

Partnerships British Columbia Inc.

2018/19 – 2020/21 SERVICE PLAN

February 2018



For more information on Partnerships British Columbia Inc. contact:

Suite 1220 - 800 West Pender Street
Vancouver, B.C.
V6C 1J8

Or

Suite 300 - 707 Fort Street
Victoria, B.C.
V8W 3G3

Or visit our website at
www.partnershipsbc.ca

Board Chair Accountability Statement



The 2018/19 - 2020/21 Partnerships British Columbia Inc. (Partnerships BC) Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of January 18, 2018 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, Partnerships BC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Partnerships BC's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in black ink, appearing to read 'Dana Hayden'.

Dana Hayden
Board Chair

Table of Contents

Board Chair Accountability Statement 3

Strategic Direction and Alignment with Government Priorities..... 5

Operating Environment..... 6

Performance Plan 8

Financial Plan..... 15

 Summary Financial Outlook..... 15

Appendix A: Hyperlinks to Additional Information..... 16

 Corporate Governance 16

 Organizational Overview 16

Strategic Direction and Alignment with Government Priorities

Partnerships BC is owned by the Province of British Columbia and governed by a Board of Directors reporting to its sole Shareholder, the Minister of Finance. It is incorporated under the British Columbia *Business Corporations Act*.

Partnerships BC's strategic direction and mandate have been set by its Shareholder, as per the Crown's [2018/19 Mandate Letter](#). The current corporate goals reflect Partnerships BC's mandate to ensure it is meeting Shareholder and client needs.

Vision

To be a recognized leader in evaluating, structuring and implementing delivery solutions for complex public infrastructure projects while consistently delivering value to our clients.

Mandate

Partnerships BC supports the public sector in meeting its infrastructure needs by providing leadership, expertise and consistency in the procurement of complex capital projects, by utilizing private sector innovation, services and capital to deliver measureable benefits for taxpayers.

Values

Partnerships BC's values are as follows:

Service: Partnerships BC is committed to value-added, cost effective, efficient client service.

Commitment: Partnerships BC is committed to delivering high quality work, to working together as a team, to collaborate and communicate in a timely way.

Accountability: Partnerships BC is committed to transparent management of its business, to reporting out on operations, and to ensuring compliance with public sector compensation guidelines.

Integrity: Partnerships BC is committed to making decisions and taking actions that are transparent, ethical and free from conflict of interest, and to adhering to its ethical code of conduct.

Respect: Partnerships BC is committed to engaging in equitable, compassionate, respectful and effective communications.

Partnerships BC is aligned with the Government's key priorities:

Government Priorities	Partnerships BC Aligns with These Priorities
Making life more affordable	<ul style="list-style-type: none"> • Complex provincial infrastructure projects delivered on budget (i.e., within the projects' capital and affordability ceilings) and within the agreed upon procurement schedules. (Objective 1.1 and 1.3)
Delivering the services people count on	<ul style="list-style-type: none"> • Meet procurement objectives associated with complex infrastructure projects that provide much-needed services for the citizens of B.C. (Goal 1)
A strong, sustainable economy	<ul style="list-style-type: none"> • Provincial capital project procurements contribute to job creation and thereby support a strong and sustainable economy. (Goal 2)

Operating Environment

The development of new infrastructure, along with the renewal of public services, are essential to meet the evolving needs of B.C.'s growing and aging population. Housing, education, health care, and transportation services are important priorities for the Government of B.C. in the near term, and infrastructure development can contribute to the delivery of these important services.

Partnerships BC advises public sector clients how best to plan, procure and deliver capital projects to foster innovation and quality, address key service needs and to manage projects to be on time and on budget, using a variety of procurement models. Procurement models include design-build, design-build-finance, design-bid-build, and public-private-partnerships (P3s). In all cases, the public sector owns the infrastructure and maintains full oversight of the project. When delivered on time and within the capital and affordability ceilings, governments are able to make their planned investments in critical public services more effectively.

Partnerships BC continues to demonstrate leadership in capital project procurement and commercial practice. The organization has relationships with clients in B.C. including: the Ministries of Transportation and Infrastructure, Health, Public Safety and Solicitor General, Education, and Advanced Education, Skills and Training, along with the provincial health authorities and several B.C. Crown corporations.

In addition, Partnerships BC offers services to clients outside of the provincial government including TransLink, Port of Vancouver, as well as the Territories of Nunavut and the Yukon, and the provinces of Saskatchewan and Newfoundland and Labrador. Partnerships BC also pursues advisory and procurement opportunities with jurisdictions outside of Canada through the Westcoast Infrastructure Exchange in the United States. This creates opportunities for B.C. companies to participate in other markets. It also provides opportunities for Partnerships BC to both refine and improve its practices and learn lessons from working with other jurisdictions.

Several projects that Partnerships BC has been involved in won awards in the past year. The Canadian Design-Build Institute awarded the Interior Heart and Surgical Centre project with the 2017 Design-Build Award of Excellence (Buildings Category) and the Evergreen Line project with the 2017

Design-Build Award of Excellence (Infrastructure Category). At the Canadian Council for Public-Private Partnerships at its annual conference in November 2017, the Iqaluit International Airport project won the Gold Award for Infrastructure.

Since its inception in 2002, Partnerships BC has participated in 52 projects with a cumulative capital investment of approximately \$18 billion. Of these, eight projects with a total capital investment of \$2.2 billion were undertaken for other governments in Canada. The B.C.-based projects – which are either operational, under construction or currently in the competitive selection process – deliver infrastructure and provide services to British Columbians. Partnerships BC is also in its third year of implementing its Stakeholder Engagement Plan and is committed to continued engagement with our provincial clients and partners.

The demand for complex capital projects remains strong, and there is potential for a significant project flow in the coming years with the federal government’s continuing and new infrastructure funding programs announced in 2016. This may include emerging opportunities related to the Canada Infrastructure Bank.

Partnerships BC is executing its Strategic Plan to meet corporate goals as reflected in the Mandate Letter, developing a sustainable project portfolio (i.e. sufficient revenue generation from projects to support operations), and focusing on the continued growth and development of new and existing employees.

Performance Plan

Partnerships BC acts as an interface between public sector entities and private sector organizations in the procurement and delivery of complex capital projects. Partnerships BC's services include:

- Project planning
- Concept plan and business case development
- Procurement advice and management
- Design and construction oversight
- Contract administration
- Project communications support

Partnerships BC recommends the best procurement model for each project to its client. The global infrastructure market recognizes Partnerships BC-led procurements as being well run, fair, open and transparent, thereby increasing market interest and supporting vibrant competition.

Since its inception in 2002, Partnerships BC has been guided by its annual Mandate Letter issued by its Shareholder, from which the executive and Board of Directors have developed the vision, mandate, corporate goals, performance measures and service model for the Crown agency.

Goal 1: Meet procurement objectives associated with complex infrastructure projects

Objective 1.1: Achieve agreed-upon project procurement schedules

Key Strategies:

- Use effective, proven processes, templates and documents to meet project procurement schedules.
- Use of appropriate governance models throughout the project procurement process.

Objective 1.2: Maintain fairness and transparency in project procurement processes

Key Strategies:

- Initiate innovative procurement processes and contractual structures covering a full range of viable options, and work with clients and the market to achieve procurement objectives.
- Publish fairness advisor reports that assess the fairness of the procurement process.

Objective 1.3: Meet capital and affordability ceilings and achieve value for money for projects**Key Strategies:**

- Promote robust market competition for project procurement.
- Develop risk-based cost analysis for projects at the Business Case stage and update as necessary prior to release of the Request for Proposals (RFP).
- Implement procurement processes that deliver projects within established capital and affordability ceilings.

Performance Measure(s)	2016/17 Actuals	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
1.1a Project is delivered based on the agreed upon procurement schedule	Target: Each project is expected to be delivered within the agreed upon procurement schedule; Result: Achieved	100% of projects were delivered within the agreed upon procurement schedule	Each project is expected to be delivered within the agreed upon procurement schedule	Each project is expected to be delivered within the agreed upon procurement schedule	Each project is expected to be delivered within the agreed upon procurement schedule
1.2a Fairness advisor report where size and scope warrants fairness review	Target: Fairness advisor reports conclude that procurement processes were fairly administered; Result: Achieved	100% of fairness advisor reports conclude that procurement processes were fairly administered	Fairness advisor reports conclude that procurement processes were fairly administered	Fairness advisor reports conclude that procurement processes were fairly administered	Fairness advisor reports conclude that procurement processes were fairly administered
1.3a Financial proposals are within capital and affordability ceilings	Target: Each project that reaches financial close is expected to be attained within the capital and affordability ceilings; Result: Achieved	100% of projects that reached financial close were attained within the capital and affordability ceilings	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings
1.3b Achieve value for money* at financial close	Target: Each project that reaches financial close is expected to achieve value for money; Result: Achieved	100% of projects that reached financial close achieved value for money	Each project that reaches financial close is expected to achieve value for money	Each project that reaches financial close is expected to achieve value for money	Each project that reaches financial close is expected to achieve value for money

*Value for money is the risk-adjusted difference in present value dollar terms between the partnership and traditional delivery models costs. Not all benefits are captured in a value for money number. Examples of such benefits include early completion and delivery of associated services to the public or improved long-term service outcomes (e.g. better clinical outcomes in a hospital).

Linking Performance Measures to Objectives:

- 1.1a Partnerships BC closely tracks each project procurement process to help achieve procurement schedule targets which contributes to the infrastructure service needs of British Columbians being addressed in a timely manner.
- 1.2a Fairness Advisor reports are created for both the Request for Qualifications (RFQ) and Request for Proposals phases. The reports help strengthen market confidence in Partnerships BC-led procurements, contributing to strong market competition and improved pricing and value for projects. Fairness Advisor reports comment on the treatment of participants, application of evaluation criteria, and transparency.
- 1.3a Partnerships BC works with client ministries to develop comprehensive risk-based capital and affordability ceilings, with the objective that proponents' financial proposals can be delivered within these ceilings. Delivering projects on or under these ceilings contributes to Government's ability to effectively make planned investments in other critical public infrastructure (e.g., minimizes need for reductions or deferrals of other projects to accommodate project cost increases).
- 1.3b Recommending the procurement model that optimizes value for money, which ensures effective allocation of public financial resources to address service needs.

Goal 2: Deliver value-add to our clients and engage stakeholders effectively

Objective 2.1: Maintain client satisfaction

Key Strategies:

- Client satisfaction has been identified as a priority performance measure. Partnerships BC will continue to conduct client surveys to measure satisfaction with Partnership BC's services. Performance will be compared to the 2015/16 baseline of 80 per cent satisfaction, with the expectation it is sustained or improved.
- Leverage the expertise of Partnerships BC to increase awareness of best practices in capital project planning and procurement within the broader BC Public Service through workshops and other initiatives.

Objective 2.2: Maintain stakeholder satisfaction

Key Strategies:

- Implement and monitor a stakeholder engagement program that uses a range of methods to gather and respond to feedback. Examples include surveys, market outreach sessions, meetings and briefings, workshops and information sharing events, conferences and business-to-business networking sessions.
- Execute effective stakeholder outreach and engagement in procurement practices. The performance is measured through stakeholder surveys.

Objective 2.3: Promote strong market participation

Key Strategies:

- Strive to create robust competition by maintaining strong market participation in procurements thereby fostering value for the public sector.

Performance Measure	2016/17 Actuals	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
2.1a Client satisfaction*	Target: 85% or higher client satisfaction rating; Result: Achieved 92.8% rating	Next satisfaction survey to be conducted in fiscal year 2018/19	Achieve 85% or higher client satisfaction	Achieve 85% or higher client satisfaction	Achieve 85% or higher client satisfaction
2.2a Stakeholder satisfaction*	Target: 80% or higher stakeholder satisfaction rating; Result: Achieved 83.3% rating	Next satisfaction survey to be conducted in fiscal year 2018/19	Maintain or improve upon previous year's performance	Maintain or improve upon previous year's performance	Maintain or improve upon previous year's performance
2.3a Competitive procurements	Target: At least four qualified respondents at RFQ stage; Result: Target met.	Achieve target of at least four qualified respondents at RFQ stage for all procurements that commenced in fiscal year 2017/18	At least four qualified respondents at RFQ stage	At least four qualified respondents at RFQ stage	At least four qualified respondents at RFQ stage

* The client and stakeholder satisfaction ratings have a standard error of +/- 8 per cent at the 95 per cent level of confidence.

Partnerships BC has a limited number of clients and stakeholders, and as a result, the percentage satisfaction rating may fluctuate from year to year.

Linking Performance Measures to Objectives:

- 2.1a As a service-driven organization, maintaining a high level of client satisfaction has proven to be a key driver of our year-over-year success as evidenced by many of our repeat clients. The survey measures staff expertise, quality of deliverables, and the value added by Partnerships BC's participation.
- 2.2a Our work impacts a large number of stakeholders province-wide. Effectively engaging our stakeholders improves their understanding and involvement in our projects and infrastructure development in B.C. The survey measures trust, willingness to listen, and open and transparent processes.
- 2.3a The Province receives the best value through robust market participation and competition. Partnerships BC targets a minimum of four capable respondents in each capital project procurement.

Goal 3: Maintain a responsive and resilient organization

Objective 3.1: Achieve annual financial self-sufficiency

Key Strategies:

- Partnerships BC actively assesses revenue-generating opportunities through the development and application of its business development plan. The plan identifies key strategies and tactics necessary to ensure the agency maintains financial self-sufficiency.
- Create an effective project work/revenue flow, with appropriate accountability, resourcing, and effective delegation across the agency.

Objective 3.2: Provide a workplace that promotes employee engagement and satisfaction

Key Strategies:

- Promote strong teamwork and open communication amongst all staff members, and provide significant learning opportunities.
- Measure employee satisfaction through surveys, with a target of 80 per cent satisfaction. Partnerships BC conducts the employee survey through anonymous feedback and a third party service provider. The employee satisfaction survey and employee retention are instrumental in ensuring the continuity of project success.
- Maintain a low voluntary employee turnover to ensure experienced staff resources are allocated to the appropriate sectors. The data for the industry average are obtained from organizations such as the Human Resources Management Association and the Conference Board of Canada. Partnerships BC measures itself against the industry average and sets a target lower than this on an annual basis.

