

Capital Budget Update - Emerging Items

50 Street CP Rail Grade Separation, 124 Street Renewal, Edmonton-Strathcona County Pedestrian Bridge

RECOMMENDATION

1. That adjustments to the 2019-2022 Capital Budget for the 50 Street CP Rail Grade Separation project, as outlined in Attachment 2 of the April 4, 2022, Integrated Infrastructure Services report IIS01157, be approved.
2. That adjustments to the 2019-2022 Capital Budget and pre-approval of 2023-2026 capital funding for the 124 Street Renewal project, as outlined in Attachment 5 of the April 4, 2022, Integrated Infrastructure Services report IIS01157, be approved.
3. That adjustments to the 2019-2022 Capital Budget and pre-approval of 2023-2026 capital funding Edmonton-Strathcona County Pedestrian Bridge project, as outlined in Attachment 9 of the April 4, 2022, Integrated Infrastructure Services report IIS01157, be approved.

Report Purpose

Council decision required.

Council is being asked to approve adjustments to the 2019-2022 Capital Budget and approve funding commitments within the 2023-2026 capital budget in advance of the 2023-2026 budget deliberations, as outlined in Attachments 2, 5 and 9 to fund the delivery of the 50 Street CP Rail Grade Separation, 124 Street Renewal and Edmonton-Strathcona County Pedestrian Bridge projects.

Executive Summary

- Administration is recommending adjustments to fund the delivery of the 50 Street CP Rail Grade Separation, 124 Street Renewal and Edmonton-Strathcona County Pedestrian Bridge projects for a total of \$90.1 million, of which \$45.4 million will be funded by the City with funds available in the 2019-2022 Capital Budget and \$13.0 million will require approval of 2023-2026 capital funding. The remaining \$31.7 million will be funded by partnerships with the City.
- This report is being brought forward ahead of the Spring 2022 Supplemental Capital Budget Adjustment (SCBA) to ensure the three projects can proceed in the current construction

Capital Budget Update - Emerging Items - 50 Street CP Rail Grade Separation, 124 Street Renewal, Edmonton-Strathcona County Pedestrian Bridge

season, allowing for the procurement of the contractors for the 124 Street Renewal and Edmonton-Strathcona County Pedestrian Bridge projects; and award of the construction contract for the 50 Street CP Rail Grade Separation project.

- Administration is recommending commitment of 2023-2026 capital funding to ensure the projects are implemented continuously through the current and future budget cycles.

REPORT

Administration typically presents new capital profiles and budget adjustments for Council approval during the Spring or Fall Supplemental Capital Budget Capital Adjustments. For the 50 Street CP Rail Grade Separation, 124 Street Renewal and Edmonton-Strathcona County Pedestrian Bridge projects, Administration is requesting the necessary budget adjustments through this report, including pre-commitment of funding from the 2023-2026 Capital Budget, in order to leverage the full 2022 construction season. This adjustment is necessary to complete these projects to continue through the current and future budget cycles.

50 Street CP Rail Grade Separation

50 Street provides access to adjacent developing industrial areas and functions as a major north-south commuter and goods movement corridor. Currently, the at-grade Canadian Pacific (CP) Railway crossing along 50 Street, north of the Sherwood Park Freeway, ranks among the top three priority locations for grade separation in the City of Edmonton based on delays and number of vehicles impacted, frequency of train crossings and other factors. The project scope includes grade separation of the CP Rail crossing of 50 Street north of Sherwood Park Freeway and road widening of 50 Street from four to six lanes between Sherwood Park Freeway and 90 Avenue. The project will increase the capacity and reliability of the corridor to serve the increasing commuter and industrial traffic that uses 50 Street as a key goods movement route.

The construction tender was issued in February 2022 and closed on March 11, 2022. The recommended tender bid received was higher than the estimated construction budget, resulting in an overall increase in the project budget to \$179.6 million from \$145.3 million (+23.6 per cent). Several factors have contributed to the increase in the overall project cost between the time of the initial estimates and the evaluation of tenders, such as geopolitical trade conflicts; disruptions in the construction industry due to COVID-19; increased demands from other infrastructure spending; and significant cost increases of several commodities specific to this construction project.

Additional information about this project and the financial analysis can be found in Attachment 1.

