

O-Train Confederation Line Stage 1 - Update

Transportation Services Department



O-Train Confederation Line Contract

- \$2.1 billion light rail transit project from Tunney's Pasture to Blair Road;
- The procurement model is an Alternative Financing and Procurement (AFP) and includes design, build, finance, and maintain (DBFM);
- It is designed to allocate construction, geotechnical, tunnelling, schedule and financial risks to Rideau Transit Group;
- Includes a 30-year maintenance agreement;
- The contract stipulates a Revenue Service Availability (RSA) date; this is the date RTG hands over the completed system to the City;

O-Train Confederation Line Contract (Con't)

- The contract required that Rideau Transit Group confirm whether they will achieve the target Revenue Service Availability date of May 24, 2018 no less than 180 days in advance (November 24, 2017);
- The notice period allows the City to prepare to receive the system and prepare for the deployment of the train into service; and,
- The contract has provisions for the consideration of a revised RSA Date with potential financial consequences to Rideau Transit Group.

Revenue Service Availability Requirements

Before entering Revenue Service, major activities including the following must occur and are set out in the Project Agreement:

- 1. Completion of fixed components** - stations, rails, catenary, mechanical, electrical, etc.;
- 2. Vehicle completion** - Canadian content, system integration, safety certificates;
- 3. System-wide integration, testing, commissioning and trial running;**

Revenue Service Availability Requirements (Con't)

4. **Systems assurance** - Safety requirements confirmed by an independent Safety Auditor;
5. **Systems operations requirements** - operating rules, emergency response plan, driver certification; and,
6. **Maintenance readiness** - maintenance/rehab plans, maintenance equipment, personnel in place.

Achieving Revenue Service Availability

The train will move into full service from Tunney's Pasture to Blair Station once:

1. Full testing, commissioning trial running and certifications are complete and signed off;
2. An independent Safety Auditor signs off on the safety of the System;
3. Revenue Service Availability is met; and,
4. The City confirms that the system is safe, reliable and ready for public use.

Revised Revenue Availability Date

In November 2017, Rideau Transit Group informed the City that there was a risk that the system would not be ready for May 24, 2018. Since then:

- Numerous discussions occurred between RTG and City to determine schedule delays and impacts;
- City staff, independent rail specialists and RTG reviewed current construction schedule; and,
- The Transportation Services Department committed to Council to provide an update and revised Revenue Service Availability Date at FEDCO.

Revised Revenue Availability Date (Con't)

Rideau Transit Group has advised the City of the following:

- Sinkhole from June 2016 has caused the construction schedule to shift; and,
- **As a result, the new proposed Revenue Service Availability date is November 2, 2018.**

The City is working on next steps with RTG :

- Financial consequences (penalties) as set out in the Project Agreement;
- Payment schedules; and,
- Any other adjustments that may arise from the revised Revenue Service Availability date.

Putting The Train Into Service

- Train service to the public will start based on safety, reliability of operational performance, retirement of bus operations and seasonal considerations;
- There will be an integrated decision in consultation with key City partners – Police, Fire, Paramedics, Building Code, etc.; and,
- Construction-related bus detours must be removed.

Putting The Train Into Service *(Con't)*

The transition from construction, testing and commissioning and full deployment of the rail service for public use is complex and it includes:

- Managing employee transition;
- Conversion of bus to multi-modal system;
- Implementing bus and rail route changes;
- Educating and informing the public; and,
- A variety of other initiatives.

Protecting The Taxpayer

The Project Agreement provides the following protections to Taxpayers:

- Liquidated damages;
- Deferral of milestone payments until associated requirements are achieved;
- Deferral of Revenue Service Availability payment until associated requirements are achieved;
- No monthly maintenance payments to Rideau Transit Group until revenue service is certified as being achieved;
- Control over payments and cash flow elements in the City's role as Lender on the project; and,
- “Step In” or other rights and remedies in the event of default.

The City's Commitments

- Rideau Transit Group will not receive additional financial compensation for a late project completion;
- City will only accept delivery of a safe, reliable system;
- No transfer of risk back to the City; and,
- All requirements of the Project Agreement must be met, including: quality, reliability, train capacity, station designs, etc.

Service To The Public

- The City has every expectation (barring any unforeseen events) that Rideau Transit Group will achieve the November 2, 2018 date;
- The City will be in a position to put the trains into service in the month of November on the condition that Rideau Transit Group achieves full compliance with contractual requirements; and,
- The construction schedule will continue to be carefully monitored by Staff and as the completion date approaches, public service date windows will be identified, adjusted and communicated when confirmed.

Confederation Line Commitments

- The Taxpayer is protected and the responsibility and risk resides with Rideau Transit Group;
- Rideau Transit Group will face various financial consequences as a result of late delivery;
- The Project Agreement will serve as a framework for the City to seek direct costs from the contractor.
- The City will continue to carefully monitor the project schedule; and,
- The City will determine and communicate the date when our transit customers can start using the Confederation Line as the completion date approaches.