



Public Private Partnerships in British Columbia

Austin Chamber of Commerce Intercity Visit

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Partnerships British Columbia

- Partnerships BC was created in 2002 by the Provincial Government
- It evaluates, structures and implements partnership solutions which serve the public interest
- Owned by the Provincial Government
- Operates as a company with a board of directors
- Reports to the Minister of Finance

Key Sectors for Development



Highway improvements



Long term care, acute care, primary care



Sewage Treatment




Advanced Education/
Education

Energy



Projects: Operational / Under Construction

 Project	VFM Savings	On Budget	On Schedule
Sierra Yoyo Desan Resource Road*	N/A	✓	Early completion
Gordon & Leslie Diamond Health Care Centre*	✓	✓	✓
Abbotsford Regional Hospital and Cancer Centre*	✓	✓	Completed
Britannia Mine Water Treatment Plant*	✓	✓	✓
Sea-to-Sky Highway Improvement Project	✓	✓	✓
William R. Bennett Bridge*	✓	✓	108 days early completion
Canada Line (Sky-train)	✓	✓	✓
Kicking Horse Canyon (Phase 2)*	✓	✓	Early completion
Golden Ears Bridge	✓	✓	✓
Charles Jago Northern Sport Centre*	N/A	✓	✓
VIHA – Long Term Care	N/A	✓	✓

*Operational projects

Success to Date

- Internationally recognized Centre of Expertise
- Developed policies, best practices, guidance, templates and examples for PPP projects
- Completed 25 PPP deals in 5 years
- Over \$9 billion in projects to date, with about \$ 5 billion from the private sector
- Advised numerous other jurisdictions on PPP programs and projects

Pan-Canadian / International PPP Activities

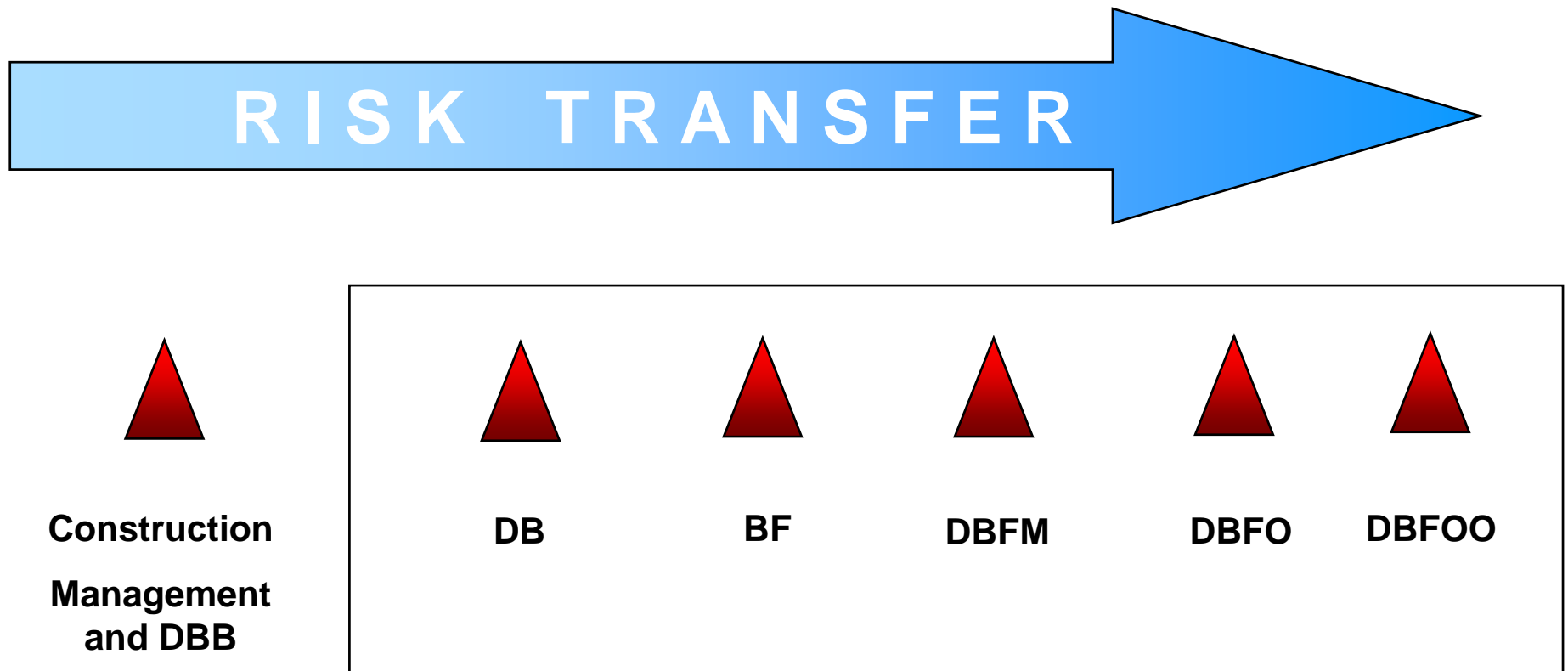
- Increase appeal of Canadian market:
 - Create a more homogeneous Canadian market
 - Reduce costs and duration of procurement
- Memorandums of Understanding
 - Alberta, Ontario, Quebec, Public Works and Government Services Canada, Nova Scotia, Prince Edward Island
- Information Sharing
 - Canada, New Brunswick, Saskatchewan
 - California, Michigan, Arizona, Oregon, Washington, Georgia
 - World Bank, UN

