

REGIONAL MUNICIPALITY OF OTTAWA CARLETON
 MUNICIPALITÉ RÉGIONALE D'OTTAWA CARLETON

REPORT
RAPPORT

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DATE 4 February 1998

TO/DEST. Co-ordinator Transportation Committee

FROM/EXP. Planning and Development Approvals Commissioner

SUBJECT/OBJET **LIGHT RAIL TRANSIT PILOT PROJECT**

DEPARTMENTAL RECOMMENDATION

That the Transportation Committee and Council receive this report for information.

PURPOSE

The purpose of this report is to provide information to Transportation Committee and members of Council on the process staff intend to follow to commence a pilot rail project.

BACKGROUND

The Official Plan adopted by Council on 9 July 1997 includes the following policy (Section 9.4, Policy 24) regarding rail-based rapid transit:

Council shall introduce at minimum cost, a pilot project rapid transit service on a portion of the Rail Rapid Transit Corridor shown on Schedule E, Transit Network, by the turn of the century (i.e. by the year 2000). Based upon sufficient transit ridership and acceptable cost-effectiveness, incrementally expand service over the remainder of the system shown on Schedule E.

Schedule E is reproduced in Annex A. The Transportation Master Plan, also approved by Council on 9 July 1997, included the additional policy (Section 2.4.5, Policy 2): "Council shall adopt diesel light rail technology for the rail transit service." This policy addresses the issue that transit would share the rail network with other, albeit infrequent, freight or intercity passenger railway traffic. Annex B highlights the subject rail corridors.

At its meeting of 28 Jan 1998, Council also approved the following motion:

Council direct staff to include in the 1998 and 1999 Operating and Capital Budgets to be presented to Committee and Council the necessary funds to permit the commencement of pilot light rail (considering the north south link) by 1 Dec 1999. Council further direct staff to prepare a report, after thorough consultation with the private sector, summarising the feasibility of the light rail pilot project, and to identify the preferred option, route, time frame and costs associated with this pilot project. The report to be submitted to Transportation Committee before 1 June 1998, enabling Council to make an informed decision on light rail and the option to commence a pilot project in 1999.

The Transportation Master Plan examined the value of using railway corridors in Ottawa-Carleton for public transportation and determined that some sections can address urban transit needs and contribute significantly to meeting the ambitious transit usage targets identified in the 1997 Official Plan. Use of these corridors for transit complements the Transitway system and is not an alternative to it.

A pilot project is not the same as a demonstration project, which is introduced for a limited period in order to demonstrate its value for wider application and to refine the technology, as in the case of the diesel light rail demonstration in Calgary during five months of 1996. Given the length of time potential users of a new transit service require to adjust their travel choices, the pilot project would have to be in operation for a number of years.

DISCUSSION

Council has set a number of objectives for the light rail project as expressed in the 1997 Official Plan and Council's motion of 28 Jan 1998, which accelerates the schedule for implementing a pilot rail project. Among these objectives, Council's priority is to attract more riders to public transit. Council has also shown a desire to start with a pilot phase, so that the feasibility of wider use of light rail in Ottawa-Carleton can be established. This approach reflects support for the light rail pilot tempered by a reasonable desire to mitigate risk to the RMOC and provide a measure of certainty in the costs associated with the project.

Council specified in the 1997 Official Plan that the pilot should be at a minimal cost. To that end, the light rail project should involve a public partnership with the private sector in order to achieve a maximum-benefit, minimum-cost pilot. Accordingly, the focus of any private sector proposal would be on establishing a solid business case backed up by innovative solutions that provide the RMOC with the best value for money.

The light rail pilot project is most likely to be successful within an environment that encourages creative thinking in the private sector and engages its support for the RMOC's project objectives. Key to creating such an environment will be the approach taken to solicit private sector proposals during the procurement process, described below.

Finally, there is a need to have the pilot up and running rapidly or else the short time frames set out by Council will not be met.

ESTABLISHING THE BUSINESS CASE

While there is clear industry interest in light rail in Ottawa-Carleton, there is a certain wariness to commit resources to a project with an unclear future.

