

BOARD OF DIRECTORS

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| <u>DATE OF MEETING:</u> | Wednesday, December 5, 2012 |
| <u>TIME OF MEETING:</u> | 8:00 a.m. |
| <u>PLACE OF MEETING:</u> | Metrolinx 20 Bay Street 6 th Floor Toronto, Ontario M5J 2W3 Executive Boardroom |
| <u>CHAIR:</u> | J. Robert S. Prichard |
| <u>PRESIDENT & CEO:</u> | Bruce McCuaig |
| <u>MEETING SECRETARY:</u> | Mary E. Martin, Vice President, General Counsel and Corporate Secretary |
| <u>MEMBERS PRESENT:</u> | Rahul Bhardwaj Janet Ecker Joseph Halstead Richard Koroscil Marianne McKenna Nicholas Mutton Lee Parsons Rose Patten Bonnie Patterson Howard Shearer Peter Smith Stephen Smith Douglas E. Turnbull |
| <u>REGRETS:</u> | None |
| <u>OTHERS PRESENT:</u> | Kathy Haley, President, Union Pearson Express Gary McNeil, President, GO Transit Jack Collins, Executive Vice President, Rapid Transit Implementation Robert Hollis, Executive Vice President, PRESTO & Interim CIO Paul Finnerty, Vice President, GO Operations John Howe, Vice President, Investment Strategy & Project Evaluation Greg Percy, Vice President, GO Capital Infrastructure Judy Pfeifer, Vice President, Strategic Communications Mary Proc, Vice President, Customer Service, GO Transit |

Robert Siddall, Chief Financial Officer
Leslie Woo, Vice President, Policy, Planning & Innovation

CLOSED SESSION

1. CEO/Board In Camera Session

The Board met in the absence of staff other than the CEO.

2. Call to Order and Remarks by Chair

Chair Robert Prichard called the meeting to order at 9:05 a.m. and confirmed that quorum was present.

No declarations of interest were declared.

3. Approval of Minutes

RESOLVED:

THAT the minutes of the Board meetings of September 11, 2012 be approved.

Carried

4. Committee Member Appointments

Joseph Halstead presented the Board Standing Committee Appointments report.

5. Business Planning for Union Pearson Express

Kathy Haley, President, Union Pearson Express, presented an update on business planning for the Union Pearson Express.

6. Downtown Relief Line Update

John Howe, Vice President, Investment Strategy and Project Evaluation, presented the Downtown Relief Line Update.

7. Contract and Transaction Approvals

The Board had a confidential discussion on contract and transaction approvals.

8. Quarterly Reports

Quarterly Reports for each of: Union Pearson Express, PRESTO, GO Transit, Policy, Planning & Innovation, Strategic Communications, Rapid Transit Implementation, General Counsel and Investment Strategy were received for information.

9. Report of Board Standing Committees

(a) Executive Committee

Robert Prichard reported to the Board.

(b) Audit, Finance & Risk Management Committee

Stephen Smith reported to the Board.

(c) Governance Committee

Joseph Halstead reported to the Board.

(d) Human Resources & Compensation Committee

Rose Patten reported to the Board.

(e) Customer Service Committee

Nick Mutton reported to the Board.

10. Agenda Proposals for Next Meeting

There were no agenda proposals for the next meeting.

11. Other Business

There was no other business to discuss.

12. Executive Session

The Board held an executive session in the absence of staff other than the CEO.

13. Executive Session

The Board held an executive session in the absence of all staff.

PUBLIC SESSION

14. Call to Order and Remarks by Chair

Chair Robert Prichard called the meeting to order at 10:52 a.m.

Chair Prichard confirmed that quorum was present.

No declarations of interest were declared.

Chair Prichard welcomed the newest member of the Board, Ms. Janet Ecker.

15. CEO's Report

Bruce McCuaig presented the CEO's report. Metrolinx's recent accomplishments including entering into a Master Agreement with the City of Toronto of TTC, signing a Master Agreement with TTC pursuant to which the TTC will join the PRESTO system, and launching the GO Service Guarantee. Metrolinx also officially launched the Union Pearson Express brand on November 29th. The Board was informed that Metrolinx was awarded recognition as one of the Top 10 Corporate Cultures in the broader public sector category.

16. GO Transit Report

Gary McNeil, President, GO Transit, presented the GO Transit President's Board Update. Monthly passes and 2- and 10-ride tickets have been phased out and GO is confident that customers will be satisfied with the easier, cheaper fares offered to PRESTO users.

In response to a question about GO's biggest concerns going forward, staff responded that keeping up with growing ridership is the most significant challenge as the ability to expand services is limited by funding constraints.

17. Amendment to By-Law No. 2A - Fare Increase

Robert Siddall, Chief Financial Officer, presented the Amendment to By-Law No. 2A Fare Increase. Staff are developing a business plan for 2013-2014 to fund growth and expansion, and additional revenue is needed to fund the cost for planned service expansion.

Staff noted that costs are increasing more quickly than fares. Staff would like to introduce moderate fare increases annually in order to avoid significant one-time fare hikes. A progressive approach that increases fares according to the distance travelled and incorporates a discount for PRESTO card payment was recommended. The proposed fare increase would result in an average increase of 31 cents per ride and would generate additional revenue to fund additional services and offset rising costs.

The Board discussed Metrolinx's public consultation efforts, noting that Metrolinx had consulted the Customer Service Advisory Committee about the proposed fare increase. This Committee was generally supportive since the increase was linked to increased GO service.

The Board asked whether there were any alternative sources of revenue that could be used to avoid a fare increase. Staff explained that revenue comes from three sources: fares, provincial subsidy payments, and non-fare revenue. Given the province's fiscal constraints and the relatively small amount of non-fare revenue, staff have concluded that a fare increase is the only revenue source that would provide adequate funding for planned service expansion.

The Board acknowledged the need for a fare increase in order to meet growing service demands and offset rising costs. The importance of transparency was emphasized and staff were encouraged to continue communicating with customers about the reasons for the fare increase. The Board encouraged the public to take note of the organization's annual report, available

online, which demonstrates that how Metrolinx is using its funds to provide valuable services.

RESOLVED:

THAT effective February 1, 2013, By-law No. 2A be repealed and replaced it with By-Law No. 2A in order to:

1. introduce a 3-tiered fare increase as follows:
 - (a) a 35 cent increase on fares between \$4.50 and \$5.80
 - (b) a 45 cent increase on fares between \$5.81 and \$7.35
 - (c) a 55 cent increase on fares greater than \$7.35;
2. delete the existing Tariff of Fares, and substitute in its place a new Tariff of Fares;
3. delete the existing Table of Fares; and
4. make other non-substantive changes to By-law 2A.

AND THAT the Chairman and Secretary be authorized to sign the By-law.

Carried

18. Union Pearson Express Report

Kathy Haley, President, Union Pearson Express, presented the update on the Union Pearson Express. Staff presented a video demonstrating broad support for UP Express among Torontonians, 88% of whom are in favour of the service. The business name of the air rail link was released last week: the “Union Pearson Express”, or “UP” for short, and the website www.upexpress.com is now available online.

19. PRESTO Update

Robert Hollis, Acting Executive Vice President, PRESTO Fare Card and Interim CIO presented the PRESTO update.

The Board inquired as to whether there was an upper limit for the uptake of PRESTO cards. Staff are working on a projection graph, but the results will depend on the plans currently being developed for the TTC roll-out. Staff will report back to the Board with this information.

The Board asked about the current market penetration of PRESTO card. Staff explained that uptake varies. GO Transit penetration is very high (approximately 80%). Uptake is lower for some 905 service providers. Staff will continue to work closely with municipal service providers to get more people onto the PRESTO system.

20. Customer Service Committee Chair’s Report

Nicholas Mutton, Chair, Customer Service Committee, presented the Customer Service Update.

21. The Big Move

Bruce McCuaig, President and CEO, presented The Big Move Update. The launch of The Big

Move represented the start of a “Big Conversation” about how to build out Metrolinx’s regional transportation system. Metrolinx is well underway with a \$16 million investment in the region’s transit system. As Metrolinx progresses with implementing its regional transportation plan, it needs to maintain dialogue with the region to ensure that the plan remains relevant and responsive to local needs.

Metrolinx currently plans to advance the delivery of the downtown relief line project because of the considerable congestion in the downtown core. Metrolinx is also considering a number of other projects, such as: electrification studies; more GO rail service expansion, including two-way all-day service and additional rush-hour and off-peak service; a Yonge-north subway expansion; and various local transit projects that will represent up to 25% of The Big Move budget.

The projects being proposed are in the \$34 billion range. However, they will have an economic benefit of approximately \$110-130 billion and will create an estimated 800,000-900,000 jobs. The Big Move will represent the single biggest investment in transit in Provincial history. As a result, it may be necessary to move beyond municipal and provincial funding sources and explore different partnerships and strategies. Metrolinx has identified four principles to keep in mind as it plan its investment strategy: dedicate revenue to specific projects; fairness in distributing costs; equality among regional contributions and benefits; and transparency.

The Board expressed its support for the beginning of a consultative process with the region, commenting that it seems a natural progression of The Big Move strategy. The importance of integrated thinking and Metrolinx’s role in facilitating a multilateral conversation on transit service was emphasized. The Board and staff agreed that the primary objective of The Big Move strategy must always be to deliver better transit service to the ordinary person. Staff were encouraged to make a special effort to engage with suburban communities and articulate how the regional transportation plan will respond to their needs.

The Board observed that the consultative process proposed by Metrolinx is responsive to the Board’s direction. Finally, it was noted that this next evolution in transit planning is faithful to the spirit and direction of The Big Move, which anticipated a plan that is responsive to the changing needs of the region.

RESOLVED:

THAT staff proceed with consultation on proposed changes to The Big Move, including the next wave of priority projects to be delivered, as described in this report, between December 2012 and early February 2013, in conformance with the requirements of the Metrolinx Act 2006 s. 6.(3).

AND THAT staff return to the Board for formal approval of the proposed changes to The Big Move following this consultation.

Carried

ADJOURNMENT

There being no further business before the Board of Directors, the meeting was adjourned at 1:03 p.m.

Carried

J. Robert S. Prichard, Chair

Mary E. Martin, Secretary

c/s