



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: July 19, 2012
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RTS No.: 9601
VanRIMS No.: 08-2000-21
Meeting Date: July 24, 2012

TO: Vancouver City Council

FROM: General Manager of Engineering Services in consultation with the Directors of Real Estate and Legal Services

SUBJECT: Powell Street Overpass - Project Construction Phase

IN CAMERA RATIONALE

This report is recommended for consideration by Council in the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the city; (k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the city if they were held in public.

RECOMMENDATION

- A. THAT Council approve the Powell Street Overpass design and construction concept as outlined in this report and approve proceeding with negotiations on a Construction Phase Project Delivery Agreement with Port Metro Vancouver for report back.
- B. THAT Council approve the transfer of the Project Delivery responsibility for the Powell Street Overpass Project to Port Metro Vancouver if required as a condition of the Project Delivery Agreement.
- C. THAT Council grant the Director of Real Estate Services in consultation with the General Manager of Engineering Services, the authority to commence property negotiations for the acquisition of the property required for the Project immediately with reports back as necessary following the signing of the Project Delivery Agreement.

- D. THAT the Director of Real Estate Services be authorized to proceed with the acquisition of 987 East Cordova Street only at this time; legally described as Parcel Identifier: 009-273-352 Lot 22 Block 49 District Lot 181 Plan 196 at a cost of \$625,000. Source of funding 2012 Capital Budget, approved 14 February 2012, RTS 9454.

REPORT SUMMARY

The purpose of this report is to seek Council approval of the project design and construction concept for the Powell Street Overpass Project and approval to transfer the Project Delivery responsibilities to Port Metro Vancouver (PMV). This will allow for completion of negotiations with Port Metro Vancouver (PMV) for its delivery of the Construction Phase of the Project.

The Project is estimated to cost \$50 million with 92% provided by funding partners other than the City. The Project scope and typical cross-section is shown in Appendix A. The project provides benefits to goods movement by rail into the Port of Vancouver South Shore by realigning a portion of Powell Street, and in fact the City boundary with the Port, to the south to provide for an additional east/west rail line to serve the Port. Connection to rail capacity in the False Creeks Flats area is also improved. This aspect of the Project serves the City goals of optimizing strategic partnerships and supporting Vancouver's economic future through success of the Port and future goods movement. The Project will construct an overpass of the existing level rail crossing which, as an added benefit, will provide a safer environment and fewer delays for pedestrians, cyclists, transit and vehicles using this corridor.

As the Project proceeds to the Construction Phase the Project Delivery Agency must take on significant risks associated with completing on time and within budget. It is not prudent for the City to take on full responsibility for this risk exposure. It was expected that these risks would be shared and discussions with the funding partners has resolved this concern by PMV agreeing to share in all Project risks and taking on additional Project management responsibility.

Due to the tight Project timeline certain property acquisition approvals are being requested to reduce the chance of late delivery of property for the Project and delays to the actual start of Project construction.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In March, 1995, Council approved the *Industrial Lands Strategy*, which included the False Creek Flats as an area to be retained for transportation related and downtown serving industrial uses.

In March, 2001, Council approved, in principle, the *False Creek Flats Structure Plan* and called for Transportation and Rail studies for the Flats to be undertaken.

In July 2003 Council approved the City's participation in the regional passenger and freight transportation study, including the analysis of the False Creek Flats.

In September 2005 Council requested that the Vancouver Port Authority, Gateway Council and Railways begin as soon as possible a more detailed rail operation and network study of the False Creek Flats and Waterfront rail support yards and that planning for False Creek Flats should take into account the range of possible future rail "footprints".

In January 2007 Council

- authorized the City to enter into a contribution agreement with Transport Canada for completion of the False Creek Flats Rail Corridor Strategy;
- provided its support to explore funding opportunities through the Asia Pacific Gateway and Corridor initiative and with other project partners;
- requested that staff report back on any allocation of funds for the City's share of any grade separation projects.

