

Annual Report 2017-2018

Connecting Communities For a Greater Region



Rendering of integrated public artwork titled Secret Park, by artist Alex McLeod, planned for the 1.4-kilometre raised rail guideway at the Davenport Diamond in Toronto, along the Barrie GO rail corridor near Landsdowne Ave.



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Mining work begins on the Eglinton Crosstown LRT's Avenue station.

MESSAGE FROM THE CHAIR



Last year, Metrolinx celebrated its 10-year anniversary. This year, we look forward to a transformation that will provide a connected future for the entire region.

Metrolinx must continue to provide leadership on transit and transportation for the Greater Toronto and Hamilton Area. This movement started with The Big Move in 2008. Now, 10 years later, the 2041 Regional Transportation Plan released in 2017 brings together the next generation of plans to connect communities and cities across our region. The 2041 Regional Transportation Plan is about providing more people with access to fast, frequent and reliable transit, and making it easier for travellers to use transit, or travel by bike or on foot. It is the blueprint for an integrated, multimodal regional transportation system that puts the needs of the traveller first.

We have \$13.5 billion of construction programs in flight to prepare us for GO Expansion through Regional Express Rail. Our Light Rail Transit lines are under construction. Tunnelling is completed and stations are being built on the Eglinton Crosstown, and construction is starting on Finch West, Hurontario and Hamilton Light Rail Transit lines.

Making transit expansion projects a reality will only be possible through collaboration and partnership, and all those who plan, build, maintain, finance and/or operate transportation in the Greater Toronto and Hamilton Area need to be involved in the transformation. This includes the 30 regional and local governments in our region, Metrolinx, the Province of Ontario, the federal government and every transit agency (including GO Transit). It also means working with municipalities and the private sector to ensure land uses are designed to focus on the movement of people, not just vehicles, and to reinforce the value of public investments in transit.

Our goal is to enhance the way residents of the Greater Toronto and Hamilton Area interact with their region, and create real connections for real people. In the last year, we have made great strides towards realizing that vision.

This substantial progress could not have happened without the exceptional team of employees across Metrolinx. This has been a year of great change at Metrolinx, and our employees continue to deliver, day in and day out. We thank all of them for their terrific work.

I also want to thank our committed Board of Directors, a diverse group of leading citizens in our community all dedicated to advancing the public interest in better regional transportation and mobility.

We look forward to continuing to work with our partners at the federal, provincial and municipal levels, as well as all stakeholders and residents, to envision and realize a transportation network that meets the Greater Toronto and Hamilton Region's present and future needs.

Sincerely,
J. Robert S. Prichard
Chair, Metrolinx



MESSAGE FROM THE CEO

The Greater Toronto and Hamilton Area is experiencing unprecedented economic growth and with more than 110,000 new residents settling into our region every year, our communities and their transit requirements are changing. Metrolinx is proactively responding to this challenge by adding more transit infrastructure and developing new services for our customers.

We have made significant and rapid progress with our infrastructure program to deliver the two-way, all-day GO services that will increase our service capacity four-fold by 2025. We have brought requests for qualifications to the market for the comprehensive on-network infrastructure works that will create the increased capacity we require, as well as for 12 new stations and also for a wide range of early infrastructure works on the GO network that will enable a faster, lower risk implementation program.

Eglinton Crosstown, one of the largest transit projects in North America today, is progressing well with tunnelling completed, station developments started and the designs and early works for railway systems finalized. We resolved the commercial issues on the Eglinton vehicles with Bombardier, giving this transformational project the scope clarity it required.

Preliminary work has started on the Finch West, Hurontario and Hamilton Light Rail Transit projects, as well.

Our focus on creating new services for customers delivered a 13% increase in GO train services, with many new customer offers and services coming this year. This growth included new all-day services on the Stouffville and Barrie corridors, and opening our 66th GO station at Downsview Park. Our ridership on UP Express grew by 27%, reflecting the growing popularity of this airport connection.

This year our PRESTO program saw a 66% increase in unique card users at our largest transit operator, the Toronto Transit Commission, bringing our overall transit system adoption rate to 37.2%.

We now have a very effective PRESTO retail strategy that makes cards available at 129 Shoppers Drug Mart locations throughout the GTHA and Ottawa, offering a powerful retail solution for our 11 transit systems.

The last six months of this year was all about re-aligning our organization to be capable to deliver the very significant transformation that will result from our build program and from our objectives to improve transit in the GTHA. Significant changes underway include a realignment of the Capital Projects Group team from a corridor structure to a portfolio structure, establishing a Marketing organization that can develop solutions and attract new passengers, and creating a Finance team that can support the organization's risk and performance management, cost management and audit. We have made a good start, but much more will be done in the coming year.

We have established a very clear suite of 15 strategic objectives for the next 18 months. A very strong and central theme underpinning our strategic direction and our behaviours is the paramount importance of safety and safety leadership and how, together with a strong customer focus, we deliver our services. This intimate link between a safety culture and a customer culture has been well received by our people and is reflected in our Safety and Customer Service Charter.

As with any great endeavour such as ours, the foundations are the most important and the least appreciated. So I want to thank both Bruce McCuaig and John Jensen, my two predecessors, for their great contributions to the foundations of our organization.

We have fantastic people in our organization and we are on a great and humbling journey to deliver ambitious new transit solutions for our communities in ways that are better, faster and easier.

Phil Verster
President & CEO, Metrolinx



"We have fantastic people in our organization and we are on a great and humbling journey to deliver ambitious new transit solutions for our communities in ways that are better, faster and easier."

The new Oshawa GO/VIA station opened this year.

1

INTRODUCTION: FOR A GREATER REGION

This is a historic moment for the Greater Toronto and Hamilton Area (GTHA)

Our aim is to have delivered on \$30 billion invested in transit infrastructure over the next decade, with the goal of transforming the region through the creation of an integrated and seamless transportation system – one that will improve the traveller experience and offer more choices; one with better access to reliable and frequent rapid transit; one which will make travel more affordable.

It is a new vision that opens the door for a transformed and more collaborative approach to the fundamental aspects of planning for mobility in the near future. One that we get closer to achieving each

year as we grow our operations, services and transit expansion projects.

As the province makes unprecedented investments in transit, infrastructure and people, Metrolinx is focused on planning, building, operating and supporting an entirely new kind of integrated transit network – one that serves Ontario best.

**This is your province, your region, your Metrolinx.
We want to build a future we can all be proud of.**



Construction of a new east tunnel
at Guildwood GO Station.



OUR VISION, MISSION, VALUES AND MANDATE



Our Vision

We connect our communities.



Our Mission

Getting you there better,
faster, easier.



Our Values

Serve with Passion.
Think Forward.
Play as a team.

Our Mandate

Metrolinx, an agency of the Government of Ontario under the Metrolinx Act, 2006, was created to improve the coordination and integration of all modes of transportation in the Greater Toronto and Hamilton Area.



3

BUSINESS PLANNING BASED ON KEY STRATEGIC OBJECTIVES

Metrolinx's annual Business Plan for 2018-19 presents our strategic direction, business context, financial profile, priority initiatives and planned deliverables from every part of our organization

Safety will be central to the organization. GO Expansion is the future of Metrolinx, and we will get the procurement right, while continuing to grow our services with our existing equipment and infrastructure.

Our marketing team will deliver value to our existing riders while attracting new customers. The PRESTO roadmap will be developed. And the organization will prepare for future challenges.

This builds on the significant progress achieved in 2017-18.

We opened our 66th GO station at Downsview Park. We increased train service to all day on the Barrie and Stouffville lines, bringing the total to 1,916 GO train trips every week across the network, a 13% increase year over year.

Our GO Expansion project moved forward with planning and design on twelve new GO stations. Thirteen other projects hit the market for bids, five environmental assessments were approved and two GO maintenance facilities were completed.

The first track was put down on the Eglinton Crosstown and 15 stations are under construction on the line. Work is underway on the Finch West, Hamilton and Hurontario Light Rapid Transit lines.

PRESTO now has 2.2 million unique cardholders, who tap on one million times every day, tying together 11 different transit systems in the Greater Toronto Area, as well as in Ottawa. Our retail partner, Shoppers Drug Mart, now offers the PRESTO card at 129 locations.

PRESTO now has 2.2 million unique cardholders who tap on one million times every day.

Measureable Strategic Objectives

Using the business plan as our foundation, Metrolinx has increased rigour and control over project delivery and performance measurement with the introduction of our 15 corporate Strategic Objectives, each with its own key performance indicators, as well as our more comprehensive business case process, with every major project being led by a dedicated sponsor responsible for delivering on our promises.

These objectives align with our four priority pillars of: managing and leading on safety outcomes; delivering a powerful customer experience; engaging and empowering our people, and delivering on our plan and build initiatives.

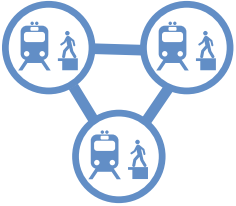


Our vision – we connect our communities – is realized in how Metrolinx chooses to plan, build, operate and connect the region. The annual Business Plan articulates how Metrolinx will do this through 2018-19, guided by the strategic frameworks of the 2015-2020 Five-Year Strategy and the 25-year 2041 Regional Transportation Plan (RTP).



THE YEAR IN NUMBERS

GO EXPANSION

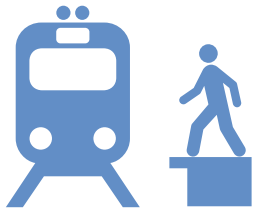


Planning and design for new GO stations is underway

12

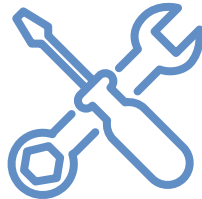


Put **14** projects out to market to progress GO Expansion



Completed **4** new GO and/or VIVA stations

4



Completed **2** GO maintenance facilities

2

We moved 56.5 million customers on GO trains last year.



GO service increased by 217 weekly train trips - a 13% increase from last year.

GO SERVICE



GO service increased by **217** weekly train trips, bringing the total to **1,916**, a **13%** increase



Plan to grow our service over the next two years by

55%



Service on the Stouffville GO line doubled from **85 to 170** weekly trips



Service on the Barrie line increased by

95%



Moved **56.5** million customers on GO trains and **16.7** million on GO buses



In 2017-18, we added

355

parking spaces across the GO network. Construction also began on new GO parking spaces at Barrie (172 new parking spaces), East Gwillimbury GO (482 spaces) and at Streetsville GO Station (another 100 spaces)

TOP MILESTONES LIST



We celebrated 50 years of GO Transit!

PRESTO

We announced a retail partnership with Shoppers Drug Mart to sell and load PRESTO cards at select stores in Toronto.
(By last March, this expanded to nearly 129 locations.)



Construction began on a new bus terminal in downtown Toronto that will better connect commuters to GO Transit, the TTC, VIA Rail and UP Express. The first of two buildings are scheduled to be completed in 2020.



All-day two-way service started on the Stouffville GO line.



The new Oshawa GO/VIA station opened for service.



The first piece of track was installed at the future site of the Eglinton Crosstown LRT maintenance and storage facility at Mount Dennis, marking another major milestone for the project.



We heard from our partners, stakeholders and thousands of people across the Greater Toronto and Hamilton Area on the Draft 2041 Regional Transportation Plan – our shared vision for building an integrated transportation system.



We opened our 66th GO station! The new Downsview Park GO Station directly connects GO train service with the TTC's new Line 1 subway extension.



The first-ever Ask Metrolinx Town Hall was hosted by Metrolinx President & CEO, Phil Verster, as well as members of the Senior Management Team.



Metrolinx received approval from the Ministry of the Environment and Climate Change to electrify the GO network, which marked a big step for us to deliver on electrified 15-minute service for our customers across the region.



All-day two-way service began on the Barrie GO line.



PRESTO customers began receiving a discount when they use their PRESTO card to make a journey that combines the TTC with either GO Transit or UP Express. Customers now pay \$1.50 for the TTC leg of their journey when transferring within the eligible transfer time windows.



The new state-of-the-art and sustainably designed Whitby Rail Maintenance Facility reached substantial completion, moving one step closer to supporting faster, more frequent GO rail service to Durham Region.



Metrolinx launched the Integrated Art program to shape the form and quality of the civic realm that accompanies regional infrastructure. The Davenport Diamond rail crossing on the Barrie GO train line and the Eglinton Crosstown LRT are the first to participate in this program.



The Light Rail Vehicle mockup toured the region as part of our community outreach to build support for future new LRT lines.

PUBLIC AND STAKEHOLDER CONSULTATION ON THE DRAFT 2041 REGIONAL TRANSPORTATION PLAN



10,903

Comments received



200

Attendees to the Metrolinx
Transportation Symposium



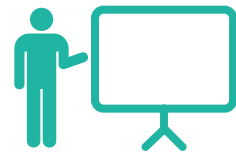
3,378

Survey responses



566

Emails received



10

Presentations to
municipal councils
on the draft plan



27

Municipal submissions



14

Stakeholder submissions



Metrolinx President & CEO Phil Verster meets with residents at a public consultation meeting.

5 SAFETY

An Unwavering Commitment to Safety

Our work begins and ends with safety leadership. Metrolinx has dedicated itself to continuous efforts to manage safety more aggressively, moving towards a global leadership position in safety management. We start every meeting with a safety moment, as it's fundamental to what we do.

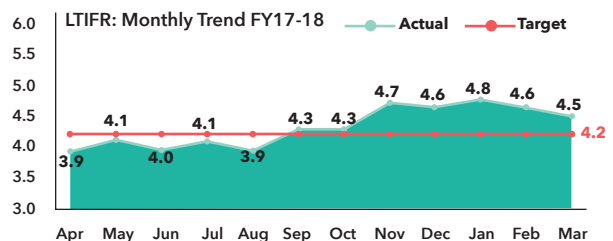
In the last year, Metrolinx has:

- Created an Executive Safety, Security, Health & Environment Committee
- Increased the number of Occupational Safety Committee meetings
- Created a Safety Champions Group
- Increased accountability at all levels for safety performance
- Launched the Metrolinx Safety Charter, along with the Customer Charter, as safety and customer service are inseparable and central to everything we do

When it comes to our employees, the international benchmark is the Lost Time Injury Frequency Rate (LTIFR). It looks at the number of lost-time injuries per 100 employees. Our goal is to systematically improve this number.

Lost Time Injury Frequency Rate (LTIFR) is the number of lost time injuries (loss of 1 full work day) per 100 Metrolinx employees (200,00 hours), reporting on 12-month rolling average.

Lost Time Injury Frequency Rate Mar 2018



We've introduced a Safety Champions Group.

We know when fewer employees miss work due to injury we see improvements in morale, job satisfaction, and, in turn, overall performance. It means we are doing a better job of taking our safety seriously and serving our customers better.

In rail terms, 'Cardinal Rules' are operating guidelines that help prevent serious rail accidents, such as derailments or collisions. Our goal is zero Cardinal Rule Violations and we are making progress.

In 2017, we reduced the number of these violations by 40% compared to 2016 – and by 62% compared to 2014. Our target for this year is a further 30% reduction in these incidents.

Offering Critical Care

On board a Barrie train on February 21, Conductor Michael Swain investigated a passenger-assist alarm and discovered a man in distress. He immediately called for Customer Service Ambassador Shane Beezer and the Automated External Defibrillator (AED). Swain began CPR until the AED arrived.

The two crew members resuscitated the passenger and kept him alive until paramedics arrived, while the rest of the crew and the GO Transit Control Centre went into First Aid protocol.

"I've never done anything like that before," said Beezer, who had been on the job less than a year at that point but had been fully trained for medical emergencies. "When I went there and saw that this was really happening, it was a lot for me to take in."

Not only was the outcome a testament to incredible level-headed teamwork, but also to the training staff receive. Metrolinx continues to prioritize safety everywhere we work. There's nothing more important than the safety of our customers, staff and community.

Engaging Communities on Rail Safety

Operating in a heavily populated region means we need to educate our neighbours to make sure we are all safe around our rail lines. In 2017 we launched an enhanced approach with our communities.

Engaging communities along the Stouffville corridor



safety presentations at **9**
area schools



safety pop-ups at **5**
rail/road crossings

On the Stouffville corridor:

- We worked closely with nine area schools to raise rail safety awareness and deliver Operation Lifesaver Presentations, including more in-classroom training. Safety pop-ups educating local residents, were held at five different crossings during Fall 2017, in Marylin, Havendale, Huntingwood, McNicoll and Finch.
- We worked closely with City of Toronto and Councillor Chin Lee's office to develop solutions for crossing improvements, including traffic studies at the Passmore and Havendale crossings, which are underway and will be completed in fall 2018.

The Metrolinx Construction Management Office recently received a prestigious Canadian Urban Transit Association award for its Construction Safety Management Program.



PEOPLE

At this time of transformation, our people will determine our success

2017 employee engagement survey results



79% of our employees are engaged in their work, and we have an exceptional amount of pride in our organization with



81% of participants saying they are proud to work here.

We connect our annual employee engagement survey feedback directly to our organizational priorities to map out solutions that both address what our employees tell us and create an employee experience that will motivate, retain and attract the talent we need to reach our organization's objectives. Coupled with engagement are specific goals on diversity and inclusion to get to gender balance for senior managers and above by 2021. Our focus is on creating an inclusive workforce where everyone feels valued and respected and a diverse workforce that is reflective of the communities in which we operate and serve.

In order to deliver on our four priority pillars, we are committed to improving the policies and practices that create a positive work environment and investing in having the best people, in the right roles, delivering on our strategic objectives. In recognition of these efforts we are honoured to have been selected in 2018 as one of Greater Toronto's Top Employers for the fifth consecutive year, one of Canada's Top Employers for Young People for the sixth consecutive year, and

one of Canada's Greenest Employers for a second consecutive year.

We will continue to listen to our people and do more to engage our employees, empower our front line staff and ensure we build a nimble and agile organization.

Engaging Communities

Within the GTHA, Metrolinx has many neighbours and customers. We can only be successful if we have ongoing acceptance and approval of our work among our stakeholders.

Informed and engaged public feedback is key to our success and we use a variety of engagement tools and opportunities to connect with our neighbours in the most meaningful ways to get the feedback we need.

One such example is the opening of new storefront community offices on Finch West and in Agincourt. These locations give a local presence to our work and serve as hubs to provide residents, businesses, community organizations and others with on-the-ground access to information.

We also know our projects can disrupt communities so we are planning ahead with our "LRT Ready" program. Metrolinx teamed up with the Hamilton Chamber of Commerce to offer this four-part seminar series aimed at preparing the businesses that will be most impacted by construction.

Stations have an impact on neighbourhoods so activities such as the Rouge Hill Pavilion Focus Group give us important local feedback on proposed designs. The new Rouge Hill GO station, for example, will include a new, larger station building, retail space, platform upgrades, new shelters, new bike storage and improved Kiss & Ride.

Getting Social in 2017

It's all about the conversation, including:



947

Meetings
and events



4,252

increase in
Twitter followers



9,324

increase in
Facebook followers



926

increase in
Instagram followers



Community Connector meets with residents near the future Hamilton LRT corridor.

Community Advisory Committees

In all of our construction projects we launch Community Advisory Committees. For example, the Union Station Rail Corridor committee is focused on unique solutions to noise and vibration issues. Three additional committees were also launched in Lakeshore East, between Danforth GO Station and the Don River. And plans are underway to launch the Agincourt community advisory committee to help inform and support work on the Stouffville Corridor Expansion.

