

Agenda

Elgin Area Primary Water Supply System

Joint Board of Management

2nd Meeting of the Elgin Area Primary Water Supply System Joint Board of Management

March 2, 2023, 5:00 PM

Committee Room #5

The Elgin Area Water Supply System and its benefiting municipalities are situated on the traditional lands of the Anishinaabek(Uh-nish-in-ah-bek), Haudenosaunee(Ho-den-no-show-nee), Lūnaapéewak(Len-ah-pay-wuk) and Attawandaron (Add-a-won-da-run) peoples.

We honour and respect the history, languages and culture of the diverse Indigenous people who call this territory home.

This region is currently home to many First Nations, Inuit and Métis people today and we are grateful to have the opportunity to live and work in this territory.

	Pages
1. Call to Order	
1.1 Disclosures of Pecuniary Interest	
2. Adoption of Minutes	
2.1 Minutes of the 1st Meeting held on Thursday, January 19, 2023	3
3. Consent Items	
3.1 Kelly Scherr, Chief Administrative Officer - Quarterly Compliance Report (4th Quarter 2022: October - December)	7
3.2 Kelly Scherr, Chief Administrative Officer - Quarterly Operating Financial Status - 4th Quarter 2022	9
3.3 Kelly Scherr, Chief Administrative Officer - Capital Status Report	13
3.4 Kelly Scherr, Chief Administrative Officer - Environmental Objectives	19
3.5 Kelly Scherr, Chief Administrative Officer - EA4186 Sodium Hydroxide Assessment Study - Final Report	35
3.6 Kelly Scherr, Chief Administrative Officer - Licence of Occupancy - Birds Canada	39
3.7 Kelly Scherr, Chief Administrative Officer - EA4198 Filter Emergency Repairs	57

4. Items for Discussion

4.1	Kelly Scherr, Chief Administrative Officer - EA4020 Financial Plan Update	59
4.2	Kelly Scherr, Chief Administrative Officer - Procurement of Goods and Services and Disposal of Assets Policy	63
4.3	Kelly Scherr, Chief Administrative Officer - Delegation of Powers and Duties Policy	110
4.4	Kelly Scherr, Chief Administrative Officer - EA4166 SCADA Software Upgrade - Consultant Award	117
4.5	Kelly Scherr, Chief Administrative Officer - EA4132 Alum Tank Replacements	120
4.6	Kelly Scherr, Chief Administrative Officer - EA4137 Elgin Water Treatment Plant Low Lift Pumping Station Service Water Connection - Tender Award and SCADA Integration Services Award	126

5. Deferred Matters/Additional Business

6. Upcoming Meeting Dates

June 1, 2023

October 5, 2023

December 7, 2023

7. Adjournment

Elgin Area Primary Water Supply System Report

1st Meeting of the Elgin Area Primary Water Supply System Joint Board of
Management
January 19, 2023

Attendance: Meeting held on Thursday, January 19, 2023, commencing at
5:01 PM.

PRESENT: S. Hillier (Chair); P. Barbour, K. Loveland, E.
Peloza, S. Peters, S. Stevenson and M. Widner and J. Bunn
(Committee Clerk)

ALSO PRESENT: B. Haklander, A. Henry and K. Scherr

1. Call to Order

1.1 Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests were disclosed.

1.2 Election of Chair and Vice Chair for the term ending November 30, 2024

PETERS AND STEVENSON

That S. Hillier **BE ELECTED** Chair for the term ending November 30,
2024.

Motion Passed

BARBOUR AND STEVENS

That P. Barbour **BE ELECTED** Vice Chair for the term ending November
30, 2024.

Motion Passed

2. Adoption of Minutes

2.1 Minutes of the 4th Meeting held on Thursday, October 6, 2022

PELOZA AND BARBOUR

That the minutes of the 4th meeting of the Elgin Area Primary Water Supply System Joint Board of Management, from the meeting held on October 6, 2022, **BE NOTED AND FILED. CARRIED**

Motion Passed

3. Consent Items

3.1 Quarterly Compliance Report (3rd Quarter 2022: July - September 2022)

PELOZA AND PETERS

That, on the recommendation of the Chief Administrative Officer, the report dated January 19, 2023, with respect to the general, regulatory and contractual obligations of the Elgin Area Primary Water Supply System, for July to September 2022, **BE RECEIVED. CARRIED**

Motion Passed

3.2 Environmental Management System and Quality Management System

PELOZA AND PETERS

That, on the recommendation of the Chief Administrative Officer, the report dated January 19, 2023, with respect to the Environmental Management System and Quality Management System for the Elgin Area Primary Water Supply System, **BE RECEIVED. CARRIED**

Motion Passed

3.3 Quarterly Operating Financial Status - 3rd Quarter 2022

PELOZA AND PETERS

That, on the recommendation of the Chief Administrative Officer, the report dated January 19, 2023, with respect to the Quarterly Operating Financial Status of the Elgin Area Water Supply System, **BE RECEIVED. CARRIED**

Motion Passed

3.4 2023 to 2026 Meeting Schedule

PELOZA AND PETERS

That, on the recommendation of the Chief Administrative Officer, the proposed meeting schedule for the Elgin Area Primary Water Supply System Joint Board of Management for 2023 to 2026, **BE APPROVED. CARRIED**

Motion Passed

3.5 Environmental and Quality Policy and Quality Management System Operational Plan

PELOZA AND PETERS

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the Environmental Management System and Quality Management System for the Elgin Area Primary Water Supply System:

- a) the above-noted report **BE RECEIVED**; and,
- b) the Environmental and Quality Policy and Quality Management System Operation Plan, as appended to the above-noted report **BE ENDORSED. CARRIED**

Motion Passed

3.6 Elgin 'A' Pipeline Condition Assessment Project Status Update

PELOZA AND PETERS

That, on the recommendation of the Chief Administrative Officer, the report dated January 19, 2023, with respect to an update on the status of the Elgin 'A' Pipeline Condition Assessment Project, **BE RECEIVED. CARRIED**

Motion Passed

3.7 EA4195 Electric Vehicle Charging Stations

PELOZA AND PETERS

That, on the recommendation of the Chief Administrative Officer, the report dated January 19, 2023, with respect to the status of the Elgin Area

Electric Vehicle Charging Stations project (EA4195), **BE RECEIVED. CARRIED**

Motion Passed

4. Items for Discussion

4.1 EA4194 Elgin Area Water Treatment Plant Asset Condition Assessment
BARBOUR AND LOVELAND

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report, dated January 19, 2023, related to the Elgin Area Water Treatment Plant Asset Condition Assessment project (EA4194):

- a) the proposal from WSP Canada Inc., for the completion of the asset condition assessment project for the Elgin Area Water Treatment Plant, **BE ACCEPTED**, in the amount of \$70,271.25, including contingency (excluding HST), having submitted a proposal which meets the Request for Proposal requirements and evaluated as having the best value; it being noted that the acceptance is conditional on the acceptance of the corresponding proposal by the Lake Huron Water Supply System Board of Management;
- b) the Chair and the Chief Administrative Officer **BE AUTHORIZED** to execute a consulting services agreement with WSP Canada Inc. for the completion of the asset condition assessment project; and,
- c) the above-noted report **BE RECEIVED. CARRIED**

Motion Passed

5. Deferred Matters/Additional Business

None.

6. Next Meeting Date

March 2, 2023

7. Adjournment

The meeting adjourned at 5:17 PM.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-01

Report Page: 1 of 2

Meeting Date: March 2, 2023

File No.:

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Quarterly Compliance Report (4th Quarter 2022: October - December)

RECOMMENDATION

That the Quarterly Compliance report with respect to the general, regulatory, and contractual obligations of the Elgin Area Primary Water Supply System **BE RECEIVED** for the information of the Board of Management; it being noted that there were no Adverse Water Quality Incidents reported in the 4th quarter of 2022.

BACKGROUND

Pursuant to Board of Management resolution, this Compliance Report is prepared on a quarterly basis to report on general, regulatory, and contractual compliance issues relating to the regional water system. For clarity, the content of this report is presented in two basic areas, namely regulatory and contractual, and does not intend to portray an order of importance or sensitivity nor is it a complete list of all applicable regulatory and contractual obligations.

DISCUSSION

Regulatory Issues

Recent Regulatory Changes: At the time of drafting this report, there are no new regulatory changes for this reporting period which may significantly impact the Elgin Area Primary Water Supply System (EAPWSS).

New Environmental Registry of Ontario (ERO) Postings: At the time of drafting this report, there were no new postings on the ERO that may have a significant impact on the EAPWSS.

Quarterly Water Quality Reports: The [Water Quality Quarterly Report](#) for the period of October 1 – December 31, 2022 was completed by the operating authority, and is posted on the Water Systems' website for public information.

Note: In order to better comply with the *Accessibility for Ontarians with Disabilities Act, 2005*, the detailed tables of water quality test results which were previously appended to this Report have been removed. The full list and test results of drinking water quality parameters is posted on the water system's website and available in print at the Board's Administration Office in London upon request. In addition, the detailed water quality information is also published within the water system's Annual Report required by O.Reg. 170/03 under the *Safe Drinking Water Act*.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-01

Report Page: 1 of 2

Meeting Date: March 2, 2023

File No.:

Adverse Water Quality Incidents (AWQI): There were no AWQI reported by the operating authority or adverse laboratory results reported by the third-party accredited laboratory during this quarter.

Compliance Inspections: The annual inspection by the Ministry of the Environment, Conservation and Parks (MECP) began on December 2, 2022. The draft inspection report was received from the Ministry Inspector on February 3, 2023 and is being reviewed by staff. The final inspection report once received will be the subject of a future report to the Board.

Contractual Issues

ARTICLE 3, “Operation and Maintenance of the Facilities – General”:

Board staff informally meets with OCWA on a monthly basis to discuss operations and maintenance related issues, and formally on a quarterly basis to review contractual performance. The 2022 fourth quarter Contract Report was received from OCWA on January 30, 2023 and was scheduled to be discussed at the quarterly administration meeting between Board staff and OCWA on February 9, 2023. Copies of the monthly Operations and Maintenance Reports, and quarterly Contract Reports are available at the Board’s Administration Office in London upon request.

Prepared by: Erin McLeod
Quality Assurance & Compliance Manager

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-03

Report Page: 1 of 4

Meeting Date: March 2, 2023

File No.:

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Quarterly Operating Financial Status – 4th Quarter 2022

RECOMMENDATION

That this report regarding the Quarterly Operating Financial Status of the Elgin Area Water Supply System be **RECEIVED** by the Board of Management for information; it being noted that the financial information presented in this report is unaudited and subject to adjustments including the preparation of the financial statements and completion of the annual audit.

BACKGROUND

At the request of the Board of Management, a Financial Status Report is provided on a quarterly basis for information. The financial status provides a high-level overview of incurred expenditures and revenues on a cash-flow basis and is compared to the approved operating budget of the water supply system. All expenditures and revenues provided in this Financial Status Report are unaudited and may include accrued and/or unaccrued expenses from a previous or future fiscal year.

A high-level summary of incurred expenses and revenues for the water supply system is attached to this report as Appendix A for the fourth quarter 2022 (October 1 to December 31) as well as a comparative accumulation of expensed for the year to date.

Note: The reported expenditures and revenues may be subject to adjustments, including but not limited to the preparation of financial statements and completion of the annual audit.

DISCUSSION

For the information and reference of the Board, the following highlights of the attached summary provides a brief explanation of notable deviations from the approved budget and/or clarifications of the financial summary:

- Contracted Operating Services in the summary report reflects the total direct operating costs of the contracted operation of the water treatment and transmission system, as well as other related contracted services. The total accumulated operating costs over the year (unaudited) is higher than the same period in 2021 and is reflective of contractual increases in service agreements with the operating authority and other contracted services.
- Contracted Administrative Services in the summary report reflects the fees paid to the City of London.
- Electricity expenditures include the purchase of energy and related energy management service charges for the water system. The water system is currently tracking approximately \$27,000 higher than the previous year despite higher volumes pumped.
- Salaries, wages, and benefits expenditures include all direct labour costs for administrative staff including benefits. Variations over the same period in 2021 are attributed to annual salary adjustments, and new staff hired. In addition, the 2022 YTD amount shown now includes accrued vacation costs posted early in the year.
- Administration and Other Expenses relates to various overhead operating expenses, including subscriptions and memberships, office supplies and property taxes. The total costs incurred for the year are within budget but higher than the same period in 2021 due to costs being transferred from the capital budget to operating in 2022.
- Vehicles and Equipment expenditures include costs associated with vehicles, computers, and office equipment for administrative staff.
- Purchased Services and Professional Fees largely relates to allowances for ad hoc professional consulting and legal services, office lease, telephone charges, network and SCADA maintenance, printing services, and pipeline locate costs. The increased cost when compared to the same period in 2021 is attributed to increased insurance costs as well as security services added in 2022.
- Debt Principal and Interest payments occur twice per year; in the first and third quarter.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-03

Report Page: 3 of 4

Meeting Date: March 2, 2023

File No.:

- Contributions to the Reserve Funds occur at the end of the fiscal year as part of the year-end audit preparation process, where the actual contributions are the total remaining revenue in excess of expenditures. Accordingly, the amount of the anticipated contribution is currently adjusted to reflect the additional revenue and expenses incurred and may be subject to further adjustment as a result of the completion of the year-end financial statements and audit.

Prepared by: Archana Gagnier
Budget and Finance Analyst

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Operating Financial Status Summary – 4th Quarter 2022

Quarterly Financial Summary Report

Elgin Area Water Supply System

4th Quarter 2022 (October 1 to December 31)

(\$,000's)

	Approved 2022 Budget	Q4-2022	2022 Year to Date	% Year to Date	Year To Date Variance	2021 Year To Date
Total Revenue	14,765	4,893	15,075	102.1%	-310	14,515
<u>Expenditures:</u>						
Contracted Operating Services	4,684	1,516	4,836	103.2%	-152	4,537
Contracted Administrative Services	183	32	169	92.3%	14	180
Electricity	1,050	322	1,069	101.8%	-19	1,042
Salaries, Wages, Benefits	961	290	911	94.8%	50	799
Administration and Other Expenditures	522	31	513	98.3%	9	405
Vehicles and Equipment	74	8	70	94.6%	4	46
Purchased Services & Professional Fees	996	116	815	81.8%	181	531
Debt Principle Payments	2,338	15	2,338	100.0%	0	2,288
Interest on Long-Term Debt	186	-17	167	89.8%	19	223
Contributions to Reserve Funds	3,771	3,771	4,002	106.1%	-231	4,465
Total Expenditures	14,765	6,084	14,890	100.8%	-125	14,515



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-04

Report Page: 1 of 6

Meeting Date: March 2, 2023

File No.:

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Capital Status Report

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the following actions be taken regarding Elgin Area Primary Water Supply System capital projects:

- a) That this report regarding the status capital projects **BE RECEIVED** for information.
- b) That projects EA2177 Asset Management Plan, EA3024 EMPS Boiler Replacement and EA4055 Pipeline Condition **BE CLOSED** with surplus funding in the approximate amount of **\$135,592** be released to the Reserve Funds.

DISCUSSION

The Capital Project Status Report, attached to this report as [Appendix A](#) for the Board's information, provides a brief overview of the status of current capital projects for the Elgin Area Primary Water Supply System. This report is provided for the general information of the Board.

The status report is divided into four categories of projects, namely:

1. **Ongoing Projects:** This section provides a summary list of all projects which are funded by the Board through the Capital Budget, and which are currently in-progress. Board funded projects are typically for the replacement or upgrade of existing assets, the construction of new assets, or engineering studies and assessments, as approved by the Board.

Under the terms of the Service Agreement with the contracted operating authority, the Board is also required to pay for some maintenance/repair activities. The benchmark used in the operating contract is that if the value of the material and any contracted labour is over \$30,000 (indexed annually to inflation from the start of the contract), the project is considered Capital Maintenance and the contracted operating authority would fund the first \$30,000 (indexed), with the balance funded by the Board. Accordingly, the Board maintains an annual "fund" within the Board's capital budget to pay for these projects as they arise.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-04

Report Page: 2 of 6

Meeting Date: March 2, 2023

File No.:

- 2. Completed Projects - Release Surplus to Reserve Funds:** This section provides a summary list of all projects which are presently completed and do not require additional funds from that budgeted. Should the Board approve the closure of the listed projects, it is the recommendation of staff to release the surplus funds, if any, to the appropriate Reserve Fund.

Completed Projects – Reduce Authorized Debt: In the case where the project is funded through the issuance of a debenture, should the Board approve the closure of the listed project it is the recommendation of staff to reduce the previously authorized but unissued debt for the project(s).

- 3. Completed Projects - Additional Funding Required:** This section provides a summary list of all projects which are presently completed but require additional funds from that originally approved by the Board. Should the Board approve the closure of the listed projects, it is the recommendation of staff to provide the required additional funding from the Board's Reserve Fund.

Prepared by: Archana Gagnier
Budget and Finance Analyst

Submitted by: Billy Haklander, P. Eng., LL.M
Capital Programs Manager

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Appendix A - Capital Project Status Summary

APPENDIX A: CAPITAL PROJECT STATUS SUMMARY

A.1 Ongoing Capital Projects

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
EA2172	Terminal Reservoir Isolation Valve Replacement	\$185,000	\$167,867	Project ongoing
EA3010	IT Asset Replacement Program	\$431,000	\$209,259	Project ongoing
EA3013	Plant Reservoir Drain Repairs	\$200,000	\$40,640	Project ongoing
EA3014	LLP 2&3 Replacement Study	\$50,000	\$25,267	Project ongoing
EA3017	Exterior WTP Building Seals	\$60,000	\$33,564	Project ongoing
EA3018	Cyber Intrusion Detection System	\$10,000	\$0	Project ongoing
EA3020	Roof Replacement	\$625,000	\$311,268	Project ongoing
EA3025	EMPS HVAC Replacement	\$375,000	\$0	Project ongoing
EA3026	EMPS Motor Control Centre Replacement	\$300,000	\$0	Project ongoing
EA4020	Financial Plan Update 2021	\$50,000	\$27,740	Project ongoing
EA4022	Security Upgrades	\$925,000	\$509,057	Project ongoing
EA4039	Record Drawings & Documents	\$255,000	\$176,083	Ongoing annual project
EA4095	WTP Interior Renovations	\$581,500	\$360,794	Ongoing multi-year project
EA4114-21	Annual Maintenance (2021)	\$100,000	\$80,498	Annual program
EA4114-22	Annual Maintenance (2022)	\$100,000	\$37,867	Annual program
EA4114-23	Annual Maintenance (2023)	\$100,000	\$0	Annual program



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-04

Report Page: 4 of 6

Meeting Date: March 2, 2023

File No.:

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
EA4129	Server Room Fire Suppression	\$30,000	\$0	Project to be initiated
EA4132	Alum Storage Tanks	\$825,000	\$721,615	Project ongoing
EA4135	Hydraulic/Transient Model Update & Monitoring Study	\$92,000	\$52,655	Project ongoing
EA4137	Low Lift Service Water Connection	\$550,000	\$67,615	Ongoing multi-year project
EA4138	Parking Lot Asphalt Resurfacing	\$125,000	\$0	Project ongoing
EA4152	PLC Replacements	\$40,000	\$0	Project ongoing
EA4153	Filter Backwash Upgrades	\$2,459,000	\$82,865	Project ongoing
EA4156	High Lift Pump Replacement	\$4,851,000	\$2,832,661	Project ongoing
EA4161	Evaluate Pre-Treatment Hydraulics	\$50,000	\$43,384	Project ongoing
EA4162	Crop Yield Monitoring – 2013 Pipeline Twinning	\$661,000	\$231,317	Ongoing multi-year project
EA4166	SCADA/PLC – Software Review and Upgrade	\$500,000	\$18,661	Project ongoing
EA4172	Dedicated Raw Water Sample Line	\$90,000	\$0	Project ongoing
EA4175	Pilot – Unchlorinated Filtration	\$25,000	\$0	Project ongoing
EA4176	Plant Drain Chlorine Sample Line	\$80,000	\$60,741	Project ongoing
EA4177	Railings and guarding	\$300,000	\$245,926	Ongoing multi-year project
EA4180	Filter Capacity Evaluation	\$37,000	\$0	Project ongoing
EA4183	UV Replacement	\$8,950,000	\$27,231	Project ongoing



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-04

Report Page: 5 of 6

Meeting Date: March 2, 2023

File No.:

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
EA4184	Water Quality Facility Plan	\$290,000	\$56,587	Project ongoing
EA4185	Construction Site Trailer Pad	\$25,000	\$9,650	Project ongoing
EA4186	Sodium Hydroxide Assessment Study	\$30,000	\$25,617	Project ongoing
EA4188	Lighting/Breaker Panel Replacement	\$100,000	\$44,000	Project ongoing
EA4189	RMF Mixing Pump Replacement	\$100,000	\$10,939	Project ongoing
EA4190	RMF Total Chlorine Residual Compliance	\$50,000	\$0	On Hold
EA4191	Roof Drain Replacements	\$50,000	\$22,669	Project ongoing
EA4192	Flocc Tank Influent Distribution Upgrades	\$100,000	\$82,189	Project ongoing
EA4193	Standby Generator TSSA	\$290,000	\$24,033	Project ongoing
EA4194	Asset Condition Field Assessment	\$85,000	\$0	Project ongoing
EA4195	Electric Vehicle Charging Stations	\$10,000	\$0	Project ongoing
EA4196	St. Thomas Meter Replacement	\$150,000	\$0	Project ongoing
EA4197	EMPS - Roof Replacement	\$350,000	\$0	Project ongoing
EA4198	Elgin Filter Emergency Repairs	\$608,000	\$0	Project ongoing
TOTAL		\$26,250,500	\$6,640,259	



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-04

Report Page: 6 of 6

Meeting Date: March 2, 2023

File No.:

A.2(a) Completed Projects – Release Surplus to Reserve Funds **\$135,592**

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
EA2177	Asset Management Plan	\$150,000	\$146,124	Project complete
EA3024	EMPS Boiler Replacement	\$15,000	\$0	Project completed through OCWA maintenance
EA4055	Pipeline Condition Assessment	\$950,000	\$833,284	Project complete
TOTAL		\$1,115,000	\$979,408	

A.2(b) Completed Projects – Reduce Authorized Debt

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
TOTAL		\$ 0	\$ 0	

A.3 Completed Projects – Additional Funding Required

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
TOTAL		\$ 0	\$ 0	

* Expended as of January 31, 2023



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-05

Report Page: 1 of 16

Meeting Date: March 2, 2023

File No.:

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Environmental Objectives

RECOMMENDATION

That the following actions be taken by the Elgin Area Primary Water Supply System Board of Management with respect to the environmental objectives:

- a) The Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report for information; and,
- b) The Board of Management for the Elgin Area Primary Water Supply System **ENDORSE** the environmental objectives as outlined in this report.

PREVIOUS AND RELATED REPORTS

March 9, 2017 Environmental Objectives

December 5, 2013 Environmental Management System Objectives and Targets

EXECUTIVE SUMMARY

The Elgin Area Primary Water Supply System (EAPWSS) previously established environmental objectives for the five-year period ending on December 31, 2022. This report provides an overview of those environmental objectives, discusses the status, results achieved, and highlights the program successes.

New environmental objectives proposed for the next five-year period (2023-2027) will continue to focus on two general but significant environmental aspects; namely, electricity consumption and chemical consumption.

BACKGROUND

Environmental Management System

The EAPWSS has an Environmental Management System (EMS) which is registered to the ISO14001 Standard. The ISO14001 Standard requires that an organization establish environmental objectives to improve their environmental performance. An environmental objective is an environmental result that the organization intends to achieve, consistent with the environmental policy. The environmental objectives must take into account the organization's significant environmental aspects and associated compliance obligations, as well as consider its risks and opportunities.

The ISO 14001 standard requires that environmental objectives must be:

- a) consistent with the environmental policy;
- b) measurable (if practicable);
- c) monitored;
- d) communicated; and,
- e) updated as appropriate.

