

The Regional Municipality of York

Regional Council
May 28, 2020

Report of the Chief Administrative Officer

Yonge North Subway Extension – Update

1. Recommendations

1. Council authorize execution of a Preliminary Agreement and associated Transit-Oriented Communities Memorandum-of-Understanding with the Province of Ontario as generally set out in Attachments 1 and 2.
2. The CAO and/or his designate(s) be directed to:
 - a. Continue negotiating additional agreements with the Province, City of Toronto and TTC required to ensure delivery of the Yonge North Subway Extension, reporting back to Council to authorize their execution.
 - b. Engage with affected local municipalities of Markham, Vaughan and Richmond Hill to draft and execute agreements necessary to fulfill the “one-window” obligations stemming from the Preliminary Agreement and Transit-Oriented Communities MoU with the Province of Ontario.
3. The Regional Clerk circulate this report to the Clerks of the local municipalities.

2. Summary

This report provides an update on the status of work and agreements necessary to advance construction of the Yonge North Subway Extension.

Key Points:

- The Yonge North Subway Extension (YNSE) is one of four priority subway projects announced by the Province in early 2019 with an update last provided to Council in June 2019
- A Preliminary Agreement on the YNSE project and a Memorandum of Understanding regarding Transit-Oriented Communities between the Province of Ontario and the City of Toronto were executed in February 2020 and now form the basis of similar agreements in the Ontario-York Region negotiations

- Bill 171, the “Building Transit Faster Act”, introduced by the Province in February 2020, includes a number of measures to help accelerate the timing of the delivery of the Provincial subway program, providing additional certainty for property securement, utility relocations and permitting required to ensure timely construction
- Negotiations between the Province and York Region for the planning, funding, delivering, operating and maintaining of the YNSE have advanced to a stage set out in three documents:
 - the “Province of Ontario-Regional Municipality of York Transit Partnership (YNSE) Preliminary Agreement”,
 - the “Memorandum of Understanding on Transit-Oriented Communities,” and
 - the “Provincial Statement of Intent Related to the Arrangement to Support Accelerating Transit Delivery”
- The agreement and MoU are recommended to Council for authority to execute
- Additional project-related agreements and arrangements will continue to be advanced with the Province and brought back to Council for approval
- Preliminary engineering and design work for the YNSE is proceeding under Metrolinx’s leadership
- Metrolinx expects to develop the “Initial Business Case” for the YNSE by summer 2020, which will be tabled for the Metrolinx Board’s consideration
- A “one-window” approach to coordinate municipal input to the YNSE project is being established to streamline regional and local municipal interests as the YNSE project advances

3. Background

The Province of Ontario confirmed a plan to construct four priority subway projects in its Budget tabled on April 11, 2019

In the 2019/20 Budget, the Province of Ontario confirmed its intentions to proceed, in 2020 with construction of four priority subway projects identified as (Attachment 3):

- i. Ontario Line (replacing the project formerly known as the Downtown Relief Line)
- ii. Yonge North Subway Extension
- iii. Scarborough Subway Extension
- iv. Eglinton Crosstown West Extension

On June 23, 2019, Council authorized the Chief Administrative Officer to begin negotiations for the Yonge North Subway Extension

Council authorized the Chief Administrative Officer and/or his designate(s), to begin negotiations with the Government of Canada, the Province of Ontario, Metrolinx, City of Toronto, Toronto Transit Commission and others for the design, construction, operations, maintenance and funding of the Yonge North Subway Extension.

A commitment was made to report back to Council with an update on the status of Yonge North Subway Extension project, negotiations and emerging Regional obligations related to the Yonge North Subway Extension, including:

- a. Progress on negotiations related to York Region obligations for the Yonge North Subway Extension;
- b. Government of Canada and Province of Ontario funding contributions;
- c. Progress on the Preliminary Design and Engineering work program and;
- d. Transit-oriented development and land value capture opportunities along the Yonge North Subway Extension corridor and potential partnerships and financial arrangements; and
- e. Roles and responsibilities in the funding, planning, design and delivery of the Yonge North Subway Extension.

Negotiations between the Province and the City of Toronto advanced through 2019

In June 2019, Bill 107, the *Get Ontario Moving Act* was passed and included changes to the *Metrolinx Act, 2006*, enabling the Province of Ontario to take responsibility for the delivery of rapid transit expansion projects, including authority to transfer assets, liabilities, rights (including contractual rights) and obligations from the City of Toronto and TTC to Metrolinx.

In August 2019, the Minister of Transportation communicated the Government of Ontario's desire to advance the projects collaboratively (Attachment 4).

In October 2019, Toronto City Council endorsed the [Terms of Reference for Realignment of Transit Responsibility](#) (Attachment 5) and an Ontario-Toronto negotiation framework was established.

Toronto City Council authorized staff to enter into negotiations with the Province for the planning, procurement, construction, operations, and maintenance of the four priority subway projects, with the understanding that a suite of agreements would be negotiated.

Negotiations were based on the following key principles:

The City of Toronto retains ownership of the existing subway network – Ownership of existing TTC subway will remain with the City and TTC and the Province retains ownership of subway expansion and extension projects.

TTC retains operations of the transit network – TTC operates the existing network and the four subway expansion and extension projects and the fare box revenues will be used to defray operating costs.

A Provincial commitment to negotiate operating contributions from other municipalities where subway service is provided – Province will work with the City and TTC to further define roles and responsibilities on service levels and standards through operating and maintenance agreements.

Capital Funding – State of Good Repair and Expansion – Subject to agreed terms and conditions, the Province will allow a reallocation of City capital funding contributions that the City would otherwise be expected to make towards the four priority subway projects (approximately \$6 Billion) towards state-of-good-repair to the existing network and/or expansion projects. Subject to a review and reconciliation exercise, the Province to reimburse City/TTC reasonable costs to date for the Relief Line South and Line 2 East (Scarborough Subway).

Federal funding – City has endorsed reallocation of the Investing in Canada Infrastructure Program PTIF Phase 2 (ICIP-PTIF 2) funding to Provincial Projects:

- Up to \$0.660 Billion for Line 2 East Extension
- Up to \$3.151 Billion for proposed Ontario Line

The Province and the City to continue to advance the SmartTrack Stations Program, and Bloor/Yonge Capacity Improvement Project through ICIP-PTIF Phase 2 Program and the Province and City will partner to seek further federal engagement and funding commitment for all priority projects.

Collaborate and accelerate – There is a Provincial commitment to collaborate with the City and TTC through design, development, and delivery of its priority projects. The City and Province will jointly seek opportunities to advance, streamline, and accelerate delivery of priority transit projects, where possible. The City of Toronto's Transit Expansion Office will act as one-window access to the City and facilitate the City's role in project implementation.

The Province has also introduced legislation intended to fast-track delivery of the priority subway projects

In February 2020, the Province introduced new legislation that, if passed, would remove roadblocks and enable the Province to expedite the delivery of priority provincial subway projects. Bill 171, the *Building Transit Faster Act*, provides the Province with tools to expedite planning, design and construction of the subway projects through:

- relocating utilities more efficiently;
- ensuring more timely assembly of lands;
- ensuring provincial access to municipal services and rights of way; and
- allowing the province to inspect and remove barriers to construction

Council received an update on Bill 171 from the Commissioner of Transportation Services in [March 2020](#).

The Province and the City of Toronto have now executed key business agreements related to the delivery of the Provincial subway program

Toronto's receipt of and commitment to the "Provincial Statement of Intent Related to the Arrangement to Support Accelerating Transit Delivery," and execution of "The Province of Ontario-City of Toronto Transit Partnership Preliminary Agreement", and "Memorandum of Understanding of Transit Oriented Development" in February 2020 has provided a framework for Ontario-York Region negotiations.

The Province, through the Ministry of Transportation, led discussions required to advance and formalize agreements with York Region in a similar form to those entered into with the City of Toronto

Pursuant to the August 2019 communication from the Minister of Transportation, a structure was established for the negotiation and execution of the YNSE agreements with a mandate to negotiate partnership agreements, confirm measures to expedite project delivery, and review broader transit priority initiatives/items (i.e. policy, planning, funding, etc.).

Through an "Ontario-York Executive Steering Committee", negotiations have been led by the Provincial Special Advisor, the Deputy Minister and Associate Deputy Minister of Transportation. York Region's participation included the Regional CAO, in conjunction with the Commissioners of Finance and Transportation and the President of York Region Rapid Transit Corporation.

