



ArcelorMittal

Audit, Finance and Administration Committee

ArcelorMittal Long Products Canada (AMLPC)

August 15th 2019

Requirements

- Support and collaboration from the City to revise the Scope Of Work (SOW) and avoid overdesigning by ~30 times the Raw Water Pumping Station (“RW PS”) electrical upgrade.

Designed (2016 – without validation)	AMLPC estimates
30 000 gpm	<1000 gpm (5 years +)
1200 hp	100 hp
6000 kVA	225 kVA
Cost of 500 mcm cable and installation: 405 000 \$	Cost of same 500 mcm cable and installation: 54 000 \$ (based on two quotes)

- Support and collaboration from the City to help negotiate supply raw water and easement agreement by Dec 31st and Dec 2nd, 2019, respectively.



Important involvement

- In order to answer the City's questions and speed up any processes between parties, AMLPC has put together the following team to expedite any discussions with the City to achieve all stakeholders needs:

NAME	TITLE	ROLES
Gilles Quenneville	VP HR and Legal	Direct communication with Board
Charles Fréchette	GM Wire Group	Project Lead
Nadia Thibault	Principal Lawyer	Legal Council
Jaideo Debie	Director Hamilton	Coordinator of Plant
Guillermo Jorquera	Manager Hamilton	Plant specifications
Nicolas Bedard	Electrical Engineer	Engineering specification
Luc Chabot	Director Environment	Environmental specification
Jean-Francois Moisan	Director Special Project	Procurement specification

Roadblocks

- **No transparency** (timelines/schedule and penalty, precise SOW) from City's team
 - Requests made verbally : May. 28, Jul. 17, Jul. 29. *No info provided.*
 - Requests made by written : Jul. 24, Jul. 25, Aug. 1st. *No info provided.*
- **No effort** from City's team to implement updated AMLPC SOW based on actual needs even if City's representant confirmed its technical feasibility (requires less equipment, less investment and consequently less future maintenance).
- **Undue pressure** from City's representative to finalize the water supply and easement agreement before the official December 2019 deadline. This hampers other discussions, which puts at risk our operations, our workers and stops efforts to find a mutually beneficial solution.
- **No acknowledgment** from City's representative to our communication of Aug. 1, 2019 confirming our decision to keep sourcing with the existing RW PS.

Next Suggested Steps

- **Aug. 22nd: Confirmation by City that the existing electrical system at the raw water pumping station (“RW PS”) will be upgraded with the proper revised SOW as established in collaboration with AMLPC.**
- Work sessions:
 - Aug. 22nd: Engineering teams to review scope of work
 - Aug. 22nd: Set timelines (aiming to not impede with City’s other upgrades)
 - Oct. 15th: (aligned with actual City timeline for the pulling of cables) :
Installation of upgraded and revised electrical system at RW PS
 - Dec. 1st: Closing of all agreements

If not possible...

- AMLPC will have no choice but to take legal action in order to mitigate cost and secure license to operate.

Quick Facts and Key Dates

- **June 12 2018 letter:** the City clearly states that “the scheduled upgrades for the electrical feeds to the Raw Water Pumping Station have been cancelled by the City”. Surprisingly, on July 29th conference call, Mr. Winters confirmed a existing planned schedule for October 2019 but confirmed that to date, no equipment was purchased specifically for this related work.
- **August 15, 2018 and February 7, 2019 :** Audit, Finance, Administration Committee (Report 18-011 and Report 19-002) : Council approval of deadline December 1st, 2019 for the closing of a Raw water Supply and Easement Agreement
- **June 12 2019 email communication from the City :**
Requested “AMLPC to advise the City of its decision respecting the location of the Pumping Station by no later than August 6, 2019”.
- **July 24th 2019 and July 25th 2019 AMPLC’s correspondences.**
AMPLC shared its adequate electrical upgrade scope needs.
- **July 29, 2019 conference call :**
City’s representants confirmed the technical feasibility of the revised work scope proposed by AMPLC, which significantly requires less equipment, less investment and consequently less associated costs for future repair and maintenance.
- **July 31, 2019 City’s correspondence :**
City categorically refuses to team with AMPLC to resolve the situation and refuses to share on a voluntarily basis the supporting documentation of its project.
- **August 1, 2019 AMLPC’s correspondence :**
AMLPC confirmed “its needs to be supply with raw water thought the City’s current existing pumping station and reiterates its willingness to work with the City to define the scope of work required by AMPLC for the electrical upgrade to the existing pumping station.”
- **August 12, 2019 City’s correspondence :**
Affirms “that AMLPC has not confirmed by the requested August 6, 2019 date, its intention to continue to receive raw water supply from the City [...]. Accordingly staff will report to Committee and Council with a recommendation that the City discontinue the supply of raw water to 690 Strathearne Avenue North as of January 1, 2020. The Report will be considered by the City’s Audit, Finance & Administration Committee on September 5, 2019.”