

SEP 17 2024

ITEM: 9.3.1 C2024-1048
Distrib - Cover Report
CITY CLERK'S DEPARTMENT

Green Line Board Report to
Regular Meeting of Council
2024 September 17

ISC: UNRESTRICTED
C2024-1048

Green Line LRT Phase 1 Project Wind Down Plan

PURPOSE

On September 3, 2024, Alberta's Minister of Transportation and Economic Corridors issued a letter to Mayor Gondek indicating that the Province would not support or provide funding for the revised Green Line Phase 1 scope (Lynnwood/Millican to Eau Claire), as approved by Council on July 30, 2024.

As a result of this significant announcement, and resulting impact on City negotiations, costs and risks, Council directed Green Line to develop a plan and actions for an orderly wind down of the Phase 1.

Approval of these recommendations would allow for the wind down to commence, pending Council decision to wind down the approved Phase 1 Project, including executing the final detailed plan with the Green Line Board that will focus on people, procurement, and legal/contractual obligations, including current construction.

PREVIOUS COUNCIL DIRECTION

On September 4, 2024, given the significant project scope and alignment change proposed by the Government of Alberta relating to the Green Line Stage 1 Program (C2024-1041), Council directed Administration to bring recommendations to the 2024 September 17 Regular Meeting of Council that address:

- a) Next steps for the Green Line Stage 1 Program, including a plan and actions for an orderly wind down;
- b) The total current and anticipated future costs related to winding down of the project and how these costs, and other associated risks for non-completion, would be transferred from The City of Calgary to the Government of Alberta;

RECOMMENDATION(S):

That the Green Line Board recommend that if Council approves the wind down of the approved Phase 1 Project (Lynnwood/Millican to Eau Claire), Council also:

1. Accept the Council Report (C2024-1048) and confidential attachment for the Corporate Record;
2. Approve the transfer of the Green Line Program to City Administration by December 31, 2024; and
3. Direct that the Closed Meeting discussions, presentation and the Confidential Attachment be held confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials), 25 (Disclosure harmful to economic and other interests of a public body) and 27 (Privileged Information) of the Freedom of Information and Protection of Privacy Act.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

CEO Green Line D. Bhatti and Green Line Board Chair D. Fairbairn concur with this report.

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HIGHLIGHTS

- The Green Line Board and Executive Leadership Team have built the plan based on four key principles:
 1. Safety First – safety for construction workers and the public is paramount, especially for the 78th Avenue and BDURP projects, and of primary consideration in making decisions related to active construction projects.
 2. Cost and risk mitigation – the Green Line Board and team are obligated to mitigate forward-looking expenditures and risks for Green Line Phase 1 scope given Council's direction to provide a wind down plan.
 3. Value preservation – options and recommendations consider the possibility of future delivery of the Green Line and other City opportunities (e.g. development).
 4. Efficiency and Effectiveness in winding down and transitioning the Project to the City.
- While the Council approved Phase 1 alignment is not moving forward, the need for an investment in transit infrastructure for Calgarians remains. The above noted principles were developed with an assumption that a Green Line LRT will be built in the future.
- Since 2017, \$1.3B have been spent on the Green Line LRT. Approximately \$650 million was spent prior to funding partner approval in 2021, and \$650 million subsequently on early works construction (e.g., bridges, tunnel and major utilities), land, new fleet of low-floor vehicles and work to reach 60% project design.
- Green Line has estimated that the total cost to wind down the approved Phase 1 project will exceed \$800 million. This cost includes both forecasted direct expenditures and a preliminary estimate of risk value.
- With approximately 70 current contracts to negotiate and/or close out, Green Line anticipates completing the transfer to the City by December 31, 2024.
- The almost 250 Green Line employees and consultants and 800 contractors will begin transitioning from the project starting September 18, 2024. To support the orderly wind down, a small number of staff will be retained until the transfer is completed.
- The Green Line Board will streamline their current structure and membership to enable nimble and timely decision-making to support the execution of the wind down plan.

DISCUSSION

On September 4, 2024, given the significant project scope and alignment change proposed by the Government of Alberta relating to the Green Line Stage 1 Program (C2024-1041), Council directed Administration to bring recommendations to the 2024 September 17 Regular Meeting of Council that address:

- *Next steps for the Green Line Stage 1 Program, including a plan and actions for an orderly wind down;*
- *The total current and anticipated future costs related to winding down of the project and how these costs, and other associated risks for non-completion, would be transferred from The City of Calgary to the Government of Alberta; and*
- *Transfer of delivery and risks for the Green Line Stage 1 Program from The City of Calgary to the Government of Alberta due to the unknown costs and consequences related to the significant change to the scope and alignment.*

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Green Line executive and the City Executive Leadership Team are working collaboratively to respond to Council's direction. This report and attachment (GLB2024-1059) address next steps for the Green Line including a plan and actions for an orderly wind down, which will address the transfer of project documentation to City Administration.

A separate report (C2024-1045) by City Administration will address Council's direction related to the transfer of delivery and risks for Green Line Stage 1 Program from the City to the Province.

The Green Line Board is committed to an effective, orderly wind down of the Green Line and the details of ongoing project governance will be provided in the City report (C2024 – 1045). It is the Green Line Board's intention to streamline their current structure and membership to enable nimble and timely decision-making to support execution of the wind down plan.

Following the September 4 Council direction, Green Line initiated a series of actions towards the orderly wind down in advance of a Council decision on the Phase 1 project and approval of the wind down plan. These initial actions:

- Paused all discretionary spending and forward-looking work (e.g., construction readiness preparation, contract negotiations).
- Communicated provincial letter and resulting Council direction to develop a wind down plan to key contractors.
- Communicated a project update to all Green Line interested parties.
- Initiated an assessment of each contract to determine status and inform decisions (e.g., suspend activity, terminate, assign to City).
- Supported the City in ongoing discussions with funding partners.
- Started to identify a core Green Line team to:
 - Develop and execute the wind-down plan (pending Council decisions).
 - Transition completion of construction contracts (where necessary for safety reasons and/or to fulfill strategic commitments) to City Administration.
 - Transition project documentation including status and lessons learned to City Administration.
- Identified key, City actions and/or decisions as of September 12, 2024

The Green Line Board Phase 1 Project Wind Down Plan (Confidential Att 1 – GLB2024-1059) details key contracts, the team resource wind down plan by month (staff and consultants) and a preliminary assessment of the risk value as a result of terminating the Phase 1 project. It also documents the work plan from September 18, 2024 to December 31, 2024 when the transfer to the City of Calgary is anticipated to be completed.

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EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <input type="checkbox"/> Public engagement was undertaken | <input type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

Public communications and direct community discussions will take place during the wind down period for close out discussions and, where needed, a warm handoff to City staff.

IMPLICATIONS

Social

Not applicable

Environmental

Not applicable

Economic

Not applicable

Service and Financial Implications

Existing capital funding - one-time

Green Line has estimated that the total cost to wind down the approved Phase 1 project will exceed \$800 million. This cost includes both forecasted direct expenditures and a preliminary estimate of the risk value.

RISK

Political

There is potential for continual disruptions and related implications brought about by change in political positions.

Resources

Key resources are already exploring other opportunities and may exit early and impact the Green Line's ability to complete the wind down approved.

Funding

There may be unanticipated work that is not accounted for in estimated expenditures, or expenditures may be greater than anticipated.

In addition, eligible costs under the existing funding agreements may not be fully reimbursed.

Schedule

There may be unanticipated work or changes that impact the planned completion of the wind down.

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If key resources are not retained schedule and cost will increase.

Timely Decisions

Given significant uncertainty timely decisions (e.g., retention of key resources) are needed by City Administration and Council to facilitate an effective and orderly wind down

ATTACHMENT(S)

1. CONFIDENTIAL Att 1 – Green Line Board Phase 1 Project Wind Down Plan (GLB2024-1059)

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Darshpreet Bhatti, CEO	Green Line LRT Program	Approve
Don Fairbairn, Chair	Green Line Board	Approve