

APPENDIX 'A'

#17089

May 9, 2017
(Award Contract)

Chair and Members
Civic Works Committee

**RE: Installation of Water Meters
(Subledger WATER-MT)
Capital Project EW162717 - Meter Replacement Program
Capital Project EW3527 - Asset Maintenance Management System
EMCO Corporation Waterworks - \$1,630,000 (excluding H.S.T.)
London Hydro - \$150,000 (excluding H.S.T.)**

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCE 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 and City Engineer, the detailed source of financing for this project is:

| <u>ESTIMATED EXPENDITURES</u> | <u>Approved Budget</u> | <u>Revised Budget</u> | <u>Committed To Date</u> | <u>This Submission</u> | <u>Balance for Future Work</u> |
|---|-------------------------------|------------------------------|---------------------------------|-------------------------------|---------------------------------------|
| <u>EW162717-Meter Replacement Program</u> | | | | | |
| City Related Expenses | \$1,800,000 | \$1,789,645 | \$34,025 | \$1,735,008 | \$20,612 |
| Vehicles & Equipment | | 10,355 | 10,355 | | 0 |
| | <u>1,800,000</u> | <u>1,800,000</u> | <u>44,380</u> | <u>1,735,008</u> | <u>20,612</u> |
| <u>EW3527-Asset Maintenance Mgmt. System</u> | | | | | |
| Engineering | 264,519 | 264,519 | 233,595 | | 30,924 |
| Construction | 1,150,000 | 1,068,973 | | | 1,068,973 |
| City Related Expenses | 50,000 | 131,027 | 54,707 | 76,320 | 0 |
| Computer Equipment | 235,481 | 235,481 | 172,117 | | 63,364 |
| | <u>1,700,000</u> | <u>1,700,000</u> | <u>460,419</u> | <u>76,320</u> | <u>1,163,261</u> |
| NET ESTIMATED EXPENDITURES | <u>\$3,500,000</u> | <u>\$3,500,000</u> | <u>\$504,799</u> | <u>\$1,811,328</u> 1) | <u>\$1,183,873</u> |

SOURCE OF FINANCING:

| | | | | | |
|---|---------------------------|---------------------------|-------------------------|---------------------------|---------------------------|
| <u>EW162717-Meter Replacement Program</u> | | | | | |
| Drawdown from Capital Water Reserve Fund | \$1,800,000 | \$1,800,000 | \$44,380 | \$1,735,008 | \$20,612 |
| <u>EW3527-Asset Maintenance Mgmt. System</u> | | | | | |
| Capital Water Rates | 950,000 | 950,000 | 460,419 | 76,320 | 413,261 |
| Drawdown from Capital Water Reserve Fund | 750,000 | 750,000 | | | 750,000 |
| | <u>1,700,000</u> | <u>1,700,000</u> | <u>460,419</u> | <u>76,320</u> | <u>1,163,261</u> |
| TOTAL FINANCING | <u>\$3,500,000</u> | <u>\$3,500,000</u> | <u>\$504,799</u> | <u>\$1,811,328</u> | <u>\$1,183,873</u> |

Financial Note: EMCO

| | <u>EW162717</u> |
|--------------------------------------|------------------------|
| 1) Contract Price | \$1,630,000 |
| Add: HST @13% | 211,900 |
| Total Contract Price Including Taxes | 1,841,900 |
| Less: HST Rebate | 183,212 |
| Net Contract Price | <u>\$1,658,688</u> |

Financial Note: LONDON HYDRO

| | <u>EW162717</u> | <u>EW3527</u> | <u>TOTAL</u> |
|--------------------------------------|---------------------------|------------------------|---------------------------|
| Contract Price | \$75,000 | \$75,000 | \$150,000 |
| Add: HST @13% | 9,750 | 9,750 | 19,500 |
| Total Contract Price Including Taxes | 84,750 | 84,750 | 169,500 |
| Less: HST Rebate | 8,430 | 8,430 | 16,860 |
| Net Contract Price | <u>\$76,320</u> | <u>\$76,320</u> | <u>\$152,640</u> |
| TOTAL PER CAPITAL PROJECT | <u>\$1,735,008</u> | <u>\$76,320</u> | <u>\$1,811,328</u> |

2) Expected annual operational and capital cost savings are estimated to be \$1,450,000, broken down as;

- 70% - 75% reduction in meter reading costs (~\$400,000);
- Reduced unaccounted for water loss, by increased meter accuracy (~\$50,000);
- Reduced water meter replacement frequency (~\$800,000 to \$1,000,000);
- Increased revenue of ~\$210,000 for the Water and Sewer Service Areas.

JG

Jason Senese
Manager of Financial Planning & Policy