

# 2023-24 Metrolinx Business Plan

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# Message from CEO

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Throughout 2022-23, our teams continued to serve with passion and achieved new milestones to better serve our current and future customers in the Greater Golden Horseshoe.

The 2023-24 fiscal year is a crucial one for Metrolinx. We are on the cusp of recovering ridership following almost two consecutive years of lower ridership. We are heading into 2023-24 with years of planned major construction and delivery of several capital and operational procurements, including the next steps in modernizing the PRESTO system.

It is an exciting time, not without challenges, but we are confident in the systems we have in place to help us achieve our targets. This business plan demonstrates our strategies for managing risks and how we will continue to deliver on our legislative mandate - providing leadership in the co-ordination, planning, financing, development, and implementation of an integrated transit network in alignment with applicable growth plans and provincial transportation policies and plans.

With a capital budget of approximately \$6.8 billion for the financial year, we are continuing to grow our frequent transit network to over 1,800 kilometres by 2041, up from the 110 kilometres which existed in 2017. This undertaking is the largest transportation investment in Ontario's history. Our asset base is projected to grow from \$20 billion to \$60 billion by 2030 and will include GO Expansion, new light rail transit (LRT) systems, new subway lines, as well as over 100 kilometres of tracks, 36 kilometres of bridges and structures, over 100 station facilities and over 170 light rail vehicles and subway cars.

The delivery of all this is impossible without the collaboration, input and support of our provincial, municipal and federal partners, Indigenous communities, the private sector and all of our other stakeholders. With connections to more than 50 municipalities, over 600 elected officials and approximately eight million residents, we are increasing our public and community outreach and engagement on each project, especially as they enter the construction phase. We continue consulting with First Nations to ensure they are engaged throughout the project lifecycle.

As we focus on delivery of our services and construction projects, the health and safety of our customers, employees and contractors remain central to everything we do. Our safety program, which includes across-the-board improvements to ensure the highest safety standards are applied to transportation projects, was recently recognized with a safety award by the Railway Association of Canada (RAC).

Enhancements to our customer experience is important to us and with forecasted growth in GO and UP ridership to 72.5 million this fiscal year, we are informing our work with the things that matter to our customers. Initiatives like PRESTO modernization including further rollout of contactless payment options, improved amenities, fare and service integration, as well as increases and adjustments in service to meet growing demand are focal in our 2023-24 customer experience planning.

Long-term financial sustainability has been at the forefront of our 2023-24 business planning. We are focused on targeted growth strategies to continue improving ridership, while also maximizing non-fare revenue initiatives not only through our marketing programs, but also through our Transit Oriented Communities (TOC) and real estate strategy.

We are excited about the future of transit in the region and we will continue delivering our mandate to further support the province's plan for renewal and economic growth.

Keep well,

Phil Verster  
President and CEO  
Metrolinx

# Executive Summary

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Metrolinx's 2023-24 Business Plan outlines our strategic direction and priorities as we continue working with our partners to safely plan, build and operate an integrated transit network. Metrolinx is playing an active role in supporting the Province's plan for growth, renewal and economic recovery. Ridership recovery is largely being driven by changing customer needs and supported by demand-driven service, so we are moving forward to ensure operational readiness for the most extensive transportation investment in Ontario's history - investment which will include new priority transit projects, new and extended subway lines, light rail transit lines and a transformed GO rail system. This future expanded regional transportation network will help people move throughout the Greater Toronto and Hamilton Area (GTHA) and beyond, providing existing transit users with faster and more comfortable journeys, while making transit a more compelling option for underserved markets.

The 2023-24 Business Plan is underpinned by broad transformational activities underway across the organization. Our transformations ensure that Metrolinx is well-equipped to deliver on our mandate while creating stability and sustainability for future growth. Critical areas of focus include:

- Providing exceptional customer and community experiences that are reliable, relevant and responsive;
- Delivering on our public transit project commitments through heightened cost controls and mitigation of risks enabled by greater control in all areas of our business; and,
- Ensuring value for money for customers and stakeholders.

The 2023-24 Business Plan was developed in alignment with the budget endorsed by our Board of Directors and submitted to the Ministry of Transportation (MTO) as part of the provincial budget process, and in accordance with the requirements of the *Metrolinx Act, 2006* and the government's Agencies and Appointments Directive. The Business Plan also outlines specific actions and activities that Metrolinx will undertake in fiscal year 2023-24 to meet the Government of Ontario's regional transit priorities as outlined in our Annual Letter of Direction.

Metrolinx is now at a critical stage of ridership recovery and remains focused on the continued implementation of the extensive transportation investment to ensure operational readiness as we plan for several key light rail transit (LRT) projects coming into service within this multi-year budget plan. The 2023-24 operating budget will focus on operational readiness and contractual requirements for assets coming into service; management of risks and reputation related to capital program expansion as well as maintaining existing assets; and financial sustainability through ridership growth and expansion of non-fare revenue streams. Metrolinx continues to support government priorities by continuing to provide regional transit services to advance our mission to connect our communities, while always ensuring customer safety.

This multi-year budget is significant as Metrolinx anticipates substantial completion of the first three major LRT projects in the transit expansion plans: Eglinton Crosstown LRT (ECLRT), Finch West LRT (FWLRT) and the Hazel McCallion Line. Given the size, scope and substantial risks associated with these projects, Metrolinx will ensure operational readiness and contractual requirements are met as these assets come into service. In addition, Metrolinx continues to make progress on the GO Expansion program, which will transform GO Transit from a rush hour commuter service to a two-way, all-day regional rapid transit network that offers more service with faster trains, more stations and seamless connections across the region. For 2023-24, Metrolinx will also continue delivering our capital project commitments. This includes advancing works on the GO Expansion program, advancing work on the Province's priority transit program, as well as making progress on rapid transit projects.

Metrolinx is heading into 2023-24 with years of planned major constructions with increasing legal and commercial complexity as well as contractual, stakeholder, safety and asset management risks. To maintain focus on the goal of building a fully integrated regional transportation network, Metrolinx will continue to manage risks related to the capital program through transaction and compliance support, stakeholder and issues management, active and strategic community engagement, as well as engineering and asset management.

Through the 2023-24 budget, Metrolinx is also setting the groundwork for the plan to generate new revenue from tourism; offering innovative plans to youth, newcomers and multicultural audiences; expanding strategic partnerships to maximize non-fare sales; enhancing retail initiatives and digital advertising networks to deliver revenue targets; as well as pivoting to sustainable revenue generation by leveraging the real estate portfolio to optimize asset revenue.

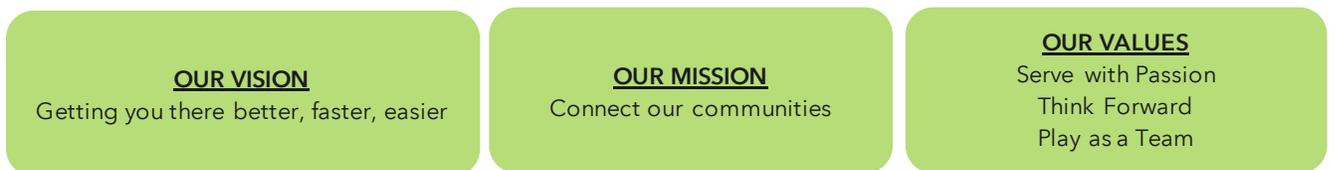
# 1.0 Introduction

## 1.1 Metrolinx Overview

Metrolinx is an agency of the Government of Ontario, with a legislative mandate to provide leadership in the co-ordination, planning, financing, development and implementation of an integrated transit network in the regional transportation area in alignment with applicable growth plans and provincial transportation policies and plans. Metrolinx operates the regional transit network, through our three services:

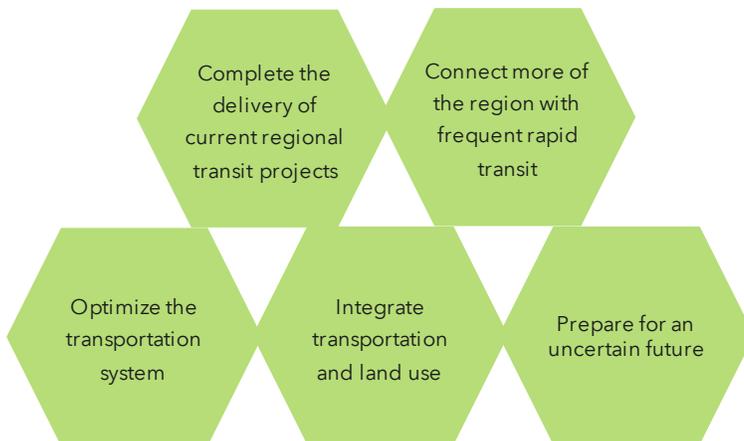
- GO Transit, which serves regional public transit passengers across the region;
- UP Express, which provides service between Toronto Pearson International Airport and downtown Toronto; and,
- PRESTO electronic payment system, which is being used across 11 local transit services.

**Exhibit 1: Metrolinx Vision, Mission and Values**



Guided by our Vision, Mission and Values, we are undertaking the most extensive transportation investment in Ontario's history, with our frequent rapid transit network expected to grow from 110 kilometres in 2017 to over 1,800 kilometres by 2041. By working with federal, provincial, and municipal partners, Indigenous partners, the private sector and stakeholders, Metrolinx is creating an integrated regional transit network that will support a higher quality of life, a more prosperous economy and a sustainable environment.

**Exhibit 2: Key 2041 Regional Transportation Plan Strategies**



Consistent with the Frequent Rapid Transit Network vision outlined in the *2041 Regional Transportation Plan (RTP)*, Metrolinx's infrastructure footprint is significantly increasing through the delivery of new priority transit projects, including subway lines and extensions, new LRT lines, new GO train tracks, as well as frequent regional express bus corridors that will bring upwards of 100 new stations and stops throughout the region, to transform our existing rush hour commuter service into a more convenient transit experience with frequent all-day, and two-way train service on core segments. This expanded network will help people move seamlessly throughout the Greater Golden Horseshoe for all kinds of trips throughout the day.

Metrolinx is committed to supporting the Province's strategy to implement higher density, mixed-use development around transit stations under the Transit Oriented Communities (TOC) program and leverage third-party investment to minimize provincial expenditures on transit infrastructure, in exchange for access to services and Metrolinx owned properties.

Exhibit 3: Regional Transit Network Map

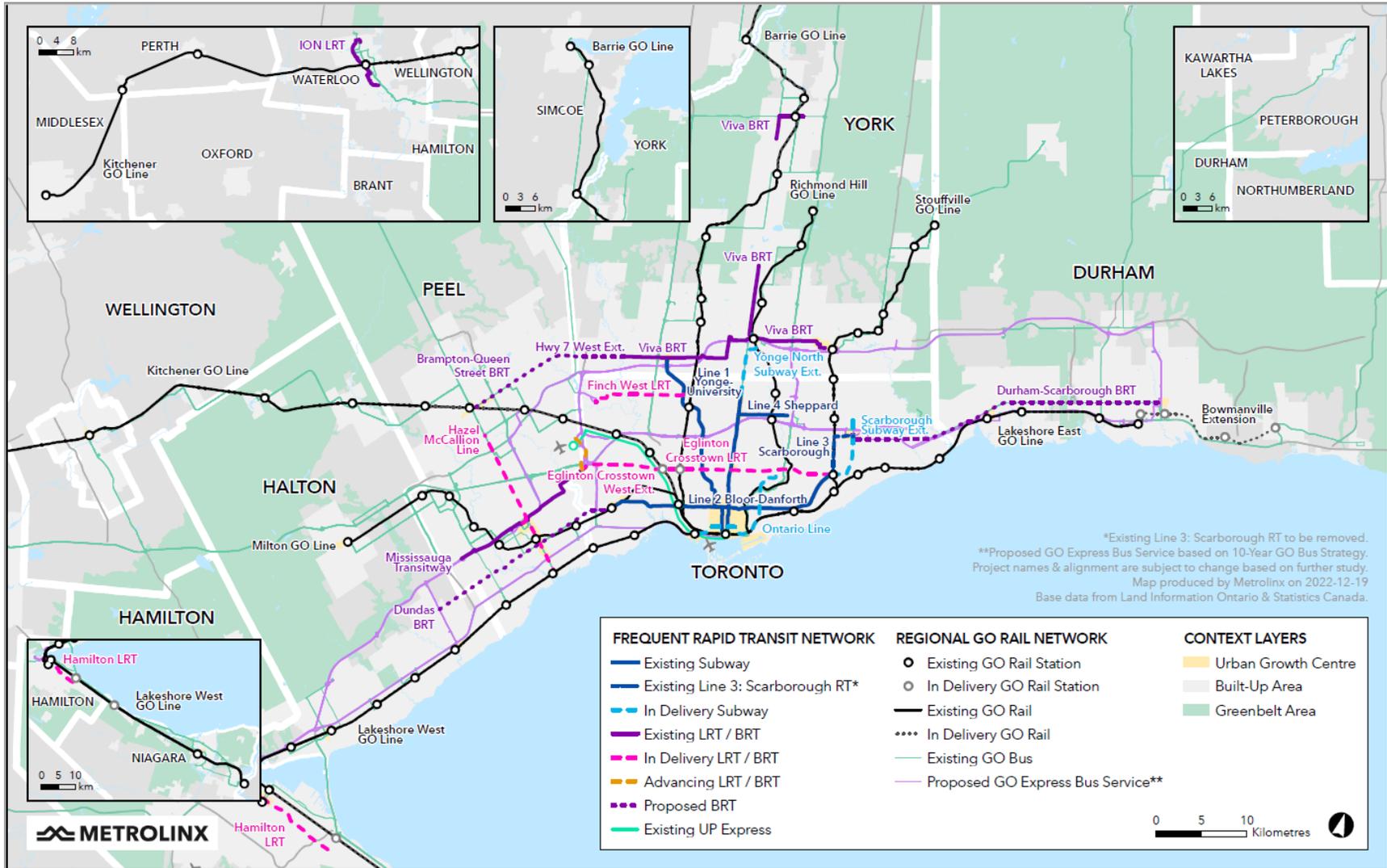


Exhibit 4: Metrolinx Key Statistics as of December 31, 2022



**620 km**

of regional rail  
in the GTHA



**72**

GO and UP train stations  
in the GTHA



**2,902 km**

of bus routes



**13**

post-secondary schools  
served by buses



**52**

stations  
served by buses



**33**

terminals  
served by buses



**~4.4**

million active  
PRESTO cards



**>17.8**

thousand  
PRESTO devices

# 1.2 Metrolinx Strategic Priorities

Metrolinx has identified four strategic priorities: Everyone Safe, Engaged People, Trusted Business Partner and Satisfied Customer, which along with our vision, mission and values guides the work of our organization.



