

Cummer Station - Supplemental Report

Date: December 11, 2023

To: City Council

From: Executive Director, Transit Expansion and Chief Planner and Executive Director, City Planning

Wards: Ward 18 - Willowdale

SUMMARY

On December 5, 2023, Executive Committee directed City staff to report back to the next meeting of City Council on potential funding sources for \$70 million to cover the cost of designing the construction of headwalls, and the necessary utility relocations to protect for a future Cummer Station and to include the headwall installation in the current Yonge North Subway Expansion (YNSE) Advance Tunnel (AT) Contract Request for Proposals (RFP). This report responds to that direction.

The AT RFP was issued on December 1, 2023, by Metrolinx and Infrastructure Ontario and did not include any scope related to Cummer Station. An amendment to the RFP would be required to include protections for Cummer Station in the project scope. To date, the Province has not confirmed if it would be amenable to issuing an amendment to the RFP, should the City identify \$70 million in funding.

This report assesses potential funding sources to provide the initial funding support necessary to protect for Cummer Station in the YNSE scope. The report also evaluates next steps for including Cummer Station in the AT contract and considers additional costs to deliver the station in the future, should Council direct City staff to pursue Cummer Station.

RECOMMENDATIONS

The Executive Director, Transit Expansion and Chief Planner and Executive Director, City Planning recommend that:

1. City Council receive this report for information.

FINANCIAL IMPACT

The Province's Yonge North Subway Extension (YNSE) will extend TTC's Line 1 (Yonge-University) subway north from Finch Station to a new terminus at High Tech Road in Richmond Hill. The initial budget for the YNSE project was set at \$5.6 billion and fully resides within the provincial budget. As this is a provincially led initiative no funding for this work exists within the City's 10-Year Capital Plan.

The Cummer Station project is not included in the provincial budget for the YNSE.

The preliminary project cost estimate for Cummer Station ranges from \$445 million to \$545+ million depending on the delivery approach:

- Single Build delivery (\$445-\$470 million)
- Phased Build delivery (\$535-\$545 million)

Either approach would require an immediate financial commitment of \$70 million, subject to the amendment of the Advance Tunnel contract managed by Metrolinx and Infrastructure Ontario. This near-term expenditure is necessary for station headwalls and associated utility relocation works in order to protect for a future Cummer Station.

Given the insufficient funds from Transit-Oriented Communities (TOC) proceeds, and the lack of funding commitments from the provincial or federal governments, the City would be required to provide the provincial government with \$70 million in funding to enable the design and construction of headwalls and the necessary utility relocations to protect for a future Cummer Station.

To provide initial funding support for Cummer Station, Council direction would be required to reallocate eligible funding from an existing Council approved capital project.

There may be a possibility to leverage a Development Charge (DC) funding for a portion of this project. However, as this project is led by the Province it was never considered for development charge funding eligibility within the City's DC background study.

City staff can consider adding this project for funding in the next DC Background Study. Until such time, provisions within the DC Act allow the potential to leverage current DC funding for this project, however that would come at the expense of an existing transit project included in the 2022 DC Background Study; and staff would need to conduct an analysis of the Benefit-to-Existing to determine the growth share of the project that would be eligible for DC funds.

Beyond any initial funding reallocations and in the absence of any significant funding commitments from other levels of government, it would not be possible for the City to fund the construction of this project without compromising the other Council approved capital priorities within the current 10-Year Capital Plan for the City.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as contained in the Financial Impact section.

DECISION HISTORY

On December 5, 2023, Executive Committee adopted a motion to direct the Chief Planner and Executive Director, City Planning, and the Executive Director, Transit Expansion, in consultation with the Chief Financial Officer and Treasurer, to report to Council on the potential funding sources for \$70 million to cover the costs to protect for a future Cummer Station and include the headwall installation in the current Yonge North Subway Extension (YNSE) Tunnel Request for Proposals while continuing to advocate for the province to fund the full implementation, and forwarded *EX10.16 - Cummer Station - Response to Council Motions* to Council without recommendations. Link: <https://secure.toronto.ca/council/agenda-item.do?item=2023.EX10.16>

