



## Information Note Advice to Minister

Date: March 5, 2015

Cliff #: 98857

Issue: **Deferred Capital Maintenance - 10-Year Capital Plan - Routine Capital Funding**

### Conclusion:

- The Ministry of Advanced Education (the Ministry) allocates capital funding to post-secondary institutions (PSI's) to help address the outstanding and upcoming facilities maintenance issues required to improve the facilities assets of the post-secondary sector.
- The overall average Facility Condition Index (FCI) as at March 2014 is 0.36; this is an increase from 0.31 in April 2013.
- The Ministry FCI target is 0.20.
- In Fiscal Year 2014/15, the Ministry introduced a cost-sharing model approach leveraging \$5.4 million from the PSIs.
- Funding required to maintain FCI numbers at set provincial targets is shown in Attachment 1.

### Background / Facts:

- The Ministry mandate includes providing funding to the PSIs to maintain their existing physical assets. This includes addressing campus life safety (e.g. fire alarm systems; fire suppression sprinklers) and security, disabled access, site works and reducing greenhouse gas emissions.
- Prior to 2008, capital facilities maintenance was funded through Annual Capital Allocation (ACA) grants from the Ministry to PSIs.
- Due to the global economic downturn in 2009, capital funding for facilities maintenance has been significantly decreased, and has flat lined at an historical low (since 2001/02, ACA funding has ranged from a high of \$90 million in 2005/06, to a low of \$12.6 million in 2010/11 and 2011/12). See Attachment 2 for historical funding allocations.
- This funding gap has had a serious impact on the ability of the PSIs to address asset maintenance issues and building systems replacement, creating a maintenance backlog referred to as Deferred Maintenance. See Attachment 3 for deferred maintenance costs by PSI.
- In order to establish the FCI for post-secondary academic assets and to address the increasing facilities deferred maintenance, which includes servicing, repair and rehabilitation of post-secondary facilities, the Ministry launched a Facilities Condition Audit Program in 2011. The FCI allows the Ministry to determine the condition of the facilities, and is calculated as follows:

$$\text{FCI} = \frac{\$ \text{Deferred maintenance costs}}{\$ \text{Asset Replacement Value}}$$

*(FCI < 0.2 - facility is in good condition; FCI > 0.5 facility is in poor shape and is at risk)*

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**Ministry of Advanced Education  
Annual Capital Allowance/Routine Capital  
Funding Allocations Summary**

|                                  | Annual Capital Allowance |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | Routine Capital     |                   |                   | TOTALS             |
|----------------------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|--------------------|
|                                  | *2001/02                 | 2002/03           | 2003/04           | 2004/05           | 2005/06           | 2006/07           | 2007/08           | 2008/09           | *2009/10          | 2010/11           | 2011/12           | 2012/13             | 2013/14           | 2014/15           |                    |
| <b>Research Universities</b>     |                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                     |                   |                   |                    |
| SFU                              | 5,672,950                | 5,412,299         | 5,931,048         | 5,831,048         | 9,036,433         | 6,749,118         | 6,954,480         | 6,954,480         | 4,488,044         | 501,031           | 501,031           | 1,883,059           | 2,381,012         | 2,169,861         | 64,465,894         |
| UBC                              | 21,510,436               | 20,471,565        | 21,556,310        | 21,456,310        | 26,417,286        | 21,123,731        | 18,337,277        | 18,337,277        | 12,380,623        | 1,389,872         | 1,389,872         | 3,243,421           | 6,540,178         | 3,884,928         | 198,039,086        |
| UNBC                             | 612,630                  | 639,359           | 786,371           | 686,371           | 1,606,185         | 1,199,625         | 1,251,067         | 1,251,067         | 813,483           | 91,347            | 194,347           | 582,869             | 241,653           | 1,479,653         | 11,436,027         |
| UVIC                             | 5,517,649                | 6,554,528         | 6,730,911         | 6,630,911         | 8,767,242         | 6,303,612         | 6,648,184         | 6,648,184         | 4,479,333         | 502,878           | 502,878           | 2,474,042           | 6,318,289         | 1,030,283         | 69,108,924         |
| <b>Sub-Total</b>                 | <b>33,313,665</b>        | <b>33,077,751</b> | <b>35,004,640</b> | <b>34,604,640</b> | <b>45,827,146</b> | <b>35,376,086</b> | <b>33,191,008</b> | <b>33,191,008</b> | <b>22,161,483</b> | <b>2,485,128</b>  | <b>2,588,128</b>  | <b>8,183,391</b>    | <b>15,481,132</b> | <b>8,564,725</b>  | <b>343,049,931</b> |
| <b>Teaching Universities</b>     |                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                     |                   |                   |                    |
| CAP U                            | 635,664                  | 1,328,696         | 1,376,063         | 1,276,063         | 1,864,880         | 1,392,839         | 1,833,241         | 1,500,396         | 1,110,803         | \$ 425,301        | \$ 425,301        | \$ 639,969          | 528,823           | 828,823           | 15,166,862         |
| ECUAD                            | 1,785,259                | 568,097           | 634,235           | 534,235           | 748,609           | 559,120           | 691,023           | 565,560           | 407,763           | \$ 156,123        | \$ 156,123        | \$ 194,125          | 194,125           | 194,125           | 7,388,522          |
| KPU                              | 1,893,081                | 1,917,678         | 1,843,622         | 1,743,622         | 2,490,971         | 1,904,696         | 2,231,585         | 1,826,417         | 1,277,520         | \$ 489,133        | \$ 489,133        | \$ 1,112,702        | 889,192           | 2,168,414         | 22,277,767         |
| RRU                              | 892,977                  | 902,479           | 737,894           | 637,894           | 815,080           | 522,815           | 824,180           | 674,541           | 504,046           | \$ 192,988        | \$ 192,988        | \$ 2,579,963        | 1,639,963         | 632,293           | 11,750,101         |
| TRU                              |                          |                   |                   |                   | 3,188,824         | 2,493,574         | 2,799,128         | 2,290,916         | 1,711,870         | \$ 655,436        | \$ 655,436        | \$ 887,975          | 814,976           | 1,129,328         | 16,627,463         |
| UFV                              | 1,506,883                | 1,380,239         | 1,510,370         | 1,410,370         | 1,981,620         | 1,517,565         | 1,788,926         | 1,464,127         | 1,094,058         | \$ 918,890        | \$ 918,890        | \$ 2,442,556        | 2,882,556         | 3,818,256         | 24,635,306         |
| VIU                              | 2,434,596                | 2,007,263         | 2,149,835         | 2,049,835         | 2,649,722         | 1,805,231         | 2,483,632         | 2,032,702         | 1,311,794         | \$ 502,256        | \$ 502,256        | \$ 3,381,639        | 2,324,510         | 2,145,510         | 27,780,781         |
| <b>Sub-Total</b>                 | <b>9,148,460</b>         | <b>8,104,452</b>  | <b>8,252,019</b>  | <b>7,652,019</b>  | <b>13,739,706</b> | <b>10,195,840</b> | <b>12,651,715</b> | <b>10,354,659</b> | <b>7,417,854</b>  | <b>3,340,128</b>  | <b>3,340,128</b>  | <b>11,238,929</b>   | <b>9,274,145</b>  | <b>10,916,749</b> | <b>125,626,802</b> |
| <b>Colleges &amp; Institutes</b> |                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                     |                   |                   |                    |
| BCIT                             | 5,816,399                | 5,473,675         | 5,528,655         | 5,428,655         | 7,719,229         | 5,933,440         | 6,068,861         | 6,068,861         | 4,007,866         | 1,534,521         | 1,534,521         | 5,512,906           | 3,184,782         | 9,598,036         | 73,410,407         |
| CMC                              | 2,280,946                | 1,981,184         | 1,983,002         | 1,883,002         | 2,888,286         | 2,202,057         | 4,034,169         | 2,278,673         | 1,617,719         | 619,388           | 719,388           | 1,300,993           | 1,735,152         | 1,670,152         | 27,194,111         |
| CNC                              | 846,852                  | 1,630,929         | 1,882,321         | 1,621,150         | 2,494,686         | 2,243,723         | 3,852,856         | 1,516,450         | 978,635           | 374,697           | 374,697           | 3,336,864           | 2,365,902         | 2,752,760         | 26,272,522         |
| COR                              | 909,550                  | 797,981           | 961,622           | 861,622           | 1,220,459         | 1,020,232         | 999,303           | 817,869           | 559,562           | 214,244           | 214,244           | 886,831             | 1,666,393         | 907,393           | 12,037,305         |
| DGC                              | 1,984,944                | 1,851,032         | 1,934,995         | 1,834,995         | 2,473,350         | 1,899,719         | 2,207,476         | 1,806,685         | 1,263,436         | 483,741           | 483,741           | 961,488             | 4,351,488         | 1,006,488         | 24,543,578         |
| IIG                              | 0                        | 45,115            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                     |                   |                   | 45,115             |
| JBC                              | 401,470                  | 554,596           | 496,949           | 396,949           | 517,875           | 356,803           | 935,364           | 765,539           | 562,301           | 215,292           | 215,292           | 313,846             | 642,696           | 1,267,696         | 7,642,668          |
| LGC                              | 1,364,754                | 1,171,104         | 1,289,444         | 1,189,444         | 1,591,616         | 1,186,667         | 1,534,456         | 1,255,859         | 880,997           | 337,314           | 337,314           | 2,384,419           | 2,169,419         | 779,419           | 17,472,226         |
| NIC                              | 829,931                  | 668,551           | 725,994           | 625,994           | 1,125,957         | 980,534           | 889,816           | 728,260           | 509,068           | 194,911           | 194,911           | 1,229,848           | 1,731,524         | 1,432,354         | 11,867,653         |
| NLC                              | 1,860,748                | 1,150,883         | 1,260,950         | 1,160,950         | 1,531,514         | 1,164,301         | 1,483,152         | 1,091,104         | 782,392           | 299,560           | 299,560           | 2,444,536           | 1,047,476         | 2,180,618         | 17,757,744         |
| NVIT                             | 0                        | 67,150            | 190,361           | 166,428           | 150,000           | 112,032           | 186,885           | 112,032           | 72,299            | 27,682            | 27,682            | 47,437              | 34,420            | 705,344           | 1,899,752          |
| NWCC                             | 555,226                  | 1,052,438         | 952,765           | 852,765           | 1,121,648         | 845,787           | 2,326,391         | 788,973           | 560,225           | 611,497           | 249,497           | 494,298             | 310,227           | 1,815,552         | 12,537,289         |
| OC                               |                          |                   |                   |                   | 2,024,841         | 1,687,628         | 2,884,237         | 1,787,665         | 1,153,662         | 441,711           | 441,711           | 570,949             | 1,049,227         | 2,087,249         | 14,128,880         |
| OUC                              | 2,007,110                | 1,785,748         | 2,117,786         | 2,017,786         | 564,894           |                   |                   |                   |                   |                   |                   |                     |                   |                   | 8,493,324          |
| OLA                              | 68,190                   | 68,190            | 0                 | 54,758            | 75,000            | 100,000           | 0                 | 0                 |                   |                   |                   |                     |                   |                   | 366,138            |
| SLK                              | 1,039,140                | 1,111,557         | 1,371,794         | 1,271,794         | 1,877,341         | 1,440,415         | 1,823,455         | 1,492,387         | 963,106           | 368,751           | 368,751           | 556,508             | 1,728,508         | 908,508           | 16,322,015         |
| UCC                              | 2,024,907                | 1,984,031         | 2,237,571         | 2,137,571         |                   |                   |                   |                   |                   |                   |                   |                     |                   |                   | 8,384,080          |
| VCC                              | 2,019,868                | 2,223,633         | 2,109,132         | 2,009,132         | 2,630,212         | 1,963,069         | 2,130,856         | 1,743,976         | 1,223,461         | 468,435           | 468,435           | 4,952,457           | 582,457           | 1,144,957         | 25,670,080         |
| <b>Sub Total</b>                 | <b>24,010,035</b>        | <b>23,617,797</b> | <b>25,043,341</b> | <b>23,512,995</b> | <b>30,006,908</b> | <b>23,136,407</b> | <b>31,357,277</b> | <b>22,254,333</b> | <b>15,134,729</b> | <b>6,191,744</b>  | <b>5,929,744</b>  | <b>24,993,380</b>   | <b>22,599,671</b> | <b>28,256,526</b> | <b>306,044,887</b> |
| <b>Emergent Requests</b>         |                          |                   |                   |                   |                   |                   |                   |                   |                   | 1,103,000         | 865,036           | 0                   |                   |                   | 1,968,036          |
| <b>TOTAL</b>                     | <b>66,472,160</b>        | <b>64,800,000</b> | <b>68,300,000</b> | <b>65,769,654</b> | <b>89,573,760</b> | <b>68,708,333</b> | <b>77,200,000</b> | <b>65,800,000</b> | <b>44,714,066</b> | <b>13,120,000</b> | <b>12,723,036</b> | <b>\$44,415,700</b> | <b>47,354,948</b> | <b>47,738,000</b> | <b>776,689,656</b> |

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## Routine Capital Project Definitions - 2015/16

### ❖ Major Maintenance & Rehabilitation ≥ \$250K

- Maintains or extends the service life of the asset;
- Is a capital expenditure in accordance with Generally Accepted Accounting Principles (GAAP);
- Improves the facility condition index (FCI);
- Prevents the premature replacement of the facility;
- Addresses deferred maintenance and rehabilitation backlog;
- Addresses Building Code requirements;
- Addresses life-safety, health and environmental risks;
- Addresses accessibility requirements;
- Includes repairs, refits and replacement of building systems and components and associated demolition, seismic upgrades, surveys, investigations, studies and planning, that typically total less than 50 percent of asset replacement value (if over 50 percent, treated as New Priority Investment Whole Asset Renewal and Replacement);
- Includes site services, underground civil works and infrastructure projects;
- Includes whole asset replacement of specialized equipment and Information Management (IM)/Information Technology (IT) infrastructure at risk of failure;
- Excludes minor repairs that are normally managed through operations and maintenance in typical property management practices, housekeeping, “beautification”, capacity enhancements.

### ❖ Upgrades and Renovations

- Modifies existing infrastructure to meet the current standards of program delivery;
- Asset improvements undertaken primarily to improve functionality or operational efficiency;
- Does not provide new net programming-related capacity;
- Does not generally extend the useful life of the asset or improve FCI;
- Is a capital expenditure in accordance with Generally Accepted Accounting Principles (GAAP);
- Includes replacement of specialized equipment and IM/IT infrastructure for reasons of obsolescence. Does not result in additional operating costs (i.e. program delivery costs) other than amortization;
- Excludes projects undertaken to address deferred maintenance that have improved functionality as a side benefit;
- Excludes tenant improvement < \$50,000.



## Information Note Advice to Minister

Date: July 2, 2015

Cliff #: 100176

Issue: 2015/16 Budget Letter to Public Post-Secondary Institutions

### Next Steps:

- Public post-secondary institutions' accountabilities to Government are communicated annually within two key documents: the Mandate Letter (including Taxpayer Accountability Principles) and budget letter.
- Institutions' boards were expected to return signed Mandate Letters to the Ministry of Advanced Education (AVED) by June 30, 2015.
- AVED will provide institutions their 2015/16 budget letter in early July 2015.
- The budget letter establishes institutions' annual operating grants; sets student enrolment targets and outlines the associated performance expectations.

### Background / Facts:

- Institutions were provided interim 2015/16 operating grant allocations via telephone in early April 2015.
- Formalized 2015/16 annual operating grants and student full-time equivalent (FTE) targets will be provided via the annual funding letter in early July.

### Analysis:

- AVED's annual budget letter to each institution outlines base operating grant allocations plus any known one-time funding; and establishes accountabilities and performance measures for those funds. The letter includes:
  - Total operating grant, including funding:
    - For specific purposes (such as teacher education)
    - Targeted to programs that align with high-demand occupations (in support of the *Blueprint*; and Minister mandate letter accountability item 2)
    - Reductions, such as the final year of the Administrative Service Delivery Transformation (\$25 million) [Minister mandate letter accountability item 5] and the transition of Adult Basic Education to tuition-bearing programming (\$7 million)
    - For collective agreements ratified under the Economic Stability Mandate, and the process to access funding.



- Student FTE targets, including:
  - AVED-funded FTEs (including targeted FTEs that align to the *Blueprint*)
  - ITA-funded FTEs (reflecting improved communications of ITA FTE targets)
- Financial management guidelines (which directly support the Minister's accountability that institutions meet their budget targets and use their resources as efficiently as possible (Minister mandate letter accountability item 3):
  - Requirement for balanced annual financial results
  - Financial reporting requirements
  - Capital asset management
  - Participation in Central Deposit Program
  - Participation in administrative efficiency projects
  - Tuition limit policy
  - Expenditure management (board remuneration and expenditures, board governance best practices, executive and management compensation, compliance with Provincial travel, business meeting, and event expenses and procurement policies)
- Support and services to students, including continued:
  - Participation in credit transfer and articulation
  - Support for the use of open resources, including Government's open textbook initiative (Minister mandate letter accountability item 9)
  - Participation in the design and development of a Common Online Application Platform (Minister mandate letter accountability item 10)
  - Establishment of a School of Traditional Chinese Medicine at Kwantlen Polytechnic University (Minister mandate letter accountability item 7)

**Contact:** Sandra Carroll, Deputy Minister  
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## Information Note Advice to Minister

Date: July 14, 2015

Cliff #: 100291

Issue: Partnerships BC Public Release of the Emily Carr University of Art and Design Campus Redevelopment Project Report

### Conclusion:

- In July 2015, Partnerships BC will release the Emily Carr University of Art and Design (ECUAD) Campus Redevelopment Project Report and the Redacted Project Agreement.
- The purpose of the report is to provide key information about the ECUAD project to the public.
- This report describes the need for the project and how it will be delivered. It also includes the rationale, objectives and processes that led to the use of a design, build, partial finance and maintain (DBFM) delivery model and the is expected to deliver \$38 million in value for money over the life of the project agreement.
- Its release fulfills government's commitment to openness and transparency, and explains the competitive selection process undertaken to select the private sector team (Applied Arts Partners) that is delivering the project.
- The Redacted Project Agreement is a summary of the key aspects of the agreement between ECUAD and Applied Arts Partners, withholding only that information which is protected under the *Freedom of Information and Protection of Privacy Act*.
- See Attachment 1 for the ECUAD Project Report and Attachment 2 for the Table of Contents of the Redacted Project Agreement.

### Background / Facts:

- The ECUAD Project Board approved the public release of the Project Report and the Redacted Project Agreement on May 29, 2015, and is accountable for the contents of the project report.
- This release is a discretionary pro-active release of information about the ECUAD project and is consistent with the:
  - *Budget Transparency and Accountability Act*;
  - *Freedom of Information and Protection of Privacy Act*; and
  - is a guiding principle of British Columbia's Capital Asset Management Framework.
- On February 11, 2015, ECUAD signed a fixed price contract with Applied Arts Partners to design, build, partially finance and maintain the new university campus. Applied Arts Partners will maintain the new campus for 30 years as part of the contract.



- The capital cost of the project is budgeted at up to \$122.65 million, including a provincial investment of up to \$101.65 million, and \$21 million to be raised through the current capital campaign by ECUAD entitled THE BIG IDEA.
- The project is expected to deliver \$38 million in value for money over the life of the project agreement when compared to traditional procurement.
- The public release of the documents is consistent with other British Columbia public private partnership projects and will be posted on the Partnerships BC website ([www.partnershipsbc.ca](http://www.partnershipsbc.ca)).

**Attachments:** 1. ECUAD Project Report  
2. Redacted Project Agreement Table of Contents

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Project Report:  
**Emily Carr University  
of Art + Design Campus  
Redevelopment Project**  
May 2015



# Purpose of this Report

The purpose of this report is to provide key information to the public about the Emily Carr University of Art + Design Campus Redevelopment Project (the Project). This report describes the need for the Project and how it will be delivered. It also explains how different procurement delivery methods were analyzed, and how Project benefits and innovations are expected to be achieved. A summary of the key aspects of the Project Agreement is also provided.

In all of its procurement processes, the Government of British Columbia (B.C. or the Province) is committed to a high standard of disclosure as part of its accountability for the delivery of public projects. Ministries, Crown Corporations and other government agencies are publicly accountable for projects through regular budgeting, auditing and reporting processes.

The Project Board, which includes representatives from the Ministry of Advanced Education; the Ministry of Transportation and Infrastructure; Emily Carr University of Art + Design (ECUAD or the University); and Partnerships British Columbia Inc. (Partnerships BC); is accountable for the contents of this report.

# Defined Terms and Abbreviations

Capitalized terms are defined in the glossary at the end of this report.

Abbreviations are defined in the table below:

|       |                                       |
|-------|---------------------------------------|
| ASP   | Annual Service Payment                |
| CPJC  | Construction Period Joint Committee   |
| DBB   | Design Bid Build                      |
| DBFM  | Design Build Finance Maintain         |
| ECUAD | Emily Carr University of Art + Design |
| NPC   | Net Present Cost                      |
| OPJC  | Operating Period Joint Committee      |
| RFP   | Request for Proposals                 |
| RFQ   | Request for Qualifications            |
| VFM   | Value for Money                       |

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East entry and arts plaza



# 1. Executive Summary

Emily Carr University of Art + Design (ECUAD or the University) is an institution of higher learning devoted to excellence and innovation in visual arts, media arts and design, and is one of only four such institutions in Canada. The University is nationally and internationally recognized for excellence and attracts students and faculty from around the world.

The creative and cultural industries are an important and rapidly growing part of B.C.'s modern economy, and demand for ECUAD graduates in these sectors is high.

The University has an excellent international reputation and currently a large proportion of its students come from outside Canada.

ECUAD has outgrown its current home at Granville Island. Student enrollment has more than doubled since 1996 and site constraints at the current campus restrict building size and limit the University's ability to meet the needs of new and emerging program areas as well as service current programs. Further, site constraints limit the University's ability to meet international enrolment targets and demand for its graduate programs. The current site would require a \$12 million investment in the next two to five years to maintain the current buildings in an operational state.

In January 2013, the Province announced funding for a new home for the University at Great Northern Way to accommodate 1,800 students and address the current site challenges. The new purpose-built campus will provide students, faculty and the community a world class state-of-the-art facility for 21st century learning in art, design, media and applied research.

The total all in nominal capital cost of the new campus is estimated at \$122.65 million, including a provincial investment of up to \$101.65 million, with \$21 million to be raised through ECUAD's current capital campaign THE BIG IDEA. The total cost includes elements within and outside of the design, build, finance and maintain arrangement, such as capital design and construction costs plus equipment, procurement, implementation, reserves and contingency costs.

The decision to use the partnership delivery method was based on a thorough analysis of procurement options. The analysis indicated the Project's objectives could best be met and Value for Money (VFM) could be achieved by using the partnership method.

