Request for Decision
City Council

Greater | Grand Sudbury
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Type of Decision

Meeting Date	February 27, 2008				Report Date	February 15, 2008			
Decision Requested	X	Yes		No	Priority	X	High		Low
	Direction Only				Type of Meeting	X	Open		Closed

Report Title

Physician Incentive Program - Future Budget Commitments

Budget Impact / Policy Implication

X	This report has been reviewed by the Finance

Accepting this recommendation would require a contribution of $120,000 from the Tax Rate Stabilization Reserve to fund the signing of four Family Medicine Residents in 2008 to four-year return of service agreements.

An option for $300,000 to fund all of the incentives would be presented in the 2009 budget.

Background Attached

Recommendation

Whereas a new Physician Recruitment and Retention Program was approved by City Council in 2007, and

Whereas, the Family Medicine Resident incentive component of the program is designed to make payments over four years, and

Whereas one-time funding was provided for the for the program in the 2008 Current Budget which does not provide for the four year payments,

Therefore be it resolved that the Council of the City of Greater Sudbury authorize future year payments for the Family Medicine Resident component to be funded from the Tax Rate Stabilization Reserve.

Recommendation Continued

Recommended by the Department

Doug Nadorozny
General Manager, Growth & Development

Recommended by the C.A.O.

Mark Mieto
Chief Administrative Officer

REVISED 2006-04-20

Report Prepared By	Division Review
Ryan Humeniuk Physician Recruitment Specialist	Rob Skelly Manager, Tourism, Culture and Marketing

Background

The Strategic Physician Recruitment and Retention Program was presented as a multi-year program from 2007 to 2011. One of the financial incentives, the Family Medicine Resident incentive requires a four year funding commitment. This incentive is to be paid out to an eligible medical resident in yearly $10,000 payments over four years for a total of $40,000. Our target for this incentive is to sign four Family Medicine Residents each year, for a total of 16 new family physicians. We currently have three medical residents prepared to commit.

As pointed out by the General Manager, Growth and Development when options were being considered during the 2008 Budget process, the $220,000 option for the program was incorrectly categorized and funded as a one-time requirement from the anticipated 2007 corporate surplus. Currently, with only a one year funding commitment, we would have to set aside the entire $40,000 for each signing medical resident so we can ensure funding for the entire four year commitment. This means that if we sign four medical residents in 2008, we would have to set aside $160,000 of our $220,000 total, leaving only $60,000 to fund the other incentives and not reach our incentive targets.

To rectify this situation, we have identified two options for Council to consider. We can continue with the program as presented and work to reach all of our incentive targets. This would mean that for the Family Medicine Resident incentive, City Council could authorize the future year commitments to be funded from the Tax Rate Stabilization Reserve. In other words, if we sign four Family Medicine Residents this year, the $120,000 committed from the Tax Rate Stabilization Reserve Fund would fund the future payments required.

The other option is to modify the program, operate within the funding approved for 2008, and reduce the targets for the other incentive areas. However, this would drastically reduce our ability to recruit the number of physicians the plan was designed to attract.

Although we have set targets for each of the incentive areas, the program needs to be flexible in order to take advantage of opportunities that arise. For example, while our target is for four Family Medical Residents, if we can sign up one or two more, we would not want to turn them away.

For 2009, a permanent option for $300,000 to fund all the incentives will be presented for Council's consideration.

Request for Decision
City Council

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Type of Decision

Meeting Date	February 27, 2008				Report Date	February 7, 2008			
Decision Requested	x	Yes		No	Priority	x	High		Low
		Direction Only			Type of Meeting	x	Open		Closed

Report Title

Taxicab Tariff Review

Budget Impact / Policy Implication

X	This report has been reviewed by the Finance Division and the funding source has been identified.

There is no budget impact

	Background Attached

Recommendation

THAT Council accept the taxicab tariff review report as submitted and approve the recommendations as set out by the Chief Taxi Inspector, specifically;

THAT a taxi tariff increase is not recommended at this time and that a further review be undertaken and a report be prepared for Council in July 2008;

AND FURTHER that Council appoint a Taxi By-law Review Committee to examine the current Taxi By-law 2003-3 and report back to Council prior to September 1, 2008 with recommendations and possible amendments.

	Recommendation Continued

Recommended by the Department

Doug Nadorozny
General Manager of Growth & Development

Recommended by the C.A.O.

Mark Mieto
Chief Administrative Officer

Report Prepared By	Division Review
Bryan Gutjahr Manager of Compliance & Enforcement Services	

BACKGROUND:

In an effort to capture the fluctuations in the taxicab costs due to gasoline and insurance costs for the taxi industry. The Chief Taxi Inspector/Manager of Compliance & Enforcement, conducts a review of taxicab tariffs every six months and taxicab plate numbers annually. The review is done to coincide with the taxi inspections conducted every year in March and August.

The staff report submitted to Council on August 8, 2007 indicated that the total change in taxi costs from April 2006 to July 2007 was an increase of only 1.7%. This would have translated into an increase of 4 cents to the taxi drop rate. As such, the Chief Taxi Inspector did not recommend a tariff increase at that time.

The current tariff review captures the time period of April 2006 to December 2007 and shows the taxi costs increase during this period to be 1.3%.

Taking into account that Greater Sudbury has one of the highest tariff rates in the Province, the Chief Taxi Inspector does not recommend a tariff increase at this time.

