



STAFF REPORT ACTION REQUIRED

F.G. Gardiner Expressway Rehabilitation: Engagement of Infrastructure Ontario

Date:	May 2, 2014
To:	Public Works & Infrastructure Committee
From:	City Manager
Wards:	Ward 5- Etobicoke-Lakeshore; Ward 6- Etobicoke-Lakeshore Ward 13- Parkdale-High Park; Ward 14- Parkdale-High Park Ward 19- Trinity-Spadina; Ward 20- Trinity-Spadina Ward 28- Toronto Centre-Rosedale; Ward 30- Toronto-Danforth
Reference Number:	AFS #19611

SUMMARY

At the April 1, 2014 meeting, City Council considered the report PW29.1 Strategic Plan for the Rehabilitation of the F. G. Gardiner Expressway; and Contract Award for Tender Call No. 314-2013 F.G. Gardiner Expressway West Deck Replacement. Council approved the accelerated method of construction for the rehabilitation of the "at-grade" and "elevated" sections of the Gardiner Expressway, extending from Highway 427 to the eastern limit at Logan.

This report responds to Council direction to the City Manager to report on the feasibility of engaging Infrastructure Ontario (IO) in the rehabilitation of the Gardiner Expressway. IO is a provincial crown agency that partners with public sector agencies, including municipalities to renew infrastructure across Ontario. IO employs an Alternative Financing and Procurement (AFP) approach to deliver large scale infrastructure projects. Initial discussions with IO suggest that there may be benefits to procuring the rehabilitation of the Gardiner Expressway by way of an AFP rather than the traditional procurement approach.

Staff propose to work with IO in the assessment of the various project delivery models and report on a recommended approach as part of the 2015 Capital Budget in accordance with a previous Council direction.

RECOMMENDATIONS

The City Manager Recommends that:

1. Council authorize the City Manager to retain the advisory services of Ontario Infrastructure and Lands Corporation (IO) for the purposes of preparing a procurement options analysis in support of the implementation of the Strategic Plan for the rehabilitation of the F.G. Gardiner Expressway, at a cost not to exceed \$250,000; and
2. City staff be directed to report back to the Public Works and Infrastructure Committee on the outcome of this analysis in advance of deploying the preferred procurement approach.

Financial Impact

The Rehabilitation of the F.G. Gardiner Expressway, from Highway 427 to the eastern limit, using an accelerated approach, as outlined in the Strategic Rehabilitation Plan, is estimated to cost \$1.879 billion over a 25 year period (2014 to 2038). The Deputy City Manager and Chief Financial Officer will report to Budget Committee as part of the 2015 Budget Process on a detailed financing strategy for the implementation of the Strategic Plan for the rehabilitation of the Expressway.

This report recommends the retention of Infrastructure Ontario (IO) in support of the development of a procurement options analysis for the rehabilitation of the F.G. Gardiner Expressway, at a cost not to exceed \$250,000. Funds are available in the Transportation Services 2014 Capital Budget within the F.G. Gardiner project. The results of this analysis would inform the recommendation of a project procurement strategy in support of Transportation Services' 2015 Capital Budget submission, and a potential request for federal funding under the P3 Canada Fund, and/or the new Building Canada Fund.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of April 1,2,3, 2014, Council adopted the recommendations of P.W.29.1, as amended ("Strategic Plan for the Rehabilitation of the F.G. Gardiner Expressway; and Contract Award for Tender Call No. 314-2013 F.G. Gardiner Expressway West Deck Replacement"), including: *"City Council direct the City Manager to report to the May 14, 2014 Public Works and Infrastructure Committee meeting on the feasibility of requesting the Ontario Ministry of Infrastructure to seek the engagement of Infrastructure Ontario in the rehabilitation of the F.G. Gardiner Expressway."*

Council also requested a report through Budget Committee and Public Works & Infrastructure Committee on the proposed project delivery model and procurement process for the implementation of the Strategic Plan in support of Transportation Services' 2015 Capital Budget and 2016-2014 Capital Plan.

The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.PW29.1>

ISSUE BACKGROUND

The Frederick G. Gardiner Expressway (the Expressway) is a key transportation artery, owned and maintained by the City of Toronto, which extends 18 kilometres from the Queen Elizabeth Way at Highway 427 to east of the Don Valley Parkway. The Expressway is near the end of its original design life and is the subject of ongoing maintenance and repair.

In 2013, the consulting firm of McCormick Rankin was retained to develop a Strategic Plan ("the Plan") for the rehabilitation of the Expressway. The Plan identifies the immediate, short and long term rehabilitation needs of the Expressway and provides an implementation schedule for the necessary rehabilitation works to maintain the Expressway in a safe and serviceable condition for the next 25 years. At its April 1, 2014 meeting, City Council (PW 29.1) considered the Plan, and approved the accelerated method of construction outlined in that report. Council also requested further information on the feasibility of engaging IO in the project, and to report back on the proposed project delivery method and procurement process through the 2015 Budget process.

Infrastructure Ontario (IO)

IO is a Crown corporation wholly owned by the Province of Ontario, and established under the *Ontario Infrastructure and Lands Corporation Act, 2011*. IO offers expertise in project delivery of public infrastructure in Ontario, using an Alternative Financing and Procurement (AFP) approach to public-private-partnership (P3) procurement. IO has partnered with various provincial ministries, as well as with municipalities to deliver major projects (including transit projects in Ottawa and Waterloo). IO has significant experience with the AFP procurement process, the preparation of performance-based specifications, establishing payment mechanisms, and the preparation of project agreements (contracts). Furthermore, potential private sector proponents have become familiar with IO, its processes, and documents. This is beneficial in that there is potential for broader level of interest amongst potential private partners for IO-led projects.

IO offers advisory support to public clientele on a cost-recovery basis, in the preparation of procurement option analyses, and business cases. This work is often a condition precedent to securing federal funding (most notably under the P3 Canada Fund and the Building Canada Fund). The analyses provide a comparison of the different project delivery models ranging from the traditional Design Bid Build (DBB) approach to a greater risk transfer approach in the form of a Design Build Finance Maintain and/or Operate (DBFM/O). Separate and apart from these activities, IO also acts as agent to PPP Canada (a federal Crown corporation) for applications made in Ontario for funding under the federal P3 Canada fund.

Similar external advisory support is also available from private sector consultants.

COMMENTS

This report recommends the engagement of IO for the purpose of preparing a procurement options analysis for the implementation of the Strategic Plan for the rehabilitation of the F.G. Gardiner Expressway, at a cost not to exceed \$250,000. This assignment would involve undertaking detailed quantitative and qualitative investigation and analyses of potential procurement options, including market soundings, and project specific financial and Value for Money modelling, which together would result in a recommended procurement strategy.

The City Manager will also pursue opportunities for provincial and federal funding to support the project. The results of the IO analysis will be available to support a potential request for federal funding under the P3 Canada Fund, and/or the new Building Canada Fund.

As requested by Council, staff will report through the 2015 budget process on the proposed project delivery method and procurement process for the project, in addition to a financing strategy.

CONTACTS

Joe Farag
Director, Corporate Finance
Tel: 416-392-8108
Email: jfarag@toronto.ca

Michael D'Andrea
Executive Director, Engineering & Construction Services
Tel: 416-392-8256
Email: mdandre@toronto.ca

SIGNATURE

Joseph P. Pennachetti
City Manager