

Ontario-Toronto New Deal Agreement

Presentation to Toronto City Council

Wednesday December 13, 2023

New Deal Working Group

- September 18: Premier Doug Ford and Mayor Olivia Chow announced the New Deal Working Group
- Mandate: to make recommendations to achieve long-term stability and sustainability of the City's finances
- Working Group of senior public servants and sub-groups to advance specific topics (e.g. transit, shelters and supportive housing, surplus lands, transportation)
- November 26: Recommendations for an agreement provided by the Working Group

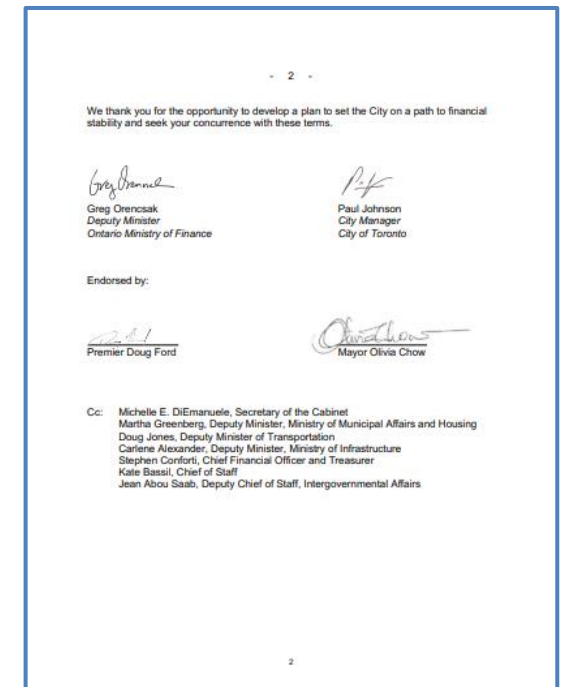
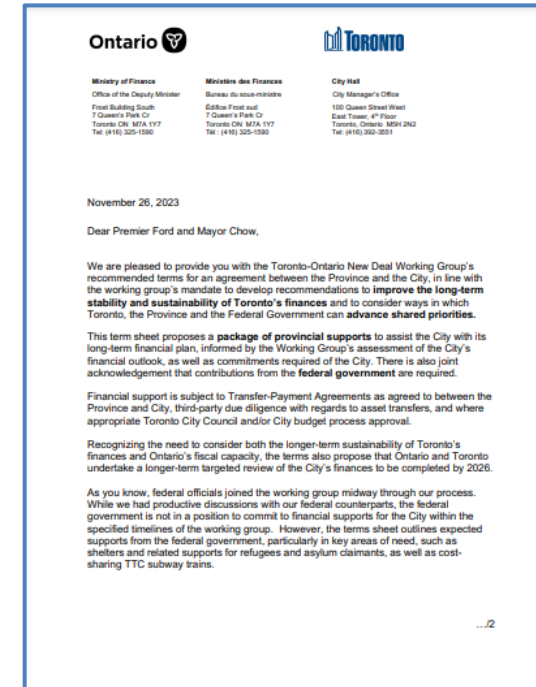
Details of the New Deal

Package of provincial financial supports to the City of Toronto:

- **\$1.23 billion** in operating support over three years
- **\$3.04 billion** in capital support (funding and relief of costs) over ten years
- *Some funding contingent on Federal commitment*

The New Deal Working Group provided recommended terms for an agreement which addresses:

- **Core Commitments** required of the City to implement the New Deal;
- **Financial Support** from the Province to the City of Toronto;
- **Addressing Longer-Term Sustainability** through a targeted review; and
- **A Proposed Federal Government Ask** with joint City-Province support.



Core Commitments

Commitments and Details

Advance housing, transit, and infrastructure opportunities to support economic growth and development

- Use financial benefits of the upland investments in housing and the infrastructure that facilitates growth

Advance specific surplus lands housing opportunities

- Identify and prioritize properties owned by the City of Toronto and Province to supporting housing development

Advance the delivery of the Priority Transit Projects and support key transportation objectives

- Continued collaboration to advance key transit priorities

Advance Transit Oriented Communities for East Harbour and Woodbine

- Provide equal share of the total costs of the East Harbour Flood Protection Project, currently estimated at \$200M

Building Housing

- Develop a plan to meet / exceed annual housing targets

Advance **Efficiency and Value-for-Money** measures as part of City's Long-term Financial Plan

