

ONTARIO INFRASTRUCTURE AND
LANDS CORPORATION



Value for Money Assessment

Macdonald Block Reconstruction Project

November 2019

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I. EXECUTIVE SUMMARY

This report provides a summary of the procurement process for the Macdonald Block Reconstruction project on behalf of the Ministry of Government and Consumer Services, and demonstrates how value for money was achieved by delivering the project using Infrastructure Ontario's (IO) Public Private Partnership (P3) 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.

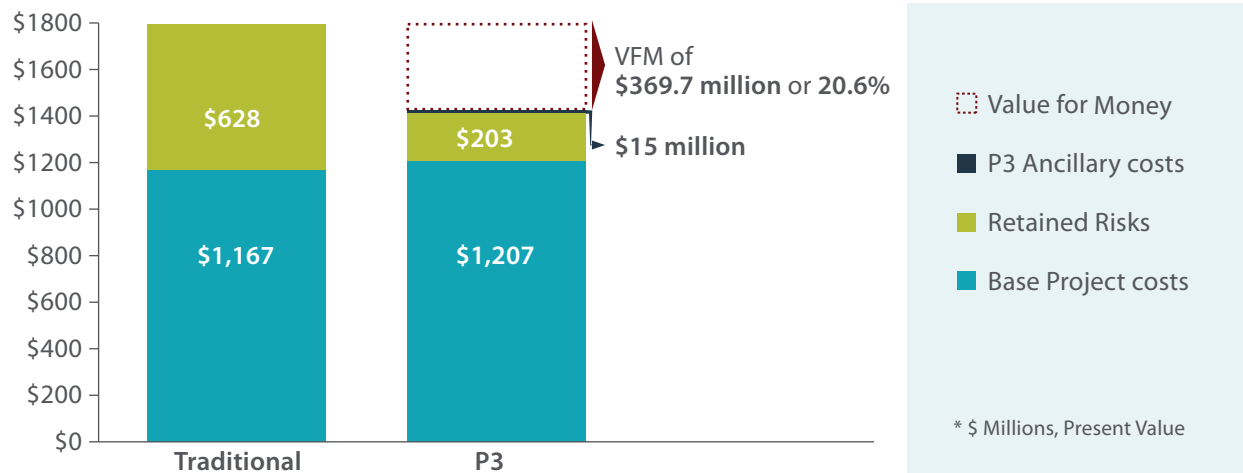
► Public Private Partnerships (P3s) in Ontario

For some of the province's larger, complex infrastructure projects, Infrastructure Ontario uses a public-private partnerships (P3) delivery model. The P3 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 P3 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 a P3 project. The decision to proceed with a P3 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 P3 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 P3 relative to the traditional delivery model.

► Achieving Value for Money

The VFM assessment of the Macdonald Block Reconstruction project indicates an estimated cost savings of 369.7 million or 20.6% percent (in present value terms) by using the P3 approach compared to traditional delivery.



I. EXECUTIVE SUMMARY

▶ External Review

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

- ▶ Ernst & Young was retained to complete the VFM assessment,
- ▶ Optimus acted as the Fairness Monitor for the project,
- ▶ Adamson Associates Architects acted as the Planning Design and Compliance Architect for the project, and
- ▶ McCarthy Tetrault was retained as Legal Advisor for the project.

II. PROJECT HIGHLIGHTS

➤ Macdonald Block Reconstruction Project



Courtesy of WZMH Architects

Purpose	The reconstruction project will update all core building systems which have reached the end of their useful life and must be replaced. Extensive remediation work will also be undertaken to remove designated substances from the complex. Care will be taken to preserve the integrity of its many heritage features. The reconstructed complex will meet current building, health, safety and accessibility standards, accommodate significantly more employees, and reduce the need for approximately 586,000 square feet of expensive third-party leased office space.
Project Owner	Province of Ontario (Ministry of Government and Consumer Services)
Private Partner	Fengate PCL Progress Partners ("Project Co")
Location	Toronto
Project Type	Design-Build-Finance-Maintain
Infrastructure Type	Office
Contract Value	\$1.536 billion
Construction Period	2019 to 2024
Length of Project Agreement	35 years (including construction)
Estimated Value for Money (Present Value)	\$369.7 million or 20.6%

➤ Background

The Macdonald Block Complex, which consists of four towers and a podium near Queen's Park in Toronto, is a critical hub of government operations that has never undergone a major renovation since it was completed in 1971.

