P3 Public Private Partnerships

Government of the Northwest Territories

Chair
Financial Management Board

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Date

Contents

SECTION 1 - INTRODUCTION

Purpose

This document is a guide to the Government of the Northwest Territories (GNWT) approach to assessing and acquiring capital infrastructure through a Public Private Partnerships approach.

Public Private Partnerships

For the purposes of the GNWT policy, a Public Private Partnership (P3) is defined as a cooperative venture between the public and private sectors, built on the expertise of each partner that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards.

Public-private partnerships are a way for governments to obtain and utilize infrastructure. By partnering with the private sector, the government can better focus on the quality of programs and services and put the responsibility for the infrastructure on the private partner.

"P3s span a spectrum of models that progressively engage the expertise or capital of the private sector. At one end of the spectrum is straight contracting out as an alternative to traditionally delivered public services. At the other end, there are arrangements that are publicly administered but within a framework that allows for private finance, design, building, operation and possible temporary ownership of an asset." [1]

P3 Model

In an increasingly competitive global environment, governments around the world are focusing on new ways to finance projects, build infrastructure and deliver services. Public-private partnerships are becoming a common tool to bring together the strengths of both sectors. In addition to maximizing efficiencies and innovations of private enterprise, P3's can provide much needed capital to finance government programs and projects, thereby freeing public funds for core economic and social programs.

Three countries stand out as world leaders in the number and scale of PPP's - the United Kingdom, Australia and the United States (primarily in water & wastewater), although many other countries have successfully implemented P3 projects and are benefiting from the results. Canada has developed considerable expertise in the P3 field, both domestically and internationally, and increasingly this is being done through coordinated provincial programs. Canada has many high profile projects that demonstrate that P3's continue to be valuable contributors to our country's economic health.

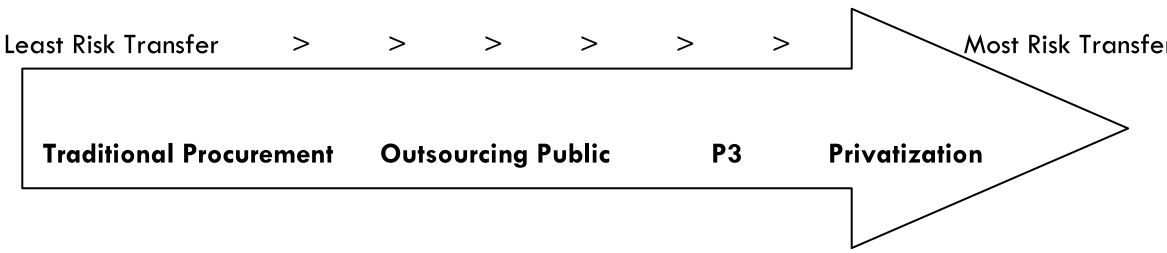
Analysis by other provincial jurisdictions has shown that the P3 model is most appropriate for major and complex capital projects with significant ongoing maintenance requirements. For these projects, the private sector can offer project management skills, innovative design and risk management expertise that can bring substantial benefits. Properly implemented, a P3 helps to ensure that desired service levels are maintained, that new services start on time and facilities are completed on budget, and that the assets built are of sufficient quality to remain high standard throughout their life. A P3 ensures that service providers are bound into long-term operational contracts and carry the responsibility for the quality of the work they do.

The benefits from a P3 are not automatic but they only result from well-planned and rigorously appraised schemes. The criteria and procedures for identifying and approving P3 projects are set out in this document to ensure that only suitable projects are selected for this process.

[1] The Canadian Council for Public-Private Partnerships.

A P3 offers a range of potential benefits, including the opportunity for public-sector agencies to make use of private-sector ideas and innovations. However, the chief advantage is its potential for risk transfer. Because the private sector is required to provide an asset and a service, the GNWT using this alternative procurement method may be able to transfer to the private partner some or all of the risks in areas such as site, design, construction, financing, market, operations, industrial relations and ownership (e.g. maintenance or technological obsolescence).

As illustrated below, P3s are at the higher end of the spectrum of risk transfer from the public to the private sector. By contrast, in traditional procurement, most or all of the risk is retained by the public sector while, in pure privatization, most or all of the risk rests with the private sector.



GNWT Experiences with P3s

In January 1998, the GNWT announced that a series of pilot projects using the P3 approach would be undertaken as a means of increasing the government's annual investment in much needed infrastructure. With the assistance of outside resources, a P3 policy and implementation guidelines including roles, responsibilities and communication protocols, the outline of a typical functional program, preliminary design definition, a proposal evaluation guide and templates for a development agreement, a lease agreement and a confidentiality agreement were completed and approved by the Financial Management Board. The P3 pilot initiative resulted in the completion of one capital project (Married Student Housing complex in Fort Smith) which was recognized by the Canadian Council on Public-Private Partnerships with an Innovation Award.

An external evaluation of the P3 pilot initiative and the Auditor General's 1998-99 Report on Other Matters provided a critique of GNWT pilot P3 initiative that concluded that changes were required to both the policy and the implementation guidelines. However, as the pilot project was completed, and no future P3 projects were envisioned by the GNWT, no further work was undertaken to make any required amendments.

The GNWT has recently had experiences with the acquisition of capital assets through procurement alternatives other than the traditional approach. These experiences have driven the need to review and update the existing GNWT P3 policy and guidelines.

Capital Plan

A committee-based capital review process has been adopted by the GNWT to determine priorities for capital investments. The capital planning process includes two Committees; the Deputy Ministers' P3 Steering Committee (DMSC) and the Interdepartmental Working Group (IWG). The DMSC provides overall direction to the IWG. The role of the IWG is to develop the GNWT 5 Year Capital Plan for consideration by the Financial Management Board.

There are two main levels of planning involved. Long range needs are identified through the 20 Year Capital Needs Assessment while a 5 Year Capital Plan provides information for the coming five year period. Each year GNWT departments review and update their 20 Year Capital Needs Assessment, with particular attention to priorities in the first 5 years.

Program departments then prepare project substantiation sheets for the highest ranked projects. The Department of Public Works and Services assists by providing preliminary information about development options, cost, and schedule.

The project substantiation sheets are used by the IWG and DMSC to review the scope, cost and schedule of projects, and to confirm project rankings in the 5 Year Capital Plan. The updated Plan is then forwarded to the Financial Management Board, and then to the Legislative Assembly.

The Capital Plan is designed to assist decision makers when considering investments in owned infrastructure, equipment and inventories, funding to rehabilitate government capital assets and contributions to third parties (Boards, municipalities). The P3 approach, based upon value for money, represents an alternative way to deliver major capital projects that are part of the Capital Plan.

Assessment and Approval Procedures Summary

The P3 approach:

- Requires initiation, review, evaluation, and decision-making, as well as regular reporting, within the Capital Plan process.
- Strives to provide both Government and proponents with as much certainty as possible at each stage, thereby strengthening the collaboration element of P3 procurement.
- Recognizes that emerging projects with limited windows of opportunity should be reviewed with the same thoroughness as if submitted in the regular cycle of review.
- Will result in the business case for a project providing the parameters for delivery of the infrastructure.
- Financial Management Board approval will be based on the risk profile and costing as outlined in the business case.
- The P3 approach is suitable only for capital projects of a sufficient size and complexity to justify GNWT and the proponent's transaction costs.

The procedures described in this document are intended to help GNWT departments and private sector enterprises explore the possibility of setting up P3s related to capital infrastructure projects. The procedures are designed to enable efficient, thorough and timely consideration of P3 proposals. They are flexible enough to allow innovation, while ensuring that only needed projects are undertaken.

Both solicited and unsolicited P3 initiatives are considered.

There are three phases to the assessment process:

The first phase is a feasibility analysis by the project sponsor, so that the project can be reviewed by the Deputy Ministers Steering Committee before extensive work has been done. The Deputy Ministers Steering Committee will assess the feasibility analysis in accordance with the criteria in the Feasibility

Analysis and recommend to the Financial Management Board whether the project should be pursued as a P3.

A Project may move on to the second stage if the Financial Management Board deems it feasible and supportable. The second phase requires more detailed information to be prepared in the form of a business case.

Financial Management Board approval of the business case, based on the recommendation of the Deputy Minister's Steering Committee, initiates the start of the consultation phase with Regular Members of the Legislative Assembly.

Upon completion of the consultation, and with the agreement of the Standing Committee, the P3 procurement process will be initiated.

Program departments will remain key players in assessing all projects that address their specific program.

SECTION 2 - ASSESSMENT

Definitions

1. **Capital Plan** is the current approved capital expenditure plan that documents projects approved to commence and includes projects proposed within the five-year plan as submitted to Financial Management Board.

2. **Interdepartmental Working Group** (IWG) is a committee responsible for reviewing and making recommendations to the Deputy Minister's Steering Committee with respect to the Opportunities Paper, Business Case and the procurement process.

3. **Selection Committee** is a committee of Deputy Minister's responsible for the due diligence of the RFQ and RFP processes.

Reasons for P3s

1. P3s are an alternative procurement model for the GNWT to provide infrastructure.

2. P3s are a method of:

   - Encouraging innovation, collaboration, and appropriate risk sharing with the private sector, drawing on the expertise and strengths of the public and private sectors.
   - Maximizing value for money by considering life-cycle costs, opportunities for third party provision of ancillary services, e.g. caretaking, food service, etc., and third party revenue opportunities.
   - Delivering infrastructure with certainty in terms of costs and schedule.

P3 Approval Process

"Section 2.1 - Roles and Responsibilities" and "Section 2.2 - Approval and Implementation" illustrate and explain the roles and process for identifying, assessing, approving and implementing P3 projects.

"Section 2.5 – Unsolicited Proposals", provides direction on the approval process for unsolicited proposals.

Determination of Value for Money

Value for money must be determined through a net present value comparison of the comparable costs and risks of the proposed P3 project with the conventional project delivery over the same life cycle, as demonstrated by the detailed business case.

Budgeting for P3 Projects

Operating Lease

For P3s that are classified, for accounting purposes, as an operating lease, the payments are a voted, budgetary expense under the Operations and Maintenance appropriation at the time the payments are due.

Capital Lease

For P3s that are classified, for accounting purposes, as a capital lease, the budget impact is as follows:

1. The acquisition value of the asset is equal to the net present value of the minimum lease payments, excluding executory costs. This value is in included in the GNWT Capital Plan as determined by the terms of the agreement. The asset and corresponding liability are recorded on the government's balance sheet.

2. Principal repayments reduce the liability corresponding with the asset acquisition.
3. The interest portion of payments is a voted, budgetary debt servicing expense under the Operations and Maintenance Vote.
4. Amortization of the capital asset is a voted, budgetary expense under the Amortization Vote.

Accounting Treatment for P3 Projects

The accounting treatment for P3 projects will be in accordance with the accounting policies and reporting practices of the GNWT, Public Sector Accounting Board (PSAB) and Generally Accepted Accounting Principles (GAAP). The accounting treatment for P3s will:

1. Be open and transparent;
2. Promote accountability by providing information to assess the Government's use of resources and its financial position; and
3. Will be determined by the substance of the transaction(s) and related agreements. Decisions will not be based to achieve certain accounting or reporting outcomes.

Third Party Revenues

Third party revenues arrangements will be considered as long as the associated uses are compatible with the GNWT use of the infrastructure.

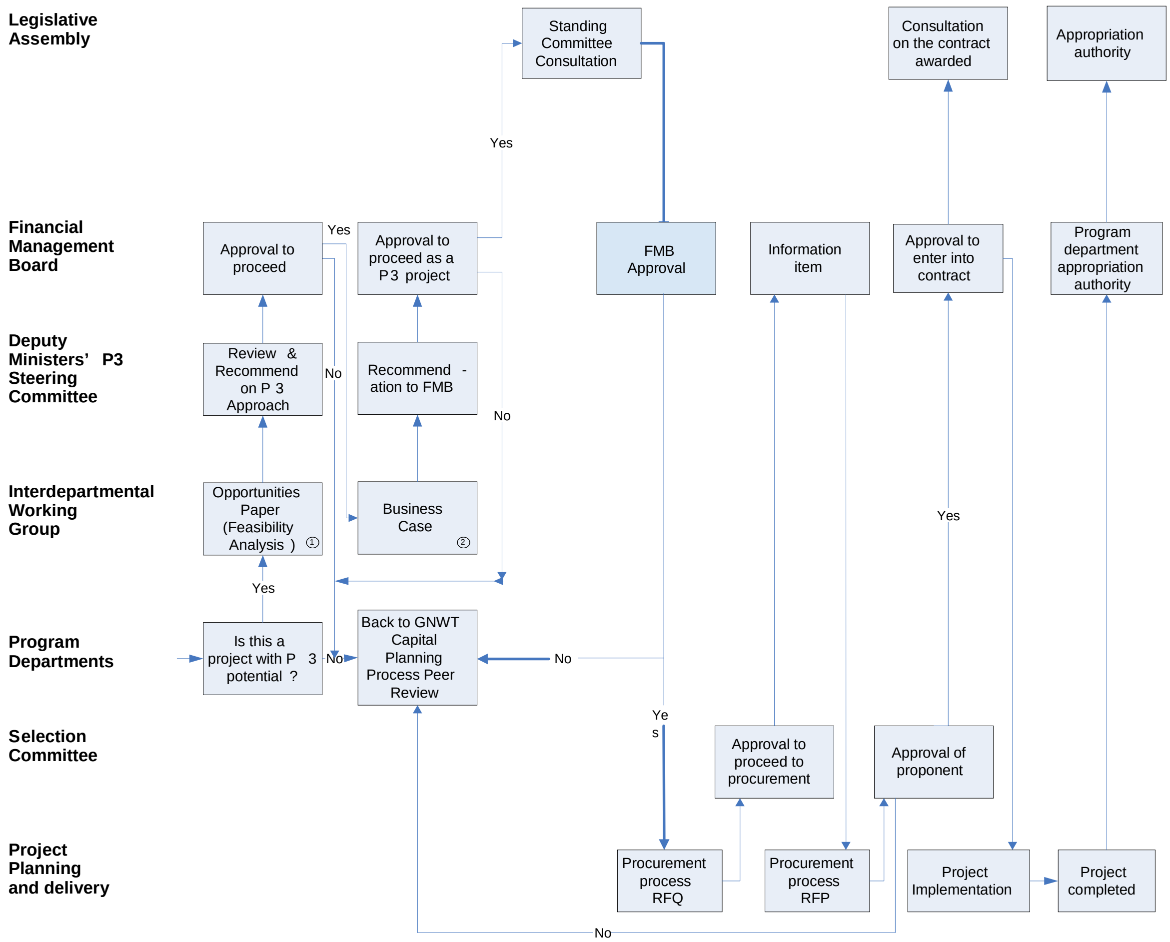
2.1 – ROLES AND RESPONSIBILITIES

The roles and responsibilities of the P3 process are identified and described as follows:

Legislative Assembly	• Approves the GNWT Capital Estimates. • Formal consultation and agreement prior to proceeding to the procurement phase. • Advised of the successful P3 proponent
Financial Management Board	• Approves GNWT Capital Plan, which includes those projects with P3 potential • Reviews detailed P3 preliminary and business case assessments and approves proceeding through the assessment process. • Refers to Standing Committee those capital projects that have potential to achieve value for money through a P3 arrangement • Receives status reports on individual P3 projects.
Deputy Ministers' P3 Steering Committee (DMSC)	• Provides advice and recommendations to the Financial Management Board on P3 capital projects and supporting business cases. • Reviews detailed preliminary and business case assessments for all proposed P3 projects. • Reviews and makes recommendations on feasibility of proposed P3 projects.
Interdepartmental Working Group	• Reviews all proposed projects for P3 potential and recommends potential P3 projects to DMSC. • Collaborates with Program Departments, Justice, Finance and consultants in completing feasibility analyses and detailed business case assessments for projects with P3 potential. • Recommends to the DMSC that the Financial Management

