

# Agenda

## Lake Huron Primary Water Supply System Joint Board of Management

2nd Meeting of the Lake Huron Primary Water Supply System Joint Board of Management

March 2, 2023, 2:00 PM

Committee Room #5

The Lake Huron 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
<b>1. Call to Order</b>	
1.1 Disclosures of Pecuniary Interest	
<b>2. Adoption of Minutes</b>	
2.1 Minutes of the 1st Meeting held on Thursday, January 19, 2023	3
<b>3. Consent Items</b>	
3.1 Kelly Scherr, Chief Administrative Officer - Quarterly Compliance Report (4th Quarter 2022: October - December)	8
3.2 Kelly Scherr, Chief Administrative Officer - Quarterly Operating Financial Status - 4th Quarter 2022	10
3.3 Kelly Scherr, Chief Administrative Officer - Capital Status Report	14
3.4 Kelly Scherr, Chief Administrative Officer - Environmental Objectives	21
3.5 Kelly Scherr, Chief Administrative Officer - 2023 to 2026 Meeting Schedule - Update	36
3.6 Kelly Scherr, Chief Administrative Officer - Ministry of the Environment, Conservation and Parks Inspection Report	38
<b>4. Items for Discussion</b>	

4.1	Kelly Scherr, Chief Administrative Officer - LH1020 Financial Plan Update	49
4.2	Kelly Scherr, Chief Administrative Officer - Procurement of Goods and Services and Disposal of Assets Policy	53
4.3	Kelly Scherr, Chief Administrative Officer - Delegation of Powers and Duties Policy	100
4.4	Kelly Scherr, Chief Administrative Officer - LH1408 Oneida Nation of the Thames Water Transmission Pipeline - Connection to LHPWSS - Administrative Award of Consulting Services	107
4.5	Kelly Scherr, Chief Administrative Officer - LH1107 SCADA Software Upgrade - Consultant Award	111

**5. Deferred Matters/Additional Business**

**6. Confidential**

6.1 Litigation/Potential Litigation/Matters Before Administrative Tribunals

A matter pertaining to litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board with respect to an event which may result in litigation against the Lake Huron Primary Water Supply System.

**7. Upcoming Meeting Dates**

June 1, 2023

October 5, 2023

December 7, 2023

**8. Adjournment**

# Lake Huron Primary Water Supply System Report

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

Attendance: Meeting held on Thursday, January 19, 2023, commencing at  
2:01 PM.

PRESENT: A. DeViet (Chair); C. Burghardt-Jesson, S. Franke,  
C. Grantham, S. Hillier, J. Keogh, D. Maguire, H. McAlister, A.  
Neeb, P. Van Meerbergen, J. Wilcox and G. Willsie and J. Bunn  
(Committee Clerk)

ALSO PRESENT: B. Haklander, A. Henry, M. McKillop 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

BURGHARDT-JESSON AND GRANTHAM

That A. DeViet **BE ELECTED** Chair, for the term ending November 30,  
2024. CARRIED

**Motion Passed**

FRANKE AND VAN MEERBERGEN

That S. Franke **BE ELECTED** Vice Chair, for the term ending November  
30, 2024. CARRIED

**Motion Passed**

## 2. Adoption of Minutes

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

BURGHARDT-JESSON AND GRANTHAM

That the minutes of the 4th meeting of the Lake Huron 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)

WALDEN AND VAN MEERBERGEN

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 Lake Huron Primary Water Supply System, for July to September 2022, **BE RECEIVED. CARRIED**

**Motion Passed**

3.2 Environmental Management System and Quality Management System

WALDEN AND VAN MEERBERGEN

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 Lake Huron Primary Water Supply System, **BE RECEIVED. CARRIED**

**Motion Passed**

3.3 Quarterly Operating Financial Status - 3rd Quarter 2022

WALDEN AND VAN MEERBERGEN

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 Lake Huron Water Supply System for the 3rd Quarter of 2022, **BE RECEIVED. CARRIED**

**Motion Passed**

3.4 2023 to 2026 Meeting Schedule

WALDEN AND VAN MEERBERGEN

That, on the recommendation of the Chief Administrative Officer, the proposed meeting schedule for the Lake Huron Primary Water Supply System Board of Management for 2023 to 2026, as appended to the report dated January 19, 2023, **BE APPROVED. CARRIED**

**Motion Passed**

3.5 Environmental and Quality Policy and Quality Management System Operational Plan

WALDEN AND VAN MEERBERGEN

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 Environmental and Quality Policy and Quality Management System Operational Plan:

- a) the above-noted report **BE RECEIVED**; and,
- b) the Environmental and Quality Policy and Quality Management System Operational Plan, as appended to the above-noted report, **BE ENDORSED** by the Lake Huron Primary Water Supply System Joint Board of Management. **CARRIED**

**Motion Passed**

**4. Items for Discussion**

4.1 LH1408 Oneida Nation of the Thames Water Transmission Pipeline - Connection to the Lake Huron Primary Water Supply System - Project Update

HILLIER AND KEOGH

That, on the recommendation of the Chief Administrative Officer, the report dated January 19, 2023, with respect to the Oneida Transmission Pipeline (LH1408) project Environmental Assessment and preliminary design, **BE RECEIVED. CARRIED**

**Motion Passed**

4.2 LH1260 Huron WTP Coagulation Upgrade - Project Update and Additional Engineering Services

HILLER AND WALDEN

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 a project update on the Lake Huron Primary Water Supply System Coagulation Upgrades (LH1260) project:

- a) the existing engineering assignment with Jacobs Consultancy Canada Inc., for additional contract administration and construction supervision services, **BE EXTENDED**, at an estimated cost of \$52,028 (excluding HST); and,
- b) the above-noted report **BE RECEIVED. CARRIED**

**Motion Passed**

4.3 LH2046 Lake Huron Water Treatment Plant Asset Condition Assessment

HILLIER AND BURGHARDT-JESSON

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 Lake Huron Water Treatment Plant Asset Condition Assessment project (LH2046):

- a) the proposal from WSP Canada Inc., for the completion of the asset condition assessment project for the Lake Huron Water Treatment Plant, **BE ACCEPTED**, in the amount of \$93,150.26, 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 Elgin Area 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**

4.4 LH1251 PAC Feed/Transfer Pump System Replacement - Consulting Services Agreement

## WALDEN AND GRANTHAM

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 Lake Huron Water Supply System Powdered Activated Carbon (PAC) System Upgrades Preliminary Design (LH1251) project:

- a) the Chair and the Chief Administrative Officer **BE AUTHORIZED** to execute a consulting services agreement with R.V. Anderson Associates Ltd. for the completion of a PAC System Upgrades Preliminary Design for the Lake Huron Water Supply System; and,
- b) the above-noted report **BE RECEIVED. CARRIED**

**Motion Passed**

### 4.5 LH1353 WTP Modification/Renovation and LH2047 Electric Vehicle Charging Stations

#### HILLIER AND NEEB

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 WTP Modification/Renovation (LH1353) and Electric Vehicle Charging Stations (LH2047) projects:

- a) the budget of the WTP Modification/Renovation (LH1353) project **BE INCREASED**, in the amount of \$500,000, for a total budget of \$850,000, with the additional funds being provided from the New Capital Reserve Fund; and,
- b) the above-noted report **BE RECEIVED. CARRIED**

**Motion Passed**

## 5. Deferred Matters/Additional Business

None.

## 6. Next Meeting Dates

March 2, 2023

## 7. Adjournment

The meeting adjourned at 2:49 PM.



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

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

**Subject:** Quarterly Compliance Report (4<sup>th</sup> Quarter 2022: October - December)

## RECOMMENDATION

That the Quarterly Compliance report with respect to the general, regulatory and contractual obligations of the Lake Huron 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 4<sup>th</sup> 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 were no new regulatory changes for this reporting period which may significantly impact the Lake Huron Primary Water Supply System (LHPWSS).

**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 LHPWSS.

**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 of 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, 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*.

**Adverse Water Quality Incidents (AWQIs):** There were no AWQI reported by the operating authority or 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 September 26, 2022. The final inspection report was received on January 3, 2023 with the final inspection rating still pending. The MECP inspection is the subject of a separate report to the Board.

The final inspection rating will be reported in 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



**Report No.:** LH-2023-02-03  
**Report Page:** 1 of 4  
**Meeting Date:** March 2, 2023  
**File No.:**

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

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

**Subject:** Quarterly Operating Financial Status – 4<sup>th</sup> Quarter 2022

## RECOMMENDATION

That this report regarding the Quarterly Operating Financial Status of the Lake Huron 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. Total electricity expenses for the year are approximately \$431,000 higher than the previous year largely due to increased volumes and commodity costs.
- 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, staff vacancies, and marginally lower total staffing costs as a result of the pandemic. 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, security services, office lease, telephone charges, network and SCADA maintenance, printing services, and pipeline locate costs. The nominal cost difference when compared to the same period in 2021 is largely attributed to increased insurance costs.
- Debt Principal and Interest payments occur twice per year; in the first and third quarter.

