Agenda – Executive Policy Committee – June 18, 2014

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 3, 2014

Item No. 1 Capital Integration Project - Southwest Transitway (Stage 2) and Pembina Highway Underpass

STANDING COMMITTEE RECOMMENDATION:

On June 3, 2014, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the 2014 Capital Budget be amended by combining the "Pembina Highway Underpass" project, the "Southwest Rapid Transit Corridor - Stage 2" project, and associated Land Drainage infrastructure and that the combined project be renamed and approved as a 2014 capital project as set out in Appendix 1 in the amount of $590 million, subject to confirmation of Federal and Provincial funding as set forth in this Report.

2. That the Winnipeg Public Service be authorized to proceed with the Southwest Transitway (Stage 2) and Pembina Highway Underpass Project and associated Land Drainage infrastructure (the 'Project') based on a Design-Build-Finance-(Operate)-Maintain (DBF(O)M) Public-Private Partnership delivery model and that the Chief Administrative Officer be authorized to approve, issue and award the Request for Qualifications and the Request for Proposals for the Project.

3. That the P3 annual service / financing payments of $19.7 million commencing in 2020 and the source of funding for these amounts be identified in the 2015 budget process, be approved.

4. That changes to the debt strategy be approved as outlined in Appendix 2.

5. That this Project be exempt from the application of corporate overhead charges for administration and interest.

6. That 1 permanent FTE be added to the Corporate Finance complement in order to provide P3 contract administration, to be funded by annual payments from all P3 project budgets.

7. That the Director of Planning, Property and Development be authorized to negotiate the acquisition of land required for the Project.

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 3, 2014

STANDING COMMITTEE RECOMMENDATION (continued):

8. That the City of Winnipeg enter into funding agreements with the Province of Manitoba and the Government of Canada and/or PPP Canada Inc. ("PPP Canada") with respect to the provincial and federal funding contributions to the Project, and that the Chief Administrative Officer be authorized to negotiate and approve the terms and conditions of such funding agreements in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

9. That the City of Winnipeg enter into such agreements with CN and Manitoba Hydro as determined necessary by the City Solicitor / Director of Legal Services to resolve all outstanding CN and Manitoba Hydro issues with respect to the Project, other than land acquisition matters.

10. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the agreements with CN and Manitoba Hydro, together with such terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

11. That approval be delegated to the Chief Financial Officer to negotiate and award a sole source contract up to $4.25 million (included in the project budget) in 2014 with Manitoba Hydro for early works required to prepare the Hydro Corridor before construction of the Transitway begins in 2016.

12. That, in the interest of not prolonging the project timeline, the authority be delegated to the Chief Administrative Officer to authorize Phase III (Procurement) of Bid Opportunity 685-2013 (Professional Consulting Services for Stage 2 of the Southwest Transitway) to proceed before a formal funding announcement is made by the federal government.

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

Agenda – Executive Policy Committee – June 18, 2014

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 3, 2014

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On June 3, 2014, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **Capital Integration Project - Southwest Transitway (Stage 2) and Pembina Highway Underpass**

Critical Path: **SPC on Infrastructure Renewal & Public Works - EPC - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Radstrom T. Yanchishyn	D. Wardrop	Mike Ruta	D. Joshi A/CAO

RECOMMENDATIONS

1. That the 2014 Capital Budget be amended by combining the "Pembina Highway Underpass" project, the "Southwest Rapid Transit Corridor - Stage 2" project, and associated Land Drainage infrastructure and that the combined project be renamed and approved as a 2014 capital project as set out in **Appendix 1** in the amount of $590 million, subject to confirmation of Federal and Provincial funding as set forth in this Report.

2. That the Public Service be authorized to proceed with the Southwest Transitway (Stage 2) and Pembina Highway Underpass Project and associated Land Drainage infrastructure (the 'Project') based on a Design-Build-Finance-(Operate)-Maintain (DBF(O)M) Public-Private Partnership delivery model and that the Chief Administrative Officer be authorized to approve, issue and award the Request for Qualifications and the Request for Proposals for the Project.

3. That Council approve P3 annual service / financing payments of $19.7 million commencing in 2020 and the source of funding for these amounts be identified in the 2015 budget process.

4. That changes to the debt strategy be approved as outlined in **Appendix 2**.

5. That this Project be exempt from the application of corporate overhead charges for administration and interest.

6. That 1 permanent FTE be added to the Corporate Finance complement in order to provide P3 contract administration, to be funded by annual payments from all P3 project budgets.

