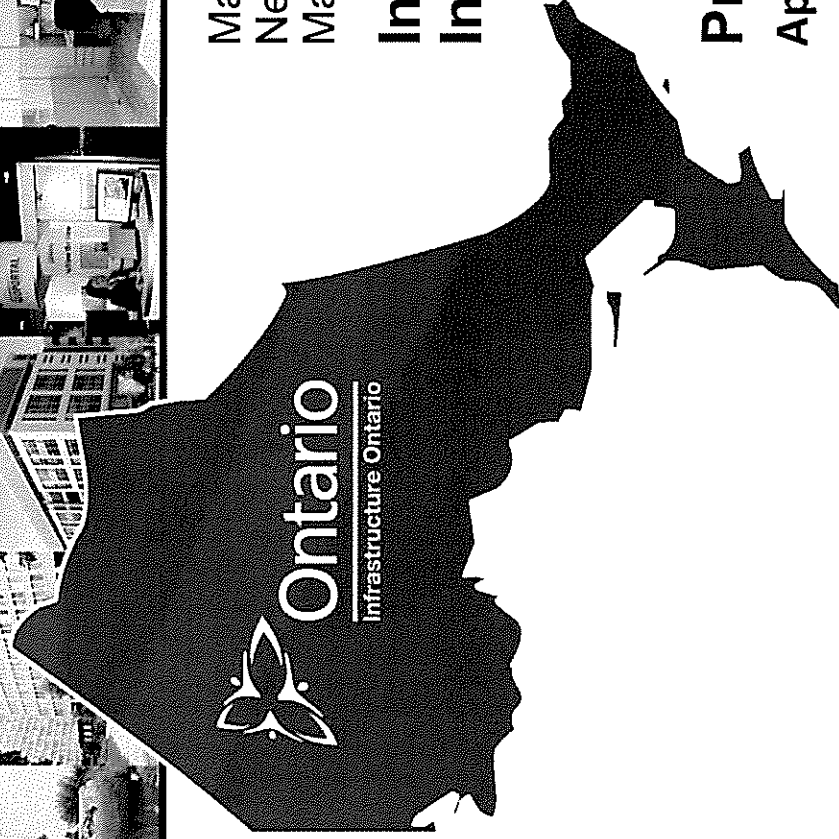




Mackenzie Vaughan Hospital
New Facility
Major Mackenzie Drive, City of Vaughan

Introduction to Infrastructure Ontario and AFP

Presentation to the City of Vaughan
April 15, 2013

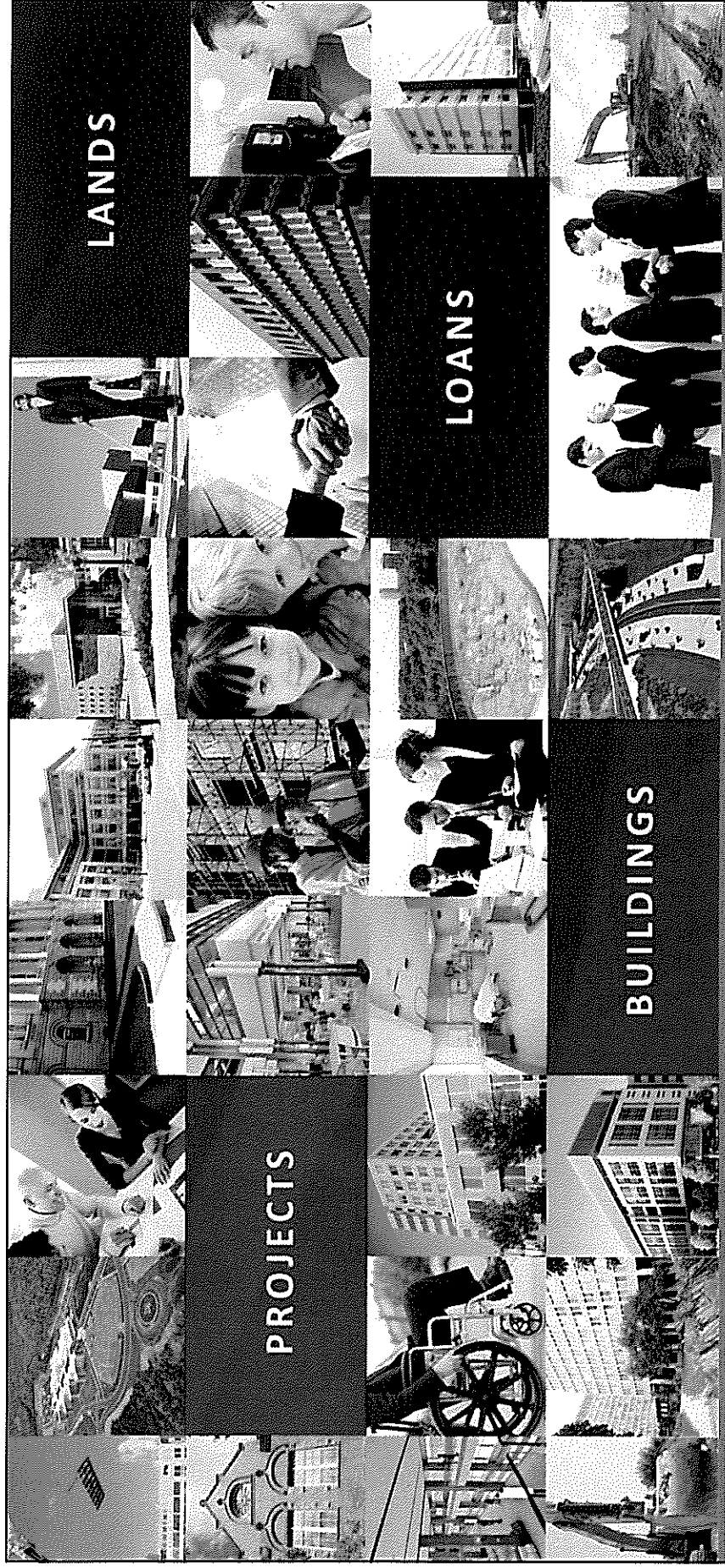


Agenda

- 1) Background
- 2) AFP Projects in Ontario
- 3) Infrastructure Ontario – Major Projects
- 4) What is DBFM
- 5) Risk Allocation
- 6) DBFM Value For Money (VFM)
- 7) DBFM Transaction Phase Timeline
- 8) IO DBFM Projects
- 9) Questions

