

Walterdale Bridge Financial Update

Recommendation:

That Transportation Committee recommend to City Council:

That the budget for Capital Program 12-66-1466, Walterdale Bridge, be increased by \$19,500,000 to a total of \$155,000,000, with the increase funded by tax supported debt.

Report Summary

The Walterdale Bridge Replacement requires City Council approval for an additional \$19,500,000 to fund the project.

Report

The Walterdale Bridge was constructed across the North Saskatchewan River in 1912/1913 and is at the end of its viable service life.

On April 27, 2011, City Council approved the Walterdale Bridge Replacement Concept Planning Study which calls for the existing bridge to be replaced with a signature structure on an alignment just to the east of the existing bridge.

The current approved budget for the design and construction of the Walterdale Bridge project is \$135,500,000. An increase of \$15,800,000 is required due to the lowest bid received is 14% above the estimate and an additional \$3,700,000 is required to cover increased project costs as outlined in this report.

Prequalification of seven steel fabricators was followed by prequalification of six General Contractors, who were then invited to bid on the project.

The tender closed on April 16, 2013 with four bids received. The lowest bid was \$15,800,000 (14%) above the Transportation Services estimate of \$110,000,000 construction costs (excluding GST).

The increase can be attributed to the considerable risk associated with constructing a unique and complex signature structure.

Administration has investigated reducing the scope-of-work and there are very few items that can be removed from the project without significantly reducing the signature characteristics of the new Walterdale Bridge.

\$3,700,000 in additional funding is requested to fund several activities which emerged, that have increased project costs, these activities are as follows:

- Schedule – the approved concept plan includes a two-year construction window including the removal of the old bridge. The current anticipated schedule is for three years of construction followed by the removal of the existing bridge in the later part of the third year or early in the fourth year.
- Due to the significant historical nature of the site, additional work was required including extensive aboriginal consultation and historical resource monitoring during construction.
- Additional site security costs to access the north lay down area.

- Bridge foundations were modified from the approved concept plan to provide a stronger bridge and significantly reduce life cycle maintenance costs. To achieve this an additional investigation was required during preliminary and detailed design.

Project construction is expected to take place from spring 2013 to the fall of 2016.

Key activities that will occur immediately after the contract is awarded include: ordering of the structural steel and finalizing of environmental construction permits for work in the river valley. Both of these activities are on the schedule critical path.

Funding

Funding alternatives include increasing the existing borrowing bylaw or reallocation of financing from other capital projects through delaying or deferring existing funded projects.

Financing of the Walterdale Bridge is currently primarily tax supported debt in accordance with the policy statements of the Debt Management Fiscal Policy. By funding the additional budget required through debt there would be no impact on existing capital projects.

Financing through reallocation of existing financing and deferrals to the 2015-18 Capital Program was completed through the 2013 spring Supplementary Capital Budget Adjustment process. Reallocation and deferrals impacting Transportation projects in the amount of \$61.2 million were approved. Additional deferrals

would adversely impact the existing capital program.

Policy

City of Edmonton's Debt Management Fiscal Policy.

Corporate Outcomes

Necessary construction is completed to protect Edmonton's bridges. The goal is well maintained infrastructure.

Budget/Financial Implications

The April 10, 2013, Supplementary Capital Budget Adjustment already reallocated approved Transportation Services' projects to emergent priorities leaving no flexibility within the 2012-14 Capital Budget for Transportation to deal with this increased cost. Corporately, there is no real flexibility either as a significant number of high value projects are already in process and this large reallocation would be very difficult to accommodate.

The Walterdale Bridge has an approved budget financed by \$132 million of tax supported debt and \$3.5 million of utility contributions. An increase to the existing borrowing by \$19.5 million equates to approximately \$1.2 million in additional annual debt financing costs. There would be no impact on the 2013 operating budget and any impact for 2014 would be reviewed as part of the 2014 budget process.

Legal Implications

An amendment to the borrowing bylaw for this project will not require advertising as the increased cost does not exceed 15% of the original cost of the capital project.

Justification of Recommendation

In order for Administration to proceed with the project, the current approved budget of \$135,500,000 must be increased by \$19,500,000.

Attachment

1. Walterdale Bridge Replacement
Capital Project Profile 12-66-1466

Others Reviewing this Report

- L. Rosen, Chief Financial Officer and Treasurer
- D. H. Edey, General Manager, Corporate Services