
TO: **GENERAL COMMITTEE**

SUBJECT: **Public Private Partnership (P3) Transit Service Delivery**

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SUBMITTED BY: **B. Roth, Director of Leisure, Transit and Facilities**

GENERAL MANAGER APPROVAL: **J. Sales, General Manager of Community Operations**

CHIEF ADMINISTRATIVE OFFICER APPROVAL: **JON M. BABULIC, CHIEF ADMINISTRATIVE OFFICER**

RECOMMENDED MOTION

1. That the public private partnership model of Design, Build, Finance, plus Operate and Maintain (DBF+OM) including a performance-based contract be approved for the delivery of Barrie Transit Services, to enable the City of Barrie to achieve the transit investment benefits of enhanced customer service, improved fleet maintenance, appropriate transit supportive infrastructure and the provision of a competitive operating and maintenance contract procurement process, in the development of a City of Barrie owned bus garage facility for Barrie Transit.
2. That the Mayor and City Clerk be authorized to execute an agreement to the satisfaction of the Director of Legal Services and the Director of Leisure, Transit and Facilities Department with P3 Canada for the procurement process of a Design, Build, Finance, plus Operate and Maintain (DBF+OM) delivery model for Barrie Transit to access P3 Canada's expertise and eligible funding contribution to the project.
3. That this report be accepted as the business case required by Motion 11-G-072 concerning the 2011 Business Plan and that capital spending up to \$20,460,000 be approved in accordance with the financing plan presented in this report consisting of \$2,270,902 Development Charges; \$4,297,483 P3 Canada Grant(net); and Debt Financing \$13,891,615.

PURPOSE & BACKGROUND

Purpose

4. The purpose of this report is to Seek Council's:
 - Approval of Public/Private Partnership Model DBF+OM, and the principle of a performance-based contract
 - Authorization to Negotiate & Enter into Agreement with P3 Canada
 - Project Spending Approval for Transit Garage Construction Project

Background

5. Commencing in 2005 a series of studies have been undertaken with respect to the delivery of Transit Services for the City of Barrie as outlined below. A summary of these reports is available as Appendix "A".

Barrie Transit Facility Study

6. In 2005, a study was completed for the City of Barrie with respect to the construction of a garage for the storage and maintenance of the City's public transit fleet. The study, known as the "Barrie Transit Facility Study" (IBI Group, 2005), concluded that a new City-owned facility was required.

Barrie Transit Strategic Operating Study

7. The 2009 Barrie Transit Strategic Operating Study (ENTRA Consultants) provided a five (5) year plan to address routes and services, fare structure and payment options, and a financial plan along with a review of organizational structure and service delivery options for Barrie Transit and BACTS with a primary focus on fixed route services. Most significantly the study provided recommended service standards as per Appendix "B". These have not yet been adopted by Council.
8. The need for a City-owned bus garage was recommended in the "Barrie Transit Strategic Operating Study" (Entra, 2009), it stated: "Construction of an operations and maintenance facility at 133 Welham Road is recommended to enhance ownership and accountability of fleet maintenance, enable competitive bidding and provide appropriate transit supportive infrastructure."

Request for Information Shows Strong Private Sector Interest

9. A Request for Information (RFI) was issued in May 2010. Its purpose was to obtain further private sector input on the delivery of transit services in the City and determine how best to package various elements, including bus operations, bus maintenance, facility renovation and maintenance, and service planning. After reviewing the submissions, staff reached the following conclusions:
 - a) There is significant private sector interest in all of the elements identified in the RFI. It is likely that proposals would be received from individual companies and consortia of companies to perform the work;
 - b) Bus operations and maintenance, and the design, build, finance, operation and maintenance of the bus storage and maintenance facility elements are best combined into a single procurement initiative;
 - c) It is recommended that the service planning element not be included with the other elements in a single RFP because to do so would violate the principle that bus operations and maintenance, and service planning should not be the responsibility of the same contractor. To do so would create a conflict of interest because the same entity would be responsible for determining service hours (i.e. billable hours) and operating the services. The accepted best practice in North America is to separate the operations and maintenance element from the service planning element;
 - d) The combining of bus operations and maintenance, and the design, build, finance, operation and maintenance of the bus storage and maintenance facility elements into a single RFP will necessitate a long term contract of up to twenty years. This would be necessary to accommodate a reasonable payment schedule for the City for the bus storage and maintenance facility. (Under this scenario, the private sector would finance the renovation of the garage, however, it would be owned by the City.); and
 - e) With such a contract, the hourly rates (i.e. for the Barrie Transit and BACTS services) would be adjusted annually based on the appropriate Consumer Price Index (CPI). Every five years, the rates would be renegotiated and benchmarked against other transit systems to ensure reasonableness.

10. In January, 2010, discussions commenced with both Infrastructure Ontario (IO) and P3 Canada, agencies of the provincial and federal governments, respectively, concerning their possible participation in a Public Private Partnership approach to delivering this service.
11. Infrastructure Ontario's role would have been to assist in procuring a private sector partner for such a project. However, they subsequently declined to participate, citing that the project's scale is far smaller than what they would normally handle.
12. P3 Canada expressed an interest in considering such a project under their funding program which provides up to 25% of the eligible project costs subject to a number of conditions being met.

P3 Canada Fund Program

13. On June 28, 2010 motion 10-G-285 authorized staff to submit a funding application to P3 Canada, and to retain from KPMG a business case for the project. The application process consisted of two separate submissions which have received initial review by P3 Canada, through the P3 Canada Fund Program. P3 Canada continues to move forward through its comprehensive assessment review of the project in preparation for its June 2011 board meeting.
14. In meeting the application requirements KPMG prepared three reports:

- a) **Qualitative Assessment Report**

This report assessed the suitability of a P3 process for the Barrie Transit system utilizing a variety of means including a compatibility study and the determination of P3 structures most appropriate to Barrie's situation, attached as Appendix "C", as well as the development of a project governance structure as outlined in Appendix "D". It concluded that a P3 model was a feasible method for delivering this project.

- b) **Value For Money Report**

This report provided an analysis of potential cost savings utilizing a P3 delivery model, based on a "Shadow Bid" as compared to a traditional procurement process, described as the "Public Sector Comparator". The value for money "VFM" is the difference between the cost (capital cost of the building, maintenance and rehabilitation costs of the building, operating and maintenance costs of the buses and retained risks costs) of delivering the Transit Garage and Transit operating and maintenance contract via traditional procurement and a P3. The results are summarized in the Analysis section and projected operating estimates from this report are used in the operating budget overview in the Financial section of this report.

A P3 approach would help introduce new performance-based contract terms and would make the project eligible for funds from the federal government designed to promote P3 initiatives.

- c) **Procurement Plan**

This document presented as Appendix "E", was prepared to provide a plan for the procurement process of a P3 delivery model that would ensure a fair, transparent and competitive process to achieve best value for the City of Barrie.

15. There have been a number of meetings between City staff and P3 Canada staff to review the application requirements and merits of Barrie's potential project. P3 Canada staff met with Mayor Lehman April 28, 2011 as part of these discussions. P3 Canada staff has advised that their board is expected to review Barrie's application to approve or reject it at their meeting in June 2011.

Current Status of Barrie Transit

16. Barrie Transit consists of two service areas being conventional and specialized transit servicing 2.6M passengers annually. The service levels, oversight, route planning & schedules, fare rates, capital planning (vehicle acquisitions and buildings), contract procurement and management, and Transit Terminal facility maintenance are the direct responsibility of the City of Barrie.
17. The City's primary administrative responsibility for transit services lies within the Leisure, Transit and Facilities Department. There is a current complement of three full time staff consisting of a Manager and two coordinators, one assigned to conventional transit and one to specialized transit (BACTS).
18. The system consists of 40 conventional buses and 13 specialized buses with a replacement value of \$20.5M, a 25,000 sq.ft Transit Terminal valued at \$ 8.2M, and a 90,000 sq.ft vacant building for future conversion into a transit garage on 11 acres at 133 Welham Road purchased for \$5.3M.
19. The City contracts the transit operating and maintenance delivery aspects of the service to the private sector. Currently the private contractor is First Canada (formerly Greyhound Canada/PMCL) which has held the contract for the past 20 years. They operate locally from 85 Brock Street where they have administrative space along with seven (7) maintenance bays with space for 13 vehicles. The exterior lot provides for fuelling and outside storage of up to 60 vehicles. The annual value of this contract is \$12M in 2011.

ANALYSIS

Growth Implications on Transit Services

20. Public transit will continue to grow in importance as the City's development continues to evolve, a point that is reinforced in the City's new Official Plan. In keeping with provincial land use policies, the City has designated several intensification nodes and corridors which will result in higher population and employment densities throughout the City. This type of development will require significant growth in the use of public transit relative to private automobiles and a more balanced transportation system overall.
21. The City's Growth Management Study will incorporate the City's future transit service needs. However, there are also potential partnership opportunities, within the region, as neighbouring municipalities grow and may wish to explore transit service agreements with the City of Barrie.
22. To meet the City of Barrie's anticipated growth demands for transit service the fleet will need to expand from its current 53 vehicles to an estimated 80 vehicles in the next 15 years to a possible 120 vehicles by 2035.

Factors Influencing Service Performance**Clear Financial & Non-Financial Service Targets**

23. In 2008 the City conducted a resident satisfaction survey on City services through Environics which indicated that public transit was a service of high importance but with low satisfaction scores. The primary reasons for low satisfaction, as cited in the survey results, were:
- Poor schedule including frequency of stops and poor routes (lack of direct routes – too many connections);
 - No service in area and to destinations;
 - Late arrivals, not on schedule, not reliable;
 - Poor hours of operation, limited evening and weekend schedule.
24. These issues along with others relate to the need for a performance based operating contract to clearly establish the City's expectations for defined service levels using key performance indicators along with close monitoring of the contractor by the City. The current contract does not include performance measures.
25. In 2009 Don Gordon, Contract Transit Specialist, was engaged to review and recommend potential transit performance standards that could be considered for the future implementation of a performance based contract. A Transit Performance Standards Matrix is provided as Appendix "F".
26. Staff will prepare a separate comprehensive report on the details of a performance based contract to deliver Transit Services for General Committee's consideration in the near future.
27. In order for a service contractor to realistically achieve some of these performance standards and enable future growth of the system, it is apparent that a dedicated transit operating and maintenance facility owned by the City is required.

Dedicated & Properly Equipped Transit Maintenance Facility

28. As noted in the IBI and Entra studies referenced earlier, there is a major weakness in the current contracting arrangement for transit services that must be remedied. The current approach requires private sector proponents to provide the bus garage where the vehicles are stored and maintained. Because of the difficulties companies have in locating and purchasing (or leasing) suitable properties for this purpose, the number of actual contract bidders has historically been severely reduced. Matters such as property location, size and zoning, as well as the need for a building that can be used for bus maintenance purposes, are all critical success factors.
29. The desired result is to have a competitive procurement exercise in which multiple proponents bid on the transit operations and maintenance contract. It is felt the best way to achieve this is by removing the bus garage from the equation and have it provided by the City. This approach has been used elsewhere in North America, including York Region, and is considered by many transit experts to be a best practice. If this is not done, the significant competitive advantage enjoyed by the current contractor will continue.