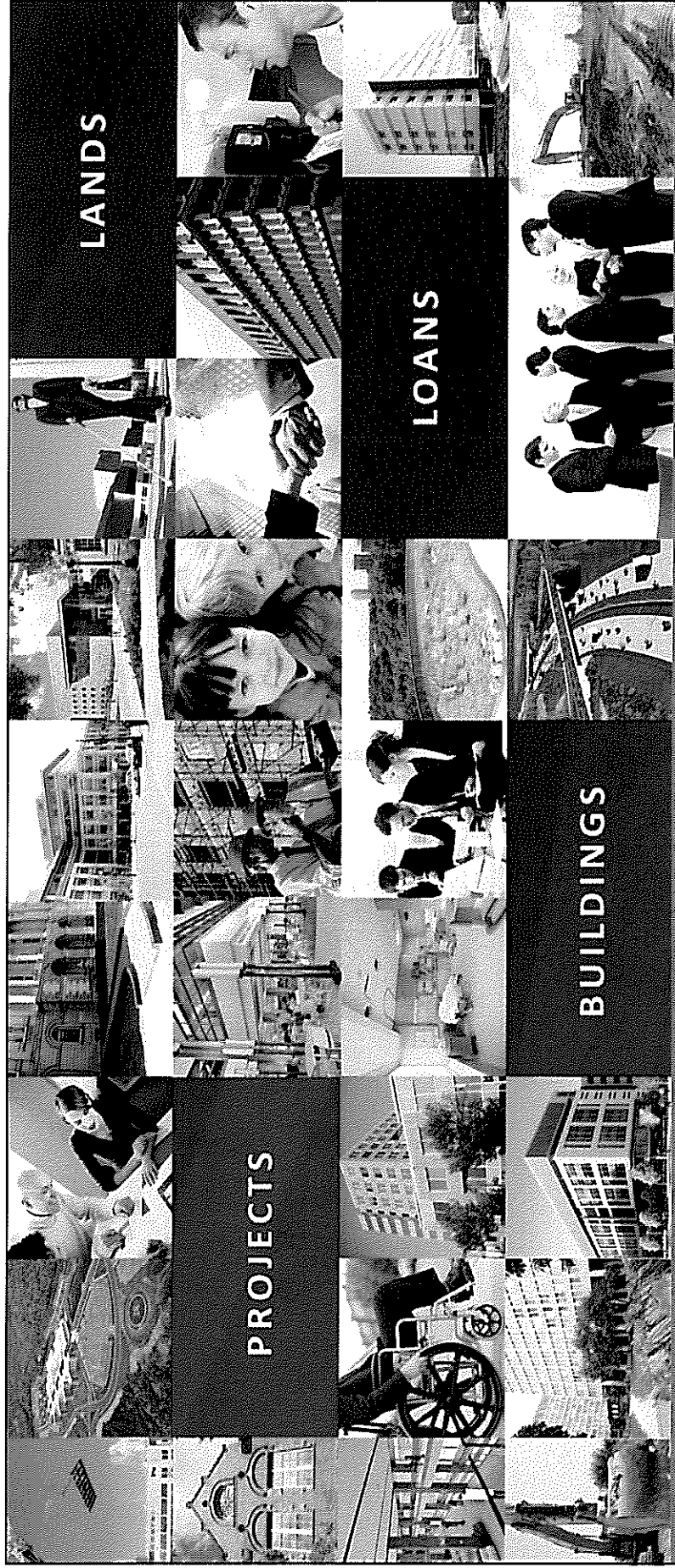
Building a Better Tomorrow Framework

- In July 2004, the Province released *Building a Better Tomorrow: An Infrastructure Planning, Financing and Procurement Framework*.
- The *Framework* sets out the Province's approach to infrastructure planning, financing and procurement, including when the Province will consider using Alternative Financing and Procurement (AFP) strategies.
- The *Framework* ensures that all public infrastructure projects, whether AFP or not, adhere to five key principles:
 - Public interest is paramount;
 - Value for money must be demonstrated;
 - Appropriate public control/ownership must be preserved;
 - Accountability must be maintained; and
 - All processes must be fair, transparent and efficient.



Infrastructure Ontario

- Crown corporation delivering excellence in major project delivery, lending, real estate management and asset planning.
- Supports Ontario's position as a North American leader for infrastructure delivery and innovation.
- Driven to provide value for money and exceptional service to our customers.



By the numbers

Major Projects:

79 AFP projects valued at approximately \$30 billion, saving taxpayers an estimated \$3 billion, including hospitals, jails, courthouses, roads, sports facilities and information technology.

Loans:

Has supported more than 1,560 projects totalling almost \$9.8 billion and has advanced over \$5.25 billion in loans.

Real Estate Mgmt:

Oversees 3,355 projects and a \$258 million forecasted spend through contracts with CBRE, SNC Lavalin and MHPM. Manages 6,000 buildings and structures.

Ontario Lands:

Provides strategic asset planning to ensure optimal investment and maximum utilization of nearly 1 million acres of lands and 6,000 buildings.

AFP Projects in Ontario

- Projects directed to IO for AFP project delivery across Ontario include:
 - **Healthcare:** over 36 hospitals and health-related facilities
 - **Justice:** 8 courthouses and detention centres
 - **IT Projects:** Government Services Datacentre
 - **Transit:** Air Rail Link Spur, Ottawa Light Rail Transit, Water
 - **Transportation:** Highway 407 extension, Windsor Essex Parkway and Highway Service Centres
 - **Special Projects:** Pan Am Games Athlete's Village and venues, OPP Modernization
- 28 major projects in IO's business development pipeline



Substantial Completion Achieved

• Bluewater Health	• Quinte Health Care – Belleville General
• Centre for Addiction and Mental Health (CAMH)	• Rouge Valley Health System, Ajax-Pickering
• Credit Valley Hospital	• Roy McMurtry Youth Centre
• Durham Region Courthouse	• Runnymede Healthcare Centre
• Hamilton Health Sciences - Hamilton General Hospital	• Sault Area Hospital
• Hamilton Health Sciences - Juravinski Hospital and Cancer Centre	• St. Joseph's Health Care London - M2P1
• Kingston General Hospital	• Sudbury Regional Hospital
• Lakeridge Health Corporation	• Sunnybrook – M-Wing/P&G Fit-out
• LMSC/SJHC London - M2P2	• Toronto Rehabilitation Institute
• Ministry of Government Services Data Centre	• Toronto South Detention Centre
• Montfort Hospital	• Trillium Health Centre
• North Bay Regional Health Centre	• Waterloo Region Consolidated Courthouse
• OPP Modernization	• Windsor Regional Hospital
• Ottawa Cancer Centre	• Woodstock General Hospital
	• Bridgepoint Health
	• Markham Stouffville Hospital
	• Niagara Health System
	/31

