

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

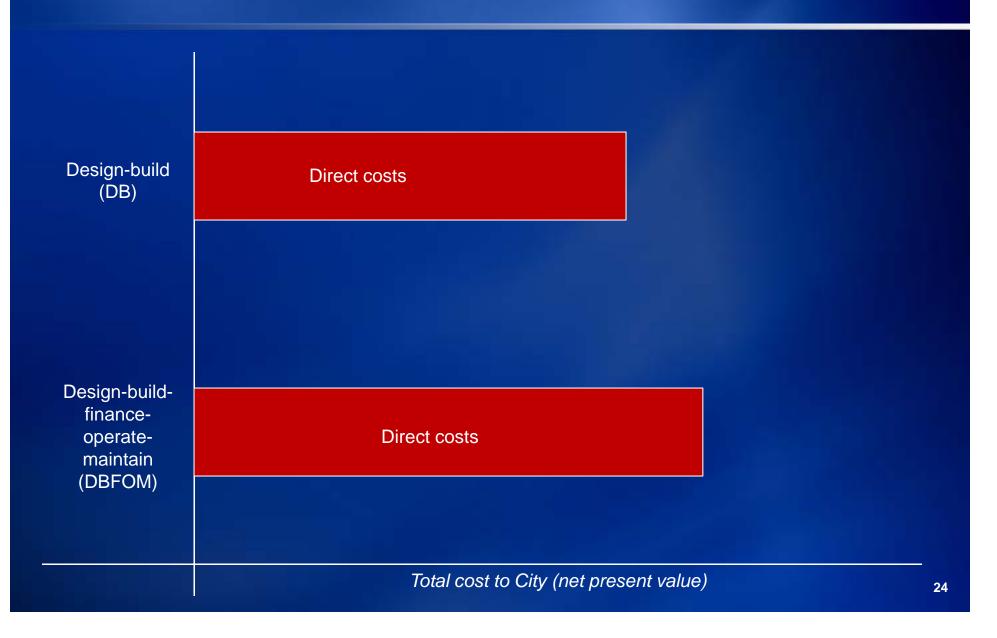
Design-build (DB)

Design-buildfinanceoperatemaintain (DBFOM)

Total cost to City (net present value)



Procurement Strategy Determining Value-For-Money





Procurement Strategy Determining Value-For-Money

