

Partnerships British Columbia

# Service Plan

2011/12 - 2013/14



## Message from the Chair

It is my pleasure to present the Service Plan for Partnerships British Columbia Inc. (Partnerships BC or the company) for the period April 1, 2011 to March 31, 2014. This plan outlines the company's goals and plans for achieving those goals over the next three fiscal years.

This is a time of transition and evolution for Partnerships BC. In October 2010, Sarah Clark was appointed President & CEO marking the conclusion of a well thought-out succession strategy to ensure continuity and consistency for Partnerships BC's employees, clients and the partnership market. Under Sarah Clark's leadership, the company will continue to provide expert advice to government to ensure best value for British Columbians.

Partnerships BC is a mature organization with eight years of experience supporting the infrastructure and fiscal priorities of the Province. Initially, the primary focus of our company was the growth and development of a robust public private partnership (PPP) market in British Columbia. Over this period, the company has developed expertise and commercial skills that can now be applied more broadly. At the direction of our Shareholder, Partnerships BC is seeking opportunities to leverage its experience and commercial skills to expand its role in the planning, procurement and implementation of capital projects which use a combination of partnership and other procurement methods; and which seek to meet the Province's energy needs in a more effective and efficient manner.

Although British Columbia's economy is starting to recover from the global recession, there is still the potential for fiscal restraint which could impact the availability of funding for infrastructure projects.

Under the guidance of Rick Mahler, the inaugural Chair of the Board, Partnerships BC has helped British Columbia become one of the world's most attractive and active environments for partnership projects. As the new Chair, I look forward to building upon the foundation of success that Partnerships BC has created, to ensure the people of British Columbia continue to benefit from the timely and cost-effective delivery of critical infrastructure in their community.

On behalf of the Board, I would like to thank Dan George, Kirsten Tisdale and Sharon White for their public service and contributions during their time on the Board.

Partnerships BC's 2011/12–2013/14 Service Plan was prepared under the direction of the Board of Directors in accordance with the Budget Transparency and Accountability Act. The Board approves performance measures and targets, and holds management accountable for the contents of the plan, the achievement of performance measures and targets and for ensuring that Partnerships BC achieves its specific objectives identified in the plan. The plan is consistent with the Province's strategic priorities and fiscal plan. All significant assumptions, policy decisions and risks as of February 2011 have been considered in preparing the plan.



Larry Blain  
Chair

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Photos on cover (top to bottom): South Fraser Perimeter Road; Surrey Outpatient Care and Surgery Centre; Port Mann / Highway 1

## Organizational Overview

### Vision

Partnerships BC's vision is to be a recognized leader in evaluating, structuring and implementing partnership delivery solutions for public infrastructure which achieve value for money. The company is focused on delivering consistent value to its clients and is committed to its long-term viability.

### Our Mandate

The following goals support our vision:

- Plan and structure partnership delivery solutions for public infrastructure which are expected to achieve value for money;
- Successfully implement partnership delivery solutions for public infrastructure through leadership in procurement, practices and market development; and
- Maintain a self-sustaining organization and provide added value to an increasingly diverse client base.

### Incorporation

Partnerships BC is a company incorporated under the British Columbia Business Corporations Act.

### How Partnerships BC Serves British Columbians

Partnerships BC serves British Columbians through the planning, delivery and oversight of major infrastructure projects. Since 2002, Partnerships BC has participated in more than 35 partnership projects with an investment value of approximately \$12.5 billion, of which \$5 billion is private sector capital. These partnership projects—which are either operational, under construction or currently in the competitive selection process—are delivering the following benefits to British Columbians:

- Five new emergency departments,
- Two new regional cancer centres,
- More than 280,000 square-metres of new health care facilities,
- More than 1,000 new acute care hospital beds,
- More than 1,100 new residential care beds and assisted living units,
- New capacity to accommodate more than 1,000,000 annual outpatient visits,
- One new secondary school,
- One new correctional facility,
- 133 modular classrooms,
- Six new bridges,
- 390 kilometres of new highway,
- 30 kilometres of rapid transit, and
- Treatment of up to 500,000 cubic metres of contaminated water annually.

## Core Business Areas

Partnerships BC's specific service offerings are outlined in the table below.

Business Planning	Procurement Process	Post-Financial Close
<ul style="list-style-type: none"> <li>• Early Project Screening</li> <li>• Concept Plans</li> <li>• Procurement Options Assessment</li> <li>• Business Case <ul style="list-style-type: none"> <li>○ Market Sounding</li> <li>○ Quantitative Analysis</li> <li>○ Risk Analysis</li> <li>○ Multiple Criteria Analysis</li> <li>○ Procurement Options Analysis</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Management</li> <li>• Evaluation Management</li> <li>• Contract Negotiations</li> <li>• Service Integration <ul style="list-style-type: none"> <li>○ Consultant Reporting</li> </ul> </li> <li>• Project Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Design and construction phase advice and governance (e.g. support during design development phase)</li> <li>• Operations phase advice (e.g. negotiating change order; due diligence for change of control; lessons learned reviews)</li> </ul>
Knowledge Management • Guidance Documents and Templates • Variation Reports • Strategic Communications • Stakeholder Management • Project Governance		
Recommendations to Treasury Board		

## Principal Partners, Clients and Stakeholders

Partnerships BC is responsible for bringing together the public and private sectors to develop and implement partnership projects. The company's key clients include public sector agencies such as ministries, Crown corporations, health authorities, advanced education institutions, municipal governments, the federal government and other provincial governments. To strengthen the partnership market in British Columbia, the company builds relationships with the business community including private sector developers, investors, the advisory and financial services sector as well as providers of construction, engineering and facilities management services.

