Agenda Including Addeds
Civic Works Committee

The 5th Meeting of the Civic Works Committee

April 15, 2020, 12:00 PM

Council Chambers

Members

Councillors S. Lehman (Chair), S. Lewis, M. Cassidy, P. Van Meerbergen, E. Peloza, Mayor E. Holder

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To make a request specific to this meeting, please contact CWC@london.ca.

Pages

1. Disclosures of Pecuniary Interest

2. Consent

3. Scheduled Items

4. Items for Direction

Note: On file in the City Clerk's Office is a petition with approximately 14 signatures.

5. Deferred Matters/Additional Business

5.1 Deferred Matters List 118

6. Adjournment

TO:	**CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 15, 2020**
FROM:	**KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER**
SUBJECT:	**CONTRACT PRICE INCREASE: TENDER T17-52 INFRASTRUCTURE RENEWAL PROGRAM FRANCES STREET, MARGARET STREET AND ETHEL STREET RECONSTRUCTION**

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the Frances Street, Margaret Street and Ethel Street Reconstruction project:

a) the 2017 Frances Street, Margaret Street and Ethel Street Reconstruction (Tender T17-52) contract with 2376378 Ontario Corp (CH Excavating (2013)) **BE INCREASED** by $320,000.00 to $3,799,489.16 (excluding HST) in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy;

b) the contract with Archibald, Gray & McKay Engineering Limited (AGM), **BE INCREASED** by $130,000.00 to $410,245.00 (excluding HST) in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy;

c) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix ‘A’;

d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project; and,

e) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

2019-23 STRATEGIC PLAN

The following report supports the Strategic Plan through the strategic focus areas of Building a Sustainable City and Leading in Public Service. The Frances Street, Margaret Street, Ethel Street Infrastructure Renewal Project helps manage the infrastructure gap, improves our water, wastewater and stormwater infrastructure and services and enhances safety for all road users. Renew London is committed to delivering excellent customer service and providing great customer experiences to residents, business and visitors by communicating projects in advance and coordinating all work to help build and deliver efficient infrastructure and minimize delays and inconveniences to the public during construction.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Civic Works Committee – June 7, 2017 – Contract Award: Tender No. 17-52 Infrastructure Renewal Project – Clean Water And Wastewater Fund Contract Award: 2017 Infrastructure Renewal Program Frances Street, Margaret Street and Ethel Street Reconstruction

BACKGROUND

Purpose

The Frances Street, Margaret Street, Ethel Street Reconstruction contract requires an amendment to address a revised railway utility crossing construction method as mandated by Canadian National Railway (“CNR”) approvals. The City’s Procurement of Goods and Services Policy requires Council approval for this amendment.

DISCUSSION

This project was scheduled for completion in the fall of 2017. While work on Margaret Street and Ethel Street was complete in 2017, the work on Frances Street was not completed around the CNR tracks, which required the watermain and sewer replacement.

The initial plan, which was approved by CNR and included in the City’s tender for the project included for the sewer and watermain below the CNR tracks to be replaced using an open cut method. This method was chosen because, relative to other methods, it had the lowest costs, risk and duration to complete.

In mid-August of 2017, with plans to complete the open cut installation of the water and sewer main within weeks, the City was notified that it would be required to pay for the cost of a new switch (often referred to as a ‘frog’). The cost of this switch was estimated to be as high as $500,000 by CNR. The council approved project budget would not have allowed for such a large additional expense, and thus the decision was made to postpone the completion of the project in 2017 so that the team could review how the project could be completed in a more cost effective manner.

Throughout 2018 and 2019 both City staff and the projects consultant, AGM, continued working with CNR on a revised plan to cross under the rail tracks using a trenchless method, which would not require the replacement of the track switch.

Approval of the trenchless work on Frances Street was granted by CNR at the end of August 2019. In order to complete any construction work within CNR’s right-of-way, the City is required to retain CNR staff to provide ‘railway flagging’ to ensure that train traffic is monitored at all times to ensure train and worker safety. The resumption of the project in 2020 was based on the availability of CNR flagging operations.

The additional $320,000 requested for the contract with CH Excavating (2013) covers the additional costs to execute the trenchless railway crossing versus open cut plus minor escalation costs for remaining work to occur later than identified in the tender.

The additional $130,000 requested for the consulting contract with AGM covers additional engineering coordination with CNR, site supervision, and additional geotechnical construction monitoring required by CNR.

CONCLUSION

Third party approvals and support has been confirmed for a revised cost-effective approach to the sewer and watermain railway crossing. This will allow the Frances Street, Margaret Street, and Ethel Street Reconstruction (Tender T17-52) contract to proceed to completion.

The construction contract with CH Excavting (2013) requires an additional $320,000 (excluding HST) to complete. The contract administration assignment with AGM requires an additional $130,000 (excluding HST). It is recommended to amend the value of the construction and consulting contracts in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy.

It should be noted that the City consultant, AGM, has done everything in their control to expedite the approval process with CNR. The contractor, CH Excavating, has continued to work very cooperatively with the team considering the elongated project duration.

SUBMITTED BY:	**REVIEWED & CONCURRED BY:**
UGO DECANDIDO, P. ENG. **DIVISION MANAGER** **CONSTRUCTION ADMINISTRATION**	**DOUG MACRAE, P.ENG., MPA** **DIRECTOR** **ROADS AND TRANSPORTATION**
RECOMMENDED BY:	
KELLY SCHERR, P.ENG., MBA, FEC **MANAGING DIRECTOR** **ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER**	

Attach: Appendix A – Sources of Financing

Cc: Scott Mathers, Director, Water and Wastewater
Aaron Rozental, Division Manager, Water Engineering
Ashley Rammeloo, Division Manager, Sewer Engineering
Garfield Dales, Division Manager, Transportation Engineering
Gary McDonald, Budget Analyst, Finance & Corporate Services
John Freeman, Manager Purchasing & Supply

APPENDIX "A"

#20049

Chair and Members
Civic Works Committee

April 15, 2020
(Construction Contract Increase)

RE: Contract Price Increase: Tender T17-52 Infrastructure Renewal Program
Frances Street, Margaret Street and Ethel Street Reconstruction
(Subledger WS17C018)
Capital Project ES241420 - Sewer Infrastructure Lifecycle Renewal
Capital Project EW376519 - Water Infrastructure Lifecycle Renewal
2376378 Ontario Corp. (CH Excavating (2013)) - $3,799,489.16 (excluding H.S.T.)
Archibald, Gray & McKay Engineering Limited (AGM) - $410,245.00 (excluding H.S.T.)

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project can be accommodated with the financing available in the Capital Works Budget, and that, subject to the adoption of the recommendations of the Managing Director, Environmental & Engineering Services and City Engineer, the detailed source of financing for this project is:

SUMMARY OF ESTIMATED EXPENDITURES	**Approved Budget**	**Committed to Date**	**This Submission**	**Balance for Future Work**
ES241420 - Sewer Infrastructure Lifecycle Ren.				
Engineering	$1,724,865	$226,868		$1,497,997
Engineering (Utilities Share)	68,176	68,176		0
Construction	8,543,460	3,489,484	228,960	4,825,016
Construction (Utilities Share)	1,257,613	1,257,613		0
City Related Expenses	25,000			25,000
	11,619,114	5,042,141	228,960	6,348,013
EW376519 - Water Infrastructure Lifecycle Ren.				
Engineering	1,900,000	1,553,825		346,175
Construction	10,393,082	5,317,409	228,960	4,846,713
City Related	536	536		0
	12,293,618	6,871,770	228,960	5,192,888
NET ESTIMATED EXPENDITURES	**$23,912,732**	**$11,913,911**	**$457,920** 1)	**$11,540,901**
SOURCE OF FINANCING				
ES241420 - Sewer Infrastructure Lifecycle Ren.				
Capital Sewer Rates	$5,642,540			$5,642,540
Federal Gas Tax	4,650,785	3,716,352	228,960	705,473
Other Contributions (Utilities)	1,325,789	1,325,789		0
	11,619,114	5,042,141	228,960	6,348,013
EW376519 - Water Infrastructure Lifecycle Ren.				
Capital Water Rates	7,692,100	6,871,770	228,960	591,370
Drawdown from New Capital Water R.F.	4,040,518			4,040,518
Federal Gas Tax	561,000			561,000
	12,293,618	6,871,770	228,960	5,192,888
TOTAL FINANCING	**$23,912,732**	**$11,913,911**	**$457,920**	**$11,540,901**

1) Financial Note:

	Total Contract Price	**ES241420**	**EW376519**	**Total**
2376378 Ontario Corp. (CH Excavating (2013))				
Contract Price	$3,799,489	$160,000	$160,000	$320,000
Less: Amount Previously approved June 13, 2017	3,479,489			
	$320,000	$160,000	$160,000	$320,000
Add: HST @13%	493,934	20,800	20,800	41,600
Total Contract Price Including Taxes	4,293,423	180,800	180,800	361,600
Less: HST Rebate	427,063	17,984	17,984	35,968
Net Contract Price	$3,866,360	$162,816	$162,816	$325,632
Archibald, Gray & McKay Engineering Ltd (AGM)				
Contract Price	$410,245	$65,000	$65,000	$130,000
Less: Amount Previously approved June 13, 2017	280,245			
	$130,000	$65,000	$65,000	$130,000
Add: HST @13%	53,332	8,450	8,450	16,900
Total Contract Price Including Taxes	463,577	73,450	73,450	146,900
Less: HST Rebate	46,112	7,306	7,306	14,612
Net Contract Price	$417,465	$66,144	$66,144	$132,288
Capital Project Total		$228,960	$228,960	$457,920

AD

Jason Davies
Manager of Financial Planning & Policy

TO:	**CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 15, 2020**
FROM:	**KELLY SCHERR, P. ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER AND ANNA LISA BARDON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER**
SUBJECT:	**WATER SERVICE AREA FINANCIAL PLAN UPDATE**

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental & Engineering Services & City Engineer and the Managing Director, Corporate Services & City Treasurer, Chief Financial Officer, the updated Water Service Area Financial Plan for the City of London **BE APPROVED** as per the requirements of O. Reg 453/07 of the Safe Drinking Water Act, it being noted that this financial plan is consistent with Council approved financial policies and information provided through the 2020-2023 Water Multi-Year Budget process.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Updated Water Service Area Financial Plan, May 5, 2015, Civic Works Committee
- Water Budget, March 2, 2020 - Council

2019-2023 STRATEGIC PLAN

This report supports the Strategic Plan in the following areas:

- Building a Sustainable City:
  - Infrastructure is built, maintained and operated to meet the long-term needs of our community; and
  - Growth and development is well planned and sustainable over the long term.

- Leading in Public Service:
  - Trusted, open, and accountable in service of our community; and
  - Leader in public service as an employer, a steward of public funds, and an innovator of service.

BACKGROUND

Purpose

As part of the Municipal Drinking Water Licensing Program, municipalities are required to prepare and approve Financial Plans for their drinking water system in accordance with Ontario Regulation 453/07 under the Safe Drinking Water Act. A condition of London's Drinking Water Licence is to update the Financial Plan and include it with the application for licence renewal by May 19, 2020. This report is intended to seek Council approval of the Financial Plan as stipulated by the regulation.

The Drinking Water Licence renewal will be completed administratively and does not specifically require Council approval.

Context

In 2007 the Ministry of the Environment, Conservation, and Parks issued Ontario Regulation 453/07 Financial Plans under the Safe Drinking Water Act, 2002. The regulation and accompanying guideline prescribes the requirements for Financial Plans to be prepared as part of the Municipal Drinking Water License Program set out in Part V of the Safe Drinking Water Act. This regulation was designed by the province in response to Justice Dennis O'Connor's Walkerton Inquiry recommendations. The intent is to ensure that municipalities plan for the long-term financial sustainability of their drinking water systems to ensure the safety and reliability of their drinking water systems in the future. This report and the Financial Plan have been prepared to comply with the requirements of O. Reg. 453/07.

Previous Financial Plans were submitted to the Ministry of Municipal Affairs and Housing in 2010, 2011, and 2015. Updating and re-submission of the Financial Plan is required when changes to the plan are substantive, as occurred in 2011, or at the time of licence renewal, which is the reason for this re-submission.

DISCUSSION

The Financial Plan summarizes operational and capital programs, rate increases, and financing that will ensure adequate monetary resources for financial stability and sustainability in the "near" term (five to seven years).

This Financial Plan has been prepared based on the financial information presented in the approved 2020-2023 Water Multi-Year Budget. It also outlines the various financial principles and practices that are utilized to ensure the financial health of London's water utility. Specifically, the Financial Plan details the financing principles utilized to fund the Water capital and operating plans, reserve fund policies to ensure adequate reserve funds are maintained, and strategies for the management and appropriate use of debt financing. It is worth noting that the financial principles and practices utilized by the Water utility are consistent with the Corporation's overall financial principles and best practices.

The financial statements included in the Financial Plan project six years into the future. It should be noted that the City of London bases infrastructure needs on a 20 year analysis and maintains a financial model that projects 20 years into the future. The Regulation requires updated plans to be submitted as part of the application process for water utility licence renewal (every five years).

The capital programs described in the plan have a strong focus on renewal of aging infrastructure. It identifies the funding requirements to ensure a safe and sufficient water supply, while meeting all regulatory compliance requirements. It is a commitment to continue renewing infrastructure as it approaches the end of its useful life and prior to failure, thereby minimizing maintenance and repair costs, social disruption and water loss, as well as ensuring inter-generational equity. Adherence to the plan will result in the lowest water charges to the City's ratepayers in the long term.

Following approval of the plan by City Council, it will be available for review by the public on the City's website and also available in hard-copy for our customers. The Ministry of Municipal Affairs and Housing requires confirmation that the availability of the plan has been advertised in the media and that the plan has been uploaded to our website.

CONCLUSIONS

In accordance with Ontario Regulation 453/07 under the Safe Drinking Water Act, municipalities are required to prepare and approve Financial Plans for their drinking water system. As stipulated in O. Reg 453/07, the Financial Plan must be approved by the Owner of the London Water System, the Corporation of the City of London, before it can be submitted to the Ministry of Municipal Affairs and Housing. The fully developed and implemented Financial Plan will maintain a high quality, abundant and reliable water supply at affordable rates, allowing future generations to prosper as we have.

PREPARED BY:	REVIEWED & CONCURRED BY:
AARON ROZENTALS, P. ENG. **DIVISION MANAGER, WATER ENGINEERING**	**SCOTT MATHERS, P. ENG. MPA** **DIRECTOR, WATER AND WASTEWATER**
RECOMMENDED BY:	**RECOMMENDED BY:**
ANNA LISA BARBON, CPA, CGA **MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER**	**KELLY SCHERR, P.ENG., MBA, FEC** **MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER**

CC. Debbie Gibson – City of London
Kyle Murray – City of London
John Simon – City of London

The Corporation of the City of London
Environmental and Engineering Services

Water Service Area

Financial Plans

O. Reg. 453/07 under Safe Drinking Water Act, 2002

April 3, 2020

Contents

1. Introduction

In 2007, the Ministry of the Environment (MOE) issued Ontario Regulation 453/07 *Financial Plans* under the *Safe Drinking Water Act, 2002 (SDWA)*. The regulation and accompanying guideline prescribes the requirements for Financial Plans to be prepared as part of the Municipal Drinking Water Licensing Program set out in Part V of the SDWA. This regulation was designed by the MOE in response to Justice Dennis O'Connor's Walkerton Inquiry recommendations. The intent is to ensure that municipalities plan for the long-term financial sustainability of their drinking water systems and ensure the safety of their drinking water systems into the future. This report has been created to comply with the requirements of O. Reg. 453/07 and covers the public portion of the City of London's water supply system which includes all pipes, valves, treatment systems, pumping stations and reservoirs. The financial statements included in this report project 6 years into the future. It should be noted however that the City of London bases infrastructure needs on a 20 year analysis and maintains a financial model that projects costs 20 years into the future. Long-term infrastructure needs have also been assessed using 75 and 100 year outlooks to determine if financial sustainability achieved in the near term will support future long-term needs. Assuming revenue and expenditure forecasts meet projections, it is the expectation of the Water Service Area that future needs can be met.

The Plan outlined in this document, and its associated appendices and reference reports, will maintain a safe, secure and reliable water supply for this and future generations of Londoners through sound financial planning. The Financial Plan represents a balanced approach to the installation of new infrastructure in conjunction with the City's growth needs, and the investment and renewal required to sustain existing infrastructure. System improvements are also contemplated to improve the customer experience. Reliable infrastructure and performance of the water system are key elements to not only economic development but also quality-of-life and safety in the community. Efforts continue

to further enhance and protect water quality and reliability. Utilities are continually faced with the renewal needs of aging infrastructure and inflationary pressures. Re-thinking past practices and investing in new approaches, while ensuring the reliability of the service, have become fundamental to the daily delivery of clean water.

The Financial Plan is a summary of various capital and operational programs already approved by Council for the current budget year (2020) with an outlook of projected expenditures to 2026.

Previous plans were approved by Council in 2010, 2011, and 2015. This plan was updated as part of the Water Operating Authority's license renewal requirements.

1.1. Service Context

The supply of drinking water is a very important service to the City of London. Residents and businesses expect to be able to turn on their tap at any time and be able to trust that the water coming out is safe to drink and of adequate pressure and volume to meet their needs. The City of London owes a duty of care to residents and businesses to ensure that water is available, clean and safe and it is this responsibility that guides staff in their day to day operations, long term planning and recommendations to Council. Below is a description of the objectives and financial principles of the Water Service Area as well as a description of the organizational structure of the three groups involved in supplying clean water within the Water Service Area.

1.1.1. Water Service Area Objectives and Financial Principles

Below are the broad objectives and financial principles for the Water Service Area that were adopted by City of London Council in November 2008. The report detailing these principles in attached as Appendix B. These principles continue to apply as they did in 2008 (wording updated to reflect current situation).

i. Growth pays for growth (with the exception of various development charges incentives and Regional Water System expansions, which are currently funded by water ratepayers),

ii. Pay-as-you-go financing for operating and routine life cycle expenditures,

iii. Strive for inter-generational equity to avoid burdening future generations in order to benefit current ratepayers,

iv. Use debt to smooth out funding requirements for large, infrequent life cycle or system improvement projects,

v. Build reserve funds to provide funding for emergency repairs and/or moderate funding requirements for intermittent medium-sized projects,

vi. Use reserve funds to balance annual revenue fluctuations resulting from weather,

vii. Set rates to achieve and maintain financial,

viii. Address funding requirements for new legislation-driven improvements at the time that they are known and use reserve funds or debt as appropriate,

ix. Commit to life cycle infrastructure renewal needs, irrespective of water usage trends, since pipe deterioration is generally insensitive to the amount of water consumed,

x. Commit to life cycle infrastructure renewal needs, since it is less expensive to renew infrastructure that is approaching failure than to attempt to maintain and repair it.

Since the first Financial Plan was prepared in 2010, the following rate increases were enacted which allowed the water utility to move towards financial sustainability by 2016.

Year	Water Rate Increase
2010	8%
2011	0%
2012	8%
2013	8%
2014	8%
2015	7%
2016	3%
2017	3%
2018	3%
2019	3%
2020	2.5%

Going forward, it is anticipated that the capital and operational needs of the Water Service Area can continue to be achieved with smaller annual water rate increases like those seen since 2016 as advised by the Corporate Asset Management Plan.

1.1.2 Corporate Asset Management Plan

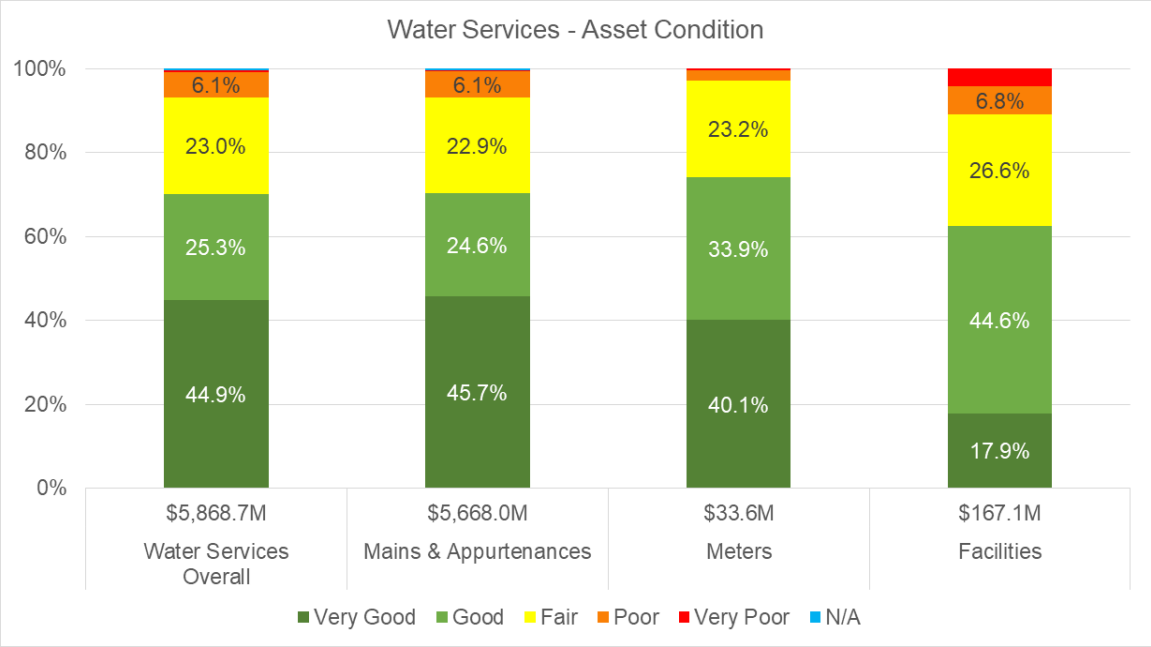
The Corporate Asset Management Plan is the culmination of efforts from staff across the city who are involved with managing municipal infrastructure assets, including finance and technical service areas and operations staff. The process of developing and updating the comprehensive plan was sophisticated and required multiple meetings and workshops. Currently, the City of London owns and maintains approximately $5.9 billion worth of water assets. The following

table summarizes the value of the water system and the 10 year cumulative infrastructure gap.

Service	Replacement $ (millions)	Current Condition	Current Gap (millions)	10 Year Gap (millions)	Data Reliability	Data Accuracy
Water	$5,869	Good	$4.1	$0	High	Med-High

The Corporate Asset Management Plan recommended relying on the existing 20 year plans and their updates as a means to manage infrastructure gaps in water services. The 20 year plan for water was updated as part of the 2020-2023 Multi-Year Budget process. Based on this update, given the present asset information, the projected investment suggested in the 20 year plan is appropriate. Staff will continue to monitor the infrastructure gap and will take action if necessary. Currently, it is projected that there will not be an infrastructure gap for water infrastructure in 10 years.

The chart below shows the replacement value and condition that is attributable to the municipally owned Water Services assets, as detailed in the 2019 Corporate Asset Management Plan. Approximately 93% of the City‘s Water Services assets are in Fair to Very Good condition, with the remainder assessed as in poor or very poor condition, indicating a need for investment in the short to medium term. The full Corporate Asset Management Plan can be found of the City of London website.



1.2. Background Information

1.2.1. Historical Overview

The residents of the City of London first voted to establish a public water supply system in the 1870's. At that time the preferred source of water was the natural springs that exist in present day Springbank Park on the banks of the Thames River. The water was collected in ponds and then pumped by a water powered pump (at the river) up nearby Reservoir Hill where it was stored in a reservoir. The elevation of the reservoir was high enough to supply the entire city at the time. This hill is still the location of most of the City's distribution reservoirs. In 1910, the City had outgrown the Springbank Park source and started developing wells to augment the supply. In the following 50 years it became clear that it was not sustainable to continue to rely on drilling new wells to keep up with the demand of London's growing population. In 1967 the province connected London to a treated source of water from Lake Huron and the City quickly moved to using 100% Lake Huron water in that same year. In 1995, the City also connected to a

source of water from Lake Erie that supplies water to the south end of the City. The current split in supply to the City is approximately 85% from the Lake Huron Primary Water Supply System and 15% from the Elgin Area Primary Water Supply System.

1.2.2. Water Operations

Water Operations provides continuing maintenance of the water supply system in the City of London to ensure that water can be conveyed to the residents of London. They are responsible for the treatment, operation and control of all valves, pumping stations, disinfection equipment, reservoirs and any other element of the system that needs control. They also are responsible for both preventative and unplanned maintenance on these elements as well as watermains, hydrants and any other aspect of the system requiring maintenance.

1.2.3. Water Engineering

Water Engineering is responsible for long range planning, design and construction of a large portion of the capital projects that fall under the Water Service Area. This division's work includes growth-related projects, life cycle renewal of watermains, expansion or refurbishment of pumping stations, and system improvements to enhance water quality or increase pressure. Water Engineering is also responsible for maintaining the city-wide distribution system hydraulic model, product approval and water efficiency/demand management/conservation programs.

1.2.4. Regional Water Supply

Regional Water Supply is an independent body that is responsible for operating and maintaining the water treatment plants located at Grand Bend on Lake Huron and east of Port Stanley on Lake Erie and the transmission of treated water to the City of London as well as to the other municipal customers they serve within the Regional system.

The respective Joint Boards of Management for the Lake Huron and Elgin Area Primary Water Supply Systems own and govern the area water systems using the City of London as the Administering Municipality. Accordingly, the City of London provides all associated administrative and management services on behalf of the Joint Boards.

Approximately 5,000 square kilometres of the greater London area of Southwestern Ontario is supplied by these two systems:

The Lake Huron Primary Water Supply System (LHPWSS) services the communities of London, Lambton Shores, North Middlesex, South Huron, Bluewater, Middlesex Centre, Lucan-Biddulph and Strathroy-Caradoc from a water treatment plant located north of the village of Grand Bend in South Huron. The water treatment plant has a rated supply capacity of 340 million litres per day and serves a population of approximately 375,000 people.

The Elgin Area Primary Water Supply System (EAPWSS) services the communities of St. Thomas, London, Aylmer, Bayham, Central Elgin, Malahide, Southwold and Dutton Dunwich from a water treatment plant located east of the village of Port Stanley in Central Elgin. The water treatment plant has a rated supply capacity of 91 million litres per day and serves a population of approximately 130,000 people.

The lake supplies are the source of all water the City of London uses during normal conditions and the City pays a volumetric water rate to each board for this treated water. The City of London has seats on both regional boards, giving the City an ownership stake in both systems. As an owner of these systems, the Board's debt is partially carried by the City of London, affecting the borrowing capacity of the City. This debt is reflected in the Financial Plans for Regional Water. Regional Water Supply's Financial Plans are stand-alone documents and are not included in this report.

1.2.5. Water By-law

The City of London has a by-law that governs the water system, the responsibilities of the public, that of the City, and specifies the rates to be charged for Water Services. The aim of the by-law is to achieve full cost recovery through a user-pay approach. The water by-law can be found on the City's website and is called Water By-law W-8.

2. Water System Needs and Revenue Requirements

In 2019, the City of London's water distribution system was comprised of 9 pumping stations, 5 reservoirs, over 1,600 km of water mains, 13,619 valves, 7,041 hydrants, 119,152 water services, and 117,384 meters. The average age of water distribution system components is under 35 years old with some individual components over 100 years old.

The expenditure needs of the system evolve over time as infrastructure components have different life spans. Over 94% of the asset replacement value is related to buried pipe infrastructure which has a relatively long service life and high replacement cost. The City has actively replaced aging pipes for over 40 years. In the last two decades, it has become apparent that water pipes reach the end of their useful life at different ages. From field data, it has been demonstrated that the failure frequency of all cast iron watermains is continuing to increase, and generally 1950's and 1960's vintage pipes are breaking more rapidly than older pipes. Recently it has been identified that some copper water service pipes are failing in less than 10 years.

The Water Service Area reviews these infrastructure needs annually and establishes priorities for renewal of existing infrastructure or construction of new infrastructure.

This section of the plan provides a summary of some of the needs and requirements that constitute the priorities of Water Service Area programs and

the 2020-23 Water Budget. These are Council approved programs which are ongoing in many cases or have a firm completion date. These programs form key components which drive the Financial Plan to maintain infrastructure at serviceable levels and meet the growth needs of the City.

2.1. Capital

Capital needs in the City of London are categorized as infrastructure life cycle renewal (asset management), service improvements and growth.

The City of London undertakes five capital activities to mitigate maintenance problems, health concerns, performance deficiencies and firefighting deficiencies, including:

1. Watermain replacement to address watermain breaks and corrosion degradation;
2. Watermain replacement to address undersized mains – inadequate system-wide capacity or local fire flows;
3. Watermain rehabilitation (i.e. clean and reline) to address excessive hydraulic roughness and/or structural weakness as an alternative to replacement;
4. Replacement of lead water services; and
5. Rehabilitation/replacement of watermains to address other performance deficiencies (i.e. excessive velocities and/or pressure loss)

2.1.1. Asset Management (Lifecycle Infrastructure Renewal)

Several capital programs are at the centre of renewal and the efforts to maintain the infrastructure at an appropriate level of service. These programs use different tools depending on the condition of an asset: either extending the life of the current asset or replacing it.

