

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 December 16, 2014, Transportation Services report CR_1545, be received for information.

Report Summary

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

Previous Council/Committee Action

At the July 16, 2014, City Council meeting, the following motion was passed:

That Administration review all reports made to the LRT Governance Board since its inception and create a public report for the LRT Governance Board to include in its next semi-annual report to Council that provides a summary of all matters that can be released publicly in accordance with the *Freedom of Information and Protection of Privacy Act*.

Report

Background

The LRT Governance Board (The 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 new mandate, terms of reference and authorities. The LRT Governance Board is a committee of Council with a mandate for oversight of P3 procurement stage of the Valley Line – Stage 1 Project. The mandate of the Governance Board is to employ its expertise in the financing, design, construction, operations and maintenance aspects of light rail transit systems and P3 arrangements to approve the terms of the City's Request for Proposals, including the form and content of the P3 Project Agreement for the LRT project.

The Governance Board is comprised of five members. The first meeting of the Governance Board was held on December 18, 2012. All Governance Board meetings are held in public. Bylaw 16766, agendas and meeting minutes can be accessed at http://www.edmonton.ca/city_government/council_committee_meetings/lrt-governance-board-documents.aspx

Current Governance Board members include:

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

Previous LRT Governance Board Semi-Annual Reports were governed by LRT Governance Board Bylaw 15659, duties f), which stated that the LRT Governance Board was required to prepare and submit to Council a semi-annual report summarizing the number of tender-calls, sole source contracts, agreements, settlements, judgements, leases, land acquisitions and land dispositions which involve a revenue or expenditure of \$100,000 or greater.

LRT Governance Board Bylaw 15659 was superseded by LRT Governance Board Bylaw 16766, which came into effect on July 16, 2014.

The revised LRT Governance Bylaw (16766), Part III, Board Powers, Duties and Functions, 11, requires that The Chair and City Manager will jointly report to Council semi-annually, or as required, on key decisions and progress made on the LRT Project procurement.

As such, this semi-annual report fulfills the requirements outlined in LRT Governance Board Bylaw 16766, and in order to provide the most up to date activities of the Governance Board, will cover the period from January 1, 2014, to September 9, 2014. The second report for 2014 will be prepared to cover the period from September 9 to December 31, 2014, to complete the obligations of the bylaw. For 2015, the two reports will cover the periods January to June, and July to December, respectively.

Semi-Annual Review

During the period January 1, 2014, to September 9, 2014, the LRT Governance Board convened six times, with meetings focused on the Request for Qualifications, the launch of the Request for Proposal, the Public Engagement Plan, Value for Money as a P3 project, and preparation of the initial draft Project Agreement.

Request for Qualifications

On February 4, 2014, the Governance Board reviewed and approved the Draft Request for Qualifications document. The Request for Qualifications evaluation procedures and processes, which included protocols and guidance for the conduct of the Request for Qualifications evaluation, was subsequently approved at the April 17, 2014, LRT Governance Board meeting. On April 23, 2014, the City proceeded with the issuance of Request for Qualifications No. 924536, to identify and qualify proponents to participate

in the Request for Proposal procurement process for the Valley Line LRT – Stage 1 Project.

Five Request for Qualifications submissions were subsequently received by the closing date of June 17, 2014. Between June 17 and July 9, 2014, the Request for Qualifications Evaluation Team engaged in a series of evaluation activities that ultimately produced the recommended shortlist of proponents for Valley Line LRT – Stage 1 Project. The shortlist of proponents, defined as the three respondents with the highest scores, in accordance with the Request for Qualifications evaluation process, was presented to and approved by the Governance Board at the August 6, 2014, Board meeting.

As part of the Request for Qualifications process, the Fairness Monitor monitored and assessed the Project Procurement Process to ensure it was conducted in a manner consistent with the terms of the Request for Qualifications, and that all respondents were treated in a fair and consistent manner. The Fairness Monitor was also available for direct contact by the respondents or interested parties during this period. As of the August 6, 2014, Governance Board meeting, when the Fairness Monitor Update Report was presented, the Fairness Monitor had not been contacted by any respondents or interested parties.

Request for Proposals

On September 9, 2014, the Governance Board approved the Request for Proposal for issuance, in addition to authorizing the City Manager to make amendments to the Request for Proposal as required, prior to its issuance on September 10, 2014, and also during the Request for Proposal procurement process.

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

Public Engagement Plan

Due to the nature of P3 procurement, 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 taxpayer value for money. As a result, on June 19, 2014, a Public Engagement Plan was presented to the LRT Governance Board, with the Board carrying a motion that City Council receive the Valley Line LRT - Public Engagement Plan as outlined in the June 19, 2014, Transportation Services report CR_1216rev, for information.

City Council subsequently reviewed and accepted the Public Engagement Plan, including the accountability, transparency, and disclosure framework on July 16, 2014. Several motions were made by City Council with respect to public input on the Request for Proposal documents. The following motion regarding Summary of LRT Governance Board Reports was also made:

That Administration review all reports made to the LRT Governance Board since its inception and create a public report for the next LRT Governance Board to include in its next semi-annual report to Council that provides a summary of all matters that can be released publicly in accordance with the *Freedom of Information and Protection of Privacy Act*.

This summary is presented in Attachment 1.

Value for Money

In proceeding with the development and construction of the Valley Line LRT, the City decided to procure the Valley Line as a P3 project, ensuring a delivery method that offers benefits in long-term value for money, and cost and schedule certainty. As such, the Governance Board takes an active role in ensuring that the Valley Line continues to demonstrate Value for Money. Four evaluation points have been identified during the LRT Valley Line - Stage 1 procurement process. The first of these updates has been completed and was reviewed by the Governance Board at the September 9, 2014, Board meeting. Considerations in the update included: results of preliminary engineering; updates to the construction schedule; borrowing costs; and updated risk and cost analysis. Based on the analysis completed to date, the Project continues to demonstrate value for money as a P3 project.

Project Agreement

In addition to the approval of the Request for Proposal at the September 9, 2014, Governance Board meeting, the board also approved the draft Project Agreement, including related documents such as the Payment Mechanism. The board authorized the City Manager to make amendments, as necessary, to the draft Project Agreement and other related documents, prior to its issuance with the Request for Proposal on September 10, 2014, and also during the Request for Proposal procurement process, as long as the amendments did not negatively affect the Value for Money, or reallocate substantial risk to the City.

With the release of the Request for Proposal on September 10, 2014, proponents also received the initial draft Project Agreement. The Project Agreement is the main contract between the City of Edmonton and Project Co. that covers the 35 year period of design, construction, operations, maintenance and financing for the Valley Line LRT – Stage 1. The initial draft Project Agreement detailed the allocation of project scope, risks, responsibilities and opportunities under the responsibility of Project Co. and of the City, and the payment mechanism regarding how Project Co. will be compensated during the various phases of the Project. Revisions will be made to the initial draft Project Agreement based on feedback from Proponents.

Other activities

At the June 19, 2014, meeting, the Governance Board was presented with a Risk Management Update for the Valley Line LRT - Stage 1 Project. At the time of the report, over 100 risks had been documented in the Risk Register, including risks that were identified through Risk Workshops held May 22-23, 2014. Key risks identified included

issues around project funding, utilities and pipelines interferences, traffic and operations model, site conditions and achieving the vision. Through the draft Project Agreement, these risks have been allocated to either the City or the successful P3 proponent. The City continues to actively monitor and manage its City-retained risks on a monthly basis.

Corporate Outcomes

- Edmonton is attractive and compact
- The City of Edmonton has sustainable and accessible infrastructure
- Edmontonians use public transit and active modes of transportation

Attachments

1. Summary of LRT Governance Board Reports Since Inception

Others Reviewing this Report

- K. Rozmahel, General Manager, Corporate Services