



# Value for Money Assessment

Finch West Light Rail Transit

May 2018

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# I. EXECUTIVE SUMMARY

This report provides a summary of the procurement process for the Finch West Light Rail Transit (LRT) project and demonstrates how value for money was achieved by delivering the project using Infrastructure Ontario's (IO) Alternative Financing and Procurement approach.

## ► Infrastructure Ontario

IO is a Crown agency owned by the Province of Ontario that provides a wide range of services to support the Ontario government's initiatives to modernize and maximize the value of public infrastructure and realty. Projects delivered by IO are guided by five key principles: transparency, accountability, value for money, public ownership and control, and public interest are paramount.

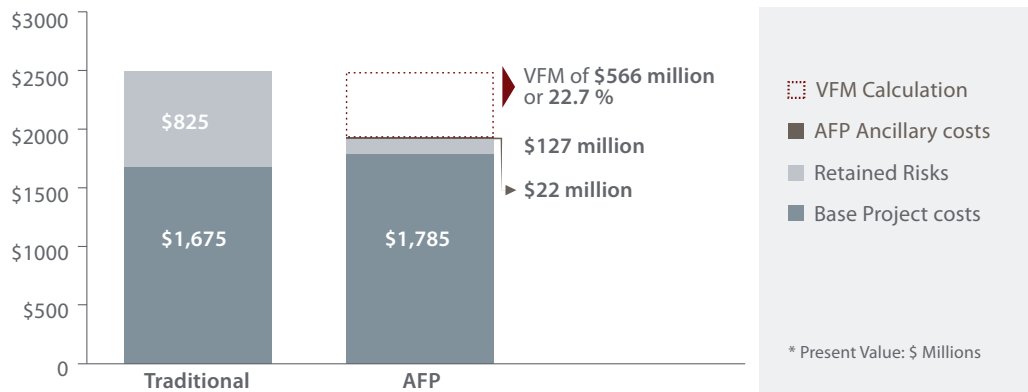
## ► Alternative Financing and Procurement in Ontario

IO delivers public infrastructure projects using a project delivery model called Alternative Financing and Procurement (AFP). The AFP model brings together private and public sector expertise in a unique structure that transfers to the private sector partner the risk of project cost increases and scheduling delays typically associated with traditional project delivery. The goal of the AFP approach is to deliver a project on time and on budget and to provide real cost savings for the public sector.

All projects with a cost greater than \$100 million are screened for their suitability in being delivered as an AFP project. The decision to proceed with an AFP delivery model is based on both qualitative considerations (e.g., size and complexity of the project) and a quantitative assessment. The quantitative assessment, called Value for Money (VFM), is used to assess whether the AFP delivery model will achieve greater value to the public compared to a traditional public sector delivery model. VFM compares the estimated total project costs of delivering public infrastructure using AFP relative to the traditional delivery model.

## ► Achieving Value for Money

The VFM assessment of the Finch West Light Rail Transit (LRT) project indicates an estimated cost savings of \$566 million or 22.7 percent (in present value terms) by using the AFP approach compared to traditional delivery.



# I. EXECUTIVE SUMMARY

## ► External Review

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As part of the procurement process and VFM assessment, two external parties were retained by IO:

- Deloitte was retained to complete the VFM assessment; and,
- P1 Consulting acted as the Fairness Monitor for the project.

