



# Public Private Partnerships in B.C.

**Northwest Construction Consumer Council Annual Conference  
“New Realities in Project Delivery”**

**November 2, 2011**

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## PPP Policy in B.C.

- § 1990s: Significant infrastructure gap
  - § Governments of the day fell behind on investments
  - § Most dramatic needs in health, education and transportation
  - § High profile traditional procurement problems (scope, schedule, deferred maintenance)
- § 2000s: Commitment to address gap
  - § \$6-8 billion in capital spending
  - § Introduction of PPP approach

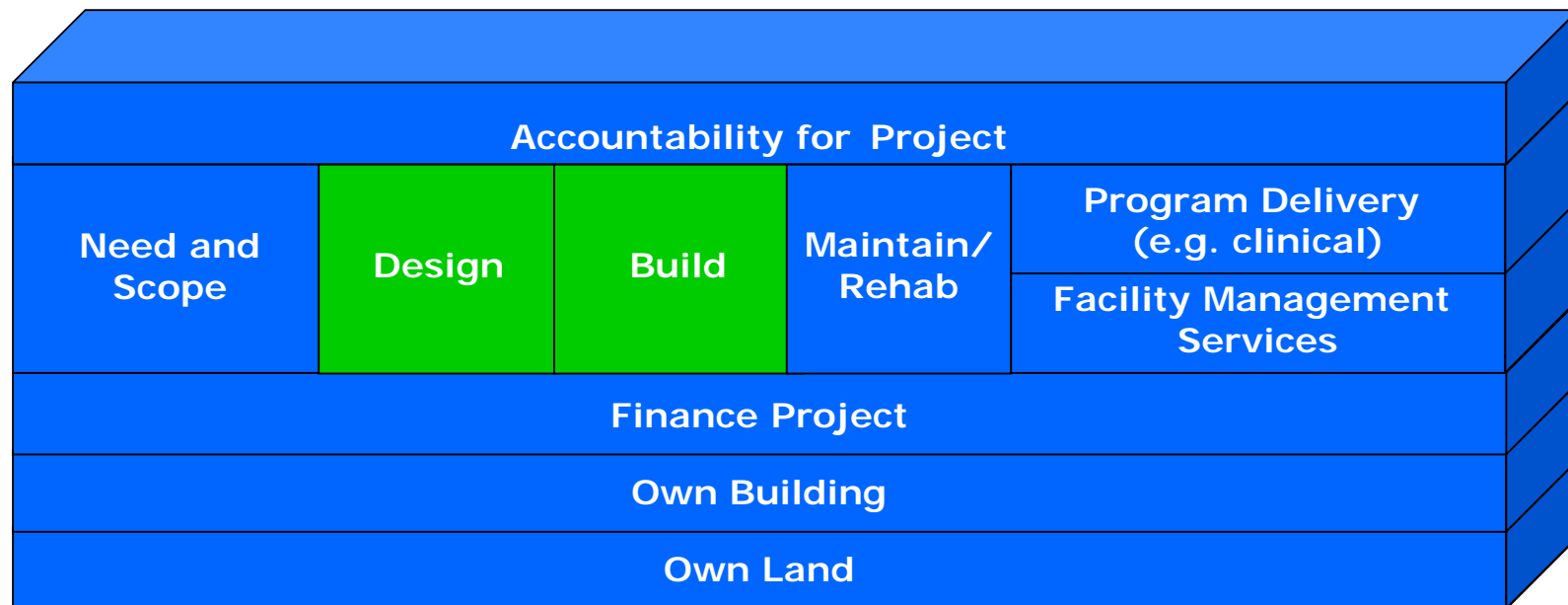


## PPP Defined

- § Long-term, performance-based contract
  - § Combines design, build, operate and often finance
    - DB, DBF considered in spectrum
    - Majority of projects with financing are >\$60M
  - § Government retains ownership and control
  - § Risk transfer and innovation
  - § Life cycle planning
- § Objectives
  - § Fair, open and transparent competitive process
  - § Delivers value for taxpayers' dollars