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30. The absence of a proper bus storage and maintenance facility also has a significant negative impact on the overall quality of transit services provided, including:
- When buses are stored outside, bus components such as doors and wheelchair ramps can freeze on cold winter nights. This is not the case with indoor bus storage and there is far less likelihood of a shortage of buses for morning service;
 - Buses are not always clean when they go into morning service after being stored outside. Again, on cold winter nights, it is not always possible to wash buses if they have to be stored outside;
 - Buses are not always warm for passengers, particularly first thing in the morning, because they are stored outside at below freezing temperatures. Buses stored outside take far longer to warm-up;
 - The existing facility is not adequately equipped to maintain buses with a lack in the proper number of maintenance bays with lifts and other equipment;
 - Limits the ability of buses to achieve vehicle lifecycles (12 years) and negates the opportunity to do major overhauls to extend vehicle life to 18 years of service; and
 - Service reliability is compromised with the lack of proper bus storage and maintenance facilities, which is likely to result in more frequent vehicle breakdowns.
 - Numerous complaints have been received by the staff over the years from the residents on Seaforth Street regarding the noise and emissions from overnight bus idling
31. The development of a purpose-built bus storage and maintenance garage will also have a significant beneficial impact on the environment, notably during cold winter months. With the Barrie Transit fleet stored outside, it is often necessary to start the buses several hours ahead of departure for morning service and idle the engines during this period. This is done to ensure the buses will be fully operational for morning service and will have acceptable interior temperatures for customers. Such idling of buses overnight will not be necessary with the provision of an indoor storage facility. It is estimated that greenhouse gas emissions (CO₂) will be reduced by approximately 192,000 kg. each year or the equivalent of emissions from 40 cars as a result. It is also safe to say that there will be annual cost savings in fuel (approximately \$80,000 in 2011 dollars) and labour costs on an annual basis. These are costs that are built in to the existing contract that would no longer be incurred by the City with indoor storage.
32. In 2008 the City purchased 133 Welham Road (located in an industrial area of the City), the former Chubb plant, at a cost of \$5.3M for the purpose of converting the 90,000 sqft building into a transit operating and maintenance facility to accommodate up to 80 vehicles for indoor storage with the potential for future expansion up to 120 vehicles.
33. To address the service performance barriers it is evident that the operating and maintenance service contract must contain performance based criteria clearly measured through key performance indicators. In order to ultimately achieve such a contract the bidding process must be open to competitive forces that create an equal opportunity or a "level playing field" for bidders. As noted from the City's Public Private Partnership Request for Information initiative, there is significant private sector interest in this approach, which is best accomplished with the City owning a transit facility thereby allowing the bidders to focus on the service delivery.

34. Ownership of both the fleet and the operating and maintenance facility ensures that the City retains control of the major system assets, while leveraging the advantages of private sector operating expertise.

Service Delivery Models

Status Quo

35. The existing transit service model for Barrie is cost effective. However, it lacks performance based criteria resulting in lower service quality than desired, provides inadequate indoor vehicle storage and associated disadvantages to vehicle service, cleanliness and lifecycles, with the added environmental costs of wasted fuel and CO2 emissions. There is no capacity for system growth or the opportunity for competitive bids on the operating and maintenance service contract.

Public Sector Fully Owned & Operated

36. The majority of public transit systems are fully owned and operated by a public corporation most often the municipality, regional government or third party transit authority. For the purposes of the P3 model review process undertaken by KPMG, this model is referred to as the Public Sector Comparator (PSC) within the Value For Money Report.
37. Although this model of service delivery provides the municipality with full control of service delivery it also keeps all associated risks with the municipality. It is generally the most expensive method given the higher labour costs usually associated with the public sector. In Barrie's case, this model is estimated to increase the labour costs by in excess of \$1M.

Public Private Partnership

38. The public private partnership model of service delivery can take many forms. As part of the Qualitative Assessment Report prepared by KPMG there were fourteen (14) models evaluated. This report concluded that the proposed Barrie Transit project to develop a transit facility and procure a performance based operating and maintenance service contract is compatible with a public private partnership delivery method.
39. It further determined that only by including the O&M (Operating & Maintenance) contract does the project become sufficient size to generate Value For Money. In other words the development of the transit facility by itself does not generate a cost advantage using a P3 process.
40. Three P3 structures (see Appendix C) were determined to be the most applicable for the proposed Barrie project:
- Design-Build-Finance(long-term)-Operate-Maintain (DBFOM)
 - Design-Build-Finance(short-term)-Operate-Maintain (DBF+OM)
 - Design-Build + Operate-Maintain (DB+OM)
41. Of these three structures, DB+OM did not receive further consideration, primarily due to the noted disadvantage of potential operational conflicts between the City and the fleet operator.
42. The remaining two models, DBFOM and DBF+OM, were then assessed by KPMG within the Value For Money Report. The VFM assessment compares a Public Sector Comparator (PSC) with Shadow Bids (SB) using a Net Present Value approach.

43. The VFM assessment indicated that this project using the P3 structures of DBFOM and DBF+OM would yield savings ranging from 10.28% to 10.55% respectively as noted in Appendix "G". In addition it calculated these savings to increase to 11.49% to 11.66% using the capital costs contribution available through the P3 Canada Fund Program.
44. The VFM assessment also incorporated a comprehensive review of "Risk Identification and Allocation" which identified the various risks associated with four project delivery models and allocated those risks between the public and private sectors accordingly. This information is presented as Appendix "H".
45. In summary the reports prepared by KPMG as part of the P3 Canada Fund Program application for the proposed Barrie Transit project to develop a transit facility and procure a performance based operating and maintenance contract determined that:
 - The project is compatible to a P3 method of delivery
 - There is value for money if the operating and maintenance contract is included
 - DBF(short-term) + OM is the most efficient/effective means to achieve the City's objectives of a competitive bid, performance based contract, growth capacity, leveraging private sector innovation and risk transfer from the City
 - Capital project costs to the City can be reduced using the P3 Canada Fund Program
46. P3 Canada required the provision of a project governance structure to manage this project in the most effective manner clearly outlining the roles and responsibilities of all parties and a procurement plan that would ensure a fair, transparent and competitive process to achieve best value for the City of Barrie.
47. The P3 delivery model can best be viewed as an "enabler" towards the City taking the significant next step in the evolution of the City's transit system. It will enable:
 - Private sector innovation to be leveraged to attain an integral system component in the acquisition of the transit operating and maintenance facility, while transferring project risk
 - The creation of an open, fair and competitive bid process
 - The implementation of a performance based operating and maintenance contract
 - The system to meet future growth demands

The end result equals transit service investment benefits culminating in the provision of quality customer service to Barrie Transit users.

P3 Canada Fund Program Agreement

48. As previously noted, if the City of Barrie's application for project funding to implement the P3 model of DBF+OM to P3 Canada Fund Program is approved in June 2011, it will provide up to 25 % funding on eligible capital costs related to the project.
49. Conditions within the agreement require the City to provide specific resources including external legal and financial consultants, a fairness monitor, and a dedicated project manager. These are estimated to cost \$870,000.
50. With the exception of the external legal consultants, all resources are considered to be integral to the capital project and thus are eligible costs for the 25% funding.
51. The total net benefit of the P3 Canada Fund Program as described in the Financial section of this report is \$4.3M.

52. The implementation of a P3 DBF+OM is a complex process consisting of many steps in the formulation of a project schedule. Subject to project approval by Council and P3 Canada the current proposed project timelines are as follows:

- June, 2011 – Approval or rejection by P3 Canada Board,
- Sept, 2011 – Staff report to seek approval of Performance Based Contract requirements within the DBF+OM model of P3 delivery
- Sept-Oct, 2011 – Staff report to seek 3 (Jan.2012 to Dec. 2014) year contract extension for existing Barrie Transit operating and maintenance contract while new project is under development;
- November, 2011 – Award of Financial Advisor, Project Manager and Fairness Monitor;
- December 2011 – Release of Request for Pre-Qualifications (RFPQ) for Barrie Transit project (including both operations and maintenance contract and bus garage);
- March 2012 – RFPQ closes;
- March 2012 – Evaluate and short- list proponents for project;
- April 2012 – Release Request for Proposals to short-listed proponents;
- August 2012 – Close RFP and evaluate with staff report to City Council recommending preferred proponent for Barrie Transit project;
- November 2012 – Contract(s) with preferred proponent signed;
- January 2013 – Commencement of Design;
- August 2013 – Construction of bus garage begins;
- November 2014 – Construction completed and bus operations and maintenance contractor moves into new bus garage; and
- January 2015 – New performance based operations and maintenance contract begins.

ENVIRONMENTAL MATTERS

53. The transportation sector accounts for 30% of Canada's greenhouse gas emissions and passenger vehicles are the highest contributors with 70% of total vehicle emissions. Providing public transit service as an alternative to private passenger vehicle use will result in fewer private vehicle trips, and less congestion resulting in reduced greenhouse gas emissions.
54. The recommendation to provide a transit garage facility will reduce CO2 emissions by 192,000 kg annually due to the elimination of overnight winter idling of busses stored outside. This will also reduce vehicle fuel consumed by approximately 80,000 litres.

ALTERNATIVES

55. There are alternatives available for consideration by General Committee:

Alternative #1

General Committee could direct staff to abandon the P3 project (DBF+OM) to develop a City-owned bus storage and maintenance facility and procure a performance based operating and maintenance contract and remain with the status quo.

An RFP would be issued for the operations and maintenance contract only as is the current practice.

This alternative is not recommended because it would perpetuate the significant bid advantage of the existing private sector service provider compromising the competitive procurement process and most importantly not achieve the desired improvements in transit service quality or enable future growth of the transit system.

Alternative #2

General Committee could choose to construct a City-owned bus storage and maintenance facility on its own accord and bring in-house the operations and maintenance of the system as the majority of transit systems are operated.

This alternative would provide the City with full control, however, given the traditionally higher system operating costs associated with this delivery model it is not recommended.

Alternative #3

General Committee could choose to construct a City-owned bus storage and maintenance facility on its own accord (traditional build process) and procure a performance based operating and maintenance contract. This would provide all of the required elements towards the desired improvements to the transit system.

This alternative is not recommended as it could potentially lead to operational conflicts between the City and the fleet operator and with the availability of the P3 Canada Fund Program's contribution of 25% of eligible capital costs, the City can yield a net savings of \$4,297,483 if the City's application is successful.

FINANCIAL

56. The adoption of the proposed P3 model (DBF+OM) will have a financial impact for both capital and operating expenditures. Each is discussed in detail below:

Capital

57. The Transit Garage project to date has effectively unfolded in two phases. While Phase I and II are accounted for separately and 3 years apart, they are in substance the same project.

Phase I

58. The first phase, consisting of the purchase of the building and property at 133 Welham Road and initial design for conversion, was completed at a total cost of \$6,362,406. The budget for Phase I was \$9,100,000. To date, funding in the amount of \$3,369,871 has been applied to Phase I. The remaining balance of \$2,992,534 will be included in the aggregate debt financing for Phases I and II. Approved debt financing for Phase I alone was \$7,992,806, none of which has been issued to date.

Phase II

59. The second phase of the Transit Garage project, consisting of the facility renovation, has estimated costs of \$20,460,000. These funds are included in the approved 2011-2014 Capital Plan. \$250,000 is included in 2011 for planning and consultation with the balance of \$20,210,000 included in 2012 for construction. The overall funding breakdown as presented in the Capital Plan is as follows:

Funding Source	Amount
DCA	2,270,902
Grants	2,173,634
Other	4,857,842
Debentures	11,157,622
Total	20,460,000

60. Funding from Provincial grants of \$2,173,634 was fully utilized in Phase I and is not available for Phase II as shown in the Capital Plan.
61. Other funding in the amount of \$4,857,842 relates to Provincial Gas Tax funds. This amount was planned as a funding source for the Transit Garage at a time when the Provincial 1/3 Bus Replacement Program was in place. With the discontinuation of this program, the City has turned to its Provincial Gas Tax reserve to fund bus replacements. As a result, the reserve is no longer adequate to serve as a funding source for this project.
62. The Capital Plan does not include potential funding from the P3 Canada Fund Program which would provide up to 25% funding on eligible project costs if the City's application is approved. Should the City's application be successful, staff anticipate the gross eligible costs which could be recovered under this program would total approximately \$5,167,483. However, approximately \$870,000 in incremental transaction costs would be incurred to access these funds. Therefore, the net benefit to the project would be \$4,297,483. Any funding received from this program would reduce the debt financing requirements for Phase II.
63. A revised overall funding breakdown for Phase II is presented below. The breakdown reflects the following key changes:
- I. Increased use of debt financing in Phase II resultant from the use of \$2,173,634 in Provincial grants in Phase I,
 - II. Increased use of debt financing to make up for the \$4,857,842 Provincial Gas Tax reserves which have become unavailable, and
 - III. Assumes the City will be successful in its application for P3 Canada funding.