## II. PROJECT HIGHLIGHTS

### ► Finch West LRT Project



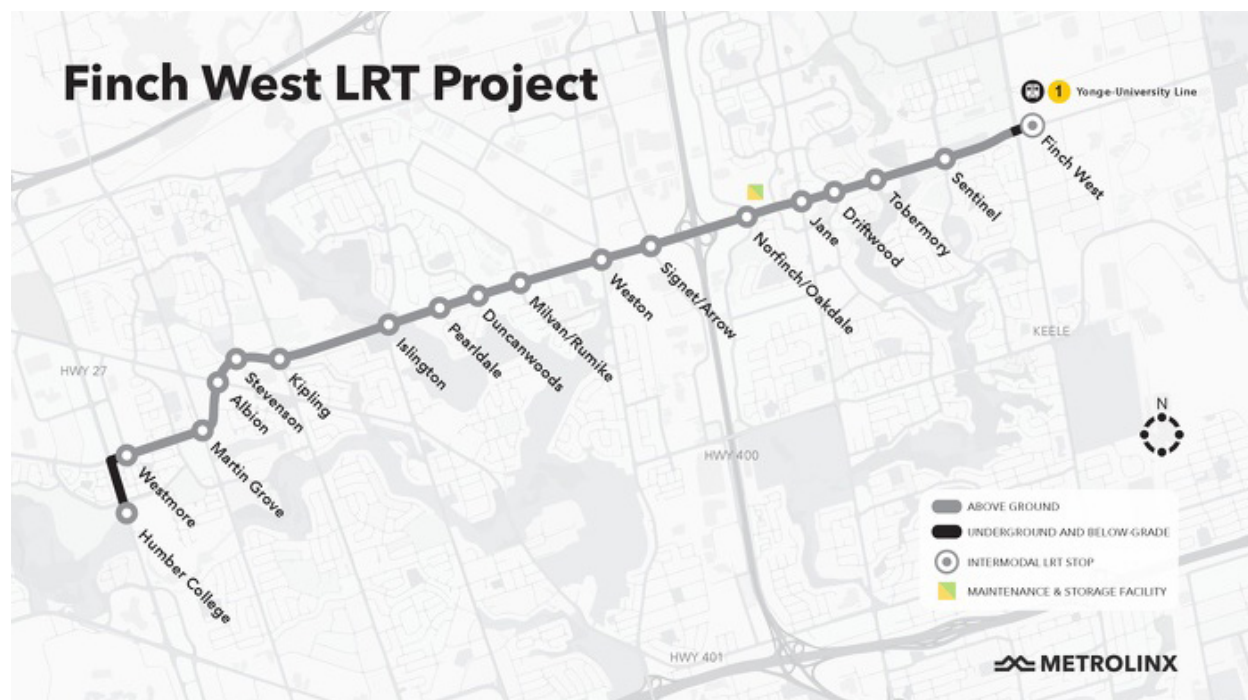
Renderings Courtesy of Metrolinx/Mosaic Transit Group

<b>Purpose</b>	To deliver the Finch West LRT, an integral component of Metrolinx's long-term plan for an integrated transportation network in the Greater Toronto and Hamilton Area.
<b>Project Owner</b>	Metrolinx
<b>Private Partner</b>	Mosaic Transit Group
<b>Location</b>	Toronto
<b>Project Type</b>	Design-Build-Finance-Maintain (DBFM)
<b>Infrastructure Type</b>	Transit
<b>Contract Value</b>	\$2.48 billion (nominal/including inflation)
<b>Construction Period</b>	2018 to 2023
<b>Length of Project Agreement</b>	35 years: 5 years construction + 30 years maintenance and rehabilitation
<b>Estimated Value for Money (Present Value)</b>	\$566 million or 22.7 percent

### ► Background

The Finch West LRT is a light rail transit line that will run across Finch West Avenue in Toronto between Highway 27 at Humber College and connecting to the Finch West Subway Station at Keele Street. The 11-kilometre corridor includes 18 stops, linking to bus routes, a subway station and GO Transit lines. The project also includes a maintenance and storage facility for the light rail vehicles and other required components, such as track works, signaling, communications, and public realm infrastructure.

## II. PROJECT HIGHLIGHTS



The Finch West LRT is a significant provincial investment in support of Metrolinx's Regional Transportation Plan for the Greater Toronto and Hamilton Area (GTHA). It is a signature transit project in the Toronto area that will offer new reliable transit to Toronto residents, integrate transit services, help manage congestion, connect people to jobs and improve the economy and residents' quality of life.

### ► Objectives

Through the Moving Ontario Forward plan, the province is investing in priority rapid transit projects that will connect to GO Transit and other transit systems across the GTHA. These projects will increase transit ridership, reduce travel times, manage congestion, connect people to jobs and improve the economy.

The Finch West LRT is expected to provide service that is up to 60 percent faster than bus service today. The LRT will enhance access to public transit and help manage congestion to produce significant benefits for commuters as well as revitalize development along the Finch West Avenue corridor.