## How Partnerships BC Delivers Services

Partnerships BC's service model is based on a fee-for-service structure. The company provides services directly through its own expertise and also by engaging external consultants where specialized advice is required.

## Senior Management Team

The organizational structure of Partnerships BC reflects the company's project focus and operational requirements as outlined in the table on the following page.

Sarah Clark President and Chief Executive Officer		
Doug Ewing Vice President Projects	Susan Tinker Vice President Partnerships Services	Chan-Seng Lee Vice President Finance and Administration
Areas of Responsibility	Areas of Responsibility	Areas of Responsibility
<ul style="list-style-type: none"> <li>• Business Development</li> <li>• Project Governance and Delivery</li> <li>• Corporate Relations</li> <li>• Market Development</li> <li>• Senior Project Advisor</li> </ul>	<ul style="list-style-type: none"> <li>• Policy and Practices</li> <li>• Communications</li> <li>• Legal Services</li> <li>• Procurement Services</li> <li>• Knowledge Management and Research</li> <li>• Senior Project Advisor</li> </ul>	<ul style="list-style-type: none"> <li>• Finance and Accounting</li> <li>• Human Resources</li> <li>• Administration</li> <li>• Facilities</li> <li>• Information Technology</li> <li>• Contract Management</li> <li>• Corporate Governance</li> </ul>

#### Location

Partnerships BC has offices in the following locations:

2320 – 1111 West Georgia Street  
Vancouver, BC V6E 4M3

300 – 707 Fort Street  
Victoria, BC V8W 3G3

## Corporate Governance

Partnerships BC is currently governed by a nine-member Board of Directors reporting to our sole Shareholder: the Minister of Finance. The Shareholder provides direction through the Shareholder's Letter of Expectations. This Service Plan outlines the company's approach to responding to that direction.

### Shareholder's Letter of Expectation

Below are the specific directions outlined in the Shareholder's Letter of Expectations and our plans moving forward.

Shareholder's Direction to Partnerships BC	Partnerships BC's Response to Shareholder
Remain commercially viable on an ongoing basis by ensuring that Partnerships BC's revenues meet or exceed expenses.	<ul style="list-style-type: none"><li>• Partnerships BC is seeking to diversify its revenue base by leveraging its experience and commercial skills into new sectors, with a focus on the energy sector and multi-procurement projects.</li><li>• Budget target net income margin of 0%</li><li>• No increase in service rates</li><li>• Net cash flow to support six months of operations</li></ul>
Identify annual targets for the agency's productivity measures, where appropriate.	<ul style="list-style-type: none"><li>• Set and maintain utilization rates to achieve company's goals and measures<ul style="list-style-type: none"><li>○ Achieve weighted average utilization rate of 60%-70%</li><li>○ Achieve utilization rate (including work under the government services contract) of 85%</li></ul></li></ul>
Continue to work with the Ministry of Finance to ensure that the proposed affordability best practices and temporary credit measures are aligned with the principles of Capital Asset Management Framework and provide ongoing advice to the Ministry of Finance on other areas of capital asset management (e.g., wood first policy).	<ul style="list-style-type: none"><li>• Remain highly informed on financial market conditions and work with Provincial Treasury to develop deal structure innovations to respond to changing market conditions</li><li>• Maintain existing library of guidance documents, templates and project examples to support new projects and ensure alignment with the Capital Asset Management Framework</li><li>• Respond to requests from the Ministry of Finance for specific advice and support</li></ul>

Shareholder's Direction to Partnerships BC	Partnerships BC's Response to Shareholder
<p>Provide analysis, recommendations and a proposed strategic plan (including revised goals and performance measures) to the Ministry of Finance concerning opportunities for Partnerships BC to expand its role in the planning and management of those capital projects that:</p> <ul style="list-style-type: none"> <li>• Use partnerships and other procurement methods; and</li> <li>• Seek to meet Government's energy needs in a more effective and efficient manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships BC provided a strategic plan to the Ministry of Finance, focusing on leveraging its experience and commercial skills into new sectors, with a focus on the energy sector and multi-procurement projects. The plan includes: <ul style="list-style-type: none"> <li>○ Revisions to Partnerships BC's vision statement, corporate goals and performance measures which are reflected in this Service Plan.</li> <li>○ Identification of opportunities to diversify our client base with a focus on capital projects which use multiple procurement methods; and which seek to meet the Province's energy needs effectively and efficiently. The company is already working with BC Hydro and expects ongoing engagements to support this client's energy projects.</li> <li>○ Identification of additional opportunities to lever experience gained to diversify client base and expand service offerings with a strong relationship to core services.</li> </ul> </li> </ul>
<p>Engage early and work closely with line ministries/agencies, Treasury Board Staff and other relevant central agencies to ensure that the key service issues, costs, benefits, and risks related to the PPP projects are clearly identified and updated in a timely manner throughout the project review and approval process. To provide opportunities for further collaboration on PPP projects and support timely engagement, Partnerships BC and client ministries should provide regular updates to Treasury Board Staff and other central agencies on specific emerging and current PPP projects. Partnerships BC should also facilitate ongoing dialogue with Treasury Board Staff and other central agencies on the PPP policy model and market (e.g., changes in credit market conditions).</p>	<ul style="list-style-type: none"> <li>• Encourage an open dialogue between the client and approval entities, especially in the early stages of project development and approval</li> <li>• Expand level of stakeholder outreach to key clients / government agencies through workshops</li> <li>• Provide Treasury Board Staff with status updates on projects and the partnership market</li> </ul>



