



DECISION REQUEST Governance & Priorities Committee

DATE: August 12, 2010

ENDORSED BY CITY MANAGER:

PREPARED BY: Mike Lai, P. Eng.
Assistant Director of Engineering –
Transportation & Parking Services


GAIL STEPHENS

SUBJECT: Johnson Street Bridge Project Scope – Borrowing and Capital Project Budget Reprioritization

Purpose

The purpose of this report is to seek Council's approval of either the rehabilitation or replacement option for the Johnson Street Bridge project and to determine the borrowing amount for the project. Based on Council's decision, staff will prepare a Borrowing Bylaw which will be submitted for assent of the electors through a referendum planned for November 20, 2010.

Funding

The two options include either rehabilitation of the existing bridges for \$80 million or replacement with a new structure for \$77 million [see Appendix A-1 & 2 for option summaries]. Last year the City obtained approval-in-principle for a \$21 million federal grant for the replacement of the bridge, which will reduce the City's borrowing requirement. The rehabilitation option may be eligible for a Federal grant of \$21 million. The City would need to submit a revised proposal for Federal review [see Appendix B for a letter from the Honourable John Baird, Minister of Transport, Infrastructure and Communities received on February 8, 2010].

Should Council select the rehabilitation option, the existing application for the replacement option must be rescinded and a new application for the rehabilitation option must be submitted for review and approval. If a federal grant is received for the rehabilitation option, it will be applied to reduce the City's borrowing requirement. However due to the uncertainty of Federal funding we must include the full amount for borrowing.

In accordance with Council's resolution of June 17, 2010;

"That Committee recommends that Council not borrow funds for the rail portion of the project. Instruct staff to pursue other funding sources for provision of the rail crossing. In light of the City's on-going commitment to commuter rail, should alternate sources of funding be identified or secured by August 12, 2010, Council will consider whether to include the rail crossing in the bridge project. Otherwise the City will retain the rail right-of-way for a potential future railway crossing."

These options do not include a rail crossing, however, they both preserve the rail corridor and a rail crossing could be added to the project at a later date should additional funding become available.

Tax Impact and Capital Project Budget Reprioritization

In the first Ipsos Reid survey of city residents conducted in May for this project, citizens indicated that the cost was one of their top concerns. Consequently, staff have determined through an review and reprioritization of capital project that additional funds could be reallocated towards the bridge project to reduce the City's borrowing requirement and lessen the impact on property taxes for either option.

After a detailed review of the 20 year capital plan, staff have identified \$5.8 million in capital projects that can be reprioritized and reallocated to the bridge project, as well as \$1 million from the tax sale land reserve. These projects, such as the Harbour Pathway, were planned at a future date and will now be scheduled to coincide with the bridge project.

As shown in Appendix C, this lowers the required borrowing and subsequently the potential tax increase for either option when considering the available debt-servicing ability for the City. In the case of the rehabilitation option the required tax increase is reduced from 2.36% to 1.8 % and for the replacement option the tax increase would be reduced from 0.38% to 0%. Furthermore, staff will continue to pursue other funding sources for this project through the Capital Regional District, the Province, the Insurance Corporation of BC [ICBC], and the Federation of Canadian Municipalities [FCM] Green Municipal Fund, and others.

Public Engagement

An information report will be submitted to Council on the morning of Wednesday, August 11, 2010. The information package will include all feedback received since mid-June including all correspondence and each household survey submitted.

Ipsos-Reid will present the results of the representative residential and business surveys at the August 12 Governance and Priorities Committee meeting.

Borrowing Bylaw

Once Council makes the decision on the borrowing bylaw amount, staff will prepare the Borrowing Bylaw and bring it back to Council for approval on August 13, 2010. In accordance with the provisions of the *Community Charter*, after it receives three readings, the Borrowing Bylaw will first be submitted for assent of the electors through a referendum. The referendum is planned for November 20, 2010.

Staff will report back to Council at a later date on the referendum process.

Recommendations


It is recommended that Council:

1. Approve either:
 - a. The rehabilitation of the Johnson Street Bridge at a cost of \$80 million; or
 - b. The replacement of the Johnson Street Bridge at a cost of \$77 million.


2. Approve either:
 - a. The full borrowing amount of \$80 million [rehabilitation] or \$56 million [replacement]; or
 - b. The reduced borrowing amount of \$70.2 million [rehabilitation] or \$49.2 million [replacement].
3. Direct staff to prepare a Borrowing Bylaw for Council's consideration based on the selected Johnson Street Bridge project and borrowing amount for a special Council meeting on August 13, 2010.
4. Direct staff to prepare, and report back to Council, for the referendum process leading to the planned vote on November 20, 2010.