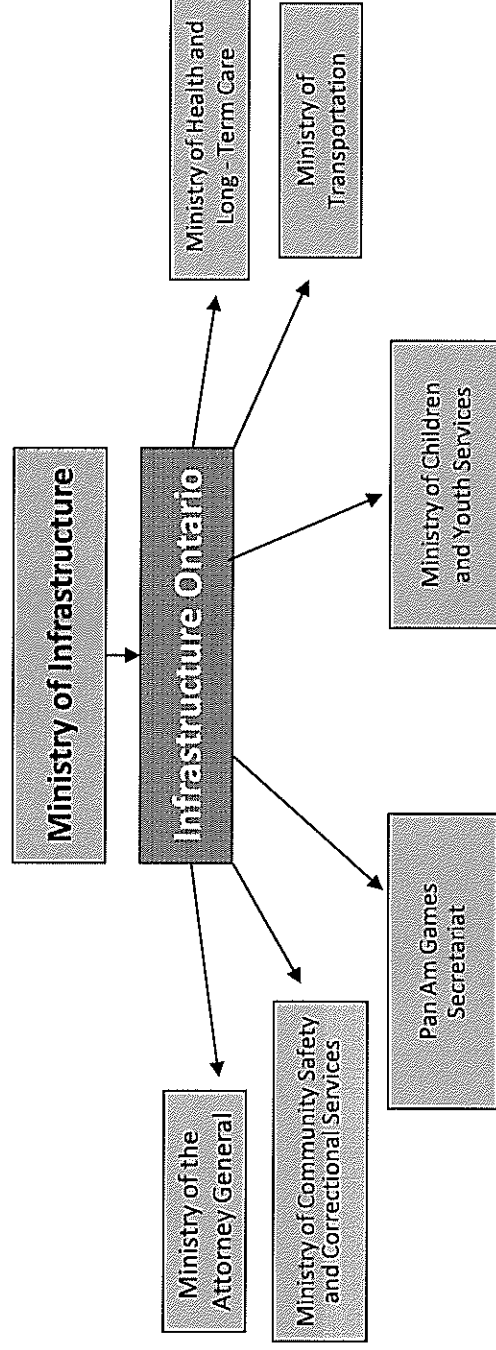
Projects Under Construction

- Air Rail Link Spur
- Forensic Services and Coroner's Complex
- Halton Healthcare Services
- Humber River Regional Hospital
- London Health Sciences Centre - St. Joseph's Health Care London - M2P3
- Ontario Highway Service Centres
- Pan Am Athletes' Village
- Pan Am Stadia and Velodrome
- Pan American Aquatics Centre, Field House and Canadian Sport Institute Ontario
- Quinte Consolidated Courthouse
- Royal Victoria Regional Health Centre
- South West Detention Centre
- St. Joseph's Health Care London's Specialized Mental Health Care and Forensic Mental Health Care
- St. Joseph's Health Care - West 5th Campus
- St. Thomas Consolidated Courthouse
- The Rt. Hon. Herb Gray Parkway
- Thunder Bay Consolidated Courthouse
- Waypoint Centre for Mental Health Care
- Women's College Hospital

/19

INFRASTRUCTURE ONTARIO – MAJOR PROJECTS

- Manages the planning, design and delivery of major public infrastructure projects.
- Projects are delivered primarily through an Alternative Financing and Procurement (AFP) approach, which uses private financing to strategically rebuild infrastructure, on time and on budget.
- Infrastructure Ontario works in partnership with its client Ministries and Co-Sponsor Clients in managing infrastructure projects.



ROLE OF INFRASTRUCTURE ONTARIO – MAJOR PROJECTS

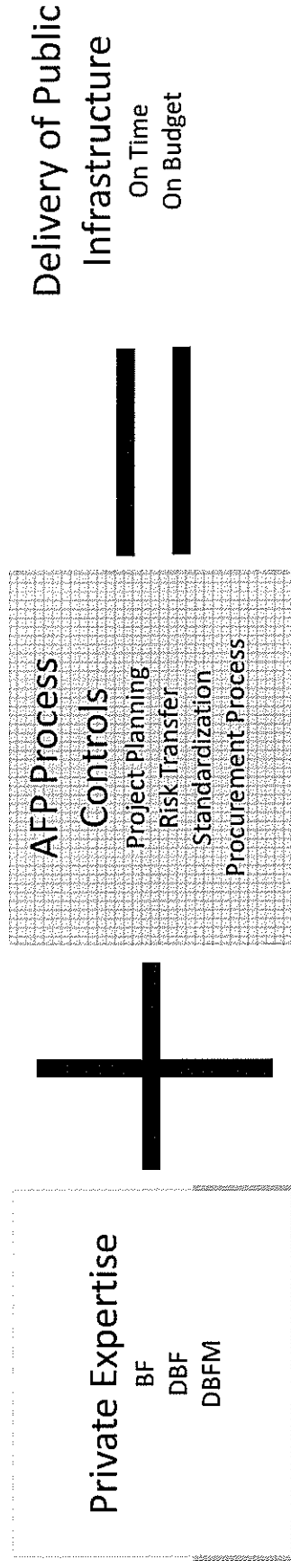
- Leads pre-transaction, transaction, procurement and implementation of projects starting with the preparation of the MOU, PDC RFP, Request for DBFM Qualifications and RFP Documents
- Invites bids through Request for Proposals to pre-qualified Proponent Teams
- Negotiates with Proponents to achieve Commercial & Financial Close
- Monitors the construction project with the Co-Sponsor, ensuring completion on time, on budget and within scope

ALTERNATIVE FINANCING & PROCUREMENT (AFP) – OVERVIEW

Delivers public projects through established and tested processes and controls.

Utilizes private sector experience and expertise in the delivery of projects.

Projects can be delivered using a Build Finance (BF), Design Build Finance (DBF) or a Design Build Finance Maintain (DBFM).



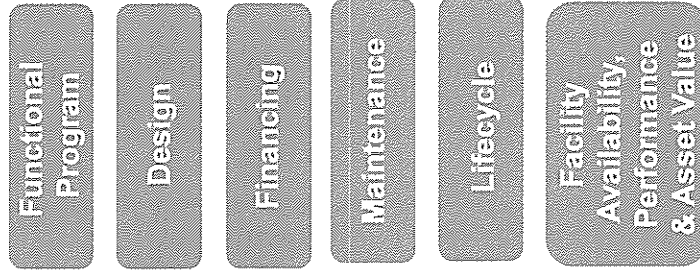
Design-Build-Finance-Maintain (DBFM) Model

- **Alternative Finance and Procurement (AFP) DBFM Model:**
 - Risk Transfer model that looks to Private Sector experience and expertise.
 - Consortia teams (Bidders/Proponents known as Project Co) are formed.
 - “D” **Design** to be completed by Project Co Design Team (Architect lead).
 - “B” **Build** (construction) to be completed by General Contractor (Leads the Design and Build teams).
 - “F” **Finance** is often led by the Consortium lead (Developer/Financier).
 - “M” **Maintain** is the Building Maintenance provider who contracts with Developer.
 - There is a facilities maintenance and management agreement, that extends financing and risk transfer over a 30 year concession period.
 - There is a long-term stream of payments through the payment mechanism that results in a monthly unitary charge with a capital and operating component.

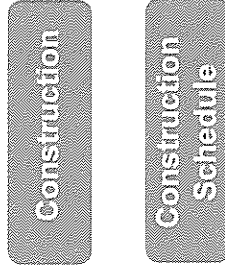
DBFM Model

Traditional

Public Sector Risks

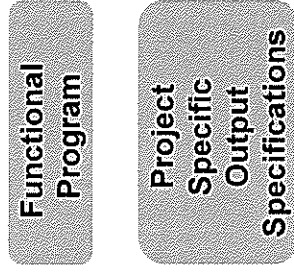


Private Sector Risks

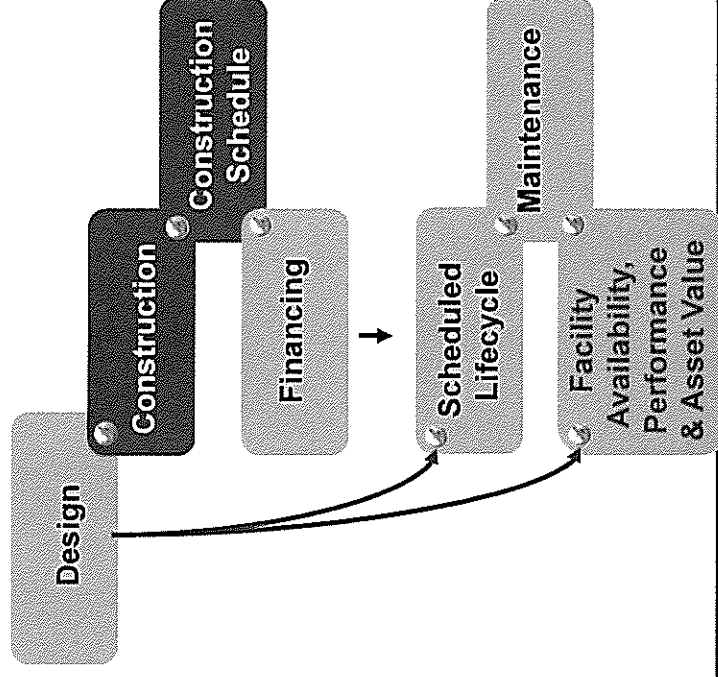


AFP: Design-Build-Finance-Maintain (DBFM)

Public Sector Risks

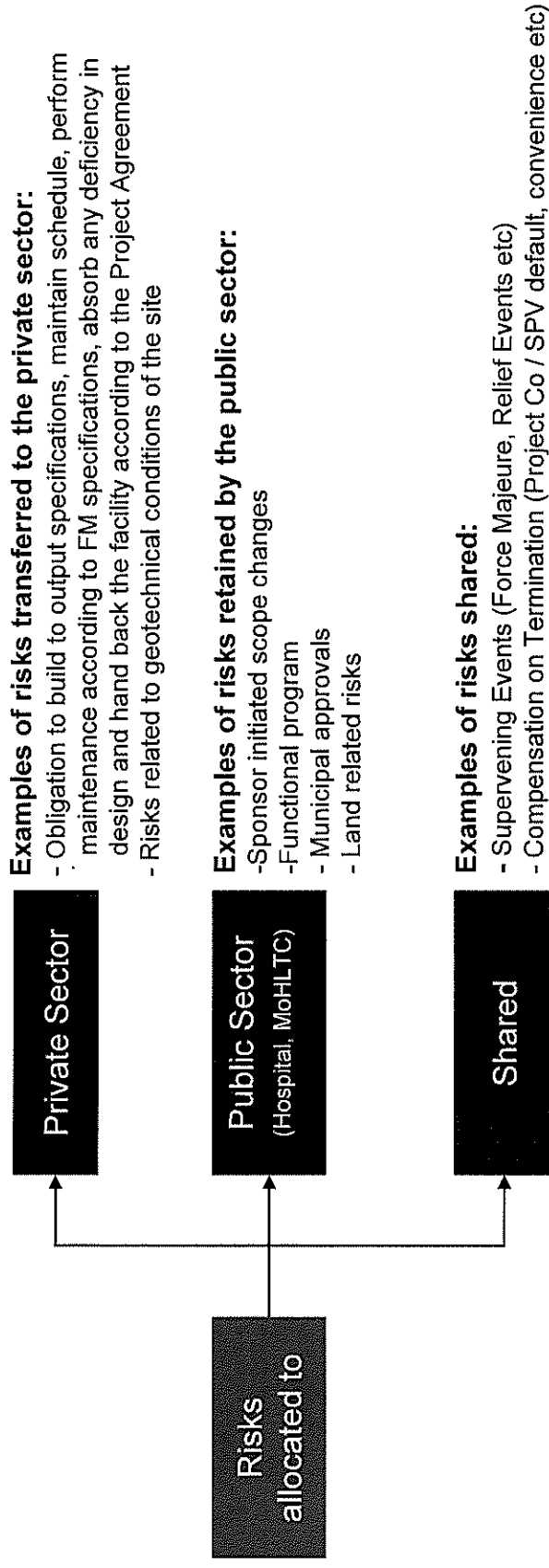


Private Sector Risks



Risk Allocation under the DBFM Model

- Risk is allocated to the party best able to manage and/or mitigate the risk



- All risk allocation is specified in the Project Agreement and Schedules between the Private Sector and Public Sector

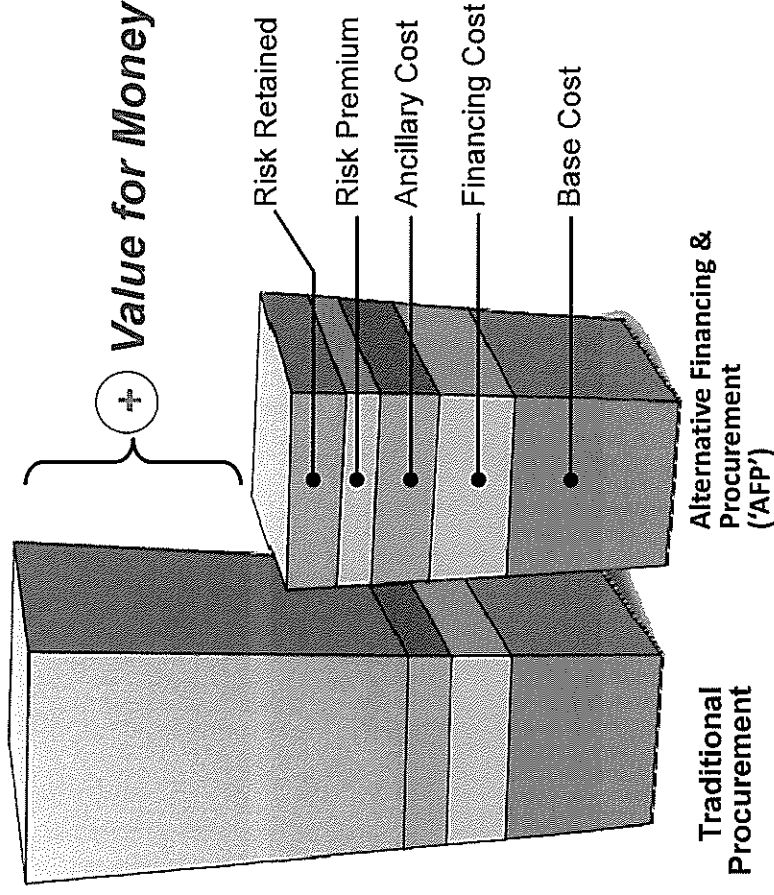
Value For Money (VFM) and AFP

A **VFM assessment** compares the cost of delivering a project under two different delivery models to determine which provides the lower estimated total project cost

Cost categories include:

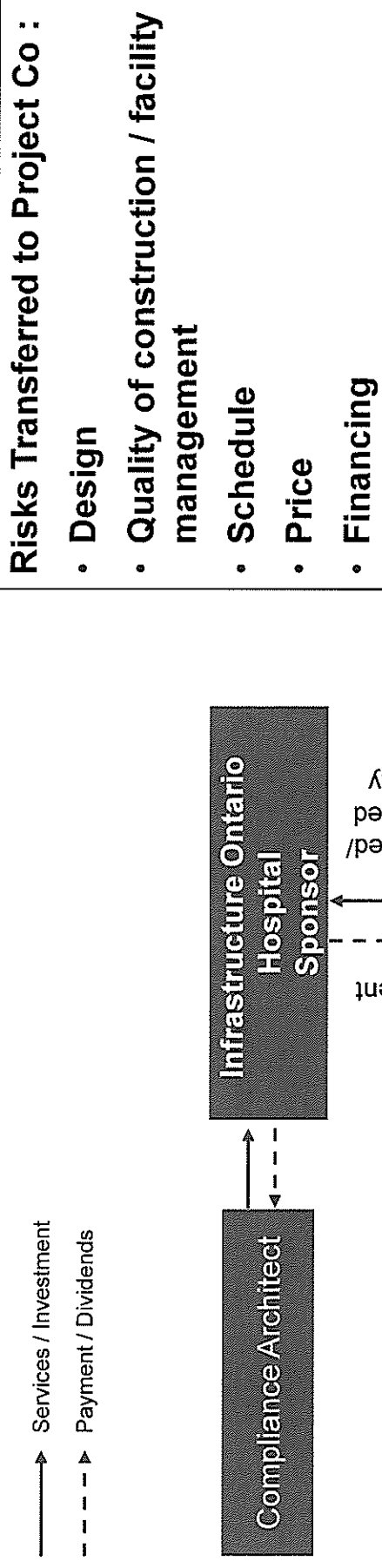
- Retained Risks (*by Public Sector*)
 - Risks best managed by the public sector stay with the public sector
- Risk Premium
 - Private sector charge for assuming transferred risks
- Ancillary Costs
 - Legal and financial advisory fees, certifier costs, etc.
- Financing Costs
 - Cost associated with funding the project
- Base Costs
 - Construction, Lifecycle, Operating, Maintenance

VFM is only achieved if the higher cost elements under AFP are more than offset by the reduction of retained risks

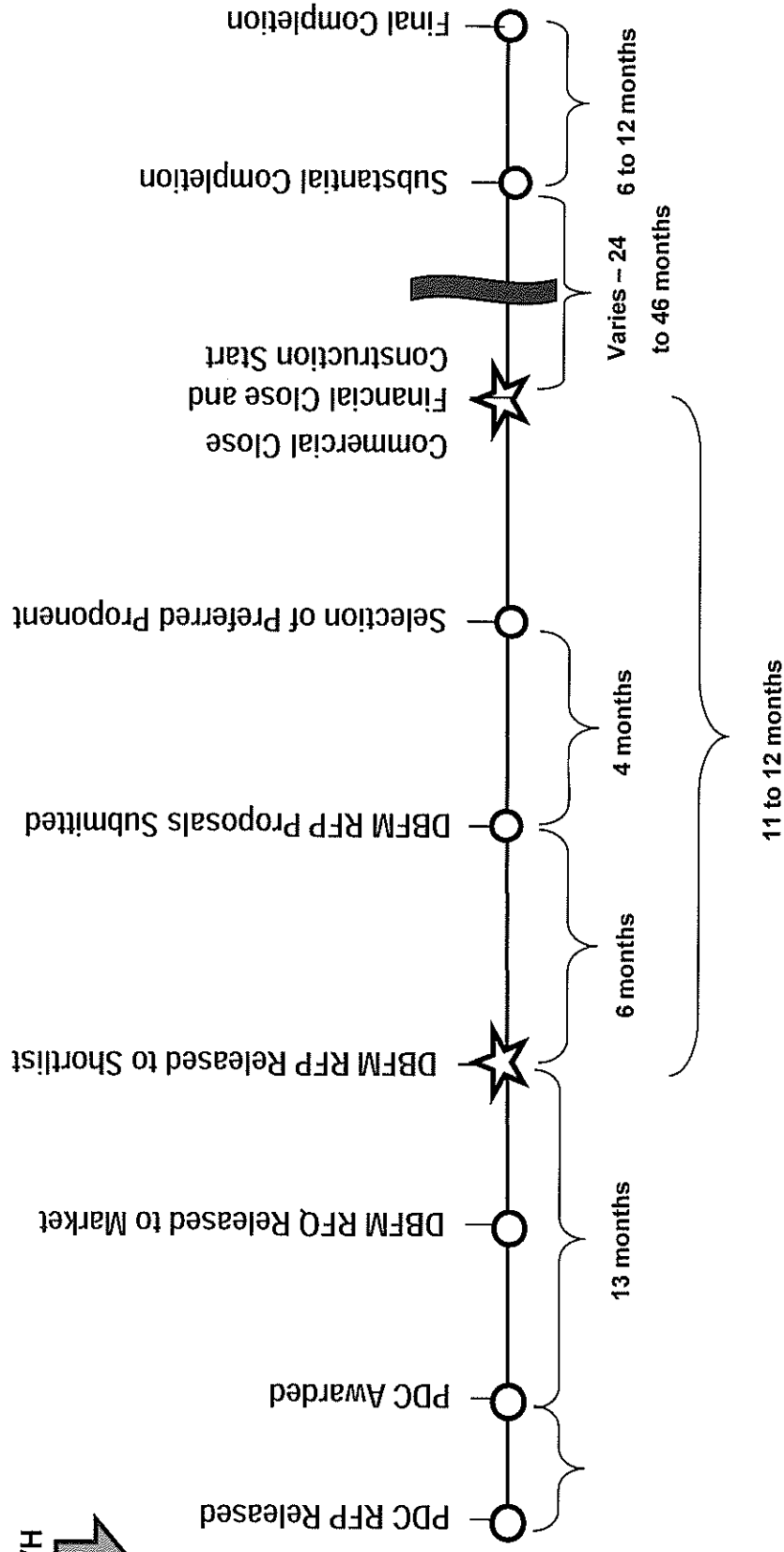


Ontario
Infrastructure Ontario

Design-Build-Finance-Maintain (DBFM)



