



Line 6 Finch West – Train Operating and Services Agreement

Date: January 25, 2024
To: TTC Board
From: Chief Capital Officer

Summary

The TTC, Metrolinx, Infrastructure Ontario, and the City of Toronto are in the midst of the largest transit network expansion program in decades, which includes the implementation of the Toronto Light Rail Transit Program (Lines 5 and 6).

Line 6 Finch West, also known as the Finch West Light Rail Transit (FWLRT) line, is one of two LRT lines under construction and will operate as a fourth mode of transit in the TTC's integrated network of subway, streetcar, and bus services. It is expected to open for service in 2024, with the official in-service date to be communicated by Metrolinx. Once operational, Line 6 Finch West will allow the TTC to move more customers more reliably along the Finch Avenue West corridor, connecting Humber College to Line 1 at Finch West Station. Line 6 will have multiple connections to the TTC and regional bus network at Humber College, Finch West Station, and multiple north-south corridors along the alignment.

Line 6 Finch West is owned by Metrolinx, maintained by Mosaic Transit Group (Construction and Maintenance consortium) and will be operated by the TTC. As the operator of the Line, the TTC is responsible for operations, revenue protection, customer service, and communications, amongst other important roles.

The TTC and the City of Toronto have been working with Metrolinx to develop a Train Operating and Services Agreement (TOSA) between the parties named above (Parties). The TOSA will be comprised of an operations scope and a commercial scope. The business terms associated with the operations scope describe the TTC's role as the Operator of the Line, while the commercial scope describes the City's and the TTC's role in relation to the collection of farebox and non-farebox revenue, and financial responsibilities for the operations and maintenance (O&M) expenditures of Line 6 Finch West.

The purpose of this report is to obtain authorization for the TTC to enter into and execute any necessary agreements, including the TOSA for Line 6 Finch West based on the terms outlined in Attachment 1 of this report. The terms outlined in Attachment 1 are similar to the terms negotiated for the Line 5 Eglinton Train Operating and Funding Agreement (TOFA), which was executed by all Parties in August 2023 (Board approval

was provided on April 14, 2022).

The negotiation principles and terms of the Line 6 Finch West TOSA build upon the foundations laid through the negotiations of Line 5 Eglinton TOFA, and so, the two agreements are very similar in their scope and details. During the negotiations process of the terms for Line 6 TOSA, the City/TTC and Metrolinx have also made several improvements and added new terms (such as Metrolinx maintenance assurance program requirements, and Project Co. safety oversight, etc.) to ensure that the TTC can meet its obligations, which are directly impacted by the Maintainer's activities, in particular maintenance and safety oversight. Attachment 1 to this Board Report contains details regarding the terms that were added. As a result of the identification of these improvements for the Line 6 TOSA, the City/TTC will be working with Metrolinx to amend the executed Line 5 TOFA to ensure that both agreements are consistent in their scope and details and the improvements captured in Line 6 TOSA are also reflected in Line 5 TOFA.

Recommendations

It is recommended that the TTC Board:

1. Authorize the TTC Chief Executive Officer to enter into and execute the Train Operating and Services Agreement, and any other necessary agreements, which shall be consistent with the Terms contained in Attachment 1 (and which are consistent with the terms and agreement for Line 5 Eglinton), whereby the final agreement will be subject to terms and conditions acceptable to the TTC General Counsel.
2. Direct TTC staff to work with the City and Metrolinx to amend the Line 5 Eglinton Train Operating and Funding Agreement to incorporate the new terms added to the Line 6 Train Operating and Services Agreement to ensure the Line 5 and Line 6 Agreements are consistent.

Financial Summary

The 2024 proposed Operating Budget approved by the TTC Board on December 20, 2023 and to be considered by City Council on February 14, 2024 includes \$20.9 million in gross expenditures and \$17.9 million net expenditures to fund operating, non-lifecycle maintenance and mobilization costs associated with Line 6. These amounts were based on a planned revenue service commencement date of September 2024, subject to Metrolinx's confirmation.

The 2025 Outlook anticipates a net annualized funding requirement of \$26.4 million, comprised of \$35.3 million in gross expenditures, offset by \$1.5 million in incremental revenues and \$7.4 million in anticipated bus service savings, as summarized in the following table:

Table 1: Financial Summary of Line 6 Costs

Item (in \$Millions)	2024 Budget (pending City Council approval)	2025 incremental	Total Annualized Cost
Labour and Benefits	10.8	2.2	13.0
<u>Non-Labour Costs</u>			
Maintenance Contract	4.6	9.2	13.8
Utilities and Traction Power	1.2	2.5	3.7
Other non-labour, including faregate maintenance, uniforms & one-time costs	3.7	1.1	4.8
Subtotal Non-Labour	9.5	12.8	22.3
Total Gross Expenditures	20.3	15.0	35.3
Incremental Revenues	(0.5)	(1.0)	(1.5)
Reserve Draw to offset One-time costs	(1.9)	1.9	
Incremental Bus Service Savings		(7.4)	(7.4)
Total Net Funding Requirement	17.9	8.5	26.4

All amounts are based on commencing service at the Service Level as outlined in the Project Agreement. Cost estimates will be refined with requirements based on the final Train Operating and Services Agreement and will be incorporated into the 2025 Operating Budget request to be considered by the TTC Board.

It should be noted that, as part of the Ontario-Toronto New Deal Agreement, provincial funding is included in TTC's 2024 Operating Budget to offset the operating and maintenance costs for both Lines 5 and 6 over a three-year term beginning in 2024. This funding support is intended to help bring the two transit expansion projects into service.

The Chief Financial Officer has reviewed this report and agrees with the financial summary information.

