

December 6th, 2016

Mr. Dan Chauvin
Director of Woodward Upgrades
City of Hamilton
700 Woodward Ave, Engineering Building
Hamilton, ON L8H 6P4

Subject: Request For Proposal to Design, Build, Finance, Operate and Maintain Biosolids Management Project (RFP # C11-03-16).

Dan:

P1 Consulting acted as the Fairness Monitor to review and monitor the communications, evaluations and decision-making processes that were associated with the City of Hamilton's Request For Proposal to Design, Build, Finance, Operate and Maintain Biosolids Management Project (RFP # C11-03-16).

As Fairness Monitor, we were responsible for monitoring all aspects of the procurement process in order to confirm that it was conducted in a manner consistent with the RFP, evaluation framework and principles of fairness, openness and transparency. P1 Consulting began its involvement with the RFP phase of this procurement process in December 2015, with review of the draft RFP documents. We subsequently attended the all Proponents Meeting and Site Visits and each of the Commercially Confidential Meetings (CCMs), the evaluation consensus sessions, and Steering Committee Meeting. Throughout the process we also advised on fairness-related matters brought to us by the City and its advisors.

As the Fairness Monitor for the City of Hamilton Request For Proposal to Design, Build, Finance, Operate and Maintain Biosolids Management Project (RFP # C11-03-16), we certify that, at the time at which this letter was prepared, the principles of fairness, openness and transparency have, in our opinion, been maintained throughout procurement process. Furthermore, no issues emerged during the process, of which we were aware, that would impair the fairness of this initiative.

Yours truly,



Stephanie Braithwaite, Fairness Monitor
P1 Consulting Inc.

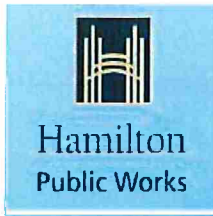
Cc:
Oliver Grant, Fairness Monitor
P1 Consulting Inc.



P1 Consulting Inc.



Biosolids Management Project – PPP Canada Funding (PW11098e/FCS11112e) - (City Wide)
Appendix C- Fairness Monitor Report



Request for Proposals to Design, Build, Finance, Operate and Maintain Biosolids Management Project (RFP # C11-03-16)

Confidential

Fairness Monitor's Interim Report

December 6th, 2016

Submitted by:





Request for Proposals to Design, Build, Finance, Operate and Maintain
Biosolids Management Project (RFP # C11-03-16)
City of Hamilton – Public Works Department, Hamilton Water Division
Fairness Report - **INTERIM**

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1.0 Introduction

The Hamilton Water Division within the Public Works Department at the City of Hamilton intends to select a qualified private sector partner ('Project Co.') for the design, build, financing, operation, and maintenance (DBFOM) of a new 60,000 wet tonne per year biosolids processing facility at its Woodward Avenue Wastewater Treatment Plant (the "Site").

The City intends to enter into a Project Agreement for the DBFOM of the Facility with Project Co. which outlines the terms and conditions of the 30-year contract. The choice of Biosolids Processing Technology will be left to Project Co, subject to it being compliant with the City's performance requirements and the Environmental Assessment. Project Co will be responsible for disposing of any By-product, and marketing and sale of any Product, produced by the Facility.

The Project Agreement is structured whereby the City will make a payment of 50% of Project Co's capital costs at Substantial Completion (25% City and 25% PPP Canada contribution). During the 30-year OMR Term following Substantial Completion, the City will compensate Project Co on a monthly basis. The monthly payments will be composed of a fixed capital repayment and an availability payment based on volume of processed biosolids. The Project Summary provides more detailed information on the anticipated financial and technical terms of the Project as they are currently understood.

P1 Consulting commenced review of the Request for Proposals (RFP) document for the Project in December 2015. Stephanie Braithwaite from P1 Consulting was the Fairness Monitor with support and Executive Oversight from Oliver Grant.

2.0 Scope of the Fairness Monitor Engagement

P1 Consulting performed the following tasks and our findings:

#	Task	Fair (Yes / No)
1.	Reviewed draft RFP documentation to identify potential inconsistencies or lack of clarity in the RFP and provide feedback to the City	Yes
2.	Ensured that project meetings (mandatory or not) were clearly identified in the RFP and confirmed there were no meetings related to the procurement that the Proponents were not notified of	Yes
3.	Ensured that: <ul style="list-style-type: none"> The time and method of the closing were clearly identified in the RFP The Mandatory requirements were adhered to for the Proposals that were evaluated in accordance with the City's policies 	Yes Yes
4.	Attended and monitored all meetings with the Proponents	Yes
5.	Ensured that answers were made available to all Proponents for all questions that were submitted	Yes
6.	Reviewed Proponent questions and the City's responses, prior to their issuance	Yes
7.	Reviewed and approved amendments and addenda	Yes
8.	Ensured that the evaluation criteria and process were included in the RFP	Yes
9.	Reviewed evaluation, scoring procedures and related documents (Evaluation Orientation) with respect to clarity & consistency	Yes
10.	Confirmed confidentiality commitments by all Evaluators	Yes
11.	Attended internal meetings related to the evaluation process	Yes
12.	Ensured that the composition of the evaluation committee adhered to the evaluation process	Yes
13.	Attended and monitored evaluation consensus sessions	Yes



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#	Task	Fair (Yes / No)
14.	Ensured that the evaluation criteria were applied consistently and fairly	Yes
15.	Ensured that the pricing evaluation was adhered to as set out in the RFP	Yes
16.	Reviewed evaluation results for the Evaluation Criteria	Yes
17.	Confirmed that the evaluation results were consistent with our observations	Yes
18.	Attended the Debriefing Meetings for unsuccessful Proponents to ensure they were conducted fairly and consistently	No - Not Yet Scheduled
19.	Provided a final report of the conclusion of the RFP process on the fairness, openness and transparency of the process	Pending

3.0 RFP Open Period and Proposal Submission

The RFP was issued on February 4th, 2016. A Proponent’s Meeting, Site Visits and Commercially Confidential Meetings were held throughout the Open period. All meetings and Site Visits with Proponents were attended by a Fairness Monitor.

Technical RFP Submissions were received in accordance with the process set-out in the RFP, on or before the submission deadline of October 7th, 2016 at 2:00 PM (Hamilton local time), from each of the Pre-qualified Proponents:

- Biosolids Process Partners
- Hamilton Biosolids Partners
- Harbour City Solutions

All three of the associated Financial RFP Submissions were received on or before the submission deadline of November 15th, 2016 at 2:00 PM (Hamilton local time), as confirmed by the City’s Procurement Contact Person.

4.0 Requests for Proposals Evaluation Process

Evaluator training was conducted for all evaluation participants on the evaluation process and procedures on October 3rd, 2016, and all evaluation participants signed the City’s Conflict of Interest and Confidentiality Forms.

The Evaluation Steering Committee was comprised of:

- Dan McKinnon (Lead), City of Hamilton
- Dan Chauvin, City of Hamilton
- Tina Iacoe, City of Hamilton
- Brian McMullen, City of Hamilton

The Conflict Review Team was comprised of:

- Brian Decaire (Lead), City of Hamilton
- Donna Drozd, City of Hamilton
- Marianne Smith, Blakes (SME)
- Alyssa Shivji, Blakes (SME)

The Compliance Review Team was comprised of:

- Donna Drozd (Lead), City of Hamilton
- Brian Decaire, City of Hamilton
- Rick Pajor, City of Hamilton



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- Alyssa Shivji, Blakes
- Meaghan Parry, Blakes
- Stephanie Console, Blakes
- Marianne Smith, Blakes (SME)

The Evaluation Coordinators included:

- Karen Lanto, City of Hamilton (Lead)
- Remo Bucci, Deloitte
- Donna Drozd, City of Hamilton

Subject Matter Experts included the following:

- Devin O'Brien, Deloitte
- Warren Saint, CH2M Hill
- Deborah Ross, CH2M Hill
- Alyssa Shivji, Blakes
- Marianne Smith, Blakes

The evaluation included the following:

4.1 Compliance/ Completeness Review

All three Proponent submissions met the compliance and completeness requirements and therefore all three submissions proceeded to the next phase of technical evaluation.

4.2 Technical Review

The Technical Evaluation Team was comprised of:

- Nathan Reicheld, City of Hamilton (Lead)
- Peter Burrowes, CH2M Hill
- James Jupp, CH2M Hill

Upon completion of their individual evaluations, the evaluators convened to reach consensus on the scores related to the written technical submission criteria. The consensus meeting was held on November 14, 2016. The Fairness Monitor attended the evaluation consensus meeting and attests that the proceedings were performed in a fair, open and transparent manner. All Three of the Pre-Qualified Proponents, met the required minimum pass/fail criteria and technical score requirements to proceed to the Financial Evaluation stage in compliance with the Evaluation Framework.

4.3 Financial Review

The Financial Evaluation Team was comprised of:

- Carla Ippolito, City of Hamilton (Lead)
- Usman Ejaz, Deloitte

The Financial Score Team was comprised of:

- Mohammed Mehany, Deloitte
- Zeon Billy, Deloitte



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The Financial Submission was evaluated and scored in accordance with the RFP and the evaluation matrix which was reviewed by the Fairness Monitor from a fairness perspective. The Fairness Monitor concluded that the review was performed fairly and in compliance with the City's Evaluation Framework.

4.4 Clarification Process

No clarification question were issued as part of the RFP evaluation process.

5.0 Selection Result

In accordance with the RFP, based on the Final Proposal Score, Harbour City Solutions was determined to be the Preferred Proponent.

6.0 Debriefing Sessions

At the time of preparation of this report, no debriefings have been requested/scheduled.

7.0 Location of the Proposals

Copies of the RFP submissions were provided to the evaluation team for their individual review and assessment in advance of the initial evaluation consensus meeting. We understand that the original submissions will be kept by the City of Hamilton's procurement department in accordance with its internal policies.

8.0 Observations

The City's project team and its Advisors prepared comprehensive documentation related to the RFP to Design, Build, Finance, Operate and Maintain Biosolids Management Project (RFP# C11-03-16). They responded positively to all fairness comments and questions and promptly addressed issues during the procurement.

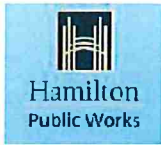
The evaluation process and criteria described in the RFP were applied consistently and equitably. In the final evaluation discussions, the evaluators demonstrated that they had been diligent in their responsibilities, they were able to support their individual evaluation assessments, and they did not appear to have any bias for or against any Proponent. The evaluation team reached consensus scores on all criteria for all Proposals. The Steering Committee conducted their duties ensuring diligence and appropriate oversight for the overall process.

9.0 Conclusion

As the Lead Fairness Monitor for the City of Hamilton RFP to Design, Build, Finance, Operate and Maintain Biosolids Management Project (RFP # C11-03-16), we certify, in our opinion that, up to the point at which this Report was delivered, the process was undertaken in a fair, open, and transparent manner.

Upon completion of the City's approvals and debriefing activities, a final fairness report will be issued.

A handwritten signature in black ink, appearing to read "S. Brubaker".



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Stephanie Braithwaite, Fairness Monitor, P1 Consulting
cc.: Oliver Grant – Fairness Monitor, P1 Consulting