



June 16, 2006

The Honourable Dalton McGuinty, Premier
Legislative Building
Room 281
Queen's Park
Toronto, ON M7A 1A1

Dear Premier McGuinty:

I am writing to you regarding a matter that is of urgent and great importance not only to Thunder Bay, but also to Ontario and Canada. As you are aware, the Toronto Transit Commission (TTC) is currently in the process of securing new subway cars for its operations. The contract for 232 subway cars, valued at approximately \$700 million, represents a significant economic development opportunity for Ontario.

Bombardier Transportation's Thunder Bay operation has been working closely with the TTC over the past several months on the design and specifications of the cars that are required. Should Bombardier be successful, the contract would create the equivalent of 675 direct jobs in Ontario over a five year period. Approximately 425 of these jobs would be in Northern Ontario, with the balance in Southern Ontario.

By way of background, the Bombardier facility located in Thunder Bay is Ontario's only subway car manufacturer. The facility was originally established in 1912 as the Canadian Car and Foundry Company, and to date has generated over 76,000 person-years of work for the residents of Ontario.

Since Bombardier acquired the operation approximately 13 years ago, the estimated economic impact of their facility to the Ontario economy over this period has been more than \$6.82 billion. As a world-class transit producer, Bombardier Thunder Bay has had annual sales averaging \$150 million, with 50% of sales derived from export markets. From 1992-2003, Bombardier Thunder Bay has had an average employment of 900 workers with an annual local payroll averaging over \$40 million.

Measured by employment, Bombardier is Thunder Bay's third largest private sector firm. It is the only major secondary manufacturing operation in our community. The associated property taxes are over \$1 million annually, and the company's employees through property taxes on their homes contribute an additional \$1 million a year. The operation also represents a major source of tax revenues for Ontario and Canada.

The current proposal submitted by Bombardier represents real value for the Toronto Transit Commission and the people of Ontario for the following reasons:

- A competitive price – the TTC has established a rigorous process to secure a fair and competitive price for new rolling stock. The process will see an independent, third party auditor set benchmarks against global procurement contracts and evaluate the Bombardier proposal to validate the price negotiated and confirm that it represents good value for Toronto. The price is still being negotiated and negotiations will ensure best value for the taxpayer;
- A superior product – Bombardier is the world leader in the manufacture of passenger vehicles. Their Ontario plant is a state-of-the art railcar manufacturing facility that has built over 3,000 railcars in 43 years. The company is a key supplier to the Metropolitan Transportation Authority in New York City, where reliability measurements have exceeded targets by more than double the specified targets;
- A trusted partner – the Thunder Bay plant has built all of the streetcars, subway cars and commuter rail trains that operate in Toronto, including the Bombardier delivery of the last 372 T1 subway cars, which are the most reliable in the TTC fleet;
- Bombardier has had a strong relationship with the TTC for more than 5 decades. It first supplied the TTC with streetcars in 1949, and began producing subway cars for TTC in 1963. The Thunder Bay plant built 372 T1 subway cars for the TTC between 1995 and 2001;
- Alteration of the current process would lead to an 18-month delay in securing an order. This would greatly increase costs of maintenance for aging equipment and could jeopardize funding and budget arrangements, and further gives no assurances of better value.

The previous contract with the TTC employed 400 workers in Ontario over a six year period, and led to \$58m in Ontario supplier contracts. This new rolling stock proposal will deliver ongoing value for Ontario:

- High paying, quality jobs for Ontarians;
- Benefits for all of Ontario – this TTC contract will contribute to developing a total of 2,485 direct and indirect jobs in the Province over a five year period;
- Increased tax revenue – with an estimated \$136 million in wages and salaries plus \$13 million in taxable benefits, the province stands to gain an additional \$51 million in Ontario income taxes and Ontario Retail Sales Tax;
- Investment in Ontario industry – the supplies required to fulfill the contract will lead to over \$50 million worth of supplier contracts from Ontario alone;
- Securing the future of innovation in Ontario – this contract represents an opportunity to retain skilled labour and expertise within Ontario. The Thunder Bay plant also serves as a training centre for Lakehead University and Confederation College students;

- The major benefits to the Ontario economy of using a Canadian supplier would far outweigh the short-term cost savings if the contract is sourced in a country operating with a totally different operating environment and cost structure than in the Province of Ontario;

The Government of Ontario's financial and non-financial support for the automotive industry in the province is well-known, and has proven to be extremely effective in terms of retaining employment and stimulating new job growth in the province. I also would like to express our community's appreciation for your government's continued efforts with such initiatives as the Northern Prosperity Plan and the "Go North" program established to foster economic development in our region.

Given the Government of Ontario's success with various initiatives to support the provincial economy, I am urging your government to publicly and energetically recognize that should Bombardier Thunder Bay be successful in securing the TTC contract, it will have a major positive economic impact in Ontario.

We look forward to your government's support for Ontario's only subway car manufacturer.

Sincerely,



Lynn Peterson, Mayor
City of Thunder Bay

CC The Honourable Joseph Cordiano, Minister of Economic Development & Trade
The Honourable Rick Bartolucci, Minister of Northern Development & Mines
The Honourable Donna Cansfield, Minister of Transportation
Bill Mauro, MPP, Thunder Bay – Atikokan
Michael Gravelle, MPP, Thunder Bay – Superior North
City Council
Mr. Ron Dysievick, General Manager – Bombardier Thunder Bay
Mr. Paul Pugh, President, Canadian Auto Workers, Local 1075