Waste Management System
For the City of Poznań

FORUM FOR INVESTORS
WASTE MANAGEMENT – PPP PLANED PROJECTS

15TH DECEMBER 2010
Presentation plan

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The Project ‘Waste Management System for the City of Poznań’ covers:

- Contract no. 1A Construction of the Thermal Waste Processing Installation for mixed communal waste residues fraction (TWPI)
- Contract no. 1B Construction of High-Volume Waste Dissolution Installation (HVWDI)
- Contract no. 2 Selecting Public Partner – The City of Poznań
- Contract no. 3 JRP Technical Advisory
- Contract no. 4 Ecological Education Program
- Contract no. 5 Information and Promotion Actions
PART I Venture feature
Project features (2)

- Within the frames of Contract no. 1 the construction of the following have been planned:
  - Thermal Waste Processing Installation for mixed communal waste remains fraction (TWPI) basing on the scaffolding furnace burner with the part of reception and dosing dry sewer slime on the area of Elektrociepłownia Karolin (The City of Poznań) of efficiency 240 000 Mg/year including 30 000 Mg/year stabilized sewer slime (Contract no. 1A),
  - High Volume Waste Dissolution Installation (HVWDI) on the area of Waste other than dangerous and neutral landfill in Suchy Las of efficiency 10 000 MG/year (Contract no. 1B).
Within the frames of TWPI the following have been planned:

- Two autonomous technological lines 15.4 Mg/h efficiency each, with possibility of co-combustion sewer slime (it has been planned that the Installation will work 24h/day, 7 days per week, with guaranteed availability of 7800h/year for each line),

- Solidifying and chemical stabilizing of dust and constant residues of fumes clearage (waste before stabilizing process 9 600 Mg/year, after stabilizing 16 000 Mg/year). Processed dust might be lumped on Waste other than dangerous and neutral landfill in Suchy Las,

- Gravel revalorization Installation aimed at further industrial use of gravels. Estimated amount of processed gravels from two combustion lines would reach 72 000 Mg/year,
Within the frames of TWPI the following have been planned:

- Linking the installation to the municipal heat chain with use of existing infrastructure and electro-energetic chain. Estimated production of energy from thermal waste manufacturing on two lines in cogeneration would reach 78,000 MWh/year of electricity and 312,000 MWh/year of heat,

- There is a possibility to manufacture only electric energy estimated for 149,760 MWh/year.
Within the frames of HVWDI are planned:

- High volume waste dissolution infrastructure,
- Roofed area of reception and lumping high volume waste,
- Warehouse for small amount of problematic waste.

High Volume Waste transferred to the dissolution area would be disassembled and minced. Materials creating during process of initial dissolution would be recycled. Other waste would be lumped or thermally processed by TWPI.
PART I Venture feature
Project features (6)

Documents in possession (1):

Decision on environmental conditions of venture realization:

- **For TWPI** - 15th April 2010 - OŚ.V/7684-440/09
  - 6th of July 2010 of the Municipal Appeal Council in Poznań issued decision SKO-OŚ-129/10 keeping in force decision OŚ.V/7684-440/09,
  - Two claims concerning decision SKO-OŚ-129/10 were submitted to the Municipal Appeal Council. Case was transferred to Administrative Court of the Voivodeship in Poznań.

- **For HVWDI** - 19th of October 2009 - GROŚ.7625-8/09
Part I Venture feature
Project features (7)

Documents in possession (2):

Public purpose investment localization decision:

- For TWPI – 2nd of June 2010 - 116/2010 - was appealed to the Municipal Appeal Council. Case in progress
- For HVWDI – 9th of June 2010 - GPU-73311/9/2010
Social consultations (1):

From August to October 2009 social consultations concerning localization of TWPI for requirements of Waste Management System for the City of Poznań were held.

Consultations were done by the Consortium:

- Przedsiębiorstwo Usługowe "Południe II" Sp. z o.o. from Kraków (Lider Konsorcjum),
- O.K.E.J. Pracownia from Poznań
Social consultations (2):

Social consultations were accompanied by the information campaign: “Poznań odzyskuje energię!” (‘Poznań regains energy’)

Within the frames of consultations the website was launched: www.ekokonsultacje.pl as well as the internet forum. For the realization of the project consultancy offices for inhabitants of Poznań were opened.
PART I Venture feature
Project compliance with the city strategic plans

Project is comprehensive with the below mentioned strategic documents:

- National ecological policy for years 2007 – 2010 concerning perspective for years 2011 – 2014,

- National Waste Management Plan for the year 2010,

- Waste Management Plan for the Wielkopolskie Voievodship for years 2008-2011 concerning perspective for years 2012 – 2015,

PART II Formula of realization
Project subsiding principles (1)

- Total Gross cost of venture in variable prices concerning inflation rate amounts to 1 071 228 193 PLN, and is generated by the below mentioned expenses:

  - Contract no. 1A Construction of TWMI 871 656 548,82
  - Contract no. 1B Construction of HVWDI 9 417 953,48
  - Contract no. 2 Public Partner Selection 35 600 756,56
  - Contract no. 3 JRP Technical Advisory 6 225 074,40
  - Contract no. 4 Ecological Education Program 2 696 264,66
  - Contract no. 5 Information, promotion 2 118 784,98
  - Other expenses (JRP costs, plot acquisition, road construction, reserves, preparation costs) 143 512 810,33

- The amount of subsidies according to pre-agreement of the 3rd of October 2008 reaches 352 000 000 PLN

- Contracts 1A and 1B would be realized with use of own resources of Private Partner
The City of Poznań would be the beneficiary and entity in charge of the resources from the Cohesion Fund within the frames of Infrastructure and Environment Operational Program.

Within the frames of Contracts no. 1A and 1B the City of Poznań does not expect any additional public financing, except for the subsidies, therefore the Private Partner should cover remaining expenses.

EU resources are transferred on the basis on refund, which is realized with quarterly delayed period, therefore the Private Partner should plan resources for preliminary financing.
PART II Formula of realization
Venture’s Scheduled structure
Estimated amount of the Private Partner’s contribution in-kind is estimated for 477 500 000 PLN (value of Contract no. 1A and 1B in gross fixed prices not including the inflation rate - approximately. 777 500 000 PLN discounted of amount of 300 000 000 PLN subsidies from the EU),

Operational expenses of exploitation of the new built infrastructure would be financed from the payments of particular waste receivers providing services on the basis of agreement with the City and would be gathered by the Private Partner. Any surplus according to costs of Private Partner results in lowering payments for waste reception.
PART II Formula of realization
Responsibilities of the Private Partner

- Private Partner would be the investor and general contractor of the project,
- Concerning rough schedule and requirement to select subcontractors in accordance with the Public Procurement Law, it is assumed that the Private Partner would consist of consortium of investor, contractor and operator,
- Private Partner should:
  - Design the installation,
  - Receive all required decisions,
  - Construct,
  - Transfer infrastructure to the City,
  - Exploit infrastructure,
  - It has been assumed that the Private Partner would guarantee further proper functioning of the installation.
PART II Formula of realization
Assumed risk division

- The basis of risk allocation is to fulfill the condition of Eurostat no. 18/2004 of 11th of February 2004 concerning excluding PPP from public debt.

- Private Partner would bare risks of:
  - construction - terminal realization, quality,
  - availability – providing constant functioning of installation on proper level or
  - Supply waste – the City would make actions limiting the risk,

- Private partner would insure those risks.

- Public Partner would bare risks of:
  - preparation of venture,
  - political,
  - social acceptance of the venture.
PART II Formula of realization
Private Partner Selection formula

- Procedure of Private Partner selection would provide equal access for any private entity,
- Project would be realized with the Private Partner in accordance with the PPP Act,
- Private Partner Selection would be completed in accordance with the Public Procurement Law or Concession for construction works or services,
- Cooperation with the Private Partner would be based on the contractual partnership agreement,
- Assets created in the venture would belong to the City of Poznań from the very beginning,
- The City of Poznań has awarded preparation of the documentation concerning the basis of financial transfers between Private and Public Partner.
Substantial estimation of the second degree of subsidies application (currently)
Correcting the application documentation (December 2010 – January 2011)
Conditional subsidy decision (IIInd quarter of the year 2011)
Conditional subsidy agreement (IIIrd quarter of the year 2011)
Start up of the tendering procedure (Ist – IIInd quarter of the year 2011)
Schedule for Contract no. 1:

- Planed start up of the tendering procedure:
  - 1st/2nd quarter of the year 2011

- Tendering procedure approx. 394 days, completion:
  - 3rd quarter of the year 2012

- Designing and construction of the installation approx. 800 days, completion:
  - 3rd quarter of the year 2015
### Tendering procedure stages

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<td>Informing applicants</td>
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<td>Preparing contractual documentation</td>
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PART IV Negotiations Stage

- **Negotiable areas:**
  - Gate price,
  - Risk division,
  - Risk insurance packages,
  - Exploitation period.
Contact in connection with the Project

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