

Procurement Strategy

Determining Risks Transferred Under Alternative Procurement

- Specific risk impacts and probabilities were developed by the City in conjunction with its advisors
 - Based on Infrastructure Ontario methodology adjusted for specific attributes of the project
- Overall, 80 risks were identified and considered in the determination of retained vs. transferred risks
 - Policy and strategy related 3 risks
 - Design and tender related 9 risks
 - Site conditions and environmental related 6 risks
 - Construction related 25 risks
 - Permit and approval related 7 risks
 - Completion and commissioning related 2 risks
 - Life cycle and residual related 9 risks
 - Operating related 16 risks
 - Project agreement related 3 risks

Procurement Strategy

Types of Risks Transferred Under Alternative Procurement

1. Operational risks
 - Process does not produce Class A product
 - Machinery does not meet planned capacity
 - Electricity and chemical usage is higher than anticipated
 - Labour requirements are higher than expected
2. Maintenance risks:
 - Equipment has higher regular maintenance requirements than expected
 - Useful life of equipment is less than anticipated, requiring more frequent replacement or overhaul
3. Walk-away risk:
 - Contractor abandons project due to problems

Procurement Strategy

Determining Value-For-Money

Design-build
(DB)

Design-build-
finance-
operate-
maintain
(DBFOM)

Total cost to City (net present value)

Procurement Strategy

Determining Value-For-Money

Design-build
(DB)

Direct costs

Design-build-
finance-
operate-
maintain
(DBFOM)

Direct costs

Total cost to City (net present value)

Procurement Strategy

Determining Value-For-Money

Design-build
(DB)

Direct costs

Retained risks

Design-build-
finance-
operate-
maintain
(DBFOM)

Direct costs

Retained risks

Total cost to City (net present value)