1. The Watermain Cleaning & Relining Program structurally relines watermains where the structural condition of a watermain is not acceptable and there are no other planned works by other service areas on the street. Relining is avoided in areas with lead services. This program has been primarily used on 1950's and 1960's watermain since there are no lead services and the sewers on these streets are typically still in good condition. Cleaning and relining restores water quality and improves fire flow, while extending the life of a watermain that would otherwise have to be replaced at a much higher cost. This also reduces social impacts and disruption by utilizing trenchless technologies.
2. The Watermain Replacement Program ensures that the distribution system remains reliable and cost effective. This program is coordinated with Wastewater and Transportation to undertake complete City blocks of infrastructure renewal.
3. Watermain Condition Inspection and Monitoring - Since 2006 there has been a recognition that the watermain renewal programs (rehabilitation and replacement described above) have functioned well, but have not considered large diameter watermains because of their history of few problems. Several pilot projects were undertaken from 2007 to 2012, including the installation of over 15 km of fibre optic cable in the City's largest watermain to monitor the pipeline in real time for stress failures. This program currently has an annual budget amount and inspects several watermains annually.
4. The Cathodic Protection Program is the installation and replacement of anodes on watermains around the City. This program has been particularly beneficial in extending the life of ductile iron and steel watermains. The amount spent on this program has increased with the 2020 budget and going forward to ensure we are keeping up with all our eligible mains.

Some anticipated outcomes of maintaining these programs are a reduction in water quality complaints, extended service life of watermains (before replacement is required), reduction in the number of watermain breaks, reduction in water losses and non-revenue water used for flushing, and a reduction in risk of private property damage and traffic disruption.

To prioritize the replacement and relining of watermains, Water Engineering uses a custom program called Water Condition Assessment Program (WCAP). This program takes the information from all the watermains in the City and rates them based on several attributes determined by staff. The attributes include factors such as age, number of breaks, pipe material, presence of lead services, hydraulics and importance factors. Once the Water renewal priorities are established, consultations are held with Transportation and Wastewater staff so that the timing of the renewal work can be coordinated to save on construction costs and minimize social disruption.

The Water Service Area keeps abreast of the newest technological innovations in both watermain reconstruction and rehabilitation and is always looking for ways to apply these to reduce the costs of asset management of the distribution system in the long-term and reduce impacts on the environment and our customers, such as:

Trenchless Technologies

The Water Service Area has been utilizing trenchless technologies since 1995 and continues to expand their use. Compared to open cut excavation and surface restoration techniques, trenchless methods minimize the amount of excavation required to install watermain, minimize damage to surface structures, cause less disruption of traffic and other social inconveniences on and around job sites. This technology allows installations to be made in areas where open cut excavation is significantly more costly and disruptive. Trenchless procedures are also more environmentally friendly because they produce less construction pollutants and noise. The Water Service Area has been successfully

implementing trenchless rehabilitation for 20 years and continues to evaluate and pilot test new methods and materials as they become available, including horizontal directional drilling, structural lining, spray-in-place lining, hydro vacuum excavation equipment, etc.

2.1.2. System Improvements

While it is important to maintain the system in working condition, it also at times becomes necessary or desirable to improve the system. Some of these improvements are driven by senior government legislation while others are driven by customer needs at the local level.

Lead Mitigation Program

In 2019, Health Canada updated its Guideline for Canadian Drinking Water Quality with respect to lead and lowered their maximum acceptable concentration for lead in drinking water from 10 micrograms per litre to 5 micrograms per litre. Ontario's Ministry of Environment, Conservation and Parks is currently reviewing the Health Canada Guideline, and dialoguing with municipalities regarding potential regulatory changes as a result. City staff are actively participating in discussions with the Ministry. The water in London's distribution system has very low levels of lead, but many homes built before 1953 are connected to the distribution system by lead water services. The water service is the pipe that conveys water from the watermain under the street, to the water meter in the customer's house. Water services run across both public and private property. The public portion runs from the watermain to the property line, and the private portion runs from the property line to the water meter. Since 2006, City staff have provided free sampling to more than 12,000 London homes, replaced more than 5,200 lead services (public-side), provided educational and awareness information on the City's website, offered a loan program for private-side lead service replacements, and implemented a system-wide corrosion control plan. Approximately 3% of London's water services are still lead on the public side,

and this number has decreased each year through additional lead service replacements. The Water Budget continues to support this multi-pronged, long-term lead mitigation program, which can be readily adjusted and modified to meet future regulatory changes.

Water Efficiency, Conservation and Outreach

The City of London has actively promoted water conservation since the late 1980's when water consumption approached the supply capacity of the water system. Since 2010, the City's Water Service Area has made a significant change to the water and wastewater rate structure, developed an artificial intelligence driven asset management model, explored and piloted leak detection technologies, launched free in-home water audits with real-time flow monitoring devices, implemented a toilet retrofit program for low-income properties, partnered with the Thames Valley District School Board to teach local environmental and engineering topics in the classroom, and continued to promote conservation and awareness "out and about" in the community. The Province has also continued to support conservation initiatives through frequent reviews and changes to the Ontario Building Code and the passing of the Water Opportunities (and Conservation) Act. Since 2010, the residential per-capita consumption of water in London has been reduced by 16 percent. Water conservation and efficiency improvements are important aspects of the long-term strategy for creating additional supply capacity to support growth and keeping future rate increases affordable by avoiding costly system expansion. The City is in the process of updating its water efficiency strategy that was last completed in April 2015.

Legislation which Impacts Service Improvements

The "Licensing of Municipal Drinking Water Systems" (O. Reg. 188/07) requires 5 components:

1. A Drinking Water Works Permit (DWWP)

2. An Accepted Operational Plan
3. Accreditation of the Operating Authority
4. A Financial Plan *(This Document)*
5. A Permit to Take Water (PTTW).

The requirement for a Drinking Water Quality Management System (DWQMS) and related implementation requirements have been implemented. The City of London's Operational Plan was initially submitted and approved by Municipal Council in 2009. The Drinking Water Works Permit and the Municipal Drinking Water Licence (accreditation limited scope) were received December 17, 2010. The external audit of the Operational Plan was completed in 2013, at which time the Operating Authority received full accreditation.

The City received its most recent reaccreditation on September 5, 2019, and the Operational Plan was most recently endorsed by Municipal Council on November 27, 2019.

2.1.3. Growth

Development Charges (DCs) play an important part in how growth infrastructure is financed in London. Each new house, commercial centre, educational facility, and/or manufacturing plan requires infrastructure and servicing in order to function efficiently and effectively. DCs are fees that are paid by new development to fund growth infrastructure and services constructed throughout the City.

In Ontario, the Provincial government regulates the setting of DC rates through the *Development Charges Act* (DCA). The purpose of DCs is to collect funds from new development to finance capital works supporting current and future growth. DCs are calculated and collected at the time of building permit issuance. At least every five years, as required by the DCA, the City of London conducts a DC Background Study to forecast the City's future residential and non-residential

growth to determine infrastructure needs and costs. This information is used to calculate the amount of money that new development needs to pay in order to support growth infrastructure and services. The DC Background Study for Water was most recently completed in 2019 and may be found on the City of London's website.

The costs of water projects related to growth are funded from various sources but divided into two main groups, growth and non-growth. Growth is generally the larger of the two and is funded through Development Charges (DC). Non-growth implies that benefits accrue to existing customers and therefore is funded through the Water Service Area budget, meaning these costs are funded by the ratepayers and directly impact this Financial Plan.

2.2. Operations and Maintenance

The budget for operations and maintenance is used to keep the system operating and safe as well as to perform the necessary testing, maintenance and repairs to keep the water distribution system functioning reliably. A major component of this budget is the bulk purchase of water from the Regional Water Supply Systems. Water Operations uses staff resources as well as other necessary expenditures; these can include power to operate pumps and equipment as well as chlorine to ensure that chlorine residual is kept at an acceptable and safe level. Maintenance is generally divided into two major categories, preventative maintenance and unplanned maintenance. These two categories are described in more detail below.

2.2.1. Preventative Maintenance

Preventative maintenance represents a proactive approach to maintaining the water distribution system. Preventative maintenance activities often address issues before they cause a major problem or breakdown and can result in significant cost savings. To ensure effectiveness, many preventative

maintenance programs make use of GIS technology to track progress and reported problems. Below are some of the key programs that fall under this heading.

- Water main flushing to maintain water quality in the distribution system (disinfection residual and aesthetic parameters).
- Hydrant maintenance is conducted and is comprised of two components: 1) annual maintenance, and 2) frost checks during freezing months.
- Valves are exercised to ensure functionality and identify deficiencies.
- Air release and vacuum valves, appurtenances, and chambers are inspected and maintained.
- The Supervisory Control and Data Acquisition (SCADA) system equipment and station pumps undergo life cycle maintenance based on manufacturers' specifications or as required by the regulations.
- Reservoir inspections are performed by contracted divers, at a minimum frequency of every 5 years. Reservoir cleaning is scheduled based on these inspections.
- Enhancement of the leak detection monitoring program is currently underway. Benefits will include increased detection of leaks and reduction of non-revenue water, increased reliability of infrastructure and avoidance of failures.

2.2.2. Unplanned Maintenance

Unplanned maintenance typically consists of repairing leaks or other deficiencies (e.g. damaged hydrants) that are reported by the public, other utilities, or London staff. For facilities, required maintenance work may be identified by Operators during regular visits to the facilities. Often unplanned maintenance can be costly and disruptive for the customers, which is why significant effort and focus is put on preventative maintenance.

3. Financial Model and Budget Process

3.1. Financial Model

The Water Service Area maintains a financial model to aid in long-term forecasting and budget consultations, on which this Financial Plan is based. The model has been used in budget development and deliberations since 2009 and has proven to be a very useful tool in assessing the financial health of the water system.

3.2. Budget Process

The Municipal Act, 2001 authorizes a municipality to prepare and adopt a budget covering a period of two to five years. The City of London has chosen to utilize a four year period. Rather than approving a budget annually, Council approves budgets for four years, subject to annual re-adoption, to establish funding. The last year of the multi-year budget is subject to reconfirmation by the new term of Council.

Water rate increases are often approved ahead of the balance of the budget so they can be implemented on January 1st. Council approved the 2020 Water rates on November 26, 2019. The 2.5% increase for Water rates was effective January 1, 2020. The 2020-2023 Multi-Year Budget for Water was then discussed at open houses and public meetings in January 2020, a Public Participation meeting on January 23, 2020, and then deliberated by Council on multiple dates in later January and throughout February. Final Council approval was March 2, 2020.

Water Service Area costs can be broken into two broad types of expenditures, Capital and Operating.

3.2.1. Operating Budget

Operating costs are generally those costs that relate to the operational issues of supply, distribution, and purchase of water for the current year including the staff, supplies and other costs required for management and maintenance of meters, pumping stations, pipes, and reservoirs. These expenditures do not increase the value of the system or the life of the system but are required to ensure the reliable delivery of safe clean water to the community and realize the anticipated life of the infrastructure components. It is generally accepted that due to the immediate benefit and short term impact of operating expenditures, they will be funded through the collection of user rates within the year the costs are incurred.

3.2.2. Capital Budget

Capital costs are those expenditures which increase the value of the system, expand the system, improve the system, replace existing assets and/or extend the lifespan of existing assets.

3.2.3. Revenues and Rates

London's water rate structure was overhauled in 2013 to incentivize water conservation while protecting the long term financial sustainability of the water system. The rate structure includes a significant fixed portion which stabilizes revenue and recognizes the value of having water available for use and fire protection. To promote conservation, the highest rate in the structure is set for a water use tier that would represent above average use in order to provide an incentive for conservation.

While our rate structure has helped stabilize revenue, fluctuations in water consumption can still have a significant on our revenue and represent a risk. Water consumption is significantly dependent on climate conditions, economic development, and consumer demand. These factors are difficult to predict with accuracy, and are prone to change abruptly with little warning.

The industrial sector makes up 0.24% of total water accounts, but 15% of annual water consumption. Water demand for these accounts varies with industrial output, which is dependent on macro-economic conditions. Collectively the industrial, commercial, and institutional sector account for 4% of the customer base, but consume 37% of total annual billed water. The largest consumers also have the means and motivation to increase their water efficiency, which can result in decreased water consumption.

Inaccurate water demand projections would impact revenue, budgets, and long-term infrastructure planning as system improvements may be prioritized incorrectly, and revenue shortfalls or surpluses will occur. To mitigate negative risks to the financial health of the water system, water projections are conducted through the use of multiple industry standards (curve fitting, statistical analysis, market research) and industry leading (artificial intelligence, data science) models. The models take into account various approaches to demand projection, and provide a range of possible demand volumes. Conservative demand projections were utilized for planning purposes to account for the unknowns. There are also ongoing efforts to identify and address gaps in water demand tracking to improve future projection efforts.

4. Capital Financing

The expenditures required to renew, improve and expand the water supply and distribution system represent approximately 40-45% of the total revenues collected from water rates. There are several financing strategies used by the Corporation. The discussion in the rest of this chapter describes how these strategies are applied specifically within the Water Service Area.

4.1. Financing Options

The Water Capital Plan has been divided into three categories described in Section 2.1:

- Lifecycle Infrastructure Renewal
- System Improvements
- Growth

There are a number of available sources of financing for capital works as summarized in the table below.

Financing Options for Capital Categories					
Category	**Pay-As-You-Go**	**Water Service Area Reserve Fund**	**Debt**	**Development Charges**	**Sr. Government Funding**
Lifecycle	Yes - Preferred	Yes	No(1)	No	Yes, if eligible
System Improvements	Yes	Yes	Yes	No	Yes, if eligible
Growth	No	Yes(2)	Yes	Yes	Yes, if eligible

Notes:

1. Could be considered if the asset to be renewed is a major expenditure with long life (e.g. reservoir).
2. Utilizes water reserve fund for non-eligible growth related works and/or non-growth component of project.

Financing decisions for capital works are based on a number of considerations including:

1. ***Is it an Asset Management (Lifecycle Renewal) project?***
   - The preferred funding source for Lifecycle Renewal works is pay-as-you-go. This funding is from the current year's revenues. This ensures that the taxpayers who are benefiting most are paying for the works.

2. ***Does this project create capacity necessary for growth in the City?***
   - When additional water supply capacity is created, allowing for future growth in the City, Development Charges should fund a corresponding portion of the works.

3. ***What is the life span of the project?***
   - When a project has a significant life span and funding is not otherwise available it may be appropriate to issue debt, thereby transferring costs to future benefitting generations.

4. ***Are there available funds from other levels of government?***
   - From time to time senior levels of government will invite applications for funding. These funding sources often have stringent criteria for eligibility and timing of works. Alternatively, ongoing funding is provided through some programs such as the Federal Gas Tax although given the relative good health of the water utility and low debt levels, London Council has chosen to allocate very little Federal Gas Tax funds to water infrastructure.

5. ***Does the project benefit specific residents?***
   - Some works are undertaken which benefit residents of a particular street or neighbourhood. Examples of this type of work would be new sidewalks, water supply or sanitary sewer collection. In some cases

the residents will contribute to the funding of those works through Local Improvement Charges or Area Rate Charges enacted through municipal by-laws.

4.2. Inter-Generational Equity

A guiding principle for financing decisions is the concept of inter-generational equity for municipal capital works intended to equitably distribute the costs across present and future taxpayers. This means that the generation which will receive the most benefit of the works should bear the majority of the cost of the works. Furthermore, the current benefitting generations have received the assets in relatively good condition and should pass them on to the next generations in similar condition. Some of the means to achieve this include:

- Paying for replacement and renewal works through pay-as-you-go financing,
- Issuing debt only for large scale projects with significant future years of benefit.

4.3. Reserve Funds Policy

Reserve Funds assist in smoothing out rates for water users by creating a funding source for future larger, intermittent projects and fluctuating revenue streams. Capital Budgets can vary significantly year over year and large non-recurring projects can create funding needs that are best funded over time. The Water Service has maintained Reserve Funds for over 40 years allowing the utility to remain essentially debt free. It is the intent to target a minimum reserve fund balance of $29 million for the New Capital Water Reserve Fund, which is the primary discretionary reserve fund of the Water Service Area. This represents approximately 0.5% of the $5.9 billion asset replacement value of the system; noting that this is subject to further review in 2020. As of 2018 the City has also started building a Water Budget Contingency Reserve that is intended to mitigate

unforeseen events or one-time unanticipated revenue losses and expenses in order to stabilize water rates.

The Water Service Area maintains a number of reserves and reserve funds, which are held for specific purposes. These include:

Reserve / Reserve Fund	Reserve Fund Balance (projected year-end)				
	2019	2020	2021	2022	2023
New Capital Water Reserve Fund	$39,426	$39,357	$43,083	$49,168	$21,373
City Services Water Levies Reserve Fund – Development Charges collected to fund growth works	$15,085	$12,088	$10,017	$1,232	$6,091
Capital Asset Growth - Industrial DC Incentive Program Water Reserve Fund	$5,225	$5,007	$4,784	$4,556	$4,324
Lead Service Replacement Program Reserve Fund – To fund the Lead Service Replacement Program, assisting homeowners with the replacement of the private portion of lead services	$106	$106	$107	$107	$108
Water Customer Assistance Reserve Fund – Customer assistance charges collected in excess of customer assistance expenditures incurred, used to fund future customer assistance initiatives or reduce future customer assistance monthly charges	$430	$307	$313	$319	$326
Efficiency, Effectiveness & Economy Water Reserve – The equivalent of 90 days' savings on most Water position vacancies are contributed to this reserve, which is used to fund initiatives recommended by the Senior Leadership Team	$1,941	$2,178	$2,414	$2,651	$2,888
Water Budget Contingency	$2,986	$2,986	$2,986	$2,986	$2,986

4.4. Growth Pays for Growth

The prime guiding principle of the Development Charges (DC) By-law is that growth should pay for growth. As such, the 2019 Development Charges study identified all water growth related supply works within the City over the next twenty years, and identified all non-growth benefits and any post period amounts. Notwithstanding this concept, Council has also directed a number of exemptions for industrial, institutional, residential and commercial growth in order to stimulate economic development within the City. These portions of water supply system growth are not paid for by DC's but are supported by the water rate.

4.5. Debt Management

The long-term financial goal is to continue to fund water system capital works using pay-as-you-go sources as the primary source of funding. Further debt financing will ultimately be used exclusively to fund large, extraordinary works, or to mitigate the impact of larger than average total capital budget.

The Water Service has minimal debt and the Water system has largely been maintained using pay-as-you-go capital financing. As of 2020, the total net debt outstanding was approximately $500,000. Debt servicing costs in 2020 will be approximately $400,000. Future debt may be issued for projects that represent significant capital investments spanning several generations.

The water budget also carries debt associated with the City's share of debt issued by the Joint Boards. This is approximately $12.3 million at the end of 2019 and is factored into the City's overall borrowing capacity. Debt payments tied to the City's share of the Joint Board debt are made indirectly as the part of the purchase of water charged to the City by the Joint Boards and are estimated to be approximately $2.5 million in 2020.

4.6 Senior Government Funding

Federal Gas Tax

The Water Service Area will receive approximately $5.7 million in Federal Gas Tax funding between 2020 and 2023, which will be used to fund several Water capital projects and assist in managing the infrastructure gap.

5. Financial Statements

Format

In June 2006, the Public Sector Accounting Board (PSAB) approved PS3150, requiring municipalities to report Tangible Capital Assets (TCA) in their Statement of Financial Position, effective January 1, 2009. This change required the inclusion of tangible capital assets, related accumulated amortization, elimination of capital fund and reserve and reserve fund statements and introduction of accumulated surplus including all reserve and reserve funds balances. The attached forecasted financial statements have been prepared under these requirements. The "forward-looking" financial statements are for 6 years, from 2020 to 2026 as required by the Water Operating Authority licence renewal process *(Safe Drinking Water Act, O.Reg 453/07, section 3.2)*.

Financial Information

The financial information in the Water Service Financial Plan has not been audited. The 2018 values for Water Services are derived from amounts included within the audited City of London consolidated financial statements and the 2019 values are derived from preliminary unaudited financial information contained in the financial system. The future year assumptions originate from the Financial Model for Water, which includes elements from the 2020-2023 Council-approved Water Capital Budget and Forecast, Water Operating Budget and Forecast, and 2019 Development Charges Background Study.

Glossary

Tangible Capital Assets

Tangible capital assets are non-financial assets having physical substance that:

a) *are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;*
b) *have useful economic lives extending beyond an accounting period;*

c) are used on a continuing basis; and

d) are not for resale in the ordinary course of operations. (PS 3150.05)

Some examples of tangible capital assets for the Water Services area include watermains, hydrants, and water meters.

Amortization

Amortization is the attribution of the historical cost of TCA across the useful life of the specific asset (Annual Amortization = Historical Cost / Life of Asset). The amortized cost is an expense on the Statement of Operations and the historical cost of the TCA is reduced by the same amount on the Statement of Financial Position. This process roughly allocates the costs of the TCA into the years of benefit.

The amortization of the costs of tangible capital assets should be accounted for as expenses in the statement of operations. (PS 3150.23)

The amortization period of a water asset varies from 3 years to 60 years, depending on the categorization of the asset.

Annual Surplus (Deficit)

The Water annual surplus (deficit) is essentially derived from the difference between the Amortization and the actual spending on capital as well as the increase in reserve and reserve funds within the year.

Accumulated Surplus (Deficit)

This balance is reported as part of the Statement of Financial Position. It represents the accumulation of prior and current surpluses and deficits and reflects the net economic resources of the Water Service. The Water Service accumulated surplus is comprised primarily of the lifetime total cost of Tangible Capital Assets minus the Amortization that has occurred to date in addition to the reserve and reserve fund balances.

5.1. Statement of Operations

City of London Water Service - Statement of Operations

	Unaudited	Forecast						
	2019	2020	2021	2022	2023	2024	2025	2026
REVENUES								
User Charges - Water Consumption	49,899,995	52,722,721	54,371,958	56,274,568	58,260,884	59,339,718	60,438,654	61,557,666
Capital Renewal	26,809,682	27,592,395	28,560,031	29,561,562	30,599,295	31,301,072	32,018,320	32,751,683
Fire Protection	3,533,431	2,949,228	3,053,388	3,161,283	3,272,901	3,348,664	3,426,112	3,505,383
Customer Assistance	329,300	332,361	335,686	339,041	342,432	345,856	349,315	352,808
Miscellaneous User Charges	1,261,431	1,007,690	1,032,632	1,058,198	1,084,403	1,143,966	1,158,260	1,172,734
Other Municipal Revenues	69,495	134,350	134,708	135,077	135,453	121,817	132,281	131,867
Provincial Transfers [1]	1,920,731	429,124	0	0	0	0	0	0
Federal Transfers [1]	4,802,463	1,444,000	1,425,000	1,425,000	1,425,000	1,425,000	1,425,000	1,425,000
Investment income	1,613,903	890,728	921,420	1,014,231	794,873	622,722	623,373	656,902
Development Charges (transfer from City Services Reserve Fund) [2]	1,308,515	1,727,842	1,514,845	1,613,984	1,774,361	1,690,069	1,664,220	1,651,496
Developer Contributions of Tangible Capital Assets [3]	5,968,049	6,732,736	5,426,978	6,508,093	5,759,096	6,313,365	6,327,768	6,342,170
Total Revenues	97,516,995	95,963,175	96,776,647	101,091,037	103,448,698	105,652,249	107,563,303	109,547,710
EXPENSES								
Purchase of Water	26,159,233	27,187,540	28,257,487	29,363,182	30,503,680	31,688,476	32,919,291	34,197,912
Personnel Costs	8,689,271	9,686,708	9,931,089	10,162,949	10,408,965	10,617,100	10,829,400	11,046,000
Administrative, Other & Recovered Expenses	2,857,458	3,050,467	3,098,910	3,148,969	3,198,877	3,275,650	3,354,266	3,434,768
Billing & Customer Service	2,230,352	2,283,300	2,283,300	2,283,300	2,283,300	2,283,300	2,283,300	2,283,300
Purchased Services	2,595,737	3,029,630	3,087,820	3,152,170	3,214,620	3,291,771	3,370,773	3,451,672
Materials & Supplies	2,580,646	2,602,890	2,642,090	2,676,090	2,704,840	2,769,756	2,836,230	2,904,300
Equipment & Rentals	1,861,721	1,607,656	1,651,963	1,685,724	1,730,238	1,771,764	1,814,286	1,857,829
Financial Expenses - Other	74,843	74,290	74,290	74,290	74,290	76,073	77,899	79,768
Customer Assistance	201,118	332,361	335,685	339,041	342,432	345,856	349,315	352,808
Interest Expense	33,752	23,674	12,124	7,325	2,748	0	0	0
Loss on Disposal of Tangible Capital Assets[4]	605,932	685,837	485,043	582,052	543,807	580,534	575,455	553,378
Non TCA Expenditures [5]	1,981,033	4,312,232	4,062,270	4,596,692	7,025,301	5,295,114	5,214,194	3,806,485
Amortization [6]	16,926,361	17,881,340	18,771,031	19,716,362	20,716,640	21,707,971	22,776,206	23,905,501
Employee future benefit liability [7]	147,044	98,139	86,282	120,996	112,242	112,940	106,120	107,716
Total Expenses	66,944,501	72,856,064	74,779,383	77,909,141	82,861,980	83,816,306	86,506,734	87,981,438
NET SURPLUS (DEFICIT)	30,572,494	23,107,111	21,997,263	23,181,896	20,586,719	21,835,943	21,056,569	21,566,272

Footnotes and assumptions:

(1) - represents capital revenue from provincial and federal grants. Does not include debenture financing, transfers from operating or reserve funds. Estimate based on 2020-2023 multi-year budgeted amounts.

(2) - transactions recorded directly to reserve funds must be accounted for through the operating or capital fund. This includes recognition of development charge levies earned in the year.

(3) - contributed tangible capital assets are tangible capital assets that become the ownership of the City when a subdivision is assumed by the City. These assets are recognized at fair market value during the year of assumption. Estimate based on 5 year average of actuals from 2014 - 2018.

(4) - when an asset is replaced prior to the end of its useful life, an adjustment must be made to expense the remaining book value. Amount fluctuates from year to year. Estimate based on 5 year average of actuals from 2014 - 2018.

(5) - for PSAB purposes, expenses not considered to be part of the cost of a tangible capital asset are expensed as operating expenses although funded through capital. Estimated based on 9.92% of capital expenditure budget, based on 2018 actuals.

(6) - represents the annual writedown of the tangible capital assets over the useful life of the asset. Estimated annual increase based on 2014 - 2018 actuals.

(7) - represents the annual change in the estimated future costs of employee benefits. Estimate based on 5 year average of actuals from 2014 - 2018.

5.2. Statement of Financial Position

City of London Water Service - Statement of Financial Position

	Unaudited	Forecast						
	2019	2020	2021	2022	2023	2024	2025	2026
Financial Assets								
Cash and Investments	101,565,352	77,570,075	74,260,096	60,432,372	37,644,583	24,267,431	20,659,311	21,676,115
Accounts Receivable and Other Receivables	6,568,271	6,902,694	6,908,699	6,729,598	6,792,597	6,780,372	6,822,792	6,806,812
Total Financial Assets	**108,133,623**	**84,472,769**	**81,168,796**	**67,161,970**	**44,437,179**	**31,047,803**	**27,482,103**	**28,482,926**
Financial Liabilities								
Accounts Payable and Accrued Liabilities	1,621,267	1,745,760	1,848,657	1,398,464	1,542,999	1,631,429	1,633,462	1,611,002
Deferred Revenue	24,613,002	12,098,000	10,027,000	1,242,000	6,101,000	2,804,682	8,405,218	4,218,522
Employee Future Benefit Payable	4,073,446	4,171,585	4,257,866	4,378,862	4,491,104	4,604,044	4,710,164	4,817,880
Long-term Liabilities	878,668	547,379	211,378	107,082	-	-	-	-
Total Financial Liabilities	**31,186,383**	**18,562,724**	**16,344,901**	**7,126,408**	**12,135,103**	**9,040,156**	**14,748,844**	**10,647,404**
Net Financial Assets	**76,947,240**	**65,910,045**	**64,823,895**	**60,035,562**	**32,302,077**	**22,007,647**	**12,733,259**	**17,835,522**
Non-Financial Assets								
Prepaid Expenses	13,156	15,617	17,142	18,428	18,428	16,554	17,234	17,557
Inventories	378,323	298,296	307,880	311,086	315,255	322,168	310,937	313,465
Tangible Capital Assets	785,684,655	837,787,866	879,631,203	927,313,302	996,345,976	1,050,179,281	1,103,296,996	1,143,663,654
Accumulated Amortization	(267,894,037)	(285,775,377)	(304,546,408)	(324,262,769)	(344,979,410)	(366,687,381)	(389,463,588)	(413,369,089)
Total Non-Financial Assets	**518,182,097**	**552,326,403**	**575,409,817**	**603,380,046**	**651,700,250**	**683,830,622**	**714,161,579**	**730,625,588**
Accumulated Surplus	**595,129,337**	**618,236,448**	**640,233,712**	**663,415,608**	**684,002,326**	**705,838,269**	**726,894,838**	**748,461,110**

5.3. Statement of Cash Flow

City of London Water Service - Statement of Cash Flows

	Unaudited	Forecast						
	2019	2020	2021	2022	2023	2024	2025	2026
Cash provided by (used in)								
Operating Activities								
Annual Surplus	30,572,494	23,107,111	21,997,263	23,181,896	20,586,719	21,835,943	21,056,569	21,566,272
Items not involving cash								
Loss on disposal of tangible capital assets[5]	605,932	685,837	485,043	582,052	543,807	580,534	575,455	553,378
Amortization [3]	16,926,361	17,881,340	18,771,031	19,716,362	20,716,640	21,707,971	22,776,206	23,905,501
Change in employee future benefit	147,044	98,139	86,282	120,996	112,242	112,940	106,120	107,716
Developer Contributions of Tangible Capital Asset	(5,968,049)	(6,732,736)	(5,426,978)	(6,508,093)	(5,759,096)	(6,313,365)	(6,327,768)	(6,342,170)
Change in non-cash assets and liabilities								
Accounts Receivable and Other Receivables	285,449	(334,423)	(6,005)	179,101	(62,998)	12,225	(42,420)	15,980
Prepaid Expenses	14,641	(2,461)	(1,524)	(1,286)	(0)	1,874	(680)	(323)
Inventories	(97,633)	80,027	(9,584)	(3,206)	(4,169)	(6,913)	11,231	(2,528)
Accounts Payable and Accrued Liabilities	520,422	124,493	102,897	(450,193)	144,534	88,431	2,032	(22,460)
Deferred Revenue	3,719,158	(12,515,002)	(2,071,000)	(8,785,000)	4,859,000	(3,296,318)	5,600,536	(4,186,696)
Net change in cash from operating activities	46,725,818	22,392,325	33,927,424	28,032,629	41,136,678	34,723,322	43,757,281	35,594,670
Capital Activities								
Purchase of Tangible Capital Assets	(25,565,773)	(46,056,313)	(36,901,401)	(41,756,058)	(63,817,385)	(48,100,474)	(47,365,401)	(34,577,866)
Net change in cash from capital activities	(25,565,773)	(46,056,313)	(36,901,401)	(41,756,058)	(63,817,385)	(48,100,474)	(47,365,401)	(34,577,866)
Financing Activities								
Proceeds of Long-term Debt	-	-	-	-	-	-	-	-
Repayment of Long-term Debt	(311,082)	(331,289)	(336,001)	(104,296)	(107,082)	-	-	-
Net change in cash from financing activities	(311,082)	(331,289)	(336,001)	(104,296)	(107,082)	-	-	-
Net change in cash and investments	20,848,962	(23,995,277)	(3,309,978)	(13,827,725)	(22,787,789)	(13,377,152)	(3,608,120)	1,016,804
Cash and investments, beginning of year	80,716,389	101,565,352	77,570,075	74,260,096	60,432,372	37,644,583	24,267,431	20,659,311
Cash and investments, end of year	101,565,352	77,570,075	74,260,096	60,432,372	37,644,583	24,267,431	20,659,311	21,676,115

5.4. Changes in Net Financial Position

City of London Water Service - Change in Net Financial Position

	Unaudited	Forecast						
	2019	2020	2021	2022	2023	2024	2025	2026
Annual Surplus	30,572,494	23,107,111	21,997,263	23,181,896	20,586,719	21,835,943	21,056,569	21,566,272
Acquisition of Tangible capital assets	(25,565,773)	(46,056,313)	(36,901,401)	(41,756,058)	(63,817,385)	(48,100,474)	(47,365,401)	(34,577,866)
Developer contributions of tangible capital assets	(5,968,049)	(6,732,736)	(5,426,978)	(6,508,093)	(5,759,096)	(6,313,365)	(6,327,768)	(6,342,170)
Amortization of tangible capital assets	16,926,361	17,881,340	18,771,031	19,716,362	20,716,640	21,707,971	22,776,206	23,905,501
Loss on disposal of tangible capital assets	605,932	685,837	485,043	582,052	543,807	580,534	575,455	553,378
	(14,001,529)	(34,221,871)	(23,072,306)	(27,965,738)	(48,316,034)	(32,125,333)	(30,341,508)	(16,461,157)
Change in Prepaid Expenses	14,641	(2,461)	(1,524)	(1,286)	(0)	1,874	(680)	(323)
Change in inventories of supplies	(97,633)	80,027	(9,584)	(3,206)	(4,169)	(6,913)	11,231	(2,528)
	(82,992)	77,565	(11,108)	(4,492)	(4,169)	(5,039)	10,551	(2,851)
Change in net financial assets	16,487,973	(11,037,195)	(1,086,150)	(4,788,333)	(27,733,485)	(10,294,430)	(9,274,388)	5,102,263
Net Financial Assets, beginning of year	60,459,267	76,947,240	65,910,045	64,823,895	60,035,562	32,302,076	22,007,647	12,733,259
Net Financial Assets, end of year	76,947,240	65,910,045	64,823,895	60,035,562	32,302,076	22,007,647	12,733,259	17,835,522

Appendix A

Council Resolution Approving Water Financial Plan

(To be added following Council Approval)

Appendix B

November 2008 Financial Principles Report

Agenda Item # Page #

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	CHAIR AND MEMBERS ENVIRONMENT AND TRANSPORTATION COMMITTEE MEETING ON NOVEMBER 24, 2008
FROM:	**PAT McNALLY, P.Eng. ACTING GENERAL MANAGER OF ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER**
SUBJECT:	**WATER 20 YEAR FINANCIAL MODEL**

RECOMMENDATION

That, on the recommendation of the Acting General Manager of Environmental and Engineering Services and City Engineer, the following actions **BE TAKEN:**

(a) the following principles **BE ADOPTED** to guide staff in the completion of the 20 year Water Financial Plan and the preparation of the legislated Financial Plan by July 2010:

i. growth pays for growth (with the exception of industrial development charges and Regional Water System expansions which are currently funded by water rate payers),
ii. pay-as-you-go for operating and routine life cycle expenditures,
iii. strive for inter-generational equity to avoid burdening future generations in order to benefit current rate payers,
iv. use debt to smooth out cash requirements for large infrequent life cycle or system improvement projects,
v. build reserve funds to provide cash for emergency repairs and/or moderate cash requirements for intermittent medium sized projects,
vi. use reserve funds to balance annual revenue fluctuations resulting from weather,
vii. set rates to achieve financial sustainability in the "near" term (target 7 year time frame),
viii. address cash requirements for new legislation driven improvements at the time that they are known and use reserve funds or debt as appropriate,
ix. commit to life cycle infrastructure renewal needs irrespective of water usage trends since pipe deterioration is generally insensitive to the amount of water consumed,
x. commit to life cycle infrastructure renewal needs since it is less expensive to renew infrastructure that is approaching failure than to attempt to maintain and repair it;

(b) the financial model **BE ADOPTED** utilizing moderate rate increases (Scenario # 3) as the preferred long term planning tool to ensure sustainability of the water supply system while continuing to close the infrastructure gap, it **BEING NOTED THAT** that the model will be used to monitor progress and updated and rerun on a regular basis as input data is refined;

(c) it **BEING NOTED THAT,** budgets will be approved annually by City Council.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

The reports noted below can be found at http://www.london.ca/Council/meetingpackages.htm :

- Infrastructure Deficit, January 28, 2008, Environment and Transportation Committee, Agenda Item #11,
- Water System Risk Management Exercise and Evaluation, April 23, 2007, Environment and Transportation Committee, Agenda Item #3,
- Water Distribution System Needs Update/Final Report – Project EW 3802, August 30, 2004, Environment and Transportation Committee, Agenda Item #4.

BACKGROUND

Purpose

The purpose of this report is to present to Committee and Council the 20 year financial plan for the City's water supply system that confirms our commitment to eliminating the water infrastructure gap and achieves sustainability of the system in the years to come. The financial plan identifies the funding requirements to ensure a safe and sufficient water supply, while meeting all regulatory compliance requirements. It is a commitment to continue renewing infrastructure as it approaches the end of its useful life, prior to failure, thereby minimizing maintenance and repair costs, social disruption and water loss and ensuring inter-generational equity.

The model was developed to incorporate real world factors which influence the operation of the water utility. It can be used for scenario evaluation (what if analysis), as well as exploring unforeseen changes that may arise. It can and will be used as a key tool in annual budgeting and planning for sustainability. The proposed principles put limits on acceptable inputs and ultimately the outcomes. The model is a key step in fulfilling the regulatory requirement fo a financial plan, required by the Ministry of the Environment by July 2010.

A fully developed and implemented financial plan will maintain ***London's Advantage*** over other municipalities providing a high quality, abundant water supply at affordable rates and ***securing tomorrow***, allowing future generations to prosper as we have.

Executive Summary

Over the last 8 years (the post-Walkerton era), City staff have worked to better understand what achieving a sustainable water system means and what effort would be required. Zero percent rate increases in the early part of this period seemed to be justified as consumption and reserves grew. A "needs" study four years ago identified that we were lagging behind the deterioration rate of our pipe and water meter infrastructure. As a result, funding was put in place in an effort to the close the gap. Recent legislation has added significant additional cost to the supply for safe drinking water to our customers. The most recent legislation requires that a financial plan be prepared and submitted to the Ministry of the Environment, as part of the new Drinking Water Licence requirements to ensure that water systems are adequately funded.

Principles have been suggested to help in the development of the financial plan. An interactive financial model has been developed over the last 4 years to assist Administration with the understanding of financial implications of capital needs, inflation, water consumption and the stability of reserve funds. The model presented in this report is intended to be used as a tool to assess different situations which might occur over time, with the recognition that it will be updated regularly.

Renewal of our underground piping will continue to be required to replace aging infrastructure, irrespective of water consumption. Declining revenues resulting from reduced consumption are putting additional pressure on budgets to try to close the gap that has arisen over the last several years. Rising costs to purchase water combined with construction cost increases exceeding the Consumer Price Index require increased revenue through London's water rates.

Accumulated debt repayment is a fixed cost and therefore insensitive to water consumption. Although the City has essentially no debt on the water distribution system, the Regional Water systems, through the Joint Boards, are carrying debt from the original transfer order and it is expected that new debt may be added in future years to address their longer term capital works needs. Debt held by the Joint Boards is apportioned to member municipalities in relation to their consumption.

Three scenarios were outlined to address the need for increased funding. Scenario 3, which introduces an 8% annual rate increase over the next four years (2009-2012) and then declines to the assumed inflation rate by 2015, is recommended to support the level of funding required to maintain ***London's Advantage – securing tomorrow*** by achieving a safe, sufficient and sustainable water supply and distribution system.

Context

City staff have developed a 20 year water financial model, which has been refined to best represent the long term funding requirements for London's water infrastructure. A 75 year outlook was also considered to determine if, in the longer term, the 20 year plan would lead us to long term sustainability. The model was originally created to help validate assumptions and assess the magnitude of the infrastructure gap identified in the 2004 Water Needs Study, undertaken by R.V. Anderson Consultants. The model has been refined and updated over the last few years to accurately represent future financial needs. The model is based on underlying assumptions of our assets remaining life, population and water consumption trends, and inflation factors. The model is premised on the long term renewal needs of the water assets (approximately $1.8 billion of pipes, pumping stations and reservoirs) and predicts funding requirements to renew that infrastructure prior to its failure, while maintaining an adequate capital reserve fund. The goal of the financial plan is to achieve sustainability of the water supply system. For purposes of this discussion, ***sustainability*** is defined as the point when annual rate increases can be maintained at or near the annual inflation rate based on a combination of the Consumer Price Index and the Construction Cost Index.

Legislative Context

The 20 year financial water model is a key step in preparing for completion of the legislated requirements noted below as component "4 Financial Plan" of the new Municipal Drinking Water Licence program. The intent of the legislation is to ensure that water utilities are adequately funded to eliminate health risks to the public and are financially sustainable over the long term.

In the Part Two Report of the Walkerton Inquiry, Justice O'Connor recommended that *"the MOE should require owners of municipal water systems to obtain an owner's licence for the operation of their waterworks"*. The MOE has implemented this recommendation through the new Municipal Drinking Water Licensing Program. A Municipal Drinking Water Licence will be issued once the City of London has the following in place:

1. A Drinking Water Works Permit (DWWP)
   a permit to establish or alter a drinking water system; which, together with a licence, will replace the current certificate of approval

2. An Accepted Operational Plan
   the plan will be based on the MOE Drinking Water Quality Management Standard (DWQMS) and will document the City of London's Quality Management System (QMS) and must be submitted by January 1, 2009 (tentative Council approval December 1, 2008)

3. Accreditation of the Operating Authority
   a successful third-party audit of London's QMS will be the basis for accreditation prior to January 1, 2010

4. A Financial Plan
   as required under the Financial Plans Regulation (O. Reg. 453/07 of the SDWA), the City of London will be required to submit a Financial Plan that satisfies the regulation prior to July 1, 2010

5. A Permit to Take Water (PTTW)
   the existing PTTW Program will not be altered as a result of the new Licensing Program, but the City of London is required to submit all current PTTW numbers as part of the Licence application. The Joint Boards of Management hold the PTTWs for the Regional Water Supply Systems, while London holds the PTTWs for the emergency well systems.

While the legislative requirements noted above are reasonably well spelled out and the implications of increased labour and financial resources are clear, there will undoubtedly be <u>future</u> legislation which will add to the City's resource and financing needs. When the details of the future legislation are known, Administration will bring this information forward to advise Committee and Council what impacts there may be (if any) on the financial plan and water rates.

An additional aspect of the legislative context in the post-Walkerton era is the extra cost that has been applied to the operation of the water system. While we welcome the risk reduction measures brought through legislation, these measures have increased the annual operating and capital costs by approximately $2 million (approximately 4% of budget) which puts water rates under further stress. Examples of initiatives to respond to the legislation over the last 8 years include:

- Source Water Protection
- Municipal Drinking Water Licence (detailed above)
- Corrosion control and lead mitigation
- Disinfection enhancements at the Regional Water treatment plants and City pumping stations
- Operator Certification revisions
- Enhanced water quality testing
- Compliance reporting
- PSAB implementation
- Occupational Health and Safety requirements
- Abandoned well decommissioning
- Engineer's reports and related modifications to facilities

Water Financial Principles

The 20 year financial plan is founded on the following principles, some of which may need to balanced against one another to achieve the most appropriate end result:

- growth pays for growth (with the exception of industrial development charges and Regional Water System expansions which are currently funded by water rate payers),
- pay-as-you-go for operating and routine life cycle expenditures,
- strive for inter-generational equity to avoid burdening future generations in order to benefit current rate payers,
- use debt to smooth out cash requirements for large infrequent life cycle or system improvement projects,
- build reserve funds to provide cash for emergency repairs and/or moderate cash requirements for intermittent medium sized projects,
- use reserve funds to balance annual revenue fluctuations resulting from weather,
- set rates to achieve financial sustainability in the "near" term (target 7 year time frame),
- address cash requirements for new legislation driven improvements at the time that they are known and use reserve funds or debt as appropriate,
- commit to life cycle infrastructure renewal needs irrespective of water usage trends since pipe deterioration is generally insensitive to the amount of water consumed,
- commit to life cycle infrastructure renewal needs since it is less expensive to renew infrastructure that is approaching failure than to attempt to maintain and repair it.

Infrastructure Gap

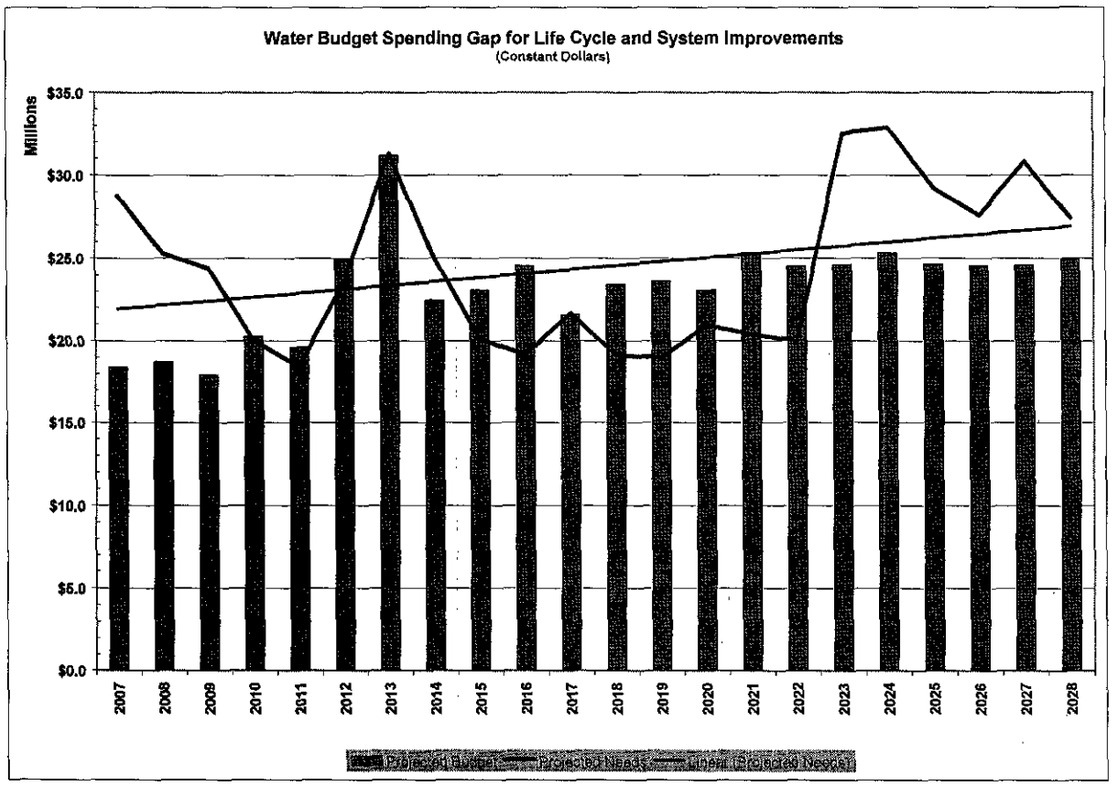
A large portion of the water infrastructure is very old and in need of renewal. A January 28, 2008 ETC report estimated the water infrastructure deficit for London at $220 million. This is an indication that more funding is required to renew aging infrastructure to ensure water reliability, quality, and financial sustainability in the future. Capital funding necessary to close the gap and address new growth falls under three headings in the City's water budget:

- life cycle infrastructure renewal
- system improvements
- rate supported growth

The infrastructure needs in any one year vary due to many factors; hence the annual funding requirements are not smooth. Each of the three budget components will be discussed in more detail below. The graph entitled "Water Budget Spending Gap for Life Cycle and System Improvements" illustrates the infrastructure gap, which from 2004 is steadily being closed as budgets are increased. The graph compares capital needs (the ragged line) and the projected budget (the vertical bars). Inspection of the graph demonstrates that there are large gaps between the need and the budget in 2007 to 2009 and 2023 to 2028. Sustainability is achieved in 2015, when water rate increases are at or near the assumed inflation rate, as illustrated on the reserve fund chart near the back of the report. The gap near the end of the period, emerges

as need outstrips available budget and the trend line for "need" is slightly above the budgeted amount. Appropriate use of innovative technologies, reserve fund, debt and rate increases all play a factor in closing the apparent gap.

The gap which emerges at the end of the period might be reason for concern, until we look beyond 20 years. Appendix "A" includes a similar graph, which has been extended to 75 years. From 2030 to 2045, projected budgets exceed projected needs for renewal which allows the gap in 2023 to 2029 to be made up. Based on our best current knowledge, significant gaps in funding will appear in and around 2050 and 2060, as major assets such as the City's reservoirs and pumping stations need to be replaced as they approach 100 years of service life. While the 75 year outlook is not as accurate the 20 year outlook, it demonstrates long term sustainability is feasible by utilizing the financial principles along with marginal budget increases (0.5% per year excluding inflation). This slight increase in annual budget would actually result in water rate increases less than inflation, since consumption and revenue is assumed to be growing at 1% per year after the initial 20 year period. Additional operating and maintenance costs associated with the expanded system have not been considered in this analysis beyond 20 years.



Life Cycle Infrastructure Renewal:

Appendix "B" includes charts which identify watermain material type and age. It is noted that over 43% of all watermains in the City of London are cast iron, which were installed in London between 1880 and 1969. Ironically, it is the younger cast iron watermains that are experiencing a shorter life expectancy than cast iron mains installed before World War II, in part, due to a thinner pipe wall thickness. System renewal became a routine program of the City's water group (the former PUC) in the 1970's. City staff must remain proactive in understanding failure mechanisms and innovative technologies to be used in the watermain renewal program to ensure that water supply to Londoners remains reliable.

The 20 year model and the 75 year outlook are based on extensive data, historical monitoring, and North American and local research to predict future infrastructure needs for infrastructure renewal. There are some key assumptions used in the model, e.g. pipe life, that require regular review and updating as new research and our own experiences will indicate.

In 2005, Council approved a plan that would add $500,000 per year to ramp up the renewal program by $10 million over 20 years. The additional renewal budget has been split between replacement and rehabilitation, utilizing clean and reline trenchless technologies to extend the life of the older cast iron watermains another 15 to 20 years at a fraction of the cost of replacement with significantly less social disruption.

In 2006, Council approved increases to the meter management program to allow the use of improved technology and new meters to minimize revenue leakage because of inaccurate meters. Part of the funding is also required to respond to change in the electricity market place with London Hydro's switch to Smart Electric Meters. More details are provided in the Meter Management Strategy report to be submitted to ETC this fall.

In 2006, Council approved $1.5 million to upgrade the 40 year old obsolete electrical components at the Arva Pumping Station.

In 2008, Council approved increases to the lead service replacement program of $1.5 million in 2008 and $750,000 for the next 17 years to accelerate the replacement of "public side" lead services.

As previously noted, lifecycle renewal is funded under a "pay-as-you-go" principle, whereby renewal projects in a given year are paid entirely by water rates collected in that year. This eliminates the need to borrow funds (debt) or drawdown the reserve fund. The effectiveness of these programs will need to be regularly re-evaluated and adjusted in scope, as necessary, within the financial model.

System Improvements:

System improvements, for the most part, are not a significant component of the capital replacement works. The chart below indicates a high expenditure during the year 2013 for replacement, water quality improvement and expansion of one of the three cells at the Springbank Reservoir complex (thereby qualifying it for inclusion in all three capital categories, but it is currently identified as a life cycle project in the budget document). This work, which has an anticipated 80 to 100 year life, will be funded through a debt issuance which allows this type of infrequent, long-life project to be completed without requiring cutbacks to other necessary renewal works. Other system improvements (such as enhanced security or increased water pressure) are funded by the water rate payers on a "pay-as-you-go" basis or through reserve fund drawdowns.

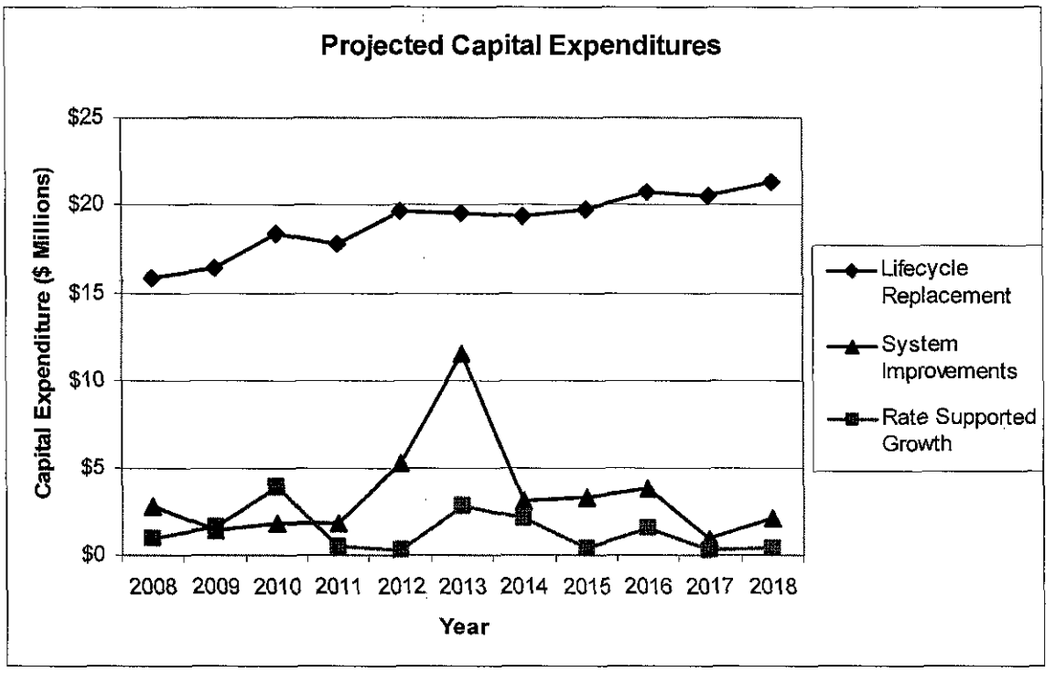
Growth:

Rate supported growth projects are not a significant factor in the financial model over the long term as in most circumstances, the majority of the system capital expansion costs will be paid through the Development Charges reserve fund. Water rate supported growth expenditures include industrial growth related projects and other growth projects which have a portion of the work improving service to existing customers, such as reliability or pressure improvements.

Growth within the Regional Water Supply System is currently paid through water rates, although there is a proposal to include Regional growth projects in the new Development Charges By-law for 2009. Debt adopted by the Regional Water Systems through the Joint Boards of Management is apportioned to the member municipalities in proportion to their percentage of flow from each system. So, while Regional system debt only indirectly impacts City water rates, it does have a direct impact on London's ability to borrow for other infrastructure projects.

All growth related projects in the model are based on the Water Master Plan, the Growth Management Implementation Strategy (GMIS) and the resulting Development Charges study that is currently underway. The water growth projects have been coordinated with infrastructure projects for transportation and wastewater. It is important to note that the future ongoing operating and maintenance costs of the expanded system are expected to be funded from water rates based on the consumption of these new customers and operational efficiencies. Any revenues which may accrue from the future Regional Water Development Charge have not been recognized in the model at this time, but if passed by Council in 2009, will help to reduce future rate increases.

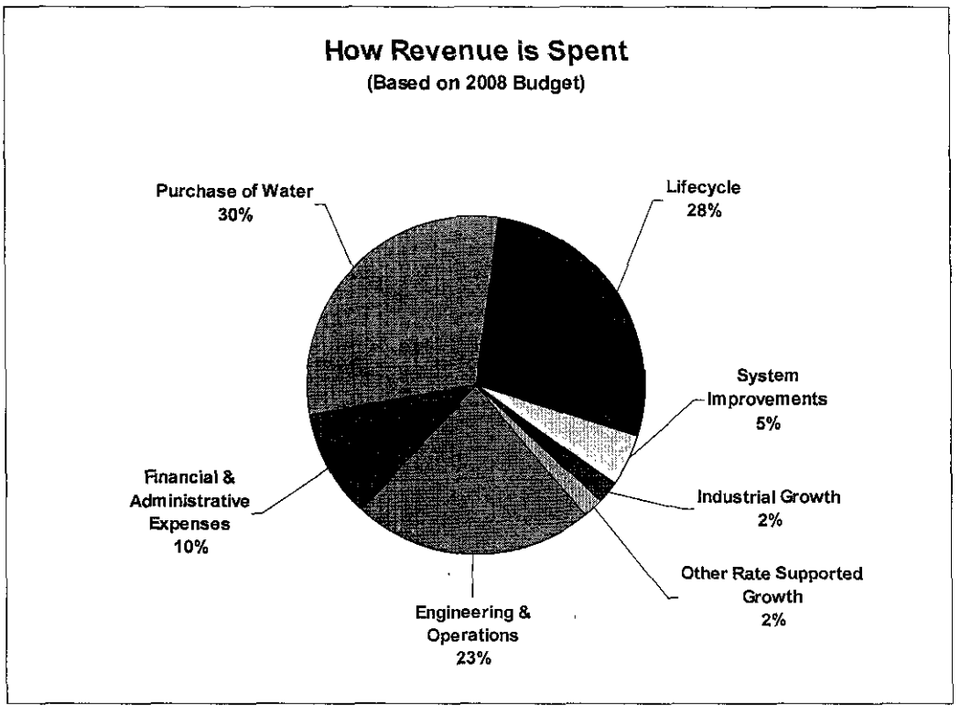
The Projected Capital Expenditures chart below (shown in constant dollars) illustrates the relative importance of these three budget components as inputs to the financial model. It is noted that lifecycle renewal accounts for over 80% of all capital expenditures. Occasional large system improvements can also have significant impacts, as noted by the proposed Springbank Reservoir improvements scheduled for 2013. Minor fluctuations in rate supported growth will not adversely affect the financial model projections unless there is a significant industrial component to be supported.



Recent Trends Impacting Revenue

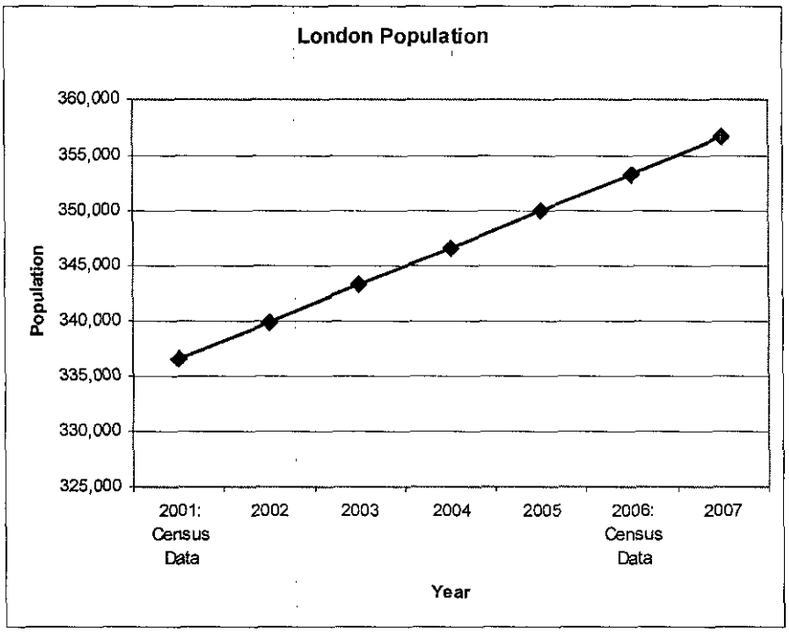
City staff have noted a number of trends related to the revenue that is generated from the water rate payers. This revenue is sensitive to a number of factors which include population growth, water consumption practices, and weather patterns. These will be explored in more detail in the text below.