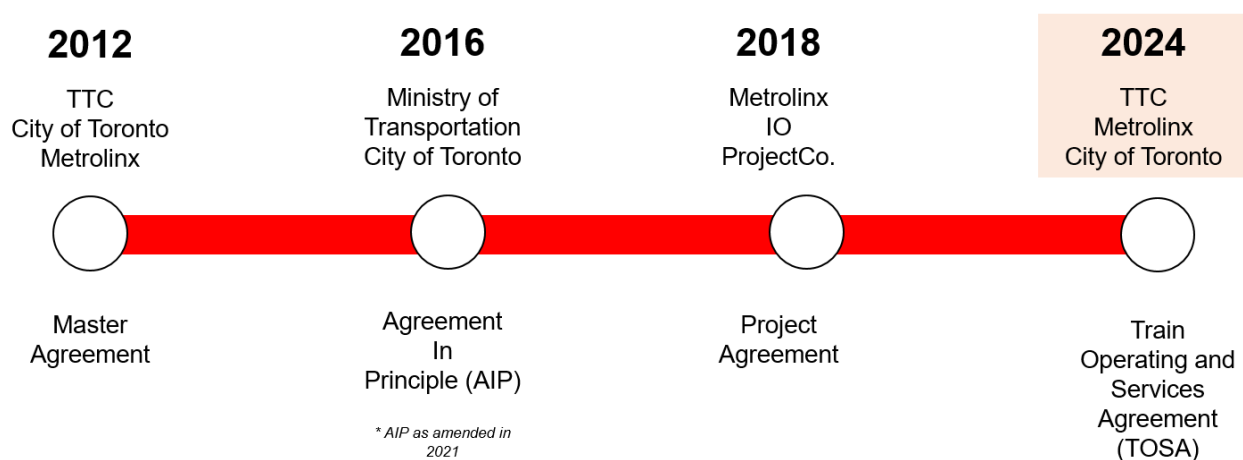
Equity/Accessibility Matters

A cornerstone of the TTC's current Corporate Plan is accessibility and as a proud leader in providing accessible public transit in the city of Toronto, we are committed to ensuring reliable, safe and inclusive transit services for all our customers. This is supported by the work of the LRT Operations Integration Project and its objective to align future LRT operations with the TTC's current service practices and policies. One of the critical paths noted in the Corporate Plan (2018-2022) is to *Make taking public transit seamless*. The TTC believes all customers should enjoy the freedom, independence and flexibility to travel anywhere on the public transit system, regardless of ability, race, creed, sexuality, etc. This means ensuring the customer journey on Line 6 Finch West matches the TTC's standards for an equitable, frictionless and barrier-free experience.

The Line 6 LRT corridor will replace bus service on Finch Avenue West, which is one of the city's busiest and one with a higher proportion of customers from priority customer groups identified in the TTC's 5-Year Service Plan. These groups include customers with low income, shift workers and women. Almost the entirety of the Line 6 corridor, between Finch West Station and Martin Grove Road operates within Neighbourhood Improvement Areas (NIAs). Line 6 also serves a large student population and will provide new rapid transit to Humber College. The Line 6 corridor is also in strong alignment with the Toronto Strong Neighbourhoods Strategy – the City's action plan for ensuring that all 140 neighbourhoods can succeed and thrive. The TTC is in agreement with the strategies key objective: Improve transit access in our neighbourhoods that stimulate a vibrant local economy and promote transit development where it helps to shape new economic opportunities, jobs and affordable housing.

Decision History

The timeline below depicts the decision history of the various agreements and requirements that were negotiated and developed over the years, eventually leading up to the formation of the TOSA.



2012 LRT Master Agreement

In 2012, the LRT Master Agreement for the Implementation of the Toronto Light Rail Transit Program was signed between Metrolinx, the City of Toronto and the TTC. The LRT Master Agreement, provided in part, that the TTC is the owner and/or the operator of the TTC Infrastructure at the Interchange Stations and that the TTC operates the LRT lines on behalf of Metrolinx.

http://www.metrolinx.com/en/projectsandprograms/transitexpansionprojects/Master_Agreement_Nov_28_2012.pdf

2016 Agreement in Principle (AIP)

In 2016, the Province of Ontario and the City of Toronto signed the Agreement in Principle (AIP), which secured capital and life cycle maintenance funding from the Province, with the City of Toronto taking responsibility for operating and non-life-cycle maintenance funding. The AIP also stipulates that the City of Toronto and its agency, the TTC, were to receive farebox and non-farebox revenue, to assist in offsetting operating and maintenance costs.

<https://www.toronto.ca/wp-content/uploads/2020/08/944f-20180111-AIP-FINAL.pdf>

2018 Project Agreement (PA)

The Project Agreement is the agreement between Metrolinx, Infrastructure Ontario and Mosaic Transit Group General Partnership (“Project Co”), which specifies the construction requirements as well as the ongoing maintenance requirements from Project Co.

<https://www.infrastructureontario.ca/4aec3f/contentassets/96f82a0f87c64b68b27d0400547f7993/finch-project-agreement-redacted.pdf>