	Board approve pursuing a P3 project based on the risk profile and cost estimate presented in the business case analysis
Program Departments	• Ensures projects are included in the Capital Plan. • Collaborates with the Interdepartmental Working Group, and others, in completing feasibility analyses and detailed business case assessments for projects with P3 potential. • Depending on the project type, has an oversight role in the procurement and implementation phases of the P3 project and contracts. • Responsible for consultation requirements of the GNWT with respect to aboriginal governments and land claim organizations.
Public Works and Services	• Depending on the project type, provides advice and has an oversight role in the procurement and implementation phases, in collaboration with program department, of the P3 project and contracts. • Assists in the preparation and issuance of P3 implementation documents in accordance with Financial Management Board approval, and pursues a competitive, equitable, transparent, accountable, and timely selection process.
Finance	• Advises Financial Management Board on options to fund the Capital Plan and capital financing alternatives, including P3s. • Advises Financial Management Board on feasibility and value for money of proposed P3 projects. • Assumes the role of Project Director in the RFQ and RFP processes and the submission evaluations. • Provides direction and assistance on structuring and evaluation of the financial terms for P3 projects. • Provides direction and assistance during procurement and implementation phases of P3 project. • Undertakes, with departments (where applicable), a post-implementation review of the P3 project, identifies lessons learned, and makes appropriate adjustments for future P3 projects.
Justice	• Provides advice to departments on contract and other legal issues. • Provides advice to departments on structuring and evaluation of legal terms for P3 projects. • Provides assistance during procurement and implementation phases of P3 project.
RFQ/RFP Organization	• See section 3.1

2.2 – APPROVAL AND IMPLEMENTATION



1. A determination is made as to whether the project has P3 potential at the stage in the GNWT Capital Planning process when project substantiation sheets are completed that provides preliminary scope, schedule and cost,

2. **Feasibility Analysis –** With a determination of P3 potential, an Opportunities Paper is prepared that provides evidence that the project has sufficient potential to provide value-for-money when compared to a traditional procurement process.

3. **Business Case Analysis –** If the feasibility analysis determines that there is sufficient potential to provide value-for-money, an in-depth analysis is undertaken to provide evidence that the project should provide value-for-money when compared to a traditional procurement process and that the project warrants proceeding to market as P3 procurement.

4. **Consultation Process –** With FMB approval for the project to proceed as a P3 project, the proposal will be referred to Standing Committee for review and comment. This will allow for Regular Members to review the merits of the proposed P3 project, review the feasibility and business case documents and any other supporting documents, and provide comments and recommendations on the merits of the value-for-money analysis.

5. **Procurement Process –** The procurement process is guided by a Selection Committee with responsibility to manage the Request for Qualifications process and then the Request for Proposal process in a fair, transparent and accountable manner. Through the RFQ process, the preferred proponents are selected and identified to the Financial Management Board through an information item. The preferred proponent through the RFP process is determined and a recommendation is submitted by the Selection Committee to the FMB for authorization to enter into an agreement for the completion of the project provided that the price proposal falls within the price range determined by the public sector comparator as set out in the Business Case, and the agreement, including risk profile, does not differ in a materially adverse way as set out in the Business Case. The Standing Committee is consulted on the award of the contract.

   The Project Director, under the direction of the Steering Committee, oversees the entire transaction process and manages work tasks and work teams including: development of the RFQ and RFP documents, the evaluation criteria, the evaluation process, the draft and final legal agreements, proposed legislation, and any addenda or amendments to any of the foregoing.

6. **Implementation -** The P3 entity proceeds with the implementation of the terms of the contract with the Program Department responsible for monitoring compliance with the agreement and the regular reporting to the FMB during the design and construction phase.

7. **Appropriation Authority –** Legislative Assembly approval of the appropriation requirements is provided through the Main/Capital Estimates or Supplementary Appropriation as necessary.

8. At the completion of the procurement and construction phases, the DMSC will direct the completion of a structured evaluation of the project processes, results and impacts in relation to the Business Case and identify and document lessons learned for future projects.

Agreement Award

All Agreements shall be awarded in accordance with the GNWT's applicable legislation, regulations and policies provided that the successful proposal falls within the price range determined by the Public Sector Comparator (PSC) approved by Financial Management Board and the Agreement, and the risk profile does not differ materially from that approved by Financial Management Board.

Material Changes

Material changes would include:

- The retention of a risk originally approved to be transferred to the private sector.
- Changes in ownership of the capital asset.
- Changes to financing, payment or revenue mechanisms.

If these conditions are violated, the award of the Agreement must be referred back to the Financial Management Board for re-approval.

Changes in project scope that result in the deletion or addition of capital work that changes the Public Sector Comparator initial capital cost by +/- 15% need to be reassessed for value for money (Section 2.3) and resubmitted for approval.

2.3 – FEASIBILITY ANALYSIS

The feasibility analysis is a preliminary analysis that provides evidence that the project has sufficient potential to provide value for money when compared to a traditional procurement process. The results of the feasibility analysis are reported in the Opportunity Paper. The Opportunity Paper is used by the DMSC to recommend which projects are suitable for P3s and should proceed to the development of a detailed Business Case.

P3 Characteristics

- The provision or enhancement of capital assets and associated services by a private sector "operator".
- A long term service contract between the public sector body and the operator.
- Annual payments which cover investment, operations, maintenance and/or services.
- The integration of design, building, financing and operation by the operator.
- The allocation of risk to the party best able to manage and price it.
- Service delivery measured against performance standards set out in a performance or output specification.
- A performance related payment mechanism.

Because a P3 is characterized by a long term whole-of-life commitment by the private sector to deliver and maintain new or expanded public infrastructure, it will only be suitable for certain types of investment. The feasibility of any potential P3 must be assessed to ensure that its use is appropriate in the given circumstances.

Prerequisites

In assessing the feasibility of the use of a P3 the following criteria must be satisfied;

- Capital projects of a sufficient size and complexity $50 million or greater.
- Provision of the capital asset can be defined in a performance or output specification.
- There are significant associated ongoing operation, maintenance and/or service requirements.
- The long term operation or service needs can be clearly defined in a performance or output specification.
- The performance requirements must be relatively stable throughout the duration of the contract or changes need to be predictable upfront.
- Payment (and/or revenue) can be tied to performance.
- A fair, accountable and transparent selection process can be used.
- It can be demonstrated that the P3 approach is likely to offer greater value for money to the Government compared to other forms of procurement.

In addition the P3 approach should satisfy the following criteria:

- The private sector has the expertise to deliver.
- There is sufficient interest in the private sector to compete for the project (minimum of 3 qualified proponents desirable).
- The bundling of design, build and operate will likely result in an expedited completion of the capital asset, and will likely result in innovation, reduced cost and reduced duplication in the assumption of risk.
- On-time/on-budget delivery and protection against scope creep is important.
- The nature of the assets and services are capable of being costed on a whole of life, long term basis.
- Risk allocation can be clearly determined.
- Competitive private sector financing can be obtained, and the cost of private sector financing will be offset by delivery and/or user savings.

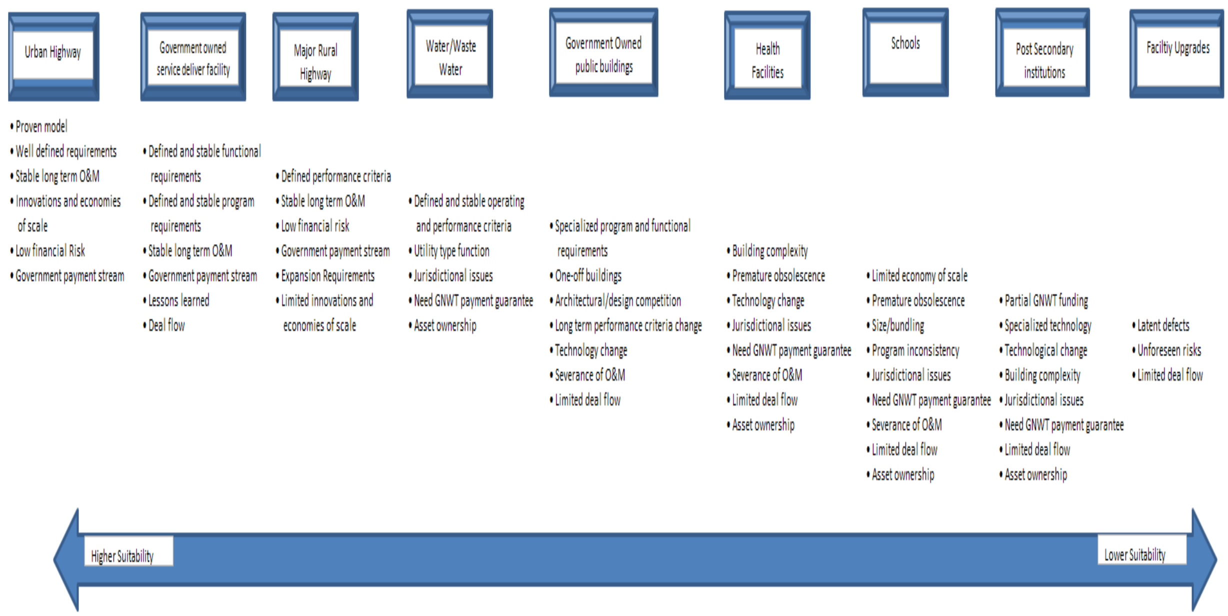
The use of a P3 will be unsuccessful where;

- Accountability in public service could not be met.
- Private sector investment is not available or cannot be obtained at an acceptable cost.
- The transaction costs of pursuing the P3 are disproportionate compared to the value of the investment.
- The fast pace of technological change make it too difficult to establish long term requirements, such as Information Technology.
- High levels of systems integration make risk allocation difficult.

- The form of the capital asset will be chosen through a design competition.
- There are substantial regulatory or legal restrictions on the provision of the service.
- There is insufficient support within the GNWT to champion and resource the P3 procurement.

Asset Class Suitability

The general suitability of various infrastructure asset classes for P3 procurement has been assessed based on the current GNWT fiscal, legal and administrative regimes. This asset class spectrum is indicative only; individual projects must be assessed independently as project specific factors will make them more or less suitable to a P3 approach.



Value for Money

A P3 should only be used where it offers the best value for money and not necessarily the least cost. Value for money is a combination of whole life cost and quality to meet the user requirements. In establishing value for money it is necessary to ensure that;

- There is no bias in evaluating procurement options.
- Quality standards can be maintained and the long term viability of a P3 service provider can be expected.
- A full evaluation of costs and benefits on a whole life basis is undertaken including an assessment of risk.

Public Sector Comparator (PSC)

A PSC can be defined as an estimate of the hypothetical risk adjusted cost (using net present value), if a project were to be financed, owned and implemented by government (i.e. the full and true cost to government for meeting the output specification under a traditional procurement delivery method).

Wherever possible, the costing for the PSC should reflect experiences with previous infrastructure projects. These costs should include the internal cost of undertaking the project. The PSC is used to establish the full and true cost of providing a facility and/or a service under a traditional procurement model. It will serve as a "benchmark" to evaluate the P3 alternative and to examine the impacts of changing key project parameters and assumptions such as output specifications and risk allocation.

Components of the PSC

1. Base Costs – represents the base cost to government of producing and delivering the project including those costs associated with the design, construction, and operation. In addition it should include those periodic costs associated with the delivery of services (e.g. Major maintenance, rehabilitation and replacement of components).

2. Transferable Risk – those risks that are likely to be transferred to the public sector because they are best able to manage the risk at least cost.

3. Retained Risk – those risks that government proposes to bear itself.

4. Shared Risk – those risks that are jointly shared with government and private sector.

5. The PSC is the Net Present Value (NPV) of each component added together to establish the total net present value of a traditional procurement.

Early, rigorous and realistic analysis of risk allocation is needed to achieve efficiencies in the P3 procurement. Section 2.6 provides guidance on risk identification.

A risk register (Section 2.6) should be developed during the feasibility analysis and updated as the project moves through the approval process.

Shadow Bid

While the PSC establishes a benchmark for comparison purposes, the PSC alone does not allow an estimation of potential P3 costs/benefits.

As part of the feasibility analysis, a P3 financial model(s) should be developed to estimate the potential costs and to identify areas where expected benefits could occur. This shadow bid is developed by modelling the project as if it were delivered as P3 procurement. A comparison between the PSC and shadow bid can identify areas where expected value for money could occur, and would be the basis for determining whether to proceed with a P3 delivery model.

The shadow bid can be used:

- As part of the value for money assessment of the P3 in a comparison of the PSC.
- As a benchmark to assess the RFP submissions in the procurement phase.

The competitive multi-stage/low price proposal approach eliminates the need for a shadow bid at financial submission and evaluation. The competitive pricing will indicate the true market price for the project. A shadow bid may have some value when qualitative criteria are used depending on the price/quality weighting, and must be used if a best and final offer approach is adopted.

Life Cycle Cost Analysis

Both the PSC and Shadow Bid will be based on a full life cycle cost analysis. All costs and expected benefits resulting from each viable alternative should be analyzed. This methodology provides a total cost picture and includes both capital and operating expenditures. The analysis should identify one-time costs of establishing the partnership, including the procurements process, as well as costs associated with monitoring the contract and liaising with the partner through the life of the contract.

Early assumptions around preliminary planning, architectural and design work, and financial projections will be required to complete these cost estimates. These estimates should only be high-level and not overly complex at this stage but should be supported by previous procurements wherever possible. Typically, the cost estimates will be based on functional program level studies. The assumptions will be further refined in the business case (Appendix 2). At the business case stage the project definition will typically include pre-design studies such as; the finalized functional design, preliminary design, project concept definition and/or schematic design. Detailed design should not be started.

Timeframe

The appropriate analysis timeframe should be used based on the type of capital project being considered. Financial Administration Manual Directive 2204 – Accounting for Public Property provides the amortization periods to be used.

Costs:

Identify all relevant costs over the chosen project timeframe. These may include:

1. Capital Items:
   - Construction
   - Property, plant, and/or buildings
   - Land / facility assets
   - Specialized machinery/equipment
   - Information technology / specialized software
   - Fixtures and furnishings
   - Change orders / scope changes
   - Demolition / site preparation
   - Decanting / occupant placement costs

2. Annual Operating Items:
   - Program salary and benefits
   - Program supplies and service
   - Lease payments
   - Facility operating and maintenance
   - Administration costs

3. Cyclical Items:
   - Repairs and maintenance
   - Information technology / software upgrades
   - Fixtures and furnishings

4. Receipts:
   - 3rd party lease revenue
   - Parking or other revenue
   - Gain on sale of land and/or buildings
   - Grants / donations

5. Residual Value:
   - Buildings
   - Land
   - Machinery and Equipment
   - Loss on sale of land or build

Consideration should be given to when the costs will be incurred, who will incur the costs and certainty of costs.

Benefits:

Benefits should include both Government and user benefits and may include:

1. Early completion
2. Capital savings
3. Operational saving
4. Revenue generation
5. User cost savings
6. Innovation
7. Reduced environmental impacts

Consideration should be given to when the benefits will be achieved, who will be on the recipient of the benefits and certainty of benefits.

