

# Agenda

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

3rd Meeting of the Lake Huron Primary Water Supply System  
June 4, 2026, 2:00 PM  
Committee Room #5

Pages

**1. Call to Order**

**2. Indigenous Territorial Acknowledgement**

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.

**3. Disclosures of Pecuniary Interest**

**4. Recognitions and Comments from the Chair**

**5. Adoption of Minutes of the Previous Meeting(s)**

5.1 Minutes of the 2nd Meeting held on March 5, 2026

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**6. Communications and Petitions**

**7. Motions of Which Notice is Given**

**8. Reports and Added Reports**

8.1 Recommended Items for Consent

a. Quarterly Compliance Report (1st Quarter 2026: January - March)

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b. Environmental Management System and Quality Management System

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11.	<b>Emergent Motions</b>	
12.	<b>By-Laws</b>	
12.1	By-Law No. 4 - 2026	177
	A By-law to establish a policy related to the Procurement of Goods and Services and Disposal of Assets for the Lake Huron Primary Water Supply System.	
12.2	By-Law No. 5 - 2026	225
	A by-law to provide for the indemnification and defence of Members of the Joint Board of Management and seconded staff of the Corporation of the City of London against liability incurred while acting on behalf of the Lake Huron Primary Water Supply System and its Joint Board of Management.	
13.	<b>Closed Session</b>	

**14. Upcoming Meeting Dates**

October 1, 2026

January 21, 2027

**15. Adjournment**

# Lake Huron Primary Water Supply System Report

2nd Meeting of the Lake Huron Primary Water Supply System  
March 5, 2026

Attendance: PRESENT: C. Grantham (Acting Chair); C. Burghardt-Jesson, S. Franke, S. Lehman, P. Van Meerbergen, P. Walden and J. Wilcox and J. Bunn (Committee Clerk)

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

**1. Call to Order**

That it BE NOTED that the meeting was called to order at 2:01 PM.

**2. Indigenous Territorial Acknowledgement**

That it BE NOTED that the meeting was opened with an Indigenous Territorial Acknowledgement.

**3. Disclosures of Pecuniary Interest**

That it BE NOTED that no pecuniary interests were disclosed.

**4. Recognitions and Comments from the Chair**

None.

**5. Adoption of Minutes of the Previous Meeting(s)**

5.1 Minutes of the 1st Meeting held on December 4, 2025

VAN MEERBERGEN AND BURGHARDT-JESSON

That the minutes of the 1st meeting of the Lake Huron Primary Water Supply System Joint Board of Management, from the meeting held on December 4, 2025, **BE NOTED AND FILED. CARRIED**

**Motion Passed**

**6. Communications and Petitions**

None.

**7. Motions of Which Notice is Given**

None.

**8. Reports and Added Reports**

8.1 Recommended Items for Consent

- a. Quarterly Compliance Report (4th Quarter 2025: October - December)

FRANKE AND VAN MEERBERGEN

That, on the recommendation of the Chief Administrative Officer, the report dated March 5, 2026, with respect to the general, regulatory and contractual obligations of the Lake Huron Primary Water Supply System, for October to December 2025, **BE RECEIVED. CARRIED**

**Motion Passed**

- b. Environmental Management System and Quality Management System

FRANKE AND VAN MEERBERGEN

That, on the recommendation of the Chief Administrative Officer, the report dated March 5, 2026, with respect to the Environmental Management System and the Quality Management System, **BE RECEIVED. CARRIED**

**Motion Passed**

- c. Quarterly Operating Financial Status - 4th Quarter 2025

FRANKE AND VAN MEERBERGEN

That, on the recommendation of the Chief Administrative Officer, the report dated March 5, 2026, with respect to the Quarterly Operating Financial Status of the Lake Huron Primary Water Supply System for the 4th Quarter of 2025, **BE RECEIVED. CARRIED**

**Motion Passed**

- d. Capital Status Report

FRANKE AND VAN MEERBERGEN

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report dated March 5, 2026 related to the Lake Huron Primary Water Supply System Capital Status Report:

- a) projects LH1021 Huron Low Lift Pump Rebuild, LH1264 Vehicle Door Replacement, LH1285 Pressure Reducing Valve Replacement, LH131624 2024 Annual Maintenance and LH1380 Clarifier Upgrades **BE CLOSED** with surplus funding in the approximate amount of \$653,076 being released to the Reserve Funds; and,
- b) the above-noted report **BE RECEIVED. CARRIED**

**Motion Passed**

- e. Update to the Asbestos Management Plan/Program  
FRANKE AND VAN MEERBERGEN

That, on the recommendation of the Chief Administrative Officer, the Asbestos Management Program Version 1, as appended to the report dated March 5, 2026, **BE ENDORSED** by the Board of Management for the Lake Huron Primary Water Supply System.  
**CARRIED**

**Motion Passed**

- f. Process Optimization Program Update  
FRANKE AND VAN MEERBERGEN

That, on the recommendation of the Chief Administrative Officer, the report dated March 5, 2026, with respect to the Process Optimization Program Update, **BE RECEIVED. CARRIED**

**Motion Passed**

- g. Electronic Monitoring Policy  
FRANKE AND VAN MEERBERGEN

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report, dated March 5, 2026, related to the Electronic Monitoring Policy:

- a) the proposed amended policy, being an Electronic Monitoring Policy, for the Lake Huron Primary Water Supply System, as appended to the above-noted report, **BE ACCEPTED** and a by-law **BE INTRODUCED** at the March 5, 2026 meeting of the Board of Management to approve the Policy; and,
- b) the above-noted report **BE RECEIVED. CARRIED**

**Motion Passed**

- h. Travel and Business Expenses Policy  
FRANKE AND VAN MEERBERGEN

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report, dated March 5, 2026, related to the Travel and Business Expenses Policy:

- a) the proposed policy, being a Travel and Business Expenses Policy, for the Lake Huron Primary Water Supply System, as appended to the above-noted report, **BE ACCEPTED** and a by-law **BE INTRODUCED** at the March 5, 2026 meeting of the Board of Management to approve the Policy; and,
- b) the above-noted report and Policy **BE RECEIVED. CARRIED**

**Motion Passed**

## 8.2 Recommended Items for Discussion

- a. Brand and Brand Management  
FRANKE AND LEHMAN

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report, dated March 5, 2026, related to Brand and Brand Management:

- a) the above-noted report and the attached presentation, with respect to a comprehensive brand for the regional water system, **BE RECEIVED**; and,
- b) the proposal to brand the external facing identity as “Huron Erie Water” **BE ACCEPTED** and the Director, Regional Water, **BE AUTHORIZED** to institute the consolidated brand and visual identity as appropriate; it being noted that the acceptance and implementation is contingent on the acceptance by the Elgin Area

Water Primary Water Supply System Board of Management.  
**CARRIED**

**Motion Passed**

- b. Delegation of Powers and Duties Policy

FRANKE AND LEHMAN

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report, dated March 5, 2026, related to the Delegation of Powers and Duties Policy:

- a) the proposed policy, being a Delegation of Powers and Duties Policy for the Lake Huron Primary Water Supply System, as appended to the above-noted report, **BE ACCEPTED** and a by-law **BE INTRODUCED** at the March 5, 2026 meeting of the Board of Management to approve the Policy; and,
- b) the above-noted report **BE RECEIVED. CARRIED**

**Motion Passed**

- c. Procurement of Goods and Services and Disposal of Assets Policy

FRANKE AND WALDEN

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report, dated March 5, 2026, related to the amendment of a Procurement of Goods and Services and Disposal of Assets Policy:

- a) the proposed policy, being a Procurement of Goods and Services and Disposal of Assets Policy for the Lake Huron Primary Water Supply System, as appended to the above-noted report, **BE ACCEPTED** and a by-law **BE INTRODUCED** at the March 5, 2026 meeting of the Board of Management to approve the Policy; and,
- b) the above-noted report **BE RECEIVED. CARRIED**

**Motion Passed**

- d. LH1408 Oneida Nation of the Thames Water Transmission Pipeline - Tender Award and Extension of Construction Services

BURGHARDT-JESSON AND VAN MEERBERGEN

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report, dated March 5, 2026, related to LH1408 Oneida Nation of the Thames Water Transmission Pipeline – Tender Award and Extension of Construction Services:

- a) the bid from L82 Construction Ltd., in the amount of \$23,442,572.67, including contingency (excluding HST), **BE ACCEPTED** and the Lake Huron Primary Water Supply System Board and the Chief Administrative Officer **BE AUTHORIZED** to execute an agreement with the General Contractor, L82 Construction Ltd., for the construction of the Lake Huron Primary Water Supply System transmission connection to Oneida Nation of the Thames;
- b) the existing consulting services agreement with Stantec Consulting Limited **BE EXTENDED** by \$558,875, including contingency (excluding HST), for a total of \$2,203,965.15, to provide consulting engineering services through the construction period;
- c) the approved budget **BE DECREASED** by \$8,700,000, for a total approved budget of \$26,800,000 to align with the recommended tender bid value and external funding commitment reflecting forecasted costs; and,
- d) the above-noted report **BE RECEIVED. CARRIED**

**Motion Passed**

- e. Ministry of the Environment, Conservation and Parks Inspection Report

LEHMAN AND FRANKE

That, on the recommendation of the Chief Administrative Officer, the report dated March 5, 2026, with respect to the Ministry of the Environment, Conservation and Parks Inspection Report, **BE RECEIVED. CARRIED**

**Motion Passed**

**9. Deferred Matters**

None.

**10. Additional Business and Enquiries**

None.

**11. Emergent Motions**

None.

**12. By-Laws**

12.1 By-Law No. 3-2026

WALDEN AND WILCOX

That Introduction and First Reading of By-law No. 3 - 2026 **BE APPROVED. CARRIED**

**Motion Passed**

VAN MEERBERGEN AND WILCOX

That the Second Reading of By-law No. 3 - 2026 **BE APPROVED. CARRIED**

**Motion Passed**

LEHMAN AND GRANTHAM

That the Third Reading and Enactment of By-law No. 3 - 2026 **BE APPROVED. CARRIED**

**Motion Passed**

**13. Closed Session**

None.

**14. Next Meeting Date**

October 1, 2026

**15. Adjournment**

VAN MEERBERGEN AND BURGHARDT-JESSON

That the meeting **BE ADJOURNED. CARRIED**

**Motion Passed**

The meeting adjourned at 2:59 PM.

## Board of Management Report

**Subject: Quarterly Compliance Report (1<sup>st</sup> Quarter 2026: January - March)**

### Overview:

- There were no adverse water quality incidents (AWQI) reported during this quarter.
- There are no new or proposed regulatory changes which might have a significant impact on the system.
- The 2025 regulatory reporting required under O.Reg. 170/03 was completed by the specified deadlines.

### Recommendation

That the Board of Management for the Lake Huron Primary Water Supply System **RECEIVE** this report for information.

### 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 will have a significant impact on the LHPWSS.

**Quarterly Water Quality Reports:** The [Water Quality Quarterly Report](#) for the period of January 1 – March 31, 2026 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*.

**O.Reg. 170/03, Section 11 "Annual Reports":** Under the Drinking Water Systems Regulation (O.Reg. 170/03), an Annual Report for the LHPWSS is required to be prepared by February 28<sup>th</sup> of each year. The 2025 Annual Report summarized water quality, capital project and maintenance project information for the calendar year. This report was completed by Ontario Clean Water Agency (OCWA), the contracted operating authority for the LHPWSS. Although the report is no longer required to be submitted to the Ministry of the Environment, Conservation and Parks (MECP), the LHPWSS is required to provide copies of the report to drinking water systems that obtain water from this system. The 2025 Annual Report was forwarded to the member municipalities on February 26, 2026. The [2025 Annual Report](#) has been posted on the Water Systems' website for public information.

**O.Reg. 170/03, Section 22 "Summary Reports for Municipalities":** Under the Drinking Water Systems Regulation (O.Reg. 170/03) a summary report is required by March 31<sup>st</sup> of each year which:

- Lists the requirements of the Act, the regulations, the system's approval, and any order that the system failed to meet at any time during the period covered by the report, and the duration of the failure. For each failure referred to, a description of the measures that were taken to correct the failure is required.
- In order to allow the system's owner to "assess the capability of the system to meet existing and planned uses of the system" provide a summary of the quantities and flow rates of the water supplied, including monthly average and maximum daily flows and daily instantaneous peak flow rates, with a comparison to the systems rated capacity.

This report was also completed by the water system's contracted operating authority, the Ontario Clean Water Agency (OCWA). The 2025 Compliance Report (Summary Report for Municipalities) was forwarded to the Board members and member municipalities of the LHPWSS as required on March 24, 2026. The [2025 Compliance Report](#) has been posted on the Water Systems' website for public information. All Compliance Reports are available for viewing at the Lake Huron Water Treatment Plant and at the Board's Administration Office in London. Copies of all reports are available to the public upon request and free of charge as required by O.Reg. 170/03.

**Adverse Water Quality Incidents (AWQIs):** There were no AWQI reported by the operating authority or the external laboratory during this quarter.

**Compliance Inspections:** There were no compliance inspections conducted during the reporting period.

### **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 2026 first quarter Contract Report was received from OCWA on April 30, 2026, and was scheduled to be discussed at the quarterly administration meeting between Board staff and OCWA on May 21, 2026. Copies of the monthly Operations and Maintenance Reports, and quarterly Contract Reports are available at the Board’s Administration Office in London upon request.

## **Conclusion**

Board staff will continue to review new and proposed legislation for potential impacts to the LHPWSS. Board staff will continue to meet with the operating authority on a regular basis to discuss regulatory and contractual compliance issues, and ensure any non-compliances are addressed in a timely manner.

Prepared by: Erin McLeod, CET  
Quality Assurance & Compliance Manager

Submitted by: Jess Bechard, MBA  
Senior Manager, Business Administration

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

## Board of Management Report

**Subject: Environmental Management System and Quality Management System**

### Overview:

- This report provides a summary of Environmental Management System (EMS) and Quality Management System (QMS) activities that took place during the first quarter of 2026 (Q1).
- An internal Environmental Compliance Audit was conducted on January 29, 2026. The Internal Audit Summary Report is included as [Appendix A](#).
- An internal Environmental Compliance Audit was conducted on February 23, 2026. The Internal Audit Summary Report is included as [Appendix B](#).
- An internal Environmental Compliance Audit was conducted on March 25, 2026. The Internal Audit Summary Report is included as [Appendix C](#).
- A Management Review meeting was held on March 31, 2026. The meeting minutes are attached to this report as [Appendix D](#).

## Recommendation

That the Board of Management for the Lake Huron Primary Water Supply System **RECEIVE** this report for information.

## Background

### Environmental Management System (EMS)

The Lake Huron Primary Water Supply System (LHPWSS) has an Environmental Management System (EMS) which has been registered to the ISO 14001 standard since 2003. The LHPWSS underwent a three-year registration audit in October 2023 and was recommended for registration to the ISO 14001:2015 standard for a three-year period.

The continued utilization and registration of the EMS to the ISO 14001 standard is a requirement of the Service Agreement with Ontario Clean Water Agency (OCWA), the contracted Operating Authority for the LHPWSS.

### Quality Management System (QMS)

The existing EMS has been integrated with a QMS that meets the requirements of the province's Drinking Water Quality Management Standard, 2017 (DWQMS). The combined EMS/QMS is maintained by the contracted Operating Authority.

The *Safe Drinking Water Act, 2002* (SDWA) and the water system's Municipal Drinking Water License (MDWL) require that an accredited Operating Authority be in operational charge of the drinking water system. To become accredited, the Operating Authority must implement and maintain a QMS, which includes an Operational Plan, meeting the requirements of the DWQMS and must undergo yearly external audits.

OCWA successfully received full-scope DWQMS re-accreditation in October 2025 and is currently accredited for the three-year period ending in 2028.

## Discussion

### Management Review

The documented EMS/QMS and its performance requires Management Review by Top Management a minimum of once every calendar year to ensure that the Board's management team and the Operating Authority stay informed of environmental and quality related issues. Items discussed at the Management Review meetings include, but are not limited to, water quality test results, environmental and quality performance, legislative changes, identified non-conformances, corrective and preventive actions, staff suggestions, changing circumstances and business strategies, and resource requirements. Corrective and preventive actions include not only those to address non-conformance issues and opportunities for improvement identified as part of internal and external audits, but also non-compliance issues identified by the Ministry of the Environment, Conservation and Parks (MECP), suggestions from staff, and opportunities for improvement identified during the Management Review process.

To carry out more effective Management Review meetings, the Board of Management's administration has opted to conduct shorter meetings at more frequent intervals. Although each required Management Review input may not be covered at every meeting, over the year all required inputs are reviewed at least once. Management Review meetings are held in a combined format for both the LHPWSS and the Elgin Area Primary Water Supply System (EAPWSS).

A Management Review meeting was held on March 31, 2026. The meeting minutes are included as [Appendix D](#) for the information of the Board of Management.

### Internal Audits

Pursuant to the international ISO 14001 standard and the provincial DWQMS, periodic "internal" audits are performed by the Board of Management's administration to ensure continued compliance with legislated, contractual, and other requirements, as well as conformance with the ISO 14001 standard and DWQMS. Internal audits also ensure that the ongoing operation of the drinking water system conforms to the EMS and QMS as implemented. As required by the standards, internal audits are performed a minimum of once every calendar year.

An internal Environmental Compliance Audit was conducted on January 29, 2026 [Environmental Protection Act, Air Pollution - Local Air Quality (O.Reg. 419/05), Ozone Depleting Substances and Other Halocarbons (O.Reg. 463/10), Canadian Environmental Protection Act (CEPA), CEPA Notice: National Pollutant Release Inventory (NPRI) Substances]. There were no non-compliances and three (3) opportunities for improvement identified. The Internal Audit Summary Report is included as [Appendix A](#).

An internal Environmental Compliance Audit was conducted on February 23, 2026 [General - Waste Management (O.Reg. 347); Classification and Exemption of Spills (O.Reg. 675/98); Deposit Out of the Normal Course of Events Notification (SOR/2011-91); Environmental Emergency Regulations (SOR/2019-51)]. There were no non-compliances and two (2) opportunities for improvement identified. The Internal Audit Summary Report is included as [Appendix B](#).

An internal Environmental Compliance Audit was conducted on March 25, 2026 [Ontario Water Resources Act, Water Taking and Transfer (O.Reg. 387/04), Permit to Take Water, Fisheries Act]. There were two (2) non-compliances and no opportunities for improvement identified. The Internal Audit Summary Report is included as [Appendix C](#).

## **External Audits**

Annual surveillance audits (third-party external audits) are conducted for both the EMS and QMS, with a recertification audit taking place every third year. The external registrar for both the EMS and QMS is currently Intertek. External audits review all aspects of the EMS or QMS, including the scope and results of internal audits, subsequent management reviews, and corrective action processes.

There were no external audits conducted in Q1 2026.

## **Corrective and Preventive Actions**

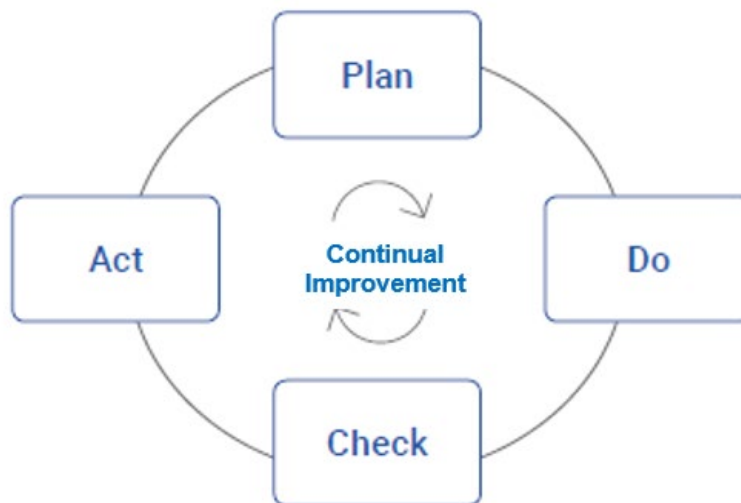
For the EMS/QMS to be effective on an on-going basis, an organization must have a systematic method for identifying actual and potential non-conformities, making corrections, and undertaking corrective and preventive actions, preferably identifying, and preventing problems before they occur. The Internal Audit process and Management Review are the two main drivers for proactively identifying potential problems, opportunities for improvement, and for the implementation of corrective actions for the LHPWSS. Preventive actions may originate from identified opportunities for improvement as part of an audit, but also staff suggestions and discussions with management.

It is important to note that action items should not be construed as compliance failures, but rather an action to be undertaken which will improve the LHPWSS's overall performance.

Action items are the result of the "Plan-Do-Check-Act" continual improvement process. The identification of action items is a critical component of continual improvement and an essential element of management systems. The identification of action items should be seen as a positive element, as this drive's continual improvement.

A key concept of the Plan-Do-Check-Act continual improvement process (Figure 1) is that it does not require nor expect 100% conformance but promotes an environment of continual improvement by identifying shortfalls, implementing corrective and preventive measures, and setting objectives and targets for improvement.

Figure 1: Plan-Do-Check-Act Continual Improvement Process



The following summarizes the seven (7) new approved action items that have been added to the EMS/QMS action-item tracking system during Q1 2026:

- Three (3) new action items were added as part of an Internal Compliance Audit conducted on January 29, 2026
- Two (2) new action items were added as part of an Internal Compliance Audit conducted on February 23, 2026
- Two (2) new action items were added as part of an Internal Compliance Audit conducted on March 25, 2026

As of May 01, 2026, there are currently twenty-four (24) open action items in the LHPWSS tracking system. All action items are prioritized and addressed using a risk-based approach, and deadlines established given reasonable timeframes and resources that are available. Board of Management staff are pleased with the performance of the corrective and preventive action process and have no concerns with the number of open action items.

## Conclusion

The Internal Audits and frequent Management Review meetings continue to effectively identify and manage system deficiencies. The EMS/QMS for the LHPWSS continues to be suitable, adequate, and effective. Activities by OCWA continue to address the need for change, and the management systems are being revised and refined as required.

Prepared by: Jennifer Levitt  
Compliance Coordinator

Erin McLeod, CET  
Quality Assurance & Compliance Manager

Submitted by: Jess Bechard, MBA  
Senior Manager, Business Administration

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

Attachments: [Appendix A](#) - Internal Environmental Compliance Audit (January 29, 2026)

[Appendix B](#) - Internal Environmental Compliance Audit (February 23, 2026)

[Appendix C](#) - Internal Environmental Compliance Audit (March 25, 2026)

[Appendix D](#) - Management Review Minutes (March 31, 2026)

## **Appendix A: Internal Environmental Compliance Audit (January 29, 2026)**

### **Audit Purpose**

The purpose of the audit was to verify compliance with relevant environmental legislation and other compliance obligations at the Lake Huron Primary Water Supply System (LHPWSS). Internal audits ensure the progress and activity of the Environmental Management System (EMS) is tracked.

### **Auditor Qualifications**

Jennifer Levitt has completed an ISO 14001:2015 Internal Auditor training course and an Environmental Compliance 101 course and is deemed competent to complete environmental compliance auditing (see Certificate in Appendix A).

### **Methodology**

The internal audit was conducted as outlined in Procedure LH-ADMIN-1600 (Compliance) as detailed in the EMS Manual. An audit plan was issued January 06, 2026. The audit checklist was generated using Nimonik Environmental Criteria software which is attached as Appendix B of this report.

The audit was comprised of a facility tour and an environmental compliance review of the LHPWSS. The audit was limited to the operation of the water supply system by the contracted Operating Authority, Ontario Clean Water Agency (OCWA), since the last Internal Audit conducted August 16, 2023.

Operational documents and records maintained by the Operating Authority for the period August 16, 2023 through January 29, 2026 were reviewed in conjunction with this compliance evaluation.

#### *Note:*

The audit was conducted through a review of a sampling of documents, limited interviews and observations by the auditor to demonstrate compliance obligations are being met as outlined in the EMS. The review and audit should not be construed as a complete and comprehensive review of all aspects and all documents.

### **Checklist Criteria**

The following items had criteria in the Nimonik Environmental Criteria software:

- Environmental Protection Act (EPA)
- Air Pollution - Local Air Quality (O.Reg. 419/05)

- Ozone Depleting Substances and Other Halocarbons (O.Reg. 463/10)
- Canadian Environmental Protection Act (CEPA)
- CEPA Notice: National Pollutant Release Inventory (NPRI) Substances

### **Interviews Conducted**

- M. MacKenzie, Process & Compliance Technician, OCWA
- C. Sigurdson, Safety Process & Compliance Manager, OCWA
- R. Lieber, Senior Operations Manager, OCWA
- E. McLeod, Quality Assurance & Compliance Manager, RWS

### **Areas Visited**

- Lake Huron Water Treatment Plant (WTP), 71155 Bluewater Hwy., Municipality of South Huron

### **FINDINGS**

The following is a summary of the findings including non-compliance issues and opportunities for improvement for the LHPWSS.

### **Definitions**

- A non-compliance (NC) is a non-fulfilment of a regulatory requirement.
- An opportunity for improvement (OFI) describes a regulatory requirement that can be more effectively addressed.

There were no regulatory non-compliances, however, there are two (2) opportunities for improvement related to the Environmental Management System (EMS) as follows:

**OFI# 1** - Procedure LH-ADMIN-1300 (Air Emissions) advises staff to report any 'unplanned release to air,' but it does not explain what that actually means or what steps staff should take if it happens. There is an opportunity to update the document to define 'unplanned air release', lay out basic response actions, and include references to chlorine-leak procedures and Ministry of the Environment, Conservation and Parks (MECP) reporting requirements.

**OFI# 2** - LH-ADMIN-1300 (Air Emissions) does not clearly indicate which equipment on site has emissions to the air. There is an opportunity to identify the specific equipment having emissions to the air within the EMS Aspects & Impacts Assessment document (including reference within LH-ADMIN-1300).

**OFI#3** - During the audit, several assets were found to have no associated work order information within the CMMS. In addition, one asset appears to be misidentified in the CMMS, creating a potential operations/maintenance risk. There is an opportunity to establishing appropriate work orders or inspection tasks for these assets (or formally classifying them as “as-needed maintenance” where appropriate) as well as correcting the identification of the RMF SBS Scrubber in the CMMS.

The following gaps were identified:

- Welding Station – Asset 120246 / 120247: No work order information available for inspection or maintenance history.
- Fume Hood – Asset 400370: No work order information available for inspection or maintenance history.
- Sandblaster – Asset 120215: No work order information available, staff indicated the unit is maintained “as needed” as a maintenance tool.
- RMF SBS Scrubber – Asset 600156: No work order history found, asset appears misidentified in CMMS (listed as the SBS day tank).

## **Appendix B: Internal Environmental Compliance Audit (February 23, 2026)**

### **Audit Purpose**

The purpose of the audit was to verify compliance with relevant environmental legislation and other compliance obligations at the Lake Huron Primary Water Supply System (LHPWSS). Internal audits ensure the progress and activity of the Environmental Management System (EMS) is tracked.

### **Auditor Qualifications**

Jennifer Levitt has completed an ISO 14001:2015 Internal Auditor training course and an Environmental Compliance 101 course and is deemed competent to complete environmental compliance auditing (see Certificate in Appendix A).

### **Methodology**

The internal audit was conducted as outlined in Procedure LH-ADMIN-1600 (Compliance) as detailed in the EMS Manual. An audit plan was issued February 12, 2026. The audit checklist was generated using Nimonik Environmental Criteria software and the Environmental Compliance Internal Audit checklist (LF-ADMIN-1600) which are attached as Appendix B of this report.

The audit was comprised of a facility tour and an environmental compliance review of the LHPWSS. The audit was limited to the operation of the water supply system by the contracted Operating Authority, Ontario Clean Water Agency (OCWA), since the last Internal Audit conducted August 16, 2023.

Operational documents and records maintained by the Operating Authority for the period August 16, 2023 through March 04, 2026 were reviewed in conjunction with this compliance evaluation.

### **Note:**

The audit was conducted through a review of a sampling of documents, limited interviews and observations by the auditor to demonstrate compliance obligations are being met as outlined in the EMS. The review and audit should not be construed as a complete and comprehensive review of all aspects and all documents.

## Checklist Criteria

The following item had criteria in the Nimonik Auditor Software Canada General Industry Environmental OHS Audit Template:

- General - Waste Management (O.Reg. 347)
- Classification and Exemption of Spills (O.Reg. 675/98)

The following items had criteria in the Environmental Compliance Internal Audit checklist (LF-ADMIN-1600):

- Deposit Out of the Normal Course of Events Notification (SOR/2011-91)
- Environmental Emergency Regulations (SOR/2019-51)

## Interviews Conducted

- M.MacKenzie, Process & Compliance Technician, OCWA
- C.Sigurdson, Safety Process & Compliance Manager, OCWA
- E.McLeod, Quality Assurance & Compliance Manager, RWS

## Areas Visited

- Lake Huron Water Treatment Plant (WTP), 71155 Bluewater Hwy., Municipality of South Huron

## FINDINGS

The following is a summary of the findings including non-compliance issues and opportunities for improvement for the LHPWSS.

