



Regular Council Meeting

To:	Mayor and Council
Date:	December 6, 2021
From:	Wayne Hancock, Director of Public Works
Report Number:	Public Works 2021-21
Subject:	Water and Wastewater Operations

Recommendation:

1. That Council authorize staff to draft a Servicing Agreement with the City of Peterborough for the operation and maintenance of the Water and Wastewater systems in Millbrook for a five-year term between April 1, 2022 to March 31, 2027.
2. That Council direct staff to bring forward the finalized Servicing Agreement with The City of Peterborough to Council for approval at a later date.

Overview:

During the Regular Council meeting held October 4, 2021 Council approved the recommendation for Township staff to further investigate opportunities for potential cost savings for the operation and maintenance of the Millbrook Water and Wastewater systems. Since the October 4, 2021, meeting Township and City of Peterborough staff have been meeting regularly to discuss ways to reduce the Water and Wastewater servicing and operating costs for the Township.

The purpose of this report is to recommend Council approve the Township of Cavan Monaghan to enter into a Water and Wastewater Servicing Agreement with the City of Peterborough (the City). By obtaining a single service provider to operate and maintain the two systems this agreement will provide cost savings for the Township each year, over the next five years. Along with the benefits of immediate cost savings, a single service provider also benefits the Township by streamlining the operations more effectively and efficiently while maintaining Provincial regulation compliance. The proposed agreement is a multiyear contract that would begin on April 1, 2022 and continue until March 31, 2027.

The Peterborough Utility Group (PUG) has been the operating authority for the Millbrook Drinking Water system for the past five years. The City of Peterborough is currently a

sub-contractor to PUG for maintaining and operating the Millbrook Wastewater system. The Township has exercised Section 6.4 Transitional Arrangements (c) of the current Service Agreement with PUG and has requested PUG to retain the care and control of the facilities and remain the operator until March 31, 2022. The extension of the current PUG Agreement allows the Township appropriate time to develop a Memorandum of Understanding with the City prior to executing a final Servicing Agreement.

The present annual cost under the PUG contract is \$ 423,978.00 for 2021.

The City of Peterborough is proposing the following estimated annual cost breakdown:

Year 1	\$374,798
Year 2	\$384,853
Year 3	\$395,720
Year 4	\$411,926
Year 5	\$428,810
Total	\$1,996,106

The City of Peterborough Servicing Agreement has a proposed decrease of approximately \$50,000 in operating costs for the Township within the first year of the Agreement (2022) compared to the current operating costs under the PUG Agreement for 2021. The overall annual costing the City is proposing is also significantly lower than the two private proposals the Township received from the Request for Proposals called in July 2021. The City of Peterborough has reassured Township staff that there will be no effect to the level of service provided with the cost savings. It is the opinion of Township Staff that entering into a direct agreement with a single service provider will lead to overall improvement of services from both costing and operational perspectives.

Township and City staff have been working diligently on developing an arrangement that will meet the Township's expectations for maintaining, operating and managing the Water and Wastewater system facilitates. The City is proposing to provide dual licensed operators (water and wastewater) for full time coverage during regular working hours, as well as afterhours/emergency call outs and weekends to ensure proper regulatory compliance. In addition, the City will support the Township with proposed capital projects and regulatory maintenance programs. Should Council support the recommendation Township and City Staff will draft a Servicing Agreement. The Water and Wastewater Servicing Agreement will vetted through legal before coming back before Council for adoption.

Financial Impact:

Council approved a 1.5% increase for the Water and Wastewater User Fees for 2022 presented by C. N. Watson & Associates during the November 15 Water and Wastewater Rates Analysis presentation. Council is aware that our water and wastewater users have raised concerns with the costs of our operations. It is the

Townships Staffs opinion that by transitioning to an agreement with the City it will lower overall operating costs immediately. By lowering operating costs for both the water and wastewater systems over the next five years it is our goal that there will be less financial stress on the Township and the users who rely on our services.

The proposed operating costs that the City has provided will have an initial savings of approximately \$50,000 in the first year, with an estimated savings of \$178,000 over the five-year period of the Agreement.

Attachment:

Attachment No. 1 – City of Peterborough Report IPDRD21-026

Respectfully Submitted by,

Reviewed by,

Wayne Hancock
Director of Public Works

Yvette Hurley
Chief Administrative Officer



City of
Peterborough

To: **Members of the General Committee**

From: **Cynthia Fletcher**
Commissioner of Infrastructure and Planning Services

Meeting Date: **December 6, 2021**

Subject: **Report IPSES21-026**
Water-Wastewater Service Agreement for the Township of Cavan Monaghan

Purpose

A report to recommend the City enter into a Water-Wastewater Service Agreement with the Township of Cavan Monaghan, for the period April 1, 2022 to March 31, 2027.

Recommendations

That Council approve the recommendations outlined in Report IPSES21-026, dated December 6, 2021, of the Commissioner of Infrastructure and Planning Services as follows:

- a) That staff be directed to hire 2 Full Time Equivalent staff to support the requirements of the contract, as outlined in the Operating Requirements section of the report; and
- b) That the CAO and Clerk be authorized to execute contracts/agreements and other documents, for the period April 1, 2022 to March 31, 2027, to the satisfaction to the Commissioner of Infrastructure and Planning Services and the City Solicitor, as required, with respect to the Water-Wastewater Service Agreement for Cavan Monaghan as outlined in Report IPSES21-026.

Budget and Financial Implications

The agreement for Water-Wastewater service will be a full cost recovery contract. The contract amount for the first year (2022) is \$374,798 and the total for the 5 year contract is \$1,996,106 (excluding HST)

Year 1	\$374,798
Year 2	\$384,853
Year 3	\$395,720
Year 4	\$411,926
Year 5	\$428,810
Total	\$1,996,106

Background

In 2017, the City entered into the Millbrook Water Wastewater service contract as a sub-contractor to Peterborough Utility Group (PUG) for operation of the Millbrook Wastewater Treatment Plant, all Laboratory services for Water and Wastewater and reporting services for the Wastewater Treatment aspect of this contract. This contract is set to expire on Dec 31, 2021. Cavan-Monaghan has exercised an option to extend the current contract to March 31, 2022.

In September of 2021, the Township reached out to City staff to inquire about the potential for continued/additional City service to Millbrook. It is City staff's understanding that the Township wants to work with one service provider for Water Wastewater Service, hoping the provider can assist with improving processes and efficiencies, and sees the City as a viable service provider and partner. The Township has opted for discussions with the City to be that single service provider. Through conversations to develop a potential Memorandum of Understanding, staff have outlined a plan to meet the Township's objectives on a full cost recovery basis for the City, which is acceptable to both parties.

Water Wastewater Service Agreement

The Service Agreement outlines expectation to operate, maintain and manage the Township's Water and Wastewater system facilities. The overall objectives are to operate in compliance, improve maintenance efficiency, consider innovations to lower the capital and operating costs of all aspects of the operation.

The Water Wastewater Systems include:

- Water Treatment Plant
- Water Distribution Infrastructure and components
- Wastewater Treatment Plant
- Wastewater Collection System

The service agreement specifies that the City will handle the day-to-day regulatory requirements and contacts with regulatory authorities with respect to operating issues concerning the facilities, input information for the Township's Capital budget development, regulatory reporting requirements, operational and maintenance duties.

Operating Requirements

To meet the requirements of the Water Wastewater Service Agreement for Cavan-Monaghan, the Environmental Services Division would need to add 2 additional FTE resources;

- Technical operational position
- Administrative/technical support for additional regulatory reporting requirements

Benefits to the City of Peterborough

The contract with Millbrook allows the City to expand a related service area and maximize efficiencies. The City can hire/train dually certified staff, who can perform both water and wastewater service. The additional resources and dual certification will provide better strength of service and back up for Peterborough wastewater services.

With the expanded contract, the City can maximize the use of equipment, laboratory services and coordinate regulatory reporting requirements. Fixed costs that the City currently incurs can be distributed over this broader service line, reducing the impact to City of Peterborough taxpayer.

Next Steps

Township staff will be presenting a similar report to Cavan Monaghan Council on December 6, 2021. If City Council and Cavan Monaghan Council are supportive of the recommendations, staff will begin a recruitment process and work with Cavan Monaghan representatives to finalize the contract for Water Wastewater service.

Summary

The Township of Cavan Monaghan reached out to City staff to inquire about the potential for continued/additional City service to Millbrook, for Water and Wastewater operations. The Township has requested the City consider being the service provider for Water and Wastewater systems service for the Township. Through conversations to develop the Memorandum of Understanding, staff have outlined a plan to meet the Township's objectives on a full cost recovery basis for the City. With Council approval, staff will finalize the agreement for a period of 5 years. The agreement will be in place for April 1, 2022.

Submitted by,

Cynthia Fletcher
Commissioner of Infrastructure and Development Services

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