="list-style-type: none"> The City and the TTC reserve the right to limit the maintenance payment amount as it relates to non-life cycle maintenance activities undertaken by ProjectCo per year as outlined in the Agreement, including those amounts confirmed through the variation process, unless otherwise agreed.

9.	Fare-Setting	<ul style="list-style-type: none"> • The City and TTC will have the ability to set fares in accordance with the TTC fare policy and structure for the entire TTC network. • City and TTC will ensure at all times to take into consideration the future benefit potential of the Line 5 - Eglinton, by following TTC best practices in the setting of fares and fare structures. • The City and TTC must not utilize a different fare structure, offer discounted fares, or implement subsidy programs that differ from, or do not align with, the rest of the TTC network. • The Parties will establish a process whereby the TTC will share with Metrolinx the following information over the term of the Agreement: <ul style="list-style-type: none"> ○ Fare structure the TTC is applying to the Line 5 - Eglinton; ○ TTC annual operating costs related to Line 5 - Eglinton; and ○ Non-farebox revenues generated by the TTC on Line 5 - Eglinton for the sole purpose of informing Metrolinx of potential non-farebox revenue capabilities of Line 5 - Eglinton. • Metrolinx will have a right to submit feedback for City and TTC consideration during the review.
10.	PRESTO	<ul style="list-style-type: none"> • PRESTO terms relating to Line 5 - Eglinton will be included in the Line 5 - Eglinton Presto Agreement, based on principles aligned with the existing PRESTO agreement between the TTC and Metrolinx.
11.	Service Levels	<ul style="list-style-type: none"> • The TTC conducts an annual service plan review, and will include Line 5 - Eglinton in the annual review as part of the entire TTC network. • Service levels will be established in accordance with the pre-determined service levels in the Project Agreement. • Any service level changes recommended or requested by each Party will be reviewed and agreed between the TTC and Metrolinx, with final authorization provided to Metrolinx's Project Co, CTS, by Metrolinx in accordance with its role as owner of Line 5 - Eglinton.

12.	TTC Mobilization Costs	<ul style="list-style-type: none"> • TTC will develop a plan for mobilization of its resources to start Line 5 - Eglinton operations, which will be shared with Metrolinx (the Mobilization Plan). • TTC will advise Metrolinx in writing of its projected costs to implement the Mobilization Plan. • Once TTC mobilization activities have commenced, Metrolinx will provide immediate notice to the TTC and the City of any official delays to the project schedule, and costs before the new opening date resulting from the delay will be handled in the following manner: <ul style="list-style-type: none"> a) TTC must make all commercially reasonable efforts to adjust its mobilization activities to mitigate its costs; b) Subject to (a), if the delay is attributable to Metrolinx or ProjectCo, then Metrolinx will reimburse TTC for direct operational costs, which will be clearly defined in the Agreement, that cannot be mitigated upon notification of the delay; c) If the delay is not attributable to the Metrolinx or ProjectCo, including if the delay is a result of a force majeure, the Parties will review the direct operational costs and work together to support a solution, which may be subject to each Parties' approval and governance processes; d) Reimbursement will be based on costs incurred, as demonstrated by appropriate supporting documentation; e) TTC will be responsible for their costs for delays within their own control, or in the event of a TTC labour disruption; and f) Metrolinx will not be liable for any costs other than direct operational costs incurred by TTC because of the delay.
13.	Liabilities	<ul style="list-style-type: none"> • The City, the TTC, and Metrolinx, will each be liable for damages arising from its non-fulfillment of obligations, breach of contract, acts and omissions, negligence and tortious acts. • Appropriate indemnities will be negotiated in the Agreement. Specific exclusions or limitations requested by each Party will be considered and negotiated, if appropriate.

14.	Disputes	<ul style="list-style-type: none"> • Disputes between the Parties regarding funding, operation and maintenance of Line 5 - Eglinton will be escalated for dispute resolution in the following order: <ul style="list-style-type: none"> a) High-level tiered negotiation between the Parties and use of the Ontario-Toronto Transit Coordination Partnership governance framework as required; b) Negotiation with the assistance of an independent mediator; and c) Arbitration in a manner to be outlined in a dispute resolution process and arbitration procedure or as described in applicable legislation. • Each Party will continue to perform during any dispute and will accelerate dispute resolution timelines if reasonably requested by the other.
15.	Breaches and Remedies	<ul style="list-style-type: none"> • The Agreement will provide for adequate protections and remedies for the Parties against breach of the Agreement by any other party, with termination of the Agreement being a remedy of last resort in the case of a major default.
16.	Contract Termination or Expiry	<ul style="list-style-type: none"> • If the Agreement expires or is terminated, following such termination or expiry: <ul style="list-style-type: none"> ○ the City will have no continuing funding obligations for the operations or maintenance of Line 5 - Eglinton, and all rights and obligations under the Agreement will cease, including rights to the farebox revenue and non-farebox revenue; and ○ the TTC will have no ongoing operation or maintenance obligations for Line 5 - Eglinton, except where mutually agreed by the Parties and where new or amended terms are negotiated. • Termination rights of the Parties under the Agreement will ensure that any termination will result in minimal disruption to operations and maintenance of Line 5 - Eglinton and that Line 5 - Eglinton transit will continue to be provided at ordinary service levels.
17.	Fare Revenue	<ul style="list-style-type: none"> • Per the AIP, the City and TTC will receive farebox revenue in order to recover all or a portion of the costs of operating the ECLRT.

18.	Non-Fare Revenue	<ul style="list-style-type: none"> • Per the AIP, the City and TTC will retain farebox revenue and non-farebox revenue for the ECLRT during the Term, in order to recover all or a portion of the costs of operating the ECLRT. • The Agreement will establish the terms upon which the City and TTC will generate non-farebox revenue opportunities during the term of the Agreement. Non-farebox revenue will include such opportunities as, but not limited to: <ul style="list-style-type: none"> ○ Advertising on stations, trains, stops and platforms ○ Wi-Fi ○ Retail in dedicated locations as included in the project scope ○ Vending spaces • For clarity, non-farebox revenue does not include disposition or development of real property owned by Metrolinx, including any revenue derived from Transit Oriented Communities development (TOC). • Metrolinx will make available to the City and TTC, all existing contracts related to non-farebox revenue, and all applicable components of the ECLRT for the purposes of generating non-farebox revenue during the term of the Agreement, including rights to sub-license and/or sub-lease as applicable. • The introduction of any non-farebox revenue generating opportunity will require review and approval by Metrolinx as the asset owner, through a streamlined process, which approval will not be unreasonably withheld.
19.	Station Entrance Connections	<ul style="list-style-type: none"> • The Parties acknowledge that station entrance connection fees, which are fees paid by developers in order to access transit services through the creation of a structure connecting a transit station and development, are a form of TOC development. • Station entrance connections may result in added costs to the system in the form of incremental maintenance and incremental operating costs, and as such Metrolinx may seek reimbursement from the adjacent developer through station connection fees. • Metrolinx will retain all revenue associated with station entrance connection fees, and Metrolinx will fund all incremental capital, operating and maintenance costs resulting from station entrance connections.