## Definitions

- A non-compliance (NC) is a non-fulfilment of a regulatory requirement.
- An opportunity for improvement (OFI) describes a regulatory requirement that can be more effectively addressed.

There were no regulatory non-compliances identified and one (1) OFI identified as follows:

### **OFI#1 – O. Reg. 347, Section 17.2.3**

When hazardous waste is stored on site for more than 90 days, a “Notice of the Storage of Subject Waste” must be completed and submitted through the Resource Productivity and Recovery Authority (RPRA). No Notices were found on file for chemical waste,

batteries, or lamps (CFLs). There is an opportunity to review LH-PROC-100 Storage, Handling & Disposal of Hazardous and Liquid Industrial Wastes to ensure the procedure clearly reflects which wastes are subject to the 90-day notice of storage requirement.

In addition to the above, one (1) OFI was noted within the Environmental Management System (EMS) as follows:

**OFI#2 - ISO 14001 Clause 7.5 – Documented Information**

The following hazardous and liquid industrial waste streams identified in LH-PROC-100 - Storage, Handling & Disposal of Hazardous and Liquid Industrial Wastes, currently lack formal waste logs: spent filter bed material and chemical waste (including solvent parts washer). Additionally, the procedure does not accurately reflect the on-site storage locations for some of these wastes. There is an opportunity to review and update LH-PROC-100 and to improve documentation related to hazardous and liquid industrial waste storage.

## **Appendix C: Internal Environmental Compliance Audit (March 25, 2026)**

### **Audit Purpose**

The purpose of the audit was to verify compliance with relevant environmental legislation and other compliance obligations at the Lake Huron Primary Water Supply System (LHPWSS). Internal audits ensure the progress and activity of the Environmental Management System (EMS) is tracked.

### **Auditor Qualifications**

Jennifer Levitt has completed an ISO 14001:2015 Internal Auditor training course and an Environmental Compliance 101 course and is deemed competent to complete environmental compliance auditing (see Certificate in Appendix A).

### **Methodology**

The internal audit was conducted as outlined in Procedure LH-ADMIN-1600 (Compliance) as detailed in the EMS Manual. The audit was primarily associated with a desktop review and therefore an opening/closing meeting was not required (refer to Section 3.4.2 of LH-ADMIN-1600). An audit plan was issued March 24, 2026. The audit checklist was generated using Nimonik Environmental Criteria software and the Environmental Compliance Internal Audit checklist (LF-ADMIN-1600) which is attached as Appendix B of this report.

The audit was comprised of a desktop environmental compliance review of the LHPWSS. The audit was limited to the operation of the water supply system by the contracted Operating Authority, Ontario Clean Water Agency (OCWA), since the last Internal Audit conducted August 15, 2023.

Operational documents and records maintained by the Operating Authority for the period August 15, 2023 through March 30, 2026 were reviewed in conjunction with this compliance evaluation.

### **Note:**

The audit was conducted through a review of a sampling of documents, limited interviews and observations by the auditor to demonstrate compliance obligations are being met as outlined in the EMS. The review and audit should not be construed as a complete and comprehensive review of all aspects and all documents.

## Checklist Criteria

The following items had criteria in Nimonik software:

- Ontario Water Resources Act (OWRA)
- Water Taking and Transfer (O.Reg. 387/04)
- Fisheries Act

The following items had criteria in the Environmental Compliance Internal Audit checklist (LF-ADMIN-1600):

- Permit to Take Water

## Interviews Conducted

- C. Sigurdson, Safety Process & Compliance Manager, OCWA
- E. McLeod, Quality Assurance & Compliance Manager, RWS

## FINDINGS

The following is a summary of the findings including non-compliance issues and opportunities for improvement for the LHPWSS.

## Definitions

- A non-compliance (NC) is a non-fulfilment of a regulatory requirement.
- An opportunity for improvement (OFI) describes a regulatory requirement that can be more effectively addressed.

No OFI's were identified as part of the internal compliance audit, however two (2) NC's were identified as follows:

### **NC#1** – Fisheries Act S.36(3,4)

The May 29, 2025, McGillivray Reservoir overflow resulted in the unintended release of potable water containing 0.82 mg/L chlorine into the Little Ausable River, a natural fish-bearing watercourse. Although operators applied dechlorination pucks and downstream samples later measured 0 mg/L chlorine, the Fisheries Act prohibition applies at the moment of deposit. No deleterious substance may be deposited into water frequented by fish or into any place where it may enter such water unless authorized under Fisheries Act regulations. A Corrective Action Form (CAF) was completed with the root cause identified as a 'defective or failed part'. Three (3) corrective actions were assigned and completed.

**NC#2 – Ontario Water Resources Act S.30(1)**

On May 29, 2025, the McGillivray Reservoir overflowed, releasing potable chlorinated water (reservoir chlorine residual 0.82 mg/L) to the Little Ausable River, a natural receiving stream. Operators applied dechlorination pucks and confirmed downstream chlorine levels of 0 mg/L, and no adverse effects were observed. However, the overflow still resulted in a discharge of chlorinated water to a waterbody, constituting the deposit of a material that may impair water quality. Under OWRA s.30(1), no person shall discharge, cause, or permit the discharge of any material into waters or into any place where it may impair the quality of the water. A Corrective Action Form (CAF) was completed with the root cause identified as a 'defective or failed part'. Three (3) corrective actions were assigned and completed.

## Appendix D: Management Review Meeting Minutes (March 31, 2026)

Lake Huron & Elgin Area Primary Water Supply Systems EMS/QMS Management Review

**Date:** March 31, 2026

**Time:** 9:00am

**Location:** Virtual – Microsoft Teams

**Attendees:** Andrew Henry (RWS), Erin McLeod (RWS), Jennifer Levitt (RWS), Jackie Muller (OCWA), Denny Rodrigues (OCWA), Cindy Sigurdson (OCWA), Randy Lieber (OCWA), Nick Wilson (OCWA), Mark MacKenzie (OCWA), Courtney Miller (OCWA), Billy Haklander (RWS), Jess Bechard (RWS)

**Regrets:** None

N.B.: Management Review meetings are held in a combined format for both the Lake Huron Primary Water Supply System (LHPWSS) and the Elgin Area Primary Water Supply System (EAPWSS).

### -----Meeting Notes-----

#### 1. Review and Approval of Previous Meeting Minutes (December 05, 2025)

The minutes from the previous meeting (December 05, 2025) are posted to SharePoint. Minutes circulated to comment. No concerns noted and documents are approved.

#### 2. Results of Board Meetings (March 5, 2026)

Huron Board Meeting (March 5, 2026)

- MECP Inspection Report: The report was received for information.
- Quarterly Compliance Report: The report was received for information.
- EMS/QMS Report: The report was received for information. Acknowledgement of the management system's maturity ratings and achievements. There is a linkage to our new brand (Huron Erie Water) which will help ensure consumers understand where their water comes from, the effort, care and professionalism that goes into managing it.

Elgin Board Meeting (March 5, 2026)

- Quarterly Compliance Report: The report was received for information.
- EMS/QMS Report: The report was received for information. Acknowledgement of the management system's maturity ratings and achievements.

**RWS comment** – Both Boards have acknowledged the outstanding work everyone is doing.

### **3. MECP Inspection – LHPWSS**

- Focused, announced inspection
- Inspection started October 24, 2025 with report received on January 26, 2026
- No non-compliance, no recommendations
- Final inspection rating of 100%
- There are some other general findings noted throughout the final inspection report that staff will address

### **4. MECP Inspection – EAPWSS**

- Focused, announced inspection
- Inspection started December 1, 2025 with report received on February 11, 2026
- No non-compliance, no recommendations
- Final inspection rating of 100%

Refer to agenda package for detailed information.

### **5. Env. Compliance Internal Audit - Atmospheric Pollutants, Ozone-Depleting Substances, Emissions**

EAPWSS (Jan. 14-20, 2026) - No non-compliances (NC's) and two (2) opportunities for improvement (OFI's) were identified as part of the audit. The action items were discussed and approved.

LHPWSS (Jan. 22-29, 2026) - No NC's and three (3) OFI's were identified as part of the audit. The action item was discussed and approved.

Refer to agenda package for detailed information.

### **6. Env. Compliance Internal Audit - Waste Classification, Spill Reporting, Environmental Emergencies**

EAPWSS (Feb. 13-20, 2026) - No NC's and three (3) OFI's were identified as part of the audit. The action items were discussed and approved.

LHPWSS (Feb. 23-Mar. 04, 2026) - No NC's and two (2) OFI's were identified as part of the audit. The action items were discussed and approved.

Refer to agenda package for detailed information.

## **7. Env. Compliance Internal Audit - Water Taking, Discharge, Aquatic Protection**

EAPWSS (Mar. 19-26, 2026) – Two (2) NC's and no OFI's were identified as part of the audit. The action items were discussed and approved.

LHPWSS (Mar. 25-30, 2026) – Two (2) NC's and no OFI's were identified as part of the audit. The action items were discussed and approved.

**RWS comment** – It should be noted that preventable actions (related to any incident) are part of the Corrective Action form/process.

Refer to agenda package for detailed information.

## **8. Compliance Obligations Update**

### **Compliance Obligations Update**

**Elgin Municipal Drinking Water Licence (MDWL) Renewal:** A reminder notice was received from the Ministry of the Environment, Conservation and Parks (MECP) on Jan. 6, 2026. The renewal application due date is Aug. 11, 2026.

**MECP Filtration Processes [Technical Bulletin](#):** MECP released an updated bulletin on Nov. 26, 2025. Staff are reviewing potential impacts. As recommended in the recent Water Quality Facility Plan (WQFP) updates, implementation of extended terminal sub-fluidization wash (ETSW) during filter backwashes is planned for 2026.

**RWS comment** – During the WQFP update, Stantec confirmed we do not have the ETSW step in the filter backwash programming. We do have some historical information on ETSW trials, but it was from approx. 15 years ago and there have been many changes at EAPWSS. RWS will work with a consultant to get ETSW implemented later this year.

### **Health Canada**

#### **[Guidelines for Canadian drinking water quality: Radiological parameters](#)**

**Source:** Health Canada

**Date Posted:** December 5, 2025

**Comments Due:** NA

**Summary:**

Maximum acceptable concentrations (MAC) have been established for three natural radionuclides: Lead-210, Radium-226 and Radium-228. Drinking water should initially be screened against gross alpha and gross beta radiation. Individual radionuclide analysis is only necessary when screening levels are exceeded.

**Potential Impacts:** None anticipated. The current MAC in the Ontario drinking water quality standards ([O.Reg. 169/03](#)) are more stringent than those established by Health Canada. The LHPWSS and EAPWSS are not required by regulation to test for these radionuclides.

**Draft Guidelines for Canadian Drinking Water Quality, Haloacetic Acids**

**Source:** Health Canada

**Date Posted:** January 9, 2026

**Comments Due:** March 13, 2026 - Closed

**Summary:**

The existing guideline technical document on haloacetic acids (HAAs), developed in 2008, recommends a maximum acceptable concentration (MAC) of 0.08 mg/L (80 µg/L) for total HAAs (measured as HAA5: monochloroacetic acid, dichloroacetic acid, trichloroacetic acid, monobromoacetic acid, and dibromoacetic acid). The MAC is based on a locational running annual average of a minimum of quarterly samples taken in the distribution system.

This document update proposes a MAC of 0.08 mg/L (80 µg/L) for total HAAs (measured as HAA6: HAA5 plus bromochloroacetic acid (BCAA)). The MAC is based on a locational running annual average of a minimum of quarterly samples taken in the distribution system. If the locational running annual average for BCAA is measured at levels equal to or greater than 10 µg/L, steps should be taken to reduce brominated-HAA formation.

**Potential Impacts:** The current MAC in Ontario is 0.08 mg/L (80 µg/L) for total HAAs measured as HAA5.

Historical BCAA results are available for EAPWSS and LHPWSS from 2012-2017. The max. value at all monitoring sites was <5.0 ug/L.

**Draft Guidance on asbestos in drinking water**

**Source:** Health Canada

**Date Posted:** January 23, 2026

**Comments Due:** March 24, 2026 - Closed

**Summary:**

“Asbestos can enter drinking water through natural sources (erosion and runoff from soil and rock), emissions from human activities (such as mining), and releases from aging asbestos-cement (A-C) pipes in drinking water distribution systems. Asbestos fibres have no detectable odour or taste, and they do not dissolve in water or evaporate. Canadian data are limited but indicate that there was no asbestos detected in most samples. A maximum acceptable concentration (MAC) for asbestos in drinking water is

not recommended since there is no consistent, convincing evidence that oral exposure to asbestos causes adverse effects in humans and animals.

Given public concern with asbestos and the goal of minimizing particle loading in treated drinking water to effectively operate the distribution system, it is recommended to implement best practices to minimize the concentrations of asbestos fibres in drinking water. Monitoring for asbestos can help provide a condition assessment of A-C pipes and inform infrastructure replacement schedules.”

**Potential Impacts:** None anticipated. The EAPWSS and LHPWSS do not have any known A-C pipes in the water treatment or transmission system.

**OCWA Comment** – For the Port Burwell Area Secondary Water Supply System, on Dexter Line there is A-C pipe as part of that system. Some municipalities that we serve do have A-C pipe.

### **Draft guidelines for Canadian drinking water quality, Chlorite and chlorate**

**Source:** Health Canada

**Date Posted:** February 13, 2026

**Comments Due:** April 14, 2026

#### **Summary:**

This document proposes to keep the existing MAC of 1 mg/L for chlorite and 1mg/L for chlorate in drinking water. A MAC for chlorine dioxide is not required as it rapidly reduces to chlorite and chlorate in drinking water.

**Potential Impacts:** None anticipated. The current MAC in Ontario is the same for both chlorite and chlorate. The LHPWSS and EAPWSS are not required by regulation to test for these parameters. Chlorite and chlorate are disinfection by-products formed from the use of chlorine dioxide in water treatment, and not applicable to these systems.

## **Federal Notices**

### **Regulatory Review of the Environmental Emergency Regulations, 2019 (E2 Regulations)**

**Source:** Environment and Climate Change Canada (ECCC)

**Date Posted:** December 15, 2025

**Comments Due:** February 13, 2026 - Closed

#### **Summary:**

ECCC is conducting a mandatory review of the existing E2 regulations. ECCC is seeking comments on key areas where the E2 regulations could be improved to reduce regulatory administrative burden and duplication.

**Potential Impacts:** None anticipated. Other than the requirement to provide an initial notice to ECCC due to the total quantity of chlorine on site, LHPWSS & EAPWSS are generally exempt from the E2 Plan requirements.

## Ontario Notices – Environmental Registry of Ontario (ERO)

### **ERO No. 025-1257: Proposed boundaries for the regional consolidation of Ontario’s conservation authorities**

**Type:** Policy Decision

**Source:** MECP

**Date Posted:** March 10, 2026

**Comments Due:** NA

#### **Summary:**

“A decision has been made on the boundaries for Ontario’s new regional conservation authorities. This spring, the government intends to introduce legislative amendments to the Conservation Authorities Act (CAA) that, if passed, would consolidate Ontario’s 36 Conservation Authorities (CAs) and create nine regional CAs, targeted to occur in early 2027.”

Ontario has recently established the Ontario Provincial Conservation Agency (OPCA) to provide centralized leadership and oversight for Ontario’s CAs.

#### **Potential Impacts:**

The Kettle Creek CA will become part of the larger **Eastern Lake Erie**

**Regional CA**. The four (4) CAs that will become consolidated into this regional CA align with the existing Lake Erie Source Protection Region.

The Ausable Bayfield CA will become part of the larger **Lake Huron Regional CA**. Six (6) CAs will become consolidated into this regional CA. The six (6) CAs are currently part of three (3) different source protection regions.

The source protection consequences related to these changes have not yet been fully determined.

For a map of the nine (9) Regional Conservation Authorities, refer to the Ontario Provincial Conservation Agency (OPCA) [website](#).

**RWS comment** – A recent meeting of the Lake Erie Protection Source Committee highlighted anticipated regulatory changes, including proposed amendments to the Clean Water Act. These amendments appear to be primarily administrative in nature, intended to ensure accurate references to Conservation Authorities and alignment with updated boundary delineations. The Ministry has not indicated that there will be any other change to Source Protection requirements. We will continue to monitor these developments and review the proposals as they become available.

**ERO No. 019-8413: Updates to the Drinking Water Quality Management Standard (DWQMS)**

**Type:** Policy Decision

**Source:** MECP

**Date Posted:** February 10, 2026

**Comments Due:** NA

**Summary:**

MECP has released version 3 of the DWQMS. “These updates provide clarification, reflect current practice in municipal residential drinking water systems and enable auditing of practices used to summarize monitoring data.” The updates to DWQMS include changes to elements 3, 6, 7, 9, 10, 11, 12, 16, 17, 18, 19, 20, 21.

**Potential Impacts:** Minor impacts on the QMS. The changes to the standard will require review and update of various QMS documents/procedures. The majority of the changes align with current practices that are already in place. A management of change review meeting has been scheduled for April 8, 2026 to develop an action plan.

**ERO No. 025-0779: Updates to the Director's Directions: Minimum Requirements for Operational Plans**

**Type:** Policy Decision

**Source:** MECP

**Date Posted:** March 12, 2026

**Comments Due:** NA

**Summary:** MECP has updated the Director’s Directions: Minimum Requirements for Operational Plans for municipal residential drinking water systems. This document sets out the minimum requirements for preparation and content of QMS operational plans that are developed for municipal residential drinking water systems. This update provides flexibility to organizations operating multiple connected municipal residential drinking water systems. Where the systems are operated as one, organizations will have the option to prepare a single operational plan.

**Potential Impacts:** None. No changes are required to the LHWSS and EAWSS operational plans.

**OCWA comment** – The Elgin-Middlesex Pumping Station (EMPS) owners (City of London, Aylmer Secondary and St. Thomas Secondary) will have a combined Operational Plan going forward, with a single audit instead of three audits.

**ERO No. 019-7891: New regulation to focus municipal environmental assessment requirements**

**Type:** Regulation Proposal

**Source:** MECP

**Date Posted:** December 5, 2025

**Comments Due:** February 3, 2026 - Closed

**Summary:** The Ministry has posted an updated proposal for a new streamlined environmental assessment (EA) regulation for municipal infrastructure projects. The proposal was originally published in 2024 for comment. The notice has been updated to alter the proposal and re-open the public comment period. The proposal includes replacing the Municipal Class EA with a streamlined EA regulation (Municipal Project Assessment Process or MPAP) focusing on complex municipal drinking water, wastewater and shoreline/in-water works projects.

Changes to the proposal include:

- Introduction of an archaeological assessment process for certain listed projects;
- A related new list of projects proposed to be subject to the archaeological assessment process;
- Proposed refinements to the projects previously proposed to be subject to the streamlined environmental assessment process;
- Proposed changes to the previously proposed streamlined environmental assessment process;
- Proposed transition provisions.

**Potential Impacts:**

The proposed updates include new thresholds for drinking water projects.

The requirements for Municipal Class EAs have the potential to change once new regulations come into effect. The timing is unknown. The Elgin Area WTP Expansion is proceeding under the current Municipal Class EA process as a Schedule C Class EA.

**RWS comment** – Class EA is proceeding expeditiously to meet the onslaught of demand expected by 2030/2031. A Request for Proposal (RFP) has been issued for the engineering assignment.

**RWS comment** – Ministry is issuing two (2) new disinfection standards for water treatment plants and water storage facilities in near future. The timing is still unknown. One thing to be aware of for disinfection of water treatment plants is that the new standard will require disinfection for any process segments where log removal/inactivation credits are being achieved. This will have impact to our systems and regulatory relief may be required. We will continue to monitor these developments as they become available.

## **9. Raw Water Supply and Drinking Water Quality Trends**

Reviewed the trends for pH, temperature, turbidity, colour, dissolved oxygen, chlorine residual, fluoride, aluminum residual, and disinfection by-products and discussed their stability, changes, and correlations.

Refer to agenda package for detailed information.

## **10. Deviations from Critical Control Point Limits and Response Actions**

LHPWSS 2025 – overall 61 alerts

EAPWSS 2025 – overall 175 alerts

Refer to agenda package for detailed information.

## **11. Communications, Complaints, Consumer Feedback**

### **LHPWSS**

Reviewed complaints/concerns documented in the Monthly Operations Reports and on complaint forms (LF-ADMIN-1000).

2025 (Apr-Dec)

- None

2026 (Year to date Jan – Mar)

- None

### **EAPWSS**

Reviewed complaints/concerns documented in the Monthly Operations Reports and on complaint forms (EF-ADMIN-1000).

2025 (Apr-Dec)

- Sep. – Oct. 2025: Several taste & odour complaints received from customers (London, St. Thomas, Central Elgin, Malahide). The complaints were earthy/swampy in nature. The complaints relate to seasonal lake events. A [Lake Erie Seasonal Water Quality Advisory](#) was posted Oct. 1, 2025 and rescinded Dec. 1, 2025.
- Nov. 6, 2025: Lighting complaint received related to the Fruitridge Surge Facility. Following the lighting upgrade the light was too bright and impacting a neighbour. OCWA installed a shield on the light to direct the lighting downward.

2026 (Year to date Jan – Mar)

- None

**OCWA comment** – Additional light shields to be added to lights at the Fruitridge building.

**RWS comment** – City of London had an issue with shields and wind in the past. It is best to keep an eye on newly installed shields to make sure they are still intact.

## 12. Adequacy of Resources

### 1. Human Resources – People & Competence:

All existing Regional Water (RW) positions are filled, with the exception of an Asset Management Coordinator vacancy. Two (2) approved new positions (Support Clerk, Division Admin. Assistant) are still to be filled.

In 2025 RW added 7 new positions (Senior Technologist, IT Hardware Technician, Health and Safety Specialist, SCADA Supervisor, Manager of Finance and Procurement, Procurement Specialist, Senior Manager of Business Operations). Resources have been added but RW is now taking on more responsibility. It is recognized that additional RW resources puts more pressure on OCWA. In particular with capital programs, the Technical Project Specialist position remains important.

Several mega projects are upcoming, which will require more rigorous project management. For the Elgin WTP Class EA and subsequent plant expansion, given the scale, scope and complexity it has been recommended that additional staff complement (i.e. Engineer, Senior Technologist) will be needed during the construction phase. The timing is unknown and dependent on flow volumes.

All OCWA positions are currently filled, with the exception of the Process Compliance Technician (PCT) and one Operator at Huron. One additional Operator at Huron has recently announced they are leaving. OCWA operators-in-training (OITs) work closely with an operator-in-charge (OIC) for a one year period. They meet with managers regularly to go over competency and within 1 year have to get their Level 1 certificate.

A succession plan for Huron Erie Water staff has been identified in the new Strategic Plan (currently in draft).

The development of the new Operating Authority Service Agreement, which will take effect in 2028, will require significant staff time in 2027.

**OCWA comment** – Although there are a number of new Operating in Training (OIT) in the system it is noted that they do work very closely with an Operator in Charge (OIC)

for the first year and also meet every three months to complete a competency review and to discuss issues etc.

## **2. Infrastructure & Equipment:**

For aging and obsolete equipment, it is encouraged to submit risk/opportunity assessments and business cases at any time (i.e. not just annually), for capital or operating budget considerations.

For the Huron system in 2026 we have moved to a scheduled monthly shutdown procedure, to reduce the number of shutdowns as it strains resources. More coordination for project shutdowns is required.

Given the projected capacity issues at Elgin WTP, consider a risk assessment to enhance redundancy and ensure spares are in place. We are preparing for plant expansion. In the short term (0-1 years) the focus will be on understanding what will change. In medium term (1-5 years) we need to ensure we are not investing in capital that will be abandoned. Risk assessments can be performed to review short (0-1 year), medium (1-5 years) and long term (5+ year) needs.

## **3. Financial Resources:**

### **Water Volumes & Revenue**

In 2025 each Elgin and Huron sold more than budgeted volumes to the municipalities. We sold approx. 101.0% of budget for Huron, 100.5% of budget for Elgin. No immediate concerns for the operational and capital budgets, as total revenue continues to be reasonably close to the projected volumes used for budget development.

## **4. Information, Data & Knowledge:**

The Huron O&M Manual is currently being updated. The Elgin O&M Manual update was finalized in 2025.

There is a record drawings & documents digitization effort in progress for both plants (e.g. to address drawings, shop drawings, equipment documentation, design reports etc.). Staff are working with City of London geomatics division on consolidation of drawing sets to RW Map. A process for keeping the Process Flow Diagrams, Process & Instrumentation Drawings (P&ID) and electrical single line drawings updated is also being developed.

RW has a placeholder in the capital plan for a Data Management and Reporting Plan, to look at data collection and retention needs, with policy development.

## **5. Technology & Systems:**

For RW SharePoint installation, the current focus is on continual improvement. The focus is on enhancing security, correcting stability issues, working on a variety

of functionality issues, and enhanced capabilities. In the past, SharePoint support has been an issue, but this has improved with a new consultant. It is not known how long the existing support will continue for, so we need to explore other options for support or other project management filing software.

In 2025 several software solutions were implemented: Jotform for risk/opportunity assessments and business cases, and OnLocation for contractor management. These processes are now embedded in our operations.

Adobe is not currently meeting our needs for file sharing, so we are investigating other options (e.g. Bluebeam or PDF reviewer).

#### **6. External Resources & Service Providers:**

There is some concern about meeting procurement obligations when we invite consultants on our projects, in terms of quantity of bids and pricing. This is more of an issue on the engineering side, less on the construction side. This is likely due to capacity of the consulting industry (supply/demand). There has been some high turnover in consulting industry, which impacted some past projects (e.g. Master Plan).

In December 2025 OCWA experienced an issue with obtaining some chemical supplies (i.e. delayed deliveries) over the break. OCWA corporate had to reach out to the chemical companies to resolve it.

#### **7. Time & Capacity for the EMS/QMS:**

##### **Inspection & Audit Results**

For the 2025-2026 inspection period:

- LHPWSS had 0 non-compliances with an inspection rating 100%, consistent with the previous inspection
- EAPWSS had 0 non-compliance with an inspection rating 100%, an improvement from the previous inspection

In 2025 both systems had successful EMS & DWQMS external audits, with no non-conformities identified. The management systems are rated as mature/benchmark. We are keeping up with the planned internal audit schedule, with no overdue items for auditing.

Overall, the management systems and associated compliance programs are working well and being adequately supported. The management systems continue to identify issues and seek opportunities for improvement.

#### **8. Leadership Support & Organizational Culture:**

Consider RW autonomy for procurement, finance etc. through a more formalized process.

### **9. Future Resource Needs & Improvement:**

System capacity - RW continues to monitor the long-term implications of construction and development in the area.

The Master Plan Updates were completed in 2025 for each system and contain recommendations for key improvements. Elgin WTP was determined to have insufficient capacity over the planning horizon (20 yr) with the preferred solution identified as upgrade and expansion of the existing system. Lake Huron WTP was identified as having sufficient capacity over the planning horizon (20 yr) with the preferred solution identified as optimization and upgrades to the existing system.

The Elgin terminal reservoir expansion project is underway, to help meet flow demands in the interim until the Elgin WTP expands.

Capital Program: There are currently 104 open projects. Of these, 7 are to be initiated, and 15 are on hold. Staff are pleased with the progress made over the past year to move projects from design to construction phase.

**RWS comment** – No current updates on future flow projections for Elgin area based on current construction project in St. Thomas. Discussions with the Ministry are ongoing. The terminal reservoir expansion for EAPWSS has significant ‘operational buffer’ for additional storage in the system. This is currently with the Ministry to determine external funding. Currently in the RFQ stage. An RFP won’t be posted until commitment from the Ministry can be funded.

### **Conclusion:**

In the immediate timeframe we have adequate resources to support the EMS/QMS, despite some challenges noted above. In the medium term (e.g. 5 years) there may be implications for our capital program depending on whether flow projections are realized for the Elgin system.

**13. Staff Suggestions** – deferred to June meeting

**14. New Business**

None.

\*\*\*End of Meeting\*\*\*

**Next Meeting – June 15, 2026 – 10:00am**

## **Board of Management Report**

**Subject:** Quarterly Operating Financial Status – 1<sup>st</sup> Quarter 2026

**Overview:**

- This report shows the current fiscal year's 1<sup>st</sup> quarter in comparison to its Budgeted amount and the previous year's same time period.

### **Recommendation**

That the Board of Management for the Lake Huron Water Supply System receives this report regarding the Operating Financial Status Report for the period of January 1 to March 31, 2026, noting that this report is unaudited and subject to adjustments including the preparation of the financial statements and completion of the annual audit.

### **Previous and Related Reports**

Quarterly Operating Financial Status – 4<sup>th</sup> Quarter 2025

### **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 first quarter 2026 (January 1 to March 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 corrections and entries required for 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. Expenditures have increased from the same period in 2025 due to an increase in contracted costs and service adjustments.
- Contracted Administrative Services in the summary report reflects the fees paid to the City of London.
- Electricity expenditures include the purchase of energy and related energy management service charges for the water system. The reported energy cost was higher than the same period of the previous year due to increased volumes and commodity market rates.
- Salaries, wages, and benefits expenditures include all direct labour costs for administrative staff including benefits. Variations over the same period in 2025 are attributed to annual salary adjustments, vacancies, and additional staff added.
- Administration and Other Expenses relates to various overhead operating expenses, including subscriptions and memberships, realty taxes, bank charges and interest, and office supplies. The charges are higher in 2026 due to an increase in realty taxes.
- Vehicles and Equipment expenditures include costs associated with vehicles, computers, and office equipment for administrative staff. The increase in 2026 mostly relates to the timing of annual costs.
- Purchased Services and Professional Fees largely relate to allowances for ad hoc professional consulting and legal services, security services, office lease, telephone charges, network, and SCADA (Supervisory Control and Data Acquisition) maintenance, printing services, and pipeline locate costs. The increased cost when compared to the same period in 2025 is attributed to higher insurance premiums, asbestos removal and increased POMA payments.