Given that the expertise to plan and implement a rail system is not available within the RMOC staff, and that partnership with a rail company is inevitable, a turn-key approach should be encouraged. In complex procurement situations, the formation of consortia under individual prime contractors, each spear-heading a unified proposal, simplifies the burden on government. Many types of firms would have an interest in jointly proposing a project for the pilot service.

Vehicle manufacturers could participate either as a potential member in a consortium with rail owners and system operators, or as a prime contractor. In an effort to achieve the minimum cost, the range of vehicle acquisition possibilities would be the subject of negotiations between vehicle suppliers and prime contractors. There are at least three vendors with a potentially suitable vehicle offering, each of which is naturally motivated to gain a foothold in the North American market.

Further partnering opportunities may also be available in terms of innovative financing arrangements with large capital firms, partnering with engineering firms, or partnering with other rail or transit operators.

In order to embark on a public/private partnership the first step would be to release a Solicitation of Interest (SOI). The intent is to focus on the objectives and principles that are being sought by the RMOC, as opposed to prescribing a project's detailed specifications and then going to tender. The vendor is made responsible for thinking-through the requirements and coming up with an innovative proposal that focuses on how to best achieve the RMOC's stated objectives. Companies are encouraged to work together to propose a collective, turn-key solution under a single, responsible prime contractor. In return for sharing in the risk of the project, and for participating in the capital cost of creating the service, the vendor also shares in its benefits through a variety of mechanisms which would tie the success of the project to the level of compensation paid to the vendor (e.g. variable municipal funding based on achievement of ridership targets).

Council's directive in the Official Plan requires that the financial support from government should be minimised. For example, industry's efforts to achieve targets for ridership levels and public transit use can be motivated through compensation. Such a system may prove very attractive to industry, and help to protect the RMOC against the risk. Support for the light rail project might be structured as a per rider subsidy, an up-front investment of capital, or through some other system proposed by industry. Obtaining the best value, however, will entail flexibility about the kind of financial partnership necessary to make possible a viable business case for industry.

In addition to reducing capital investment, the public/private partnership approach minimises risk to the RMOC in other ways. It provides greater certainty in costs and reduced exposure to cost overruns. The vendor's project management team becomes responsible for delivering what has

been proposed - on schedule and on budget, relieving the Region of that responsibility and risk. It is also a precept of the process that there is greater accountability on the part of the vendor because the plan for meeting the RMOC's objective is developed by the vendor - not specified by the RMOC.

It is important to remember that at all times during this process, it will be clear that the SOI is not a call for proposals, but rather an invitation to express both the interest in the pilot rail project and the consortia's capability of meeting the program's objectives.

STEPS AND TIMING

1. Creation of the Draft Statement of Requirements (SOR) - March 6

The draft SOR would lay out the minimum service requirements and desired attributes for the light rail pilot project. Wherever possible, the draft SOR would be framed in terms of objectives rather than specifications. Emphasis will be placed on the notion that this is a draft document, work in progress. Beyond the minimum service expected from the pilot phase, advice would be sought on the feasibility of achieving additional goals (e.g. airport access, downtown access, interprovincial service and compatibility and speed of expansion).

2. Creation of the Solicitation of Interest (SOI) - March 6

The SOI will provide information on the light rail pilot project's requirements and procurement approach. The document should welcome and encourage industry input and comments regarding all project elements including:

- the benefits and risks to the Region from both operating the service in partnership with industry and in "turn-key" alternatives;
- recommendations on how to mitigate risk;
- realistic and achievable delivery schedules;
- a "rough order of magnitude" for the financing of the program, including up-front costs (if any) and expected ongoing financial contribution from the Region;
- details on the proposed routing and servicing characteristics;
- information on the specific vehicle(s) proposed for service;
- information on potential station and signalling system requirements;
- suggested mechanisms for ensuring complementary interaction with OC Transpo;
- a description of the consortium's (or company's) intended role;
- a profile of the consortium (or company) and description of any strategic teaming arrangements

- a description of the management structure envisioned; and
- performance measures for assessing the project.

Staff will seek the assistance from a consultant in preparation of the SOR and SOI.