Funding Source	Amount
DCA	2,270,902
P3 Canada Grant (net)	4,297,483
Debentures	13,891,615
Total	20,460,000

64. The overall total project debt financing implications of pursuing the proposed P3 model and a successful P3 Canada application is as follows:

Debenture plan as originally anticipated:	
Approved debenture for Phase I	7,992,806
Planned debenture for Phase II (Capital Plan)	11,157,622
Total debentures under original plan	19,150,428

Revised debenture plan adjusted for new information:	
Debenture to close Phase I	2,992,534
Planned debenture for Phase II (Capital Plan)	11,157,622
Additional debenture required in Phase II	7,031,476
Total debentures under revised plan without P3 Canada funding	21,181,632
P3 Canada funding (assuming successful application)	(4,297,483)
Total debentures under revised plan with P3 Canada funding	16,884,149

Anticipated reduction in debenture requirement (\$)	2,266,279
Anticipated reduction in debenture requirement (%)	12%

65. In summary, the original plan called for \$19,150,428 to be funded through debentures. The revised plan would see a reduction of \$2,266,279 to this amount resulting in actual debt financing of \$16,884,149. This 12% reduction would be achieved by the \$2,737,594 budget underspend from Phase I and the use of \$4,297,483 in net funding from P3 Canada (assuming successful application).
66. Finally, the issuance of debt in relation to the project would occur one year later (in 2015) than indicated in the Capital Plan. This is resultant from the increased time required to facilitate the P3 Canada application process.

Operating

67. The proposed P3 model will have an incremental impact on operating costs in four areas (see below). The discussion in each area references projected operating costs as presented in the VFM report prepared by KPMG on behalf of the City for submission to P3 Canada as part of the P3 Canada grant application process. These amounts represent the present value of operating costs to be incurred over the next 20 years; however the City will also consider a 10 year plan.

- I. Facility maintenance and rehabilitation
- II. Transit operating and fleet maintenance contract
- III. Servicing of new debt
- IV. New and/or enhanced revenue streams

Facility maintenance and rehabilitation

- 68. Under the current agreement, the City does not own the transit garage facility and therefore, did not incur the initial capital outlay for the land, building, and equipment. Actually, these capital costs are built into the fee paid to the O&M contractor with some amount for profit. The additional costs to operate, maintain, and rehabilitate this facility are presumed priced in to the contract. The specific amount attributable to these costs is not known to the City.
- 69. Under the proposed P3 model the City will own the facility and will be responsible for major rehabilitation costs. Operation and maintenance costs will be the responsibility of the contractor to the extent specified in the contract. Rehabilitation, operation and maintenance costs are anticipated to be \$11,322,422 in total over the next 20yrs based on data from comparable facilities in other municipalities.
- 70. Major rehabilitation costs account for approximately 50% of the \$11,322,422 noted above. While actual expenditures for these costs should be minimal in the near term due to the nature of the project (i.e. all major components will be practically new) the annual operating budget will include a contribution to reserves in anticipation of these future costs.

Transit operating and fleet maintenance contract

- 71. The City has always owned its transit fleet and used the services of a third party to operate and maintain the fleet. Over the proposed twenty (20) year period these costs are anticipated to be \$298,279,605 for transit O&M and \$50,538,147 for fuel costs.
- 72. Based on the results of the RFI, staff anticipate the introduction of a City owned transit garage will enable a competitive bid process for the fleet and facility operations and maintenance contract. In general, this would result in lower costs to the City for such a contract. However, the impact cannot be quantified at this time.
- 73. The "Mayor's Transit Vision" proposal related to changes in the routing system is under review and the subject of a future report. As such any associated cost has not been included in this report.

Servicing new debt

- 74. There are two debt servicing scenarios to consider under the revised debenture plan identified in the Capital section above. Both scenarios assume a 10yr term at 3.81% (current Infrastructure Ontario rate on 10yr debentures):
 - a. Total debt financing under a P3 model without P3 Canada funding would be \$21,181,632. The annual operating budget impact related to the repayment of this debt would be \$2,567,106 including principal and interest. Total interest over the term of the debt would be \$4,489,440.

- b. Total debt financing under a P3 model with net P3 Canada funding of \$4,297,483 would be \$16,884,149. The annual operating budget impact related to the repayment of this debt would be \$2,046,274 including principal and interest. Total interest over the term of the debt would be \$3,578,590.

New or enhanced revenue streams

75. The City Transit service can pursue several initiatives to generate new revenue streams to offset the incremental costs of the P3 model and transit garage. These include, but are not limited to:
- a. Temporary capital surcharge on transit fares to help pay for the transit garage,
 - b. Increase ridership, or rates, or some combination thereof,
 - c. Pursue regional partnerships with other communities.
76. The impact of these options is unknown at this time. As it will take time to build ridership through improved customer service and higher population densities, it is unlikely the first 3-5yrs will see any significant offsetting revenue streams.

Operating Budget Summary

77. The table below summarizes the anticipated operating cost under the P3 model as they would have impacted the 2010 results. As illustrated below, including the transit garage in the service model increases annual costs by approximately \$1.2M. A new performance-based contract is likely to increase costs, but these can't be quantified at this time. Actual costs for 2010 have been included for comparison.

Transit service costs - 2010 Actual	
Transit service total expenditures in 2010	12,626,047

Transit service costs – Under proposed model	
Transit Admin & Other (Note 1)	1,403,703
Interest on debentures (Note 2)	629,923
Fleet Operations & Maintenance	10,596,629
Facility Operations & Maintenance (Note 3)	169,443
Facility Rehabilitation (Note 4)	336,664
Fuel Surcharge	625,715
Total	13,762,077

Principal repayment	1,416,351
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NOTE 1 – 2010 Transit costs other than fleet operations, maintenance, and fuel.

NOTE 2 - \$16,844,149 debenture at 3.81% over 10yrs, semi-annual payment.

NOTE 3 – Estimated at 1.5% of the sum of fleet operations & maintenance plus fuel.

NOTE 4 – Contribution to reserve for future rehabilitation of major capital as it relates to the Transit Garage.

78. In summary the operating budget under the recommended service delivery will be impacted by:

- Increased building rehabilitation and maintenance costs of operating a garage facility,
- Decreased debt financing than originally planned, and
- Potential new revenue opportunities

LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN

79. The recommendation(s) included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:

- ☒ Manage Growth and Protect the Environment
- ☒ Strengthen Barrie's Financial Condition
- ☒ Improve and Expand Community Involvement and City Interactions

80. To best meet the needs of a growing community focused on intensification, transit services will continue to grow in importance and users expectations for expanded transportation choices and improved services will be experienced.

81. Transit service can have a positive impact on the reduction in the emissions of CO2 from private vehicles and from the elimination of winter idling of buses overnight as well as reduced fuel consumption.

82. The procurement and implementation of a performance based transit operating contract for transit services, predicated on a City owned dedicated transit facility, will enable the City of Barrie to establish services levels that best meet the needs of its residents and customers, within the financial resources available. It will encourage fair and transparent competitive bidding for future transit contracts at best value to the City.

83. With the ability to expand the fleet, new revenue opportunities can be explored in developing potential partnerships within the region and neighbouring municipalities for transit service agreements.

84. Most importantly with all of the components in place to operate a modern transit system a customer service strategy can be developed to enhance transit customer experiences.

85. The investment in and implementation of a P3 model for Transit Services can serve as a "template" for consideration where appropriate in the potential delivery of other municipal services.

**SUMMARY OF
TRANSIT SERVICE REPORTS**

YEAR	CONSULTANT	REPORT	PURPOSE OF REPORT	KEY FINDINGS
2005	IBI Group	Barrie Transit Facility Study	Need for a Transit Garage Facility.	Garage Need Exists & Competitive Bidding Required
2009	ENTRA	Barrie Strategic Operating Study	To Provide Guidance for Future Planning of Barrie Transit Service.	System Performance Standards Recommended & Reiterates Garage Need
2009	D. Gordon Contract Transit Specialist	Transit Performance Standards Matrix	To Provide Guidance for Transit Service Performance Standards to be Considered as a Basis for a Future Transit Performance Based Contract.	Provides City Future Guidance for Contract Performance Criteria.
May 2010	D. Gordon, Contract Transit Specialist, and City Staff	Request For Information (RFI)	To Seek Private Sector Input on the Interest and Suggestions for a Public Private Partnership in the Construction of a Transit Garage and the Operation and Maintenance of Transit Services.	Private Sector Interest Exists for Garage & Operating Contract Tied Together (DBFOM or DBF+OM).
Jan. 2011	KPMG	Qualitative Assessment Report	To Evaluate the Suitability of Delivering Barrie's Transit Garage & Transit Operation & Maintenance Service as a Public Private Partnership.	Barrie Transit Project Compatible for P3 Model Delivery. Most Applicable P3 Models - DBFOM or DBF+OM.
Jan. 2011	KPMG	Value For Money Report	To Review a Public Sector Comparator Model (fully City owned and operated) to P3 Models for Cost Savings Opportunities.	Value For Money only if the Operating and Maintenance Contract included. Comparisons Provided for Applicable Models.
Feb. 2011	KPMG	Procurement Plan	To Develop a Fair, Transparent and Competitive Procurement Process for a P3 Model to Construct a Transit Garage and Operate and Maintain Transit Service.	Comprehensive Plan Required to Ensure Most Effective Procurement Process.

Summary of 2009 Recommended Operating Study Recommended Transit Service and Performance Standards

1.2 Summary of Recommendations

The recommended service standards are summarized in Figure ES - 1.

Figure ES - 1 Summary of Recommended Service Standards

Standard Elements	Recommended Standard						
Service Coverage	<p><u>Residential Areas</u></p> <ul style="list-style-type: none">• 800 metres walking distance for residential areas during any operating period• 400 metres walking distance for residential areas during:<ul style="list-style-type: none">• weekdays from 6:00 a.m. to 7:00 p.m.• Saturdays from 7:00 a.m. to 7:00 p.m. <p><u>Industrial Areas</u></p> <ul style="list-style-type: none">• 750 metres walking distance during peak periods <p>The objective is to provide service to approximately 90 percent of the urban area.</p>						
Hours of Service	<table><tr><th>Weekday</th><th>Saturday</th></tr><tr><td><ul style="list-style-type: none">• AM Peak 6:00 a.m. to 9:00 a.m.• Midday 9:00 a.m. to 3:00 p.m.• PM Peak 3:00 p.m. to 7:00 p.m.• Evening 7:00 p.m. to 12:00 p.m.</td><td><ul style="list-style-type: none">• Daytime 7:00 a.m. to 7:00 p.m.• Evening 7:00 p.m. to finish based on boardings performance</td></tr><tr><th>Sunday/Holiday</th></tr><tr><td><ul style="list-style-type: none">• Daytime 8:00 a.m. to 7:00 p.m.• Evening 7:00 p.m. to finish based on boardings performance</td></tr></table>	Weekday	Saturday	<ul style="list-style-type: none">• AM Peak 6:00 a.m. to 9:00 a.m.• Midday 9:00 a.m. to 3:00 p.m.• PM Peak 3:00 p.m. to 7:00 p.m.• Evening 7:00 p.m. to 12:00 p.m.	<ul style="list-style-type: none">• Daytime 7:00 a.m. to 7:00 p.m.• Evening 7:00 p.m. to finish based on boardings performance	Sunday/Holiday	<ul style="list-style-type: none">• Daytime 8:00 a.m. to 7:00 p.m.• Evening 7:00 p.m. to finish based on boardings performance
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Sunday/Holiday							
<ul style="list-style-type: none">• Daytime 8:00 a.m. to 7:00 p.m.• Evening 7:00 p.m. to finish based on boardings performance							
Frequency of Service	<p>Daytime: 30 minutes minimum on all routes</p> <p>Evening: minimum 60 minutes</p> <p>Additional service based on loading standard</p>						
Route Performance Standards	<p>For regular routes, the following ridership levels must be met:</p> <ul style="list-style-type: none">• 15 boardings per vehicle hour in weekday peak periods• 10 boardings per vehicle hour in other periods <p>For GO shuttles, the lower threshold is 10 boardings per vehicle hour.</p> <p>For express and school trips, the lower threshold is 80 % of seated capacity.</p>						
Elements	Performance Standard						
Hours per Capita	<p>Short-term: 0.75 hours per capita</p> <p>Long-term: 1.0 hour per capita</p>						
Revenue Passengers per Capita	<p>Short-term: 15 passengers per capita</p> <p>Long-term: 20 passengers per capita</p>						
Revenue passengers per veh-hr	<p>Short-term: 20 passengers per vehicle-hour</p> <p>Long-term: 25 passengers per vehicle-hour</p>						
Financial Indicators	<p>Continuous improvement (monitoring measure only)</p>						

4 P3 Compatibility Study

This section presents a P3 compatibility study undertaken regarding the potential use of P3's to deliver the Project. The City has used a framework for assessing whether a project should be considered as a P3 candidate and which model of P3 may be appropriate.

This framework is consistent with frameworks that have been applied in other jurisdictions in Canada and elsewhere in the world.

P3 candidate assessment

To assess the Project, an assessment criteria analysis was employed. The assessment criteria fall into seven general areas as demonstrated in the following graphic:



Each assessment criteria area includes a series of questions; to address these questions in the context of the Project, a workshop was held on the 14th December 2010 with City staff, City's external transit operations consultant and KPMG. *Appendix E - P3 Compatibility Study Questions and Answers* contains the questions and answers as discussed in the workshop.

Following the workshop, the answers were then assigned a suitability rating (further details contained in *Appendix F – P3 Compatibility Study Suitability Rating*). The following provides a synopsis of the suitability rating assigned and rationale for each of the assessment criteria areas.

Technical Suitability Rating: High
<p>Rationale:</p> <ul style="list-style-type: none"> • No apparent technical considerations that would preclude the project from being delivered through a P3 • Performance can be monitored effectively • Risk transfer to the private sector is available • Potential to effectively implement life-cycle management practices by combining design build with operations and maintenance

Operation and Maintenance Suitability Rating: High
<p>Rationale:</p> <ul style="list-style-type: none"> • Performance can be monitored effectively • Risk transfer to the private sector is available • Private sector would be able to operate as a standalone facility • Potential to effectively implement life-cycle management practices by combining design build with operations and maintenance

Financial Suitability Rating: Medium
<p>Rationale:</p> <ul style="list-style-type: none"> • Only by including the O&M contract does the project become a sufficient size to generate Value for Money • Payment mechanisms can assist in creating appropriate behaviour • Projected profits should provide competition • Small size of garage refurbishment may result in a reduced benefit of long term financing • Revenue source is available but will not be transferred to private sector • Note: Potential P3 Canada funding is not considered

Acceptability Suitability Rating: High
<p>Rationale:</p> <ul style="list-style-type: none"> • Public / other stakeholders likely to accept involvement of private sector • Private sector will accept need for disclosure and openness • Private sector has more experience than the City in undertaking this Project

Implementation Suitability Rating: High
Rationale: <ul style="list-style-type: none">• Similar projects in other jurisdictions delivered as P3• Meaningful competition could be generated for a P3, given an appropriate procurement process• City expertise will be supplemented by external advisors

Timing Suitability Rating: High
Rationale: <ul style="list-style-type: none">• No timing considerations that would preclude the project from being delivered as a P3

Legislative Suitability Rating: High
Rationale: <ul style="list-style-type: none">• No legislative issues that would preclude the project from being delivered as a P3

Overall Suitability Rating: High
Rationale: <ul style="list-style-type: none">• The Project would be a good candidate for development as a P3. It has scored a high suitability on 6 of the criteria above and scored a medium on the financial criteria• From both a technical and operations and maintenance perspective, the Project has the ability to transfer risk to the private sector and allow the City to monitor performance against pre-established standards• There may be limited benefit to undertaking the refurbishment of the bus garage as a stand-alone project but as a combination with the operations and maintenance contract with the bus fleet, the Project is of a sufficient value that will allow for Value for Money to be derived• The City currently has internal expertise on the building management part of the Project and is has identified the need to supplement its internal expertise in areas of operations, procurement and legal• There are no timing or legislative issues that have been identified which would preclude the Project from being undertaken as a P3

5 Potential P3 Structures

Based on the analysis undertaken in the assessment criteria analysis described above, the project was deemed to be a good candidate for development as a P3. The following section considers the P3 structures included in *Appendix H - P3 Structures* and uses the suitability ratings in *Appendix F - P3 Compatibility Study Suitability Rating* to determine the most applicable P3 structure for the project.

P3 Structure ¹	Technical	O&M	Financial	Acceptability	Implementation	Timing	Legislative	Overall
BO	Medium	Medium	Low	Medium	Low	Medium	High	Medium
BM	Medium	Medium	Low	Medium	Low	Medium	High	Medium
BOM	Medium	Medium	Low	Medium	Low	Medium	High	Medium
DBO	High	Medium	Low	Medium	Low	Medium	High	Medium
DBM	High	Medium	Low	Medium	Low	Medium	High	Medium
DBOM	High	High	Medium	High	Medium	Medium	High	High
BF	Low	Low	Low	Low	High	Medium	High	Low
DBF	High	Low	Low	Medium	High	Medium	High	Medium
BFM	Medium	Medium	Low	Medium	Low	Medium	High	Medium
BFO	Medium	Medium	Low	Medium	Low	Medium	High	Medium
BFOM	Medium	Medium	Medium	Medium	Low	Medium	High	Medium
DBFM	Medium	Medium	Medium	Medium	Medium	Medium	High	Medium
DBFO	Medium	Medium	Medium	Medium	Medium	Medium	High	Medium
DBFOM	High	High	Medium	High	Medium	Medium	High	High

As can be seen from the table above, two P3 structures have achieved an overall suitability rating of High. Further information as to potential benefits and disadvantages of these two P3 structures are detailed below.

For the DBFOM structure, 2 variations are considered, one with long-term financing (i.e. during the operations phase) and one with short-term financing (i.e. during the construction phase).

¹ For the P3 structures, the following abbreviations have been used. D – Design; B – Build; F – Finance; O – Operate; M – Maintain

<p>Structure #1: Design-Build-Finance (long-term)-Operate-Maintain</p> <ul style="list-style-type: none"> • The private sector designs, constructs, finances, operates and maintains the bus garage to the specifications agreed to with the City for a specified time period. • The private sector also operates and maintains the City owned bus fleet to the specifications agreed to with the City for a specified time period (20 years). • The private sector financing is maintained throughout the life of the project.
<p>Potential Benefits:</p> <ul style="list-style-type: none"> • Design, construction, operation and maintenance risk transfer encourages the private sector to optimise short term construction costs with long-term operations and maintenance costs • Long-term operation and maintenance standards included in the agreements between the Public Authority and the private sector are considered during the design and construction stages by the private sector • No payment until substantial completion of the Project
<p>Potential Disadvantages:</p> <ul style="list-style-type: none"> • Increase in private sector financing costs • Higher upfront costs due to lifecycle management which could impact City budget constraints
<p>Structure #2: Design-Build-Finance (short-term)-Operate-Maintain</p> <ul style="list-style-type: none"> • As per Structure #1 but with the private sector financing being paid out at the end of construction.
<p>Potential Benefits:</p> <ul style="list-style-type: none"> • Design, construction, operation and maintenance risk transfer encourages the private sector to optimise short term construction costs with long-term operations and maintenance costs • Long-term operation and maintenance standards included in the agreements between the Public Authority and the private sector are considered during the design and construction stages by the private sector • No payment until substantial completion of the Project • Reduction in long-term financing costs
<p>Potential Disadvantages:</p> <ul style="list-style-type: none"> • Higher upfront costs due to lifecycle management which could impact City budget constraints • Reduction in risk transfer relating to the building component as financing paid out at the end of construction

<p>Structure #3: Design Build + Operate Maintain</p> <ul style="list-style-type: none"> • The private sector designs and constructs the bus garage to the specifications agreed to with the City. Once completed the bus garage reverts to the City. • The City then issues an operations and maintenance contract for the operations and maintenance of the City owned bus fleet
<p>Potential Benefits:</p> <ul style="list-style-type: none"> • Two separate contracts appealing to firms specialising in those areas • Minimal private sector financing costs
<p>Potential Disadvantages:</p> <ul style="list-style-type: none"> • Optimal long-term operations and maintenance issues may not be fully considered by the design build contractor as they are incentivized to deliver the garage facility for the lowest price • The maintenance of the bus garage would be undertaken by the City. This could lead to operational issues between the City and the operator of the bus fleet

Non-quantifiable benefits

Schedule and Cost Certainty

In undertaking a DBFOM, the City will enter into a legal agreement with the private sector. This agreement will provide for a schedule to complete the bus garage and based on the payment mechanisms considered would result in the private sector party not being paid until the bus garage is completed. This structure will incentivize the private sector to complete the bus garage on time due to their payment being dependant on their completion. This will provide the City with greater schedule certainty. Similarly, the legal agreement will specify both the fixed construction cost and the yearly operations and maintenance cost, providing the City with long term cost certainty on the project costs.

This varies from DB procurement where payment is generally made on a monthly progress basis up to a fixed contract value. This structure would reduce the incentive for the private sector to maintain schedule.

Optimal Risk Transfer

By undertaking any of the three P3 structures considered, the City will be transferring risk to the private sector. The transference of risk will lead to greater value for money to the City as risk which can be better managed by the private sector are transferred to them. The DBFOM structure will transfer the greatest risk to the private sector as it will require the private sector to be responsible for the building through the life of the contract.

Private Sector Innovation / Ingenuity

By undertaking any of the P3 structures considered, the City is looking for the private sector to consider life cycle management practices. Under a traditional procurement, the City would prescribe the

specifications of the building. However using the P3 structures, the City will provide output specifications. This will allow the private sector to design the building to meet the City's requirements while allowing the private sector to use any innovation ideas that it may have to make it more competitive during the contract period.

Economic Development

By the City undertaking a P3, the City will be improving the economic capability of the local firms. The City (and its surrounding areas) has undertaken few P3 projects and this project will allow local firms to improve their capability in the P3 market, which will assist them in the ability to bid other P3 projects both locally and further afield.

Commercial Lender Discipline

By undertaking the DBFOM structure considered, the City will be including commercial lenders into the project. The involvement of commercial lenders will increase the oversight placed on the private sector compared to what would occur during a traditional procurement. This oversight would occur during both the procurement stage, the construction and the operation period as appropriate.

Conclusion

Of the structures considered above, the DBFOM (short and long term financing structures) achieve the goals of the City. These two structures are further analyzed in the Value for Money Report.

2 Project Description and Scope

Barrie Transit is comprised of two services, the conventional fixed route public transit service, and BACTS (Barrie Accessible Community Transportation Services), the door-to-door service for persons with disabilities. The City owns a fleet of 52 buses, all of which are operated and maintained by a private contractor.

At the present time, the contractor is required to provide the bus storage and maintenance garage in order to be able to operate and maintain the City's fleet of buses. As a result of this arrangement, the City has found it difficult to attract other contractors to bid for the operations and maintenance contract due to their inability to source a garage within the City. In response to this concern, the City purchased a facility (an existing industrial property) at 133 Welham Road.

The project currently being considered by the City consists of two elements (collectively, the "Project"):

1 The design and construction / refurbishment of the 133 Welham Road facility into a bus garage

The City has undertaken preliminary design studies to determine the requirements of renovations to the facility and has concluded that, once renovated, the facility will feature the following:

- Indoor storage for bus fleet;
- Maintenance area including lifts, bus wash and fuelling station;
- Fare collection area; and
- Administrative area for contractor, plus City transit personnel.

2 A 20 year performance-based contract for the operations and maintenance of:

- bus storage and maintenance garage; and
- bus fleet.

In the City's original project application to PPP Canada, the City identified that it intended to undertake the project as a P3 contract. It is the intent of this report to identify the procurement team, proposed procurement and implementation strategy that will allow for a fair, competitive and transparent procurement.

Stakeholders

City of Barrie Council

The Council is the ultimate decision maker for the Project, and will have responsibility for all approvals associated the Project. The following are the anticipated approvals that will be required throughout the lifecycle of the Project:

- Project go-ahead

- Retention of Advisors
- Shortlisted Proponents (after RFQ)
- Preferred Proponent (after RFP)
- Award

In June 2010, staff provided an update on the work conducted to identify alternative service delivery options for the Project. As part of this update, staff requested Council to approve a funding submission to PPP Canada in relation to the Project. After receiving word from PPP Canada whether or not the City has been successful in its application, the City will need final approval from Council to commence the procurement.

Barrie Transit

Barrie transit is the department for which the infrastructure is being procured. As the end user of the facilities their input will be crucial.

Ancillary Departments

Any P3 project of significance will have multiple departments as internal stakeholders. This Project will impact a variety of departments at the City, most significantly Finance and Justice.

Bidding Community

In order to have a viable P3 project, the needs of the private sector partner must be taken into consideration. In general, the more competition in the bidding process, the better the end results will be for the procuring authority. A two stage procurement process, RFQ and RFP, tends to reduce the cost of bidding to industry, while allowing for adequate competition. The first step in engaging the bidding community was the market sounding exercise.

General Public

Governments are accountable to their constituents and their concerns cannot be taken for granted. It is important to fulfill the public's need for information regarding any major public sector investment. This is particularly true in P3. A robust communications strategy plays an important role in informing the public at large about the project, and can help avoid misunderstandings.

The City will employ the following strategy in their approach to communications for the Project:

- Name a Project spokesperson – The spokesperson will work with the Project team to ensure that any communications help promote the Project in accordance the City's objectives. The spokesperson will also be the public face of the Project and will represent the City in any interviews with media concerning the Project.
- Public Announcements – It is important to have clear and consistent messaging. The spokesperson will ensure that all public announcements clearly link to the objectives of the Project.

- Establish and Maintain a Project website/homepage – Using a website is a valuable tool for making announcements, providing information and otherwise interacting with stakeholders.
- Stakeholder Updates/Consultation – The City will take several actions to engage and inform all stakeholders throughout the Project. Internal stakeholders will attend periodic status meetings and will be kept up to date via the Project Manager. Initial contact with the bidding community will be engaged during the market sounding process and subsequently through bidder meetings.

3 Project Governance

The City is confident that for the procurement of the Project it has and will assemble the right team to successfully realize its objectives. The City will build upon its internal resources and complement these with external advisors that have the expertise to successfully deliver the Project as a P3.

The diagram in *Appendix 2 – Organizational Chart - City of Barrie Project Team* provides an overview of the proposed project team including the proposed external advisors that will be retained.

Responsibilities and Reporting Structure

The following describes the key areas of responsibility and the reporting structure:

Council

Council is the main decision authority for this Project. Their role includes:

- Approval to release the RFQ/RFP;
- Approval of the selection of preferred proponent; and
- Approval to award and authorize staff to enter into the project agreement

Project Sponsors

The Project Sponsors are a guiding body established by the City to review and offer strategic advice and support to the project team as it plans and further develops the Project. The Project Sponsors include senior members of key stakeholder groups for the Project.

Ultimate authority for key decisions remains with City Council. The role of the Project Sponsors is to fully consider all information available and approve the recommendations that will be presented to City Council for final approval.

Membership of the Project Sponsors

The Project Sponsors are:

- Jim Sales, General Manager of Community Operations (voting member)
- Barb Roth, Director of Leisure, Transit and Facilities (voting member)

- Randy Watson, Manager of Planning and Policy (voting member)

Chair of the Project Sponsors will be Jim Sales – the role of the Chair is to guide key discussions and lead the Project Sponsors.

A quorum shall be defined as three members, and participation by phone, while not ideal, may be permitted in the event a special meeting could only achieve quorum in this manner.

Additional Attendees to Sponsor Meetings

Additional attendees to the Sponsor meetings will include the:

- Project Manager – the Project Manager is responsible for day-to-day oversight of the Project and key day-to-day decision making. The Project Manager will be responsible for presenting key options to the Project Sponsors. The Project Manager will not be a member of the Project Sponsors, but will be present for all meetings.
- Other members of the project team as determined by the Project Manager based on the nature of the items before the Project Sponsors.

Reporting Arrangements

The Project Sponsors will be asked to approve the:

- overall procurement strategy;
- proposed risk allocation;
- terms of the draft project agreement;
- terms of the PPP Canada funding agreements; and
- RFQ / RFP evaluation criteria.

The Project Sponsors will meet once a month unless a special meeting of the Project Sponsors is required to address time sensitive matters. Additionally, the Project Sponsors will receive a brief bi-weekly status report from the Project Manager advising on progress against key milestones and any significant issues that have arisen and how they are being addressed.

Technical Working Group

The Technical Working Group (TWG) is a guiding body established by the City to review and offer advice and support to the Project Manager regarding specific aspects of the Project. The TWG will receive input from all major areas of the Project.

Ultimate authority for key decisions regarding the Project remains with City Council. The role of the TWG is to fully consider all information available and make recommendations to the Project Manager.

Membership of the TWG

Membership of the TWG represents the following individuals:

- George Kaveckas, Manager of Transit
- Kevin Bradley, Manager of Facility Operations
- Daniel Burton, Manager of Facility Planning and Development
- Craig Millar, Deputy Treasurer
- Ingrid Peters, Director of Legal Services
- Zarah Walpole, City Solicitor
- Michael Jerney, Performance Analyst
- David Allan, Manager of Purchasing

Role and Responsibilities of the TWG

The TWG will advise on the:

- overall procurement strategy;
- proposed risk allocation;
- technical and operational specifications;
- terms of the draft project agreement;
- RFQ / RFP evaluation criteria;
- Facilitate support and input across the organization;
- Communicate and promote the project internally; and
- Advocate for the project with staff and external stakeholders.

The TWG will work in an open and collaborative manner, encouraging true partnership and sharing of information, knowledge, skills, tasks and experiences.

Project Manager

The Project Manager, Dan Burton, will oversee the entire Project process and manage the day to day work tasks and teams. The Project Manager is supported by City staff and external consultants.

The Project Manager is responsible for the coordination of the RFQ / RFP documents, the evaluation criteria, the evaluation process, the draft and final legal agreements, and any addenda or amendments to

any of the foregoing. Additionally, the Project Manager approves all communications to proponents, as well as all public communications.

The Project Manager presents key options and recommendations to the Project Sponsors.

Transit Service

George Kaveckas, Manager of Transit is the Transit Lead for the Operations and Maintenance component of this project. He has 28 years of experience in the delivery of public transit services, and has worked using a P3 model on projects for the City of Barrie. This includes responsibility for the administration of transit operations and maintenance contracts.

Building Technical

Dan Burton, Manager of Facility Planning and Development for the City of Barrie, is the Building Technical lead for the Project. In his 5 years with the City of Barrie Dan's work has focussed in the planning, design, and construction of various municipal facilities.

Business Operations

Kevin Bradley, Manager of Facility Operations for the City of Barrie will be the lead for the Business Operations aspect of the Project. He is an experienced project manager with over 10 years experience in the planning, design and construction of complex municipal facility projects.

Don Gordon, former head of Markham Transit and General Manager of York Region Transit, will be assisting the City of Barrie on the development of its Business Operations for the Project. Don has spent the majority of his 32 year career in the public transit industry.

City Legal

Ingrid Peters, Director of Legal Services for the City of Barrie, and Zarah Walpole, Solicitor for the City of Barrie, form the City's legal team in the Project. They will draft all required documentation to ensure a sound procurement from the legal perspective.

Ingrid Peters has 20 years of experience in procurement, including 15 years working on P3 arrangements. Zarah Walpole has been involved in procurement for 11 years in both the public and private sectors.

City Financial

Craig Millar, Deputy Treasurer for the City of Barrie, will be the financial lead on the Project. Craig has over 13 years of experience in the private and public sectors, and has worked on major infrastructure projects on behalf of the City of Barrie.

Michael Jerney, Performance Analyst for the City of Barrie, will assist Craig and act as the financial resource for the Project, and has 5 years experience in public accounting.

Procurement

David Allan, Manager of Purchasing for the City of Barrie, and Corrie Edwards, Purchasing Agent for the City of Barrie will lead the procurement aspect of the Project. They will have responsibility for all procurement documents and processes including the development of the RFPQ and RFP documents, the evaluation criteria, the evaluation process, and any addenda or amendments to the foregoing.

David Allan has over 30 years of experience working in public sector procurements. Corrie Edwards has been conducting procurements for 9 years. Both are well versed in the process and methodology required in the Project.

Advisors - Roles and Responsibilities

In addition to the individuals identified above, the City has identified the need to retain advisors to supplement its internal expertise. The roles of the advisors are outlined below:

Procurement

Will provide a range of services including:

- Development of procurement related documents, including the RFQ / RFP and evaluation documents, and will be assisted by the City's other advisors (e.g. legal advisor, engineering advisor, financial advisor)
- Advise on procurement process
- Participate in post issuance process, including bidder workshops, bidder Q&As and addenda
- Develop evaluation criteria and manual, and train the evaluation team
- Participate in and assist with oversight of evaluation

Financial

Will provide a range of services including:

- Advise on financial matters
- Funding sources
- Commercial and financing terms
- Payment mechanism
- Develop financial model
- Support in finalization of agreement and closing

Engineering Consultants

Will provide a range of services including:

- Prepare design documentation, performance specifications, operation specifications, life cycle replacement specifications and other documentation that fully details the planning, design and operation requirements for the project (collectively referred to as the Output Specifications) that will form the basis for the proponents' proposals.
- Ensure that the output specifications are fully coordinated and integrated with the related documentation prepared by the City and its advisors, and incorporated as such into the Project RFP documentation and the Project Agreement.
- Participate with the City and its advisors in the development of the project RFQ / RFP processes and shall assist the City in the evaluation and selection of a preferred proponent during the Project RFQ / RFP process.
- Review and evaluate the technical aspects of any interim and final submissions prepared by proponents during the RFQ / RFP process leading to the selection of a preferred proponent.

Legal Advisor

Will provide a range of services including:

- General corporate/ commercial legal advice;
- Responsibility for reviewing documents for consistency with the draft project agreement and legal content / legal issues;
- Potential financing arrangements and supporting agreements;
- Identification of issues, and potential options for resolution, on matters of risk, financing, liability, indemnity, transparency, confidentiality, and fairness, when and where appropriate;
- Finalization of the project agreement following selection of a preferred proponent; and
- Preparation for and closing of the project agreement and financing.

Fairness Advisor

Will provide a range of services including:

- Review of the procurement documents
- Review of the evaluation criteria and methodology
- Review of correspondence between the City and respondents
- Participate in the confidential bidder's meetings

- Review of evaluations
- Fairness letter preparation

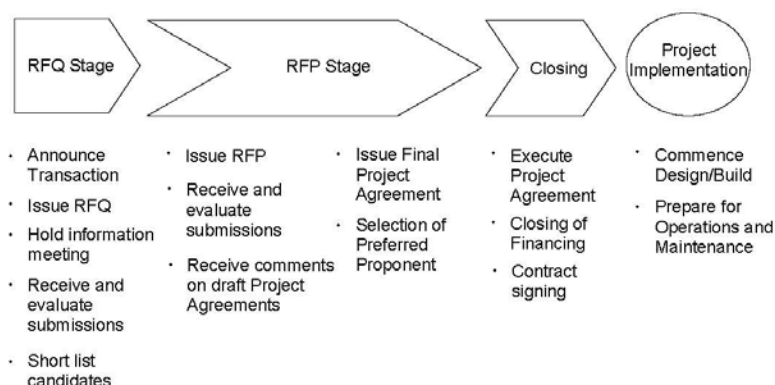
Process for selecting P3 Advisors

As is customary for the City when selecting external advisors a Request for Proposals will be issued to the market. Based on a pre-established process as administered by the City's Supply and Services department, a preferred advisor for each of the areas identified above will be selected for recommendation to Council. Upon approval from Council the advisors will be retained to assist the City through the procurement.

Although no advisors to date have been selected for the procurement, URS (technical and KPMG (procurement and financial) were selected through competitive processes to assist the City in the preliminary stages of the Project. The City intends to employ firms of similar experience for the procurement stages.

5 Proposed Procurement and Implementation Strategy

The City of Barrie recognizes the vital importance of following a well thought out plan in procuring the Project. P3 projects are most successful when they are conducted in a fair, transparent, and competitive environment. The diagram below gives an overview of the major stages of, and specific steps associated with the City's planned fair, transparent and competitive procurement strategy:



Note that the City will be undertaking a two stage procurement process, Request for pre-Qualification (RFQ) and Request for Proposal (RFP), to determine the winning bidder.

Procurement Documents

The RFQ stage serves the following purposes:

- Officially signals that the procuring authority intends to proceed with the project, and serves to heighten its profile
- Markets the project to a wide audience and encourages participation and competition
- Presents an overview of the proposed scope and structure of the transaction to potential bidders
- Allows potential bidders to assemble the requisite resources and form teams as needed
- Gives bidders a chance to demonstrate their technical and financial capability in the context of the Project
- Allows the procuring authority to "shortlist" a given number of respondents to proceed to the RFP stage, thereby reducing overall costs in administering the RFP stage.

For the RFQ stage, the City anticipates scoring the experience of the respondents in the area of design, construction, operations and maintenance. It also anticipates that a pass / fail criterion will be used in the assessment of the financial capacity of the respondents. It is anticipated that the City will then shortlist the three-five highest scoring respondents (the proponents) to the RFP stage.

Although no RFQ has been developed to date for the Project, the RFQ to be developed will follow current City procurement policies. It will also consider procurement policies used in other jurisdictions across Canada in P3 procurements.

In preparing the RFQ, the following is required to be undertaken:

- 1 Prepare and issue RFQ
 - Draft and review RFQ
 - Develop evaluation criteria and scoring system
 - Establish evaluation teams
 - Prepare appropriate training process
 - Obtain necessary approvals
- 2 Run RFQ process
 - Hold initial information meeting
 - Respond to questions from respondents
 - Issue addenda to respondents as appropriate
- 3 Evaluate RFQ submissions
 - Evaluate completeness of RFQ submissions
 - Review conflict of interest
 - Evaluate technical components of RFQ submission
 - Evaluate financial components of RFQ submission
 - Interview respondents as appropriate
 - Collate evaluation information and create RFQ shortlist
- 4 Shortlist RFQ respondents
 - Present RFQ shortlist internally
 - Obtain all necessary internal approvals
 - Issue notification to shortlisted respondents

The RFP stage serves the following purposes:

- Provides proponents the opportunity to demonstrate their understanding of the Project, as well as their respective role and responsibilities
- Allows proponents to fully access all available relevant project related information
- Provides proponents with the opportunity to develop their technical and financial proposals
- Allows proponents to review and comment on the project agreement that will eventually be signed between the City and winning proponent
- Finalizes contractually what is agreed upon between the City and winning proponent as well as the payments to be made

For the RFP stage, the City anticipates using a 50% technical / 50% price scoring system. This will allow for the qualitative aspects of the submissions to be considered. This scoring system is consistent with RFP's currently undertaken by the City.

Additionally, the City recognises that a detailed proposal is time consuming and costly for a proponent. Potential proponents are reluctant to commit resources to preparing a response if they do not consider that they have a reasonable chance of success (hence the limit of 3 shortlisted respondents). The City is considering an honorarium to be paid to the losing proponents who submit a complaint RFP response.

Although no RFP has been developed to date for the Project, the RFP to be developed will follow current City procurement policies. It will also consider procurement policies used in other jurisdictions across Canada in P3 procurements.

In preparing the RFP, the following is required to be undertaken:

- 1 Prepare and issue RFP
 - Draft and review RFP
 - Draft and review project agreement
 - Develop evaluation criteria and scoring system
 - Establish evaluation teams
 - Prepare appropriate training process
 - Obtain necessary approvals
- 2 Run RFP process
 - Hold initial information meeting
 - Respond to questions from respondents

- Hold commercially confidential meetings with proponents, specifically relating to the project agreement
 - Hold design meetings with proponents
 - Issue addenda to respondents as appropriate
- 3 Evaluate RFP submissions
- Evaluate completeness of RFP submissions
 - Review conflict of interest
 - Evaluate technical components of RFP submission
 - Evaluate financial components of RFP submission
 - Interview proponents as appropriate
 - Collate evaluation information and select preferred proponent
- 4 Approve preferred proponent
- Present preferred proponent
 - Obtain all necessary internal approvals

Following the approval of the preferred proponent, the City anticipates entering into negotiations in order to finalize the project agreement detailed during the RFP stage. These negotiations will be subject to the review of the fairness advisor to maintain fairness through the process.

Throughout both the RFQ and RFP stages the City will be developing process guideline documents. The purpose of a process guideline document is to ensure a fair and competitive procurement process. It is the City's requirement to:

- Establish the evaluation criteria and evaluation processes prior to any submissions being reviewed
- Ensure that the evaluation criteria, evaluation processes and procurement documents are internally consistent
- Ensure that the pre-established evaluation criteria and processes are consistently applied

As part of the process guideline documents, the City anticipates the following to be included:

- Overview of the evaluation process
- Administrative procedures

- Confidentiality agreements
- Conflict of interest declarations
- Completeness forms
- Technical evaluation forms
- Financial evaluation forms
- Work plan and schedule
- Fairness rules

Procurement Schedule

The schedule in Appendix 1 – Critical path for the procurement documents of the RFQ / RFP phases of the procurement includes the major milestones and the timeline relative to the issue and selection of a preferred proponent and the execution of the project agreement and financial close.

RFQ and RFP Process Matters

RFQ Evaluation Criteria

The City anticipates that there will be four components to the RFQ evaluation process:

- Mandatory requirements (pass/fail).
- Financial capacity (pass/fail).
- Financing expertise (grading).
- Technical capability (grading).

Only submissions that meet the mandatory requirements will be evaluated based on financial capacity, financing expertise and technical capability.

The project team will prepare an initial draft of potential evaluation criteria which will be reviewed and amended as appropriate by the evaluation team chairs in advance of issuing the RFQ. The drafts will provide a starting point for the evaluation teams to develop the detailed criteria that will be used to assess RFQ submissions. The evaluation criteria will be finalized prior to the receipt of the RFQ submissions.

In the event that the detailed evaluation criteria developed by the evaluation teams fail to address a material aspect of the RFQ submissions, the Project Manager shall have the right to revise the criteria to address this aspect. Such an adjustment to the evaluation criteria would not modify the overall evaluation areas as laid out in the RFQ but would instead modify the detailed assignment of scores by the evaluation teams. In the event that such an adjustment is necessary, the Technical Working Group would review the proposed amendment to the evaluation criteria.

RFP Evaluation Criteria

The City anticipates that there will be a combination of technical and financial criteria.

For the technical criteria, the City anticipates that the following components (individually or collectively) will be either scored or used as a pass / fail criteria:

- Project approach and methodology
- Design and construction management
- Building facility management
- Transit operations management
- Project schedule
- Qualifications and experience

For the financial criteria, the City anticipates that the following components (individually or collectively) will be either scored or used as a pass / fail criteria:

- Financial information
- Financing approach
- Price

The project team will prepare an initial draft of potential evaluation criteria which will be reviewed and amended as appropriate by the evaluation team chairs in advance of issuing the RFP. The drafts will provide a starting point for the evaluation teams to develop the detailed criteria that will be used to evaluate RFP submissions. The evaluation criteria will be reviewed by the Technical Working Group, approved by the Project Sponsors and finalized prior to the issuance of the RFP.

Questions and Answers

Proponents during the RFQ and RFP may submit questions regarding the procurement in writing to the Manager of Purchasing in order to assist their effort in preparing submissions.

Deadlines will be identified in the Project Schedule for the submission of questions. Questions of a substantive nature received after the relevant deadlines will not be answered. Questions received within the deadline and are of a substantive nature may warrant an appropriate extension. Questions of a logistical nature received after the relevant deadline will be answered as appropriate.

The City may modify the language used in the question to clarify the intent of the question, remove reference to the proponent, or to remove any bias or perspective implicit in the language. Additionally, the City may at the discretion of the Manager of Purchasing introduce questions into the Q&A process that would be of interest to all potential proponents.

Note that questions and answers will not be considered addenda to the procurement documents. Where a question and proposed response identifies a need to modify the procurement document, an addendum will be issued in addition to the response to the question.

Addenda

On an as-needed basis, addenda for amendments and additions to the RFP will be issued to proponents. All addenda will form part of the procurement documents.

In order to ensure that proponents have sufficient time to develop their submissions, no material addenda to the RFQ or RFP will be issued in the period prior to the deadline for the last day to submit questions for the RFQ or RFP without a corresponding extension of both the question submission deadline and the RFQ or RFP response deadlines.

Communications

All communication with proponents regarding the procurement will take place through the Project Manager. To the extent possible, communication with proponents will be in writing. Communications that are not in writing will not be binding and will not constitute the official position of the City with respect to the Project.

Evaluation Procedures (RFQ and RFP)

Overview of Evaluation Team Structure

Technical Working Group

With respect to the evaluation of Proposals, the Technical Working Group will be responsible for reviewing and commenting upon:

- the pre-established evaluation process and criteria;
- that the pre-established evaluation methodology and worksheets have been applied diligently;
- that the pre-established evaluation criteria have been applied consistently; and
- that the pre-established evaluation criteria have been applied without bias.

Upon completion of each evaluation (i.e. technical submission, and financial submission) the respective evaluation teams will present the results of the evaluation to the Technical Working Group.

Each member of the Technical Working Group will be required to document their review of the recommendations put forward by the evaluation teams.

Approval

Once the Technical Working Group has reviewed all components of the RFQ and in time the RFP evaluation, the results of the evaluation will be presented to the Project Sponsors who will endorse a

recommendation to City Council. The role of City Council is to approve the results of the evaluation, the preferred proponent and proceeding with the Project.

The Project Manager will present the evaluation and the results to both the Project Sponsors and City Council.

Evaluation Team Conduct

Evaluation teams will undertake the evaluation of submissions subject to:

- ***Appropriate Skills and Qualifications*** – The selection of evaluators is to be based on the skills and qualifications that candidates possess. Additional subject experts may be consulted on an as-needed basis to assist in assessing specific issues that may arise.
- ***Training*** – All members of the evaluation teams are to participate in training sessions, which will cover their responsibilities in the evaluation process and the associated documentation.
- ***Development and Application of Evaluation Criteria*** – Evaluators will be responsible for developing detailed evaluation methodologies and for ensuring that the criteria are applied consistently to all submissions.
- ***Thorough and Careful Review of Submissions*** – All evaluators will review and familiarize themselves with the procurement documents as appropriate. Each evaluation team may determine its own internal evaluation logistics. For example, a team may require all evaluators to review all aspects of all submissions. Alternatively, a team may assign specific aspects of the evaluation to individual team members. Across all team members, all relevant aspects of all submissions are to be thoroughly and carefully reviewed.
- ***Conduct of Reference Checks*** – Evaluators will be responsible for conducting reference checks and to otherwise verify information provided in the submission.
- ***Q&A Clarification Questions and Responses*** – Evaluators will draft clarification questions for proponents during the evaluation. Evaluations will not be finalized until all responses to Clarification Questions have been received from the respective proponents.
- ***Unanimous Decisions*** – Each member of an evaluation team will be required to confirm in writing his or her concurrence with the team's evaluation scores. This will require discussion among the team members until consensus in scoring is reached. In the event that consensus in scoring cannot be arrived at within the team itself, the matter is to be referred to the Project Manager for resolution.
- ***Role of Chair*** – The chair of each evaluation team will be responsible for facilitating discussions and for reporting the evaluation team's results to the Technical Working Group and the Project Manager, and defending those results as appropriate. Additionally, the chair is responsible for ensuring that appropriate documentation of the evaluation team's results is prepared and retained.
- ***Coordination of Evaluation Teams*** – The chairs of the evaluation teams will be responsible for ensuring appropriate coordination and consistency among the evaluation teams.

Evaluation Manual and Training of Evaluators

A training session will be held prior to commencing the RFQ and in time the RFP evaluation. The evaluation manual will be issued to all members of the evaluation teams and advisors to the team and the team members will be given an overview of the evaluation process as an introduction to their involvement in the process.

The chair of each evaluation team will subsequently be responsible for ensuring that each team member is familiar with relevant details of the evaluation process and has reviewed and understands the evaluation process.

In conducting the evaluation, all team members will be familiar with relevant materials as they pertain to the evaluation prior to commencement. The materials to be reviewed prior to evaluation include:

- Original procurement documents and addenda
- Questions and Answers addressed during the open procurement period
- Records of briefings with proponents
- Information supplied by additional expertise if required
- Evaluation manual
- Evaluation team worksheets and other evaluation material

Disclosure of Relationships and Conflict of Interest

Upon receipt of the RFQ and RFP submissions, the Project Manager will circulate a list of all parties having an interest in the submission to the evaluators. The list will include both team members and key personnel identified in the submissions. The list will be circulated to members of all evaluation teams, supporting advisors, the Project Sponsor, the Technical Working Group and the Project Manager.