The standard also requires that an organization implement planning actions to achieve the environmental objectives. Organizations need to determine the “Who? What? Where? When? and How?” of plans to achieve their environmental objectives. Collectively these planning actions are referred to as “the program”.

Environmental Objectives (2017-2022)

At the Board meeting of March 9, 2017, the Board endorsed three (3) environmental objectives and targets for the Elgin Area Water Treatment Plant (WTP). The objectives related to several general but significant environmental aspects: electricity consumption, chemical consumption, and discharges to the lake.

The following is a summary of the environmental objectives and targets that were set in 2017.

Objective #1: Reduce the demand on the Provincial electrical generation and transmission system through conservation and displacement efforts.

Target Years: July 1, 2017 – December 31, 2022

Target: For the Elgin Area WTP, including the Residuals Management Facility (RMF), a target of <650 kWh/ML measured on a quarterly basis

Objective #2: Optimize the use of chemicals in the production of treated potable water and associated residuals treatment.

Target Years: July 1, 2017 – December 31, 2022

Target: For the Elgin Area WTP, including the RMF, a target of <80 kg/ML measured on a quarterly basis

Objective #3: Reduce the amount of residue materials being returned to the receiving water body (Lake Erie) as a result of water treatment processes.

Target Years: July 1, 2017 – December 31, 2022

Target: At the RMF, <25 mg/L total suspended solids (monthly average concentration); <0.02 mg/L total chlorine residual (monthly average concentration) and <0.10 mg/L total chlorine residual (maximum concentration); or as otherwise specified in the Municipal Drinking Water Licence (MDWL)

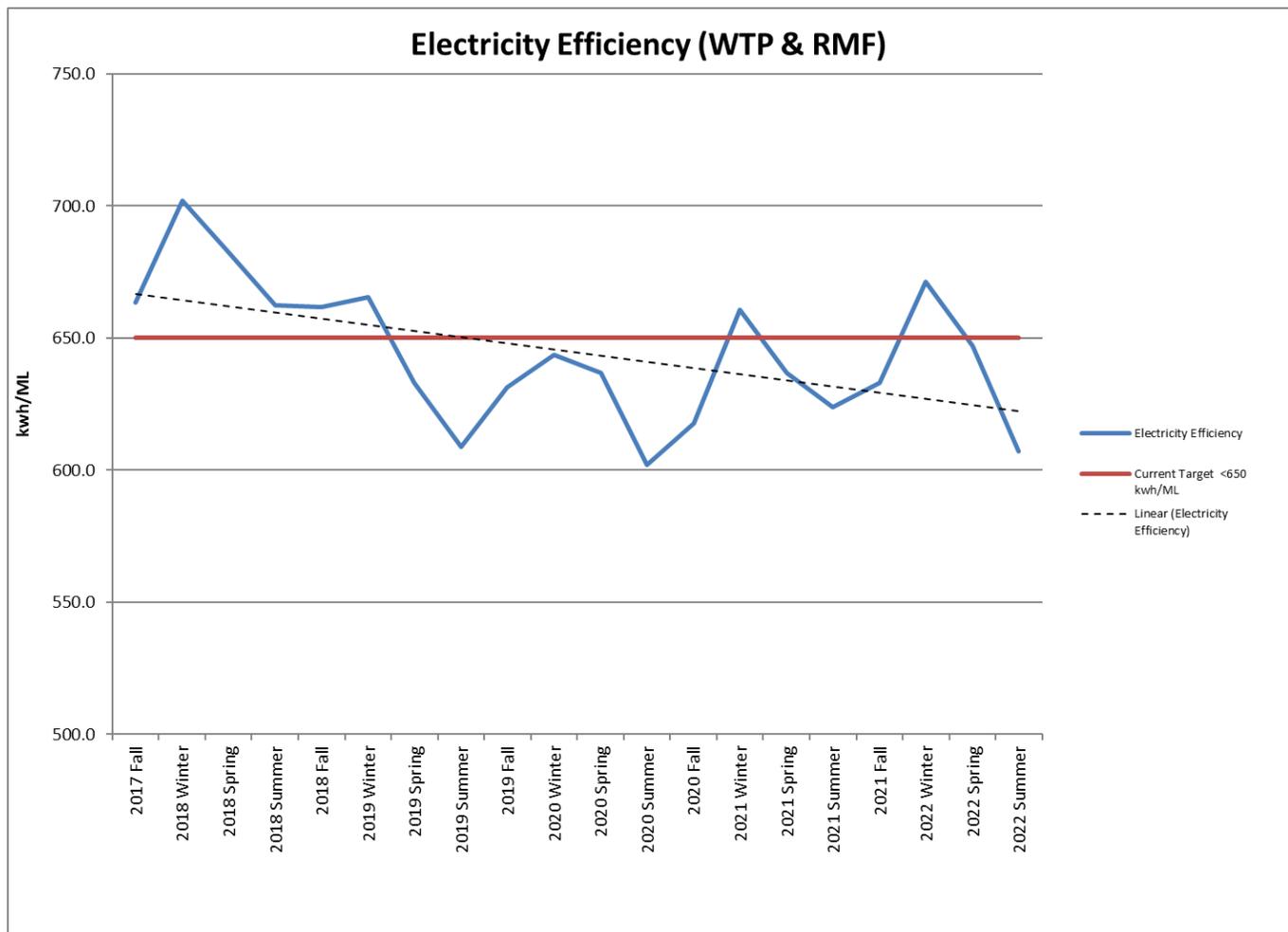
All targets are normalized per million litres (ML) of treated water produced at the WTP, to account for seasonal changes in flow demand.

DISCUSSION

Results - Environmental Objectives (2017-2022)

At an EMS Management Review meeting held on November 23, 2022, top management (the Board’s Director of Regional Water Supply and OCWA’s Regional Manager), the “EMS Representative”, and other staff reviewed the status of the environmental objectives. The following summarizes the results achieved.

Objective #1: Reduce the demand on the Provincial electrical generation and transmission system through conservation and displacement efforts.
 Target: <650 kWh/ML



The target related to electricity efficiency has consistently been achieved on an annual basis since 2019, noting that there are distinct seasonal fluctuations and decreased performance during winter months. The increased electricity consumption occurring in winter months is typically due to seasonal storms and raw water conditions, which result in increased run time



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-05

Report Page: 4 of 16

Meeting Date: March 2, 2023

File No.:

of process equipment at the RMF (e.g., pumps and centrifuges). Increased water demand in summer months also makes plant operations more efficient during high flow periods.

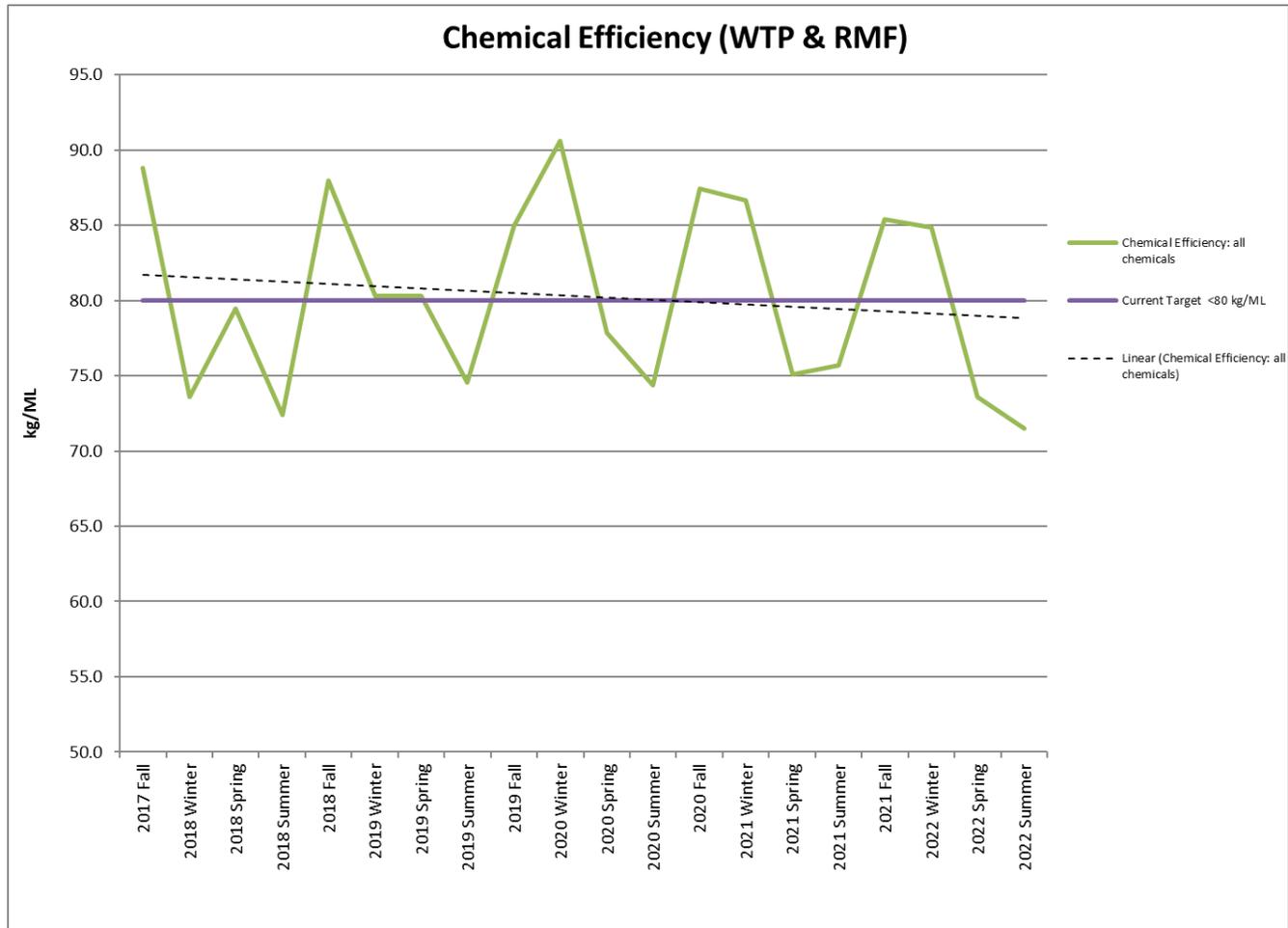
The quarterly average electricity consumption for the five-year period (Fall 2017 – Summer 2022) was 644.5 kWh/ML which is better than the target of 650 kWh/ML.

A key program success achieved in 2020 was the completion of the High Lift Pump (HLP) upgrade project. Four (4) new pumps were commissioned in 2020, resulting in improved HLP efficiency. Other program successes included temporarily decommissioning the original 750mm transmission pipeline in 2019, which had significant impacts on the pumping strategy as it eliminated regular WTP starts/stops. Energy awareness training for operations staff took place in 2018 and again in 2021 which also provided benefits to the overall electricity management program.

It is recommended that the Board continue to pursue an objective related to electricity consumption as there are further opportunities to improve this trend. It is recommended that the target be lowered from 650 kWh/ML to 640 kWh/ML as data analysis indicates this is achievable given current results.

Objective #2: Optimize the use of chemicals in the production of treated potable water and associated residuals treatment.

Target: <80 kg/ML



The target related to chemical efficiency has been achieved at times on an annual basis, noting that there are distinct seasonal fluctuations. The increased chemical consumption occurring in fall and winter months is typically due to seasonal storms and raw water conditions. Increased water demand in summer months makes plant operations more efficient during high flow periods.

The quarterly average chemical consumption for the previous five-year period (Fall 2017 – Summer 2022) was 80.3 kg/ML which is slightly higher than the target of 80 kg/ML. The overall trend is stable over time.

Key program successes included a polymer system upgrade in 2018, and completion of several investigative studies including an evaluation of pre-treatment hydraulics, and a coagulation optimization study. Through these studies future optimization opportunities have been identified which is expected to result in further chemical efficiencies and cost savings.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-05

Report Page: 6 of 16

Meeting Date: March 2, 2023

File No.:

It is recommended that the Board continue to pursue an objective related to chemical consumption as there are still further opportunities to improve the long-term trend. It is recommended that the target remain at 80 kg/ML until this is consistently being achieved.

Objective #3: Reduce the amount of residue materials being returned to the receiving water body (Lake Erie) as a result of water treatment processes.

Target: At the RMF, <25 mg/L total suspended solids (monthly average concentration); <0.02 mg/L total chlorine residual (monthly average concentration) and <0.10 mg/L total chlorine residual (maximum concentration); or as otherwise specified in the Municipal Drinking Water Licence

The RMF began operating in January 2017 under an initial operational transition period, followed by a two-year optimization period. The target related to total suspended solids (TSS) is consistently being met under all seasonal conditions and no exceedances of the TSS criteria have been reported to date. There have been several exceedances of the total chlorine residual (TCR) criteria; however, it is noted that the total number of reported occurrences has been reduced on an annual basis, with only one reportable event occurring in 2022.

This environmental objective no longer needs to be carried forward, as the RMF has been operating for five (5) years. Performance monitoring will continue as it is required by the system's Municipal Drinking Water Licence (MDWL). Staff will continue to identify opportunities for improvement through continued compliance monitoring. Further optimization opportunities at this facility will be addressed through the other objectives related to electricity and chemical optimization.

Proposed New Environmental Objectives (2023-2027)

When setting environmental objectives, the EAPWSS must take into account its significant environmental aspects and associated compliance obligations, and consider risks and opportunities. For reference, a complete list of the significant environmental aspects for the EAPWSS can be found in [Appendix A](#). Staff reviewed these environmental aspects against the planned projects in the approved capital program to determine where there was the most opportunity to improve environmental performance. Staff also performed a detailed review of results achieved to date and determined where there were opportunities for further improvement.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-05

Report Page: 7 of 16

Meeting Date: March 2, 2023

File No.:

At the November 23, 2022 Management Review meeting, Top Management approved a recommendation that two (2) environmental objectives carry forward, with updates as follows:

Objective #1: Reduce the demand on the Provincial electrical generation and transmission system through efficiency, conservation and displacement efforts.

Target Years: January 1, 2023 - December 31, 2027

Target Location: Elgin Area Water Treatment Plant (including Residuals Management Facility)

Target: <640 kWh/ML measured as an annual average, with quarterly monitoring

Objective #2: Optimize the use of chemicals in the production of treated potable water and associated residuals treatment.

Target Years: January 1, 2023 - December 31, 2027

Target Location: Elgin Area Water Treatment Plant (including Residuals Management Facility)

Target: <80 kg/ML measured as an annual average, with quarterly monitoring

A detailed program has been established which documents what projects will be completed, identifies the project manager, and target completion dates. A complete description of the proposed environmental objectives, targets, and the associated program can be found in [Appendix B](#) of this report for the information and reference of the Board.

The program identified in [Appendix B](#) includes capital projects which have already been approved by the Board. Future projects may be added to the program as the opportunity arises, following Board approval of the budget. All projects will include a completed business case identifying costs and/or savings, resource requirements, and anticipated impacts.

The new target dates of January 1, 2023 through December 31, 2027 coincide with the contracted Operating Authority's extended 5 year contract renewal term.

The new targets were set by factoring in a review of data from the past five years (Fall 2017 – Summer 2022), considering both the quarterly (seasonal) averages and annual averages, the direction of the trending, and anticipated system changes in the next few years which might influence the targets (either positively or negatively).

Efforts to meet these environmental objectives and targets will at no time affect the quality of water produced at the WTP or create additional risk to the system.

Board staff may make periodic minor amendments/updates to the associated programs where appropriate. Any significant changes, including changes to the environmental objective or target, will be presented to the Board for approval.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-05

Report Page: 8 of 16

Meeting Date: March 2, 2023

File No.:

CONCLUSION

The registered ISO14001 Environmental Management System requires specific and measurable environmental objectives to be established by the EAPWSS to meet the requirements of the environmental policy. Planned system upgrades and optimization efforts provide the opportunity to establish new environmental objectives, targets and programs to improve environmental performance.

Prepared by: Erin McLeod, Quality Assurance & Compliance Manager

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: [Appendix A](#) - Significant Environmental Aspects at the EAPWSS
[Appendix B](#) - Proposed Environmental Objectives, Targets and Program
(2023-2027)

APPENDIX A: SIGNIFICANT ENVIRONMENTAL ASPECTS AT THE EAPWSS

Environmental Aspect	Examples of Associated Activities
Chemical Consumption	<ul style="list-style-type: none"> • Water treatment • Residuals treatment • Maintenance activities
Waste - Non-Hazardous	<ul style="list-style-type: none"> • Non-recyclable waste solids (e.g., general site waste) • Dewatered residuals to landfill
Waste - Hazardous	<ul style="list-style-type: none"> • Hazardous Waste (e.g., waste oil, batteries, spill clean-ups etc.)
Air Emissions	<ul style="list-style-type: none"> • Emergency generators • Venting of chemical storage areas • Venting of equipment exhaust (e.g., boilers) • Trucking of residuals to landfill
Electricity Consumption	<ul style="list-style-type: none"> • Process equipment (e.g., pumps) • Lighting and heating
Natural Gas Consumption	<ul style="list-style-type: none"> • Boilers, dehumidifiers
Fuel Consumption	<ul style="list-style-type: none"> • Emergency generators (diesel) • Fleet vehicles
Oil Consumption	<ul style="list-style-type: none"> • Process equipment (e.g., pumps)
Spills	<ul style="list-style-type: none"> • Process or treated water upsets • Handling and storage of compressed gases • Handling and storage of liquid and dry chemicals • Handling and storage of petroleum products (diesel, oil, waste oil) • Planned discharges of water (e.g., reservoir or pipeline draining) • Unplanned discharges of water (e.g., pipeline break) • Refrigerants
Discharges to the Lake	<ul style="list-style-type: none"> • Operational processes; water and sediment from the plant drain • Mussel control at the intake
Outdoor Noise	<ul style="list-style-type: none"> • Equipment operation • Construction activities
Water Consumption	<ul style="list-style-type: none"> • Water taking from Lake Erie
Construction Activities	<ul style="list-style-type: none"> • Development and alterations to land and watercourses • Shoreline activities • Excavation of soils
Fire/Explosion	<ul style="list-style-type: none"> • Handling fossil fuels (diesel, oil, natural gas) • Electrical equipment



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-05

Report Page: 10 of 16

Meeting Date: March 2, 2023

File No.:

**APPENDIX B: PROPOSED ENVIRONMENTAL OBJECTIVES, TARGETS AND PROGRAM
(2023-2027)**

[See attachment]



2023-2027
Environmental Objectives, Targets and Program

Environmental Objective #1:	Reduce the demand on the Provincial electrical generation and transmission system through efficiency, conservation and displacement efforts.
Target Years:	January 1, 2023 - December 31, 2027
Target Location:	Elgin Area Water Treatment Plant (including Residuals Management Facility)
Target:	<640 kWh/ML measured as an annual average, with quarterly monitoring

Significant Environmental Aspects:	Electricity consumption
Compliance Obligations:	Electricity Act and O.Reg. 507/18 (Broader Public Sector: Energy Reporting and Conservation and Demand Management Plans)
Risks and Opportunities:	Potential beneficial effects (opportunities) – cost savings; carbon footprint reduction; prolongs asset life; operational efficiency
	Potential adverse effects (risks/threats) – significant wear and depreciation of asset life; too great of a focus on energy could put customer needs at risk (eg. water quality, reservoir operating levels) or compromise the integrity of the system; increased front end costs if upgrades/retrofits are required

Environmental Objective #2:	Optimize the use of chemicals in the production of treated potable water and associated residuals treatment.
Target Years:	January 1, 2023 - December 31, 2027
Target Location:	Elgin Area Water Treatment Plant (including Residuals Management Facility)
Target:	<80 kg/ML measured as an annual average, with quarterly monitoring

Significant Environmental Aspects:	Chemical consumption – water treatment Chemical consumption – residuals treatment
Compliance Obligations:	Safe Drinking Water Act and O.Reg. 170 Municipal Drinking Water Licence (MDWL) and Drinking Water Works Permit (DWWP) Transportation of Dangerous Goods Act and associated regulations
Risks and Opportunities:	Potential beneficial effects (opportunities) – cost savings; less chemical consumption uses less raw materials in the manufacturing of the chemicals and reduces the associated trucking and deliveries; carbon footprint reduction
	Potential adverse effects (risks/threats) – Potential for increased electricity consumption; there is potential to optimize chemical addition to the point where water quality may be impacted which is a risk to regulatory and contractual performance limits; potential operational deficiencies

Elgin Area Primary Water Supply System
Environmental Program

Electricity Program (Objective #1)	Chemical Program (Objective #2)	Project Number	Project Name	Project Location	Project Manager	Project Microsite - Status	Rationale / Comments	Target Completion Date	Progress
✓		EA3014	Low Lift Pump 2 & 3 Replacement Study	WTP	MM	Study	New pumps will be more energy efficient.	Study: Completed in 2022 LLP Replacement: TBD	The study is completed. A Tech Memo was finalized in Sept. 2022. The study recommends re-evaluation of performance and condition re-assessment of the LLPs in 2-5 years. LLP replacements are expected in 3-5 years. A new business case is required to determine timing of the replacement project. Note LLP #1 was rebuilt in 2022, LLP#3 was rebuilt and new motor in 2022.
✓		EA4153- EA4156	High Lift & Backwash Pump Replacement	WTP	MM	Design	The backwash pumps are being replaced. New pumps will be more energy efficient. Backwash optimization will be minimal on this project. Under certain circumstances operations may be able to run only 1 backwash pump instead of 2 (electricity efficiency). There may be HLP operational optimization associated with this project, but mainly related to transients. Minimal impacts to electricity optimization.	Design: 2022/23 Pump manufacturing: 2023 Construction: 2024	EA4156 Highlift Pump project - pump optimization scope of work is being drafted. EA4153 Backwash Pump design in progress, in parallel with pump pre-selection. The detailed design will progress as shop drawings for the backwash pumps are provided/approved (early 2023). The pumps will be ordered when shop drawings are approved, followed by a 52 week manufacturing period.
✓		EA4183	UV Replacement	WTP	MM	Design	The new UV reactors will be more energy efficient than the existing ones. However the new reactors will likely be larger which may offset any efficiency savings. The preferred design concept is still being confirmed with new configuration still TBD.	Design: 2022/23 Construction: 2024/25	Detailed design awarded to AECOM in June 2022. Preliminary design is currently underway. A preliminary design workshop took place in Nov. 2022. The detailed design will follow once the preferred design concept is confirmed.
✓	✓	LH1901- EA4184	Water Quality Facility Plan	WTP	JS	Study	Future projects will be recommended by this study. Future projects should contribute to future chemical efficiency and backwash optimization.	2023	The study, led by Stantec, commenced in June 2022 with estimated completion in mid-2023.

Electricity Program (Objective #1)	Chemical Program (Objective #2)	Project Number	Project Name	Project Location	Project Manager	Project Microsite - Status	Rationale / Comments	Target Completion Date	Progress
✓	✓	EA4186	Sodium Hydroxide Assessment Study	WTP	JS	Study	Once the deposits are removed from the pipeline the HL pumping efficiency (electricity efficiency) should improve. There should also be chemical optimization with the recommended change in injection method.	Study: 2022 Detailed Design: 2023 Construction: 2023/24	The study was completed in January 2023 (Final Report received). Detailed design and construction to follow.
	✓	EA4175	Pilot - Unchlorinated Filtration	WTP	JS	To be initiated	Project intent is to turn off the pre-chlorine prior to the filters. This will result in a reduction in chlorine.	TBD	To be initiated
✓		EA3017	Exterior WTP Building Seals	WTP	JW / OCWA	Construction	Building energy efficiency improvements would be minimal. Top Management directed at the Nov. 23, 2022 Management Review to include this small project, even if impact is minimal	2023	Multiyear project
	✓	EA4172	Dedicated Raw Water Sample Line	WTP	JW / OCWA	Design	Adding a chlorination point to LL surge well; would continue dosing at only one location (switching locations during sampling) except during challenging raw water conditions (eg. Mn events) when both locations could be used; increased chemical consumption during those times but they are infrequent events - minimal impact Top Management directed at the Nov. 23, 2022 Management Review to include this small project, even if impact is minimal	2023	In design stage
✓		LH2047- EA4195	Electric Vehicle Charging Stations	WTP	JS	To be initiated	Electric vehicles will result in a minimal increase in electricity consumption. However electric vehicles offer other benefit, such as a minimal reduction in air emissions and fuel consumption. Top Management directed at the Nov. 23, 2022 Management Review to include this small project, even if impact is minimal	2024	A consultant completed an assessment in Aug. 2022. Detailed design will be initiated in 2023 with construction in 2024 (subject to budget approval).

