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TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON MONDAY MAY 26, 2014
FROM:	JOHN BRAAM, MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	EXECUTION OF CONTRIBUTION AMENDING AGREEMENTS WITH EACH OF THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF ONTARIO FOR THE HELP CLEAN WATER INITIATIVE

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental and Engineering Services and City Engineer, the attached proposed by-law BE INTRODUCED at the Municipal Council meeting of June 10, 2014, to authorize the execution of a Contribution Amending Agreements for the HELP Clean Water initiative with each of the Government of Canada and the Government of Ontario by the Corporation of the City of London, on its own behalf and on behalf of the Lake Huron Primary Water Supply System and the Elgin Area Primary Water Supply System in the City's capacity as Administering Municipality as authorized by the respective Board of Management.

BACKGROUND

The City of London, in partnership with the Lake Huron Primary Water Supply system and the Elgin Area Primary Water Supply System, entered into a Contribution Amending Agreement with the Government of Canada in June 2009 and with the Government of Ontario in March 2010 for the Huron-Elgin-London Project Clean Water (HELP Clean Water) initiative. Each of Canada and Ontario contributed nearly \$50 million to nine regionally significant water-related projects which comprise the HELP Clean Water initiative. The contributions from Canada and Ontario are part of the Building Canada Fund program.

DISCUSSION

During the course of the HELP Clean Water initiative, the initiation of three of the nine project components originally contemplated in the program proved to be challenging to undertake within the term of the Contribution Agreements due to delays in necessary approvals, environmental issues discovered during the course of the Environmental Assessments and associated preliminary studies, and restrictions provincially owned infrastructure.

Wind Generators

Two of the proposed projects under the HELP Clean Water initiative were for wind generators to be constructed and used on each of the water treatment plant properties, and all electricity generated would be consumed by the plant itself. The proposed wind generator for the Elgin water treatment plant was found to be in an environmentally significant area related to bird migration. After the initial project studies were completed, including the Environmental Assessment report, Environment Canada notified the Elgin Area Water Supply System of the migratory significance of this area of the Lake Erie shoreline, despite the fact that Environment Canada did not identify the issue nor object to the project during the initial assessment studies.

With regard to the wind generator proposed at the Lake Huron water treatment plant, following the completion of the Environmental Assessment and initial related studies, the Province of Ontario amended the site setback and connection requirement which effectively rendered this project as impossible to construct.

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W12A Co-Generation Facility

A third project component of the HELP Clean Water initiative, a co-generation facility at the W12A landfill site utilizing collected landfill gas, was initiated in 2010 with the construction of the necessary electric power lines to London Hydro’s substation, and the landfill gas collection system. Subsequent to the construction of the electrical power lines to the W12A landfill site, the Province of Ontario reassessed the connection assessment and determined that, despite initial conceptual approval of the co-generation facility by the Province and London Hydro, the provincial electrical infrastructure was inadequate in this area and would require upgrades before the project would be approved. Although the project remains feasible, it could not be completed in the timeframe established by the Contribution Agreements for the HELP Clean Water initiative. As a result, staff have proposed that this project be continued under an alternative funding model and be removed from the HELP program.

HELP Clean Water – Scope Change


The HELP Clean Water initiative is management by a Contribution Agreement Management Committee, having one co-chair and one member on the committee from each of the governments of Canada and Ontario, as well as one co-chair and one member representing the ‘Recipient’ (London and the two regional water systems). As a result of the issues outlined above, staff have been working with the Contribution Agreement Management Committee to identify alternative project components and other amendments in lieu of undertaking the two wind generators and the co-generation facility as part of the HELP initiative.

Through these discussions, the following changes have been proposed and accepted by Canada and Ontario:

1. In lieu of the wind generator at the Lake Huron water treatment plant, an acoustic fibre optic condition monitoring and leak detection system will be installed within the 1200mm (48 inch) reinforced concrete pressure pipe between the water treatment plant and the terminal reservoir near the community of Arva;
2. In lieu of the wind generator at the Elgin Area water treatment plant, filters #1, #2, and #3 will be replaced with new higher-capacity filters similar to that which was installed in filter #4. Filter #4 experienced a catastrophic failure in 2012 resulting in the need for an emergency replacement. The newly installed filtration system is proving to have a higher individual throughput capacity, improved performance, and greater effluent water quality;
3. In lieu of the co-generation facility at the W12A landfill site, the necessary replacement of pumps at London’s Elgin-Middlesex Pump Station which will be used to supply water to the Southeast Reservoir and Pump Station (also a HELP Clean Water funded project) and additional modifications to London’s water distribution and associated control systems to accommodate the long-term supply of water from the Southeast Reservoir.

Contribution Amending Agreements

In order to facilitate the proposed changes in the project components of the HELP Clean Water initiative, as well as other related reporting requirements under the federal Building Canada Fund, Contribution Amending Agreements have been drafted for execution with each of the governments of Canada and Ontario. Similar to the original Contribution Agreements, the City of London would be executing the agreements in its own right, as well as in its capacity as the Administering Municipality as approved by the respective Board of Management.

SUBMITTED BY:	RECOMMENDED BY:
	
ANDREW HENRY, P.ENG DIVISION MANAGER – REGIONAL WATER SUPPLY	JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER

Attachment: By-law

Agenda Item # Page #

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Bill No.
2014

By-law No.

A By-law to authorize the Mayor and Clerk of the City of London to execute a Contribution Amending Agreement with each of the Government of Canada and the Government of Ontario for the HELP Clean Water initiative.

WHEREAS subsection 5(3) of the Municipal Act, 2001, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS it is deemed expedient to enter into an agreement with the Government of Canada and the Government of Ontario for the HELP Clean Water initiative;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Mayor and Clerk is hereby authorized to execute a Contribution Amending Agreement with the Government of Canada on behalf of The Corporation of the City of London, and on behalf of the Lake Huron Primary Water Supply System and the Elgin Area Primary Water Supply System in the City's capacity as Administering Municipality, with respect to senior government funding of the HELP Clean Water initiative in accordance with draft Contribution Agreement substantially in the form attached as Schedule 'A' to this by-law.
2. The Mayor and Clerk is hereby authorized to execute a Contribution Amending Agreement with the Government of Ontario on behalf of The Corporation of the City of London, and on behalf of the Lake Huron Primary Water Supply System and the Elgin Area Primary Water Supply System in the City's capacity as Administering Municipality, with respect to senior government funding of the HELP Clean Water initiative in accordance with draft Contribution Agreement substantially in the form attached as Schedule 'B' to this by-law
2. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on June 10, 2014.

Mayor

City Clerk

**CANADA – HURON ELGIN LONDON CLEAN WATER PROJECT
BUILDING CANADA FUND**

**AGREEMENT FOR CAPITAL PROJECT COMPRISED OF EIGHT
COMPONENTS TO ENSURE SUSTAINABLE REGIONAL WATER SUPPLY
SYSTEM**

2009-2010 / 2016-2017

AMENDMENT N°1

BETWEEN: **HER MAJESTY THE QUEEN IN RIGHT OF CANADA**, as represented by the President of the Queen's Privy Council for Canada, Minister of Infrastructure, Communities and Intergovernmental Affairs ("Canada")

AND **THE CORPORATION OF THE CITY OF LONDON**, represented by the Mayor, on its own behalf and in its capacity as Administering Municipality for the Lake Huron Primary Water Supply System and Elgin Area Primary Water Supply System ("Recipient")

individually referred to as a "Party" and collectively referred to as the "Parties".

WHEREAS Canada and the Recipient entered into an Agreement for the Huron Elgin London Clean Water Project on June 3, 2009 ("Original Agreement");

WHEREAS the Parties wish to amend the Original Agreement in order to, among other items, adjust the scope of the Project and extend the deadline for payments;

AND WHEREAS by virtue of the Order-in-Council PC 2013-0869, dated July 15, 2013, the President of the Queen's Privy Council for Canada was transferred the control and supervision of the Office of Infrastructure of Canada.

THEREFORE the Parties hereby agree as follows:

1. The following terms are added to Section 1.1 (Definitions) of the Original Agreement:

"Agreement End Date" means March 31, 2017."

"Effective Date" means the date this Agreement is signed by all Parties."

"Final Claim Date" means the earlier of eighteen months after the Substantial Completion Date of the Project and January 31, 2017."

"Substantial Completion" occurs when the Project can be used for the purpose for which it was intended."

"Substantial Completion Date" means the date as shown on the executed Declaration of Completion as set out in Schedule E (Declaration of Completion)."

2. The following term is deleted from Section 1.1 (Definitions) of the Original Agreement:

“**Independent Engineer**“ means a member of an arms length firm of professional engineers, its successors and assigns, duly licensed in the Province of Ontario retained and paid for by the Recipient for the purposes of certifying claims for payment, if required, as well as certifying the project completion;”

3. The following text from the term “Project” is deleted from Section 1.1 (Definitions) of the Original Agreement:

“Section 2.2 and”

4. Section 1.3 (Duration of Agreement) is deleted and replaced by the following:

“1.3 DURATION OF AGREEMENT

This Agreement will be effective as of the Effective Date and shall terminate on the Agreement End Date, subject to early termination in accordance with this Agreement.”

5. Section 1.5 (Schedules) of the Original Agreement is deleted and replaced with the following:

“1.5 SCHEDULES

The following schedules are attached to, and form part of, this Agreement:

- a) Schedule A – Eligible and Ineligible Costs;
- b) Schedule B – The Project;
- c) Schedule C – Reporting, Audit and Evaluation;
- d) Schedule D - Information Management;
- e) Schedule E – Declaration of Completion;
- f) Schedule F – Communications Protocol.”

6. Section 2.2 (Description of Project) of the Original Agreement is deleted.

7. The text in Section 3.1 (a) (Contribution By Canada) of the Original Agreement is deleted and replaced by the following:

“Canada agrees, subject to the terms and conditions of this Agreement, including Schedule B (The Project), to pay a contribution to the Recipient of not more than fifty percent (50%) of the total Eligible Costs of the Project, but only up to a maximum of \$49,985,307 and only in accordance with the Fiscal Year breakdown in Section B.2 (Project Components and Cash Flow) of Schedule B (The Project).”

8. Section 4.1 (Conditional Commitment) of the Original Agreement is deleted and replaced by the following:

“4.1 ENVIRONMENTAL ASSESSMENT

- a) The Parties agree that an environmental assessment (“EA”) or a determination under section 67 of *CEAA, 2012* are not required for the Project under the federal *Canadian Environmental Assessment Act, 2012* (“*CEAA, 2012*”).
- b) If, as a result of changes to the Project or otherwise, Canada is of the opinion that *CEAA, 2012* applies to the Project, the Recipient agrees that construction of the Project or any other physical activity that is carried out in relation to the Project, including site preparation, will not be undertaken or will be suspended and no funds or additional funds

will become or will be payable by Canada to the Recipient for the Project unless and until:

- i. In the case of an EA, a decision statement has been issued to the Recipient
 - ii. In the case of a determination under section 67 of *CEAA, 2012*, an authority determines that the Project is not likely to cause significant adverse environmental effects or is likely to cause significant adverse environmental effects that are justified in the circumstances.
- c) For any EA or determination made under *CEAA, 2012* in accordance with the above paragraph (b):
- i. The Recipient will comply with, to the satisfaction of Canada and at the Recipient's own expense, all conditions included in the decision statement issued under *CEAA, 2012* or other conditions that Canada may require in its determination referred to in Section 4.1 (b) (Environmental Assessment)
 - ii. The Recipient will ensure access to Project sites, facilities, and documentation in accordance with Section 4.2 (Access)."

9. The text in Section 7.2 (a) (Claim Procedures) of the Original Agreement is deleted and replaced by the following:

"Signature of the Recipient Co-chair or a senior official designated in writing by the Recipient Co-chair as to the accuracy of the information submitted in support of the claim;"

10. Section 7.3 (Time Limits for Claims) of the Original Agreement is deleted and replaced by the following:

"7.3 TIME LIMITS FOR CLAIMS

The Recipient agrees to submit all claims for payment no later than the Final Claim Date. Canada will have no obligation to pay a claim submitted after this date."

11. Section 7.5 (Final Adjustments) of the Original Agreement is deleted and replaced by the following:

"7.5 FINAL ADJUSTMENTS

After the Recipient has submitted the final report and final audit as well as a Declaration of Completion, completed in accordance with Schedule E (Declaration of Completion), and before March 31, 2017, the Parties will jointly carry out a final reconciliation of all claims and payments in respect of the Project and make any adjustments required in the circumstance."

12. Section 7.6 (Holdback) of the Original Agreement is deleted and replaced by the following:

"7.6 RETENTION OF CONTRIBUTION

Canada may retain up to ten percent (10%) of its contribution under this Agreement. Any amount retained by Canada will be released by Canada when the final adjustments have been completed under Section 7.5 (Final Adjustments) and the Recipient fulfils all its obligations under this Agreement."

13. Section 7.7 is added to the Original Agreement as follows:

“7.7 DECLARATION OF COMPLETION

The Declaration of Completion required pursuant to Section 7.5 (Final Adjustments) will be in the form substantially prescribed in Schedule E (Declaration of Completion). In order to be acceptable by Canada, the Declaration of Completion must list all relevant documents as may be determined by Canada prior to the Final Claim Date. Such determination will be made by Canada in consultation with the Recipient. Prior to executing the Declaration of Completion, the Recipient will request confirmation from Canada that the Declaration of Completion lists all relevant documents as determined by Canada. Canada will provide such confirmation in writing.”

14. Section 10 (Communications) of the Original Agreement is deleted and replaced with the following:

“10 COMMUNICATIONS

The Parties will comply with Schedule F (Communications Protocol).”

15. The following text as it appears in Section 12.15 (Notice Deemed Given) of the Original Agreement is deleted:

“both”

“and

Director General
Sector Governance and Infrastructure Programs Branch
Industry Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5”

16. The following text as it appears in Section 12.15 (Notice Deemed Given) of the Original Agreement is deleted:

“General Manager of Engineering and Environmental Services &
City Engineer
City of London
300 Dufferin Avenue
P.O. Box 5035
London, Ontario
N6A 4L9”

The deleted text is replaced with the following:

“Managing Director of Engineering and Environmental Services &
City Engineer
City of London
300 Dufferin Avenue
P.O. Box 5035
London, Ontario
N6A 4L9

And copied to:

Chief Administrative Officer
Lake Huron & Elgin Area Primary Water Supply Systems
235 North Centre Road, Suite 200
London, Ontario
N5X 4E7”

- 17. Sections 13.3 (Special Conditions) and 13.4 (Special Conditions) of the Original Agreement are deleted.**
- 18. Section 13.3 (Special Conditions) is added to the Original Agreement:**
 - a. The Parties agree that the following three components of the Project included in the original agreement no longer form part of the Agreement:
 - i. Methane Gas Capture and Green Power Production at W12 Landfill (SW6040)
 - ii. Lake Huron Water Supply System: Installation of wind turbines (LH1404)
 - iii. Elgin Area Water Supply System: Installation of wind-power generator (EA4064)
 - b. The Recipient agrees that funds paid by Canada to it in 2010-11 and 2011-2012 in the amount of \$494,813.00 for Eligible Expenditures related to the Methane Gas Capture component of the Project will be deducted from future Eligible Expenditures for the remaining components of the Project, as listed in Section B.2 (Project Components and Cash Flow) of Schedule B (the Project).
- 19. The text in Section A.1 (b) (Eligible Costs) of Schedule A (Eligible and Ineligible Costs) of the Original Agreement is deleted and replaced with the following:**

“the costs of joint communication activities (press releases, press conferences, translation, etc.) and road signage recognition set out in Schedule F (Communication Protocol);”
- 20. Schedule B (Detailed Description of the Project) of the Original Agreement is deleted and replaced by the Schedule B (The Project) attached to this Amendment N°1.**
- 21. Schedule C (Reporting, Audit and Evaluation) of the Original Agreement is deleted and replaced by the Schedule C (Reporting, Audit and Evaluation) attached to this Amendment N°1.**
- 22. Schedule E (Solemn Declaration of Substantial Completion) of the Original Agreement is deleted and replaced by the Schedule E (Declaration of Completion) attached to this Amendment N°1.**
- 23. Schedule F (Communications Protocol) attached to this Amendment N°1 is added to the Original Agreement.**
- 24. The reference to “2009-2010 / 2012-2013” on the first page of the Original Agreement and in the headers of each page of the Original Agreement and each page of its schedules is replaced by “2009-2010 / 2016-2017”.**
- 25. The reference to “nine components” in the final paragraph that starts with “AND WHEREAS” on the first page of the Original Agreement, and in the headers of each page of the Original Agreement and each page of its schedules is replaced by “eight components”.**
- 26. Each occurrence of the term “substantial completion” in the Original Agreement is replaced with the capitalized term, “Substantial Completion”, and will have the meaning ascribed to it in this Amendment N°1.**
- 27. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the Original Agreement.**

- 28. All other terms and conditions, including all schedules, of the Original Agreement remain unchanged.**
- 29. This Amendment N°1 may be signed in counterpart, and the signed copies will, when attached, constitute an original Amendment N°1.**
- 30. This Amendment N°1 is effective as of the date of last signature.**

This Amendment No. 1 has been executed on behalf of Her Majesty the Queen in right of Canada by the Minister of Infrastructure, Communities and Intergovernmental Affairs, and on behalf of the Recipient by the Mayor and Clerk of the Corporation of the City of London.

HER MAJESTY THE QUEEN IN
RIGHT OF CANADA

CORPORATION OF THE CITY OF
LONDON on its own behalf and in its
capacity as Administering Municipality
for the Lake Huron Primary Water
Supply System and the Elgin Area
Primary Water Supply System

Original signed by:

Original signed by:

The Honourable Denis Lebel
Minister of Infrastructure, Communities
and Intergovernmental Affairs

Mayor, Corporation of the City of
London

Date: _____

Date: _____

Clerk, Corporation of the City of London

Date: _____

SCHEDULE B – THE PROJECT

B.1 Project Description

Objective

The objective of the Project is to ensure a high quality and sustainable regional water supply system. The anticipated long-term benefits of the Huron Elgin London Project are:

- a. A sustainable water supply for the region with capacity to facilitate future growth and the assurance of effectively treated water for all connected communities;
- b. A reduced regional reliance on ground water well supply sources, many of which have variable or poor water quality and limited capacity;
- c. Built-in operational redundancy through emergency backup power that will lead to enhanced water supply reliability and resilience; and
- d. Emergency storage and system balancing through the development of a key reservoir and pump station facility.

Boundaries

The Project spans 14 municipalities and approximately 500,000 people in the City of London and the surrounding region served by the Lake Huron and Elgin Area water supply systems in southern Ontario.

Output

Southeast Reservoir

The Southeast Reservoir will increase the capacity of the drinking water and pumping capabilities to the distribution network and back-feed by constructing a reservoir having a storage capacity of at least 114 million litres and associated pumping systems. Existing pumps will also be replaced to accommodate the construction of the new reservoir as well as the installation and replacement of controls between the City of London's supply and pressure zones.

Timeline: February 2009 – December 2014

Lake Huron Emergency Backup Generators

The work includes increasing the power generation to the site and the installation of backup generators and building modifications.

Timeline: June 2009 – August 2013

Lake Huron Residue Management Facility

Work includes the construction of a residue management facility to handle waste by-products associated with the water treatment facilities.

Timeline: June 2009 – June 2014

Lake Huron Fibre Optic Monitoring System

Work includes the installation of a fibre optic monitoring system in approximately 62 km of pipeline.

Timeline: January 2014 – March 2016

Lake Huron Twinning

Approximately 8 km of pipeline main will be twinned, with associated appurtenances and applicable transmission modifications.

Timeline: June 2009 – March 2016

Elgin Residue Management Facility

Construct a residue management facility to handle the waste by-products associated with water treatment facilities.

Timeline: March 2009 – June 2016

Elgin Filtration System Replacement

Replace the existing water treatment filtration systems with a new efficient and higher capacity system.

Timeline: January 2014 – March 2016

Elgin Twinning

Twin approximately 18 km of pipeline main with higher capacity transmission main.

Timeline: September 2009 – October 2013

B.2 Project Components and Cash Flow

Component	Estimated Total cost	Estimated Eligible Cost	Canada's Contribution	Estimated Contribution to Eligible Costs per Party per Fiscal Year								
				Contributor	2009-10	2010-11**	2011-12**	2012-13	2013-14	2014-15***	2015-16	2016-17
Southeast Reservoir (EW3614)	\$58,200,000	\$56,634,650	\$18,974,883	Canada	2,657,631	9,187,427	1,653,615	877,583	0	4,598,627	0	0
				Recipient	2,657,631	9,187,427	1,806,271	1,007,768	0	4,315,786	0	0
Lake Huron Emergency Backup Generators (LH1326)	\$10,100,000	\$9,634,703	\$2,302,725	Canada	102,146	1,296,554	444,430	459,595	0	0	0	0
				Recipient	101,450	1,373,396	627,879	526,998	0	0	0	0
Lake Huron Residue Management Facility (LH1902)	\$24,808,259	\$24,808,259	\$5,141,250	Canada	50,105	21,168	19,262	2,419,228	0	2,631,487	0	0
				Recipient	50,105	21,168	375,697	2,099,609	0	2,594,671	0	0
Lake Huron Fibre Optic Monitoring System	\$7,375,000	\$7,375,000	\$2,458,333	Canada	0	0	0	0	0	1,475,000	983,333	0
				Recipient	0	0	0	0	0	1,475,000	983,333	0
Lake Huron Twinning (LH1305)	\$20,300,000	\$20,300,000	\$6,766,667	Canada	9,037	66,187	84,031	1,286,856	0	4,788,501	532,055	0
				Recipient	9,037	22,187	237,018	1,001,194	0	4,907,908	545,323	0
Elgin Area Residue Management Facility (EA4023)	\$32,193,460	\$32,193,460	\$5,827,432	Canada	31,109	28,176		256,761	0	2,755,693	2,204,554	551,139
				Recipient	31,109	28,176	28,810	244,045	0	2,747,646	2,198,117	549,529
Elgin Filtration System Replacement	\$3,542,000	\$3,542,000	\$1,180,667	Canada	0	0	0	0	0	708,401	472,266	0
				Recipient	0	0	0	0	0	708,401	472,267	0
Elgin Twinning (EA4024)	\$23,265,523	\$22,000,050	\$7,333,350	Canada	0	864,484	4,158,430	2,140,862	0	169,574	0	0
				Recipient	696	863,778	5,498,098	822,937	0	147,831	0	0
Methane Gas Capture (Cancelled)	\$0	\$0	\$0	Canada	0	483,775	11,038	0	0	(494,813)	0	0
				Recipient	0	0	0	0	0	0	0	0
Total*	\$179,784,242	\$176,488,122	\$49,985,307	Canada	2,850,028	11,947,771	6,370,806	7,440,885	0	16,632,470	4,192,208	551,139
				Recipient	2,850,028	11,496,132	8,573,773	5,702,551	0	16,897,243	4,199,040	549,529

*For greater certainty, Canada's total contribution cannot exceed the amount set out in Section 3.1 (Contribution by Canada).

The Province of Ontario has committed to contribute up to \$49,984,973 towards the Project.

**Fiscal Years 2010-11 and 2011-12 include funds (\$483,775 and \$11,038 respectively) paid towards the Methane Gas Capture component which was removed from the Project in Amendment N°1 to the Agreement.

*** Fiscal Year 2014-15 was reduced by \$494,813 to recover funds paid for the Methane Gas Capture component which was removed from the Project in Amendment N°1 to the Agreement.

SCHEDULE C – REPORTING, AUDIT AND EVALUATION

C.1 REPORTING

C.1.1 ANNUAL PROGRESS REPORT

- a) The Recipient will submit an annual progress report to Canada by June 30th of each Fiscal Year.
- b) In the event that this Agreement is signed by the Parties between January 1st and June 30th, the annual progress report must be submitted to Canada by June 30th in the following Fiscal Year and must cover the period from the start of the Agreement.
- c) The annual progress report will include the following information:
 - i. general description of the Project focusing on major achievements to date;
 - ii. detailed summary information on the Project's progress;
 - iii. overview of the status of environmental issues and monitoring requirements related to the Project, both expected and unexpected, and the proposed mitigation strategies to address these concerns;
 - iv. update on outcome benefits according to performance indicators listed in Section B.1 (Project Description) compared to the start of the Project. The Recipient will ensure that appropriate data collection processes are in place to enable the capture and reporting of Project outcomes;
 - v. update on the progress of Project components listed at Section B.2 (Project Components and Cash Flow); including any variations to the Schedule and the intended course of action;
 - vi. areas of concern on risk factors and proposed mitigation strategies affecting the schedule or the budget of the Project;
 - vii. issues or risk factors that may affect completion of the Project as per original plans; and
 - viii. highlights of communication activities of the Project this Fiscal Year.

C.1.2 FINAL REPORT

The Recipient will submit a final report to Canada for approval with the final claim. The final report will include:

- a) all information required under Section C.1.1(c) (Annual Progress Report) of Schedule C (Reporting), covering the period from the last annual progress report to the Substantial Completion Date;
- b) a cumulative summary of the Project, which will include the following information:
 - i. an overview of the status of environmental issues and monitoring requirements related to the Project including those that may exceed the Agreement End Date;
 - ii. summary of the Project's completed outcome benefits according to performance indicators listed in Section B.1 (Project Description) of Schedule B (The Project) compared to the start of the Project; and
 - iii. total expenditures for the Project by Project component listed at Section B.2 (Project Components and Cash Flow) of Schedule B (The Project).

C.2 AUDITS

C.2.1 TYPES OF AUDITS AND FREQUENCY

- a) The Recipient will submit annual financial statements to Canada for review and acceptance; the audit will be conducted by an accredited and independent auditor in accordance with the Generally Accepted Auditing Standards by September 30th of each Fiscal Year.
- b) In addition to the annual financial audit, Canada may require the Recipient to submit to Canada, for review and acceptance, one or more compliance audits conducted by an accredited and independent auditor in accordance with the Generally Accepted Auditing Standards.
- c) Canada may also require the Recipient to submit to Canada, for review and acceptance, an environmental audit /or a technical audit, or both.
- d) The audits which Canada may require pursuant to Sections C.2.1 (b) and (c) (Types of Audits and Frequency) of Schedule C (Reporting) will be submitted by the Recipient at a frequency to be determined by Canada in its discretion.
- e) Canada reserves the right to undertake or cause to be undertaken, at its expense, any audit in relation to the Project.

C.2.2 AUDIT PLANS

- a) The Recipient is responsible for establishing and implementing an audit plan which will be updated as necessary in order to take into account the Recipient's obligation to submit any audit under Section C.2.1 (Types of Audits and Frequency) of Schedule C (Reporting).
- b) Canada will provide a guidance document to the Recipient in order to assist the Recipient in preparing the audit plan, which must be prepared to the satisfaction of Canada.
- c) The Committee will determine the date(s) on which the audit plan and any necessary updates will be submitted to and approved by the Committee.

C.2.3 CONTENT OF AUDITS

a) Financial Audit

The Recipient agrees that the main objective of the annual financial audit is to determine whether information has been coded correctly and presented fairly in the Project/entity financial statements in accordance with Generally Accepted Accounting Principles.

b) Compliance Audit

The Recipient agrees that the main objective of the compliance audit is to provide assurance that the Recipient has established and employed adequate processes to implement the Agreement and will specifically:

- i. determine whether funds were expended for the purposes intended and with due regard to economy, efficiency, and effectiveness;
- ii. determine compliance with the Agreement;
- iii. ensure that Project and financial information is complete, accurate and timely, in accordance with the terms and conditions of the Agreement;
- iv. ensure that information and monitoring processes and systems are sufficient for the identification, capture, validation and monitoring of achievement of intended benefits;

- v. assess the overall management and administration of the Project;
 - vi. provide recommendations for improvement or redress; and
 - vii. ensure that prompt and timely corrective action was taken on all audit findings.
- c) The content of any other audit required by Canada will be determined by Canada on a case by case basis in consultation with the Recipient.

C.2.4 FOLLOW-UP

A report on follow-up actions taken to address recommendations and results of the audits will be submitted to Canada by the Recipient by the date set out in the audit plan.

C.3 *EVALUATION*

The Recipient agrees to provide Project-related information to Canada during and following the termination of the Agreement in order for Canada to conduct an evaluation of the performance of the Building Canada Fund – Major Infrastructure Component program.

SCHEDULE E – DECLARATION OF COMPLETION

In the matter of the Agreement entered into between Her Majesty the Queen in right of Canada, as represented by the President of the Queen's Privy Council for Canada, Minister of Infrastructure, Communities and Intergovernmental Affairs and The Corporation of the City of London, represented by the Mayor, on its own behalf and in its capacity as Administering Municipality for the Lake Huron Primary Water Supply System and Elgin Area Primary Water Supply System (the "Recipient") concerning the Huron Elgin London Clean Water Project (the "Agreement").

I, _____ (Name), of the City of London, Province of Ontario, declare as follows:

1. That I hold the position of _____ with the Recipient and as such have knowledge of the matters set forth in this declaration and believe this declaration to be true.
2. a) That I have received the following documents for the Huron Elgin London Clean Water Project:
 - i) [LIST NAME OF RELEVANT DOCUMENT(S), e.g. Certificate of Completion, Certificate of Performance, Occupancy Permit, etc.] signed by _____ (Name), a _____ (Profession) [INSERT ONE OF "professional engineer", OR "professional architect" OR INSERT ANY OTHER APPLICABLE PROFESSIONAL] for the Huron Elgin London Clean Water Project.
 - b) That based on the above documents and the representations made to me by the professionals identified in Section 2(a) of this declaration, I declare to the best of my knowledge and belief that the Project :
 - i) has been substantially completed, as described in Section B.1 (Project Description) of Schedule B (The Project) of the Agreement, dated on the _____ day of _____ 20__;
 - ii) was carried out between the dates _____ (start date) and _____ (substantial completion date).
3. That I have received the following documents and based on these documents and representations made to me by the professionals identified below, I declare to the best of my knowledge and belief that the Project conforms with the *Canadian Environmental Assessment Act* or the *Canadian Environmental Assessment Act, 2012*:
 - i. [LIST NAME OF RELEVANT DOCUMENT(S)] signed by _____ (Name), an _____ (Profession) [INSERT EITHER "an environmental consultant" OR INSERT ANY OTHER APPLICABLE PROFESSIONAL].
4. That all terms and conditions of the Agreement that are required to be met as of the date of this declaration have been met.

Declared at _____ (City), in _____
(Province/Territory)
this _____ day of _____, 20_____.

(Signature)

SCHEDULE F - COMMUNICATIONS PROTOCOL

F.1 PURPOSE

The communications provisions of this Agreement apply to the Project. The Parties will be required to meet all relevant terms and conditions of the communications protocol set out in this schedule.

The Committee may directly or through delegation to a sub-committee, working group, agent or other representative, monitor the Parties' performance with respect to the communications provisions of this Agreement and order appropriate remedies, as it sees fit, where insufficiencies are found.

F.2 GUIDING PRINCIPLE

The key guiding principle in the conduct of communications activities for the Building Canada Fund – Major Infrastructure Component is to inform Canadians, in a spirit of cooperation between the Parties about initiatives to help improve their quality of life. The purpose of these activities, to be undertaken jointly by the Parties and other contributors where appropriate, is to provide greater opportunities for open, transparent, effective, and proactive communications with Canadians by conveying information to the public on the basis of a well-planned, appropriate, continuous, and consistent approach. The activities should recognize the funding of all contributors and communicate to Canadians the benefits of the Project.

F.3 COMMUNICATING WITH THE PUBLIC

In keeping with the main guiding principle, the Parties may issue joint news releases and hold public events after signing the Agreement or completing important Project components. In a spirit of cooperation, the Parties will work together on planning such announcements and preparing materials that ensure all Parties receive equal prominence.

Project news releases will include quotes whenever possible from the designated representatives of the Parties. Public events can be held at the request of one or more Parties.

The Parties agree that all joint communications products produced pursuant to this Agreement will comply with the Federal Identity Program (FIP) and the *Official Languages Act* of Canada. Branding standards, protocols and graphic guidelines for public information material and signage will allow equal recognition for each Party's contributions.

F.4 ANNOUNCEMENTS

- a) The Parties will consult with each other, fifteen (15) working days in advance, about all proposed news releases, new media communications activities or public announcements relating to the Project. This is to provide the Parties sufficient notice of key communications activities, and, where appropriate, the time to determine a course of action, line up principals and prepare joint material. Notwithstanding the advance notice requirement, consent will not be unreasonably withheld by the Parties if a news release or public announcement must be issued in less than fifteen (15) working days as the result of unforeseeable circumstances, including matters of public safety or where an emergency response is required.
- a) The Parties will cooperate in the organization of announcements or ceremonies. The Table of Precedence of Canada, as established by Canadian Heritage ([HTTP://WWW.PCH.GC.CA/PGM/CEEM-CCED/PRTCL/PRECEDENCE-ENG.CFM](http://www.pch.gc.ca/pgm/ceem-cced/prtcl/precedence-eng.cfm)) or other mutually agreed

protocol will be respected. Messages and public statements for such events should be mutually agreed upon. The Committee or its delegate may recommend special events and ceremonies be held where and when appropriate.

- b) Notwithstanding the above, Canada retains the right to meet its obligations to communicate to Canadians about its use of public funds and the benefits being derived from those investments through, but not limited to, project profiles, report vignettes, handout materials, project lists, maps, and new media products. The Parties will support the process to select and develop these products.

F.5 RECIPIENT'S REQUIREMENTS

- a) The Recipient will be required to ensure the following in order to meet Canada's communications requirements:
 - i. all public information material related to calls to tender will clearly and prominently indicate that the Project is receiving financial support from the Government of Canada;
 - ii. that federal temporary signage is provided and installed in accordance with Section F.6 (Signage) of Schedule F (Communications Protocol) at a prominent location where there is visible activity related to an approved Project;
 - iii. that joint public information materials will:
 - a. be in both official languages (English and French); and
 - b. include the official designs or logos of Canada, Province of Ontario and the Recipient, and that these official designs or logos be of equal size and occupy the same amount of space.
- b) The Parties should notify each other at the outset of planning for communications activities. While any of the Parties may choose not to participate in any given activity, planning should proceed through consultation, so that the Parties can make informed decisions regarding their participation. Similarly, media relations should be handled in a spirit of cooperation, with due regard for time constraints.
- c) Upon completion of a Project and where feasible, the Recipient may provide and install a plaque or permanent sign with an appropriate inscription. The design, wording and specifications of such permanent signs must respect the spirit of this Agreement by including wording or the official identifiers of all contributing parties to recognize their financial contributions. Specific wording and use of official identifiers of other contributing parties must receive approval of the other party's designated officials.
- d) Recognizing that advertising can be an effective means of communicating with the public, any Party may, at its own cost organize an advertising or public information campaign related to the Project. However, such a campaign must respect the provisions of this Agreement. In the event of such a campaign, the sponsoring Party agrees to inform the other Parties of its intention as soon as possible, as early notice is essential for any required review process. In any event, notice must be provided a minimum of twenty (20) working days before launch.
- e) Exceptions to the Communications Protocol and the requirements set out herein are approved by the Committee or its designates.

F.6 SIGNAGE

- a) The Recipient agrees to produce and erect temporary signage acknowledging Canada's contribution to the Project. The signage will be produced in accordance with the most current design requirements

provided by Canada and will be at least equivalent in size and prominence to Project signage for contributions made by other orders of government. The signage will be installed and remain in place for the duration of the Project, as feasible or at a minimum from thirty (30) days before construction activity begins until thirty (30) days after on-site construction has been fully completed. The Recipient may provide and install, upon completion of the Project, where feasible, a plaque, permanent sign or other suitable marker bearing an appropriate inscription and identifiers of contributing parties. The design, wording and specifications of such permanent signs will respect federal laws, policies, and guidelines as well as the general provisions of this Agreement and must be approved by a designated federal representative.

- b) Except for signage as noted above or acknowledging the Project funding, traffic control; safety devices; contractor signage; retail signage or normal construction-related signage, no additional signage concerning the Project will be erected by any Party. Exceptions to the signage specifications and installation time frames noted herein must receive the approval of the Committee or its designates.

F.7 COMMUNICATIONS COSTS

With the exception of advertising campaigns outlined in Section F.5 (Recipient's Requirements) of Schedule F (Communications Protocol), the costs of communication activities will follow the eligibility rules established in Schedule A (Eligible and Ineligible Costs).

F.8 PROJECT COMMUNICATIONS

The Recipient will submit a communications plan to the Committee showing how the Recipient intends to manage communications and provide the Parties with equal visibility. This plan should forecast: major Project communications activities (e.g., temporary or permanent signage, tender notices, events and announcements, and plans to provide contributor visibility after Project completion), and estimated expenditures for key communications activities and issue management.

F.9 DISPUTES, MONITORING AND COMPLIANCE

The Committee will monitor the Parties' compliance with this Schedule, and may, at its discretion, advise the Parties of issues and required adjustments. Should there be any disagreement or contentious issues, Section 8 (Dispute Resolution) of the Agreement will be followed.

**ONTARIO – HURON ELGIN LONDON CLEAN WATER PROJECT
BUILDING CANADA FUND**

2009-2010 / 2016-2017

AMENDING AGREEMENT 1

BETWEEN:
HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO,
as represented by the Minister of Rural Affairs

(“**Ontario**”)

- and -

THE CORPORATION OF THE CITY OF LONDON, on its own behalf and in its capacity as Administering Municipality for the Lake Huron Primary Water Supply System and the Elgin Area Primary Water Supply System

(the “**Recipient**”)

WHEREAS the Parties entered into an agreement to contribute to a sustainable regional water system for the City of London and the Lake Huron and Elgin Area Primary Water Supply Systems Boards of Management, effective March 3, 2010 (“the **Agreement**”);

AND WHEREAS the City of London acts in the capacity as Administering Municipality on behalf of and under the direction of the respective Board of Management for each of the Lake Huron Primary Water Supply System and the Elgin Area Primary Water Supply System in accordance with the Transfer Orders issue by the Minister of the Environment for Ontario in September 2000 and November 2000 respectively;

AND WHEREAS the Parties wish to vary, amend or revoke certain provisions of the Agreement;

NOW THEREFORE, pursuant to section 12.15 of the Agreement and in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is expressly acknowledged, the Parties hereby agree to amend the Agreement as set forth in this first amending agreement (“**Amending Agreement 1**”):

1. Section 1.1 (*DEFINITIONS*) is amended by adding the following term:

“**Agreement End Date**” means March 31, 2017

“**HST**” means the Harmonized Sales Tax pursuant to the *Excise Tax Act* (Canada);

2. Section 1.5 (*SCHEDULES*) is amended by revoking the reference to Schedule F – Expenditure and Job Creation Report;

3. Section 2.2 (*DESCRIPTION OF PROJECT*) is revoked and replaced with the following:

This is an agreement between Ontario and the Corporation of the City of London on its own behalf and in its capacity as Administering Municipality for the Lake Huron Primary Water Supply System and the Elgin Area Primary Water Supply System Boards of Management for a provincial contribution of up to \$49,984,974.00 towards the Project (as identified in Schedule B) intended to promote a sustainable regional

water supply system for the City of London, the Lake Huron Water Supply System, and the Elgin Area Water Supply System, as further outlined in Schedule B.

4. Section 3.1 a) (*CONTRIBUTION BY ONTARIO*) is revoked and replaced with the following:

Ontario agrees, subject to the terms and conditions of the Agreement, including Schedule B, to pay a contribution to the Recipient of not more than fifty percent (50%) of the total Eligible Cost of the Project to a maximum aggregate amount of forty-nine million, nine hundred and eighty-four thousand, nine hundred and seventy-four dollars (\$49,984,974.00).

5. **Section 12.16 is revoked and replaced with the following:**

Any notice, information or document provided for under this Agreement may be delivered or sent by letter, postage or other charges prepaid and will be deemed to have been delivered on receipt. A Party may change the address below by notifying the other Party in writing.

Any notice to Ontario must be sent to:

Director, Rural Programs Branch
Economic Development Division
Ministry of Agriculture and Food
Ministry of Rural Affairs
4th Floor NW
1 Stone Road W.
Guelph, Ontario
N1G 4Y2

Any notice to the Recipient will be addressed to:

Managing Director of Engineering and Environmental Services &
City Engineer
City of London
300 Dufferin Avenue
P.O. Box 5035
London, ON
N6A 4L9

And copied to:

Chief Administrative Officer
Lake Huron & Elgin Area Primary Water Supply Systems
235 North Centre Road, Suite 200
London, ON
N5X 4E7

Each Party may change the address that it has stipulated by notifying the other Party of the new address in writing.

6. *SCHEDULE B: PROJECT COMPONENTS, TIMELINES AND COST BREAKDOWN* is revoked and replaced with the Schedule B: Project Components, Timeline and Cost Breakdown attached hereto.
7. Schedule E: SOLEMN DECLARATION OF SUBSTANTIAL COMPLETION is revoked and replaced with the Schedule E: SOLEMN DECLARATION OF SUBSTANTIAL COMPLETION attached hereto.
8. SCHEDULE F: EXPENDITURE AND JOB CREATION REPORT is revoked.

9. The above amendments shall come into effect on the day that Ontario signs this Amending Agreement 1.

10. The Agreement continues as a valid and binding agreement. Subject only to this Amending Agreement 1, all other terms and conditions of the Agreement apply *mutatis mutandis*.

IN WITNESS WHEREOF Ontario and the Recipient have respectively executed this Amending Agreement as of the dates indicated below.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO
as represented by the Minister of Rural Affairs

by:

Name: George Borovilos
Title: Assistant Deputy Minister (A)
Economic Development Division

Date

THE CORPORATION OF THE CITY OF LONDON on its own behalf and in its capacity as Administering Municipality for the Lake Huron Primary Water Supply System and the Elgin Area Primary Water Supply System:

by:

Name:
Title: Mayor

Date

Affix
Corporate
Seal

Name:
Title: Clerk

Date

We have authority to bind the Recipient.

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Schedule B: Project Components and Cost Breakdown

Project File #	BCF Database File #	Component	Project Description	Total Eligible Cost	Ontario's Maximum Contribution
21501	21	Southeast Reservoir (EW3614)	The Southeast Reservoir will increase the capacity of the drinking water and pumping capabilities to the distribution network and back-feed by constructing a reservoir having a storage capacity of at least 114 million litres and associated pumping systems. Existing pumps will also be replaced to accommodate the construction of the new reservoir as well as the installation and replacement of controls between the City of London's supply and pressure zones.	\$56,924,650	\$18,974,883
21503	23	Lake Huron Emergency Backup Generators (LH1326)	The work includes increasing the power generation to the site and the installation of backup generators and building modifications.	\$9,634,703	\$2,302,725
21504	24	Lake Huron Residuals Management Facility (LH1902)	Work includes the construction of a residuals management facility to handle waste by-products associated with the water treatment facilities.	\$24,808,259	\$5,141,250
21506	26	Lake Huron Twinning (LH1305)	Approximately 8 km of pipeline main will be twinned, with associated appurtenances and applicable transmission modifications.	\$20,300,000	\$6,766,667
21507	27	Elgin Area Residue Management Facility (EA4023)	Construct a residue management facility to handle the waste by-products associated with water treatment facilities.	\$32,193,460	\$5,827,099
21509	29	Elgin Twinning (EA4024)	Twin approximately 8.5 km of pipeline main with higher capacity transmission main.	\$22,000,050	\$7,333,350
21510	81	Lake Huron Fibre Optic Monitoring System	Work includes the installation of a fibre optic condition monitoring and leak detection system in approximately 62 km of water transmission pipeline.	\$7,375,000	\$2,458,333
21511	82	Elgin Filtration System Replacement	Replace the existing water treatment filtration systems with a new efficient and higher capacity system.	\$3,542,000	\$1,180,667
TOTAL				\$176,778,122	\$49,984,974

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Schedule E

Building Canada Fund - Major Infrastructure Component (BCFMIC)

Fonds chantiers Canada-Ontario Le volet Grandes (FCC-VG)

SOLEMN DECLARATION OF SUBSTANTIAL COMPLETION

In the matter of the Agreement entered into between, Her Majesty the Queen in right of Ontario, as represented by Minister of Rural Affairs and _____ (recipient), on _____, 20____, including amendments made thereto:

I, _____ a Registered _____ (Engineer or Architect) in the Province of Ontario, do solemnly declare as follows:

1. That I am the _____ (title, department, organization), and as such have knowledge of the matters set forth in this declaration;
2. That the work identified as Project _____ in the above-mentioned Agreement _____ (has / has not) been substantially completed as described in Schedule B, dated _____ on the _____ day of _____ 20____.
3. That the value (dollar amount) of substantially completed work on the Project is _____ (dollars).
4. That the work:
 - a) was carried out by _____ (the prime contractor), between _____ (start date) and _____ (completion date);
 - b) was supervised and inspected by qualified staff;
 - c) conforms with the plans, specifications and other documentation for the work; and
 - d) conforms with applicable environmental legislation, and appropriate mitigation measures have been implemented.

Declared at _____ (city), in the Province of Ontario this _____ day of _____, 20____.

(Signatures)

Name:

Title:

Witness Name:

Title: