



Ottawa's Light Rail Transit Project



OLRT Executive Steering Committee

August 10, 2012



- Next Meetings
- Overview of Key Terms of the Project Agreement (PA)
- Evaluation Criteria
- NCC Update
- VIA Update
- Cash Allowance Projects
- Funding Agreement Status
- April ESC Project Modifications Status
- Affordability Cap Update
- Geotechnical Risk Sharing

Next Meetings

- September 20 – OLRT ESC Meeting – Communications and Legislative Plan
- September 19 – ½ Day PA session – CM and Morty
- Oct 23rd – OLRT ESC Meeting – Innovations Reports/ESC approval of accepted innovations
- Nov 23rd – OLRT ESC Meeting – Approval of First Negotiations Proponent/Report to Council
- December – OLRT ESC Meeting – If required



Project Agreement Overview

Relationship to RFP

- Accompanies RFP
- Implements technical and financial terms of responses
- Completes terms and conditions of arrangement
- Negotiated through CCM's
- Responses on "level playing field"
- Reduces subsequent leverage of successful bidder

Parties

- City
- Project Co
- Key contractors (Contractor's Direct Agreement)
- Lenders (Lenders Direct Agreement)



Project Agreement Overview

Construction Period

- Design/Build Obligations
- Milestone Payments
- Financing - Interim
- Risk Transfer balance
- Revenue Service Availability
- Maintenance Term

30 years

- Maintenance and Lifecycle Obligations
- Long Term Financing
- City payments
- Reduced payments where lack of availability; level of maintenance
- Vehicle Options and Extension of System

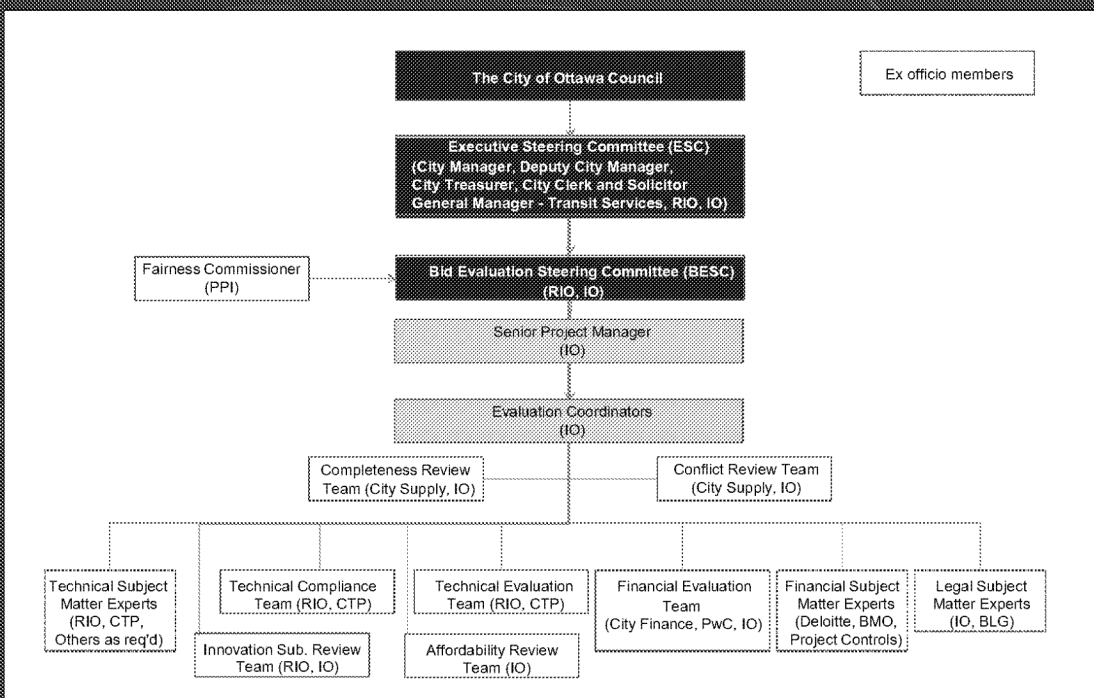


RFP Evaluation Framework

- The Evaluation Framework has been developed by the Sponsors to describe and outline the Evaluation Process that will be used to select the Preferred Proponent and, in doing so, safeguard the interests of the Sponsors from claims of an invalid or unfair process
- All participants will receive mandatory training in advance of carrying out their RFP evaluation tasks
- Fairness commissioner will sign off on the RFP evaluation framework and oversee all steps in the RFP evaluation process



RFP Evaluation Org Chart



Technical Evaluation

- The Technical Compliance Team(s) will ensure compliance with the Technical Submission requirements against the RFP documents and PSOS
- Each member of the Technical Evaluation Team will review the Technical Submissions in its entirety and assign a score to each evaluation category

Technical Evaluation

- Team will discuss and arrive at one consensus score along with the strengths and weaknesses of each evaluation category
- Following the Individual Scoring, members of the Technical Evaluation team participate in Team Consensus meetings, facilitated by an Infrastructure Ontario Representative, overseen by a City Representative and monitored by the Fairness Commissioner