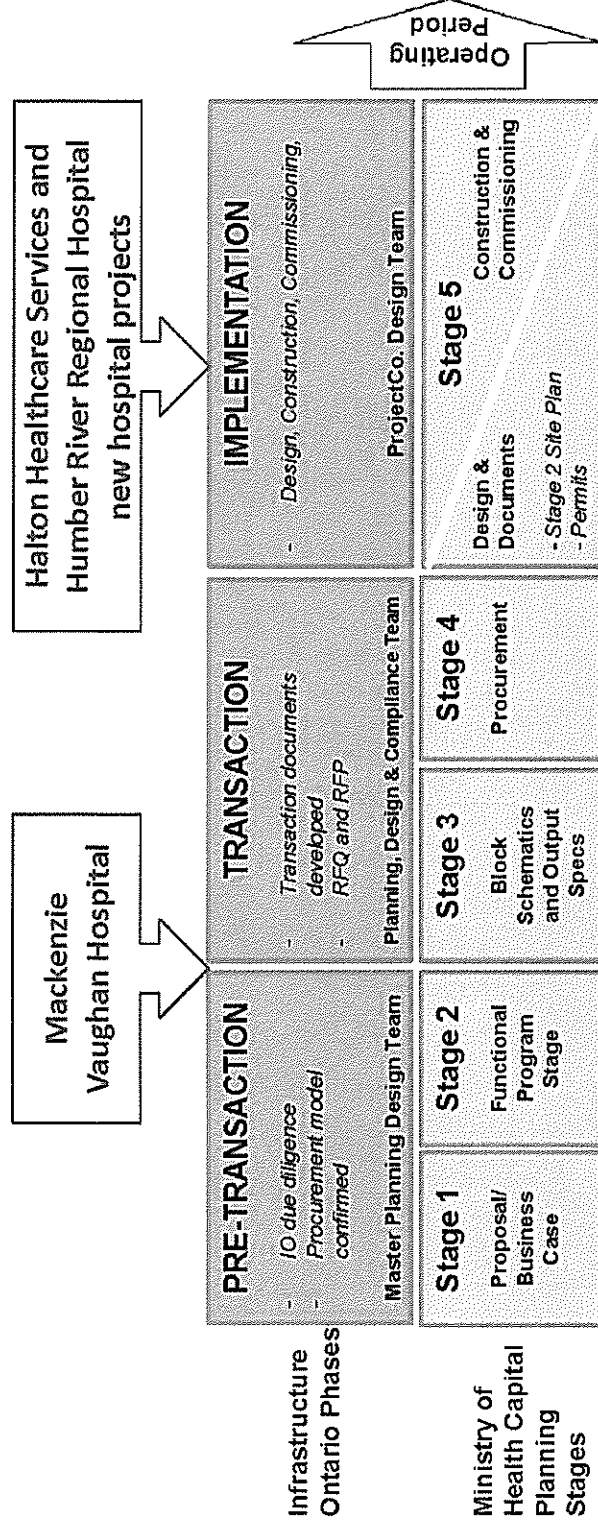
DBFM Model – Transaction Phase Timeline



DBFM Model – Transaction Phase Timeline



New Hospital Steps

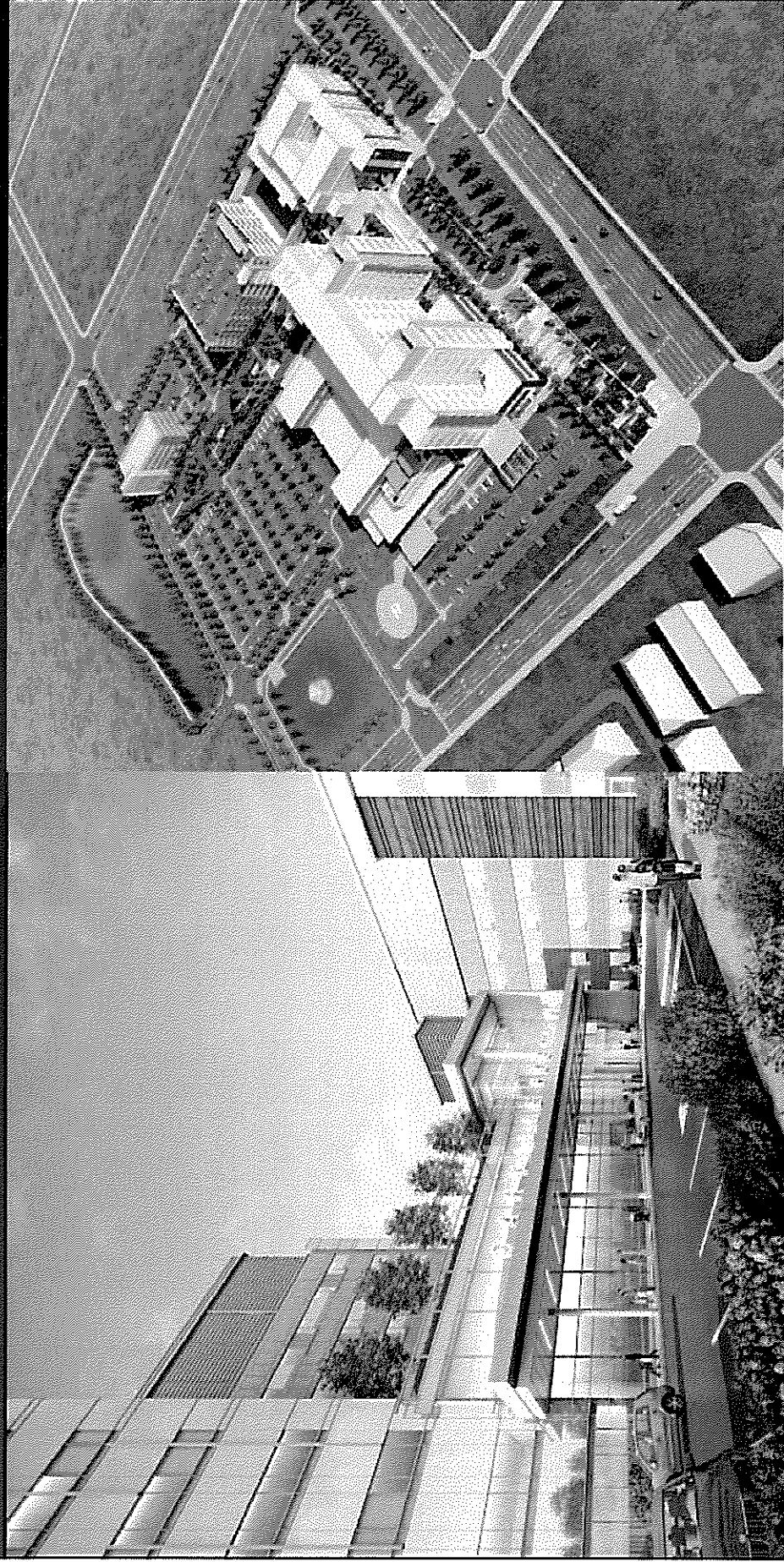


IO DBFM Projects Humber River Hospital



1.8 million square feet
Construction 30% complete

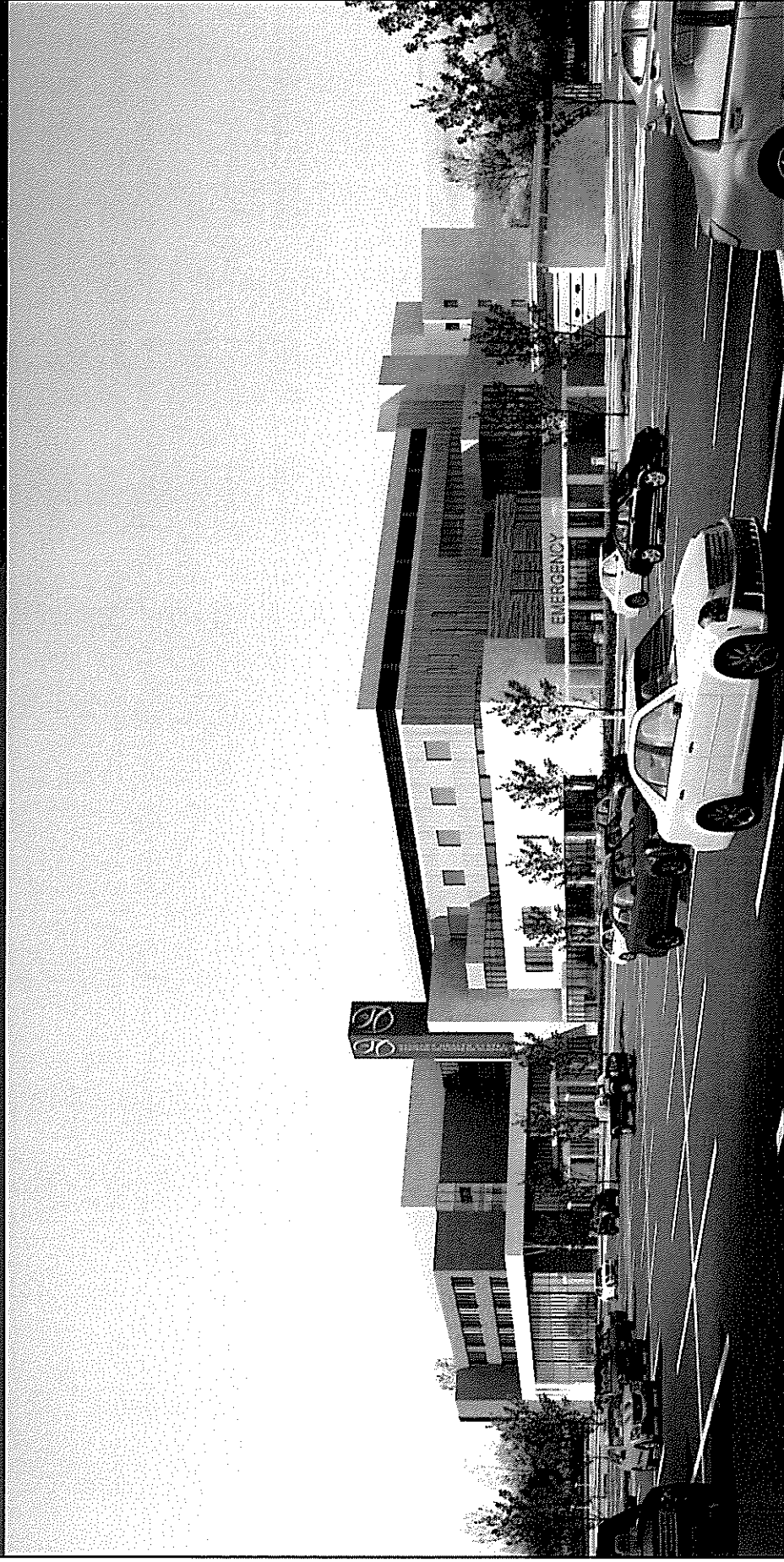
IO DBFM Projects Halton Healthcare Services



