

Message

From: John Traianopoulos [John.Traianopoulos@infrastructureontario.ca]
Sent: 5/19/2011 9:00:40 AM
To: Robert Pattison [Robert.Pattison@infrastructureontario.ca]
Subject: FW: Ottawa LRT - update

-----Original Message-----

From: Mary Lowe
Sent: Monday, May 16, 2011 12:00 PM
To: John Traianopoulos
Subject: FW: Ottawa LRT - update

-----Original Message-----

From: Mary Lowe
Sent: Friday, May 13, 2011 12:09 PM
To: Mathew Kattapuram; Jim Cahill
Cc: Len Kozachuk; David Livingston; Antonio De Santiago
Subject: Ottawa LRT - update

Mathew and Jim,

My flight was cancelled so I didn't make it to Ottawa today but I did dial in to the meeting. I don't have great news.

In the attached deck, on the last slide, you'll see a summary of the delivery model they are proposing. Still proposing a DBM with the "potential" for private financing during construction, if the feds and province are willing to pick up the incremental financing costs. The answer to that from MTO and Transport Canada was a resounding no.

A few highlights:

- the scope is comprehensive in that the PA will include all civil works, tunnel, track, communications, vehicles, maintenance...
- City will operate
- the City believes they can manage risks through best practices, project controls
- monthly construction progress payments certified by a 3rd party
- private financing - considering a holdback on monthly progress payments to be paid at SC if fed/prov will pick up incremental cost
- preliminary engineering is at 20% completion now; they'll tender a DBM project agreement with output specs
- considering requiring a \$200M LC for performance security. Deloitte said their market sounding proved that would be possible if construction cos teamed up.
- looking at an LC for operations in the magnitude of 50-100% of annual maintenance fee
- handback provisions - looking at ending term prior to anticipated major lifecycle improvements. All major lifecycle investments to be made by the City.
- initial VFM for DBM in range of 5%.

On Monday, we'll be receiving updated project scope, timelines/schedule and budget. I've provided a detailed list to them of what we need. We're being asked to turn around an initial analysis by next Friday. They go to their full council on the 25th with this delivery recommendation. It was passed by a council committee yesterday. MTO would like to signal prior to the 25th if the Province has concerns with the delivery model and will be relying on us for that analysis.

I'll set up a meeting for Monday morning with John T and Rob so we can action out who is doing what in the analysis. Anyone else from your teams I should include?
I'll make it clear to MTO/MOI that we won't be able to validate the City's cost estimates in such a short time but that we'll try to test their VFM/risk analysis.

Thanks,
Mary