Financial Evaluation

- Financial Evaluation is comprised of two distinct categories
 - the quality of the financing solution put forward and;
 - the net present value of project payments.
- Following the Individual Scoring, members of the Financial Evaluation team participate in Team Consensus meetings, facilitated by an Infrastructure Ontario Representative
- The Financial Evaluation Team will discuss and arrive at one consensus score along with the strengths and weaknesses of the quality of submission



Financial Evaluation

- The NPV price will be scored using a pre-determined formula, as disclosed in the RFP.
- The NPV is meant to represent the contract price of the OLRT, expressed in “today’s dollars”, plus adjustments:

NPV of:	Adjustments to NPV from:
<ul style="list-style-type: none"> • Milestone Payments • Revenue Service Availability Payment • 417 Payment • Annual Service Payments (Capital, Maintenance, Lifecycle) 	<ul style="list-style-type: none"> • Geotechnical Risk Allocation • Anticipated Energy Costs • Anticipated Closure Costs • Estimated Driver Costs

- The lowest NPV receives all 450 points. Other Proponents lose 30 points for every 1% more expensive their NPV is, relative to the lowest.
- The NPV is calculated within the financial model. The financial evaluation team conducts due diligence to ensure that the calculation is in compliance with the RFP instructions.



Evaluation Timelines

- Technical submission to be submitted on September 10, 2012
- Financial submission to be submitted on October 1, 2012
- RFP Completeness: September 11 – September 14, 2012 (4 days)
- Financial Evaluation: October 2 - 19, 2012 (3 weeks)
- Financial Consensus: October 24, 2012
- Technical/ Compliance Evaluation: October 9 – November 6, 2012 [September 17 – October 12] (4 weeks)
- Technical Consensus: November 7 – November 14, 2012 [October 15 – October 24] (1 week)
- Executive Steering Committee to approve First Negotiations Proponent on November 23, 2012 [October 31, 2012]
- Negotiations with First Negotiations Proponent to begin following ESC approval and be completed by December 5, 2012 (5 weeks)
- Confirmation of Preferred Proponent on December 5, 2012
- City Council meeting December 12, 2012
- Commercial Close: February 12, 2013
- Financial Close: February 14, 2013



- Negotiations with NCC on property transfer MOU.
- NCC goes to TB on land transfers in parallel with Federal Contribution Agreement.
- Self generated RFI response sent to Proponents advising of FLUA station design point allocations.
- 60% Design approval to NCC Board after Council approval.

VIA Update

- VIA has requested that the Train Station be placed back inside "D" (Tremblay Road Ring)
- Station cannot be moved now without affecting RFP close date
- City has offered to negotiate with preferred proponent a station back inside the "D" that would connect with VIA development as long as VIA was willing to pay incremental costs.
- Senior team meeting schedule for Aug. 20 (tri-party with NCC) to address station location and land transfers
- This meeting will address MOU on land transfer, works access agreement etc...



Cash Allowance Projects

- Following projects are included in the OLRT contract as a cash allowance:
 - Combined Sewer Overflow Tunnel
 - Utility Work
 - Albert Street Work
 - Coventry Bridge Work
 - Queen Street Work
 - Rock Stabilization





Funding Agreement Status


- Federal Government has agreed to pay \$600M by substantial completion.
- Federal Government has agreed to pay based on liabilities incurred. (follow up discussions Aug 9)
- At this point Province has only agreed to 40% of invoices paid
- Federal Government may want to wait for payment profile from Preferred Proponent before going to TB with Contribution Agreement.
- We are proposing instead to give a very conservative profile (frontloaded payments) they can take to TB.

April ESC Project Modifications

- At the April ESC meeting, ESC approved a series of project modifications to give greater flexibility to proponents and decrease project cost.
- These modifications included:
 - Right size vehicle fleet
 - Right size stations
 - OC Transpo Capital injection

Affordability Cap

- Based on feedback from proponents; the affordability cap was raised from \$1.718 to \$1.9B (\$2.075 with 417 Widening) to ensure three compliant bids.
- Total project budget remains the same through:
 - Contingency
 - Office budget savings
 - Project modifications (previous slide)
 - Transit Capital injection
 - Property budget re-evaluation

			<h1>Geotechnical Risk Sharing</h1>		
Option 1	Risk Share		Incentive		
	City	Proponent			
\$0 to \$10,000,000	0%	100%	+ \$60M on Affordability Cap <i>and</i> - \$80 M on NPV <i>and</i> -Difference of submission price vs. affordability cap subtracted from NPV		
Greater than \$10,000,000 to \$140,000,000	0%	100%			
Greater than \$140,000,000	0%	100%			
Option 2	Risk Share		Incentive		
	City	Proponent			
\$0 to \$10,000,000	0%	100%	- \$40M on NPV		
Greater than \$10,000,000 to \$140,000,000	50%	50%			
Greater than \$140,000,000	0%	100%			



Geotechnical Risk Sharing

Option 3	Risk Share		Incentive
	City	Proponent	
\$0 to \$10,000,000	0%	100%	N/A
Greater than \$10,000,000 to \$140,000,000	50%	50%	
Greater than \$140,000,000	100%	0%	

- If 1 or more submissions are received that are under the affordability cap and take either Option 1 or 2 then only these submissions are ranked.





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QUESTIONS?

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