Overall key objectives of the Finch West LRT include:

- Increase urban transit capacity
- Manage congestion
- Seamless customer experience
- Minimize disruption during construction
- Design excellence
- A maintained asset for the long-term.
- Deliver on-time, on budget
- Public ownership

## II. PROJECT HIGHLIGHTS

### ► Project Scope

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The project agreement with Mosaic Transit Group contains their requirements to:

- Design and Construct – lead the design and construction of the Finch West LRT for completion in September 2023;
- Finance – secure sufficient financing to finance the construction and capital costs over the term of the project;
- Maintain – provide facility management and lifecycle maintenance of the LRT system and components for a 30-year service period as per maintenance performance standards in the project agreement; and
- Third-Party Certification – obtain a third-party independent certification that the LRT system is built to the requirements of the Province as outlined in the project agreement.

### ► Economic Benefits & Job Creation

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The project is generating economic stimulus by creating and supporting jobs. At the peak of construction, Mosaic estimates that 600 workers will be on the site daily, with more opportunities for subcontractors as the project progresses.

In addition, the LRT project is the second AFP project to include Metrolinx's Community Benefits program that will help contribute to economic opportunities, training and workforce development, social enterprises and procurement opportunities and neighbourhood improvements.

Benefits will also be visible along Finch West Avenue. Planning for the LRT project is consistent with urban design principles of the City of Toronto. Transit-oriented development, upgrades to streetscaping, new trail connections and bike lanes at sites along the LRT corridor will support strategic planning practices. Collectively, these features will help to contribute to revitalization and future development initiatives along a significant portion of the city's landscape.

### III. ACHIEVING VALUE FOR MONEY

Value for money assessment for the Finch West LRT project demonstrates a project costs savings of:

▶ **566 million or 22.7%**

The VFM assessment methodology is outlined in *Assessing Value for Money – An Updated Guide to Infrastructure Ontario’s Methodology*, which can be found at [www.infrastructureontario.ca](http://www.infrastructureontario.ca).

#### ▶ Value for Money Concept

The VFM compares the estimated total-risk adjusted project costs, expressed in dollars measured at the same point in time, of delivering the same infrastructure project under two delivery models: the Traditional Design, Bid, Build (DBB) model and the AFP model.

##### MODEL # 1:

###### Traditional DBB Delivery (PSC)

Estimated costs to the public sector of delivering an infrastructure project using a traditional procurement delivery model.

Total risk-adjusted costs are known as the Public Sector Comparator or PSC Costs.

##### MODEL # 2:

###### AFP Delivery

Estimated costs to the public sector of delivering the same project to the identical specifications using the AFP delivery model.

Total risk-adjusted costs are known as AFP Costs.

$$\left\{ \text{Value for Money \$} = \text{PSC Costs} - \text{AFP Costs} \text{ or } \text{Value for Money \%} = \frac{(\text{PSC Costs} - \text{AFP Costs})}{\text{PSC Cost Costs}} \right\}$$

The difference between the total estimated PSC costs and the total estimated AFP costs is referred to as VFM. Positive VFM is demonstrated when the cost of delivery under AFP is less than PSC.

#### ▶ Calculating Value for Money – Inputs & Assumptions

The VFM is assessed and refined throughout the entire procurement process to reflect updated information and NTC project actual bid costs. All costs and risks in this report are expressed in present value terms and have been discounted back to present terms.

The VFM assessment relies on a number of inputs and assumptions, including:

- ▶ 1. Base Project Costs
  - ▼ 1.1. Adjusted Base Costs (design and construction as applicable)
  - ▼ 1.2. Financing Costs
- ▶ 2. AFP Ancillary Costs
- ▶ 3. Retained Risks



### III. ACHIEVING VALUE FOR MONEY

#### 1. Base Project Costs

##### ▼ 1.1. Calculation of Base Costs

Traditional Delivery Model (PSC)		AFP Delivery Model	
Base Costs adjusted for:	(\$)	Base Costs adjusted for:	(\$)
Innovation Factor	N/A	Innovation Factor	↓ to Construction Costs
Lifecycle Cost Adjustment Factor	↓ to Lifecycle Costs	Lifecycle Cost Adjustment Factor	N/A
<b>Adjusted Base Costs</b>	<b>Base Costs (\$) +/- Adjustments</b>	<b>Adjusted Base Costs</b>	<b>Base Costs (\$) +/- Adjustments</b>
Estimated Savings / (Costs) in Base Costs under the AFP Model			PSC – AFP

