

BOARD OF DIRECTORS

- DATE OF MEETING:** October 22, 2018
- TIME OF MEETING:** 8:30 a.m.
- PLACE OF MEETING:** Union Station West Wing
97 Front Street West
Toronto, Ontario M5J 1E6
- J. Robert S. Prichard Boardroom, 4th Floor
- CHAIR:** Don Wright
- PRESIDENT & CEO:** Phil Verster
- MEETING SECRETARY:** Heather Platt, Executive Vice President, General Counsel and Corporate Secretary (A)
- MEMBERS PRESENT:** Kathy Bardswick
Rahul Bhardwaj (until 4:30 pm)
Bryan Davies (until 2:20 pm)
Janet Ecker (until 1:30 pm)
Anne Golden (until 4:30 pm)
Marianne McKenna
Bonnie Patterson
Howard Shearer
Sharleen Stewart
- REGRETS:** Rose Patten
- OTHERS PRESENT:** Annalise Czerny, Executive Vice President, PRESTO
Jennifer Gray, Chief Financial Officer (A)
Greg Percy, Chief Operations Officer
Leslie Woo, Chief Planning Officer
George Bell, Vice President, Safety & Security
Carol Deveney, Principal Sponsor
Don Dinnin, Vice President, Procurement Services
Spencer Gibbens, GO Expansion, Head Sponsor
Joshua Engel-Yan, Director, Research & Planning Analytics
Lorraine Huinink, Vice President, Corporate Real Estate
Rajesh Khetarpal, Director, Stakeholder Relations

Paul Manhire, Director, RT - Eglinton Crosstown LRT
Michael Norton, Director, Business Strategy & Land Development
Jessalynn Selby, Director, Customer Care
Karyn Allicock, Manager, Business Development PRESTO
Helena Ashberry, GO Network Program Sponsor
Trevor Geach, Legal Counsel
Devon Khusial, Manager, Market Research
Matt Routley, Manager, Planning & Analytics
Alba Taylor, Sr. Legal Counsel & Associate Corporate Secretary
Peter Ojala, Lead Structural Engineer, LEA Consulting Ltd.
Steve Plyler, West Stations Director, Crosslinx Transit Solutions

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. GO Expansion

Leslie Woo, Chief Planning & Development Officer, Carol Deveney, Principal Sponsor, Spencer Gibbens, GO Expansion, Head Sponsor, Joshua Engel-Yan, Director, Research & Planning Analytics, and Matt Routley, Manager, Planning & Analytics, presented an update on the GO Expansion Full Business Case.

Staff described how the current business case fits within Metrolinx's benefits management framework, which anticipates the completion of successive business cases as project definition progresses. Staff described the various GO Expansion scope options including stations delivery and budget impacts. Staff also summarized key outcomes (including ridership and customer benefits), principal drivers (such as regional growth) and enablers of expected benefits (such as fare integration). There are also broader regional benefits such as road user benefits and environmental performance which support the overall investment.

Staff described how the incremental costs of GO Expansion are calculated. The full budget assumes (and therefore incorporates) ongoing expenditures to maintain current services.

Staff described work undertaken to ensure the business case methodology is sound, including complying with Metrolinx's business case guidance and undertaking a peer review. The Board discussed the difficulty in calculating productivity time. Staff

noted that conservative estimates have been included, where possible.

The Board discussed staff's confidence in the growth projections underlying the analysis, including potential impacts based on population growth (or decline), housing affordability, impact on rural communities, etc. Staff described how the full business case incorporates sensitivity analysis and alternative future scenarios. However, even the most constrained figures still yield positive benefits to cost ratios. Staff also described how the operator contract will permit service level adjustments to deal with future uncertainties. Finally, staff described how fare box recovery is impacted by the program, notably by increased efficiencies in the use of assets. The Board encouraged staff to look internationally at fare box recovery policies and their stated objectives.

The Board discussed Metrolinx's stations delivery strategy, its impacts on the business case, and how Metrolinx's design excellence requirements will be incorporated and consistency maintained. The Board also discussed various technology choices including electrification, signalling and automated train control.

The Board asked how costs will be spent on an annual basis, how costs per passenger have been reduced, how the business case feeds into the operator procurement, and how the operator's performance will be managed. Staff anticipate that innovations in service delivery proposed by the operator will drive additional benefits. Staff also described the reasons for paying bidders an honorarium during the procurement process.

An update on the Business Case outcomes will be provided in December, in advance of the Treasury Board submission.

