

Plamondon, Lea TRAN:EX

From: Plamondon, Lea TRAN:EX
Sent: Monday, October 2, 2017 9:07 AM
To: Bain, Nancy TRAN:EX; Livolsi, Patrick C TRAN:EX; Bishop, Carol TRAN:EX; Speed, Brittney TRAN:EX
Cc: Lewthwaite, Jennifer TRAN:EX
Subject: FW: Rating Agency Update Oct 2017 tolling - draft sept 28 2pm.pptx
Attachments: Rating Agency Update Oct 2017 tolling - sept 29-Final.pptx

Good morning:

Please find attached the final deck with no notes sent to Kevin Redchurch on Friday.

Lea

From: Livolsi, Patrick C TRAN:EX
Sent: Monday, October 2, 2017 5:17 AM
To: Linda Nelson
Cc: Speed, Brittney TRAN:EX; Bishop, Carol TRAN:EX; Plamondon, Lea TRAN:EX; Livolsi, Patrick C TRAN:EX
Subject: Fwd: Rating Agency Update Oct 2017 tolling - draft sept 28 2pm.pptx

Patrick C. Livolsi, P. Eng.
Assistant Deputy Minister
Infrastructure and Major Projects
BC Ministry of Transportation and Infrastructure

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----- Original message -----

From: "Bain, Nancy TRAN:EX" <Nancy.Bain@gov.bc.ca>
Date: 2017-09-28 2:30 PM (GMT-08:00)
To: "Main, Grant TRAN:EX" <Grant.Main@gov.bc.ca>
Cc: "Livolsi, Patrick C TRAN:EX" <Patrick.Livolsi@gov.bc.ca>, "Bishop, Carol TRAN:EX" <Carol.Bishop@gov.bc.ca>, "Plamondon, Lea TRAN:EX" <Lea.Plamondon@gov.bc.ca>, "Speed, Brittney TRAN:EX" <Brittney.Speed@gov.bc.ca>
Subject: Rating Agency Update Oct 2017 tolling - draft sept 28 2pm.pptx

Hi Grant, can you let us know if you are ok with this? We will need to get to Jim Hopkins, once you have given us the thumbs up.

nb

Ministry of Transportation and Infrastructure Capital Update to Rating Agency



October 2017

Ministry of Transportation and Infrastructure Capital Program Update

Agenda

1. Transportation Investment Plan
 - a) Plan Review and Update
 - b) Metro Vancouver Major Projects
2. Elimination of Tolls
 - a) Port Mann Bridge
 - b) Golden Ears Bridge
3. George Massey Tunnel Replacement Project

Ministry of Transportation and Infrastructure Transportation Investment Plan Review

- The Ministry has a 10 year plan for transportation infrastructure investment (~\$1B/yr.)
- The plan is currently being updated to ensure it aligns with the priorities of the new government
- A holistic approach to prioritization and funding of projects across government is being undertaken to ensure a thoughtful, measured, and affordable approach to future investment

Ministry of Transportation and Infrastructure Transportation Investment Plan Review

Transportation Investments				
	2017/18 Budget	2018/19 Plan	2019/20 Plan	3-Year Total
Provincial Investments:				
Highway Rehabilitation	255	216	218	689
Side Road Improvement Program	96	90	90	276
Natural Gas Road Upgrades Program	22	20	20	62
Highway 1 - Kamloops to Alberta Border	68	70	135	273
Okanagan Valley Corridor	60	27	42	129
Cariboo Connector	45	47	52	144
Major Highway Corridors and Roads	278	295	286	859
Other Transportation Programs	88	52	60	200
Transit Infrastructure	176	218	337	731
Total Provincial Transportation Investments ²	1,088	1,035	1,240	3,363
Contributions from all partners	283	399	607	1,289
Total Investments in Transportation Infrastructure	1,371	1,434	1,847	4,652
George Massey Tunnel Replacement Project	44			44
Port Mann Highway 1 Project	3			3
Total Investments in Transportation Infrastructure including investments from the Transportation Investment Corporation	1,418	1,434	1,847	4,699

Ministry of Transportation and Infrastructure

Metro Vancouver Major Projects

- Mayors' Vision includes proposed plans for upgrades to Pattullo bridge as well as new rapid transit for Vancouver and Surrey
- The Ministry is working with the Ministry of Finance, the Ministry of Municipal Affairs and Housing, and TransLink to consider funding options and timing for Mayors' Vision that is affordable and aligns with the priorities of the Province
- Business cases for the major projects are just in the process of being finalized by TransLink.

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Ministry of Transportation and Infrastructure

Elimination of Tolls

- Tolls eliminated September 1, 2017.

Financial implications to the province:

- Lost toll revenue and termination costs
- Reclassification of TI Corp debt as taxpayer-supported
- Interim Agreement with TransLink for Golden Ears Bridge

Customer impacts :

- All previous tolls owing will be collected
- Traffic on both the Port Mann and the Golden Ears bridges is up ~ 25%

Ministry of Transportation and Infrastructure

Elimination of Tolls – Port Mann Bridge

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- Future operational and administrative savings are expected to be achieved due to eliminating tolls (~\$25M/yr.)

Ministry of Transportation and Infrastructure Elimination of Tolls – Port Mann Bridge

- As tolls were removed, TI Corp's debt was reclassified as taxpayer-supported
- TI Corp debt has been forgiven and extinguished by the Ministry of Finance – government's receivable was valued at ~\$3.5 billion
- Since the debt is no longer managed by TI Corp, the Ministry of Finance will service the debt at ~\$150M per year

Ministry of Transportation and Infrastructure

Elimination of Tolls – Golden Ears Bridge

- TransLink and the Province negotiated a one-year agreement (September 1, 2017 to August 31, 2018) which compensated TransLink for foregone revenue and any one-time termination costs
- The Province is working with TransLink on a long term agreement – in the context of broader discussions on the Mayors' Council other major project priorities.

s.13,s.17

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Ministry of Transportation and Infrastructure George Massey Tunnel Project

- On September 6, 2017 the province announced that an independent review will be undertaken for the project
- The previous procurement process for the 10 lane bridge has been cancelled.
- The independent review is expected to present its findings in Spring 2018
- No decisions will be made on the nature, cost or timing of George Massey replacement project until after the review is completed

Plamondon, Lea TRAN:EX

From: Plamondon, Lea TRAN:EX
Sent: Monday, October 2, 2017 12:30 PM
To: Schuster, Michelle M TRAN:EX; Speed, Brittney TRAN:EX
Subject: Rating Agency Deck w/ notes
Attachments: Rating Agency Update Oct 2017 tolling - sept 29 with notes.pptx

Hi Michelle/Brittney:

I understand Patrick is going to be the presenter. Here is the version with notes.

Lea

Lea Plamondon
Manager, Divisional Operations
Finance and Management Services Division
Ministry of Transportation and Infrastructure
(250) 356-9795

Ministry of Transportation and Infrastructure Capital Update to Rating Agency



October 2017

1

Today we will be providing you with an update on the Transportation Investment Plans for the Ministry of Transportation, including the impacts removing bridge tolls and the status of the George Massey Tunnel Replacement Project

**Ministry of Transportation and Infrastructure
Capital Program Update**

Agenda

1. Transportation Investment Plan
 - a) Plan Review and Update
 - b) Metro Vancouver Major Projects
2. Elimination of Tolls
 - a) Port Mann Bridge
 - b) Golden Ears Bridge
3. George Massey Tunnel Replacement Project

2

This are the items we will be discussing today

Ministry of Transportation and Infrastructure Transportation Investment Plan Review

- The Ministry has a 10 year plan for transportation infrastructure investment (~\$1B/yr.)
- The plan is currently being updated to ensure it aligns with the priorities of the new government
- A holistic approach to prioritization and funding of projects across government is being undertaken to ensure a thoughtful, measured, and affordable approach to future investment

3

Infrastructure for the province as a whole, and the lower mainland in particular, will be evaluated in the context of the priorities of government and the mayor's council, and the affordability of the projects.

Scope and timing of all projects will be evaluated by the Ministry of Transportation and Treasury Board

Ministry of Transportation and Infrastructure Transportation Investment Plan Review

Transportation Investments				
(\$ millions)	2017/18 Budget	2018/19 Plan	2019/20 Plan	3-Year Total
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Total Provincial Transportation Investments ²	1,088	1,835	1,240	3,163
Contributions from all partners	283	389	687	1,359
Total Investments in Transportation Infrastructure	1,371	1,434	1,847	4,652
George Massey Tunnel Replacement Project	44			44
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Total Investments in Transportation Infrastructure including investments from the Transportation Investment Corporation	1,418	1,434	1,847	4,699

The Transportation Investment Plan describes the breadth and depth of transportation infrastructure planned across the Province over the next three years

Significant investments (~approximately \$1.0 billion) is planned for annually

The expenditures are a mix of capital and operating and impact regions across the Province.

Contributions from other partners reflect investments by the Federal government (primarily) and local governments

Note: disclosed in *Budget 2017 Update* – page 36

Ministry of Transportation and Infrastructure Metro Vancouver Major Projects

- Mayors' Vision includes proposed plans for upgrades to Pattullo bridge as well as new rapid transit for Vancouver and Surrey
- The Ministry is working with the Ministry of Finance, the Ministry of Municipal Affairs and Housing, and TransLink to consider funding options and timing for Mayors' Vision that is affordable and aligns with the priorities of the Province
- Business cases for the major projects are just in the process of being finalized by TransLink.
- s.13,s.17

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The Mayor's 10 year vision is a proposed plan and will be taken into consideration along with other transportation projects and broader government priorities

Consultation with the Mayor's council and stakeholders will be undertaken when determining priorities of infrastructure development

Projects will be reviewed in detail – there is significant rigor in the analysis undertaken by the Ministry of Transportation and Treasury Board.

All routine evaluation and approval processes will be followed: development and evaluation of business cases; financial analysis and Treasury Board approval.

For example, the Pattullo Bridge is a priority for government. TransLink has developed a business case and it is being reviewed by the Province. Funding is being discussed, but no decisions or approvals have been made at this time.

Decisions on final projects will be made by government in due course

Any information on a mobility pricing option, such as the project TransLink is currently working on, will be considered when received

Ministry of Transportation and Infrastructure Elimination of Tolls

- Tolls eliminated September 1, 2017.

Financial implications to the province:

- Lost toll revenue and termination costs
- Reclassification of TI Corp debt as taxpayer-supported
- Interim Agreement with TransLink for Golden Ears Bridge

Customer impacts :

- All previous tolls owing will be collected
- Traffic on both the Port Mann and the Golden Ears bridges is up ~ 25%

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The new government fulfilled its commitment to eliminate tolls:

- Tolls were eliminated on both bridges as they were considered unfair
- A one-year deal was negotiated with TransLink – the Province is working with TransLink on a longer term agreement
- All unpaid tolls incurred prior to September 1 will be collected

The financial implications of removing the tolls was included – and highlighted – in the most recent budget and will be discussed further

Ministry of Transportation and Infrastructure Elimination of Tolls – Port Mann Bridge

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- Future operational and administrative savings are expected to be achieved due to eliminating tolls (~\$25M/yr.)

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There is an impact to government's fiscal plan due to lost toll revenue; however, these shortfalls have been reflected in the most recent budget

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NB: consistent with technical release that accompanied August 25 announcement

Ministry of Transportation and Infrastructure Elimination of Tolls – Port Mann Bridge

- As tolls were removed, TI Corp's debt was reclassified as taxpayer-supported
- TI Corp debt has been forgiven and extinguished by the Ministry of Finance – government's receivable was valued at ~\$3.5 billion
- Since the debt is no longer managed by TI Corp, the Ministry of Finance will service the debt at ~\$150M per year

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TI Corp's sole source of revenue was tolls; without toll revenue TI Corp could not service its own debt. This debt was reclassified as taxpayer-supported once tolls were removed

Debt Management

- Government forgave its total loan to TI Corp (on the government's books at ~\$3.5 billion) and the debt is now managed centrally by the Ministry of Finance.

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- There is existing debt management expertise in the Ministry of Finance

Management of Public Funds and Debt will fund interest expense (as debt is now managed centrally)

Asset Management

- The Port Mann bridge assets will remain in TI Corp. The Port Mann Bridge has a remaining useful life of over 70 years.
- The Ministry of Transportation currently manages the O&M for all other provincially owned roads and bridges - responsibility for Port Mann Bridge O&M will be transferred to MOTI

s.12,s.13

Ministry of Transportation and Infrastructure Elimination of Tolls – Golden Ears Bridge

- TransLink and the Province negotiated a one-year agreement (September 1, 2017 to August 31, 2018) which compensated TransLink for foregone revenue and any one-time termination costs
- The Province is working with TransLink on a long term agreement – in the context of broader discussions on the Mayors' Council other major project priorities.

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The Golden Ears Bridge (GEB) is owned by TransLink. The Golden Ears Bridge has a useful remaining life of about 90 years.

Operations and maintenance are provided by a P3 concessionaire – the Golden Crossing General Partnership (GCGP) – GCGP contract ends June 2041.

Current funding to TransLink under the existing one year agreement (September 1, 2017 to August 31, 2018) is \$38M in 2017/18 and \$25M from April 1 to August 31, 2018.

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Ministry of Transportation and the Ministry of Municipal Affairs and Housing are working on the long term agreement with TransLink in the context of broader negotiations with the Mayors' Council on their 10-year vision and must bring any agreement back to Treasury Board for approval prior to signing.

The budget document included initial estimates of TransLink compensation – the Province and TransLink worked together to achieve a lower funding requirement

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Ministry of Transportation and Infrastructure George Massey Tunnel Project

- On September 6, 2017 the province announced that an independent review will be undertaken for the project
- The previous procurement process for the 10 lane bridge has been cancelled.
- The independent review is expected to present its findings in Spring 2018
- No decisions will be made on the nature, cost or timing of George Massey replacement project until after the review is completed

10

The Ministry of Transportation and Infrastructure is proceeding with an independent technical review of the George Massey Tunnel crossing and has cancelled the current procurement process for the 10-lane bridge.

The ministry is in the process of recruiting the individual to lead the technical review, and will also retain expertise in highway infrastructure construction, transportation planning and traffic engineering as support

This will allow government to engage with Mayors' Council on how the George Massey crossing fits within regional transportation improvements and undertake an independent technical review of the options.

Based on the recommendations received, the Province will determine next steps to address the congestion along the Highway 99 corridor. A new George Massey project will be evaluated and prioritized in the context of all other regional and provincial investment decisions

At this time, the nature and scope of a new replacement project is not known and has not been forecast or included in the budget.

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As of March 31, 2018, the total costs are expected to be \$66 million on the estimated \$3.5-billion project. A portion will be expensed – consistent with government accounting practice.

Valuable land has been acquired and will not be written off (\$14M)

Questions?