



## HURONTARIO LRT & ALTERNATIVE FINANCING AND PROCUREMENT (AFP)

[Infrastructure Ontario](#)'s (IO) Alternative Financing and Procurement (AFP) model is an innovative way of financing and procuring large public infrastructure projects. AFP makes the best use of private-sector resources and expertise, and transfers project risks to the private sector, which is accountable for providing on-time, on-budget project delivery. The public sector establishes the scope of the project, and the private sector constructs and finances the project. In some cases, the contract may also include maintenance and operation of the project for a designated period of time after completion.

The Hurontario LRT is being procured using the AFP model. Specifically, through a DBFOM – Design, Build, Finance, Operate and Maintain. The selected private sector consortium will be responsible for the design, construction, financing, maintenance and operations of the LRT over a 30-year term. Metrolinx establishes the scope and performance requirements for the project and retains ownership and control of the asset

Other light rail transit projects that involve the AFP model include the Eglinton Crosstown LRT, Finch West LRT, and Hamilton LRT.

### BENEFITS OF AFP

LRT design and construction can happen at the same time, resulting in:

- project schedule time-savings
- better coordination
- transfers project risks to the private sector
- more efficient construction

Since the private sector will have some of its own equity invested in the project, they will have strong incentive and accountability to ensure cost-effective and efficient performance. It also provides a strong incentive for good design and construction practices, since the private sector is also responsible for financing, operations and maintenance.

### WHAT IS DBFOM?

#### **Design**

Advancing detailed design to 100% complete

#### **Build**

Constructing the project

#### **Finance**

Obtaining financing to pay project costs in advance of receiving payment from the province

#### **Operate**

Managing the day-to-day operations of the LRT over a long-term period (e.g. 30 years)

#### **Maintain**

Doing the repairs and upkeep of the LRT over a long-term period (e.g. 30 years)

