

Report to Council

Report Title: Veolia Water Canada Renewal and Amendment Agreement 2020

Prepared By: Gregg Furtney, Director of Operations

Department: Utilities

Date: November 10, 2020

Report Number: UT2020-19 **File Number:** C11UT, L04

Attachments: Amendment to Brockton Contract

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number UT2020-19 - Veolia Water Canada Renewal and Amendment Agreement 2020, prepared by Gregg Furtney, Director of Operations and in doing so approves a By-Law coming forward entering into a Renewal and Amendment Agreement with Veolia Water Canada Inc. for the Operation, Maintenance, and Management of Brockton's Water and Wastewater Systems for another five (5) years.

Report:

Background:

Water and Wastewater operations, maintenance, and management are vital to every Municipality. It is a highly regulated and complex operation.

Veolia Water Canada Inc. originally responded to a Request for Proposal (RFP) by the Municipality of Brockton on February 1, 2006. The resulting agreement between the Municipality and Veolia Water Canada Inc. came into effect on June 28, 2006. The most recent Agreement Renewal, a "Services Agreement for the Operation, Maintenance, and Management of the Water and Wastewater Systems between Veolia Canada Inc. and the Corporation of the Municipality of Brockton" was awarded in 2016 through By-Law 2016-025. The term of that Agreement Renewal was five (5) years, between July 1, 2016 and June 30, 2021.

Section 4.1 (a) The Supplier shall begin providing the Services on July 1, 2016 and shall continue for an initial term of five (5) years ending on June 30, 2021 ("Initial Term").

Section 4.2 (a) The Municipality may, subject to 4.2 (b), extend the Initial Term for another five (5) year term, provided that the Municipality shall provide notice to the Supplier of such proposed extension at least six (6) months before the expiry of the Initial Term.

Because the Initial Term ends on June 30, 2021 and because the Municipality is entering into its 2021 Municipal budget discussions, staff entered into talks with Veolia Canada in the summer of 2020 to discuss what a renewal and amended agreement may look like. Veolia Water Canada proposed a renewal and amended agreement in late October of 2020 that would, if approved by Council, start on July 1, 2021 and extend to June 30, 2026.

Analysis:

Veolia has proposed the following amendments:

- 1.) A five (5) year extension of the agreement to June 30, 2026
- 2.) Adjustment of the Annual Fee to \$727,376 from the current 2020 rate of \$702,645, an increase of \$24,731 with subsequent year increases based on the previous year's price plus an adjustment for inflation (described in Article 4.3(b))
- 3.) Some additional language, in Section 4, relating to Operations and costs associated with a significant event, such as a Pandemic, that could make operating significantly more onerous.

With respect to the price adjustment, the Renewal Agreement will include the addition of the Fischer Dairy Sewage Pumping Station and the upcoming Walker West Booster Pumping Station to the "Operations Scope of Work". It also includes additional sampling and operational oversight of the water systems at the various Community Centers (Bradley School House, Cargill Community Center, and the Elmwood Community Center) that is currently being invoiced to the Municipality above and beyond the current contract as they were not captured in the Scope of Work for the last Renewal Agreement. Veolia has also asked for an additional \$5,000 in the "Breakdown Maintenance Limit" (from \$25,000 up to \$30,000).

With regard to the language amendment in Section 4, Veolia Water Canada Inc. has gone on record to say that the operations during the 2020 Covid-19 Pandemic has not proven to be significantly more onerous, to date. They wished to provide some language in the renewal agreement to identify this event/ circumstance and any future events. The current Covid-19 Pandemic has been identified and assessed in the Risk Assessment Section of Brockton's Drinking Water Quality Management System (DWQMS). Veolia Water Canada staff have operated safely and successfully throughout the pandemic.

This "Renewal and Amendment Agreement to Services Agreement for the Operation, Maintenance, and Management of the Water and Wastewater Systems" is not a full rewrite of the Initial Term Agreement from 2016. It is an update and extension of the 2016 agreement as anticipated when the Agreement was executed.

Veolia Water Canada Inc. staff have been great partners in Brockton. They have highly trained and knowledgeable staff that work hard to provide our residents with safe drinking water and maintain important Brockton owned infrastructure. They stepped up and participated in 2019 budget discussion during a gap in replacement of the Director of Operations. Enforcement/ Inspection Officers from the Ontario Ministry of the Environment, Conservation, and Parks have given all of the Brockton owned and operated drinking water systems 100% compliance ratings because of the hard and dedicated work of Veolia Water Canada Staff. Veolia has created and maintains a very thorough Drinking Water Quality Management System. The staff response time to emergencies has been excellent as is their Customer Service and project management.

Lastly, Veolia Water Canada has very generously donated to the Walkerton Clean Water Legacy Scholarship Fund.

Based on the above, staff recommend that Council approve the proposed “Renewal and Amendment Agreement” for the Operation, Maintenance, and Management of Brockton’s Water and Wastewater Systems for another five (5) years, ending June 30, 2026.

Sustainability Checklist:

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- Do the recommendations help move the Municipality closer to its Vision? Yes
- Do the recommendations contribute to achieving Cultural Vibrancy? Yes
- Do the recommendations contribute to achieving Economic Prosperity? Yes
- Do the recommendations contribute to Environmental Integrity? Yes
- Do the recommendations contribute to the Social Equity? Yes

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

If approved, the 2021 budget would increase \$24,731 to align with the Renewal Agreement for the operations, maintenance, and management of Brockton’s Drinking Water Systems (Chepstow, Lake Rosalind, and Walkerton - Treatment and Distribution) and Wastewater System (Walkerton – Collection and Treatment)

Reviewed By:



Trish Serratore, Chief Financial Officer

Respectfully Submitted by:



Gregg Furtney, Director of Operations

Reviewed By:



Sonya Watson, Chief Administrative Officer