
**REPORT TO CORE AREA LIQUID WASTE MANAGEMENT COMMITTEE
MEETING OF WEDNESDAY, 14 FEBRUARY 2007**

SUBJECT **PARTNERSHIPS BC PROJECT EVALUATION**

PURPOSE

The purpose of this report is to provide information to the committee on the process. Partnerships British Columbia Inc. (Partnerships BC), in conjunction with the Capital Regional District (CRD) will undertake to evaluate whether or not the sewage treatment program can be completed as a public private partnership.

BACKGROUND

As noted on the attached press release issued by the office of the premier on 27 October 2006, the province of BC will contribute one-third of the funding required to provide effective sewage treatment for the CRD. However, a condition noted in the document is that Partnerships BC take a hard look at whether or not the project can be completed as a public private partnership.

Partnerships BC is a company wholly owned by the province of BC responsible to its shareholder, the minister of finance. Partnerships BC's mandate includes assisting public sector client agencies in identifying and managing public private partnership opportunities. This includes providing specialized services, ranging from advice to project leadership/management to government and government agencies with respect to identifying opportunities for maximizing the value of public capital assets and developing public private partnerships.

The company's clients are public sector agencies and authorities, post-secondary institutions and health authorities. In addition, Partnerships BC's clients include municipalities, regional districts and government entities outside of BC. Larry Blain, president, and Sue-Anne Fimrite, senior project consultant, are the staff responsible within Partnerships BC for this project and are reporting to the minister of community services, the potential funding ministry in BC.

In order to move forward with the review, a business plan for the wastewater treatment program is required. The plan must meet the requirements of Partnerships BC's best practices to qualify for funding consideration by both the provincial and federal governments. Key components of the business plan include:

1. preparation of a risk register and analysis of the risk profiles for each option under consideration;
2. preparation of a multiple criteria analysis for each option, including the establishment of evaluation criteria;
3. a detailed financial analysis, including the preparation of a public sector comparator for use in the assessment of delivery alternatives; and
4. market sounding of the private sector's capability and capacity to design, build and potentially operate part or all of the wastewater treatment program.

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The coordination of the business plan would be done by a management consultant with specific experience in this field. The risk factor analysis and the comparator would be undertaken jointly between CRD and Partnerships BC staff. However, the financial analysis, including the public sector comparator, would need to be prepared by a financial consultant.

A request for proposals (RFP) will be issued for this component, with the results being submitted for the Core Area Liquid Waste Management committee's (CALWMC) consideration in the near future.

FINANCIAL IMPLICATIONS

It is difficult at this point to fix a budget for the business case development. A more defined budget will be submitted to the CALWMC upon the completion of the RFP process.

SUMMARY/CONCLUSIONS

Premier Campbell has committed the support of the provincial government for sewage treatment in the CRD. However, the premier has requested Partnerships BC to examine whether or not the project can be completed as a public private partnership. This examination is done as a business case, jointly with both CRD and Partnerships BC staff. The business case will also be useful for submission to the federal government.

RECOMMENDATION

That the Core Area Liquid Waste Management committee receive this report for information.

Dwayne Kalynchuk, PEng
General Manager, Environmental Services

COMMENTS

DK:wg
Attachment: 1

NEWS RELEASE

For Immediate Release
2006OTP0154-001303
Oct. 27, 2006

Office of the Premier

PROVINCE TO HELP FUND VICTORIA SEWAGE TREATMENT

VICTORIA – The Province will contribute one third of the funding required to provide effective sewage treatment for the Capital Regional District (CRD), Premier Gordon Campbell announced today in his speech to the annual convention of the Union of B.C. Municipalities.

“The lack of sewage treatment for our provincial capital is an embarrassment to British Columbians, and it’s time we work together with the federal government and the CRD to provide proper sewage treatment in Greater Victoria,” Campbell said. “For decades, experts and scientists told the people of Victoria that Mother Nature was doing what needed to be done to deal with Victoria’s sewage, but we now know that’s just not viable anymore. In July we directed the CRD to come up with a plan to implement sewage treatment, and today we’re committing to share the cost of providing that treatment.”

The CRD discharges coarse screened, raw sewage into the Strait of Juan de Fuca through two outfalls, one at Clover Point and one at Macaulay Point. A report produced for the Ministry of Environment by an independent consultant concluded that both outfalls are contaminated sites. The Province has asked the CRD to submit a preliminary report by this December outlining treatment options, the potential location of treatment facilities, potential costs and an implementation schedule.

Premier Campbell said that the Province will work with the CRD and the federal government to find the best, lowest cost solution for sewage treatment in Victoria with the one condition that Partnerships BC take a hard look at whether or not the project can be completed as a public-private partnership.

“Our experience has shown us that public-private partnerships save money, transfer risk and add value through design innovations and ingenuity,” Campbell said. “Providing sewage treatment for the CRD is going to be a major capital project. We owe it to the people of Victoria to make sure it’s done right and done affordably, and a P3 model may well be the best route to deliver on those goals.”

Premier Campbell said P3’s will become the new capital standard. In future, all provincially-funded capital projects with a value of over \$20 million will be considered first by Partnerships BC to be built as public-private partnerships unless there is a compelling reason to do otherwise. Public-private partnerships to date have resulted in significant benefits, including \$131 million in additional benefits on the Sea-to-Sky Highway, \$92 million in benefits for the new Canada Line, \$39 million in benefits on the Abbotsford Hospital and Cancer Centre, and \$25 million in benefits from the new William R. Bennett Bridge.

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1 backgrounder(s) attached.

Media Mike Morton
contact: Press Secretary, Office of the Premier
 250 213-8218

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