At its meeting of October 11 and 12, 2023, City Council adopted, with amendments, *MM11.19 Last Chance to Urge Province to Build Cummer Station for the Future of North York*, directing staff to prepare a business case for Cummer Station to support a request for the Province to include Cummer Station in the YNSE project. Link: <https://secure.toronto.ca/council/agenda-item.do?item=2023.MM11.19>

At its meeting of June 14 and 15, 2023, City Council adopted *EX5.3 Update on Metrolinx Subway Program – Second Quarter 2023*, requesting the Province fund all associated costs required to deliver Cummer Station as part of its YNSE project and also directing staff to City staff to consider potential funding opportunities from the federal government and Transit Oriented Communities developments around the intersection of Yonge Street and Cummer Avenue. Link: <https://secure.toronto.ca/council/agenda-item.do?item=2023.EX5.3>

COMMENTS

The Province's Yonge North Subway Extension (YNSE) will extend TTC's Line 1 (Yonge-University) subway north from Finch Station to a new terminus at High Tech Road in Richmond Hill. The initial budget for the YNSE project was set at \$5.6 billion. Metrolinx released its Initial Business Case (IBC) for the YNSE in March 2021 considering a total of six stations. Metrolinx indicated that the project budget would not be able to deliver all the proposed stations and noted that Cummer Station did not perform as well as some of the other stations. Despite concerns from City staff with Metrolinx's methods of analysis in the IBC, Cummer Station was de-scoped from the project by Metrolinx.

As directed by City Council, City staff requested the Province of Ontario to reconsider funding the delivery of Cummer Station as part of the YNSE. The Province confirmed it will not fund Cummer Station but would include Cummer Station in the project scope if the City was willing to fund the costs to deliver the station. The Province also offered the City the ability to use any Transit-Oriented Communities (TOC) proceeds from Cummer Station to offset the capital costs of the station. However, based on the City's analysis, and as included in EX10.16, TOC proceeds from Cummer Station are not expected to be significant to offset capital costs.

Subsequently, the Province informed City staff that the Request for Proposals (RFP) for the Advance Tunnel (AT) contract for YNSE would be released by the end of 2023, and in order to include Cummer Station in the package of work, the City would need to provide a commitment of funds for Cummer Station by August 2023.

To date, the City has not committed to contribute funds towards Cummer Station given the inability to secure sufficient funds through proceeds from TOC projects, the lack of City funding availability and the short timeline required for the commitment of funds.

Based on direction from the Executive Committee on December 5, 2023, City staff inquired with the Province about timelines and next steps if the City were to provide funds to protect for a future Cummer Station. The Province indicated that it may consider amending the RFP to protect for Cummer Station if it receives a commitment of \$70 million from the City prior to December 31, 2023.

Inclusion of Cummer Station in the Advance Tunnel (AT) Contract

On April 27, 2023, Metrolinx and Infrastructure Ontario (IO) issued the Request for Qualifications (RFQ) for the YNSE AT contract for the delivery of 6.3 kilometres of tunneling works. On December 1, 2023, Metrolinx and IO released the Request for Proposals (RFP) for the AT contract and invited three shortlisted teams to respond. IO and Metrolinx expect to award the AT contract in late 2024. At this time, Metrolinx and IO have not announced when construction will begin under the AT contract.

The AT contract includes design and construction of launch and extraction shafts for the tunnel boring machines (TBMs), tunneling, headwalls for stations and concrete tunnel liners, and other activities necessary to build the tunnel such as utility relocations. The alignment of the TBM's route was strategically designed to include Cummer Station in case it was added to the scope (see Figure 1 below). The TBM will be extracted just east of the proposed Cummer Station site. It would be very difficult to deliver Cummer Station if protection for the station is not part of the AT contract. The entire YNSE would have to be shut down to accommodate the necessary excavation work to construct headwalls and the station box for Cummer Station, potentially for two years or more. This would result in a longer shut down of YSNE compared to using a phased build approach and would also be at a higher cost.

The scope changes to protect for Cummer Station are estimated at \$70 million which includes \$45 million for headwalls and associated works and approximately \$25 million for contingency risks. This cost estimate was developed based on including Cummer Station in the AT contract scope prior to RFP issuance, and therefore there may be cost escalations to adjust the project scope at this stage in the procurement process, through an RFP amendment.