- Debt Principal and Interest payments occur twice per year; in the first and third quarter. The first quarter 2026 shows the debt principal payments for the entire year.
- Contributions to the Reserve Funds occur at the end of the fiscal year (fourth quarter) as part of the year-end process and in preparation for the year-end audit, where the actual contributions are the total remaining revenue in excess of expenditures. Accordingly, the amount of the anticipated contribution will be 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  
Manager, Finance & Procurement

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

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

**Attachments:** Operating Financial Status Summary – 1<sup>st</sup> Quarter 2026

## Quarterly Financial Summary Report

Lake Huron Water Supply system

1st Quarter 2026 (January 1 to March 31, 2026)

(\$,000's)

	Approved 2026 Budget	Q1 - 2026	2026 Year to Date	Year To Date Variance	2025 Year To Date
<b>Total Revenue</b>	<b>30,198</b>	6,896	6,896	23,302	6,487
<u>Expenditures:</u>					
Contracted Operating Services	8,704	2,229	2,229	6,475	2,152
Contracted Administrative Services	213	79	79	134	86
Electricity	3,250	1,105	1,105	2,145	930
Salaries, Wages, Benefits	1,636	274	274	1,362	210
Administration and Other Expenditures	555	211	211	344	188
Vehicles and Equipment	257	71	71	186	37
Purchased Services & Professional Fees	1,595	595	595	1,000	550
Debt Principle Payments	44	44	44	0	966
Interest on Long-Term Debt	1	1	1	0	12
Contributions to Reserve Funds	13,942	0	0	13,942	0
<b>Total Expenditures</b>	<b>30,197</b>	<b>4,609</b>	<b>4,609</b>	<b>25,588</b>	<b>5,132</b>

## Board of Management Report

**Subject: Water System Operation - Contract Status Update**

### Overview:

- The current Service Agreement with the operating authority is in effect for the term of January 1, 2023, to December 31, 2027.
- In 2025, the operating authority achieved the contractual requirements related to employee retention and received the associated incentive payment of \$30,000.
- In 2025, the operating authority received \$85,000 for the performance incentive payment. There was a \$15,000 deduction for not meeting all water quality performance criteria.
- In 2025, the treated water volume was higher than the projected range resulting in an adjustment to the service fee.

### Recommendation

That the Board of Management for the Lake Huron Water Supply System **RECEIVE** this report for information.

### Previous and Related Reports

June 5, 2025	Water System Operation – Contract Status Update
June 6, 2024	Water System Operation – Contract Status Update
June 1, 2023	Water System Operation – Contract Status Update
June 2, 2022	Water System Operation – Contract Status Update
October 7, 2021	Operations and Maintenance Services Agreement – Negotiation of Term Extension

### Background

On January 19, 2012, the Board of Management for the Lake Huron Water Supply System (LHWSS), acting concurrently and jointly with the Board of Management for the Elgin Area Water Supply System (EAWSS), awarded the contract for the management, operation, and maintenance of the drinking water systems to the Ontario Clean Water Agency (OCWA). OCWA began operating the LHWSS on July 1, 2012. The original contract with OCWA was for a five-year term, with additional five-year optional extensions.

In 2017 an Amending Agreement was executed to extend the term. The Amending Agreement took effect on July 1, 2017, and the term ended on December 31, 2022. The Amending Agreement allowed for an additional five-year extension at the option of the Board.

On March 4, 2021, the Board authorized staff to negotiate the terms and conditions for a term extension agreement with OCWA for the allowable five-year period. On October 7, 2021, the Board approved the Amended and Restated Operations and Maintenance Services Agreement and authorized the Board Chair and the CAO to execute the agreement with OCWA. The Agreement is in effect for the period of January 1, 2023, to December 31, 2027.

At the joint direction of the Boards of Management for each of the Elgin Area Water Supply System and the Lake Huron Water Supply System, staff began preparing for a public procurement process in late 2025 for the selection of a contracted operating authority whose contract would begin January 1, 2028. Gowling WLG was retained as the Boards' legal consultant for this procurement. A public procurement process of this nature typically takes a minimum of eighteen months to complete, including procurement preparation and post-procurement transition. It is anticipated that a pre-qualification process for contracted services providers will be issued by late 2026 with the intent to conclude a request for proposal process and award the contract by September 2027.

## Discussion

The service agreement with OCWA contains a significant number of deliverables. This report does not attempt to cover the status of all deliverables, rather it provides an overview of some of the more notable administrative items.

### General Contract Deliverables

Under the service agreement, OCWA is required to provide several regular reports to Board staff, including:

- Monthly Operations and Maintenance Report
- Quarterly Contract Report
- Quarterly Water Quality Report
- Quarterly Financial Report
- Quarterly Health & Safety Activities Report

Board staff and OCWA currently meet monthly to review the day-to-day management, operations, and maintenance activities for the water supply system. The Board's CAO, Director, and the senior management of OCWA also meet quarterly to discuss any

financial, contractual compliance and administrative-level issues. All the above noted reports and related meeting minutes are available from the Regional Water Supply office in London upon request.

### **Employee Retention Incentive**

Under the service agreement, OCWA is entitled to receive an annual employee retention incentive payment if all critical staff positions were filled, and staff turnover for these positions was no more than two (2) persons during the calendar year. This incentive was included in the service agreement to ensure adequate numbers of critical staff were available and incentive minimal turnover, which was a significant issue with the previous contracted operating authority.

In 2025, OCWA achieved these requirements for the LHWSS and received the \$30,000 employee retention incentive payment. Despite the departure of two (2) critical staff positions during the year, one (1) Operator and the Technical Project Specialist, the conditions were met to receive the incentive payment. These positions have since been filled. There were also three (3) non-critical staff departures which did not impact the incentive payment.

### **Performance Incentive Payment**

At the end of each contract year, OCWA is entitled to receive a performance incentive payment of up to \$100,000, subject to any deductions outlined in the service agreement. Deductions could result from a number of specified issues, such as providing deficient or late reports, failure to meet emergency response requirements, failure to deal with complaints, failure to meet water quality performance criteria, etc. The performance incentive payment is intended to promote performance superior to minimum regulatory standards and best practices.

In 2025 OCWA received \$85,000 for the incentive payment. There was a \$15,000 deduction to the incentive payment for not meeting all water quality performance criteria outlined within the service agreement. Specifically, in three consecutive months (i.e. July, August and September 2025) the criteria for geosmin in treated water was not met. Geosmin is a naturally occurring compound that is produced by algae or bacteria in surface water and causes taste and odour issues in drinking water. In July through September 2025, geosmin was detected in treated water in concentrations above the acceptable taste and odour threshold. It is important to note that geosmin is not a regulatory parameter, and that all regulatory water quality requirements were met in 2025.

## **Service Fee Adjustment**

The service agreement identifies projected annual treated water volumes throughout the contract term, upon which the annual service fee is based. At the end of each contract year, if the actual volume is greater than 105% or less than 95% of the projected volume, an adjustment is made to the service fee (either a credit or additional cost).

In 2025, the actual volume for the LHWSS was 108.33% of the projected contract volume. This was outside the accepted range, therefore, an adjustment to the service fee was required. The increase in volume was deemed to impact OCWA's actual chemical costs and residuals disposal costs. This resulted in an adjustment of \$92,900, paid by the Board to OCWA.

## **Conclusion**

Board staff will continue to work closely with the operating authority to monitor performance and ensure deliverables under the service agreement. Any contractual issues are discussed at the quarterly operations meetings between OCWA and Board staff.

Prepared by: Erin McLeod, CET  
Quality Assurance & Compliance Manager

Submitted by: Jess Bechard, MBA  
Senior Manager, Business Administration

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

## Board of Management Report

**Subject:** 2026 State of the Infrastructure & Levels of Service

### Overview:

- The state of the infrastructure is a high-level snapshot of the utility's asset management profiles of our various process areas and the year-over-year change.
- Levels of service represent the utility's actual service delivery performance compared to established targets.
- Changes in our asset management profiles and/or gaps identified in meeting a level of service could indicate an investment opportunity or a priority for further action.

### Recommendation

That the Board of Management for the Lake Huron Water Supply System **RECEIVE** this report with regard to the 2026 State of the Infrastructure & Levels of Service for information.

### Previous and Related Reports

June 5, 2025      2025 State of the Infrastructure & Levels of Service

### Background

State of the infrastructure and levels of service are components of the Lake Huron Primary Water Supply System's asset management program. First reported in 2022, the state of the infrastructure report is a snapshot of the state of the utility's assets and the assets' success in delivering the service. This report is intended to keep the Board informed of the asset management profiles of the water system.

While conceived as an annual report, considering the number and type of assets the utility owns and their typical deterioration rates over time, significant changes to the year-over-year asset management profiles might not be realized. Further, major capital construction projects typically occur over multiple years (design & construction) which has the potential to limit annual measurable asset management profile gains, particularly when compared to actual capital expenditures for the reporting year.

State of the infrastructure and levels of service reporting are in alignment with and supports the guiding principles and key outcomes as established through our Asset Management Policy.

## Discussion

The utility has over 6,600 individual and grouped assets documented and categorized across the water systems various process areas:

Treatment Process Areas	Facility Process Areas	Transmission Process Areas
Raw Water Handling	General Site, Building Services, Fleet & Security	Surge Control
Pre-Treatment	Primary Power	Primary Pipelines & Chambers
Filtration, Disinfection & High Lift Pumping	Digital Technology*	Secondary Pipelines & Chambers
Residuals Management		Primary Reservoir & Pumping Station
		Secondary Reservoir & Pumping Station

*\* Due to their unique nature, digital technology assets have been separated out from the other process area assets for the purposes of this state of the infrastructure reporting.*

For the reporting period 79 new assets have been commissioned into service and 198 have been decommissioned or otherwise taken out of service. The utility's capital expenditures in 2025 were \$4.2 million in design and construction services.

The following asset management profiles are outlined in this report with the respective Asset Cards (by process area) attached as **Appendix A**:

- Asset Replacement Value
- Asset Condition
- Asset Performance
- Asset Risk

The overall assessment of the state of the infrastructure is a consideration of all these factors. A lower rating in any one factor does not necessarily denote the imminent failure of the asset or system, increasing risk due to poor operational practices, or ineffective investment strategies.

The information contained in this report represents the utility's asset management data up to the year-end 2025.

2026 Asset Management Plan Update

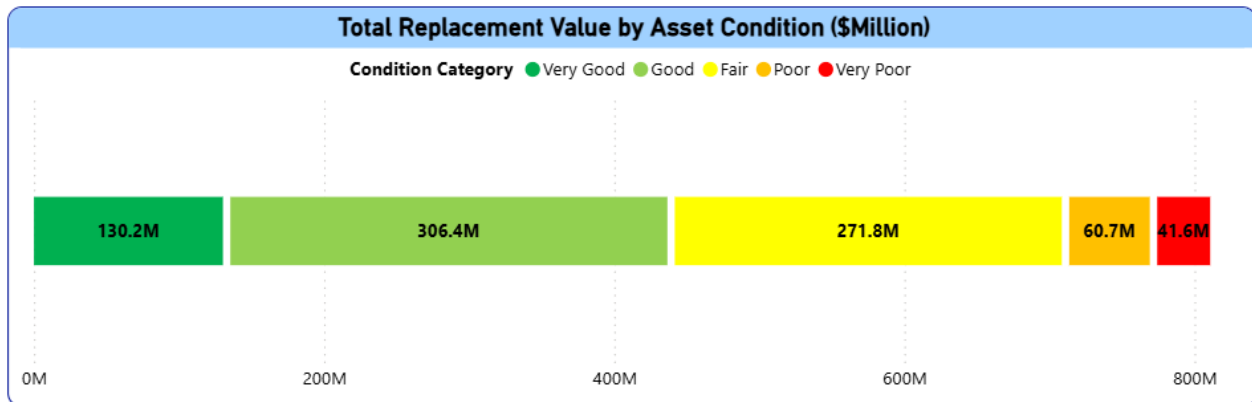
On a 5-year cycle the utility undertakes a review of and update to our Asset Management Plan. The next Plan update has been initiated with professional services being retained at the time of writing this state of the infrastructure report. It is intended that this 2026 asset management plan update will advance the utility’s asset management program maturity, support further operationalization and integration of the Plan, and improve data accuracy, collection, & reporting.

**State of the Infrastructure**

Asset Replacement Value

Across all process areas the utility has an estimated total asset replacement value of approximately \$811 million (in 2026 dollars) compared to \$790 million reported in the prior year report, an overall increase of approximately 3%.

Overall, the utility has a 2026 asset replacement value profile as follows:



For clarity, as asset values depreciate over time this is not the resale value of our existing asset portfolio, this asset valuation represents the projected theoretical cost of like-for-like replacement of our water treatment and transmission assets.

Asset Condition

The condition of an asset is useful information related to whether the asset can deliver the required service, the state of repair of the asset, and its life expectancy.

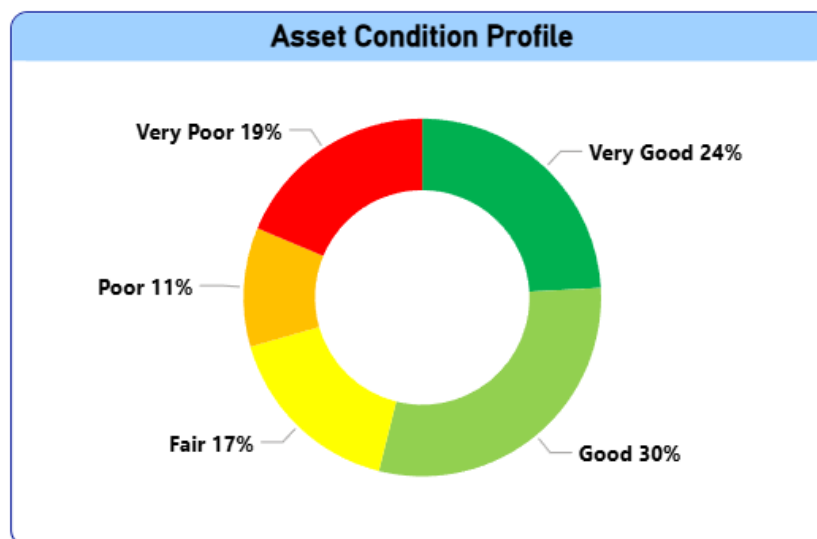
In an ideal world all assets could have their condition assessed annually, however with over 6,600 individual and grouped assets, that is not a practical approach. Further, as the utility’s assets are managed day-to-day by a contracted operator with established preventative maintenance inspection and routine maintenance protocols, annual condition assessments are not presently considered necessary.

Consistent with prior years reporting, where assets have no current condition assessment information, age-based straight-line deterioration methodology continues to be utilized for determining asset condition. Straight-line deterioration is most useful when an asset’s condition is assumed to deteriorate uniformly over time. It is important to note that age-based asset condition assessment is an indicator of risk, and not the ability of the asset to function as intended.

Each asset has been assigned a condition score based on the following table from the utility’s Asset Management Plan:

Rating	Condition	Description
1	Very Good	Like new/physically sound and performing as intended.
2	Good	Minor superficial deterioration.
3	Fair	Showing deterioration and wear.
4	Poor	Major portion of the asset is deficient, functions but has major problems.
5	Very Poor	Physically unsound, unreliable and has reached or exceeded useful life.

Overall, the utility’s assets have an average condition score of 2.7, or **Fairly-Good**. While still to the good, this is an approximate increase of 7% over the prior year state of the infrastructure report and reflects a negative trend, where an increase in condition score equates to a decline in the assets condition. The utility’s 2026 asset condition profile is as follows:



	Very Good	Good	Fair	Poor	Very Poor	Overall Score	Trending
Asset Condition Distribution (Change Over Previous Year)	0%	-5%	-3%	3%	5%	7%	Increase = Decline Negative Trend

As our asset management program continues to advance and mature, asset condition data will be further refined as data limitations are addressed and data confidence increases. As part of the 2026 Asset Management Plan update Board staff will be working with our consultant to evaluate other desktop methodologies for establishing asset condition to determine if there is a preferable alternate model which might be better suited to our water utility.

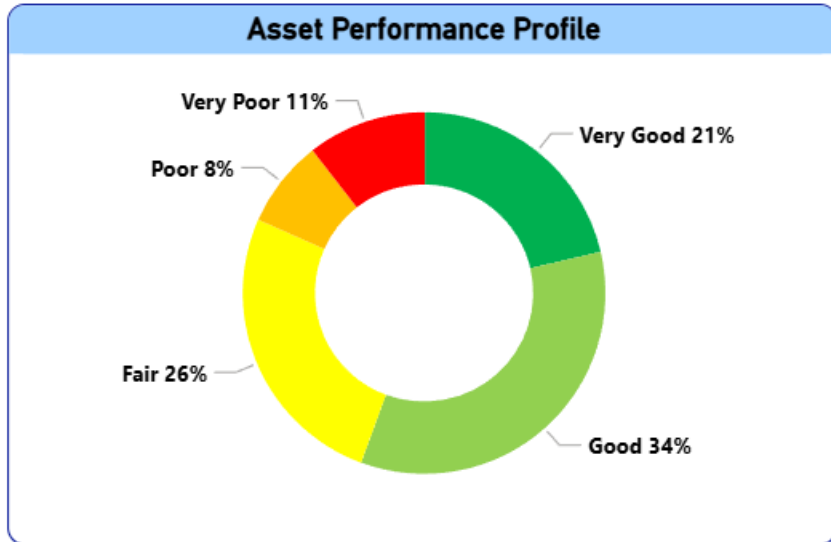
The Asset Management Plan recommends that updated visual condition assessments be performed for the utility's assets to further inform on their condition. Board staff will continue to seek opportunities, synergies, and priorities for completing such visual condition assessments and incorporating the updated condition data into our asset management program.

In 2025 the utility completed inspections and condition assessments for the water treatment plant surge tanks and associated piping and valves.

### Asset Performance

Asset performance is a measure of how well an asset meets its desired operational function, and is assessed independently of other factors (e.g., age and condition). The contracted operator, the Ontario Clean Water Agency (OCWA), using their corporate & collective knowledge, experience, and history with the utility, monitor and report on the performance of the utility's assets.

Collectively the utility's assets have an average performance rating of 2.5 or **Fairly-Good**. With a reduction in the overall average performance score of 6% over the prior year, this reflects a positive trend, where a decrease in performance score equates to an improvement in the assets performance. The utility's 2026 asset performance profile is as follows:



	Overall Score	Trending
Performance Score (Change Over Previous Year)	-6%	Decrease = Improvement Positive Trend

Another indicator of the performance of the utility’s assets is the amount of operation & maintenance intervention required by the contracted operator to maintain asset service delivery. In 2025 OCWA reported 553 work orders, an increase of 46% from the prior year report. For context, the number of work orders is not an indication of severity of operator intervention – work orders reflect the full gamut of corrective actions from routine (replacing a lightbulb or confirming an analyzer), to servicing (fixing oil leaks or changing bearings), through to major maintenance (rebuilding pumps and motors).

Note that digital technology asset performance has not been quantified; presently under our asset management program, by their nature, digital technology assets are either performing or not performing.

Asset Risk

Risk in the context of our asset management program represents the risk of an asset failing to deliver its desired level of service and is a factor in the likelihood of asset failure and the resulting consequence. Likelihood considers asset condition, performance, and climate change impacts, where consequence considers the severity of the impact and the importance of the asset. By separating condition and performance

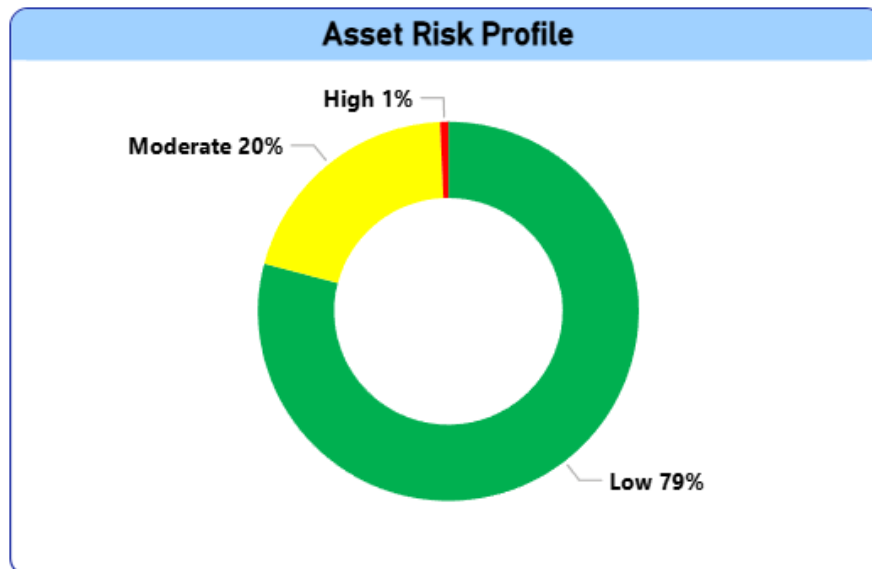
as two distinct factors, there is an opportunity to consider assets in poor condition that may still be performing well, as well as assets in good condition that may not be reliable.

Assets can have a maximum risk score of twenty-five (25) and are split into three risk zones:

- High Risk (risk scores greater than 16)
- Moderate Risk (risk scores of 9 to 16)
- Low Risk (risk scores less than 9)

As part of the 2026 Asset Management Plan update Board staff will be working with our consultant to refine our asset risk parameters and scoring not only to validate the current, but with the intention to incorporate some additional metrics to ensure asset risk scoring considers the specific service that the assets provide.

Collectively the utility’s assets have an average risk score of 7.2 or **Low Risk**, with no measurable change from the prior year reporting. The utility’s 2026 asset risk profile is as follows:



	Very Good	Good	Fair	Poor	Very Poor
Average Risk Score	4.8	6.9	8.1	7.8	9.8
Change Over Previous Year	-6%	4%	-2%	-13%	1%

Overall	Trending
7.2	Neutral No Change
0%	

The utility's asset risk scores across the condition categories remain low overall. There are 1,101 assets within the moderate risk zone (average risk score of 11.6) and only 38 in the high-risk zone (average risk score of 17.3). Digital technology assets have an average risk score of 11.4.

## **Levels of Service**

The utility's level of service framework has established measures and targets across three parameters that reflect the objectives that the utility strives to achieve:

- Quality
- Availability/Reliability
- Environmental Acceptability

Each parameter has a defined set of Customer and Technical levels of service and their respective target metric. A Customer level of service is defined as what service the customer receives while a Technical level of service is defined as what service the utility delivers. Across the three levels of service framework parameters the utility has established thirteen (13) customer and thirty-two (32) technical levels of service.

The purpose of setting targets for level of service is to clearly define the objectives of the utility in the provision of treated drinking water to the benefiting municipalities. Levels of service are the service performance targets for the utility and are used in the utility's decision-making process for operational activities and asset investments. These targets are measured regularly, where any gaps identified in meeting a level of service could become a priority for action.

Since the 2022 endorsement of both the level of service framework and the Asset Management Plan, Board staff have developed a level of service monitoring program that actively tracks and reports on seventeen (18) of the established technical level of service. Data on the 'outstanding' technical level of service metrics is presently being collected through various means, the data simply has not been formally rolled-up into our level of service monitoring and reporting program to date.

Our current levels of service have been established at a higher level and are applicable to the utility's operations as a whole. As part of the 2026 Asset Management Plan update Board staff will be working with our consultant to not only review and validate existing levels of service metrics, but develop levels of service specific to the various process areas. This improved granularity of level of service tracking will allow the utility to focus on specific process areas and understand how assets are performing in providing the intended service of the respective process area.

The Lake Huron Primary Water Supply System customer and technical levels of service framework and results reporting is attached to this report as **Appendix B**.

*N.B.: It is important to note that data collected and reported for the purposes of this level of service monitoring program is solely related to the utility's asset management program. The level of service data is not intended for or representative of any legislated, compliance, or regulatory reporting.*

## **Conclusion**

This state of the infrastructure report provides the utility's updated asset profiles for asset replacement value, condition, performance, and risk. It represents improved data accuracy through ongoing data reconciliation, implementing findings from condition assessments, and updated asset costing. We continue to operationalize our levels of service framework and monitoring program.

Overall, Board staff are content with the state of the utility's assets, our asset management profiles, and our ability to meet our level of service objectives.

Board staff are continuously working to improve the quality of and confidence in our asset data. We will continue to utilize data from our asset management program, including the updated asset profiles and supporting data, to inform planning of future investment and operation and maintenance initiatives, with an eye to improving asset condition & performance, reducing asset risk, maximizing asset useful life, and maintaining the utility's levels of service.

Prepared by: Ryan Armstrong, C.E.T.  
Asset Management Coordinator

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

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

Attachments: Appendix A – Process Area Asset Cards  
Appendix B – Level of Service Framework & Results

## Appendix A – Process Area Asset Cards

- 2026 State of the Infrastructure Asset Card
- 2026 State of the Infrastructure **Treatment** Process Areas
  - Raw Water Handling
  - Pre-Treatment
  - Filtration, Disinfection, and High Lift Pumping
  - Residuals Management
- 2026 State of the Infrastructure **Facility** Process Areas
  - General Site, Building Services, Fleet, and Security
  - Primary Power
- 2026 State of the Infrastructure **Transmission** Process Areas
  - Surge Control
  - Primary Pipelines and Chambers
  - Primary Reservoirs and Pumping Stations
  - Secondary Pipelines and Chambers
  - Secondary Reservoirs and Pumping Stations
- 2026 State of the Infrastructure **Digital Technology** Process Areas



Lake Huron  
Primary Water Supply System

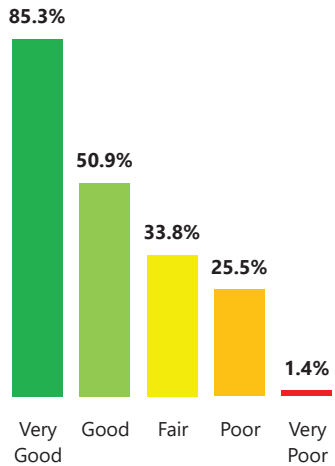
5451

Asset Count

797.3M

Total Replacement Value (\$2026)

### Remaining Useful Life



# 2026 State of the Infrastructure Asset Card

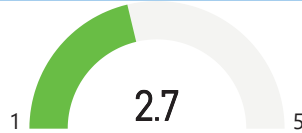
Treatment & Transmission Assets | Excluding Digital Technology Assets | Asset Data as of December 31, 2025 | E&OE

### Total Replacement Value by Asset Condition

Condition Category ● Very Good ● Good ● Fair ● Poor ● Very Poor



### Overall System Asset Condition



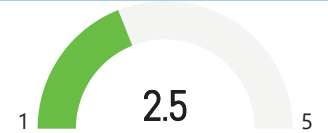
79

2025 Installed Assets

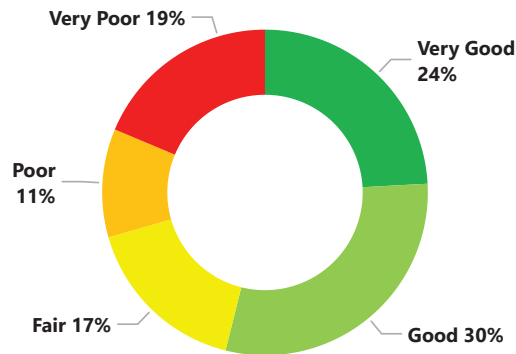
\$4.19M

2025 Capital Expenditure

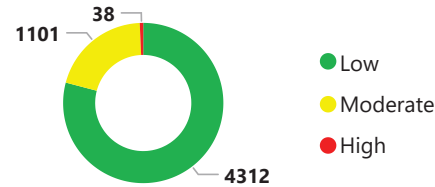
### Overall System Asset Performance



### Asset Condition Profile



### Asset Risk Profile



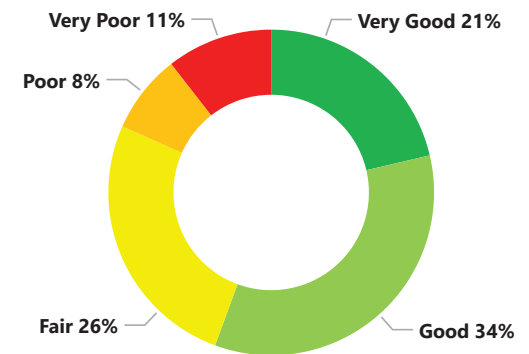
7.2

Average Risk Score

553

Corrective Action Work Orders

### Asset Performance Profile





**Lake Huron**  
Primary Water Supply System

**1614**

Asset Count

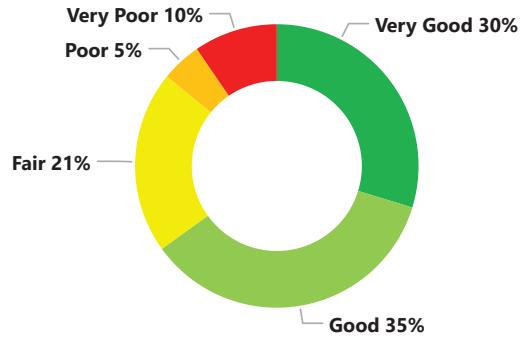
**330.6M**

Total Replacement Value (\$2026)

# 2026 SOTI Treatment Process Areas

Asset Data as of December 31, 2025 | E&OE

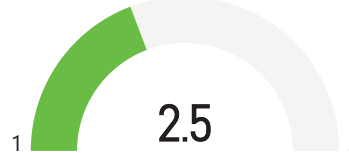
## Asset Condition Profile



## Asset Risk Score



## Asset Performance Score



## Process Area

- Raw Water Handling
- Pre-Treatment
- Filtration, Disinfection, and HLP
- Residuals Management
- General Site, Building Services, Fleet, and Security
- Primary Power
- Surge Control
- Primary - Pipelines and Chambers
- Primary - Reservoir and Pumping Station
- Secondary - Pipelines and Chambers
- Secondary - Reservoir and Pumping Station

## Top 10 Asset Class' by Replacement Value

Asset Class	Asset Count	Total Replacement Value (\$2026)
BUILDING	76	148,116,124.21
TANK	48	81,841,939.38
FILTER	14	26,431,319.63
PUMP	88	13,916,009.11
PANEL	405	9,164,973.08
VALVE	382	7,037,192.31
PIPING	17	5,543,663.15
MOTOR	84	5,166,393.88
CONDUIT	2	4,345,114.62
MCC	21	4,109,392.16

**2.3**

Average Condition Score

**222**

Corrective Action Work Orders

**22**

2025 Installed Assets

**\$842K**

2025 Capital Expenditure

**742K**

Intervention Reinvestment Forecast (\$/year 2027-2031)

## Total Replacement Value by Asset Condition





**Lake Huron**  
Primary Water Supply System

**1393**

Asset Count

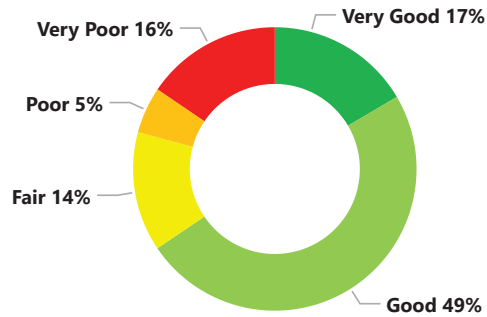
**62.6M**

Total Replacement Value (\$2026)

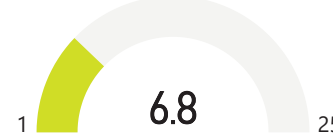
# 2026 SOTI Facility Process Areas

Asset Data as of December 31, 2025 | E&OE

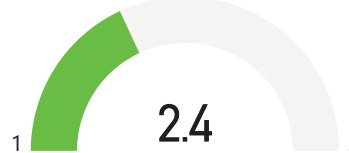
## Asset Condition Profile



## Asset Risk Score



## Asset Performance Score



## Process Area

- Raw Water Handling
- Pre-Treatment
- Filtration, Disinfection, and HLP
- Residuals Management
- General Site, Building Services, Fleet, and Security
- Primary Power
- Surge Control
- Primary - Pipelines and Chambers
- Primary - Reservoir and Pumping Station
- Secondary - Pipelines and Chambers
- Secondary - Reservoir and Pumping Station

## Top 10 Asset Class' by Replacement Value

Asset Class	Asset Count	Total Replacement Value (\$2026)
BUILDING	30	25,201,101.15
PANEL	80	5,545,164.29
GENERATOR	12	4,638,062.25
ENGINE	5	4,602,562.67
AHU	12	3,364,384.62
SITE	5	2,619,508.94
AC	43	2,211,461.77
LIFTING	61	2,092,551.20
TRANSFORMER	11	1,873,287.54
VEHICLE	17	1,112,384.29

**2.5**

Average Condition Score

**139**

Corrective Action Work Orders

**33**

2025 Installed Assets

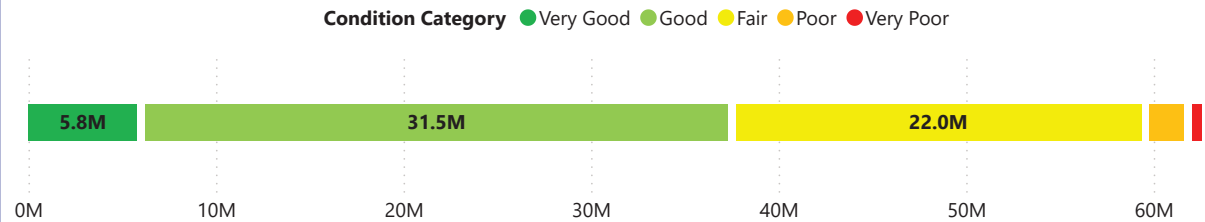
**\$785K**

2025 Capital Expenditure

**488K**

Intervention Reinvestment Forecast (\$/year 2027-2031)

## Total Replacement Value by Asset Condition





**Lake Huron**  
Primary Water Supply System

**2444**

Asset Count

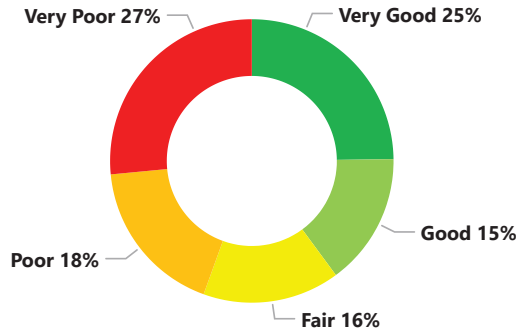
**404.1M**

Total Replacement Value (\$2026)

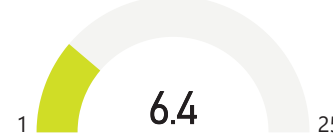
# 2026 SOTI Transmission Process Areas

Asset Data as of December 31, 2025 | E&OE

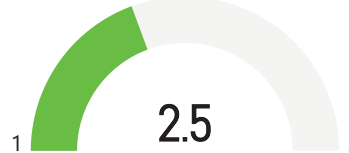
## Asset Condition Profile



## Asset Risk Score



## Asset Performance Score



## Process Area

- Raw Water Handling
- Pre-Treatment
- Filtration, Disinfection, and HLP
- Residuals Management
- General Site, Building Services, Fleet, and Security
- Primary Power
- Surge Control
- Primary - Pipelines and Chambers
- Primary - Reservoir and Pumping Station
- Secondary - Pipelines and Chambers
- Secondary - Reservoir and Pumping Station

## Top 10 Asset Class' by Replacement Value

Asset Class	Asset Count	Total Replacement Value (\$2026)
PIPING	40	237,331,264.16
TANK	32	77,589,625.78
BUILDING	64	46,739,866.25
CHAMBER	303	18,461,296.79
VALVE	955	8,886,237.84
PUMP	85	2,688,873.41
PANEL	271	2,063,704.02
MOTOR	41	1,349,759.10
MCC	7	1,032,476.57
SITE	15	759,846.82

**3.1**

Average Condition Score

**192**

Corrective Action Work Orders

**24**

2025 Installed Assets

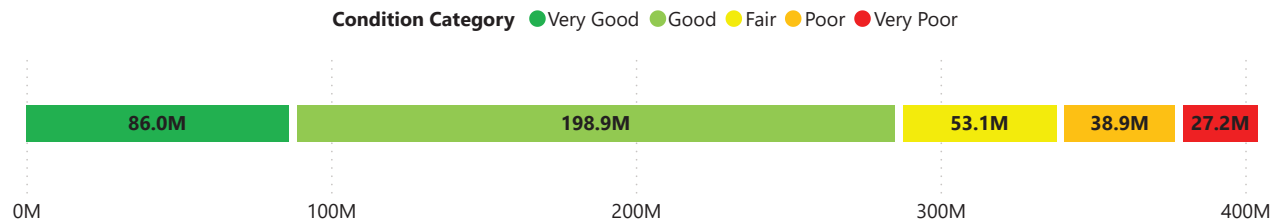
**\$1.96M**

2025 Capital Expenditure

**308K**

Intervention Reinvestment Forecast (\$/year 2027-2031)

## Total Replacement Value by Asset Condition





Lake Huron  
Primary Water Supply System

1188

Asset Count

\$13.5M

Total Replacement Value (\$2026)

Asset Risk Score

11.4

1

25

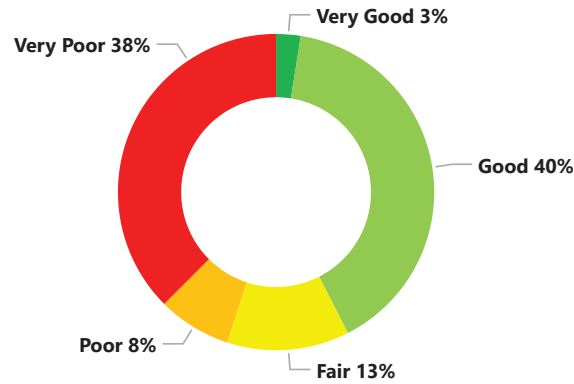
# 2026 SOTI Digital Technology Process Area

Asset Data as of December 31, 2025 | E&OE

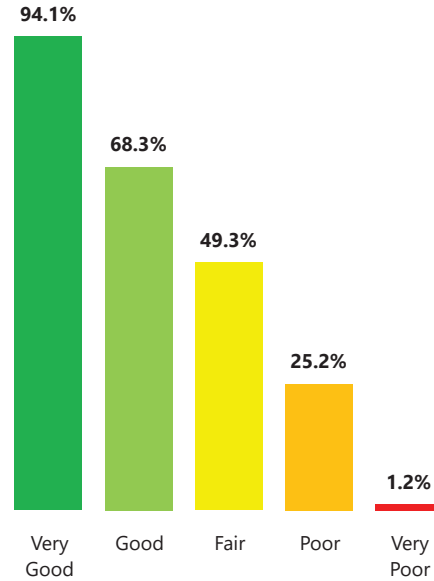
Process Area

Digital Technology

Asset Condition Profile



Remaining Useful Life



3.4  
Average Condition Score

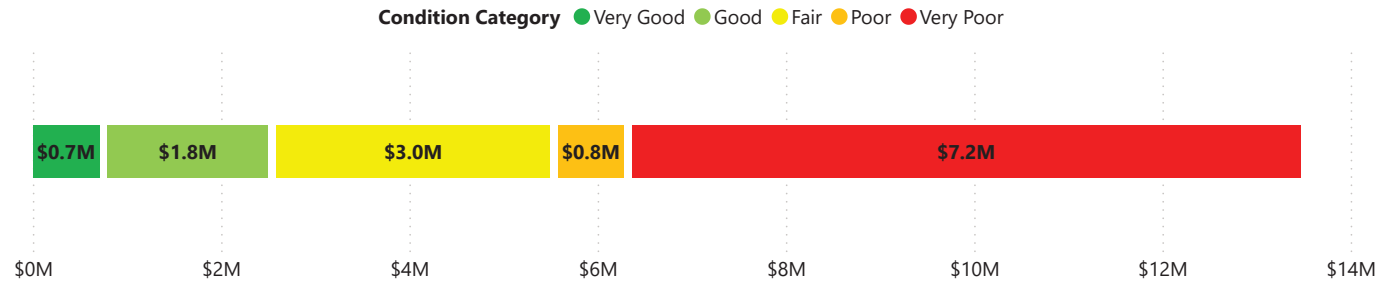
\$264K

2025 Capital Expenditure

\$161K

Intervention Reinvestment Forecast (\$/year 2027-2031)

Total Replacement Value by Asset Condition



## Appendix B – Level of Service Framework & Results

*Data collected and reported for the purposes of this level of service monitoring program is solely related to the utility's asset management program. The level of service data is not intended for or representative of any legislated, compliance, or other regulatory reporting.*

### Quality

Objective	Customer Level of Service	Technical Level of Service	Target	2024	2025	LOS Target Achieved?	Notation
Provide drinking water quality that meets or is superior to regulatory requirements	Meet target of no adverse water quality incidents	# of adverse water quality incidents	0	0	1	N	June – Lab reported total coliform count from McGillivray sample
	Satisfy MECP regulatory compliance requirements	# of non-compliances identified in MECP inspection reports	0	0	0	Y	MECP Inspection
		MECP Inspection score	100%	100%	100%	Y	MECP Inspection
	Satisfy Superior Water Performance Criteria	# of superior water performance criteria met (Schedule B)	9 of 9	8 of 9 (99%)	8 of 9 (99%)	N	Missed parameter for geosmin (July-September). Overall assets delivered on 303 of 306 of the superior water performance criteria metrics.

**Availability / Reliability**

Objective	Customer Level of Service	Technical Level of Service	Target	2024	2025	LOS Target Achieved?	Notation
Water Production is Resilient	Assets operate with % reserve capacity	Peak hour production < rated capacity + emergency strategic allowance by %	Less Than 100%	58.6%	<b>59.2%</b>	Y	Annual Average Max. Day vs. 85% DWL Target
				68.8%	<b>65.9%</b>	Y	Annual Maximum Max. Day vs. 85% DWL Target

**Environmental Acceptability**

Objective	Customer Level of Service	Technical Level of Service	Target	2024	2025	LOS Target Achieved?	Notation
Minimize water system impacts on the environment	Environmental sustainability best practices	Energy intensity (ekWh/m3)	= < baseline (TBD)	0.628	<b>0.640</b>	<b>Trending Negative</b>	Less efficient: Used more energy resources for WTP operations compared to 2024. Ongoing data collection for LOS baseline

Objective	Customer Level of Service	Technical Level of Service	Target	2024	2025	LOS Target Achieved?	Notation
		Energy efficiency (kWh/m <sup>3</sup> )	= < baseline (TBD)	0.593	<b>0.597</b>	<b>Trending Negative</b>	Less efficient: Used more hydro to treat water compared to 2024. Ongoing data collection for LOS baseline
		Total GHG emissions (equivalent litres of gasoline)	= < baseline (TBD)	3.172M	<b>3.322M</b>	<b>Increasing</b>	Produced more GHG compared to 2024; but also produced more water. Ongoing data collection for LOS baseline
		Backup generator use (planned vs. unplanned)	100%	50.2%	<b>93.3%</b>	<b>Trending Positive</b>	Less reliant on back-up power sources resulting from power outages beyond control of utility.
		Chemical efficiency (kg chemicals/m <sup>3</sup> treated)	= < baseline (TBD)	0.035	<b>0.035</b>	<b>Trending Neutral</b>	Consumption efficiency stable compared to 2024. Ongoing data collection for LOS baseline
		% Non-Revenue Water Loss (treated water leaving plant vs. water billed)	5% or less	2.3%	<b>2.5%</b>	<b>Y</b>	Trending neutral; slightly more treated water unaccounted for compared to 2024 but within established industry standard of 5% loss. <i>It is noted that the WTP discharge flow meters were replaced Oct 2025 which</i>

Objective	Customer Level of Service	Technical Level of Service	Target	2024	2025	LOS Target Achieved?	Notation
							<i>should result in improved accuracy of water accounting (2026+).</i>
		% Process Water Loss (compare treated water leaving plant with raw water coming into plant)	5% or less	2.1%	<b>2.5%</b>	<b>Y</b>	Trending negative; more process water consumed through O&M activities compared to 2024.
Meet other regulatory compliance requirements		Chlorine residual in discharge water (meet allowable)	100%	100%	<b>100%</b>	<b>Y</b>	No measured chlorine residual in plant discharge in excess of 0.02mg/L
		TSS Discharge (meet allowable)	100%	100%	<b>100%</b>	<b>Y</b>	Annual average of 5.4mg/l in plant discharge (limit = 25mg/l)
		# of reportable spills to Spills Action Centre	0	0	<b>1</b>	<b>N</b>	May – McGillivray reservoir overflow
		Solids landfilled from Residuals	= < baseline (TBD)	77	<b>73</b>	<b>Trending Positive</b>	Better efficiency: RMF processed less solids removed from treated water compared to 2024.

Objective	Customer Level of Service	Technical Level of Service	Target	2024	2025	LOS Target Achieved?	Notation
		Management Facility (kg solids landfilled/ML)					Ongoing data collection for LOS baseline
		# of non-compliance in permit to take water reports	0	0	0	Y	Annual maximum day was 43% of PTTW allowable taking.

## **Board of Management Report**

**Subject: 2025 Audited Financial Statements and Auditors Report**

### **Overview:**

- The Independent Auditors' Report confirms that the 2025 financial statements provided represent the financial position of the Lake Huron Water Supply System in accordance with the Canadian Public Sector Accounting Standards.

### **Recommendation**

That the Board of Management for the Lake Huron Primary Water Supply System **RECEIVE AND ACCEPT** the 2025 Audited Financial Statements and Independent Auditors' Report for the Lake Huron Primary Water Supply System.

### **Discussion**

On an annual basis, the finances and financial statements for the Lake Huron Primary Water Supply System are audited by an independent financial auditor, acquired in partnership with the City of London in its capacity as Administering Municipality for the water system. The draft audited financial statements have been provided to the benefiting municipalities, as well as the reconciled volumes supplied to each municipality, to allow the municipalities to complete their respective financial audits and statements.

Prepared by: Archana Gagnier  
Manager, Finance & Procurement

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

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

Attachments: Independent Auditors' Report  
2025 Audited Financial Statements, Lake Huron Water Supply System

**DRAFT**

Financial Statements of

**LAKE HURON AREA PRIMARY WATER  
SUPPLY SYSTEM**

And Independent Auditor's Report thereon

December 31, 2025

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Lake Huron Area Primary Water Supply System

### ***Opinion***

We have audited the financial statements of Lake Huron Area Primary Water Supply System (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

**DRAFT****LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM  
Statement of Financial Position  
December 31, 2025, with comparative information for 2024**

	<b>2025</b>	<b>2024</b>
<b>Financial assets</b>		
Due from the Corporation of the City of London (note 3)	<b>\$ 65,289,099</b>	\$ 56,500,341
Trade and other receivables	<b>1,081,886</b>	876,538
Loan receivable (note 4)	<b>1,021,877</b>	1,176,822
<b>Total financial assets</b>	<b>67,392,862</b>	58,553,701
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	<b>2,002,002</b>	3,030,339
Accrued interest on long-term debt	<b>782</b>	7,210
Long-term debt (note 5)	<b>88,256</b>	1,050,965
Asset retirement obligation (note 6)	<b>930,425</b>	875,427
<b>Total financial liabilities</b>	<b>3,021,465</b>	4,963,941
<b>Net financial assets</b>	<b>64,371,397</b>	53,589,760
<b>Non-financial assets</b>		
Tangible capital assets (note 7)	<b>143,194,064</b>	146,831,166
Prepaid expenses	<b>532,244</b>	515,744
<b>Total non-financial assets</b>	<b>143,726,308</b>	147,346,910
Commitments (note 11)		
<b>Accumulated surplus (note 8)</b>	<b>\$ 208,097,705</b>	\$ 200,936,670

The accompanying notes are an integral part of these financial statements.

**DRAFT****LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Statement of Operations**

Year ended December 31, 2025, with comparative information for 2024

	<b>Budget</b> (note 12)	<b>2025</b>	<b>2024</b>
<b>Revenues</b>			
User charges	\$ 28,307,713	\$ <b>28,588,393</b>	\$ 26,355,651
Investment income	1,467,000	<b>3,054,665</b>	2,393,791
Transfer payments			
Provincial	-	-	571,730
Other municipalities (note 10)	-	<b>606,679</b>	645,143
Other	967,000	<b>18,286</b>	9,227
<b>Total revenues</b>	<b>30,741,713</b>	<b>32,268,023</b>	<b>29,975,542</b>
<b>Expenses</b>			
Salaries, wages and fringe benefits	1,902,252	<b>1,556,123</b>	1,237,951
Materials and supplies	13,135,124	<b>14,519,609</b>	13,051,522
Contracted services	973,551	<b>880,289</b>	1,048,704
Rents and financial expenses	160,000	<b>106,827</b>	150,665
Interest on long-term debt (note 5)	10,070	<b>10,070</b>	34,478
Amortization of tangible capital assets (note 7)	7,728,078	<b>7,728,078</b>	7,208,742
Administrative charges to the Corporation of the City of London	206,803	<b>305,992</b>	334,085
<b>Total expenses</b>	<b>24,115,878</b>	<b>25,106,988</b>	<b>23,066,147</b>
<b>Annual surplus</b>	<b>6,625,835</b>	<b>7,161,035</b>	<b>6,909,395</b>
<b>Accumulated surplus, beginning of year (note 8)</b>	<b>200,936,670</b>	<b>200,936,670</b>	<b>194,027,275</b>
<b>Accumulated surplus, end of year (note 8)</b>	<b>\$207,562,505</b>	<b>\$208,097,705</b>	<b>\$200,936,670</b>

The accompanying notes are an integral part of these financial statements.

**DRAFT****LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Statement of Change in Net Financial Assets**

Year ended December 31, 2025, with comparative information for 2024

	<b>Budget</b> (note 12)	<b>2025</b>	<b>2024</b>
Annual surplus	\$ 6,625,835	\$ <b>7,161,035</b>	\$ 6,909,395
Acquisition of tangible capital assets	(22,524,616)	<b>(4,090,976)</b>	(7,896,603)
Amortization of tangible capital assets	7,728,078	<b>7,728,078</b>	7,208,742
	(8,170,703)	<b>10,798,137</b>	6,221,534
Change in prepaid expenses	-	<b>(16,500)</b>	(73,724)
<b>Change in net financial assets</b>	(8,170,703)	<b>10,781,637</b>	6,147,810
<b>Net financial assets, beginning of year</b>	53,589,760	<b>53,589,760</b>	47,441,950
<b>Net financial assets, end of year</b>	\$ 45,419,057	\$ <b>64,371,397</b>	\$ 53,589,760

The accompanying notes are an integral part of these financial statements.

**DRAFT****LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Statement of Cash Flows**

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ 7,161,035	\$ 6,909,395
<b>Items not involving cash</b>		
Amortization of tangible capital assets	7,728,078	7,208,742
Amortization of debenture discount	3,107	5,944
<b>Change in non-cash assets and liabilities</b>		
Due from the Corporation of the City of London	(8,788,758)	(3,261,885)
Prepaid expenses	(16,500)	(73,724)
Trade and other receivables	(205,348)	123,766
Accounts payable and accrued liabilities	(1,028,337)	(2,275,974)
Accrued interest on long-term debt	(6,428)	(5,841)
Asset retirement obligation	54,998	(25,711)
<b>Net change in cash from operating activities</b>	<b>4,901,847</b>	<b>8,604,712</b>
<b>Capital activities</b>		
Purchase of tangible capital assets	(4,090,976)	(7,896,603)
<b>Net change in cash from capital activities</b>	<b>(4,090,976)</b>	<b>(7,896,603)</b>
<b>Financing activities</b>		
Long-term debt repayments	(965,816)	(951,753)
Loan receivable	154,945	243,644
<b>Net change in cash from financing activities</b>	<b>(810,871)</b>	<b>(708,109)</b>
<b>Net change in cash flows and cash, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

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**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

**Notes to the Financial Statements**

**Year ended December 31, 2025**

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**1. Nature of Reporting Entity**

The final transfer order for Lake Huron Area Primary Water Supply System (the "Entity") was effective September 15, 2000, transferring assets along with any other real property to The Corporation of the City of London (the "Corporation") in trust to act as the Administering Municipality on behalf of the participating municipalities.

Under the transfer order, the works, properties, and all assets, liabilities, rights and obligations of the system are conveyed, assigned and transferred to the Corporation as Trustee. Each municipality served by the works has an undivided beneficial ownership interest in the works as a tenant in common with all other municipalities (including the City of London). The proportion of interest in any year shall be in the same ration that the quantity of water supplied from the works to the municipality in relation to the total quantity of water supplied to all municipalities during the year. At present, the benefiting municipalities are the City of London and the municipalities of Bluewater, South Huron, Lambton Shores, North Middlesex, Lucan-Biddulph, Middlesex Centre and Strathroy-Caradoc

The transfer order established a joint board of management to govern the management of the water supply system on behalf of the benefiting municipalities. The joint board of management is comprised of eleven members appointed by the respective councils of participating municipalities. The Board composition is as follows:

<b>Municipality</b>	<b>Members</b>	<b>Votes</b>
The Corporation of the City of London	4	16
The Corporation of the Municipality of Bluewater	1	1
The Corporation of the Municipality of South Huron	1	1
The Township of Lucan-Biddulph	1	1
The Corporation of the Municipality of Lambton Shores	1	1
The Municipality of North Middlesex	1	3
The Municipality of Middlesex Centre	1	1
The Corporation of the Municipality of Strathroy-Caradoc	1	3

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### **LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

#### **Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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## **2. Significant Accounting Policies**

The financial statements of the Entity are prepared by management, in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Handbook – Accounting. Significant accounting policies are as follows:

### **(a) Accrual Accounting**

Sources of financing and expenses are reported on the accrual basis of accounting.

### **(b) Asset Retirement Obligation**

An asset retirement obligation (ARO) is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The following liabilities have been recognized based on estimated future expenses:

- Removal of asbestos in several of the buildings owned by the Entity. The Occupational Health and Safety Act states the demolition of a building, all or in part, can be done only when asbestos-containing material that may be disturbed during the work, has been removed.
- Removal of underground fuel and oil storage tanks and related piping. The Technical Standards and Safety Authority (TSSA) states in both its Liquid Fuels Handling Code and the Fuel and Oil Code that an underground storage tank and its piping must be removed when it has been out of service for 2 years or more.
- Removal of leasehold improvements where requested by the landlord. A lease may have a Base-Building clause that states that leasehold improvements are to be removed at the end of a lease at the request of the landlord and at the expense of the Entity.

### **(c) Non-financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

**DRAFT**

**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

**Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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**2. Significant Accounting Policies (continued)**

**(c) Non-financial Assets (continued)**

**(i) Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Useful Life - Years</b>
Buildings and building improvements	15 – 40
Machinery and equipment	7 – 20
Vehicles	5 – 15
Water infrastructure	10 – 60
Computers	3

Annual amortization is charged in the year of acquisition and in the year of disposal using the half year rule. Assets under construction are not amortized until the asset is available for productive use.

**(ii) Interest Capitalization**

The interest costs associated with the acquisition or construction of a tangible capital asset are not capitalized.

**(d) Revenue Recognition**

The Entity recognizes revenue when water is drawn by each customer, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

**(e) Government Transfers**

Government transfer payments to the Entity are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

**DRAFT**

**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

**Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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**2. Significant Accounting Policies (continued)**

**(f) Financial Instruments**

Financial instruments are classified in one of the following categories: (i) fair value; (ii) cost or amortized cost. The Entity determines the classification of its financial instruments at initial recognition.

Unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of long-term debt are capitalized and amortized over the term of the debt.

Other financial instruments, including cash and cash equivalents, trade accounts receivable, loans receivable, accounts payable, and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

The following table provides the carrying amount information of the Entity's financial instruments by category.

<b>Financial Instruments</b>	<b>Measurement Method</b>
Due from the Corporation of the City of London	Cost
Trade and other receivables	Cost
Loans receivable	Amortized Cost
Accounts payable and accrued liabilities	Cost
Accrued interest on long-term debt	Cost
Long-term debt	Amortized Cost

Amortized cost is measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Entity manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and related balances reverses from the statement of remeasurement gains and losses.

**DRAFT**

**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

**Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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**2. Significant Accounting Policies (continued)**

**(f) Financial Instruments (continued)**

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price at the trade date, which is the fair value of the consideration given or received. After initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants.

Amortized cost category: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

**DRAFT**

**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

**Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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**2. Significant Accounting Policies (continued)**

**(g) Loans Receivable**

Loans receivable are recorded at the lower of amortized cost and the net recoverable value when the risk of loss exists. Recoverability is reviewed annually, and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Changes in the valuation of loans receivable are recognized in the statement of operations and accumulated surplus. Interest is accrued on loans receivable to the extent it is deemed collectable.

When the terms associated with a loan are considered concessionary such that all or a part of the loan is a grant, the Entity will expense the grant portion of the transaction in the statement of operations and accumulated surplus at the time the loan is made.

**(h) Foreign Currency Translation**

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the year-end date. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in the statement of operations.

**(i) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for receivables and useful lives assigned to tangible capital assets.

Actual results could differ from those estimates.

The Entity's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the expected retirement costs, as well as the timing and duration of these retirement costs.

**DRAFT**

**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

**Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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**2. Significant Accounting Policies (continued)**

**(j) Budget Figures**

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board (PSAB), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

**(k) Liability for Contaminated Sites**

Under PS 3260, liability for contaminated sites is defined as the result of contamination being introduced in air, soil, water, or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

**(l) Related Party Disclosures**

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is made when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the financial statements.