3. Issuance of the Draft SOR and SOI - March 6, 1998

4. Consultation with Industry and Public - March 6-May 22

Staff will meet with vendors to encourage interest. A vendor conference would be held to answer questions. Information will be provided to the public, a vendor demonstration and input into the evaluation process will be sought.

5. Receipt of formal responses to SOI - May 25

6. Report to Transportation Committee for information on responses received and information to date - June 17

7. Consult with respondents and the public to evaluate and “short list” the respondents - Summer 1998.

8. Preparation and issuance of Request for Proposal (RFP) - summer 1998.

9. Receipt of Formal Responses to RFP - 6 weeks after issuance

10. Analyze responses and recommend best strategy and associated costs to Transportation Committee and Council - Fall 1998.

11. Finalize agreement with successful consortium -winter 1999

CONFORMITY WITH OFFICIAL PLAN AND TRANSPORTATION MASTER PLAN

The recommendations of this report are directed at implementing the Rail Rapid Transit policies included in both plans.

PUBLIC CONSULTATION

Extensive public participation was undertaken in the process associated with the development of both the 1997 Official Plan and the Transportation Master Plan, culminating in Public Hearings conducted by Planning Committee and by Transportation Committee in May 1997. In addition,

staff will participate in a forum on rail transit sponsored by Auto Free Ottawa, the Centre City Citizens Coalition, the Communities Before Cars Coalition, and Transport 2000 on 26 Feb 1998. Staff intend to set up a Sounding Board for additional public input with groups as identified in Annex C.

Additional opportunities may be provided to the public for input by prospective vendors.

FINANCIAL IMPACT

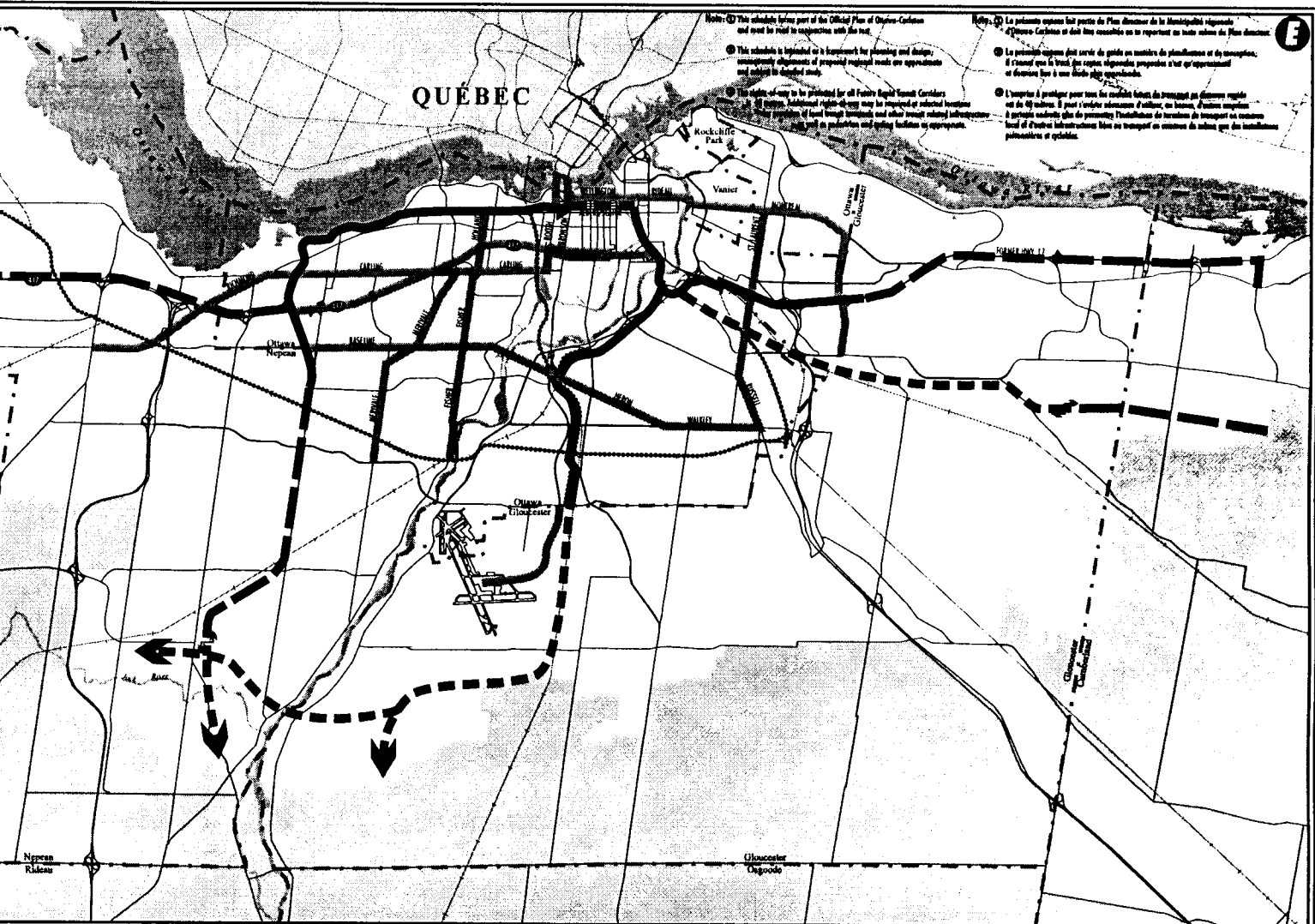
Funds are available in the account for the Transportation Master Plan for consulting services deemed necessary to assist staff in the preparation of the SOR and SOI prior to approval of the 1998 budget. Staff are proposing Capital funds in the 1998 budget

