

Comparison of the three shortlisted clustering approaches Shimla

Relative advantages and disadvantages of clustering are tabulated below (Project Structuring Document – Volume I, Chapter 9, Page 94):

Table: Comparison of three shortlisted clustering approaches Parameter

	Revenue based clustering	Homogenous Clustering	City wide Package
Operational Model	<ul style="list-style-type: none"> · _Each cluster will have defined operational model as most of the toilets in each cluster will have similar operational need for maintaining it to the desired service levels. · _Operational model – High Revenue Cluster – All the high potential cluster would require full time deployment of care taker and maintenance staff during operational hours and would be required to have 1.5 shifts in a day; Continuous/more frequent cleaning of toilets need to be done during the operational hours; · _Medium Revenue Cluster – some toilets can share cleaning staff during non-peak hours; operator need not deploy dedicated staff for all toilets and still maintain toilets to desired service levels. · _Community toilets may require care takers and cleaning during first half of the day and in the evenings. Operator can bring in operational innovation for sharing of caretakers of involvement of communities. · _Easier for operator selection – qualification criteria will be derived based on the operational needs of the cluster and would qualify only those who meet such criteria. 	<ul style="list-style-type: none"> · _Toilets in each cluster will have differential operational needs. · _Each cluster will have some very high potential toilets which would require dedicated staff and some toilets can share staff. However over a period of time, operator/staff may neglect non-revenue toilets. · _Operational capabilities will remain almost same for each of the clusters and hence similar qualification criteria for selection. 	Operationally, toilets will have different

	Revenue based clustering	Homogenous Clustering	City wide Package
Operator	· Considering different operational models for toilets in each cluster, the likely bidder profile for	Operator profiles would be same as all clusters will have same operational model.	Single operator – can either be professional agency or NGO.
Profile	cluster 1 and 2 toilets would be professional agencies in this sector. However, operator for community toilet would be NGOs/other agencies involved in community development.	However, it is likely that the selected operator's profile may not complement operating of few of the toilets forming part of cluster. Eg. If professional agencies are selected, their experience in maintaining community toilets and dealing with the community development activities may not be strong compared to NGO's and vice versa in case of public toilets.	This carries a risk of failure by Professional agency in operating community toilets or NGOs operating public toilets.
Business Model	<ul style="list-style-type: none"> · _Business model would be same for each toilet in any cluster and operator would be aware of the same. · _Cluster 1 & 2 operators would be professional agencies which would deploy sufficient man power and make all efforts to maximise profits from user fee collection without any leakage. This advantage would be shared as Royalty to MCS. · _Cluster 3 operator would be NGO which would focus its efforts in well being of communities without profit motive. · _Operator would bid for the project keeping in view the potential business from each cluster. · _MCS will have clear idea on the likely outcome of the bidding process (Royalty/O&M fee) 	<ul style="list-style-type: none"> · _All clusters will have similar business models – i.e. operators may focus on high revenue potential toilets. · _Operator will have no differentiation across three clusters. 	<ul style="list-style-type: none"> · _Operator will have to derive single business model for different types of toilets. · _Like the existing contract, only handful of toilets having high revenue potential will be maintained well regularly and other toilets would be neglected.
Costs	<ul style="list-style-type: none"> · _Costs would be covered for the operator from user fees completely for Cluster 1 and to larger extent in Cluster 2 which is perceived better by private sector in a PPP Project and incentivises them for achieving operational efficiencies. · _Costs for operating community toilets (Cluster 3) would be provided as O&M Fee for the operator, operator would focus on community well being. 		<ul style="list-style-type: none"> · _Costs would barely be covering from user fees for any of the clusters. Operator is likely to see risks in operating non-revenue toilets.