



Project Report:
**Abbotsford Law Courts
Project**
August 2018

Purpose of this Report

The purpose of this report is to provide key information to the public about the Abbotsford Law Courts (ALC) Project (the Project). This report describes the need for the Project and how it will be delivered. The report explains how different procurement delivery methods were analyzed, and how Project benefits and innovations are expected to be achieved. A summary of the key aspects of the Project Agreement is also provided.

In all of its procurement processes, the Government of British Columbia (Government) is committed to a high standard of disclosure as part of its accountability for the delivery of public projects. Ministries, Crown Corporations and other Government agencies are publicly accountable for projects through regular budgeting, auditing and reporting processes.

A Project Executive Board, which includes representatives from the Ministry of Attorney General (MAG); the Ministry of Citizens' Services (CITZ); Ministry of Public Safety & Solicitor General (PSSG) and Partnerships British Columbia Inc. (Partnerships BC) is accountable for the Project.

Abbreviations

Abbreviations are defined in the table below:

TABLE 1:

ALC	Abbotsford Law Courts
ASP	Annual Service Payment
BC	British Columbia
CAMF	Capital Asset Management Framework
CITZ	Ministry of Citizens' Services
CPJC	Construction Period Joint Committee
DB	Design Build
DBB	Design Bid Build
DBFM	Design Build Finance Maintain
Government	Government of British Columbia
MAG	Ministry of Attorney General
NPC	Net Present Cost
OPJC	Operating Period Joint Committee
Partnerships BC	Partnerships British Columbia Inc.
PPP	Public Private Partnership
Project	Abbotsford Law Courts Project
PSSG	Ministry of Public Safety & Solicitor General
RFP	Request for Proposals
RFQ	Request for Qualifications
VFM	Value for Money

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1. Executive Summary

The Abbotsford Courthouse, occupied by the MAG, has been operating in a leased facility of advanced age that is both functionally obsolete and economically inefficient for the administration and delivery of justice services.

In February 2017, the Government announced funding for the replacement and expansion of the Abbotsford Courthouse. The Project includes a new 16,600 square-meter facility that will house 14 courtrooms (eight Provincial courtrooms, three Supreme courtrooms and three initial appearance/conference rooms) located within the Civic Precinct on Veterans Way in Abbotsford, British Columbia (BC). In addition, the Project includes a separate 336 stall parkade to be constructed adjacent to the ALC.

The total all in nominal capital cost of the Project is estimated at \$152 million.

The decision to use the partnership delivery method was based on a thorough analysis of procurement options. The analysis indicated the Project's objectives could best be met, and Value for Money (VFM) could be achieved, by using the partnership method of Design Build Finance Maintain (DBFM).

In May 2018, following a competitive selection process based on the principles of openness, transparency and fairness, CITZ on behalf of the Province entered into a performance-based, fixed price Project Agreement with Plenary Justice Abbotsford Limited Partnership¹. The evaluation methodology used in the selection process included scored criteria for program outcomes, as well as energy consumption. These criteria led to numerous improvements over the original concept developed during the Business Case and will result in a facility that achieves the safety and security needs of the users and public while supporting redevelopment of the civic neighbourhood.

Plenary Justice Abbotsford Limited Partnership's design for the Project has features that will help cultivate timely access to justice in a modern courthouse. It optimizes use of programmed areas to meet demand and enables future flexibility with two conference rooms designed for use as fully functioning courtrooms. The design demonstrates an understanding of distinct circulation requirements, using the building design as the first means of achieving safety and security before reliance on technology and sheriffs, while instilling a sense of security for users with direct and open gathering spaces, links to the outdoors, and visibility of the sheriffs' presence. The courthouse plaza is envisioned as an urban room that invokes the tradition of a courthouse in a town square and will be a public amenity space for the broader community. The ALC is designed to comply with Wood First Act and achieve LEED® Gold Certification.

Once construction of the ALC is complete, Plenary Justice Abbotsford Limited Partnership will provide a range of life cycle and facility maintenance services over the 30-year operating term of the Project Agreement including building systems maintenance, housekeeping, roads and grounds maintenance, helpdesk services, utility management and others. Plenary Justice Abbotsford Limited Partnership will receive a monthly service payment for provision of these services. Those payments will be based on performance, facility availability and service quality. Service payments may be reduced if Plenary Justice Abbotsford Limited Partnership does not meet the high-quality standards contained in the Project Agreement.

¹ The consortium team name is Plenary PCL Justice, the Project specific entity that executed the Project Agreement is Plenary Justice Abbotsford Limited Partnership.

The final partnership agreement between the Province and Plenary Justice Abbotsford Limited Partnership is estimated to achieve a Net Present Cost (NPC) Value for Money (VFM) of \$14.04 million compared to a Design Bid Build (DBB) method. Additional benefits from the DBFM delivery model include:

- Competition and innovation;
- Schedule certainty;
- Cost certainty;
- Integration of facility maintenance and life cycle considerations in the design and construction; and
- Life cycle maintenance.

FIGURE 1: COURTROOM RENDERING



2. Project Background, Guiding Principles and Scope

2.1 Background

The current Abbotsford Courthouse is operating in a leased facility of advanced age that is both functionally obsolete and economically inefficient for the administration and delivery of justice services. Constructed as a single room courthouse in 1967, the Abbotsford Courthouse has been renovated over the years to its current configuration of five Provincial courtrooms and two initial appearance/conference rooms.

In February 2017, the Government announced funding for the replacement and expansion of the Abbotsford Courthouse, and that the Project would be delivered through a DBFM procurement model. In March of 2017, procurement was launched with the release of the Request for Qualifications (RFQ).

The total all-in nominal capital cost of the Project is estimated at \$152 million.

2.2 Guiding Principles

The Province developed guiding principles and objectives for the Project reflective of building a landmark courthouse facility that will enable all court users to easily, efficiently and safely access justice and court related services. Those guiding principles and Project objectives included:

- **Accommodate Demand:** Provides necessary capacity to meet projected Abbotsford and broader Lower Fraser Valley Provincial and Supreme court demand through 2035;
- **Quality:** Purpose-built community oriented courthouse facility, satisfying provincial standards within a dignified and respectful environment;
- **Safe and Secure:** Provides safe, appropriately sized spaces with distinct and secure circulation routes for all courthouse users;

- **Technology:** Provides a robust, scalable and adaptable enterprise-wide technical solution, satisfying requirements of a modern courthouse; and
- **Efficiency and economies of scale:** Efficient use of space that optimizes operational efficiencies and minimizes disruptions to court to promote timely access to justice.

2.3 Scope

The Project includes a new 16,600 square-metre facility located within the Civic Precinct on Veterans Way in Abbotsford, British Columbia, as shown in Figure 2 (page 4).

The ALC will be constructed on land leased to CITZ by the City of Abbotsford and will include 14 courtrooms (eight Provincial courtrooms, three Supreme courtrooms and three initial appearance/conference rooms) and provide spaces for the following programs and justice partners:

- Courtrooms and necessary support spaces;
- Provincial and Supreme Court Judiciary;
- Court Administration;
- Sheriff Services;
- BC Prosecution Services;
- Justice Access Centre;
- Law Library;
- Community Corrections; and
- Other Public Services, including:
 - Federal Crown;
 - Duty Counsel; and
 - Victim Services.

In addition, a separate 336 stall parkade will be constructed adjacent to the ALC.

