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Section 9 Summary

At the completion of the site identification phase of the EA Study, it was necessary to assess the potential environmental effects of a Thermal Treatment Facility (the Facility) located on the Proposed Thermal Treatment Facility Site (the Site). However, the major components of thermal treatment technologies are proprietary and can differ from vendor to vendor. As a result, it was necessary to proceed through a competitive process to identify and engage a vendor of the preferred thermal treatment technology. As a result, to undertake these impacts assessments at a sufficient level of detail to support the EA Study, .

To engage a vendor qualified and capable of providing for the design, construction and operation of the Facility, a two stage competitive process was utilized.

Based on the submission evaluation process, five (5) proponents were pre-qualified to submit detailed proposals in response to the RFP.

On August 22, 2008 the RFP was issued to the five pre-qualified proponents. The RFP, which closed on February 19, 2009, resulted in four (4) submissions for the Design, Construction and Operation of the Thermal Treatment Facility.

Based upon current best practices and considering the magnitude and complexity of the Project, the entire RFP process was subjected to rigorous due diligence rules and procedures consistent with common best practices applied by major provincial and federal infrastructure procurement agencies across Canada to ensure integrity and an ability to withstand any challenge regarding any impropriety.

The evaluation team, which considered proposals on the basis of pre-approved evaluation criteria (included in the RFP document) that considered three elements (Technical, Project Delivery, Cost and Commercial Elements) of the proposals.

Based on their consensus evaluation, the evaluation team unanimously recommended Covanta Energy Corporation (Covanta) as the preferred vendor. Covanta not only achieved the highest aggregate score, but also achieved the highest score in each of the three elements outlined in the RFP.

Covanta is proposing to be the single source, full service contractor to design, permit, build, startup, commission and operate a Thermal Treatment Facility with an initial design capacity of 140,000 tonnes per year (tpy) (expandable to a projected maximum design capacity of 400,000 tpy) for the Regions. Covanta is the largest provider of thermal treatment services in North America with 35 operating facilities in the United States, including 24 that were designed and built directly by Covanta. The Covanta Team includes: Aecon Group, Inc. (Construction Services); Sigma Energy Solutions (Engineering); McMillan Associates (Architects); CH2M Hill (Environmental Consultant); and Miller Waste Systems (Waste Disposal/Transportation).

9. Vendor Identification Process

At the completion of the site identification phase of the EA Study, it was necessary to assess the potential impacts of a Thermal Treatment Facility on the Proposed Thermal Treatment Facility Site. However, the major components of thermal treatment technologies are proprietary and can differ from vendor to vendor and as a result, in order to undertake these impacts assessments at a sufficient level of detail to support the EA, it was necessary to proceed through a competitive process to identify and engage a vendor of the preferred thermal treatment technology.

To engage a Vendor qualified and capable of providing for the design, construction and operation of the Proposed Thermal Treatment Facility (the Facility), a two stage competitive process was utilized.

Stage 1: Request for Qualifications (RFQ)

As the first step in identifying the Preferred Technology Vendor, Durham and York solicited qualifications from Technology vendors through the issuance of a RFQ. The information provided by respondents was used to identify the Qualified Respondents who were subsequently invited to submit proposals in response to a RFP.

Stage 2: Request for Proposals (RFP)

Following the completion of the RFQ stage, Qualified Respondents were invited to submit detailed proposals in response to a Request for Proposals for the design, construction and operating contract of the Facility. The Regions evaluated the detailed proposals received from the Qualified Respondents and recommended a preferred vendor to Durham and York Regional Councils. Staff then obtained authorization from the Regional Councils to proceed with the development and negotiation and development of a contract with the identified, successful vendor.

The RFQ and RFP processes followed a “state-of-the-art” process that applied common best practices used by major provincial and federal infrastructure procurement agencies across Canada. This process included adherence to a strict anti-lobbying clause included within the documentation for both processes, which was also reported to Durham and York Regions, and local staff and Councils. Due diligence and communications were strictly monitored throughout both stages of the competitive process.

