

SCHEDULE 14

PAYMENT ADJUSTMENTS

SECTION A DEFINITIONS

A1. Capitalized Terms

A1.1 Capitalized terms used in this Schedule 14 have the meanings set out in the Design Builder Agreement, unless otherwise expressed in this Schedule 14.

SECTION B ENTITLEMENT TO MAKE DEDUCTIONS

B1. Deductions from Milestone Payments

B1.1 Payment Adjustments shall be deducted in accordance with Section H7 of the DBA.

SECTION C REPORTING OF PAYMENT ADJUSTMENTS

C1. Obligation to Report

C1.1 Design Builder shall monitor and report in its Monthly Project Report all Payment Adjustments which it is aware of or should have been aware of.

C1.2 For each Payment Adjustment, Design Builder shall report the date on which the Payment Adjustment was incurred and, if applicable, report the date or time on which the Payment Adjustment was remedied.

C1.3 Design Builder shall also report the aggregate deductions resulting from Payment Adjustments since the previous Milestone Payment.

Table 1: Payment Adjustment Indicators and Deductions

Ref. #	Payment Adjustment Indicator	Technical Requirements Reference	Remedial Period	Deduction
1.	<p>Persistent Failure to Meet Submittal Schedule</p> <p>Design Builder fails to meet the submission date set out in its Submittal Schedule, as set out in Schedule 5 – Review Procedure, for 3 or more Submittals in any rolling 180-day period.</p>	<p>Schedule 5 – Review Procedure Section B2.5</p>	None	<p>\$6,000 upon occurrence and \$2,000 for each additional late Submittal within the rolling 180-day period.</p>

Ref. #	Payment Adjustment Indicator	Technical Requirements Reference	Remedial Period	Deduction
2.	<p>Failure to Submit a Quality Monthly Project Report</p> <p>Design Builder fails to submit a Monthly Project Report that includes all information required in accordance with Schedule 18 – Technical Requirements Section B8.5.2, or fails to provide sufficient detail in the Monthly Project Report to accurately record the progress of the Works, or fails to provide sufficient detail in the Monthly Project Report for planned activities in the subsequent months to allow the City to understand the planned progression of the Works or any coordination required between City Parties and Design Builder.</p>	Schedule 18 – Technical Requirements Section B.8.5.3	5 Business Days	\$5,000 per occurrence
3.	<p>QMS System Audit</p> <p>Design Builder fails to correct Quality Management System deficiencies identified in accordance with Schedule 18 – Technical Requirements Sections B6.5.1, B6.5.2, or B6.5.3 within 30 Calendar Days of the receipt of the audit results.</p>	Schedule 18 – Technical Requirements Section B.6.5.4	5 Business Days	\$1,000 per Business Day per occurrence
4.	<p>Failure to Submit a Non-Conformance Report Plan</p> <p>Design Builder fails to submit a Non-Conformance Report Plan, in accordance with Schedule 18 – Technical Requirements Section A.4.2.5 to address the Non-Conformance, within 10 Business Days of identifying the Non-Conformance.</p>	Schedule 18 – Technical Requirements Section A.4.2.8	5 Business Days	\$1,000 per Business Day per NCR Plan
5.	<p>Failure to Correct Non-Conformance</p> <p>Design Builder fails to correct instances identified in a Non-Conformance Report on or before the date provided in its Non-Conformance Report Plan in accordance with Schedule 18 – Technical Requirements Section A.4.4.1.</p>	Schedule 18 – Technical Requirements Section A.4.4.2	None	\$5,000 per Calendar Day per occurrence

Ref. #	Payment Adjustment Indicator	Technical Requirements Reference	Remedial Period	Deduction
6.	<p>Failure to Submit Training Plan</p> <p>Design Builder fails to achieve an endorsement of “Received” in accordance with Schedule 5 – Review Procedure for the Training Plan and all associated Course Lesson Plans at least 365 Calendar Days prior to the Scheduled Substantial Completion Date or 180 Calendar Days prior to Functional Testing, whichever is earlier.</p>	<p>Schedule 18 – Technical Requirements – Appendix 18G – Training Requirements Section B.3.6</p>	<p>10 Business Days</p>	<p>\$1,000 per Business Day</p>
7.	<p>Failure to Submit Updated Commissioning Plan</p> <p>If Design Builder elects to modify the Commissioning Plan between the submission of the final Commissioning Plan and Equipment Checkout, but Design Builder fails to submit the updated Commissioning Plan and achieve an endorsement of “Received”, in accordance with Schedule 5 – Review Procedure, at least 60 Calendar Days prior to the commencement of Equipment Checkout.</p>	<p>Schedule 18 – Technical Requirements Section E.2.2.3</p>	<p>10 Business Days</p>	<p>\$500 per Business Day</p>
8.	<p>Causes Raw Sewage Bypass</p> <p>Design Builder spills, bypasses, or discharges raw sewage, screened sewage, degrittied sewage, or screened and degrittied sewage to surface waters or drainage courses, including the outfall. For clarity, this Payment Adjustment will be assessed over and above any fine or penalty assessed to the City for which Design Builder will be responsible.</p>	<p>Schedule 18 – Technical Requirements Section D.8.2.3</p>	<p>None</p>	<p>\$100,000 upon occurrence and \$100,000 for every Calendar Day thereafter</p>

Ref. #	Payment Adjustment Indicator	Technical Requirements Reference	Remedial Period	Deduction
9.	<p>Impairs Performance or Operation of the Existing Infrastructure</p> <p>Except as otherwise authorized by the DBA, Design Builder causes a reduction in process performance in the Existing Infrastructure which results in final effluent not meeting Environment Act Licence 2684 RRR, reduces available capacity within a unit process, or causes the City to call out or assign additional plant staff to mitigate the results of the actions of Design Builder.</p>	Schedule 18 – Technical Requirements Section D.8.1.6	None	\$50,000 upon occurrence and \$50,000 for every Calendar Day thereafter
10.	<p>Causes Shutdown</p> <p>Except as otherwise authorized by the DBA, if Design Builder causes a partial or total shutdown of raw sewage flow, process control, traffic, sludge truck hauling, access to 1430 Gibbs Street, natural gas, hydronic loops, heating, ventilation, cooling, electricity, communications, flushing water, potable water, well water, sanitary sewer, land drainage sewer, or any other return flow.</p>	Schedule 18 – Technical Requirements Section D.8.5.11	None	\$50,000 upon occurrence and \$50,000 for every Calendar Day thereafter
11.	<p>Failure to Provide Operational Advisory Services</p> <p>Design Builder fails to respond to the City’s request for operational advice as specified in Schedule 18 – Technical Requirements Section G.3.2.3.</p>	Schedule 18 – Technical Requirements Section G.3.2.3	None	\$5,000 per occurrence and \$1,000 per hour until Design Builder responds to the City’s request