



Request for Decision City Council





| Type of Decision | | | | | | | | | | | |
|--------------------|--|------------------|-----|---|-------------|-----------------|------------------|---|------|--|--------|
| Meeting Date | | January 30, 2008 | | | Report Date | | January 23, 2008 | | | | |
| Decision Requested | | | Yes | X | No | Priority | | X | High | | Low |
| | | Direction Only | | | | Type of Meeting | | X | Open | | Closed |

| Report Title |
|---------------------------------------|
| My Workplace, My Story: Our Successes |

| Budget Impact / Policy Implication | Recommendation |
|---|-------------------------------------|
| <div> <div>This report has been reviewed by the Finance Division and the funding source has been identified.</div> <div>Not Applicable</div> </div> | <div>FOR INFORMATION</div> |
| <div>X</div> <div>Background Attached</div> | <div>Recommendation Continued</div> |

| Recommended by the Department | Recommended by the C.A.O. |
|--|--|
|  Caroline Halsworth Executive Director, Administrative Services |  Mark Mieto Chief Administrative Officer |

Date: January 23, 2008

| Report Prepared By | Division Review |
|---|--|
|  Sue McCullough Quality & Performance Initiatives Co-ordinator |  Caroline Hallsworth Executive Director, Administrative Services |

BACKGROUND

One of Council's long-term action plans, established for 2006, was to pursue "... an external accreditation process, which will facilitate review of service delivery ...". The process selected, following a review of alternatives, was the National Quality Institute (NQI) *Organizational Quality & Wellness* criteria. NQI is an independent, not-for-profit organization and the leading authority in Canada on workplace excellence based on quality and healthy workplace criteria. A steering committee ("Workplace Team") was established by Management with representation from departments/divisions across the City, to lead the NQI accreditation effort.

NQI accreditation focuses on six key organization components:

Leadership: Leadership through involvement/communicate the plan/measure progress

Planning: Strategic direction and planning/information used to plan/improvement goals

Citizen/Client Focus: Voice of the customer/customer knowledge/evaluate client needs

Employee Focus: Employee satisfaction & well-being/engagement/continuous learning

Process Management: Continuous improvement/document process/measure results

Supplier/Partner Focus: Managed relationships

Just one year ago, the City celebrated its achievement of Level 1 of the National Quality Institute (NQI) *Organizational Quality & Wellness* criteria. During 2007, the Workplace Team reviewed various policies and procedures of the City of Greater Sudbury and gathered evidence in support of the above six components toward accreditation at *Level 2: Transformation* of the 4-stage NQI (National Quality Institute) *Organizational Quality & Wellness* criteria.

While assembling the information, the Team noted a high level of symmetry in purpose among many corporate activities, which support principles like employee engagement and wellness in the workplace. For instance, the Wellness Committees and Joint Health & Safety Committees have been improving the workplace for several years now. Other initiatives began in the current term of Council through the Year of the Employee committees.

Date: January 23, 2008

The Team submitted a draft Level 2 criteria to NQI last fall, soliciting their comments as to the City's readiness to formally apply for Level 2 accreditation. The feedback received was very positive, with one caveat: while most of the elements are in place, the City needs to share these success stories with staff, to complete the engagement and communication aspects.

Today's presentation highlights many corporate initiatives that complement the continuing NQI accreditation process. This presentation has been and will continue to be shared with as many employees as possible over the next few months. 'My Workplace, My Story: Our Successes' sends the good news message that accreditation benefits employees and, ultimately, the citizens they serve. Following the completion of this outreach and communication campaign in the summer of 2008, the City's formal application for Level 2 accreditation will be submitted to the National Quality Institute.


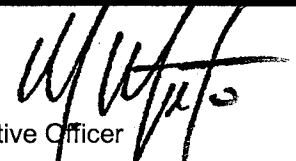
Request for Decision City Council




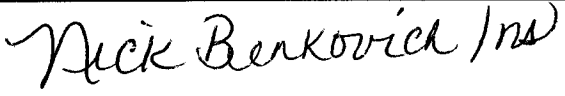
| Type of Decision | | | | | | | | | |
|------------------|------------------|-----|--|----|-------------|------------------|------|--|-------|
| Meeting Date | January 30, 2008 | | | | Report Date | January 18, 2008 | | | |
| Decision | X | Yes | | No | Priority | X | High | | Low |
| | Direction Only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

| Report Title |
|------------------------------------|
| Levack Water Supply Project Update |

| Budget Impact / Policy Implication | | Recommendation | |
|---|---|--|--------------------------|
| X | This report has been reviewed by the Finance Division and the funding source has been identified. | | |
| <p>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.</p> <p>A report will follow outlining the financing plan for the unfunded amount, once external contributions are secured.</p> | | <p>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.</p> | |
| X | Background Attached | | Recommendation Continued |

| Recommended by the Department | Recommended by the C.A.O. |
|--|---|
|  Greg Clausen, P. Eng. General Manager, Infrastructure Services |  Mark Mieto Chief Administrative Officer |

Date: January 18, 2008

| Report Prepared By | Division Review |
|---|---|
|  Brad Johns, P. Eng. W&WW Services Facilities Engineer |  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

Date: January 18, 2008

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

Date: January 18, 2008

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 watermain, 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

Date: January 18, 2008

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.

Date: January 18, 2008

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 |

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 Swickble
Nick Benkovich

Request for Decision City Council



| Type of Decision | | | | | | | | | |
|--------------------|-------------------------------------|-----|--|----|-----------------|-------------------------------------|------|--|--------|
| Meeting Date | January 15, 2004 | | | | Report Date | January 7, 2004 | | | |
| Decision Requested | <input checked="" type="checkbox"/> | Yes | | No | Priority | <input checked="" type="checkbox"/> | High | | Low |
| | Direction Only | | | | Type of Meeting | <input checked="" type="checkbox"/> | Open | | Closed |

| Report Title |
|--|
| New Water Supply - Community of Levack |

| Policy Implication + Budget Impact | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified. |
| | |
| <input checked="" type="checkbox"/> | 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 |

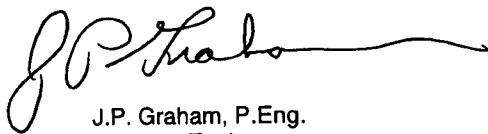
| Recommended by the General Manager |
|--|
| Don Belisle General Manager of Public Works |

| Recommended by the C.A.O. |
|--|
| Mark Mieto Chief Administrative Officer |

12

Date: January 7, 2004

Report Prepared By



J.P. Graham, P.Eng.
Plants Engineer

Division Review



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



Type of Decision

| | | | | | | | | | |
|--------------------|-------------------------------------|-----|--------------------------|----|-----------------|-------------------------------------|------|--------------------------|--------|
| Meeting Date | October 14, 2004 | | | | Report Date | October 6, 2004 | | | |
| Decision Requested | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No | Priority | <input checked="" type="checkbox"/> | High | <input type="checkbox"/> | Low |
| | Direction Only | | | | Type of Meeting | <input checked="" type="checkbox"/> | Open | <input type="checkbox"/> | Closed |

Report Title

Levack Water Supply Supply
Groundwater Assessment - Phase II

Policy Implication + Budget Impact

☒

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

☒

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

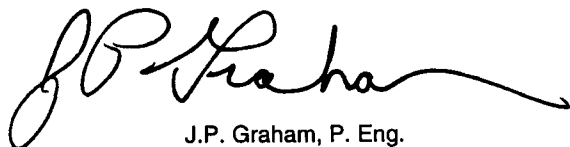
Don Belisle
General Manager of Public Works

Recommended by the C.A.O.

Mark Nieto
Chief Administrative Officer

Date: October 6, 2004

Report Prepared By



J.P. Graham, P. Eng.
Manager of Environmental Innovation & Energy Initiatives

Division Review



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.

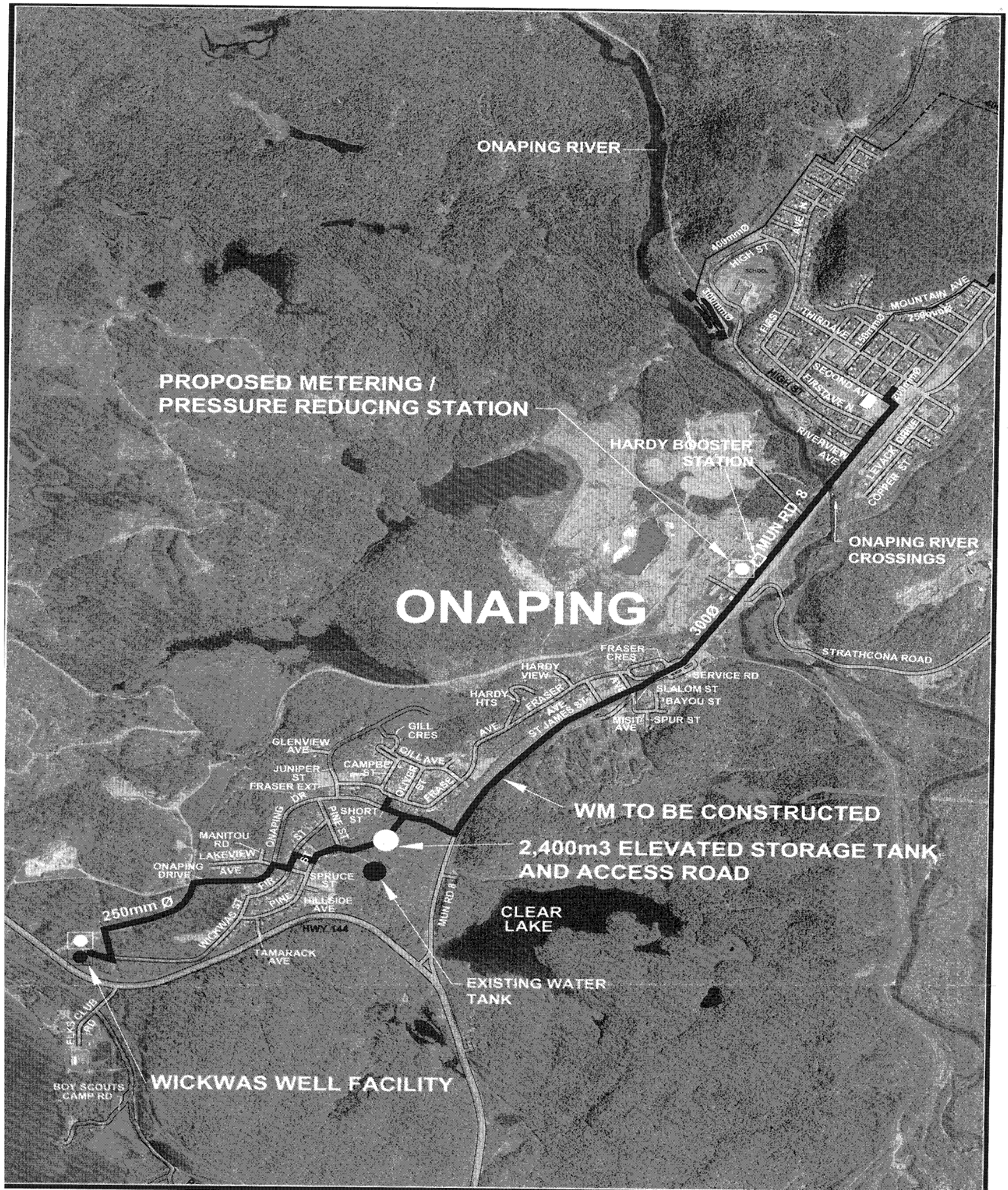
Since that time an Environmental Assessment Review has identified a potential groundwater supply northwest of the community as the preferred option for Levack's new water supply. As outlined in the attached letter from Dennis Consultants, "Desktop" Hydrological Studies indicate that this aquifer theoretically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



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