Community connectors in Hamilton and Hurontario

Our multi-lingual community connectors engage with businesses and residents along the Hamilton and Hurontario LRT corridors to ensure they feel heard and accommodated. The connectors' role is to inform, educate and engage property owners, and also gather feedback to help inform LRT plans. They will continue to visit affected properties along the corridor twice a year for the duration of these projects.

In Hamilton,



13 Community Connectors
(speaking nine different languages),



visited **1,379** properties along the LRT corridor,



engaging in **2,957** conversations and



collecting **2,349** surveys.

In Hurontario, they visited



945 properties along the LRT corridor,



engaging in more than **1,750** conversations and conducting **13** information sessions.

Online Public Consultation

We are making it easier for more people to engage with Metrolinx and provide feedback on our projects through Metrolinxengage.com, our online portal.

Our PRESTO privacy policies review had 256 participants and 330 comments.

This tool has also been used to provide additional feedback opportunities in support of 32 public meetings related to Environmental Assessments.

What's in a Name?

While we build transit across the region, local stop names will have a legacy in communities. We had 308 online participants for the Finch West LRT station naming and 703 for the Hurontario station naming consultations.



New Finch West LRT Community Office

New Regional Transportation Plan

This year saw active community and stakeholder engagement towards the development of the 2041 Regional Transportation Plan for the GTHA. We launched our public engagement by convening a Residents' Reference Panel and hosting a full-day symposium with 200 participants, complemented by online engagement.

The process resulted in 27 municipal submissions and online engagement that included 10,903 comments, 3,378 survey responses and 566 emails received. There were public roundtable meetings in each of the six regions of the GTHA and 10 presentations to councils across the region throughout late October and November. Our annual research showed support for Metrolinx's comprehensive regional plan intensified this year, with a significantly larger proportion 'strongly' supporting it vs 2017 – 91% support the plan overall, with 44% strongly supporting.

For A Greater Region Campaign

In the fall, we launched an educational campaign to:

- Educate GTHA residents about who we are;
- Show the solutions we're delivering;
- Help people envision the personal benefits of a connected transportation system;
- Build support for expansion projects in their community.

Post-campaign results show our marketing efforts influenced both current perceptions and planned future behaviour. Familiarity with Metrolinx deepened over the past year to 56% – an increase of 10 points. Also, residents are becoming more aware of the regional benefits of what we are building. We observed more positive engagement and support from the public on our key projects across social media, with a 21% decrease in negative social comments.

For a Greater Region campaign metrics



4.3M unique impressions and over **2M** engagements across social media



11M completed video views



1.57M visits to the capital pages on metrolinx.com



Phil Verster meets with neighbours in Agincourt to tour GO expansion work.

Creating Community Benefits

Metrolinx recognizes that major transit infrastructure investments should also provide benefits for the communities in which it works, and we are committed to providing employment, apprenticeship, and local supplier opportunities for local residents and businesses where our projects are under construction.

Working together with our design and construction consortium for the Eglinton Crosstown LRT, Crosslinx Transit Solutions (CTS), we continued to deliver on our Community Benefits Program. As of the end of the fiscal year, 109 Professional, Administrative and Technical (PAT) employees had been hired through the community benefits program. The aspirational goal is to employ apprentices or journeypersons from historically disadvantaged communities and equity seeking groups for 10% of all trade or craft working hours, on a trade-by-trade basis. Thirty apprentices have been hired to-date.

In addition, through Crosslinx we've supported local businesses along the Eglinton Crosstown corridor (for services such as printing, fleet maintenance, signage and vehicle leasing, totalling

more than \$4.3 million), and procured services from social enterprises (for printing, catering and murals/public art, totalling more than \$248,000).

Ask Metrolinx

We are committed to being an open and transparent organization. We have demonstrated that with a series of public town halls called 'Ask Metrolinx.' Members of the public have the opportunity to attend in person, submit questions in advance or watch online. We have had 270 questions from members of the public and 1,133 votes on those pre-submitted questions. Our management team answered 50 questions during the livestreamed broadcast, watched by 113 people in person as well. All other submitted questions were answered by staff subject matter experts.

Working together with our transit partners

We would like to recognize and thank the municipal and regional transit systems we work with across and beyond the GTHA to plan, build and operate an integrated transportation network for residents. We look forward to working together with our partners to continue advancing fare integration, service planning and PRESTO – all to improve the customer experience and provide a truly seamlessly transit connection across the Greater Toronto and Hamilton Area and Ottawa.

- **Barrie Transit**
- **Brampton Transit**
- **Burlington Transit**
- **Durham Region Transit**
- **Grand River Transit**
- **Guelph Transit**
- **Hamilton Street Railway**
- **Milton Transit**
- **MiWay (Mississauga)**
- **Niagara Falls Transit**
- **OC Transpo (Ottawa)**
- **Oakville Transit**
- **Orangeville Transit**
- **Peterborough Transit**
- **St. Catharines Transit**
- **Toronto Transit Commission**
- **York Region Transit**

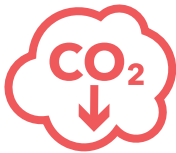
Getting Smart. Getting Green.



A Smart Commute member since 2007, the Greater Toronto Airports Authority (GTAA) has set a target of having 30% of its employees commuting by transit by 2035 as part of its Pearson Mobility Hub planning efforts.



To help reach this goal, the GTAA started the Green Commuter Rebate Program in April 2017, offering staff a \$50 rebate for each month they carpool, walk, cycle or use transit to/from work 70% of the time.



With 178 participants, the program has helped reduce more than 321,000 km of vehicle travel and 41,000 kg of greenhouse gas emissions. The GTAA has six electric vehicles for employee use, three electric vehicle charging stations and 30 carpool parking spots. It has also begun providing shuttle buses to meetings and social events. Additionally, a compressed work week and flex hours program has been implemented for staff.



Visitors tour the gallery of future integrated public art installations planned for the Eglinton Crosstown LRT stations.

Building Communities

"The Hamilton Chamber of Commerce recognizes the B-Line LRT is vital to our community's future. However, we also understand construction is going to be challenging for many of our members along the corridor—particularly in the downtown core."

"Together with Metrolinx, we've already started engaging with business owners and providing support ahead of construction through 'LRT Ready,' a business preparedness workshop series funded by Metrolinx through the Chamber, running in partnership with the International Village and Downtown BIAs."

"Offerings were developed based on feedback from local businesses through the engagement team: the Community Connectors. Based on last year's success, we're pleased that this program will continue into 2018."

"Metrolinx has demonstrated their commitment to mitigating future impacts by engaging early and working with local stakeholders ahead of construction beginning in 2019. The Hamilton Chamber of Commerce has truly enjoyed working with Metrolinx to prepare for this transformational project, and looks forward to working collaboratively in future."

*Keanin Loomis, President & CEO,
Hamilton Chamber of Commerce*



PLAN AND BUILD

Metrolinx has begun the procurement process for the design and build of twelve new GO stations, as well as upgrades and improvements to 22 existing GO stations. We are also looking at new maintenance facilities, trains, tracks and other infrastructure necessary to increase GO service.

Technical Expertise and Benefits Management

Metrolinx was one of the early adopters of a business case approach to transit planning and within the last year we have evolved our approach to business cases.

Benefits management will strengthen our accountability and control over the projects we lead, so the benefits promised at the start of a project are the benefits delivered at the end. This process will bring transparency and clear responsibility to how we make decisions.

Leveraging best practices in other rail organizations, we have launched a sponsor program. Each major project and program will have a sponsor with accountability for project outcomes. The sponsor will define the benefits to be achieved, what the program should deliver, and make sure the delivery team has the resources and capacity to deliver through planning, design, construction, delivery, and operation.

Supporting the work of the project and program sponsors is our robust business case methodology. Throughout the lifecycle of major Metrolinx capital projects and programs above \$50 million, four business case documents will be prepared:

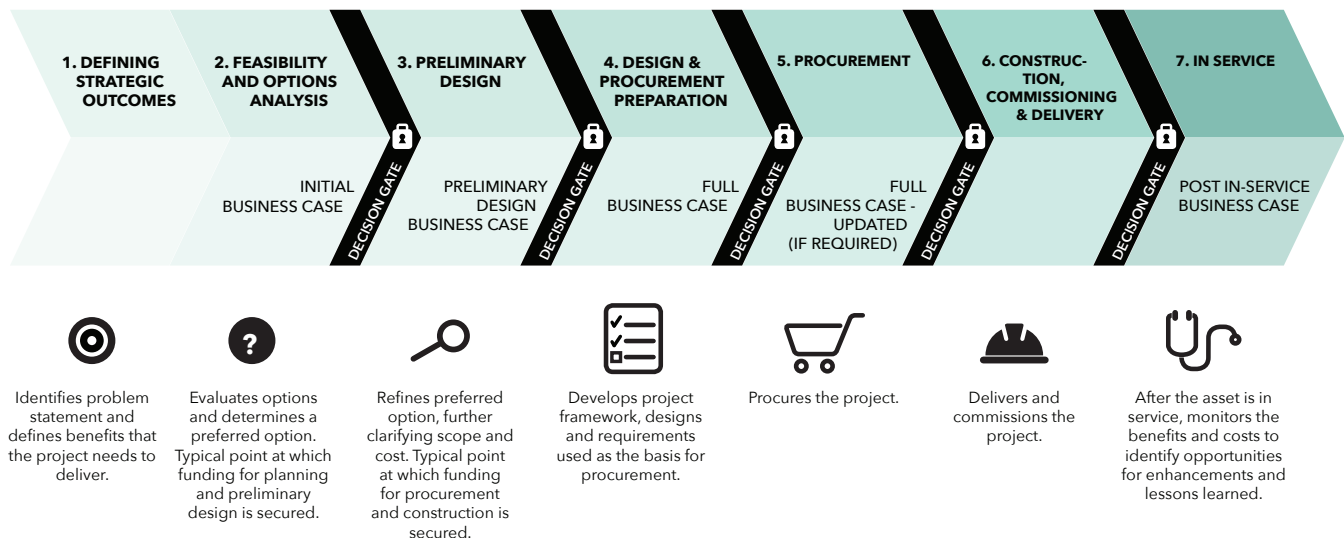
- The Initial Business Case which compares project options and selects a preferred option for further refinement and design. This business case is typically used to secure funding from the Province for planning and preliminary design.
- The Preliminary Design Business Case which takes the recommended option of the Initial Business Case and reviews different approaches to refine and optimize it, further clarifying scope and cost. This business case is typically used to secure funding from the Province for procurement and construction.
- The Full Business Case which confirms a specific option (including benefits realization, financing, and delivery plans) for procurement.
- The Post-Implementation Business Case which reviews the actual costs and performance of the investment after the asset has gone into service. This business case provides lessons learned and opportunities to enhance the services being provided.

Project benefits and performance are tracked through a clear stage-gate process that aligns with the business case methodology.



The first piece of track was installed at the future site of the EglintonCrosstown LRT maintenance and storage facility at Mount Dennis.

Stage Gate Process



Respecting the Environment

While we build, we recognize we must be mindful of the potential impact we're having on the environment. To that end, environmental studies are ongoing for new station and existing station renovations, as well as on new GO and SmartTrack stations.

In the last year, we've also received environmental assessment (EA) approval for electrification of the GO rail system using traditional overhead wires, and work has begun on a feasibility study on the use of hydrogen fuel cells as an alternative means for electrification. Last November we hosted an international symposium on hydrogen-powered rail and have commissioned concept designs that incorporate hydrogen fuel cells into bi-level trains (like the current GO trains) from train manufacturers Alstom and Siemens.

Making the Current System More Efficient

Work continues towards modernizing and improving existing infrastructure. That includes efforts like the recently completed Switch Machine Enabling Works project, which upgraded switches in the Scott, Cherry and John Street areas, an important milestone in the upgrade of the signalling system in Union Station Rail Corridor. It also includes projects such as the continuing construction of the Network Operation Centre, and the

fuel system upgrade at the Willowbrook Rail Maintenance Facility in Etobicoke. The Whitby Rail Maintenance Facility, meanwhile, achieved substantial completion in March 2018.

Strengthening Our Partnership with Infrastructure Ontario

As Metrolinx continues to evolve and with the introduction of new strategic objectives, we have partnered with Infrastructure Ontario to strengthen a joint relationship through our Integrated Program Team. The team better aligns processes and management systems to deliver one common objective – GO and Rapid Transit Expansion.



A tunnel boring machine used on the Eglinton Crosstown LRT project.

HIGHLIGHTS BY PROJECT

Corridors

Union Station Rail Corridor and Bus Improvements

- The Union Station Train Shed Revitalization project, which started construction in 2010, reached substantial completion in December 2017.
- Construction began on a new Bus Terminal at Union Station.
- Don Yard upgrade and expansion project work is ongoing.
- Signalling system upgrades and track switch replacements continue throughout the Union Station track area.



Construction activity on the new Union Station Bus Terminal.

Barrie Corridor

- Downsview Park GO Station opened for service on December 30.



New Downsview Park GO Station

- The Allandale and Bradford Layovers, as well as the passing track between Steeles Avenue and Rutherford Station, were completed in December. These new tracks will facilitate future two-way, all-day and hourly weekday service on the Barrie Corridor.
- The Davenport Diamond Request for Proposals was issued in February and the Davenport Diamond Integrated Art contract was awarded to Toronto artist Alex McLeod in March.
- Plans are underway for new GO stations at Innisfil, Mulock, Kirby, Bloor-Lansdowne and Spadina with approval of the Barrie Rail Corridor Expansion EA in October 2017.
- A Request for Proposal was also issued for improvements to Rutherford GO Station in November 2017, including a new parking structure and grade separation at Rutherford Road.
- The Dufferin Bridge Widening project was completed June 2017.

Kitchener Corridor

- The Highway 401 Tunnel Design-Build-Finance project reached financial close in December.
- Collaboration continues between Metrolinx and the Region of Waterloo on the Kitchener transit hub development, as well as with the City of Brampton and Ryerson University on Brampton Station redevelopment.
- Preliminary design has started for Smart Track stations at Liberty Village and St. Clair Old Weston.
- A fourth track is being installed between Nickle Street and Highway 427.
- The 100 Step Bridge community connection in Guelph opened.
- Throughout the past year there has been considerable consultation with the community regarding expansion of the Kitchener corridor and improvements that will be made to the West Toronto Railpath as a result. Detailed design is at 50 percent and Metrolinx will continue to work alongside the community as design moves forward.

Richmond Hill & Stouffville Corridors

- In May 2017, a community office for GO expansion was opened in the Agincourt community.
- Construction continues on the new Bloomington GO Station.
- At Oriole GO Station construction of a temporary station is nearing completion. Design for the permanent relocation into the TTC Leslie Street Station has commenced.
- Design for the new Lincolnville GO Station started.
- Construction continues on the double tracking of the Stouffville corridor, which includes installation of noise walls, supporting civil works and signal works, as well as the Stouffville Stations and Steeles Avenue Grade Separation.



Lakeshore East Corridor

- The environmental assessment for the Don River to Scarborough GO Station expansion was approved by the Minister of Environment and Climate Change in November. We have begun procurement for the required infrastructure upgrades to the east, central and west sections of the corridor to support the increased service that will come with our GO expansion program.
- The new east tunnel at Guildwood GO Station opened in December.
- Earlier this year, work resumed on the final touches to the Pickering Pedestrian Bridge in the City of Pickering. Work is expected to be complete in fall 2018.
- Substantial completion was reached on the new Whitby Rail Maintenance Facility in March 2018.
- The new Oshawa GO/VIA station opened in October.
- Progress continues on the Bowmanville Extension project, with concept plans for the four stations along the Bowmanville extension finalized. Early construction work began in Spring 2018 on two new GO Bus park-and-ride locations at Ritson Road in Oshawa and Courtice Road in Clarington.

Lakeshore West Corridor

- The Lewis Road Layover Facility became operational in April 2017.
- The Burlington station relocation project reached substantial completion.
- Construction began on the future Confederation GO Station in Stoney Creek.
- Requests for qualifications for Lakeshore West improvement work and for engineering services to support the Niagara expansion project were released in December 2017.
- CN continues construction of a third track between the existing Hamilton Yard and the Desjardins canal as part of the ongoing Hamilton Rail Expansion program.
- The Burloak Drive Grade Separation Environmental Assessment has been completed.

Milton Corridor

- The Milton Corridor Capacity Study was completed, following an extension to include scenarios and potential impacts of express

trains. Planning has begun on the design, build and financing for the corridor.

- A contract was awarded for the Kipling Mobility Hub, a project that will integrate TTC subway, GO regional rail and local and regional bus services into one hub.
- We replaced the track along the Lower Galt subdivision and will complete the project next year.

Electrification

The Electrification Transit Project Assessment Process was completed in December 2017 and we received approval on the project.

Following more than two years of study and 32 public meetings where residents were engaged on the design of a traction power supply and local impacts of the overhead catenary system, Metrolinx posted a Notice of Completion for the Electrification Program EA in October. This is the single largest assessment of this kind in Ontario transit history.

RAPID TRANSIT PROJECTS

Finch West LRT

- In May 2017 Alstom Canada was confirmed as the new light rail vehicle supplier, and will build 18 light rail vehicles for the Finch West LRT.
- Finch West LRT opened a community office in December, giving the project a local presence and serving as our hub to provide residents, businesses, community organizations and others with on-the-ground access to information.
- Early preparatory works are underway with Enbridge Gas Distribution continuing to relocate natural gas pipelines along the LRT route.

Hamilton LRT

- An Addendum to the Environmental Project Report for Hamilton LRT was submitted in May 2017 to the Ministry of Environment and Climate Change, which included a new 3-km extension to Eastgate in Stoney Creek.

- Hamilton City Council passed a motion to proceed with the Design-Build-Finance-Operate-Maintain project delivery model for the Hamilton LRT.
- Sub-surface utility, environmental and geotechnical investigations took place along the 14-km corridor ahead of major construction beginning in late 2019.

Hurontario LRT

- Three teams were shortlisted to design, build, finance, operate and maintain the Hurontario Light Rail Transit (LRT) project.
- Memoranda of Understanding have been executed with the cities of Mississauga and Brampton and the Region of Peel to allow negotiation of the master agreements and others required to advance the project. A separate MOU with the Ministry of Transportation was executed to outline detailed items such as costs and responsibilities.

- The acquisition of the first wave of properties is progressing. Expropriation of properties began in January to ensure the property is secured when required; however, staff continue to work with owners on amicable agreements.

"Once people are using Mount Dennis Station, they're going to want to live near here and businesses are going to want to be here... Mount Dennis is a place where you can put down roots, and enjoy what will become a growing, thriving neighbourhood. It has already taken the baby steps and is just going to get better!"

Cassandra Nicolaou, owner and operator of Supercoffee in Mount Dennis, talks about her business and the future Mount Dennis Station, part of the future Eglinton Crosstown LRT.

Eglinton Crosstown LRT

- Negotiated improved contract terms with Bombardier Transportation that incentivize Bombardier to produce light rail vehicles for the Crosstown, on-time and of the right quality.
- 15 stations are under construction with utility relocations, preparation for excavation and excavation work progressing well
- The existing Kodak Building at Mount Dennis station, which will be the main transfer area between the Eglinton LRT, TTC buses, GO Train and UP Express, was moved to its final location at the site. Track diversions for GO and CP are complete.
- Concluded pouring 40,000 cubic metres of concrete into the existing tunnel, which lays the base for the future LRT track that will run for 10 kilometres underground.
- Early works are underway in the surface-level portion of the route east of Brentcliffe Road in preparation for the upcoming road widening and guideway construction.