Base costs in this scenario include design, construction, maintenance and lifecycle costs. In the estimation of base costs, IO relies on external cost consultants to estimate the costs of the project. This becomes the starting point for both the PSC and AFP models. These costs are then adjusted for:

- ▶ An innovation factor – the VFM methodology includes an innovation factor which recognizes that the base cost of the AFP model will be lower than the PSC model as a result of:
  - ▶ the use of performance-based specifications in AFP projects allow contractors to consider innovative and alternative ways to deliver a project, such that project costs are lower as compared to a traditional delivery which uses more prescriptive specifications; and,
  - ▶ an increased competitive environment on AFP projects which have resulted in cost reductions.
- ▶ A lifecycle cost adjustment factor – experience suggests that typically governments will under-spend on lifecycle maintenance for projects delivered under traditional delivery methods. Whereas, for DBFM projects, the AFP model requires the private sector partner to meet specifications which ensures the asset is well maintained over the project term. The VFM methodology captures this by reducing the actual spend on lifecycle costs in the PSC model over the 30-year operating term and quantifying the expected impact and costs of this deferred maintenance in the risk assessment. The net impact results in an overall increase in PSC costs.

##### ▼ 1.2. Financing Costs

Traditional Delivery Model (PSC)		AFP Delivery Model	
Financing Costs	Public sector notional financing costs	Financing Costs	Private sector financing costs
Estimated Savings / (Costs) from Financing under the AFP Model			PSC – AFP

### III. ACHIEVING VALUE FOR MONEY

One of the common elements of the AFP model is the use of private finance for some or all of the project period. Under the traditional delivery model, the public sector makes progress payments throughout construction. Whereas under the AFP model, the government pays a portion of construction costs during construction as interim payments and/or pays the entire amount at the end of the construction period.

Financing costs are reflected as follows:

- ▶ Traditional Delivery Model or PSC - the public sector notionally incurs an “opportunity cost” for having paid earlier as compared to the AFP model. The notional public sector financing cost is calculated at the current Provincial cost of borrowing or weighted average cost of capital. This cost is also reflected in the discount rate used to assess and compare the project costs
- ▶ AFP Delivery Model – the private sector party borrows at private financing rates to pay for project costs during construction and carries that financing until fully repaid by the public sector. This private sector financing cost is ultimately passed through to the public sector as a cost and reflected in the AFP model.

#### 2. AFP Ancillary Costs

Traditional Delivery Model (PSC)		AFP Delivery Model	
AFP Ancillary Costs	N/A	AFP Ancillary Costs	AFP costs
Estimated Savings / (Costs) from Financing under the AFP Model			PSC – AFP

There are significant costs associated with the planning and delivery of a large complex project. The VFM methodology quantifies the incremental ancillary costs arising under the AFP delivery model only. Ancillary costs typically incurred include legal, capital markets, fairness, transaction, and the cost of IO services.

#### 3. Retained Risks

Traditional Delivery Model (PSC)		AFP Delivery Model	
Retained Risks	PSC costs	Retained Risks	AFP costs
Estimated Savings / (Costs) from Retained Risks under the AFP Model			PSC – AFP

The concepts of risk transfer and mitigation are key to understanding the overall VFM assessment. To estimate and compare the total cost of delivering a project under the traditional delivery model versus the AFP model, the risks borne by the public sector, which are called “retained risks”, are identified and quantified. Details on how retained risks are identified and quantified are in *Assessing Value for Money – An Updated Guide to Infrastructure Ontario’s Methodology*, which can be found at [www.infrastructureontario.ca](http://www.infrastructureontario.ca)

Project risks are defined as potential adverse events that may have a direct impact on project costs. To the extent that the public sector retains these risks under both delivery models, they are included in the estimated cost under the PSC and AFP model as “retained risks”. Risks retained under the AFP model are lower than risks retained by the public sector under the PSC model. This reflects the transfer of certain project risks from

### III. ACHIEVING VALUE FOR MONEY

the public sector to the private sector and the appropriate allocation of risk between the public and private sectors based on the party best able to manage, mitigate, and/or eliminate the project risk.

