

SUBWAY PROGRAM AGREEMENT IN PRINCIPLE

This Subway Program Agreement in Principle dated for reference and effective as of the 3rd day of September, 2024.

BETWEEN:

**HIS MAJESTY THE KING IN RIGHT OF ONTARIO, as represented by the Minister of
Transportation for the Province of Ontario**

(“the Province”)

AND

CITY OF TORONTO

(“the City”)

WHEREAS the Province of Ontario (the “Province”) and the City of Toronto (the “City”) - collectively, the “Parties” – are committed to expanding and improving public transit infrastructure in Toronto;

AND WHEREAS under the 2019 Ontario Budget, the Province reaffirmed its commitment to *Ontario’s New Subway Transit Plan for the Greater Toronto Area (GTA)*, comprised of four projects, namely the Ontario Line, the Scarborough Subway Extension, the Eglinton Crosstown West Extension and the Yonge North Subway Extension (the “Subway Program”);

AND WHEREAS on November 4, 2019, the Parties announced the Ontario-Toronto Transit Partnership (the “Partnership”) to enable the delivery of significant expansion, modernization, upgrades and state-of-good-repair (SOGR) improvements to public transit in Toronto, including the Subway Program;

AND WHEREAS on February 12, 2020, the Parties entered into a Preliminary Agreement pertaining, in part, to the Subway Program to formalize the partnership and establish the fundamental principles, roles and responsibilities of the Parties regarding the implementation of the Subway Program;

AND WHEREAS the Preliminary Agreement established that the existing subway system will remain the responsibility, and under the ownership, of the City and the Toronto Transit Commission (TTC). The City/TTC will be responsible for the day-to-day operations of the Subway Program and the existing transit system, including in respect of labour relations. The Preliminary Agreement also established that the Province will have ‘sole responsibility’ for the planning, design and construction of the Subway Program and intends to own the resulting assets;

AND WHEREAS pursuant to City Council approval of Item 2019.EX9.1 at its meeting of October 29 and 30, 2019, and based on terms set out in the Preliminary Agreement, the City has

endorsed the reallocation of \$3.811 billion in federal funding under the Public Transit Infrastructure Stream of the federal Investing in Canada Infrastructure Program (ICIP) to the Ontario Line and Scarborough Subway Extension projects;

AND WHEREAS pursuant to the *Building Transit Faster Act, 2020*, the Province and Metrolinx have been granted various rights and powers to facilitate the expeditious delivery of the Subway Program;

AND WHEREAS in accordance with the Preliminary Agreement, Metrolinx has entered into Subway Resourcing Agreements with the City and the TTC respectively in support of delivery of the Subway Program;

AND WHEREAS the City, the TTC and Metrolinx have entered into a Subway Program Real Estate Protocol which is incorporated into this Term Sheet and attached hereto;

AND WHEREAS in Item 2023.CC.13.2, City Council approved in principle the terms of the Ontario-Toronto New Deal Working Group Term Sheet in which, in part, the City agrees to finalize negotiations, including a revised model for funding operations and maintenance, on the Subway Program Agreement in Principle within defined timelines, and seek City Council approval;

AND WHEREAS in accordance with the Ontario-Toronto New Deal, the Parties intend to settle and clear the financial reconciliation exercise between the Province and the City, fulfilling obligations as set out in section 20 of the Preliminary Agreement;

AND WHEREAS the Parties wish to develop a Term Sheet (which may also be referred to as the “Subway Agreement in Principle”) for the Subway Program that builds on the Preliminary Agreement, defines the detailed roles, responsibilities and mutual expectations of the Parties, and serves as the basis for future agreements to be negotiated by the Parties and/or their respective agencies with respect to the Subway Program.

NOW THEREFORE, this Subway Program Agreement in Principle sets out the following core principles and responsibilities of the Parties.

1. Interpretation

The purpose of this Subway Agreement in Principle is to outline the general provisions governing the Subway Program between the City of Toronto and the Province of Ontario.

The Province commits to meeting its obligations under this Subway Agreement in Principle either directly or through its agents Metrolinx or Infrastructure Ontario, subject to the Province receiving all required approvals, including appropriations by the Ontario Legislature, and subject to applicable law and the Province’s authorities thereunder.

The City commits to meeting its obligations under this Subway Agreement in Principle either directly, or through TTC, subject to the City receiving all required approvals, including funding

authority and approval by City Council, and subject to applicable law and the City and TTC's authorities thereunder.

1.1 Definitions

In this Section 1, the terms below have the following meaning:

"Acceptance" means acceptance by: (i) the City of City assets and infrastructure, or (ii) TTC of TTC assets and infrastructure completed by Metrolinx as part of City Infrastructure Work, or such component thereof, as the case may be, for all purposes including, without limitation, operational and maintenance responsibility following final inspection and commissioning in accordance with the provisions of the Commissioning and Acceptance Protocol, and **"Accept"** and/or **"Accepted"** shall have a corresponding meaning.

"Additional Infrastructure" means either or both of the following: (i) upgrades and changes to City Infrastructure Work requested by the City or the TTC, and (ii) construction of new infrastructure that is not City Infrastructure Work, in each case requested by and constructed for the City or TTC, at the City's or TTC's cost, and to be owned by the City, or TTC, and in each case any changes or modifications thereto that are requested by the City or TTC, from time to time which have been accepted by the Province, or through its agent Metrolinx.

"Applicable Law" means all federal, provincial and municipal laws in force in the Province of Ontario, including statutes, proclamations, regulations, by-laws, and any judgment of a relevant court of law, arbitrator or administrative agency, in each case which now or at any time hereinafter are applicable to the Subway Program and the Projects.

"Basic Grade Separation" means the infrastructure required to grade separate road from rail by replacing assets, including rail and road assets, existing at the time of issuance of the applicable transit project procurement document, with new infrastructure.

"Basic Standard" means: (i) the standards and guidelines pertaining to the design and construction (including rehabilitation and protection) of City Infrastructure Work which are available upon request to engineers and architects licensed to practice in the Province of Ontario and which will be applied on a "like for like" basis with respect to function, size, capacity, quality and location, in each case the standard(s) to be applied shall be current at no later than six (6) weeks prior to the final addendum to the applicable procurement document, and (ii) municipal laws and those federal and provincial laws applicable to and enforceable against the City.

"City Standard" means the Basic Standard unless the Parties have agreed to a different standard, in which case it means the standard agreed to by the Parties which standard shall in all cases include all municipal laws, and those federal and provincial laws applicable to, and enforceable against, the City.

"City Infrastructure Specifications" means those portions of a Project Agreement comprised of the project specific output specifications and other specifications and directions, applicable to City Infrastructure Work and Connections, as varied from time to time.

“City Infrastructure Work” means the work to be undertaken and built by and at the cost of the Province or through its agent Metrolinx unless specifically stated herein to the contrary, which work is comprised of the construction, installation, modification, relocation, removal, reinstatement, protection, restoration, building or rebuilding of infrastructure and assets owned by the City or the TTC that will be impacted by the Subway Program or a Project, in order to accommodate and facilitate the Subway Program or a Project.

“City Utilities” means City sewers, water mains and related utility works (but does not include roadway assets, streetscape, or other non-utility works).

“Commission” means the process of achieving and verifying the functional and operational criteria of new City Infrastructure Work and/or Additional Infrastructure and of systematically bringing the Subway Program infrastructure, Interface Stations, Connections and new City Infrastructure Work and/or Additional Infrastructure, in accordance with the provisions of the Commissioning and Acceptance Protocol and TTC Process and Approval Protocol for Metrolinx Subway Program, into an operational mode as required to be fully operational, including safety certification and **“Commissioning”** has a corresponding meaning.

“Commissioning and Acceptance Protocol” means the protocol to be developed and agreed to between the City and Metrolinx and adopted by the program committee in respect of the Commissioning and Acceptance of City Infrastructure Work, Connections, and other Program Assets as agreed to by the parties in writing.

"Connection" or "Connections" means the point of connection and interface between any Program Asset and any system or utility infrastructure owned or to be owned by the City.

“Cost of Additional Infrastructure” means the actual costs of Additional Infrastructure undertaken by the Province, through its agent Metrolinx, as part of a Project, at the request of the City and/or the TTC to be paid by the City and/or the TTC including but not limited to: construction costs, Metrolinx’s internal staffing costs, property costs (if any), costs relating to external professional services (including design), full-time inspections, non-recoverable HST, and flagging costs, for which the City is responsible, pursuant to the applicable municipal infrastructure agreement. For clarity, the Cost of Additional Infrastructure does not include any costs that are otherwise payable for the Subway Program had the Additional Infrastructure work not been undertaken.

"Development Revenue" means all transit-oriented community (TOC), development (residential, commercial, institutional, etc.) property (land) related revenue sources (short and long-term/future), and commercial benefits, which consist of the following: full or partial dispositions (air rights; temporary and permanent), limiting distance agreements, infrastructure overbuilds and/or integrations entrance connections, and naming rights on the Projects.

“Effective Date” means September 3, 2024, the date on which this Term Sheet is signed by both Parties and comes into effect.

"Farebox Revenue" means all revenues collected as fares from passengers riding on the Projects.

“Interface Stations” means existing TTC subway stations that allow connection between, or the extension of, existing lines to the new stations constructed as part of any Project.

“Labour Relations Agreements” means any collective agreement or work jurisdiction agreement pertaining to the construction industry that is binding on the City or TTC (whether because the City or TTC is signatory to such agreement or is required to adhere to such agreement pursuant to an order of the Ontario Labour Relations Board and/or in accordance with the *Labour Relations Act*).

“Non-farebox Revenue” means all revenue other than Farebox Revenue and Development Revenue.

“Operations and Maintenance Agreement or O&M Agreements” means the agreement(s) to be entered into between Metrolinx, the City and the TTC to fund the operation of each Project, and to provide services to operate, maintain, monitor, repair, and/or report, as applicable.

“Ontario-Toronto New Deal” means the terms between the Province and the City to improve the long-term stability and sustainability of Toronto’s finances, and to consider ways in which Toronto, the Province and the Federal Government can advance shared priorities, signed on November 26, 2023, approved in principle by City Council in Item 2023.CC.13.2.

“Party” means the Province of Ontario or the City of Toronto (collectively the “Parties”).

“Partnership” means the Ontario-Toronto Transit Partnership as formalized by the Preliminary Agreement.

“Preliminary Agreement (PA)” means the Province of Ontario-City of Toronto Transit Partnership Preliminary Agreement executed on February 12, 2020.

“Project” or “Projects” means any of the following transit projects: the Ontario Line; Scarborough Subway Extension; the Eglinton Crosstown West Extension; and the Yonge North Subway Extension.

“Project Agreement” means an agreement entered into between the Province or one or more of its agencies and a successful Proponent to design, construct, finance, operate and/or maintain a Project, as may be amended, supplemented, or restated from time to time.

“Public Realm” means places, spaces and amenities that are publicly accessible, including but not limited to: areas beneath elevated guideways, squares, plazas, trails, parks, pedestrian clearways, landscaped areas, open spaces, waterfronts, conservation areas, and civic buildings and institutions, but excludes: Right of Way and 1-foot reserves, areas located on and within station boundaries and Program Assets.

“Program Assets” means the infrastructure and assets pertaining to the Subway Program and owned by the Province or its agent, Metrolinx, including but not limited to subway tunnels, new track, signaling, rolling stock, maintenance facilities, storage facilities, traction power sub-stations and stations, but excludes rolling stock for the Scarborough Subway Extension and the Yonge North Subway Extension.

“Proponent” means a bidder in a procurement process by the Province or one or more of its agencies pertaining to a Project.

“Required Permits” means all permits, licences and approvals of general application required by the City and third parties to design and construct the Connections, City Infrastructure Work and Additional Infrastructure work, including without limitation, building permits.

“Right of Way” means a common and public highway, street, sidewalk, avenue, parkway, driveway, bridge, viaduct or trestle, any part of which is intended for or used by the general public for the passage of vehicles and includes the area between the lateral property lines thereof.

“Subway Main Agreement” means an umbrella agreement for the Subway Program to be negotiated between the City, the TTC and Metrolinx, based on the terms of this Term Sheet.

“Subway Program” means cumulatively, the four Projects.

“Subway Real Estate Protocol” means the General Terms and Conditions for Real Estate Protocol for Property Acquisitions and Dispositions Related to Subway Projects in the City of Toronto, dated June 16, 2022, executed between the City, TTC and Metrolinx in respect of the Subway Program, attached hereto as Attachment 1 and as amended from time to time.

“Subway Resourcing Agreements” means both the agreement between the City of Toronto and Metrolinx and the agreement between the TTC and Metrolinx that set out the terms and conditions for reimbursement to the City and TTC of staffing costs to support the delivery of the Subway Program, dated July 19, 2022, and October 6, 2022, respectively.

“Third Party Scope Request Process” means Metrolinx’s standardized process of initiating, defining and agreeing to the inclusion of Additional Infrastructure within the Project’s scope. This includes documentation of scope, design standards, risk responsibility, risk mitigation plans, tentative schedule milestones and estimated costs. Details agreed upon in the Third-Party Scope Request Process will inform the development of an agreement between Metrolinx and the City and/or TTC.

“TTC Design Standard” has the meaning set out in the TTC Process and Approval Protocol for Metrolinx Subway Program.

“TTC Process and Approval Protocol for Metrolinx Subway Program” means the protocol executed on July 5, 2024 by TTC and Metrolinx for the planning, design, delivery and commissioning of the Subway Program, amongst other matters, attached hereto as Attachment 2 and as amended from time to time.

2. Scope / Application

2.1 The scope of this Term Sheet covers the Subway Program.

3. Information Sharing / Transparency

- 3.1 Subject to any legal limitations including any limitations pursuant to the Freedom of Information and Protection of Privacy Act (FIPPA) and the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA), the Parties shall exchange information on a timely basis as is reasonably required for the purpose of implementing the provisions of this Term Sheet.
- 3.2 The Parties acknowledge that detailed protocols for the sharing, reviewing and exchanging of technical information related to the implementation of the Subway Program will be outlined as part of the Subway Main Agreement or project-specific agreements, as appropriate, and will be consistent with any applicable confidentiality agreements already in place between Metrolinx and the City or the TTC. However, general terms related to information sharing, and the Parties' roles with respect to reviewing, commenting and approving designs and construction of the Projects will be outlined within the Project Implementation section of this Term Sheet.
- 3.3 The Province and the City acknowledge that the provisions of the Agreement on Cooperation and Consultation between the City of Toronto and the Province of Ontario (T-Occa) regarding cooperation apply to the Subway Program and to this Term Sheet.
- 3.4 The Province, through its agent Metrolinx, will actively coordinate Project works with infrastructure projects deemed essential by the City, and be responsible for inputting, or otherwise providing to the satisfaction of the City, Project information related to the Subway Program into the City's T.O.Inview (Infrastructure Viewer) or its successor tool to ensure that all Project information is reasonably kept current and up to date, with updates at minimum on a quarterly basis. The City will provide Metrolinx with the required access to T.O.Inview or its successor program, as well as transfer related City and authorized Toronto Public Utility Coordination Committee (TPUCC) geodata to Metrolinx on a quarterly basis, or as may otherwise be agreed to in accordance with the terms and conditions of the Subway Main Agreement.
- 3.5 The Province, City and TTC will work collaboratively early in the planning stages of each Project, including by exchanging/providing information (including scheduling) in advance, as appropriate for the duration of the Projects to mitigate impacts on TTC operations, planned construction of potentially conflicting infrastructure projects, and on local communities.
- 3.6 The Province, through its agent Metrolinx will provide the information from Project Agreements, including all amendments thereto, to the City for the purpose of sharing City Infrastructure Specifications related to City Infrastructure Work and any cost information directly related to Additional Infrastructure for which the City or TTC is financially responsible, or in respect of any cost obligations for which the City or TTC are responsible under an Operations and Maintenance Agreement that flow from costs payable to a contractor pursuant to a Project Agreement, and adjustments to such costs and penalties between all parties to the Project Agreement. The Province, through its agent Metrolinx, will

have the discretion to share the information from Project Agreements in accordance with its confidentiality obligations. Should the City or TTC determine it has insufficient information to substantiate costs before the establishment of the Operations and Maintenance Agreements, the City or TTC has the ability to raise this issue in accordance with the process outlined in paragraph 5.1. Both parties will ensure that the dispute process is completed in an expeditious manner. Costs under dispute through the dispute resolution process will not be payable until the process is complete for costs incurred before the establishment of the Operations and Maintenance Agreements. Disputes related to the operations and maintenance phase of the Projects are covered under paragraph 5.2.

4. Federal Engagement

- 4.1 The City acknowledges that funding from the Government of Canada for the Projects, including federal funding reallocated to the Projects by the City under the Investing in Canada Infrastructure Program (ICIP), will flow directly to, and be accounted for, by the Province under contribution agreements to be established bilaterally between the Province and the Government of Canada. Accordingly, the Province will be responsible for satisfying federal requirements and the City will provide any additional information needed to support reporting requirements related to the funding, as required.
- 4.2 The Province will support the City in calls for greater federal funding to support modernization, upgrades, and state-of-good-repair needs in the existing transit system.
- 4.3 The Province will consider supporting the City's request for funding the capital costs of City Council approved transit expansion projects, including the Eglinton East LRT and Waterfront Transit Network, subject to the City submitting the necessary information requested by the Province, acting reasonably and further subject to provincial approvals.

5. Dispute Resolution

- 5.1 For the planning, design and construction phases of the Subway Program, disputes between the Parties will be resolved in accordance with the Partnership governance framework in place for other transit expansion programs between the City, TTC, Metrolinx, the Province, and Infrastructure Ontario and will be further detailed in the Subway Main Agreement.
- 5.2 A dispute resolution process for the operations phase will be established in the Operations and Maintenance Agreements, which may include the development of a procedure to address technical disputes and include the potential engagement of an external advisor(s) to assist in the resolution of technical disputes, on a case-by-case basis.

6. Project Implementation

City Engagement

- 6.1 The Province including its agent Metrolinx agree it will engage the City and TTC early on in all phases of the Projects and will work collaboratively in good faith to resolve planning, design, and implementation issues with the City and TTC. The Province will take reasonable efforts to resolve issues with the City and TTC, including consideration of the City's implementation of the recommendations in 2024.EX15.2.
- 6.2 The Province including its agent Metrolinx will consult the City and TTC on proposed changes to the scope of the Program or changes to design of each Project that materially impact the benefits accruing to the City and TTC.

Planning and Design Phases

- 6.3 Without limiting the rights and obligations set out in this Term Sheet, the City and TTC's rights to review, provide comments and approve designs for the Subway Program shall be in accordance with Schedule "A" of the Subway Real Estate Protocol and the TTC Process and Approval Protocol for the Metrolinx Subway Program, respectively.
- 6.4 The Province, including through its agent Metrolinx, and the City, including through TTC, commit to working in collaboration to coordinate their respective capital programs so as to optimize opportunities for efficiencies to all Parties' projects, limit construction conflicts and mitigate the impact of their respective capital programs, including cost impacts, on the other parties.
- 6.5 All comments by the City and TTC during the planning and design phases will be provided to the Province through its agent Metrolinx in accordance with the Subway Resourcing Agreements and Schedule "A" of the Subway Real Estate Protocol and the TTC Process and Approval Protocol for the Metrolinx Subway Program, respectively. Based on the information provided by Metrolinx, the City and TTC will ensure it provides to the Province, through its agent Metrolinx all relevant and applicable City Standards and TTC Design Standards in the design of City infrastructure and TTC infrastructure, respectively. The Province will ensure it provides the City and TTC adequate time to review and provide comments in accordance with the terms of the aforementioned agreements.

Procurement and Construction Phases

- 6.6 Without limiting the rights and obligations set out in this Term Sheet, Metrolinx, the City and TTC's rights and obligations with respect to the construction phases for the Subway Program shall be in accordance with Schedule "A" of the Subway Real Estate Protocol and the TTC Process and Approval Protocol for Metrolinx Subway Program.

- 6.7 On a case-by-case basis, if the Province or its agencies' work on the Subway Program has created an incremental cost impact to the City's or TTC's funded capital projects that are either planned or underway as of the Effective Date, the Parties may negotiate an appropriate cost sharing apportionment with the aim to reduce the cost impact to the City or TTC, taking into account the causal factors associated with such cost increase. The Parties will also determine the best approach to deliver the impacted capital project that aims to reduce all cost impacts, delays and impacts to the community.
- 6.8 The Province, or its agent Metrolinx, will consult with the City and TTC in the evaluation of those portions of the bid submissions that are specifically related to City Infrastructure Work and Additional Infrastructure provided that the City and the TTC and any evaluators representing the City and TTC have no conflicts of interest and the Confidentiality Agreement, between the City, IO and Metrolinx, dated August 20, 2020, and the TTC, Metrolinx and IO dated August 20, 2020 remains in force.
- 6.9 The Province and the City will endeavour to, in good faith, reasonably follow the guidelines and processes developed by Metrolinx, to support the implementation of the *Building Transit Faster Act*.
- 6.10 In addition to the commitments pertaining to City Infrastructure Work in the Subway Real Estate Protocol, for Additional Infrastructure work, the Province will obtain all permits, licences and approvals of general application required by the City/TTC and third-parties, and will ensure compliance with all federal, provincial and municipal laws in force in the Province of Ontario applicable to and enforceable against the City and the TTC.
- 6.11 The City and TTC, as appropriate, will make a final determination on a completed application for any permit, licence, or approval that has been submitted within the time frame specified by legislation and, if not specified in legislation, then as specified in the applicable Subway Resourcing Agreement. The City and TTC's approval within these timelines is subject to submission of completed applications and information by Metrolinx or its contractors as outlined in the Subway Resourcing Agreement. The City and TTC will not be required to provide any permits, licences, and approvals that do not meet City and TTC requirements in force at the time of submission. Should the Province elect, in its sole discretion, to proceed without permits, licences, and approvals in respect of work on Program Assets, the Province will assume all liability for such work.
- 6.12 The Province will ensure a construction management plan(s) is developed for the delivery of the Projects that will aim to mitigate to the extent possible, negative impacts on local residents and businesses, transit and traffic operations, and will ensure the construction zone is kept as clean and tidy as reasonably possible.
- 6.13 The Province shall be responsible for the cost and performance of repairing damage to City and TTC infrastructure or assets (excluding normal wear and tear) caused as a result of

work on a Project to the extent of the damage caused by that work. If there is an existing defect or deterioration of the City and TTC infrastructure or assets that was discovered in the course of work on the Project that was not caused by work on the Project, then the City and TTC shall be responsible for the costs of any repairs it requests of Metrolinx for that infrastructure or asset.

- 6.14 In connection with the delivery of the Subway Program, the City and TTC will not be responsible for any costs, loss, injury, or damage resulting from the negligent, acts or omissions, wilful misconduct, or breach of contract by any one of Metrolinx, a Proponent, Project Co, or any of their contractors, subcontractors, or anyone acting on their behalf.
- 6.15 The Province, through its agent Metrolinx, shall Commission City Infrastructure Work, Connections, and other Program Assets, as agreed to by the parties in writing, in accordance with a future Commissioning and Acceptance Protocol. The Protocol will include but is not limited to provisions pertaining to the management of interim inspections and final inspections, submittal of documentation, and the management of the warranty inspections prior to the expiry of the warranty period.
- 6.16 The Province, through its agent Metrolinx, will also Commission Additional Infrastructure in accordance with a future Commissioning and Acceptance Protocol and the TTC Processes and Approvals Protocol.
- 6.17 The Province commits to ensuring that the planned in-service date for the Ontario Line will be prior to the planned in-service date of the Yonge North Subway Extension.
- 6.18 The Province, through its agent Metrolinx, will reimburse the TTC for eligible costs pursuant to and in accordance with the terms and conditions set out in a joint framework for addressing reimbursement of bus bridging service disruptions caused to the TTC service as a result of Metrolinx capital programs.

City Utilities

- 6.19 The Province, or its agent Metrolinx, shall be responsible for the costs of relocating all City Utilities where the relocations are required to facilitate the delivery of a Project. Should relocated City Utilities require increased capacity due to the Program Assets, the Province will pay the incremental costs for increased capacity resulting from the Subway Program Assets only. The Province or its agent Metrolinx are not responsible for the cost of upgrades and associated incremental costs to existing City Utilities requested as Additional Infrastructure by the City. If the upgrade is required due to the design of the Projects, the costs of these upgrades will be assessed on a case-by-case basis and may be cost shared among the Parties pursuant to the outcome of the assessment. For clarity, the City is not responsible for the costs of the upgrade unless determined otherwise through the case-by-case assessment.

City-owned Bridges

- 6.20 To ensure effective construction coordination with the Subway Program, the Province and the City will discuss City bridges that are due for rehabilitation in the City's 10-year capital plan. Where operationally feasible, and at the Province's discretion, the Province will undertake rehabilitation of these City's bridges. The City and the Province will negotiate the capital contribution for the City bridge rehabilitation work noted above, on a case-by-case basis, for the purposes of apportioning costs for design and construction and will be guided by the cost-sharing obligations in the existing Board Order for the specific crossing. The apportionment of maintenance responsibilities will be based on the guidelines of the Canadian Transportation Agency.

Additional Infrastructure

- 6.21 The City and TTC at their cost may request in writing that Metrolinx design and/or construct Additional Infrastructure as part of a Project through the Third-Party Scope Request Process. Through its agent Metrolinx, the Province will, in its sole discretion, decide whether to incorporate the requested Additional Infrastructure work into a Project's scope. The City and the TTC agree to participate in and adhere to timelines as outlined by Metrolinx in the Third-Party Scope Request Process.
- 6.22 Subject to paragraphs 6.21, 6.25, and 6.26 of this Term Sheet, the Province will, through its agent Metrolinx, design and construct Additional Infrastructure in accordance with City Standards and TTC Design Standards, and in accordance with Applicable Law. Ownership of the Additional Infrastructure will be transferred to the City in accordance with the Commissioning and Acceptance Protocol and to the TTC in accordance with the TTC Process and Approval Protocol for Metrolinx Subway Program. Ownership of properties acquired to enable the Additional Infrastructure will be transferred to the City or TTC in accordance with the Subway Real Estate Protocol.
- 6.23 The Province, through its agent Metrolinx, shall investigate and resolve any complaints directed to it by the City alleging that Project Co's practices vary from the principles of the City's Fair Wage Policy, while keeping the City apprised of the status and outcomes of the investigation, and in the event Metrolinx receives such a complaint directly, Metrolinx will notify the City thereof and will work with the City to investigate and resolve the matter.
- 6.24 The Province, through its agent Metrolinx, shall include provisions in each applicable Project Agreement requiring Project Co to comply with Labour Relations Agreements that exist at the time Metrolinx elects to proceed with Additional Infrastructure requested by the City or TTC, to the extent that such Labour Relations Agreements apply to the construction of the applicable Additional Infrastructure.

- 6.25 As part of the Third-Party Scope Request Process, the Province, or its agent Metrolinx, will notify the City and TTC of the estimated Cost of Additional Infrastructure. The City or TTC, as applicable, must provide Metrolinx with required information of sufficient detail to provide an estimation of the Cost of Additional Infrastructure in a timely manner. Once the scope, design and estimated costs are acknowledged by both the City or TTC, as applicable, and the Province, through its agent Metrolinx, within the signed non-binding Third Party Scope Request Process form, the City or TTC, as applicable, and the Province, through its agent Metrolinx will enter into a municipal infrastructure agreement to confirm the roles and responsibilities (which will include terms for such Additional Infrastructure work, including a payment schedule of the Cost of Additional Infrastructure). The Province and its agent Metrolinx are under no obligation to commence any design or construction work in respect of any Additional Infrastructure unless and until a municipal infrastructure agreement is executed by the City or TTC, as applicable, and the Province/Metrolinx. The Province, through its agent Metrolinx, will direct its contractor(s) to design and/or construct the Additional Infrastructure as part of the work undertaken for the Project.
- 6.26 The City or TTC, as applicable, will be responsible for reimbursing Metrolinx for the Cost of Additional Infrastructure for work performed pursuant to the applicable municipal infrastructure agreement (“MIA”), up to the maximum of the estimated total amount explicitly set out in the applicable MIA. For clarity, the Province or its agent Metrolinx will not be responsible for the Cost of Additional Infrastructure except in circumstances under paragraph 6.14. If actual costs exceed the estimated costs explicitly set out in the applicable MIA, Metrolinx is under no obligation to continue performing work and the City or TTC, as applicable, may seek to amend the applicable MIA to cover cost escalations. Subject to the terms and conditions of the MIA as applicable, should the City or TTC, as applicable wish to terminate the MIA at any time, the City or TTC, as applicable, will notify Metrolinx, in writing, and the MIA will be terminated.

Public Realm and Right of Way

- 6.27 The Province will replace all City-owned Public Realm and Right of Way elements that have been removed or damaged during construction of the Projects on a like-for-like basis, using Basic Standards (or City Standards or TTC Design Standards if agreed to by the Parties).
- 6.28 The Province, through its agent Metrolinx, will work with the City to incorporate Public Realm enhancements, through its community supports/benefits strategy, with a focus on areas within the City of Toronto where the Projects run above-ground to minimize negative impacts to the local community.

Community Supports/Benefits

- 6.29 The Province will work in consultation with the City, and community stakeholder groups to develop a suite of flexible and responsive community supports using an equity and gender lens. This suite of community supports will include, at a minimum, criteria and methods for prioritizing local procurement, local job creation and youth apprentice opportunities, leveraging provincial programming, appropriate for implementation in the construction of the Projects.
- 6.30 The Province will endeavour to promote such community supports as outlined in section 6.28 in the City's Neighbourhood Improvement Areas with an implementation plan that could include local advertising, job fairs, hiring targets, and training programs.
- 6.31 The Province will endeavour to minimize impacts on local businesses caused as a result of the construction of the Subway Program and will take reasonable steps to support businesses throughout the construction period, including through provision of potential funding support.

Cellular Connectivity

- 6.32 The Province, through its agent Metrolinx, will work with the City and TTC to enable cellular and internet connectivity across the Projects.

7. Funding

Capital Funding and Costs for Subway Program

- 7.1 Except as otherwise provided for in this Term Sheet, the Province will be responsible for funding 100% of the capital cost of the Subway Program (aside from federal funding allocated towards the Projects), and the City will not be responsible for funding any capital cost of the Subway Program.
- 7.2 The Province will be responsible for the capital costs of all Basic Grade Separations required for the Program. The apportionment of maintenance responsibilities will be based on the guidelines of the Canadian Transportation Agency.
- 7.3 Except as set out in paragraph 6.20, the Province will be responsible for all capital costs for bridges that required widening, modification, reconstruction, or rehabilitation for the Program. The apportionment of maintenance responsibilities will be based on the guidelines of the Canadian Transportation Agency.

- 7.4 The Province will be responsible for the costs of demolishing and decommissioning the Scarborough Rapid Transit (SRT) line to the extent this demolition and decommissioning work is required to facilitate the construction of the SSE.
- 7.5 Subject to a set of terms and conditions articulated in the Preliminary Agreement, the City would redirect the capital contributions that the City would otherwise be expected to dedicate to the Projects to instead supporting modernization/upgrades or state-of-good-repair (SOGR) improvements to the existing transit system, and/or towards other transit expansion projects. The Province acknowledges that the City has fulfilled its commitment to redirect capital contributions pursuant to section 9 of the Preliminary Agreement.

8. Ownership, Control, and Interface Station Access

Ownership

- 8.1 All Program Assets from the Projects will be owned by the Province through its agent Metrolinx, with the exception of rolling stock on the Scarborough Subway Extension and the Yonge North Subway Extension which will be owned by the TTC, and select other assets, as deemed necessary by the Parties. For clarity, the Province is providing the capital funding to the TTC to purchase the new subway trains required for the Scarborough Subway Extension and the Yonge North Subway Extension.
- 8.2 The TTC will provide rolling stock in order to test the Yonge North Subway Extension (“YNSE”) and SSE infrastructure in advance of revenue service. The TTC and Metrolinx will work together to determine testing and commissioning requirements for the YNSE and SSE infrastructure and minimize impacts to TTC operations during the testing and commissioning process.
- 8.3 Existing portions of Interface Stations will remain the responsibility of, and under the ownership of, the City and the TTC, unless solely determined otherwise by the City/TTC at which point the asset may be transferred to the Province, or its agent Metrolinx, if agreed to by the City/TTC and the Province/Metrolinx. Notwithstanding the foregoing, if as part of a Project, the Province constructs new portions within or modifies Interface Stations, the Province/Metrolinx and the City/TTC, will assess on a case-by-case basis the appropriate ownership, access and control of the modified or new portions built within Interface Stations based on an assessment of implications to the safety, security and operational integrity of the Projects and TTC network. Subject to agreement by the City/TTC and the Province/Metrolinx, of any City or TTC ownership of these new or modified portions, the City and TTC’s Acceptance shall be in accordance with the Commissioning and Acceptance Protocol and TTC Process and Approval Protocol for Metrolinx Subway Program, respectively.

- 8.4 Any City Infrastructure Work that must be relocated, replaced, modified, and/or protected as part of Project works by the Province will be owned by the City and the TTC, as applicable, once Accepted in accordance with the Commissioning and Acceptance Protocol and TTC Process and Approval Protocol for Metrolinx Subway Program, respectively.
- 8.5 Any Additional Infrastructure as requested by the City or TTC and approved for inclusion into Project scope by the Province or its agent Metrolinx will be owned by the City or TTC, as applicable, once Accepted in accordance with the Commissioning and Acceptance Protocol and TTC Process and Approval Protocol for Metrolinx Subway Program, respectively.
- 8.6 Provided the design of Public Realm assets was reviewed and approved by the City in accordance with the Basic Standards, or any other City Standards agreed to by the City and Metrolinx, Public Realm assets that are constructed as part of the Subway Program will be transferred to the City and will be operated and maintained by the City, at the City's expense. Metrolinx will transfer its interest in the portion of the lands containing the Public Realm to the City, and the City will provide Metrolinx all necessary easements on Public Realm spaces for operations and maintenance activities of Program assets, all in accordance with the Subway Real Estate Protocol.
- 8.7 Where Metrolinx designs and constructs infrastructure with the intention of it being a Public Realm asset, and where the City did not review and approve the design of the Public Realm asset in question in accordance with paragraph 8.6, the Parties will determine the ownership, maintenance, and operating responsibilities on a site-by-site basis. For disputes between the Parties on the acceptance of Public Realm assets, the Parties will seek resolution through the dispute resolution process in paragraph 5.1 or paragraph 5.2, as applicable.

Access and Control

- 8.8 In order to meet its Public Sector Accounting Standards for the Projects' provincial ownership, the Province will be able to deny or regulate access to Program Assets.
- 8.9 The Province, through its agent Metrolinx in partnership with the City, through its agent TTC, will establish access and control requirements for the Program Assets for operations and maintenance purposes, and to ensure the safety and security of the entire TTC network, in particular where there are interfaces between TTC and Program Assets.
- 8.10 The Parties acknowledge that detailed site-specific access protocols for City Infrastructure Work and Interface Stations required for the Project's operations will be agreed to in the

future as part of a Subway Main Agreement, Operations and Maintenance Agreements, and other agreements, as appropriate.

- 8.11 Access protocols will be established between the Province, through its agent Metrolinx, and the City, through its TTC, to Interface Stations and TTC infrastructure or assets to ensure safe, timely and unobstructed access, where such access is required for the safe planning, design, construction, operation, and maintenance of the Project. The protocols shall include provisions in respect of the scheduling, frequency and conditions for temporary closures of Interface Stations necessary for the Projects' safe planning, design, or construction.
- 8.12 Access to real property containing the Program Assets will be in accordance with the provisions set out in the Subway Real Estate Protocol.

9. Operations & Maintenance

- 9.1 The Parties agree that details pertaining to all operations and maintenance roles and responsibilities, including funding and Farebox and Non-farebox Revenue apportionment, will be negotiated in the future following the targeted review of the long-term sustainability of the City's finances to be completed in 2026 in accordance with the Ontario-Toronto New Deal.

Operating Costs and Revenues

- 9.2 The Parties agree that the Farebox Revenue and Non-Farebox Revenue will be used to defray operating and maintenance costs for the Projects.
- 9.3 Further discussions related to the broader operating and maintenance roles and responsibilities and funding obligations for the Projects will be conducted as part of the targeted review of the long-term sustainability of the City's finances, to be completed in 2026, in accordance with the Ontario-Toronto New Deal. The review would include within its scope the financial sustainability of the operations of the TTC transit system.
- 9.4 The Province, or its agent Metrolinx, will retain Development Revenue generated from the Projects.
- 9.5 As outlined in the York Region-Ontario Transit Partnership Preliminary Agreement, York Region will provide an ongoing operating contribution for the YNSE's operating and maintenance costs, commensurate with the level of service provided in York Region as endorsed by the City/TTC. This operating contribution will be negotiated by the Province with York Region in consultation with the City/TTC. This operating subsidy will be further subject to City/TTC endorsement. Any additional subsidy required to operate the Projects will be discussed after the targeted review of the long-term sustainability of the City's finances in accordance with the Ontario-Toronto New Deal.

- 9.6 Should the Eglinton Crosstown West Extension be extended beyond the City of Toronto, the Parties will determine an appropriate ongoing operating contribution for the ECWE's operating costs at that time. This operating contribution will be negotiated by the Province and the host municipality in consultation with the City/TTC. This operating subsidy will be further subject to City/TTC endorsement. Any additional subsidy required to operate a potential extension to the ECWE, will be discussed following the targeted review of the long-term sustainability of the City's finances in accordance with the Ontario-Toronto New Deal.
- 9.7 As it relates to the Subway Program only, where this Subway Agreement in Principle and the Preliminary Agreement may be in conflict, paragraphs 9.1, 9.2, 9.3, 9.5, 9.6 and 9.14 of this Subway Agreement in Principle will supersede sections 17 and 18 of the Preliminary Agreement.

Fare-setting and Integration

- 9.8 The TTC will set fares for the Projects in accordance with the TTC fare policy and structure for the entire network. The Province will continue to work with the TTC and the City on broader fare and service integration.

Maintenance Costs

- 9.9 Unless otherwise agreed to by the Parties as part of further discussions related to the broader operating and maintenance funding roles and responsibilities for the Projects in accordance with paragraph 9.1 and 9.3, the Province will fund lifecycle maintenance for the Program Assets.

Operations and Maintenance Agreements

- 9.10 Without limiting the rights and obligations outlined within this Term Sheet, additional details regarding roles and responsibilities for operations, maintenance and funding obligations for the Projects by the parties will be further identified and defined in the Operations and Maintenance Agreements, as applicable.
- 9.11 To ensure operational readiness, Metrolinx and the TTC/City will endeavor to complete the Operations and Maintenance Agreements for the Projects at least two years before revenue service of each Project, as applicable.

Operation and Maintenance Roles

- 9.12 Where applicable, the Province and Metrolinx are responsible for ensuring all Program Assets delivered through the Projects are in a state of operational readiness where transitioned to the TTC to operate in sufficient advance time for revenue service. Details will be determined in downstream agreements.

- 9.13 The TTC and Metrolinx will work together to ensure seamless integration of the Projects into existing and planned transit networks. To ensure safe and effective operations, the parties will exercise clear communication and coordinate a system-wide operational approach. Details will be determined in downstream agreements.
- 9.14 The TTC's role as operator of the Projects, with detailed roles and responsibilities, will be further defined in subsequent O&M Agreements in accordance with the following principles:
- a. The TTC is the operator of the Yonge North Subway Extension and the Scarborough Subway Extension as these are extensions to the existing TTC owned and operated subway system.
 - b. The TTC is the operator of the Eglinton Crosstown West Extension (ECWE) which will be operated as an extension of the Eglinton Crosstown Light Rail Transit (ECLRT) project. The O&M roles and responsibilities for ECWE will be developed in consideration of the approach taken for the ECLRT to ensure consistency across the line.
 - c. The specific functions of TTC's role as operator of the Ontario Line will be determined through ongoing discussions between the Province and the City, along with the TTC and Metrolinx.
- 9.15 Service levels for the Projects will be established in accordance with TTC service standards and applicable Operations and Maintenance Agreements to support practical integration with the TTC network. The TTC will recommend service level changes for the Projects as required based on the outcomes of the TTC's annual service plan review and in-year requirements, in accordance with the applicable O&M Agreements.

10. Real Estate (including access)

- 10.1 The Parties will comply with the provisions set out in the Subway Real Estate Protocol, in respect of accessing, licencing and transferring real property interest by either of the Parties in respect of the Projects.

11. Communications

Planning, Design and Implementation Phase Only

- 11.1 With respect to the Projects, the Province is solely responsible for all aspects of public and stakeholder communications, including but not limited to public enquiries, media enquiries, issues management, announcements, stakeholder consultations, and procurement.
- 11.2 The Province agrees to use a wide range of tools to convey messages and notifications to the public and to receive questions and comments related to the Projects, including dedicated phone lines, community offices, websites, social media, and Community Liaison Committee meetings.

- 11.3 The Province shall advise the City and TTC of upcoming public events, news releases or community relations activities as far in advance as possible.
- 11.4 The Parties agree to engage/collaborate on public communications, as appropriate to build trust and public understanding of the Subway Program.
- 11.5 The City will provide input to the Province on local interests and concerns through a joint communications group.
- 11.6 With respect to the Projects, the Province and its agencies are solely responsible for all communications with:
 - (a) The Government of Canada; and
 - (b) Municipalities outside the City of Toronto and York Region.
- 11.7 For clarity, the City and/or TTC remains responsible for all public communications in respect of the existing TTC system, including investments carried out through redirected capital funding.
- 11.8 The Province, through its agent Metrolinx, and TTC will discuss the approach to wayfinding and branding as part of ongoing operations and maintenance discussions and will be confirmed in downstream Operations and Maintenance Agreements.
- 11.9 The Province is responsible for the promotion of the Projects and will provide promotional material to the City and TTC as necessary.
- 11.10 The City may issue jurisdiction-specific communication materials on the Projects that have been approved by the Province and/or Metrolinx.
- 11.11 The Province and City/TTC will jointly manage all communications dealing with Additional Infrastructure and City/TTC infrastructure and assets.
- 11.12 The Province will be responsible for managing communications within the Province, the Office of the Premier, Ministry of Transportation and the Ministry of Infrastructure. The Province will provide briefing dates, times and materials to the City, through the communications group, in advance of any briefings with local MPPs. The City will be responsible for managing communications within the City, the Office of the Mayor and Toronto City Councillors. The City will provide briefing dates, times and materials to Metrolinx, through the Communications Group, in advance of any briefings with Councillors.
- 11.13 For clarity, terms related to communications during the operations phase will be dealt with in the future Operations and Maintenance Agreements.

12. Indemnity & Insurance

- 12.1 The insurance and indemnities provisions in the Subway Real Estate Protocol will apply to the Subway Program. The Subway Main Agreement may confirm these insurance and indemnity requirements and may also establish new or modified insurance and indemnity requirements. Other agreements related to the Program may also include other insurance and indemnity requirements, including but not limited to the Operations and Maintenance Agreements.

13. General Issues

Notice

- 13.1 Any notice or communication required under this Agreement in Principle shall be delivered to the following officials:

Province:

Assistant Deputy Minister
Transit Division
Ministry of Transportation
777 Bay St., 30th Floor
Toronto, ON M7A 2J8

City:

Executive Director
Transit Expansion Division
City of Toronto
100 Queen Street West,
24th Floor East Tower
Toronto, ON M5H 2N2

Counterparts

- 13.2 This Agreement in Principle may be executed in counterpart and may be executed by electronic signature that is received by the City in a file format acceptable to the City. Such electronic signature shall be deemed to be an original signature for the purpose of this Agreement with the same legal effect as an original signature.

[Signature page follows]

Executed by the Parties on the dates written below.

**HIS MAJESTY THE KING IN RIGHT
OF ONTARIO, as represented by the
Minister of Transportation**

By: _____

Name:

Title:

Date: _____

THE CITY OF TORONTO

By: _____

Name:

Title:

Date: _____