- 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 – 4<sup>th</sup> Quarter 2022

## Quarterly Financial Summary Report

Lake Huron 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	Variance Year To Date	2021 Year To Date
<b>Total Revenue</b>	<b>24,254</b>	7,710	23,492	96.9%	762	23,741
<u>Expenditures:</u>						
Contracted Operating Services	7,158	1,910	7,157	100.0%	1	6,887
Contracted Administrative Services	322	56	298	92.5%	24	318
Electricity	3,500	998	3,344	95.5%	156	2,913
Salaries, Wages, Benefits	961	290	911	94.8%	50	800
Administration and Other Expenditures	484	34	442	91.3%	42	350
Vehicles and Equipment	84	5	79	94.0%	5	51
Purchased Services & Professional Fees	1,427	198	1,250	87.6%	177	1,204
Debt Principle Payments	1,292	8	1,292	100.0%	0	1,261
Interest on Long-Term Debt	106	-8	94	88.7%	12	126
Contributions to Reserve Funds	8,921	8,921	8,921	100.0%	0	9,830
<b>Total Expenditures</b>	<b>24,254</b>	<b>12,412</b>	<b>23,788</b>	<b>98.1%</b>	<b>467</b>	<b>23,741</b>

**To:** Chair and Members, Board of Management  
Lake Huron 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 with regards to Lake Huron Primary Water Supply System capital projects:

- a) That this report regarding the status of capital projects **BE RECEIVED** for information.
- b) That projects LH1106 Ilderton Meter Chamber, LH1269 Settled Water TSS Analyser, LH1429 Huron South Water Conduit, LH1433 Asset Management Plan and LH2041 Plant Roof Replacement **BE CLOSED** and LH1266 Huron Plant UV Disinfection be **CANCELLED** with surplus funding in the approximate amount of **\$1,311,133** be released to the Reserve Funds.
- c) That projects LH1338 Plant Instrumentation, LH2039 Arva 600V MCC and LH1316-21 2021 Annual Maintenance **BE CLOSED** with additional funding in the approximate amount of **\$52,994** be drawn from 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 Lake Huron 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.

- 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
LH1016	Huron Safety Railing Replacement	\$500,000	\$395,763	Project ongoing
LH1020	2021 Financial Plan	\$50,000	\$27,740	Project ongoing
LH1021	Huron Low Lift Pump 6 Refurbishment	\$290,000	\$121,115	Project ongoing
LH1107	SCADA/PLC Software Review & Upgrade	\$500,000	\$32,043	Project ongoing
LH1207	Concrete Crack Injection	\$220,000	\$165,573	Ongoing multi-year project
LH1216	Closed Loop Chlorine Control	\$100,000	\$14,863	Project on hold pending LH1230 completion
LH1219	Filter Backwash Turbidity Meters	\$250,000	\$208,023	Project ongoing
LH1229	Security Upgrades	\$1,053,000	\$666,509	Project ongoing
LH1230	High Lift Pump Replacement	\$13,557,000	\$9,064,613	Project ongoing
LH1232	Arva Victaulic Repair	\$175,000	\$45,565	Project ongoing
LH1242	Hydraulic/Transient Model Update and Monitoring	\$540,000	\$260,094	Project ongoing
LH1243	McGillivray Electrical Upgrades	\$11,887,175	\$470,417	Project ongoing
LH1245	Walking Beam Flocculator Rehab	\$400,000	\$213,577	Project ongoing
LH1246	LL Building – Curtain Wall/Clearstory Window Replacement	\$425,000	\$382,042	Project ongoing
LH1251	PAC Feed/Transfer Pump System Replacement	\$260,000	\$12,045	Project ongoing



PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
LH1255	Crop Yield Monitoring – 2012 Rupture	\$110,000	\$109,343	Project ongoing
LH1256	Crop Yield Monitoring – 2014 Pipeline Twinning	\$1,500,000	\$128,974	Project ongoing
LH1257	Chamber 63 Access Culvert	\$405,000	\$145,953	Project ongoing
LH1260	Flash Mixer Upgrade	\$1,437,000	\$1,083,008	Project ongoing
LH1261	PLC Replacements	\$40,000	\$767	Project ongoing
LH1264	Vehicle Door Replacements	\$225,000	\$205,593	Project ongoing
LH1265	RMF Settling Tank Repairs	\$85,000	\$85,247	Project complete, warranty period
LH1267	Plant Interior Door Replacement	\$80,000	\$42,635	Project ongoing
LH1268	Obsolete Equipment Removal	\$150,000	\$109,523	Project ongoing
LH1272	Service Water Pipe Replacement	\$100,000	\$74,001	Annual program
LH1273	(PS3) Exeter-Hensall Pump Control Upgrades	\$100,000	\$7,441	Project ongoing
LH1274	SCADA Control Modifications	\$100,000	\$2,160	Project ongoing
LH1277	IT Asset Replacement Program	\$425,000	\$230,386	Project ongoing
LH1279	Cyber Intrusion Detection System	\$10,000	\$0	Project ongoing
LH1284	Huron Flocc Gear Drive	\$300,000	\$257,875	Project ongoing
LH1285	Pressure Reducing Valve	\$425,000	\$0	Project ongoing
LH1316-22	Annual Maintenance (2022)	\$125,000	\$75,808	Annual program



PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
LH1316-23	Annual Maintenance (2023)	\$125,000	\$0	Annual program
LH1317	Distressed Pipe Replacement	\$2,150,000	\$855,546	Project ongoing
LH1352	Arva Reservoir Structural Repairs	\$50,000	\$0	Project ongoing
LH1353	WTP Modifications	\$850,000	\$178,257	Multi-year project
LH1380	Clarifier Upgrades	\$350,000	\$175,456	Project ongoing
LH1388	Coagulation Optimization Study	\$50,000	\$0	Project to be initiated
LH1408	Oneida Transmission Pipeline	\$25,200,000	\$98,308	Project ongoing
LH1426	Microbial Inactivation and Storage EA	\$1,000,000	\$353,398	Project ongoing
LH1900	Record Drawings & Documents	\$491,000	\$404,811	Ongoing multi-year project
LH1901	Water Quality Facility Plan	\$290,000	\$56,587	Project ongoing
LH2036	Roof Drain Replacement	\$75,000	\$44,883	Project ongoing
LH2038	Chamber Flood Prevention/Rehab	\$175,000	\$76,695	Project ongoing
LH2040	Remote Site Generator Connections	\$20,000	\$0	Project ongoing
LH2042	Pipeline-A Double Isolation Valve	\$1,247,000	\$13,374	Project ongoing
LH2043	Construction Site Trailer Pad & Electrical	\$75,000	\$31,538	Project ongoing
LH2044	Sub-Basement Drain Study	\$25,000	\$0	Project ongoing
LH2045	Monitoring Station Controls Upgrades	\$275,000	\$0	Project ongoing



PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
LH2046	Asset Condition Field Assessment	\$110,000	\$0	Project ongoing
LH2047	Electric Vehicle Charging Stations	\$10,000	\$0	Project ongoing
LH2048	De-Chlorination at Remote Stations	\$125,000	\$0	Project ongoing
<b>TOTAL</b>		<b>\$68,517,175</b>	<b>\$16,927,549</b>	

**A.2(a) Completed Projects – Release Surplus to Reserve Funds \$1,311,133**

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
LH1106	Ilderton Meter Chamber	\$100,000	\$67,517	Project complete
LH1269	Settled Water TSS Analyzer	\$75,000	\$58,409	Project complete
LH1429	South Water Conduit Emergency Repairs	\$725,000	\$679,104	Project complete
LH1433	Asset Management Plan 2021	\$150,000	\$146,124	Project complete
LH2041	Plant Roof Replacement	\$110,000	\$97,713	Project complete
LH1266	Huron Plant UV Disinfection	\$1,200,000	\$0	Project cancelled. Scope incorporated into LH1426
<b>TOTAL</b>		<b>\$2,360,000</b>	<b>\$1,048,867</b>	

**A.2(b) Completed Projects – Reduce Authorized Debt/Other Sources**

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
<b>TOTAL</b>		<b>\$ 0</b>	<b>\$ 0</b>	



*Lake Huron*  
Primary Water Supply System

**Report No.:** LH-2023-02-04

**Report Page:** 7 of 7

**Meeting Date:** March 2, 2023

**File No.:**

**A.3 Completed Projects – Additional Funding Required (\$52,994)**

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
LH2039	Arva 600V MCC	\$50,000	\$63,342	Project complete
LH1316-21	Annual Maintenance (2021)	\$125,000	\$163,387	Project complete
LH1338	Huron WTP Instrumentation	\$885,000	\$886,265	Project complete
<b>TOTAL</b>		<b>\$1,060,000</b>	<b>\$1,112,994</b>	

\* *Expended as of January 31, 2023*



**To:** Chair and Members, Board of Management  
Lake Huron 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 Lake Huron Primary Water Supply System Board of Management with respect to the environmental objectives:

- a) The Board of Management for the Lake Huron Primary Water Supply System **RECEIVE** this report for information; and,
- b) The Board of Management for the Lake Huron 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 Lake Huron Primary Water Supply System (LHPWSS) 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. Environmental objectives proposed for the next five-year period (2023-2027) will focus on three general but significant environmental aspects: electricity consumption, chemical consumption, and process water optimization.

### BACKGROUND

#### Environmental Management System

The LHPWSS 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:



Lake Huron

Primary Water Supply System

Report No.: LH-2023-02-05

Report Page: 2 of 16

Meeting Date: March 2, 2023

File No.:

- 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 two (2) environmental objectives and targets for the Lake Huron Water Treatment Plant (WTP). The objectives related to several general but significant environmental aspects: electricity consumption and chemical consumption.

