



Subject: Follow-up report: LED street lighting conversion outstanding items
Prepared by: Dan Elliott, Director Financial Services - Treasurer
Department: Financial Services
Date: December 11, 2018

In accordance with the Procedure By-law, any Member of Council may request that this Information Report be placed on an upcoming General Committee or Council meeting agenda for discussion.

Executive Summary

This report is a follow up to an earlier Financial Services report regarding the recent LED street lighting conversion project.

- Alectra has processed our retroactive billing adjustment request of \$52,500
- RealTerm has agreed to our delay claim for lost savings of \$39,000

No further outstanding financial issues with this project remain.

Background

On February 20, 2018, General Committee was presented Report FS18-002, a detailed financial report outlining the savings being realized by the LED street lighting conversion project.

That report outlined that the anticipated savings in electricity costs was achieved, however the significant expected savings in maintenance costs was not fully realized. The report further noted that a retroactive electricity billing adjustment remained outstanding with Alectra, estimated in the amount of \$52,500. Further, staff proposed claiming lost savings from the contractor, RealTerm, for their delays in completing the contract on a timely basis. The lost energy savings from their delay was estimated in the report as \$39,000.

Analysis

Alectra has made our retroactive billing adjustment in the amount of \$52,500

The reduction in electricity demand was reflected in our initial Alectra billings at the time the necessary certified report outlining the lamp changes made was presented to them. At the Town's request, Alectra reviewed the Town's calculations for outstanding retroactive billing adjustments, to further adjust the savings back to the date each lamp had been installed, according to the certified report.

In short order, Alectra agreed to the full amount of the Town's claim for \$52,500 and processed this against our billing account.

RealTerm has agreed to our delay claim of \$39,000

Staff presented our claim of \$39,000 for delay to RealTerm. Reluctantly, they agreed to allow us to short pay our final billing to them, closing the contract, save for warranty issues outstanding. The Town reduced our payment on their final billing for their contract work.

Advisory Committee Review

None

Legal Considerations

The Legal Division was engaged in the discussions and final signoff requirements of RealTerm due to the complexities of the contract initially executed by the Town for their work, and the Town's demand for a delay claim.

Financial Implications

The credit for the electricity billings was substantially related to prior years. To preserve the accounting and budgeting integrity of the current year street lighting energy costs budget, staff processed the account credit against corporate revenues in the 2018 accounts.

The credit for the delay claim was reflected through a reduced final payment on the capital project costs. The project will be now closed in the coming months by a recurring capital project status and close report.

No further financial issues remain outstanding with this project.

Communications Considerations

None

Link to Strategic Plan

Holding contractors accountable for their works, including the timeliness of completion supports the Strategic Plan principle of effective and responsible administration of the municipality.

Alternative(s) to the Recommendation

None – information report

Conclusions

The Town was successful in closing the last two financial matters related to the LED street lighting conversion project, as previously described in report FS18-002. Both adjustments have been processed to the credit of the Town.

Attachments

None

Previous Reports

FS18-002 Streetlighting LED Conversion Project: Status and Outcomes, to General Committee February 20, 2018, adopted by Council February 27, 2018.

Pre-submission Review

Agenda Management Team review on November 22, 2018

Departmental Approval



Dan Elliott
Director Financial Services
- Treasurer

Approved for Agenda



Doug Nadorozny
Chief Administrative Officer