Sensitivity Analysis

The life cycle cost analysis should only be conducted using high-level estimates at the feasibility stage, supported wherever possible by past procurements. Overly complex modeling should be avoided at this stage due to the inherent uncertainties. The quantitative assessment will be developed further during the preparation of the Business Case.

The estimated NPV life cycle cost will be based on a number of assumptions. A sensitivity analysis should be undertaken to show the effects of different assumptions on the relative value for money of the procurement options. This analysis should be used to identify the changes in assumptions that are significant enough to change the recommendations. The analysis should assess the change to one or other of the procurement options (traditional or P3) but not both at the same time. The assessment should also identify which assumptions are most likely to change, the level of uncertainty and whether these assumptions are significant in the value for money estimate.

The sensitivity analysis should also recognize that not all risks would occur simultaneously. Expert advice in risk modeling should be obtained to determine the best method to use for the specific project.

Opportunity Paper

The findings of the quantitative and qualitative feasibility assessment are presented in the P3 Opportunity Paper. The document template is provided in Appendix A.

The Opportunity Paper contains:

- Project Description.
- Strategic Alignment (including alignment to the Capital Plan and commentary on how well the project meets the scope of GNWT P3's).
- Business and Operational Impact (including how the project meets the P3 prerequisites).
- Preliminary Allocation of Risk.
- Cost/benefit Analysis (preliminary PSC and Shadow Bid, and sensitivity analysis)
- Project Schedule and Team
- Conclusion and Recommendation

2.4 – BUSINESS CASE

The business case is an in-depth analysis that provides evidence that the project should provide value for money when compared to a traditional procurement process and that the project warrants proceeding to market as P3 procurement. The business case is used to obtain support from the DMSC and the Financial Management Board's approval to proceed with the project as a P3.

The Business Case builds upon the Opportunity Paper but must be able to stand alone as a complete justification for the recommended procurement approach. The focus of the business case is on further developing the assessment and allocation of risk, the cost/benefit analysis and procurement implementation strategy.

Industry consultation, possibly through the issuance of a REOI is advisable to ascertain private sector interest.

Cost Benefit Analysis

Expert assistance will likely be required for the detailed cost/benefit analysis. This may be from within the department, from other government departments or by external advisors. Any external advisors, e.g. financial, contractors or engineers, would be excluded from participating on proponent teams.

Public Sector Comparator:

Wherever possible, the costing for the public sector comparator (PSC) is based on previous infrastructure projects. These costs should include the internal cost of undertaking the project. The public sector comparator alternative is used to establish the full and true cost of providing a facility and/or a service under a traditional procurement model. It will serve as a "benchmark" to evaluate the P3.

The PSC is an extension of the preliminary analysis completed during the feasibility assessment.

Shadow Bid:

The PSC establishes a benchmark for comparison purposes. However, the PSC alone does not allow an estimation of potential P3 costs/benefits. As part of the detailed P3 analysis, the detailed Shadow Bid is developed to estimate the potential costs and to identifying areas where expected benefits could occur. This Shadow Bid is developed by modeling the project as if it were delivered as P3 procurement. The analysis should include one-time costs of establishing the partnership, including the procurements process, as well as, costs associated with monitoring the contract and liaising with the partner through the life of the contract.

The detailed shadow bid should be prepared with the assistance from experts in financial modeling, cost management and project delivery. Private sector advisors may be used but they cannot then participate on a Proponent team.

The shadow bid is an extension of the preliminary analysis completed during the feasibility assessment.

Sensitivity Analysis:

The estimated NPV life cycle cost will be based on a number of assumptions. A sensitivity analysis should be undertaken to show the effects of different assumptions on the relative value for money of the procurement options. This analysis should be used to identify the changes in assumptions that are significant enough to change the recommendations. The analysis should assess the change to one or other of the procurement options (traditional or P3) but not both at the same time. The assessment should also identify which assumptions are most likely to change, the level of uncertainty and whether these assumptions are significant in the value for money estimate.

The sensitivity analysis is an extension of the preliminary analysis completed during the feasibility assessment. A probabilistic analysis is likely appropriate at the time of the business case. Expert advice in risk modeling should be obtained to determine the best method to use for the specific project.

Business Case

The document template is provided in Appendix B. The Business Case contains;

- Executive Summary.
- Business Need and Project Description
- Strategic Alignment
- Business and Operational Impacts
- Project Risk Assessment
- Value Analysis (including detailed PSC, Shadow Bid and sensitivity analysis)
- Conclusions and Recommendations
- Implementation Strategy
- Review and Approval

2.5 – UNSOLICITED PROPOSALS

The GNWT will accept unsolicited proposals. Unsolicited proposals must meet all the criteria identified in Section 2.3 - Feasibility Analysis, and;

- The need for the project must be clearly demonstrated and must reflect government priorities (Capital Plan).
- The project must be clearly defined and based on a sound business case.
- The proponent is qualified to enter into a P3 arrangement.
- The P3 arrangement must clearly show how the risks are shared between the proponent and the department.
- The proposal must be supported by the program department.

A fair, transparent and accountable review and selection process will be used;

- In accordance with Section 2.2 - Approvals and Implementation, unsolicited P3 proposals received by the GNWT will proceed through the Feasibility Analysis stage.

- The DMSC will review and provide a recommendation to the Financial Management Board if the proposal has the potential to achieve value for money through a P3 arrangement.

- The Financial Management Board will review the DMSC recommendations and the Opportunity Paper, and either approve the project to continue through the P3 review process, or revert to the GNWT Capital Planning Process.

- If approved, the proponent will be advised to provide a full business case. Once the business case analysis is approved and after the Standing Committee consultations, a Request for Expressions of Interest (REOI) must be issued. The DMSC will determine whether another proponent is interested in entering into a competitive process to provide the same facility or service. The REOI will protect the initial proponent's proprietary information.

- If there are other interested proponents, the DMSC will advise the proponent that the competitive procurement process will be followed.

- If there is no other proponents interested, the Project Director, under the direction of the Selection Committee, will negotiate with the proponent using the PSC and Shadow Bid as its value for money benchmarks and address all the purposes of the RFQ and RFP stages including that the proponent demonstrates their technical and financial capability to assume the roles and responsibilities required to carry out the work.

- The GNWT will not generally pay an honorarium to the proponent of the unsolicited bid to partially offset their pursuit costs unless; through the procurement phase the proponent has submitted a responsive final submission that is not the preferred submission.

2.6 – RISK IDENTIFICATION

When undertaking a P3 project it is critical to understand all factors or events that may jeopardize the proponents' ability to achieve the anticipated benefits of the project, or that may increase the cost of the project. These factors or events are project risks. It is essential to assess the probability and impact of each category of risk, and to determine how each risk will be mitigated or managed. The private sector should be consulted to properly identify and allocate risk.

There are many ways of categorizing risk but the purpose is to clearly define risks and select appropriate risks to transfer to the private sector. These are the risks that the private sector can price, mitigate and/or insure. The government should retain those risks that it can manage more effectively than the private sector. Risks that are outside the control of either party should be shared.

The inappropriate transfer of risk to the private sector will impact the value for money offered by a P3. Transferring risk that the private sector should not carry will result in cost premiums; retaining risks with the government that should be transferred or shared will reduce private sector incentive.

The business case template (Appendix B) includes a table of typical risks for a GNWT P3 project but must not be relied upon as a substitute for proper analysis. The identification, allocation and management of risk will ultimately be considered project by project.

Potential Project Risks

Potential risks may be categorized as;

1. Site risk including physical suitability, availability, environmental, historical resources, statutory approvals, traditional land use, and geotechnical.
2. Design, construction and commissioning risk.
3. Contractual risk including that the private sector party, its sub-contractors or the government will not fulfill their contractual obligations.
4. Financial risks including that private financing will not be available, that the project cannot be financed competitively, changes in the financial parameters before financial close or that the project fails financially later.
5. Operating and performance risk.
6. Industrial relations risk.
7. Demand or usage risk.
8. Asset ownership risk including latent defect, obsolescence, upgrade, residual and force majeure.
9. Change in law.

2.7 – TRANSPARENCY AND ACCOUNTABILITY

The GNWT is committed to open, transparent and accountable procurement. The aim is to disclose as much as possible in the public interest without impacting the government's ability to generate value for money for taxpayers. While the goal of transparency in P3's is important, openness must not harm the competitive process, the government's negotiating position and must not discourage bidders.

Disclosure Guidance

The following table describes the recommended disclosures.

Milestone	Guidance
Opportunity paper (feasibility analysis)	Do not disclose. Disclosure would jeopardize government's position and harm the competitive process.
Business case	Do not disclose. Disclosure would jeopardize government's position and harm the competitive process
Request for Expression of Interest (REOI) document	Disclose. Publicly available document.
Name & number of parties who respond to REOI	Disclose number. Do not disclose names as unlikely to be meaningful.
Request for Qualifications (RFQ) document	Disclose. Publicly available document.
Name & number of parties who respond to RFQ	Disclose.

Name & number of parties who are short-listed at the RFQ stage and receive the Request for Proposal (RFP)	Disclose.
RFP document	Disclose.
Final form of Project Agreement	Disclose.
Name & number of Proposals received	Disclose.
Name of preferred proponent	Disclose.
Report of the Fairness Auditor (if applicable)	Disclose.
Value for Money Report	Disclose.
Proposals received from proponents	Do not disclose. Commercially confidential information
Executed agreement	Do not disclose. Commercially confidential information (see recommendation on disclosing final form of agreement).

2.8 – VALUE FOR MONEY REPORT

The Value for Money Report is a concise and informative project summary of the procurement process for the general public showing how value for money is achieved. The report is prepared and published immediately following execution of the Project Agreement.

Content

The report should normally consist of;

- Project background, objectives and alternatives (typically traditional delivery and P3 delivery).
- Description of the selection process, short-listed proponents, preferred proponent, milestone dates, advisors (financial, engineering, process, fairness as applicable), and selection costs.
- Summary of the key terms of the Project Agreement.
- Financial summary including NPV lifecycle cost comparison, performance payment requirements and accounting treatment.
- Any material scope changes to the project during the procurement.
- Summary of the risk profile/allocation.
- Innovations and creativity.

SECTION 3 - PROCUREMENT

The GNWT is committed to open, transparent and accountable procurement. The aim is to disclose as much as possible in the public interest without impacting the government's ability to generate value for money for taxpayers.

While the goal of transparency in P3's is important, openness must not harm the competitive process, the government's negotiating position and must not discourage bidders.

Disclosure Guidance

Disclosure of any documents related to the assessment and approval of a P3 capital infrastructure project shall be in accordance with Section 2.7 – Transparency and Accountability.

Departments' and Stakeholders' Involvement

Departments are key players in procuring all projects that address their specific program. The GNWT departments will be part of the project team to ensure projects meet the requirements of the program being addressed.

Justice and Finance Involvement

Departments of Justice and Finance are key departments in procuring all P3 projects. These departments must be involved from the start of the P3 process and should have representatives on the project team.

External Consultants/Advisors Involvement

The project team must include expertise in all aspects of the procurement. External consultants and advisors should be retained to provide any expertise that is not readily available. All external consultants should be retained immediately following approval to proceed with the P3 procurement and before the issuing of any project specific procurement documents. It is likely that the following external consultants will be retained;

- <u>Technical consultant function.</u> The role is to assist in successfully preparing the project specific documentation and implementation of the P3 process. The technical consultant team will provide expert assistance regarding all phases of the work from reviewing the draft project specific documentation, to assisting in the final preparation of the project specific documentation and assisting in the evaluation process.

- <u>Process and Financial Consultant function</u>. The role is to assist in successfully preparing the final documents and assisting in the procurement stages. The Financial and Process consultant teams will provide expert assistance regarding all phases of the work from updating the project specific P3 procedures from start to finish, assisting in the review of the submissions, assisting in the review documentation and reporting.

- <u>Fairness Auditor function.</u> The role is to oversee the process to ensure that it is fair and to provide an independent opinion by observing and reviewing the transaction process. The Fairness Auditor must be independent and will report directly to the Steering Committee.

As a result of consultant's involvement on the project, the consultant's, their affiliates and sub-consultants are not eligible to participate as members of any Respondent/Proponent Team.

All members of the consultant teams must sign a confidentiality agreement with the Project Director. If a member of a consultant team leaves the employment of the firm, that member will not be allowed to work with any respondent or proponent team from the time of departure to the signing of the Project Agreement.

Orientation

The following chart provides an overview of a typical GNWT P3 transaction process. The indicative timelines are those for a large, complex P3 project. These timelines will be adjusted depending on the nature of the project and the specific details of the procurement process. The timelines do not include the issuing of a Request for Expression of Interest (REOI). A REOI may be issued during the P3 assessment and approval stage.

RFQ Stage	RFP Stage		Closing	Project Implementation
. Announce Transaction . Issue RFQ . Hold information meeting . receive submissions . Evaluate submissions . Conduct interviews **. Short list 3 respondents**	. Confidentially undertaking with short listed respondents . Issue RFP . Open Data Room . Site visits . Receive and evaluate (staged) submission (Pass/Fail) *conception/innovation* *preliminary technical* *detailed technical*	. Receive comments on Draft Project Agreement. . Issue Final Project Agreement . Receive and Evaluate Final submission including Financial Offer **. Selection of Proponent**	. Execute Project Agreement . Closing of Financing **. Contract Signing**	. Commence Design/Build . Prepare for O and M **. Contractor to deliver P3**

The details of the RFQ and RFP stages are highlighted below.

The RFQ Stage

The RFQ stage serves the following purposes:

- Officially signalling the intent of to proceed with the Project and heighten its profile.
- Marketing the project to a wide audience to encourage participation and competition.
- Presenting an overview of the proposed scope and structure of the transaction to Interested Parties.
- Allowing Interested Parties to assemble the requisite resources and form teams as appropriate.
- Requesting Respondents to demonstrate their technical and financial capability to assume the role and responsibilities expected by the Province.
- Short listing of three Respondents to proceed to the RFP stage.

In response to the RFQ, Respondents are asked to demonstrate their experience and approach in following areas (as appropriate):

- Design
- Build
- Operations and Maintenance
- Service provision
- Finance

Based upon established evaluation criteria, Respondents are ranked by the Selection Committee. It is anticipated that the top three Respondents would be invited to respond to the RFP.

The RFP Stage

The RFP stage serves the following purposes for the Project:

- Providing Proponents the opportunity to demonstrate their understanding of the Project, as well as their respective role and responsibilities.
- Allowing Proponents access to all relevant project related information.

- Providing Proponents with the opportunity to develop their technical and financial proposals.
- Allowing Proponents to review and comment on the draft Project Agreement that will be signed by the Preferred Proponent.
- Finalizing contractually what is being agreed upon as to the design, construction, operation and maintenance as well as the required payments.

The preference is to use a multi-staged submission process. The intention is to provide early "feedback" to Proponents in order to minimize the possibility of unacceptable technical proposals and to optimize the effort expended by the Proponent.

The preference is to evaluate technical proposals on a pass/fail basis. Among the Proponents with acceptable technical proposals, the Preferred Proponent is selected based on the best financial (price) proposal and the Project Agreement subsequently executed with the Preferred Proponent.

This technical pass/fail, low net present value price wins approach is an open, accountable, objective, competitive and transparent process. This approach selects the Proponent that meets the minimum acceptable requirements at the best value. It requires the project team to clearly define these requirements. It does not recognize any intangible/qualitative additional value that a Proponent may be able to offer.

For projects with significant potential for qualitative added value a scoring system may be used to evaluate the proposals. The technical aspects are scored by the selection committee against predetermined criteria, provided in the RFP document. In this situation, the financial proposal is awarded a "points per price" score. For example, if 60 points are available for "price" and 40 points for technical quality, one scheme could be that the best (lowest NPV) financial proposal would receive all 60 points and the other proposals lose 1 point for every percent the financial proposal was higher (i.e. if 10% higher, receive 50 points). The Proponent with the highest total score (technical and financial) would be the Preferred Proponent. Under this type of scoring system it is imperative that;

- The use of a qualitative scoring system is approved by the Selection Committee and the reasons for adopting this type of approach are recorded in the project documentation.
- Proponents are not re-evaluated on qualitative factors already considered at the RFQ stage.
- The evaluation criteria and weighting are provided in the RFP document and are adhered to by the selection committee.

Preparing a detailed Proposal is time consuming and costly for Proponents. Potential proponents are reluctant to commit resources to preparing a response if they do not consider that they have a reasonable chance of success. Also, evaluating RFP's is a detailed and time consuming task for the project team. Consequently, single stage procurements using an open RFP call (no RFQ) are not to be used on GNWT P3 projects.

The use of a Best and Final Offer (BAFO) approach where the field is narrowed to two "finalists" and parallel negotiations held with each finalist before they submit a final financial offer is not recommended on GNWT P3 projects;

- BAFO can be time consuming with extended negotiation periods.
- The process is potentially unfair to other proponents who may claim to be able to make a better offer if allowed to participate in negotiations.
- The negotiations may be perceived as changing the objectives of the project or the "rules of the game".
- There may be perception that the negotiations are not truly parallel and independent.
- Demonstrating value for money is difficult and requires a robust Public Sector Comparator (PSC) and Shadow Bid.

A recommendation to use a BAFO approach must be approved by the Selection Committee and the decision to use this approach must be supported by documented reasoning as to why a competitive multi-stage evaluation is not viable and how a BAFO will offer better value for money, including how the risks outlined above will be mitigated. The Departments of Justice and Finance must be involved in the decision to recommend a BAFO.

The decision to adopt a BAFO must be made at the Business Case stage.

Comparison to Business Case

A detailed business case forms the basis of Financial Management Board approval to proceed with P3 procurement. The Final Submission from the Preferred Proponent must be compared to the business case, including the finalized PSC, to ensure that the GNWT is receiving the anticipated value for money. Award of the P3 contract must be referred back to Cabinet/Financial Management Board if the anticipated value for money is not realized.

Fairness Principles

In order to ensure that the transaction is conducted fairly and consistently, the following fairness principles are used as guidelines throughout the transaction process:

- All Interested Parties, Respondents and Proponents have the same opportunity made available to them to access information.
- The information made available to Interested Parties, Respondents and Proponents is sufficient to ensure that they have the opportunity to fully understand the opportunity.
- All Interested Parties, Respondents and Proponents have reasonable access to the opportunity.
- The criteria established in the invitation documents truly reflect the needs and objectives in respect of the project.
- The evaluation criteria and the evaluation process are established prior to the evaluation of submissions.
- The evaluation criteria, RFQ/RFP, and evaluation processes are internally consistent.
- The pre-established evaluation criteria and evaluation process are followed.
- The evaluation criteria and process are consistently applied to all submissions.

Honoraria

The GNWT may pay an honorarium to the unsuccessful Proponents who submit a compliant Final Submission to partially offset their pursuit costs, depending on the size and complexity of the project and the value of the work.

3.1 – PROJECT TEAM ROLES AND RESPONSIBILITIES

Summary of RFQ Tasks

Key RFQ tasks are:

1. Prepare and issue RFQ:
   - Draft and review RFQ - refine and revise as required to reflect specific project requirements.
   - Develop evaluation criteria and scoring system.
   - Establish Evaluation Teams.
   - Prepare appropriate training process.
   - Develop and implement marketing strategy.
   - Obtain necessary approvals.

2. Run RFQ process:
   - Hold information meetings.
   - Respond to questions from Interested Parties.
   - Set up the evaluation office.
   - Finalize RFQ evaluation score sheets and checklists.
   - Conduct training for the Evaluation Teams.
   - Prepare for receipt of submissions.

3. Evaluate and approve short-listed Respondents:
   - Formally receive RFQ submissions.
   - Evaluate completeness.
   - Review of conflict of interest.
   - Evaluate technical capability.
   - Evaluate financing capability.
   - Evaluate financial capacity.
   - Interview any or all of the Respondents.
   - Summarize evaluation and create recommended shortlist (approximately three respondents)
   - Present results internally and obtain necessary approvals.

4. Issue notification letters and formally announce the short listed Respondents.

5. Hold debriefing session

Summary of RFP Tasks

1. RFP tasks are:
   - Draft and review RFP – refine and revise as required to reflect specific project requirements.
   - Develop evaluation criteria (and scoring system).
   - Establish Evaluation Teams.
   - Prepare appropriate training process (to the extent necessary).
   - Obtain necessary approvals

2. Run RFP process:
   - Hold information meetings.
   - Respond to questions from Proponents.
   - Set up the evaluation office.
   - Finalize RFP evaluation scoring and checklists.
   - Conduct training for the Evaluation Teams.
   - Prepare for receipt of submissions.

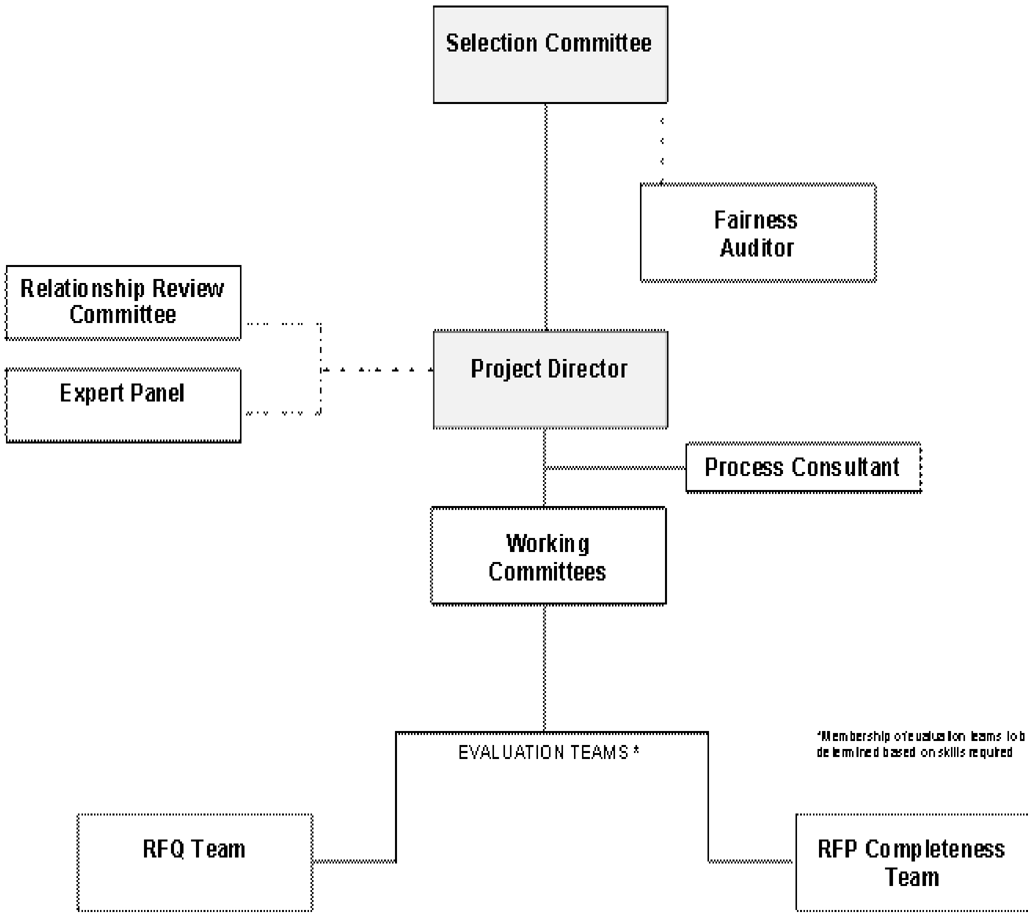
3. Evaluate Proponents and select and approve Preferred Proponent:
   - Formally receive RFP submissions.
   - Evaluate completeness.
   - Review of conflict of interest.
   - Evaluate technical proposal.
   - Evaluate financing proposal.
   - Evaluate financial capacity as appropriate.
   - Interview any or all of the Proponents.
   - Summarize evaluation and select Preferred Proponent.
   - Present results internally and obtain necessary approvals.

4. Issue notification letters and formally announce the Preferred Proponent

5. Hold debriefing session with unsuccessful Proponents who request debriefing session.

RFQ/RFP Project Organization

For the RFQ/RFP process and submission evaluation, an organization similar to the following should be used. While all of the responsibilities of the structure must be performed, there may be instances where a more streamlined structure can be established to ensure an efficient and effective review process. Any streamlining of the project organization must be approved by the Selection Committee.



Summary of Roles and Responsibilities

The table outlines the typical memberships of the key roles within the Project. Actual make-up will vary with the project specifics:

Key Role	**Member**
Selection Committee	• Deputy Minister – Executive • Deputy Minister - Finance • Deputy Minister – Justice • Deputy Minister – Public Works and Services • Deputy Minister – Transportation
Fairness Auditor	• Director, Internal Audit Bureau
Relationship Review Committee	• Project Director • Department of Justice representative
Project Director	• Deputy Secretary of the Financial Management Board
Process Consultant	• Management Board Analyst
Working Committee	• Project Director • Representation from: • Sponsoring department • Finance • Justice • Executive • PW&S • ITI To provide Financial, Engineering, Construction, Policy, Legal, Evaluation, Process, Contracting expertise. Membership to be determined based on skills required.
Evaluation Teams	
RFQ/RFP Teams	• Project Director • Representatives to be determined based on skills required.

Selection Committee

The Selection Committee is the main decision authority for the transaction. Its role includes:

- Approval of the shortlist based on the evaluation of RFQ submissions.
- Approval of the Project Agreement to be executed with the Preferred Proponent.

At the RFQ stage, the Selection Committee shortlists the Respondents based on pre-established criteria, using:

- Review of results and synopses from detailed evaluation by the Evaluation Teams.
- Review of the preliminary scoring by the Evaluation Teams.
- Additional research or clarification to be performed by the Evaluation Teams as requested by the Selection Committee.
- Direct review of submission material, clarification questions and answers with Respondents, and other material received and developed during the evaluation process, as necessary.
- Interviews with Respondents, if deemed necessary.

The Selection Committee decisions will be documented and members must sign off on these decisions.

At the RFP stage, the Selection Committee reviews and approves evaluation results of the Evaluation Teams at various stages of the RFP process. The Selection Committee verifies that the Preferred Proponent offers value for money in accordance with the business case and approves award of the Agreement provided the proposal falls within the price range determined by the public sector comparator and set out in the business case.

The Selection Committee is responsible for due diligence of the following aspects of the transaction process:

- RFQ/RFP evaluation criteria.
- RFQ/RFP evaluation process.

The Project Director presents the evaluation criteria and process to the Selection Committee for review. The Selection Committee reviews the evaluation criteria to assess whether adequate efforts have been invested in following through the process of determining the evaluation criteria. With respect to the evaluation process, the Selection Committee reviews the presentation to assess whether:

- The pre-established evaluation process has been followed.
- The pre-established evaluation criteria have been applied diligently.
- The pre-established evaluation criteria have been applied consistently.
- The pre-established evaluation criteria have been applied without bias.

Fairness Auditor

The Fairness Auditor's responsibilities include:

- Review any transaction documents at the Auditor's discretion, including invitation documents and their addenda and the process framework and evaluation worksheets.

- Attend meetings where evaluation findings and recommendations are formally presented and monitor the fairness of such proceedings and the findings made there, and attend and monitor any other meetings at the Auditor's discretion.

- Deliver interim reports at the selection of short listed Respondents and at selection of the Preferred Proponent, and a final report consolidating the two interim reports, providing the Fairness Auditor's independent opinion as to the fairness of the transaction process conducted, in each instance first providing drafts of such reports prior to their finalization.

- Provide proactive input at the earliest stage possible with respect to potential fairness issues, were it not for such input, might give cause to a finding of a breach of fairness.

- Report on an as required basis, participate in meetings as scheduled, identify fairness related priority issues and fairness related critical path constraints, and manage his/her assignment in a timely and cost-effective manner.

Relationship Review Committee

The Relationship Review Committee manages conflict of interest matters with the support of the Project Director. The role of the Relationship Review Committee is to:

- Review relationships disclosed by project team members and determine whether there are conflict of interest issues.
- Determine the list of parties to be excluded from joining Respondent/Proponent teams (namely, parties that would provide a Proponent team with a material unfair advantage).
- Review relationships disclosed by Proponents in their submissions.
- Approve final documents.

The Relationship Review Committee advises the Project Director on action to be taken regarding conflict of interest issues (e.g., exclusion from process, mitigating strategies).

Project Director

The Project Director oversees the entire transaction process and manages work tasks and work teams.

The Project Director is responsible for the development of the RFQ and RFP documents, the evaluation criteria, the evaluation process, the draft and final legal agreements, proposed new legislation (as required), and any addenda or amendments to any of the foregoing. The Project Director seeks approval from the Selection Committee prior to public release.

The Project Director approves all communications to Interested Parties, Respondents, and Proponents, as well as all public communications. The Project Director reviews and accepts the recommendations and evaluation results presented by the Evaluation Teams or requests additional clarification from the Teams.

The Project Director is the contact person serving as the single point of contact between the Government and Interested Parties, Respondents, and Proponents. The Contact Person is listed in the documents issued from the Government with respect to the Project and also reviews and responds to incoming questions from interested parties and co-ordinates appropriate responses.

Working Committee

The Working Committee is responsible for the day-to-day working requirements. The main responsibility is to review major issues, options and provide recommendations that require Steering Committee direction. This group meets on a regular basis.

RFQ/RFP Teams

The roles of the RFQ/RFP Teams are to ensure:

Completeness

- Determine completeness requirements and develop checklists based on the RFQ/RFP documents.
- Evaluate whether the submissions meet the pre-established completeness requirements.
- Compile the list of parties on the team of each Respondent/Proponent (to facilitate relationship review).

Technical

- Conduct a detailed review of technical submission material and prepare synopses for the Selection Committee as required.
- Conduct research on Respondents and Proponents as necessary.
- Apply the technical criteria against the RFQ and RFP submissions received.
- Assign each submission a preliminary score at the RFQ stage. This score is based only on the documentation received and does not include any consideration of the presentations made to the Selection Committee.
- Assign each submission a score or pass/fail as appropriate at the RFP stage.
- Present evaluation results to the Project Director and the Selection Committee as required.

Financial

- Raise and assist in resolving technical issues that arise throughout the transaction process.
- Conduct a detailed review of the financing submission material and prepare synopses for the Selection Committee as required.
- Conduct research on Respondents and Proponents as required.
- Apply the financing criteria against the RFQ and RFP submissions received.
- Assign each submission a preliminary score at the RFQ stage. This score is based only on the documentation received and does not include any consideration of the presentations made to the Selection Committee
- Assign each submission a score or pass/fail as appropriate at the RFP stage.

- Present evaluation results to the Project Director and the Selection Committee as required.
- Raise and assist in resolving financing issues that arise throughout the transaction process.

Financial Capacity

- Apply the financial capacity criteria against the RFQ and RFP submissions received.
- Assign each submission a score or pass/fail as appropriate.
- Present evaluation results to the Project Director.
- Raise and assist in resolving financial capacity issues that arises throughout the transaction process.

3.2 – PROJECT PLAN AND SCHEDULE

Project Plan

The project plan is intended for internal use within the Working Committee to clarify the scope and responsibility of each entity's work for various tasks throughout the Project.

The project plan is updated by the Process Consultant, with the approval of the Project Director, on an as-needed basis and is circulated to members of the Working Committee.

Issues or items identified but not yet on the project plan are brought to the attention of the Project Director. The Project Director initiates discussions within the Working Committee to determine how to resolve various issues or document the items in the project plan.

Schedule

The project team will establish a transaction schedule at the start of the Project. However, when necessary, the schedule of the Project will be updated. Any change to the schedule will be communicated to all individuals involved in the Project.

Where appropriate, the Respondents/Proponents are notified of the revised schedule in writing.

A sample project schedule is shown below:

Key Milestones	Tentative Date
Issue RFQ	
Closing of RFQ	
Approval and announcement of short-listed Respondents	
Issue RFP	
Closing of Concept/Optional Innovation Submissions	
Closing of Preliminary technical submission	
Closing of Detailed technical submission	
Closing of Final submission	
Notification of Preferred Proponent	
Legal Agreement execution	

Design and construction	
Facility open	

Detailed schedules are included in the RFQ and RFP documents.

3.3 – EVALUATION PROCESS AND GUIDELINES

To ensure a fair and competitive transaction process, the following guidelines are to be followed in determining the appropriate evaluation criteria and in establishing the appropriate evaluation process:

- The evaluation criteria and evaluation process are established prior to any submissions being reviewed.
- The evaluation criteria, evaluation process, and transaction documents are internally consistent.
- The pre-established evaluation criteria and evaluation process are consistently applied.

The evaluation teams will undertake the evaluation of submissions subject to:

- Appropriate skills and qualifications. Selection of evaluators is based on the skills and qualifications that they possess. Additional subject experts may be consulted on an as-needed basis.
- No conflict of interest. Evaluators are free from conflict of interest issues.
- Development of evaluation criteria. Evaluation criteria should be based on requirements of the Government, and be practical.
- Training. Evaluators participate in training sessions covering the material required for evaluation process. This includes project orientation and the principles of the GNWT P3 model.
- Application of evaluation criteria. Evaluation criteria should be applied consistently to all submissions.
- Thorough and careful review of submissions. All evaluators should familiarize themselves with the entire submission, regardless of whether their evaluation roles cover the entire submission or specific elements.
- Validation of information supplied. Evaluators are to satisfy themselves as to the accuracy of information provided. Evaluators may conduct reference checks and research publicly available sources as appropriate.
- Use of reasonable professional judgment. The application of evaluation criteria is not intended to be a purely mechanical exercise.
- Clarification questions. Clarification questions to Respondents or Proponents may be required in order to properly evaluate their submissions. The intention is not to generate new information and hence typically the timeframe for responses is short (e.g., two business days).
- Unanimous decisions. The scores or ratings assigned to each submission should be unanimous. If this is not possible, a majority vote shall decide. The full Selection Committee during the RFQ stage is required to confirm in writing their decision. The Evaluation Teams during the RFP stage are required to confirm in writing their decisions.
- Role of Evaluation Team Chair. A Chairperson is to be nominated for each Evaluation Team. The Chairperson is responsible for facilitating discussion and the documentation of evaluation results.

Training for Evaluators

The primary objective of the training is to help evaluators prepare for the responsibility of evaluating the submissions by providing evaluators with information on the transaction in general and the evaluation process specifically. The training for evaluators mainly consists of two components: a training package containing pertinent documentation and background materials; and a training session where evaluators will learn about the transaction process and their role as the evaluators.

Separate training sessions are held for the evaluation of the RFQ submissions and RFP submissions. The Project Director, with the assistance of the Process Consultant and Evaluation Team Chairs, leads the training sessions. At the end of a briefing session, evaluators will be familiar with the following:

- The Project. This may include a visit to critical sites on the project.
- The principles of the GNWT P3 model and public-private partnerships.
- The RFQ/RFP documents.
- The transaction process, including the objectives and the structure of the transaction.
- The roles and responsibilities of the Evaluation Teams and the evaluators.
- The process for evaluating the submissions, including how to make decisions and how to apply the evaluation criteria.

To the extent practicable, all evaluators should attend the training together. For those unable to attend, a separate briefing session can be held by the Project Director. All evaluators should go through the training prior to the commencement of the evaluation process.

Training Packages

The training package will provide evaluators the following documents that are also available to Respondents/Proponents for preparing their evaluation of the submissions:

- RFQ/RFP and all addenda
- Q&A documents
- Documents within the data room, if applicable

The training package may also contain information such as the following:

- Training Objectives and Structure & Background of the Project
- Transaction Process
- Evaluation Process
- Evaluation Criteria and Score Sheets

Training Sessions

The agenda for the training session may include the following:

- Objectives of the training session
- Description of the project including major technical issues.
- Description of the GNWT P3 model and contractual structure of P3s.
- Description of the selection process (e.g., the two stages – RFQ and RFP)
- The transaction process (specifically the RFQ or RFP process depending which stage the training is for).
    - Evaluation team structure
- Scope of work for evaluators
- Project schedule

RFQ Evaluation Process

The RFQ evaluation process is typically conducted as follows:

Completeness Evaluation

During the RFQ stage, the evaluation of completeness of the submissions will follow these procedures:

1. All submissions are to be submitted to the Project Director.
2. The RFQ Team will open the submissions in the evaluation office; will keep the Financial Submissions sealed and will transfer the sealed Financial Submission to the Financial Capacity Consultant.
3. The RFQ Team will create a list of all Respondents, including both corporations and individuals.

4. The Financial Capacity Consultant will open the Financial Submission.
5. The RFQ Team will provide the list of all Respondents to the Project Director.
6. All members of the evaluation teams will declare any relationships they have with the Respondents. Any evaluation team member who cannot be cleared of conflict of interest will be excused from the evaluation process.
7. The RFQ Team will assess the completeness of each submission according to the Completeness Checklist. If the RFQ Team requires any clarification, it will consult with the Project Director to determine whether clarification questions are necessary. If so, the clarification process will be followed.
8. The RFQ Team will transfer the basic respondent information onto the Evaluation
9. Score sheets for use by the technical evaluators.

Review of the Technical Submissions

During the RFQ stage, the evaluation of the Technical Submissions will follow these procedures:

1. The Evaluation Team will access the already-opened Technical Packages.
2. The Evaluation Team will review all the submissions and document their evaluation in the evaluation score sheets.
3. The Evaluation Team will prepare a preliminary scoring for their aspect of the evaluation.
4. The Evaluation Team will not share their preliminary scoring with the other teams.
5. The Evaluation Team work schedule will be provided by the Project Director.
6. The Evaluation Team will follow the clarification procedures on an as-needed basis.
7. The Evaluation Team lead will initiate the reference check procedures based on their own progress through the evaluation process.
8. The Project Director will compile the preliminary scorings and validate any apparent inconsistencies between individual respondent scores and the associated commentary.
9. Upon completion of the evaluation, the Evaluation Team will summarize their findings in a report format for submission to the Project Director. This report will include briefing and presentation materials to the Evaluation Committee. The report will append the complete detailed evaluation score sheets. The Evaluation team will verify with the other team members that the summary accurately reflects the consensus of the team.
10. The Project Director and Chair of the other Evaluation Team will brief the Selection Committee on their findings.
11. The Chair of the Evaluation Team may be asked to attend the Respondent presentations to the Selection Committee as technical advisors to the selectors.

Review of Financial Submissions

The Financial Capacity Consultant will conduct its evaluation separate from the Evaluation Team in order to protect the confidentiality of the Respondents.

1. The Financial Capacity Consultant will review the Financial Submissions and document their evaluation in the evaluation score sheets.
2. The Financial Capacity Consultant will initiate the reference check procedures based on their own progress through the evaluation process.
3. The work schedule will be provided by the Project Director.
4. The Financial Capacity Consultant will follow the clarification procedures on an as-needed basis.
5. Upon completion of the evaluation, the evaluation teams will report their findings to the Project Director.

RFP Evaluation Process

The RFP may require up to four submissions for evaluation:

- Optional Concept/Innovation submission
- Preliminary Technical submission
- Detailed Technical submission

- Final submission including Financial Offer

Review of submissions

1. All submissions are to be submitted to the Project Director.
2. All submissions will be reviewed for completeness.
3. All members of the evaluation team will declare any relationships they have with the Proponents.
4. Any evaluation team member who cannot be cleared of conflict of interest will be excused from the evaluation process.
5. All submissions are to be reviewed by the evaluation team simultaneously to ensure consistency.
6. All submissions will be reviewed based on pre-established evaluation criteria.
7. Clarification questions to Proponents regarding any submission will follow the clarification process.
8. Access to submissions will be limited to those directly involved in the evaluation as approved by the Project Director to ensure strict confidentiality is maintained.
9. The Project Director will compile the evaluations and validate any apparent inconsistencies between evaluations and the associated commentary.
10. Feedback to all submissions is to be drafted by the evaluation teams with the assistance of the Process Consultant as a batch to ensure fairness and consistency.
11. Upon completion of the evaluation, the Project Director will summarize findings in a report format. The summary will include recommendations on the pass/fail (or score) of the technical submissions. The Project Director will verify with the Chairs of the other teams that the summary accurately reflects the consensus of that team.

The following summarizes the process of evaluation of the submissions:

Process	Responsibility
Receiving Submissions	Project Director
Reviewing/Evaluating Submissions	Project Director Evaluation Team Fairness Auditor
Issuing Feedback on Submissions	Project Director

Individual Meetings (if held)

- Each individual meeting will cover the Submission from that Proponent only.
- Fairness Auditor will attend the meetings.
- Records from each meeting will only be distributed to the Proponent who was present at the particular meeting.
- Records of these meetings will be drafted and reviewed as a batch before issuance to ensure that no Proponent is given material advantage or disadvantage over others.

Confidentiality

- All information submitted in the Submissions must be kept in strict confidence. None of the contents in the Submissions will be shared with other Proponents.
- Only the appropriate evaluation team will have access to the information in the particular Submissions. None of the contents in the Submissions will be shared with those outside the evaluation team, unless explicitly authorized by the Project Director.
- Should the evaluation team require outside assistance in its review, only the relevant portions of the Submissions will be revealed on an anonymous basis to those outside the evaluation team.

Technical Submissions

Proponents who have passed the technical evaluation will be notified of their option to continue in the process. Proponents who have failed the technical evaluation will be provided the opportunity to comply with the technical requirements. Proponents that fail to comply will be notified of their termination in the process.

Final Submission

A complete technical resubmission should be submitted along with the financial (price) proposal. This technical resubmission must consolidate all previous submissions and include all clarifications and addenda.

The Financial Proposal is reviewed by the Evaluation Team. The net present value of the Financial Offers will be calculated by the Evaluation Team and used to rank the Proponents.

The Proponent who has passed the evaluation of technical resubmission and has presented the lowest net present value in its Financial Offer will be selected as the Preferred Proponent.

The Evaluation Team will assess the Preferred Proponent's Financial Offer against the Public Sector Comparator and will summarize their findings in a report to the Project Director.

Technical Teams may cross-reference to the Final Financial Plan to check for consistency between capital costs/O&M costs and the proposed design/build/operate work.

The following summarizes the process of evaluation of Final Submission:

Process	Responsibility
Receiving Submissions	Project Director
↓	
Evaluating Completeness Final Submission	Evaluation Team
↓	
Reviewing and Evaluating Final Submission	Project Director Evaluation Team Fairness Auditor
↓	
Reviewing Evaluation Results on Final Submission	Steering Committee
↓	
Approving Evaluation Results	Selection Committee and FMB if outside range of PSC
↓	
Notifying Preferred Proponent and Unsuccessful Proponents	Project Director

Reference Checks

The evaluation team will be responsible for satisfying themselves as to the accuracy and comprehensiveness of the information provided in the submissions. They will do so by contacting the references provided by Proponents, by researching publicly available sources and by using any other means as necessary.

Information collected through the verification work will be considered in the evaluation of the submissions. The information collected through the verification process will be designed solely to verify the accuracy and comprehensiveness of the information submitted in order to accurately apply the evaluation criteria.

The evaluation team will determine if any information collected through the verification process indicates that the Proponent has submitted false or misleading information that is material to the evaluation of the submissions. Depending on the significance of the issues, the evaluation team will determine whether the Proponent should be recommended for disqualification.

Reference checks are mainly for the Corporate and Staff Experience sections of the RFQ evaluation. The evaluators will be responsible for conducting reference checks during the evaluation process by following the procedures below:

- Evaluators will check at least one reference for the key staff put forward in the RFQ submission. The number of references required for each staff depends on whether the evaluators are satisfied with the amount of information provided.
- Evaluators will determine which reference(s) to contact for each of the key staff members. The selection of the reference(s) is based on projects that demonstrate the following characteristics:
  - Relevant to the Project
  - Requiring clarification
  - Representative of the staff's overall experience
- Reference checks should be conducted via telephone. The evaluator(s) will identify themselves to the reference and briefly introduce the project, including the reference check process.

The questions used during the reference check will be determined by the evaluators. However, the following questions may be considered:

1. Technical qualifications:
   - Confirm the facts with respect to specific projects.
   - Confirm the staff responsibility with respect to specific projects
   - Verify that the project listed by the staff has been completed satisfactorily (e.g., on budget and on time).
   - Verify whether the project listed by the staff is considered as a success by the reference.
   - Verify the performance of the staff on the specific project

2. Financial qualifications:
   - Confirm the figures reported in the Lead Team Member's financial statements.
   - Identify, as practical to do so, any off-balance sheet financing arrangement.

The evaluators will document all the information provided by the reference as part of the evaluation. The evaluators will incorporate the information collected through reference checks into the evaluation. In the event that none of the references for a particular staff could be available for reference checks or evaluators require additional references to satisfy themselves, evaluators will request alternative or additional references from the Respondent through the clarification process. To the extent practical, references should be contacted only once, in case the same reference is used by multiple Respondents/Proponents and/or for multiple projects.

Clarification Process

All clarification questions are to be prepared by the evaluation team and submitted to the Project Director to approve and send the Respondent/Proponent. The clarification question process will follow the same process as the Question and Answer from the Respondent/Proponent. In order that the evaluation teams fully understand the information submitted by Proponents, clarification questions will be sent to Respondents or Proponents as necessary. To the extent possible, clarification questions will adhere to the following guidelines:

- Respondents/Proponents will be required to respond to clarification questions in writing (including fax or email).
- Respondents to the RFQ should not be asked to submit substantial, new information.
- Clarification questions should ask Respondents/Proponents to confirm whether the insufficient, ambiguous or inconclusive information meets the requirement according to RFQ/RFP. In the event where the evaluation teams could not locate specific information for the evaluation, clarification

questions should ask Proponents to point out where such information is located, rather than providing new information.

- Clarification questions may require Proponents to provide additional information for the technical submissions when the original information submitted was deemed insufficient.
- Clarification questions should refer to specific sections in the RFQ/RFP to reiterate the requirements of the RFQ/RFP.
- Clarification questions should be consistent particularly when similar questions are posed to different Respondents/Proponents. If one proponent is asked to clarify on a particular issue, another Respondents/Proponent 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 clarification questions they need to pose to the Respondents/Proponents.

Respondents/Proponents need to have a reasonable amount of time (generally 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. If Respondents/Proponents request additional time, the evaluation teams will need to be prepared to address such requests from the fairness perspective.

For convenience, questions from the evaluation teams will be batched prior to issuance to Respondents/Proponents.

The processing of sending clarification questions to Respondents/Proponents and receiving clarification answers from Respondents/Proponents should follow these procedures:

1. The evaluation teams will send clarification questions to the Project Director, who will review them with the Process Consultant. The Process Consultant will receive those questions. The Process Consultant will assign a number to each clarification question indicating which evaluation team asked the clarification question, which Respondent/Proponent each clarification question is for, when each clarification question is sent to Respondents/Proponents and when the clarification answer is received from Respondents/Proponents. If a clarification question is not sent, this fact is to be noted and the reason for not sending the clarification question specified.
2. Process Consultant will, on a frequent basis as determined appropriate:
   - Prepare a consolidated set of clarification questions for each Respondent/Proponents using the numbers assigned in step (1).
   - Propose any necessary changes to wording to ensure fairness and consistency
3. The Project Director will distribute the clarification questions to Respondents/Proponents by e-mail to the Designated Respondent/Proponent Contact Person
4. The e-mail will clearly specify the deadline to provide answers to the Project Director.
5. Respondents/Proponents will be given two business days to provide clarification answers in writing by fax or emails to the Project Director. In the event that Respondents/Proponents request additional time, the Project Director will consult with the department Consultants to ensure that the project objective and process probity are not materially compromised by granting the request.
6. Answers received by the Project Director will be distributed to the evaluation team.
7. The evaluators will incorporate the clarification answers into the evaluation process.
8. In the event that the clarification answers are deemed insufficient, follow-up clarification questions will be sent according to the same procedures.
9. If a Respondent/Proponent fails to provide clarification answers by the specified deadline, the Project Director will contact the Respondent/Proponent to confirm whether the clarification answers should be expected.
10. If the Respondent/Proponent confirms that it has no intention of providing the clarification answers, the Project Director will notify the evaluation team that clarification answers from the

Respondent/Proponent will not be included in the evaluation process. In this case the evaluation process based on information already available.

Interviews

Interviews may be conducted with Respondents and Proponents at the RFQ and RFP stage, respectively. The objective of conducting interviews with Respondents during the RFQ is to allow Respondents to present their qualifications to the Selection Committee and allow the Selection Committee to interview the Respondent team members. The objective of conductions interviews with Proponents is to clarify materials in the RFP submissions.

The interviews with Respondents/Proponents are conducted according to the following protocol:

- The interviews are not intended as a forum for Respondents/Proponents to provide any substantive additional information to their submissions.
- While the interviews may be used to clarify information specific to the submissions of Respondents/Proponents, the interviews are intended to be conducted as consistently as possible among different Respondents/Proponents.
- All the information exchanged during the interviews shall be treated as part of the particular Respondent/Proponent's submission and evaluated accordingly.
- All information exchanged during an interview related to a RFP submission shall be recorded.

Documentation

The documentation of the RFQ evaluation process includes, but not limited to, the following:

- Record of receiving the RFQ submissions.
- RFQ Completeness Checklist.
- RFQ Evaluation Score Sheet.
- Confidentiality Undertakings executed by all relevant project team members and evaluators
- Disclosure of relationships forms completed by all relevant project team members and evaluators.
- Documentation of the reference checks.
- Documentation of the clarification questions and answers
- Documentation of the interviews with Respondents.
- Summary document including selection committee briefing materials
- Final Respondent ranking signed off by all members of the selection committee

The documentation of the RFP evaluation process includes, but not limited to, the following:

- Record of receiving the RFP submissions.
- RFP Completeness Checklist.
- RFP Evaluation (Score) Sheet.
- Confidentiality Undertakings executed by all relevant project team members and evaluators.
- Disclosure of relationships forms completed by all relevant project team members and evaluators.
- Documentation of the clarification questions and answers
- Documentation of the interviews with Respondents
- Approval of preferred proponent signed off by all members of the selection committee

3.4 – CONFIDENTIALITY AND SECURITY

All communications, documents and electronic files will be properly secured and stored in order to preserve confidentiality.

Confidential information will be shared on a need-to-know basis to minimize potential breaches and to minimize the number of individuals and firms that will have restrictions placed on their involvement with the Project.

A higher level of security will be required once submissions are received at the RFQ or RFP stage. The evaluation process will remain strictly confidential.

Access and Protection

The physical and electronic protection of information must be preserved.

Physical Information Security

The security of the physical information is protected according to the following protocol:

1. All project team members with offices will have doors that lock, and at times when the individual is not in the office, the office will remain locked (e.g. at night, during out-of-office meetings, etc.). A secure location will be available for team meetings and a secure common work area (project office) will be provided. All RFQ and RFP documents will be stored in locked cabinets. No information is to be removed from the common work area. All RFQ and RFP are to be locked in the cabinets overnight.
2. Any staff with keys to the project office will sign a key registry.
3. Copies of other keys will be tracked and restricted to individuals who need to access the offices or cabinets.
4. All paper documents related to the Project will be stored in a locked cabinet or office.
5. An appropriate security protocol regarding shredding will be established and adhered to.
6. A “clean desk” policy will be adhered to where possible.
7. All final materials integral to the transaction process will be appropriately retained and filed.
8. All other documents that are not integral to the official transaction process record may not need to be retained (such as duplicate copies, rough notes and preliminary drafts used to develop the official record).

Electronic Information Security

The security of the electronic information is protected according to the following protocol:

1. All project information will be stored on server(s) that have restricted access. For information stored off-site, access to the portions of the server(s) or computer(s) is restricted.
2. Appropriate back-up procedures of this information will be conducted on a weekly basis and those individuals involved in back-up must adhere to at least the same level of confidentiality as the project team.
3. Where appropriate and practical, all documents sent via e-mail should be sent via the GNWT server.
4. All documents sent via servers other than those of the GNWT will be password-protected. The Project Director will determine the password and notify the appropriate individuals of the password. Passwords have to change on a regular basis.
5. Information with a high level of sensitivity will not be sent via e-mail but sent by registered mail or courier.

Additional Measures for Evaluation

In addition to the above Protocols, additional measures should be implemented during the evaluation stage.

1. A separate and dedicated space(s) will be made available for the evaluation process (“evaluation offices”).
2. All evaluation related activity will take place in the evaluation offices.
3. All evaluation team meetings will take place at the evaluation offices.
4. No one other than the evaluation Chairs and the Project Director will have the keys to the evaluation offices.
5. Keys will not be made available to cleaning or security staff during the evaluation.
6. Only those individuals involved in the evaluation process will be permitted to enter the evaluation offices.
7. Each Evaluation Team member must sign in and out of the office.

8. All evaluation material (including electronic material) will remain in the evaluation office and be stored in locked cabinets at the end of each day.
9. Only the designated administrative assistant(s) and Project Director will have the keys to these cabinets storing evaluation materials.
10. Electronic materials will only be saved on computers made available to the Evaluation Teams in the evaluation office.
11. Once the evaluation is complete, one copy of all evaluation files will be saved on CD-ROM.
12. The hard drives of the computers and any back-up disks will be formatted.
13. Each copy of submissions will be numbered and tracked via the document log.
14. The administrative assistant(s) will be responsible for monitoring all movement of submission documents.
15. Formal checklists and supporting working papers will be filed and stored in the evaluation office.

Confidentiality Undertaking

To ensure that all individuals involved in the Project are aware of the confidentiality provisions for the Project, the following protocol is implemented:

- Confidentiality undertakings will be signed by all individuals privy to confidential information.
- Firms that serve as department Consultants must execute confidentiality undertakings.
- The Project Director is responsible for ensuring that all project team members and department Consultants have executed their confidentiality undertaking.

Access to Information and Protection of Privacy Act

All requests for access to project information under the Access to Information and Protection of Privacy Act will be addressed by the Project Director, who notifies appropriate personnel in sponsoring department and, if necessary, other departments. All requests are documented, along with decisions made regarding the request, and any documentation sent to the requester.

3.5 – COMMUNICATIONS

All communications must be managed in order to preserve the confidentiality of transaction information and maintain the integrity of the transaction process.

Communications with Interested Parties, Respondents and Proponents will be through a single point of contact. To the extent possible, communications will be in writing. Interested parties, Respondents and Proponents will be informed that all other forms of communications will not be binding and should not be relied upon.

All project team members will be instructed to direct all external inquiries regarding the project to the Contact Person (Project Director).

Respondents and Proponents must follow the communication process as outlined in the RFQ and RFP.

Among Project Team Members

For the purpose of this procurement process framework, internal communication is referred to as communication among individuals who are directly involved in the Project and have executed confidentiality undertakings specifically for the Project. The internal communications among project team members is conducted according to the following protocol:

1. All internal communications are conducted on need-to-know basis. Information is only circulated to individuals who are required to have the information.
2. No project specific information will be discussed in a public place.
3. Project team members should be cognizant of their discussions within the office environment.
4. Meetings must take place in offices and meeting rooms out of the general earshot of non-project team members.

5. Confidential and project specific information discussed via cell phones will be minimized and cell phone use should be disclosed at the start of the conversation.
6. Faxes, in-coming mail, and photocopies will be handled in a fashion such that no confidential information is viewed by non-project team members.

External

External communication may take place between project team members and the following parties:

1. Individuals within the GNWT departments and agencies who are not directly involved in the Project and have not executed confidentiality undertaking specifically for the Project.
2. Interested Parties, Respondents and Proponents.
3. The general public and the media.

External communications is conducted according to the following protocol:

1. All the requests for communication from external parties are directed to the Project Director. Communication is only to take place between external parties and the Project Director.
2. With respect to communication within the GNWT, the Project Director determines and documents the appropriate information to release on the need-to-know basis. If confidential information is deemed necessary for a particular individual, the Project Director ensures that a confidentiality undertaking is executed by such individual prior to releasing the confidential information. All communication external to the project team but within the GNWT is documented by the Project Director.
3. Individuals other than the Project Director are not authorized to release any information with respect to the Project to Interested Parties, Respondents, Proponents, the general public or the media, unless otherwise explicitly specified.
4. Communications with Respondents/Proponents are conducted only through the Project Director. All communications with Respondents/Proponents are documented. Unless specified in the RFQ/RFP, individual meetings or discussions with Respondents/Proponents are not allowed.
5. All requests for communication from the general public or the media are directed to the Project Director, who notifies appropriate personnel in the sponsoring department and if necessary, other departments to determine whether or not a request is granted. All requests are documented, along with the decision to grant the request or not, and any information released to the requester.

Official Announcements

Official announcements with respect to the short-listing results and the award of the Contract are released jointly through the appropriate Minister's office.

3.6 – CONFLICT OF INTEREST REVIEW

All individuals working on the Project are required to disclose their relationships with the Respondents as soon as they are identified by the Completeness Team during the RFQ stage or prior to starting work on the project, if later.

The Relationship Review Committee (RRC) is responsible for reviewing all relationships disclosed by individuals of the project team to determine whether any relationship constitutes conflict of interest. The Steering Committee is responsible for reviewing all relationships disclosed by Respondents/Proponents to determine whether any relationship constitutes conflict of interest.

Conflict of interest needs to be managed from two perspectives:

- Internal project team perspective – The project team cannot have individuals who have a known relationship with a Respondent or Proponent or member thereof, be placed in a position of influence over decisions regarding the relative competitive position of a Respondent or Proponent (e.g. setting of evaluation criteria and process, actual evaluation of submissions, or setting of transaction parameters).

- External parties' perspective – Proponents must comply with the Conflict of Interest Act (NWT). Proponents and their advisors should not have an unfair advantage by virtue of access to material non-public information that is not made available to all Proponents.

Respondents and Proponents are to declare there is no conflict of interest or disclose potential issues and relationships that may constitute conflicts of interest. Individuals who are privy to material non-public information must be prohibited from discussing this information with or joining Interested Parties, Respondents, or Proponents.

Internal Review

The review of relationships between project team members and Respondents/Proponents is conducted according to the following protocol:

1. As soon as the RFQ/RFP submissions are received and opened by the RFQ/RFP Teams will prepare a list of Respondents and Proponent teams:
   - All Respondent teams, team members, key personnel, consultants and advisors identified in RFQ responses (after RFQ submissions are received).
   - All Proponent teams, team members, key personnel, consultants and advisors identified in RFP responses (after RFP submission are received).

2. A relationship disclosure form together with the list of Respondent/Proponent teams will be sent to relevant project team members before commencing evaluation of RFQ or RFP submissions. Relevant project team members include members of the Working Committee, the Steering Committee, the Evaluation Teams, and department Consultants on the Project.
3. Relevant project team members will complete the relationship disclosure form and forward it to the RRC. Relevant relationships will be disclosed without self-assessment as to whether or not a conflict of interest or other problem exists.
4. The RRC may make such investigations, including conducting interviews as are necessary to assess whether a conflict of interest exists.
5. The RRC will make decisions and, where a conflict of interest or problem exists, notify the relevant person of results.
6. The RRC may suggest mitigating measures such as information barriers if appropriate, and may make such investigations as are necessary to explore possibilities to manage conflicts of interest.
7. The RRC will notify the Project Director of conflicts of interest or problems and how they will be managed.
8. Individuals found to have conflict that cannot be managed will be excluded from the evaluation process.

External Parties

In the RFQ/RFP responses, Proponent teams will be asked to declare there is no conflict of interest and disclose relationships and issues which could be viewed as conflict. The DM Steering Committee will consider the relevant forms in each RFQ/RFP Submission received and decide if a conflict exists. The DM Steering Committee can seek clarification from a Respondent or a Proponent (either information about the relationship, or information about mitigating measures such as information barriers that are or can be put in place) before making a decision.

Among other options, the DM Steering Committee may decide that a potential conflict can be managed without disqualification by an information barrier or through other steps. Such a Respondent or Proponent team will be required to undertake to comply with the conflict of interest requirements before its submission will be considered by the Evaluation Teams.

The Project Director will notify the Respondent or Proponent of the decision.

Respondents/Proponents may appeal decisions made by the DM Steering Committee in writing within ten business days of being notified.

Relationship Review Committee

The review of relationships of the RRC Committee members is performed by the RRC:

1. Based on the list of Respondents/Proponents prepared by the RFQ/RFP Teams, members of the RRC will complete the relationship disclosure form.
2. The RRC will review the relationships and determine whether any relationship presents a conflict of interest.
3. The RRC may suggest mitigating measures such as information barriers if appropriate, and may make such investigations as are necessary to explore possibilities to manage conflicts of interest.
4. The RRC will notify the Project Director of conflicts of interest or problems found by the RRC and how they will be managed.

3.7 – QUESTIONS AND ANSWERS

Questions from the Interested Parties, Respondents and Proponents regarding the RFQ/RFP or the transaction are allowed up to a specified time before submission date. Questions of a substantive nature received after the deadline will not be answered. Questions of a logistical nature will be answered as appropriate.

In providing answers the intention is to clarify information already provided in the RFQ/RFP documents, rather than to provide new information. The Project Director will delegate responsibility to the Process Consultant or other Project Team member to collect and monitor all incoming questions and draft responses as appropriate.

Answers will be approved by the Project Director prior to being released. The authorized delegate will assist the Project Director in processing the incoming questions and disseminating answers.

The GNWT reserves the right but not the obligation to circulate answers to all parties. In general, answers to questions that contain information relevant to all parties will be circulated. Care is taken to treat questions from each party as confidential.

Protocol

Process:

1. Proponents are to submit all questions in writing to the Project Contact as indicated in the RFQ/RFP.
2. All questions and answers will be filed by the authorized delegate. The file will assign numbers to questions, indicate which interested party asked each question, and indicate when each question was received and when the corresponding response was issued, and cross-reference the outgoing question number. If a written response was not provided, this fact is to be indicated and the reason for not providing a written response specified.
3. The authorized delegate will serve as the clearinghouse for the questions and answers.

Drafting answers:

1. The authorized delegate will draft answers to questions with input from appropriate team members. The initial answers are to be reviewed by key individuals from the process, legal, technical and financial perspectives. Additional individuals or experts could be accessed on an as-needed basis.
2. Q&A conference calls will be conducted as required to discuss and finalize initial answers.
3. The Fairness Auditor may review the Q&A from the fairness perspective.
4. The Project Director will review all Q&A documents and provide final approval prior to issuing them.

3.8 – SITE INVESTIGATIONS

Proponents are allowed to inspect the site where the Project will be constructed by individual site investigation. Site investigation provides Proponents with the opportunity to personally review the site where the Project will be constructed and to satisfy them as to the technical aspect of the Project.

Proponents are allowed to investigate the site on their own. Site investigation will be arranged according to the following protocols:

- Proponents will request access to the site for site investigation through sponsoring department.
- Proponents are allowed to conduct site investigation up until the deadline of the RFP.
- Proponents are allowed to visit the site more than once for site investigation. Nonetheless, the sponsoring department reserves the right to limit the number of site visits to ensure fairness of the process.
- Proponents are required to enter into an agreement with sponsoring department specifically for the site investigation. The agreement must be executed prior to granting access to the site to Proponents. The terms and conditions should be identified in the RFP.
- The sponsoring department will endeavour to accommodate the date/time of preference for Proponents to access the site.
- Proponents are required to report any accidents that have occurred during their site investigation.

3.9 – INFORMATION MEETINGS

Information meetings for Respondents/Proponents are conducted according to the following protocol:

1. Any information meetings for Respondents/Proponents are announced to all Respondents/Proponents in writing.
2. Respondents/Proponents are provided a reasonable period of time to make travel arrangement.
3. Respondents/Proponents are required to sign up or register their intent to attend the information meeting.
4. Information presented by the GNWT in the information meeting shall be consistent with the RFQ/RFP. Information presented by the GNWT in the information meeting constitutes an official communication with Respondents/Proponents.
5. Information presented or exchanged during the information meeting is documented and disseminated to all Respondents/Proponents via the data room.
6. The Fairness Auditor will review the transcripts of the information meeting.
7. The Process Consultant will draft the summary of the information meeting to be distributed to Respondents/Proponents via the data room.

A separate meeting(s) may be held for the Proponents with utility companies, municipalities and other stakeholders. The utility companies, municipalities and other stakeholders will be asked to present their key requirements for the Project. The same protocol as the information sessions shall be followed.

Proponents will be allowed to contact utilities companies/ municipalities/ stakeholders on their own and pose their questions directly. Information directly provided by utility companies/ municipalities/stakeholders is not binding on the GNWT.

3.10 – DATA ROOM

The control of access to the data room will follow these procedures:

- Only registered Respondents are provided access to the data room during the RFQ stage. Only Proponents are provided access to the data room during the RFP stage.
- All Respondents/Proponents are notified via e-mail as soon as new information has been added to the data room.
- No Respondents/Proponents are allowed to transfer their access to the data room to individuals who are not part of their Project Team.
- It is the responsibility of the Respondents/Proponents to investigate the material made available in the data room.
- All documentation regarding the project will be posted in the data room.

Contents of data room

- The initial set of documents will be posted on the electronic data room.
- Subsequent additions or changes to the data room will be added directly to the electronic data room.
- Proponents will be notified by e-mail when new information has been posted or added to the electronic data room.

Review of data room before opening

- Disclosure – All material data should be included.
- Confidentiality – Personal data are not to be included. If such data are necessary, they will be blacked out or protected in order to keep the data anonymous and confidential.
- Sufficiency – Sufficient data should be included to allow Proponents to develop binding proposals. Also, sufficient data are to be included to ensure level playing field (e.g., maintenance contracts).

Confidential information in data room

Proponents are not required to complete separate Confidentiality Undertakings to be granted access to the electronic data room during the RFP stage.

3.11 – PROJECT AGREEMENT

The Working Committee led by the Project Director and the Department of Justice will be responsible for the development of the Project Agreement, including the incorporation of comments from Proponents. Comments on the draft Project Agreement from Proponents are processed according to the following procedures:

1. Proponents submit their 1st round of comments on the draft Project Agreement and the related portions of the output/performance specifications to the project contact by the specified deadline in writing.
2. Department of Justice will consolidate all comments from Proponents to facilitate analysis. A document containing the consolidated comments will be distributed to the Working Committee for review.
3. The Working Committee will meet to discuss the comments and consider revisions to the Project Agreement. The Fairness Auditor will participate to ensure the maintenance of fairness in the revisions.
4. As part of the process, individual or group meetings with Proponents to clarify their comments may be conducted.
5. Department of Justice will draft the revisions to the draft Project Agreement as agreed by the Working Committee.
6. The Project Director will present the recommended changes to the Steering Committee.
7. The 2nd draft Project Agreement will be issued to all Proponents via the electronic data room.
8. Steps 1 to 7 will be repeated for the 2nd round of comments from Proponents on the 2nd draft Project Agreement.
9. The final form of the Project Agreement will be reviewed by the Steering Committee.
10. The final form of the Project Agreement will be issued to all Proponents via the electronic data room.

Process	Responsibility
Receiving comments on Draft Project Agreement	Project Director
Consolidating Comments on Project Agreeement	Justice
Reviewing/Discussing the Comments Determining Recommended Changes	Project Director Working Committee Fairness Auditor
Reviewing Recommended Changes	Steering Committee
Reviewing Final Recommended Changes	Steering Committee
Revisions to Draft or Final Project Agreement	Justice
Issuing Draft or Final Agreement	Project Director

3.12 – APPROVAL PROCESS

The Project Director is responsible for overseeing the approval process and ensuring that the approvals are obtained.

All approvals shall be in accordance with Section 2.2 – Approvals and Implementation.

3.13 – DEBRIEFINGS

Debriefings will be available to Respondents and Proponents at the RFQ and RFP stage after the announcement of the shortlist and the Preferred Proponent, respectively. If requested, debriefing during the RFQ is conducted according to the following framework:

- During the debriefing session, the debriefing panel (selected depending on the issues of the particular submission) will review the evaluation of the Respondent's RFQ submission or the Proponent's RFP submission.
- The debriefing session is intended to provide feedback to Respondents/Proponents. The objective is to review the evaluation process and provide comments on the Respondent's/Proponent's submission.
- The focus of the debriefing session is to emphasize the integrity of the evaluation process, not to disclose or discuss specific scores of any particular submission.
- The debriefing session is not intended for debating the evaluation results with the Respondent/Proponent. The evaluation results will not be altered as a result of the debriefing session.
- All Respondents/Proponents (whether they attend debriefing sessions or not) are to be treated fairly and consistently. Information shared during the debriefing sessions is not intended to give any particular Respondent/Proponent material advantage over others.
- The debriefing session will be recorded.
- The Fairness Auditor will attend all debriefings.

Guidelines for debriefing meetings

- Limit the length of each debriefing session to two hours.
- Limit up to five attendees from each Respondent/Proponent.
- Discuss the evaluation process, instead of specific scoring.
- Do not discuss submissions or results of other Respondents/Proponents.
- Do not compare one submission to another, but rather the specific submission against the evaluation criteria.

- While highlighting areas for improvement, focus on how the Respondent/Proponent may choose to better address certain evaluation criteria or project requirements. Do not draw examples from other submissions as suggestions.
- Do not endorse specific firms, organizations or individuals.
- Do not disclose any information of any other Respondent/Proponent or submission.
- Do not allow the Respondent/Proponent to debate the evaluation results or to try to make the department change the evaluation results.
- Provide feedback to all Respondents/Proponents consistently in terms of the level of details and the breadth of discussion.
- If multiple Respondents/Proponents have similar issues in their submissions, feedback to them is to be consistent and similar.

3.14 – RECORDS MANAGEMENT

Records management is the maintenance of the documents created during the course of the transaction. This section should be referred to in parallel with the Confidentiality and Security section. Records management must be in accordance with the department's records retention and disposition schedule.

Electronic Mail

The Project Director maintains the current list of project team members and their e-mail addresses to ensure that e-mail is sent to the intended recipients. At the conclusion of the transaction, project team members are to forward any key e-mail to the Project Director. The Project Director compiles a hard copy master record of key e-mail.

Handwritten Notes and "Personal" Records

Project team members should maintain their own handwritten and personal notes related to the Project. Such personal notes may include calendars, discussion notes, meeting notes, phone messages, etc. Care must be taken to ensure that key information is maintained.

At the conclusion of the transaction, project team members are to forward any key personal notes to the Project Director. The Project Director compiles a master record of key notes.

Key Documents for Record

Throughout the transaction, copies of the following key documents are forwarded to the Project Director as a record of the transaction.

- Record of decision including (but not limited to) the following;
    - Date of the meeting
    - Purpose and nature of the decision
    - Agenda of the meeting
    - The decision
    - Names of individuals present at the meeting (including, their roles at the meeting)
    - Items for next steps or action
- Issue identification and discussion papers, including a description of an issue identified and discussed by project team members and the resolution of the issue.
- Position paper and briefing notes produced by project team members for any committee or team within the Project or for individuals within the GNWT but outside the Project.
- Minutes of regular conference calls
- Transaction Process Framework document and protocols
- Publicly released documents, including documents only released to Interested Parties, Respondents or Proponents; press or media releases; announcements; documents released under an Access to Information request; etc.

SECTION 6 APPENDICES

6.1 APPENDIX A – P3 OPPORTUNITY PAPER TEMPLATE

This document is to be used to assess the potential of using P3 procurement for a capital project and is the first of several steps required to obtain P3 approval. It is to be completed for all projects that may have P3 potential prior to inclusion in the Capital Plan and for unsolicited P3 proposals.

Project Description

[Project Name]

Provide a brief description of the project including:

a) A brief description clearly defining the problem or opportunity the project will address;
b) A brief description of the project and how it will address the business problem/opportunity:
c) An outline of the program and infrastructure objectives of the project;
d) Brief description of what is in scope;
e) Brief description of what is out of scope; and
f) Identify stakeholders that are involved or impacted by the project.

Strategic Alignment

Describe how the project aligns with the Capital Plan and the government and department strategic directions. Outline why undertaking a P3 approach will further support the strategic alignment. Describe how well the project meets the scope of a GNWT P3:

a) Require GNWT capital or operating financial support
b) Opportunity for private financing
c) Provision of capital assets and associated long term services
d) The capital project of sufficient size and complexity

Business & Operational Impact Assessment

Assess the P3 potential of the project in terms of business and operational impacts using the following criteria:

Technical

a) Does the project have any inherent technical constraints that cannot be solved by a private/not for profit sector partner?
b) Can the public sector develop appropriate performance/output specifications for the project?
c) Can appropriate mechanisms be established to monitor the private/not for profit sector partner's performance?
d) How will the bundling of design, build and operate result in expedited completion of the capital asset and reduced costs?
e) Can payment and/or revenue be tied to performance?
f) Does the project offer opportunities for innovation by a private sector partner?
g) Is the project free of jurisdiction and liability issues that prevent a public body from using a P3 approach?

Operational

a) Can a public sector organization develop appropriate operating standards for the project?
b) Are there any operational and accountability issues that cannot be realistically addressed by a private/not for profit sector partner?
c) Can the private/not for profit sector partner be held accountable for appropriate performance?

Acceptability

a) Is there potential for objections to the use of a P3 approach and the involvement of a private/not for profit sector partner in the project by the public, elected officials, public sector staff, unions, aboriginal organizations or other stakeholders?

Implementation

a) Does the private sector have the expertise to deliver?
b) Is there sufficient interest in the private sector to generate meaningful competition in P3 procurement?
c) Can a fair, accountable and transparent selection process by used?
d) Can an internal project champion be found?
e) Can the project champion access the resources necessary to be a competent partner?
f) Can a successful transition plan be developed?

Timing

a) Are the timelines adequate to develop operating specifications, contract documents and to undertake a P3 solicitation and evaluation?
b) Can the issues raised in the items above be addressed in the project timelines?

Preliminary Project Risk Assessment

Provide a preliminary risk profile and allocation identifying which risks will be transferred to the private sector, shared, and retained by the public sector. Identify how the P3 approach may lead to more effective risk management and all risks that may relate to undertaking the project as a P3. Where possible indicate potential mitigation strategies.

Preliminary Cost/Benefit Analysis

Preliminary Public Sector Comparator

Prepare a cost estimate based on the assumption that the project is carried out by the traditional methods of providing the proposed facilities and program delivery.

Preliminary Shadow Bid

Identify opportunities where the P3 may result in achieving:

a) cost savings
b) improved efficiency
c) improved quality of service
d) impact on the timeline for implementation
e) innovations

Prepare an initial shadow bid modeling the project as if it were delivered as a P3.

Value for Money

Both the PSC and Shadow Bid will be full NPV life-cycle cost analyses.

Early assumptions around preliminary planning, architectural and design work, and financial projections will be required to complete these cost estimates. These estimates should only be high-level and not overly complex at this stage but should be supported by previous procurements wherever possible. The assumptions will be further refined in the business case.

Provide an initial sensitivity analysis identifying the key assumptions that are significant enough to change the value for money estimate.

Preliminary Project Schedule and Team

Provide an overview of the project schedule, including key milestones, an overview of the implementation schedule for both traditional procurement and P3 procurement and identify the Project Champion and the likely resources required to procure the project as a P3.

Conclusion and Recommendation

Provide a conclusion as to why undertaking the project as a P3 will or will not result in the most effective and efficient approach to achieving the objectives of the project from both a program delivery and infrastructure view.

Identify specific recommendations that are required to move the project forward.

6.2 APPENDIX B – P3 BUSINESS CASE TEMPLATE

This document is to be used to justify a P3 approach to a project. Projects should have government commitment through the Capital Planning Process. It is an extension of the analysis and ideas submitted in the P3 Opportunity Paper.

Executive Summary

[Project Name]

Purpose of an Executive Summary:

The purpose of an Executive Summary is to provide a concise summary of the key highlights of the P3 Analysis. The reader should have a brief description of the project and understand how the project improves the overall efficiency and/or effectiveness of the public sector if delivered by a P3 procurement method.

Description:

While the Executive Summary appears at the beginning of the P3 analysis, it is written last.

The Executive Summary will describe the objective of the project, the current state of the problem and the resulting P3 opportunity. It outlines the scope of the project, provides a brief description of the business impact, and the risks of undertaking the project as P3 procurement. Finally, it concludes with recommendations and the financial impact of the project. This summary should also be written with the media in mind as this is often the only part of report that the media read. The Executive Summary is also often used to prepare a press release.

The summary should be a maximum of 2 pages in length.

Checklist for Executive Summary:

a) Does it provide an overall summary of the contents of the P3 Analysis?
b) Does it contain any information that is not contained in the body of the P3 Analysis? (should not)
c) Is the Executive Summary less than 2 pages?
d) Can the Executive Summary be treated as a stand-alone document?

Business Need and Project Description

Business Problem / Opportunity

Briefly, outline the underlying business problem or opportunity that the project will address. This may originate from either a program or infrastructure perspective. For example, the need for a new building may be based primarily on increasing cost to maintain or may be primarily based on supporting a program need. Include both program and infrastructure needs.

Project Description

Describe the project. Include how the project will address the business problems/opportunity.

Project Objectives

This section outlines what the project will accomplish, in clear and measurable terms within a specified time frame.

Scope

This section defines parameters of the project, including cost, time, tasks and results.

Out of Scope

This section includes items that are specifically excluded from the project from both a program and infrastructure perspective.

Stakeholders

Identify any stakeholders that may only be involved in certain procurement alternatives. Include any information that may indicate the level of interest from the private sector to participate in a P3 approach.

Project Team

Identify the proposed project team that will be responsible for the project. Identify any prior P3 procurement experience.

Checklist for Business Need & Project Description Section:

a) Is it clear what the project will accomplish from both a program and infrastructure perspective?

b) Are the general project elements understood in enough detail to provide the reader with adequate context?

c) Is it clear what is not included in the project and what it will not accomplish from both a program and infrastructure perspective?

Strategic Alignment

Purpose of the Strategic Alignment Section:

The reason for writing the Strategic Alignment Section is to provide the reader with an understanding of how the project aligns with the Capital Plan and the overall business plan of a Department. The project should align with GNWT Business Plan goals and, where appropriate, the Program Department. This section should clearly identify that the project is supported by all stakeholders and contributes to their long-term business direction and strategy. The section also identifies how a P3 would further support the goals of the program department and why other forms of alternate financing, such as capital bonds or debt financing are not appropriate.

Description:
Review the business plans of all internal stakeholders and identify specific goals that the project will help achieve.

Identify the extent to which the project will help achieve the various business plans' goals by scoring it using the following guidelines:

a) 1 indicates a high extent.
b) 2 indicates a medium extent.
c) 3 indicates a relatively low extent.

Goal from Department Business Plan	Level of extent	Explanation (if required)

Describe why undertaking a P3 approach will further support the strategic direction.

Describe how well the project meets the scope of a GNWT P3.

Describe why other alternatives to traditional procurement and financing (e.g. capital bonds) are not appropriate.

Checklist for Strategic Alignment:

a) Have business plan goals been included?
b) For goals that have been assigned a high level of impact, is the project truly critical to achieving the goal?
c) Does the explanation support the evaluation of how the project impacts the goal?
d) Does the project align with the current Capital Plan, strategic plan and business plan?
e) Will there be support for this project using a P3 approach?
f) Does the explanation support the elimination of other forms of alternative capital funding?

Business and Operational Impacts

Purpose of the Business & Operational Impacts Section:
The Business & Operational Impacts Section provides the reader with a list of all business and operational impacts for each stakeholder. Each impact is described and analyzed for each alternative (P3 and traditional).

Description:
For each stakeholder identify all impacts from the project. For a capital project these will include the following categories of impacts: technical, operational, acceptability, implementation and timing.

For each impact identify the magnitude of impact (high, medium, low, or none) for each alternative using the following guidelines:

- **High** indicates that the magnitude of impact is significant and stakeholder support and preparation is critical to the alternative's success
- **Medium** indicates that there is a manageable impact to the stakeholder
- **Low** indicates the alternative will have a minor impact to the stakeholder
- **None** indicates that the stakeholder will not be impacted by the alternative

If necessary, document the rationale for the evaluation.

Impact & Description	**Alternative 1**	**Alternative 2**	**Alternative 3**
Stakeholder 1:			
Technical Impacts			
Operational Impacts			
Acceptability Impacts			
Implementation Impacts			
Timing Impacts			
Stakeholder 2:			

Checklist for Business & Operational Impacts Section:

a) For each stakeholder, have all business & operational impacts been identified?
b) Has the magnitude of impact been accurately evaluated for each alternative?
c) Have all stakeholders been considered?
d) Have risks that specifically relate to each alternative been included?

Project Risk Assessment

Purpose of the Project Risk Assessment Section:

The Project Risk Assessment Section provides the reader with an understanding of the risks that are related to the P3 and traditional model alternatives and how these risks may vary by viable alternative. This section includes a risk mitigation strategy for each risk.

Description:

Identify and allocate all risks that may relate to each alternative (P3, traditional). A risk is a factor or event that may jeopardize the project from achieving the anticipated benefits or increase the cost of the project.

Risk Identification

Project risks have been identified and categorized by other agencies. The following table provides a checklist in helping to identify the risks a project can present.

Risk Category	**Description of risk**
Commissioning risk	The risk that the infrastructure will not receive all approvals to satisfy an output specification, such as expected changes in legislation which allow for a specific output specification not materializing
Construction risk	The risk that the construction of the assets required for the project will not be completed on time, budget or to specification
Demand (usage) risk	The risk that actual demand for a service is lower than planned

Design risk	The risk that the proposed design will be unable to meet the performance and service requirements in the output specification
Environmental risk	The risks that the project could have an adverse environmental impact, which affects project costs not foreseen in the environmental impact assessment
Financial risk	The risk that the private sector over stresses a project by inappropriate financial structuring
Force majeure risk	An act occasioned by an unanticipated, unnatural or natural disaster such as war, earthquake or flood of such magnitude that it delays or destroys the project and cannot be mitigated
Industrial relations risk	The risk that industrial relations issues will adversely affect construction costs, timetable and service delivery
Latent defect risk	The risk that an inherent defect exists in the structure being built or equipment used, which is not identified upfront and which will inhibit provision of the required service
Operating risk (service under-performance)	The risks associated with the daily operation of the project, including an unexpected change in operation costs over budget
Performance risk	The risk that the operator will not perform to the specified service level, such as a power generator supplying less power than demanded
Change in law risk	The risk that the current regulatory regime will change materially over the project or produce unexpected results
Residual value risk	The risk that the expected realizable value of the underlying assets at the end of the project will be less than expected
Technology obsolescence risk	The risk that the technology used will be unexpectedly superseded during the term of the project and will not be able to satisfy the requirements in the output specification
Upgrade risk	The risks associated with the need for upgrade of the assets over the term of the project to meet performance requirements

Having identified and allocated the risks engendered by a project the next task is to establish the expected value of those risks. A possible approach to estimating the value of the risks could include assessing their costs and probability of the risks. These costs should be reflected in the Value Analysis Section.

For each risk, identify the probability of the risk occurring and the financial impact it may have on each alternative, using the following guidelines:

- **Impact of Risk ($)**
  a) High indicates that the event has a significant impact to the project
  b) Medium indicates that the event will impact the project
  c) Low indicates that the impact is relatively minor to the project
  d) None indicates that the risk will not impact the project

- **Probability of Risk (%)**
  a) High indicates that the event is high likely to occur
  b) Medium indicates that the event is likely to occur
  c) Low indicates that the event is not likely to occur

- **Expected Value ($)**
  Is the weighted average of dollar value impacts

  (i.e. [High Impact ($) x High Probability (%)] + [Med Impact ($) x Med Probability (%)] + [Low Impact ($) x Low Probability (%)] = Expected Value ($))

- **Allocation**
  a) Government – Government retains responsibility for managing the risk.
  b) Private Sector – Risk is transferred to the Private Sector. They are responsible for managing the risk.
  c) Shares – Government and Private Sector shares responsibility for managing the risk

If necessary, document the rationale for the evaluation. Typical risk to consider in capital projects would be: commission risks, construction risks, demand (usage) risks, design risks, environmental risks, financial risks, force majeure risks, industrial relations risks, latent defect risks, operating (service under-performance) risks, performance risks, change in law risks, residual value risks, technology obsolescence risks, and upgrade risks.

Risk	Impact ($)			Probability (%)			Expected Value ($)	Allocation
	High	Med	Low	High	Med	Low		
P3								
Risk 1 /Risk 1 Mitigation								
Risk 2 /Risk 2 Mitigation								
Risk 3 /Risk 3 Mitigation								
etc								
Traditional								
Risk 1 /Risk 1 Mitigation								
Risk 2 /Risk 2 Mitigation								
Risk 3 /Risk 3 Mitigation								
etc								

Checklist for Project Risk Assessment

1. Have all risks been identified?
2. Have all risks specific to each alternative been identified?
3. For each risk has the specifics of each alternative been taken into consideration when evaluating the probability and impact?
4. Has the value and allocation of each risk been supported?
5. Has a risk mitigation strategy been identified for unacceptable levels of risk?

Value Analysis

Public Sector Comparator:

Wherever possible, the costing for the public sector comparator (PSC) is based on previous infrastructure projects. The Department of Public Works and Services can provide benchmark costing that may help in identifying the costs. These costs should include the internal cost of undertaking the project. The public sector comparator alternative is used to establish the full and true cost of providing a facility and/or a service under a traditional procurement model. It will serve as a "benchmark" to evaluate the P3.

The PSC is an extension of the preliminary analysis completed during the feasibility assessment

Shadow Bid

The PSC establishes a benchmark for comparison purposes. However, the PSC alone does not allow an estimation of potential P3 costs/benefits. As part of the Detailed P3 Analysis, the detailed Shadow Bid is developed to estimate the potential costs and to identifying areas where expected benefits could occur. This Shadow Bid is developed by modeling the project as if it were delivered as a P3 procurement. The analysis should include one-time costs of establishing the partnership, including the procurements process, as well as, costs associated with monitoring the contract and liaising with the partner through the life of the contract.

The detailed shadow bid should be prepared with the assistance from experts in financial modeling, cost management and project delivery. Private sector advisors may be used but they cannot then participate on a Proponent team.

The shadow bid is an extension of the preliminary analysis completed during the feasibility assessment

Quantitative Analysis – Financial Cost & Benefit:

Full Life Cycle Cost Analysis

The detailed analysis will include a full life cycle cost analysis. All costs and expected benefits resulting from the P3 alternative should be analyzed and compared to the costs and benefits of a PSC. This methodology provides the reader with a total cost picture and includes both capital and operating expenditures.

The full life cycle cost analysis is an extension of the preliminary analysis completed during the feasibility assessment.

Sample of a Summary Cost Benefit Template:

Summary of Quantitative Cost/Benefit	**PSC**	**P3**
Capital Items		
Annual Items:		
Leases		
Program		

Building Operations		
Cyclical Items		
Receipts		
Residual Value		
Total NPV over 25 years		

Sample Costing Template for each Alternative:

Quantitative Analysis – Alternative1	**Year 0**	**Year 1**	**Year 2**	**…**	**Year 25**
Capital Items:					
Planning and bridging					
Construction					
Building Purchases					
Land Purchases					
Specialized Equipment					
Information Technology					
New Furnishings					
Change Orders/Scope Changes					
Annual Operating Items:					
Program Salary and Benefits					
Program Supplies and Services					
Leases					
Building Operations					
Cyclical Items:					
Building maintenance					
Information Technology					
Furnishings					
Receipts:					
3rd Party Lease Revenue					
Parking Revenue					

Sale of existing land					
Sale of existing buildings					
Residual Value:					
Buildings					
Land					
Net Cost (Revenue):					
Net Present Value (X%):					

Provide a projection of the total annual payments, including annual operating and maintenance costs, which would be incurred over the concession period and how these costs will be accommodated within the Department's Business Plan and the Government's fiscal plan.

Sensitivity Analysis

The estimated NPV life cycle cost will be based on a number of assumptions. A sensitivity analysis should be undertaken to show the effects of different assumptions on the relative value for money of the procurement options. This analysis should be used to identify the changes in assumptions that are significant enough to change the recommendations. The analysis should assess the change to one or other of the procurement options (traditional or P3) but not both at the same time. The assessment should also identify which assumptions are most likely to change, the level of uncertainty and whether these assumptions are significant in the value for money estimate.

Qualitative Analysis – Non-Financial Benefits & Costs:

Some of the costs and benefits may not be quantifiable (difficult to attach a dollar value).

Examples of non-financial benefits typically associated with a P3 alternative are:

- Improved service quality
- Increased innovation resulting in more effective and/or efficient delivery of service
- Additional social and economic benefits
- Risk transfer as a benefit

Examples of non-financial costs typically associated with a P3 alternative are:

- Loss of control or accountability
- The change associated with partnering
- Loss of in-house expertise
- Risk transfer as a liability

All non-financial benefits and costs should be outlined for each alternative

Qualitative Summary	Description	Stakeholder(s) Impacted
Benefits:		
Benefit 1	Description of benefit 1	
Benefit 2	Description of benefit 2	

Costs:		
Cost 1	Description of Cost 1	
Cost 2	Description of Cost 2	

Assumptions

All assumptions used to determine, both quantitative and qualitative, costs and benefits should be clearly documented. This would include general assumptions as well as assumptions specific to each alternative. Any assumptions used to forecast the status quo, develop the public sector comparator, and establish the P3 alternative should be well documented. These assumptions will be re-visited as the project moves through the various stages of implementation and may be changed or removed.

Checklist for Cost/Benefit Analysis Section

1. Has a Public Sector Comparator been included for comparative purposes?
2. Are assumptions applied equally across alternatives?
3. Has the discount rate been identified and consistently applied to each alternative?
4. Has an inflation factor been used fairly and consistently across each alternative?

Conclusions and Recommendations

Purpose of the Conclusion & Recommendation Section:

The Conclusion & Recommendation Section provides the reader with a selected alternative based on an overall evaluation of the alternatives in terms of impact, risk, and cost/benefit. Specific recommendations for moving the project forward are also presented.

Conclusions

Description: This section will recap each of the alternatives based on their Business & Operational Impact, Project Risk Assessment, and Value Analysis. Based on these results, a conclusion on which alternative should be chosen is made.

	Traditional	**P3**
Business & Operational Impact	Describe overall assessment	Describe overall assessment
Risk Assessment	Describe overall assessment	Describe overall assessment
Quantifiable Value Analysis	Describe overall assessment	Describe overall assessment
Non-quantifiable Value Analysis	Describe overall assessment	Describe overall assessment

Choose the recommended alternative based on the above recap, selecting the alternative that maximizes the effectiveness and efficiency, minimizes the government's exposure to risk, and clearly shows value for money.

Identify how payments will be accommodated within the Departments Business Plan and the government's fiscal plan.

Recommendations

Description:
This section will make specific recommendations on proceeding with the project using a P3 approach.

The extent of the recommendation may range from recommending approval for full project implementation to recommending a more detailed requirements analysis be done to validate some key P3 analysis components.

Implementation Strategy

Purpose of the Implementation Strategy Section:
The Implementation Strategy Section is to ensure that those approving the P3 Analysis understand the resources they must allocate (people, dollars, time) to complete the recommended next steps of the project, and ensure successful implementation of the project.

Description:
Outline the proposed implementation plan for the recommended next steps at a high level.

This section should include:

- Major project phases
- High-level work plan, deliverables and target dates for completion
- Costs ($) required to carry out the implementation plan
- Personnel (departments, roles, competencies) required
- Outside resources required (consultants, etc)
- Proposed implementation project structure
- Assign responsibility for implementing and monitoring the risk mitigation strategies.
- Post Implementation Review approach

Review and Approval

Purpose of the Review & Approval Process Section:
The purpose of writing the Review & Approval Section is to clearly present the reader with whom and how the business case has been reviewed and approved. This section will also contain the final outcome of the business case. If the business case is approved the evidence of the approval should be included. If the business case is not approved, the business decision behind either rejecting the project or deferring the project should be documented.

Review Process

Description: Who will review the business case?

Approval Process

Description: What is the approval process and who is involved?

Business Case Signoff

Description: The business case should be signed and dated by the approving person(s), indicating whether or not the business case is approved. If applicable, approval conditions should be identified. If the business case is not approved, reasons for the decision should be documented.