Bus Rapid Transit (BRT)

- On VivaNext BRT Yonge Street, Richmond Hill to Newmarket, the final design and field investigations are ongoing and utility relocations continue in all three segments of the line. Road widening work began this year.
- On VivaNext BRT Highway 7, Vaughan to Richmond Hill, construction continues on the Highway 400 bridge widening. Utility relocation work is progressing and storm sewer installation and roadwork have started on segments of the line.
- Vaughan Metropolitan Centre VivaNext BRT station opened in conjunction with the Toronto-York Spadina Subway Extension in December 2017.
- The Mississauga Transitway completion was officially celebrated on December 18. We expect 500-600 buses to stop at the Renforth Station hub each day, serving approximately 10,000 commuters.

GO Bus Infrastructure

- Construction on the Kitchener Bus Maintenance and Storage facility was completed in March. The 5,000-square-metre facility will provide operational support functions for GO buses servicing the west region covering Kitchener and surrounding areas.
- The 407 GO Bus Terminal opened for service on December 30, 2017 and directly connects to the Highway 407 subway station as part of the Toronto-York Spadina Subway Extension.



Tunneling work on the Eglinton Crosstown LRT project.

2041 REGIONAL TRANSPORTATION PLAN HIGHLIGHTS



Over the last three years, Metrolinx has been working with municipal partners across the region to complete a 10-year review and update the 2008 Regional Transportation Plan. The plan envisions the GTHA will have a sustainable transportation system that is aligned with land use, and supports healthy and complete communities. The system will provide safe, convenient and reliable connections, and support a high quality of life, a prosperous and competitive economy and a protected environment.



Through public consultations undertaken throughout the fall of 2017, extensive feedback was generated from the public, key stakeholder groups, municipal councils and staff and provincial ministries. In March, the Draft Final 2041 RTP was presented and approved by the Metrolinx Board of Directors.



The 2041 RTP represents the shared vision, goals, strategies and actions for the region's transportation system to 2041. The corresponding Making it Happen paper sets out key considerations, principles and opportunities for analysis and engagement to realize the 2041 RTP.



Metrolinx staff speak with participants at the Ask Metrolinx public town hall.

ON THE HORIZON

Relief Line

- Metrolinx, the City of Toronto and TTC staff have established a joint Relief Line Project Management Committee to oversee and advance planning in two segments: Relief Line South, which will connect the Yonge-University Subway (Line 1) downtown to Pape Station on the Bloor-Danforth Subway (Line 2); and Relief Line North, which will continue rapid transit service north from Pape Station—with the goal of connecting to existing/future rapid transit, such as Line 5 Eglinton and Line 4 Sheppard.
- The partners also launched the Relief Line North Project Assessment. Planning work is in the early stages, including a timeline for completion of station locations, alignment and transit technology analysis and the associated public consultation plan.
- A dedicated website for Relief Line North was launched in March 2018 as part of a public awareness campaign ahead of upcoming public consultation set to begin in spring 2018. The Relief Line South is on

track to advance to environmental assessment and further design and engineering work in spring 2018.

Yonge Subway Extension

- Metrolinx, the City of Toronto, TTC and York Region have established an Executive Working Group, which is advancing a project management approach to design and engineering.
- The TTC will be leading the design and engineering work packages, in close partnership with York Region and Metrolinx.

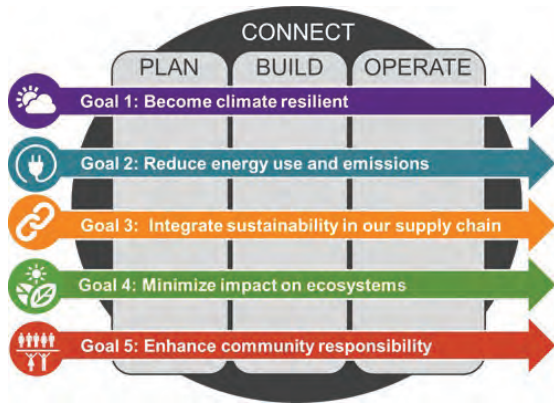
SmartTrack

- Due diligence and environmental studies are underway as planning continues for new stations and renovations to existing stations.
- The first round of public consultation meetings has taken place for the new stations.
- Initial designs are complete for all 12 new stations, and are now proceeding into the detailed design phase.



A COMMITMENT TO SUSTAINABILITY

Metrolinx is committed to embedding sustainability in how we plan, design, build, operate and maintain our transportation services. Although it's a huge challenge, solutions come one step, one decision at a time. Metrolinx has implemented several small and large initiatives to get us closer to our goals.



For example:

Preparing for Extreme Weather

Extreme weather is expected to continue to increase in frequency and severity, and Metrolinx is preparing for how that will impact our organization. Predictions for the GTHA include hotter temperatures, more intense rainfall, severe storms, high wind gusts, and freezing rain. We are adapting our activities in order to ensure safe, continuous service.

In September, 2017, Metrolinx published Planning for Resiliency: Toward a Corporate Climate Adaptation Plan. This report explains why extreme weather matters to Metrolinx, gives an overview of possible responses, reviews Metrolinx's efforts to date, and suggests key areas of future work. Looking ahead, Metrolinx is planning to address extreme weather through four fundamental approaches:

1. Awareness, education and communication.
2. Assessing vulnerability, risks and opportunities.
3. Building resiliency across the enterprise.
4. Monitoring and adaptive management.

Uniform Recycling

In 2016, Metrolinx launched the first GO uniform redesign in 15 years. The corresponding Recycling Program diverted more than 16,000 lbs of textiles from landfill. When the new UP Express uniform designs were released in 2017, Metrolinx brought back the Uniform Recycling program, resulting in a total of 1,280 non-branded items being donated to Oasis Clothing Bank and 1,922 branded items being sent to Reseau-CFER, a social enterprise that employs and trains youth at risk. By donating old uniforms, we helped reduce waste sent to the landfill and supported organizations making a positive impact in our communities.

Whitby Rail Maintenance Facility

While the new Whitby Rail Maintenance Facility will support faster, more frequent GO rail service to Durham Region and across the entire network, the new state-of-the-art 46,450-square-metre facility is being constructed to achieve Leadership in Energy and Environmental Design (LEED) Gold Certification. The roof will use highly reflective materials to reduce heat absorption and a rainwater harvesting and recycling system will provide water to wash stations and flush-fixtures. The facility will also include green spaces and a retention pond to limit any impact on the municipal storm water system.



Rendering of the Davenport Diamond project.



New Tier 4 GO train locomotives

Metrolinx is upgrading its trains to the most emissions-friendly on the market – Tier 4 AC locomotives – receiving the first of a shipment of 16 in March. The Tier 4 technology reduces diesel particulate emissions by about 85% and nitrogen oxide emissions by 75% compared to Tier 2 engines. These engines also use AC-powered traction instead of DC traction, which makes for faster acceleration and reduces maintenance requirements while improving reliability. All UP Express locomotives are Tier 4.



RENEWABLE ENERGY GENERATION



Metrolinx's newest Solar Photovoltaic System, located on the Clarkson GO Station parking structure, went into operation in November. As of January, the 288 kW system had already displaced 2.4 tonnes of CO₂ and saved more than \$5,000 in electricity costs.

Striving for Design Excellence

In February 2018 a new Design Excellence division was established at Metrolinx to build capacity to include not only physical design through architecture (built form), landscape architecture, urban design, wayfinding and integrated art, but to also integrate sustainable design, universal design, industrial and interior design. The new division works with the Capital Projects Group (CPG), Customer Excellence, Marketing and Operations to collectively develop a consistent approach that supports the goals and objectives of Metrolinx, and an elevated customer experience through all project phases from concept to contract administration.

Metrolinx is shaping the form and quality of public spaces around regional transit infrastructure, and the delivery of high-quality integrated public art is an important part of that transformation.

The Integrated Art program for the Eglinton Crosstown LRT was formally introduced in January through a pop-up art gallery at the Ontario Science Centre. The public and media response to the eight art projects on display was overwhelmingly positive.

In February, a \$4-million investment in art for the Davenport community contributing to Toronto's public realm moved another step forward. Metrolinx announced it had selected a dramatic work by Toronto artist Alex McLeod as its largest integrated public artwork commissioned to-date. Secret Park Gate will run the entire 1.4-kilometre length of a new raised rail guideway in Toronto, to be located along the Barrie GO train corridor near Landsdowne Ave. between Bloor Street and Dupont Street. When complete, it will be the largest digitally printed image in the world. Residents of the local neighbourhood were involved in selecting the artwork.

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CUSTOMER EXPERIENCE

Putting Customers First

The Metrolinx commitment to customer experience is about easy payments and integrated fares; and comfortable, convenient and seamless service that gets you wherever you need to go – even if you cross a number of regional borders to get there. It means retail partnerships that bring added value to your day, or easy-to-understand information that helps map your travel.

Primarily, it is driven by exceptional staff empowered to make a positive change in your trip.

3x



PRESTO

With nearly three times the number of PRESTO users in 2017 than five years ago, and more than one million PRESTO taps being made a day, Metrolinx continues to advance the PRESTO program across the region with a renewed focus on providing exceptional customer experiences.

Delivering PRESTO to TTC customers

A focus for Metrolinx in 2017-18 was the delivery of fundamental and value-added PRESTO functionality and devices to the TTC network. PRESTO adoption on the TTC reached 23.3% as of March 2018, and the TTC is now the transit agency with the highest number of boardings per month



12.6 million

PRESTO boardings on the TTC in March (the next highest is GO Transit, which had approximately 5.4 million the same month)

In December, the Toronto-York Spadina Subway Extension opened with new PRESTO-enabled fare gates, Fare Vending Machines, and new and improved Self-Serve Reload Machines, providing customers with the best possible PRESTO experience at these six new TTC stations.

Metrolinx is continuing to deploy Fare Vending Machines to remaining TTC subway stations, which enables customers to purchase a PRESTO card with cash, credit or debit, add value or a monthly pass to their card, and check card balances or transaction histories.

In addition, each TTC subway station is being outfitted with next-generation Self-Serve Reload Machines, which allow customers to add value to their card for instant use.

Metrolinx recently completed the civil works construction to prepare remaining TTC stations for the new PRESTO-enabled TTC fare gates.

Metrolinx is continually making updates to its PRESTO system to enhance the customer experience and protect customer information.



PRESTO

Since last year, Metrolinx has introduced period passes (e.g. monthly passes), the Autorenew program for period passes, as well as the discounted 12-Month Pass program for TTC customers. In addition, the Fair Pass Discount program launched with PRESTO in April, providing eligible customers with discounts on TTC single ride fares or monthly passes.

Enhancing PRESTO across the network

Metrolinx continues to expand PRESTO Vouchers - a program that offers transit agencies and third party organizations flexible automated options for delivering funds, passes, and concessions to customers' PRESTO cards. Before Vouchers was enabled, staff worked to deliver more than 27,000 PRESTO cards in time for the fall 2017 semester at McMaster University and Redeemer University. The cards were preloaded with a post-secondary concession for use on Hamilton Street Railway in Hamilton.

With approximately 8% of all PRESTO boardings each month consisting of cross-agency transfers (many of which are between the TTC and GO Transit), the discounted double fare program introduced in January for PRESTO customers using TTC and GO Transit/UP Express was warmly welcomed. PRESTO customers who combine their TTC journey with either of these transit agencies now pay \$1.50 for the TTC fare. With the implementation of this

new program on TTC, all local transit agencies in the GTHA now have a discount program in place for customers who transfer to GO Transit using PRESTO.

PRESTO launched a web chat customer service pilot in October - the first of its kind in the world for smartcard systems. The Web Chat pilot has been highly successful, with more than 42,000 chats addressed through virtual assistance and live chat as of March 31. PRESTO has since seen a noticeable drop in the amount of email inquiries sent through the PRESTO web form.



Metrolinx's retail partnership with Loblaw to sell and load PRESTO cards at Shoppers Drug Mart locations and some Loblaw banner stores continues to expand and grew to include 129 stores by the end of the fiscal year. As of March 2018, our partners at Shoppers Drug Mart had sold more than 95,000 PRESTO cards and our partners at 60 Gateway Newstand locations had sold more than 216,700 preloaded PRESTO adult and senior's cards.



We have a plan in place to grow GO service by 55% over the next two years.

Exploring Options to Address Fare Barriers

In January 2018, PRESTO customers began receiving a discount when they use their PRESTO card to make a journey that combines the TTC with either GO Transit or UP Express. Customers now pay \$1.50 for the TTC leg of their journey when transferring within the eligible transfer time windows. All local transit agencies in the GTHA now have a discount program in place for customers who transfer to GO Transit.

Since the launch in January and through to March 2018, e-purse transfers between GO/UP and TTC were more than 20% higher than the same period last year. A marketing campaign to drive awareness for the discounted double fare is underway, and a fare calculator was added to Triplinx.ca, allowing customers to plan multimodal trips with both time and cost provided for the transit portion.

Work continues to address fare barriers, including the GO base fare, TTC-905 double fare and fare policy harmonization. In early 2018, the GTHA Fare Integration Team established two working groups comprised of municipal transit agencies and Metrolinx staff to focus on fare policy harmonization, as well as a group of affected municipal transit agencies and Metrolinx staff to focus on the TTC-905 double fare barrier.

Work is underway to deliver TTC's upcoming change from a directional-based transfer system to a two-hour transfer system. Two-hour transfers will mean PRESTO customers will pay one TTC fare, but can get on and off and travel in any direction within two hours of the initial tap. Testing is planned over the spring and the change will come into effect for customers in summer 2018.

New 10-year PRESTO agreements with participating transit agencies were finalized and came into effect in January 2018.

PRESTO is now available on more paratransit vehicles in the region. In the spring, Oakville Transit worked with Metrolinx to secure two PRESTO Mobile Fare Payment devices, which allow the operator of the paratransit vehicle to interact directly with passengers to pay their fare as they board. Beyond Oakville, PRESTO is also available on paratransit services in Toronto, York Region, Durham Region, and Burlington.

The retrofit of GO Transit Ticket Vending Machines with PRESTO functionality is nearly complete with 179 devices upgraded as of March 31. All of the updated devices now

have loading/querying capabilities and a select number also have card dispensing capabilities. The project will have a total of 218 machines upgraded in total, giving customers another option for loading their PRESTO cards for travel.

Metrolinx is continually making updates to its PRESTO system to enhance the customer experience and protect customer information. Over the past year, these updates have included improved customer capabilities on the PRESTO website and Interactive Voice Response system at the contact centre, as well as new security features on the PRESTO website, including additional account security questions and email certification, and the ability to log into accounts with an email address.

PRESTO Investment

PRESTO is fully deployed on 11 transit agencies in the GTHA and Ottawa region. The initial capital investment for PRESTO from project inception in 2002 to March 31st 2018 has been \$1.0B. An additional \$0.2B is expected to be spent in the coming three years, which will cover a variety of transit agency-specific and cross-network items that include but are not limited to the August 2018 launch of time-based transfers in the TTC, the PRESTO Mobile app, deployment of disposable PRESTO Tickets in the TTC, replacement of the 905 and GO end-of-life fare payment and inspection equipment and rollout of Managed Services and Certification Program for the 905. This would take the total expected investment to build and grow PRESTO from its start in 2002 until 2021 to \$1.2B. This level of capital investment is comparable with the electronic fare payment system investments made in comparable world-class global cities. Detailed comparisons of costs across transit payment systems is difficult due to variations in complexity, technology maturity at time of program inception, and currency exchange rates.

PRESTO today processes \$3.6 million per day and supports an average of 1.1 million riders each weekday, which is expected to grow threefold by the end of 2019. The system unites the multiple complex fare rules and policies associated with each of the participating transit agencies and thus the investment to date includes:

- Development of the PRESTO central system starting in 2005, and deployment of the related software and equipment infrastructure that supports fare-by-distance for GO Transit, and flat-fare and zone-fares in the seven municipal 905 transit agencies
- Subsequent expansion to OC Transpo in Ottawa in 2012, which included new equipment, integration with STO in Gatineau and the addition of monthly pass functionality

- The addition of UP Express in 2015 with new fare logic to minimize fare evasion
- The addition of TTC to the network, which included installation of fare payment equipment in 2016 in stations and buses, streetcars and WheelTrans vehicles, as well as delivery of TTC-specific functionality including directional transfers, outfitting of new streetcars with custom equipment for the support of non-PRESTO payments, new PRESTO fare card and add-value vending machines and GO/UP/TTC co-fare functionality
- System upgrades, enhancements and capacity expansion to support the expected fivefold increase of PRESTO users in particular due to the addition of the TTC
- Delivery of remaining functionality and equipment replacement to close out the original commitments made to GO Transit/Up Express, the 905 transit agencies and OC Transpo and as negotiated via the new 10-year contracts, which include support of paratransit vehicles and development of a retail network to support PRESTO sales

As part of the cost to operate, in 2017-18 PRESTO spent \$42M on State of Good Repair to ensure capital assets and the PRESTO system are maintained in good condition. This includes maintaining ongoing system reliability, including performance testing and device validations, enhancing the customer experience through website back end updates and digital services enhancements, the Device Refresh Equipment Renewal and aligning with best practices and compliance requirements in the transit and payment card industries such as Payment Card Industry Data Security Standard and Canadian Standard Assurance Engagement 3416.

GO Transit

In the last year, GO service increased weekly train trips by 217, bringing the total to 1,916, a 13% increase. We have put a plan in place to grow our service further over the next two years, by 55%.

The Barrie line introduced all-day GO train service seven days a week, increasing the number of train trips offered by 95%. The Stouffville GO line, meanwhile, doubled from 85 to 170 weekly trips.

Weekly GO bus trips remained relatively consistent at about 14,000 weekly trips. Some routes saw realignment to offer new GO connections (for example, along the Mississauga Transitway at the Dixie Transitway Station and along the Hwy 407 corridor).

In total, GO moved 56.5 million customers by train last year, and 16.7 million by bus.

GO Customer Charter 2017-18 Results

	Customer Charter Measure	Target		2017-18 Fiscal Year	2016-17 Fiscal Year
On time	We will run 94% of trains within five minutes of the scheduled time.	94%	✓	95%	95%
	We will run 94% of buses within 15 minutes of the scheduled time.	94%	✓	94%	95%
Safety	We will have 30 or fewer complaints per 1,000,000 boardings regarding safety.	30	✓	28	32
Keeping you in the know	77% of our customers will be satisfied with GO Transit's communication as measured by our customer satisfaction survey.	77%	NOT YET MET	71%	65%
	We will have 30 or fewer complaints per 1,000,000 boardings regarding service status communication.	30	✓	16	25
Comfortable experience	We will have 30 or fewer complaints per 1,000,000 boardings regarding comfort in stations, trains and buses.	30	✓	28	41
Helpfulness	We will ensure 85% or more of customer inquiries/concerns are resolved the first time they contact us.	85%	✓	97%	100%

A New GO Website

Beginning in the fall of 2017, Metrolinx began a refresh of the GO Transit website. Early changes made the site easier to read for those with disabilities and, in early 2018, additional changes were applied to make using the website even simpler and more customer-centric. A GO trip planner, simplified fare calculator and easier-to access service changes made for a better, faster and easier online experience, whether viewed on a mobile or desktop device.

PC Express Partnership with Loblaw

Announced in March 2018, Loblaw's PC Express service will make the trip home for GO customers even easier. Customers shop online and their groceries are waiting for them when they arrive at their GO station.

For the first phase of the project, PC Express will be located at five GO stations—Bronte, Oakville, Clarkson, Rouge Hill and Whitby. Groceries will come from nearby Fortinos or Loblaw's stores depending on location. After the initial phase is complete and key lessons learned, PC Express pick-up locations will roll out to more GO stations across the region.



GO Etiquette Campaign

Since 2011, GO Transit has been addressing complaints with regards to etiquette through direct customer communications. The etiquette marketing campaign was first launched in spring 2016 with a goal of keeping current riders satisfied and ultimately loyal. The campaign used humour to promote behavioural changes. Results showed an 80% drop in complaints, far exceeding our goal of 30%. In 2017, the campaign won awards through the Canadian Marketing Association and American Public Transit Association.

Building on that success, a second phase of the etiquette campaign was launched in October 2017. The campaign garnered media attention, and recognition from Twitter Canada as the most engaged poll

of 2017 in Canada with more than 50,000 votes. The third phase launched in January 2018, when we released the book *The Unwritten Rules of Public Transit Etiquette Written Down*. The campaign was highly recognized by the industry with a D&AD Wood Pencil and two additional Marketing awards.



"On Thursday, December 26, I went to meet my 12-year-old grandson at the train at Bronte Station but, to my chagrin, I could not find him. I looked up and down the three platforms, but he was not to be found. I spoke to your GO Transit Station Attendant, who immediately put me at ease. He could see how distressed I was, so he calmed me down and assured me we would find him. First, he contacted Oakville station to check whether my grandson had alighted there by mistake, and he had his associate call my grandson's name over the loudspeaker—but all this to no avail. He then offered to walk the station, checking the platforms again. He finally found him in the parking lot where he had gone to look for my car. I want to publicly thank this wonderful man because he could easily have chosen to stay warm in his ticket booth, but instead he braved a bitterly cold night to help me."

A letter published in the Oakville Beaver community newspaper



FIRST AND LAST MILE

First and Last Mile planning is critical when you consider the added pressure that comes with GO Expansion, ridership increases and population growth. The 2041 RTP looks to connect transit stations in the GTHA to key destinations using a range of options.

Smart Commute partners completed 60 travel planning initiatives at Smart Commute workplaces and rapid transit stations to encourage commuters to consider alternative modes of travel to get to and from their GO stations. (Four projects in York Region, for example, assisted 1,000 participants with their commutes to Langstaff, Mount Joy, Unionville, Aurora, Newmarket, Maple and Rutherford GO Stations. Commuters began taking transit, carpooling, cycling and walking because of the travel planning support received.)

Three Active and Sustainable School Travel lesson plans based on the Ontario curriculum were published. They now help teachers engage students about the environment, health and social benefits of active travel.



UP Express Continues to Grow

UP Express had **3.5M** boardings last year – an increase of **27%** over the previous year. Over-all, UP service reached a **98.02%** on-time performance and, since launch, has hosted **2.7** million riders.

"A young mother had come to our Lost and Found to see if her daughter's glow worm doll had been returned. Her daughter suffers from severe autism and does not speak—the doll and its pre-programmed music comforted her and gave her confidence. Unfortunately, the toy hadn't been found. The mother tried to replace the glow worm, but the music was different and the child reacted negatively to the doll. Mom didn't have a lot of money to explore other options though. Upon learning the details, one of our Compliance staff remembered she had a glow worm with the same music tucked away from when her children were younger. She spoke with the mother and let her know that she'd bring it in for her. When the mother and daughter arrived, the little girl saw the glow worm and was instantly overjoyed—she hugged and kissed the toy, and jumped up and down while her favourite music played once more."

A GO Station Attendant



TRANSIT PROCUREMENT INITIATIVE



Metrolinx's Transit Procurement Initiative (TPI) continues to achieve remarkable growth with five new municipal partners joining this past year.



Overall, 45 transit partners have participated in the bulk purchasing program for buses, bus parts and other supplies since it began in 2006.



As of March 31, estimated savings to taxpayers across all joint procurements contracts was \$23 million.





"Where do I begin? I mistakenly boarded the wrong GO bus tonight. I meant to get to Lisgar from Union, but accidentally jumped on the 8 pm to Milton. I advised the driver, who figured out a connecting GO bus route for me and contacted the Lisgar GO bus driver via radio that a woman would be waiting at the stop at a specific intersection. The driver explained that I'd have a 10 to 15 minute wait, but not to worry as the right GO bus for me would be coming by. While waiting at the stop, alone and nervous, another GO bus driver stopped to let me know that he heard on the radio that a woman was waiting for the Lisgar GO bus and he wanted to let me know it was just a few minutes behind him. Sure enough, my GO bus soon arrived. Being a woman alone in the dark and unsure of the surroundings was unnerving. However, the kindness of your drivers made me feel incredibly safe and cared for. This was a wonderful experience."

A GO Bus Customer

9 GOVERNANCE

Metrolinx is guided by a mandate from the Minister of Transportation, on behalf of the Premier of Ontario.

In 2017-18, Metrolinx's specific mandated priorities include the following:

- Progress in the implementation of priority rapid transit projects under the Moving Ontario Forward and Other Next Generation Transit Investments plans
- Continued delivery of priority regional transit projects, PRESTO and GO Transit services
- Supporting government initiatives to optimize the Regional Transit Network

- Assuring accountability and finance transparency

Metrolinx is an agency of the Government of Ontario. The Metrolinx Board of Directors includes up to 15 members appointed through an Order in Council under the Metrolinx Act of 2006. The Board includes members from across the GTHA and Kitchener

The Metrolinx Board is responsible for setting the organization's strategic direction, identifying, managing and monitoring key risks, as well as providing oversight to operations. The Chair of the Board is accountable to the Minister of Transportation.



**J. Robert S. Prichard,
Chair**

Served from May 14, 2009



**Bryan Davies,
Vice Chair**

Serves from September 8, 2015 to
November 14, 2020; appointed
Vice Chair in November 2017



Upkar Arora

Serves from September 8,
2015 to September 7, 2018



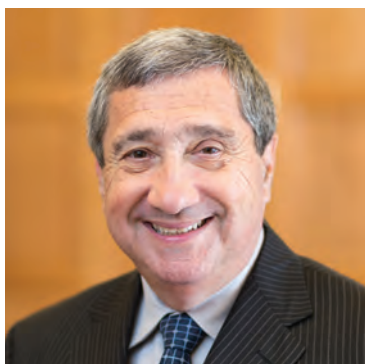
Rahul Bhardwaj

Serves from May 14, 2009 to
September 7, 2018



Janet Ecker

Serves from October 31, 2012
to October 30, 2019



Bill Fisch

Serves from September 30,
2015 to September 29, 2018



Anne Golden

Serves from April 16, 2014 to April 14, 2020



Marianne McKenna

Serves from July 18, 2012 to December 31, 2018



Rose M. Patten

Serves from May 14, 2009 to January 12, 2019



Bonnie Patterson

Serves from July 18, 2012 to December 31, 2018



Howard Shearer

Serves from July 18, 2012 to December 31, 2018



Carl Zehr

Serves from September 8, 2015 to September 7, 2018

Metrolinx welcomed two new members in the last year:



Katherine Bardswick

Serves from April 5, 2017 to April 4, 2020



Sharleen Stewart

Serves from October 4, 2017 to October 3, 2020

We'd like to recognize Robert Prichard for his service as Chair of the Metrolinx Board from 2009 to 2018.

IMPROVING GOVERNANCE AND INCREASING TRANSPARENCY

Metrolinx is committed to continuous improvement and evolution of its governance practices, and enhancements which support Metrolinx's commitment to public service. This past year, to increase transparency in its decision-making, the Board took these steps:

- Building a Governance section on the Metrolinx website, to make key governance documents available to the public such as:
 - the Board Charter and Code of Conduct,
 - the Standing Committee Terms of Reference, and
 - the Board's Conflict of Interest Policy.
- Committing to a policy of making business cases publicly available before any related Board decision(s).
- Incorporating a public meeting component to each of the scheduled Board meetings.
- Providing five business days public notice of Board meetings, unless unusual circumstances exist such as special meetings called on short notice or for confidential matters. Where notice in advance is not possible, the public will be advised of the meeting as early as possible.
- Posting Board meeting agendas and public reports within that 5 day notice period.
- Posting meeting minutes within 30 days of their approval by the Board, redacted as appropriate to protect confidentiality and personal information.

BOARD SUBCOMMITTEES

To provide an opportunity for a deeper dive on specific areas and enhance overall Board effectiveness and efficiency, the Board has established five subcommittees, four of which are focused on specific topics:

- The **Audit, Finance and Risk Management Committee** is chaired by Bryan Davies. Katherine Bardswick is Vice Chair.
- The **Customer Experience Committee** is chaired by Marianne McKenna.
- The **Human Resources and Compensation Committee** is chaired by Rose Patten.
- The **Metrolinx Governance Committee** is chaired by Rahul Bhardwaj.
- The **Metrolinx Executive Committee** chaired by Rob Prichard



MANAGEMENT DISCUSSION & ANALYSIS

Corporate Performance

Metrolinx revenue comprises of fare revenues from transit operations, including bus and rail services, as well as non-fare revenues, including partnership, advertising and commercial space rent. Net loss represents the excess of operating expenses, including amortization, over revenues earned in the year. The net loss for the fiscal year ended March 31, 2018 of \$23.3 million was higher than the 2016-17 actual loss of \$16.5 million and higher than 2017-18 budgeted loss of \$14.8 million.

The following table summarizes the consolidated revenues, operating costs and ridership for Metrolinx for fiscal year ending 2017-18, the three prior fiscal years and the 2017-18 Budget.

Summary of Corporate Performance (rounded to 000')	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2017-18 Budget
Operating Costs	691,685,000	776,094,000	849,735,000	994,532,000	993,142,000
Fare Revenue	437,939,000	479,473,000	519,899,000	540,989,000	529,629,000
Non-fare Revenue	36,797,000	45,326,000	52,143,000	64,688,000	59,109,000
Ridership	65,401,000	66,590,000	70,232,000	72,374,000	71,617,000

Financial Report

The following discussion and analysis of the financial condition and results for Metrolinx should be read in conjunction with the audited financial statements and related notes for the fiscal years ended March 31, 2015 (fiscal 2014-15), March 31, 2016 (fiscal 2015-16), March 31, 2017 (fiscal 2016-17) and March 31, 2018 (fiscal 2017-18).

Financial Report	2014-15	2015-16	2016-17	2017-18	2017-18	2017-18
(rounded to '000)	Actual	Actual	Actual	Actual	Budget	Variance
Revenue						
Fare Revenue	437,939,000	479,473,000	519,899,000	540,989,000	529,629,000	11,360,000
Non-fare Revenue	36,797,000	45,326,000	52,143,000	64,688,000	59,109,000	5,579,000
Provincial Contributions	190,440,000	233,829,000	262,834,000	341,309,000	389,602,000	(48,293,000)
Amortization of Deferred Capital Contributions	350,331,000	453,057,000	520,871,000	616,494,000	601,585,000	14,909,000
Gain/(loss) on disposal of capital assets	10,817,000	(72,000)	(376,000)	19,837,000	-	19,837,000
Total Revenues	1,026,324,000	1,211,613,000	1,355,370,000	1,583,317,000	1,579,925,000	3,392,000
Expenditures						
Supplies & services	50,972,000	81,469,000	88,746,000	97,112,000	90,303,000	6,809,000
Equipment maintenance	77,849,000	90,847,000	99,944,000	118,192,000	122,632,000	(4,440,000)
Facilities & track	95,648,000	107,519,000	129,897,000	146,002,000	148,155,000	(2,153,000)
Labour & benefits*	248,427,000	273,342,000	282,963,000	318,656,000	306,249,000	12,407,000
Operations	218,789,000	222,918,000	248,185,000	314,570,000	325,803,000	(11,233,000)
Amortization of capital assets	352,125,000	456,685,000	521,815,000	611,795,000	601,238,000	10,557,000
Amortization of long-term leases	327,000	327,000	327,000	327,000	327,000	-
Total Expenditures	1,044,137,000	1,233,107,000	1,371,877,000	1,606,654,000	1,594,707,000	11,947,000
Net loss	(17,813,000)	(21,494,000)	(16,507,000)	(23,337,000)	(14,782,000)	(8,555,000)

Note:

Numbers may not add due to rounding

* Actual includes long-term accruals for post-employment benefits which are not funded

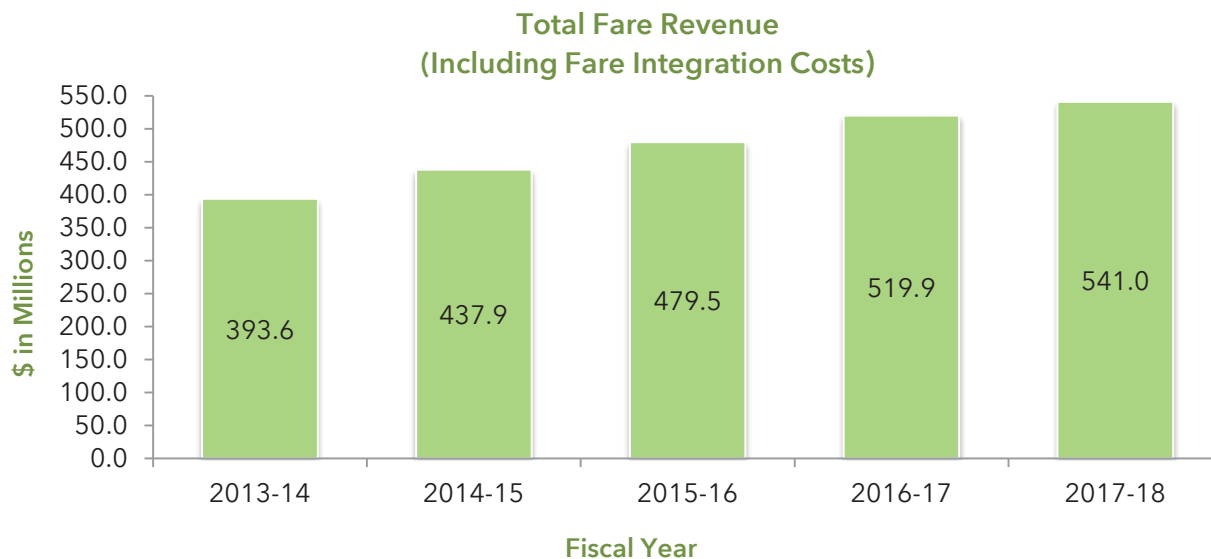
Revenues

Fare revenue

Metrolinx fare revenue from transit operations, including bus and rail services, increased in 2017-18 to \$541.0 million compared to prior year's \$519.9 million. The 4.1% increase in fare revenue was a result of several factors such as an increase in service capacity of 15% resulting in additional GO train services, including providing new all-day services on the Stouffville and Barrie corridors and opening up of the new Downsview Park station. Revenues also increased as ridership on the UP Express increased by 27% and a fare increase in September 2017 also had positive impact on fare revenue.

Also included in the fare integration costs this year is new PRESTO double discount fare. In January 2018, PRESTO customers began receiving a discount when they use their PRESTO card to make a journey that combines the TTC with either GO Transit or UP Express. Customers now pay \$1.50 for the TTC leg of their journey when transferring within the eligible transfer time windows. Total fare integration costs related to the double discount was \$4.6 million.

While the year over year fare revenue grew, the actual revenue for the year was also higher than budgeted by about \$11.4 million or 2.1%.



In the five year period from fiscal 2013-14 to 2017-18, fare revenue has increased at a compounded annual growth rate of 6.6%.

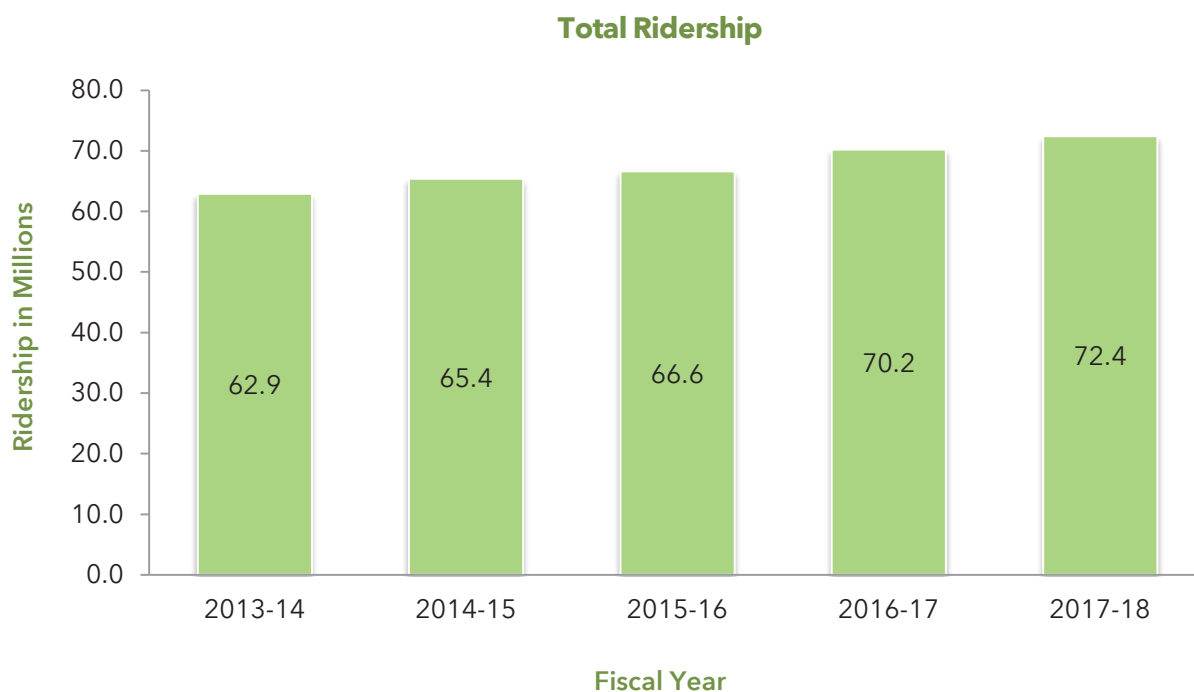
Ridership

Metrolinx ridership reflects the use of GO and UP trains and GO buses across the region. Year over year ridership increased from 70.2 million in 2016-17 to 72.4 million in 2017-18, an increase of 2.2 million or 3.1%. The opening of the new Downsview Park station and higher UP Express ridership is reflected in higher ridership for 2017-18. This encouraging and positive increase is also reflected in higher fare revenue.

We anticipate future ridership to increase over the next decade with the opening of 12 new stations and improvements to 20 existing stations.

Metrolinx continues to work with a number of professional organizations and industry partners to keep abreast of changing economic conditions and demographic shifts to understand how anticipated changes may affect regional rail and bus network demand and performance over time.

