
BOARD ANNUAL PLANNING AND OBJECTIVE SETTING MEETING

<u>DATE OF MEETING:</u>	Thursday, April 27, 2017
<u>TIME OF MEETING:</u>	8:30 a.m.
<u>PLACE OF MEETING:</u>	Union Station West Wing 97 Front Street West Toronto, Ontario M5J 1E6 Peter R. Smith Boardroom, 4 th Floor
<u>CHAIR:</u>	J. Robert S. Prichard
<u>PRESIDENT & CEO:</u>	John Jensen
<u>MEETING SECRETARY:</u>	Mary Martin, Executive Vice President, General Counsel and Corporate Secretary
<u>MEMBERS PRESENT:</u>	Upkar Arora (via teleconference, until 12 noon) Kathy Bardswick Rahul Bhardwaj Bryan Davies Iain Dobson Janet Ecker Bill Fisch Anne Golden (from 12 noon) Marianne McKenna (until 10:30 a.m.) Rose Patten (until 12 noon) Bonnie Patterson (until 2 p.m.) Howard Shearer Carl Zehr
<u>REGRETS:</u>	None
<u>OTHERS PRESENT:</u>	Gerry Chaput, Chief Capital Officer (acting) Helen Ferreira-Walker, Chief Human Resources Officer Robert Hollis, Executive Vice President – PRESTO Greg Percy, Chief Operating Officer Judy Pfeifer, Chief Communications & Public Affairs Officer Robert Siddall, Chief Financial Officer Anita Sultmanis, Chief Customer & Marketing Officer Leslie Woo, Chief Planning Officer Alba Taylor, Senior Legal Counsel & Associate Corporate Secretary

1. Call to Order and Remarks by Chair

Chair Prichard called the meeting to order at 8:00 a.m.

Chair Prichard confirmed there was quorum and that the required notice of the meeting as stipulated under the By-Law of the Corporation had been sent.

The following conflicts were declared:

1. Howard Shearer, with respect to discussions relating to Bombardier Transportation, as such may arise in the context of Agenda Item 8 – LRV Procurement; and
2. Robert Prichard, Rose Patten, Marianne McKenna and Howard Shearer, with respect to discussions [**Redacted: Personal Privacy**] as such may arise in the context of Agenda Item 9 – Hurontario LRT.

Staff confirmed that meeting materials were not provided to the noted Board members, and that they will be recused from the relevant discussions.

2. CEO In-Camera Session

John Jensen, President and CEO, held an in camera session with the Board of Directors.

3. Corporate Priorities

John Jensen, together with the executive management team, presented Metrolinx's business unit priorities as the organization shifts focus from "plan" to "build" in order to achieve the objectives of Metrolinx's Regional Express Rail ("RER") and light rail programs, and the capital projects necessary to support these important initiatives. The management team described the staff focus to achieve this direction, anticipated obstacles or barriers, and activities which can be pushed to the background.

The Board asked about the following:

- the anticipated priorities, barriers, and deferred activities. Staff noted that achieving the goals of Metrolinx's capital program underpins each of the business unit presentations, but requested additional information from the capital projects group.
- whether operations and customer service levels can be maintained through RER construction and through private sector service delivery as contemplated by RER procurement package 3. Staff acknowledged that from an operational perspective very little can be deferred in order to maintain customer service and safety as high priority "table stakes". Metrolinx's focus on safety will be maintained through recent changes made to Metrolinx's safety program, including construction safety. Staff will report on this issue at the next Audit, Finance and Risk Management Committee.
- whether Planning & Policy and PRESTO are aligned on fare integration as a corporate priority.

- risks relating to PRESTO's TTC deployment and actions taken by TTC that impact customer uptake and adoption of PRESTO, and contribute to risks relating to PRESTO's expected successes.
- how the shift from plan to build will affect Metrolinx's shift from issues management to issue prevention. Staff confirmed that a number of processes are being established to help build this framework, including enhanced risk reporting, earlier and improved visibility of key risks and issues, the creation of an issues management team, and more proactive reporting of Metrolinx's successes and anticipated activities.
- Metrolinx's capacity to take on this work and achieve the stated objectives, including identifying and retaining the right staff.
- how to ensure Metrolinx's momentum is preserved if planning priorities result in extending future project planning timelines. Staff noted that some project planning timelines or priorities may shift slightly in order to ensure there is capacity to move more quickly on higher priority projects.

4. Risk and Reputation: Annual Survey – Metrolinx in the Marketplace

Judy Pfeifer, Chief Communications & Public Affairs Officer, Anita Sultmanis, Chief Customer & Marketing Officer, and Jennifer Van der Valk, Director, Brand & Marketing, presented the results of the annual market research on Metrolinx's programs and services. This year, measures related to Metrolinx's corporate reputation were also surveyed. The survey results give insights into how Metrolinx is perceived in the marketplace. Based on the survey results, staff are proposing a suite of key performance indicators ("KPIs") to help measure corporate reputation over time. Staff reviewed survey results relating to awareness and understanding of Metrolinx, Metrolinx's governance and leadership, and elements impacting corporate reputation such as customer service, project delivery (on plan and budget), and community relations. Responses highlighted knowledge of Metrolinx's service brands, and the importance of linking those brands to create greater brand recognition overall. Identifying personal benefits from Metrolinx's activities is also an area for improvement.

The Board discussed reasons for lower scores on reliability. Staff believe these lower scores reflect service issues experienced last summer. Customer satisfaction scores have since recovered.

The Board also discussed survey results relating to PRESTO, and overall awareness of Metrolinx. Staff emphasized the importance of ensuring Metrolinx remains connected to its service brands (GO, PRESTO, and UP) as it advances its planning and construction program. The Board recommended that Metrolinx's construction progress, and its related impacts to customers and the community, be communicated. Links between construction activities and Metrolinx's future and current services should be identified to connect these activities to expected personal benefits. GO's 50th anniversary will also present an opportunity to link Metrolinx's service history to its future plans.

5. **[Redacted: Labour Relations]**

RESOLVED:

[Redacted: Labour Relations]

Carried

6. **Taking Stock: Capital Projects**

John Jensen, Gerry Chaput, acting Chief Capital Officer, Lisa Thomas, Vice President, Program Management, Michael Wolczyk, Vice President, Corridor Infrastructure, Daryl Barnett, Vice President, Network Infrastructure, and Thom Budd, Vice President, Rapid Transit, provided an update on capital projects underway. The Board is concerned about public perceptions of Metrolinx's ability to deliver and asked staff to focus on whether projects were on track, what is required to keep them on track, and what factors could impact project schedules or budgets.

The Board discussed project status, delays, and key risks relating to a number of projects including:

- Crosstown scheduling delays and the contractor's ability to bring the schedule back on track, the expected recovery time, mitigation measures (such as extending work hours), and risks relating to utility relocations;
- Finch LRT procurement delays relating to the light rail vehicle supplier issues;
- Procurement timeline risks relating to RER package 1 procurements. Some delays have been experienced because of market lack of familiarity with the procurement method selected (ie. design-build-finance) and the scope and complexity of projects, including complexities relating to interface with municipal processes (ie. municipally initiated grade separations);
- Challenges relating to Package 2 procurements and the inclusion of the SmartTrack stations. Some of the SmartTrack stations present challenges because of their locations (such as Portlands, Spadina, and Gerrard/Carlaw), and all rely on municipal funding to proceed. The Board asked staff to consider ways to structure these procurements so that Metrolinx's program can proceed independently should the City of Toronto's direction to proceed be delayed. The Board also asked that this issue be discussed with the Mayor of Toronto and City planning staff;
- The status and complexity of defining the RER procurement package 3 projects and deliverables. Staff described timing for Provincial approvals and the need to ensure there is sufficient time in-market for the vendor teams to understand the requirements and organize themselves accordingly. Staff noted release of this procurement package by end of year is critical to achieve the delivery date of 2024. A further update on this item is expected in June;

- With respect to RER Package 3 electrification, the Board discussed research underway on hydrogen fuel cell technology as an alternative to traditional electrification technology. The Board raised important questions about the technology including safety, how fuel would be supplied and distributed, and available vehicle suppliers. The Province is interested in developing this technology because of local expertise. The Board emphasized the need to consider this further;
- Progress on service to Niagara, including the region's request to advance completion to coincide with the Canada Summer Games and how Metrolinx can otherwise support the games;
- Metrolinx's general progress on consolidating, aligning, improving, and implementing project management functions and processes internally as part of the Auditor General's recommendations. Staff confirmed that project management software has been implemented and staff have been trained. This system will help ensure projects stay on track, and will help identify interface risks. As well, a change control board has been established to review and protect against schedule and scope creep.

Staff acknowledged the need to ensure projects stay on schedule and budget in order to ensure capital funds are spent as anticipated.

The Board asked staff to report back with a colour-coded dashboard indicating each project's schedule (measured against originally announced and committed timelines, and including each project within the RER procurement packages), budget status, key risks, and any cross-dependencies. The report back should also identify critical paths, where vulnerabilities exist, and options for course corrections. Staff should work back from committed delivery dates to determine if Metrolinx is on course, and to make clear where there is variation from what has been committed. Staff should also consider what projects or program elements could be delayed or cancelled, if required. Progress on Kitchener corridor service and the related freight rationalization strategy and negotiations should also be included.

7. The Next RTP and Implementation Strategy

Leslie Woo, Chief Planning Officer, together with Antoine Belaieff, Director, Regional Planning, Lisa Salsberg, Senior Manager, Systems Planning, and Peter Paz, Manager, Regional Partnerships, presented an update on planning and other activities supporting the Regional Transportation Plan ("RTP") review. The Board noted the RTP review as an opportunity to reassert Metrolinx's leadership in planning. The draft RTP has identified three key goals, and six personas that reflect the customer market in the GTHA. The review will also reflect six different scenarios to ensure it is flexible and responsive to an uncertain future. In particular, staff noted that the plan must address three key elements: rising concerns about social and economic inequities; diversity and mobility choice; and the need to be adaptable and flexible. Staff have proposed that the plan represent the region, focussing on residents of the region by using "people" as its lens. Staff have developed a number of unique personas, each of which have different needs and expectations of the public transit system and service offering.

Staff noted that through the personas research, they have come to understand how people move within the region, and that people use different modes of transportation to meet different needs.

The Board asked how a people-centred approach will impact the plan, and how this focus would have changed the previous plan. The Board recommended that the plan include a financial perspective as a key objective, focussed on maximizing investment and sustainability. The plan must also integrate land use planning with transit planning, review the achievements and activities not pursued under the previous plan, and describe what has changed since then and why. Finally, the plan and the methodology used to arrive at the plan must be easily explainable.

The Board expects the plan should outline a wave of planned activities. Staff have evaluated a portfolio of proposed projects and programs against the plan's proposed key performance indicators. The Board discussed Metrolinx's ability to implement the various programs proposed, and municipal support for these activities.

The Board directed that staff return in June with the draft plan, describing where the work takes us but less focussed on the methodology that supports the plan. The document should include consideration of the importance of pricing, and adopt a business case approach to any proposed recommendations. The Board encouraged staff to include novel options.

8. LRV Procurement

As a result of his previously declared conflict of interest, Mr. Shearer left the meeting room.

John Jensen, Mary Martin, Executive Vice President, General Counsel and Corporate Secretary, and Gerry Chaput, Chief Capital Officer, along with external counsel Sharon Vogel, Borden Ladner Gervais LLP, and Bryan Guest, Boxfish Group, presented an update on the LRV procurement and related contract issues with Bombardier. Staff summarized next steps in the dispute resolution board process. **[Redacted: Advice to Government, Economic and Other Interests, Solicitor-Client Privilege]**

[Redacted: Advice to Government, Economic and Other Interests, Solicitor-Client Privilege]

RESOLVED:

[Redacted: Advice to Government, Economic and Other Interests, Solicitor-Client Privilege]

Carried

9. Business Items: Hurontario LRT – Approval of Shortlist and Release of RFP

As a result of their previously declared conflicts of interest, Messrs. Prichard and Shearer left the meeting room. Rahul Bhardwaj assumed the role of Board chair.

Gerry Chaput presented for approval the shortlisted proponents and issuance of the request for proposal (RFP) for the Hurontario light rail transit program. The Board discussed the RFP's vehicle requirements and potential suppliers. In this case the proponents were advised not to provide a proposed supplier.

The Board directed staff to return for approval before issuing the RFP to any additional reserved proponents.

RESOLVED, as revised:

THAT, as further set out in a report from the Chief Capital Officer and the Vice President of Rapid Transit dated April 27, 2017, Metrolinx is authorized to issue the Request for Proposal with Infrastructure Ontario as co-sponsor for the Hurontario Light Rail Transit project using a Design-Build-Finance-Operate-Maintain Alternative Financing and Procurement model to the qualified shortlisted proponents: Hurontario LightRail Connection Partners, Mobilinx, and Trillium Transit Partners. Release of the RFP is subject to Metrolinx staff being satisfied with the completion of the readiness review and a value for money update.

Carried

10. Amendment to Metrolinx Procurement Policy

Robert Siddall, Chief Financial Officer, and Don Dinnin, Vice President, Procurement Services, presented proposed revisions to the procurement policy to align with Metrolinx's vendor performance management and enhanced reference check practices. The proposed revisions align with the Auditor General's recommendations relating to vendor performance management.

The Board discussed a policy of automatically excluding contractors in litigation with Metrolinx. Mary Martin advised that such a policy has been abandoned by the Ministry of Transportation.

[Redacted: Advice to Government, Economic and Other Interests]

RESOLVED:

THAT the revisions to the Procurement Policy described in the Chief Financial Officer's April 27, 2017 report to the Board of Directors be endorsed.

Carried

11. Budget Update

Robert Siddall presented a budget update. The Provincial budget supports projects already underway, but does not currently indicate funding for fare integration. Staff will continue to work with the Ministry to obtain further details.

12. Executive Session

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

13. **Adjournment**

There being no further business before the Board of Directors, the meeting was adjourned at 5:00 p.m.

Carried

J. Robert S. Prichard, Chair

Mary Martin, Secretary

c/s