



**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
**Hamilton Water Division**

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	February 5, 2018
<b>SUBJECT/REPORT NO:</b>	Biosolids Management Project - Novation of Financial Agreement (PW18015) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Dan Chauvin (905) 546-2424, Extension 5988
<b>SUBMITTED BY:</b>	Andrew Grice Director, Hamilton Water Public Works
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the General Manager of Public Works be authorized and directed to negotiate the terms of the Novation Agreement with PPP Canada Incorporated (PPP Canada) and Infrastructure Canada (IC), including any ancillary documents required to give effect thereto, in a form satisfactory to the City Solicitor;
- (b) That the Mayor and City Clerk be authorized and directed to execute the Novation Agreement, including any ancillary documents required to give effect thereto, in a form satisfactory to the General Manager of Public Works and City Solicitor.

**EXECUTIVE SUMMARY**

The City of Hamilton (City) achieved Commercial Close of contract C11-03-16 Biosolids Management Project on March 28, 2017 for the Design, Construction and long term Operation and Maintenance of a new biosolids facility through a private-public partnership with Harbour City Solutions. This contract is partially funded by the PPP Canada Fund as administered by PPP Canada Inc. As authorized in Council Report PW11098e/FCS11112e Biosolids Management Project - PPP Canada Funding, a formal Financial Agreement was then executed with the City and PPP Canada outlining the terms of the funding commitment.

---

*OUR Vision: To be the best place to raise a child and age successfully.*

*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

**SUBJECT: Biosolids Management Project - Novation of Financial Agreement  
(PW18015) (City Wide) - Page 2 of 3**

---

On November 3, 2017, the Honourable Amarjeet Sohi, Minister of Infrastructure and Communities, announced the Government of Canada's intention to dissolve PPP Canada. As a result, City staff has been recently advised by PPP Canada that effective March 31, 2018, PPP Canada will be dissolved, and that Infrastructure Canada will be assuming their obligations relating to the Funding Agreement. Therefore, a Novation Agreement is required to be executed between the City, PPP Canada and Infrastructure Canada prior to April 1, 2018 that will transfer all PPP Canada obligations of the Financial Agreement to Infrastructure Canada.

***Alternatives for Consideration – See Page 3***

**FINANCIAL - STAFFING - LEGAL IMPLICATIONS**

Financial: The proposed recommendations will not have a financial impact as the funding commitment will continue under Infrastructure Canada.

Staffing: There are no staffing implications associated with the proposed recommendations.

Legal: The proposed recommendations will not have a material legal impact as the rights and obligations under the Financial Agreement are not altered by the Novation Agreement. With the Novation Agreement in place, the City will now look to Infrastructure Canada (as opposed to PPP Canada) for funding under the Financial Agreement.

**HISTORICAL BACKGROUND**

In January 2017 Council provided the authority to negotiate and execute the Financial Agreement with PPP Canada, by way of report PW11098(e), together with the awarding the private-public partnership contract for the Biosolids facility. The Financing Agreement is considered confidential by PPP Canada; however in general terms, the funding support is approximately \$14,265,000 (25% of eligible costs).

City staff worked diligently with PPP Canada representatives in the development of the Financial Agreement and remains of the position that the City's best interests are maintained, and no amendments are required. The City has also worked with Infrastructure Canada in other sponsorship funds, including past projects under the Green Infrastructure Fund, and found such experiences to be equally successful. City staff therefore has no concerns from an administration perspective on moving forward with Infrastructure Canada in the administration of the Financing Agreement.

---

*OUR Vision: To be the best place to raise a child and age successfully.*

*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

None

## **RELEVANT CONSULTATION**

In developing this report, the following internal consultation was undertaken;

- Legal Services, Corporate Services Department, was consulted regarding the appropriateness of the Novation Agreement and the recommendations; and,
- Capital Budgets Section, Financial Planning and Policy Division, Corporate Services Department, regarding administration and timeframes concerns.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The Government of Canada has ceased the operations of PPP Canada with the expectation that PPP Canada be dissolved by March 31, 2018. In planning on how best to move forward, PPP Canada and Infrastructure Canada have jointly approached Hamilton with a Novation Agreement that will have Infrastructure Canada continue the Government of Canada's funding obligations under the Financial Agreement.

Staff has discussed and agreed that the Novation Agreement is a reasonable means to move forward. City staff's past experience with Infrastructure Canada has been positive. The proposed recommendations will have no impact on the delivery of the biosolids project while maintaining the funding support provided by the Government of Canada.

## **ALTERNATIVES FOR CONSIDERATION**

There are no viable alternatives where PPP Canada will continue to administer the Financing Agreement.

## **ALIGNMENT TO THE 2016 - 2025 STRATEGIC PLAN**

### **Built Environment and Infrastructure**

*Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.*

## **APPENDICES AND SCHEDULES ATTACHED**

N/A