

LRT Governance Board - Semi-annual Report

Recommendation:

That the LRT Governance Board recommend to City Council:

That the LRT Governance Board semi-annual report, as outlined in the July 9, 2015, Transportation Services CR_2588, be received for information.

Report Summary

This semi-annual report is the third joint report by the Chair and City Manager on the key decisions and progress made on the Valley Line LRT Project procurement pursuant to LRT Governance Board Bylaw 16766.

Report

Background

The LRT Governance Board is a committee of City Council with a mandate for oversight of the Public - Private Partnership procurement stage of the Valley Line – Stage 1 Project. The LRT Governance Board was established by City Council in February 2012 through Bylaw 15659. In July 2014, Bylaw 16766 was approved by City Council, ensuring the continuation of the LRT Governance Board with a revised mandate, terms of reference, and authorities.

The mandate of the LRT Governance Board is to employ its expertise in the financing, design, construction, operations, and maintenance aspects of light rail transit systems and Public - Private Partnership arrangements, and to approve the terms of the City's Request for Proposals, including the form and content of the Public - Private Partnership Project Agreement for the LRT Project.

The LRT Governance Board is comprised of five members including:

- Al Maurer, Former City Manager, City of Edmonton (Chair)
- Tracey Ball, Former Executive Vice President & Chief Financial Officer, Canadian Western Bank
- Kate Chisholm, Senior Vice President, Legal, Regulatory & Government Relations, Capital Power Corporation
- Don Hickey, Vice President, Facility and Operations, University of Alberta (Vice-Chair)
- Ivan Ing, President and Special Advisor, Rocklynn Capital Inc.

The first meeting of the LRT Governance Board was held on December 18, 2012. All LRT Governance Board meetings are held in public. LRT Governance Board Bylaw 16766, agendas and meeting minutes can be accessed on-line at www.edmonton.ca.

LRT Governance Bylaw 16766, Part III, Board Powers, Duties and Functions, 11,

requires that the Chair and City Manager jointly report to City Council semi-annually, or as required, on key decisions and progress made on the LRT Project procurement.

This third semi-annual report fulfills the requirements outlined in LRT Governance Board Bylaw 16766, and covers the period from January 1, 2015, to June 30, 2015.

Semi-Annual Review

During the period January 1, 2015, to June 30, 2015, the LRT Governance Board convened twice (March 2 and May 11). The agendas included a review of the second Semi-Annual Report under LRT Governance Board Bylaw 16766, and a report outlining Public Input on Request for Proposals (RFP) for Public - Private Partnership Construction of the Valley Line.

Public Input on Request for Proposals for P3 Construction of the Valley Line

Due to the nature of procurement within a Public-Private-Partnership (P3) project delivery model, it is necessary to consider a framework for accountability, transparency, and disclosure to ensure an appropriate level of public access to information and input into decisions, while at the same time protecting the City's commercial interests and public value for taxpayer money.

At the March 2, 2015, meeting, the LRT Governance Board passed a motion requesting that the March 2, 2015, Transportation Services report CR_1544, "Public Input on Request for Proposals for P3 Construction of the Valley Line", be included in the first LRT Governance Board Semi-annual report submitted to City Council for 2015.

The Public Input on Request for Proposals for P3 Construction of the Valley Line Report and the Summary of the Questions and Answers specific to the Valley Line LRT Request for Proposals can be found in Attachments 1 and 2 respectively.

Request for Proposal Activity

On September 10, 2014, the Request for Proposal was issued to all three shortlisted proponents, including instructions to proponents, and a draft Project Agreement.

During the period from January to June 2015, proponents were requested to submit a number of early submissions as outlined below. Each of these submissions were evaluated by members of the Project Team with feedback provided to the proponents following the evaluation. The specific dates for each of these submissions and supplemental meetings were as follows:

- February 19, 2015 - Proponents submitted Sustainable Urban Integration-2 (VLS-SUI-2)
- March 17-19, 2015 - Sustainable Urban Integration-2 (VLS-SUI-2) Proponent Debriefs
- April 13, 2015 – Proponents submitted Sustainable Urban Integration-2B (VLS-SUI-2B)
- April 13, 2015 – Proponents submitted an Intellectual Property narrative (VLS-IP)

- June 2, 2015 – Proponents submitted Public Art narrative (VLS-PublicArt)

The second draft Project Agreement was issued on February 3, 2015. As part of the Collaborative Process outlined in the Request for Proposals, the second round of Confidential Collaborative Meetings took place. Proponents met individually with members of the Project Team as follows:

- February 10-12, 2015 – Special Topic Confidential Collaborative Meetings #1A
- March 24-26, 2015 – Technical Confidential Collaborative Meetings #2
- March 31 – April 2, 2015 – Financial / Commercial Confidential Collaborative Meetings #2
- April 14-16, 2015 – Special Topic Confidential Collaborative Meetings #2

Proponents were required to provide comments on the draft Project Agreement and agendas for each of these meetings in advance of the meeting dates, to enable the Project Team to allocate resources in accordance with the subject matter requirements.

Following the second round of Confidential Collaborative Meetings and proponent commentary on the second draft Project Agreement, the third draft of the Project Agreement was issued on May 1, 2015. Proponent commentary on the penultimate (third) draft of the Project Agreement was received and is now under consideration for the final draft Project Agreement, which is scheduled to be issued in July.

Starting in February 2015, the Project Team began facilitating monthly Optional Utility Stakeholder meetings to allow Proponents to engage directly with Utility companies for the purposes of preparing their bids and technical solutions. In addition, field borehole drilling and utility hydrovac investigations have been completed by the City, and results have been provided to the Proponents.

Technical Proposals were received on June 2, 2015 (VLS-2). Evaluation of the technical proposals is now underway, with results due on August 28, 2015.

Other reports

At both the March 2 and May 11, 2015, meetings, the LRT Governance Board was presented with verbal Valley Line Project Updates which included information on Request for Proposal activity, land acquisition, early works, public engagement, budget and funding, and risk.

Additional reports were presented at the March 2, 2015, and May 11, 2015, LRT Governance Board meetings, including verbal Request For Proposals Activity Updates, reports on the results of early submissions for the Valley Line RFP including VLS-SUI-1 Evaluation Results, VLS-LRVops Evaluation Results, VLS-SUI-2 Evaluation Results, and updates on the Project Agreement, all of which were received for information. All these reports remain private pursuant to sections 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

Other activities

The procurement process, early works, and land acquisition are on schedule, with the objective of awarding the P3 contract in early 2016 and having the corridor ready for LRT construction to start immediately following award. Procurement activity and early works costs are tracked monthly using Earned Value Analysis to measure performance against budget. To date the procurement process has a slight budget overrun trend, which reflects the high level of effort that is being put into a fair and robust procurement process. There has been more effort than originally expected due to the strong level of engagement with Proponents, the thorough review and evaluation of early submissions, and other process matters. It is expected that the efforts to date will result in a stronger Project Agreement and improved outcomes for the City. Administration is currently using project contingency to cover the overrun and overall the project continues to be on time and within budget.

The Fairness Monitor continues to attend all applicable project meetings subsequent to the Request for Proposals process, on an ongoing basis. The Fairness Monitor was also available for direct contact by the Proponents or interested parties during this period. To date, there are no outstanding issues.

Attachments

1. Public Input on Request for Proposal for P3 Construction of the Valley Line
2. Summary of the Questions and Answers specific to the Valley Line LRT Request for Proposals