Electricity Program (Objective #1)	Chemical Program (Objective #2)	Project Number	Project Name	Project Location	Project Manager	Project Microsite - Status	Rationale / Comments	Target Completion Date	Progress
✓		N/A	Remote Stations - Monitoring to establish an electricity consumption baseline	EMPS	EM / JW	N/A	Monitoring the electricity trend at this facility to establish a baseline and assess the impacts of upcoming projects: • EA3025 - EMPS HVAC Replacement	2023	To be initiated
✓	✓	N/A	Monitor electricity and chemical use to review savings/reductions. Provide annual updates to Top Management.	All	EM	N/A	Monitoring and reporting	Ongoing	Ongoing
✓	✓	N/A	Identify/recommend new opportunities. Revise program as needed to incorporate new projects and tasks.	All	All	N/A	Identify new opportunities	Ongoing	Ongoing



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-09

Report Page: 1 of 4

Meeting Date: March 2, 2023

File No.: EA4186

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: EA4186 Sodium Hydroxide Assessment Study – Final Report

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report for information regarding the Sodium Hydroxide Assessment Study project.

PREVIOUS AND RELATED REPORTS

October 7, 2021	2022 Operating and Capital Budgets
June 2, 2022	EA4186 Sodium Hydroxide Assessment Study – Contract Award

BACKGROUND

The sodium hydroxide chemical system at the Elgin Water Treatment Plant was commissioned in 2012 to inject sodium hydroxide, blended with softened water, into the two discharge watermains from the high-lift pump station, raising the treated water pH to a target of 7.8. This adjustment was for the purposes of coagulation optimization and water chemistry stability.

As stated in the June 2022 board report, during a routine inspection of the distribution pipeline and valve chambers in 2013/2014, precipitate buildup was discovered within the pipeline and was affecting the operation of the valves on the transmission pipeline.

Over time, the accumulation of precipitate increased within the pipeline, coating valves seats and related components, and discharge headers at the water treatment plant. Plant operations staff reported that isolation valves on the then newly constructed 900mm transmission pipeline were not fully operable due to precipitate deposits within the valves. As a result of the noted precipitate, in May 2014, the pH target was reduced from 7.8 to 7.5 in an attempt reduce or eliminate the accumulation concerns.

Unfortunately, the reduction in the target pH did not eliminate the precipitation buildup and in 2020, Pure Technologies was retained to perform pipe camera inspections within the discharge headers at the Elgin Area water treatment plant.

The purpose of the inspections was to observe and quantify the degree of accumulation of precipitate at and near the sodium hydroxide injection ports on each of the discharge headers. Periodic camera inspections were undertaken over a two-year period and the observed accumulation was measured and recorded. Over that two-year observation period, there was



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-09

Report Page: 2 of 4

Meeting Date: March 2, 2023

File No.: EA4186

an increase in the amount of precipitate buildup of 14 mm in the west discharge header and 15 mm in the east discharge header.

In addition to the precipitate challenges, the sodium hydroxide injection point is near the sampling location used for the plant discharge chlorine analyzers. It has been noted that when the operator changes the high lift duty pump, fluctuations in the readings from the chlorine analyzers occur, which are likely affected by the change in pH, and occasionally cause the plant to automatically shut down due to water quality-related safety interlocks.

In 2022, the Board accepted the proposal from R.V. Anderson Limited (RVA) to undertake an assessment study of the sodium hydroxide system. The objectives of this study was to:

1. Identify the cause of the precipitation issues within the discharge header and valve chamber; and,
2. Develop an engineering solution for reducing precipitation while maintaining effective pH control within the transmission system.

DISCUSSION

To mitigate the precipitation issue, three engineering solutions were explored by RVA with a focus on improving the injection and mixing of sodium hydroxide solution into transmission pipeline, namely:

1. Dynamic In-line Mixer

Dynamic in-line mixers are equipped with motor-driven impellers, which help uniformly disperse chemicals that are “flushed” into the flow stream. This option requires the shortest mixing time and is suitable for a wide range of flows, but this solution requires significant changes to the existing system layout.

2. Flanged Multi-orifice Diffusers

In this option, diffuser tubes are inserted to the full depth of the pipe diameter. Flanged multi-orifice diffusers are a relatively low-cost option with only minor modification required to the piping layout. Notwithstanding, precipitation will inevitably accumulate around the orifices over time and routine maintenance will be required to ensure proper chemical delivery.

3. Side Injection Tee

Side injection tees provide additional security for the side stream injection and allow for an extended insertion length of injection tubes compared to shortened retractable quills; however, the large difference in sodium hydroxide flow suggests the need for upgrading water softening system, to provide sufficient side flow for the shortest mixing. Considering the current softening system at Elgin WTP is at capacity, the use of a side mixing tee is not recommended.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-09

Report Page: 3 of 4

Meeting Date: March 2, 2023

File No.: EA4186

Based on the information collected from equipment suppliers, conceptual chemical system evaluation and associated high-level cost estimates, as well as operations and maintenance factors, the study recommends the use of flanged multi-orifice diffusers. This is largely attributed to the following advantages:

- Lowest equipment and installation cost
- Improved sodium hydroxide dispersion
- Minor modification to the existing system layout

The estimated cost for installing two (2) diffusers and mechanically cleaning the existing precipitation build-up is approximately \$83,000. The construction phase of the project is under review by Board staff through the business case and risk prioritization process as part of the 2024 Capital Budget deliberations. Ultimately, the recommended changes will be implemented in 2024 subject to budget approval.

PROJECT FINANCIAL STATUS

Summary of expenditures incurred as of February 2, 2023:

Expenditure	Projected	Incurred
Design Study	\$27,246	\$25,617
Total	\$27,246	\$25,617
Approved Budget	\$30,000	
Budget Surplus/Deficit	\$2,754	

Final Invoicing is anticipated to be processed within early February 2023



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-09

Report Page: 4 of 4

Meeting Date: March 2, 2023

File No.: EA4186

CONCLUSION

R.V. Anderson Limited completed the Sodium Hydroxide Assessment Study in January 2023. The recommended solution includes mechanical cleaning devices followed by high-pressure water jetting for precipitation removal and the installation of two new flanged multi-orifice diffusers. The construction phase of the project is under review by Board staff through the business case and risk prioritization process as part of the 2024 Capital Budget deliberations. Ultimately, the recommended changes are expected to be implemented in 2024 subject to budget approval.

Prepared by: Josh Self, EIT,
Engineer in Training, Regional Water Supply

Submitted by: Billy Haklander, P. Eng., LL.M.
Capital Programs Manager, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-10

Report Page: 1 of 18

Meeting Date: March 2, 2023

File No.:

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Licence of Occupancy – Birds Canada

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the Board of Management for the Elgin Area Water Supply System **AUTHORIZE** the Board Chair and Chief Administrative Officer to execute a Non-Exclusive Licence Agreement with Birds Canada, substantially in the form attached to this report, for Birds Canada's installation and operation of telecommunications equipment at the Elgin Area water treatment plant.

PREVIOUS AND RELATED REPORTS

None

BACKGROUND

The Elgin Area water treatment plant has a longstanding relationship with the Hawk Cliff Banding Station for their bird trapping, banding and release program. Hawk Cliff Banding Station is affiliated with the Ontario Bird Banding Association and Birds Canada.

Birds Canada approached the Elgin Area Water Supply System in March 2022 requesting consideration of allowing them to mount an antenna at our facility for the purpose of tracking banded birds as part of their efforts to bank and track the migration of American Kestrels. The American Kestrel population has plummeted since the mid-1990's and the tracking system is intended to facilitate national and international research in discovering the reasons for the population decline.

DISCUSSION

Discussions were held between the Hack Cliff Banding Station group, Birds Canada and Board staff to ascertain the scope of the proposed occupancy and appropriate location for mounting an antenna at the water treatment facility.

In preparation for an installation planned in early 2023, Board staff prepared a draft Licence Agreement with the assistance of the Board's solicitor.

An annual fee of \$75.00 is proposed to cover the nominal cost of coordinating and facilitating ongoing access for installation, maintenance and eventual removal of the proposed antenna. The proposed fee may be waived at the sole discretion of the Board.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-10

Report Page: 2 of 18

Meeting Date: March 2, 2023

File No.:

A copy of the draft Non-Exclusive Licence Agreement is attached to this report for the reference of the Board.

Occupancy Location

The ideal location for the antenna would be at or near the water plant's low lift pumping station at the shore of Lake Erie; however due to access and infrastructure limitation, it was determined that Birds Canada would be able to mount an antenna on the water system's communications tower at the main treatment facility on Dexter Line.

Anticipated Operating and Service Impacts

The existing communications tower is located immediately adjacent to the high lift pumping station building at the front of the plant and can be easily accessed by Birds Canada (or their agent) from the main parking lot without impacts to the ongoing operation of the water treatment plant.

Access would require Birds Canada or their agent to contact the plant in advance, as well as sign in/out with plant security.

The proposed antenna has been reviewed by Board staff and the contracted operating authority and not anticipated to impact the water system's communications systems.

CONCLUSION

The request by Birds Canada to mount an antenna at the Elgin Area water treatment plant was determined to have minimal impact to the plant or its operation, and staff have no concerns with recommending entering into a Non-Exclusive Licence Agreement with Birds Canada for their occupancy.

A copy of the draft Non-Exclusive Licence Agreement is attached to this report for the reference of the Board.

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Non-Exclusive Licence Agreement – Birds Canada

NON-EXCLUSIVE LICENSE AGREEMENT

This non-exclusive license agreement ("**Agreement**"), is made and entered into as of the _____ day of _____, 2022 (the "**Effective Date**").

BETWEEN:

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
BOARD OF MANAGEMENT ("**Licensor**")

-and-

BIRD STUDIES CANADA (operating as Birds Canada), a
not-for-profit corporation incorporated pursuant to the laws of
the Province of Ontario ("**Licensee**")

WHEREAS Licensee wishes to install and operate telecommunications equipment at the water treatment plant property owned and/or operated by Licensor;

AND WHEREAS Licensor has space on such property which it is prepared to make available to Licensee on the terms and subject to the conditions set out herein;

NOW THEREFORE, in consideration of the mutual covenants contained herein, Licensor and Licensee agree as follows:

1. **DEFINITIONS**

For the purposes of this Agreement, the following terms shall have the following meanings:

"**Antenna**" shall mean collectively the four (4) receiving antennas and all associated equipment, infrastructure and works owned and installed by Licensee pursuant to its rights in this Agreement, together with any modifications or alterations thereto and replacements thereof, all of which must be approved in writing by Licensor, which approval may be arbitrarily withheld.

"**Licensed Area**" shall mean, collectively, those portions of the Tower located on the Property on which the Antenna shall be installed, and such additional portions of the Property where Licensee is permitted by Licensor to install any associated equipment, infrastructure and works, as shown in the drawings included in Schedule B or as otherwise designated and approved in writing by Licensor.

"**Personnel**" shall mean the employees, officers, directors, agents and contractors of a Party.

"**Property**" shall mean those lands and premises located at 43665 Dexter Line, Central Elgin, as more particularly described in Schedule A attached hereto.

“**Tower**” shall mean the communications tower and all associated equipment, infrastructure and works owned by Licensor located upon the Property.

2. GRANT OF LICENSE AND TERM

2.1 Subject to and upon the terms herein set forth, Licensor grants to Licensee:

- (a) a non-exclusive license to use the Licensed Area solely for the purposes of the installation, operation, maintenance, repair and removal of the Antenna; and
- (b) a non-exclusive license to pass and re-pass over such other portions of the Property adjacent to the Licensed Area to make use of the Licensed Area, subject to the scheduling of such access with Licensor and any other conditions, limitations and restrictions as Licensor may require from time to time,

for the term commencing on the Effective Date and continuing for a period of five (5) years (the “**Term**”), unless this Agreement is sooner terminated under any other term or provision of this Agreement. The Term may be renewed for three (3) additional five-year terms upon mutual written agreement by the Parties.

2.2 If the Antenna remains on the Property at the end of the Term with the written consent of Licensor, this Agreement shall continue on a monthly basis at the then current license fee amount until Licensee receives written notice that it is required to remove the Antenna in accordance with Section 9.5.

3. USE OF LICENSED AREA

Licensee represents, warrants and covenants that:

- 3.1 The Licensed Area shall be used by Licensee for the sole purpose of the installation, operation, maintenance, repair and removal of the Antenna in connection with Licensee’s reception of communication signals and all at Licensee’s sole expense. Licensee shall use the Property, excluding the Licensed Area, solely for the purpose of accessing the Licensed Area.
- 3.2 Licensee will not permit any: (i) unauthorized person or persons with insufficient expertise to enter the Licensed Area or maintain or operate the Antenna; or (ii) third parties to use the Antenna or the License Area.
- 3.3 Any work relating to the installation, operation, maintenance, repair and removal of the Antenna shall be performed by persons pre-approved by Licensor and such persons will be under Licensee's control at all times. Licensee accepts the Licensed Areas “as is” without benefit of any improvements to be constructed by Licensor.

- 3.4 The Antenna will be installed, and any other work will be carried out, in a good and workmanlike manner, and only in strict accordance with the plans and specifications approved in writing, in advance, by Licensor. Schedule B depicts in detail the Tower and any and all areas for the installations of the Antenna permitted to be installed by Licensee. Within thirty (30) days after the completion of any installation, "as built" plans and specifications will be prepared by Licensee and delivered to Licensor.
- 3.5 This Agreement contemplates installation and use by other entities with antennae or telecommunications systems in or upon the Property. Licensee acknowledges Licensor may, from time to time, make changes, additions and improvements to the Property including the Tower and may, in its sole discretion, add other telecommunications, broadcasting and other equipment to the Tower.
- 3.6 All of Licensee's rights and privileges set out in this Agreement, including the operation of the Antenna and access to the Property, and, where permitted, maintenance, repair and removal of the Antenna, shall at all times be subject to and in accordance with Licensor's rules, policies and regulations as adopted and altered by Licensor from time to time and Licensee will cause all of its Personnel to comply.
- 3.7 Licensee shall take all precautionary steps necessary to protect the Tower and the Antenna in the Licensed Area, including the acquisition of insurance as described in Section 7.
- 3.8 All installations and improvements placed in the Licensed Area shall be for Licensee's account and at Licensee's cost (and Licensee shall pay for any increased insurance and operating costs thereon or attributable thereto), which costs shall be payable by Licensee to Licensor upon delivery of an invoice by Licensor.
- 3.9 If deemed necessary by the Licensor for the safety and security of the Property and related operations, the Licensee will pay to Licensor reasonable costs of supervision in connection with any work performed by Licensee or Licensee's Personnel in respect of which Licensor elects to provide supervision or escort services. This charge will be payable at reasonable rates established from time to time by Licensor.
- 3.10 Licensee acknowledges that it is not permitted to install additional antennae, equipment, infrastructure or other items on or in the Property and is restricted to installing only that Antenna depicted on Schedule B, the plans and specifications which must be approved in accordance with Section 3.4. If Licensee adds additional equipment (which will be subject to the prior written approval of Licensor) other than the Antenna, Licensor may, as a condition to its approval, require an increase in the License Fee (defined below). Notwithstanding the foregoing, for the purposes of maintenance and repair, Licensee shall be permitted, without

additional costs or charge, to replace any part of its Antenna with “like-for-like” or substantially similar equipment.

4. **FEES**

4.1 Annual License Fee. Licensee shall pay to Licensor a non-refundable license fee of Seventy-Five Dollars (\$75.00) (“**License Fee**”) payable in full on the Effective Date and every year thereafter, plus all applicable taxes. In addition to the License Fee, Licensee shall pay if, and when due, any sales, use or other taxes, rates or assessments which are assessed or due by reason of this Agreement or Licensee's use of the Property, including the Tower, and shall indemnify Licensor in relation to any claim related thereto.

4.2 Other Costs. Licensee shall be responsible for any and all costs or expenses arising from the installation, operation, maintenance, repair or removal of the Antenna by or on behalf of Licensee, and any and all costs or expenses relating to the Licensed Area, the Tower or the Property or the property of other licensees or tenants of the Property arising from such installation, operation, maintenance, repair or removal. Licensee shall pay to Licensor as additional fees the cost and expenses of such work plus fifteen percent (15%) thereof as administrative costs. Licensee agrees to indemnify and hold Licensor harmless from and against any loss, cost, damage or expense arising out of, or in connection with, Licensee's installation, operation, maintenance, repair or removal of the Antenna. Upon Licensor's request, Licensee will make any and all necessary repairs in a timely manner. If Licensee does not make required repairs to Licensor's reasonable satisfaction within thirty (30) days of notification from Licensor, then Licensor will have the right but not the obligation to perform any such repairs at Licensee's sole cost and expense.

4.3 Invoicing and Late Payment Charges. Unless otherwise specified, Licensee shall pay all fees, charges, costs, expenses and taxes within 30 days of the invoice date. Fees and taxes are subject to a late payment charge at the rate specified in the invoice, which rate may vary from time to time, calculated from the invoice date.

5. **ACCESS, INSTALLATION AND ALTERATION RESTRICTIONS**

Licensee shall schedule the initial installation of the Antenna with Licensor. Following the initial installation, Licensee shall only be permitted reasonable access to the Property and the Licensed Area with prior written approval of Licensor. For clarity, the Parties anticipate that Licensee shall only require access to the Licensed Area up to four (4) times per year. All such access, use and activities shall be subject to and expressly conditioned upon the following, and such other conditions, limitations and restrictions as Licensor may require from time to time:

5.1 Restricted Areas. Licensee shall not enter or attempt to access any buildings on the Property or any of the Tower's air, electrical, mechanical, telephone or risers,

ducts, closets, conduits, duct work, rooms or other horizontal or vertical spaces in the Tower and roof of the Tower without prior written approval from Licensor.

- 5.2 Plans and Specifications. No installation, alterations, modifications, repairs or removals shall be initiated unless the plans and specifications of such proposed work has been approved by Licensor in advance. No electrical grounding shall be permitted in the Tower without Licensor's specific written approval of the method and location of such grounding. Licensee is responsible for ensuring that the actual installation of the Antenna is strictly in accordance with such plans and specifications approved by Licensor.
- 5.3 Alterations. Licensee agrees that it shall not make or allow to be made any alterations to the Licensed Areas, the Tower or the Property without the prior written consent of Licensor. Nothing herein shall be construed as permitting Licensee to use the Licensed Area for a purpose not described herein, or to install new or substitute equipment, instruments or other items in the Licensed Area, other than the Antenna approved by Licensor in accordance with this Agreement, or to install any equipment, instruments or other items on Licensor's Property outside of the Licensed Area.
- 5.4 Licenses and Permits. Licensee shall, at its sole cost and expense, obtain and keep in force all necessary rights, licenses, permits and consents regarding this Agreement, including the installation, operation, maintenance, repair and removal of the Antenna. Upon request, Licensee shall immediately provide copies of same to Licensor.
- 5.5 Annual Inspection. Licensee or its agent or its designate shall, at least annually, carry out an inspection of the Antenna to ensure that it remains in safe working order.

6. **USE OF UTILITY SERVICES**

- 6.1 Basic electrical supply may be made available by Licensor, in its sole discretion. Licensor does not warrant uninterrupted electrical supply. In the event Licensee requires electrical supply in excess of the power made available by Licensor, Licensee may, at its sole expense, and subject to prior written approval by Licensor, provision additional power supply. Licensor shall have no responsibility for providing any back-up power supply.
- 6.2 Licensee shall be solely responsible for contracting with and procuring all other utility services (including Internet services), if any, which are necessary for the operation of the Antenna.
- 6.3 In the event of a utility service interruption caused by Licensor's negligence, Licensor shall, with reasonable diligence, restore the utility service so interrupted, but in any event shall not incur any liability for failure to do so. Negligent service interruptions excluded planned electricity interruptions by either the Licensor or

Hydro One, or unplanned interruptions beyond the reasonable control of the Licensor, and in all cases shall not incur any liability for failure.

7. **INSURANCE**

7.1 Types of Insurance. At all times throughout the Term and any extension(s) thereof, Licensee will obtain and maintain, at Licensee's expense, the following insurance, in the amounts specified below, with insurance companies and on forms satisfactory to Licensor acting reasonably:

- (a) Commercial general liability insurance in an amount not less than Five Million Dollars (\$5,000,000.00) per occurrence for bodily injury and property damage or such higher amount as a prudent licensee of similar facilities would take out and maintain. The policy shall contain a cross-liability or joint-severability clause naming Licensor as an additional insured;
- (b) If Licensee operates owned, hired or non-owned vehicles on the Property, comprehensive automobile liability at a limit of liability not less than Two Million Dollars (\$2,000,000.00) combined bodily injury and property damage; and
- (c) Such other insurance as Licensor may require of Licensee acting reasonably from time to time in respect of Licensee's operations and undertakings at the Property.

7.2 Evidence of Insurance. Licensee shall, at Licensor's request from time to time, provide Licensor with current certificates of insurance on a form acceptable to the Licensor evidencing Licensee's compliance with this Section 7. All insurance policies shall contain an undertaking by the insurer to notify Licensor upon not less than thirty (30) days written notice of any material change to, or the cancellation or termination of, the insurance coverage. It is agreed that Licensee shall have no interest in Licensor's insurance and Licensor's insurance shall be secondary to Licensee's.

8. **LIABILITY AND INDEMNIFICATION**

8.1 Indemnity. Except for claims, losses and damages arising out of or due to the gross negligence or willful misconduct of Licensor, Licensee hereby agrees to indemnify, defend and hold harmless Licensor and Personnel, from and against any and all losses, injuries, damages, claims and expenses, including third party claims and solicitor fees, incurred in connection with or arising from the acts or omissions of Licensee or Licensee's Personnel connected with this Agreement or Licensee's occupation of the Property or use of the Antenna.

8.2 Liability and Release. Licensee hereby releases Licensor and Licensor's Personnel from any and all liability for any losses, injuries, damages, claims, actions, demands or expenses suffered or incurred by Licensee or Licensee's Personnel in connection with or arising from the subject matter of this Agreement,

including: (i) the use of the Property or the Licensed Area by Licensee; (ii) the performance of any work on or near the Property; (iii) the presence of the Antenna, or of Licensee's Personnel, on or near the Property; or (iv) any damage to the Antenna. For greater certainty, Licensor shall have no liability for theft or burglary, personal injury, wrongful death, or for damage done by unauthorized persons in the Tower, or anywhere else on the Property.

