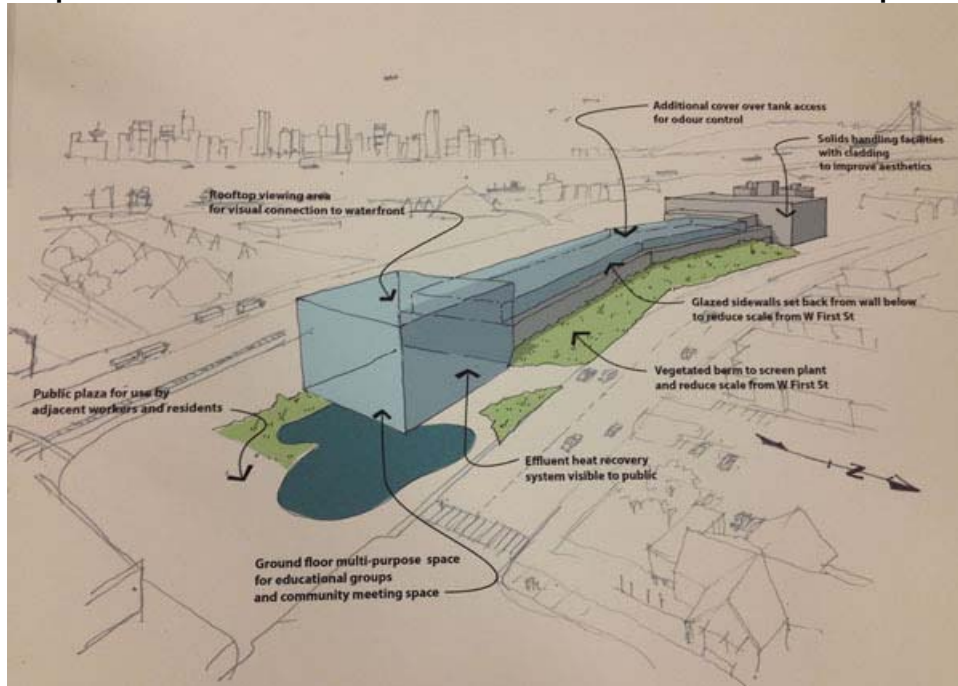


No privatization for new North Shore wastewater treatment plant



By North Shore Outlook

Published: **February 24, 2014 04:00 PM**

Updated: **February 24, 2014 04:534 PM**

Metro Vancouver's utilities committee has decided the North Shore's new wastewater treatment plant should not be a public-private partnership (P3) project.

Instead, on Feb. 18, committee members, including North Van City Mayor Darrell Mussatto and West Van Coun. Trish Panz, voted in favour of a design-build-finance model that will include a two-year, extended warranty for the sewage plant.

The decision was based on a recommendation from an intergovernmental utilities subcommittee tasked with exploring procurement options for the approximately [\\$700-million project](#).

Mussatto, the utilities committee chair, told The Outlook last Friday that a value-for-money analysis was conducted by Metro's accounting consultant KPMG.

"And they said — by good number — design, build and finance would be the best, even with the true three "p" partnership," said Mussatto.

An element of uncertainty was another reason the utilities committee didn't feel comfortable with a private partnership.

"We have a lot of experience with sewage treatment plants," said Mussatto. "We run and operate five of them. So we know how they work, we know how they operate, we know how we built them. So a lot of the risk is gone."

Entering into a P3 partnership, where a private sector consortium would design, build, finance and operate the plant in exchange for Metro covering some initial capital outlay, would have been much more inviting, added Mussatto, if there weren't already existing sewage treatment plants in Metro's fold.

The design-build-finance model — where Metro will partner with a single entity for plant construction and design — also includes a two-year warranty. Mussatto said this arrangement will allow Metro to hold back paying the final \$50 million for the project until they have assurances that any "bugs" have been worked out.

In terms of financing for the project, Metro is vying for federal support from the recently announced \$14-billion Building Canada Fund, to be allocated over 10 years for infrastructure projects across the country.

Potential Building Canada projects valued at over \$100 million, including Metro's wastewater plant project, are automatically subject to screening for P3 procurement. Explained Mussatto, the P3 Canada Fund would cover a maximum of 25 per cent of the project's cost, compared to the 33 per cent funding Building Canada could potentially offer Metro.

"So we are going to get the best dollar from the federal government — and, hopefully, the provincial government with the Building Canada Fund," said Mussatto.

The application process for that funding is expected to open in the spring, but for now Mussatto is confident the North Shore's wastewater treatment plant project is on the federal government's radar.

"We are best positioned [for this funding], better than anybody else in this regard for this," said Mussatto.

Concurrently, Metro is lobbying the provincial government to declare the project a provincial priority.

"And we have had some very good feedback so far," said Mussatto.

Ultimately, North Shore residents want to know when, and by how much, their taxes will increase as a result of the new sewage plant.

"The big construction wouldn't start until about 2017 or 2018, so that's when the big money would be spent," said Mussatto.

It's hard to say, the mayor added, what that tax increase would look like until financing details, including funding commitments from the other governments, are finalized.

"I think it will be manageable," said Mussatto. "It will be an increase, but it will be a manageable increase with the taxpayers here."

Metro's proposed cost-sharing formula for the project asks the three levels of government to each contribute one-third of the funding.

Provincial and federal funding aside, Metro has a rough idea of how much the replacement of the Lions Gate and Iona sewage treatment plants will cost taxpayers.

In November the Metro board approved a cost-sharing model for future capital projects, where benefitting areas pay 30 per cent and the other municipalities chip in the rest.

Under that arrangement, average North Shore annual sewage fees (per capita) are expected to rise from \$267 now to \$715 by 2030.

The utilities committee's design-build-finance recommendation for the North Shore wastewater treatment plant is being forwarded to Metro's Greater Vancouver Sewerage & Drainage District board meeting on Feb 28 for final endorsement.

muspitale@northshoreoutlook.com

Find this article at:

<http://www.northshoreoutlook.com/news/246971901.html>