Public Private Partnerships in Canada and the United States

Canadian Case Study - Valley Line LRT - Edmonton, AB

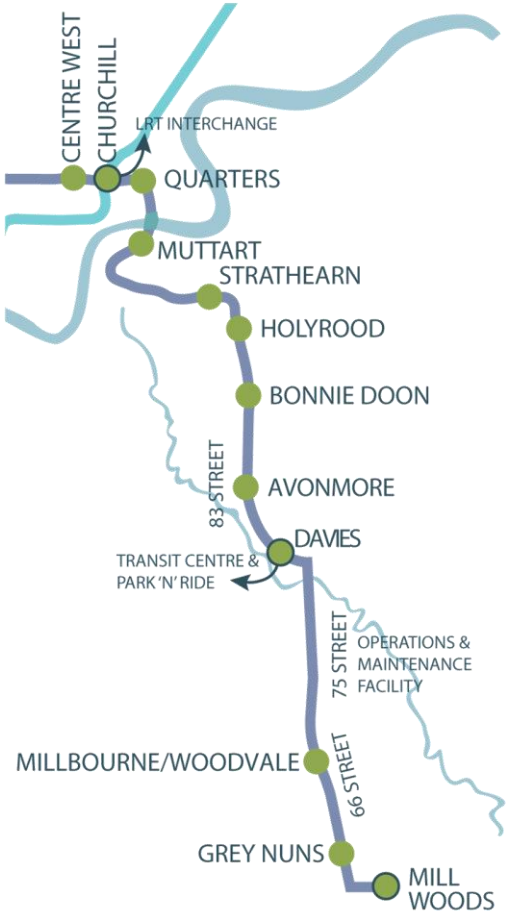
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Valley Line LRT - Stage 1 Project

The Valley Line Southeast will run 13 km from Downtown Edmonton to Mill Woods, and will feature:

- 11 street-level stops
- An elevated station with a 1,400-spot Park and Ride facility and a full transit centre located in the Wagner industrial area
- The new Tawatinâ Bridge across North Saskatchewan River
- A short tunnel from the north face of the River Valley through to the Quarters redevelopment
- An interchange point at Churchill Square to access the existing Metro and Capital LRT lines



This project has a capital cost of $1.8 billion

https://www.edmonton.ca/projects_plans/transit/valley-line-southeast.aspx

Valley Line LRT - Stage 1 P3

Public (City of Edmonton)

- Valley Line requirements (performance)
- payment

Private (TransEd Partners)

- design & build the LRT system
- acquire the trains
- operate the LRT system
- finance some of the costs

Partnership (long term relationship)

- 5 year construction
- 30 year operations

Edmonton's P3 Policy

Public Private Partnership Policy C555
https://www.edmonton.ca/city_government/documents/PoliciesDirectives/C555.pdf

"Guide the City's approach to evaluating and pursuing potential P3s. The Policy provides process certainty and clarity for all stakeholders throughout a P3's life cycle by ensuring a consistent framework for selection, evaluation, approval, delivery and monitoring of P3s."

P3 Policy - Guiding Principles

- Alignment with City priorities is achieved
- Public Interest is protected
- Value for money is demonstrated
- Risks are identified, effectively shared and managed
- Private sector is appropriately engaged
- Appropriate governance and accountabilities are established



Alignment with Edmonton priorities

The project is aligned with the Edmonton's corporate plans and emerging priorities and strategies.

Edmonton's Transportation Master Plan - The Way We Move:

- Increasing public transit options, destinations and transit ridership through LRT expansion
- Developing sustainable transit solutions
- Creating an efficient, effective, and integrated bus and LRT network that connects with other transit modes
- Using LRT as a tool to promote the development of compact, urban communities

Public Interest is protected

- Stakeholder engagement
- Thorough examination of Public Interest
- Performance outcomes
- Informed Community
- Change mechanism



Public Interest - Valley Line

- Accountability, Transparency and Disclosure Framework
  - http://sirepub.edmonton.ca/sirepub/cache/2/2s0mqtqwm1cdaacgw5w4j2rw/354138082020171103476628.PDF
- Early Public Engagement
  - https://www.edmonton.ca/documents/PDF/030413_Preliminary_Design_Process_SE_to_W_LRT.pdf
- Sustainable Urban Integration - Design Guidelines
  - https://www.edmonton.ca/projects_plans/transit/design.aspx
- RFP - Disclosure and Questions & Answers
  - https://www.edmonton.ca/documents/RoadsTraffic/Valley_Line_RFP_Q_and_A_January_7_2015_(1).pdf
- Citizen Working Groups
  - https://www.edmonton.ca/projects_plans/transit/citizen-working-groups.aspx

Value for Money is Demonstrated

Better value for money than traditional
Assessment of Quantitative and Qualitative factors
P3 factors that deliver VFM

- Risks and rewards create incentives
- Private sector expertise
- Long term efficiencies
- Market interest
- Measureable outputs
- Performance based payments
- Private Finance encourages private equity
- Size justifies transaction and ongoing management
- Value for money maintained over lifecycle

Value for Money - Valley Line

- Independent Financial Advisor - KPMG
- P3 procurement NPV of total project cost was $2.172 billion
- Savings of $574 million - 21% compared to Design-Build



Risks are shared and managed

- Identify Project Risks
- Risks allocated to party best able to manage the risk
- Risk allocation is clear

RFP - High Level Allocation of Risks

Edmonton

- Land acquisition
- Fare enforcement

TransEd

- Design, Construction & Vehicle supply
- Geotechnical
- System safety

Shared

- Utility relocations
- Contamination

Private Sector is engaged

- Private sector confidence
- Commercial confidentiality but transparent outcome
- Transparency not to harm competition
- Effective assessment of proposals
- Unsolicited proposals for input only
- Competitive procurement - no sole sourcing

Private Sector - Valley Line

- RFQ - Five responses
- RFP - Three proposals
- Proponent engagement throughout:
  - Commercially Confidential Meetings
  - RFP and Project Agreement Commentary
  - RFIs and Questions
- Schedule maintained with 1-2 month variance

Governance and Accountabilities

- Policy conformance, transparency, due diligence, public interest
- Thorough and efficient approvals and assessments
- Effective and efficient based on project scope, scale and complexity
- Project management and reporting
- Consider stakeholder requirements
- Best practices and independent advice
- Audit trail and record maintenance - open and transparent financial accounting and reporting
- Structure:
  - Council review of P3 Assessment, approval and monitoring
  - Steering committee - oversight
  - Project Team
  - Fairness Advisor
  - Corporate P3 Function

Governance - Valley Line

- LRT Governance Board
  - https://www.edmonton.ca/city_government/council_committee_meetings/lrt-governance-board-agendas-minutes.aspx
- Experts appointed by Edmonton City Council
- Role distinct from Edmonton City Council
- Decision making - RFP, Project Agreement
- Project Team provided regular reporting
  - Process and Commercial Advisor
  - Fairness Monitor
  - Technical Advisor
  - Legal Advisor

Fairness Review - Fairness Monitor

- Review RFP Documents
- Monitor and assess management of procurement
- Review communications between City and Proponents
- Monitor meetings between City and Proponents
- Monitor evaluation process
- Restricted Parties and Conflict of Interest
- Facilitate fairness issue solutions

Fairness Review - Reports

- RFQ Conclusion - August 2014
- RFP Conclusion - November 2015
- Following Commercial Close - March 2016
- Fairness Monitor confirmed that the RFQ, RFP and Commercial Close processes were open, unbiased, transparent, consistent in approach and fair.



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