- 8.3 Damage or Destruction to the Tower. If the Tower is damaged such that substantial alteration or reconstruction of the Tower, in Licensor's sole opinion, is required (whether or not the Licensed Area shall have been damaged by such casualty) or in the event of any material uninsured loss to the Tower, or in the event Licensor determines in its sole and absolute discretion that it does not desire to continue with this Agreement due to such casualty, Licensor may terminate this Agreement by notifying Licensee in writing of such termination. If Licensor does not elect to terminate this Agreement, Licensor may, in its sole discretion: (i) permit Licensee to install the Antenna at another location on the Property, as designated and approved by Licensor; or (ii) commence and proceed to repair or rebuild the Tower, provided that the repaired or rebuilt Tower may be different in configuration and design from that comprising the original Tower. When the repairs described in the preceding sentence have been completed, Licensor will notify Licensee that it may proceed with the restoration of its previously installed Antenna to permit Licensee's resumption of operations in the Licensed Areas, pursuant to the final working drawings and specifications approved by Licensor. All costs and expenses to complete such restoration activities of the Antenna shall be borne by Licensee. Licensor shall not be liable for any inconvenience or disturbance to Licensee or any injury or interruption to the business of Licensee, resulting in any way from such damage or the repair thereof.
- 8.4 Indirect Damages. Notwithstanding anything to the contrary, neither Licensor nor its Personnel shall be liable for any indirect, incidental, special, punitive or consequential damages whatsoever arising out of or in connection with the subject matter of this Agreement, whether arising in tort, or contract law, or any other cause of action or legal theory even if such party has been advised of the possibility of such damages; and without limiting the generality of the foregoing, damages or losses of an indirect or consequential nature shall include loss of revenue, loss of profit, cost of capital and loss of use of any facilities or property owned, operated or used by Licensee.
- 8.5 Damages from Certain Causes. Neither party shall be liable to the other for any loss or damage to any property or person occasioned by any circumstances beyond the reasonable control of that Party, including theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition, or order of governmental body or authority. Nor shall Licensor be liable for any damage or inconvenience which may arise through: (a) the leasing or licensing of space on the Property to whomsoever Licensor chooses for whatever use allowed by Licensor; (b) repair or alteration of any part of the Tower, the Licensed Area, or the

Property; or (c) the construction of improvements for Licensee or other licensees on the Tower.

9. EVENTS OF DEFAULT AND TERMINATION

- 9.1 Events of Default. The following events shall be deemed to be events of default by Licensee under this Agreement: (i) Licensee fails to pay the License Fee or any other amounts payable hereunder and such failure continues for a period of ten (10) days after receipt of written notice of default; (ii) Licensee fails to comply with any obligation or provision of this Agreement, other than as set out in (i) above, and fails to remedy such default within thirty (30) days of written notice of default; (iii) bankruptcy, insolvency or winding up, of Licensee; (v) the appointment of any receiver in respect of any of the assets or business of Licensee; or (vi) seizure of any of Licensee's property on the Property by any third party.
- 9.2 Remedies for Default. Upon the occurrence of any event or events of default by Licensee, Licensor shall have the option to pursue any remedies available to it at law or equity without any additional notice to Licensee or demand for possession whatsoever and in any case, the Licensor will be entitled to immediately terminate this Agreement and remove the Antenna from the Licensed Area and/or store the same at Licensee's expense. Licensee expressly waives any damages occasioned by such removal. The Antenna and any other equipment so removed and/or stored will be returned to Licensee upon payment in full of all removal and storage costs and of all fees and charges due and owing to Licensor. Without limiting the foregoing, Licensor may at its entire discretion, in case of default by Licensee, before or instead of terminating this Agreement, disconnect the Antenna from its power supply and indicate the measures that must be undertaken by Licensee for Licensor to restore access to power.
- 9.3 Termination for Convenience. Either Party may, for any reason whatsoever, terminate this Agreement on thirty (30) days' written notice to the other Party, without any compensation, damages or other amounts of any nature or kind whatsoever being due or payable by Licensor to Licensee as a result of the early termination.
- 9.4 Notwithstanding anything to the contrary, upon termination of this Agreement for any reason whatsoever by Licensee or Licensor, the License Fee amount shall not be re-adjusted, prorated, repaid or refunded by Licensor to Licensee.
- 9.5 Removal of Antenna. Subject to Section 9.2, Licensee will, at its sole expense, upon expiry or earlier termination of this Agreement, arrange with Licensor for the removal of the Antenna and restore any damage done to the Licensed Area, or the Property, attributable to the installation, operation, maintenance, repair or removal of the Antenna. The removal and restoration will be done in accordance with Licensor's reasonable requirements and to the satisfaction of Licensor. If any of the foregoing work is not completed in a timely fashion, Licensor may, but shall not be required to, complete the work on behalf of Licensee, the costs and expenses

for which will be due and payable by Licensee upon delivery of an invoice by Licensor. The provisions of this Agreement will continue to apply in connection with all aspects of the removal and restoration.

10. **RELOCATION AND SUSPENSION**

- 10.1 If at any time Licensor reasonably apprehends an imminent or immediate emergency such as a substantial threat or danger to human health or life, the environment or to real or personal property of Licensor or others, including those emergencies which arise from one or more breaches of a standard, law or rule required or acknowledged by this Agreement, safety or other work practices and procedures, or that might otherwise affect the provision of service by Licensor or Licensor's activities, Licensor may, within its sole reasonable discretion: (i) relocate the Antenna and provide to Licensee notice of the relocation as soon as reasonably practical in the circumstances; or (ii) take whatever steps that may be necessary to eliminate any danger or interference and suspend any and all services and/or facilities, including changes to electrical power until such time as the danger or interference has been eliminated or sufficiently mitigated and provide to Licensee notice, if practicable, prior to suspension, or otherwise as soon as is reasonably practical thereafter.
- 10.2 Licensee acknowledges and agrees that Licensor shall have the right from time to time upon at least ten (10) days prior written notice to Licensee to relocate the Antenna on the Tower at no cost to Licensee.
- 10.3 If during the Term, Licensor intends to schedule modifications to the Property or Tower, which may materially affect Licensee's operations, the Parties shall work together to identify a suitable location to relocate the Licensed Area and the Antenna or any part of or parts thereof to another area on the Property, as designated and approved by Licensor. Once the new location has been confirmed, Licensee will schedule such relocation with Licensor and all relocation costs will be borne by Licensee. Following the relocation of the Antenna pursuant to this Section 10.3, Licensor's property on which the Antenna has been relocated shall be deemed to constitute Licensed Area for the purposes of this Agreement.

11. **INTERFERENCE**

Licensee shall, at its sole expense, take all necessary measures to ensure that the operation of the Antenna does not interfere with, disturb or degrade the operation of any systems, services, equipment or business on the Property. Licensee shall further ensure all work completed by it or on its behalf relating to the exercise of its rights granted hereunder, including maintenance, operation, repair or removal of the Antenna, shall be performed in a manner that will not interfere with or conflict with any activity of Licensor, or of any tenant, licensee or other lawful occupant of the Property. In the event of breach of this Section, Licensor shall be entitled, without notice or compensation to Licensee, to take such steps as Licensor determines necessary to protect the integrity of Licensor's business and systems.

Licensee will, where reasonably possible, be provided with the reasonable opportunity to remedy the foregoing within a reasonable time frame after Licensor discloses the interference. If the interference cannot be remedied in a timely fashion, then Licensor may terminate this Agreement upon written notice to Licensee. No expense will accrue to or be incurred by Licensor for the elimination of any such interference.

12. COMPLIANCE WITH LAWS AND STANDARDS

12.1 Laws and Regulations. Licensee shall comply, and shall ensure that the Antenna and its operation on the Property complies, with all applicable laws, ordinances, rules and regulations, standards, directions and policies (including environmental laws and regulations) of any governmental entity or agency having jurisdiction (including Health Canada, Innovation, Science and Economic Development Canada, and municipal and local governments).

12.2 Industry Standards. Without limiting the generality of the foregoing, Licensee shall, at all times, ensure compliance with all applicable governmental requirements, safety guidelines, standards and codes (including but not limited to Safety Code 6 issued by Health Canada and Innovation, Science and Economic Development Canada), pertaining to radio frequency emissions, and health and safety standards. Licensee will provide to Licensor promptly, any evidence that Licensor reasonably requires confirming compliance by Licensee with this obligation, it being acknowledged that Licensee will be required to ensure that radio frequency emissions are not exceeded either by the Antenna on its own, or in combination with other antennae and related equipment that may be installed on the Tower from time to time; provided such other antenna information provided to Licensee is accurate and provided in a timely manner.

13. TRANSFERS AND LIENS

13.1 Transfer by Licensor. Nothing in this Agreement shall restrict the right of Licensor to sell, convey, transfer, assign or otherwise deal with the Property and the Tower, and in such event and upon such sale, conveyance, assignment or transfer Licensor shall be released from any further obligations hereunder, and Licensee agrees to look solely to such successor in interest of Licensor for the performance of such obligations.

13.2 Transfer by Licensee. Licensee shall not assign, transfer, sub-license, convey, mortgage, pledge, hypothecate, or encumber any of its rights, interests or obligations under this Agreement, or grant any license, concession, or other right to use any portion of the Licensed Area, without the prior written consent of Licensor, which may be withheld in Licensor's discretion. Any attempt by Licensee to accomplish a transfer or other transaction prohibited by the provisions of this Agreement, without having obtained the prior written consent of Licensor thereto shall be void and of no force or effect and may, at the sole option of Licensor, constitute a material default hereunder.

- 13.3 Registration. Licensee shall not register this Agreement or any notice thereof or any lien or other charge under any law, or otherwise encumber Licensor's interest or right to the Property. Any such registration shall be immediately removed by Licensee at Licensee's expense.
- 13.4 Construction Liens. Licensee will not permit any liens, charges or other encumbrances to be placed upon the Property or the Tower and nothing in this Agreement shall be deemed or construed in any way as constituting the consent or request of Licensor, express or implied, by inference or otherwise, to any person for the performance of any labor or the furnishing of any materials to the Property or the Tower, or any part thereof, nor as giving Licensee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to any lien, charge or other encumbrance against the Property or the Tower. In the event any such lien, charge or other encumbrance is attached to the Property or the Tower, then, in addition to any other right or remedy of Licensor, Licensor may, but shall not be obligated to, discharge same. Any amounts paid, and all costs and expenses incurred, by Licensor for any of the aforesaid purposes shall be payable by Licensee on demand.
14. **GENERAL**
- 14.1 Entire Agreement. This Agreement, including the Schedules, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes and replaces any and all prior agreements, or any portions thereof, as the case may be, between the Parties with respect thereto.
- 14.2 Governing Law. This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, and the Parties hereby submit to the jurisdiction of the courts of Ontario.
- 14.3 Enurement. This Agreement shall enure to the benefit of, and be binding upon, the successors and assigns of the Parties.
- 14.4 Disclosure. Each Party agrees not to disclose the terms of this Agreement or any part thereof, including, without limitation, any of the Schedules hereto, unless required by law or by a governmental authority acting within its jurisdiction.
- 14.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original and together shall constitute one and the same instrument. This Agreement may be executed and transmitted electronically and if so executed and transmitted, this Agreement shall be for all purposes as effective as if the Parties had delivered an executed original Agreement.
- 14.6 Waiver. No amendment or waiver of any provision of this Agreement shall be effective, or deemed by a course of conduct, unless such amendment or waiver is in writing, signed by all Parties and stating specifically that it is intended to modify this Agreement.

- 14.7 Severability. Should any provision or provisions of this Agreement be determined to be void, invalid or unenforceable in whole or in part, it or they shall be deemed not to affect or impair the validity or enforceability of any other provision and it or they shall be considered separate and severable from the Agreement and its remaining provisions which shall remain in force and be binding on the Parties.
- 14.8 Interpretation. The use of headings, sections and numbers in this Agreement is solely for the convenience of identifying and indexing the various provisions in this Agreement and shall in no event be considered otherwise in construing or interpreting any provision in this Agreement. In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words “including” or “includes” in this Agreement is to be construed as meaning “including, without limitation” or “includes, without limitation”, respectively.
- 14.9 Notices. Any notice, approval, direction or request required or permitted to be given hereunder shall be given in writing and may be sufficiently given by personal delivery, registered mail, or via e-mail or functionally equivalent electronic means of transmission to the other Party at the following addresses:

(a) If to Licensee:

Bird Studies Canada
115 Front Road
P.O. Box 160
Port Rowan, Ontario
N0E 1M0

Attention: Patrick Nadeau
E-mail: pnadeau@birdscanada.org

(b) If to Licensor:

Elgin Area Primary Water Supply System
235 North Centre Road, Suite 200
London, Ontario N5X 4E7

Attention: Director, Regional Water Supply
E-mail: GENERAL@HuronElginWater.ca with copy to
ahenry@HuronElginWater.ca

Either Party may specify a different address by giving written notice to the other Party.

- 14.10 Survival. In the event of expiry or termination of this Agreement for any reason, the provisions of this Agreement which by their nature are intended to survive shall survive and continue in effect, including: Section 4 (Fees), Section 8 (Liability and

Indemnification), Section 9 (Events of Default and Termination), and Section 14 (General).

14.11 Schedules. The Schedules set out below and attached to this Agreement are hereby incorporated by reference and form part of this Agreement:

Schedule A - Description of Property
Schedule B - Licensed Area

<Signature page follows.>

IN WITNESS WHEREOF, each of the Parties has executed and delivered this Agreement as of the Effective Date.

ELGIN AREA WATER SUPPLY SYSTEM

Per: _____
Name:
Title: Board Chair

Per: _____
Name: Kelly Scherr
Title: Chief Administrative Officer

We have authority to bind the corporation.

BIRD STUDIES CANADA

Per: _____
Name: Patrick Nadeau
Title: President & CEO

I have authority to bind the corporation.

SCHEDULE A

Legal Description of Property

The water treatment plant for the Elgin Area Primary Water Supply System is located at 43665 Dexter Line in the Municipality of Central Elgin, legally described as PART OF LOTS 8 & 9, CON 1; DESIGNATED AS PART 1, D-876 & PART 2, D-863; YARMOUTH / CENTRAL ELGIN - PIN 352470104.

In addition to water pumping stations, conventional water treatment processes and residuals management, a 30-metre communications tower is located at the northeast corner of the main water treatment facility on the property.

SCHEDULE B
LICENSED AREA



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-14

Report Page: 1 of 2

Meeting Date: March 2, 2023

File No.: EA4198

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: EA4198 Filter Emergency Repairs

RECOMMENDATION

That this report related to project EA4198 Emergency Filter Repairs **BE RECEIVED** for information by the Board of Management for the Elgin Area Water Supply System.

PREVIOUS AND RELATED REPORTS

October 6, 2022 2023 Operating & Capital Budgets

BACKGROUND

The Elgin Area water treatment plant utilizes four (4) dual-media filters as part of the conventional water treatment process. Water from the sedimentation tanks flows from the settled water conduit into one of the four anthracite/sand filters and then into a common filtered water conduit before chlorine is added for primary disinfection. Water in the filtered water conduit then flows into the clearwell under the plant.

Each filter is periodically taken out of service for regular maintenance and inspection, as well as topping up of the anthracite media within the filter.

DISCUSSION

A routine maintenance and inspection of the filtered water conduit via a submersible Remotely Operated Vehicle (ROV) was recently undertaken and a large amount of filter media was observed to be accumulating at the discharge piping of filter #2 and #3. Further, during this ROV inspection as well as previous maintenance activities, it was noted that the filter's mortar coatings are also spalling and ending up in the filtered water conduit. The existence of filter media and mortar coating material in the filtered water conduit suggest that the filter underdrains, which structurally separate the filter media from the treated water in the filtered water conduit and clearwell, has or is in the process of failing presenting an immediate risk to water quality.

Upon discovery, the Board's contracted Operating Authority, OCWA, immediately took filters #2 and #3 out of service to prevent any further damage or water quality risks. These filters continue to remain out of service, leaving the plant operating on two filters. The removal of two filters from production effectively reduces the capacity of the plant by 50%.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-14

Report Page: 2 of 2

Meeting Date: March 2, 2023

File No.: EA4198

Upon receipt of the inspection report and work plan for the repairs for the filters from OCWA, the Director of Regional Water, with the consent of the Chief Administrative Officer, authorized the repairs to be undertaken on an emergency basis.

The emergency authorization provisions of the Board's Procurement Bylaw was used as the basis of the unbudgeted approval of the repairs as the risks to treated water quality and the reduction of plant capacity, even during this time of seasonal reduced water use, presents a risk to the water system and its users.

With this emergency approval, OCWA has engaged Continental Carbon and AWI Underdrains pursuant to their Provincially approved purchasing policies. AWI Underdrains is the original supplier of the underdrains currently used within the filters. Continental Carbon Group is familiar with the site, as well as the specifications and standards set out by the supplier, as they are the current approved supplier of filter media and materials.

PROJECT FINANCIAL STATUS

This project was initiated and undertaken under the emergency provisions of the Board's Procurement Bylaw and the Board's Emergency Reserve Fund will be used as the source of financing for this emergency repair.

The administratively approved budget for the work is \$608,000 based on the preliminary cost estimates provided by OCWA, including contingencies.

CONCLUSION

During a recent inspection of the filters and filtered water conduit at the water treatment plant, The Board's contracted operating authority, OCWA, discovered that filter media was bypassing the filter underdrains and accumulating within the filtered water conduit. The presence of filter media in this quantity indicates that the filter underdrains may have failed posing a risk to drinking water quality and plant capacity.

The Director of Regional Water, with the consent of the Chief Administrative Officer, authorized the creation of project EA4198 for the repairs filter to be undertaken on an emergency basis under the emergency provisions of the Board's Procurement Bylaw.

Prepared by: John Walker, CD, B. Sc.
Operations Manager

Submitted by: Andrew Henry, P. Eng.,
Capital Programs Manager

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-06

Report Page: 1 of 4

Meeting Date: March 2, 2023

File No.: EA4020

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: EA4020 Financial Plan Update

RECOMMENDATION

That the Board of Management for the Elgin Area Primary Water Supply System **ENDORSE** the Financial Plan Update for the Elgin Area Primary Water Supply System.

PREVIOUS AND RELATED REPORTS

October 8, 2020 2021 Operating & Capital Budgets

June 3, 2021 Financial Plan Update Project – Consulting Award

BACKGROUND

The Elgin Area Primary Water Supply System (EAPWSS) completed a Strategic Financial Plan in 2007 that set out strategies and actions aimed at ensuring the long-term financial sustainability of the water system. It included an analysis of financial requirements and consideration of options for meeting the requirements with the presentation of a utility funding structure, rates plan, and structure for charging costs.

The 2016 Financial Plan Update reviewed the pressures and challenges facing the system at the time, and the previous solutions implemented through the 2007 Strategic Financial Plan. It updated all facets of the previous financial plan and considered tools to meet the challenges facing the water system based on the financial components in place and the findings and recommendations of various studies completed including the 2016 Asset Management Plan Update.

The 2023 Financial Plan Update will ensure that funds are available to meet current and required needs of the regional system in a timely and planned way well into the future. The Plan reviews the policies, directions, and specific actions that are designed to be inclusive, fair, and equitable and provides recommendations to address current and anticipated pressures as well as opportunities facing the water system.

The Plan will also assist the Board in continuing to accomplish several key goals including the move toward a full lifecycle replacement funding structure and ensuring the ability to replace infrastructure at the end of its useful life. The Plan also consider the status of the reserve funds to ensure that they continue to remain healthy to stabilize rates and minimize use of debt by accessing the Board reserves. It will be compliant with Provincial legislation and may be amended as necessary for future Municipal Drinking Water Licencing submissions.

In June 2021, the Board accepted the proposal from Watson & Associates Economists Ltd. to complete the Plan.

DISCUSSION

The Financial Plan Update identifies and forecasts capital and operating expenditures over the next 10 years for the EAPWSS. This study provides an analysis for current capital and operating forecasts, costing for asset management/lifecycle cost requirements, forecasts for supplied volumes, and customer profiles. The results of this analysis provide updated recommended water rate projections for customers of the EAPWSS; the benefiting municipalities. The resultant water rate analysis continues to provide fiscally responsible revenues necessary for projected expenditures and practices that are in line with current provincial legislation.

A review of the present rate structure was undertaken, which currently consists entirely of a volumetric rate, and the recovery of all water-related costs through full cost recovery wholesale rates is recommended to continue. The volume rates for water are projected to increase by 2.5% in 2023, 3.5% annually from 2024 to 2027, and 3% annually for the remainder of the forecast period (2028 – 2032). Table ES-1 attached to this report in Appendix A summarizes the recommended water rates based on the analysis of the Plan to support the operating and capital requirements over the 10-year forecast period.

The financing strategy provides the financial approach by which to fund the investment strategy outlined in the previously approved Asset Management Plan over the next 10 years utilizing the existing budget structure. The long-term financing strategy forecast (including both expenditure and revenue sources) was prepared, consistent with the current budget structure, so that it can be used in conjunction with the annual budget process. A review of the funding structures, the mix of revenue sources is addressed in relation to debt versus other sources (base rates, reserves, grants, etc.) was undertaken as part of the Plan development. Based on this review, the Plan recommends that the EAPWSS continue to minimize the reliance on debt over time by strengthening the reserves (when existing debt is retired over time) and moving to a pay-as-you-go approach to funding capital works, where possible.

The EAPWSS' policy on debt capacity is set at 20% of own revenue. Of the Board's 20% debt capacity policy, the current (2022) net debt charges as a percent of the total own revenues is 17%. This is anticipated to decrease to 8% by 2023, increase to 12% in 2024, and then decrease to 3% by 2028. Ultimately, the EAPWSS must continue to annually monitor the reserve funds and cash flow of the capital forecast and adjust the number of capital projects undertaken in any given year and/or their funding sources as necessary.

Currently, all expenses, both operating and capital, are funded through the revenue generated from the volume rate. This is carried forward through the Plan with the recommendation that the Board continue to pursue funding opportunities as they are made available through the Provincial and/or Federal government.

Please refer to [Appendix A](#): Executive Summary for further details of the elements of the Plan.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-06

Report Page: 3 of 4

Meeting Date: March 2, 2023

File No.: EA4020

CONCLUSION

To ensure that funds are available to meet required needs of the regional system in a timely and planned way well into the future through a recommended funding structure, rates plan, and structure for charging costs, Board Staff recommends that the Board endorse the 2023 Financial Plan Update.

Prepared by: Billy Haklander, P. Eng., LL.M
Capital Programs Manager

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Appendix A: Executive Summary – Financial Plan Update

APPENDIX A: EXECUTIVE SUMMARY – FINANCIAL PLAN UPDATE

The Elgin Area Primary Water Supply System (E.A.P.W.S.S.) retained Watson & Associates Economists Ltd. (Watson) to undertake a water financial plan (water rate study). This study aims to provide an analysis of current capital and operating forecasts, costing for asset management and lifecycle cost requirements, current volumes, and customer profiles. The results of this analysis provide updated water rates for customers of the E.A.P.W.S.S. The rate analysis contained herein continues to provide fiscally responsible practices that are in line with current provincial legislation at a level of rate increases that are reasonable.

The analysis presented herein is based on the following:

- The 2022 to 2032 capital spending program is approximately \$51.35 million (approximately \$61.60 million inflated);
- Annual operating expenditures are assumed to increase by an average of 2.09% per annum (as per the Board’s 2022 budget);
- The present rate structure (constant volume rate) is recommended to continue;
- Existing water customers include the cities of London and St. Thomas, Town of Aylmer, Townships of Malahide and Southwold, and Municipalities of Dutton Dunwich, Central Elgin and Bayham. Projected volumes anticipated over the forecast have been included in the analysis; and
- Transfers to the asset replacement reserve in the amount of approximately \$3.86 million per year over the forecast period to provide the system with a sustainable level of funding to address future asset replacement needs.

Based on the analysis, the volume rates are recommended to increase by 2.5% in 2023, 3.5% annually from 2024 to 2027, and 3% annually for the remainder of the forecast period (2028 to 2032).

The following summarizes the recommended water rates based on the analysis provided herein over the forecast period.

Table ES-1: Water Rate Summary

Description	2022	2023	2024	2025	2026	2027
Constant Rate	\$0.9414	\$0.9649	\$0.9987	\$1.0337	\$1.0699	\$1.1073
Annual % Increase		2.5%	3.5%	3.5%	3.5%	3.5%

Description	2028	2029	2030	2031	2032
Constant Rate	\$1.1405	\$1.1747	\$1.2099	\$1.2462	\$1.2836
Annual % Increase	3.0%	3.0%	3.0%	3.0%	3.0%

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Procurement of Goods and Services and Disposal of Assets Policy

RECOMMENDATION

That the attached By-Law regarding the Procurement of Goods and Services and Disposal of Assets for the Elgin Area Water Supply System be **INTRODUCED** for three readings and approved by the Joint Board of Management for the Elgin Area Water Supply System.

PREVIOUS AND RELATED REPORTS

None

BACKGROUND

The Board of Management (Board) for the Elgin Area Water Supply System was established by Transfer Order (Order) issued by the Minister of the Environment of the province of Ontario effective November 29, 2000, pursuant to the *Municipal Water and Sewage Systems Transfer Act, 1997*. The Order establishes the Board's authority to, among other things, enact policies and enter into agreements related to the Elgin Area Water Supply System.

The Provisional Board of Management, initially established to manage the water system's transfer from the province of Ontario, established By-Law No.2 on August 31, 1999 being "A by-law relating to the procurement and disposal of goods, services, and equipment in respect of the Elgin Area Primary Water Supply System". By-Law No.2, along with other By-Laws established by the Provisional Board of Management, was adopted by the Board of Management subsequent to the issuance of the Order.

DISCUSSION

While By-Law No.2 was fairly broad in scope, it allowed Board staff to use the City of London's Procurement of Goods and Services Policy as a guide. Notwithstanding, Procurement of Goods and Services Policy established by the City of London, as amended from time to time, was premised on strict limitations of delegations of authority, and centered on the City's committees and Council to meet on regular recurring intervals throughout the month and calendar year. In contrast, the Board's By-Law No.2 allowed the procurement of goods and services by Board staff for so long as the expenditures were within Board-approved budgets.

The proposed Procurement of Goods and Services and Disposal of Assets Policy (Procurement Policy), attached to this report as Schedule 'A' of [Appendix A](#) of this report, provides a balance between the delegation of authorities in the procurement of goods and services on behalf of the Board, the span and segregation of approval authority with checks-

and-balances, and regular public reporting to the Board on a periodic basis. It further establishes specific limitations with regard to irregular circumstances such as irregular results, single and sole source procurements, and emergencies.

The proposed Procurement Policy largely mimics the corresponding Policy of the City of London and is founded on the following principles:

- Procurements for good and services, and the disposal of assets are undertaken in a manner to obtain best value for the Elgin Area Water Supply System;
- A competitive procurement process is undertaken that is open, transparent and fair;
- The disposal of assets of the Elgin Area Water Supply System is undertaken with the full knowledge of the Board; and,
- Total costs are considered including, but not limited, the cost of acquisition, operation, training, maintenance, quality, warranty, payment terms, disposal value and disposal costs when evaluating competitive bids.

The scope and degree of delegation of authority within the Procurement Policy is respectful of the Board's authority, while recognizing that the Board meets roughly quarterly which necessarily limits the degree of approvals that can be obtained directly from the Board. The approval authority specified in the Procurement Policy is segregated by the value of the procurement and limitations imposed by Canadian trade agreements including the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union.

To ensure transparency and public accountability where delegated authority is used under the Procurement Policy, a quarterly report to the Board is proposed which provides the details of the procurement award and/or contract entered into on behalf of the Board.

CONCLUSION

The existing Procurement and Disposal of Goods, Services and Equipment By-law (By-Law No.2) was established and came into effect when the Board of Management was formed pursuant to the Transfer Order issued by the Province of Ontario in November 2000. The existing by-law is considered to be ambiguously broad in scope and lacking an appropriate degree of clarity to ensure procurements and disposal of assets are undertaken in a fair and transparent manner.

The proposed Procurement of Goods and Services and Disposal of Assets Policies, enacted by [By-Law No.2A-2023](#) as attached, strikes an appropriate balance of delegations of authority and public accountability, and establishes processes to ensure the procurements that are undertaken on behalf of the Board achieve best value for the regional water system.

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Appendix A - Proposed By-law No.2A-2023
Schedule 'A' - Procurement of Goods and Services and Disposal of Assets Policy

APPENDIX A - PROPOSED BY-LAW No.2A-2023

A By-law to establish a policy for the procurement of goods and services and the disposal of assets, as required under section 270(1) of the *Municipal Act, 2001*.

WHEREAS the Joint Board of Management for the Elgin Area Water Supply System was established by Transfer Order Elgin Area #W1/1998, effective November 29, 2000, pursuant to the *Municipal Water and Sewage Systems Transfer Act, 1997*;

AND WHEREAS section 5(3) of the Municipal Act, 2002 S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 270(1) of the Municipal Act, 2001 provides that a municipality and/or local board adopt and maintain a policy with respect to the procurement of goods and services;

NOW THEREFORE the Board of Management for the Elgin Area Water Supply System enacts as follows:

1. The attached policy be hereby implemented:

SCHEDULE 'A' – Procurement of Goods and Services and Disposal of Assets Policy

2. By-Law No.2 being “A by-law relating to the procurement and disposal of goods, services, and equipment in respect of the Elgin Area Primary Water Supply System”, and all of its amendments, are hereby repealed.
3. This by-law shall come into force and effect on March 3, 2023.

PASSED in Open session on _____, 2023

First Reading – _____, 2023

Second Reading – _____, 2023

Third Reading - _____, 2023



By-Law No.2A-2023 – Schedule ‘A’

Procurement of Goods and Services and Disposal of Assets Policy

Approved:

Revised:

Legislative History:

Last Reviewed Date:

Policy Lead: Director, Regional Water

1 Purpose

This policy outlines the processes to be followed in order to obtain the best value when purchasing goods, contracting for services, or disposing of assets for the Elgin Area Water Supply System.

2 Applicability

Procurement activities for the Elgin Area Water Supply System shall be subject to all applicable Board policies and by-laws, any specific provisions of the *Municipal Act*, and all other applicable Federal and Provincial legislation.

Services provided by the Administering Municipality as required and as requested by the Board are excluded from this Policy.

3 Definitions

In this Policy, unless a contrary intention appears,

Acting – shall mean the formal delegation of authority by the person in the position of authority to the person acting in that role on a temporary basis.

Addendum (and/or ‘Addenda’) – shall mean the form of a document used to officially change, add and/or delete information contained within a Competitive Bid. By issuing an Addendum, the Competitive Bid itself changes to incorporate the Addendum.

Administering Municipality – shall mean the Corporation of the City of London as outlined in the Transfer Order and as amended from time to time by the Board.

Agreement – shall mean a formal written legal agreement or contract for the supply of goods, services, equipment or construction.

Award – shall mean a bid is formally accepted by Elgin and has obtained the required approval as defined in Section 4.7.5 and [Schedule “A”](#). An award may be executed by the issuance of a Purchase Order, Contract Record or formal Agreement.

Best Value – shall mean the optimal balance of performance and cost determined in accordance with a pre-defined evaluation plan. Best value may include a time horizon that reflects the overall life cycle of a given asset.

Bid – shall mean a response to a competitive bid issued by Elgin.

Bidder – shall mean a person, corporation or other entity that responds, or intends to respond to a competitive bid.

Bid Deposit – shall mean currencies, certified cheques, bid bond issued by a surety company licensed to operate by the Government of Canada or the Province of Ontario or another form of negotiable instrument acceptable to Elgin to compensate Elgin if the successful bidder does not enter into a contract.

Blanket Purchase Contract – shall mean any contract for the purchase of goods and/or services which will be required frequently or repetitively but where the exact quantity of goods and/or services required may not be precisely known or the time period during which the goods and/or services are to be delivered may not be precisely determined.

Board of Management (and/or 'Board') – shall mean the Board of Management for the Elgin Area Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act, 1997* and pursuant to Transfer Order Elgin Area #W1/1998 dated effective November 29, 2000.

Board Member – shall mean a member of the Board of Management as appointed in accordance with the Appointment of Board Members Bylaw.

Certificate of Clearance – shall mean certificate issued by an authorized official of the Workplace Safety and Insurance Board certifying that the Board waives its rights under Subsection 141(10) of the *Workplace Safety and Insurance Act, R.S.O. 1997*, as amended.

CETA – shall mean the Comprehensive Economic and Trade Agreement between Canada and the European Union.

Chief Administrative Officer – shall mean the person appointed as the Chief Administrative Officer in accordance with the Appointment of the Chief Administrative Officer Bylaw.

Competitive Bid – shall mean a REOI, RFI, RFQual, RFP, IRFQ, RFQ or RFT as further defined in this section.

Consultant – shall mean an external subject matter expert that provides advisory services and/or direction to Elgin when it requires competency and/or capacity for a particular procurement that is not available in-house.

Contract (and/or 'Contracting') – shall mean any formal or deliberate written agreement for the purchase of goods, services, equipment or construction including but not limited to Purchase Order and Agreement. Standard contracts are used for the acquisition of goods and/or services for a specific requirement. Corporate contracts are used for the acquisition of goods and/or services for a group of specific requirements.

Conflict of Interest – shall mean a situation in which the personal interests of the Director of Regional Water and/or Regional Water staff come into conflict, or appear to come into conflict, with the interests of Elgin.

Contract Record – shall mean a document which summarizes the goods and/or services to be purchased.

Declaration Respecting Workers' Compensation Act, R.S.O.

1990/Corporations Tax Act – shall mean a declaration that the bidder has paid all assessments or compensation payable and has otherwise complied with all requirements of the Workplace Safety and Insurance Board and that the bidder has paid all taxes and/or penalties imposed on it pursuant to the *Corporations Tax Act*, R.S.O. 1990, CHAPTER C.40, as amended.

Delegate - shall mean a person who has been delegated approval authority by a position with authority under this Policy (Section 4.7.7) and/or pursuant to the Delegation of Powers and Duties Policy.

Delegation of Approval Authority - shall mean the formal delegation of authority to perform a specific task or approval by a person in a position with authority under this Policy (Section 4.7.7) and/or pursuant to the Delegation of Powers and Duties Policy, resulting in a 'delegate'.

Delegation of Approval Authority List - shall mean a list prepared by the Director of Regional Water granting the formal delegation of authority to perform a task or approval (Section 4.7.7).

Director of Regional Water – shall mean the Director of Regional Water of the Regional Water division of the City of London seconded to Elgin for the purpose of administration, management, and oversight of Elgin.

Dispute Committee - shall mean a committee comprised of

Emergency – shall mean a situation or an impending situation that constitutes a danger that could result in serious harm to persons or substantial damage to property or the significant impairment of water quality and quantity and that is caused by the forces of nature, a disease or other health risk, an accident, or an act whether intentional or otherwise.

Employee-Employer Relationship – shall mean a worker agrees to work for Elgin, on a full-time or part-time basis, for a specified or indeterminate period of time, in

return for wages or a salary. Elgin has the right to decide where, when and how the work is to be done.

Executed Agreement – shall mean a formal agreement, either incorporated in the bid documents or prepared by Elgin or its agents, executed by the successful bidder and Elgin.

Goods and/or Services – shall mean supplies, services, materials and equipment of every kind required to be used to carry out the operations of Elgin.

Elgin – shall mean the Elgin Area Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act*, 1997 and pursuant to Transfer Order Elgin Area #W1/1998 dated effective November 29, 2000 and shall include the staff of the Regional Water division of the City of London seconded to Elgin for the purpose of administration, management, and oversight of Elgin.

Informal Request for Quotation (and/or 'IRFQ') – shall mean a request for prices on specific goods and/or services from selected suppliers which are submitted in writing, or as specified in the Informal Request for Quotation.

Insurance Documents – shall mean official original documents issued by an insurance company acceptable to Elgin and, preferably, licensed to operate by the Government of Canada or the Province of Ontario certifying that the bidder is insured in accordance with Elgin's insurance requirements and completed on Elgin standard insurance form(s); as contained in the competitive bid document or at the time of execution of an Agreement.

Irregular Result – shall mean as defined in Section 4.7.10.

Irregularities Contained in Bids – shall mean as defined in [Schedule "C"](#) and includes the appropriate response to those irregularities.

Irrevocable Letter of Credit – shall mean an irrevocable letter on the financial institution's standard form containing a request that the party to whom it is addressed pay the bearer or a person named therein money as a result of failure to perform or fulfill all the covenants, undertakings, terms, conditions and agreements contained in a contract.

Labour and Material Bond – shall mean a bond issued by a surety company on Elgin standard Form of Bond to ensure that the contractor will fulfill its obligations to its employees, subcontractors and suppliers and thereby protects Elgin.

Letter of Agreement to Bond – shall mean a letter or other form issued by a surety company licensed to operate by the Government of Canada or the Province of Ontario advising that, if the bidder is successful the bonding agency will issue the required bonds.

MEA-CEO Client-Consultant Agreement – shall mean the MEA/ACEC Ontario Client/Engineer Agreement for Professional Consulting Services template documents.

Obsolete – shall mean Elgin assets that are no longer current or have no functional use due to being replaced by newer assets and still may have some economic value.

Pecuniary Interest – shall mean the opportunity, directly or indirectly, to profit or share in any profit derived from a competitive bid or agreement.

Performance Bond – shall mean a bond issued by a surety company on Elgin standard Form of Bond executed in connection with a contract and which secures the performance and fulfillment of the undertakings, covenants, terms, conditions and agreements contained in the contracts. These may also be in the form of ‘renewable performance bonds’.

Procurement Official – shall mean a person designated for the purpose of undertaking a Competitive Bid process for goods and services on behalf of Elgin in accordance with this Policy, including but not limited to a Regional Water employee, and/or an employee of the Purchasing and Supply Team of the Administering Municipality.

Professional Consulting Services – shall mean a consulting firm, engineer or architect providing professional knowledge or design or technical expertise.

Proponent – shall mean the respondent to a Request for Proposal (RFP).

Purchase Order – shall mean the standard procurement document issued by Elgin, or the Administering Municipality on behalf of Elgin, to formalize a purchasing transaction with a supplier.

Purchase Requisition – shall mean a duly authorized written or electronically produced request in an approved format to obtain goods or services.

Purchasing Card – shall mean a credit card provided by the Administering Municipality to a Regional Water employee and its use is bound by the provisions of this Policy and/or the Administering Municipality’s Procurement of Goods and Services Policy.

Regional Water – shall mean the Regional Water division of the City of London seconded to Elgin for the purpose of administration, management, and oversight of Elgin, including staff assigned to the Regional Water division.

Request for Expression of Interest (and/or ‘REOI’) – shall mean a focused market research tool used to determine supplier interest in a proposed procurement. It may be issued simultaneously with a Request for Qualifications (RFQUAL) when the

proposed procurement is well defined, and the purchaser has clear expectations for the procurement.

Request for Information (and/or 'RFI') – shall mean a general market research tool to determine which products and services are available, scope out business requirements, and/or estimate project costs which may be used prior to issuing another type of competitive bid.

Request for Proposal (and/or 'RFP') – shall mean a process where a need is identified, but the method by which it will be achieved is not prescribed at the outset. This process allows prospective suppliers and bidders to propose solutions or methods to arrive at the desired result.

Request for Qualifications (and/or 'RFQUAL') – shall mean a request for a list of qualified suppliers and firms who have an interest in providing services to Elgin, typically through a two-stage process.

Request for Quotation (and/or 'RFQ') – shall mean a request for prices on specific goods and/or services as specified in the Request for Quotation.

Request for Tender (and/or 'RFT') – shall mean a request for sealed bids which contain an offer in writing to execute some specified services, or to supply certain specific goods, at a certain price, in response to a publicly advertised request for bids.

Scrap – shall mean Elgin assets that no longer have the ability to function for their original design in their current state and have minimal economic value other than primarily for recycling value.

Sealed Bid – shall mean a formal sealed response received as a part of a competitive bid.

Single Source – shall mean that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications. Further qualifications appear in the definition in Section 14.12.4.

Sole Source – shall mean that the goods and/or services are available from only one supplier. Further qualifications appear in the definition in Section 14.12.3.

Substantive Objection – shall mean an unsuccessful bidder request moving to the third stage of dispute resolution as prescribed in Section 4.2.6.

Supplier – shall mean any individual or organization providing goods or services to Elgin including but not limited to contractors, consultants, suppliers, service organizations etc.

Surplus – shall mean Elgin assets that exceed the portion that is utilized by Elgin, may be current, may have functional use and still have some economic value.

Tender – shall mean a sealed bid which contains an offer in writing to execute some specified services, or to supply certain specified goods, at a certain price, in response to a publicly advertised request for bids.

Transfer Order – shall mean Transfer Order Elgin Area #W1/1998 dated effective November 29, 2000, issued by the Minister of the Environment pursuant to the *Municipal Water and Sewage Systems Transfer Act, 1997*.

Triggering Event – shall mean an occurrence resulting from an unforeseen action or consequence of an unforeseen event, which must be remedied on a time sensitive basis to avoid a material financial risk to Elgin or serious or prolonged risk to persons or property.

Value Analysis – shall mean a life cycle costing approach to valuing a given alternative, which calculates the long term expected impacts of implementing the particular option.

4 The Policy

4.1 Procurement Goals and Objectives

- 4.1.1 This Policy outlines the processes to be followed in order to obtain the best value when purchasing goods, contracting for services, or disposing of assets having monetary value for Elgin.
- 4.1.2 The guiding principle is that procurement decisions will be made using a competitive process that is open, transparent and fair, and the disposal of Elgin owned assets be undertaken with the full knowledge of the Board.
- 4.1.3 Elgin encourages innovation and the use of appropriate technology which meets Elgin specifications and industry standards in order to ensure the utilization of the most efficient and effective procurement processes and practices.
- 4.1.4 Elgin will consider the total costs including, but not limited to, the cost of acquisition, operation, training, maintenance, quality, warranty, payment terms, disposal value and disposal costs in evaluating competitive bids from responsive and responsible bidders. Where costs are submitted for more than one year, the net present value of the annual costs will be used to evaluate the costs at a discount value.
- 4.1.5 Elgin is committed to maximizing sustainability benefits by engaging with the public marketplace and increasing the efficiency of procurement procedures and practices.

Elgin utilizes a Sustainable Purchasing framework for procurement decision-making that will contribute to Elgin's procurement objective to achieve best value for Elgin by considering the full life cycle of products and their complete economic, environmental and social costs and benefits.

For greater clarity, the *Sustainable Purchasing* program of the City of London will be used as a guide, and undertaken in consideration with Elgin's Environmental Management System and Quality Management System.

4.2 General Provisions

- 4.2.1 Unless otherwise provided in accordance with this Policy, Elgin's Director of Regional Water shall act for Elgin for the purchase and disposal of all goods and/or services and shall be responsible for obtaining, providing, or securing advice necessary for such purchases and/or disposals in accordance with the method of purchase authorized by this Policy.
- 4.2.2 No purchase of goods and/or services shall be authorized unless it is in compliance with this Policy. Goods and/or services that are obtained without following the provisions of this Policy will not be accepted, and any invoices received may not be processed for payment.
- 4.2.3 Unless otherwise provided in accordance with this Policy, the purchase of all goods and/or services shall be authorized in accordance with the provisions of [Schedule "A"](#) to this Policy.
- 4.2.4 Requisitions or purchase orders shall not be arbitrarily structured to alter the relationship of the price to the preauthorized expenditure limit.
- 4.2.5 The procedures prescribed in this Policy shall be followed to make an award or to make a recommendation for an award to the Board.
- 4.2.6 Elgin recognizes that mistakes and misunderstandings may occur; bidders may feel aggrieved and may seek to dispute the recommendation of an award of a contract. To maintain the integrity of the process, bidders who believe they have been treated unfairly can make this known by contacting the Director of Regional Water prior to the award of the contract. The bidder must file the formal dispute for an appeal in writing within two (2) business days of notification to the bidder by Elgin that their bid is not acceptable and request a hearing meeting with the Director of Regional Water (or delegate). This meeting must be held within seven (7) business days of notification. If the bidder disagrees with the decision of the hearing meeting the next step is to formally appeal to the Board in writing within seven (7) business days. The Board will hear the appeal and make a determination regarding the dispute. The Board's decision on the dispute is final.

Elgin may, in its absolute sole discretion, reject any other bids submitted if the bidder, or any officer of the bidder, is or has been engaged, either directly or

indirectly through another Corporation or personally, in/or during a dispute appeal of decision for the contract award action against Elgin.

In determining whether or not to reject a bid under this clause, Elgin will consider delays in awards of this or subsequent contracts and whether the dispute or appeal is likely to affect the bidder's ability to work with Elgin, its consultants and representatives, and whether the experience with the bidder indicates that the Elgin is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the bidder. Elgin will also consider delays in awards of subsequent Elgin contracts with other contractors and the potential for those additional costs resulting in delays associated with this dispute/appeal.

There are strict time limits to file a dispute appeal. If the bidder is unsure of the deadline for appeal, they must seek direction from the Director of Regional Water. Failure to seek and follow these directions will result in the appeal being dismissed.

- 4.2.7 This Policy will be reviewed and revised on a periodic basis. It is anticipated that reviews will be conducted every five (5) years or more frequently as required.
- 4.2.8 Good and/or services NOT subject to this Policy are listed in [Schedule "B"](#). The final determination of whether goods and/or services qualify for exemption under [Schedule "B"](#) shall be determined by the Director of Regional Water.
- 4.2.9 In accordance with Ontario Regulation 191/11 under the *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) as amended, Elgin shall consider accessibility criteria and features when procuring or acquiring goods, services, or facilities, except where it is not practicable to do so. In which case, an explanation will be provided upon request.
- 4.2.10 No purchase of goods and services associated with computer software, hardware and/or telecommunications equipment will be authorized without the completion of appropriate cybersecurity and information technology reviews and the authorization of the Director of Regional Water.
- 4.2.11 When Grants or Stimulus Funding are received by Elgin, the use of that funding for procurements is subject to this Policy, notwithstanding any specific conditions placed by the provider.
- 4.2.12 Where any matter or circumstance occurs not provided for by this Policy, the procurement and disposal policies and procedures of the Administering Municipality may be used as a guide with the necessary modifications in the circumstances.

4.3 Responsibilities

4.3.1 General Responsibilities

All persons with Approval Authority shall follow the guidelines as set out in [Schedule 'D'](#), as well as Section 4.4 below.

Procurement activities shall be subject to all applicable Elgin policies and by-laws, any specific provisions of the *Municipal Act*, and all other applicable Federal and Provincial legislation.

Failure to adhere to the requirements outlined in this Policy may lead to disciplinary action up to and including termination of employment.

No provision of this Policy precludes the Director of Regional Water with the concurrence of the Chief Administrative Officer from recommending an award to the Board where:

- i. In the opinion of the Director of Regional Water, it is in the best interest of Elgin to do so; or,
- ii. It is a matter of procurement procedure and, in the opinion of the Director of Regional Water, is in the best interest of Elgin to do so.

4.3.2 Chief Administrative Officer

The Chief Administrative Officer has the authority to instruct the Director of Regional Water not to award contracts and to submit recommendations to the Board for approval and may provide additional restrictions concerning procurement where such action is considered necessary and in the best interest of Elgin.

4.3.3 Director of Regional Water

- a. Has responsibility for all procurement activities on behalf of Elgin and is accountable for achieving best value while following the Procurement of Goods and Services Policy;
- b. Is responsible for maintaining ownership over this Policy and its integrity;
- c. Has the authority to delegate approval authority to staff at the appropriate levels (Section 4.7.7);
- d. The Director of Regional Water has the authority to award contracts in the circumstances specified in this Policy provided that the delegated power is exercised within the limits prescribed in [Schedule "A"](#) and the requirements of this Policy are met; and,

- e. When the Director of Regional Water is of the opinion that a Triggering Event has occurred, the Director of Regional Water may authorize the purchase of such goods and/or services as is considered necessary to remedy the situation without regard to the requirement for a competitive bid and may approve the necessary contract amendment. The relevant details surrounding the Triggering Event shall be included in a report and submitted to the Board as soon as reasonably possible.

4.3.4 Board

Despite any other provision of this Policy, the following contracts are subject to Board approval:

- a. Any contract requiring approval from the Ontario Land Tribunal;
- b. Any contract prescribed by Statute to be made by the Board;
- c. Where a recommendation is being made to amend the total value of a contract in excess of the original bid (plus contingency), and;
 - i. it is an amount greater than \$100,000 or 5%; or
 - ii. in the opinion of the Chief Administrative Officer, funds are not available for the additional expenditure.
- d. Where a Substantive Objection, emanating from the competitive bid has been filed with the Director of Regional Water prior to award of the contract;
- e. Where there is an Irregular Result (see Section 4.7.10); and,
- f. Where authority to approve has not been expressly delegated.