3. PRESTO Roadmap

Annalise Czerny, Executive Vice President, PRESTO, together with other staff and consultants, presented a report on the PRESTO 2025 Strategy.

Staff described PRESTO's evolution over the past decade, and how technology and services have similarly evolved over this period. These changes have resulted in a need to rethink PRESTO's business and operations, in order to expand, increase service delivery, technological flexibility, and efficiencies, and respond to evolving technology and customer expectations.

Staff described PRESTO's desire to move from the current closed loop card-based system to an open loop system that is credential based. To validate this desire staff have held a payment scheme summit with global partners to share learnings and best practices, completed a market sounding exercise, reviewed operational cost

reduction opportunities, and reconsidered the business' primary goal, which is to make it easier for people to ride transit.

Staff acknowledged the need to think about PRESTO's strategy from a customer's perspective, rather than a technology perspective. Staff described work underway to deliver on desired outcomes, however, significant implementation considerations remain, and are being assessed. Staff described how other jurisdictions have considered the challenges faced by PRESTO. These examples demonstrate the need to think about broader benefits, including future opportunities, in addition to customer expectations. In sum, staff believe the most important lesson learned from PRESTO's implementation is the importance of remaining flexible to changing technology and consumer expectations.

Staff described how existing schemes, [Redacted: Economic and Other Interests], demonstrate the business evolution PRESTO is seeking through a standardized and centralized service offering. The Board discussed how issues such as compliance, privacy and cybersecurity will be addressed through PRESTO's evolution. Staff confirmed that these issues have been rigorously examined and remain under analysis.

The Board discussed whether the revised business model will help PRESTO manage reputational issues. Staff acknowledged that when errors occur the PRESTO brand may inevitably be affected; however more robust performance standards and processes should minimize occurrences and clarify accountabilities.

The Board encouraged staff to consider opportunities to speed up PRESTO's strategy before 2025. Staff will return to the Board with an update including the results of the business case analysis, including risks, financial return and transition plan.

RESOLVED, as revised:

THAT, as described in PRESTO's Executive Vice President October 22, 2018 report and subject to a final business case evaluation, the Metrolinx Board of Directors endorses the PRESTO strategy including:

1. Enabling the 4c model allowing more players in the PRESTO system and increased options for transit operators and commuters;
2. Moving from a stored value card (closed loop) to an account based system, which will enable increased fare media choice for customers and pricing agility for agencies; and

3. [Redacted: Advice to Government]

Carried

4. Corporate Real Estate Transit Oriented Development Principles

Marianne McKenna declared a conflict on this item as a result of her interests in KPMB Architects. Staff confirmed that Ms. McKenna received a redacted copy of the related report. Ms. McKenna was permitted to remain for this item provided her specific conflict was not engaged.

Leslie Woo, Carol Deveney, Lorraine Huinink, Vice President, Corporate Real Estate, Michael Norton, Director, Business Strategy & Land Development, Rajesh Khetarpal, Director, Stakeholder Relations and Joshua Engel-Yan presented the Market Driven Transit Oriented Development Strategy. Staff described the four types of opportunities contemplated by the strategy, and Metrolinx's role in each. Staff reviewed the cost impacts, savings, and benefits of the proposed strategy.

The Board discussed impacts on municipal revenues, and asked whether Metrolinx has the right expertise and capacity to deliver on the strategy. The Board also discussed Metrolinx's role in addressing regional social goals such as housing affordability. Although the Regional Transportation Plan speaks to "complete communities" and system connectivity, staff acknowledged the need to return to the Board to consider these issues. Finally, the Board asked about risks relating to Metrolinx's procurements.

Staff described next steps which include release of business cases in November.

RESOLVED:

THAT the Metrolinx Board of Directors endorse, in principle, the Market Driven TOD Strategy, described in the October 22, 2018 report;

AND THAT, staff report back at the December 2018 Board meeting on the Strategy progress.

Carried

PUBLIC SESSION

5. Call to Order and Remarks by Chair

Chair Wright called the meeting to order at 1:30 p.m.

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

Chair Wright confirmed receipt of correspondence from the Town of Bradford West Gwillimbury dated October 15, 2018 describing a council resolution passed on October 2, 2018 and requesting that Metrolinx accelerate the planned expansion of the Bradford GO Station, which has been distributed to the Board.

6. Safety Briefing

Greg Percy, Chief Operating Officer, reviewed safety and security measures and lead the Board in a safety moment.

7. CEO's Report

Phil Verster presented the CEO's report, highlighting service increases and improvements achieved over the past quarter including: UP Express service increases; expansions to the Kitchener Corridor; initiation of a ride hailing partnership with Uber; and environmental approvals obtained for eight new stations in Toronto. Over three hundred and fifty staff and other partners also participated in a successful mock train derailment.

The following individuals were recognized for outstanding service and safety contributions:

1. Bonnie Patterson presented letters of recognition to Andrew Hume and Sarah Ramdin, Bombardier GO Train crew members, for their quick and professional actions in response to a trespasser on the Grimsby Subdivision tracks in Hamilton, including stopping the train, engaging the individual, and notifying emergency services;
2. Howard Shearer presented letters of recognition to John Sauve and Chris Worts (in absentia), also Bombardier GO Train crew members, for their quick and professional actions in response to a trespasser on the tracks near the Ajax GO Station, including coming to an emergency stop, engaging the individual, notifying emergency services and remaining with the individual until emergency services arrived;
3. Sharleen Stewart presented a letter of recognition to Abhee Kanungo, a Metrolinx station attendant, for her quick and compassionate actions in response to trespassers on the tracks at the Newmarket GO Station, including

persuading them to return to the station platform and offering to take them to a nearby coffee shop for food and drink;

4. Rahul Bhardwaj presented a letter of recognition to Lynn Longwill, PRESTO Brand Manager, for her quick response to a medical incident on a GO train; and
5. Bryan Davies presented letters of recognition to Scott Money, Media Relations, and Graham Walker, Operations, for organizing transportation for 200 high school students with only 12 hours' notice, enabling them to participate in a cybersecurity competition at Ryerson University.

8. Safety Culture

George Bell, Vice President, Safety and Security, described how Metrolinx is increasing its safety leadership by building on a safety culture. Staff have established a Safety Leadership Council, Charter Training, and deployed First Aid Training for all employees. A new Safety Observation Reporting framework, Contractors Coordination Committee, and Incident Investigation Training are also under development. Staff described how Metrolinx's safety culture is measured, and how Metrolinx plans to progress from a "reactive" level to a more mature model. Staff expressed confidence that Metrolinx is heading in the right direction in terms of embracing and embedding a safety culture.

Staff described how Metrolinx's safety training challenges employees to apply their learnings to real life circumstances, and to tell us how Metrolinx is living the safety charter's promises. Staff also described how new emergency response and communication protocols facilitate continuous learning.

The Board asked whether there are opportunities to learn from other industries such as aviation. Staff noted that while most of the training is derived from the rail industry, it incorporates input from Transport Canada and the Transportation Safety Board who have broader jurisdiction. Nonetheless, staff will look for opportunities to incorporate broader industry learnings.

Finally, staff emphasized the importance of developing safety leadership, described the internal partnerships that have been developed to support this goal, and noted progress on integrating and centralizing Metrolinx's safety functions, including in capital projects delivery.

Staff described how partnerships in the supply chain with vendors with strong safety cultures also help Metrolinx improve, and Metrolinx is collaborating with the safety community to share best practices. Metrolinx has also adjusted its procurement

evaluation requirements and criteria to include important safety elements such as Certificate of Recognition (COR) certification and evaluation of reported lost-time-injury frequency rates.

RESOLVED:

THAT the Metrolinx Board of Directors endorse the actions and initiatives described in the presentation given by the Vice President, Safety & Security on October 22, 2018.

Carried

9. Customer Satisfaction

Leslie Woo and Jessalynn Selby, Director, Customer Care, Devon Khusial, Manager, Market Research, and Karyn Allicock, Manager, Business Development (PRESTO), presented current metrics and priority actions for improving GO, PRESTO and UP Express customer satisfaction scores. Staff described how proposed actions are based on key drivers that have been demonstrated to impact customer satisfaction.

Staff explained how control rooms are being used to track and analyze ridership data in real time, to better inform action items that target customer satisfaction and service improvements.

Finally, the Board asked about Metrolinx's partnership with Uber. Staff confirmed that while the UP Express-Uber partnership is exclusive, they are working on other pilot projects with ride sharing and taxi organizations to expand this potential service offering.

RESOLVED:

THAT the Metrolinx Board of Directors endorse the approach and actions set out in Metrolinx's October 22, 2018 Customer Satisfaction Report to improve customer satisfaction and deliver key performance indicator targets.

