

Halifax Harbour Solutions
REQUEST FOR PROPOSALS

May 30, 2000

**For A Public-Private Partnership for a
Sewage Treatment System for Halifax Harbour**



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Part 1 General

1.1 Introduction

The Halifax Regional Municipality ("HRM") is committed to proceeding by means of a public-private partnership in accordance with this Request for Proposals ("RFP") to implement the Halifax Harbour Solutions Project ("Project") to develop, as a minimum, an advanced primary sewage treatment system for sewage discharged into the Halifax Harbour ("Harbour").

The Project consists of designing, constructing and commissioning four (4) Sewage Collection Systems (including combined sewer overflows and pumping stations) and four (4) Facilities (including Sewage Treatment Plants, outfalls and diffusers) and providing a Sludge Handling and Management System(s). Each Sewage Collection System and related Facility shall be designed as an integrated system, with the Sewage Collection Systems being managed and operated by HRM and the Facilities being managed and operated by the private sector partner.

This RFP invites, in no order of priority, each of Aquafax Group, Halifax Regional Environmental Partnership and Halifax WaterWorks Group to submit a Proposal to HRM describing in detail the technical and financial aspects of the plan by which it proposes to:

- (a) design, construct and commission the four (4) Sewage Collection Systems;
- (b) design, construct, commission, manage, operate and maintain the four (4) Facilities; and
- (c) provide a Sludge Handling and Management System,

as contemplated by this RFP.

In addition, the Proponent may submit:

- (a) an alternate long-term financing proposal to HRM's long-term financing for the Facilities;
- (b) a solution comprised of less than four (4) Facilities with corresponding Sewage Collection Systems;
- (c) a solution for a sewage collection and transmission system which is alternate to the required submission of a tunnel solution for the Sewage Collection Systems of Halifax North and Dartmouth; and

- (d) a supplement to its Proposal for additional use(s) of the Halifax North Sewage Treatment Plant site which would enhance or better utilize the site potential.

1.2 Construction of RFP

In this RFP:

- (a) any gender include all genders;
- (b) the word "including" shall mean "including without limitation" and the word "includes" shall mean "includes without limitation";
- (c) any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated thereunder, as the same may be amended, re-enacted, consolidated and/or replaced from time to time, and any successor statute thereto, unless otherwise expressly provided;
- (d) when calculating the period of time within which or following which an act is to be done or step taken, the date which is the reference date in calculating such period shall be excluded; provided however, if the last day of such period is not a Business Day, the period shall end on the next Business Day;
- (e) except where otherwise defined, words, phrases or abbreviations which are well known or which have trade meanings are used herein in accordance with their recognized meanings;
- (f) capitalized words and phrases used herein shall, for all purposes of this RFP and the Appendices hereto, unless there is something in the subject matter or context inconsistent therewith or unless otherwise defined herein or therein, have the meanings set out in Appendix Z; and
- (g) reference to the "Proponent" herein is to the entity preparing the response to this RFP; reference to the "Selected Proponent" is to the Proponent that has been selected by HRM to enter into the Project Agreements; and reference to the "Company" is to the Selected Proponent after it has executed the Project Agreements.

1.3 Request for Proposals Format

This RFP provides the Project Requirements and the Operating and Maintenance Requirements and provides the Proponent with information to facilitate the preparation and submission of its Proposal. The parts of this RFP are as follows:

Part 1 - Introduction: Provides an overview of the Project and background information;

Part 2 - Management Requirements: Describes the management component of the Project;

Part 3 - Construction Period: Describes the design, construction and commissioning elements of the Project;

Part 4 - Operating Period: Describes the Facility management, operating and maintenance elements of the Project, including the Sludge and residue management and disposal;

Part 5 - Business Arrangements: Describes details relating to the key terms and conditions of the business arrangements to form part of the Project;

Part 6 - Security Requirements: Describes the requirements of the Project for insurance, bonding and the parameters relating to risk management mechanisms generally, including guarantees from the Proponent Guarantor;

Part 7 - Proposal Submission and Selection Process: Describes the process and summarizes the schedule and the basis of evaluation and selection of the Selected Proponent;

Part 8 - Mandatory Submission Requirements: Describes the mandatory requirements relating to the Proposal format and process and provides details of specific materials which must be submitted with the Proposal; and

Part 9 - Other Matters: Provides the terms and conditions governing the relationship of HRM and the Proponent.

1.4 General

1.4.1 HRM Project Objectives

HRM has five (5) objectives related to the Project:

- (a) to maximize environmental benefits;
- (b) to anticipate, minimize and manage potential adverse environmental effects;
- (c) to minimize life cycle costs for the Facilities and the Sewage Collection Systems and, therefore, rates to citizens;
- (d) to achieve the completion of each component of the Project in a timely manner at minimum cost to HRM; and

- (e) to maximize economic benefit to Nova Scotians.

1.4.2 Project Overview

In general terms, the Project consists of three parts as follows:

- (a) to design, construct and commission four (4) Sewage Collection Systems (including pumping stations and combined sewer overflows) to intercept and collect not less than four (4) times the average dry weather flows estimated by HRM for the year 2041 from the sewersheds of Halifax North, Dartmouth, Herring Cove and Halifax South (as shown on Appendix C (Table 1), Appendix D (Table 2), Appendix E (Table 3) and Appendix F (Table 4)) and to convey and deliver the intercepted flows to the corresponding Sewage Treatment Plant site or pumping station associated with lifting the sewage that discharges at the headworks of the Sewage Treatment Plant (or in the event that HRM proceeds only with Phase 1 of the Project, to the Harbour or to the Sewage Treatment Plant site or pumping station, as applicable); and
- (b) to design, construct, commission, manage, operate and maintain four (4) Facilities (comprised of Sewage Treatment Plants, outfalls and diffusers) utilizing, as a minimum, proven advanced primary process technology to treat the flows shown for "Initial Construction" in the Table in Subsection 3.3.2.2, from the relevant tributary system such that the effluent meets or exceeds the Effluent Quality Requirements and all conditions of all Governmental Authorities; and
- (c) to provide an off-site Sludge Handling and Management System(s).

In addition to submitting a solution comprised of four (4) Facilities, the Proponent may submit a solution comprised of less than four (4) Facilities with corresponding Sewage Collection Systems.

Generally, the Facilities and the Sewage Collection Systems shall be designed to minimize life cycle costs. The Facilities and the Sewage Collection Systems are to be designed and constructed for a low maintenance budget with a design life of structural components of at least sixty (60) years, mechanical components of at least twenty-five (25) years and electrical instrumentation components of at least fifteen (15) years.

1.4.3 Facility Sites and Sewage Collection System Locations

HRM will provide the four (4) sites for the Sewage Treatment Plants. Information on the intended locations of the four (4) sites is contained in Appendix A.

In addition, HRM will provide the lands required in connection with the design and construction of the access road for the Dartmouth Facility and the realignment of Water Street for the Halifax North Facility.

The Company shall be responsible for the choice of the routing of the Sewage Collection Systems and the locations of the pumping stations, outfalls, combined sewer overflows and diffusers, which shall be acceptable to HRM. If the routing or these locations are not within lands over which HRM has control (or lands for which HRM is presently negotiating), the Company shall be responsible for obtaining appropriate control of the locations. Conditions under which HRM may exercise its power of expropriation to secure control of a location proposed by the Company are set forth in Subsection 3.2.3.

1.4.4 Business Arrangements/Phased Implementation

It is possible that the Project will be implemented in two phases. The Proponent must submit its Proposal for the entire Project, namely the Phase 1 components and the Phase 2 components. If HRM secures financing for the Phase 2 components, HRM shall issue an addendum to this RFP not later than sixty (60) days prior to the Proposal Due Date establishing completion dates for the Phase 2 components, in which case the Selected Proponent shall be chosen on the basis of HRM's evaluation of the Proposals for the total Project, namely Phase 1 and Phase 2.

Phase 1

- Halifax North
 - Sewage Collection System
 - Facility
 - Sludge Handling and Management System

- Dartmouth
 - Sewage Collection System
 - Facility
 - Sludge Handling and Management System

- Halifax South
 - Sewage Collection System
 - Outfall to the Harbour

Phase 2

- Halifax South
 - Facility
 - Sludge Handling and Management System

- Herring Cove
 - Sewage Collection System
 - Facility
 - Sludge Handling and Management System

The components of Phase 1 and Phase 2 may be modified by HRM in the event a Proposal containing an additional solution comprised of less than four (4) Facilities with corresponding Sewage Collection Systems is submitted by a Proponent.

The Phase 1 components of the Project shall be commenced on the following dates:

Project Component	Start Date
Halifax North - Sewage Collection System - Facility - Sludge Handling and Management System	Any date in 2001
Dartmouth - Sewage Collection System - Facility - Sludge Handling and Management System	March 31, 2003
Halifax South - Sewage Collection System - Outfall to the Harbour	March 31, 2004

For purposes of the Financial Proposal only, the Proponent may assume the following start dates for the Phase 2 components of the Project:

Project Component	Start Date
Halifax South - Facility - Sludge Handling and Management System	March 31, 2005
Herring Cove - Sewage Collection System - Facility - Sludge Handling and Management System	March 31, 2007

In the event an addendum is not issued:

- (a) for clarification, HRM, and not the Company, will operate, manage and maintain the outfall to the Harbour for Halifax South;
- (b) the Proponent shall submit its Proposal for both Phase 1 and Phase 2 of the Project although the Selected Proponent shall be chosen on the basis of HRM's evaluation of the Proposals for Phase 1 only. The Financial Proposal relating to Phase 2 shall be submitted in a separate sealed envelope which will not be opened by HRM prior to the Closing Date. The portion of the Company's Proposal relating to Phase 2 shall be irrevocable until March 31, 2003 and the portion of

the Proposal relating to Phase 2 submitted by each of the unsuccessful Proponents will be deemed to terminate immediately upon execution of the Project Agreements; and

- (c) if the Company's Financial Proposal relating to Phase 2 is not accepted by or acceptable to HRM, the Company will have the exclusive right for sixty (60) days after the date HRM commits Phase 2 financing to negotiate terms and conditions acceptable to HRM for Phase 2 of the Project; provided however, HRM shall have no obligation to enter into agreements for Phase 2 with the Company.

The Financial Proposal of the Proponent is to include:

- (a) a guaranteed maximum price for the design, construction and commissioning of each of the Facilities and each of the Sewage Collection Systems;
- (b) OMM Fees comprised of a fixed price component, which includes a fixed fee for the Sludge Handling and Management System(s), and a variable price component for the management, operations and maintenance for each Facility; and
- (c) fixed Renewal Fees for Renewal Work associated with each Facility.

The Proponent may submit an alternate long-term financing proposal for the Facilities.

The Proponent may also submit a supplement to its Proposal for additional use(s) of the Halifax North Sewage Treatment Plant site which would enhance or better utilize the site potential.

The term of the Operating and Maintenance Agreement for each of the Facilities will commence on the later of the Date of Substantial Completion of such Facility and the related Sewage Collection System. All Operating and Maintenance Agreements shall terminate thirty (30) years after the commencement of the term of the first of the Operating and Maintenance Agreements; provided, however, HRM shall have the right to renew the Operating and Maintenance Agreements for two separate five (5) year periods under all the same terms and conditions, except for the OMM Fees and Renewal Fees which shall be agreed upon by HRM and the Company. HRM shall also have the right to terminate any of the Operating and Maintenance Agreements, for its convenience and without cause, effective on the fifteenth (15th) and twentieth (20th) anniversary dates of the commencement of the term of the first Operating and Maintenance Agreement.

The HRM Project Manager shall act on behalf of HRM with respect to all powers, duties and authorities of HRM under the Project Agreements.

1.4.5 Approvals

The Company shall be responsible to obtain, renew and comply with all Approvals and all applicable Law, except that it shall be the responsibility of HRM to obtain the determination from the Responsible Authorities as to whether or not the environmental effects of the Project are acceptable under the *Canadian Environmental Assessment Act*.

The Nova Scotia Minister of Environment advised HRM that no assessment of the Project will be required under the *Environment Act* and, therefore, Nova Scotia will have no need to harmonize with the *Canadian Environmental Assessment Act* process.

1.4.6 HRM Activities to Facilitate Approval Process

HRM has an interest in the ability of the Company to successfully obtain the necessary Approvals for the design and construction of the Project, the operation of the Facilities and the provision of the Sludge Handling and Management System(s). Therefore, HRM shall have the right to monitor and participate in any Approval process. HRM's activities relating to Approvals shall in no way relieve the Company of its obligation to obtain, renew and comply with all Approvals necessary to design, construct and commission the Sewage Collection Systems, to design, construct, commission, manage, operate and maintain the Facilities, and to provide the Sludge Handling and Management System(s).

1.5 Intent of the RFP

The purpose of this RFP is to invite each of the Proponents to submit a Proposal to HRM describing in detail the management, construction, operation, maintenance and financial components of the plan by which each would propose to furnish all professional and technical services, supervision, materials, labour and equipment and perform all duties and obligations necessary to implement the Project in accordance with the Project Requirements and the Operating and Maintenance Requirements.

To be considered responsive to this RFP, the Proponent shall submit a Proposal which is compliant with the terms and conditions of this RFP, including conformity to the mandatory submission requirements of Part 8 of this RFP:

- (a) to design, construct and commission the Sewage Collection Systems;
- (b) to design, construct, commission, manage, operate and maintain the Facilities; and
- (c) to provide a Sludge Handling and Management System(s).

By submitting its Proposal, the Proponent agrees, if selected, to enter into the Project Agreements (namely, the Development Agreement and the Operating and Maintenance Agreements). The Project Agreements will be provided to the Proponent by separate addendum

approximately one (1) month prior to the Proposal Due Date. Drafts of the Project Agreements will be provided to the Proponent for review and comment approximately one (1) month after the RFP Release Date.

The Proponent is encouraged to identify features, parameters and guarantees that will exceed the requirements of this RFP, including the Project Requirements.

1.6 Evaluation and Selection

Subject to HRM's right to cancel this RFP (see Section 9.13), the selection of the Selected Proponent will be made by Council. The Proposal Selection Committee will make recommendations to Council based on the results of its evaluation. The Proposal Review Committee will review the Proposals, report to and advise the Proposal Selection Committee, and recommend a Proponent to the Proposal Selection Committee. The Proposal Review Committee will be supported by expert advisors. The evaluation process and selection criteria are set out in Part 7 of this RFP.

Council requires a Reference Bid to be developed in conjunction with the RFP process. The purpose of the Reference Bid is to provide a public sector cost comparator for use during the evaluation of the Proposals. Details of the Reference Bid process are set out in Section 7.13 of this RFP.

Part 2 Management Requirements

2.1 Project Management

2.1.1 General

Throughout the duration of the Project, the Company shall provide an effective Project management team, fully and adequately staffed and sufficiently qualified and experienced to deal with all of the requirements and complexities of the Project.

2.1.2 Plans and Manuals

2.1.2.1 General

The Company shall submit the following plans, manuals and programs ("Plans and Manuals") to HRM for review:

- (a) QA/QC Plan and Manual for the Construction Period, not later than thirty (30) days following the Closing Date;
- (b) Health and Safety Plan and Manual for the Construction Period, not later than thirty (30) days following the Closing Date;
- (c) Preliminary Public Involvement and Information Program, not later than thirty (30) days prior to the Closing Date and the final Public Involvement and Information Program not later than sixty (60) days following receipt of notice from HRM;
- (d) Environmental Management Plan (structured as a Project Environmental Management System that includes an Environmental Protection Plan and an Emergency Response and Contingency Plan):
 - (i) for the Construction Period, not later than sixty (60) days prior to the commencement of any Project construction; and
 - (ii) for the Operating Period, not later than sixty (60) days prior to the estimated commencement of the Operating Period;
- (e) Effluent and Receiving Water Quality Plan for each Facility not later than seventy (70) days prior to the commencement of construction of such Facility;
- (f) Commissioning Plan and Procedures, not later than sixty (60) days prior to the commencement of any commissioning activities;

- (g) QA/QC Plan and Manual for the Operating Period for each Facility, not later than sixty (60) days prior to the estimated Date of Substantial Completion of such Facility;
- (h) Operating Plan and Manual for each Facility (including an Influent, Effluent and Sludge Sampling Program, a Health and Safety Plan and Manual for the Operating Period, a Staffing Plan and Manual and a Training Plan and Manual) not later than sixty (60) days prior to the estimated Date of Substantial Completion for such Facility;
- (i) Maintenance Plan and Manual for each Facility, not later than sixty (60) days prior to the estimated Date of Substantial Completion for such Facility; and
- (j) Sludge and Residue Management and Disposal Plan and Manual for each Facility, not later than ninety (90) days prior to the estimated Date of Substantial Completion for such Facility.

2.1.2.2 Substance of Plans and Manuals

The Plans and Manuals shall comply with the Project Requirements, the Operating and Maintenance Requirements, the requirements of this RFP and with the Company's outline thereof submitted with its Proposal and shall be accompanied by a certificate of the Company to that effect.

2.1.2.3 Updates

The Plans and Manuals shall be updated as required and at least at five (5) year intervals. All updates to the Plans and Manuals shall comply with the Project Requirements and the Operating and Maintenance Requirements and shall be accompanied by a certificate of the Company to that effect.

2.1.2.4 Material Changes

The Company shall deliver to HRM all proposed material changes to the Plans and Manuals.

2.1.2.5 Implementation

The Company shall not implement the Plans and Manuals or any updates or material changes thereto until thirty (30) days following its delivery to HRM, and provided neither HRM nor the Company has given notice of dispute with respect to any matter thereunder and thereafter referred the matter for resolution in accordance with the Dispute Resolution Procedures. HRM shall be provided with six (6) copies of the Plans and Manuals and any proposed updates or material changes thereto.

2.1.3 Construction Period

During the Construction Period, the Company shall:

- (a) establish and operate a suitable management office within HRM;
- (b) provide an effective Project management team which shall at all times be fully and adequately staffed and sufficiently qualified and experienced to deal with all Project management issues;
- (c) appoint a Project Manager who shall be an individual with proven experience managing comparable large and complex projects, involving sewage treatment as part of his/her experience and who shall be responsible for all of the Company's obligations during the Construction Period including all communications with HRM;
- (d) provide HRM with direct access to the Project Manager and to the senior individuals responsible to the Project Manager for the five (5) functions of designing, constructing, commissioning, environmental management and the Public Involvement and Information Program; and
- (e) ensure that engineering services provided for the Project are provided only by professional engineers registered or licensed by the Association of Professional Engineers of Nova Scotia.

2.1.4 Operating Period

During the Operating Period, the Company shall:

- (a) maintain a management office, either at one of the Facilities or at a separate and convenient location within HRM;
- (b) provide an effective operating management team which shall at all times be fully and adequately staffed and sufficiently qualified and experienced to deal with all operating management issues; and
- (c) appoint an experienced General Manager, or similarly titled individual, who shall be responsible for all of the Company's obligations during the Operating Period including all communications with HRM. The Company shall replace the individual proposed for or serving in the position of General Manager in the event HRM determines that such individual is unsuitable as General Manager.

2.1.5 Scheduling

The Project management function shall include all scheduling requirements for all design, construction, commissioning, management, operating and maintenance activities for the Project, including the following:

- (a) during the Construction Period, providing current schedules, revised as necessary and appropriate, to HRM on at least a monthly basis no later than the fifteenth (15th) day of each month; and
- (b) during the Operating Period, providing schedules to HRM on at least an annual basis showing proposed activities for the succeeding five (5) years for all significant maintenance activities, equipment replacement and related activities.

2.1.6 Reporting

The Company shall provide HRM with all materials, information and access it reasonably requires to monitor all obligations of the Company under the Project Agreements. In particular, the Company shall provide HRM with all reports, drawings and information relating in any way to:

- (a) all environmental assessment activities and compliance with the conditions pursuant to federal and provincial requirements;
- (b) all Approvals;
- (c) all environmental incidents or conditions of which the Company becomes aware, including all environmental incidents or conditions that may be reported to the Company's insurer(s). In the event such an incident or condition involves a potential loss or claim in excess of \$100,000, HRM shall be notified not later than twenty-four (24) hours after which the Company has become aware of the incident or condition;
- (d) all up-to-date preliminary and detailed engineering and other design drawings and specifications;
- (e) all engineering and related reports and design briefs;
- (f) all construction and commissioning testing results;
- (g) the operations and maintenance of the Facilities;
- (h) all QA/QC results; and
- (i) all other information reasonably requested by HRM.

The Company shall ensure that HRM has access to all design, construction, commissioning, management, operating and maintenance activities at all times, and to plants and operations within and outside HRM where fabrication, testing or other Project activities are or will be taking place.

2.2 Environmental Management

2.2.1 General

The purpose of this Section is to provide an overview of the Project environmental management framework including environmental assessment work undertaken by HRM, Approvals and the requirements during the Construction Period and Operating Period for environmental management by Company.

2.2.2 Environmental Assessment

2.2.2.1 Provincial Assessment

The Nova Scotia Minister of Environment has advised HRM that no assessment of the Project will be required under the *Environment Act*. Also, representatives of the Province of Nova Scotia have advised that Nova Scotia will not be conducting an environmental assessment of the Project and therefore will have no need to harmonize with the *Canadian Environmental Assessment Act* process.

If an environmental assessment of the Project is ultimately required by the Nova Scotia Minister of Environment, HRM shall be responsible for the process and for all costs associated with such assessment. In the event an assessment is required due to a difference, acceptable by HRM, between the Company's Proposal and HRM's Project description submitted to the Nova Scotia Minister of Environment (see Appendix BB), HRM shall be responsible for the process, and the Company shall be responsible for all costs associated with the environmental assessment.

2.2.2.2 Federal Assessment

HRM will be responsible for obtaining the determination from the Responsible Authorities as to whether or not the environmental effects of the Project are acceptable under the *Canadian Environmental Assessment Act*.

In the event a variation to the initial determination obtained by HRM from the Responsible Authorities is required due to a difference, acceptable by HRM, between the Company's Proposal and HRM's Project description submitted to the Responsible Authorities (see Appendix BB), HRM shall be responsible for the process, and the Company shall be responsible for all costs associated with the variation.

The Proponents shall use their best efforts to assist HRM in the *Canadian Environmental Assessment Act* process, including the provision of timely delivery of data and material

developed during the pre-design phase. The Company shall use its best efforts to assist HRM in such assessment process, including the provision of timely delivery of data and material developed during the design phase.

2.2.2.3 Environmental Studies and Responsibilities

It is anticipated that the previous environmental assessment conducted for the Halifax Harbour Clean-up Inc. will reduce the assessment requirements for this Project. A joint federal/provincial environmental assessment panel in July 1993 recommended that the Halifax Harbour Clean-up Inc. project be allowed to proceed under certain conditions described in its report. The NSDOE subsequently prepared conditions of release for the Halifax Harbour Clean-up Inc. project.

HRM has undertaken or intends to undertake environmental studies to gather baseline data relevant to Project environmental assessment including:

- (a) Wastewater Characterization Study;
- (b) Terrestrial Geotechnical Study, Phase I, Environmental Site Assessment and Archaeology Site Assessment (which work will be completed for all four (4) Facility sites);
- (c) Marine Geotechnical Study (which work will be undertaken for potential outfalls for each of the four (4) Facilities);
- (d) Oceanographic Baseline Studies, including marine benthic habitat survey, marine sediment quality survey, archeology and heritage resources survey and fisheries impact assessment (which work will be undertaken in the vicinity of potential location for outfalls and diffusers);
- (e) Oceanographic Modelling and Assimilative Capacity Study (focuses on a potential outfall zone for each Facility); and
- (f) an Avifauna Study (related to the proposed Herring Cove Sewage Treatment Plant location).

The Proponent shall be responsible to obtain any information required by the Proponent for its Proposal that is not provided by these baseline studies.

The Company shall be responsible to obtain any information not provided by these baseline studies required for the purpose of:

- (a) conducting an environmental assessment under the *Environment Act*, where such assessment is required due to a difference, acceptable by HRM, between the Company's Proposal and HRM's Project description to the Nova Scotia Minister of Environment; or

- (b) obtaining a variation to the initial determination obtained by HRM from the Responsible Authorities in relation to a federal environmental assessment, where such variation is required due to a difference, acceptable by HRM, between the Company's Proposal and HRM's Project description to the Responsible Authorities.

2.2.3 Company's Responsibilities

2.2.3.1 General

The Company shall be responsible for environmental management planning which shall be undertaken throughout the life of the Project to ensure that environmental benefits are maximized and that the potential adverse environmental effects are anticipated, minimized and properly managed.

The Company shall be qualified to undertake environmental management planning for large-scale capital projects.

2.2.3.2 Environmental Management Plan

The Company shall submit for review by HRM an Environmental Management Plan. The Environmental Management Plan shall be submitted in two parts:

- (a) for the Construction Period, not later than sixty (60) days prior to commencement of any Project construction; and
- (b) for the Operating Period, not later than sixty (60) days prior to the estimated commencement of the Operating Period.

The Environmental Management Plan shall:

- (a) be a "life of project" document that addresses environmental management planning, programs and reviews to be undertaken by the Company during the Construction Period and the Operating Period;
- (b) be structured as a project Environmental Management System that includes, but is not limited to, an Environmental Protection Plan and an Emergency Response and Contingency Plan. The Emergency Response and Contingency Plan shall address the potential for upset conditions and accidental events potentially affecting environmental or socio-economic conditions (eg., mechanical malfunction leading to a failure of odour control, untreated sewage being discharged to the Harbour, fires and spills);
- (c) be consistent with the ISO 14000 series of standards. All of the elements provided in the ISO 14001 Standard (Environmental Management Systems - Specification for Guidance for Use, ISO 14001: 1996 (E)) shall be addressed in

the Environmental Management Plan (eg. policy, objectives, targets and programs). While it is not necessary for the Company to register the Environmental Management System with an accredited registrar, the quality of the Environmental Management System shall be such that it is suitable for periodic third-party audits by a qualified environmental management system auditor;

- (d) outline the Company's monitoring program for the Operating Period; and
- (e) be written in a style that is suitable for application by Subcontractors and inspectors on site.

The Company shall be responsible for identifying and following all relevant guidelines, as well as relevant industry standards and codes of practice related to "life of project" environmental management. Specific guidelines with environmental management implications applicable to this Project include:

- (a) The Nova Scotia Standards and Guidelines Manual for the Collection, Treatment and Disposal of Sanitary Sewage (NSDOE, 1992; updated in 1993) ("NSDOE Guidelines Manual"); and
- (b) The Guide to the Preparation of Fish Habitat Evaluation Reports for Sewage Related Projects: Habitat Evaluation and Environmental Pre-Screening at the Pre-Design Phase (Department of Fisheries and Oceans (Canada), 1994).

2.2.3.3 Environmental Approvals and Compliance

2.2.3.3.1 General

Subject to Subsection 2.2.2 and as is hereinafter provided, the Company shall be responsible for all risks associated with identifying, obtaining, renewing and complying with all Approvals required during the Construction Period and the Operating Period and for compliance at all times with all applicable Law and with the terms and conditions of such Approvals.

The Company shall be responsible for the payment of all fees payable to obtain or maintain the Approvals and any fines, penalties or judgments resulting from any violations of the terms and conditions of the Approvals or applicable Law relating to the Project.

2.2.3.3.2 Effluent Quality Requirements

HRM has received notice, as set forth in Appendix AA, from NSDOE of the effluent quality standards for the Project. These effluent quality standards constitute the Effluent Quality Requirements for the Sewage Treatment Plants, and each Sewage Treatment Plant shall be designed, constructed, commissioned and operated to meet or exceed these Effluent Quality Requirements. The Effluent Quality Requirements are:

- (a) fecal coliforms of less than 5000/100 mls, as maxima;
- (b) BOD₅ 50 mg/l; and
- (c) suspended solids of 40 mg/l.

If the Effluent Quality Requirements are made more stringent by NSDOE after the RFP Release Date, HRM shall be responsible for all reasonable material costs, if any, associated with the amendment. The Proponent or the Company, as the case may be, shall submit to HRM a detailed description of such reasonable material costs. No work required due to the amended Effluent Quality Requirements shall be implemented by the Proponent or the Company, as the case may be, until HRM has given its consent.

The Proponent, the Selected Proponent or the Company, as the case may be, shall not in any way cause NSDOE to vary the Effluent Quality Requirements set out in this Subsection.

2.2.3.3.3 Marine Habitat Resources

The Company shall obtain Approvals from the Department of Fisheries and Oceans (Canada) regarding the construction of outfalls and diffusers. The process related to these Approvals is described in the Guide to the Preparation of Fish Habitat Evaluation Reports for Sewage Related Projects: Habitat Evaluation and Environmental Pre-Screening at the Pre-Design Phase (Department of Fisheries and Oceans (Canada), 1994).

2.2.3.4 Receiving Water Quality

2.2.3.4.1 General

For purposes of developing the Effluent and Receiving Water Quality Plans, this Subsection 2.2.3.4.1 sets forth HRM's environmental goals for the Harbour. These goals include maintaining and improving the environmental quality of the Harbour receiving water by achieving long-term water and sediment quality objectives. With respect to receiving water quality objectives, the Halifax Harbour Task Force Final Report and Appendices (1990) recommended receiving water guidelines for the Harbour ("HHTF Receiving Water Guidelines") to achieve certain water use objectives including priority areas for environmental protection.

The HHTF Receiving Water Guidelines adopted the following parameters for the Harbour receiving water:

<u>Variable</u>	<u>Water</u>	<u>Sediment</u>	<u>Biota</u>
Dissolved oxygen	SA> ^a 8.0 mg/L ^b SB> 7.0 SC> 6.0		
Fecal Coliform Bacteria	14 per 100 mL ^c 200 per 100 mL ^d		
Suspended Particulate Matter	10% above ambient ^b or 10 mg/L if ambient < 100 mg/L		
<i>Metals</i>			
Copper	2.9 µg/L	40.0 mg/kg ^e	20.0 µg/g ^g
Lead	5.6 µg/L	45.0 mg/kg ^e	2.0 µg/g ^g
Zinc	86.0 µg/L	40.0 mg/kg ^e	50.0 µg/g ^g
Cadmium	9.3 µg/L	0.6 mg/kg ^f	0.5 µg/g ^g
Chromium	50.0 µg/L		
Mercury	0.025 µg/L	0.75 mg/kg ^f	0.5 µg/g ^g
Manganese	100.0 µg/L		
Nickel	8.3 µg/L		
<i>Organic Chemicals</i>			
Total PCB	0.03 µg/L	100.0 µg/kg ^f	2.0 µg/g ^g
Total PAH	5.0 µg/L	2.5 mg/kg ^f	100.0 µg/g ⁱ
Oil and grease	10.0 µg/L ^h	10.0 mg/kg ^f	
Total pesticide		100.0 µg/kg ^f	
Total OHs		100.0 µg/kg ^f	

Notes:

- a See Table below
- b Based on Fraser River Estuary recommended objectives.
- c Shellfish water quality standard (14 fecal coliform per 100 mL, 10% not>43)
- d Swimming water quality standard (200 fecal coliform per 100 mL, 10% not>400)
- e Based on Puget Sound apparent effects threshold
- f CEPA levels for ocean dumping control
- g For consumption normally judged by National Health and Welfare on individual situation
- h To prevent tainting
- i Recommendation in GESAMP review (the Joint Group of Experts on the Scientific Aspects of Marine Pollution, a body sponsored by several international organizations including UNEP, UNESCO, and FAO).

