

Office of the President and Chief Executive Officer

Phil Verster

416-202-5908

Phil.Verster@metrolinx.com

July 8, 2021

Taras Natyshak, MPP
Chair of the Standing Committee on Public Accounts
Legislative Assembly of Ontario
Toronto, Ontario M7A 1A2

Dear MPP Natyshak:

The Standing Committee requested that Metrolinx provides the Committee Clerk with written responses to the recommendations of the Standing Committee's February 2021 Report by July 8, 2021.

In response to this request, please accept the attached document.

Sincerely,



Phil Verster
President and Chief Executive Officer

- c. Bonnie Lysyk, Auditor General of Ontario
Laurie LeBlanc, Deputy Minister, Ministry of Transportation
Michael Lindsay, President and Chief Executive Officer, Infrastructure of Ontario
Jennifer Gray, Chief Financial Officer, Metrolinx
Greg Murphy, Vice President, Audit, Regulatory Compliance, and Controls, Metrolinx

Appendix:

1. Metrolinx responses on recommendations of SCOPA February 2021

Summary Status Table in Response to the Report of the Standing Committee on Public Accounts

[Metrolinx – Go Station Selection]

[Section 3.06, 2018 Annual Report of The Office of The Auditor General of Ontario]

[Metrolinx]

Committee's Recommendation	Completed undertaking	Outstanding undertaking (including timeline)
1. Should Transit-Oriented Communities opportunities be identified, the Ministry of Transportation should conduct its own assessment of whether or not the Kirby and Lawrence East GO stations should be built, and whether these stations would benefit the regional transportation network.	<i>Status: To be responded to by MTO</i>	N/A

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2. Metrolinx should continue to assess the Transit-Oriented Communities opportunities available and recommend which stations should be considered for potential contracts with private developers.	There are a number of TOC transactions in Metrolinx's GO Heavy Rail and Light Rail Transit (LRT) portfolio that are in active negotiations or have already reached the conditional or binding agreement transaction stage. In all instances, a negotiation strategy for these transactions has been employed using consistent terms, in accordance with TOC governance, to ensure that Metrolinx operations, infrastructure, and customers are protected and that a fair exchange of value is achieved for all parties. To ensure Metrolinx's requirements and standards for infrastructure are met, a Metrolinx Asset Protection Package (MAPP) is provided to third parties delivering infrastructure on Metrolinx's behalf. The MAPP ensures there is a consistent and clear approach to how Metrolinx works with third parties, while also providing project specific infrastructure requirements as needed for each transaction. Third parties will be required to deliver Metrolinx infrastructure in accordance with the MAPP, which includes the process by which Metrolinx will review designs and construction plans for compliance. TOC transactions requiring capital funding fall under the unified governance and approvals structure set out by the Metrolinx Capital Project Approvals Policy (Feb 2019). Under this policy, there are up to three governance bodies that review and approve of TOC proposals: 1. The Metrolinx Investment Panel - consists of CEO, CFO, CPO, COO, CCO, DCCO, and General Counsel 2. The Metrolinx Board of Directors 3. Provincial Treasury Board/Management Board of Cabinet (TB/MBC) through Ministry of Transportation (MTO) The Investment Panel is Metrolinx management's accountable governance body for benefits management of TOC proposals that require capital funding, which are reported into the Metrolinx Board of Directors for approvals. Under this governance body, the business cases for TOC proposals have been reviewed for their alignment with the broader service network prior to authorization to proceed. Investment Panel and Board Memos provide recommendations based on an assessment on various factors such as the business case analysis, options on commercial/procurement structures, funding status, potential risks, and interface with other parts of the organization. For further clarification, Infrastructure Ontario (IO) has partnered with Metrolinx, who will support IO on the	None

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	delivery of TOCs related to the Subway Program. More information about the TOC Subways Program can be found online, at https://www.infrastructureontario.ca/Transit-Oriented-Communities-Subways/. For GO/LRT TOC transactions which require TB/MBC approval, Metrolinx's Investment Panel and Board of Directors approval is required. More information about TOC GO/LRT Program can be found online, at https://www.ontario.ca/page/transit-oriented-communities	

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3. The Ministry of Transportation should provide information about how the Transit-Oriented Communities program works, including how exactly stations are chosen and prioritized.	<i>Status: To be responded to by MTO</i>	N/A

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4. Working with development partners, Metrolinx and Infrastructure Ontario should ensure that the public is consulted in the station assessment and the Transit-Oriented Communities process.	The established municipal planning and environmental assessment processes allow for the community to participate in a consistent, meaningful, transparent and timely manner, and will continue as part of TOC. The details of these processes are announced at https://www.ontario.ca/document/citizens-guide-land-use-planning/planning-act. As with any development project, the community will have multiple opportunities to provide input through these processes.	None

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5. Metrolinx should ensure it is always operating in a transparent and accountable way, adhering to its obligations under the Freedom of Information and Protection of Privacy Act (FIPPA).	Metrolinx agrees with the recommendation and will continue to operate with transparency and in accordance with the <i>Freedom of Information and Protection of Privacy Act</i> (FIPPA). Metrolinx is required by law to meet the requirements of FIPPA and provide a general right of access to information under its control, subject to limited and specific exemptions and exclusions. As an Agency of the Government of Ontario, Regulation 460 designates Metrolinx as an "institution" subject to FIPPA. In addition, the Memorandum of Understanding between the Minister of Transportation and the Chair of Metrolinx acknowledges that the Agency is bound to follow the requirements set out in FIPPA. Strong internal measures are in place to ensure compliance with FIPPA. Metrolinx's team of Freedom of Information (FOI) specialists administer the operations of the Freedom of Information program and coordinate responses to requests for information within legislated timeframes, which includes receiving access requests, communicating with and assisting requesters, gathering records, identifying information subject to an exemption or exclusion, and issuing access decisions. Statistics on Metrolinx's access requests and responses are provided annually to the Information and Privacy Commissioner for publication.	None

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6. Metrolinx should appear annually before the Standing Committee on Government Agencies to report on its annual report.	The Standing Committee on Government Agencies is empowered to review and report to the House on the operations of provincial agencies, including Metrolinx. The Standing Committee on Government Agencies may call an agency to appear before the Committee. Should Metrolinx be asked to appear before the Committee, to review the annual report or any other aspect of the agency's mandate and operations, we would be happy to do so.	None

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7. Metrolinx should: a) implement a policy of requiring official Ministerial direction when the Province's objectives are not in alignment with Metrolinx's business cases, plans and decisions; and	Under the Metrolinx Act, Metrolinx is required to conform with provincial transportation policies and plans applicable in the regional transportation area. The Metrolinx Act does not provide Metrolinx with the authority to compel the Minister to provide formal direction to the agency where plans are not aligned. However, there are multiple opportunities for Metrolinx to obtain input from the Province. Ultimately the issuance of letters of direction is the prerogative of the Minister of Transportation. At the project level, the Metrolinx Board of Directors has approved a Capital Projects Approval Policy which sets out the various stages of capital project development, and related approval requirements including from the Metrolinx Board of Directors and the Province. In alignment with the Major Public Infrastructure Project directive, capital projects over \$50M are required to go through two decision gates where, following Board approval, they are submitted to the Province for TB approval, first for Planning and then for Construction. In accordance with this policy, authority to approve a project ultimately resides with the Province through Treasury Board. Similarly, Metrolinx's annual business plan must be submitted to the Minister for approval under the Metrolinx Act, 2006, c. 16, s. 32(3), and Metrolinx's budget (including capital plan) must also be submitted for approval (Metrolinx Act, 2006, c.16, s. 24 (1).	None

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b) consistently request official Ministerial direction when required by this policy.	Please refer to the previous response (7a).	None

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8. The Minister of Transportation should consistently provide Metrolinx with letters of direction outlining the Minister's decisions.	<i>Status: To be responded by MTO</i>	N/A

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9. Metrolinx should continue to engage municipal stakeholders through working groups and regional roundtables in order to support coordinated, accountable, and transparent decision making for transit investments in the Province.	As an agency of the Province of Ontario, Metrolinx is accountable to the Province through the Ministry of Transportation. Metrolinx has been tasked with the mandate "to provide leadership in the coordination, planning, financing, development and implementation of an integrated transit network in the regional transportation area [Greater Golden Horseshoe]". To fully execute the mandate, Metrolinx understands the importance of consulting with Municipalities for the benefit of proposed transportation plans. As such, Metrolinx coordinates and participates in a regional consultation framework that allows for close collaboration and seeks to advance regional solutions with key stakeholders in the Greater Golden Horseshoe. This includes triannual meetings of the Regional Roundtable of Chief Administrative Officers and Chief Executive Officers of municipalities and transit agencies, the quarterly Municipal Planning Leaders Forum (MPLF) of planning and transportation senior executives, and a monthly technical advisory group known as the Municipal Technical Advisory Committee (MTAC). Municipalities are regularly informed of Metrolinx transit planning initiatives and studies through this consultation framework. Additionally, Metrolinx communicates and requests formal feedback from affected Municipalities by sending draft Business Cases before they are published. Also, as Metrolinx works with its municipal partners, governance frameworks have been, or are in the process of, being established with several municipalities. The purpose and objective of these frameworks are to: ○ Streamline intergovernmental relationships with respect to delivery of Capital programs; ○ Reflect the number of regional transit programs in delivery and; ○ Identify, escalate, and resolve intergovernmental delivery issues effecting steady state capital programs	Governance has been established with the City of Toronto (Nov 2019), Durham Region (Oct 2020) and York Region (April 2021). There are ongoing discussions with the Cities of Mississauga and Brampton with an implementation date of Fall 2021.

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10. Metrolinx should a) consistently review the inputs and assumptions used in business cases for their relevance and reliability; and	Metrolinx has taken active steps to ensure that the practice of reviewing and updating Business Case inputs and assumptions (also referred to as 'parameters') has been formally documented and that there is a supporting procedure outlining specific refresh dates. The Metrolinx Capital Approvals Policy, which was approved by the Board on February 7, 2019 and "outlines the framework through which capital projects at Metrolinx will be approved, funded and governed", states that: "All Metrolinx Business Cases follow a consistent set of standards, and methods ... [which are] periodically updated based on review of best practices in project appraisal. The Planning Analytics Team in the Sponsors Office of Planning & Development is responsible for this guidance and for ensuring the Investment Panel any decision they make are based on Business Cases that follow the guidance." The Planning Analytics Team has reviewed the existing inputs as assumptions used in Business Cases and, based on existing /new emerging data (such as census data and Academic research), has created guidelines for the frequency of review for each input and assumption. For example, there is now a requirement to refresh the <i>Value of Time</i> variable every year (12 months). Metrolinx will follow these guidelines in continuing to review and refresh business case parameters. Details on these parameters and their respective rates of refresh will be added to the next version.	None

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10. Metrolinx should b) continue to use the most up-to-date inputs and assumptions in its business case analyses.	In addition to the requirement to update Business Case parameters according to the procedure document provided in the response to 10-a, Metrolinx has established an Advisory Panel for Project Evaluations to ensure that Metrolinx's Business Case practices are up to date and based on the latest research. The Advisory Panel is comprised of experts from academia, industry and public policy. A Terms of Reference defines the role of the Project Evaluation Advisory Panel as: "... ensuring that the Metrolinx Business Case Guidelines remains up-to-date," in order to "support evidence-based decision-making for transit investments." Further their role has been detailed as follows: • Contribute ideas, support research and provide unbiased, expert advice to Metrolinx in areas such as, but not limited to Business Case development, benefits management, and modelling and economic considerations • Assess existing research and practices on the cost, economic value, and social impact of transit • Share and explore new methodologies, data sources, and approaches for project evaluation and decision making • Support development of criteria for the strategic factors • Inform approaches for sensitivity analysis • Develop a procedure for approving criteria changes and incorporating up-to-date assumptions in financial and economic analysis • Support a clear framework for how criteria used in Business Cases are established and changed Panel members convened on November 13, 2019 and will meet on a quarterly basis (or as needed). The Project Evaluation Advisory Panel Terms of Reference was approved by SMT at its January 7th, 2020 meeting. Current members of the Advisory Panel and the Terms of Reference are published on Metrolinx's website: http://www.metrolinx.com/en/regionalplanning/projectevaluation/benefitscases/benefits_case_analyses.aspx Panel members are not compensated for their participation.	None

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11. Metrolinx make public the names, titles, and organizational affiliations of the expert advisory panel it set up to review the criteria used to develop business cases for transit projects, as well as the criteria used to select panel members, any payment panel members receive, and the scope of the panel's work.	Current members of the Advisory Panel and the Terms of Reference are published on Metrolinx's website: http://www.metrolinx.com/en/regionalplanning/projectevaluation/benefitscases/benefits_case_analyses.aspx Panel members are not compensated for their participation.	None

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12. Metrolinx must explain to the Committee how the City of Toronto's SmartTrack vision, including the proposal to reduce fares for GO trips within Toronto, has factored, or will factor, into station decisions.	Full fare integration between GO and local transit providers (TTC) was an assumption made during the development of the New Stations Preliminary Design Business Cases (PDBC), approved by the Metrolinx Board of Directors in 2018 (available from http://www.metrolinx.com/en/docs/agendas/agendas_2018_03_08.aspx). The fare integration assumption had the effect of increasing ridership at SmartTrack stations compared to if base fares were assumed. The fare and service integration strategy continues to be visited by Ministry of Transportation and municipalities.	None

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13. Metrolinx should ensure that station selection and other planning decisions do not directly or indirectly threaten protected natural heritage areas such as the Greenbelt, and shall be consistent with relevant plans and policies, including the Greenbelt Plan and the province's growth plan.	As part of the planning process for new stations and other transit infrastructure, an Environmental Assessment (EA) or Transit Project Assessment Process (TPAP) is required. Both studies consider potential impacts to natural heritage and environmental features, including areas designated within the Greenbelt Plan, the Niagara Escarpment, or regional conservation areas. Compatibility with relevant plans and policies are also considered as part of the business case when new stations are proposed. Metrolinx works closely with municipalities to ensure consistency with local Official Plans. For TOC stations proposed by a third party as part of the market-driven approach, the station proponent is required to secure the necessary approvals from the relevant planning authorities to ensure compatibility with applicable land use plans.	None

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14. Metrolinx or the provincial government must update the Committee on potential direct or indirect impacts to the Greenbelt, including development pressures, resulting from the recent approval or opening of stations within or near the Greenbelt, including the Kirby GO station.	Municipal land use plans often contemplate new development, higher densities, and a mix of land uses located in proximity to transit stations. This is considered good planning practice and is consistent with the policies of the Growth Plan. Although supportive of this practice, Metrolinx is not the approval authority on land use planning. All decisions with respect to local land uses, including any new development located near transit stations (or otherwise), are led by the municipality in conjunction with regional planning authorities and the Ministry of Municipal Affairs and Housing. As mentioned in the previous response (#13), an EA or TPAP are conducted where new stations and transit infrastructure are considered, and each of these processes examine impacts to the Greenbelt and other environmental features. However, these studies focus on the transit station and infrastructure itself and would not include surrounding land development.	None

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15. Metrolinx should ensure that the "business-as-usual" option in its business cases reflects actual business-as-usual policy as it exists at the time of publication, including fare policy.	Metrolinx Business Case Guidance, published in April 2019, specifies that the Business as Usual (BAU) scenario should be drawn from existing commitments. Investments are incremental to what exists today and what is currently funded, committed, or in-delivery. Conformance with the Guidance is confirmed through an assurance process for any business cases submitted to Metrolinx's Investment Panel.	None