Shareholder's Direction to Partnerships BC	Partnerships BC's Response to Shareholder
Comply with Government's CEO compensation framework for Crown Agencies.	<ul style="list-style-type: none"> <li>• Compensation for CEO aligned with Government's framework for Crown Agencies</li> </ul>
Continue to improve transparency for PPP projects by expanding strategies to further educate key stakeholders about its quantitative methodology and the benefits of partnership procurement models for major capital projects. Specific strategies to be undertaken by Partnerships BC may include expanding public education about PPP projects and reviewing opportunities to simplify and streamline Project Reports produced for the public.	<ul style="list-style-type: none"> <li>• Expand level of stakeholder outreach through participation at conferences, client / government workshops</li> <li>• Undertake review of Project Report template to improve readability and presentation of key information to the public</li> <li>• Partnerships BC will continue to advise clients of the benefits of proactive disclosure of procurement documents, guidance documents and templates</li> </ul>

## Board of Directors

The Board oversees the conduct of the business of the company and provides direction to the management team, which is responsible for the day-to-day conduct of the business. Directors are independent of government and management. They have diverse backgrounds and expertise, reflecting both the public and private sectors. The Board Chair and President & CEO meet on a quarterly basis with the Shareholder on key matters relating to the company.

The Board is supported by two subcommittees. The Audit & Risk Management Committee provides oversight of key financial information, including: audited financial statements, quarterly financial statements, the annual report and any quarterly reports, the service plan, annual business plan, operating and capital budgets and any budget presentations to government.

The Human Resources & Governance Committee provides guidance on human resource issues, compensation matters and the establishment of a plan of continuity and the development for senior management. The committee also provides a focus on corporate governance to enhance the performance of the company.

Directors	Responsibilities
Larry Blain	Chair, Board of Directors
Ed Andersen	Human Resources & Governance
Brian Bentz	Chair, Human Resources & Governance
Susan Conner	Chair, Audit & Risk Management
Colin Dobell	Audit & Risk Management
Dan Doyle	Audit & Risk Management
Peter Kappel	Audit & Risk Management
Rick Mahler	Past Chair, Board of Directors
Gordon Steele	Lead Director Human Resources & Governance

Partnerships BC is committed to effective corporate governance in fulfilling its mandate and goals. The organization embraces the Best Practice Guidelines as published by the Board Resourcing and Development Office.

The following information is available at: [www.partnershipsbcc.ca/files/governance-practices.html](http://www.partnershipsbcc.ca/files/governance-practices.html).

- Board Governance Guidelines
- Code of Conduct and Conflict of Interest Guidelines
- Director Orientation and Development Plans
- Terms of Reference:
  - Board of Directors
  - Board Chair
  - Lead Director
  - President & CEO
  - Corporate Secretary
  - Audit & Risk Management Committee
  - Human Resources & Governance Committee
- Performance Evaluation Process:
  - President & CEO
- Director Compensation and Expense Guidelines
- Director Meeting Attendance

## Strategic Context

### Global

Public private partnership projects continue to be a successful model for governments around the world to deliver projects on time and on budget, with significant risks transferred on a cost-effective basis. Reflecting a general trend, a number of jurisdictions are now expanding into more sectors and more broadly across the partnership spectrum. Canada is seen as a leader in partnership procurement, along with the United Kingdom, France, Spain and Australia.

Between 2005 and 2009, more than 400 partnership projects have been successfully delivered around the world. Despite the global financial crisis and the impact on the availability of financing worldwide, the pipeline of projects has remained active. Going forward, the pipeline of projects will continue to be influenced by the cost and availability of capital as the global economy improves, and government credit ratings which impact the credit for projects with an availability payment mechanism.

### National

Between 2002 and 2009, there have been approximately 100 partnership projects delivered in Canada, reflecting a mature market with a wide range of active participants. PPP Canada, a federal Crown corporation, is actively working with the provinces to develop pilot projects opportunities that can take advantage of the PPP Canada Fund. The availability of this funding is generating interest in public private partnerships at the municipal level. Going forward, there are opportunities for Partnerships BC to offer procurement management advice and expertise to municipal governments in new sectors such as water, wastewater and waste management.

### Provincial

Over the last eight years, Partnerships BC has participated in more than 35 partnership projects with an investment value of \$12.5 billion, of which \$5 billion is private finance. The company has developed a reputation as a flexible and reliable service provider that has credibility with both the public and private sectors. Based on that experience, the Shareholder has requested that the company look for opportunities to expand its role in the planning, procurement and implementation of capital projects which use a combination of partnership and other procurement methods; and which seek to meet the Province's energy needs in a more effective and efficient manner.

Although the B.C. economy is starting to emerge from global economic recession, there is still the potential for fiscal restraint and a need to manage the growth in capital expenditures. Should the pipeline of projects be reduced, Partnerships BC remains well-positioned to maintain commercial viability.

Partnerships BC supports the Province's climate action plan to reduce greenhouse gas emissions and improve energy efficiency in public sector buildings. A significant component of the Company's innovation, leadership and expertise is now focused on developing energy efficient infrastructure and new sources of green energy—goals that are shared with our clients and the Province.