Should Council give direction to reallocate \$70 million in City funding towards Cummer Station, City staff will request the Province to direct Metrolinx to add the protections for Cummer Station to the AT contract scope. If the Province approves the request, Metrolinx will then negotiate with the shortlisted RFP proponents to assess costs and schedule impacts of adding protections for Cummer Station to the project scope at this stage.

City staff would also need to negotiate and execute an agreement with the Province and/or Metrolinx to provide funding for Cummer Station protections. Once the funding agreement is executed, Metrolinx and IO would issue an amendment to the RFP and notify the three teams that were invited to respond. The agreement on funding would need to be negotiated and executed on a highly expedited timeline, the details of which are not known to City staff at this time.

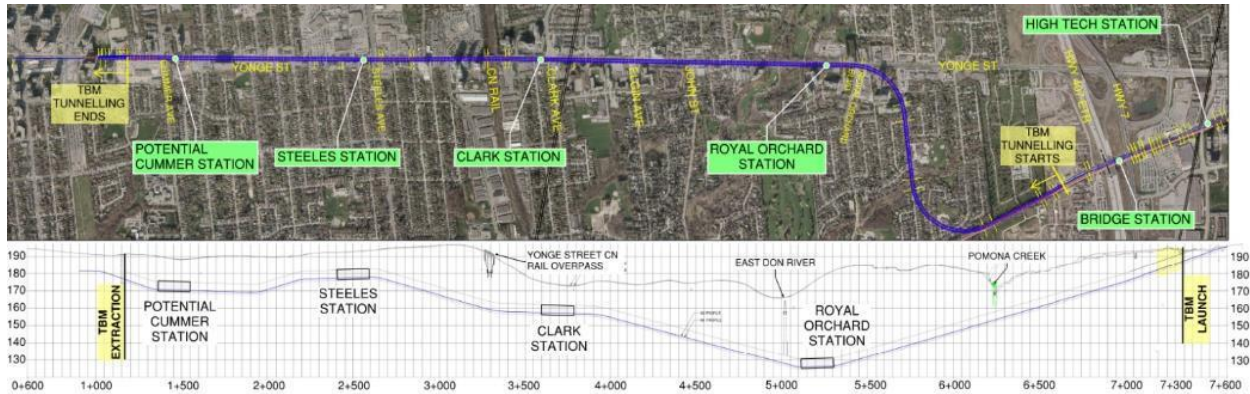


Figure 1 - YNSE TBM Route

Delivery of Cummer Station

As reported previously in EX5.3, the preliminary estimated total cost of Single Build delivery (i.e., building the full station as part of the YNSE project) for Cummer Station is \$445-470 million and \$535-\$545 million for Phased Build delivery (i.e., building part of the station now and completing it later).

Under both options, \$70 million is required for the AT contract, if directed by Council to pursue Cummer Station, the City will need to decide which delivery model it will pursue for Cummer Station before the Stations, Rail and Systems (SRS) Contract RFQ to construct YNSE is released. The City is not in the financial position to commit to fully funding the total cost of the Single Build delivery. While the timeline for the SRS RFQ has not been confirmed, it is unlikely the City will be able to fund the Single Build delivery by the time it is released. It is important to note that the current cost estimate for the Phased Build delivery is approximately \$65-110 million more than the Single Build delivery approach. This cost estimate was calculated prior to the RFP release, and it is likely understated as it can be impacted by external market factors such as inflation.

Under a Phased Build approach, it would be possible to construct Cummer Station with minimal impacts to service after YNSE is operational. However, this approach would require the first phase of work for Cummer Station to be included in the SRS contract scope and is estimated to be \$250-275 million. The second phase is estimated to cost \$215-225 million and can be completed in the future with minimal disruption to service. If the first phase of work is not part of the SRS contract scope and has to be completed after YNSE is operational, the entire YNSE would likely have to be shut down for at least two years while Cummer Station is constructed.

Should Council provide direction to reallocate \$70 million in City funding towards the design and construction of the headwalls for Cummer Station and should funding for full construction of Cummer Station not materialize in the future, the \$70 million committed towards headwalls and associated work would be sunk costs.

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