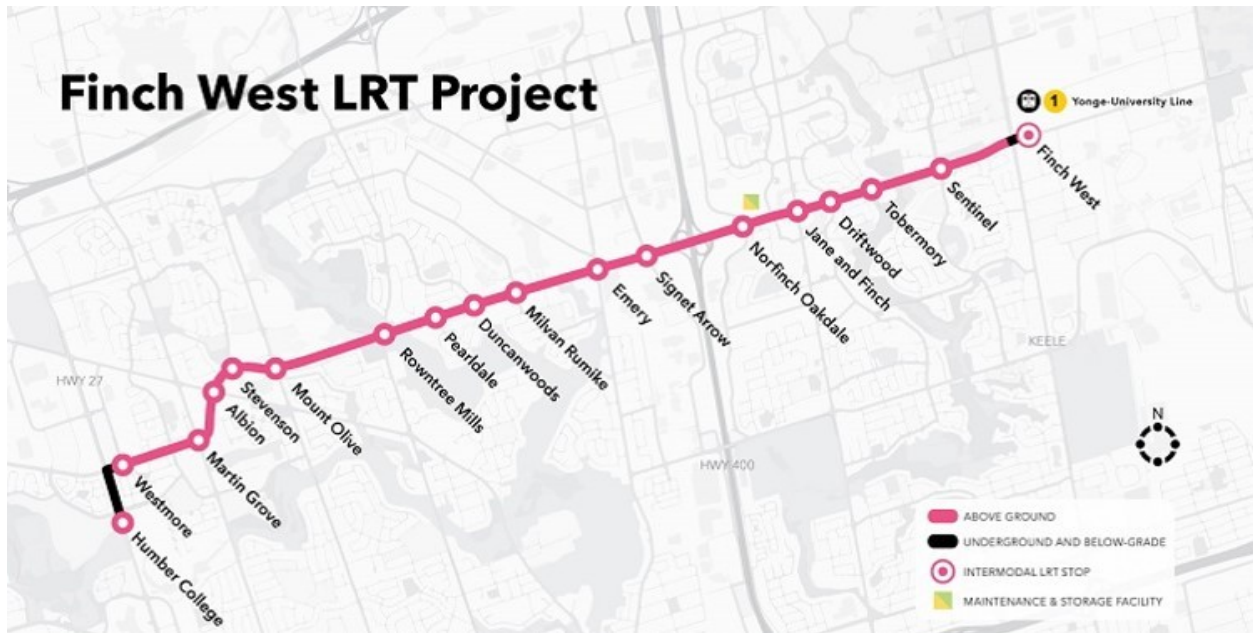
Issue Background

The TTC, City and Metrolinx have been working together to develop business terms for a Train Operating and Services Agreement (TOSA), which will specify the TTC’s role as the ‘Operator’, and the City’s obligation to fund the operating and non-life-cycle maintenance costs of Line 6 Finch West. Metrolinx, as the asset owner, is funding the capital construction costs of Line 6 Finch West, and will be responsible to fund the life cycle maintenance costs during the operations of the Line, and Mosaic Transit Partners Maintenance is responsible for the maintenance of the Line.

Comments

Line 6 Finch West Overview

The Finch West LRT (FWLRT) will run for 11 kilometres at-grade and below-grade on Finch Avenue West between Finch West Station and Humber College. The line consists of two below-grade Stations, including one subway interchange, and 16 at-grade Stops as depicted in the figure below. Finch West LRT is scheduled to open in 2024 and will be designated as Line 6 Finch West in the TTC System.



Line 6 Finch West LRT Alignment

Roles and Responsibilities

Line 6 Finch West operates under a different business model as compared to the rest of the existing TTC network, with ownership, maintenance and operations functions split between the Parties. Furthermore, the City of Toronto is responsible for funding the operating and non-lifecycle maintenance costs of the Line. The table below outlines the general responsibilities and accountabilities of the parties.

Table 2: Stakeholder Responsibilities

Role	Responsibilities
Owner	Metrolinx: <ul style="list-style-type: none"> • Owns the LRT assets and infrastructure. • Responsible for administering Maintainer and Operator Services. • Responsible for Capital and life cycle costs for all LRT assets.
Operator	Toronto Transit Commission (TTC): <ul style="list-style-type: none"> • Accountable for the provision of service on Line 6 Finch West, inclusive of: <ul style="list-style-type: none"> ○ Customer Service; ○ Vehicle operation and supervision; ○ Control Centre functions; ○ Control of traction power distribution; ○ Station operations; and ○ Security and fare enforcement.

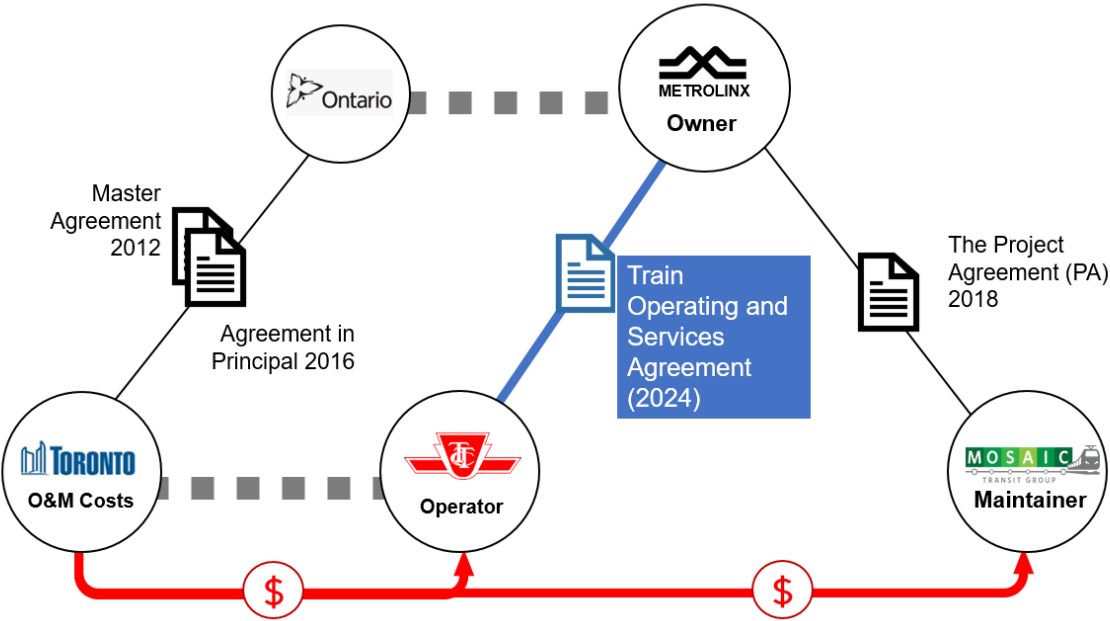
Role	Responsibilities
Maintainer	<p>Project Co. or Mosaic Transit Group (MTG):</p> <ul style="list-style-type: none"> • Maintenance of LRT assets and infrastructure. • Preventative and corrective maintenance of all LRT assets and infrastructure, including: <ul style="list-style-type: none"> ○ The Finch Maintenance and Storage Facility (FMSF); ○ Light Rail Vehicles (LRVs) and other vehicles; ○ Stations and station facilities; ○ Offices and other facilities; ○ Tunnel sections; and ○ Critical systems, such as transit signalling, trackage and communications systems within the LRT right-of-way. • Custodial Maintenance. • Operation of the Finch Maintenance and Storage Facility and storage of LRVs.
City of Toronto	<ul style="list-style-type: none"> • Funding of operating and non-life-cycle maintenance costs of FWLRT assets. • Receives revenues associated with Line 6 as outlined in Attachment 1.

Light Rail Transit (LRT) Operating Model

Line 6 Finch West introduces a new operating model for the TTC, whereby the TTC will be performing a specified function as the Operator of the Line, and contractually obligated to fulfill its responsibilities (operations scope) as defined in the TOSA. The TTC is reliant upon Metrolinx (Owner) for ensuring that the Line is appropriately maintained through enforcement of the Project Agreement with MTG (Project Co. or the Maintainer) to ensure operations of the Line are not adversely impacted.