124 Street Renewal

124 Street is identified as a primary corridor in The City Plan, with the scope of this project supporting *A Rebuildable City* and was initiated as a priority of the Arterial Renewal Program. The section of 124 Street from 111 Avenue to 118 Avenue will undergo full reconstruction, while the area from 109 Avenue to 111 Avenue will undergo repaving. The design of the renewal includes enhancements to improve streetscaping and public spaces. This project has reached the Project Development and Delivery Model

Capital Budget Update - Emerging Items - 50 Street CP Rail Grade Separation, 124 Street Renewal, Edmonton-Strathcona County Pedestrian Bridge

(PDDM) Checkpoint 3. Per the Capital Project Governance Policy (C591), approval is required for the delivery phase. If approved, the majority of construction is anticipated to take place in 2022 and 2023, with some minor activities anticipated for 2024. For this project, Administration is requesting a commitment of funding from the 2023-2026 arterial renewal budget now to leverage the full 2022 construction season and so this project can be completed continuously through one contract award through the current and future budget cycles. Should the recommendation not be approved and the funding from the 2023-2026 not pre-committed, the project would be paused and brought forward for funding in the 2023-2026 Capital Budget. Construction would be delayed to start in 2023 as the project cannot be phased.

124 Street Renewal is a priority for the Arterial Renewal Program. Pre-approving 2023-2026 capital funding will reduce the funding available for the program during the next budget cycle, but it will not impact the priorities of other arterial renewal projects.

Additional information about this project can be found in Attachment 4.

Edmonton-Strathcona County Pedestrian Bridge

The Edmonton-Strathcona County Pedestrian Bridge is a project developed in partnership with the River Valley Alliance (RVA) and Strathcona County that will enhance local and regional connectivity and access to the North Saskatchewan River Valley and provide opportunities for recreation and celebration. It supports the Big City Moves of *Greener As We Grow* and *A Community of Communities*. The location of the bridge was strategically located at the convergence of several trails and will provide access to future regional park projects.

Since the approval of the Capital Profile, Administration has advanced planning and design in conjunction with robust community engagement programs. The project has now reached PDDM Checkpoint 3 and requires approval of the delivery phase. If approved, construction is anticipated to take place from 2022 to 2025.

Additional information about this project and the partnerships with RVA and Strathcona County can be found in Attachment 7.

Budget/Financial Implications

Administration is recommending adjustments to fund the delivery of the 50 Street CP Rail Grade Separation, 124 Street Renewal and Edmonton-Strathcona County Pedestrian Bridge projects for a total of \$90.1 million, of which \$45.4 million will be funded by the City with funds available in the 2019-2022 Capital Budget and \$13.0 million will require approval of 2023-2026 capital funding. The remaining \$31.7 million will be funded by partnerships with the City.

50 Street CP Rail Grade Separation

Prior to this adjustment Council has approved \$145.3 million of funding within profile 18-66-6503 50 Street CPR Grade Separation for design and construction of the 50 Street CP Rail Grade Separation, which includes;

Capital Budget Update - Emerging Items - 50 Street CP Rail Grade Separation, 124 Street Renewal, Edmonton-Strathcona County Pedestrian Bridge

- \$39.8 million of funding from Federal National Trade Corridors Fund (NTCF) program
- \$28.3 million of funding from Provincial project grant,
- \$59.2 million of tax-supported debt
- \$16.5 million Pay-As-You-Go
- \$1.5 million of funding from CP Rail.

The construction tender was issued in February 2022 and closed on March 11, 2022. The recommended tender bid received was higher than the estimated construction budget, resulting in an overall increase in the project budget to \$179.6 million from \$145.3 million (+23.6 per cent).

Additional funding of \$34.3 million is required to proceed with the construction. Of this additional \$34.3 million, Administration has secured an additional \$1.3 million in the cost sharing agreement with CP Rail (bringing their contribution to the project to a total of \$2.8 million). An additional \$33.0 million in city funding is required to approve the tender and proceed with the work. The proposed budget adjustment is provided in Attachment 2.

