

National Trade Corridors Fund – Airport Trail Phase 2

EXECUTIVE SUMMARY

On 2017 March 06, Council approved in principle, Administration's recommended capital investments which provide short term economic stimulus, add resilience to the community, maintain and preserve The City's existing infrastructure and community assets through lifecycle funding, build a great community through legacy investments, and leverage public and private investments. The Airport Trail Phase 2 corridor project was approved as a candidate project as part of this report.

On 2017 July 04 the Government of Canada announced details around the application process for the National Trade Corridor Fund (NTCF). The fund, first announced in the 2016 budget, has been set up to support investment "in strategic projects that support the flow of goods and passengers by reducing bottlenecks and address capacity issues." An expression of interest (EOI) is due no later than 2017 September 05 for the first round of proposals. Administration is recommending submitting a proposal for the Airport Trail Phase 2 corridor project. The main components of this project includes building Airport Trail from 36 ST to 60 ST NE, two new interchanges on Airport Trail at Barlow Trail and 19 ST NE, and a ramp from southbound Stoney Trail to westbound Airport Trail. Additional components linked to this corridor will be considered through the EOI process on an opportunity basis. This goods movement corridor project is well suited as it aligns with Infrastructure Calgary priorities, has a high level of readiness and meets several of the NTCF's objectives.

Matching funding is from existing available corporate capacity as identified by Infrastructure Calgary. Airport Trail was identified as an unfunded priority in Investing in Mobility (2015-2024 Transportation Infrastructure Investment Plan). Budget appropriation will be sought when the proposal receives approval for NTCF funding.

ADMINISTRATION RECOMMENDATION

Administration recommends that Council approve the Airport Trail Phase 2 corridor project for submission to the National Trade Corridors Fund.

PREVIOUS COUNCIL DIRECTION / POLICY

At its 2017 March 06 Strategic meeting, Council adopted report C2017-0214 which included the following direction:

"Direct Administration to return with implementation plans, including refined capital estimates, public consultation plans and financing strategies, to the Priorities and Finance Committee or the appropriate Standing Policy Committee as soon as possible for final approval by Council."

As part of the Action Plan Mid Cycle Adjustments report to Council on 21 November 2016, Council approved the Capital Investment Plan and authorized the Deputy City Manager to continue to identify capital funding sources, including allocations and efficiencies from existing capital budgets and to transfer funds to the Budget Savings Account. The Deputy City Manager was directed to return to Council no later than Q2 2017 with recommendations for new, or currently unfunded investment projects.

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The Airport Trail Phase 2 corridor Project was approved as an unfunded project in the 2015-2024 Investing in Mobility Transportation Capital Plan (TT2014-0308). On 2017 April 10 Council also approved an updated functional planning study of the Airport Trail corridor as part of report TT2017-0168.

BACKGROUND

Infrastructure Calgary is a corporate program created to align and optimize capital investments and strengthen investment decision making and the processes involved in capital planning management.

In response to Council direction, Infrastructure Calgary looked at funding sources identified through a corporate capacity review to determine the best alignment based on funding restrictions and guidelines.

Projects were assessed according to four key filters: Strategic Alignment, Project Readiness, Project Financials and Project Value and Benefit. After application of these filters, a peer review process looked at a project's ability to provide short term economic stimulus, add resilience in the community, including flood protection, maintain and preserve The City's existing infrastructure and community assets through lifecycle funding, build a great community through legacy investments, and leverage public and private investment.

As a result of this work, Infrastructure Calgary recommended twenty-one programs/projects to Council and received approval in principle. Individual implementation plans require Council approval.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

At the 2014 June 23 Regular Meeting of Council, Council directed Administration to submit the Airport Trail Phase 2 corridor project as part of a Goods Movement Improvement Package to the Government of Canada for funding consideration as part of the Building Canada Fund – National Infrastructure Component (BCF-NIC) program. Administration proceeded with the submission, which included the Airport Trail project as well as the Trans-Canada Highway / Bowfort Road Interchange and Glenmore Trail / Ogden Road Interchange projects. The application was not successful. However, since that period, there have been ongoing, informal discussions on potential federal funding for the Airport Trail project.

On 2017 July 04 the Government of Canada announced details regarding the application process for the National Trade Corridor Fund (NTCF). The fund, first announced in the 2016 budget, has been set up to support investment in strategic projects that:

- Support the flow of goods and passengers by reducing bottlenecks and address capacity issues
- Help the transportation system withstand the effects of climate change and make sure it is able to support new technologies and innovation
- Address the unique transportation needs in Canada's territorial North to improve safety and foster economic and social development

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- Build on investments made by a variety of public and private sector partners.

