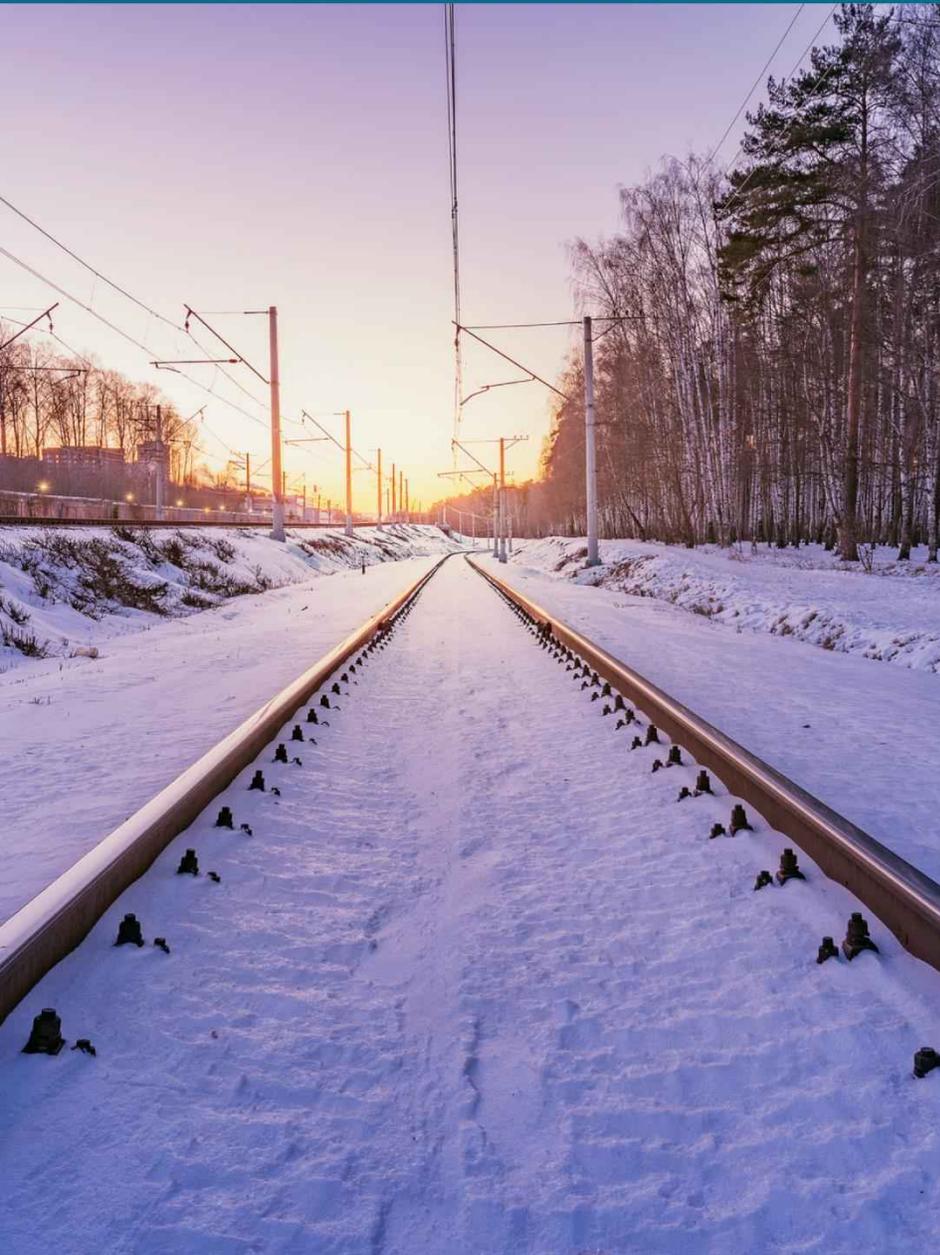


HIGH FREQUENCY RAIL

Request for Expressions of Interest



FOREWORD FROM THE MINISTER OF TRANSPORT



Greetings,

I am pleased to share this Request for Expressions of Interest (RFEOI), marking the next step in the development of High Frequency Rail (HFR) – a transformational project that will create concrete benefits for Canadians, such as shorter travel times, cleaner transportation, more frequent departures, and enhanced reliability. HFR aims to fundamentally change the way Canadians travel in Ontario and Quebec, improving accessibility for all and providing increased choices for where people live work, and travel.

The High Frequency Rail project is a significant economic opportunity for Canada. It will be the largest investment in passenger rail in a generation and one of Canada's largest infrastructure projects in the last half-century. Recognizing the project's size and scale, the Government of Canada is seeking world-class knowledge and private sector expertise for all aspects of the project, particularly from those companies who have successfully delivered complex infrastructure projects in North America and around the world. I am confident this collaborative approach will promote innovation, reduce risk and improve risk management, provide the best value to Canadians, and ultimately deliver a world-class service.

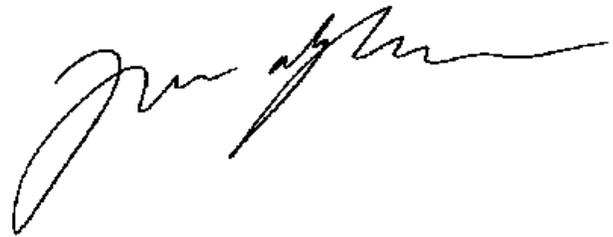
As we look forward to the continued development of the High Frequency Rail project, I want to emphasize my ongoing confidence in VIA Rail. VIA Rail and its employees will be critical to the success and advancement of the project. As well, I expect many Corridor-based VIA employees would be directly involved in delivering these services to Canadians, working for the public-private partnership that would implement the project. The Government will require that any arrangement with a private sector partner respects collective agreements and benefits, demonstrates how the partner would work with VIA's employees and unions, and ensures that existing employees would benefit from the job opportunities the project would offer. Altogether, High Frequency Rail promises a

better future for workers in the passenger rail sector by modernizing, enhancing, and increasing service which will create new job opportunities for current and future employees.

Engagement, consultation, and collaboration with Indigenous peoples will also be essential to the success of this project. I am committed to ongoing engagement and meaningful consultation with Indigenous peoples across Ontario and Quebec. I place significant value on selecting a private developer partner who also prioritizes and values meaningful relationships with Indigenous peoples. By working together, we can develop the project effectively to create mutually beneficial socio-economic development opportunities.

The Government of Canada eagerly anticipates working with the private sector, Indigenous peoples, municipalities, provinces, stakeholders, and Canadians to continue the development of the High Frequency Rail project that will benefit Canada for generations to come.

Thank you for your interest,

A handwritten signature in black ink, appearing to be 'Jim Alton', written in a cursive style.

CONTENTS

Foreword from the Minister of Transport.....	1
Executive Summary.....	4
1. The Quebec City – Windsor Corridor	7
2. The Integrated HFR Project Team.....	15
3. What is the High Frequency Rail Project?	18
4. Project Outcomes	24
5. The Opportunity.....	28
6. Co-Development Approach	34
7. Contractual and Commercial Structure of the Execution Phase ..	43
8. Procurement Process	49
9. RFEOI Responses, Information Session and Disclaimers	55
10. Questions from Canada.....	59
11. Definitions.....	62
Appendix A: Expression of Interest Form	67

Disclaimer

All information set forth in this RFEOI regarding potential future stages of the procurement process and the potential High Frequency Rail (HFR) Project is preliminary and is subject to change. The advancement of the HFR Project is subject to future Government of Canada decisions with respect to the potential procurement process and implementation of the HFR Project.

At this time, through this RFEOI, Canada is soliciting information solely for its own benefit. This information will inform Canada’s decisions related to the potential procurement process and implementation of the HFR Project.

Canada makes no promise that the RFEOI will lead to an award of business with the Interested Parties or otherwise. This RFEOI and any responses received hereto do not and will not constitute a commitment on Canada’s part to issue a subsequent RFQ and/or RFP related to the HFR Project, or to enter into contract(s) with one or more parties.

EXECUTIVE SUMMARY

The Government of Canada is committed to modernizing intercity passenger rail services in a way that will best meet the transportation needs of travellers, while also creating jobs and economic benefits for Canadians. As announced on July 6, 2021, Canada is taking the steps necessary to launch the procurement process of the High Frequency Rail (HFR) Project.

The HFR Project would be the largest rail transportation infrastructure project undertaken by Canada in decades and would transform intercity passenger travel in Canada by providing a modern, resilient and sustainable rail service on mostly new and electrified tracks between the major centres of Quebec City, Montreal, Ottawa and Toronto.

The HFR Project will seek to deliver an enhanced passenger experience that would provide more frequent, faster and more reliable service on modern accessible trains with improved operational performance. It would support regional growth and economic development in the Corridor by providing new services to communities and introduce innovative and sustainable solutions to contribute to Canada reaching its greenhouse gas emission reduction targets.

This Request for Expressions of Interest (RFEOI) supports the upcoming Procurement Phase for the HFR Project – a multi-year process that will include a Request for Qualifications (RFQ) and a Request for Proposals (RFP).

With this RFEOI, Canada is seeking feedback from Interested Parties that are interested in the design, build, finance, operation and maintenance of the HFR Project. Canada is also interested in hearing from Interested Parties with experience in delivering projects under the collaborative co-development models used elsewhere in the world.

Interested Parties are invited to provide responses to this request on a non-binding basis. Responses received will help Canada with shaping the project requirements, deal structure and anticipated procurement and co-development processes and inform future government decisions related to HFR.

PUBLIC ENGAGEMENT, AND CONSULTATION AND ENGAGEMENT WITH INDIGENOUS PEOPLES

Canada is planning to incorporate strategies to create socio-economic development opportunities for Indigenous peoples during the different phases of the HFR Project.

Canada is committed to ensuring that the views of Canadians inform the future direction of the HFR Project and has initiated outreach and engagement activities with communities that may be directly affected by the HFR Project. These engagement activities will continue to take place in 2022 and over the next several years of project development, including for the purpose of various regulatory reviews such as the federal impact assessment required under the *Impact Assessment Act* and the Canadian Transportation Agency's review required under the *Canadian Transportation Act*.

Moreover, the Crown has a legal duty to consult and, where appropriate, accommodate Indigenous peoples when it contemplates conduct that may adversely impact potential or established Aboriginal or treaty rights protected under section 35 of the *Constitution Act, 1982*. The Crown has determined that the legal duty to consult arises for the HFR Project. The Crown has started engaging with Indigenous peoples and will continue engaging and consulting over the next several years of project development, including throughout the federal impact assessment of the HFR Project. Prior to making a decision under the *Impact Assessment Act*, the Crown will need to be

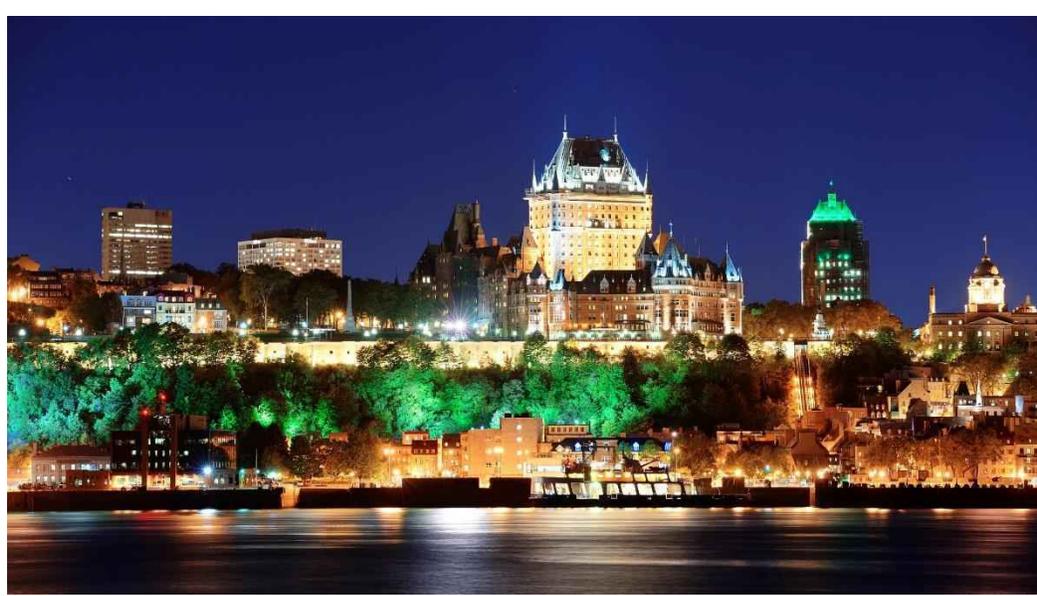
satisfied that consultation and, where appropriate, accommodation are adequate up to that point. After the impact assessment process, additional consultation may be required by the Crown in advance of the issuance of federal regulatory approvals, including an approval by the Canadian Transportation Agency.

In this context, this RFEOI supports the procurement of the HFR Project and is distinct from the broader public engagement on the HFR Project in general. However, while separate, the Crown is committed to engaging Indigenous communities and entities during the Procurement Phase of the HFR Project.

To support the broader public engagement, Indigenous peoples, communities and other key stakeholders that may have questions or concerns about the HFR Project following the release of RFEOI will be invited to submit their views through the HFR Project website: <https://tgf-hfr.ca>.

Canada is committed to hearing from Canadians through robust engagement and consultation to ensure that public feedback can inform optimal outcomes for the HFR Project.

1.



The Quebec City – Windsor Corridor

1. THE QUEBEC CITY – WINDSOR CORRIDOR

1.1 THE CURRENT CONTEXT

The Quebec City–Windsor Corridor (Corridor) is the most densely populated and heavily industrialized region in Canada. The Corridor extends over 1,150 km between Quebec City, Quebec in the northeast and Windsor, Ontario, in the southwest. The regions within this Corridor make up:

61% of Canada’s Total Population¹

62% of Canada’s Total Labour Market²

59% of Canada’s GDP³

57% of Canada’s Total Recent Immigrants⁴

34% of Canada’s Greenhouse Gas Emissions⁵

VIA Rail, a Crown Corporation established in 1977 as Canada’s national passenger rail operator, owned by the Government of Canada and under the accountability of the Minister of Transport, is the operator of the intercity trains between Quebec City and Toronto, and also provides intercity service to communities in Southwestern Ontario (“Existing VIA Services”).

In addition to the services currently offered within the Corridor, VIA Rail also operates long-distance services between Vancouver and Toronto (the “Canadian route”) and between Montreal and Halifax (the “Ocean route”), as well as regional services to locations including Jonquière and Churchill (collectively, the “Off-Corridor Services”). These Off-Corridor Services routes do not form part of the HFR Project.

Intercity services within the Corridor are currently operated by VIA Rail on track and stations mostly owned and controlled by third-party railway operators, which provide shared access and control and manage dispatching through train service agreements with VIA Rail.

