



**METROLINX**

An agency of the Government of Ontario  
Une agence du gouvernement de l'Ontario

**Office of the President and Chief Executive Officer**

Bruce McCuaig

416-874-5903

Bruce.McCuaig@metrolinx.com

August 2, 2013

Joe Pennachetti  
City Manager  
City of Toronto  
City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2

Dear Mr. Pennachetti:

**RE: Response to July 29, 2013 letter**

This is to acknowledge receipt of your letter dated July 29, 2013, with respect to Scarborough rapid transit options. I appreciate receiving this information in advance of the August 2, 2013 date set out in my June 28, 2013 letter to you.

In terms of Metrolinx's next steps, I can advise you as follows:

1. The Scarborough LRT remains an approved part of the Master Agreement among Metrolinx, City Council and the TTC, consistent with *The Big Move* and sound transit planning for the region. We will not expend any more funds on the project because it no longer enjoys the essential support of our partner, City Council. It would be imprudent for us to spend more on a project Council has by majority vote repudiated, as further expenditures would increase the sunk costs already incurred for which the City is responsible. As you know, Metrolinx estimates that sunk costs amount to \$85 million at this time. Putting the Scarborough LRT on hold is not due to any shortcomings inherent in the project. The project would serve Toronto and its communities well. In the event the City suspends pursuit of the subway extension, Metrolinx is prepared to return to implementing the current project.
2. Metrolinx will continue its work to advance the Eglinton Crosstown. We want to avoid delays to this project that might otherwise result from City Council's decision on the replacement of the Scarborough RT.
3. To accomplish this, Metrolinx will be removing the Scarborough LRT project from the joint procurement that is currently underway for the Eglinton Crosstown and Scarborough LRT. This will allow the Eglinton Crosstown to proceed on its own.
4. Re-designing the improvements required for Kennedy Station will be necessary in order to avoid delays to the Eglinton Crosstown. Metrolinx is proceeding with this planning

.../2

and design work, and will continue to work with staff from the City of Toronto and the TTC on the necessary planning and engineering work.

5. As previously indicated, any current and future sunk costs will need to be borne by the City of Toronto. I understand that City Council has accepted its responsibility to address these costs in principle, subject to a review of the costs that Metrolinx has identified. Once City Council finalizes its position on Scarborough rapid transit, we can mutually determine an effective process for the City's review of the sunk costs. As previously disclosed, some of these costs relate to payments Metrolinx has made to the TTC from the time the TTC was managing the project. In addition, costs associated with the signed contract with Bombardier for the delivery of light rail vehicles will not be known until negotiations with the company are completed. We will not pursue these negotiations until we have a final position from City Council.

As outlined in my June 28th letter, provincial funding of \$1.48 billion (\$2010) remains available for the replacement of Scarborough RT line. This is the amount necessary to build the planned LRT pursuant to the Master Agreement based on our current cost estimates. The total provincial funding commitment of \$8.4 billion (\$2010) towards rapid transit in Toronto remains in place as reflected in the Master Agreement.

Over the coming weeks, Metrolinx will meet with City staff to discuss the parameters for moving forward.

Thank you for providing the information on City Council's position.

Sincerely,



Bruce McCuaig  
President & Chief Executive Officer

- c. Andy Byford, Chief Executive Officer, Toronto Transit Commission