



**REPORT TO CORE AREA LIQUID WASTE MANAGEMENT COMMITTEE
MEETING OF WEDNESDAY, April 8, 2015**

SUBJECT BIOSOLIDS FUNDING AGREEMENT

ISSUE

This report provides an update on communication from PPP Canada regarding the extension of the Conditional Financial Agreement (CFA) for the Biosolids Energy Center.

BACKGROUND

On March 11, 2015 the Committee and Board accepted the Proposed Work Plan Overlay (Plan) attached as Appendix A, and approved the recommendation to submit the Plan to PPP Canada for consideration in reviewing the Capital Regional District (CRD) CFA extension request.

PPP Canada recently responded, in a letter dated March 27, 2015 (Appendix B), accepting the Plan as submitted and has allowed for a (1) year extension to March 31, 2016.

The current CFA between the Capital regional District (CRD) and PPP Canada was signed in January 2013 and remains intact. The CFA is an interim agreement that sets out key dates to enable finalization of a definitive financial agreement for the funding of the project. The letter dated, March 27, 2015, will serve as an amendment to the CFA, once signed, and contains the revised deadlines.

The following deadlines have been adjusted:

Term	Original Date	Revised Date
CFA Closing Date:	November 28, 2014	March 31, 2016
CFA Expiry Date:	March 31, 2015	March 31, 2016

The agreement with PPP Canada requires the CRD to follow the Plan with a closing date of March 31, 2016. Any further extensions of this agreement beyond March 31, 2016, will be based on the CRD's ability to meet key milestones set out in the Plan, including site identification and necessary approvals.

IMPLICATIONS

The Board and Committee have already committed to the attached timeline and will impose a timeline on the East Side and West Side Select Committee options development processes. This timeline meets the conditions that have been identified by PPP Canada and has enabled a one year extension to the CFA. This option will preserve the PPP Canada funding commitment. A one year extension to the PPP Canada CFA will assist in discussions with Infrastructure Canada regarding timelines for the wastewater treatment and conveyancing funding agreements.

CONCLUSION

Work for the West and East Side Select Committees will continue with a target completion date of June 2015. Once complete, site selection and zoning work will commence with a final approval deadline of March 31, 2016.

RECOMMENDATION

That the Core Area Liquid Waste Management Committee receive this report and forward to the Capital Regional District Board for information.

Submitted By:	Diana E. Lokken, CPA,CMA, General Manager, Finance & Technology Dept.
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

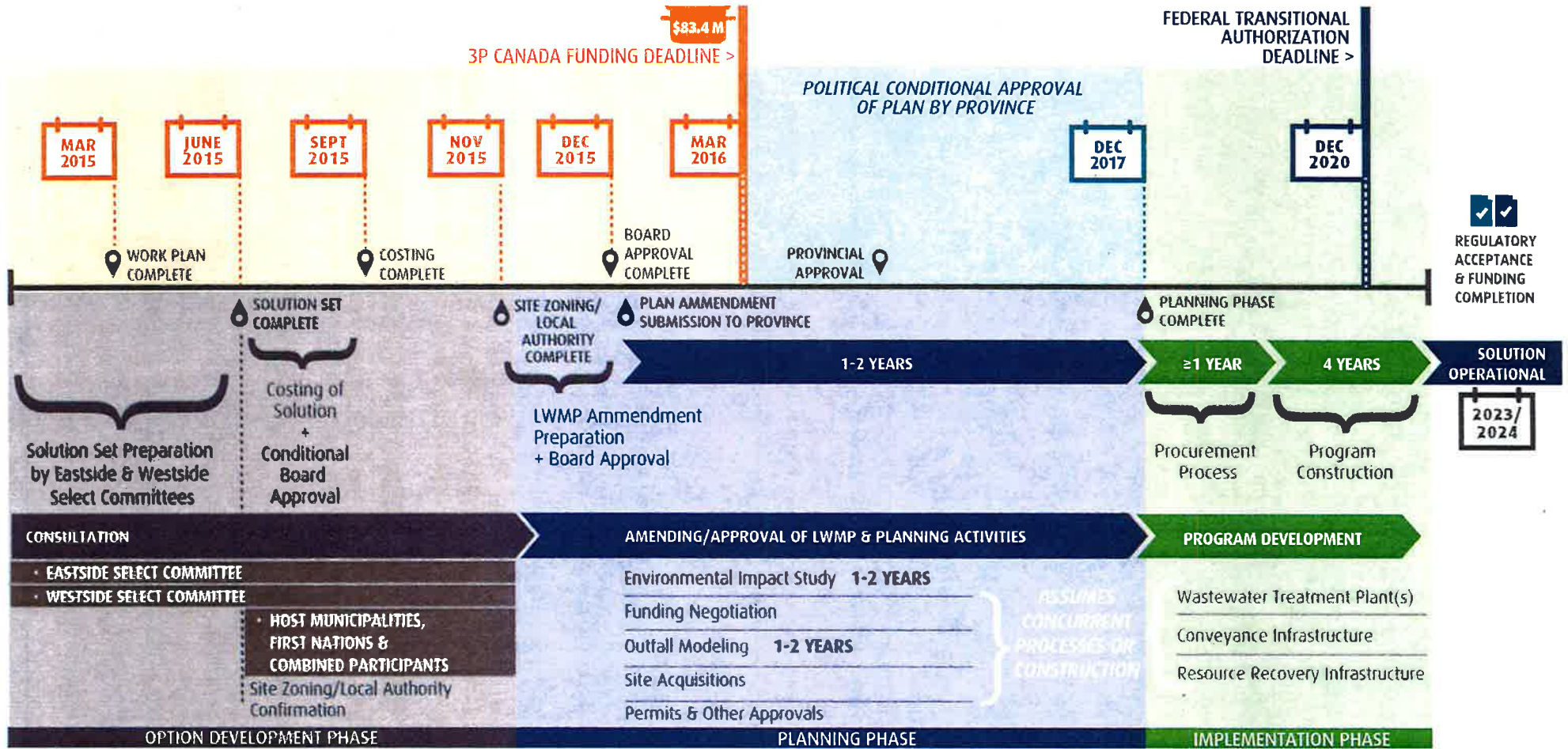
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Attachment A – Proposed Work Plan Overlay
Attachment B – Copy of Letter from PPP Canada Inc.

Proposed Work Plan Overlay

3P CANADA FUNDING CONSIDERATIONS

OPTION DEVELOPMENT, PLANNING & IMPLEMENTATION PHASES



CRD EXECUTIVE OFFICE*Received***MAR 27 2015****PPP Canada**

Chief Executive Officer

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Ottawa, Ontario K1P 1J9

Premier dirigeant

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March 27, 2015

Robert Lapham
Chief Administrative Officer
Capital Regional District
625 Fisgard Street, PO Box 1000
Victoria, BC, Canada, V8W 2S6

<input checked="" type="checkbox"/> Chair	<input checked="" type="checkbox"/> Board
<input checked="" type="checkbox"/> CAO	<input checked="" type="checkbox"/> Communications
<input checked="" type="checkbox"/> GM <u>ELT</u>	
<input type="checkbox"/> For action / resp. by: <u>B. LAPHAM</u>	
<input type="checkbox"/> Corresp. for Board / Committee meeting	
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Dear Mr. Lapham:

RE: Extension of the Conditional Financial Agreement (CFA) for the Biosolids Energy Centre with the Capital Regional District (CRD)

Thank you for your letter dated March 17, 2015, regarding CRD's Proposed Work Plan Overlay (the "Plan") and the requested one year extension to the Conditional Financial Agreement (CFA) between the Capital Regional District (CRD) and PPP Canada Inc., made effective on July 1, 2011, for the Biosolids Energy Centre (Project).

We recognize the efforts and steps taken by the CRD to address the challenges presented as a result of the delays encountered in the construction of the wastewater treatment plant at McLoughlin Point. I also appreciated the opportunity to meet with the CRD Board Chair and members of the East Side and West Side CRD Select Committees during my recent visit to Victoria in order to clarify PPP Canada's position on this issue. Based on the additional information, we are willing to grant your request to extend the CFA for a period of one (1) year to allow you additional time to make progress in accordance with the Plan.

This letter shall serve as an amendment to the CFA once signed. This is in accordance with the CFA Amendment Clause, which indicates that the CFA may be amended by written agreement of the parties and which amendment may be evidenced by an exchange of signed letters between the Chief Administrative Officer for the CRD and the Chief Executive Officer for PPP Canada. In my capacity as CEO of PPP Canada Inc., I hereby concur with the requested extension to the CFA Closing and Expiry dates, as follows:

- Under the CFA section titled "Closing", replace "November 28, 2014" with "March 31, 2016"; and
- Under the CFA section titled "Expiry Date", replace "March 31, 2015" with "March 31, 2016".

Canada

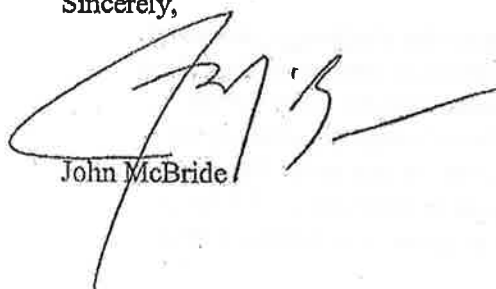
Subsequent extensions of the CFA, beyond March 31, 2016, will be based on the CRD's ability to achieve the key milestones set out in the Plan, provided in your March 17, 2015 letter.

I would also like to reiterate that the CFA applies to the Project, as set out in the CFA. Significant changes to the Project would constitute a new project and would require a new application from the CRD. The criteria for significant changes are set out in my letter of January 9, 2015.

I appreciate the ongoing collaboration between our organizations and look forward to continuing dialogue, throughout the coming year, regarding the CRD's progress in achieving the milestones indicated in the Plan.

In order for this Amendment to take effect, please sign this letter in the space provided below by March 31, 2015, and return it to my attention. Thank you for your immediate consideration of this matter.

Sincerely,



John McBride

For the Capital Regional District:

Robert Lapham, MCIP, RPP
Chief Administrative Officer

Date:

Canada