

Date: March 14, 2009

To: Murray Thompson, URS Canada

From: Michael Weldon, URS Canada

Reference: Detroit River International Crossing Study

Subject: Response to Submission by City of Windsor dated February 27<sup>th</sup>, 2009  
Cost Issues

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The following memo provides a response to the issues of cost as summarized in the City of Windsor's submission on the DRIC Environmental Assessment Report, in relation to the Windsor-Essex Parkway, the GreenLink and Modified GreenLink proposals.

Part 2 of the City's submission asserts that "...DRIC's own studies do not support the selection of the Windsor-Essex Parkway as the TEPA".

Item 7 in this part of the submission asserts that "DRIC has inappropriately rejected GreenLink on the Basis of Cost". Within this section the submission notes "GreenLink was originally estimated to cost \$1.56 to 1.67 billion. This is nearly identical to the W-E Parkway cost of \$1.5-1.6 billion, ..."

The DRIC study team assessed the GreenLink proposal from the cost and constructability viewpoint. The cost estimate presented by the City was not comparable to the estimates prepared by the DRIC study team for the practical alternatives (i.e. length of roadway included, freeway cross section and inclusion of allowance for inflation). In order to make a direct cost comparison, the DRIC study team had to develop a cost estimate for the GreenLink proposal on the same basis as the estimates that had been developed for the practical alternatives and the Parkway alternative. Using this approach, the DRIC study team estimated the cost of the GreenLink proposal at \$2.3 to \$2.5 billion – about \$700 to \$900 million more than the estimate of \$1.6 billion that was developed for the Windsor-Essex Parkway alternative in the spring of 2008.

The City has confirmed that the GreenLink cost estimate it provided does not extend to the same limits as the DRIC access road, nor is the cost expressed in the same base year (2011). The Parkway cost estimates include engineering costs, an allowance for inflation, full left and right shoulders and address the complete access road, whereas the GreenLink proposal does not include these items. The revised total cost estimate for the GreenLink proposal including these items would then increase to between \$2.3 to \$2.5 billion.

Accordingly, once the cost estimates for GreenLink are revised to include these items, an "apples-to-apples" comparison could be done, which revealed that the GreenLink proposal is

\$700 to \$900 million more expensive to construct than the Parkway.

The DRIC study team has advised the City repeatedly that this figure is simply not comparable to the \$1.5 billion figure presented in August 2007 for the Parkway alternative, nor the \$1.6 billion figure for the Windsor-Essex Parkway as identified in May of 2008 for a variety of reasons. Specifically, the construction horizon years are different. Additionally, the GreenLink number presented is a 2007 construction cost estimate, whereas the estimate for the Windsor-Essex Parkway is corrected for inflation to a 2011 construction year. Further, the project limits used in developing the cost estimates are not consistent in that the GreenLink estimate is for a section of roadway 4 kilometres shorter than the comparable estimate for the Windsor-Essex Parkway; the GreenLink estimate does not include the same allowances for engineering and other costs as are included in the Windsor-Essex Parkway; and the roadway cross-section used for the GreenLink estimate is narrower than the Parkway, and does not meet provincial standards for new freeways.

These cost-related points have been repeatedly made clear to the City and its consultants but the information was never corrected on the GreenLink website. It is misleading for the City to continue to present these figures as an “apples-to-apples” comparison. When a more comparative analysis is done, the reality is that GreenLink would cost between \$700 and \$900 million more than the Windsor-Essex Parkway.

This significant and continuing misrepresentation of the cost of GreenLink as compared to the Windsor-Essex Parkway, by the City, is seen elsewhere in the City’s submission and has been used by the City to garner public support for its preferred alternative. The City also fails to acknowledge that even without a proper “apples-to-apples” comparison of costs, their own peer review on the costs of GreenLink increase the cost to \$1.77 billion, up to \$190 million higher than the costs they continue to report.

The City is correct that “cost was never an exclusionary criteria” in DRIC’s evaluation of alternatives. The DRIC study team consistently evaluated alternatives, using a reasoned argument approach (as per the TOR) based on 7 basic evaluation factors, only one of which is cost. The DRIC study team consistently sought to develop a TEPA, which represents the best balance of costs and benefits. It is within this context that the DRIC study team determined that additional capital expenditure to create a green parkway corridor is justified.

The City now, for the first time, effectively acknowledges the above by stating in subsequent paragraphs that “The City of Windsor worked diligently with Parsons Brinckerhoff to adjust the cost estimate for GreenLink so that it was undertaken on the same footing as the cost estimate for the W-E Parkway. This included using full shoulders, the same corridor length, the same approach to the calculation of inflation, and so forth.” They are quick to point out a \$62 million cost adjustment for the W-E Parkway, which they identified without ever stating that their own adjustments would add almost \$1.0 billion of cost to the GreenLink proposal. However, it is interesting to note that the \$1.757 billion reported by the City for the modified GreenLink is more expensive than the \$1.56 to \$1.67 billion reported for the original GreenLink, despite the

fact the modified GreenLink has 1 km less tunneled sections.

The City did discuss a modified GreenLink proposal with the DRIC team in the summer of 2008. This modified proposal included 2.8 km of tunnels as opposed to 3.8 km in the original GreenLink and 1.86 km in the Windsor-Essex Parkway.

Cost estimates done by their consultants conclude the modified GreenLink proposal would cost \$144 million more than the Windsor-Essex Parkway. They claim that this is within the margin of error; however, that is an inappropriate application of the differences in costs. The costs must be considered as comparisons between two concepts, and as such, one concept, the modified GreenLink proposal, is more expensive than the Windsor-Essex Parkway. This makes sense, as the GreenLink proposal has 1km more of tunneled section; this has a cost.

Based on discussions with City representatives in the summer of 2008, the DRIC study team believes the actual cost differential would be more than \$144 million as reported by the City.

As a point of reference, the additional expenditure of \$144 million reported by the City could be used to construct almost half of the 6-lane freeway between Windsor and Tilbury. It could, of course, be used for other programs as well.

In any event, it is misleading for the City to assert in bold letters in the summary part of its submission that “The City then responded to those DRIC comments by developing a “**Modified GreenLink**” concept, which also provides substantial tunneled sections in order to protect residential communities, which meets all of the W-E Parkway technical specifications, and **was demonstrated to cost no more than the Parkway.**”