



Public Works and
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PROJECT REPORT RCMP E DIVISION HEADQUARTERS RELOCATION PROJECT





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PROJECT DESCRIPTION

BACKGROUND

The Royal Canadian Mounted Police (RCMP) E Division Headquarters Relocation Project is a Major Crown initiative to relocate and consolidate existing RCMP headquarters units throughout Metro Vancouver to a new location in the City of Surrey known as the Green Timbers Site, at 14200 Green Timbers Way. The Project is the Government of Canada's first public-private partnership (P3) accommodations project and represents the largest federal accommodations project in the Pacific Region to date. The P3 contract with the private partner includes design, construction, finance, and facility management services and lifecycle refurbishment for a 25-year period following construction.

Presently, the core of the E Division Headquarters is located at the Fairmont site at 37th Avenue and Heather Street in the City of Vancouver. These accommodations were non-purpose built, are significantly overcrowded, poorly located

operationally and are reaching the end of their useful life. This situation has been compounded by rapid and continued growth in E Division Headquarters' functions, which has required the acquisition of additional office and special purpose space in various locations throughout Metro Vancouver. The RCMP E Division Headquarters is currently composed of over 20 crown owned and leased spaces.

The need for a new E Division Headquarters facility was first identified over 20 years ago. That need is now critical and a new facility is required in order to maintain operational efficiency. The existing facilities, which date from 1912 onward, are neither purpose-built nor suitable in terms of space, adjacencies, systems and technology. The current locations and aging facilities do not adequately support RCMP service delivery requirements and are no longer sustainable.



Construction of the new RCMP E Division Headquarters
(October 15, 2010)

RATIONALE

The RCMP E Division Headquarters Relocation Project is critical in supporting the RCMP's ability to respond to the safety and security issues of the twenty-first century.

The 14.8 hectare site, located in Green Timbers Urban Forest, was acquired by Public Works and Government Services Canada (PWGSC) in 2005 specifically to provide a central, integrated, purpose built headquarters facility for E Division.

The new facility will:

- improve the federal, provincial and municipal operations of the RCMP;
- improve operational efficiencies;
- enhance integrated and intelligence-based policing;
- improve responses to natural disasters;
- meet current and anticipated future safety and security requirements;
- enable better access to highways and major roadways;
- enable greater collaboration between international, national, provincial and municipal partners;
- provide sustainable, purpose-based office accommodations for over 2700 personnel; and
- accommodate future growth.

The development of a federal office complex for the RCMP will reduce the long-term costs of accommodation for the Government of Canada and hence the taxpayer. Savings will be realized through the elimination of rising leasing costs over the long run and savings in the amount of space required by the RCMP through consolidation.

THE FACILITY

The new headquarters complex will be approximately 76,162 square-metres in size and provide office and purpose built accommodation for over 2,700 E Division Headquarters personnel.

It will include a:

- seven-storey office building;
- post disaster building; and
- high bay garage/workshop.

The Project will also include 1,810 parking spaces and the design and construction of roads and services.

The Facility will be consistent with national standards set for RCMP Headquarters projects in development across Canada. Special operating requirements relate to operations, security and communications/data.

The Facility will meet LEED® (Leadership in Energy and Environmental Design) Canada gold certification, incorporating the latest in green technology and standards for construction and facilities management.

WHY A PUBLIC-PRIVATE PARTNERSHIP

Government of Canada facilities are intended to provide best value for citizens, by supporting service delivery with effective, efficient and economical space and fit-up. For the RCMP E Division Headquarters Relocation Project, the Government of Canada required an option that would address affordability issues and provide citizens with the best value for money, while also meeting the goal of improved operational capacity for the RCMP.

Four main options were considered:

- traditional crown-construct;
- public-private partnership;
- lease; and
- the status quo.

After an extensive review process, the Government of Canada concluded that in this circumstance a Public-Private Partnership, Design, Build, Finance and Maintain (P3-DBFM) procurement option would address affordability issues, allow for optimal risk sharing, provide citizens with best value for money, and meet the goal of improving operational capacity for the RCMP.

This option:

- leverages private sector capacity and innovation;
- provides incentives for the private partner to find efficiencies in facility design, construction and operation; and
- allocates risk to the partner best positioned to manage it so costs can be minimized.

In this case, the P3 approach provides the Government of Canada with the financial certainty it requires and will ensure the Facility is delivered on-time and on-budget. It enables effective financial management with predictable and steady funding, since annual payments are pre-determined for the 25-year operating period, without sporadic demands for funding to cover lifecycle maintenance and recapitalization costs.

As part of the Project Agreement, the private partner has agreed to a fixed budget and time schedule with any increase in material costs or delays in construction being its responsibility. The Agreement provides for strong financial incentives to the private partner for timely delivery, giving the Government additional certainty that the Project



GTAP Artist Rendering of Future RCMP E Division HQ



will remain within scope, budget and schedule, and therefore provide best value for money for Canadians. Furthermore, the performance-based contract is specifically designed to ensure that the facility is maintained and service standards met throughout the life of the Agreement.

In this case, the P3-DBFM approach has also allowed the Government to fund the Project within existing allocations of both PWGSC and the RCMP, with no additional resources being requested from the Government's fiscal framework.

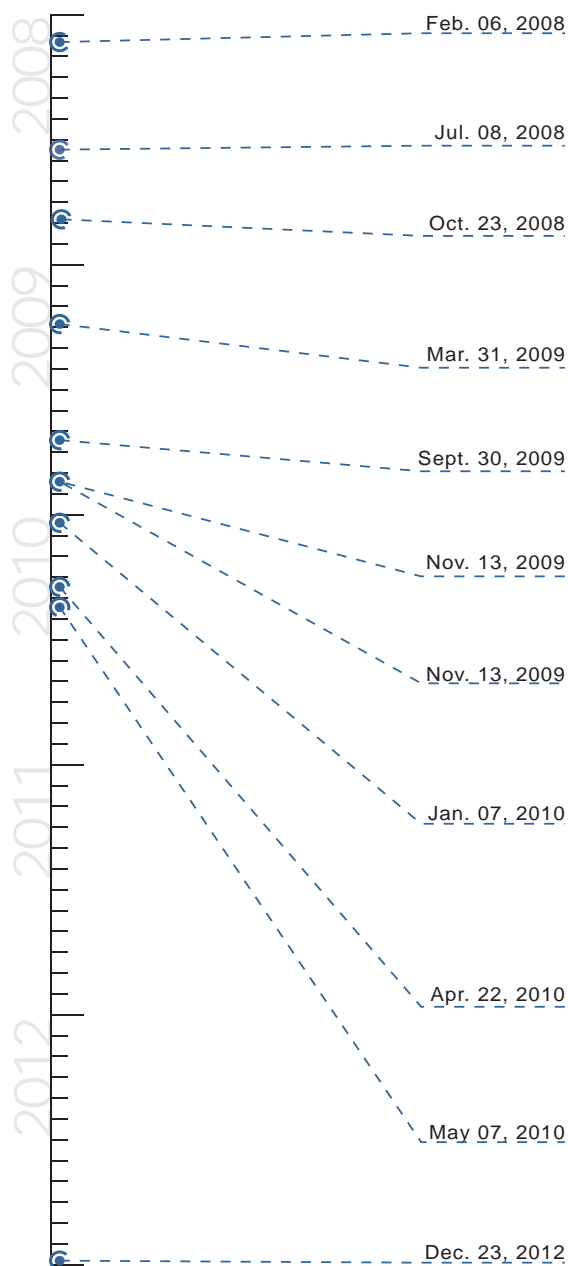
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COMPETITIVE SELECTION PROCESS

The winning proponent, Green Timbers Accommodation Partners, was selected after a fair and competitive procurement process that

included both a Request for Qualifications (RFQ) and Request for Proposals (RFP) stage, all overseen by the independent Fairness Monitor.



Advanced Vendor Notification issued through MERX (the electronic procurement system used by Canada).

Request for Qualifications (RFQ) issued through MERX.

RFQ Evaluation results in 3 teams being short-listed to participate in the Request for Proposals (RFP) to Design, Build, Finance and Maintain the new E Division HQ.

Request for Proposals (RFP) issued to the three short-listed teams.

RFP Technical Submissions provided to Canada by the three short-listed teams.

RFP Financial Submissions provided to Canada by the three short-listed teams.

RFP Closes and submissions are evaluated based on the criteria and requirements set out in the RFP and agreed to by all Proponents.

Preferred Proponent Identified following an extensive and comprehensive evaluation process. Green Timbers Accommodation Partners provided the proposal that was judged the winner.

Project Agreement Signed between the Government of Canada and Green Timbers Accommodation Partners on April 22, 2010 for a fixed price of \$966 million.

Official Groundbreaking Ceremony where the contract award was announced.

Construction Completed



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PROCUREMENT PROCESS

The procurement process was designed to identify the optimal balance between quality and cost through all phases of the Project (design, construction, services and maintenance) to ensure best value for money for citizens. Proponents were asked to submit proposals that would consider both quality and price to best meet Canada's needs and requirements.

The Request for Proposals stipulated a maximum price that the Proponents were required to consider. This affordability ceiling was carefully established to ensure that Canada achieved value for money within existing budget limits and clearly communicated Canada's expectations to the Proponents.

PROCESS FAIRNESS

PWGSC engaged an independent Fairness Monitor (John R. Singleton, Q.C. of Singleton Urquhart in Vancouver) to ensure that the entire procurement process was fair, and without bias or favouritism to any party. The Fairness Monitor, who had access to all evaluation activities and was present at all meetings and reviews, identified this particular process as having been "exemplary" in his post evaluation report.

PROJECT AGREEMENT SUMMARY

A Project Agreement between the Government of Canada and Green Timbers Accommodation Partners was signed on April 22, 2010 for a fixed price of \$966 million. Included in this amount is \$263 million for design and construction (including \$120 million which will be paid by Canada during the construction phase) and \$703 million for project financing, building maintenance, and lifecycle repair and renewal over the term of the agreement. Additionally, Canada will pay \$8.9 million in insurance costs over the 25 year period for a total of \$975 million. The Government of Canada will retain ownership of the Green Timbers site and facility at all times.

Green Timbers Accommodation Partners has also agreed to a time schedule that will see the construction of the facility completed by December 23, 2012 at the latest.

To ensure the facility is maintained and service standards met throughout the life of the

performance-based Agreement, a payment mechanism has been established whereby Green Timbers Accommodation Partners incurs deductions for service failures and space unavailability. The level of deductions would be proportional to the severity and frequency of the non-performance.



Signing of the Project Agreement.

WHO IS GREEN TIMBERS ACCOMMODATION PARTNERS?

Green Timbers Accommodation Partners is a consortium of multiple companies, each filling a specific role within the organization.

Consortium sponsors:

- HSBC Infrastructure
- Bouygues Bâtiment International
- ETDE Facility Management Canada.

Design:

- Kasian Architecture

Construction:

- Bouygues Building Canada
- Bird Construction

Facilities Management Services:

- ETDE Facility Management Canada

ACHIEVING VALUE FOR MONEY

At preliminary project approval direction was given to PWGSC to determine if a P3 approach would produce value for money (VfM). After being advised by PricewaterhouseCoopers that VfM existed on both a quantitative and qualitative basis, the Project Team proceeded with a P3-DBFM procurement process.

During the entire process, the VfM analysis was continually monitored and updated by PricewaterhouseCoopers, which found that the P3-DBFM option delivered the best VfM when

compared to Design-Build, Design-Bid-Build and Lease Purchase options.

The final VfM analysis from PricewaterhouseCoopers post-financial close found that the Project Agreement reached with Green Timbers Accommodation Partners resulted in a \$68 million savings (net present cost) to the Government of Canada compared to what traditional methodologies would have provided.



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