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 Lake Huron WTP, including the Residuals Management Facility (RMF), a target of <700 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 Lake Huron WTP, including the RMF, a target of <48 kg/ML measured on a quarterly basis

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

## DISCUSSION

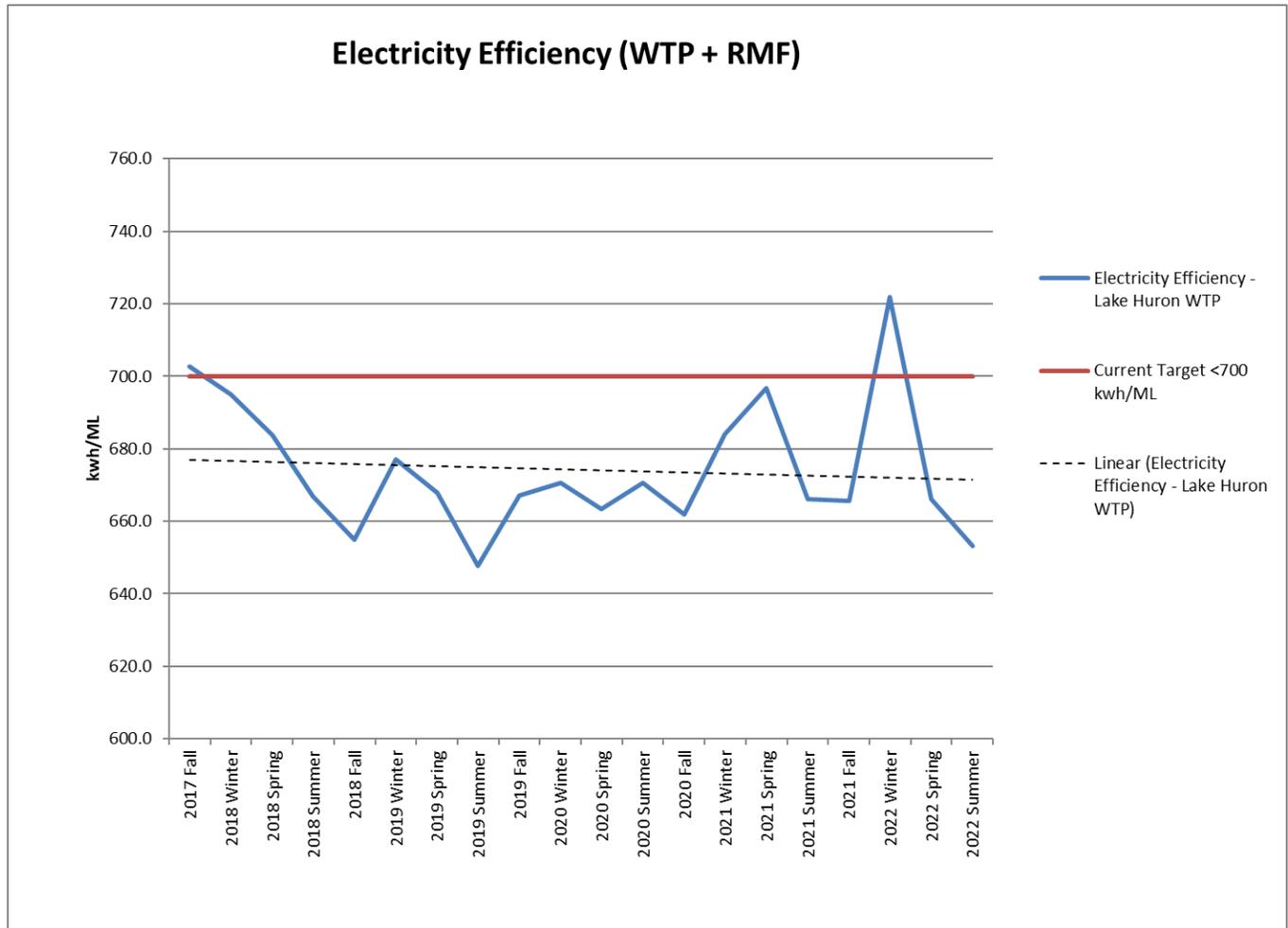
### Results - Environmental Objectives (2017-2022)

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: <700 kWh/ML



The target related to electricity efficiency has consistently been achieved on an annual basis. Recent spikes in winter 2021 & winter 2022 were attributed to one clearwell being out of service for emergency repairs, resulting in increased filter backwashing requirements. Increased electricity consumption occurring in fall and winter months can be partially attributed to seasonal storms and raw water conditions, which result in increased run time 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 674.1 kWh/ML which is better than the target of 700 kWh/ML.

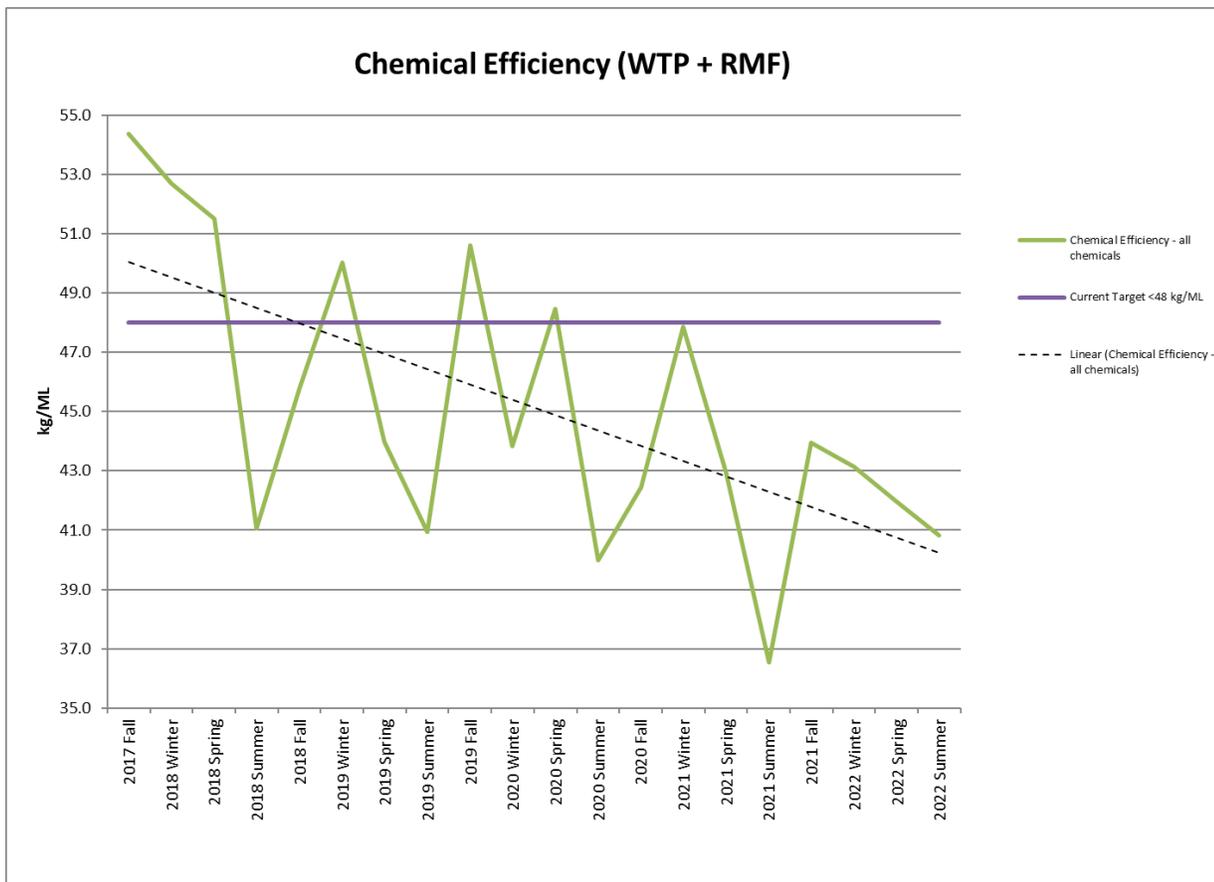


A key program success achieved in 2022 was the completion of the High Lift Pump (HLP) upgrade project. Four (4) new pumps were commissioned in 2022, the benefits of which should be seen during the monitoring of electricity consumption over the next five (5) years. Energy awareness training for operations 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 700 kWh/ML to 670 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: <48 kg/ML



The target related to chemical efficiency has been consistently achieved on an annual basis since 2018, noting that there are seasonal fluctuations. 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 45.1 kg/ML which is better than the target of 48 kg/ML.

Program success is mainly attributed to the operating authority switching to a different type of coagulant (i.e., aluminum sulphate) product in 2018.

It is recommended that the Board continue to pursue an objective related to chemical consumption as there are still further opportunities to improve this trend. It is recommended that the target be lowered from 48 kg/ML to 44 kg/ML as data analysis indicates this is achievable given current results.

### **Proposed New Environmental Objectives (2023-2027)**

When setting environmental objectives, the LHPWSS 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.

At the November 23, 2022 Management Review meeting, Top Management approved a recommendation that two (2) environmental objectives carry forward, and one (1) new environmental objective be added. Updates are 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: Lake Huron WTP (including Residuals Management Facility)

Target: <670 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: Lake Huron WTP (including Residuals Management Facility)

Target: <44 kg/ML measured as an annual average, with quarterly monitoring

**Objective #3:** Optimize the use of process water, including backwash water, in the production of treated potable water and associated residuals treatment.

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

Target Location: Lake Huron WTP (including Residuals Management Facility)

Target: No specific target established. Quarterly monitoring to review progress.

A detailed program has been established which document 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 and baselines 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, 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.

## CONCLUSION

The registered ISO14001 Environmental Management System requires specific and measurable environmental objectives to be established by the LHPWSS 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 LHPWSS  
[Appendix B](#) - Proposed Environmental Objectives, Targets and Program (2023-2027)



**APPENDIX A: SIGNIFICANT ENVIRONMENTAL ASPECTS AT THE LHPWSS**

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



*Lake Huron*  
Primary Water Supply System

**Report No.:** LH-2023-02-05

**Report Page:** 8 of 16

**Meeting Date:** March 2, 2023

**File No.:**

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

[See attachment]



*Lake Huron*

Primary Water Supply System

**2023-2027**

**Environmental Objectives, Targets and Program**

<b>Environmental Objective #1:</b>	Reduce the demand on the Provincial electrical generation and transmission system through efficiency, conservation and displacement efforts.
<b>Target Years:</b>	January 1, 2023 - December 31, 2027
<b>Target Location:</b>	Lake Huron Water Treatment Plant (including Residuals Management Facility)
<b>Target:</b>	<670 kWh/ML measured as an annual average, with quarterly monitoring

<b>Significant Environmental Aspects:</b>	Electricity consumption
<b>Compliance Obligations:</b>	Electricity Act and O.Reg. 507/18 (Broader Public Sector: Energy Reporting and Conservation and Demand Management Plans)
<b>Risks and Opportunities:</b>	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

<b>Environmental Objective #2:</b>	Optimize the use of chemicals in the production of treated potable water and associated residuals treatment.
<b>Target Years:</b>	January 1, 2023 - December 31, 2027
<b>Target Location:</b>	Lake Huron Water Treatment Plant (including Residuals Management Facility)
<b>Target:</b>	<44 kg/ML measured as an annual average, with quarterly monitoring
<b>Significant Environmental Aspects:</b>	Chemical consumption – water treatment Chemical consumption – residuals treatment
<b>Compliance Obligations:</b>	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
<b>Risks and Opportunities:</b>	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

<b>Environmental Objective #3:</b>	Optimize the use of process water, including backwash water, in the production of treated potable water and associated residuals treatment.
<b>Target Years:</b>	January 1, 2023 - December 31, 2027
<b>Target Location:</b>	Lake Huron Water Treatment Plant (including Residuals Management Facility)
<b>Target:</b>	No specific target established. Quarterly monitoring to review progress.

<b>Significant Environmental Aspects:</b>	Water consumption
<b>Non-significant Environmental Aspects:</b>	Water conservation
<b>Compliance Obligations:</b>	Permit To Take Water (PTTW) Ontario Water Resources Act (OWRA) and O.Reg. 387/04 (Water Taking and Transfer)
<b>Risks and Opportunities:</b>	Potential beneficial effects (opportunities) – cost savings; less electricity consumption (eg. less backwash pump run times); reduces RMF operation and associated impacts (less chemical consumption and electricity)
	Potential adverse effects (risks/threats) – there is potential to optimize process water use (eg. backwash program) to the point where water quality may be impacted which is a risk to regulatory and contractual performance limits; retrofits/upgrades may be required

Lake Huron Primary Water Supply System  
Environmental Program

Electricity Program (Objective #1)	Chemical Program (Objective #2)	Process Water Program (Objective #3)	Project Number	Project Name	Project Location	Project Manager	Project Microsite - Status	Rationale / Comments	Target Completion Date	Progress
✓			LH1021	Low Lift Pump Rebuild	WTP	JW / OCWA	Construction	Rebuilt pumps will be more energy efficient	2025	Rebuild on Low Lift Pumps #3, #4, #5, #6 is complete. Low Lift Pumps #1 and #2 are still to be done.
✓		✓	LH1219	Filter Backwash Turbidimeters	WTP	JW / OCWA	Construction	Project will optimize backwash run times. This will result in a reduction in pump run time (electricity efficiency) and reduction in process water used for backwashing.	2023	The 12 new backwash turbidity analyzers were placed in service in Jan. 2023.
✓			LH1230	High Lift Pump Replacement	WTP	BH / MM	Warranty	A monitoring period is in progress. There will be further electricity optimization through operational changes.	Project Completed: 2022 Warranty period: 2023	HLP replacement completed. All new pumps were operational by Aug. 2022. Operational assumption completed. Substantial performance issued in Sep. 2022. Contract now in warranty period. Monitoring continues in 2023.
✓	✓		LH1251	PAC Feed/Transfer Pump System Replacement	WTP	JS	Design	New pumps will be more energy efficient. Changes to the chemical dosing location and/or strategy will have the potential to improve chemical efficiency, but it is still to be determined if dosing location is changing (project is still in preliminary design phase).	Pre-Design: 2022/23 Detailed Design: 2023 Construction: 2024	Preliminary design of PAC System upgrades started October 2022 with anticipated completion February 2023. Detailed design will be completed in 2023. Anticipated construction start in 2024.
✓	✓	✓	LH1260	Coagulant System Upgrade	WTP	MM	Construction	The new pumps will be more energy efficient than the rotodips. A new injection point will optimize chemical efficiency. Optimized coagulation will reduce backwash frequency, impacting process water and electricity.	2023	Commissioning activities continued in late 2022 with the extension of work into 2023.
✓	✓		LH1388	Coagulation Optimization Study	WTP	MM	To be initiated	Optimization of chemical dosing.	TBD	This study will be initiated once the coagulation system upgrade (Project LH1260) is completed.
✓			LH1272	Service Water Pipe Replacement	WTP	JW / OCWA	Construction	The service water pumps will run more efficiently with new piping (electricity efficiency).	2023	Replacement of pipes and fittings of the service water piping throughout the plant. This timing is subject to change as a separate Service Water Study is also being planned (2024).

Electricity Program (Objective #1)	Chemical Program (Objective #2)	Process Water Program (Objective #3)	Project Number	Project Name	Project Location	Project Manager	Project Microsite - Status	Rationale / Comments	Target Completion Date	Progress
✓			LH1426	WTP Storage Environmental Assessment [2023: WTP Storage Reservoir and UV]	WTP	MM	Study	There will be a negative impact on electricity. The addition of UV will consume more electricity. Additional waste generated: Waste lamps/bulbs (but may be able to get LEDs in future) and UV cleaning chemicals.	Class EA: Completion 2022 Design: 2023/24 Construction: 2024-2026	The Notice of Completion for the Class EA was filed, and the 30-day review period ended Nov. 21, 2022. Preliminary design and detailed design to follow in 2023.
✓	✓	✓	LH1901-EA4084	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.
	✓		LH1216	Closed Loop Chlorine Control system	WTP	JW / OCWA	Design	Project will optimize chlorine dosing.	2023	Initial training/intro completed. OCWA re-started the design process in 2022.
	✓		LH1269	Settled Water TSS Analyser Installation	WTP	JW / OCWA	Completed	Real time Total Suspended Solids (TSS) information will help optimize the RMF polymer dosing.	Construction Completion: 2022 Optimization: 2023	The 4 new TSS analyzers were placed into service in Nov. 2022. Process optimization in 2023.
✓			LH1264	Overhead Truck Door Replac	WTP	JW / OCWA	On Hold	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	2024	The majority of the doors have already been replaced, with 1 door left to be replaced through this project: Low Lift Door in 2024.
✓			LH1380	Clarifier Upgrades	WTP	JW / OCWA	Construction	Small motors with a negligible impact. Top Management directed at the Nov. 23, 2022 Management Review to include this small project, even if impact is minimal	2024	Two of the clarifier upgrades are complete. There is one additional clarifier to be upgraded over the next two years. Project scheduled until 2024.
✓			LH2047-EA4195	Electric Vehicle Charging Stat	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. The installation will be undertaken as part of Project LH1353 (WTP Modification/Renovation Project).

Electricity Program (Objective #1)	Chemical Program (Objective #2)	Process Water Program (Objective #3)	Project Number	Project Name	Project Location	Project Manager	Project Microsite - Status	Rationale / Comments	Target Completion Date	Progress
✓			N/A	Remote Stations - Monitoring to establish electricity consumption baseline	McGillivray PS	EM / JW	N/A	Monitoring the electricity trend at this facility to establish a baseline and assess the impacts of upcoming projects: <ul style="list-style-type: none"> <li>LH1243 - McGillivray Electrical &amp; HVAC Upgrade</li> <li>LH1250 - McGillivray Pumps &amp; Valves Refurbishment</li> </ul>	2023	To be initiated
✓			N/A	Remote Stations - Monitoring to establish electricity consumption baseline	Exeter-Hensall PS	EM / JW	N/A	Monitoring the electricity trend at this facility to establish a baseline and assess the impacts of upcoming projects: <ul style="list-style-type: none"> <li>LH1273 - (PS#3) Exeter-Hensall Pump Control Upgrades</li> </ul>	2023	To be initiated
✓	✓		N/A	Remote Stations - Monitoring to establish electricity and chemical (chlorine) consumption baseline	Komoka-Mt. Brydges PS	EM / JW	N/A	Monitoring the electricity and chemical trends at this facility to establish a baseline and assess the impacts of upcoming projects: <ul style="list-style-type: none"> <li>LH1408 - Oneida Transmission Pipeline</li> </ul>	2023	To be initiated
✓	✓	✓	N/A	Monitor electricity, chemical, and process water 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



**To:** Chair and Members, Board of Management  
Lake Huron Primary Water Supply System  
**From:** Kelly Scherr, P.Eng., MBA, FEC  
Chief Administrative Officer  
**Subject:** 2023 to 2026 Meeting Schedule - Update

**RECOMMENDATION**

That the Board of Management for the Lake Huron Primary Water Supply System **APPROVE** the change in the start time for the December 7, 2023, meeting of the Board to 12:30pm from the normal 2:00pm.

**PREVIOUS AND RELATED REPORTS**

January 19, 2023	2023 to 2026 Meeting Schedule
December 2, 2021	2021 and 2022 Meeting Schedule - Revised
June 4, 2020	2021 and 2022 Meeting Schedule
October 4, 2018	2019 and 2020 Meeting Schedule
December 1, 2016	2017 and 2018 Meeting Schedule - Revised
October 16, 2016	2017 and 2018 Meeting Schedule

**BACKGROUND**

The Board of Management for the Lake Huron Primary Water Supply System regularly meets on the first Thursday of March, June, October and December. Rather than meeting in September (consistent with a meeting every three months) the budget report is issued in September, thirty days in advance of the October meeting, to allow for a comprehensive review period by the Board Members.

In the year of a municipal election, the meeting which would normally be held in December is deferred to at least mid-January in the following year to allow for each newly elected Municipal Council to recommend their Members and Alternates to the Board.

The Board normally meets at 2:00pm unless circumstances warrant an alternate time.