In February 2015, following a competitive selection process based on the principles of openness, transparency and fairness, ECUAD entered into a performance-based, fixed price Project Agreement with Applied Arts Partners (the private partner) to deliver the Project. Applied Arts Partners will design, build, partially finance and maintain the Project for a term of 32 years, which includes the approximate 25-month construction period.

Applied Arts Partners submitted a strong proposal. Its design includes state-of-the-art technologies and relevant systems innovations that provide opportunity for new standards in education. It provides advanced systems integration for display, learning and general information with very strong integration of audio visual (AV) and information technology (IT) solutions. The design is adaptable to potential and evolving future uses and features flexible structural and mechanical building systems. It features effective illumination of interior building spaces through articulation and transparency of the building façade, use of atria and large feature glazing areas, and complies with the Wood First Act. The new campus will be environmentally friendly, and is designed to achieve LEED Gold Certification.

Once construction of the facility is complete, Applied Arts Partners will provide a range of life cycle and facilities management services over the 30-year operating term of the Project Agreement including hard facilities management, roads and grounds maintenance, helpdesk services, utility management and others. Applied Arts Partners will receive a monthly service payment for these services. Those payments will be based on performance, facility availability and service quality. Service payments may be reduced if Applied Arts Partners does not meet the high-quality standards contained in the Project Agreement.

The final partnership agreement between ECUAD and Applied Arts Partners is estimated to achieve a Net Present Cost (NPC) Value for Money (VFM) of \$38.1 million compared to a Design Bid Build (DBB) method. Additional benefits from the DBFM delivery model include:

- Competition and innovation;
- Schedule certainty;
- Cost certainty;
- Integration; and
- Life cycle maintenance.



East arts plaza from the south



## 2. Project Benefits and Key Features

The Project includes a new, 26,550 square-metre (285,800 square-foot) campus located at Great Northern Way in Vancouver. Benefits and key features of the Project and its design are summarized below.

Applied Arts Partners' design for the Project has many features that will help cultivate and strengthen B.C.'s creative sector and advance the use of new technologies to enhance creative learning, including state-of-the-art technologies. The design is flexible and adaptable and the facility benefits from effective illumination throughout. The Project's environmentally friendly design includes the use of B.C. wood, while benefiting the local economy through employment opportunities.

### 2.1 State-of-the-Art Technology

The design implements state-of-the-art technologies and relevant systems innovations, providing opportunities for new standards in education, through use of GPON (gigabit passive optical network) communications infrastructure. This will provide ECUAD with the flexibility it requires as its programs evolve and technological needs change in the future.

Applied Arts Partners has delivered a robust and highly flexible network solution, including a 'creative sandbox' to allow students and faculty to use the network without impacting the security and stability of the overall enterprise network. The systems for display, learning and general information effectively integrate their AV and IT solutions.

### 2.2 Flexibility and Adaptability

The design is flexible for evolving future uses and features adaptable structural and mechanical building systems. The building structure is based on a 10 metre by 10 metre grid, minimizing the number of internal structural supports and providing ECUAD with the freedom to reconfigure program spaces as needed.

The mechanical design includes hydronic heating and cooling systems, paired with extensive heat recovery.

### 2.3 Illumination of Interior Building Spaces

Interior spaces benefit from effective, natural illumination. Transparency and interesting facade articulation is provided by large feature glazing areas into significant spaces such as the Learning Commons, Atria, and the Gallery. Window patterning is varied to provide visual interest and to respond to user requirements within the spaces (e.g. north light for studios; providing a good mix of useful wall space and windows.)

Atrium spaces are provided as a means to connect the floors and effectively connect the entrances to upper levels. Glazing with a high clarity and high energy performance characteristics is used.

### 2.4 Use of Wood

Reflecting B.C.'s Wood First Act, Applied Arts Partners' design incorporates wood, adding warmth and character to the building. Recognizing that walls are essential art display space, wood is used strategically on out-of-reach surfaces, such as soffits, ceilings and atriums, while walls are clad in gypsum board with plywood backing. This strategy ensures wood contributes to the interior character of the facility without compromising the availability of walls for exhibition, work and experimentation.

### 2.5 Environmental Benefits

The new campus will be green and energy efficient. It will be constructed to attain Leadership in Energy and Environmental Design (LEED®) Gold certification, ensuring a high-level of sustainability. The Project features competitively bid energy targets combined with ongoing sharing of energy benefits and costs, enforced by significant penalties for non-performance.

### 2.6 Economic and Labour Benefits

The Project will be a benefit to the local economy, creating an estimated 1,000 jobs in industries supplying goods and services used in construction.<sup>1</sup>

<sup>1</sup> Jobs estimates provided by the Ministry of Technology, Innovation and Citizens' Services



### 3. Project Background, Guiding Principles and Scope

#### 3.1 Background

In January 2013, the Province announced funding for a new home for the University at Great Northern Way to accommodate 1,800 students and address the current site challenges. The new purpose-built campus will provide students, faculty and the community a world class state-of-the-art facility for 21st-century learning in art, design, media and applied research.

The total all in nominal capital cost of the new campus is estimated at \$122.65 million, including a provincial investment of up to \$101.65 million, with \$21 million to be raised through ECUAD's current capital campaign THE BIG IDEA.

#### 3.2 Design Principles

ECUAD developed design principles for the Project reflective of a community devoted to excellence and innovation in visual arts, media arts and design. Those principles included:

- **Students at the Centre:** ECUAD serves a diverse student body across a broad range of programs (graduate, undergraduate, continuing education, low residency, etc.) The University seeks a campus that places the needs of its multiple student audiences at the centre of its physical and social organization.
- **Bringing the Public In/ECUAD Values @ the Core:** The new campus will be inviting and accessible for the many public audiences that ECUAD serves through programs, events, and exhibitions. The design and layout of buildings and grounds will communicate the core values of the institution: creativity and experimentation; support for lifelong learning; community-building; respect for diversity of cultures and indigenous practices; and social and environmental sustainability.
- **Closer to Home:** The new campus is closer to areas of the City where students, faculty, and staff live, is more accessible to major transit lines, with student residences nearby. This will create new opportunities for enhancing the connection between "home and school," including evening and weekend events and programs, and other elements of a residential campus community.
- **Making and Remaking:** Contemporary art, media, and design education is deeply connected to activities of experimentation, visualization, and the making and remaking of actual material things. To support this kind of learning, ECUAD requires buildings and facilities that are adaptive, flexible, and sturdy, and that address the continuous need to adapt, innovate, and remake the processes and spaces that comprise the University's core work.
- **21st Century Infrastructure:** The activities of teaching and learning now take place across a range of locations, platforms, and devices, utilizing global data stores and techniques of ubiquitous virtualization. The new campus will include a suite of technologies, services, and physical designs that are integrated, ergonomic, and supportive of these emergent practices of education and research.
- **Access and Diversity:** ECUAD is a relatively small, public university, with an increasingly diverse global student population. The University's challenge is to provide broad access and support for all students, while retaining a cohesive sense of community and support for individual learning and developmental needs. The design of the new campus should foreground key facilities and functions such as the Learning Commons, the Leeway Open Workshop, the Aboriginal Gathering Place, and student support services that address the twin demands of access and diversity.

- **Visibility/Transparency:** ECUAD seeks a campus and a facility that expresses a general openness across disciplines, communities, and workgroups. It should be legible, easy to navigate, and supportive of interdisciplinary and cross-functional exchange. A broad range of core facilities and functions (such as studios, classrooms, workshops, etc.) will be designed to communicate this sense of openness and transparency of function. Sightlines, glazing and wayfinding will be utilized to amplify the visual availability of educational activities and community or public elements of the campus.
- **Art Everywhere/Opportunities for Performance:** ECUAD is an intensely visual, material, experimental and performative culture. The design for the new campus will maximize opportunities for both formal and informal display of creative work, for gathering and discussion in the presence of creative work, and for experimental and performative events and activities. Classrooms, studios, hallways, and public spaces will serve as sites for display, exhibition, critique, and performance.

### 3.3 Scope of the Project

The Project includes a new, 26,550 square-metre (285,800 square-foot) campus located at Great Northern Way in Vancouver to accommodate 1,800 students.

The new campus includes spaces grouped in the following four functional areas:

- **Learning Support** – includes spaces such as the entrance, concourse/informal learning, general classrooms, lecture theatres, library/learning commons;
- **Studio and Academic Programs** – includes spaces such as classrooms, studios, offices and support space;
- **Student and Campus Services** – includes spaces such as student commons, aboriginal gathering space, gallery, book/supplies store, food services; and
- **Administration and Support Services** – includes spaces such as academic, communications, finance, human resources, information technology services offices, shipping and receiving, faculty and staff lounge.



Main entry off St. George's Plaza



## 4. Project Delivery Options

In accordance with the Province's Capital Asset Management Framework (CAMF), the project team undertook a procurement options analysis to determine an optimal procurement method for the Project.

### 4.1 Methodology

The evaluation of procurement options is mainly concerned with identifying the method of delivering the Project that will result in the greatest qualitative benefits and VFM both on a financial (quantitative) and qualitative basis. In financial terms, VFM is established by calculating the estimated cost of a project, based on a particular partnership procurement method, and comparing it to the estimated cost if the project were procured using another method.

The evaluation of procurement options involves two main steps. The first step identifies key procurement objectives, and provides a qualitative assessment of two procurement options.

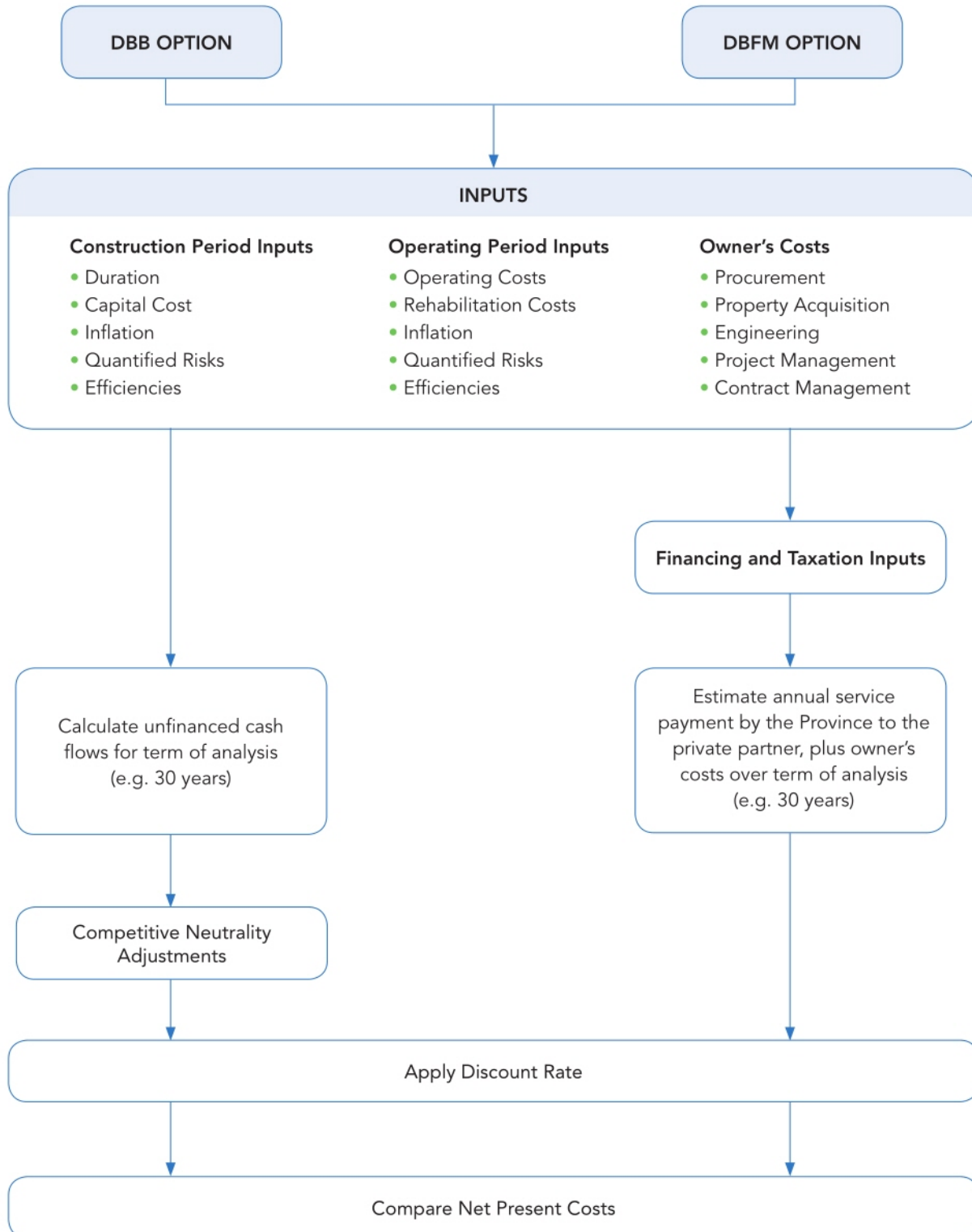
The second step in the assessment involves a more detailed, quantitative analysis that compares the two methods. A comprehensive risk analysis is conducted and financial models representing the two procurement methods are developed and compared. Both procurement methods consider detailed numerical inputs that reflect key project components during the construction and operating periods, as well as associated public sector costs under each option.