7. That the Director of Planning, Property and Development be authorized to negotiate the acquisition of land required for the Project.

8. That the City enter into funding agreements with the Province of Manitoba and the Government of Canada and/or PPP Canada Inc. ("PPP Canada") with respect to the provincial and federal funding contributions to the Project, and that the Chief Administrative Officer be authorized to

negotiate and approve the terms and conditions of such funding agreements in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

9. That the City enter into such agreements with CN and Manitoba Hydro as determined necessary by the City Solicitor / Director of Legal Services to resolve all outstanding CN and Manitoba Hydro issues with respect to the Project, other than land acquisition matters.

10. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the agreements with CN and Manitoba Hydro, together with such terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

11. That approval be delegated to the Chief Financial Officer to negotiate and award a sole source contract up to $4.25 million (included in the project budget) in 2014 with Manitoba Hydro for early works required to prepare the Hydro Corridor before construction of the Transitway begins in 2016.

12. That, in the interest of not prolonging the project timeline, the authority be delegated to the Chief Administrative Officer to authorize Phase III (Procurement) of Bid Opp 685-2013 (Professional Consulting Services for Stage 2 of the Southwest Transitway) to proceed before a formal funding announcement is made by the federal government;

13. 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

The above recommendations require Council approval.

IMPLICATIONS OF THE RECOMMENDATIONS

This report commits the City to undertake the Project estimated at $590 million with funding from Federal and Provincial governments using a P3 delivery model (subject to Federal and Provincial funding approval).

EXECUTIVE SUMMARY

The widening of Pembina Highway through the Pembina Underpass at Jubilee, and the construction of Stage 2 of the Southwest Transitway, are being proposed as an integrated project. Pending both Council approval and approval of funding from the federal government through its PPP Canada funding agency, construction is anticipated to begin in early 2016 and end in late 2019. Following a period of testing, training and commissioning, Stage 2 of the Southwest Transitway would open for service in early 2020. The estimated cost of the complete project is approximately $590 million (2019 dollars).

Both projects are necessary to accommodate the expected growth in Winnipeg's population over the next several decades, a significant portion of which will occur in the Southwest quadrant of the city. Increases in congestion will be detrimental to both auto drivers and transit passengers alike. The widening of the Pembina Underpass will relieve some of the congestion already experienced in the vicinity of Pembina & Jubilee. The construction of Stage 2 of the Southwest Transitway will not only improve on existing transit travel times and attract additional riders, it will prevent transit travel times along the corridor from worsening as congestion worsens in the coming years.

Following an alignment study in 2012, Council approved an alignment for Stage 2 of the Southwest Transitway through the Parker Lands, along a Manitoba Hydro corridor and then along the CN Letellier Subdivision south of Chevrier. Stage 2 will connect the existing Stage 1 (which currently ends at Pembina & Jubilee) to the University of Manitoba at Southpark (see Figure 1). The completed Southwest Transitway, with a further access point at Markham, will allow rapid transit service to be offered to all neighbourhoods in Southwest Winnipeg, including Fort Garry, Waverley Heights, Waverley West, Fort Richmond, Richmond West and St. Norbert. An additional connection to Hurst Way at the west end of the Parker Lands will allow for the planning of future transit service that connects the Southwest Transitway to areas such as Lindenwoods, River Heights/Tuxedo, and Charleswood.

The widening of Pembina Highway by one lane in the northbound direction through the underpass at Jubilee is a project that Public Works began analyzing in 2011 when a preliminary design study was begun. In addition to providing congestion relief and improving traffic flow on Pembina Highway, the widening would also allow for the construction of bicycle and pedestrian facilities on both sides of Pembina Highway through the underpass, a marked improvement over the current situation with only one narrow sidewalk available on the east side of the underpass.

Construction of both Stage 2 of the Southwest Transitway and the widening of the Pembina Highway Underpass will allow costs to be minimized, along with construction timelines and disruptions.

Both projects further the goals of the Transportation Master Plan and OurWinnipeg, as discussed in further detail later in this report. Independent cost-benefit analyses of the two projects show a cost-benefit ratio of 1.37 for Stage 2 of the Southwest Transitway and 0.71 for the widening of the Pembina Underpass. A weighted average of the two yields an overall cost-benefit ratio of 1.22 for the integrated project.