**(m) Inter-entity Transactions**

Transactions between related parties are recorded at carrying amounts with the exception of the following:

- Transactions in the normal course of business are recorded at exchange amount.
- Transactions with fair value consideration are recorded at exchange amount.
- Transfer of an asset or liability at nominal or no consideration is recorded by the provider at carrying amount and the recipient has the choice of either carrying amount or fair value.
- Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis.
- Unallocated costs for the provision of goods or services maybe recorded by the provider at cost, fair value, or another amount dictated by policy, accountability structure, or budget practice.

## **DRAFT**

### **LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

#### **Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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## **2. Significant Accounting Policies (continued)**

### **(n) Future Accounting Pronouncements**

These standards and amendments were not effective for the year ended December 31, 2025, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standard updates on the future financial statements.

Applicable for fiscal years beginning on or after April 1, 2026 (in effect for the Entity for the year ending December 31, 2027). Standards must be implemented at the same time.

#### **(i) New Public Sector Accounting Standards (PSAS) Conceptual Framework**

This new model is a comprehensive set of concepts that underlie and support financial reporting. It is the foundation that assists:

- Preparers to account for items, transactions and other events not covered by standards;
- Auditors to form opinions regarding compliance with accounting standards;
- Users in interpreting information in financial statements; and
- Public Sector Accounting Board (PSAB) to develop standards grounded in the public sector environment.

The main changes are:

- Additional guidance to improve understanding and clarity
- Non-substantive changes to terminology/definitions
- Financial statement objectives foreshadow changes in the Reporting Model
- Relocation of recognition exclusions to the Reporting Model
- Consequential amendments throughout the Public Sector Accounting Handbook

The framework is expected to be implemented prospectively.

**DRAFT**

**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

**Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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**2. Significant Accounting Policies (continued)**

**(n) Future Accounting Pronouncements (continued)**

**(ii) Reporting Model PS 1202, Financial Statement Presentation**

This reporting model provides guidance on how information should be presented in the financial statements and will replace PS 1201 Financial Statement Presentation. The model is expected to be implemented retroactively with restatement of prior year amounts.

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets - accumulated other and issued share capital
- Relocated net debt to its own statement
- Renamed the net debt indicator
- Revised the net debt calculation
- Removed the Statement of Change in Net Financial Assets
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets/Liabilities
- Isolated financing transaction in the Statement of Cash Flows

**3. Due from the Corporation of the City of London**

As the Administering Municipality, the Corporation manages the daily operations of the Entity. The Corporation maintains a separate general ledger on behalf of the Entity. All funds are paid and received through the Corporation's bank account and are held for use by the Entity.

**4. Loan Receivable**

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	<b>2025</b>	<b>2024</b>
Loan receivable	<b>\$ 1,021,877</b>	<b>\$ 1,176,822</b>

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Effective July 1, 2022, a repayment loan was established between the Lake Huron Area Primary Water Supply System and the Municipality of North Middlesex where the Municipality of North Middlesex will pay the Lake Huron Area Primary Water Supply System \$1,639,331 over 10 years with a fixed rate of 2.69% paid semi-annually. This loan will mature in January 2032.

**DRAFT****LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Notes to the Financial Statements (continued)**

Year ended December 31, 2025

**5. Long-term Debt**

Long-term debt is stated as follows:

	<b>2025</b>	<b>2024</b>
Long-term debt assumed by the Corporation of the City of London, as Administering Municipality, on behalf of the Lake Huron Area Primary Water Supply System, with semi-annual interest payments:		
at a rate of 2.25% (2024 - 2.10% to 2.25%), matured March 2025.	\$ -	\$ 923,197
at rates ranging from 2.55% to 2.85% (2024 - 2.40% to 2.85%), maturing March 2027.	<b>88,661</b>	131,280
<b>Total long-term debt</b>	<b>88,661</b>	1,054,477
Less: Unamortized debenture discount	<b>(405)</b>	(3,512)
<b>Net long-term debt</b>	<b>\$ 88,256</b>	<b>\$ 1,050,965</b>

The long-term debt repayment schedule is as follows:

2026	\$ 43,730
2027	44,931
<b>Total</b>	<b>\$ 88,661</b>

Total interest charges for the year for long-term debt, which are included in the statement of operations, are as follows:

	<b>2025</b>	<b>2024</b>
Interest on long-term debt	\$ 6,963	\$ 28,534
Amortization of debenture discount	<b>3,107</b>	5,944
	<b>\$ 10,070</b>	<b>\$ 34,478</b>

**DRAFT**

**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

**Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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**6. Asset Retirement Obligation**

The Entity's Asset retirement obligation consists of several obligations as follows:

**(a) Asbestos Removal:**

The Entity owns and operates various buildings that are known or are assumed to contain asbestos, which represents a health hazard upon demolition of the building. There is a legal obligation to remove the asbestos before these buildings are demolished. Following the adoption of PS3280, the Entity recognized an obligation relating to 8 buildings that contain or are suspected to contain asbestos material, of which, none have been fully amortized at January 1, 2025. Each building has an estimated useful life of 40 years.

Key assumptions in determining the liability at December 31, 2025 for asbestos removal and disposal are as follows:

- Timing of settlement - it is unknown when the buildings will be demolished
- Undiscounted liability for asbestos removal - \$667,346
- Discount rate - due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of demolition only

**(b) Removal of Underground Fuel and Oil Storage Tanks:**

The Entity owns various underground fuel and oil storage tanks that have to be removed at the end of their lives. The tanks became a part of the pooled equipment asset for the year in which they were installed. Following the adoption of PS3280, the Entity recognized an obligation relating to 3 underground tanks, which were fully amortized in prior years. Each tank had an estimated useful life of 10 years.

Key assumptions in determining the liability at December 31, 2025 for tank removal are as follows:

- Timing of settlement - it is unknown when the tanks will be removed
- Undiscounted liability for tank removals - \$263,079
- Discount rate - due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of removal only

**DRAFT****LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Notes to the Financial Statements (continued)**

Year ended December 31, 2025

**6. Asset Retirement Obligation (continued)**

All assets, including their increased costs from asset retirement obligation, are depreciated using the straight-line amortization method.

Changes to the asset retirement obligation in the year are as follows:

<b>2025</b>	<b>Asbestos removal</b>	<b>Removal of underground fuel and oil storage tanks</b>	<b>Removal of leasehold improvements</b>	<b>Balance at December 31, 2025</b>
Opening balance	\$ 632,211	\$ 243,216	\$ -	\$ 875,427
Change in estimate	35,276	19,863	-	55,139
Liability settled during period	(141)	-	-	(141)
<b>Closing balance</b>	<b>\$ 667,346</b>	<b>\$ 263,079</b>	<b>\$ -</b>	<b>\$ 930,425</b>

<b>2024</b>	<b>Asbestos removal</b>	<b>Removal of underground fuel and oil storage tanks</b>	<b>Removal of leasehold improvements</b>	<b>Balance at December 31, 2024</b>
Opening balance	\$ 671,960	\$ 225,000	\$ 4,178	\$ 901,138
Change in estimate	(39,299)	18,216	(4,178)	(25,261)
Liability settled during period	(450)	-	-	(450)
<b>Closing balance</b>	<b>\$ 632,211</b>	<b>\$ 243,216</b>	<b>\$ -</b>	<b>\$ 875,427</b>

**DRAFT****LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Notes to the Financial Statements (continued)**

Year ended December 31, 2025

**7. Tangible Capital Assets**

<b>Cost</b>	<b>Balance at December 31, 2024</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance at December 31, 2025</b>
Land	\$ 2,524,816	\$ -	\$ -	\$ 2,524,816
Buildings and building improvements	68,590,605	651,125	90,000	69,151,730
Machinery and equipment	42,062,147	2,219,083	331,020	43,950,210
Vehicles	11,527	20,856	11,527	20,856
Water infrastructure	121,408,301	-	-	121,408,301
Computers	178,078	114,798	1,407	291,469
Assets under construction	1,264,981	1,196,312	111,198	2,350,095
<b>Total</b>	<b>\$ 236,040,455</b>	<b>\$ 4,202,174</b>	<b>\$ 545,152</b>	<b>\$ 239,697,477</b>

<b>Accumulated Amortization</b>	<b>Balance at December 31, 2024</b>	<b>Amortization Expense</b>	<b>Amortization Disposal</b>	<b>Balance at December 31, 2025</b>
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	30,150,128	3,059,515	90,000	33,119,643
Machinery and equipment	16,268,562	2,508,722	331,020	18,446,264
Vehicles	11,527	1,493	11,527	1,493
Water infrastructure	42,694,370	2,080,036	-	44,774,406
Computers	84,702	78,312	1,407	161,607
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 89,209,289</b>	<b>\$ 7,728,078</b>	<b>\$ 433,954</b>	<b>\$ 96,503,413</b>

	<b>Net Book Value December 31, 2024</b>	<b>Net Book Value December 31, 2025</b>
Land	\$ 2,524,816	\$ 2,524,816
Buildings and building improvements	38,440,477	36,032,087
Machinery and equipment	25,793,585	25,503,946
Vehicles	-	19,363
Water infrastructure	78,713,931	76,633,895
Computers	93,376	129,862
Assets under construction	1,264,981	2,350,095
<b>Total</b>	<b>\$ 146,831,166</b>	<b>\$ 143,194,064</b>

**DRAFT**

**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

**Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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**7. Tangible Capital Assets (continued)**

**(a) Assets Under Construction**

Assets under construction with a cost of \$2,350,095 (2024 - \$1,264,981) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

**(b) Tangible Capital Assets Disclosed at Nominal Values**

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

**(c) Write-down of Tangible Capital Assets**

There were no write-downs in tangible capital assets during the year (2024 - \$nil).

**8. Accumulated Surplus**

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

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	<b>2025</b>	<b>2024</b>
<b>Surplus</b>		
Invested in tangible capital assets	<b>\$ 143,188,828</b>	\$ 145,947,201
<b>Reserve funds set aside for specific purpose by the Entity:</b>		
Infrastructure renewal - water operations	<b>64,908,877</b>	54,989,469
	<b>\$ 208,097,705</b>	\$ 200,936,670

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**DRAFT****LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Notes to the Financial Statements (continued)**

Year ended December 31, 2025

**9. Financial Instruments and Risk Management**

The Entity's activities expose it and its financial instruments to credit risk and liquidity risk.

**(a) Credit Risk**

Credit risk is the risk of financial loss if a counterparty fails to honour its contractual obligation.

The Entity is subject to credit risk with respect to loans and trade accounts receivable, which is managed by engaging with recognized, credit worthy third parties. There is no significant concentration of credit risk with any individual customer. There were no changes in exposure to credit risk during the year. Outstanding amounts related to financial instruments are presented in the tables below.

<b>2025</b>	<b>Current</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>Over 120 days</b>	<b>Total</b>
Government receivables	\$521,137	\$204,422	\$ -	\$ -	\$ -	\$725,559
<b>Net receivable</b>	<b>\$521,137</b>	<b>\$204,422</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$725,559</b>

<b>2024</b>	<b>Current</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>Over 120 days</b>	<b>Total</b>
Government receivables	\$674,326	\$ -	\$ -	\$ -	\$ -	\$674,326
<b>Net receivable</b>	<b>\$674,326</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$674,326</b>

The net receivables total amount differs from the amount reported on the statement of financial position, for items excluded from financial instruments as per PS 3450, Financial Instruments, primarily receivables from government for goods and services tax recoveries, and property taxes.

**DRAFT**

**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

Notes to the Financial Statements (continued)

Year ended December 31, 2025

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**9. Financial Instruments and Risk Management (continued)**

**(a) Credit Risk (continued)**

<b>2025</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Loan receivable	\$ 79,039	\$326,932	\$524,354	\$ 91,552	\$ 1,021,877
<b>Total</b>	<b>\$ 79,039</b>	<b>\$326,932</b>	<b>\$524,354</b>	<b>\$ 91,552</b>	<b>\$ 1,021,877</b>

<b>2024</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Loan receivable	\$ 76,955	\$318,312	\$510,528	\$271,027	\$ 1,176,822
<b>Total</b>	<b>\$ 76,955</b>	<b>\$318,312</b>	<b>\$510,528</b>	<b>\$271,027</b>	<b>\$ 1,176,822</b>

**DRAFT****LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Notes to the Financial Statements (continued)**

Year ended December 31, 2025

**9. Financial Instruments and Risk Management (continued)****(b) Liquidity Risk**

Liquidity risk is the risk the Entity will be unable to fulfill its obligations associated with its financial liabilities.

The Entity is exposed to liquidity risk with respect to accounts payable and accrued liabilities. The majority of accounts payable and accrued liabilities are expected to be settled in thirty days. The maturities of other financial liabilities are provided in the notes to financial statements related to those liabilities. There have been no significant changes in the exposure to risk or policies, procedures, or methods to measure risk. The outstanding amounts related to financial instruments at year-end are presented in the table below.

<b>2025</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 1,873,480	\$ -	\$ -	\$ -	\$ 1,873,480
<b>Total</b>	<b>\$ 1,873,480</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,873,480</b>

<b>2024</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 3,035,585	\$ -	\$ -	\$ -	\$ 3,035,585
<b>Total</b>	<b>\$ 3,035,585</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,035,585</b>

The accounts payable and accrued liabilities total amount differs from the amount reported on the statement of financial position, for items excluded from financial instruments as per PS 3450, Financial Instruments, primarily payables to government for goods and services tax, employment benefits, and insurance contracts.

**DRAFT**

**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM**

**Notes to the Financial Statements (continued)**

**Year ended December 31, 2025**

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**10. Revenue - Other Municipalities**

In May 2023, the Entity entered into a Water Supply Agreement with Oneida Nation of the Thames (Oneida) to connect to the Lake Huron Primary Water Supply system for the purchase and supply of water. The finalizing of the agreement was contingent on the completion of a feasibility study pursuant to the funding agreement between Oneida and Indigenous Services Canada.

As at December 31, 2025, the transfer payments from Oneida represent the capital contribution relating to construction of the transmission pipeline. In subsequent years, when construction of the transmission pipeline is complete, and Oneida is successfully connected to the Lake Huron Primary Water Supply system, revenues received will be included in user charges.

Construction progress billings are issued as construction milestones are completed. Revenue received from Oneida on this project is recorded as a transfer payment.

**11. Commitments**

The Entity has \$2,437,834 (2024 - \$3,285,769) in outstanding commitments remaining on facilities and infrastructure contracts as at December 31, 2025.

These amounts represent uncompleted portions of contracts, as at December 31, 2025, on major projects. The majority of payments on these outstanding commitments will be made in the next two (2) to three (3) years.

**DRAFT****LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Notes to the Financial Statements (continued)**

Year ended December 31, 2025

**12. Budget Data**

Budget data presented in these financial statements are based upon the 2025 operating budget approved by the joint board of management. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	<b>Budget</b>
<b>Revenues</b>	
User charges	\$ 28,307,713
Municipal revenues - other	987,000
<b>Total revenues</b>	<b>29,294,713</b>
<b>Expenses</b>	
Personnel costs	1,902,964
Administrative expenses	67,500
Financial expenses - other	355,000
Financial expenses - interest and discount on long-term debt	10,070
Financial expenses - debt principal repayments	965,816
Financial expenses - transfers to reserves and reserve funds	12,382,481
Purchased services	1,805,267
Materials and supplies	11,489,824
Furniture and equipment	139,700
Other expenses	206,803
Recovered expenses	(30,712)
<b>Total expenses</b>	<b>29,294,713</b>
<b>Net surplus as per approved budget</b>	<b>-</b>
<b>PSAB reporting requirements</b>	
Transfers to reserves and reserve funds	12,382,481
Debt principal repayments	965,816
Capital expenses not resulting in capital assets	(441,384)
Amortization	(7,728,078)
Reserve fund interest earned	1,447,000
<b>Net PSAB budget surplus as per financial statements</b>	<b>\$ 6,625,835</b>

## Board of Management Report

**Subject:** Filter Backwash Sequence Compliance

### Overview:

- This report provides the Board with information related to undertaking the Backwash Sequence Compliance project to address the recent legislative changes to the Ontario Regulation 170/03: Drinking Water Systems, made under the *Safe Drinking Water Act, 2002*.
- This report provides the Board an overview of the risks, financial impacts, and reasons to undertake the Backwash Sequence Compliance project now and in advance of the next Budget year.

### Recommendation

That the Board of Management for the Lake Huron Water Supply System take the following actions with regard to Backwash Sequence Compliance:

1. The Board **APPROVE** the addition of a capital project in the 2026 Capital Budget to undertake a Backwash Sequence Compliance project with a budget of \$60,000 to be funded from the New Capital Reserve Fund; and
2. The Board **RECEIVE** this report for information.

### Background

In November 2025, the Ministry of the Environment, Conservation and Parks (MECP) posted a Filtration processes technical bulletin. The bulletin provides guidance on filter monitoring, performance and reporting requirements to drinking water systems that use filtration as a part of their treatment process. The technical bulletin states that water treatment operations must, among other things:

- Maintain effective backwash procedures, including filter-to-waste or an equivalent procedure, during filter ripening to ensure that the effluent turbidity requirements are met at all times.

Currently, the Lake Huron Water Treatment Plant does not have filter-to-waste or an equivalent procedure to meet the new requirements.

## Discussion

The proposed Backwash Sequence Compliance project will address the legislative changes to Ontario Regulation 170/03: Drinking Water Systems, by optimizing the backwash sequence and implementing extended terminal sub-fluidization wash to the end of a backwash cycle which is largely achieved through programming changes in the plant's control systems. The recommended solution is to retain a consultant to undertake optimizing the backwash sequence and implementation of extended terminal sub-fluidization wash as an equivalent procedure to filter-to-waste. This solution was also recommended as a part of the 2022 Water Quality Facility Plan and was planned to be a part of a future capital budget.

Filter-to-waste is a process whereby the initial flows from a filter immediately following a backwash cleaning process is directed to the plant drain, rather than to the clearwell as treated water. This ensures that any lingering turbidity from the filter following the cleaning process is directed to the waste stream, before the filter is considered "ripened" and consistently producing filtered water that meets regulatory requirements. Extended terminal sub-fluidization wash is considered an equivalent process whereby the low-flow backwash is extended for a period of time following the conclusion of the filter backwash process to minimize the opportunity for suspended solids to be carried through the filter when the filter is placed back into production.

A filter-to-waste process is not reasonably practical to implement at the water treatment as the drains from the filters are not sufficiently sized to handle the needed volume from the filters.

The risk of not undertaking the addition of extended terminal sub-fluidization could result in a non-compliance finding during Ministry of the Environment, Conservation and Parks inspections in future and a determination of a failure to meet disinfection objectives as specified in regulation.

Following the implementation of extended terminal sub-fluidization wash, the backwash sequence will not be considered to be out of compliance.

### Anticipated Operating and Financial Impacts

The Backwash Sequence Compliance project would be funded by the New Capital Reserve Fund, and the financial impact would be on the Reserve Fund and associated water rates with advancing this project prior to the next budget year. Undertaking the Backwash Sequence Compliance project would not have any impact on existing and future Operating Budgets; however, the introduction of the extended terminal sub-fluidization wash would nominally increase the amount of water necessary to backwash a filter before being placed back into production.

## Conclusion

Given the high risk of receiving a non-compliance during a Ministry of Environmental, Conservation and Parks inspection, failure to meet disinfection requirements, and minimal financial impacts to the rates and New Capital Reserve, Board staff recommend the creation of a new capital project to complete the Backwash Sequence Compliance project.

Prepared by: Brittany Bryans, P. Eng.,  
Environmental Services Engineer

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

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

## Board of Management Report

**Subject:** Employee-Led Strategic Plan (2026-2031)

### Overview:

- In partnership with tbk Creative, and after extensive consultation with staff, a five-year Strategic Plan (2026-2031) for Huron Erie Water has been developed.
- The five-year plan calls on Huron Erie Water to be:
  - More visible
  - More influential
  - More integrated into regional growth and planning
- The plan does not take focus away from the reliable foundation of operational excellence that is the core of how communities are served every day.
- Included in the plan are three strategic pillars that will guide activities for the next five years.
- One Senior Manager will be tasked with quarterly accountability check-ins and semi-annual reports for the Board.

### Recommendation

That the Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report for information.

### Previous and Related Reports

- March 5, 2026 Brand Management

### Background

In 2020, the Regional Water division of the City of London (in its capacity as Administering Municipality) – now known publicly as Huron Erie Water – began the development of an employee-led strategic planning process that would guide the division in its role in the provision of administration and oversight responsibilities for both the Elgin Area Primary Water Supply System and Lake Huron Primary Water Supply System. The initial phase of the process included staff consultations that led to a Strength-Weakness-Opportunities-Threats (SWOT) analysis and the identification of potential areas of focus that would inform activities over a period of 3 to 5 years. After some initial momentum, the strategic planning process was put on hold due to the COVID-19 pandemic and availability of resources.

With substantial growth in the region on the horizon and the corresponding addition of staff members to support the needs of the system, it was determined that now was the right time to re-open the development of a strategic plan. This process was conducted

in parallel with the recent rebranding to become Huron Erie Water. A London-based consultant, tbk Creative, was retained to guide Huron Erie Water through this process.

The first step of the process involved the consultant reviewing existing Master Plans and previous documents related to strategic planning. This provided a foundation for subsequent meetings with Huron Erie Water senior leadership (Director and Senior Managers) to develop an initial framework for the plan.

This framework informed discussions with a working group of staff members that refined and pressure-tested the core elements of the strategic plan. Following consultations with staff, a draft strategic plan was written that was subsequently reviewed by senior leadership and the internal working group for final input.

## Discussion

The development of a new strategic plan does not mean that Huron Erie Water will shift focus away from our responsibilities as the Boards' administration, or from the everyday compliance and oversight activities that we are known for. This plan is intended to build on the reliable foundation of administrative excellence that has been established over the last 25+ years. These existing strengths remain core to how we serve communities every day.

The region we serve is growing – residential growth, new communities served, industrial and commercial developments – and the expectations that come with that growth are rising alongside it. New communities, new infrastructure demands and new conversations with government and municipal partners all require us to show up differently than we have in the past.

The needs of the region over the next five years and beyond will ask more of the regional water system: to be a recognized leader on water, a proactive planning partner, and an organization that is visibly prepared for the future. This plan sets that direction. It defines the small number of priorities that matter most and establishes what success looks like by 2031.

The strategic plan intentionally avoids the specifics of implementation. Instead, it takes an aspirational approach to envisioning the next five years. It calls on Huron Erie Water to be *“a clear leader on water – trusted, reliable and ready.”*

With three signature pillars, the strategic plan helps boost our public profile, ensuring that government, industry, Indigenous and community partners know we exist and know how we can support their growth initiatives.

It builds on our existing strengths to enhance our position as a sector leader, sustaining customer trust and confidence while making certain we are ready to meet the demands

of future regional growth. The plan also focuses on connections to supporting the communities we serve, ensuring consumers throughout the region know and trust where their water comes from.

Each pillar includes clear success metrics that will shape every decision, investment and conversation. These outcomes will be monitored by the plan administrator (a Senior Manager), tracked via a scorecard and communicated to the Board on a semi-annual basis.

With the finalization of the Strategic Plan, staff will immediately develop the tactical objectives and initiatives necessary to ensure the success of the Strategic Plan. These implementation objectives will be included in the regular reporting to the Board.

## **Conclusion**

The development of this strategic plan comes at a time when substantive regional growth is a certainty. This plan helps prepare Huron Erie Water to support its partners in meeting the demands of that growth, while shifting from operating in the background to being known and trusted as an asset that is key in attracting industrial, commercial and residential growth in the region.

Prepared by: Jess Bechard, MBA  
Senior Manager, Business Administration

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

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

Attachments: Appendix A: Huron Erie Water 5-Year Strategic Plan (2026-2031)



2026-2031

# 5-Year Strategic Plan

Effective: June 1, 2026

# Land Acknowledgement

The Elgin Area Water Supply System and the Lake Huron Water Supply System, and their 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.





## Who We Are

Huron Erie Water is a public drinking water organization serving 15 communities across the greater London region of Southwest Ontario. We lead the administration of two separate and independent regional water supply systems – one drawing from Lake Huron, one from Lake Erie – treating and delivering safe, clean water to the region every single day.

Our two systems serve different communities, but they are held to the same standard. From

source protection to treatment to transmission, we plan ahead so the water is ready when our communities need it. That commitment does not change based on which lake your water comes from.

As the region grows, so does the responsibility. This plan sets the direction for how we will meet it – by being more visible, more trusted, and more prepared for what comes next.

# Why This Plan, Now

The region we serve is growing – and the expectations that come with that growth are rising alongside it. New communities, new infrastructure demands, and new conversations with government, Indigenous and municipal partners all require Huron Erie Water to show up differently than we have in the past.

We have earned a strong reputation through our commitment to operational excellence. But operating well in the background is no longer

sufficient on its own. The next five years will ask more of us: to be a recognized leader on water, a proactive planning partner, and an organization that is visibly prepared for the future.

This plan sets that direction. It defines the small number of priorities that matter most and establishes what success looks like by 2031 – so every decision, investment, and conversation moves us in the same direction.





# Our Reliable Foundation

What Huron Erie Water already does exceptionally well - and will continue to do

Huron Erie Water's strategy builds on a **reliable foundation of administrative excellence.**

These strengths remain at the core of how we serve communities every day.

- **Reliable supply, treatment, and transmission** of high-quality drinking water that goes beyond regulatory standards
- **Strong planning and management** of complex systems
- Operating as a **strong, sustainable business and a good neighbour** – building lasting relationships with communities, landowners, and partners
- **Fiscal responsibility and transparency** in infrastructure and operation decisions
- **Award-winning** collaborative projects and program delivery
- **Forward-thinking** system planning
- Environmental **stewardship and sustainability**
- **Committed to continual improvement** – consistent with international standards and our management systems



## Our North Star

A clear leader on  
water - trusted,  
reliable and ready.

Huron Erie Water is a clear leader on water - trusted by communities, relied on by partners, and prepared for the future.

Our 3 Pillars

# How our North Star Comes to Life

## Be Known

A Clear Leader on Water

## Be Trusted

Trusted by Communities and Partners

## Be Ready

Ready for Tomorrow

A tall, white lighthouse with a dark top section and a glowing lantern room, situated on a rocky island. The background is a vast body of water under a sunset sky with hues of orange, pink, and purple. A small structure with a mast is visible on the island in the distance.

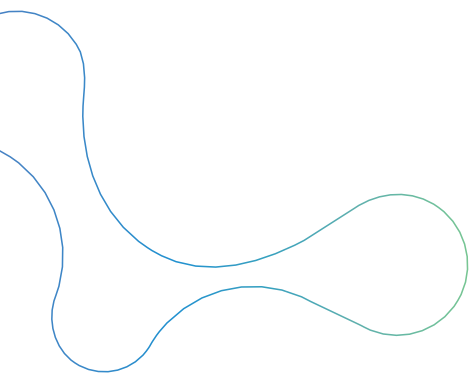
# Be Known

A Clear Leader on Water

Huron Erie Water becomes a recognized, respected leader on water - visible to communities, valued by municipalities and Indigenous partners, and engaged with governments and agencies at all levels.

# Be Known

A visible, respected &  
strategic partner.



## Success

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### Validated Awareness

Consumers know where their water comes from.

### Government, Indigenous & Agency Engagements

Strong relationships exist with key communities and partners.

### Educational Leadership

Educational resources are embedded in local school programming.

## Outcomes

---

**30% of regional consumers** can identify Huron Erie Water as their source, driven by a **reach of 195,000** consumers annually by 2031.

We are established as a **necessary consultation partner** for regional growth, with **10+ proactive and valuable engagements annually.**

We are the **trusted resource for water education**, with Huron Erie Water engaging **1000 students annually by 2031.**

# Be Trusted

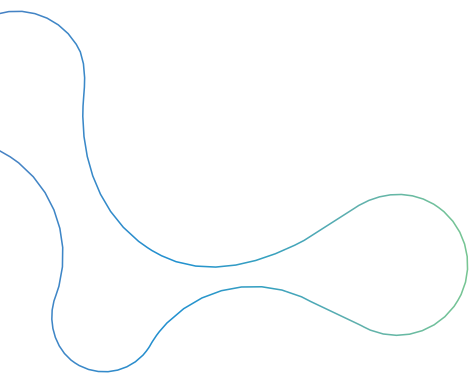
Trusted by Communities &  
Partners

Huron Erie Water's depth of expertise means partners and communities receive consistent, knowledgeable service.



# Be Trusted

Leadership, Knowledge  
Sharing & Talent



## Success

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### Industry Leadership

Huron Erie Water is sought out for our expertise and best practices.

### Institutional Strength

Our team's depth ensures consistent, expert service - no matter who is in the chair.

### Customer Trust & Confidence

We earn our communities' trust through consistent service, transparency, and accountability.

## Outcomes

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**20+ industry engagements per year** with peer utilities, governments and industry seeking our expertise.

**100% of critical technical and leadership roles** have an active, documented succession plan and knowledge-transfer roadmap in place by 2031.