To ensure that a complete comparison is being made, the analysis also considers inputs that address financing and taxation issues along with adjustments to ensure Competitive Neutrality that include items such as how each model accounts for insurance costs. Without these adjustments, some costs may be understated in some areas and consequently would not reflect the true cost to government. When the procurement models being compared result in significantly different cash flows, a Discount Rate is applied to the projected future cash flows to facilitate an accurate comparison of the two approaches in present day dollars. Discounting allows procurement methods with different cash flow impacts—such as all payments made in the first year of a 15-year period versus payments spread over the 15 years—to be compared on a like-for-like basis. Comparing competing options in this way provides an objective means of determining the approach that provides the best value in terms of cost.

The results of this quantitative comparison between the two procurement methods, together with the qualitative criteria, are used to determine the method that is expected to provide the best potential VFM.

The following graphic illustrates the financial modeling approach used to compare procurement models.

#### DETERMINING THE NPC OF ALTERNATIVE PROCUREMENT APPROACHES - SUMMARY



## 4.2 Project Procurement Objectives

Procurement options were carefully considered through the development of procurement objectives based on the project objectives. The following procurement objectives were developed by the project team to provide guidance in the selection and analysis of procurement options:

- Schedule certainty
- Cost certainty
- Asset performance throughout life cycle
- Adaptability of final design to meet user requirements
- Overall VFM

## 4.3 Procurement Options Analyzed

The project team analyzed two procurement delivery options for the project: Design Bid Build (DBB) and Design Build Finance and Maintain (DBFM). The two options are described below.

**Design Bid Build (DBB):** ECUAD would engage an architect to develop a detailed design (working drawings) for the facility. The architect would complete the working drawings and then ECUAD would issue a tender call for a construction contract. The lowest qualified price would be selected and an industry standard construction contract would be used. The construction contractor would take responsibility for construction to the specifications detailed in the working drawings developed for ECUAD by its architect. ECUAD would remain effectively responsible for errors and omissions in the design and would make monthly progress payments to the contractor. Once construction of the facility is completed, ECUAD would take possession and maintain and operate the facility for its entire lifespan.

ECUAD would retain key design and construction risks, such as schedule, construction cost and life cycle maintenance costs. Separate parties would design, build and maintain the various components of the facility. ECUAD would be responsible to coordinate the involvement of design and maintenance groups.

**Design Build Finance Maintain (DBFM):** This partnership delivery model involves a two-stage competitive selection process. The first stage is a Request for Qualifications (RFQ), whereby respondent teams would submit qualifications to be received and evaluated, resulting in a shortlist of proponent teams. The second stage invites the shortlisted proponent teams to submit proposals as part of the Request for Proposals (RFP) process. At the RFP stage, ECUAD would provide Performance Specifications and seek proposals from the proponents to design, build, partially finance and maintain the facility.

The project team would evaluate these proposals to determine a proponent with which it would enter into a final Project Agreement. Under the Project Agreement, the successful proponent would be required to design, build, partially finance and maintain the Project over the specified term of the agreement.

Performance payments would be made monthly to the private partner over the life of the agreement, at a fixed rate determined at Financial Close. Payments only commence once the facility is completed. To ensure that the private partner receives full payment, they must meet defined and measurable performance and availability standards on a continuous basis. The DBFM approach provides a financial structure that aligns the incentives of the private partner and ECUAD. Under the DBFM option, the private partner would be responsible for:

- Arranging partial project financing, including equity, for facility construction and maintenance over a specified term (32 years, which includes an approximate 25-month construction period);
- Designing and building the facility; and
- Maintaining the facility over the life of the Project Agreement and handing it back at the end of the contract term in the prescribed condition.



## 4.4 Results of the Procurement Options Analysis

Based on the procurement options analyzed, the DBFM method was determined to be the preferred procurement option, expected to best meet ECUAD's procurement objectives and overall project objectives.

## 4.5 Achieving Value for Money

VFM is a term that captures the quantitative and qualitative benefits that are expected to be achieved by delivering the Project using the partnership method. Quantitative VFM is achieved through the lower project cost resulting from a particular procurement method. Qualitative value is achieved when a particular procurement method is best able to support the broader objectives of a project.

### PARTNERSHIP PROJECTS TYPICALLY PROVIDE THE FOLLOWING QUALITATIVE BENEFITS

- **Competition and innovation:** The competitive nature of the bidding process encourages the private partner teams to develop innovative solutions in all aspects of the project from design and construction through to operations.
- **Schedule certainty:** The private partner receives a significant portion of their payment through monthly availability payments once the facility is available for use, thereby providing a financial incentive to complete the Project on time.
- **Cost certainty:** The Project Agreement is a fixed price contract, protecting taxpayers from cost overruns.
- **Integration:** The private partner is responsible for the design and construction, maintenance and rehabilitation of the facility. This creates opportunities and incentives to integrate these functions to optimize performance of the facilities over the duration of the Project Agreement.
- **Life cycle maintenance:** The private partner is responsible and accountable for ensuring the facility is maintained and rehabilitated over the duration of the Project Agreement otherwise the Annual Service Payment may be reduced.



## 5. Competitive Selection Process

A two-stage, competitive selection process was undertaken for the Project.<sup>2</sup> During the RFQ stage, respondents were asked to present their qualifications for the Project. Eight teams responded to the RFQ. A shortlist of three proponent teams was selected and invited to participate in the RFP stage.

The shortlisted teams were comprised of Vancouver-based, national and international companies that brought to the Project a beneficial combination of local knowledge and experience and international expertise. The teams that were shortlisted are described below.

| PROPONENT                 | PROJECT CO LEAD  | EQUITY PROVIDER  | DESIGN-BUILDER   | DESIGN FIRM   | SERVICE PROVIDER                      |
|---------------------------|--|--|--|---|---------------------------------------|
| Applied Arts Partners     | Brookfield Financial Corp  | Brookfield Infrastructure Partners L.P.<br>EllisDon Capital Inc.<br>Fengate Capital Management Inc.      | EllisDon Corporation                                     | Diamond Schmitt Architects Inc.<br>Chernoff Thompson Architects | Johnson Controls Inc.                 |
| BC Education Partners     | Bouygues Building Canada   | Bouygues Building Canada Inc.<br>Bouygues Energies and Services Canada Ltd.<br>InfraRed Capital Partners | Bouygues Building Canada                                 | Bing Thom Architects  | Bouygues Energies and Services Canada |
| Tandem Education Partners | Balfour Beatty Investments, a division of Balfour Beatty group Canada Inc. | Gracorp Capital Advisors Ltd.<br>Connor Clark & Lunn GWest Traditional Infrastructure LP                 | Graham Design Builders LP<br>Balfour Beatty Construction | B+H Architects Inc.<br>Zeidler Partnership Architects           | Balfour Beatty Communities            |

The RFP required each proponent to submit a proposal to design, build, partially finance and maintain the Project under the Affordability Ceiling. The Affordability Ceiling was set by the Authority to ensure the Project was affordable once proposals were received from proponents.

During the RFP stage, collaborative and topic meetings were offered so that each team had the opportunity to discuss issues or concerns related to commercial, legal, design and construction and facilities management matters. Prior to the closing date for submissions, a final draft Project Agreement was issued and it served as the common basis for all proposals.

<sup>2</sup> The RFQ and RFP procurement documents are publicly available at [www.partnershipsbc.ca](http://www.partnershipsbc.ca)

The timeline of the competitive selection process is outlined in the table below.

| PROCUREMENT STAGE                        | TIMING                        | OUTCOME   |
|--|-------------------------------|---|
| RFQ                                      | March 2013 to May 2013        | The Project was marketed locally, provincially, nationally and internationally. Submissions from eight respondents were evaluated and the following shortlist of three teams was announced: <ul style="list-style-type: none"> <li>• Applied Arts Partners</li> <li>• BC Education Partners</li> <li>• Tandem Education Partners</li> </ul> |
| Specifications development and approvals | May 2013 to December 2013     | Project specifications were developed and approvals required to enter RFP stage were acquired.  |
| RFP                                      | December 2013 to October 2014 | The three shortlisted teams submitted proposals.  |
| Selection of Preferred Proponent         | November 2014                 | After evaluation of the proposals, Applied Arts Partners was identified as the preferred proponent.   |
| Project Agreement Finalization           | February 2015                 | The Project Agreement was signed by ECUAD and Applied Arts Partners.  |

## 5.1 Evaluation of Proposals

The overall objective of the evaluation was to select the proposal that best met the requirements of the RFP. The Project Board appointed an evaluation committee to evaluate the proposals based on the criteria set out in the RFP and to recommend a Preferred Proponent.

As part of the evaluation process, Proponents were asked to submit proposals based on a two-part submission process—a technical submission followed by a financial submission. Each submission had to substantially satisfy the requirements of the RFP and the final draft Project Agreement.

Proponents technical proposals that were determined to have satisfied the requirements of the RFP were invited to submit a subsequent financial proposal. All three Proponents met the mandatory requirements of the technical evaluation and were invited to make a financial submission.

The first step of the financial evaluation process was to examine and identify the extent to which, if at all, Scope Ladder items had been used to achieve the affordability requirements. Proposals were evaluated and ranked in accordance with the Proponents' use of Scope Ladder items such that the Proponent using the least number of Scope Ladder items would be ranked the highest and the Proponent using the most Scope Ladder items would be ranked the lowest.

None of the three Proponents used any of the Scope Ladder items and, therefore, all three Proponents' financial submissions were evaluated.

