NATIONAL EXECUTIVE FORUM ON REAL PROPERTY
YELLOWKNIFE, NWT
MAY 29, 2013

NEW GOVERNMENT OF CANADA BUILDING
RCMP E DIVISION HEADQUARTERS

Canada
Public Works and Government Services Canada
Royal Canadian Mounted Police

Green Timbers
Accommodation Partners
PROJECT CONTEXT

STRATEGIC ENVIRONMENT
Support for Government of Canada priorities
Dynamic nature of client organization with changing needs
Evolving federal landscape including changing political and public service leadership

PROJECT CHALLENGES
First Federal accommodations P3-DBFM (Design, Build, Finance, and Maintain) project within highly traditional government environment
Largest accommodation project outside of National Capital Region to date
Evolution of procurement strategy and approach to risk management
### STRATEGIC APPROACH

#### CUSTODY TRANSFER
RCMP leveraging PWGSC resources for effective project delivery
- Determining appropriate procurement strategy in context of affordability
- Delivery of project within annual reference levels without affecting fiscal framework

#### STRATEGIC FRAMEWORK
- Project management within strategic management framework
- Establishing formal governance structures, agreements and protocols
- Emphasis on engagement strategies, leading the dialogue, and consistent messaging

#### P3-DBFM METHODOLOGY
- Fixed price, performance-based contract with deductions for service failures
- PWGSC oversight of Project Agreement (PA), including service plans
- Leveraging contract to encourage lenders to act as owners

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**RCMP E DIVISION HQ RELOCATION PROJECT**

**MAY 29, 2013**
RISK MANAGEMENT APPROACH

APPROVALS PROCESS

Use of evergreen submission with upset limit to accommodate Lender’s limited timeframe for holding their rates

Value for money analysis with a robust, comprehensive assessment of project costs and risks

Extensive engagement strategy to educate key stakeholders on P3-DBFM methodology and harmonize with existing procurement mechanisms

PROCUREMENT

Flexible RFP with affordability ceiling to encourage robust participation of international consortia, and enable collaborative dialogue

Formally agreed upon, independent Fairness Monitor oversaw all relevant procurement activities

Integration of client and optimal use of external expertise to strengthen Canada’s team to protect public interests
RISK MANAGEMENT APPROACH (CONTINUED)

DESIGN AND CONSTRUCTION
Formally agreed upon vision and functional program
Design evolution process and effective scope management through formal change control process with triple bottom line analysis
Balance between prescriptive specifications and performance-based outputs, allowing for optimal private sector innovation
Monthly Status Reports focussing on accountability and risk management

TRANSITION AND OPERATIONAL READINESS
Integrated Partnership Committee and Executive Board for horizontal oversight and risk management
Renewed governance structures and early integration of operating period resources
Move management contract for complex, large-scale move
PROJECT RISK REGISTER

Formal Risk Register key element of value for money analysis
Risk allocated to the party best positioned to manage it
Data gathering led by external professionals
Strategic approach to engagement of experts to mitigate against personal bias and silos

Qualitative assessment based on informed judgment of what party is best positioned to manage specified risk
Quantification of risk based on comparing risk probability, potential consequences if realized, and risk ranking

Benchmarking studies utilized to quantify value of otherwise intangible risks and establish validity of P3 process with senior stakeholders
Updating risk register to reflect changing circumstances and environment
## RISK ALLOCATION

### RETAINED BY CANADA
- Internal decision making including Central Agency approvals
- Accuracy and timeliness of public sector data
- Specialized RCMP security requirements
- Furniture procurement, due to granted project authorities under Real Property Act

### SHARED
- Delays in financial close and contract award
- Disputes between Authority and Private Partner
- Supervening events (e.g. force majeure)
- Change in legislation (neither party controls)
- Energy costs (painshare and gainshare)

### TRANSFERRED TO PARTNER
- Development permits and contracts; building structure and architecture; construction delays
- Internal organization/coordination
- Operating period performance and maintenance costs
- Residual condition of infrastructure
UNFORESEEN EVENTS

GLOBAL FINANCIAL CRISIS
Worsened following close of the RFQ (Autumn 2008)
Engaged internal and external resources, as well as proponents through flexible RFP, to find optimal solution to ensure attractiveness of project
Optimized use of cheaper public dollars and more costly private contributions, while improving competition by allowing consortia more options for project financing

CLIENT AFFORDABILITY
Client affordability challenges, including just prior to the issuance of RFP (December 2008)
PWGSC / RCMP project team worked with external advisors and proponents to determine best options to proceed
Brought in phasing and positive scope ladder with agreement of Proponents
BEST PRACTICES

Managing project risks within strategic risk context
Integrated Partnership Committee and Executive Board for horizontal risk management
Fully integrating risk management thinking within project management strategies

Managing simultaneous learning, delivery, engagement, and education processes
Recognizing difference of Government of Canada environment from provincial jurisdictions
Use of risk register and ongoing updates

Tracking, monitoring, and managing risk during project lifecycle
Achieving balance between prescriptive specifications and performance based outputs
Accurately estimating benefits and risk
Enabling knowledge transfer to build corporate database