



Staff Report

Report Title: Water and Wastewater Operations 2025 Agreement

Prepared By: John Yungblut, C.E.T., Director of Public Works

Department: Public Works

Date: Dec. 16, 2024

Report Number: PW-2024-12-53

File Number: C11 PW23

Attachments: 2025 OCWA Agreement (Draft)

Recommendation:

THAT the Township of Huron-Kinloss Council hereby receives Report PW-2024-12-53, prepared by John Yungblut, Director of Public Works;

AND FURTHER approves entering into an agreement with Ontario Clean Water Agency (OCWA) for the provision of water and wastewater operation and maintenance services over a five-year term in the amount of \$4,331,276.13 not including HST;

AND FURTHER directs staff to sign all necessary documents pending legal review.

Background:

During the Nov. 18, 2024 Council Meeting, a proposal from Ontario Clean Water Agency (OCWA) to assume the role of our Operating Authority was accepted and direction was given to Township staff to begin negotiations on a five year contract for the operation and maintenance of our drinking water and wastewater systems.

A draft version of the agreement with a Jan. 1, 2025 start date is attached this report.

Discussion:

This agreement provides more detail with respect to the services that are to be provided by OCWA compared to previous agreements the Township has had with our Operating Authority. There are also new provisions included that will help to ensure that deliverables are provided to the Township.

A critical component of this new agreement is the development of a condition assessment and inventory of all our assets at our various facilities within the first three months of the contract. This will form the bedrock of an enhanced Computerized Maintenance Management System (CMMS) that will provide the Township with visibility of the preventive maintenance plan to ensure the value of our assets are maximized.

If this agreement is approved by Council, OCWA is prepared to begin their transition process on Dec. 17, 2024 as our current Operating Authority, Veolia Canada, fulfils their duties until Dec. 31, 2024.

Financial Impacts

The 2024 water and wastewater total contract value, including non-recoverable HST is \$758,639.67. Although the existing agreement does not specify how much cost is allocated to water and wastewater individually, Township staff currently assign 71% to water and 29% to wastewater. The ratio is based on the number of customers connected to our systems. This results in \$538,634.16 allocated to water and \$220,005.50 to wastewater in 2024. The Nov. 18th report stated that the split was 81% water and 19% wastewater which was incorrect.

The fees included in the draft agreement have been revised from the original proposal from OCWA to better align with our 70/30 ratio and our 2025 water and wastewater rates. As discussed during the Nov. 18, 2024 Council Meeting, OCWA has agreed to track expenses in 2025 to assist Township staff in determining the appropriate ratio in 2026 and beyond. This evaluation will also include an updated Asset Management Plan and Water Financial Plan.

Strategic Area:

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