9.1 Stage 1: Request for Qualifications (RFQ) Process

In 2007, the Regions’ initiated the development of the RFQ. The procurement document was developed with input from the Regions’ technical, financial, procurement, and legal advisors. Once complete, and approval had been received from Regional Councils to release the document, the RFQ was issued in July 2007. Notification of availability of the RFQ was issued through a number of sources including the Region’s website, the Durham/York study website, advertisements on procurement sites (i.e., Merx, Biddingo, etc.) as well as notification to industry and business associations. The following describes the vendor pre-qualification process.

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9.1.1 RFQ – Proponent Submissions

The RFQ issued by Durham on behalf of both York and Durham, closed on October 11, 2007. Nine (9) respondents provided eleven (11) submissions for consideration as listed below (in no particular order):

- City of Amsterdam Entity of Afval Energie Bedrijf (Waste and Energy Company AEB);
- Dongara Pellet Plant LP; Algonquin Power Systems Inc.; MCW Light Heat Cool; The State Group;
- Veolia Environmental Services Waste to Energy Inc.; AMEC/Black & McDonald;
- Greey CTS Inc.; Entech – Renewable Energies P/L; HighPoint Financial Services Inc.; Aecon Construction Group Inc.;
- Covanta Energy Corporation;
- WRSI/DESC Joint Venture; Fisia Babcock Environmental GmbH; Kiewit Industrial Company; Morgan Stanley Biomass LLC; Babcock & Wilcox;
- ATCO Power Canada Ltd.; Thermostelect; Morrison Hershfield; EllisDon; Wabi;
- Wheelabrator Technologies Inc. (A Waste Management Company); and,
- Urbaser SA (3 submissions).

9.1.2 Evaluation of Submissions

Three (3) teams (procurement, financial and technical) composed of staff from both Regions and the consulting firms of Deloitte & Touche LLP, Jacques Whitford and GENIVAR, were assembled to evaluate the submissions. An independent third party fairness monitor and legal advisor were consulted as required during the evaluation process. The conduct of the evaluation process adhered to the following principles:

- The evaluation process and criteria were consistently applied to all submissions;
- Respondents were given reasonable opportunity to clarify their submissions upon the request by the evaluator in order to ensure the evaluators fully understood the information submitted;
- Evaluators used reasonable professional judgment based on their skills and qualifications in applying the evaluation criteria;
- For all listed proposals, extensive reference checks were obtained; and,
- In order to protect the integrity of the selection process, all individuals involved in the evaluation process were bound by confidentiality provisions.

Subject to the approval of Durham Council and York Council, a RFQ Respondent was deemed to be a qualified respondent (“Qualified Respondent”) if its RFQ Submission:

1. Met all the mandatory criteria; and
2. Obtained the minimum grade of 60% on each of the following criterion:

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- a. Criterion 1: Reference Facilities;
- b. Criterion 2: Thermal Treatment Facility;
- c. Criterion 3: References; and,
- d. Criterion 4: Financial Requirements.

All decisions on whether a RFQ Submission met the above two requirements were matters within the sole discretion of the evaluation committee to determine. The Regions reserved the right to request additional information from RFQ Respondents at any time(s) after the Closing Date, including during the evaluation stage, and to request that RFQ Respondents attend a clarification meeting(s). Only Qualified Respondents approved by both Durham Council and York Council were invited to respond to a detailed RFP in the second stage of the procurement process.

RFQ Respondents were advised that any and all determinations and decisions made by, or on behalf of, the Regions relating to the RFQ and any RFQ Submissions, including whether the RFQ Submissions met the mandatory criteria and the extent to which scoring and points were awarded under rated criteria, were final and not open to appeal. The Regions reserved the right to permit a short cure period following the Closing Date during which any RFQ Submissions, which contained minor irregularities, could be corrected.

The RFQ Respondent was responsible to provide all information requested.

9.1.2.1 Evaluation of Mandatory Requirements

RFQ Respondents that met the following Mandatory Criteria proceeded to the evaluation of the Rated Requirements.

Mandatory Criterion 1: Successful Completion of Form 1: RFQ Submission Form

RFQ Respondents submitted a complete and signed Form 1: RFQ Submission Form.

