

MANAGEMENT REPORT TO METROLINX

Report Title:	Additional Benefits Case Analyses – Proposed 2009 Workplan				
Report Number:	ISP 08-016	Date to Board:	November 28, 2008	Date to Committee:	N/A
Report To:	<input checked="" type="checkbox"/> BOARD		<input type="checkbox"/> ADVISORY COMMITTEE <input type="checkbox"/> AUDIT COMMITTEE <input type="checkbox"/> GOVERNANCE COMMITTEE <input type="checkbox"/> HUMAN RESOURCES COMMITTEE <input type="checkbox"/> TECHNICAL ADVISORY GROUP <input type="checkbox"/> OTHER:		
Report Referred From:	N/A				
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Item Class:	IN CAMERA	<input type="checkbox"/>	DECISION	<input checked="" type="checkbox"/>	INFORMATION
					<input type="checkbox"/>

1.0 RECOMMENDATION:

RESOLVED:

THAT the Board approve the expanded 2009 work plan for additional Benefits Case Analyses described, to include the following projects:

- (i) Hamilton Rapid Transit, King-Main Street from McMaster University to Eastgate Mall
- (ii) Halton/Peel Rapid Transit, Dundas Street from Brant Street to Kipling Subway Station
- (iii) Peel Rapid Transit, Hurontario Road from Port Credit to Mayfield West
- (iv) Durham Rapid Transit, Highway 2 from Oshawa to Scarborough, including consideration of connections to Kennedy Station or Scarborough Centre
- (v) Improvements to existing GO Transit rail service, and extension of GO rail service to Bowmanville

THAT staff be directed to:

- (i) Report back to the Board with the additional BCA evaluation results and recommendations, within the context of a project prioritization framework, by summer 2009
- (ii) Coordinate the BCA workplan with the ongoing development of the Metrolinx rolling five-year capital plan and the concurrent Alternative Financing and Procurement (AFP) project evaluation process

2.0 PURPOSE & EXECUTIVE SUMMARY:

The purpose of this report is to obtain Board direction for an expanded project-level BCA evaluation workplan in 2009, as part of a project prioritization framework that will inform Board decision-making on the 2010 Metrolinx capital plan and updated five-year rolling capital plan.

3.0 BACKGROUND:

On November 23, 2007 the Board approved an AFP evaluation workplan based on selection criteria such as implementation readiness, inter-regional connectivity, bundling potential, and size threshold. The first wave of projects selected for AFP evaluation included:

- GO Lakeshore West and East rail corridor electrification
- Yonge North Subway extension
- Scarborough Rapid Transit (SRT) extension and replacement
- Toronto Transit City Rapid Transit network priority bundle, including the Eglinton Crosstown, Finch West and Sheppard East corridors
- York Region-Viva rapid transit network bundle including the Yonge Street and Highway 7 corridors Term Transportation Strategy.

On January 25, 2008 the Board approved an enhanced project assessment process that introduced a “triple bottom line” Benefits Case Analysis discipline to complement the project-by-project AFP evaluations.

On September 26, 2008 the Board received the Metrolinx Draft Regional Transportation Plan which confirmed the AFP and BCA project evaluation candidates (above) among the “Top 15” project implementation priorities.

On October 24, 2008 the Board received the Viva Benefits Case Analysis – the first priority project in the 2008 workplan to complete the BCA evaluation stage. The Board will be reviewing the SRT Benefits Case. BCA’s for the balance of the projects identified in the January 2008 workplan will be completed in January 2009.

On November 28, 2008 the Board will be asked to approve the 2009-10 Metrolinx Capital Program, and to consider referring five projects from the Top 15 priority list for BCA evaluation in 2009 (see Board Report CA 08-003).

Summary Table: Proposed 2009 BCA Workplan Strategy

<i>Project</i>	<i>BCA Completion</i>	<i>Proposed Workplan Strategy</i>
York Viva	October 2008	Construction start 2009
Sheppard East LRT [1]	January 2009	
Scarborough RT	November 2008	<p>Prioritization Framework to support 2010+ Metrolinx Capital Plan recommendations (by fall 2009)</p>
Eglinton Crosstown RT	January 2009	
Finch West RT	January 2009	
Yonge North Subway Extension	January 2009	
GO Lakeshore Electrification	January 2009	
Hamilton King-Main RT	Summer 2009	<p>Pre-Metrolinx implementation priorities Previously announced and funded by other sources</p>
Halton-Peel Dundas RT	Summer 2009	
Peel Hurontario RT	Summer 2009	
Durham Highway 2 RT	Summer 2009	
GO Transit rail Bowmanville extension and other service improvements	Summer 2009	
Pearson Airport-Union Rail Link		<p>Pre-Metrolinx implementation priorities Previously announced and funded by other sources</p>
Spadina Subway Extension		
Mississauga Transitway		
Peel Queen Street RT		

Potential bundle options considered at the BCA project evaluation level include:

- [1] Sheppard East and Finch West
- [2] Scarborough RT and Eglinton
- [3] Majority funded through previous federal, provincial and municipal initiatives

4.0 DISCUSSION:

The Metrolinx BCA provides decision-makers with a robust and consistent “triple bottom line” evaluation of the relative economic, environmental and social impacts of each proposed project. Each Benefits Case will evaluate the relative merits and costs of alternative project options, which may include variations in the alignment, technology, performance and phasing of the project.

Each project will generate a detailed benefit-to-cost ratio, which will form the basis for a region-wide, evidenced-based, inter-project prioritization ranking system.

To ensure an open and transparent process, Metrolinx will provide regular BCA updates to the Board and final reports will be released for public review with the concurrence of municipal and transit agency partners.

