

APPENDIX 'A'

17012

Chair and Members
Civic Works Committee

January 27, 2017
(Award Contract)

**RE: Transportation Energy Optimization Plan (TEOP)
(Subledger TF170001)
Capital Project TS407502 - LED Street Light Upgrade Phase 2
Ameresco Canada Inc. - \$4,034,835.73 (excluding H.S.T.)**

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project, although not included in the approved Capital Budget, can be accommodated by a drawdown from the Efficiency, Effectiveness and Economy Reserve, and a London Hydro Incentive. The detailed source of financing for this project is:

<u>ESTIMATED EXPENDITURES</u>	<u>Approved Budget</u>	<u>This Submission</u>	<u>Revised Budget</u>
Street Lights	\$0	\$4,105,849	\$4,105,849
NET ESTIMATED EXPENDITURES	<u>\$0</u>	<u>\$4,105,849</u>	<u>\$4,105,849</u>
 <u>SOURCE OF FINANCING:</u>			
Drawdown fr. Efficiency, Effectiveness and Economy Reserve	2)	\$0	\$3,325,849
SaveOnEnergy Incentive	3)	0	780,000
TOTAL FINANCING		<u>\$0</u>	<u>\$4,105,849</u>

NOTES:

- | | |
|--------------------------------------|--------------------|
| 1) Contract Price | \$4,034,836 |
| Add: HST @13% | 524,529 |
| Total Contract Price Including Taxes | <u>4,559,365</u> |
| Less: HST Rebate | 453,516 |
| Net Contract Price | <u>\$4,105,849</u> |
- 2) The amount borrowed from this reserve will be paid back with interest through the annual savings realized in energy and maintenance costs. Installation of Phase 2 is expected to begin mid-2017 with the savings expected to be \$280,000. The full year savings in 2018 for Phase 2 is expected to be \$650,000. It is anticipated that the full payback for this initiative will occur in 2022, assuming an internal borrowing rate of 1.32%.
- 3) Phase 2 is eligible for an incentive of \$780,000 from SaveOnEnergy which will be applied towards this upgrade.

EH

Larry Palarchio
Director of Financial Planning & Policy