Once the financial requirements for the final program are established, funds will be identified in the 1999 Capital and/or operating Budget estimates.

Approved by

N. Tunnacliffe, MCIP, RPP

PS/ec



Note: This schedule forms part of the Official Plan of Ottawa-Gatineau and must be read in conjunction with the text.

① This schedule is intended as a framework for planning and design; management alignments of proposed municipal roads are approximate and subject to detailed study.

② The right-of-way to be protected for all Future Rapid Transit Corridors is 60 metres. Additional right-of-way may be required at selected locations to allow provision of land through easements and other transit related infrastructure. The width of the right-of-way shall be produced and zoning bylaws as appropriate.

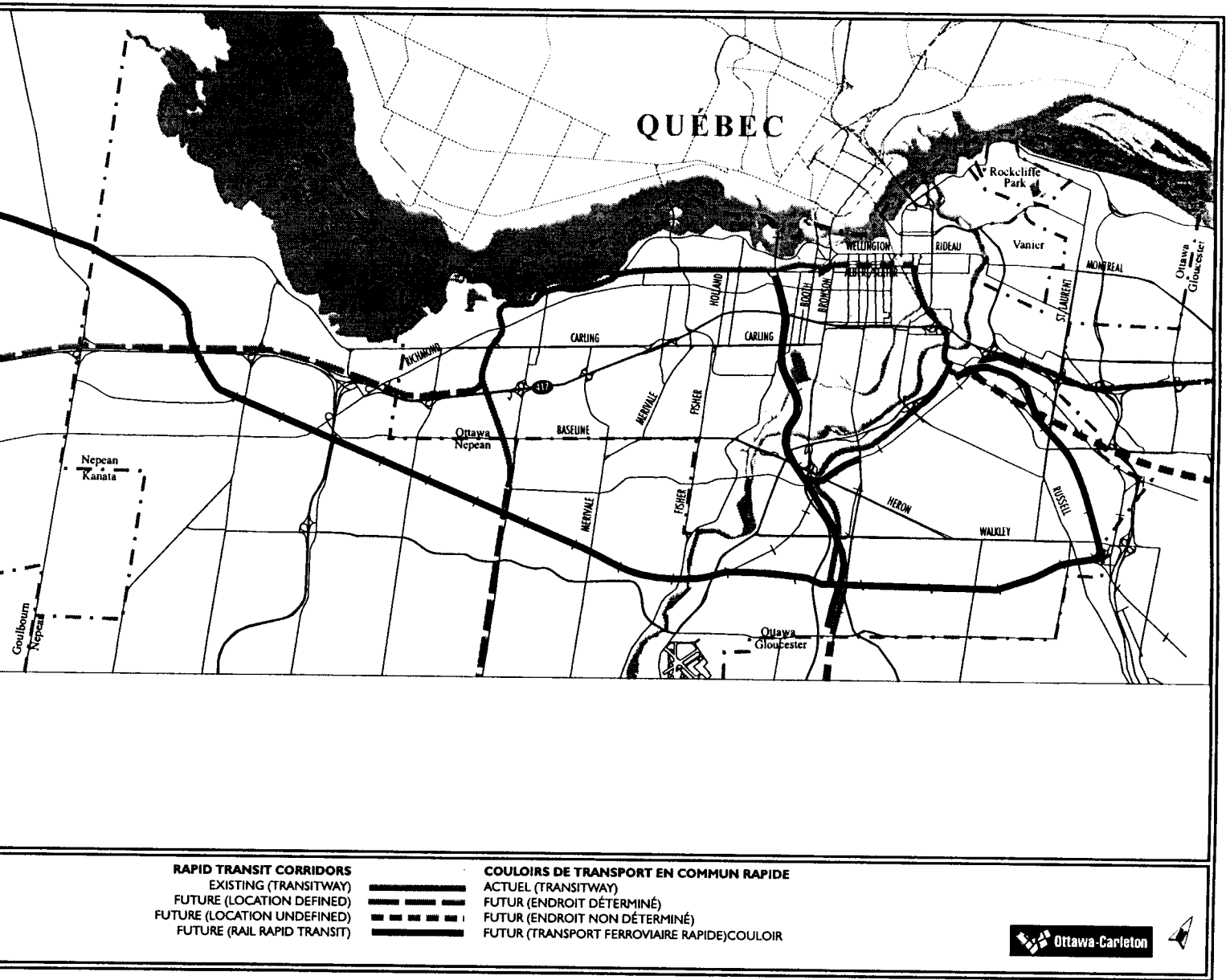
Note: Le présent schéma fait partie du Plan directeur de la Municipalité régionale d'Ottawa-Gatineau et doit être consulté en le reportant au texte même du Plan directeur.

① Le présent schéma doit servir de guide au moment de planifier et de concevoir. Il s'agit que le tracé des routes municipales proposées à cet égard est approximatif et demeure sujet à une étude plus approfondie.