FIGURE 2:
CIVIC PRECINCT

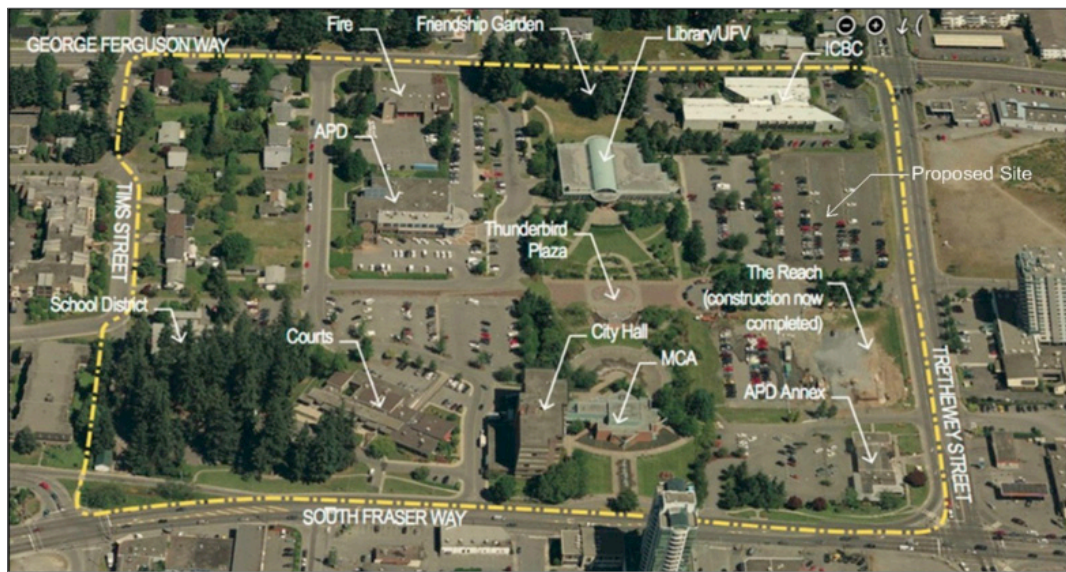
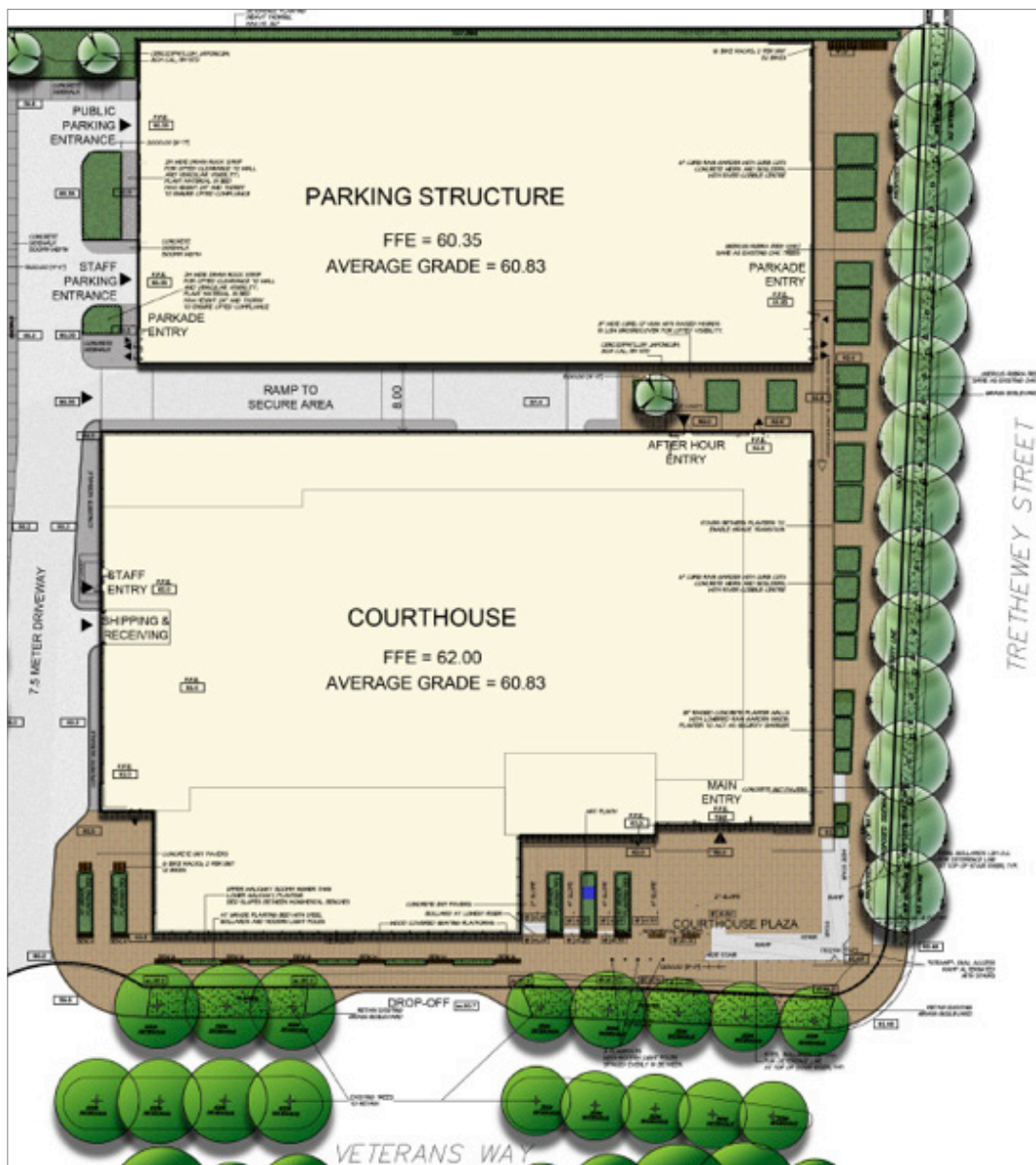


FIGURE 3:
SITE PLAN



3. Project Benefits and Key Features

The Project will provide new law courts that will have capacity to meet Provincial and Supreme court demand projected for Abbotsford and the Lower Fraser Valley through 2035. The ALC will be a community-oriented facility, satisfying provincial justice standards within a dignified and respectful environment, and providing safety and security for all users. The law courts will implement robust and scalable enterprise-wide technical solutions for a modern courthouse and will optimize operational efficiencies to promote timely access to justice.

Plenary Justice Abbotsford Limited Partnership's design for the Project has features that will help cultivate timely access to justice. The design solution supports redevelopment of the civic neighbourhood, will achieve the safety and security requirements of users, includes the use of wood and will benefit the local economy through employment opportunities.

Benefits and key features of the Project are summarized below.

3.1 Current and Future Flexibility

Current and future flexibility of the courthouse was a key design objective of the Project. The extent to which the overall design (technology, structure, architecture, mechanical and electrical systems) supports adaptation, flexibility and the reworking of spaces in line with the evolving demands of the justice system was a challenge to the proponents and considered in the evaluation of proposals.

Plenary Justice Abbotsford Limited Partnership's design solution optimizes use of programmed areas to meet demand and enable future flexibility with two conference rooms designed for use as fully functioning courtrooms (including separate secure and public access). The courtroom technology systems allow for easy expansion while recognizing legacy formats for compatibility with the provincial courts system.

3.2 Safety and Security

It is critical that the facility achieves a safe and secure environment through best practice design and the use of technology to minimize the reliance on sheriff and operations staff.

Plenary Justice Abbotsford Limited Partnership's design solution clearly demonstrates an understanding of the Project's distinct circulation requirements, using the building design as the first means of achieving safety and security before reliance on technology and sheriffs. The sense of security for users is achieved, while continuing to provide direct and open gathering spaces, links to the outdoors, and visibility to the sheriffs' presence.

3.3 Architecture and Urban Design

The architecture and urban design is intended to address the creation of a unique identity, including its fit with the civic neighbourhood and service to a range of users.

The courthouse plaza in Plenary Justice Abbotsford Limited Partnership's design solution is envisioned as an urban room that invokes the tradition of a courthouse in a town square and will be a public amenity space for the broader community, while reinforcing the importance of access to justice. Beyond the plaza, the exterior expression of the ALC is dignified with sufficient transparency to invite users in and draw connection to the surrounding Civic Precinct. The parkade presence is minimized so that attention is appropriately drawn to the ALC.

FIGURE 4: SOUTH EAST PLAZA



3.4 Environmental Benefits

The ALC will be energy efficient, constructed to attain Leadership in Energy and Environmental Design (LEED®) Gold certification. The Project features a competitively bid energy target enforced by significant penalties for non-performance. The proposed energy consumption for the ALC design solution will support the Government's goal to reduce energy consumption of public facilities.

FIGURE 5: MAIN LOBBY RENDERING



3.5 Use of Wood

As contemplated by the Wood First Act, and consistent with the BC Building Code, Plenary Justice Abbotsford Limited Partnership’s design solution incorporates wood as exposed interior material to add warmth and character to the ALC.

Extensive use of wood is difficult to achieve in this Project due to security and safety issues, code requirements, and durability concerns. However, the ALC design solution has incorporated wood throughout the public spaces to shape the character of the facility, beginning at the main public entry with a feature stair and associated wood screen, carrying through public waiting areas with architectural wood panels framing courtroom entry portals, courtroom millwork and judges’ dais.

3.6 Economic and Labour Benefits

The Project will benefit the local economy, creating an estimated 1,000 jobs as a result of direct construction and materials, labour, goods and services used during the course of construction for the Project.²

² Source: BC Statistics

4. Project Delivery Options

In accordance with the Government's Capital Asset Management Framework (CAMF), the Project team, including MAG, CITZ and Partnerships BC, undertook a procurement options analysis to determine an optimal procurement method for the Project.

4.1 Methodology

The evaluation of procurement options was concerned with identifying the method of delivering the project that would result in the greatest VFM on both a qualitative and financial (quantitative) basis. In financial terms, VFM was established by calculating the estimated risk-adjusted cost of a project, based on a particular partnership procurement method, and comparing it to the estimated cost if the project were procured using another method over the same time period.

The evaluation of procurement options involved two main steps. The first step identified key procurement objectives, and provided a qualitative assessment of a wide range of available procurement options including both traditional and partnership methods. The assessment of these procurement options intended to identify the two procurement methods most appropriate to the project, which form the basis of comparison.