To ensure alignment with our four strategic priorities, Metrolinx has also introduced 12 key success factors, which articulate what Metrolinx must do to achieve the goals outlined in the strategic priorities.

**Exhibit 5: Metrolinx 12 Key Success Factors**

Key Success Factors
Embed a strong safety culture with extensive safety behaviors, reducing Lost Time Injury Frequency Rate (LTIFR) to 0.5/200,000 hours by 2024-25 and rule violations to 0.4/million km by 2026-27
Improve our operational excellence through continuous improvement, Lean thinking and project management competencies, both implemented to a 75% maturity by 2024-25
Develop and engage our employees, at top quartile scores every year, and attract and retain talented and dynamic individuals that make strong, diverse, and inclusive teams
Shift all employees from operational behaviours to customer-centric behaviours and achieve Customer Satisfaction (CSAT) scores of 87% average by 2024-25
Implement marketing, communications and customer relationship management tools to improve communication CSAT and aim to reach pre-pandemic ridership levels
Increase our operational efficiencies and revenue to achieve 70% revenue cover of full costs by 2028-29
Implement a clear path to exceed capital delivery to \$8.5 billion by 2024-25
Achieve a 7.5% reduction of total greenhouse gas emissions by end of 2024-25 (fleet and facilities) compared to fiscal year 2020-21, meeting a target of 27.1 tonnes of carbon dioxide equivalent (tCO <sub>2</sub> e) per million revenue seat KMs
Implement PRESTO open payments and virtual cards by 2023 and deliver the PRESTO procurement so that the transition to a new system completes in 2025
Implement a rigorous operational and asset management method for GO, UP, PRESTO and Rapid Transit to a 75% maturity by 2024
Develop a cyber security culture that protects the integrity of our operations by moving to a zero-trust approach, and improves our National Institute of Standards and Technology (NIST) maturity level by 20% for Metrolinx and 27% for Payments and PRESTO by 2025
Deliver operations for the LRTs at Eglinton, Finch West, and the Hazel McCallion Line, conclude a successful Development Phase with ONxpress, and award all major subway and transit contracts

## 2.0 Business Context for 2023-24

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### 2.1 Economic Environment

Metrolinx has remained resilient in the face of a global pandemic that has significantly impacted every transit agency across the globe primarily through unprecedented losses to ridership and revenue (For further details on ridership trends, please see Section 4.1 Supporting Ridership Growth Momentum through Fare Strategy and Enhanced Customer Experience). We have maintained our commitment to providing safe and reliable service to support short- and long-term economic recovery for the region. We have also made strategic business decisions including implementing our Business Improvement Plan Program, which has fostered a culture of continuous improvement across the organization, resulting in cost savings and efficiencies, such as service level adjustments to meet changing customer demand, as well as identification of new and innovative revenue opportunities.



Over the last year, various sectors, including transportation, have been impacted by the changing economic environment. These could potentially continue to impact Metrolinx in 2023-24:

- **Energy price continues to remain volatile**, which has impacted Metrolinx because of heavy reliance on diesel fuel and to a lesser extent natural gas to operate its buses, rail fleet, stations, and facilities. Current global supply issues and geopolitical conflict will continue to put uncertainty on price of oil and gas for the foreseeable future. We will continue to hedge a portion of our fuel to provide cost certainty against the budget; and,
- **Inflation rate remains elevated** compared to pre-pandemic levels and has been one of the highest since the 1990s, which will continue to impact the overall costs of goods and services purchased by Metrolinx, and in particular, to the existing contractual obligations that support the delivery of our services. Metrolinx will continue to apply robust expenditure management through the implementation of business improvement plans.

### 2.2 Government Annual Letter of Direction and Key Organizational Initiatives

As required by the *Agencies and Appointments Directive*, the Minister of Transportation issues an annual letter of direction (formerly known as a mandate letter) to Metrolinx that sets out the expectations for the upcoming fiscal year. The 2023-24 Annual Letter of Direction, issued on November 3, 2022, outlines the government's expectations to ensure that Metrolinx's goals, objectives and strategic direction continue to align with the government's priorities and direction. With the most extensive transportation investment in Ontario's history, Metrolinx continues to support the government priorities of operational excellence, successful delivery of capital projects and excellence in governance, accountability and transparency while acting in the best interests of the people of Ontario and ensuring value for money to taxpayers. Metrolinx will also continue to ensure safe transit operations to rebuild customer confidence, improve convenience, reliability and attract customers back to services.

More specifically, the letter lists several key priorities, outlined in bold below, which Metrolinx has incorporated into our key organizational initiatives for 2023-24. In line with the expectations expressed in the Annual Letter of Direction, Metrolinx has continued to implement business improvement plans as one of our key organizational initiatives, which are designed to help transform our business to realize efficiencies and achieve better outcomes while managing costs. The Annual Letter of Direction priorities along with our responsive business improvement plans and other key organizational initiatives include the following:

- **Operational Excellence in the Delivery of Efficient, Safe and Reliable Transit Services while Supporting Economic Recovery Efforts**, through implementation of fare strategy and enhanced customer experience that supports ridership growth momentum, improved operational safety for employees and customers, continued integration and partnerships with other transportation providers, and ensuring reliability of new transit projects coming into service by establishing a strong focus on asset management.
- **Excellence in Governance and Accountability**, through the establishment of strong focus on asset management that will allow for regular assessment of our assets condition, continuing to inform MTO about any planned or current agency-initiated reviews, and continuing to adhere to all approval and review processes, as well as frameworks established between the agency and the ministry.
- **Continuing the Delivery of Metrolinx Priority Rapid Transit Projects** in the GTHA under the *Building Transit Faster Act, 2020*, which includes the Ontario Line, the Yonge North Subway Extension, the Scarborough Subway Extension, the Eglinton Crosstown West Extension and the Hamilton Light Rail Transit, working with Infrastructure Ontario (IO), municipal partners and stakeholders to implement these projects on an accelerated basis, and continuing to keep MTO informed on any arising issues and mitigations impacting schedule, budget and delivery and progress on these projects;
- **Expanding and Enhancing GO Transit service** through the transformation of the GO Transit rail network by enhancing existing service and pursuing new service opportunities in collaboration with municipalities and third parties with the end goal of offering more service with faster trains, more stations, and seamless connections to a regional rapid transit network to transform the way people move;
- **Supporting Government Initiatives to Optimize Transit Investments and Regional Transit Planning**, including through fare and service integration in the Greater Golden Horseshoe (GGH), delivering PRESTO modernization, implementing new forms of payments to customers, and improving access and security outcomes for vulnerable transit users. Metrolinx will continue to work with the MTO to implement the 2051 regional transit network identified in *Connecting the GGH: A Transportation Plan for the Greater Golden Horseshoe*, work with MTO to determine the timing and scope of updates to the *2041 Regional Transportation Plan (RTP)* to conform with *Connecting the GGH*, and advance towards implementation of other transportation studies. Metrolinx will also continue to support the implementation of other government initiatives, including related to workplace strategy and data-sharing, where applicable;
- **Building a Sustainable and Future Ready Transportation System** by developing innovative and accessible mobility solutions to allow users to plan and pay for trips through a single platform, piloting emerging transportation technologies, as well as working towards more sustainable transit systems by exploring opportunities to reduce greenhouse gas emissions through the deployment of low carbon vehicles. Metrolinx will also work to fulfill the Duty to Consult with Indigenous communities on initiatives that could have adverse impacts to Aboriginal and treaty rights;
- **Delivering Partnership and Non-fare Revenue Initiatives** through continued review of new and innovative non-fare revenue opportunities including partnerships, commercial space rent including retail expansion, optimizing digital and advertising revenue streams. In addition, Metrolinx will continue to work with the Ministry of Infrastructure, Infrastructure Ontario and municipalities to advance TOC opportunities around existing and future GO stations and future subway and LRT lines and extensions; and,
- **Ensuring Safety**, including continuing to enhance the safety of Metrolinx services, stations and workplaces. Metrolinx will continue to work with the Ministry on modernizing all safety management systems related to bus and rail operations, improved safety processes, as well as advance the Metrolinx Cybersecurity Risk Management Program. Metrolinx will also consider the needs and safety of vulnerable and underserved populations, including women, 2SLGBTQIA people, racialized people, Indigenous communities and

people with disabilities in the planning, design and delivery of safe and accessible transportation services through continuous community engagement.

In addition to these key organizational initiatives, Metrolinx continues to work together with MTO to ensure the agency adheres to all approval, review processes, governance framework, policies, directives, report back requirements and communication protocol, as well as continue to improve on our internal governance and decision-making processes, adhering to accounting standards and practices, ensuring transparency and accountability, and responding to audit findings, in alignment with the Annual Letter of Direction.

## 2.3 Delivering the Most Extensive Transportation Investment in Ontario's History

Metrolinx is now at a critical stage of ridership recovery and is focused on continuing to deliver on key government commitments, including ensuring operational readiness as we plan for several key light rail transit (LRT) projects coming into service.

The expanded transit program will transcend regional borders and foster connections between all our communities and will include new priority transit projects, including new and extended subway lines, light rail transit lines and a transformed GO rail system. This future expanded regional transportation network will help people move throughout the GTHA and beyond, providing transit users with faster and more comfortable journeys, as well as make transit a more compelling option for underserved markets.



To deliver on these key government commitments, Metrolinx's 2023-24 operating budget plan will focus on strategic investments across the organization to ensure:

- **Operational readiness and contractual requirements** for assets coming into service
- **Management of risks and reputation** related to capital program expansion as well as maintaining existing assets
- **Financial sustainability** through ridership growth and expansion of non-fare revenue streams

# 3.0 Financial and Resource Summary

## 3.1 Operating Budget Summary

Metrolinx's 2023-24 operating budget plan reflects our planned revenues and expenses as originally submitted to the government in fall 2022. This budget, while continuing to keep safety as our number one organizational priority, is based on steady ridership recovery since the peak of Omicron and supports the continued implementation of the most extensive transportation investment in Ontario's history, which will include new subway lines, extensions, light rail transit lines and a transformed GO rail system.

While moving forward with these major deliverables, Metrolinx is also faced with new challenges affecting the public transit landscape including inflationary pressures and rising fuel prices.



Metrolinx will use its planned 2023-24 operating budget to focus on strategic investments across the organization to ensure:

- **Operational readiness and contractual requirements for assets coming into service** - Metrolinx's asset base is projected to grow from \$20B to \$60B over the next 10 years and will include GO Expansion, new LRT projects, new subway lines, and all related new infrastructure including rail tracks, bridges and structures, station facilities, as well as LRT and subway cars;
- **Management of risks and reputation related to capital program expansion as well as maintaining existing assets** - Years of planned major constructions come with increasing legal and commercial complexity as well as contractual, stakeholder, safety, and asset management risks, as well as risks related to fulfilling duty to consult and maintaining good relationships with Indigenous communities; and,
- **Financial sustainability through ridership growth and expansion of non-fare revenue streams** - Set the groundwork for the plan to generate new revenue from tourism, offer new and innovative plans to youth, newcomers, and multicultural audiences, as well as advance business travel recovery recognizing changed commuter travel behaviour and frequency.

The planned 2023-24 operating budget is presented below by major operating account.

**Exhibit 6: 2023-24 Operating Budget Plan**

<b>Revenue (\$M)</b>	<b>2023-24</b>
Fare Revenue	552.1
Payments (PRESTO) Non-Fare Revenue	124.4
Other Non-Fare Revenue	94.9
<b>Total Revenue</b>	<b>771.4</b>
<b>Operating Expense (\$M)</b>	<b>2023-24</b>
Operations	521.3
Operating Labour & Benefits	552.1
Facilities & Track	212.0
Equipment Maintenance	150.7
Supplies & Services	198.2
<b>Total Expense</b>	<b>1,634.3</b>
<b>Net Operating Requirement</b>	<b>862.9</b>
Bid Fees	18.3
Proceeds from Sale of Assets	34.5
<b>Planned Subsidy Requirement</b>	<b>846.7</b>

*Note: Operating budget figures reflects our planned revenues and expenses as originally submitted to the government in fall 2022. Bid fees represent expenses associated with capital project procurement. Proceeds from sale of assets consist of proceeds from Transit Oriented Communities program. Operating Expense also includes long-term interest on capital projects*

In 2023-24, Metrolinx is projecting fare revenues of \$552.1 million based on a ridership forecast of 72.5 million riders. Revenue collected from transit providers for the use of the PRESTO system is projected to be \$124.4 million. Other non-fare revenue for 2023-24 is projected at \$94.9 million, which is generated from activities such as advertising, track usage fees from corridor ownership, partnerships, interest on working capital, reserved parking and commercial and promotional space rent. In addition to these more typical sources of revenue, proceeds from sale of assets to support the Transit Oriented Communities program is projected to be \$34.5 million for 2023-24.

