

by **Keith M. O'Leary**

With an ever-increasing need to develop and efficiently manage Canadian government infrastructure projects, public-private partnerships (P3s) have emerged as one of the main delivery mechanisms for public infrastructure projects, especially in the health care and education sectors. The definition of P3s embraced by *The Canadian Council for Public-Private Partnerships* is: "A cooperative venture between the public and private sectors, built on the expertise of each partner that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards."

The Canadian government's objective to mitigate risk and optimize spending has sped partnership development and driven adoption two-fold for P3s. Ultimately the growth in P3-managed projects will spur innovation, drive efficiencies and maximize return on investment.

With three of the major P3 organizations in Canada (Partnership British Columbia, PPP Quebec and Infrastructure Ontario) progressively contributing towards the nation's economic health, the era of integrating public and private sectors is swiftly moving towards maturity. In integrating the private sector with government, the endeavor is to create a mutually beneficial, win-win situation where both the public and private stakeholders make the most out of their respective contributions. In order to ensure long-term success, mitigating risk and optimizing capital investments is paramount.



Because public-private projects utilize many different models – among them design-build, design-build-finance-operate and build-own-operate – the complexity in managing such projects and the related capital investments can be a challenge for any organization. Adding to the challenge is the capital planning, management, maintenance and spend-tracking accountability the private entity has to the public entity. For P3s, the magnitude of the capital and scale of the projects requires business management transparency between entities. To this end, re-examining current capital management processes and exploring new solutions and tools should be an imperative for P3 organizations.

Successful capital spend management requires visibility and control at every level of a project,

from budget creation and approval through requisition approval and procurement. Focusing on improved project management, automated capital planning and approval, and real-time spend tracking are key requirements. All too often, capital planning and capital spend management are managed and tracked using spreadsheets or custom, home-grown applications. Each approach can manage portions of the required capital process, but neither truly provides a complete and scalable solution.

P3s require a capital management solution that provides tight control, automation, and detailed project tracking; that will scale to the level of the most complex of infrastructure projects; and that tracks project data in real-time, providing the visibility needed for P3s to successfully manage capital and mitigate risk. Capital management systems are designed to deliver several key benefits.

Centralization and automation eliminates manual data aggregation and the time-consuming processes that hamper the capital monitoring and spending processes. Financial managers gain insight into exactly what is happening at any given point of time. They can ensure that actual expenditures are aligned to the plan and take appropriate actions, or make adjustments for unexpected requests as necessary. Through workflow-based alerts and prompting, P3 projects gain the ability to streamline requisition processes and the reconciliation of expenditures. Financial managers can also tighten the enforcement of business rules and fiscal policies. Moreover, they can identify opportunities to reduce capital purchase costs. With improved controls, they can ensure that funds are budgeted and allocated appropriately, eliminating the risks that can arise when information sources are dispersed throughout various systems and spreadsheets across the public-private agencies.

The Third Edition of the leading RFP best practices handbook shows you how to construct RFPs that work!

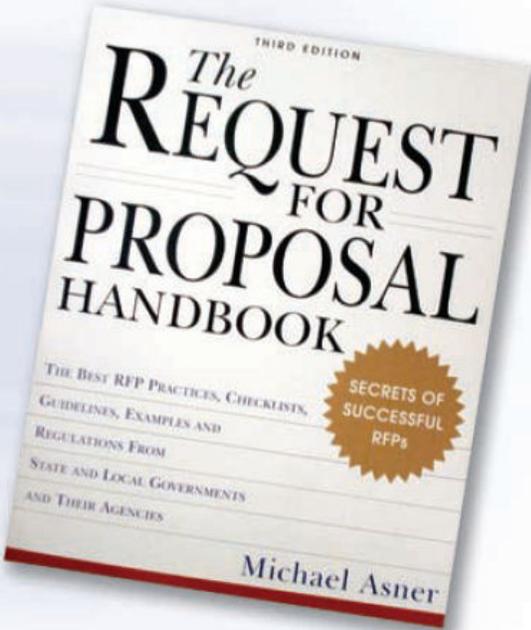
400 pages of best RFP practices and examples of excellence

To learn more about this valuable reference text, visit www.rfpmentor.com/handbook.html

The first 3 editions are being used by more than 3,500 public bodies

"I have found the Request for Proposal Handbook by Michael Asner to be a great training tool for my buyer staff. Although I have an experienced staff, they have had limited exposure in their careers to RFPs. The best practices information, examples and checklists all have proven to be wonderful tools. Thank you Michael."

*Ron Watkins CPPO,
Past President, National Institute of Governmental Purchasing*



Real-time access to information allows better decisions regarding budgets and spending and helps engage all parties to a decision. A capital management system helps drive clarity and collaboration into the decision process. Financial managers can prioritize their investments successfully. With greater visibility, it's easier for decision-makers to ensure that their budget allocations are fully aligned with the objectives of the business.

Ultimately, tighter controls and enhanced decision support drive optimized capital spending and risk mitigation. P3s reduce costs and realize a higher return on capital investments when the budgeting and spending process is approached with insight, rigor and discipline.

This is especially the case with regard to construction projects. Construction projects

represent some of the largest, most complex and long-term public capital investments. Some examples recently completed in health care include the Partnership BC Fort St. John Hospital Project, the Kelowna and Vernon Hospitals Project and the Royal Jubilee Hospital Patient Care Centre Project. Additionally, Infrastructure Ontario recently completed the Hamilton Health Sciences - Hamilton General Hospital, the Quinte Health Care and the Trillium Health Centre. An even greater number of health care projects are being planned or are currently under construction and being managed by P3 organizations across the nation, each requiring years to plan, manage and complete.

With so many of the public infrastructure projects focused on new construction and renovation, P3s require end-to-end accountability for capital investments related to

The screenshot displays the VFA spendManager interface for Project P000007, 'Project - West Wing Construction'. The interface includes a navigation menu on the left with options like 'View All Work', 'HTML Print', and 'Recently Viewed'. The main content area shows 'Header Information' (Type: Project, Identifier: P000007, Estimated Budget: \$13,742,324.00, Start Date: 04/30/2009, End Date: 05/01/2009, Created by: Keith O'Leary, Description: West Wing Burn Unit Construction) and 'Quick Status' (Model: Default, Status: Draft). Below this is the 'Project Data Categories' section with a '+WW Project Details' link. The 'Capital Needs' section features a table with columns for Name, Rollup, Identifier, Status, Owner, Cost Center, Type, Capital Program, and Planned Cost. The table lists items such as 'Aircraft Landing Lighting Systems' (\$900,000), 'Construction Lumber' (\$500,000), 'Refurbishment of Central Office' (\$125,000), 'Refurbishment of Eastern PA Retail Locations' (\$342,324), and 'Refurbishment Services' (\$12,500,000), with a total of \$14,367,324.

Name	Rollup	Identifier	Status	Owner	Cost Center	Type	Capital Program	Planned Cost
Aircraft Landing Lighting Systems	Yes	R00183	Approved	Department Manager	CC 1.1.1.1.1	Technology	Corporate Demo Capital Program	\$900,000
Construction Lumber	No	R00185	Draft - Visible	Acme Administrator	CAMC WW 1.1	Other	Corporate Demo Capital Program	\$500,000
Refurbishment of Central Office	No	R00121	Draft - Visible	Department Manager	CC 1.1.1.1.1	Realty	Corporate Demo Capital Program	\$125,000
Refurbishment of Eastern PA Retail Locations	Yes	R00117	Approved	Department Manager	CC 1.1.1.1.1	Realty	Corporate Demo Capital Program	\$342,324
Refurbishment Services	Yes	R00118	Approved	Department Manager	CC 1.1.1.1.1	Realty	Corporate Demo Capital Program	\$12,500,000
Totals:								\$14,367,324

Example of a construction project management data aggregation.

construction. They need the ability to centralize (with centralization comes standardization, and the ability to aggregate information within and across projects) all data related to construction projects, allocating capital by project, while being able to roll-up capital investments across all projects and manage and track budget against actual spend. With centralization, data can be viewed and reported on as needed from any number of view-points including: executive-level review, financial activity, materials management, project scheduling and more. This is a daunting task and one that is often unattainable when using spreadsheets.

What is needed is a solution that is designed and built specifically for large governmental-scale capital project management.

VFA.spendManager from VFA, Inc. delivers such a solution, one that has been in use for over a decade at numerous health care and corporate organizations and is currently being implemented at the United States Department of Defense Armed Forces Institute of Pathology (AFIP), the entity that provides pathology consultation, education and research services to the military.

The screenshot displays the VFA.spendManager interface for a 'Capital Program - Strategic Projects'. The main content area features a 'Header Information' section with the following details:

- Name: Strategic Projects
- Owner: Not specified
- Status: Approved
- Locked: No
- Category: Strategic Capital
- Control Number: Not specified
- Integration Id: Not specified

Below this is a 'Financial Periods' section with a 'Budgeted Amount: \$575,000,000' and a 'Create' button. A table summarizes the financial data:

Fiscal Year	Cost Forecasting			Budgeting		
	Active?	Unit	Start Month	Active?	Amount	Requisitioning Active?
FY 2007	Yes	Monthly	January	No	\$100,000,000	No
FY 2008	Yes	Monthly	January	Yes	\$125,000,000	Yes
FY 2009	Yes	Monthly	January	No	\$105,000,000	No
FY 2010	Yes	Monthly	January	No	\$125,000,000	No
FY 2011	Yes	Annually	January	No	\$120,000,000	No
Totals:					\$575,000,000	

At the bottom of the page, metadata is provided: Last Modified: 01/02/2008, Created by: Acme Administrator, Participant Name: Acme Group, Key: 10000000000000000275, Participant Id: Acme, and Screen Name: View Capital Program.

Multi-year forecasting and budgeting of strategic projects.

A lack of standardization in budget-related data makes it difficult for government agencies to aggregate and track information across multiple agencies and funding sources.

VFA.spendManager will provide real-time data visibility and on-demand spending reconciliation of more than US\$50 million across 15 funding sources. Providing enhanced control of capital spending, VFA.spendManager is helping three AFIP groups to improve efficiencies and increase the visibility of the expenditures across the organization; ensure that capital is being optimized; and accurately account for how capital is managed and spent. Able to interface with the agency's existing software and inventory systems, VFA.spendManager

generates detailed reports across multiple funding sources for improved business intelligence reporting and analysis.

With capital planning and spend analysis and control, P3s can reap the benefits of increased visibility and confidence in capital plans. They also gain better insight, tracking and management of the capital spent at the procurement stage, enabling them to proactively manage issues rather than merely react to them. Additionally, with intensifying regulatory pressures and ever-changing technology requirements, many P3s are rethinking their capital planning strategies and are seeking proven technology solutions. 

Keith M. O'Leary is the product director for the VFA.spendManager application. VFA, Inc. is a leading provider of end-to-end solutions for capital planning and project management with offices throughout the United States, Canada and the United Kingdom.