Carried

10. Mimico Station

Lorraine Huinink, Michael Norton, and Leslie Woo, Chief Planning Officer, described a transit oriented development opportunity with VANDYK Group at Mimico GO station, which proposes to improve station facilities and access, and increase GO ridership, at lower capital costs to Metrolinx. Staff briefly described the proposed project and benefits to Metrolinx.

The Board asked about the status of negotiations with the developer, whether the proposed opportunity fully leverages the potential value of the site, how learnings will be captured and applied to future opportunities and how Metrolinx's design standards and broader social benefits will be incorporated in the project. Staff assured the Board that they will continue to work with the developer and the City to achieve the greatest possible benefits. Staff noted that land-use planning processes were initiated several years ago and current zoning should be adequate for the uses contemplated. Valuation of the air rights have been determined through a standard methodology, and lessons learned are being documented and socialized internally to facilitate continuity and consistency of approach.

Staff identified various contextual issues that limit development and partnership opportunities, as in the case of this development, where the proposed transaction could only be fulfilled by the adjacent property owner.

Finally staff described how Metrolinx will ensure its interests in the station and future services will be protected in the transaction. With respect to the redevelopment timeline for this location, staff explained that they are negotiating options to ensure there are no service disruptions to Metrolinx's customers if the station is delayed.

RESOLVED:

THAT the Metrolinx Board of Directors endorse the approach and actions set out on in the October 22, 2018 Mimico GO Transit Oriented Development Opportunity presentation, and direct staff to report back to the Board at the December Board Meeting on the progress of negotiations and the project more broadly.

Carried

11. Eglinton Crosstown Light Rail Transit - Construction of Eglinton Station

Paul Manhire, Director, Rapid Transit (Eglinton Crosstown), Peter Ojala, Lead Structural Engineer, LEA Consulting Ltd., and Steve Plyler, West Stations Director, Crosslinx Transit Solutions, presented key challenges that will be faced in the construction of two LRT stations underneath the Eglinton and Eglinton West subway stations.

The Board asked about controls, techniques, and structural elements of the projects, including impacts on adjacent owners and operations. The presenters explained the various steps in the construction process and how the work plan has been set to minimize impacts to adjacent owners and above-ground traffic as much as possible.

The Board asked about the project's vulnerability to future water events. The presenters explained that the project includes infrastructure to mitigate risks associated with extreme weather events, such as pumps, catchments, and drainage

systems. An incremental construction approach has also been developed to monitor and respond to any soil retention issues experienced on either side of the project.

The Board asked about the risks of increasing steel prices and construction costs. The presenters confirmed that the risk belongs to the contractors, who are aware of and managing it.

CLOSED SESSION

12. Procurement Evaluation Criteria

Don Dinnin, Vice President, Procurement Services, described changes to Metrolinx's tender evaluation criteria to increase focus on safety and work schedules.

13. Metrolinx 2019-2020 Business Plan

Jennifer Gray, Chief Financial Officer (A), Ann Short, Director, Strategy Business Planning, and Ashley Macdonald, Sr. Cost Controls Specialist, presented the Metrolinx 2019-2020 Business Plan and provided an update on discussions with the Province. Staff described how operating cost targets can be achieved without impacting services.

The Board asked staff about their confidence in the revenue projections, given potential ridership, fare integration and PRESTO adoption issues and impacts. Staff agreed to revisit these topics.

The Board also discussed how Metrolinx's capital projects will be funded.

The Board agreed to approve the proposed budget, subject to review by the Audit, Finance and Risk Management Committee Chair.

RESOLVED, as revised, that subject to review by the Audit, Finance and Risk Management Committee Chair, the Board:

Authorizes management to submit a proposal consistent with the information in the Metrolinx 2019-20 Budget Summary dated October 22, 2018;

AND authorizes management to discuss the components contained in the Metrolinx submission with MTO;

AND directs management to report back on the results of the provincially approved Operating Subsidy and 10-year Capital Plan as the process continues.

Carried

14. Strategy Discussion

Leslie Woo and Heather Platt, Executive Vice President, General Counsel and Corporate Secretary (A), led a discussion on the organization's future strategy and the various challenges and opportunities to be considered should there be changes to Metrolinx's role in local transit development and delivery.

Staff emphasized the need for Metrolinx to continue with its ambitious mandate notwithstanding these discussions.

EXECUTIVE SESSIONS

15. Executive Session

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

16. Executive Session

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

17. Adjournment

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

Carried

Don Wright, Chair

Heather Platt, Secretary

c/s