

Saskatchewan's Public-Private Partnership Methodology Backgrounder

The Saskatchewan Government is using a Design-Build-Finance-Maintain (DBFM) Public-Private Partnership (P3) model to deliver the 18 new elementary schools on nine joint-use sites.

DBFM P3

- Under this process, Joint-Use Mutual Partnership, the private-sector partner (comprising a consortium of businesses) won a two-stage competitive process to deliver the project.
- Joint-Use Mutual Partnership is responsible for the design, construction, partial financing, and maintenance of the schools for 30 years (plus construction).
- Once the schools open, monthly payments will be made to Joint-Use Mutual Partnership over the life of the contract.
- The public is guaranteed a fixed price and delivery date for the 18 new elementary schools.
- Joint-Use Mutual Partnership assumes risks such as inflation, labour and material supply shortages, and weather-related delays. Joint-Use Mutual Partnership can be penalized for late delivery.
- The public receives a 30-year warranty on the work to ensure it remains in like-new condition. Under traditional delivery, warranties are usually only one to two years.
- P3s are used where there are clear benefits for taxpayers.
- An independent and professional Fairness Advisor was engaged to monitor the process. The Fairness Advisor determined that SaskBuilds managed a fair competition for both stages of procurement.

Request for Qualifications (RFQ)

- This is the first stage of the competitive process to select a team to deliver the project.
- The RFQ determines the potential partners' qualifications and is used to shortlist up to three potential partners to proceed to the second and final stage.
- Potential partners are usually consortia of engineering, construction, design, and financing businesses.

Request for Proposals (RFP)

- The shortlisted potential partners from the RFQ stage are invited to submit proposals for the project.
- Proposals are evaluated by the Province (and its partners where applicable) to determine if they represented value for taxpayers.
- A proposal's net present value, or its value in today's dollars, is used to compare proposals with each other and with the traditional delivery estimate.
- The proposal with the best value, not exceeding the traditional delivery estimate, is selected.

Finalizing Procurement and Reaching Financial Close

- Government moves forward with the successful proponent to finalize the terms of the agreement.
- Government discloses the value of the project and savings achieved for taxpayers.

Value for Money (VFM) Assessment Report

- A report is prepared and released along with procurement-related documents approximately 120 days following financial close. This timeline is based on Canadian best practices and best efforts are made to meet it.
- The report identifies the private sector partner team, describes the benefits and innovations of the project, the rationale, objectives and processes that led to the use of the partnership delivery model and the value for money expected to be achieved over the life of the project agreement.
- The report fulfills a commitment to openness and transparency and explains the competitive process undertaken to select the private sector team that will deliver the project, and how value for money is expected to be achieved.