Mandatory Criterion 2: Ability to Bond

The RFQ Respondent provided evidence of the ability to provide Bonding for an amount not less than C\$115 million, demonstrated by providing a letter of reference recently signed by a licensed surety that confirmed the capability of receiving such bonding from the surety.

9.1.2.2 Evaluation of Rated Requirements

RFQ Respondents were advised that the primary basis for the evaluation of the rated requirements is the degree to which the RFQ Submission demonstrates the ability to meet the stated criterion, as further defined below.

Table 9-1 Scoring of Rated Criteria

Criteria	Max	Min to Qualify
Technical Requirements		
Criterion 1: Reference Facilities		
1a: Capacity and Availability		
1b: Involvement of RFQ Respondent in Reference Facilities		
1c: Compliance and Mitigation Program for the Reference Facilities		

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1d: Description of Reference Facility Process and Operations 1e: Integration of the Reference Facilities into the Host Community		
Total for Criterion 1	100	60
Criterion 2: Thermal Treatment Facility 2a: Proposed Project Team 2a i: Related Corporate Experience of RFQ Respondent 2a ii: Organization of RFQ Respondent 2a iii: Human Resource Capabilities 2b: Thermal Treatment Facility 2b i: Ability of Proposed Facility to Meet Objectives 2b ii: Description of Proposed Facility		
Total for Criterion 2	100	60
Criterion 3: References 3a: References for Reference Facilities 3b: References for RFQ Respondent		
Total for Criterion 3	100	60
Financial Requirements		
Criterion 4: Financial Requirements Criterion 4a: Financial Condition Criterion 4b: Financial Capacity Criterion 4c: Track Record and Experience		
Total for Criterion 4	100	60

9.1.2.3 Technical Criteria

Three technical criteria were used in the evaluation: reference facilities, Thermal Treatment Facility, and references. The following describes the technical criteria used in the evaluation.

Criterion 1: Reference Facilities

Criterion 1 consisted of several measures that were used to assess RFQ submissions. These measures are described below:

1a) Capacity and Availability

Each of the Reference Facilities were required to be of the scope and nature of the Thermal Treatment Facility. A Reference Facility that was put forward for consideration should ideally:

- Have utilized the Thermal Treatment Technology of the Proposed Facility (as declared in Form 1); and,
- Have a minimum total capacity of 150,000 tonnes of MSW per year; and,
- Be operating at the time of submission and were in full operation for at least two (2) consecutive years prior to the time of submission, with the most recent year operating at a minimum 90% annual availability (based on the total hours that the thermal processing line(s) have operated divided by 8760 hours/year).

1b) Involvement of RFQ Respondent in Reference Facilities

RFQ Submissions were evaluated based on the extent to which the corporate team members declared in Form 1 were involved in the design, construction and operational phases of the Reference Facilities.

1c) Compliance and Mitigation Program for the Reference Facilities.

RFQ Submissions were evaluated based on the extent to which the Reference Facilities complied with regulatory requirements and the measures to mitigate potential impacts to the natural environment and human health.

1d) Description of Reference Facility Process and Operations

RFQ Submissions were evaluated based on the degree to which the process and operation of the Reference Facilities demonstrated a successful application of the Thermal Treatment Technology associated with the Proposed Facility.

1e) Integration of Reference Facilities into Host Community

RFQ Submissions were evaluated based on the successful integration of the Reference Facilities into the host community (i.e., into the local area in which the facilities are sited).

Criterion 2: Thermal Treatment Facility

Criterion 2 consisted of several measures that were used to assess RFQ submissions. These measures are described below:

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2a) Proposed Project Team

i) Related Corporate Experience of RFQ Respondent

RFQ Respondents were evaluated based on the extent to which the experience of the corporate team member was relevant to their proposed roles (as declared in Form 1), and demonstrated a record of success for that role.

ii) Organization of RFQ Respondent

RFQ Respondents were evaluated on the suitability of the organizational structure, and the degree to which the proposed structure demonstrated an ability to successfully undertake a project of the scope and magnitude of the Thermal Treatment Facility.

iii) Human Resources Capabilities

RFQ Respondents demonstrated the capability to provide human resources with the credentials and experience necessary to successfully undertake a project of the nature and scope of the Thermal Treatment Facility.