A summary of the various agreements and relationships existing under this new model is shown in Figure 1 below:

Figure 1: LRT Operating Model



As noted above, the TTC is currently working closely with its partners at the City of Toronto and Metrolinx to develop the TOSA, which will consist of an operations scope (service to be performed by the TTC), and a commercial scope that will address the funding of O&M expenditures of Line 6 Finch West. It is critical to note that Project Co. has a contractual relationship only with Metrolinx. The TTC and Project Co. do not have a direct contractual relationship. However, the TTC is building working relationships with Project Co. through the joint goal of delivering the LRT lines safely and efficiently.

In this model, Metrolinx has full control over the Maintainer (i.e. Project Co.) of the Line, and the TTC is reliant upon Metrolinx for the enforcement of maintenance standards, including, but not limited to, maintenance of equipment, infrastructure, assets, fleet, etc. Metrolinx, through Project Co., is responsible for corrective and preventive maintenance of Line 6 Finch West, and for resolving any maintenance-related issues observed by the TTC that are brought to the attention of Metrolinx and Project Co.

Operational Scope

As the Operator of the Line, the TTC will be integrating Line 6 Finch West into the overall TTC network, and performing the functions of train dispatch, control, operation, safety, security and customer service. Line 6 Finch West will be operated through the TTC's Transit Control Centre to ensure that there is a seamless customer experience between the LRT and the other modes of transit. Attachment 1 contains a full list of terms and functions that the TTC will be performing.

Control and Operation – The TTC will be responsible for performing the functions of train control and operation through its Transit Control Centre (TCC), to ensure that there is a seamless integrated network of TTC services. In addition to performing all the functions relating to train dispatch and operating Light Rail Vehicles (LRVs), the TTC will also be responsible for providing replacement bus service in case of disruptions to regular service, similar to how the TTC manages disruptions on its other Lines.

Safety, Security and Customer Service – The TTC will be responsible for providing the functions of safety, security and customer service on the Line, whereby the TTC will have governing and paramount authority for all matters of security. The TTC's LRT Supervisors, Fare Inspectors and Special Constables will be roving the Line during revenue service hours, in addition to enforcing TTC By-Law No. 1. Additionally, through Closed Circuit Television (CCTV) and system alarm notifications designed, installed and maintained by Project Co., the TTC will be able to monitor activity on the Line 24 hours a day, seven days a week. As the paramount authority for security, the TTC's Transit Control will be responsible for managing any emergencies (including evacuations, etc.).

Customer Experience – The TTC will provide good customer service and strive to continually improve where possible, ensuring that it extends any existing TTC policies, charters, etc. to its customers on Line 6 Finch West, and any services it currently provides, such as Lost Articles, will also be extended to Line 6 Finch West. Furthermore, Line 6 Finch West stations will be staffed with Customer Service Agents (CSAs) and supervisory staff to manage customer-facing services. The operational responsibilities of the TTC also include communicating with the public, providing updates on service issues and responding to customer complaints and feedback. The TTC will be the customer-facing entity for all communications on Line 6 Finch West, and collaborate with Metrolinx and Project Co. to resolve customer-related issues, where applicable.

Co-ordinating with the Maintainer – The TTC will not be responsible for any maintenance-related activities or functions of Line 6 Finch West, as this will be under the purview of Metrolinx, and based on obligations outlined in the Project Agreement (PA), which exists between Metrolinx and Project Co. To ensure all parties continue to deliver a seamless customer experience, the TOSA and PA have specified various meetings and committees to ensure collaboration amongst the TTC, Metrolinx and Project Co. For example, the parties are required to meet daily to co-ordinate daily operations and maintenance activities, and any special events, and to discuss the previous day's performance of Line 6 Finch West. These forums will provide the TTC with the ability to communicate any issues or concerns with maintenance activities to mitigate any impact on operations. Metrolinx will be responsible for the enforcement of

the maintenance standards with Project Co. through the various mechanisms outlined in the PA.

To ensure the delivery of its Operator Services, the TTC is developing a Quality Management System (QMS) to manage and oversee the quality of its Operator Services for Line 6 Finch West. The QMS will define processes, methods, key performance indicators, etc. to ensure quality assurance and quality control of the TTC's processes.

The TTC continues to collaborate with Metrolinx to ensure that there is co-operation between the parties in anticipation of the opening of Line 6 Finch West, with the overarching objective of ensuring a seamless customer experience.

Commercial Scope

The other major component of the overall TOSA is the commercial scope, which defines the City's obligation to fund all operating and non-life-cycle maintenance costs of Line 6 Finch West, in exchange for receipt of farebox revenues and non-farebox revenue. The City (with support from the TTC) has led the negotiation and development of the commercial terms (see Attachment 1), and which are consistent with the terms and agreement for Line 5 Eglinton.

The commercial terms of the TOSA expand upon the principles of the 2016 AIP, specifying the parameters for the City's funding obligations, such as renewal and dispute terms, liabilities for non-fulfillment of obligations, and revenue and payment processes, including the City/TTC receiving farebox and non-farebox revenue. The commercial terms also outline the TTC's role in fare and service-level setting. For example, the commercial terms note that TTC will have the ability to set fares on Line 6 Finch West in accordance with the TTC Fare Policy and structure that is used for the entire TTC network. This will ensure a seamless customer experience, as any fare policy changes that apply to the TTC network will include Line 6 Finch West.

A key risk that the City and the TTC continue to navigate through is transparency regarding obligations in the Project Agreement that would be assumed by the City and the TTC. The publicly available version of the Project Agreement redacts certain areas of the Project Agreement due to the commercially sensitive nature of the information within those sections. Among the redacted sections are a maintenance activities schedule and a payments schedule (inclusive of the penalty structure). Metrolinx assures the City and the TTC that the TOSA will clearly outline funding and operating obligations that the City and the TTC will be responsible for, including the applicable maintenance activities and payment schedule, and will be consistent with the attached Term Sheets. The City will not assume obligations from the Project Agreement that are not outlined in the TOSA. Furthermore, third-party financial audits will be conducted to validate Metrolinx's financial oversight over the Maintainer, and provide assurance to the City and the TTC that Metrolinx is fulfilling its financial obligations appropriately (i.e. application of penalties against the Maintainer, correct calculation of annual service payments, etc.).

