



THE WINDSOR-DETROIT BRIDGE AUTHORITY

Summary of the 2014-2015 to 2018-2019 Corporate Plan
Summary of the 2014-2015 Operating Budget
Summary of the 2014-2015 Capital Budget

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Overview

In June 2012, the governments of Canada and Michigan signed an agreement (the Crossing Agreement) which provides a framework for a Crossing Authority to be established by Canada to design, construct, finance, operate and maintain a new international crossing between Canada and Michigan. As a result, the Windsor-Detroit Bridge Authority (WDBA) was established on October 9, 2012 (P.C. 2012-1350). The WDBA signed the Crossing Agreement on November 2, 2012

The approval of the initial Corporate Plan of the WDBA was an important step for the advancement of the Detroit River International Crossing (DRIC) project. The Corporate Plan will allow the corporation to take the lead on project activities as it starts to hire staff. It was necessary for the WDBA to obtain Corporate Plan approval now as it is responsible for delivering on many of the important upcoming project milestones, including certain activities that will need to be carried out immediately. For example, since the WDBA is responsible for the appointment of one member to the International Authority, it is anticipated that this will be one of the first activities undertaken by the WDBA. Other activities may include working with Michigan on land acquisition and engaging stakeholders and local communities. That said, it is important to note that it is ultimately the prerogative of the CEO on how he/she will start carrying out activities.

Since the corporation was not operational at the time the initial Corporate Plan was drafted, the Corporate Plan does not include the analysis of past performance and financial status that would normally be expected in a Corporate Plan of an established Crown corporation. Future Corporate Plans for the WDBA will include this information.

2.0 Milestones

- 2001** Canada-U.S.-Ontario-Michigan Bi-national Partnership launched Planning/Need and Feasibility Study (PNF) Study
- 2004** PNF Study recommended additional crossing capacity required in the Windsor-Detroit region to handle current and future travel demand
- 2005** Bi-National Environmental Assessment (EA) launched
- Considered 15 alternative crossing locations
 - Twinning of Ambassador Bridge eliminated from considerations along with several other locations
- 2007** Budget
- \$400M set aside from Gateways and Border Crossing Fund (GBCF) for the Parkway
 - P3 options explored with other project partners
 - \$10M over 3 years for DRIC project team and consultants
- 2008** Technically preferred location for new bridge and port of entry announced
- 2009** Environmental approvals obtained
- U.S. Record of Decision. Ontario and Canada determine no significant environmental impact
- Property acquisition in Windsor commenced
- 2010** Budget included \$10M over three years to support legal, financial and technical work
- Minister Baird sent letter to Governor Granholm, Canada will cover Michigan's costs (U.S. \$550M)
- 2011** Governor Snyder's State Speech in January announced DRIC as a major priority
- Construction of Windsor Parkway began in August
- 2012** Announcement of Canada-Michigan Crossing Agreement in June
- Creation of Windsor-Detroit Bridge Authority in October
- U.S. Federal Highway Administration approved Waiver for Canada & U.S. iron/steel for DRIC in December
- Bridge to Strengthen Trade Act* received Royal Assent in December
- 2013** Presidential Permit obtained
- 2014** Budget 2014 included \$470M for DRIC project, including WDBA operations

3.0 Corporate Profile

3.1 Mandate and Mission

3.1.1 Mandate

Under the terms of its Letters Patent and of the Crossing Agreement, the Windsor-Detroit Bridge Authority is responsible to carry out the obligations of the Crossing Authority as a party to the Crossing Agreement and to construct, and/or operate the Detroit River International Crossing.

3.1.2 Mission

To construct and/or operate the Detroit River International Crossing alone or together with one or more governmental authorities, and to do so directly or under one or more public private partnership agreements (P3 Agreements) with one or more private sector concessionaires procured through a competitive procurement processes as contemplated by the Crossing Agreement.

3.2 Governing Legislation

The Windsor-Detroit Bridge Authority is a non-agent parent Crown corporation established by Letters Patent pursuant to ss.29(1) of the *International Bridges and Tunnels Act*. It is a Schedule III, Part I parent Crown corporation under Part X of the FAA.

3.3 Creation of the Windsor-Detroit Bridge Authority

Budget 2007 announced that “The Government will also create a new public entity that will own this key component of the new crossing.” Consequently, the Government of Canada chose to create a new Crown corporation, the Windsor-Detroit Bridge Authority (WDBA). The corporation was created in October 2012, pursuant to the *International Bridges and Tunnels Act*. Creation of a Crown corporation is generally consistent with TC’s policy of not directly managing and operating federally owned transportation infrastructure. The advantage of the Crown corporation is two-fold. First, being a Crown corporation, which operates at arm’s length from the Government, the WDBA will have greater flexibility and efficiency to implement its mandate. Second, it will be able to operate in a commercial environment and at a level playing field with other private parties that carry out the same type of business. Although it is important for the WDBA to be able to compete in a commercial environment, it still has a public policy role to fulfill and it is subject to the reporting requirements for Crown corporations under Part X of the *Financial Administration Act*.

The Canada-Michigan Crossing Agreement, signed in June 2012, calls for a Crossing Authority (the WDBA) established by Canada to design, construct, finance, operate and maintain a new international crossing between Canada and Michigan, with funding approved by Canada, but with no funding by the Michigan parties. In essence, the WDBA is the body that will deliver the Detroit River International Crossing (DRIC) project.

4.0 Governance Framework

4.1 Governance

4.1.1 The Windsor-Detroit Bridge Authority

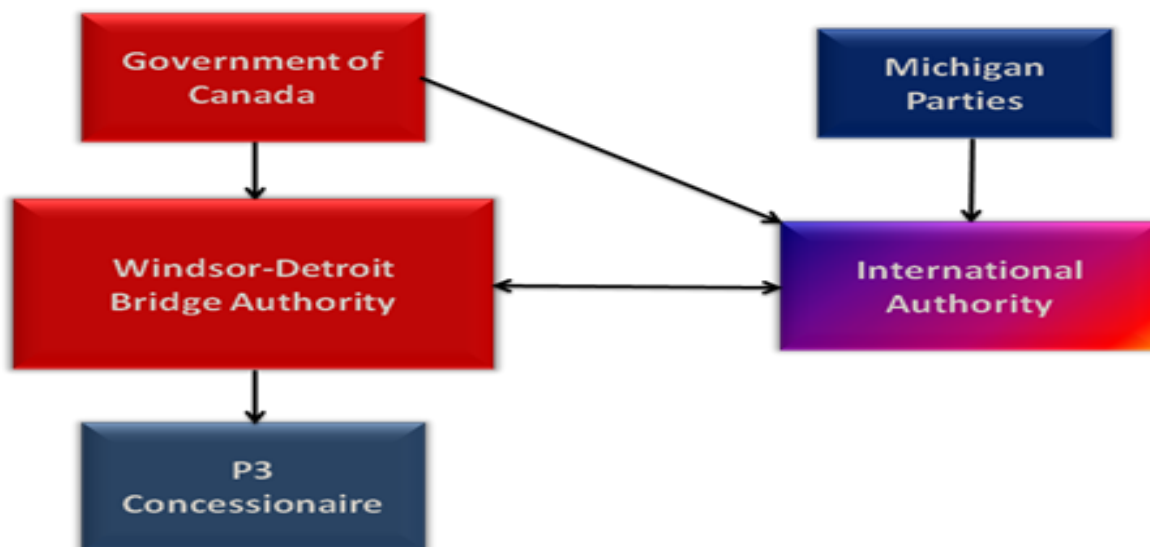
The WDBA will have a maximum of five directors, including the Chair and the CEO. Consistent with the WDBA Letters Patent and the FAA, three board members will be appointed by the Minister of Transport, with the approval of the Governor in Council (GiC), to serve at pleasure for terms not exceeding four years. The other two board members, namely the Chair and the CEO, will be appointed by the GiC to serve for terms to be set out by the GiC.

The governance structure for the project is unique in that the Government of Canada will be seeking repayment from the WDBA for the funds that the Government of Canada invests in the project. This repayment will take several decades and will be recouped by the WDBA from toll revenue. The Government of Canada and the WDBA will develop a repayment agreement that will span several decades.

4.1.2 The International Authority

The Crossing Agreement also establishes an International Authority with equal representation from Canada and Michigan. The International Authority will consist of six members. Two members will be appointed by the Government of Canada, one appointed by the WDBA and three appointed by Michigan.

Figure 1: Governance Structure



5.0 Project Overview

5.1 The Detroit River International Crossing

5.1.1 Project History

The DRIC project started in 2001 in response to the increasing demand on the aging infrastructure in the Windsor-Detroit region. In 2001, TC formed a bi-national partnership with the U.S. Federal Highway Administration, the Michigan Department of Transportation, and the Ontario Ministry of Transportation to determine the need to plan and develop new crossing capacity for the Windsor-Detroit corridor. A Planning/Need and Feasibility Study was completed in 2004 which made four key conclusions about traffic needs over a 30-year time horizon. It concluded that the existing crossings would not provide adequate service over the planning horizon, even with capital and operational improvements; road freight would not sufficiently shift to rail and/or marine modes to reduce demand for a new crossing; additional road vehicle border crossing capacity would be needed; and that a crossing should be located in the Windsor-Detroit corridor.

As a result, environmental assessments were launched in 2005 to meet legislative requirements in Ontario, Canada, and the United States. In 2009, the U.S. Record of Decision was issued; and Ontario and Canadian authorities determined that, with the implementation of mitigation measures, the project is not likely to cause significant environmental effects.

The Windsor-Detroit region is the busiest border crossing between Canada and the United States.

Table 1: Busiest Canada-U.S. Crossings

Crossing	Canada Entry	U.S. Entry	Trucks per day (2013)
Ambassador	Windsor	Detroit	6,441
Blue Water	Sarnia	Port Huron	4,211
Peace	Fort Erie	Buffalo	3,410
Lewiston-Queenston	Queenston	Lewiston	1,865

Figure 2: Major International Crossings in Ontario (Windsor to Cornwall)



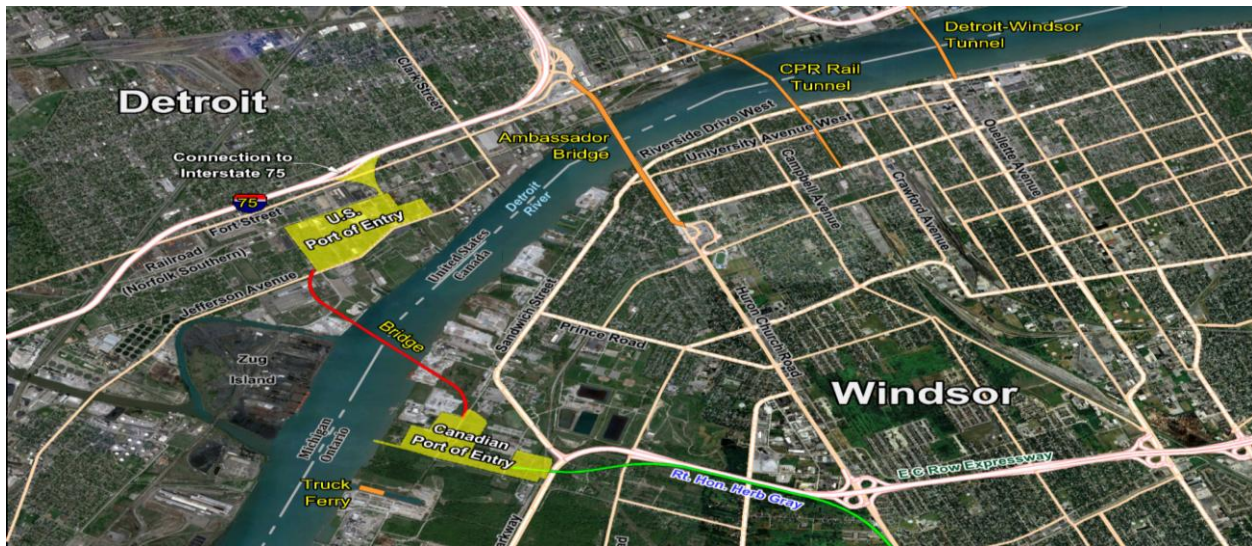
5.1.2. Project Components

The DRIC project consists of four major components:

- **Bridge**—six-lane cabled-stayed or suspension bridge with a span of 850m across the Detroit River with no piers in the water. It will be a high-level bridge to allow for navigation clearance.
- **Canadian port of entry (POE)**—a 53.4 hectare site that will house customs and border processing, tolling, and maintenance facilities. The POE will meet the design guidelines established by the Canada Border Services Agency and the Canadian Food Inspection Agency.
- **U.S. POE**—a 60.3 hectare site and of similar scale to the Canadian port of entry, but without tolling. Most of the U.S. POE will be devoted to border inspection services.
- **Interchange with Interstate 75 (I- 75)**—comprises the primary connecting ramps to and from the U.S. port of entry and associated local road improvements.

A related project to the DRIC project is the construction of a new Ontario access road connecting the Canadian POE to Highway 401 (the Right Honourable Herb Gray Parkway). This access road is considered a separate project and is managed by the Ontario Government.

[Figure 3: DRIC Location and Other Crossings in Windsor-Detroit Region](#)

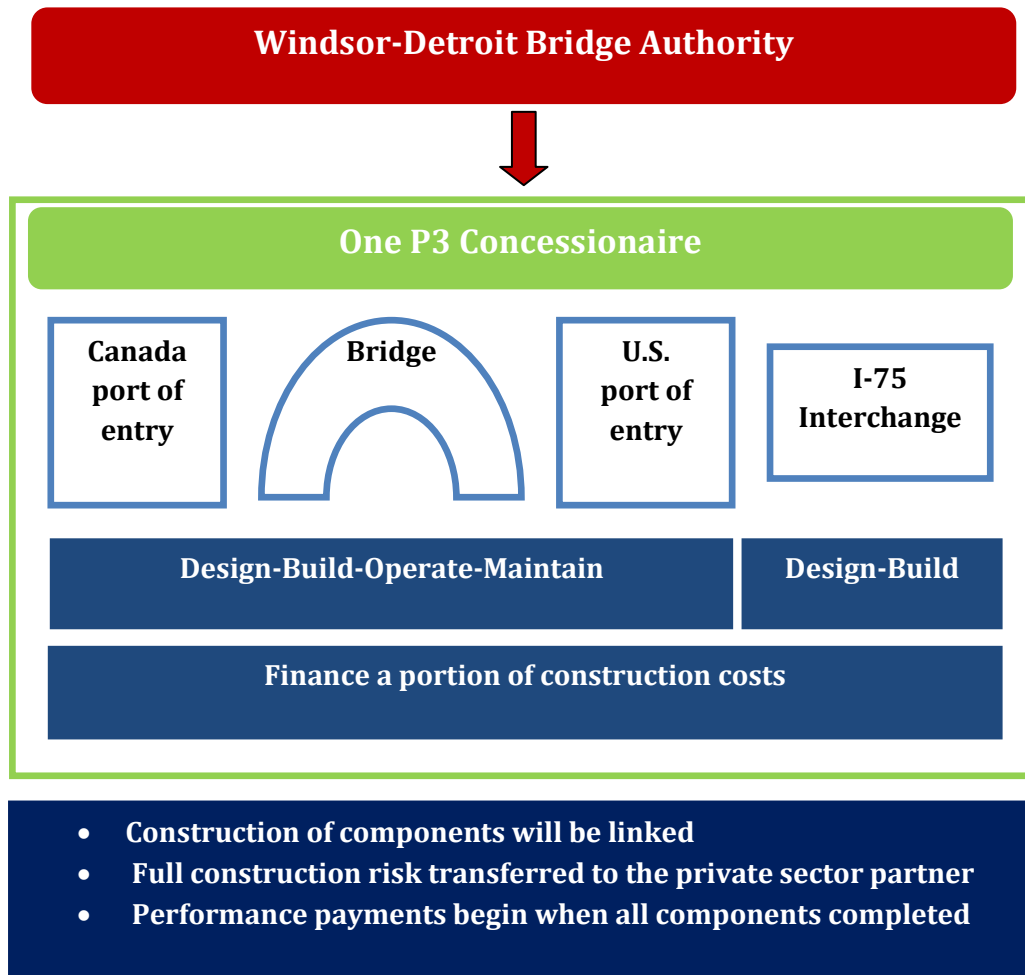


5.1.3 Project Delivery and Funding

A P3 business case indicated that one competitively-chosen private sector concessionaire should be responsible for the detailed design, partial financing, construction, operation, as well as regular and major life cycle maintenance of the project components over a 30-year concession term. Michigan will be responsible for the operations and maintenance (O&M) of the I-75 interchange. It was determined that one concessionaire would best be able to coordinate construction, minimize costs, maximize risk transfer to the private sector, and assure on-time delivery. The proposed P3 model is a design-build-finance-operate-maintain delivery model (commonly referred to as DBFOM), with two exceptions. First, the DBFOM will not include O&M for the I-75 interchange since it is the responsibility of the Michigan Department of Transportation, as specified in the Crossing Agreement. Second, it is anticipated that the private sector will finance a significant portion of construction costs of the project. The P3 procurement model is depicted in Figure 4. The term of the P3 contract will include the construction period of four to five years, plus a 30-year concession (i.e. operating) period.

Although the intent is to have one P3 concessionaire responsible for all project components, the specific deal structure has yet to be confirmed. The WDBA will only proceed with the process to procure a P3 concessionaire to deliver the project once the requisite approvals and funding from the Government of Canada and the U.S. Government are obtained.

Figure 4: P3 Model



5.1.4 Project Status

The project is in the pre-procurement phase. A number of activities must be completed or at least underway before the procurement process can be launched for delivery of the project through a P3 arrangement.

Before the RFQ for the P3 can be launched, certainty is required on two items. First, the project sites must be ready for construction at the time of financial close or shortly thereafter (18 months from RFQ launch to financial close). Second, an agreement needs to be reached with the U.S. government on funding and how the preferred P3 concessionaire will construct the U.S. POE as part of the overall project. All of these activities are time consuming, subject to negotiation, and represent the biggest risk to the project schedule.

5.2 WDBA Business and Activities

Under the Crossing Agreement, the WDBA will implement the project and enter into the P3 agreement with the private sector concessionaire while the Government of Canada will provide the required funding for the project. The WDBA is expected to consult with various parties, such as Michigan, International Authority, Federal Highway Administration and PPP Canada, in the development of the RFQ, the RFP, the draft P3 Agreement and the selection of the fairness monitor.

The WDBA will maintain control over the crossing and collect any revenues generated at least until the Canadian investment is fully recouped through tolls. The Government of Canada is responsible for acquiring all properties required for the project components in Canada. Michigan's role in the project will include activities that Canada has no authority to carry out and providing oversight required by the U.S. Government. Under the Crossing Agreement and its Letters Patent, the WDBA will, among other activities, be responsible for:

- a) procuring the private-sector partner for the public-private partnership arrangement;
- b) signing the contract with the private-sector partner (concessionaire);
- c) overseeing the construction and operation of the crossing by the concessionaire;
- d) procuring the crossing only after receiving requisite approvals and funding appropriation from the Government of Canada, and after the DRIC project receives requisite approvals from the U.S. government and secures funding for the U.S. POE;
- e) collecting and setting tolls, and will be entitled to all crossing revenues up until at least the time that all Canadian investment costs are recouped;
- f) leasing and licensing lands acquired by Canada and lands acquired by Michigan for the crossing, other than the U.S. POE, at a nominal consideration and may lease or license the land acquired by the U.S. POE plaza at a nominal consideration and sublease or sublicense such lands to the U.S. government;
- g) consulting with members of the International Authority and with the Michigan parties in the development of the RFQ, the RFP and the draft of the concession agreement and the process for selecting the fairness monitor; and
- h) selecting, jointly with the Michigan parties, the fairness monitor and engaging the fairness monitor.

6.0 Strategic Issues for the Planning Period

The WDBA's primary objective is to achieve the mandate established for it under the Crossing Agreement to oversee a P3 concessionaire that will deliver a new international crossing. This section does not outline the specific strategic issues facing the WDBA over the five-year planning period; rather it focuses on the first year of WDBA operations (see Appendix 2 for a list of expected activities over the planning period).

This section outlines the key strategic issues facing the WDBA during its first year of operations.

6.1 Environmental Scan

There are a wide range of challenges associated with a newly established Crown corporation. These challenges exist for the WDBA, as its first year of operations will involve immediately participating in activities and subsequently taking over project activities from an existing government department. The following sections summarize the strengths, challenges, opportunities and risks of the WDBA for its first year of operations.

6.1.1 Internal Environment: Start-up of the WDBA

During the first year of operation, the WDBA will benefit from some of the pre-procurement work already undertaken by TC. For example, TC has already made progress on environmental management and property acquisition issues. Newly hired staff at the WDBA will have the opportunity to collaborate with TC staff currently engaged in the project in order to ensure a smooth transition between the two organizations and will benefit from the project knowledge that has already been accumulated.

The DRIC is a large infrastructure project for the Government of Canada and it is essential that the WDBA begin transitioning activities from TC in order to advance the DRIC project. It is imperative to assemble a competent team early on to lead the pre-procurement process through to the opening of the bridge.

Human Resources Management

In drafting the Corporate Plan, it was expected that the WDBA would eventually have up to 40 staff to carry out its mandate. This is a modestly-sized project office compared to other projects of this magnitude and complexity. The estimated full time employee (FTE) requirements are based on similar P3 projects completed in Ontario, British Columbia and New Brunswick. For instance, at its peak, the project office for the Windsor-Essex Parkway was comprised of 55 FTEs.

The WDBA requires expertise in the following areas: engineering and technical, procurement, environmental, financial, legal, strategic policy, communications and engagement.

6.1.2 External Environment: Strengths and Challenges

Strong Government and Public Support

The DRIC project has support from a wide range of external stakeholders, including the business communities in Windsor and Detroit, and the residents of both municipalities. Industry groups that rely on the Ambassador Bridge, including the Canadian Chamber of Commerce, Canadian Manufacturers and Exporters, the Canadian Council of Chief Executives, the Canadian Vehicle Manufacturer's Association, and the Canadian Trucking Alliance, have been unanimous in calling for a new bridge between Windsor and Detroit since 2001. The support from governments and the public on both sides of the border will benefit the WDBA and will help the WDBA to effectively meet the project timelines.

Property Acquisition

Under the terms of the Crossing Agreement, TC is handling all matters related to property acquisition in Canada. The WDBA will be responsible for ongoing property management and payments-in-lieu of taxes (PILT) or its equivalent. The WDBA will also take on the stewardship of Michigan lands and will meet any obligations required by U.S. law.

Procurement

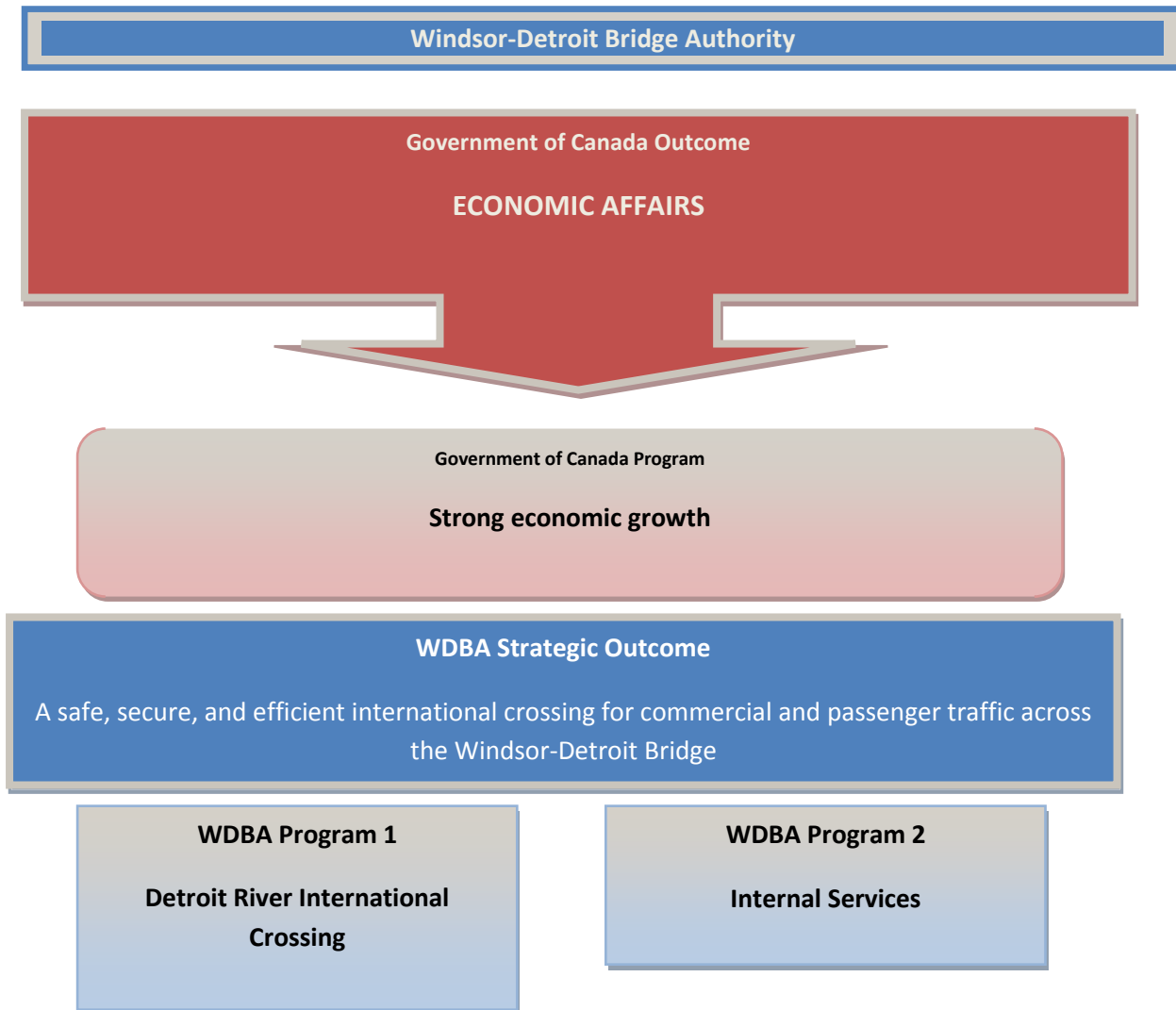
An RFQ will pre-qualify three proponents who will be eligible to participate in the RFP process. One of the reasons for pre-qualifying a limited number of proponents is in recognition that bid costs are high and firms will need a reasonable probability of success to pursue the project.

The documentation for the RFQ, RFP and the bid evaluation framework will most likely be developed in coordination with PPP Canada. PPP Canada expects to continue to be involved and advise on the project throughout the pre-procurement and P3 procurement process.

7.0 Objectives, Activities and Strategies

The Board will develop a more comprehensive Corporate Plan for the 2015-2016 to 2019-2020 planning period once the WDBA is sufficiently staffed. The next Corporate Plan will reflect more detailed strategic and operational plans, including objectives for each of the five years of the planning period, key performance measures and reporting strategies.

7.1 WDBA Program Alignment Architecture



Program Description: Detroit River International Crossing

The Windsor-Detroit Bridge Authority is charged with delivering the Detroit River International Crossing project, which will provide a safe, secure and efficient crossing for passenger and commercial traffic in the Windsor-Detroit region. The Detroit River International Crossing will address problems with regard to border crossings in the region, namely accommodating future traffic projections and providing sufficient capacity in the event of any disruptions at the existing Windsor-Detroit Crossings. The Windsor-Detroit Bridge Authority will procure the project on behalf of Canada and Michigan. As per the Canada-Michigan Crossing Agreement, the Windsor-Detroit Bridge Authority will have several responsibilities. It will manage and oversee the construction of the entire project, other than the operation and maintenance of the Interstate-75 interchange; develop public-private partnership procurement documentation for the design, construction, operation, maintenance and partial financing of the project through a public-private partnership; conduct the public-private partnership procurement process and selection of the preferred bidder; sign the public-private partnership concession agreement; pay Michigan to undertake property acquisition in Michigan; lease or license properties from Michigan; lease or license from Canada the properties that Canada is in the process of acquiring in Windsor; and manage and oversee the public-private partnership concessionaire for the duration of the concession agreement.

8.0 Financial Planning and Analysis

Given that the WDBA was not operational when the Corporate Plan was drafted, a thorough financial analysis was not conducted. However, the forecasted funding requirements for the first fiscal year of the WDBA have been included below. Also included are the expected expenditures for the planning period (i.e. 2014-2015 to 2018-2019).

Explanation of Funding Requirements

The funding for the corporation in 2014 includes salary and wages for approximately 31 staff, and other operating costs which consist of travel, supplies, telecommunications, office furniture, computer equipment and accommodations.

It also includes \$2M which will be used to acquire properties in Michigan that are currently under tax arrears and are available to purchase.

In the development of the costing for the WDBA operations, TC followed all Treasury Board guidelines with respect to costing. The staffing requirements of the WDBA were based on standard Government of Canada classifications and their corresponding pay rates.

It should be noted that the ultimate decision on future funding requirements included in the Corporate Plan would rest with the CEO after he/she is in a position to determine the structure of the WDBA. All funding included in the initial Corporate Plan was based on the proposed WDBA structure presented in Table 2.

Table 2: Proposed WDBA Structure

Executive Team	2014	2015	2016	2017
President and CEO	1	1	1	1
Chief Financial Officer	1	1	1	1
VP, Operations	1	1	1	1
VP, Engineering and Construction	1	1	1	1
Director, Strategic Planning	1	1	1	1
Director, Engineering and Construction	1	1	1	1
Director, Public Relations	1	1	1	1
Legal Advisor	1	1	1	1
TOTAL EXECUTIVE	8	8	8	8
WDBA Staff	2014	2015	2016	2017
Property and Environmental Management	3	3	3	3
Engineering and Technical	5	5	5	5
P3 Procurement	3	7	3	3
Finance	2	2	2	2
Human Resources	2	2	2	1
Strategic Policy	1	2	2	2
Communications & Engagement	2	4	4	4
Legal	2	2	2	1
Administrative Staff	3	3	3	3
TOTAL STAFF	23	30	26	24
Total Executives and Staff	31	38	34	32

Table 3: WDBA – Operating Budget

Operating Budget						
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Total Salary and Wages	\$0	\$3,511,990	\$4,866,942	\$4,558,321	\$4,335,580	\$4,300,036
Other Operating Costs						
Travel and Translation	\$0	\$50,400	\$50,400	\$50,400	\$50,400	\$50,400
Supplies	\$0	\$29,700	\$45,600	\$40,800	\$38,400	\$37,200
Telecommunication	\$0	\$22,275	\$34,200	\$30,600	\$28,800	\$27,900
Accommodations	\$0	\$380,466	\$527,252	\$493,818	\$469,688	\$465,837
Michigan Property	\$0	\$2,000,000	\$0	\$0	\$0	\$0
Office Furniture and Computers	\$0	\$155,000	\$0	\$0	\$0	\$0
Total OOC	\$0	\$2,637,841	\$657,452	\$615,618	\$587,288	\$581,337
Total Operating Expenditures	\$0	\$6,149,831	\$5,524,394	\$5,173,939	\$4,922,868	\$ 4,881,373

Table 4: WDBA – Capital Budget

Capital Budget						
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Total Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Appropriations	\$0	\$0	\$0	\$0	\$0	\$0