

**PROVINCE OF ONTARIO-REGIONAL MUNICIPALITY OF YORK  
TRANSIT PARTNERSHIP (YONGE NORTH SUBWAY EXTENSION)  
PRELIMINARY AGREEMENT**

**A. Preamble**

As announced in the 2019 Ontario Budget, the Province of Ontario (the “Province”) is committed to working with its partners to deliver the four priority projects included in Ontario’s ‘*New Subway Transit Plan for the Greater Toronto Area (GTA)*’ (hereafter referred to as the “Provincial Projects”), namely:

- The Ontario Line, which the Province has committed to deliver as early as the end of 2027, at a preliminary capital cost estimate of \$10.9 billion;
- The three-stop Scarborough Subway Extension/Line 2 East Extension, which the Province has committed to deliver by 2029-30, at a preliminary capital cost estimate of \$5.5 billion;
- The Yonge North Subway Extension, which the Province has committed to deliver by 2029-30, at a preliminary capital cost estimate of \$5.6 billion; and,
- The Eglinton Crosstown West Extension, which the Province has committed to deliver by 2030-31, at a preliminary capital cost estimate of \$4.7 billion.

On November 4, 2019, the Province and the City of Toronto (the “City”) jointly announced the ‘*Ontario-Toronto Transit Partnership*’, which will deliver significant expansion, modernization/upgrades and state of good repair enhancements to public transit in Toronto, including *vis-à-vis* the aforementioned priority subway projects. Subsequently, on February 14, 2020, the Province and the City announced the signing of the ‘*Ontario-Toronto Transit Partnership Preliminary Agreement*’, which formalizes the intergovernmental arrangement, and establishes the foundation for future partnership agreements between the Province and the City.

Furthermore, leveraging as precedential the applicable principles/parameters of the ‘*Ontario-Toronto Transit Partnership Preliminary Agreement*’, the Province committed to working with the Regional Municipality of York (the “Region”) (collectively, with the Province, the “Parties”) to develop a similar “**Preliminary Agreement/Agreement in Principle**” (the “Preliminary Agreement”), which will form the basis of an “Ontario-York Region Transit Partnership”, in respect of the Yonge North Subway Extension (the “Project”).

This document is intended to serve as the **Preliminary Agreement** between the Parties, with a primary focus on outlining the terms/conditions and roles/responsibilities of the Parties – and other partners, as applicable/appropriate – in planning, funding, delivering, operating and maintaining the Project. Moreover, this Preliminary Agreement, and the complementary documents referenced herein, will form the foundation for additional agreements to be negotiated in future between the Province and the Region – and between the Province and other partners – in relation to the Project.

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**B. Acknowledgment of Ownership/Responsibility for Project & Required Access/  
Control of Existing Subway System**

The Region hereby acknowledges the following Project-related terms and conditions endorsed by the Province and the City through the '*Ontario-Toronto Transit Partnership Preliminary Agreement*':

- I. The Province will have 'sole responsibility' for the planning, design and construction of the Project, and intends to own the resulting assets.
- II. The existing Toronto Transit Commission (TTC) subway system to which the Project will connect, and with which the Project will be integrated, will remain the responsibility – and under the ownership – of the City.
- III. Associated with II., above – the Province and the City will collaborate to:
  - (i) Establish how to best manage the key interface station (hereafter referred to as the "current Finch Station") and other assets that will intersect between the Project and the TTC's Line 1 (Yonge-University) of the existing subway network, in order to ensure that the Project is seamlessly integrated with the existing TTC system; and,
  - (ii) Jointly define the required levels of provincial access to, and provincial control over, the current Finch Station and other assets, as applicable, that will intersect between the Project and the TTC's Line 1 (Yonge-University) of the existing subway network, in order to facilitate new construction of the Project and ongoing ownership of the corresponding assets.
- IV. Subject to III., above, the City will grant the Province the jointly-defined and required levels of access to, and control over, the current Finch Station and other assets, as applicable, that will intersect between the Project and the TTC's Line 1 (Yonge-University) of the existing subway network. Such an arrangement will further acknowledge that the Province must meet Public Sector Accounting Board (PSAB) requirements in order to retain ownership and control of provincial assets.

**C. Ontario-York Region Transit Partnership – Principles/Parameters, Terms/  
Conditions & Roles/Responsibilities**

The Province and the Region agree to the following principles/parameters, terms/conditions and roles/responsibilities underpinning this Preliminary Agreement:

**Ongoing Province-Region Engagement & Collaboration to Support Delivery of the  
Project**

1. The Province will continue to engage and collaborate with the Region – and, as directly coordinated by the Region, the lower-tier municipalities of the Region through which the Project will be constructed (the "YNSE Municipalities") – and other

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partners, as applicable/appropriate, during the delivery cycle of the Project. (That is, from the planning and design stage, through to the construction and operations stages of the Project.) Furthermore, the Province will:

- (a) Continue to acknowledge the interests of the Region and the YNSE Municipalities, in respect of the Project.
  - (b) Coordinate with the Region – and, through the Region, the YNSE Municipalities – and other partners, as applicable/appropriate, through the phases of construction of the Project, in order to mitigate the impacts of such construction both on the planned construction of other major infrastructure projects, and on the local communities in which the planned construction will occur.
  - (c) Lead engagement with the public, communities and other stakeholders in respect of the Project, while working closely with the Region, the City and other partners.
2. In addition, the Province will collaborate with the Region and – as directly coordinated by the Region – the YNSE Municipalities to:
- (a) Seek opportunities to advance and accelerate, where possible, the delivery of the Project.
    - i. Separate from this Preliminary Agreement, the Province has provided to the Region a “**Provincial Statement of Intent Related to the Arrangement to Support Accelerating Transit Delivery**” of the Provincial Projects. This document reflects the provincial intentions and commitments – articulated by the Province to the Region during consultation convened through meetings of the ‘Ontario-York Region Executive Steering Committee’ over the course of fall 2019/winter 2020 – in relation to the suite of tools proposed through the *Building Transit Faster Act, 2020*, which the Province introduced to the Legislature on February 18, 2020.
  - (b) Generate streamlined processes and leverage the authorities available to expedite Project implementation, while recognizing the role of the Region, the YNSE Municipalities and other partners in planning and approvals.
  - (c) Establish best management practices at key Project stations that will interface with other transit services in the Region, and ensure seamless integration with these transit services.
    - i. More specifically, such practices will focus on the integration of key Project stations with future ‘regional’ (i.e., GO Transit bus/rail and York VIVA Bus Rapid Transit) and ‘local’ (i.e., York Region Transit) transit services, including, but not limited to, those transit services that will be provided to/from the Richmond Hill/Langstaff Gateway area.

Region Funding/Cost-Sharing of the Project

- 3. Previous funding commitments made by the Region towards the planning, design and engineering (PDE) costs of the Project will remain in effect.
- 4. Consistent with the funding formula established for projects under the ‘Public Transit Stream’ of the federal government’s ‘Investing in Canada Infrastructure Program’ (ICIP), the Parties agree that the Region will contribute its *pro rata* share of the

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~26.67% municipal contribution towards the total capital construction costs of the Project.

5. As requested by the Region, the Province is committed to:
- (a) Working with the Region to identify any changes that should be considered, so that the Region may fund its share of the Project capital costs in a fiscally sustainable manner, including through capturing the expected future value generated by the Project as a source of funding towards part of the Region's total capital contribution to the Project; and,
  - (b) Making best efforts to obtain all necessary approvals for any changes that the Province, working with Region, determines to be appropriate.
- Further to (a) and (b), above, the Region acknowledges that education property taxes are excluded from references to "value," and will not be considered as a source of funding.

**Federal Funding & Engagement**

6. The Province and the Region will jointly endorse the use of committed federal funding – as identified and per the Region's allocation under the 'Public Transit Stream' of ICIP – towards the Project, consistent with the ICIP framework of approvals.
7. The Province, the Region and the YNSE Municipalities – and other partners, as applicable/appropriate – will call on the federal government to:
- (a) Secure at least 40% federal funding for the Project; and,
  - (b) Provide sustainable federal funding towards the long-term modernization, upgrade and state of good repair of the existing TTC subway system, including the TTC's Line 1 extension to the Vaughan Metropolitan Centre, referred to as the 'Toronto-York Spadina Subway Extension.'

**Ontario-Led Transit-Oriented Communities Program (TOCP)**

8. The Province will collaborate with the Region and – as directly coordinated by the Region – the YNSE Municipalities, as the Province pursues its 'Ontario-led Transit-Oriented Communities Program (TOCP)' for the Project. The 'Ontario-led TOCP' for the Project will:
- (a) Advance both the creation/capturing of value to offset the Province's capital costs of the Project, and the principles of good region building and planning; and,
  - (b) Involve the Province leading the procurement process for new stations to be constructed for the Project, and also spearheading negotiations with third parties related to prospective TOC.
9. The Province and the Region have jointly developed a "**Province of Ontario-Regional Municipality of York Memorandum of Understanding (MOU) on Transit-Oriented Communities (TOC)**" – attached to this Preliminary Agreement as **Annex #1** – which, in its application to the Project:

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- (a) Outlines the shared objectives of the ‘Ontario-led TOCP’ and related activities for the Project;
- (b) Identifies the measures required to achieve the objectives of the ‘Ontario-led TOCP’ for the Project;
- (c) Articulates the roles and responsibilities of the Parties in supporting the delivery of the ‘Ontario-led TOCP’ for the Project; and,
- (d) Reflects a set of commitments made by the Parties, including (but not limited) to the following:
  - i. The Province recognizes that the Region – and the YNSE Municipalities to which the ‘Ontario-led TOCP’ will apply – are critical partners in the successful delivery TOC opportunities;
  - ii. The Province and the Region share the strong desire to appropriately integrate new transit facilities into development, and to ensure due consideration for the compatibility with surrounding neighbourhoods, in order to realize the potential associated benefits accruing to each of the Parties and to the public; and,
  - iii. The Province and the Region commit to ongoing, proactive and good faith collaboration in respect of the ‘Ontario-led TOCP’.

**Roles/Responsibilities – Operating & Maintenance of the Project**

- 10. Per the ‘*Ontario-Toronto Transit Partnership Preliminary Agreement*’, the City/TTC will be responsible for the day-to-day operations of the Project, including in respect of labour relations.
- 11. Consistent with the ‘*Ontario-Toronto Transit Partnership Preliminary Agreement*’ and the associated responsibilities of the City, the broader arrangement between the Province, the City and the Region related to operations of the Project will reflect the following core terms:
  - (a) Farebox revenue from the Project will be applied to defray operating costs;
  - (b) The Province will negotiate with the Region an ongoing operating contribution, commensurate with the level of service provided along the segment of the Project that falls within the Region boundary; and,
  - (c) Subject to (a) and (b), above, any net subsidy required to operate the Project will be the responsibility of the City.
- 12. Further to the core terms referenced in 11., above, the Province intends to:
  - (a) Develop with the Region an operating funding agreement for the Project, which will specify the ongoing operating contribution required from the Region, commensurate with the level of service provided along the segment of the Project that falls within the Region boundary, and based upon a mutually-endorsed methodology that reasonably apportions operating costs and revenues for the Project; and,
  - (b) Develop with the City and the Region an “Operating & Maintenance Agreement” for the Project, which will define the specific roles and responsibilities of each of the parties, including (but not limited) to:

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- i. The performance of all maintenance functions;
- ii. The associated funding responsibilities for all maintenance functions; and,
- iii. The service levels, service standard-setting (including in relation to the segment of the Project that falls within the Region boundary) and fare-setting, recognizing that the Province is required to meet PSAB requirements in order to retain ownership and control of provincial assets.

Provincial Reimbursement of 'Reasonable' Municipal Costs

13. The Province will undertake a financial review and reconciliation exercise with the Region, related to the investments made to fund the PDE work for the Project, and with due regard for the commitments outlined in 3., above.
- (a) Subject to the outcomes of the exercise, the Province commits to reimburse the Region for 'reasonable' costs incurred for the Project.
14. Moreover, subject to the outcomes of a separate review and reconciliation exercise with the Region and the YNSE Municipalities (as applicable), the Province intends to formalize a municipal staff resourcing/services agreement(s) with the Region and the YNSE Municipalities (as applicable). The municipal staff resourcing/services agreement(s):
- (a) May be executed between the Province and the Region, and structured such that the Region would directly coordinate with the YNSE Municipalities and serve as the 'one window' for the Province;
  - (b) Would include terms of reimbursement from the Province for 'reasonable' costs incurred for municipal staff resources/services provided in support of advancing the Project; and,
  - (c) May also be deployed to support the ongoing, future delivery of the Project.

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Executed by the Parties on the dates written below.

**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO**

**Signature:**

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**Name:** Michael Lindsay

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**Title:** Special Advisor to Cabinet – Transit Upload

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**Date of Signature:**

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**Signature:**

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**Name:** Shelley Tapp

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**Title:** Deputy Minister of Transportation

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**Date of Signature:**

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**REGIONAL MUNICIPALITY OF YORK**

**Signature:**

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**Name:** Bruce Macgregor

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**Title:** Chief Administrative Officer

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**Date of Signature:**

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