**Environmental Quality Classification: Rhode Island
(as accepted by the Halifax Harbour Task Force)**

Class SA	<ul style="list-style-type: none">- bathing and contact recreation- shellfish harvesting for direct human consumption- fish and wildlife habitat
Class SB	<ul style="list-style-type: none">- shellfish harvesting for human consumption after depuration- bathing and other primary contact recreational activities- fish and wildlife habitat
Class SC	<ul style="list-style-type: none">- boating and other secondary contact recreational activities- fish and wildlife habitat- industrial cooling- good aesthetic value

The Halifax Harbour Task Force divided the Harbour and its approaches into six subdivisions having specific water use objectives as follows:

Bedford Basin	SB
The Narrows	SC
Inner Harbour	SC
Middle Harbour	SB
Outer Harbour	SA
Harbour Approaches	SA

The Halifax Harbour Symposium and the Stakeholders Advisory Committee agreed with the HHTF Receiving Water Guidelines for the receiving water and water use objectives for the priority areas, except that both agreed that the Northwest Arm (which is part of the Inner Harbour) should be upgraded from an SC to an SB classification to reflect a higher level of water use objectives. HRM agrees with the HHTF Receiving Water Guidelines and the amended water use objectives.

It is expected that the HHTF Receiving Water Guidelines and water use objectives for the Harbour will be met by achieving the Effluent Quality Requirements.

2.2.3.4.2 Effluent and Receiving Water Quality Plans

The Company shall provide HRM with an Effluent and Receiving Water Quality Plan for each of the Facilities not later than seventy (70) days prior to the commencement of any construction of such Facility. The Effluent and Receiving Water Quality Plans shall include:

- (a) effluent quality objectives which shall meet or exceed the Effluent Quality Requirements;
- (b) outfall and diffuser design, siting and maintenance; and
- (c) receiving water impact predictions which shall:
 - (i) be based on the Model of Assimilative Capacity of Receiving Waters contained in the report of Coastal Ocean Associates Inc. dated March 23, 2000 ("Coastal Model");
 - (ii) include projected levels for average, extreme and storm conditions plus cumulative effects on sedimentation;
 - (iii) include fecal coliform levels and distributions;
 - (iv) include total suspended solid levels and distributions;
 - (v) include BOD₅ levels and distributions;
 - (vi) include nutrient levels and distributions;
 - (vii) include sedimentation;
 - (viii) optimize receiving water conditions for the identified discharge zone by applying information and analysis available from the Coastal Model to the specific design considerations for that site and presented in each Effluent and Receiving Water Quality Plan; and
 - (ix) be submitted in a format suitable for submission for Approvals to Governmental Authorities.

For further general background relating to the goals and objectives and environmental concerns to be addressed by the Proponent in its Effluent and Receiving Water Quality Plans, the Proponent may refer to a series of studies ("Background Reports") including:

- (a) the joint federal/provincial environmental assessment in July, 1993 conducted for the Halifax Harbour Clean-up Inc.;
- (b) the Halifax Harbour Solutions Symposium Proceedings (1996);

- (c) the Halifax Harbour Solutions Advisory Committee Final Report to Council (1998);
- (d) the Technical and Summary Reports entitled, "Moving Forward: A Concept Plan for the Halifax Harbour Wastewater Treatment" (1998); and
- (e) the Halifax Harbour Task Force Final Report and Appendices (1990).

The main concern addressed in these Background Reports is how the sewage effluent will affect water and sediment quality and how in turn this might influence other Harbour uses. From an environmental quality perspective, the concerns expressed in the Background Reports related (in various degrees) to the risks to public health and to aquatic life resulting from the sewage effluent. These concerns and objectives are to be addressed by the Company in its Effluent and Receiving Water Quality Plan for each Facility.

In the event that any of the Effluent and Receiving Water Quality Plans do not meet the concerns and objectives referred to in the Background Reports, the NSDOE Guidelines Manual or any applicable provincial or federal guideline for receiving water, a technical justification shall be provided by the Company which:

- (a) describes the difficulty in meeting the objective or limit at the proposed level of treatment based on effluent loading and oceanographic features within the outfall siting zone; and
- (b) describes the enhancements which could be made to the particular Effluent and Receiving Water Quality Plan in order to meet these objectives or limits in the future.

2.2.3.4.3 No Discharge Into Narrows

No treated effluent from the Facilities shall be discharged into the Narrows area of the Harbour, which is north of the Angus L. Macdonald Bridge.

2.2.3.5 Environmental Manager

The Company shall appoint an experienced environmental manager for the Construction Period and the Operating Period.

2.2.3.6 Environmental Monitoring and Reporting

The Company shall be responsible to undertake all environmental monitoring programs and reporting required by applicable Law and all Approvals, including standard operational monitoring and reporting as described in the NSDOE Guidelines Manual.

The scope of these monitoring programs is expected to be defined through the environmental assessment process and consultation with appropriate Governmental Authorities. Any additional studies required by Governmental Authorities shall be the responsibility of the Company.

All environmental incidents or conditions of which the Company becomes aware, including all environmental incidents or conditions that may be reported to the Company's insurer(s), shall be reported by the Company to HRM. In the event such an incident or condition involves a potential loss or claim in excess of \$100,000, HRM shall be notified not later than twenty-four (24) hours after which the Company has become aware of the incident or condition.

2.3 Public Involvement and Information Program

2.3.1 Responsibility for PIIP

HRM will take the lead in developing and implementing the Public Involvement and Information Program ("PIIP") until the Closing Date. On the Closing Date, the Company shall assume primary responsibility for the PIIP in ongoing coordination with HRM.

2.3.2 Background

HRM public and stakeholder involvement programs during the early phases of the Project have included the Halifax Harbour Symposium and the Stakeholders Advisory Committee process and report.

HRM has engaged a public relations firm with respect to the public information components of the PIIP, which will include aspects such as a Project newsletter, water bill inserts and various briefing papers for business, community and political leaders. HRM has also retained a consulting team to provide a community centered consultation process related to the siting of Sewage Treatment Plants and outfalls. HRM may establish community liaison committees for such affected communities.

The PIIP includes a series of community meetings, private meetings with stakeholders directly affected by nearby sites, and literature and displays presented at community events or sites. The PIIP will be ongoing insofar as continuing Project developments warrant communication.

The PIIP is designed to be a two-way communication and consultation vehicle so that affected and interested members of the public are invited to provide input to siting and Project components. These inputs are viewed as important means of understanding and responding to community concerns and to designing and undertaking the Project while gaining and maintaining community support. The credibility with which HRM and this Project is held by the general and closely affected public is considered to be a key element in the Project's ultimate success.

2.3.3 HRM's Objectives

HRM's objectives for the PIIP include:

- (a) keeping citizens informed of progress;
- (b) building general and community support for the Project; and
- (c) receiving input relating to the Facilities, including the visual aesthetics of the Facilities, by involving nearby neighbourhoods in a constructive communication process.

2.3.4 Delivery and Contents of PIIP

After consultation with HRM, a preliminary PIIP shall be delivered to HRM not later than thirty (30) days prior to the Closing Date. HRM shall deliver its final requirements for the PIIP after the issuance of the NSDOE Approval for the construction of the first Sewage Treatment Plant. The Company shall submit the final form of PIIP not later than sixty (60) days following receipt from HRM of its final requirements. The PIIP to be undertaken by the Company shall be developed for the life of the Project, shall be consistent with HRM's objectives and shall include the following elements:

- (a) regular written communication (eg. newsletters and water bill inserts);
- (b) media releases (both print and electronic media; HRM and the Company shall jointly determine the guidelines for all communications with the media);
- (c) educational programs (eg. open houses, school visits, information pamphlets and promotional material in respect of the Facilities);
- (d) working (jointly with HRM) with community liaison committees; and
- (e) problem solving and dispute resolution.

2.3.5 Coordination with HRM's Other Programs

HRM is undertaking, and will continue to undertake, a number of other programs indirectly related to sewage treatment (eg. source control and household hazardous waste reduction) that also involve PIP components. The Company shall assist HRM with the coordination of related initiatives to increase overall efficiency among the programs.

2.4 Capacity Expansion and Treatment Upgrading

There may be a requirement to expand or upgrade one or more of the Sewage Treatment Plants during the Operating Period. Expansion could include a requirement to increase capacity at the same level of treatment to produce the same effluent quality. Upgrading could include a requirement to provide a higher effluent quality.

Through the normal reporting requirements during the Operating Period, the Company shall consult with HRM in the event that it is reasonably foreseeable that one or more Sewage Treatment Plants may reach its capacity or that one or more of the diffusers may need to be extended or modified. Similarly, the Company shall consult with HRM in the event that Effluent Quality Requirements are anticipated to be made more stringent by Governmental Authorities.

In the event a Sewage Treatment Plant is expanded or upgraded, the modifications shall be conducted pursuant to provisions as described in Section 5.5.

Part 3 Construction Period

3.1 General - Design, Construction and Commissioning

The purpose of this Part is to ensure that the Proponent has a full understanding of HRM's requirements and specifications for the design, construction and commissioning of the Project.

The Company shall be required to design, construct and commission the Project, and to provide all the engineering, materials, plant, equipment and labour to create a finished, "state of the art" Project which meets the Project Requirements and the Operating and Maintenance Requirements. To the extent not inconsistent with the foregoing, the Proponent is encouraged to submit an innovative proposal for, as a minimum, an advanced primary sewage treatment system for sewage discharged into the Harbour.

In addition, the Company shall be required to design and construct:

- (a) an access road adjacent to the Dartmouth Facility (see Appendix DD) in accordance with the Project Requirements; and
- (b) a realignment of Water Street for the Halifax North Facility (see Appendix FF) in accordance with the Project Requirements,

both of which shall be contained in the Proponent's Proposal.

3.2 Performance, Physical and Design Requirements - Sewage Collection Systems

3.2.1 Requirements

The Sewage Collection Systems (including combined sewer overflows and pumping stations) shall meet the Project Requirements and comply with all applicable Laws and Approvals. The Sewage Collection System shall be designed, constructed and commissioned to intercept and collect not less than four (4) times the average dry weather flows estimated by HRM for the year 2041 from the sewersheds of Halifax North, Dartmouth, Herring Cove and Halifax South (as shown on Appendix C (Table 1), Appendix D (Table 2), Appendix E (Table 3) and Appendix F (Table 4)) and to convey and deliver the intercepted flows to the corresponding Sewage Treatment Plant site or to the pumping station associated with lifting the sewage that discharges at the headworks of the Sewage Treatment Plant (or in the event that HRM proceeds only with Phase 1 of the Project, to the Harbour or to the corresponding Sewage Treatment Plant site or pumping station, as applicable).

The Sewage Collection Systems shall be designed to produce minimum life cycle costs. The minimum design life for calculations in the evaluation process shall be sixty (60) years. The life cycle costs shall include all aspects of the Sewage Collection Systems and will be evaluated as outlined in Appendix G, except that the capital and operating costs of the Facilities shall include all pumping and other costs associated with lifting the sewage that discharges at the headworks of each Sewage Treatment Plant and the Company shall operate these pumping stations as part of the related Facility.

The Company shall provide proven and effective odour control systems for any new combined sewer overflows or pumping stations which form part of the Sewage Collection Systems in order to maintain required air emission/odour standards as required by the Project Requirements. The pumping stations, combined sewer overflows and any outfalls designated as combined sewer overflows that require reconstruction, repair, replacement or extension shall meet or exceed the specifications of the Project Requirements. The existing combined sewer overflows are generally shown on Figure 2.3 of Appendix B2.

3.2.2 General

The Company shall be responsible for resolving all conflicts between the Sewage Collection Systems and infrastructure, utilities or other obstructions and shall bear any and all costs as required.

Following commissioning, HRM will operate and maintain the Sewage Collection Systems and will operate all flow regulation devices.

3.2.3 Routing and Location of Sewage Collection Systems

The Company shall be responsible for the routing of the Sewage Collection Systems which shall be acceptable to HRM. If the Sewage Collection Systems as proposed by the Company are not within lands over which HRM has control (or for which HRM is presently negotiating), the Company shall be responsible for obtaining appropriate control of these locations in the name of HRM on terms and conditions acceptable to HRM. HRM may exercise its power of expropriation to secure control of a location proposed by the Company, if the Company so requests and demonstrates the location is reasonable and was chosen based upon sound engineering and design practices so as to minimize the costs of the Project, including any cost of expropriation.

HRM has prepared preliminary layouts for each of the Sewage Collection Systems which are not binding on the Company (see Appendices C, D, E and F). These preliminary layouts are based on the construction of four (4) corresponding Facilities. Digital files of the drawings for existing sewage infrastructure and outfalls in Halifax North, Dartmouth, Herring Cove and Halifax South have been delivered to each Proponent by HRM in accordance with a licensing agreement between the parties.

3.2.3.1 Halifax North Sewage Collection System

The Halifax North Sewage Collection System shall intercept flows conveyed from the Halifax North sewersheds that are tributary to all existing outfalls along the waterfront area extending from Duffus Street to Terminal Road and shall connect to the Halifax North Sewage Treatment Plant site or to the pumping station associated with lifting the sewage that discharges at the headworks of the Sewage Treatment Plant.

A preliminary, optional layout of the Halifax North Sewage Collection System is illustrated on Figure 1 (Appendix C).

3.2.3.2 Dartmouth Sewage Collection System

The Dartmouth Sewage Collection System shall intercept flows conveyed from the Dartmouth sewersheds that are tributary to all existing outfalls along the Dartmouth waterfront area extending from Tufts Cove to Melva Street and shall connect to the Dartmouth Sewage Treatment Plant site or to the pumping station associated with lifting the sewage that discharges at the headworks of the Sewage Treatment Plant.

A preliminary, optional layout of the Dartmouth Sewage Collection System is illustrated on Figure 2 (Appendix D).

3.2.3.3 Herring Cove Sewage Collection System

The Herring Cove Sewage Collection System shall intercept flows conveyed from the Herring Cove sewersheds that are tributary to the existing outfall at Herring Cove and shall connect to the Herring Cove Sewage Treatment Plant site or to the pumping station associated with lifting the sewage that discharges at the headworks of the Sewage Treatment Plant.

A preliminary, optional layout of the Herring Cove Sewage Collection System is illustrated on Figure 3 (Appendix E).

3.2.3.4 Halifax South Sewage Collection System

The Halifax South Sewage Collection System shall intercept flows conveyed from the Halifax South sewersheds that are tributary to all existing outfalls along the waterfront area extending from Chain Rock Drive to Terminal Road and shall connect to the Halifax South Sewage Treatment Plant site or to the pumping station associated with lifting the sewage that discharges at the headworks of the Sewage Treatment Plant, unless HRM proceeds only with Phase I of the Project, in which case it shall continue as an outfall into the Harbour.

Two (2) alternate preliminary, optional layouts of the Halifax South Sewage Collection System are illustrated on Figures 4A and 4B (Appendix F).

3.3 Performance, Physical and Design Requirements - Facilities

3.3.1 General

The Facilities (including, for clarification, the Sewage Treatment Plants, outfalls and diffusers) shall meet the Project Requirements and comply with all applicable Laws and Approvals.

The Facilities shall be designed to minimize life cycle costs, and shall be designed and constructed for a low maintenance budget with a life of structural components of at least sixty (60) years, mechanical components of at least twenty-five (25) years and electrical instrumentation components of at least fifteen (15) years.

All costs associated with the design, construction and commissioning of the connections of the Sewage Collection Systems to the Facilities shall form part of the capital costs of the Facilities. The capital and operating costs of the Facilities shall include all pumping and other costs associated with lifting the sewage that discharges at the headworks of each Sewage Treatment Plant and the Company shall operate this pumping station as part of the related Facility.

3.3.2 Sewage Treatment Plants

3.3.2.1 Requirements

The Company shall design, construct and commission each Sewage Treatment Plant in such a manner that it meets or exceeds the following criteria for effluent quality, air emissions/odour and noise:

Effluent Quality

The effluent, when measured in accordance with the test procedures, policies and all other requirements of NSDOE at the sampling points designated by NSDOE for such Sewage Treatment Plant, shall meet or exceed the Effluent Quality Requirements.

Air Emission/Odour

Odour from the Sewage Treatment Plants shall not exceed the threshold of one (1) odour unit when measured at the Sewage Treatment Plant property line. Hydrogen sulphide levels and any Sewage Treatment Plant generated malodorous compound levels shall not exceed the minimum detectable level for humans at the Sewage Treatment Plant property line.

Noise

The noise level at the Sewage Treatment Plant property line shall not exceed:

- (a) 55 dBA Leq (between 2300 hours and 0700 hours);
- (b) 60 dBA Leq (between 1900 hours and 2300 hours); and

- (c) 65 dBA Leq (between 0700 hours and 1900 hours).

Individual noise sources which are tonal in nature shall not exceed 45 dBA Leq when measured at the Sewage Treatment Plant property line.

3.3.2.2 Capacity, Location and Layout of Sewage Treatment Plants

The Sewage Treatment Plants shall be designed, constructed and commissioned to meet the Project Requirements, including meeting or exceeding the Effluent Quality Requirements, while treating not less than the flow rates for "Initial Construction" shown on the following Table.

SEWAGE TREATMENT PLANT CAPACITY FLOWS IN m³/s

Plant Location	Initial Construction (Based on projections to 2021)			Ultimate Flows	
				Ultimate Capacity (2041)	Ultimate Peak Flows (2041)
	Avg. Daily Flow	Peak Flow	Min. flow	Avg. Daily Flow	Peak Flow
Halifax North	1.01	2.68	0.20	1.07	2.86
Dartmouth	0.82	2.19	0.16	1.00	2.67
Herring Cove	0.33	0.88	0.06	0.61	1.64
Halifax South	0.54	1.29	0.09	0.63	1.51

Notes:

1. Peak flow is equal to 4 x average dry weather flow.
2. Average Daily Flow is 1.5 x average dry weather flow.
3. The ultimate capacity represents the average dry weather flow that is expected when development of the applicable sewersheds is complete.
4. HRM does not guarantee that the minimum flow for each Sewage Treatment Plant is the least flow which may be experienced.

In the event the Proponent submits a solution comprised of less than four (4) Facilities with corresponding Sewage Collection Systems in addition to the required solution submission for four (4) Facilities, the Proponent shall ensure the Facilities and the Sewage Collection Systems of such solution have the equivalent capacity to the capacity provided by four (4) Facilities and Sewage Collection Systems in order to treat the flows from the Halifax North, Halifax South, Dartmouth and Herring Cove sewersheds.

The Sewage Treatment Plants shall be located on sites provided by HRM. Information on the intended locations of the four (4) sites for the Sewage Treatment Plants is contained in Appendix A. In the event any Sewage Treatment Plant is required, as specified by HRM, to be located on a location which varies from an intended location described in Appendix A, HRM shall bear all additional reasonable material engineering costs directly incurred as a result of the change in location. The Proponent or the Company, as the case may be, shall submit to HRM a detailed description of such costs. No work required due to a change in a site location shall be

implemented by the Proponent or the Company, as the case may be, until HRM has given its consent.

The Proponent shall demonstrate in its pre-design that each Sewage Treatment Plant shall be laid out to accommodate advanced primary treatment, as a minimum, and potential future upgrade to secondary treatment for not less than the "Ultimate Flows" estimated by HRM for the year 2041 as shown on the Table in this Subsection 3.3.2.2.

3.3.3 Outfalls and Diffusers

The Company shall be responsible for all aspects of the design, construction and commissioning of the outfalls and diffusers including routing, termination locations (subject to Appendix EE), feasibility, pre-design, final design and compliance with all conditions imposed by Governmental Authorities. Notwithstanding Subsection 2.2.2.3, the Company shall be responsible for all geotechnical, oceanographic and other necessary investigations including those required for dilution/dispersion modelling.

Outfalls and associated equipment shall be sized to accommodate "Ultimate Flows" as shown on the Table in Subsection 3.3.2.2 and shall accommodate lesser flow rates in earlier years. Outfalls shall be designed as cut and cover sections or as tunnels. Tunnels are required where the outfall routing is beneath a large wharf or similar structure. The existing outfalls are generally demonstrated on Figure 2.3 of Appendix B2.

Diffusers shall be designed to accommodate "Initial Construction" flow rates as shown on the Table in Subsection 3.3.2.2 and shall include provision to extend or modify diffusers in the future. In general, diffusers shall be in the deepest water possible, away from the shoreline and anchorage areas. The diffusers shall be located in the zones as described in Appendix EE. Any specific location of a diffuser shall be acceptable to the Halifax Port Authority and all applicable Governmental Authorities from whom Approvals are required.

3.3.4 Sewage Treatment Process Requirements

The Company shall design, construct and commission the Facilities, which shall include installed redundant equipment, to ensure that the Facilities perform all elements of the sewage treatment process, including:

- (a) raw sewage pumping as required, based on the hydraulic gradient of the tributary sewers, the treatment plant hydraulic profile and the hydraulic gradient of the outfall and diffuser;
- (b) screening or grinding;
- (c) Grit removal;
- (d) UV disinfection;

- (e) Sludge and residue handling and management; and
- (f) all additional process treatment necessary for advanced primary treatment.

All Sewage Treatment Plant processes shall be enclosed under negative pressure. The Company shall provide proven and effective odour control systems for all process areas of each Facility in order to maintain required air emission/odour standards as required by the Project Requirements and Subsection 3.3.2.1 of this RFP.

3.4 Civil/Site Development

3.4.1 Shared Responsibility

The Company, at its cost, shall be responsible for all elements of the civil/site development for all construction areas, including all subsurface geotechnical conditions encountered during construction. The Company shall also be responsible for all risks associated with all Hazardous Substances encountered during construction; provided however:

- (a) HRM shall be responsible for all Hazardous Substances existing on the Closing Date at the following areas:
 - (i) such of the sites for the Sewage Treatment Plants provided by HRM over which HRM has control (or for which HRM is presently negotiating);
 - (ii) such of the routes identified in HRM's preliminary layouts for each of the Sewage Collection Systems (see Appendices C, D, E and F) over which HRM has control (or for which HRM is presently negotiating); and
 - (iii) the locations of the diffusers and the outfalls which are acceptable to HRM,(collectively "HRM Sites");
- (b) if HRM and the Company agree that the work on an HRM Site can be effected without disturbing any such Hazardous Substances and the Company does disturb it, the Company (and not HRM) shall be responsible for all risks associated therewith; and
- (c) if the costs of removing any Hazardous Substances from an HRM Site is considered by HRM to be unreasonable, HRM may provide another location or route and HRM shall bear all increased costs as a result of this change. If HRM is unable or unwilling to provide another location or route, the portion of the Project impacted thereby shall be abandoned and HRM shall pay the Company all costs which it incurred in connection therewith to the date of abandonment.

3.4.2 Responsibility of the Company

If Hazardous Substances are encountered during construction, the Company shall employ best engineering, design and construction practices and methods so as to minimize the cost of any work which may be required to meet the requirements of the Governmental Authorities as a result thereof.

3.4.3 Responsibility for Reports and Investigations

In relation to subsurface geotechnical conditions, HRM shall cause to be prepared and delivered to each of the Proponents any geotechnical reports they may reasonably request with regard to the lands related to the Project over which HRM has control.

The Company shall be responsible for all additional geotechnical, oceanographic and other necessary investigations, including those required for dilution/dispersion modelling.

3.5 Design Submission Requirements

3.5.1 Pre-Design Submissions

The Proponent shall, as part of its Proposal, submit a complete pre-design for the Project which shall meet the requirements of Section 3.0 of Part 8. In the event the Company makes any changes to its pre-design, the Company shall provide complete and detailed design submissions to HRM which shall fully reflect all such changes.

3.5.2 Design Submissions

The Company shall submit all design and other submissions to HRM in accordance with a schedule, the details of which shall be acceptable to HRM, acting reasonably, and which shall include the dates for submission and return after review by HRM.

The design submissions shall include:

- (a) full engineering design reports, briefs and calculations;
- (b) piping and instrumentation drawings and schedules;
- (c) detailed design drawings using System Internationale units; and
- (d) specifications which shall be complete and cover materials and procedures at a minimum.

3.5.3 Design Submissions at 65% Completion

The Company shall provide three (3) copies of the design submissions at the sixty-five percent (65%) completion stage (or earlier if significant changes from the pre-design are required) and, at the same time, the Company shall submit intended equipment details (eg. pumps and process equipment).

3.5.4 Design Submissions at 100% Completion

The Company shall provide three (3) copies of the design submissions at the one-hundred percent (100%) completion stage (or earlier if significant changes from the pre-design are required) and, at the same time, the Company shall update intended equipment details previously submitted (eg. pumps and process equipment).

3.5.5 Review by HRM

HRM may review all design and other submissions to check them against the Proposal pre-design and for compliance with the Project Requirements. In the event the submissions do not comply with the Project Requirements, HRM shall give notice to the Company which shall forthwith correct the deficiency and re-submit to HRM. If the Company does not agree with HRM's position, the matter shall be referred to the Independent Compliance Engineer pursuant to the Dispute Resolution Procedures.

3.5.6 Record Drawings

The Company shall:

- (a) keep electronic and hard copy of the record drawings; and
- (b) deliver one (1) electronic copy and one (1) reproducible hard copy of the record drawings to HRM.

These drawings shall be submitted in groups (eg. a Sewage Collection System and related Facility) not later than three (3) months following the Date of Final Completion of the Sewage Collection System or related Facility, whichever is later. Whenever works are modified during the life of the Project, the Company shall maintain similar records and provide copies to HRM in the same form.

3.5.7 HRM Has No Liability

HRM's review and comment (if any) or failure to review any design and other submissions shall not result in any liability on the part of HRM with respect to such review and comments, and any such review and comments or failure to review shall not relieve the Company of its responsibility to HRM that the Project shall be managed, designed, planned, engineered, procured, constructed, commissioned, upgraded, equipped and, if applicable, financed so as to comply with the Project Requirements.

3.6 Sludge and Residue Management and Disposal

In the event the Company elects to construct or otherwise own and operate the Sludge Handling and Management System(s), it shall be the responsibility of the Company to locate and obtain the property which shall not be within the Sewage Treatment Plant property boundaries. In such event, if any such Sludge Handling and Management System(s) is primarily used to service HRM, HRM shall have the option, but not the obligation, to acquire the same on the Reversion Date for One Dollar (\$1.00).

3.7 Health and Safety Plan and Manual - Construction Period

The Company shall develop and deliver to HRM not later than thirty (30) days following the Closing Date, a Health and Safety Plan and Manual for the Construction Period which shall be designed to maximize personal safety, avoid loss of production and prevent property damage. The Health and Safety Plan and Manual for the Construction Period shall at a minimum:

- (a) require that safety awareness is promoted through the display of warning signs and symbols;
- (b) require that safe traffic areas are clearly marked;
- (c) require proper head and foot protection, as well as eyesight and hearing protection in appropriate areas;
- (d) require that all protective and emergency response equipment be kept in first class condition and be inspected and tested on a regular basis with records kept of each inspection;
- (e) encourage the formation of a safety committee to report unsafe conditions and practices; and
- (f) meet the requirements of all applicable Law, including the requirements of the *Occupational Health and Safety Act*.

3.8 Quality Assurance/Quality Control - Construction Period

3.8.1 General

All QA/QC of the Project shall be the responsibility of the Company.

The Company shall deliver to HRM not later than thirty (30) days following the Closing Date, a QA/QC Plan and Manual for the Construction Period to effectively plan, ensure and control the quality of work in accordance with the Project Requirements. The QA/QC Plan and Manual for the Construction Period shall:

- (a) describe the integration of all the quality plans from all members of the Company;
- (b) demonstrate how the QA/QC Plan and Manual for the Construction Period is integrated with the Environmental Management Plan;
- (c) demonstrate how the QA/QC Plan and Manual for the Construction Period produces, with the aid of the designers and construction personnel, the Operating Plans and Manuals and the Maintenance Plans and Manuals for the Facilities;
- (d) ensure that HRM's right of access is maintained throughout the duration of the Construction Period;
- (e) require that QA/QC reports are provided to HRM during the Construction Period, including reports by independent testing firms;
- (f) ensure that testing covers all materials and methods normally covered for the type of construction and operations being conducted;
- (g) provide, upon request from HRM, additional testing and reports to cover any problems or areas of concern in the Project; and
- (h) require that any substandard materials are forthwith replaced.

3.8.2 HRM's Rights

The Company shall ensure that HRM has the right, on a continuous basis, to:

- (a) monitor, review and audit the implementation of the Company's QA/QC Plan and Manual for the Construction Period; and
- (b) verify, through inspection, audit and other means, the quality performance of the Company, including any and all of its members, Subcontractors and suppliers.

3.9 Reporting - Construction Period

3.9.1 Written Reports

The Company shall provide a Work Status Report to HRM not later than the fifteenth (15th) day of each month during the Construction Period with respect to the activities of the previous month and those planned for the next three (3) months. The Work Status Report shall include details of the status of all significant aspects of the Project including:

- (a) environmental assessment, if required;
- (b) the Public Involvement and Information Program;
- (c) environmental management and monitoring;
- (d) Approvals;
- (e) design progress, measured against the Implementation Schedule, for each Sewage Collection System and each Facility;
- (f) construction progress, measured against the Implementation Schedule, for each Sewage Collection System and each Facility;
- (g) commissioning progress and results, measured against the Commissioning Plan and Procedures;
- (h) constraints/difficulties; and
- (i) other issues as required by HRM.

3.9.2 Meetings

The Project Manager shall meet with the HRM Project Manager not less than bi-weekly during the Construction Period to review the status of all design, construction and commissioning activities. In addition, the Project Manager shall inform the HRM Project Manager in a timely manner of:

- (a) all emergencies;
- (b) the status of the Approval processes;
- (c) the occurrence of all uncontrollable events; and
- (d) any other significant information as would be expected under customary and prudent business practices given the nature of the Project.

3.10 Capacity Expansion and Treatment Upgrading

The sites to be provided by HRM for the Halifax North, the Halifax South and the Dartmouth Sewage Treatment Plants will accommodate compact treatment processes. It is assumed that an advanced primary treatment process for each Sewage Treatment Plant will satisfy the regulatory conditions that will be imposed. However, it is also recognized that regulatory conditions may change and become more stringent in the future.

The Proponent shall demonstrate in its pre-design that each Sewage Treatment Plant shall be laid out to accommodate advanced primary sewage treatment, as a minimum, and potential future upgrade to secondary treatment for not less than the "Ultimate Flows" estimated by HRM for the year 2041 as shown on the Table in Subsection 3.3.2.2.

For subsequent capacity expansions of the Sewage Treatment Plants or process modifications necessitated by regulatory changes or at the request of HRM, see Sections 5.5 and 5.6.

3.11 Technical Standards and Specifications

The Project shall be designed, constructed and commissioned in accordance with best industry standards and practices and shall conform to or exceed the Project Requirements and the requirements of all applicable Law, codes, standards, specifications and guidelines. In addition, the Company shall comply with the standards set by various professional bodies as set forth in the Project Requirements. Whenever there is conflict between two or more standards, specifications or guidelines, the more or most stringent shall apply.

3.12 Commissioning Plan and Activities

3.12.1 Objective

The objective of the commissioning activities is to determine the ability of each Sewage Collection System, Sewage Treatment Plant, outfall and diffuser to meet the performance standards set forth in the Project Requirements.

3.12.2 Commissioning Plan and Procedures

3.12.2.1 General

The Company shall submit to HRM for its review Commissioning Plan and Procedures not later than sixty (60) days prior to the commencement of any commissioning activities. The Commissioning Plan and Procedures shall include a detailed description of the tests and procedures proposed in order to commission the Facilities and the Sewage Collection Systems including:

- (a) leakage and infiltration testing of all water retaining structures and conduits and pressure and non-pressure piping according to practices defined by the American Waterworks Association Standards for tanks and piping, and by the Nova Scotia Road Builders/Nova Scotia Consulting Engineers Association - Standard Specification for Municipal Services (1999 Revision) adopted by HRM, except as modified by HRM's supplementary specification Section 00900 (included in Appendix J) of HRM Standard Contract Specifications;
- (b) testing and adjusting each item of mechanical and electrical equipment according to the manufacturers' recommendations;
- (c) calibrating each item of instrumentation and control equipment according to the manufacturers' recommendations or the procedures of the Instrument Society of America;
- (d) equipment tests, field tests and/or factory tests;
- (e) start-up procedures;
- (f) flow diversions for full operations; and
- (g) performance testing.

3.12.2.2 Commissioning Activities

Commissioning shall be performed in strict accordance with the Company's Commissioning Plan and Procedures. The HRM Project Manager shall be entitled to be present during all commissioning operations and remedial work.

Initial testing shall be carried out using clean water provided by the Company, and only after the Sewage Collection System and the related Sewage Treatment Plant have successfully met the initial testing requirements shall sewage be introduced into the system. Following a period of initial operation using raw sewage of approximately four (4) weeks, the Company shall conduct performance testing, namely taking hourly measurements over a period of at least twenty-four (24) hours to determine:

- (a) the flows received;
- (b) the characteristics of the wastewater received;
- (c) the characteristics of the effluent discharged;
- (d) the measurements of residues produced; and
- (e) the measurement of odour emissions and noise level at the Sewage Treatment Plant property line.

3.12.2.3 Correction of Deficiencies

All deficiencies and corrective actions identified by HRM or the Company shall be taken by the Company as necessary to complete all components of the Project in accordance with the Project Requirements.

If the Company does not agree with any deficiencies raised by HRM, the matter shall be referred to the Independent Compliance Engineer for resolution in accordance with the Dispute Resolution Procedures.

Part 4 Operating Period

4.1 Purpose

The purpose of this Part is to ensure that the Proponent has a full understanding of HRM's requirements for the management, operation and maintenance of the Facilities and the provision of a Sludge Handling and Management System(s). As a general principle, the Company shall manage, operate and maintain the Facilities and provide the Sludge Handling and Management System(s) in accordance with the Operating and Maintenance Requirements, the Project Requirements and the Operating and Maintenance Agreements.

4.2 General Requirements

4.2.1 Facilities

The Company shall, at its own expense, perform all activities and services and provide or obtain all personnel, materials, services and supplies necessary to provide a Sludge Handling and Management System(s) and to manage, operate and maintain each of the Facilities during the Operating Period on a continuous basis (twenty-four (24) hours a day, seven (7) days a week) in accordance with the Operating and Maintenance Requirements, the Project Requirements and the Operating and Maintenance Agreements. The management, operation and maintenance of the Facilities shall include, but shall not be limited to, the following:

- (a) the payment of all operating costs;
- (b) the provision of all personnel (including administrative and management) and associated wages, salaries and benefits;
- (c) the provision of all supplies and materials, including chemicals and fuel, equipment, office and laboratory supplies, vehicle accessories and supplies, computer hardware and software and all related supplies, building and grounds maintenance supplies, replacement parts, equipment maintenance supplies and spare parts which are required in the day-to-day management, operation and maintenance of the Facilities;
- (d) the provision of all utilities and other consumables including backup power;
- (e) the provision of all equipment, chattels and replacement parts;
- (f) the provision of all technology, know-how, licenses and patents to operate;

- (g) the provision of all services including, without limitation, management, process control and computer-based maintenance management systems, quality assurance systems, laboratory quality assurance/quality control and risk protection to structures and equipment (eg. mechanical, electrical, process, HVAC, instrumentation, communication, computer system and SCADA System);
- (h) the provision of all start-up and working capital;
- (i) the provision of security;
- (j) the upkeep and maintenance of all grounds and improvements;
- (k) collecting, handling, transporting and disposing of all Sludge, chemicals, Grit, Screenings, scum, oil and other wastes and residues;
- (l) the provision of operations in accordance with manufacturers' recommendations, the Operating and Maintenance Requirements and accepted industry standards;
- (m) the provision of all operational repair and maintenance in accordance with manufacturers' recommendations, the Operating and Maintenance Requirements and accepted industry standards;
- (n) the payment of all costs for Renewal Work; and
- (o) the payment of all costs for maintaining each of the Facilities in the Required Condition.

4.2.2 Sewage Collection Systems

HRM will operate the Sewage Collection Systems (and any existing or additional sewage collection systems feeding the Facilities) and will operate the weirs and gauging systems routing sewage to the Facilities and overflows to the combined sewer overflows. HRM will control the volumes of sewage to be treated by the Company at the Facilities in accordance with an operating protocol. HRM shall, in consultation with the Company, develop the operating protocol which shall include the practices, procedures and coordinating activities of HRM and the Company for the supply of influent to the Facilities.

4.3 Facilities Management

Each Facility shall be managed, operated and maintained to meet the Project Requirements and the Operating and Maintenance Requirements, and to meet or exceed the following criteria for effluent quality, air emissions/odour and noise:

4.3.1 Effluent Quality

The effluent, when measured in accordance with the test procedures, policies and all other requirements of NSDOE at the sampling points designated by NSDOE for each Sewage Treatment Plant, shall meet or exceed the Effluent Quality Requirements.

4.3.2 Air Emissions/Odour

Odour from the Sewage Treatment Plant shall not exceed the threshold of one (1) odour unit when measured at the Sewage Treatment Plant property line. Hydrogen sulphide levels and any Sewage Treatment Plant generated malodorous compound levels shall not exceed the minimum detectable level for humans at the Sewage Treatment Plant property line.

4.3.3 Noise

The noise level at the Sewage Treatment Plant property line shall not exceed:

- (a) 55 dBA Leq (between 2300 hours and 0700 hours);
- (b) 60 dBA Leq (between 1900 hours and 2300 hours); and
- (c) 65 dBA Leq (between 0700 hours and 1900 hours).

Individual noise sources which are tonal in nature shall not exceed 45 dBA Leq when measured at the Sewage Treatment Plant property line.

4.3.4 Operating and Maintenance Standards

The Company shall perform all activities and services for the proper and effective management, operation and maintenance of the Facilities in accordance with the Project Requirements and the Operating and Maintenance Requirements and in a cost effective and professional manner. In addition, the Company shall manage, operate and maintain the same in a manner which:

- (a) is competent, efficient, economical and according to generally accepted principles, practices and procedures used in the wastewater industry;
- (b) is in accordance with professional engineering, accounting and management consulting standards as applicable, as recognized by international professional bodies;
- (c) is in accordance with sound management, commercial and engineering practices;
- (d) employs appropriate technology and safe and effective equipment, machinery and methods; and
- (e) protects the interests of HRM.

4.4 Approval Responsibility

Except as expressly provided in this RFP, the Company shall be responsible for all risks associated with identifying, obtaining and renewing in its own right or on behalf of HRM all Approvals required for each Facility, including the payment of all applicable fees. The Company shall comply with the Approvals and all applicable Law and shall be responsible for any fines, penalties or judgments resulting from any violations thereof.

4.5 Technical Requirements

4.5.1 Influent

HRM will be responsible for the management, operation and maintenance of the Sewage Collection Systems (and any existing or additional sewage collection systems) to intercept, convey and deliver to the corresponding Sewage Treatment Plant site or to the pumping station associated with lifting the sewage that discharges at the headworks of the Sewage Treatment Plant (or in the event that HRM proceeds with Phase I of the Project, to the Harbour or to the corresponding Sewage Treatment Plant site or pumping station, as applicable) all influent originating in the sewersheds of Halifax North, Dartmouth, Herring Cove and Halifax South (as shown on Figures F.1 and F.2 of Appendix B2). The Company shall pay all pumping and other costs associated with lifting the sewage that discharges at the headworks of each Sewage Treatment Plant and the Company shall operate these pumping stations as part of the related Facility.

The Company shall accept and treat all influent delivered to the Facilities by or on behalf of HRM. Influent includes sewage flows that are received at the Sewage Treatment Plants from the Sewage Collection Systems, being all domestic, industrial, commercial and other wastewater as well as combined sewage inflow and infiltration.

The Company shall not receive or treat any other raw sewage, septage or Sludge except with the prior written consent of HRM.

Each Sewage Treatment Plant shall meet or exceed the Effluent Quality Requirements while treating not less than the flow rates for "Initial Construction" as shown on the following Table:

SEWAGE TREATMENT PLANT CAPACITY FLOWS IN m³/s

Plant Location	Initial Construction (Based on projections to 2021)			Ultimate Flows	
				Ultimate Capacity (2041)	Ultimate Peak Flows (2041)
	Avg. Daily Flow	Peak Flow	Min. flow	Avg. Daily Flow	Peak Flow
Halifax North	1.01	2.68	0.20	1.07	2.86
Dartmouth	0.82	2.19	0.16	1.00	2.67
Herring Cove	0.33	0.88	0.06	0.61	1.64
Halifax South	0.54	1.29	0.09	0.63	1.51

Notes:

1. Peak flow is equal to 4 x average dry weather flow.
2. Average Daily Flow is 1.5 x average dry weather flow.
3. The ultimate capacity represents the average dry weather flow that is expected when development of the applicable sewersheds is complete.
4. HRM does not guarantee that the minimum flow for each Sewage Treatment Plant is the least flow which may be experienced.

In the event the Proponent submits a solution comprised of less than four (4) Facilities with corresponding Sewage Collection Systems in addition to the required solution submission for four (4) Facilities, the Proponent shall ensure the Facilities and Sewage Collection Systems of such solution have the equivalent capacity to the capacity provided by four (4) Facilities and Sewage Collection Systems in order to treat the flows from the Halifax North, Halifax South, Dartmouth and Herring Cove sewersheds.

4.5.2 Treatment Process Control

4.5.2.1 Sampling and Testing

The Company shall provide and maintain the necessary facilities and personnel at each Sewage Treatment Plant which is reasonably required to sample, measure and test the influent received and the effluent discharged by the Sewage Treatment Plant in accordance with the requirements of all Governmental Authorities, the standards of the Canadian Association of Environmental Analysis Laboratories and the Company's Influent, Effluent and Sludge Sampling Program. See Subsection 4.7.1.5.

Sampling for testing is expected to include incoming influent samples and outgoing effluent samples at a point at the Sewage Treatment Plant where the influent has received the last treatment. Governmental Authorities may also require that samples at the diffuser(s) and at the outer limits of any exclusion zone be taken and tested periodically.

4.5.2.2 Compliance Requirements

The Company shall be in default of its obligations to manage, operate and maintain a Sewage Treatment Plant if the effluent therefrom fails to meet the Effluent Quality Requirements or if the Company fails to comply with any of the terms or conditions of any Approvals or Governmental Authorities for that Sewage Treatment Plant.

It is recognized that the Company may not be able to produce a quality of effluent that meets or exceeds the Effluent Quality Requirements if it is prevented from doing so by an Abnormal Influent or the occurrence of a Project Risk Event. However, the Company shall use its best efforts to continually meet or exceed the Effluent Quality Requirements while receiving Abnormal Influent or during the occurrence of a Project Risk Event.

4.6 Sludge and Residue Management and Disposal

The Company shall be responsible to collect and dispose off-site all Screenings, Grit, scum and other wastes and residues generated by the sewage treatment process in the manner required by the appropriate Governmental Authorities.

The Company shall also be responsible to collect and dispose of all Sludge generated by the sewage treatment process. The Sludge shall be collected, conveyed, stored, mixed, pumped, thickened and dewatered at each Sewage Treatment Plant. The Sludge shall then be further treated through a Sludge Handling and Management System(s), meaning the Sludge shall be transported to an off-site location, approved and licensed by NSDOE for the processing and/or disposal of such material, where the Sludge shall be processed, stabilized, stored and disposed of for beneficial use or other environmentally acceptable means in accordance with the pathogen and vector-abstraction requirements of 40 CFR Part 503 U.S. EPAU Regulations and other regulations approved by NSDOE.

Acceptable treatment and environmentally beneficial uses of Sludge include composting, pasteurization, lime stabilization or pelletization to be used for purposes such as agriculture soil amendments, sod farming, mine reclamation, commercial fertilizer or silviculture. Incineration, landfilling and ocean disposal are not acceptable. The present existing municipal waste facilities in HRM cannot accept Sludge.

4.7 Plans and Manuals for the Operating Period

The Company shall prepare the following plans and manuals (see Subsection 2.1.2 for requirements regarding updates and material changes thereto and implementation thereof):

4.7.1 Operating Plans and Manuals

4.7.1.1 General

Not later than sixty (60) days prior to the estimated Date of Substantial Completion of each of the Facilities, the Company shall submit for review by HRM an Operating Plan and Manual for such Facility. Each Operating Plan and Manual shall be comprehensive and organized into separate sections addressing each of the major system components of the Facility and shall comply, *mutatis mutandis*, with the format and all of the aspects of the "Operations Section" of the NSDOE Guidelines Manual that relate to operations. Each Operating Plan and Manual shall include a detailed description of the following:

- (a) operating procedures, including detailed procedures for the SCADA System;
- (b) Training Plan and Manual;
- (c) Staffing Plan and Manual;
- (d) Influent, Effluent and Sludge Sampling Program; and
- (e) Health and Safety Plan and Manual for the Operating Period.

4.7.1.2 Operations and Procedures

Each Operating Plan and Manual shall include a computer-based functional plan of systems operations and process control, including chemical application. Each Operating Plan and Manual shall present a detailed outline of the operating activities to be carried out, including:

- (a) a daily tour of the Facility and a check of fencing and site security;
- (b) a checklist of operator activities;
- (c) a check of chemical, material and equipment inventories;
- (d) a sample of the daily, weekly, and monthly logs or SCADA System screens which show the dates and hours of operation of equipment, operating conditions, flow data, power consumption, chemical use, and the results of any measurements or testing carried out by the operating staff;
- (e) a log or computer file of samples collected and the laboratory test results;
- (f) emergency procedures;
- (g) procedures to handle, report and follow-up on accidents and incidents;
- (h) procedures to monitor odour and noise; and

- (i) purchasing procedures, particularly with respect to chemicals, to ensure that costs are minimized.

4.7.1.3 Training Plan and Manual

The Training Plan and Manual shall provide for a minimum of fifty (50) hours per year of training for each employee. The training shall include classroom and hands-on experience, as well as seminars and conferences or exhibitions. The Training Plan and Manual shall, at a minimum, contain details of the following:

- (a) Company certification requirements;
- (b) job skill enhancement;
- (c) computerized maintenance management system;
- (d) Operating Plan and Manual;
- (e) Maintenance Plan and Manual;
- (f) conservation of energy and water use;
- (g) equipment troubleshooting;
- (h) SCADA System;
- (i) wastewater analysis and testing;
- (j) personnel supervision;
- (k) report writing;
- (l) use of the Health and Safety Plan and Manual for the Operating Period;
- (m) confined space entry;
- (n) personnel protective equipment;
- (o) chemical handling (material safety data sheet);
- (p) fire safety;
- (q) lock-out/tag-out procedures;
- (r) first aid;

- (s) contingency plans;
- (t) emergency response; and
- (u) spill control and response.

4.7.1.4 Staffing Plan and Manual

The Staffing Plan and Manual shall provide details of the duties of personnel needed to meet the Operating and Maintenance Requirements and shall describe how staffing for the operations of the Facility will be recruited. The Staffing Plan and Manual shall also include:

- (a) names, title and qualification of each staff member to be assigned to the operations;
- (b) a schedule showing the hours of work for each operating staff member;
- (c) a description of the duties to be assigned to each operating staff member on a day-to-day basis;
- (d) a staffing contingency plan to provide alternative staffing arrangements; and
- (e) the names of all support staff or contract services that are expected to work closely with the operating staff to provide technical expertise or services.

4.7.1.5 Influent, Effluent and Sludge Sampling Program

The Influent, Effluent and Sludge Sampling Program shall be designed to produce quantity and quality data in order to effectively control the various unit operations of the Facilities. The Influent, Effluent and Sludge Sampling Program shall, at a minimum, contain the following:

- (a) a schedule for continuing routine sampling to monitor Sewage Treatment Plant performance and effluent quality on a regular basis;
- (b) a schedule or program for intensive sampling and testing and the effect of corrective action in the event of an upset;
- (c) the requirement for samples to be taken at locations where the wastewater is as completely mixed as possible;
- (d) details of all required sampling equipment;
- (e) policies and procedures for collecting and preserving samples, including safety precautions to be exercised during sampling;

- (f) methods to correlate the daily flow variation and detention time for the Sewage Treatment Plant in order that influent and effluent samples relate to the same waste; and
- (g) details of the specific tests to be performed on the samples and the procedures therefor.

4.7.1.6 Health and Safety Plan and Manual

The Health and Safety Plan and Manual for the Operating Period shall at a minimum:

- (a) require that safety awareness is promoted through the display of warning signs and symbols;
- (b) require that safe traffic areas are clearly marked;
- (c) require proper head and foot protection, as well as eyesight and hearing protection in appropriate areas;
- (d) require that all protective and emergency response equipment be kept in first class condition and be inspected and tested on a regular basis with records kept of each inspection;
- (e) encourage the formation of a safety committee to report unsafe conditions and practices; and
- (f) meet the requirements of all applicable Law, including the requirements of the *Occupational Health and Safety Act*.

4.7.2 Maintenance Plans and Manuals

4.7.2.1 General

Not later than sixty (60) days prior to the estimated Date of Substantial Completion of each of the Facilities, the Company shall submit for review by HRM a Maintenance Plan and Manual for such Facility. Each Maintenance Plan and Manual shall be comprehensive and organized into separate sections addressing each of the major system components of the Facility and shall comply, *mutatis mutandis*, with the format and all of the aspects of the "Operations Section" of the NSDOE Guidelines Manual that relate to maintenance. Each Maintenance Plan and Manual shall:

- (a) show how the computer-based maintenance management system database records the activities performed and prompts the next activities based on the manufacturers' recommendations;
- (b) include details of the following:

- (i) routine maintenance;
 - (ii) predictive maintenance;
 - (iii) preventative maintenance; and
 - (iv) corrective maintenance;
- (c) outline the testing and the frequency of testing or inspections to be carried out for structural assets as well as mechanical, electrical, and instrumentation and control equipment;
- (d) provide a schedule for equipment overhauls where the equipment is critical to Facility operations;
- (e) include the procedures for early diagnosis of potential problems as well as a scheduled program for maintenance tasks that would prevent any degradation in operating conditions;
- (f) provide details of Renewal Work and how it will be planned and implemented; and
- (g) provide details of the measures to be used to ensure that the Facilities are in the Required Condition throughout the Operating Period and at the Reversion Date.

4.7.2.1.1 Routine Maintenance

Routine maintenance is comprised of those regular operations that are required to obtain smooth and continuous operation of all aspects of the Facilities including, but not limited to:

- (a) cleaning;
- (b) lubrication;
- (c) gland tightening;
- (d) calibration; and
- (e) equipment adjustment.

4.7.2.1.2 Predictive Maintenance

Predictive maintenance is the measurement of physical properties of equipment performance and a comparison with engineering standards or limits. These measurements shall include:

- (a) vibration testing and analysis;
- (b) lubricant analysis for wear particles or lubricant contamination;
- (c) infrared thermography;
- (d) performance monitoring;
- (e) non-destructive testing; and
- (f) ultrasonic testing.

4.7.2.1.3 Preventative Maintenance

Preventative maintenance shall be committed to the elimination of corrective and breakdown maintenance activities.

4.7.3 Sludge and Residue Management and Disposal Plans and Manuals

Not later than ninety (90) days prior to the estimated Date of Substantial Completion of each of the Facilities, the Company shall submit for review by HRM a Sludge and Residue Management and Disposal Plan and Manual for such Facility which addresses the Company's obligation to:

- (a) ensure that all Sludge and residue produced from the related Facility meets the requirements of subsequent handling, transporting and disposing, as applicable;
- (b) collect, convey, store, mix, pump, thicken and dewater all Sludge generated by the sewage treatment process in accordance with all applicable Law;
- (c) provide the off-site Sludge Handling and Management System(s) required to transport, process, stabilize, store and dispose of Sludge from the Facility for beneficial use;
- (d) collect and dispose off-site all Grit, Screenings, scum, and other wastes and residues generated by the Facility in the manner required by the appropriate Governmental Authorities and pay all tipping fees and other costs associated with the disposal of such Grit, Screenings, and other wastes and residues; and
- (e) ensure that the Sludge and Residue Management and Disposal Plan and Manual is adequately managed and monitored.

4.7.4 Quality Assurance/Quality Control Plans and Manuals

Not later than sixty (60) days prior to the estimated Date of Substantial Completion of each of the Facilities, the Company shall submit for review by HRM a QA/QC Plan and Manual for such Facility which shall:

- (a) document standards and procedures, including those required by federal, provincial and municipal legislation, for all of the management, operating and maintenance activities;
- (b) include criteria and procedures for calibration of instrumentation to ensure that:
 - (i) all instrumentation is systematically checked and calibrated against a known standard wherever possible and in accordance with industry practice and manufacturers' recommendations;
 - (ii) all instrumentation is adjusted as necessary to provide accurate data within acceptable tolerances for the method of measurement and the guaranteed accuracy of the equipment;
 - (iii) all calibration is carried out by skilled personnel who have successfully completed a recognized program in calibration procedures; and
 - (iv) records showing the dates and adjustments made for each instrumentation device are maintained by the Company;
- (c) require that laboratory testing for conformance to compliance criteria is performed by accredited laboratory facilities following acceptable Canadian Association of Environmental Analysis Laboratories' standards for testing protocols; and
- (d) require appropriate testing and monitoring, including testing and monitoring for odour emissions and process monitoring functions.

4.8 Reporting - Operating Period

4.8.1 General

The General Manager, as designated by the Company, shall be the Company's liaison with HRM and shall be the Company's representative primarily responsible for dealing with HRM.

4.8.2 Meetings

The General Manager shall meet with the HRM Project Manager not less than once per month, or less frequently as agreed by the parties, to discuss and review the management, operation and maintenance of the Facilities. In addition, the General Manager shall inform the HRM Project Manager in a timely manner of:

- (a) all emergencies;
- (b) the occurrence of all uncontrollable events; and
- (c) any other significant information as would be expected under customary and prudent business practices given the nature of the Project.

Forty-five (45) days following the end of each calendar quarter, the monthly meeting shall focus on a review of the quarterly operations report and the quarterly maintenance report contemplated by Subsections 4.8.3 and 4.8.4 of this RFP. Any significant events or issues of mutual concern shall also be placed on the agenda for discussion.

4.8.3 Quarterly Operations Report

The Company shall provide HRM with a comprehensive quarterly operations report for each of the Facilities not later than thirty (30) days following the end of each calendar quarter. The quarterly operations reports shall be in a form acceptable to HRM and shall include, but not be limited to, the following information for the quarter ended:

- (a) influent and effluent flow including average daily flow, maximum daily flow, peak instantaneous flow, total daily flow and total monthly flow;
- (b) influent load for all of the parameters included in the analysis of influent flow;
- (c) cumulative monthly flow;
- (d) effluent quality;
- (e) Sludge volume and solids content and all documentation related to Sludge disposal including volume of Sludge transported;
- (f) details of any bypass events and spills;
- (g) status of any action plans required to correct non-compliance;
- (h) significant events or failures during period including any and all events of non-compliance with applicable Law;
- (i) details of all complaints and responses;

- (j) results of any other test data; and
- (k) details of the status of the Public Involvement and Information Program; and
- (l) details of the status of environmental management and monitoring.

4.8.4 Quarterly Maintenance Reports

The Company shall provide HRM with a comprehensive quarterly maintenance report for each of the Facilities not later than thirty (30) days following the end of each calendar quarter. The quarterly maintenance reports shall be in form acceptable to HRM and shall include, but not be limited to, the following information for the quarter ended:

- (a) a detailed and comprehensive report of all maintenance work performed; and
- (b) a detailed and comprehensive schedule of all maintenance work planned for the forthcoming twelve (12) month period.

4.8.5 Annual Operations and Maintenance Report

The Company shall provide HRM with a detailed annual operations and maintenance report for each of the Facilities not later than sixty (60) days following the end of each calendar year end. The annual operations and maintenance report shall be in form acceptable to HRM and shall include, but not be limited to, the following information:

- (a) a general overview of the operation of the Facility in the previous year including any major achievements of the Company, the reliability of the Facility and the performance of the Facility;
- (b) a summary of the information provided in the quarterly operations reports and the quarterly maintenance reports contemplated by Subsections 4.8.3 and 4.8.4 of this RFP, with annual averages or totals where applicable for the previous year which information shall be presented in tabular and graphical form with a brief written narrative to highlight key points in each section;
- (c) a summary of performance as compared to the Effluent and Receiving Water Quality Plan for the Facility indicating the Company's response to upset conditions and accidental events;
- (d) a summary of the annual effluent quality, presented in tabular and graphical form, showing trends from all previous years;
- (e) a detailed analysis of annual electricity and other energy costs and consumption figures for the Facility, broken down by components of electricity and other energy costs including fixed charges, consumption charges and peak charges; and

- (f) a detailed analysis of annual chemical costs and consumption figures, including dosage rates, for the Facility.

4.8.6 Inspection and Review of Records and Reports

The Company shall permit HRM and its authorized representatives to examine, review, electronically monitor, and retrieve any and all operating and maintenance records and reports of the Company, and to make copies of and to take extracts from such records and reports.

4.8.7 Complaint Reporting and Action

The Company shall report to HRM and immediately investigate all complaints upon receipt and shall take appropriate action.

4.9 Annual Inspections

4.9.1 General

The Company shall perform detailed annual inspections of all aspects of the Facilities not later than July 1 of each year. HRM shall be invited to be represented at the inspections. The inspections shall be led by senior engineers appropriately skilled in each aspect of the Facilities including civil, structural, mechanical, electrical, process and instrumentation (eg. SCADA System) engineers. Any pumping stations within the Sewage Treatment Plant property boundaries constructed and operated by the Company shall be included.

The inspection of the outfalls and diffusers shall include the following:

- (a) outfall pipes inspected internally from Sewage Treatment Plants to diffusers by underwater TV operated by divers or remote controlled vehicles; and
- (b) diffusers and ports inspected by divers using underwater video, inside and outside the diffusers.

4.9.2 Annual Inspection Reports

The inspection results together with photographs shall be contained in an annual inspection report for each Facility, which shall contain recommendations for repairs and maintenance, as appropriate, together with an action plan for the required work. The action plan shall then be coordinated with the Maintenance Plan and Manual for each Facility. Two (2) copies of each annual inspection report and action plan shall be provided to HRM not later than six (6) weeks following completion of the inspection.

4.10 Independent Audits

HRM reserves the right to hire consultants or to assign HRM staff from time to time for the purpose of carrying out a performance evaluation of the Facilities.

The Company shall co-operate with any requests for access and inspection of the Facilities and shall make available to HRM any information, documentation or data that is requested.

4.11 Operations during Expansion and Upgrading Construction

It is expected that during the Operating Period expansions or upgrading to the Facilities may be required.

The Company shall liaise with, assist and provide all required information to HRM in relation to any considerations for expansion or upgrading.

Once construction is scheduled, the Company shall present to HRM a plan showing how the impact of construction activities at the site will be minimized and how the operation of the Facility will be continued with minimal or no impact on the quality of the effluent discharged from the Facility.

4.12 Reversion Date

4.12.1 General

On the Reversion Date, the Facilities shall:

- (a) be in the Required Condition;
- (b) not contain any deficiencies identified by HRM as contemplated by Subsection 4.12.4 herein; and
- (c) meet all criteria in Subsection 4.12.5 herein.

On the Reversion Date, the Facilities, all equipment and chattels used in connection with the management, operations and maintenance thereof and, if applicable, the lands upon which they are located shall vest in HRM. In the event the Company elected to construct or otherwise own and operate a Sludge Handling and Management System(s) which is primarily used to service HRM, HRM shall have the option, but not the obligation, to acquire the same on the Reversion Date for One Dollar (\$1.00).

4.12.2 Inspections Prior to Reversion Date

At least sixteen (16) months prior to the Reversion Date, the Company and HRM shall conduct an inspection of the Facilities, including all civil, structural, mechanical, electrical, process, instrumentation and site-related assets. The Company shall prepare and deliver to HRM a Final Condition Survey Report not later than fourteen (14) months prior to the Reversion Date.

4.12.3 Activities Prior to Reversion Date

The Company shall, at no cost to HRM:

- (a) coordinate and cooperate with and assist HRM in all aspects of the inspections prior to the Reversion Date;
- (b) provide all reasonable access;
- (c) drain all tanks, chambers or vessels that cannot be normally inspected below operating level to permit an inspection of the structures and submerged equipment;
- (d) permit motors, electrical and other systems to be inspected and tested;
- (e) provide all relevant records which relate in any way to Reversion Date inspections and conditions; and
- (f) provide such other assistance and facilities as are required by HRM such that the Company and HRM can perform the necessary inspection and assessment functions.

4.12.4 Correction of Deficiencies

Based on the Final Condition Survey Report and its own inspection activities, HRM shall prepare a list of deficiencies and submit it to the Company not later than twelve (12) months prior to the Reversion Date. The Company shall, at its cost, correct or repair all the deficiencies in the list prepared by HRM not later than six (6) months prior to the Reversion Date.

4.12.5 Additional Criteria for the Facilities on Reversion Date

In addition to correction of deficiencies identified in the list provided by HRM in accordance with Subsection 4.12.4, the Company shall be responsible to ensure that the Facilities meet the following criteria on the Reversion Date:

- (a) all structural components including the structure of each Sewage Treatment Plant building, tanks, foundations and walls shall be in sound condition, suitable for a minimum of thirty (30) years additional service without major maintenance;

- (b) any cracks or spalling of concrete or other defects shall be adequately repaired;
- (c) all steel surfaces shall be in good condition, with new applications of suitable protective coatings;
- (d) electrical systems and lighting shall be in good condition and in compliance with the then current Canadian Electrical Code;
- (e) the exterior finishes of each building shall be in good condition, free from defects and leaks;
- (f) the exterior of each site including roadways, pavements, landscaping, vegetation and other ancillaries shall be in good condition and, wherever pavements are cracked or puddled, they shall be satisfactorily repaired;
- (g) process equipment, including moving parts and valves, shall all be in satisfactory working condition and suitable for a minimum of five (5) years additional service without major maintenance;
- (h) where pumps/impellers have not been replaced during the previous ten (10) years, they shall be replaced within twelve (12) months prior to the Reversion Date;
- (i) the SCADA System shall be in good operating condition and in compliance with normal industry standards in effect on the Reversion Date;
- (j) flow monitoring systems, software and computer hardware shall be in good operating condition;
- (k) the building roof and any other covers shall be in good condition and suitable for a minimum of twenty (20) years additional service without major maintenance. Each roof shall be inspected by a suitably qualified independent specialist, who shall provide a recommendation with respect to any required remedial work to permit a further twenty (20) years service life guarantee, without major maintenance. The Company shall conduct all such recommended remedial work and shall deliver a twenty (20) year service life guarantee to HRM on the Reversion Date, in form and substance satisfactory to HRM;
- (l) the building mechanical systems, controls and HVAC systems shall be in satisfactory working condition and suitable for a minimum of five (5) years additional service without major maintenance;
- (m) outfalls and diffusers shall be structurally sound. Any deposits greater than 25 mm thick inside the outfall pipes and diffusers shall be thoroughly removed. All diffuser ports shall be in good working condition; and

- (n) unless otherwise specified above, all elements of the Facilities shall be in sound condition, suitable for a minimum of five (5) years additional service without major maintenance.

