Minutes – Executive Policy Committee – May 16, 2023

Report – Standing Policy Committee on Public Works – May 8, 2023

Item No. 1 Canadian Pacific Rail Cost-Sharing Agreements

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submitted the following to Council:

1. That the City enter into, execute and deliver cost-sharing agreements with the Canadian Pacific Railway Company for the crossing projects included in Canadian Pacific Railway's application(s) for Rail Safety Improvement Program funding, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

2. That authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the cost-sharing agreements with the Canadian Pacific Railway Company and the Ancillary 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.

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

Minutes – Executive Policy Committee – May 16, 2023

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DECISION MAKING HISTORY:

Moved by Councillor Lukes,

That the recommendation of the Standing Policy Committee on Public Works be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On May 8, 2023, the Standing Policy Committee on 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: Canadian Pacific Rail Cost-Sharing Agreements

Critical Path: Standing Policy Committee on Public Works – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
D. Patman, P. Eng.	J. Berezowsky	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

In 2023, the Canadian Pacific Railway Company (CPR) is planning to make improvements at seven at-grade crossing locations to bring them into compliance with Transport Canada's Grade Crossing Regulations and Grade Crossing Standards.

Under existing Board Agreements filed with Transport Canada, the City of Winnipeg is required to contribute its share of the costs for the required maintenance and operation of the crossings.

CPR will be applying to the Federal Rail Safety Improvement Program for funding in relation to the crossing projects and has requested that the City of Winnipeg enter into cost-sharing agreements for each of the seven at-grade crossing projects in support of its applications and to set out the revised cost-sharing expectations should federal funding be approved.

The City's share of the costs is estimated at $453,758.00. In the event that federal funding is approved, the City's share of the costs could be reduced by 50%, to an estimated $226,879.00. The City's costs for the crossing projects will be funded through existing funds in the Road Safety Improvement Program (formerly the Traffic Engineering Improvement Program). The Road Safety Improvement Program is an annual program that includes improvements to a wide variety of City infrastructure including railway crossing safety improvements.

RECOMMENDATIONS

1. That the City enter into, execute and deliver cost-sharing agreements with the Canadian Pacific Railway Company for the crossing projects included in Canadian Pacific Railway's application(s) for Rail Safety Improvement Program funding, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

2. That authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the cost-sharing agreements with the Canadian Pacific Railway Company and the Ancillary 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.

3. 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

Council approval is required for the City to enter into the cost-sharing agreement with the Canadian Pacific Railway Company.

IMPLICATIONS OF THE RECOMMENDATIONS

The estimated capital cost of the seven projects with CPR is $907,516.00, of which the City of Winnipeg will pay 50% of the total cost and CPR will pay 50%. The City of Winnipeg's 50% share (approximately $453,758.00) will be funded by the Road Safety Improvement Program (formerly the Traffic Engineering Improvements Program) budget. The City's total contribution may be reduced should CPR's application for federal Rail Safety Improvement Program funding be approved.

HISTORY/DISCUSSION

There are over 200 at-grade rail crossings in the City of Winnipeg that are primarily operated by the Canadian National Railway Company and Canadian Pacific Railway Company (CPR). In 2023, CPR is planning to make improvements at seven at-grade crossing locations to bring them into compliance with Transport Canada's Grade Crossing Regulations and Grade Crossing Standards. Under existing Board Agreements filed with the Canadian Transportation Agency[1], the City of Winnipeg is required to contribute its share of costs for the required maintenance and operation of the crossings.

CPR will be applying to the Federal Rail Safety Improvement Program for funding in relation to the crossing projects and has requested that the City of Winnipeg enter into cost-sharing agreements for each of the seven at-grade crossing projects in support of its applications.

The purpose of the cost-sharing agreement is to formalize the commitments of each party to the project prior to CPR making an application to the Federal Rail Safety Improvement Program for partial funding of the project. In all cases, the cost-sharing arrangement proposed is equal to or better than the cost-sharing obligations documented in the existing Board Agreement for each crossing. The projects will be completed with or without a successful application for federal funding but a cost-sharing agreement between the road and rail authority is generally seen as favourable in the application process.

[1] When a railway intersects with a roadway, the rail company and the road authority (i.e. the City) enter in an agreement typically known as a "Board Agreement" that lays out the responsibilities for each party, including the cost sharing for crossing improvements to maintain compliance with Transport Canada Standards and Regulations. These agreements are filed with the Canadian Transportation Agency who can act to resolve disputes, should they arise.

Under the proposed cost-sharing agreements, CPR's primary obligations would be to complete the improvements identified below and coordinate the submission of a joint funding application to the Rail Safety Improvement Program. The City's primary obligations would be to contribute its share of the costs based on the proportions in the agreement. CPR estimates it will submit the funding application on or around August 1, 2023, and complete the work by the end of November 2024.

The locations for the planned projects and their estimated costs are shown in Figure 1 and Table 1, below.

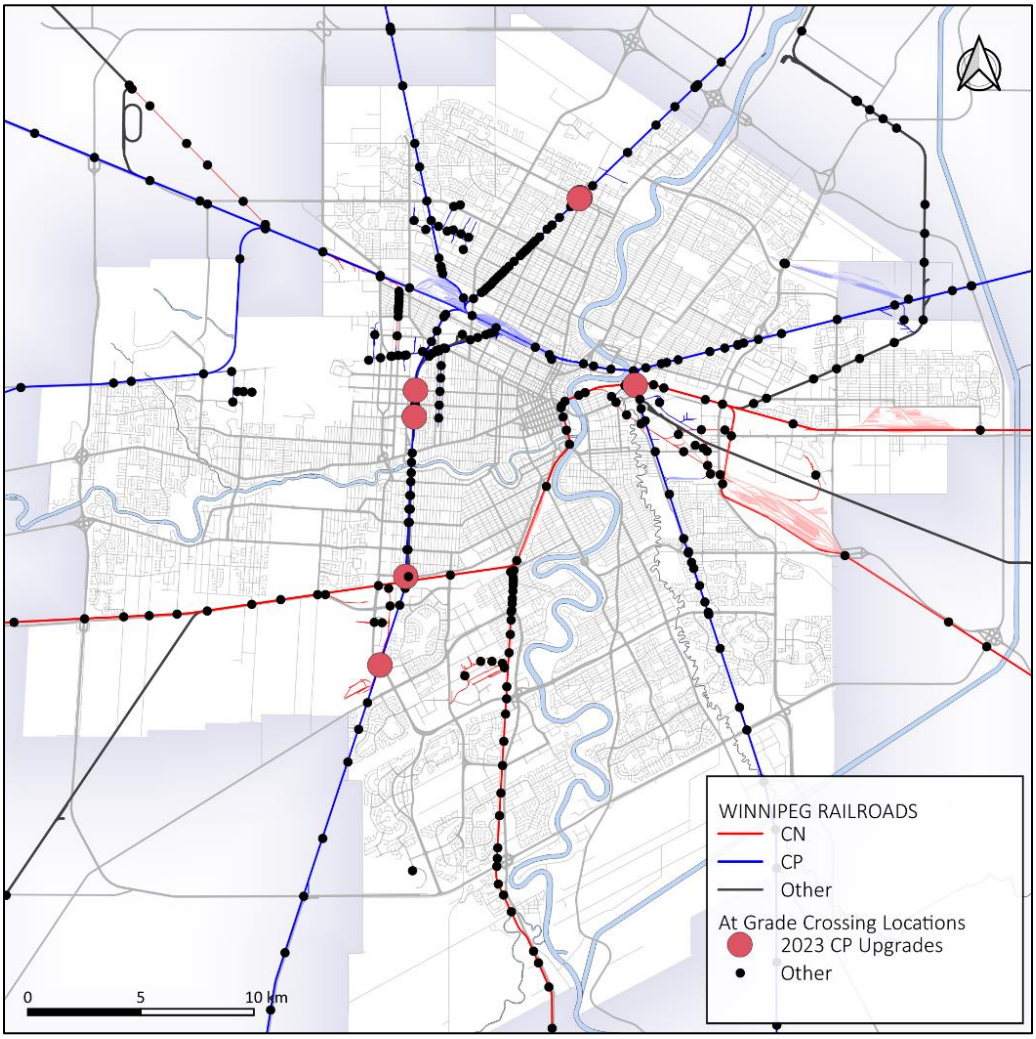

Figure 1 - Grade Crossing Locations

Location	Project Description	Total Estimated Costs	City Proportion	Estimated City Costs
Emerson Mile 0.30	Gated Warning System	$485,065.00	50%	$242,532.50
La Riviere Mile 1.81	Cantilever Warning System	$162,638.50	50%	$81,319.25
La Riviere Mile 2.30	Cantilever Warning System	$162,638.50	50%	$81,319.25
Winnipeg Beach Mile 2.90	Back Lights	$36,091.00	50%	$18,045.50
Winnipeg Beach Mile 2.93	Back Lights	$21,857.00	50%	$10,928.50
La Riviere Mile 5.11	Back Lights	$19,613.00	50%	$9,806.50
La Riviere Mile 6.8	Back Lights	$19,613.00	50%	$9,806.50
Total		**$907,516.00**		**$453,758.00**

Table 1 - CPR Project Locations and Costs

The City's share of the costs will be funded through existing funds in the Road Safety Improvement Program (formerly the Traffic Engineering Improvement Program). The Road Safety Improvement Program is an annual program that includes improvements to a wide variety of City infrastructure including railway crossing safety improvements. The Capital budget sheets for the Road Safety Program explicitly describe "railway crossing safety improvements" as one of the eight categories that are within the scope of the program.

FINANCIAL IMPACT

Financial Impact Statement **Date:** April 4, 2023

Project Name: **First Year of Program** **2023**

Canadian Pacific Rail Cost-Sharing Agreements

	2023	2024	2025	2026	2027
Capital					
Capital Expenditures Required	$ 476,446	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	476,446	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	22,688	-	-	-	-
Net Cost/(Benefit)	$ (22,688)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(22,688)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital Expenditures Required of $476,446 represent the City's share of the estimated costs for seven rail crossing grade improvements within the City of Winnipeg totaling $453,758 plus $22,688 in corporate interest and departmental overheads. Existing Budgeted Costs represent approved Road Safety Improvement Program capital budget that will be allocated to this project (Public Works project 1831000123). Incremental Revenue/Recovery represents the estimated corporate interest and departmental overhead charged on project expenditures. All costs noted above maybe reduced up to 50% if Federal funding is obtained by the railway.

J. Ruby, 2023-04-05

J. Ruby CPA, CA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services

OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg 2045
This report is in accordance with OurWinnipeg2045 as per:

- ***Policy 4.10 Transportation Safety:*** Design, construct, maintain, and regulate an integrated and sustainable transportation system and related infrastructure that optimize safe, connected, and reliable mobility, and minimize severe injuries and fatalities for all road users.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Public Works
Division: Transportation
Prepared by: Greg Blatz, P.Eng., Traffic Management Engineer
Date: April 20, 2023