

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON JULY 17, 2018
FROM:	KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER
SUBJECT:	DINGMAN CREEK AND COLONEL TALBOT PUMPING STATIONS BUDGET ADJUSTMENTS

RECOMMENDATION

That on the recommendation of the Managing Director of Environmental and Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to budget adjustments for the new Dingman Creek and Colonel Talbot Pumping Stations:

- a) Budget adjustments to advance 2024 DC funding from ES5263-Southwest Capacity Improvement and ES5264-Wonderland Pumping Station Upgrade **BE APPROVED** to fund construction of the new Dingman Creek (Wonderland) Pumping Station, in the total amount of \$19,006,387;
- b) A budget adjustment to increase 2018 DC funding for project ES5263-Southwest Capacity Improvement **BE APPROVED** in the total amount of \$5,000,000 to fund construction of the new Dingman Creek (Wonderland) Pumping Station;
- c) Budget adjustments to reallocate surplus approved DC funding from ES5256-Exeter Road Trunk Sanitary Sewer, ES5260-Lambeth Southland Servicing Solution and ES2685-Greenway Expansion and Upgrade totalling \$4,100,000 **BE APPROVED** to fund construction of the Colonel Talbot Pumping Station;
- d) the financing for the projects **BE APPROVED** in accordance with the "Sources of Financing Report" attached hereto as Appendix "A" and Appendix "B".

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Civic Works Committee, May 15, 2018 – Appointment of Consulting Engineer, Design and Construction Administration Services, Dingman Creek Pumping Station Upgrades.

Civic Works Committee, April 17, 2018 – South London Wastewater Servicing Study Municipal Class Environmental Assessment: Notice of Completion.

Civic Works Committee, February 21, 2018 – Colonel Talbot Pumping Station Fee Increase.

Civic Works Committee, December 1, 2015 - Appointment of Consultant for Environmental Assessment, Design and Contract Administration for the Colonel Talbot Pumping Station & Sanitary Servicing Works.

Southwest Area Sanitary Servicing Master Plan:
<http://www.london.ca/residents/Environment/EAs/Pages/SW-Area-Sanitary-Servicing-Master-Plan.aspx>

2015-19 STRATEGIC PLAN

The 2015-2019 Strategic Plan identifies this objective under: Building a Sustainable City: 1B – Manage and improve our wastewater infrastructure and services; and 5B – Build new wastewater infrastructure as London grows.

BACKGROUND

Purpose

The purpose of this report is to seek approval to:

- advance capital project funding from 2024;
- increase project funding to accommodate the pressing need for residential and industrial wastewater servicing capacity in south London through the construction of the new Dingman Creek Pumping Station; and,
- reallocate approved capital project funding from other growth-related capital projects with surpluses to enable the construction of the Colonel Talbot Pumping Station.

Context

Both the new Dingman Creek Pumping Station and the Colonel Talbot Pumping Station are essential pieces of wastewater servicing infrastructure being constructed to facilitate residential and industrial development across the southern portions of London. The pace and extent of residential and industrial growth within south London will be significantly limited if these critical pieces of new infrastructure are not constructed in a timely manner.

DISCUSSION

Dingman Creek Pumping Station

The existing Dingman Creek (Wonderland) Pumping Station is a key component of the City's wastewater collection system and is currently the only means to convey wastewater collected from the southwest quadrant of the City, including such areas as White Oaks, Pond Mills, industrial areas south of Highway 401 and parts of Lambeth north to Southdale Road. Currently, this pumping station operates near its rated capacity on a regular basis in conjunction with the Dingman Storage Facility, which is used to reduce peak flows to the station.

A Municipal Class Environmental Assessment and the South London Wastewater Servicing Study were undertaken to examine opportunities to construct additional servicing capacity. The preferred alternative identified in the environmental assessment included the construction of a new pumping station facility at the current Dingman Creek Pumping Station site that would include preliminary treatment, septage receiving facilities, and additional peak shaving capacity. This solution replaced the need to upgrade the existing pumping station.

Dingman Creek Project Schedule and Budget Implications

The 2014 Wastewater Servicing Master Plan Update and Development Charge (DC) Background Study identified two projects in the year 2024 for capacity improvements in south London. These projects are ES5263-Southwest Wastewater Capacity Improvement and ES5264-Wonderland Pumping Station Upgrade. Due to the increased need for wastewater capacity to support new development, the requirement for

additional capacity is now identified in 2019. This need requires that the DC funding initially scheduled for 2024 be advanced to 2018 in order to meet the wastewater servicing capacity required in 2019. It is recommended to advance DC funding in ES5263-Southwest Capacity Improvement and ES5264-Wonderland Pumping Station Upgrade from 2024 to 2018 in order to support the construction of the new pumping station and force main in 2019.

This report also seeks approval to increase the budget of ES5263 in the total amount of \$5M to fund construction of the new Dingman Creek (Wonderland) pumping station. In order to advance \$19M of DC funding from 2024 to 2018 and increase the project budget by \$5M, financing adjustments are required. Previously ES5263 and ES5264 were scheduled to draw a combined total of \$12M from the City Services Sanitary Sewerage Reserve Fund in 2024. Currently this fund does not have an uncommitted balance that can support a \$12M draw in 2018. To accommodate, just over \$20M of the total \$25M project budget will require debt financing within the Sanitary Sewerage Reserve Fund, resulting in increased debt servicing costs. To help offset the impact of these budget adjustments on the reserve fund, surplus approved DC funding from ES523616-Fox Hollow Trunk Sanitary Sewer (\$200K) and ES5248-Wharncliffe Road South Trunk Sanitary (\$539K) will be released back to the City Services Sanitary Sewerage Reserve Fund through the 2018 Mid-Year Capital Monitoring Report in September 2018; these transfers will modestly strengthen the financial position of this reserve fund.

Colonel Talbot Pumping Station

In 2014, the City completed the Southwest Area Sanitary Servicing (SASS) Master Plan which developed a sanitary servicing strategy for the Lambeth, North Lambeth, North Talbot and Bostwick neighbourhoods as defined by the Southwest Area Plan (SWAP). The SASS Master Plan considered sanitary servicing strategy alternatives for growth within the study area. The SASS Master Plan recommended the construction of a new pumping station, forcemain and a trunk sewer to provide servicing for portions of southwest London. Ultimately, this station will act as a swing station, allowing flows from the southwest to be treated at either Oxford Wastewater Treatment Plant (WWTP) or Greenway WWTP (via Wonderland PS).

The project scope has increased significantly from the concepts developed during the SASS Master Plan. During the EA process, it became apparent that the high-level concept for the pumping station presented in the Master Plan needed significant changes in order to better coordinate with other work in the area, minimize impacts to residents, and maximize the opportunity to provide servicing to future developable lands. This included constructing to higher environmental protection standards and relocating new infrastructure to existing servicing corridors and easements where possible.

Colonel Talbot Project Schedule and Budget Implications

Construction of the first two phases of this five-phased project are underway. The remaining three phases are planned for later this summer and throughout 2019, with completion of all work expected by fourth quarter 2019.

This project is DC funded from projects ES2204-Colonel Talbot Pumping Station and ES2498-North Talbot Sanitary Sewer Extension. The total combined budget, set prior to completion of the Environmental Assessment Master Plan, was approximately \$10.3M. Recent estimates for work completed to date, plus future phases, totals \$14.4M leaving a current funding shortage of \$4.1M.

In order to fully fund the project, it is recommended to reallocate surplus funds to cover the projected budget shortfall for the Colonel Talbot Pumping Station. Surplus funding is available from several development charge funded wastewater projects that have been completed or are projected to be completed for a value below the 2014 Development Charges Study and approved budget estimates. It is recommended that surplus approved DC funding from ES5256-Exeter Road Trunk Sanitary Sewer (\$2.5M), ES5260-Lambeth Southland Servicing Solution (\$550K) and ES2685-Greenway Expansion and Upgrade (\$1.05M) be reallocated to fund the additional \$4.1M required to construct the Colonel Talbot Pumping Station. This DC funding is a transfer of previously approved financing for the aforementioned projects in the current budget period and does not impact future budgets nor require an increase to previously approved financing.

CONCLUSIONS

The new Dingman Creek and Colonel Talbot Pumping Stations are essential pieces of infrastructure that are needed in the short term to provide wastewater servicing capacity to a large portion of south London. The requested budget adjustments and reallocations will allow for the timely constructing of critical wastewater infrastructure that will provide reliable servicing to support growth in the City.

Acknowledgements

This report was prepared with the assistance of Kirby Oudekerk, P.Eng., Wastewater Treatment Operations Division, and Jason Davies, Financial Planning & Policy.

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RECOMMENDED BY:	
KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER	

Attachment: Appendix "A" and Appendix "B" Sources of Financing

- cc: Anna Lisa Barbon, Managing Director, Corporate Services and City Treasurer,
 Chief Financial Officer
 Jason Davies, Manager III, Financial Planning & Policy
 Jason Senese, Manager III, Development Finance
 John Millson, Senior Financial Business Administrator