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Context

How can we better manage cost and schedule overruns?

Implementation of a framework policy for the planning and delivery of large infrastructure projects
Evolution

- Adoption of Framework policy for PPP  
  *October, 2004*

- Adoption of Framework policy for the governance of major public infrastructure projects  
  *November, 2008*

- Revision of Framework policy for the governance of major public infrastructure projects  
  *March, 2010*
Objectives of the Framework Policy

- Mandatory steps for the planning and delivery of major projects
- Complete decision making information within a systematic and standardized process
- Key features:
  - Well defined scope and timeframes
  - Risks identification, allocation and monitoring
  - Realistic cost evaluations taking into consideration the life cycle of the project
IQ’s mission is to contribute to the planning and delivery of all public organizations’ major infrastructure projects, irrespective of the procurement mode that is selected:

- Centre of expertise in project management
- Ensure the optimal management of risks, costs budgeting, scheduling and delivery of major infrastructure projects
- Take part in the planning of infrastructure maintenance on their life cycles

All of which to ensure the sound management of public funds
Government expertise

- Cabinet
- IQ
  - Project management
  - Expertise
- Finance
- Treasury Board
Infrastructure Québec Expertise

- Framework Policy application
- Business case elaboration
- Risk management assessment and strategies
- Financial analysis and modeling
- Performance based agreements
- DB and PPP procurement implementation
- Delivery/commissioning follow-up & reporting
Targeted Projects

- Projects with an estimated capital cost ≥ $40 M
  - Including all capital expenses
- Projects involving the maintenance or improvement of a transport infrastructure with an estimated capital cost ≥ $100 M
  - Aimed at restoring an infrastructure to its original state
Targeted Public Bodies

- Government departments (Ministries & Public bodies)
- Health and social services Agencies
- Transport Agencies
- Education departments and Universities
- Municipalities (in some cases)

Although the policy applies only to major projects, public bodies are encouraged to adopt this framework policy and may use the services of Infrastructure Québec
The framework policy allows for the following kinds of delivery approaches:

- Traditional approach
- Construction management approach
- Turnkey approach (Design-Build)
- Public-private partnership approach (Design-Build-Finance-Operate-Maintain)
Québec’s infrastructure investment plan
2013-2023

New guideline policies (Autumn 2012)

• 10 years investment plan
• Integration of all sectors
• Updated yearly with accountability reports

Objectives:

o Predetermined financial impacts on the budget
o Detailed follow-ups
o Better control on the infrastructure budget

The Québec infrastructure investment plan 2013-2023 represents 92,3 B$ over a 10 year period
Québec’s infrastructure investment history (1997-2023)

Public sector infrastructure investments

(B dollars)

- 2012-2013P
- Moyenne 2013-2014 à 2017-2018P
- Moyenne 2018-2019 à 2022-2023P

R : Moyenne des montants réels
P : Pour 2012-2013 : montant prévu au PQI 2011-2016
Pour 2013-2023 : moyennes annuelles prévues au PQI 2013-2023
Québec’s infrastructure investment plan

Investments by sectors

- Transport: 31.6 G$
- Health: 19.4 G$
- Education: 14.2 G$
- Municipal: 8.1 G$
- Culture: 2.0 G$
- Others: 17.0 G$
- Total: 92.3 G$
Infrastructure Québec Portfolio

Projets managed by IQ

60 projects currently in the pipeline, with a total value of $20 B

<table>
<thead>
<tr>
<th>Sector of Activity</th>
<th># of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Social Services</td>
<td>21</td>
</tr>
<tr>
<td>Transport</td>
<td>14</td>
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<tr>
<td>Justice &amp; Public Safety</td>
<td>5</td>
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<tr>
<td>Culture &amp; Communication</td>
<td>3</td>
</tr>
<tr>
<td>Education, Recreation &amp; Sports</td>
<td>7</td>
</tr>
<tr>
<td>Municipalities and Other</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
</tr>
</tbody>
</table>
Framework policy and Project delivery process

