



REPORT

Planning and Development Council

Meeting Date: June 7, 2022

FROM: Transportation and Engineering Department

DATE: May 24, 2022

SUBJECT: Kerr Street Grade Separation Update

LOCATION: Kerr Street at Lakeshore West Rail Line

WARD: Ward 2

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RECOMMENDATION:

That the report titled Kerr Street Grade Separation Update dated May 24, 2022, from the Transportation and Engineering Department, be received.

KEY FACTS:

The following are key points for consideration with respect to this report:

- On April 16, 2018, the Engineering and Construction Department presented a report to Planning and Development Council outlining fundamental principles for cost sharing agreements with Metrolinx for the Burloak Drive and Kerr Street Grade Separation Projects, and seeking authority to enter into those agreements provided the fundamental principles were adhered to.
- An updated report regarding the Kerr Street Grade Separation was presented to the 2019 Budget Committee on December 11, 2018, requesting pre-approval of the project's budget, based on a fixed town share of \$65 million.
- On February 24, 2022, Metrolinx advised the Town of Oakville that the Kerr Street Grade Separation project was being deferred indefinitely. A verbal update on the deferral was provided to Council on February 28, 2022 by the CAO and the Director, Transportation and Engineering.
- Despite the deferral, discussions with Metrolinx are ongoing to explore opportunities to restart the project.

BACKGROUND:

The need and justification for the construction of a rail/road grade separation along the Lakeshore West Rail Corridor at Kerr Street has been confirmed through multiple studies, master plans and Class Environmental Assessments (EA's). In 2009, the town completed an EA study for Kerr Street, from Speers Road to north of the QEW, which recommended the reconstruction and widening of Kerr Street as well as the construction of an underpass at the Lakeshore West Rail Corridor. In 2016, the Town of Oakville and Metrolinx began working together to advance the Kerr Street Grade Separation. Town Council granted staff delegated authority, in 2018, to enter into a Grade Separation Agreement with Metrolinx, based on a set of cost sharing principles that were endorsed by Council. The budget for the town's share of the grade separation, a fixed contribution of \$65 million, was pre-approved by Council in 2018, as part of the 2019 Capital Budget process.

Since 2016, town staff have been working with Metrolinx to develop the grade separation agreement and project specifications for the Kerr Street grade separation. The Kerr Street grade separation (and the Burloak Drive grade separation) was included in the Lakeshore West Infrastructure Improvements Project, along with other GO Station works and the Drury Lane Pedestrian Bridge, to be delivered using the Infrastructure Ontario procurement model.

On February 24th, 2022, the Town of Oakville received formal notification from Metrolinx that the successful bid for the Lakeshore West Infrastructure Improvements contract included costs for the Kerr Street Grade Separation project were in excess of the project budget and that Metrolinx was indefinitely postponing the Kerr Street project until more favourable market conditions exist. Other components of the overall project, including the Burloak Drive Grade Separation, would proceed.

A verbal update on the Kerr Street and Burloak Drive grade separations was provided to Council on February 28, 2022. The Lakeshore West Infrastructure Improvement project, minus the Kerr Street grade separation, was awarded to the successful bidder that same day.

Although this project is currently deferred, staff has continued to work with Metrolinx to determine opportunities to restart the project.

This report provides an update of work that has taken place since the February 28, 2022 update to Council.

COMMENT/OPTIONS:

The Kerr Street grade separation has been described by Metrolinx as a critical infrastructure project that is required before the electrification of the Lakeshore West Line can be completed. Staff concur that this grade separation is critical to support mobility within and through Oakville.