¹ StatCan, 2016 census

² StatCan, 2016 census

³ StatCan, *Gross domestic product (GDP) at basic prices, by census metropolitan area*

⁴ StatCan, 2016 census

⁵ Environment and Natural Resources, *Inventory of the greenhouse gases in Canada, 2019*

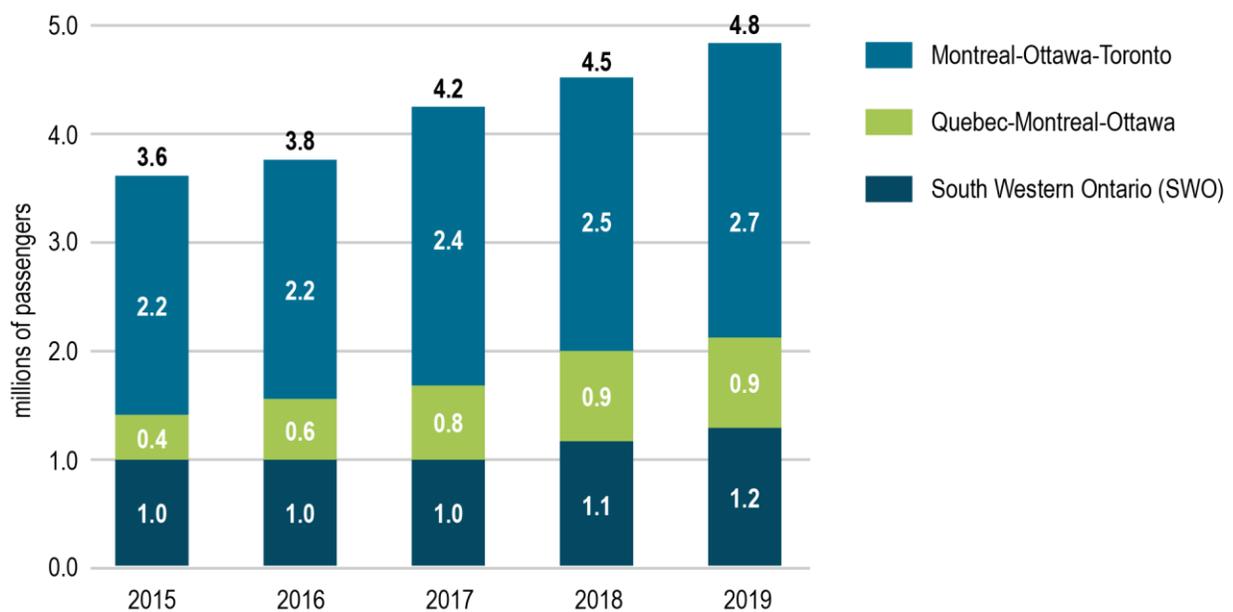
Figure 1: Existing VIA Services within Quebec City – Windsor Corridor, with the yellow highlights reflecting VIA Rail–owned tracks within the Corridor.



1.1.1 INCREASED RIDERSHIP AND REVENUES WITHIN THE CORRIDOR

Increases in ridership over the past years have been accompanied by increases in revenues: corridor revenues have steadily increased from \$226 million in 2015 to \$325 million in 2019. Increased revenue is a result of both the increase in ridership and improvements in yield emanating from the introduction of a revenue management system deployed by VIA Rail. During this timeframe, operating costs for the Corridor have also increased from \$380 million in 2015 to \$470 million in 2019.

Figure 2: Corridor ridership has increased between 2015 and 2019 (Source: VIA Rail Annual Reports). Data from 2020 and 2021 has been excluded due to COVID-19's impact on ridership.



1.1.2 2019 DAILY FREQUENCIES AND TRAVEL TIMES

VIA Rail operates up to 10 trains per day in each direction within the Corridor. On its current routes, the maximum operating speed for these train services is 160 km/h (100 mph). Recent train journey times are shown in the table below.

1.1.3 RECENT INFRASTRUCTURE IMPROVEMENTS

VIA Rail is currently undertaking a fleet replacement project in which it will procure 32 trains to replace its current fleet for the Corridor, with the first trains arriving in 2022.

Additionally, the 2021 Federal Budget announced \$491 million to be used by VIA Rail for targeted investments for upgrades of existing infrastructure, to enhance train services and to improve the existing service network.

Table 1: 2019 Frequencies and Travel Times on VIA Rail Routes (Source: VIA Rail Canada).

Routes	Daily Frequencies Per Direction	Average Travel Time	Shortest Scheduled Travel Time
Toronto–Ottawa	10	4:27	4:05
Ottawa–Montreal	6	2:02	1:50
Toronto–Montreal	6	5:03	4:49
Montreal–Quebec City	5	3:24	3:11

1.2 THE FUTURE CONTEXT – THE NEED FOR HFR

By 2043, an additional 5 million people, an increase of 21% from 2020, are projected to live in Quebec and Ontario, over half of the projected growth in Canada. Most of these new residents will live and work in the Corridor. While rail passenger ridership in the Corridor has increased in recent years, rail passenger travel accounted for only 2.3% of all trips through the Corridor in 2019, with 94% of the trips within the Corridor being made by car.

The greatest and most immediate need for improvements to passenger transportation infrastructure is in the Corridor, where the growing population and economy will increase the demand for all modes of transportation including passenger rail. The HFR Project presents a historic opportunity for Canada to start to restore the social, economic and environmental balance for intercity travel within the Corridor.



Key strategic benefits of the HFR Project for Canadians:



Connecting Communities

HFR would enhance connectivity throughout the Corridor by connecting new communities and regions and integrating HFR with other transportation modes. HFR would contribute to the objectives of the Government of Canada's Transportation 2030 plan, which is a vision for the future of transportation in Canada, by providing greater choice and better service to travellers by:

Enhancing the passenger experience. Transforming the passenger experience through shorter journey times, additional frequencies and better reliability for intercity rail connections in the Corridor. By providing more options and greater flexibility and reliability, HFR is expected to act as a catalyst to encourage modal shift for passengers away from cars to rail.

Improving access to accessible and inclusive communities. Expanding employment opportunities in communities such as Peterborough and Trois-Rivières and increasing access to accessible and inclusive communities with affordable housing options.

Decongesting roads and improving safety. Improving travel options for travellers could be the catalyst to encourage a modal shift toward rail and decongest the busiest highway in Ontario by reducing the number of cars from the roads, thereby reducing the number of auto accidents.



Moving to Net Zero

Transportation is currently the largest and fastest-growing source of greenhouse gases emissions in Ontario and Quebec. The HFR Project supports the Government's commitment for Canada to be net zero by 2050 while also contributing to the priorities outlined in the Federal Sustainable Development Strategy by:

Providing a lower-emission option. With the car and plane dominating intercity travel modes, increased passenger rail can reduce greenhouse gas emissions as it will offer people an alternative with a much lower carbon footprint than cars or planes.

Electrifying the alignment and fleet would further support a reduction of greenhouse gas emissions.



Improved Prosperity and Growth

Connecting Canada's two largest urban regions, Toronto and Montreal, with faster, greener, more frequent and more reliable passenger rail will help attract talent and generate innovation, improving Canada's competitive advantage on the world stage. The HFR Project supports Transportation 2030 and the Investing in Canada Plan in their objectives of improving the transportation system and trade corridors by:

Creating jobs. Be a key element for the country's economic recovery – as one of Canada's largest transportation infrastructure projects this century by creating jobs during the design, construction and operation phases of the project.

Separating passenger and freight rail. Creating more sustainable transportation capacity for both people and goods.

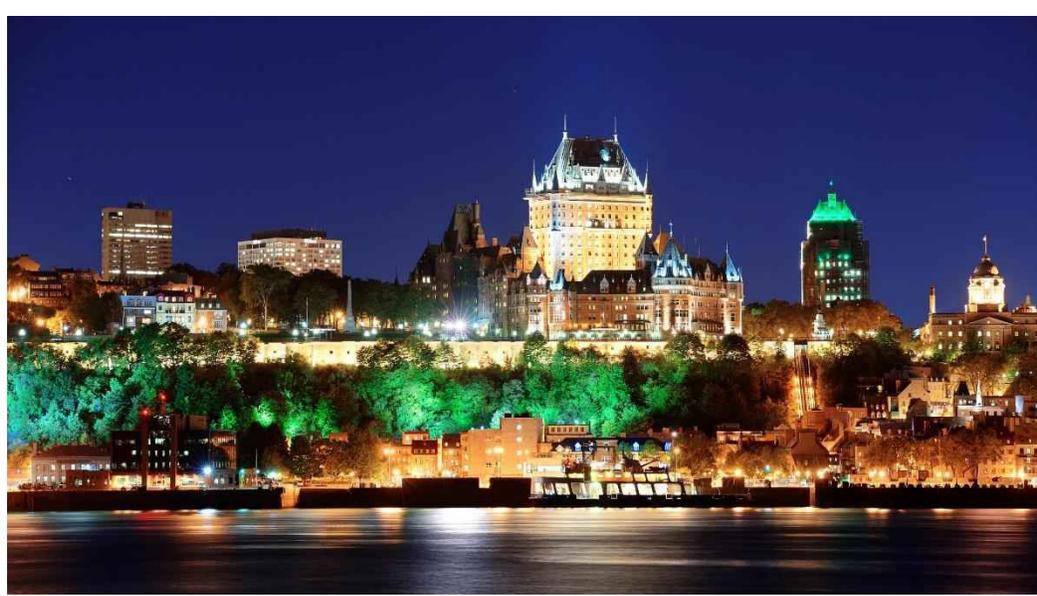
Improved productivity. Improved connections between major employment hubs, business centres, universities and major tourism destinations brings people and places closer together, increasing the overall productivity of the region.

Promoting a competitive marketplace that gives Canadians more choice and more affordable options for where they live, work and play, and that gives businesses improved access to more affordable locations and more efficient transportation.

The Corridor – Canada's most densely populated region – would benefit from an efficient transportation system to facilitate economic activity and growth.

HFR provides an opportunity to deliver more than just passenger rail connectivity; it could deliver a greener and more accessible transportation option with broader community benefits, delivering value to customers, communities and taxpayers.

2.



The Integrated HFR Project Team

2. THE INTEGRATED HFR PROJECT TEAM

2.1 CANADA'S LEADERSHIP IN THE PROCUREMENT PHASE

A Joint Project Office (“JPO”) was established in 2019 as a joint venture between the Canada Infrastructure Bank (“CIB”) and VIA Rail to conduct de-risking, due diligence, pre-procurement and planning activities; to explore and analyze operating models; and to develop evidence-based options of procurement and financing for the HFR Project.

Building on the work done to date and harnessing the expertise of the JPO, the Minister of Transport, as accountable owner for the HFR Project, established an Integrated HFR Project Team to advance the project through the Procurement Phase.

During the Procurement Phase, the Integrated HFR Project Team is led by Transport Canada and includes members from Infrastructure Canada,

Public Services and Procurement Canada, VIA Rail and the CIB and is supported by the Department of Justice. The contribution of this multidisciplinary team, brought together through a commitment to collaboration and project optimization, and supported by external advisors with global expertise, provides the project with diverse knowledge, including technical, operational, procurement, commercial and financial. The responsibilities of each participant are as follows:

- Transport Canada is the federal department that is the Project Authority on behalf of the Minister of Transport.
- Public Services and Procurement Canada is the Procurement Authority and will lead the procurement process.
- Infrastructure Canada brings expertise in delivering large infrastructure projects.
- VIA Rail provides advice on the technical and operational aspects of passenger railway services.

- The CIB provides advice on financial, commercial and transactional aspects of the HFR Project. The CIB is also expected to be a potential investor in the HFR Project.
- The Department of Justice is the legal counsel to the Government of Canada.

2.2 PROJECT DEVELOPMENT ENTITY DURING THE CO-DEVELOPMENT PHASE

Canada intends to create a wholly-owned subsidiary of VIA Rail for the purposes of developing and implementing the HFR Project on behalf of the Minister of Transport. Its responsibilities would include overseeing and managing the implementation and

delivery of the Co-Development Phase. This entity would have world-class expertise on its board of directors and management.

This organization would be funded by Canada, and would have the flexibility, independence and corporate agility required to advance this large infrastructure project in a timely manner on behalf of the Minister of Transport.

To ensure project continuity, certain members of the Integrated HFR Team would transition to this new entity, which will leverage the institutional knowledge and expertise of the organizations behind the Integrated HFR Team to ensure that HFR provides the best possible services to Canadians.



3.



What is the High Frequency Rail Project?

3. WHAT IS THE HIGH FREQUENCY RAIL PROJECT?

The HFR Project has the potential to develop an intercity passenger railway with new and upgraded rights-of-way, tracks, structures, stations and rail systems that would enable new HFR Services between Quebec City and Toronto, augmenting Existing VIA Services.