Next Steps

Subject to the consideration of the Board, this report will be forwarded to City Council for information. The City will present a report to the Executive Committee and City Council in February to seek Council approval for the TOSA Term Sheets to obtain authorities for the City to enter into and execute the agreement on behalf of the City of Toronto. A final agreement between the Parties will be executed in advance of revenue service for Line 6 Finch West.

TTC staff will also continue to develop various plans, rules, procedures, etc., to ensure operational readiness of the Line prior to opening day and engage the appropriate stakeholders, as required.

Contact

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Signature

Gary Downie
Chief Capital Officer

Attachments

Attachment 1 – Line 6 Finch West – Train Operating and Services Agreement (TOSA):
Term Sheets.

03074-2089776602-69

ATTACHMENT 1
LINE 6 – FINCH WEST OPERATING AND SERVICES: TERM SHEETS

SCHEDULE A – OPERATING TERMS

Term Sheet Schedule A is a summary of the operating terms to be included in a detailed Train Operating and Services Agreement (TOSA) for Line 6 Finch West, to be negotiated and executed between the City of Toronto (the City), the Toronto Transit Commission (the TTC) and Metrolinx (the Parties) prior to revenue service. Metrolinx’s Project Company (Project Co.), Mosaic Transit Group (MTG), will perform all maintenance of Line 6 Finch West in accordance with the terms of the Project Agreement between Metrolinx and MTG.

Item	Issue	Term
1.	Control and Operation	<p>As the Operator of Line 6 Finch West, the TTC shall:</p> <ul style="list-style-type: none"> • Operate Line 6 Finch West service at all times in the safest manner possible and full compliance with all Applicable Laws and Operator practices, policies, procedures and programs applicable to the Operator. • Operate Line 6 Finch West System at the Service Level(s) for each Contract Year as set out in the Operations Service Plan or as the TTC and Metrolinx agree to. • Work co-operatively with Metrolinx if any major changes are required to the Service Level(s) based on ridership demand and connectivity to the TTC’s network. • Perform Train Dispatch and operate LRVs. • Provide replacement bus service during disruptions to regular service. • Comply with the LRT Rules and Standard Operating Procedures (SOPs). • Develop LRT Rules and SOPs in co-operation with Project Co. • Attend and participate in the Rules and Training Committee, and jointly approve changes to the LRT Rules and SOPs.

Item	Issue	Term
2.	Safety and Security	<p>As the Operator of Line 6 Finch West, the TTC shall:</p> <ul style="list-style-type: none"> • Have governing and paramount authority for all matters of security on/or relating to Project Co. System Infrastructure, with the exception of Finch Maintenance and Storage Facility. • Be the controlling authority responsible for managing access to Project Co. System Infrastructure, with the exception of Finch Maintenance and Storage Facility. • Control egress or evacuation of passengers and workers from Project Co. System Infrastructure when an Emergency is declared, in accordance with applicable Plans. • Be the single controlling authority for the management of emergency incidents. • Co-operate with Project Co. in the management of safety, security and Emergency Preparedness on Project Co. System Infrastructure. • Identify and mitigate risks to safety and security. • Attend and participate in the Safety and Security Management Committee. • Conduct Investigations of safety accidents and security incidents, in accordance with applicable Plans. • Undertake tests and exercises of Emergency Preparedness in accordance with applicable Plans and participate in annual joint tests and exercises of Emergency Preparedness with Project Co., Emergency Services and other affected third-party Stakeholders. • Enforce TTC By-Law No. 1. • Provide revenue protection.
3.	Customer Service	<p>As the Operator of Line 6 Finch West, the TTC shall:</p> <ul style="list-style-type: none"> • Provide good and continually improving customer service in the performance of Operator Services. • Extend its customer and passenger policies to Line 6 Finch West and Line 6 Finch West customers. • Extend customer services already in place on the existing TTC network to Line 6 Finch West. • Provide public address updates and Emergency instructions to System Users on Trains and at Stations and Stops. • Maintain a record of all public enquiries, complaints and communications. • Extend the existing Lost Articles services already in place on the existing TTC network to Line 6 Finch West. • Engage a third party to conduct annual service satisfaction surveys.

Item	Issue	Term
4.	Co-ordination with the Maintainer	<p>As the Operator of Line 6 Finch West, the TTC shall:</p> <ul style="list-style-type: none"> • Work with Project Co. and Metrolinx in order to achieve a common objective of delivering a safe, secure, reliable, accessible and efficient transit service. • Co-ordinate maintenance-related activities through the Operations Control Centre with Project Co. • Establish a Maintenance Committee with Project Co. and Metrolinx. • Meet with Project Co. representatives on a daily basis to co-ordinate daily operations and maintenance activities, and any special events. • Meet with Project Co. representatives on a weekly basis to co-ordinate Maintenance and Rehabilitation Services, and determine if any outages are required. • Review and provide approval for any proposed Major Maintenance Shutdowns requested by Project Co. • Be responsible for managing the movement of TTC customers affected by Major Maintenance Shutdowns or a disruption to Line 6 Finch West Revenue Service. • Be provided access and training on the Maintenance Management System by Metrolinx and Project Co.
5.	Operator Staff	<p>As the Operator of Line 6 Finch West, the TTC shall:</p> <ul style="list-style-type: none"> • Provide Field Staff (to fulfill the functions of providing security and customer service), Operations Control Centre staff, Back-up Control Operations, Security Operations and (LRV) Drivers. • Have the same level of authority, qualifications, training and re-certification as comparable TTC staff on the remainder of the TTC rail network. • Employ staff who shall have authority and full responsibility for ensuring compliance with the applicable requirements of this Agreement.

