



**General Issues Committee
February 19, 2014
Item 7.2**



Hamilton
Public Works

**Biosolids Management Project
Public Private Partnerships (PPP) Canada Funding Update
(PW11098c/FCS1112c) - (City Wide)**

Background

- 2007: City completed a Biosolids Master Plan identifying Thermal Reduction as the Preferred Strategy,
- 2009: EA was completed and filed for Public Review. Formal 'Bump-up' request to Minister by public. Minister completed review in late 2012, rejecting request for the Part II Order, clearing City to proceed with Project,
- 2011: Council directed staff to pursue P3 Funding while at the same time requesting that Enhanced Treatment alternatives be considered,
- May 2012: Original Business Case was approved by Council
- Aug. 12, 2012: Submitted Business Case to PPP Canada
- **Feb 6, 2013: Council approved key decisions including limiting the site to Woodward and setting an \$111M Affordability Cap,**
- April 26, 2013: Updated Business Plan submitted to PPP Canada (incorporating Feb. 2013 Council direction as well other technical details
- **December 18, 2013 Announcement by MP David Sweet that Hamilton's Biosolids Project had been approved to receive PPP Canada funding**

Highlights

- Key highlights to City's Business Case;
 - Design, Build, Finance, Operate & Maintain (DBFOM)
 - Proposed Term is 30 years,
 - Site restricted to the Woodward Avenue WWTP,
 - Technology open to Thermal Reduction or Enhanced Treatment,
 - Enhanced Treatment

Medium capital (\$20-\$30M), medium O&M

Commercial risks due to sale of end product – can be transferred to private sector
 - Thermal Reduction (incineration)

High capital cost (\$35-\$80M), lower O&M

Potential to generate revenues from electricity sale under FIT program (eligibility a concern) or used on site for Plant Operations
 - Affordability Cap set at \$111 million,

Project Schedule

Current Estimated Project Milestones

Task	Start	Finish
PPP Canada Approval of City's Business Case	May '11	Dec. '13
Council Approval to proceed with Transaction Advisor	-----	Feb. '14
Retain Transaction Advisors	Mar. '14	Jun. '14
Document Prep. and 'Project Co.' Pre-Qualification Process	Jun. '14	Jun. '15
Document Prep. and 'Project Co.' Bid Process	Dec. '14	Jun. '16
Design and Construction	Jul. '16	May '19
Operate and Maintain	May '19	May '49

Key Issues/Considerations

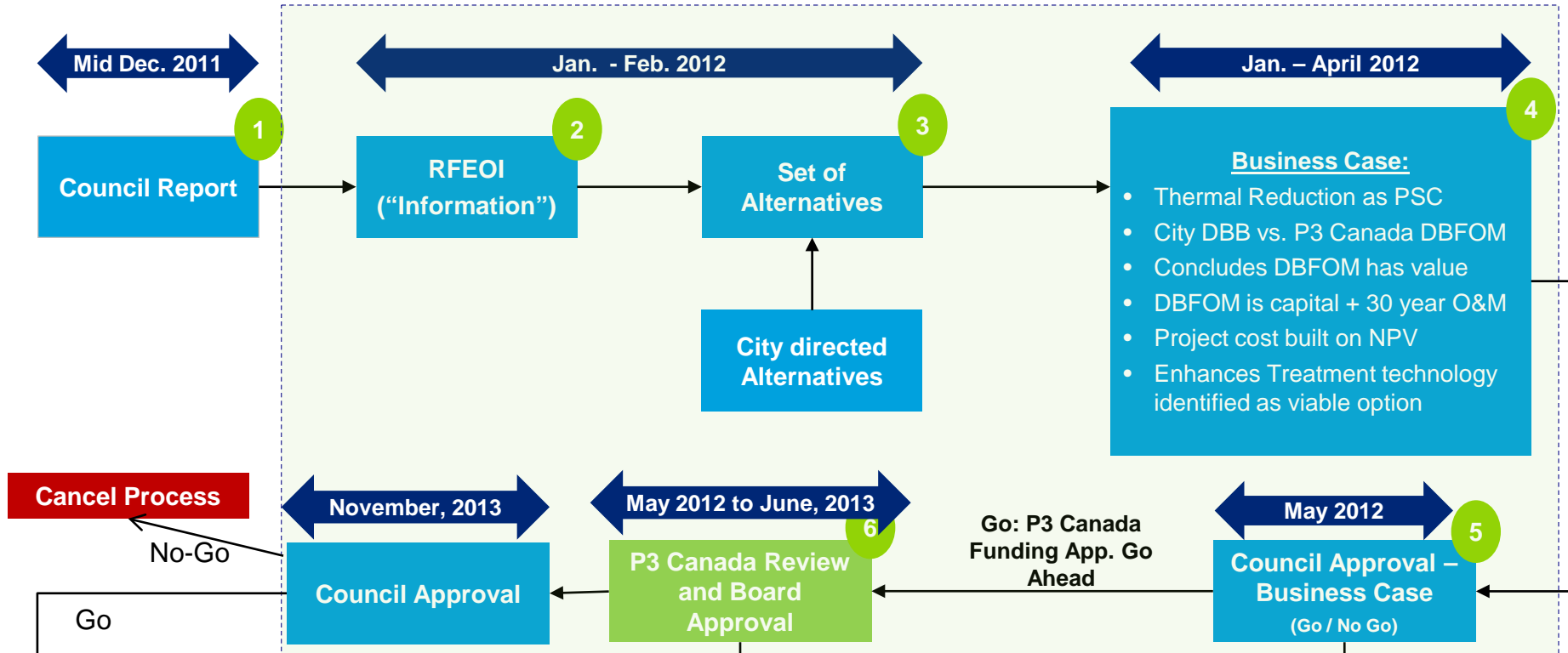
- Current Storage Issue
- City will likely be required to amend completed EA process to allow enhanced treatment to be considered,
- Transaction Advisors
- Base bids + Alternate bids (Maximizing innovation)