To receive NTCF funding, Transport Canada is seeking an Expression of Interest no later than 2017 September 05. The EOI is an initial step to determine if the project is suitable for the NTCF program. If the submission is accepted, a Comprehensive Project Proposal will be due on 2017 November 06. This is the first call for proposals under this new program; there will be multiple calls over the next several years. Transport Canada has indicated that preference may be given to projects that align with regional priorities and that have approvals in place, secured funding and a possible 2018 start date.

Administration, through this report, is seeking Council direction to submit the Airport Trail Phase 2 corridor project as it well suited to the first call for proposals for a number of reasons:

- The project is an unfunded, medium priority in Investing in Mobility 2015-2024
- The project was approved in principle as a funding priority through the Infrastructure Calgary process in March 2017.
- The project design is well advanced. The roadway section from 36 ST NE to 60 ST NE is designed and tender ready with right-of-way secured. The two interchanges at Barlow Trail and 19 ST NE are in preliminary design and could begin detailed design in the spring of 2018, however, right-of-way remains to be secured. A southbound to westbound ramp at Stoney Trail and Airport Trail would also be included as part of the scope of work. Construction of the improvements could potentially start in the fall of 2018.
- There is potential to collaborate with the Province of Alberta and Rocky View County to include improvements to the Stoney Trail/Airport Trail interchange and the extension of Airport Trail east of Stoney Trail to support industrial and logistics uses in the Conrich area. This could be reviewed further prior to submitting the Comprehensive Project Proposal.
- The project was well received by the Government of Canada in the BCF-NIC submission and there have been ongoing discussions about funding the project.
- A third-party funding allocation from the Calgary Airport Authority supports the objective of building on investments from other partners
- The project support a future LRT connection to the airport, and connects multiple modes of transportation involved in goods movement (Airport Trail Corridor, Calgary Airport, and CN intermodal yard), which is a priority for the program
- Construction of these projects will leverage previous investment in the Airport Trail tunnel.

The Attachment provides the overview of the project. Additional scope along the corridor may be considered on an opportunity basis through the EOI project (examples include additional movements at the Stoney Trail interchange and additional widening of Airport Trail between 60 ST and Stoney Trail). This report is not seeking budget allocation at this time. A subsequent report seeking budget allocation will be brought forward if the grant submission is successful. A corporate funding reserve administered by Infrastructure Calgary will provide the City-funded component of this project, as was previously indicated in the 2017 March 06 report.

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There may be potential for further project submissions for the NTCF under subsequent calls for proposals. Administration will continue to evaluate potential projects for future submissions. The funding for the NTCF program is approximately \$145 million/year nationally for the next 11 years. Eligible recipients range from port authorities and airports to federal crown corporations and universities. This will likely limit the total funding available to Calgary.

Stakeholder Engagement, Research and Communication

See Attachment for details.

Strategic Alignment

See Attachment for details.

Social, Environmental, Economic (External)

See Attachment for details.

Financial Capacity

Current and Future Operating Budget:

There are modest anticipated operating budget impacts for this project. Specifically, they include the roadway operating expenses for the 8 lane-kilometers of road, new streetlights and the operations and maintenance associated with the two interchanges. Any impacts associated with the capital project will be considered in the next budget cycle.

Current and Future Capital Budget:

None in this report, but there will be a future capital budget request if the submission is successful. The Calgary Airport will provide up to \$37.5 million to fund a combination of infrastructure and land costs. The NTCF program can potentially contribute up to 50% of the project costs. The remainder of the project would be funded by existing corporate capacity identified in report C2017-0214, which includes the capital budget savings account, corporate reserves, off-site levies and grant funding, and will have no net impact on the tax rate.

Risk Assessment

Due to the short timeline for EOI submissions, a decision is necessary to facilitate a successful application from The City for the first call for proposals. Transport Canada has indicated that future calls for proposals may be targeted to more specific circumstances. This could potentially exclude future submissions from The City depending on the future focus of the program. The program has a wide range of eligible applicants whose readiness will also increase in time, which will increase competition for limited funding.

REASONS FOR RECOMMENDATIONS:

To meet the Expression of Interest deadline for the NTCF program, Administration requires Council approval to submit the Airport Trail Phase 2 corridor project as a candidate proposal.

ATTACHMENT

Infrastructure Calgary Implementation Plan – Airport Trail Phase 2 Corridor