



## Partnerships BC – a new pipeline of deals

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Partnerships BC is leading the way in creating a more collaborative procurement process to reduce P3 operating costs with the recent re-election of the Liberal government resulting in a new pipeline of deals for the agency to manage.

The province has enjoyed a great deal of success with a number of deals in the past and started out as the front-runner in Canada for the procurement of PPP.

The agency's achievements have meant that it is able to provide P3 advisory services to surrounding provinces in Canada as well as to some US states.

Partnerships BC was established in May 2002 as a company wholly owned by the ministry of finance. It was mandated to:

- identify, investigate and implement P3 projects
- identify options for maximizing the value of public capital assets

The team consists of roughly 40 people, comprising financial professionals, engineers, legal advisers and architects.

Elizabeth Mayer, a partner at Canadian law firm Davis, said: "Partnerships BC has a good team who are enjoyable to work with. They have a very clear and collaborative process."

The agency has so far successfully completed work on over 40 projects though there was a lull period in the market following the global financial crisis. Work is now picking up as the Liberal government hopes to spur growth and raise living standards.

### Pipeline

British Columbia's May 2013 elections saw the re-election of the Liberal government with an increased majority. The administration is set to continue the party's previous plans and invest heavily in infrastructure.

Projects which have been identified by British Columbia's provincial government and may come to the market as P3s are:

- George Massey Tunnel replacement
- second Okanagan bridge

- replacement of the Patullo bridge
- extension of the Skytrain system to the University of British Columbia
- Kicking Horse Canyon – phase 4
- St Paul's Hospital
- Royal Columbian Hospital

Infrastructure will play an important role in the province's development as it is a key transit route for Canada to the Pacific and Asia. Investment into natural resource extraction will also require more work.

### **Collaboration**

Outside of British Columbia's provincial government, Partnership BC is working with municipalities and other provinces on projects. The agency has previously worked with Quebec on its P3 agenda and is now developing programmes for:

- Saskatchewan
- Nunavut
- municipal governments

Municipal-led deals are increasingly popular in Canada, primarily due to P3 Canada's funding and support in assessing projects feasibility, as well as a growing number of deals suitable for P3. However, deal flow is likely to be reduced in BC compared with other provinces, as the majority of projects valued under Can\$50 million will be considered too small to be procured as P3.

P3 projects currently in development are:

- Surrey's biofuels facility
- Victoria's wastewater treatment facility

The agency is also looking beyond Canada's borders and has an advisory contract with US state Oregon. Dan Carol, director, multi-state initiatives for the governor of Oregon, said: "The Governors' 2012 executive order 12-17 called out the importance of developing a community of practice in the state around performance-based infrastructure.

"As Oregon researched ways to innovate and stretch public investment in infrastructure, we were impressed by the track record of our neighbours to the north."

British Columbia is sharing its expertise further along the Pacific coast and is a member of the West Coast Exchange, a body set up to share P3 knowledge between the province, Oregon, Washington State and California. The exchange is still in its start-up phase but is aiming to become a multi-jurisdictional centre of expertise and a gateway to the region for national and international investors.

Sarah Clark, president and chief executive of Partnerships BC said: "We do have a mandate to be self-supporting. As a fee-for-service agency, we do work with other jurisdictions across Canada and in the US where the fit is right and can provide procurement and infrastructure expertise."

The work has other benefits with Clark adding: "Being one agency working on many sectors and regions we're also able to get the benefit from learnings across agencies, ministries, provinces and other jurisdictions and apply it forward on new projects."

## **Streamlined procurement**

Partnerships BC has long been seen as running a more collaborative tender process compared with other centralised procuring authorities.

Clark said: "Collaboration with proponents has been in our history for sure. Since the first projects we've always had a collaborative process with the bidding community. We feel the more dialogue we have during the procurement process the better informed both sides will be, the better documents will be and the more innovation will be seen in the final outcomes."

The agency has now developed a new process which allows bidders greater insight into the evaluation criteria and puts a value on cost reductions achieved through possible operational design efficiencies.

The process was trialled on the Interior Heart & Surgical Unit which reached financial close in 2012 and is now being used on North Islands and the BC Children's and Women's Hospitals acute care centre.

Clark said: "Feedback from the proponents has been very good as they can self-score to some degree, not a 100%, but it gives them good guidance to where they should spend more, where they should spend less and how that spending will be valued against their overall price."

The new process is particularly well-suited to hospital procurements given their high operational costs and complex nature, but Partnerships BC has also looked at using it in other sectors.

It is not the only instance of greater collaboration during the tender with Partnerships BC regularly holding industry meetings and allowing bidders to request meetings about specific topics and issues. This opportunity is then extended to all other bidders competing on the project.

Clark continued: "We even have, at bidders meetings, the chief project officer tell proponents this is what we like about our reference concept design, and what we think is weak about the design and where we would like to see it improved."

## **Conclusion**

Partnerships BC's collaborative approach is winning plaudits from all sectors. The inclusion in evaluation of operating cost efficiencies stemming from design is driving greater innovation in healthcare projects. Transparency is also helping to ensure authorities are getting what they want and potential trade-offs are fully explored.

The new method should stand the agency in good stead as the province brings P3 to bear on new sectors such as university campuses with Emily Carr energy with the John Hart Generating Station, and social housing with the SRO Renewal deal.

Potential deals also lie in the more traditional sectors for the province like transport and health with several substantial projects identified and being assessed.

In this age of austerity, Partnerships BC also paves the way for other infrastructure agencies and PPP units such as Partnerships Victoria, Scottish Futures Trust or, given Westminster's desire to commercialise government units – IUK, to expand their practice, gain more experience and bring in some extra funds.