



Staff Report

Report Title: Water and Wastewater Operations RFP

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

Department: Public Works

Date: Nov. 18, 2024

Report Number: PW-2024-12-49

File Number: C11 PW23

Attachments: BM Ross Letter

Recommendation:

THAT the Township of Huron-Kinloss Council hereby receives Report PW-2024-12-49, prepared by John Yungblut, Director of Public Works.

AND FURTHER accepts the proposal from 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 \$4,331,276.12, not including HST.

AND FURTHER directs staff to immediately begin contract negotiations with OCWA.

Background:

When Council approved a six month contract extension with our current Operating Authority, Veolia Water Canada, in May 2024, direction was given to issue a Request for Proposal (RFP) for a new contract that would begin on Jan. 1, 2025.

Veolia Canada has acted as the Operating Authority for the Township for nearly 20 years and this is the first time the Township has gone through the RFP process in that time.

Township staff issued the RFP on Sept. 30, 2024 with the assistance of our consulting engineer, BM Ross and Associates. A letter from BM Ross outlining the RFP process and their evaluation of the two proposals received are attached to this report.

The evaluation of the proposals completed by Township staff is summarized as follows:

Evaluation Criteria	Maximum Score	Veolia Canada	OCWA
Experience and Reputation	20	17	19
Business & Operations Plan	45	27	31
Price Proposal	30	23	21
Transition Plan	5	3	4
Total Score	100	70	75

The cost proposals are summarized below. Prices include non-recoverable HST.

	Veolia	OCWA
Water Year 1	\$725,314.75	\$557,531.81
Water Years 2-5	\$2,775,483.65	\$2,074,886.80
Wastewater Year 1	\$139,869.12	\$348,092.95
Wastewater Years 2-5	\$543,194.88	\$1,350,764.56
Total	\$4,183,862.40	\$4,331,276.12

It is important to note that OCWA has informed the Township that since they are a Crown agency of the Government of Ontario, they are not subject to HST for water and wastewater operational services. Veolia Canada is a private corporation, so they are subject to HST. The prices in the above table reflect this.

Discussion:

Both proposals were very comparable, however, Township staff had to make a decision that we felt is in the best interests of the Township. The most significant being a robust preventative maintenance plan at our supply and treatment facilities that can be closely monitored by Township staff. We strongly believe that OCWA is committed to implementing the changes that we are looking for and that that their proposal will result in the best value over the long term.

OCWA also has very good references from other municipalities in their Midwest Region, which the Township will be incorporated into if we agree to terms on a contract.

Veolia Canada and the Township have had a good working relationship for many years and we understand that there will be challenges during the transition process. Fortunately, OCWA has successfully completed multiple transitions in the past and Staff are confident that this process will be completed with any impact to our Level of Service.

The only concern Township staff have with OCWA's proposal is the significant costs allocated to wastewater, which appear to be excessive considering how simple these systems are to operate. In response to this concern, OCWA says they are willing to transfer some of the costs allocated to wastewater operations to water operations to better align with our current system rates. The total cost will remain the same.

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 81% to water and 19% to wastewater based on historical practice and assigned infrastructure. This results in \$538,634.16 assigned to water and \$220,005.50 to wastewater.

The proposed 2025 water and wastewater rates align with our current Asset Management Plan and water and wastewater system financial plan, however, we will be conducting a thorough analysis of our rates in 2025, which will align with our updated Asset Management Plan and our water and wastewater system financial plan, which will require updating by 2026.

Strategic Area:

- | | |
|---|--|
| <input type="checkbox"/> Embrace a thriving rural lifestyle | <input checked="" type="checkbox"/> Enhance Municipal Service Delivery |
| <input type="checkbox"/> Prepare for Inclusive Growth | <input checked="" type="checkbox"/> 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