The project is being proposed as a public-private partnership (P3) using the Design-Build-Finance-(Operate)-Maintain (DBF(O)M) procurement model. This will involve the City entering into a partnership with a private partner who will design, construct and finance the project, and then maintain it over a period of 30 years. By the time construction is complete (expected in late 2019), the private partner will have been paid approximately 60% of the total construction costs. The remaining 40%, along with the annual maintenance payments, will be paid over 30 years beginning in 2020.

With a Provincial funding commitment of $225 million and an expected federal contribution of approximately $140 million, the City's expected cost for the integrated project is $225 million. This amount, plus the annual maintenance payments, will be paid out as annual payments of approximately $19.7 million, beginning in 2020.

HISTORY

In October 2004, the Mayor appointed the Rapid Transit Task Force. It commenced its work in December 2004 and completed its final report in September 2005.

On February 22, 2006, Council adopted an administrative report entitled *"Implementation Plan for Rapid Transit Task Force Recommendations"* which outlined a transit improvement plan to be implemented over subsequent years. This plan included the completion of design work for Stage 1 of the Southwest Rapid Transit Corridor.

On October 22, 2008, Council adopted the plan for the Southwest Rapid Transit Corridor – Stage 1 in the amount of $138,000,000 which was commissioned in April 2012.

On November 16, 2011, Council adopted the Transportation Master Plan, which includes the provision for the expansion of the Pembina Highway Underpass and five new transit corridors, the first being the southwest corridor.

On December 14, 2012, preliminary design for the Pembina Highway Underpass was completed.

On March 20, 2012, Council approved an amendment to the Transportation Master Plan which identifies Alignment 1B (through the Parker Lands and the Manitoba Hydro corridor) as the preferred alignment.

General Project Overview and Cost

The Capital Integration Project - Southwest Transitway (Stage 2) and Pembina Highway Underpass is being proposed as an integrated project, involving both the construction of Stage 2 of the Southwest Transitway and the widening of Pembina Highway by one lane in the northbound direction through the underpass at Jubilee.

Item	**Cost (2019 dollars)**
Pembina Highway Underpass widening	$72.5 million
Southwest Transitway – Stage 2	$407.8 million
Associated Land Drainage Works	$39.9 million
Construction Contingency	$69.4 million
Total	**$590 million**

It is proposed to carry out all works as a single integrated project in order to maximize the efficiency of the construction timeline, to minimize the construction costs, and to minimize disruption to the citizens of Winnipeg.

Negotiation with both CN and Manitoba Hydro, as well as acquisition of property along the proposed corridor, are required for this project to be constructed.

The land drainage works being carried out as part of this project are not part of the Cockburn-Calrossie Combined Sewer Relief (CCCSR) Project. The CCCSRP works are a larger and separately-funded project being carried out by the Water & Waste Department, which are intended to upgrade land drainage throughout the Cockburn-Calrossie sewer district, and to provide basement flooding relief.

However, the Southwest Transitway (in the vicinity of Pembina & Jubilee and the Parker Lands) and the widened Pembina Highway Underpass will drain into a retention pond and land drainage sewer being built as part of the CCCSR. Therefore, the CCCSR Project is proceeding ahead of Stage 2 of the Southwest Transitway and the Pembina Highway Underpass widening to accommodate this requirement.

Southwest Transitway Stage 2 – Project Overview

Stage 2 of the Southwest Transitway (SWT) will be a dedicated corridor that will extend from Pembina & Jubilee to the University of Manitoba and to Markham Road. As shown in Figure 1, Stage 2 will extend westward through the Parker Lands, then southeast along a Manitoba Hydro right-of-way, crossing McGillivray, Clarence and Chevrier before crossing under the CN Letellier subdivision. The transitway will then run parallel to the CN railway as it crosses Bishop Grandin and Chancellor. An access to Southpark Drive will allow some routes to enter the University of Manitoba/Investors Group Field via the Southwood Lands. The transitway will extend as far south as Markham, where routes serving Waverley West, Fort Richmond, Richmond West and St. Norbert will enter/exit the transitway.

In addition to nine new Rapid Transit stations, the Project is proposed to include the following new Transitway grade separations:

- an overpass of Pembina Highway
- an underpass of the CN Letellier Subdivision rail lines near Jubilee
- an overpass of McGillivray Boulevard
- a tunnel beneath the CN Letellier Subdivision south of Chevrier
- an overpass of Bishop Grandin Boulevard

To make way for the construction of the Transitway, a new CN rail bridge over Bishop Grandin Boulevard is required. Furthermore, track relocations of the CN Letellier Subdivision and CN Rivers Subdivision will be necessary in the vicinity of Jubilee. Relocation of the CN Letellier Subdivision track 5.6 m to the west, between approximately Plaza and Markham, is also required to construct the Transitway alignment. Reconstruction of the track bed, upgraded rail, ties, and ballast, and construction of a noise attenuation wall on the west side of the CN Letellier Subdivision south of Bishop Grandin are expected to reduce railway noise and vibrations below existing levels for adjacent residents.

Pembina Highway Underpass Widening – Project Overview

Combined with the construction of the Transitway will be the widening of the Pembina Highway Underpass which will include the following roadway improvements: addition of third northbound traffic lane to allow for three lanes in each direction; increased lane width; improved left turn lane; and the construction of bicycle and pedestrian facilities on both sides of Pembina Highway through the Pembina Highway Underpass.

To make way for the widening of the Pembina Highway Underpass, associated railway works will include a new CN rail bridge over Pembina Highway and track relocation on the CN Letellier Subdivision and the CN Rivers Subdivision near Jubilee.

Project Need & Benefits

The need for the Project is driven primarily by current and expected future growth in the City (see **Appendix 3**).

Population Growth

The population of Winnipeg is expected to grow by approximately 200,000 between 2006 and 2031, resulting in a population of approximately one million people in the City and surrounding area by 2031. The majority of this growth is expected to occur within the southwest quadrant of the city *(Community Trends Report 2014).*

This growth is placing tremendous strain on the existing transportation infrastructure, with Pembina Highway already being highly congested with average traffic volumes of approximately 70,000 vehicles each weekday. Adjacent roads and intersections are already at capacity during peak hours. This volume will increase as development continues in the southwest quadrant. This will result in "choke points" where travel demand will significantly exceed capacity. By having the Southwest Transitway provide an attractive alternative to driving, a resulting decrease in the number of vehicles along the route can significantly reduce congestion. Improvements to travel times are expected to accrue to both drivers and rapid transit users as transit vehicles will operate on a dedicated route separated from the major arterial road. Completion of Stage 2 and the expansion of the underpass are necessary to accommodate current and future demand.

Integration with City's Long-Term Plan

OurWinnipeg is brought into action through supporting Direction Strategies. The Sustainable Transportation Strategy highlights the following key strategic goals which form the basis of the *Transportation Master Plan* (TMP):

a. A transportation system that is dynamically integrated with land use.
b. A transportation system that supports active, accessible and healthy lifestyle options.
c. A safe, efficient and equitable transportation system for people, goods and services.
d. Transportation infrastructure that is well maintained.
e. A transportation system that is financially sustainable.
f. A transportation system that reduces its greenhouse gas emissions footprint and meets or surpasses climate change and emissions reduction goals set by the City and the Province.

With respect to rapid transit, the TMP states:

"Rapid transit is necessary for Winnipeg's on-going growth. It is needed to ensure that residents are provided with a viable alternative to the automobile, to reduce existing and future road congestion, and to build a transportation system that is capable of serving future generations. Rapid transit is also essential for shaping land use in a manner that achieves the objectives of OurWinnipeg and Complete Communities".

The Rapid Transit section of the TMP includes the following specific directions:

"Implement a rapid transit network as part of the transit system to provide a viable alternative to the automobile and to reduce existing and future road congestion".

"Align land use and transportation planning decisions to support the rapid transit network".

In addition to accommodating planned growth, improving infrastructure and facilitating all modes of travel, this integrated capital project will:

- Increase transit ridership
- Reduce traffic congestion
- Improve travel times
- Encourage Transit Oriented Development
- Reduce Green House Gas Emissions
- Support Downtown Revitalization
- Achieve Local Economic Benefits

Benefit-Cost Analysis

The engineering consulting firm of HDR Inc. was retained to carry out a benefit-cost analysis of Stage 2 of the Southwest Transitway. Cost inputs from the functional design study and the P3 business case were used, as were various inputs provided by the City of Winnipeg (traffic volumes, transit passenger volumes, bus volumes, growth rates, surrounding land-use information, etc.). HDR's analysis showed a Benefit-Cost Ratio of 1.37 for Stage 2 of the Southwest Transitway only.

As part of the preliminary design study of the Pembina Highway Underpass carried out by Dillon Consulting in 2012, a benefit-cost analysis was also carried out, yielding a Benefit-Cost Ratio of 0.71 for the widening of the Pembina Highway Underpass only.

Combining the independent Benefit-Cost Ratios using a weighted average yields an overall project Benefit-Cost Ratio of 1.22. In simple terms, this means that for every $1 spent on the project, the citizens of Winnipeg receive $1.22 in benefits, including (but not limited to) improved travel times, reduced delay, reduced pollution and Green House Gas (GHG) emissions, health benefits, increased tax base, etc.

A positive benefit-cost ratio is a key driver for this project.

Design-Build Finance-(Operate)-Maintain Model - Preliminary Value for Money (VFM) Results

In the Design-Build-Finance-(Operate)-Maintain (DBF(O)M) model of P3 procurement, the private sector designs and builds the project at a set cost, and also finances the design and construction. The private sector also agrees to maintain the infrastructure over a set concession period (generally 20-30 years), and then turn the infrastructure back over to the City in as-new condition when the concession period ends.

See **Appendix 4** for an overview and analysis of the P3 procurement models.

Based on the inputs and assumptions developed during the functional design study and the development of the P3 Business Case, as well as a series of risk assessment workshops attended by City staff, consultant staff and PPP Canada, the preliminary VFM results of the Project for the DBF(O)M Project Delivery Model are positive.

The VFM analysis has shown that the combined total of the retained risks, financing costs, ancillary costs and risk premium under the DBF(O)M approach are lower by an estimated $98 million. Thus, the P3 DBF(O)M project delivery model with a 30 year term generates an estimated VFM savings of 13%.

The DBF(O)M project delivery model therefore provides robust value for money due to risk transfer primarily during the construction and maintenance phases of the project. Although the design and development of the Southwest Transitway is technically complex, the key risks associated with the project are generally risks that can be controlled and mitigated by the private sector. This is the benefit of using a P3 model as the transfer of these risks to a private sector counterpart that has experience and expertise in construction and maintenance of roadways results in value for money savings.

The VFM model will be re-evaluated periodically throughout the procurement process, with a final report on the project VFM being produced upon completion.

PPP Canada

PPP Canada is a federal agency charged with providing federal funding for infrastructure projects. The recent focus of the federal government has been to fund large-scale infrastructure projects using a public-private-partnership (commonly referred to as a PPP or P3) procurement model, through its PPP Canada agency.

Manitoba Hydro Early Works

In order for construction of the Transitway to begin in 2016, a Manitoba Hydro high voltage transmission line must be moved from its existing location. The estimate provided by Manitoba Hydro for this incremental cost is approximately $4,250,000, which is included in the project budget. The City must commit by July 2014 to pay for the additional cost for this work, regardless of whether or not official notification of federal funding has been received. It is expected that the costs would be paid by the City to Manitoba Hydro in 2016, even though the commitment to reimburse Manitoba Hydro would be made in 2014.

PPP Canada Funding Process – See attached P3 Business Case summary (Deloitte)

The City of Winnipeg's funding application was submitted to PPP Canada in June of 2013, and was retained for further consideration. Since then, City staff have been working with PPP Canada as well as our consultants (Dillon Consulting and Deloitte) to develop a functional design study, P3 business case, and a Value for Money (VFM) analysis. The functional design study has produced the cost estimates needed for PPP Canada to make its funding decisions. The business case and VFM are supporting studies which examine whether or not a P3 model is the most appropriate for this project. The draft P3 business case has been submitted to PPP Canada, and may be refined based on PPP Canada's ongoing review.

In order for the PPP Canada board to consider the business case and VFM at their June 2014 board meeting, approval by Winnipeg's City Council is necessary. This would involve both the approval of funding in the capital budget, as well as approval to proceed with the project using a P3 DBF(O)M model.

If the application to PPP Canada is successful, a formal funding announcement would be expected in Fall 2014. Details of the Financing Agreement will need to be negotiated and approved.

Provincial Commitment to the Project

On November 19, 2013, Premier Greg Selinger announced the support of the Province of Manitoba for this project. A letter substantiating this support was received by Mayor Sam Katz on March 6, 2013. This letter outlines the commitment of the Province of Manitoba to provide up to $225 million in funding for Stage 2 of the Southwest Transitway.

Project Timeline

Construction is proposed to begin in the Spring of 2016 and conclude in late 2019. The Transitway would be introduced into service in early 2020, following a brief period of commissioning and training.

In order to meet the aggressive project schedule, it is important that the Chief Administrative Officer be delegated the necessary authority to issue and award the Request for Qualifications (RFQ), the Request for Proposals (RFP), and approve the Project Agreement. This will allow the procurement phase to begin before confirmation of federal funding, which is anticipated to be received in the Fall of 2014.

In September 2013, under Bid Opp 685-2013 a contract for $1,894,000 was awarded to Dillon consulting for Phase I (Functional Design) and Phase II (P3 Business Case/VFM analysis) for this project. The award report approved by the Standing Policy Committee on Infrastructure Renewal & Public Works also delegated the award authority to the Chief Administrative Officer for Phase III (Procurement) and Phase IV (P3 Owner's Advocate), at an estimated cost of $6,096,000 to $8,096,000 (broken down as $96,000 for Phase III and $6 million to $8 million for Phase IV). While the overall value of Phase III and Phase IV is not expected to exceed $8,096,000, the amount allocated for each phase may change substantially as the scope of work for each phase is refined.

Should the application for federal funding not be successful, these procurement activities would be cancelled at no additional penalty to the City. Payment would only be made for work already completed.
As was done for Chief Peguis Trail Extension Project and Disraeli Bridges Projects, a fairness monitor will be appointed to ensure that the procurement process is conducted with openness, transparency, integrity and accountability. This is also a requirement of the Public-Private Partnerships Transparency and Accountability Act.

Project Funding Structure

This infrastructure investment will be made up of a combination of private sector and public sector financing. For this project, the City will utilize a ratio of 60% public financing and 40% private financing. This translates into 40% of the eligible funding costs being financed through a long term debt arrangement to the private P3 partner. The remaining 60% of costs will be financed by public partners such as PPP Canada, the Province of Manitoba and the City of Winnipeg. Please see **Appendix 5** for a summary of the funding sources by year required.

Revenue Requirement

The proposed project funding plan will require approximately $19.7 million annually beginning in 2020. There are several funding options that could be applied, including the allocation of cash-to-capital funding, a property tax increase, a transit fare increase, or a combination of these options. The specific source of funding for the $19.7 million annually will need to be addressed and identified during the 2015 budget process.

Internal Resource Requirements (Appendix 6)

Temporary Staff

In order to properly execute the project, 6 FTEs are required to create a properly staffed project office within Winnipeg Transit and other City departments. These positions are budgeted for within the capital project.

Permanent Staff

The City currently has two major P3 projects that were recently constructed and that are currently under administration during their respective maintenance periods (i.e. the Chief Peguis Trail Extension Project and the Disraeli Bridges Project). The addition of this third P3 project will require a permanent position to monitor private sector performance regarding ongoing maintenance and oversight of all City P3 projects. Funding for this position has been included in the City's P3 annual payments budget in the capital budget.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 9, 2014

Project Name:

First Year of Program **2014**

Southwest Transitway (Stage 2) and Pembina Highway Underpass

	2014	2015	2016	2017	2018
Capital					
Capital Expenditures Required	$ 590,000,000				
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ 590,000,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External - P3 Proponent	220,800,000				
P3 Canada	140,000,000				
Province of Manitoba	225,000,000				
Reserves, Equity, Surplus	4,200,000				
Other - Enter Description Here					
Total Funding	$ 590,000,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 590,000,000				
Total Additional Debt Required	$ 220,800,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital Budget impact reflects capital budget authorization detailed in Appendix 1. Payment for external debt to the P3 Proponent would be the responsibility of the City.

Funding for the annual service / financing payments on debt and maintenance would commence in 2020 and are not reflected in the years presented. The source of funding for the annual service payments are to be identified in the 2015 budget process. Transit related maintenance costs are paid for by the City 50% and the Province 50% under the Transit Funding Agreement.

Increased operating costs related to bus operations would not commence until 2020 and are not presented in this report. These costs would follow the Transit Funding Agreement with the Province of Manitoba for 50/50 cost sharing.

original signed by: Tanis Yanchishyn, CA
Manager of Finance and Administration

CONSULTATION

In preparing this report there was consultation with:

Office of the CAO
Corporate Finance
Legal Services (as to legal issues)
Materials Management
Planning, Property & Development
Public Works
Water & Waste

SUBMITTED BY

Department	Transit
Division	Service Development
Prepared by:	Bjorn Radstrom, P. Eng., Manager of Service Development
	Tanis Yanchishyn, CA, Manager of Finance & Administration
Date:	May 9, 2014


Appendix 1-6.pdf


Winnipeg BRT P3 Business Case Summa

Figure 1 – Proposed Southwest Transitway Stage 2 Alignment and Approximate Station Locations

