



To: Mayor and Council
Submitted by: Jon Eppell, Director Engineering & Public Works
Date: August 22, 2024
Subject: Water Treatment Plant Service Agreement – Amendment

PROPOSAL

Present the Amendment and Renewal Agreement to Operations and Maintenance Agreement for Water Treatment Facilities.

BACKGROUND

The agreement with Veolia for operation and maintenance of the Dorchester and Sackville water treatment plants expires September 30, 2024. The Agreement was last amended in 2023 to include the operation and maintenance of the Dorchester water treatment plant.

Veolia provides certified water treatment operators with the required level of certification to operate the Dorchester (Level 2) and Sackville (Level 3) water treatment plants. The advantage with having Veolia provide these services is redundancy of personnel (for vacations, illness, etc.), and the depth and breadth of experience of Veolia staff, locally and corporately.

Veolia is the only service provider in the Maritimes providing complete operation of water treatments and staffing certified water treatment operators. The assignment for the Dorchester and Sackville water treatment plants typically is about 16 hours on-site/week with full time remote monitoring, and site response in less than an hour for urgent situations. Veolia is able to offer this service to Tantramar because of the proximity of their larger operation and maintenance with the Moncton water treatment plant.

DISCUSSION

The term in the 2023 Amendment was aligned with Veolia's major contract in the region. Veolia's major contract has been extended, allowing Veolia to continue to offer service to Tantramar.

Veolia have proposed some adjustments to the agreement as follows:

- Term extended to September 30, 2029, and may be renewed for five-year periods.
- Veolia to manage annual certification and maintenance of backflow preventers in the water treatment facilities. Costs of certification and maintenance of backflow preventers will continue to be for Tantramar's account.
- Purchase of chemicals to go through Veolia and a 10% mark-up to be applied. While this 10% mark-up has been in the Agreement since 2007, it has not been applied. Veolia has experienced additional effort in receiving chemicals due to unexpected timing of deliveries requiring special trips to unload chemicals which has led them to want to apply the mark-up. Estimated \$6,700 additional.
- Veolia to charge for out-of-scope projects, overtime and after-hours call-ins. Out-of-scope projects have been scoped and priced in advance in the past with costs varying year-to-year depending on projects. Overtime and after-hours call-ins were added in 2023. Estimated \$20,000 additional.

- Monthly fee \$31,382.87 effective October 1, 2024 for operations and maintenance of the Dorchester and Sackville water treatment plants. This is a \$1,426.37 increase or about 4.8%. The increase is in accordance with Schedule E adjustment escalator - based on NB CPI.
- Veolia is waiving the rate increase for May 1 to October 1, 2024 for the Sackville water treatment plant, a value of \$5,139.85.
- Estimated overall annual increase related to changes above is about \$46,000 including CPI adjustment, or about 12.2%.

Staff have reviewed the proposed adjustments and consider them to be appropriate.

LEGISLATION/POLICY

N/A

FINANCIAL CONSIDERATIONS

The fee amount effective October 1, 2024 will fit within the 2024 budget due to deferred increases for the Sackville water treatment plant (was to increase May 2024). The 2025 budget will have to account for the increase.

COMMUNICATIONS/PUBLIC ENGAGEMENT

N/A

TANTRAMAR 2024 PRIORITY ACTION PLAN

This aligns with Pillar no. 1 – Sustainable and Engaging Government of the 2024 Priority Action Plan.

COMMUNITY IMPACT

N/A

CLIMATE CHANGE IMPLICATIONS

N/A

CLIMATE LENS

Climate Lens	Towards	Away	No change
Emissions reduction			X
Stormwater management			X
Thriving natural assets			X
Sustainable processes			X
Climate change adaptation			X
Climate leadership			X

OPTIONS

N/A

RECOMMENDATION

It is recommended that Council consider authorizing the Mayor and Clerk to sign and seal the Amendment and Renewal Agreement to Operations and Maintenance Agreement for Water Treatment Facilities with an effective date of October 1, 2024.