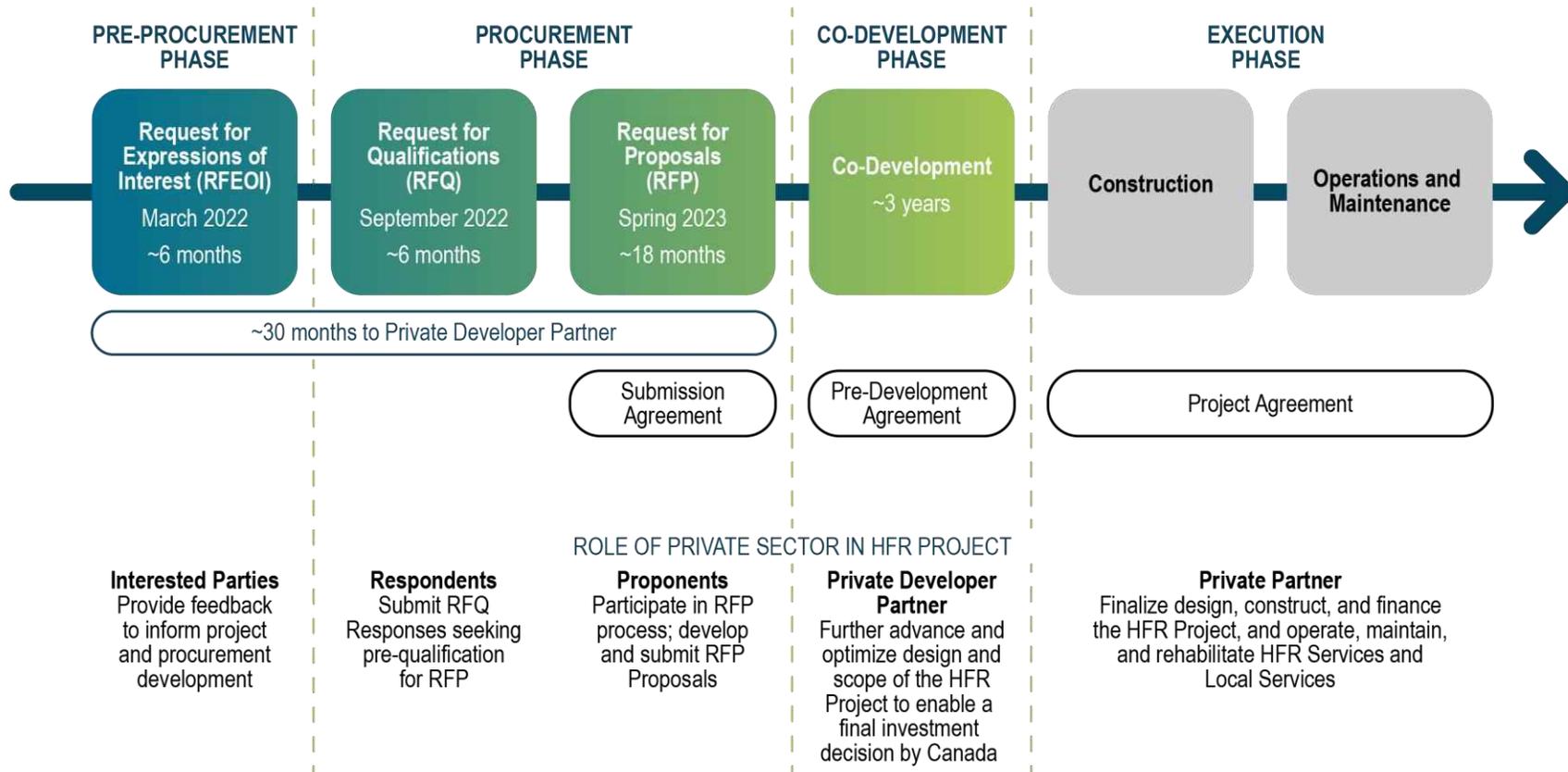
The HFR Project will consist of an over 1,000 km intercity passenger rail network of mostly electrified tracks (anticipated to be mostly Class 7 with an operating speed of up to 200 kilometers per hour) in the Corridor. It will create new routes between Toronto, Peterborough, Ottawa, Montreal, Trois-Rivières and Quebec City, providing new services to communities and new stations in targeted locations.

The operations of new HFR Services and Local Services will be treated as an integrated system for the entire corridor between Quebec City and Windsor.

To deliver on this ambitious vision and project, Canada is proposing a collaborative development approach. Following the conclusion of a

competitive procurement process with RFQ and RFP stages, Canada would then seek the necessary approvals to engage a Private Developer Partner, to further advance and optimize the design and scope of the HFR Project during a Co-Development Phase within the parameters set out in a Pre-Development Agreement. Following Canada's final investment decision on the HFR Project, the Private Developer Partner would execute the Project Agreement with Canada and become the Private Partner that would deliver the HFR Project. A high-level summary of the different phases is presented in the following figure.

Figure 3: Overview of the HFR Project phases.



The following sections provide a definition of the scope of the Procurement and Co-Development Phase and Execution Phase.

3.1 PROCUREMENT AND CO-DEVELOPMENT PHASE

Designing and developing alignment (intercity and city access), technology, deliverability and an operational solution that will exceed Canada's Project Outcomes for the HFR Project and allow for lifecycle planning. This will include designing railway systems and infrastructure that are expected to operate seamlessly with Existing VIA Services and in collaboration with other host railways and third-party requirements.

3.2 EXECUTION PHASE

Design execution and construction of over 1,000 km of new and upgraded rights-of-way, infrastructure and tracks between Quebec City and Toronto, with new structures, stations, maintenance yards, rolling stock and rail systems. This is also intended to include procurement of rolling stock suitable for HFR Services and upgrading existing stations or existing structures along the Corridor, as needed and in

accordance with the HFR Project requirements.

Finance the design and construction of the HFR Project together with Canada and, potentially, the CIB.

Maintenance and rehabilitation of all assets including rights-of-way, track, stations, structures, yards, systems and rolling stock owned by Canada within the Corridor.

Operations of HFR Services and Local Services, including scheduling, timetables, crew and staff management, dispatching, onboard products, customer service and marketing for new HFR Services and Local Services within the Corridor. HFR Services and Local Services will be operated by the same Private Partner as an integrated passenger railway network.

Revenue management of the network including seamless integration of fares, ticketing, onboard products, station revenues, and revenue collection for HFR Services and Local Services within the Corridor.



Figure 4: Allocation of roles and responsibilities between the public and private partners during the Execution Phase.

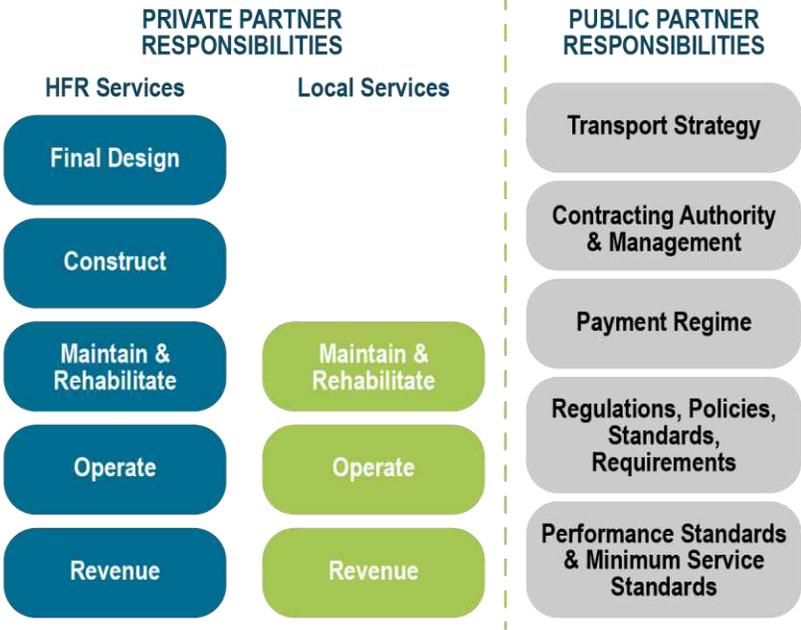
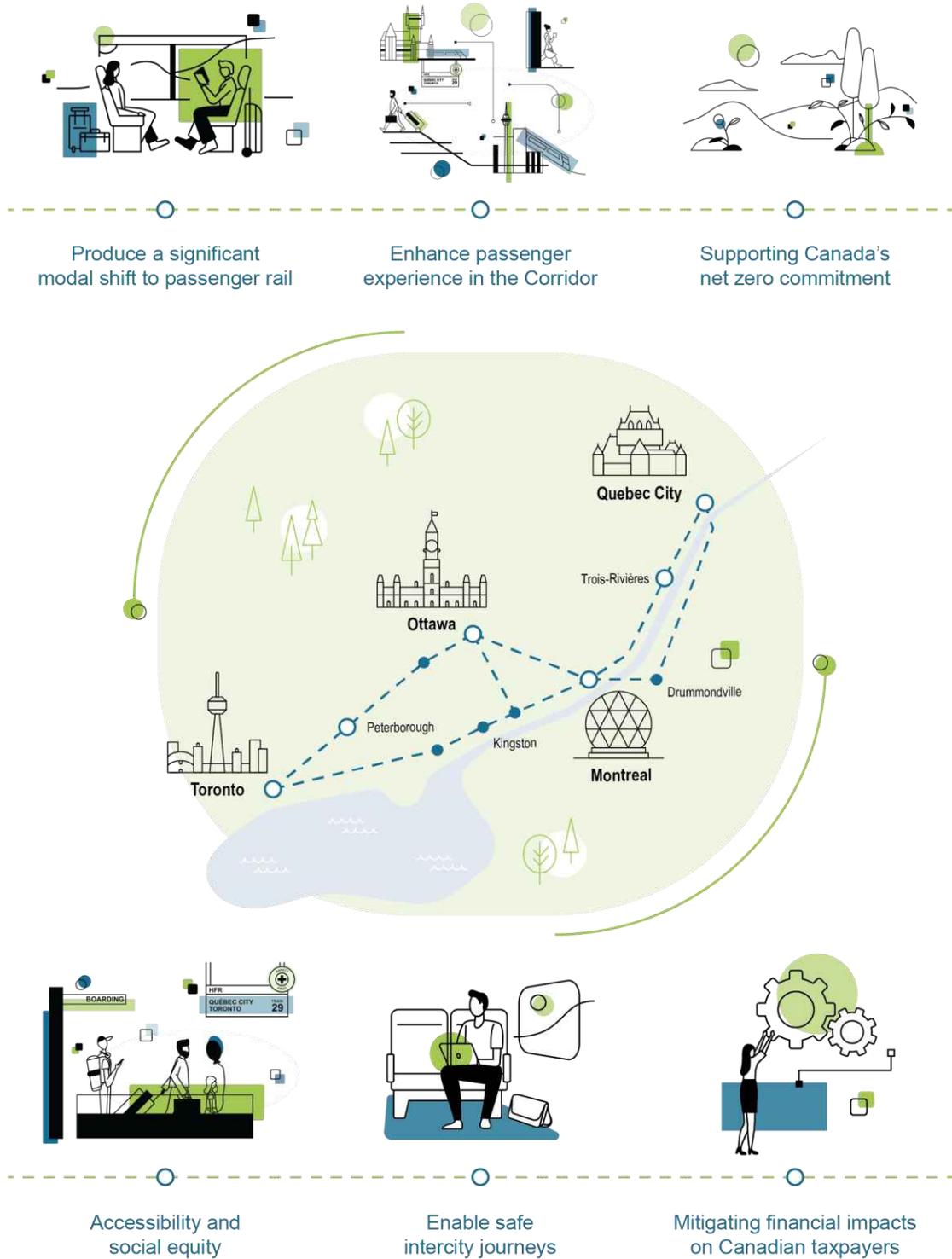
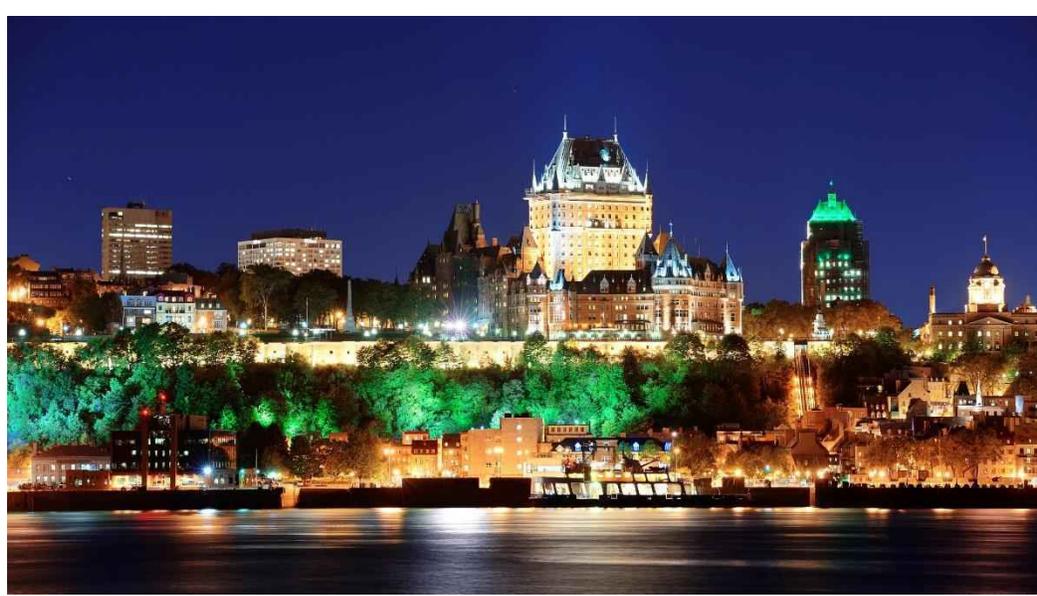


Figure 5: The HFR Project and its Project Outcomes.



4.



Project Outcomes

4. PROJECT OUTCOMES

In order to realize the strategic benefits of potential investments in the Corridor, specific Project Outcomes have been identified by Canada. These Project Outcomes form the basis of decision making and are the foundation of the HFR Project.

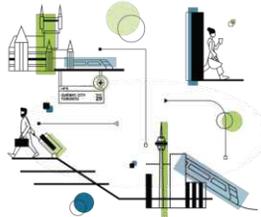
These Project Outcomes are preliminary and are not intended to act as a constraint on future HFR Project development. These Project Outcomes are

indicative minimums and will provide a baseline for Canada to inform and evaluate Proposals submitted at the RFP stage.

Canada expects the Project Outcomes to be achieved or exceeded by Proponents when developing their RFP Proposals, and by the Private Developer Partner when finalizing its solution during the Co-Development Phase.



1. Produce a significant modal shift to passenger rail



2. Enhance passenger experience in the Corridor



3. Supporting Canada's net zero commitment



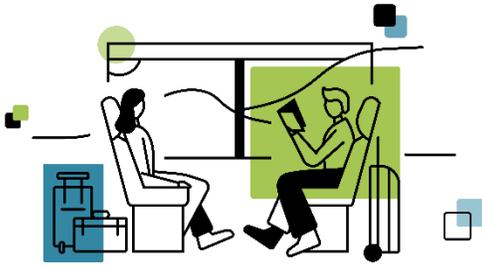
4. Accessibility and social equity



5. Enable safe intercity journeys



6. Mitigating financial impacts on Canadian taxpayers



1. PRODUCE A SIGNIFICANT MODAL SHIFT TO PASSENGER RAIL

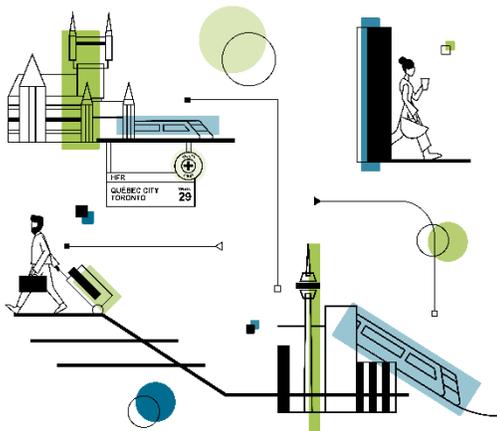
> **Shorten travel times** by reducing the average journey time between Major Cities (Quebec City, Montreal, Ottawa and Toronto) by a minimum of:

- 50 minutes between Toronto and Montreal
- 90 minutes between Toronto and Ottawa
- 20 minutes between Ottawa and Montreal
- 30 minutes between Montreal and Quebec

> **Increase annual trips taken by rail** to at least 17 million by 2059 from 4.8 million taken in the Corridor today

> **Significantly increase trip frequency** between Major Cities (e.g. to 12–15 trains per day between Toronto and Montreal, HFR Services and Local Services combined)

> **Increase annual average daily seat capacity** from 16,000 seats in 2019 to 48,000+ by the end of the 30-year operations term



2. ENHANCE PASSENGER EXPERIENCE IN THE CORRIDOR

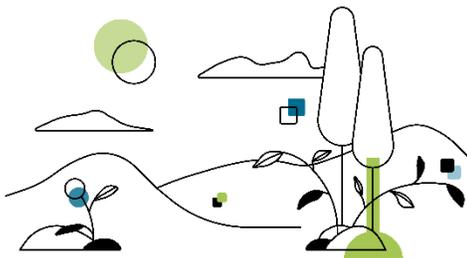
> **More reliable and improved on-time performance** across the Corridor

> Add new services to **Peterborough and Trois-Rivières**, and **maintain connectivity between cities currently serviced**

> **Integration into city centres** by using existing stations or new alternative stations and **explore opportunities for transit-oriented neighbourhoods** with potential development opportunities

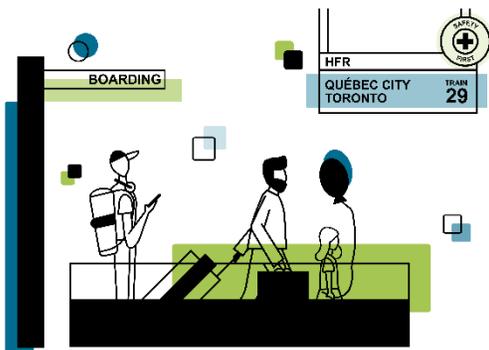
> **Improve integration with other modes of transportation** (regional and local public transit, non-Corridor services) and **provide targeted connections** such as to Jean Lesage International Airport in Quebec City and Montréal–Trudeau International Airport near Dorval

> **New tracks to allow for greater control over track infrastructure including opportunities to utilize existing rights-of-way** (industrial corridor, road/rail or hydro)



3. SUPPORT CANADA'S NET ZERO COMMITMENT

- > **Provide a greener rail system and cleaner travel option** using electrified technology
- > **Reduce greenhouse gas emissions** by a minimum of 10 million tonnes of CO₂ over the 30-year term with a demonstrable commitment to supporting Canada's net zero 2050 target



4. ACCESSIBILITY AND SOCIAL EQUITY

- > **Provide barrier-free access to services** according to the latest accessibility standards and best practices
- > **Incorporate an affordable and accessible fare and ticketing strategy** for all passenger travel in the Corridor

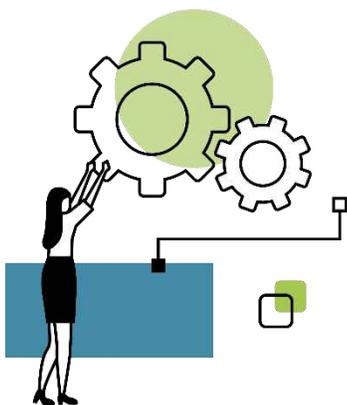


5. ENABLE SAFE INTERCITY JOURNEYS

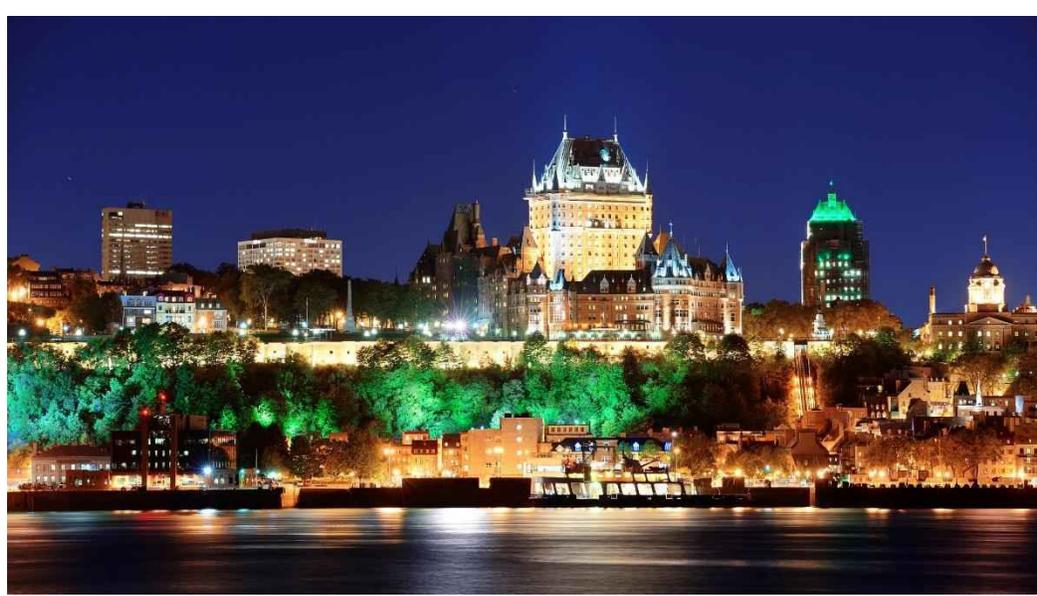
- > **Provide a safe and secure environment for customers, staff and communities** by incorporating proven standards of world-class safety focused passenger rail systems

6. MITIGATE FINANCIAL IMPACTS ON CANADIAN TAXPAYERS

- > Incorporate strategies to **reduce operating costs** per passenger while **maintaining high levels of customer satisfaction**
- > **Increase revenue**, including through non-fare revenue strategies



5.



The Opportunity

5. THE OPPORTUNITY

The Government of Canada is committed to modernizing intercity passenger rail services in a way that will best meet the transportation needs of travellers, while also creating jobs and economic growth. To deliver on this commitment, Canada has committed over \$70 million to date in advancing the due diligence and project development and is now preparing for the launch of a procurement process to seek the private sector's involvement in continuing the advancement of the HFR Project, including through the Co-Development Phase and subsequent Execution Phases.



5.1 INNOVATION THROUGH COLLABORATION

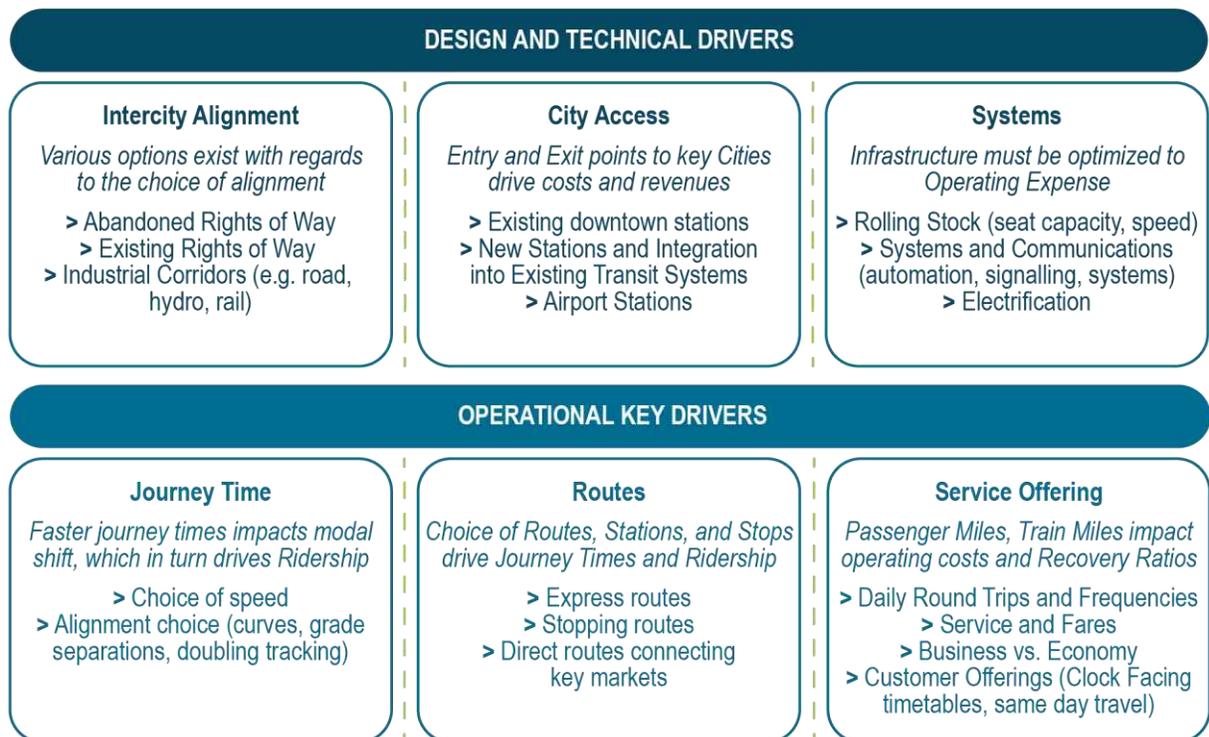
Given the project is in the early stages of development, Canada welcomes the expertise of the private sector in developing and shaping the HFR Project to maximize potential Project Outcomes. Some examples of design, technical and operational drivers that may impact Project Outcomes are outlined in the figure below.

The HFR Project allows the private sector to be involved in making decisions on design and operational choices that will maximize Project Outcomes. Integration of long-term operations and revenue scope with design and construction would promote innovation, drive better service for travellers, reduce risk and improve risk management, reduce long-term cost to taxpayers and ultimately achieve better value for Canadians.

Canada expects Proponents to propose solutions that, at a minimum, achieve Project Outcomes, and Proponents will be incentivized to exceed Project Outcomes. Through the Co-Development Phase, a Private Developer Partner would have the opportunity to co-develop the final technical solution including cost estimates, constructability reviews, and technical analyses in partnership with the Integrated HFR Project Team, within the parameters set out in the Pre-Development Agreement.

The private sector has the opportunity to help shape the specifications of the HFR Project that they would ultimately operate and maintain.

Figure 6: Design, technical and operational drivers of the HFR Project.



5.2 BUILD A LONG-TERM PARTNERSHIP WITH CANADA

Upon successful completion of the Co-Development Phase, the Private Developer Partner would enter into the Project Agreement and become the Private Partner for the Execution Phase over a 30- to 50-year project horizon that spans construction and operations, should the Government make the final decision to build HFR. Integration of a long-term operating period allows for optimized decision making during the Co-Development Phase by keeping the traveller at the front of the planning cycle. Combining operations with revenue decisions on HFR Services and Local Services also enables continual

improvements to the long-term operating margin through optimal asset management decisions, revenue-maximizing decisions and opportunities to enhance operational efficiencies.

The HFR Project also provides the unique opportunity of being the first to employ the co-development approach for a rail infrastructure project of this scale in Canada, thus creating institutional knowledge for the future.

The private sector has the opportunity to ‘begin with the end in mind’ and put the passenger experience at the forefront of the HFR Project from the design development stage through to operations.



5.3 ENABLE IMPROVED RISK ASSESSMENT AND MANAGEMENT

Canada is acutely aware of the challenges that may arise when executing a linear project such as HFR including identification and movement of utilities, municipal approvals and permitting, site conditions, host railway and other third-party interfaces and rolling stock approvals. While not all risk allocation and mitigation strategies have been developed at this early stage, it is expected that the RFP stage and Co-Development Phase will allow for a collaborative approach to risk management and allocation.

For example, using a collaborative approach during the Co-Development Phase to further advance and optimize the design of the project based on the outcome of the impact assessment and regulatory approvals, the Crown's legal duty to consult with Indigenous peoples and consultations with public and third-party stakeholders will enable Canada and the Private Developer Partner to improve the identification, assessment and mitigation of such risks, and to take a more informed view of risk impacts on cost estimates and schedules.

The private sector has the opportunity to work with Canada to better assess and manage key risks in a collaborative environment.

5.4 INCORPORATE BEST PRACTICES TO ENSURE A SMOOTH TRANSITION OF OPERATIONS

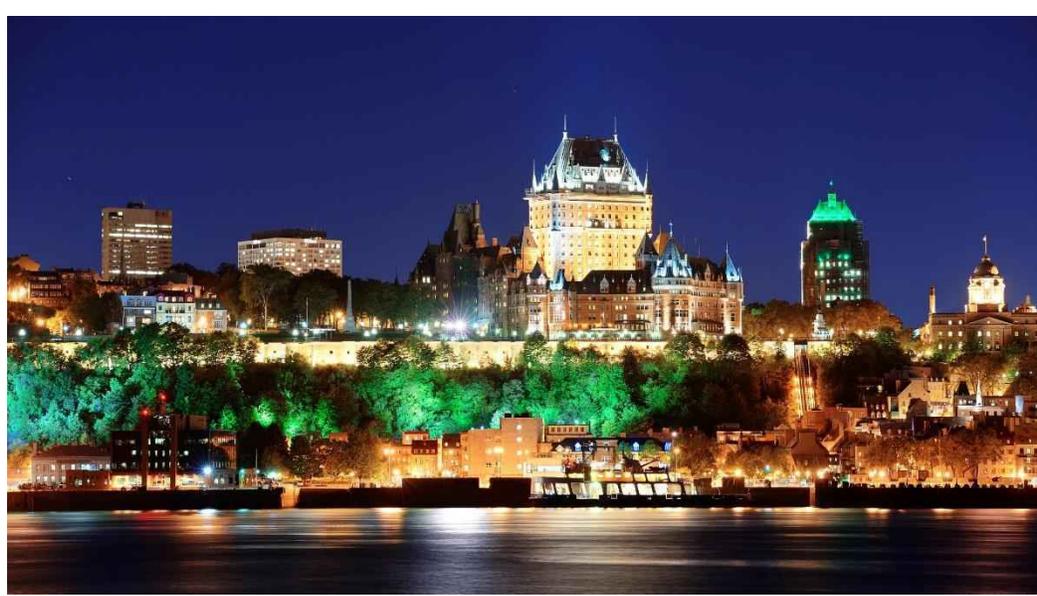
Canada would benefit from engaging the Private Developer Partner and the operator at an early stage to inform the commissioning processes and ensure a smooth transition from construction to operations.

To ensure a smooth and efficient transfer of Existing VIA Services, the HFR Project would benefit from the expertise and capacity of the Private Developer Partner as well as VIA Rail's advice on the technical and operational aspects of passenger rail services.

The introduction of the HFR Project would grow passenger rail operations in the Corridor and will therefore create more new and exciting passenger rail jobs and career opportunities during its construction and operation. During the Co-Development Phase, Canada would work with VIA Rail and the Private Developer Partner to ensure that any workforce changes required for the advancement of the HFR Project would be done in consultation with unions, with the aim of minimizing the impact on VIA Rail's employees.

The private sector has the opportunity to apply best practices to enable a smooth transition of operations.

6.



Co- Development Approach

6. CO-DEVELOPMENT APPROACH

6.1 A NEW COLLABORATIVE MODEL FOR CANADA

Integrated delivery models with early private sector involvement can produce better project outcomes for mega-projects by boosting innovation and collaboration between the public and private sectors.

Given the size and scale of the HFR Project, Canada believes that a traditional public-private partnership approach may not be an appropriate model for the HFR Project.

Under the contemplated procurement approach, following the conclusion of the Procurement Phase, Canada would engage a Private Developer Partner to further design and refine the HFR Project during the Co-Development Phase within the parameters set out in the Pre-Development Agreement.

A linear mega-project with multiple stakeholders in an early stage of development such as the HFR Project can benefit from pursuing this approach as it:

- Takes a long-term integrated approach to operations and asset management, to unlock opportunities for new technologies and methodologies to improve the Project Outcomes
- Is focused on exceeding the Project Outcomes with project lifecycle considerations taken into account through the early involvement of the operator in the development of the HFR Project
- Draws on the Private Developer Partner's strategic input into the development of the HFR Project through innovation to optimize and maximize potential Project Outcomes
- Provides for a joint discussion around effective risk management, including early identification, assessment, mitigation and efficient allocation of risks driving value to taxpayers
- Provides the market with opportunities to add value by applying their commercial expertise to optimize the performance of the railway and the delivery of the infrastructure

The Private Developer Partner will be compensated for works completed during the Co-Development Phase as per the terms of the Pre-Development Agreement, and it is expected that this would be commensurate with the level of effort involved during the Co-Development Phase within an established maximum amount, with a portion of compensation linked to performance indicators and incentives. Payments are anticipated to be structured on a progress payment or milestone basis for eligible costs, the details of which will be defined during the RFP process, with elements expected to be integrated into the RFP evaluation process.

- Allows for the HFR Project to be designed and developed in parallel with the impact assessment, the Crown's legal duty to consult with Indigenous peoples and consultation with public stakeholders
- Gives Canada improved visibility on key metrics and target outcomes through direct collaboration

The expected result of the Co-Development Phase will be a detailed technical and financial project proposal produced by the Private Developer Partner and presented to Canada for a final investment decision. The Co-Development Phase is anticipated to be approximately three years.

Through the Co-Development Phase, the Private Developer Partner would be finalizing the design and technical solution presented during the RFP stage. Technical requirements that are produced through field investigation, public consultation and coordination with third parties such as utilities and host railways would be incorporated into design, schedule, constructability and concept of operations. In addition, support and participation from the Private Developer Partner during key negotiations with various stakeholders would further improve project delivery and ensure project success.

To enable project development and detailed design to progress, it would be expected that Canada and the Private Developer Partner will collaborate to make decisions that maximize Project Outcomes, de-risk the project and create value for Canadians over the long term.

As a result, it is expected that risks that are traditionally difficult to assess or quantify would be evaluated and assessed jointly during the Procurement Phase and/or the Co-Development Phase, resulting in meaningfully improved understanding by parties of major project risks and appropriate ways to share and/or mitigate the impacts of the occurrence of such risks.

Ultimately, toward the end of the Co-Development Phase, it would be expected that designs will be developed to a high degree of maturity to achieve Class 2 Cost Estimates or better based on the Cost Estimate Classification System. This would allow for the determination of the contracting strategy for major scopes of work, confirmation readiness of the project development to transition to the Execution Phase and enable raising of private capital to finance the project. In tandem, the Private Developer Partner would also finalize concept of operations and revenue management strategies as well as negotiate commercial/financial and contractual agreements that would be executed at Financial Close and work with Canada to finalize the Project Agreement within the parameters of the Pre-Development Agreement, following Canada's final investment decision on the HFR Project.

6.2 KEY ADVANTAGES OF EARLY ENGAGEMENT OF A PRIVATE DEVELOPER PARTNER

Key advantages of this collaborative delivery model that engages the Private Developer Partner earlier during the development stage of the HFR Project include:

To the public authority: This approach will achieve better value and a lower project risk premium as the Private Developer Partner can help enhance and optimize the following:

- Design and engineering – including intercity alignment, connections to city centres, technology, systems and equipment
- Timeline for overall project delivery
- Revenue sources and net subsidies required
- Concept of operations – service and customer offerings
- Lifecycle planning of the integrated network
- Risk assessment and quantification

To the infrastructure developer: Working closely with Canada as a member of the Private Developer Partner to optimize the project scope and design allows the developer to frame the project as financeable while aligning with Canada's long-term interests, thereby enhancing the prospects of a financeable project that can deliver robust returns.

To the railway operator: Working closely with Canada as a member of the Private Developer Partner from an early stage enables integration of infrastructure planning, smoother transition of existing operations into a new integrated transportation network and creation of efficient and sustainable operations and revenue management strategies for a long-term successful project.

To the contractor market: Contractors do not need to commit exclusively to a consortium during the procurement process and can focus on a later stage of the project development cycle when the design has progressed to a more mature degree.

To the investor: As private capital would be raised at the end of the Co-Development Phase, investors will have designs that are relatively more mature (Class 2 or better based on the Cost Estimate Classification System) as compared with traditionally tendered projects, limiting downside exposure to overruns and delays.

6.3 CAPABILITIES AND EXPERIENCE OF THE PRIVATE DEVELOPER PARTNER

To deliver on the scope of the HFR Project in a manner that exceeds Project Outcomes, Canada is seeking to collaborate with a Private Developer Partner, which is likely to be a consortium, with the following experiences and skills that will be further described in the RFQ.

1. Infrastructure development with prior experience developing intercity or commuter passenger railways. It is expected that the Private Developer Partner will leverage past experience to help Canada develop a transformative transportation system that maximizes passenger trips in an efficient manner that will promote long-term profitability. This would involve integrating a lifecycle planning approach into design development of the transportation system. As it would be necessary to engage and collaborate with multiple stakeholders to achieve success, it is expected that the Private Developer Partner has extensive negotiation, collaboration and project management skills.

2. Railway operations including experience operating an intercity railway. The HFR Project includes transitioning existing services and integrating them seamlessly with new services, operating railways in a regulated environment, obtaining an operating licence and certificate of fitness for a new railway system and an understanding of all operational activities relating to network planning and revenue management that will increase operating margins. The understanding of these unique aspects of the HFR Project will need to be demonstrated through prior experience, lessons learned and risks mitigated. The Private Developer Partner's railway operator will also need to demonstrate how the needs of the customer and high standards of safety are incorporated into the design development and concept of operations.

3. Design and technical expertise to develop the design of the HFR Project from selection of alignment, identification of appropriate access into city centres through to identifying the infrastructure, technology, systems and rolling stock requirements. During the Procurement Phase and Co-Development Phase, assessing risk and contingencies, estimating costs and developing constructability options would be expected from the Private Developer Partner. Canada is looking to advance detailed HFR Project designs to a highly mature standard and will therefore need to incorporate technical design requirements of multiple stakeholders and third parties.

4. Revenue and ridership forecasting and modelling experience will be required to get a better understanding of the demand to be captured by the HFR Services and Local Services, the needs of the customer base and pricing elasticity to enable the revenue potential of the HFR Project.

5. Financial strength and capability. As it is expected that the HFR Project will be financed using private sector capital in addition to Canada and potentially CIB investment, it would be necessary to demonstrate the ability and prior experience in raising significant private debt and equity on infrastructure projects as well as demonstrating the underlying balance sheet strength of the consortium members as required.

During the Procurement Phase and Co-Development Phase, Canada would encourage innovative solutions, lessons learned and best practices to be brought to the table, design and project plans to be optimized and refined and negotiations to be achieved in a manner that exceeds Project Outcomes.

It is not expected that contractors and/or suppliers, including general contractors or rolling stock or system providers, would be required to be part of a Proponent's consortium in the Procurement Phase. During the Co-Development Phase, once designs are relatively mature, contracting and procurement strategies for major scopes of work will be determined. Canada and the Private Developer Partner will collaborate to decide the best time to engage contractors and rolling stock or system providers to maximize Project Outcomes.



6.4 CULTURE OF PRIVATE DEVELOPER PARTNER

The Private Developer Partner is expected to bring project development, design, operations and financing experience and expertise to the Co-Development Phase to help shape the delivery process of this large and highly complex rail project. Canada is looking for a Private Developer Partner that is:

- **Collaborative.** Aspires to establish a long-term, collaborative relationship with Canada and drive the longer-term outcomes of the HFR Project
- **Strategic.** Is able to bring strategic network development capabilities and operational experience to develop the HFR Project
- **Experienced.** Has experience with collaborative models used in other jurisdictions, experience with relevant regulatory requirements and a strong track record in the delivery of publicly subsidized assets and being a capable custodian of public assets
- **Innovative.** Is eager to bring innovative approaches and solutions to optimize the HFR Project and maximize Project Outcomes.
- **Engaged.** Has meaningful experience in managing multiple stakeholders and interface risks
- **Entrepreneurial and commercial.** Can help manage project risks inherent in major infrastructure and rail systems projects through prior experience delivering and operating large railway systems and managing infrastructure.

The Private Developer Partner is expected to collaborate in good faith and bring forward solutions that create the highest value to Canadians. Canada is looking for a Private Developer Partner who holds similar values, shares its ambitions for the future of the rail corridor and is willing to work openly, transparently and closely with Canada to ensure successful project delivery and execution.

Encouraging socio-economic opportunities for Indigenous peoples during the different phases of the HFR Project advances reconciliation and renewal of the relationship between the Government of Canada and Indigenous peoples, based on recognition of rights, respect, cooperation and partnership. Consequently, during the RFP stage, Canada is planning to evaluate the Indigenous participation plans of Proponents to encourage collaboration opportunities with Indigenous businesses, communities, entities, and people. More information will be provided during the RFQ and RFP stages.

6.5 OTHER ACTIVITIES DURING THE CO-DEVELOPMENT PHASE

It is expected that Canada will work closely with the Private Developer Partner to receive feedback and input from Indigenous peoples, several public entities, interested stakeholders and strategic partners to achieve all the regulatory approvals necessary but also to effectively negotiate strategic agreements necessary to achieve long-term success. Technical requirements, design and scheduling impacts received through collaboration will be incorporated into the Private Developer Partner's detailed designs, cost estimates and construction schedules.

6.5.1 FIELD INVESTIGATIONS

During the RFP stage, Canada will provide data to enable Proponents to develop their technical solutions to the level of design required for submission. This may include LiDAR data, desktop studies and asset condition reports. However, the majority of field investigations, including topographical, bathymetric and structural clearance surveys; ground investigation data; hydrology studies; and traffic surveys, would commence once the Private Developer Partner has been selected. It is expected that during the Co-Development Phase additional surveys and field investigations will be required to meet Impact Assessment Agency of Canada requirements as well as to enhance the design development and manage risk of ground conditions.

6.5.2 COLLABORATION WITH HOST RAILWAY AND THIRD-PARTY ENTITIES

Depending on the solution submitted by the selected Private Developer Partner in its Proposal during the RFP stage, collaboration with more than one host railway may be necessary to enable either intercity alignment solutions or city access solutions. Canada is currently working with host railways to better understand limits and interoperability aspects and is working toward de-risking track access.

Additionally, the Private Developer Partner will collaborate closely with utilities, municipalities and other groups to understand their requirements and constraints in order to advance the design and technical deliverability of the solution and to develop a detailed construction schedule.

6.5.3 LAND ACQUISITIONS

Land rights will be required to enable the HFR Project. Canada and the Private Developer Partner will collaborate closely during the Co-Development Phase to start the process of acquiring land rights required for the HFR Project, pending an Impact Assessment decision.

6.5.4 IMPACT ASSESSMENT AND INDIGENOUS AND PUBLIC CONSULTATIONS

The HFR Project is subject to a federal impact assessment process because it is a designated project under the *Impact Assessment Act*. This comprises all requirements set out by the Impact Assessment Agency of Canada and includes advancing preparatory work and consultations with Indigenous communities and other entities and the general public in the early planning phase of the impact assessment.

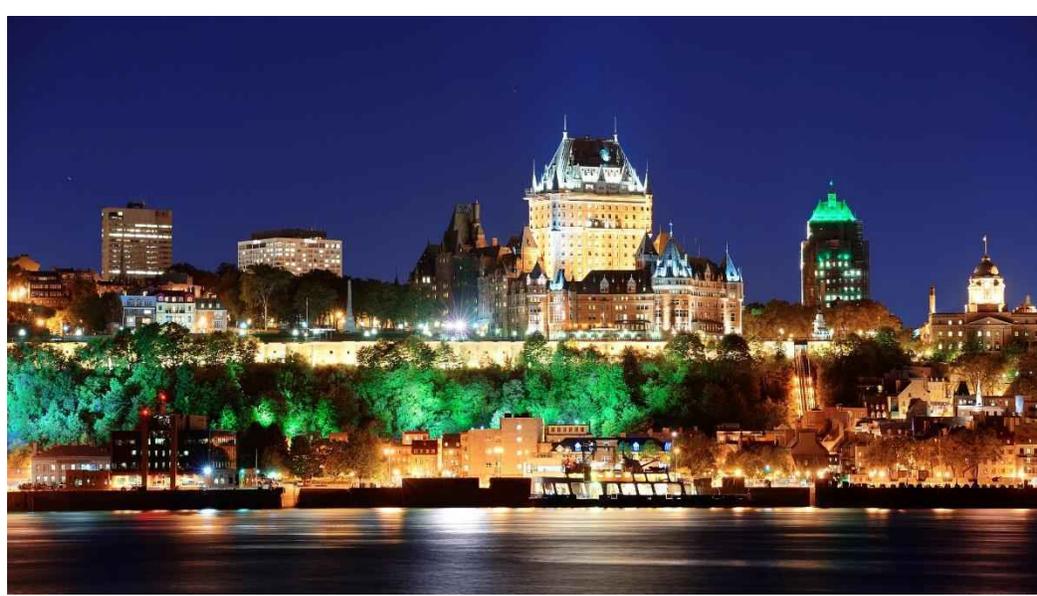
The general public and the Provinces of Ontario and Quebec will have the opportunity to participate in the impact assessment.

The Crown has begun engagement with over 30 Indigenous communities and organizations to discuss their interests and concerns relating to the HFR Project.

Over the next phase, as the procurement process is launched to select a Private Developer Partner, Canada will continue community focus groups with non-governmental organizations (NGOs), environmental non-governmental organizations (ENGOs), special interest groups and the general public. Canada will continue meeting with other stakeholders including host railways, transportation agencies, federal regulators, provincial environmental agencies and city managers in key city centres.

Once the Private Developer Partner is selected, it is anticipated that Canada and the Private Developer Partner will collaborate closely during the Co-Development Phase to complete all requirements and consultations necessary for the impact assessment for the HFR Project.

7.



Contractual and Commercial Structure of the Execution Phase

7. CONTRACTUAL AND COMMERCIAL STRUCTURE OF THE EXECUTION PHASE

Canada is currently exploring various options to ensure fair and optimal risk allocation for a project of the size and complexity of the HFR Project. Advanced structuring analysis is underway to provide the private sector with a balanced risk and return profile, as well as appropriate incentives to align interests and incentivize behaviour.

The following sections outline the broad principles that Canada is considering for the contractual, commercial and financial structure for the HFR Project, with the objective to allow the construction supply chain, private investors and the Government to adequately manage risk and reward in a manner that creates value for Canadians.

For greater certainty, the contractual, commercial and financial structure will form the principles of the Project Agreement that would be executed between Canada

and the Private Partner at Financial Close.

It is expected that these principles will be expanded upon during the RFQ and RFP stages of the Procurement Phase, during which Canada will provide a draft of the Project Agreement to the Proponents. Finalization of the Project Agreement will take place during the Co-Development Phase, subject to any adjustment required as a result of the Co-Development Phase and contemplated or allowed within the parameters of the Pre-Development Agreement and the draft Project Agreement attached thereto.

During all phases of the HFR Project, Canada intends to own key physical and intangible assets and intellectual property rights associated with the HFR Project and its development.



7.1 CONSTRUCTION PHASE – CONTRACTUAL STRUCTURE

The contractual structure with regard to the construction period is envisioned to combine elements from various contracting methods and project finance concepts that have been used to deliver large greenfield projects around the world.

Given the size and complexity of the HFR Project, it is likely that construction work may be subdivided into phases or packages that are ultimately managed and competitively procured by the Private Developer Partner during the Co-Development Phase or by the Private Partner during the Execution Phase. To effectively engage the construction supply chain, the transaction will take into consideration private sector risk tolerance and constraints via a hybrid contracting approach that includes elements from fixed price, target price and cost-plus construction contracts.

Canada is planning to introduce protocols to promote fairness, transparency and competitive tension in the procurement of the different packages associated with the HFR Project to preserve value for money to Canadians.

7.2 CONSTRUCTION PHASE – COMMERCIAL AND FINANCIAL STRUCTURE

Canada envisions a project structure wherein construction funding and financing would include a mix of government payments, private debt and equity financing, as well as potential investment from the CIB. Canada anticipates it would contribute funding through construction period payments and lump-sum substantial completion payments. It should be expected that total public sector contributions during the construction period would equate to a significant level of eligible capital costs. The aggregate level of public sector contributions would aim to balance the competing priorities of market capacity, risk transfer and affordability.

Toward the end of the Co-Development Phase, it is expected that design development will progress to a mature level (Class 2 Cost Estimates or better based on the Cost Estimate Classification System), at which point the Project Agreement will be ready for execution and private investors will be invited to participate in the financing of the HFR Project once Canada makes its final investment decision. This sequence allows

for more advanced forecasts and improved cost estimation, which reduces uncertainty and consequently allows for a more efficient pricing of risk. This is also intended to provide investors with a higher degree of certainty in construction pricing and schedule.

7.3 OPERATING PHASE – CONTRACTUAL STRUCTURE

During operations, it is envisioned that the Private Partner will assume revenue risk, control of operations and maintenance responsibilities for the entire Corridor (i.e. both HFR Services and Local Services). The Private Partner will have the ability, within the parameters of the HFR Project requirements, to set train schedules, fare strategies and service standards for existing Local Services and new HFR Services, operating the Corridor as an integrated network.

It is expected that there will be certain minimum service requirements for operations in the Corridor. Approaches to measure and manage performance during the operating period will be provided to the Private Partner and balanced with revenue management risk transfer and customer service expectations.

7.4 OPERATING PHASE – COMMERCIAL STRUCTURE

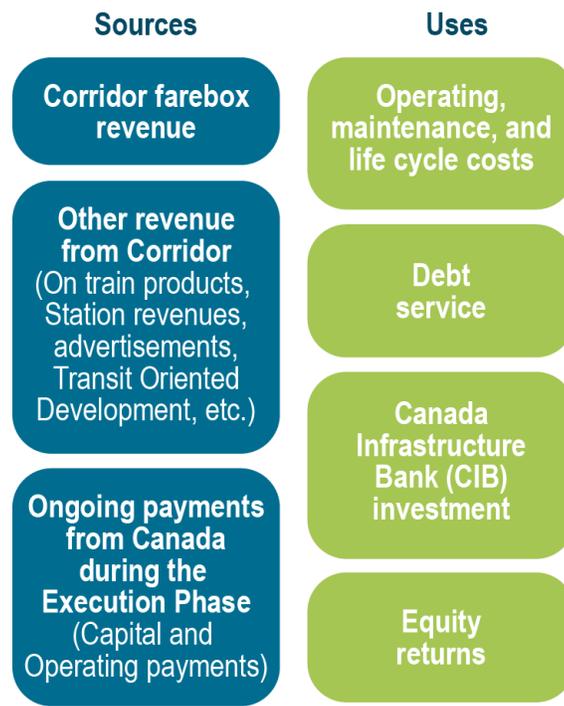
Following commencement of revenue service and throughout the operations phase, the Private Partner is expected to receive income from the farebox and other ancillary income (onboard products, station revenues, etc.), in addition to potential payments (including both capital and operating payments) from Canada. These combined revenues will be used to pay for operating expenses, to service debt and to provide equity returns, including the CIB's returns, as a potential investor.

How much government support is required and how much farebox risk is transferred to the Private Partner will be determined during the RFP stage and refined in the Co-Development Phase. Based on current ridership studies, nearly 60% of the expected ridership would come from the existing customer base continuing to grow. This existing source of revenue should offset much of the revenue risk inherent in passenger rail projects and provide a natural downside protection for ridership risk.

It is expected that a set of performance metrics standard to passenger rail operations will be required as conditions for receiving government operating payments.

The Private Partner will be incentivized to identify and pursue other revenue-generating opportunities. Any savings from improved operating margin (through innovation and operating efficiencies by the Private Partner) could also be shared with the Private Partner.

Figure 7: Revenue sources and uses during the Operating Phase.



7.5 TRANSITION OF LOCAL SERVICES POST FINANCIAL CLOSE

Existing VIA Services within the Corridor will be transitioned to the Private Partner following execution of the Project Agreement and Financial Close, at which time they will become the Local Services. This transition will enable the Private Partner to eventually operate an integrated service that includes both the Local Services and the new HFR Services.

It is likely that the Private Developer Partner will shadow the operations of the Existing VIA Services during the Co-

Development Phase to enhance their understanding of current systems, operations and customer service and satisfaction requirements, allowing for a smooth transition of existing operations post Financial Close.

The HFR Project would grow passenger rail operations, creating new and exciting jobs and career opportunities in the Corridor. The transition of Existing VIA Services will be undertaken in accordance with a change management strategy that will be jointly developed by Canada and the Private Partner with the objective of minimizing impacts for VIA Rail employees dedicated to the Corridor.

7.6 CONTRACT TERM AND HANDBACK

Canada expects a longer contract term (30–50 years) to be provided for in the HFR Project to help balance private sector incentives with public sector objectives, which will conclude with a handback period to enable the transition of assets, infrastructure, operations and maintenance back to Canada, one of its agencies or a Crown Corporation.

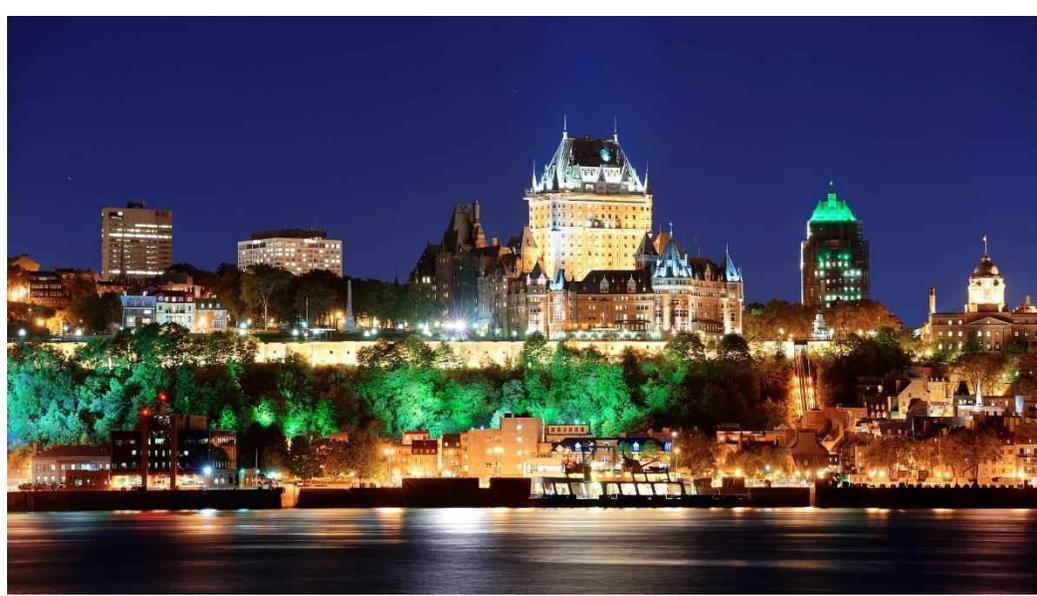
7.7 CIB FACILITIES

The CIB has a mandate to invest and seek to attract private sector investors to revenue-generating infrastructure projects in Canada that are in the public interest. The CIB can help enhance the financeability of revenue-generating projects by sharing ramp-up and downside risks that may otherwise appear unattractive to private sector investors.

The CIB is expected to be a potential investor in the HFR Project, possibly taking the form of an equity investment at a sub-commercial rate of return, but that ranks *pari passu* with private equity, versus a traditional debt facility that ranks ahead of equity. Further, the CIB may be flexible in taking downside risk with the ability to absorb asymmetrical losses, provided that a *quid pro quo* is offered to the CIB in the revenue upside. However, the CIB is not considering taking a sole first loss position. The final negotiations of CIB facilities, as well as associated terms and conditions, will be determined during the Co-Development Phase based on principles of optimal risk allocation, appropriate upside and downside sharing and sound project management and execution.

It should be noted that the CIB's final investment decision in the HFR Project will be contingent on receiving necessary approvals from its board of directors. The CIB will continue to act as an advisor to Canada and a potential investor throughout the Procurement and Co-Development Phases.

8.



Procurement Process

8. PROCUREMENT PROCESS

8.1 FAIR, EQUITABLE AND TRANSPARENT PROCESS

Canada is seeking strong competition from domestic and international companies to select the Private Developer Partner who is best able to, in the first instance, work with Canada during the Co-Development Phase to further advance and optimize the design and scope of the HFR Project and, in the second instance, as Private Partner during the Execution Phase, deliver a solution in response to evaluation requirements set forth in procurement documents on time and in a manner that demonstrates and ensures the best value for Canadians. Canada will take all steps necessary to ensure that the procurement process for the HFR Project is open, fair and transparent.

8.2 FAIRNESS MONITOR

Canada has engaged BDO Canada LLP as a Fairness Monitor for the procurement of the HFR Project. The Fairness Monitor will provide formal oversight and independent validation of the fairness of the procurement process. At the conclusion of the Procurement Phase, the Fairness Monitor will submit its final report to Canada, which will subsequently be made public.

8.3 PROCUREMENT PROCESS AND TIMELINES

Following this RFEOI, which has been issued to inform industry about the proposed procurement approach, seek the interest of qualified parties and request comments on the project and procurement approach, it is expected that a formal procurement process will be launched for the HFR Project.

The procurement process will include two stages:

- 1) Issuance of a Request for Qualifications (RFQ) to select Qualified Respondents that will be invited to participate in the Request for Proposals (RFP)
- 2) Issuance of an RFP to select the Preferred Proponent that will participate in the Co-Development Phase and that will work collaboratively with the Integrated HFR Project Team to further advance and optimize the design and scope of the HFR Project for a final investment decision by Canada

The indicative timeline for the pre-procurement and procurement processes is as follows:

Table 2: Pre-Procurement and Procurement Process Timelines.

Activity	Date
RFEOI issued by Canada	March 10, 2022
Information session (virtual)	April 6, 2022
Interested Parties respond to the RFEOI	May 31, 2022
RFQ issued by Canada	September 2022
Respondents submit their RFQ Submission	Winter 2022–23
RFQ evaluation and identification of Qualified Respondents	Winter 2022–23
RFP issued by Canada	Spring 2023
RFP Proponent consultative process, including commercially confidential meetings	Spring 2023 to summer 2024
RFP Proponents submit Proposals	Fall 2024

8.3.1 PRE-PROCUREMENT PHASE – REQUEST FOR EXPRESSIONS OF INTEREST (RFEOI)

Canada is inviting Interested Parties to express their interest in the HFR Project via this RFEOI. The objective of this step is to attract and identify the interest of relevant parties, gauge the market capacity, explain the procurement process, ensure parties have information to determine whether and how to engage further in the RFQ and encourage Interested Parties to help inform the development of the HFR Project.

Through the RFEOI, high-level details on the HFR Project and key aspects of the procurement process are being provided to Interested Parties. Interested Parties are invited to comment on the HFR Project and on its proposed procurement approach and contractual structure.

There is no obligation on parties to respond to the RFEOI, and the responses, or lack thereof, will not restrict parties from submitting a Response to the RFQ.

8.3.2 PROCUREMENT PHASE – STAGE 1: REQUEST FOR QUALIFICATIONS (RFQ)

The objective of the RFQ is to pre-qualify Qualified Respondents, following the evaluation of their Responses, who would then be invited to participate in the RFP process.

The RFQ period is anticipated to be approximately six months, including time allotted for evaluation of submissions.

Respondents will be ranked based on the evaluation of their RFQ Responses, and it is anticipated that the three highest-ranked Qualified Respondents would then be invited to participate in the RFP stage. Evaluation at the RFQ stage is expected to include, but is not limited to, assessment of the experience and capabilities of Respondents, consistent with the expectations detailed in Sections 6.3 and 6.4 of this RFEOI, as well as approaches to develop the HFR Project and collaborate with Canada through the RFP stage and Co-Development Phase.

No compensation will be paid to Respondents in connection with their participation in the RFQ.

8.3.3 PROCUREMENT PHASE – STAGE 2: REQUEST FOR PROPOSALS (RFP)

The objective of the RFP is to select a Preferred Proponent to participate in the Co-Development Phase.

During the RFP stage, Proponents will work toward the development of technical and financial proposals containing indicative prices for their respective technical solutions in accordance with the HFR Project requirements. Proponents will be provided with drafts of the Pre-Development Agreement and Project Agreement.

Commercially confidential meetings (CCMs) will be held with individual Proponents to discuss the agreements and understand the progression of each Proponent's design and technical solution, operations solution, financial solution and overall project management and collaboration approach. The CCMs will be overseen by the Fairness Monitor.

An RFP period of approximately 18 months is currently envisioned, including time allotted for evaluation of Proposals.

Proponents will be ranked based on the evaluation of their RFP Proposal and the Proponent with the highest score will be invited to participate in the Co-Development Phase as the Private Developer Partner. Canada anticipates using a point-rated evaluation process that will focus on technical aspects of proposed solutions; approaches to development, collaboration and implementation; Indigenous participation plans; and specific financial indicators such as long-term cost to taxpayers.

The Procurement Process concludes with the signing of the Pre-Development Agreement between Canada and the selected Preferred Proponent, who then becomes the Private Developer Partner.

Proponents that comply with specified deliverables will be eligible to receive Proposal Development Fees. Proposal Development Fees are expected to be sized to partially compensate Proponents for the level of effort required to develop and submit the different deliverables during the RFP stage. Receipt of the Proposal Development Fees will be subject to conditions, including active and collaborative participation in the RFP stage and granting Canada intellectual property rights for the deliverables provided during the RFP stage.

8.4 CONFLICT OF INTEREST, INELIGIBLE PARTIES AND RESTRICTED PARTIES

8.4.1 CONFLICT OF INTEREST AND INELIGIBLE PARTIES

In order to protect the integrity of the procurement process, Canada intends to identify Ineligible Parties in the RFQ and RFP documents and has established a Conflict of Interest and Relationship Review Committee, independent from the Integrated HFR Project Team, to review potential Conflicts of Interest and Ineligible Parties.

Ineligible Parties will include parties that, by virtue of their involvement in the HFR Project, are not eligible to participate as a team member or advisor to a Respondent team or Proponent team. This will include the parties named, their representatives and any of their subcontractors, advisors, consultants or representatives engaged with respect to the HFR Project. The RFQ and RFP documents will also identify the processes through which Respondent and/or Proponent teams can seek a determination from Canada as to whether a potential Conflict of Interest, an unfair advantage or an appearance of a Conflict of Interest or unfair advantage exists or not.

In advance of the RFQ, Interested Parties with enquiries related to the status of specific parties may contact the Procurement Authority at tgf-hfr@tpsgc-pwgsc.gc.ca.

8.4.2 RESTRICTED PARTIES

Restricted Parties will also be identified in the RFQ and/or RFP documents. These Restricted Parties will include any entities that Respondent and/or Proponent teams will be prohibited from contacting or entering into any agreements with, without prior approval from Canada. To ensure the fairness of the process, Restricted Parties and conditions for engaging them will be identified, to support consistent opportunities and transparent access during the competitive process and to limit the risks of any unfair advantage.

Canada reserves the right to release, or provide updates to, the list of Ineligible Parties and Restricted Parties in advance of the RFQ, as an addendum to this RFEOI.

8.5 SECURITY REQUIREMENTS

The HFR Project will be subject to security requirements, which will be detailed in the RFQ and RFP documents. These security requirements specify the levels of security required to safeguard sensitive information, assets and work sites and will apply during the RFP stage, Co-Development Phase and Execution Phase of the HFR Project. There are no security requirements associated with the RFEOI.

Due to the time involved in obtaining security clearances, potential Respondents are strongly encouraged to learn about Public Services and Procurement Canada's Contract Security Program and the government security screening processes. Canada will not be responsible if required security clearances are not obtained within the required timeframe by any Proponent, but such timeframe shall be reasonable and will be detailed in the RFQ and/or RFP documents.

Please find more information about the security requirements for contracting with the Government of Canada at the following link: <https://www.tpsgc-pwgsc.gc.ca/esc-src/index-eng.html>.

9.



RFEOI Responses, Information Session and Disclaimers

9. RFEOI RESPONSES, INFORMATION SESSION AND DISCLAIMERS

Canada recognizes the complexity of the HFR Project and is looking forward to engaging with industry to review the fundamentals of the proposed project and procurement approaches to implement a feasible deal structure. Through this RFEOI, Canada aims to encourage Interested Parties to help inform the development of the HFR Project.

Interested Parties are informed that their submittals at this stage of the process will not lead to a shortlist and other Interested Parties will not be precluded from participation in a future qualifications process.

9.1 RESPONSES TO THE RFEOI

Comments, answers, enquiries, suggestions and any other feedback are requested to be provided via email to the Procurement Authority at tgf-hfr@tpsgc-pwgsc.gc.ca on or before 3:30 p.m. EDT on May 31, 2022.

Each Interested Party must ensure that its name and return address are provided and that the RFEOI number appears in the subject line of the email. Each Interested Party shall use Appendix A to respond to the RFEOI. Each Interested Party is solely responsible for ensuring its feedback is delivered on time via email to the Procurement Authority. Responses may be submitted in either official language of Canada.

Canada may reach out to Interested Parties in relation to their responses to the RFEOI, should further clarification be required.

9.2 INFORMATION SESSION

An information session is planned for April 6, 2022, beginning at 11:00 a.m. EDT.

Due to COVID-19, the meeting will be held virtually. Interested Parties will be required to register their participation no later than 5:00 p.m. EDT on March 30, 2022, by emailing tgf-hfr@tpsgc-pwgsc.gc.ca with “HFR. RSVP for Information Session” in the subject line of the email. Connection information for the information session will be provided to registered participants in advance of the session.

The information session will consist of a presentation on the HFR Project, including key details regarding the proposed project and procurement approaches. Please note there will be no Q&A period.

Following the information session, the presentation is expected to be made publicly available in the next days.

9.3 ENQUIRIES

Interested Parties with questions regarding this RFEOI may direct their enquiries to the Procurement Authority via email at (tqf-hfr@tpsgc-pwgsc.gc.ca), or through the messaging option in the Electronic Procurement Solution (SAP Ariba). Since this is not a bid solicitation, Canada will not necessarily respond to enquiries in writing or by circulating answers to all potential Interested Parties. However, Canada may provide responses to some or all questions as amendments to this RFEOI, available where the RFEOI has been published. Enquiries may be submitted in either official language of Canada.

9.4 NOTICE

All information set forth in this RFEOI regarding the HFR Project and its procurement process is preliminary, is subject to future Government of Canada decisions and is subject to change. This RFEOI is intended to solicit feedback from industry with respect to the matters described herein. Canada is soliciting information pursuant to this RFEOI solely for its own benefit to inform the structuring of the HFR Project and makes no promise that an award of business will be made to Interested Parties. This RFEOI and any responses received hereto do not and will not constitute a commitment on Canada's part to issue a subsequent RFQ and/or RFP related to the HFR Project, or to enter into contract(s) with one or more parties. This RFEOI is not a bid solicitation and responses will not be formally evaluated. Advisory notices will be posted on <https://www.buyandsell.gc.ca/> and <https://CanadaBuys.canada.ca/> (registration required) as further information is made available. There may be up to a one-business-day delay for the publication of the documents between both platforms.

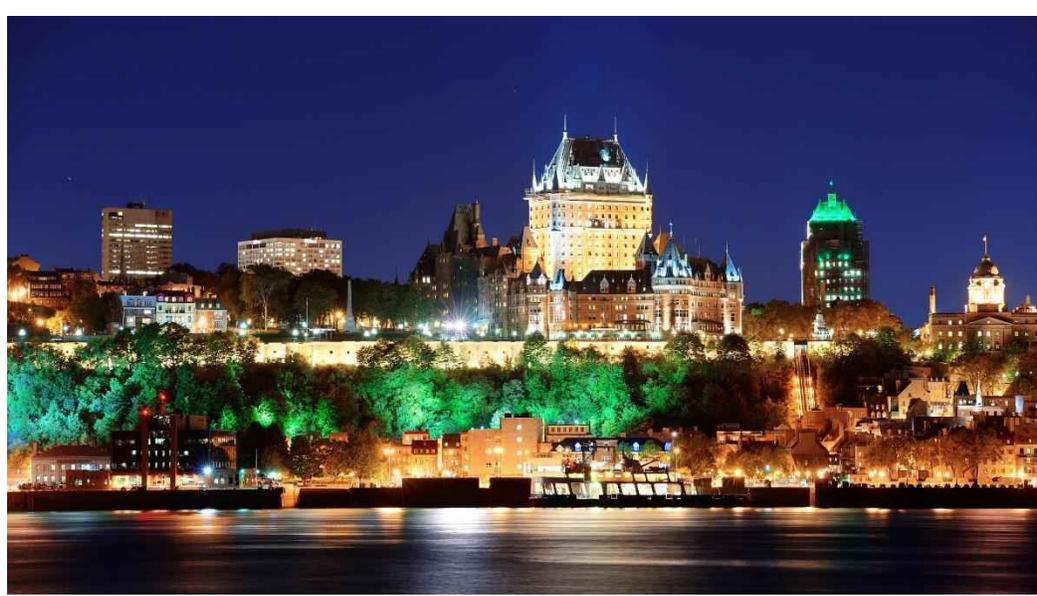
Each Interested Party consents, by submission of a response, to the use of all information, including intellectual property, contained within the response, by Canada without liability as part of future procurement opportunities or project development. Without limiting the foregoing, such use may include, but is not limited to, dissemination within the Government of Canada and its departments, agencies and Crown Corporations and their respective internal and external advisors; development of procurement documents; and use internally or externally by Canada with or without the involvement of the Interested Party. In accordance with the foregoing, each Interested Party grants Canada an unconditional, perpetual, non-exclusive, irrevocable, worldwide, royalty-free and transferable licence to copy, incorporate into, modify, adapt and otherwise use its response, in whole or part, and derivatives thereof, and, additionally, waives any moral rights in its response. Subject to the foregoing and to the provisions of the *Access to Information Act*, responses will be kept strictly confidential and proprietary information will be protected in accordance with federal policies. Information provided by Interested Parties will not be attributed to its source, but may be publicized, at Canada's sole discretion, in a manner that does not disclose the provider.

Responses to the RFEOI will not be returned.

Whether or not any Interested Party or potential supplier responds to this RFEOI will not preclude participation in any future procurement regarding the HFR Project.

Canada shall not be liable for any costs or expenses incurred by Interested Parties in connection with this RFEOI. All costs and expenses incurred by an Interested Party, including all costs arising out of or incurred in the preparation and submission of a response, or any other activities related to this RFEOI, shall be borne solely by the Interested Party.

10.



Questions from Canada

10. QUESTIONS FROM CANADA

Canada encourages Interested Parties to respond to the proposed project and procurement approaches detailed herein, to help inform the development of the HFR Project. In particular, Canada has the following questions for Interested Parties:

ABOUT THE GENERAL PROCUREMENT PROCESS

- 1) Please describe why your organization is interested in participating in the procurement and execution of the HFR Project.
- 2) Has your organization already teamed for the HFR Project or are you waiting for further information before committing to your partners? What kind of timeframe would you expect to prepare and team up for the process and project described in this document?
- 3) Per Section 6, it is anticipated that only infrastructure developers, equity financiers, railway operators, designers, technical experts and selected advisors would participate during the Procurement Phase. Please provide feedback on this approach and whether you consider that it would be important to pre-qualify other team members at that stage.
- 4) Do you anticipate any significant constraints (resource, concurrent projects, COVID-19) that may impact your ability to bid for or deliver the HFR Project?
- 5) Given this background, what are your views on the overall timelines suggested in the RFEOI?

RFP STAGE

- 1) Canada expects a high degree of collaboration during the RFP process on various technical, operational and financial elements of the HFR Project. Do you have suggestions for such a process that would allow active engagement between the Proponent and Canada?

CO-DEVELOPMENT PHASE

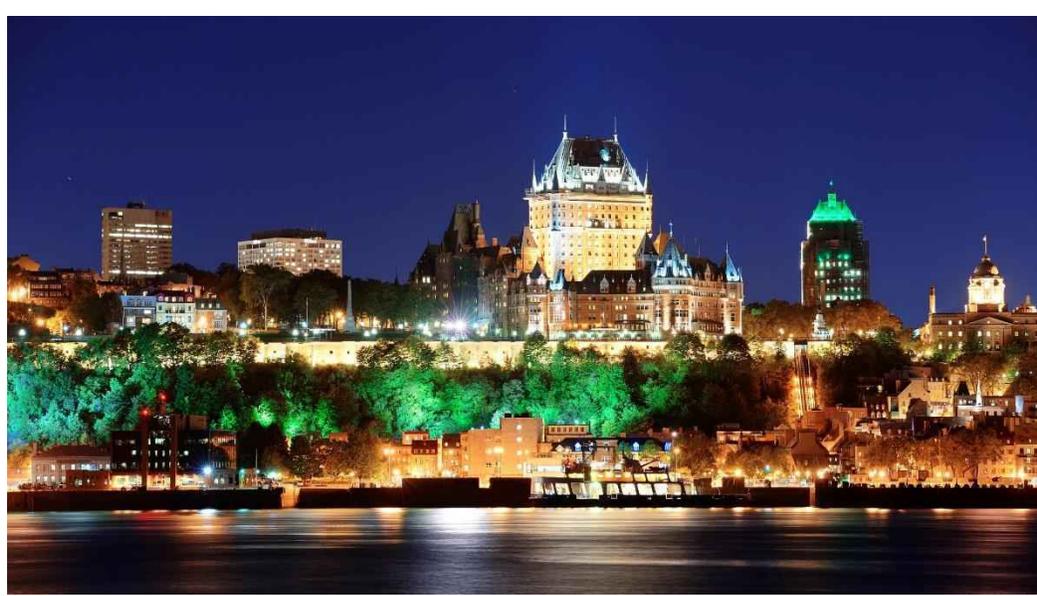
- 1) Please provide your feedback on the fundamentals of the co-development process that is described in the RFEOI.
- 2) If you have prior experience with an approach where you were involved early in the procurement process to help a public authority develop and optimize a project, please elaborate on the reference projects and some of the lessons learned that would be applicable here to help ensure the success of the HFR Project.
- 3) Are there opportunities to strengthen Co-Development approach to ensure value and innovation for Canadians?

FINANCING STRUCTURE AND REVENUE OPPORTUNITIES DURING EXECUTION PHASE

- 1) Do you have any comments or feedback based on the envisioned commercial and financial structure described in this RFEOI? In particular, what in your view may be some opportunities or challenges of a structure where construction and operating risks could be separately compensated, with the Private Partner taking overall risk to ensure integration and the long-term success of the HFR Project?
- 2) What in your view may be the capacity of private capital (including long-term debt and equity) for this project under the envisioned commercial and financial structure? How do you foresee your ability to raise such an amount of private capital during the project horizon?
- 3) Do you have any feedback for the envisioned commercial and financial structure described in this RFEOI? In particular, what in your view may be some opportunities or challenges of a structure where construction and operating risks are bifurcated and compensated through separate payment streams (i.e. repayment of construction financing could be unimpacted by operating period performances)?
- 4) What potential revenue opportunities, other than the farebox, do you think can be created within the Corridor during operations that you would like Canada to consider?
- 5) Please comment on the prospect of the CIB participating as an equity investor, with potential ability to absorb an asymmetrical level of loss and quid pro quo upside sharing. How do you think a rating agency or senior lender will perceive the CIB's involvement as an equity provider in this transaction? What other risks do you think CIB financing could help address given the intended commercial and financial structure?