**Sustain 90%+ satisfaction scores** through continuous improvement and responsive service.

A close-up photograph of a hand held over a body of water. The hand is cupped, and a single drop of water is falling from the index finger. The background shows the surface of the water with gentle ripples, and the lighting is soft and warm, suggesting a sunset or sunrise. The overall mood is serene and focused on the theme of water.

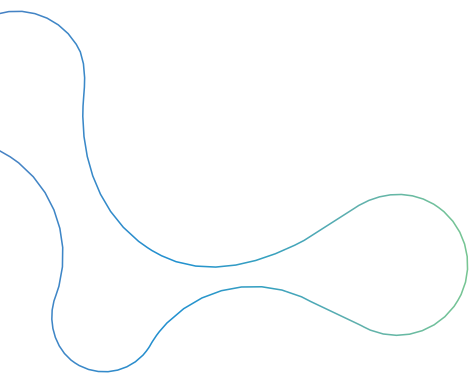
# Be Ready

Ready for the Future

Huron Erie Water oversees and administers water systems that support regional growth while maintaining exceptional quality and reliability.

# Be Ready

Future-Ready  
Infrastructure &  
Operations



## Success

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### System Capacity

System capacity is available for future demands.

## Outcomes

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Be below **85%** of throughput and treatability demands and have projects initiated **ahead** of capacity needs.

### Growth Alignment

Systems keep pace with partner community development

We are engaged in **100% of regional growth planning initiatives** with Community partners by 2031.

### Adaptability

We're ready for staffing changes, emerging threats and environmental challenges

**Master plan milestones incorporated into system's capital planning**, with flexible workforce plans covering succession and long-term growth needs by 2031.

# Governance & Accountability

Element

Owner

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**Plan Owner**

Director

---

**Plan Administration**

One Senior Manager

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**Review Rhythm**

Quarterly

---

**Progress Format**

1-Page Scorecard

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**Change Requests**

Captured in Backlog, Reviewed Quarterly

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This ensures the strategy remains focused, practical, and adaptable.

Thank You



## Board of Management Report

**Subject:** Indemnification By-Law

**Overview:**

- The Board previously approved an Indemnification By-law on December 12, 2002.
- The proposed Indemnification By-law provides additional clarification and scope of indemnification to Board Members as well as the Chief Administrative Officer and Board staff.

### Recommendation

That the Board of Management for the Lake Huron Primary Water Supply System take the following actions with regard to the Indemnification By-Law:

1. That the proposed by-law, being a bylaw to provide for the indemnification and defense of Members of the Joint Board of Management and seconded staff of the Corporation of the City of London against liability incurred while acting on behalf of the Lake Huron Primary Water Supply System and its Joint Board of Management, BE ACCEPTED and the by-law be introduced at the June 4, 2026, meeting for adoption; and
2. That this report regarding the Indemnification By-law BE RECEIVED for information.

### Previous and Related Reports

Dec. 12, 2002      Indemnification By-law No. 3

### 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 by-laws pertaining to the Lake Huron Water Supply System.

The Board previously adopted By-law 3 on December 12, 2022, for the indemnification of Board Members related to the governance of the regional water system.

## Discussion

The current by-law related to the indemnification of Board Members has been reviewed in detail with the Board's solicitors for consistency and currency of case law, as well as its applicability with regard to the circumstances of the complex ownership of the water system. Each of the municipalities which receives water from the Lake Huron Water Supply System is a beneficial owner of the utility, each having an undivided interest in the system, and each municipality may appoint Members and Alternate Members to the Board of Management in accordance with the approved by-law.

Members and Alternate Members appointed to the Board of Management must at all times act in the best interest of the Lake Huron Water Supply System regardless of which municipality may have appointed them to the Board, and regardless of what may be in the best interest of the individual municipality.

The proposed by-law, attached to this report for the information and reverence of the Board, specifically addresses the following issues:

- Provides clarification of excluded actions and proceedings including, but not limited to, the Safe Drinking Water Act;
- Includes the indemnification of the Chief Administrative Officer and the staff of the Regional Water division of the Corporation of the City of London, seconded to the Board for the purpose of administration, management and oversight of the regional water system on behalf of and under the direction of the Board;
- Provides clarification that the by-law does not apply to any act or omission outside of the scope of the duties of the Board and Board staff, including gross negligence and willful misconduct;
- Provides clarification of the provision of legal representation to Board Members, the Chief Administrative Officer and staff; and,
- Provides clarification of the rights retained by the Board in its capacity as governing authority, including the approval of settlements.

## **Conclusion**

Given the complexity of ownership and governance of the Lake Huron Water Supply System, ensuring the indemnification of Board Members and staff in their active roles as decision-makers is paramount, and the attached by-law is recommended for consideration.

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

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

Attachments: Proposed by-law 5-2026 – Indemnification By-Law

## By-Law No. 5 - 2026

A by-law to provide for the indemnification and defence of Members of the Joint Board of Management and seconded staff of the Corporation of the City of London against liability incurred while acting on behalf of the Lake Huron Primary Water Supply System and its Joint Board of Management.

### Short Title: Indemnification By-law

The Joint Board of Management of the Lake Huron Primary Water Supply System enacts as follows:

#### 1. Definitions

In this by-law:

“**Action or proceeding**” shall mean an action or proceeding referred to in section 3.1 of this by-law, but does not include an action or proceeding referred to in section 2 of this by-law.

“**Administering Municipality**” shall mean the Corporation of the City of London, as outlined in Transfer Order Lake Huron Area #W1/1998 issued by the Minister of the Environment effective September 15, 2000, pursuant to the *Municipal Water and Sewage Systems Transfer Act*, 1997, who provides services to and under the direction of the Board, as amended from time to time.

“**Board**” and “**Board of Management**” shall mean the Joint Board of Management of the Lake Huron Primary 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 effective September 15, 2000.

“**Board Secretary**” shall mean the person appointed to act as the secretary to the Board in accordance with the *Rules of Order and Procedure By-law* and as referenced in the Administration Policy.

“**Chief Administrative Officer**” and “**CAO**” shall mean the person appointed as the Chief Administrative Officer in accordance with the *Appointment of the Chief Administrative Officer By-law*.

“**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 effective September 15, 2000.

“**Member**” and “**Board Member**” shall mean a member of the Board as appointed in accordance with the *Appointment of Board Members By-law* and shall include any alternate members as appointed in accordance with the *Appointment of Board Members By-law*.

“**Regional Water**” shall mean the Regional Water division of the Administering Municipality whose staff are seconded to Huron for the purpose of administration, management, and oversight of Huron, including staff assigned to the Regional Water division.

“**Staff**” shall mean any current or former employee of the Administering Municipality who is or was formerly assigned or seconded to provide services to the Regional Water division.

## **2. Excluded Actions and Proceedings**

### 2.1 Acts and Omissions before December 1, 2000

This by-law does not apply to an action or proceeding arising out of an act or omission done or made before December 1, 2000.

### 2.2 Contravention of *Municipal Conflict of Interest Act*

This by-law does not apply to an action or proceeding under the *Municipal Conflict of Interest Act*, R.S.O. 1990, c. M.50, as amended, if the Member, the Chief Administrative Officer, or Staff has been found to have contravened section 5 of the Act, other than through inadvertence or by reason of a bona fide error in judgement.

### 2.3 Contravention of *Criminal Code*

This by-law does not apply to an action or proceeding under the *Criminal Code*, R.S.C. 1985, c. C-46, if the Member, the Chief Administrative Officer, or the Staff has been found to have contravened sections 122, 123, 124 or 125 of the Code.

### 2.4 Contravention of *Safe Drinking Water Act*

This by-law does not apply to an action or proceeding under the *Safe Drinking Water Act*, 2002, S.O. 2002, c.32, if the Member, the Chief Administrative Officer, or the Staff has been found to have contravened section 19 of the Act.

### 2.5 Libel or Slander

This by-law does not apply to an action or proceeding for libel or slander if the defamation has been proven against the Member, the Chief Administrative Officer, or Staff and the Member, Chief Administrative Officer, or Staff has been found to have used the occasion for some purpose other than for which qualified privilege is accorded by law.

### 2.6 Scope of Employment Duties

This by-law applies only in respect of acts or omissions occurring in the course of the duties of a Member, the Chief Administrative Officer, or a Staff member, and within the ordinary scope of their employment or responsibilities in relation to the Regional Water Division.

For further clarity, this by-law does not apply to:

- a) any act or omission that is outside the scope of such duties or not authorized by the Administering Municipality or the Board;
- b) any act or omission that is not carried out in good faith; or
- c) any act or omission that constitutes or results from wilful misconduct, gross negligence, or a knowing breach of applicable law, policy, or direction of the Administering Municipality.

## 2.7 Grievance or Complaints

This by-law does not apply to an action or proceeding related to grievances or complaints filed under any relevant Collective Agreement.

## 2.8 Disciplinary Matters

Nothing in this by-law shall be interpreted so as to limit or restrict the authority of the Administering Municipality or the Board, as applicable, to investigate, discipline, or otherwise manage the employment or appointment of any Member, the Chief Administrative Officer, or Staff member in connection with the performance of their duties.

# 3. Indemnification of Members, Chief Administrative Officer and Staff

## 3.1 Indemnification Conditions

The Board shall indemnify a Member, the Chief Administrative Officer, or the Staff and their heirs and legal representatives in the manner and to the extent provided by section 3.2 of this by-law in respect of any civil, criminal or administrative action or proceeding by a third party arising out of acts or omissions done or made by such person in their capacity as or by reason of being or having been a Member, Chief Administrative Officer, or Staff, or an officer of the Board, including acting in the performance of any statutory duty imposed by any general or special Act, if:

- (a) The Member, Chief Administrative Officer, or Staff acted honestly and in good faith with a view to the best interests of the Board;
- (b) In the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Member, the Chief Administrative Officer, or Staff had reasonable grounds for believing that their conduct was lawful; and
- (c) The Member, the Chief Administrative Officer, or Staff member has complied with the provisions of this by-law, including any requirement to provide prompt notice of a claim and to cooperate in the defence of such claim.

### 3.2 Manner and Extent of Indemnification

The Board shall indemnify a person referred to in section 3.1 of this by-law, to the extent that such costs, damages, expenses or sums are not assumed, paid or reimbursed under any provision of the Board's insurance for the benefit and protection of any such person against any liability incurred by such person, by:

- (a) Assuming the cost of defending such person in an action or proceeding;
- (b) Paying any damages or costs, including a monetary penalty, awarded against such person as a result of an action or proceeding;
- (c) Paying, either by direct payment or reimbursement, any expenses reasonably incurred by such person as a result of an action or proceeding; and
- (d) Paying any sum required in connection with the proceeding.

## 4. Legal Representation

### 4.1 Retention of a Lawyer

Subject to section 4.2 of this by-law, where a person referred to in section 3.1 of this by-law is a party to, is otherwise involved in, or is the subject of allegations in any action or proceeding or threatened claim the Board shall determine whether that person may be represented by either:

- (a) legal counsel of the person's choosing, in which case the provisions of section 5 of this by-law apply; or
- (b) legal counsel selected and retained by the Board, in which case the provisions of section 6 of this by-law apply.

### 4.2 Retention of a Lawyer by Board's Insurers

Notwithstanding any other provision of this by-law to the contrary, any lawyer retained by the Board's insurers from time to time to defend the Board in any action or proceeding may, where permitted by the insurer, also represent a person referred to in section 3.1 of this by-law with respect to that action or proceeding unless the Board advises such person otherwise.

## 5. Lawyer Retained by Individual

### 5.1 Conditional Indemnification

Where, under section 4.1(a) of this by-law, a person referred to in section 3.1 of this by-law retains their own lawyer, the person is entitled to indemnification from the Board under section 3.2 of this by-law only if the person meets the requirements of sections 5.2 to 5.4 inclusive of this by-law.

## 5.2 Information Filed with the Board

The person referred to in section 3.1 of this by-law shall file with the Chief Administrative Officer written particulars of the action or proceeding and notice of the person's request to retain their own lawyer to represent the person referred to in section 3.1 of this by-law, together with the name and contact information of the lawyer. In the case where the person referred to in section 3.1 of this by-law is the Chief Administrative Officer, the information shall be filed with the Board Chair.

## 5.3 Conduct of Defence and Settlement Approval

The Board shall have the right, where appropriate, to participate in the conduct of the defence of any action or proceeding in respect of which indemnification is sought or provided under this by-law. Without limiting the foregoing, the Board shall be consulted on matters of legal strategy, may provide instructions to legal counsel, and shall approve any settlement or other resolution of the action or proceeding. No settlement or resolution shall be entered into without the prior approval of the Board.

## 5.4 Other Conditions Fulfilled

The person referred to in section 3.1 of this by-law shall fulfill the conditions set out in section 3.1 and section 7.1 of this by-law.

# 6. Lawyer Retained by Board

## 6.1 Decision in Writing

Where, under section 4.1 of this by-law, the Board decides to select and retain a lawyer to represent the person referred to in section 3.1, the Board shall advise such person in writing.

## 6.2 Lawyer Replaced by the Board

If the Board retains another lawyer to act on behalf of such person in place of the lawyer originally retained by the person in accordance with section 5.1 of this by-law, the Board shall, subject to the *Solicitors Act*, pay to the person's lawyer all of the reasonable legal fees and disbursements in connection with the services rendered and work done in connection with the action or proceeding from the time that such person retained the lawyer in accordance with section 6.2 of this by-law, until replaced by the lawyer retained by the Board.

## 6.3 Settlements Approved by the Board

The Board shall have the right to approve any settlement of any action or proceeding.

## **7. General Provisions**

### **7.1 Persons Served with Process or Demand**

Where a person referred to in section 3.1 of this by-law is served with any process issued out of or authorized by any court, administrative tribunal or other administrative, investigative, or quasi-judicial body, whether or not the person is named a party, in connection with any action or proceeding, the person shall deliver the process or a copy thereof to the Chief Administrative Officer and the City Solicitor of the Administering Municipality promptly within five (5) business days. This section also applies to any demand, threatened proceeding, or knowledge of circumstances that may give rise to a demand, threatened proceeding, or process. In the case of the person referred to in section 3.1 of this by-law is the Chief Administrative Officer, the process or copy thereof to the Board Chair and the City Solicitor of the Administering Municipality.

The Board shall review the circumstances and determine whether indemnification is available under this by-law. Failure to provide prompt and sufficiently detailed notice may result in the denial of indemnification under this by-law.

### **7.2 Indemnification Procedure**

To seek indemnification under this by-law, a person referred to in section 3.1 of this by-law must provide written notice to the Board as soon as practicable after becoming aware of any act, omission, proceeding, or other circumstance that has given rise to, or may give rise to, a claim.

### **7.3 Duty to Cooperate**

A person referred to in section 3.1 of this by-law involved in any action or proceeding shall cooperate fully with the Board and any lawyer retained by the Board to defend such action or proceeding, shall make available to such lawyer all information and documents relevant to the matter as are within the knowledge, possession or control of such person, and shall attend at all proceedings when requested to do so by such lawyer.

### **7.4 Failure to Comply with By-Law**

If a person referred to in section 3.1 of this by-law fails or refuses to comply with the provisions of this by-law, the Board shall not be liable to assume or pay any of the costs, damages, expenses, or sums mentioned in section 5 and section 6 of this by-law.

### **7.5 Executive Acts Authorized**

The Board Chair and the proper officers of the Board are hereby authorized and directed to do all the things necessary, including executing any necessary documents under the seal of the Board, to give effect to this by-law according to its true intent and meaning.

## **8. Validity**

Should any section, clause or provision of this by-law be held by a court of competent jurisdiction to be invalid, the validity of the remainder of this by-law shall not be vitiated.

## **9. Enactment**

### 9.1 Previous By-Laws

By-law No.3 enacted and passed in open session of the Board on December 12, 2002, and any amendments thereof, are hereby repealed on the effective date of this by-law.

### 9.2 Effective Date

This by-law shall come into force and take effect on **xxx**, 2026.

Passed in Open Session of the Board on **xxx**, 2026

First Reading –

Second Reading –

Third Reading –

## Board of Management Report

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

### Overview:

- The Board previously approved amendments to the Procurement of Goods and Services and Disposal of Assets Policy at the March 5, 2026, meeting.
- The proposed amendments to the policy provide further clarifications and additional language to sections 4.17.2, 4.17.3 and 4.18.4 to address the performance of vendors and contractors.

### Recommendation

That the Board of Management for the Lake Huron Primary Water Supply System take the following actions with regard to the amendment of a Procurement of Goods and Services and Disposal of Assets Policy:

1. That the proposed amendment to the policy, being the Procurement of Goods and Services and Disposal of Assets Policy for the Lake Huron Primary Water Supply System as attached to this report, BE ACCEPTED and a by-law be introduced at the June 4, 2026, meeting to amend the policy; and
2. This report and the new Procurement of Goods and Services and Disposal of Assets Policy BE RECEIVED for information.

### Previous and Related Reports

March 5, 2026 Procurement of Goods and Services and Disposal of Assets Policy

December 7, 2023 Procurement of Goods and Services and Disposal of Assets Policy

### 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. At the March 5, 2026, meeting the Board enacted the current Procurement of Goods and Services and Disposal of Assets Policy through By-Law No.3-2026.

## Discussion

The proposed amendments to the Procurement of Goods and Services and Disposal of Assets Policy (Procurement Policy), attached to this report, provides further updates and clarification to the Board's policy to address consistency with trade agreements, transparency in procurement and approval authorities, and assures appropriate span of control. In addition, the proposed amendments provide clarification with regard to the performance of vendors and contractors.

The proposed amendments to the Procurement Policy include:

- 4.17.2** Exclusion of Bidders Due to Poor Performance
- 4.17.3** Exclusion of Bidders in Litigation and Disputes or Appeals of Contract Awards
- 4.18.4** Performance Evaluation

## Conclusion

The proposed amendments to the Procurement of Goods and Services and Disposal of Assets Policy attached to this report provides clarification to public procurements and assures that the Board maintains an appropriate balance of delegated authority, public transparency and best value in procurements.

Prepared by: Frank Tumin-Eke,  
Procurement Officer

Archana Gagnier,  
Manager, Finance and Procurement

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

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

Attachments: Schedule 'A' – Procurement of Goods and Services and Disposal of Assets Policy (amended)



**By-Law No. 4 - 2026 – Schedule ‘A’**

# **Procurement of Goods and Services and Disposal of Assets Policy**

**Approved:** March 5, 2026

**Revised:** June 4, 2026

**Legislative History:** Enacted March 2, 2023 (By-Law 2A-2023), amended December 7, 2023 (By-law 2A-2023), amended March 5, 2026 (By-law 3-2026), amended June 4, 2026 (By-law 4-2026)

**Last Reviewed Date:** May 5, 2026

**Policy Lead:** Director, Regional Water

## **1. Purpose**

This Policy establishes the procurement and disposal processes to ensure best value, fairness, and accountability in the acquisition of goods, services, construction, and the disposal of assets for the Lake Huron Primary Water Supply System (Huron). This Policy confirms Huron as the sole authority governing all procurement and disposal activities related to its operations and capital projects.

## **2. Applicability**

Procurement activities conducted for the Lake Huron Primary Water Supply System (Huron) shall be governed by all applicable Board policies and by-laws, the relevant provisions of the *Municipal Act 2001*, and all applicable Federal and Provincial legislation. Procurement authority rests solely with Huron under this Policy.

Services performed by the Administering Municipality on behalf of Huron, when requested or required by the Board, are excluded from the scope of this Policy, and such services shall not be construed as procurement activities governed by 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 ‘Addenda’)** – shall mean the form of a document used to officially change, and 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 Transfer Order Lake Huron Area #W1/1998 issued by the Minister of the Environment effective September 15, 2000, pursuant to the *Municipal Water and Sewage Systems Transfer Act, 1997*, who provides services to and under the direction of the Board, as amended from time to time.

**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 services which will be required frequently or repetitively but where the exact quantity of goods and services required may not be precisely known or the time period during which the goods and services are to be delivered may not be precisely determined.

**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.

**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 Workplace Safety and Insurance 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, as amended from time to time, including any applicable procurement obligations and threshold values in effect at the time of procurement.

**CFTA** – shall mean the **Canadian Free Trade Agreement** that came into force on July 1, 2017, and governs trade and procurement obligations between Canadian provinces, territories, and public sector entities, as amended from time to time.

**Chief Administrative Officer** – shall mean the person appointed as the Chief Administrative Officer in accordance with the Appointment of the Chief Administrative Officer By-law.

**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 direction to Huron when it requires competency and capacity for a particular procurement that is not available in-house.

**Contract** (and ‘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 may be used for the acquisition of goods and services for a specific requirement. Corporate contracts may be used for the acquisition of goods and services for a group of specific requirements.

**Conflict of Interest** – shall mean a situation in which the personal interests of the Chief Administrative Officer, 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 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 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 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 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** - means a committee established by Huron and comprised of the Director of Regional Water (or delegate), a senior representative from the procurement function of Huron (or delegate), and a Senior Manager (or delegate) of Huron, convened to review and resolve procurement related disputes in accordance with this Policy.

**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 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 (IRFQ)** – shall mean a request for prices on specific goods and 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's standard Form of Bond to ensure that the contractor will fulfill its obligations to its employees, subcontractors and suppliers and thereby protect 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 Consulting Services 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 Manager** – shall mean an employee of Regional Water responsible for the overall management, oversight, and coordination of procurement activities for Huron. The Procurement Manager provides professional procurement advice, establishes procurement processes and controls, ensures compliance with this Policy and applicable trade agreements, and makes procurement recommendations in accordance with approved approval authorities.

**Procurement Officer** – shall mean an employee of Regional Water Services responsible for administering and overseeing procurement activities for Huron. The Procurement Officer may delegate certain procurement functions to qualified staff (such as a Procurement Specialist or Clerk), provided that overall accountability and authority remain with the Procurement Officer. Procurement authority resides exclusively within Huron governance and shall not be delegated to the Administering Municipality or to external parties.

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

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

**Request for Tender (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 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 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.

**Supplier Conduct** – shall mean the ethical, environmental, labour, safety and human rights standards required of all Suppliers engaging with Huron.

**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.

**Sustainable Purchasing** – shall mean a procurement approach that considers the full life-cycle costs and benefits of goods, services, and construction, including economic, environmental, and social impacts, to achieve best value for Huron. For guidance, Huron may reference the City of London’s Sustainable Purchasing program, as appropriate.

**Suspension** – shall mean a temporary prohibition preventing a Supplier from participating in procurement opportunities issued by Huron.

**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 #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. Procurement Policy**

### **4.1 Procurement Goals and Objectives**

- 4.1.1 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 of this Policy is that procurement decisions shall be made through a competitive process that is open, fair, and transparent, and that the disposal of Huron-owned assets shall be undertaken with the knowledge and oversight of the Board. Huron procurement activities shall also be conducted in compliance with applicable trade agreements, including the CFTA and the CETA, which support open, non-discriminatory competition and the achievement of best value for Huron.
- 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 shall integrate environmental, social, economic, and lifecycle considerations into procurement planning and evaluations. Sustainability criteria may include lifecycle costing, energy efficiency, climate resilience, durability of water infrastructure assets, waste reduction, greenhouse gas minimization, and Supplier sustainability performance. Huron may reference the City of London Sustainable Purchasing Program for guidance, provided such reference does not supersede or conflict with Huron authority.

## **4.2 General Provisions**

- 4.2.1 Unless otherwise provided in this Policy, the Director of Regional Water is authorized to act on behalf of Huron for the procurement and disposal of goods and services and shall ensure that such activities are conducted in accordance with the procurement methods and requirements set out in this Policy.

The Director may delegate the day-to-day administration and oversight of procurement activities to the Procurement Manager and the Procurement Officer, who shall jointly be responsible for planning, coordinating, and managing procurement processes, ensuring compliance with this Policy, and providing professional procurement advice and recommendations in support of procurement decisions.

This Policy shall be administered in compliance with applicable trade agreements, including the CFTA and the CETA. Where procurement values exceed applicable trade agreement thresholds, Huron shall comply with the associated transparency, open competition, and non-discrimination obligations.

- 4.2.2 No purchase of goods and services shall be authorized unless it is in compliance with this Policy. Goods and 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 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 errors, misunderstandings, or differing interpretations may occur during a procurement process and that bidders may feel aggrieved by a recommended contract award. To maintain the integrity, fairness, and transparency of the procurement process, a bidder who believes it has been treated unfairly may raise the concern by submitting a written notice to the Procurement Manager, with a copy to the Director of Regional Water, prior to the award of the contract.

A bidder wishing to formally dispute the recommended award must submit a written appeal within two (2) business days of being notified by Huron that its bid or proposal was not successful. Upon receipt, the Procurement Manager shall acknowledge the dispute and coordinate a hearing meeting with the Director of Regional Water (or delegate).

The hearing meeting shall be held within seven (7) business days of the bidder's notification and shall provide the bidder with an opportunity to present the basis of the dispute.

Where the bidder disagrees with the outcome of the hearing meeting, the bidder may submit a further written appeal to the Huron Board within seven (7) business days of receiving the written decision arising from the hearing meeting. The Board shall consider the appeal and render a determination. The Board's decision shall be 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 two (2) years** or more frequently as required. Where this Policy is silent, the Procurement Manager may recommend adopting provisions from comparable public-sector procurement frameworks, including those of the City of London, subject to approval by the Director of Regional Water. Such adoption shall not be automatic and must not conflict with Huron governance, thresholds, or authorities.
- 4.2.8 Good and services NOT subject to this Policy are listed in Schedule "B". The final determination of whether goods and 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 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 Grant or Stimulus Funding 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 Roles and 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:

- a) In the opinion of the Director of Regional Water, it is in the best interest of Huron to do so; or,
- b) 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 and Disposal of Assets 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) 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 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

- a) Despite any other provision of this Policy, the following contracts are subject to Board approval:
- b) Any contract requiring approval from the Ontario Land Tribunal;
- c) Any contract prescribed by Statute to be made by the Board;
- d) 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.
- e) Where a Substantive Objection, emanating from the competitive bid has been filed with the Director of Regional Water prior to award of the contract;
- f) Where there is an Irregular Result (see Section 4.7.10);
- g) Where authority to approve has not been expressly delegated.

#### 4.3.5 Procurement Manager

The Procurement Manager is responsible for the effective management, oversight, and coordination of Huron's procurement and disposal activities. This includes, but is not limited to:

- a) Developing and maintaining procurement processes, documentation standards, templates, and guidelines in accordance with this Policy.
- b) Planning and coordinating procurements, including timing, method selection, and evaluation approaches.
- c) Providing professional procurement advice and interpretation of this Policy and applicable trade agreements (including CFTA and CETA).
- d) Ensuring procurements are conducted in a manner that supports transparency, fairness, accountability, and best value.
- e) Advising the Director of Regional Water on procurement decisions and recommending awards within delegated authority.
- f) Managing the dispute process in accordance with Section 4.2.6 and facilitating communication with bidders regarding procurement decisions.

#### **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, a 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 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 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 services and managing the processes by which goods and services are acquired. The official point of purchasing contact shall be the Procurement Officer 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 shall 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 consult with any employee of Regional Water or Huron's operating authority, 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 consulting with any employee of Regional Water or Huron's operating authority, for purposes such 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 influencing activity is 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 Officer 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.

#### 4.5.4 Trade Agreement Non-Compliance

Failure to comply with the requirements of applicable trade agreements, including the CFTA and CETA, may be considered a prohibited procurement practice. Non-compliance may result in restricted or unfair access to procurement opportunities, expose Huron to formal trade challenges or bid disputes, and undermine the integrity, transparency, and fairness of the procurement process. Adherence to trade agreement obligations is essential to maintaining public confidence, legal compliance, and the achievement of best value for Huron.

#### **4.6 Procurement Documentation**

- 4.6.1 Regional Water shall establish, maintain, and periodically update its own procurement documentation standards, guidelines on procurement policies and procedures, templates, and procedures governing a comprehensive bid process, including the planning, solicitation, receipt, evaluation, award, and administration of procurements. Such documentation, guidelines, and processes shall be developed and applied in a manner that ensures fairness, transparency, consistency, accountability, and compliance with this Policy and all applicable legislative and trade agreement requirements.
- 4.6.2 The Procurement Officer 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 specifications(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 services. The Procurement Officer 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 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 service.

4.7.4 In the case of multi-year supply and 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 equal to or greater than the applicable CFTA threshold for goods, services or construction, as amended, and any RFP or RFT greater than the applicable CETA threshold for goods, services or construction, as amended.
- ii. RFP or RFT is greater than \$139,000 and having an Irregular Result (see Section 4.7.10); and,
- iii. Sole Source or Single Source greater than \$347,400

b) **Chief Administrative Officer** is authorized to approve the following awards:

- i. Professional Consulting Services greater than \$139,000 and less than the applicable CETA threshold for services, as amended.