Evaluators, advisors, and associated firms as appropriate, will disclose any relationships with members of the submission teams, whether of a business or personal nature. These relationships will be reviewed and the individual evaluators cleared to participate in the evaluation process by a review committee before the team member proceeds with his or her remaining tasks. Members that are not cleared by a review committee will be subject to appropriate restrictions or excused and an appropriate substitute will be identified, trained and cleared of conflict as appropriate.

Throughout the evaluation process, evaluators will be required to notify their evaluation team chairs and the review committee should they become aware of any relationship that may be considered either a real or perceived conflict of interest.

Clarification Questions and Answers Regarding Submissions

In order that the evaluation teams fully understand the information submitted by proponents, clarification questions will be asked as necessary. To the extent possible, clarification questions will adhere to the following guidelines:

- Proponents will be required to respond to clarification questions in writing (including email).
- Proponents will not be provided with an unfair opportunity to provide new information that was not demonstrable in the original submission.
- Clarification questions may be issued to solicit information that in the opinion of the evaluation team was demonstrable in the original submission but was not clearly articulated in the original submission. Clarification questions may seek to address instances where insufficient, ambiguous or inconclusive information was provided in the original submission. In applying this right, it is paramount that the evaluation teams apply it consistently to all submissions.
- Clarification questions should refer to specific sections in the procurement documents to reiterate the requirements of the RFQ or RFP.
- Clarification questions should be consistent, particularly when similar questions are posed to different respondents. If one respondent is asked to clarify on a particular issue, another respondent with the same or similar issue should be asked the same clarification question.
- All evaluation teams will determine whether clarification questions are needed and draft the questions they need to pose to the respondents. The Project Manager, assisted by core members of the project team as appropriate, shall review and provide final sign off on clarification questions prior to the distribution of such questions.

Proponents need to have a reasonable amount of time (suggest at least two business days) to prepare their responses to clarification questions. The amount of time may vary depending on the nature and complexity of the clarification questions. The evaluation teams may reduce the response time if the clarification questions are deemed sufficiently simple. Nonetheless, if respondents request additional time, the evaluation teams will need to be prepared to address such requests from the perspective of fairness.

For convenience, questions from the evaluation teams may be batched prior to issuance to respondents.

Confidential Briefings

The City anticipates meetings with proponents, collectively or individually, on various occasions during the RFP process. Currently the following briefings are anticipated, with additional briefings contemplated to deal with specific issues as they arise:

- **Introductory briefing:** will present the RFP, focusing on the overall project scope and the selection process.
- **Utility and agency briefing:** will provide an opportunity to discuss the requirements and concerns of the major utilities and the permitting process.
- **Commercially Confidential Meeting's (CCM) on draft Project Agreement:** will provide each proponent with an opportunity to present their comments on the draft project agreement and for the City to seek any required clarification on these comments.

- **CCM's on design:** will provide each proponent with an opportunity to receive preliminary comment from the Project team on technical aspects of its design concept.

Attendance at these meetings will be highly recommended, but not mandatory.

Review and Refinement of Draft Project Agreement

A preliminary draft of the full Project Agreement, except certain schedules, will be provided with the initial release of the RFP and a process established to provide proponents with an opportunity to comment on the proposed provisions to help ensure they are acceptable and will provide good value to the City.

Comments regarding the draft Project Agreement will be provided to the Project Manager in electronic (Microsoft Word) form. Following review of the initial comments, a second draft of the project agreement will be circulated to proponents, which will have been revised to reflect any comments from proponents that the City is prepared to accept.

Recognizing that the City may not have fully appreciated all of the comments from proponents, a second and final opportunity will be offered to proponents to comment on the revised draft project agreement.

Following review of final comments, the final draft project agreement for the purpose of the RFP process will be circulated shortly thereafter, and will have been revised to reflect any comments from proponents that the City is prepared to accept. Note that the RFP will include a provision whereby proponents will be required to indicate that in the event that they are selected as the preferred proponent, they would be prepared to enter into the project agreement substantially in the form set forth in the final draft that formed the basis for the submission of proposals.

Honorarium

The City is considering paying an honorarium to each unsuccessful proponent that have in the sole opinion of the City, submitted bona fide responsive proposals and have not violated any material provision of the RFP. The preferred proponent will not be paid an honorarium. Note that the City will not pay an honorarium in the event that the selection process is cancelled.

Break Fee

The City is not considering paying a break fee for the Project should the Project be cancelled prior to award.

TRANSIT PERFORMANCE STANDARDS MATRIX

Performance Standard	Description	Measurement Technique
1.1 On-Time Performance	Early departures not permitted. Departures more than five minutes after scheduled time considered late. For BACTS, a departure before the start of Pick-up Window is considered early, and is considered late if more than five minutes after the end of Pick-up Window. Standard – 95%-98% compliance	Random Observation of Conventional Transit AVL and BACTS MDT systems data.
1.2 AVL / MDT System Log-on	Revenue Service Vehicles must not depart facility without being properly logged on to on-board AVL or MDT Systems. Standard – 100% compliance	Random Observation of Conventional Transit AVL and BACTS MDT systems data.
1.3 On-Board Checks	Bus operators must be in compliance with on-board check criteria. Standard – 95%-98% compliance	Random Observation of Revenue Service Vehicles and bus operators.
2.1 Kilometres Between Road Calls	Revenue Service Vehicles must not exceed more than one road call per 9,000 in-Service kilometres. Standard – 9,000 to 10,000 in-Service kilometres between road calls per quarter.	Review of daily reports submitted by Contractor.
2.2 Wheelchair Ramp / Lift & Passenger Restraint Failures	Wheelchair ramps and lifts must be fully functional, as must passenger restraint systems for persons in wheelchairs or scooters. Standard – 100% compliance	Random Observation of 25% of fleet and substantiated complaints.
2.3 In-Service Air Conditioning / Heating	Revenue Service Vehicle air conditioning and heating systems must be fully functional. Standard – 95% -98% compliance	Random Observation of 25% of fleet and substantiated complaints.
2.4 Preventive Maintenance Inspections	PMIs must be done within 1,000 kilometres of scheduled interval.	Review of Contractor Fleet Management System data.

(PMIs)	Standard – 100% compliance	
2.5 Accident Damage Repairs	Repairs must be completed within 20 days of accident. Standard – 100% compliance	Review of accident reports and Contractor Fleet Management System data. Barrie Transit staff observations.
2.6 Vehicle Damage Observations	All vehicle damage, including to exterior and interior decals, exterior paint, and seat covers must be repaired within five days of observation. Also applies to accident damage of less than \$1,000 value. Standard – 95%-98% compliance	Random Observation of 25% of fleet.
2.7 Exterior Vehicle Clean	All vehicle exteriors must be washed before leaving Facility each day. Standard – 100% compliance	Random Observation of 25% of fleet
2.8 Interior Vehicle Clean	All vehicle interiors must be cleaned before leaving Facility each day. Standard – 100% compliance	Random Observation of 25% of fleet
3.1 Commercial Vehicle Operator's Registration (CVOR)	Contractor must maintain "Satisfactory-Audited" Carrier Safety Rating or better. Standard – "Satisfactory-Audited" Carrier Safety Rating	Ministry of Transportation Facility and Vehicle Audit arranged by Contractor.
3.2 Preventable Accidents	Contractor must achieve a minimum of 250,000 kilometres between Preventable Accidents. Standard – 250,000 to 300,000 average kilometres between Preventable Accidents	Review of accident reports submitted by Contractor.
3.3 Vehicle Safety Inspection Check	Vehicles assigned to Revenue Service must comply with all Highway Traffic Act inspection requirements and performance standards used to inspect buses and physically disabled passenger vehicles. Standard – 100% compliance	Random Observation of 25% of fleet.
4.1 Customer Complaints	Contractor must achieve less than five complaints per 100,000 revenue boardings for Conventional Transit, and less than two complaints per 1,000 revenue	Barrie Transit staff will receive and track all customer complaints.

	boardings for BACTS. Standard – three to five substantiated complaints per 100,000 revenue boardings for conventional transit; two to four substantiated complaints per 2,000 revenue boardings for BACTS.	
4.2 Customer Satisfaction Survey	Contractor must achieve customer satisfaction ratings of 70% for Conventional Transit and 85% for BACTS. Standard – 70% - 75% customer satisfaction rating for Conventional Transit; 85% - 90% customer satisfaction rating for BACTS.	Biennial customer satisfaction survey conducted by Barrie Transit.
5.1 Ongoing Bus Operator and Control Centre Staff Training	Bus operators must receive at least 24 hours of ongoing training annually including at least one hour in ramp / lift use and securement training. Control Centre staff must receive at least 8 hours of ongoing training annually. Standard – 100% compliance	Contractor to submit memo to Barrie Transit certifying all bus operator and Control Centre staff ongoing training. Barrie Transit staff will also conduct Random Observations of training sessions.
5.2 Ongoing Maintenance Employee Training	Maintenance staff must receive at least 40 hours of ongoing training annually. Standard – 100% compliance	Contractor to submit memo to Barrie Transit certifying all maintenance staff ongoing training. Barrie Transit staff will also conduct Random Observations of training sessions.
5.3 Escorting Passengers (BACTS only)	Bus operators must escort BACTS passengers to and from first Accessible Door at Pick-up or Drop-off Point. Standard – 100% compliance	Random Observation of trips.
5.4 Security of BACTS Passengers and Mobility Aids (BACTS only)	Bus operators must ensure that BACTS passengers and Mobility Aids are properly secured at all times. Standard – 100% compliance	Random Observation of trips.
5.5 Hand-to-Hand	Bus operators must follow hand-to-hand passenger transfer procedures.	Random Observation of hand-to-hand transfer trips.

Passenger Transfers (BACTS only)	Standard – 100% compliance	
6.1 Management Reports and Complaint Tickets	Daily Re-cap, Daily Service Summary, Electronic Farebox Data Probe and Missed Trip reports, and complaint ticket responses must be submitted within time requirements. Standard – 95% to 98% compliance	Barrie Transit staff will record dates of receipt of all reports and complaint ticket responses.
6.2 Accident / Incident Reports	Accident / Incident reports must be submitted within one business day following date of Accident / Incident. Standard – 95% - 98% compliance	Barrie Transit staff will record dates of receipt of reports.
7.1 Passengers Carried per Hour (BACTS only)	Contractor is expected to maximize the number of BACTS passengers carried for each Revenue Vehicle Hour of Service. Benchmark established at start of Contract and calculation done each Contract year. Standard – 0.1 passengers per vehicle hour increase per year	Barrie Transit staff calculation of passengers carried per Revenue Vehicle Hour.

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7 VFM Results

Without PPP Canada Contribution

The following results do not consider any potential funding available from PPP Canada and thus compare the PSC with the SB cases without consideration of which public sector party ultimately bears the costs.