Proposed Council Report Recommendation for Feb. 19, 2014 GIC

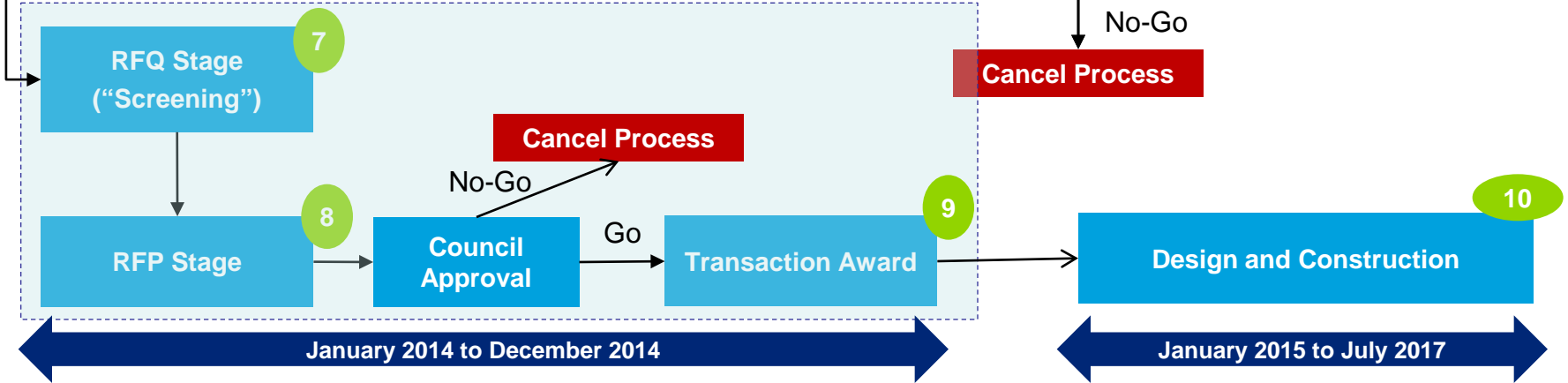
- a) That the Mayor and City Clerk be authorized and directed to execute PPP Canada's Conditional Financial Agreement ('CFA') as included herein as Appendix A, and all necessary associated documents, in a form satisfactory to the City Solicitor and with content acceptable to the General Manager of Public Works, and the General Manager of Finance & Corporate Services;
- b) That the General Manager of Public Works be authorized and directed to proceed with Phase 2 – Transaction Phase of the Biosolids Management Project as follows;
 - i. That the General Manager of Public Works be authorized and directed to proceed with the procurement and award of Transaction Advisors following the City's Request for Proposal procurement policy using approved funds from account 5160966901 having a budget of \$2,000,000;
 - ii. That the General Manager of Public Works be authorized and directed to proceed with the procurement and award of the Fairness Monitor following the City's Request for Proposal procurement policy using approved funds from account 5160966901 having a budget of \$500,000;
 - iii. That the General Manager of Public Works be authorized and directed to proceed with issuing the Request for Pre-Qualifications for the purpose of short listing qualified Proponents for the Biosolids Management Project;
 - iv. That the General Manager of Public Works be authorized and directed to proceed with issuing the Request for Proposal to the pre-qualified proponents resulting from (b)(iii) for the Biosolids Management Project as to identify a Preferred Proponent for Council's consideration;
 - v. That the General Manager of Public Works present the results of the Request for Proposals from (b)(iv) to Council prior to any award.

P3 Canada Funding – Original Workplan

Phase 1: Business Case Phase



Phase 2: Transaction Phase





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Questions?