Administration has also requested a top up to the NTCF funding to help offset the project cost increases and bring the Government of Canada's contribution to 50 percent of eligible project costs, the maximum federal share under the NTCF program; this request is still pending. The majority of the additional project costs are considered eligible expenditures under the program. If the top-up is approved, the City has the potential to receive an additional \$30.8 million. Combined with the \$39.8 million originally awarded to the project under the program's first call for proposals in 2017, the total federal funding under the NTCF would total \$70.6 million, which represents 50 percent of the total eligible expenditures of \$141.2 million. In order to proceed with the project, Administration is recommending the increase to the capital profile of \$33.0 million be approved from tax-supported debt. Should Administration successfully secure additional NTCF program funding, Administration will return to Council to replace the tax-supported debt funding with grant funding.

124 Street Renewal

The 124 Street Renewal project was identified within the initial approved 2019-2022 Capital Budget for planning, design and delivery. The funding was held within the Transportation: Goods Movement - Arterial Renewal Composite Profile (CM-22-0000).

The total estimated cost of the project is \$22.3 million (-20 to +30 percent). Of this amount, \$665,000 for planning and design has been spent in previous years. To complete the project, an additional \$21.7 million is required, of which \$12.0 million can be allocated within the approved 2019-2022 Capital Budget from profiles CM-22-0000 Transportation: Goods Movement - Arterial Renewal (\$7.4 million) and CM-40-9000 Building Great Neighbourhoods Delivery - Growth (\$4.6 million). The remaining \$9.7 million of funding relates to anticipated expenditures in 2023/2024, resulting in a commitment of \$6.6 million in 2023-2026 capital funding from the Arterial Renewal Program and \$3.1 million of partnership funding to be provided by EPCOR. The proposed budget adjustment is provided in Attachment 5.

Capital Budget Update - Emerging Items - 50 Street CP Rail Grade Separation, 124 Street Renewal, Edmonton-Strathcona County Pedestrian Bridge

Edmonton-Strathcona County Pedestrian Bridge

Council has approved \$4.4 million for planning and design of the Edmonton-Strathcona County Pedestrian Bridge in capital profile 20-20-2024. Of this amount, \$2.9 million is funded with Pay-As-You-Go and \$1.5 million is funded by the River Valley Alliance and Strathcona County.

The overall project is anticipated to cost \$38.6 million (-20 percent to +30 per cent). To complete the project, an additional \$34.2 million is required, of which \$27.3 million is to be provided by the River Valley Alliance (\$17.8 million) and Strathcona County (\$9.5 million), resulting in total external funding of \$28.8 million.

If approved, the City would increase its contribution by an additional \$6.9 million of Pay-As-You-Go funding, resulting in a total contribution of \$9.8 million toward the project. Of this amount, \$0.45 million can be allocated within the approved 2019-2022 Capital Budget from Profiles CM-30-3131 River Valley Alliance Phase 2- Planning & Design (\$0.4 million) and 16-17-6120 West End Trails (\$47,000), reducing the additional Pay-As-You-Go funding requirement to \$6.5 million. The proposed budget adjustment is provided in Attachment 9.

The impact of approving an additional \$6.5 million of funding from Pay-As-You-Go will reduce the amount of funding available for other capital priorities for the remainder of this capital cycle and the 2023-2026 capital budget cycle.

Administration is currently determining the balance of funds available in the corporate capital pool based on year-end results. Preliminary estimates indicate that the corporate capital pool is in a deficit balance of approximately \$37 million prior to consideration of this funding request. Creating a deficit balance in the corporate pool results in less capital funding available in 2022 and 2023-2026. The corporate pool will need to be replenished with pay-as-you-go funds that would have been normally available during 2023-2026. Typically, the corporate capital pool should maintain a positive balance to address emergent funding items during the course of the four year capital budget cycle.

Legal Implications

50 Street CP Rail Grade Separation

Additional funding is required in order for the construction contract to be awarded to a contractor, as costs exceed the approved available budget. Securing funding approval from Council and confirming the City's commitment to this project will also assist in discussions with the Federal Government for additional funding. The City also has a number of other contracts, including a design contract with its consultant and a grade separation construction agreement with CP Rail. Securing funding will ensure the City can meet its obligations under its contracts while continuing with the project.