## Risks and Mitigation Strategies

Looking ahead to 2011/12 – 2013/14, the company has identified the following risks to its performance and developed mitigation strategies to ensure the company remains on-track to achieve its corporate goals.

Risk Category	Description	Mitigation Strategies
Scope of Business Focus and Client Base	Partnerships BC's client market and service offering is a relatively narrow business focus. If the partnership market weakens, or if clients elect to use other procurement advisers, this could limit the ability of the company to meet its financial targets and goals.	<ul style="list-style-type: none"> <li>• Diversify client market to include other levels of government and other jurisdictions.</li> <li>• Consult with potential clients to understand their infrastructure needs and identify project opportunities.</li> <li>• Work with central agencies to streamline approval processes.</li> <li>• Diversify the range of partnership procurement methods to better meet client needs.</li> <li>• Ensure that Partnerships BC's fee structure reflects a value for money proposition for clients.</li> </ul>
Public Private Partnership Policy Environment	The policy environment for partnership projects continues to evolve.	<ul style="list-style-type: none"> <li>• Work with the Province to ensure the policy environment is compatible with partnership projects.</li> <li>• Work with clients to ensure partnership projects are compatible with the Province's policy objectives.</li> </ul>
Project Risks	Partnerships BC may experience risks due to problems or changes in client partnership projects in the procurement, construction or operations phase of a partnership project.	<ul style="list-style-type: none"> <li>• Participate on Project Boards for partnership projects.</li> <li>• Apply best practices in procurement: <ul style="list-style-type: none"> <li>○ Costing</li> <li>○ Affordability</li> <li>○ Evaluation</li> <li>○ Governance</li> </ul> </li> <li>• Work with client ministries and agencies to develop and apply best practices in the design, construction and operations phases.</li> </ul>

Risk Category	Description	Mitigation Strategies
Public Private Partnership Market Size and Capacity	<p>PPP markets are continuing to grow internationally and within B.C. The company may face challenges related to:</p> <ul style="list-style-type: none"> <li>• Growth of PPP markets in competing jurisdictions.</li> <li>• General private sector interest in PPPs worldwide.</li> <li>• Development of PPP capacity in B.C.</li> <li>• Population growth and demographic shifts that impact both the need for infrastructure and the ability to deliver.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to develop relationships with PPP stakeholders and business partners.</li> <li>• Continue to apply consistent approaches to procurement, to reduce transaction and bid costs to maintain an attractive PPP market in B.C.</li> <li>• Engage in information sharing with other provincial jurisdictions to broaden the Canadian PPP market and attract private sector participants.</li> <li>• Communicate with international PPP organizations to build on their experience.</li> <li>• Ensure rigorous project budgeting to address project risks such as construction cost escalation.</li> <li>• Assess market interest in advance of procurement to ensure the presence of a viable market.</li> <li>• Inform PPP market participants about upcoming projects.</li> <li>• Involve the academic community to analyze the B.C. project experience to further develop best practices.</li> </ul>
Reputation Risk	<p>Reputation is compromised when an organization's performance, ethics or experience with stakeholders suffers. Partnerships BC's ability to provide quality service to its clients and the wider PPP market is directly tied to the reputation of the company and the demonstrable success of partnership projects.</p>	<ul style="list-style-type: none"> <li>• Ensure a high level of disclosure and transparency.</li> <li>• Develop and implement communications strategies for partnership projects.</li> <li>• Develop and implement a proactive corporate stakeholder relations and communications strategy.</li> <li>• Apply best practices to all phases of projects.</li> <li>• Continue to engage Conflict of Interest Adjudicators and Fairness Advisors on projects.</li> </ul>

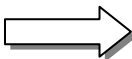
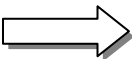
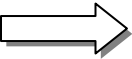
Risk Category	Description	Mitigation Strategies
Interest Rates	<p>If lending rates increase significantly, the challenges would include:</p> <ul style="list-style-type: none"> <li>• Availability of capital for infrastructure projects.</li> <li>• Cost of capital.</li> <li>• Fixed financial terms during the proposal evaluation and negotiation phase.</li> </ul>	<ul style="list-style-type: none"> <li>• Remain highly informed on financial market conditions.</li> <li>• Take a flexible approach to structuring the financing for each project, designing the structure to match the prevailing financial market considerations to maximize value for taxpayers' dollars.</li> <li>• Assess risk transfer in the areas of refinancing timing and benefit sharing.</li> <li>• Optimize the use of private capital with public funding so as to achieve risk transfer at minimal financing cost.</li> </ul>
Internal Experience and Capacity	<p>Partnerships BC needs to balance service demand with its corporate capacity to ensure successful performance at both the project and organizational levels.</p>	<ul style="list-style-type: none"> <li>• Continue to implement a human resources strategy that ensures professional staff develop the right mix of skills and expertise for the expected project flow and corporate responsibilities, and draw expertise from the public and private sectors.</li> <li>• Support continuous learning and improvement, and targeted and relevant training.</li> <li>• Optimize knowledge management.</li> <li>• Optimize staff retention and work to minimize personnel turnover.</li> <li>• Conduct external executive and staff compensation reviews every two years to benchmark against comparable public and private sector organizations.</li> <li>• Benchmark human resource strategies against comparable public and private sector organizations.</li> </ul>

Risk Category	Description	Mitigation Strategies
Management and Operational Risks	Partnerships BC's ability to serve its clients depends upon its ability to harness and direct knowledge; therefore, the company faces business risks related to information management.	<ul style="list-style-type: none"> <li>• Update and improve management and financial information systems and related processes.</li> <li>• Address business disruption issues with the effective deployment of business continuity plans.</li> <li>• Address information systems related risks.</li> </ul>

## Goals, Strategies, Performance Measures and Targets

Since 2002, Partnerships BC has been guided by the annual Shareholder's Letter of Expectation from which the Board of Directors has developed the vision, corporate goals, performance measures and service model for the company. Since that time, a primary focus of Partnerships BC has been the growth and development of a robust partnership market in British Columbia.