II. PROJECT HIGHLIGHTS

► Objectives

The extensive reconstruction of the Macdonald Block Complex will update all core building systems including electrical, water, cooling and heating which have reached the end of their useful life and must be replaced. It will also update office accommodations to meet modern accessibility standards.

The newly reconstructed complex will meet current building, health, safety, and accessibility standards and will accommodate significantly more employees through more efficient use of this government-owned office space.

► Project Scope

The Macdonald Block Complex has a total gross building area of approximately 1.7 million square feet. The complex consists of five buildings: four office towers (Hearst, Hepburn, Mowat and Ferguson Towers) ranging from 10 to 24-storeys, connected by a 2-storey podium (Macdonald Block) with two floors of underground parking.

The project scope includes:

- Taking each building in the complex back to its original building core, and rebuilding the buildings using modern technologies, systems and materials while preserving the integrity of its many heritage features.
- Extensive remediation work to remove designated substances such as lead and asbestos from the complex.
- Ensuring the newly reconstructed complex meets current building, health, safety, and accessibility standards and accommodates significantly more employees through more efficient use of this government-owned office space.
- Meeting the Leadership in Energy and Environmental Design (LEED®) Silver standard.

► Economic Benefits & Job Creation

The Macdonald Block Reconstruction project is a significant economic opportunity for local suppliers and contractors. At the peak of construction, Project Co estimates approximately 1000 workers will be on site daily.

III. ACHIEVING VALUE FOR MONEY

Value for money assessment for the Macdonald Block Reconstruction project demonstrates a project cost savings of:

\$369.7 million or 20.6%

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.

► 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 P3 model.

MODEL # 1:

Traditional 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:

P3 Delivery

Estimated costs to the public sector of delivering the same project to the identical specifications using the P3 delivery model. Total risk-adjusted costs are known as P3 Costs.

$$\left\{ \text{Value for Money \$} = \text{PSC Costs} - \text{P3 Costs} \text{ or } \text{Value for Money \%} = \frac{(\text{PSC Costs} - \text{P3 Costs})}{\text{PSC Cost Costs}} \right\}$$

The difference between the total estimated PSC costs and the total estimated P3 costs is referred to as VFM. Positive VFM is demonstrated when the cost of delivery under P3 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 Macdonald Block Reconstruction 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, construction)
 - ▼ 1.2. Financing Costs
- 2. P3 Ancillary Costs
- 3. Retained Risks

III. ACHIEVING VALUE FOR MONEY

1. Base Project Costs

▼ 1.1. Calculation of Base Costs

Traditional Delivery Model (PSC)		P3 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
Adjusted Base Costs	Base Costs (\$) +/- Adjustments	Adjusted Base Costs	Base Costs (\$) +/- Adjustments
Estimated Savings / (Costs) in Base Costs under the P3 Model			PSC – P3

Base costs in this scenario include design, construction, and 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 P3 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 P3 model will be lower than the PSC model as a result of:
 - ▶ the use of performance based specifications in P3 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 P3 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 P3 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)		P3 Delivery Model	
Financing Costs	Public sector notional financing costs	Financing Costs	Private sector financing costs
Estimated Savings / (Costs) from Financing under the P3 Model			PSC – P3

III. ACHIEVING VALUE FOR MONEY

One of the common elements of the P3 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 P3 model, the government pays a portion of construction costs during construction as milestone 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 P3 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 reflected in the discount rate used to assess and compare the project costs.
- ▶ P3 Delivery Model – the private sector party borrows at private financing rates to pay for the 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 P3 model.

2. P3 Ancillary Costs

Traditional Delivery Model (PSC)		P3 Delivery Model	
P3 Ancillary Costs	N/A	P3 Ancillary Costs	ⓘ P3 costs
Estimated Savings / (Costs) from Financing under the P3 Model		PSC – P3	

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 P3 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)		P3 Delivery Model	
Retained Risks	ⓘ PSC costs	Retained Risks	ⓘ P3 costs
Estimated Savings / (Costs) from Retained Risks under the P3 Model		PSC – P3	

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 P3 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

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 P3 model as “retained risks”. Risks retained under the P3 model are lower than risks retained by the public sector under the PSC model. This reflects the transfer of certain project risks from 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.

III. ACHIEVING VALUE FOR MONEY

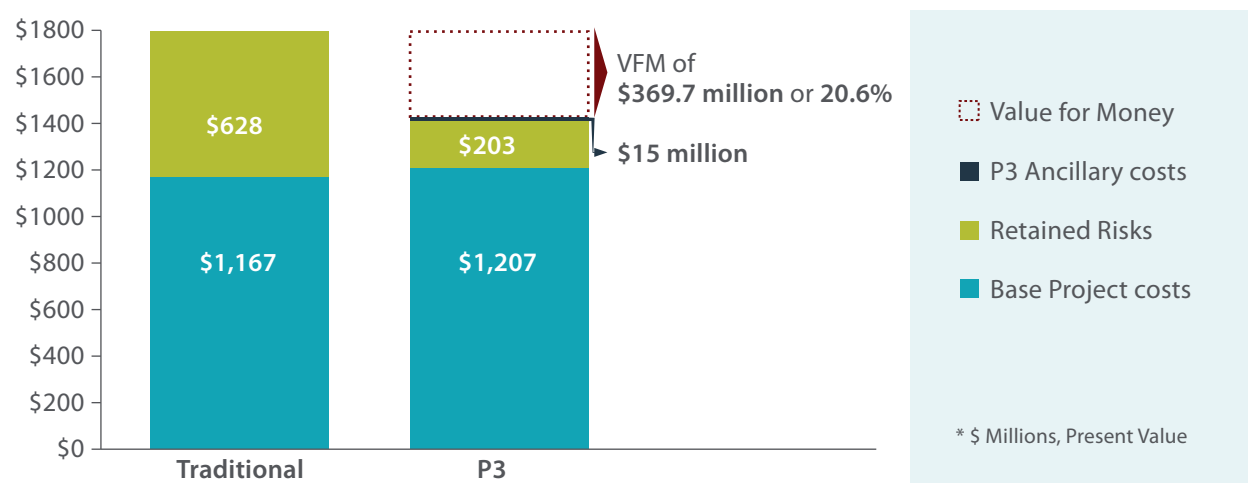
As a result of a comprehensive risk assessment, the following are examples of key project risks that have been transferred under the project agreement to Project Co:

- ▶ Project Schedule – risk of a longer construction period and resulting in a higher total program cost.
- ▶ 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.

▶ Macdonald Block Reconstruction Project Value for Money Results

The VFM assessment of the Macdonald Block Reconstruction project indicates an estimated cost savings of \$369.7 million or 20.6 per cent by using the P3 approach compared to traditional delivery.

Traditional Delivery Model (PSC)	\$ Millions, Present Value	P3 Delivery Model	\$ Millions, Present Value
I. Base Project Costs (Adjusted Base Costs + Financing)	\$1,167	I. Base Project Costs (Adjusted Base Costs + Financing)	\$ 1,207
II. P3 Ancillary Costs	N/A	II. P3 Ancillary Costs	\$ 15
III. Retained Risks	\$ 628	III. Retained Risks	\$ 203
Total	\$1,795.2	Total	\$1425.5
Estimated Value for Money (cost difference)		\$369.7	
Estimated Percentage Savings		20.6%	





III. ACHIEVING VALUE FOR MONEY

➤ External Review

Ernst & Young completed the VFM assessment for the project. Their assessment demonstrates projected cost savings of 20.6 per cent by delivering the project using the P3 model versus what it would have cost to deliver the project using a traditional delivery model (see letter on page 15).

Optimus SBR 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. Optimus SBR certified that these principles were maintained throughout the procurement process (see report beginning on page 16).

IV. PROJECT AGREEMENT

The Project Agreement signed between Infrastructure Ontario and Project Co defines the obligations and risks of all parties involved. Key highlights that pertain to the construction terms are below:

- ▶ **Contract Price Certainty** – A \$1.536 billion fixed-price contract to design, build, finance and maintain the project. Any extra costs incurred as a result of a schedule overrun caused by Project Co will not be paid by the Province.
- ▶ **Scheduling, Project Completion and Delays** – Project Co has agreed to a substantial completion date of March 31, 2024. The schedule can be modified in limited circumstances, in accordance with the terms of the Project Agreement. Project Co has the obligation to mitigate impact on the project schedule as much as possible on the occurrence of particular delays, as specified in the Project Agreement. A sizeable payment will be made by the Province at substantial completion, providing further incentive for Project Co to complete construction on time.
- ▶ **Site Conditions and Contamination** – Project Co is responsible for maintaining and managing and where required, remediating any contamination, at the Site. This includes contamination that was disclosed from Site Condition Reports or readily apparent/discoverable from inspecting the Site, or that is caused by Project Co or any of its parties.
- ▶ **Construction Financing** – Project Co is required to finance the construction of the project.
- ▶ **Commission and Facility Readiness** – Project Co must achieve a prescribed level of commissioning at substantial completion within the agreed-to schedule. This ensures the Macdonald Block Complex will be able to achieve operational service in 2024.
- ▶ **Ongoing Maintenance and Lifecycle** – Project Co must meet the performance requirements as outlined in the project agreement, for the maintenance and lifecycle renewal of the complex. Project Co 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, Project Co must hand back the infrastructure to the Province in good working order within specific prescribed standards including a Facility Condition Index target of 5%. Financial penalties can be levied if the asset condition does not meet the prescribed requirements.

V. COMPETITIVE SELECTION PROCESS

The procurement process for the Macdonald Block Reconstruction project, from RFQ to Financial Close, took approximately 24 months to complete.

After concluding a fair and competitive procurement process, Infrastructure Ontario entered into a Project Agreement with Project Co to design, build, finance and maintain the project.

► Procurement Process

i. Request for Qualifications | August 17, 2017

- IO issued a Request for Qualifications (RFQ) to solicit interested parties to design, build, finance and maintain the project.
- On November 1, 2017, the RFQ period closed and the Sponsors received statements of qualifications from 3 teams.
- RFQ submissions were evaluated by the Sponsors. High standards were set to ensure the shortlisted teams exceeded the technical and financial standards required for this complex and large project. The evaluation process resulted in three proponents being shortlisted:
 - EllisDon Infrastructure
 - Fengate PCL Progress Partners
 - Sandfield Partnership Solution

ii. Request for Proposals | February 22, 2018

- A Request for Proposals (RFP) was issued to the shortlisted proponents, setting out the bid process and proposed project agreement for the project.
- The proponents spent approximately twelve months to prepare high-quality, competitive submissions.

iii. Proposal Submission | January 24, 2019 and February 14, 2019

- The RFP period closed on January 24, 2019 (technical) and February 14, 2019 (financial). Responses to the RFP were received by two consortia, EllisDon Infrastructure and Fengate PCL Progress Partners.
- February – April, 2019: bids were evaluated using criteria as set out in the RFP by an Evaluation Committee comprised of subject matter experts from IO, the Ministry of Government and Consumer Services (MGCS) and technical consultants enlisted by the Sponsors. The evaluation process resulted in Fengate PCL Progress Partners receiving the highest score.
- On April 25, 2019, the ‘first-ranked proponent’ – also referred to as the First Negotiations Proponent – Fengate PCL Progress Partners was notified of their standing

iv. Preferred Proponent Notification | July 7, 2019

- After successful negotiations with the First Negotiations Proponent, Fengate PCL Progress Partners was selected as the Preferred Proponent. Fengate PCL Progress Partners best demonstrated the ability to meet the specifications outlined in the RFP, including technical requirements, construction schedule, price, and financial backing.

V. COMPETITIVE SELECTION PROCESS

v. Commercial and Financial Close | August 7, 2019 and August 9, 2019

- ▶ Upon conclusion of negotiations and once a financing rate was set, a Project Agreement (contract) was executed between Fengate PCL Progress Partners and Infrastructure Ontario on August 9, 2019.

The Project Co team includes:

- ▶ Developers: Fengate Asset Management and PCL Investments Canada Inc.
- ▶ Design Architect: WZMH Architects
- ▶ Design-Builder: PCL Constructors Canada Inc.
- ▶ Facilities Management: Johnson Controls Canada
- ▶ Financial Advisor: National Bank Financial
- ▶ Mechanical: Modern Niagara Toronto Inc.
- ▶ Electrical Subcontractor: Plan Group Inc.

▶ Construction and Maintenance Phases

vi. Construction Phase | August 2019 to March 2024

- ▶ The construction phase will begin in August 2019 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 Project Co.
- ▶ Project construction will be overseen by IO.

vii. Maintenance Phase | 2024 – 2054

- ▶ Following construction, the Macdonald Block Reconstruction project is expected to become operational on April 1, 2024. There is a 12-month period following substantial completion for the Fit-Out of the office spaces. According to the Project Agreement, Project Co will provide maintenance and lifecycle services for a 30-year period.

viii. Payment

- ▶ Project Co will receive monthly construction period payments and a substantial completion payment expected in March 2024.
- ▶ During the 30-year maintenance phase, annual service payments (by way of monthly availability payments) will be paid to Project Co. Payments will cover the capital portion, facilities maintenance, lifecycle 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 Macdonald Block Reconstruction project, and demonstrates that a VFM of \$369.7 million or 20.6 percent will be achieved by using the P3 approach compared to traditional delivery.

Going forward, IO and Project Co will continue to work together to ensure the successful delivery of the reconstruction project while ensuring value for the public is protected.



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Mr. John Gallagher
Director, Transaction Finance
Infrastructure Ontario
777 Bay Street, 9th Floor
Toronto, ON M5G 2C8

28 August 2019

Dear Mr. Gallagher:

Re: Value for Money Analysis - MacDonald Block Reconstruction Project

Ernst & Young Orenda Corporate Finance ("EYOCF") has prepared the Value for Money ("VFM") assessment for the MacDonald Block Reconstruction Project at the Financial Close stage. The analysis was prepared following an Infrastructure Ontario ("IO") VFM analytical framework, which is generally consistent with approaches used in other jurisdictions.

The VFM assessment is based on a comparison of the total project costs of the MacDonald Block Reconstruction Project under:

1. The Traditional delivery approach, as reflected in the Public Sector Comparator ("PSC") model; and
2. The Alternative Financing and Procurement ("AFP") model estimation of the total project costs, as reflected in the Proponent's final bid model at Financial Close with adjustments described below.

The VFM assessment as noted above was prepared using the following information (collectively the "Information") within the VFM model:

- i. A Risk Matrix developed for IO by Altus Group Limited and adjusted to reflect project specific risks; and
- ii. Construction, operating and lifecycle, and financing and development costs as reflected in the Proponent's final bid model at Financial Close. Other cost and VFM model assumptions as provided by IO.

The cost information and underlying assumptions were not independently audited or verified for accuracy or completeness.

Based on our understanding of IO's VFM methodology, we can confirm that the Information has been appropriately used in the VFM model. The results of the VFM assessment demonstrate an estimated VFM cost savings of 20.6% by using the AFP approach to deliver the Project in comparison to using the traditional delivery approach.

Yours sincerely,

*Ernst & Young Orenda
Corporate Finance Inc.*

ERNST & YOUNG ORENDA CORPORATE FINANCE INC.

Infrastructure Ontario
 1 Dundas Street West
 Suite 2000, Toronto
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Attention: Michael Inch
 Vice-President, Procurement

Subject: **Fairness Report – Request for Proposal (“RFP”) Stage for the Macdonald Block Reconstruction Project RFP No. 17-300**

Dear Michael:

OPTIMUS|SBR (“Optimus”) was engaged as the Fairness Monitor to review, observe and confirm the processes of communication, evaluation and decision-making associated with the procurement process for the Request for Proposals for the Macdonald Block Reconstruction Project RFP No. 17-300, issued by Infrastructure Ontario. Our role related to ensuring openness, fairness, consistency and transparency from the RFQ transition through to the conclusion of the Project RFP process.

