

ONTARIO INFRASTRUCTURE AND
LANDS CORPORATION



Value for Money Assessment

Hurontario Light Rail Transit Project

July 2020

Table of Contents

I. EXECUTIVE SUMMARY	2
▶ Infrastructure Ontario	2
▶ Public-Private Partnerships in Ontario	2
▶ Achieving Value for Money	2
▶ External Review	3
II. PROJECT HIGHLIGHTS	4
▶ Hurontario Light Rail Transit Project	4
▶ Background	4
▶ Objectives	5
▶ Project Scope	6
▶ Economic Benefits & Job Creation	6
III. ACHIEVING VALUE FOR MONEY	7
▶ Value for Money Concept	7
▶ Calculating Value for Money – Inputs & Assumptions	7
▶ Value for Money Results	10
▶ External Review	11
IV. PROJECT AGREEMENT	12
V. COMPETITIVE SELECTION PROCESS	13
▶ Procurement Process	13
▶ Construction, Maintenance and Operation Phases	14
VI. CONCLUSION	16
VII. EXTERNAL CONSULTANT LETTERS	17

I. EXECUTIVE SUMMARY

This report provides a summary of the procurement process for the Hurontario LRT project and demonstrates how value for money was achieved by delivering the project using Infrastructure Ontario's (IO) Public-Private Partnership (P3) approach.

► Infrastructure Ontario

IO is a Crown agency owned by the Province of Ontario that provides a wide range of services to support the Ontario government's initiatives to modernize and maximize the value of public infrastructure and realty. Projects delivered by IO are guided by five key principles: transparency, accountability, value for money, public ownership and control, and public interest are paramount.

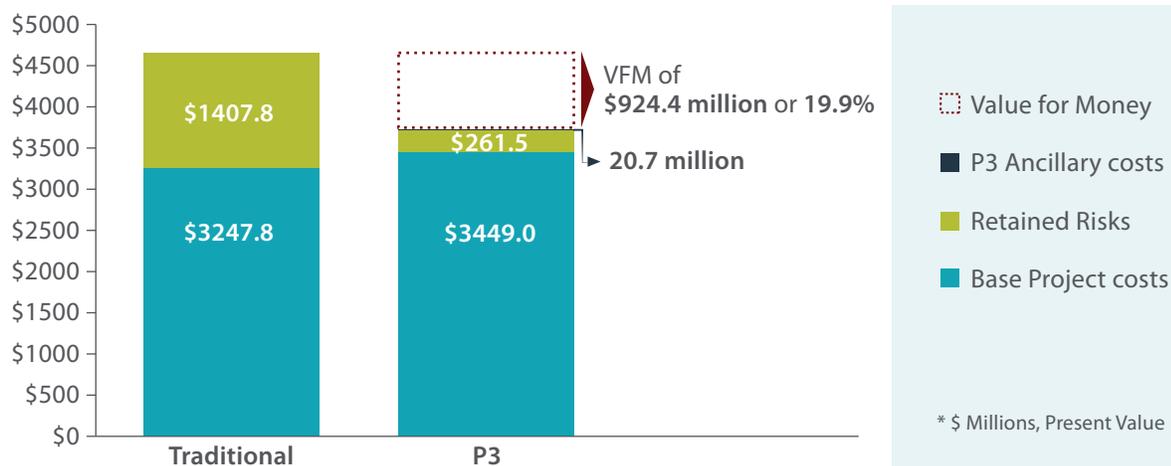
► P3s in Ontario

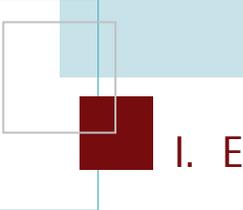
IO delivers large public infrastructure projects using a P3 project delivery model. The model brings together private and public sector expertise in a unique structure that transfers to the private sector partner the risk of project cost increases and scheduling delays typically associated with traditional project delivery. The goal of the P3 approach is to deliver a project on time and on budget and to provide real cost savings for the public sector.

All projects with a cost greater than \$100 million are screened for their suitability in being delivered as a P3 project. The decision to proceed is based on both qualitative considerations (e.g., size and complexity of the project) and a quantitative assessment. The quantitative assessment, called Value for Money (VFM), is used to assess whether the P3 delivery model will achieve greater value to the public compared to a traditional public sector delivery model. VFM compares the estimated total project costs of delivering public infrastructure using P3 relative to the traditional delivery model.

► Achieving Value for Money

The VFM assessment of the Hurontario LRT project indicates an estimated cost savings of \$924 million or 19.9 percent (in present value terms) by using the P3 approach compared to traditional delivery.





I. EXECUTIVE SUMMARY

► External Review

As part of the procurement process and VFM assessment, two external parties were retained by IO:

- Ernst & Young was retained to complete the VFM assessment; and,
- P1 Consulting acted as the Fairness Monitor for the project.

II. PROJECT HIGHLIGHTS

► Hurontario LRT Project



Courtesy of Metrolinx

Purpose	To deliver the Hurontario LRT project, an integral component of Metrolinx's plan for rapid transit expansion in the Greater Toronto and Hamilton Area.
Project Owner	Metrolinx
Private Partner	Mobilinx
Location	Mississauga and Brampton
Project Type	Design-Build-Finance-Operate-Maintain (DBFOM)
Infrastructure Type	Transit
Contract Value	\$4.6 billion (nominal/including inflation)
Construction Period	2019 to 2024
Length of Project Agreement	35 years: 5 years construction + 30 years maintenance and operations
Estimated Value for Money (Present Value)	\$924 million or 19.9 percent

► Background

The Hurontario LRT is a light rail transit line that will run along Hurontario Street between Port Credit GO Station in Mississauga to Gateway Terminal in Brampton. The 18-kilometre corridor includes 19 stops, with connections to GO Transit's Milton and Lakeshore West rail lines, Mississauga MiWay, Brampton Transit and the Mississauga Transitway. The project also includes a maintenance and storage facility for the light rail vehicles (located south of Highway 407 and west of Kennedy Road) and other required components, such as track works, signaling, communications, and public realm infrastructure.

II. PROJECT HIGHLIGHTS



The Hurontario LRT is a significant provincial investment in support of Metrolinx’s Regional Transportation Plan for the Greater Toronto and Hamilton Area (GTHA). It is a signature transit project in the GTHA that will offer new reliable transit to Peel residents, integrate transit services, help manage congestion, connect people to jobs and improve the economy and residents’ quality of life.

► Objectives

Through the Moving Ontario Forward plan, the province is investing in priority rapid transit projects that will connect to GO Transit and other transit systems across the GTHA. These projects will increase transit ridership, reduce travel times, manage congestion, connect people to jobs and improve the economy.

The LRT will enhance access to public transit and help manage congestion to produce significant benefits for commuters as well as revitalize development along the Hurontario corridor.

Overall key objectives of the Hurontario LRT include:

- Increase urban transit capacity
- Manage congestion
- Seamless customer experience
- Minimize disruption during construction
- Design excellence
- A maintained asset for the long-term
- Deliver on-time, on budget
- Public ownership

II. PROJECT HIGHLIGHTS

► Project Scope

The Project Agreement with Mobilinx contains their requirements to:

- Design and Construct – lead the design and construction of the Hurontario LRT for completion in Fall 2024;
- Operate and Maintain – provide operations and maintenance services of the LRT system and components for a period of 30 years;
- Finance – secure financing to finance a portion of the construction and capital costs over the term of the project;
- Third-Party Certification – obtain a third-party independent certification that the system is built to the requirements of the Province as outlined in the Project Agreement.

► Economic Benefits & Job Creation

The project is generating economic stimulus by creating and supporting jobs. At the peak of construction, Mobilinx estimates that 800 workers will be on the site daily, with opportunities for subcontractors as the project progresses.

In addition, the LRT project is the third project to include Metrolinx's Community Benefits program that will help contribute to economic opportunities, training and workforce development, social enterprises and procurement opportunities and neighbourhood improvements.

Benefits will also be visible along Hurontario Street. Planning for the LRT project is consistent with urban design principles of the Cities of Mississauga and Brampton. Transit-oriented development, upgrades to streetscaping, new trail connections and bike lanes at sites along the LRT corridor will support strategic planning practices. Collectively, these features will help to contribute to revitalization and future development initiatives along a significant portion of the city's landscape.

III. ACHIEVING VALUE FOR MONEY

Value for money assessment for the Hurontario LRT project demonstrates a project costs savings of:

\$924 million or 19.9%

The VFM assessment methodology is outlined in *Assessing Value for Money – An Updated Guide to Infrastructure Ontario’s Methodology*, which can be found at www.infrastructureontario.ca.

► Value for Money Concept

The VFM compares the estimated total risk adjusted project costs, expressed in dollars measured at the same point in time, of delivering the same infrastructure project under two delivery models: the traditional Design, Bid, Build (DBB) model and the P3 model.

MODEL # 1:

Traditional Delivery (PSC)

Estimated costs to the public sector of delivering an infrastructure project using a traditional procurement delivery model. Total risk-adjusted costs are known as the Public Sector Comparator or PSC Costs.

MODEL # 2:

P3 Delivery

Estimated costs to the public sector of delivering the same project to the identical specifications using the P3 delivery model. Total risk-adjusted costs are known as P3 Costs.

$$\left\{ \text{Value for Money \$} = \text{PSC Costs} - \text{P3 Costs} \text{ or } \text{Value for Money \%} = \frac{(\text{PSC Costs} - \text{P3 Costs})}{\text{PSC Cost Costs}} \right\}$$

The difference between the total estimated PSC costs and the total estimated P3 costs is referred to as VFM. Positive VFM is demonstrated when the cost of delivery under P3 is less than PSC.

► Calculating Value for Money – Inputs & Assumptions

The VFM is assessed and refined throughout the entire procurement process to reflect updated information and Mobilinx’s actual bid costs. All costs and risks in this report are expressed in present value terms and have been discounted back to present terms.

The VFM assessment relies on a number of inputs and assumptions, including:

- 1. Base Project Costs
 - ▼ 1.1. Adjusted Base Costs (design, construction)
 - ▼ 1.2. Financing Costs
- 2. P3 Ancillary Costs
- 3. Retained Risks

III. ACHIEVING VALUE FOR MONEY

1. Base Project Costs

▼ 1.1. Calculation of Base Costs

Traditional Delivery Model (PSC)		P3 Delivery Model	
Base Costs adjusted for:	(\$)	Base Costs adjusted for:	(\$)
Innovation Factor	N/A	Innovation Factor	↻ to Construction Costs
Lifecycle Cost Adjustment Factor	↻ to Lifecycle Costs	Lifecycle Cost Adjustment Factor	N/A
Adjusted Base Costs	Base Costs (\$) +/- Adjustments	Adjusted Base Costs	Base Costs (\$) +/- Adjustments
Estimated Savings / (Costs) in Base Costs under the P3 Model		PSC – P3	

Base costs include design, construction, operations, maintenance and lifecycle costs. In the estimation of base costs, IO relies on external cost consultants to estimate the costs of the project. This becomes the starting point for both the PSC and P3 models. These costs are then adjusted for:

- ▶ An innovation factor – the VFM methodology includes an innovation factor which recognizes that the base cost of the P3 model will be lower than the PSC model as a result of:
 - ▶ the use of performance based specifications in P3 projects allow contractors to consider innovative and alternative ways to deliver a project, such that project costs are lower as compared to a traditional delivery which uses more prescriptive specifications; and,
 - ▶ increased competitive environment on P3 projects which have resulted in cost reductions.
- ▶ A lifecycle cost adjustment factor – experience suggests that typically governments will under-spend on lifecycle maintenance for projects delivered under traditional delivery methods. Whereas, for DBFOM projects, the P3 model requires the private sector partner to meet specifications which ensures the asset is well maintained over the project term. The VFM methodology captures this by reducing the actual spend on lifecycle costs in the PSC model over the 30-year operating term and quantifying the expected impact and costs of this deferred maintenance in the risk assessment. The net impact results in an overall increase in PSC costs.

▼ 1.2. Financing Costs

Traditional Delivery Model (PSC)		P3 Delivery Model	
Financing Costs	Public sector notional financing costs	Financing Costs	Private sector financing costs
Estimated Savings / (Costs) from Financing under the P3 Model		PSC – P3	

III. ACHIEVING VALUE FOR MONEY

One of the common elements of the P3 model is the use of private finance for some or all of the project period. Under the traditional delivery model, the public sector makes progress payments throughout construction. Whereas under the P3 model, the government pays a portion of construction costs during construction as interim payments or with some progress payments and/or pays the entire amount at the end of the construction period and/or through a series of regular service payments over the term of the concession agreement (for DBFOM projects). Financing costs are reflected as follows:

- ▶ Traditional Delivery Model or PSC - the public sector notionally incurs an “opportunity cost” for having paid earlier as compared to the P3 model. The notional public sector financing cost is calculated at the current Provincial cost of borrowing or weighted average cost of capital. This cost is also reflected in the discount rate used to assess and compare the project costs.
- ▶ P3 Delivery Model – the private sector party borrows at private financing rates to pay for the project costs during construction and carries that financing until fully repaid by the public sector. This private sector financing cost is ultimately passed through to the public sector as a cost and reflected in the P3 model.

2. P3 Ancillary Costs

Traditional Delivery Model (PSC)		P3 Delivery Model	
P3 Ancillary Costs	N/A	P3 Ancillary Costs	ⓘ P3 costs
Estimated Savings / (Costs) from Financing under the P3 Model		PSC – P3	

There are significant costs associated with the planning and delivery of a large complex project. The VFM methodology quantifies the incremental ancillary costs arising under the P3 delivery model only. Ancillary costs typically incurred include legal, capital markets, fairness, transaction, and the cost of IO services.

3. Retained Risks

Traditional Delivery Model (PSC)		P3 Delivery Model	
Retained Risks	ⓘ PSC costs	Retained Risks	ⓘ P3 costs
Estimated Savings / (Costs) from Retained Risks under the P3 Model		PSC – P3	

The concepts of risk transfer and mitigation are key to understanding the overall VFM assessment. To estimate and compare the total cost of delivering a project under the traditional delivery model versus the P3 model, the risks borne by the public sector, which are called “retained risks”, are identified and quantified. Details on how retained risks are identified and quantified are in *Assessing Value for Money – An Updated Guide to Infrastructure Ontario’s Methodology*, which can be found at www.infrastructureontario.ca

Project risks are defined as potential adverse events that may have a direct impact on project costs. To the extent that the public sector retains these risks under both delivery models, they are included in the estimated cost under the PSC and P3 model as “retained risks”. Risks retained under the P3 model are lower than risks retained by the public sector under the PSC model. This reflects the transfer of certain project risks from the public sector to the private sector and the appropriate allocation of risk between the public and private sectors based on the party best able to manage, mitigate, and/or eliminate the project risk.

III. ACHIEVING VALUE FOR MONEY

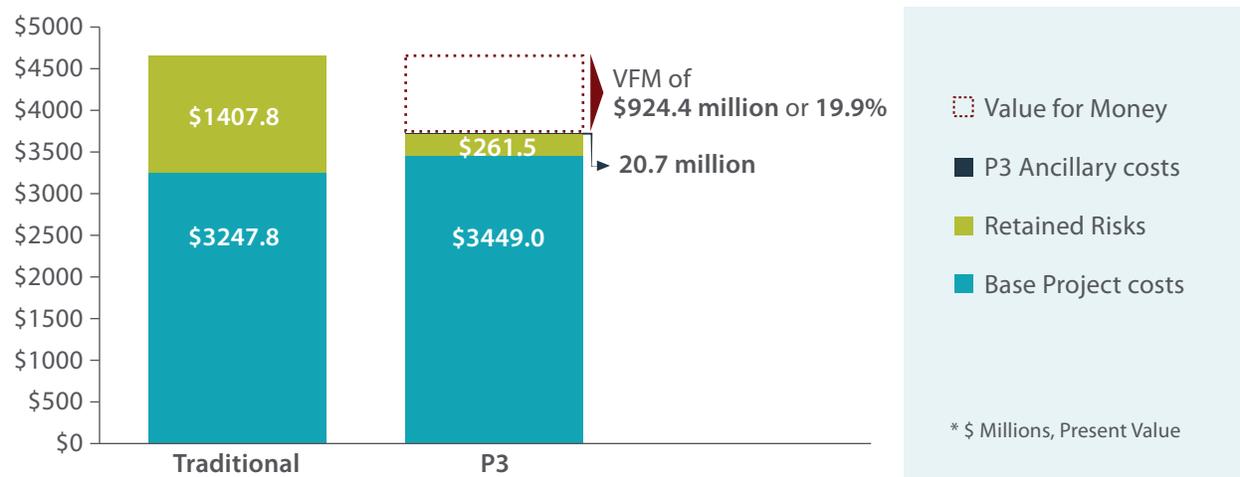
As a result of a comprehensive risk assessment, the following are examples of key project risks that have been transferred or mitigated under the Project Agreement to Mobilinx:

- ▶ Project Schedule – risk of a longer construction period and resulting in a higher total program cost.
- ▶ Scope Changes During Construction (directed by owner) – risk that the scope of work is changed by the owner during the construction.
- ▶ Asset Residual Risk – risk that at the end of the lifecycle, the asset residual value is less than expected because the quality of the asset is not equivalent to the handback requirements under a concession contract.
- ▶ Due Diligence (by the owner in preparation of tender in RFP) – risk that an insufficient level of due diligence is undertaken and communicated to the proponents resulting in reduced tolerance to risk and higher bid price.
- ▶ Quality Management – risk associated with meeting design standards and codes as they relate to long-term asset performance.

▶ Value for Money Results

The VFM assessment of the Hurontario LRT project indicates an estimated cost savings of \$924 million or 19.9 percent by using the P3 approach compared to traditional delivery.

Traditional Delivery Model (PSC)	\$ Millions, Present Value	P3 Delivery Model	\$ Millions, Present Value
I. Base Project Costs (Adjusted Base Costs + Financing)	\$3247.8	I. Base Project Costs (Adjusted Base Costs + Financing)	\$3449.0
II. P3 Ancillary Costs	N/A	II. P3 Ancillary Costs	\$20.7
III. Retained Risks	\$1407.8	III. Retained Risks	\$261.5
Total	\$4655.6	Total	\$3731.2
Estimated Value for Money (cost difference)		\$924.4	
Estimated Percentage Savings		19.90%	



III. ACHIEVING VALUE FOR MONEY

➤ External Review

Ernst & Young completed the VFM assessment for the project. Their assessment demonstrates projected cost savings of 19.9 percent by delivering the project using the P3 model versus what it would have cost to deliver the project using a traditional delivery model (see letter on page 17).

P1 Consulting acted as the Fairness Monitor for the project. They reviewed and monitored the communications, evaluations and decision-making processes associated with the project, ensuring the fairness, equity, objectivity, transparency and adequate documentation of the process. P1 Consulting certified that these principles were maintained throughout the procurement process (see letter on page 18).

IV. PROJECT AGREEMENT

► Highlights of the Project Agreement

The Project Agreement signed between IO, Metrolinx and Mobilinx defines the obligations and risks of all parties involved. Key highlights that pertain to the contractual terms are below:

- **Contract Price Certainty** – A \$4.6 billion fixed-price contract (includes inflation at contractually determined rate on certain maintenance, lifecycle and operational costs) to design, build, finance, operate and maintain the Hurontario LRT during the construction period and for a 30-year maintenance and operational period. Any extra costs incurred as a result of a schedule overrun caused by the contractor will not be paid by the Province.
- **Scheduling, Project Completion and Delays** – Mobilinx has agreed to a substantial completion date of September 2024. The schedule can be modified in limited circumstances in accordance with the Project Agreement. A sizeable payment will be made by the Province at substantial completion, providing further incentive for Mobilinx to complete construction on time.
- **Site Conditions and Contamination** – Mobilinx is responsible for managing and where required, remediating any contamination at the site. This includes contamination that was disclosed or reasonably anticipated from site condition reports, or that is caused by Mobilinx or any of its parties.
- **Construction Financing** – Mobilinx is required to finance some of the construction of the project and is responsible for any additional financing costs if there is a delay reaching substantial completion of the project as a result of a schedule overrun caused by the contractor.
- **LRT System Infrastructure** – Mobilinx is responsible for the performance and maintenance of LRT-system infrastructure such as trackwork, signaling, communications, security, mechanical and electrical systems as per the output specifications in the Project Agreement. Consistent operation and periodic replacement of parts or systems (components, hardware, finishes and seals, etc.) is required during the maintenance term.
- **Commissioning and System Readiness** – Mobilinx must achieve a prescribed level of commissioning at substantial completion within the agreed-to schedule. This ensures Metrolinx will be able to achieve in-revenue service in September 2024.
- **Ongoing Maintenance and Lifecycle** – Mobilinx must meet the performance requirements as outlined in the Project Agreement, for the maintenance and lifecycle renewal of the LRT system and its components. Mobilinx will face deductions to their monthly payments if they do not meet the performance obligations during the 30-year maintenance term.
- **Operations** – Mobilinx must meet the performance requirements as outlined in the Project Agreement, for running revenue vehicles along the corridor in accordance with the pre-determined schedule. Mobilinx will face deductions to their monthly payments if they do not meet the performance obligations during the 30-year operations term.
- **Asset Hand Back** – Upon expiry of the 30-year maintenance and operational period, Mobilinx must hand back the infrastructure to the Province in good working order within specific prescribed standards. Financial penalties can be levied if the asset condition does not meet the prescribed requirements.

V. COMPETITIVE SELECTION PROCESS

The procurement process for the Hurontario LRT project, from RFQ to Financial Close, took 36 months to complete.

After concluding a fair and competitive procurement process, Metrolinx and IO entered into a Project Agreement with Mobilinx to design, build, finance, operate and maintain the project.

► Procurement Process

i. Request for Qualifications | October 18, 2016

- Metrolinx and IO issued a request for qualifications (RFQ) to solicit interested parties to design, build, finance, operate and maintain the project.
- On January 26, 2017, the RFQ period closed and the Sponsors received statements of qualifications from six teams.
- RFQ submissions were evaluated by IO and Metrolinx. High standards were set to ensure the pre-qualified consortia exceeded the technical and financial standards required for this complex and large project. The evaluation process resulted in three proponents being pre-qualified:

Hurontario Light Rail Connection Partners

- Applicant Lead: Cintra, Colas, Acciona
- Construction Team: Acciona Infrastructure Canada Inc., Ferrovial Agroman Canada Inc., Colas, DPM Energy, LURA Consulting
- Design Team: Arup Canada Inc., SENER, Dillon Consulting, DTAH, Grimshaw
- Operation Maintenance & Rehabilitation Provider: RATP Dev Canada Inc., Acciona, Cintra, Colas Rail
- Financial Advisor: Scotiabank

Mobilinx Hurontario General Partnership (Mobilinx)

- Applicant Lead: John Laing Investments Limited, Astaldi Canada Enterprises Inc., Hitachi Rail STS S.p.A., Transdev North America Inc., Amico Concessions Inc., and Salini Impregilo Canada Holding Inc. (joined during in-market phase)
- Construction: Astaldi Canada Design & Construction Inc., Hitachi Rail STS Canada Inc., Amico Infrastructures Inc., Bot Infrastructure Ltd., Salini Impregilo Civil Works Inc.
- Design: IBI Group Professional Services (Canada) Inc., Hitachi Rail STS S.p.A., Morrison Hershfield, Arcadis Canada Inc., Daoust Lestage Inc., Exp Services Inc.
- Operation Maintenance & Rehabilitation Provider: Transdev Services Canada Inc., Hitachi Rail STS Canada Inc., Astaldi Canada Enterprises Inc., Salini Impregilo S.p.A.
- Financial Advisor: National Bank and HSBC (both joined during in-market phase)

Trillium Transit Partners

- Applicant Lead: Kiewit, Meridiam, Keolis
- Construction Team: Peter Kiewit Sons, Bird, Mass Electric, Black and MacDonald, Coco Paving
- Design Team: Stantec Consulting, STV, Perkins + Will, Urban Strategies Inc., Entuitive
- Operation Maintenance & Rehabilitation Provider: Keolis Canada Inc.
- Financial Advisor: CIBC

V. COMPETITIVE SELECTION PROCESS

ii. Request for Proposals | August 17, 2017

- ▶ A request for proposals (RFP) was issued to the pre-qualified proponents, setting out the bid process and proposed Project Agreement for the project.
- ▶ During the procurement process, Hurontario Light Rail Connection Partners decided to withdraw from the competition.
- ▶ The proponents spent almost two years to prepare high-quality, competitive submissions. A reduction in scope midway through the in-market period resulted in a longer than anticipated RFP in-market period.

iii. Proposal Submission | May 23, 2019

- ▶ The RFP period closed on May 23, 2019. Two proponents submitted bids: Mobilinx and Trillium Transit Partners.
- ▶ May-June: bids were evaluated using criteria as set out in the RFP by an Evaluation Committee comprised of subject matter experts from IO, Metrolinx and technical consultants enlisted by the Sponsors. The extensive evaluation process resulted in Mobilinx receiving the highest score.
- ▶ On July 11, 2019, the 'first-ranked proponent' – also referred to as the First Negotiations Proponent – Mobilinx, was then notified of their standing.

iv. Preferred Proponent Notification | August 26, 2019

- ▶ After successful negotiations Mobilinx was selected as the preferred proponent. They best demonstrated the ability to meet the specifications outlined in the RFP, including technical requirements, construction schedule, price and financial backing.

v. Commercial and Financial Close | October 21, 2019

- ▶ A Project Agreement was executed between Mobilinx, Metrolinx and IO on October 21, 2019.

▶ Construction and Maintenance Phases

i. Design and Construction Phase | 2019 – 2024

- ▶ The design and construction phase begins in October 2019 and will be carried out in accordance with the Project Agreement and the contractor's schedule as approved by the Sponsors.
- ▶ During the construction period, the contractor's construction costs will be funded through their own equity, bond and lending arrangements, which will be paid in monthly installments based on the construction program set out by Mobilinx, and through monthly construction period payments paid by Metrolinx after a significant portion of costs are financed with private financing.
- ▶ Project construction will be overseen by Metrolinx with IO providing contract management oversight.

ii. Maintenance & Operations Phase | 2024 – 2054

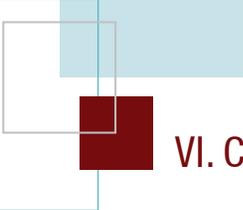
- ▶ Following construction, the Hurontario LRT is expected to become operational in September 2024. According to the Project Agreement, Mobilinx will provide maintenance, lifecycle, repair and rehabilitation and operational services for a 30-year period.

V. COMPETITIVE SELECTION PROCESS

- ▶ System maintenance will be overseen by Metrolinx. System operations will be overseen by the Cities of Mississauga and Brampton, via separate agreements with Metrolinx.

iii. Payment

- ▶ Mobilinx will receive monthly construction period payments and a substantial completion payment expected in September 2024.
- ▶ During the 30-year maintenance and operational phase, annual service payments (by way of monthly availability payments) will be paid by Metrolinx. Payments will cover the capital and service portions, lifecycle payments, and gainshare/painshare on energy costs, minus any performance deductions.



VI. CONCLUSION

This report provides a project overview and summary of the procurement process for the Hurontario LRT project, and demonstrates that a VFM of \$924.4 million or 19.9 percent will be achieved by using the P3 approach compared to traditional delivery.

Going forward, IO, Metrolinx and Mobilinx will continue to work together to ensure the successful delivery of the Hurontario LRT project.



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Mr. Chris Killer
Director, Transaction Finance
Infrastructure Ontario
1 Dundas Street West, 24th Floor
Toronto, ON M5B 2H1

2 June 2020

Dear Mr. Killer:

Re: Value for Money Analysis - Hurontario Light Rail Transit Project

Ernst & Young Orenda Corporate Finance ("EYOCF") has prepared the Value for Money ("VFM") assessment for the Hurontario Light Rail Transit Project ("Project") at the Financial Close stage. The analysis was prepared following an Infrastructure Ontario ("IO") VFM analytical framework, which is generally consistent with approaches used in other jurisdictions.

The VFM assessment is based on a comparison of the total project costs of the Project under:

1. The Traditional delivery approach, as reflected in the Public Sector Comparator ("PSC") model; and
2. The Alternative Financing and Procurement ("AFP") model estimation of the total project costs, as reflected in the Proponent's final bid model at Financial Close with adjustments described below.

The VFM assessment as noted above was prepared using the following information (collectively the "Information") within the VFM model:

- i. A Risk Matrix developed for IO by MMM Group and adjusted to reflect project specific risks; and
- ii. Construction, operating and lifecycle, and financing and development costs as reflected in the Proponent's final bid model at Financial Close. Other cost and VFM model assumptions as provided by IO.

The cost information and underlying assumptions were not independently audited or verified for accuracy or completeness.

Based on our understanding of IO's VFM methodology, we can confirm that the Information has been appropriately used in the VFM model. The results of the VFM assessment demonstrate an estimated VFM cost savings of 19.9% by using the AFP approach to deliver the Project in comparison to using the traditional delivery approach.

Yours sincerely,

*Ernst & Young Orenda
Corporate Finance Inc.*

ERNST & YOUNG ORENDA CORPORATE FINANCE INC.

July 18th, 2019

Mr. Michael Inch
Vice President, Procurement
Infrastructure Ontario
777 Bay, 9th Floor
Toronto, Ontario, M5G 2C8

Subject: Fairness Attestation - Request for Proposal for the Hurontario Light Rail Transit Project (RFP No. 17-088)

Dear Mr. Inch:

P1-Consulting acted as the Fairness Monitor to review and monitor the communications, evaluations and decision-making processes associated with the procurement process for the **Request for Proposal for the Hurontario Light Rail Transit Project (the "Project")** in terms of ensuring fairness, equity, objectivity, transparency and adequate documentation of the evaluation process.

In our role as Fairness Monitor, P1 Consulting confirmed that the following steps were taken to ensure a fair and transparent process:

- Clarity and consistency of the RFQ, RFP and related documentation;
- Adherence to the processes described in the RFQ, RFP and evaluation framework, including the evaluation process;
- Objectivity and diligence during the procurement process in order to ensure that it was conducted in a transparent manner;
- Compliance of participants with strict requirements of conflict of interest and confidentiality during the procurement and evaluation processes; and
- Oversight to provide a process where the Proponents are treated fairly.

The Fairness Monitor actively participated in the following steps in the process to ensure that fairness was maintained throughout:

- Review of the draft RFQ, RFP and related documentation;
- Review of the Evaluation Framework;
- Review of the Submission receipt process; and
- Monitoring the proposal evaluation and selection of the First Negotiations Proponent.

As the Fairness Monitor for the **Request for Proposal for the Hurontario Light Rail Transit Project**, we certify that, up until selection of the First Negotiations Proponent, the principles of fairness, consistency and transparency have been, in our opinion, maintained throughout the

P1 Consulting Inc.



Mr. Inch
July 18th, 2019
Page 2 of 2



procurement process. Furthermore, no issues have emerged during the procurement process, of which we were aware, that would have impaired the fairness of this initiative.

Yours truly,

A handwritten signature in black ink, appearing to read "S. Braithwaite", is written over a faint, light-colored circular watermark.

Stephanie Braithwaite,
Fairness Monitor, P1 Consulting

cc: Jill Newsome, Senior Vice President, P1 Consulting
Louise Panneton, President, P1 Consulting



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