Performance Measure	2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
3.1a Self sufficiency	Target: Achieve net income target. Result: Achieved net income target	Achieve net income target	Achieve net income target	Achieve net income target	Achieve net income target
3.2a Employee satisfaction	Target: Achieve 80% or higher rating in employee satisfaction survey. Result: No employee satisfaction survey completed	Achieve 80% or higher rating in employee satisfaction survey. Employee satisfaction survey to be conducted in Q4 of fiscal year 2017/18	Achieve 80% or higher rating in employee satisfaction survey	Achieve 80% or higher rating in employee satisfaction survey	Achieve 80% or higher rating in employee satisfaction survey
3.2b Voluntary employee turnover	Target: Lower than industry average (6% to 8%). Result: Not achieved. Voluntary employee turnover of 15.6%	Lower than industry average	Lower than industry average	Lower than industry average	Lower than industry average

Linking Performance Measures to Objectives:

- 3.1a Partnerships BC secures fee-based project work within and outside the B.C. Government to support its operations and thereby achieve financial self-sufficiency (i.e., Partnerships BC does not require any annual operating grants from Government).
- 3.2a Partnerships BC works in a knowledge management industry, and the agency's most important asset is its employees. Employee satisfaction provides continuity on projects and knowledge transfer to new employees. A well-managed agency supports employee development and provides growth and challenging opportunities. Partnerships BC measures employee satisfaction through job satisfaction and commitment using a standardized survey used by other ministries and crown agencies. The survey measures outcomes in various areas including teamwork, professional development, and job suitability.
- 3.2b Work at Partnerships BC is specialized, and the agency provides its employees with extensive training and support to strengthen employee engagement, increase their knowledge and minimize voluntary employee turnover. High employee turnover is a risk, as replacing the knowledge and expertise takes a long time.

Financial Plan

Summary Financial Outlook

Statement of Operations for the years ended March 31, 2017 to 2021

Partnerships British Columbia Inc. Fiscal 2016/17 Actual, 2017/18 Forecast and 2018/19 to 2020/21 Budget (in millions of dollars except FTEs)					
	2016/17 Actual	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
REVENUE					
Fees for Service	\$ 7.43	\$ 7.14	\$ 7.74	\$ 8.65	\$ 8.91
Other Revenues	0.14	0.18	0.14	0.14	0.14
Project Recoveries	2.92	2.14	1.85	1.91	2.46
TOTAL REVENUE	10.49	9.46	9.73	10.70	11.51
EXPENDITURES					
Human Resource Costs	4.95	5.36	5.74	6.30	6.49
Professional Services	0.18	0.16	0.28	0.29	0.30
Administration	1.28	1.30	1.22	1.26	1.30
Corporate Relations	0.02	0.02	0.04	0.04	0.04
Amortization	0.07	0.12	0.13	0.13	0.12
TOTAL EXPENDITURES	6.50	6.96	7.41	8.02	8.25
Project Recoverable Expenses	2.92	2.14	1.85	1.91	2.46
OPERATING SURPLUS	\$ 1.07	\$ 0.36	\$ 0.47	\$ 0.77	\$ 0.80
Full Time Equivalents (FTEs)	30	33	35	38	38
Capital Expenditures	\$ 0.05	\$ 0.50	\$ 0.12	\$ 0.04	\$ 0.05
Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Surplus	\$ 17.12	\$ 17.48	\$ 17.95	\$ 18.72	\$ 19.52
Key Assumptions:					
The budgeted financial information for fiscal years 2018/19 to 2020/21 was prepared based on the following assumptions and direction from the Shareholder:					
1. Full Time Equivalents (FTEs) information is as at fiscal year-end, and is subject to change if there are revenue changes to current and likely engagements. This staffing complement will allow Partnerships BC to maintain its core competencies and will also provide the Government of B.C. with sufficient expertise to focus on its current and future capital projects.					
2. There is no increase to Partnerships BC's charge-out rates to provincial clients in fiscal years 2018/19 to 2020/21.					
3. Operating expenses for fiscal years 2018/19 to 2020/21 are developed on the basis of a zero-based budgeting exercise.					
4. Capital expenditures for 2018/19 to 2020/21 are predominantly for network and employee computer hardware requirements. Computer software licenses are renewed annually and are disclosed under administration costs.					
5. The 2017/18 forecast was developed based on actual financial results for Q1 to Q3 and forecast for Q4.					

Appendix A: Hyperlinks to Additional Information

Corporate Governance

[Partnerships BC Board of Directors](#)

[Senior Management Team](#)

Organizational Overview

[Partnerships BC Governance Principles](#)

[Organizational Overview](#)