As a result of a comprehensive risk assessment, the following are examples of key project risks that have been transferred or mitigated under the project agreement to Mosaic Transit Group:

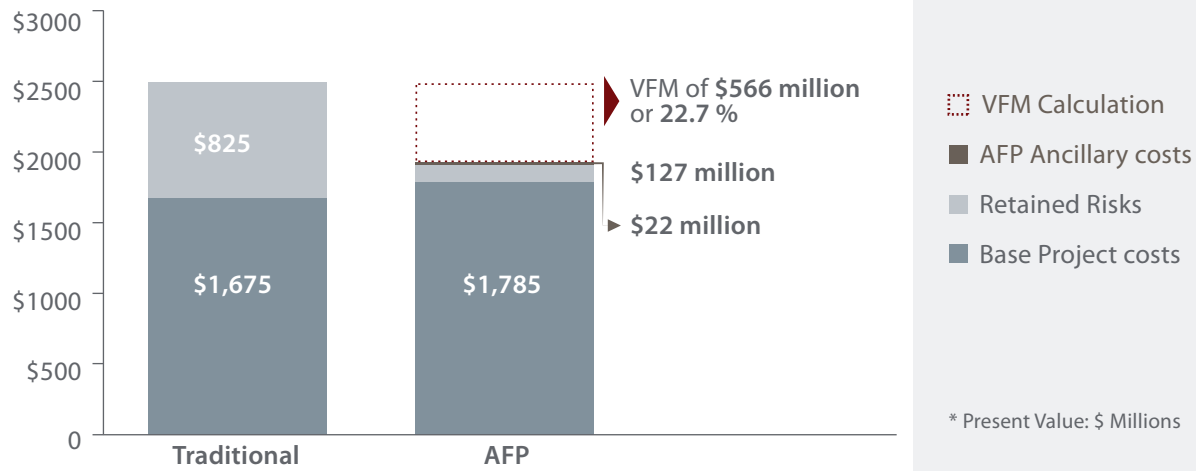
- ▶ Project Schedule – risk of a longer construction period and resulting in a higher total program cost.
- ▶ Scope Changes During Construction (directed by owner) – risk that the scope of work is changed by the owner during the construction.
- ▶ Asset Residual Risk – risk that at the end of the lifecycle, the asset residual value is less than expected because the quality of the asset is not equivalent to the handback requirements under a concession contract.
- ▶ Due Diligence (by the owner in preparation of tender in RFP) – risk that an insufficient level of due diligence is undertaken and communicated to the proponents resulting in reduced tolerance to risk and higher bid price.
- ▶ Quality Management – risk associated with meeting design standards and codes as they relate to long-term asset performance.

#### ▶ Finch West LRT Value for Money Results

The VFM assessment of the Finch West LRT indicates an estimated cost savings of \$566 million or 22.6 percent by using the AFP approach compared to traditional delivery.

<b>Traditional Delivery Model (PSC)</b>	<b>\$ Millions Present Value</b>	<b>AFP Delivery Model</b>	<b>\$ Millions Present Value</b>
I. Base Project Costs (Adjusted Base Costs + Financing)	\$1,675	I. Base Project Costs (Adjusted Base Costs + Financing)	\$1,785
II. AFP Ancillary Costs	N/A	II. AFP Ancillary Costs	\$22
III. Retained Risks	\$825	III. Retained Risks	\$127
<b>Total</b>	<b>\$2,500</b>	<b>Total</b>	<b>\$1,934</b>
Estimated Value for Money (cost difference)		\$566	
Estimated Percentage Savings		22.7%	

### III. ACHIEVING VALUE FOR MONEY



#### External Review

Deloitte completed the VFM assessment for the project. Their assessment demonstrates projected cost savings of 22.7 percent by delivering the project using the AFP model versus what it would have cost to deliver the project using a traditional delivery model (see letter on page 17).

P1 Consulting acted as the Fairness Monitor for the project. They reviewed and monitored the communications, evaluations and decision-making processes associated with the project, ensuring the fairness, equity, objectivity, transparency and adequate documentation of the process. P1 certified that these principles were maintained throughout the procurement process (see letter on page 18).

## IV. PROJECT AGREEMENT

### ► Highlights of the Project Agreement

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The Project Agreement signed between IO, Metrolinx and Mosaic Transit Group defines the obligations and risks of all parties involved. Key highlights that pertain to the construction and maintenance terms are below:

- **Contract Price Certainty** – A \$2.48 billion fixed-price contract (includes inflation at contractually determined rate on certain maintenance and lifecycle costs) to design, build, finance and maintain the Finch West LRT for a 30-year period. Any extra costs incurred as a result of a schedule overrun caused by the contractor will not be paid by the Province.
- **Scheduling, Project Completion and Delays** – Mosaic has agreed to a substantial completion date of September 2023. The schedule can be modified in limited circumstances in accordance with the project agreement. A sizeable payment will be made by the Province at substantial completion, providing further incentive for Mosaic to complete construction on time.
- **Site conditions and contamination** – Mosaic is responsible for managing and where required, remediating any contamination at the site. This includes contamination that was disclosed or reasonably anticipated from site condition reports, or that is caused by Mosaic or any of its parties.
- **Construction Financing** – Mosaic is required to finance the construction of the project and is responsible for any additional financing costs if there is a delay reaching substantial completion of the project.
- **Mechanical and Electrical Systems** – Mosaic is responsible for the performance and maintenance of LRT-system infrastructure such as trackwork, signaling, communications, security, mechanical and electrical systems as per the output specifications in the project agreement. Consistent operation and periodic replacement of parts or systems (components, hardware, finishes and seals, etc.) is required during the maintenance term.
- **Commission and Facility Readiness** – Mosaic must achieve a prescribed level of commissioning at substantial completion within the agreed-to schedule. This ensures Metrolinx will be able to achieve in-revenue service in September 2023.
- **Ongoing Maintenance and Lifecycle** – Mosaic must meet the performance requirements as outlined in the project agreement, for the maintenance and lifecycle renewal of the LRT system and its components. Mosaic will face deductions to their monthly payments if they do not meet the performance obligations during the 30-year maintenance term.
- **Asset Hand Back** – upon expiry of the 30-year maintenance term, Mosaic must hand back the infrastructure to the Province in good working order within specific prescribed standards. Financial penalties can be levied if the asset condition does not meet the prescribed requirements.

## V. COMPETITIVE SELECTION PROCESS

The procurement process for the Finch West LRT project, from RFQ to Financial Close, took 32 months to complete. The timeline also included re-scoping the procurement due to a vehicle contract dispute between the Sponsor and its contracted supplier.

After concluding a fair and competitive procurement process, Metrolinx and IO entered into a project agreement with Mosaic Transit Group to design, build, finance and maintain the project.

### ➤ Procurement Process

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#### i. Request for Qualification | September 8, 2015

- Metrolinx and IO issued a request for qualifications (RFQ) to solicit interested parties to design, build, finance and maintain the Finch West LRT.
- In November 2015, the RFQ period closed and the Sponsors received statements of qualifications from three teams.
- RFQ submissions were evaluated by IO and Metrolinx. High standards were set to ensure the pre-qualified consortia exceeded the technical and financial standards required for this complex and large project. The evaluation process resulted in three proponents being pre-qualified.

#### **FACT Partners**

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- Applicant Lead: EllisDon, Bechtel
- Construction: EllisDon, Bechtel
- Design: Bechtel, HDR Corporation
- Maintenance: EllisDon, Bechtel
- Financial Advisor: EllisDon Capital

#### **Humber Valley Transit Partners**

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- Applicant Lead: SNC-Lavalin, Graham
- Construction: SNC-Lavalin, Graham
- Design: SNC-Lavalin, IBI Group
- Maintenance: SNC-Lavalin, ACI
- Financial Advisor: National Bank, Scotia Capital

#### **Mosaic Transit Group**

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- Applicant Lead: ACS Infrastructure Canada Inc., Aecon Concessions – a division of Aecon Construction Group Inc., CRH Canada Group Inc.
- Construction: Aecon Infrastructure and Management Inc., Dragados Canada Inc., Dufferin Construction Company – a division of CRH Canada Group Inc.
- Design: Arup Canada Inc., Dillon Consulting Limited, DPM Energy Inc., DTAH, Perkins + Will Canada Inc., Sener SES Canada Inc.
- Maintenance: ACS Infrastructure Canada Inc., Aecon O&M – a division of Aecon Construction Group Inc.
- Financial Advisor: RBC Dominion Securities Inc.

#### ii. Request for Proposals | February 19, 2016

- A request for proposals (RFP) was issued to the pre-qualified proponents, setting out the bid process and proposed project agreement for the project.
- The proponents spent 22 months preparing high-quality, competitive submissions.

