

VALLEY LINE LRT P3 AND DELIVERY AUDIT

RECOMMENDATION

That the September 22, 2023, Office of the City Auditor report OCA02048, be received for information.

Report Purpose

Information only.

Executive Summary

This report presents the results of the Valley Line LRT P3 and Delivery audit.

REPORT

The Valley Line LRT is an urban-style, 27 kilometre light rail line that will operate between Mill Woods in southeast Edmonton and Lewis Farms in west Edmonton. The line is being built in two distinct segments, Valley Line Southeast from downtown to Mill Woods and Valley Line West from downtown to Lewis Farms. These projects are structured as public-private partnerships (P3).

For each of these two LRT segments, the City has procured a private partner who is responsible for designing and building the line. The City's relationship with each partner is governed by a project agreement that outlines the project requirements and each partner's risks and responsibilities.

The objective of the audit was to determine if the LRT Expansion and Renewal Branch (the Branch) is overseeing the Valley Line LRT projects to meet the City's cost-effective and service delivery expectations. Our audit focus included whether:

- P3 procurement was done in a fair, open, and transparent manner.
- The project agreements were designed to protect the City's interests and to clearly allocate risk between the City and the private partners.
- The Branch is overseeing the project without taking on additional risk for the City.

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Overall, we found that the Branch is overseeing the Valley Line LRT projects to achieve cost-effective and service delivery expectations. We found:

- The City procured private partners for each Valley Line LRT project in a fair, open, and transparent manner.
- Project agreements for the Valley Line Southeast and Valley Line West clearly allocated risks, protected the City's interests and set out requirements for communication.
- The Branch is overseeing the Valley Line Southeast project in accordance with the terms of the project agreement, while refraining from directly managing the design and construction of the project. The Valley Line West project is still too early in the stages of construction to allow us to conclude on the Branch's management of the project agreement, but the project oversight is set up similarly to Valley Line Southeast.

Based on our review of the City's procurement processes, the project agreement design and project oversight, we did not make formal recommendations as part of this audit.

POLICY

Bylaw 16097, Audit Committee Bylaw, Section 14(d) states that, "Committee will review all reports from the City Auditor dealing with completed audit projects."

ATTACHMENT

1. Valley Line LRT P3 and Delivery Audit Report