2b) Thermal Treatment Facility

Durham/York recognized that there may be technical differences between the Reference Facilities for which the RFQ Respondent has been responsible for designing, developing and/or operating and the Facility. These differences may be based on the RFQ Respondents' experiences and/or the differences between the residual municipal wastes that would be supplied by the Regions and the materials processed by the Reference Facilities. Criterion 2b)ii) was intended to allow RFQ Respondents to describe the concept that they would consider for the development of the Proposed Facility and to note differences between the Proposed Facility and their Reference Facilities.

i) Ability of Proposed Facility to Meet Objectives

RFQ Respondents demonstrated that the Proposed Facility would successfully meet the Objectives.

ii) Description of Proposed Facility

RFQ Respondents were evaluated on the extent to which the Proposed Facility would provide a reliable, proven, practical and effective, long term waste management solution.

Criterion 3: References

Criterion 3 consisted of several measures that were used to assess RFQ submissions. These measures are described below:

3a) References for Reference Facilities

RFQ Respondents were evaluated on the extent to which the references supported the information provided and demonstrated a track record of success.

3b) References for RFQ Respondents

RFQ Respondents were evaluated on the extent to which the references supported the information provided and demonstrated a track record of success.

9.1.2.4 Financial Requirements

Criterion 4 used in the evaluation of the RFQ involved financial considerations. Several measures were used to assess the financial requirements and these are described below.

Criterion 4: Financial Requirements

4a) Financial Condition

RFQ Respondents were evaluated on the extent to which they had the financial strength to construct and operate the Thermal Treatment Facility as proposed in the RFQ.

4b) Financial Capacity

RFQ Respondents were evaluated on the extent to which:

They demonstrated the capacity to access a minimum of C\$75 million of capital per year over a two year period, in a timely manner for the purposes of meeting construction and financing obligations and ongoing operating requirements; and,

Any known or committed projects would not impair their capability to meet an annual construction financing obligation of C\$75 million over a two-year period and ongoing quarterly operating requirements in the order of C\$2 million.

4c) Track Record of Experience

RFQ Respondents were evaluated on the extent to which they demonstrated a successful track record of historic borrowing for infrastructure projects that are of the scope and magnitude of the Thermal Treatment Facility (e.g., a minimum of C\$75 million of capital per year over a two-year period and ongoing quarterly operating requirements in the order of C\$2 million).

9.1.2.5 Failure to Comply

Failure to have complied with any mandatory requirements of this RFQ resulted in disqualification of a RFQ Respondent and/or the rejection of its RFQ Submission.

9.1.3 Recommended Short List of Pre-Qualified Proponents

Based on the submission evaluation process described above, the following five (5) proponents (listed in no particular order) were pre-qualified to submit detailed proposals in response to the RFP:

- Veolia Environmental Services Waste to Energy Inc.; AMEC/Black & McDonald; Covanta Energy Corporation;
- Covanta Energy Corporation;
- WRSI/DESC Joint Venture; Fisia Babcock Environmental GmbH; Kiewit Industrial Company; Morgan Stanley Biomass LLC; Babcock & Wilcox;

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- Wheelabrator Technologies Inc. (A Waste Management Company); and,
- Urbaser SA.

9.2 Stage 2: Request for Proposals (RFP) Process

York and Durham Regional Councils authorized the issuance of the RFP to the pre-qualified proponents listed above on August 22, 2008.

The original closing date for submissions of January 15, 2009 was extended to February 19, 2009 to accommodate the vendors who had expressed the need for additional time due to the complexity of the project.

On February 19, 2009 responses were received from the following four proponents:

- Covanta Energy Corporation;
- Green Conversion Systems LLC (formerly WRSI/DESC Joint Venture; Fisia Babcock Environmental GmbH; Kiewit Industrial Company; Morgan Stanley Biomass LLC; Babcock & Wilcox);
- Wheelabrator Technologies Inc. (A Waste Management Company); and,
- Urbaser SA.

Veolia Environmental Services Waste to Energy Inc.; AMEC/Black & McDonald did not submit a proposal in response to the RFP citing economic risks as the primary decision making factor.

9.2.1 Evaluation of Submissions

Based upon current best practices and considering the magnitude and complexity of the project, the entire RFP process was subjected to rigorous due diligence rules and procedures consistent with common best practices applied by major provincial and federal infrastructure procurement agencies across Canada to ensure integrity and an ability to withstand any challenge regarding any impropriety.

The Region engaged KPMG to monitor from a fairness perspective, the RFP Process from its commencement in August 2008 to the announcement of the preferred proponent. KPMG's approach to monitoring the fairness of the evaluation process was based on a set of fairness principles that KPMG had developed describing the foundation of a fair process. KPMG's role was solely that of an observer to the RFP process.

Based on its approach and information available, KPMG has indicated to Regional staff that KPMG is satisfied that the RFP process was fair to all Proponents.

KPMG provided oversight throughout the process, including the evaluation, to ensure fairness, consistency and that the evaluation adhered to the pre-determined evaluation criteria. KPMG was involved throughout the entire Thermal Treatment Facility procurement process in order to assure both Regional Councils and the bidders/vendors that an open, fair, consistent and accountable process was conducted.

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A multi-disciplinary evaluation committee evaluated the four proposals and the committee consisted of representatives from Durham Works and York Transportation and Works Departments and the Durham Finance Department. Technical consultants, HDR Corporation, and financial consultants, Deloitte & Touche LLP, assisted the evaluation team in their deliberations. Staff from Durham Purchasing and Legal Services provided day to day advice, guidance and assistance to the evaluation team. In order to ensure absolute confidentiality and to maintain the integrity of the process, all staff and consultants involved in the process signed confidentiality agreements.

After closing, but prior to the committee's evaluation, Durham Purchasing requested confirmation from all Proponents that they would sign the Project Agreement substantially in the form provided within the RFP. During the evaluation process clarifications were requested and received from all proponents on specific technical issues.

The Evaluation Team considered Proposals on the basis of pre-approved evaluation criteria (included in the RFP document) that considered three elements of the Proposals:

1. Technical Elements (45 Points);
2. Project Delivery Elements (20 Points); and,
3. Cost and Commercial Elements (35 Points).

Scorings of the proposals was based upon a maximum of 100 points. A breakdown of the individual criteria, provided to the proponents, is provided as Appendix I in the RFP. Prior to the evaluation process the Evaluation Team and the Fairness Monitor (KPMG) "locked-down" the detailed scoring factors that would be applied during the evaluation. In addition, the Evaluation Team and KPMG agreed that the proposal with the highest aggregate score would be recommended to the respective Regional Councils.

9.2.1.1 Technical Considerations

On Wednesday, May 28, 2008 Durham Regional Council passed a resolution requiring the successful proponent to ensure that the design and installation of the Thermal Treatment Facility incorporated the most modern and state-of-the-art emission control technologies. These technologies were required to:

- Meet or exceed the European Union (EU) air emission monitoring and measurement standards;
- Commit to Maximum Achievable Control Technology (MACT) for air emission standards and monitoring;
- Include provisions or continuous sampling of dioxins in addition to stack testing, as defined by EU2000/76/EC and MOE A-7 guidelines;
- Demonstrate the ability to design, build and operate a Thermal Treatment Facility of 140,000 tpy of operating capacity at project start-up, based upon:
- Durham Region providing 100,000 tpy of post-diversion waste commencing at project start-up;

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- York Region providing 20,000 tpy of post-diversion waste commencing at project start-up; and,
- Surplus capacity totaling 20,000 tpy of operating capacity to be shared equally between the two Regions;
- Demonstrate an ability to accommodate future expansion (scalability) as required to accommodate post-diversion residual waste volume growth up to maximum capacity of 400,000 tonnes per year; and,
- Demonstrate an ability to meet the requirements of up to a 25-year design, build and operate contract, with terms and conditions to be set out within RFP documentation.

As directed by Regional Council, the RFP was issued based on discussions with the Province at the time regarding air emission criteria and power purchase principles and with the understanding that the project must support Durham's aggressive residual waste diversion and recycling program, to achieve and/or exceed, on or before December 2010, a 70% diversion rate for the entire Region, with these programs continuing beyond 2010.