BACKGROUND MATERIAL: Attached X Available N/A

Respectfully submitted,

for 


Mike Lai, P. Eng.
Assistant Director of Engineering -
Transportation & Parking Services




Brenda Warner
Director of Finance

for 

Rob Woodland
Director of Legislative & Regulatory
Services



Dwayne Kalynchuk, P. Eng.
Director of Engineering & Public Works



Peter Sparanese, P. Eng.
General Manager of Operations



Katie Josephson
Director of Corporate Communications

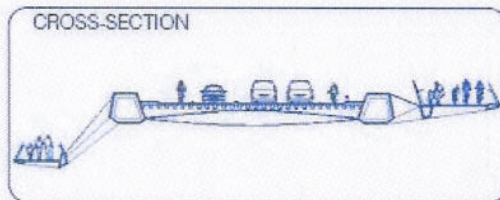
Replacement Bridge

CONCEPT CROSSVIEW



Costs	Replacement
Total Project Cost:	\$77 million
Confirmed Federal funding	\$21 million
Tax increase	0.38%
Construction Timeline	4 years
Traffic Disruption	Minimal
Economic impact to downtown	Minimal
100 year maintenance costs (2010 dollars)	\$22 million

Project Features	Replacement
100 year service life	✓
M 8.5 seismic performance	✓
Heritage conservation – site	✓
Dedicated multi-use path	✓
3 lanes for vehicles	✓
Dedicated sidewalk	✓
Consolidation of existing green space	✓
Integration with existing and proposed pathways	✓
On-street bike lanes	✓
Upgraded navigation channel	✓
Eliminate "S" curve	✓
Improved road approaches on both sides	✓
Dedicated rail crossing	✗
Heritage conservation – existing bridge structure	✗



Rehabilitation Bridge

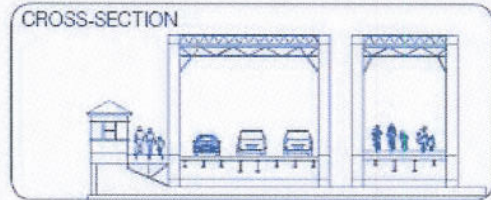
CONCEPT CROSSVIEW



Project Features	Rehabilitation
100 year service life	✓
M 8.5 seismic performance	✓
Heritage conservation – site	✓
Dedicated multi-use path	✓
3 lanes for vehicles	✓
Dedicated sidewalk	✓
Heritage conservation – existing bridge structure	✓
Integration with existing and proposed pathways	Partial
On-street bike lanes	✗
Upgraded navigation channel	✗
Eliminate "S" curve	✗
Improved road approaches on both sides	✗
Dedicated rail crossing	✗
Consolidation of existing green space	✗

Costs	Rehabilitation
Total Project Cost:	\$80 million
Potential federal funding	\$21 million*
Tax increase	0.63–2.36%*
Construction Timeline	4 years
Traffic Disruption	Full closure – 1 year
Economic impact to downtown	\$13 million
100 year maintenance costs (2010 dollars)	\$42 million

*The rehabilitation option may be eligible for a Federal grant of \$21 million. The City would need to submit a revised proposal for Federal review. If the City is successful in securing the Federal grant the tax increase would be reduced from 2.36% to 0.63%.



APPENDIX B
Letter from Honourable John Baird February 8, 2010

Minister of Transport,
Infrastructure and Communities



Ministre des Transports,
de l'Infrastructure et des Collectivités

Ottawa, Canada K1A 0N5

His Worship Dean Fortin
Mayor of Victoria
City Hall
1 Centennial Square
Victoria, British Columbia
V8W 1P6

Dear Mayor *Fortin*

I understand that the City of Victoria is considering the option of rehabilitating the Johnson Street Bridge rather than replacing the structure, as per our joint announcement. As indicated in my letter of December 4, 2009, I have already approved-in-principle federal funding under the Building Canada Fund – Major Infrastructure Component for the Johnson Street Bridge replacement project, for up to one-third of total eligible project costs, to a maximum contribution of \$21,000,000.

I would be amenable to receiving a revised proposal for the rehabilitation of the Johnson Street Bridge. However, any new proposal would be required to undergo a federal review by my officials, and only following a successful review would I be in a position to give approval-in-principle to a new proposal.

I would also note that in your Johnson Street Bridge replacement project proposal, reference was made to a condition assessment study and a life-cycle evaluation which concluded that the most sound business decision involved replacement of the bridge. It was also noted that the current bridge was not built to any seismic standard and would be extremely vulnerable to an earthquake. In any new proposal to rehabilitate the Johnson Street Bridge, I would expect the City to explain how these issues would be addressed through rehabilitation of the existing structure rather than through replacement.

Thank you for your collaboration to date and I look forward to continuing to work together to move this important project forward.

Sincerely,

John Baird, P.C., M.P.

Canada

03-0386 (0602-01)

APPENDIX C

Replacement

Costs	100% Borrowing	Borrowing and Reprioritize Capital
Total Project Cost:	\$77 million	\$77 million
Confirmed Federal funding	\$21 million	\$21 million
Reprioritize Capital / Land Reserve		\$ 6.8 million
Borrowing Amount	\$56 million	\$49.2 million
Tax Increase	0.38%	0%

Rehabilitation

Costs	100% Borrowing	Borrowing and Reprioritize Capital
Total Project Cost:	\$80 million	\$80 million
Reprioritize Capital / Land Reserve		\$6.8 million
Borrowing Amount	\$80 million *	\$73.2 million
Tax Increase	2.36%	1.80%

* The Rehabilitation option may be eligible for a Federal grant of \$21 million. The City would need to submit a revised proposal for Federal review. If the City is successful in securing the Federal grant, borrowing could be reduced and the tax increase would be reduced to 0.63% for 100% Borrowing, and .06% for the Reprioritize Capital option.