On February 17, 2009, Council provided its support in principle to proceed with the Powell Street Grade Separation project, subject to a successful funding agreement with Transport Canada and other agencies. (<http://vancouver.ca/ctyclerk/cclerk/20090217/documents/tt3.pdf>)

Council authority is required to acquire or dispose of civic properties.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Engineering Services recommends approval of the foregoing recommendations.

REPORT

Background/Context

In 2009 an Agreement in Principle was signed between Transport Canada, Port Metro Vancouver (PMV), CP Rail, and the City of Vancouver establishing the arrangements for the funding, design and construction of the Powell Street Grade Separation Project. Under this agreement the City of Vancouver is the delivery agency for the Powell Street Grade Separation project, estimated to cost \$50 million including property acquisition. Transport Canada as party to the agreement is contributing up to \$18.5 million through the Asia Pacific Gateway Corridor Initiative Transportation Infrastructure Fund which has a project deadline of March 31st, 2014. The funding contributions are shown in the table below.

Table 1: Powell Street Grade Separation Project - Agreement in Principle Funding Breakdown

Partner	% Share	Contribution
Government of Canada (Transport Canada)	37%	up to \$18,500,000
Port Metro Vancouver	39%	up to \$19,500,000
City of Vancouver	15%	up to \$7,500,000 *
Canadian Pacific	9%	up to \$4,500,000
Total	100%	\$50,000,000

*The City now has a separate TransLink agreement to fund half of the City's costs of this Project resulting in a net City cost of up to \$3.75 million.

- The City has signed a Contribution Agreement with Transport Canada confirming its funding.
- Funding for the City's costs is provided from the 2009-11 and 2012-14 Capital Plans.
- Arrangements for the completion of the funding agreement with PMV and CP Rail are being confirmed as part of this report.

In addition to the Asia Pacific Gateway study that was completed in 2009, the False Creek Flats Rail Corridor Strategy completed in 2008 also recommended the Powell Street Grade Separation project. The project was identified as being a key element in the strategy to overcome the rail limitations of the Burrard Inlet line in order to better use the freight rail capacity within the False Creek Flats area.

As Delivery Agency the City hired, in consultation with PMV and CP Rail, a Project Management consultant and Owner's Engineer firm to prepare a Project Definition report for the Project. The Project Definition Report preparation involved: preliminary design, cost estimates, public consultation, risk assessment and property acquisition investigation to give sufficient information to allow the City and its funding partners to make a decision on whether to proceed to the Construction Phase of the project.

As the delivery agency, it became clear that the City of Vancouver was expected by funding partners to assume risks in the Construction Phase which staff considered to be inappropriate relative to its small share in the Project. In negotiations with PMV, staff were not willing to proceed unless these risks were shared more appropriately. In recognition of the importance of the Project and concerns of the City, PMV management is willing to propose to its Board that PMV share in all Project risks and take on additional Project management responsibility to control risk which may require it to assume the full Project Delivery Agency role as it has already done for some other Asia Pacific Gateway projects. City staff supports this approach and believe that it is appropriate if it is the only way risks can be proportionally allocated. Staff will be reporting back to Council once details of the arrangements for a suitable Project Delivery Agreement have been developed.

Strategic Analysis

Project Benefits:

- 1- Provision of additional width to the east/west rail corridor serving the Port of Vancouver South Shore Trade Area
- 2- Completion of an important component of the False Creek Rail Corridor Strategy
- 3- Improvement of Pedestrian, Cycling, Transit and Vehicle Movement in the Powell Street Corridor

Project Risks:

Project Schedule / Overexpenditures

The key element in the project schedule is the Transport Canada \$18.5 funding deadline of 31 March 2014. The current project timeline is extremely tight. In order to meet the Project funding deadline, the Project construction must be underway in early 2013 with the majority of required property acquisition completed in advance of this. With PMV taking over more

responsibility for delivery of the Project it is assuming a proportionate share of this risk as we originally expected. PMV is managing several other projects providing improved goods movement to the Port and can capably take over the Project if necessary. As a partner in the Project the City takes on a share of this risk which will be reduced by timely delivery of property needs and participation in Project decisions.