Item	Issue	Term
6.	Maintenance Assurance and Validation	<p>As the owner of the Line, Metrolinx will collaborate with the TTC to:</p> <ul style="list-style-type: none"> • Carry out a maintenance assurance program to monitor the performance of the Maintenance and Rehabilitation Services of its Maintainer. • Provide ongoing visibility and transparency to the Operator in respect of the Maintenance and Rehabilitation Services, which will include information to be agreed by Operator and Metrolinx before Revenue Service. In addition, this shall include providing regular updates in a forum established by Metrolinx and the Operator, which will include: <ul style="list-style-type: none"> ○ Sharing of information with the Operator to enable the Operator to fulfill its obligations in this Agreement to Operator staff. ○ Review of the Maintainer’s maintenance plans, maintenance-related records and reports, etc. ○ Development and implementation of quality audit plans.
7.	Metrolinx Safety Oversight	<p>As the owner of the Line, Metrolinx will collaborate with the TTC:</p> <ul style="list-style-type: none"> • To provide ongoing visibility and transparency to the Operator of its oversight activities concerning Project Co.’s safety management for Project Co.’s Maintenance and Rehabilitation Services.
8.	Submittals and Review Process	<p>The TTC is required to submit the following Plans during the Mobilization Period in relation to Line 6 Finch West, and resubmit on an annual basis during the Operating Period as required:</p> <ul style="list-style-type: none"> • Cost Management Plan. • Mobilization Resource Plan. • Operating Period Resource Plan. • Revenue Protection Plan. • Operator’s Safety Management Plan. • Operator’s Security Management Plan. • Risk Management Plan. • Quality Documentation (Quality Management Plan, etc.). • Operator Communications Plan.

Item	Issue	Term
9.	Quality Management System and Performance	<p>The TTC is responsible for:</p> <ul style="list-style-type: none"> • Developing and implementing a quality management system (QMS), and is solely responsible for the quality of the Operator Services. • All quality assurance and quality control activities that are required to manage its processes as well as those of the Operator Parties. • Ensuring compliance with the QMS is maintained throughout the Term of the Agreement.
10.	Mobilization and Readiness	<p>The TTC is responsible for:</p> <ul style="list-style-type: none"> • Confirming the readiness of all of its procedures, staffing, equipment and training to ensure it is fit to start Revenue Service. • Developing a Mobilization Resource Plan to address activities that are to be undertaken during the Mobilization Period. • Participating and assisting Project Co. during Revenue Service Demonstration. • Receiving a safe system and secure to operate on, subject to completion of the safety security certification process of the Line by Metrolinx and Project Co.
11.	Communications and Public Engagement	<p>The TTC is responsible for:</p> <ul style="list-style-type: none"> • All customer and public-facing communications in respect of Line 6 Finch West. • All communications-related protocols, plans, materials, advertisements, notices, activities, approaches and strategies concerning the Line 6 Finch West. • All customer-facing communication activities during the Operating Period in respect of Line 6 Finch West, in order to deliver a consistent and uniform communications approach to all transit users in respect of their transit experience. • Integrating Line 6 Finch West into the TTC's advertising, communications and marketing strategy to the same degree as other TTC lines to achieve a seamless customer experience.

Item	Issue	Term
12.	Records	<p>The TTC is responsible for:</p> <ul style="list-style-type: none"> • Preparing, retaining and maintaining all records in relation to Line 6 Finch West for a minimum period of at least seven years, or as required by Applicable Law. • Storing agreed upon records in electronic format within Metrolinx’s electronic control management system. • Receiving access to those areas of Metrolinx’s electronic control management system that Metrolinx and the Operator agree are necessary for the Operator to fulfill its obligations.
13.	Project Co. Maintenance Standards	<p>Project Co. is expected to meet certain Maintenance Standards, which will be included within the TOSA for information purposes, and will comprise maintenance standards in relation to:</p> <ul style="list-style-type: none"> • Safety, Security and Operations. • Systems. • Facilities, Structures, Guideway and Tunnels. • Waste, Recycling, Cleaning and Supplies. • Access and Availability.
14.	CCTV	<p>The TTC and Metrolinx are continuing discussions concerning CCTV procedures and policies, including the application of the TTC Video Recording in Public Areas Policy.</p> <p>The Operator and Metrolinx shall agree to the appropriate drafting of contents of this Schedule before the start of Revenue Service, reflecting that the Operator will be responsible for custody and management of all CCTV records.</p>
15.	Technical Disputes	<p>Metrolinx and the TTC will collaborate to develop a procedure to address Technical Disputes, which will include the potential engagement of an external advisor or advisors to assist in the resolution of technical disputes, on a case-by-case basis. The external advisor(s) will by training and experience have the appropriate professional qualifications and expertise in rail transit.</p>

SCHEDULE B: COMMERCIAL TERMS

Term Sheet Schedule B is a summary of the commercial terms to be included in a detailed Train Operating and Services Agreement (TOSA) for Line 6 Finch West, to be negotiated and executed between the City of Toronto (the City), the Toronto Transit Commission (the TTC) and Metrolinx (the Parties) prior to revenue service. Metrolinx's Project Company (Project Co.), Mosaic Transit Group (MTG), will perform all maintenance of Line 6 Finch West in accordance with the terms of the Project Agreement between Metrolinx and MTG.

Item	Issue	Term
1.	General	<ul style="list-style-type: none">All aspects of the Train Operating and Services Agreement (the Agreement) will be based on the principles of the Light Rapid Transit Master Agreement between the Parties, dated November 28, 2012¹ and the Revised Agreement in Principle between the Ministry of Transportation and the City, dated August 13, 2021 (the AIP)² unless otherwise agreed by the Parties, subject to the necessary Council and Board approvals.
2.	City/TTC Roles	<ul style="list-style-type: none">The TTC will be the Operator of Line 6 Finch West.The City will fund the operation and non-life-cycle maintenance costs of Line 6 Finch West.

¹https://www.metrolinx.com/en/projectsandprograms/transitexpansionprojects/Master_Agreement_Nov_28_2012.pdf

²<https://www.toronto.ca/wp-content/uploads/2021/08/9672-revised-ontario-toronto-agreement-in-principle-2021.pdf>

Item	Issue	Term
3.	Agreement Term	<ul style="list-style-type: none"> • During the first 30 years of Line 6 Finch West, TTC operation and City funding will be governed by the Agreement as follows: <ul style="list-style-type: none"> ○ The initial term of the Agreement will start upon execution and will include the mobilization period before Substantial Completion and the start of Revenue Service. ○ The initial term of the Agreement will begin as of the date of its execution by all Parties, and will be 10 years and there will be two successive renewal terms, each for an additional 10-year term that will renew automatically unless the Agreement is terminated in accordance with the Default and Termination provisions of the Agreement. ○ At least three years before the end of the Term, or such other period as the Parties may agree, the Parties will start negotiations for an extended agreement or a new agreement, and use best efforts to complete those negotiations at least two years before the end of the Term, subject to each Parties' approval and governance processes. ○ In the event an extension to Line 6 Finch West is completed, the Parties may agree to incorporate the operation and payment obligations of the extension into the Agreement.