Optimus hereby presents its final procurement fairness attest report to Infrastructure Ontario at the conclusion of the RFP stage in the procurement process, describing how the procurement process has complied with requirements. The following chart included below is in accordance with Infrastructure Ontario’s procurement guidelines. It summarizes our involvement and findings:

Stage	Task	Fair (Yes / No)
Pre- RFP Issue		
1.	The procurement documents, including the evaluation tools, were reviewed and were deemed to be consistent with the guidelines established by Infrastructure Ontario and the Procurement Framework	Yes
2.	The RFP open period was consistent with the Procurement Framework	Yes

Stage	Task	Fair (Yes / No)
3.	The time of the submission closing was clearly identified in the procurement documents	Yes
RFP Open Period		
4.	Procurement documents were made available in an open and equitable manner	Yes
5.	Mandatory meetings were clearly identified in the procurement documents and there were no meetings of which all Proponents were not notified	Yes
6.	Answers were made available to all Proponents for all questions that were submitted through the Request for Information protocols	Yes
7.	Infrastructure Ontario confirmed that the requisite information would be made available regarding the results of the procurement	Yes
8.	All participants confirmed their adherence to the conflict of interest and confidentiality requirements throughout the RFP Open period	Yes
9.	Protocols were in place to control access to information as appropriate, including protection of Commercially Confidential information	Yes
10.	Proponents confirmed their adherence to the conflict of interest and confidentiality requirements in their submissions	Yes
11.	The submissions were logged and recorded upon receipt, clearly confirming Proponent submissions were received on time	Yes
12.	The composition of the Evaluation Committee adhered to the Evaluation Framework document	Yes
13.	There was a protocol in place to ensure that document confidentiality was maintained	Yes
Post RFP Close		

Stage	Task	Fair (Yes / No)
14.	The evaluation criteria and process were included in the RFP	Yes
15.	The evaluation and scoring guideline were finalized before the Closing	Yes
16.	Evaluators were trained on the evaluation tools	Yes
17.	The pricing was opened as per the procurement process according to the RFP and the Evaluation Framework	Yes
18.	The pricing submission were opened only for Proponents who met the requirements of the procurement process according to the RFP and Evaluation Framework	Yes
19.	Evaluations were done in an unbiased manner and in accordance with the Evaluation Framework	Yes
20.	The selection of the “First Negotiation Proponent” was approved according to the RFP documents and Evaluation Framework	Yes
21.	Debriefings are to be provided for all unsuccessful Proponents and are to be offered for the successful Proponent.	Yes

Observations and Findings

The procurement process is established clearly in Infrastructure Ontario’s guidelines. The evaluation process and criteria described in the procurement documents were applied consistently and equitably. In the final evaluation discussions, the evaluators demonstrated that they had been diligent in their responsibilities, that they were able to support their individual evaluation assessments and that they held no bias for or against any Respondent. There were no unresolved issues at the RFP stage of the procurement. Consensus was reached and confirmed by all evaluators. An official record was produced to document the evaluation and scoring consensus decisions, including the supporting rationale.

Conclusion

As a result of the Evaluation Team consensus processes, and presentation to the Evaluation Committee on April 2nd, 2019, an approval of the RFP results and identification of a First Negotiation Proponent was achieved. Optimus confirms that the identified First Negotiation Proponent successfully satisfied the requirements of the RFP evaluation process and was the highest scoring Proponent in this process.

As the Fairness Monitor for the Project, we certify that the principles of openness, fairness, consistency and transparency have been, in our opinion, properly established and maintained throughout the procurement process. Furthermore, we were not made aware of any issues that emerged during the process that would impair the fairness of this initiative.

As Fairness Monitor, we attest that:

- a) The Project RFP process was conducted in accordance with the provisions of the RFP and met the fairness and transparency requirements established in the RFP and other related policies of Infrastructure Ontario and the Government of Ontario.
- b) The Sponsors' personnel and external advisors adhered to Infrastructure Ontario's conflict of interest and confidentiality requirements, and
- c) All Applicants were treated consistently in the evaluation process and in accordance with the Project RFP and the established principles of fairness, openness and transparency.

OPTIMUS|SBR



Lead Fairness Monitor

Jamie O'Brien



Corporate Lead

Greg Dadd

VP, Procurement and Fairness Advisory Services

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