Part 5 Business Arrangements

The business arrangements between HRM and the Company will be based on the requirements described in this RFP. The business arrangements will be guided by the following principles:

- (a) the Company shall design, construct and commission the Sewage Collection Systems and the Facilities in accordance with the Project Requirements;
- (b) the Company shall provide a Sludge Handling and Management System(s) and shall manage, operate and maintain the Facilities in accordance with the Project Requirements and the Operating and Maintenance Requirements;
- (c) during the Construction Period, except as provided in the RFP, the Company shall bear all risk in relation to the completion of the Project work that is not excused by reason of a Project Risk Event; and
- (d) during the Operating Period, except as provided in the RFP, the Company shall bear all risk in relation to providing a Sludge Handling and Management System(s) and providing the management, operation and maintenance of the Facilities that is not excused by reason of a Project Risk Event.

5.1 Description of Business Arrangements

5.1.1 Project Agreements

The Selected Proponent will be required to enter into the Project Agreements in connection with the Project, which shall be in form and substance satisfactory to HRM. HRM will prepare the Project Agreements which will incorporate the Project Requirements and the Operating and Maintenance Requirements and the obligations of the Selected Proponent to implement its Proposal for the Project.

The Project Agreements (based on a design/construct model for the Sewage Collection Systems and a design/construct/operate model for the Facilities, including provision to provide a Sludge Handling and Management System(s)) will be provided to the Proponent by separate addendum approximately one (1) month prior to the Proposal Due Date. Drafts of the Project Agreements will be provided to the Proponent for review and comment approximately one (1) month after the RFP Release Date.

5.1.1.1 Development Agreement

The Development Agreement will set forth the Company's obligations and rights regarding the design, construction, commissioning and, if applicable, alternate long-term financing aspects of the Project including scope of the work, Project Requirements, guaranteed maximum price for each of the Facilities and the Sewage Collection Systems, payment terms and conditions, Implementation Schedule, security requirements and events of defaults and remedies. If the Company wishes to enter into any subcontracts (including any construction contract), they must be in form and substance satisfactory to HRM and must be assigned to HRM as security for the Company's obligations to HRM during the Construction Period.

5.1.1.2 Operating and Maintenance Agreements

The Operating and Maintenance Agreements will set forth the Company's obligations and rights regarding the management, operation and maintenance of each of the Facilities, including provision of a Sludge Handling and Management System(s) and performance standards with respect to Effluent Quality Requirements, quality assurance and quality control standards, Operating and Maintenance Requirements, annual operating and capital budget requirements and events of default and remedies. The Operating and Maintenance Agreements will also set forth the obligations of the Company during the Operating Period and on the Reversion Date. If the Company wishes to enter into any subcontracts they must be in form and substance satisfactory to HRM and shall be assigned to HRM as security for the Company's obligations to HRM during the Operating Period.

5.1.2 Term of Operating and Maintenance Agreements

The term of the Operating and Maintenance Agreement for a Facility will commence on the later of the Date of Substantial Completion of such Facility and the related Sewage Collection System. All Operating and Maintenance Agreements shall terminate thirty (30) years after the commencement date of the first of the Operating and Maintenance Agreements; provided however, HRM shall have the right:

- (a) to terminate all but not less than all of the Operating and Maintenance Agreements, for its convenience and without cause, effective on the fifteenth (15th) and twentieth (20th) anniversary dates of the commencement of the term of the first Operating and Maintenance Agreement upon six (6) months' written notice to the Company, and upon the payment by HRM to the Company of the termination fee specified in the Company's Proposal; and
- (b) to renew the Operating and Maintenance Agreements for two separate five (5) year periods under all the same terms and conditions, except for the OMM Fees and Renewal Fees which shall be agreed upon by HRM and the Company. In the event HRM and the Company do not agree on the OMM Fees or Renewal Fees, the matter shall be resolved in accordance with the Dispute Resolution Procedures.

5.1.3 Payment Structure

HRM shall make the following payments to the Company:

- (a) for each Sewage Collection System, a guaranteed maximum price for the cost of designing, constructing and commissioning which shall be paid based upon a work breakdown structure and payment schedule which shall be part of the Company's Financial Proposal and the terms of the Development Agreement;
- (b) one of the following for each Facility:
 - (i) a guaranteed maximum price for the cost of designing, constructing and commissioning which shall be paid thirty (30) days from the date which is the later of the Date of Substantial Completion of such Facility and the related Sewage Collection System; or
 - (ii) such other payment as is proposed in the alternate long-term financing proposal of the Company acceptable to HRM which meets HRM's objectives of minimizing the cost to HRM;
- (c) during the Operating Period, a monthly OMM Fee for each Facility to cover:
 - (i) the cost of managing, operating and maintaining such Facility; and
 - (ii) the cost of providing the Sludge Handling and Management System,which shall be paid monthly in arrears not later than thirty (30) days following receipt of an invoice therefor; and
- (d) during the Operating Period, Renewal Fees for each Facility to cover the actual costs incurred for Renewal Work to such Facility and which shall be paid not later than thirty (30) days following receipt of a certificate and supporting documentation from the Company.

5.2 Construction Costs

The Project capital costs for which HRM is responsible shall consist only of the following:

5.2.1 Guaranteed Maximum Price for each Sewage Collection System

The guaranteed maximum price for each of the Sewage Collection Systems shall be a lump sum price which shall be all-inclusive for all costs required to develop, design, construct and commission each Sewage Collection System in order that it meets the Project Requirements.

5.2.2 Guaranteed Maximum Price for each Facility

The guaranteed maximum price for each of the Facilities shall be a lump sum price which shall be all-inclusive for all costs required to develop, design, construct and commission each Facility in order that it meets the Project Requirements.

5.2.3 Inflation - Construction Period

The guaranteed maximum price for each of the Sewage Collection Systems and for each of the Facilities will be adjusted monthly for inflation after March 31, 2003 as set out herein. The Company shall be responsible for:

- (a) inflation up to March 31, 2003; and
- (b) inflation after March 31, 2003, to the extent that such inflation risk shall result from delays in construction, which delays are in the control of the Company.

Any guaranteed maximum price for the Sewage Collection Systems and the Facilities proposed to be payable after March 31, 2003, will be adjusted monthly for inflation only on direct construction costs proposed by the Proponent to be incurred after March 31, 2003, based on the Price Index of Industrial Building Construction published by Statistics Canada (see Appendix K). Interim financing cost and Harmonized Sales Tax shall also be adjusted to reflect the impact of monthly inflation adjustments.

5.3 Financing Plan

5.3.1 Interim Financing

The Company shall be responsible for all interim financing during the Construction Period.

5.3.2 Alternate Long-Term Financing Proposal for the Facilities

5.3.2.1 General

The Proponent may submit an alternate long-term financing proposal for the Facilities comprised of either:

- (a) fixed payments proposed by the Proponent as of the Proposal Due Date; or
- (b) variable payments proposed by the Proponent based on its basis point spread above the Government of Canada bellweather bond chosen by the Proponent at the Proposal Due Date, which shall be fixed subsequent to the Proposal Due Date on or before the Date of Substantial Completion of the first Facility or related Sewage Collection System, whichever is later,

and either the fixed payments or the variable payments, as applicable, shall have a term approximating the amortization period proposed by the Proponent.

In the event HRM accepts the alternate long-term financing proposal of a Proponent and the Company subsequently defaults in its commitment to provide the financing on the terms as set forth in such alternate long-term financing proposal, the Company shall on the date of default pay to HRM as liquidated damages an amount equal to twice the differential in the current cost of borrowing by HRM for the guaranteed maximum price of the Facilities as compared to the interest rate in the alternate long-term financing proposal of the Proponent.

The fixed payment alternate long-term financing proposal interest cost of the Proponent must not exceed the long-term borrowing rate of HRM on the Proposal Due Date. The variable payment alternate long-term financing proposal interest cost of the Proponent must not exceed the long-term borrowing rate of HRM on the date chosen by the Proponent to fix the interest rate which must be on or before the Date of Substantial Completion of the first Facility or related Sewage Collection System, whichever is later.

HRM may accept or reject any alternate long-term financing proposal.

5.3.2.2 Criteria

In developing any alternate long-term financing proposal, consideration shall be given to the following:

- (a) the amount of such financing shall be sufficient to cover the guaranteed maximum price for each Facility as set forth in the Proponent's Proposal;
- (b) the monthly payment schedule must commence on a date chosen by the Proponent between the Date of Substantial Completion of the first Facility and the last Facility;
- (c) the final payment shall be made no later than thirty (30) years after the commencement date of the first of the Operating and Maintenance Agreements; and
- (d) the impact of Harmonized Sales Tax shall be identified separately as part of the monthly payment schedule.

HRM recognizes and accepts that the financial agents of the Selected Proponent may require a review of the Project Agreements before the Closing Date. Reasonable amendments suggested by the financial agents will be considered by HRM; however, HRM shall retain sole discretion as to whether such amendments are incorporated into the Project Agreements.

5.3.3 Sharing of Interest Rate Risks on Variable Payment Alternate Long-Term Financing Proposal

The Company shall bear the interest rate risks associated with its variable payment alternate long-term financing proposal, except that the interest rate risk associated with possible changes in the interest rate used in such proposal by the Company shall be shared by HRM and the Company as follows:

- (a) HRM shall bear the interest rate risks associated with market-wide changes in the Proponent's specified Government of Canada bellweather bond yield from the Proposal Due Date up to the date the interest rates are fixed by the Proponent which shall be no later than the Date of Substantial Completion of the last Facility and related Sewage Collection System, whichever is later; and
- (b) the Company shall bear the interest rate risks associated with the its basis point spread commitment above its specified Government of Canada bellweather bond yield up to the date interest rates are fixed by the Proponent which shall be no later than the Date of Substantial Completion of the last Facility and related Sewage Collection System.

5.3.4 Evaluation Interest Rate on Alternate Long-Term Financing Proposal

5.3.4.1 Fixed Payment

The interest rate to be used by HRM to compare the fixed payment alternate long-term financing proposal to HRM's long-term financing will be based on the basis point spread above the Reference Bond yield on the Proposal Due Date attributed to obtaining long-term financing through the Nova Scotia Municipal Finance Corporation for an equivalent term.

5.3.4.2 Variable Payment

The interest rate to be used by HRM to compare the variable payment alternate long-term financing proposal to HRM's long-term financing will be based on the basis point spread above the Reference Bond yield on the Proposal Due Date attributed to obtaining long-term financing through the Nova Scotia Municipal Finance Corporation for an equivalent term, plus an additional basis point adjustment to reflect the risk of change in the Reference Bond yield from the Proposal Due Date to the date the interest rates are fixed by the Proponent which shall be no later than the Date of Substantial Completion of the last Facility and related Sewage Collection System.

5.4 OMM Fees and Renewal Fees

5.4.1 General

The Company shall commit to:

- (a) bear all risk in relation to the provision of a Sludge Handling and Management System(s) and the management, operation and maintenance (including Renewal Work) of the Facilities during the Operating Period; and
- (b) subject as is hereinafter provided, a monthly OMM Fee per Facility comprised of a fixed price component and a variable price component as detailed on an OMM Payment Schedule and an OMM Cost Schedule for that Facility, and Renewal Fees per Facility as detailed on a Renewal Payment Schedule and a Renewal Cost Schedule for that Facility. The OMM Payment Schedule, OMM Cost Schedule, Renewal Payment Schedule and Renewal Cost Schedule shall be detailed by the Proponent and submitted with its Proposal.

5.4.2 OMM Fees

5.4.2.1 OMM Payment Schedule

An OMM Payment Schedule for each Facility shall be provided by the Proponent as part of its Proposal. The OMM Payment Schedule shall show the fixed price component and the variable price component of the OMM Fees payable to the Company by HRM. The OMM Fees will be adjusted for inflation as contemplated by Subsection 5.4.4.

5.4.2.2 Fixed Price Component of the OMM Fees

The fixed price component of the OMM Fees for each Facility shall cover all services and costs for the management, operation and maintenance of the applicable Facility, including reporting to and liaison with HRM and Governmental Authorities, the Public Involvement and Information Program, environmental monitoring, insurance, training and all other requirements of managing, operating and maintaining each of the Facilities in the Required Condition. It shall also cover all services in connection with the provision of a Sludge Handling and Management System(s) and the cost of all consumables (other than variable power/energy and chemical costs for the sewage treatment process at the Sewage Treatment Plant, which costs shall be included in the variable price component of the OMM Fees).

5.4.2.3 Variable Price Component of the OMM Fees

5.4.2.3.1 General

The Proponent is required to detail, as part of its Financial Proposal, the variable price component of the OMM Fees for each Facility which shall cover:

- (a) that portion of power/energy not included in the fixed component of the OMM Fees; and
- (b) chemicals,

used in the sewage treatment processes at the applicable Sewage Treatment Plant.

5.4.2.3.2 Guaranteed Maximum Unit Usage Rates

For the purpose of establishing the variable price component of the OMM Fees for each Facility for each year of the Operating Period, the Proponent shall submit:

- (a) a guaranteed maximum unit usage rate per 1000 m³ of measured flow for chemicals which are to be used to meet the Effluent Quality Requirements;
- (b) a guaranteed maximum unit usage per 1000 m³ of measured flow for power/energy which is to be used to meet the Effluent Quality Requirements and to lift the sewage that discharges at the headworks of the Sewage Treatment Plant; and
- (c) a guaranteed maximum unit usage rate per tonne of Dry Sludge Solids for chemicals to be used to thicken/dewater Sludge.

The Proponent shall be responsible for the cost of power/energy or chemicals which is attributable to any usage rate that exceeds the guaranteed maximum unit usage rates.

5.4.2.3.3 Unit Prices

The Proponent shall also submit the unit price for chemicals in Dollars (\$) per quantity (kilogram or litre) of usage for each chemical.

HRM shall issue an addendum to provide, for Financial Proposal purposes, the unit price for power/energy in Dollars (\$) per power/energy unit (kilowatt hour).

HRM shall be responsible, in accordance with Subsection 5.4.2.3.4, for changes in the unit price for power/energy and the unit price for chemicals used in the operation of each Facility.

The variable component of the monthly OMM Fee in relation to power/energy shall be derived by multiplying together the annually adjusted unit price for power/energy, the actual usage rate (up to the guaranteed maximum unit usage rate) and the measured quantity (i.e. volume of wastewater treated), as demonstrated in the following formula:

$$\begin{array}{l} \text{Power/Energy} \\ \text{Variable} \\ \text{Component of} \\ \text{OMM Fee} \end{array} = \begin{array}{l} \text{Unit Price} \\ (\$/\text{kwh}) \end{array} \times \begin{array}{l} \text{Usage Rate} \\ (\text{kwh}/1000\text{m}^3) \end{array} \times \begin{array}{l} \text{Measured} \\ \text{Quantity} \\ (\text{m}^3) \end{array}$$

The variable component of the monthly OMM Fee in relation to chemicals shall be derived by multiplying together the annually adjusted unit price for the chemicals, the actual usage rate (up to the guaranteed maximum unit usage rate) and the measured quantity (i.e. volume of wastewater treated and quantity of Dry Sludge Solids produced), as demonstrated in the following formula:

$$\begin{array}{r} \text{Chemical} \\ \text{Variable} \\ \text{Component of} \\ \text{OMM Fee} \end{array} = \begin{array}{r} \text{Unit Price} \\ (\$/l \text{ or } \$/\text{kg}) \end{array} \times \begin{array}{r} \text{Usage Rate} \\ ((l \text{ or kg})/1000\text{m}^3 \\ \text{or } (l \text{ or kg})/\text{tonne}) \end{array} \times \begin{array}{r} \text{Measured} \\ \text{Quantity} \\ (\text{m}^3 \text{ or} \\ \text{tonnes}) \end{array}$$

5.4.2.3.4 Unit Price Adjustment

The unit price for the chemicals for each Facility will be adjusted annually. The unit price for power/energy is a pass-through cost as per the supplier invoice unit price.

The adjustment for the chemical unit price will be based on the percentage change in the Industry Price Index for Chemicals and Chemical Products published by Statistics Canada at the end of one (1) year from the value of the index at the end of the previous year (see Appendix K).

HRM shall have the right to require the Proponent, at the commencement of the term of each of the Operating and Maintenance Agreements, and every five (5) years thereafter, to have the unit price for both power/energy and chemicals established by a competitive bidding process based upon chemical quantities projected to be used over a five (5) year period.

5.4.3 Renewal Fees

5.4.3.1 Renewal Payment Schedule

A Renewal Payment Schedule for each Facility shall be provided by the Proponent as part of its Proposal. The Renewal Payment Schedule shall show the total of the Renewal Fees for each year during the Operating Period for such Facility payable to the Company with respect to all Renewal Work which is anticipated during the Operating Period. The Renewal Fees will be adjusted for inflation as of the date of payment to the Company as contemplated by Subsection 5.4.4. The annual Renewal Fees set forth on the Renewal Payment Schedule shall correspond to the total annual renewal costs for Renewal Work detailed in the Renewal Cost Schedule. Subject to Subsection 5.4.3.2, the costs of any Renewal Work not included in the Renewal Cost Schedule shall be the responsibility of the Company.

5.4.3.2 Amendments to the Renewal Payment Schedule

The Company shall have the right to propose amendments to the Renewal Payment Schedule for a Facility to HRM for HRM's approval from time to time, provided that:

- (a) no such alterations shall increase the aggregate of the Renewal Fees payable as at that point in time; and
- (b) any alterations are consistent with the Company's obligations to maintain the Facilities in the Required Condition.

5.4.3.3 Renewal Reserve Fund

HRM shall establish a segregated account of HRM ("Renewal Reserve Fund") for each Facility, which shall be funded by HRM annually in accordance with the Renewal Payment Schedule, to pay Renewal Fees included on the Renewal Payment Schedule (as it may be amended from time to time) in accordance with the terms of the Project Agreements. The total amount that can be withdrawn by the Company from the Renewal Reserve Fund for each Facility shall equal the aggregate amount for such Facility set forth in the Renewal Payment Schedule. Total cumulative withdrawals from the Renewal Reserve Fund at any given time shall not exceed the total cumulative amount available for such Facility as set forth in the Renewal Payment Schedule at that time. No other compensation for Renewal Work will be paid by HRM, except in accordance with the provisions of Subsection 5.4.3.2.

5.4.3.4 Withdrawals from the Renewal Reserve Fund

The Company shall be entitled to payment of a Renewal Fee from the Renewal Reserve Fund when it has completed the Renewal Work to which the Renewal Fee relates. All requests for payment shall be accompanied by a statement, certified by an officer of the Company, confirming that the relevant work has been completed. For clarification, the Company shall not be entitled to receive any Renewal Fee for Renewal Work which has been effected by the Company unless and until the Renewal Fee therefor has become payable as set forth in the Renewal Payment Schedule.

5.4.3.5 Interest on Renewal Fees

The Company shall be entitled to interest on the cumulative undrawn amounts of the Renewal Reserve Fund (less any such amounts for which HRM has received a request for payment under Subsection 5.4.3.4), net of the inflation adjustment, minus an administration fee of a quarter percent (1/4%) of the surplus cash balance, net of the inflation adjustment. Interest will be calculated annually on March 31 of each year based on the rate of interest obtained by HRM from time to time on its surplus cash balances on deposit with its banker (presently bank prime minus 2%). The inflation adjustment will be calculated annually to March 31, and payment of the interest net of the inflation adjustment (see Appendix K) shall be paid on or before May 31, provided the Company is in compliance with the Project Agreements.

5.4.3.6 Distribution on Reversion Date

Any balance in the Renewal Reserve Fund for a Facility on the expiration or termination of an Operating and Maintenance Agreement shall be retained by HRM.

5.4.4 Inflation - Operating Period

The fixed price component of the OMM Fees (excluding power/energy costs) and the Renewal Fees as specified in Appendix Y shall be adjusted for inflation annually beginning April 1, 2003, by the indexes set forth in Appendix K. The Company shall be responsible for inflation risk up to March 31, 2003. Commencing April 1, 2003, the OMM Fee and the Renewal Fee will be adjusted for changes in the applicable index for the prior year.

Harmonized Sales Tax shall also be calculated to reflect the impact of monthly inflation adjustments.

The power/energy cost included in fixed price component of the OMM Fees for a Facility shall be adjusted on the commencement date of the Operating Period of such Facility by the amount of the difference in the power/energy unit price used in the Company's Financial Proposal as compared to the power/energy unit price of the supplier on the commencement date. The power/energy unit price for purposes of the fixed price component of the OMM Fees shall thereafter be the actual unit price of the supplier.

5.5 Facility Modifications

5.5.1 General

Modifications to a Facility during the term of the Operating and Maintenance Agreement for such Facility may be appropriate in order to increase efficiency or improve performance.

5.5.2 Modifications Proposed by the Company

The Company may propose modifications to a Facility if such modifications exceed the Project Requirements and the Operating and Maintenance Requirements, and do not adversely affect the Company's ability to perform any of its obligations under the Project Agreements. The Company shall submit to HRM for its review and comment:

- (a) a detailed description of the proposed modifications;
- (b) details of the related capital costs; and
- (c) the effect, if any, on the OMM Fees and the Renewal Fees for the Facility.

No modifications shall be implemented by the Company until HRM has given its consent and the parties have signed such written amendments to the Project Agreements as may be necessary or advisable.

5.5.3 Modifications Proposed by HRM

5.5.3.1 General

HRM shall have the right at any time during the Operating Period and for any reason whatsoever to make modifications to a Facility, provided such modifications will not adversely affect the Company's ability to perform any of its obligations under the Project Agreements.

5.5.3.2 Obligations of the Company

In the event that HRM requires modification to a Facility, HRM may submit a detailed written description of the proposed modifications to the Company. In the event HRM submits such written description to the Company, the Company shall prepare a feasibility study, preliminary design and cost estimate for the modifications, including the effect, if any, on the OMM Fees and the Renewal Fees, and deliver the same to HRM not later than sixty (60) days following receipt of HRM's written description of the proposed modifications. The proposal delivered by the Company to HRM may be accepted or rejected by HRM.

In the event HRM issues a public call for proposals or a tender for Facility modifications, the Company may respond to the proposal call or tender.

5.5.3.3 Amendment to Project Agreements

The Company and HRM agree that if the modifications proposed by HRM to a Facility result in any change in the operating costs or projected renewal costs, there shall be an appropriate adjustment in the OMM Fees and the Renewal Fees payable under the Operating and Maintenance Agreement for such Facility.

5.6 Changes in Law

5.6.1 General

The Company shall be required to pay all costs to bring each Facility and Sewage Collection System into compliance with applicable Law in force at the Proposal Due Date. HRM will be responsible for costs for modifications required as a result of changes in Law after the Proposal Due Date.

5.6.2 Changes in Law - Project Modifications

Where there is a change in the Law subsequent to the Proposal Due Date which makes modifications to the Facility necessary or advisable, the Company shall forthwith advise HRM of the change in Law and shall present to HRM a proposal for such changes in accordance with Subsection 5.5.2. If HRM does not agree with the proposed changes, including costs and processes, it may give notice of dispute with respect to the matter to the Independent Compliance Engineer and thereafter may refer the matter to the Independent Compliance Engineer for resolution pursuant to the Dispute Resolution Procedures.

5.6.3 Changes in Law Affecting Operations

The Company shall be responsible to comply with all applicable Law affecting the management, operation and maintenance of the Facilities and the provision of the Sludge Handling and Management System(s) during the term of the Project Agreements. HRM recognizes the Company's ability to comply with Law which affect the operations of the Facilities will be limited by the capacity (both for rate of flow and quality of flow) of the Facilities. It is expected that not every change in Law which affects the operations of the Facilities will cause increased operating and maintenance costs or will require capital expenditures. However, if achieving compliance as a result of a change in Law after the Proposal Due Date will require the Company to incur additional operating and maintenance expenses or capital expenditures over those provided for in the Project Agreements, there will be an appropriate adjustment to the OMM Fees and/or the Renewal Fees. In the event HRM and the Company do not agree on the amount of such adjustment, the matter may be referred to the Independent Compliance Engineer for resolution pursuant to the Dispute Resolution Procedures.

5.7 Economic and Industrial Benefits

5.7.1 Objective of HRM

It is an objective of HRM to maximize the economic and industrial benefits ("Benefits") generated directly by the Project to Nova Scotia residents and firms ("Nova Scotians"). The Company shall provide Nova Scotians with full and fair access to all Project opportunities including sourcing of goods, services and labour. The Proponent is encouraged to be both creative and aggressive in identifying potential Benefits in its Proposal.

5.7.2 Economic and Industrial Benefits Plan

The Proponent shall submit an Economic and Industrial Benefits Plan as part of its Proposal. The optimum Economic and Industrial Benefits Plan will result in Benefits which enhance the capabilities, knowledge, technologies and market access of lasting benefit to Nova Scotians.

The Economic and Industrial Benefits Plan shall set forth the following:

- (a) the Proponent's commitment to generate the maximum Benefits to Nova Scotians;
- (b) the percentage of Total Project Procurement (expressed as a percentage and in Dollars) which the Proponent will target to source from Nova Scotians. Required Total Project Procurement from Nova Scotians shall mean the percentage of Total Project Procurement which the Proponent will commit to source from Nova Scotians;
- (c) the percentage of total persons, years of employment and Dollars for design, construction and commissioning by classification, which the Proponent will target to be provided by Nova Scotians;
- (d) procurement policies and procedures as to how qualified Nova Scotians are to be given full and fair access to all business opportunities created by the Project;
- (e) strategies to support the development of Nova Scotia suppliers (eg. by providing sufficient notice of goods and service requirements);
- (f) policies and procedures that will contribute to the development and utilization of expertise and transfer of technology to Nova Scotians;
- (g) identification of associated benefits which could include initiatives such as new capital investment, indirect technology transfer, investment opportunities, research and training opportunities;
- (h) a communications plan which outlines:
 - (i) the scope of the Project;
 - (ii) the full range of Project requirements (including the basis upon which awards will be made);
 - (iii) who to contact; and
 - (iv) how to obtain detailed Project procurement information;
- (i) details of the initiatives which the Proponent commits to undertake; and
- (j) provisions for the monitoring and annual reporting to HRM with respect to the achievement of the Economic and Industrial Benefits Plan.

5.7.3 Quantification of Benefits

The Economic and Industrial Benefits Plan must quantify the Benefits for the purposes of determining the Dollar value of the Nova Scotia content. Benefits as defined for evaluation purposes are direct wages and salaries paid to Nova Scotians plus the cost of the Nova Scotia content of services and materials purchased from Nova Scotians. Nova Scotia content is defined as the Dollar value of any materials or services excluding that portion of the cost of such materials or services obtained outside Nova Scotia.

5.7.4 Implementation of the Economic and Industrial Benefits Plan

The Company shall use reasonable commercial efforts, and agrees to cause its Subcontractors to use reasonable commercial efforts, to implement its Economic and Industrial Benefits Plan, including the utilization of local Subcontractors and consultants in carrying out all work required in connection with the Project.

5.7.5 Supplemental Proposal for Halifax North Sewage Treatment Plant Site

The Proponent may submit a supplement to its Proposal for additional use(s) of the Halifax North Sewage Treatment Plant site which would enhance or better utilize the site potential. The supplement shall:

- (a) include a business plan, which would also address the community, neighbourhood and/or municipal benefits of any proposed additional use(s);
- (b) include a budget for estimated revenues and expenditures related to the additional use(s); and
- (c) set forth a proposal for the sharing of the net revenues as between the Company and HRM.

5.8 Employment Equity

HRM is an equal opportunity employer and has a Community Race Relations Policy (see Appendix L) and an Employment Equity Policy (see Appendix M). HRM's goal is that firms and companies with which it does business subscribe to and abide by similar policies. The Proponent shall include with its Proposal copies of its policy on race relations and employment equity.

Part 6 Security Requirements

6.1 Project Risk

The Company shall bear all risks during the Construction Period and the Operating Period with the exception of a Project Risk Event; provided however, the provisions of Part 5 shall govern in relation to the risks of inflation.

Any delay or failure in the performance of the Company's obligations under the Project Agreements that is not excused by reason of a Project Risk Event shall not relieve the Company from those obligations or in any manner restrict or prevent HRM from enforcing the full performance of those obligations. The relief or accommodation afforded to the Company as a result of a Project Risk Event shall at all times be subject to the obligation of the Company to use all reasonable efforts and take all reasonable steps as may be required to eliminate or mitigate the effects thereof. The Company shall be obligated to provide prompt notice to HRM of the commencement and termination of any Project Risk Event.

6.1.1 Project Risk Event During the Construction Period

If a Project Risk Event occurs during the Construction Period, the obligation of the Company to construct the Project will be suspended only during the period, and only to the extent, the Company is delayed in or prevented from constructing the Project directly and solely because of the Project Risk Event. The suspension of such obligations will terminate at the same time as the Project Risk Event terminates.

A Project Risk Event during the Construction Period shall, subject to the Company performing its obligation to mitigate the effects of the Project Risk Event and subject to the Project Risk Event being operative for a sufficient time to constitute a material period, result in the following relief or accommodation to the Company:

- (a) to the extent that the Company is not fully reimbursed from the insurance required by the Project Agreements or from insurance otherwise purchased by or on behalf of or available to the Company (except that the Company shall continue to be responsible for any deductible), the Company may make application to HRM requesting that any reasonable increases to the guaranteed maximum prices for each of the Facilities and the Sewage Collection Systems, which result directly and solely from the Project Risk Event, be funded by HRM. This request shall include, in addition to the documentation and evidence of such increases to the guaranteed maximum prices as required by HRM, satisfactory evidence that insurance proceeds have been fully and properly utilized; and

- (b) the completion dates set forth in the Implementation Schedule shall automatically be extended for a period equal to the period, if any, during which the Company's obligation to construct that component of the Project is suspended in accordance with this Section 6.1.

6.1.2 Project Risk Event During the Operating Period

If a Project Risk Event occurs during the Operating Period, the obligations of the Company to provide a Sludge Handling and Management System(s) and to manage, operate and maintain the Facilities will be suspended only during the period, and only to the extent, the Company is delayed in or prevented from so doing directly and solely because of the Project Risk Event. The suspension of such obligations will terminate at the same time as the Project Risk Event terminates.

A Project Risk Event during the Operating Period shall, subject to the Company performing its obligation to mitigate the effects of the Project Risk Event and subject to the Project Risk Event being operative for a sufficient time to constitute a material period, result in the following relief or accommodation to the Company:

- (a) to the extent that the Company is not fully reimbursed from the insurance required by the Project Agreements or from insurance otherwise purchased by or on behalf of or available to the Company (except that the Company shall continue to be responsible for any deductible), the Company may make application to HRM requesting that any reasonable increases to the OMM Fees and Renewal Fees, which result directly and solely from the Project Risk Event, be funded by HRM. This request shall include, in addition to the documentation and evidence of such increases to the OMM Fees and Renewal Fees as required by HRM, satisfactory evidence that insurance proceeds have been fully and properly utilized; and
- (b) the term of the Operating and Maintenance Agreements and the Reversion Date shall automatically be extended for a period equal to the period, if any, during which the Company's obligations to manage, operate and maintain the Facilities and provide a Sludge Handling and Management System(s) are suspended in accordance with this Section 6.1.2.

6.2 Risk Management

6.2.1 General

The Company shall be responsible for:

- (a) all work required for the Project;
- (b) during the Construction Period, all risks of loss or damage to property forming, or to form part of the Project;

- (c) during the Operating Period, all risks of loss or damage to property forming, or to form, part of the Facilities; and
- (d) during the Construction Period and the Operating Period, its own acts or omissions, and for the acts or omissions of all of its Subcontractors, advisors, suppliers and workmen or tradesmen, and all other parties for whom it is responsible at Law or in equity.

6.2.2 Risk Management Program

The Proponent shall deliver a Risk Management Program as part of its Proposal. The Risk Management Program shall be designed to ensure not only the completion of the Project, but also that all of the Company's obligations to HRM are met during the Construction Period and the Operating Period in the case where the Company itself fails to perform such obligations. The Risk Management Program shall include, but not be limited to, the areas of preventative maintenance, QA/QC, property and casualty loss control, health and safety, security, environmental management, emergency preparedness and any other areas specific to the Company's Proposal. The Proponent's Risk Management Program shall:

- (a) identify the risks and exposures associated with the Proponent's Proposal to carry out the required work including, but not limited to, cost overruns, non-performance of Subcontractors during construction, construction delays, third party claims during construction, faulty design and performance of all its obligations under the Project Agreements;
- (b) quantify and assess the risks and exposures, and describe the Proponent's plan to manage these risks and exposures effectively and economically;
- (c) identify which of these risks and exposures will be addressed through the purchase of insurance, Bonds, letters of credit, corporate guarantees and indemnities;
- (d) provide an organization chart identifying the persons (including external consultants) to be directly involved in the Risk Management Program and the reporting structure for this function;
- (e) provide an outline description of the general characteristics, including coverages, administrative provisions, limits, sublimits and deductibles for the insurances it proposes to purchase during each of the Construction Period and the Operating Period, which insurance must meet or exceed the requirements of Sections 6.3 and 6.4; and
- (f) provide an estimate of the Proponent's insurance premium costs for the first five (5) years of the Construction Period and the first full three (3) years of the Operating Period, for the insurances to be purchased and maintained by, or on

behalf of, the Company. For insurances that are not dedicated exclusively to the work under the Project Agreements, insurance premium information shall include the method used to allocate the premiums charged for blanket coverages, or for coverage that includes insurance for any assets or operations other than those contemplated as part of the work under the Project Agreements.

6.3 Construction Period Insurance

6.3.1 General

6.3.1.1 Requirements for Insurance

The Company shall, at its own expense, purchase and maintain in full force during the Construction Period insurances to protect HRM, the Company, Subcontractors, their successors and permitted assigns, and their respective officers, directors, Council members, employees, shareholders and agents involved in any work related, directly or indirectly, to the Project during the Construction Period for the purposes and risks outlined herein and in the Company's Risk Management Program.

Such insurance shall provide coverage for all risks of property damage to the Facilities and the Sewage Collection Systems including loss of use thereof, and shall protect HRM, the Company, Subcontractors, their successors and permitted assigns, and their respective officers, directors, Council members, employees, shareholders and agents involved in any work related, directly or indirectly, to the Project during the Construction Period from all claims arising out of liability for property damage and bodily injury, including death and personal injury.

6.3.1.2 Proponent to Name Broker

The Proponent shall specify the insurance broker(s) it will appoint to place the insurance required for the Project during the Construction Period.

6.3.1.3 General Requirements of Insurance Policies

All insurance policies shall:

- (a) be issued by financially sound insurers licensed to carry on business in Canada;
- (b) be subject to approval by HRM;
- (c) be primary insurance without right of contribution of any insurance carried by HRM;
- (d) include a provision that the insurer(s) shall not cancel or materially change the policy without ninety (90) days' prior written notice to HRM;

- (e) include a provision permitting, but not obligating, HRM to pay any delinquent premium, before the cancellation date specified by the insurer in any notice of cancellation for non-payment of premium, in order to maintain the insurance policy or policies in full force and effect;
- (f) include a provision whereby HRM may, but will not be obligated to, assume direction and control of any insurance policy in the event the Company or any of its successors or permitted assigns defaults in its obligations in connection with the Project during the Construction Period;
- (g) include a provision that the breach of any of the terms or conditions of the insurance policy, or any negligence or wilful act or omission or a false representation by an insured, or any other person, shall not invalidate the insurance with respect to HRM; and
- (h) include a provision that the insurer(s) waives any right of subrogation against HRM, its successors and assigns, and their respective officers, directors, Council members, employees, shareholders and agents involved in any work related, directly or indirectly, to the Project during the Construction Period.

6.3.1.4 HRM to be Satisfied with Insurers

The Company must satisfy HRM that each insurer providing insurance from time to time has the requisite capacity to provide the insurance in question and has an acceptable level of creditworthiness. In performing such assessments from time to time, HRM may receive the advice of an insurance consultant and will take into consideration the ratings of such insurer with A.M. Best Company, T.R.A.C. Insurance Services Ltd., Standard & Poor's or similar rating agencies.

Insurers must continue to be acceptable to HRM during all such time as they are providing any form of insurance in respect of the Project during the Construction Period. HRM may require the replacement of insurers who are not acceptable.

6.3.1.5 Insurance Policies to HRM

Certified copies of all insurance policies for the Construction Period, or other forms of documentation acceptable in form and content to HRM, shall be delivered to HRM on or prior to the Closing Date.

6.3.1.6 Insurance Coverage Review

The minimum amounts, limits, sublimits, deductibles, coverages and policy forms for insurance required for the Project during the Construction Period shall be reviewed and re-established by the Company, with the approval of HRM, in accordance with Subsection 6.3.3 of this RFP.

6.3.2 Mandatory Insurance Requirements for the Construction Period

The Company shall maintain, throughout the Construction Period, insurance coverage satisfactory to HRM that conforms to the Company's Risk Management Program and meets or exceeds the minimum insurance requirements of HRM as set forth in this Subsection 6.3.2.

All insurance required during the Construction Period must be maintained and in force from the Closing Date to the Date of Final Completion of the last component of the Project, unless otherwise specified in this Subsection 6.3.2, and all limits, sublimits, deductibles, policy aggregates, or similar provisions shall be specified in the Proposal.

The Proponent shall stipulate in its Proposal the insurance policy or policies required during the Construction Period that are intended to provide protection for physical loss of, or damage to, and for the loss of use of existing HRM property arising out of work done by the Company or any of its Subcontractors in connection with the Project.

6.3.2.1 All Risks Builders Risk (Course of Construction)

All risks builders risk (course of construction) insurance shall be obtained to insure the Project during the Construction Period and all of the elements destined for incorporation into the Project, while at the site or in transit to the site, and shall include coverage for the cost of demolition, debris removal, contamination and increased cost to repair or replace resulting from application of by-laws and ordinances. Coverage shall be at replacement cost value and no co-insurance will be permitted. This insurance shall include the following provisions:

- (a) policy limit of liability of \$70 million per occurrence;
- (b) maximum property damage deductible of \$100,000 per occurrence;
- (c) coverage for flood and for natural or man-made earth movement including earthquake, landslide and subsidence;
- (d) annual aggregate limits permitted for earthquake coverage and flood coverage, separately (no other policy aggregates permitted);
- (e) coverage for expediting expense and extra expenses, subject to a minimum \$10 million sublimit;
- (f) coverage for valuable papers and records;
- (g) coverage for electronic data processing equipment and media, including the cost to restore or recreate information;
- (h) coverage for tunnels, trenches, underground services, temporary buildings and structures, temporary boilers and pressure vessels, scaffolding, false work, forms, hoardings, excavation, site preparation, landscaping and similar property involved

in construction of the Project (but not including Subcontractors' equipment not destined for incorporation into the Project);

- (i) coverage for property while in transit including loading, unloading and while in temporary storage;
- (j) coverage for testing, including the testing of boilers and pressure vessels, if any;
- (k) coverage for soft costs and interest when the loss is caused by an insured risk, and a margin of profit extension for Subcontractors;
- (l) coverage for fire-fighting expenses;
- (m) permission to carry other insurance;
- (n) permission to occupy, in whole or in part, prior to completion of the Project; and
- (o) removal of debris when the loss is caused by an insured risk.

6.3.2.2 Subcontractors' Equipment

Subcontractors' equipment insurance shall be obtained to insure the machinery, equipment and other property of Subcontractors not insured under the all risks builders risk (course of construction) insurance, while at the site. Coverage shall be at replacement cost value and no co-insurance will be permitted. This insurance shall include the following provisions:

- (a) policy limit of liability of \$10 million per occurrence;
- (b) annual aggregate limits permitted for earthquake coverage and flood coverage, separately (no other policy aggregates permitted); and
- (c) maximum deductible of \$10,000 per occurrence.

6.3.2.3 Wrap-Up Liability

Wrap-up liability insurance shall be obtained to insure HRM, the Company, and their successors and permitted assigns as named insureds, and shall be obtained to insure as insureds or additional insureds their respective officers, directors, Council members, employees, shareholders, agents of the named insureds, Subcontractors, suppliers, workmen or tradesmen, engineers, architects, consultants and subconsultants, and construction management and procurement personnel. The insurance policy must be written on an occurrence basis. This insurance shall include the following provisions:

- (a) policy limit of liability of \$10 million per occurrence (can be structured as primary plus supplementary layers or primary plus umbrella and/or excess);

- (b) products hazard and completed operations coverage subject to annual \$10 million aggregate limit;
- (c) products hazard and completed operations coverage for thirty-six (36) months after completion of each component of the Project;
- (d) sudden and accidental pollution coverage subject to annual \$10 million aggregate limit;
- (e) sudden and accidental pollution coverage on an occurrence basis for all insured perils;
- (f) employee benefits errors and omissions liability, if employee benefit plans exist for employees of the Company, subject to a maximum annual \$10 million aggregate limit;
- (g) nil deductible for bodily injury;
- (h) maximum deductible for all other occurrences or claims of \$100,000 per occurrence or claim, except sudden and accidental pollution for which the deductible shall not exceed \$500,000 per incident or occurrence;
- (i) personal injury liability;
- (j) owners' and contractors' protective liability;
- (k) blanket written and oral contractual liability;
- (l) employer's liability and contingent employer's liability;
- (m) broad form occurrence property damage;
- (n) fire-fighting expense liability;
- (o) non-owned automobile liability;
- (p) incidental watercraft liability (vessels less than 30 feet long or 500 gross registry tons);
- (q) coverage for hazardous operations, including shoring, blasting, excavating, under pinning, demolition, pile driving and caisson work, work below ground surface, tunnelling and grading, hoist liability and similar operations associated with work required for the Project during the Construction Period;
- (r) cross liability and separation of interest with respect to each insured;

- (s) incidental medical malpractice liability (if there is any exposure in connection with any work related, directly or indirectly, to the Project during the Construction Period);
- (t) all risks tenant's legal liability; and
- (u) if structured in layers, "drop-down" provision for impaired or exhausted aggregates in underlying insurance (automatic reinstatement of aggregate limits in underlying layers acceptable alternative).

6.3.2.4 Automobile Liability

Automobile liability insurance shall be obtained to insure all licensed vehicles owned, leased or operated by the Company. The Company must ensure that evidence of comparable coverage is provided by all Subcontractors and workmen or tradesmen working at the sites, prior to commencement of any work at the sites required for the Project during the Construction Period, and this evidence of insurance must be made available to HRM at all times during the Construction Period. This insurance shall include the following provisions:

- (a) policy combined limit of liability of \$2 million per accident;
- (b) overall limit of liability shall be the combination of \$2 million primary automobile liability policy, plus the combined limit of the umbrella and excess liability policies; and
- (c) maximum deductible of \$5,000 per accident.

6.3.2.5 Umbrella and Excess Liability

Umbrella and excess liability insurance shall be obtained with respect to, and following the form of, the underlying wrap-up liability and automobile liability insurances. This insurance shall include the following provisions:

- (a) general liability insurance coverage to provide an overall limit of liability of \$25 million per occurrence inclusive (and not in excess) of wrap-up liability insurance (can be structured as primary plus supplementary layers and umbrella and/or excess, or primary plus umbrella and/or excess);
- (b) annual aggregate limits permitted for products hazard and completed operations coverage;
- (c) sudden and accidental pollution, and employee benefits errors and omissions liability coverage not required above \$10 million level; and

- (d) if structured in layers, "drop-down" provision for impaired or exhausted aggregates in underlying insurance (automatic reinstatement of aggregate limits in underlying insurance acceptable alternative).

6.3.2.6 Wrap-Up Professional Liability (Errors and Omissions)

Wrap-up professional liability (errors and omissions) insurance shall provide coverage dedicated solely to this Project from the first design and engineering work required for the Project by or on behalf of the Company to the end of agreed upon warranty periods, which shall not be less than six (6) years after the Date of Final Completion of each separate and distinguishable major component of the Project. The insurance shall be obtained to insure the Company's engineers, architects, construction management and procurement personnel, professional consultants and subconsultants. This insurance shall include the following provisions:

- (a) policy limit of liability of \$10 million per claim and in the aggregate annually;
- (b) maximum deductible of \$100,000 per claim; and
- (c) primary insurance without right of contribution of the performance bond for the Construction Period or any insurance carried by HRM.

6.3.2.7 Workers' Compensation

Workers' compensation insurance shall be obtained for the Company's employees in accordance with the requirements of the Province of Nova Scotia. The Company must ensure that evidence of coverage is provided by all Subcontractors, suppliers and workmen or tradesmen working at the sites during the Construction Period.

Prior to commencement of any work at the sites required for the Project during the Construction Periods, the Company and its Subcontractors, suppliers and workmen or tradesmen working at the sites shall provide written confirmation to HRM from the workers' compensation authority of compliance with, or exclusion from, workers' compensation requirements and confirmation that all required assessments have been paid to date.

Upon completion of any work required for the Project during the Construction Period, each Subcontractor, supplier and workman or tradesman working at the sites shall provide written confirmation to HRM from the workers' compensation authority that all required assessments have been paid to date.

Upon completion of the last component of the Project, the Company and its Subcontractors, suppliers and workmen or tradesmen working at the sites who have not previously provided evidence of compliance with this Subsection 6.3.2.7 shall provide written confirmation to HRM from the workers' compensation authority that all required assessments have been paid to date.

6.3.2.8 Marine Property and Liability Insurance

If there is any known or anticipated exposure during the Construction Period, marine property (hull and machinery) insurance and marine liability (protection and indemnity and/or terminal operators liability and/or charterers legal liability) insurance shall be obtained to cover owned, leased or chartered marine vessels if used, directly or indirectly, in the performance of any work related, directly or indirectly, to the Project during the Construction Period, which insurance shall comply with the following:

- (a) the insurance policies shall be subject, *mutatis mutandis*, to the same coverage and administrative requirements as the non-marine property and liability insurance policies;
- (b) hull and machinery insurance shall be at replacement cost value with a deductible not greater than \$250,000 per occurrence;
- (c) protection and indemnity insurance shall be subject to limits not less than \$75 million inclusive per occurrence for bodily injury, death and damage to property including loss of use or occupancy, and the deductible shall not be greater than \$100,000 per occurrence;
- (d) terminal operators liability insurance shall be subject to limits not less than \$25 million inclusive per occurrence for bodily injury, death and damage to property including loss of use or occupancy, and the deductible shall not be greater than \$100,000 per occurrence; and
- (e) charterers legal liability insurance shall be subject to limits not less than \$25 million inclusive per occurrence, and the deductible shall not be greater than \$100,000 per occurrence.

6.3.2.9 All Risks Marine Cargo

If there is any known or anticipated exposure during the Construction Period, all risks marine cargo insurance shall be obtained to cover all property destined for incorporation into the Project, while in marine transit, with coverage at replacement cost value for the full insurable value and a deductible not greater than \$10,000 per occurrence.

6.3.2.10 Aircraft (Owned or Non-Owned) Liability

If there is any known or anticipated exposure during the Construction Period, aircraft (owned and/or non-owned) liability insurance shall be obtained to cover aircraft owned, leased or chartered by any person involved, on behalf of the Company or Subcontractor, in the Project during the Construction Period. Aircraft liability insurance shall be subject to a minimum of \$100 million inclusive limit with a passenger liability limit of not less than \$25 million. The deductible shall not be greater than \$100,000 per occurrence.

6.3.2.11 Insurance Requirements for Subcontractors

The Company shall require in each contract with any Subcontractor that the Subcontractor obtain appropriate liability insurance comparable to the liability insurance required to be maintained by the Company under this Section 6.3, if such Subcontractors are not covered by the insurance policies obtained and maintained by the Company.

Insurance policies required to be obtained by Subcontractors shall insure the interests of HRM, the Company, their successors and permitted assigns, and their respective officers, directors, Council members, employees, shareholders and agents involved in any work related, directly or indirectly, to the Project, and any other Subcontractors in respect of the applicable work. The insurance policies shall be subject to the same (or comparable) coverage and administrative requirements as are imposed on the Company pursuant to this Section 6.3. When requested to do so by HRM, the Company shall provide, or cause to be provided, to HRM certified copies of such insurance policies or such other evidence of insurance, acceptable in form and content to HRM, acting reasonably.

6.3.2.12 Other Insurance Obtained by Company

If the Company obtains any form of insurance coverage in addition to that required pursuant to this Section 6.3, then HRM shall have the right and option, to be exercised at its sole discretion, to require the additional insurance coverage to comply, *mutatis mutandis*, with the coverage characteristics and administrative requirements set out in this Section 6.3 of the RFP.

6.3.3 Review of Insurances for the Construction Period

6.3.3.1 Review by the Selected Proponent Prior to the Closing Date

Not less than thirty (30) days before the anticipated Closing Date, the Selected Proponent may submit, or cause its insurance broker(s) (or other knowledgeable person, acceptable to HRM), to submit to HRM a written report outlining any proposed amendments to the minimum amounts, limits, sublimits, deductibles, coverages, policy forms, and administrative requirements for the insurance contemplated in this Section 6.3. In determining proposed amendments to the minimum amounts, limits, sublimits, deductibles, coverages and policy forms that are required as a result of such reviews, the Selected Proponent shall ensure that the proposed amendments conform to that which would reasonably be carried by a prudent owner and operator of a comparable project assuming it was to be the sole owner and operator for the design service life of such project.

If the Selected Proponent is proposing any change to the limits or sublimits of any insurance, the written report shall be accompanied by an estimate, provided by a knowledgeable person acceptable to HRM, of the maximum foreseeable property, general liability and sudden and accidental pollution liability losses at that time for all work required for the Project during the Construction Period. For insurance not susceptible to maximum foreseeable loss assessment, equivalent or comparable loss assessment methodology shall be used.

Not later than fifteen (15) days following receipt from the Selected Proponent of the proposed amendments, HRM shall advise the Selected Proponent in writing of its acceptance or rejection of each of the proposed amendments. The Selected Proponent shall effect the insurance amendments accepted by HRM not later than the Closing Date. The cost of any such changes shall be borne entirely by (and any savings shall accrue to) the Selected Proponent, its Subcontractors, or persons other than HRM.

6.3.3.2 Periodic Reviews by the Company

Not less than five (5) months before the fifth (5th) anniversary of the Closing Date and at each annual anniversary of the Closing Date thereafter, the Company shall submit, or cause its insurance broker(s) (or other knowledgeable person, acceptable to HRM), to submit to HRM a written report outlining any proposed amendments to the minimum amounts, limits, sublimits, deductibles, coverages, policy forms and administrative requirements for the insurance contemplated in this Section 6.3, and any proposed alternative risk financing methods or vehicles. The written report shall also include the proposed effective date for any proposed amendments. In determining proposed amendments to the minimum amounts, limits, sublimits, deductibles, coverages and policy forms that are required as a result of such reviews, the Company shall ensure that the proposed amendments conform to that which would reasonably be carried by a prudent owner and operator of a comparable project assuming it was to be the sole owner and operator for the design service life of such project.

If the Company is proposing any change to the limits or sublimits of any insurance, the written report shall be accompanied by an estimate, provided by a knowledgeable person acceptable to HRM, of the maximum foreseeable property, general liability and sudden and accidental pollution liability losses at that time for all work required for the Project during the Construction Period. For insurance not susceptible to maximum foreseeable loss assessment, equivalent or comparable loss assessment methodology shall be used.

Not later than sixty (60) days following receipt from the Company of the proposed amendments, HRM shall advise in writing the Company of its acceptance or rejection of each of the proposed amendments and the proposed effective date for such amendments. The Company shall promptly effect the insurance amendments accepted by HRM and the cost of any such changes shall be borne entirely by (and any savings shall accrue to) the Company, its Subcontractors, or persons other than HRM.

6.3.3.3 Periodic Reviews by HRM

Not less than three (3) months before the fifth (5th) anniversary of the Closing Date and at each annual anniversary of the Closing Date thereafter, HRM may submit to the Company a written report outlining required amendments to the minimum amounts, limits, sublimits, deductibles, coverages, policy forms and administrative requirements for the insurance contemplated in this Section 6.3, all such refinements to reflect known changes in liability insurance policies available in Canada on a commercially reasonable basis, or known changes in liability insurance exposures associated with operations similar to any work required for the Project during the Construction Period, or otherwise.

The written report shall include the required effective date for any proposed amendments. The Company shall promptly effect the insurance amendments and the cost of any such changes shall be borne entirely by (and any cost savings shall accrue to) HRM.

6.3.3.4 Changing Insurance Markets

In the event any of the insurance required to be maintained by the Company during the Construction Period under this Section 6.3 is not available due to changing insurance market conditions or is not available on a commercially reasonable basis, the Company shall forthwith notify HRM. Not later than thirty (30) days after receipt of notice, HRM shall advise the Company of alternative insurance requirements that shall apply for so long as the adverse insurance market conditions exist or the insurance is not available on a commercially reasonable basis. All additional costs associated with the alternative insurance requirements shall be borne by (and any savings shall accrue to) HRM.

6.3.4 Notice of Insurance Cancellation

Not less than ninety (90) days before the effective date, the Company shall advise HRM of any cancellation, material alteration or lapse of any insurance policy required to be provided pursuant to this Section 6.3, whether initiated by the insurer(s), the Company, any person under the financial or management control of the Company or any person acting on behalf of the Company.

6.4 Operating Period Insurance

6.4.1 General

6.4.1.1 Requirements for Insurance

The Company shall, at its own expense, purchase and maintain in full force during the Operating Period insurances to protect HRM, the Company, Subcontractors, their successors and permitted assigns, and their respective officers, directors, Council members, employees, shareholders and agents involved in any work related, directly or indirectly, to the Project during the Operating Period for the purposes and risks outlined herein and in the Company's Risk Management Program.

The insurance shall provide coverage for all risks of property damage to the Facilities, including loss of use thereof, and shall protect HRM, the Company, Subcontractors, their successors and permitted assigns, and their respective officers, directors, Council members, employees, shareholders and agents involved in any work related, directly or indirectly, to the Project during the Operating Period from all claims arising out of liability for property damage and bodily injury, including death and personal injury.

6.4.1.2 Proponent to Name Broker

Proponents shall specify the insurance broker they will appoint to place the insurance required for the Project during the Operating Period.

6.4.1.3 General Requirements of Insurance Policies

All insurance policies shall:

- (a) be issued by financially sound insurers licensed to carry on business in Canada;
- (b) be subject to approval by HRM, such approval not to be reasonably withheld;
- (c) be primary insurance without right of contribution of any insurance carried by HRM;
- (d) include a provision that the insurer(s) shall not cancel or materially change the insurance policy without ninety (90) days' prior written notice to HRM;
- (e) include a provision permitting, but not obligating, HRM to pay any delinquent premium, before the cancellation date specified by the insurer in any notice of cancellation for non-payment of premium, in order to maintain the insurance policy or policies in full force and effect;
- (f) include a provision whereby HRM may, but will not be obligated to, assume direction and control of any insurance policy in the event the Company or any of

its successors or permitted assigns defaults in its obligations in connection with the Project during the Operating Period;

- (g) include a provision that the breach of any of the terms or conditions of the insurance policy, or any negligence or wilful act or omission or a false representation by an insured, or any other person, shall not invalidate the insurance with respect to HRM; and
- (h) include a provision that the insurer(s) waives any right of subrogation against HRM, its successors and assigns, and their respective officers, directors, Council members, employees, shareholders and agents involved in any work related, directly or indirectly, to the Project during the Operating Period.

6.4.1.4 HRM to be Satisfied with Insurers

The Company must satisfy HRM that each insurer providing insurance from time to time has the requisite capacity to provide the insurance in question and has an acceptable level of creditworthiness. In performing such assessments from time to time, HRM may receive the advice of an insurance consultant and will take into consideration the ratings of such insurer with A.M. Best Company, T.R.A.C. Insurance Services Ltd., Standard & Poor's or similar rating agencies.

Insurers must continue to be acceptable to HRM during all such time as they are providing any form of insurance in respect of the Project during the Operating Period. HRM may require the replacement of insurers who are not acceptable.

6.4.1.5 Insurance Policies to HRM

Certified copies of all insurance policies for the Operating Period, or other forms of documentation acceptable in form and content to HRM, shall be delivered to HRM prior to the commencement of the Operating Period.

6.4.1.6 Insurance Coverage Review

The minimum amounts, limits, sublimits, deductibles, coverage and policy forms for insurance required for the Project during the Operating Period shall be reviewed and re-established by the Company, with the approval of HRM, in accordance with Subsection 6.4.3 of this RFP.

6.4.2 Mandatory Insurance Requirements for the Operating Period

The Company shall maintain, throughout the Operating Period, insurance coverage satisfactory to HRM that conforms to the Company's Risk Management Program and meets or exceeds the minimum insurance requirements of HRM set forth in this Subsection 6.4.2.

All insurance required during the Operating Period must be maintained and in force beginning on the commencement date of the term of the first Operating and Maintenance Agreement and

ending on the Reversion Date, unless otherwise specified in this Subsection 6.4.2, and all limits, sublimits, deductibles, policy aggregates, or similar provisions shall be specified in the Proposal.

6.4.2.1 All Risks Property

All risks property insurance, including flood and earthquake insurance, shall be obtained for all risks of loss of or damage to the Facilities including coverage for the costs of demolition, debris removal, contamination and the increased cost to repair or replace resulting from application of by-laws or ordinances. Coverage shall be at replacement cost value and no co-insurance will be permitted. This insurance shall include the following provisions:

- (a) policy limit of liability of \$70 million per occurrence;
- (b) maximum property damage deductible of \$100,000 per occurrence (or \$500,000 combined property damage and business interruption);
- (c) coverage for flood and for natural or man-made earth movement including earthquake, landslide and subsidence;
- (d) annual aggregate limits permitted for earthquake coverage and flood coverage, separately (no other policy aggregates permitted);
- (e) coverage for expediting expense and extra expenses, subject to a minimum \$10 million sublimit;
- (f) coverage for valuable papers and records;
- (g) coverage for electronic data processing equipment and media, including the cost to restore or recreate data;
- (h) coverage for tunnels, trenches, underground services, temporary buildings and structures, excavation, site preparation, landscaping and similar property involved in the management, operation, maintenance, reconstruction or rehabilitation thereof;
- (i) coverage for property while in transit including loading, unloading and while in temporary storage;
- (j) coverage for testing, including the testing of boilers and pressure vessels, if any;
- (k) coverage for loss resulting from service interruption and loss or impairment of ingress or egress;
- (l) coverage for boilers and pressure vessels, and mechanical or electrical breakdown, unless covered under a separate insurance policy or boiler and machinery insurance;

- (m) coverage for fire-fighting expenses;
- (n) permission to carry other insurance; and
- (o) removal of debris when the loss is caused by an insured risk.

6.4.2.2 Business Interruption

Business interruption insurance shall be obtained to insure the loss of earnings resulting from a peril insured under the all risks property insurance. Coverage shall be on an actual loss sustained basis and no co-insurance will be permitted. This insurance shall include the following provisions:

- (a) policy limit of liability per occurrence to equal one year stream of the OMM Fees, and to form part of \$70 million per occurrence all risks property insurance;
- (b) maximum deductible of \$500,000 per occurrence, combined property damage and business interruption;
- (c) coverage for loss of use without property damage; and
- (d) coverage for contingent business interruption.

If loss of or damage to insured property could result in an interruption of operations, business interruption coverage shall be provided to ensure reimbursement to HRM of any principal or interest payments, or other moneys, advanced over a 12-month period by the HRM to the Company in respect of the operations during the Operating Period.

6.4.2.3 Boiler and Machinery Insurance

When there is an exposure from time to time during the Operating Period not insured under all risks property insurance, boiler and machinery insurance shall be obtained for loss or damage to all boilers, pressure vessels or vacuum vessels and other forms of machinery and equipment, associated with any work related, directly or indirectly, to the Project during the Operating Period, normally considered insured objects under this form of insurance. Direct damage coverage shall be at replacement cost value to the full insurable value of insured objects and no co-insurance will be permitted.

If loss of or damage to insured objects could result in an interruption of operations, business interruption coverage shall be provided to ensure reimbursement to HRM of any principal or interest payments, or other moneys, advanced over a 12-month period by HRM to the Company in respect of the operations during the Operating Period.

6.4.2.4 Environmental Impairment Liability

Environmental impairment liability insurance shall be obtained with a limit of liability not less than \$10 million per accident or incident and in the aggregate annually covering HRM, Subcontractors, the Company, their successors and permitted assigns, and their respective officers, directors, Council members, employees, shareholders and agents and advisors involved in any work related, directly or indirectly, to the Project during the Operating Period.

Coverage under this insurance shall be maintained continuously during the Operating Period. This insurance shall cover pollution conditions, emanating from any one or more of the Facilities or the Sludge Handling and Management Systems during the Operating Period, that result in bodily injury, property damage, or economic loss or that necessitate clean-up or remediation or rehabilitation of property other than one or more of the Facilities or the sites.

This insurance shall cover claims arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants at or from any premises, sites or locations which is or was at any time owned or occupied by the Company and any of its respective Subcontractors under the Project Agreements. The insurance shall also include coverage for actual, alleged or threatened discharge, dispersal, release or escape of pollutants which are or were at any time transported, handled, stored, treated, disposed of or processed as waste during or because of work required for the Project during the Operating Period or for any insured or any other person for whom the Company may legally be liable or responsible.

If this insurance is written on an occurrence form and meets all of the administrative requirements set out in Subsection 6.4.2.5 for that insurance coverage, it may be used to meet the requirement for sudden and accident pollution coverage under commercial general liability/comprehensive general liability insurance.

6.4.2.5 Commercial General Liability/Comprehensive General Liability

Commercial general liability/comprehensive general liability insurance shall be obtained for liabilities arising out of property damage, personal injury and bodily injury, including death, resulting from any activity connected with the existence, management, maintenance and operation of the Facilities or any activity connected with the existence and provision of the Sludge Handling and Management Systems. All such insurance policies shall include HRM, the Company, and their successors and permitted assigns as named insureds, and shall include as insureds, or additional insureds, their respective officers, directors, Council members, employees, shareholders, agents of the named insureds, Subcontractors, suppliers, workmen or tradesmen, engineers, architects, consultants and subconsultants, and construction management and procurement personnel. The insurance policy must be written on an occurrence basis. This insurance shall include the following provisions:

- (a) policy limit of liability of \$10 million per occurrence (can be structured as primary plus supplementary layers or primary plus umbrella and/or excess);

- (b) products hazard and completed operations coverage subject to annual \$10 million aggregate limit;
- (c) sudden and accidental pollution coverage subject to annual \$10 million aggregate limit;
- (d) sudden and accidental pollution coverage on an occurrence basis for all insured perils;
- (e) employee benefits errors and omissions liability, if employee benefit plans exist for employees of the Company, subject to a maximum annual \$10 million aggregate limit;
- (f) nil deductible for bodily injury;
- (g) maximum deductible for all other occurrences or claims of \$100,000 per occurrence or claim, except sudden and accidental pollution for which the deductible shall not exceed \$500,000 per incident or occurrence;
- (h) personal injury liability;
- (i) owners' and contractors' protective liability;
- (j) blanket written and oral contractual liability;
- (k) employer's liability and contingent employer's liability;
- (l) broad form occurrence property damage;
- (m) fire-fighting expense liability;
- (n) non-owned automobile liability;
- (o) incidental watercraft liability (vessels less than 30 feet or 500 gross registry tons);
- (p) coverage for hazardous operations, including shoring, blasting, excavating, under pinning, demolition, pile driving and caisson work, work below ground surface, tunnelling and grading, hoist liability and similar operations associated with any work related, directly or indirectly, to the Project during the Operating Period;
- (q) cross liability and separation of interest with respect to each insured;
- (r) incidental medical malpractice liability (if there is any exposure in connection with any work related, directly or indirectly, to the Project during the Operating Period);

- (s) if there is any known or anticipated exposure during the Operating Period, all risks tenant's legal liability; and
- (t) if structured in layers, "drop down" provision for impaired or exhausted aggregates in underlying insurance (automatic reinstatement of aggregate limits in underlying layers acceptable alternative).

6.4.2.6 Automobile Liability

Automobile liability insurance shall be obtained to insure all licensed vehicles owned, leased or operated by the Company. The Company must ensure that evidence of comparable coverage is provided by all Subcontractors and workmen or tradesmen working at the sites, prior to the commencement of any work at the sites required for the Project during the Operating Period, and this evidence of insurance must be made available to HRM promptly on their request at all times during the Operating Period. This insurance will include the following provisions:

- (a) policy combined limit of liability of \$2 million per accident;
- (b) overall limit of liability shall be the combination of the \$2 million primary automobile liability policy, plus the combined limit of the umbrella and excess liability policies; and
- (c) maximum deductible of \$5,000 per accident.

6.4.2.7 Umbrella and Excess Liability

Umbrella and excess liability insurance shall be obtained with respect to, and following the form of, the underlying commercial general liability/comprehensive general liability and automobile liability insurances. This insurance shall include the following provisions:

- (a) general liability insurance coverage to provide an overall limit of liability of \$25 million per occurrence inclusive (and not in excess) of commercial general liability/comprehensive general liability insurance (can be structured as primary plus supplementary layers and umbrella and/or excess, or primary plus umbrella and/or excess);
- (b) annual aggregate limits permitted for products hazard and completed operations coverage;
- (c) sudden and accidental pollution, and employee benefits errors and omissions liability coverage not required above \$10 million level; and
- (d) if structured in layers, "drop-down" provision for impaired or exhausted aggregates in underlying insurances (automatic reinstatement of aggregate limits in underlying insurance acceptable alternative).

6.4.2.8 Workers' Compensation

Workers' compensation insurance shall be obtained for the Company's employees in accordance with the requirements of the Province of Nova Scotia. The Company must ensure that evidence of coverage is provided by all Subcontractors, suppliers and workmen or tradesmen working at the sites during the Operating Period.

Prior to commencement of any work at the sites required for the Project during the Operating Period, the Company and its Subcontractors, suppliers and workmen or tradesmen working at the sites shall provide written confirmation to HRM from the workers' compensation authority of compliance with, or exclusion from, workers' compensation requirements and confirmation that all required assessments have been paid to date.

Annually, beginning on the first (1st) anniversary of the commencement of any work at the sites required for the Project during the Operating Period, the Company and its Subcontractors, suppliers and workmen or tradesmen working at the sites shall provide written confirmation to HRM from the workers' compensation authority of compliance with, or exclusion from, workers' compensation requirements and confirmation that all required assessments have been paid to date.

Upon the completion of any work at the sites required for the Project during the Operating Period, the Company and its Subcontractors, suppliers and workmen or tradesmen working at the sites shall provide written confirmation to HRM from the workers' compensation authority of compliance with, or exclusion from, workers' compensation requirements and confirmation that all required assessments have been paid to date.

6.4.2.9 Professional Liability (Errors and Omissions)

Professional liability (errors and omissions) insurance shall provide coverage dedicated solely to this Project and shall be obtained for the full term of the Operating and Maintenance Agreements with an extended reporting and discovery period of not less than three (3) years after total completion of the last design and engineering work performed in connection with the Facilities by, or on behalf of, the Company prior to the Reversion Date. The insurance shall include the following provisions:

- (a) policy limit of liability of \$2 million per claim and in the aggregate annually; and
- (b) primary insurance without right of contribution of the performance bonds for the Operating Period or any insurance carried by HRM.

6.4.2.10 Aircraft (Owned or Non-Owned) Liability

If there is any known or anticipated exposure during the Operating Period, aircraft (owned and/or non-owned) liability insurance shall be obtained to cover aircraft owned, leased or chartered by any person involved, on behalf of the Company, in any work related, directly or indirectly, to the Project during the Operating Period. Aircraft liability insurance shall be subject to a minimum \$100 million inclusive limit with a passenger liability limit of not less than \$25 million. The deductible shall be no greater than \$100,000 per occurrence.

6.4.2.11 Watercraft (Owned or Non-Owned) Liability

If there is any known or anticipated exposure during the Operating Period, watercraft (owned and/or non-owned) liability insurance shall be obtained to cover watercraft owned, leased or chartered by any person involved, on behalf of the Company, in any work related, directly or indirectly, to the Project during the Operating Period. Watercraft liability insurance shall be subject to a minimum \$25 million limit. The deductible shall be no greater than \$100,000 per occurrence.

6.4.2.12 Marine Property and Liability Insurance

If there is any known or anticipated exposure during the Operating Period, marine property (hull and machinery) insurance and marine liability (protection and indemnity and/or terminal operators liability and/or charterers legal liability) insurance shall be obtained to cover owned, leased or chartered marine vessels if used, directly or indirectly, in the performance of any work related, directly or indirectly, to the Project during the Operating Period, which insurance shall comply with the following:

- (a) the insurance policies shall be subject, *mutatis mutandis*, to the same coverage and administrative requirements as the non-marine property and liability insurance policies;
- (b) hull and machinery insurance shall be at replacement cost value with a deductible not greater than \$250,000 per occurrence;
- (c) protection and indemnity insurance shall be subject to limits not less than \$75 million inclusive per occurrence for bodily injury, death and damage to property including loss of use or occupancy, and the deductible shall not be greater than \$100,000 per occurrence;
- (d) terminal operators liability insurance shall be subject to limits not less than \$25 million inclusive per occurrence for bodily injury, death and damage to property including loss of use or occupancy, and the deductible shall not be greater than \$100,000 per occurrence; and

- (e) charterers legal liability insurance shall be subject to limits not less than \$25 million inclusive per occurrence, and the deductible shall not be greater than \$100,000 per occurrence.

6.4.2.13 All Risks Marine Cargo

If there is any known or anticipated exposure during the Operating Period, all risks marine cargo insurance shall be obtained to cover all property destined for incorporation into the Project, while in marine transit, with coverage at replacement cost value for the full insurable value and a deductible not greater than \$10,000 per occurrence.

6.4.2.14 Insurance Requirements for Subcontractors

The Company shall require in each contract with any Subcontractor, that the Subcontractor obtain appropriate liability insurance comparable to the liability insurance required to be maintained by the Company under this Section 6.4, if such Subcontractors are not covered by the insurance policies obtained and maintained by the Company.

Insurance policies required to be obtained by Subcontracts shall insure the interests of HRM, the Company, their successors and permitted assigns, and their respective officers, directors, Council members, employees, and agents involved in the Project during the Operating Period, and any other Subcontractors in respect of the applicable work. The insurance policies shall be subject to the same (or comparable) coverage and administrative requirements as are imposed on the Company pursuant to this Section 6.4 of this RFP. When requested to do so by HRM, the Company shall provide, or cause to be provided, to HRM certified copies of such insurance policies or such other evidence of insurance, acceptable in form and content to HRM, acting reasonably.

6.4.2.15 Other Insurance Obtained by Company

If the Company obtains any form of insurance coverage in addition to that required pursuant to this Section 6.4, then HRM shall have the right and option, to be exercised at its sole discretion, to require the additional insurance coverage to comply, *mutatis mutandis*, with the coverage characteristics and administrative requirements set out in this Section 6.4.

6.4.3 Review of Insurances for the Operating Period

6.4.3.1 Periodic Review by the Company

Not less than five (5) months before the estimated Date of Substantial Completion of the first of the Facilities, and at each third (3) anniversary of such date thereafter, the Company shall submit, or cause its insurance brokers(s) (or other knowledgeable person, acceptable to HRM), to submit to HRM a written report outlining any proposed amendments to the minimum amounts, limits, sublimits, deductibles, coverages, policy forms and administrative requirements for the insurance contemplated in this Section 6.4, and any proposed alternative risk financing methods or vehicles. The written report shall also include the proposed effective date for any proposed amendments. In determining proposed amendments to the minimum amounts, limits, sublimits, deductibles, coverages and policy forms that are required as a result of such reviews, the Company shall ensure that the proposed amendments conform to that which would reasonably be carried by a prudent owner and operator of comparable facilities assuming it was to be the sole owner and operator for the design service life of such facilities.

If the Company is proposing any change to the limits or sublimits of any insurance, the written report shall be accompanied by an estimate, provided by a knowledgeable person acceptable to HRM, of the maximum foreseeable property, general liability and environmental liability losses at that time. For insurance not susceptible to maximum foreseeable loss assessment, equivalent or comparable loss assessment methodology shall be used.

Not later than sixty (60) days following receipt from the Company of the proposed amendments, HRM shall advise in writing the Company of its acceptance or rejection of each of the proposed amendments and the proposed effective date for such amendments. The Company shall promptly effect the insurance amendments accepted by HRM and the cost of any such changes shall be borne entirely by (and any savings shall accrue to) the Company, its Subcontractors, or persons other than HRM.

6.4.3.2 Periodic Reviews by HRM

Not less than three (3) months before the Date of Substantial Completion of the first of the Facilities, and at each third (3) anniversary of such date thereafter, HRM may submit to the Company a written report outlining any required amendments to the minimum amounts, limits, sublimits, deductibles, coverages, policy forms and administrative requirements for the insurance contemplated in this Section 6.4, all such refinements to reflect known changes in liability insurance policies available in Canada on a commercially reasonable basis, or known changes in liability insurance exposures associated with operations similar to any work required for the Project during the Operating Period, or otherwise.

The written report shall include the proposed effective date for any proposed amendments. The Company shall promptly effect the insurance amendments and the cost of any such changes shall be borne entirely by (and any savings shall accrue to) HRM.

6.4.3.3 Changing Insurance Markets

In the event any of the insurance required to be maintained by the Company during the Operating Period under this Section 6.4 is not available due to changing insurance market conditions or is not available on a commercially reasonable basis, the Company shall forthwith notify HRM. Not later than thirty (30) days after receipt of notice, HRM shall advise the Company of alternative insurance requirements that shall apply so long as the adverse insurance market conditions exist or the insurance is not available on a commercially reasonable basis. All additional costs associated with the alternative insurance requirements shall be borne by (and any savings shall accrue to) HRM.

6.4.4 Notice of Insurance Cancellation

Not less than ninety (90) days before the effective date, the Company shall advise HRM of any cancellation, material alteration or lapse of any insurance policy required to be provided pursuant to this Section 6.4, whether initiated by the insurer(s), the Company, any person under the financial or management control of the Company or any person acting on behalf of the Company.

6.5 Deposit and Bonds

6.5.1 General

The Company shall deliver to HRM the Bonds described in this Section 6.5 which shall be in form and substance acceptable to HRM. All Bonds must be issued by a surety or sureties acceptable to HRM and licensed to transact the business of suretyship in Canada and in HRM. All Bonds must include provision for multiple obligees. In the event that more than one surety participates in the guarantee(s), the guarantee(s) must be provided on a joint and several basis. Each Proponent must provide information in its Proposal regarding such sureties, including financial information necessary to enable HRM to assess the guaranteed liability of the sureties.

6.5.2 Deposit

A deposit ("Deposit") of One Million Dollars (\$1.0 million) in the form of:

- (a) a certified cheque payable to HRM; or
- (b) an unconditional letter of credit in favour of HRM from a Bank; or
- (c) a bid bond,

shall accompany each Proponent's Proposal.

6.5.3 Bonds - Construction Period

On or before the Closing Date, the Company shall deliver the following Bonds to HRM:

6.5.3.1 Performance Bond for the Construction Period

A performance bond in the principal amount equivalent to one hundred percent (100%) of the aggregate of the guaranteed maximum prices for the Facilities and the Sewage Collection Systems as set forth in the Company's Proposal. In the event HRM does not proceed with Phase 2 of the Project, the principal amount of the performance bond shall be equivalent to one hundred percent (100%) of the aggregate of the guaranteed maximum prices for Phase 1 of the Project. This performance bond shall be endorsed to include a guarantee for correction of faulty workmanship and construction deficiencies for a period of three (3) years after the Date of Final Completion for each Facility and related Sewage Collection Systems.

6.5.3.2 Labour and Material Payment Bond

A labour and material payment bond in the principal amount equivalent to fifty percent (50%) of the aggregate of the guaranteed maximum prices for the Facilities and the Sewage Collection Systems as set forth in the Company's Proposal. The labour and material payment bond must contain language permitting it to be "broad form" so as to provide protection to other than the "first tier" Subcontractors.

6.5.4 Bonds - Operating Period

6.5.4.1 Performance Bonds for the Operating Period

On or before the commencement of the term of the Operating and Maintenance Agreement for a Facility, the Company shall deliver to HRM a performance bond for the operation and maintenance of such Facility in the principal amount equivalent to one hundred percent (100%) of the annualized aggregate OMM Fees and Renewal Fees as shown on the OMM Payment Schedule and the Renewal Payment Schedule as security for the Company's obligation to provide a Sludge Handling and Management System(s) and to operate, manage and maintain that Facility in accordance with the terms of the Project Agreements, including the requirement that the Facility:

- (a) be in the Required Condition; and
- (b) not contain any deficiencies identified by HRM as contemplated by Subsection 4.12.4; and
- (c) meet all criteria in Subsection 4.12.5,

on the Reversion Date.

The performance bond shall be issued for an initial term of two (2) years and shall be endorsed to require ninety (90) days' prior written notice from the surety or sureties to the Company and HRM of the surety's intent not to renew the Performance Bond. The performance bond shall be adjusted annually for inflation.

The Company shall provide written evidence of each renewal to HRM not later than thirty (30) days prior to the anniversary date of the performance bond.

6.5.4.2 Additional Security for the Condition of the Facilities on Reversion Date

Not less than three (3) months prior to the Reversion Date, the Company shall deliver to HRM a performance bond for each of the Facilities, which shall be in effect for two (2) years following the Reversion Date, in an amount equivalent to one hundred percent (100%) of the annualized aggregate OMM Fees and Renewal Fees for the previous twelve (12) month period as additional security for the Company's obligation to ensure that the Facilities:

- (a) are in the Required Condition;
- (b) do not contain any deficiencies identified by HRM as contemplated by Subsection 4.12.4; and
- (c) meet all criteria in Subsection 4.12.5,

on the Reversion Date.

6.5.4.3 Letter of Credit

The Proponent may propose to provide HRM with a letter of credit in lieu of or in addition to the performance bonds referred to in Subsections 6.5.4.1 and 6.5.4.2.

6.6 Guarantees

The Company shall provide guarantees of its Proponent Guarantor, in form and substance acceptable to HRM, for all of the obligations of the Company under the Project Agreements including the obligation that the Facilities shall:

- (a) be in Required Condition;
- (b) not contain any deficiencies identified by HRM as contemplated by Subsection 4.12.4; and
- (c) meet all criteria in Subsection 4.12.5,

on the Reversion Date.

The guarantees shall:

- (a) be unlimited in amount;
- (b) be unconditional and irrevocable;
- (c) be joint and several, if there is more than one Proponent Guarantor; and
- (d) extend to direct and indirect damages.

HRM may require that the guarantee(s) be supported by a letter of credit.

The Proponent shall deliver to HRM the following on or before June 30, 2000:

- (a) copies of the financial statements of the Proponent Guarantor(s) for the last three (3) years to the extent not previously provided, together with other relevant information related to the Proponent Guarantor(s) named in the Proponent's response to the RFQ;
- (b) describe in writing to HRM how the Proponent proposes to use its Proponent Guarantor(s) to guarantee all of the requirements of the RFP and the Project Agreements; and
- (c) a commitment from each of the Proponent Guarantor(s) to provide the guarantee on behalf of the Proponent together with permission for HRM and their consultants and agents to investigate on a confidential basis the financial stability and credit worthiness of such Proponent Guarantor(s).

6.7 Indemnity

The Company and its Proponent Guarantors shall be required to protect, indemnify and hold harmless HRM Indemnified Parties from and against all liabilities, damages, claims, judgments, losses, costs, expenses, suits, actions or proceedings and reasonable solicitor's fees and shall defend HRM Indemnified Parties in any suit, action or proceeding, including appeals, for personal injury to, or death of, any person or persons in connection with or incidental to:

- (a) the design, construction, commissioning of the Sewage Collection Systems;
- (b) the design, construction, commissioning, management, operation and maintenance of the Facilities; or
- (c) the provision of a Sludge Handling and Management System(s),

except to the extent it is caused by the gross negligence or wilful misconduct of any of HRM Indemnified Parties.

Part 7 Proposal Submission and Selection Process

7.1 Schedule for Selection Process

The schedule for the Proposal submission and selection process is as follows:

- RFP Release Date Day 1
- Proponent Meeting (optional)
- Deadline to Request Clarifications Day 42
- Deadline for Submission of Proposal Day 112
- Announcement of Selected Proponent Day 224
- Execution of Project Agreements Day 280

This schedule is tentative and HRM may change any of the dates set out above. HRM will provide written notice to the Proponent of any such changes. The Proponent must submit its Proposal no later than 12:00 noon, Halifax time, on **September 19, 2000** ("Proposal Due Date").

7.2 Project Data / Data Room

Additional information relating to the Project will be available in the Data Room to be established at the offices of HRM, 5251 Duke Street, 4th Floor, Halifax, Nova Scotia. The Data Room may be accessed during normal working hours (8:30 a.m. - 4:30 p.m.) Monday through Friday beginning on the RFP Release Date.

7.3 Reservations for Access to Data Room

If the Proponent wishes access to the Data Room, the Proponent must make a reservation with Michael I. Kroger at phone number (902) 490-4973/fax number (902) 490-4760, or Cheryl Kimber at phone number (902) 490-4756/fax number (902) 490-4760. Reservations will be for a four (4) hour period from 8:30 a.m. to 12:30 p.m. or 12:30 p.m. to 4:30 p.m. and will be on a first come, first served basis. In the interest of providing all Proponents with opportunities for access, the Proponent may not book more than three (3), four (4) hour reservations in any one (1) week.

7.4 Requesting and Purchasing Materials

A list of all materials available in the Data Room is attached as Appendix N to this RFP. Materials must be requested no later than 4:30 p.m. on the day prior to the reservation period. The requested materials will be available in the Data Room and are not to be removed by the Proponent. If the Proponent wishes copies, the Proponent may purchase them from HRM. When the Proponent is finished viewing material, the Proponent shall notify Michael I. Kroger or Cheryl Kimber. Copies of the RFP may be purchased for a fee of Fifty Dollars (\$50) per copy from the HRM Procurement Division, 5251 Duke Street, 3rd Floor, Halifax, Nova Scotia.

7.5 Access to Site

To assist the Proponent in preparing its Proposal, HRM will permit inspections and testing, prior to the Proposal Due Date, of all locations relevant to the Project which are under the control of HRM. Access must be arranged through the HRM Project Manager.

If the Proponent is desirous of acquiring additional geotechnical information itself, the Proponent must arrange for access through the HRM Project Manager and will be required to enter into HRM's license of occupation (see Appendix CC) for this purpose. Before undertaking such investigations, the Proponent must identify to HRM (i) the scope and duration of any such additional investigations; and (ii) the specific locations to be investigated. This information must be supplied in writing to the HRM Project Manager five (5) days prior to commencing any field investigations.

In addition, prior to the grant of access by HRM, the Proponent must deliver to HRM:

- (a) an insurance certificate evidencing comprehensive/commercial general liability insurance, with a limit of not less than \$2 million per occurrence; and
- (b) if the Proponent will access any HRM site using a licensed automobile, an insurance certificate evidencing automobile liability insurance, with a combined single limit of not less than \$2 million per accident,

which insurance shall specifically cover the Proponent and any of its Subcontractors who are to be granted access to such sites.

HRM reserves the right to have HRM staff accompany the Proponent during such inspections and testing.

Any additional information gathered by the Proponent and disclosed to HRM shall be treated confidentially. HRM shall not release the information to the remaining Proponents. Notwithstanding the foregoing, a Proponent acknowledges and agrees that HRM will not be responsible or liable in any way for any losses that the Proponent may suffer from disclosure of information or materials to third parties, including other Proponents.

7.6 Meeting(s) with Proponents

After the Proposal Due Date, all Proponents may be required to attend a meeting with HRM. HRM will give the Proponent six (6) Business Days' notice in writing of the time, date and place of the meeting.

HRM reserves the right to call additional meetings of Proponents as required. The Proponent will be notified in writing of the date, time and location of any additional meeting(s).

Meeting minutes will be prepared and distributed to all Proponents and will form the official record of the meeting.

7.7 Request for Clarification of RFP

If the Proponent has questions as to the meaning or intent of any part of this RFP or of the Project, the Proponent should submit a request for clarification. The Proponent shall make all initial requests for clarification or inquiries, if any, to HRM in writing not later than six (6) weeks following the RFP Release Date. The Proponent shall make all additional requests for clarification or inquiries, if any, to HRM not later than four (4) weeks prior to the Proposal Due Date. All requests for clarification and inquiries shall be made to HRM in writing as follows:

Maurice E. Lloyd, P. Eng., FCIP
HRM Project Manager
The Harbour Solutions Project
Halifax Regional Municipality
5251 Duke Street, 4th Floor
PO Box 1749
HALIFAX NS B3J 3A5
PHONE: (902) 490-4549
FAX: (902) 490-4760
email: lloydm@regional.halifax.ns.ca
Web site: www.region.halifax.ns.ca

Copies of all requests for clarification or inquiries concerning this RFP or the Project and HRM's responses thereto will be provided in writing by HRM to all Proponents.

The Proponent is requested not to make any inquiries of HRM staff without approval of the HRM Project Manager. Oral and written information provided to the Proponent by anyone at HRM, including HRM staff, will not be binding except written information provided by the HRM Project Manager. Information provided verbally will not be binding upon HRM.

7.8 Changes, Amendments or Additions to the RFP

HRM shall have the right to revise the RFP, its Appendices and any addenda thereto up to the Proposal Due Date, which date may be extended by HRM. Any such revisions shall be distributed as a written addendum to the RFP and distributed to all Proponents. As part of its Proposal, the Proponent must acknowledge to HRM its receipt of the RFP addendum documents, if applicable.

7.9 Submission Procedure

7.9.1 One Response

The Proponent may not submit more than one Proposal for the Facilities and the Sewage Collection Systems. The Proposal shall include one technical solution for each of the four (4) Sewage Collection Systems and one technical solution for each of the four (4) Facilities. In addition to the required solution submission for four (4) Facilities, a Proposal may contain a solution comprised of less than four (4) Facilities with corresponding Sewage Collection Systems; provided however, any such solution shall ensure the Facilities and the Sewage Collection Systems have the equivalent capacity to the capacity provided by four (4) Facilities and Sewage Collection Systems in order to treat the flows from the Halifax North, Halifax South, Dartmouth and Herring Cove sewersheds.

A Proposal may contain a solution for a sewage collection and transmission system as detailed in the Project Requirements which is alternate to the required submission of a tunnel solution for the Sewage Collection Systems of Halifax North and Dartmouth. In addition, a Proposal may contain an alternate long-term financing proposal.

7.9.2 Time of Submission

Proposals shall be delivered to HRM on the Proposal Due Date in accordance with the instructions set out herein. Any Proposal submitted after the Proposal Due Date will not be evaluated and will be returned unopened to the Proponent.

7.9.3 Address for Submission

The Proponent shall deliver copies of its Proposal on or before the Proposal Due Date to:

Mr. Peter Ross
Manager of Procurement
Halifax Regional Municipality
Scotia Square, Duke Tower, 3rd Floor
5251 Duke Street
PO Box 1749
HALIFAX NS B3J 3A5
PHONE: (902) 490-6499

Proposals shall be clearly marked: "Harbour Solutions Project: Response to Request for Proposals (98-114)".

7.9.4 Receipt of Proposals

The time of receipt of a Proposal shall be deemed to be the date and time indicated by HRM's date/time stamp. A Proposal delivered to HRM in advance of the Proposal Due Date can be withdrawn or amended in writing at any time until the Proposal Due Date.

7.9.5 Hard Copies

The Proponent shall submit fifteen (15) copies of its Proposal in hard copy form, one (1) of which shall be unbound. No facsimile transmissions will be accepted; provided however, amendments to a Proposal will be accepted by facsimile if received before the Proposal Due Date. Originals of the amendments must be forwarded to HRM in order that they may be attached to the original Proposal.

7.9.6 Electronic Copies

Electronic copies of the pro forma financial statements presented in the Proposal must be submitted on diskette using Excel 97. The Proponent shall also submit its Proposal electronically on diskette using Word 97 or WordPerfect Version 6.0, 7.0 or 8.0 for Windows and AutoCAD Version 13 for Windows.

7.10 Clarification of Proposals

HRM is not obliged to seek clarification from the Proponent regarding any aspect of its Proposal.

HRM shall have the right to request the Proponent to submit information to clarify or interpret any matters contained in its Proposal and to seek the Proponent's written acknowledgement of that clarification or interpretation. In addition, HRM may request supplementary documentation from the Proponent when there is a minor irregularity or omission in its Proposal or the

documents submitted therewith. The Proponent should not assume HRM will request clarifications.

Supplementary documentation accepted by HRM and written interpretations that have been supplied or acknowledged by the Proponent shall be considered to form part of the Proponent's Proposal.

7.11 Proponent Presentations

HRM shall have the right to require the Proponent to make formal presentations to the Proposal Selection Committee and the Proposal Review Committee and its advisors in order to explore specific issues more fully. The HRM Project Manager may provide the Proponents with additional information and instructions as may be appropriate to prepare for the presentation. A record of the presentation will be prepared and shall be considered to form part of the Proponent's Proposal.

7.12 Proposal Evaluation Process

7.12.1 General

The Proponent shall submit its Proposal for both Phase 1 and Phase 2 of the Project. However, in the event HRM does not issue an addendum to this RFP to proceed with Phase 2, the Selected Proponent shall be chosen on the basis of HRM's evaluation of the Proposal for Phase 1 only.

Subject to Section 9.13, the final selection of the Selected Proponent will be made by Council. The Proposal Selection Committee will make recommendations to Council based on the results of its evaluation. The Proposal Review Committee will review the Proposals, report to and advise the Proposal Selection Committee, and recommend a Proponent to the Proposal Selection Committee. The Proposal Review Committee will be supported by expert advisors.

The Proposal Selection Committee is not bound by any obligation to recommend to Council the Proponent recommended to the Proposal Selection Committee by the Proposal Review Committee. In turn, Council is not bound by any obligation to select the Proponent recommended to it by the Proposal Selection Committee. HRM, its Council members, employees and agents accepts no liability for any costs, expenses, damages or otherwise of any Proponent in the event a recommended Proponent is not accepted by either the Proposal Selection Committee or Council, as the case may be.

HRM, its Council members, employees and agents accept no liability for any costs, expenses, damages or otherwise of any Proponent in the event the Selected Proponent selected by Council fails to comply with any terms, conditions or requirements of the RFP, any addenda to the RFP, the Project Requirements, the Operating and Maintenance Requirements or the Project Agreements.

Proposals will be evaluated in three (3) stages:

- (a) Completeness Review;
- (b) Compliance Review; and
- (c) Technical, Economic and Financial Merit Review.

7.12.2 Completeness Review

Proposals will be reviewed to ensure that submissions meet the mandatory submission requirements of Part 8 (i.e. has the information been submitted in the manner specified in Section 1.0 of Part 8). Proposals that are incomplete after clarifications, if any have been requested, shall not be evaluated. See Section 7.10.

Any variations to the members of a Proponent shall require acceptance by HRM and will be reviewed at this stage based on the criteria applied in the RFQ process. HRM will consider variations which supplement and strengthen a Proponent, or which involve necessary replacement of individuals due to unavoidable circumstances such as sickness or death. Other than variations as a result of unavoidable circumstances or which include supplementing and strengthening a Proponent, variations are discouraged.

7.12.3 Compliance Review

Once completeness of a Proposal has been established, a detailed assessment of the Proposal will be performed in the following areas:

- | | |
|---|-----------|
| (a) Management | pass/fail |
| (b) Construction (development, design, build, commission) | pass/fail |
| (c) Operating (manage, operate, maintain and renew) | pass/fail |
| (d) Financial | pass/fail |
| (e) Risk Management | pass/fail |

Proposals will be evaluated on a pass/fail basis for compliance with the requirements set forth in Parts 2-5 and Part 8 of this RFP. Proposals that are non-compliant after clarifications, if any have been requested, will be disqualified. See Section 7.10.

7.12.4 Technical, Economic and Financial Merit Review

Once the Proponent's Proposal has passed the completeness and compliance reviews, it will be evaluated first on its technical and economic merit, and then on its financial merit.

For the purpose of evaluating Proposals, the evaluation criteria will be given the following relative weights:

- | | | |
|-----|------------------------------|-----------|
| (a) | Technical and Economic Merit | 15 points |
| (b) | Financial Merit | 85 points |

7.12.4.1 Technical and Economic Merit (15 Points)

The technical merit evaluation will be based on each Proponent's relative ranking of the quality of their submissions to the five areas of compliance outlined in Subsection 7.12.3 with particular consideration given to the construction, design, operations and environmental components of the Proposal.

The economic merit evaluation will be based on each Proponent's Economic and Industrial Benefits Plan and how the commitments made by the Proponent in its Proposal:

- (a) impact on Nova Scotians' ability to gain economically from participating in the Project;
- (b) provide incremental revenue generation for HRM; and
- (c) establish alliances/new business development.

7.12.4.2 Financial Merit (85 points)

HRM will evaluate the financial merit of each Proponent's financial submission utilizing a net present value methodology over the planned useful life of the Sewage Collection Systems, the Facilities and the Sludge Handling and Management Systems (i.e. sixty (60) years after the commencement of the first of the Operating and Maintenance Agreements). Life cycle costs (see Appendix G) will be taken into consideration in HRM's evaluation. The "least cost" Proposal will be allocated the full 85 points and the remaining Proposals will be ranked by dividing their evaluated cost amount into the "least cost" Proposal amount and multiplying the result by the full 85 points.

7.12.4.3 Total Evaluation Points

The points awarded for Technical and Economic Merit will be added to those awarded for Financial Merit to arrive at the Proponent's total points award. The Proponent with the highest number of total points will be recommended by the Proposal Review Committee to the Proposal Selection Committee as the Selected Proponent to implement the Project.

7.13 Reference Bid

7.13.1 General

Council requires a Reference Bid to be developed in conjunction with the RFP process. The purpose of the Reference Bid is to provide a public sector cost comparator for use during the evaluation of the Proposals. Council wishes to be assured that the Project costs using a public-private partnership design-build and operate approach will be cost-effective when compared to a design-build and operate approach through the public sector. The Proponent's Financial Proposal will be compared to the Reference Bid on a discounted cash flow basis as described in Subsection 7.13.5.2.

7.13.2 Key Characteristics and Requirements of the Reference Bid

The Reference Bid will have the following key characteristics and requirements:

- (a) all aspects of the Reference Bid must meet the Project Requirements and related terms and conditions specified in the RFP;
- (b) the capital cost estimate will be in accordance with the phasing in Subsection 1.4.4 and will be based on the solution comprised of four (4) Facilities with corresponding Sewage Collection Systems utilizing the preliminary layouts for each of the Sewage Collection Systems referenced in Subsection 3.2.3;
- (c) existing HRM operations will be reviewed and benchmarked as part of operating cost estimate;
- (d) the costs of providing the Sludge Handling and Management System will be included in the operating cost estimate;
- (e) HRM labour costs, including pensions, employer-paid benefits and liabilities, will be used in the operating cost estimate;
- (f) realistic allocations of HRM overhead, representing indirect costs such as insurance, administration, legal, building space, will be included;
- (g) the costs of all other requirements specified in the RFP, such as manuals, plans, approvals and training, and such other costs as may be incurred by HRM in the delivery of the Project, will be included; and
- (h) short and long-term financing costs will be included.

7.13.3 Other Required Estimates

Estimates of HRM's contract administration costs related to the Project Agreements will be added to the Proponent's Financial Proposal.

7.13.4 Preparation and Release of the Reference Bid

7.13.4.1 Project Consulting Team

The Project consulting team of Jacques Whitford and Associates, RV Anderson Associated Ltd., KPMG llp, and O'Halloran Campbell Consultants Ltd. will prepare the Reference Bid.

7.13.4.2 Due Diligence Requirement

The Due Diligence Consulting Team will provide due diligence with respect to the estimates prepared under Subsection 7.13.4.1.

7.13.4.3 Completion and Release

The above process, including the due diligence, will be completed in four (4) weeks from the time of its initiation. The Reference Bid will be released to Council, the Proponents and the public upon its completion.

7.13.5 Reference Bid Evaluation and Comparison Process

7.13.5.1 Deemed Completeness and Compliance

A completeness review and compliance review, as described in Subsections 7.12.2 and 7.12.3, will not be conducted on the Reference Bid. The Reference Bid will be deemed complete and compliant by the Proposal Review Committee.

7.13.5.2 Evaluation and Comparison

Simultaneous to the compliance review of the Proponent's Proposal under subsection 7.12.3, a subgroup of the Proposal Review Committee (the financial merit evaluation team) will conduct the following process:

- (a) The Reference Bid net present value for the capital costs of the Sewage Collection Systems and the Facilities and the operating costs of the Facilities and the Sludge Handling and Management System will be determined, less any risk adjusted revenue sources.
- (b) The net present value of the Proponent's Financial Proposal for the capital costs of the Sewage Collection System and the Facilities and the operating costs of the Facilities and the Sludge Handling and Management System plus HRM's contract

administration costs will be determined, less any risk adjusted revenue sources proposed by the Proponent.

- (c) The Reference Bid net present value will be used as a benchmark in the evaluation of a Proponent's Financial Proposal under Subsection 7.12.4.2.

7.13.5.3 Due Diligence

The net present value calculations determined under paragraphs (a) and (b) of Subsection 7.13.5.2 are subject to due diligence performed by the Due Diligence Consulting Team.

7.14 Project Agreements to be Negotiated and Executed

7.14.1 Negotiations

After the selection of a Proposal, HRM shall have the right to negotiate with the Selected Proponent and, as part of that negotiation, to negotiate changes, amendments or modifications to the Project Agreements issued under an addendum to this RFP and to the Selected Proponent's Proposal as submitted, without offering the unsuccessful Proponents the opportunity to amend their Proposals. There will not be a binding agreement for the Project until HRM and the Selected Proponent have entered into the Project Agreements in the form delivered as an addendum to this RFP, together with any amendments thereto, if any, that are acceptable to HRM. The Selected Proponent will be required to enter into the Project Agreements with HRM not later than fifty-six (56) days following the selection of the Selected Proponent or such longer period of time as may be specified in the written notice given by HRM to the Selected Proponent following the delivery to the Selected Proponent of the form of Project Agreements that HRM is prepared to execute.

7.14.2 Failure to Execute Project Agreements

If the Selected Proponent fails or refuses to execute and deliver the Project Agreements in the form delivered as an addendum to this RFP, together with any amendments thereto, if any, that are acceptable to HRM, within the prescribed time, HRM shall have the right to appoint another Proponent as the Selected Proponent, not to accept any Proposal or to call for new proposals. If the Selected Proponent fails or refuses to execute and deliver the Project Agreements pursuant to this Section 7.14 within the time prescribed, or if the Selected Proponent breaches any of its obligations as set forth in this RFP, it shall be deemed a defaulting Proponent. The defaulting Proponent and its Proponent Guarantors shall be liable for all losses, damages, costs and expenses (including consequential losses and damages, and legal fees on a solicitor and client basis) suffered or incurred by HRM up to a maximum of \$3,500,000. These costs include but are not limited to any increase in the price of performance of the Project Agreements over the price submitted by the defaulting Proponent in its Proposal.

7.15 Debriefing

HRM intends to offer a debriefing to unsuccessful Proponents after the execution of the Project Agreements. HRM shall only be obligated to provide such information as is required by Law.

Part 8 Mandatory Submission Requirements

1.0 General Information, Forms and Deposit

The Proponent shall submit fifteen (15) hard copies of its Proposal and shall submit its Proposal electronically on diskette using Word 97 or WordPerfect Version 6.0, 7.0 or 8.0 for Windows. One (1) of the hard copies shall be unbound and the electronic copy of the financial model and schedules presented in the Proposal shall be submitted on diskette using Excel 97.

Where an "outline" or a "summary approach" or an "approach" is required, the Company shall eventually provide detailed plans for specific requirements (eg. Environmental Management Plan, QA/QC Plans and Manuals).

1.1 Format and Contents of Proposal

The Proposal shall be submitted in the format outlined in this Part 8 and shall be comprised of six (6) chapters titled as follows:

- Chapter 1 - General
- Chapter 2 - Management
- Chapter 3 - Construction Proposal
- Chapter 4 - Operating Proposal
- Chapter 5 - Financial Proposal
- Chapter 6 - Risk Management Proposal

The Proposal shall be structured to have the same headings and numerical system used in this Part 8.

The Proposal shall contain concise written material and illustrations that enable a clear understanding and evaluation of the Proponent's capabilities and the qualities of its Proposal.

To avoid unnecessary duplication, the Proponent may reference its original RFQ submission regarding detailed qualifications and past experience. For completeness, summary information of qualifications and past experience shall be contained in the Proposal.

The Proponent shall acknowledge and agree to all of the conditions of participation in the RFP process as set forth in Part 9 of this RFP.

1.2 Forms and Deposit; Proposal Irrevocable

All text information shall be submitted on paper not larger than 22 cm by 28 cm (8½" x 11") with a limited number of 28 cm by 44 cm (11" x 17") fold out pages. The contents are to be presented and organized in a manner which will facilitate review.

The Proposal must be accompanied by:

- (a) a completed offer letter (see Appendix O);
- (b) declarations (see Appendix P) from an authorized official of each member of the Proponent and the Proponent's Proponent Guarantor indicating that it:
 - (i) is aware of and agrees to its inclusion as a member of the Proponent or as a Proponent Guarantor, as the case may be;
 - (ii) has reviewed all of the relevant portions of the Proponent's Proposal and understands and agrees to be bound by the commitments that are being made on its behalf; and
 - (iii) agrees to comply with the terms and conditions set out in this RFP and any addenda thereto; and
- (c) A deposit ("Deposit") of One Million Dollars (\$1.0 million) in the form of:
 - (i) a certified cheque payable to HRM;
 - (ii) an unconditional letter of credit in favour of HRM from a Bank; or
 - (iii) a bid bond.

The Proposal shall be irrevocable by the Proponent and shall remain in effect and open for acceptance by HRM for a period of two hundred forty (240) calendar days from the Proposal Due Date or until the Project Agreements are executed and delivered by HRM and the Selected Proponent, whichever is earlier. In the event that HRM proceeds only with Phase 1 of the Project, the portion of the Company's Proposal related to Phase 2 shall be irrevocable until March 31, 2003.

1.3 Application of Deposit

The full amount of the Deposit, without interest, will be returned to each of the unsuccessful Proponents two hundred forty (240) days after the Proposal Due Date or on the Closing Date, whichever is earlier.

The Proponent shall acknowledge that:

- (a) the Deposit delivered by the Selected Proponent shall secure its obligation to execute the Project Agreements as contemplated by Section 7.14; and
- (b) if the Selected Proponent fails or refuses to execute and deliver the Project Agreements pursuant to Section 7.14 within the prescribed time, or if the Selected Proponent breaches any of its other obligations as set forth in this RFP, the Selected Proponent shall be deemed a defaulting Proponent and its deposit may be retained by HRM for HRM's own use absolutely. Another Proponent may then, in the discretion of HRM, be designated as the Selected Proponent.

The retention and use of the Deposit as herein provided shall be in addition and without prejudice to all other rights and remedies available to HRM and shall not be considered to be in the nature of a penalty.

2.0 Management

The Proponent shall provide a comprehensive management plan which shall cover, but need not be limited to, all of the identified topics. (Refer to Part 2, Management Requirements.) Resumés for personnel in designated positions are required.

2.1 Management Plan

2.1.1 Location of Offices

Describe the role and responsibilities of the management office within HRM, the functions which will be conducted in it and the locations and functions of other offices, if any.

2.1.2 Organization and Charts

Describe the proposed organization of the Proponent and the interrelationships between Proponent members and functions, and how they will be used to achieve effective and efficient Project implementation. Provide one or more comprehensive organization charts, including Construction Period organization and Operating Period organization.

2.1.3 Team Description

Provide a description of the Proponent, with references to Sections 2.1.3 and 2.1.4 of Part 2, and include specific information on which members of the Proponent will be responsible for the following activities:

- (a) Sewage Collection System design;
- (b) Sewage Treatment Plant design;
- (c) outfall/diffuser design;
- (d) construction process;
- (e) commissioning process;

- (f) operating and maintenance process;
- (g) Public Involvement and Information Program;
- (h) environmental management; and
- (i) Sludge and residue management and disposal.

2.1.4 Employment Equity

Submit copies of the Proponent's policies on race relations and employment equity.

2.1.5 Project Implementation Plan

Provide a general description of how the Proponent plans to implement the Project, covering the Project management, pre-design (completed prior to Proposal submission), detailed design, construction, commissioning, management, operations and maintenance. Note that approaches to specific activities are required in later sections and avoid unnecessary duplication.

2.1.6 Project Manager

Provide a half-page biography of the proposed Project Manager and a half-page description of the responsibilities of this position. Describe management personnel who will report to the Project Manager and how the Project Manager will manage the Project during the Construction Period.

2.1.7 Design Manager

Provide a half-page biography of the proposed design manager and a half-page description of the responsibilities of this position.

2.1.8 Detail Design-Management Plan

Describe how the detail design will be organized and managed, with division into sections or categories of design and covering each of the four (4) Facilities and the Sewage Collection Systems. Include relationships to permitting, environmental, construction, commissioning and other facets of the Project. Include the location(s) where the detail design will be performed and describe how the entire design process will be fully coordinated. Describe the plan and approach for ensuring that the Project Requirements are fully met.

2.1.9 Detail Design-Submissions to HRM

Describe the plan and approach for design submissions to HRM.

2.1.10 Detail Design-Coordination with the Environmental Management Plan and the Environmental Protection Plan

Describe how the detail design will be coordinated with the Proponent's Environmental Management Plan and Environmental Protection Plan.

2.1.11 Reporting Approach-Construction Period

Describe the overall approach to reporting to and keeping HRM informed of progress and issues during the Construction Period. Include as a minimum the following:

- (a) design progress;
- (b) environmental management;
- (c) construction process and progress; and
- (d) commissioning.

Minimize any duplication with Chapter 3.

2.1.12 Reporting Approach-Operating Period

Describe the overall approach to reporting to HRM during the Operating Period. Minimize any duplication with Chapter 4.

2.1.13 Approach to Approvals

Describe the approach to securing and maintaining Approvals for the life of the Project. Discuss issues of concern and importance and how they will be handled.

2.1.14 Schedule Manager

Provide a half-page biography of the proposed schedule manager and a half-page description of the responsibilities of this position. Describe how the schedule manager will coordinate with key functions including design, Approvals, management issues, construction and commissioning.

2.1.15 Schedule Management-Construction Period

Describe how the Construction Period will be scheduled and how schedule management will be achieved. Describe how schedule difficulties shall be addressed and managed.

2.2 Environmental Management

2.2.1 Environmental Manager

Provide a half-page biography of the proposed environmental manager and a half-page description of the responsibilities of this position. Provide one (1) page describing the identity and reporting structure of the other team members with significant environmental responsibilities and how they will work together and work with HRM and other Governmental Authorities to manage environmental issues and responsibilities.

2.2.2 Statement of Understanding/Scope of Work

Provide a statement of understanding and description of the scope of work to be undertaken regarding the Project's environmental requirements.

2.2.3 Environmental Management Plan

Provide a statement of understanding and description of the scope of work to be undertaken regarding the development and implementation of the Environmental Management Plan and its integration with other key aspects of Project planning and implementation. This will include a description of the development of all aspects of the Environmental Management Plan including the Environmental Protection Plan and the Emergency Response and Contingency Plan.

2.2.4 Environmental Monitoring

Provide an approach and general description of the scope of work to be undertaken regarding anticipated environmental monitoring requirements, including compliance monitoring for regulatory conditions. Given that there may be a requirement for environmental effects monitoring, the outline should include provision for this work. Possible problems and solutions should be addressed.

2.2.5 Potential Problems/Solutions

Provide a brief discussion of potential problems and/or challenges which may be encountered regarding any aspect of the Project's environmental management, including proposed solutions.

2.2.6 Effluent and Receiving Water Quality Plans

Provide a statement of understanding and description of the scope of work to be undertaken regarding the development of the Effluent and Receiving Water Quality Plans. Provide a descriptive outline of the Effluent and Receiving Water Quality Plans.

2.3 Construction Period

2.3.1 Construction Manager

Provide a half-page biography of the proposed construction manager and a half-page description of the responsibilities of this position. Confirm that the construction manager shall be on-site full time during the Construction Period.

2.3.2 Construction/Construction Management Approach

Describe in detail the Proponent's approach to the construction of the Project, including an overview of its construction plan. Describe the overall management approach to the Construction Period including the extent to which competitive tendering will be used and how it will be carried out. To the extent competitive tendering is not to be used, describe how construction activities will be performed and by whom.

Include the proposed approach for purchasing all equipment and materials, and the extent to which competitive tendering will be used. To the extent competitive tendering is not to be used, describe how the equipment, materials will be acquired.

Describe how the construction management function will relate to Project management and the Project Manager, design manager, environmental manager and commissioning manager.

2.4 Commissioning Plan

2.4.1 Commissioning Manager

Provide a half-page biography of the proposed commissioning manager and a half-page description of the responsibilities of this position. Outline the relationships of commissioning management with the design, construction, operations and maintenance functions.

2.4.2 Commissioning Approach/Commissioning Plan

Provide a summary approach to commissioning of the Facilities and the Sewage Collection Systems including an outline of the Commissioning Plan and Procedures and an overview of the sequencing of commissioning. Include a description of how HRM will be included in the commissioning activities.

2.5 Operating Period

2.5.1 General Manager

Provide a half-page biography of the proposed General Manager and a half-page description of the responsibilities of this position.

2.5.2 Operating Period Management Team and Organization

Provide a description of the proposed operating management team for the Facilities. Describe how the team will be built up over time as each Facility is completed and provide an overall organization chart for the Operating Period. Include a description of reporting to and liaison with HRM.

2.5.3 Operating Period Management Approach

Provide a four (4) page (maximum) description of the overall management approach to the Operating Period, covering such items as continued implementation of the Environmental Management Plan and the Public Involvement and Information Program.

2.6 QA/QC Management

2.6.1 Quality Manager

Provide a half-page biography of the proposed QA/QC manager and half-page description of the responsibilities of this position. Describe the QA/QC management team. Outline the relationships of QA/QC management with the design, construction, commissioning, management, operation, maintenance and environmental management functions.

2.6.2 QA/QC Plan and Manual: Construction Period

Provide a statement of understanding and description of the scope of work to be undertaken regarding the development of the QA/QC for the Construction Period as described in this RFP. Provide a descriptive outline for a QA/QC Plan and Manual for the Construction Period. Explain how QA/QC will be fully integrated throughout all Project functions during the Construction Period.

2.6.3 QA/QC Plans and Manuals: Operating Period

Provide a statement of understanding and description of the scope of work to be undertaken regarding the development of the QA/QC Plans and Manuals for the Operating Period as described in this RFP. Provide a descriptive outline for the QA/QC Plans and Manuals for the Operating Period.

2.7 Public Involvement and Information Program

2.7.1 Public Involvement and Information Program Manager

Provide a half-page biography of the proposed Public Involvement and Information Program manager and a half-page description of the responsibilities of this position. Provide a half-page description of how this individual will coordinate with other senior management positions, including the Project Manager and the General Manager.

2.7.2 Development of Public Involvement and Information Program

Provide a statement of understanding and description of the scope of work to be undertaken regarding the development and implementation of a Public Involvement and Information Program ("PIIP"). Provide a descriptive outline for the proposed PIIP including a description of how stakeholders and other publics will be identified and involved. Briefly describe potential problems or challenges which may be encountered during the development and implementation of the PIIP, as well as proposed solutions.

Describe the steps which will be taken to assume the lead PIIP role from HRM and describe the proposed relationship between the Company and HRM for the Construction Period and the Operating Period, separately, indicating the required coordination and proposed relationship with HRM.

2.8 Health and Safety

2.8.1 Health and Safety Manager

Provide a half-page biography of the proposed health and safety manager and a half-page statement of the responsibilities of this position. Provide a half-page description of how this individual will coordinate with other key management positions including the Project Manager and the General Manager.

2.8.2 Health and Safety Structure

Briefly describe the overall health and safety management structure including other key positions which have significant responsibilities for worker and public safety.

2.8.3 Nova Scotia Construction Safety Association

Provide or cause all applicable Subcontractors to provide documentation satisfactory to HRM in its Proposal that it or the Subcontractor, as the case may be, has obtained or will undertake to obtain a valid Letter of Good Standing of the Certificate of Recognition Program from the Nova Scotia Construction Safety Association. The Letter of Good Standing shall indicate the Company's or the Subcontractor's current standing falls into one of the following categories:

- (a) certificate of recognition;
- (b) audit pending; or
- (c) in the process.

2.8.4 Health and Safety Plans and Manuals: Construction Period

Provide a statement of understanding and description of the scope of work to be undertaken regarding health and safety management during the Construction Period. This shall include, but not be limited to, how safety will be integrated into all aspects of the Construction Period, as well as a commitment to be fully compliant with all relevant safety legislation.

Provide a descriptive outline for the Health and Safety Plans and Manuals for the Construction Period. This shall include, but not be limited to, Project safety documents to be developed including policies, programs and manuals.

2.8.5 Health and Safety Plans and Manuals: Operating Period

Provide a statement of understanding and description of the scope of work to be undertaken regarding health and safety management during the Operating Period. This will include, but not be limited to, how safety will be integrated into all aspects of the Operating Period, as well as a commitment to be fully compliant with all relevant safety legislation.

Provide a descriptive outline for the Health and Safety Plans and Manuals for the Operating Period. This shall include, but not be limited to, Project safety documents to be developed, including policies, programs and manuals.

The material required under this Subsection 2.8.4 is to be submitted as a component of the Operating Plans and Manuals (see Section 4.2 of this Part 8).

2.9 Implementation Schedule

2.9.1 Detailed Schedule

Provide a detailed Implementation Schedule for the Project, in bar format, consistent with all requirements in this RFP, clearly showing each of the Facilities and its corresponding Sewage Collection System; provided however, in the event HRM proceeds only with Phase 1 of the Project, the Proponent need only show the two (2) Facilities and the three (3) Sewage Collection Systems comprising Phase 1.

Include critical start and finish dates, critical milestones which will be met and commissioning periods.

The Implementation Schedule shall assume that the Project Agreements are signed two hundred eighty (280) days after the RFP Release Date.

2.9.2 Basis of the Implementation Schedule

Describe the basis and rationale of the Implementation Schedule provided, with key influencing factors.

2.9.3 Earlier Completion

Describe how an earlier overall completion can be achieved, if applicable.

2.9.4 Scheduling Options

Present and discuss other scheduling options, if applicable.

2.10 Resumés

Provide two (2) page resumés for the individuals proposed for the following positions:

- (a) Project Manager;
- (b) design manager;
- (c) schedule manager;
- (d) environmental manager;
- (e) construction manager;
- (f) commissioning manager;
- (g) QA/QC manager;
- (h) Public Involvement and Information Program manager;
- (i) health and safety manager; and
- (j) General Manager.

3.0 Construction Proposal

3.1 General

This chapter of the Proposal shall be concise and contain all of the information and documentation required by Part 3 of this RFP.

Include a complete list of the proposed drawings necessary for design, permitting, construction and documentation of the Project. Provide a listing of all major mechanical/electrical equipment and systems and provide the proposed manufacturer's name and description or class of equipment.

Preliminary design drawings shall be provided in full size. In addition, an electronic file (AutoCAD Version 13 for Windows) shall be provided. All drawings shall be in Systems Internationale units and shall be presented using the following scales:

- (a) 1:500;
- (b) 1:200;
- (c) 1:100;
- (d) 1:50; and
- (e) 1:20.

3.2 Design/Construct Elements

Provide a pre-design description of all elements of the Project. The overview shall contain sufficient information to convey a clear understanding of the elements and structures to be provided by the Proponent, their configuration, design and operating characteristics. The description shall include the Facilities, Sewage Collection Systems, interceptors, consolidation of existing outfalls and overflows, and the outfalls and diffusers.

The Proponent shall also describe how the design of each Sewage Treatment Plant meets or exceeds advanced primary sewage treatment and the potential for future upgrade to secondary treatment.

The Proponent shall demonstrate in its pre-design that each Sewage Treatment Plant shall be laid out to accommodate advanced primary sewage treatment, as a minimum, and potential future upgrade to secondary treatment for not less than the "Ultimate Flows" estimated by HRM for the year 2041 as shown on the Table in Subsection 3.3.2.2.

Explain how the Proposal meets or exceeds the Project Requirements, the requirements of this RFP and the Project objectives and maximizes benefits to HRM and users while minimizing costs. If applicable, the Proponent shall include such an explanation for:

- (a) any proposed alternate sewage collection and transmission system solution(s) to the tunnel solution for the Sewage Collection Systems of Halifax North and Dartmouth; and
- (b) any additional solution comprised of less than four (4) Facilities with corresponding Sewage Collection Systems.

3.3 Sewage Collection Systems Design

Provide a preliminary design of the system of tunnels, trunk sewers, pumping stations, forcemains and interception or overflow structures that is proposed for each Sewage Collection System and any alternates proposed.

The preliminary design shall include design calculations, schematic diagrams and preliminary plan and profile drawings showing construction materials and details of odour control, noise control and flow interception and control. In addition, where pumping station/forcemains are proposed as alternates to gravity sewers or tunnels, detailed information must be submitted with the calculation of life cycle costs of each proposed system (see Appendix G).

The Company shall be responsible for the routing of the Sewage Collection Systems, acceptable to HRM. If the Sewage Collection Systems are not designed to be within lands over which HRM has control (or for which HRM is presently negotiating), the Company shall be responsible for obtaining appropriate control of these locations in the name of HRM on terms and conditions acceptable to HRM (see Subsection 3.2.3 of Part 3). Normal traffic flow shall be maintained while the work is carried out.

3.4 Facilities Design

Provide a description and design calculations for the sewage treatment process at each Facility. The Proponent shall also describe or provide:

- (a) the history and demonstrated results of each proposed sewage treatment process to meet the Project Requirements;
- (b) the Proponent's experience with design, construction and operation of these types of sewage treatment processes; and
- (c) the ability of each Facility to operate at the flow rates shown in the Table in Subsection 3.3.2.2 of Part 3 and to meet or exceed the Effluent Quality Requirements.

The Proponent shall provide preliminary design drawings and schematics which shall describe the design intent, including:

- (a) site plan showing all proposed structures, roads, parking areas, trunk sewer connections, effluent sewer/outfall connections, fire lanes and landscaping;
- (b) elevations showing heights, features, materials for exterior cladding, doors, windows, louvres, etc.;
- (c) layout (plan view, to scale) showing floor plans, room layouts, corridors, tanks and space for major mechanical and electrical equipment;
- (d) HVAC equipment schematics and control narrative, major piping schematics, single electric line diagrams;
- (e) structure foundation and framing plan;
- (f) odour control schematics and control equipment description;
- (g) noise control plan;
- (h) SCADA System narrative and description of instrumentation and control equipment; and
- (i) artist's rendering of the buildings and structures showing the relationship of the Facility to the site topography and neighbouring structures.

For each Facility, detailed information must be submitted with the calculation of life cycle costs for the lift station component to support the proposed system (see Appendix G).

3.5 Outfalls and Diffusers

Provide design calculations for hydraulic capacities with initial and future design flows. Provide preliminary plan and profile drawings with outline specifications.

Provide the rationale and supporting hydrodynamic model results for the mixing provided by the proposed diffuser at the proposed location and applicable water depth at low normal tide.

3.6 Other Design and Construction

Provide design and construction details with regard to:

- (a) the access road to be located adjacent to the Dartmouth Facility; and
- (b) the realignment of Water Street for the Halifax North Facility.

3.7 Construction Approach

Provide details of the approach proposed for the following construction activities:

- (a) Sewage Collection Systems construction;
- (b) tunnelling methods;
- (c) marine construction;
- (d) construction of access road for the Dartmouth Facility;
- (e) construction of realignment of Water Street for the Halifax North Facility; and
- (f) Facilities construction.

Provide proposal details for any special construction as well as for traffic management and utility co-ordination. Identify any rights of way or lands proposed to be acquired by the Proponent in the name of HRM.

3.8 Commissioning

Provide the approach to the commissioning of each Facility and Sewage Collection System including the sewage treatment process and the control and monitoring systems. Potential problems and solutions should be discussed.

4.0 Operating Proposal

4.1 General

This chapter of the Proposal shall provide details relating to the Proponent's approach to the management, operations and maintenance of the Facilities required by Part 4 of this RFP.

4.2 Operating Plans

Provide a comprehensive overview of the Operating Plans and Manuals, including the following subject matters in the order given:

- (a) general process operations and procedures including proposal for coordination of activities with the management, operation and maintenance of the related Sewage Collection System;
- (b) proposed SCADA System and record keeping;
- (c) details of the proposed Training Plan and Manual including:
 - (i) whether the Training Plan and Manual is to be prepared in-house or by third party agencies; and
 - (ii) proposed training locations;
- (d) details of the proposed Staffing Plan and Manual for each Facility, in order of construction and completion sequence, including:
 - (i) how staff for each Facility will be recruited;
 - (ii) how staff will be organized for the first Facility completed;
 - (iii) how the staff organization will change as each additional plant is completed; and
 - (iv) qualifications required for each type of staff position;
- (e) the proposed Influent, Effluent and Sludge Sampling Program for compliance with the Effluent Quality Requirements, including:
 - (i) Sewage Treatment Plant monitoring and testing;
 - (ii) monitoring at diffusers and all other sampling points required by all applicable Approvals; and
 - (iii) identification and description of the testing facilities;
- (f) the proposed program for odour and noise monitoring;
- (g) the proposed purchasing procedures, particularly with respect to chemicals, to ensure that costs are minimized; and

- (h) details of the proposed Health and Safety Plans and Manuals for the Operating Period (see Subsection 2.8.5 of this Part 8).

4.3 Maintenance Plans

Provide a comprehensive overview of the Maintenance Plans and Manuals including:

- (a) a description of the Proponent's plans for routine maintenance, predictive maintenance, preventative maintenance and corrective maintenance;
- (b) details of Renewal Work and how it will be planned and implemented;
- (c) the Proponent's approach to inspections of the Facilities and the identification of items to be corrected; and
- (d) the Proponent's plan to implement measures to ensure that the Facilities are in the Required Condition throughout the Operating Period and at the Reversion Date.

4.4 Sludge and Residue Management and Disposal Plans

Provide a comprehensive overview of the Sludge and Residue Management and Disposal Plans and Manuals including details as to the methods and arrangements for handling, storing, mixing, thickening/dewatering, transporting, processing and disposing (including beneficial uses) as applicable, all residues including Screenings, Grit, scum, Sludge and other materials produced at each Facility. The Proponent shall provide:

- (a) the method, size and type or kind of storage vessel at each Facility;
- (b) details of equipment type, size, manufacturer and results planned from thickening/dewatering at each Facility;
- (c) details of dosages for any chemical additions;
- (d) details of transportation of residues for each Facility, method of transport, size and type of container, frequency and time of travel;
- (e) details of loading and unloading facilities to be provided; and
- (f) details of location(s), site(s), and method proposed for the Sludge Handling and Management System(s), with evidence that sufficient land is available for long-term operations during and beyond the Operating Period.

Where transportation, processing and disposal involve parties that are Subcontractors to the Proponent, provide satisfactory evidence that they are prepared to enter into long-term contracts extending over the Operating Period to receive, process, and dispose of the residues. The Proponent shall provide a report on the environmental impact created by the residue disposal as

well as any mitigation proposed. In addition, provide a status report on the Approvals and compliance for processing and disposal of residues.

5.0 Financial Proposal

The Financial Proposal shall address all of the financial aspects of the Project, including the Project capital costs, interim financing during the Construction Period, and projected operating, management, maintenance and renewal costs. All of these aspects are to be addressed in Chapter 5 of the Proposal and in the financial model contemplated in Section 5.4 of this Part 8, which shall be included in the Proposal in print and diskette form.

The Proponent's Financial Proposal shall be submitted in the format outlined in Appendix Q. The Proponent may also submit any alternate long-term financing proposal. The Proponent shall also submit cost schedules in the format outlined in Appendices X and Y explaining the details of the Proponent's Financial Proposal outlined in Appendix Q. In addition to information provided in Appendix Q, detailed information must be submitted supporting the calculation of annual life cycle operating costs of each proposed and permitted alternate, if any, Sewage Collection System (see Appendix G).

While the Financial Proposal will be broken down by location, it is understood that the offer is to be for the entire Project, although, if HRM is proceeding with Phase 1 only of the Project, the Financial Proposal for Phase 2 shall be submitted in a separate sealed envelope which will not be opened until the Closing Date.

