

## Joint-Use Schools Value for Money Report Backgrounder

The Province of Saskatchewan is building 18 new schools on nine joint-use sites in four communities using a design-build-finance- maintain (DBFM) public-private partnership (P3) model. Construction of the new schools began in summer 2015 and will be complete in time for students in September 2017.

### Value for Money (VFM) Assessment

VFM measures whether a P3 is the best option for a particular project. In the case of the Joint-Use Schools Project (projects 1 and 2), KPMG’s assessment compared the estimated costs of building, maintaining, and rehabilitating the schools using two different models: traditional design-bid-build (DBB) and a P3. The difference between the costs (including the cost of financing and other owner’s costs) is the savings, or VFM. For a P3 to provide value, the P3 must cost less than the traditional approach over the life of the contract.

As determined by KPMG, by using a P3 approach, the total project cost was \$635 million in today’s dollars, compared to \$735 million for a traditional DBB. This represents a \$100 million (or 13%) savings over the 30-year term (plus two year construction period).

The following chart provides an overview of the cost of building the project using the traditional DBB model and the P3 model for the combined project.

NET PRESENT VALUE (\$ millions)	DBB OPTION	FINAL PROJECT COST (DBFM)
Payments to the Private Sector Partner	-	\$587.2
Construction costs	\$433.5	-
Maintenance Period Costs	\$92.8	-
Rehabilitation Costs	\$45.2	-
<i>Sub-total (Construction, Maintenance and Rehabilitation Costs)</i>	<i>\$571.5</i>	<i>\$587.2</i>
Retained Risks	\$150.4	\$30.0
Procurement, Implementation and Other Owner Costs	\$13.6	\$18.0
<b>Total</b>	<b>\$735.5</b>	<b>\$635.2</b>
<b>Cost Differential</b>	<b>\$100.3</b>	
<b>Percentage Savings</b>	<b>13.54%</b>	

### Fairness Advisor

An independent and expert external Fairness Advisor was engaged to monitor the competitive selection process and concluded that it was fair and impartial. The Fairness Advisor concluded the Request of Qualifications (RFQ) and Request for Proposals (RFP) processes were conducted in a fair manner and in accordance with the procedures that had been set out. The reports are available at [www.saskbuilds.ca](http://www.saskbuilds.ca).