

Report to Council

To: Waterworks Committee

From: Administration

Date: June 9, 2015

Re: FINANCIAL AND BUSINESS CASE ADVISOR FOR
WASTEWATER TREATMENT PLANT UPGRADE

Issue:

To accept the proposal for the financial and business case advisor for wastewater treatment plant upgrade

Alternatives:

1. Do not accept any proposals.
2. Accept the proposal from one of the following*:

Ernst & Young Orenda Corporate Finance Inc.	\$64,756.80
Pricewaterhouse Coopers LLP	\$70,200.00
KPMG	\$75,600.00
Deloitte	\$88,863.48

**includes PST of 8%, net of GST Rebate, not including disbursements*

Background:

The City's Capital Plan includes upgrades to the wastewater treatment system to comply with nutrient removal regulations mandated by the Province. The latest estimate provided by AECOM is over \$100 Million and relies on infrastructure funding from both the Province and Federal Governments. (The report from AECOM will be released shortly.)

The City applied for federal and provincial assistance. However, as of 2011, all federal infrastructure projects creating assets with a life span of at least 20 years, and having capital costs of \$100 million or more, are subject to a special screening process to determine whether the project could be suitably procured as a public-private partnership (P3).

The screening process ([P3 Screen](#)) is administered by PPP Canada. If the P3 screen determines that the City's project could be successfully procured through a public-private partnership and a P3 procurement would generate better value for money, New Building Canada Fund funding will be conditional on the project being delivered as a P3.

The City is required through the assistance of a Financial and Business Case Advisor to assess a range of procurement options, including a P3 approach, through both quantitative and financial

analyses. This assessment is undertaken to determine whether a P3 approach could provide better Value for Money than a traditional procurement approach. PPP Canada will review the completed Procurement Options Analysis and determine if the project could be successfully procured through a public-private partnership. This determination will be binding and federal funding will be contingent upon the project being delivered as a P3. The report is expected to be ready for PPP Canada by January 31, 2016.

The City issued a request for proposals for the Financial and Business Case Advisor to prequalified financial consultants. Ernst and Young (EY) came in with the lowest price. EY has relevant municipal, national and global experience in wastewater projects, including advisory services for the City of Winnipeg's utility system. As stated in the proposal, and according to a reference source, this company is very familiar with the expectations of P3 Canada. They stated that their business case was rated the best one received to date by P3 Canada and the reference company was extremely impressed with every aspect of the project delivery, including expertise, communication, reporting, timeliness and project spending.

The City's 2015 operating budget includes \$200,000 for this task with 50% funding from PPP Canada. The City's share of EY's proposal is 50% of \$67,456.80 (\$59,960 plus \$2,500 in disbursement plus PST) or \$33,728.40, which is \$66,271.60 less than the 2015 budget for the City's share.

RECOMMENDATION:

THAT the Council of the City of Portage la Prairie accept the proposal for the Financial and Business case Advisor for the Wastewater Treatment Plant upgrade from Ernst & Young Orenda Corporate Finance Inc. in the amount of \$59,960.00 plus disbursement fees of \$2,500.00 before applicable taxes.