The VFM assessment undertaken indicates that undertaking the project as a P3 would yield the following savings:

PSC vs. DBF+OM

Public Sector Comparator (PSC)				Shadow Bid (DBF + OM)			
Profile	Start	End	Term (years)	Profile	Start	End	Term (years)
Construction Period	1-Jan-12	31-Dec-12	1.0	Construction Period	1-Jan-12	31-Dec-12	1.0
Operating Period	1-Jan-13	31-Dec-32	20.0	Operating Period	1-Jan-13	31-Dec-32	20.0
Estimated Cost			\$	Estimated Cost			\$
NPV of Construction Cost			18,610,754	NPV of Construction Cost			20,471,830
NPV of Transit O&M Costs			321,350,650	NPV of Transit O&M Costs			298,279,605
NPV of Facility OMR Costs			10,293,111	NPV of Facility OMR Costs			11,322,422
NPV of Fuel Costs			50,538,147	NPV of Fuel Costs			50,538,147
				NPV of Financing Costs			336,196
Sub Total			400,792,662				380,948,200
Transaction Costs			505,450	Transaction Costs			1,125,342
Retained Risks			71,600,848	Retained Risks			40,944,786
Total NPV of PSC			472,898,961	Total NPV of Shadow Bid			423,018,328
Total Estimated Value for Money							49,880,633
As % of PSC NPV							10.56%

PSC vs. DBFOM

Public Sector Comparator (PSC)				Shadow Bid (DBFOM)			
Profile	Start	End	Term (years)	Profile	Start	End	Term (years)
Construction Period	1-Jan-12	31-Dec-12	1.0	Construction Period	1-Jan-12	31-Dec-12	1.0
Operating Period	1-Jan-13	31-Dec-32	20.0	Operating Period	1-Jan-13	31-Dec-32	20.0
Estimated Cost			\$	Estimated Cost			\$
NPV of Construction Cost			18,610,754	NPV of Construction Cost			20,471,830
NPV of Transit O&M Costs			321,350,650	NPV of Transit O&M Costs			298,279,605
NPV of Facility OMR Costs			10,293,111	NPV of Facility OMR Costs			11,322,422
NPV of Fuel Costs			50,538,147	NPV of Fuel Costs			50,538,147
				NPV of Financing Costs			13,559,184
Sub Total			400,792,662				394,171,187
Transaction Costs			505,450	Transaction Costs			1,125,342
Retained Risks			71,600,848	Retained Risks			29,857,596
Competitive Neutrality			966,276				
Total NPV of PSC			473,865,237	Total NPV of Shadow Bid			425,154,125
Total Estimated Value for Money							48,711,112
As % of PSC NPV							10.28%

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With PPP Canada Contribution

The following results include the potential funding available from PPP Canada (25% of capital costs) and thus compare the PSC with the SB cases with consideration from the City's taxpayers.

The VFM assessment undertaken indicates that undertaking the project as a P3 would yield the following savings:

PSC vs. DBF+OM

Public Sector Comparator (PSC)				Shadow Bid (DBF + OM)			
Profile	Start	End	Term (years)	Profile	Start	End	Term (years)
Construction Period	1-Jan-12	31-Dec-12	1.0	Construction Period	1-Jan-12	31-Dec-12	1.0
Operating Period	1-Jan-13	31-Dec-32	20.0	Operating Period	1-Jan-13	31-Dec-32	20.0
Estimated Cost			\$	Estimated Cost			\$
NPV of Construction Cost			19,610,754	NPV of Construction Cost			20,471,690
NPV of Transit O&M Costs			321,350,680	NPV of Transit O&M Costs			298,279,605
NPV of Facility OMR Costs			10,293,111	NPV of Facility OMR Costs			11,322,422
NPV of Fuel Costs			50,538,147	NPV of Fuel Costs			50,538,147
			-	NPV of Financing Costs			336,196
Sub Total			400,792,692				380,948,200
Transaction Costs			505,450	Transaction Costs			1,125,342
Retained Risks			71,871,844	Retained Risks			40,944,786
NPV of PSC (excluding P3 Canada Funding)			473,169,986	NPV of Shadow Bid (excluding P3 Canada Funding)			423,018,328
P3 Canada Funding			-	P3 Canada Funding			5,014,820
Total NPV of PSC			473,169,986	Total NPV of Shadow Bid			418,003,507
Total Estimated Value for Money							55,166,449
As % of PSC NPV							11.66%

PSC vs. DBFOM

Public Sector Comparator (PSC)				Shadow Bid (DBFOM)			
Profile	Start	End	Term (years)	Profile	Start	End	Term (years)
Construction Period	1-Jan-12	31-Dec-12	1.0	Construction Period	1-Jan-12	31-Dec-12	1.0
Operating Period	1-Jan-13	31-Dec-32	20.0	Operating Period	1-Jan-13	31-Dec-32	20.0
Estimated Cost			\$	Estimated Cost			\$
NPV of Construction Cost			19,610,754	NPV of Construction Cost			20,471,690
NPV of Transit O&M Costs			321,350,680	NPV of Transit O&M Costs			298,279,605
NPV of Facility OMR Costs			10,293,111	NPV of Facility OMR Costs			11,322,422
NPV of Fuel Costs			50,538,147	NPV of Fuel Costs			50,538,147
			-	NPV of Financing Costs			13,556,505
Sub Total			400,792,692				394,170,808
Transaction Costs			505,450	Transaction Costs			1,125,342
Retained Risks			71,871,844	Retained Risks			29,857,596
Competitive Neutrality			966,123				
NPV of PSC (excluding P3 Canada Funding)			474,136,079	NPV of Shadow Bid (excluding P3 Canada Funding)			425,153,446
P3 Canada Funding			-	P3 Canada Funding			5,487,019
Total NPV of PSC			474,136,079	Total NPV of Shadow Bid			419,666,427
Total Estimated Value for Money							54,469,652
As % of PSC NPV							11.49%

Appendix B: Risk Identification and Allocation

		Risk Allocation							
		Traditional - Public Operations		Traditional - Private Operations		DBF + CM 5 Years		DBFOM	
		Public	Private	Public	Private	Public	Private	Public	Private
1.00	Policy / Strategic								
	1.01								
	1.02								
	1.03								
2.00	Design & Tender								
	2.01								
	2.02								
	2.03								
	2.04								
	2.05								
	2.06								
	2.07								
	2.08								
	2.09								
	2.10								
	2.11								

Risk Allocation											
		Traditional - Public Operations		Traditional - Private Operations		DBF + O&M 5 Years		DBFOM			
		Public	Private	Public	Private	Public	Private	Public	Private		
3.00	Site Conditions/Environmental										
3.01	Relocation of Municipal Services	100.0%	0.0%	100.0%	0.0%	50.0%	50.0%	50.0%	50.0%		
3.02	Geotechnical	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%		
3.03	Environmental Condition of Site	100.0%	0.0%	100.0%	0.0%	50.0%	50.0%	50.0%	50.0%		
3.04	Archaeological	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%		
3.05	Construction activity results in contamination	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%		
3.06	Existing Conditions Information provided by the City	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%		
4.00	Construction										
4.01	Weather	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%		
4.02	Construction Delays	50.0%	50.0%	50.0%	50.0%	0.0%	100.0%	0.0%	100.0%		
4.03	Failure to build to design.	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%		
4.04	Acceleration to maintain schedule - Construction Impact	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%		
4.05	Acceleration to maintain schedule - Labour Impact	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%		
4.06	Construction safety obligations	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%		
4.07	Force Majeure	100.0%	0.0%	100.0%	0.0%	50.0%	50.0%	50.0%	50.0%		
4.08	Adequacy of Insurance	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%		
4.09	Acute Market Conditions	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%		
4.10	Deficiencies as Work Progresses	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%		
4.11	Latent Defects	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%		
4.12	Resource Availability: equipment	20.0%	80.0%	20.0%	80.0%	0.0%	100.0%	0.0%	100.0%		
4.13	Resource Availability: materials, cement, steel, etc.	20.0%	80.0%	20.0%	80.0%	0.0%	100.0%	0.0%	100.0%		
4.14	Resource Availability: Labour	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%		

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Risk Allocation									
		Traditional - Public Operations		Traditional - Private Operations		DBF + O&M 5 Years		DBFOM	
		Public	Private	Public	Private	Public	Private	Public	Private
4.15	LEED / Other Performance Requirements	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
4.16	On-Site Security during Construction	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
4.17	Non-Payment, Cost & Delay to Substantial Completion	N/A	N/A	N/A	N/A	0.0%	100.0%	0.0%	100.0%
4.18	Construction Contractor Default	20.0%	80.0%	20.0%	80.0%	20.0%	80.0%	0.0%	100.0%
4.19	Pre-tendered materials	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%
4.20	Project Management Team Experience (Contractor)	20.0%	80.0%	20.0%	80.0%	0.0%	100.0%	0.0%	100.0%
4.21	Project Management Team Experience (Owner/City)	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
4.22	Scope Changes by Owner - During Construction	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
4.23	Cash Allowance Amounts	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
4.24	Design Co-Ordination / Completion	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%
4.25	Construction variations due to equipment selection	100.0%	0.0%	100.0%	0.0%	20.0%	80.0%	20.0%	80.0%
4.26	Impact on Schedule due to FF&E	100.0%	0.0%	100.0%	0.0%	50.0%	50.0%	50.0%	50.0%
4.27	General Strike	10.0%	90.0%	10.0%	90.0%	0.0%	100.0%	0.0%	100.0%
4.28	Strike Specific to Contractor	10.0%	90.0%	10.0%	90.0%	0.0%	100.0%	0.0%	100.0%
5.00	Equipment Risk								
5.01	Owner Procurement / Project Co.	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%
5.02	Equipment Selection Changes	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%
6.00	Permit and Approvals								
6.01	Municipal Approvals	100.0%	0.0%	100.0%	0.0%	50.0%	50.0%	50.0%	50.0%
6.02	Building Permits	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%
6.03	Other Permits	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%

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Risk Allocation									
	Traditional - Public Operations		Traditional - Private Operations		DBF + OM 5 Years		DBFOM		
	Public	Private	Public	Private	Public	Private	Public	Private	
6.04 Building Code Design	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	
6.05 Building Code Construction	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	
6.06 Utilities Company Fees	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	
6.07 Title/Access/Title Encumbrances	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	
7.00 Completion Commissioning									
7.01 Commissioning Delays	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	
7.02 Deficiencies	50.0%	50.0%	50.0%	50.0%	0.0%	100.0%	0.0%	100.0%	
7.03 Handover Agreement	N/A	N/A	N/A	N/A	50.0%	50.0%	50.0%	50.0%	
8.00 Bus Garage OM&R and Residual Risk									
8.01 General Capital Maintenance	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	
8.02 Preventive / Periodic Maintenance	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	
8.03 Unscheduled Emergency Maintenance	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	
8.04 Overlooked Defects	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	
8.05 Technology Charges	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	
8.06 Major Building Reconfiguration and Improvements	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	
8.07 Occupancy Requirements									
8.08 Rehabilitation	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	
8.09 Default of Property Management	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	
8.10 Incomplete RFP Tender Documentation	N/A	N/A	N/A	N/A	N/A	N/A	0.0%	100.0%	
8.11 Uncoordinated Information	N/A	N/A	N/A	N/A	N/A	N/A	0.0%	100.0%	

		Risk Allocation							
8.12	Asset Residual	Traditional - Public Operations		Traditional - Private Operations		DBF + OIM 5 Years		DSFOM	
		Public	Private	Public	Private	Public	Private	Public	Private
9.00	Transit Operations								
9.01	Supplier / Contract Management / Outsourcing	100.0%	0.0%	75.0%	25.0%	75.0%	25.0%	75.0%	25.0%
9.02	Technological Obsolescence and Upgrade	100.0%	0.0%	80.0%	20.0%	80.0%	20.0%	80.0%	20.0%
9.03	Operation of Buses for use	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
9.04	Health and Safety	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
9.05	Quality Risk	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
9.06	Un-anticipated Fuel Costs - Inflation	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
9.07	Un-anticipated Fuel Costs - Volume	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
9.08	Un-anticipated Operating Costs	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
9.09	Labour Relations - Disputes	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
9.10	Recruiting, Retention And Employee Satisfaction	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
9.11	Professional and Legal Liability	100.0%	0.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
9.12	Incomplete RFP Tender Documentation	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
9.13	Uncoordinated Information	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
9.14	Client / Customer / Public Satisfaction	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
9.15	Operating activity results in contamination	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
9.16	Bus handover at beginning	N/A	N/A	25.0%	75.0%	25.0%	75.0%	25.0%	75.0%
9.17	Bus handover at end	N/A	N/A	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
9.18	General Capital Maintenance	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%
9.19	Preventive / Periodic Maintenance	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%

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Risk Allocation									
	Traditional - Public Operations		Traditional - Private Operations		DBF + OM 5 Years		DBFOM		
	Public	Private	Public	Private	Public	Private	Public	Private	
9.20	100.0%	0.0%	10.0%	90.0%	10.0%	90.0%	10.0%	90.0%	
9.21	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	
Unscheduled Emergency Maintenance Technology and Legislative Changes									
10.00	Project Agreement								
10.01	N/A	N/A	N/A	N/A	N/A	N/A	50.0%	50.0%	
10.02	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	N/A	N/A	
10.03	N/A	N/A	50.0%	50.0%	50.0%	50.0%	N/A	N/A	
10.04	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	
10.05	N/A	N/A	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	
10.06	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	100.0%	
Termination For Convenience - Construction Period									
Termination For Convenience - Operation period									
Innovation Risk									