## V. COMPETITIVE SELECTION PROCESS

### iii. Proposal Submission | December 13, 2017

- ▶ The RFP period closed on December 13, 2017. All proponents submitted bids on time.
- ▶ December-April 2018: bids were evaluated using criteria as set out in the RFP by evaluation teams comprised of subject matter experts from IO, Metrolinx and technical consultants enlisted by the Sponsors, and approved by an evaluation committee, all pursuant to an evaluation framework. The extensive evaluation process resulted in Mosaic Transit Group receiving the highest overall score.
- ▶ In April 2018, the 'first-ranked proponent' – also referred to as the First Negotiations Proponent – Mosaic Transit Group, was then notified of their standing.

### iv. Preferred Proponent Notification | April 11, 2018

- ▶ After successful negotiations, Mosaic Transit Group was selected as the preferred proponent. Mosaic Transit Group best demonstrated the ability to meet the specifications outlined in the RFP, including technical requirements, construction schedule, price and financial backing, as well as maintenance and rehabilitation plans.

### v. Financial Close | May 7, 2018

- ▶ Upon conclusion of commercial negotiations and after a financing rate was set (May 3, 2018), a Project Agreement (contract) was executed between Mosaic Transit Group, Metrolinx and IO on May 7, 2018

#### Mosaic Transit Group

- ▶ Applicant Lead: ACS Infrastructure Canada Inc., Aecon Concessions – a division of Aecon Construction Group Inc., CRH Canada Group Inc.
- ▶ Construction: Aecon Infrastructure and Management Inc., Dragados Canada Inc., Dufferin Construction Company – a division of CRH Canada Group Inc.
- ▶ Design: Arup Canada Inc., Dillon Consulting Limited, DPM Energy Inc., DTAH, Perkins + Will Canada Inc., Sener SES Canada Inc.
- ▶ Maintenance: ACS Infrastructure Canada Inc., Aecon O&M – a division of Aecon Construction Group Inc.
- ▶ Financial Advisor: RBC Dominion Securities Inc.

### ▶ Construction and Maintenance Phases

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### vi. Construction Phase | 2018 – 2023

- ▶ The construction phase begins in September 2018 and will be carried out in accordance with the project agreement and the builder's schedule as approved by the Sponsors.
- ▶ During the construction period, the builder's construction costs will be funded through their own equity, bond and lending arrangements, which will be paid in monthly installments based on the construction program set out by Mosaic Transit Group.
- ▶ Project construction will be overseen by Metrolinx with IO providing contract management oversight.

## V. COMPETITIVE SELECTION PROCESS

### vii. Maintenance Phase| 2023 – 2053

- ▶ Following construction, the Finch West LRT is expected to become operational in September 2023. According to the project agreement, Mosaic Transit Group will provide maintenance, lifecycle, repair and rehabilitation services for a 30-year period.
- ▶ System maintenance will be overseen by Metrolinx.

### viii. Payment

- ▶ Mosaic Transit Group will receive monthly construction period payments (based on an earned value methodology) and a substantial completion payment expected in September 2023.
- ▶ During the 30-year maintenance and rehabilitation phase, annual service payments (by way of monthly availability payments) will be paid to Mosaic Transit Group. Payments will cover the capital and service portions, lifecycle payments, volume payments, and gainshare/painshare on energy costs, minus any performance deductions.





## VI. CONCLUSION

This report provides a project overview and summary of the procurement process for the Finch West Light Rail Transit project, and demonstrates that a VFM of \$566 million or 22.7 percent will be achieved by using the AFP approach compared to traditional delivery.

Going forward, IO, Metrolinx and Mosaic Transit Group will continue to work together to ensure the successful delivery of the Finch West LRT.



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**Private and confidential**

John Traianopoulos, SVP of Transaction Finance  
Transaction Finance  
Infrastructure Ontario  
777 Bay Street, 9<sup>th</sup> Floor  
Toronto, ON, M5G 2C8  
Canada

Dear Mr. Traianopoulos,

**Subject: Financial Close Stage Value for Money Analysis – Finch West Light Rail Project**

Deloitte LLP (“Deloitte” or “We”) has prepared the Financial Close Stage Value for Money (“VFM”) assessment for the Finch West Light Rail Project (the “Project”), in accordance with Infrastructure Ontario’s (“IO”) value for money assessment methodology outlined in *Assessing Value for Money: An Updated Guide to Infrastructure Ontario's Methodology - March 2015*.

The VFM assessment is based on a comparison of the net present costs (“NPC”) for the Project under:

1. The traditional delivery approach, as reflected in the Public Sector Comparator (PSC) model; and
2. The Alternative Finance and Procurement (AFP) approach, as reflected in the Preferred Proponent’s Bid.

The VFM assessment was compiled using the following information (collectively the “Information”) within the VFM model:

1. A Base Risk Matrix developed for IO by MMM Group and adapted to reflect the Project specific risks;
2. Cost and other input assumptions extracted from the Preferred Proponent’s Bid;
3. Other VFM model assumptions provided by IO.

While Deloitte did not audit or attempt to independently verify the accuracy or completeness of the Information, Deloitte confirms, based on our familiarity with IO’s VFM methodology, that the Information has been appropriately used in the VFM model. The VFM assessment demonstrates that the AFP approach will provide an estimated value savings of 22.7% in comparison to the traditional delivery approach, using a 2.66% discount rate.

Yours very truly,

Deloitte LLP

April 6<sup>th</sup>, 2018

Mr. Michael Inch  
Vice President, Procurement  
**Infrastructure Ontario**  
777 Bay, 9<sup>th</sup> Floor  
Toronto, Ontario, M5G 2C8

**Subject: Fairness Attestation - Request for Proposal to Design-Build-Finance-Maintain the Finch West Light Rail Transit Project (RFQ No. 15-382)**

Dear Mr. Inch:

P1-Consulting acted as the Fairness Monitor to review and monitor the communications, evaluations and decision-making processes associated with the procurement process for the **Request for Proposal to Design-Build-Finance-Maintain the Finch West Light Rail Transit Project (the "Project")** in terms of ensuring fairness, equity, objectivity, transparency and adequate documentation of the evaluation process.

The Finch West LRT Project is an 11-kilometre light rail transit line that will run along the surface of Finch Avenue from the new Finch West Subway Station on the Toronto-York Spadina Subway Extension at Keele Street to Humber College. It will provide rapid transit to neighbourhoods that need it the most; it will travel through two of the City of Toronto's 13 identified priority neighbourhoods – Jamestown and Jane/Finch. The project includes:

- 11 kilometres of new dedicated rapid transit between Humber College and the new Finch West subway station on the Toronto-York Spadina subway extension
- 18 surface stops and a below-grade interchange station to connect with the new Finch West subway station
- A maintenance and storage facility for the light rail vehicles

To date, in our role as Fairness Monitor, P1 Consulting has made certain that the following steps were taken to ensure a fair and transparent process:

- Clarity and consistency of the RFP, evaluation framework and related documentation;
- Adherence to the processes described in the RFP and evaluation framework, including the evaluation process;
- Objectivity and diligence during the procurement process in order to ensure that it was conducted in a transparent manner;
- Compliance of participants with strict requirements of conflict of interest and confidentiality during the procurement and evaluation processes;
- Security of information;
- Oversight to provide a process where the Applicants are treated fairly.

***P1 Consulting Inc.***



Mr. Inch  
April 6<sup>th</sup>, 2018  
Page 2 of 2



The Fairness Monitor actively participated in the following steps in the process to ensure that fairness was maintained throughout:

- Review of the draft RFP and related documentation;
- Review of the Evaluation Framework;
- Review of the Submission receipt of process; and
- Monitoring the proposal evaluation and the selection of the First Negotiations Proponent

As the Fairness Monitor for the **Request for Proposal to Design-Build-Finance-Maintain Finch West Light Rail Transit Project**, we certify that, up until the date of this letter, the principles of fairness, consistency and transparency have been, in our opinion, maintained throughout the procurement process. Furthermore, no issues have emerged during the procurement process, of which we were aware, that would have impaired the fairness of this initiative.

Yours truly,

A handwritten signature in black ink, appearing to read 'Stephanie Braithwaite', is written over a faint, circular watermark logo.

Stephanie Braithwaite,  
Fairness Monitor, P1 Consulting

cc: Jill Newsome, Vice President, P1 Consulting  
Louise Panneton, President, P1 Consulting





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