RECOMMENDATION:

As a result of the percentage increase being only 1.3%, the Chief Taxi Inspector does not recommend a tariff increase at this time. A further taxi tariff review will be undertaken and a report prepared for Council in August 2008.

Taxi Cab Numbers: Schedule "F" calculations

This calculation is scheduled to be completed in August 2008, and will be included in a report to Council at that time.

TAXI REVIEW COMMITTEE

BACKGROUND

The current by-law which regulates taxicabs, shuttles and limousines, By-law 2003-3 was implemented on September 1, 2003. It was developed with the assistance of Hara Associates in consultation with the Public, City Staff and the Taxi, Shuttle in Limousine Industry Stakeholders.

Due to concerns raised from City staff and the industry, in 2005, a Taxi By-law Review Committee was formed. The Committee consisted of one Councillor, the Chief Taxi Inspector, the Deputy Chief Taxi Inspector and staff from the legal department.

The Committee held a public meeting which was well attended by members of the public as well as owners and drivers within the industry. All comments and concerns were then reviewed by the Committee and a report was then presented to Council. As a result, some amendments were made to the current by-law.

The current By-law #2003-3 will expire on September 1, 2008, five years after coming into force and taking effect. As such, it is necessary at this time, to form a By-law Review Committee who will convene a public meeting and who will bring a report with recommendations back to council.

RECOMMENDATION

It is recommended that Council appoint a Taxi By-law Review Committee. This Committee would consist of at least one Councillor, Compliance and Enforcement Services Staff, and staff from Legal Services.

It is further recommended that the Taxi By-law Review Committee be directed to hold a Public Meeting to discuss possible changes to the by-law and report back to Council with recommendations and possible amendments prior to September 1, 2008.

SCHEDULE 'J'

ESTIMATION OF CHANGE IN COST OF OPERATING A TAXICAB

The change in the cost of operating a taxicab shall be estimated using the Cost Index method.[1] It may be calculated using Worksheets A and B of this Schedule. The following steps shall be followed:

Get Recent Cost Data: Obtain the most recent available number for each Proxy Time Series listed in Worksheet B and enter on the same line in Column E.[2]

Where a designated proxy series has been discontinued by Statistics Canada, the Chief Taxi Inspector may designate a new proxy series, giving first preference to related monthly series available from Statistics Canada. In this case the Chief Taxi Inspector must also replace the Base Value for March 2002 in Column D of the Worksheet with an appropriate value for the newly selected proxy.

1. **Calculate % Cost Increase of Each Item:** Calculate the value for each cell in Column G using numbers from the other columns and the formula (G=[E÷D-1]×100).

2. **Calculate Current Index Components:** Calculate the value for each cell in Column H using numbers from the other columns and the formula (H=[E÷D×B).

3. **Calculate Current Cost Index: Total** the values in Column H and enter them on line J of Worksheet B.

4. **Calculate % change in Cost of Operating a Taxicab Since March 2002: Calculate** cell K in Worksheet B using the formula.

The result of Step 5 should be reported and considered in review of adjustment to taximeter rates.

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[1] Explanatory Note: The Cost Index method is intended to be approximate, not exact. It estimates changes in cost by measuring changes in the cost of commodities and services that taxis share with other sectors of the economy. These changes are measured using publicly available statistics, such as components of the Consumer Price Index maintained by Statistics Canada. The Cost Index method is used because it uses data developed at arm's length from the industry, and avoids potentially lengthy and costly enquiries into the operating costs of individual taxicab owners and brokers. The index does not capture any unusual cost increases resulting from new requirements of operators by the Bylaw or administration of the City of Greater Sudbury.

[2] As of June 2003 these series are available through the Statistics Canada Internet web site for a nominal fee payable on line by credit card. The information in column B identifies the series within the Statistics Canada CANSIM database

Worksheet A: Calculation of Sudbury Cost Index

A Cost Item	B Share of Costs - March 2002	C Proxy Time Series For Cost Item (With Data Retrieval Information)	D Base Value April 2006	E Current Value Dec 2007	G =[E÷D-1]×100 Percent Change in Cost Item Since April 2006	H =E÷D×B Current Value of Index Component
Fuel	12.0%	**Consumer Price Index for Gasoline** V1691919 - Table 326-0001: Consumer price index, 2001 basket content; Ontario; Gasoline (Index, 2002=100)[P106074]	150.2	148.9	-0.9	11.9
Repairs & Maintenance	9.6%	**Consumer Price Index for Automotive Parts, Repair and Maintenance** v1691995- Table 326-0001: Consumer price index, 2001 basket content; Ontario; Automotive vehicle parts, maintenance and repairs (Index, 2002=100)[P106075]	114.4	118.1	3.2	9.9
Employed Driver Returns	26.4%	**Hourly Wage Transportation & Warehousing** v1591431 - Table 281-0029: Average hourly earnings for employees paid by the hour (SEPH); Ontario; Excluding overtime; Transportation and warehousing [48-49] (Dollars)[L181190]	19.99	20.12	0.7	26.6
Professional Fees	0.3%		19.99	20.12	0.7	0.3
Owner Driver Returns	29.2%		19.99	20.12	0.7	29.4
Insurance	11.3%	**Consumer Price Index for Auto Insurance** v1691997- Table 326-0001: Consumer price index, 2001 basket content; Ontario; Automotive vehicle insurance premiums (Index, 2002=100)[P106077]	127.5	136.8	7.3	12.1
Depreciation	4.0%	**Consumer Price Index for Vehicles** v71691992- Table 326-0001: Consumer price index, 2001 basket content; Ontario; Purchase of automotive vehicles (Index, 2002=100)[P106139]	102.5	98.1	-4.3	3.8
Return on Investment	1.4%		102.5	98.1	-4.3	1.3
Dispatch Fees	5.4%	**Consumer Price Index - All items** v169199 - Table 326-0001: Consumer price index, 2001 basket content; Ontario; All-items (Index, 1992=100)[P106000]	109.1	111.1	1.8	5.5
Miscellaneous	0.4%		109.1	111.1	1.8	0.4
TOTAL	**100.0%**					**101.3**