The pie chart below identifies how revenue is spent within the City of London. Capital works accounts for 37% of revenue (this includes lifecycle which represents 80% of the capital requirements, system improvements, and growth projects). It should be noted that Operations includes capital expenditures for material purchase and equipment rental. Another 30% is spent solely on water purchase from Lake Huron Water Supply and Elgin Area Water Supply Systems. Regional water rates include capital, operating, maintenance and debt servicing costs.

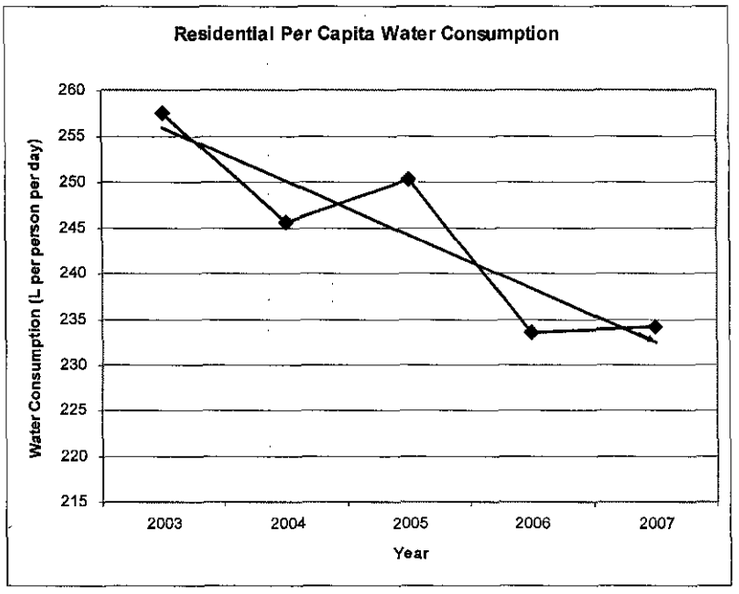


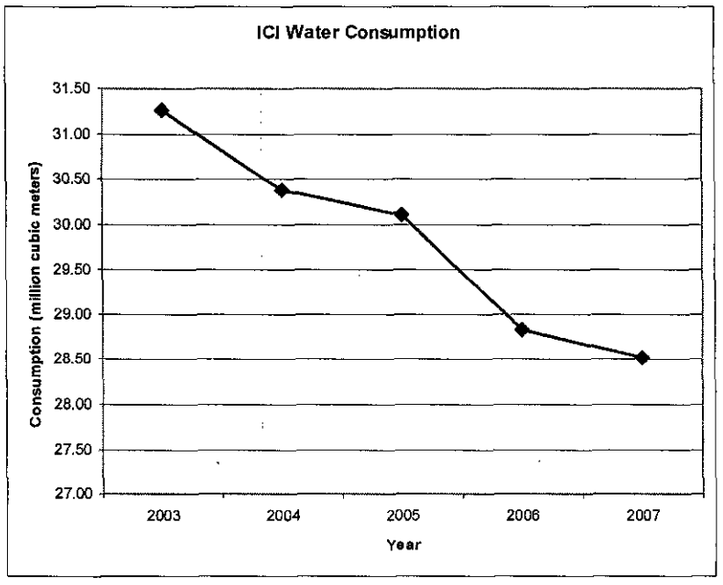
Increases in the cost to purchase water from the Regional Systems increases the retail rate that the City charges its customers. While the City has managed to operate and maintain the water system with essential zero debt, it must be remembered that the Regional systems still hold significant debt through the Joint Boards of Management, some being issued in 1998 upon the acquisition of those systems. The Regional systems, through their own financial plans, have projected moderate rate increases over the next several years to replace aging infrastructure, the majority of which is over 40 years old, and to service the remaining debt.

Population:
London's population growth is on a slow, but steady incline at approximately 1% growth per year. This 1% annual growth has been very consistent over the past 15 years and is expected to follow the same trend in upcoming years. Census data from 2001 and 2006 verifies the population growth trend.

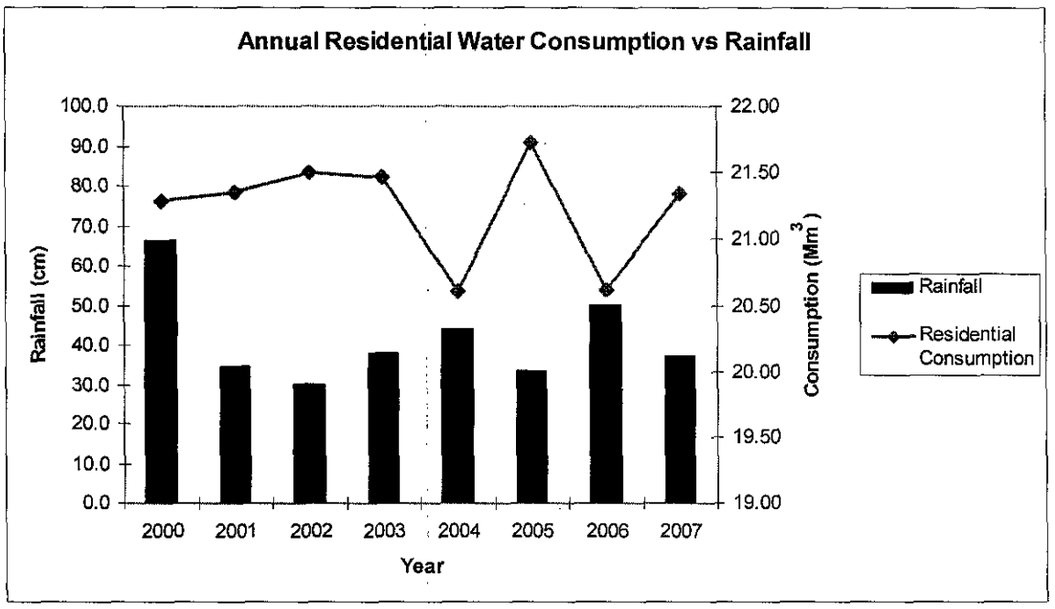


Consumption:
Unlike population growth, a downward trend has been noted for both the residential per capita consumption and consumption by Industrial, Commercial and Institutional (ICI) sector in the City of London. Factors affecting consumption include weather, economy (especially noticeable with industries that use water in their process), and increased efficiency measures (low flow showerheads, low volume flush toilets, front loading washing machines, etc). The minor rise in population growth has been insufficient to offset the resultant lower per capita consumption in recent years. While this decreased consumption can be viewed as a positive influence in long term planning and financing of the system, the short term reality is that a strain is placed on current available revenue to support operating and maintenance of an expanded system, and capital renewal. ICI water consumption, which represents approximately 57% of overall consumption, has dropped 9.6% over the past 5 years. This translates into approximately a $2 million reduction in revenue in 2007 dollars attributed to ICI alone, in terms of the ability to fund pipe replacement and repair. Despite population growth, residential water consumption, which represents approximately 43% of overall consumption, remains at or below previous years levels. City Staff has predicted a 2% combined drop in consumption for 2008 for modelling purposes along with a projected 2.5% drop for 2009. Beyond 2009, growth in water demand is assumed to remain slightly negative for approximately 10 to 12 years, reflecting the anticipating reductions from the proposed "efficient use of water" program described in more detail in a companion ETC report. It is noted that growth in demand is one of the key variables in the model and must be monitored on an ongoing basis and regularly updated.





Weather:
Weather plays a significant role in the volume of water consumed from year to year, which is identified in the chart below. Fluctuations in temperature and rainfall intensity, frequency and volume from one year to the next can result in significant residential revenue variations of up to 5%. Note the correspondingly low water consumption during wet summers (2004 & 2006) and high consumption during dry summers (2003, 2005 & 2007). It is therefore important that, during a wet summer, the City has the available means to follow through with planned capital expenditures to avoid deferring projects. It is noted that the aim of the water capital infrastructure replacement program is to operate under a "pay-as-you-go" principle, whereby capital projects for a given year are paid for by revenues generated in that same year. Debt issuance is not recommended to acquire funds required for shortfalls in revenue generation. During periods of reduced revenue due to weather, contributions to the reserve fund are reduced. Fluctuations in revenue resulting from variances in weather reinforce the need for reserves that are maintained at a sufficient level to provide adequate funding for capital thereby providing a buffer for operational shortfalls.



Capital Reserve Fund and Reserves Apportionment

The water supply system has benefited from a reserve fund for over 40 years. It is the intention of City Staff to target a minimum reserve fund balance of $8 - $10 million (0.5% of the total $1.8 billion asset value) to address weather induced consumption fluctuations, unforeseen failure events, future spikes in capital expenditures, and costs associated with legislative changes. The following chart indicates the proposed reserve fund minimum targets:

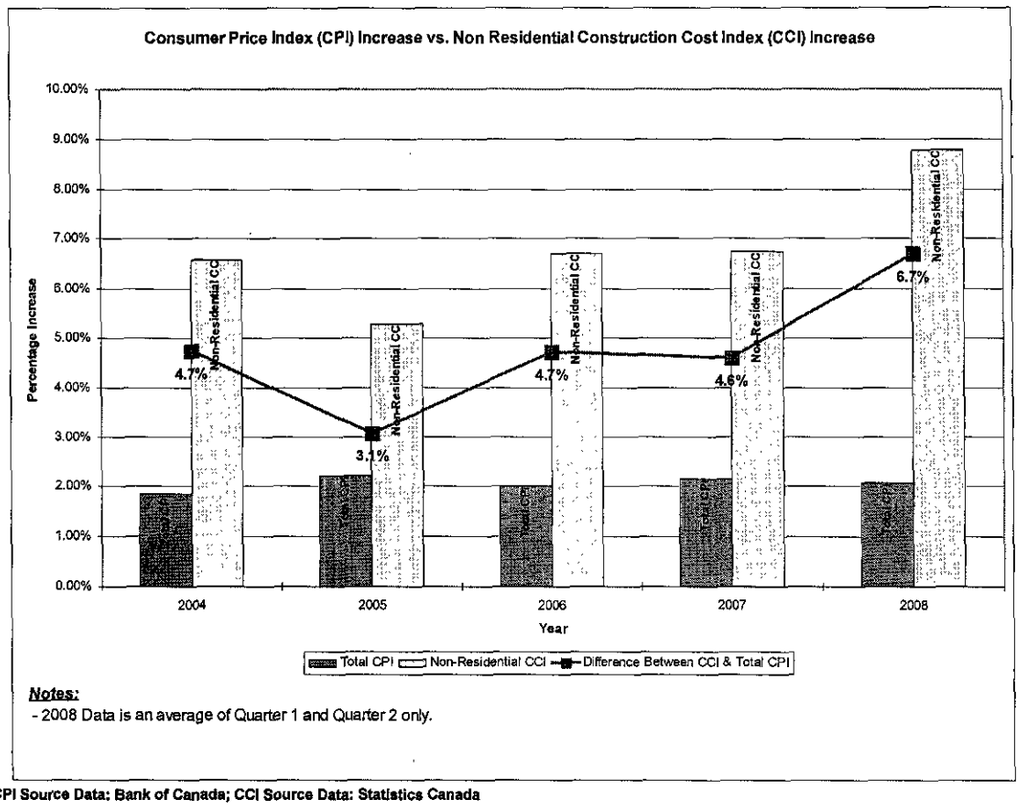
Required Expenditure	Amount
Annual Weather Induced Consumption Fluctuations	$1.5M
Intermittent Funding Needs	
a) Catastrophic Failure	$2M
b) Planning for Future Capital Expenditures	$4.5 - $6.5M
c) Costs Associated with Legislative Changes	-
Total:	$8M - $10M

The reserve fund acts as a buffer to allow for these unforeseen and planned periodic expenditures so that needed capital works projects may proceed, ensuring service delivery and reducing maintenance costs. As identified in the principles, the reserve fund would be allowed to build, exceeding the minimum for known moderate sized periodic capital projects. The 20 year financial model is a useful tool to project reserve fund balances over the long term planning horizon with the goal of using the fund to stabilize water rates in the future.

The growth related Development Charges Reserve Fund is unrelated to this discussion and does not impact water rates.

Stabilization of Capital Reserve Fund

Under various funding scenarios within the financial model, it is apparent that water rate increases similar to anticipated inflation, based on the Consumer Price Index (CPI), cannot provide the level of funding required in future years to maintain the water supply and distribution network. A number of factors, including the age of the infrastructure, backlog of work, reduction in water demand and a Construction Cost Index (CCI) which has risen at a much higher rate than the CPI, contribute to this funding shortfall. The graph below identifies the gap between CPI and CCI over the past five years. The CCI over this time period has been, on average, 4.8% higher than the CPI. The impact on the water utility is a blend of CPI and CCI, since the budget expenditures include both capital construction and labour costs.



CPI Source Data: Bank of Canada; CCI Source Data: Statistics Canada

Modelling Scenarios:
Three modelling scenarios, outlined below, were considered to stabilize the reserve fund, to achieve sustainability and to reduce the infrastructure gap, while attempting to meet the principles outlined in this report. They are as follows:

Scenario #1 - One time significant rate increase (20%)

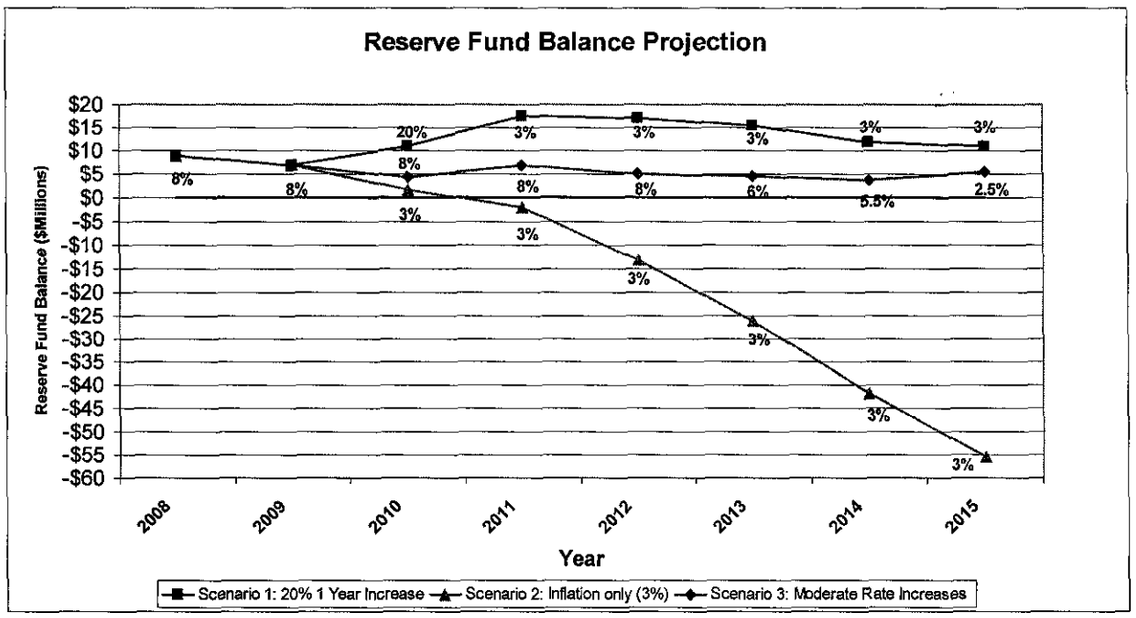
Windsor, Ontario implemented an 86% water rate increase in 2007 to help generate funds to replace aging watermains. It is noted that prior to this increase, Windsor's water rates were among the lowest in Ontario. Although a high one time rate increase in London would achieve the need for increased cash flow and influx of funds into the capital reserve fund, it is anticipated that this could overburden London rate payers and give an overall negative public opinion. It also does not eliminate the need for rate increases in subsequent years. The scenario outlined below models a 20% increase in 2010, followed by 3% annual increases thereafter. Large one year rate increases creates uncertainty for businesses in their budgeting process and is subsequently not recommended.

Scenario #2 - Low annual rate increases (3%)

This option is attractive to current rate payers; however, it does not address the needs of the water supply and distribution system and future generations. In this scenario, the water infrastructure gap will continue to widen as capital replacement projects would have to be deferred. This will overburden future generations to fund the replacement needs. If capital works are delayed in an attempt to reduce the rate increases, this increases risk, repair and maintenance costs and social disruption associated with increased failure frequency, and only temporarily delays the need for higher rate increases into the future to maintain a safe and reliable water supply system. The chart below illustrates the reserve fund entering negative values as early as 2011. In this scenario, $55 million of debt would have to be issued within 7 years to undertake the capital expenditures necessary to replace the aging infrastructure while ensuring that the reserve fund balance does not drop below zero. This level of debt would further encumber the City in its ability to borrow for other projects. While future debt adopted by the Regional Water Systems through the Joint Boards of Management is apportioned to the member municipalities applies to all modelling scenarios, the use of additional debt noted above for City infrastructure renewal is not a practical option to reduce rates in the short term.

Scenario #3 - Moderate annual rate increases (8%) – RECOMMENDED SCENARIO

It is anticipated that this option will achieve a balance between the need to generate revenue and the need to satisfy rate payers with justifiable cost increases to maintain the high quality of water that customers now enjoy. Moderate rate increases, as identified in the chart below, serve to maintain the reserve fund in the $5 million range in the "near" term, while also funding the necessary annual capital expenditures. Beyond the sustainability point of 2015, the reserve fund rises to $10 million while maintaining water rate increases at or near inflation. It is recommended that Scenario #3 be chosen to move forward in the financial planning process.



The graph identifies projected reserve fund balances under different water rate escalation scenarios. The underlying assumptions for the model considers average annual inflation of 3% and average pipe life of 75 years, based on North American experience, adjusted to London's pipe material mix and vintage (see Appendix "B" for more details on pipe inventory). Over time, it is anticipated that the reserve fund minimum targets would also be increased to account for deflation of the dollar and the resulting loss in buying power for pipe repair and renewal.

Conclusion:

Water renewal projects will continue to be required to address aging infrastructure, irrespective of water consumption. Rising costs to purchase water, combined with construction cost increases, require increased revenue through London's water rates. Three scenarios were outlined above to help address the need for increased funding. Scenario #3, which introduces a 8% annual rate increase over the next four years, is recommended to support the level of funding required. Sustainability is achieved by 2015, while the reserve fund is stabilized near the minimum target level and the infrastructure gap is further closed, with an indication that it will be eliminated in the long term. Adoption of smaller annual rate increases would force capital replacement projects to be deferred, since debt should not be used for annual renewal needs. The net impact of this action results in higher risk, higher maintenance and repair costs, along with higher social disruption due to increased pipe failures and higher rates for the next generation. It is not recommended that the existing level of risk be increased at this time. The recommendation outlined above will serve to maintain ***London's Advantage – securing tomorrow*** by achieving a safe, sufficient, and sustainable water supply system.

Corporate Strategic Alignment:

The furtherance of the Water 20 year Financial Plan was identified as a Strategic Initiative for Environmental and Engineering Services as presented to the Environment and Transportation Committee in January 2008. It is also consistent with a number of Corporate Strategic Priorities outlined in the table below.

Corporate Strategic Priority	How Priority is Addressed
Economic Prosperity: *Creating an environment for a resilient, diversified and inclusive economy*	By ensuring an adequate high quality water supply to support new and existing businesses.
Infrastructure Renewal and Expansion: *Investing in a strategic and sustainable municipal infrastructure*	By ensuring a 20 year strategy is in place that is affordable and achievable.
Environmental Leadership: *Valuing our natural heritage and environment*	By delaying significant growth related projects, made possible through a sound water conservation program, thereby saving resources including money and reducing energy, chemicals and greenhouse gases.
Financial Stability: *Realizing a prosperous financial future*	By appropriately financing the water supply system making it affordable and sustainable.

Acknowledgements:

This report has been prepared with the assistance of Kyle Chambers of the Water Engineering Division and Sharon Houde, Manager of Administrative Services. This report was reviewed by Martin Hayward, Director, Financial Planning and Policy.

PREPARED BY:	RECOMMENDED BY:
ROLAND WELKER, P.ENG. DIVISION MANAGER WATER ENGINEERING	PAT McNALLY, P.Eng. ACTING GENERAL MANAGER OF ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER
CONCURRED BY:	
VIC COTÉ GENERAL MANAGER OF FINANCE AND CORPORATE SERVICES	

November 14, 2008
Attached:

Appendix "A" – 75 Year Needs Chart versus Potential Budget – NO INFLATION
Appendix "B" – Pipe Material by Construction Period

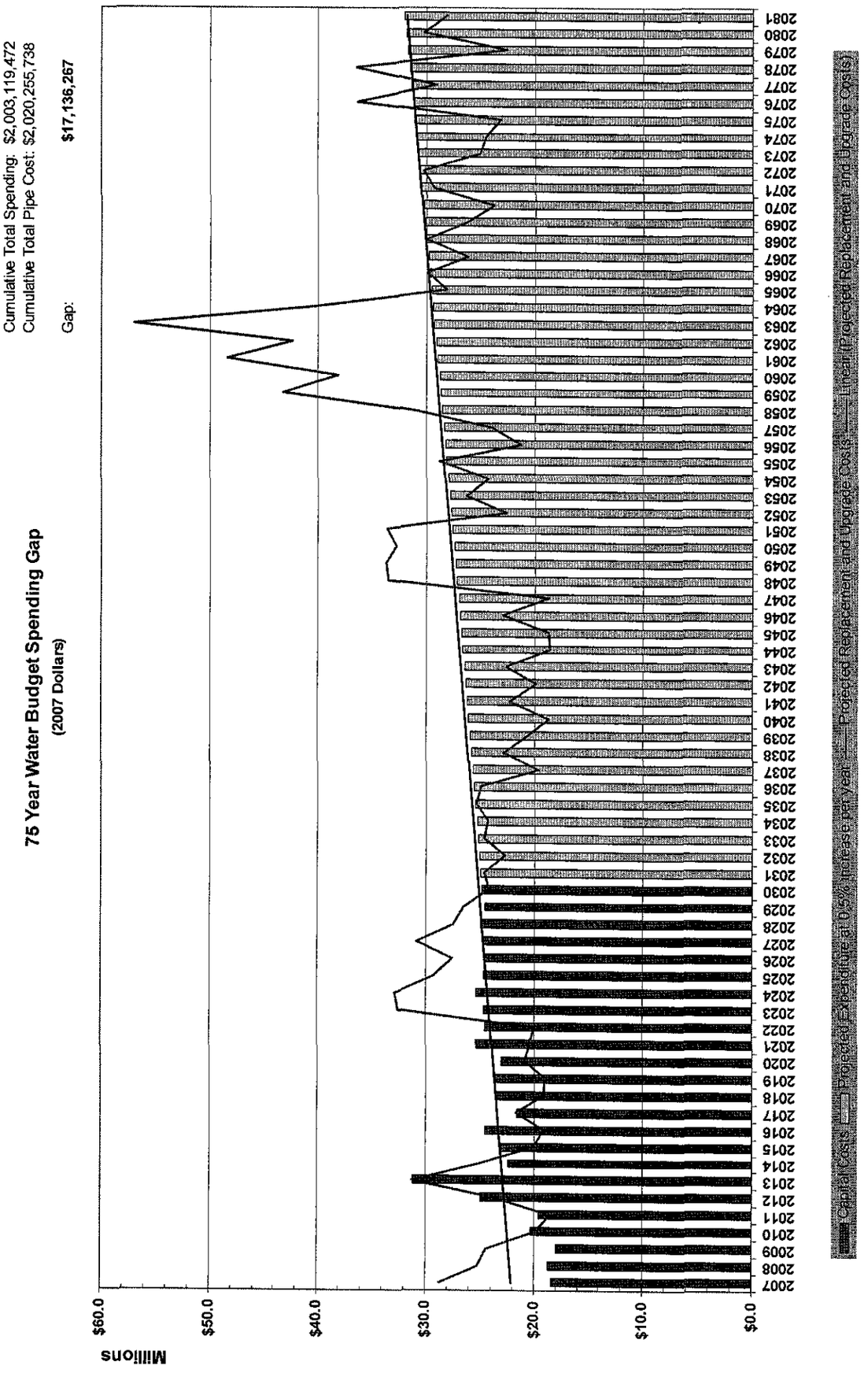
cc: Vic Coté, General Manager of Finance and Corporate Services
Rick Brown, Division Manager Administrative Services
John Braam, Division Manager Water/Sewer Operations

Agenda Item # Page #

15 101

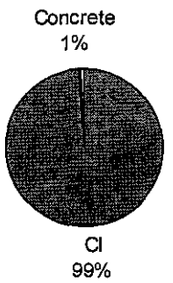
Appendix "A" - 75 Year Needs Chart vs. Potential Budget

(No Inflation)



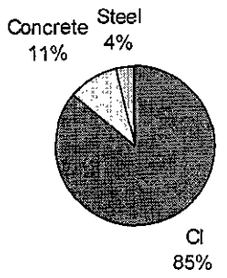
Appendix "B" - Pipe Material by Construction Period

1878-1950



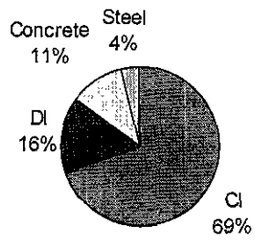
Length: 199km

1951-1960



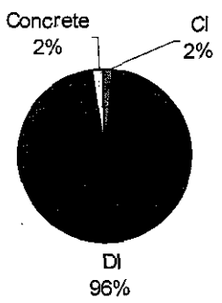
Length: 186.5km

1961-1970



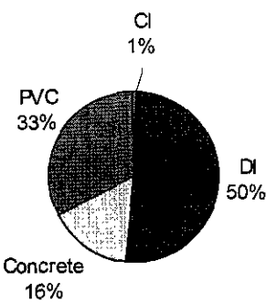
Length: 233km

1971-1980



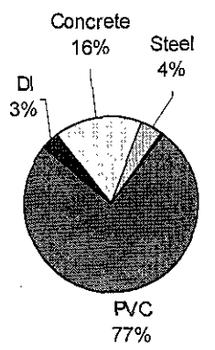
Length: 212km

1981-1990



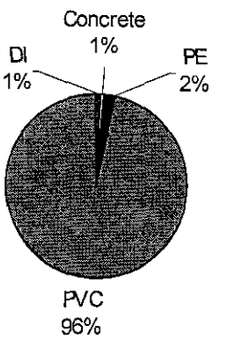
Length: 197km

1991-2000

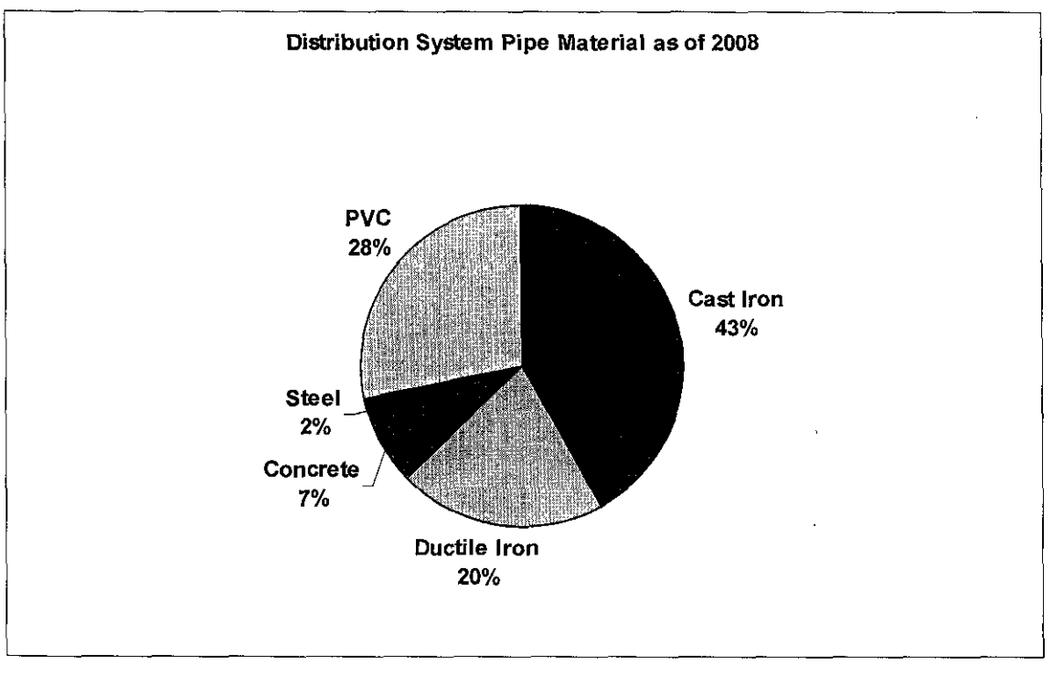


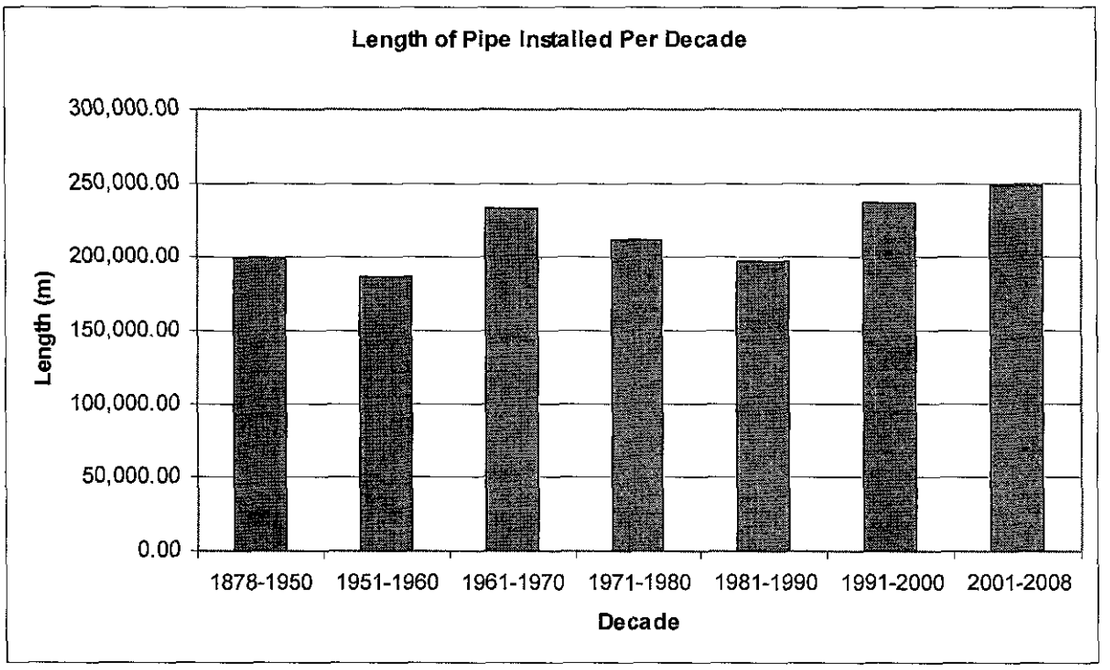
Length: 237km

2001-2008



Length: 248km




Length of Pipe Installed Per Decade
300,000.00
250,000.00
200,000.00
150,000.00
100,000.00
50,000.00
0.00
Length (m)
1878-1950
1951-1960
1961-1970
1971-1980
1981-1990
1991-2000
2001-2008
Decade

TO:	**CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 15, 2020**
FROM:	**KELLY SCHERR, P. ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER**
SUBJECT:	**APPOINTMENT OF CONSULTING ENGINEER FOR CONSTRUCTION ADMINISTRATION SERVICES: 2020 INFRASTRUCTURE RENEWAL PROGRAM SPRUCE STREET AND HAIG STREET**

RECOMMENDATION

That on the recommendation of the Managing Director, Environmental and Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the assignment of consulting services for the resident inspection and construction administration of the Infrastructure Renewal Program, Spruce Street and Haig Street project.