### 5.1.1 Affordability Ceiling

In a DBFM, the private sector partner is paid an Annual Service Payment (ASP) consisting of the initial capital costs (e.g. design and construction), operational costs (e.g. facility management), major repairs and replacement of building elements (e.g. the roof) throughout the term of the Project Agreement. All of these costs are captured in the NPC of the Project. The Affordability Ceiling is the NPC of the maximum government will pay in ASPs over the life of the project.

To ensure ECUAD received affordable proposals, it was mandatory for the cost of proposals to be equal to or lower than the Affordability Ceiling. For the Project, the Affordability Ceiling was set at \$130.1 million NPC.

All three Proponents met the Affordability Ceiling and delivered the Project scope in its entirety, as outlined in the Project Agreement.



### 5.1.2 Scored Elements

As a learning community devoted to excellence and innovation in visual arts, media arts and design, ECUAD sought a design solution that would strongly correlate with its vision. The concept of Scored Elements was incorporated into the procurement process for this reason.

From the set of eight design principles identified in Section 3.2, a series of design objectives was established for the Project. Proponents were challenged to deliver a building solution that excelled in the following categories: Superior Learning Environment for Art and Design Education; Making and Remaking; Architecture and Urban Design; and Meaningful Consultation and Integrated Design Process.

For each category, Proponents could earn points, which would then be converted into a dollar value adjustment to moderate their financial submission. Each point was valued at \$130,000, allowing Proponents the opportunity to adjust their financial submission by up to 10 per cent of the Affordability Ceiling. In doing so, ECUAD successfully incented Proponents to focus specific aspects of their proposals on ECUAD's design principles and objectives.

After a rigorous evaluation of the proposals, it was deemed that Applied Arts Partners' proposal best satisfied the requirements of the RFP, was under the affordability ceiling, and had the lowest adjusted cost after the scored elements were taken into consideration. The evaluation committee recommended to the Project Board that Applied Arts Partners be declared Preferred Proponent. The Project Board accepted the recommendation.

The following highlights outline some of the design achievements from Applied Arts Partners' solution:

- Implements state-of-the-art technologies and relevant systems innovations to provide opportunity for new standards in education;
- Provides advanced systems integration for display, learning and general information with very strong integration of their AV and IT solutions;
- Excellent future flexibility and adaptability of structural and mechanical building systems;
- The illumination of interior building spaces through skylights and clerestory glazing is highly effective; and
- The design finalization process articulates a very good process of co-creation with the Core User Groups.

## 5.2 Owner's Project Management Costs

The owner's project management costs, including the competitive selection process, are included in the VFM analysis. The total owner's project management costs in nominal dollars, from approval of the Business Case to completion of construction, are \$7.7 million. This includes the cost of developing Performance Specifications, preparing procurement documentation and monitoring the design and construction of the facility using ECUAD's project management team and external advisors.

In addition, Partial Compensation of \$250,000, inclusive of any GST payable, was paid to each of the unsuccessful proponents. Partial Compensation can encourage competition, ensure the quality of proposals submitted, secure access to intellectual property and partially mitigate costs incurred by proponents in developing their proposals.

## 5.3 Fairness Advisor

A fairness advisor, Jane Shackell, Q.C., of Miller Thomson LLP was engaged to monitor the competitive selection process and offer an assessment of the procedures and whether the selection process was carried out in a fair and reasonable manner. The fairness advisor was provided access to all documents, meetings and information related to the evaluation processes throughout both the RFQ and RFP stages.

The fairness advisor issued reports for both the RFQ and the RFP stage of the competitive selection process. In her report on the RFP process, the fairness advisor concluded that "I am satisfied that the procurement process as described in the RFP was fair and reasonable, and that the Project team fairly and reasonably implemented and complied with that process."

The fairness advisor's reports are publicly available at [www.partnershipsbc.ca](http://www.partnershipsbc.ca).

## 6. The Final Project Agreement

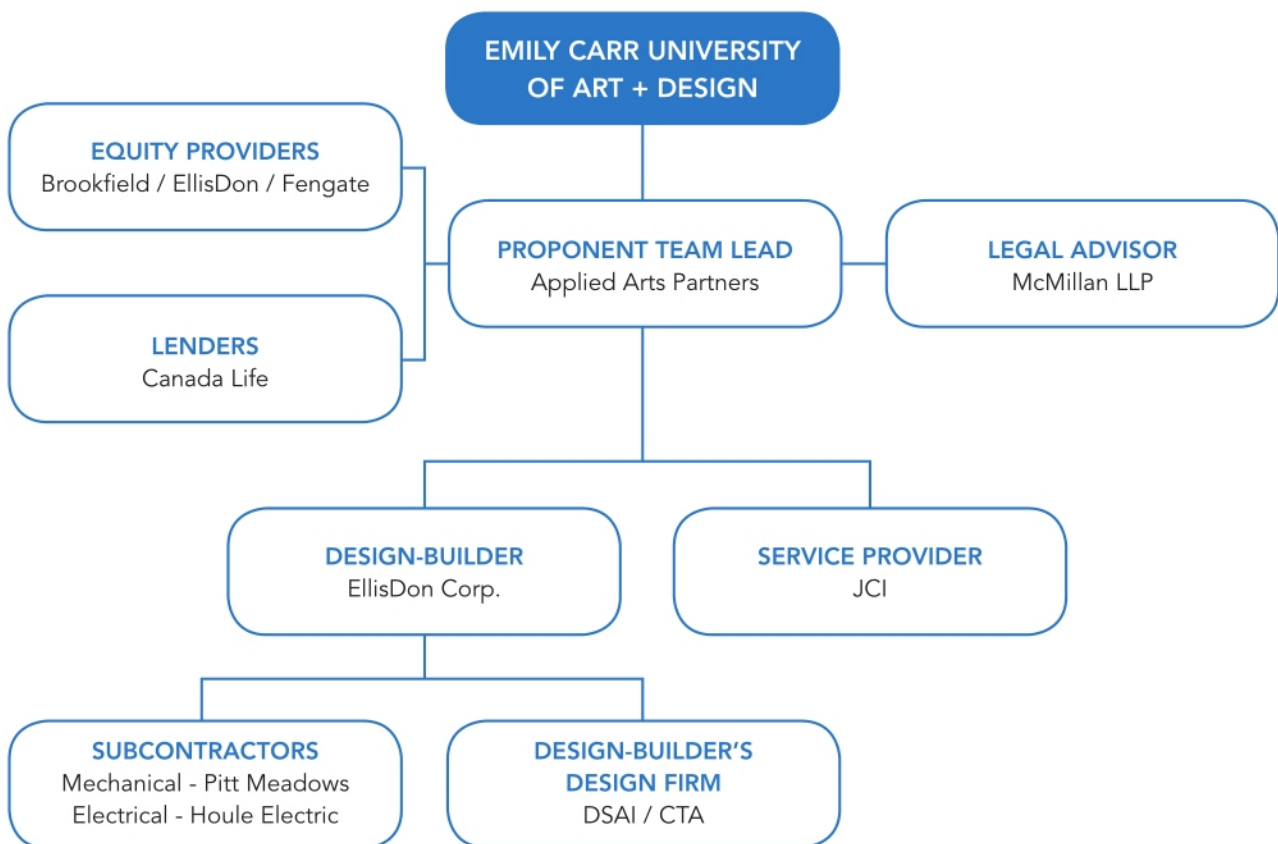
### QUICK FACTS ABOUT THE FINAL PROJECT AGREEMENT

|   |                                       |
|---|---------------------------------------|
| Private Partner   | Applied Arts Partners                 |
| Project Owner   | Emily Carr University of Art + Design |
| Government contributions to Capital Cost including Philanthropy (nominal) | \$43.4 million                        |
| Construction Completion   | 2017                                  |
| Term of the Project Agreement   | 32 years, including construction      |
| NPC of ASPs   | \$96.1 million                        |

### 6.1 Profile of the Private Partner

Applied Arts Partners is the private partner for the Project. Applied Arts Partners is a consortium of companies qualified through the RFQ process and consisting of the following key members identified in Figure 1 below.

FIGURE 1: RELATIONSHIP BETWEEN ECUAD AND APPLIED ARTS PARTNERS



## 6.2 Key Terms of the Project Agreement

Under the terms of the Project Agreement, Applied Arts Partners is responsible for the following:

- Arranging financing for a portion of the construction and agreed facilities operations for a specified term (construction plus a 30-year Operating Period);
- Designing and building the facility;
- Providing facility management services, including:
  - Hard facilities management;
  - Utilities and energy;
  - Roads and Grounds;
  - Environmental and sustainability services;
  - Housekeeping and waste management;
  - Pest management;
  - Plant services;
  - General management; and
  - Helpdesk services.

## 6.3 Performance-Based Payment Principles

During construction, ECUAD will make construction payments based on a percentage of the eligible construction costs incurred by Applied Arts Partners in a specific month as certified by an Independent Certifier.

Applied Arts Partners is incented to perform through a payment mechanism based on the principles of performance, facility availability and service quality. Once construction is complete and Service Commencement has been achieved, Applied Arts Partners will begin receiving an ASP from ECUAD. These payments will be made monthly and are based on the facility availability and the quality of facility maintenance services provided by Applied Arts Partners. The performance of Applied Arts Partners will be continuously monitored based on key performance indicators. If the performance standards in the Project Agreement are not met, ECUAD may apply deductions to the ASP.

Payment deductions are based on the severity of the failure to meet the performance indicator, the importance of the room or department area affected, and the level of unavailability. An unavailability deduction applies when a functional unit (room or department) fails to comply with the condition specified in the Project Agreement. For example, if power was not available to the animation studio, that room would be considered unavailable, and payment deductions could be applied.

## 6.4 Adjustments to Annual Service Payments

The ASP is comprised of three components: capital cost, operations and maintenance/facilities management costs, and rehabilitation/life cycle costs. The ASP may be adjusted to reflect specific circumstances as defined in the Project Agreement, including:

- **Indexation:** The capital component of the ASP will not be indexed. The facility maintenance (FM) services component and life cycle costs of the ASP are indexed by the Consumer Price Index (CPI).
- **Changes:** If ECUAD requires the private partner to make a physical change or amend the services, ECUAD can pay the cost up front or have the cost financed. If ECUAD chooses to have the change financed, the cost will be reflected in an amended ASP.
- **Change in Law:** If there is a change in law targeted at universities, the ASP may be amended to leave the private partner in no better or worse position than if that change in law had not occurred.
- **Compensation Events:** Any compensation payable for a compensation event is provided by a lump sum payment or as an adjustment to the ASP.
- **Life Cycle:** The life cycle costs are not uniform throughout the term of the contract and the lifecycle component of the ASP will fluctuate.
- **Market Testing:** The housekeeping and elevator services will be market-tested on the third anniversary of Service Commencement and thereafter every sixth anniversary of that date.



## 6.5 Risk Allocation Summary

The Project Agreement includes detailed risk allocation provisions over the construction period and 30-year operating term. This approach transfers key risks to Applied Arts Partners – such as construction, cost and schedule – and adds value through design and private sector innovation.

The table below summarizes key risk allocation retained by ECUAD, transferred Applied Arts Partners and shared between the two parties.

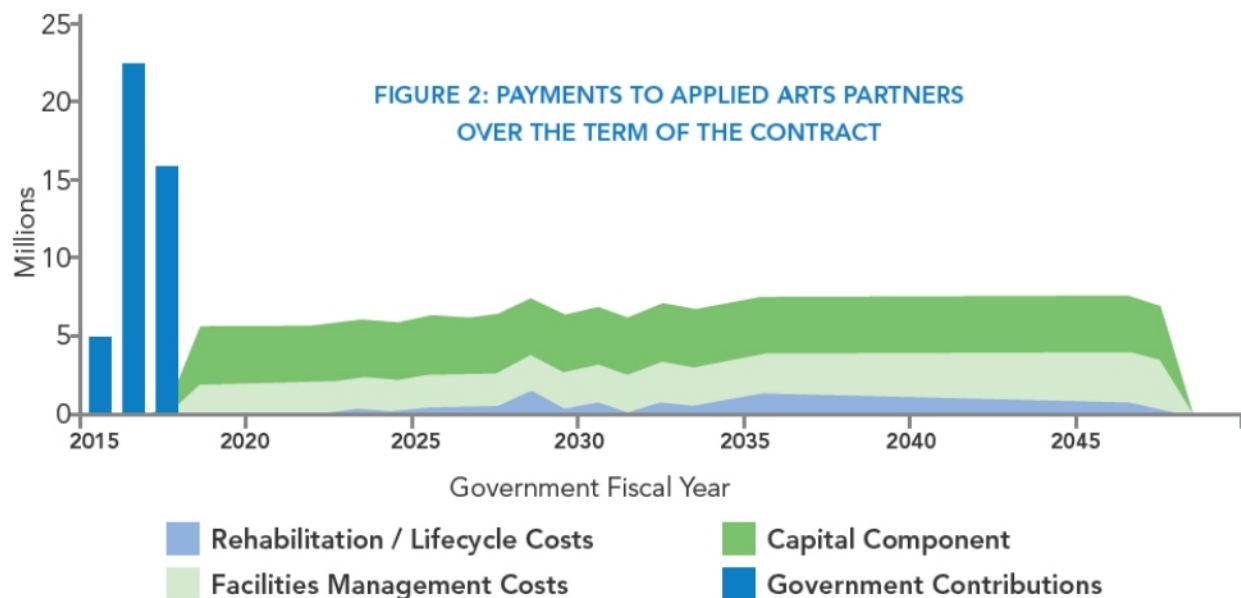
| ECUAD RISKS                       | SHARED RISKS  | APPLIED ARTS PARTNERS RISKS        |
|-----------------------------------|---------------|------------------------------------|
| Existing site conditions          | Change in law | Commissioning                      |
| Ownership of the Facility         | Force Majeure | Construction                       |
| Program delivery                  |               | Design                             |
| Authority initiated scope changes |               | Financing after contract execution |
|                                   |               | Geotechnical conditions            |
|                                   |               | LEED Gold certification            |
|                                   |               | Life Cycle                         |
|                                   |               | Maintenance                        |
|                                   |               | Schedule                           |

The risk allocation is supported by the following provisions in the Project Agreement:

- Applied Arts Partners will only start receiving the ASP from ECUAD at the Service Commencement date, thus providing an incentive to complete construction on time and on budget;
- The expiry date of the Project Agreement is fixed, so any delays in completing construction will reduce payments to Applied Arts Partners, providing them with a strong incentive for timely completion of the facility; and
- Provisions are in place to reduce the ASP if Applied Arts Partners does not meet the performance standards in the Project Agreement for facility availability and maintenance.

## 6.6 Financial Summary

The graph below demonstrates the cash flows to Applied Arts Partners over the term of the contract. The graph is expressed in nominal dollars and assumes two per cent inflation for facilities management and life cycle costs. Payment projections assume no penalties or deductions.





### OPTIMIZING PRIVATE SECTOR FINANCING

- In projects that include private financing, an analysis is completed to determine the necessary level of private versus public financing. This analysis takes into consideration both financial and non-financial factors. The objective is to have sufficient private financing in a deal to offset transferred risk over the term of the Project Agreement. The part of the PPP that is not financed by the private sector is financed by government, at a lower borrowing cost.
- For further information regarding levels of private financing, refer to the Methodology for Quantitative Procurement Options Analysis Discussion Paper, at [www.partnershipsbc.ca/publications/resources](http://www.partnershipsbc.ca/publications/resources).

The Project is being funded by a variety of sources, including government contributions during construction, philanthropic funding, and private sector financing arranged by Applied Arts Partners. The weighted cost of capital, taking into account the sources of funds and their respective costs, is 3.17 per cent. The cost of private sector financing alone, over the 32 year duration of the contract, is 4.80 per cent.

## 6.7 Quantitative Benefits

The estimated NPC of the Project delivered using a DBB approach is \$189.2 million. The estimated NPC of the Project delivered using the DBFM approach and Applied Art's Partners' proposal is \$151.1 million. A comparison of these numbers is provided below. In financial terms, the final Project Agreement is estimated to achieve a NPC VFM of \$38.1 million when compared to the alternative procurement option.

TABLE 1: VALUE FOR MONEY

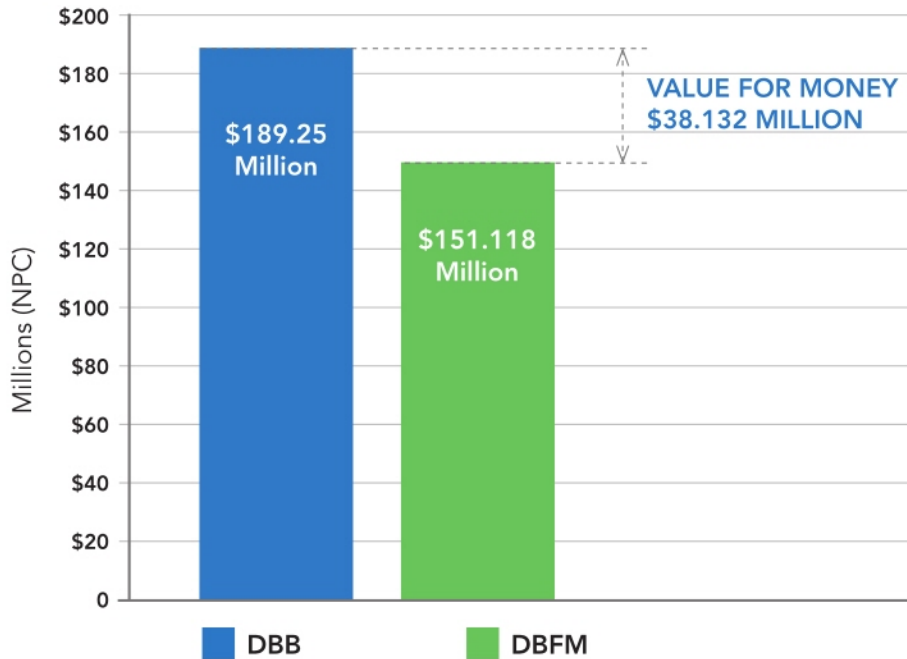
| NET PRESENT COST (\$, millions)   | FINAL PROJECT AGREEMENT | DBB OPTION     |
|---|-------------------------|----------------|
| ASPs to Applied Arts Partners   | 96.100                  |                |
| Capital costs   |                         | 101.886        |
| Provincial construction payments  | 41.423                  |                |
| Life cycle and operating costs  |                         | 51.181         |
| Risk adjustment   | 3.247                   | 21.687         |
| Project management costs, including GST, insurance and partial compensation | 10.348                  | 14.496         |
| <b>Total</b>  | <b>151.118</b>          | <b>189.250</b> |
| Cost differential   | 38.132                  |                |
| Percentage savings  | 20.10%                  |                |

Significant factors contributing to VFM include:

- Applied Arts' capital cost;
- Integrated audio visual/information technology solution;
- Effective integration of service provider with design-build team; and
- Efficient allocation of risk.

The VFM analysis was made following established methodology.<sup>4</sup> The NPC of the figures described above were developed using a Discount Rate<sup>5</sup> of 4.8 per cent at February 11, 2015, which represents the costs of capital over time, taking into account factors such as inflation and interest rates.

FIGURE 3: VALUE FOR MONEY COST COMPARISON



## 6.8 Accounting Treatment

B.C.'s Office of the Comptroller General, responsible for the overall quality and integrity of the Province's financial management and control systems, has established accounting guidelines for partnership projects.

Based on accounting guidelines, and for accounting purposes, the total all in nominal capital cost of the Project is \$122.65million. This figure includes the capital cost for the design and construction, the associated interest during construction, and Applied Arts Partners' bid development and financing costs. It also includes costs for ECUAD-purchased equipment, insurance, GST, the competitive selection process, implementation and contingencies. These costs are accrued to ECUAD through the construction period as the costs are incurred.

<sup>4</sup> Partnerships BC's Discussion Paper: Methodology for Quantitative Procurement Options Analysis is publicly available at [www.partnershipsbcc.ca](http://www.partnershipsbcc.ca)

<sup>5</sup> The Discount Rate used for the calculation of VFM is 4.8 per cent. To test the impact of a change in the Discount Rate on the quantitative VFM proposition of the DBFM model versus the DBB model, the modeling results were re-calculated assuming a Discount Rate 50 basis points higher and 50 basis points lower than the base Discount Rate. It should be noted that no change in the estimated value of risks was undertaken in conjunction with the change in Discount Rates used in the sensitivity analysis. A change in the Discount Rate, either higher or lower, would require a reassessment of the risks of the project. The results of the sensitivity analysis of the Discount Rate showed that the NPC of the final Project Agreement would have been approximately \$15.5 million less than the DBB if the Discount Rate was 50 basis points lower, and about \$30.2 million less if the Discount Rate was 50 basis points higher.

## 7. Ongoing Project Agreement Monitoring

The Project Agreement with Applied Arts Partners includes specific provisions to ensure project delivery, performance and quality standards are met. Monitoring spans every phase of the Project, from Financial Close through design and construction, facility operations and maintenance. There are a number of major phases in the project monitoring schedule, with roles and responsibilities assigned to project participants at each stage.

### 7.1 Design and Construction Phase

The Project Agreement stipulates that both ECUAD and Applied Arts Partners must appoint design and construction representatives. The ECUAD representative will review, approve, accept or confirm Applied Arts Partners' activities in accordance with the Project Agreement. The ECUAD representative is supported by a compliance team of professionals. The ECUAD representative and the compliance team will have full access to the construction site, drawings and specifications, and will report observations to ECUAD regularly.

In addition, a Construction Period Joint Committee (CPJC) will be formed at the commencement of construction. The CPJC formalizes communications between ECUAD and Applied Arts Partners with the purpose of providing a formal forum for the parties to consult and cooperate on all matters relating to the Project during construction. The CPJC is a requirement of the Project Agreement and will remain in place until construction is complete and Service Commencement has been reached.

In support of the aforementioned monitoring activities, ECUAD and Applied Arts Partners have also jointly appointed an Independent Certifier who will monitor and report on construction progress, and provide certification that the conditions for Service Commencement have been achieved.

ECUAD has established a full-time project office dedicated to the Project which will report through the chief project officer to the Project Board.

### 7.2 Operations and Maintenance Phase

The Project Agreement stipulates that both ECUAD and Applied Arts Partners must appoint a representative to serve as a member of the Operating Period Joint Committee (OPJC) over the 30-year operating term of the agreement. The OPJC is a formal forum for the parties to consult and cooperate on all matters related to Project during the operational term.

During the operations phase, Applied Arts Partners will provide ECUAD with the following plans for review and approval:

- Life cycle report and start-up plan;
- Annual service plan and five year maintenance plan;
- Life cycle asset and rehabilitation plan;
- Environmental management plan; and
- Energy management plan.

### 7.3 Quality Management

The Project Agreement is designed to motivate Applied Arts Partners to ensure delivery, performance and high standards of quality given the monetary consequences of failing to meet these requirements.

