An Overview of the Public-Private Partnership Model in Québec

June 6th, 2016

Agenda

- Introduction – The P3 Approach
- Overview of a Few Projects
  - A-25
  - A-30
  - Turcot
- Other P3 Projects in Canada
- Challenges
- Keys to Success
- Conclusions
## Project Delivery Approaches – Basic Differences

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<th>Conventional procurement</th>
<th>P3 Model (DBFOM)</th>
<th>D-B</th>
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<tr>
<td>Specific technical</td>
<td>Performance requirements</td>
<td>Performance</td>
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<td>Means oriented</td>
<td>Result oriented requirements</td>
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<td>Fragmented project</td>
<td>Integrated project (DBFOMR)</td>
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<td>Contractors execute work</td>
<td>Private partner executes</td>
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<td>overall project</td>
<td>portion of project</td>
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<td>Government financed</td>
<td>Debt and Equity financed</td>
<td>Government financed</td>
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</tbody>
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### Québec

#### P3 Highway Projects

[Map of North America showing Québec and Montréal region]
P3 Highway Projects

- 7.2 km of two-lane highway, including a three-lane 1.2 km bridge, interchanges and overpasses
- Construction cost: 500 million Cdn $
- Partnership agreement signed September 2007
- 35-year concession to design, build, finance, operate, and maintain
- 100% ETC open road tolling facility

Autoroute 25

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**Autoroute 25**

- Open to traffic since May 2011

**Autoroute 30**

- 42 km of two-lane rural highway
- 2 major bridges over the St. Lawrence river and the Beauharnois Canal (St. Lawrence Seaway) representing 40% of the project cost
- 42 overpasses
- 10 interchanges including a complex interchange (A20 / A540 / A30)
Autoroute 30

- 35 km additional highway to operate, maintain and rehabilitate
- ETC toll facility and on-site tolling
- Construction cost: 1.5 billion Cdn $
- Partnership agreement signed September 2008
- 35-year concession to design, build, finance, operate, maintain and rehabilitate
- Open to traffic since December 2012
Turcot (D-B and Conventional)

- 4 interchanges and sections of A-15, A-20 and A-720
- Relocate the corridor of A-20 and CN railroad corridor north

Turcot (D-B and Conventional)

- Project of 3.7 billion Cdn $
- 20% : conventional approach (work began in 2011)
- 80% : Design-Build approach
- 1.54 billion Cdn $ D-B contract signed February 2015
- Design-Build work: 2015-2020
Other P3 Projects in Canada

All provinces
- Accommodations – 7
- Education – 14
- Energy – 11
- Government Services – 4
- Health – 90
- Information Technology – 4
- Justice – 19
- Recreation & Culture – 15
- Transportation – 54
- Water & Wastewater – 18
Total – 236

P3 Model - Challenges

- PPP model is a new way of doing « business »
- Many stakeholders involved in developing and managing these complex projects
- Insuring a rigorous procurement process
- The PPP model has specific requirements for insuring confidentiality, developing performance specifications, different processes
Keys to Success

- Establish clear goals
- Recognize conflicts between goals
- Manage public perception
- Recognize that more flexibility provides more opportunities
- Evaluate the P3 opportunity on a case by case basis

Keys to Success

- Build internal skill-set to develop and manage the partnership
- Provide committed, experienced and disciplined project management by all stakeholders (public and private partners)
- Look to build balanced risk allocation
- Develop an integrated Solution – lifecycle approach
Conclusion: Benefits of P3

- Best value for money invested
- Accelerate development of major projects
- Optimal risk allocation and risk transfer
- Take into account the full life cycle of the project
- Reduce the pressure on Government budget (short term/long term)
- Promote innovation and technology transfer

Thank you!