

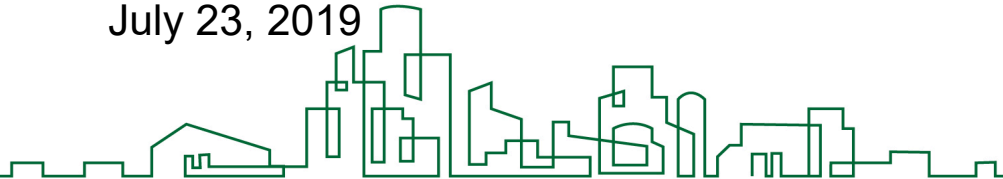


Infrastructure Finance Opportunities & Challenges

Pacific NorthWest Economic Region (PNWER)

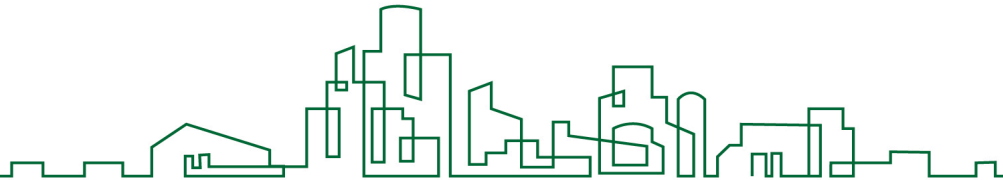
29th Annual Summit

July 23, 2019



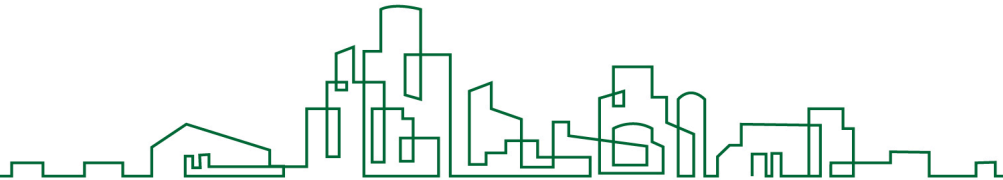
SaskBuilds Overview

- Leads the delivery of large and complex infrastructure projects for public sector clients
- Leads long-term integrated capital planning for government
- Drives public procurement modernizing across government



SaskBuilds Overview

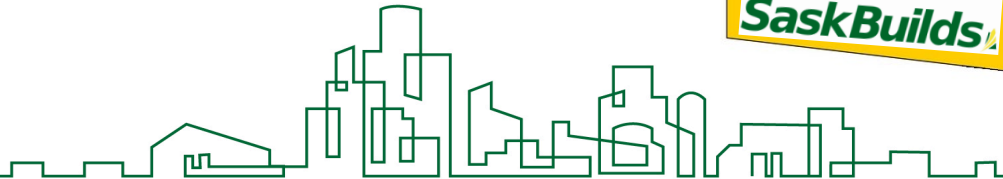
Mandate includes driving innovation in infrastructure financing, design and delivery, including public-private partnerships (P3s) and other alternative financing models.



Picking the right tool for the job

SaskBuilds undertakes a Procurement Options Analysis to identify the most effective and efficient procurement model for major projects.

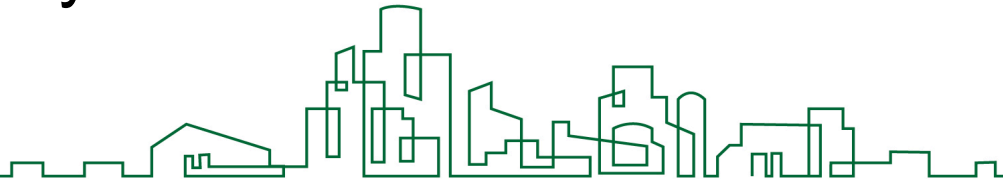
- Objective is to secure best value for the people of Saskatchewan.



Procurement Options Analysis

Steps to complete Procurement Options Analysis:

1. Market sounding
2. Qualitative assessment
3. Quantitative analysis (risk workshop)
4. Value for money assessment

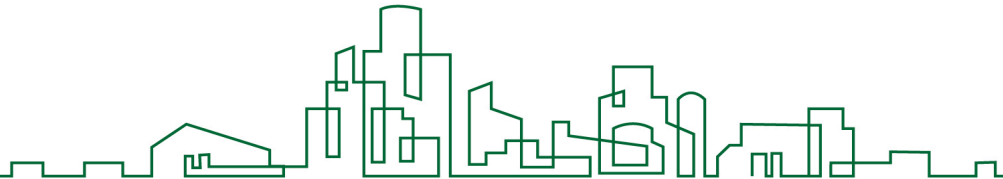


Recent Transportation Projects

**Warman & Martensville
Interchanges Project**
Design-Build

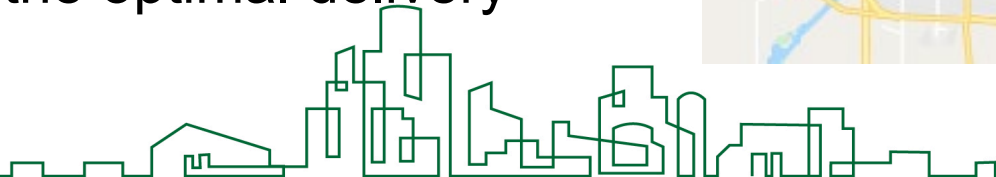


Regina Bypass Project
Design-Build-Finance-Operate-Maintain



Warman & Martensville Interchanges

- Construction of two overpasses, associated on and off ramps and 9 km of new 4 lane highway
- Benefits:
 - Improve safety for two growing communities located north of Saskatoon
 - Improve efficiency of moving goods on provincial highway network
- Procurement Options Analysis determined **Design-Build** to be the optimal delivery method

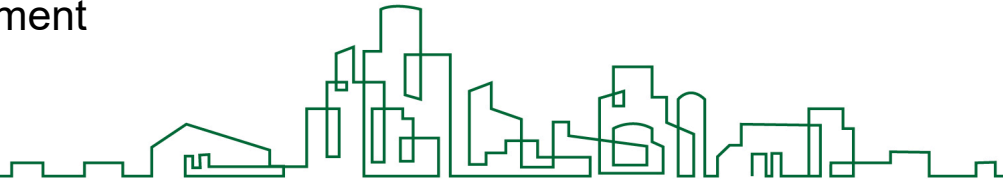


Regina Bypass Project

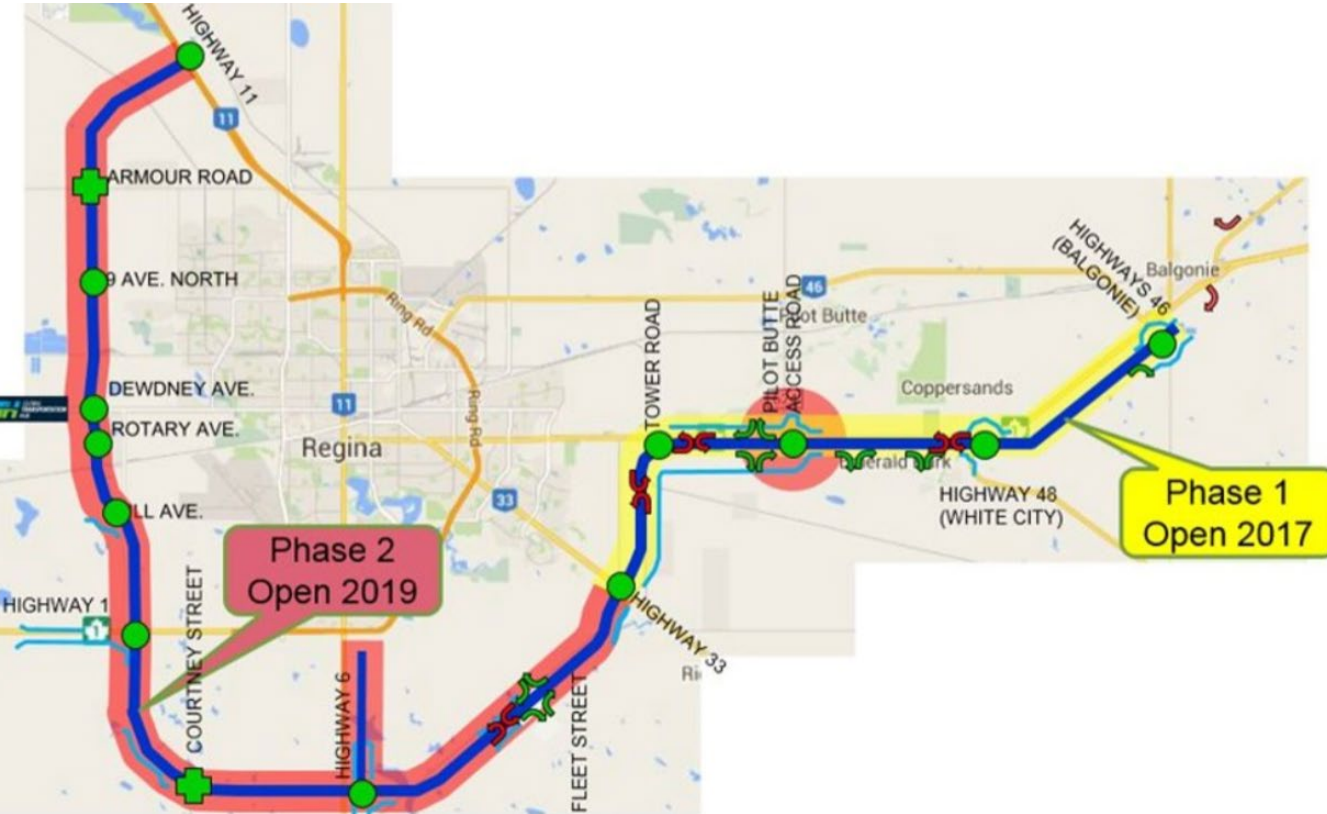
- Largest transportation infrastructure project in Saskatchewan's history
- Saskatchewan's first transportation P3
 - Procurement Options Analysis determined the **Design-Build-Finance-Operate-Maintain** model to be the optimal delivery method
- Benefits:
 - Improve safety
 - Reduce traffic congestion
 - Improve connectivity
 - Allow for future development