ATTACHMENTS

Amendment and Renewal Agreement

**Amendment and Renewal Agreement to
Operation and Maintenance Agreement for
Water Treatment Facilities**

Amendment Effective Date: October 1, 2024

Party:	VWC	Customer
Name:	Veolia Water Canada, Inc.	The Municipality of Tantramar

THIS AMENDMENT AND RENEWAL AGREEMENT is entered into between VWC and the Customer, as designated above, pursuant to the Operation and Maintenance Agreement for Water Treatment Facilities made as of March 30, 2007, as amended by an Amendment effective September 5, 2023, between VWC and The Town of Sackville, as predecessor in interest to The Municipality of Tantramar, (the “Agreement”).

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. RENEWAL

1. Pursuant to Section 3 (Term) of the Agreement, the term of the Agreement is hereby extended from October 1, 2024 to September 30, 2029 (the “Renewal Term”).

II. AMENDMENT

2. Section 3 (Term) of the Agreement is deleted and replaced with the following:

“This Agreement shall be renewed automatically for additional periods of five years each, unless either party delivers a notice of non-renewal 90 days prior to the end of the then current term. This Agreement may be terminated by a 180-day prior written notice of termination transmitted by one party to the other.”

3. Schedule “B” of the Agreement is hereby amended by deleting the words “Provide all certified operations and or maintenance personnel required to manage Breakdown Maintenance in excess of \$2,500.00 per breakdown.” and replacing them with the following:

“The Parties agree that Breakdown Maintenance or Capital Projects in respect of the Sackville Water Treatment Plant shall be out-of-scope services and, if performed by VWC, shall be invoiced as such.”

4. Schedule “B” of the Agreement is hereby further amended by adding a new bullet at the end of the bullet list, which shall read as follows:

“Provide annual maintenance of all backflow preventers.”

5. Schedule “B” of the Agreement is hereby further amended by replacing the words “Approval to Operate W-244” with the following words:

“the applicable Approval to Operate.”

6. Schedule “B-1” of the Agreement is hereby amended by adding a new bullet at the end of the bullet list, which shall read as follows:

“Provide annual maintenance of all backflow preventers.”

7. Schedule “B-1” of the Agreement is hereby further amended by replacing the words “Approval to Operate W-1721” with the following words:

“the applicable Approval to Operate.”

8. Paragraph 1 and Paragraph 1.a. of Schedule “E” of the Agreement is hereby deleted and replaced with paragraph 1 which shall read as follows:

“1. Starting October 1, 2024, for the Services rendered Monday through Friday, during Business Hours listed below, Customer shall pay to VWC a monthly Service Fee of \$31,382.87 that shall cover Services rendered for the Sackville Water Treatment Plant and the Dorchester Water Treatment Plant, and which shall be adjusted annually on October 1 of each calendar year pursuant to the Adjustment Escalator (“Service Fee”). For the purposes hereof, Business Hours means 7:30 am to 4:00 pm Monday to Thu and 7:30 am to 1:30 pm Friday.

In addition, Customer shall pay VWC as follows in respect of each Facility:

	VWC Rates (rates below include travel time to and from each of the Dorchester Water Treatment Plant and the Sackville Water Treatment Plant)
Monday Through Friday Overtime	\$105.00 per hour per employee
Weekends and Holidays	\$150.00 per hour per employee
Operator Call-ins for Services outside of Business Hours Min. of three hours	\$450.00 for the first three hours and \$150.00 per hour thereafter
Out-of-scope services, goods (including, but not limited to, materials, instrumentation), and external / subcontractor labour	Cost plus VWC Markup of 10%, provided that, other than in case of an emergency, VWC obtains Customer’s approval prior to undertaking out-of-scope services, purchasing goods or subcontracting labour.
Chemicals	Cost plus VWC Markup of 10%

Except as expressly modified above, all provisions of the Agreement remain unchanged, without novation, and shall remain in full force and effect.

In the event of a conflict or inconsistency between the provisions of the Agreement and the provisions of this Amendment and Renewal Agreement, the provisions of the latter shall control.

