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<b>TO:</b>	<b>CHAIR AND MEMBERS BUILT AND NATURAL ENVIRONMENT COMMITTEE MEETING ON OCTOBER 17, 2011</b>
<b>FROM:</b>	<b>JOHN BRAAM, P. ENG. DIRECTOR OF WATER &amp; CITY ENGINEER</b>
<b>SUBJECT:</b>	<b>CONTRACT AWARD: 2011 DECOMMISSIONING OF HISTORICAL PRODUCTION WELLS PROJECT No. EW3754</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Director of Water & City Engineer, the following actions **BE TAKEN** with respect to the award of contract for the 2011 Decommissioning of Historical Production Wells EW3754, namely:

- (a) the contract price of the 2011 Decommissioning of Historical Production Wells by Davidson Well Drilling Limited, 147 North Street West, at its corrected tendered price of \$164,400.00 (excluding H.S.T.), **BE ACCEPTED**; it being noted that the City is exercising the second (2) year of a three (3) year term contract (Tender No. 10-97) Awarded to Davidson Well Drilling Limited in 2010 and that all original unit prices have been maintained;
- (b) It **BEING NOTED** that this is the second year of a three year term contract, where the City has the sole discretion to renew the contract for one additional term based on the price and performance.
- (c) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix "A";
- (d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;
- (e) the approval given herein **BE CONDITIONAL** upon the Corporation entering into a formal contract or issuing a purchase order for the material to be supplied and the work to be done relating to this project and;
- (f) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- Board of Control August 25, 2010, Agenda Item 8 – Contract Award – Tender No. 10-97 Decommissioning of Historical Production Wells Projection No. EW3754
- Board of Control, August 26, 2009, Agenda Item 1 – Tender No. 09-44 Decommissioning of Historical Production Wells Project No. EW3753
- Environmental and Transportation Committee, October 27, 2008, Agenda Item 5 – Abandoned Well Decommissioning Program 2008 Update

<b>BACKGROUND</b>
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Agenda Item #	Page #

**Purpose:**

The City of London initiated an Abandoned Well Decommissioning Program to comply with requirement of the Regulation 903 under the Ontario's Water Resource Act to properly decommission abandoned City production wells. This is a proactive approach to ensure groundwater is protected by sealing high risk underground pathways and prevent groundwater contamination. This program may also address one component of the anticipated requirement for groundwater protection in the Source Water Protection Plans coming out of the Clean Water Act.

**Discussion:**

Lotowater was hired as a consultant in 2007 to develop a risk prioritization strategy and to identify and undertake physical exploration of abandoned production wells. To date, approximately 60 production wells have been identified for decommissioning. A trial decommissioning program was undertaken in 2008 to assess potential procurement and construction challenges. From that trial program a terms of reference and tender document was prepared for the 2009. The 2009 tender was awarded and 9 production wells were successfully decommissioned within the contract price. In 2010, a three year term contract was awarded to Davidson Drilling Limited to provide more flexibility in the decommissioning work as well as a more consistent quality of work. Eight additional production wells were successfully decommissioned in 2010 and well records from these wells were sent to the Ministry of the Environment for updates to their enterprise groundwater well database.

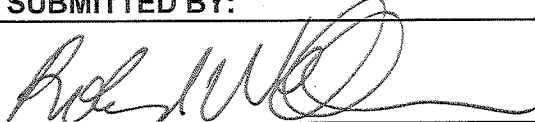


In 2011, additional survey work was completed by Lotowater and 8 production wells have been located and identified at various locations throughout London. (Appendix "B"). The noted decommissioning work will be carried out by Davidson Drilling Limited under the second year of a three year term contract.

**Recommendation :**

It is recommended that Davidson Well Drilling Ltd. be awarded the contract for the second year for the Decommissioning of Historical Production Wells Project.

**Acknowledgements:**

This report was prepared by Shaun Chen, Engineer-in-Training, of the Water Engineering Division.

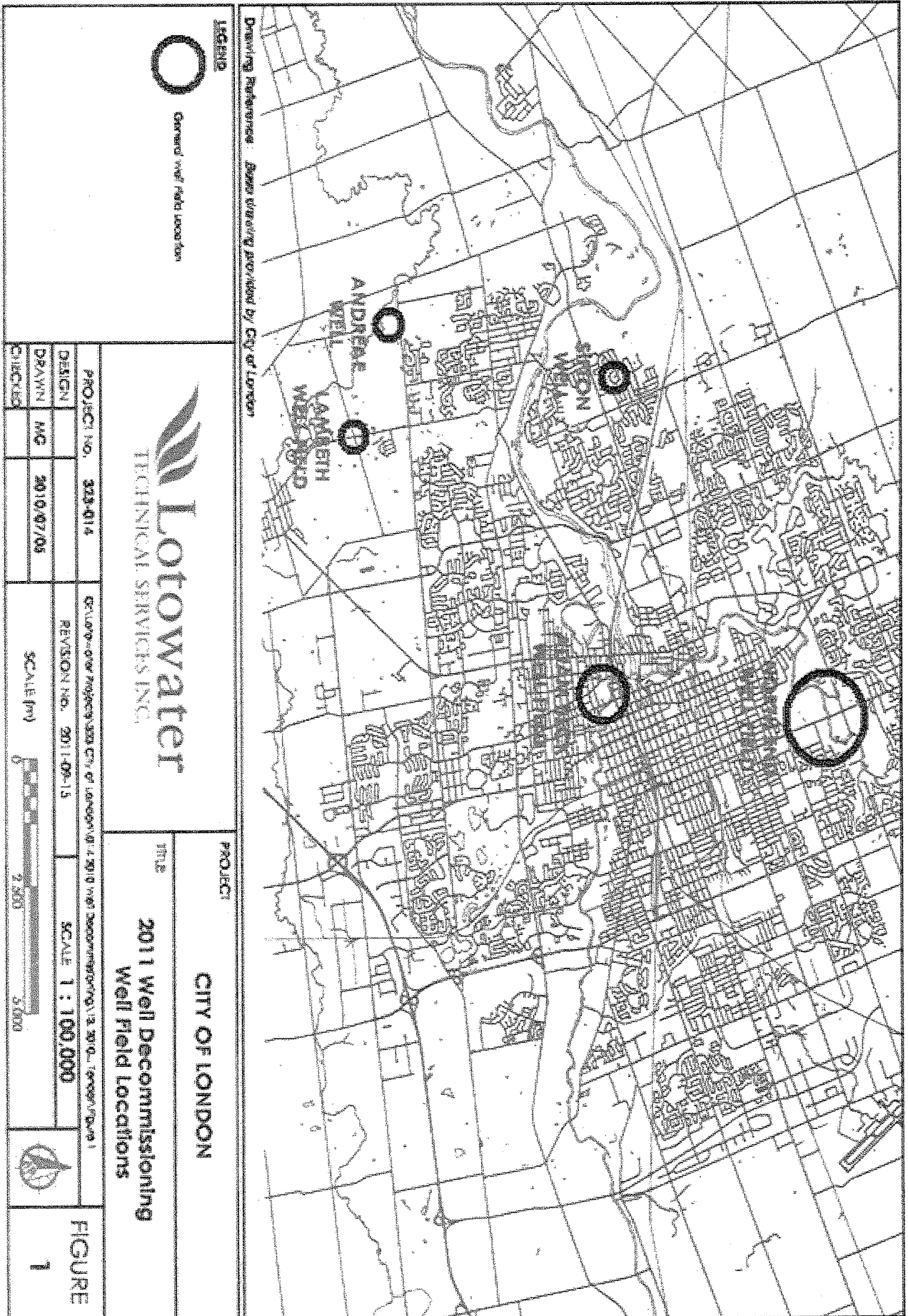
<b>SUBMITTED BY:</b>	<b>RECOMMENDED BY:</b>
	
<b>ROLAND WELKER, P. ENG. MANAGER, WATER ENGINEERING</b>	<b>JOHN BRAAM, P.ENG. DIRECTOR OF WATER &amp; CITY ENGINEER</b>
<b>CONCURRED BY:</b>	
	
<b>PAT McNALLY, P.ENG. EXECUTIVE DIRECTOR, PLANNING, ENVIRONMENTAL &amp; ENGINEERING SERVICES</b>	

October 4, 2011

Attach: Appendix "A" – Sources of Financing  
Appendix "B" – Well location map  
c.c. Davidson Well Drilling Limited.

Lotowater Technical Services Inc.

**APPENDIX B**



Chair and Members  
Built and Natural Environment Committee

October 6, 2011  
(Award Contract)

RE: 2011 Decommissioning of Historical Production Wells  
Capital Project EW3754 - 2010 Abandoned Wells  
Davidson Well Drilling Limited - \$164,400 (excluding H.S.T.)

**FINANCE DEPARTMENT REPORT ON THE SOURCES OF FINANCING:**

Finance Department 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 Director of Water & City Engineer, the detailed source of financing for this project is:

<b><u>ESTIMATED EXPENDITURES</u></b>	<b><u>Approved Budget</u></b>	<b><u>Committed to Date</u></b>	<b><u>This Submission</u></b>	<b><u>Balance for Future Work</u></b>
Engineering	\$55,000	\$50,626		\$4,374
Construction	794,930	172,086	167,293	455,551
City Related Expenses	15,000	4,184		10,816
<b>NET ESTIMATED EXPENDITURES</b>	<b><u>\$864,930</u></b>	<b><u>\$226,896</u></b>	<b><u>\$167,293</u></b> 1)	<b><u>\$470,741</u></b>
<b><u>SOURCE OF FINANCING:</u></b>				
Capital Water Rates	\$87,455			\$87,455
Drawdown from Capital Water Reserve Fund	777,475	226,896	167,293	383,286
<b>TOTAL FINANCING</b>	<b><u>\$864,930</u></b>	<b><u>\$226,896</u></b>	<b><u>\$167,293</u></b>	<b><u>\$470,741</u></b>

**Financial Note:**

1) Contract Price	\$164,400
Add: HST @13%	21,372
Total Contract Price Including Taxes	185,772
Less: HST Rebate	18,479
Net Contract Price	<u>\$167,293</u>

JG



Alan Dunbar  
Manager of Financial Planning & Policy