4. Analysis

A Preliminary Agreement and Transit-Oriented Communities Memorandum of Understanding are being recommended to Council for execution

The following Agreement and Memorandum of Understanding between the Province and the Region have been negotiated and are now recommended for execution:

- a. The "Province of Ontario-Regional Municipality of York Transit Partnership (Yonge North Subway Extension) **Preliminary Agreement**" (Attachment 1). This agreement is expected to serve as a foundation for further agreements and sets out, generally:
 - roles/responsibilities of the parties and other partners in planning, funding, delivering, operating and maintaining the YNSE
 - York Region funding/cost-sharing of the Project;
 - federal funding and engagement;
 - Ontario-led Transit-Oriented Communities Program (TOCP);
 - operating & maintenance roles/responsibilities
 - Provincial reimbursement of "reasonable" municipal costs.

- b. Province of Ontario-Regional Municipality of York Memorandum of Understanding (**MOU on Transit-Oriented Communities (TOC)**) (Attachment 2). The MoU describes an “Ontario-led” program intended to:
- Leverage opportunities for private sector delivery and intensification
 - Acknowledge municipalities as critical partners with shared objectives (accessibility, housing supply, ridership, employment area growth, etc.)
 - Confirm regional coordination of municipal and public interests through formally structured frameworks and agreements

The agreement cited above in (a) also makes reference to a **Provincial Statement of Intent Related to the Arrangement to Support Accelerating Transit Delivery** (Attachment 6). This statement is also included in the Ontario-Toronto agreement and gives further certainty to provincial intentions to work collaboratively, proactively and in good faith towards the timely completion of the YNSE project.

Building upon the Minister’s August 2019 letter, the agreement and MoU provide a structured framework for overall project delivery. This is material as the province intends to direct the project delivery through its transportation agency - Metrolinx. The agreement and MoU will set the terms for the relationship with Metrolinx.

PROGRESS ON PRELIMINARY DESIGN AND ENGINEERING WORK

As project manager, Metrolinx is advancing the preliminary design and engineering for the YNSE project to inform an “Initial Business Case”

Metrolinx expects to develop the Initial Business Case for the YNSE by summer 2020, which will be tabled for the Metrolinx Board’s consideration. It includes the review of technical and costing alternatives (subway alignment, stations and tunnel type). This process will be followed by a Preliminary Design Business Case and a Full Business Case.

Additional train storage and maintenance facility needs are also under investigation

The approved Transit Project Assessment Process for the YNSE included a below grade Train Storage & Maintenance Facility with a 12 train storage and light maintenance facility located underground at the tail end of Richmond Hill Centre.

As part of the YNSE project scope, Metrolinx continues to provide train storage for the Line 1 extension to Richmond Hill Centre, consistent with the previously approved project scope. Last year, TTC advised that storage for additional trains is required to serve Line 1 (Yonge-University-Spadina) in the longer term, as a result of increased service enabled through automatic train operations. While beyond the scope of the YNSE, Metrolinx has advised it also has train storage needs and will be exploring this jointly with the TTC.

5. Financial

Capital funding contributions from the Federal government of a minimum of 40% have been sought, but have not yet been confirmed

The overall priority subway program announced in the 2019 Ontario budget has an estimated cost of over \$28B. The Province confirmed its share pursuant to federal infrastructure funding programs. There is currently a shortfall in federal funding commitments to the program of over \$6B including over \$2B for the YNSE.

Consistent with the federal formula established for projects under the “Public Transit Stream,” of the federal government’s “Investing in Canada Infrastructure Program (ICIP),” the Province and York Region have agreed in the Preliminary Agreement that the Region will contribute its pro-rata share of the 26.67% municipal contribution towards the total capital construction costs of the Project.

Efforts to secure full capital funding for the YNSE were extensive over the past several months. York Region has worked in close collaboration with the Province to secure the required 40% federal contribution.

At the time of the writing of this report the Federal Ministers of Infrastructure and the Provincial Minister of Transportation are in discussion with respect to the priority subway projects. Staff are working with their counterparts at the Province/Metrolinx to ensure that an early works program for the Yonge Subway is being advanced and the full federal funding commitment is secured.

Federal funding is expected to be secured through the Investing in Canada Infrastructure Plan

Council last received an update on Federal Infrastructure funding programs in [June 2018](#) following the 2018 federal budget and prior to the 2019 election. At the time, public transit funding had been allocated in conjunction with the former provincial government, strictly on the basis of existing transit agency ridership with no consideration for forecasted growth. Consequently, York Region was allocated approximately \$200 M in transit expansion funding – a figure that, at a 40% expected federal contribution, would only leverage capital investment of \$500 M after accounting for provincial and municipal shares. While nowhere near the contribution now sought by the province for the priority expansion and extension projects, the sum could minimally be applied against early works necessary to advance the Yonge subway. Discussions with federal and provincial staff will seek to clarify this opportunity for bridge funding as an interim measure only.

The Region’s contribution of over \$1B is significant given current limitations in funding sources

The capital funding contributions for the estimated project total of \$5.6B, as outlined by the Province, are as follows:

Government	\$ (Billions)	%
Federal	2.24	40
Provincial	1.86	33.33
Municipal	1.49	26.67
Total	5.60	100

Of the municipal contribution, York Region is expected to contribute its pro-rata share of the approximately 27% municipal contribution. Based on the current project estimate of \$5.6B (2017\$), this is projected at approximately 20% or \$1.13B.

A number of considerations to be resolved with respect to the Region’s funding contribution include, but are not limited to:

- Total project cost – estimate is preliminary;
- Scope of the project – currently being refined through Metrolinx initial Business Case and discussions with MTO;
- How costs may be recovered through development charges – expected DC split ranges between 60% and 83%;
- Revenue tools available to fund the non-development charge share – Region has limited ability to raise funds; and
- Timing of payments – determining whether additional debt will be required.

6. Local Impact

The YNSE underpins the employment and population growth anticipated in the Provincial Growth Plan, regional and local municipal Official Plans.

The YNSE will help enable the full build out of the Richmond Hill/Langstaff Gateway Provincial Urban Growth Centre and facilitate redevelopment of the Yonge Street Corridor from Finch Avenue to the City of Richmond Hill.

A one-window approach for the YNSE project team is being established to provide streamlined coordination of regional and local municipal interests as the YNSE project advances through the project lifecycle.

7. Conclusion

Discussions and negotiations with the Province of Ontario provide for additional clarity, direction and opportunity to progress the Yonge Subway Extension. The approvals and authorizations sought from York Region Council will enable staff to continue to advance the YNSE project for delivery readiness. The YNSE is the top transit priority for York Region Council. It's a critical missing link in the GTHA recognized in successive Regional Transportation Master Plans prepared by Metrolinx.

The agreements proposed in this report advance progress towards construction. The most pressing concerns to continue momentum include:

- i. Securing a full 40% federal contribution, and
- ii. Continuing, through Metrolinx, to advance early works to ensure the project remains on schedule to achieve a 2030 opening.

For more information on this report, please contact Bruce Macgregor, Chief Administrative Officer at 1-877-464-9675 ext. 71200. Accessible formats or communication supports are available upon request.

Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

May 15, 2020
Attachments (6)
#10798005

**PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
TRANSIT PARTNERSHIP (YONGE NORTH SUBWAY EXTENSION)
PRELIMINARY AGREEMENT**

A. Preamble

As announced in the 2019 Ontario Budget, the Province of Ontario (the “Province”) is committed to working with its partners to deliver the four priority projects included in Ontario’s ‘*New Subway Transit Plan for the Greater Toronto Area (GTA)*’ (hereafter referred to as the “Provincial Projects”), namely:

- The Ontario Line, which the Province has committed to deliver as early as the end of 2027, at a preliminary capital cost estimate of \$10.9 billion;
- The three-stop Scarborough Subway Extension/Line 2 East Extension, which the Province has committed to deliver by 2029-30, at a preliminary capital cost estimate of \$5.5 billion;
- The Yonge North Subway Extension, which the Province has committed to deliver by 2029-30, at a preliminary capital cost estimate of \$5.6 billion; and,
- The Eglinton Crosstown West Extension, which the Province has committed to deliver by 2030-31, at a preliminary capital cost estimate of \$4.7 billion.

On November 4, 2019, the Province and the City of Toronto (the “City”) jointly announced the ‘*Ontario-Toronto Transit Partnership*’, which will deliver significant expansion, modernization/upgrades and state of good repair enhancements to public transit in Toronto, including *vis-à-vis* the aforementioned priority subway projects. Subsequently, on February 14, 2020, the Province and the City announced the signing of the ‘*Ontario-Toronto Transit Partnership Preliminary Agreement*’, which formalizes the intergovernmental arrangement, and establishes the foundation for future partnership agreements between the Province and the City.

Furthermore, leveraging as precedential the applicable principles/parameters of the ‘*Ontario-Toronto Transit Partnership Preliminary Agreement*’, the Province committed to working with the Regional Municipality of York (the “Region”) (collectively, with the Province, the “Parties”) to develop a similar “**Preliminary Agreement/Agreement in Principle**” (the “Preliminary Agreement”), which will form the basis of an “Ontario-York Region Transit Partnership”, in respect of the Yonge North Subway Extension (the “Project”).

This document is intended to serve as the **Preliminary Agreement** between the Parties, with a primary focus on outlining the terms/conditions and roles/responsibilities of the Parties – and other partners, as applicable/appropriate – in planning, funding, delivering, operating and maintaining the Project. Moreover, this Preliminary Agreement, and the complementary documents referenced herein, will form the foundation for additional agreements to be negotiated in future between the Province and the Region – and between the Province and other partners – in relation to the Project.

**PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
TRANSIT PARTNERSHIP (YONGE NORTH SUBWAY EXTENSION)
PRELIMINARY AGREEMENT**

**B. Acknowledgment of Ownership/Responsibility for Project & Required Access/
Control of Existing Subway System**

The Region hereby acknowledges the following Project-related terms and conditions endorsed by the Province and the City through the '*Ontario-Toronto Transit Partnership Preliminary Agreement*':

- I. The Province will have 'sole responsibility' for the planning, design and construction of the Project, and intends to own the resulting assets.
- II. The existing Toronto Transit Commission (TTC) subway system to which the Project will connect, and with which the Project will be integrated, will remain the responsibility – and under the ownership – of the City.
- III. Associated with II., above – the Province and the City will collaborate to:
 - (i) Establish how to best manage the key interface station (hereafter referred to as the "current Finch Station") and other assets that will intersect between the Project and the TTC's Line 1 (Yonge-University) of the existing subway network, in order to ensure that the Project is seamlessly integrated with the existing TTC system; and,
 - (ii) Jointly define the required levels of provincial access to, and provincial control over, the current Finch Station and other assets, as applicable, that will intersect between the Project and the TTC's Line 1 (Yonge-University) of the existing subway network, in order to facilitate new construction of the Project and ongoing ownership of the corresponding assets.
- IV. Subject to III., above, the City will grant the Province the jointly-defined and required levels of access to, and control over, the current Finch Station and other assets, as applicable, that will intersect between the Project and the TTC's Line 1 (Yonge-University) of the existing subway network. Such an arrangement will further acknowledge that the Province must meet Public Sector Accounting Board (PSAB) requirements in order to retain ownership and control of provincial assets.

**C. Ontario-York Region Transit Partnership – Principles/Parameters, Terms/
Conditions & Roles/Responsibilities**

The Province and the Region agree to the following principles/parameters, terms/conditions and roles/responsibilities underpinning this Preliminary Agreement:

**Ongoing Province-Region Engagement & Collaboration to Support Delivery of the
Project**

1. The Province will continue to engage and collaborate with the Region – and, as directly coordinated by the Region, the lower-tier municipalities of the Region through which the Project will be constructed (the "YNSE Municipalities") – and other

PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
TRANSIT PARTNERSHIP (YONGE NORTH SUBWAY EXTENSION)
PRELIMINARY AGREEMENT

partners, as applicable/appropriate, during the delivery cycle of the Project. (That is, from the planning and design stage, through to the construction and operations stages of the Project.) Furthermore, the Province will:

- (a) Continue to acknowledge the interests of the Region and the YNSE Municipalities, in respect of the Project.
 - (b) Coordinate with the Region – and, through the Region, the YNSE Municipalities – and other partners, as applicable/appropriate, through the phases of construction of the Project, in order to mitigate the impacts of such construction both on the planned construction of other major infrastructure projects, and on the local communities in which the planned construction will occur.
 - (c) Lead engagement with the public, communities and other stakeholders in respect of the Project, while working closely with the Region, the City and other partners.
2. In addition, the Province will collaborate with the Region and – as directly coordinated by the Region – the YNSE Municipalities to:
- (a) Seek opportunities to advance and accelerate, where possible, the delivery of the Project.
 - i. Separate from this Preliminary Agreement, the Province has provided to the Region a “**Provincial Statement of Intent Related to the Arrangement to Support Accelerating Transit Delivery**” of the Provincial Projects. This document reflects the provincial intentions and commitments – articulated by the Province to the Region during consultation convened through meetings of the ‘Ontario-York Region Executive Steering Committee’ over the course of fall 2019/winter 2020 – in relation to the suite of tools proposed through the *Building Transit Faster Act, 2020*, which the Province introduced to the Legislature on February 18, 2020.
 - (b) Generate streamlined processes and leverage the authorities available to expedite Project implementation, while recognizing the role of the Region, the YNSE Municipalities and other partners in planning and approvals.
 - (c) Establish best management practices at key Project stations that will interface with other transit services in the Region, and ensure seamless integration with these transit services.
 - i. More specifically, such practices will focus on the integration of key Project stations with future ‘regional’ (i.e., GO Transit bus/rail and York VIVA Bus Rapid Transit) and ‘local’ (i.e., York Region Transit) transit services, including, but not limited to, those transit services that will be provided to/from the Richmond Hill/Langstaff Gateway area.

Region Funding/Cost-Sharing of the Project

3. Previous funding commitments made by the Region towards the planning, design and engineering (PDE) costs of the Project will remain in effect.
4. Consistent with the funding formula established for projects under the ‘Public Transit Stream’ of the federal government’s ‘Investing in Canada Infrastructure Program’ (ICIP), the Parties agree that the Region will contribute its *pro rata* share of the

PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
TRANSIT PARTNERSHIP (YONGE NORTH SUBWAY EXTENSION)
PRELIMINARY AGREEMENT

~26.67% municipal contribution towards the total capital construction costs of the Project.

5. As requested by the Region, the Province is committed to:
- (a) Working with the Region to identify any changes that should be considered, so that the Region may fund its share of the Project capital costs in a fiscally sustainable manner, including through capturing the expected future value generated by the Project as a source of funding towards part of the Region's total capital contribution to the Project; and,
 - (b) Making best efforts to obtain all necessary approvals for any changes that the Province, working with Region, determines to be appropriate.
- Further to (a) and (b), above, the Region acknowledges that education property taxes are excluded from references to "value," and will not be considered as a source of funding.

Federal Funding & Engagement

6. The Province and the Region will jointly endorse the use of committed federal funding – as identified and per the Region's allocation under the 'Public Transit Stream' of ICIP – towards the Project, consistent with the ICIP framework of approvals.
7. The Province, the Region and the YNSE Municipalities – and other partners, as applicable/appropriate – will call on the federal government to:
- (a) Secure at least 40% federal funding for the Project; and,
 - (b) Provide sustainable federal funding towards the long-term modernization, upgrade and state of good repair of the existing TTC subway system, including the TTC's Line 1 extension to the Vaughan Metropolitan Centre, referred to as the 'Toronto-York Spadina Subway Extension.'

Ontario-Led Transit-Oriented Communities Program (TOCP)

8. The Province will collaborate with the Region and – as directly coordinated by the Region – the YNSE Municipalities, as the Province pursues its 'Ontario-led Transit-Oriented Communities Program (TOCP)' for the Project. The 'Ontario-led TOCP' for the Project will:
- (a) Advance both the creation/capturing of value to offset the Province's capital costs of the Project, and the principles of good region building and planning; and,
 - (b) Involve the Province leading the procurement process for new stations to be constructed for the Project, and also spearheading negotiations with third parties related to prospective TOC.
9. The Province and the Region have jointly developed a "**Province of Ontario-Regional Municipality of York Memorandum of Understanding (MOU) on Transit-Oriented Communities (TOC)**" – attached to this Preliminary Agreement as **Annex #1** – which, in its application to the Project:

PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
TRANSIT PARTNERSHIP (YONGE NORTH SUBWAY EXTENSION)
PRELIMINARY AGREEMENT

- (a) Outlines the shared objectives of the ‘Ontario-led TOCP’ and related activities for the Project;
- (b) Identifies the measures required to achieve the objectives of the ‘Ontario-led TOCP’ for the Project;
- (c) Articulates the roles and responsibilities of the Parties in supporting the delivery of the ‘Ontario-led TOCP’ for the Project; and,
- (d) Reflects a set of commitments made by the Parties, including (but not limited) to the following:
 - i. The Province recognizes that the Region – and the YNSE Municipalities to which the ‘Ontario-led TOCP’ will apply – are critical partners in the successful delivery TOC opportunities;
 - ii. The Province and the Region share the strong desire to appropriately integrate new transit facilities into development, and to ensure due consideration for the compatibility with surrounding neighbourhoods, in order to realize the potential associated benefits accruing to each of the Parties and to the public; and,
 - iii. The Province and the Region commit to ongoing, proactive and good faith collaboration in respect of the ‘Ontario-led TOCP’.

Roles/Responsibilities – Operating & Maintenance of the Project

- 10. Per the ‘*Ontario-Toronto Transit Partnership Preliminary Agreement*’, the City/TTC will be responsible for the day-to-day operations of the Project, including in respect of labour relations.
- 11. Consistent with the ‘*Ontario-Toronto Transit Partnership Preliminary Agreement*’ and the associated responsibilities of the City, the broader arrangement between the Province, the City and the Region related to operations of the Project will reflect the following core terms:
 - (a) Farebox revenue from the Project will be applied to defray operating costs;
 - (b) The Province will negotiate with the Region an ongoing operating contribution, commensurate with the level of service provided along the segment of the Project that falls within the Region boundary; and,
 - (c) Subject to (a) and (b), above, any net subsidy required to operate the Project will be the responsibility of the City.
- 12. Further to the core terms referenced in 11., above, the Province intends to:
 - (a) Develop with the Region an operating funding agreement for the Project, which will specify the ongoing operating contribution required from the Region, commensurate with the level of service provided along the segment of the Project that falls within the Region boundary, and based upon a mutually-endorsed methodology that reasonably apportions operating costs and revenues for the Project; and,
 - (b) Develop with the City and the Region an “Operating & Maintenance Agreement” for the Project, which will define the specific roles and responsibilities of each of the parties, including (but not limited) to:

PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
TRANSIT PARTNERSHIP (YONGE NORTH SUBWAY EXTENSION)
PRELIMINARY AGREEMENT

- i. The performance of all maintenance functions;
- ii. The associated funding responsibilities for all maintenance functions; and,
- iii. The service levels, service standard-setting (including in relation to the segment of the Project that falls within the Region boundary) and fare-setting, recognizing that the Province is required to meet PSAB requirements in order to retain ownership and control of provincial assets.

Provincial Reimbursement of 'Reasonable' Municipal Costs

13. The Province will undertake a financial review and reconciliation exercise with the Region, related to the investments made to fund the PDE work for the Project, and with due regard for the commitments outlined in 3., above.
 - (a) Subject to the outcomes of the exercise, the Province commits to reimburse the Region for 'reasonable' costs incurred for the Project.
14. Moreover, subject to the outcomes of a separate review and reconciliation exercise with the Region and the YNSE Municipalities (as applicable), the Province intends to formalize a municipal staff resourcing/services agreement(s) with the Region and the YNSE Municipalities (as applicable). The municipal staff resourcing/services agreement(s):
 - (a) May be executed between the Province and the Region, and structured such that the Region would directly coordinate with the YNSE Municipalities and serve as the 'one window' for the Province;
 - (b) Would include terms of reimbursement from the Province for 'reasonable' costs incurred for municipal staff resources/services provided in support of advancing the Project; and,
 - (c) May also be deployed to support the ongoing, future delivery of the Project.

**PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
TRANSIT PARTNERSHIP (YONGE NORTH SUBWAY EXTENSION)
PRELIMINARY AGREEMENT**

Executed by the Parties on the dates written below.

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO**

Signature:

Name: Michael Lindsay

Title: Special Advisor to Cabinet – Transit Upload

Date of Signature:

Signature:

Name: Shelley Tapp

Title: Deputy Minister of Transportation

Date of Signature:

REGIONAL MUNICIPALITY OF YORK

Signature:

Name: Bruce Macgregor

Title: Chief Administrative Officer

Date of Signature:

PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
MEMORANDUM OF UNDERSTANDING (MOU) ON
TRANSIT-ORIENTED COMMUNITIES (TOC)

Context/Overview

The Province of Ontario (the “Province”) and the Regional Municipality of York (the “Region”) (collectively, the “Parties”) acknowledge that the Province intends to pursue an “Ontario-led Transit-Oriented Communities Program (TOCP)” for station sites, including those related to:

- GO Expansion; and,
- The four priority transit projects included in Ontario’s ‘*New Subway Transit Plan for the Greater Toronto Area (GTA)*’, namely:
 - The Ontario Line;
 - The three-stop Scarborough Subway;
 - The Yonge North Subway Extension (the “YNSE”); and,
 - The Eglinton Crosstown West Extension.

Hereafter, the priority transit projects featured in Ontario’s ‘*New Subway Transit Plan for the GTA*’ shall be referred to as the “Provincial Projects.”

The “Ontario-Led Transit-Oriented Communities Program (TOCP)” is defined as a program, spearheaded by the Province, which:

- Is focused on leveraging opportunities through which the private sector, in cooperation with public sector entities, would deliver some critical elements of station infrastructure, and would intensify development around proposed transit stations; and,
- Applies to the stations sites for GO Expansion and the Provincial Projects.

Moreover, aligned with the “*Shared Objectives*” outlined below, the aforementioned strategy is intended to generate the following outcomes:

- **Exchange of Value:** Creating new investment and revenue opportunities between the public and private sectors, where possible.
- **Increased Transit Ridership:** Developing transit-oriented communities, in which residents choose transit as their first mode of transportation.
- **Improved Customer Experience:** Enhancing station areas to make the interaction with the customer seamless (e.g., through creating desirable commerce and retail concourses, etc.).
- **City/Region Building:** Developing communities that provide residents and workers with new places to live, work and play.

To enable the implementation of the Ontario-Led TOCP:

- The Province recognizes that the Region – and the lower-tier municipalities comprising the Region to which the TOCP will apply – are critical partners in the successful delivery of transit-oriented communities (TOC) opportunities.
- The Province and the Region share the strong desire to appropriately integrate new transit facilities into development, and ensure due consideration for the compatibility with surrounding neighbourhoods, in order to realize the potential associated benefits accruing to each of the Parties and to the public.

PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
MEMORANDUM OF UNDERSTANDING (MOU) ON
TRANSIT-ORIENTED COMMUNITIES (TOC)

As such, the Province and the Region commit to ongoing, proactive and good faith collaboration in respect of the Ontario-Led TOCP, which, through this “Memorandum of Understanding (MOU) on Transit-Oriented Communities (TOC)”, is predicated upon the establishment of:

- A set of shared objectives that will guide the pursuit of TOC for GO Expansion and the YNSE; and,
- A formally-structured, principles-based process – with defined roles, responsibilities and activity-based timelines for each of the Parties – to deliver the TOC proposals for the YNSE.
 - Further details associated with the formally-structured process for YNSE articulated in this MOU on TOC will be developed collectively by the Parties, including in terms of the supporting governance and engagement framework.
 - While out of scope for this MOU on TOC, a formally-structured process to deliver TOC proposals for GO Expansion will be established separately by the Parties.
 - For those cases in which GO Expansion and the YNSE may intersect, the resulting station sites will be deemed to be part of the YNSE, and, by consequence, the formally-structured process appearing in this MOU on TOC will be applied *vis-à-vis* TOC proposals.

Furthermore, the Region commits to serving as the ‘one window’ for the Province, thereby directly coordinating with the lower-tier municipalities comprising the Region to which the TOCP will apply, in order to ensure that the applicable “*Shared Objectives*”, “*Formally-Structured Process – YNSE*” and “*Roles & Responsibilities Under Formally-Structure Process – YNSE*” reflected in this MOU on TOC are realized to the mutual benefit of the Parties. Therefore, the Region shall enter into a separate, formal arrangement (or arrangements) with the lower-tier municipalities comprising the Region to which TOCP will apply, for the express purpose of empowering the Region to coordinate on behalf of – and represent the interests of – these lower-tier municipalities during the formally-structured process delineated in this MOU on TOC.

Shared Objectives

Through the Ontario-Led TOCP for GO Expansion and the YNSE, the Province and the Region are jointly seeking TOC opportunities that will achieve the following objectives:

- The creation of complete and accessible communities, with employment and residential densities that support higher-order transit in a manner consistent with good land use planning and region-building principles;
- An increase in the housing supply, with a range and mix of types that are responsive to the specific context and nature of each unique TOC site, including affordable housing and other types;
- Growth in potential transit ridership and improvements/enhancements to the customer experience, as a result of direct access to rapid transit and connections to surface transit;

PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
MEMORANDUM OF UNDERSTANDING (MOU) ON
TRANSIT-ORIENTED COMMUNITIES (TOC)

- Increased transit access for residents to employment areas, while further supporting employment growth;
- An offset of the costs of building and/or operating transit; and,
- The coordinated delivery of GO Expansion and the YNSE with integrated TOC initiatives that result in an adherence to the committed project schedules, and that optimize the utilization of the resources of the Region and, as required, the lower-tier municipalities comprising the Region to which the TOCP will apply.

As previously indicated, the remainder of this MOU pertains to the formally-structured process – and associated roles and responsibilities of the Parties – to deliver provincial TOC proposals for the YNSE. A separate process will be designed and established by the Parties for provincial TOC proposals that apply to GO Expansion stations.

Formally-Structured Process – YNSE

As the proponent under the Ontario-Led TOCP, the Province will be responsible for the market solicitation processes regarding the new stations to be constructed. To this end, in all cases, the Province will:

- Spearhead negotiations with third parties related to prospective TOC; and,
- Act as the singular commercial interface with the third parties at the TOC sites.

As TOC proposals for the YNSE are developed, the Province will engage with the Region – and, as directly coordinated by the Region, the lower-tier municipalities of the Region through which the YNSE will be constructed (the “YNSE Municipalities”) – to:

- Ensure, as a first step, that the proposals will align with, and balance, the above-noted, mutually-shared objectives; and,
- Establish, as appropriate, the site-specific parameters that will serve as inputs to the market solicitation processes.

Subsequently, a formally-structured process for the Ontario-Led TOCP for the YNSE – with specified timelines defined for the various stages thereof – will ensue between the Parties, thereby allowing for:

- The ongoing sharing of information and documentation associated with the TOC proposals for the YNSE, prepared in a consistent fashion and on a site-specific basis;
- Review of, and comment on, the TOC proposals by the Region (and, as directly coordinated by the Region, the YNSE Municipalities); and,
- Input by the Region – and, as directly coordinated by the Region, the YNSE Municipalities – in relation to community amenities, which will be considered by the Province for inclusion in the TOC initiatives at the YNSE station sites.

Per this MOU on TOC, the formally-structured process in respect of the YNSE will reflect the following principles:

PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
MEMORANDUM OF UNDERSTANDING (MOU) ON
TRANSIT-ORIENTED COMMUNITIES (TOC)

- The Parties jointly acknowledge that prospective TOC will be dependent upon the specific parameters and context of each YNSE station site.
- Collaboration between the Parties during the process will:
 - Occur through a supporting governance and engagement framework to be designed by the Parties; and,
 - Involve (amongst other things) leveraging the expertise of each of the Parties, including in terms of technical considerations/requirements to the TOC proposals and YNSE station sites.
- Each TOC site will be treated by the Parties as a priority development to ensure that the committed YNSE project delivery schedules are met. To this end, during the process, the Parties will:
 - Agree to specified timelines for the various stages of the process, including those related to review and input;
 - Be responsive and accountable to the other Party, including through the timely sharing of information and documentation required, and by meeting reasonable standards of quality in the documentation provided; and,
 - Make best efforts, wherever possible, to eliminate uncertainty.
- Opportunities will be created during the process to seek and receive public input.

Roles & Responsibilities Under Formally-Structured Process – YNSE

Consistent with the principles outlined above, the Province and the Region jointly commit to fulfilling the following roles and responsibilities during the formally-structured process related to the review of, and input to, provincial TOC proposals for the YNSE:

Province of Ontario

The Province commits:

- To engage directly with the Region – which will serve as the ‘one window’ for the Province during the formally-structured process – in accordance with the supporting governance and engagement framework to be developed by the Parties.
- In respect of each TOC site for the YNSE, and at the relevant/applicable points in the process, to work with its third-party developer partners to provide to the Region all documentation required for review of, and input to, a provincial TOC proposal, including those details related to:
 - The site boundaries and associated properties;
 - The proposed mix of uses;
 - The site density;
 - The site plan and conceptual massing; and,
 - Other technical information/requirements.
- To ensure that the aforementioned documentation is provided to the Region in a timely fashion, and that reasonable standards of quality are satisfied by the Province and/or its third-party development partners (as applicable).
- To acknowledge comments submitted to the Province by the Region – and to engage the Region further on the input provided to the Province – including input

PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK
MEMORANDUM OF UNDERSTANDING (MOU) ON
TRANSIT-ORIENTED COMMUNITIES (TOC)

related to existing municipal site plans, community amenities, and other applicable Provincial and municipal planning documents/policies.

- To ensure – in anticipation of potential increased servicing costs arising from TOC – the Region (and, as applicable, the YNSE Municipalities) continues (continue) to have appropriate access to funding tools to enable necessary improvements to hard services.
- To work with the relevant third parties/private sector developers to support like-for-like replacement or relocation, as applicable/appropriate, of municipal-owned infrastructure, in recognition that such assets may be affected during the implementation of TOC initiatives at or around the station sites.
- To work with the Region to seek and receive public input through an engagement process.

Regional Municipality of York

The Region commits:

- To serve as the ‘one window’ for the Province during the formally-structured process, including in respect of direct coordination with – and ensuring engagement of – the YNSE Municipalities, to fulfill the roles and responsibilities articulated hereafter.
- To engage with the Province in accordance with the supporting governance and engagement framework to be developed by the Parties.
- In a manner consistent with the specified timelines defined for the various stages of the formally-structured process:
 - To provide municipal review of, and comments on, the provincial TOC proposals; and,
 - To undertake and prioritize all applicable municipal-led permitting processes related to the provincial TOC proposals.
- To make available the appropriate municipal staff resources to manage:
 - All necessary municipal review of, and input to, the provincial TOC proposals; and,
 - All applicable municipal-led permitting processes related to the provincial TOC proposals.
- Following the process noted above – and at the first possible opportunity – to initiate any amendments that may be required to municipal Official Plan(s) and other applicable municipal planning documents/policies, to reflect changes to density and land uses for the identified TOC sites, as consistent with the provincial TOC proposals.
- To ensure coordination of the utility and service upgrades necessary to enable TOC, such that the committed delivery timelines for the YNSE can be achieved and the TOCP outcomes can be realized.
- To work with the Province to seek and receive public input through an engagement process.

Priority Transit Projects for Bill 171, Building Transit Faster Act

Legend

- 1 Yonge-University Line
- 2 Bloor-Danforth Line
- 3 Sheppard Line
- 4 Eglinton Line
- GO Lines

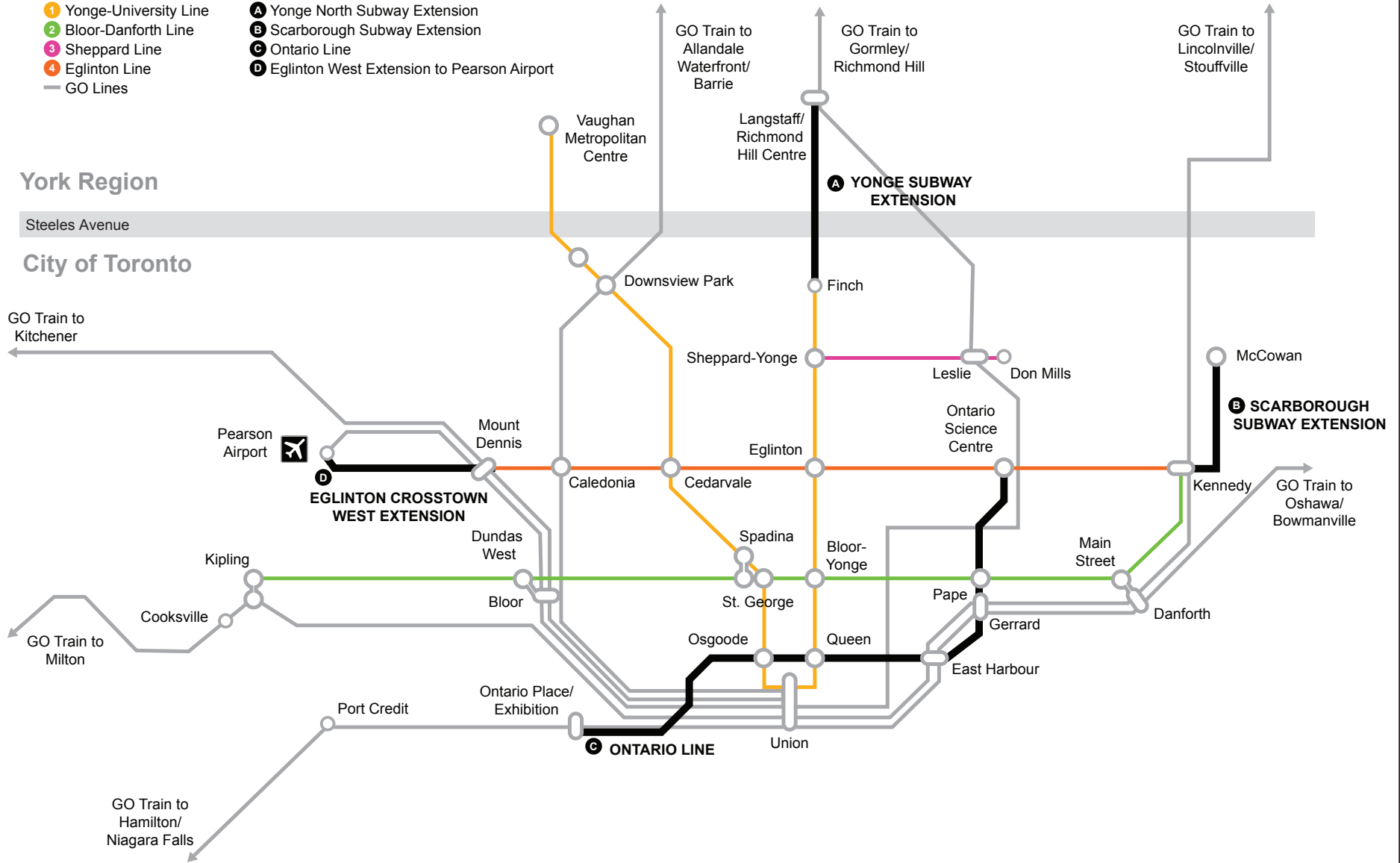
Bill 171 Projects

- A Yonge North Subway Extension
- B Scarborough Subway Extension
- C Ontario Line
- D Eglinton West Extension to Pearson Airport

York Region

Steeles Avenue

City of Toronto



Ministry of
Transportation

Office of the Minister

777 Bay Street, 5th Floor
Toronto ON M7A 1Z8
416 327-9200
www.ontario.ca/transportation

Ministère des
Transports

Bureau de la ministre

777, rue Bay, 5^e étage
Toronto ON M7A 1Z8
416 327-9200
www.ontario.ca/transports



107-2019-3231

AUG 01 2019

Mr. Wayne Emmerson
Chairman and Chief Executive Officer
Regional Municipality of York
17250 Yonge Street
Newmarket ON L3Y 6Z1

Dear Mr. Emmerson:

As you are aware, over the past year, the Government of Ontario has been developing a plan to assume responsibility for Toronto Transit Commission (TTC) subway infrastructure from the City of Toronto. This plan, which is being shaped through ongoing formal engagement and collaboration with officials from the City of Toronto and the TTC, is focused on delivering a more efficient and modern regional transit network, with due recognition of the TTC subway system as a key component of that broader network.

Consistent with the commitment made in the 2019 Ontario Budget to “upload” Toronto subway infrastructure in two phases, our government introduced the *Getting Ontario Moving Act*, which enables the transfer of responsibility for new subway projects – including the priority projects featured in Ontario’s “New Subway Transit Plan for the Greater Toronto and Hamilton Area (GTHA)” – from the City of Toronto to the Province of Ontario. Receiving Royal Assent on June 6, 2019, the *Getting Ontario Moving Act* amends the *Metrolinx Act, 2006*, and grants the Province the ability to prescribe – by regulation – a rapid transit project to be designated as Metrolinx’s “sole responsibility” and part of Metrolinx’s regional transit system.

Effective July 23, 2019, the Ontario Regulation under the *Metrolinx Act, 2006*, titled, “*Interim Measures – Upload of Rapid Transit Projects*” (O. Reg. 248/19), prescribes three landmark initiatives – that is, the Relief Line/Ontario Line, the Scarborough Subway Extension and the Yonge North Subway Extension – as rapid transit projects that are the “sole responsibility” of the Province, through Metrolinx, pursuant to subsection 46(1) of the *Metrolinx Act, 2006*.

With this regulation now in effect, I have provided Ministerial authorization enabling collaborative work with the City of Toronto, TTC, York Region, and York Region Rapid Transit Corporation (YRRTC) to continue, in alignment with provincial guidance and direction, and as conveyed on my behalf by the “Special Advisor to Cabinet – Transit Upload” and the Deputy Minister of Transportation. Such an approach will ensure that we can move forward without delay to deliver these three regionally-significant projects.

To further support this collaboration, Metrolinx and Infrastructure Ontario will soon be engaging York Region and YRRTC – while simultaneously engaging the City of Toronto and TTC along the same vein – to explore the development of a staff services arrangement, which is intended to leverage the expertise and specialized knowledge of City-/TTC- and Region-/YRRTC retained staff to advance the technical aspects of the Yonge North Subway Extension in an integrated team environment. Any such arrangement developed by the agencies will be reviewed by the various parties, will be subject to provincial approval, and will ensure that clarity and certainty is provided to all impacted municipally-retained staff, especially with respect to the scope of their roles, the reporting/accountability/responsibility structure and the potential for future opportunities.

Finally, to support the implementation of the three prescribed projects comprising Ontario's "New Subway Transit Plan for the GTHA," I and my colleague, the Minister of Infrastructure, the Honourable Laurie Scott, will be issuing direction to Metrolinx and Infrastructure Ontario. This direction will identify and delineate the agencies' respective roles and responsibilities in project delivery, and will govern the ongoing integrated nature of their work, including with respect to the continued engagement with York Region, YRRTC and other municipal partners and agencies.

My colleague, Associate Minister of Transportation (GTA), Kinga Surma, and I look forward to an open dialogue with you and the mayors of the region. Our objective is that our respective governments can finalize an arrangement to deliver the Province's "New Subway Transit Plan for the GTHA." To that end, I also look forward to working together to get transit built in the City of Toronto, York Region and the broader GTHA.

Sincerely,



Caroline Mulroney
Minister of Transportation

- c. The Honourable Kinga Surma, Associate Minister of Transportation (GTA)
The Honourable Laurie Scott, Minister of Infrastructure
Michael Lindsay, Special Advisor to Cabinet – Transit Upload
Shelley Tapp, Deputy Minister, Ministry of Transportation
His Worship David Barrow, Mayor of Richmond Hill
His Worship Maurizio Bevilacqua, Mayor of Vaughan
His Worship Frank Scarpitti, Mayor of Markham

**PROVINCE OF ONTARIO-CITY OF TORONTO
REALIGNMENT OF TRANSIT RESPONSIBILITIES REVIEW
TERMS OF REFERENCE**

CONTEXT

The Province of Ontario (the “Province”), the City of Toronto (the “City”) and the Toronto Transit Commission (TTC), collectively, the parties (the “parties”), have maintained a longstanding partnership with respect to advancing public transit initiatives.

The parties acknowledge that the TTC subway system is an important component of an integrated transit network serving Toronto – which includes TTC surface transit (i.e., streetcar and bus services) and Wheel-Trans – as well as the Greater Toronto and Hamilton Area (GTHA) – which includes transit services provided by Metrolinx and other municipalities.

BACKGROUND

The provincial government’s election platform, titled, *A Plan for the People*, included a commitment to:

- “Assume responsibility for subway infrastructure from the City, including the building and maintenance of new and existing subway lines (the “upload”); and,
- Keep responsibility for day-to-day operations, including labour relations, with the City”.

The Province committed to developing a plan to upload components of the TTC subway system, which is intended to generate the following benefits to public transit rider and residents:

- “Expedited implementation of a greater number of priority regional transit projects, made possible by the Province’s ability to accelerate procurement, permitting and approvals, and to effectively undertake capital construction;
- An enhanced ability to plan a more efficient regional transit network across the GTHA, with improved connectivity achieved, for example, through fare and service integration; and,
- A greater fiscal flexibility to invest in and deliver additional transit projects, and to address essential deferred maintenance needs, which would be effected through amortized provincial capital expenditures on owned assets”.

City Council on May 22, 2018 passed a resolution (2018.MM41.36) stating a position that “the City of Toronto should continue to own, operate and maintain the Toronto subway system and that transit within the City of Toronto should not be uploaded or otherwise transferred, in whole or in part, to the Province of Ontario”.

On August 31, 2018 the Premier of Ontario appointed a “Special Advisor to Cabinet – Transit Upload” (the “Province’s Special Advisor”) to help deliver on the Province’s commitment to assume responsibility for TTC subway infrastructure. The mandate for the Special Advisor is specified in the *Special Advisor to Cabinet – Transit Upload and Transit Upload Advisory Panel: Terms of Reference* document, which was posted to the Ministry of Transportation (MTO) website on November 28, 2018.

On November 15, 2018, the Province presented its *2018 Economic Outlook and Fiscal Review*, which affirmed the commitment to develop a plan to upload responsibility for TTC subway infrastructure.

**PROVINCE OF ONTARIO-CITY OF TORONTO
REALIGNMENT OF TRANSIT RESPONSIBILITIES REVIEW
TERMS OF REFERENCE**

On November 29, 2018, the Minister of Transportation, in a letter to the Mayor of the City of Toronto:

- Requested the support of the City to engage in a discovery exercise with the Province, with the intent of reaching a joint understanding of: the fair valuation of the assets and liabilities encompassing the TTC subway system; the TTC's current backlog of deferred maintenance on subway assets; and, the costs to operate the subways, disaggregated from the bus/streetcar network.
- Consistent with the intention of accelerating key subway projects in Toronto, proposed the participation of Infrastructure Ontario, with the existing work of the City, TTC and Metrolinx, in the Relief Line project to examine opportunities to advance design and delivery.

On December 13, 2018, Toronto City Council considered the report, *CC1.6 Engagement with the Province on Toronto's Transit System*. In doing so, City Council:

- Reaffirmed its support for keeping ownership of the TTC with the City of Toronto and requested the Province to “demonstrate clearly and with evidence the goals they believe can only be achieved through a change in subway ownership”;
- Indicated interest in working with the Province to get the Relief Line subway built as a priority and as quickly as possible;
- Authorized the City Manager, in consultation with the Chief Executive Officer, TTC, to negotiate with the Province a Terms of Reference (“ToR”) in order to guide a discussion and information exchange process between the Province and City on the alignment of transit responsibilities. As directed by Council, the ToR would have regard to:
 - A set of mutually-agreed objectives, based upon a suite of principles, per the report CC1.6 (see Appendix A);
 - An “evaluation of potential models and other policy options, including a comprehensive assessment of the potential risks, liabilities and implications, to achieve both the Province and City objectives”; and,
 - The “inclusion of a public consultation process, which results in a meaningful exchange of concerns and/or opportunities raised in a transparent manner.”
- Conditional upon a joint ToR having been developed in accordance with Council direction and to the satisfaction of the City Manager, Council authorized the City Manager in consultation with the CEO, TTC to engage with the Province based upon the joint ToR.
- Directed the City Manager to retain a third party validator for the City to determine all asset values.

Following City Council direction in December, the parties began development of a Terms of Reference to reflect the direction of both the Province and City Council.

As such, this Terms of Reference (“ToR”) document, prepared without prejudice, outlines the core elements that are proposed as forming the basis of the review and engagement process to be undertaken by the parties, effective February 8, 2019.

PROVINCE OF ONTARIO-CITY OF TORONTO REALIGNMENT OF TRANSIT RESPONSIBILITIES REVIEW TERMS OF REFERENCE

PROBLEM STATEMENT

The parties jointly recognize the need to pursue alternative approaches to the planning, funding, decision-making and delivery of transit in Toronto, and spanning the broader region as is the provincial interest. This approach would enable, to the maximum extent possible:

- The accelerated implementation of priority expansion projects;
- The integration of transit services across modes and agencies (e.g. TTC, Metrolinx, other 905 transit agencies);
- The modernization and enhancement of the existing subway system, while ensuring the system is maintained in a state of good repair;
- The continuity of safe, reliable service to all residents whom depend on it for mobility; and
- A long-term sustainable, predictable, funding model for the existing transit system and future transit needs.

OBJECTIVES & PRINCIPLES

Consistent with the direction received by the Province and City, the following objectives and principles (presented in no particular order) will guide the evidence-based review and engagement process in order to assess the potential realignment of transit responsibilities:

- Good Governance: A governance framework that: ensures transparency and accountability to the people of Toronto and the GTHA; reflects the importance of transit users within the region; and, is responsive to the needs of the communities that rely upon the transit network.
- Safety & Reliability: A safe and secure transit network, while ensuring the accessibility and connectivity of transit services in Toronto.
- Efficient & Integrated System: Greater efficiency – supported through key policy initiatives – in the planning, implementation and operation of transit, thereby enabling an integrated transit network that complements the City's planning objectives, and provides seamless connections between transit services.
- Effective Decision-Making to Enable Delivery: A more effective and clearer decision-making structure for transit projects and service delivery, which is evidence-based, and also allows for the advancement of priority expansion initiatives currently underway.
- Financial Sustainability: A long-term funding model that: provides stable, consistent funding for effective system planning and management; is fiscally prudent with due regard for the taxpayers of Toronto and Ontario; and, fairly divides financial obligations between the orders of government.

OVERVIEW OF REVIEW & ENGAGEMENT PROCESS

The parties agree to undertake the following activities:

Stage 1 –Evaluation of Potential Options/Models

**PROVINCE OF ONTARIO-CITY OF TORONTO
REALIGNMENT OF TRANSIT RESPONSIBILITIES REVIEW
TERMS OF REFERENCE**

- The parties will identify a finite number of options to be assessed, in order to evaluate the best approach to address the objectives and principles as defined in this ToR. The options will include:
 - The proposed "upload" model, in which the Province would assume ownership of, and responsibility for, subway infrastructure from the City, including the building and maintenance of new and existing subway lines, while the responsibility for day-to-day operations, including labour relations, remains with the City.
 - Other options that consider the potential transfer of asset ownership from the City to the Province (e.g., the Province assumes ownership of, and responsibility for, new transit expansion projects only, etc.).
 - Options that do not consider the transfer of assets, but include a realignment of responsibilities (e.g., the Province assumes responsibility for the delivery of new transit expansion projects, etc.).
- The Province recognizes that the City/TTC are undertaking multiple initiatives aimed at improving performance against shared objectives and commits to better understanding these in order to inform options.
- The options to be defined will include (non-exhaustive) the following:
 - The scope and distribution between the parties of the assets under consideration;
 - The scope and distribution between the parties of the liabilities under consideration;
 - Functional roles and responsibilities (e.g., with respect to planning, delivery, operations, maintenance, etc.); and,
 - Funding responsibilities (e.g., state of good repair costs, operating costs, maintenance costs, capital costs, etc.).
- The parties agree that the options will be evaluated based upon the following dimensions (non-exhaustive):
 - Achievement of objectives;
 - Financial and operational implications;
 - Risks and impacts;
 - Feasibility/implementation;
 - Governance implications; and,
 - Other considerations (i.e. City's Guiding Principles).
- In order to support the technical definition/details and the evaluation of the options the parties commit to an ongoing reciprocal sharing of data, information and documentation (see Appendix B).
- In addition, to facilitate the timely evaluation of options, the parties will draw upon previous analyses and studies conducted by the parties.
- The parties acknowledge that meaningful public consultation is a required input to effective decision-making. To that end, during the process, the parties will conduct consultation with the public, including other key stakeholders.
- The parties shall identify the options/end states to be carried forward into Stage 2 of the process, and report to respective governing bodies on the results of Stage 1 analysis.

**PROVINCE OF ONTARIO-CITY OF TORONTO
REALIGNMENT OF TRANSIT RESPONSIBILITIES REVIEW
TERMS OF REFERENCE**

Stage 2 – Design of End State

- Informed by Stage 1, the parties will further refine the potential realignment of responsibilities under the options/end states, including:
 - Specific responsibilities of the parties as to inform the future governance, decision-making and funding frameworks; and,
 - Specific design characteristics of the end state, which would enable the parties to optimally fulfill their respective responsibilities and roles/functions.
- Consideration will also be given to additional measures required to mitigate risks identified through the evaluation undertaken in Stage 1.
- Upon completion of this stage of the process, the parties will discuss next steps, subject to provincial and municipal report-backs and subsequent decision-making.

RULES OF ENGAGEMENT

The applicable principles and provisions of the Agreement on Cooperation and Consultation between the City of Toronto and the Province of Ontario (TOCCA), dated May 12, 2016, will guide the review and engagement process.

Building upon this foundation for collaboration, the parties further commit to the following:

- Principles-Based Discussion: The parties agree to an ongoing dialogue matched to the objectives and principles articulated in this ToR.
- Partnership: The parties shall, at all times, engage in good faith, without prejudice, and in a manner consistent with the authorities and mandates conferred by their respective orders of government. Outputs of this process are expected to inform final provincial and municipal decision-making.
- Reciprocal Exchange of Information: The parties will share – in a timely and transparent manner – all relevant and requested data, information and documentation, in order to support the broader consultation, within reasonable timeframes.
- Transparency & Communications: The parties shall mutually determine the requirements for public disclosure of information in the interest of ensuring transparency. In addition, the parties will plan and implement joint communications activities marking milestones associated with the ongoing process.
- Confidentiality: All persons designated by the parties to partake in the review and engagement process shall be deemed to be bound by the confidentiality obligations contained in TOCCA. Moreover, the public release of information shall be subject to the provisions of the *Freedom of Information and Protection of Privacy Act* and the *Municipal Freedom of Information and Protection of Privacy Act*, where applicable.

**PROVINCE OF ONTARIO-CITY OF TORONTO
REALIGNMENT OF TRANSIT RESPONSIBILITIES REVIEW
TERMS OF REFERENCE**

COMPOSITION & STRUCTURE

Collaboration amongst the parties will be structured in accordance with the following framework:

Steering Committee

The Steering Committee will enforce the mutually-consented principles, and will carry out the scope of work as outlined in this ToR document. The Steering Committee membership includes the following:

Ontario

- Province's Special Advisor
- Deputy Minister, MTO
- Assistant Deputy Minister, MTO
- Executive Director, MTO

Toronto

- Special Advisor
- Executive Director, Corporate Finance
- Representative
- Representative

The Steering Committee will convene bi-weekly, and may meet more frequently, as required. Furthermore, the parties agree that:

- Meetings will alternate between Queen's Park and City Hall locations;
- The agenda will be jointly agreed upon no later than three (3) business days before a meeting;
- Meeting organization, agenda setting and minute taking will alternate between MTO secretariat staff and City/TTC secretariat staff, depending upon the meeting location;
- An agenda forecast will be established and maintained; and,
- Meeting participation is limited to Steering Committee membership, unless there is agreement by all parties to include additional participants.

The Steering Committee may establish, as necessary, Technical Working Groups to carry out the review contemplated in this ToR.

- The Technical Working Groups will include representatives of each party, and may include additional representatives from Metrolinx and/or Infrastructure Ontario, as deemed appropriate by the Steering Committee; and,
- The purpose, membership and mandate of each Technical Working Group will be outlined as an addendum to this ToR document.

Secretariat Support

A dedicated team of MTO and City/TTC staff will be made available to the Steering Committee to undertake the following (non-exhaustive):

- General secretariat duties;
- Agenda setting and agenda forecast management;
- Issues management; and,
- Meeting organization and minute-taking.

**PROVINCE OF ONTARIO-CITY OF TORONTO
REALIGNMENT OF TRANSIT RESPONSIBILITIES REVIEW
TERMS OF REFERENCE**

Executed by the parties on the dates written below.

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO**

Signature: _____

Name: Michael Lindsay _____

Title: Special Advisor to Cabinet – Transit Upload _____

Date of Signature: _____

Signature: _____

Name: Shelley Tapp _____

Title: Deputy Minister of Transportation _____

Date of Signature: _____

CITY OF TORONTO

Signature: _____

Name: Chris Murray _____

Title: City Manager _____

Date of Signature: _____

Signature: _____

Name: Richard Leary _____

Title: Chief Executive Officer, TTC _____

Date of Signature: _____

**PROVINCE OF ONTARIO-CITY OF TORONTO
REALIGNMENT OF TRANSIT RESPONSIBILITIES REVIEW
TERMS OF REFERENCE**

APPENDIX A – CITY OF TORONTO’S GUIDING PRINCIPLES (CC1.6)

Good Governance	<ul style="list-style-type: none">• Accountability• Responsiveness to Community• Transparency
Policy & Operations	<ul style="list-style-type: none">• Safety and Security of the System• Preserving Mobility Options and a Seamless Journey• Ensure Accessible Local Service• Alignment of Infrastructure Investments with the City's Planning Objectives• Advance priority expansion projects underway
Funding	<ul style="list-style-type: none">• Financial Sustainability of the transit system and the implications for the City as a whole• Fair Allocation of Financial Obligations

**PROVINCE OF ONTARIO-CITY OF TORONTO
REALIGNMENT OF TRANSIT RESPONSIBILITIES REVIEW
TERMS OF REFERENCE**

APPENDIX B – DISCOVERY EXERCISE/INFORMATION SHARING

In order to carry out the scope of work, the parties commit to the reciprocal sharing of data, information and documentation.

As an early action under the broader process, the Province will submit a data/documentation request to the City/TTC within five (5) business days of the execution of this ToR. In response, the City/TTC will make best efforts to make available information within fifteen (15) business days of receipt of the request.

Moreover, to support the discovery exercise, the parties agree:

- To generate a shared inventory of records that will be accessible by all parties;
- To determine the scope and inventory of the data, information and documentation to be shared between the parties;
- To make available – as assigned and in a timely and transparent manner – the data, information and/or documentation identified as part of the exercise;
- That the Province, through MTO, will manage and administer a virtual data room that will serve as a web-based repository/portal to facilitate the sharing of data, information and documentation; and,
- To work collaboratively to enable a common baseline/foundation of fact, which includes an objective accounting and technical assessment of the TTC subway network in order to establish a mutual understanding of:
 - the fair valuation of the assets and liabilities encompassing the TTC subway system;
 - the TTC's current backlog of deferred maintenance on subway assets; and,
 - the costs to operate the subways, disaggregated from the bus/streetcar network.

In addition, the parties recognize that the following undertakings are key components of discovery:

- The TTC's review of deferred maintenance on its subway system;
- MTO's procurement – in consultation with the City/TTC – of an independent third party to undertake an open book financial and technical valuation of TTC subway assets, the condition/state of repair of these assets, and the associated liabilities; and,
- The City's valuation of TTC assets as directed by City Council.

PROVINCIAL STATEMENT OF INTENT RELATED TO THE ARRANGEMENT TO SUPPORT ACCELERATING TRANSIT DELIVERY

The Province of Ontario (the “Province”) and the Regional Municipality of York (the “Region”) (collectively, the “Parties”) acknowledge that the accelerated delivery of major transit capital projects is a shared objective and responsibility.

- The Province and the Region are mutually committed to working together to expedite, where possible, the implementation of transit projects, by addressing the common drivers of cost, schedule, resource and quality risks.

To this end, the Province intends to continue to engage its municipal partners, including the Region, to pursue opportunities to accelerate the planning, design and construction of the four provincial priority transit projects included in Ontario’s ‘*New Subway Transit Plan for the Greater Toronto Area (GTA)*’, namely:

- The Ontario Line;
- The three-stop Scarborough Subway;
- The Yonge North Subway Extension (the “YNSE”); and,
- The Eglinton Crosstown West Extension.

Hereafter, the priority transit projects featured in Ontario’s ‘*New Subway Transit Plan for the GTA*’ shall be referred to as the “Provincial Projects.”

As such, this “Provincial Statement of Intent Related to the Arrangement to Support Accelerating Transit Delivery” is being provided by the Province to the Region, in order to establish the scope and an accompanying collaborative framework/process to be deployed by the Parties, in respect of the set of mechanisms proposed by the Province through the *Building Transit Faster Act, 2020* (the “Act”). The Act, if passed, would help enable the implementation of the Provincial Projects in accordance with their publicly-committed schedules/timelines.

Moreover, this statement reflects the provincial intentions and commitments – articulated by the Province to the Region during consultation convened through meetings of the ‘Ontario-York Region Executive Steering Committee’ over the course of fall 2019/winter 2020 – in relation to the suite of tools proposed through the Act, which the Province introduced to the Legislature on February 18, 2020.

In pursuing these proposed tools, the Province further intends to adopt a “collaboration first” approach with the Region, underpinned by the following provincial commitments outlined in the proposed Act:

- The proposed Act would apply solely to the Provincial Projects;
- Authority with respect to planning and construction of the Provincial Projects would rest with the Minister of Transportation, unless appropriately delegated to an applicable provincial public sector entity;
- The tools proposed by the Province are primarily envisioned in their application as backstops/safeguards, in the event that cooperation or negotiation between the Province and its municipal partners does not result in an adherence to the committed schedules for the Provincial Projects; and,
- Some of the provincially-proposed tools would enable the Province to eliminate some constraints, in order to meet the committed timelines associated with the Provincial Projects.

PROVINCIAL STATEMENT OF INTENT RELATED TO THE ARRANGEMENT TO SUPPORT ACCELERATING TRANSIT DELIVERY

Furthermore, with respect specifically to the delivery of the YNSE, the Province commits to proactive and good faith collaboration with the Region through a mutually-developed and structured engagement process – guided by an overarching Ontario-York Region governance framework that leverages the existing ‘Ontario-York Region Executive Steering Committee’, and ensures the facilitation of input from the lower-tier municipalities of the Region through which the YNSE will be constructed – aimed at:

- Establishing – and reflecting, in practice – the shared objectives and responsibilities of the Parties.
- Ensuring that, through the engagement process and subject to provincial approvals, the Province provides to the Region the proposed project plans, schedules and procurement timelines related to the YNSE.
- Developing new protocols to support the implementation of the provincially-proposed mechanisms, and to streamline current processes and approvals, where possible.
- Reviewing and assessing the impacts and outcomes that may be attributed to the mechanisms proposed in the *Act* to accelerate project delivery. Such an exercise would identify lessons learned and, as necessary, potential refinements to specific tools.
- Jointly investigating and considering other opportunities and measures – both existing and new – that could help the Parties to expedite the implementation of major transit capital projects that are shared priorities.

Consistent with the above, the proposed *Act* would provide the Province with the tools to expedite the planning, design and construction process that has delayed major transit projects in the past. If passed, then, this legislation would enable the Province to deliver on the implementation timelines to which it is committed in respect of the Provincial Projects, by:

- Relocating utilities more efficiently, while treating businesses fairly, and ensuring costs are not passed on to consumers;
- Ensuring the assembly of land for the Provincial Projects that is required to construct stations, conduct tunneling and prepare sites, while treating property owners fairly;
- Ensuring timely provincial access to municipal services and rights-of-way;
- Allowing the Province to inspect and remove physical barriers to construction with appropriate notification to property owners; and,
- Ensuring nearby developments or construction projects are coordinated, so they do not delay the delivery of the Provincial Projects.

Finally, building upon the YNSE-specific consultation that has occurred to date through the ‘Ontario York Region Executive Steering Committee’, the Province commits to continue:

- The discussions regarding the details associated with the above-noted suite of tools and mechanisms proposed through the *Act*; and,
- To develop, in partnership with the Region, the joint protocols and procedures to be applied pursuant to the aforementioned Ontario-York Region engagement process and governance framework.