1.3 million square feet
Construction 30% complete

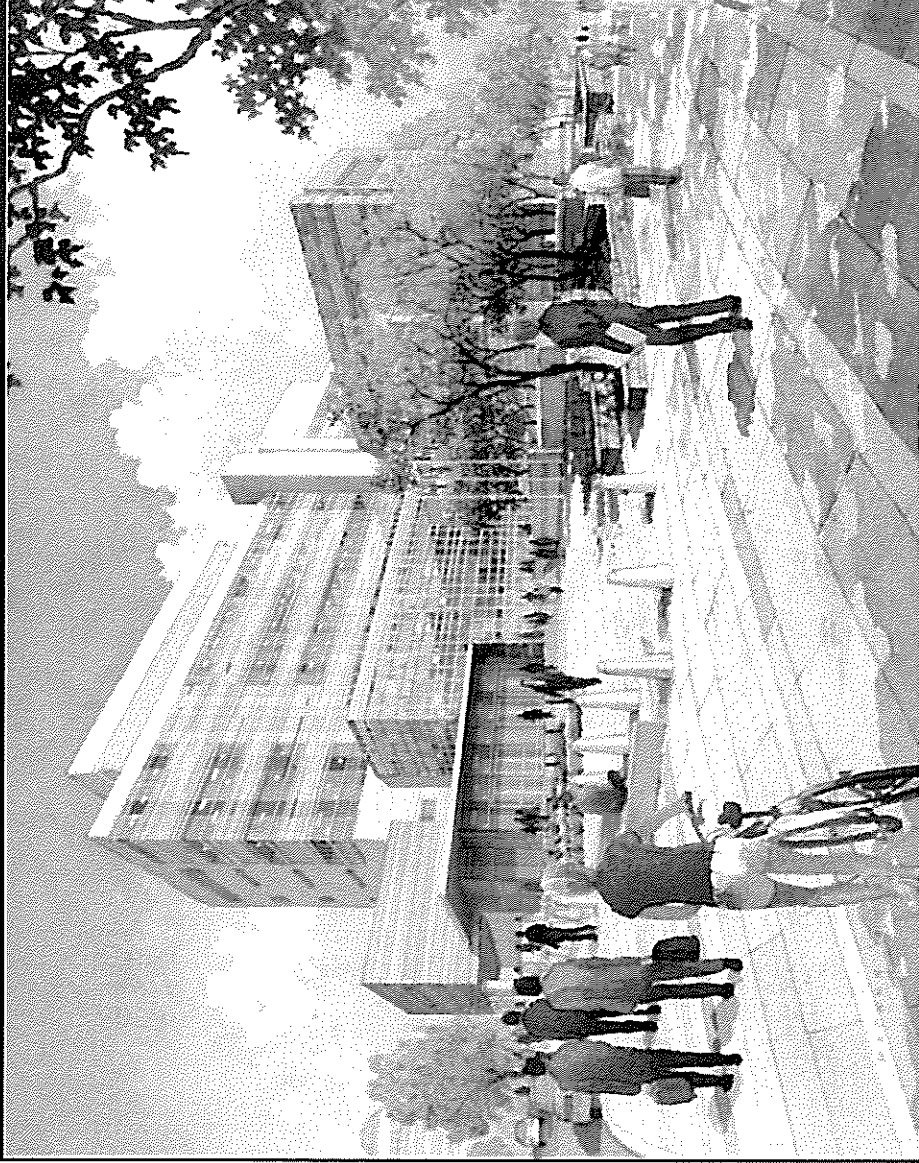
www.infrastructureontario.ca

IO DBFM Projects Niagara Health System



970,000 square feet
Construction 100% complete

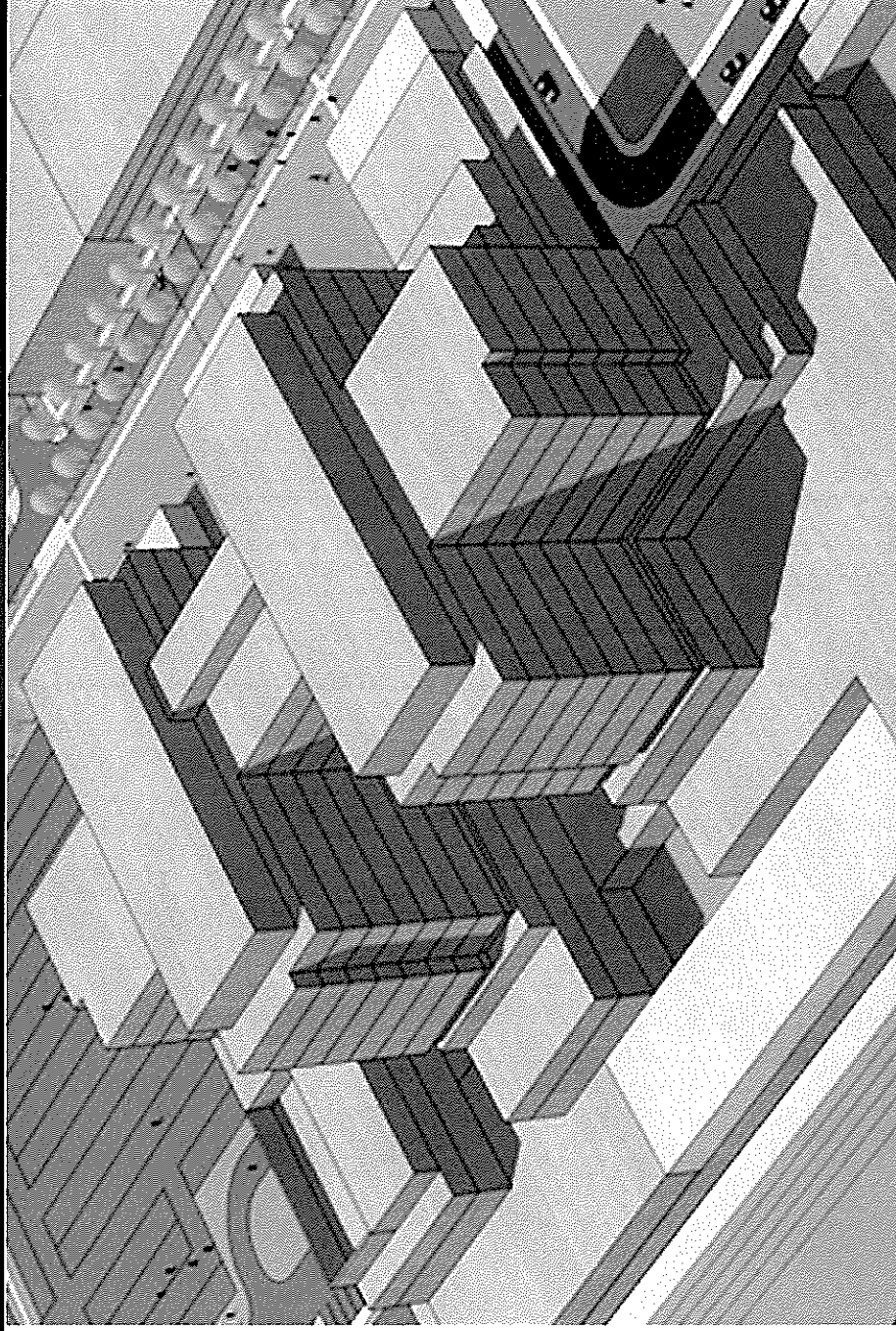
IO DBFM Projects Waterloo Region Courthouse



423,000 square feet
Construction 100% complete

www.infrastructureontario.ca

IO DBFM Projects Mackenzie Vaughan Hospital – Concept View



**Stage 2 Concept
Approximately 1.1 million square feet**

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Mackenzie Vaughan Hospital
New Facility
Major Mackenzie Drive, City of Vaughan

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Questions?

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