



In Transit

Ed Drass

Everything you need to know about the GTA's transit systems, and a chance for readers to have their questions answered.

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Transport Canada responds

Dear Metro readers,

The following is a list of questions I posed to Transport Canada regarding the air-rail link to Pearson airport, which is currently being designed. My questions are numbered, and the federal government's responses are marked "A" followed by the number of my question.

If you have further queries, you can contact Transport Canada directly — the details can be found at the bottom of this column.

If you have comments on the project, you can also inquire with Transport Canada on where to send them. My e-mail address is transit@eddrass.com.

Thanks for reading.

— ED

Mr. Drass,

As requested, please find below publishable responses to your questions about the Union Pearson AirLink.

Q1. Other than the May 23, 2003 backgrounder on the airport rail link process, have any documents regarding the air-rail link been made public by the federal government?

A1. The following documents that were commissioned by Transport Canada have been made public, upon request. [See bottom*]

- Rapid Transit Access to Lester B. Pearson International Airport. Prepared by IBI Group (1999).

<http://www.tc.gc.ca/mediaroom/releases/nat/1999/99_h064e.htm>

- Lester B. Pearson International Airport Air-Rail Link Study —Traffic and Financial Projections. Prepared by KPMG (2001). It should be noted that many of the assumptions included in the KPMG report have since been refined and updated.

- Request for Expressions of Interest. Prepared by Deloitte and Touche (2001).

- Additional information regarding the air-rail link service was also included in a November 13, 2003, news release. <<http://www.tc.gc.ca/mediaroom/releases/nat/2003/03-h132e.htm>>

- Request for Business Case — Air Rail Link from Toronto Lester B. Pearson International Airport to Toronto Union Station. Prepared by Deloitte and Touche (2003).

In addition, over the past 20 years there have been various reports completed by provincial and municipal agencies studying improved transit access to Pearson Airport.

Q2. In general, how does the federal government identify specific infrastructure projects as candidates for federal investment? What is the consultation process for choosing projects that may receive federal financial support?

A2. The Canada Strategic Infrastructure Fund (CSIF) is aimed at projects of major federal and regional significance in areas that are vital to sustaining economic growth and enhancing the quality of life of Canadians. Some of the key considerations include:

- Safer and faster movement of people and goods on Canada's major land transportation routes.
- Reduced production of greenhouse gases and airborne pollutants.
- More-effective urban development.
- Increased economic activity including tourism.
- Use of innovative technologies and practices to minimize greenhouse gas emissions.

Projects for CSIF funding are negotiated by federal and provincial governments and, where applicable, may also involve other entities such as municipal governments, public transit authorities or private-sector companies.

Q3. How was the air-rail link project chosen as a federal government priority for transportation infrastructure in greater Toronto?

A3. The need for rapid and direct access from downtown Toronto to Pearson airport has been studied by provincial and local governments over the past 20 years. Regrettably, public transit authorities have not had the financial means to implement such a service due to other pressing priorities. The development of the new terminal building at the airport and the revitalization of Union Station, coupled with the Toronto Waterfront redevelopment initiative, once again highlighted the need for such a service and the opportunity to integrate the planning for an air-rail link into these other ongoing projects. While Transport Canada took the lead, we worked closely with the province and the city.

The federal government is committed to helping address the congestion problems around the Airport and throughout the Greater Toronto Area. Transport Canada's work to facilitate the development of an air rail link is an example of this commitment.

The air-rail link project meets many of the priorities and objectives of the Canada Strategic Infrastructure Fund. Moreover, a direct, seamless, rapid and reliable connection between Canada's two largest passenger transportation hubs (Pearson Airport and Union Station) presents an excellent opportunity to demonstrate innovative planning that addresses both current and looming transportation challenges.

Q4. How did this process interact with the planning processes of other transportation authorities/planning departments active in the greater Toronto area?

A4. Throughout the development of the air-rail link project Transport Canada worked actively with key local transportation planning stakeholders including the Ontario Ministry of Transportation, the City of Toronto, the Region of Peel and the City of Mississauga, as well as GO Transit and the TTC.

Q5. How was this alignment, technology and vehicle type chosen over other options?

A5. The 1999 IBI report (which also incorporated findings from several of the previous studies) helped form many of the technical considerations for the air-rail link. Other key technical issues, requirements and limitations were gathered through consultations with the Greater Toronto Airports Authority, CN, GO Transit and federal rail safety regulators.

Q6. Were concerned stakeholders consulted in the rail link planning process? Were they given the opportunity to comment on the general parameters of alignment, technology and vehicle type?

A6. The air rail link project is the product of extensive co-operation from several public and private stakeholders. The three main stakeholders that Transport Canada worked with on this project are GO Transit, Canadian National Railway (CN) and the Greater Toronto Airports Authority (GTAA).

Other important stakeholders that Transport Canada included in the process were the Ontario Ministry of Transportation, the Region of Peel, the Cities of Toronto and Mississauga, the Toronto and Region Conservation Authority, Orlando Corporation, Woodbine Entertainment Group and VIA Rail.

