

Ontario-Toronto New Deal - Advancing the Upload of the Don Valley Parkway and Frederick G. Gardiner Expressway to the Province

Date: June 22, 2026

To: City Council

From: City Manager

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains information explicitly supplied in confidence to the City of Toronto by the Province of Ontario.

SUMMARY

The purpose of this report is to seek Council approval of the components of the Ontario-Toronto New Deal related to the upload of the Don Valley Parkway and Frederick G. Gardiner Expressway (the "Expressways") as described in a funding letter dated May 4, 2026 from the Ministry of Transportation attached to this report as Confidential Attachment 1 and a Provincial Term Sheet attached to this report as Confidential Attachment 2.

The Ontario-Toronto New Deal included a term sheet outlining a series of core commitments by the City and the Province of Ontario (the "Province") in exchange for over \$4 billion in financial support for the City. On December 13, 2023, City Council approved the terms in principle.

The Province committed \$358.7 million in capital and operating funding for the Expressways for 2024 and 2025 while it undertook a third-party due diligence process in preparation for the upload. The Province has concluded its third-party due diligence and committed to executing the upload in Fall of 2027.

For the 2026–2027 transition period, the Province has proposed up to \$353.08 million in additional funding, subject to the City's agreement to the Interim Funding Framework and Provincial Terms and Conditions (Confidential Attachment 1), and approval in principle of the Provincial Term Sheet (Confidential Attachment 2).

This report summarizes the Interim Funding Approach and Framework and the Provincial Terms and Conditions for the Upload (including the Provincial Term Sheet).

This report seeks Council approval of the Interim Funding Approach and Framework and Provincial Terms and Conditions, and the authority to negotiate and execute a Transfer Payment Agreement based on the conditions within. It also seeks Council approval in principle of the Provincial Term Sheet to establish the implementation parameters of the upload.

City staff will continue to seek City Council authority, as required, to execute specific actions and agreements identified in the Interim Funding Approach and Framework and the Provincial Terms and Conditions for the Upload. The City Manager will report back on the implementation progress of the upload by the end of Q2 2027.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council approve the Interim Funding Approach and Framework and the Provincial Terms and Conditions for the Upload contained in Confidential Attachment 1, and authorize the City Manager and their designates, and the Chief Financial Officer and Treasurer, to negotiate and execute a Transfer Payment Agreement with the Province to accept the provincial funding set out in the Interim Funding Approach and Framework, including any required amendments and extensions, on terms satisfactory to the City Manager, all in forms satisfactory to the City Solicitor
2. City Council approve in principle the terms of the Provincial Term Sheet contained in Confidential Attachment 2, and authorize the City Manager and their designates, and the Chief Financial Officer and Treasurer, to continue negotiations with the Ministry of Transportation on the implementation of the upload of the Expressways, and to report to Council to seek any authority as may be necessary to implement the Provincial Term Sheet.
3. City Council direct the City Manager and their designates, in consultation with the City Solicitor and General Manager, Transportation Services, and other staff as required, to engage relevant City agencies, commissions and corporations, as may be required, to further develop the terms of the Expressways upload, and to enter into any agreements with such City agencies, commissions and corporations as may be required to do so.
4. City Council direct that Confidential Attachments 1, 2, and 3 remain confidential at this time, as they contain information explicitly supplied in confidence to the City of Toronto by the Province of Ontario.

5. City Council authorize the public release of Confidential Attachments 1, 2, and 3 at the discretion of the City Manager following the upload of the Don Valley Parkway and Frederick G. Gardiner Expressway to the Province of Ontario.

FINANCIAL IMPACT

The financial impacts arising from the recommendations of this report are outlined in Confidential Attachment 3.

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

DECISION HISTORY

At its meeting on February 10, 2026, City Council directed the City Manager to report to the June 16, 2026, meeting of the Executive Committee with an update and progress report on negotiations between the City of Toronto and the Province of Ontario on executing a Memorandum of Understanding for the uploading of the Gardiner Expressway and Don Valley Parkway.

<https://secure.toronto.ca/council/agenda-item.do?item=2026.CC38.1>

At its meeting on October 9 and 10, 2024, City Council approved the establishment of obligatory reserves to hold funds provided by the Provincial government under the Ontario-Toronto New Deal Agreement.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX17.14>

At its meeting on July 24 and 25, 2024, City Council endorsed the plan to reallocate funding from the Gardiner Expressway and Don Valley Parkway to various priority areas. City Council also directed the Executive Director, Financial Planning, in consultation with the Chief Financial Officer and Treasurer, to work with relevant City Divisions and Agencies to prioritize investment in capital projects in those priority areas through the 2025 Budget process.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX16.2>

At its meeting on December 13, 14, and 15, 2023, City Council authorized the City Manager, the Chief Financial Officer and Treasurer, and other staff as required to continue discussions with the Government of Ontario and take the necessary actions, including acceptance of provincial funding, together with the execution of any necessary agreements to do so, and to report back to City Council to seek any additional authority as may be necessary to implement the Core Commitments of the Ontario-Toronto New Deal.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.CC13.2>

At its meeting on September 6, 2023, City Council requested that the Province of Ontario upload the responsibility and costs associated with the construction and maintenance of the Frederick G. Gardiner Expressway and the Don Valley Parkway, including future capital and operating costs.

COMMENTS

In December 2023, City Council approved in principle the terms of the Ontario-Toronto New Deal Working Group Term Sheet which included in its Core Commitments the upload of the Expressways to the Province of Ontario pending provincial due diligence. The City of Toronto committed to and has been utilizing the over \$4 billion in capital and operating financial support arising from the New Deal to support investments in housing and infrastructure that supports and enables growth such as transit, water and wastewater, and local road improvements.

Provincial Due Diligence

On March 28, 2024, the City and Province executed a Transfer Payment Agreement (TPA) to provide \$204.4 million in 2024 and \$154.3 million in 2025 in operating and capital support for the Expressways while the provincially led due diligence process was underway. The City has supported the provincial due diligence process through the provision of information and briefings related to asset inventory and management, operating and capital plans, contractual and property matters, and financial data, among other items requested by the Province. City staff are in the process of providing final reports to the Province to complete its obligations pursuant to the TPA.

Implementation Planning

The Province intends to advance implementation planning in preparation for a Fall 2027 upload. The proposed transition includes an Interim Funding Approach and Framework for 2026–2027 (Confidential Attachment 1), along with a Provincial Term Sheet (Confidential Attachment 2) that establishes the implementation parameters for the transfer of ownership.

The parameters in the Provincial Term Sheet will guide negotiations during the implementation planning period in 2026-2027 and will address topics such as: funding agreements between the City and Province for operational support during and post transition; access, maintenance, and operational agreements to ensure continuity of service on, underneath, and around the Expressways; and the appropriate mechanisms to transfer assets included in the upload, such as expressways, substructure, lighting, electrical and operational infrastructure, and property required to operate and maintain the Expressways.

A consolidated summary of the Interim Funding Approach and Framework Letter and the Provincial Term Sheet is included in Confidential Attachment 3.

Next Steps and Reporting Back

Following approval of the recommendations in this report, the City Manager will work with the Chief Financial Officer and Treasurer, the City Solicitor, and other appropriate

City staff and Provincial representatives to negotiate and enter into the Transfer Payment Agreement(s) for 2026-2027 required to provide the agreed-upon financial support to the City of Toronto. The City and Province will continue discussions regarding implementation of the Provincial Term Sheet. The City Manager will report back to City Council as required to seek additional authorities for implementation and will provide a further report by the end of Q2 2027 on the status of implementation of the upload.

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SIGNATURE

Paul Johnson
City Manager

ATTACHMENTS

Confidential Attachment 1 - Funding Letter - Interim Funding Approach and Framework and Provincial Terms and Conditions

Confidential Attachment 2 - Provincial Term Sheet

Confidential Attachment 3 - Summary of Interim Funding Framework and Provincial Terms and Conditions