

# The Regional Municipality of York

Regional Council  
May 28, 2020

Report of the Chief Administrative Officer

## Yonge North Subway Extension – Update

### 1. Recommendations

1. Council authorize execution of a Preliminary Agreement and associated Transit-Oriented Communities Memorandum-of-Understanding with the Province of Ontario as generally set out in Attachments 1 and 2.
2. The CAO and/or his designate(s) be directed to:
  - a. Continue negotiating additional agreements with the Province, City of Toronto and TTC required to ensure delivery of the Yonge North Subway Extension, reporting back to Council to authorize their execution.
  - b. Engage with affected local municipalities of Markham, Vaughan and Richmond Hill to draft and execute agreements necessary to fulfill the “one-window” obligations stemming from the Preliminary Agreement and Transit-Oriented Communities MoU with the Province of Ontario.
3. The Regional Clerk circulate this report to the Clerks of the local municipalities.

### 2. Summary

This report provides an update on the status of work and agreements necessary to advance construction of the Yonge North Subway Extension.

Key Points:

- The Yonge North Subway Extension (YNSE) is one of four priority subway projects announced by the Province in early 2019 with an update last provided to Council in June 2019
- A Preliminary Agreement on the YNSE project and a Memorandum of Understanding regarding Transit-Oriented Communities between the Province of Ontario and the City of Toronto were executed in February 2020 and now form the basis of similar agreements in the Ontario-York Region negotiations

- Bill 171, the “Building Transit Faster Act”, introduced by the Province in February 2020, includes a number of measures to help accelerate the timing of the delivery of the Provincial subway program, providing additional certainty for property securement, utility relocations and permitting required to ensure timely construction
- Negotiations between the Province and York Region for the planning, funding, delivering, operating and maintaining of the YNSE have advanced to a stage set out in three documents:
  - the “Province of Ontario-Regional Municipality of York Transit Partnership (YNSE) Preliminary Agreement”,
  - the “Memorandum of Understanding on Transit-Oriented Communities,” and
  - the “Provincial Statement of Intent Related to the Arrangement to Support Accelerating Transit Delivery”
- The agreement and MoU are recommended to Council for authority to execute
- Additional project-related agreements and arrangements will continue to be advanced with the Province and brought back to Council for approval
- Preliminary engineering and design work for the YNSE is proceeding under Metrolinx’s leadership
- Metrolinx expects to develop the “Initial Business Case” for the YNSE by summer 2020, which will be tabled for the Metrolinx Board’s consideration
- A “one-window” approach to coordinate municipal input to the YNSE project is being established to streamline regional and local municipal interests as the YNSE project advances

### 3. Background

#### **The Province of Ontario confirmed a plan to construct four priority subway projects in its Budget tabled on April 11, 2019**

In the 2019/20 Budget, the Province of Ontario confirmed its intentions to proceed, in 2020 with construction of four priority subway projects identified as (Attachment 3):

- i. Ontario Line (replacing the project formerly known as the Downtown Relief Line)
- ii. Yonge North Subway Extension
- iii. Scarborough Subway Extension
- iv. Eglinton Crosstown West Extension

## **On June 23, 2019, Council authorized the Chief Administrative Officer to begin negotiations for the Yonge North Subway Extension**

Council authorized the Chief Administrative Officer and/or his designate(s), to begin negotiations with the Government of Canada, the Province of Ontario, Metrolinx, City of Toronto, Toronto Transit Commission and others for the design, construction, operations, maintenance and funding of the Yonge North Subway Extension.

A commitment was made to report back to Council with an update on the status of Yonge North Subway Extension project, negotiations and emerging Regional obligations related to the Yonge North Subway Extension, including:

- a. Progress on negotiations related to York Region obligations for the Yonge North Subway Extension;
- b. Government of Canada and Province of Ontario funding contributions;
- c. Progress on the Preliminary Design and Engineering work program and;
- d. Transit-oriented development and land value capture opportunities along the Yonge North Subway Extension corridor and potential partnerships and financial arrangements; and
- e. Roles and responsibilities in the funding, planning, design and delivery of the Yonge North Subway Extension.