The RFP and subsequent addenda required proponents to meet the Council resolutions and additionally provide:

- A single or dual line system with a minimum of 90% operational availability;
- A zero process water discharge facility; and
- Maximum energy production both as superheated steam used to generate electricity and potentially district heating for use in the Courtice WPCP and the Clarington Energy Park. Any district heating outside of the Energy Park could be considered on the basis of a larger area district heating feasibility plan.

A total of 45 points were assigned to Technical Elements.

Of the 45 Technical Element points, up to 25 points were allocated to environmental considerations. The RFP required all proponents to provide guarantees that they would meet the air emission table limits adopted by Durham Council. The evaluation matrix assigned additional points to any proposal with lower air, water, odour and noise emissions; a demonstrated plan for ease of Facility expansion with minimum process disruption; superior management of ash; and a greater energy production and recyclable material recovery;

Design, Construction and Operational Considerations accounted for up to 15 Technical Element points. Evaluation focused on provision of guarantees for process availability with an expectation that the Facility would operate continuously for a minimum of 90% of the time. Proposals were also evaluated on the ability to accelerate the required construction schedule and guarantee the projected time lines. Evaluators assigned additional points for continuous operation above 90% or for a shorter construction timeframe. This category examined the robustness of the proposed system; the technical feasibility of the proposed process equipment; and that the proponent had proposed only proven, reliable Air Pollution Control Equipment. Evaluators appraised proposed Facility operations and maintenance plans to ensure that plans provided for annual maintenance and, multi-year maintenance including major equipment

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replacement and maximum residual value at the end of the contract. The evaluators also awarded points for high quality Environmental Management Systems compliant with ISO 14001:2004; Health and Safety Plans and Training Plans.

The final five (5) points in the Technical Elements were awarded for innovations in Environmental Performance, Design, Construction and Operational Considerations.

9.2.1.2 Project Delivery Considerations

Twenty (20) points were assigned to Project Delivery considerations: Up to six (6) points were assigned to Schedule and Cost Control systems, including information on: project management; project milestones; budget forecasting; and, cost control measures.

An additional six (6) points could be assigned based on construction impact controls including Quality Assurance (QA)/Quality Control (QC); construction impact mitigation; environment, health and safety and community relations plans.

Up to two (2) points were assigned to Team Organization and Qualifications and the review included assessment of documentation relating to the proponent's project management qualifications, the accountability framework, corporate experience and track record on similar projects.

The final six (6) points available under Project Delivery related to the proponent's plan to facilitate approvals and examined the proposed time allocation and schedule for obtaining all necessary approvals and permits including the CofAs from the MOE.

9.2.1.3 Cost and Commercial Considerations

RFP-604-2008 required proponents to provide a detailed computer model that allocated capital and operating costs through the lifecycle of the contract, consistent with RFP requirements and the submitted proposal, and including detailed capital, operating, maintenance and lifecycle costs as well as performance guarantee.

A total of 35 points could be assigned to Cost and Commercial Considerations:

- Up to five (5) points were assigned based upon the Evaluation Team's assessment of the integrity of the financial model and reasonableness of cost inputs; including consideration of whether the Model was consistent with RFP requirements, the proposal submitted, and with benchmarks based upon projects of a similar scope and nature;
- Up to 20 points were assigned for the value for money components including the magnitude of the Net Present Value (NPV) cost, timing of cash flows, and the sensitivity of costs to the Regions;
- The final 10 points under Cost and Commercial Elements were assigned based upon the financial capacity and condition of the project guarantor, acceptance of construction inflation, and other guarantees provided within the proposal.
- The Proposals were evaluated by the Evaluation Committee in two stages. First, Proposals were reviewed on a preliminary basis to determine whether compliance with the mandatory requirement was achieved (stage 1). Second, those Proposals that

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passed the stage 1 evaluation were then evaluated on a substantive basis as more particularly described below.