Diverging Diamond Interchange



Regina Bypass Project



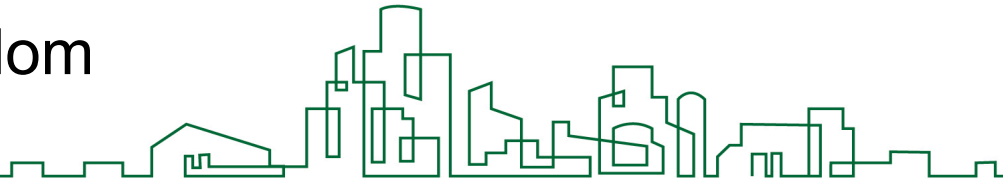
By the numbers:

- 12 overpasses
- 40 kms of new 4 lane highway
- 20 kms of resurfaced 4 lane highway
- 55 kms of new service roads
- Twinning of 5 kms of existing highway

P3 contract value:
\$1.88 billion

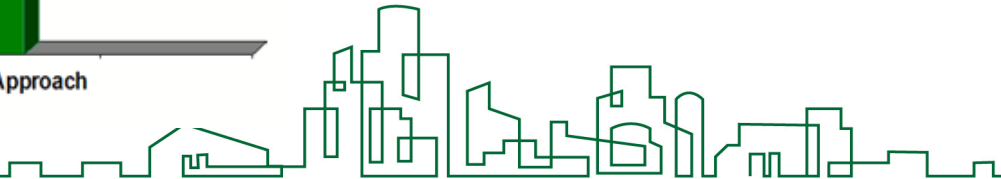
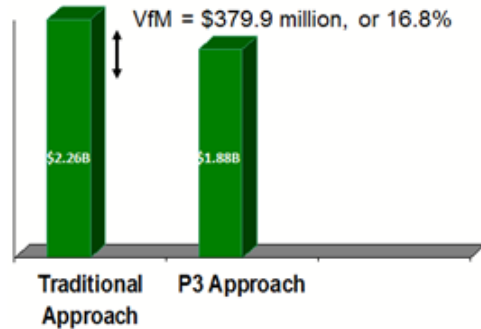
Saskatchewan P3 Model

- “Made in Saskatchewan” approach
 - Learned from other jurisdictions
- Used best practices from:
 - Ontario
 - Alberta
 - British Columbia
 - United Kingdom



P3 Assessment

- Regina Bypass ready 6+ years **faster**
- **Better** public safety, quality of life, and long-term maintenance ensuring “like-new” condition for 34 years
- **Lower cost** - \$380 million compared to traditional approach



Benefits of Private Financing

- Short-term flexibility
 - no upfront costs; costs spread out over time like a mortgage
- Risk Transfer
- Innovation
- Performance-based contract
 - 30-Year Warranty on Infrastructure (Quality)
 - 30-Year maintenance/rehabilitation period
- Government has ownership of infrastructure



Risk Transfe

- Allocate risks to the party that can most effectively and efficiently deal with it

Table 5 - DBFOM Risk allocation summary

Risk	Retained by Ministry	Transferred to Project Co.	Shared
Permits and Approvals			
Permits	✓		
Road and structure code during Design and construction			✓
Site Conditions / Environmental			
Geotechnical		✓	
Contamination from construction activity		✓	
Contamination from operations and maintenance activity		✓	
Relocation of utilities and railway services			✓
Environmental condition of site			✓
Design and Construction			
Scope changes (owner initiated)	✓		
Construction delays (owner initiated)	✓		
Cost overruns (materials, labour, etc.)		✓	
Weather (excluding supervening events)		✓	
Construction and commissioning delays		✓	
Traffic and safety management		✓	
Design errors or omissions		✓	
Construction delays (Project Co. Initiated; labour shortage; surrounding facilities)		✓	
Construction Contractor Default		✓	
Resource Availability (construction equipment; materials; labour)		✓	
Latent defects (excluding West Regina Bypass)		✓	
Deficiencies (excluding West Regina Bypass)		✓	
Operation and Maintenance Interim Services		✓	
Force Majeure			✓
Change in Law			✓

Other Saskatchewan P3s



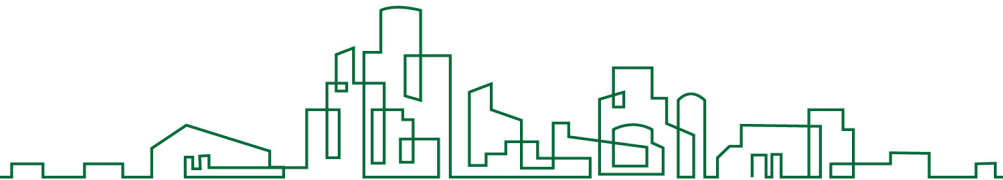
Swift Current Long-Term Care Centre
(The Meadows)



Joint-Use Schools Project

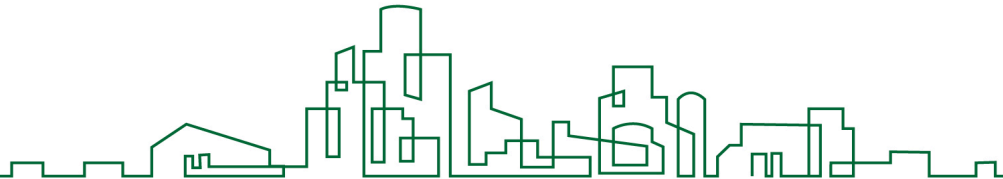


Saskatchewan Hospital
North Battleford



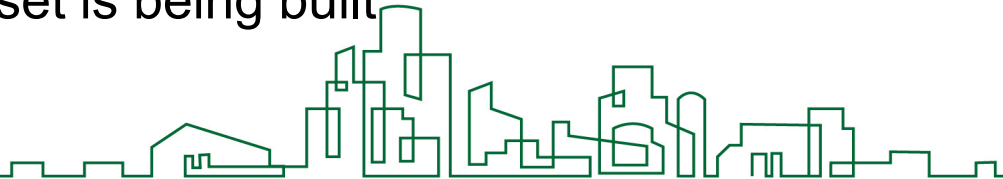
Policy Considerations

- Governance
 - Project
 - Ministry/department
- Accountability & public reporting
 - Financial reporting
 - Public documents
 - Technical briefings
- Community benefits
 - Local supplier engagement
 - B2B
- Auditor recommendations



Political Considerations

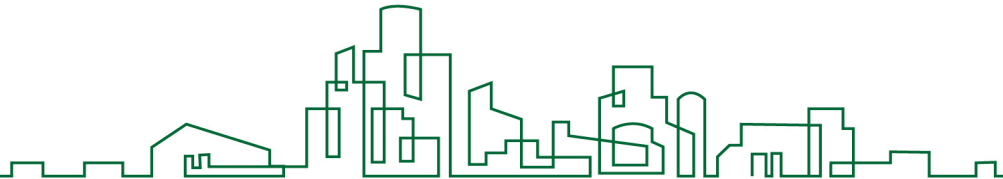
- Public acceptability
 - Buy in
 - Familiarity
 - International company involvement
- Telling the story
 - Benefits of P3s
 - Risk transfer
 - Explain why asset is being built



Lessons Learned

Governance

- Clear understanding of, at all levels:
 - Roles
 - Responsibilities
 - Decision-making thresholds/authorization
 - Reporting



Questions?