4.4 **Conflict of Interest**

- 4.4.1 No Board Member or employee of Regional Water or the Administering Municipality shall have a pecuniary or controlling interest either direct or indirect in any competitive bid or contract for the supply of goods or services to Elgin, unless such pecuniary interest is disclosed by the contractor, bidder or person submitting a quotation, as the case may be, or unless such pecuniary interest would be exempt under the *Municipal Conflict of Interest Act*.

- 4.4.2 Competitive bid documents shall include a section that requires and provides for the disclosure of any pecuniary interest prior to submission of the bid. Should a conflict of interest arise after the award of a contract, the conflict shall immediately be disclosed in writing to the Director of Regional Water. Further, all competitive bid documents and agreements shall provide that in the event that a contract is awarded to a person who has not, during the bidding or contracting process, disclosed the pecuniary interest of a Board member, Regional Water employee, or employee of the Administering Municipality in the contract, the contract may be cancelled at any time by Elgin in its entire discretion without damages or penalty.
- 4.4.3 In this section, 'controlling interest' means the interest that a person has in a corporation when the person beneficially owns, directly or indirectly, or exercises control or direction over, equity shares of the corporation carrying more than ten percent (10%) of the voting rights attached to all equity shares of the corporation for the time being outstanding.
- 4.4.4 For the purposes of this section, a person has an indirect pecuniary interest in any competitive bid or agreement entered into by a corporation, if:
- a. The person or his or her nominee is a shareholder in or a director or senior officer of a corporation that does not offer in securities to the public; or
 - b. Has a controlling interest in or is a director or senior officer of a corporation that offers securities to the public.
- 4.4.5 For the purposes of this section, a Board Member, Regional Water employee or employee of the Administering Municipality has an indirect pecuniary interest if the person is a partner of a person or is in the employment of a person or body that has entered into a tender, proposal, quotation or contract with Elgin.
- 4.4.6 For the purposes of this section, the pecuniary interest in a Tender, Proposal, Quotation or contract of a parent or spouse or any child of a Board Member, Regional Water Employee, or employee of the Administering Municipality shall, if known to the person, be deemed to be also the pecuniary interest of the Board Member, Regional Water employee or employee of the Administering Municipality as the case may be.

4.5 Prohibitions

4.5.1 Division of Contracts

No Regional Water employee shall divide a purchase or contract to avoid the requirements of the Tender, Proposal, Quotation or purchasing procedures of this Policy. Nor shall purchases be split in order to circumvent prescribe spending authority dollar limits as outlined in this Policy.

4.5.2 Interference in the Procurement Process

- a. Board Members and Regional Water employees shall not knowingly cause or permit anything to be done or communicated to anyone in a manner which is likely to cause any potential supplier to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods and/or services to Elgin. This also includes a contract with any other municipality, local board, public body or government agency involved in the purchase of goods and/or services either jointly or in cooperation with Elgin.
- b. Board Members shall separate themselves from the procurement process and have no involvement whatsoever in specific procurements. Board Members should not see any documents or receive any information related to a particular procurement while the procurement process is ongoing. Board Members who receive inquiries from suppliers related to any specific procurement shall immediately direct those inquiries to the Director of Regional Water or the Chief Administrative Officer.
- c. The only exception to (b) above relates to selection of an integrity commissioner or an RFP whereby Board Members are specifically part of the evaluation team for the RFP as approved by resolution of the Board.

4.5.3 Official Point of Purchasing Contact and Lobbying Prohibition

- a. Elgin is committed to the highest standards of integrity with respect to the purchase of goods and/or services and managing the processes by which goods and/or services are acquired. The official point of purchasing contact shall be the Procurement Official identified in the competitive bid documents. Should it be necessary or desirable to have a contact person to respond to technical issues that person shall be named in the competitive bid documents. All communications will be made by these individuals and during the procurement process, no bidder or person acting on behalf of the bidder or group of bidders shall contact any Board Member, or consultant with any employee of Regional Water or Elgin's operating authority to attempt to seek information or to influence the award of the contract. Any activity designed to influence the decision process, including, but not limited to, contacting any Board Member, or consultant with any employee of Regional Water or Elgin's operating authority for such purposes as meetings of introduction, social events, meals or meetings related to the selection process, shall result in disqualification of the bidder for the project to which the influential activity is deemed to be directed.
- b. Notwithstanding the foregoing, this prohibition does not apply to meetings specifically scheduled for presentations or negotiations related to the competitive bid. Any bidder found to be in breach of this Policy shall be subject to immediate disqualification from the procurement process and may be prohibited from future opportunities at the discretion of the Board.

- c. In addition, no bidder who has been awarded the contract shall engage in any contact or activities in an attempt to influence any Board Member, or consultant with any employee of Regional Water or Elgin's operating authority with respect to the purchase of additional enhancements, options, or modules. However, a contractor may communicate with the appropriate Procurement Official identified in the competitive bid documents or the Director of Regional Water for purposes of administration of the contract during the term of the contract.
- d. The determination of what constitutes influential activity is in the sole discretion of the Director of Regional Water, acting reasonably, and not subject to appeal.
- e. Contract award decisions shall be based on clear, transparent, and objective criteria that is applied free from political considerations or political interference.

4.6 Procurement Documentation

- 4.6.1 In order to maintain consistency in Competitive Bid processes, Regional Water shall maintain guidelines on procurement policies and procedures and on the structure, format and general content of procurement documentation. Without limiting the foregoing, the guidelines of the Administering Municipality may be used.
- 4.6.2 The Procurement Official shall review proposed procurement documentation for a Competitive Bid to ensure clarity, reasonableness, quality and consistency with guidelines, and shall advise Regional Water of suggested improvements.
- 4.6.3 Procurement documentation shall avoid use of specific products or brand names.
- 4.6.4 Notwithstanding Section 4.6.3, the Director of Regional Water (or delegate) may specify a specific product, brand name or approved equal for essential functionality purposes (with consideration for operating and maintenance costs) to avoid unacceptable risk or for some other valid purpose. In such instances, the Director of Regional Water (or delegate) shall oversee the procurement to achieve a competitive situation whenever possible.
- 4.6.5 The use of standards in procurement documentation that have been certified, evaluated, qualified, registered or verified by independent nationally or internationally recognized and industry-supported organizations such as, but not limited to, the Standards Council of Canada, shall be preferred.
- 4.6.6 Director of Regional Water (or delegate) shall:
 - a. Give consideration to Value Analysis, Sustainable Purchasing and supplier code of conduct;

- b. Ensure that adequate Value Analysis comparisons are conducted to provide assurance that the specification(s) will provide best value;
 - c. Forward the Value Analysis to Purchasing and Supply for documentation in the procurement file; and
 - d. Ensure specification(s) are set to allow for an open competitive process.
- 4.6.7 All substantive changes to standard clauses in Competitive Bid documents and standard agreements shall be reviewed by Elgin's solicitor (or delegate).
- 4.6.8 Unless otherwise noted in this Policy, the Director of Regional Water (or delegate) shall issue Competitive Bid documents for goods and/or services. The Procurement Official shall give notice of the issuance of a Competitive Bid electronically via the internet as well as any other means as appropriate.

4.7 Approval Authority and Reporting Requirements

- 4.7.1 Any person having delegated approval authority pursuant to this Policy shall ensure that an approved budget, as described in Section 4.16 of this Policy, exists for the proposed procurement and that such procurement does not violate any Elgin policies or any applicable law. Any such procurement shall also satisfy any applicable audit and documentation requirements of Elgin.
- 4.7.2 All applicable taxes, duties and shipping shall be excluded in determining the procurement limit of authorized delegates and the type of procurement process to be followed.
- 4.7.3 The dollar values identified in this section represent the annual estimated procurement value for a good and/or service to be procured. The annual estimated procurement value is the cumulative value spent over a twelve (12) month period for a particular good and/or service.
- 4.7.4 In the case of multi-year supply and/or service contracts, the preauthorized expenditure limit shall refer to the estimated annual expenditure under the contract.
- 4.7.5 The following body and persons shall have the respective approval authority as set out below (see summary in [Schedule "A"](#)). All dollar values are based on annual amounts and must be within pre-approved budgeted limits.
- a. **Board** must approve the following awards:
 - i. RFP or RFT greater than the CETA threshold for goods, services or construction, as amended;
 - ii. RFP or RFT is greater than \$100,000 and having an Irregular Result (see Section 4.7.10); and,

- iii. Sole Source or Single Source greater than \$100,000.
- b. **Chief Administrative Officer** is authorized to approve the following awards:
 - i. Professional Consulting Services greater than \$100,000 and less than the CETA threshold for services, as amended.
- c. **Director of Regional Water and the Chief Administrative Officer** (jointly) are authorized to approve the following awards:
 - i. Sole Source or Single Source up to \$100,000;
 - ii. RFP or RFT up to \$100,000 and having an Irregular Result (see Section 4.7.10);
 - iii. RFP or RFT of \$50,000 up to \$100,000 and in excess of the Board approved budget; and,
 - iv. RFP or RFT of \$100,000 up to the CETA threshold for goods, services or construction and not exceeding the Board approved budget.
- d. **Director of Regional Water** is authorized to approve the following awards
 - i. Informal quotations up to \$50,000 and in excess of the Board approved budget; and,
 - ii. Professional Consulting Services not exceeding \$100,000.
- e. **Director of Regional Water** or any Regional Water employee exercising delegated authority approval are authorized to approve the following awards:
 - i. Informal quotations up to \$50,000 not exceeding the Board approved budget; and,
 - ii. RFQ or RFP up to \$100,000 not exceeding the Board approved budget.

4.7.6 Section 4.7.5 approvals may be overridden in the case of an 'emergency' as defined in Section 4.13.2 of this Policy.

4.7.7 Delegation of Approval Authority

The method for the Director of Regional Water delegating approval authority is as follows:

- i. The Director of Regional Water shall prepare a 'delegation of approval authority list' for Regional Water;
- ii. The list will provide evidence that the staff listed have been delegated approval authority by the Director of Regional Water;
- iii. The list at minimum, shall include the staff person's name, title and approval limit, the list will also include any acting roles;

- iv. The list shall be updated immediately upon any change in staff or position;
- v. A copy of the list shall be sent to the Administering Municipality's Manager of Purchasing and Supply for reference each time there is a revision to the list;
- vi. The Administering Municipality's Manager of Purchasing and Supply will ensure the delegation of approval authority lists are available to Administering Municipality's staff as appropriate; and,
- vii. The Administering Municipality's Purchasing and Supply staff will review the list prior to completing tasks that require approval.

4.7.8 Only the Director of Regional Water may further delegate approval authority to their staff at the procurement values deemed appropriate. Regional Water staff that have been delegated approval authority from the Director of Regional Water to approve procurement shall have no authority to delegate this approval authority to any other person.

4.7.9 The Board may explicitly delegate further approval authority as it considers necessary from time to time, including but not limited to, any extended time periods which the Board does not meet.

4.7.10 Irregular Result

- a. The Director of Regional Water may approve a Competitive Bid up to \$50,000 where the value of the lowest compliant bid is in excess of the Board approved budget including any contingency allowance.
- b. The Director of Regional Water jointly with the Chief Administrative Officer may approve a Competitive Bid up to \$100,000 if any of the following conditions apply:
 - i. The value of the lowest compliant bid is in excess of the Board approved budget including any contingency allowance;
 - ii. The specifications of a competitive bid cannot be met by two (2) or more suppliers;
 - iii. The award is not being made to a compliant bidder(s) offering the Best Value to Elgin; or,
 - iv. Where a Substantive Objection has been filed prior to award of a Competitive Bid
- c. The Director of Regional Water and the Chief Administrative Officer shall submit a report to the Board and receive their approval for the award of a Competitive Bid greater than \$100,000 if any of the following conditions apply:
 - i. The value of the lowest compliant bid is in excess of the Board approved budget including any contingency allowance;

- ii. The specifications of a competitive bid cannot be met by two (2) or more suppliers;
- iii. The award is not being made to a compliant bidder(s) offering the Best Value to Elgin; or,
- iv. Where a Substantive Objection has been filed prior to award of a Competitive Bid.

4.7.11 Reporting to the Board

- a. On an annual basis, the Director of Regional Water shall provide a summary report to the Board outlining each occurrence where delegated approval authority was used to award a Contract in excess of \$15,000, amend or extend a Contract, and/or amend Board approved budgets in accordance with this Policy.
- b. On an annual basis, the Director of Regional Water shall provide a summary report to the Board outlining each occurrence where delegated approval authority was used to dispose of Elgin assets in accordance with this Policy.

4.8 Low Dollar Value Procurements (up to \$15,000) as per [Schedule 'A'](#)

- 4.8.1 Procurements up to \$15,000 shall be considered low dollar value procurements.
- 4.8.2 A Purchasing Card provided by the Administering Municipality may be used for low dollar value procurements provided that the procurement complies with the Administering Municipality's Procurement of Goods and Services Policy, as applicable.
- 4.8.3 The Director of Regional Water may delegate approval authority to Regional Water staff for low dollar value procurements and it is their responsibility to ensure that this Policy is adhered to.
- 4.8.4 All information on low dollar value procurements must be documented and maintained on file.
- 4.8.5 Elgin's standard insurance form(s) must be completed for all Informal Quotations as appropriate.
- 4.8.6 WSIB Certificates of Clearance must be obtained at the commencement of the project and as needed before final payment is released.
- 4.8.7 Low dollar value procurements do not require an RFQ, RFP or RFT. Obtaining competitive quotes is considered a good business practice and should be obtained where reasonably practicable. An authorized Purchase Order is the preferred method.

4.9 Informal Request for Quotation (IRFQ) \$15,000 to \$50,000 – as per [Schedule 'A'](#)

- 4.9.1 Procurements greater than \$15,000 but not exceeding \$50,000 are eligible to be completed through an Informal Quotation process. The Director of Regional Water or any employee exercising delegated authority is authorized to award the contract.
- 4.9.2 All Informal Quotations shall be in accordance with the Procurement of Goods and Services Policy.
- 4.9.3 Informal Quotations shall be obtained in the following manner:
- a. Three (3) written (use of the electronic bidding system is encouraged) bids obtained from three (3) separate potential suppliers;
 - b. A 'No Bid' response shall not be considered as a valid bid;
 - c. All suppliers shall receive the same informal quotation written information;
 - d. The informal quotation shall be awarded to the lowest compliant bid; and
 - e. Documentation on all bids, including but not limited to the prospective bidders list, bid document, bid responses and decision-making rationale shall be retained in the project files in for a minimum of two (2) years and in accordance with the Retention Policy of Elgin.
- 4.9.4 Regional Water staff are encouraged to seek at least three (3) bids to ensure a more competitive process. If staff has exhausted all efforts to obtain three (3) bids and can support this with documented evidence under Section 4.9.3.e. above, a minimum of two (2) written bids is acceptable.
- 4.9.5 Regional Water staff may seek the assistance of the Administering Municipality's Purchasing and Supply division is obtaining Informal Quotations.
- 4.9.6 Elgin's standard insurance form(s) must be completed for all Informal Quotations as appropriate.
- 4.9.7 WSIB Certificates of Clearance must be obtained at the commencement of the project and as needed before final payment is released.
- 4.9.8 An authorized Purchase Requisition may be issued and shall include copies of the Bids received.

4.10 Request for Quotation (RFQ) \$50,000 to \$100,000 – [as per Schedule 'A'](#)

- 4.10.1 RFQ procedures shall be used where:
- a. The item is greater than \$50,000 but not exceeding \$100,000;

- b. The requirement can be fully defined; and,
 - c. Best value for Elgin will be achieved by an award selection made on the basis of the total lifecycle cost that meets all terms, conditions and specifications.
- 4.10.2 The Director of Regional Water or any Regional Water employee exercising delegated authority approval may approve this award.
- 4.10.3 Elgin's standard insurance form(s) must be completed for all Informal Quotations as appropriate.
- 4.10.4 WSIB Certificates of Clearance must be obtained at the commencement of the project and as needed before final payment is released.
- 4.10.5 The Director of Regional Water or any Regional Water employee exercising delegated authority approval shall submit a Purchase Request in writing containing the relevant specifications, budget authorization, approval authority and terms and conditions for the purchase of goods, services or construction.
- 4.10.6 Regional Water shall be responsible to review the competitive bid and verify that all terms, conditions and specifications of the bid are met.
- 4.10.7 Elgin reserves the right in its absolute sole discretion to accept or reject any submission.

4.11 Request for Proposal (RFP) – as per [Schedule 'A'](#)

4.11.1 The RFP procedure shall be used where:

- a. The requirement is best described in a general performance specification;
- b. Innovative solutions are sought; and,
- c. To achieve best value, the award selection will be made on an evaluated point per item or other method involving a combination of mandatory and desirable requirements.

4.11.2 Awards under the RFP process require the following approval:

- a. Except in the case of an award for Professional Consulting Services or an Irregular Bid, the Director of Regional Water or any Regional Water employee exercising delegated authority approval may approve an RFP award for purchases up to \$100,000;
- b. Except in the case of an award for Professional Consulting Services or an Irregular Bid, the Director of Regional Water and the Chief Administrative Officer must jointly approve an RFP award for purchases greater than \$100,000 up to the threshold value established under CETA; and,
- c. The Board must approve an RFP award for purchases greater than the threshold value established under CETA.

- 4.11.3 The RFP process is a competitive method of procurement that may or may not include supplier pre-qualification.
- 4.11.4 An RFI, REOI or RFQUAL may be issued in advance of a RFP to assist in the development of a more definitive set of terms and conditions, scope of work/service and the selection of qualified suppliers.
- 4.11.5 An RFI, REOI and RFQUAL shall follow the same award approvals as an RFP, if applicable.
- 4.11.6 Regional Water may maintain a list of suggested evaluation criteria for assistance in formulating an evaluation method for use in an RFP, or may use a list of suggested evaluation criteria from the Administering Municipality. This may include but not be limited to factors such as qualifications and experience, strategy, approach, methodology, scheduling and past performance, facilities, equipment, pricing, life cycle costing, standardization of product, and aspects that would support environmental procurement.
- 4.11.7 The Director of Regional Water or any Regional Water employee exercising delegated authority approval shall identify appropriate evaluation criteria from the list for use in an RFP but are not limited to criteria from the list. Cost will always be included as a factor, as best value includes but is not limited to quality and cost.
- 4.11.8 The Director of Regional Water or any Regional Water employee exercising delegated authority approval shall submit a written Purchase Request containing the budget authorization, approval authority, terms of reference and evaluation criteria to be applied in evaluating the proposals submitted.
- 4.11.9 A designated Procurement Official will be the lead in the RFP process. A selection committee will be formed with a minimum of three evaluators. The evaluators shall review all compliant proposals against the established criteria, reach consensus on the final rating results, and ensure that the final rating results with supporting documents, are kept in the procurement file. The Purchasing and Supply representative may or may not participate in the scoring of the proposals.
- 4.11.10 During the proposal process all communication with proponents shall be through the designated Procurement Official.
- 4.11.11 The Procurement Official shall provide an evaluation summary of the procurement, as well as the evaluation committee's recommendation for award of contract to the proponent which meets all mandatory requirements and providing best value as stipulated in the RFP. The Procurement Official is responsible for documenting the determination of best value. The criteria and analysis to determine best value will be included (if applicable) in the report to the Board.

- 4.11.12 Reporting will not include financial summaries of bids as this information will remain confidential. Any disclosure of information shall be made by the appropriate officer in accordance with the provisions of the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, as amended.
- 4.11.13 Unsuccessful proponents may, upon their request, attend a debriefing session with the Procurement Official to review their competitive bid. Any discussions relating to any submissions other than that of the proponent present will be strictly prohibited. This debriefing session is intended to provide general feedback regarding the proponent's rating on various criteria in order to allow the proponent to understand where future improvements might be available.
- 4.11.14 Elgin reserves the right in its absolute sole discretion to accept or reject any submission.

4.12 Request for Tender (RFT) Greater than \$100,000 – as per [Schedule 'A'](#)

4.12.1 RFT procedures shall be used where:

- a. The total cost is expected to be greater than \$100,000;
- b. The requirement can be fully defined; and,
- c. Best value for Elgin can be achieved by an award selection made on the basis of the lowest bid that meets all terms, conditions and specifications.

4.12.2 Awards under the RFT process require the following approval:

- a. The Board must approve an RFT award for tenders greater than the threshold value established by CETA, or where sufficient funds are not available within the appropriate account;
- b. The Board must approve an RFT award for an Irregular Bid; and,
- c. The Director of Regional Water and the Chief Administrative Officer must jointly approve an RFT Award up to the threshold value established by CETA and where there are sufficient funds available within the appropriate account.

4.12.3 The Director of Regional Water (or delegate) shall submit a purchase request in writing containing the relevant specifications, budget authorization, approval authority and terms and conditions for the purchase of goods, services or construction. Specifications may include certain brands of product in order to facilitate standardization of Elgin's inventory as per Section 4.6.4 of this Policy.

4.12.4 The Procurement Official shall be responsible for arranging for the public disclosure of bid submissions at the time and date specified by the bid call.

4.12.5 The Procurement Official shall provide a summary of the bids and recommend award of the contract to the lowest compliant bidder.

4.12.6 Elgin reserves the right in its absolute sole discretion to accept or reject any submission.

4.13 Non-Competitive Purchases (Emergency, Sole Source, Single Source)

4.13.1 The requirement for a Competitive Bid process for the selection of a supplier for goods, services and construction (except for Emergencies – see Section 4.13.2) may be waived under the authority of the Chief Administrative Officer and replace with direct negotiations by the Director of Regional Water (or Delegate) under the following circumstances:

- a. The procurement qualifies as a “Sole Source” as defined in Section 4.13.3; or,
- b. The procurement qualifies as a ‘Single Source’ as defined in Section 4.13.4.

4.13.2 Procurement in Emergencies

For the purpose of this section, and in addition to Section 3, “Emergency” shall mean an event or occurrence that in the opinion of the Chief Administrative Officer or the Director of Regional Water deem as an immediate threat to:

- Public health;
- The maintenance of essential Elgin services; or,
- The welfare and protection of persons, property, or the environment; and the event or occurrence necessitates the immediate need for goods or services to mitigate the emergency and time does not permit for a competitive procurement process.

In the event of an Emergency the Chief Administrative Officer or Director of Regional Water and their respective delegates, are authorized to enter into a purchase agreement utilizing the Emergency Reserve Fund as the source of finance without the requirement for a formal competitive process.

A list of pre-qualified suppliers will be used to select the suppliers, whenever possible.

Where the procurement cost to mitigate the Emergency is anticipated to exceed \$50,000:

- i. A notification must be sent (e-mail is acceptable) to the Finance department of the Administering Municipality, copied to the Administering Municipality’s Purchasing and Supply division, requesting a project number for the Emergency. The notification must include an outline of the nature of the emergency (referencing this section of this Policy), estimated budget for the project, and primary contact;

- ii. A notification must be sent (e-mail is acceptable) to the Board notifying the Board Members of the nature of the emergency and that the Emergency provisions of this Policy have been used; and,

The steps taken to mitigate the Emergency must always be clearly documented regardless of amount.

Where the aggregate costs for the Emergency are in excess of \$50,000, the emergency procurement shall be reported at the next scheduled meeting of the Board.

4.13.3 Sole Source

The procurement may be conducted using a Sole Source process if the goods and/or services are available from only one supplier by reason of:

- a. Statutory or market based monopoly;
- b. Competition is precluded due to the application of any Act or legislation or because of the existence of patent rights, copyrights, license, technical secrets or controls of raw material; or,
- c. The complete item, service, or system is unique to one supplier and no alternative or substitute exists.

4.13.4 Single Source

Single Source means that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications.

The procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier in particular, as follows:

- a. An attempt to acquire the required goods and/or services by soliciting competitive bids has been made in good faith, but has failed to identify more than one willing and compliant supplier;
- b. The confidential nature of the requirement is such that it would not be in the public interest to solicit competitive bids;
- c. Construction, renovations, repairs, maintenance etc. in respect of a building leased by Elgin may only be done by the lessor of the building, in accordance with a lease agreement;
- d. There is a need for compatibility with goods and/or services previously acquired or the required goods and/or services will be additional to similar goods and/or services being supplied under an existing contract (i.e., contract extension or renewal);

- e. The required goods and/or services are to be supplied by a particular supplier(s) having special knowledge, skills, expertise or experience;
- f. The goods are purchased under circumstances which are exceptionally advantageous to Elgin, such as in the case of a bankruptcy or receivership;
- g. It is advantageous to Elgin to acquire the goods or services from a supplier pursuant to the procurement process conducted by another public body;
- h. It is advantageous to Elgin to acquire the goods or services directly from another public body or public service body;
- i. Another organization is funding or substantially funding the acquisition and has determined the supplier, and the terms and conditions of the commitment into which Elgin will enter are acceptable to Elgin;
- j. The acquisition is for a particular brand of goods or services that are intended solely for resale to the public and no other brand is desirable and the brand is not available from any other source; or,
- k. Where due to abnormal market conditions, the goods, services or construction required are in short supply.

4.13.5 Sole Source and Single Source – Approval and Reporting

Awards which qualify to be considered as Single Source or Sole Source process require the following approval:

- i. The Director of Regional Water and the Chief Administrative Officer must jointly approve an award not exceeding \$100,000; or,
- ii. The Board must approve an award greater than \$100,000 unless otherwise permitted by this Policy.

4.14 Appointment of Professional Consulting Services

4.14.1 General

- a. Senior management staff will be involved in the selection process for Professional Consulting Services. Specifically, the Senior Manager of Capital Programs is to be involved with all projects, and Director of Regional Water for high-profile projects of increasing complexity or expense.
- b. Under no circumstances shall an extension or expansion of a consulting engagement preclude the required approvals. This includes splitting the project or scope of work into multiple phases or sections. The Board has sole authority to approve and award contracts greater than the CETA threshold for services, as amended.

- c. If a consulting engagement that was previously awarded administratively subsequently exceeds the CETA threshold for services, the Director of Regional Water shall prepare an information report for the Board providing a status update and requesting approval to proceed (if applicable).
- d. The Director of Regional Water shall be responsible for ensuring that a MEA Consulting Services Agreement is executed for engineering consulting assignments. Notwithstanding, if an alternative agreement is used for any consulting services, the agreement must be reviewed by the Board's solicitor. The MEA Consulting Services Agreement or alternate consulting services Agreement must be executed by the Chief Administrative Officer and Board Chair, or their delegate.
- e. The Director of Regional Water shall be responsible for ensuring that appropriate insurance and WSIB documents are obtained and submitted to the Administering Municipality's Risk Management division and copies kept with the project file.
- f. On an annual basis, the Director of Regional Water shall provide a summary report to the Board outlining each occurrence where Consulting Services were administratively awarded, or a Consulting Services agreement was amended or extended in accordance with this Policy.

4.14.2 Consulting Engineers, Architects, Landscape Architects and Environmental Consultants

The selection of Professional Consulting Services will follow the requirements of Section 4.14.1; and,

- a. Elgin's appointment of Consulting Engineers, Architects, Landscape Architects and Environmental Consultants in this Policy is adapted from the National Best Practice for Consultant Selection and as described in more detail in the Administering Municipality's Grouped Consultant Selection Process.
- b. A list of pre-approved firms (Consulting Engineers, Architects, Landscape Architects and Environmental Consultants) that provide professional consulting services shall be established by the Director of Regional Water.
- c. Assignments for projects which have estimated fees of less than \$100,000 shall be awarded by the Director of Regional Water to listed candidate firms based on an evaluation of the firm's competency, expertise, costs, past performance on Elgin projects, available capacity, and the size of their operation and the particulars of the work to be done.
- d. Assignments for projects which are more complex in nature but which are within the capability of firms included on the above-mentioned pre-approved list and have estimated fees between \$100,000 and the CETA threshold for

- goods and services limit, as amended, shall be assigned on the basis of a proposal submitted by a minimum of three (3) qualified firms from the list stating their approach to the proposed project and their experience and knowledge of projects of a similar nature. Grouped Consultant Selection process may be undertaken for more than one project if the projects are similar in nature, the consultants possess the skills necessary to undertake this type of work and efficiencies are realized by Elgin. The Administering Municipality's Grouped Consultant Selection Process may be used as a guide in the process for undertaking grouped consultant selections.
- e. Except in the case of an Irregular Bid, Assignments for projects which have estimated fees between \$100,000 and the CETA threshold for goods and services, as amended, shall be awarded by the Chief Administrative Officer.
 - f. Assignments for complex projects, or projects with estimated consulting fees greater than the CETA threshold for goods and services limit, as amended, shall be awarded based on a two (2) stage process with the first stage being an open, publicly advertised expression of interest/pre-qualification stage (REOI/RFQUAL), and the second being a RFP of the short-listed firms, of which there shall be a minimum of three (3) qualified firms stating their approach to the proposed project and their experience and knowledge of projects similar in nature.
 - g. The assignments of an Irregular Bid outlined in parts d) and any assignment outlined in f) above and their related budget shall be subject to the approval of the Board. Prior to award by the Board, Regional Water staff will negotiate with the recommended consultant to establish the estimated personnel costs and other charges required for the assignment. It is anticipated that an upset fee will be established for the first phase of the project as directed by the Director of Regional Water. Board approval will be for the entire project noting that the consultant shall obtain the approval of the Director of Regional Water to proceed with subsequent phases to upset limits as appropriate to the work within the limit of the budget.
 - h. A consulting firm which has satisfactorily partially completed a project may be recommended for award of the balance of a project without competition subject to satisfying all financial, reporting and other conditions contained within this Policy. This should be to the financial advantage of Elgin due to the fact that such a consultant has specific knowledge of the project and has undertaken work for which duplication would be required if another firm were to be selected.

4.14.3 Other Professional Consulting Services

The selection of Professional Consulting Services which are not included under Section 4.14.2 will follow the requirements of Section 4.14.1; and,

- a. Projects which have estimated fees of less than \$100,000 may be awarded by the Director of Regional Water under the following circumstances:
 - i. the project requires special knowledge, skills, expertise or experience; or,
 - ii. another organization is funding or substantially funding the project and has already selected a preferred firm and/or strict timelines have been placed on the funding; or,
 - iii. the confidential nature of the project is such that it would not be in the public interest to solicit competitive bids; or,
 - iv. the preferred firm has already been selected through a formal procurement process by another public body to provide same or similar services; or,
 - v. the project requirement meets the definition of Sole Source, Section 4.13.3.
- b. The Director of Regional Water is responsible for detailing the rationale supporting their decision to award the recommended firm.
- c. Under this section, all professional consultant proposals must include, at minimum:
 - i. Schedule of fees;
 - ii. Methodology and timeline to complete project;
 - iii. Demonstrated experience and qualifications required to perform project; and,
 - iv. List of personnel who will be directly involved in the completion of the project.
- d. All requirements for Other Professional Consulting Services (section 4.14.3) not meeting the selection requirements of section 4.14.3(a) shall follow the RFP process outlined in Section 4.11

4.15 Blanket Purchase Contracts

A Blanket Purchase Contract established by the Administering Municipality's Purchasing and Supply, in accordance with the Administering Municipality's Procurement of Goods and Services Policy, may be used when in the best interest of Elgin.

4.16 Requirement for Approved Funds

- 4.16.1 The exercise of authority to award a contract is subject to the identification and availability of sufficient funds in appropriate accounts within Board approved budget for Elgin.
- 4.16.2 Where goods and/or services are routinely purchased or leased on a multi-year basis, the exercise of authority to award a contract is subject to:
- a. The identification and availability of sufficient funds in appropriate accounts for the current year within the Board approved budget;
 - b. The requirement for the goods or services will continue to exist in subsequent years and, in the opinion of the Director of Regional Water, the required funding can reasonably be expected to be made available; and,
 - c. The contract containing a provision that the supply of goods or services in subsequent years is subject to the approval by the Board.

4.17 Bid Administration

The Bid Administration process of the Administering Municipality's Procurement of Goods and Services Policy may be used as a guide, subject to appropriate alteration and interpretation to meet the conditions of this Policy.

The protocol for bid irregularities and their associated responses are detailed in [Schedule 'C'](#) of this Policy.

4.18 Contract Administration

4.18.1 Contractual Agreement

- a. The award of a contract may be made by way of an Agreement, Contract Record or Purchase Order.
- b. A Purchase Order or Contract Record is to be used when the resulting contract is straightforward and will contain Elgin's standard terms and conditions.
- c. Agreement is to be used when the resulting contract is complex and will include terms and conditions other than Elgin's standard terms and conditions.
- d. It shall be the responsibility of the Director of Regional Water (or delegate) and/or the Chief Administrative Officer to determine if it is in the best interest of Elgin to establish an agreement with the supplier.
- e. Where it is determined that Section 4.18.1.d is to apply, the agreement shall be reviewed for execution by Elgin's solicitor unless a standard MEA Consulting Services Agreement is used, as appropriate.

- f. Where an agreement is required, as a result of the award of a contract by delegated authority, the Board Chair and Chief Administrative Officer shall execute the agreement in the name of Elgin unless delegated in writing in accordance with the Delegation of Powers and Duties Policy.
- g. Where an agreement is issued, a Purchase Order or Contract Record may be issued incorporating the formal agreement.
- h. Where an agreement is not required, an authorized Purchase Order or Contract Record may be issued incorporating the terms and conditions relevant to the award of contract.

4.18.2 Exercise of Contract Renewal Options

- a. Where a contract contains an option for renewal, the Director of Regional Water may authorize the exercise of such option provided that all of the following apply:
 - i. the supplier's performance in supplying the goods and/or services or construction is considered to have met the requirements of the contract;
 - ii. any price increases are consistent with the prevailing market conditions for the goods or services being purchased;
 - iii. the facts justifying the decision to award this supplier previously are still relevant at the time of contract renewal;
 - iv. funds are available or will be available in appropriate accounts within Board approved budget, including authorized revisions, to meet the proposed expenditure;
 - v. The relevant Board report, if applicable, clearly identified the options to extend;
 - vi. the Director of Regional Water and the Chief Administrative Officer agree that the exercise of the option is in the best interest of Elgin; and
 - vii. compliance with Sections i. through v. is documented, authorized by the Director of Regional Water and saved with the project file.
- b. Approval for contract renewals and extensions shall be governed by Section 4.7.5 and [Schedule "A"](#) of this Policy.

4.18.3 Contract Amendments

- a. No amendment to a contract shall be made unless the amendment is in the best interest of Elgin.
- b. No amendment that changes the price of a contract shall be agreed to without a corresponding change in requirement or scope of work.

- c. Amendments to contracts are subject to the identification and availability of sufficient funds in appropriate accounts within Board approved budgets including authorized amendments.
- d. Director of Regional Water jointly with the Chief Administrative Officer may authorize amendments when:
 - i. the total amended value of the contract (original contract plus amendment) is within the approval limit as noted in [Schedule "A"](#) of this Policy; or,
 - ii. the contract amendment will not exceed the originally approved contract by an amount greater than \$100,000 or 5% of contract value, whichever is greater, and there are sufficient funds available.
- e. The Board must authorize contract amendments when:
 - iii. the total amended value of the contract will be greater than the administrative approval threshold under Section 4.18.3.d above; or,
 - iv. the total amended value of the contract will exceed the originally approved contract by an amount greater than \$100,000 or 5% of contract value, whichever is greater, and there are funds available.

4.18.4 Performance Evaluation

The Director of Regional Water may develop and implement a Performance Evaluation program for contractors and consultants to be used in conjunction with Bid Administration in accordance with Section 4.17 of this Policy.

4.19 Disposal of Materials and Equipment

4.19.1 Obsolete and/or Surplus Materials and Equipment

- a. If materials and equipment are designated as obsolete, they may be offered for sealed bids, public auction or other public sale, depending in the opinion of the Director of Regional Water on which method is most suitable for the equipment or material involved.
- b. Auctions are held as required dependent upon the individual circumstances such as delivery of replacement items and storage capacity.
- c. The disposal of material and equipment where the removal and disposal are intrinsic to a project is excluded from this Policy and is deemed to have been approved by the Board with the approval of the project.

4.19.2 Scrap Materials and Equipment

Material and equipment deemed to be scrap may be disposed of by:

- i. General advertising to secure sealed bids;

- ii. Direct contact with the appropriate dealers to view the scrap and submit offers to purchase;
- iii. Public auction; or,
- iv. Other methods as deemed appropriate.

4.19.3 Revenue and Reporting to the Board

- a. On an annual basis, the Director of Regional Water shall provide a summary report to the Board outlining each occurrence where material and equipment was disposed of in accordance with this Policy.
- b. The revenue from the sale of obsolete material shall be credited to the appropriate Elgin account.

4.20 General

4.20.1 Cooperative Purchasing

- a. Elgin may participate with other government agencies or public authorities in cooperative purchasing where it is in the best interests of Elgin to do so.
- b. The decision to participate in cooperative purchasing agreements will be made by the Director of Regional Water.
- c. The individual policies of the government agencies or public authorities participating in the cooperative competitive bid are to be the accepted by-law for that particular competitive bid.

4.20.2 Direct Solicitation

- a. Unsolicited proposals received by Elgin shall be referred to the Director of Regional Water for review.
- b. Any procurement activity resulting from the receipt of an unsolicited proposal shall comply with the provisions of this Policy.
- c. A contract resulting from an unsolicited proposal shall be awarded on a non-competitive basis only when the procurement complies with the requirements of a non-competitive procurement, as detailed in Section 4.13.

4.20.3 Resolution of Questions

Any question involving the meaning or application of this Policy is to be submitted to the Chief Administrative Officer who will resolve the question.

4.20.4 Access to Information

The disclosure of information received relevant to the issue of competitive bids or the award of contracts emanating from competitive bids shall be made by the appropriate officers in accordance with the provisions of the *Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990*, as amended. This includes, but is not limited to, records and information pertaining to a competitive bid if the disclosure could reasonably be expected to:

- i. significantly prejudice the competitive position or significantly interfere with the contractual or other negotiations of a person, corporation or other entity that responds, or intends to respond to a request for bids;
- ii. result in similar information no longer being supplied to Elgin where it is in the public interest that similar information continues to be so supplied;
- iii. result in undue loss or gain to any person, group, committee or financial institution or agency; or,
- iv. result in information whose disclosure could reasonably be expected to be injurious to the financial interests of Elgin.

4.20.5 Local or Geographical Preference

Elgin shall not give any local or geographical preference during the competitive bid process. Elgin may mandate certain bona fide on-site response time requirements for specific situations as appropriate.

4.20.6 Terms and Conditions

All standard Elgin Terms and Conditions for all procurement activities will govern unless there is written approval for the proposed changes from the Director of Regional Water in consultation with Elgin's Solicitor if applicable.

4.20.7 Application of Trade Agreements

This Policy is subject to applicable Trade Agreement including, but not limited CETA.

Schedule 'A' – Levels of Contract Approval Authority

Sales taxes, excise taxes, goods and service taxes and duties shall be excluded in determining the price of a contract for the supply of goods or services for the purpose of the relationship of the price to the preauthorized expenditure limit. In the case of multi-year supply and/or service contracts, the preauthorized expenditure limit shall refer to the estimated annual expenditure under the contract.

Copies of quotations, tenders, proposals and related documents must be retained for a period of not less than two years following the completion of the provision of the Goods & Services, and as determined by the Retention Policy.

Emergencies as defined in Section 4.13.2 are exempt from this Approval Authority.

Table 1: Goods & Services, excluding Consulting Services

Value (excluding taxes, duty & shipping)	Tool / Procurement Process	Approval Authority	Policy Section
Less than \$15,000	Purchasing Card or Purchase Order	Director of Regional Water or any Regional Water employee exercising delegated authority approval	4.8
\$15,000 to \$50,000	IRFQ – min. of three written quotes	Director of Regional Water or any Regional Water employee exercising delegated authority approval	4.7.5 4.9
	Amount exceeding approved project budget	Director of Regional Water	4.7.10
	Single Source or Sole Source	Director of Regional Water and Chief Administrative Officer (Jointly)	4.7.5
Greater than \$50,000 to \$100,000	RFQ	Director of Regional Water or any Regional Water employee exercising delegated authority approval	4.7.5 4.10

Value (excluding taxes, duty & shipping)	Tool / Procurement Process	Approval Authority	Policy Section
	RFP	Director of Regional Water or any Regional Water employee exercising delegated authority approval	4.7.5 4.11
	Irregular Result	Director of Regional Water and Chief Administrative Officer (Jointly)	4.7.10
	Amount exceeding approved project budget	Director of Regional Water and Chief Administrative Officer (Jointly)	4.7.10
	Single Source or Sole Source	Director of Regional Water and Chief Administrative Officer (Jointly)	4.7.5
Greater than \$100,000 to the CETA threshold, as amended	RFP	Director of Regional Water and Chief Administrative Officer (Jointly), where sufficient funds are available within appropriate accounts. Board, where sufficient funds are not available within appropriate accounts.	4.7.5 4.11
	RFT	Director of Regional Water and Chief Administrative Officer (Jointly), where sufficient funds are available within appropriate accounts. Board, where sufficient funds are not available within appropriate accounts.	4.7.5 4.12
	Irregular Result	Board	4.7.10

Value (excluding taxes, duty & shipping)	Tool / Procurement Process	Approval Authority	Policy Section
	Amount exceeding approved project budget	Board	4.7.10
	Single Source or Sole Source	Board	4.7.5
Less than the CETA threshold limit, as amended	Contract Extensions – previously approved by the Board	Director of Regional Water and Chief Administrative Officer (Jointly)	4.18.2
Greater than the CETA threshold limit, as amended	RFP	Board	4.7.5
	RFT	Board	4.7.5
	Contract Extension – previously approved by the Board	Board	4.18.2
Up to \$100,000 or 5% of the Contract Value	Contract Amendments – subject to availability of sufficient funds in appropriate accounts and budget	Director of Regional Water and Chief Administrative Officer (Jointly)	4.18.2 4.18.3

Table 2: Consulting Services

Value (excluding taxes, duty & shipping)	Tool / Procurement Process	Approval Authority	Policy Section
Less than \$100,000	RFP or appointment from pre-approved list	Director of Regional Water	4.14.2
	Irregular Bid	Chief Administrative Officer	4.14.2
\$100,000 to the CETA threshold for <u>services</u> limit, as amended	RFP from at least three qualified firms	Chief Administrative Officer	4.14.2
	Irregular Bid	Board	4.14.2
Greater than the CETA threshold for <u>services</u> limit, as amended	Two-stage procurement: RFQual and RFP	Board	4.14.2
	Irregular Bid	Board	4.14.2
Less than the CETA threshold limit, as amended	Contract Extensions – previously approved by the Board	Director of Regional Water and Chief Administrative Officer (Jointly)	4.18.2
Greater than the CETA threshold limit, as amended	Contract Extensions – previously approved by the Board	Board	4.18.2
Up to \$100,000 or 5% of the Contract Value	Contract Amendments – subject to availability of sufficient funds in appropriate accounts and budget	Director of Regional Water and Chief Administrative Officer (Jointly)	4.18.2 4.18.3

Schedule 'B' – Goods and/or Services Not Subject to this Policy

1. Training and Education, including:
 - a. Conventions, conference, seminars, and courses;
 - b. Magazines, subscriptions, and periodicals;
 - c. Memberships;
 - d. Staff development;
 - e. Staff workshops; and,
 - f. Staff relations
2. Refundable employee expenses, using the Administering Municipality's Travel & Business Expense Policy as a guide.
3. General Expenses, including:
 - a. Payroll and payroll deductions;
 - b. Medicals;
 - c. Insurance premiums, claim settlements and adjuster services;
 - d. Tax remittances, GST.HST Cost Recovery Reviews and WSIB Remittances;
 - e. Payment in Lieu of Property Tax remittances;
 - f. Charges to and from other government agencies;
 - g. Postage;
 - h. Advertising as required by the *Municipal Act*;
 - i. Retirement Recognition Awards;
 - j. Investment Management Services;
 - k. Employee Group Benefits, Compensation, Programs, Consulting and Reviews
 - l. Administrative services provided by the Administering Municipality as defined under a Service Level Agreement;
4. Licenses, certificates, permits and other approvals.
5. Ongoing maintenance and actions to maintain present functionality of existing computer hardware and software.
6. Professional and special services up to \$100,000, or defined more specifically in another Elgin by-law or Board Policy, including, but not limited to:

- a. Additional Non-recurring Accounting and Auditing Services;
- b. Public Debenture Sales;
- c. Realty Services for Lease, Acquisition, Demolition, Sale and Appraisal of Land and Property, including Appraisal and Consulting Services relating to matters of Expropriation;
- d. Printing and Mailing Services; and
- e. Integrity Commissioner Services

Professional and special services exceeding \$100,000 must follow the approval process outlined on [Schedule "A"](#)

- 7. Utilities - Water and Waste Water, Electricity, Electrical Inspection Services, Phone, Internet/Communications and Natural Gas
- 8. Urgent Facilities Maintenance/Repairs/Renovations as deemed appropriate by the Director of Regional Water with the concurrence of the Chief Administrative Officer.
- 9. Legal Services and Labour Relations Services as deemed appropriate by the Director of Regional Water, with the concurrence of the Chief Administrative Officer, up to \$ 250,000.
- 10. Services provided for Elgin construction projects within a railway right-of-way as required by the rail authority having jurisdiction.
- 11. Banking Services where covered by agreements and provided either directly by Elgin's contracted Banking Services provider as deemed appropriate by the Director of Regional Water with the concurrence of the Chief Administrative Officer, or by the Administering Municipality as authorized by the Service Level Agreement either directly or indirectly.
- 12. Lease, maintenance and repair of office space for Regional Water as deemed appropriate by the Director of Regional Water with the concurrence of the Chief Administrative Officer.

Note: the acquisition, lease, or sale/disposition of Elgin land (real property) is subject to Board approval.

- 13. Grant Funding, given or paid by Elgin as per Board approved Policies for Grants and/or agreements entered into by the Board. Grants not covered by these Policies or agreements must be approved by the Board.
- 14. Compensation paid to landowners in accordance with an applicable landowners agreement authorized by the Board, including but not limited to the Pipeline Operations and Maintenance Agreement.

15. The services of the accredited laboratory as required by the *Safe Drinking Water Act* and its regulations.
16. Disposal of material and equipment deemed to be obsolete and/or surplus and/or scrap and having a value of less than \$1,000.

Schedule 'C' – Irregularities Contained in Bids

Irregularity	Response
1. Late bids.	Automatic rejection
2. Insufficient financial security (no bid deposit or insufficient bid deposit).	Automatic rejection
3. Failure to insert the name of the bonding company in the space provided for in the bid documents.	Automatic rejection
4. Failure to provide a letter of agreement to bond / letter of guarantee where required.	Automatic rejection
5. Incomplete, illegible or obscure bids, or bids which contain additions not called for, erasures, alterations, errors or irregularities of any kind.	May be rejected as informal – Mandatory Requirements must be met or Automatic rejection
6. Documents, in which all addenda have not been acknowledged.	Automatic rejection
7. Failure to attend mandatory site visit.	Automatic rejection
8. Bids received on documents other than those provided by Elgin.	Automatic rejection
9. Failure to insert the bidder's business name in one of the two spaces provided in the bid documents.	Automatic rejection
10. Conditions placed by the bidder on the total contract price.	Automatic rejection

Irregularity	Response
<p>11. Bids containing minor mathematical errors</p>	<p>a) If the amount bid for a unit price item does not agree with the extension of the estimated quantity and the bid unit price, or if the extension has not been made, the unit price shall govern and the total price shall be corrected accordingly.</p> <p>b) If both the unit price and the total price are left blank, then both shall be considered as zero.</p> <p>c) If the unit price is left blank but a total price is shown for the item, the unit price shall be established by dividing the total price by the estimated quantity.</p> <p>d) If the total price is left blank for a lump sum item, it shall be considered as zero.</p> <p>e) If the bid documents contain an error in addition and/or subtraction and/or transcription in the approved competitive bid documentation format requested (i.e. not the additional supporting documentation supplied), the error shall be corrected and the corrected total contract price shall govern.</p> <p>f) Bid documents containing prices which appear to be so unbalanced as to likely affect the interests of Elgin adversely may be rejected.</p>

Schedule 'D' – Statement of Ethics for Public Procurements

The Ontario Public Buyers Association's Code of Ethics is based upon the following tenets and all employees who are authorized to purchase goods and/or services on behalf of the City are to adhere to the following:

1. **Open and Honest Dealings with Everyone who is Involved in the Purchasing Process.** This includes all businesses with which Elgin contracts or from which it purchases goods and/or services, as well as all Regional Water staff and agents who act on behalf of Elgin in the purchase of goods and/or services including the Administering Municipality as applicable.
2. **Fair and Impartial Award Recommendations for All Contracts and Tenders.** This means that we do not extend preferential treatment to any supplier, including local companies. Not only is it against the law, but it is also not good business practice, since it limits fair and open competition for all potential suppliers and is therefore a detriment to obtaining the best possible value for each dollar.
3. **An Irreproachable Standard of Personal Integrity on the Part of All Those Delegated as Purchasing Representatives** for Elgin. Absolutely no gifts or favours are accepted by the purchasing representatives return for business or the consideration of business. Also, the purchasing representatives do not publicly endorse one company in order to give that company an advantage over others.
4. **Cooperation with Other Public Agencies in Order to Obtain the Best Possible Value for Every Tax Dollar.** Where appropriate, Elgin may participate in, either directly or through an agent, a cooperative purchasing group to pool expertise and resources in order to practice good Value Analysis and to purchase goods and/or services in volume and save tax dollars.