## **Negotiations between the Province and the City of Toronto advanced through 2019**

In June 2019, Bill 107, the *Get Ontario Moving Act* was passed and included changes to the *Metrolinx Act, 2006*, enabling the Province of Ontario to take responsibility for the delivery of rapid transit expansion projects, including authority to transfer assets, liabilities, rights (including contractual rights) and obligations from the City of Toronto and TTC to Metrolinx.

In August 2019, the Minister of Transportation communicated the Government of Ontario's desire to advance the projects collaboratively (Attachment 4).

In October 2019, Toronto City Council endorsed the [Terms of Reference for Realignment of Transit Responsibility](#) (Attachment 5) and an Ontario-Toronto negotiation framework was established.

Toronto City Council authorized staff to enter into negotiations with the Province for the planning, procurement, construction, operations, and maintenance of the four priority subway projects, with the understanding that a suite of agreements would be negotiated.

Negotiations were based on the following key principles:

**The City of Toronto retains ownership of the existing subway network** – Ownership of existing TTC subway will remain with the City and TTC and the Province retains ownership of subway expansion and extension projects.

**TTC retains operations of the transit network** – TTC operates the existing network and the four subway expansion and extension projects and the fare box revenues will be used to defray operating costs.

**A Provincial commitment to negotiate operating contributions from other municipalities where subway service is provided** – Province will work with the City and TTC to further define roles and responsibilities on service levels and standards through operating and maintenance agreements.

**Capital Funding – State of Good Repair and Expansion** – Subject to agreed terms and conditions, the Province will allow a reallocation of City capital funding contributions that the City would otherwise be expected to make towards the four priority subway projects (approximately \$6 Billion) towards state-of-good-repair to the existing network and/or expansion projects. Subject to a review and reconciliation exercise, the Province to reimburse City/TTC reasonable costs to date for the Relief Line South and Line 2 East (Scarborough Subway).

**Federal funding** – City has endorsed reallocation of the Investing in Canada Infrastructure Program PTIF Phase 2 (ICIP-PTIF 2) funding to Provincial Projects:

- Up to \$0.660 Billion for Line 2 East Extension
- Up to \$3.151 Billion for proposed Ontario Line

The Province and the City to continue to advance the SmartTrack Stations Program, and Bloor/Yonge Capacity Improvement Project through ICIP-PTIF Phase 2 Program and the Province and City will partner to seek further federal engagement and funding commitment for all priority projects.

**Collaborate and accelerate** – There is a Provincial commitment to collaborate with the City and TTC through design, development, and delivery of its priority projects. The City and Province will jointly seek opportunities to advance, streamline, and accelerate delivery of priority transit projects, where possible. The City of Toronto's Transit Expansion Office will act as one-window access to the City and facilitate the City's role in project implementation.

## **The Province has also introduced legislation intended to fast-track delivery of the priority subway projects**

In February 2020, the Province introduced new legislation that, if passed, would remove roadblocks and enable the Province to expedite the delivery of priority provincial subway projects. Bill 171, the *Building Transit Faster Act*, provides the Province with tools to expedite planning, design and construction of the subway projects through:

- relocating utilities more efficiently;
- ensuring more timely assembly of lands;
- ensuring provincial access to municipal services and rights of way; and
- allowing the province to inspect and remove barriers to construction

Council received an update on Bill 171 from the Commissioner of Transportation Services in [March 2020](#).

### **The Province and the City of Toronto have now executed key business agreements related to the delivery of the Provincial subway program**

Toronto's receipt of and commitment to the "Provincial Statement of Intent Related to the Arrangement to Support Accelerating Transit Delivery," and execution of "The Province of Ontario-City of Toronto Transit Partnership Preliminary Agreement", and "Memorandum of Understanding of Transit Oriented Development" in February 2020 has provided a framework for Ontario-York Region negotiations.

