

FREQUENTLY ASKED QUESTIONS Valley Line (SE to West LRT)

PUBLIC-PRIVATE PARTNERSHIP (P3)

What is a Public-Private Partnership (P3)?

A P3 is a method of delivering public infrastructure and services through a long-term contractual arrangement between public and private entities. A P3 delivery method shares risks between the City and its private partners.

Is a P3 equivalent to privatization?

No. Privatization is when public assets are transferred, sold, or opened to private entities, such as Alberta's privatization of liquor retailing in 1993.

The City of Edmonton is not privatizing the Valley Line. Under a P3, it contracts out the construction, operations and maintenance of the line, similar to Vancouver's Canada or Evergreen LRT lines, or Waterloo's upcoming ION LRT line.

The Valley Line remains 100% the property of the City of Edmonton, and the City retains contract authority over the private contractors responsible for constructing, operating and maintaining the line.

How will the City ensure that a P3 contractor meets standards for construction, operations, maintenance, etc?

The City has a P3 policy that allows for project controls to be comprehensively defined in a P3 contract to ensure that:

- private sector partners are required to put their own capital at risk.
- failure to deliver a project on time and on budget reduces return for the private sector partner but does not increase costs to taxpayers.
- private sector partners will be held accountable for failure to meet standards throughout their involvement with a project.

The City will also define performance specifications for the service to be provided, including but not limited to frequency, quality of service and cleanliness of the Valley Line. If the P3 contractor does not perform to the prescribed levels of service, their payments will be reduced accordingly. These financial incentives will ensure that service on the Valley Line matches the level of service on Edmonton's existing LRT system.

Why is the City of Edmonton building the Valley Line (SE to W LRT) as a P3?

The recommendation of a Public-Private Partnership (P3) delivery method for the Valley Line (SE to West LRT) was presented to City Council in early 2011. City of Edmonton administration studied several delivery methods and found that P3 offered the best value for money.

In 2012, Administration was directed to reevaluate the P3 delivery method exclusively for the Southeast portion of the Valley Line. Independent review showed that a P3 delivery method offered an approximate 3% to 10% cost reduction over the project's life cycle, compared with other delivery methods such as Design-Build.

How is the Valley Line being funded?

On October 17, 2012, City Council approved a funding strategy to expand LRT from Mill Woods in southeast Edmonton to Lewis Farms in the west end, starting with the \$1.8 billion leg from Mill Woods to downtown. This strategy commits \$800 million in City funding and is contingent upon the remaining funding being obtained from other orders of government.

The City applied to P3 Canada for part of this funding. P3 Canada is a federal government agency that assesses P3 applications and can contribute partial funding for identified projects. P3 Canada reviews every application it receives individually, with a mandate to fund projects that offer cost-effective, viable approaches to building infrastructure.

On March 14, 2013, PPP Canada awarded the Valley Line project \$250 million from the P3 Canada Fund towards construction of the southeast portion of the new LRT line.

Are cost savings the City's only reason for choosing a P3?

A P3 delivery method offers benefits in addition to cost reductions.

Some risks associated with the design, construction, operation, maintenance and financing of the infrastructure are transferred to the P3 contractor. The City typically receives a two-year warranty on infrastructure constructed with more conventional delivery methods. However, under a P3 scenario, the City expects to receive a 30-year warranty.

Having a single entity responsible for several aspects of the project creates a full project life-cycle approach to designing, constructing, operating and maintaining the Valley Line.

Under a P3, does the private contractor invest its own money in the Valley Line?

Ultimately the City, together with provincial and federal government partners, will pay the full value of the capital investment for the Valley Line. However, under a P3 delivery method, the private contractor invests a portion of the capital investment. The contractor is then repaid over the 30-year operations and maintenance term to ensure that the contractor continues to deliver the service according to the specifications the P3 contract prescribes.

How will the City ensure that public engagement feedback will be used by a P3 contractor?

The City of Edmonton has endeavored to engage and inform the public at every stage of the Valley Line's development. Since the project's inception in 2009, feedback from citizens, community groups, and businesses has played a critical role in developing the look, feel, and function of the future line. The City will provide the successful P3 contractor with specific themes and key concerns heard throughout the project's public engagement history, and will ensure the final design of the line reflects and respects our City's vision by integrating this feedback into the contract requirements.

Will there be duplication of workers and facilities with the Edmonton Transit System (ETS)?

Although the Valley Line is part of Edmonton's overall transit system, it is a new and different piece of infrastructure. This new low-floor system will create new jobs for drivers who are trained to operate low-floor LRT. Design for the Valley Line includes new facilities, as Edmonton's existing LRT facilities are already nearing capacity. For these reasons, regardless of delivery method, it is not possible to share facilities with Edmonton's existing LRT system.

Does private operations and maintenance mean workers will not be unionized?

A P3 that includes operations and maintenance does not exclude the possibility of unionized workers providing operations and maintenance.

Will a P3 LRT have different fares from Edmonton's existing LRT system?

Under a P3 delivery method for the Valley Line, the City will continue to control fares to ensure that all public transit services in Edmonton are part of an integrated system. Purchasing a monthly pass, or a single-use pass on the bus or any LRT will entitle the passenger to use all public transit in Edmonton.

Will the West portion of the Valley Line be built as a P3?

No decisions regarding the delivery method of the downtown to Lewis Farms segment of the line have been made at this time. The City of Edmonton will consider all options and choose whichever delivers the best value for Edmontonians.

Find out more about the Valley Line (SE to West LRT) project:

- visit edmonton.ca/SEtoWestLRT
- call the LRT Projects Information Centre at 780.496.4874
- email lrtprojects@edmonton.ca