



The Corporation of the Township of Huron-Kinloss

Staff Report

Report Title: Veolia Contract Extension 2024

Date: May. 6, 2024

Report Number: PW-2024-05-23

Department: Public Works

File Number: C11 PW 24

Prepared By: John Yungblut, Director of Public Works

Attachments: Veolia Contract Extension Agreement

Recommendation:

THAT the Township of Huron-Kinloss Committee of the Whole hereby receives for information Report PW2024-05-23 prepared by John Yungblut, Director of Public Works;

AND agrees to enter into a six (6) month contract effective July 1, 2024 with Veolia Canada, Inc. for the provision of water and wastewater services in the amount of \$376,449.95 plus HST;

AND FURTHER authorizes the Director of Public Works and Clerk to sign all necessary documentation;

AND FUTHER directs Staff to initiate the Request for Proposal (RFP) process for the procurement of water and wastewater services effective Jan. 1, 2025.

Background:

In June 2022, the Township entered into a two year contract with Veolia Canada for the operation and maintenance of our water and wastewater systems. The value of the annual contract at that time was \$723,664.00, which has increase annually at a rate of 2% since that time.

Since January 2023, Township staff have been engaged in discussions with Veolia staff regarding items that we would like addressed before negotiating a long term contract extension. The primary area of focus was a lack of information to Township staff with respect to Veolia's preventative maintenance program.

In recent months, Township staff have been exploring the possibility of soliciting proposals through a Request of Proposal (RFP) process. Based on the information we have collected so far and discussions we have had with Veolia, it has become clear that it will take several more months to properly prepare an RFP package and evaluate proposals. For this reason, Township staff are recommending that we extend the current contract for an additional six months.

Discussion/Analysis/Overview:

Veolia Canada has been the Operating Authority in Huron-Kinloss for many years and we have no concerns with their ability to fulfill their obligations as described in the *Safe Water Drinking Act* and as required by the Ministry of Environment, Conservation and Parks (MECP). Our main area of concern pertains to the maintenance work that is not required by the MECP, but is essential in ensuring that the value of our water and wastewater assets are maximised. Veolia has been working on providing better reporting to the Township on this maintenance work since August 2023, but we do not believe what they are currently providing is sufficient.

It is the intent of Township staff to continue discussing the concerns we have with Veolia’s preventative maintenance reports, but we feel that now is the appropriate time to see what our options are for a long term contract.

Financial Impacts:

The 2024 Operating Budget has allocated a total of \$730,000. Even with the small increase in the value of the operating contract for the remainder of 2024, we expect the amount spent to be fairly close to what has been budgeted. This is due to the fact that we are receiving a discount as a result of Veolia only providing three licenced operators when the contract requires four operators. We anticipate that they will have a fourth operator in the next couple of months.

Performance Measurement:

There is currently not enough data to accurately record key performance indicators (KPI) for the maintenance of our water and wastewater assets. The intent of our next long term contract is to have software in place that will allow Township staff to track certain parameters to determine how our contractor is performing.

Strategic Area:

- Embrace a thriving rural lifestyle
- Enhance Municipal Service Delivery
- Prepare for Inclusive Growth
- Ensure Financial Stability

Strategic Goal: Manage assets and infrastructure

Respectfully Submitted By:

John Yungblut, Director of Public Works

Report Approved By:

Jodi MacArthur, Chief Administrative Officer