The second step in the assessment involved a more detailed, quantitative analysis that compared the two methods. A comprehensive risk analysis was conducted and financial models representing the two procurement methods were developed and compared. Both procurement methods considered detailed financial inputs that reflect key project components during the construction and operating periods, as well as associated public sector costs under each option.

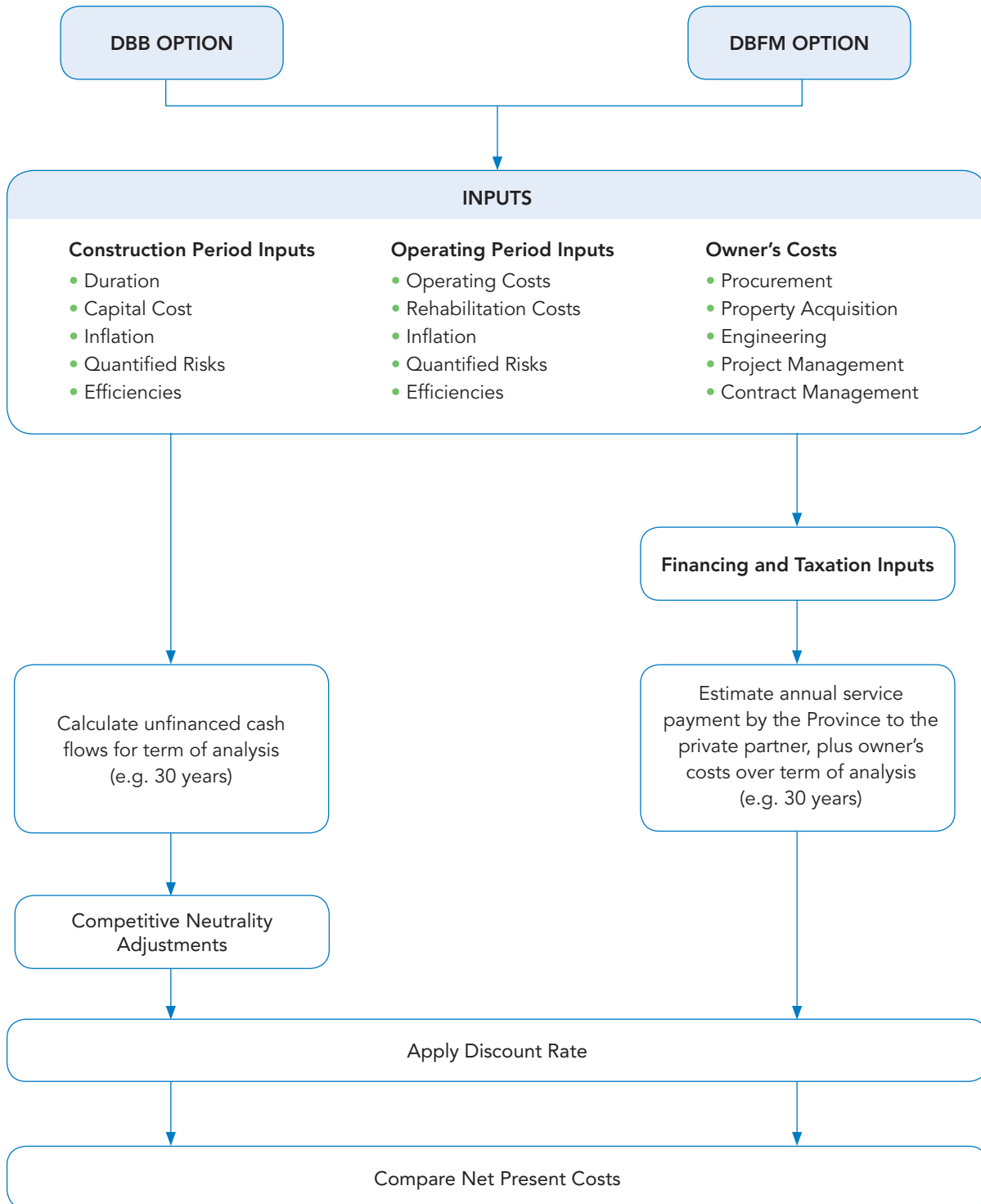
A discount rate was applied to the projected future cash flows to facilitate an accurate comparison of the two approaches in present day dollars. Discounting allows procurement methods with different cash flow impacts—such as all payments made in the first year of a 30-year period versus payments spread over the 30 years—to be compared on a like-for-like basis. Comparing competing options in this way provided an objective means of determining the approach that provided the best value in terms of cost.

The results of this quantitative comparison between the two procurement methods, together with the qualitative assessment, were used to determine the method expected to provide the best potential value for the Project.

The following graphic illustrates the financial modeling approach used to compare a traditional procurement method and a public private partnership method.³

FIGURE 6: FINANCIAL MODELING APPROACH

DETERMINING THE NPC OF ALTERNATIVE PROCUREMENT APPROACHES - SUMMARY



³ For detailed information regarding the “Methodology for Quantitative Procurement Options Analysis”, visit <http://www.partnershipsbc.ca/publications/resources/>.

4.2 Project Procurement Objectives

Procurement options were assessed in consideration of the Project's procurement objectives, which are based on the overarching Project objectives. The following procurement objectives were developed by the Province to provide guidance in the selection and analysis of procurement options:

- **Cost Certainty:** Ability to obtain a high level of cost certainty and minimize change and schedule implications of owner-driven change order risk during design and construction.
- **Design Innovation:** Ability to promote an innovative courthouse design that meets or exceeds the program requirements, through design development as part of the procurement process.
- **Asset Performance throughout the Life Cycle:** Opportunities to deliver specified asset performance throughout the life cycle.
- **Facility Operational Efficiency:** Ability to obtain a design solution that positively impacts facility operational efficiency and long-term maintenance requirements.
- **Effective Risk Transfer:** Ability to transfer risks associated with the Project to the party best capable of managing the risk.

4.3 Procurement Options Analyzed

The Province and Partnerships BC analyzed three procurement delivery options for the Project: Design Bid Build (DBB), Design Build (DB) and DBFM. The three options are described below:

- **DBB:** The Province would engage an architect to develop a detailed design (working drawings) for the facility. Once the working drawings are complete, a tender call for a construction contract would be issued. The lowest qualified price must be selected and an industry standard fixed-price construction contract would be used. The construction contractor would take responsibility for constructing the building to the specifications detailed in the working drawings developed for the Province by the architect. The Province would remain responsible for errors and omissions and would make monthly progress payments to the contractor. Once the building is completed, the Province would take possession and maintain and operate the asset for its entire lifespan.

The Province would retain key design, construction and life cycle maintenance risks, e.g., schedule, construction cost, and life cycle maintenance costs. Due to the fact separate parties design, build and maintain the facility, cooperation between consultants and contractors could be less than ideal, and the advantages of truly integrated design, construction and maintenance are missed.

The DBB model would extensively involve the Province during the design phase. In order for a DBB model to succeed, the Province would need to coordinate the involvement of design and maintenance groups at the Province to involve them in the process.

- **DB:** Under a DB model, the Province would engage an architect and compliance team to develop a concept design for the facility. The DB model is a two-stage partnership procurement model. The first stage entails an RFQ whereby respondent teams submit qualifications to be received and evaluated by the Province. The evaluation process results in a shortlist of proponents who are then invited to participate in the second stage, a request for proposals (RFP). The Province would then conduct a competition to select a design build team to undertake the detailed design and construction of the facility, based primarily upon the output specifications prepared by the Province's compliance team. The successful team would enter into a fixed price contract with payments being made by the Province at specific progress milestones.

In this model, design and construction risk is transferred to the design builder, while the Province retains life cycle maintenance risks. The DB procurement model facilitates integrated design and construction from a risk transfer and innovation perspective.

- **DBFM:** Under a DBFM structure, the Province would engage an architect and compliance team to develop a concept design for the facility and seek to enter into an agreement with a private partner who would be required to design, build, finance and maintain the facility over the specified term of the agreement. The DBFM model is a two-stage partnership procurement model. The first stage is an RFQ whereby respondent teams submit qualifications which

are received and evaluated by the Province. This evaluation results in a shortlist of proponents who are then invited to submit proposals to the second stage of the process, the RFP. At the RFP stage, the Province would provide performance specifications and seek proposals to design, build, finance, and maintain the facility.

The facility maintenance scope assumed to be included in the DBFM model is consistent with other Public Private Partnerships (PPPs) in BC: essentially plant services, utility management, help desk, housekeeping, roads/grounds and landscaping. These services are presently performed by contractors at court facilities in BC. Performance payments would be made monthly to the private partner over the life of the agreement at a fixed rate determined at Financial Close. Payments only commence once the asset is completed to the Province's satisfaction. In order to ensure that the private partner receives full payment, they must meet defined and measurable performance and availability standards on a continuous basis. As required in a performance-based contract, the inclusion of private sector equity and external financiers guarantees a long-term commitment and due diligence to the Project that results in a degree of prudent owner-type behaviour from the private sector.

The key benefits of a DBFM approach are that it requires the bidders to consider long-term maintenance requirements and provides a financial structure that aligns the incentives of the private partner and the Province.

4.4 Results of the Procurement Options Analysis

Based on the procurement options analyzed, the DBFM method was determined to be the preferred procurement option, expected to best meet the Project's procurement objectives, overall Project objectives, and deliver the best VFM.

4.5 Achieving Value for Money

VFM is the risk-adjusted difference in dollar terms between the partnership model and traditional delivery models' costs of integrating design and construction, as well as the cost of major maintenance over the duration of the DBFM contract.

Not all benefits are captured in a VFM number. Examples of such benefits include timely completion and improved long-term maintenance outcomes (e.g. improved facility condition index scores).

Value for money outcomes are determined based on the successful proposal and are discussed below.

TABLE 2: QUALITATIVE BENEFITS OF PARTNERSHIP PROJECTS

PARTNERSHIP PROJECTS TYPICALLY PROVIDE THE FOLLOWING QUALITATIVE BENEFITS

- **Competition and Innovation:** The competitive nature of the bidding process encourages the private partner teams to develop innovative solutions in all aspects of the project from design and construction through to operations.
- **Schedule Certainty:** The private partner receives a significant portion of their payment through monthly availability payments once the facility is available for use, thereby providing a financial incentive to complete the project on time. If construction is delayed and results in a later date for facility availability, monthly availability payments will be forfeited until the facility becomes available. The final date of the contract will not be amended, so the missed availability payments are irretrievable.
- **Cost Certainty:** The project agreement is a fixed price contract.
- **Integration:** The private partner is responsible for the design and construction, long-term maintenance, and rehabilitation of the asset. This creates opportunities and incentives to integrate these functions to optimize performance of the facilities over the duration of the project agreement.
- **Life Cycle Maintenance:** The private partner is responsible and accountable for ensuring the facilities are maintained and rehabilitated over the duration of the project agreement, otherwise the annual service payment may be reduced.

5. Competitive Selection Process

The Ministry of Finance has mandated, through CAMF that the following principles guide all public sector capital procurements:

- Fairness, openness and transparency;
- Allocation and management of risk;
- Value for money and protecting the public interest; and
- Competition.

A two-stage competitive selection process was undertaken for the Project.⁴ During the RFQ stage, respondents were asked to present their qualifications for the Project. Six teams responded to the RFQ. A shortlist of three teams was selected and invited to participate in the RFP stage. The proponent teams that were invited to compete are described below:

TABLE 3: PROPONENT TEAMS

PROPONENT	PROJECT CO LEAD	EQUITY PROVIDER	DESIGN-BUILDER	DESIGN FIRM	SERVICE PROVIDER
CBB Partnership	Brookfield Global Integrated Solutions	Concert Infrastructure Ltd. Brookfield Financial Securities LP Bird Capital Limited Partnership	Bird Design-Build Construction Inc.	Kasian Architecture Interior Design and Planning Ltd. CGL Architects	Brookfield Integrated Solutions Canada LP
EllisDon Infrastructure Justice	EllisDon Capital Inc.	EllisDon Capital Inc.	EllisDon Design Build Inc.	NORR Architects Planners Inc.	EllisDon Facilities Services Inc. SNC-Lavalin Operation and Maintenance
Plenary PCL Justice	Plenary Group Canada Ltd.	Plenary Group Canada Ltd. PCL Investments Canada Inc.	PCL Constructors Westcoast Inc.	WZMH Architects Parkin Architects	Johnson Controls Canada L.P.

During the RFP stage, collaborative discussions were offered so that each team had the opportunity to discuss issues or concerns related to commercial, legal, design, construction and facility maintenance matters. Prior to the closing date for submissions, a final draft Project Agreement was issued and it served as the common basis for all proposals.

⁴ The RFQ and RFP procurement documents are publicly available at www.partnershipsbc.ca.

The timeline of the competitive selection process is outlined in the table below.

TABLE 4: COMPETITIVE SELECTION PROCESS

PROCUREMENT STAGE	TIMING	OUTCOME
RFQ	March 2017 to May 2017	The Project was marketed publicly on BC Bid. Submissions from six respondents were evaluated and the following shortlist of three teams was announced: <ul style="list-style-type: none"> • CBB Partnership • EllisDon Infrastructure Justice • Plenary PCL Justice
RFP	June 2017 to January 2018	The three shortlisted teams submitted proposals
Selection of Preferred Proponent	February 2018	After evaluation of the proposals, Plenary PCL Justice was identified as the preferred proponent
Project Agreement Finalization	May 30, 2018	The Project Agreement was executed by CITZ and Plenary Justice Abbotsford Limited Partnership

5.1 Evaluation of Proposals

The Project Executive Board appointed an evaluation committee to evaluate the proposals based on the criteria set out in the RFP and to recommend a preferred proponent. As part of the evaluation process, Proponents were asked to submit proposals based on a two-part submission process – a technical submission followed by a financial submission.

5.1.1 Technical Evaluation

The first step in the technical submission evaluation process was to confirm that the mandatory requirements as set out in the RFP were satisfied. The two mandatory requirements associated with the technical submission are: that the Proponents and each of their equity providers must have signed and delivered to the Contact Person the Participation Agreement; and that Technical Submissions be received at the Submission Location before the Submission Time for Technical Submissions.

Subject to the terms of the RFP, including meeting the mandatory requirements, the Province evaluated each technical submission to determine whether the Province was satisfied that the Technical Submissions substantially met the provisions of the RFP; demonstrated that the Proponent has a good understanding of the Project and the obligations of Project Co under the Project Agreement; and demonstrated that the Proponent is capable of performing the obligations and responsibilities of Project Co and delivering the Project in accordance with the Project Agreement. All three Proponents met the mandatory requirements, substantially satisfied the requirements of the RFP, and were invited to make a financial submission.

5.1.1.1 Scored Elements

Proposals that substantially satisfied the technical submission requirements of the RFP then moved on to the scored elements evaluation, wherein proponents were able to obtain evaluation credits for exceeding certain requirements.

The Province sought a design solution that would strongly correlate with its Project objectives as identified in section 2.2. From the set of design vision and values, a series of scored element categories was established for the Project. Proponents were challenged to deliver a building solution that excelled in the following categories:

- creating an exceptional law courts design;
- current and future flexibility;
- architecture and urban design;
- safety and security; and
- meaningful post-award consultation.

For each category, proponents could earn points, which would then be converted into a dollar value adjustment, to moderate their financial submission. Each point was valued at \$142,000, allowing proponents the opportunity to adjust their financial submission by up to of 10 per cent of the Affordability Ceiling. Each of the Proponents' proposals was evaluated against the scored elements criteria and awarded points for the final ranking process.

5.1.2 Financial Evaluation

Similar to the technical evaluation process, the first step in financial submission evaluation process was to determine that the mandatory requirements as set out in the RFP were satisfied. The four mandatory requirements of the financial submission include: (1) the Financial Submission be received at the Submission Location before the Submission Time for Financial Submissions; (2) the Proposal Net Present Cost as at the Submission Time for Financial Submissions must not exceed the Affordability Ceiling; (3) the Proposal Total Capital Cost as at the Submission Time for Financial Submissions must not exceed the Capital Cost Ceiling; and (4) Proponents proposing reductions to the scope of the Performance Specifications must do so in accordance with the RFP.

5.1.2.1 Affordability Ceiling

The Affordability Ceiling represents the NPC of the maximum the Province will pay the private sector partner in ASPs over the life of the Project. For the Project, the ASP consists of four components:

- 1) a portion of the capital costs of construction;
- 2) facility management costs;
- 3) major repairs and replacement of building elements (e.g. the roof); and
- 4) management costs throughout the term of the Project Agreement.

The Affordability Ceiling for the Project was set at \$142.7 million NPC.

5.1.2.2 Capital Cost Ceiling

A Capital Cost Ceiling was established to ensure the Province received affordable proposals. The Capital Cost Ceiling was calculated as the sum of the total nominal capital construction costs within the DBFM contract.

The Capital Cost Ceiling for the Project was set at \$139.5 million.

Following receipt of the financial submissions, it was determined that one of the proposals did not satisfy the mandatory requirements and thus, was not evaluated any further. The Province then evaluated each of the other two financial submissions and determined that they both substantially met the financial requirements of the RFP.

5.1.3 Ranking Process

Following the financial evaluation, the remaining proposals were ranked based on their adjusted proposal cost in accordance with the RFP Appendix A. Two adjustments were applied, the first being the scored elements adjustment, and the second an energy adjustment.

The energy adjustment is a measure of cost savings of the Proponents' proposed 30 year energy consumption from the Province's established 30 year energy target. Proponents were incented to better the Province's energy target by inclusion of this dollar value adjustment to moderate their financial submission, similar to the scored elements.

Through this rigorous evaluation process, it was deemed that Plenary PCL Justice's proposal substantially met the requirements of the RFP and Project Agreement, was under the Affordability Ceiling and the Capital Cost Ceiling, and had the lowest adjusted proposal cost after the scored elements and energy adjustment were taken into consideration. The evaluation committee recommended to the Project Executive Board that Plenary PCL Justice be declared preferred proponent for the Project. The Project Executive Board accepted the recommendation.

5.2 Fairness and Transparency

To ensure all proponents had access to the same information and were treated fairly throughout the competitive selection process, Jane Shackell, Q.C. of Miller Thomson LLP, was engaged as a fairness advisor during both the RFQ and RFP stages to monitor all evaluation activities and offer an assessment regarding whether the selection process was carried out in a fair and reasonable manner. The fairness advisor was provided access to all documents, meetings and information related to the evaluation activities throughout the competitive selection processes, and provided her evaluation regarding fairness at the end of the procurement (RFQ and RFP stages).

In addition to ensuring the procurement processes were conducted in a fair manner, it was equally important to ensure that a transparent process was provided to proponents and the general public alike. For this reason, the RFQ and RFP documents, the final redacted Project Agreement, and the fairness advisor's reports are publicly available at www.partnershipsbc.ca.

5.3 Owner's Project Management Costs

The owner's project management costs, including the competitive selection process, are included in the VFM analysis. The total owner's project management costs for the Project, from approval of the Business Case to completion of construction, are \$9.7 million. This includes the cost of developing performance specifications, preparing procurement documentation and monitoring the design and construction of the facility using the Province's project management team and external advisors.

In addition, partial compensation of \$300,000 inclusive of any GST payable, was paid to each of the unsuccessful proponents. Partial compensation can encourage competition, ensure the quality of proposals submitted, secure access to intellectual property and partially mitigate costs incurred by proponents in developing their proposals.

6. The Final Project Agreement

TABLE 5: ALC PROJECT QUICK FACTS

QUICK FACTS	
Private Partner	Plenary Justice Abbotsford Limited Partnership
Facility Owner	CITZ
Location	32375 Veterans Way, Abbotsford, BC
Capacity	14 courtrooms (8 Provincial; 3 Supreme; 3 Judicial conference courtrooms)
Facility Size (at technical submission)	16,600m ²
Parkade Size	336 stalls
Construction Complete	September 2020
Term of the Project Agreement	Construction plus a 30-year operating period
Net Present Cost of Annual Service Payments	\$98.28 million
Total Nominal Cost of Annual Service Payments	\$275.2 million
All In Total Capital Cost	\$152.33 million

6.1 Profile of the Public Sector's Partner

Plenary Justice Abbotsford Limited Partnership is a consortium of companies qualified through the RFQ, and consisting of the following key members:

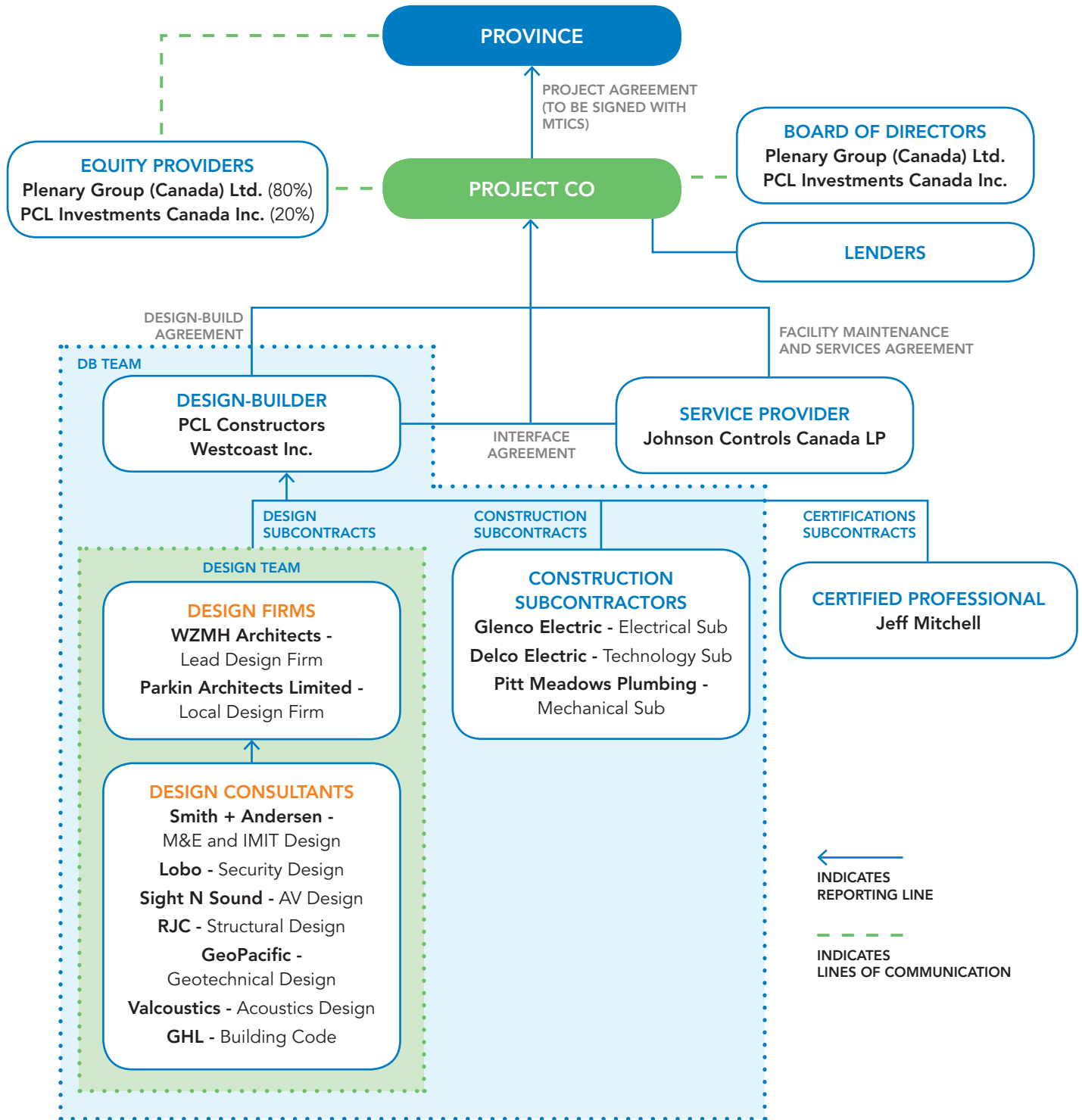
TABLE 6: PLENARY JUSTICE ABBOTSFORD LIMITED PARTNERSHIP TEAM MEMBERS

PROPONENT	ROLE	MEMBER
Plenary PCL Justice	Proponent Team Lead	Plenary Group Canada Ltd. (Plenary)
	Equity Provider	Plenary Group Canada Ltd. (Plenary) PCL Investments Canada Inc. (PCLI)
	Design-Builder	PCL Constructors Westcoast Inc. (PCL)
	Design-Builder's Design Firms	WZMH Architects (WZMH) Parkin Architect (Parkin) Smith + Andersen (S+A)
	Service Provider	Johnson Controls Canada L.P. (JCI)

All companies with this consortium have established records in delivering projects of this nature.

Figure 7 outlines the relationship between the Province and Plenary Justice Abbotsford Limited Partnership as follows:

FIGURE 7: RELATIONSHIP BETWEEN THE PROVINCE AND PLENARY JUSTICE ABBOTSFORD LIMITED PARTNERSHIP⁵



⁵ At the start of procurement CITZ was the Ministry of Technology, Innovation & Citizen Services.

6.2 Responsibilities of Plenary Justice Abbotsford Limited Partnership

Under the terms of the Project Agreement, Plenary Justice Abbotsford Limited Partnership is responsible for:

- a) designing and building the Project⁶;
- b) arranging financing for a portion of the construction and agreed facilities operations for a specified term; and
- c) providing facility management services including:
 - operations and maintenance services;
 - help desk services;
 - roads, grounds and landscaping maintenance services;
 - cleaning and waste management services;
 - security and surveillance services (separate from sheriff services);
 - utilities management services; and
 - life cycle/capital replacement.

6.3 Performance-Based Principles

During construction, the Province will make construction payments on a percentage of the eligible construction costs incurred by Plenary Justice Abbotsford Limited Partnership in a specific month as certified by an Independent Certifier.

Plenary Justice Abbotsford Limited Partnership is held accountable through a payment mechanism that is based on the principles of performance, facility availability, and service quality. Once construction is complete and Service Commencement has been achieved, Plenary Justice Abbotsford Limited Partnership will begin receiving a full ASP from the Province. These payments will be made monthly and are based on the availability of the facility and the quality of facility maintenance services provided by Plenary Justice Abbotsford Limited Partnership. Their performance will be continuously monitored based on key performance indicators. If the performance standards in the Project Agreement are not met, the Province may apply deductions to the ASP.