**DISCUSSION**

At the January 19, 2023 meeting of the Board, and consistent with past practices of meeting on the first Thursday of March, June, October and December, the following meeting dates were approved by the Board:

March 2, 2023	June 1, 2023	October 5, 2023	December 7, 2023
March 7, 2024	June 6, 2024	October 3, 2024	December 5, 2024
March 6, 2025	June 5, 2025	October 2, 2025	December 4, 2025
March 5, 2026	June 4, 2026	October 1, 2026	January 21, 2027 <sup>1</sup>

At the January 19<sup>th</sup> meeting, it was noted that there is the potential for a schedule conflict related to the approved meeting on December 7, 2023, starting at 2:00pm with that of a meeting of the Middlesex County Council starting at 3:00pm. Staff were requested to consider options for the Board’s consideration at a future meeting.

It is the recommendation of Board staff that the start time of the Huron Board meeting on December 7<sup>th</sup> be changed to start at 12:30pm. It is anticipated that this alternate start time is reasonable and should allow enough time for the Board meeting and accommodate travel time to the County Building in London for attending Board Members.

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

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

---

<sup>1</sup> The municipal election being held in October 2026 will require the meeting that would normally be held in December 2026 to be scheduled in mid- to late-January 2027.

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

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

**Subject:** Ministry of the Environment, Conservation and Parks Inspection Report

## RECOMMENDATION

That this report with respect to the Ministry of the Environment, Conservation and Parks (MECP) annual inspection **BE RECEIVED** for the information of the Board of Management.

## BACKGROUND

The Ministry of the Environment, Conservation and Parks (MECP) conducts an inspection of the Lake Huron Primary Water Supply System (LHPWSS) annually. The objective of the inspection is to determine the compliance of the drinking water system with specified requirements under the *Safe Drinking Water Act* and associated regulations, as well as licences and permits issued by the MECP. An inspection report is issued by the MECP which outlines any non-compliances as well as recommended best management practices for the water system's consideration.

Violations identified within an inspection report, if any, have been evaluated by the MECP based on the potential and degree of risk to consumers. Any identified violations are monitored for compliance with the minimum standards for drinking water in Ontario as set forth under the *Safe Drinking Water Act* and associated regulations. Where risk is deemed to be high and/or compliance is an ongoing concern, violations are forwarded to the Ministry's Investigation and Enforcement Branch by the Ministry Inspector.

## DISCUSSION

### Inspection Findings

The MECP conducted an announced "focused" physical inspection of the LHPWSS on October 4, 2022. The final inspection report was issued by the MECP on January 3, 2023. The inspection covered the period from November 1, 2021 through September 30, 2022.

The final inspection rating has not yet been received from the MECP. The rating will be reported to the Board in a future report.

There were three (3) non-compliances identified by the Ministry Inspector. One non-compliance was related to the "Operations Manuals" section of the inspection checklist. The other two non-compliances were listed as "Other Inspection Findings" as this was a focused inspection, and these items were outside the scope of the focused inspection checklist. Corrective actions were required by the operating authority to address the non-compliances. For the Board's information and reference, the specific details of the non-compliances and required corrective actions are found in [Appendix A](#) of this report.

The first two non-compliances relate to the same “event” but were written up as two separate findings, as two different parts of the legislation were referenced. The non-compliances relate to a change that was made to the rechlorination system at the Exeter-Hensall Pumping Station, more specifically several redundant sodium hypochlorite pumps were removed from service due to ongoing operational and maintenance challenges at that location. This change required a Form 2 (Record of Minor Modifications or Replacements to the Drinking Water System) and a Director Notification Form to be completed. The Operations & Maintenance (O&M) Manual was also required to be updated to reflect these changes. The Ministry Inspector found that the form submissions and Manual update had not taken place. Corrective actions have since been completed as required by the Ministry Inspector. The records have been filed and the O&M Manual was updated accordingly.

The third non-compliance relates to drinking water system operations. The operating authority has a number of Operators-In-Training (OITs) working in the system. A person who holds an OIT certificate cannot be designated as an Operator-In-Charge (OIC). An OIT has the ability to work alone (e.g., on a night shift or weekend shift) provided they do not perform the duties of an OIC. An OIT may set operational parameters while working alone, provided they are not doing so independently and within the scope established by a standard operating procedure.

The Ministry Inspector determined that, on several occasions, an OIT was making operational decisions such as adjusting chemical dosages and pump changes without consulting with an OIC prior to these changes. The operating authority has a Standard Operating Procedure (SOP) in place for OITs which documents the LHPWSS operational parameters (i.e., ranges they are allowed to operate within) and outlines when an OIC needs to be informed. The Inspector indicated the SOP provided general operational ranges for a few parameters, but not enough details and did not clearly document any decision points and the actions required to a level which removes any operational discretion. The operating authority has since updated the SOP to include more detail, including clear decision points and the actions required. The specific corrective action required in the inspection report was staff training on the regulation. The training has been completed by the operating authority as required.

All corrective actions were completed by the deadlines established. The Ministry Inspector confirmed by email on January 31, 2023, that based on the documentation provided, the file is now closed for the LHPWSS 2022/2023 inspection report.

The inspection report also included two (2) recommended best management practices (BMPs) identified by the Ministry Inspector for the water system’s consideration. BMPs and related recommendations are provided by the MECP with the goal to improve the owner and operating authority’s ability to protect public health, and/or ensure continuous improvement in the overall operation and maintenance of the drinking water system. BMPs do not impact the final inspection rating nor are they considered non-compliance findings.

The details of the best management practices and recommendations are included in [Appendix B](#) of this report.

The first BMP is administrative in a nature. The Municipal Drinking Water Licence (MDWL) requires that the O&M Manual contain a copy of the water treatment plant's CT calculations (i.e., disinfection calculations) in the worse case scenario. The Inspector was provided two separate documents and recommended that these be incorporated together. An explanation was provided to the Ministry Inspector that the LHPWSS has moved to a SharePoint electronic document management system, and all documents reside together within a shared Compliance Library. Nonetheless, the relevant section of the O&M Manual was updated to include an appendix containing the Technical Memo with the CT calculations at worst case scenario. The Inspector has now also been given direct access to the SharePoint Compliance Library.

The second BMP relates to physical protection of the drinking water system. The Inspector had two recommendations to prevent the introduction of contaminants into the system: replace the north clearwell access hatch to ensure a proper watertight seal; and add proper sealed screens to the vent located in the clearwell access building. Both of these items have been addressed.

Due to the length of the Ministry's final inspection report, this Board report contains a summary only for the general information of the Board. Copies of the complete inspection report as issued by the MECP are available to the Board, the benefiting municipalities, and the public at large from Board staff at the Regional Water Supply office in London upon request.

It is noted for the Board's information and reference that these annual inspection reports were previously posted to the water systems' website for ease of public access. Unfortunately, the Inspection Report issued by the MECP does not comply with the *Accessibility for Ontarians with Disabilities Act*. As a result, previous inspection reports have been removed from the water systems' website. This and future annual inspection reports issued by the Ministry will only be made available upon request until such time as the Ministry makes the document compliant with the Act.

### **Risk Rating**

The MECP applies a risk rating methodology to establish an annual inspection rating. Any non-compliance identified in the inspection report is evaluated based on the potential to compromise the delivery of safe drinking water to the public. For example, a "failure to document" may have a relatively low risk to the consumer, whereas a "failure to disinfect" would have a relatively high risk. The primary goal of this type of assessment is to encourage ongoing improvement and to establish a way to measure improvement, which is weighted by the severity of the risk. A low inspection rating does not necessarily mean that drinking water is unsafe, but rather it is an indication of the degree to which there is room for improvement with respect to a drinking water system's operation and related administrative activities.

This methodology of risk assessment and rating has been used consistently by the MECP since the 2008-2009 inspection period, and therefore can serve as a comparative measure both provincially and specifically to the LHPWSS since that time. The methodology utilized for annual inspections is reviewed by the MECP every three years. If changes occur in the application of the methodology and risk ratings, ratings from one three-year period may be slightly inconsistent with another.

The following table outlines inspection ratings for the LHPWSS over the last five years:

<b>Inspection Year</b>	<b>Final Inspection Rating</b>	<b># of Non-compliances</b>	<b>Type of Inspection</b>	<b>Operating Authority</b>
2018-2019	100.00%	0	Detailed	OCWA
2019-2020	93.25%	2	Detailed	OCWA
2020-2021	100.00%	0	Detailed	OCWA
2021-2022	100.00%	0	Detailed	OCWA
2022-2023	Pending	3	Focused	OCWA

At the time of writing this report, the final inspection rating was not yet available from the MECP. The final inspection rating will be reported in a future report to the Board.

### **Correspondence and Communications**

Prior to issuing the final inspection report, the Ministry Inspector issues a draft copy to the operating authority and owner representative, providing the opportunity to comment or request clarification on the findings.

Board staff opted not to comment on the specific details of the non-compliances, as they generally relate to the operating authority's operations. Board staff submitted one comment regarding a best management practice as well as some minor administrative comments.

The operating authority met separately with the Ministry Inspector to discuss the findings in the draft report, mainly non-compliance #3. Separate comments were submitted by the operating authority.

The non-compliances and recommendations are scheduled to be discussed at the next Management Review meeting between top management and staff. The discussion will include a root cause analysis of each non-compliance. Further internal action items may be assigned to prevent reoccurrence. Any subsequent action items identified will be added to the water system's corrective action tracking system. Board staff monitor and track the status of corrective action items through its Environmental Management System (EMS) and Quality Management System (QMS).



## CONCLUSION

The MECP inspection report has indicated that not all requirements of applicable legislation were met by the LHPWSS for this inspection period. Corrective actions have been completed as required to address the non-compliances. Board staff will continue to discuss any inspection findings with the MECP Regional Office to ensure that inspection findings are consistent, appropriate and relevant to the LHPWSS.