In spring 2010, based on direction from the Shareholder, Partnerships BC undertook a review of the company's service model and subsequently revised its corporate goals and performance measures. The new corporate goals—and relative percentage weight of each goal—reflect a more mature partnership market in British Columbia as well as the opportunity to provide support to clients with projects in the construction and operations phases. Furthermore, based on years of experience in the planning and procurement of major projects, Partnerships BC can provide additional value to its clients by expanding our role in the planning, procurement and implementation of capital projects which use multiple procurement methods; and which seek to meet the Province's energy needs in a more effective and efficient manner.

Old Corporate Goals		New Corporate Goals
Goal 1: Structure and implement public private partnership solutions which serve the public interest (60 per cent)		Goal 1: Plan and structure partnership delivery solutions for public infrastructure projects which are expected to achieve value for money (25 per cent)
Goal 2: Encourage development of the public private partnership market in British Columbia (15 per cent)		Goal 2: Successfully implement partnership delivery solutions for public infrastructure through leadership in procurement, practices and market development (50 per cent)
Goal 3: Remain commercially viable and increase productivity (25 per cent)		Goal 3: Maintain a self-sustaining organization and provide added value to an increasingly diverse client base (25 per cent)

Partnerships BC will employ a number of overarching strategies to support achievement of its new goals and measures, including:

- Maintain our focus on providing core services in the business planning and procurement phases;
- Apply our expertise to large or complex projects (e.g. Children's and Women's Hospitals Redevelopment Project);
- Diversify our business with new clients and new sectors (e.g. BC Hydro);
- Seek opportunities to provide expanded procurement advisory services outside British Columbia;
- Support clients in the area of capital program planning;
- Provide advice and governance to partnership projects (e.g. design development support; negotiating change orders); and
- Continue to educate and engage with key stakeholders in the business community and market to generate awareness, support and understanding for partnership delivery methods and projects.



Goal 1: Plan and structure partnership delivery solutions for public infrastructure which are expected to achieve value for money (25 per cent)

Partnerships BC shares with its clients a commitment to planning and structuring the optimal delivery solution for public infrastructure projects that provide value to British Columbians. Partnerships BC adds value by applying due diligence and discipline to the business planning stage of a project, offering guidance on the development of the procurement options analysis and the calculation of the expected value for money to be achieved. In addition, the business planning stage requires careful consideration and evaluation of project risks, and how best to manage those risks to protect taxpayers' dollars.

The demand for infrastructure in the health, transportation, education and energy sectors continues. The company is focused on pursuing opportunities in these and other sectors. While many of the large and complex capital projects are likely to be delivered using the public private partnership method, the business planning process always includes the exploration of the best procurement method for each project. Such methods can include multiple procurements or multi-phased procurements. The company is applying its commercial expertise to the management of multiple procurement methods for complex projects.

Partnerships BC will seek to provide additional guidance to clients in the early stages of capital planning for public infrastructure projects.

Partnerships BC is committed to ensuring that clients are provided with the highest level of service and that they are satisfied with the quality of services received; accordingly, formal and informal surveys of clients will be undertaken on an annual basis and the number of new and repeat clients will be tracked.

Goal 1: Plan and structure partnership delivery solutions for public infrastructure which are expected to achieve value for money (25 per cent)					
Performance Measure	2009/10 Actual	2010/11 Forecast	2011/12 Target	2012/13 Target	2013/14 Target
Effective planning and approval processes which incorporate all relevant learnings	<ul style="list-style-type: none"> <li>Formal client survey not conducted in 2009/10</li> <li>Positive anecdotal feedback received from clients across multiple sectors</li> </ul>	<ul style="list-style-type: none"> <li>Positive assessment by Board of Directors on concept plan and business case milestones achieved</li> <li>Formal client survey not conducted in 2010/11</li> <li>Positive anecdotal feedback received from clients across multiple sectors</li> </ul>	<ul style="list-style-type: none"> <li>Concept plan and business case milestones achieved</li> <li>Number of new and repeat clients</li> <li>Positive client feedback</li> <li>Positive Board assessment of incorporation of cross-project learnings</li> </ul>	<ul style="list-style-type: none"> <li>Concept plan and business case milestones achieved</li> <li>Number of new and repeat clients</li> <li>Positive client feedback</li> <li>Positive Board assessment of incorporation of cross-project learnings</li> </ul>	<ul style="list-style-type: none"> <li>Concept plan and business case milestones achieved</li> <li>Number of new and repeat clients</li> <li>Positive client feedback</li> <li>Positive Board assessment of incorporation of cross-project learnings</li> </ul>
Consistent use of recommended methodology for procurement options analysis	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Documented use of recommended methodology</li> </ul>	<ul style="list-style-type: none"> <li>Documented use of recommended methodology</li> </ul>	<ul style="list-style-type: none"> <li>Documented use of recommended methodology</li> </ul>
Achieve anticipated value for money at financial close	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Positive Board assessment of value for money at financial close</li> </ul>	<ul style="list-style-type: none"> <li>Positive Board assessment of value for money at financial close</li> </ul>	<ul style="list-style-type: none"> <li>Positive Board assessment of value for money at financial close</li> </ul>

Goal 2: Successfully implement partnership delivery solutions for public infrastructure through leadership in procurement, practices and market development (50 per cent)

A continued focus for Partnerships BC is designing procurement processes that are efficient, fair and transparent. As one measure of efficiency, the company established a procurement benchmark for PPP projects of 18 months from the date the Request for Qualifications (RFQ) is issued, to when the final project agreement is reached. Efficient procurement processes help to save time and money for both the public and private sectors. Partnerships BC remains committed to maintaining a high level of public disclosure related to procurements, consistent with government policy.

