

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

From: Kelly Scherr, P.Eng., MBA, FEC
Deputy City Manager, Environment and Infrastructure

Subject: 2025 One Water Development Charges Background Study
Appointment of Consultant

Date: November 29, 2022

Recommendation

That on the recommendation of Deputy City Manager, Environment and Infrastructure, the following actions **BE TAKEN** with respect to the appointment of a consultant for the 2025 One Water Development Charges Background Study:

- (a) Aquafor Beech Limited **BE APPOINTED** as the Consulting Engineer to complete the 2025 One Water Development Charges Background Study in the amount of \$465,814.80 (excluding HST) in accordance with their proposal and Section 15.2 (e) of the City of London's Procurement of Goods and Services Policy;
- (b) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix 'A';
- (c) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this assignment;
- (d) the approval given, herein, **BE CONDITIONAL** upon the Corporation entering into a formal contract with the consultant for the work; and
- (e) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

Executive Summary

Purpose

The purpose of this report is to award the appointment of a consultant to complete the 2025 One Water Development Charges (DC) Background Study. This study will provide the basis for determining the water-related growth works and associated costs to be used in the calculation of a DC rate.

Context

Development Charges (DC) represent a key aspect of how infrastructure is financed in the City of London in order to adequately provide for new development. The provincial government regulates the setting of DC rates through the Development Charges Act. Funds that are collected from new development are used to finance infrastructure and services that support current and future growth. The Development Charges Act requires that a municipality conduct a study to forecast and determine needs and costs at least every five (5) years. The City last completed a One Water DC Charges Study in 2019, which was incorporated into the 2021 DC Study update.

Linkage to the Corporate Strategic Plan

This report supports the 2019-2023 Strategic Plan for the City of London through the Building a Sustainable City strategic area of focus by ensuring infrastructure is built to support future development.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- SPPC – May 18, 2021 – 2025 Development Charges Study Initiation Report
- CWC – November 1, 2022 – 2025 Transportation Development Charges Background Study Appointment of Consultant

2.0 Discussion and Considerations

2.1 Work Description

The objective of the 2025 One Water DC Background Study is to identify, prioritize, and calculate the costs of water, wastewater and stormwater infrastructure works over a 20-year planning horizon in order to accommodate the anticipated growth in the City of London. This assignment will calculate the proportions of the project costs that are attributable to growth and non-growth and the share of development charges that are attributable to satisfy water, wastewater and stormwater growth needs.

The work to be completed as part of this assignment will require collaboration with staff and other City consultants currently retained to complete the 2025 DC Study, and will be subject to consultation that is already underway with the DC Stakeholders Committee. The project schedule provided in Aquafor Beech's proposal enables this assignment to be completed within the overall DC process schedule, which is critical to ensure coordination with the broader DC By-law creation.

Consultant Procurement Process

This consultant procurement process has followed a two (2) stage process with the first stage being an open, publicly advertised expression of interest/pre-qualification stage and the second stage being a RFP of the short-listed firms as outlined in Section 15.2 (e) of the City of London's Procurement of Goods and Services Policy. Three (3) consulting firms were successfully prequalified and were subsequently invited to submit proposals. As a result of this competitive procurement process, Aquafor Beech is recommended to complete the One Water DC Background Study.

3.0 Financial Impact/Considerations

Funds have been budgeted in the Water, Wastewater and Stormwater capital budgets to support this engineering assignment as identified in Appendix 'A', 'Sources of Financing'.

There are no anticipated additional annual operating costs associated with this consulting assignment.

Conclusion

Aquafor Beech's proposal has demonstrated a comprehensive understanding of the requirements for this project, as well competency and expertise with similar assignments. It is recommended that Aquafor Beech Limited be appointed to undertake the 2025 One Water Development Charges Background Study in the amount of \$465,814.80 (excluding HST) as it is in the best financial and technical interests of the City.

Prepared by: Aaron Rozentals, P.Eng., GDPA
Division Manager, Water Engineering

Submitted by: Ashley Rammeloo, MMSc, P.Eng.
Director, Water, Wastewater, and Stormwater

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Deputy City Manager, Environment and Infrastructure

Attach: Appendix 'A' – Sources of Financing

cc: Steve Mollon, Senior Manager, Purchasing and Supply
Kevin Graham, Environmental Services Engineer
Jason Senese, Development Finance
Chris Denich, Aquafor Beech Limited

Appendix "A"

#22152
November 29, 2022
(Appoint Consulting Engineer)

Chair and Members
Civic Works Committee

RE: 2025 One Water Development Charges Background Study
(Subledger NT22ES10)
Capital Project ES3206 - Stormwater Future Development Studies 2024
Capital Project ES4416 - Wastewater Future Development Charge Studies 2024
Capital Project EW331222 - 2024 Water Development Charge Study
Aquafor Beech Limited - \$465,814.80 (excluding HST)

Finance Supports Report on the Sources of Financing:
Finance Supports confirms that the cost of this project can be accommodated within the financing available for it in the Capital Budget and that, subject to the approval of the recommendation of the Deputy City Manager, Environment and Infrastructure, the detailed source of financing is:

Estimated Expenditures	Approved Budget	This Submission	Balance for Future Work
ES3206 - Stormwater Future Development Studies 2024			
Engineering	314,573	158,004	156,569
ES4416 - Wastewater Future Development Charge Studies 2024			
Engineering	314,573	158,004	156,569
EW331222 - 2024 Water Development Charge Study			
Engineering	314,573	158,004	156,569
Total Expenditures	\$943,719	\$474,012	\$469,707

Sources of Financing			
ES3206 - Stormwater Future Development Studies 2024			
Drawdown from City Services - Stormwater Reserve Fund (Development Charges) (Note 1)	314,573	158,004	156,569
ES4416 - Wastewater Future Development Charge Studies 2024			
Drawdown from City Services - Wastewater Reserve Fund (Development Charges) (Note 1)	314,573	158,004	156,569
EW331222 - 2024 Water Development Charge Study			
Drawdown from City Services - Water Reserve Fund (Development Charges) (Note 1)	314,573	158,004	156,569
Total Financing	\$943,719	\$474,012	\$469,707

Financial Note:	ES3206	ES4416	EW331222
Contract Price	\$155,272	\$155,272	\$155,271
Add: HST @13%	20,185	20,185	20,185
Total Contract Price Including Taxes	175,457	175,457	175,456
Less: HST Rebate	-17,453	-17,453	-17,452
Net Contract Price	\$158,004	\$158,004	\$158,004

Financial Note continued:	Total
Contract Price	\$465,815
Add: HST @13%	60,555
Total Contract Price Including Taxes	526,370
Less: HST Rebate	-52,358
Net Contract Price	\$474,012

Note 1: Development charges have been utilized in accordance with the underlying legislation and the approved 2019 Development Charges Background Study and the 2021 Development Charges Background Study Update.

Note 2: There are no anticipated additional annual operating costs associated with this consulting assignment.