Capital Budget Update - Emerging Items - 50 Street CP Rail Grade Separation, 124 Street Renewal, Edmonton-Strathcona County Pedestrian Bridge

Edmonton-Strathcona County Pedestrian Bridge

The City of Edmonton requires multiple contracts to complete the pedestrian bridge project. These may include but are not limited to the following:

1. an Operations and Maintenance Agreement between the City of Edmonton and Strathcona County;
2. a funding/cost sharing agreement between the City of Edmonton and Strathcona County;
3. a grant funding agreement between the City of Edmonton and the River Valley Alliance; and
4. An agreement to enable the construction of the pedestrian bridge.

COMMUNITY INSIGHT

The community outreach for these projects involved comprehensive stakeholder engagement, public engagement and engagement with Indigenous communities with historical, cultural connections and Treaty rights within the North Saskatchewan river valley for the Edmonton-Strathcona County Pedestrian Bridge. This included outreach to the public and stakeholders, including businesses, adjacent landowners, environmental organizations, community groups and recreation associations to share project information and gather input to help shape the plans and designs. The project's public engagement and communications plans were developed in alignment with the City's Public Engagement Policy C593. The "What We Heard" report was posted on the project website and communicated to participants. The engagement activities specific to each project are detailed in Attachments 1, 4 and 7.

GBA+

Project information is continuously shared with adjacent residents, landowners, business owners, and anyone interested in learning more about the projects. Diverse communication methods include email, posted mail, one-on-one in-person and virtual meetings, verbal presentation (live), site visits, public engagement surveys, and a publicly accessible website. Other considerations include captioning video content and using plain and accessible language.

GBA+ considerations have also played an important role in the design of the projects, such as for accessible and barrier-free active mode infrastructure, wayfinding, and consideration of safety and security for users and adjacent residents (including lighting and pedestrian crossings).

Examples of equity measures identified and implemented include arranging a pre-construction information session about the construction activities and closures and ensuring the safety of all users during construction.

RISK ASSESSMENT

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current	Current Mitigations	Potential Future
--------------	------------------	------------	--------	-----------------------------	---------------------	---------------------

Capital Budget Update - Emerging Items - 50 Street CP Rail Grade Separation, 124 Street Renewal, Edmonton-Strathcona County Pedestrian Bridge

					mitigations)	Mitigations
If recommendation is approved						
Funding	If additional funding is approved, it will reduce the potential available funding for other priorities.	4 - likely	3 - Moderate	12 - Medium	Administration continues to review projects for cost efficiencies and grant funding opportunities as projects move through the various stages of development.	As we continue to see significant market instability, Administration is looking at ways to factor in these changes for budget estimates
If recommendation is not approved						
The Public Sphere	The projects will not be able to proceed as adjustments to the scope are not possible. Grant funding would be returned to partners.	4 - Likely	4 - Severe	16 - High	Administration would work to close out existing contracts and agreements and put the projects on hold. Land holdings would be retained for the potential of the project occurring in future years.	Administration continues to work with Edmontonians to identify project priorities, combined with renewal needs, to calibrate project scope and outcomes, which can impact budget, scope and schedule.
Infrastructure & Asset	Aging infrastructure, maintenance and repair - further deterioration and poor level of service.	4 - Likely	3 - Major	12 - Medium	Renewal work is prioritized based on asset condition ratings.	The renewal program is continually being reviewed to ensure that priority locations are moving forward based on the funds that are available.
Governance	Relationships with the RVA and Strathcona County will be compromised.	4 - likely	3 - major	12 - medium	Agreements will be in place to guide the City's relationships with both the RVA and Strathcona County.	N/A

ATTACHMENTS

1. 50 Street CP Rail Grade Separation
2. Recommended Capital Budget Adjustment - 50th Street CP Rail Grade Separation
3. Current Capital Profile - 18-66-6503 50 Street CPR Grade Separation
4. 124 Street Renewal
5. Recommended Capital Budget Adjustment - 124 Street Renewal
6. Recommended New Capital Profile - 22-22-9700 124 Street Renewal
7. Edmonton-Strathcona County Pedestrian Bridge
8. Map and Renderings of the Edmonton-Strathcona County Pedestrian Bridge
9. Recommended Capital Budget Adjustment - Edmonton-Strathcona County Pedestrian Bridge
10. Current Capital Profile - 20-20-2024 Edmonton-Strathcona County Pedestrian Bridge