4.	City/TTC Operating and Maintenance Cost Obligations	<ul style="list-style-type: none"> • The City will fund operating and non-life-cycle maintenance costs, including the costs to administer the operating and non-life-cycle maintenance components of the Project Agreement in accordance with parameters to be set out in the Agreement. Operating costs of the Line 6 Finch West include utilities and payments-in-lieu of taxes. • City payment obligations for non-life-cycle maintenance and utility costs and property tax will start upon the commencement of revenue service. • The Agreement will describe the financial obligations for operating and non-life-cycle maintenance costs to be incurred by the City and the TTC in the following ways: <ul style="list-style-type: none"> a) By specifically identifying operating and non-life-cycle maintenance costs for the Line 6 Finch West, including all the operations and non-life-cycle maintenance cost items described in the Project Agreement, as obligations that stand alone in the TOSA without reference to the Project Agreement; b) By defining Metrolinx obligations to calculate and credit City/TTC with deductions made by Metrolinx against Project Co. service payments relating to non-life-cycle maintenance; c) By identifying the circumstances where Metrolinx will apply deductions against operations and non-life-cycle service payments to Project Co. for performance failures under the Project Agreement, including the process, service standards and other criteria used by Metrolinx to determine when such circumstances exist, and the method used by Metrolinx to calculate such deductions and by identifying Metrolinx's obligation to apply all such deductions against payments owing by the City/TTC under the Agreement; d) By requiring that any changes to the financial obligations of each party to the other party, which may occur over time must be negotiated and jointly agreed between the Parties through a Financial Change Management process to be defined in the TOSA; and e) By clearly identifying the processes by which Metrolinx will annually forecast operating and non-life-cycle maintenance costs to the City/TTC, by which the Parties will reconcile forecasted amounts to actual amounts, and by which the Parties will resolve any disputed amounts. • Metrolinx will provide the City and the TTC transparency into the calculation and payment of costs that are set out in the Agreement as being the responsibility of the City and the TTC.
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Item	Issue	Term
		<ul style="list-style-type: none"> • Unless otherwise agreed to by the Parties, Metrolinx will undertake an annual third-party audit to verify for the City that the Operating and Maintenance Costs have been properly invoiced and that deductions owing to the TTC/City have been properly credited. The results of such third-party audits will be made available to the City and the TTC. • The TTC will be the Operator of Line 6 Finch West and will co-ordinate on maintenance activities to be undertaken by Metrolinx's Project Co. The Agreement will define the details of the TTC's operating obligations, including the scope of Operator services.
5.	Life cycle Maintenance, Non-Life-cycle Maintenance, and Operating Expenses	<ul style="list-style-type: none"> • The agreement will include detailed definitions of life cycle maintenance, non-life-cycle maintenance and operating expenses. • Metrolinx is responsible for life cycle maintenance expenses of Line 6 Finch West. The Financial Change Management process will be used to account for any change to the financial obligations of the Parties under the Agreement. This process will include the allocation of responsibility for any additional Operator expenses or non-life-cycle maintenance expenses, etc.
6.	Payment and Reconciliation Process	<ul style="list-style-type: none"> • The City will flow funds for its contribution towards Line 6 Finch West operations and non-life-cycle maintenance through the TTC in accordance with the annual budgetary process between the City and the TTC. • The City, through the TTC, shall pay Metrolinx for applicable operating and non-life-cycle maintenance expenses every quarter upon receipt of a quarterly invoice. • The City, the TTC, and Metrolinx will use a quarterly reconciliation process to quantify and resolve any outstanding debit or credit balances related to each previous quarterly invoice.

Item	Issue	Term
7.	Review and Verification of Maintenance Activities	<ul style="list-style-type: none"> • Metrolinx, as the owner of Line 6 Finch West, is responsible for the administration of the Project Agreement between Metrolinx, Infrastructure Ontario, and MTG (the Project Co.). • Metrolinx will permit the City and the TTC, when requested, to participate with Metrolinx in the review and verification of: <ul style="list-style-type: none"> ○ Planned FWLRT maintenance activities by Project Co.; ○ Maintenance activities undertaken and performed by Project Co.; and ○ Costs incurred by MTG on behalf of Metrolinx that are reimbursable by the City. • The Parties will establish processes to conduct joint reviews noted above to enable the City and the TTC to satisfy their respective financial accountability and governance requirements for costs related to FWLRT.
8.	Maintenance Payment Limits	<ul style="list-style-type: none"> • The City and the TTC reserve the right to limit the maintenance payment amount as it relates to non-life-cycle maintenance activities undertaken by Project Co. per year as outlined in the Agreement, including those amounts confirmed through the variation process and Financial Change Management process, unless otherwise agreed.

Item	Issue	Term
9.	Fare-Setting	<ul style="list-style-type: none"> • The City and the TTC will have the ability to set fares in accordance with the TTC Fare Policy and structure for the entire TTC network. • The City and the TTC will ensure at all times to take into consideration the future benefit potential of the Line 6 Finch West, by following TTC best practices in the setting of fares and fare structures. • The City and the TTC must not utilize a different fare structure, offer discounted fares, or implement subsidy programs that differ from, or do not align with, the rest of the TTC network. • The Parties will establish a process whereby the TTC will share with Metrolinx the following information over the term of the Agreement: <ul style="list-style-type: none"> ○ Fare structure the TTC is applying to the Line 6 Finch West; ○ TTC annual operating costs related to Line 6 Finch West; and ○ Non-farebox revenues generated by the TTC on Line 6 Finch West for the sole purpose of informing Metrolinx of potential non-farebox revenue capabilities of Line 6 Finch West. • Metrolinx will have a right to submit feedback for City and TTC consideration during the review.
10.	PRESTO	<ul style="list-style-type: none"> • PRESTO terms relating to Line 6 Finch West will be included in the Line 6 Finch West PRESTO Agreement, which will align with the existing PRESTO agreement between the TTC and Metrolinx.
11.	Service Levels	<ul style="list-style-type: none"> • The TTC conducts an annual service plan review, and will include Line 6 Finch West in the annual review as part of the entire TTC network. • There will be one Service Level for Line 6 Finch West, which will be established in accordance with the pre-determined Service Level in the Project Agreement. • Any Service Level changes recommended or requested by each Party will be reviewed and agreed upon between the TTC and Metrolinx, with final authorization provided to Metrolinx's Project Co., MTG, by Metrolinx in accordance with its role as owner of Line 6 Finch West.