Projects recommended for the regional transit network will also undergo evaluation for their potential for AFP, as required by provincial and federal government guidelines.

BENEFITS CASE PROCESS:

Introduction

For each major project under consideration for funding approval, the BCA provides a review of the project and a set of feasible alternatives to determine if the proposal provides good return on investment in terms of benefits across a broad set of policy and transportation user categories. The BCA establishes a consistent framework tailored for the evaluation of transportation projects which is intended to meet required provincial and federal due diligence. In meeting these due diligence requirements through one process, the BCA will accelerate and streamline process and timelines for acquiring funding commitments from senior levels of government.

The BCA provides “triple-bottom-line” analysis of the environmental, economic and social benefits and impacts of the proposed investment. It is oriented to provide a decision-making platform that is not purely driven by transportation, business and financial case rationale, but also embraces a holistic framework shaped by a broader range of public policy objectives.

The BCA is a logical and collaborative process, guided by the Regional Transportation Plan (RTP) and involving extensive input from municipal partners, transit agencies, Metrolinx staff and expert advisory services. BCA’s are completed or substantially underway for six of the RTP Top 15 Priority projects including:

- York VIVA
- Scarborough RT replacement and extension
- Yonge North subway extension
- Eglinton Crosstown RT
- Sheppard / Finch RT
- GO Lakeshore Express Rail (GO Lakeshore Electrification)

Technical teams, made up of municipal and transit-agency partners and chaired by Metrolinx, have met on a regular basis their inception in January 2008, to provide the substantial input to the BCA on a project-by-project basis.

How It Works

The BCA can be broken into five main steps:

1. **Project definition report:**

Identifies project objectives, describes challenges and opportunities, building on ongoing or previous studies and materials related to project. Technical teams define a set of feasible options and scenarios for transit investment in the given corridor. The options are developed and agreed upon by municipal, transit agency and Metrolinx staff.

2. **Costing:**

The Quantify Surveyor / Estimator verifies the costs of the different feasible options – order-of-magnitude cost and schedule are developed in collaboration with municipal and transit agency staff for each option.

3. **Transportation modeling:**

Each of the feasible options is modeled, using the RTP model to ensure consistency with the underpinnings of the plan.

4. **Multiple Account Evaluation (MAE):**

The benefits and costs of each option are measured and presented against a base case or business as usual scenario. Impacts are divided into five accounts, which comprise the MAE, including: financial, transportation user benefits, economic, environmental, social / community.

5. **Report and Recommendations:**

Each of the above steps is integrated and presented in a final report with summary tables. Metrolinx staff present a 'project' recommendation to the Board of Directors.

Note: to ensure consistency with the costs and schedule developed and agreed upon by municipal, transit agency and Metrolinx staff under Step 2, Infrastructure Ontario (IO) will use estimates in their financing and procurement evaluation. IO recommendations are separate from the BCA recommendations and strictly focus on financing and procurement aspects of the project. The scope for IO review will be approved through BCA process.

ADDITIONAL PROJECTS FOR BENEFITS CASE ANALYSIS

In order to provide an evidence-based platform for prioritization of the Top 15 projects, Metrolinx will execute BCA's for projects which are not either already completed or substantially underway, or already funded through by previous agreements. The remaining projects for BCA evaluation include:

- Hamilton Rapid Transit (RT), McMaster to Eastgate Mall
- Halton-Peel Rapid Transit (RT), Dundas Street
- Peel Rapid Transit (RT), Hurontario, Port Credit to Mayfield West
- Durham Rapid Transit (RT), Highway 2

- Improvements to existing GO Transit rail service, and extension of GO rail service to Bowmanville

Critical Path

Each of the additional projects identified above is characterized with a varying degree of existing technical information required to complete the BCA. These basic information requirements include routing, stop locations, technology choice, ridership projections, feasibility studies and /or preliminary engineering and design.

Metrolinx will begin the BCA process for these additional projects by establishing the Technical Teams for each project (preliminary Technical Team membership is depicted in the table below). The work of the Technical Teams will quickly identify gaps in data availability and determine the appropriate steps to close the information shortfalls. Each team will focus on moving as fast as possible to complete all of the BCA's by summer 2009. Experience with the previous BCA work indicates for optimal deployment of resources sequencing of the work will be required.

5.0 FINANCIAL MATTERS:

Consultant assignment costs associated with the initial BCA's are funded by the current 2008-09 Metrolinx budget. The additional consultant costs required for the new BCA work will be addressed in the 2008-09 and 2009-10 operating budgets.

6.0 HUMAN RESOURCES MATTERS:

To date, Metrolinx's role in leading and contributing to the BCA evaluation work plan has been managed by current resources in the Investment Strategy and Projects unit. Additional resources required to handle the new BCA evaluation work will be addressed in the 2009-10 operating budget.

7.0 ENVIRONMENTAL MATTERS:

N/A

8.0 COMMUNICATION MATTERS:

Upon completion, and backed by Board approval and municipal/transit agency consent, BCA reports will be made publicly accessible.

9.0 LEGAL MATTERS:

N/A

10.0 CONCLUSION:

All major transit projects under consideration for Metrolinx funding and implementation are now subject to rigorous BCA evaluation. The BCA provides a platform for uniform, region-wide and evidence-based project decision-making. It is also a tool which can support project prioritization, project scope and project phase-in decisions by the Board.

Through use of the BCA evaluation, Metrolinx will implement its integrated “triple bottom-line” approach to transportation planning and project level evaluation.

Respectfully submitted,

Approved for Submission to the Board



John Howe, General Manager,
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W. Michael Fern, CEO

Appendices:

N/A

*Staff & Others
Consulted:*

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Notifications:

N/A

Special Instructions:

N/A