Step 1
Special Presentation Document

Step 2
Initial Business Case

Step 3
Final Business Case

Implementation
Highlight of the Framework Policy for the Governance of Major Public Infrastructure Projects

Project sequencing and authorisation procedures

The public body works with Infrastructure Québec (IQ) at each step to draw up the business case

- **Strategic Presentation document**
  - Options
  - Authorization from the Minister responsible to elaborate IBC

- **Initial Business Case**
  - Prioritization Option & Mode
  - Decisions IQ Board of Directors
  - SCT
  - Cabinet

- **Final Business Case**
  - Procurement
  - Decisions IQ Board of Directors
  - SCT
  - Cabinet

- **Construction & Commissioning**
  - IQ at follow-up committee
  - Optional, at the public body’s discretion

- **Operation & Maintenance**
  - Briefing note to Cabinet (5% cost overrun)

*Source: Framework policy for the Governance of Major Public Infrastructure Projects, March 17, 2010; www.tresor.gouv.qc.ca
Business case: Detailed Evaluation

- Technical and technological feasibility
  - Impact on human resources
- Regulatory, legal, and environmental impacts
- Consideration of sustainable development principles
- Impacts of the project on the natural and built environment
  (including historical, heritage, and archeological potential)
- Cost-benefit analysis
  (Socioeconomic study)
- Value analysis of the preferred option (conventional procurement only)

Risk Analysis
  (qualification, quantification & Planned attenuation measures)
- Financial and sensitivity analysis

Project Management Plan
FBC - Project Delivery Approach

**Traditional & Construction Management**
- Detailed plans and specifications
- Cost estimates (100%)
- APPROVAL BY CABINET
- Tendering process

**Turnkey & PPP**
- Procurement strategy
- Tendering process «RFQ & RFP»
- APPROVAL BY CABINET
- Agreement ratification
SEAO is the acronym for « Système électronique d’appel d’offres », the government of Québec’s electronic tendering system

This application is accessible on Internet at: www.seao.ca

The SEAO provides access to government contracting opportunities coming from most of Québec public agencies, i.e. administration departments and agencies, agencies in education and health and social services networks, as well as municipalities and other municipal agencies

These bodies have to use SEAO to publish their notices, distribute their tender documents and publish information on their contracts
Keys to Success

- **Rigorous project planning & management**
  - Expertise centre in project management
    (best practices, standardization, lessons learned)

- **Clear definition of the project Scope (FBC)**
  - Detailed plan, costs estimate and scheduling
    or Performance criteria’s

- **Project governance**
  - A governance framework for informed decision-making
Examples of major projects

Autoroute 25
Design-Build-Finance-Operate-Maintain
Project value : 207 millions
Autoroute 30
Design-Build-Finance-Operate-Maintain
Project value: 1.5 B$
Centre hospitalier de l’Université de Montréal

Design-Build-Finance--Maintain

Project value: 1,9 B$
Adresse symphonique
Design-Build-Finance-Operate-Maintain
Project value : 259 millions
Centre hospitalier universitaire Sainte-Justine
Design-Build (turnkey)
Project value : 995 millions (Projet Grandir en Santé)
Centre universitaire de santé McGill
Design-Build-Finance--Maintain
Project value : 2,3 B$
Centre d’entretien des trains de banlieue de l’AMT - Lachine

Design-Build (turnkey)
Project value : 119 millions
Projet Turcot

Design-Build (turnkey) and traditional procurement

Project value : 3 B$
Édifice Wilder

Construction management
Project value : 63,1 millions
Musée nationale des beaux-arts du Québec

Traditional procurement
Project value: 103,4 millions
Amphithéâtre multifonctionnel culturel et sportif de Laval

Design-Build (turnkey)

Project value : 120 millions
Amphithéâtre multifonctionnel de Québec

Construction management
Project value: 400 millions
Conclusion

We are at the crossroad of unprecedented investments for the renewal and rehabilitation of many new and existing infrastructures across the province, including the northern part of the province of Quebec.
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