Item	Issue	Term
12.	TTC Mobilization Costs	<ul style="list-style-type: none"> • The TTC will develop a plan for the mobilization of its resources to start Line 6 Finch West operations, which will be shared with Metrolinx (the Mobilization Plan). • The TTC will advise Metrolinx in writing of its projected costs to implement the Mobilization Plan. • Once TTC mobilization activities have commenced, Metrolinx will provide immediate notice to the TTC and the City of any official delays to the Substantial Completion Date as set out in the Project Co. Works Schedule, and costs before the new Substantial Completion Date resulting from the delay will be handled in the following manner: <ul style="list-style-type: none"> a) The TTC must make all commercially reasonable efforts to adjust its mobilization activities to mitigate its costs; b) Subject to (a), if the delay is attributable to Metrolinx or Project Co., then Metrolinx will reimburse the TTC for direct operational costs, which will be clearly defined in the Agreement, that cannot be mitigated upon notification of the delay; c) If the delay is not attributable to Metrolinx or Project Co., including if the delay is a result of a force majeure, the Parties will review the direct operational costs and work together to support a solution, which may be subject to each Parties' approval and governance processes; d) Reimbursement will be based on costs incurred, as demonstrated by appropriate supporting documentation; e) The TTC will be responsible for their costs for delays within their control, or in the event of a TTC labour disruption; and • Metrolinx will not be liable for any costs other than direct operational costs incurred by the TTC because of the delay.
13.	Liabilities	<ul style="list-style-type: none"> • The City, the TTC, and Metrolinx, will each be liable for damages arising from its non-fulfillment of obligations, breach of contract, acts and omissions, negligence and tortious acts. <ul style="list-style-type: none"> f) Appropriate indemnities will be negotiated in the Agreement. Specific exclusions or limitations requested by each Party will be considered and negotiated, if appropriate.

Item	Issue	Term
14.	Disputes	<ul style="list-style-type: none"> • Disputes between the Parties regarding payment obligations, operation and maintenance of Line 6 Finch West will be escalated for dispute resolution in the following order: <ol style="list-style-type: none"> a) High-level tiered negotiation between the Parties and use of the Ontario-Toronto Transit Co-ordination Partnership governance framework as required; b) Negotiation with the assistance of an independent mediator; and c) Arbitration in a manner to be outlined in a dispute resolution process and arbitration procedure or as described in applicable legislation. • Each Party will continue to perform during any dispute and will accelerate dispute resolution timelines if reasonably requested by the other.
15.	Breaches and Remedies	<ul style="list-style-type: none"> • The Agreement will provide for adequate protections and remedies for the Parties against breach of the Agreement by any other party, with the termination of the Agreement being a remedy of last resort in the case of a major default.
16.	Contract Termination or Expiry	<ul style="list-style-type: none"> • If the Agreement expires or is terminated, following such termination or expiry: <ul style="list-style-type: none"> ○ The City will have no continuing payment obligations for the operations or maintenance of Line 6 Finch West, and all rights and obligations under the Agreement will cease, including rights to the farebox revenue and non-farebox revenue; and ○ The TTC will have no ongoing operation or maintenance obligations for Line 6 Finch West, except where mutually agreed by the Parties and where new or amended terms are negotiated. • Termination rights of the Parties under the Agreement will ensure that any termination will result in minimal disruption to operations and maintenance of Line 6 Finch West and that Line 6 Finch West transit will continue to be provided at ordinary Service Levels.
17.	Fare Revenue	<ul style="list-style-type: none"> • Per the AIP, the City and the TTC will receive farebox revenue in order to recover all or a portion of the costs of operating Line 6 Finch West.

Item	Issue	Term
18.	Non-Fare Revenue	<ul style="list-style-type: none"> • Per the AIP, the City and the TTC will retain non-fare revenue for Line 6 Finch West during the Term, in order to recover all or a portion of the costs of operations. • The Agreement will establish the terms upon which the City and the TTC will generate non-farebox revenue opportunities during the term of the Agreement. Non-farebox revenue will include such opportunities as, but not limited to: <ul style="list-style-type: none"> ○ Advertising on stations, trains, stops and platforms. ○ Wi-Fi. ○ Retail in dedicated locations as included in the project scope. ○ Vending spaces. • For clarity, non-farebox revenue does not include disposition or development of real property owned by Metrolinx, including any revenue derived from Transit Oriented Communities development (TOC) or Station Entrance Connections. • Metrolinx will make available to the City and the TTC, all existing contracts related to non-farebox revenue, and all applicable components of the FWLRT for the purposes of generating non-farebox revenue during the term of the Agreement, including rights to sub-license and/or sub-lease, as applicable. <ul style="list-style-type: none"> • The introduction of any non-farebox revenue generating opportunity will require review and approval by Metrolinx as the asset owner, through a streamlined process, which approval will not be unreasonably withheld.
19.	Property Tax	<ul style="list-style-type: none"> • Operating costs will include property taxes or payments instead of property taxes. The City/TTC shall make all property tax payments promptly when due and payable and will transfer all property tax/payments instead of taxes into its name. <ul style="list-style-type: none"> • The City/TTC will provide copies of property tax/payment instead of tax bills and evidence of payment to Metrolinx.
20.	Utilities	<ul style="list-style-type: none"> • Operating costs will include utility consumption costs. The TTC shall make all utility consumption payments promptly when due and payable and will transfer all utility accounts into its name. • The TTC will provide copies of utility accounts and evidence of payment to Metrolinx.

Item	Issue	Term
21.	Bike Facilities	<ul style="list-style-type: none"> • The City will be responsible for the operation of indoor bicycle storage facilities. The City shall be responsible for all operating expenses and non-life-cycle maintenance expenses of the Premises. • Metrolinx shall be responsible for payment of all life cycle maintenance expenses of the premises, but only to the extent that such premises form part of Project Co. System Infrastructure.
22.	Realty Agreement for Maintenance and Storage Facility	<ul style="list-style-type: none"> • The Parties will enter into a realty license agreement before execution of the Agreement, to ensure the TTC can have early occupancy of Maintenance and Storage Facility space, as part of revenue service preparation. • The license agreement will become part of the larger Train Operating and Services Agreement upon execution.