

**BOARD STRATEGY AND PRIORITY SETTING MEETING**

- DATE OF MEETING:** October 26, 2017
- TIME OF MEETING:** 8:30 a.m.
- PLACE OF MEETING:** Union Station West Wing  
97 Front Street West  
Toronto, Ontario M5J 1E6
- Peter R. Smith Boardroom, 4<sup>th</sup> Floor**
- CHAIR:** J. Robert S. Prichard
- PRESIDENT & CEO:** Phil Verster
- MEETING SECRETARY:** Mary Martin, Executive Vice President, General Counsel and Corporate Secretary
- MEMBERS PRESENT:** Upkar Arora  
Kathy Bardswick  
Rahul Bhardwaj  
Bryan Davies  
Bill Fisch  
Anne Golden  
Marianne McKenna (*until 3:30 p.m.*)  
Rose Patten  
Bonnie Patterson  
Howard Shearer  
Carl Zehr
- REGRETS:** Janet Ecker
- OTHERS PRESENT:** 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  
Peter Zuk, Chief Capital Officer

Ansar Ahmed, Vice President, Project Planning and Program Development  
Antoine Belaieff, Director, Regional Planning  
Mark Ciavarro, Vice President, Regional Express Rail Implementation  
Joshua Engel-Yan, Director, Research & Planning Analytics  
Jennifer Gray, Director, Strategic Business Planning and Enterprise Risk Management  
Martin Powell, Project Director, Research & Planning Analytics  
Lisa Thomas, Vice President, Program Management  
Alba Taylor, Senior Legal Counsel & Associate Corporate Secretary

## **CLOSED SESSION**

### **1. CEO/Board In Camera Session**

The Board met in the absence of staff other than the President and Chief Executive Officer.

### **2. Call to Order and Remarks by Chair**

Chair Prichard called the meeting to order at 9:30 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, **[Redacted: Personal Privacy]** and with respect to any discussions relating to Regional Express Rail (“RER”) Package 3 procurement activities (including the operator procurement for the RER program, electrification, vehicle procurement, and hydrogen fuel cell options) as such may arise in the context of Agenda Item 6.1 - Operator Procurement Update and Item 6.2 - Capital Program Update; and
2. Marianne McKenna, **[Redacted: Personal Privacy]** and with respect to discussions relating to the Port Credit Project, as such may arise in the context of Agenda Item 6.2 - Capital Program Update.

Staff confirmed that redacted materials were provided to the noted Board members, as appropriate, and that they will be recused from the relevant discussions.

### 3. Benefits Management and Realization

Leslie Woo, Chief Planning Officer, and Joshua Engel-Yan, Director, Research & Planning Analytics, together with Lisa Thomas, Vice President, Program Management, Mark Ciavarro, Acting Vice President, Regional Express Rail Implementation, Jennifer Gray, Director, Strategic Business Planning & Enterprise Risk Management, presented a report on the development of an enhanced evidence-based decision-making process for Metrolinx projects that emphasizes the realization of benefits through sponsorship.

The revised approach will:

- ensure consistency and allocate accountability for achieving anticipated project benefits throughout the project lifecycle;
- set a clear project governance structure with stage gate decision making; and
- enhance the role of business cases embedded in the project lifecycle.

Key to the approach is the identification of a sponsorship role, which is separate from but works closely with the project delivery function. A sponsorship team will be built as a corporate function within the Planning & Policy division, where business case development and accountability also resides. An Investment Panel comprised of senior management staff will be responsible for project decision making, monitoring performance, and integrating with other management control process such as budgeting.

Staff confirmed that this approach represents the implementation of a jurisdictional best practice. The Board discussed current examples where this approach would improve consistency, provide uniform direction, and guide more efficient decision-making, such as the implementation of Design Excellence and customer experience objectives.

The Board discussed the expected skill set and expertise of a sponsorship role, and how the process will improve decision-making. Staff confirmed that the purpose of the approach is not to slow down or duplicate existing process, but rather to ensure project benefits are integrated and remain consistent from planning through to delivery.

## RESOLVED:

**THAT** the Board support this initiative to adopt benefits management and sponsorship for Metrolinx's projects and programs, starting with Regional Express Rail, as described in the Chief Planning Officer's October 26, 2017 report.

## Carried

### 4. Application of Benefits Management

Leslie Woo and Ansar Ahmed, Vice President, Project Planning and Program Development, together with Nadine Navarro, Manager, RER Project Planning, Lisa Thomas, Mark Ciavarrro, and Joshua Engel-Yan presented a business case analysis methodology and work plan for the assessment of the Regional Express Rail station sites and the development of project definition business cases.

In line with the proposed benefits management approach, staff are recommending that all 17 RER new stations business cases be updated. This analysis will also satisfy the Chair's commitment to review the Kirby and Lawrence East stations analysis. A working group with staff from Planning & Policy and Capital Projects Group, supported by external consultants, will complete the business cases for January, 2018, with a report on the completed analysis at the February Board meeting.

The decision to extend the business case analysis to all new RER stations reflects the importance of ensuring that network effects are accounted for. Staff confirmed that it has received input from impacted municipalities. The updated business cases will account for ridership projections and the impact of different fare integration options on station performance.

The Board discussed the need to clearly communicate that business case analysis is an ongoing, iterative process, with multiple business cases completed throughout the project lifecycle. On that basis, the Board acknowledged that the results of additional analysis may differ from the initial business case results. Staff confirmed that this approach aligns with the benefits management framework. Staff will consider whether the prior analysis used to arrive at the current station recommendations was sufficient, and whether the current analysis will impact the performance of stations previously excluded by the initial business case results.

The Board discussed the impact of funding on business case results, and other important qualitative measures such as social and environmental impacts. The Board emphasized that while business case analysis is valuable in assessing quantitative measures, there is also an important need to allow for a level of judgement.

The Board recommended staff provide an update on the business case methodology at the December Board meeting. The update should include the important role of judgement in assessing business case analysis, the need for multiple business cases throughout the project lifecycle, the link to benefits management, and the relationship to strategic decision making including municipal decisions on service integration and land use planning. The Board emphasized the need to work closely with Metrolinx's municipal partners.

## **RESOLVED:**

**THAT** the Metrolinx Board of Directors approve the Work Plan for developing the New RER Stations Project Definition Business Case as described in the Vice President, Project Planning and Program Development, October 26, 2017 report.

## **Carried**

### **5. Board Governance**

Rahul Bhardwaj, Governance Committee Chair, described the Governance Committee's recommendations on actions to increase Board governance and decision-making transparency.

The Board discussed Metrolinx's commitment to transparency, including the practices of other Provincial and Federal agencies and how Metrolinx's current practices exceed its statutory public meeting requirements.

Releasing business case analysis before a decision is made will improve transparency by providing public insight into Metrolinx's decision making processes.

The Board discussed the need to have both public and private conversations. However, public meetings should be structured to address the types of questions posed by the public.

The Board asked staff to further assess the considerations and report back at the December meeting.

### **6. Regional Express Rail**

#### **6.1 Operator Procurement Update**

Due to his previously declared conflict of interest, Mr. Shearer left the meeting room.

Peter Zuk, Chief Capital Officer, and Mark Ciavarro, together with Lisa Thomas and Michael Wolczyk, Vice President, Corridor Infrastructure, presented a request for approval to restructure the RER Package 3 Operator procurement **[Redacted: Advice to Government, Economic and Other Interests, Cabinet Records]**

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

**RESOLVED:**

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

**THAT** Metrolinx is authorized to restructure the Operator procurement.

**Carried**

## **6.2 Capital Program Update**

Mr. Shearer returned to the Board meeting room.

Chair Prichard reminded the Board of Mr. Shearer and Ms. McKenna's previously declared conflicts of interest. On the advice of the Governance Committee, these members were permitted to stay for the Board's discussion provided that matters engaging their conflicts were not specifically raised.

Peter Zuk and Lisa Thomas, Vice President, Program Management, presented the Capital Programs Summary Report, outlining progress on the development and delivery of Metrolinx's capital program.

Staff described efforts underway to improve capital projects reporting including data automation, the development of key performance indicators ("KPIs"), and a scorecard. Once completed, these metrics will replace the capital program summary report to the Board.

The Board discussed project timelines and the importance of having an integrated project schedule. The original timelines were set more than two years ago and may not reflect current projects and priorities. The Board asked to staff to consider when timelines could be reset to reflect current circumstances.

The Board discussed the usefulness of the report, and how it may feed into future audit activities. The Board encouraged staff to develop and implement actions to address any identified concerns.

Staff will review these matters along with the KPI and scorecard work underway, and report back on what they will do differently to ensure projects remain on schedule, scope and budget.

## **PUBLIC SESSION**

### **7. Call to Order and Remarks by the Chair**

Chair Prichard called the meeting to order at 1:25 p.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.

### **8. CEO's Report**

Phil Verster, President and Chief Executive Officer, summarized recent Metrolinx achievements including the completion of the RER electrification environmental assessment, collaboration with the City of Toronto on the Davenport Diamond design review, advancing the procurements for the Rutherford GO Station, 401 Tunnel, and Kipling Mobility Hub redevelopments, and reaching an agreement between Metrolinx and the TTC on the implementation of a discounted double fare.

Metrolinx received the American Public Transit Association's Adwheel Award for GO Transit's Customer Courtesy Campaign. Chris Jukutas, Communications Infrastructure Coordinator, received a certificate of recognition for his participation in the Native Youth Computer Program, and Joshua Engel-Yan was recognized as a "rising star" by Progressive Railroading magazine.

Mr. Verster noted recent trips on the Metrolinx system, and looked forward to future meetings with stakeholders and municipalities across the GTHA.

### **9. Regional Transportation Plan Update**

Leslie Woo, Antoine Belaieff, Director, Regional Planning, and Rajesh Khetarpal, Director, Stakeholder Relations, presented an update on municipal and public consultations and input received on the Draft 2041 Regional Transportation Plan.

The draft plan has been well received, with comments generally relating to:

- continued impatience for improvements;
- inquiries about how the plan will be staged and implemented;
- interest in initiatives to increase integration and seamlessness; and
- diverse opinions on parking and station access.

No omissions have been identified to date.

Consultations have included municipalities, various government ministries, and local medical officers of health. Public sessions have been well attended, with a diversity of community representatives present. Other means to ensure diverse input is received have included online engagement, the residents reference panel, and workshops. Staff are also presenting the plan to expert communities through 6 speaking engagements.

The results of the engagement process will be posted.

CEO Verster noted the importance of the consultation process, and the need for the draft plan to continue to evolve even after those processes have concluded.

In December staff will report back on the consultation results, and how they influenced the draft plan. Staff will also present options to move the plan forward.

## **10. Hydrogen Fuel Technology Analysis/Evaluation**

Chair Prichard reminded the Board of Mr. Shearer's previously declared conflict of interest. Mr. Shearer was permitted to stay for the discussion, but did not participate.

Peter Zuk and Mark Ciavarrro presented an update on Metrolinx's feasibility study on implementation of hydrogen fuel technology as an alternative to traditional electrification on Metrolinx's rail corridors. The study will consider hydrogen technology compared to diesel and traditional electrification through overhead catenaries.

Staff described Germany's experience with hydrogen-rail implementation, and the differences between the German and Metrolinx contexts. Specifically, Metrolinx will be implementing electrification along urbanized corridors while Germany is looking to implement on rural lines. Metrolinx's trains are much larger (bi-levels) and longer. Germany has already implemented traditional electrification technology in its urban corridors. In Ontario the availability of surplus electricity in the evening may impact the feasibility analysis by facilitating the ability to make hydrogen fuel.

Other existing applications of hydrogen fuel technology include light rail vehicles and buses. Staff confirmed that the technology is safe. However its application to rail is new and there is currently no regulatory framework to govern its use.

Part of Metrolinx's study includes working with a vehicle supplier to design how the technology could be incorporated into Metrolinx's rail vehicles. Metrolinx has issued a procurement and three major suppliers have indicated interest in the project.

Staff have also planned a symposium of international experts to discuss the application of hydrail. The symposium will be open to ensure there is opportunity for discussion and debate. The results of the symposium will be included in Metrolinx's study.

Metrolinx's study will be completed by early 2018 and will include consideration of whether the technology should be considered now or in future, for different parts of the network.

## **11. GO/TTC Discounted Double Fare Agreement**

The Board welcomed Arthur Borkwood, Head of Customer Development, Strategy & Customer Experience at the TTC.

Leslie Woo and Martin Powell, Project Director, Research & Planning Analytics, presented an update on the TTC and the City of Toronto's agreement to implement a discounted double fare between GO/UP and the TTC. The agreement will be presented to Toronto City Council for approval on November 7. Implementation is scheduled for early January, 2018.

The Board discussed funding for the agreement, which is limited to three years. During this time staff expect there will be other opportunities to assess how costs can be managed, and how revenues and ridership have been impacted.

The Board congratulated staff, the TTC and the Ministry on this achievement, which represents an important first step towards fare integration in the region.

Staff will report back on other options to advance Metrolinx's fare integration strategy in December.

### **RESOLVED:**

**THAT** the principle terms of the agreement to be executed by Metrolinx and the TTC and/or the City of Toronto to provide a discounted double fare between GO/UP and the TTC as described in the Chief Planning Officer's October 26, 2017 report to the Board be approved.

**Carried**

## **CLOSED SESSION**

### **12. Preliminary Risk Discussion**

Kathy Bardswick, Audit, Finance and Risk Management Committee (“AFARM”) Vice-Chair, provided an overview of the Board’s risk management oversight roles and responsibilities, and the role of the enterprise risk management framework in helping the Board make strategic decisions.

Robert Siddall, Chief Financial Officer, and Jennifer Gray, Director, Strategic Business Planning & Enterprise Risk Management, reviewed Metrolinx’s enterprise risk management maturity, based on a recent health check, and summarized the process used to identify the top risks at Metrolinx.

CEO Verster referenced work underway to make risk management a cultural and effective part of Metrolinx’s business and decision making context. Staff believe that a properly functioning risk management process will mean that risks are identified and addressed earlier.

The Board considered the challenge of separating strategic risks from other risks that face the organization, and the difficulty of developing mitigation plans for some of those risks.

The Board also asked staff to think about the broader risk universe, and what tools can be used to help Metrolinx assess risks as they evolve.

The Board discussed the need to distill the many risks that face Metrolinx to those impacting strategy and direction. The Board must be aware of these risks to inform its decision-making and fulfill its duties. This awareness will also help satisfy the Board’s oversight role by ensuring the Board asks the right questions and generates the right management discussions.

The Board discussed the importance of making a risk framework concrete.

Staff will work with the Audit, Finance and Risk Management Committee Vice Chair to bring this matter forward for a further Board discussion. The Board asked that the report-back focus on what must be done differently.

### **13. 2018/19 Budget Submission**

Jennifer Gray presented an overview of the 2018-19 operating and capital budget submissions, including Metrolinx’s fiscal strategy, additional operating subsidy and capital funding requests.

The Board discussed areas of refinement still underway, including further analyzing the capital spend based on current circumstances and improved forecasting, and ensuring that the required subsidy accurately reflects anticipated ridership and marketing programs.

The Board asked staff to revisit how rail operations are reported. Staff noted that in future more detail may be reported in order to measure the impact of marketing programs. This might include, for example, ridership on each corridor.

The Board discussed various elements of the budget including state of good repair funding, non-fare revenues, and other benefits anticipated from the strategic partnership program.

#### **RESOLVED:**

**THAT** the Board authorizes management to submit a proposal consistent with the information in the Metrolinx 2018-19 Budget Update dated October 26, 2017;

**THAT** the Board authorizes management to discuss with the Ministry of Transportation the components contained in the Metrolinx submission;

**THAT** the Board directs management to report back on the results of the provincially approved operating subsidy and capital plan as the process continues; and

**THAT** the Board directs management to develop detailed plans to execute on savings targets to be implemented prior to the beginning of the fiscal year for the purpose of balanced plan.

#### **Carried**

#### **14. Agenda Proposals for Next Meeting**

There were no agenda proposals for the next meeting.

#### **15. Other Business**

There was no other business to discuss.

#### **EXECUTIVE SESSIONS**

#### **16. Executive Session**

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

**17. Executive Session**

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

**18. Adjournment**

There being no further business before the Board of Directors, the meeting was adjourned at 4:20 p.m.

**Carried**

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J. Robert S. Prichard, Chair

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Mary Martin, Secretary

*c/s*