Staff are continuing the discussions with Metrolinx in an effort to move the project forward and to be able to bring forward a project schedule, delivery mechanism and budget requirement for Council's consideration. Staff's efforts in these discussions have focused on seeking a solution that will reduce project costs, reducing the length of time required for construction and addressing the planned and potential development and growth in the Kerr Street growth node. Through these discussions, options for project delivery are also being reviewed, including:

- Retender as a Design/Build project (Metrolinx/Infrastructure Ontario procurement process),
- Tended using a more conventional procurement method such as a unit price contract where a design is completed independently and then contractors bid on the design package (similar to most of the town's roadway construction projects), or,
- Break the project into smaller elements, which would be managed separately either by Metrolinx or the town, depending on the "owner" of the work. Under this option certain "early works" could be completed prior to the main grade separation contract being issued for tender. The "early works" could include items like utility relocation, interlock work (track switch relocation), and storm sewer installation. Proceeding with "early works" by both the town and Metrolinx independently, could yield overall cost savings for the project. The staff review of this option will also include the amount of additional "up front" expenses that would be incurred and the associated benefits and risks of such an approach.

Regardless of which delivery approach is recommended, the grade separation agreement and respective financial contributions will need to be revisited and the new agreement should be approved and signed prior to starting any construction. A significant portion of the previous agreement (that was not executed) could be used as the basis of this new agreement. Changes would be required to reflect early works, revised cost estimates, credits and a revised construction schedule.

The town has incurred \$6.9 million in costs to date, related to property acquisition and enabling works in anticipation of the grade separation. These costs were expected to serve as a credit to the overall project. The town's share of the grade separation, inclusive of the credits, was previously set at \$65M and the capital forecast included plans for payment for the remainder of the town contribution in 2024 and 2026. As a growth-related project, the majority of the capital funding is

from DCs (80%), with the balance from town sources. In December 2018, in anticipation of the signing of the grade separation agreement, debenture financing of \$10 million for the DC funded portion of the project was recommended as the \$65 million total was significantly higher than previously expected. The 2018 DC background study included an estimated cost of \$31M, and the 2022 DC background study has been updated to include an estimated cost of \$65 million for the grade separation agreement.

In parallel with the discussions to re-start the grade separation project, staff are also working with Metrolinx on addressing works-in-progress and items that were previously initiated. These include:

- Addressing storm drainage from the Dana Industries site, based on the requirement to relocate the loading docks to enable the grade separation to proceed. Prior to the deferral of the grade separation, the intent was to connect the storm sewer system from the Dana site to the new storm sewer that would be built as part of the grade separation project. With the postponement of the grade separation, an alternative, permanent solution, will need to be determined by Metrolinx.
- Reviewing requirements for lands south of the Lakeshore West Line that were intended for the realignment of Kerr Street but which were acquired by Metrolinx as part of the grade separation project.
- Provisions for credits for the property acquisition and engineering work that the town has already completed in anticipation of the grade separation proceeding.
- Additional safety works will be undertaken at the existing level crossing as a result of the deferral. The extent and details of that work are still to be determined.

Staff continue to work collaboratively with Metrolinx to find a way to restart the Kerr Street Grade Separation project and deliver this critical mobility project. Updates will be provided to Council as these discussions progress.

CONSIDERATIONS:

(A) PUBLIC

Inclusion of this report on the June 7, 2022 Planning and Development Council agenda serves as public notification of the status of this project.

(B) FINANCIAL

There are no financial implications arising from this report. Staff will continue to meet with Metrolinx and will bring a subsequent report to Council regarding options to advance the Kerr Street grade separation.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

The Transportation and Engineering, Legal and Finance Departments continue to work collaboratively on this file in discussions with Metrolinx.

(D) CORPORATE STRATEGIC GOALS

This report addresses the corporate strategic goal(s) to:

- Improve the town's multi-modal transportation network to support the effective movement of people and goods

(E) CLIMATE CHANGE/ACTION

The Kerr Street Grade Separation would support increased transit and active transportation use through the separation of road and rail traffic, and through the provision of new bicycle lanes and sidewalks. Providing increased opportunities for active transportation and transit can decrease reliance on single occupancy vehicle use and lead to a reduction in vehicle emissions.

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