Minutes - Executive Policy Committee - July 14, 2010

Minute No. 458
Report - Standing Policy Committee on Infrastructure Renewal and Public Works - July 13, 2010

Item No. 7 Preferred Proponent for the Design, Build, Financing and Maintenance of the Chief Peguis Trail Extension Project (North Kildonan Ward)
eFile SB-23

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the following proponents be determined ineligible to be named Preferred Proponent for the respective alternatives because their related proposals were unacceptable having regard to the requirements of the Request For Proposal:

   A. DBF2 Ltd. with respect to its SR Package 3 Submissions for the At-Grade Alternative; and
   B. DBF2 Ltd. and Plenary Roads Winnipeg with respect to their SR Package 3 Submissions for the Grade Separation Alternative; and,
   C. DBF2 Ltd. with respect to its two alternate SR Package 4 submissions for the Grade Separation Alternative.

2. That the Grade Separation Alternative be determined to be in the best interest of the City and subject to DBF2 Ltd. providing a satisfactory Financial Model Audit letter by July 15th, 2010, that DBF2 Ltd., being the Proponent which obtained a "Pass" on each Pass/Fail Submission component together with the highest number of possible points for its SR Package 4 Submission, be selected as the Preferred Proponent based on its primary proposal for the Design, Build, Financing and Maintenance of the Grade Separation Alternative for the Chief Peguis Trail Extension Project (RFP NO. 70-2009 B).

3. That with respect to the Design, Build, Financing and Maintenance Agreement (DBFM Agreement) with the Preferred Proponent:
   A. The Chief Peguis Trail Extension Project Team be directed to negotiate with the Preferred Proponent in accordance with the Request for Proposal and report back to the Chief Administrative Officer with any proposed amendments to the draft DBFM Agreement; and
   B. The Chief Administrative Officer be delegated authority to approve the terms and conditions of the DBFM Agreement.

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - July 13, 2010

4. That the following capital budget amendments be made to the Chief Peguis Trail – Henderson Highway to Lagimodiere Blvd capital project (Chief Peguis Trail Extension Project):
   - A. $2 million in the 2008 Capital Investment Fund be transferred to the capital project for the purpose of funding some of the payments for the Maintenance Exempt Works (MEW) items; and
   - B. Up to $25 million be added to the capital project for a commissioning payment, financed by a contribution from PPP Canada Inc.; and
   - C. Commencing in 2011 and continuing for the 30 year term of the project:
     - i. $2 million be transferred to the capital project from Capital Investment Fund; and
     - ii. $0.869 million be added to the capital project to provide for increased annual payments of up to $8.284 million (Preferred Proponent payment plus City debt servicing) (or those amounts to be otherwise determined at Financial Close)and that this be referred to the 2011 Capital Budget process; and
   - D. Any capital authorizations, project costs, financing, cash flow and payment descriptions be adjusted accordingly to reflect the final costs determined when financial close is achieved.

5. That with respect to the PPP Canada Inc. funding:
   - A. The City enter into a Term Sheet and a subsequent Financing Agreement with PPP Canada Inc. for financial support for the Chief Peguis Trail Extension Project from the P3 Canada Fund, in the estimated amount of the lesser of 25% of the eligible costs of the Project and $25 million; and
   - B. The Chief Administrative Officer be delegated authority to negotiate and approve the terms and conditions of the Term Sheet and Financing Agreement with PPP Canada Inc.

6. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - July 13, 2010

DECISION MAKING HISTORY:

Moved by Deputy Mayor Swandel,

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than 96 hours preceding the committee meeting, be considered by Committee.

Carried

Moved by Deputy Mayor Swandel,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On July 13, 2010, due to a tie vote, the Standing Policy Committee on Infrastructure Renewal and Public Works submitted the matter to the Executive Policy Committee and Council without recommendation.

ADMINISTRATIVE REPORT

Title: Selection of Preferred Proponent for the Design, Build, Financing and Maintenance of the Chief Peguis Trail Extension Project (RFP NO. 70-2009 B).

Issue:

Critical Path: SPC on IR&PW, EPC, Council

AUTHORIZATION

Author	Department Head	CFO	CAO
I. Day	M. Ruta	M. Ruta	A/CAO, M. Ruta

RECOMMENDATIONS

1. That the following proponents be determined ineligible to be named Preferred Proponent for the respective alternatives because their related proposals were unacceptable having regard to the requirements of the Request For Proposal:
    a) DBF2 Ltd. with respect to its SR Package 3 Submissions for the At-Grade Alternative; and
    b) DBF2 Ltd. and Plenary Roads Winnipeg with respect to their SR Package 3 Submissions for the Grade Separation Alternative; and,
    c) DBF2 Ltd. with respect to its two alternate SR Package 4 submissions for the Grade Separation Alternative.

2. That the Grade Separation Alternative be determined to be in the best interest of the City and subject to DBF2 Ltd. providing a satisfactory Financial Model Audit letter by July 15th, 2010, that DBF2 Ltd., being the Proponent which obtained a "Pass" on each Pass/Fail Submission component together with the highest number of possible points for its SR Package 4 Submission, be selected as the Preferred Proponent based on its primary proposal for the Design, Build, Financing and Maintenance of the Grade Separation Alternative for the Chief Peguis Trail Extension Project (RFP NO. 70-2009 B).

3. That with respect to the Design, Build, Financing and Maintenance Agreement (DBFM Agreement) with the Preferred Proponent:
    a. The Chief Peguis Trail Extension Project Team be directed to negotiate with the Preferred Proponent in accordance with the Request for Proposal and report

back to the Chief Administrative Officer with any proposed amendments to the draft DBFM Agreement; and

b. The Chief Administrative Officer be delegated authority to approve the terms and conditions of the DBFM Agreement.

4. That the following capital budget amendments be made to the Chief Peguis Trail – Henderson Highway to Lagimodiere Blvd capital project (Chief Peguis Trail Extension Project):
    a. $2 million in the 2008 Capital Investment Fund be transferred to the capital project for the purpose of funding some of the payments for the Maintenance Exempt Works (MEW) items; and
    b. Up to $25 million be added to the capital project for a commissioning payment, financed by a contribution from PPP Canada Inc.; and
    c. Commencing in 2011 and continuing for the 30 year term of the project:
        i. $2 million be transferred to the capital project from Capital Investment Fund; and
        ii. $0.869 million be added to the capital project to provide for increased annual payments of up to $8.284 million (Preferred Proponent payment plus City debt servicing) (or those amounts to be otherwise determined at Financial Close)and that this be referred to the 2011 Capital Budget process; and
    d. Any capital authorizations, project costs, financing, cash flow and payment descriptions be adjusted accordingly to reflect the final costs determined when financial close is achieved.

5. That with respect to the PPP Canada Inc. funding:
    a. The City enter into a Term Sheet and a subsequent Financing Agreement with PPP Canada Inc. for financial support for the Chief Peguis Trail Extension Project from the P3 Canada Fund, in the estimated amount of the lesser of 25% of the eligible costs of the Project and $25 million; and
    b. The Chief Administrative Officer be delegated authority to negotiate and approve the terms and conditions of the Term Sheet and Financing Agreement with PPP Canada Inc.

6. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Multi-year agreements with financial implications for future budgets require the approval of Council.

IMPLICATIONS OF THE RECOMMENDATIONS

- The Grade Separation Alternative is in the best interest of the City as it is integral to the City's future transportation requirements. The benefits of having a grade separated intersection include:
  - Reduced severity and frequency of intersection collisions;
  - Improved traffic flow by eliminating delays caused by traffic signals;
  - Eliminated operational costs of traffic signals; and
  - Reduced green house gas emissions by eliminating stop and start traffic associated with signalized intersections.

- Acceptance of the proposal and subsequent signing of the Design, Build, Financing and Maintenance (DBFM) agreement commits the City to a long term contract (30 years).

- Based on the proposed financing arrangements presented by the recommended Preferred Proponent, the annual payments are not within approved budget. Pursuant to the Credit Spread Re-set Submission Process in the Request for Proposal (RFP), the amount of the annual service payment (ASP) may change between now and the date of financial close.

- The recommended Preferred Proponent has identified possible alternate construction approaches. These require further investigation and negotiation and could also result in reduced annual service payments. The RFP provided that the City could seek to negotiate with the Preferred Proponent, for the City's own advantage or to improve benefits to both intended parties to the DBFM Agreement.

- The Province of Manitoba has indicated that it will redirect $9 million from other projects as financial support for this Project. In turn, the City will need to replace funding previously identified for use in supporting other capital projects.

HISTORY

Chief Peguis Trail forms the northern portion of the City of Winnipeg's Inner Ring Route. Phase 1 of the Chief Peguis Trail between Main Street and Henderson Highway was opened in 1990. Since opening, traffic volumes on Chief Peguis Trail have grown to approximately 26,000 vehicles per day. The lack of any east-west arterial streets in North Kildonan has led to high traffic volumes on residential streets between Henderson Highway and Lagimodiere Boulevard. Phase 2 of Chief Peguis Trail is the extension from Henderson Highway to Lagimodiere Boulevard and is anticipated to relieve much of the congestion experienced on the east-west residential street network in North Kildonan.

The preliminary design for Phase 2 included the development of two general conceptual alignments. One alignment included an At-Grade signalized intersection at Rothesay Street (estimated cost of $60 million) and the other included a Grade Separation with Chief Peguis Trail passing below Rothesay Street (estimated cost of $100 million). The cost of the Grade

Separation alternative was substantially higher primarily due to the need to relocate trunk sewers and the need to construct structural retaining walls to support the slopes within the narrow right-of-way. The At-Grade intersection alternative was used for budgeting purposes.

On December 18, 2007, Council approved funding in the 2008 Capital Budget and 2009 to 2013 Five Year Forecast related to the Chief Peguis Trail Extension Project (CPTEP) for procurement, administration, internal contract works, and property acquisition (up front costs) in 2008 and 2009 and payments in 2010, 2011, 2012, 2013 and beyond intended for a DBFM agreement.

On November 19, 2008 Council adopted the recommendation that the Public Service be authorized to proceed with the CPTEP, based on a DBFM delivery model, and that the Chief Administrative Officer was authorized to approve and issue the Request for Qualification (RFQ) and the RFP for the Project.

On May 27, 2009 Council delegated to the Chief Administrative Officer the authority to award the multi-year contract for the Design, Build, Financing and Maintenance of the CPTEP within the Council approved budget, with either an At-Grade intersection or a Grade Separated underpass at Rothesay Street.

The 2010 Adopted Capital Budget includes $65.3 million. The amount budgeted is consistent with the estimate for the At-Grade signalized intersection alternative at Rothesay Street including project up-front costs.

Procurement Process

The Public Service procurement team, comprising representatives from Corporate Finance, Public Works, Legal Services and Materials Management used a two-stage procurement process consisting of an RFQ followed by an RFP to select the City's preferred proponent.

The RFP and the draft DBFM agreement were issued in September, 2009 to the shortlisted Proponents. Proponents were required to make staged proposal submissions which were referred to as SR Packages 1, 2, 3 and 4. SR refers to submission requirements. SR Packages 1 and 2 were preliminary submissions for feedback purposes. SR Packages 3 and 4 were evaluated.

A Fairness Advisor was retained to monitor the RFQ and RFP stages of the procurement process. The Fairness Advisor acted as an independent observer and provided arms-length advice concerning the procurement process to the City. The Fairness Advisor also reported as to whether the processes and decisions developed by the procurement project management were fair, reasonable, and consistent with the procurement process laid out for the project.

The lapse date for the bids is September 8, 2010.

For further details on the procurement process refer to Appendix 1.

Evaluation of At-Grade Alternative (SR Package 3)

DBF2 Ltd. submitted two proposals for the At-Grade alternative while Plenary Roads Winnipeg submitted one proposal. The proposals were checked for completeness and then evaluated

relative to the technical and financial evaluation criteria for the At-Grade alternative (see Appendix 2).

The results of the evaluation for the At-Grade SR Package 3 submissions are as follows:

- DBF2 Ltd. should be determined to be ineligible to be named as Preferred Proponent because its SR Package 3 Submissions failed on Project Design, Financial Model and Financial Plan components of the evaluation criteria, and its SR Package 3 Submissions were unacceptable having regard to the requirements of the RFP.

- Plenary Roads Winnipeg is eligible to be named the Preferred Proponent for the At-Grade Alternative as its SR Package 3 Submission passed all pass/fail evaluation criteria (technical and financial) and had the highest number of possible points out of 100 on the Evaluation Matrix for the At-Grade Alternative. However, their average ASP is beyond the approved budget.

Evaluation of Grade Separation Alternative (SR Package 3 and SR Package 4)

SR Package 3
DBF2 Ltd. submitted three proposals for the Grade Separation alternative while Plenary Roads Winnipeg submitted one proposal. As with the At-Grade submissions, the proposals were checked for completeness and then evaluated by the technical and financial evaluation teams using the Grade Separation evaluation criteria (see Appendix 2).

Both Proponents failed one or more pass/fail criteria (technical and/or financial) in their SR Package 3 Grade Separation Alternative submissions and should be determined not eligible to be named Preferred Proponent. As no proponent was eligible to be named preferred proponent, the RFP process was extended to include SR Package 4 submissions as permitted by Clause I11.3 a) of the RFP. In the best interests of the City, for SR Package 4 changes were made to the scope of the Project and the financing arrangements for the Grade Separation Alternative. For further details refer to Appendix 1.

SR Package 4
For the RFP extension (SR Package 4), both Proponents were invited to resubmit their Grade Separation proposals as an SR Package 4 submission to address deficiencies in their SR Package 3 bid submissions and to take into account revisions to the RFP with respect to project scope and financing.

DBF2 Ltd. submitted a primary proposal plus two alternate proposals for the Grade Separation alternative while Plenary Roads Winnipeg submitted a single proposal plus innovations before the SR Package 4 Submission deadline.

As with the Grade Separation SR Package 3 submissions, the proposals for the SR Package 4 submissions were checked for completeness and then evaluated by the technical and financial evaluation teams using the Grade Separation evaluation criteria.

The results of the evaluation for the Grade Separation SR Package 4 submissions are as follows:

- DBF2 Ltd. should be determined to be ineligible to be named Preferred Proponent for its two alternative proposals for the Grade Separation alternative as those SR Package 4

Submissions did not pass all pass/fail evaluation criteria and were unacceptable having regards to the requirements of the RFP;
- DBF2 Ltd. is eligible to be named Preferred Proponent for its primary proposal for the Grade Separation alternative as that SR Package 4 Submission passed all pass/fail evaluation criteria; and
- Plenary Roads Winnipeg is eligible to be named Preferred Proponent for the Grade Separation alternative as their SR Package 4 Submission passed all pass/fail evaluation criteria.

It is recommended that the Grade Separation Alternative is in the best interests of the City and that DBF2 Ltd. be selected as the Preferred Proponent. For its primary proposal, DBF2 Ltd. was the proponent that obtained a 'Pass' on each Pass/Fail Submission component together with the highest number of possible points out of 100 on the Evaluation Matrix relative to the other proponent.

The Chief Peguis Extension Project Team is of the opinion that the Preferred Proponent has the necessary resources and experience to design, build, finance and maintain the Chief Peguis Trail Extension Project.

It is noted that the ASP for the highest scoring Grade Separation Alternative proposal is lower than the ASP for the highest scoring At-Grade Alternative proposal because of the revisions made to SR Package 4 for the Grade Separation Alternative.

Discussion

The Grade Separation Alternative is in the best interest of the City as it is integral to the City's future transportation requirements. Chief Peguis Trail is the northern section of the inner ring road system and will serve a similar function as Bishop Grandin Boulevard. When all phases are completed the route will extend from Brookside Boulevard to Lagimodiere Boulevard and will carry over 40,000 vehicles per day.

The benefits of having a grade separated intersection include:
- Reduced severity and frequency of intersection collisions;
- Improved traffic flow by eliminating delays caused by traffic signals;
- Eliminated operational costs of traffic signals; and
- Reduced green house gas emissions by eliminating stop and start traffic associated with signalized intersections.

Specifically for the CPTEP, there is a significant advantage in constructing the Grade Separation Alternative (Chief Peguis Trail underpass at Rothesay) in the initial stage because constructing an interchange at a later date would be substantially more costly and disruptive to the regional street network and the adjacent neighbourhood. The underpass at Rothesay Street offers several advantages over an at-grade intersection
- Maintains the integrity of the River East Neighbourhood with Chief Peguis Trail passing under Rothesay Street;
- Rothesay Street retains its current function as a neighbourhood collector street;
- Accommodates safe access to schools, churches, recreation and other neighbourhood facilities by providing a 2-lane collector street bridge with sidewalks over Chief Peguis Trail, avoiding a busy regional street intersection; and

- Reduces transmission of traffic noise and allows for sound attenuation walls to be lower in height, thereby reducing the noise impact on adjacent residential properties.

Finance Implications

The total cost of the Grade Separation alternative as submitted by the Preferred Proponent is estimated to be $109.6 million and includes nominal construction costs, financial close costs, interest paid during construction and project up front costs.

The capital cost of construction is an estimate and will only be definitively known at the time of financial close. In this regard, a recommendation has been made to authorize the CAO to make amendments to the capital budget for changes to the capital authorizations, project costs, financing, cash flow and payment descriptions to reflect the final costs determined when financial close is achieved.

The 2010 Capital Budget contemplated a project cost of $65.3 million including $5.3 million for the project up front costs. However, this was based on an At-Grade alternative.

The updated, preliminary indicative Value for Money (VFM) assessment which will be updated and finalized at Financial Close indicates a range of 11 to 17 percent.

Project Funding
PPP Canada Inc. will be contributing funds from the P3 Canada Fund for the CPTEP. The mandate of PPP Canada Inc. is to develop the Canadian market for public-private partnerships for the supply of public infrastructure in the public interest

The P3 Canada Fund is a merit-based program with the objective of supporting P3 infrastructure projects that achieve value for the Canadian public, develop the Canadian P3 market and generate significant public benefits. PPP Canada Inc. has identified certain conditions for their financial support of CPTEP including:

- funding would be the lesser of 25% of eligible costs and $25 million;
- if the project includes a grade separation, the City may make milestone payments totaling $20 million, based on percentage complete, commencing when the project is 51% completed; and
- if the project does not include a grade separation, funding will continue to be applied by the City to the commissioning payment, provided that the City allocates an equivalent amount in its capital budget to other public-private partnership projects within five years of closing.

The availability of PPP Canada Inc. funding is a contributing reason as to why the Grade Separation alternative is in the best interest of the City.

The Province of Manitoba will contribute $9 million in support of this Project. The City's funding of the Project consists of the following:

- Utilizing the 2008 Capital Investment Fund, the City will make payments to the Contractor totaling up to $2 million for some of the Maintenance Exempt Works (MEW) items. For further details refer to Appendix 1;
- For any borrowing required for the milestone payments of $20 million, Borrowing By-law No. 150/2009 authorizes up to $30 million for the purposes of making capital

expenditures in connection with the CPTEP. The annual debt servicing payment of approximately $1.528 million assumes borrowing over 30 years at an interest rate of 6%; and

- The remaining amount to be financed by the Preferred Proponent over a 30 year term of the DBFM Agreement, along with an annual maintenance payment, results in an average ASP of approximately $6.756 million due to the Preferred Proponent. This assumes that the annual consumer price index (CPI) increment to the maintenance payment is 2%. The annual maintenance payment will increase by the actual change in the CPI.

The combination of City debt servicing payments and the ASP to the Preferred Proponent is estimated to result in combined average annual payments of up to $8.284 million.

Budget Implications

Estimated combined average annual payment	$8,284,000
Capital Budgets	
Chief Peguis Trail	5,415,000
Capital Investment Fund	2,000,000
TOTAL	$7,415,000
Budget Requirement	$ 869,000

Considering the combined average annual payments, the City's public private partnership payments as a percentage of cash to capital plus Federal Gas Tax payments remain within the 30% cap set by Council.

Summary

The recommendations of this report will result in the project being delivered as a public private partnership. PPP Canada Inc. funding has facilitated the selection of the Grade Separation alternative.

DBF2 Ltd. is recommended as the Preferred Proponent based on its SR Package 4 primary proposal for the Design, Build, Financing and Maintenance of the Grade Separation Alternative for the Chief Peguis Trail Extension Project (RFP NO. 70-2009 B).

The RFP provides that the City can seek to negotiate with the Preferred Proponent, for the City's own advantage or to improve benefits to both intended parties to the DBFM Agreement. Following selection of the Preferred Proponent, the Chief Peguis Trail Project Team intends to proceed with those negotiations. Delegated authority is requested for the CAO to approve the final DBFM Agreement.

FINANCIAL IMPACT

Financial Impact Statement **Date:** July 6, 2010

Project Name: **First Year of Program** **2010**

Chief Peguis Trail Extension Project - Selection of Preferred Proponent

	2010	2011	2012	2013	2014
Capital					
Capital Expenditures Required	$ -	$ 1,000,000	$ 1,000,000	$ 6,755,832	$ 6,755,832
Less: Existing Budgeted Costs	-	1,000,000	1,000,000	5,887,169	5,887,169
Additional Capital Budget Required	$ -	$ -	$ -	$ 868,663	$ 868,663
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	868,663	868,663
Total Funding	$ -	$ -	$ -	$ 868,663	$ 868,663
Total Additional Capital Budget Required	$ 26,059,890				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ 100,000	$ 1,727,831	$ 1,727,831
Less: Incremental Revenue/Recovery	-	-	-	1,527,831	1,527,831
Net Cost/(Benefit)	$ -	$ -	$ 100,000	$ 200,000	$ 200,000
Less: Existing Budget Amounts	-	-	100,000	200,000	200,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The capital expenditures for 2011 and 2012 represent those costs associated with some of the Maintenance Exempt Works noted in this report. These will be funded with the Capital Investment Fund, project #1200000108, with servicing costs commencing in 2012. The capital expenditure payments noted commencing in 2013 represent the average annual service payment to the recommended Preferred Proponent. The related existing capital budget is based on that included in the approved 2010 Capital Budget and 2011 to 2015 Five Year Forecast, with $5.415 million budgeted in the Chief Peguis Trail and $2 million budgeted in the Capital Investment Fund projects, less that amount required to fund debt servicing payments associated with the City's borrowing approximately $20 million. The servicing of this debt is anticipated to commence in 2013 and is disclosed in the Current Expenditures section. The FIS does not include any provision for any maintenance costs associated with this facility, including those identified as Maintenance Exempt Works nor does it include the $5.3 million in costs associated with the project's up front costs.

This FIS has been prepared on the basis of the SR4 submission provided by the recommended Preferred Proponent and assumes approval of the recommendations made in this report. Subject to further negotiations on the DBFM Agreement, there may be opportunities to reduce the capital expenditure requirement.

original signed by Paul D. Olafson, CA

Corporate Controller

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department (as to legal issues)
Corporate Finance Department
    Corporate Controllers Division
    Materials Management Division
Public Works Department

SUBMITTED BY

Department:	Corporate Finance
Division:	Office of the CFO
Prepared by:	Iain Day
Date:	July 9, 2010
File No.	

APPENDIX 1: PROCUREMENT PROCESS

The Request for Qualification (RFQ) was issued on February 27, 2009 with a closing date of May 11, 2009. The intention was to select three bidders for the Request for Proposal (RFP) process. An optional RFQ information session with registered prospective bidders was held in Winnipeg on Wednesday, March 11, 2009. A number of submissions were received, all of which met the minimum requirements specified in the RFQ.

RFQ Process

The original three highest scoring respondents that were short-listed after the RFQ process to respond to the RFP were Chief Peguis Constructors, DBF2 Ltd and Peter Kiewit Sons Co.

On October 6, 2009, subsequent to the announcement of the short-listed proponents, Peter Kiewit Sons Co. withdrew from the procurement process and was replaced by Plenary Roads Winnipeg. On October 28, 2009, Chief Peguis Constructors withdrew from the procurement process.

RFP Process

The RFP and the draft DBFM agreement were issued in September, 2009 to the shortlisted Proponents. DBF2 Ltd. and Plenary Roads Winnipeg submitted their Technical and Financial submissions before the SR Package 3 Submission deadline which included an Alternative 1 - At-Grade solution and an Alternative 2 - Grade Separation solution.

The evaluation criteria, contained in the RFP, for the At-Grade and Grade Separation alternatives are set out in Appendix 2. The criteria provided that some components of the proposals were to be evaluated on a pass/fail basis while other components were to be evaluated and scored. As well, the RFP outlined the following Instructions to Proponents (ITP):

- A Proponent will fail with respect to their SR Package submission if that Package is materially incomplete or determined by the City to be unacceptable;
- To be selected as Preferred Proponent a Proponent must obtain a 'Pass' on each Pass/Fail Submission component;
- The Proponents will be evaluated on Alternative 1 – At-Grade and Alternative 2 – Grade Separation solutions;
- Each Alternative will be evaluated in accordance with the evaluation criteria set out in the Evaluation Matrices;
- Each Proponent is required to bid on both Alternatives as identified; and
- The highest scoring Submission for Alternative 1 – At-Grade design will be compared with the highest scoring Submission for Alternative 2 – Grade Separation design, for the purposes of the City's determination of which Alternative is in the City's best interest.

SR Package 4 Revisions

- the City will make milestone payments to the Contractor totaling $20,000,000 based on percentage completion commencing on 51% completion, and to be paid quarterly after that;
- the City will make payments to the Contractor totaling up to $2,000,000 for the following Maintenance Exempt Works (MEW) items:
    - relocating the CP rail spur outside of the Right of Way;

    - intersection improvements at Gateway Road south of Jim Smith Drive and north of Sun Valley Drive;
    - intersection improvements at Henderson Highway north and south of Chief Peguis Trail Extension and west of the new right turn lanes and cut offs to and from Chief Peguis Trail Extension; and
    - intersection improvements at Lagimodiere Boulevard and Grassie Boulevard.
- the City will undertake the following construction and maintenance activities because it is more efficient and cost-effective for the City to provide:
    - traffic signal construction and maintenance;
    - line painting;
    - street sweeping;
    - spring cleanup of the roadways and immediately adjacent flat, hard surfacing areas; and
    - snow clearing.
- the Transit Park and Ride at Henderson Highway is now an optional part of the Chief Peguis Trail Extension Project and not included in the Annual Service Payment and will be constructed if funding is identified by the City.

APPENDIX 2 – EVALUTION MATRICES

EVALUATION MATRIX – ALTERNATIVE 1 - AT GRADE

FINAL SUBMISSION	SCORE/POINTS
General/Proponent Information	Pass/Fail
Management Plan	Pass/Fail
Insurance in Final Form	Pass/Fail
Proponent's Designs	Pass/Fail
Project Schedule	Pass/Fail
Construction Management Plan	Pass/Fail
Safety Plan	Pass/Fail
Public Communications Plan	Pass/Fail
Traffic Management Plan	Pass/Fail
Maintenance Plan	Pass/ Fail
Safety Audit Plan	Pass/Fail
Quality Management System	Pass/Fail
Environmental Management System	Pass/Fail
Final Financial Model	Pass/Fail
Final Financing Plan	Pass/Fail
Financial Capacity	Pass/Fail
MAINTENANCE PLAN ENHANCEMENTS (Final B18)	5
DESIGN ENHANCEMENTS *All Final Design Reports*: Geometrics & Functionality - 5 points Durability - 4 points Aesthetics - 4 points Landscaping - 4 points Pedestrian/cycling Multi use pathway - 3 points User Safety - 3 points Noise Attenuation (noise reduction, design) - 2 points	25
Financial Offer NPV - Evaluated in accordance with H7	65
Financial Plan, Financial Capacity and Ability to Reach Financial Close	5
Maximum Points	**100**

EVALUATION MATRIX – ALTERNATIVE 2 - GRADE SEPARATION

FINAL SUBMISSION	SCORE/POINTS
General/Proponent Information	Pass/Fail
Management Plan	Pass/Fail
Insurance in Final Form	Pass/Fail
Proponent's Designs	Pass/Fail
Project Schedule	Pass/Fail
Construction Management Plan	Pass/Fail
Safety Plan	Pass/Fail
Public Communications Plan	Pass/Fail
Traffic Management Plan	Pass/Fail
Maintenance Plan	Pass/ Fail
Safety Audit Plan	Pass/Fail
Quality Management System	Pass/Fail
Environmental Management System	Pass/Fail
Final Financial Model	Pass/Fail
Final Financing Plan	Pass/Fail
Financial Capacity	Pass/Fail
MAINTENANCE PLAN ENHANCEMENTS (Final B19)	10
DESIGN ENHANCEMENTS *All Final Design Reports*: Geometrics & Functionality - Grade separation structure - 5 points - Roadway - 4 points Durability - 4 points Aesthetics - 4 points Pedestrian/cycling Multi use pathway - 4 points Landscaping - 4 points User Safety - 3 points Noise Attenuation (noise reduction, design) - 2 points	30
Financial Offer NPV - Evaluated in accordance with H7	55

FINAL SUBMISSION	SCORE/POINTS
Financial Plan, Financial Capacity and Ability to Reach Financial Close	5
Maximum Points	**100**