Q7. At what point did the public have input into the planning process for the airport rail link?

A7. Similar to other infrastructure projects, the environmental assessment process provides an opportunity for the public to provide input on the project. Public interest in this type of service was also solicited through various surveys of travelers in and to/from the Toronto region completed in conjunction with two separate ridership forecasts.

Q8. Why was the decision made to require the successful bidder/respondent operate the system, instead of having an existing transit authority act as operator?

A8. Although improved access to the airport has been assessed over the past 20 years by several different transit authorities, including the TTC, GO, the City and the Ontario Ministry of Transportation, the fiscal pressures on public transit authorities have focused their priorities on improving existing services and infrastructure and strategic expansion. In this context, a public-private partnership was identified as a possible mechanism to advance a technically and financially feasible project that has been overlooked by existing transit authorities and planners. The private sector confirmed its interest in such a project by responding positively to Transport Canada's Request for Expressions of Interest in 2001.

Q9. What was the scope of the process to evaluate and select among the bidders? For example: How important a criterion in the selection process was interconnection with other transit services?

A9. Transport Canada conducted a rigorous evaluation process designed to ensure fairness and transparency. The evaluation process was structured to provide the due diligence necessary to ensure that an appropriate selection was made.

To this end, four technical evaluation teams assessed the details of the business case. Each evaluation team assessed how well the business case met a different aspect of the requirements (financial, operational, development/construction, and government objectives).

These assessments were then brought to a Due Diligence Committee that challenged and probed the findings of the evaluation teams to assure themselves that the teams' reviews were thorough and supportable.

The Due Diligence Committee presented its findings to a Steering Committee, which made the final recommendation to the Minister. A fairness commissioner monitored the Request For Business Case (RFBC) process as well as the evaluation process and concluded that the selection of the Union Pearson AirLink Group as successful respondent was made in accordance with the RFBC evaluation process and its objectives.

The selection of Union Pearson AirLink Group comes as the result of a thorough and fair evaluation process, including public and private sector evaluators such as representatives of Transport Canada, the Canadian Transportation Agency, the Railway Association of Canada, the City of Toronto, Greater Toronto Airports Authority, Canadian National Railway, GO Transit, and Deloitte & Touche (advisors to Transport Canada on this project).

One of the key objectives for the government was that the service must "complement existing public transit systems and support intermodal transportation options within the Greater Toronto Area." The proposed service would connect with transit services at both Union Station and the TTC Dundas West / GO Bloor Station.

Q10. What explanation did Pearl Consortium provide to the federal government upon withdrawal from the bid process?

A10. This question should be directed to Pearl Consortium.

Q11. Are any of the 'business case' reports undertaken throughout the history of this process available to the public?

A11. The 2001 KPMG report assessed, at a high level, the financial viability of the project. It should be noted that several of the assumptions used during this report have since been revised, based on updated information and developments.

Q12. What is the nature of the operating agreement for the air-rail link? Has the government placed any conditions on its operation, including frequency, price, stops, etc.? How much of this information is open to public access?

A12. Any service requirements were outlined in the Request for Business Case document and were the subject of discussion and negotiation with the owners of the facilities to be used by the air-rail link. These considerations were also based on the revenue and ridership forecasts that were prepared by both Transport Canada and the successful proponent.

Q13. What is the process to account for public funds used in this project, and any indirect or direct monetary benefit accruing to any private sector entities?

A13. This project represents a unique public-private partnership, where the private sector will finance, design, construct, operate and maintain the air-rail link, while the public sector contributes to shared infrastructure improvements, such as upgrades along GO Transit's Georgetown Corridor / CN's Weston Subdivision, and the Union Station Rail Corridor. Improvements to both of these corridors are part of the broader \$385 million federal funding package for GO Transit announced in March 2003. Upgrades to shared infrastructure will be of benefit to multiple users, including the air-rail link, GO Transit, VIA Rail and CN.

Additionally, the Government of Canada has committed \$25 million from the Toronto Waterfront Revitalization Initiative to facilitate access for the air-rail link into Pearson International Airport's new terminal building, and to allow sharing of joint station facilities with the airport's people mover system.

Q14. Is the federal government obliged to subsidize the operation of the air rail link, should the successful bidder claim inability to earn sufficient revenues from fares and/or concessions?

A14. No. One of the key objectives for the service was to employ a public-private partnership approach to avoid the use of public funds. The business case submitted by Union Pearson AirLink Group has demonstrated that this project is financially, technically and operationally viable.

Q15. Is the federal government obliged to take over the operation of the air rail link, if the successful private sector bidder fails to operate the system for financial or other reasons?

A15. No. Transport Canada is of the view that this project is well suited for a public-private partnership where the private sector would finance, design, construct, operate and maintain the air-rail link service. This will be a commercial operation driven by market forces.

*Note to readers regarding public documents:

"Transport Canada has a group dedicated to responding to requests for information, reports, etc. from the public and stakeholders."

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