Project success starts with creating an attractive market for partnership project participants. Creating a strong and competitive market for projects will encourage innovation and increase value for our clients and taxpayers. In turn, international companies will invest in British Columbia and partner with local firms to take advantage of their expertise.

As the partnership program has matured and more projects have entered the construction and operations phase, Partnerships BC is responding to requests from our clients to provide governance and advisory services during the construction phase, and will increase the level of support offered during the operations phase. Partnerships BC is well positioned to provide this support based on our intimate knowledge of how project agreements are structured, and the allocation of roles and responsibilities between the public and private sector partners. There will be concerted efforts to review projects in the operations stage to provide real-time feedback to upcoming projects.

Goal 2: Successfully implement partnership delivery solutions for public infrastructure through leadership in procurement, practices and market development (50 per cent)					
Performance Measure	2009/10 Actual	2010/11 Forecast	2011/12 Target	2012/13 Target	2013/14 Target
Conduct efficient procurement processes which incorporate all relevant cross project learnings	<ul style="list-style-type: none"> <li>• Fort St. John Hospital and Residential Care Project—15 months</li> <li>• BC Cancer Agency Centre for the North—17 months</li> </ul>	<ul style="list-style-type: none"> <li>• South Fraser Perimeter Road—24 months</li> <li>• Surrey Memorial Hospital—17 months</li> </ul>	<ul style="list-style-type: none"> <li>• Project procurement milestone of 18 months</li> <li>• Documented use of recommended methodology</li> <li>• Positive client feedback</li> <li>• Positive Board assessment of incorporation of cross-project learnings</li> </ul>	<ul style="list-style-type: none"> <li>• Project procurement milestone of 18 months</li> <li>• Documented use of recommended methodology</li> <li>• Positive client feedback</li> <li>• Positive Board assessment of incorporation of cross-project learnings</li> </ul>	<ul style="list-style-type: none"> <li>• Project procurement milestone of 18 months</li> <li>• Documented use of recommended methodology</li> <li>• Positive client feedback</li> <li>• Positive Board assessment of incorporation of cross-project learnings</li> </ul>
Level of competition and ongoing market development	<ul style="list-style-type: none"> <li>• Active market participation on recent projects</li> <li>• New market participants: EllisDon, Meridiam and Busby, Perkins &amp; Will</li> </ul>	<ul style="list-style-type: none"> <li>• Significant response to RFQs from market</li> <li>• New market participants: Shelter Industries, Omicron</li> </ul>	<ul style="list-style-type: none"> <li>• Positive Board assessment of level of competition</li> <li>• Number of new or repeat market participants</li> <li>• Market composition (international / local)</li> </ul>	<ul style="list-style-type: none"> <li>• Positive Board assessment of level of competition</li> <li>• Number of new or repeat market participants</li> <li>• Market composition (international / local)</li> </ul>	<ul style="list-style-type: none"> <li>• Positive Board assessment of level of competition</li> <li>• Number of new or repeat market participants</li> <li>• Market composition (international / local)</li> </ul>

Goal 2: Successfully implement partnership delivery solutions for public infrastructure through leadership in procurement, practices and market development (50 per cent)					
Performance Measure	2009/10 Actual	2010/11 Forecast	2011/12 Target	2012/13 Target	2013/14 Target
<p>Achieve fair and transparent procurement processes</p> <p>Maintain a high level of public disclosure related to procurements, consistent with government policy</p>	<ul style="list-style-type: none"> <li>• All documents published with the exception of reports for Port Mann / Highway 1</li> <li>• Clean fairness opinions on three projects (RFQ and RFP processes)</li> </ul>	<ul style="list-style-type: none"> <li>• All documents published; fairness advisor and project reports in progress for Port Mann / Highway 1 and South Fraser Perimeter Road</li> <li>• Clean fairness opinions on four projects (RFQ and RFP processes)</li> </ul>	<ul style="list-style-type: none"> <li>• Positive market feedback</li> <li>• Fairness advisors used on projects, where applicable</li> <li>• Fairness advisor reports confirm fairness of procurement process</li> <li>• Publish procurement documents and fairness reports, on projects, consistent with government policy</li> <li>• Publish a Project Report after final agreement, where applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Positive market feedback</li> <li>• Fairness advisors used on projects, where applicable</li> <li>• Fairness advisor reports confirm fairness of procurement process</li> <li>• Publish procurement documents and fairness reports, on projects, consistent with government policy</li> <li>• Publish a Project Report after final agreement, where applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Positive market feedback</li> <li>• Fairness advisors used on projects, where applicable</li> <li>• Fairness advisor reports confirm fairness of procurement process</li> <li>• Publish procurement documents and fairness reports, on projects, consistent with government policy</li> <li>• Publish a Project Report after final agreement, where applicable</li> </ul>