In order to maintain the project schedule and mitigate risk, it is necessary that City of Vancouver Real Estate Services commences property acquisition negotiations shortly after Council approval to proceed to the Construction Phase. This early property acquisition work helps mitigate the risk of failing to meet the property delivery dates to the Project contractor. It also allows time for expropriation if delayed negotiations require it, but mitigates the risk that step may have to be taken.

As a further mitigation measure, staff has requested an extension of the Project Deadline. Transport Canada is currently processing our request for a 6 month extension which will be subject to the approval of the Ministers responsible. This has been received favourably at a staff level and recommended.

The project budget developed as part of the Project Definition stage is \$50M with the largest Project cost component being the Design Build contract (estimated at \$30.1M).

PMV has now proposed taking more responsibility for the Project Delivery and sharing Project risk and therefore the City's risk would be limited to a portion of those over expenditures based on its project share with PMV and CP Rail and will be confirmed in a Project Delivery Agreement with PMV. At this time as the Federal share is fixed, it is estimated that approximately 24% of any over expenditures would be the responsibility of the City. Bids on the Design-Build work will be received later this fall with the opportunity for evaluation by the funding partners. Although there will be property acquisition and other expenses incurred by that point there will be the opportunity to cancel the Project if bids are above that budgeted and property negotiations do not indicate savings to maintain an adequate contingency.

Although the Design-Builder is responsible for the project schedule and its completion at the bid amount there may be circumstances beyond its responsibilities under the contract, such as unanticipated soil contamination, which would require additional funding. The contingency for these types of additional costs is currently \$4.6 million.

Financial

The total cost of this project is estimated to be \$50M (table 2).

Table 2: Gross Project Budget

Budget	Amount	% of Total
Design-Build Contract – Design and Construction	\$30.1M	60%
Transit Accommodation	\$0.8M	2%
Property Acquisition	\$13.0M	26%
Project Management	\$1.5M	3%
Contingency	\$4.6M	9%
Total	\$50.0M	100%

The City's share of the project cost is 15% of the project total up to a maximum of \$7.5M. The City has a separate agreement with Translink to fund half of this amount up to a maximum of \$3.75M for a net City contribution of \$3.75M. In addition, it is expected that ineligible costs of \$0.56M for City project staffing and other internal costs not eligible for Project cost sharing (e.g. traffic planning, and communications, inspections) will be incurred bringing the City's estimated total cost to \$4.3M.

As part of the Project Delivery agreement, it is anticipated that the City will be responsible for facilitating the Property Acquisitions.

It is expected that additional annual operating costs of approximately \$30,000 will be incurred when the structure is transferred to the City upon completion. These additional costs will be considered in the context of the annual operating budget at that time.

Property Acquisition

The realignment of Powell Street and Port boundary to the south required by this project involves property acquisition as shown on Appendix B. The estimated cost of property acquisition and required demolition and renovation work is \$13 million. As noted under the Strategic Analysis, Real Estate Services must proceed with property negotiations immediately once Council approval is received to proceed to the Construction Phase. All property purchases will be subject to a report back to Council except for 987 Cordova Street described below.

Staff recommend that the property at 987 Cordova Street be acquired immediately in advance of finalizing a Project Delivery Agreement and confirmation of cost sharing with PMV. The purchase cost is \$625,000 and funding is available in the 2102 project budget. This area is in the first phase for project construction and needs to be available for construction by year end. A Phase I soils contamination review has taken place and Real Estate Services does not anticipate contamination issues of concerns based on previous uses and building full site coverage. Real Estate Services advises that the remaining land from City properties on this block not required for the Project will need to be consolidated for resale and this addition will make the resultant consolidated parcel a more marketable property for resale.