Metrolinx's planned 2023-24 operating expense budget is allocated into five main categories. Operations expense is the largest allocation and accounts for 32 per cent of the total operating expense budget. This category includes items such as support train crew wages, train control dispatch, diesel fuel and Payments (PRESTO) operations. Operating labour and benefits accounts for 34 per cent of the total operating expense budget. As of December 31, 2022, Metrolinx's workforce consisted of 5,753 active

unionized and non-unionized employees to support the delivery of key organizational initiatives across the organization. Facilities and tracks account for 13 per cent of the total operating expense budget and includes rent, property taxes, hydro, winter maintenance and other facility repairs. Equipment maintenance accounts for nine per cent of the total operating expense budget, covering support services, inventory, inspections, and yard operations. Finally, supplies and services represent 12 per cent of the total operating expense budget, which includes all types of professional services, bank fees, staff development and advertising. Bid fees reflect compensation to unsuccessful bidders of capital projects as part of the procurement process.

Inflationary pressures including fuel prices, wages, contract inflation and carbon tax have significant impact on Metrolinx's operating costs. Diesel fuel is one of the key drivers of the non-labour budget and due to its nature as a petroleum-based commodity, diesel prices fluctuate with the supply and demand forces of the oil market. Metrolinx engages in some fuel hedging to provide cost certainty against the budget and provide stable fuel price assumptions for annual planning. As progress of the capital program continues on key projects including GO Expansion, Rapid Transit, and priority transit projects, including new and extended subways, Metrolinx also faces increasing legal and commercial complexity as well as contractual, stakeholder, safety, asset management risks, and work related to fulfilling the duty to consult Indigenous communities.

Changing customer needs resulting from the pandemic are expected to moderately impact ridership and revenue in 2023-24, with total revenue forecasted at \$771.4 million and proceeds from sales of assets of \$34.5 million. Please refer to Section 4.0 Financial Sustainability Through Ridership Growth and Expansion of Non-Fare Revenue for further details on ridership and revenue assumptions, and Section 8.0 Sustainable Revenue Generation Through Transit Oriented Communities and Real Estate Strategy for further details on proceeds from sale of assets. Total expenses for 2023-24 are projected at \$1,634.3 million including long-term interest on capital projects and excluding bid fees at \$18.3 million. The total provincial operating subsidy requirement for 2023-24 is projected to be \$846.7 million. Metrolinx continues to manage our operating budget efficiently through the implementation of business improvement plans.

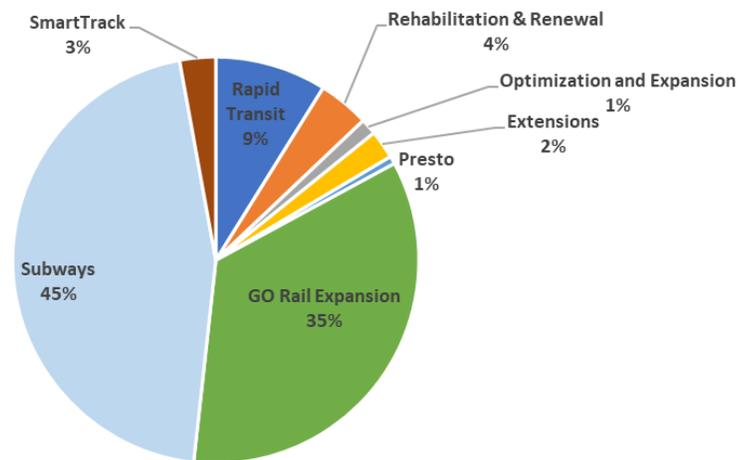
## 3.2 Capital Budget Summary

Metrolinx's capital plan reflects a focus on maximizing investments, optimizing design, leveraging commercial solutions and value engineering to avoid, where possible, the need for additional public investment, while still achieving the desired service outcomes and commitments.

Based on the budget submitted to the government in Fall 2022, Metrolinx is projecting a capital budget of approximately \$6.8 billion in 2023-24 for the delivery of capital works across various categories, including: GO Expansion, Optimization and Expansion, Rehabilitation and Renewal, Subways and Rapid Transit. Exhibit 7 provides a breakdown of the types of investments in the capital plan by percent of total.

**Exhibit 7: 2023-24 Metrolinx Capital Investments by Percent of Total Capital**

2023-24 Metrolinx Capital Investments



# 4.0 Financial Sustainability Through Ridership Growth and Expansion of Non-Fare Revenue

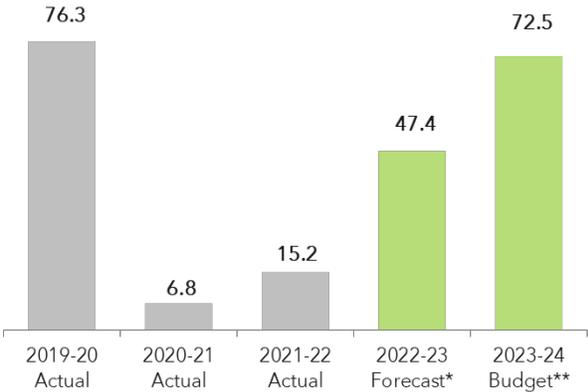
Metrolinx is now at a critical stage of ridership recovery and is focused on the continued implementation of the most extensive transportation investment in Ontario’s history. While the pandemic has had long-lasting impacts on Metrolinx’s core business including changing ridership patterns and the demand for public transit, Metrolinx is being resilient and strategic in our investments to recover and grow ridership demand and non-fare revenue to drive long-term financial sustainability.

Metrolinx has experienced strong ridership recovery in 2022-23 as customers return to downtown workplaces and in-person learning following the peak of the Omicron in early 2022. Fiscal 2023-24 will be a critical year to attract customers, support more frequent ridership, and continue growing non-fare revenue as Metrolinx mitigates the remaining impact of COVID and progresses toward financial sustainability in the longer term.

## 4.1 Supporting Ridership Growth Momentum by Meeting Customer Needs and Enhancing the Customer Journey Experience

Following the peak of Omicron in early 2022, public transit ridership recovered faster than any other previous COVID-19 waves and Metrolinx has experienced continued strong ridership recovery through the first two quarters of fiscal year 2022-23. As of Q2, GO and UP ridership is forecasted to grow to 47.4 million for 2022-23, or over three-fold over the 2021-22 ridership levels.

**Exhibit 8: Metrolinx Ridership (Millions)**



Note: Ridership is calculated as Rail Boardings plus Bus Boardings less Transfers across both train and bus routes.  
 \*2022-23 Forecast ridership is as of Q2.  
 \*\*2023-24 Budget ridership is as of Fall 2022, and reflects submission to government.

Metrolinx is committed to supporting ridership growth momentum and travel frequency through fare strategy and enhanced customer experience by leveraging research and data-driven analysis to address evolving customer demand. Metrolinx’s fare strategy focuses on building off-peak leisure travel, making transit more appealing, improving customer experience, as well as supporting ridership and revenue recovery and growth.

Metrolinx has made significant progress on key programs and initiatives that aim to incentivize a return to transit, encourage leisure travel to events and destinations, optimize fare revenue potential, and continue to deliver outstanding customer experience. Some of these include e-tickets, weekend and new enhanced group passes, seasonal service to new tourism destinations, and new amenities to improve customer experience.

With the return to in-class learning and increased business travel, 2023-24 will be a critical year to remind customers of the benefits of convenience, flexibility and time in choosing transit. In 2023-24, Metrolinx will continue to focus on driving ridership growth by leveraging customer analytics to deliver demand-driven service including tourism and leisure travel. GO and UP ridership in 2023-24 is forecasted to grow to 72.5 million, or over 90 per cent of the pre-pandemic 2019-20 levels.



Over the next year, Metrolinx will be implementing targeted growth strategies to continue growing ridership and fare revenue in areas of greatest demand, including:

- **Delivery of demand-driven marketing strategies and customer experience elements** that stimulate market demand, innovative product development, and strategic partnerships to support ridership including a full slate of events, destinations and experiences;
- **Customer Digital Transformation Strategy** program to improve customer communication and introduce new personalization and automation for enhanced customer experience;
- **Introduction of GO newcomers and multicultural customer plan** to drive new ridership; and,
- **Non-fare revenue opportunities** that create customer experience improvements (i.e., retail in stations) and additional revenue streams (i.e., billboards, naming rights).

## 4.2 Delivering Non-Fare Revenue Initiatives to Support Financial Sustainability

Metrolinx continues to deliver innovative non-fare revenue initiatives and is actively exploring new opportunities to maximize revenue, enhance the customer journey experience and contribute towards more sustainable funding for the organization to drive long-term financial sustainability. Non-fare revenue includes advertising and partnership revenue, fees collected from transit providers for the use of the PRESTO system, track usage fees from corridor ownership, interest on working capital, reserved parking fees, and commercial space rentals.

Metrolinx has maximized and generated non-fare revenue through our advertising network, partnerships, and commercialization of key customer amenities, including expanding and modernizing our advertising network through digital upgrades, implementing partnership programs, PRESTO Perks Program and supporting new and innovative business opportunities.



In 2023-24, Metrolinx continues to maximize non-fare revenue through initiatives such as:

- **Expanding the digital billboard portfolio** through construction of digital billboards in the GTHA, including growing the 400 series highway digital billboard program, and continuing the Municipal Billboard Expansion program;
- **Implementing a market engagement strategy** to identify new strategic and corporate partnerships as ridership grows to maximize partnership revenue;
- **Delivering retail amenities and customer community events** with a renewed focus on commercial opportunities including filming requests, product sampling and brand activations;
- **Advancing new commercial ideas, expanding client outreach and business-to-business initiatives** to deliver revenue targets; and,
- **Modernizing the GO Transit advertising network** through upgrading existing signage to digital advertising screens across the GO Station network.

## 5.0 Operations

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Metrolinx train and bus services provide public transportation for an area of more than 11,000 square kilometres containing a population of more than seven million that stretches from Hamilton, Kitchener and London in the west to Newcastle and Peterborough in the east, and from Barrie and Beaverton in the north to Niagara Falls in the south.

### 5.1 A Secure Journey for Customers and Improved Operational Safety for Employees

Metrolinx takes our duties seriously as they relate to the safety and protection of transportation corridors under the *Metrolinx Act, 2006*. As we continue our safety transformation journey to provide the safest services, stations and workplaces for our employees, customers, contractors, and communities.



In 2023-24 Metrolinx will continue to deliver on our vision of a progressive and inclusive culture of safety excellence by:

- **Advancing our proactive and predictive capabilities to better understand and mitigate our exposure to safety risk** through the newly launched Serious Injury and Fatality exposure KPI and program and the Train Accident Risk Precursor program and measure;
- **Further embed a positive culture of reporting and data-driven decision-making** across the organization and our partners to achieve a Lost-Time Injury Frequency Rate (LTIFR) for all parties of 0.75/200,000 hours worked; and,
- **Achieve a minimum of one Safety Engagement Tour** per director per quarter to promote a positive safety culture that effectively manages safety risk for our employees, contractors, and customers and promotes operational excellence.



Metrolinx has also been making important progress by investing in customer protection personnel hiring, coaching and training, and in 2023-24 Metrolinx will continue to:

- **Protect and retain its fare revenue, while ensuring equitable treatment** that would improve the perception of fairness among compliant customers, protect the integrity of our fare system, and provide Metrolinx with opportunities to educate passengers on the various ways to purchase a fare;
- **Accounting for gender-based violence, sexual exploitation and violence experienced by marginalized groups** by training front line employees, updating reporting policies and raising public awareness on human trafficking and addressing the calls to justice outlined in the National Inquiry into Missing and Murdered Indigenous Women and Girls and Ontario's Anti-Human Trafficking Strategy; and,
- **Consulting the community** by establishing and maintaining relationships with supporting agencies and the community to understand current and emerging needs and risks to the customer journey

## 5.2 Adjusting Service Levels and Enhancing Customer Service to Meet Customer Needs and Grow Ridership

Metrolinx provides regional rail service through the GO Transit network corridors: Lakeshore West, Lakeshore East, Milton, Kitchener, Barrie, Richmond Hill and Stouffville, as well as airport service through UP Express. To support the ridership recovery, grow our ridership base and realize the revenue projections, Metrolinx needs to provide customers with reliable and frequent levels of transit service that gets customers where they need to go. Metrolinx is committed to supporting ridership growth through enhanced customer service to provide a seamless, easy-to-use and comfortable journey to customers.



In 2023-24 Metrolinx plans to provide a safe and easy journey to new and returning GO and UP customers through:

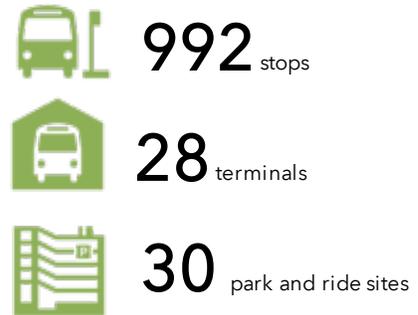
- **Optimize train service levels and adapt services to best meet customer demand** by adjusting frequency, and trips during the peak, evening, weekday, and weekend;
- Continue **building a new GO regional railway through the GO Expansion program**, to offer more service with faster trains, more stations, reduced congestion, regional development, and seamless connections to the regional rapid transit network; and,
- Continue to **monitor customer feedback** to ensure we continue to provide a safe and easy journey as people return to using our services.