Payment deductions are based on the severity of the failure to meet the performance indicators, the importance of the room or department area affected, and the level of unavailability. An unavailability deduction applies when a functional unit (room or department) fails to comply with the conditions specified in the Project Agreement.

6.4 Adjustments to Payments

The ASP may be adjusted to reflect specific circumstances as defined in the Project Agreement, including:

- a) **Indexation:** The capital component of the ASP will not be indexed. The services component (facility management and life cycle) of the payment is indexed by the consumer price index with periodic adjustments to the payment.
- b) **Changes:** If the Province requires Plenary Justice Abbotsford Limited Partnership to make a physical change or amend the services, the Province can pay upfront or have the cost financed. If the Province chooses to have the change financed, the cost will be reflected in an amended ASP.
- c) **Change in Law:** If there is an eligible change in tax law, the ASP may be adjusted to leave Plenary Justice Abbotsford Limited Partnership in no better or worse position than if that change in law had not occurred.
- d) **Compensation Events:** If an event occurs that warrants compensation to Plenary Justice Abbotsford Limited Partnership the amount may be provided by a lump sum payment or as an adjustment to the ASP.
- e) **Life Cycle:** The life cycle costs are not uniform throughout the term and the life cycle component of the service payment will therefore fluctuate.

⁶ See section 2.3 for details on project scope.

6.5 Risk Allocation Summary

The Project Agreement includes detailed risk allocation provisions over the construction and 30-year operating term. This approach transfers key risks to Plenary Justice Abbotsford Limited Partnership such as construction, cost and schedule and adds value through design and private sector innovation.

TABLE 7: RISK ALLOCATION BETWEEN THE PROVINCE AND PLENARY JUSTICE ABBOTSFORD LIMITED PARTNERSHIP

RISK	RETAINED BY PROVINCE	SHARED	TRANSFERRED TO PLENARY JUSTICE ABBOTSFORD LIMITED PARTNERSHIP
Schedule			✓
Design including Errors or Omissions			✓
Building Permit			✓
Construction			✓
Commissioning			✓
Existing Site Conditions (environmental)	✓		
Financing after contract execution			✓
Geotechnical			✓
LEED® Gold Certification			✓
Change in Law		✓	
Force Majeure		✓	
Province Driven Scope Changes	✓		
Life Cycle			✓
Latent Defects			✓
Maintenance			✓

Refer to Appendix B for the description of risks identified in the table above.

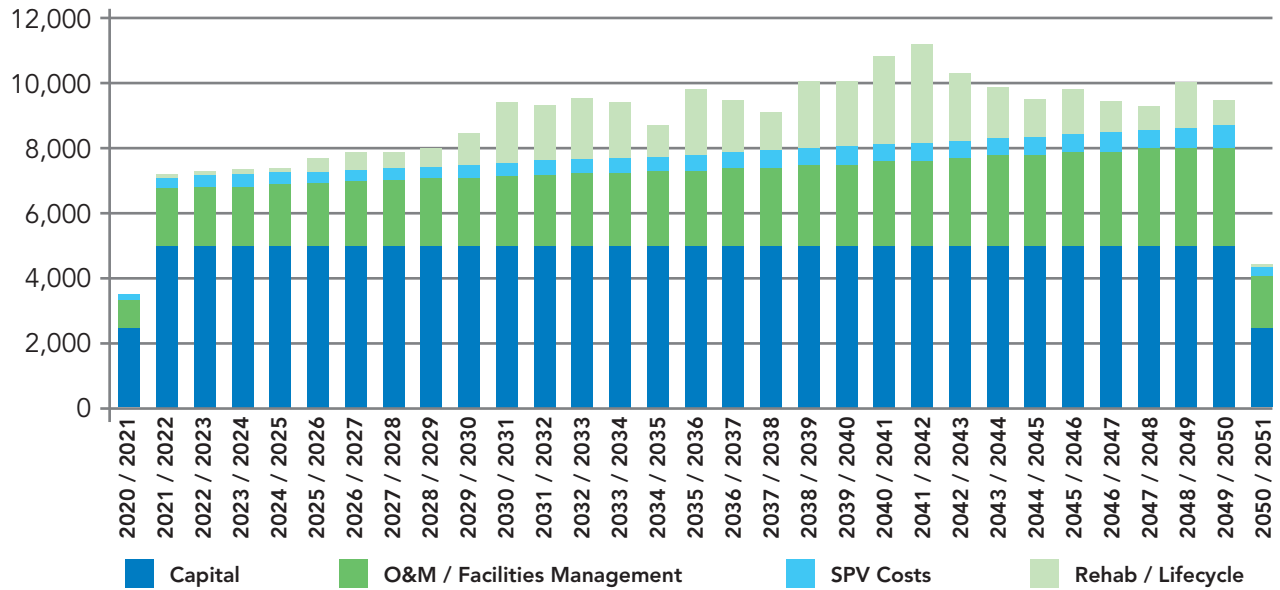
This risk allocation is supported by the following provisions in the Project Agreement:

- Plenary Justice Abbotsford Limited Partnership will start receiving service payments from the Province at the Service Commencement date, thus providing an incentive to complete the Project on time.
- The expiry date of the Project Agreement is fixed, so any delays in completing construction will reduce payments to Plenary Justice Abbotsford Limited Partnership, providing them with a strong incentive for timely completion of the construction.
- Provisions are in place to reduce the ASP if Plenary Justice Abbotsford Limited Partnership does not meet the performance standards in the Project Agreement for facility availability and maintenance.

6.6 Financial Summary

The graph below demonstrates the cash flows to Plenary Justice Abbotsford Limited Partnership that meet the Affordability Ceiling as defined in the RFP. The graph is expressed in nominal dollars and assumes two percent inflation for facilities management and life cycle costs. Payment projections assume no penalties or deductions.

FIGURE 8: PLEINARY JUSTICE ABBOTSFORD LIMITED PARTNERSHIP ANNUAL SERVICE PAYMENTS



6.6.1 Private Financing

The objective of private financing is to ensure that the level of private finance and expected performance security is sufficient to cover the transferred risks in the Project Agreement at all times during the proposed term of the Project.

TABLE 8: PRIVATE FINANCING

BENEFITS AND DETERMINING OPTIMUM LEVELS OF PRIVATE FINANCE FOR THE PROJECT

- **Benefits of Private Finance:** Private finance included in the Project brings third party due diligence of lenders, incentivizes the performance of contractors and offers security to back the eventual handback requirements.

For Plenary Justice Abbotsford Limited Partnership to achieve their investment objectives and repay the private finance component, they must ensure that the project does not cost more or take longer than planned, which provides greater certainty to the province around the cost and schedule of a project.

- **Determining Optimum Levels of Private Finance for the Project:** To determine the optimal amount and timing of private financing for the Project, an analysis was done that compared the likely magnitude and timing of project risks to the security that private financing provides. The analysis contains both qualitative and quantitative assessments.

The qualitative assessment takes onto consideration factors such as the private financing's attractiveness to investors, an amount of private capital that allows for efficient pricing and third party due diligence from both lenders and equity investors.

The quantitative assessment considered risks in both the construction period and the operating period. During the construction period, the assessment analyzed the Province's potential financial exposure should a major risk materialize and lead to termination of the private partner. The estimated cost to the Province of such termination, including repair and retender, was compared to the amount of private financing already in place at the estimated time of occurrence. At the time of the risk event, the outstanding privately financed amounts, also known as the unfunded value in the ground, represents work that has been completed but for which the province has yet to pay, this provides the Province with high quality security.

For the operating period three key considerations that influence the level of private finance were assessed, including:

1. Private financing significant enough to generate a capital payment that provides capacity for performance deductions to be set at a reasonable level to incentivize the desired behaviour;
2. Sufficient private financing at-risk towards the end of the project to provide security in respect of the private partner's asset handback obligations; and
3. The resilience of the private partner to be able to absorb unexpected shocks to its maintenance and life cycle budgets.

As the cost of private financing exceeds that of public financing, the optimum level of private financing amount was set at the minimum level that secures the risk transfer, provides protection from key risks, but that is not so high as to add unnecessary costs to the project.

The level of private finance proposed for the Project was sufficiently large enough to:

- Be financed efficiently in the markets;
- Cover material risks in the construction period;
- Generate a capital payment that provides capacity for performance deductions;
- Provide security in respect of the asset handback obligations;
- Attract strong investment interest; and
- Ensure robust investor oversight in delivery of the Project.

In Plenary Justice Abbotsford Limited Partnership’s proposal the final private financing amount, debt and equity combined, is \$84.96 million, or approximately 61% of their proposed total capital construction costs, as detailed in Table 9 below.

TABLE 9: LEVEL OF PRIVATE FINANCE

FUNDING	AMOUNT	PORTION OF TOTAL CAPITAL COST OF CONSTRUCTION
Province Contributions	\$53,550,930	38.6%
Private Financing – Debt	\$76,199,154	55.0%
Private Financing – Equity	\$8,765,516	6.4%
Total Capital Cost of Construction	\$138,515,600	

6.6.2 Green Bond

Green Bonds enable capital-raising and investment for new and existing projects with environmental benefits. Following the Green Bond Principles , green bonds promote integrity in the financing of projects through guidelines that recommend transparency, disclosure and reporting and aid investors by ensuring availability of information necessary to evaluate the environmental impact of their green bond investments.

To establish the private financing as a green bond, Plenary Justice Abbotsford Limited Partnership provided a report that outlined the details for the Project lenders demonstrating that the Project characteristics are consistent with the Green Bond Principles. Items of note that made the Project appropriate for green financing include achieving:

- LEED® Gold Certification for the Project; including:
 - Increased water efficiency during operations; and
 - Improved indoor air quality.
- Design and construction energy target driving reduction in energy use;
- Complying with the Wood First Act, which promotes the use of wood for construction in British Columbia

The green bond financing was successfully issued and is one of few green bond financings in Canada. By achieving green bond status, this financing not only aligns with the four core components of the Green Bond Principles, but also demonstrates the innovation of Plenary Justice Abbotsford Limited Partnership and a commitment to environmental sustainability of the Project.

6.7 Quantitative Benefits

The estimated NPC of the Project delivered using a DBB approach is \$192.3 million. The estimated NPC of the Project delivered using the DBFM approach and Plenary Justice Abbotsford Limited Partnership’s proposal is \$178.3 million. A comparison of these numbers is provided below. In financial terms, the final project is estimated to achieve value for taxpayer’s dollars of \$14.04 million when compared to the DBB option.

TABLE 10: VALUE FOR MONEY TABLE

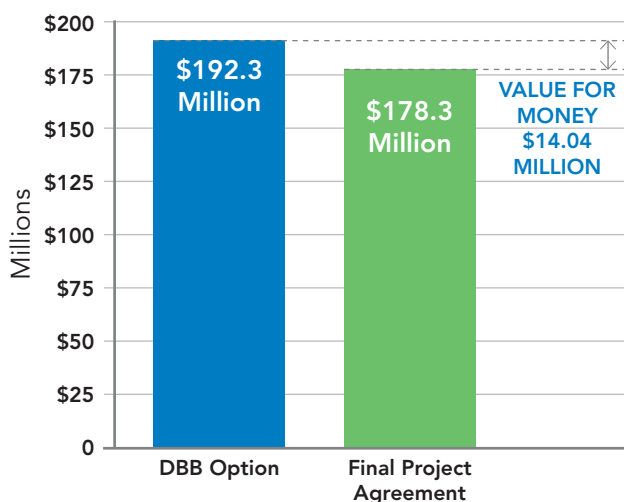
NET PRESENT COST (\$, MILLIONS)	DBB OPTION	FINAL PROJECT AGREEMENT
	DBB	PPJ
Construction Payments for Construction Costs	106,318	–
Provincial Contributions	–	47,605
Milestones Payment	–	–
Capital Payment	–	67,491
Life Cycle Payments	18,145	13,410
Operational Payments	21,333	34,533
Owners Costs during Planning and Procurement	17,501	9,996
Competitive Neutrality	1,672	–
Total Project costs	164,968	173,034
Retained risks	27,359	5,255
Total Risk-adjusted	192,327	178,289
Value for money \$	14,038	
Value for money %	7.30%	

* all values in \$,000's, NPV date March 1, 2017, Discount rate 5.03%

Significant factors contributing to VFM include:

- Plenary Justice Abbotsford Limited Partnership’s capital cost;
- Life cycle cost efficiencies;
- Effective integration of service provider with design-build team; and
- Efficient allocation of risk

FIGURE 9: VALUE FOR MONEY – COST COMPARISON



6.8 Accounting Treatment

BC’s Office of the Comptroller General, which is responsible for the overall quality and integrity of the Government’s financial management and control systems, has established accounting guidelines for partnership projects. Based on accounting guidelines, and for accounting purposes, the all-in capital cost for development of the ALC is expected to be \$152.33 million. This figure includes the capital cost for the design and construction of the Project, the associated interest during construction, and Plenary Justice Abbotsford Limited Partnership’s bid development and financing costs. It also includes Project specific non-PPP costs including Province-purchased equipment, Information Management Information Technology (IMIT) systems, insurance, procurement and implementation costs and Project reserves. These costs are accrued to the Government through the construction period as the costs are incurred.

7. Ongoing Project Agreement Monitoring

The Project Agreement with Plenary Justice Abbotsford Limited Partnership includes specific provisions to ensure project delivery, performance and quality standards are met. Monitoring spans every phase of the Project, from Financial Close through design and construction, facility operations and maintenance. There are a number of major phases in the project monitoring schedule, with roles and responsibilities assigned to Project participants at each stage.

7.1 Integrated Project Management Team

A Project Executive Board was established in 2016 to provide guidance and oversight for the implementation of the Project, including the traditional capital components. Members of the Project Executive Board include representatives from MAG, CITZ, PSSG and Partnerships BC.

The Province has assembled an integrated project management team responsible for implementing the project through design, construction and transitioning into the operating period. The team reports through a chief project officer to the Project Executive Board.

7.2 Design and Construction Phase

The Project Agreement stipulates that both the Province and Plenary Justice Abbotsford Limited Partnership must appoint design and construction representatives. The Province representative will review, approve, accept or confirm Plenary Justice Abbotsford Limited Partnership's activities in accordance with the Project Agreement. The Province representative is supported by a team of professionals (e.g. architects, engineers, lawyers) who, along with the Province representative, will have full access to the construction site, drawings and specifications, and will report observations to the Project Executive Board regularly.

In addition, a Construction Period Joint Committee (CPJC) will be formed at the commencement of construction. The CPJC formalizes communications between the Province and Plenary Justice Abbotsford Limited Partnership with the purpose of providing a formal forum for the parties to consult and cooperate on all matters relating to the Project during construction. The CPJC is a requirement of the Project Agreement and will remain in place until construction is complete and Service Commencement has been reached.

In support of the aforementioned monitoring activities, the Province and Plenary Justice Abbotsford Limited Partnership have also jointly appointed an Independent Certifier who will monitor and report on construction progress, and provide certification that the conditions for Service Commencement have been achieved.

7.3 Operations and Maintenance Phase

The Project Agreement stipulates that both the Province and Plenary Justice Abbotsford Limited Partnership must appoint a representative to serve as a member of the Operating Period Joint Committee (OPJC) over the 30-year operating term of the agreement. The OPJC is a formal forum for the parties to consult and cooperate on all matters related to facility during the operating term.

7.4 Quality Management

The Project Agreement is designed to motivate Plenary Justice Abbotsford Limited Partnership to ensure timely delivery, appropriate performance and high standards of quality through monetary consequences of failing to meet these requirements.

Plenary Justice Abbotsford Limited Partnership is required to have a performance monitoring program in place during the operating period that will monitor the delivery of services. All reports and supporting data generated from this program are readily available to the Province at any time for audit purposes. Monthly reports delivered to the Province will contain a variety of information, including:

- a) Reporting on whether the key performance indicators were achieved;
- b) A summary of calls made to the facility maintenance help desk and their resolution;
- c) A summary of unavailability events and service failures;
- d) A summary of all work orders for planned and demand maintenance;
- e) A calculation of the monthly service payment owed to Plenary Justice Abbotsford Limited Partnership;
- f) A report of the monthly consumption of energy compared against the energy target; and
- g) A summary of all life safety actions and statutory testing (e.g. fire extinguisher inspections).

These reports allow for a thorough review and analysis on a monthly basis by the Province to ensure the facility is performing as intended. It will also ensure building operations and conditions are consistent and achieving established Project objectives. The reports provide key information that determines if the facilities are being properly maintained in accordance with the performance standards set out in the Project Agreement.

There are strict penalties if Plenary Justice Abbotsford Limited Partnership misrepresents the monthly report.

7.5 Hand-Back Requirements

At the end of the 30-year operating term, the facility must be in a condition that is consistent with the performance of the services in accordance with the maintenance specifications in the Project Agreement. For example, it would not be acceptable for the building fabric to be failing, the flooring to be unreasonably worn or the general environment to be unkempt. Plenary Justice Abbotsford Limited Partnership and the Province will jointly appoint and pay for an independent party to inspect and survey the condition of the buildings in advance of the end of the Project term. Plenary Justice Abbotsford Limited Partnership is responsible for meeting the hand-back requirements at the end of the Project term.

8. Glossary of Terms

Affordability Ceiling: The net present cost of the maximum Government will pay in Annual Service Payments over the life of the Project.

Annual Service Payment (ASP): The mechanism by which a private partner in a DBFM arrangement is compensated. According to performance standards specified in a Project Agreement, an ASP is paid to the private partner for capital and operating costs, as well as their required rate of return, over the term of the agreement.

Business Case: Document prepared pursuant to CAMF.

Capital Cost Ceiling: The Capital Cost Ceiling was calculated as the sum of the total nominal capital costs within the DBFM contract.