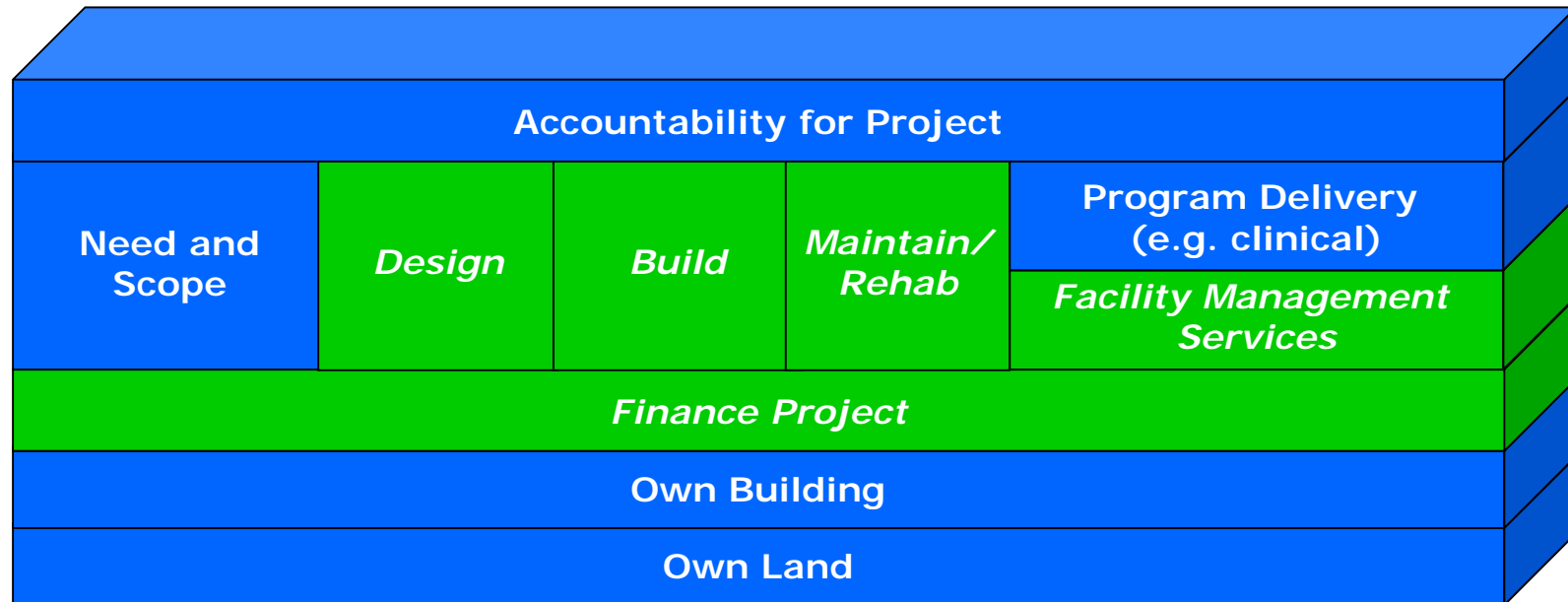


# Traditional Infrastructure Delivery Model



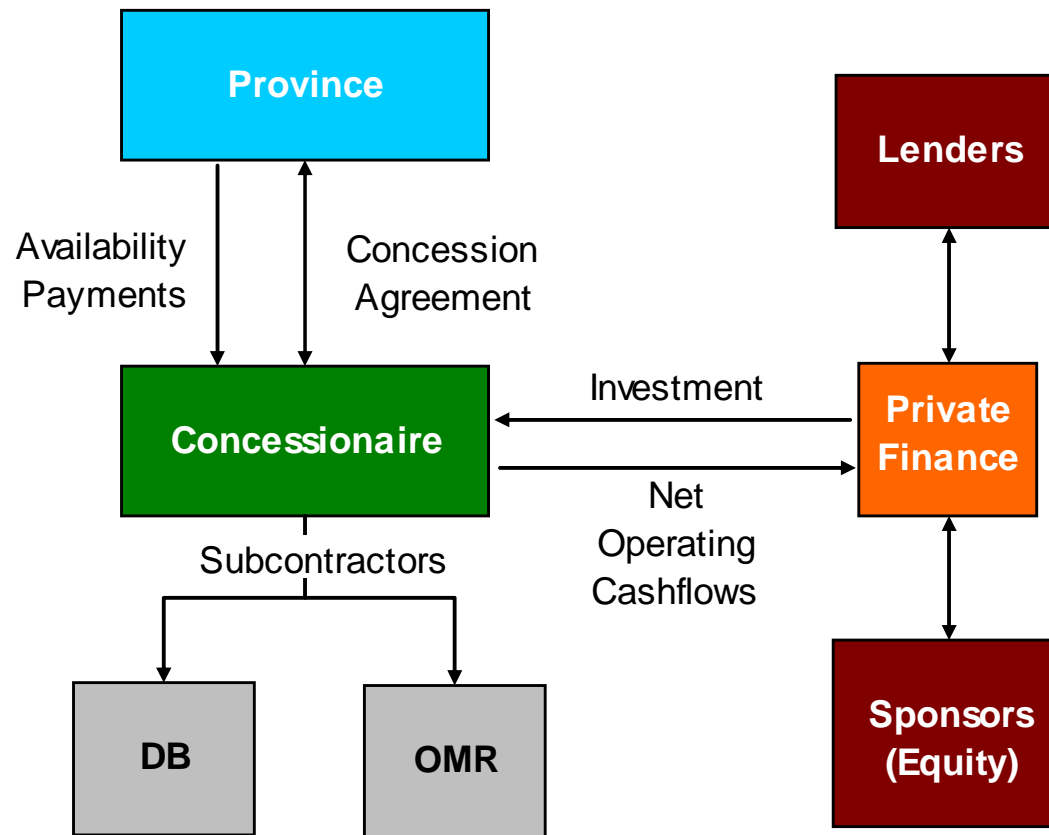


# PPP Infrastructure Delivery Model



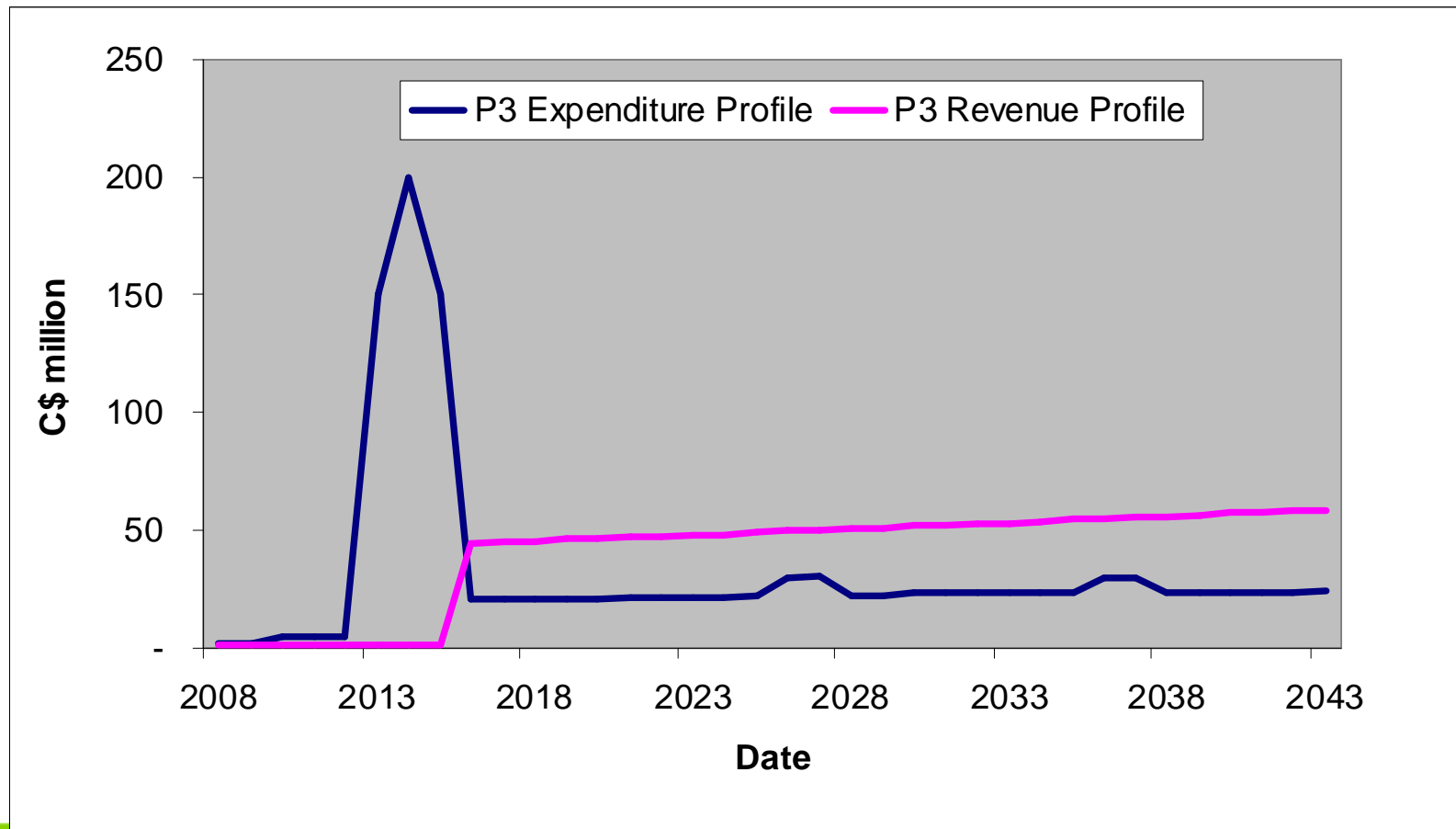


# Typical PPP Structure – Availability





# Key PPP Aspects – Project Cash Flows





## Typical Risk Allocation in a PPP

| Public Sector                         | Shared                      | Private Partner           |
|---------------------------------------|-----------------------------|---------------------------|
| Ownership                             | Environmental               | Design                    |
| Program Delivery /<br>Decision-making | Demand                      | Construction              |
| Legislative Change                    | Energy Costs                | Maintenance               |
| First Nations                         | Industrial Relations        | Commissioning             |
| Land Acquisition                      | Permitting                  | Commercial<br>development |
|                                       | Force Majeure               | Life cycle capital        |
|                                       | Existing site<br>conditions | Schedule                  |
|                                       |                             | Financing                 |





## PPP Benefits

- § Innovation
- § Asset condition
- § Performance-based infrastructure
- § Integration – creates efficiencies, costs savings
- § Discipline – financier
- § Risk transfer – e.g. design, cost, schedule
- § Certainty – budget and schedule



## Essential Elements for Success

- § Political and stakeholder support
- § Enabling policy framework
- § Focused delivery agency
  - § Blend of public and private sector experience
- § Flexibility and market alignment
- § Focus on best practices



## State of PPP Market

- § Expanding Canadian market as PPP projects increase
- § Growing political commitment to PPPs across Canada
  - § Alberta, Saskatchewan, Winnipeg, Quebec, Ontario, N.S., and N.B.
- § U.S. market still in early stage of development
- § Increased competition for bidders – more market participants in North America
- § Bidder response is at a high point
- § Significant local performance on bid teams



## PPP Initiative in B.C.

- § Program began in 2001
- § Significant ongoing infrastructure requirement
- § Provincial total capital spending ~ \$6 billion annually
- § PPP spending ~ \$1 – \$1.5 billion annually
- § PPPs are the right answer, some of the time
  - § One tool in the toolkit
- § Canadian market has expanded considerably in this time



# Policy, Partnerships BC and Projects



## B.C. Capital Policy Framework

- § Provincial commitment to PPP
- § 2002 Introduction of Capital Asset Management Framework
- § \$50 million capital standard policy
  - § PPP is base case for major projects
  - § Improve / expedite business case planning
  - § Lever best practice
- § Projects with a capital value between \$20 million à \$50 million undergo an early project screen

## Partnerships BC Overview

- § Created in 2002: evaluate, structure, implement PPPs
- § Board of Directors
  - § Governance
  - § Recommendations to Province
- § Staff of 40
  - § Projects
  - § Best Practices





# Partnerships BC Scope

| Business Planning  | Procurement Process  | Design, Construction, Operations   |
|--|--|--|
| <ul style="list-style-type: none"> <li>§ Concept Plans and Feasibility Analysis</li> <li>§ Procurement Options Assessment</li> <li>§ Business Case                             <ul style="list-style-type: none"> <li>§ Market Sounding</li> <li>§ Quantitative Analysis</li> <li>§ Risk Analysis</li> <li>§ Multiple Criteria Analysis (MCA)</li> <li>§ Procurement Options Analysis</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>§ Procurement Process Management</li> <li>§ Evaluation Management</li> <li>§ Contract Negotiations</li> <li>§ Service Integration                             <ul style="list-style-type: none"> <li>§ Consultant Management</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>§ Construction Oversight and Contract Management – Advisory</li> <li>§ Project Reporting</li> <li>§ Project Management</li> </ul> |
| <p><b>Best Practices &amp; Documentation</b></p> <p><b>Strategic Communications &amp; Stakeholder Relations</b></p> <p><b>Knowledge Management &amp; Recommendations to Treasury Board</b></p>   |  |  |





## PPP Projects in B.C.

- § More than \$12.5 billion invested in 35+ partnership projects; \$5 billion in private capital
  - § Highways
  - § Bridges
  - § Rapid Transit
  - § Acute Care
  - § Outpatient Care
  - § Long-term Care Facilities
  - § Schools
  - § Energy
  - § Corrections
  - § Sports Centre
  - § Water Treatment
- § 31 provincial, national and international project awards



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