Agenda – Executive Policy Committee – February 17, 2016

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – February 12, 2016

Item No. 1 Waverley Street at CN Mainline (Rivers) Grade Separation

STANDING COMMITTEE RECOMMENDATION:

On February 12, 2016, due to a tie vote, the Standing Policy Committee on Infrastructure Renewal and Public Works submitted the matter to Executive Policy Committee and Council without recommendation.

Agenda – Executive Policy Committee – February 17, 2016

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – February 12, 2016

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On February 12, 2016, due to a tie vote, the Standing Policy Committee on Infrastructure Renewal and Public Works submitted the matter to Executive Policy Committee and Council without recommendation.

Ken Klassen submitted a presentation titled "Concerns and Questions: Waverley Street CN Mainline (Rivers) Grade Separation Project" dated February 12, 2016, in opposition to the matter.

On January 18, 2016, the Standing Policy Committee on Infrastructure Renewal and Public Works laid over the matter for up to 60 days and requested the Winnipeg Public Service to provide all members of Council with a briefing on the matter.

ADMINISTRATIVE REPORT

Title: WAVERLEY STREET AT CN MAINLINE (RIVERS) GRADE SEPARATION

Critical Path: Standing Policy Committee Infrastructure Renewal & Public Works - EPC - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Neirinck, P. Eng.	L.P. Deane, P. Eng.	M. Ruta	D. McNeil

RECOMMENDATIONS

1. That a new 2016 capital project in the amount of $155,082,000 be authorized and included in the 2016 capital Budget for "Waverley Street at CN Mainline (Rivers) Grade Separation" (hereinafter "Project") with the financing sources and description as set out in **Appendix A**. The related borrowing by-law will be prepared in conjunction with the 2016 Capital Budget.

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

3. That the City enter into, execute and deliver funding agreements with the Province of Manitoba and Government of Canada with respect to 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 terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

4. That the City enter into, execute and deliver all agreements with Canadian National Railway Company ("CN") and Manitoba Hydro as determined necessary by the City Solicitor/Director of Legal Services with respect to the Project and that the Chief Administrative Officer be authorized to negotiate and approve the terms and conditions of such agreements in accordance with this Report and such terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

5. That authority be delegated to the Chief Administrative Officer to negotiate and award single source contracts not exceeding a total of $13.0 million (included in the Project budget and identified in the Class 3 estimate) with Manitoba Hydro for power distribution and street lighting works.

6. That the Chief Administrative Officer be delegated authority to approve the over-expenditures, if any, relating to contract(s) with Manitoba Hydro providing monies are available within the applicable capital budget as approved by Council.

7. That, in the interest of meeting the project timeline, authority be delegated to the Chief Administrative Officer to negotiate and award a single source contract for consulting engineering services not exceeding $12.3 million (included in the Project budget and identified in the Class 3 estimate) to Dillon Consulting Limited to undertake detailed design, contract administration, and post construction services.

8. That the Chief Administrative Officer be delegated authority to approve over-expenditures, if any, relating to the Contract with Dillon Consulting Limited providing monies are available within the applicable capital budget as approved by Council.

9. 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. Council approval is required to waive the requirements of the Materials Management Policy for Recommendation 7.

EXECUTIVE SUMMARY

The Project includes replacement of the existing at-grade railway crossing of Waverley Street at the CN Main (Rivers Subdivision Mile 3.89) with an underpass grade separation along with reconstruction of Waverley Street between Taylor Avenue and Wilkes Avenue/Hurst Way, rehabilitation of Waverley Street between Taylor Avenue and Grant Avenue, and twinning of Taylor Avenue between Waverley Street and Lindsay Street. Further project benefits include improvements to road safety, mobility, and sustainability with geometric/capacity improvements to all the intersections as well as improvements to active transportation within the Project area. A map of the Project limits and the detour is included as **Appendix B**.

The primary component of work is the construction of a new CN mainline railway underpass to remove the at-grade conflict of 30,000 vehicles per day with approximately 40 trains per day.

A preliminary design study was undertaken to develop the scope of work, Class 3 cost estimate, project schedule, and assessment of project risks. A comprehensive public consultation program was undertaken that included an open house on December 9, 2014.

The Class 3 Budget in the amount of $155.082 million was developed based on a Project schedule commencing in January 2016 with project completion by November 2020. In order to achieve the Project timelines, Consulting Engineering Services must commence in early 2016 so that construction can commence by January 2017. The construction will be mostly complete by October 2019 with the new underpass in service and all permanent roads/facilities open. Work in 2020 is expected to include landscaping and correction of seasonal deficiencies.

Funding amounts not to exceed $45.875 million has been confirmed by letter from each of the Province of Manitoba and the Government of Canada through the New Building Canada Fund. The actual amounts will be based on actual one-third eligible costs to those upset limits. Ineligible costs include property acquisition costs, internal overhead costs, financing costs, and costs incurred before approval in principle is received from the Government of Canada. Agreements will be negotiated with the Province of Manitoba and the Government of Canada such that cash flow payment schedules will be created so that costs incurred annually will be paid by the respective parties within each fiscal year. The City will also enter into negotiations with CN regarding their cost apportionment to the Project. The City will be responsible for all the remaining costs.

IMPLICATIONS OF THE RECOMMENDATIONS

This Report provides Council approval for the Project estimated at $155.082 million, including funding from the Province of Manitoba and the Government of Canada as further outlined below.

HISTORY / DISCUSSION

The 2013 Capital Budget adopted on January 29, 2013, included $1.2 million for the Project to undertake a preliminary design study and public consultation.

On April 30, 2014, following a public competitive process, a contract pursuant to RFP No. 66-2014 was awarded to Dillon Consulting Limited in the amount of $1,011,904 to undertake a preliminary design study and public consultation for the Project. The RFP further provided that while Detailed Design, Contract Administration and Post-Construction Services are not currently within the scope of services for this contract, the City at its discretion may develop terms of reference near completion of Preliminary Design and negotiate fees with the successful proponent. Single source negotiation authorization will be required for these services.

On May 19, 2015 a Project Business Case application was submitted to The Government of Canada and the Province of Manitoba for infrastructure funding under the New Building Canada Fund.

On July 30, 2015 the Government of Canada identified the Project as being selected for priority funding consideration but the Project has not yet received approval-in-principle for Funding under the New Building Canada Fund. Any costs incurred prior to the date of approval-in-principle are ineligible for Federal reimbursement. As a result, awarding of contracts for which Federal funding is being sought will only take place after approval-in-principle. Further correspondence and dialogue has occurred between the Government of Canada and the City to obtain approval-in-principle.

On July 30, 2015, the Province of Manitoba announced funding for the Project subject to Government of Canada approving matching funding.

On January 15, 2016, the Province of Manitoba advised that the Waverley Street Underpass at CN Mainline Project has received approval under the Provincial-Territorial Infrastructure Component – National and Regional Project (PTIC-NRTP) of the New Building Canada Fund (NBCF). The Province will invest up to $45,900,000 of eligible costs to the Project. A formal funding agreement will be entered into between the City and the Province containing the terms and conditions of such provincial funding.

On January 20, 2016, the Government of Canada advised approval-in-principle of the Waverley Street Underpass at CN Mainline under the terms and conditions of the Provincial-Territorial Infrastructure Component – National and Regional Project (PTIC-NRTP) of the New Building Canada Fund (NBCF). The Federal funding contribution will be up to $45,882,303 of eligible costs to the Project. A formal funding agreement will be entered into between the City and the Government of Canada containing the terms and conditions of such federal funding.

The preliminary design study identified all the land requirements for the Project. The Planning Property and Development Department has carried out appraisals for all of the identified Land.

The City and CN will be required to enter into an Agreement to construct the grade separation and that Agreement will be filed with the Canadian Transportation Agency ("CTA"). An agreement needs to be in place prior to the start of construction. Cost apportionment between The City of Winnipeg and CN Rail for construction of a basic grade separation is to be negotiated between the two parties. Guidelines for apportionment of costs are available from the CTA to assist as a starting point in the negotiations. Under the Canadian Transportation Act, the CTA is responsible for making binding cost apportionment decisions where the parties involved cannot reach agreement; a process that takes a minimum of 6 months to complete. Where parties have difficulty reaching a settlement, the CTA offers non-binding mediation services to assist the parties in reaching a settlement.

The preliminary design study identified power distribution and street lighting works that will need to be undertaken by Manitoba Hydro. The Class 3 estimate identified an estimated amount of $13.0 million including a 25% contingency for these works. Manitoba Hydro has a statutory right to carry out these works; therefore, single source negotiations and contracts will be required and are permitted under the Materials Management Policy and the Agreement on Internal Trade.

In order to meet the project timeline, consulting engineering services need to commence immediately upon Federal approval-in-principle and Council approval as the detailed design and construction contract tendering process will take approximately 10 to 12 months. Construction commencement by January 2017 is required in order to have the works opened by October 2019. A request for proposal process would take 10 to 12 weeks to complete severely compromising the project schedule. Dillon Consulting Ltd. undertook the preliminary design study and therefore is the most capable to execute the work within the project schedule. The Class 3 estimate identified an estimate amount of $12.3 million including a 20% contingency to undertake this work which is based on a reasonable percentage (12%) of the estimated construction cost consistent with similar previous engineering works. A single source negotiation and award will be based on a detailed proposed terms of reference, qualified personnel, and detailed fee estimates under this upset limit. Further to Recommendation 7, Council approval is required to waive the requirements set out in the City's Materials Management Policy, as there is no reason under the Materials Management Policy for the single source negotiations in these circumstances. A public bid solicitation would not be required pursuant to the Agreement on Internal Trade because the proposed services would be provided by licensed professionals that are exempt from the application of the Agreement on Internal Trade.

FINANCIAL IMPACT

Financial Impact Statement

Date: December 17, 2015

Project Name:
WAVERLEY STREET AT CN MAINLINE (RIVERS) GRADE SEPARATION

First Year of Program 2016

	2016	2017	2018	2019	2020
Capital					
Capital Expenditures Required	$ 155,082,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ 155,082,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	63,332,000	-	-	-	-
Provincial Funding	45,875,000	-	-	-	-
Federal Funding	45,875,000	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ 155,082,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 155,082,000				
Total Additional Debt Required	$ 63,332,000				
Current Expenditures/Revenues					
Direct Costs	$ 193,863	$ 409,505	$ 798,353	$ 1,014,377	$ 4,367,500
Less: Incremental Revenue/Recovery	1,050,000	1,250,000	1,750,000	1,220,000	820,000
Net Cost/(Benefit)	$ (856,137)	$ (840,495)	$ (951,647)	$ (205,623)	$ 3,547,500
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (856,137)	$ (840,495)	$ (951,647)	$ (205,623)	$ 3,547,500

Additional Comments: This report is recommending a new capital project in the amount of $155,082,000 be authorized and included in the 2016 Capital Budget for Waverley Street at CN Mainline (Rivers) Grade Separation. Capital Expenditures Required reflect total budget authorization as indicated in Appendix A. The project will be funded by External Debt, Provincial Funding and Federal Funding in the amounts of $63,332,000, $45,875,000, and $45,875,000 respectively. Capital Expenditures include interest costs on the external debt portion of funding until substantial completion is achieved which is estimated to be October 2019. The CN cost apportionment has not been included as funding at this time as the amount is currently unable to be estimated. Direct costs represent the Debt and Finance charges on the external debt funding. The Incremental Revenue/Recovery represents the Department Engineering Administration and Corporate Interest and Administrative Overheads.

"Original signed by D. Stewart, CA"
D. Stewart, CA
Manager of Finance and Administration

CONSULTATION

In preparing this Report there was consultation with:

Legal Services with respect to legal issues.

OURWINNIPEG POLICY ALIGNMENT

The Project aligns with Key Directions for the Entire City. The Project is identified in the Transportation Master Plan.

SUBMITTED BY

Department: Public Works
Division: Engineering
Prepared by: B. Neirinck, P.Eng., Acting Manager of Engineering
Date: January 28, 2016

ATTACHMENTS:

Appendix A – Budget Detail Sheet
Appendix B – Map of Project Limits

APPENDIX A
APPENDIX B

Project Map



APPENDIX B

Project Map

