

From: Bryce Stewart
Sent: Friday, January 24, 2025 8:45 PM
To: Thompson, Michael <Michael.Thompson@calgary.ca>
Cc: Paul C Smith <Paul.C.Smith@gov.ab.ca>
Subject: Green Line Business Case Framework

Hi Michael,

I met with Minister Dreeshen this afternoon and he provided an update on his discussions with the Premier's Office. Attached is a Business Case Framework for the Green Line that he asked that I share with the City for Council decision by February 7, 2025. A clear yes or no decision is required from Council. In the case of a yes decision from Council, it would be followed by the signing of a formal MoU and then the completion of a Business Case to submit to Housing, Infrastructure and Communities Canada (HICC) as soon as possible in February 2025.

I will reach out to Deputy Minister Halucha at HICC to ask whether a new federal funding program could be available should costs exceed \$6.2 billion.

Please don't hesitate to reach out if you have any questions.

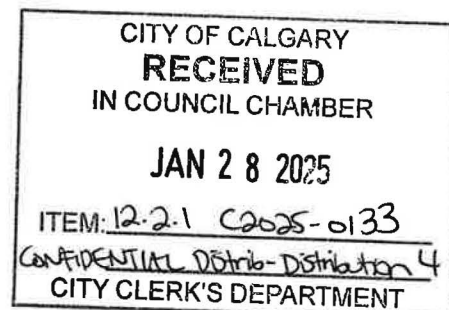
Thanks,

Bryce

Bryce Stewart

Deputy Minister | Transportation and Economic Corridors

Mob 780 446 9077



Business Case Framework for Green Line Project

Overview

The overall scope of the project to be from 7th Avenue/2nd Street SW to Shepard within the approved project budget of \$6.2 billion. Business Case submitted to the Federal Government would cover the full scope of the project (Downtown to Sheppard) with the following construction timelines:

- The stretch that runs from the proposed Grand Central Station (4th Street SE) to Shepard (**South Segment**). This is the stretch of the Green Line that is at 60% design. This segment would proceed to construction in Spring 2025.
- The alignment through downtown (**Downtown Segment**). The elevated option developed by AECOM is a 5% design. Given the rapidity of its development, it requires detailed design, due diligence and further engagement particularly with directly impacted stakeholders and property owners.
 - This segment (Downtown Segment) would proceed to detailed design immediately and 60% design completion by 2026 and construction start in early 2027.

Rationale for an early start of construction for the South Segment.

- Spring 2025 tendering of the South Segment would ensure construction can occur as expediently as possible on the alignment that has progressed to 60% design.
- Given the early stage of its design development, the Downtown Segment requires further refinement of design with a risk profile that may drive additional financial pressure.
 - The Province will not commit additional funding beyond the \$1.53 billion.
 - The Province will not accept any risk transfer from the City since this is a city managed project.
- Taking the time to progress on the design and engagement of the Downtown Segment would result in a broadly supported project by Calgarians and stakeholders and a more refined estimate, so there is clarity on funding requirement for this segment and potentially future extensions to Seton and 160 Ave N.

Process and Timing

- City Council had in camera deliberations on January 14 and will make a final decision by February 7.
- Pending a positive decision at Council, a revised business case will be submitted to Housing, Infrastructure and Communities Canada (HICC) in February in time for them to review and submit to their Treasury Board (if required) for decision in March 2025.
- Design work is continuing with WSP Canada.
- Construction would start in Spring 2025.

Federal Considerations

- A successful decision by federal government is expected to be predicated on achieving similar ridership outcomes to the initial business case submitted in 2021. A Business Case with a full scope from Downtown to Sheppard would be much more aligned to meet this requirement. These outcomes will only be achieved after once both segments are delivered.
 - It is expected that the GoC will need a clear commitment by the City and the Province to deliver both segments on timelines outlined in the Business Case.
- A MoU is proposed between the City and Province setting out their agreement to the terms under which the entire project to be delivered. Appropriate caveats on approvals of various approval bodies (City Council, Cabinet/TB and any federal approvals) would be included.
 - The MoU is anticipated to be finalized after a Council decision by February 7 but before the Business Case is submitted to the province in February.
 - MOU would be an interim solution only with new grant agreements or appropriate amendments to existing grant agreements eventually being needed.

MoU Negotiation

- The Province's position with respect to the MoU is as follows:
 - a. The GoA has fiscal limitations prescribed by Treasury Board and will not:
 - i. Exceed the \$1.53 billion commitment; or
 - ii. Accept any risk transfer for a City delivered, owned and operated project.
 - b. Notwithstanding any funding from the GoC that may or may not be available in the future, the City commits to be the funder of last resort to ensure the project completion.
 - i. The City will be solely responsible for any liability to the GoC (as per grant agreement) resulting from its failure to complete the project as agreed and the Province will have no liability to the GoC for the same.
 - c. The City commits to begin constructing South Segment in 2025 and Downtown Segment in 2027 following completion of its detailed design.
 - d. Downtown Segment is the above ground alignment from the proposed Grand Central Station into downtown as outlined in AECOM study that connects with the Red and Blues lines.
 - i. Under no circumstances will the Downtown Segment involve tunneling like the July 30, 2024, Council approved alignment.