Goal 2: Successfully implement partnership delivery solutions for public infrastructure through leadership in procurement, practices and market development (50 per cent)					
Performance Measure	2009/10 Actual	2010/11 Forecast	2011/12 Target	2012/13 Target	2013/14 Target
Achieve successful implementation on projects	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• Positive client feedback</li> <li>• Private partner feedback</li> <li>• Other performance indicators and evaluation methodology (related to design, construction and operation phases) developed by September 2011</li> </ul>	<ul style="list-style-type: none"> <li>• Positive client feedback</li> <li>• Private partner feedback</li> <li>• Other performance indicators and evaluation methodology (related to design, construction and operation phases) developed by September 2011</li> </ul>	<ul style="list-style-type: none"> <li>• Positive client feedback</li> <li>• Private partner feedback</li> <li>• Other performance indicators and evaluation methodology (related to design, construction and operation phases) developed by September 2011</li> </ul>

Goal 3: Maintain a self-sustaining organization and provide added value to an increasingly diverse client base (25 per cent)

Partnerships BC is committed to the principles of fiscal responsibility and financial independence. As a fee-for-service organization, the company must demonstrate its value to clients to ensure repeat business. Over the years the company has developed considerable depth of knowledge and expertise, as well as a comprehensive library of guidance documents, templates and project examples to support clients with new projects in new sectors. Knowledge management and transfer are key components of demonstrating value to our clients.

Going forward, the company will focus on diversifying our client base by seeking out new clients and new sectors where our expertise can add value. The company will engage in targeted outreach activities to help develop and maintain a positive reputation amongst key stakeholders, decision makers and influencers to help secure current and prospective clients.

Partnerships BC prides itself on creating a positive corporate culture for its employees; the ability to attract and retain high-quality staff is critical to achieving our corporate goals. Employees are incented through a market compensation structure and a flexible project-oriented organization that offers interesting and challenging work. Training and development programs are offered to employees as a means of developing and preparing staff for career advancement. The rate of turnover among staff and employee satisfaction compared to industry standards are two such indicators of the company's performance.

As a knowledge-based company, Partnerships BC tracks examples of productivity in specific areas of operations, such as the average utilization rate for employees working on projects. When the financial plan for the company was first established, productivity measures were benchmarked against comparable corporations.

Goal 3: Maintain a self-sustaining organization and provide added value to an increasingly diverse client base (25 per cent)					
Performance Measure	2009/10 Actual	2010/11 Forecast	2011/12 Target	2012/13 Target	2013/14 Target
Achieve financial plan	<ul style="list-style-type: none"> <li>Revised financial plan target met</li> <li>Average annual utilization rate for projects—61%</li> <li>Average annual utilization rate for projects and government services contract—83%</li> </ul>	<ul style="list-style-type: none"> <li>Exceed financial plan target</li> <li>Net income margin of 2.4%</li> <li>Net cash flow available for support six months of operations</li> <li>Average annual utilization rate for projects—67%</li> <li>Average annual utilization rate for projects and government services contract—87%</li> </ul>	<ul style="list-style-type: none"> <li>Meet Board approved net income margin</li> <li>Sufficient equity to support six months of operations</li> <li>Achieve weighted average utilization rate of 60-70%</li> <li>Achieve utilization rate (including work under the government services contract) of 85%</li> </ul>	<ul style="list-style-type: none"> <li>Meet Board approved net income margin</li> <li>Sufficient equity to support six months of operations</li> <li>Achieve weighted average utilization rate of 60-70%</li> <li>Achieve utilization rate (including work under the government services contract) of 85%</li> </ul>	<ul style="list-style-type: none"> <li>Meet Board approved net income margin</li> <li>Sufficient equity to support six months of operations</li> <li>Achieve weighted average utilization rate of 60-70%</li> <li>Achieve utilization rate (including work under the government services contract) of 85%</li> </ul>
Increase diversity of client base	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Number of engagements with new clients</li> </ul>	<ul style="list-style-type: none"> <li>Number of engagements with new clients</li> </ul>	<ul style="list-style-type: none"> <li>Number of engagements with new clients</li> </ul>



Goal 3: Maintain a self-sustaining organization and provide added value to an increasingly diverse client base (25 per cent)					
Performance Measure	2009/10 Actual	2010/11 Forecast	2011/12 Target	2012/13 Target	2013/14 Target
<p>Maintain and develop required employee levels and skill sets</p> <p>Maintain a positive professional culture</p>	<ul style="list-style-type: none"> <li>• No employee survey conducted</li> <li>• BC Public Service Agency Work Environment Survey 2009 (overall score of 78)</li> <li>• BC Business Best Companies to Work for in BC Survey (overall score of 4.18 out of 5.0)</li> </ul>	<ul style="list-style-type: none"> <li>• No significant voluntary turnover</li> <li>• BC Business Best Companies to Work for in BC Survey (overall score of 4.12 out of 5.0)</li> </ul>	<ul style="list-style-type: none"> <li>• Comparison of voluntary turnover to industry standards</li> <li>• Achieve a minimum rating of 4 (out of 5) from annual employee satisfaction survey</li> <li>• Provide appropriate professional development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Comparison of voluntary turnover to industry standards</li> <li>• Achieve a minimum rating of 4 (out of 5) from annual employee satisfaction survey</li> <li>• Provide appropriate professional development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Comparison of voluntary turnover to industry standards</li> <li>• Achieve a minimum rating of 4 (out of 5) from annual employee satisfaction survey</li> <li>• Provide appropriate professional development opportunities</li> </ul>
Develop and maintain a positive reputation amongst key stakeholders, decision makers and influencers	<ul style="list-style-type: none"> <li>• Positive media coverage—local, national and international</li> <li>• Four project awards</li> <li>• Enhanced stakeholder outreach</li> </ul>	<ul style="list-style-type: none"> <li>• Positive media coverage—local, national and international</li> <li>• Three project awards</li> <li>• Enhanced stakeholder outreach</li> <li>• Workshop held for market and attended client conferences and workshops</li> </ul>	<ul style="list-style-type: none"> <li>• Positive reputation for the company amongst key stakeholders</li> <li>• Outreach activity which includes conferences and client or government workshops</li> <li>• External validation (e.g. awards and informed media coverage)</li> </ul>	<ul style="list-style-type: none"> <li>• Positive reputation for the company amongst key stakeholders</li> <li>• Outreach activity which includes conferences and client or government workshops</li> <li>• External validation (e.g. awards and informed media coverage)</li> </ul>	<ul style="list-style-type: none"> <li>• Positive reputation for the company amongst key stakeholders</li> <li>• Outreach activity which includes conferences and client or government workshops</li> <li>• External validation (e.g. awards and informed media coverage)</li> </ul>

