

**To:** Board of Directors  
**From:** John Howe  
*General Manager, Investment Strategy and Projects*  
**Date:** July 13, 2009  
**Re:** **Provincial Framework for New Transit Project Implementation**

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## ***RECOMMENDATION***

BE IT RESOLVED:

**THAT** the Board of Directors receive this report on the new Provincial Framework for information.

## ***BACKGROUND***

The Province of Ontario is acting expeditiously and collaboratively to implement the key project investment priorities set out in the Metrolinx Regional Transportation Plan (entitled “The Big Move”):

- **In November 2008** the former Metrolinx Board unanimously approved the Big Move and the first Metrolinx five-year capital plan.
- **In March 2009** the Minister of Transportation introduced Bill 163 to transition Metrolinx from a planning to implementation organization, less than three years following the creation of original Greater Toronto Transportation Authority.

The enabling features in the bill included: Merging GO Transit with Metrolinx to capitalize on GO’s well-established expertise and track record in project delivery; a new non-political Board of Directors to encourage a faster, business-like approach to project decision-making; and a new provincial policy framework and business model for transit project delivery, empowering Metrolinx to build, own, operate and maintain the regional transit projects of the future as designated by the Minister.

The bill received Royal Assent as the new *Metrolinx Act* in May 2009.

- **In April and May 2009** the Premier of Ontario followed through with landmark commitments to fund five of the Top 15 project priorities identified in the Big Move: the Eglinton Light Rail Transit (LRT), Finch LRT, Sheppard East LRT, Scarborough Rapid Transit (SRT) and the York Viva Bus Rapid Transit (BRT) projects. (Please see Project Profiles, attached). Metrolinx, with the collaboration of the City of Toronto and Toronto Transit Commission (TTC), is proposing to integrate the Finch and Sheppard East LRT projects into a continuous west-east corridor between Humber College in Etobicoke and Meadowvale Road in Scarborough.

Combined, the five projects carry a total estimated price tag of approximately \$10 billion. In addition, the Premier announced a \$3 million commitment to fund ongoing planning and technical studies for the King-Main and James-Upper James rapid transit corridors in the City of Hamilton.

The Prime Minister of Canada announced that the federal government will fund one-third of the estimated \$1 billion cost of the Sheppard East LRT project, The province is the 100 percent capital funding source for the remaining four initial projects.

All five projects priorities selected by the Premier have completed or are close to completing the Metrolinx Benefits Case Analysis (BCA) process, a due diligence collaboration between Metrolinx, municipalities and municipal transit agencies that began in 2008 to evaluate project scope alternatives, and to quantify the transportation, financial, economic, environmental and social impacts of the proposed investments. The BCA's are an essential "multiple-criteria" evaluation tool, to guide project scope selection on the basis of benefit-to-cost ration, and rooted in the Metrolinx foundation pillars of people, the economy and environment.

- **Fall 2009** is the target construction groundbreaking date of the Sheppard East LRT and York-Viva BRT projects. The Finch LRT and SRT projects are forecast to achieve construction start in 2010, followed by Eglinton LRT in 2011.
- **2013** is the target revenue in-service date for Sheppard East LRT and York-Viva BRT projects. The initial phase of York-Viva could be operational as early as 2011.

### ***NEW PROVINCIAL FRAMEWORK***

On June 4, 2009, the Deputy Minister of Transportation issued a framework letter to the City Manager of Toronto and the Chief Administrative Officer of York Region, outlining the bold, collaborative steps necessary to achieve the shared vision of building the regional transit network of the future – starting with the initial five priorities, including the two groundbreakings in fall 2009. Five key principles make up the new framework:

- **Metrolinx ownership and control of the new, designated regional transit projects:** Ownership through Metrolinx will allow the province to amortize its \$10 billion investment over the useful life of the new transit assets in a fiscally responsible manner. Metrolinx will be responsible for approving project scope and budget, and for approving the terms and conditions of owning, constructing, operating and maintaining the new assets, in consultation with Toronto and York partners. The procurement of construction services, transit vehicles and other project capital requirements will also be the responsibility of Metrolinx, working closely with municipal partners.

For the new assets owned by the Province, Metrolinx will be enter into performance-based operating and maintenance agreements with municipalities, their transit agencies and other service providers.

- **Provincial commitment to partnerships and cooperation:** In the interest of implementation efficiency and speed, Metrolinx will build, wherever possible, on the existing, substantial expertise and resources of Toronto and York in planning, development and other essential pre-construction activities.
- **Metrolinx responsibility for project scope, budget and timing:** Municipally-requested changes to project scope, and the corresponding impacts on construction costs and schedules, will require Metrolinx Board approval. The Province will direct Metrolinx to adhere to “baseline” project cost eligibility criteria. Toronto and York will be responsible for additional costs that exceed the provincial baseline and Metrolinx-approved scope.
- **A customer-focussed approach:** Consistent with the Metrolinx “customer first” emphasis and region-wide mandate, implementation of the Presto integrated farecard system – and its future technological evolution – will be a prerequisite for each project.
- **Clear project governance:** Under the new ownership model, Metrolinx will be expected to develop agreements and governance structures whereby Metrolinx provides oversight for municipal and transit agency implementation teams. This is a viable model for the Sheppard LRT and the first phase of the York Viva projects, where both municipalities’ pre-existing, well-developed implementation momentum and state-of- readiness are largely responsible for the early groundbreaking target in fall 2009.

Infrastructure Ontario will act as the project delivery agent on behalf of Metrolinx on the projects designated by the Province as strong candidates for an Alternative Financing and Procurement (AFP) approach. The high-potential AFP project list is expected to initially include the Finch LRT, Scarborough Rapid Transit and the second phase of the Viva BRT projects.

Most of all, the new framework emphasizes the importance of collaboration between the Province, Metrolinx, the two municipalities and their transit agencies as the key critical success factor to achieve the urgent project implementation timelines. That intent and spirit are carried over into the detailed consultations now underway with Toronto and York, and led by the CEO of Metrolinx on behalf of the Provincial interest. The consultations are moving forward in an overall collaborative, positive manner.

**ATTACHMENTS: Metrolinx “Big 5” Project Profiles**  
**Provincial framework letters addressed to the City of Toronto and York Region**

John Howe  
*General Manager, Investment Strategy and Projects*

Direct Dial: 416-874-5912  
Mobile: 416-453-6818  
Fax: 416-874-5901  
E-mail: [John.Howe@metrolinx.com](mailto:John.Howe@metrolinx.com)