Worksheet B: Calculation of % Cost Increase Since March 2002

(I) Base Value of Cost Index April 2006	100.0
(J) Current value of Index (Total from column H of Worksheet A)	101.3
(K) Percent change in Taxi Costs Since March 2002 ((J÷I-1)×100))	**1.3%**

Notes:
The comparison period extends from April 2006 to December 2007, (Most recent data available as of February 2008)
These calculations follow the methodology established in By-law 2003-3. Schedule J. Using annual averages of monthly index values will produce different results.
Total of Column H may not sum due to rounding.

Schedule J Calculation of 2007 Taxi Cost Index

Worksheet A

Cost item	% share of costs Mar-02	Time Series	Base value Apr-06	Current value Dec-01 **	% change in cost item since April -06 =(E / D - 1) * 100	Current value of index component =E / D * B
Fuel	12.0	1691919	150.2	148.9	-0.9	11.9
Repairs & maintenance	9.6	1691919	114.4	118.1	3.2	9.9
Employed driver returns	26.4	1591431	19.99	20.12	0.7	26.6
Professional fees	0.3	1591431	19.99	20.12	0.7	0.3
Owner driver returns	29.2	1591431	19.99	20.12	0.7	29.4
Insurance	11.3	1691997	127.5	136.8	7.3	12.1
Depreciation	4.0	1691992	102.5	98.1	-4.3	3.8
Return on investment	1.4	1691992	102.5	98.1	-4.3	1.3
Dispatch fees	5.4	1691919	109.1	111.1	1.8	5.5
Miscellaneous	0.4	1691919	109.1	111.1	1.8	0.4
Total	**100.0**	[redacted]				**101.3**

Worksheet B

Base value April 2006	100.0
Current value of index	101.3
% change since April 2006*	**1.3**

* [(Current value of index / Base value March 2002 - 1) * 100]
** Information for 1591431 is from November 2007 (most current information available)

Source: Statistics Canada, Consumer Price Index, 2001 Basket Content.

Notes:

This comparison period extends from March 2002-December 2007 (Most recent data as of February 2008)

These calculations follow the methodology established in By-law 2003-3, Schedule J. Using annual averages of monthly index values will produce different results.

Prepared by D. Satchwill Municipal Law Enforcement Officer - Compliance and Enforcement Services City of Greater Sudbury
February 7, 2008

Request for Decision
City Council

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Type of Decision									
Meeting Date	February 27, 2008				Report Date	February 21, 2008			
Decision Requested	x	Yes		No	Priority	x	High		Low
		Direction Only			Type of Meeting	x	Open		Closed

Report Title

Levack Water Supply Project Update & Recommendation

Budget Impact / Policy Implication

x	This report has been reviewed by the Finance Division and the funding source has been identified.

This is Stage I of the project that can be completed from existing approved capital budgets. A report to Council will follow outlining the financing plan and budget implications for the unfunded balance of the project.

X	**Background Attached**

Recommendation

That staff be permitted to award the Phase I Watermain Construction to the low bidder meeting all contract specifications, terms and conditions; all in accordance with the report from the General Manager of Infrastructure Services dated February 21, 2008.

	Recommendation Continued

Recommended by the Department

Greg Clausen, P.Eng.
General Manager of Infrastructure Services

Recommended by the C.A.O.

Mark Mieto
Chief Administrative Officer

REVISED 2006-04-20

Report Prepared By	Division Review
Greg Clausen, P. Eng. General Manager of Infrastructure Services	

INTRODUCTION

At the January 30, 2008 Council meeting, staff presented an update report on the Levack Water Supply Project, copy attached as Appendix I. Council deferred the matter in order for staff to prepare a financial plan for this project.

Further, Council clearly indicated that they did not support staff's recommendation to single source for engineering services for the balance of this project.

As Council is aware, the City is under legal obligation to have an alternate water supply in place for the Community of Levack by December 31, 2008. Staff are very concerned that we will not be able to meet this deadline based on our current scheduling and timing of project awards. Staff is recommending that Council permit staff to award the Phase I of the Watermain project which has been tendered to the low bidder meeting our specifications.

STAFF ACTIONS

Immediately following the last Council meeting, City staff met with Vale Inco staff and requested a time extension to this project to permit the City to continue to pursue potential funding from both the Provincial and Federal governments through the next phase (Intake 4) of the COMRIF program and/or other funding program that may be introduced. COMRIF staff have indicated that the announcement of Intake 4 is imminent, however, as reported in the news media, the Federal and Provincial governments are still reviewing approval criteria suggesting that an early announcement may not be achievable. As Council will recall, COMRIF funding will not be approved for any project that has "started" ie. a shovel put in the ground, etc.

Inco staff said that they would entertain a request for extension with the following conditions:

1. The Ministry of the Environment (MOE) would extend Inco's current Certificate of Approval for the Levack Water Supply System;
2. That all costs associated with meeting number 1 above, be borne completely by the City; and
3. That any operational and legal obligations as a result of the extension could be assumed by the City.

With this information in hand, City staff then contacted the local office of the MOE and briefed them on the situation and requested a formal meeting of all parties to discuss this option. The local MOE staff are currently in consultation with their Approvals staff in Toronto and have agreed to schedule a meeting as soon as possible; hopefully within the next week.

Once staff knows what requirements and related costs that the MOE will require to extend Vale Inco's Certificate of Approval, we will report back to Council.

Over the last several years and as recently as last month, staff have had informal discussions with Vale Inco staff regarding their financial contribution towards this project. Inco staff are hopeful to be able to advise staff of Vale Inco's preliminary response prior to the Council meeting. This information will be immediately conveyed to Council.

Once the COMRIF application criteria are available, staff will report back to Council with a list of recommended projects for Council's consideration. This project will be one of staff's recommended projects for consideration.

Financial Services and Infrastructure Services staff are currently completing a full reconciliation of all financial components to this project. Staff will have a detailed report with recommendation available for the March 26, 2007 Council meeting. Similarly, the report will include a detailed financial plan and funding alternatives for Council consideration.

Also, as directed by Council, staff are preparing a Request for Proposal (RFP) for engineering services for the final stages of this project which include project administration and construction supervision, and inspection and testing services as necessary, and preparation of the final as-built drawings.

Staff are continuing to work on developing an agreement with Xstrata for the purchase of their Wickwas System. Our most recent joint meeting was held on February 20, 2008. Both parties are confident that we will be able to meet our target date of July 1, 2008 to complete the agreement and transfer of the Wickwas System to the City. The financing agreements for the purchase of the Wickwas System was presented to Council earlier and will be more fully described in an upcoming report to Council.

RECOMMENDATION

As Council is aware, the City is under legal obligation to have a new water supply system in place for the Community of Levack by December 31, 2008. Vale Inco's current Certificate of Approval expires on that date and their operation plans include discontinuing the production of potable water.

As will be fully explained to Council at the March 26, 2008 Council meeting, Council has already approved $4.5 Million for this project. Approximately $1.7 Million has already been spent or committed to date on this project, leaving a remaining available balance of $2.8 Million.

Staff are very concerned that we will not be able to achieve the legally obligated completion date of December 31, 2008 based on our current schedule. The tender for the first phase of the watermain construction from near the Onaping Water Tank to the Onaping River has been designed and tenders have closed.

Staff are recommending that this contract be awarded in the amount of approximately $2 Million which is available from the already approved funding.

As reported earlier to Council, this portion of the project will not be eligible for either Provincial or Federal funding based on current COMRIF criteria. However, staff feel that it is essential that we start the construction on the project in an attempt to complete the project by the mandated completion date.

APPENDIX 1

Request for Decision
City Council

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Type of Decision

Meeting Date	January 30, 2008			Report Date	January 18, 2008		
Decision	X	Yes	No	Priority	X	High	Low
	Direction Only			Type of	X	Open	Close

Report Title

Levack Water Supply Project Update

Budget Impact / Policy Implication

x This report has been reviewed by the Finance Division and the funding source has been identified.

Funding for the detailed design, construction supervision and contract administration of the Levack Water Supply Project will come from the approved 2008 Water Capital Budget.

A report will follow outlining the financing plan for the unfunded amount, once external contributions are secured.

X Background Attached

Recommendation

THAT Council approve the single sourcing of the detailed design, construction supervision, testing services, and contract administration for the final preferred alternative for the Levack Water Supply Project to Dennis Consultants at a cost of one million four hundred and thirteen thousand dollars ($1,413,000.00), excluding GST, as per their proposal dated September 28, 2007 as an extension to the existing City Contract Number PWD04-29, all in accordance with the report from the General Manager of Infrastructure Services dated January 18, 2008.

Recommendation Continued

Recommended by the Department

Peter Chiesa

Greg Clausen, P. Eng.
General Manager, Infrastructure Services

Recommended by the C.A.O.

Mark Mieto
Chief Administrative Officer

REVISED 2006-04-20

Report Prepared By	Division Review
Brad Johns, P. Eng. W&WW Services Facilities Engineer	Nick Benkovich /ns Nick Benkovich, B.E.S. Director, Water & Wastewater Services

Introduction

This report will provide Council with an update on the Levack Water Supply Project.

In November 2003, INCO (now Vale Inco) gave the City notice that they no longer wanted to provide potable water for the community of Levack. Staff immediately started the process to find an alternate water supply.

As Council will recall, our efforts have culminated in Council's approval to develop an agreement with Xstrata (formerly Falconbridge Nickel Mines Limited) whereby the City will purchase their Wickwas System and ultimately provide both the communities of Levack and Onaping as well as Xstrata mining operations from this one source. The City will fully own and operate the system and Xstrata will become our largest single private customer. We have target dates of July 1, 2008 to assume the ownership and operation of the Wickwas Water System, and September 1, 2008 to connect to the existing Levack Water Supply distribution system. Our commitment to both Vale Inco and the Ministry of the Environment (MOE) is to have a new water supply system for the community of Levack prior to December 31, 2008. We are confident that we will meet these target/milestone dates.

This report will also provide our current cost estimate to complete this project. KPMG was retained to complete an independent third party financial and business plan review of the final selected option to ensure that it was the best financial option for the City.

Dennis Consultants, a Division of R.V. Anderson Associates Limited was approved by Council to undertake the initial and final Environmental Assessments (EA) for this project. Dennis Consultants was retained because of their extensive experience in this subject area and their extensive knowledge of both the Inco and Xstrata water supply systems as well as the City's distribution systems. As Council was advised earlier, and regularly through this project, staff have authorized Dennis Consultants to do detailed design. To comply with our Purchasing By-law, staff is also requesting that Council formally approve Staff's direction and also authorize that Dennis Consultants be approved for the construction supervision and project/contract administration for the final phases of this project.

Background

In March 2003, the First Engineers' Report (as required by the Province for all Ontario facilities as a result of the Walkerton tragedy) for the Levack well field identified that the water from the Levack wells located along the Onaping River in Levack is under the direct influence of surface water. Consequently, INCO, now Vale Inco, was required by the MOE to upgrade the existing water supply and provide chemically assisted filtration in accordance with the Province of Ontario's regulations. To bring the treatment facility into compliance with the new regulations, Vale Inco would have needed to invest significant capital funds to upgrade the system and incur increasing operational costs. The well field provides potable water to both the community of Levack and to Vale Inco's mining operations. As discussed in the attached report to Council dated January 15, 2004 **(Appendix B)**, Vale Inco made a business decision to minimize their involvement in the operations and maintenance of potable water systems where possible.

Therefore, on November 27, 2003, Vale Inco, provided written notice, **(Appendix A)** to the City of Greater Sudbury that it was their intention to terminate the existing agreement to provide potable water to the community of Levack as of January 1, 2005. This agreement had been in place since May 19, 1976 . Therefore, the City of Greater Sudbury was now required to develop its own potable water supply for the community of Levack. The deadline approved by the MOE to meet the City's commitment to both Vale Inco and the MOE to be off the Vale Inco Levack Water System is December 31, 2008. The City then proceeded to complete an EA for the development of a new water supply for the community of Levack.

In January of 2004, Council approved retaining Dennis Consultants, a Division of R.V. Anderson Associates Limited to complete an EA for the Levack Water Supply Project **(Appendix B)**. The objective of this project was to evaluate a number of design alternatives and select a preferred alternative that would provide a reliable water supply to the community of Levack that meets both the City's requirement and MOE regulations and guidelines.

Class Environmental Assessment Process

Design Alternatives

Through the EA process, eight design alternatives were identified. The EA reviewed various potential water supply and treatment options. Before the preferred solution was finalized, the City retained Dennis Consultants, KPMG LLP, and Golder Associates as a team to undertake an identification and analysis of potential water supply sources. The analysis included consideration of the total operating and capital costs over a 50 year life cycle for each of the alternatives.

Public Consultation

One of the key principles of a successful EA is to maintain public consultation throughout the process. Public consultation allows the involvement of potentially affected parties so that their concerns regarding the preferred alternative can be addressed as early as possible in the EA process. The EA for the Levack Water Supply Project included five (5) Public Notices and (4) Public Information Centres (PIC).

Preferred Alternative

Until early 2007, the preferred alternative had been to construct a new water treatment plant to supply the community of Levack only, adjacent to the existing Vale Inco water treatment facility. On October 14, 2004, Council authorized Dennis Consultants to carry out additional investigation into this preferred alternative by conducting a groundwater assessment **(Appendix C)**. Through discussions with Xstrata, the new water treatment plant option was replaced with an alternative that involved utilizing the ground water source from the existing Xstrata Wickwas Well Complex and extending the existing distribution system from Onaping into Levack. KPMG was also retained to conduct an independent review of this alternative and provide recommendations relating to the proposed arrangement whereby the City would acquire the

Wickwas System for the purposes of meeting the potable water requirements for the communities of Levack and Onaping as well as for Xstrata operations. They have confirmed that this is the preferred solution.

Benefits to the Communities of Levack and Onaping
The implementation of this final preferred alternative will provide the following benefits and improvements:

- Improved water pressure in Onaping.
- Increased water storage volumes for Onaping and Levack.
- Increased fire protection.
- Improved security of supply.
- Less variability in water quality and water pressure.

Existing Onaping Water Supply System
The Onaping water supply system consists of two wells, a 60-year old wood stave ground level tank, a pressure control facility, the Hardy Booster station which feeds the Xstrata operations, and distribution piping throughout the community. The wells are currently owned by Xstrata and provide water to Xstrata and the community of Onaping.

Proposed Scope of Work
The ownership and operation of the Wickwas Well facility will transfer from Xstrata to the City of Greater Sudbury. The wells will supply potable water to Onaping and Levack as well as to Xstrata. **Appendix D** contains a map showing the final preferred alternative and provides the route of the proposed watermains, the Wickwas Wells upgrades and the new elevated storage tank location.

The improvements and upgrades which are required to supply water to Levack generally consist of the following:

- Improvements to the existing Wickwas well treatment facility, including the development of a third well.
- Replace existing wood stave water storage tank in Onaping with an elevated water storage tank and access road located on property near the existing tank.
- New watermain from the storage tank to Levack.
- Necessary various upgrades to existing distribution system to improve service levels.

Total Project Cost Estimate

The project cost estimate has been subdivided into three subsections, as discussed below, and is shown in the table in **Appendix E.**

Subsection I includes all costs associated with completing the Environmental Assessment including final preferred alternative for this project. These costs include the initial preferred new well alternative, including test well and analysis, developments of a second alternative, KPMG Business Plan and Financial Analysis/Review of all considered options, KPMG review of offers and business plans developed independently by both Xstrata and the City.

Cost Estimate $900,000

Subsection 2 - Detailed Design and Tender Preparation, Contract Administration, including Construction Supervision and Inspection and Testing Services and construction.	$15,425,000
Note: This cost includes an anticipated increase in construction costs of approximately twenty percent (20%).	
Subsection 3 - Purchase of Xstrata's Wickwas Water System	$2,175,000
Total Estimated Project Costs	$18,500,000
Less: Capital funds previously approved	($ 3,500,000)
Unfunded:	$15,000,000

In 2003, when Inco notified the City that they no longer wanted to provide potable water to Levack, Inco committed to providing financial assistance towards this project. We are confident that Inco will provide financial assistance and we are actively pursuing discussions with them. Similarly, staff are actively pursuing the possibility of funding assistance for this project from senior levels of government. Should the City be unsuccessful in securing funding from senior levels of government, the shortfall would have to be internally financed over a 10 year period, with annual repayments from future Water capital budgets. However, this project was not included in the Sustainable Capital Asset Management Plan for Water/Wastewater and places additional pressure on limited resources.

We will report back to Council in the near future on our success. At the same time, we will provide our recommended funding arrangements for this project.

Due to the strict time limits for completion of this project imposed by Vale Inco and the MOE and as reported to Council in our November 28, 2007 report , staff authorized Dennis Consultants to complete the detailed design of the final preferred alternative. In accordance with our Purchasing By-law, staff is now requesting that Council approve the single sourcing of the detailed design, construction supervision, testing services, and contract administration for the final preferred alternative for this project to Dennis Consultants at a cost of $1,413,000.00, excluding GST, as per their formal proposal dated September 28, 2007. These costs are included within the total shown in the "Subsection 2" costs discussed previously. This additional work will be an extension to the existing City Contract Number PWD04-29.

List of References

Included in the Appendices is a list of reference documents **(Appendix F)** which may be of interest to Council.

Appendices

Appendix A	Letter from INCO Limited to City of Greater Sudbury - Notice of intention to terminate the 1976 Service Agreement
Appendix B	Council report dated January 15, 2004 recommending retaining Dennis Consultants to develop Water Supply Strategy
Appendix C	Council report dated October 14, 2004 recommending a contract extension to Dennis Consultants for a Phase II Groundwater Assessment
Appendix D	Map showing Levack Water Supply Project components
Appendix E	Proposed Project Schedule and Costs
Appendix F	List of Reference Documents

Appendix A

Inco

RECEIVED
NOV 28 2003
CITY OF GREATER SUDBURY ENGINEERING

J.S. (Scott) McDonald
General Manager
Ontario Operations

November 27, 2003

DELIVERED

Mr. Paul Graham, P.Eng.
Plants Engineer
The City of Greater Sudbury
Tom Davies Square
200 Brady Street
SUDBURY, Ontario
P3A 5P3

Dear Mr. Graham:

RE: INCO LIMITED
Supply of Water to
THE CITY OF GREATER SUDBURY
LEVACK

I am writing to you as a result of our ongoing discussions relating to the Levack Water Treatment Plant and the supply by Inco Limited ("Inco") to The City of Greater Sudbury (the "City") of potable water from the Plant.

The relationship between Inco and the City is based on an Agreement dated May 19, 1976, between Inco and The Regional Municipality of Sudbury, now the City, (the "Agreement"). Section 6 of the Agreement provides as follows:

> **6. This Agreement shall run for a term of one year from the 1st day of January, 1976, and if not terminated as hereinbefore set out, shall be renewable automatically on a yearly basis. Should either of the parties to this Agreement desire to terminate the Agreement, such parties shall be required to give to the other party, one year's notice of cancellation, said notice to be given in writing to the other party at least thirty days prior to the anniversary date.**

Please be advised that pursuant to the provisions of the aforesaid Section 6 Inco hereby gives to the City notice of its intention to terminate the provisions of potable water to the City as of January 1st, 2005, on which date the Agreement shall terminate and become null and void.

The matter of Inco's participation in the City's project or Falconbridge's Seal Lake project has been discussed. You have advised us that it is the intention of the City to apply for funding under available provincial and federal infrastructure programs. Once all of the costs and all of the funding sources have been identified, Inco is prepared to discuss with the City what our role and participation could entail.

We look forward to assisting and working with the City to ensure an orderly transfer of this service takes place.

Yours very truly,

Scott McDoanld

COPY TAKEN

cc Don Belisle
Ron Swidchle
Nick Benkovich

Request for Decision
City Council

Greater | Grand Sudbury
www.city.greatersudbury.on.ca

Type of Decision

Meeting Date	January 15, 2004			Report Date	January 7, 2004		
Decision Requested	x	Yes	No	Priority	x	High	Low
		Direction Only		Type of Meeting	x	Open	Closed

Report Title

New Water Supply - Community of Levack

Policy Implication + Budget Impact

x This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.

X Background Attached

Recommendation

That Dennis Consultants be retained to develop a New Water Supply Strategy for the Community of Levack and that this assignment be carried out in accordance with the requirement of our Standard Engineering Service Agreements.

Recommendation Continued

Recommended by the General Manager

Don Belisle
General Manager of Public Works

Recommended by the C.A.O.

Mark Mieto
Chief Administrative Officer

Revised: January 8, 2003

Title: New Water Supply - Community of Levack

Date: January 7, 2004

Report Prepared By	Division Review
J.P. Graham, P.Eng. Plants Engineer	Don Belisle General Manager of Public Works

Background:

Based on an Agreement dated May 19th, 1976, Inco has supplied water to the City for the Community of Levack. Through their letter dated November 27th, 2003, Inco has given notice in accordance with the Agreement of its intention to terminate the provisions of potable water to the City as of January 1st, 2005, on which date the Agreement shall terminate and become null and void.

Inco is taking this action at the present time because of new regulations related to the supply of potable water. Essentially, Inco has made a business decision to minimize their involvement in the operations and maintenance of potable water systems where possible.

While Inco has given notice of termination of our Agreement, as outlined in their attached letter, they intend to work closely with the City and participate in finding a reasonable long term plan for the supply of water to Levack in order to ensure an orderly transfer of this service.

This transfer of service will require the preparation of an Environmental Study Report examining the alternatives and recommending a final solution. We recommend that Dennis Consultants be retained to prepare the Environmental Study Report necessary to develop a new supply strategy. Council should be aware that this recommendation does not follow the provisions of the City's Purchasing By-Law, in that proposals were not requested from various consulting firms. Dennis Consultants has worked with both Inco and the City around the issues regarding the supply of water to the Community of Levack for the past two and a half years. In fact, while working with Inco and evaluating their options regarding potable water supply in the Levack area, Dennis Consultants has already identified and costed most of the new supply options. Obviously their substantial knowledge of the situation positions Dennis Consultants to be able to complete this work, including the preparation of a final Environmental Study Report, in the most cost effective way.

The cost of preparing this Environmental Study Report will approach $75,000.00 and will be financed through funds in the 2002 Capital Water Envelope set up to carry out works associated with the implementation of new drinking water regulations.

Request for Decision
City Council

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Type of Decision

Meeting Date	October 14, 2004				Report Date	October 6, 2004		
Decision Requested	x	Yes		No	Priority	x	High		Low
		Direction Only			Type of Meeting	x	Open		Closed

Report Title

Levack Water Supply Supply
Groundwater Assessment - Phase II

Policy Implication + Budget Impact

x	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.

x	Background Attached

Recommendation

That Council authorize the Phase II Groundwater Assessment work for the proposed new Levack Water Supply as outlined in the letter proposal from Dennis Consultants dated October 1st, 2004, at an estimated cost of $400,000 and,

That Dennis Consultants be authorized to carry out this work as an extension of the City's Contract Number PWD04-29SP for the development of a New Water Supply Strategy for the Community of Levack.

	Recommendation Continued

Recommended by the General Manager

Don Belisle
General Manager of Public Works

Recommended by the C.A.O.

Mark Mieto
Chief Administrative Officer

Title: Levack Water Supply, Groundwater Assessment - Phase II

Date: October 6, 2004

Report Prepared By	Division Review
J.P. Graham, P. Eng. Manager of Environmental Innovation & Energy Initiatives	Don Belisle General Manager of Public Works

Background:

In November 2003, Inco gave notice to the City of its intention to terminate the provisions of an agreement to supply potable water to the Community of Levack as of January 1st, 2005.

During the meeting of January 15th, 2004, Council passed the following resolution:

"That Dennis Consultants be retained to develop a New Water Supply Strategy for the Community of Levack and that this assignment be carried out in accordance with the requirement of our Standard Engineering Service Agreements."

As background information we attach a copy of the Report that was provided during the January 15th meeting.

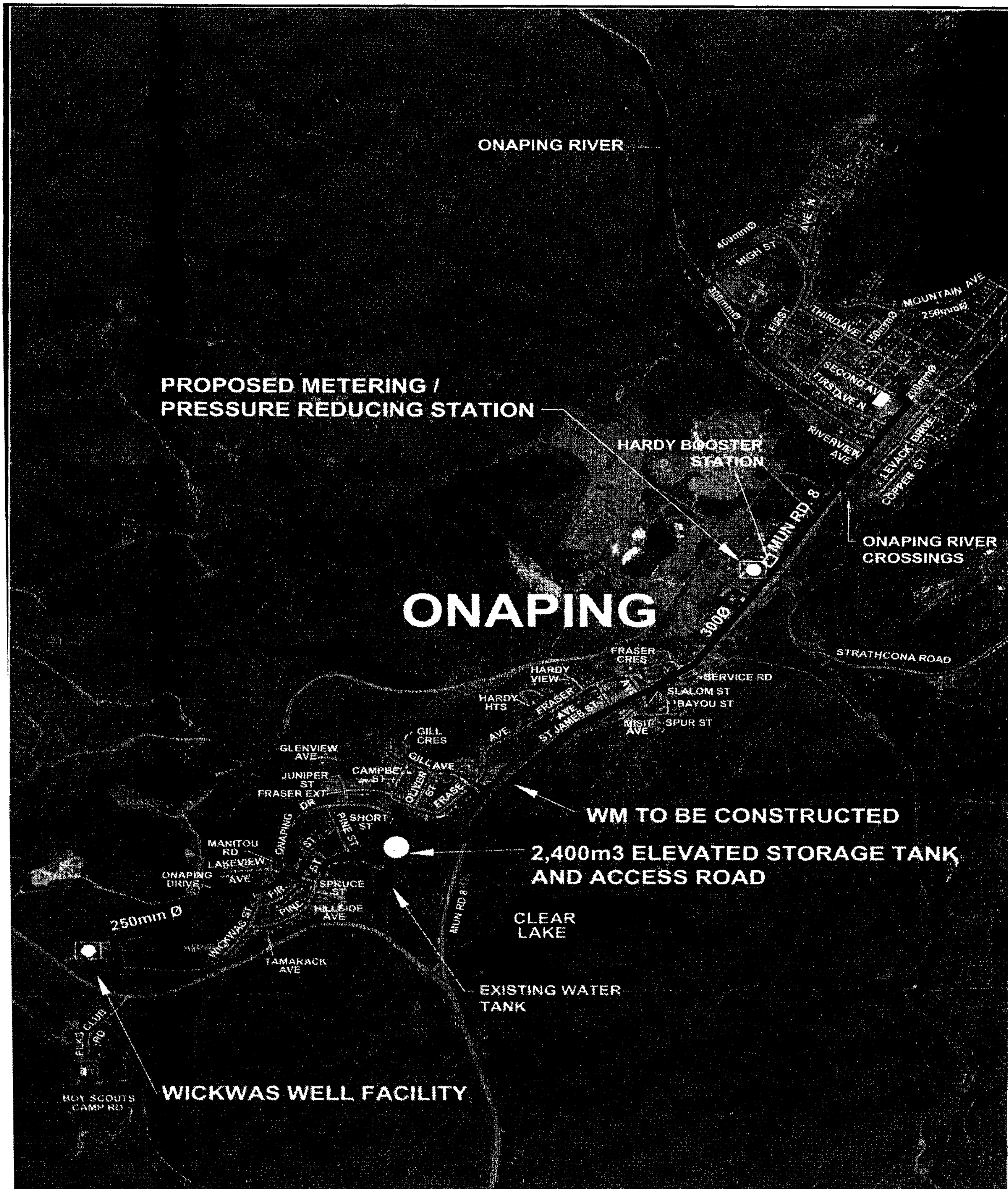
Since that time an Environmental Assessment Review has identified a potential groundwater supply northwest of the community as the preferred option for Levack's new water supply. As outlined in the attached letter from Dennis Consultants, "Desktop" Hydrological Studies indicate that this aquifer theoretically has the potential to supply the Community.

In order to confirm the viability of the aquifer, the next phase is to conduct additional borehole exploration and to develop a pilot test well for a 72-hour pump test to confirm that the groundwater aquifer has sufficient quantity of water available.

Following a successful 72-hour pump test, the next phase would be to develop a production well and carry out a three month pump test in order to confirm that there is adequate insitu filtration provided by the aquifer. This information is critical to confirm the treatment requirements at this location and to finalize the Environment Study Report.

The estimated cost to carry out this work is $400,000. The work will be funded from the 2004 Capital Water Budget under an item for the Levack Water Supply.

Dennis Consultants have been involved with this project since its infancy and we recommend that the existing contract with Dennis Consultants to develop a new water supply for Levack be expanded to include this work. Council should be aware that this recommendation does not follow the provisions of its Purchasing By-Law, in that proposals were not requested from other consulting firms.



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LEVACK WATER SUPPLY PROJECT

APPENDIX D

DENNIS CONSULTANTS
CIVIL ENGINEERS
a division of R.V. Anderson Associates Limited

Appendix E

Proposed Project Schedule and Costs

	Project Components	Completion Date	Construction Estimate	Sub-Totals
1	Work completed to date, prior to detailed design (incl. EA, KPMG, etc.)	Completed		**$ 900,000**
2	Distribution System Construction - 3 Contracts	June to September 2008	$7,300,000	
	Elevated Tank & Access Road	September 2008	$3,000,000	
	Wickwas Wells Facility Upgrades	Spring 2009	$2,000,000	
	Pressure Control Building (not including Xstrata's costs for Hardy Booster Stn. Replacement)	2008	$ 625,000	
	Contingency - anticipated increase of construction costs in 2008 (approx. 20%)		$2,500,000	
				$15,425,000
3	Purchase of Xstrata's Wickwas Water System			**$ 2,175,000**
Total Project Costs *				**$18,500,000**

* **Note:** Construction costs include detailed design, construction supervision, testing services, and contract administration.

Appendix F

Reference Documents

- Levack Water Supply Project - Class Environmental Assessment - Document Summary Report - September 2007
- KPMG Report - Proposed Acquisition of Wickwas Water System from Xstrata Ltd - 2007
- Water Supply Alternatives for Levack and Onaping - Analysis of Xstrata Wickwas Option - Advisory - KPMG
- Acquisition of Wickwas Water System by the City of Greater Sudbury - Analysis of Financial Implications to Xstrata Nickel - September 19, 2007 - KPMG
- Technical Proposal from Dennis Consultants - Alternative Water Supply - Community of Levack (Design, Contract Administration and Construction Supervision)
- New Water Supply System - Communities of Levack & Onaping - Community Update - Priorities Committee Meeting - Onaping Community Centre - April 18, 2007 - Presented by Greg Clausen