## Performance Management and Benchmarking

In 2002/03, when Partnerships BC was first incorporated, an independent third party consulting firm was engaged to perform a review of internal performance measures for the company based on other comparable public and private sector organizations. When the company revised its business model in 2006/07, an independent third party consulting firm was again engaged to review the internal performance measures for the company. On an annual basis, the Board reviews the performance measures and provides recommendations for change, if necessary.

Although the Canadian partnership market has been expanding over the last few years, there are no other agencies either nationally or internationally that are structured with the same service delivery model as Partnerships BC. Therefore, it is not possible to provide benchmark comparisons with other organizations.

Partnerships BC holds a unique place in the market, acting as both advisor to government and as the gateway to partnership opportunities for the business sector. Qualitative measures, such as those related to transparency and fairness, reflect the need to serve the public interest. Quantitative measures, such as standard measures of commercial viability, reflect the need to remain effective and efficient in operations. The performance measures and targets selected reflect the nature of the advisory services business model under which Partnerships BC operates and the maturity of the partnership market.

Partnerships BC is confident that the performance measures used are reliable, accurate and valid. The company will track data from a number of sources throughout 2011/12, including:

- The financial plan that is presented to the Board of Directors, which is benchmarked against comparable corporations.
- Project milestones and comparison of milestones achieved based on project plans.
- A knowledge management strategy that is used to track and catalogue guidance documents, templates and project precedents.
- Information from client and employee satisfaction review processes.

The management team presents an operations report to the Board each quarter and tracks the company's progress against the Service Plan. Corrective action will be taken to ensure the company remains on-track to achieve its corporate goals.

## Summary Financial Outlook

### Partnerships British Columbia Inc. Fiscal 2010/11 Reforecast and Fiscal 2011/12 to 2013/14 Budget

	2009/10 Actual	2010/11 Reforecast	2011/12 Budget	2012/13 Budget	2013/14 Budget
<b>REVENUE</b>					
Fees for Service	\$ 6,651,963	\$ 8,711,090	\$ 8,994,160	\$ 9,263,985	\$ 9,542,804
Provincial Government Revenue	1,230,000	-	-	-	-
Other Revenue	91,305	107,502	41,000	81,030	81,061
Project Recoveries	4,628,114	4,074,297	3,364,000	5,200,000	5,400,000
<b>TOTAL REVENUE</b>	<b>12,601,382</b>	<b>12,892,889</b>	<b>12,399,160</b>	<b>14,545,015</b>	<b>15,023,865</b>
<b>EXPENDITURES</b>					
Salaries and Benefits	6,044,720	6,563,446	6,969,071	7,178,143	7,393,487
Professional Services	391,769	450,508	470,000	484,100	498,623
Administration	1,321,423	1,353,274	1,344,314	1,396,535	1,438,505
Corporate Relations	6,376	70,867	38,240	39,387	40,569
Amortization	172,158	169,325	192,931	228,409	225,248
<b>TOTAL EXPENDITURES</b>	<b>7,936,445</b>	<b>8,607,419</b>	<b>9,014,556</b>	<b>9,326,573</b>	<b>9,596,432</b>
Project Recoverable Expenses	4,628,114	4,074,297	3,364,000	5,200,000	5,400,000
<b>NET INCOME (LOSS)</b>	<b>\$ 36,822</b>	<b>\$ 211,173</b>	<b>\$ 20,604</b>	<b>\$ 18,441</b>	<b>\$ 27,433</b>
<b>NET INCOME (PRE-VARIABLE COMPENSATION)</b>	<b>\$ 533,822</b>	<b>\$ 732,940</b>	<b>\$ 528,851</b>	<b>\$ 541,936</b>	<b>\$ 566,632</b>
<b>Capital Expenditures</b>	<b>\$ 41,647</b>	<b>\$ 200,000</b>	<b>\$ 149,441</b>	<b>\$ 133,388</b>	<b>\$ 190,982</b>
<b>Long Term Debt</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Retained Earnings</b>	<b>\$ 7,686,506</b>	<b>\$ 7,897,679</b>	<b>\$ 7,918,284</b>	<b>\$ 7,936,725</b>	<b>\$ 7,964,158</b>