Soils investigation of property required for the Project indicated contamination above residential standards but it is located relatively close to the surface. That material will be removed as part of the initial excavation required for construction and will be disposed of appropriately. Where future negotiations require full property acquisition beyond project

needs additional soils investigation will be carried out and any soils remediation necessary will be reflected in the purchase price.

Environmental

Compared to moving goods by large truck, railways create five times less greenhouse gasses. This project serves to enhance the opportunities for the movement of goods by rail to and from the Vancouver waterfront.

Noise and air quality investigation carried out did not indicate any noticeable increase at residential locations nearest to the Project.

Legal

The Project Delivery Agreement principles have been discussed with PMV and upon Council's approval to proceed with the Construction Phase, the terms of a final agreement will be negotiated for report back and approval.

Traffic Impacts

The Powell Street Overpass construction will require the closure of a five block section of Powell Street west of Clark Drive during a portion of the construction period. This is currently projected to occur from early 2013 to early 2014. Once the Project Construction Phase is approved the Project consultant will perform a transportation analysis to develop a traffic management strategy. The objective will be to minimize impacts to bus-transit, goods movement and protect residential neighbourhoods and maintain access for local businesses. City staff will review and work with the Project consultant both in terms of development and implementation of the approved plan.

Once the closure is in effect the City will require the Overpass Contractor to continuously monitor traffic in the affected area to measure the effectiveness of the application of the traffic management plan and to allow for adjustments as required.

Currently, the affected section of Powell St. carries approximately 1,600 vehicles per hour in the peak direction during peak periods, and approximately 30,000-35,000 vehicles per day. This represents roughly 20% of vehicular traffic crossing the neck (E-W routes bounded by false creek and Burrard Inlet), and 5-10% of traffic entering or leaving the downtown.

Staff have reviewed some preliminary options for re-routing traffic around the construction site and have concluded that the transportation impacts of the temporary closure of Powell St. between Hawkes and Clark are challenging but manageable with a comprehensive traffic management strategy and communications plan.

Potential changes to the viaducts are currently under consideration. Should there be a decision to modify the Dunsmuir and/or Georgia viaducts, that work would be coordinated with the construction management plan for the Powell Street Overpass if the projects overlap.

Public Communication

As part of the public communication process for the Project a Fact Sheet was mailed out to all properties within two blocks of the Project. These properties also received a drop-off of the same information to notify occupants. A letter with Fact Sheet was e-mailed to 66 organizations and individuals identified from the Downtown Eastside Local Area Planning Process as well as those on the Transportation Plan mailing list. An Open House was held at the Strathcona Community Centre on May 24th. Comments received are included in Appendix C.

The main issue of concern was the extended closure of Powell Street for the overpass construction. This aspect of the project generated most of the concerns, coming from businesses which will be affected by project construction and/or traffic management. Staff have contact information for these impacted parties and will work closely with businesses as the Project moves to the Construction Phase.

Some people expressed appreciation for the improved provision for pedestrians and cyclist along this section of Powell Street. Other related comments concerned the connections to other bike routes and bike path design. Design work is underway for the connection to other bike routes but implementation by Project completion in 2014 will be subject to consideration of other priorities.

Other design suggestions included use of a mural or green wall to avoid graffiti and vandalism on the visible portions of the overpass. The preliminary design is being reviewed to determine if these concepts can be accommodated.

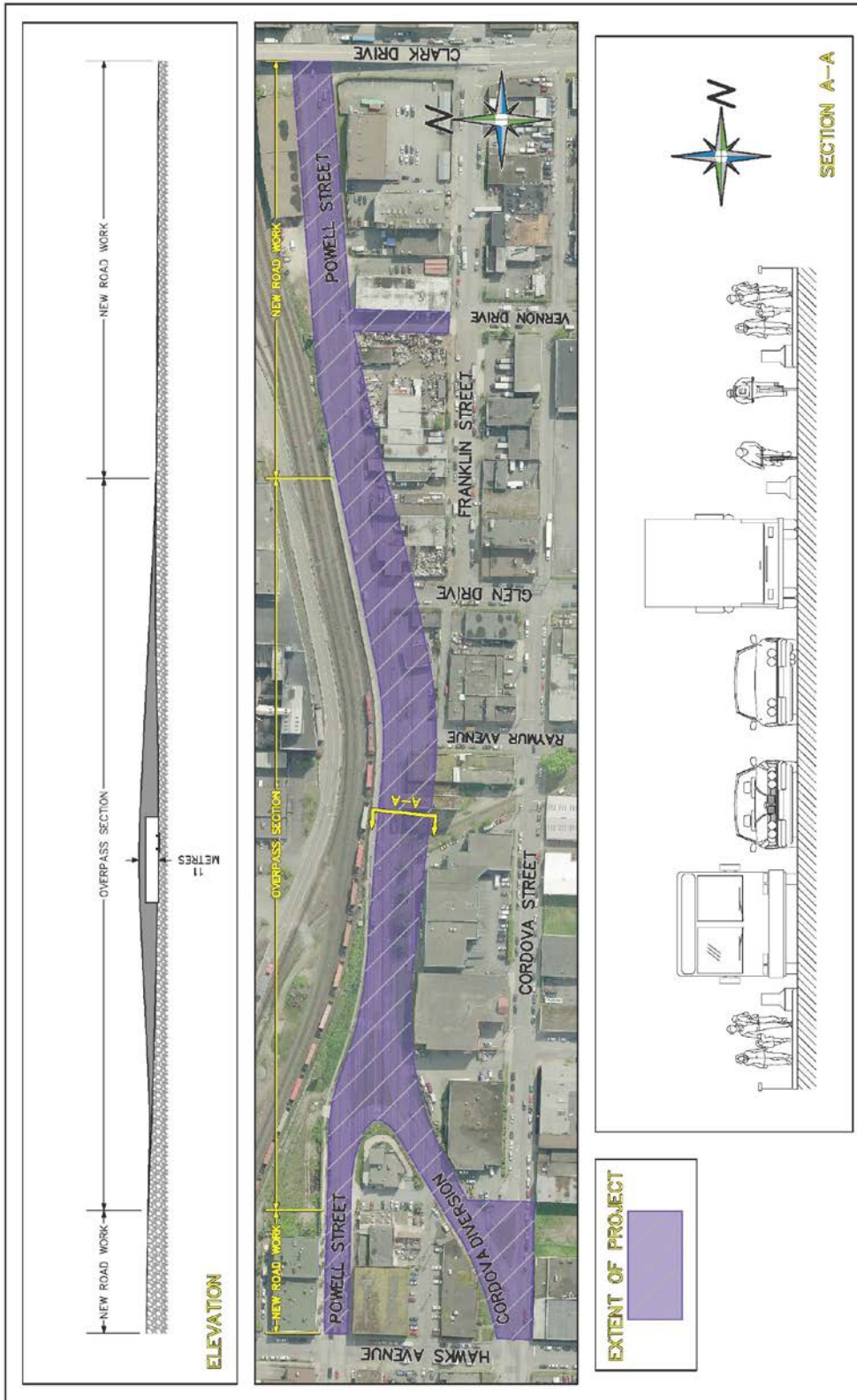
Finally, several attendees would like to see employment opportunities for Downtown Eastside and other local residents in construction and maintenance. This will be considered as part of the Project construction content.

A requirement of the Federal funding for the project is that certain aboriginal group identified by Transport Canada be notified of the project for their comments. Four aboriginal groups were notified and only one, the Tseil-Waututh Nation responded. Staff are currently arranging discussions with the Tseil-Waututh Nation to establish their interests.

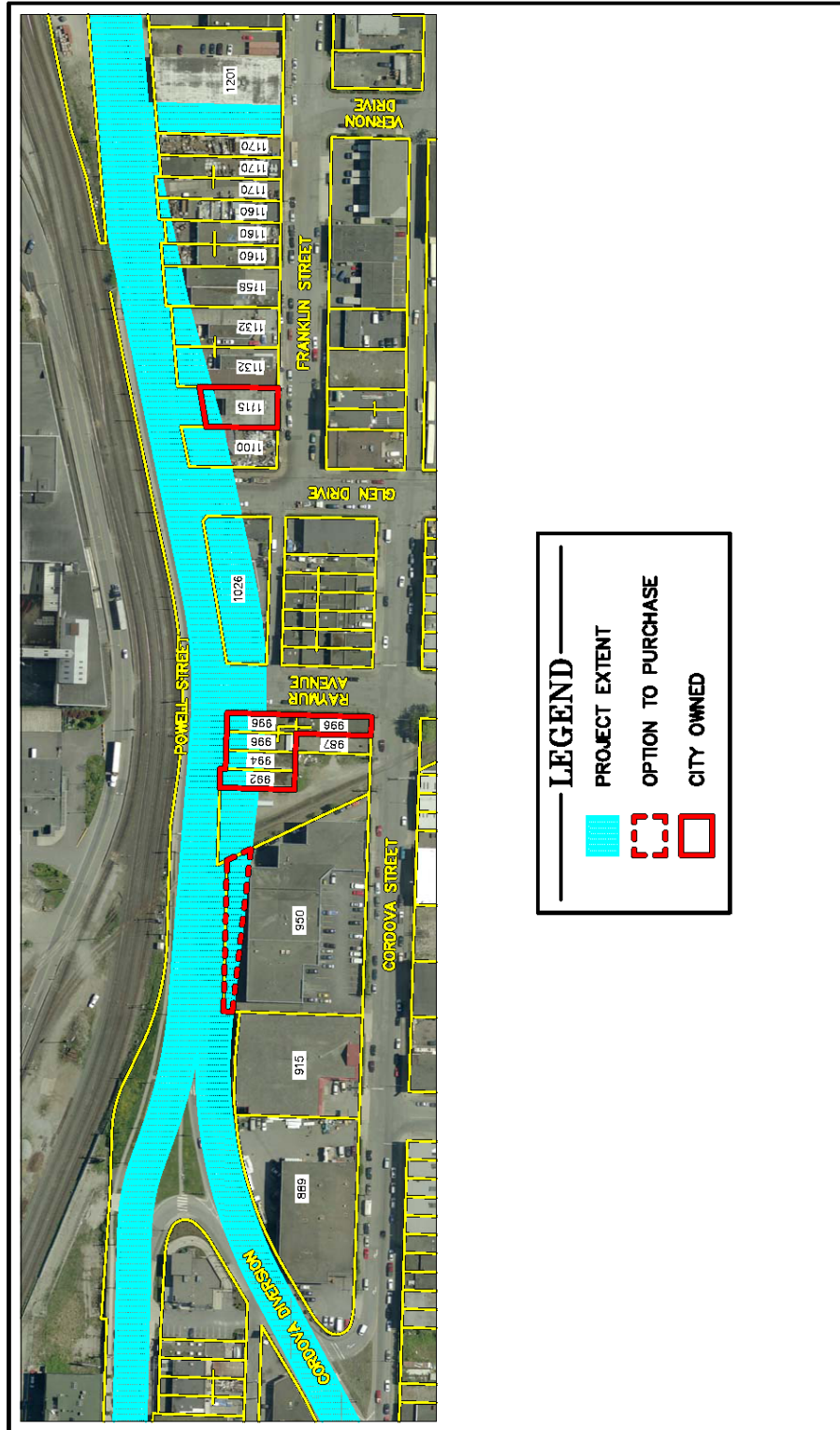
CONCLUSION

The Powell Street Overpass project will benefit the Vancouver and regional economy by providing for improved rail connections to the Port of Vancouver South Shore Trade Area and rail connection to False Creek Flats. The Project removal of the current level rail crossing improves the safety and reduces delays on the Powell Street Corridor. It develops an important section of the Portside Greenway for pedestrians and cyclists. Cost sharing for these benefits was developed through the Agreement in Principle for the South Shore Trade Area as part of the Asia Pacific Gateway and Corridor initiative. The Project must commence the Construction Phase as soon as possible to meet the March 31st, 2014 funding deadline. Approval for the Project design and construction concept will allow for finalization of arrangements with PMV and commencement of the Construction Phase. If the project does not proceed at this time, it is unknown when the next opportunity for a funding contribution of this magnitude will be available.

Appendix A -Project Layout and Typical Section



Appendix B -Property Acquisition



Appendix C

COMMENTS PERTAINING TO PROPOSED POWELL STREET OVERPASS

The following comments were received from the Open House held on May 24th, 2012 and comments received by e-mail. They are organized by topic.

1. Property Acquisition

- "Could you please explain the impact on the buildings on the south side of Powell St. and whether the land is City owned or privately held?" - *local resident*
"Could you please provide information about what your intentions are with regard to repairing the areas where buildings are being demolished? Which existing buildings are being affected?
Do any of them have heritage value?" - *planning professional*
- One business manager is concerned about regarding the timing and relocation of his office building to another parcel. He discussed options with the project team and will pursue next steps with the property acquisition department.

2. Impacts on Adjacent Properties

- One business owner is concerned about:
 - raising his business signage so it is visible from the overpass;
 - security and loitering under the overpass and between the overpass and his building - he discussed options for fencing with the project team, and these will be pursued; and
 - the surfacing in the 3 m maintenance strip and who will maintain it.
- A building owner is concerned that views from her building may be blocked by the overpass.

3. Project Need and Justification

- "I'm glad to see train traffic is being prioritized over trucks." - *university student*
- "I hope a goal of this project is to increase train container cars headed south in order to reduce the obnoxious and relentless flow of heavy truck traffic through residential areas from the port along the Knight Street corridor. The noise, diesel fumes, and physical danger caused by these trucks darkens the shade of green that Vancouver proposes to be." - *resident*.
- "My concerns are over the timing of the funding from the Port of Vancouver and Transport Canada. Although the city staff have convinced me that they have no motives beyond facilitating more container trade (something I'm personally opposed to), I'm wary of the ways in which this project might be feathering the nest of interests of Kinder Morgan, Enbridge and the like" - *Downtown Eastside resident*

4. Traffic Management during Construction

- "Could you please advise what the allowances are for business' currently operating and located at 807 Powell Street in the construction zone. We require access for clients and for shipping receiving. In the event that the work is approved we will need a contingency plan and your help is appreciated." - *business owner*
- "My concerns are mainly regarding the parking on Hastings St. I would be very upset if we lose our day time parking on Hastings St. between Campbell and Hawks due to the redirection of traffic from Powell St. to Hastings St. The success of our business is dependent on that parking. I think that the diversion from Hastings back to Powell St. should be split between Hawks and Heatley so that there is less impact on the residents west of Heatley on Cordova St." - *businessowner* (north side of Hastings, near Campbell)
- "We have business on Hastings St. in this area. Will parking on Hastings St. be affected during the construction? Also will you be providing off-site parking for construction crews, so that the influx of these workers does not affect our customer parking?" - *business owner*

- A store owner on Hastings was concerned that the City might strip daytime parking for her business outside of the rush hour periods.
- A business owner on Hastings suggested a two-hour parking limit (as for other parts of Hastings to the west), rather than allowing all-day parking after 9:30 AM on the north side of Hastings.
- A local homeowner is concerned that project construction will disrupt the current traffic pattern that serves on-street prostitution between Hastings and Powell and push this activity into her neighbourhood.
- A business owner next to the construction zone is concerned about losing drop-in traffic and his regular drive-by customer base due to the traffic detour, with significant impact on his business. He would like to see westbound traffic diverted at Hawks, rather than Heatley. His concerns and options to address them, such as signage directing westbound Hastings Street traffic north on Hawks to what will be a lightly trafficked Powell Street were discussed with the project team and will be followed up.

5. Project Design - Overpass and Road/rail Level Crossing

- "Once completed, this overpass will eliminate road delays while improving safety for all road users. It will also provide for increased rail capacity that will be required to meet projected growth in cargo volumes through the port. This road/rail interface was identified as a problem that must be addressed in studies conducted by our Council in previous years and we commend the City for moving this project forward." -*business organization*
- "I like it in principle as a way of making at-grade rail traffic safer and smoother" - *business association*
- Two residents living south of Hastings use Raymur Street to drive under Hastings St. and access Powell St. directly. The project will close this connection and make their route more difficult.

6. Project Design - Bike Paths

- "This corridor has long been in need of attention - pedestrians, cyclists and motor vehicles can benefit from this project" -*Downtown Eastside resident*
- "While I generally support separated bike lanes, this project raises a number of concerns about having a counter-flow facility rather than separated bike lanes on the north and south side. This proposal represents a serious inconvenience and nuisance for eastbound cyclists, who must cross a busy road (Powell) to access Alexander/Woodland and who must detour (i.e. cover extra ground) in using Alexander/Woodland. [Also] The proposal is dependent upon dedicated bike lanes infrastructure along Alexander and Powell that isn't built yet and might never be built" - *local resident and cyclist*
- A cyclist noted that there is no immediate plan for a full greenway connection to Wall Street and suggested that it is better to accommodate eastbound cycling movement now.
- Someone on the executive of the provincial cycling organization would like to see the grade of the bike path lessened/reduced. He suggested keeping the roadway at 9% while elongating the bike path to 3%. Another cyclist also mentioned this point.
- "East bound cycling route on Powell St. seems to be missing?" - *commuter*
- A cyclist requested that Raymur St. be kept open as a cycling link between Powell and Adanac.

7. Project Design - Aesthetics/Neighbourhood Character

- Many attendees expressed concerns about graffiti on the overpass and several suggested either a green wall (e.g., ivy) or mural to address this issue.
- *Three local residents support having a mural on the overpass: e.g., "Please use the opportunity for murals in your project. Make it a competition."*
- "Soften the edges." - *local resident*

- “Opportunity to program orphaned land - green it up.” - *local resident*
- One attendee suggested a “Welcome to the DTES” archway with a sculpture or other marker for westbound traffic at the west end of the overpass in the isolated triangle at Powell/Cordova - elevated for view from the roadway.
- “My hope is that the dock and marine culture, the industrial zoning and the “liminal” feeling in the area will remain intact” - *Downtown Eastside artist/activist*

8. Procurement, Contracting and Purchasing Strategies

- Several open house attendees would like to see employment opportunities for Downtown Eastside and other local residents in construction and maintenance.
- *“Our organization is involved in the DTES LAPP as well as many other processes to develop our place based strategy. This involves working with the community people and organizations to seek active engagement. We have made several requests to City Manager, Dr. Ballem and others about the need to work with the various organizations to develop opportunities for training, education, employment, small business development and that looking at a procurement strategy could assist in bring fiscal, human and technological resources together. We have met with the Vancouver Board of Trade Community Affairs Committee, Hastings, Chinatown, Gastown and Strathcona BIA's and several agencies that deal with these issues to see how we can influence policy to assist vulnerable populations get the much needed training and so forth.” - local economic development worker*

9. Public Communications

- Many attendees found it hard to picture how the overpass will look and would have liked to see a model or detailed rendering of the project.

10. Coordination with Other Planning Process

- “I would like to know more about how the project is connected to the Eastern Core Strategy, given that that planning process will likely affect how much rail capacity is needed.” - *SFU student*
- “I hope this is part of a larger area transportation plan that accommodates the future of the Viaducts as well as the False Creek Flats plan” - *Representative Chinatown Merchants Association.*
- “I noticed on one board, Keefer and Pender at Quebec are identified as a future greenway - we would have huge concerns about this in Chinatown” - *Representative Chinatown Merchants Association*