



Ottawa's P3 Program A Case Study

World Canal Conference

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Shaping our future together

Ottawa's P3 Office

- 1. Established in 2002**
- 2. Required due to infrastructure deficit**
- 3. New P3 Policy & Procedures manual (Fall 2008)**
- 4. Small office serving as a COE**

Seven- P3 Projects Completed to Date

<u>Project</u>	<u>Completion</u>	<u>Services</u>	<u>Cost(M)</u>
Superdome	Oct. 2004	Indoor soccer	\$ 3.5
Bell Sensplex	Dec. 2004	4 Ice pads	\$25.6
Garry J. Armstrong Home & Allen House Redevelopment	Jun. 2005	Long-term care facilities	\$22.3
Expansion of the Ray Friel Centre	Aug. 2005	2+ Ice pads	\$13.0
Ottawa Paramedic Services HQ	Dec. 2005	Emergency HQ	\$22.0
West Carleton Community Complex	Jul. 2007	Rink, soccer, etc	\$ 8.3
Shenkman Arts Centre	Apr. 2009	Art facility	\$36.8

Projects Completed



Superdome



Bell Sensplex



Garry J. Armstrong



Ray Friel Centre



Ottawa Paramedic
Services HQ



West Carleton Complex

Case Study:

Shenkman Arts Centre and Town Centre

A City-owned 19-acre Town Centre development for the Orléans community that will include high density residential buildings, seniors residences, a hotel, parks and office buildings – anchored by a world-class multi-disciplinary arts facility.



P3 Process Followed

- 1. Established a solid value proposition**
- 2. Leverage opportunities**
- 3. Balanced risk**
- 4. Established municipal requirements**

1. Established a Solid Value Proposition

Steps undertaken to gain private sector interest:

- 1. Land & building appraisals**
- 2. Commissioned market analysis**
- 3. Developed & market tested a concept plan**
- 4. Conducted vendor consultation**
- 5. Removed land-use constraints**
- 6. Secured approvals/executed P3 agreements**

2. Leveraged Opportunities

- 1. Assembled land under one ownership**
- 2. Transferred to the P3 partner, land, Municipal Client Service Centre building with a long-term lease in exchange for a reduced price on the Shenkman Arts Centre**
- 3. Land was transferred subject to performance requirements**
- 4. Utilized ‘municipal financial tools’ – e.g. MCFA Legislation**
- 5. Leveraged City’s covenant**

3. Balanced Risk

Management Strategies:

	<u>City</u>	<u>Partner</u>
• Commissioned various land and environmental studies, including soil analysis	✓	✓
• Initiated rezoning applications	✓	
• Guaranteed loan on the Arts Centre	✓	
• Partner's profit placed at risk for non-performance		✓
• Fix cost & delivery date		✓
• Political support	✓	
• Market demand for Town Centre lands		✓