- Implementation of efficiency proposals and prioritization of unfunded capital needs

Waterfront Toronto

- Advance opportunities to build housing on their available property and accelerate existing housing projects

Community Safety & Economic Recovery

- Support economic recovery for businesses and ridership growth through affordable, convenient, and safe operations

Ontario Place Rebuilding Project

- City accepts that the Province has the legislative authority to advance all project approvals

Addressing Longer-Term Sustainability

- Ontario and Toronto agree to establish a terms of reference by 2025 that will support the undertaking of a targeted review of the sustainability of the City's finances by 2026.
- The review will assess the long-term sustainability of the City's finances and operations.
- The assessment will consider how the supports terms of the New Deal have impacted the City's finances on a long-term basis.
- The review will consider if further action is necessary to achieve long-term sustainability of the City's finances, and, if necessary, appropriate roles for all levels of government.

Federal Government Request

A significant portion of the financial support from the Province (the operating funding for shelters and capital funding for 55 new subway trains) is conditional on federal support being provided. In total, the New Deal Term Sheet requests \$2.72 billion in financial support from the federal government for:

- Shelter support for refugees and asylum seekers
- New subway trains (55 trains for Line 2 train replacement)
- One-third of total costs related to East Harbour flood protection, as part of a tri-party support toward supporting key federal priorities around disaster mitigation and adaptation, creating new housing inventory and supporting regional transit integration.
- Shelter Infrastructure Plan and Homelessness Services Infrastructure strategy
- Outstanding federal one-third share (matching the Province's) contribution to Toronto's 2022 COVID-19 operating budget pressure.

An additional priority for Toronto is to explore policing costs related to emergency response, including public order (events and protests), border control and multi-jurisdictional activities with respect to federal support.

New Deal – Financial Details

Three-Year Operating Support (2024-2026)		
Support Stream	Annual (\$M)	3 Year Total (\$M)
Operating Support for New Subway and Integrated Provincial Transit Projects Annual operating funding over three years, beginning in 2024/25 for the provincially-owned Finch West LRT and the Eglinton Crosstown LRT.	110.0	333.0
One-time \$300M Subway and Transit Safety, Recovery and Sustainable Operations Fund (Advanced in 2024)	n/a	300.00
Shelters & Homelessness (non-refugee) operating support building on annual Homelessness Prevention Program allocation*	200.0	600.0
Total Operating	310.0	1,230.0

*Conditional on Federal operating funding support for refugee and asylum seekers. This condition can be removed starting in 2024 if the Federal government confirms support for refugee and asylum seekers for 2023 and indicates an ongoing commitment for continued support.

Note 1 - The Province has committed to providing City-budgeted operating funding in 2024 of \$6.9M for the Gardiner Expressway and Don Valley Parkway while the third-part due diligence exercise is completed

Note 2 - Actual receipt of funds will be front-end loaded, with \$610 million paid in 2024.

New Deal – Financial Details

Ten-Year Capital Support (2024-2034)	
Support Stream	10 Year Total (\$M)
Upload Gardiner Expressway & Don Valley Parkway to the Province	1,935.8*
Funding for the purchase of new subway trains (55 trains for Line 2 trains replacement)	758.0 <i>Conditional on federal matching funding</i>
Building Faster Fund (3 year allocation, based on Toronto exceeding annual housing targets)	342.0
TOTAL CAPITAL	3,035.8* to 7,600.0

*Upload of Gardiner/DVP will provide a minimum of \$2B in relief for the City, \$200 million of which is to be dedicated by the City to East Harbour flood protection. The \$2B estimate for upload of the Gardiner/DVP is based on outdated estimates and does not take into account cost escalations. As such, \$2B is only a minimum benefit to the City, which could be upwards to \$6.5B, recognizing that the value of the upload of these expressways is much more significant and an updated, precise estimate will be determined through a third-party due diligence process. Upload would also provide ongoing capital maintenance and operating cost avoidance and savings to the City.

Next Steps

Advocacy to the Federal Government

City and provincial staff will continue to advocate to the federal government to support critical priorities, such as shelter related supports for refugees and asylum claimants, as well as cost sharing for acquiring new TTC subway trains.

Finalize Agreements & Processes

Finalize the transfer payment agreements required to provide the agreed-upon financial support to the City of Toronto.

Implementation of Core Commitments

City staff to seek any Council approvals as may be required for implementation.

Report Back

City Manager will report back on implementation progress on the New Deal by the end of 2024.

Thank you