- ii. Sole Source or Single Source greater than \$139,000 and less than the CFTA threshold for construction.
- 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 \$347,000;
  - ii. RFP or RFT up to \$139,000 and having an Irregular Result (see Section 4.7.10);
  - iii. RFP or RFT of \$50,000 up to \$139,000 and in excess of the Board approved budget; and,
  - iv. RFP or RFT of \$139,000 up to the applicable CETA threshold for goods, services or construction 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 \$139,000.
- e) **Director of Regional Water** or any Regional Water employee exercising delegated authority approval are authorized to approve the following awards Provided that the procurement value does not meet or exceed any applicable CFTA or CETA threshold:
  - i. Informal quotations up to \$50,000 not exceeding the Board approved budget; and,
  - ii. RFQ or RFP up to \$139,000 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:

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

- d) The list shall be updated immediately upon any change in staff or position;
- e) A copy of the list shall be maintained by Huron and circulated internally to the Director of Regional Water, the Procurement Manager, and the Regional Water Finance and Procurement Department for reference each time the list is revised;
- f) The Procurement Manager shall ensure that the delegation of approval authority list is current and made available to appropriate Huron staff, as required for the administration of this Policy;
- g) Huron staff responsible for procurement, purchasing, and financial administration shall review the applicable delegation of approval authority list prior to undertaking any task that requires approval under this Policy.

4.7.8 Only the Director of Regional Water may further delegate approval authority to Regional Water 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 further 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 \$139,000 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 \$139,000 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 \$10,000, amend or extend a Contract, and 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 \$30,000) as per Schedule 'A'**

4.8.1 Procurements up to \$30,000 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.

For further clarity, where alternative payment methods such as cheque or electronic funds transfer are available and reasonably practical, those methods are preferred; however, the use of a Purchasing Card remains permissible where operationally appropriate.

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 Huron's standard insurance form(s) must be completed for all Informal Quotations, as appropriate.

4.8.5 WSIB Certificates of Clearance must be obtained at the commencement of the project and as needed before final payment is released.

4.8.6 Low dollar value procurements do not require an RFQ, RFP or RFT. Obtaining competitive quotes is considered good business practice and should be obtained

where it is reasonably practicable. An authorized Purchase Order is the preferred method.

#### **4.9 Informal Request for Quotation (IRFQ) \$30,000 to \$50,000 – as per Schedule ‘A’**

- 4.9.1 Procurements greater than \$30,000 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 and Disposal of Assets Policy.
- 4.9.3 Informal Quotations shall be obtained in the following manner:
  - a) Written (use of the electronic bidding system is encouraged) bids obtained from at least 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 written informal quotation 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 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 Huron’s standard insurance form(s) must be completed for all Informal Quotations as appropriate.
- 4.9.6 WSIB Certificates of Clearance must be obtained at the commencement of the project and as needed before final payment is released.
- 4.9.7 An authorized Purchase Requisition may be issued and shall include copies of the Bids received.

#### **4.10 Request for Quotation (RFQ) \$50,000 to \$139,000 – as per Schedule ‘A’**

- 4.10.1 RFQ procedures shall be used where:
  - a) The item is greater than \$50,000 but not exceeding \$139,000;
  - 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 Requests for 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 for administering and reviewing RFQs, including those conducted through an approved electronic bidding platform, and for verifying that all terms, conditions, and specifications 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 \$139,000;
  - 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 \$139,000 up to the threshold value established under CETA; and,

- c) The Board must approve an RFP award for purchases greater than the applicable trade agreement threshold, as amended.
- 4.11.3 The RFP process is a competitive method of procurement that may or may not include supplier pre-qualification and may be conducted through an approved electronic bidding platform.
- 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 establish and maintain a list of suggested evaluation criteria to assist in formulating an evaluation methodology for use in a Request for Proposal (RFP). Such criteria may include, but are not limited to, qualifications and experience, strategy, approach, methodology, scheduling, past performance, facilities, equipment, pricing, life-cycle costing, product standardization, and factors supporting sustainability and environmental procurement. The selection and application of evaluation criteria shall be determined by Regional Water for each procurement and applied in accordance with this Policy to ensure fairness, transparency, and best value.
- 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 Officer will be the lead in the RFP process, including prerequisite RFI, REOI and/or RFQUAL as applicable. 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 Officer may or may not participate in the scoring of the proposals. The RFP process may be administered through an approved electronic bidding platform.
- 4.11.10 During the proposal process all communication with proponents shall be through the designated Procurement officer.
- 4.11.11 The Procurement Officer 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 Officer 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, at their request, attend a debriefing session with the Procurement Officer 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.
- 4.11.15 Procurement for Collaborative Delivery Programs that involve the procurement of a combination of goods, services, construction and/or consulting services (including design-build and construction manager at risk), shall follow the RFP process as outlined in this section 4.11.

#### **4.12 Request for Tender (RFT) Greater than \$139,000 – as per Schedule 'A'**

4.12.1 RFT procedures shall be used where:

- a) The total cost is expected to be greater than \$139,000;
- 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, 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 for tenders 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 Officer shall be responsible for arranging the public disclosure of bid submissions at the time and date specified by the bid call.
- 4.12.5 The Procurement Officer shall provide a summary of the bids and recommend the awarding 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 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:

- a) Public health;
- b) The maintenance of essential Huron services; or,
- c) 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 to mitigate, the Emergency is anticipated to exceed \$50,000:

- a) A notification must be sent (e-mail is acceptable) to the Regional Water Finance and Procurement department requesting the establishment of a project number for the Emergency. The notification shall include an outline of the nature of the emergency (referencing this section of the Policy), the estimated budget for the project, and the primary Regional Water contact that is managing the Emergency.
- b) A notification must be sent (e-mail is acceptable) from the Director of Regional Water to the Board, copied to the Chief Administrative Officer, notifying the Board Members of the nature of the emergency and that the Emergency provisions of this Policy have been used; and,
- c) The steps taken to mitigate the Emergency must always be clearly documented regardless of amount.

Where the aggregate costs for the Emergency are expected to be in excess of \$50,000, the emergency procurement shall be reported at the next regularly scheduled meeting of the Board, or related Special Meeting of the Board if called in accordance with the Rules of Order and Procedure By-law.

#### 4.13.3 Sole Source

The procurement may be conducted using a Sole Source process if the goods and 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 other 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 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 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 services previously acquired or the required goods and services will be additional to similar goods and services being supplied under an existing contract (i.e., contract extension or renewal);
- e) The required goods and 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 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:

- a) The Director of Regional Water and the Chief Administrative Officer must jointly approve an award not exceeding \$139,000; or for construction awards up to the applicable CFTA construction threshold, as amended; or,
- b) The Board must approve an award greater than \$139,000 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 or the Senior Manager of Business Administration is to be involved in the procurement of consulting services for all projects within their respective department, 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 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 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 an agreement for Consulting Services was amended or extended in accordance with this Policy.

### 4.14.2 Consulting Engineers, Architects, Landscape Architects and Environmental Consultants

With the exception of the procurement for Collaborative Delivery Projects, including design-build or Construction Manager at Risk, the selection of Professional Consulting Services will follow the requirements of Section 4.14.1; and,

- a) Professional Consulting Services, such as architects, landscape architects, and environmental consultants, may be procured in accordance with an

Huron approved Consultant Vendor of Record and grouped consultant selection process, established and maintained by the Director of Regional Water.

- 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 \$139,000 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 that are more complex in nature, but that are within the capability of firms included on the above-mentioned pre-approved list, and that have estimated fees between \$139,000 and the CETA threshold for goods and services, as amended, shall be assigned on the basis of a proposal submitted by a minimum of three (3) qualified firms from the list. Such proposals shall outline the firm's approach to the proposed project and demonstrate relevant experience and knowledge of projects of a similar nature.

If staff has exhausted all efforts to obtain at least three (3) proposals and can support this with documented evidence, a minimum of two (2) written bids is acceptable

A grouped consultant selection process may be undertaken for more than one project where the projects are similar in nature, the consultants possess the requisite skills and capacity to undertake the work, and operational efficiencies or value-for-money benefits are realized by Huron. Any grouped consultant selection process shall be established, maintained, administered, and governed by Huron in accordance with this Policy. The process shall form part of Huron's consultant selection framework and shall be applied in a manner that ensures fairness, transparency, consistency, and best value, and shall not constitute or rely upon any external consultant selection framework or delegation of procurement authority.

- e) Except in the case of an Irregular Bid, assignments for projects with estimated fees between \$139,000 and the CETA threshold for goods and services, as amended, shall be approved 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, as amended, shall be awarded through a two-stage competitive process. The first stage shall consist of an open, publicly advertised expression of interest and pre-qualification process (REOI/RFQUAL). The second stage shall consist of a Request for Proposals (RFP) issued to the short-listed firms, of which there shall be a minimum of three (3) qualified firms, each submitting their proposed

approach and demonstrating relevant experience and knowledge of projects of a similar 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 \$139,000 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 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**

- 4.15.1 A Blanket Purchase Contract established by Huron, in accordance with this Policy and Huron's procurement procedures, may be used where it is determined to be 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 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**

- 4.17.1 All competitive procurements shall be administered by an authorized Procurement Officer using an electronic bidding platform directly procured and controlled by Regional Water.

The protocol for bid irregularities and their associated responses are detailed in Schedule 'C' of this Policy.

#### 4.17.2 Exclusion of Bidders Due to Poor Performance

- a. The Director of Regional Water may, in consultation with the Board's Solicitor, prohibit unsatisfactory bidders (including but not limited to: suppliers, consulting engineers and contractors) from bidding on any future competitive bids for a time period appropriate with the results of the performance evaluation process as outlined in Section 4.18.4.
- b. Bidders may also be prohibited from bidding on any future contract if they maintain officers, Managing Directors, or employees who are also officers, Managing Directors or employers of bidders who have already been prohibited from bidding based on the results of the performance evaluation process, as outlined in Section 4.18.4 of this Policy.

#### 4.17.3 Exclusion of Bidders in Litigation and Disputes or Appeals of Contract Awards

- a. Huron may, in its absolute sole discretion, reject a bid submitted if the bidder, or any officer or Managing Director of the bidder is or has been engaged, either directly or indirectly through another Corporation or personally, in a legal action against Huron, its elected or appointed officers and employees in relation to:
  - i. any other contract or services; or
  - ii. any matter arising from the Huron's exercise of its powers, duties, or functions; or
  - iii. a dispute and/or an appeal of contract awards as per section 4.2.6.
- b. In determining whether or not to reject a bid under this clause, Huron will consider whether the litigation is likely to affect the bidder's ability to work with Huron, its consultants and representatives, and whether Huron's experience with the bidder indicates that Huron is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the bidder.

### **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 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 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 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:
  - i. the total amended value of the contract will be greater than the administrative approval threshold under Section 4.18.3.d above; or,
  - ii. 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.

- a. At the outset of a project, the Director of Regional Water shall institute a performance evaluation process in contracts where the Director of Regional Water determines that a performance evaluation would be appropriate.
- b. The performance evaluation shall rate the performance of the supplier, contractor or consultant on standard criteria adopted from time to time (i.e. failure to meet contract specifications, terms and conditions, health and safety violations, etc.). A copy of the introductory letter and performance evaluations shall be provided to the supplier, contractor, or consultant in advance of the contract, and shall remain constant for the duration of the contract. Performance issues must be noted in writing with a copy to the supplier, and a copy to the project file. Performance issues must also be noted in any project meeting minutes.

- c. On completion of the project, all supporting documents pertaining to any substandard performance and comments must be attached to the evaluation document. Huron will forward a copy of the completed evaluation to the supplier, contractor, or consultant for their records. The supplier, contractor or consultant may request a meeting with Huron to discuss the evaluation and shall have twenty (20) calendar days following delivery of the evaluation to request an appeal. This appeal shall be forwarded to Huron.
- d. The appeal shall be conducted by a Dispute Committee which will hear from both Huron and/or its consultants and the supplier at a time and place appointed in writing by the Committee. The decision of the Dispute Committee shall be in writing and it shall be final.
- e. The performance evaluation shall determine whether a supplier, contractor or consultant will:
  - i. be allowed to renew a contract with the Huron;
  - ii. be placed on a probationary list for a minimum of two (2) years during which time they shall be permitted to bid or propose work for the Huron with the understanding that the work will be closely monitored; or
  - iii. be prohibited from bidding on any contracts with the Huron during a three (3) year period, followed by a one (1) year probationary period after re-instatement as provided for in Section 4.17.1.
- f. In reaching a decision, the Dispute Committee shall rely upon the evaluation criteria determined in advance of the project and the results of prior performance evaluations relating to other contracts performed by the same supplier.
- g. No tender, proposal or quotation will be accepted from any supplier during the term of the suspension.

#### **4.19 Disposal of Materials and Equipment**

##### **4.19.1 Obsolete and / or Surplus Material 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, or delegate, 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. Huron may, at its sole discretion, designate specific material or equipment as having high value in a project and exclude the disposal from the project, and the disposal may be undertaken separately in accordance with this Policy.

#### 4.19.2 Scrap Materials and Equipment

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

- a) General advertising to secure sealed bids;
- b) Direct contact with the appropriate dealers to view the scrap and submit offers to purchase;
- c) Public auction; or,
- d) 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, excluding disposals that were intrinsic to a project.
- b) The revenue from the sale of obsolete material shall be credited to the appropriate Huron account.

### **4.20 General Provisions**

#### 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 and the Manager of Finance and Procurement 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:

- a) 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;
- b) 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;
- c) result in undue loss or gain to any person, group, committee or financial institution or agency; or,
- d) 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

Huron procurement activities shall comply with all applicable trade agreements, including the CFTA and the CETA, as amended from time to time.

## 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 service contracts, the preauthorized expenditure limit shall refer to the estimated annual expenditure under the contract.

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

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

**Table 1: Goods & Services, excluding Consulting Services**

Value (excluding taxes, duty & shipping)	Tool / Procurement Process	Approval Authority	Policy Section
Less than \$30,000	<p>Low Dollar Value Procurement</p> <ul style="list-style-type: none"> <li>▪ Use purchasing card for small operational expenses, etc. within the transaction limit established for the card in each circumstance.</li> <li>▪ Obtain competitive quotes where reasonably practical (informal).</li> </ul>	Director of Regional Water or any Regional Water employee exercising delegated authority approval	4.8
\$30,000 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

Value (excluding taxes, duty & shipping)	Tool / Procurement Process	Approval Authority	Policy Section
	Single Source or Sole Source	Director of Regional Water or Chief Administrative Officer)	4.7.5
Greater than \$50,000 to \$139,000	“RFQ” <ul style="list-style-type: none"> <li>• At least three quotes</li> <li>• Procurement awarded to the lowest compliant bid</li> </ul>	Director of Regional Water or any Regional Water employee exercising delegated authority approval	4.7.5 4.10 / 4.12
	“RFP” <ul style="list-style-type: none"> <li>• At least three proposals</li> <li>• Awarded to the proponent offering best value</li> </ul>	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 \$139,000 to the CETA threshold (\$736,000), as amended	“RFP” <ul style="list-style-type: none"> <li>• At least three proposals if RFP</li> <li>• Awarded to proponent having best value</li> </ul>	Director of Regional Water and Chief Administrative Officer (Jointly)  Board greater than \$736,000	4.7.5 4.11

Value (excluding taxes, duty & shipping)	Tool / Procurement Process	Approval Authority	Policy Section
	"RFT" <ul style="list-style-type: none"> <li>• At least three quotes</li> <li>• Awarded to the lowest compliant bid</li> </ul>	Director of Regional Water and Chief Administrative Officer (Jointly),  Board greater than \$736,000	4.7.5 4.12
	Irregular Result	Board	4.7.10
	Amount exceeding approved project budget	Board	4.7.10
	Single Source or Sole Source	Board	4.7.5
	Contract Extensions – previously approved by the Board – <ul style="list-style-type: none"> <li>▪ Less than the CETA threshold limit (\$736,000), as amended</li> </ul>	Director of Regional Water and Chief Administrative Officer (Jointly)	4.18.2
\$736,000 and above  Greater than the CETA threshold limit (\$736,000), as amended	RFP	Board	4.7.5
	RFT	Board	4.7.5
	Contract Extension – previously approved by the Board	Board	4.18.2



**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 \$139,000	RFP or appointment from pre-approved list	Director of Regional Water	4.14.2
	Irregular Bid	Chief Administrative Officer	4.14.2
\$139,000 to the CETA (\$736,000) 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 (\$736,000) 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 (\$736,000) 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 (\$736,000) threshold limit, as amended	Contract Extensions – previously approved by the Board	Board	4.18.2
	Contract Amendments – subject to availability of sufficient funds in appropriate accounts and budget <ul style="list-style-type: none"> <li>▪ The greater of either up to \$100,000 or 5% of the Contract Value</li> </ul>	Director of Regional Water and Chief Administrative Officer (Jointly)	4.18.2 4.18.3

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

1. Training and Education, including:
  - a. Conventions, conference, seminars, and educational courses;
  - b. Magazines, subscriptions, and periodicals;
  - c. Memberships;
  - d. Staff development;
  - e. Staff workshops; and,
  - f. Staff relations
2. Refundable employee expenses as per the Travel & Business Expense Policy.
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 municipalities and other government agencies, including but not limited to application fees and permit fees;
  - g. Postage;
  - h. Advertising as required by the *Municipal Act or other applicable Provincial legislation*;
  - 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 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 – Including water and Wastewater, 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 agreements entered into by the Board. Grants provided by Huron 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 surplus and 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>	<ul style="list-style-type: none"> <li>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.</li> <li>b) If both the unit price and the total price are left blank, then both shall be considered as zero.</li> <li>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.</li> <li>d) If the total price is left blank for a lump sum item, it shall be considered as zero.</li> <li>e) If the bid documents contain an error in addition and subtraction and 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.</li> <li>f) Bid documents containing prices which appear to be so unbalanced as to likely affect the interests of Huron adversely may be rejected.</li> </ul>

## 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 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 services, as well as all Regional Water staff and agents who act on behalf of Huron in the purchase of goods and 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 in 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.

**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 services in volume and save tax.

## By-Law No. 4 - 2026

A By-law to establish a policy related to the Procurement of Goods and Services and Disposal of Assets for the Lake Huron Primary Water Supply System.

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, 2001 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;

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 Schedule 'A' of by-law 3-2026 be rescinded and replaced with the attached policy:

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

2. This by-law shall come into force and effect on June 5, 2026.

PASSED in Open session on June 4, 2026

First Reading –

Second Reading –

Third Reading –



**By-Law No. 4 - 2026 – Schedule ‘A’**

# **Procurement of Goods and Services and Disposal of Assets Policy**

**Approved:** March 5, 2026

**Revised:** June 4, 2026

**Legislative History:** Enacted March 2, 2023 (By-Law 2A-2023), amended December 7, 2023 (By-law 2A-2023), amended March 5, 2026 (By-law 3-2026), amended June 4, 2026 (By-law 4-2026)

**Last Reviewed Date:** May 5, 2026

**Policy Lead:** Director, Regional Water

## **1. Purpose**

This Policy establishes the procurement and disposal processes to ensure best value, fairness, and accountability in the acquisition of goods, services, construction, and the disposal of assets for the Lake Huron Primary Water Supply System (Huron). This Policy confirms Huron as the sole authority governing all procurement and disposal activities related to its operations and capital projects.

## **2. Applicability**

Procurement activities conducted for the Lake Huron Primary Water Supply System (Huron) shall be governed by all applicable Board policies and by-laws, the relevant provisions of the *Municipal Act 2001*, and all applicable Federal and Provincial legislation. Procurement authority rests solely with Huron under this Policy.

Services performed by the Administering Municipality on behalf of Huron, when requested or required by the Board, are excluded from the scope of this Policy, and such services shall not be construed as procurement activities governed by 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 ‘Addenda’)** – shall mean the form of a document used to officially change, and 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 Transfer Order Lake Huron Area #W1/1998 issued by the Minister of the Environment effective September 15, 2000, pursuant to the *Municipal Water and Sewage Systems Transfer Act, 1997*, who provides services to and under the direction of the Board, as amended from time to time.

**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 services which will be required frequently or repetitively but where the exact quantity of goods and services required may not be precisely known or the time period during which the goods and services are to be delivered may not be precisely determined.

**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.

**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 Workplace Safety and Insurance 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, as amended from time to time, including any applicable procurement obligations and threshold values in effect at the time of procurement.

**CFTA** – shall mean the **Canadian Free Trade Agreement** that came into force on July 1, 2017, and governs trade and procurement obligations between Canadian provinces, territories, and public sector entities, as amended from time to time.

**Chief Administrative Officer** – shall mean the person appointed as the Chief Administrative Officer in accordance with the Appointment of the Chief Administrative Officer By-law.

**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 direction to Huron when it requires competency and capacity for a particular procurement that is not available in-house.

**Contract** (and ‘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 may be used for the acquisition of goods and services for a specific requirement. Corporate contracts may be used for the acquisition of goods and services for a group of specific requirements.

**Conflict of Interest** – shall mean a situation in which the personal interests of the Chief Administrative Officer, 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 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 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 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 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** - means a committee established by Huron and comprised of the Director of Regional Water (or delegate), a senior representative from the procurement function of Huron (or delegate), and a Senior Manager (or delegate) of Huron, convened to review and resolve procurement related disputes in accordance with this Policy.

**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 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 (IRFQ)** – shall mean a request for prices on specific goods and 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's standard Form of Bond to ensure that the contractor will fulfill its obligations to its employees, subcontractors and suppliers and thereby protect 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 Consulting Services 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 Manager** – shall mean an employee of Regional Water responsible for the overall management, oversight, and coordination of procurement activities for Huron. The Procurement Manager provides professional procurement advice, establishes procurement processes and controls, ensures compliance with this Policy and applicable trade agreements, and makes procurement recommendations in accordance with approved approval authorities.

**Procurement Officer** – shall mean an employee of Regional Water Services responsible for administering and overseeing procurement activities for Huron. The Procurement Officer may delegate certain procurement functions to qualified staff (such as a Procurement Specialist or Clerk), provided that overall accountability and authority remain with the Procurement Officer. Procurement authority resides exclusively within Huron governance and shall not be delegated to the Administering Municipality or to external parties.

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

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

**Request for Tender (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 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 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.

**Supplier Conduct** – shall mean the ethical, environmental, labour, safety and human rights standards required of all Suppliers engaging with Huron.

**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.

**Sustainable Purchasing** – shall mean a procurement approach that considers the full life-cycle costs and benefits of goods, services, and construction, including economic, environmental, and social impacts, to achieve best value for Huron. For guidance, Huron may reference the City of London’s Sustainable Purchasing program, as appropriate.

**Suspension** – shall mean a temporary prohibition preventing a Supplier from participating in procurement opportunities issued by Huron.

**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 #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. Procurement Policy**

### **4.1 Procurement Goals and Objectives**

- 4.1.1 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 of this Policy is that procurement decisions shall be made through a competitive process that is open, fair, and transparent, and that the disposal of Huron-owned assets shall be undertaken with the knowledge and oversight of the Board. Huron procurement activities shall also be conducted in compliance with applicable trade agreements, including the CFTA and the CETA, which support open, non-discriminatory competition and the achievement of best value for Huron.
- 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 shall integrate environmental, social, economic, and lifecycle considerations into procurement planning and evaluations. Sustainability criteria may include lifecycle costing, energy efficiency, climate resilience, durability of water infrastructure assets, waste reduction, greenhouse gas minimization, and Supplier sustainability performance. Huron may reference the City of London Sustainable Purchasing Program for guidance, provided such reference does not supersede or conflict with Huron authority.

## **4.2 General Provisions**

- 4.2.1 Unless otherwise provided in this Policy, the Director of Regional Water is authorized to act on behalf of Huron for the procurement and disposal of goods and services and shall ensure that such activities are conducted in accordance with the procurement methods and requirements set out in this Policy.

The Director may delegate the day-to-day administration and oversight of procurement activities to the Procurement Manager and the Procurement Officer, who shall jointly be responsible for planning, coordinating, and managing procurement processes, ensuring compliance with this Policy, and providing professional procurement advice and recommendations in support of procurement decisions.

This Policy shall be administered in compliance with applicable trade agreements, including the CFTA and the CETA. Where procurement values exceed applicable trade agreement thresholds, Huron shall comply with the associated transparency, open competition, and non-discrimination obligations.

- 4.2.2 No purchase of goods and services shall be authorized unless it is in compliance with this Policy. Goods and 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 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 errors, misunderstandings, or differing interpretations may occur during a procurement process and that bidders may feel aggrieved by a recommended contract award. To maintain the integrity, fairness, and transparency of the procurement process, a bidder who believes it has been treated unfairly may raise the concern by submitting a written notice to the Procurement Manager, with a copy to the Director of Regional Water, prior to the award of the contract.

A bidder wishing to formally dispute the recommended award must submit a written appeal within two (2) business days of being notified by Huron that its bid or proposal was not successful. Upon receipt, the Procurement Manager shall acknowledge the dispute and coordinate a hearing meeting with the Director of Regional Water (or delegate).

The hearing meeting shall be held within seven (7) business days of the bidder's notification and shall provide the bidder with an opportunity to present the basis of the dispute.

Where the bidder disagrees with the outcome of the hearing meeting, the bidder may submit a further written appeal to the Huron Board within seven (7) business days of receiving the written decision arising from the hearing meeting. The Board shall consider the appeal and render a determination. The Board's decision shall be 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 two (2) years** or more frequently as required. Where this Policy is silent, the Procurement Manager may recommend adopting provisions from comparable public-sector procurement frameworks, including those of the City of London, subject to approval by the Director of Regional Water. Such adoption shall not be automatic and must not conflict with Huron governance, thresholds, or authorities.
- 4.2.8 Good and services NOT subject to this Policy are listed in Schedule "B". The final determination of whether goods and 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 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 Grant or Stimulus Funding 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 Roles and 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:

- a) In the opinion of the Director of Regional Water, it is in the best interest of Huron to do so; or,
- b) 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 and Disposal of Assets 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) 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 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

- a) Despite any other provision of this Policy, the following contracts are subject to Board approval:
- b) Any contract requiring approval from the Ontario Land Tribunal;
- c) Any contract prescribed by Statute to be made by the Board;
- d) 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.
- e) Where a Substantive Objection, emanating from the competitive bid has been filed with the Director of Regional Water prior to award of the contract;
- f) Where there is an Irregular Result (see Section 4.7.10);
- g) Where authority to approve has not been expressly delegated.

#### 4.3.5 Procurement Manager

The Procurement Manager is responsible for the effective management, oversight, and coordination of Huron's procurement and disposal activities. This includes, but is not limited to:

- a) Developing and maintaining procurement processes, documentation standards, templates, and guidelines in accordance with this Policy.
- b) Planning and coordinating procurements, including timing, method selection, and evaluation approaches.
- c) Providing professional procurement advice and interpretation of this Policy and applicable trade agreements (including CFTA and CETA).
- d) Ensuring procurements are conducted in a manner that supports transparency, fairness, accountability, and best value.
- e) Advising the Director of Regional Water on procurement decisions and recommending awards within delegated authority.
- f) Managing the dispute process in accordance with Section 4.2.6 and facilitating communication with bidders regarding procurement decisions.

#### **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, a 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 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 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 services and managing the processes by which goods and services are acquired. The official point of purchasing contact shall be the Procurement Officer 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 shall 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 consult with any employee of Regional Water or Huron's operating authority, 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 consulting with any employee of Regional Water or Huron's operating authority, for purposes such 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 influencing activity is 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 Officer 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.

#### 4.5.4 Trade Agreement Non-Compliance

Failure to comply with the requirements of applicable trade agreements, including the CFTA and CETA, may be considered a prohibited procurement practice. Non-compliance may result in restricted or unfair access to procurement opportunities, expose Huron to formal trade challenges or bid disputes, and undermine the integrity, transparency, and fairness of the procurement process. Adherence to trade agreement obligations is essential to maintaining public confidence, legal compliance, and the achievement of best value for Huron.

#### **4.6 Procurement Documentation**

- 4.6.1 Regional Water shall establish, maintain, and periodically update its own procurement documentation standards, guidelines on procurement policies and procedures, templates, and procedures governing a comprehensive bid process, including the planning, solicitation, receipt, evaluation, award, and administration of procurements. Such documentation, guidelines, and processes shall be developed and applied in a manner that ensures fairness, transparency, consistency, accountability, and compliance with this Policy and all applicable legislative and trade agreement requirements.
- 4.6.2 The Procurement Officer 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 specifications(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 services. The Procurement Officer 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 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 service.

4.7.4 In the case of multi-year supply and 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 equal to or greater than the applicable CFTA threshold for goods, services or construction, as amended, and any RFP or RFT greater than the applicable CETA threshold for goods, services or construction, as amended.
- ii. RFP or RFT is greater than \$139,000 and having an Irregular Result (see Section 4.7.10); and,
- iii. Sole Source or Single Source greater than \$347,400

b) **Chief Administrative Officer** is authorized to approve the following awards:

- i. Professional Consulting Services greater than \$139,000 and less than the applicable CETA threshold for services, as amended.

- ii. Sole Source or Single Source greater than \$139,000 and less than the CFTA threshold for construction.
- 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 \$347,000;
  - ii. RFP or RFT up to \$139,000 and having an Irregular Result (see Section 4.7.10);
  - iii. RFP or RFT of \$50,000 up to \$139,000 and in excess of the Board approved budget; and,
  - iv. RFP or RFT of \$139,000 up to the applicable CETA threshold for goods, services or construction 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 \$139,000.
- e) **Director of Regional Water** or any Regional Water employee exercising delegated authority approval are authorized to approve the following awards Provided that the procurement value does not meet or exceed any applicable CFTA or CETA threshold:
  - i. Informal quotations up to \$50,000 not exceeding the Board approved budget; and,
  - ii. RFQ or RFP up to \$139,000 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:

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

- d) The list shall be updated immediately upon any change in staff or position;
- e) A copy of the list shall be maintained by Huron and circulated internally to the Director of Regional Water, the Procurement Manager, and the Regional Water Finance and Procurement Department for reference each time the list is revised;
- f) The Procurement Manager shall ensure that the delegation of approval authority list is current and made available to appropriate Huron staff, as required for the administration of this Policy;
- g) Huron staff responsible for procurement, purchasing, and financial administration shall review the applicable delegation of approval authority list prior to undertaking any task that requires approval under this Policy.

4.7.8 Only the Director of Regional Water may further delegate approval authority to Regional Water 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 further 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 \$139,000 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 \$139,000 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 \$10,000, amend or extend a Contract, and 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 \$30,000) as per Schedule 'A'**

4.8.1 Procurements up to \$30,000 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.

For further clarity, where alternative payment methods such as cheque or electronic funds transfer are available and reasonably practical, those methods are preferred; however, the use of a Purchasing Card remains permissible where operationally appropriate.

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 Huron's standard insurance form(s) must be completed for all Informal Quotations, as appropriate.

4.8.5 WSIB Certificates of Clearance must be obtained at the commencement of the project and as needed before final payment is released.

4.8.6 Low dollar value procurements do not require an RFQ, RFP or RFT. Obtaining competitive quotes is considered good business practice and should be obtained

where it is reasonably practicable. An authorized Purchase Order is the preferred method.

#### **4.9 Informal Request for Quotation (IRFQ) \$30,000 to \$50,000 – as per Schedule ‘A’**

- 4.9.1 Procurements greater than \$30,000 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 and Disposal of Assets Policy.
- 4.9.3 Informal Quotations shall be obtained in the following manner:
  - a) Written (use of the electronic bidding system is encouraged) bids obtained from at least 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 written informal quotation 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 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 Huron’s standard insurance form(s) must be completed for all Informal Quotations as appropriate.
- 4.9.6 WSIB Certificates of Clearance must be obtained at the commencement of the project and as needed before final payment is released.
- 4.9.7 An authorized Purchase Requisition may be issued and shall include copies of the Bids received.

#### **4.10 Request for Quotation (RFQ) \$50,000 to \$139,000 – as per Schedule ‘A’**

- 4.10.1 RFQ procedures shall be used where:
  - a) The item is greater than \$50,000 but not exceeding \$139,000;
  - 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 Requests for 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 for administering and reviewing RFQs, including those conducted through an approved electronic bidding platform, and for verifying that all terms, conditions, and specifications 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 \$139,000;
  - 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 \$139,000 up to the threshold value established under CETA; and,

- c) The Board must approve an RFP award for purchases greater than the applicable trade agreement threshold, as amended.
- 4.11.3 The RFP process is a competitive method of procurement that may or may not include supplier pre-qualification and may be conducted through an approved electronic bidding platform.
- 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 establish and maintain a list of suggested evaluation criteria to assist in formulating an evaluation methodology for use in a Request for Proposal (RFP). Such criteria may include, but are not limited to, qualifications and experience, strategy, approach, methodology, scheduling, past performance, facilities, equipment, pricing, life-cycle costing, product standardization, and factors supporting sustainability and environmental procurement. The selection and application of evaluation criteria shall be determined by Regional Water for each procurement and applied in accordance with this Policy to ensure fairness, transparency, and best value.
- 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 Officer will be the lead in the RFP process, including prerequisite RFI, REOI and/or RFQUAL as applicable. 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 Officer may or may not participate in the scoring of the proposals. The RFP process may be administered through an approved electronic bidding platform.
- 4.11.10 During the proposal process all communication with proponents shall be through the designated Procurement officer.
- 4.11.11 The Procurement Officer 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 Officer 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, at their request, attend a debriefing session with the Procurement Officer 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.
- 4.11.15 Procurement for Collaborative Delivery Programs that involve the procurement of a combination of goods, services, construction and/or consulting services (including design-build and construction manager at risk), shall follow the RFP process as outlined in this section 4.11.

#### **4.12 Request for Tender (RFT) Greater than \$139,000 – as per Schedule 'A'**

4.12.1 RFT procedures shall be used where:

- a) The total cost is expected to be greater than \$139,000;
- 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, 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 for tenders 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 Officer shall be responsible for arranging the public disclosure of bid submissions at the time and date specified by the bid call.
- 4.12.5 The Procurement Officer shall provide a summary of the bids and recommend the awarding 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 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:

- a) Public health;
- b) The maintenance of essential Huron services; or,
- c) 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 to mitigate, the Emergency is anticipated to exceed \$50,000:

- a) A notification must be sent (e-mail is acceptable) to the Regional Water Finance and Procurement department requesting the establishment of a project number for the Emergency. The notification shall include an outline of the nature of the emergency (referencing this section of the Policy), the estimated budget for the project, and the primary Regional Water contact that is managing the Emergency.
- b) A notification must be sent (e-mail is acceptable) from the Director of Regional Water to the Board, copied to the Chief Administrative Officer, notifying the Board Members of the nature of the emergency and that the Emergency provisions of this Policy have been used; and,
- c) The steps taken to mitigate the Emergency must always be clearly documented regardless of amount.

Where the aggregate costs for the Emergency are expected to be in excess of \$50,000, the emergency procurement shall be reported at the next regularly scheduled meeting of the Board, or related Special Meeting of the Board if called in accordance with the Rules of Order and Procedure By-law.

#### 4.13.3 Sole Source

The procurement may be conducted using a Sole Source process if the goods and 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 other 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 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 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 services previously acquired or the required goods and services will be additional to similar goods and services being supplied under an existing contract (i.e., contract extension or renewal);
- e) The required goods and 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 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:

- a) The Director of Regional Water and the Chief Administrative Officer must jointly approve an award not exceeding \$139,000; or for construction awards up to the applicable CFTA construction threshold, as amended; or,
- b) The Board must approve an award greater than \$139,000 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 or the Senior Manager of Business Administration is to be involved in the procurement of consulting services for all projects within their respective department, 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 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 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 an agreement for Consulting Services was amended or extended in accordance with this Policy.

### 4.14.2 Consulting Engineers, Architects, Landscape Architects and Environmental Consultants

With the exception of the procurement for Collaborative Delivery Projects, including design-build or Construction Manager at Risk, the selection of Professional Consulting Services will follow the requirements of Section 4.14.1; and,

- a) Professional Consulting Services, such as architects, landscape architects, and environmental consultants, may be procured in accordance with an

Huron approved Consultant Vendor of Record and grouped consultant selection process, established and maintained by the Director of Regional Water.

- 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 \$139,000 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 that are more complex in nature, but that are within the capability of firms included on the above-mentioned pre-approved list, and that have estimated fees between \$139,000 and the CETA threshold for goods and services, as amended, shall be assigned on the basis of a proposal submitted by a minimum of three (3) qualified firms from the list. Such proposals shall outline the firm's approach to the proposed project and demonstrate relevant experience and knowledge of projects of a similar nature.

If staff has exhausted all efforts to obtain at least three (3) proposals and can support this with documented evidence, a minimum of two (2) written bids is acceptable

A grouped consultant selection process may be undertaken for more than one project where the projects are similar in nature, the consultants possess the requisite skills and capacity to undertake the work, and operational efficiencies or value-for-money benefits are realized by Huron. Any grouped consultant selection process shall be established, maintained, administered, and governed by Huron in accordance with this Policy. The process shall form part of Huron's consultant selection framework and shall be applied in a manner that ensures fairness, transparency, consistency, and best value, and shall not constitute or rely upon any external consultant selection framework or delegation of procurement authority.

- e) Except in the case of an Irregular Bid, assignments for projects with estimated fees between \$139,000 and the CETA threshold for goods and services, as amended, shall be approved 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, as amended, shall be awarded through a two-stage competitive process. The first stage shall consist of an open, publicly advertised expression of interest and pre-qualification process (REOI/RFQUAL). The second stage shall consist of a Request for Proposals (RFP) issued to the short-listed firms, of which there shall be a minimum of three (3) qualified firms, each submitting their proposed

approach and demonstrating relevant experience and knowledge of projects of a similar 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 \$139,000 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 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**

- 4.15.1 A Blanket Purchase Contract established by Huron, in accordance with this Policy and Huron's procurement procedures, may be used where it is determined to be 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 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**

- 4.17.1 All competitive procurements shall be administered by an authorized Procurement Officer using an electronic bidding platform directly procured and controlled by Regional Water.

The protocol for bid irregularities and their associated responses are detailed in Schedule 'C' of this Policy.

#### 4.17.2 Exclusion of Bidders Due to Poor Performance

- a. The Director of Regional Water may, in consultation with the Board's Solicitor, prohibit unsatisfactory bidders (including but not limited to: suppliers, consulting engineers and contractors) from bidding on any future competitive bids for a time period appropriate with the results of the performance evaluation process as outlined in Section 4.18.4.
- b. Bidders may also be prohibited from bidding on any future contract if they maintain officers, Managing Directors, or employees who are also officers, Managing Directors or employers of bidders who have already been prohibited from bidding based on the results of the performance evaluation process, as outlined in Section 4.18.4 of this Policy.

#### 4.17.3 Exclusion of Bidders in Litigation and Disputes or Appeals of Contract Awards

- a. Huron may, in its absolute sole discretion, reject a bid submitted if the bidder, or any officer or Managing Director of the bidder is or has been engaged, either directly or indirectly through another Corporation or personally, in a legal action against Huron, its elected or appointed officers and employees in relation to:
  - i. any other contract or services; or
  - ii. any matter arising from the Huron's exercise of its powers, duties, or functions; or
  - iii. a dispute and/or an appeal of contract awards as per section 4.2.6.
- b. In determining whether or not to reject a bid under this clause, Huron will consider whether the litigation is likely to affect the bidder's ability to work with Huron, its consultants and representatives, and whether Huron's experience with the bidder indicates that Huron is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the bidder.

### **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 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 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 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:
  - i. the total amended value of the contract will be greater than the administrative approval threshold under Section 4.18.3.d above; or,
  - ii. 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.

- a. At the outset of a project, the Director of Regional Water shall institute a performance evaluation process in contracts where the Director of Regional Water determines that a performance evaluation would be appropriate.
- b. The performance evaluation shall rate the performance of the supplier, contractor or consultant on standard criteria adopted from time to time (i.e. failure to meet contract specifications, terms and conditions, health and safety violations, etc.). A copy of the introductory letter and performance evaluations shall be provided to the supplier, contractor, or consultant in advance of the contract, and shall remain constant for the duration of the contract. Performance issues must be noted in writing with a copy to the supplier, and a copy to the project file. Performance issues must also be noted in any project meeting minutes.

- c. On completion of the project, all supporting documents pertaining to any substandard performance and comments must be attached to the evaluation document. Huron will forward a copy of the completed evaluation to the supplier, contractor, or consultant for their records. The supplier, contractor or consultant may request a meeting with Huron to discuss the evaluation and shall have twenty (20) calendar days following delivery of the evaluation to request an appeal. This appeal shall be forwarded to Huron.
- d. The appeal shall be conducted by a Dispute Committee which will hear from both Huron and/or its consultants and the supplier at a time and place appointed in writing by the Committee. The decision of the Dispute Committee shall be in writing and it shall be final.
- e. The performance evaluation shall determine whether a supplier, contractor or consultant will:
  - i. be allowed to renew a contract with the Huron;
  - ii. be placed on a probationary list for a minimum of two (2) years during which time they shall be permitted to bid or propose work for the Huron with the understanding that the work will be closely monitored; or
  - iii. be prohibited from bidding on any contracts with the Huron during a three (3) year period, followed by a one (1) year probationary period after re-instatement as provided for in Section 4.17.1.
- f. In reaching a decision, the Dispute Committee shall rely upon the evaluation criteria determined in advance of the project and the results of prior performance evaluations relating to other contracts performed by the same supplier.
- g. No tender, proposal or quotation will be accepted from any supplier during the term of the suspension.

#### **4.19 Disposal of Materials and Equipment**

##### **4.19.1 Obsolete and / or Surplus Material 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, or delegate, 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. Huron may, at its sole discretion, designate specific material or equipment as having high value in a project and exclude the disposal from the project, and the disposal may be undertaken separately in accordance with this Policy.

#### 4.19.2 Scrap Materials and Equipment

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

- a) General advertising to secure sealed bids;
- b) Direct contact with the appropriate dealers to view the scrap and submit offers to purchase;
- c) Public auction; or,
- d) 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, excluding disposals that were intrinsic to a project.
- b) The revenue from the sale of obsolete material shall be credited to the appropriate Huron account.

### **4.20 General Provisions**

#### 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 and the Manager of Finance and Procurement 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:

- a) 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;
- b) 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;
- c) result in undue loss or gain to any person, group, committee or financial institution or agency; or,
- d) 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

Huron procurement activities shall comply with all applicable trade agreements, including the CFTA and the CETA, as amended from time to time.

## 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 service contracts, the preauthorized expenditure limit shall refer to the estimated annual expenditure under the contract.

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

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

**Table 1: Goods & Services, excluding Consulting Services**

Value (excluding taxes, duty & shipping)	Tool / Procurement Process	Approval Authority	Policy Section
Less than \$30,000	<p>Low Dollar Value Procurement</p> <ul style="list-style-type: none"> <li>▪ Use purchasing card for small operational expenses, etc. within the transaction limit established for the card in each circumstance.</li> <li>▪ Obtain competitive quotes where reasonably practical (informal).</li> </ul>	Director of Regional Water or any Regional Water employee exercising delegated authority approval	4.8
\$30,000 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

Value (excluding taxes, duty & shipping)	Tool / Procurement Process	Approval Authority	Policy Section
	Single Source or Sole Source	Director of Regional Water or Chief Administrative Officer)	4.7.5
Greater than \$50,000 to \$139,000	“RFQ” <ul style="list-style-type: none"> <li>• At least three quotes</li> <li>• Procurement awarded to the lowest compliant bid</li> </ul>	Director of Regional Water or any Regional Water employee exercising delegated authority approval	4.7.5 4.10 / 4.12
	“RFP” <ul style="list-style-type: none"> <li>• At least three proposals</li> <li>• Awarded to the proponent offering best value</li> </ul>	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 \$139,000 to the CETA threshold (\$736,000), as amended	“RFP” <ul style="list-style-type: none"> <li>• At least three proposals if RFP</li> <li>• Awarded to proponent having best value</li> </ul>	Director of Regional Water and Chief Administrative Officer (Jointly)  Board greater than \$736,000	4.7.5 4.11

Value (excluding taxes, duty & shipping)	Tool / Procurement Process	Approval Authority	Policy Section
	"RFT" <ul style="list-style-type: none"> <li>• At least three quotes</li> <li>• Awarded to the lowest compliant bid</li> </ul>	Director of Regional Water and Chief Administrative Officer (Jointly),  Board greater than \$736,000	4.7.5 4.12
	Irregular Result	Board	4.7.10
	Amount exceeding approved project budget	Board	4.7.10
	Single Source or Sole Source	Board	4.7.5
	Contract Extensions – previously approved by the Board – <ul style="list-style-type: none"> <li>▪ Less than the CETA threshold limit (\$736,000), as amended</li> </ul>	Director of Regional Water and Chief Administrative Officer (Jointly)	4.18.2
\$736,000 and above  Greater than the CETA threshold limit (\$736,000), as amended	RFP	Board	4.7.5
	RFT	Board	4.7.5
	Contract Extension – previously approved by the Board	Board	4.18.2

<b>Value</b> (excluding taxes, duty & shipping)	<b>Tool / Procurement  Process</b>	<b>Approval Authority</b>	<b>Policy  Section</b>
	<p>Contract Amendments – subject to availability of sufficient funds in appropriate accounts and budget</p> <ul style="list-style-type: none"> <li>▪ Less than the greater of \$100,000 or 5% of the contract value</li> <li>▪ Greater of either up to \$100,000 or 5% of the Contract Value</li> </ul>	<p>Director of Regional Water and Chief Administrative Officer (Jointly)</p> <p>Board</p>	<p>4.18.2  4.18.3</p>

**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 \$139,000	RFP or appointment from pre-approved list	Director of Regional Water	4.14.2
	Irregular Bid	Chief Administrative Officer	4.14.2
\$139,000 to the CETA (\$736,000) 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 (\$736,000) 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 (\$736,000) 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 (\$736,000) threshold limit, as amended	Contract Extensions – previously approved by the Board	Board	4.18.2
	Contract Amendments – subject to availability of sufficient funds in appropriate accounts and budget <ul style="list-style-type: none"> <li>▪ The greater of either up to \$100,000 or 5% of the Contract Value</li> </ul>	Director of Regional Water and Chief Administrative Officer (Jointly)	4.18.2 4.18.3

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

1. Training and Education, including:
  - a. Conventions, conference, seminars, and educational courses;
  - b. Magazines, subscriptions, and periodicals;
  - c. Memberships;
  - d. Staff development;
  - e. Staff workshops; and,
  - f. Staff relations
2. Refundable employee expenses as per the Travel & Business Expense Policy.
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 municipalities and other government agencies, including but not limited to application fees and permit fees;
  - g. Postage;
  - h. Advertising as required by the *Municipal Act or other applicable Provincial legislation*;
  - 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 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 – Including water and Wastewater, 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 agreements entered into by the Board. Grants provided by Huron 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 surplus and 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>	<ul style="list-style-type: none"> <li>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.</li> <li>b) If both the unit price and the total price are left blank, then both shall be considered as zero.</li> <li>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.</li> <li>d) If the total price is left blank for a lump sum item, it shall be considered as zero.</li> <li>e) If the bid documents contain an error in addition and subtraction and 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.</li> <li>f) Bid documents containing prices which appear to be so unbalanced as to likely affect the interests of Huron adversely may be rejected.</li> </ul>

## 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 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 services, as well as all Regional Water staff and agents who act on behalf of Huron in the purchase of goods and 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 in 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.

**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 services in volume and save tax.

## By-Law No. 5 - 2026

A by-law to provide for the indemnification and defence of Members of the Joint Board of Management and seconded staff of the Corporation of the City of London against liability incurred while acting on behalf of the Lake Huron Primary Water Supply System and its Joint Board of Management.

### Short Title: Indemnification By-law

The Joint Board of Management of the Lake Huron Primary Water Supply System enacts as follows:

#### 1. Definitions

In this by-law:

“**Action or proceeding**” shall mean an action or proceeding referred to in section 3.1 of this by-law, but does not include an action or proceeding referred to in section 2 of this by-law.

“**Administering Municipality**” shall mean the Corporation of the City of London, as outlined in Transfer Order Lake Huron Area #W1/1998 issued by the Minister of the Environment effective September 15, 2000, pursuant to the *Municipal Water and Sewage Systems Transfer Act*, 1997, who provides services to and under the direction of the Board, as amended from time to time.

“**Board**” and “**Board of Management**” shall mean the Joint Board of Management of the Lake Huron Primary 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 effective September 15, 2000.

“**Board Secretary**” shall mean the person appointed to act as the secretary to the Board in accordance with the *Rules of Order and Procedure By-law* and as referenced in the Administration Policy.

“**Chief Administrative Officer**” and “**CAO**” shall mean the person appointed as the Chief Administrative Officer in accordance with the *Appointment of the Chief Administrative Officer By-law*.

“**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 effective September 15, 2000.

“**Member**” and “**Board Member**” shall mean a member of the Board as appointed in accordance with the *Appointment of Board Members By-law* and shall include any alternate members as appointed in accordance with the *Appointment of Board Members By-law*.

“**Regional Water**” shall mean the Regional Water division of the Administering Municipality whose staff are seconded to Huron for the purpose of administration, management, and oversight of Huron, including staff assigned to the Regional Water division.

“**Staff**” shall mean any current or former employee of the Administering Municipality who is or was formerly assigned or seconded to provide services to the Regional Water division.

## **2. Excluded Actions and Proceedings**

### 2.1 Acts and Omissions before December 1, 2000

This by-law does not apply to an action or proceeding arising out of an act or omission done or made before December 1, 2000.

### 2.2 Contravention of *Municipal Conflict of Interest Act*

This by-law does not apply to an action or proceeding under the *Municipal Conflict of Interest Act*, R.S.O. 1990, c. M.50, as amended, if the Member, the Chief Administrative Officer, or Staff has been found to have contravened section 5 of the Act, other than through inadvertence or by reason of a bona fide error in judgement.

### 2.3 Contravention of *Criminal Code*

This by-law does not apply to an action or proceeding under the *Criminal Code*, R.S.C. 1985, c. C-46, if the Member, the Chief Administrative Officer, or the Staff has been found to have contravened sections 122, 123, 124 or 125 of the Code.

### 2.4 Contravention of *Safe Drinking Water Act*

This by-law does not apply to an action or proceeding under the *Safe Drinking Water Act*, 2002, S.O. 2002, c.32, if the Member, the Chief Administrative Officer, or the Staff has been found to have contravened section 19 of the Act.

### 2.5 Libel or Slander

This by-law does not apply to an action or proceeding for libel or slander if the defamation has been proven against the Member, the Chief Administrative Officer, or Staff and the Member, Chief Administrative Officer, or Staff has been found to have used the occasion for some purpose other than for which qualified privilege is accorded by law.

### 2.6 Scope of Employment Duties

This by-law applies only in respect of acts or omissions occurring in the course of the duties of a Member, the Chief Administrative Officer, or a Staff member, and within the ordinary scope of their employment or responsibilities in relation to the Regional Water Division.

For further clarity, this by-law does not apply to:

- a) any act or omission that is outside the scope of such duties or not authorized by the Administering Municipality or the Board;
- b) any act or omission that is not carried out in good faith; or
- c) any act or omission that constitutes or results from wilful misconduct, gross negligence, or a knowing breach of applicable law, policy, or direction of the Administering Municipality.

## 2.7 Grievance or Complaints

This by-law does not apply to an action or proceeding related to grievances or complaints filed under any relevant Collective Agreement.

## 2.8 Disciplinary Matters

Nothing in this by-law shall be interpreted so as to limit or restrict the authority of the Administering Municipality or the Board, as applicable, to investigate, discipline, or otherwise manage the employment or appointment of any Member, the Chief Administrative Officer, or Staff member in connection with the performance of their duties.

# 3. Indemnification of Members, Chief Administrative Officer and Staff

## 3.1 Indemnification Conditions

The Board shall indemnify a Member, the Chief Administrative Officer, or the Staff and their heirs and legal representatives in the manner and to the extent provided by section 3.2 of this by-law in respect of any civil, criminal or administrative action or proceeding by a third party arising out of acts or omissions done or made by such person in their capacity as or by reason of being or having been a Member, Chief Administrative Officer, or Staff, or an officer of the Board, including acting in the performance of any statutory duty imposed by any general or special Act, if:

- (a) The Member, Chief Administrative Officer, or Staff acted honestly and in good faith with a view to the best interests of the Board;
- (b) In the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Member, the Chief Administrative Officer, or Staff had reasonable grounds for believing that their conduct was lawful; and
- (c) The Member, the Chief Administrative Officer, or Staff member has complied with the provisions of this by-law, including any requirement to provide prompt notice of a claim and to cooperate in the defence of such claim.

### 3.2 Manner and Extent of Indemnification

The Board shall indemnify a person referred to in section 3.1 of this by-law, to the extent that such costs, damages, expenses or sums are not assumed, paid or reimbursed under any provision of the Board's insurance for the benefit and protection of any such person against any liability incurred by such person, by:

- (a) Assuming the cost of defending such person in an action or proceeding;
- (b) Paying any damages or costs, including a monetary penalty, awarded against such person as a result of an action or proceeding;
- (c) Paying, either by direct payment or reimbursement, any expenses reasonably incurred by such person as a result of an action or proceeding; and
- (d) Paying any sum required in connection with the proceeding.

## 4. Legal Representation

### 4.1 Retention of a Lawyer

Subject to section 4.2 of this by-law, where a person referred to in section 3.1 of this by-law is a party to, is otherwise involved in, or is the subject of allegations in any action or proceeding or threatened claim the Board shall determine whether that person may be represented by either:

- (a) legal counsel of the person's choosing, in which case the provisions of section 5 of this by-law apply; or
- (b) legal counsel selected and retained by the Board, in which case the provisions of section 6 of this by-law apply.

### 4.2 Retention of a Lawyer by Board's Insurers

Notwithstanding any other provision of this by-law to the contrary, any lawyer retained by the Board's insurers from time to time to defend the Board in any action or proceeding may, where permitted by the insurer, also represent a person referred to in section 3.1 of this by-law with respect to that action or proceeding unless the Board advises such person otherwise.

## 5. Lawyer Retained by Individual

### 5.1 Conditional Indemnification

Where, under section 4.1(a) of this by-law, a person referred to in section 3.1 of this by-law retains their own lawyer, the person is entitled to indemnification from the Board under section 3.2 of this by-law only if the person meets the requirements of sections 5.2 to 5.4 inclusive of this by-law.

## 5.2 Information Filed with the Board

The person referred to in section 3.1 of this by-law shall file with the Chief Administrative Officer written particulars of the action or proceeding and notice of the person's request to retain their own lawyer to represent the person referred to in section 3.1 of this by-law, together with the name and contact information of the lawyer. In the case where the person referred to in section 3.1 of this by-law is the Chief Administrative Officer, the information shall be filed with the Board Chair.

## 5.3 Conduct of Defence and Settlement Approval

The Board shall have the right, where appropriate, to participate in the conduct of the defence of any action or proceeding in respect of which indemnification is sought or provided under this by-law. Without limiting the foregoing, the Board shall be consulted on matters of legal strategy, may provide instructions to legal counsel, and shall approve any settlement or other resolution of the action or proceeding. No settlement or resolution shall be entered into without the prior approval of the Board.

## 5.4 Other Conditions Fulfilled

The person referred to in section 3.1 of this by-law shall fulfill the conditions set out in section 3.1 and section 7.1 of this by-law.

# 6. Lawyer Retained by Board

## 6.1 Decision in Writing

Where, under section 4.1 of this by-law, the Board decides to select and retain a lawyer to represent the person referred to in section 3.1, the Board shall advise such person in writing.

## 6.2 Lawyer Replaced by the Board

If the Board retains another lawyer to act on behalf of such person in place of the lawyer originally retained by the person in accordance with section 5.1 of this by-law, the Board shall, subject to the *Solicitors Act*, pay to the person's lawyer all of the reasonable legal fees and disbursements in connection with the services rendered and work done in connection with the action or proceeding from the time that such person retained the lawyer in accordance with section 6.2 of this by-law, until replaced by the lawyer retained by the Board.

## 6.3 Settlements Approved by the Board

The Board shall have the right to approve any settlement of any action or proceeding.

## **7. General Provisions**

### **7.1 Persons Served with Process or Demand**

Where a person referred to in section 3.1 of this by-law is served with any process issued out of or authorized by any court, administrative tribunal or other administrative, investigative, or quasi-judicial body, whether or not the person is named a party, in connection with any action or proceeding, the person shall deliver the process or a copy thereof to the Chief Administrative Officer and the City Solicitor of the Administering Municipality promptly within five (5) business days. This section also applies to any demand, threatened proceeding, or knowledge of circumstances that may give rise to a demand, threatened proceeding, or process. In the case of the person referred to in section 3.1 of this by-law is the Chief Administrative Officer, the process or copy thereof to the Board Chair and the City Solicitor of the Administering Municipality.

The Board shall review the circumstances and determine whether indemnification is available under this by-law. Failure to provide prompt and sufficiently detailed notice may result in the denial of indemnification under this by-law.

### **7.2 Indemnification Procedure**

To seek indemnification under this by-law, a person referred to in section 3.1 of this by-law must provide written notice to the Board as soon as practicable after becoming aware of any act, omission, proceeding, or other circumstance that has given rise to, or may give rise to, a claim.

### **7.3 Duty to Cooperate**

A person referred to in section 3.1 of this by-law involved in any action or proceeding shall cooperate fully with the Board and any lawyer retained by the Board to defend such action or proceeding, shall make available to such lawyer all information and documents relevant to the matter as are within the knowledge, possession or control of such person, and shall attend at all proceedings when requested to do so by such lawyer.

### **7.4 Failure to Comply with By-Law**

If a person referred to in section 3.1 of this by-law fails or refuses to comply with the provisions of this by-law, the Board shall not be liable to assume or pay any of the costs, damages, expenses, or sums mentioned in section 5 and section 6 of this by-law.

### **7.5 Executive Acts Authorized**

The Board Chair and the proper officers of the Board are hereby authorized and directed to do all the things necessary, including executing any necessary documents under the seal of the Board, to give effect to this by-law according to its true intent and meaning.

## **8. Validity**

Should any section, clause or provision of this by-law be held by a court of competent jurisdiction to be invalid, the validity of the remainder of this by-law shall not be vitiated.

## **9. Enactment**

### 9.1 Previous By-Laws

By-law No.3 enacted and passed in open session of the Board on December 12, 2002, and any amendments thereof, are hereby repealed on the effective date of this by-law.

### 9.2 Effective Date

This by-law shall come into force and take effect on **xxx**, 2026.

Passed in Open Session of the Board on **xxx**, 2026

First Reading –

Second Reading –

Third Reading –