

# Procurement Strategy

## *Recommendations*

- Recommendation is to undertake procurement using a DBFOM approach
- Why?
  1. Meets timeframes for project completion
  2. Manages project specific operational and maintenance risks through transfer to private sector
  3. Provides for highest value-for-money (\$10 million vs DB)
  4. Meets eligibility requirements for P3 Canada funding (\$10 million not available under DB)
  5. Provides strongest anchor of risk transfer
    - Failure to perform = no payment from City

# Procurement Strategy

## Recommendations

- Transaction specifics
  - Subject to negotiations with private sector
    - Initial market sounding demonstrates support for the project

General Contract Terms	Construction	Operations and Maintenance	Financing
<ul style="list-style-type: none"> <li>• 20 year period</li> <li>• Ownership resides with City throughout</li> </ul>	<ul style="list-style-type: none"> <li>• Sludge receiving, blending and dewatering</li> <li>• Biosolids treatment and storage</li> <li>• Odour control for Sudbury WWTP and biosolids facility</li> <li>• Site works</li> </ul>	<ul style="list-style-type: none"> <li>• Sludge dewatering, biosolids treatment and storage</li> <li>• Costs escalate based on pre-determined formula</li> <li>• Compliance with applicable labour requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Construction period financing for 100% of project costs</li> <li>• Long-term financing for portion of capital costs relating to project components operated by consortium</li> </ul>



# City of Greater Sudbury Biosolids Project

Section IV – Budget Implications

Lorella Hayes, City of Greater Sudbury

# Funding Opportunities

- Federal Government: PPP Canada
  - Opportunity for 25% Grant of Eligible Capital Costs, if an alternative procurement strategy is approved
- Provincial Government:
  - No new funding programs announced
  - Discussions with senior officials
- Other Funding Sources
  - Development Charges
  - FCM Green Fund

# Financial Plan

<b>Estimated Capital Costs</b>	<b>\$30 to \$40 million</b>
PPP Canada (25%), if procured as a Design, Build, Operate, Maintain and portion of Finance (DBFOM)	(\$7.5 to \$10 million)
Balance to be Externally Debt Financed	\$22.5 to \$30 million
<b>Annual Debt Repayments to be paid by Wastewater User Fees</b>	<b>\$1.8 to \$2.4 million</b>