



News Release

For Immediate Release

December 5, 2018

Changes to Metrolinx LRT Projects Cost Millions, Caused Delays: Auditor General

(TORONTO) Metrolinx's work on light rail transit (LRT) projects for the Greater Toronto and Hamilton Area (GTHA) incurred delays and millions of dollars in unnecessary costs partly because municipal and provincial governments asked for changes after work had already begun, Auditor General Bonnie Lysyk says in her *2018 Annual Report*, released today.

Lysyk added that in relation to planning and delivery of the LRT projects, Metrolinx incurred about \$436 million in sunk and additional costs between 2009 and 2018 because of problems with how the transit-planning process evolved for the GTHA and how Metrolinx carries out its responsibilities.

"After certain projects were announced or agreed on, the provincial and municipal governments changed their decisions on what to build and when to build, even though significant investments had already been made," Lysyk said after her Report was tabled in the Legislative Assembly.

"For example, the City of Toronto decisions on the Scarborough transit project changed three times between 2011 and 2013, ultimately resulting in its cancellation altogether. As well, the Sheppard Light Rail Transit project has been delayed for more than 10 years, from an initial expected completion date of 2013. The cancellation and delay contributed to \$125 million in sunk costs, with \$75 million to be recovered from the City of Toronto."

Among the significant findings in the Report:

- Metrolinx signed an Alternative Financing and Procurement (AFP) contract with the consortium building the Eglinton Crosstown LRT. AFP contracts usually include a premium in return for the private-sector partners assuming risks of cost overruns and project delays. However, this AFP contract did not fully transfer responsibility for such risks, as evidenced by Metrolinx having to pay the AFP consortium \$237 million in 2018 to hold it to the completion date of September 2021.
- In 2010, Metrolinx signed a contract with Bombardier to receive 182 light rail vehicles for the Toronto LRT projects starting in 2013. However, procurement of the vehicles was finalized before the main AFP contracts to design and build the LRT projects were in place. The vehicle procurement provisions did not adequately address the possibility of changes to project plans that would alter the number of vehicles needed, and when.
- The Toronto LRT projects changed considerably after the contract with Bombardier was signed. The number of vehicles needed changed and the dates when the vehicles should be delivered were pushed back. Metrolinx paid Bombardier \$19 million for costs associated with the disrupted schedule and to postpone the initial delivery of the vehicles. After the number of vehicles was reduced, the new total of 76 vehicles cost \$30 million more than they would have under the initial contract.
- After Metrolinx completed its negotiations with Bombardier to revise the vehicle delivery schedule, it raised concerns about Bombardier's progress in designing the vehicles. Metrolinx spent \$25 million in oversight, administrative, contingency-plan and legal costs to manage the situation.

- Metrolinx did not adequately forecast the extent of program management services required for the LRT and other major projects, and there is a significant risk it will have to increase the upper limit of \$272 million on its consultant contracts before the contracts expire between 2020 and 2022.

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Read the [Metrolinx–LRT Construction and Infrastructure Planning](#) audit report at www.auditor.on.ca

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