

Project Cost Summary: Business Case versus Covanta

	Business Case	Covanta
CAPITAL COST SUMMARY		
EFW Capital Cost (Cdn \$2009) ⁽¹⁾	180,938,160	235,759,000 ⁽²⁾
Capital Escalation to NTP ⁽³⁾	19,293,539	6,272,000
Additional Provision for Escalation	-	1,880,000
Construction Financing	8,467,989	<i>included</i>
Total Construction Costs	208,699,688	243,911,000
OTHER PROJECT COSTS		
Architectural Enhancements	9,000,000	9,000,000
HCA and Other Site Servicing (incls utility connects)	10,200,000	13,982,000
Technical Expertise & Project Management Services	-	5,600,000
District Heat piping costs ⁽⁴⁾	<i>removed</i>	<i>not included</i>
District Heat Capable - extraction boiler ⁽⁴⁾	2,662,400	<i>included</i>
Other Project Costs	21,862,400	28,582,000
TOTAL PROJECT COST	230,562,088	272,493,000
Durham Share of Total Project Capital Costs	181,221,801	214,733,600
NET OPERATING COST SUMMARY		
Total Annual Operating Fee (\$2009) ⁽¹⁾	17,261,016	14,665,000 ⁽⁵⁾
Less: Total Annual Revenues:		
Electricity ⁽⁶⁾	(7,448,000)	(8,590,400) ⁽⁷⁾
Materials Recovery ⁽⁸⁾	(1,270,080)	(550,970)
Total Net Facility Operating Cost	8,542,936	5,523,630
Durham Share	6,714,747	4,341,573
OTHER ANNUAL PROJECT COSTS (100% Durham unless otherwise noted)		
Durham only Waste Haulage to EFW ⁽⁹⁾	1,351,659	1,351,659
HHW Depot	<i>not included</i>	186,000
78.6% of Site Liasion Committee	<i>not included</i>	20,000
78.6% of Ambient Air Monitoring (HCA years 1-3)	<i>not included</i>	250,000
TOTAL OTHER OPERATING COSTS	1,351,659	1,807,659
TOTAL PROJECT OPERATIONS COSTS	9,894,595	7,331,289
Durham Share of Total Project Operating Costs	8,066,406	6,091,452
After 3 years operations		5,894,952

Notes to table:

1. The \$197.6 million capital cost reported in the 2008 Business Case was adjusted to reflect 2009 dollars, including the removal of district heat piping costs as per note 3 below. The figure is also net of site enhancements and architectural and district heating costs (identified separately). The \$16.9 million operating costs reported in the 2008 Business Case was also adjusted to reflect 2009 dollars.
2. As reported in Report 2009-J-18.
3. Assumed Notice to Proceed (NTP) for comparison is January 1, 2010. Escalation indexes differ, with the Business Case escalated at an assumed 100% of CCI, versus fixed escalators within Covanta's actual bid which would be contracted at 70% of BCI and 30% of MCI.
4. Although district heating costs estimated for an exchanger and initial pipe within and outside the EFW site was included in the 2008 business case (\$1,229,000 + \$650,000 capital on page 14 and \$11,000 + \$13,000 annual maintenance cost on page 15), these costs have been removed for comparative purposes from the business case. RFP 604-2008 did not ask for piping costs, and bids were required to ensure future district heating capability, anticipating a district heating business case would be completed once customers, heat loads and potential revenues could be properly assessed. The Covanta proposal includes essential design, construction and equipment to support a future local district heating system, including extraction capability and space to incorporate future requirements. The business case cost for extraction capability was escalated to 2009 dollars.
5. As reported in Report 2009-J-18.
6. Significantly higher guaranteed annual electricity production in the Covanta bid than was anticipated in the 2008 business case (net 767 kWh per tonne versus 665 kWh/tonne).
7. As reported in Report 2009-J-18.
8. The economic downturn led to a decrease in market prices available for recyclables in 2009, which is reflected in the revised assumption for ferrous and non-ferrous. The business case also assumed 100% of recycling revenues to the Regions, while the commercial terms within the RFP provide for a shared revenues as an on-going financial incentive to increase diversion (85% Region).
9. Costs incurred by Durham to deliver Durham's municipal solid waste to the EFW facility. The May 2008 cost estimate (\$1,288,479) was escalated to reflect 2009 dollars.

4.0 ECONOMIC ANALYSIS, AND FINANCIAL AND TAX IMPLICATIONS

- Total Project Costs have been further refined since Report 2009-J-18 was presented to Joint Committee and Regional Council in April 2009, with the most significant refinements coming from the completion of the MOU with York Region and the Host Community Agreement (HCA) with the Municipality of Clarington.
- Total Project costs are summarized as follows:

Covanta Facility Construction Price	\$235,759,000
Architectural Enhancements	9,000,000
HCA / Site Servicing Costs	13,082,000
Projected Construction Cost escalation	6,272,000
Additional Provision for Inflation	1,880,000
Natural Gas and Hydro One Connections	900,000
Technical Expertise & Project Mgmt. Services	<u>5,600,000</u>
Total Project Costs	<u>\$272,493,000</u>
York Region Share	<u>57,759,400</u>
Durham Region Share	<u><u>\$214,733,600</u></u>