### **The Province, through the Ministry of Transportation, led discussions required to advance and formalize agreements with York Region in a similar form to those entered into with the City of Toronto**

Pursuant to the August 2019 communication from the Minister of Transportation, a structure was established for the negotiation and execution of the YNSE agreements with a mandate to negotiate partnership agreements, confirm measures to expedite project delivery, and review broader transit priority initiatives/items (i.e. policy, planning, funding, etc.).

Through an "Ontario-York Executive Steering Committee", negotiations have been led by the Provincial Special Advisor, the Deputy Minister and Associate Deputy Minister of Transportation. York Region's participation included the Regional CAO, in conjunction with the Commissioners of Finance and Transportation and the President of York Region Rapid Transit Corporation.

## **4. Analysis**

### **A Preliminary Agreement and Transit-Oriented Communities Memorandum of Understanding are being recommended to Council for execution**

The following Agreement and Memorandum of Understanding between the Province and the Region have been negotiated and are now recommended for execution:

- a. The "Province of Ontario-Regional Municipality of York Transit Partnership (Yonge North Subway Extension) **Preliminary Agreement**" (Attachment 1). This agreement is expected to serve as a foundation for further agreements and sets out, generally:
  - roles/responsibilities of the parties and other partners in planning, funding, delivering, operating and maintaining the YNSE
  - York Region funding/cost-sharing of the Project;
  - federal funding and engagement;
  - Ontario-led Transit-Oriented Communities Program (TOCP);
  - operating & maintenance roles/responsibilities
  - Provincial reimbursement of "reasonable" municipal costs.

- b. Province of Ontario-Regional Municipality of York Memorandum of Understanding (**MOU on Transit-Oriented Communities (TOC)**) (Attachment 2). The MoU describes an “Ontario-led” program intended to:
- Leverage opportunities for private sector delivery and intensification
  - Acknowledge municipalities as critical partners with shared objectives (accessibility, housing supply, ridership, employment area growth, etc.)
  - Confirm regional coordination of municipal and public interests through formally structured frameworks and agreements

The agreement cited above in (a) also makes reference to a **Provincial Statement of Intent Related to the Arrangement to Support Accelerating Transit Delivery** (Attachment 6). This statement is also included in the Ontario-Toronto agreement and gives further certainty to provincial intentions to work collaboratively, proactively and in good faith towards the timely completion of the YNSE project.

Building upon the Minister’s August 2019 letter, the agreement and MoU provide a structured framework for overall project delivery. This is material as the province intends to direct the project delivery through its transportation agency - Metrolinx. The agreement and MoU will set the terms for the relationship with Metrolinx.

## **PROGRESS ON PRELIMINARY DESIGN AND ENGINEERING WORK**

### **As project manager, Metrolinx is advancing the preliminary design and engineering for the YNSE project to inform an “Initial Business Case”**

Metrolinx expects to develop the Initial Business Case for the YNSE by summer 2020, which will be tabled for the Metrolinx Board’s consideration. It includes the review of technical and costing alternatives (subway alignment, stations and tunnel type). This process will be followed by a Preliminary Design Business Case and a Full Business Case.

### **Additional train storage and maintenance facility needs are also under investigation**

The approved Transit Project Assessment Process for the YNSE included a below grade Train Storage & Maintenance Facility with a 12 train storage and light maintenance facility located underground at the tail end of Richmond Hill Centre.

As part of the YNSE project scope, Metrolinx continues to provide train storage for the Line 1 extension to Richmond Hill Centre, consistent with the previously approved project scope. Last year, TTC advised that storage for additional trains is required to serve Line 1 (Yonge-University-Spadina) in the longer term, as a result of increased service enabled through automatic train operations. While beyond the scope of the YNSE, Metrolinx has advised it also has train storage needs and will be exploring this jointly with the TTC.

## 5. Financial

### **Capital funding contributions from the Federal government of a minimum of 40% have been sought, but have not yet been confirmed**

The overall priority subway program announced in the 2019 Ontario budget has an estimated cost of over \$28B. The Province confirmed its share pursuant to federal infrastructure funding programs. There is currently a shortfall in federal funding commitments to the program of over \$6B including over \$2B for the YNSE.

Consistent with the federal formula established for projects under the “Public Transit Stream,” of the federal government’s “Investing in Canada Infrastructure Program (ICIP),” the Province and York Region have agreed in the Preliminary Agreement that the Region will contribute its pro-rata share of the 26.67% municipal contribution towards the total capital construction costs of the Project.

Efforts to secure full capital funding for the YNSE were extensive over the past several months. York Region has worked in close collaboration with the Province to secure the required 40% federal contribution.

At the time of the writing of this report the Federal Ministers of Infrastructure and the Provincial Minister of Transportation are in discussion with respect to the priority subway projects. Staff are working with their counterparts at the Province/Metrolinx to ensure that an early works program for the Yonge Subway is being advanced and the full federal funding commitment is secured.

### **Federal funding is expected to be secured through the Investing in Canada Infrastructure Plan**

Council last received an update on Federal Infrastructure funding programs in [June 2018](#) following the 2018 federal budget and prior to the 2019 election. At the time, public transit funding had been allocated in conjunction with the former provincial government, strictly on the basis of existing transit agency ridership with no consideration for forecasted growth. Consequently, York Region was allocated approximately \$200 M in transit expansion funding – a figure that, at a 40% expected federal contribution, would only leverage capital investment of \$500 M after accounting for provincial and municipal shares. While nowhere near the contribution now sought by the province for the priority expansion and extension projects, the sum could minimally be applied against early works necessary to advance the Yonge subway. Discussions with federal and provincial staff will seek to clarify this opportunity for bridge funding as an interim measure only.

## **The Region’s contribution of over \$1B is significant given current limitations in funding sources**

The capital funding contributions for the estimated project total of \$5.6B, as outlined by the Province, are as follows:

<b>Government</b>	<b>\$ (Billions)</b>	<b>%</b>
Federal	2.24	40
Provincial	1.86	33.33
Municipal	1.49	26.67
Total	5.60	100

Of the municipal contribution, York Region is expected to contribute its pro-rata share of the approximately 27% municipal contribution. Based on the current project estimate of \$5.6B (2017\$), this is projected at approximately 20% or \$1.13B.

A number of considerations to be resolved with respect to the Region’s funding contribution include, but are not limited to:

- Total project cost – estimate is preliminary;
- Scope of the project – currently being refined through Metrolinx initial Business Case and discussions with MTO;
- How costs may be recovered through development charges – expected DC split ranges between 60% and 83%;
- Revenue tools available to fund the non-development charge share – Region has limited ability to raise funds; and
- Timing of payments – determining whether additional debt will be required.

## **6. Local Impact**

The YNSE underpins the employment and population growth anticipated in the Provincial Growth Plan, regional and local municipal Official Plans.

The YNSE will help enable the full build out of the Richmond Hill/Langstaff Gateway Provincial Urban Growth Centre and facilitate redevelopment of the Yonge Street Corridor from Finch Avenue to the City of Richmond Hill.

A one-window approach for the YNSE project team is being established to provide streamlined coordination of regional and local municipal interests as the YNSE project advances through the project lifecycle.

## 7. Conclusion

Discussions and negotiations with the Province of Ontario provide for additional clarity, direction and opportunity to progress the Yonge Subway Extension. The approvals and authorizations sought from York Region Council will enable staff to continue to advance the YNSE project for delivery readiness. The YNSE is the top transit priority for York Region Council. It's a critical missing link in the GTHA recognized in successive Regional Transportation Master Plans prepared by Metrolinx.

The agreements proposed in this report advance progress towards construction. The most pressing concerns to continue momentum include:

- i. Securing a full 40% federal contribution, and
- ii. Continuing, through Metrolinx, to advance early works to ensure the project remains on schedule to achieve a 2030 opening.

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For more information on this report, please contact Bruce Macgregor, Chief Administrative Officer at 1-877-464-9675 ext. 71200. Accessible formats or communication supports are available upon request.

Approved for Submission: **Bruce Macgregor**  
Chief Administrative Officer

May 15, 2020  
Attachments (6)  
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