**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](#) - Summary of Non-compliance Items  
[Appendix B](#) - Summary of Best Management Practice Items

## APPENDIX A: SUMMARY OF NON-COMPLIANCE ITEMS

### Non-compliance #1

#### Question Group: Operations Manuals

**Question:** Do the operations and maintenance manuals meet the requirements of the DWWP and MDWL issued under Part V of the SDWA?

**Legislative Requirement:** SDWA | 31 | (1);

#### Observation/Corrective Action(s):

The operations and maintenance manuals did not meet the requirements of the Drinking Water Works Permit and Municipal Drinking Water Licence issued under Part V of the SDWA.

Municipal Drinking Water Licence #001-101 – Issue #6, Section 16 of Schedule B outline the requirements for the Operations and Maintenance Manuals. The Lake Huron Primary Water Supply System's Operations and Maintenance Manuals contain the aforementioned requirements as stated in the MDWL including but not limited to; contingency plans, procedures to deal with emergencies, procedures for dealing with complaints associated with the drinking water system and copies of the current permit and licence. The manual also includes other information pertinent to the operations of the drinking water system.

However, a review of the Operations and Maintenance Manual indicated that an updated description and procedures for the Exeter-Hensall Pumping Station and Reservoir had not been incorporated into the manual as per Schedule B of Section 16.3 of the current Municipal Drinking Water Licence. The current operations and maintenance manual describes seven (7) sodium hypochlorite pumps for rechlorination of treated water entering the reservoir (1 duty, 1 standby), rechlorination of water being discharged to South Exeter (2 duty, 1 standby) and the rechlorination of water being discharged to Hensall and North Exeter (2 duty, 1 standby). During the physical inspection, it was observed that three (3) hypo pumps had been permanently removed.

#### CORRECTIVE ACTIONS:

From herein, the Owner/Operating Authority shall ensure that any procedures necessary for the operation and maintenance of any alterations to the drinking water system shall be incorporated into the operations and maintenance manual prior to those alterations coming into operation as stipulated in the Municipal Drinking Water Licence #057-101-Issue #2, Section 16.3 of Schedule B. The Owner/Operating Authority shall submit to the undersigned Inspector, documentation that an updated description and procedures for the Exeter-Hensall Pumping Station and Reservoir have been incorporated into the operations and maintenance manual, no later than January 31, 2023.

**Status Update:** The corrective action was completed. The operating authority updated the rechlorination section of the Operations & Maintenance Manual and submitted it to the Ministry Inspector on December 28, 2022.

## **Non-compliance #2**

### **Question Group: Other Inspection Findings**

**Question:** Has the owner ensured that all equipment is installed in accordance with Schedule A and Schedule C of the Drinking Water Works Permit?

**Legislative Requirement:** SDWA | 31 | (1);

### **Observation/Corrective Action(s):**

The owner had not ensured that all equipment was installed in accordance with Schedule A and Schedule C of the Drinking Water Works Permit.

At the time of the inspection, the majority of the equipment and components that are described in the Drinking Water Works Permit #001-201 - Issue #5 under Schedule A and Schedule C were observed for the Lake Huron Primary Water Supply System.

However, the Drinking Water Works Permit references seven (7) sodium hypochlorite metering pumps located at the Exeter-Hensall Reservoir and Pumping station. Observations at the time of the inspection indicated that there were only four (4) sodium hypochlorite metering pumps on site and installed.

### **CORRECTIVE ACTIONS:**

From herein, the Owner/Operating Authority shall ensure that the equipment described in Schedule A and Schedule C in the current Permit is accurate. If an alteration to the Drinking Water Works Permit has taken place, condition 2.4 of Schedule B of the DWWP requires the Owner to notify the director within 30 days of altering the system or placing that equipment into service. It should be noted that upon notification of the aforementioned, the Owners/Operating Authority completed and submitted a Directors Notification on October 26, 2022, for the aforementioned alterations at the Exeter-Hensall Reservoir and Pumping Station.

**Status Update:** The corrective action was completed during the inspection, prior to the final report being issued. Upon being notified by the Inspector that records had not been completed as required, this was immediately resolved. Staff completed a Form 2 (Record of Minor Modifications or Replacements to the Drinking Water System) to document the change to the chemical metering pumps. The subsequent Director Notification Form was submitted to the MECP on October 26, 2022. As this was resolved prior to issuing the final inspection report no further action was required.

## **Non-compliance #3**

### **Question Group: Other Inspection Findings**

**Question:** Do only certified operators make adjustments to the treatment equipment?

**Legislative Requirement:** SDWA | O. Reg. 170/03 | 1-2 | (2);

**Observation/Corrective Action(s):**

Persons other than certified operators made adjustments to the treatment system.

The Lake Huron Primary Water Supply System currently employ a number of operators that hold an operator-in-training certification. Under O. Reg 128/04 s. 25(5) a person who holds an operator-in-training's certification shall not be designated as an operator-in-charge, therefore, the Owner/Operating Authority shall designate a person with a Water Treatment Level 1 Certification or higher as an operator-in-charge as per O. Reg 128/04 s 25(1) for the subsystem.

An OIC is defined as a person who is authorized to set operational parameters for the subsystem or for a process that controls the effectiveness or efficiency of the subsystem; and direct or instruct other operators in the subsystem to set such operational parameters.

A review of logbooks submitted indicated that Operators who hold an Operator-in-Training (OIT) certificate were performing duties of an Operator-in-Charge (OIC). OIT's were found to be making operational decisions such as adjusting chemical dosages and pump changes without consulting with an OIC prior to these changes. The Owner/Operating Authority provided a Standard Operating Procedure (SOP) entitled "OSOP-02-Operator in Training" to the Ministry for review. The SOP does provide general operational ranges for a few parameters; however, the SOP does not provide enough details and does not clearly document any decision points and the actions required to a level which removes any/all operational discretion for setting operational parameters.

**CORRECTIVE ACTIONS:**

From herein, the Owner/Operating Authority shall ensure that only OICs are authorized to conduct the following as prescribed by Ontario Regulation 128/04 – Section 26(1):

- (a) set operational parameters for the subsystem or for a process that controls the effectiveness or efficiency of the subsystem; and
- (b) direct or instruct other operators in the subsystem to set such operational parameters.

The Owner/Operating Authority shall also ensure the following conditions are met as prescribed by O. Reg. 128/04 – Section 26 (2):

- (c) ensure that records are maintained of all adjustments made to the processes within his or her responsibility
- (d) ensure that all equipment used in the processes within his or her responsibility is properly monitored, inspected, tested, and evaluated and that records of equipment operating status are prepared and available at the end of every operating shift.

The Owner/Operating Authority shall provide training for all staff on the requirements stipulated in Ontario Regulation 128/04 and shall submit documentation to ensure compliance with the



*Lake Huron*

Primary Water Supply System

**Report No.:** LH-2023-02-10

**Report Page:** 9 of 11

**Meeting Date:** March 2, 2023

**File No.:**

aforementioned including an Operator sign-off sheet to the undersigned inspector; no later than January 31, 2023.

**Status Update:** The corrective action was completed. The operating authority was required to provide training for all staff on O.Reg. 128/04 (Certification of Drinking Water System Operators and Water Quality Analysts). The operating authority completed the training and provided a copy of the training records and training presentation to the Ministry Inspector on January 24, 2023.

## APPENDIX B: SUMMARY OF BEST MANAGEMENT PRACTICE ITEMS

### Best Management Practice #1

**Question:** Were the inspection questions sufficient to address other identified best practice issues?

**Legislative Requirement:** Not applicable

**Observation/Corrective Action(s):**

1) A review of the Lake Huron Primary Water Supply System's Operations and Maintenance Manual indicated that it did not have a copy of the CT calculations that were used as the basis for primary disinfection under worst case operating conditions. It should be noted that the Owner/Operating Authority provided a separate documentation for the calculations upon request and the facility does utilize an online CT calculator through SCADA.

**Recommendations:**

1) It is strongly recommended that the Owner/Operating Authority incorporates a description of the primary and secondary disinfection process along with a copy of the CT calculations for the facility into the Operations and Maintenance manuals as stated in the MDWL #001-101 issue #6.

**Status Update:** The recommendation was addressed. The relevant section of the Operations & Maintenance Manual was updated to include an appendix containing the Technical Memo with the CT calculations at worse case scenario. Comments were provided to the Ministry Inspector to explain that the LHPWSS has moved to a SharePoint electronic document management system, and all documents reside together in a shared Compliance Library. The Inspector has now also been given direct access to this Compliance Library.

### Best Management Practice #2

**Question:** Has the owner provided security measures to protect components of the drinking water system?

**Legislative Requirement:** Not applicable

**Observation/Corrective Action(s):**

The owner had not provided security measures to protect components of the drinking water system.

The Lake Huron Water Treatment Plant remains locked at all times and is equipped with a security system which includes intrusion alarms, motion detectors and security cameras. The intrusion and motion alarms are connected to the SCADA System to alert the Owner/Operating Authority of an unauthorized entry. Operators are also located on site along with a security guard 24 hours a day, 7 days a week. Any visitors to the facility are required to sign in and out of the facility.



In addition to the aforementioned, all facilities are enclosed with security fencing with lockable gates and out stations are visited regularly by staff.

However, at the time of the inspection it was observed that the access for the north clearwell did not have an acceptable watertight hatch that would adequately prevent the ingress of contaminants as well as invertebrates, small animals and arachnids. It was also observed during the inspection that the clearwell access building, which is equipped with metal vents along the walls to allow proper venting to the outside, did not have proper screens that were secured and sealed, which would prevent leaves, small birds, and animals as well as invertebrates and arachnids access to the clearwell.

**Recommendations:**

It is strongly recommended that the Owner/Operating Authority replace the north clearwell access hatch to ensure a proper watertight seal in order to prevent the ingress of contaminants and invertebrate to the treated water supply as per the "Ten States Standards", which states that each manhole shall be fitted with a solid watertight cover which overlaps a framed opening and extends down around the frame at least two inches. The frame shall be at least four inches high. Each cover shall be hinged on one side and shall have a locking device.

It is also strongly recommended that the vent located in the clearwell access building be fitted with proper sealed screens as per "The Ten States Standards" which states that vents shall exclude birds and animals; as well as insects and dust and shall on groundlevel structures, open downward with the opening at least 24 inches above the roof or sod and covered with twenty-four mesh non-corrodible screen.

**Status Update:** The recommendation was addressed. Both the north clearwell and south clearwell access hatches have been replaced. The access hatches are now raised and have a watertight seal. The issue regarding vent screens in the clearwell access building was also addressed. The operating authority has cleaned out the access building vents, screens and light. A window gasket seal was added to the back side of the screen to seal off the vents. More screws have also been added to some loose flashing.



**To:** Chair and Members, Board of Management  
Lake Huron Primary Water Supply System  
**From:** Kelly Scherr, P.Eng., MBA, FEC  
Chief Administrative Officer  
**Subject:** LH1020 Financial Plan Update

**RECOMMENDATION**

That the Board of Management for the Lake Huron Primary Water Supply System **ENDORSE** the Financial Plan Update for the Lake Huron 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 Lake Huron Primary Water Supply System (LHPWSS) 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 LHPWSS. 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 LHPWSS; 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 5% annually from 2024 to 2029, and 4% annually for the remainder of the forecast (2030 to 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 LHPWSS 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 LHPWSS' policy on debt capacity is set at 20% of own revenue. Based on the 10-year capital forecast of the Plan, there is an anticipated debenture amount of \$10 million, which will be required in 2025. This amount is associated with the Water Treatment Storage Reservoir and UV project. The current (2022) debt capacity is 6% which is anticipated to decrease to 3% by 2025. Based on current projections, the debt capacity is anticipated to continue to 3% by 2032. Ultimately, the LHPWSS 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.

A review of the Board’s policies pursuant to the *Municipal Water and Sewage Systems Transfer Act, 1997* with respect to growth for expansion was undertaken as part of the Plan. It is noted that the ability of the Board to impose Development Charges is contingent on the outcomes associated with the ongoing review of the Board’s legal status under the Municipal Act. Pending the conclusion of the clarification of legal status, future consideration may be given to undertaking a Development Charges background study, as necessary, for funding future growth related projects.

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

## 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 Lake Huron Primary Water Supply System (L.H.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 L.H.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 \$177.85 million (\$199.71 million inflated);
- Annual operating expenditures are assumed to increase by an average of 3.35% 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 City of London, Township of Lucan-Biddulph and Municipalities of Bluewater, South Huron, Lambton Shores, North Middlesex, Middlesex Centre and Strathroy-Caradoc. Projected volumes anticipated over the forecast have been included in the analysis; and,
- Transfers to the asset replacement reserve in the amount of approximately \$5.58 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 1.5% in 2023, 5% annually from 2024 to 2029, and 4% annually for the remainder of the forecast period (2030 to 2032).

The following table 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
<b>Constant Rate</b>	\$0.5118	\$0.5194	\$0.5454	\$0.5727	\$0.6013	\$0.6314
<b>Annual % Increase</b>		1.5%	5.0%	5.0%	5.0%	5.0%

Description	2028	2029	2030	2031	2032
<b>Constant Rate</b>	\$0.6630	\$0.6962	\$0.7240	\$0.7530	\$0.7831
<b>Annual % Increase</b>	5.0%	5.0%	4.0%	4.0%	4.0%

**To:** Chair and Members, Board of Management  
Lake Huron 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 Lake Huron Water Supply System be **INTRODUCED** for three readings and approved by the Joint Board of Management for the Lake Huron Water Supply System.

## PREVIOUS AND RELATED REPORTS

None

## BACKGROUND

The Board of Management (Board) for the Lake Huron Water Supply System was established by Transfer Order (Order) issued by the Minister of the Environment of the province of Ontario effective September 15, 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 Lake Huron 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 March 2, 2000 being "A by-law relating to the procurement and disposal of goods, services, and equipment in respect of the Lake Huron 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 Lake Huron Water Supply System;
- A competitive procurement process is undertaken that is open, transparent and fair;
- The disposal of assets of the Lake Huron 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 September 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 Lake Huron Water Supply System was established by Transfer Order Lake Huron Area #W1/1998, effective September 15, 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 Lake Huron 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 Lake Huron 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 Lake Huron Water Supply System.

## 2 Applicability

Procurement activities for the Lake Huron 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 Huron 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 Huron.

**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 Huron to compensate Huron 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 Lake Huron Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act, 1997* and pursuant to Transfer Order Lake Huron Area #W1/1998 dated effective September 15, 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 Huron 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 Huron.

**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 Huron for the purpose of administration, management, and oversight of Huron.

**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 Huron, on a full-time or part-time basis, for a specified or indeterminate period of

time, in return for wages or a salary. Huron 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 Huron or its agents, executed by the successful bidder and Huron.

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

**Huron** – shall mean the Lake Huron Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act*, 1997 and pursuant to Transfer Order Lake Huron Area #W1/1998 dated effective September 15, 2000 and shall include the staff of the Regional Water division of the City of London seconded to Huron for the purpose of administration, management, and oversight of Huron.

**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 Huron and, preferably, licensed to operate by the Government of Canada or the Province of Ontario certifying that the bidder is insured in accordance with Huron's insurance requirements and completed on Huron 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 Huron standard Form of Bond to ensure that the contractor will fulfill its obligations to its employees, subcontractors and suppliers and thereby protects Huron.

**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 Huron 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 Huron 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 Huron 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 Huron, or the Administering Municipality on behalf of Huron, 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 Huron for the purpose of administration, management, and oversight of Huron, 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 Huron, 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 Huron 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 Huron including but not limited to contractors, consultants, suppliers, service organizations etc.

**Surplus** – shall mean Huron assets that exceed the portion that is utilized by Huron, 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 Lake Huron Area #W1/1998 dated effective September 15, 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 Huron 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 Huron.
- 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 Huron owned assets be undertaken with the full knowledge of the Board.
- 4.1.3 Huron encourages innovation and the use of appropriate technology which meets Huron specifications and industry standards in order to ensure the utilization of the most efficient and effective procurement processes and practices.
- 4.1.4 Huron 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 Huron is committed to maximizing sustainability benefits by engaging with the public marketplace and increasing the efficiency of procurement procedures and practices.

Huron utilizes a Sustainable Purchasing framework for procurement decision-making that will contribute to Huron's procurement objective to achieve best value for Huron 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 Huron's Environmental Management System and Quality Management System.

## 4.2 General Provisions

- 4.2.1 Unless otherwise provided in accordance with this Policy, Huron's Director of Regional Water shall act for Huron 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 Huron 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 Huron 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.

Huron 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 Huron.

In determining whether or not to reject a bid under this clause, Huron 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 Huron, its consultants and representatives, and whether the experience with the bidder indicates that the Huron is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the bidder. Huron will also consider delays in awards of subsequent Huron 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, Huron 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 Huron, 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 Huron 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 Huron 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 Huron 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 Huron.

### 4.3.3 Director of Regional Water

- a. Has responsibility for all procurement activities on behalf of Huron 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 Huron, 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 Huron 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 Huron.
- 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 Huron. 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 Huron.
- 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. Huron 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 Huron'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 Huron'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 Huron'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 Huron'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 Huron policies or any applicable law. Any such procurement shall also satisfy any applicable audit and documentation requirements of Huron.
- 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 Huron; 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 Huron; 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 Huron 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 Huron'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 Huron.
- 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 Huron'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 Huron 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 Huron'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 Huron 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 Huron 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 Huron 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 Huron'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 Huron 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 Huron 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 Huron 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 Huron, such as in the case of a bankruptcy or receivership;
- g. It is advantageous to Huron to acquire the goods or services from a supplier pursuant to the procurement process conducted by another public body;
- h. It is advantageous to Huron 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 Huron will enter are acceptable to Huron;
- 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. Huron'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 Huron 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 Huron. 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 Huron 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 Huron.

#### **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 Huron.
- 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 Huron'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 Huron'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 Huron 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 Huron'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 Huron 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 Huron; 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 Huron.
- 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 Huron account.

### **4.20 General**

#### 4.20.1 Cooperative Purchasing

- a. Huron may participate with other government agencies or public authorities in cooperative purchasing where it is in the best interests of Huron 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 Huron 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 Huron 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 Huron.

#### 4.20.5 Local or Geographical Preference

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

#### 4.20.6 Terms and Conditions

All standard Huron 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 Huron'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**

<b>Value</b> (excluding taxes, duty & shipping)	<b>Tool / Procurement Process</b>	<b>Approval Authority</b>	<b>Policy Section</b>
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

<b>Value</b> (excluding taxes, duty & shipping)	<b>Tool / Procurement Process</b>	<b>Approval Authority</b>	<b>Policy Section</b>
	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

<b>Value</b> (excluding taxes, duty & shipping)	<b>Tool / Procurement Process</b>	<b>Approval Authority</b>	<b>Policy Section</b>
	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**

<b>Value</b> (excluding taxes, duty & shipping)	<b>Tool / Procurement Process</b>	<b>Approval Authority</b>	<b>Policy Section</b>
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 Huron 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 Huron 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 Huron'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 Huron land (real property) is subject to Board approval.

- 13. Grant Funding, given or paid by Huron 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 Huron.	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 Huron 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 Huron contracts or from which it purchases goods and/or services, as well as all Regional Water staff and agents who act on behalf of Huron 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 Huron. 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, Huron 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  
Lake Huron 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 Lake Huron Water Supply System be **INTRODUCED** for three readings and approved by the Joint Board of Management for the Lake Huron Water Supply System.