PPP Defined

- Long term, performance-based contract between government and business to deliver infrastructure and related services
 - Combines design, build, operate and often finance into one contract
 - Government retains ownership and control over project
 - Risk transfer and Innovation
 - Lifecycle planning
- Objectives
 - Meet budgetary, fiscal and program objectives
 - Fair and transparent competitive process
 - Delivers value for money
 - Public interest served

Procurement Spectrum

Partnership Structures:



Reasons to Consider a PPP

Traditional

- Multiple contracts
- Government retains key schedule and budget risks
- Owner exposed to deficiencies
- One design solution
- Lumpy cash flow profile
- Linear phases: design, bid, build



PPP

- Single contract
- Key schedule and budget risks transferred to private sector
- Proponent not paid until project delivered as specified
- Multiple design solutions
- Smooth payment based on performance
- Overlap phases: design, build

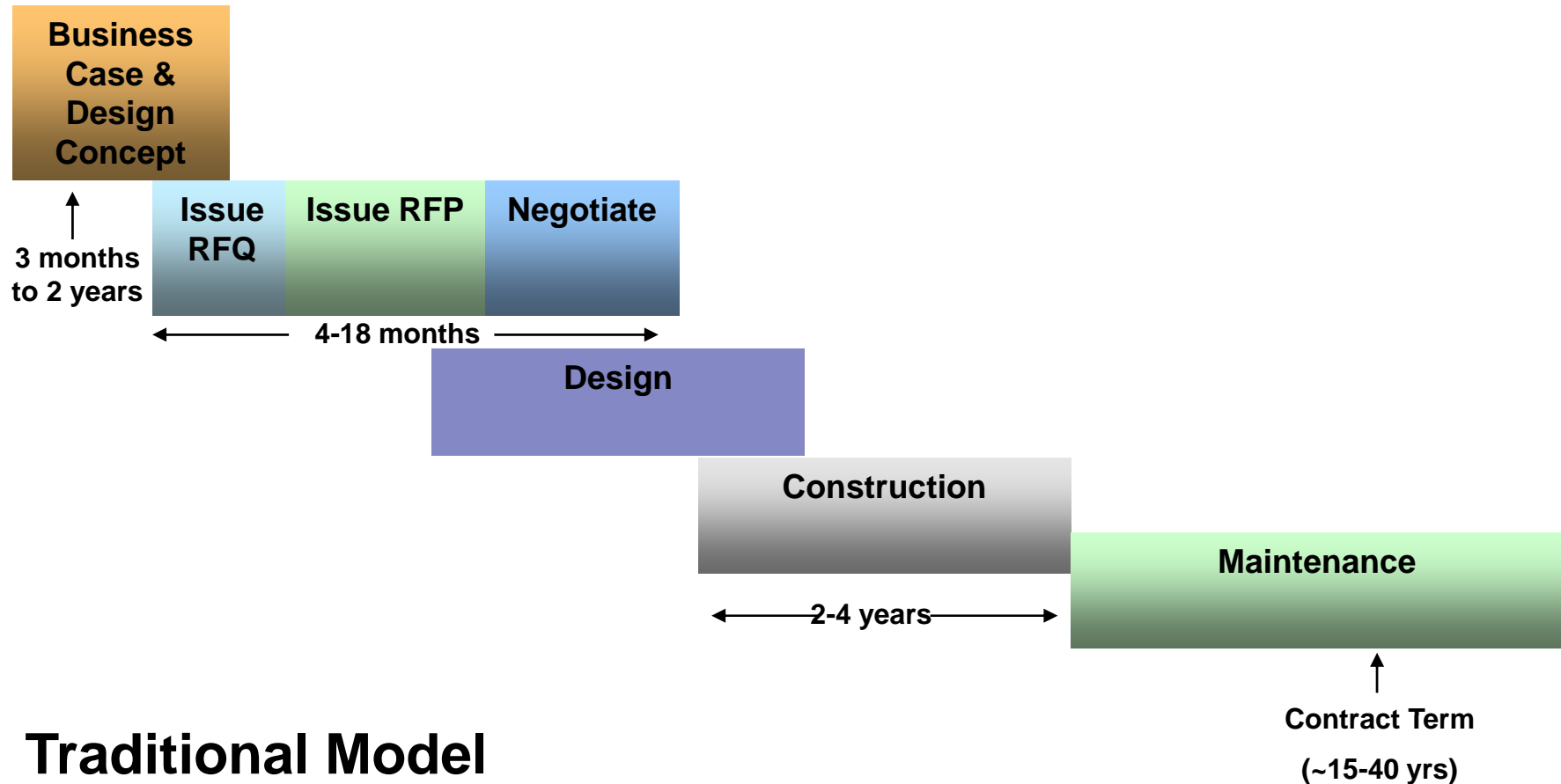
PPPs - Benefits

- Long term, performance-based contract between government and business to deliver goods or services
 - Combines design, build, operate and often finance into one contract
 - Government retains ownership and control over project
 - Meets budgetary and fiscal objectives
 - Lifecycle planning
 - Fair and transparent competitive process
 - Transfers appropriate risks
 - Delivers value for money
 - Public interest served

B.C. PPP Policy Framework

- Provincial commitment to PPP
- B.C. PPP program is a success
 - Track record - on time, on budget
- New capital standard
 - October 2006 - capital standard policy
 - PPP is base case for major capital projects
 - Improve / expedite business case planning
 - Lever best practices
 - Demonstrate consistency to market

PPP Schedule Overview

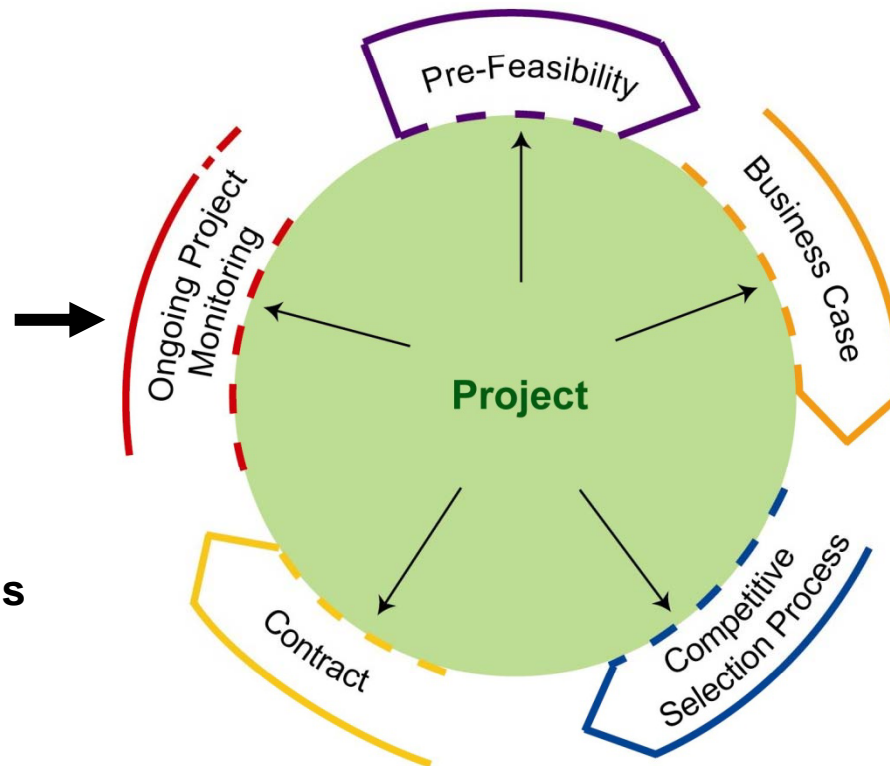


Traditional Model



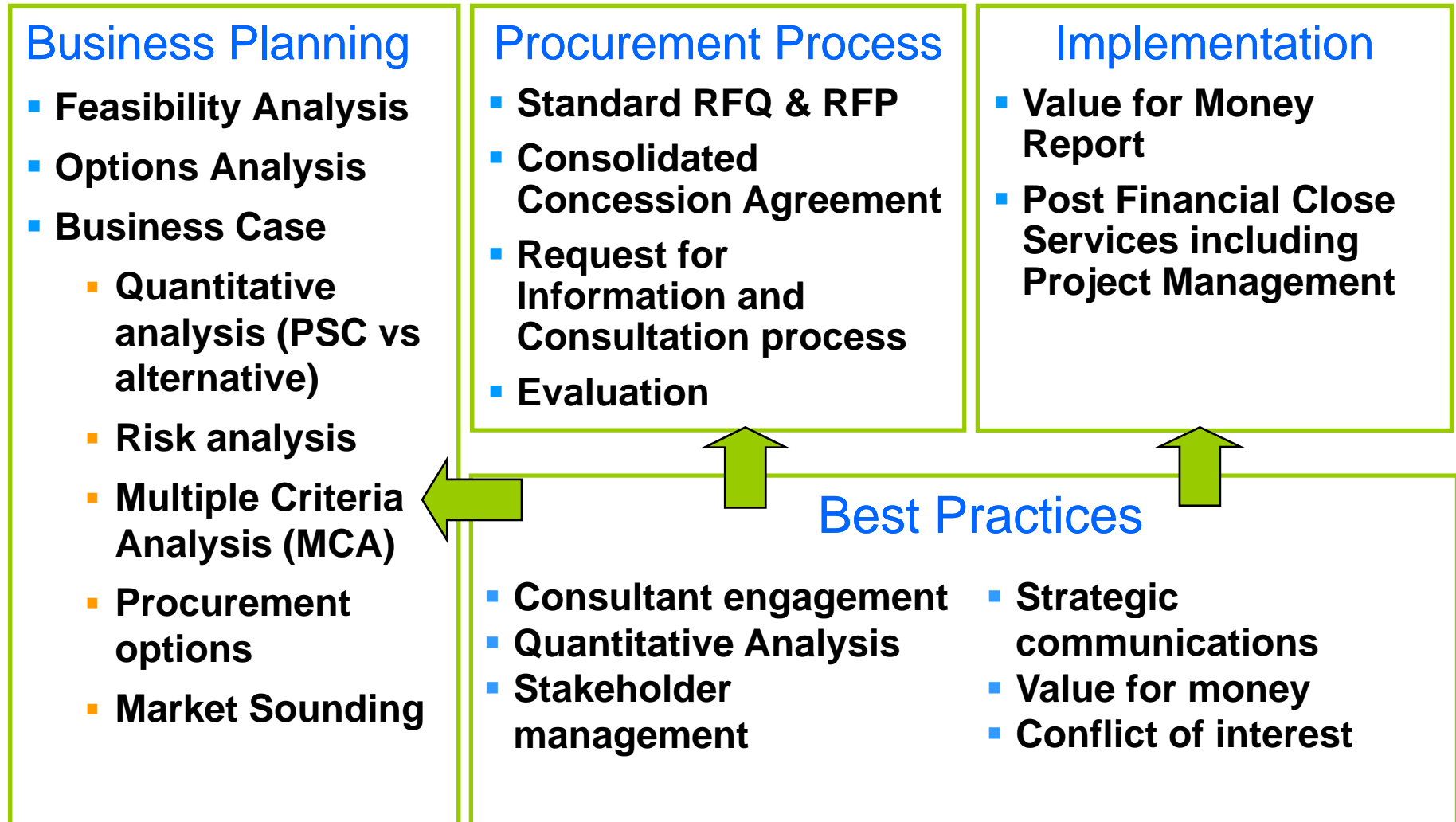
Partnerships BC Role and Model

- Centre Of Expertise/Best Practices
- Market Development
- Transparency
- Fairness
- Communications



- Competition
- Innovation
- Risk Transfer
- Value for Money

Delivery Mechanisms



New Partnerships BC Best Practices

- Based on Summer 2008 projects (three health and one transportation)
- Objective is to improve project outcomes through planning, competition and governance
- Cornerstones:
 - Affordability Line and pass/fail evaluation
 - Thorough costing
 - Clear evaluation criteria
 - Appropriate project governance



B.C. – Projects In Operations

Gordon & Leslie Diamond Health Care Centre



Sierra Yoyo Resource Road



Kicking Horse Canyon (Phase 2)



Charles Jago Northern Sport Centre



William R. Bennett Bridge



Abbotsford Regional Hospital and Cancer Centre





B.C. – Projects Construction



Canada Line



Golden Ears Bridge



**Sea-to-Sky
Highway
Improvement
Project**

Royal Jubilee Patient Care Project



Other Projects Under Construction

- Interior Health – Kelowna/Vernon Hospitals
- Fraser Health – Surrey Outpatient Facility at Surrey Memorial Hospital

Transportation Projects in the Market



Port Mann / Highway 1



South Fraser Perimeter Road

Health Projects in the Market

- Northern Health – Fort St. John Hospital Project - RFQ stage
- Northern Health – B.C. Cancer Agency's Centre for the North in Prince George - RFP stage

PPP Success

“(PPPs are) a fantastic example of how the availability of private capital can help governments achieve their infrastructure goals faster and at a lower cost.”

California Governor
Arnold Schwarzenegger,
May 2007

“Greater use should be made of PPPs worldwide in order to help bridge a growing gap between infrastructure needs and available public investment.”

OECD May 2007

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partnerships
British Columbia



Case Study:

Golden Ears Bridge

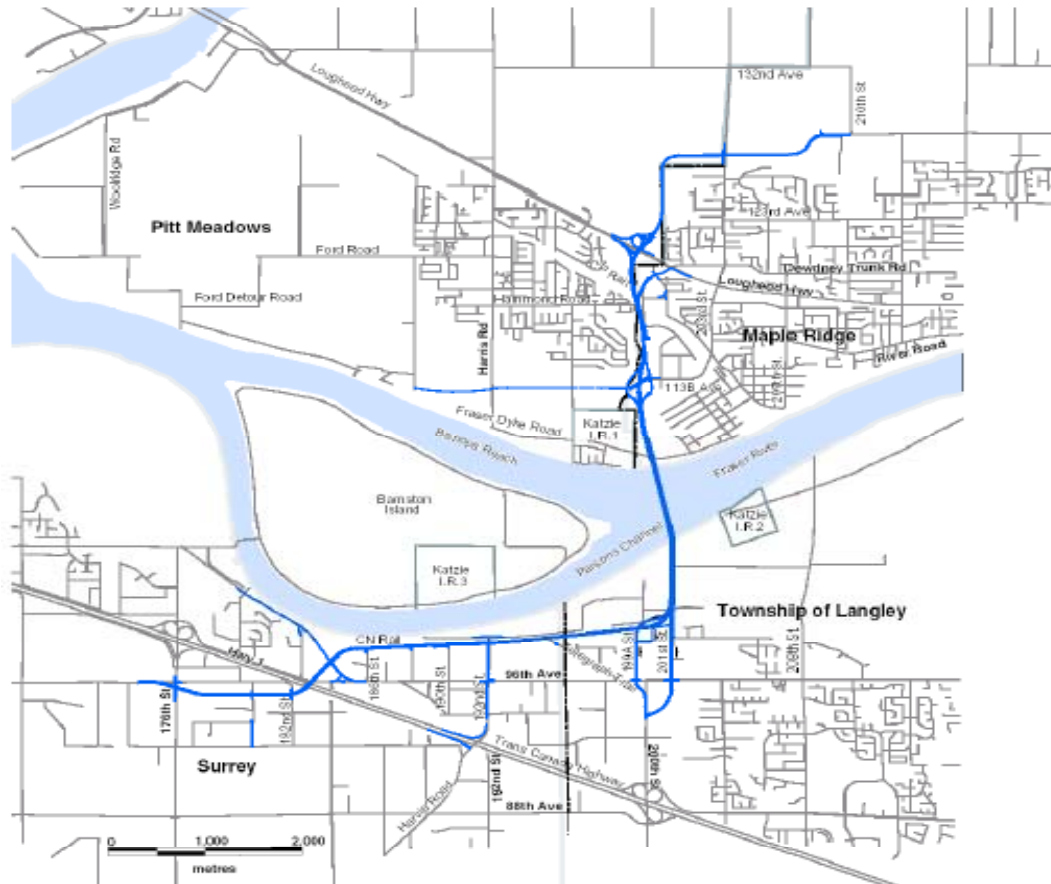
Golden Ears

- New bridge crossing and road network linking the municipalities of Langley and Maple Ridge
- Capital cost \$1.1Billion
- Procurement analysis started in 2004
- Project documents signed March 2006
- Bridge expected to open in June 2009
- ON TIME AND ON BUDGET



Golden Ears

Map of the Golden Ears Bridge Project



Objectives

- ❑ Tolling framework – acceptable and stable toll rates to users
- ❑ Ability (flexibility) to implement public policy to address changes in circumstances in future

Outcome

- No material change in tolling proposal as result of financing.
- Authority to set toll is 100% TransLink responsibility.
- No minimum TransLink credit rating, no TransLink financial covenants, no Provincial support.

Objectives

- ❑ No windfall profits
- ❑ Acceptance of business model and process by Developers, Contractors and Financiers resulting in effective execution.

Outcome

- TransLink retains 100% upside (and downside) of the revenue risk.
- Competitive procurement process. Credit margins favourable with other transactions

Objectives

- Minimal financial exposure to TransLink during operations. No subsidy
- Potential for innovation

Outcome

- TransLink retains tolling risk
- OMR risks are transferred to Concessionaire
- Financing innovation: “credit wrap” Rating AAA
- Design innovation: cable stay bridge; construction practices

Objectives

- ❑ Provide north-south connectivity to east-west routes, reducing travel times and traffic congestion
- ❑ Promote residential and industrial development
- ❑ Link existing pedestrian and cycling networks

Outcome

- Travel times are estimated to be reduced by 30 minutes
- Supports regional “Gateway” transit objectives
- Bike and pedestrian access provided

Objectives

- ❑ Public accountability and public safety paramount

Outcome

- Proposal conforms to RFP technical requirements
- Independent Certifier to certify completion.
- TransLink oversight during construction
- Full disclosure to the public of DBFO Agreements

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