(a) Stantec Consulting Limited, **BE AUTHORIZED** to carry out the resident inspection and contract administration for the said project in accordance with the estimate, on file, at an upset amount of $299,537.70, excluding HST, in accordance with Section 15.2 (g) of the City of London's Procurement of Goods and Services Policy;

(b) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached, hereto, as Appendix A;

(c) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;

(d) the approval given, herein, **BE CONDITIONAL** upon the Corporation entering into a formal contract; and

(e) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Civic Works Committee – June 19, 2018 – Agenda Item # 2.8 – Appointment of Consulting Engineers – Infrastructure Renewal Program

2019-2023 STRATEGIC PLAN

This report supports the Strategic Plan in the following areas:

- Building a Sustainable City:
    - Build infrastructure to support future development and protect the environment.
    - Manage the infrastructure gap for all assets.
    - Protect and enhance waterways, wetlands, and natural areas.

BACKGROUND

Purpose

This report recommends the continuation of consulting services to Stantec Consulting Limited for the reconstruction of Spruce Street and Haig Street. A project location map is included for reference in Appendix 'B'.

Context

Spruce Street and Haig Street has been identified as a high priority in the infrastructure renewal program due to the poor condition of the municipal infrastructure. Most of this infrastructure dates from the late 1950s and has reached the end of its life.

DISCUSSION

Project Description

The Spruce Street and Haig Street infrastructure renewal project includes the following improvements:

- installation of sanitary sewers and appurtenances;
- installation of storm sewers and appurtenances;
- installation of watermain and individual water services to property line where applicable; and
- full road reconstruction including new asphalt, curb and gutter, and sidewalk.

Infrastructure replacement needs have been coordinated within the Environmental and Engineering Services Department. The funding for this project comes from the approved 2020 Wastewater and Treatment and Water Capital Works Budgets.

Consulting Services

Stantec Consulting Limited was awarded the detailed design of the Spruce Street and Haig Street project by Council on June 26, 2018. Due to the consultant's knowledge and positive performance on the detailed design, the consultant was invited to submit a proposal to carry out the contract administration and resident inspection for this project. Stantec Consulting Limited submitted a proposal which included an upset limit of $299,537.70, excluding HST. This proposal contains a 10% contingency. Staff have reviewed the fee submission, including the time allocated to each project task, along with hourly rates provided by each of the consultant's staff members. That review of assigned personnel, time per project task, and hourly rates was consistent with other Infrastructure Renewal Program assignments of similar scope. The continued use of Stantec Consulting Limited on this project for construction administration is of financial advantage to the City because the firm has specific knowledge of the project, and has undertaken work for which duplication would be required if another firm were to be selected.

In addition to the financial advantage, there are also accountability and risk reduction benefits. The City requires a professional engineer to seal all construction drawings. These "record drawings" are created based on field verification and ongoing involvement by the professional engineer. This requirement promotes consultant accountability for the design of these projects, and correspondingly, reduces the City's overall risk exposure. Consequently, the continued use of the consultant who created

and sealed the design drawings is required in order to maintain this accountability process and to manage risk.

In accordance with Section 15.2 (g) of the City of London's Procurement of Goods and Services Policy, civic administration is recommending that Stantec Consulting Limited be authorized to carry out the remainder of engineering services, as construction administrators, and complete this project for a fee estimate of $299,537.70, excluding HST. These fees are associated with the construction contract administration and resident inspection services to ensure that the City receives the product specified and associated value. The approval of this work will bring the total engineering services for this project to $551,621.70, excluding HST, spread over 2018 to 2020.

CONCLUSIONS

Stantec Consulting Limited has demonstrated an understanding of the City's requirements for this project, and it is recommended that this firm continue as the consulting engineer for the purpose of contract administration and resident inspection services, as it is in the best financial and technical interests of the City.

SUBMITTED BY:	**CONCURRED BY:**
AARON ROZENTALS, P. ENG, GDPA **DIVISION MANAGER,** **WATER ENGINEERING DIVISION**	**SCOTT MATHERS, MPA, P. ENG.** **DIRECTOR,** **WATER AND WASTEWATER**

RECOMMENDED BY:
KELLY SCHERR, P.ENG., MBA, FEC **MANAGING DIRECTOR,** **ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER**

Attach: Appendix 'A' – Sources of Financing
Appendix 'B' – Project Location Map

c.c. John Freeman, Doug MacRae, Alan Dunbar, Ugo DeCandido, Ashley Rammeloo, Kyle Chambers, Jason Davies, Chris Ginty, Gary McDonald, Stantec Consulting Limited

APPENDIX 'A'

#20052

Chair and Members
Civic Works Committee

April 15, 2020
(Appoint Consulting Engineer)

RE: Appoint Consulting Engineer for Construction Administration Services:
2020 Infrastructure Renewal Program Spruce Street and Haig Street
(Subledger WS20C004)
Capital Project ES241420 - Sewer Infrastructure Lifecycle Renewal
Capital Project ES254020 - IRP - Stormwater Sewers & Treatment
Capital Project EW376520 - IRP - Watermain
Stantec Consulting Limited - $299,537.70 (excluding H.S.T.)

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project can be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Managing Director, Environmental & Engineering Services & City Engineer, the detailed source of financing for this project is:

SUMMARY OF ESTIMATED EXPENDITURES	**Approved Budget**	**Committed to Date**	**This Submission**	**Balance for Future Work**
ES241420 - Sewer Infrastructure Lifecycle Renewal				
Engineering	1,724,865	226,868	91,444	1,406,553
Engineering (Utilities Share)	68,176	68,176		0
Construction	8,543,460	3,718,444		4,825,016
Construction (Utilities Share)	1,257,613	1,257,613		0
City Related Expenses	25,000			25,000
	11,619,114	5,271,101	91,444	6,256,569
ES254020 - IRP - Stormwater Sewers & Treatment				
Engineering	2,000,000	223,919	91,443	1,684,638
Construction	11,392,126	3,588,208		7,803,918
City Related Expenses	100,000			100,000
	13,492,126	3,812,127	91,443	9,588,556
EW376520 - IRP - Watermain				
Engineering	2,318,186	604,581	121,924	1,591,681
Construction	15,000,000	7,558,890		7,441,110
	17,318,186	8,163,471	121,924	9,032,791
NET ESTIMATED EXPENDITURES	**$42,429,426**	**$17,246,699**	**$304,811** 1)	**$24,877,916**

		Revised Budget	**Committed to Date**	**This Submission**	**Balance for Future Work**
SUMMARY OF FINANCING:					
ES241420 - Sewer Infrastructure Lifecycle Renewal					
Capital Sewer Rates		5,642,540			5,642,540
Federal Gas Tax		4,650,785	3,945,312	91,444	614,029
Other Contributions (Utilities)		1,325,789	1,325,789		0
		11,619,114	5,271,101	91,444	6,256,569
ES254020 - IRP - Stormwater Sewers & Treatment					
Capital Sewer Rates	1)	2,277,960	2,277,960		0
Drawdown from Sewage Works R.F.		11,214,166	1,534,167	91,443	9,588,556
		13,492,126	3,812,127	91,443	9,588,556
EW376520 - IRP - Watermain					
Capital Water Rates		10,753,000	8,163,471	121,924	2,467,605
Drawdown from Capital Water R.F.		6,565,186			6,565,186
		17,318,186	8,163,471	121,924	9,032,791
TOTAL FINANCING		**$42,429,426**	**$17,246,699**	**$304,811**	**$24,877,916**

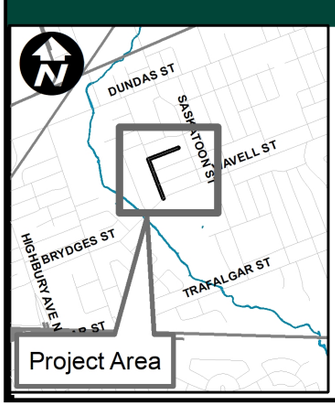
1) **FINANCIAL NOTE:**	**ES241420**	**ES254020**	**EW376520**	**Total**
Contract Price	$89,862	$89,861	$119,815	$299,538
Add: HST @13%	11,682	11,682	15,576	38,940
Total Contract Price Including Taxes	101,544	101,543	135,391	338,478
Less: HST Rebate	10,100	10,100	13,467	33,667
Net Contract Price	$91,444	$91,443	$121,924	$304,811

lp

Jason Davies
Manager of Financial Planning & Policy

APPENDIX 'B'

LOCATION MAP



2020 Infrastructure Renewal Program
Assignment B - Spruce Street and Haig Street

Spruce Street from Wavell Street to Haig Street
Haig Street from Spruce Street to east limit.

Project Area

Map Produced by the Sewer Engineering Division

March 17 2020 CM

London
CANADA
300 Dufferin Avenue,
PO Box 5035
London, Ontario
N6A 4L9
www.London.ca

TO:	**CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 15, 2020**
FROM:	**KELLY SCHERR, P. ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER**
SUBJECT:	**CONTRACT AWARD: RFT20-31 2020 INFRASTRUCTURE RENEWAL PROGRAM CONTRACT 7 - DEVONSHIRE PHASE 2**

RECOMMENDATION

That on the recommendation of the Managing Director, Environmental and Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the award of contracts for the 2020 Infrastructure Renewal Program Contract 7 - Devonshire Phase 2:

(a) the bid submitted by L82 Construction Ltd at its tendered price of $3,178,854.47, excluding HST, for the 2020 Infrastructure Renewal Program, Contract 7 - Devonshire Phase 2 project, **BE ACCEPTED**; it being noted that the bid submitted by L82 Construction Ltd was the lowest of six bids received and meets the City's specifications and requirements in all areas;

(b) Archibald Gray & McKay Engineering Ltd, **BE AUTHORIZED** to carry out the resident inspection and contract administration for the said project in accordance with the estimate, on file, at an upset amount of $275,974.00, excluding HST, in accordance with Section 15.2 (g) of the City of London’s Procurement of Goods and Services Policy;

(c) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached, hereto, as Appendix A;

(d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;

(e) the approval given, herein, **BE CONDITIONAL** upon the Corporation entering into a formal contract, or issuing a purchase order for the material to be supplied and the work to be done, relating to this project (Tender 20-31); and

(f) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Civic Works Committee – June 19, 2018 - Agenda Item # 2.8 a) (iv) - Appointment of Consulting Engineer - Infrastructure Renewal Program

2019-2023 STRATEGIC PLAN

This report supports the Strategic Plan in the following areas:

- Building a Sustainable City:
    - Build infrastructure to support future development and protect the environment.
    - Manage the infrastructure gap for all assets.
    - Protect and enhance waterways, wetlands and natural areas.
    - Improve the quality of pedestrian environments to support healthy and active lifestyles.

BACKGROUND

Purpose

This report recommends award of tender to L82 Construction Ltd, and continuation of consulting services to Archibald Gray & McKay Engineering Ltd for the reconstruction of:

- Devonshire Avenue from Cathcart Street to Wortley Road;
- Murray Street from Iroquois Avenue to Dunkirk Place; and
- Dunkirk Place.

A project location map is included for reference in Appendix ‘B’.

Context

Devonshire Avenue and Murray Street have each been identified as a high priority in the infrastructure renewal program due to the undersized storm sewer as well as the storm sewer, sanitary sewer and watermain systems being at the end of their life. This project is the second of two phases on Devonshire Avenue.

DISCUSSION

Project Description

The 2020 Infrastructure Renewal Project Contract 7 - Devonshire Phase 2 includes the following improvements:

- installation of sanitary sewers and private drain connections where applicable;
- installation of storm sewers and private drain connections where applicable;
- installation of watermain and individual water services to property line where applicable;
- installation of low impact development (LID) features on Devonshire Avenue and Murray Street;
- full road reconstruction including new asphalt, curb and gutter, and sidewalk;
- new sidewalk on the east side of Murray Street;
- new curb and gutter on Murray Street and Dunkirk Place; and
- convert the road access from Dunkirk Place to Wortley Road to a pedestrian only access.

Infrastructure replacement needs have been coordinated within the Environmental and Engineering Services Department. The funding for this project comes from the approved

2020 Wastewater and Treatment, Water, and Transportation Capital Works Budgets.

Public Consultation

A project update meeting was held on December 4, 2019 for all owners and residents within and immediately bordering the project area to address questions and concerns. It was well attended by the area residents.

Service Replacement

In conjunction with the construction of this project, the City is replacing existing sewer private drain connections (PDCs) to approximately two metres back of curb, where applicable, to help minimize future excavations and extend the service life of the roadway. As part of this project the water service connections will be replaced to the property line. The property owner may elect to replace their private side connection at their own cost. Homeowners may also be eligible to participate in the Lead Service Extension Replacement Loan Program.

Tender Summary

The tenders for the 2020 Infrastructure Renewal Program Contract 7 - Devonshire Phase 2 Project closed on March 12, 2020. Six contractors submitted tender prices as listed below, excluding HST.

CONTRACTOR		TENDER PRICE SUBMITTED
1.	L-82 Construction Limited	$3,178,854.47
2.	CH Excavating (2013)	$3,349,531.51
3.	Bre-Ex Construction Incorporated	$3,399,240.08
4.	J-AAR Excavating Limited	$3,420,928.35
5.	Omega Contractors Incorporated	$3,592,333.06
6.	291 Construction Ltd	$3,745,041.60

All tenders have been checked by the Environmental and Engineering Services Department and Archibald Gray & McKay Engineering Ltd. No mathematical errors were found. The results of the tendering process indicate a competitive process. The tender estimate prior to tender opening was $3,252,760.70, excluding HST. All tenders include a contingency allowance of $250,000.

Consulting Services

Archibald Gray & McKay Engineering Ltd was awarded the detailed design of the Devonshire Phase 1 and Phase 2, and engineering supervision fees for Devonshire Phase 1 project by Council on June 26, 2018. Due to the consultant's knowledge and positive performance on the detailed design, the consultant was invited to submit a proposal to carry out the contract administration and resident supervision for this project. Archibald Gray & McKay Engineering Ltd submitted a proposal which included an upset limit of $275,974.00. This proposal contains a 10% contingency. Staff have reviewed the fee submission, including the time allocated to each project task, along with hourly rates provided by each of the consultant's staff members.
That review of assigned personnel, time per project task, and hourly rates was consistent with other Infrastructure Renewal Program assignments of similar scope. The continued use of Archibald Gray & McKay Engineering Ltd on this project for construction administration is of financial advantage to the City because the firm has

specific knowledge of the project, and has undertaken work for which duplication would be required if another firm were to be selected.

In addition to the financial advantage, there are also accountability and risk reduction benefits. The City requires a Professional Engineer to seal all construction drawings. These “record drawings” are created based on field verification and ongoing involvement by the Professional Engineer. This requirement promotes consultant accountability for the design of these projects, and correspondingly, reduces the City’s overall risk exposure. Consequently, the continued use of the consultant who created and sealed the design drawings is required in order to maintain this accountability process and to manage risk.

In accordance with Section 15.2 (g) of the City of London’s Procurement of Goods and Services Policy, civic administration is recommending that Archibald Gray & McKay Engineering Ltd be authorized to carry out the remainder of engineering services, as construction administrators, and complete this project for a fee estimate of $275,974.00, excluding HST. These fees are associated with the construction contract administration and resident supervision services to ensure that the City receives the product specified and associated value. The approval of this work will bring the total engineering services for this project to $954,010.00, excluding HST, between 2018, 2019 and 2020.

Operating Budget Impacts

Additional annual sewer, water, and transportation operating costs attributed to new infrastructure installation are summarized in the following table.

DIVISION	**RATIONALE**	**ANNUAL OPERATIONAL COST INCREASE**
Sewer Operations	Additional 12 catch basins.	$300
Water Operations	Additional valve and hydrants.	$525
Transportation Operations	Additional 195m of new sidewalk on Murray Street.	$330
Total		**$1,155**

CONCLUSIONS

Civic Administration has reviewed the tender bids and recommends L82 Construction Ltd be awarded the construction contact for the 2020 Infrastructure Renewal Program Contract 7 - Devonshire Phase 2 Project.

Archibald Gray & McKay Engineering Ltd has demonstrated an understanding of the City’s requirements for this project, and it is recommended that this firm continue as the consulting engineer for the purpose of contract administration and resident supervision services, as it is in the best financial and technical interests of the City.

SUBMITTED BY:	CONCURRED BY:
ASHLEY RAMMELOO, MMSc., P. ENG. **DIVISION MANAGER** **SEWER ENGINEERING**	**SCOTT MATHERS, MPA, P. ENG.** **DIRECTOR, WATER AND WASTEWATER**

RECOMMENDED BY:
KELLY SCHERR, P.ENG., MBA, FEC **MANAGING DIRECTOR,** **ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER**

KJC/cm

Attach: Appendix ‘A’ – Sources of Financing
Appendix ‘B’ – Location Map

c.c. John Freeman Gary McDonald Doug MacRae
Ugo DeCandido Chris Ginty L82 Construction Ltd
Archibald Gray & McKay Engineering Ltd

APPENDIX 'A'

#20053

Chair and Members
Civic Works Committee

April 15, 2020
(Award Contract)

RE: Contract Award: RFT20-31 2020 Infrastructure Renewal Program
Contract 7 - Devonshire Phase 2
(Subledger WS20C005)
Capital Project ES241420 - Sewer Infrastructure Lifecycle Renewal
Capital Project ES254020 - IRP - Stormwater Sewers & Treatment
Capital Project EW376520 - IRP - Watermain
Capital Project TS301420 - Road Network Improvements
L82 Construction Ltd. - $3,178,854.47 (excluding H.S.T.)
Archibald Gray & McKay Engineering Ltd. - $275,974.00 (excluding H.S.T.)

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project can be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Managing Director, Environmental & Engineering Services & City Engineer, the detailed source of financing for this project is:

SUMMARY OF ESTIMATED EXPENDITURES	**Approved Budget**	**Committed to Date**	**This Submission**	**Balance for Future Work**
ES241420 - Sewer Infrastructure Lifecycle Renewal				
Engineering	1,724,865	318,312	84,249	1,322,304
Engineering (Utilities Share)	68,176	68,176		0
Construction	8,543,460	3,718,444	794,083	4,030,933
Construction (Utilities Share)	1,257,613	1,257,613		0
City Related Expenses	25,000			25,000
	11,619,114	5,362,545	878,332	5,378,237
ES254020 - IRP - Stormwater Sewers & Treatment				
Engineering	2,000,000	315,362	84,249	1,600,389
Construction	11,392,126	3,588,208	794,083	7,009,835
City Related Expenses	100,000			100,000
	13,492,126	3,903,570	878,332	8,710,224
EW376520 - IRP - Watermain				
Engineering	2,318,186	726,505	112,333	1,479,348
Construction	15,000,000	7,558,890	1,058,777	6,382,333
	17,318,186	8,285,395	1,171,110	7,861,681
TS301420 - Road Network Improvements				
Construction	9,323,315	2,912,143	587,859	5,823,313
NET ESTIMATED EXPENDITURES	**$51,752,741**	**$20,463,653**	**$3,515,633** 1)	**$27,773,455**

	Approved Budget	**Committed to Date**	**This Submission**	**Balance for Future Work**
SUMMARY OF FINANCING:				
ES241420 - Sewer Infrastructure Lifecycle Renewal				
Capital Sewer Rates	5,642,540		264,303	5,378,237
Federal Gas Tax	4,650,785	4,036,756	614,029	0
Other Contributions (Utilities)	1,325,789	1,325,789		0
	11,619,114	5,362,545	878,332	5,378,237
ES254020 - IRP - Stormwater Sewers & Treatment				
Capital Sewer Rates	2,277,960	2,277,960		0
Drawdown from Sewage Works R.F.	11,214,166	1,625,610	878,332	8,710,224
	13,492,126	3,903,570	878,332	8,710,224
EW376520 - IRP - Watermain				
Capital Water Rates	10,753,000	8,285,395	1,171,110	1,296,495
Drawdown from Capital Water R.F.	6,565,186			6,565,186
	17,318,186	8,285,395	1,171,110	7,861,681
TS301420 - Road Network Improvements				
Capital Levy	8,048,150	2,912,143	587,859	4,548,148
Drawdown from Capital Infrastructure Gap R.F.	1,275,165			1,275,165
	9,323,315	2,912,143	587,859	5,823,313
TOTAL FINANCING	**$51,752,741**	**$20,463,653**	**$3,515,633**	**$27,773,455**

APPENDIX 'A'

#20053

Chair and Members
Civic Works Committee

April 15, 2020
(Award Contract)

RE: Contract Award: RFT20-31 2020 Infrastructure Renewal Program
Contract 7 - Devonshire Phase 2
(Subledger WS20C005)
Capital Project ES241420 - Sewer Infrastructure Lifecycle Renewal
Capital Project ES254020 - IRP - Stormwater Sewers & Treatment
Capital Project EW376520 - IRP - Watermain
Capital Project TS301420 - Road Network Improvements
L82 Construction Ltd. - $3,178,854.47 (excluding H.S.T.)
Archibald Gray & McKay Engineering Ltd. - $275,974.00 (excluding H.S.T.)

1) **FINANCIAL NOTE:**

ENGINEERING

	ES241420	ES254020	EW376520	Total
Contract Price	$82,792	$82,792	$110,390	$275,974
Add: HST @13%	10,763	10,763	14,351	35,877
Total Contract Price Including Taxes	93,555	93,555	124,741	311,851
Less: HST Rebate	9,306	9,306	12,408	31,020
Net Contract Price	$84,249	$84,249	$112,333	$280,831

CONSTRUCTION

	ES241420	ES254020	EW376520	TS301420
Contract Price	$780,349	$780,349	$1,040,465	$577,691
Add: HST @13%	101,445	101,445	135,260	75,100
Total Contract Price Including Taxes	881,794	881,794	1,175,725	652,791
Less: HST Rebate	87,711	87,711	116,948	64,932
Net Contract Price	$794,083	$794,083	$1,058,777	$587,859

	Total
Contract Price	$3,178,854
Add: HST @13%	413,250
Total Contract Price Including Taxes	3,592,104
Less: HST Rebate	357,302
Net Contract Price	$3,234,802
TOTAL ENGINEERING & CONSTRUCTION	**$3,515,633**

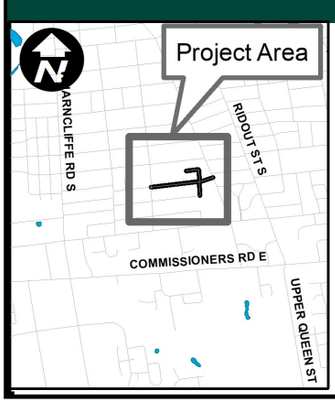
2) Additional annual operating costs attributed to new infrastructure as follows: Sewer Operations - $300, Water Operations - $525, Transportation Operations - $330

lp

Jason Davies
Manager of Financial Planning & Policy

APPENDIX 'B'

LOCATION MAP



2020 Infrastructure Renewal Program
Contract 7 - Devonshire Phase 2

Devonshire Avenue from Cathcart Street to Wortley Road
Murray Street from Iroquois Avenue to Dunkirk Place
Dunkirk Place from Murray Street to end

Project Area

Map Produced by the Sewer Engineering Division

March 16 2020 CM

London
CANADA
300 Dufferin Avenue,
PO Box 5035
London, Ontario
N6A 4L9
www.London.ca

1 of 4 pages

Date: April 10, 2020 10am

To: Members/Civic Works Committee & Daniel Turner, Committee Clerk

From: Christine Dirks: 200 Devonshire Avenue London 0N N6C 2J2

Re: Parking for residents of 200 Devonshire Avenue & sidewalk

I have lived in London since 1989. I am presently a resident of 200 Devonshire Avenue. It has been home for six years. I have been a home owner for 25 years. Home is home whether one owns or rents.

I am writing on behalf of the residents of 200 Devonshire Avenue and a number of homeowners on Devonshire Avenue.

The City's plan to remove parking for all residents of the apartment building at 200 Devonshire Avenue means residents will have nowhere to park: not by the building and not on the neighbouring streets. The City does not allow year-round 24-hour street parking in our neighbourhood.

To remove residents' existing parking is to rob residents of the mobility they need for work, for family, for community and for the numerous other things for which anyone in the City of London has, and uses, a vehicle.

The City's plan to remove residents' parking will have an immediate negative impact on the lives, prosperity and well-being of residents.

Effectively the City is telling the residents to give up their vehicles. In so doing, the City is not honouring and not following The London Plan, its own official plan. The London Plan speaks to the goal of building a city that will "offer the opportunity of prosperity to everyone – on their own terms and in their own way."

For the City to honour the London Plan and exhibit respect for the citizens whose home is 200 Devonshire Avenue the City could 'grandfather' the existing parking.

The sidewalk would then be installed on the west side of Murray Street - not on the east side of the street at the side of the apartment building. The west side of Murray Street is practical. The west side of Murray Street makes good sense.

Following are the words of nearby home owners who object to the City's plan to 1) remove residents' parking and 2) install a sidewalk beside 200 Devonshire Avenue thereby ensuring residents of 200 Devonshire Avenue have absolutely no place to park.

1. "I totally support the action to retain resident parking on Murray St. for 200 Devonshire Ave. With respect to the sidewalk, I would go further and suggest none is necessary on either side of Murray Street north of Devonshire. Both actions the City is contemplating are entirely contrary to The London Plan. Unfortunately, The City doesn't care and is fixated on putting sidewalks where none are wanted by neighbourhood residents. Likewise, removing the on-street parking for residents who have enjoyed such for many years is done without a proposed alternative." **Devonshire Avenue Resident**

2. "Gary and I support the idea of installing the sidewalk on the west side of Murray AND maintaining resident parking at 200 Devonshire. It doesn't make any sense whatsoever to install the sidewalk on the east side of Murray taking away the parking area for the residents of 200 Devonshire. Installing the sidewalk on the West side is not going to harm anyone or anything, but installing it on the east side will make a huge impact on those who will no longer have a place to park their car. It just does not make good sense at all. At a time when we are fighting Covid-19 and we are being told to be mindful of the community we are in, the actions of the city goes against being mindful of the needs of a neighbourhood." **Devonshire Avenue Residents**

3. “I personally don't think a sidewalk is necessary on Murray, particularly the section north of Devonshire. Since the Dunkirk Place access from Wortley Road is scheduled to be restricted to foot traffic only, that section of Murray to Dunkirk Lane essentially becomes a communal driveway ...and does not need a sidewalk at all. I went to the meeting in December at the Landon Library and there was quite a bit of opposition to any sidewalk on Murray. This plan to put a sidewalk in on the east side of Murray is very short-sighted and the City needs to listen to the tax paying residents who are affected by their decisions and are in opposition to this one.” **Devonshire Avenue Resident**

4. “We are in favour of installing the sidewalk on the west side of Murray north of Devonshire and retain the resident parking for 200 Devonshire.”
Devonshire Avenue Residents

5. “We reside at 187 Devonshire Avenue, and support the following: that the City install the sidewalk on the west side of Murray north of Devonshire, and that resident parking be retained for 200 Devonshire.”
Devonshire Avenue Residents

6. “Where does the City expect you to park? My husband and I totally support your efforts to fix this issue.” **Devonshire Avenue Residents**

7. “Add my name for the sidewalk to be located on the west side of Murray Street.” **Devonshire Avenue Resident**

8. “We are supportive of maintaining parking on Murray Street.”
Devonshire Avenue Residents

9. “I support keeping parking available at 200 Devonshire Avenue.”
Devonshire Avenue Resident

10. “We support retaining current parking for residents of 200 Devonshire Avenue.” **Devonshire Avenue Residents**

4 of 4 pages

In closing, the west side of Murray Street has an open area from Devonshire Avenue to Dunkirk Place that can well accommodate a sidewalk. The City last week removed three large evergreen trees from this area.

Should the City's position be that the west side of Murray Street cannot locate a sidewalk as there is a single large tree that is to be retained then the City needs to reevaluate this situation.

It would be wrong for the City to allow *one tree* to overrule the option of the sidewalk to be situated on the west side of Murray Street. With the sidewalk on the west side of Murray Street, parking for residents of 200 Devonshire Avenue could be retained. In doing so residents would retain the mobility they need for work, for family, for community and for the numerous other things for which anyone in the City of London has, and uses, a vehicle for.

Further, a sidewalk on the west side of Murray Street makes common sense. It would mean those using the sidewalk (which terminates at Dunkirk Place) do not have to cross Murray Street to access the much-used linear public space and playground that extends from Dunkirk Place to Cathcart Street

by Christine Dirks on behalf of the residents of 200 Devonshire Avenue and homeowners on Devonshire Avenue.

200 Devonshire Parking and Accessibility Policy

Hello Comittee and Council members,

My name is Michel Van Houdt, and I own 200 Devonshire Ave, which is located on the North East corner of Devonshire and Murray Street. This building was built in 1967 and it is a purpose built 13 unit building with parking for 13 vehicles.

In summer of 2019 I received notice that the city was completing an infrastructure project to redo the sewers in this area, I was happy about this as the building sits on a low spot on Devonshire causing annual basement floods.

Going back to the 1980's there was recommendations by city staff to replace the sewer trunk but no timeline in place due to funding restrictions on capital projects.

So I met with city staff on site to explain the flooding situation to which they have been very helpful. In our discussions it was brought to my attention that my parking on Murray Street would be affected on some of the more protruding vehicles.

I explained to them that it has been in consistent use since it was built, no tenant has ever received a ticket for parking in these spots, myself or my old owner who has owned it since 1987 has never had any complaints or issues from the city. It has always been in continuous use.

There are exactly 13 spots for the 13 units.

Over the course of the following months, the dialogue changed from "you are going to loose a few spots", to "you need to figure out how much you can fit on your land and the city will work with you"; to "current council requires a sidewalk and it will be going on the east side severely affecting your parking".

I hired Callon Dietz to prepare a survey, and with that information it provided me options for the city, so the choices I presented were variations of trying to use every inch on this piece of land I have, without any use of city property as that discussion was not an option.

The only one option that city staff was potentially open; was to create a one way entrance and then around the building, an exit.

However this option is highly unlikely to work due to issues such as 1) the lack of width between the building and neighbouring fence 2) the minimum building code requirement for basement exits once they are shortened 3) a removal of an existing fire exit 4) current rules with setbacks 5) current parking requirements , 6)forestry approval to removal at least 6 trees…just didn't seem possible.

So at this point I gave up hope and informed all the tenants we would be loosing all our parking.

However 2 weeks ago a LFP article was written stating that a committee put forth the issue to council and a street got no sidewalk!

I am <u>not</u> opposed to a sidewalk, I'm opposed to it on the east side where it will hugely affect the rental units indefinitely.

The reasoning to put it on the east side doesn't factor in the neighbourhood dynamics or the existing infrastructure.

The width, the street lights, only 1 vehicle apron are all on the west side but the <u>primary reason for any pedestrian traffic down this dead end street is to go to the park on the west side</u>. There is no other reason to walk down Murray.

Any foot traffic heading from the east uses Dunkirk place as its known as the “unofficial entrance to the Dad club park"

Since the purpose of the sidewalk on Murray is to get people to the park, It just doesn’t achieve this. There should also be a sidewalk on Dunkirk place as well, otherwise what’s the point of one 50% of the way?

As of today April 13th, I have clear communication with city staff saying there will no parking given to the residents of 200 devonshire on the city right of way.

So here is my 4 Asks

1.Delay the project so that city staff can agree that removing all existing parking and displacing 13 residents is is unfair, while still pushing through with approval before a resolution is formed.

2.Compromise with current city bi-laws, setbacks and regulations and put a sidewalk on east or west side but provide 4 designated parallel parking spots on Murray Street (on city right of way), along with 3 in-front of the building (private lands) and 4 vehicles in the rear (private lands). That will secure a reasonable cost in not relocating the fire escape, basement foundation and will save cutting down 6 trees.This parking has been in place and has never been an issue for the city, or the neighbourhood.

3.Installing a dead end sign on the corner of North side of Murray/Devonshire.

4.Since the purpose of putting a sidewalk on Murray Street is for pedestrians to get the park, it should also be installed on the west side of Dunkirk Place and do what council policy is set out to do, *otherwise don’t put one at all on the dead end; that is Murray street and keep things status quo*.

Thank you for hearing our appeal. Compromise and fairness is all we seek.

Michael Van Houdt

PS. Any reference to Murray Street, is only referencing Murray Street North of Devonshire.

TO:	**CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 15, 2020**
FROM:	**KELLY SCHERR, P. ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER**
SUBJECT:	**CONTRACT AWARD: RFT 20-03 2020 INFRASTRUCTURE RENEWAL PROGRAM CONTRACT 5 - CHIPPENDALE CRESCENT RECONSTRUCTION**

RECOMMENDATION

That on the recommendation of the Managing Director, Environmental and Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the award of contract for the 2020 Infrastructure Renewal Program Contract 5 - Chippendale Crescent Reconstruction project:

(a) the bid submitted by CH Excavating (2013) at its tendered price of $3,094,136.91 excluding HST, **BE ACCEPTED**; it being noted that the bid submitted by CH Excavating (2013) was the lowest of five bids received and meets the City's specifications and requirements in all areas;

(b) GM BluePlan Engineering Limited **BE AUTHORIZED** to carry out the resident inspection and contract administration for the said project in accordance with the estimate, on file, at an upset amount of $282,447.00, excluding HST, in accordance with Section 15.2 (g) of the City of London’s Procurement of Goods and Services Policy, noting that this firm completed the engineering design for this project;

(c) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached, hereto, as Appendix ‘A’;

(d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;

(e) the approval given, herein, **BE CONDITIONAL** upon the Corporation entering into a formal contract, or issuing a purchase order for the material to be supplied and the work to be done, relating to this project (RFT 20-03); and

(f) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Appointment of Consulting Engineers, Infrastructure Renewal Program 2017-2019, Civic Works Committee, July 17, 2017.

2019-2023 STRATEGIC PLAN

This report supports the Strategic Plan in the following areas:

- Building a Sustainable City:
    - Build infrastructure to support future development and protect the environment.

- o Manage the infrastructure gap for all assets.
- o Protect and enhance waterways, wetlands, and natural areas.
- o Improve the quality of pedestrian environments to support healthy and active lifestyles.

BACKGROUND

Purpose

This report recommends award of tender to CH Excavating (2013), and continuation of consulting services to GM BluePlan Engineering Limited (GM BluePlan) for the reconstruction of Chippendale Crescent. A project location map is included for reference in Appendix 'B'.

Context

Chippendale Crescent has been identified as a high priority in the infrastructure renewal program due to the poor condition of the municipal infrastructure. Most of this infrastructure dates from the late 1950s and has reached the end of its life.

DISCUSSION

The Chippendale Crescent infrastructure renewal project includes the following improvements:

- installation of sanitary sewers and existing private drain connection renewal, where applicable;
- installation of storm sewers and existing private drain connection renewal, where applicable;
- installation of watermain and individual water services to property line where applicable;
- full road reconstruction including new asphalt, curb and gutter, and sidewalk;
- installation of a new sidewalk on one side of Chippendale Crescent.

Infrastructure replacement needs have been coordinated within the Environmental and Engineering Services Department. The funding for this project comes from the approved 2020 Wastewater and Treatment and Water Capital Works Budgets.

Public Consultation

A project update meeting was held on December 11, 2019 for all owners and residents within and immediately bordering the project area to address questions and concerns. This meeting was attended by multiple property owners with tree concerns noted. Staff have been informed of a number of residents with special needs that will be accommodated throughout this construction contract. Communication has taken place with all property owners and contact information has been collected to ensure that communication can continue throughout the project.

Service Replacement

In conjunction with the construction of this project, the City is replacing existing sewer private drain connections (PDCs) to approximately two metres back of the curb, where applicable, to help minimize future excavations and extend the service life of the roadway. As part of this project, the water service connections will be replaced to the property line. The property owner may elect to replace their private side connection at

their own cost. Homeowners may also be eligible to participate in the Lead Service Extension Replacement Loan Program.

Tender Summary

Tenders for the 2020 Infrastructure Renewal Program for the Chippendale Crescent reconstruction project were opened on March 4, 2020. Five contractors submitted tender prices as listed below, excluding HST.

CONTRACTOR		TENDER PRICE SUBMITTED
1.	CH Excavating (2013)	$3,094,136.91
2.	Bre-Ex Construction Inc	$3,217,661.13
3.	291 Construction Ltd	$3,293,066.78
4.	Omega Contractors Inc.	$3,346,645.72
5.	J-AAR Excavating Limited	$3,644,748.35

All tenders have been checked by the Environmental and Engineering Services Department and the City's consultant, GM BluePlan. No mathematical errors were found.

The tender estimate just prior to tender opening was $3,289,436.50 excluding HST. All tenders include a contingency allowance of $300,000.00.

Operating Budget Impacts

Additional annual sewer, water, and transportation operating costs attributing to new infrastructure installation are summarized in the following table.

Division	Rationale	Operational Cost Increase
Sewer Operations	Additional sewer maintenance	$250
Roadside Operations	Additional sidewalk maintenance	$1,035
Total		$1,285

Consulting Services

GM BluePlan was awarded the detailed design for Chippendale Crescent by Council on July 26, 2017. Due to the consultant's knowledge and positive performance on the project, the consultant was invited to submit a proposal to carry out the contract administration and resident supervision. GM BluePlan submitted a proposal which included an upset limit of $282,447.00, excluding HST. This proposal contains a 10% contingency. Staff have reviewed the fee submission in detail considering the time allocated to each project task, along with hourly rates provided by each of the consultant's staff members. That review of assigned personnel, time per project task, and hourly rates is consistent with other infrastructure renewal program assignments of this scope and nature. The continued use of GM BluePlan on this project for construction administration is of financial advantage to the City because GM BluePlan has specific knowledge of the project and has undertaken work for which duplication would be required if another firm were to be selected.

In addition to the financial advantage, there are accountability and risk reduction benefits. The City requires a Professional Engineer to seal all construction drawings. These "record drawings" are created based on field verification and ongoing

involvement by the Professional Engineer. This requirement promotes consultant accountability for the design of these projects and reduces the City's overall risk exposure. Consequently, the continued use of the consultant who created and sealed the design drawings is required in order to maintain this accountability process and to manage risk.

In accordance with Section 15.2 (g) of the City of London's Procurement of Goods and Services Policy, GM BluePlan has satisfactorily completed a substantial part of the project and is recommended for award of the balance of the project. The administration recommends that GM BluePlan be authorized to carry out the remainder of engineering services to complete this Contract 5 - 2020 Chippendale Crescent Reconstruction project for the provided fee estimate of $282,447.00, excluding HST, noting the upset amount for total engineering services is $506,308.00 excluding HST spread over 2017-2021.

CONCLUSIONS

Award of the 2020 Infrastructure Renewal Program, Contract 5 - Chippedale Crescent Reconstruction project to CH Excavating (2013) will allow the project objectives to be met within the available budget and schedule.

The use of GM BluePlan for the remainder of engineering services for this project is in the best financial and technical interests of the City.

SUBMITTED BY:	**REVIEWED & CONCURRED BY:**
ASHLEY RAMMELOO, MMSc., P.ENG. **DIVISION MANAGER** **SEWER ENGINEERING DIVISION**	**SCOTT MATHERS, MPA, P. ENG.** **DIRECTOR** **WATER & WASTEWATER**
RECOMMENDED BY:	
KELLY SCHERR, P.ENG., MBA, FEC **MANAGING DIRECTOR** **ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER**	

Attach: Appendix 'A' – Sources of Financing
Appendix 'B' – Project Location Map

c.c. John Freeman, Ugo DeCandido, Jason Davies, GM BluePlan, Doug MacRae, Aaron Rozentals, Chris Ginty, Gary McDonald, Alan Dunbar, Kyle Chambers, Bell Canada, CH Excavating (2013)

APPENDIX 'A'

#20054

Chair and Members
Civic Works Committee

April 15, 2020
(Award Contract)

RE: Contract Award: RFT20-03 2020 Infrastructure Renewal Program
Contract 5 - Chippendale Crescent Reconstruction
(Subledger WS18C005)
Capital Project ES241420 - Sewer Infrastructure Lifecycle Renewal
Capital Project ES254020 - IRP - Stormwater Sewers & Treatment
Capital Project EW376520 - IRP - Watermain
CH Excavating (2013) - $3,094,136.91 (excluding H.S.T.)
GM BluePlan Engineering Limited - $282,447.00 (excluding H.S.T.)

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project can be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Managing Director, Environmental & Engineering Services & City Engineer, the detailed source of financing for this project is:

SUMMARY OF ESTIMATED EXPENDITURES	**Approved Budget**	**Committed to Date**	**This Submission**	**Balance for Future Work**
ES241420 - Sewer Infrastructure Lifecycle Renewal				
Engineering	1,724,865	402,561	86,225	1,236,079
Engineering (Utilities Share)	68,176	68,176		0
Construction	8,543,460	4,512,527	944,578	3,086,355
Construction (Utilities Share)	1,257,613	1,257,613		0
City Related Expenses	25,000			25,000
	11,619,114	6,240,877	1,030,803	4,347,434
ES254020 - IRP - Stormwater Sewers & Treatment				
Engineering	2,000,000	399,611	86,225	1,514,164
Construction	11,392,126	4,382,291	944,578	6,065,257
City Related Expenses	100,000			100,000
	13,492,126	4,781,902	1,030,803	7,679,421
EW376520 - IRP - Watermain				
Engineering	2,318,186	838,838	114,967	1,364,381
Construction	15,000,000	8,617,667	1,259,438	5,122,895
	17,318,186	9,456,505	1,374,405	6,487,276
NET ESTIMATED EXPENDITURES	**$42,429,426**	**$20,479,284**	**$3,436,011** 1)	**$18,514,131**

	Approved Budget	**Committed to Date**	**This Submission**	**Balance for Future Work**
SUMMARY OF FINANCING:				
ES241420 - Sewer Infrastructure Lifecycle Renewal				
Capital Sewer Rates	5,642,540	264,303	1,030,803	4,347,434
Federal Gas Tax	4,650,785	4,650,785		0
Other Contributions (Utilities)	1,325,789	1,325,789		0
	11,619,114	6,240,877	1,030,803	4,347,434
ES254020 - IRP - Stormwater Sewers & Treatment				
Capital Sewer Rates	2,277,960	2,277,960		0
Drawdown from Sewage Works R.F.	11,214,166	2,503,942	1,030,803	7,679,421
	13,492,126	4,781,902	1,030,803	7,679,421
EW376520 - IRP - Watermain				
Capital Water Rates	10,753,000	9,456,505	1,296,495	0
Drawdown from Capital Water R.F.	6,565,186		77,910	6,487,276
	17,318,186	9,456,505	1,374,405	6,487,276
TOTAL FINANCING	**$42,429,426**	**$20,479,284**	**$3,436,011**	**$18,514,131**

APPENDIX 'A'

#20054

Chair and Members
Civic Works Committee

April 15, 2020
(Award Contract)

RE: Contract Award: RFT20-03 2020 Infrastructure Renewal Program
Contract 5 - Chippendale Crescent Reconstruction
(Subledger WS18C005)
Capital Project ES241420 - Sewer Infrastructure Lifecycle Renewal
Capital Project ES254020 - IRP - Stormwater Sewers & Treatment
Capital Project EW376520 - IRP - Watermain
CH Excavating (2013) - $3,094,136.91 (excluding H.S.T.)
GM BluePlan Engineering Limited - $282,447.00 (excluding H.S.T.)

1) **FINANCIAL NOTE:**

ENGINEERING

	ES241420	ES254020	EW376520	Total
Contract Price	$84,734	$84,734	$112,979	$282,447
Add: HST @13%	11,015	11,015	14,687	36,717
Total Contract Price Including Taxes	95,749	95,749	127,666	319,164
Less: HST Rebate	9,524	9,524	12,699	31,747
Net Contract Price	$86,225	$86,225	$114,967	$287,417

CONSTRUCTION

	ES241420	ES254020	EW376520	Total
Contract Price	$928,241	$928,241	$1,237,655	$3,094,137
Add: HST @13%	120,671	120,671	160,895	402,237
Total Contract Price Including Taxes	1,048,912	1,048,912	1,398,550	3,496,374
Less: HST Rebate	104,334	104,334	139,112	347,780
Net Contract Price	$944,578	$944,578	$1,259,438	$3,148,594

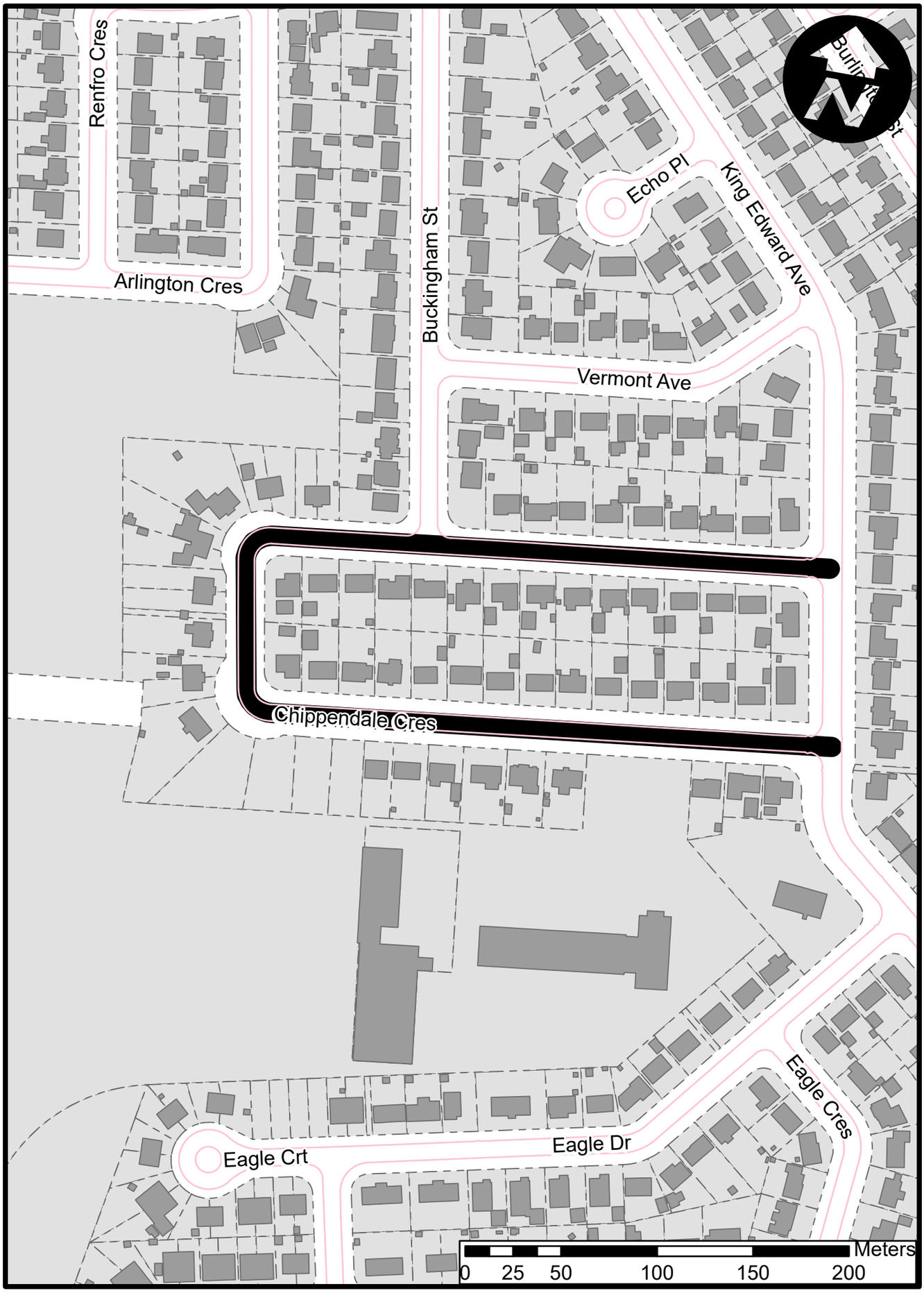
TOTAL ENGINEERING & CONSTRUCTION **$3,436,011**

2) Additional annual operating costs attributed to new infrastructure as follows: Sewer Operations - $250, Roadside Operations - $1,035.

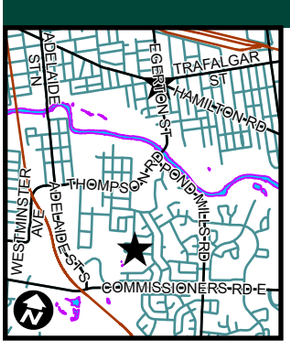
lp

Jason Davies
Manager of Financial Planning & Policy

APPENDIX 'B'



LOCATION MAP



2020 Infrastructure Renewal Project – Contract 5

Chippendale Crescent from King Edward Avenue to King Edward Avenue

Legend:

2020 Construction

Map Produced by the Sewer Engineering Division
A.CORPODEAN

Jan 31, 2020

300 Dufferin Avenue,
PO Box 5035
London, Ontario
N6A 4L9
www.London.ca

London CANADA

TO:	**CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 15, 2020**
FROM:	**KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER**
SUBJECT:	**CONTRACT AWARD: TENDER T20-06 WONDERLAND ROAD SANITARY SEWER EXTENSION**

RECOMMENDATION

That on the recommendation of the Managing Director, Environmental and Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the award of contracts for the Wonderland Road Sanitary Sewer Extension Project:

(a) the bid submitted by J-AAR Excavating Limited (J-AAR) at its tendered price of $7,169,225.18, excluding HST, for the Wonderland Road Sanitary Sewer Extension project, **BE ACCEPTED**; it being noted that the bid submitted by J-AAR Excavating Limited was the lowest of four bids received and meets the City's specifications and requirements in all areas;

(b) AECOM Canada Ltd. (AECOM), **BE AUTHORIZED** to carry out the resident inspection and contract administration for the said project in accordance with the estimate, on file, at an upset amount of $468,737.50, excluding HST, in accordance with Section 15.2 (g) of the City of London’s Procurement of Goods and Services Policy;

(c) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached, hereto, as Appendix A;

(d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;

(e) the approval given, herein, **BE CONDITIONAL** upon the Corporation entering into a formal contract, or issuing a purchase order for the material to be supplied and the work to be done, relating to this project (Tender 20-06); and

(g) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

2019-07-23 Appointment of Consulting Engineer, Wonderland Road Sanitary Sewer Extension Project

2018-04-17 Contract Award: Tender 18-08, 2018 Growth Management Implementation Strategy (GMIS), Southwest Area Trunk Sanitary Sewer - Phase 3

2017-07-17 Appointment of Consulting Engineers, Growth Management Implementation Strategy Southwest Sanitary Servicing Projects

2016-04-12 Contract Award: Tender T16-13, Growth Management Implementation Strategy (GMIS) Campbell Street Improvements – Southwest Area Trunk Sanitary Sewer – Phase 2

2015-03-23 Contract Award: Tender T15-04, Growth Management Implementation Strategy (GMIS) Southwest Area Trunk Sanitary Sewer – Phase 1

2015-02-03 Southwest Area Trunk Sanitary Sewer Detailed Design Appointment of Consulting Engineer: Phase 2 – Campbell Street (Hamlyn Street to Lambeth Optimist Park)

2014-05-12 Southwest Area Trunk Sanitary Sewer Detailed Design: Appointment of Consulting Engineer: Phase 1 – Wonderland Road South (Dingman Drive to Wharncliffe Road South) & Hamlyn Street (Wonderland Road South to Campbell Street)

2014-02-03 Notice of Completion of the Southwest Area Sanitary Servicing Master Plan: Municipal Class Environmental Assessment for the Southland Wastewater Treatment Plant and Proposed Sanitary Servicing of the Southwest Area (ES5260)

2020-2023 STRATEGIC PLAN

This report supports the Strategic Plan in the following areas:

- Building a Sustainable City:
  - Build infrastructure to support future development and protect the environment.

BACKGROUND

Purpose

The report recommends the award of tender to a contractor and continuation of consulting services for the construction of the Wonderland Road Sanitary Sewer Extension Project (Appendix B – Location Map). This project was approved for construction in 2020 by Council in the 2019 Development Charges Study. A project map is included as Appendix ‘B’ – Location Map.

Context

The Wonderland Sanitary Sewer Extension Project is a continuation of work completed under Phase 1, Phase 2, and Phase 3 of the Southwest Area Trunk Sanitary Sewer projects. This project will establish an important municipal sanitary sewer link for Wonderland Road South and open development opportunities in the area. Awarding this contract and consulting fees will enhance or provide sanitary servicing for approximately 72 hectares (178 acres) of mixed residential, commericial, and industrial development.

Approximately 1,050m of sanitary sewer, 760m of storm sewer, and 600m of watermain will be installed as part of this project. Improved surface works such as bike lanes, sidewalks, improved streelighting, and new roadway asphalt throughout will also be constructed.

DISCUSSION

Construction is scheduled to begin in May 2020 and will take the remaining construction season to complete the works. Construction activities will progress from the intersection of Wonderland Road South and Wharncliffe Road South and proceed north on Wonderland Road South, terminating at Bradley Avenue.

The project will take advantage of the lower traffic summer months and utilize project staging to avoid intersection closures and eliminate the need for road closures. A minimum of two lanes of traffic will be maintained at all times throughout the duration of this project. Staff will continue to keep businesses in the area apprised of activities that will have impact on property access. The contractor and the City's contract administration consultant will strive to maintain access to local businesses.

The project, once complete, will provide the opportunity for properties on private systems to connect to the municipal sanitary system. Sanitary frontage charges consistent with City By-Laws will apply if a property owner chooses to connect to the municipal sanitary sewer system. Further, new services throughout will allow new development to proceed in accordance with all City standards.

Tender Summary

Four (4) contractors submitted tenders on the project with the tender prices listed below (excluding H.S.T.). Tenders for this project were opened on Friday March 6, 2020.

Contractor		**Tender Price Submitted**	**Corrected Tender Price**
1.	**J-AAR Excavation Ltd.**	**$ 7,169,225.18**	**$ 7,169,225.11**
2.	Bre-Ex Construction Inc.	$ 7,984,105.50	$ 7,984,105.51
3.	L-82 Construction Ltd.	$ 8,200,000.00	$ 8,199,999.98
4.	291 Construction Ltd.	$ 8,895,724.62	-

All tenders have been checked and clerical errors have been corrected. Each contractor's qualifications have been reviewed by the Environmental and Engineering Services Area and the City's Consultant, AECOM.

The tender estimate prior to tender opening was $ 8,348,358.90 excluding H.S.T. J-AAR's low bid submission is competitive and is approximately $1,180,000 below the pre-tender estimate. All tenders shown above include a contingency allowance of $750,000.00, excluding H.S.T.

Consulting Fees

AECOM has shown their competency and expertise with infrastructure projects of this scope and magnitude and have provided good performance in the past on City projects. City staff continue to foster a colleaborative working relationship that focuses on achieving the lowest lifecycle cost and highest service performance for municipal infrastructure.

In accordance with Section 15.2(g) of the Procurement of Goods and Services Policy, Civic Administration is recommending that AECOM be authorized to carry out the construction administration for this project. AECOM has satisfactorily completed the detailed design and construction administration for completed Phases 1, 2, and 3 Southwest Trunk Sanitary Sewer projects and is recommended for award of the balance of the work having satisfied all financial, reporting, and other conditions required of the

policy. It is to the financial advantage of the City due to the fact that this consultant has specific knowledge of the project area and have undertaken work for which duplication would be required if another firm were to be selected.

In addition, staff have reviewed the fee submissions in detail considering the hourly rates provided by each staff member. Staff have confirmed that hourly rates are consistent with those submitted through competitive processes. Staff also reviewed the time allocated to each project related task. Staff can confirm that the amount of time allocated to each project task is consistent with prior projects of similar nature that have been awarded through a competitive process. In general, the assignment is found to be reasonable and in line with those that would be expected through a competitive process.

Financial Impact

Contract costs are under budget and are less than the cost estimate in the 2019 Development Charges - One Water Master Plan.

Future additional annual operating costs of $1,700 are anticipated as a result of this project, noting that these costs are attributed to new infrastructure and can be accommodated within future City operating budgets.

CONCLUSION

Staff recommend that the construction contract be awarded to J-AAR Excavating Ltd. to achieve project objectives. It is further recommened that AECOM undertake the contract administration and inspection services during construction as it is in the best technical and financial interest of the City.

SUBMITTED BY:	REVIEWED & CONCURRED BY:
ASHLEY RAMMELOO, MMSc., P. ENG. **DIVISION MANAGER** **SEWER ENGINEERING DIVISION**	**SCOTT MATHERS, MPA, P. ENG.** **DIRECTOR** **WATER & WASTEWATER**
RECOMMENDED BY:	
KELLY SCHERR, P.ENG., MBA, FEC **MANAGING DIRECTOR** **ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER**	

Attach: Appendix ‘A’ – Sources of Financing
Appendix ‘B’ – Location Map

cc: John Freeman, Gary McDonald, Doug MacRae, Ugo DeCandido, Chris Ginty, J-AAR Excavating Ltd., AECOM Canada Ltd.

APPENDIX 'A'

#20055

Chair and Members
Civic Works Committee

April 15, 2020
(Award Contract)

RE: Contract Award: Tender T20-06
Wonderland Road Sanitary Sewer Extension
(Subledger WW190011)
Capital Project ES514819 2019-2023 Wastewater Servicing Strategic Links
Capital Project TS144620 - Road Networks Improvements (Main)
Capital Project TS512319 - Streetlight Mtce
Capital Project ES2486 - Wonderland Road Ditch Remediation
Capital Project EW376520 - IRP - Watermain
J-AAR Excavating Limited - $7,169,225.18 (excluding H.S.T.)
AECOM Canada Ltd. - $468,737.50 (excluding H.S.T.)

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project can be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Managing Director, Environmental & Engineering Services & City Engineer, the detailed source of financing for this project is:

		Approved Budget	Revised Budget	Committed to Date	This Submission		Balance for Future Work
SUMMARY OF ESTIMATED EXPENDITURES							
ES514819 2019-2023 Wastewater Servicing Strategic Links							
Consulting		60,000	332,547	8,992	323,555		0
Construction		6,672,697	6,400,150	2,536	4,183,261		2,214,353
Construction (LTC)	3)		5,991		5,991		0
Construction (Casino)	3)		145,499		145,499		0
Construction (Start.ca)	3)		12,104		12,104		0
		6,732,697	6,896,291	11,528	4,670,410		2,214,353
TS144620 - Road Networks Improvements (Main)							
Engineering		1,000,000	1,000,000	136,845	74,710		788,445
Construction		11,196,200	11,196,200	1,373,152	1,142,666		8,680,382
		12,196,200	12,196,200	1,509,997	1,217,376		9,468,827
TS512319 - Streetlight Mtce							
Engineering		300,000	300,000	64,453	10,388		225,159
Construction		2,385,907	2,385,907	682,886	158,879		1,544,142
		2,685,907	2,685,907	747,339	169,267		1,769,301
ES2486 - Wonderland Road Ditch Remediation							
Engineering		340,673	394,117	325,781	68,336		0
Land Acquisition		570,000	312,089				312,089
Construction		849,355	1,053,822	8,650	1,045,172		0
City Related Expenses		10,000	10,000	2,056			7,944
		1,770,028	1,770,028	336,487	1,113,508		320,033
EW376520 - IRP - Watermain							
Engineering		2,318,186	2,318,186	953,805			1,364,381
Construction		15,000,000	15,000,000	9,877,105	598,952		4,523,943
		17,318,186	17,318,186	10,830,910	598,952		5,888,324
NET ESTIMATED EXPENDITURES		**$40,703,018**	**$40,866,612**	**$13,436,261**	**$7,769,513**	1)	**$19,660,838**
SUMMARY OF FINANCING:							
ES514819 2019-2023 Wastewater Servicing Strategic Links							
Drawdown from Sewage Works R.F.		673,270	673,270	1,153	450,682		221,435
Drawdown from City Services - Wastewater R.F. (Development Charges)	2)	6,059,427	6,059,427	10,375	4,056,134		1,992,918
Other Contributions (LTC)	3)		5,991		5,991		0
Other Contributions (Casino)	3)		145,499		145,499		0
Other Contributions (Start.ca)	3)		12,104		12,104		0
		6,732,697	6,896,291	11,528	4,670,410		2,214,353
TS144620 - Road Networks Improvements (Main)							
Capital Levy		22,107	22,107	22,107			0
Debenture Quota		1,582,505	1,582,505				1,582,505
Drawdown from Capital Infrastructure Gap R.F.		1,679,160	1,679,160				1,679,160
Federal Gas Tax		8,912,428	8,912,428	1,487,890	1,217,376		6,207,162
		12,196,200	12,196,200	1,509,997	1,217,376		9,468,827
TS512319 - Streetlight Mtce							
Capital Levy		2,585,462	2,585,462	747,339	169,267		1,668,856
Drawdown from Capital Infrastructure Gap R.F.		100,445	100,445				100,445
		2,685,907	2,685,907	747,339	169,267		1,769,301
ES2486 - Wonderland Road Ditch Remediation							
Drawdown from Sewage Works R.F.		1,770,028	1,770,028	336,487	1,113,508		320,033
EW376520 - IRP - Watermain							
Capital Water Rates		10,753,000	10,753,000	10,753,000			0
Drawdown from Capital Water R.F.		6,565,186	6,565,186	77,910	598,952		5,888,324
		17,318,186	17,318,186	10,830,910	598,952		5,888,324
TOTAL FINANCING		**$40,703,018**	**$40,866,612**	**$13,436,261**	**$7,769,513**		**$19,660,838**

APPENDIX 'A'

#20055

Chair and Members
Civic Works Committee

April 15, 2020
(Award Contract)

RE: Contract Award: Tender T20-06
Wonderland Road Sanitary Sewer Extension
(Subledger WW190011)
Capital Project ES514819 2019-2023 Wastewater Servicing Strategic Links
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J-AAR Excavating Limited - $7,169,225.18 (excluding H.S.T.)
AECOM Canada Ltd. - $468,737.50 (excluding H.S.T.)

1) **FINANCIAL NOTE:**

ENGINEERING

	ES514819	TS144620	TS512319	ES2486	Total
Contract Price	$317,958	$73,418	$10,208	$67,154	$468,738
Add: HST @13%	41,335	9,544	1,327	8,730	60,936
Total Contract Price Including Taxes	359,293	82,962	11,535	75,884	529,674
Less: HST Rebate	35,738	8,252	1,147	7,548	52,685
Net Contract Price	$323,555	$74,710	$10,388	$68,336	$476,989

CONSTRUCTION

	ES514819	ES514819 - LTC	ES514819 - Casino	ES514819 - Start.ca	TS144620
Contract Price	$4,110,909	$5,991	$145,499	$12,104	$1,122,903
Add: HST @13%	534,418				145,977
Total Contract Price Including Taxes	4,645,327	5,991	145,499	12,104	1,268,880
Less: HST Rebate	462,066				126,214
Net Contract Price	$4,183,261	$5,991	$145,499	$12,104	$1,142,666

	TS512319	ES2486	EW376519	Total
Contract Price	$156,131	$1,027,095	$588,593	$7,169,225
Add: HST @13%	20,297	133,522	76,517	910,731
Total Contract Price Including Taxes	176,428	1,160,617	665,110	8,079,956
Less: HST Rebate	17,549	115,445	66,158	787,432
Net Contract Price	$158,879	$1,045,172	$598,952	$7,292,524

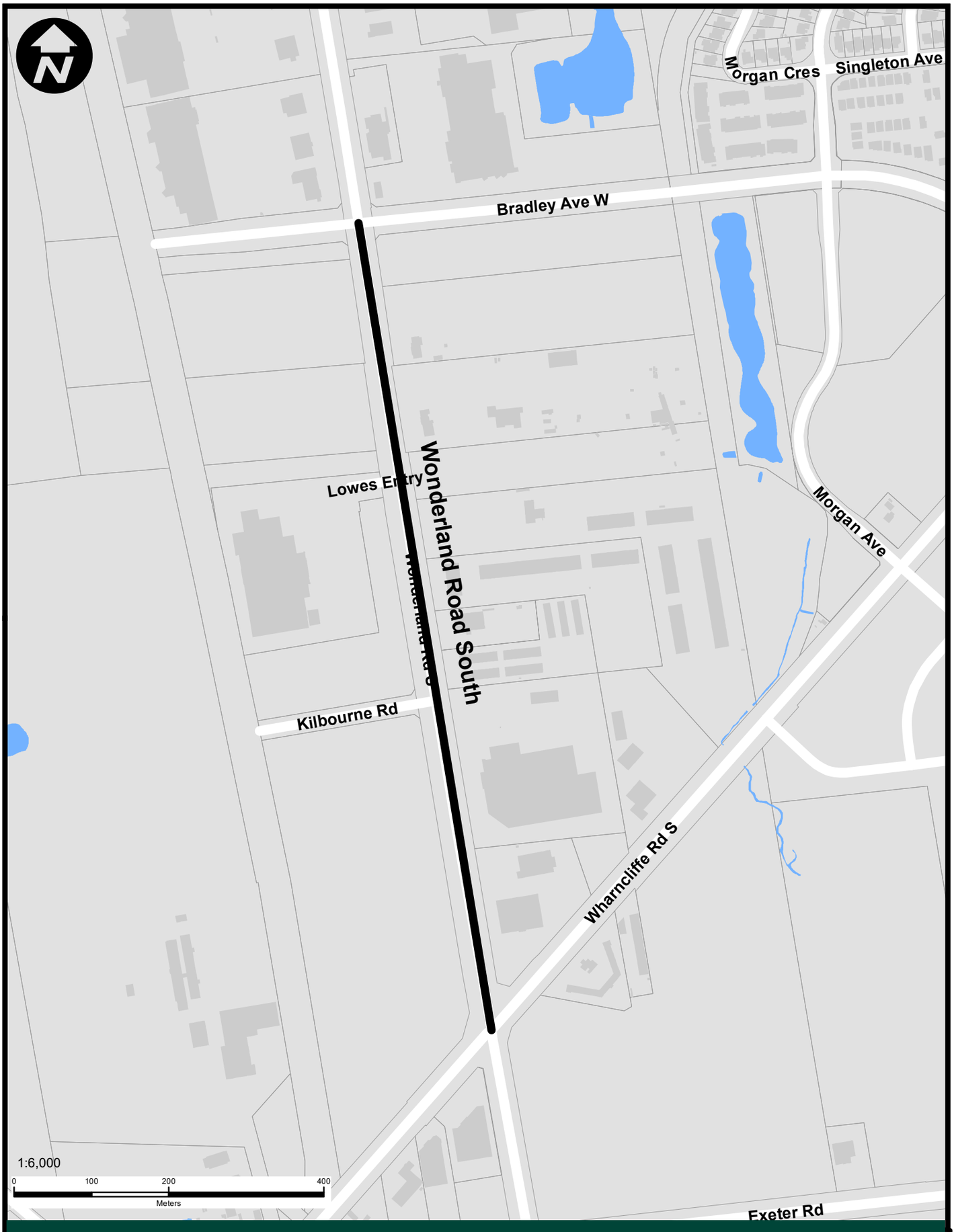
TOTAL ENGINEERING & CONSTRUCTION $7,769,513

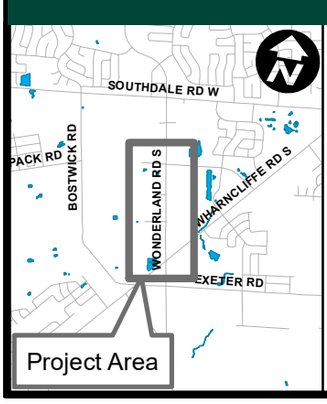
2) Development Charges have been utilized in accordance with the underlying legislation and the Development Charges Background Studies completed in 2019.
3) LTC, Casino and Start.ca have confirmed the approval of their contributions towards this project. The expenditures have increased to accommodate their contribution.
4) Additional annual operating costs attributed to new infrastructure of $1,700.

lp

Jason Davies
Manager of Financial Planning & Policy

APPENDIX 'B'





Wonderland Sanitary Sewer Extension

Wonderland Road South from Bradley Ave West to Wharncliffe Road South

Project Area

Map Produced by the Wastewater & Drainage Engineering Division

June 10 2019 CM

London CANADA

300 Dufferin Avenue,
PO Box 5035
London, Ontario
N6A 4L9
www.London.ca

TO:	**CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 15, 2020**
FROM:	**KELLY SCHERR, P.ENG, MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER**
SUBJECT:	**EXETER ROAD AND WELLINGTON ROAD INTERSECTION IMPROVEMENTS APPOINTMENT OF CONSULTANT**

RECOMMENDATION

That on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the Exeter Road and Wellington Road intersection improvements project:

(a) AECOM Canada Ltd., **BE AUTHORIZED** to carry out the construction inspection and contract administration for this project in the amount of $205,961 (excluding HST), in accordance with Section 15.2 (g) of the Procurement of Goods and Services Policy;

(b) the financing for this project **BE APPROVED** with the Sources of Financing Report attached hereto as Appendix A;

(c) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project; and,

(d) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, as required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Strategic Priorities and Policy Committee – May 21, 2019 – Approval of the 2019 Development Charges By-Law and DC Background Study

- Civic Works Committee – February 5, 2019 – Environmental Assessment and Design Services for Dingman Drive East of Wellington Road to Highway 401 and Area Intersections Improvements Appointment of Consulting Engineer

2019-2023 STRATEGIC PLAN

The following report supports the Strategic Plan through the strategic focus area of *Building a Sustainable City*. The Exeter Road and Wellington Road intersection improvement is part of a strategic plan to provide improved mobility, capacity and safety for all users.

The City of London is responsible for a transportation system that promotes the movement of people, goods and services and that strengthens economic growth. The road network provides mobility choices for residents and improves quality of life.

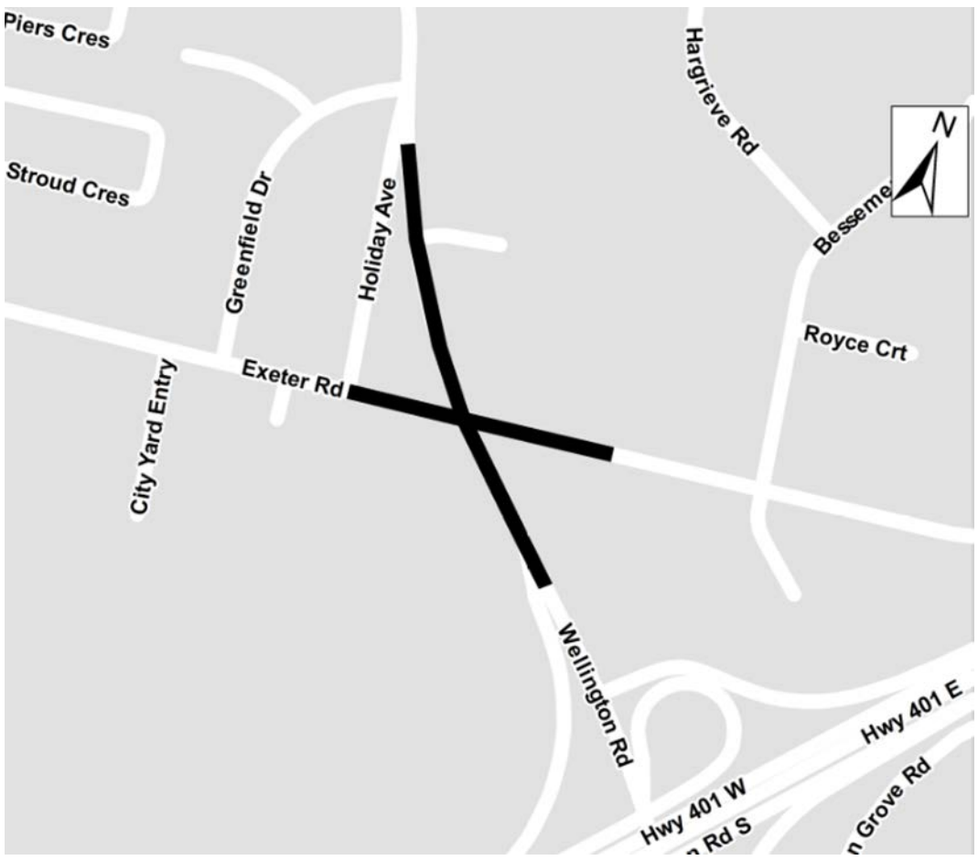
Good roads promote business, create employment, provide social opportunities, improve emergency response and create markets.

BACKGROUND

Purpose

This report recommends the award of construction inspection and contract administration services to AECOM Canada Ltd. for the Exeter Road and Wellington Road intersection improvement project. The project area is along Wellington Road from Holiday Avenue to Highway 401 and along Exeter Road from Holiday Avenue to 300m east of Wellington Road as shown in the figure below.

Project Area



Context

The Exeter Road and Wellington Road intersection is one of the busiest in the City with two arterial roadways in close proximity to Highway 401. Planned development south of Highway 401 is also expected to further increase traffic volumes in this area.

DISCUSSION

Project Description

In response to growth in the area of Highway 401 and Wellington Road including the London Gateway development located at the northwest corner of Wellington Road and Dingman Drive, road network improvements are being undertaken.

The improvements to the Exeter Road and Wellington Road intersection are to occur in 2020 and in advance of the London Gateway development. These improvements have followed a Schedule A+ Municipal Class Environmental Assessment process. The construction contract for the Exeter and Wellington Road intersection improvement was recently tendered and it will be awarded in accordance with the City's Procurement of Goods and Services Policy under the administrative approval process for a value of $2,900,010.75.

Intersection Improvements
The intersection improvements are needed to accommodate anticipated traffic volumes and will improve safety for drivers and pedestrians with the addition of new and improved sidewalks.

The improvements include the following:

- An additional northbound left turn lane on Wellington Road
- New medians on all approaches
- Removal of all channelized right turn islands
- New traffic signals and street lights
- New curbs, sidewalks and boulevards improvements
- Urban design and streetscape elements

The improvements will meet current accessibility standards as per the Ontarians with Disabilities Act (AODA).

Streetscape Enhancements
This intersection will see aesthetic improvements based on the urban design opportunities for the area. These enhancements were developed in consultation with the City's Urban Design Division and AECOM. The *London Plan* identifies the Exeter and Wellington Road intersection as one of the important gateways in the City. These gateway areas are to contain a mix of residential and commercial uses and are planned to create a strong neighbourhood character and a distinct sense of place.

Traffic Control
During construction temporary lane reductions will be required on Wellington and Exeter Roads. Two lanes of traffic, one in each direction will be maintained at all times. Temporary traffic signals will be used at the intersection during the construction. Access to local businesses will be maintained to the greatest extent possible and businesses will be kept updated on any activities that may impact property access.

The project is tentatively scheduled to commence in May 2020 with the construction planned to be complete in Fall 2020.

Contract Administration

The City previously appointed AECOM Canada Ltd. to undertake the detailed design of this project in accordance with the Procurement of Goods and Services Policy. With the consultant's knowledge of the project, AECOM was invited to submit a proposal to carry out the contract administration and construction supervision. Staff have reviewed the fee submission in detail considering the various activities & related hourly rates provided. The amount of time allocated to each project task is consistent with prior projects of a similar nature that have been awarded through a competitive process.

The continued use of AECOM Canada Ltd. on this project for construction inspection and contract administration is of financial advantage to the City due to the fact that the firm has specific knowledge of the project and has undertaken work for which duplication would be required if another firm were to be selected.

The City's requirement for the creation of record drawings following construction necessitates that the reviewing engineer seal them on the basis of field verification and ongoing involvement. This requirement ensures consultant accountability for the design. Consequently, the continued use of AECOM Canada Ltd. who created and sealed the design drawings is required in order to maintain this accountability process.

In accordance with Section 15.2 (g) of the Procurement of Goods and Services Policy, Civic Administration is recommending that AECOM Canada Ltd. be authorized to carry out the remainder of engineering services as Contract Administrators to complete this project for a fee estimate of $205,961 (excluding HST). When combined with the design fees, the total engineering fees associated with this project are $417,355 (excluding HST).

CONCLUSION

AECOM Canada Ltd. has demonstrated an understanding of the City requirements for this project and it is recommended that this firm be authorized to carry out the construction inspection and contract administration for this project as it is in the best financial and technical interests of the City.

This assignment will not increase any annual operating costs.

PREPARED BY:	**REVIEWED & CONCURRED BY:**
GARFIELD DALES, P. ENG. DIVISION MANAGER, TRANSPORTATION PLANNING & DESIGN	**DOUG MACRAE, P. ENG., MPA DIRECTOR, ROADS AND TRANSPORTATION**
RECOMMENDED BY:	
KELLY SCHERR, P. ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER	

Attach: Appendix A: Sources of Financing

cc: Cassidy Construction
AECOM Canada Ltd.
Karl Grabowski, Transportation Design Engineer
Violetta Sypien, Technologist II
John Freeman, Manager, Purchasing and Supply
Gary McDonald, TCA

APPENDIX 'A'

#20047

Chair and Members
Civic Works Committee

April 15, 2020
(Appoint Consultant Engineer)

RE: Exeter Road and Wellington Road Intersection Improvements
(Subledger RD200004)
Capital Project TS1576 - Intersection - Wellington to Exeter Improvements
Capital Project EW3525 - Cathodic Protection Program
AECOM Canada Ltd. - $205,961.00 (excluding H.S.T.)

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project can be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Managing Director of Environmental and Engineering Services, and City Engineer, the detailed source of financing for this project is:

ESTIMATED EXPENDITURES		**Approved Budget**	**Committed to Date**	**This Submission**		**Balance for Future Work**
TS1576 - Intersection - Wellington to Exeter Improvements						
Engineering		$675,878	$211,394	$0		$464,484
Construction		2,864,122	2,657,589	206,533		
Utilities		50,000				50,000
		3,590,000	2,868,983	206,533		514,484
EW3525 - Cathodic Protection Program						
Engineering		1,296,553	338,310			958,243
Construction		2,878,447	2,875,394	3,053		
		4,175,000	3,213,704	3,053		958,243
NET ESTIMATED EXPENDITURES		**$7,765,000**	**$6,082,687**	**$209,586**	**1)**	**$1,472,726**
SOURCES OF FINANCING						
TS1576 - Intersection - Wellington to Exeter Improvements						
Capital Levy		$28,294	$28,294	$0		$0
Debenture Quota	3)	420,456	330,329	25,817		64,311
Drawdown from City Services - Roads Reserve Fund (Development Charges)	2)	3,141,250	2,510,360	180,716		450,174
		3,590,000	2,868,983	206,533		514,484
EW3525 - Cathodic Protection Program						
Capital Water Rates		3,950,000	3,213,704	3,053		733,243
Drawdown from Capital Water Reserve Fund		225,000				224,999
		4,175,000	3,213,704	3,053		958,242
TOTAL FINANCING		**$7,765,000**	**$6,082,687**	**209,586**		**$1,472,726**

1) **FINANCIAL NOTE:**

	TS1576	**EW3525**	**Total**
Contract Price	$202,961	$3,000	$205,961
Add: HST @13%	26,385	390	26,775
Total Contract Price Including Taxes	229,346	3,390	232,736
Less: HST Rebate	22,813	337	23,150
Net Contract Price	$206,533	$3,053	209,586

2) Development Charges have been utilized in accordance with the underlying legislation and the Development Charges Background Studies completed in 2019.

Note to City Clerk:

3) Administration hereby certifies that the estimated amounts payable in respect of this project does not exceed the annual financial debt and obligation limit for the Municipality from the Ministry of Municipal Affairs in accordance with the provisions of Ontario Regulation 403/02 made under the Municipal Act, and accordingly the City Clerk is hereby requested to prepare and introduce the necessary authorizing by-law.

An authorizing by-law should be drafted to secure debenture financing for project TS1576 -Intersection - Wellington to Exeter Improvements for the net amount to be debentured of $420,456.00.

kw

Jason Davies
Manager of Financial Planning & Policy

TO:	**CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 15, 2020**
FROM:	**KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER**
SUBJECT:	**OPERATION OF THE CITY'S MATERIALS RECOVERY FACILITY: NEXT STEPS IN THE TRANSITION TO INDUSTRY RESPONSIBILITY FOR RECYCLING SERVICES**

RECOMMENDATION

That on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer and with the support of the Managing Director, Corporate Services & City Treasurer, Chief Financial Officer, the following actions **BE TAKEN** with respect to the provision of Material Recovery Facility (MRF) Operations services:

a) The Civic Administration **BE DIRECTED** to negotiate a single source agreement for the procurement of MRF Operations services as per Section 14.4(d) and (e) of the Procurement of Goods and Services Policy with Miller Waste Systems Inc. for a term of two years and four months (28 months), with two, one-year extension options at the sole discretion of the City, IT BEING NOTED that the final contract will be subject to approval by municipal council and Civic Administration will report back on the outcome of the negotiations;

b) The Mayor **BE AUTHORIZED** to advise the Ontario Ministry of the Environment, Conservation and Parks (MECP) and the Association of Municipalities of Ontario (AMO) that the Corporation of the City of London would like to transition the processing and marketing of recyclables to full producer responsibility on January 1, 2023 and would be interested in examining the opportunities of working with producers (industry) on the future role of London's Regional MRF; it being noted that a comprehensive response and rationale as requested by AMO will be provided by June 30, 2020.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Relevant reports that can be found at www.london.ca under City Hall (Meetings) include:

- Additional Short-Term Contract Amendment for Recycling Services (May 14, 2019 meeting of CWC, Item #2.6)
- Short-Term Contract Amendment for Recycling Services (October 30, 2018 meeting of CWC, Item #2.9)
- Exercise Renewal Options Curbside Collection & Material Recovery Facility Operations Contracts – Miller Waste Systems (September 7, 2016 meeting of CWC, Item #2.5)

COUNCIL'S 2019-2023 STRATEGIC PLAN

Municipal Council has recognized the importance of solid waste management in its 2019-2023 - Strategic Plan for the City of London as follows:

Building a Sustainable City
London has a strong and healthy environment (Increase waste reduction, diversion and resource recovery)

Growing our Economy
London is a leader in Ontario for attracting new jobs and investments (Increase partnerships that promote collaboration, innovation and investment)

Leading in Public Service
Londoners experience exceptional and valued customer service (Increase community and resident satisfaction of their service experience with the City)

BACKGROUND

PURPOSE

The purpose of this report is to:

- Obtain direction for the Civic Administration to negotiate a single source agreement with Miller Waste Systems Inc., to continue to operate and maintain the City-owned Materials Recovery Facility (MRF) and market the recyclable materials; and

- Indicate to the Ontario Ministry of the Environment, Conservation and Parks (MECP) and the Association of Municipalities of Ontario (AMO) that the Corporation of the City of London would like to transition the processing and marketing of recyclables to full producer responsibility on January 1, 2023.

CONTEXT

In June 2019, the Minister of Environment, Conservation and Parks appointed Mr. David Lindsay, as Special Advisor on Recycling and Plastic Waste and to facilitate a discussion on transitioning the Blue Box program to full producer responsibility. This appointment has been viewed positively by municipalities as it has restarted the transition process which had been stalled since before the last provincial election.

Under a full producer responsibility program, industry would pay the full cost of municipal Blue Box programs, instead of the approximate 50% that is currently paid by industry in the form of quarterly financial grants to municipalities. This also includes taking operational responsibility for recycling and making sure materials are recycled. Also included in this new program will be the onus on industry stewards to make packaging decisions that deliver better environmental outcomes.

The Special Advisor's work is to be guided by the following policy objectives (which are reflective of the interests municipalities have advocated for):

- Standardization across the province of what can be recycled in homes, workplaces and public;
- Improve diversion rates and increase what materials can be recycled;
- Reduce litter and waste in communities and parks;
- Improve Ontario's Blue Box program by requiring producers to pay for the recycling of the products they produce, through achieving producer responsibility; and,
- Maintain or improve frequency of Blue Box collection.

The Special Advisor's Report with recommendations was submitted on July 20, 2019. The Association of Municipalities of Ontario (AMO) has been assured that municipal governments will be very involved in the transition process but these details are not known yet.

On August 15, 2019, the Minister of the Environment, Conservation and Parks announced the next steps for transitioning the costs and operations of the Blue Box Program away from municipalities to make the producers of products and packaging fully responsible.

The announcement stated that Blue Box services will transition to producers in phases over a three-year period, starting January 1, 2023 and ending December 31, 2025. The Minister directed Stewardship Ontario to submit a plan to outline how the current program will operate over the three-year period by June 30, 2020 (Appendix A). Further, a letter was issued to the Resource Productivity and Recovery Authority (RPRA) to approve the plan no later than December 31, 2020.

Currently the Province is developing regulations and a framework as part of the *Resource Recovery and Circular Economy Act, 2016* to make all these actions possible.

Transition of Operational and Financial Responsibility of Blue Box Program to Producers of Packaging and Paper Products

As noted, the letter requires producers of packaging managed in the Blue Box Program to take over operational and financial responsibility of the program over the period of January 1, 2023 through January 1, 2025. It is anticipated that one or two of the larger collection programs will transition first and London is expected to transition in either 2024 or 2025. Facilities that process and market recyclable materials will likely be handled separately as industry's goal is to have fewer and larger processing facilities.

To summarize, when the transition process occurs the following key items will likely result:

- Industry stewards will pay between 95% and 100% of the cost of Blue Box/Blue Cart recycling services or the system of choice for the recovery of designated paper and packaging products. This will represent about $3 million per year saved for the City of London.

- Industry stewards will be responsible for 100% of the operations versus the current system whereby municipalities have 100% responsibility for recycling services in the residential sector. The municipal role in recycling services will be determined by industry in consultation and final negotiations with municipalities.

- Municipal assets such as MRFs may or may not be part of the future system. Industry will decide this based on unknown factors as this time. London's MRF is well positioned in southwestern Ontario and is likely to be part of the future system that will see fewer MRFs and consolidated recycling programs.

Process to be Ready for Transition

Based on existing information, it is understood that industry is pursuing two separate paths for transition; one dealing with collection programs and one dealing with processing and marketing arrangements.

To assist with transition, the Association of Municipalities of Ontario (AMO) is asking that Councils select preferred transition dates, rationale and potential services to offer by June 30, 2020 (Appendix B). This item is further elaborated on under the Discussion section in this report and will be subject of a future report to CWC.

In 2019, through a competitive process, Council awarded a contract to Miller Waste Systems Inc., to provide collection services including a methodology for early termination of the contract should industry desire to release new contracts versus acquiring the existing competitive contracts. The new contract starts August 31, 2020. The contract duration is four (4) years with four (4) possible one (1) year options at the sole discretion of the City.

The City needs to secure an operator for its City-owned MRF that will manage the facility until a transitioned processing arrangement is in place as follows:

- If transitioned January 1, 2023, then a MRF contract would be required for two years and four months (28 months)

- If transitioned January 1, 2024, then a MRF contract would be required for three years and four months (40 months); or

- If transitioned January 1, 2025, then a MRF contract would be required for four years and four months (52 months).

DISCUSSION

The discussion below is divided into two parts:

Part A: Rationale for a single source agreement

Part B: Notifying the Province and the Association of Municipalities of Ontario of London's Transitions Intentions

PART A: RATIONALE FOR A SINGLE SOURCE AGREEMENT

Current MRF Arrangements

Miller Waste Systems Inc., was the winner of the Design, Build & Operate RFP for the City's MRF, the design and build portion of the RFP was completed in the summer of 2011. Miller has been operating and maintaining the City's asset since construction was complete. All contract extensions permitted under that contract have been acted upon by the City. The current contract ends August 28, 2020.

The City's asset is 10 years old. Based on the above transition dates, it will likely remain City-owned for another 2 to 4 years (from September 2020). The price to build the facility was $22.4 million in 2010. Industry contributed $4 million of this amount. The MRFs current depreciated value is estimated to be between $8 and $10 million.

Rationale for Negotiating Single Source MRF Operational Contract Extension with Miller Waste Systems

Given the known transition dates, it is prudent to ensure stable, reliable and knowledgeable services in MRF processing and marketing of recyclable materials as London prepares for transition.

Continuing to contract Miller to operate the City's MRF on a single source basis is recommended because:

- Miller is in the best position to maintain the value of the asset in the short term. The value of the MRF as part of the future recycling system in southwestern Ontario and/or to be sold (on leased land) will be based on the condition of the asset. Currently the facility is in very good shape because it has been well maintained by Miller. A 2018 comprehensive inspection of the MRF confirmed that the facility, especially the equipment, is in very good shape. It is in the City's best interest to continue with the original designer and operator of the MRF in order to maintain it such that it will command the greatest possible value in the upcoming, industry led recycling system.

- Miller is in the best position to minimize capital investment to maintain the MRF. The MRF will require lower capital investments from the City prior to transition if the current operator remains in place than if a new operator is contracted for the MRF. Capital costs are recovered by successful proponents through the contract. Miller and City staff have not identified many new investments as being required, with the exception of upgrades and repairs to the fire suppression system that are required to be undertaken as a result of the necessity to use onsite storm water management pond water to provide the pressure required for adequate fire suppression. That upgrade is already budgeted under maintenance.

- Miller is in the best position to continue to maximize material revenues in weak market conditions for the City of London. The market for recovered materials is the most unstable and value-depressed it has been in at least 10 years. Miller's operation of the facility to produce quality products that remained in demand, along with their long term end market relationships was a significant factor in delaying the effects of the market downturn in London. The continuation of this process will be key as London prepares for the transition.

- Miller has a permanent, skilled workforce, with the vast majority being London residents. These workers are very familiar with the equipment, the material feedstock and the City's requirements. Miller staffs its operations with its own employees rather than those from a temporary agency.

- Miller is in the best position to optimize collection and processing. Having the same operator that collects recyclables and processes the materials is always advantageous because the same operator can optimize the collection and processing from a system's perceptive. This avoids the conflicts that occur when there are different operators that each try to maximize profit from an individual service versus the combined service (i.e., the material delivered was too contaminated and is impacting the efficient operation of the MRF).

- Miller is in the best position to continue to meet the needs of the nine municipalities using the MRF under agreement or contract with the City of London. London has arrangements with nine smaller local municipalities (e.g., St Thomas, Aylmer, etc.) to process their recyclables. Most are on-going agreements without defined end-dates. All municipalities, including London, have benefitted through these arrangements. Like London, these municipalities will be planning their own Blue Box recycling transition strategy, and a continued stable relationship with the same MRF processing contract will be of benefit to these municipalities for many of the reasons noted above. The continued relationship with regional municipalities will also benefit London when industry considers the advantages of a MRF to service regional processing demand.

- Given the current situation with COVID19, Miller is in the best position to bring as much stability (e.g., human resources, program knowledge, facility knowledge) as possible to the entire recycling program, from collection through processing and marketing materials.

Estimated Price of Processing and Marketing Recyclables

The MRF operations contract is estimated to cost approximately $3.5 to $4.0 million (gross cost) per year with a Net Cost to Taxpayers of about $250,000 to $850,000 per year (Table 1).

Table 1: Estimated MRF Operating Costs Per Year

	Low Estimate	High Estimate
Processing costs (gross) (a)	$3,500,000	$4,000,000
Material Revenues	$2,300,000	$3,000,000
Net Costs (b)	$500,000	$1,700,000
Payment from Industry (c)	$250,000	$850,000
Net Cost to Taxpayers	$250,000	$850,000

Notes:
(a) The processing cost is based on a processing fee per incoming tonne.
(b) Determined as follows: Low estimate = $3.5 - $3 million; High estimate $4 - $2.3 million.
(c) Industry (producers) cover approximately 50% of the current recycling program cost after material revenues.

Examples of Recent Single/Sole Source Contracts in Ontario

In recent years, a number of Ontario municipalities have elected to negotiate single/sole source contracts for recycling services for the purpose of better alignment with proposed, and then confirmed, transition dates (Table 2). These municipalities determined and their Council's approved that it was advantageous to stay with the existing service provider as local and provincial transition plans are being prepared.

Table 2: Ontario Municipalities that have Recently Awarded Single/Sole Source Recycling Contracts

Municipality	2019 Population	Type of Service	Length of Contract (including option years)
Region of Durham	700,000	MRF	3 years
City of Markham	350,000	Collection	4 years
City of Ottawa	950,000	Collection	3 years(a)
Region of Peel	1,460,000	MRF	4 years
City of Richmond Hill	205,000	Collection	8 years
City of Toronto	2,800,000	Collection	3 years(a)
City of Toronto	2,800,000	MRF	5 years
Region of Waterloo	560,000	MRF	2 & 4 years(b)

Notes:
(a) Represents one contract covering a portion of Ottawa's and Toronto's population.
(b) Represents two different MRF related contracts.

PART B: NOTIFYING THE PROVINCE AND ASSOCIATION OF MUNICIPALITIES OF ONTARIO (AMO) OF LONDON'S TRANSITION INTENTIONS

AMO is asking that a Council resolution be passed by June 30, 2020 and be directed to AMO and the MECP that specifies (Appendix B):

1. Council's preferred date to transition based on exiting service provision (between January 1, 2023, and December 31, 2025);

2. Rationale for transition date;

3. Whether London is interested in potentially continuing to provide services (e.g. contract management, collection, haulage, processing services, etc.) or not; and,

4. Key contacts if there are any follow-up questions.

AMO has made it clear that the preferred transition dates may not be the final determination of London's transition dates, nor is London obligated in any way by the date that is specified. The dates are to help the Province and industry plan an orderly and seamless transition.

For this purpose of this report, City staff are recommending that Council indicate now that the City of London would like to transition the processing and marketing of recyclables to full producer responsibility on January 1, 2023 and would be interested in examining the opportunities of working with producers (industry) on the future role of London's Regional MRF. The rationale for this date is it sends an early signal to the Province, producers (industry) and municipal partners using the MRF that the City of London:

- Can move quickly to full producer responsibility for processing and marketing;

- Is prepared to examine opportunities for the role of the existing MRF to serve southwestern including direct (administration) participation to leasing the MRF and land to selling the MRF and leasing the land; and

- Is prepared to examine opportunities that create economic benefit to London and southwestern Ontario.

A comprehensive response and rationale as requested by AMO will be provided to Committee to meet the date of June 30, 2020.

PREPARED BY:	**PREPARED AND SUBMITTED BY:**
MICHAEL LOSEE, B.SC. DIVISION MANAGER, SOLID WASTE MANAGEMENT	**JAY STANFORD, M.A., M.P.A. DIRECTOR, ENVIRONMENT, FLEET & SOLID WASTE**
CONCURRED BY:	**RECOMMENDED BY:**
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	**KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER**

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Appendix A Provincial Direction to Transition Ontario's Blue Box Program from Municipal Responsibility to Industry Financial and Operational Responsibility

Appendix B Association of Municipalities of Ontario: Call to Action to Pass a Resolution about Transition of the Blue Box to Full Producer Responsibility

C Ian Collins, Director, Director, Financial Services
John Freeman, Manager, Purchasing and Supply

Appendix A
Provincial Direction to Transition Ontario's Blue Box Program from Municipal Responsibility to Industry Financial and Operational Responsibility

Ministry of the Environment, Conservation and Parks

Office of the Minister

777 Bay Street, 5th Floor
Toronto ON M7A 1N3
Tel.: 416-314-6790

Ministère de l'Environnement, de la Protection de la nature et des Parcs

Bureau du ministre

777, rue Bay, 5e étage
Toronto (Ontario) M7A 1N3
Tél. : 416.314.6790

Ontario

August 15, 2019

Mr. John Coyne
Chair
Stewardship Ontario
1 St Clair Ave. West, 7th Floor
Toronto, ON M4V 1K6

Dear Mr. Coyne:

The Blue Box program has been providing Ontarians with a convenient option for collecting and recycling printed paper and packaging for many years. In recent years, it has become apparent that the growing challenges in delivering and funding the program must be addressed. After hearing from many interested parties, I believe the time has come to modernize and improve Ontario's Blue Box services by transitioning from the existing program that provides industry funding to reimburse a portion of municipalities' costs to a full producer responsibility model where industry will be responsible for both funding and operations. The transition to producer responsibility will ensure Ontarians' experience and access to existing Blue Box services will not be negatively impacted and that there are province-wide services available, including for Northern, rural and Indigenous communities.

As a necessary complementary step to transitioning to a producer responsibility model, pursuant to Section 14 of the Waste Diversion Transition Act, 2016 (WDTA) I am directing Stewardship Ontario (SO), to develop a plan in respect of the funding program for blue box materials under the WDTA (the SO Program) and for SO itself. SO must submit the plan to the Resource Productivity and Recovery Authority (the Authority) for approval no later than June 30, 2020.

This direction will begin the process by which Ontario will implement a modern, producer-operated system that will provide consistent province-wide recovery of Blue Box materials under the Resource Recovery and Circular Economy Act, 2016, and ensure there is no disruption to Blue Box services.

The development of the plan must be conducted in accordance with this direction as well as the provisions of the WDTA and its regulations, including O. Reg. 357/17.

I am directing that the plan describe a mechanism for determining the steward fees necessary to provide for payments to municipalities and First Nation communities until the time they transfer responsibility for providing Blue Box services to producers. The plan will establish criteria for a three year period in which municipalities and First Nation communities will no longer be eligible to receive funding under the SO Program, starting on January 1, 2023 and ending on December 31, 2025, which is the date that SO Program will end and the new producer responsibility framework will be fully implemented.

It is in the public interest that the plan is consistent with the following principles:

Demonstrate transparent communications and meaningful consultation

- Parties affected by the transition should be consulted and have opportunities for meaningful engagement during the development and implementation of the plan.
- The public, Indigenous peoples and affected stakeholders, including stewards, municipalities and service providers (e.g. collectors, haulers, processors, recycled product manufacturers) will receive transparent and clear communications from SO on a regular basis during development and implementation of the plan.

Support competition and prevent conflict of interest

- The plan shall support competition in, and not adversely affect, Ontario's current and future marketplace for the collection and recovery of paper products and packaging. The plan shall not provide for unfair or preferential treatment of the public or any affected parties, or barrier to competition during or following the transition of the program.
- SO shall take all necessary steps to ensure there is no real, potential or apparent conflict of interest when developing and implementing the plan.
- SO's sharing of data and information to parties other than the Resource Productivity and Recovery Authority (the Authority) must be done through a fair, open and transparent process that does not result in preferential treatment of one person or group over another or release of any confidential information.

Demonstrate Fairness to Stewards and Protect Consumers

- The assets, liabilities, rights and obligations of SO related to the SO Program must be dealt with in a fair, open and transparent process in accordance with applicable law.
- All monies held in trust by SO related to the SO Program shall be treated appropriately in accordance with the WDTA and its regulations.

Maintain Program Performance

- There shall be no disruption in payments made by SO to a municipality or First Nation community under the SO Program until the time when that municipality or

First Nation community is no longer eligible to receive funding based on criteria established in the plan.

- Ontarians' access to and experience with the Blue Box program shall not be negatively impacted. It is my expectation that, while allowing for natural growth of Blue Box services to new residential development or redevelopment, municipalities and First Nation communities shall not reduce or expand existing levels of Blue Box services that are eligible for funding under the SO Program.

An addendum to this letter provides specific direction related to the details that SO must include in its plan for the SO Program and for SO.

The implementation of the plan shall begin on the date on which the Authority approves the plan. It is my expectation that the Authority will approve the plan no later than December 31, 2020.

It is expected that SO will engage and work cooperatively with the Authority in implementing any policy direction issued to the Authority pursuant to Section 29 of the *Resource Recovery and Circular Economy Act, 2016* (RRCEA). This includes ensuring that real, potential or apparent conflict of interest concerns have been addressed prior to and during the development of the plan.

If it is in the public interest to do so, I will provide further direction or clarification at a later date related to the matters set out in this direction.

Lastly, SO shall make publicly available on SO's website this direction letter, as well as the complementary policy direction letter issued to the Authority.

Sincerely,

Jeff Yurek
Minister

c: Mr. Serge Imbrogno, Deputy Minister, Ministry of the Environment, Conservation and Parks
Ms. Glenda Gies, Chair, Resource Productivity and Recovery Authority

Addendum to the Minister's Direction Letter for the Blue Box Waste Diversion Program and Stewardship Ontario

Stewardship Ontario (SO) is directed to develop a plan for the funding program for blue box materials (the SO Program) under the Waste Diversion Transition Act, 2016 (WDTA) and for SO itself that includes the following:

- A description of the designated wastes that are covered in the Blue Box program.
- A description of how the SO Program will be operated while the plan is being implemented, acknowledging the following:
    - The funding for municipalities and First Nation communities to participate in the SO Program shall end over a three-year period between January 1, 2023 and December 31, 2025.
    - SO's role in transferring payments to a municipality or First Nation community under the SO Program shall end on the date that obligated producers have assumed full responsibility for the collection and management of blue box materials from that municipality or First Nations community.
    - The plan shall recognize, and be responsive to, the fact that a future regulation under the *Resource Recovery and Circular Economy Act, 2016* will set the criteria and process by which municipalities and First Nation communities will transfer to full producer responsibility.
    - The calculation of the funds due to be paid to each municipality and First Nation community under the SO Program shall be proportional to the number of months in a calendar year in which the municipality or First Nation community remains under the SO Program.
    - The Continuous Improvement Fund shall receive no additional contributions and shall end as soon as practical prior to December 31, 2025.
- A proposed timeline according to which key aspects of the plan will be implemented.
- A description of and a proposal for dealing with the assets, liabilities, rights and obligations of SO in relation to the SO Program including:
    - All monies held intrust by SO related to the SO Program pursuant to Section 35 of the WDTA.
    - An approach that outlines how SO will deal with any information technology systems related to the SO Program to ensure fair and equitable access to all users, as an alternative to disposing of these assets for fair market value.
    - Any other assets of SO related to the SO Program, including, and without limitation, any intellectual property, physical assets or real property.

- Any liabilities incurred by SO during the development and implementation of the SO Program and anticipated to be incurred during the development and implementation of the plan.
- A detailed account of anticipated costs arising from the plan, and a detailed account of how SO will finance these costs.
- A detailed account of how SO proposes to equitably apportion its assets, liabilities, rights and obligations among stewards of Blue Box materials.
- The plan shall set out a proposal to deal with any residual funds after the SO Program has ended and SO has finished its final financial reconciliations for the program and organization.

- A description of all data and information that is within SO's custody or control and that is related to the operation of the SO Program since the Minister's program request letter of September 23, 2002, and a proposal for transferring all data and information to the Resource Productivity and Recovery Authority (the Authority), including:
  - The process for transferring all the data and information to the Authority within any timeframes specified by the Authority.
  - The data and information that is to be transferred to the Authority, including, but not limited to:
    - A list of all registered stewards, including their business addresses and contact information; the nature of each steward's designation under the WDTA (e.g. whether designated because the steward is a brand holder, a first importer, or other person); the type and amount of Blue Box materials supplied by the steward into the Ontario marketplace; and,
    - Other additional data and information requested by the Authority.
  - Data and information related to the SO Program that is in SO's custody or control shall not be for sale.
- A proposal for identifying confidential or personal data and information and indicating how such data and information will be supplied in confidence when transferring it to the Authority, which will assist the Authority in determining its treatment of such data and information based on applicable law and policies.
- Demonstration and documentation that any party currently having access to SO data and information only retain data that is equivalent to the information that will be shared through a fair, open and transparent process
- The procedures that SO is putting in place to ensure there is no real, potential or apparent conflict of interest in respect of the plan's development, contents or implementation. Without limiting the scope of these procedures, the plan should address:
  - Any real, potential or apparent conflict of interest in respect to SO's relationship with the Canadian Stewardship Services Alliance (CSSA)

  - Any necessary steps to ensure that the CSSA does not receive preferential treatment over other potential market participants in respect of Blue Box resource recovery markets that may be created under the RRCEA.
- A description of changes to the SO Program that are anticipated to be necessary to implement the plan.

I am further directing that the plan include the following:

- A detailed report of SO's communications with affected parties and the public during the development of the plan.
- A detailed proposal for a communications plan for all affected parties and the public during the implementation of the plan, if approved, including:
  - The process by which SO will provide information to the affected parties and the public on a regular basis.
  - A description of the key steps that will be taken related to the plan and show how affected parties and the public will be affected by the transition.
- A detailed report of how SO has met the consultation requirements of subsection 14(13) of the WDTA during the development of the plan, including:
  - A list of the stewards, municipalities, Indigenous peoples, service providers and other affected parties that were consulted during the development of the plan.
  - A summary of comments received by SO from affected parties.
  - A report of how the comments were considered by SO in the development of the plan.

Appendix B
Association of Municipalities of Ontario: Call to Action to Pass a Resolution about Transition of the Blue Box to Full Producer Responsibility

From: AMO President
Sent: December 18, 2019 6:39 PM
Subject: Call for Action to Pass a Resolution about Transition of the Blue Box to Full Producer Responsibility

Dear Mayor/Head of Council:

RE: Call for Action to Pass a Resolution about Transition of the Blue Box to Full Producer Responsibility

I would ask your Council to pass a resolution outlining your municipal government's preferred date to transition your Blue Box program to full producer responsibility if provided the opportunity to self-determine (between January 1, 2023 and December 31, 2025). While the Province has not yet determined what mechanism will be used to choose when municipalities will transition, AMO believes your Councils are in the best position to decide when the best time to transition your Blue Box program is based on your specific circumstances (e.g. assets, contracts, integrated waste management system).

AMO is asking that a Council resolution be passed by June 30, 2020, be directed to AMO and the Ontario Ministry of Environment Conservation and Parks, that specifies:

1. Your Council's preferred date to transition based on exiting service provision (between January 1, 2023, and December 31, 2025);
2. Rationale for transition date;
3. Whether your municipal government is interested in potentially continuing to provide services (e.g. contract management, collection, haulage processing services etc.) or not; and,
4. Key contacts if there are any follow-up questions.

NOTE: Your Council's stated preference may <u>not</u> be the final determination of your transition date, nor are you obligated in any way by the date that is specified. Please read the rationale for self-determination (**Attachment 1**), and the example resolution (**Attachment 2**) for more details.

Thank you for your attention and assistance in this matter. If you have any questions or require further information, please contact Dave Gordon, Senior Advisor, at 416 389 4160 or dgordon@amo.on.ca or Amber Crawford, Policy Advisor, at 416 971 9856 extension 353 or acrawford@amo.on.ca.

Sincerely,

Jamie McGarvey
AMO President
Mayor of Parry Sound

Attachment 1: Background on Transition to Full Producer Responsibility
Attachment 2: Example Resolution on Transition to Full Producer Responsibility

[Note: the attachments referred to above are not included with this CWC report]

148 Forward Avenue
London, Ontario
N6H 1B7

March 24, 2020

Dear Mr. Bos,

As per our telephone conversation of March 17, 2020, please find enclosed a petition signed by several residents opposing the extension of a sidewalk at the west end of Forward Avenue for the reasons stated.

Council's consideration of our request to cancel this portion of the project would be greatly appreciated.

We await your reply.

Thankyou,

Judy Seaman

Petition Opposing the Extension of Sidewalks on the South side of Forward Avenue

-due to : - reduction in length of driveways
- negative impact on existing concrete and brick driveways
- narrowing of the road creating potential parking issues
- removal of existing trees, shrubs and plants
- the expense and disruption of re-locating various hydro poles in one metre from their present position
- installing sidewalks on this quiet, dead end street seems a waste of taxpayer's dollars

Please Cancel This Project

Name	House Number	Signature

DEFERRED MATTERS

CIVIC WORKS COMMITTEE
(as of April 6, 2020)

Item No.	Subject	Request Date	Requested/ Expected Reply Date	Person Responsible	Status
1.	**Rapid Transit Corridor Traffic Flow** That the Civic Administration BE DIRECTED to report back on the feasibility of implementing specific pick-up and drop-off times for services, such as deliveries and curbside pick-up of recycling and waste collection to local businesses in the downtown area and in particular, along the proposed rapid transit corridors.	Dec 12/16	Q2 2020	K. Scherr J. Dann	
2.	**Garbage and Recycling Collection and Next Steps** That, on the recommendation of the Managing Director, Environmental and Engineering Services and City Engineer, with the support of the Director, Environment, Fleet and Solid Waste, the following actions be taken with respect to the garbage and recycling collection and next steps: b) the Civic Administration BE DIRECTED to report back to Civic Works Committee by December 2017 with: ~~i)~~ ~~a Business Case including a detailed feasibility study of options and potential next steps to change the City's fleet of garbage packers from diesel to compressed natural gas (CNG); and,~~ ~~ii)~~ an Options Report for the introduction of a semi or fully automated garbage collection system including considerations for customers and operational impacts.	Jan 10/17	Q3 2019	K. Scherr J. Stanford	Q2 2020
3.	**Environmental Assessment** That the Managing Director, Environmental and Engineering Services & City Engineer BE REQUESTED to report on the outstanding items that are not addressed during the Environmental Assessment response be followed up through the detailed design phase in its report to the Civic Works Committee.	July 25, 2018	Q2 2019	S. Mathers P. Yeoman	Q2 2020

4.	**Bike Share System for London - Update and Next Steps** That, on the recommendation of the Managing Director, Environmental and Engineering Services and City Engineer, the following actions be taken with respect to the potential introduction of bike share to London: that Civic Administration BE DIRECTED to finalize the bike share business case and prepare a draft implementation plan for a bike share system in London, including identifying potential partners, an operations plan, a marketing plan and financing strategies, and submit to Civic Works Committee by January 2020; it being noted that a communication from C. Butler, dated August 8, 2019, with respect to the above matter was received.	August 12, 2019	January 2020	K. Scherr	Q2/Q3 2020
5.	**745-747 Waterloo Street** That, on the recommendation of the Managing Director, Planning and City Planner, the following actions be taken with respect to the application of The Y Group Investments and Management Inc., relating to the property located at 745-747 Waterloo Street: b) the Civic Administration BE REQUESTED to review, in consultation with the neighbourhood, the traffic and parking congestion concerns raised by the neighbourhood and to report back at a future Planning and Environment Committee meeting; it being further noted that the Planning and Environment Committee reviewed and received the following communications with respect to this matter: • a communication from B. and J. Baskerville, by e-mail; • a communication from C. Butler, 863 Waterloo Street; and, • a communication from L. Neumann and D. Cummings, Co-Chairs, Piccadilly Area Neighbourhood Association; it being pointed out that at the public participation meeting associated with these matters, the individuals indicated on the ~~attached~~ public participation meeting record made oral submissions regarding these matters;	Oct 2, 2018	Q2 2020	K. Scherr	

	it being further noted that the Municipal Council approves this application for the following reasons: • the recommended Zoning By-law Amendment would allow for the reuse of the existing buildings with an expanded range of office conversion uses that are complementary to the continued development of Oxford Street as an Urban Corridor, consistent with The London Plan polices for the subject site. Limiting the requested Zoning By-law Amendment to the existing buildings helps to ensure compatibility with the surrounding heritage resources and also that the requested parking and landscaped area deficiencies would not be perpetuated should the site be redeveloped in the future. While the requested parking deficiency is less than the minimum required by zoning, it is reflective of the existing conditions. By restricting the office conversion uses to the ground floor of the existing building at 745 Waterloo Street and the entirety of the existing building at 747 Waterloo Street (rather than the entirety of both buildings, as requested by the applicant), the parking requirements for the site would be less than the parking requirements for the existing permitted uses. The applicant has indicated a willingness to accept the special provisions limiting the permitted uses to the ground floor of the existing building at 745 Waterloo Street and to the entirety of the existing building at 747 Waterloo Street.				
6.	**Best Practices for Investing in Energy Efficiency and GHG Reduction** That Civic Administration BE REQUESTED to develop a set of guidelines to evaluate efficiency and Greenhouse Gas reduction investments and provide some suggested best practices.	June 18, 2019	Q4 2020	K. Scherr	
7.	**Area Speed Limit Program** That, on the recommendation of the Managing Director, Environmental and Engineering Services and City Engineer, the following actions BE TAKEN with respect to the implementation of the Area Speed Limit program: a) The proposed by-law, attached as Appendix A BE INTRODUCED at the Municipal Council meeting to be held on March 24, 2020, for the purpose of amending the Traffic and Parking By-law (PS-113); b) The Area Speed Limit Program BE IMPLEMENTED on local and collector streets in neighbourhoods where the London Transit Commission have identified none, limited or low impact to transit service; and, c) Implementation of the Area Speed Limit Program in neighbourhoods where the London Transit Commission have identified as having a medium or high impact to transit service BE DEFERRED until transit impact data from the initial areas is analyzed.	March 10, 2020	TBD	K. Scherr S. Maguire	

8.	**Parking Changes** That the following actions be taken with respect to overnight parking restrictions contained in the Traffic and Parking By-law PS-113, as amended and the Administrative Monetary Penalty System By-law, A-54, as amended: a) the Civic Administration BE DIRECTED to bring forward for consideration the following amendments to Traffic and Parking By-law PS-113, as amended: i. section 9(1)n) of the By-law be amended to provide for parking on a roadway or shoulder for 18 hours, instead of the current 12 hour restriction; it being noted that this amendment would be brought forward as part of the omnibus review of the By-law; ii. until such time as i. above is in effect, an administrative practice be implemented to provide for warnings to be given to the owner(s) of vehicles who exceed the current 12 hour restriction; and, iii. section 9(3) of the By-law be amended to allow the parking of non-recreational vehicles between April 30th and November 1st of each year, commencing April 30, 2020; b) the Civic Administration BE DIRECTED to include as part of the staff report being brought forward on March 31, 2020 with respect to the Administrative Monetary Penalty System By-law A-54, as amended, an amendment to the By-law to increase parking violation fines by $5.00 in order to achieve By-law compliance; it being noted that the winter road maintenance program for the City of London aligns with the proposed overnight program noted in a)iii. above; it being further noted that the current additional restrictions with respect to on-street parking in near campus neighbourhoods would remain in effect. (2020-T02)	March 10, 2020	TBD	K. Scherr	