**PREVIOUS AND RELATED REPORTS**

None

**BACKGROUND**

The Board of Management (Board) for the Lake Huron Water Supply System was established by Transfer Order (Order) issued by the Minister of the Environment of the province of Ontario effective September 15, 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 Lake Huron 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 Lake Huron Water Supply System has not adopted a formal policy relating to the delegation of powers and duties. Since its inception in September 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.



*Lake Huron*  
Primary Water Supply System

**Report No.:** LH-2023-02-08

**Report Page:** 2 of 7

**Meeting Date:** March 2, 2023

**File No.:**

## 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 Lake Huron Water Supply System was established by Transfer Order Lake Huron Area #W1/1998, effective September 15, 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 Lake Huron 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 Lake Huron 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 Lake Huron Water Supply System.

## 3 Definitions

**Benefiting Municipalities** – shall mean the municipalities, communities and/or settlements which receive treated potable drinking water from the Huron pursuant to Transfer Order Lake Huron Area #W1/1998 dated effective September 15, 2000 and any Water Supply Agreement with Huron.

**Board of Management** (and Board) – shall mean the Board of Management for the Lake Huron Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act, 1997* and pursuant to Transfer Order Lake Huron Area #W1/1998 dated effective September 15, 2000.

**Huron** (and Lake Huron) – shall mean the Lake Huron Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act, 1997* and pursuant to Transfer Order Lake Huron Area #W1/1998 dated effective September 15, 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 Huron.

#### 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 Huron 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 Huron 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 Huron 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 Huron 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 Huron, including but not limited to a posting on the Environmental Registry of Ontario.

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

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

**Subject:** LH1408 Oneida Nation of the Thames Water Transmission Pipeline – Connection to LHPWSS – Administrative Award of Consulting Services

### RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the Oneida Transmission Pipeline (LH1408) project:

- a) The Board of Management for the Elgin Area Primary Water Supply system **DELEGATE** authority to the Chief Administrative Officer to administratively award a consulting services assignment, following a public procurement process which complies with the Board’s Procurement Bylaw, for the detailed design, tendering and construction phases of the Oneida Transmission Pipeline (LH1408) project provided the proposal from the successful proponent meets the Request for Proposal terms and conditions, is within the budget previously approved by the Board and the Water Supply Agreement with Oneida Nation of the Thames is fully executed;
- b) The Board of Management for the Lake Huron Primary Water Supply system **AUTHORIZE** the Chair and Chief Administrative Officer to execute a consulting services agreement with the successful consulting firm for the completion of the detailed design, tendering and construction phases of the Oneida Transmission Pipeline (LH1408) project subject to the delegation of authority as outlined above; and,
- c) the Board of Management for the Lake Huron Primary Water Supply System **RECEIVE** this report for information.

### PREVIOUS AND RELATED REPORTS

March 3, 2022	Oneida Nation of the Thames Water Supply
June 2, 2022	Oneida Nation of the Thames Water Supply Agreement
June 2, 2022	Oneida Nation of the Thames Transmission Pipeline Class Environmental Assessment and Preliminary Design – Consultant Award
October 6, 2022	Oneida Nation of the Thames Transmission Pipeline Municipal Class Environmental Assessment and Preliminary Design – Project Update
January 19, 2023	Oneida Nation of the Thames Transmission Pipeline – Connection to LHPWSS – Project Update

## BACKGROUND

At the March 3, 2022 meeting, the Board endorsed the request from Oneida Nation of the Thames (Oneida Nation) to supply drinking water to the Oneida Nation settlement from the Lake Huron Water Supply System and authorized Board staff to negotiate a Water Supply Agreement with Oneida Nation.

Given the location of the Oneida Nation settlement, it is proposed that the existing transmission pipeline, which currently terminates near the community of Mount Brydges, be extended to a connection point located near Muncey Road and Jubilee Drive. The preferred route for the water transmission main was presented at the October 6, 2022 meeting.

The preliminary design of the Oneida Nation transmission connection was completed by Stantec Consulting Ltd. in January 2023. The preliminary design was summarized at the January 19, 2023 meeting.

The preliminary design confirmed that the project is a Schedule A+ activity, in accordance with the Municipal Class of projects under Ontario's *Environmental Assessment Act (1990)*, and as outlined in the Municipal Engineers Association's *Municipal Class Environmental Assessment* document (2000, as amended in 2007, 2011 and 2015). Schedule A+ projects are pre-approved, and do not require completion of the Municipal Class Environmental Assessment process; however, the public is to be notified prior to project implementation.

## DISCUSSION

This project is contingent upon Oneida Nation receiving funding through Indigenous Services Canada, as well as the subsequent execution of a Water Supply Agreement between the Lake Huron Primary Water Supply system and Oneida Nation. The draft Water Supply Agreement was presented and approved by the Board at the June 2, 2022 meeting.

The funding agreement between Oneida Nation and Indigenous Services Canada is currently anticipated to be in place before the end of March 2023 and includes the transmission pipeline as well as separate works within the Oneida Nation water distribution system. Once the overall project is approved by Indigenous Service Canada, including the transmission pipeline undertaken by the Lake Huron Water Supply System, Oneida Nation will be immediately advanced the funding. Oneida Nation has expressed that they would then sign the Water Supply Agreement with the Lake Huron Primary Water Supply System.

A Water Supply Agreement was previously approved by the Board at the June 2, 2022 meeting of the Board, and the Board Chair and Chief Administrative Officer authorized to execute the agreement with Oneida.

Board staff initiated a competitive two-stage procurement process in late 2022 to pre-qualify engineering consultants to provide proposals for the detailed design, tendering and construction administration services.

The first stage of the procurement process was a request for qualification process (RFQUAL#2022-303) and will be followed by a request for proposal process once the Water

Supply Agreement is fully executed. Board staff have pre-qualified the following three firms, based on RFQUAL#2022-303:

- AECOM Canada Ltd.;
- Associated Engineering (Ont.) Ltd.; and
- Stantec Consulting Ltd.

The Request for Proposal for Engineering Services for detailed design, tendering and construction phases of the project will be issued to these three pre-qualified engineering consultants following the execution of the Water Supply Agreement with Oneida Nation. Board staff anticipate that they will be in position to award of engineering services in April/May 2023.

With the next Board meeting scheduled for June 2023, and in order to expedite the project as much as reasonably possible, staff are requesting the Board to delegate the authority to award the consulting assignment to the Chief Administrative Officer, subject to the award not exceeding the budget previously approved by the Board. Staff also request that the Board authorize the Chair and Chief Administrative Officer the authority to execute a consulting services agreement with the successful consulting firm, provided their proposal meets the Request for Proposal terms and conditions for engineering services. This would allow for a smooth transition and ensure timely initiation of the detailed design phase, and avoid delays associated with the timing and frequency of board meetings.

The remaining project phases for this transmission main project are outlined below, in order:

- detailed/final design including approvals;
- tendering;
- construction; and,
- warranty period.

The overall timing of these above project phases may depend on the schedule and key milestones established in the funding agreement, and will require coordination with the planned Oneida Nation water distribution system upgrades.

**FINANCIAL**

The following is a summary of projected and incurred expenditures to date for the LH1408 Oneida Transmission Pipeline:

<b>Expenditure</b>	<b>Projected*</b>	<b>Incurred</b>
Preliminary Design	\$ 114,995	\$ 93,581
Detailed Design, Construction Supervision & Contract Administration	\$ 2,600,000	\$ 0
Construction	\$ 22,400,000	\$ 4,727
Contingency	\$ 10,454	\$ 0
<b>Total</b>	<b>\$ 25,125,449</b>	<b>\$ 98,308</b>
<b>Approved Budget</b>	<b>\$ 25,200,000</b>	
<b>Projected Variance</b>	<b>\$ 74,551</b>	

*\*Projected costs are net of HST*

**CONCLUSION**

Board staff will proceed with the subsequent project phases of the Oneida Nation of the Thames Water Transmission Pipeline project once the Water Supply Agreement is fully executed (anticipated to be at the end of March). The request for proposal for consulting engineering services, for the detailed design, tendering, and construction phases of the project, will be issued to pre-qualified consultants shortly following the execution of the Water Supply agreement. Board staff are requesting the Board to delegate authority to the Chief Administrative Officer to award the consulting services assignment, and to authorize the Chair and Chief Administrative Officer to execute the necessary consulting services agreement.

Board staff will continue to update the Board regarding the status of this project and means of public notification as the project progresses.

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



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

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

**Subject:** LH1107 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 (LH1107):

- a) The Board of Management for the Lake Huron 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 Elgin Area Water Supply System Board of Management, it being noted that the projected cost to Huron is \$434,253 or 50% of the proposed amount;
- b) The Lake Huron 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 Lake Huron Primary Water Supply System; and,
- c) The Board of Management for the Lake Huron 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 its 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 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 October 28<sup>th</sup> 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 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 \$868,508, including contingency, excluding HST, based on their current work plan. Huron's estimated portion of this fee 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.

**PROJECT FINANCIAL STATUS**

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

<b>Expenditure</b>	<b>Projected</b>		<b>Incurred</b>	
Engineering	\$	0	\$	-
Construction Supervision	\$	81,386	\$	-
Construction	\$	728,120	\$	50,704
Additional Services	\$	30,748	\$	
Contingency	\$	78,958	\$	-
<b>Total</b>		<b>\$919,212</b>		<b>\$50,704</b>
Projected Total Cost to Huron		\$,466,296		\$32,043
<b>Approved Huron Budget</b>		<b>\$500,000</b>		
<b>Projected Huron Variance</b>		<b>\$ ,33,704</b>		

**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. This project is being undertaken jointly with the Elgin Area 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