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Delegation of Powers and Duties Policy

RECOMMENDATION

That the attached By-Law regarding the Delegation of Powers and Duties for the Elgin Area Water Supply System be **INTRODUCED** for three readings and approved by the Joint Board of Management for the Elgin Area Water Supply System.

PREVIOUS AND RELATED REPORTS

None

BACKGROUND

The Board of Management (Board) for the Elgin Area Water Supply System was established by Transfer Order (Order) issued by the Minister of the Environment of the province of Ontario effective November 29, 2000, pursuant to the *Municipal Water and Sewage Systems Transfer Act, 1997*. The Order establishes the Board's authority to, among other things, enact policies and enter into agreements related to the Elgin Area Water Supply System.

DISCUSSION

Section 270(1) of the Municipal Act, 2001, requires municipalities and local boards to adopt and maintain various policies including the delegation of its powers and duties.

To date, the Board of Management for the Elgin Area Water Supply System has not adopted a formal policy relating to the delegation of powers and duties. Since its inception in November 2000, and except in the case of delegations as part of various policies enacted, the Board has delegated specific authority on a case-by-case basis without a central Delegation of Powers and Duties Policy.

The proposed Delegation of Powers and Duties Policy (Delegation Policy), attached to this report as Schedule 'A' of Appendix A of this report, provides the overall framework for if and when the Board delegates specific powers and duties. A corresponding Policy of the City of London was used as a guide.

The Delegation Policy also explicitly provides the delegation of specific administrative duties to the Chief Administrative Officer and the Director of Regional Water which are deemed necessary for the ongoing operation and administration of the regional water system.

CONCLUSION

The proposed Delegation of Powers and Duties Policy, enacted by By-Law No.5A-2023 as attached, fulfils the requirements of Section 270(1) of the Municipal Act, 2001 regarding the requirement to establish a policy for when duties and powers may be delegated by the Board of Management.

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Appendix A - Proposed By-law No.5A-2023
Schedule 'A' - Delegation of Powers and Duties Policy

APPENDIX A - PROPOSED BY-LAW No.5A-2023

A By-law to establish a policy for the delegation of powers and duties, as required under section 270(1) of the *Municipal Act, 2001*.

WHEREAS the Joint Board of Management for the Elgin Area Water Supply System was established by Transfer Order Elgin Area #W1/1998, effective November 29, 2000, pursuant to the *Municipal Water and Sewage Systems Transfer Act, 1997*;

AND WHEREAS section 5(3) of the Municipal Act, 2002 S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 270(1) of the Municipal Act, 2001 provides that a municipality and/or local board adopt and maintain a policy with respect to the delegation of powers and duties;

NOW THEREFORE the Board of Management for the Elgin Area Water Supply System enacts as follows:

1. The attached policy be hereby implemented:

SCHEDULE 'A' – Delegation of Powers and Duties Policy

2. This by-law shall come into force and effect on March 3, 2023.

PASSED in Open session on _____, 2023

First Reading – _____, 2023

Second Reading – _____, 2023

Third Reading - _____, 2023



By-Law No.5A-2023 – Schedule ‘A’

Delegation of Powers and Duties Policy

Approved:

Revised:

Legislative History:

Last Reviewed Date:

Policy Lead: Director, Regional Water

1 Purpose

This policy establishes the guidelines for the Board of Management for the Elgin Area Water Supply System when considering the delegation of some of its powers and duties to a person or body.

2 Applicability

This policy shall apply to the Board of Management for the Elgin Area Water Supply System.

3 Definitions

Benefiting Municipalities – shall mean the municipalities, communities and/or settlements which receive treated potable drinking water from the Elgin pursuant to Transfer Order Elgin Area #W1/1998 dated effective November 29, 2000 and any Water Supply Agreement with Elgin.

Board of Management (and Board) – shall mean the Board of Management for the Elgin Area Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act, 1997* and pursuant to Transfer Order Elgin Area #W1/1998 dated effective November 29, 2000.

Elgin (and Elgin Area) – shall mean the Elgin Area Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act, 1997* and pursuant to Transfer Order Elgin Area #W1/1998 dated effective November 29, 2000.

4 The Policy

4.1 Applicable Legislation

Section 23.1 of the *Municipal Act, 2001* expanded the right of authority to delegate some of the powers and duties to a person or body.

It should be noted that the intent of Section 23.1 of the *Municipal Act, 2001* was to help streamline the decision-making process and enable the Board of

Management, as a local board, to focus on larger issues in a more strategic manner. Delegation of powers and duties could also be used to enhance community, stakeholder and rights-holder engagement on regional issues within the jurisdiction of Elgin.

4.2 Powers that may be Delegated

Any delegation of a power or duty shall be in accordance with the *Municipal Act, 2001*, S.O. 2001 c.25 and any other applicable legislation.

4.3 Process for Delegation

Any delegation of a power or duty shall be by bylaw or resolution of the Board of Management.

4.4 Public Consultation

Prior to delegating any power or duty, the Board of Management may consult with the public and/or the Benefiting Municipalities of Elgin when, in the sole opinion of the Board of Management, public consultation is appropriate, unless it is required to do so by law.

4.5 Factors that the Board of Management may Consider

When delegating a power or duty, the Board of Management may consider, without limitation, any of the following matters:

- a) The term of the delegation;
- b) The conditions or restrictions, if any, on the Board of Management's powers to revoke the delegation;
- c) The conditions or restrictions, if any, to be imposed on the delegate;
- d) Whether the power or duty to be delegated will be exercised only by the delegate or by both the delegate and the Board of Management;
- e) Whether the delegation is consistent with the Board of Management's policies; and,
- f) The importance and complexity of the power or duty to be delegated and whether the delegate has the requisite qualifications and expertise to exercise the delegated powers and duties.

5 Delegation of Duties and Powers – Administrative

In addition to any delegation of duties and powers that the Board of Management may authorize, this Policy authorizes the following delegations of duties and powers:

5.1 Chief Administrative Officer

- a. Has the authority to execute Agreements related to approved research undertaken by an academic and research institution including, but not limited to, the related Industrial Research Chairs under the Natural Science and Engineering Research Canada program, provided that there are sufficient funds within an appropriate account and in accordance with the Procurement of Goods and Services Policy;
- b. Has the authority to execute Pipeline Operations and Maintenance Agreement(s) and related amending agreements with landowners provided that the agreement and/or amending agreement is materially consistent with the corresponding template agreement approved by the Board of Management;
- c. Has the authority to execute Consulting Services Agreements and Agreements for capital projects and initiatives not exceeding the budget approved by the Board of Management, and in accordance with the Procurement of Goods and Services and Disposal of Assets Policy; and,
- d. Has the authority to execute Agreements and/or Contracts for procurements within the Approval Authority granted to the Chief Administrative Officer, or jointly to the Chief Administrative Officer and the Director of Regional Water, pursuant to the Procurement of Goods and Services and Disposal of Assets Policy.

5.2 Director of Regional Water

- a. Has the authority to execute forms and documents in the capacity as the Owner's agent or Owner's representative of Elgin for the purpose of the ongoing administration, management and/or operation of the water supply system, including but not limited to:
 - i. Ministry of the Environment, Conservation and Parks Director Notification – Alteration to a Drinking Water System;
 - ii. Ministry of the Environment, Conservation and Parks Form 2 - Record of Minor Modifications or Replacements to the Drinking Water System;
 - iii. Access Plans, as amended from time to time, related to authorized Pipeline Operations and Maintenance Agreements executed with Landowners;
 - iv. Operational policies approved by the Board of Management;
 - v. Applications related to the renewal of permits, licences, certificates, and related documents;
 - vi. Applications related to permits and approvals associated with approved capital projects, including but not limited to building permits, conservation authority permits and approvals, utilities, and senior governments and their agencies;
 - vii. Agreements related to the services of the accredited laboratory as required by the *Safe Drinking Water Act* and its regulations;

- viii. Agreements required and related to Utilities for the ongoing operation of Elgin and in accordance with the Procurement of Goods and Services and Disposal of Assets Policy; and,
 - ix. Agreements related to Low Dollar Value Procurements (up to \$15,000), if required, in accordance with the Procurement of Goods and Services and Disposal of Assets Policy.
- b. Has the authority to execute Non-Disclosure Agreements regarding the provision of data, access to Elgin facilities, and/or provision of information for the purpose of participating in an approved research and related activities with an academic and research institution or consultant;
 - c. Has the authority to execute Agreements and/or Contracts for procurements within the Approval Authority granted to the Director of Regional Water pursuant to the Procurement of Goods and Services and Disposal of Assets Policy”; and,
 - d. Has the authority to submit comments to senior government engagement processes on behalf of the Board of Management and Elgin, including but not limited to a posting on the Environmental Registry of Ontario.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-11

Report Page: 1 of 3

Meeting Date: March 2, 2023

File No.: EA4166

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: EA4166 SCADA Software Upgrade – Consultant Award

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the Supervisory Control and Data Acquisition (SCADA) Software Upgrade (EA4166):

- a) The Board of Management for the Elgin Area Primary Water Supply System **ACCEPT** the proposal from Brock Solutions for the SCADA Software Upgrade in the amount of \$868,508, including contingency, excluding HST, contingent on the concurrent acceptance by the Lake Huron Water Supply System Board of Management, it being noted that the projected cost to Elgin is \$434,253 or 50% of the proposed amount;
- b) The Elgin Area Primary Water Supply System Board of Management **AUTHORIZE** the Chair and Chief Administrative Officer to execute a consulting services agreement with Brock Solutions for the completion of a SCADA Software Upgrade for the Elgin Area Primary Water Supply System; and,
- c) The Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report regarding the status of the SCADA Software Upgrade for information.

PREVIOUS AND RELATED REPORTS

March 4, 2021 2021 Operating & Capital Budgets

BACKGROUND

The Supervisory Control and Data Acquisition (SCADA) Evaluation Study completed in September 2022 noted that the existing SCADA software and Microsoft Operating Systems installed in 2015 are nearing the end of their useful life and may pose a security risk when they are no longer supported. The study compared the proposed Ignition software versus updating the existing Rockwell FactoryTalk software suite. After reviewing the monetary cost and risk to operations to integrate a new SCADA platform it was determined that the most appropriate action was to upgrade the existing Rockwell SCADA platform.

Identical SCADA software platforms are running on similar Information Technology (IT) infrastructure at both Lake Huron and Elgin Area water treatment plants and the study and subsequent proposals address both systems jointly. The existing SCADA operating systems require updates to maintain the security of the system. To maintain compatibility with the latest Microsoft Operating Systems, updates to the SCADA software and associated applications are

required. Upgrading the SCADA software will allow for enhancements to the Alarming and Events features and bring it up to industry standards.

In addition to upgrading the base software applications, other new features embedded in the latest SCADA software can be further explored in the future to determine appropriate use and benefit to the water system.

Note that this software upgrade is considered substantial due to the embedded code that must be removed from various field devices and integrated into the new Alarms and Event Server. This allows for significant system efficiencies and removal of previously complex components of the SCADA system while improving functionality including enhanced reporting capabilities, adaptive data management and ease of future modifications and integration of process changes. The proposed work on the SCADA system must also be undertaken while the plant continues to operate.

DISCUSSION

In accordance with the Board's Procurement Bylaw, as well as the City of London's Procurement of Goods and Services Policy (*used as a guide*), Board staff with the assistance of the Purchasing Department of the City of London issued a Request for Qualification (RFQ #2022-263) for the SCADA Software Upgrade project in October 2022. Seven submissions were received by the deadline and were reviewed by Board staff.

In December 2022, Board staff issued a Request for Proposal (RFP #2022-294) to the top four consultants from the RFQ stage. Proposals were received on January 27, 2023, from all invited consultants and reviewed by Board staff. Upon completion of the technical and financial evaluations, the proponent with the highest score demonstrating their ability to fully meet the project requirements as outlined in the RFP (Request for Proposal) documentation was Brock Solutions.

It is important to note that this project is being undertaken jointly for both the Lake Huron and Elgin Area water systems with costs divided between the two as appropriate.

Brock Solutions total fee estimate associated with this joint assignment is \$868,507, including contingency, excluding HST, based on their current work plan. Elgin's estimated portion of this fee estimate is \$434,253 and the budget for this project approved by the Board is \$500,000. It is therefore anticipated that the total cost for this project will remain below the approved budget.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-11

Report Page: 3 of 3

Meeting Date: March 2, 2023

File No.: EA4166

PROJECT FINANCIAL STATUS

The following is a summary of projected and incurred expenditures to date for the project:

Expenditure	Projected		Incurred	
Engineering	\$	0	\$	-
Construction Supervision	\$	81,386	\$	-
Construction	\$	728,120	\$	50,704
Additional Services	\$	30,748	\$	
Contingency	\$	78,958	\$	-
Total		\$919,212		\$50,704
Projected Total Cost to Elgin		\$452,914		\$18,661
Approved Elgin Budget		\$500,000		
Projected Elgin Variance		\$ 47,086		

CONCLUSION

This upgrade brings the existing SCADA Software and operating systems to a standard which allows for current patching and maintenance for a more secure and robust platform. Moving forward there will be continuing version software upgrades, but on a smaller scale, when the existing system has been updated. The historian upgrade will make it easier for integrators and in-house staff to modify data points to be logged and added to reports, which will save on future integration costs. New Alarms and Events will be useful for operations during maintenance shutdowns or during instrument calibrations.

In accordance with the Board's Procurement Bylaw, as well as the City of London's Procurement of Goods and Services Policy (*used as a guide*), Board staff recommends that the Board accept Brock Solutions proposal to undertake the SCADA Software Upgrade. The project is being undertaken jointly with the Lake Huron Water Supply system with costs divided evenly between the two systems.

Prepared by: Walter Martin,
Controls Systems Coordinator
John Walker, CD, B. Sc.
Operations Manager

Submitted by: Billy Haklander, P. Eng. LL.M.,
Capital Programs Manager

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: EA4132 Alum Tank Replacements

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this status report for information.

PREVIOUS AND RELATED REPORTS

October 3, 2019 2020 Operating and Capital Budgets

March 3, 2022 Alum Tanks Replacements Project (EA4132)

BACKGROUND

The previous Fibreglass Reinforced Plastic bulk storage tanks used to store aluminum sulphate (a.k.a. “alum”), located in the basement of the Chemical Building at the water treatment plant, were past their normal service life, showing signs of age-related deterioration and pending fatigue failure, and were undersized for the plant’s current and future needs. Alum is one of the most common coagulants used for drinking water treatment and is used in the coagulation-flocculation treatment process to remove suspended solids from the raw water before filtration.

In 2018, R.V. Anderson Associates Limited (RVA) was retained to undertake the preliminary design for the replacement of the tanks, make recommendations related to sizing and constructability, and provided cost estimates for replacing the existing tanks.

With RVA’s recommendation to replace the storage tanks with either new Fibreglass Reinforced Plastic alum tanks or wood stave tanks, Board staff opted to proceed with the installation of wood stave tanks within the existing location of the previous tanks. Given that the installation was operationally intensive, Board staff further recommended that the purchase and installation of the tanks be managed and procured through the Board’s contracted operating authority, the Ontario Clean Water Agency (OCWA), in accordance with the Operations and Maintenance Services Agreement.

DISCUSSION

The wood stave tanks were pre-purchased in 2020 by OCWA and arrived on site on December 23, 2020. Due to the onset of the COVID-19 pandemic and associated restrictive health-related measures, the issuance of the construction tender was deferred to November 2021.



Elgin Area

Primary Water Supply System

Report No.: EA-2023-02-12

Report Page: 2 of 6

Meeting Date: March 2, 2023

File No.: EA4132

The installation of the tanks commenced in the spring of 2022 with ancillary works, such as the containment area surrounding the tanks, continuing through to the fall of 2022. At the time of writing this report, it was anticipated that the warranty period would commence in February 2023 after all outstanding deficiencies were resolved.

Photo's of the tank installation and related work is attached to this report as [Appendix A](#) for the Board's reference.

PROJECT FINANCIAL STATUS

Summary of expenditures incurred as of February 3, 2023:

Expenditure	Projected	Incurred
Preliminary Design	\$25,440	\$24,735
Detailed Design & Construction Administration	\$103,545	\$91,985
Construction	\$689,183	\$604,895
Total	\$818,168	\$721,615

Approved Budget **\$825,000**

Budget Surplus/Deficit **\$6,832**

Final Invoicing is anticipated to be processed within February 2023

CONCLUSION

The existing bulk storage tanks used to store aluminum sulphate (alum) were past their service life, showed signs of age-related deterioration, and were undersized for the plant's current needs. The new wood stave tanks were fully commissioned in late 2022 and provide the water treatment plant with additional storage capacity to meet future needs.

Prepared by: Josh Self, EIT,
Engineer in Training, Regional Water Supply

Submitted by: Billy Haklander, P. Eng., LL.M,
Capital Programs Manager, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Appendix A – Photos of Alum Tanks

APPENDIX A: PHOTOS OF ALUM TANKS



Wood Stave Alum Storage Tank #1



Wood Stave Alum Storage Tank #2



Dosing Pumps, Instrumentation and Secondary Containment Wall



Wood Stave Tanks, Instrumentation and Secondary Containment Wall

To: Chair and Members, Board of Management
Lake Huron Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: EA4137 Elgin Water Treatment Plant Low Lift Pumping Station Service Water Connection – Tender Award and SCADA Integration Services Award

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the Low Lift Pumping Station Service Water Connection (EA4137) project:

- a) The Board of Management for the Elgin Area Primary Water Supply System **AUTHORIZE** the Chair and Chief Administrative Officer to execute an agreement with Birnam Excavating Ltd. (Birnam) for the construction of the service water connection in the amount of \$544,895.63, excluding HST;
- b) The Board of Management for the Elgin Area Water Supply system **INCREASE** the approved budget by \$200,000 for a total approved budget of \$750,000; it being noted that the funds will be provided from the Asset Replacement Reserve Fund;
- c) The Board of Management for the Elgin Area Water Supply system **AUTHORIZE** the Chair and Chief Administrative Officer to execute an agreement with Eramosa Engineering Inc. for SCADA integration services at an estimated cost of \$12,704, including contingency, excluding HST; and,
- d) The Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report for information.

PREVIOUS AND RELATED REPORTS

October 7, 2021	2022 Operating and Capital Budgets
June 2, 2022	EA4137 Elgin Water Treatment Plant Low Lift Pumping Station Service Water Connection

BACKGROUND

The majority of existing service water pipeline between the Elgin Water Treatment Plant and the Low Lift Pumping Station building was previously replaced to address longstanding issues with flow restrictions and poor pipeline condition. A small section of the pipeline was not replaced as the final configuration of the pipeline in relation to the construction of Residuals Management Facility (RMF) was unknown at the time.

With the completion of the RMF, the remaining section of the service water pipeline near the RMF requires replacement and a new connection into the low lift building, the addition of a pressure reducing valve, an air-relief valve, improvements to controls, and the installation of related appurtenances will improve overall pipeline performance and resiliency.

DISCUSSION

Tendering

The tender for construction (RFT#2022-006) was previously issued on April 25, 2022, and only one contractor submitted a bid. This is considered an irregular bid as per Section 8.10 of the City of London’s Procurement of Goods and Services Policy (used as a guide). Accordingly, Board staff chose to cancel this tender. The one bid received was kept sealed and unopened to allow for retendering in 2023.

The tender documents were updated in late 2022 by the engineering consultant, GM Blue Plan Engineering, to accommodate some design modifications. The pre-tender estimate for this project was \$579,000, including contingency and excluding HST. The updated tender for construction (RFT#2022-302) was posted on bid&tenders on January 24, 2023.

The following acceptable bids were received upon tender close on February 8, 2023:

Contractor	Tender Bid (excluding HST)
Birnam Excavating Ltd.	\$ 544,895.63
Hayman Construction Inc.	\$ 727,500.00
K&L Construction	\$ 866,468.00
L82 Construction Ltd.	\$ 646,037.00

On this basis, the bid submitted by Birnam Excavating Ltd. (Birnam), in the amount of \$544,895.63 (excluding HST) was accepted, noting that the submitted bid met the tendered requirements and Birnam is deemed qualified to undertake the work. Given the total projected costs for this project, the budget will need to be increased for this project to permit the tender award. The project budget was originally set based on an earlier 2021 cost estimate. The project scope of work was expanded in 2022, and the project then delayed to permit the current re-tendering process. An increase in construction value since 2021 reflects the change in scope and inflation.

Contract Administration and Construction Supervision

During construction, GM Blue Plan Engineering will provide contract administration and construction supervision services, based on the workplan and associated fees that were previously approved by the Board.

SCADA Integration

Board staff requested that Eramosa Engineering Inc. (Eramosa) provide a work plan and fee schedule for SCADA integration services, based on Eramosa’s familiarity with the electrical design and instrumentation and controls design aspects of this project and their familiarity with the Elgin Water Treatment Plant. The estimated cost to undertake the SCADA integration services associated with the project, as submitted in their proposed work plan, is \$12,704, including a 10% contingency and excluding HST. Board staff have reviewed and accepted the work plan and recommend that an engineering agreement with Eramosa Engineering be executed for these services.

PROJECT FINANCIAL STATUS

The following is a summary of projected and incurred expenditures to date for the project:

Expenditure	Projected	Incurred
Engineering, Construction Supervision and Contract Administration	\$ 117,757	\$ 66,445
Construction	\$ 589,190	\$ 1,170
Additional Services	\$ 12,928	\$ 0
Total	\$ 719,875	\$ 67,615
Approved Budget	\$ 550,000	
Projected Variance	\$ (169,875)	



Elgin Area

Primary Water Supply System

Report No.: EA-2022-02-13

Report Page: 4 of 4

Meeting Date: March 2, 2023

File No.: EA4137

CONCLUSION

On February 8, 2023, Birnam Excavating Ltd. (Birnam) submitted a bid in the amount of \$544,895.63 that was compliant with the tender process, specifications, and project requirements. Board staff recommend that the Board approve the increase in funds for this project, through the reserve. Board staff recommend that the Chair and Chief Administrative Officer be authorized to execute an agreement with Birnam for the construction of the service water connection for the Elgin Water Treatment Plant Low Lift Pumping Station.

Board staff also recommend that the Chair and Chief Administrative Officer be authorized to execute an engineering agreement with Eramosa to provide SCADA integration services for this project.

Prepared by: Marcy McKillop, P.Eng.,
Environmental Services Engineer

Submitted by: Billy Haklander, P. Eng., LL.M
Capital Programs Manager

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer