



METROLINX

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Memorandum

To: Metrolinx Board of Directors
From: Robert Siddall
Chief Financial Officer
Date: June 26, 2014
Re: **Economic Analysis & Investment Strategy (EAIS) Quarterly Report**

Key Activities

The EAIS group has focused its efforts over the last quarter on Investment Strategy recommendations which deal with enhancing Metrolinx's evidence-based planning processes, improving Metrolinx's ability to generate and capture the value uplift in land adjacent to transit development in collaboration with the development community, and securing sustainable federal funding for transit investment.

- EAIS is leading the development of an enhanced Business Case methodology and framework, which ensures integrated planning, financial and economic, and deliverability and operational considerations. Work is continuing on developing a Business Case manual, and working with clients within Metrolinx to apply enhanced business case methodology to projects.
- EAIS is also leading the development and practice of a Land Value Capture (LVC) Strategy to generate revenue through appropriate private-sector contributions towards infrastructure and support intensification at stations to drive ridership and enhance long-term financial sustainability. To advance the LVC strategy, Metrolinx has proceeded with research to better understand the full market potential for LVC in the GTHA, including resources and practices necessary for successful transaction execution. Metrolinx is collaborating with third parties on research around development location decisions which will further build an understanding of market potential.
- EAIS continues to work collaboratively with its colleagues at AMT and TransLink on joint economics research assessing and communicating the combined economic impact of transit and transportation investment in Canada's three global city regions. Further refinements to the material, which was initially presented in January to the Regional Transportation Authorities Forum (RTAF), are currently being made. A revised report will be presented in September when the RTAF reconvenes with results and future research directions of interest to be considered. We anticipate that the research report will support our combined efforts to secure sustainable, predictable revenue streams from the federal government for urban transportation infrastructure.

- EAIS also made a presentation in April, which outlined the RTAF efforts, to the Board of Directors of the Transportation Association of Canada (TAC). TAC is a national organization with a mandate to support the educational and research needs of the Canadian transportation industry. We asked TAC to assist Metrolinx and the RTAF in our research efforts by:
 - supporting the development and application of standards and methodology for transportation benefit-cost analyses,
 - supporting the evidence-based approaches which include wider economic and agglomeration benefits,
 - using consistent metrics to measure transportation investments, and
 - working together to establish best practices.

Business Case Analysis for Express Rail

EAIS is leading Metrolinx's work to evaluate investment opportunities in enhanced regional rail. The focus of the Business Case work is at this time is to draw information from across and outside the organization, while applying latest business case practices, realizing a heightened understanding of major cost and benefit drivers. Consistent with latest business case practices, the business case will document stress-testing and options analysis for refinements to regional rail concepts. A first high-level express rail business case is tracking for early Fall. This business case will be a living document. As more information and analysis is available, it will be expanded to incorporate better risk identification, scenarios, and sensitivity tests.

Sincerely,

Robert Siddall
Chief Financial Officer