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| TO: | CHAIR AND MEMBERS AUDIT COMMITTEE MEETING OF JUNE 28, 2012 |
| FROM: | MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER |
| SUBJECT | BROWNFIELD ADMINISTRATION POLICY PROJECT |

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| RECOMMENDATION |
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That, on the recommendation of the City Treasurer, Chief Financial Officer this report outlining the steps planned to develop a City of London brownfield administration policy **BE RECEIVED FOR INFORMATION** noting that the policy is intended to address issues raised to the Finance and Administrative Services Committee in January 2012 as well as respond to the internal auditor's report of December 7, 2011.

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| PREVIOUS REPORTS PERTINENT TO THIS MATTER |
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DUE DILIGENCE FOR SITE REMEDIATION, January 16, 2012, Finance & Administrative Services Committee

QUARTERLY REPORT ON INTERNAL AUDIT RESULTS, December 7, 2011, Audit Committee

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| BACKGROUND |
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At the January 16, 2012 meeting of the Finance & Administrative Services Committee the following resolution was passed:

*“That on the recommendation of the Executive Director, Planning, Environmental and Engineering Services, the Business Planning Unit **BE DIRECTED** to investigate and develop a business case for the creation of a focused brownfield redevelopment function within the Corporation and report back to Municipal Council for its information.”*

At the December 7, 2011 meeting of the Audit Committee the following resolution was passed:

“4. PricewaterhouseCoopers, Internal Auditors - Quarterly Report on Internal Audit Results

Recommendation: That the following actions be taken with respect to the attached Quarterly Report on Internal Audit Results from PricewaterhouseCoopers:

b) Brownsfield Site Development –

*ii) the Action Plan included in the above-noted report from PricewaterhouseCoopers **BE IMPLEMENTED;**”*

BROWNFIELD ADMINISTRATION POLICY PROJECT

A need has been identified for a brownfield/contaminated land management policy, including a database and assignment of a lead division that has or will over time acquire the resources necessary to complete the task. In response, Business Planning initiated discussions with pertinent individuals to determine the best way to proceed. Research to identify other

municipalities that have developed comprehensive policies and to identify best practices among those has been undertaken and will soon be completed.

A project has been initiated to establish a brownfield administration policy including administrative processes for dealing with these lands as well as a database to collect information on a property by property basis.

In order to address these issues and proactively identify other potential issues, individuals from the following disciplines will be engaged in the policy development:

- Planning, Environmental & Engineering Services: Zoning, Development Services, Environmental Programs and Solid Waste, Wastewater and Treatment, Water and Engineering Review, Roads and Transportation
- Human Resources: Health & Safety
- Legal Services: Environmental, Municipal, Risk Management
- City Clerk: Information & Privacy
- Finance: Realty, Purchasing

This policy is intended to address all of the concerns raised in the above-noted reports. The policy and draft implementation plan will be completed for the final 2012 Audit Committee meeting scheduled on November 29, 2012.

ISSUES TO BE ADDRESSED FROM THE AUDIT REPORT

The report to the Audit Committee on December 7, 2011 made eight specific recommendations, listed below.

- 1) [a] Establish Project Liaison role; [b] create a documented process for brownfield site developments;
- 2) Ensure collaboration with and obtain regular updates from third party environmental consultants; incorporate this requirement in the documented process;
- 3) Establish formal sign-off step for risk assessments; incorporate this requirement in the documented process;
- 4) Obtain assignment of probabilities with the determination of remediation costs; incorporate this requirement in the documented process;
- 5) Define the reporting structure between the General Contractor, Sub-Contractors and the City, including timing and expected content; incorporate this requirement into appropriate clauses within project contracts;
- 6) Implement periodic project status reports by the Project Liaison to the City, including Council approval for additional remediation or estimates;
- 7) Establish formal project debrief meeting phase; incorporate this requirement in the documented process; and
- 8) Develop standardized formal agreements to standardize the General Contractor relationship and any limits to City liability.

ISSUES TO BE ADDRESSED FROM JANUARY 16, 2012 REPORT TO THE FINANCE & ADMINISTRATIVE SERVICES COMMITTEE

- 9) Demonstrated leadership by City staff on project-by-project basis;
- 10) Lead manager or staff members with expertise;
- 11) Database to house information from a variety of sources – receiving, tracking, sharing and maintaining information; and
- 12) Continuous improvement – project post mortems, database content review.

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| CONCLUSION |
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Administration will develop and implement the proposed policy through a cross-disciplinary team.

Establishing a policy for the management of brownfields as well as a supporting database to house information about all properties with known or potential contamination issues will reduce potential

liability through health and safety strategies and, over time, as the data becomes more and more reliable, the information itself will become a valuable asset for the City and benefit future infill development transactions.

The policy will help staff understand, in a much better way, what we already know about brownfields/contaminated sites and use that information to build the in-house expertise to better manage these issues into the future. This policy model is intended to meet our needs today, with the flexibility to improve over time by realigning procedures as a result of actual experience.

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| PREPARED BY: | PRESENTED BY: |
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| ANNORA GILLIAM BUSINESS PLANNING PROCESS MANAGER | SHARON HOUDE DIRECTOR BUSINESS PLANNING |
| CONCURRED BY: | RECOMMENDED BY: |
| | |
| JOHN BRAAM ACTING EXECUTIVE DIRECTOR and CITY ENGINEER | MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER |