

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



INFRARED
CAPITAL PARTNERS



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

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