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Board of Directors, Metrolinx

We believe that Metrolinx's Board of Directors must aggressively challenge the risk inherent to GO Expansion as proposed by Metrolinx management. The 2018 Full Business Case (FBC) is based on outdated data and contains inaccuracies, omissions that need to be re-evaluated now to secure the public's trust and purse in Metrolinx. Metrolinx proceeding with GO Expansion unexamined and unchanged presents reputational risk to the Government of Ontario billions of dollars beyond the Gas Plant scandal of 2013.

The 2018 Full Business Case proposes 3 critical statistics that are presented incorrectly as fact:

- 1) the public's \$16.8 Billion investment will yield \$42.6 Billion in benefit
- 2) the project will be revenue positive in 2031 and self sufficient
- 3) the project will provide greenhouse gas emission reductions

Each of these are fundamental propositions must be challenged by the Board and Metrolinx staff directed to update the 2018 forecast. The current year **total cost per rider is \$298.60** which includes a public subsidy of **\$141.40 per rider**. The pandemic has changed the core commuter's behaviour, in some cases permanently. New data from Moody's transit research¹ released March 29th, 2021 projects a **20% permanent drop** in passenger demand versus pre-pandemic levels. Metrolinx's latest study shows 24% of customers will not consider taking GO transit this year.² This financial performance makes supporting the current network challenging let alone spending more for expansion in light of uncertain commuter demand.

As Metrolinx states:

"If ridership cannot be realized, the Financial Case for GO Expansion is severely impacted."³
"Ridership realization will significantly impact revenue and revenue/operating cost ratio. Peak ridership was reduced by 25-85% and off-peak ridership was reduced by 50%- 100%. Across these scenarios, the maximum revenue/operating cost ratio was 81% and the minimum was 69%."⁴

¹ https://www.moody.com/research/Moodys-A-material-drop-in-demand-will-impact-credit-quality--PBC_1272803

² http://www.metrolinx.com/en/docs/pdf/board_agenda/20210624/20210624_BoardMtg_Lets_Get_Ready_to_Ride.pdf page 4

³ Metrolinx Full Business Case 2018, p139

⁴ Metrolinx Full Business Case 2018, p139

In addition to Moody's new information, statistics in the 2018 Full Business case are incorrect. Metrolinx has obscured the fact that GO Expansion as described in the FBC 2018 will produce an **increase** in the amount of Greenhouse Gas Emissions⁵. Metrolinx provides the following statistics: in 2017, 55 million riders @ 1.85kg of emissions yields a total of 101,750 tonnes annually whereas 2055 has about 210 million riders at 0.5kg of emissions for a total of 105,000 tonnes, an increase of 3.2%. Metrolinx claims a per passenger trip reduction in emissions however this is a dubious claim because ridership forecasts are severely flawed, as explained below. Further, the forecast of riders in 2055 must account for the fact that passenger trips in private electric vehicles yield zero emissions whereas Metrolinx's diesel train emissions will continue. Every major car manufacturer has publicly stated they are eliminating gas powered vehicles. General Motors proposes they will end gas vehicle manufacturing in 2035, Toyota and Honda have declared they will end the use of internal combustion engines in 2040, Volkswagen maybe even sooner. The point is Metrolinx stakes their brand's credibility on making environmental claims that are not true nor do these claims support Federal Government policy of reducing GhG emissions. In fact, by expanding diesel service, in 2055 Metrolinx will be the polluter relative to the clean energy private vehicles.

These points and many others have been raised and ignored during community outreach conducted by Metrolinx. The communities that Metrolinx will rely on as customers are being treated like a perfunctory check box. When the only way to engage in meaningful input with Metrolinx is through Federal Government Impact Assessments and demanding MPs apply conditions to Metrolinx's Federal funding then the Board of Directors should be stepping in demanding an independent review of Metrolinx's community engagement process.

Further, a cursory examination of the community's comments on Metrolinx's paid social media advertising show that not only is Metrolinx wasting money on these ads, they are inciting increasingly effective community action against Metrolinx. The community is not an obstacle to be steamrolled, they are your future customers.

An updated forecast based on 2021 statistics and trends does not support \$42.6 Billion of benefits resulting from GO Expansion because the ridership is uncertain. The Board of Directors must not shy away from enforcing due diligence and best in class financial analysis from Metrolinx staff to provide the Government of Ontario a realistic picture of the current business situation. Failure of the Board to act misleads Municipal, Provincial and Federal Governments in their decision making processes and ultimately makes Metrolinx look like wasteful, bloated and unresponsive to its customers.

I appreciate the Board of Director's attention to this matter in hope to see their due diligence in effect.

⁵ This is confirmed in Metrolinx's Annual Report 2020-21, page 98. "Increase in absolute Scope 1 emissions is due to increase in service in GO Train, GO Bus, new stations, and operation of UP Express"

CC:

Auditor General Ontario

Mr. Peter Tabuns, MPP Toronto - Danforth

The Honourable Caroline Mulroney, Ontario Minister for Transportation

Mayor John Tory