

APPENDIX 'A'

#15114

Chair and Members
Civic Works Committee

July 31, 2015
(Award Contract)

**RE: Transportation Energy Optimization Plan (TEOP)
(Subledger #TF150009)
Capital Project TS4075 - LED Street Light Upgrade Phase 1
Realterm Energy Corp. - \$4,999,422.97 (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 recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the detailed source of financing for this project is:

<u>ESTIMATED EXPENDITURES</u>	<u>Approved Budget</u>	<u>This Submission</u>	<u>Balance for Future Work</u>
Street Lights	\$6,000,000	\$5,087,413	\$912,587
NET ESTIMATED EXPENDITURES	<u>\$6,000,000</u>	<u>\$5,087,413</u>	<u>\$912,587</u>

SOURCE OF FINANCING:

Drawdown fr. Efficiency, Effectiveness and Economy Reserve	2)	\$4,676,514	\$3,763,927	\$912,587
OPA Incentive - London Hydro	3)	1,323,486	1,323,486	0
TOTAL FINANCING		<u>\$6,000,000</u>	<u>\$5,087,413</u>	<u>\$912,587</u>

NOTES:

- | | |
|--------------------------------------|---------------------------|
| 1) Contract Price | \$4,999,423 |
| Add: HST @13% | 649,925 |
| Total Contract Price Including Taxes | 5,649,348 |
| Less: HST Rebate | 561,935 |
| Net Contract Price | <u>\$5,087,413</u> |
- 2) The amount borrowed from this reserve will be paid back with interest through the annual savings realized in energy and maintenance costs which is estimated to be between \$740,000 and \$805,000. The estimated payback period for Phase 1 is between 6 to 7 years, assuming annual savings of \$740,000 and an internal borrowing rate of 1.25%.
- 3) Confirmation has been received from London Hydro on behalf of the Ontario Power Authority (OPA) that London would be eligible for an incentive of \$1,323,486 to be applied toward Phase 1 of the upgrade.

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Alan Dunbar
Manager of Financial Planning & Policy