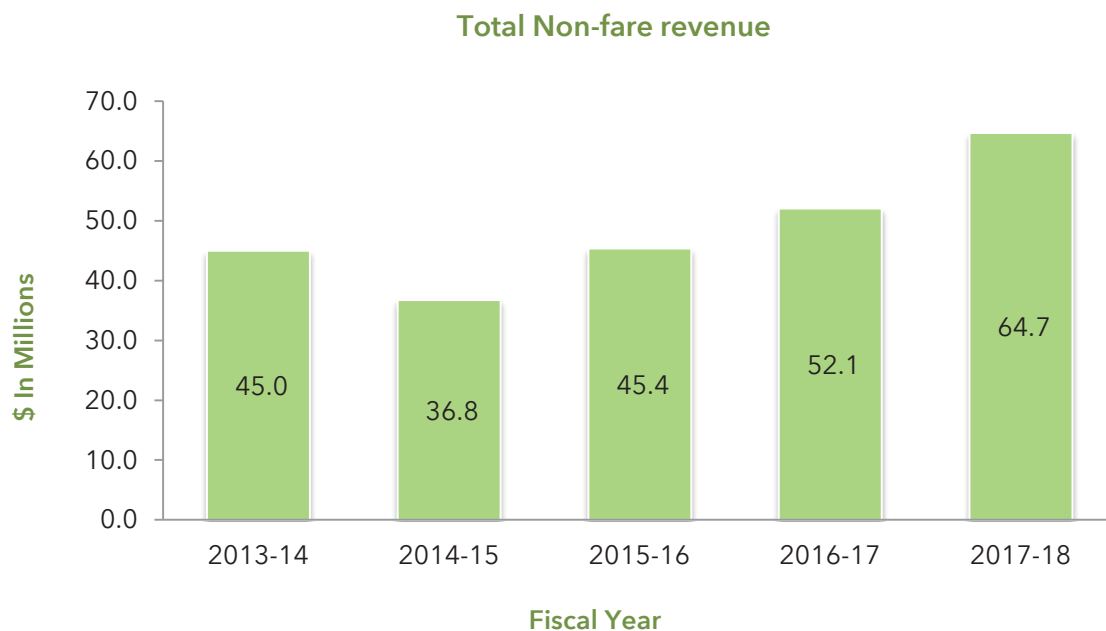
In the five year period from fiscal 2013-14 to 2017-18, ridership increased at a compounded annual growth rate of 2.8%.



Non-fare revenue

Non-fare revenue consists of partnership and advertising revenue, fees collected from TTC and other transit providers for the use of the PRESTO system, corridor access fees and commercial space revenue.

The following chart shows non-fare revenue performance from 2013-14 to 2017-18. Non-fare revenues were \$64.7 million (excluding gain/loss on sale of capital assets) in 2017-18 in comparison to \$52.1 million in 2016-17.



In the five year period from fiscal 2013-14 to 2017-18, non-fare revenue increased at a compounded annual growth rate of 7.5%. Non-fare revenue increased by \$12.6 million to \$64.7 million in fiscal 2017-18. The following chart shows the year over year performance of components of non-fare revenue for the fiscal year ended March 31, 2017 and 2018.

Non-fare revenue



PRESTO system usage increased from \$14.8 million in 2016-17 to \$23.6 million in 2017-18, an increase of \$8.8 million or 59.5%. The PRESTO program expanded its reach across the GTHA. The Toronto Transit Commission rider adoption rate saw a 66% increase in use by transit riders and the PRESTO retail strategy has showed gains as the PRESTO card is now available in 129 Shoppers Drug Mart locations across the GTHA and Ottawa.

Non-fare partnership revenue is derived from partnerships with a number of companies in the private sector representing the financial services, information and technology, consumer electronics and retail food services sectors. We anticipate non-fare revenue from these sources to grow over time as we expand service levels and infrastructure capacity, such as the opening of new stations. The partnership announced in March 2018 with Loblaw's PC Express is also expected to have a positive impact over time. Partnership revenue declined from \$8.7 million in 2016-17 to \$6.4 million in 2017-18, a decrease of \$2.3 million.

Interest and investment income increased from \$4.3 million in 2016-17 to \$7.4 million in 2017-18, an increase of \$3.1 million or 72.1%. This increase is temporary in nature as the bank account had funds waiting to be transferred to Plenary Infrastructure Inc. as part of the substantial completion payment of the Whitby Rail Maintenance Facility in March 2018.

Metrolinx owns most of its transit railway corridors and also shares its corridors with its partners including Canadian National Railway (CN) and Canadian Pacific Railway (CP). Railway partners pay access corridor fees on Metrolinx-owned corridors that cover signalling, dispatch and communications costs. Trackage fees increased from \$8.0 million in 2016-17 to \$8.9 million in 2017-18, an increase of \$0.9 million or 11.2%.

Government Funding

Operating Subsidy

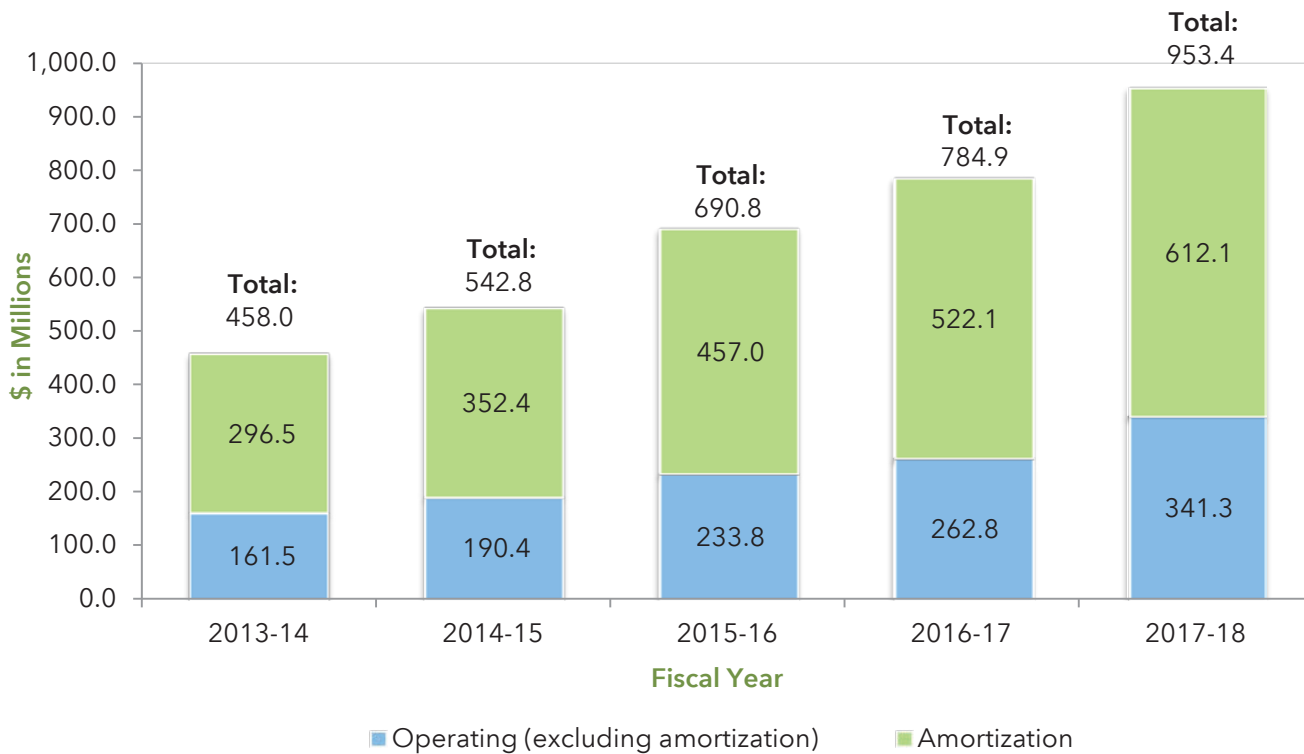
Metrolinx received approximately \$341.3 million in operating subsidy from the Province of Ontario (the Province), an increase of about \$78.5 million or 29.9% from 2016-17. The operating subsidy is used for implementing many of the commitments made under the RTP. The increase in two way all day service across rail corridors now including the Stouffville and Barrie corridors also drive the increase in operating subsidies.

Operating subsidy from the Province has increased at a compounded annual growth rate of 16.1% each year since 2013-14. No municipal or federal operating subsidy or grant has been received over the last five years. The operating subsidy of \$341.3 million is lower than the provincial allocation of \$389.6 million, showing a reduced spending by \$48.3 million. The lower subsidy requirement is a result of successfully implementing an in-year provincially mandated savings target and revenue received from the sale of Union Station Bus Terminal.

The operating subsidy includes funding for the Whitby Rail Maintenance Facility financing contract. The Alternate Financing Procurement (AFP) contract contains a concession period and the interest paid on financing over this period is considered an operating expense. The operating subsidy also includes funding for backup power needed for the Eglinton Crosstown LRT project. In an agreement with Toronto Hydro, the Eglinton LRT facility will be equipped with backup power capacity to ensure continuity of service to transit riders.

Amortization has been fully funded by the Province. Amortization expense for the year was \$612.1 million or \$10.5 million over the budget of \$601.6 million.

Operating Subsidy & Amortization



Capital Subsidy

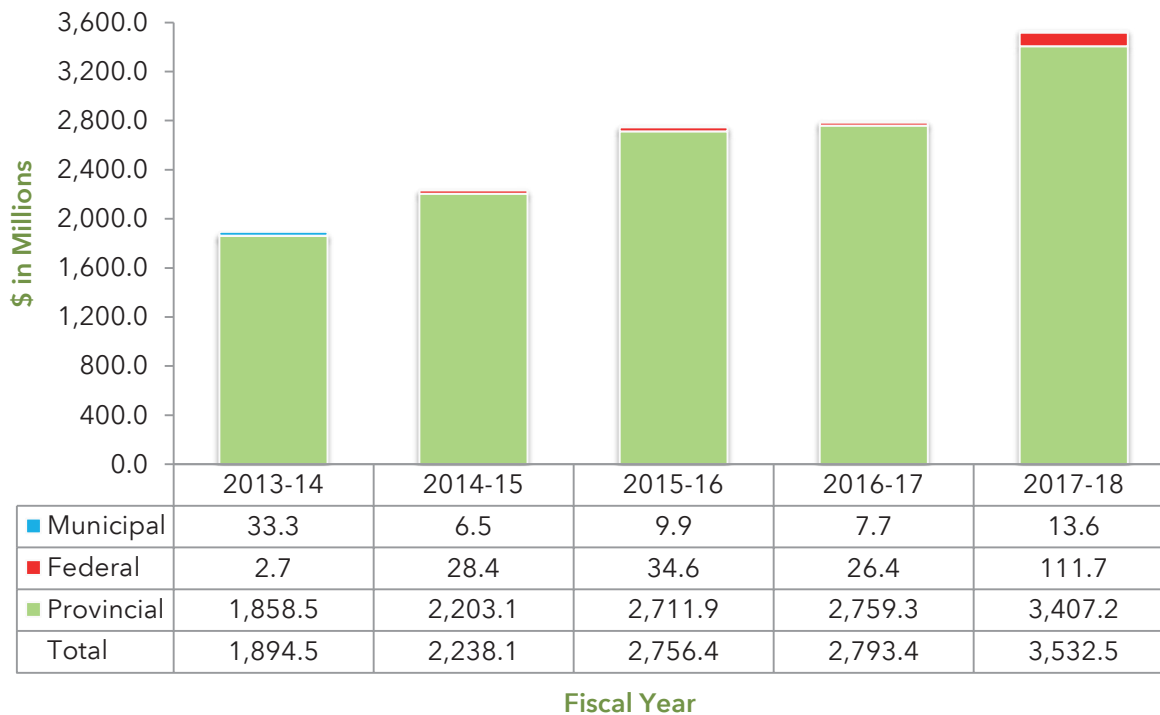
Capital subsidy grew by \$739.1 million to \$3,532.5 million in 2017-18 from \$2,793.4 million in 2016-17. Funding from the Province of Ontario totaled \$3,407.2 million for 2017-18. Metrolinx also received capital funding from the federal government of \$111.7 million and \$13.6 million from municipal governments.

Federal funding from three separate programs, Canada Strategic Infrastructure Fund (CSIF), PRESTO CSIF program and P3 Canada contributes to the Metrolinx capital program. In addition, Municipalities contribute towards the GO Expansion program.

The original CSIF program is still funding portions of the Union Station Rail Corridor Train Control system and a PRESTO program is contributing funding towards the implementation of PRESTO on the TTC.

Federal funding increased to \$111.7 million from \$26.4 million last year and this increase was primarily due to receiving federal funds from P3 Canada for construction of the Whitby maintenance facility.

Capital Subsidy



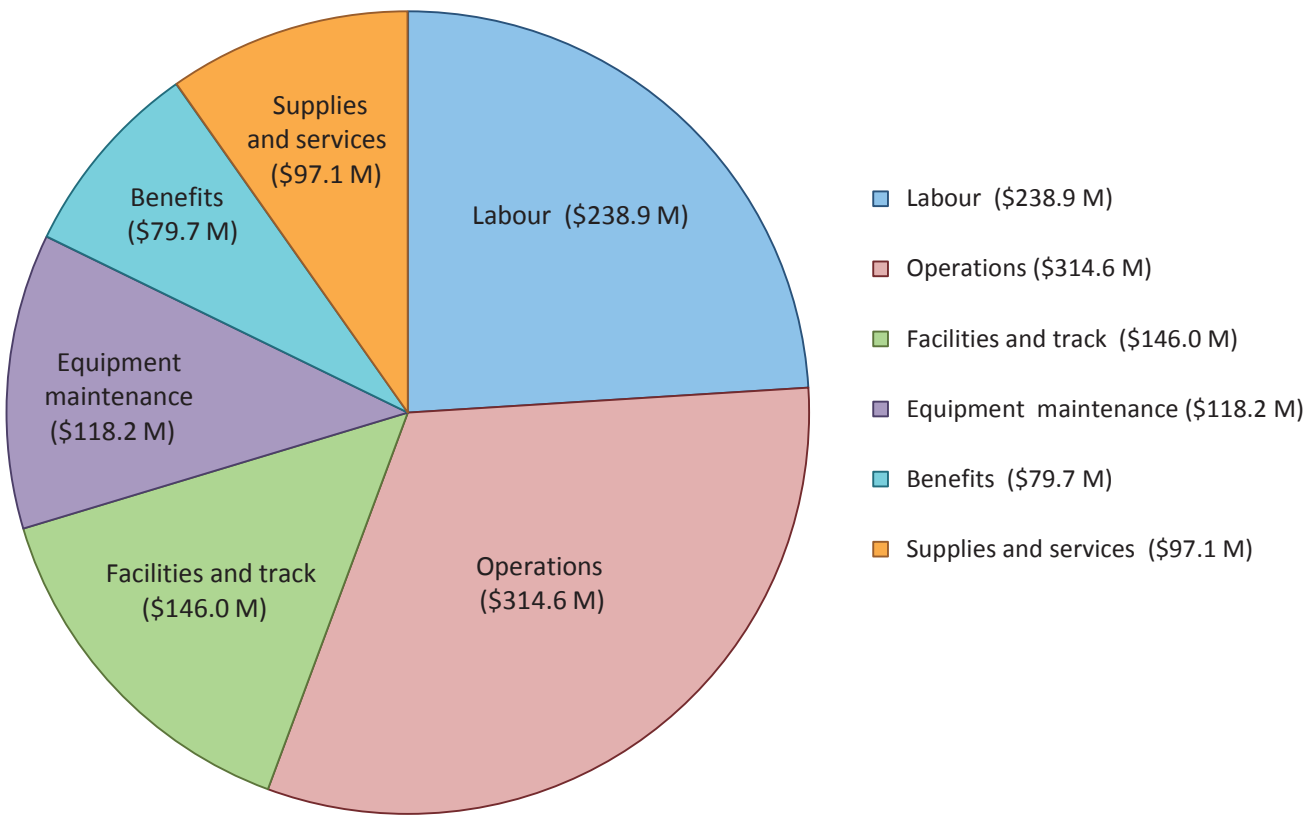
Operating and Capital Expenditures

Operating Costs

Operating costs, before amortization, for the year were \$994.5 million or \$1.4 million (0.1%) over the budget of \$993.1 million. The savings were a result of lower spending on salaries and benefits, operating, equipment, facilities and track costs offset by higher supplies and services, diesel costs and procurement of contracted services for bus repairs and tire services.

Operating expenditures by category are shown below.

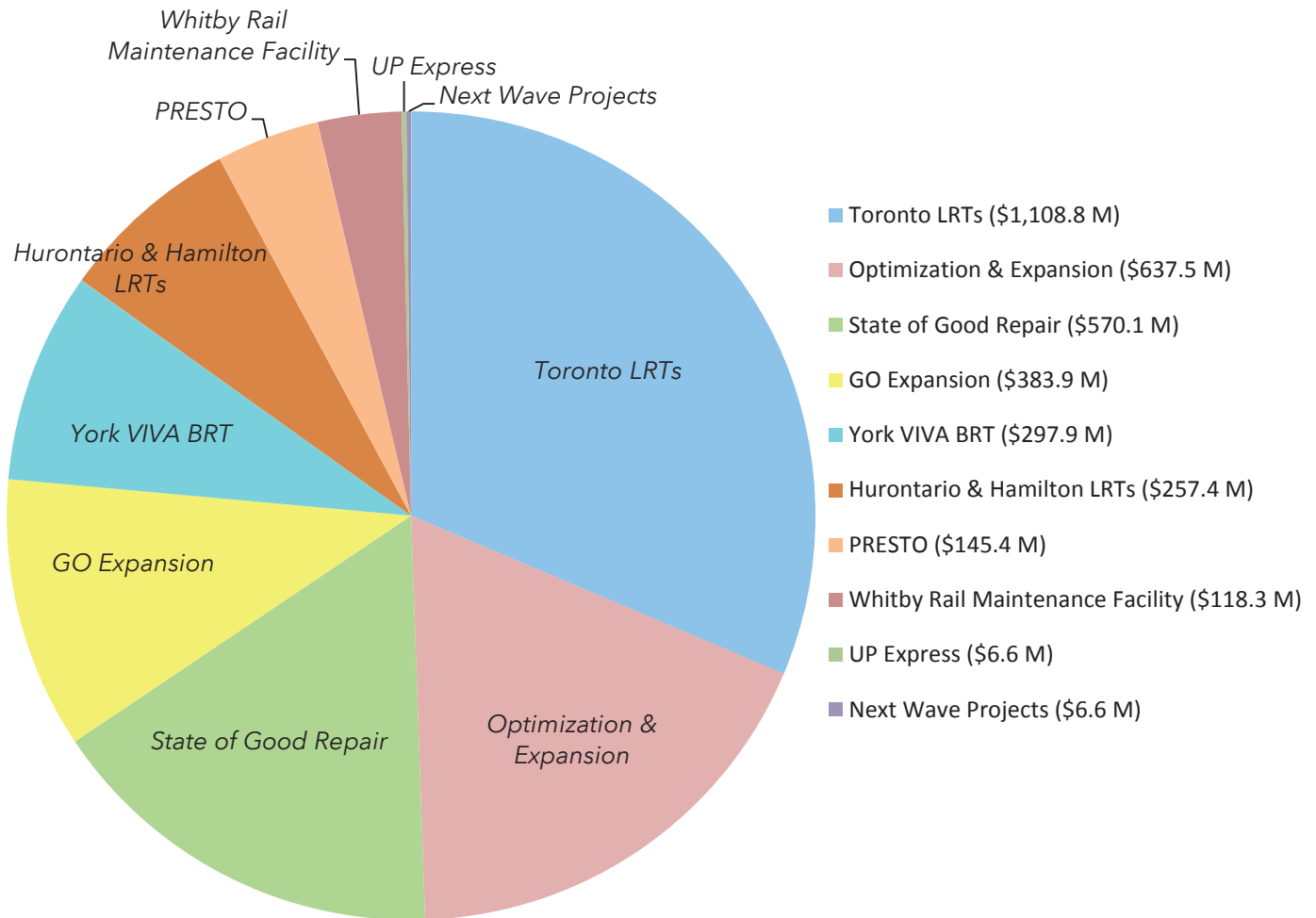
Operating Expenditures by Category



Capital Investments

In 2017-18, Metrolinx continued working towards the Province's mandate to significantly increase investment in public transit infrastructure. Major capital projects such as implementation of GO Expansion, Union Station Revitalization, implementation of PRESTO fare system on TTC, construction of VIVA BRT and Eglinton Crosstown projects commenced, achieved key milestones, or were completed during the fiscal year. Significant investments were also made towards the state of good repair of existing infrastructure in order to maintain and improve safety and reliability. Capital expenditures in 2017-18 were \$3,532.5 million.

2017-18 Capital Expenditures by Category



Capital Investments - Budgeted and Actual

Metrolinx is advancing a large and growing program, involving signature projects like the GO Expansion program, the Eglinton Crosstown LRT, Finch West LRT, Hurontario LRT, Hamilton LRT and BRT. In 2017-18, Metrolinx's capital expenditure was \$3,532 million, which is \$626 million lower than the available funding of \$4,158 million.

GO Expansion stems directly from the Province's commitment to transform the GO Transit rail network. A total of \$13.5 billion has been allocated to this initiative. The GO Expansion program has the largest underspend to report this year as the program is still undergoing a revised procurement approach.

In late June 2016, a revised procurement strategy for the GO Expansion program was approved by the Metrolinx Board of Directors, which incorporated much more extensive reliance on alternative financing and procurement (AFP) methods. While this approach is expected to result in similar overall delivery time frames, additional time is required to prepare for and conduct the procurement phase, shifting some anticipated design and construction expenditures into subsequent fiscal years.

In partnership with Infrastructure Ontario, a Master Agreement guides the contract negotiation and development progress of all LRT projects including the Eglinton Crosstown LRT, Finch West LRT and Hurontario LRT.

The Whitby Rail Maintenance Facility opened in March 2018 and work on the mainline track is underway and will be completed in Fall 2018.

Expansion and Optimization portfolio includes projects that are underspent this year. They include procurement of new locomotives, which are currently behind schedule and progress payments are slated to begin in the new fiscal year. A contraction in the bus fleet procurement program also resulted in the underspend.

State of Good Repair includes assets that are regularly scheduled for repairs and maintenance and rehabilitation. Actual spending of \$570.1 million was over budget by about \$110.4 million.

Capital Expenditures by Category (\$ in millions)	2017-18 Actual	2017-18 Budget	2017-18 Variance
GO : Expansion & Optimization	637.5	824.3	(186.8)
GO : State of Good Repair	570.1	459.7	110.4
GO: Whitby Rail Maintenance Facility	118.3	266.7	(148.4)
GO Expansion	383.9	448.5	(64.6)
Union Pearson Express	6.6	6.4	0.2
RT - York VIVA BRT	297.9	239.2	58.7
RT - Toronto LRTs	1,108.8	1,456.8	(348.0)
RT - Hamilton	51.6	30.1	21.5
RT - Hurontario	205.8	134.8	71.0
Next Wave Projects	6.6	81.3	(74.7)
PRESTO	145.4	210.7	(65.3)
Total	3,532.5	4,158.5	(626.0)

A number of PRESTO enhancements, such as mobile solution, Open Payment and website improvement have been deferred to future releases. In addition, the procurement of new devices has been delayed and will be awarded in the coming fiscal year.

Enterprise Risk Management

Metrolinx continues to enhance its Enterprise Risk Management (ERM) program to ensure that the organization complies with the Government of Ontario requirement for all provincial agencies to use a risk-informed approach in managing business. In 2017-18, Metrolinx reviewed and updated its ERM Policy and Framework, which were subsequently approved by the Board in September 2017. The ERM Policy and Framework outlined stronger risk management processes for risk identification and assessment, improved the risk reporting and monitoring structure, and provided revised, detailed risk scoring criteria. The frequency of internal risk reporting is being increased from quarterly to monthly, and the risk report format has been redesigned to focus on key risks, and include additional information on mitigation strategies and response plans for better management discussion.

In 2017-18, senior management participated in a comprehensive exercise to take a fresh look at Metrolinx's top risks, and has identified the key areas of focus for ongoing monitoring and reporting in achieving Metrolinx's strategic objectives and priorities. These are expected to evolve over 2018-19 as the ERM process is further refined. Metrolinx continues to actively monitor and develop mitigation strategies to manage risk down to an acceptable level. Risks reported on within our new process relate to project, safety, operational, financial, and strategic risk exposures.

- **Project risks:** Project risks are the risks inherent in the delivery of large infrastructure projects, including risks to on-time and on-budget delivery of projects and performance of technical experts or contractors. These risks can lead to schedule delay and/or cost overruns and reputational impact for Metrolinx. Significant project risks include:
 - o Delay to Package 3 Request for Proposal release - potential for the delay to Package 3 Design Build Finance Operate and Maintenance procurement given the timeline for Request for Proposal Release in Q1 2019. Significant work effort is required in respect to scope and estimate finalization.
 - o Inability to reach agreement with freight operators - if Metrolinx is unable to reach an agreement with freight operators regarding switching rights and diversionary routes, there is the potential this may impact the delivery schedule of certain capital projects.
- **Safety risks:** Safety risks are the risks to the safety of Metrolinx's customers, staff, contractors and communities in which we operate and build. These risks can lead to serious adverse outcomes for our people, our customers or our community. Metrolinx has exposure to both likely and less than likely but high impact safety risks, including:
 - o Cyber security - major technology failure and/or significant loss of sensitive data caused by catastrophic technology failure, terrorism or major cyber security breach.
 - o Platform/stairwell crowding at Union Station - risk of injury to customers due to overcrowding in stairwells and platforms at Union Station. The design, age and accessibility of the platform along with the closure of the Bay concourse may impact customer mobility.
- **Operational risks:** Operational risks are the risks inherent in the ongoing delivery of rail and bus services and PRESTO. These risks can lead to interruptions in the service reliability and availability. Major operational performance risks include:
 - o Operational reliability - an event or series of events creates sustained negative impacts on operational reliability, either in terms of general daily reliability or a multi-day shutdown.

- o PRESTO availability and customer experience - the quality of PRESTO's customer experience diminishes over time, and impedes PRESTO from providing reliable and satisfactory service to its customers.
 - o Leadership of the organization and organizational change - the failure to achieve change adoption across the organization due to the volume and speed at which the organization is changing.
- Financial risks: Financial risks relate to operational and capital funding, liquidity, financial reporting, movements in price, interest rates, and commodities. These risks can impact funding of projects or operations. Top financial performance risks include:
 - o GO Expansion Budget sufficiency following refinement and re-baselining of scope - there may be budget pressures following the completion of the rail corridor utility study and foundational train planning work, which identified additional scope items which are expected to be required to meet the committed future service levels.
- Strategic Risks: Strategic risks are systemic risks that are internal or external to Metrolinx and may be linked to our ability to meet our organizational strategy and mandate. The strategic risks may be organizational-wide, or outside of Metrolinx's control, and include economic and political risks. A strategic risk identified is:
 - o Premature commitment to projects without adequate evidence - premature commitment to projects without adequate evidence due to lack of strong internal processes or external decision-makers. The risk of a too-early commitment to a project or initiative that's at a very early stage of planning and design might mean that projects costs and implementation timelines are not sufficiently understood.

Risk-based decision-making continues to be imbedded in other key processes, for example, in the updated 2018-19 business planning process, each business unit incorporated its top risks to the achievement of their strategic objectives or their core business deliverables into their business plan response.

In 2018-19, Metrolinx will focus on developing a culture of risk-informed, evidence-based approach to decision-making, by continuing to focus on the assessment of key risks against strategic objectives and corporate priorities, developing an effective risk education plan for all levels across the organization, approving a formal risk appetite, and further strengthening components of the ERM Policy and Framework.

Key Performance Indicators

Metrolinx has developed six key performance indicators to measure its annual achievements. We are also working on developing additional key performance indicators focusing on regional Metrolinx outcomes that measure the overall progress in the development of transit across the region. These outcomes are impacted by many stakeholders in the region which Metrolinx intends to influence as the regional mobility leader.

Metrolinx's Public-Facing Corporate key performance indicators are made up of Five Regional Outcomes and Nine Metrolinx Achievements. The Five Regional Outcomes measure overall progress in the development of transit across the region and are measured against past performance. The information for these outcomes is obtained from surveys which are published every five years. The 2015-16 survey results have recently been released with 3 out of 5 outcomes currently available in this report.

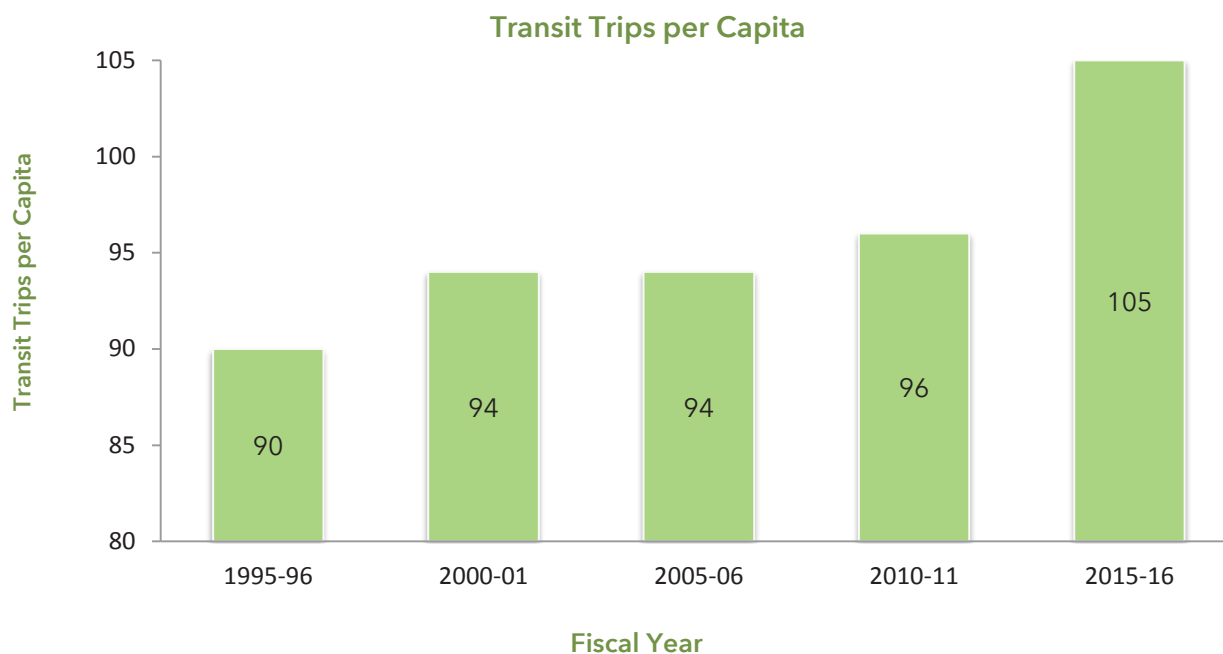
The nine Metrolinx Achievement key performance indicators measure Metrolinx' direct contributions to the regional outcomes and are used to report corporate performance to Metrolinx' major stakeholders: the public and the Province of Ontario. These key performance indicators are reported against targets which are a product of the annual business planning process.

A new layer of divisional key performance indicators are being introduced in fiscal 2018-19. These new key performance indicators are aligned with the above Public-Facing Corporate Set and have been specifically selected with targets, which measure achievement against the new Metrolinx Strategic Objectives. These key performance indicators will drive the business results reported within the Metrolinx Achievements which will ultimately influence the Regional Outcomes.

Regional Outcomes

Transit Trips per Capita

The Transit Trips per Capita key performance indicator represents the average number of transit trips taken by each member of the population within the GTHA for the year being reported. Over the past 20 year period, Transit Trips per Capita has increased by 14.1% to 105 trips in 2015-16



Mode Share for Transit, Walking & Cycling

The Mode Share for Transit, Walking & Cycling key performance indicator measures the average number of commuter trips taken using transit, walking and cycling as a percent of total commuter trips taken during the AM peak period (weekdays 6:30am-9:30am) for the year being reported. Since 1995-96, Mode Share for Transit, Walking & Cycling has increased 1.8% points to 28.9% in 2015-16. The growth from 2010-11 of 3.1% points reflects modest growth in overall commuter trips, however transit, walking and cycling trips have seen considerably higher levels of growth.

Mode Share: Transit, Walking, Cycling



Cross-Boundary Mode Share for Transit Only

The Cross-Boundary Mode Share for Transit Only key performance indicator represents the average transit trips taken across municipal boundaries as a percent of total commuter trips taken across municipal boundaries within the GTHA during the AM peak period for the year being reported. Over the past 20 year period, Cross-Boundary Mode Share for Transit Only has increased 4.8% points to 18.0% in 2015-16. Note the 2011 survey over-estimated GO Transit ridership for 2010-11 causing an overstatement of the key performance indicator in that period.

Cross-Boundary Mode Share: Transit Only

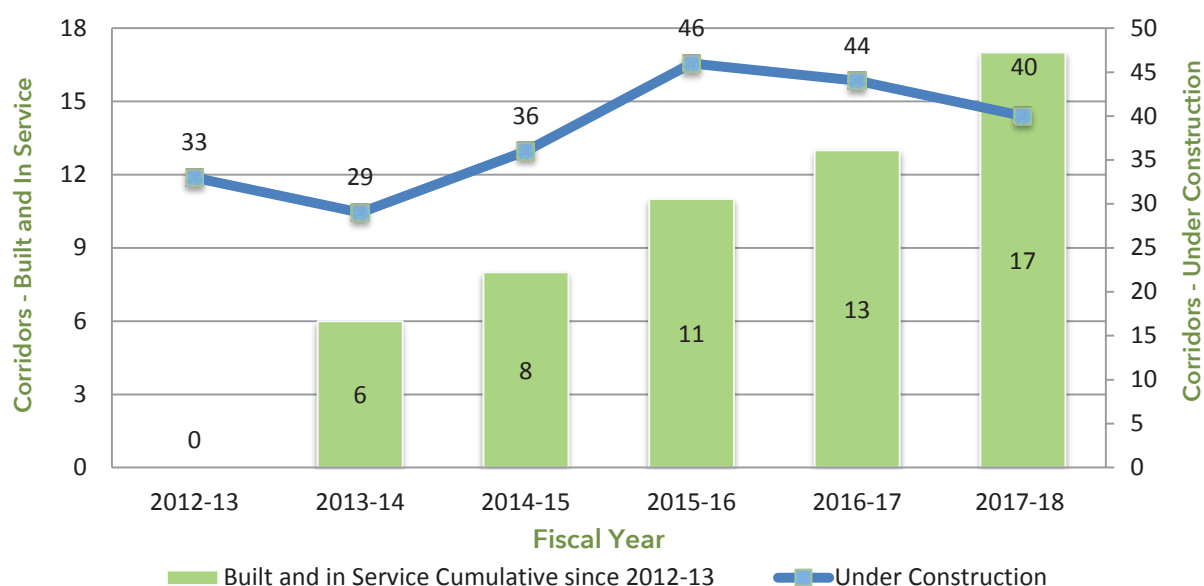


Metrolinx Achievements key performance indicators

New Rapid Transit Corridors

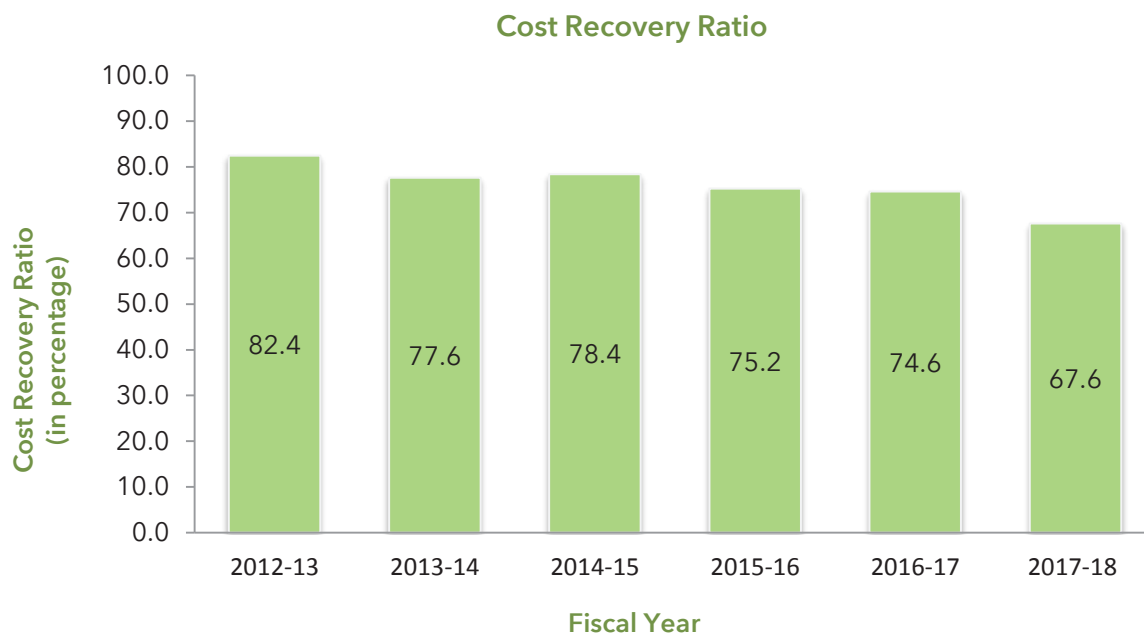
There are two key performance indicators which measure our progress in building new rapid transit for the region: New Rapid Transit Corridors - Built and In Service (kms) and New Rapid Transit Corridors - Under Construction (kms). Metrolinx has built 17 kms of rapid transit since 2012-13. In 2017-18, 3.6 kms of rapid transit was built for the vivaNext project extending to the Vaughn Metropolitan Centre and 0.4 kms of the Mississauga Transitway. By the end of 2017-18, 40 kms of rapid transit were under construction. This includes: 19 kms on the Eglinton Crosstown LRT and 21 kms on the vivaNext BRT along Highway 7.

New Rapid Transit Corridors (kms)



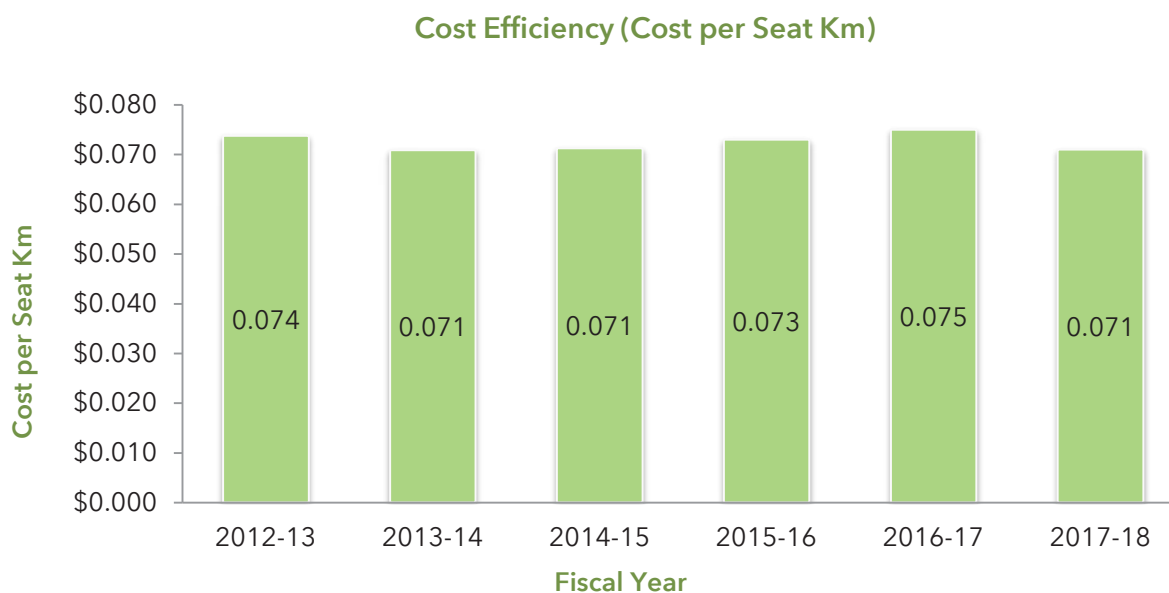
Cost Recovery Ratio

The cost recovery ratio, measured as the ratio of total revenues (excluding operating subsidy, grants, sale of assets, and extraordinary revenues) to total operating costs represents the extent to which the organization's operations are self-funded. Metrolinx compares its cost recovery ratios to its historic results as well as to industry benchmarks. Historically, Metrolinx has always had one of the best cost recovery ratios among its North American peers. The cost recovery ratio (excluding PRESTO operations) in 2017-18 of 67.6%, decreased by 7.0% points from 2016-17 levels. The decrease in the cost recovery metric in 2017-18 primarily resulted from the addition of new off peak weekday, evening and weekend services that have lower cost recovery as off peak ridership is being established. Also, upfront operational investments in new crews, trains and buses, as well as foundational investments in new corporate systems have been made to support the future growth of the organization.



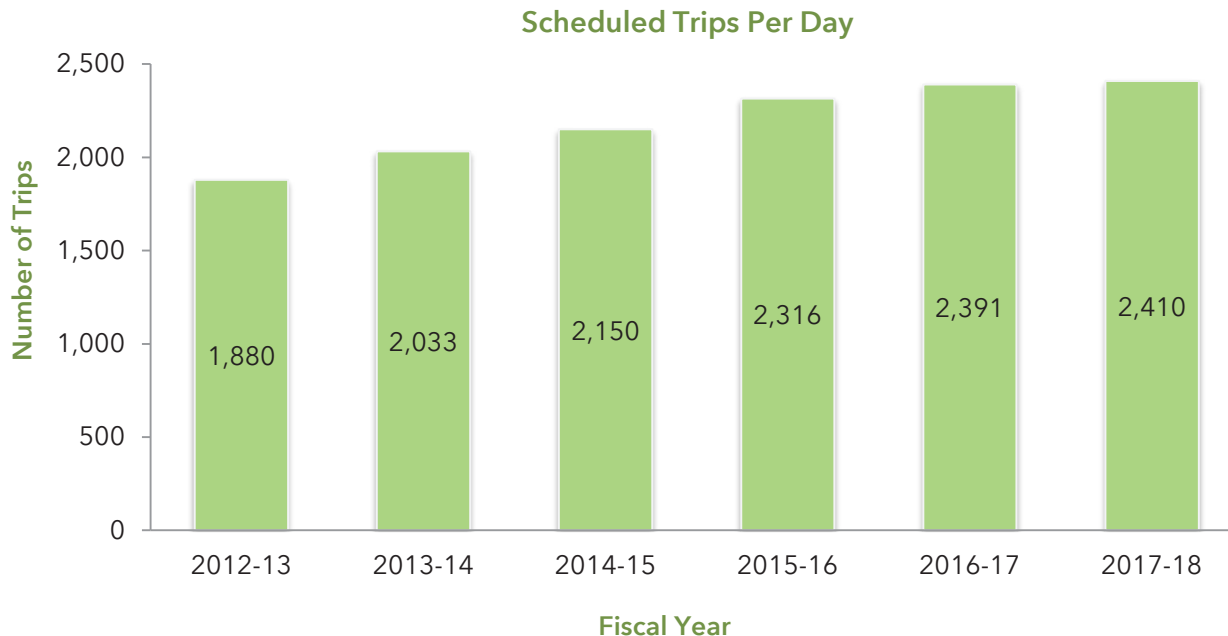
Cost Efficiency

The Cost Efficiency key performance indicator measures the transit operating expenses (Rail and Bus) incurred per seat-kilometer of service provided for the period. This key performance indicator is a measure of how efficiently the organization delivers its transit services to the public. For fiscal 2017-18, cost efficiency of \$0.071 is slightly lower than the 2016-17 measure of \$0.075. The decrease in cost efficiency is due to an increase in overall trips per day as well as additional capacity on buses due to the introduction of additional double-decker buses.



Scheduled Trips per Day

Scheduled trips per day represents the average number of scheduled train and bus trips per day offered to the public for the period being measured. Scheduled trips per day increased by 0.8 % from 2016-17 to 2,410 in 2017-18. This is the result of new off peak weekday, evening and weekend rail services that were introduced in 2017-18.



On-time Reliability

The on-time reliability key performance indicator measures the number of scheduled trips arriving at their destination on-time for the period being measured. On-time reliability is defined as within 5 minutes of scheduled arrival time for rail trips and within 15 minutes of scheduled arrival time for bus trips. On-time performance was consistent year over year at 95.2% exceeding the organization's target of 94%. Ongoing analysis using CDAVL (Computer Assisted Dispatch and Automatic Vehicle Location) data has assisted in the creation of service schedules which more closely reflect changing operational conditions that allowed Bus Services to exceed performance targets helping drive the overall Metrolinx result.

On-Time Reliability



GO Transit Competitiveness

Travelling with GO Transit remains an economically preferred choice for commuters in the GTHA. Travelling with GO Transit costs approximately 63% of the total cost of driving (fuel and parking costs). The average cost to drive is \$0.33/km, whereas the cost for transit is \$0.20/km. This reflects fuel costs and parking in downtown Toronto only and does not consider the additional vehicle maintenance and vehicle ownership costs that would result from the increase in vehicle mileage. The cost of fuel was based on the average gas price in Toronto from April 2017 to March 2018. GO Transit continues to offer a comfortable and easy experience and a cost competitive mode of travel for passengers.



AUDITED FINANCIAL STATEMENTS

Metrolinx

Financial Statements
March 31, 2018



June 29, 2018

Independent Auditor's Report

To the Board of Directors of Metrolinx

We have audited the accompanying financial statements of Metrolinx, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metrolinx as at March 31, 2018 and the results of its operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Metrolinx

Statement of Financial Position

As at March 31, 2018

(in thousands of dollars)

	2018 \$	2017 \$
Assets		
Current assets		
Cash and cash equivalents (note 5)	257,813	469,851
Accounts receivable (note 7)	144,766	72,354
Contributions due from Province of Ontario	714,692	368,985
Contributions due from Municipalities (note 11)	95,460	-
Contributions due from Government of Canada	11,196	35,297
Spare parts and supplies	15,175	11,851
Prepaid expenses	11,979	14,305
	<u>1,251,081</u>	<u>972,643</u>
Accounts receivable - long-term (note 7)	74,787	74,787
Contributions due from Province of Ontario - long-term (note 10)	1,325,121	1,164,757
Capital assets (note 6)	19,128,047	16,108,846
Deposits on land (note 8)	165,101	145,079
Advances on capital projects (note 8)	85,382	221,216
Long-term lease (note 9)	<u>26,899</u>	<u>27,226</u>
	<u>22,056,418</u>	<u>18,714,554</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,227,995	964,641
Presto Farecard E-Purse (note 5)	<u>60,047</u>	<u>44,965</u>
	1,288,042	1,009,606
Long-term payable (note 10)	1,325,121	1,164,757
Deferred capital contributions (note 11)	16,289,789	13,885,963
Pension plan top-up benefits payable (note 13)	65,706	63,530
Other employee future benefits payable (note 14)	<u>137,772</u>	<u>129,519</u>
	<u>19,106,430</u>	<u>16,253,375</u>
Net Assets		
Invested in capital assets (note 15)	3,088,741	2,589,178
Invested in long-term lease	26,899	27,226
Internally restricted (note 16)	26,332	26,332
Deficiency of net assets	<u>(191,984)</u>	<u>(181,557)</u>
	<u>2,949,988</u>	<u>2,461,179</u>
	<u>22,056,418</u>	<u>18,714,554</u>
Economic dependence (note 2)		
Commitments (note 17)		
Contingencies (note 18)		

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Metrolinx

Statement of Operations

For the year ended March 31, 2018

(in thousands of dollars)

	2018 \$	2017 \$
Revenue		
Operating	598,140	567,592
Contribution from the Province of Ontario	341,309	262,834
Investment income	7,537	4,449
Amortization of deferred capital contributions (note 11)	616,494	520,871
Gain (loss) on disposal of capital assets	19,837	(376)
	<u>1,583,317</u>	<u>1,355,370</u>
Expenses		
Supplies and services	97,112	88,746
Equipment maintenance	118,192	99,944
Facilities and track	146,002	129,897
Labour and benefits	318,656	282,963
Rail and bus operations	314,570	248,185
Amortization of capital assets	611,795	521,815
Amortization of long-term lease	327	327
	<u>1,606,654</u>	<u>1,371,877</u>
Excess of expenses over revenue	<u>(23,337)</u>	<u>(16,507)</u>

The accompanying notes are an integral part of these financial statements.

Metrolinx

Statement of Changes in Net Assets

For the year ended March 31, 2018

(in thousands of dollars)

	2018				2017	
	Invested in capital assets \$ (note 15)	Invested in long- term lease \$	Internally restricted net assets \$ (note 16)	Deficiency \$	Total \$	Total \$
Balance - Beginning of year	2,589,178	27,226	26,332	(181,557)	2,461,179	2,236,569
Excess of expenses over revenues	-	-	-	(23,337)	(23,337)	(16,507)
Amortization - net of amortization to revenue	(1,803)	(327)	-	2,130	-	-
Assets contributed by the Province of Ontario (note 19(b))	-	-	-	-	-	10
Land acquisitions - net of deposits	347,045	-	-	-	347,045	107,911
Disposal of land	(10,780)	-	-	10,780	-	-
Deposits on land	165,101	-	-	-	165,101	133,196
Balance - End of year	3,088,741	26,899	26,332	(191,984)	2,949,988	2,461,179

The accompanying notes are an integral part of these financial statements.

Metrolinx

Statement of Cash Flows

For the year ended March 31, 2018

(in thousands of dollars)

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenues	(23,337)	(16,507)
Amortization of capital assets and long-term lease	612,122	522,142
Loss (gain) on disposal of capital assets	(19,837)	376
Amortization of deferred capital contributions	(616,494)	(520,871)
Employee future benefits - net of payments	10,429	14,159
	(37,117)	(701)
Change in non-cash working capital		
Accounts receivable	(72,412)	5,814
Spare parts and supplies	(3,325)	65
Prepaid expenses	2,326	2,014
Accounts payables and accrued liabilities	139,898	(226,360)
PRESTO Farecard E-Purse	15,082	10,320
	44,452	(208,848)
Capital activities		
Purchase of capital assets	(2,998,160)	(1,637,308)
Proceeds from sale of capital assets	37,119	700
Deposits on land (note 15)	(165,101)	(133,196)
Advances on capital projects (note 18)	(85,382)	(221,216)
	(3,211,524)	(1,991,020)
Financing activities		
Grants received for purchase of land	512,146	241,107
Capital contributions	2,442,888	1,955,261
	2,955,034	2,196,368
Net change in cash and cash equivalents	(212,038)	(3,500)
Cash and cash equivalents - Beginning of year	469,851	473,351
Cash and cash equivalents - End of year	257,813	469,851
Supplemental cash flow information		
Non-cash capital activities		
Change in accounts payable and accrued liabilities relating to capital assets	123,456	595,482
Change in advance from Province of Ontario	-	(14,004)
Change in long-term capital payable/contribution due from Province	160,364	220,207
Assets contributed by the Province of Ontario (note 19(b))	-	10
Non-cash financing activities		
Capital contributions receivable/payable	(417,067)	(376,827)

The accompanying notes are an integral part of these financial statements.

(in thousands of dollars)

1 Nature of operations

Metrolinx is a Crown agency, reporting to the Minister of Transportation of Ontario (MTO). It is a non-share capital corporation and is exempt from income taxes under Section 149(1) (d) of the Income Tax Act (Canada).

Metrolinx was created by sections of the Greater Toronto Transportation Authority Act, 2006 which were proclaimed on August 24, 2006. On May 14, 2009, Bill 163 was proclaimed amending the Greater Toronto Transportation Authority Act, 2006 and changing the title of the Act to the Metrolinx Act, 2006. Metrolinx's mandate is to lead the coordination, planning, financing and development of an integrated multi-modal transportation network for the Greater Toronto and Hamilton Area (GTHA). Taking a regional approach, Metrolinx brings together the Province of Ontario (the Province), municipalities and local transportation authorities to produce long-term economically and environmentally sustainable transportation solutions.

GO Transit is a business unit of Metrolinx that operates an inter-regional public transit system consisting of integrated rail and bus corridors. The network of rail and bus services primarily serves communities across the Greater Toronto and Hamilton Area including the cities of Toronto and Hamilton. GO Transit also serves the regions of Halton, Peel, York, Durham, Simcoe County, Dufferin County, Wellington County and the cities of Barrie, Guelph, Kitchener and Niagara Falls and the Town of Bradford-West Gwillimbury.

The Union Pearson (UP) Express provides high-quality dedicated express rail service connecting Canada's busiest transportation hubs, Union Station in downtown Toronto and Toronto Pearson International Airport. The UP Express began operations on June 6, 2015.

PRESTO is a business unit that operates the PRESTO fare system, an electronic fare card that allows riders to transfer seamlessly across multiple transit systems.

2 Economic dependence

Metrolinx currently generates revenues primarily from the provision of transportation services provided by GO Transit, UP Express and PRESTO card services.

In addition, Metrolinx receives government grants:

- from all three levels of government to support its investment in capital infrastructure to be used in the delivery of current and future transportation services; and
- yearly operating subsidy from the Province of Ontario to further support the delivery of transportation services.

The ability of Metrolinx to continue to offer and grow its services and meet its obligations are dependent upon the ongoing grants it receives as outlined above.

(in thousands of dollars)

3 Summary of significant accounting policies**Financial statement presentation**

These financial statements have been prepared by management in accordance with Public Sector Accounting Standards (PSAS) for government, including not for profit organizations, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

Financial instruments

Financial instruments are financial assets or liabilities of Metrolinx which, in general, provide Metrolinx the right to receive cash or another financial asset from another party or require Metrolinx to pay another party cash or other financial assets.

All financial instruments reported on the statement of financial position of Metrolinx are measured at:

Cash and cash equivalents	amortized cost
Accounts receivable	amortized cost
Contributions due from Province of Ontario	amortized cost
Contributions due from Municipalities	amortized cost
Contributions due from Government of Canada	amortized cost
Contributions due from Province of Ontario - long-term	amortized cost
Accounts payable and accrued liabilities	amortized cost
PRESTO Fare Card E-Purse	amortized cost
Long-term payable	amortized cost

Transaction costs on assets measured at fair value are expensed as incurred.

The fair value of Metrolinx's cash and cash equivalents, accounts receivable, contributions due from Province of Ontario, contributions due from Government of Canada, accounts payable and accrued liabilities, due to Province of Ontario and PRESTO Fare Card E-Purse approximate their carrying values due to the short-term nature of these financial instruments. The fair value of other financial instruments approximate their carrying values unless otherwise noted, based on market rates available to Metrolinx for financial instruments with similar risks, terms and maturities.

Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Metrolinx's fair values are management's estimates and are generally determined using market conditions at a specific point in time. The determinations are subjective in nature, involving uncertainties and the exercise of significant judgment.

From time to time, Metrolinx enters into contracts for diesel fuel to manage exposure to diesel fuel price risks. These derivative instruments are recorded on the statement of financial position as an asset or liability and are measured at fair value. The unrealized gains or losses in the derivative instruments' fair value are recognized in the statement of remeasurement gains and losses.

Metrolinx

Notes to Financial Statements

March 31, 2018

(in thousands of dollars)

Metrolinx does not hold or issue derivative financial instruments for trading or speculative purposes, and controls are in place to detect and prevent these activities. Metrolinx does not hold any derivative contracts as at March 31, 2018.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and highly liquid short-term investments with maturities of three months or less at the time of purchase.

Spare parts and supplies

Spare parts and supplies are carried at the lower of cost and net realizable value. Cost is determined using the weighted-average method.

Capital assets

Capital assets are recorded at cost. The cost of a capital asset includes all costs directly related to the acquisition, construction, development or betterment of the capital asset. Salaries, wages and associated employee benefits for staff directly involved in the acquisition, development or construction of a capital asset are included in the cost of the capital asset.

Metrolinx has adopted a whole property approach in capitalizing and amortizing its buildings, rail equipment and bus equipment. Under this approach, all components attached to the building structure (lighting, elevators, air conditioning, etc.) are amortized over a composite service life of the property as a whole.

If the development or construction of a capital asset is terminated or deferred indefinitely before completion, the costs capitalized to date are expensed, unless there is an alternative use for the capital asset or unless recovery of those costs from a third party can be reasonably estimated and collection is likely based on related agreements.

Capital assets derived through an Alternate Financing Procurement (AFP) contract for design, build, finance, maintain and operate will contain a portion of the capital design and construction costs that will be paid upon substantial completion of the construction of the capital asset and the remainder over the useful life. A matching contribution receivable from the Province of Ontario is recorded. Annual service payments and lifecycle payments will be paid annually over the term of the contract.

Metrolinx

Notes to Financial Statements

March 31, 2018

(in thousands of dollars)

Amortization

Metrolinx provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis as follows:

Buildings (including shelters and ticket booths)	5 - 40 years
Leasehold improvements	lease life
Locomotives and other railway rolling stock	20 - 30 years
Improvements to railway right-of-way plant	20 years
Track work and installation	20 years
Buses (including double decker buses)	10 years
Parking lots	20 years
Computer equipment and software	5 - 10 years
Grade separations	50 years
Other (including furniture and equipment)	3 - 12 years

Work-in-progress is comprised of direct construction and development costs. No amortization is recorded until the assets are in service.

Long-term lease

Long-term lease represents the pre-payment of the lease regarding Union Station. The amount is being amortized straight-line over 100 years, being the term of the lease plus one renewal period.

Employee future benefits

Metrolinx provides pension plan benefits through the multi-employer Ontario Municipal Employees Retirement System (OMERS) Pension Plan. The expense for the period equals the required contribution for the period.

Metrolinx provides a top-up pension plan benefit calculated by using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of the active employees. Any past service costs are expensed when incurred.

Metrolinx also provides other employee future benefits calculated by using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of active employees. Any past service costs are expensed when incurred.

Commuter services revenue

Revenue is recognized when the transportation service is provided.

(in thousands of dollars)

Contributions

Metrolinx follows the deferral method of accounting for contributions. Unrestricted contributions, including operating grants, are recognized as revenue in the period to which they relate.

Deferred capital contributions relate to funds received for the acquisition of capital assets other than land. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

Contributions received for the acquisition of land, including deposits for land, are recognized as direct increases in net assets.

Internally restricted net assets

Internally restricted net assets are internally restricted to provide a funding source for planned future obligations and to provide flexibility against uncertainties which may arise. All reserves are approved by the Board of Directors and are disclosed on the statement of financial position as net assets.

Liability for contaminated sites

Metrolinx assesses all land holdings to determine if contaminations, as defined under the standard and regulatory requirements, are present on lands not being used in providing transit and other related services. While contaminations may be present, the resultant liability also depends on the existing and future disturbances to the land. A complete inventory of all land holdings was developed and assessed for under the standard. There were no liabilities to report in the fiscal year.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The items subject to the most significant estimates are amortization of capital assets, certain accrued liabilities, pension plan top-up benefits payable and other employee future benefits payable.

Future accounting pronouncements

Management is currently reviewing PSAB's communications on several standards that it has under development. These include: PSAB's Statement of Concepts paper on the revised conceptual framework; a Statement of Principles paper on the reporting model for the Canadian public sector; a Consultation Paper on PSAB's approach to International Public Sector Accounting Standards; and a final standard on Financial Instruments.

(in thousands of dollars)

4 Financial instruments and risk management

Metrolinx's financial assets and liabilities have exposure to the following risks:

Credit risk

Metrolinx is subject to credit risk through its receivables. It is management's opinion that the risk is minimal as most of the receivables are from federal, provincial and municipal governments and organizations controlled by them.

Interest rate risk

Metrolinx does not have significant exposure to interest rate risk related to its long-term liabilities as they are primarily with related parties and are non-interest bearing.

Other price risk

Metrolinx is exposed to changes in crude oil prices as a result of diesel fuel consumption. The potential fluctuations in crude oil prices could have a significant impact on the cost of providing transportation services. This risk is reduced, from time to time, through the use of diesel fuel forward purchase contracts to lock in firmly committed future operating costs for own use consumption.

5 PRESTO Farecard E-Purse balances

The balance of funds held on PRESTO Farecard E-Purse in the amount of \$60,047 (2017 - \$44,964) has been included in cash and cash equivalents. The E-Purse balance is held on behalf of the Farecard owner and therefore a liability is recorded on the statement of financial position.

Metrolinx

Notes to Financial Statements

March 31, 2018

(in thousands of dollars)

6 Capital assets

	2018		2017	
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Land	2,307,424	-	2,307,424	2,189,960
Buildings	1,976,339	499,706	1,476,633	933,674
Leasehold improvements	101,984	40,497	61,487	62,956
Locomotives and other				
railway rolling stock	2,490,812	831,805	1,659,007	1,462,052
Improvements to railway				
right-of-way plant	1,446,653	714,997	731,656	672,372
Grade separations, track				
work and installations	3,436,358	667,600	2,768,758	2,643,451
Work-in-progress	7,934,424	-	7,934,424	6,121,592
Buses	431,969	218,625	213,344	197,839
Parking lots	837,645	283,306	554,339	510,036
Computer equipment and				
software	1,384,326	582,573	801,753	765,544
Other	791,159	171,937	619,222	549,370
	23,139,093	4,011,046	19,128,047	16,108,846

Work-in-progress includes the following:

	2018	2017
	\$	\$
Rail corridor expansion	721,963	436,892
Union Station	381,171	341,615
Rail fleet	449,047	518,406
PRESTO system	111,845	63,737
Light Rapid Transit and Bus Rapid Transit	5,133,332	3,466,400
Various	1,137,066	1,294,542
	7,934,424	6,121,592

Work-in-progress relates to projects which are expected to come into service in one to six years.

Metrolinx

Notes to Financial Statements

March 31, 2018

(in thousands of dollars)

7 Accounts receivable

Accounts receivable are composed of the following:

	2018 \$	2017 \$
Recoverable HST	64,919	49,728
Other receivables	79,847	22,626
	144,766	72,354
Sunk project costs recoverable from City of Toronto	74,787	74,787
	219,553	147,141

Included in accounts receivable is \$74,787 (2017 - \$74,787) related to the design of the Light Rapid Transit (LRT) Scarborough corridor in the City of Toronto incurred by Metrolinx as at March 31, 2016 and does not include costs related to any contract amendments or cancellations with 3rd party vendors. On October 8, 2013, City of Toronto Council voted to replace the planned LRT currently under construction under the Master Agreement with a Scarborough Subway. The City of Toronto has agreed to reimburse Metrolinx for expenditures incurred for the Scarborough LRT, including any potential costs associated with the LRT vehicle supply contract. Accordingly, the costs incurred to date have been reclassified from work-in-progress to non-interest bearing accounts receivable.

8 Advances on capital projects

Metrolinx has entered into Memorandum of Agreements (MOAs) with York Region Rapid Transit Corporation (YRRTC), The Regional Municipality of York (York Region), City of Toronto and the TTC. The MOAs outline the projects, expected costs, and responsibilities of the parties involved. The MOAs also outline the definition of eligible costs and ownership rights of the projects specified in the agreements. A Master Agreement with YRRTC and York Region was signed April 14, 2011 and covers both past and future eligible costs of constructing the bus rapidway. The MOA with the City of Toronto and the TTC was extended until the earlier of September 30, 2012 and the date on which Metrolinx, TTC and the City finalize definitive legal agreements. A Master Agreement with TTC and the City of Toronto was signed November 28, 2012 and covers the cost of constructing the Eglinton LRT, Scarborough RT, Finch West LRT and Sheppard East LRT. The Master Agreement also covers project governance and costs related to the East Rail Maintenance Facility Alternate Financing procurement.

Pursuant to these agreements, advances were paid to York Region and to the TTC to provide working capital for deposits on land totalling \$164,201 (2017 - \$144,029) and other project costs totalling \$85,382 (2017 - \$221,216) to fund projects being developed by York Region and TTC on behalf of Metrolinx. The deposits on land referred to above relate to obtaining, in the future, perpetual easements required for the operation of the York Region bus rapidway. The advances on capital projects are to be held in a separate account and any interest accrued will be applied against the project.

Metrolinx

Notes to Financial Statements

March 31, 2018

(in thousands of dollars)

As at March 31, 2018, Metrolinx has expended approximately \$5,845,433 (2017 - \$4,440,449) in relation to these projects, including the following amounts that have been advanced for costs expected to be incurred to June 30, 2018 and deposits related to future perpetual easements.

	2018 \$	2017 \$
York Region	238,601	354,263
TTC	10,982	10,982
Other land deposits	249,583	365,245
	900	1,050
	250,483	366,295

9 Long-term lease

	2018		2017
	Cost \$	Accumulated amortization \$	Net \$
Leasehold - Union Station	32,704	5,805	26,899
			27,226

10 Long-term payable and contributions due from Province of Ontario - long term

Metrolinx and Infrastructure Ontario entered into an Alternate Financing Procurement (AFP) contract with Crosslinx Transit Solutions for the design, build, finance and maintenance of its Eglinton Crosstown Light Rail Transit Line during the year ended March 31, 2016. The AFP contract with Crosslinx Transit Solutions is for 30 years at a total amount of \$9,103,676. Metrolinx and Infrastructure Ontario had entered into another AFP contract with Plenary Infrastructure for the design, build, finance and maintenance of its Whitby Facility (formerly known as the East Rail Maintenance Facility) during the year ended March 31, 2015. The AFP contract with Plenary Infrastructure is for 30 years at a total amount of \$921,794. This amount also includes lifecycle payments over the term of the contract amounting to \$76.6 million.

Costs incurred on these contracts as at March 31, 2018 are as follows and are included in work-in-progress.

	2018		2017
	ECLRTL \$	Whitby Facility \$	Net \$
Costs incurred	2,262,447	518,570	2,781,017
Amount paid or payable within one year	(1,137,047)	(318,849)	(1,455,896)
Long-term payable	1,125,400	199,721	1,325,121

(9)

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(in thousands of dollars)

A matching contribution receivable from the Province for costs incurred to date is included in deferred capital contributions.

11 Deferred capital contributions

The changes in the deferred capital contributions for the year are as follows:

	2018 \$	2017 \$
Balance - Beginning of year	13,885,963	11,854,540
Contributions received or receivable in the period for capital acquisitions		
Province of Ontario	2,799,609	2,518,187
Municipalities	109,086	7,662
Government of Canada	111,625	26,445
Amortization of deferred capital contributions	(616,494)	(520,871)
Balance - End of year	16,289,789	13,885,963

Metrolinx realized a shortfall in municipal funding related to its capital program. The Province has provided funding to bridge the shortfall in the current year in the amount of \$65,650 (2017 - \$81,549) and the cumulative amount is \$1,261,683 (2017 - \$1,196,033). The Province will work with its municipal partners to address the funding shortfalls.

The City of Toronto has agreed to contribute \$95,460 related to grade separation and utility relocation work performed by Metrolinx on the Georgetown South (GTS) corridor. An Agreement in Principle signed in January 2018 between the Province and the City of Toronto allows Metrolinx to recover eligible costs that it incurred on behalf of the City.

12 Pension contributions

Metrolinx provides pension benefits for substantially all of its permanent employees through participation in the OMERS Pension Plan. The amount expensed in pension contributions for the year ended March 31, 2018 is \$30,714 (2017 - \$28,425).

13 Pension plan top-up benefits liability

With repatriation of the former GO Transit to the Province in 2002, bargaining and non-bargaining employees requested the Province to rectify the difference in pension benefits to be received by employees of GO Transit. When GO Transit was transferred from the Province to the Greater Toronto Services Board in 1999, the Provincial Plans were frozen and a new plan commenced under OMERS. It had been resolved that GO Transit was responsible for the pension obligation. GO Transit completed an actuarial valuation as of April 1, 2016. The financial statement items resulting from the valuation have been determined in accordance with Section 3250 of the PSA Handbook. The pension expense recognized during the year is \$4,176 (2017 - \$4,098).

The cost of pension plan top-up benefits is actuarially determined using the projected benefit method pro-rated on service. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario

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provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees.

Information about Metrolinx's pension plan top-up is as follows:

	2018 \$	2017 \$
Accrued benefit obligation	70,191	68,873
Fair value of plan assets	(2,607)	(2,562)
Funded status - plan deficit	67,584	66,311
Unamortized net actuarial loss	(1,878)	(2,781)
Accrued benefit liability	65,706	63,530

Details of the accrued benefit obligation are as follows:

	2018 \$	2017 \$
Accrued benefit obligation - Beginning of year	68,874	67,247
Current service cost	1,138	1,104
Interest cost on accrued benefit obligation	2,140	2,095
Benefit payments	(1,961)	(1,572)
Actuarial loss (gain) on accrued benefit obligation	-	-
Accrued benefit obligation - End of year	70,191	68,874

Details of the pension expense are as follows:

	2018 \$	2017 \$
Current service cost	1,138	1,104
Interest cost on accrued benefit obligation	2,140	2,095
Actual return on plan assets	(5)	(8)
Expected return versus actual return on plan assets	5	8
Amortization of actuarial loss	898	899
	4,176	4,098

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Plan assets by asset category are as follows:

	2018 %	2017 %
Cash invested	4	10
Cash on deposit with Canada Revenue Agency	96	90
	<u>100</u>	<u>100</u>

Other information about Metrolinx's benefit plan is as follows:

	2018 \$	2017 \$
Employer contributions	2,000	2,000
Benefits	1,961	1,572

The significant actuarial assumptions adopted in measuring Metrolinx's pension plan top-up benefit obligations are as follows:

	2018	2017
Discount rate	3.1%	3.1%
Rate of compensation increase	2.75%	2.75%
Inflation per annum	2%	2%
Expected average remaining service life	5 years	5 years

14 Other employee future benefits liability

Metrolinx provides post-retirement life and health benefits, Workplace Safety & Insurance Board (WSIB) liabilities and retiree severance benefits. The plan is unfunded and requires nominal contributions from employees. Substantially all full-time active employees are eligible for life and health benefits. A limited number of employees are eligible for severance benefits.

The measurement date of the plan assets and accrued benefit obligation is March 31 of each year. The most recent actuarial valuation of the other employee future benefits was as at March 31, 2017. The valuation was performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from the valuation have been determined in accordance with Section PS3250 of the PSA Handbook. The post-retirement non-pension benefits recognized during the period were \$11,466 (2017 - \$14,438).

The cost of post-retirement non-pension benefits is actuarially determined using the projected benefit method pro-rated on service, retirement ages of employees and expected health-care costs. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees. Past service costs are expensed when incurred. Information about Metrolinx's post-retirement non-pension benefits is as follows:

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	2018 \$	2017 \$
Accrued benefit obligation	140,302	131,205
Fair value of plan assets	-	-
Funded status - plan deficit	140,302	131,205
Unamortized net actuarial loss	(2,530)	(1,686)
Accrued benefit liability	137,772	129,519

Details of the accrued benefit obligation are as follows:

	2018 \$	2017 \$
Accrued benefit obligation - Beginning of year	131,205	151,855
Current service cost	5,509	6,572
Interest cost on accrued benefit obligation	4,283	4,833
Benefit payments	(3,213)	(2,376)
Actuarial gain on accrued benefit obligation	2,518	(29,679)
Accrued benefit obligation - End of year	140,302	131,205

Details on the post-retirement non-pension benefits expense are as follows:

	2018 \$	2017 \$
Current service cost	5,509	6,572
Interest cost on accrued benefit obligation	4,283	4,833
Amortization of actuarial loss	1,674	3,033
	11,466	14,438

The significant actuarial assumptions adopted in measuring Metrolinx's post-retirement non-pension benefit obligations are as follows:

	2018	2017
Discount rate for post-retirement non-pension benefit	3.1%	3.2%
Discount rate for WSIB liabilities	2.7%	2.6%
Discount rate for retiree severance benefits	2.5%	2.2%
Expected average remaining service life for post-retirement non-pension benefit	15 years	15 years
Expected average remaining service life for WSIB liabilities	9 years	10 years
Expected average remaining service life for retiree severance benefits	2 years	5 years
Rate of compensation increase	2.75%	2.75%
Inflation per annum	2%	2%
Initial Weighted Average Health Care Trend Rate	5.1%	5.1%
Ultimate Weighted Average Health Care Trend Rate	4%	4%
Dental care benefits increase	2.75%	2.75%

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(in thousands of dollars)

15 Net assets invested in capital assets

	2018 \$	2017 \$
Capital assets	19,128,047	16,108,846
Deposits on land	165,101	145,079
Advances on capital projects	85,382	221,216
Less: Deferred capital contributions used to purchase capital assets	(16,289,789)	(13,885,963)
	<u>3,088,741</u>	<u>2,589,178</u>

16 Internally restricted net assets

The internally restricted net assets are as follows:

	2018 \$	2017 \$
MCOR	21,051	21,051
Employment obligation	889	889
Self-insured retention	2,013	2,013
Stabilization	<u>2,379</u>	<u>2,379</u>
	<u>26,332</u>	<u>26,332</u>

The Municipal Capital and Operating Restructuring (MCOR) reserve was established to assist in funding large capital expenditures.

The Employment Obligation reserve was established to assist in funding general employment related obligations of Metrolinx.

The Self Insured Retention reserve was established to assist in funding any claims against the self-insured retention layer of Metrolinx's insurance program.

The Stabilization reserve was established to assist in funding fluctuations in operating and capital budgets of Metrolinx from year to year.

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(in thousands of dollars)

17 Commitments

The minimum operating lease payments in each of the next five years and thereafter are as follows:

	\$
2019	41,264
2020	36,155
2021	35,721
2022	35,313
2023	31,345
Subsequent	206,549
	<u>386,347</u>

Metrolinx has also committed approximately \$12,321,000 for various capital asset additions/projects.

A significant amount of the services provided by Metrolinx are operated and maintained by outside parties. These services are governed by the agreements with the Canadian National Railway Company (CN), Canadian Pacific Railway Company (CP), Bombardier Inc., PNR Rail Works Inc. (PNR), Toronto Terminals Railway Ltd. (TTR) and by a number of minor service agreements. Metrolinx has entered into the following major agreements for approximately \$286,000 per year:

- Master Operating Agreement with CN terminating on May 31, 2019;
- Commuter Agreement with CP terminating on December 31, 2019;
- Equipment Maintenance contract with Bombardier terminating on December 31, 2024;
- Rail Crew contract with Bombardier terminating on December 31, 2024;
- Routine Track and Signal Maintenance contract with PNR terminating on June 30, 2019; and
- Rail Corridor Management Service Agreement with TTR terminating on June 30, 2019.

The remaining annual service payments relating to the AFP contract with Crosslinx Transit Solutions (note 10) amount to \$6,880,350, whereas the Whitby Facility AFP contractual obligations, in nominal dollars, as at March 31, 2018 are as follows:

	Contract amount \$	Amount disbursed \$	Outstanding obligation \$	Outstanding obligations to be disbursed by March 31					
				2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	2024 and Thereafter \$
Plenary infrastructure	921,794	310,422	611,372	16,421	16,504	17,153	17,509	17,643	526,142

As at March 31, 2018, Metrolinx had outstanding letters of credit totalling \$28 (2017 - \$28).

(in thousands of dollars)

18 Contingencies

Various lawsuits have been filed against Metrolinx for incidents which arose in the ordinary course of business. Management has reviewed these claims and made provisions as appropriate. Where the outcome of a claim is not yet determinable, any settlement will be recorded when it is determined that a claim is likely to be settled and the amount is determinable.

19 Related party disclosures and transactions and balances

Related party disclosures

Metrolinx implemented PSAB's new standard on Related Party Disclosures. This standard requires disclosure of related party transactions if they have a material financial effect on the financial statements and only if those transactions occur at a value different from what would have been arrived at if the parties were unrelated. Transactions involving key management personnel and their close family members are required to be disclosed if they meet certain criteria.

Key management personnel are defined as individuals having authority and responsibility for planning, directing and controlling activities of the entity. Metrolinx has identified direct reports to the CEO and its board members as its key management personnel and put in place processes for preparation and review of annual attestations. There were no material transactions to report in the year.

Inter-entity transactions

PSAB's new standard on inter-entity transactions. It establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity.

Metrolinx had the following transactions with our related parties during the year.

- a) The Ontario Ministry of Government and Consumer Services, Infrastructure Ontario, Ontario Northland and Toronto District School Board charged Metrolinx \$611 (2017 - \$793), \$1 (2017 - \$10,627), \$520 (2017 - \$257) and \$123 (2017 - \$1,008) respectively, during the year for the provision of services provided by these organizations. As at March 31, 2018, accounts payable and accrued liabilities included \$2,218 (2017 - \$2,762), owing to the Infrastructure Ontario.
- b) The Ontario Ministry of Transportation procured two parcels of land from Metrolinx during the year. The transfer was made at the fair value of the assets that amounted to \$225 (2017 - \$nil).

The transactions in 20(a) are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Contributions of capital assets from the Province are recorded at the fair value.

Balances due from/to the Province of Ontario are separately disclosed on the statement of financial position. Amounts are non-interest bearing with no specified terms of repayments.

(in thousands of dollars)

20 Guarantees

In the normal course of business, Metrolinx enters into agreements that meet the definition of a guarantee.

- a) In the normal course of business, Metrolinx has entered into agreements that include indemnities in favour of third parties such as purchase and sale agreements, confidentiality agreements, engagement letters with advisers and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require Metrolinx to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.
- b) Indemnity has been provided to all directors and or officers of Metrolinx including, but not limited to, all costs to settle suits or actions due to association with Metrolinx, subject to certain restrictions. Metrolinx has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of Metrolinx. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents Metrolinx from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, Metrolinx has not made any significant payments under such or similar indemnification agreements and therefore no amount has been recorded with respect to these agreements.