5.1 Design, Construct and Commission Offer

5.1.1 General

The Proponent shall provide a Financial Proposal in the form substantially as set out in Appendix Q, which shall include an offer to develop, design, construct and commission the Project for:

- (a) a stated guaranteed maximum price for each Sewage Collection System; and
- (b) a stated guaranteed maximum price for each Facility.

5.1.2 Project Capital Cost Schedules

The Proponent shall provide a detailed breakdown of the Project capital costs in a Project capital cost schedule for each Facility and Sewage Collection System in a format which is consistent with that outlined in Appendix X (see Section 5.4(a) of this Part 8).

The guaranteed maximum prices shall be based on the Proponent's firm price including inflation up to and including March 31, 2003, and excluding inflation subsequent to March 31, 2003. Costs projected to be incurred subsequent to March 31, 2003, will be in March 2003 Dollars and

will be adjusted for inflation as outlined in Subsection 5.2.3 of Part 5. The Proponent shall provide details as to the inflation assumptions and calculations used by the Proponent in its guaranteed maximum prices. A Proponent will also include details as to the Harmonized Sales Tax assumption(s) and calculations as a separate line item on the detailed Project capital cost schedules as outlined in Appendix X.

In the event the Proponent's Proposal includes a solution for a sewage collection and transmission system which is alternate to the required submission of a sewer tunnels solution for the Sewage Collection Systems of Halifax North and Dartmouth, the Proponent shall provide:

- (a) a Sewage Collection System capital cost schedule (see Appendix X) in relation to:
 - (i) the cost of the sewer tunnels; and
 - (ii) the cost of the alternate sewage collection and transmission system; and
- (b) an annual life cycle operating cost schedule (see Appendix G) with detailed engineering calculations supporting documentation for:
 - (i) the sewer tunnels; and
 - (ii) the alternate sewage collection and transmissions system.

5.1.3 Guaranteed Maximum Price for each Sewage Collection System

The guaranteed maximum price for each of the Sewage Collection Systems shall be lump sum price which shall be all-inclusive for all costs required to develop, design, construct and commission each Sewage Collection System in order that it meets the Project Requirement, including all costs for:

- (a) all modifications to existing outfalls, which shall be converted to overflows, and existing overflows;
- (b) all combined sewer overflow work and the construction of the Sewage Collection Systems, including all required connections to the related Facility up to the Sewage Treatment Plant property boundaries;
- (c) all construction related costs of any nature whatsoever;
- (d) all management and all Approvals and all other non-construction related costs;
- (e) all insurance related costs;
- (f) all interim and other financing and development costs incurred up to and including the Date of Final Completion of that Sewage Collection System;

- (g) all energy and other commissioning costs;
- (h) all service re-locations of any nature;
- (i) all pavement reinstating including pavement markings;
- (j) all temporary work for sewage handling and other matters; and
- (k) all other work, labour and materials to meet the requirements of the Project Agreements.

5.1.4 Guaranteed Maximum Price for each Facility

The guaranteed maximum price for each of the Facilities shall be a lump sum price which shall be all-inclusive for all costs required to develop, design, construct and commission each Facility in order that it meets the Project Requirements, including all costs for:

- (a) all construction related costs of any nature whatsoever;
- (b) all management and all Approvals and all other non-construction related costs;
- (c) all insurance related costs;
- (d) all site costs of whatever nature, including the Company's share of the costs related to subsurface conditions and Hazardous Substances encountered during construction, if any, in accordance with Section 3.4;
- (e) all landscaping and fencing, access roads, services re-locations, temporary facilities and arrangements of any kind as required;
- (f) in the case of the Dartmouth Facility, the access road as detailed in Appendix DD and the Project Requirements;
- (g) in the case of the Halifax North Facility, the realignment of Water Street as detailed in Appendix FF and the Project Requirements;
- (h) all capital costs for all pumping and other costs associated with lifting the sewage that discharges at the headworks of the related Sewage Treatment Plant;
- (i) all aspects of the Sewage Collection System within the Sewage Treatment Plant property boundaries, including all piping, pumps, services and service connections, SCADA System links and other items as required for such Facility;
- (j) all interim and other financing and development costs incurred up to and including the Date of Final Completion of such Facility;

- (k) all chemicals, energy and all other items incurred up to and including the Date of Substantial Completion of such Facility; and
- (l) all other work, labour and materials to meet the requirements of the Project Agreements.

5.2 Operate, Manage and Maintain Offer

5.2.1 General

The Proponent shall provide an offer for:

- (a) OMM Fees for each Facility comprised of a fixed price component and a variable price component to operate, manage and maintain each Facility and to provide a Sludge Handling and Management System(s); and
- (b) Renewal Fees for each Facility for all Renewal Work to such Facility.

5.2.2 OMM Cost Schedule

Provide an OMM Cost Schedule for each Facility comprised of a detailed description of all projected operating costs of the Proponent for such Facility during the Operating Period in a format which is consistent with that outlined in Appendix Y. The Proponent shall include a separate line item showing the calculated inflation adjustment amount and a separate line item showing the Harmonized Sales Tax amount.

5.2.3 OMM Payment Schedule

Provide an OMM Payment Schedule for each Facility which shall include the fixed price component and the variable price component of the OMM Fees for such Facility for each year ended March 31 during the Operating Period in a format which is consistent with that outlined in Appendix Q. The fixed price component and variable price component must correspond with the total fixed price component and the result of the variable price component calculations provided in the OMM Cost Schedule (see Appendix Y).

5.2.3.1 Fixed Price Component

The fixed price component of the OMM Fees set forth in the OMM Payment Schedule shall cover all services and costs for the management, operation and maintenance of the applicable Facility and the provision of the Sludge Handling and Management System(s), including:

- (a) direct salaries, wages and related benefits for management, operations and maintenance including overtime;
- (b) maintenance including all required supplies and equipment;

- (c) operating supplies (excluding chemicals, but including potable water used in the Sewage Treatment Plants);
- (d) collecting, handling, transporting and disposing of all Sludge, chemicals, Grit, Screenings, scum, oil and other wastes and residue;
- (e) communications equipment and long distance charges;
- (f) motor vehicle costs;
- (g) contractual services;
- (h) occupancy costs, including all applicable property taxes and business occupancy taxes;
- (i) administration fee including profit component;
- (j) insurance and bonding;
- (k) professional services;
- (l) utilities, including non-variable portion of power/energy; and
- (m) other such work as may be required to efficiently and effectively carry out the Company's obligations.

5.2.3.2 Variable Price Component

The variable price component of the OMM Fees included in the OMM Payment Schedule shall be a payment as determined pursuant to Subsection 5.4.2.3 of Part 5 for the following costs of:

- (a) that portion of power/energy not included in the fixed component of the OMM Fees; and
- (b) chemicals,

used in the sewage treatment processes at the applicable Sewage Treatment Plant.

5.2.4 Renewal Cost Schedule

Provide a Renewal Cost Schedule for each Facility comprised of a detailed list of items that will require Renewal Work during the Operating Period in order that the Facilities will be in the Required Condition during the Operating Period and on the Reversion Date. The Renewal Cost Schedule shall be submitted in a format which is consistent with that outlined in Appendix Y, showing the expected year of each item of Renewal Work. Each item on the Renewal Cost Schedule shall include inflation to March 31, 2003, and shall be recorded in March 2003 Dollars thereafter. The Proponent shall include a separate line item showing the calculated inflation adjustment amount and a separate line item showing the Harmonized Sales Tax amount.

5.2.5 Renewal Payment Schedule

Provide a Renewal Payment Schedule for each Facility which shall include the Renewal Fees with respect to all Renewal Work for such Facility for each year ended March 31 which is anticipated during the Operating Period in a format which is consistent with that outlined in Appendix Q. The annual Renewal Fee must correspond with the total annual renewal costs as detailed in the Renewal Cost Schedule (see Appendix Y).

5.2.6 Inflation Factor

The fixed price component of the OMM Fees represented on the OMM Payment Schedule and the Renewal Fees represented on the Renewal Payment Schedule shall be costed including inflation to March 31, 2003, and recorded in March 2003 Dollars thereafter. The OMM Cost Schedule and the Renewal Cost Schedule should allow for the calculation of an inflation adjustment. A line item shall be included in the OMM Cost Schedule and the Renewal Cost Schedule showing the inflation cost adjustment based on assumptions utilizing the indices outlined in Appendix K. The Proponent may offer to be paid only a percentage of the applicable inflation factor as shown on the indices, and may offer as well that certain items be excluded from adjustment by the inflation factor.

5.2.7 Harmonized Sales Tax

The Proponent shall project the Harmonized Sales Tax payable by HRM as part of the OMM Fees for each Facility and the Renewal Fees for each Facility based on its projected costs and develop its financial model such that any change in its costs due to inflation will also reflect a change in the Harmonized Sales Tax on each OMM Cost Schedule and Renewal Cost Schedule.

5.3 Alternate Long-Term Financing Proposal

Provide the following details for any alternate long-term financing proposal proposed for the Facilities:

- (a) a highly confident letter from the financial agents of the Proponent confirming the funding for and the terms of any alternate long-term financing proposal;

- (b) a monthly payment schedule for any alternate long-term financing proposal proposed by the Proponent addressing all relevant features of the proposal, including:
 - (i) amount of payments;
 - (ii) number of payments;
 - (iii) date of each payment;
 - (iv) final payment amount, upon payment of which all security interests in the Facilities shall be released;
 - (v) impact of Harmonized Sales Tax;
 - (vi) terms and conditions including any reserve fund requirements;
 - (vii) security, including any additional insurance and bonding requirements; and
 - (viii) other terms and conditions of the alternate long-term financing proposal; and
- (c) in the event of an alternate variable payment long-term financing proposal, the relationship of the variable payment to that of the Proponent's specified Government of Canada bellweather bond (see Subsections 5.3.2 and 5.3.3 of Part 5).

5.4 Financial Model

Much of the information required above shall be embodied in a financial model that the Proponent shall supply with its Proposal. The financial model must be provided both in hard copy and in electronic format on diskette prepared in Excel 97 on a diskette or compact disk. The financial model should contain the following schedules, and a separate financial model for any permitted alternative solutions as described in Subsection 7.9.1, which shall be in sufficient detail to enable evaluation:

- (a) Project capital cost schedule(s) for each Sewage Collection System and Facility detailing (in the same or similar format as outlined in Appendix X) all of the expenditures and financing costs on an annual basis using a March 31 year end (with monthly expenditure projections for Project capital costs subsequent to March 31, 2003 indicated on the financial model), including but not limited to, design and construction costs, inflation adjustment (which may be a percentage of the applicable inflation factor as shown on the indices outlined on Appendix K for that portion of the Construction Period after March 31, 2003), interim financing costs and Harmonized Sales Tax;

- (b) work breakdown structure and payment schedule for each Sewage Collection System detailed on a monthly basis and based on the Sewage Collection System cost schedule in Appendix X;
- (c) interim financing plan schedule(s) for each Facility;
- (d) long-term monthly payment schedule for each Facility, if applicable, in the case of an alternate long-term financing proposal;
- (e) a schedule showing the key parameters and assumptions underlying the other schedules, including projected interest rates, relationship of line items to inflation indices, and with the inflation assumption as specified in Appendix Y;
- (f) annual life cycle operating costs for each Sewage Collection System with detailed supporting engineering calculations utilizing information provided in Appendix G; and
- (g) OMM Cost Schedules and Renewal Cost Schedules for each Facility (in the same or similar format as outlined in Appendix Y) showing a detailed breakdown of the OMM Fees and Renewal Fees for such Facility. The Proponent shall set forth in its Financial Proposal the relationship between the indices in Appendix K and the various line items in its OMM Cost Schedule and its Renewal Cost Schedule. The Proponent must state clearly the relationship between these elements of its Financial Proposal both in written form and in its electronic financial model formulas. The Proponent may offer, as part of its Proposal, to be paid only a percentage of the applicable inflation factor as shown on the indices, and may offer as well that certain items be excluded from adjustment by the inflation factor.

5.5 Project Management Fee

The Proponent shall specify a management fee (as a percentage fee of Project cost) for project management services as they may be requested and required by HRM from time to time in relation to the Project.

5.6 Financial Capacity

The Proponent shall describe its financial capacity and that of its members and Proponent Guarantors. Much of the required information in this regard was provided in the RFQ stage. The Proponent shall:

- (a) indicate any changes since December 31, 1997 in the financial capacity of the Proponent, its members and the Proponent Guarantors, including any new involvement in other large projects and the impact of those commitments on its ability to successfully finance and manage the Project;

- (b) provide five (5) copies of the most recent audited year end financial statements and the most recent interim financial statements of the Proponent, its members and the Proponent Guarantors;
- (c) provide five (5) copies of audited financial statements for the last five (5) years for any member of the Proponent who was not a member at the point of responding to the RFQ; and
- (d) provide a "Certificate of Acknowledgement of No Material Adverse Change" in the form shown in Appendix R, executed by each of the entities providing financial statements under the above two (2) paragraphs.

5.7 HRM's Discretionary Right to Terminate

The Proponent shall specify the amount of the termination fee to be paid by HRM in order for HRM to exercise its right to terminate all but not less than all of the Operating and Maintenance Agreements, for its convenience and without cause, effective on the fifteenth (15th) and twentieth (20th) anniversary dates of the commencement of the term of the first Operating and Maintenance Agreement upon six (6) months written notice to the Company.

5.8 Economic and Industrial Benefits

The Proponent shall submit its Economic and Industrial Benefits Plan as part of its Proposal, which shall address the requirements as set forth in Subsection 5.7.5 of Part 5.

6.0 Risk Management

6.1 Risk Management Program

The Proponent shall submit its Risk Management Program as part of its Proposal. See Part 6.

6.2 Insurance

The Proponent shall identify in its Proposal the insurance broker or brokers it has appointed for the Project. The general insurance documentation to be provided by the Proponents shall meet the requirements set forth in this Section 6.0 of Part 8. No insurance policy forms are required with the Proposal.

6.3 General Insurance-Construction Period

For the insurance required during the Construction Period, the Proponent shall include with its Proposal a highly confident letter from its insurance broker appointed for the Project, on the broker's letterhead, dated no later than five (5) days prior to the Proposal Due Date and signed by an authorized representative of the insurance broker in the form attached as Appendix S.

If more than one insurance broker has been appointed by the Proponent, with each broker responsible for a portion of the Construction Period insurance program, each of the brokers shall produce a highly confident letter meeting the above requirements. Each of these highly confident letters shall clearly identify the elements of the Construction Period insurance program that have been assigned to the respective broker. Each broker's highly confident letter will deal solely with the elements of the Construction Period insurances that have been assigned to it.

6.4 General Insurance-Operating Period

For the insurance required during the Operating Period, the Proponent shall include with its Proposal a highly confident letter from its insurance broker appointed for the Project, on the broker's letterhead, dated no later than five (5) days prior to the Proposal Due Date and signed by an authorized representative of the insurance broker in the form attached as Appendix T.

If more than one insurance broker has been appointed by the Proponent, with each broker responsible for a portion of the Operating Period insurance program, each of the brokers shall produce a highly confident letter meeting the above requirements. Each of these highly confident letters shall clearly identify the elements of the Operating Period insurance program that have been assigned to the respective broker. Each broker's highly confident letter will deal solely with the elements of the Operating Period insurances that have been assigned to it.

6.5 Bonds

The Proponent shall identify in its Proposal the surety or sureties it has appointed for the Project together with such information (including financial information) as is necessary for HRM to assess the guaranteed liabilities of the surety(ies). The Proponent shall produce highly confident letters from the surety or sureties of the Proponent signed by authorized representatives of the surety or sureties and dated not later than five (5) days prior to the Proposal Due Date in the form of Appendices U and V.

Part 9 Conditions of Participation in Process

9.1 Conditions of Participation in Process

The Proponent, by submitting any documentation in accordance with, or embarking upon, any part of the RFP process shall do so on the understanding and agreement that HRM is relying on each acknowledgement and agreement by the Proponent as set forth in this Part 9.

9.2 Changes Since RFQ

The Proponent shall forthwith disclose to HRM any changes in any information supplied in the Proponent's response to the RFQ. These changes must also be addressed in the management plan and Financial Proposal of the Proponent.

9.3 Changes in Composition of a Proponent After Proposal

9.3.1 General

If there is an addition, deletion, or change in the membership of the Proponent, or change of effective control of any member of the Proponent after a Proposal has been submitted, the Proponent shall notify HRM, in writing, within five (5) Business Days. HRM reserves the right to disqualify the Proponent if, in its sole opinion, the change negatively affects the ability of the Proponent to carry out the Project. Before agreeing to any change in the membership of the Proponent, HRM may require some or all members of the Proponent to indicate in writing their agreement to the change in membership.

9.3.2 Security Interest

Changes to the ownership configuration of the Company for the purpose of giving security over equity or ownership interests of the Company in the Project, or in the Company itself, and prior to the Date of Final Completion of the last of the Sewage Collection Systems and, if applicable, the related Facility shall require the consent of HRM.

9.4 Errors in RFP

The Proponent shall promptly notify HRM of any errors, omissions, discrepancies, conflicts or inconsistencies discovered or identified by the Proponent or by any of its advisors, agents or representatives with respect to this RFP or any documents or instruments provided prior to the Closing Date, and will bring to the attention of HRM any circumstance, event or occurrence of which the Proponent is aware that may have a material adverse impact upon the feasibility of the Project, the cost of constructing the Project or the ability of the Proponent to perform any of its obligations in respect of the Project.

9.5 Proponent Responsible for Proposal

The Proponent accepts sole responsibility for preparation and submission of its Proposal including satisfying itself as to the requirements of all documents and the submission of materials and the Proposal within the required time frames.

9.6 No Collusion or Fraud

The Proponent shall not discuss or communicate directly or indirectly with any other Proponent or any servant, agent or representative thereof in the preparation of a Proposal. The Proponent's Proposal shall be submitted without any connection, knowledge, comparison of figures or arrangement with any other Proponent or any servant, agent or representative thereof and it shall be the Proponent's responsibility to assure that its participation in the RFP process is conducted fairly and without collusion or fraud.

9.7 Project Requirements; Operating and Maintenance Requirements; Amendments

The Project Requirements and the Operating and Maintenance Requirements set forth HRM's requirements for the Project. Prior to the Proposal Due Date, HRM may modify any provision or part of the Project Requirements or the Operating and Maintenance Requirements at any time upon notice in writing to the Proponents if a reasonable time is allowed by HRM to the Proponents for a response to such modification including, without limitation, the opportunity to make any necessary revisions to their respective Proposals. After the Proposal Due Date and prior to the selection of the Selected Proponent, HRM may make amendments thereto upon notice to the Proponent and provision of a reasonable time for response. After the selection of the Selected Proponent and prior to the Closing Date, HRM may make amendments thereto upon notice to the Selected Proponent and provision of a reasonable time for response. After the Closing Date, any modification to the Project Requirements or the Operating and Maintenance Requirements may only be made as provided for in the Project Agreements.

9.8 Acknowledgement Regarding Amendments

The RFP process is designed to facilitate discussion, explanation and clarification of the Project Requirements and the Operating and Maintenance Requirements, but is not intended in any manner to constitute an offer by HRM to enter into negotiations with the Proponent with respect to the amendment of any of the Project Requirements, the Operating and Maintenance Requirements or the addendum Project Agreements. HRM and the Proponent acknowledge that as part of the discussions and negotiating process between HRM and the Selected Proponent prior to the Closing Date, amendments to the Selected Proponent's Proposal to enhance the cost effectiveness of the Project and to reduce the total Project cost may be put forward. While HRM may be prepared to entertain selective changes to the Selected Proponent's Proposal, the Project Requirements, the Operating and Maintenance Requirements or the addendum Project Agreements for these purposes, HRM will not be receptive to fundamental changes. Any changes will require the approval of both HRM and the Selected Proponent and will only become binding to the extent the same are incorporated or reflected in the Project Agreements. The Proponent, by participating in the RFP process, acknowledges that such discussions, amendments or changes may occur between the Selected Proponent and HRM.

9.9 Acts of HRM

Where reference is made to an act, decision, determination, consent or approval of HRM or matters which must be satisfactory to HRM then, unless the provision otherwise specifically indicates, that matter is to be conducted or carried out at the sole discretion of HRM and is not subject to any requirement as to reasonableness or to being withheld, made or granted only on the basis of reasonableness.

9.10 Communications to be in Writing

Where reference is made to a consent, approval, notice, response or other communication by the Proponent or HRM, such communication shall be in writing.

9.11 No Other Business

Except with the approval of HRM, the sole business activity of the Company during the Construction Period shall be the development, design, construction, commissioning and, if applicable, financing of the Project and, during the Operating Period, shall be the management, operations and maintenance of the Facilities and the provision of a Sludge Handling and Management System(s).

9.12 Examination and Interpretation of Documents

This RFP supersedes all previous communications between the Proponent and HRM with respect to matters set forth herein or which relate in any way to the Project. In the event of any conflict or inconsistency between the RFP and any subsequent agreement in writing entered into between the Company and HRM, the subsequent agreement shall prevail.

9.13 Rights of HRM

The issuance of this RFP constitutes only an invitation to submit Proposals. It does not commit HRM to enter into Project Agreements or any agreements with any of the Proponents with respect to the Project. HRM is not bound to accept any Proposals and may proceed as it, in its sole discretion, determines on receipt of Proposals. The rights reserved by HRM include the right to:

- (a) conduct investigations with respect to the qualifications and experience of the Proponent and its members;
- (b) require one or more Proponents to supplement, clarify, provide additional information in order for HRM to evaluate the Proposal submitted;
- (c) waive any defect or technicality in any Proposal received;
- (d) reject the Proponent as organized and suggest changes to the Proponent's members prior to the execution of any Project Agreement;
- (e) terminate, in its sole and absolute discretion, any and all subsequent consideration of, or Project Agreements with, any Proponent, if it believes a change in the membership of the Proponent, from that described in its Proposal, adversely affects the scoring of the Proponent's Proposal or the Proponent's ability to carry out the Project in accordance with the terms and conditions stated herein;
- (f) supplement, amend, substitute or otherwise modify this RFP at any time and require the Proponent to advise HRM of the effect on its Proposal of any such changes;
- (g) issue one or more addenda to this RFP, including addenda to extend the Proposal Due Date or to confirm that HRM will proceed with Phase 2 of the Project;
- (h) issue this RFP to consortia in addition to the Proponents if and only if one or more of the three (3) Proponents does not submit a Proposal;
- (i) reject any or all Proposals or any portion thereof;
- (j) disclose to the public information contained in the Proposals;

- (k) enter into Project Agreements with terms that vary from any draft Project Agreements which may be delivered to the Proponent;
- (l) cancel this RFP with or without substitution of another RFP or proposal process;
- (m) take any action affecting this RFP, the RFP process or the Project that would be in the best interests of HRM; and
- (n) use any concept or approach suggested in any Proposal including its use in negotiating an agreement with the Selected Proponent or any other Proponent.

9.14 Disclosure of Information and Communication Procedures

9.14.1 Disclosure by HRM

HRM will consider all Proposals as confidential, subject to the provisions of this RFP and the provisions and the disclosure requirements of the *Municipal Government Act*, and any other disclosure requirements imposed by applicable Law. HRM will, however, have the right to make copies of all Proposals received for its internal review process and to provide copies to its staff, members of Council and legal, technical and financial advisors and representatives.

Notwithstanding the foregoing, a Proponent acknowledges and agrees that HRM will not be responsible or liable in any way for any losses that the Proponent may suffer from disclosure of information or materials to third parties.

9.14.2 Disclosure by the Proponent

The Proponent shall not disclose any details pertaining to its Proposal or any part of the selection process to anyone not specifically involved in its Proposal, without the prior approval of HRM. The Proponent shall not issue a news release or other public announcement pertaining to details of its Proposal or the selection process without the prior approval of HRM.

9.14.3 Information by HRM

All designs, documents, requirements, plans and information obtained by the Proponent from HRM in connection with this RFP are the property of HRM. They must be treated as confidential and shall not be used for any purpose other than replying to this RFP and fulfilling any subsequent contract with HRM. All such designs, documents, requirements, plans and information shall be returned to HRM on request.

9.15 Costs and Expenses of the Proponent

HRM accepts no liability for any costs or expenses incurred by the Proponent in responding to this RFP, responses to clarification requests and re-submittals, potential meetings, tours and interviews, subsequent negotiations, or any other cost incurred prior to the execution of the Project Agreements by HRM and the Company. By submitting a Proposal, the Proponent agrees that it shall prepare the required materials at its own expense and with the express understanding that it cannot make any claims whatsoever for reimbursement from HRM for any costs and expenses associated with the RFP process in any manner whatsoever or under any circumstances including, without limitation, the rejection of all or any of the Proposals or cancellation of the RFP or the Project.

9.16 Intellectual Property and Use of Proposals

9.16.1 Right of HRM

Except as otherwise set out herein, regardless of whether HRM enters into Project Agreements with any Proponent responding to this RFP, HRM shall have the right to use all data, information, concepts and ideas submitted by the Proponent in its Proposal or in connection therewith and which are not otherwise known to HRM, for the ordinary municipal purposes of HRM in any manner or combination it decides directly or indirectly related to the Project ("Municipal Purposes"), without notice to or the consent of the Proponent. Municipal Purposes shall not include the publication, distribution or sale of the Proposal (or any data, information, concepts or ideas contained therein or delivered pursuant thereto or in connection therewith) to third parties not employed by or under contract to HRM, except where such third parties are carrying on work for Municipal Purposes of HRM and such disclosure contains a restriction on use as set out above. Notwithstanding the foregoing, HRM agrees that any use of a Proponent's Proposal by HRM without the Proponent's verification or adaptation for the specific purpose intended shall be at the sole risk of HRM.

9.16.2 Proponent's Intellectual Property

Unless HRM has otherwise obtained a license, HRM shall not use for any purpose, including Municipal Purposes, any intellectual property of the Proponent where such intellectual property is the subject of a patent, trademark, or industrial design in favour of the Proponent or a third party and the Proponent has indicated clearly in its Proposal which aspects of its Proposal comprise such intellectual property.

9.16.3 License of Proponent's Intellectual Property

The Proponent acknowledges and agrees to grant to HRM and any third parties acting on its behalf in respect to the Project, at no additional cost, a non-exclusive, irrevocable license to use all of the intellectual property of the Proponent or third parties, where such intellectual property comprises part of the Proposal except that an unsuccessful Proponent shall not be required to grant a license to intellectual property which is the subject matter of a patent, trademark or industrial design. The license shall be on terms and conditions satisfactory to the HRM and shall in any event be sufficient for the purpose of completing the Project.

9.16.4 Further Assurances

Nothing contained in Section 9.16 shall prevent or restrict any Proponent from using any of its intellectual property contained in the Proposal for its own purposes.

9.17 No Conflict or Interest in Other Proponents

9.17.1 General

The Proponent and members of the Proponent are requested to disclose any conflict of interest, real or perceived, which exists now or which may in the opinion of the Proponent exist in the future. HRM reserves the right to disqualify the Proponent if, in the opinion of HRM acting reasonably, it has a conflict of interest, whether such conflict exists now or arises in the future.

9.17.2 Interest in Another Proponent

The Proponent shall not have any interest whatsoever in any other Proponent or in the Proposal of any other Proponent nor enter into any arrangement, agreement or understanding either before or after the Proposal Due Date that would have that result. Provided however, after the Closing Date, the unsuccessful Proponents or members of the unsuccessful Proponents may, with the consent of HRM, become involved in the Project, provided such involvement is limited solely to acting as a Subcontractor to the Company in respect of a specifically limited portion of the Project.

9.18 Proponents to Ensure They Understand the Project

It is the Proponent's responsibility to ensure that it has all the necessary information concerning the intent and requirements of this RFP and the Project. The Proponent is solely responsible for examining and reviewing all documents and information provided or required pursuant to this RFP, for investigating the lands and locations for the Project, for satisfying itself as to the nature of the Project (including the general and local conditions to be encountered in the construction of the Project) and for satisfying itself as to all other matters which may in any way affect the Project or the cost or time required to complete the Project and to manage, operate and maintain the Facilities. Nothing contained in this RFP or in any communications from HRM shall

constitute any express or implied warranty or representation by HRM, except as explicitly stated herein and therein.

9.19 Waiver

HRM does not accept responsibility for any information, advice, errors or omissions which may be contained in the RFQ, this RFP or its Appendices, the schedules, data, materials or documents disclosed or otherwise provided to the Proponent pursuant to this RFP, including both the draft and addendum Project Agreements and any information made available to the Proponent pursuant to Section 7.2. HRM makes no representation or warranty, either express or implied, in fact or in law, with respect to the accuracy or completeness of the RFQ, this RFP or its Appendices, the schedules, data, materials or documents, including both the draft and addendum Project Agreements and HRM shall not be responsible for any action, cost, loss or liability whatsoever arising from the Proponent's reliance on or use of such information or any other technical or historical schedules, data, materials or documents provided by HRM. The Proponent is responsible for obtaining its own independent financial, legal, accounting, engineering and technical advice with respect to any information included in this RFP or in its Appendices, the schedules, data, materials or documents provided or required by HRM.

9.20 False or Misleading Information

If there is any evidence of misleading or false information in any Proposal, HRM may reject that Proposal.

9.21 Grounds for Disqualification

The Proponent shall direct all questions regarding this RFP or the Project to the HRM Project Manager in accordance with Section 7.7. Any attempt on the part of the Proponent or any of its employees, agents, contractors or representatives to contact any of the following persons with respect to this RFP or the Project may lead to disqualification:

- (a) any member of the Proposal Selection Committee, Proposal Review Committee (except the HRM Project Manager) or any expert advisor to them;
- (b) any member of Council; and
- (c) any member of HRM staff, except in accordance with Section 7.3.

9.22 No Representation Regarding Taxes

In reviewing the Financial Proposals submitted by Proponents, HRM will be concerned with and will be giving particular attention to any structures which may require or are based upon obtaining tax rulings. In all events, any required tax rulings are the sole responsibility of the Selected Proponent and must be in place prior to the Closing Date. HRM makes no representations, warranties or undertakings concerning the tax or legislative consequences of the Project or any structure used by the Proponent with respect to the Project. The acceptance of any Proposal does not constitute any warranty or undertaking by HRM as to the anticipated tax implications under applicable Law. The Proponent shall satisfy itself as to the tax implications of applicable Law on its Proposal and the draft and final form of Project Agreements.

9.23 Compliance with Applicable Law

The Company shall be responsible, at its expense, for complying with all applicable Law relating to the Project and, except as explicitly stated in this RFP, for obtaining, maintaining and complying with all federal, provincial, municipal and other Approvals as are required for the Project.

9.24 Time to be of the Essence

Time shall be of the essence of this RFP and all Proposals.

9.25 Governing Law

This RFP and all activities connected therewith shall be governed in all respects by the laws of the Province of Nova Scotia and the laws of Canada applicable therein.

9.26 Currency

All references to currency in this RFP are to lawful money of Canada.

9.27 Non-Canadian Parties

If the Proponent is a "non-Canadian" pursuant to the *Investment Canada Act*, the Proponent is hereby advised to notify officials of its intentions relative to this RFP in order to ascertain the applicability of conditions and requirements of the *Investment Canada Act*. Further information may be obtained by contacting:

Investment Review Division
Investment Canada
PO Box 2800, Station "D"
240 Sparks Street
OTTAWA ON K1P 6A5
Phone: (613) 954-1887
Fax: (613) 996-2515
<http://investcan.ic.gc.ca/index.htm>