② L'ampleur à protéger pour tous les corridors futurs de transport en commun rapide est de 60 mètres. Il peut s'avérer nécessaire d'ajouter, en certains endroits, une largeur additionnelle afin de permettre l'installation de services de transport ou d'autres types d'infrastructures liées au transport en commun de nature que des installations pédestres et cyclables.

<p>SCHEDULE E</p> <p>EXISTING (TRANSITWAY) </p> <p>FUTURE (LOCATION DEFINED) </p> <p>FUTURE (LOCATION UNDEFINED) </p> <p>FUTURE (RAIL RAPID TRANSIT) </p> <p>TRANSIT PRIORITY CORRIDORS </p>	<p>COULOIRS DE TRANSPORT EN COMMUN RAPIDE</p> <p>ACTUEL (TRANSITWAY) </p> <p>FUTUR (ENDROIT DÉTERMINÉ) </p> <p>FUTUR (ENDROIT NON DÉTERMINÉ) </p> <p>FUTUR (TRANSPORT FERROVIAIRE RAPIDE) COULOIR </p> <p>COULOIRS PRIORITAIRES DE TRANSPORT EN COMMUN </p>	
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OFFICIAL PLAN - SCHEDULE E



ANNEX C

SOUNDING BOARD POTENTIAL MEMBERSHIP

One representative from each of the following:

- Transport 2000
- Auto Free Ottawa
- Carleton University
- Regional Transit Advisory Committee
- Communauté urbaine de l'Outaouais Councillor
- Federation of Community Associations
- Community Groups on Selected Corridor
- Ottawa-Carleton Board of Trade