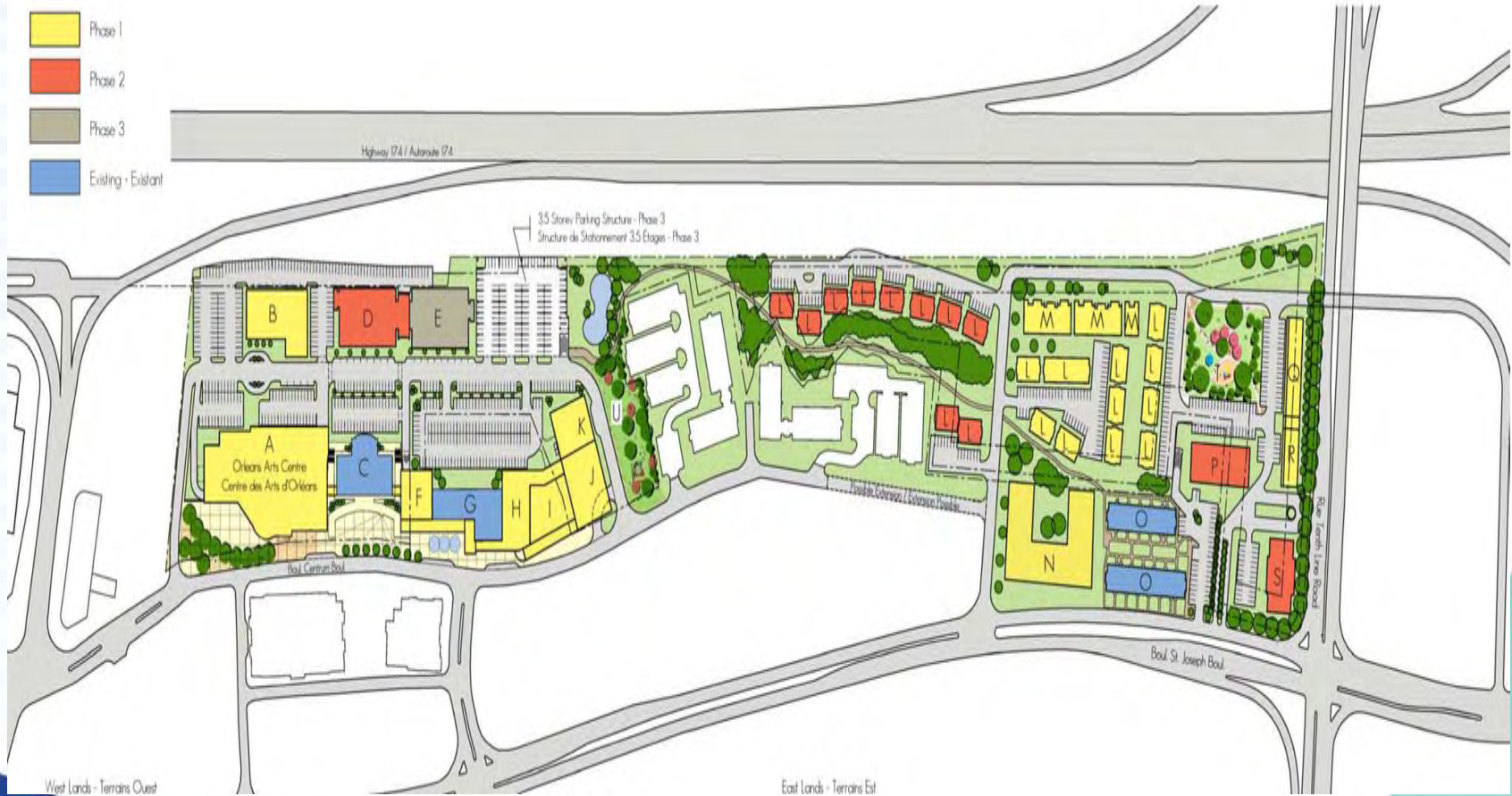
4. Established Municipal Requirements

- 1. Required a full building program and business plan**
- 2. Shenkman Arts Centre – DBOM – fixed price/date certain**
- 3. 30-year partnership agreement**
- 4. Secured maximum value for land & CSC lease to offset Arts Centre construction cost**
- 5. New tenants/finders fees**
- 6. LEED's Silver Certification**
- 7. Guaranteed fixed price for some back-of-house components**

P3 Project Budget

Construction Cost of Shenkman Arts Centre	\$ 36.8 M
Construction Credits :	
Sale of Vacant Lands in the Orléans Town Centre and CSC	(\$12.1 M)
<i>Sub-total</i>	<i>\$24.7 M</i>
Town Center Infrastructure Improvements Investment – City Investment	+ \$3.1 M
Net Project Costs	\$27.8 M

Orléans Town Centre



Economic Benefits

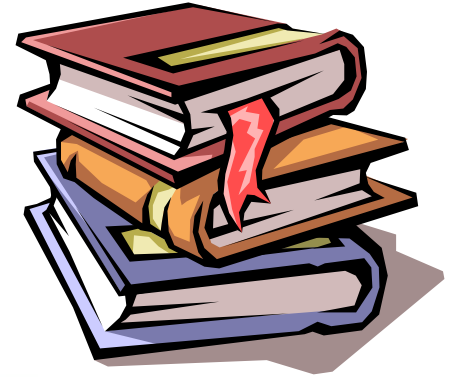
- **\$220M in new construction over 10 years**
- **\$75M direct and indirect economic spin-offs**
- **\$10M building permit/other fees**
- **Creation of 300 new jobs in the Town Centre**
- **Estimated \$3.2 M in taxes at full build out (7 to 10 years)**
- **Guaranteed 30-year life cycle investment for the Arts Centre**
- **Action plan to complete the Town Centre**

Lessons Learned

- **Be realistic about market support**
- **Risk must be balanced**
- **Not all projects can be delivered via a P3 model**
- **Long process – Oct. 2004 to Apr. 2007**
- **Communication critical at all stages of process**

Lessons Learned

- **No “free” money**
- **Define your objectives**
- **Every project is unique**
- **Go/ Get**
- **Assess “risk” vs “control” distribution**
- **Provide incentives and rewards to ensure that the objectives remain aligned**



Lessons Learned

- **City's covenant critical**
- **Communication critical at all stages of process**
- **Construction last 2 years, operation are usually 20-25 years, plan for change**

Thank You

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