The following is a summary of the criteria that were used to evaluate the RFP submissions (Tables 9-2 and 9-3):

Table 9-2 RFP Mandatory Requirement

Stage 1: Mandatory Requirement	
Criteria	Description
Closing Time	To be eligible for consideration, the Proposal had to be received on or before the Closing Time at the delivery address

Table 9-3 RFP Substantive Requirement

Stage 2: Substantive Evaluation	
Criteria	Description
Technical Elements (Total of 45 points)	
Environmental & Performance Considerations (25 points)	Air Water Ash management Odour Noise Energy recovery Recovered materials management Capacity and expansion capability Other environmental and performance requirements
Design, Construction and Operational Considerations (15 points)	Guarantees Facility design Facility operations and maintenance
Innovation in Environmental Performance, Design, Construction and/or Operational Considerations (5 points)	
Project Delivery Elements (Total of 20 points)	
Schedule and Cost Control (6 points)	Critical path management Budget forecasting and cost control measures
Methods (6 points)	QA/QC plans Construction impact mitigation, complaint mitigation methods Environmental and management plan consistent with ISO 14000 Health and Safety plan Community relations plan
Team Organization and Qualifications (2 points)	Project management qualifications Experience and track record Accountability framework
Permits/Approval Plan (6 points)	Permitting schedule Coordination with project schedule Understanding and experience with local approval requirements Degree of support required from Regions
Cost and Commercial Elements (Total of 35 points)	
Capital and Operating Costs (5 points)	Reasonableness of cost inputs Integrity of the Model Methodology and approach used to determine Unitary Major Equipment Repair and Facility Refurbishment Costs
Value for Money (20 points)	Magnitude of NPV and costs to the Regions Timing of cash flows and costs to the Regions

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	Sensitivity of costs to the Regions
Guarantees (10 points)	Financial capacity and condition of Project Guarantor Construction inflation Other guarantees

9.2.2 Recommended Preferred Vendor

Based on its consensus evaluation, the evaluation team unanimously recommended Covanta Energy Corporation (Covanta) to Regional Councils as the preferred proponent. Covanta not only achieved the highest aggregate score, but also achieved the highest score in each of the three elements outlined in the RFP (technical; project delivery; and cost and commercial considerations).

Covanta is proposing to be the single source, full service contractor to design, permit, build, startup, commission and operate a 140,000 tpy Thermal Treatment Facility for the Regions of Durham and York. Covanta is the largest provider of thermal treatment services in North America with 35 operating facilities in the United States, including 24 that were designed and built directly by Covanta. Covanta would serve as the overall project coordinator with the responsibility for directing the design, engineering, procurement of equipment, and construction of the new Thermal Treatment Facility. The Covanta Team includes: Aecon Group, Inc. (Construction Services); Sigma Energy Solutions (Engineering); McMillan Associates (Architects); CH2M Hill (Environmental Consultant); and Miller Waste Systems (Waste Disposal/Transportation). Martin GmbH (Martin) will serve as Covanta's thermal treatment technology partner. Martin supplied the technology that is currently used at 22 of Covanta's facilities, as well as numerous facilities in Europe.

The following outlines key components of the Covanta proposal:

- APC, including a Flue Gas Treatment Design that includes: Covanta's proprietary Very Low NOx (or FLN™) system (further described below); a Selective Non-Catalytic Reduction (SNCR) system with aqueous ammonia injection for additional NOx control; powdered activated carbon (PAC) injection for mercury and dioxins control; a spray dryer absorber (SDA) for acid gas control; and a fabric filter baghouse for particulate heavy metals removal.
- Dual boiler system with a design capacity of 140,000 tpy, incorporating continuous emissions monitoring systems and dioxin samplers for both systems with flue gas trains fed into a common flue.
- Zero process water discharge to sewer with water sourced from municipal supply. Captured rainwater would be used for site irrigation and the plan incorporates the use of drought-tolerant species to minimize irrigation needs.
- Bottom ash and stabilized fly ash sent for landfill disposal in New York. Corporate wide material recovery and marketing division to maximize revenues from recovered non-ferrous and ferrous materials. Covanta has provided a letter from Miller Waste guaranteeing long-term disposal capacity over the life of the contract.
- Odour on the tipping floor would be controlled by a ventilation system that draws air from outside at all times through the receiving area and above the waste storage pit and

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finally directed to the combustion units for use as combustion air. Dual combustion systems offer the additional advantage of minimizing shut-down times for the odour control system since at least one system would operate all of the time.