11.



Definitions

11. DEFINITIONS

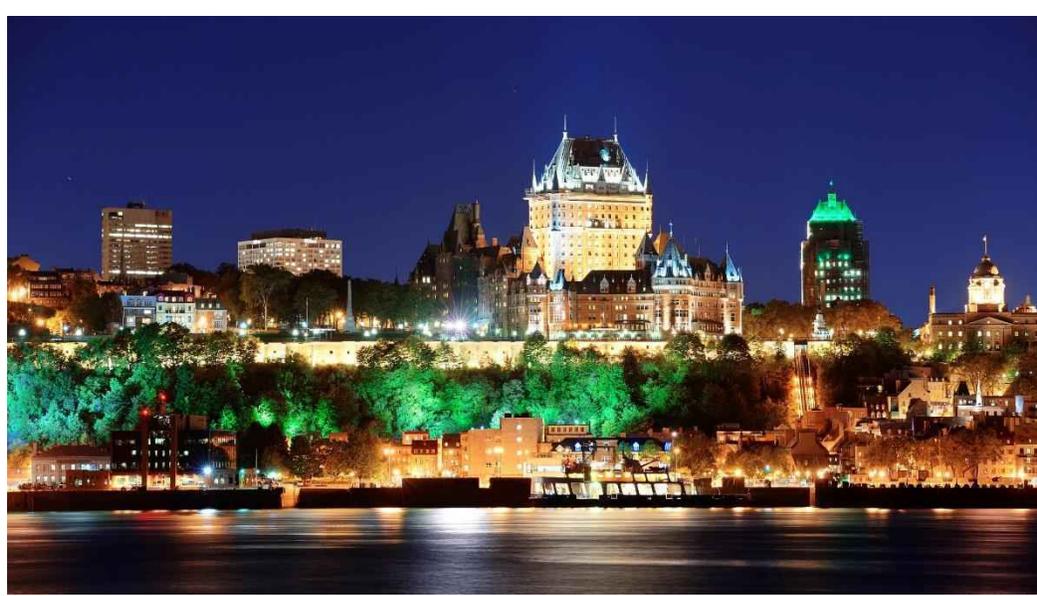
For ease of reading and as Canada continues to develop the HFR procurement process the following terminology will be used:

- a) **Canada** means Her Majesty the Queen in Right of Canada as represented for the purposes of this RFEOI by the Minister of Public Services and Procurement Canada as the “Procurement Authority”, the Minister of Transport as the “Project Authority” and the accountable owner and, where applicable, with respect to the Co-Development Phase, the contemplated wholly-owned subsidiary of VIA Rail as described in Section 2.2.
- b) **Class 2 Cost Estimates** is defined as Budget Control Estimates by the Association for the Advancement of Cost Engineering International (AACE International) and is aimed at determining the baseline estimate to monitor the construction budget of the project. Class 2 Cost Estimate preparation requires design completion between 30% and 75%, and it is expected that the design would include at least the following: Advanced rail and road structure design; Rolling stock detailed design; Quotes for all bulk materials; Advanced design for telecoms, electrification, signalling and utilities; Right-of-way mostly obtained; and Majority of permitting obtained. A Class 2 Cost Estimate is developed by a detailed quantity take-off from drawings for each component of the scope with an associated detail unit rate buildup.
- c) **Co-Development Phase** means the phase when the HFR Project is further developed in collaboration between Canada and the Private Developer Partner as per the terms and conditions of the Pre-Development Agreement.
- d) **Corridor** means the Quebec City to Windsor Corridor.
- e) **Crown** means Her Majesty the Queen in Right of Canada.
- f) **Crown Corporation** means a Crown corporation within the meaning of section 83(1) of the *Financial Administration Act*.

- g) **Execution Phase** means the phase of the design execution, construction, operations and maintenance of the HFR Project. This phase commences with the crowding in of private capital at Financial Close and the execution of the Project Agreement and concludes at the expiry of the concession period.
- h) **Existing VIA Services:** Existing passenger railway services operated by VIA Rail within the Corridor until transfer of responsibility to the Private Partner.
- i) **Federal Sustainable Development Strategy** sets out the Government of Canada's sustainable development priorities, establishes goals and targets and identifies actions to achieve them. More details can be found here: <https://www.fsds-sfdd.ca/>.
- j) **Financial Close** means when the Project Agreement between the Private Partner and Canada is executed and all financing (private capital and potentially CIB financing) and funding required is raised and committed, following a final investment decision on the HFR Project by Canada.
- k) **HFR Project** means the High Frequency Rail Project described in this RFEOI.
- l) **HFR Services** means the new train services in the Corridor using an intercity passenger rail line with new and upgraded rights-of-way, tracks, structures, stations and rail systems.
- m) **Integrated HFR Project Team** means the public sector team that is responsible for developing the HFR Project as outlined in Section 2
- n) **Interested Parties** means developers, railway operators and designers who are potential bidders on the HFR Project, as well as potential contractors to potential bidders, including as it relates to construction, operations, systems, rolling stock and maintenance, and potential private and institutional investors in the HFR Project.
- o) **Investing in Canada Plan** is a Government of Canada plan designed to achieve three objectives: create long-term economic growth to build a stronger middle class, support the resilience of communities and transition to a clean growth economy and build social inclusion and socioeconomic outcomes for all Canadians. More details of the plan can be found here: [63](https://www.infrastructure.gc.ca/plan/about-invest-<u>apropos-eng.html</u>.p) Local Services means the Existing VIA Services between Quebec City to Windsor, post transition to the Private Partner.</div><div data-bbox=)

- q) **Major Cities** means Quebec City, Montreal, Ottawa and Toronto.
- r) **Pre-Development Agreement** means the agreement that Canada anticipates the Project Development Entity entering into with the Preferred Proponent and under which they become the Private Developer Partner to further design and refine the HFR Project alongside Canada during a Co-Development Phase.
- s) **Preferred Proponent** means the Proponent selected by the Procurement Authority during the RFP process to enter into final discussions to complete and sign the Pre-Development Agreement.
- t) **Private Developer Partner** means the Party who is invited to participate in the Co-Development Phase.
- u) **Private Partner** means the Private Developer Partner that executes the Project Agreement to perform the design-build-finance-operate-maintain services for the HFR Project.
- v) **Procurement Authority** means Public Services and Procurement Canada.
- w) **Procurement Phase** means the phase during which the competitive procurement process described in Section 8.3 of this RFEOI will take place. This phase commences with the issuance of the Request for Qualifications and concludes at execution of the Pre-Development Agreement with the Private Developer Partner.
- x) **Project Agreement** means the agreement that Canada anticipates entering into with the Private Partner and under which the Private Partner is to implement the scope of the Project during the Execution Phase.
- y) **Project Authority** means Transport Canada.
- z) **Project Development Entity** means the legal entity identified in Section 2.2.
- aa) **Project Outcomes** means the HFR Project outcomes identified in Section 4 of this RFEOI.
- bb) **Proponents** means the Parties who are invited by Canada to submit a proposal as part of the RFP.
- cc) **Proposal** means the Proponent's bid submission as defined in the RFP document.
- dd) **Qualified Respondents** mean the Parties who have been shortlisted as a result of the RFQ.
- ee) **Request for Expressions of Interest**, or **RFEOI**, means this Request for Expressions of Interest, as amended over time.
- ff) **Request for Proposals**, or **RFP**, means the HFR Project Request for Proposals, as amended over time.
- gg) **Request for Qualifications**, or **RFQ**, means the HFR Project Request for Qualifications, as amended over time.

- hh) **Respondent** means the person or entity (or, in the case of a consortium, the persons or entities) submitting a Response to the RFQ.
- ii) **Response** means a Respondent's bid submission provided to Canada in response to the RFQ.
- jj) **Transportation 2030** means *Transportation 2030: A Strategic Plan for the Future of Transportation in Canada*. More details on Transportation 2030 can be found here: <https://tc.canada.ca/en/initiatives/transportation-2030-strategic-plan-future-transportation-canada>.



Appendix

APPENDIX A: EXPRESSION OF INTEREST FORM

Appendix A: Expression of Interest Form

Expression of Interest Form for the High Frequency Rail (HFR) Project

Please complete and submit this Expression of Interest (EOI) Form as soon as possible, and no later than 3:30 p.m. EDT on May 31, 2022. The EOI Form must be submitted electronically to tgf-hfr@tpsgc-pwgsc.gc.ca with “EOI Form” and the Interested Party’s name in the subject line of the email. Please note this is a Request for Expression of Interest only, not an RFQ submission.name in the subject line of the email. Please note this is a Request for Expression of Interest only, not an RFQ submission.

Interested Party name (full legal name)

Contact name

Contact phone

Contact email

Mailing address

Describe your level of interest in participating in the procurement of the High Frequency Rail Project. (Low, Medium, High)

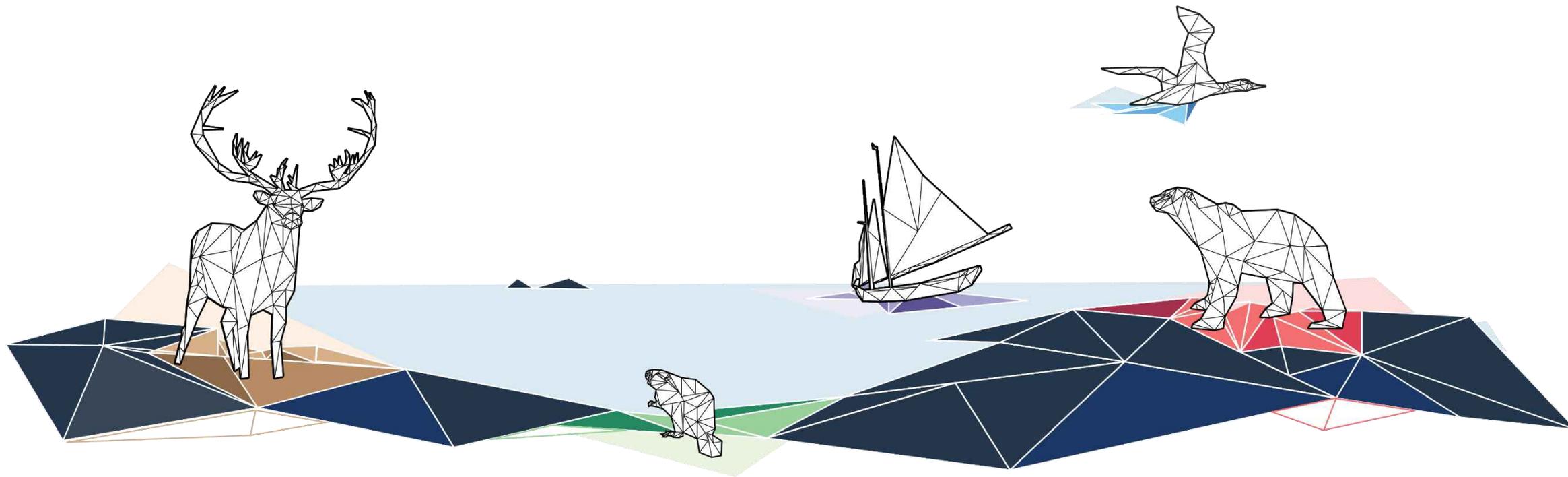
Confirmation, Acknowledgement and Authorization

By submitting this EOI Form, I, _____, on behalf of the Interested Party:

1. Confirm that I have reviewed the RFEOI and I am interested in receiving further information regarding the HFR Project procurement
2. Accept and acknowledge the terms set out in Section 9.4 (Notice) of the RFEOI
3. Acknowledge that the RFEOI is an inquiry only and does not imply a commitment by Canada to proceed with any qualification or competitive bidding process for the procurement of the HFR Project
4. Authorize Canada to send further correspondence relevant to the EOI via the email address provided in this form

CanadaBuys

Supplier package – HFR RFEOI



Procurement Documentation Availability

- This RFEOI is published on both [Buy and Sell](#), and [CanadaBuys](#), the platform Public Services has developed using SAP Ariba.
- It is anticipated that the next phase of the procurement for HFR, the Request for Qualifications, **would only be issued on CanadaBuys**. The Request for Proposals would only be sent to the pre-qualified firms or consortia through a data room.
- Participants are encouraged to register now to CanadaBuys to ensure they have access to the documentation as soon as it becomes available.
- Participants who already have a SAP Ariba account may use it to register for Federal opportunities on CanadaBuys.

Getting started

[CanadaBuys](#) brings a new suite of procurement services that make it easier for suppliers to do business with the Government of Canada.

[Register your business in SAP Ariba](#) to get started with the new tools!

Important practices to keep in mind when registering:

1

If you have an existing Ariba Network account, simply log in using those same credentials on [CanadaBuys](#).

If you do not have an existing account, follow the [registration process](#) on CanadaBuys.

2

Ensure that you are not creating a duplicate account; **there can only be 1 SAP Ariba account per business number (BN)**.

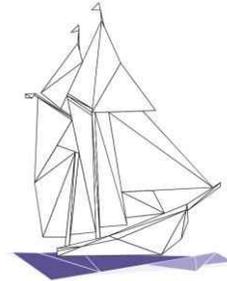
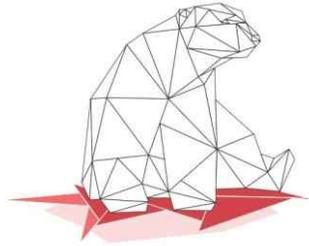
You must use the legal name established through the CRA.

3

Complete the Supplier Profile Questionnaire (SPQ).

Key messages for suppliers

Register now!



Running in parallel

For now, all opportunities will continue to be posted on BuyandSell.gc.ca.

Some opportunities will direct suppliers to the SAP Ariba Network to view the details or submit a bid.

Register and bid!

[Resources](#) such as how-to guides are available on the [CanadaBuys](#) site, helping businesses navigate the registration and bidding processes.

Support sessions

The [event calendar on BuyandSell.gc.ca](#) will continue to post new opportunities for informative sessions to support businesses throughout this transition.

Contact us!

The [CanadaBuys Service Desk](#) is the first point of contact for businesses should they need assistance with the site.

Supporting suppliers

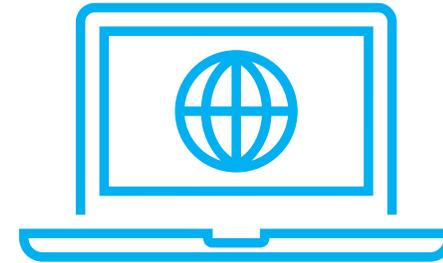
Navigating SAP Ariba



[Ariba Network portal
for suppliers](#)

[Ariba Network supplier
support](#)

Navigating the Government of Canada's new procurement tools



[CanadaBuys Service
Desk](#)

[CanadaBuys resource
centre](#)