## 5.3 Implementing Regional Express Bus Service to Support Continuous Ridership Growth

GO Bus provides a critical network of routes that connect Greater Golden Horseshoe regions and municipalities. Through transit connections, GO Bus customers can connect with other transit modes and providers to meet their travel needs.

Metrolinx has made important progress through the implementation of a GO Bus Strategy, with the primary goal to grow ridership, while increasing the cost-effectiveness of delivering bus services. The strategy will transform GO Bus Service from the previously train-supporting service towards higher-demand corridors with high-frequency 15-minute Regional Express Bus Network that maximizes reach and connectivity across the Greater Golden Horseshoe.

Exhibit 9: GO Bus Key Statistics



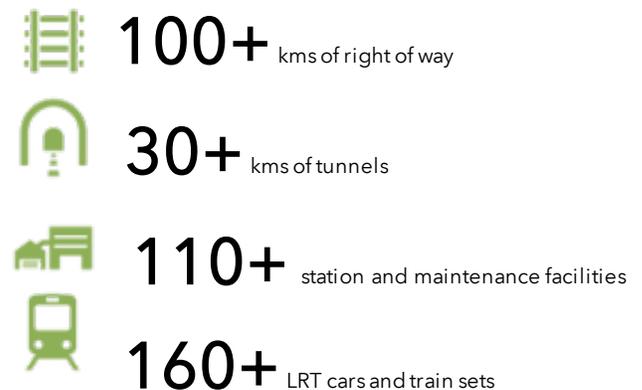
In 2023-24 Metrolinx will continue to advance on implementing Regional Express Bus service, which:

- **Optimizes routes and stops, increases bus service frequency, and offers seasonal service** to move toward Regional Express Bus service and grow ridership; and,
- **Connects GO Transit with major centres in the region** to provide direct connections to destinations with simple connectivity to transit partners, including private intercommunity bus providers, and extend the reach of passenger transportation services across the region.

## 5.4 Operational Readiness and Contractual Requirements for New Projects Coming into Service

Metrolinx currently manages the GO train and bus rapid transit asset base of approximately \$18.8 billion, which includes rail tracks, fleet, stations, bridges, structures, signalling and communication equipment. Over the next 10 years, Metrolinx is expected to bring into operation and manage a growing and new transit network that will include Eglinton Crosstown LRT, Finch West LRT, the Hazel McCallion Line, Hamilton LRT, Expanded GO Services, Ontario Line, Yonge North Subway Extension, Eglinton Crosstown West Extension, and Scarborough Subway Extension projects in the next few years. Combined, these projects are projected to grow Metrolinx's asset base to approximately \$60 billion by 2030 with significant operational and maintenance requirements to ensure safe and effective operations for our customers.

Exhibit 10: By 2030, we are adding the following Subway and Rapid Transit assets:





With the expected increase in its future asset base, Metrolinx continues to advance our Asset Management maturity through 2023 and beyond:

- **Establishing a strong focus on asset and commercial management** for all our long term, public-private-partnership (P3), and operations and maintenance contracts;
- **Transitioning Eglinton Crosstown LRT and Finch West LRT operational services and procedures** to the TTC in preparation of the projects coming into service, including by taking into consideration lessons learned from the experience of Ottawa LRT, to ensure the projects will meet their respective imminent service timelines, service standard, as well as maintenance, safety and operational obligations; and,
- **Develop Asset Management and maintenance plans for the GO Expansion program** that will include plans for service transition, asset and fleet management, performance standards, to ensure successful operation once the program is fully

# 6.0 PRESTO

PRESTO is Metrolinx’s fare payment system that seamlessly connects 11 transit agencies across the GTHA and Ottawa. 2022-23 saw continued progress in the return of ridership across the region, with PRESTO boardings averaging 1.5 million per day as of December 2022. Key priorities last year centered around advancing the PRESTO Modernization program, as part of our intense focus on our clients and end-user customers. Included in this, and most notably, PRESTO customers are now enjoying the benefits of new and convenient payment options with more than 500,000 PRESTO contactless passenger trips recorded as of December 2022.

In 2023-24, Metrolinx will build on the progress made over the past year and continue to focus on these three key areas:

- **Advancing the PRESTO Modernization program** through continued rollout and expansion of new ways to pay transit fares as well as the next phase of the PRESTO Procurement Program;
- **Continuous improvement of the customer experience**, building on the success of the past year and leveraging customer insights to deliver further enhancements that solve pain points in the PRESTO customer journey; and,
- **Delivering for PRESTO clients** by working closely with municipal transit agencies to support their fare policy needs, identify opportunities to improve the overall service offering, and accelerate the delivery of new products and features for customers.

Exhibit 11: PRESTO Key Statistics as of December 2022



## 6.1 PRESTO Modernization

Metrolinx has embarked on a Modernization Program to transform the PRESTO system, fare media products and operating model. PRESTO's modernization is composed of two parallel components:

- The delivery of new payment methods to better serve customers and clients; and,
- Re-procurement of current PRESTO systems and services with an accompanying evolution to a new operating model.

In 2022-23, Metrolinx achieved significant milestones across each of these programs. Following successful testing and pilot, PRESTO contactless fare payment using credit is now available on GO Transit, Brampton Transit, Oakville Transit, Burlington Transit, Durham Region Transit, Hamilton Street Railway (HSR), York Region Transit and MiWay in Mississauga. Transit riders on these networks can now pay fares by tapping their credit card on a PRESTO device, including those cards on a mobile phone or watch. The PRESTO Procurement Program made significant progress to bring into market the Request for Proposals (RFPs) for multiple segments of the future PRESTO system.

In 2023-24 Metrolinx remains focused on advancing PRESTO Modernization, with key initiatives that include:



- **Advancing the Procurement Program** with the evaluation of RFP submissions and awarding of contracts to support the future PRESTO system and services;
- **Expanding rollout of credit card contactless payment** to additional transit agencies across the PRESTO network, including the TTC, as well as Para Transpo in Ottawa;
- **Extending debit card contactless payment** to all PRESTO transit agency partners beyond UP Express - the first transit organization in Canada to offer a Canadian contactless debit option to customers; and,
- **The first phase of a virtual PRESTO Card in mobile wallet**, which will enable a smartphone wallet to tap and pay at PRESTO devices. The introduction of this product will add Metrolinx to a small list of geographies across the globe that have an account-based virtual card.

## 6.2 PRESTO Customer Experience

Metrolinx is committed to ensuring an excellent PRESTO customer experience and has continued to invest significantly in product and service improvements. In 2022-23, Metrolinx achieved an average PRESTO Customer Satisfaction (CSAT) score of 78 per cent through continuous improvement initiatives including a series of enhancements to the PRESTO website and PRESTO app, call centre Interactive Voice Response improvements that make it easier for customers to get support from a live-agent or self-serve, PRESTO device enhancements, and the addition of multiple new partners to our PRESTO Perks program.

Looking forward to 2023-24, Metrolinx will continue its efforts to improve the customer experience with several key initiatives including:



- **Digital Channel Enhancements** including enhanced login capabilities, new landing pages, and fare type notifications that are targeted to address known customer pain points;
- **Rollout of next generation Ticket Vending Machines** across the GO and UP Express network. This rollout will replace end of lifecycle devices and significantly improve the self-serve experience for transit riders;
- **Continuous improvements**, with a focus on call centre (e.g. increasing ability to self-serve anonymous customers and fix fare type issues), improving PRESTO website FAQs and more;
- **Further expansion of the PRESTO Perks program** to new partners that enhance the benefits of being a PRESTO customer through discounted offerings for destinations and services throughout the region; and,
- **Continuing to identify opportunities to increase customer access and equity** by exploring expansion of fare payment options for universities, school boards and social services, further expansion of the distribution network, and enabling customers to pay using PRESTO regardless of the vehicle type - conventional, specialized, contracted taxis.

## 6.3 Delivering for PRESTO Clients

Metrolinx works together with municipal transit agencies and partners to implement customer and client-centric initiatives that will deliver value across the region. In 2022-23, Metrolinx in partnership with TTC, began the rollout of new PRESTO devices across our bus and streetcar network to support the future introduction of modern fare payment options (e.g. PRESTO Contactless fare payment). PRESTO devices also continue to perform well, and availability has remained above target throughout the year, as of November 2022, for both card load equipment (99.71 per cent YTD) and individual fare payment devices (99.85 per cent YTD).

In 2023-24, Metrolinx will build on these achievements and work closely with our transit agency partners by:



- **Installing infrastructure for PRESTO equipment along the Eglinton Crosstown and Finch West LRT lines** to support these future services. This work will be completed in time for the opening of both LRT lines;
- **Continuing to deliver and maintain a reliable PRESTO service** for clients and customers through continuous improvements to availability of network-wide payment readers, load machine devices and maintaining a central system availability rate of 100 per cent; and,
- **Enabling the launch of new PRESTO payment methods across the TTC** by completing the update of PRESTO devices across the TTC network.

## 7.0 Capital Projects

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Metrolinx continues to advance the largest transit expansion program in Canadian history, which will transform the way the region moves. The major flagship programs are:

- **GO Expansion**, which will bring two-way, all-day, service to the core segments of the GO rail network through various packages of Early Works, Off-Corridor and On-Corridor Works;
- **Rapid Transit projects**, which include both Subway and LRT projects. Rapid Transit projects will provide reliable and seamless connections to the TTC and other municipal transit systems and to the GO network, while providing rapid transit access to previously underserved neighbourhoods. Rapid Transit projects include the building of the Ontario Line, Scarborough Subway Extension, Yonge North Subway Extension, Hazel McCallion Line, Hamilton LRT, Finch West LRT, Eglinton Crosstown LRT and the Eglinton Crosstown West Extension, as well as planning for potential future Bus Rapid Transit (BRT) being planned for the Greater Toronto Area.

Further details of each program are described in their respective sections.

### 7.1 GO Expansion

Metrolinx is committed to transforming the existing GO Transit rail system to offer frequent all-day, two-way electrified service on core segments of the network through the GO Expansion program. In the 2023-24 fiscal year, Metrolinx will be investing approximately \$2.4 billion in the GO Expansion program. The implementation of the GO Expansion Program is divided into different packages of work, based on when and how the infrastructure is required.

#### Early Works

Early Works is a \$10.5 billion suite of projects that will prepare the rail network for the implementation of the subsequent Off-Corridor and On-Corridor packages. These works include utility relocations, grade separations, track work and modifications, grading, retaining structures, noise mitigation measures, and upgrades to bridges, stations, and signalling and communications infrastructure. Work will continue in 2023-24 to deliver this program through public-private partnership contracts, traditional procurement methods, and progressive contract models that involve a collaborative development phase before construction:

- **Public-private partnership contracts:** Metrolinx will continue to make progress in delivering a number of the GO Expansion Early Works projects using this approach, working with Infrastructure Ontario as the procurement advisor through an integrated team model. As of early 2023, Rutherford GO Station and Grade Separation was completed and is delivering benefits to customers. The Davenport Diamond Rail Grade Separation is in the advanced stages of construction with trains expected to run on the guideway in early 2023 with the stage of construction carrying into 2023-24. Construction of the Stouffville Stations and Grade Separation project is expected to be completed in 2023-24. Procurement of the Lakeshore West Infrastructure Improvements Project reached financial close in 2022 and following design advancement, construction is expected to begin in 2023-24.
- **Traditional procurement methods:** Metrolinx continues to deliver other early works through Design-Build (DB) and Design-Bid-Build (DBB) contracts. In 2022-23, projects including the Bramalea GO Station Multi-level Parking Structure, Weston Station and Malton Station reached substantial completion. Bramalea South Track, Bradford Parking and Bus Loop Expansion, and Eglinton GO Station are in advanced stages of construction. Other ongoing construction includes Stouffville Second Track and Signals, Lakeshore East Corridor Expansion (Western segment) and Barrie and Kitchener Corridor Expansions.

As some of the above projects advance deeper into construction or reach completion in 2022-23, several further projects are planned to break ground. Multiple procurements including the Bloor GO TTC Connection, Caledonia Station, Niagara Falls Layover and Kitchener Line track work are planned for 2023-24.

Metrolinx continues to advance the GO Transit Train Control System across the network along with Signalling Enabling Works in the Union Station Rail Corridor (USRC). The latter project includes new signal foundations, cables, and cable containment in preparation for further signalling works in the On-Corridor Works package.

- **Progressive contract models:** Though the majority of early works are being delivered through traditional contracts, some projects are now being delivered through collaborative delivery models that involve a “Development Phase” with a contractor prior to construction, which allows for designs and workplans to be jointly developed.

The Union Station Enhancement Project (USEP) is the first major public-sector transportation project in Canada being delivered using an Alliance procurement model. Following a successful development phase, in which Metrolinx worked closely with the selected partner, ONTrack Alliance, to refine the design and budget, the project agreement was successfully executed in early 2022. The agreement is the basis for an innovative partnership between Metrolinx and its contractors. In 2022-23, a blockade zone was erected in the USRC in order to enable construction of new and expanded platforms, canopies, and tracks, and a new south concourse at Union Station, which will connect the Bay and York Concourses. Bulk excavation for the south concourse began in late 2022. Further excavation and USEP works, including utility relocation and bridge expansion work outside the blockade zone, will continue into 2023-24.

### Off-Corridor Works

Throughout 2022-23, progress was made on the early stages of the procurement process for renovations at existing stations on the GO network, including upgrades to station buildings, platforms, signage, bus loops, parking, bike parking, accessibility, and passenger pick-up and drop-off facilities. 2023-24 is expected to progress detailed design activity, with projects anticipated to enter construction procurement.

### On-Corridor Works

A key component of the delivery of the GO Expansion Program are the On-Corridor Works required to deliver the enhanced service levels outlined in the Full Business Case for GO Expansion. On-Corridor Works are being primarily delivered through an innovative Progressive Design-Build-Operate-Maintain (DBOM) contract. Following a multi-year procurement process, on April 19, 2022, ONxpress Transportation Partners, comprised of leading Canadian and international companies, was selected as the project partner.

The On-Corridor package will facilitate the transformation of the GO Rail network into a frequent, two-way, all-day service on core segments of the network, through the following scope:

- Operation of train services including crewing;
- Timetable planning and train control for all operators across the GO-owned network;
- Design, construction and integration of works in the railway corridor, including civil infrastructure, tracks, systems and signalling;
- Maintenance and rehabilitation of new railway corridor assets and select existing railway corridor assets;
- Maintenance, servicing and cleaning of all rolling stock and, if required, procurement of new electric vehicles;
- Construction of new maintenance and train storage and/or layover facilities;
- Reconstruction of Union Station track and platforms; and
- Compliance with Metrolinx safety, security and emergency management policies.

In 2022-23, Metrolinx and ONxpress began working collaboratively as part of the ongoing Development Phase – a multi-stage process to finalize scope, designs, schedules, risk allocation, and pricing of project elements, with

construction on some initial works expected. In 2023-24, the project teams will work towards agreement on specific cost and scope bundles, operations and maintenance targets, and future train service plans including line speeds and the implementation of European Train Control System (ETCS) signalling across the network. In addition, geotechnical work that began in November 2022 will continue in 2023-24, with approximately 4000 boreholes to be drilled across the network. Ongoing activities also include utility engineering and environmental inspections.

## 7.2 Complementary Works: GO Rail Corridor Extensions and SmartTrack Stations Program

In 2023-24, investments of approximately \$349 million are planned towards GO Transit improvements beyond the core GO Expansion Program that will bring greater access to regional rail services to new markets.

The GO Rail Corridor Extension program is focused on extending Lakeshore West service through Hamilton and on to Niagara Falls and Lakeshore East trains service to Bowmanville and enhancing Kitchener Line service to two-way all-day service. Procurement of the Bowmanville Extension is underway and planned to be awarded under a Construction Manager at Risk model in early 2023-24. Initial works for the Kitchener Extension project are well underway and will continue over 2023-24. Metrolinx is continuing to negotiate agreements with key freight rail partners to enable expansion of service over corridor sections under their ownership.

In addition, Metrolinx has initiated the procurements for stations within the City of Toronto's SmartTrack Stations Program that will see infill stations added to inner portions of the GO rail network, leveraging the frequency and capacity improvements of GO Expansion to bring new transit options to more communities. Three stations (King-Liberty, Finch-Kennedy, and St Clair-Old Weston) have been procured under a Construction Management at Risk model, Bloor-Lansdowne Station procurement is underway, and the East Harbour Transit Hub has been procured under an Alliance model. On November 22, 2022, Rail Connect Partners was selected as the successful Alliance partner for the East Harbour Transit Hub. In 2023-24, the collaborative development of budgets and a comprehensive workplan with plans for early works construction are expected to occur for East Harbour.

## 7.3 State of Good Repair (SOGR)

To ensure GO Transit assets remain in a safe and reliable condition, Metrolinx continues to invest in infrastructure rehabilitation. Approximately \$276 million of the capital plan for 2023-24 will be dedicated to SOGR projects, including GO Transit and enterprise IT initiatives.

In 2023-24, Metrolinx is aiming to deliver our SOGR Program within five per cent of the approved capital budget for the year, as part of the organization's strategic priorities. In 2023-24 Metrolinx will be focusing on projects such as:

- Maintenance and rehabilitation work to GO owned structures, track and signals;
- Maintenance and rehabilitation work on GO stations;
- Corridor fencing and crossing securement;
- Fare systems program;
- Bi-level passenger coach and bus refurbishments; and,
- Customer digital transformation and other enterprise I&IT work

## 7.4 Rapid Transit Projects

In 2023-24, Metrolinx will continue to advance the delivery of the Rapid Transit program, including Subways, LRT and BRT projects.

Approximately \$3.2 billion of the capital plan for 2023-24 will be dedicated to advancing the following five projects:

- **Ontario Line** - Significant progress has been made on this new subway line running 15.6 kilometres from Ontario Science Centre to Exhibition station.
  - In November 2022, the South Civil P3 package was awarded to Ontario Transit Group and the Rolling Stock, Systems, Operating and Maintenance (RSSOM) P3 contract was awarded to Connect 6ix. 2023-24 is expected to include many important early design and construction milestones as these contracts proceed into implementation, including the start of piling at downtown stations and fabrication of tunnel boring machines.
  - Additional enabling and advance works including construction in the Don Yard, utility relocations, and demolitions were also awarded and mobilized in 2022-23, with further advance works contracts to be awarded in 2023-24. These include two large-value contracts for enabling works in the Joint Corridor segment abutting the Riverside and Leslieville communities and in the Lower Don area. Two further advance works packages, the Pape Support of Excavation (SOE) and Don Valley Crossings (DVC) are also in early procurement and are expected to be awarded in 2023-24.
  - The final two main works packages for the Ontario Line, the Pape Tunnel and Underground Stations (PTUS) contract and the Elevated Guideway and Stations (EGS) contract, will be delivered using the Progressive Design-Build contracting model. Over the course of 2023-24 Metrolinx expects to select a Development Partner for each and proceed into a collaborative Development Phase.
- **Scarborough Subway Extension** - This 7.8-kilometre-long extension will be a three-stop addition to the TTC's Bloor-Danforth Line 2 from the existing terminal at Kennedy Station. An advance tunnel contract reached financial close in 2021-22. "Diggy Scardust", the largest-ever tunnel boring machine to work on a Canadian transit project, began digging a 6.9 km portion of the tunnel in 2022-23 and will continue boring in 2023-24. On November 30, 2022, Scarborough Transit Connect was selected as the partner for the Stations, Rail and Systems (SRS) Progressive-Design-Build contract. Design work will proceed as part of the development phase in 2023-24.
- **Yonge North Subway Extension** - Work is underway in 2022-23 for this approximately 7.4-kilometre extension of the TTC's Line 1 Yonge-University Subway Line from Finch Station to the City of Richmond Hill. In 2022, the contract for construction of Early Works at Finch Station was awarded. Work continues to prepare to procure an Advance Tunnel contract. Similar to the Scarborough Subway Extension, this is expected to be followed by a Stations, Rail and Systems (SRS) package which will be further advanced for relevant government approvals in 2023-24.
- **Eglinton Crosstown West Extension** - This 9.2-kilometre extension of the Eglinton Crosstown LRT will run from the future Mount Dennis station to the existing Renforth bus rapid transit station. The first advance tunnel contract for 6 km of tunnelling between Renforth Drive and Scarlett Road reached financial close in 2021-22. Two tunnel boring machines in parallel tunnels have progressed well into their respective drives and are expected to complete the rest of their journey to Scarlett Road in 2023-24. Awards for a second advance tunnel for the 600m segment between Jane Street and the future Mount Dennis Station and an approximately 1.6 km elevated guideway between Scarlett Road and Jane Street are expected in 2023.
- **Hamilton LRT** - This 14-kilometre LRT in the City of Hamilton will extend from McMaster University to Eastgate Square, travelling across the heart of the city. The project will involve an enhanced streetscape, sidewalks, and roads, as well as improvements to utilities and other less visible infrastructure. Most of the work in 2023-24 will be focused on advancing procurement, due diligence, utility relocations and

environmental work planned along the corridor in anticipation of future LRT construction. Property acquisition and building demolition will also continue throughout 2023-24.

The five projects above are those named as priority transit projects under the *Building Transit Faster Act, 2020* (BTFA). Metrolinx will continue to implement the applicable BTFA measures to streamline project delivery and support the accelerated completion of the priority transit projects.

Three additional LRT projects are underway that are anticipated to spend \$454M in 2023-24:

- **The Eglinton Crosstown LRT** project is being delivered through a Design-Build-Finance-Maintain (DBFM) contract, which was awarded to Crosslinx Transit Solutions (CTS) in July 2016. Implementation by CTS has been underway since March 2016 and over the course of 2022-23 the project moved into the final stages of construction, including the installation of finishes and equipment in underground stations while sidewalk, road, and curb construction at various intersections above the line were completed. The integration of systems and testing and commissioning activities continued across the alignment throughout 2022-23 and are expected to carry over into 2023-24.
- **The Finch West LRT** project is a dedicated 11 kilometres, 18-stop line being delivered through a DBFM contract, which was awarded to Mosaic Transit Group in May 2018. In 2022-23, LRVs continued to be delivered to the Maintenance and Storage Facility (MSF) and underwent the process of completing 600 kilometres of “burn-in” testing along a completed section of the line. Works including track installation, utility and concrete works, and shelter canopy installation progressed in 2022-23. The final stages of construction are planned to occur in 2023-24.
- **The Hazel McCallion Line** is an 18-kilometre LRT project along Hurontario Street being delivered through a Design-Build-Finance-Operate-Maintain (DBFOM) contract that was awarded to Mobilinx in October 2019. In 2022-23, tracks were installed inside the Operations, Maintenance and Storage Facility (OMSF), through several intersections and at most mid-blocks along the alignment were completed. Guideway construction occurred from Matheson Boulevard to Britannia Road in preparation for future track installation in 2023-24. Over a single weekend in November 2022, a “push box” was installed to create a new permanent underpass for northbound Hurontario Street traffic under the Queen Elizabeth Way. A second push box will be installed under the Lakeshore West tracks to create a passageway for the future LRT to enter Port Credit GO Station below grade, and works will continue at Port Credit Station in 2023-24. A new flyover bridge over Highway 403 is being constructed and girders will continue to be installed in 2023-24.

## 7.5 Advancing Other Future Projects

In addition to the rapid transit projects already underway, in 2023-24 Metrolinx will continue to partner with municipalities and municipal transit agencies in advancing the planning and preliminary design work of several other potential future projects, including:

- **Durham-Scarborough Bus Rapid Transit** -Preliminary Design Business Case for 36 kilometres of Bus Rapid Transit linking Scarborough Centre with Pickering, Whitby, Ajax, and Downtown Oshawa will be complete in 2023-24;
- **Dundas Street Bus Rapid Transit and Priority Bus** - Preliminary Design Business Case for the Mississauga East portion of a 46 kilometres of enhanced bus infrastructure linking Toronto, Mississauga, Oakville, Burlington, and Hamilton complete in 2023-24;
- **Brampton Queen Street/Highway 7 West Extension Bus Rapid Transit** - TPAP and Preliminary Design Business Case for 20 kilometres of Bus Rapid Transit linking Downtown Brampton and Vaughan Metropolitan Centre will continue to be developed in 2023-24;

- **Zero Emissions Bus Program** - business case underway in 2023-24 to explore alternative propulsion technologies for the GO bus fleet that reduces greenhouse gas emissions, reduces operating and energy consumption costs;
- **Milton GO Service Expansion - Milton GO Service Expansion** - Initial Business Case to be completed in 2023-24 for expansion of service along the Milton corridor to better serve passengers with off-peak and counter-peak rail service;
- **Sheppard Extension**- business case underway in 2023-24 to develop and evaluate options to consider different alignments, stations, service, technologies and delivery methods to extend rapid transit service along the Sheppard corridor; and,
- **Steeles Bus Rapid Transit** - business case underway in 2023-24 to identify the appropriate service and infrastructure to support frequent bus transit service.

## 8.0 Sustainable Revenue Generation Through Transit Oriented Communities and Real Estate Strategy

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While delivering major capital infrastructure projects, Metrolinx is supporting the Province's strategy to deliver high density, mixed-use Transit Oriented Communities (TOC) at new and existing transit stations. TOC development enables Metrolinx to leverage benefits from third-party investments to reduce the public funding required for transit expansion, while bringing jobs, housing and destinations closer to transit for our customers.

In addition to TOC developments, Metrolinx has made significant progress through the development of a Real Estate Strategy that will prioritize long-term and sustainable revenue for the province. Metrolinx is now moving to a more strategic and lifecycle-focused approach to real estate that will pursue a variety of long-term sustainable revenue sources to optimize real estate asset value (e.g., land and building leases, property and air-rights licenses, shared access agreements).



In 2023-24, Metrolinx will build on these achievements and become an even more responsible owner and manager of real estate, through the following planned initiatives:

- **Advancing the Real Estate Strategy** to transition towards a more sustainable, recurring revenue model that maximizes asset value and increase volume of transactions through bundling of market offerings;
- **Undertaking a comprehensive lifecycle-focused approach to real estate asset management** to minimize holding costs, increase revenue, and improve safety conditions; and,
- **Optimizing the real estate portfolio** for potential TOC opportunities and revenue sources from underutilized assets.

# 9.0 Regional Transportation Planning

Metrolinx’s expanded transit program will transcend regional borders and foster connections between all our communities and through new subway lines, extensions, LRT lines, bus rapid transit and a transformed GO rail system. Fast, frequent, and reliable connections to local and regional buses are also critical to extending the reach of the transit network, making transit attractive for more people, more destinations and activities.

Making the 2041 RTP a reality is only possible through collaboration, consultation and partnership, and all those who plan, build, maintain, finance and/or operate transportation in the GTHA need to be involved. This includes the 30 regional and local governments in the GTHA, Metrolinx, the Province of Ontario, the federal government, and the transit agencies (including the GO Transit division of Metrolinx, Ontario Northland Transportation Commission, and VIA Rail). It also means working with municipalities and the private sector to ensure that land uses - such as for housing, offices, condos, hospitals, school campuses and recreational facilities - are designed to focus on the movement of people, not just vehicles.

In March 2022, the province released *Connecting the GGH: A Transportation Plan for the Greater Golden Horseshoe*, which sets out a multimodal framework to align planning across the region, including Metrolinx’s role in coordinating, planning, financing, developing and implementing an integrated transit network. An important step towards implementation of the plan will be to bring the 2041 RTP into alignment with the GGH transportation plan.

In 2023-24, Metrolinx will continue to work closely with the Ministry of Transportation, municipalities, and Indigenous communities to further advance the planning and implementation of the 2041 RTP and *Connecting the GGH*, the province’s GGH Transportation Plan for 2051.

## Exhibit 12: Vision for the GTHA Transit Network by 2041



**Over 1,800**

kms of frequent rapid transit network



**38%** of population will be

within walking distance to frequent rapid transit network

## 9.1 Simplifying Fares and Integrating Services in the Region to Attract Customers to Transit

Fare and service integration continue to be important parts of the Metrolinx mandate and are vital to delivering a more seamless regional transit network. As customers return to using public transit and look for new ways to travel in a post-pandemic environment, a seamless transit experience through integrated fares, payment methods, services, and schedules makes transit a more attractive option for customers. Metrolinx will continue working with MTO and local transit systems to support fare and service integration goals and transit ridership growth, including identifying opportunities for improved transit fare and service integration across the region, and sharing information to develop a better understanding of the regional transit network.



Fare and service integration initiatives being implemented in the immediate term include:

- **Undertaking a robust analysis on long-term regional fare integration** to develop a regional fare structure approach, assess the financial, operating and capital impacts of fare structure options, as well as considering the implementation approaches;
- **Working with local transit agencies to support service integration**, for example through cross-boundary transit operation pilots; and,
- **Making GO transit a more affordable option** by implementing the 100% co-fare between most transit agencies and GO Transit, piloting an affordability program to provide GO fare discounts to low-income customers and increasing the youth concession discount to 40%.

## 9.2 Improving Customer Access to Stations

Improving transit is about more than just upgrading vehicles, timetables and routes. It is also about making it easier to get to and from stations, beyond using a car. As the province moves closer to the other side of COVID-19 pandemic measures, and more riders return, Metrolinx is working on making it easier to take local transit, ride-sourcing services (e.g., ride-sharing, taxi), walk and bike to stations and partner with private intercommunity bus providers. The expected growth in ridership, combined with, land use intensification and re-urbanization, means that in most cases, it will no longer be practical or desirable to meet GO ridership growth primarily through parking expansion. The path forward is outlined in the 2041 GO Station Access Plan, published to the Metrolinx website.



In 2023-24 Metrolinx will also continue to build on these improvements by:

- **Implementing the 2041 Station Access Plan (SAP)**, to reflect new customer behaviours post-pandemic and better support intensification and TOC at stations. The SAP implementation strategy identifies access infrastructure for investment, improvements to transit access, communications, and parking approaches as components of improvements to the station access experience;
- **Collaborating with municipalities** on agreements for station access upgrades like better local bus service to stations, new multi-use paths and new bike infrastructure to help customers get to their GO station;
- **Completing Station Master Plans** for each GO Rail station to lay out a long-term vision of how our stations will accommodate new station access infrastructure; and,
- **Completing Station access upgrades** at nine GO Stations, including new walkways and plazas, new and improved bus loops, bike, and car parking, and new pick-up and drop-off (PUDO) locations; **Presenting an access strategy** for new subway stations.

# 10.0 Metrolinx Internal

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## 10.1 Building a Strong, Capable and Inclusive Workforce

Metrolinx is ensuring that the capacity and capability of our workforce is consistent with the organization's vision, mission, and strategic priorities. Metrolinx has made progress in delivering on these commitments by developing and engaging our employees, attracting and retaining talent, and fostering a culture of equity, diversity, inclusion, anti-racism and accessibility. In addition, Metrolinx has been driving change in all parts of the organization through continuous improvement and Lean thinking competencies that enable and empower employees to identify and remove waste.



Building on the progress achieved on these key areas, Metrolinx will continue to pursue several key business improvements in 2023-24 including:

- Developing and implementing strategies that will **drive leadership accountability, embed equity, diversity, inclusion, including anti-racism, and accessibility into our culture**, as well as enable Metrolinx to effectively support and engage our employees, our customers, and our communities;
- **Focusing on leadership development** by delivering a new leadership strategy that equips our leaders to foster an engaged workforce, deliver key organizational priorities and promote inclusion and belonging; and,
- **Optimizing our current and future workforce** so that we can attract and retain our talent, develop strong talent pipelines and deliver the best public service.

As of December 31, 2022, total headcount of active unionized and non-unionized employees on the payroll was 5,753; consisting of 5,351 regular full-time ("FT"), 223 regular part-time ("RPT"), 97 long-term contract ("CLT") and 82 short-term contract ("CST") employees. In addition, there are 268 employees on leaves of absence (including medical, parental, maternity, Workplace Safety & Insurance Board "WSIB" and other leaves) and 22 students (comprised of co-op students, summer students, interns, research fellows and articling students).

It is important that our workforce represents and reflects the communities we serve. As such, Metrolinx is dedicated to building an equitable, diverse, inclusive and safe workplace. To support this work, Metrolinx is committed to supporting and developing our workforce to ensure they have the skills necessary to be successful now and into the future. This includes the implementation of a new leadership development framework to ensure our leaders are equipped to support employees to be successful; strengthening our efforts to build a highly engaged workforce; enhancing partnerships; advancing our equity, diversity, inclusion, anti-racism and accessibility priorities and driving the strategic objectives and other priorities outlined in the business plan.

Metrolinx is also optimizing our people through strengthened workforce planning, enhanced labour relations with our bargaining agent partners, and robust talent attraction and retention strategies. Metrolinx regularly reviews total rewards, including benefits, to ensure competitiveness with the market based on formal benchmarking of comparable broader public service organizations to support talent attraction and retention.

# 10.2 Advancing Information Systems and Technology Capability

Metrolinx utilizes advanced information systems and technology to deliver transit services to our customers. Many different types and sizes of projects - small, medium, and large - are deployed to deliver value-added service for internal groups of the organization in support of the commuters who use Metrolinx services as part of their daily lives.

Metrolinx has made considerable progress in implementing these projects, including a strengthened cybersecurity focus, as well as the implementation of applications and solutions to support transformations and improvements across the organization, including those for transit operations and safety.



Building on the progress achieved on these key areas, Metrolinx will continue to pursue a number of key business technology deliverables in 2023-24 including:

- **Increased cybersecurity capabilities** to minimize, monitor and manage operation technologies, rapid transit systems, Network Operations Centre (NOC) and customer-facing technologies. These enhancements are necessary to ensure continued operations of regional and provincial transit operations and protect public safety;
- Build **client focused strategies** that will enable technology as a partner for everyone across the organization and effectively **support the new rapid transit projects coming into service**; and,
- Continue to **reduce reliance on contractors** and shift positions and accountability to permanent employees supported by third parties.

# 10.3 Actively Engaging with Communities

Metrolinx's communications and community engagement division is transforming through enhanced integration with project delivery, operations, and business strategies. The result is an always-on and proactive communication ethic that enables audience engagement by making it easier for residents to connect with us. With a regional focus, the community engagement group operates as a one-window across the Greater Golden Horseshoe, supporting 50+ municipalities, 685+ elected officials, and more than eight million residents, with matters related to our \$75 billion capital program and Metrolinx operations.

The community engagement team communicates early and often, which is critical to enabling capital and operating portfolios by managing reputation. Metrolinx works with project delivery partners in the spirit of being a good neighbour. Community and safety walks are conducted in advance of construction or before construction mitigation plans are finalized. This includes liaising with residents and businesses, ensuring project benefits are shared. Community engagement's multi-faceted approach to outreach connects with residents where they are and offers service in more than 19 languages. We communicate through open houses, construction and community liaison committee meetings, door-to-door canvassing and through information tables in key community spaces. Doing so increases positive public impression and trust, while centring Metrolinx's engagement channels as a reliable resource.

Metrolinx's capital projects will improve the connectedness of communities across the region; while doing so, we are committed to building and fostering relationships with local businesses who experience the temporary impacts

of our construction. By providing increased lines of communications sooner, we help businesses plan as we deliver much needed transit to these communities. Through various tables, Metrolinx seeks to understand and address the needs of businesses throughout the lifecycle of our projects by providing opportunities for business input into construction management plans, shop local marketing campaigns and local procurement opportunities.

As capital projects across the region continue to grow in profile, investment in integrated communications and community-focused programming is required to continue to:



- **Mobilize our community engagement and community supports strategy** to keep communities and stakeholders informed about the capital program;
- Continue to implement an enhanced, cross functional **Indigenous engagement and consultation approach** to meet Metrolinx's legal obligations and corporate commitments to Indigenous communities;
- **Support the organization's adoption of digital equivalency to support to content and storytelling** to deliver on the digital transformation strategy through website enhancement supporting targeted and campaign style communication across the capital projects; launching a new public meeting tool to improve public participation and accessibility; enhancing geo-tracking of communications across the regions; and implementing use journey improvements for metrolinx.com and MXE Engage; and,
- **Foster accessibility, equity, diversity and inclusion** by adopting a robust engagement process to ensure all voices are heard to inform policy development and decision-making.

## 10.4 Building Relationship with Indigenous Communities

With growing investments in the Metrolinx capital program that potentially have impacts to Indigenous communities' Aboriginal and treaty rights, and the associated obligations to fulfill the Duty to Consult, Metrolinx is strengthening its capacity in this area to be successful in delivering its capital program. To that end, Metrolinx has established the Indigenous Relations Team (IRT), which has been working with Indigenous communities with rights and interests in the Metrolinx operating area to consult and engage on projects, as well as build and advance productive relationships.

Metrolinx is strengthening processes around Indigenous consultation and Duty to Consult assessments and provide the breadth or depth of engagement that is expected, as well as addressing risk to the capital programs and operations as many projects have years of history including decisions that have already been made and work that is already underway or complete.



In 2023-24 Metrolinx is implementing a three-pronged approach:

- **Building out the Metrolinx Indigenous Relations Team** and preparing processes and training for Metrolinx staff;
- **Fulfilling the consultation obligations** when projects have the potential to adversely impact Aboriginal and treaty rights; and
- **Working with the provincial government** to ensure alignment of the approach.

# 10.5 Implementing Workplace Strategy to Optimize Office Space

The workplace environment is a key contributor to overall employee engagement and retention, which are foundational elements in the delivery of Metrolinx strategic objectives. Business and employee expectations continue to evolve within the post pandemic work environment, resulting in new demands on how office space is optimized. We have adjusted our approach by implementing employee centric expanded scope - “enable new ways of working through workplace” coupled with effective and efficient space management. This approach is foundational to our business improvement plan to reduce our downtown footprint and costs and a broader approach to include community offices, regional and operational offices.

The updated strategic plan takes a holistic view that considers the provincial directive, provincial approvals, post pandemic work needs for utilization, the unique working needs of each team, change management, and technology. This workplace strategy will enable new ways of working, including through increased density of teams to enable greater team collaboration while delivering economic benefits, flexibility of space to maximize utilization, and build data capability to support fact based organizational decision on current and future space requirements.



In 2023-24 Metrolinx will continue to progress on the significant advancements made over the last year, including:

- Exited 112,000 sq. ft of downtown real estate in 2022, with plans to **exit additional downtown real estate** by 160,000 sq. ft to reduce real estate cost per employee and align to provincial employee to seat ratios;
- **Shift office footprint to lower-cost Metrolinx owned regional locations**, including Whitby, Hamilton, Ajax, with a target to be 30% regional in next 5 years;
- Support evidence-based decisions by **leveraging insights from data analytics on office space utilization**; and,
- **Increase collaboration / control rooms** to support team interactions.

# 10.6 Environmental, Social and Governance (ESG)

Sustainability is one of Metrolinx’s key organizational priorities and is embedded throughout our core functions. Our sustainability efforts put people first, and our approach is to consider all stakeholders, and Indigenous partners, including future generations, in our business decisions. By putting people first, we ensure our long-term viability as a business and as an organization by reducing our environmental footprint, strengthening our economic bottom-line and enhancing our responsibility to our customers, employees, and communities.

Metrolinx will continue to advance the development of an integrated and enterprise wide ESG strategy through 2023-24, which will inform the next iteration of the annual business plan. The annual report will be supplemented with enhanced in-depth Annual ESG report that highlights our accomplishments, impacts and plans going forward, which will be posted on the Metrolinx website.

# 10.7 Transit Procurement Initiative

## Exhibit 13: Transit Procurement Initiative Key Stats



**\$38.6M**

savings generated since 2006



**54**

Transit agency partners

Metrolinx’s Transit Procurement Initiative (TPI) has been delivering procurement services to our municipal partners by aggregating quantities, collaborating to standardize technical specifications, and eliminating duplicate procurement processes. The joint procurements lower unit costs and increase the quality of goods for transit systems. Despite the challenges the public transportation sector has endured because of the pandemic and ongoing impacts to the supply chain, TPI surpassed the \$1 billion contract purchases mark and is developing its first battery electric bus joint procurement.



Throughout 2023-24, Metrolinx will continue to support the TPI program to allow partnering municipalities to procure goods and services more efficiently, maximize their investments, and emphasize focus on their transit users’ needs by:

- **Focusing on battery electric buses** and establishing TPI as a centre of expertise and go-to resource for transit fleet electrification;
- **Increasing the number of active contracts** to grow the TPI program’s footprint and increase the overall program cost recovery revenue for Metrolinx;
- **Improving client satisfaction and adding value to purchases** for transit agency partners through technical expertise and collaboration; and,
- **Improving on the program’s cumulative financial benefits**, such as administrative cost avoidance, and capital and operating savings from transit agencies.

# 11.0 Multi-Year Corporate Performance

## 11.1 Operating Budget

Metrolinx's 2023-24 operating budget submitted to the government in fall 2022 includes a planned operating subsidy requirement of \$846.7 million, which includes projected total expense of \$1,634.3 million including long-term interest on capital projects, and bid fees of \$18.3 million, total revenue of \$771.4 million and proceeds from sales of assets of \$34.5 million.

For 2024-25 and 2025-26, Metrolinx is projecting an operating subsidy requirement of \$892.1 million and \$900.5 million respectively, with growth in revenue mainly driven by forecasted improvement to ridership and the corresponding fare revenue. Total revenue is forecasted to increase to \$918.7 million in 2024-25 and \$971.9 million in 2025-26, representing year-over-year increases of 19.1 per cent and 5.8 per cent respectively. Ridership is anticipated to strengthen in the outer years and recover to 2019-20 levels by 2024-25. Proceeds from sales of assets is estimated at \$26.0 million in 2024-25 and \$25.0 million in 2025-26. The COVID-19 pandemic situation continues to evolve at the time of writing, and these projected fare revenue and non-fare revenue figures reflect Metrolinx's operating budget submission to the government in fall 2022.

Metrolinx is projected to grow our revenue at a higher rate compared to operating expenses over the outlook period, primarily because of ridership and revenue recovery, continued implementation of business improvement plans across the organization, along with heightened cost control measures. Total operating expense is projected at \$1,834.1 million and \$1,897.5 million respectively in 2024-25 and 2025-26, primarily to deliver on expanded mandate, including to support the operationalization of new LRT assets coming into service and new GO services across the region. Bid fees is estimated at \$2.7 million in 2024-25.

**Exhibit 14: Multi-Year Operating Budget Plan and Outlook**

(\$M)	2023-24	2024-25	2025-26
	Plan	Outlook	
Total Revenue	771.4	918.7	971.9
Total Expense	1,634.3	1,834.1	1,897.4
<b>Net Operating Requirement</b>	<b>862.9</b>	<b>915.4</b>	<b>925.5</b>
Bid Fees	18.3	2.7	0.0
Proceeds from Sale of Assets	34.5	26.0	25.0
<b>Planned Subsidy Requirement</b>	<b>846.7</b>	<b>892.1</b>	<b>900.5</b>

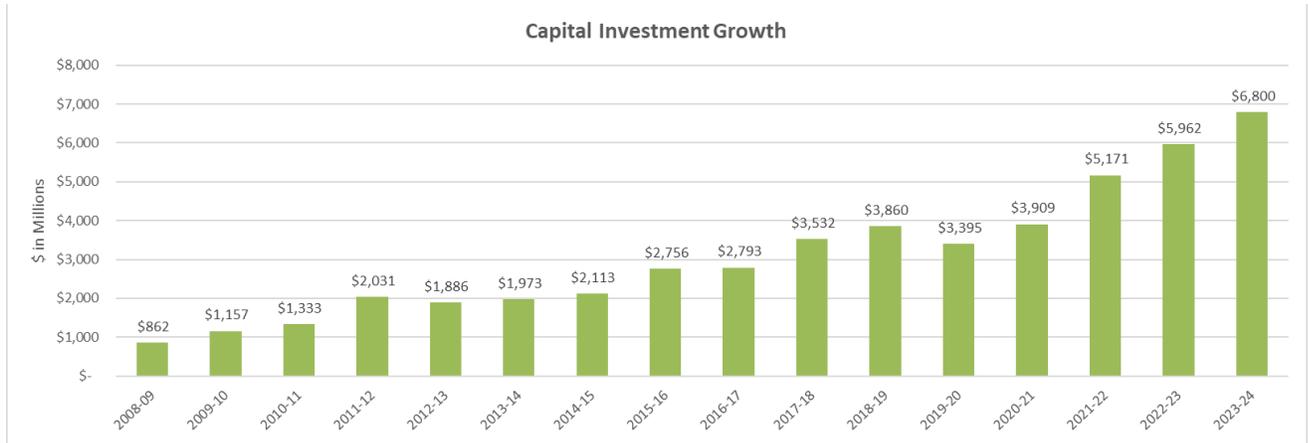
*Note: Operating budget figures reflects our planned revenues and expenses as originally submitted to the government in fall 2022 and is subject to approval*

## 11.2 Capital Investment

Based on the budget submitted to the government in Fall 2022, Metrolinx is projecting a capital budget of approximately \$6.8 billion in 2023-24, with the majority of the required funding provided by the Province of Ontario. Other funding sources include contributions from the federal government and GTHA municipalities, such as through the GO Growth Framework. With the Province's investment in the GO Expansion and Subway's Program, growth in the capital plan has been significant in recent years. The capital budget has grown from less than \$1 billion in 2008-09 to approximately \$6.8 billion in 2023-24. Exhibit 10 shows the growth in capital investment since 2008-09, in alignment with organizational key success factor of increasing annual capital delivery capability.

Much of the 2023-24 capital budget relates to subway projects and GO Expansion's On-Corridor program and the continued construction of the LRT projects.

**Exhibit 15: Capital Investment Growth**



*Note: Amounts prior to 2022-23 represent actual incurred costs. 2022-23 figures are interim actuals (Q2) and 2023-24 are budget outlook.*

Exhibit 16 provides a five-year rolling capital plan.

**Exhibit 16: Metrolinx Five-Year Capital Plan**

(\$ in millions)	2023-24	2024-25	2025-26	2026-27	2027-28
Total	\$6,800	\$11,163	\$9,362	\$7,866	\$6,985

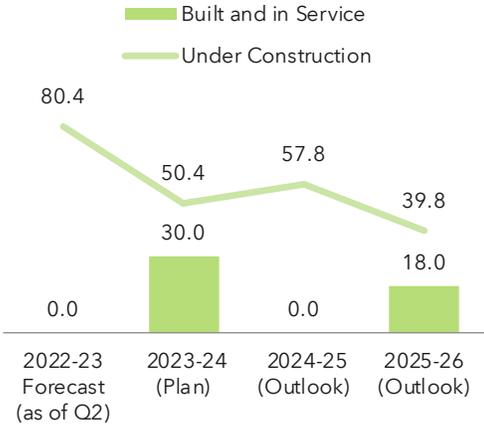
# 11.3 Performance Measures and Targets

Our corporate key performance indicators (KPIs) measure both our operations performance in delivering service and our capital infrastructure build performance and report the organization's performance to the public and MTO. These corporate KPIs are reported against targets which are developed in alignment with the budget endorsed by our Board of Directors and submitted to MTO as part of the provincial budgeting process.

## New Rapid Transit Corridors

New rapid transit corridors KPI measures the number of kilometres of rapid transit corridors that are under construction, built and in-service. Metrolinx has built and placed in service 39 kilometres of rapid transit since 2013-14. Metrolinx progressed construction on approximately 65 kilometres of rapid transit corridor as of 2021-22 as planned. This includes 18 kilometres on the Hurontario corridor, 19 kilometres on the Eglinton corridor, and 11 kilometres on the Finch corridor. Construction on components of both the Scarborough Subway Extension (~7.8 kilometres) and the Eglinton Crosstown West Extension (~9 kilometres) projects began in May 2021. Future planned subway projects (~23 kilometres) are planned to begin in 2022-23 and 2024-25.

**Exhibit 17: New Rapid Transit Corridors (kms)**

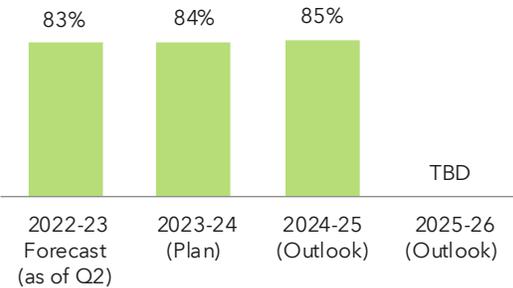


*Note: New Rapid Transit Corridors (Kms) excludes Hamilton LRT as the project milestones are under development.*

## PRESTO Adoption

PRESTO Adoption measures the percentage of ridership with fares processed by the PRESTO system. As of October, 2022-23 fiscal year-to-date adoption was above the in-year target of 83 per cent, reaching 84.7 per cent.

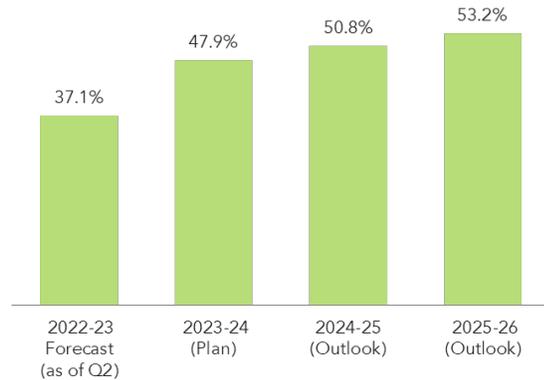
**Exhibit 18: PRESTO Adoption**



PRESTO adoption is expected to grow further with enhanced PRESTO products and services to ease and encourage usage amongst transit riders and will be supported by the continued delivery of new fare payment methods in 2023-24. These efforts include prioritizing the continued expansion of contactless payment for credit and debit across all transit agencies including launch on the TTC. Also, delivering E-Tickets to more transit agencies, introducing the virtual PRESTO card on mobile devices, and supporting TTC requirements to enable the retirement of legacy fare media.

## Cost Recovery Ratio

**Exhibit 19: Cost Recovery Ratio**



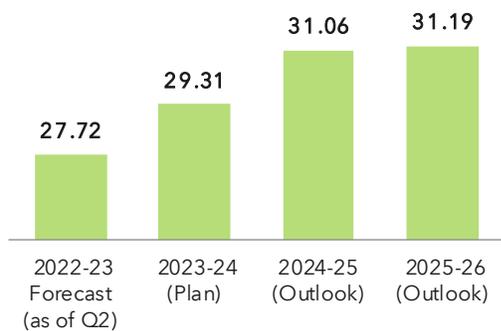
*Note: The chart above excludes expenses such as long-term interest expense for capital projects, write-offs, pension adjustment and bid fees associated with capital project procurement. Revenue excludes proceeds from sale of assets from Transit Oriented Communities program.*

The cost recovery ratio (CRR), measured as the ratio of total revenues (excluding proceeds from sale of assets from Transit Oriented Communities program) to total operating costs (excluding long-term interest expense for capital projects, write-offs, pension adjustment and bid fees associated with capital project procurement), represents the extent to which the organization's operations are self-funded.

For fiscal year 2023-24, Metrolinx is budgeting for a CRR of 47.9 per cent reflecting ridership recovery projection as of fall 2022. COVID-19 has continued to impact fiscal year 2022-23 CRR and is projected to have some impact moving forward due to customer behaviour changes. Operating expenses continue to be scrutinized to maximize cost efficiency during this post-pandemic period. The improvements in operational efficiencies and revenue are in alignment with organizational key success factor of improving cost recovery ratio within the three-year period and beyond. These KPI figures reflect the operating budget submitted to the government in fall 2022.

## Cost Per Revenue Kilometre

**Exhibit 20: Cost Per Revenue KM (\$)**



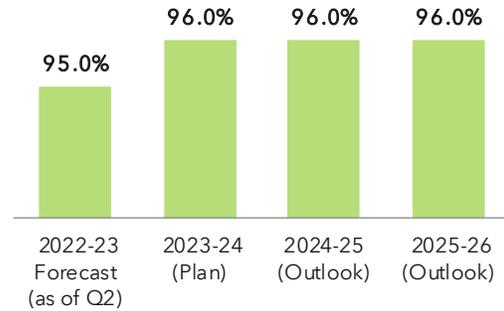
For fiscal year 2023-24, cost per revenue kilometre for operations is predicated on reinstated services across all services (GO Rail, GO Bus and UP Express) and service enhancements in plan for GO Rail. Bus is expected to increase to 87 per cent of pre-COVID service levels, UP Express is expected to operate at pre-COVID frequencies while GO Rail is expected to reinstate to 115 per cent of pre-COVID revenue kilometers due to further service increases (e.g., Kitchener weekend hourly service, West Harbour weekday & weekend 30 min service etc.). The outlook on this metric for future years is based on service increase assumptions and enhancement annualization, as well as the on-going business improvement plans to increase operational efficiencies.

On-Time Performance

The On-Time Performance (OTP) KPI measures the schedule adherence of GO Rail, Bus and UP Express services. As the service commitment that GO offers is different than that which UP Express offers, the OTP KPIs are calculated using different methods. The OTP measure for GO rail is defined as within five minutes of scheduled arrival time and for GO Bus as being within 15 minutes of scheduled arrival time. The OTP measure for UP Express is defined as within five minutes of targeted journey time. The 2022-23 blended OTP is expected to be 95 per cent based on current performance (Q1 and Q2) trends. OTP improvement efforts and process changes are expected to significantly improve blended OTP during the rest of the fiscal year (Q3 and Q4) and meet the target. Ongoing construction and infrastructure development work on the network is a major risk to service performance.

Metrolinx is implementing strategies to mitigate this. For future years, the outlook continues to be meeting or exceeding the individual targets for each of the services and meeting the blended OTP target.

**Exhibit 21: On-Time Performance**

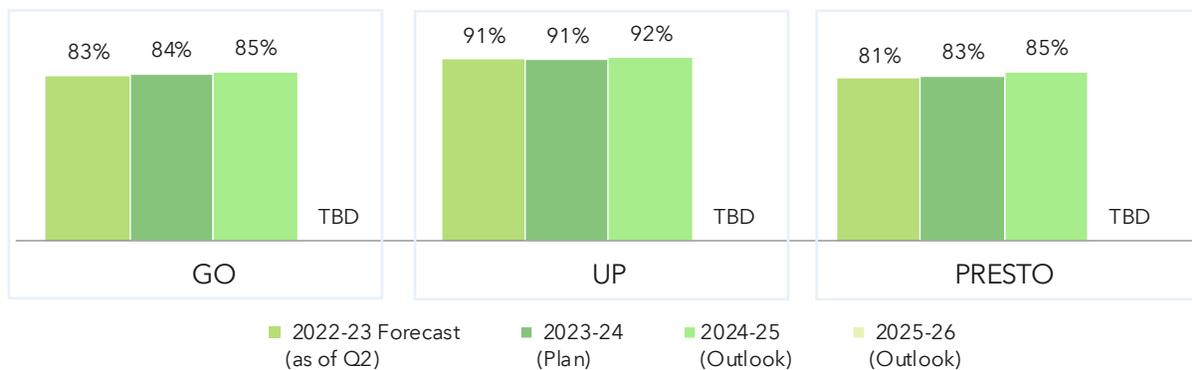


Customer Satisfaction

For 2023-24, GO Transit will continue to improve the customer experience by providing additional capacity, frequency and travel options as we build post-pandemic ridership recovery. Customers will have the right services in the right place at the right time with a priority on safety and on-time performance. Additionally, we will meet customer trip purpose needs by providing destination- ideas, promotions and incentives through GO Beyond campaigns to increase leisure and tourism travel. Customer communication will be improved through a re-launched GO website, customizable On-the-GO Alerts, increased real-time information, and trip planning tools. Station signage and wayfinding will further support customer navigation.

UP Express customer satisfaction in 2023-24 will be supported by the return of all-day 15-minute frequency and extended service hours to enhance customer reliability, flexibility, and comfort. With the return of airport travel, we will ensure customer multi-cultural communication and promotion, including a re-launched website, help passengers to find and choose UP Express as the stress-free option to Toronto downtown.

**Exhibit 22: Customer Satisfaction**



PRESTO CSAT is measured through a biannual deep dive survey, with progress monitored further in-year through a monthly Pulse survey. The average PRESTO CSAT score for the 2022-23 fiscal year was 78 per cent, based on the

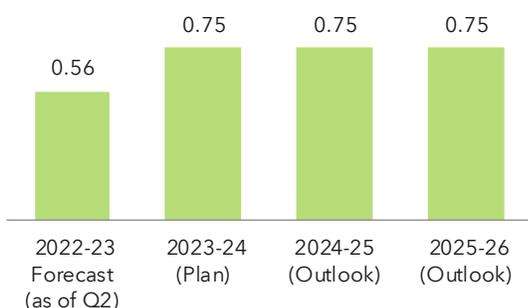
deep dive surveys, and was below the target of 81 per cent. The strategy to improve CSAT includes a focus on LEAN continuous improvement, delivering customer-supporting changes each month. These changes focus on resolving pain points throughout the customer journey and across all PRESTO channels, including the website, mobile app, and devices. In addition, the continued launch and expansion of new ways to pay, including PRESTO contactless, the PRESTO card on mobile devices, and PRESTO E-Tickets will further support our pursuit of a smooth customer experience with easy payments that connect seamless journeys across the region.

Safety - Lost Time Injury Frequency Rate

**All Parties LTIFR**

The Lost Time Injury Frequency Rate (LTIFR) is measured as the number of lost time injuries (an injured worker who is unable to come back to work the next day), reported on a 12-month rolling average. The calculation also includes the loss of wages or a permanent disability/impairment) per 100 Metrolinx employees (200,000 hours worked).

**Exhibit 23: All Parties**



*Note: LTIFR out-year forecasts are based on the target established in the 2022/23 Strategic Wheel and are subject to change. LTIFR is based on a 12-month rolling average.*

The All Parties LTIFR includes employees from Metrolinx and contractors performing work for Metrolinx such as train operations, track work and construction contractors.

In the 2022-23 fiscal year, Metrolinx reduced the LTIFR KPI to 0.75 per 200,000 work hours from last year's (2021-22) target of 1.0. This is the second year Metrolinx is tracking and monitoring LTIFR for all parties. At the close of the financial year of 2022, the All Parties LTIFR was 0.38, which falls well below the target of 1.0. Metrolinx has been achieving an LTIFR between 0.39-0.57 month over month from April 2022 onwards. The lowest LTIFR since fiscal year 2022-23 was in May 2022 with 0.39.

Workplace safety incident reporting has typically centered around the lagging indicator of injuries or illnesses, but these types of metrics fail to provide insight into the potential risks that can cause injuries or illnesses if left unresolved. To address this gap, a Near Miss reporting standard is being developed, the Safety Observation Reporting Procedure is being updated, and will be fully implemented in 2023-24. These documents will establish processes to support the data capture, investigation and reporting processes for workplace safety event reporting which will support the LTIFR rate.

In 2023, functionality will be introduced to enable all Metrolinx employees to report Near Misses, which will help continue to drive a culture of proactive safety and address safety concerns before becoming an accident or injury. An important fraction of Near Misses have the potential for serious injury or fatality. Over the course of 2023-24, Metrolinx will leverage the information collected through improved Near Miss reporting to identify root causes, develop mitigation plans and corrective actions, and determine effectiveness of implemented actions.

Metrolinx continues to review our policies and standards to ensure employees and contractors are working in the safest conditions possible, while also meeting our targeted deadlines and providing quality service to our clients.

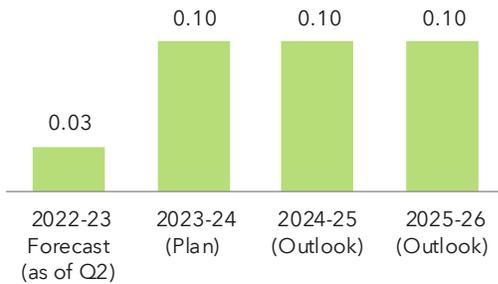
**Contractor LTIFR**

New Safety Critical Standards are in development to provide best practice guidance to reduce worker injury with implementation targeted in 2023-24 fiscal year. Updated standards will ensure robust guidance to contractors in the completion of their duties in a safe manner and provide consistent direction for all of Metrolinx's construction contractors. The standards will address:

- Working at heights;
- Worker and equipment interface;

- Owner/constructor safety assurance standard;
- Overhead work hoisting and rigging; and,
- Exclusion zones / designated areas / site planning.

**Exhibit 24: Contractor LTIFR**



*Note: LTIFR out-year forecasts are based on the target established in the 2022-23 Strategic Wheel and are subject to change. LTIFR is based on a 12-month rolling average.*

Although Metrolinx has consistently maintained a successful low contractor LTIFR, the release of the above standards is a key piece for long-term oversight and achievement as Metrolinx proceeds to launch larger projects and expand the network. The standards will be embedded in new contracts while being utilized as guidance for existing contracts being audited for compliance and to ensure adherence.

A steady decrease in contractor lost-time injuries is attributed to actions which will continue through the 2023-24 fiscal year. Metrolinx is holding contractors accountable in determining root cause and putting in place appropriate corrective actions to reduce or eliminate recurrence. This includes the use of strong language in contractual agreements to ensure contractors are aware of their safety responsibilities, as a key aspect of maintaining a successful LTIFR.

Continuous inspections and auditing of contractors’ compliance to regulations remain ongoing with follow-up on non-compliance, corrective actions and recommendations, and monitoring for improvement. Engaged communication with contractors onsite, including leveraging programs like Boots on Ballast, team huddles, and active safety reporting to identify and mitigate safety risks or hazards quickly and effectively, help to keep safety top of mind.

## 11.4 Enterprise Risk Management

Metrolinx continues to enhance our Enterprise Risk Management (ERM) program with the introduction of a newly established Office of the Chief Risk Officer (OCRO). The OCRO supports risk-informed decision-making, assesses opportunities, and ensures that the organization complies with the Government of Ontario Enterprise Risk Management Directive for all provincial agencies to use a risk-informed approach in managing their business. The identification, assessment, management, monitoring and reporting of risks is vital to the successful ongoing achievement of the organization’s strategic priorities.

Metrolinx is undertaking the largest transformation investment in Ontario’s history to get our riders where they need to go, better, faster and easier, while also operating GO Transit, UP Express and PRESTO. We have a unique opportunity to plan, build, operate and connect transportation in the Greater Golden Horseshoe. Metrolinx has reviewed and continues to review risks at the enterprise program and project levels, considering our landscape, vision and mission to ensure not only our capital assets, but most importantly, our customers are top of mind when considering risk including, but not limited to the customer experience and safety.

In 2023-24 Metrolinx will continue to review all appropriate risks regularly as determined by the enterprise risk scoring model and threshold and actively manage risks by ensuring that appropriate mitigation plans are developed and in place. The mitigating strategies to address those risks have been reflected throughout the business plan’s strategic priorities and key organizational initiatives. Risks reported fell within the following risk categories:

### Exhibit 25: Risks and Tools

Risk Category	Key Risks	Risk Management Tools
Safety	Employee fit for duty, climate resiliency, rail crossings, bus station pedestrian areas, business continuity and pandemic planning	<p>Metrolinx has mobilized an Enterprise Safety Systems Program along with the development of policies, standards and procedures, as well as initiated a robust accident and incident investigation program to support the mitigation of safety risks to enable improved operational safety, customer safety and employee safety.</p> <p>For organizational initiatives associated with this risk, please see Section 5.1 Improved Operational Safety for Employees and Secure Journey to Customers.</p>
Customer Experience	PRESTO customer experience, Operations Customer Experience	<p>Mitigation strategies for such risks begin with awareness. Awareness is developed through various activities to assess customer sentiment, including Customer Satisfaction (CSAT) surveys, PRESTO app reviews, call centre data and feedback, and in-field observation projects. This customer experience information is then leveraged to enhance PRESTO's existing line of products and services, and feeds into the planning, design, testing, and execution stages of new system features and functionalities.</p> <p>Operations to continuously monitor customer feedback to ensure we provide a safe and easy journey as people return to using our services. Metrolinx continues to focus on operational excellence to support customer experience. This involves efforts to address and support service delivery related to increasing train service, fleet reliability, on-time performance and continue building a new GO regional railway through the GO Expansion program. Metrolinx will continue to advance on implementing Regional Express Bus service to increase bus service and connect GO Transit with major centres in the region.</p> <p>For organizational initiatives associated with this risk, please see Section 5.2 Adjusting Service Levels and Enhancing Customer Service to Meet Customer Needs and Grow Ridership, Section 5.3 Implementing Regional Express Bus Service to Support Continuous Ridership Growth and Section 6.2 PRESTO Customer Experience.</p>
Financial	Ridership and revenue impact resulting from Omicron variant and expense increases due to necessary investments on critical transformation initiatives	<p>Metrolinx has implemented a service reintroduction plan, continues to implement business improvement plans, and identify additional revenue opportunities as well as closely monitoring most recent COVID-19 development and the associated financial impact.</p> <p>For organizational initiatives associated with this risk, please see Section 4.0 Financial Sustainability Through Ridership Growth and Expansion of Non-Fare Revenue.</p>

Risk Category	Key Risks	Risk Management Tools
Operations	On-time performance, service delivery and managing our customer experience	<p>Metrolinx will continue to plan for our crewing and fleet asset needs - in both train and bus, ensuring that train and bus services are aligned with the ridership demand levels, to protect OTP and CSAT - while also managing our train operations and customer's experience, as the level of construction increases.</p> <p>For organizational initiatives associated with this risk, please see Section 5.0 Operations.</p>
Technology	Cybersecurity and Disaster Recovery/Business Continuity	<p>Current initiatives in progress to mitigate these risks are:</p> <ul style="list-style-type: none"> <li>a) Building IT security strategy to mitigate risk;</li> <li>b) Internal capability building of cyber skills;</li> <li>c) Manage services from cyber vendors through tenders;</li> <li>d) Disaster Recovery strategy development; and,</li> <li>e) Implement the Disaster Recovery Plan (in progress).</li> </ul> <p>For organizational initiatives associated with this risk, please see Section 10.2 Advancing Information Systems and Technology Capability.</p>
Projects	Delivery of capital projects and the required market capacity	<p>Mitigating actions will vary according to the specifics of the risk but will typically address a risk through changes to process and systems, engagement with stakeholders or deployment of specialist / dedicated resources (people). The foundations of mitigating actions are achievable in a reasonable time and measurable, as such all mitigating actions have an identifiable owner and usually a life of no more three months and, as appropriate, build on one another to reduce the risk to an acceptable/tolerable level.</p> <p>For organizational initiatives associated with this risk, please see Section 7.0 Capital Projects.</p>

Metrolinx has undergone an ERM maturity program review, and highlighted opportunities for enhancement, which informed the OCRO's Risk Transformation plan that was approved by the Board in June 2022. The plan included a roadmap, vision, outcomes, actions and objective through to 2025.

The risk reporting tool will further be enhanced through the 2023-24 fiscal year to improve key reporting functions and enable better reporting across the enterprise. The integration between business units, program and project risks will continue to be an area of focus. The ERM function will continue to identify, assess, and report on current and emerging risks and ensure ongoing discussion of risks at all levels of the organization.