- Noise during regular operations mitigated by confining all operations to enclosed areas. Covanta would limit construction activities that create noise to comply with local noise by-laws and would implement a community complaints system to address local concerns during both construction and operational phases.
- Energy recovery is optimized for both electricity generation and potential future district heating scenarios. Covanta has proposed a 20 MW generator capable of maintaining some electricity output even if one boiler unit is shut down. The turbine generator incorporates an extraction turbine as well as physical space for the heat exchangers, pumps and other required equipment for the future district energy system. Covanta provided the highest net electricity production and performance guarantees of any vendor, with and without a future district heating system.
- Expandable Facility with an initial capacity of 140,000 tpy would be provided by dual 70,000 tpy boiler units. Covanta provided a clear plan delineating expansion in three phases from the initial capacity of 140,000 tpy to 250,000 tpy and to a final capacity of 400,000 tpy. The final expansion includes additional process buildings and an additional stack. Covanta has sized the utilities (water, sewer, gas, and electric) for the ultimate 400,000 tpy Facility.
- Guarantees from Covanta included the shortest construction period of all proponents and 90% plant availability.
- Facility Design meets or exceeds critical design criteria and Covanta's proposal meets critical throughput and environmental performance requirements.
- Operations and Maintenance plans included detailed plant management charts and provided comprehensive details relating to waste handling; environmental monitoring; power generation; contingency operations; and a preventative maintenance plan to facilitate operation and provide for the turn-over of the plan in an acceptable condition at the end of the operating term. Covanta also provided a financial model to support these plans.
- Construction planning and critical path analysis indicated a potential process start-up date by the end of 2013, dependent upon the completion of the EA and EPA processes.
- Innovations include – Covanta's proprietary VLN™ System that reduces the formation of NOx emissions by staging combustion and reducing the amount of Excess Air required in the furnace. This also reduces parasitic electricity demands. The proposed high pressure/high temperature boiler design results in higher steam cycle efficiency enabling Covanta to maximize energy recovery.

The Covanta proposal received the highest score under Cost and Commercial considerations and included:

Section 9: "Alternative methods" of Implementing the Undertaking – Vendor Identification Process

- Provision of a detailed financial model including capital, maintenance, life-cycle, and operating costs deemed consistent with the RFP requirements and with benchmarks based upon projects of a similar scope and nature. The detail and costing were supported by rationale that demonstrated consistency with accepted industry practices, including provision of adequate backup documentation;
- The lowest total annual operating fee, highest available electricity revenues and the lowest overall project NPV;
- The lowest construction price and a commitment to accept adjustments for inflation commencing April 30, 2009 and up to the Notice to Proceed (NTP) date, that would be indexed based upon independent third party data from Engineering News Record for (Toronto, Ottawa) as follows: 0% of the Construction Cost Index (CCI); 30% of the Material Cost Index (MCI); and 70% of the Building Cost Index (BCI).;
- Corresponding to the best technical guarantee for energy recovery, Covanta provided the highest annual revenues, primarily from electricity sales (based upon an assumed 8 cents per kilowatt hour (kWh)). Electricity revenues remain the highest with and without consideration of future district heating requirements; and,
- Sensitivity analysis performed on the Covanta financial submission demonstrated that the Covanta proposal would remain the lowest cost proposal under each sensitivity scenario investigated as defined within the RFP documentation.

Covanta's submission includes a commitment to:

- A Total Annual Operating Fee of C\$14.67 million (as of February 19, 2009), excluding consideration of revenues from electricity or ferrous and non-ferrous recoveries;
- An electricity production guarantee of 767 kilowatt hours per tonne of waste (kWh/T) and a guarantee of 90% Facility availability; and,
- A Construction Price of C\$235.76 million (as of February 19, 2009).

The Covanta electricity production and availability guarantees noted above result in approximately a minimum of C\$8.59 million in annual electricity revenues to the Facility, assuming a fixed power purchase price of 8 cents per kWh/T. Any increase in waste throughput beyond 140,000 tpy would increase annual power production.