Applied Arts Partners is required to have a performance monitoring program in place during the operating period that will monitor the delivery of services. All reports and supporting data generated from this program are readily available to ECUAD at any time for audit purposes. Monthly reports delivered to ECUAD will contain a variety of information, including:

- A summary of calls made to the facilities management help desk and their resolution;
- A summary of unavailability events and service;
- A calculation of the monthly service payment owed to Applied Arts Partners; and
- A summary of all life safety actions and statutory testing (e.g. fire extinguisher inspections).



These reports allow for a thorough review and analysis on a monthly basis by ECUAD to ensure the facility is performing as intended. It will also ensure building operations and conditions are consistent and achieving established Project objectives. The reports provide key information that determines if the facilities are being properly maintained in accordance with the performance standards set out in the Project Agreement.

There are strict penalties if Applied Arts Partners misrepresents the monthly report.

#### 7.4 Hand-Back Requirements

At the end of the 30-year operating term, the facility must be in a condition that is consistent with the services and maintenance specifications in the Project Agreement. For example, it would not be acceptable for the building fabric to be failing, the flooring to be unreasonably worn or the general environment to be unkempt. Applied Arts Partners and ECUAD will jointly appoint and pay for an independent party to inspect and survey the condition of the building in advance of the end of the project term. Applied Arts Partners is responsible for meeting the hand-back requirements at the end of the project term.

Keeping facility conditions up during the operations period through ongoing maintenance will ultimately lead to hand-back conditions being satisfactory.

#### 7.5 Project Board

The Project Board was established in 2012 to provide guidance and oversight for the implementation of the Project, including the capital components outside of the DBFM arrangement. Members of the Project Board include representatives from: the Ministry of Advanced Education; the Ministry of Transportation and Infrastructure; Emily Carr University of Art + Design; and Partnerships BC.

ECUAD has assembled an integrated project management team that will be responsible for implementing the project through design, construction and transitioning into the operating period. The project team reports through the chief project officer to the Project Board.



North elevation

## 8. Glossary of Terms

**Affordability Ceiling:** A number identified in the RFP representing the NPC of the maximum government expects to pay based on an assumed discount rate of 7.3% over the life of the Project.

**Annual Service Payment (ASP):** The mechanism by which a private partner in a DBFM arrangement is compensated. According to performance standards specified in a Project Agreement, an ASP is paid to the private partner for capital and operating costs, as well as their required rate of return, over the term of the agreement.

**Business Case:** Document prepared pursuant to CAME.

**Competitive Neutrality:** A circumstance where competitive advantages that typically accrue to government as a result of public sector ownership are neutralized through a series of adjustments that permit a fair comparison of non-public sector alternatives.

**Discount Rate:** A rate used to relate present and future dollars. Discount rates are expressed as a percentage and are used to reduce the value of future dollars in relation to present dollars. This equalizes varying streams of costs and benefits so that different alternatives can be compared on a like-for-like basis.

**Financial Close:** The point in the procurement process where negotiations with a preferred proponent are finalized and a Project Agreement is executed, allowing construction to begin.

**Independent Certifier:** An independent, third-party certifier engaged jointly by ECUAD and the private partner to verify and certify whether certain conditions of the Project Agreement are being satisfied.

**Net Present Cost (NPC):** The value of periodic future cost outlays when they are expressed in current, or present day, dollars by discounting them using the Discount Rate.

**Nominal Cost:** Costs calculated in nominal terms at current prices recognizing adjustments for inflation.

**Partial Compensation:** A payment made to unsuccessful shortlisted proponents in an RFP process as partial compensation for expenses incurred in submitting a proposal.

**Performance Specification:** Specifications developed by ECUAD that define the output and performance levels required in relation to construction and life cycle performance of an asset, to ensure the completed project satisfies the objectives of a project with respect to meeting ECUAD's service delivery needs.

**Project Agreement:** The Project Agreement sets out the requirements for the delivery of an asset under a DBFM in terms of cost, schedule and life cycle performance that typically govern the performance-based payment of the ASP to a private partner.

**Request for Proposals (RFP):** Document issued by ECUAD for qualified proponents to submit formal proposals to deliver the Project.

**Request for Qualifications (RFQ):** Document issued by ECUAD inviting parties interested in participating in an RFP, to submit their qualifications for delivering the Project.

**Scope Ladder:** A mechanism that allows a proponent to reduce the scope of the Project by one or more of the scope items set out in an approved list outlined in the RFP in order to meet the Affordability Ceiling.

**Service Commencement:** The date upon which the following activities have been achieved: the architect certifies substantial performance of the building; an occupancy permit has been issued and all construction commissioning activities are complete.

**Value for Money (VFM):** Also commonly referred to as value for taxpayer dollars, VFM describes the benefits to the public expected to be realized through a particular procurement method, which can be quantitative and/or qualitative in nature. Quantitative VFM is achieved through the lower cost of a project resulting from the procurement method, whereas qualitative value is achieved when a particular procurement method better supports the goals and objectives of a project without necessarily costing less.



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## Information Note Advice to Minister

Date: August 24, 2015

Cliff #: 100482

Issue: International Education Sector Roundtable:  
September 22, 2015, Vancouver BC

### Conclusion / Next Steps:

- The Ministry of Jobs, Tourism and Skills Training (JTST) is hosting roundtables with key economic sectors and cross-sectors identified in the *BC Jobs Plan* to provide employers, industry and federal and provincial government representatives with the opportunity to share information and engage in conversations about labour supply and demand.
- The international education sector roundtable provides an opportunity to fulfill deliverables of the current International Education Strategy and to inform a planned refresh of the Strategy.
- Minister Andrew Wilkinson will attend the session and provide welcoming remarks. Minister Mike Bernier is not scheduled to attend.
- JTST is responsible for organizing of the roundtable, including managing invitations to stakeholders, providing the session presentation, developing communications and a possible press release.
- The Ministries of Advanced Education (AVED) and Education (EDUC), and the British Columbia Council for International Education (BCCIE) are coordinating input to tailor the session to international education, and to confirm a proposed list of attendees.

### Background / Facts:

- JTST is committed to hosting roundtables with *BC Jobs Plan* sectors as these are a key deliverable in Minister Bond's mandate letter from the Premier.
- The information sessions, co-hosted with industry associations and employers, are intended to create awareness of and stimulate engagement about how sectors can access skilled labour and satisfy human resource requirements.
- The sessions typically feature representatives from both the federal and provincial governments to discuss topics such as the BC Labour Market Outlook, Temporary Foreign Worker Program, Express Entry, BC Provincial Nominee Program, Skills for Jobs Blueprint, Labour Market Partnerships Program, and other education/training supports.
- Key objectives as outlined by JTST include:
  - Share information and engage in conversations about labour supply and demand, immigration, pathways to citizenship, education, skills training, and employer supports;
  - Inform provincial and federal governments of key industry labour force issues and human resource requirements in order to support the work of the Labour Market Information Office and ongoing implementation of the *BC Jobs Plan*; and,
  - Provide employers, industry, and federal, provincial and aboriginal government representatives with the opportunity to ask and respond to questions related to labour supply/demand and access to skilled labour.
- To date JTST has facilitated sessions with the technology, mining and energy, tourism and small

business sectors.

### **Analysis:**

- The session is an opportunity to connect with the international education sector to fulfill deliverables of the current International Education Strategy, including working with employers to promote the benefits of hiring students who have obtained study or work abroad experience, and highlighting the advantages of hiring international students.
- The roundtable is a chance to learn directly from employers about specific labour market needs, and how BC graduates who have gained global competencies from study/work abroad, and/or eligible international student graduates of BC institutions can meet those needs.
- The session will also touch upon key immigration-related actions of the Strategy, such as working with the federal government to create smoother transitions for international students who wish to work and live in BC after graduation.
- Though planning is still in the preliminary stages, it is anticipated the session will focus on new Labour Market Outlook information from JTST as it relates to the sector in program planning, and employment of individuals in the industry (schools and institutions) and community (businesses).
- Federal government representatives in attendance may provide context on opportunities and challenges in employment of international student graduates, and transition to permanent residency.
- Attendees may include school district and post-secondary institution representatives, federal government representatives from Citizenship and Immigration Canada and the Department of Foreign Affairs, Trade and Development, provincial government officials, and employers.

**Contact:**      *Claire Avison, Assistant Deputy Minister (250-217-9059)*



## Information Note Advice to Minister

Date: October 16, 2015

Cliff #: 100773

Issue: BC Jobs Plan 4-Year Progress Update – International Education Sector Profile

### Conclusion / Next Steps (if any):

- International education is one of eight key sectors under *Canada Starts Here: The BC Jobs Plan*.
- The 4-Year BC Jobs Plan Progress Update, which includes profiles for each of the key sectors, is scheduled to be released the week of November 23-27, 2015.
- The Cabinet Committee on Strong Economy is meeting on November 5, 2015 to review and approve the sector profiles.
- In preparation for that meeting, Minister Wilkinson is scheduled to discuss the draft International Education Sector Profile (Attachment 1) with Greg Kylo, Parliamentary Secretary (PS) for the BC Jobs Plan on October 21, 2015. It is anticipated that PS Kylo will review the content of the profile, specifically the *Progress Made* and *Looking Ahead* sections, and confirm that the draft content is sufficient.

### Background / Facts:

- In 2011, the Premier released *Canada Starts Here: The BC Jobs Plan* to support eight key export sectors including agrifoods, forestry, energy/mining, natural gas (LNG), technology, tourism, transportation and international education.
- In fall 2014, government added four cross-sector areas of strategic priority: small business, international trade, manufacturing, and Aboriginal peoples and First Nations.
- The BC Jobs Plan is monitored against 19 targets that measure progress in the sectors. The target for international education is to increase the number of international students who choose British Columbia as a study destination by 50 percent by 2016.
- Key sectors under the BC Jobs Plan contribute to regular progress reports, which are publicly released via the BC Jobs Plan website. The reports provide an opportunity for government to reaffirm commitments made in the Plan, demonstrate progress to date and identify further commitments to move the economy forward. The reports are prepared by the Ministry of Jobs, Tourism and Skills Training, the ministry responsible for the BC Jobs Plan.
- In 2012, government released the International Education Strategy, which promotes the two-way global flow of students, educators and ideas between countries. It positions the province and its residents to benefit even more from the social, cultural and economic opportunities that flow from international education activities.
- The Ministry of Advanced Education has lead responsibility for the implementation and monitoring of the Strategy, working closely with key partners including the Ministry of Education, the Ministry of International Trade, the Ministry of Jobs, Tourism and Skills Training, as well as the British Columbia Council for International Education.
- Significant progress has been made on actions under the three goals of the Strategy.





- As the lead on the Strategy, the Ministry of Advanced Education works with key partners to coordinate reports on the sector, including the International Education Sector Profile as part of the 4-Year Progress Update. The International Education Sector Profile has not been reviewed by partner Ministers.
- The 4-Year Update is focused on the theme of “Diversity,” highlighting diversity in the economy, population, workforce, and employment opportunities in British Columbia. It is reflected throughout the report and sector profiles, including the International Education Profile.
- The 4-Year Update will also feature a “regional spotlight” focused on Vancouver Island that will be presented as a new ‘pull-out pilot’ including a regional dimension in future Jobs Plan reporting.

### Analysis:

- The International Education Sector Profile includes key updates on progress made, areas of focus looking forward, and British Columbia international student headcount data (114,600 in 2013/14).
- The *Progress Made* section highlights key achievements of Strategy partners including promoted British Columbia as a high quality education destination during trade missions to India, China and Japan, announced new scholarships at the K-12 and post-secondary level and released K-12 Homestay Guidelines.
- The *Looking Ahead* section highlights the forthcoming refresh of British Columbia’s International Education Strategy.
- The 2013/14 international student headcount data is the most recent data available to highlight in the Profile. The current infographics focus on an annual snapshot rather than progress toward the 50 percent target. The number of international students in British Columbia increased by 22 percent between 2009/10 and 2013/14. **s.13**
- Updated economic impact figures for the international education sector in British Columbia are being prepared based on the 2013/14 international student headcount data. The updated figures will be included in the final International Education Sector Profile.
- Due to the “regional spotlight” on the Vancouver Island region, the Profile highlights an international student studying at North Island College, a former international student from Vancouver Island University and an international education program at Nanaimo Ladysmith Public Schools.

**Attachment(s):** *BC Jobs Plan 4-Year Progress Update – International Education Sector Profile*

**Contact:** *Sandra Carroll, Deputy Minister*

## B.C.'s International Education Sector: Expanding Global Relationships and Opportunities

**INTERNATIONAL EDUCATION ENRICHES BRITISH COLUMBIA** socially, culturally and economically. Every year B.C. welcomes students from over 80 countries to experience a world class education and life in the province.

International students bring diversity to schools, communities and families, build lasting global connections, and provide a strong foundation for future economic development between B.C. and the world. International students also support local economies and create jobs. Many choose to stay and build careers, helping the province address labour market needs.

Progress is being made toward the aspirational **BC Jobs Plan** goal of a 50 per cent increase in international students in the province by September 2016.



Meet Gbemisola Falade, who completed an internship through North Island College that led to a full-time position at a Campbell River accounting firm. Originally from Nigeria, Gbemisola is now working towards becoming a chartered accountant in B.C.  
For more: [BCJobsPlan.ca](http://BCJobsPlan.ca)

### BC JOBS PLAN – PROGRESS MADE

- ✓ *Promoted B.C. as a high quality education destination and furthered global relationships with key partners during trade missions to India, China and Japan.*
- ✓ *Added 28 B.C. Certified Offshore Schools since 2011 and diversified into three new countries – Colombia, France and Japan.*
- ✓ *Announced new K-12 and post-secondary scholarships to bring more international students to B.C. and to give more B.C. students the chance to study abroad – increasing mobility with China, Japan and Korea.*
- ✓ *Strengthened support for schools and institutions to attract international students and develop strategic global partnerships through active outreach by B.C.'s Education Marketing Managers.*
- ✓ *Released K-12 homestay guidelines that provide consistent, province-wide standards and ensure high quality homestay experiences.*

### SPOTLIGHT:

Nanaimo Ladysmith Public Schools are typical of B.C.'s thriving K-12 international education sector. The program started in 1998 with two Japanese students and has grown to over 300 students from 15 different countries. The program employs six administrators, funds the employment of 12 additional teachers in the district and works with 190 local homestay families.

### Sector Facts:

FOR 2013/14



**114,600**  
international  
students  
studying in B.C.  
from over 80 countries

**\$2.3**

billion  
spent by  
international  
students



**\$1.6**  
billion  
contributed to  
B.C.'s economy

**25,500**  
jobs generated





### LOOKING AHEAD:

- » Refresh B.C.'s International Education Strategy to build on progress to date and seize growing opportunities.
- » Explore ways to increase efficiencies and leverage joint marketing opportunities across the education system.
- » Continue to promote B.C. as a world class education destination in key markets.
- » Expand the B.C. Global Education Program and increase international student transitions from K-12 offshore schools into B.C. post-secondary education.
- » Encourage more international students to live and work in B.C. after studies through stronger industry linkages that drive economic growth and help meet labour market shortages.
- » Collaborate with other Canadian jurisdictions to leverage the Canada brand and promote Canada abroad through an integrated marketing strategy.

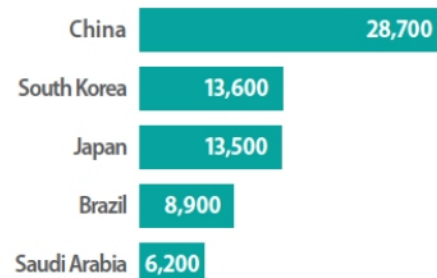
### WHY THIS MATTERS:

B.C. is a world-class destination for international students. Our Province attracts the highest number of international students per capita in Canada, hosting almost one-third of all international students in the country. Welcoming more international students will cultivate greater opportunities for cultural and educational exchanges for B.C. students, and create significant job and economic growth in regions across the province.

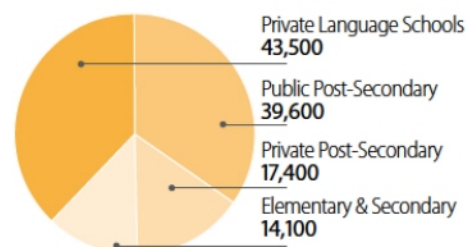
Through the **BC Jobs Plan** and B.C.'s International Education Strategy, the Province will continue to position B.C. as a high-quality education destination and leverage opportunities to increase competitiveness and advance growth in key markets.

### INTERNATIONAL STUDENTS IN B.C. (2013-14)

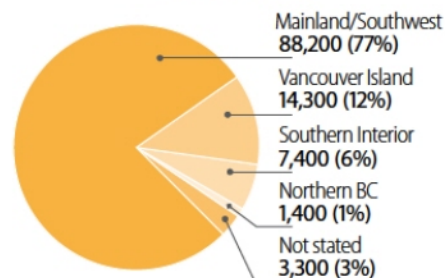
#### BY TOP 5 COUNTRIES OF ORIGIN



#### BY TYPE OF INSTITUTION



#### BY REGION



### B.C. CERTIFIED OFFSHORE SCHOOLS



OVER **10,000** international students  
**8** countries • **42** schools

### Former International Student Thrives as an Entrepreneur on Vancouver Island

After practicing Law in India for nine years, Yuri Ahuja came to B.C. in 2009 as an international student to complete an MBA program at Vancouver Island University. Upon completing his degree, Yuri obtained permanent residency and opened a law office in Nanaimo that offers personalized and easy-to-access immigration and business law services to individuals and business partners living in and doing business with B.C. and Canada.



With **Canada Starts Here: The BC Jobs Plan** we are growing the economy, building on our strengths, and making them our competitive advantage in the global economy. We are focusing on eight key sectors that will help us expand markets, strengthen our infrastructure and create jobs: Agrifoods, Forestry, Mining, Natural Gas, International Education, Transportation, Tourism and Technology. We are also building on four new cross-sector areas of the economy: Aboriginal Peoples and First Nations, International Trade, Manufacturing and Small Business.

To find out more, go to: <http://www.BCJobsPlan.ca/>



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Attachment

**CTCMA Acupuncture Diploma Curriculum – Minimum Requirements**

**Acupuncture diploma programs must provide a minimum of 1900 hours of instruction over three academic years, and include the following elements:**

**BASIC TCM FOUNDATION BLOCK** (minimum 360 hours)

- History of TCM and Acupuncture
- Basic TCM Theory
- TCM Diagnostic Process
- Treatment principles and method / Zhi Ze and Zhi Fa
- Communication skills
- Ethics, medical, legal issues and practice management

**INTRODUCTION OF RELEVANT BIOLOGICAL AND CLINICAL SCIENCES, WESTERN DIAGNOSIS AND DIAGNOSTIC TESTS** (minimum of 250 hours)

**ACUPUNCTURE THEORY** (minimum 550 hours)

- Pointology / Shu Xue
- Treatment of diseases
- Treatment techniques
- Equipment safety and clean needle techniques

**CLINICAL INSTRUCTION** (minimum 450 hours)



## Information Note Advice to Minister

**Date:** October 23, 2015

**Cliff #:** 100818

**Issue:** Business Case for the Kwantlen Polytechnic University (KPU) School of Traditional Chinese Medicine (TCM)

### Background / Facts:

Current Ministry of Advanced Education Health Education Program Policy requires that all public post-secondary institutions provide a detailed program proposal prior to implementation of a new health program. If the proposal involves funding, the submission is similar in format to a business case.

Key elements of a health program proposal include:

- Clear identification and rationale for program;
- Implementation timelines;
- Infrastructure requirements;
- Operational requirements (e.g. faculty, staff, etc.);
- Detailed program costs and revenues, including tuition;
- Identification of additional requirements such as accreditation review;
- Evidence that the program will have sufficient institutional capacity;
- Student demand;
- Clinical placement capacity;
- Responsiveness to provincial or local health human resource need.

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## Information Note Advice to Deputy Minister

Date: October 16, 2015

Cliff #: 100774

Issue: StudentAid BC processing times for Requests for Reassessments and Appeals

### Conclusion / Next Steps (if any):

- Appeals and reassessments are currently being processed within processing times of 4-6 weeks.
- s.13
- Medium or longer term options for improving the current service levels require further analysis for potential impacts on ministry operations. Some examples are reviewing service standards; identifying process inefficiencies; using technology to automate manual processes and adopting a risk-based approach to reassessments; and/or exploring the potential of leveraging our data entry contractor.

### Background / Facts:

- StudentAid BC provides student financial assistance to approximately 61,000 full-time and about 6,000 part-time applications each year. Each student's financial award is based on their demonstrated financial need.
- Students experiencing a change in their circumstances that affect their financial need are responsible for submitting a Request for Reassessment. Approximately 8,500 Requests for Reassessments were received over the last year (September 2014 to October 2015).
- Reassessments are processed by the Student Support Unit (SSU) and may result in a revised financial award. The average processing time for reassessments is 4-6 weeks.
- Students denied funding, or who believe their awarded amount is too low, may request an appeal of their financial need assessment under a number categories. An appeal will be considered if a student has extraordinary circumstances that warrant setting aside standard policies. Approximately 5,400 requests for appeal were received by the Appeals Unit between September 2014 and October 2015.
- s.13
- Peak periods for incoming appeals and reassessments occur each year in August/September and December/January. During peak periods, staffing resources are reallocated to mitigate processing times. For example, the Appeals Unit assisted the SSU in addressing the reassessment backlog by providing additional staff from July to September 2015.
- An unforeseen increase in call volumes, due to technical issues related to the online and phone systems, and resourcing issues due the extended leave of 2 FTEs, are currently impacting the SSU's capacity to process reassessments.
- Reassessments and appeals are currently being processed based on a received date of September 14, 2015 and September 21, 2015 respectively.

### Analysis:

- Short-term solutions to improve current service levels and wait times for reassessment:
  - Continue offering overtime to SSU staff (a total of 900 reassessments were processed over two separate overtime periods in September and October 2015);
  - Offer overtime to appeals staff; and/or,

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- Medium/long-term solutions for sustained improvement to current service levels and wait-times:
  - Review service levels, establish baseline and identify minimum service standards (underway);
  - Move to a risk-based model approach for reassessments, similar to how full-time applications are processed (e.g. accept the reassessment at face value, and conduct regular post-audits using a risk-based approach);

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  - Review efficiencies, and continue to work with Technology and Business Transformation Branch to automate manual processes.
- Implications of accelerating the current reassessment processing times and/or moving to a risk-based model for reassessments will impact resourcing and workloads in other units, including the Operations Unit within SSB (filing) and Audit & Accountability Branch (audits).
- Pros/cons of each option would need to be further defined/refined prior to pursuing a selected option.

**Contact:**

*Fazil Mihlar, Assistant Deputy Minister (250) 952-0697*

*Claire Avison, Assistant Deputy Minister (250) 356-0826*



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