Discount Rate: A rate used to relate present and future dollars. Discount rates are expressed as a percentage and are used to reduce the value of future dollars in relation to present dollars. This equalizes varying streams of costs and benefits so that different alternatives can be compared on a like-for-like basis.

Financial Close: The point in the procurement process where negotiations with a preferred proponent are finalized and a Project Agreement is executed, allowing construction to begin.

Green Bond Principles: Voluntary process guidelines for issuing green bonds established by the International Capital Markets Association.

GST: Federal Goods and Services Tax.

Independent Certifier: An independent, third-party certifier engaged jointly by the Province and the private partner to verify and certify whether certain conditions of the Project Agreement are being satisfied.

Net Present Cost (NPC): The value of periodic future cost outlays when they are expressed in current, or present day, dollars by discounting them using the Discount Rate.

Partial Compensation: A payment made to unsuccessful proponents in an RFP process as partial compensation for expenses incurred in submitting a proposal.

Performance Specification: Specifications developed by the Province that define the output and performance levels required in relation to construction and life cycle performance of an asset, to ensure the completed project satisfies the objectives of a project with respect to meeting the Province's service delivery needs.

Province: Collectively Her Majesty the Queen in Right of the Government of British Columbia as represented by CITZ and the MAG.

Project Agreement: The Project Agreement sets out the requirements for the delivery of an asset under a DBFM in terms of cost, schedule and life cycle performance that typically govern the performance-based payment of the ASP to a private partner.

Request for Proposals (RFP): Document issued by the Province for qualified proponents to submit formal proposals to deliver the Project.

Request for Qualifications (RFQ): Document issued by the Province inviting parties interested in participating in an RFP, to submit their qualifications for delivering the Project.

Service Commencement: The date upon which the following activities have been achieved: the Independent Certifier certifies substantial performance of the building; an occupancy permit has been issued and all construction commissioning activities are complete.

Value for Money (VFM): Also commonly referred to as value for taxpayer dollars, VFM describes the benefits to the public expected to be realized through a particular procurement method, which can be quantitative and/or qualitative in nature. Quantitative VFM is achieved through the lower cost of a project resulting from the procurement method, whereas qualitative value is achieved when a particular procurement method better supports the goals and objectives of a project without necessarily costing less.

Appendix A – Annual Service Payments

(\$ THOUSANDS) (NOMINAL)	ASP - O&M / LIFE CYCLE COSTS	ASP - O&M / FACILITIES MANAGEMENT COSTS	ASP - SPV COSTS	CAPITAL COMPONENT OF ASP	TOTAL ANNUAL SERVICE PAYMENT
2020 / 2021	-	862	172	2,569	3,603
2021 / 2022	61	1,759	350	5,138	7,308
2022 / 2023	130	1,794	357	5,138	7,419
2023 / 2024	136	1,830	364	5,138	7,469
2024 / 2025	126	1,867	372	5,138	7,502
2025 / 2026	391	1,904	379	5,138	7,812
2026 / 2027	559	1,942	387	5,138	8,026
2027 / 2028	515	1,981	394	5,138	8,028
2028 / 2029	584	2,020	402	5,138	8,145
2029 / 2030	970	2,061	410	5,138	8,580
2030 / 2031	1,876	2,102	419	5,138	9,534
2031 / 2032	1,721	2,144	427	5,138	9,430
2032 / 2033	1,917	2,187	435	5,138	9,678
2033 / 2034	1,666	2,231	444	5,138	9,479
2034 / 2035	964	2,275	453	5,138	8,830
2035 / 2036	1,987	2,321	462	5,138	9,909
2036 / 2037	1,632	2,367	471	5,138	9,609
2037 / 2038	1,186	2,415	481	5,138	9,220
2038 / 2039	2,032	2,463	490	5,138	10,123
2039 / 2040	1,984	2,512	500	5,138	10,135
2040 / 2041	2,737	2,562	510	5,138	10,948
2041 / 2042	3,049	2,614	520	5,138	11,322
2042 / 2043	2,068	2,666	531	5,138	10,403
2043 / 2044	1,600	2,719	541	5,138	9,999
2044 / 2045	1,175	2,774	552	5,138	9,639
2045 / 2046	1,396	2,829	563	5,138	9,927
2046 / 2047	947	2,886	575	5,138	9,546
2047 / 2048	755	2,943	586	5,138	9,422
2048 / 2049	1,342	3,002	598	5,138	10,080
2049 / 2050	786	3,062	610	5,138	9,596
2050 / 2051	86	1,562	311	2,569	4,528
Total	36,380	70,654	14,068	154,147	275,248

Appendix B – Risk Register and Descriptions

As referenced in section 6.5 Risk Allocation Summary:

RISK	DESCRIPTION	RETAINED BY PROVINCE	SHARED	TRANSFERRED TO PLENARY JUSTICE ABBOTSFORD LIMITED PARTNERSHIP
Schedule	The risk of missing an irretrievable ASP if the ALC is not delivered on September 30, 2020.			✓
Design including Errors or Omissions	The risk that the design development activities cannot be completed on time and/or the budget and the design does not allow the delivery of the services to the services specification. Risk that design errors or omissions are realized during the construction period.			✓
Building Permit	The risks associated with all costs, timelines and requirements for permitting.			✓
Construction	The risk that construction activities cannot be completed on time and/or budget.			✓
Commissioning	The risk that the building systems do not perform in accordance with the required specifications.			✓
Existing Site Conditions (environmental)	The risk of undisclosed or unknown environmental contaminants that require abatement prior to proceeding with construction.	✓		
Financing after contract execution	The cost and availability risk of Plenary Justice Abbotsford Limited Partnership's financing to meet design and construction needs.			✓
Geotechnical	Risk that subsurface conditions result in a failure of Plenary Justice Abbotsford Limited Partnership to meet its requirements under the Project Agreement related to the construction and operations of the facility over the term of the agreement.			✓
LEED® Gold Certification	The risk of penalties and damages should the design not achieve LEED® Gold certification or meet the energy target.			✓
Change in Law	Risk that a change in legislation/ regulations, provincial policy or quality standard, which applies generally, will impact on the design or construction of the new facility or provision of the services.		✓	

RISK	DESCRIPTION	RETAINED BY PROVINCE	SHARED	TRANSFERRED TO PLENARY JUSTICE ABBOTSFORD LIMITED PARTNERSHIP
Force Majeure	Risk that specified unforeseen events will impact on the design or construction of the new facility or on the provision of the services.		✓	
Province Driven Scope Changes	The risk that the Province requires a change to the scope that was not originally contemplated in the Project Agreement, after execution.	✓		
Life Cycle	Risks associated with the replacement and refurbishment of the new facility over the operating phase of the Project, including the risk of deferred maintenance.			✓
Latent defects	The risk that minor design flaws (with minor implications) or significant design flaws (with significant implications) are identified during the operations phase.			✓
Maintenance	The risk of payment reduction should the maintenance of equipment or systems not be completed in a timely manner and to the service levels specified in the Project Agreement.			✓

Appendix C – Value for Money Cash Flows

The following table provides nominal cash flows that represent the underlying numbers used to create the net present values in the VFM table in Section 6.7 of the Project Report. The cash flows in the following table have been annualized and include all categories of costs included in the VFM table in the Project Report.

To clarify the number in the final Project Agreement column includes both payments to the private partner, as well as all Province costs (e.g. project management). They have not been updated for any changes to the Project Agreement or performance issues after contract execution. It is important to note that the cash flows used to derive the net present cost numbers for the DBB and final Project Agreement columns in the VFM table are based on a combination of monthly, quarterly and semi-annual cash flows. Discounting the annual cash flows will produce net present cost numbers, similar, but not exactly the same as in the Project Report. The calculation of net present cost numbers is dependent on the timing of the cash flows, so a difference in the net present cost numbers is to be expected.

FISCAL YEAR END (March 31)	FINAL PROJECT AGREEMENT	DBB OPTION
	Cash flows for deal that make up Value for Money (\$000s)	Cash flows for deal that make up Value for Money (\$000s)
2017	776	514
2018	9,468	6,258
2019	44,947	23,402
2020	72,940	28,290
2021	25,530	15,461
2022	2,128	7,308
2023	2,320	7,419
2024	2,413	7,469
2025	4,154	7,502
2026	4,347	7,812
2027	3,175	8,026
2028	3,137	8,028
2029	2,754	8,145
2030	5,423	8,580
2031	5,404	9,534
2032	2,985	9,430
2033	3,107	9,678
2034	3,921	9,479
2035	6,602	8,830
2036	6,080	9,909
2037	3,591	9,609
2038	3,845	9,220
2039	3,962	10,123
2040	7,284	10,135
2041	8,334	10,948
2042	5,096	11,322
2043	4,325	10,403
2044	4,622	9,999
2045	8,158	9,639
2046	8,213	9,927
2047	7,207	9,546
2048	8,219	9,422
2049	7,003	10,080
2050	7,479	9,596
2051	3,982	4,528



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