

HALIFAX REGIONAL MUNICIPALITY

HALIFAX REGIONAL COUNCIL SPECIAL SESSION MINUTES OCTOBER 29, 2001

PRESENT:

Mayor Peter J. Kelly
Deputy Mayor Jerry Blumenthal
Councillors: Stephen Streach
Gary Hines
Keith Colwell
Ron Cooper
Harry McInroy
Brian Warshick
Condo Sarto
Jim Smith
John Cunningham
Dawn Sloane
Russell Walker
Diana Whalen
Linda Mosher
Stephen Adams
Robert Harvey
Len Goucher
Reg Rankin
Gary Meade

ABSENT:

Bruce Hetherington (Regrets)
Sue Uteck (Regrets)
Sheila Fougere (Regrets)
Brad Johns

STAFF MEMBERS:

Mr. Dan English, Deputy CAO
Mr. Wayne Anstey, Municipal Solicitor
Ms. Vi Carmichael, Municipal Clerk
Ms. Sherryll Murphy, Assistant Municipal Clerk

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1. INVOCATION

The meeting was called to order at 4:35 p.m. with the invocation being led by Councillor Adams.

2. HARBOUR SOLUTIONS - PRESENTATION & RECOMMENDATION

- Correspondence dated October 29, 2001 from E. Grant MacDonald, Chair of the Dartmouth Sewage Treatment Plant Community Liaison Committee was distributed to members of Council.

Dr. Fournier, Dalhousie University, representing the Harbour Solutions Selection Committee, introduced the Committee noting that Ms. Rosalie Grette-Lydon and Mr. Dan English were present today. He went on to note that the remaining members of the committee, Mr. Peter Underwood, Deputy Minister of Agriculture & Fisheries, Mr. Ivan Duvar, and Mr. George McLellan, Acting CAO were unable to be present at this time. Continuing his presentation, Dr. Fournier advised that the Selection Committee had been established by Council on November 21, 2000. The role of the Selection Committee as approved by Council is:

- Receive the recommendation from the Proposal Review Committee
- Review the evaluation process and results
- Satisfy themselves with respect to the result of the evaluation recommendation
- Recommend to Council a recommended Proponent Proposal

Dr. Fournier went on to advise that the Committee had met six times representing some 15 to 20 hours. The first three meetings were focused on understanding the RFP, the Project, the proposals as received, and the evaluation process described in the RFP. After the third meeting, the Selection Committee determined it was appropriate to meet with Council to review the Evaluation Process and in particular the Reference Estimate (Shadow Bid), how it was arrived at and its purpose in the process. This meeting was held on September 18/19. The next three meetings focused on the results of the analysis conducted by the Evaluation teams.

Dr. Fournier briefly reviewed the evaluation process indicating that once the proposals had been determined to be complete and compliant, they were reviewed for technical and economic merit. He indicated that there were 12 points available for technical merit based on pre-determined evaluation criteria relative to the quality of the solutions in excess of the

basic RFP requirements. There were 3 points available for economic merit based on the proponent(s) Economic and Industrial Benefits Plan. Dr. Fournier indicated that the largest number of points, 85, were available for the 'least cost' proposal based on net present value. In addition, the evaluation included a risk assessment and corresponding adjustments to the points awarded.

Noting that the Proposal Review Committee presented a draft report at the second last meeting, Dr. Fournier indicated that the draft report had received a thorough review by the Due Diligence Team, as well as, the Selection Committee. As a result of the Selection Committee review of the draft report, the report was revised and a final copy submitted to the Proposal Selection Committee.

Dr. Fournier advised that the Proposal Selection Committee recommendation is that Proponent B, the Halifax Regional Environmental Partnership be selected to go forward with a three plant solution with one in Dartmouth, one in Halifax, one in Herring Cove, with the respective collection system. The Selection Committee further recommends the use of the HRM site in Halifax and the use of a tunnel north from Sackville Street rather than cut and cover.

Dr. Fournier indicated that the three plant proposal is not the cheapest proposal, however, the Selection Committee believes that it will provide the best value to the citizens of HRM. He indicated that technical merit was the underlying factor in the proposals. Dr. Fournier assured Council that in the minds of the Selection Committee there was no ambiguity. He noted that personally he had found the process to be very interesting. He went on to say that the process for selection had been free and unfettered with the Committee asking all the questions they wished. Dr. Fournier indicated that he and his colleagues were extremely impressed with staff, they were satisfied with the process and that there had been due diligence throughout the process. Dr. Fournier indicated that the recommendation of the Committee was unanimous and without reservation.

In conclusion, Dr. Fournier indicated that when reviewing the proposals even though one proposal is more costly than the other, analysis from a technical perspective clearly indicates that one delivers far more value in terms of exceeding the requirements of the RFP. He went on to note that the Committee is quite clear that the so called shadow bid is in actuality an independently derived estimate which allows for reference -- a benchmark -- against the two proposals.

His Worship thanked Dr. Fournier and the remaining members of the Selection Committee for a fine job, noting they had made an extremely valuable contribution to HRM.

Mr. Maurice Lloyd, briefly reviewed the work of the Proposal Review Committee (PRC) noting that the PRC had reviewed the proposals for completion and compliance, examined the technical merit of each proposal, examined the economic merit of each proposal, and reviewed the proposals in terms of lowest Net Present Value.

Utilizing overheads, Mr. Lloyd went on to review Table 2, Present Value and Financial Merit Points Awarded as found on page 12 of the October 18, 2001 Proposal Review Committee Report to the Proposal Selection Committee. Mr. Lloyd noted that the Net Present Value figures considered by the Review Committee were those referred to under the heading Normalized Offer. Mr. Lloyd indicated that normalization of the various dates upon which the plants would be in full operation provided by the proponents was necessary before Net Present Value could be determined.

Mr. Lloyd pointed out that the table included scenarios with and without tunnels and that the cheapest of all the solutions was without the tunnel. The lowest cost, based on Net Present Value, three plant proposal was in fact Proponent A, the Halifax Water Works Group. Mr. Lloyd went on to briefly review the technical merit points noting that the Halifax Regional Environmental Partnership had received 4.7 technical merit points while the Halifax Water Works Group had received .7 points. Reviewing the economic merit points, Mr. Lloyd indicated that the Halifax Water Works Group had received 1.5 while the Halifax Regional Environmental Partnership had received 3.0.

Mr. Lloyd then reviewed Table 4, Point Summary and Ranking with Financial, Technical, Economic Merit Points included, Normalized Offer. Briefly outlining Tables 5 & 6, Risk Assessment Quantification Estimate, Mr. Lloyd noted that the final points were risk adjusted.

Mr. Lloyd advised that the recommendation of the Proposal Review Committee was to select the Halifax Regional Environmental Partnership to move forward with a three plant solution including a tunnel and located on the HRM site. Mr. Lloyd indicated that while this solution was not the cheapest, the Proposal Review Committee believed that it gave the best value to the taxpayers of HRM.

In conclusion, Mr. Lloyd summarized the capital cost comparison based on Net Present Value and representing a normalized offer for the three plant solution with tunnel downtown. A copy of this comparison was distributed to members of Council and forms a part of the file for this meeting.

Thanking the Committee and staff for their work, it was **MOVED by Deputy Mayor Blumenthal, seconded by Councillor Goucher that the report of the Harbour**

Solutions Selection Committee be tabled and that this matter be referred to the Committee of the Whole Council to be held on Tuesday, November 6, 2001 beginning at 1:30 p.m. for further discussion. MOTION PUT AND PASSED UNANIMOUSLY.

3. ADJOURNMENT

The meeting adjourned at 5:05 p.m.

Vi Carmichael
Municipal Clerk