



Date: May 5, 2025

To: Mayor and Council

Author: Shaun Martinho, Director of Public Operations

RE: Wastewater Treatment Plant Service Agreement

RECOMMENDED ACTION

That the Mayor and Clerk **be authorized** to extend the service agreement with the Ontario Clean Water Agency for the operation and maintenance of Lakeshore West Treatment Plant and associated facilities until December 31st, 2026, with a \$378,875 increase over the annual contract cost anticipated in the 2025 budget.

That Council **directs** administration to issue a Request for Proposal for the operation and maintenance of its treatment assets from 2027-2037 (10 years).

BACKGROUND

The Town of Kingsville owns three (3) treatment facilities including Lakeshore West Treatment Plant, the Kingsville Lagoons, and the Cottam Lagoons.

Wastewater is collected through service pipes and conveyed to these treatment facilities by fourteen (14) centralized publicly owned pump stations.

The Ontario Clean Water Agency (OCWA) is a public agency of the Province of Ontario that specializes in providing operational and maintenance services for wastewater treatment facilities throughout Ontario.

In 2015, the Town entered into a ten-year agreement with OCWA to operate its treatment facilities. This agreement is set to expire on May 31 of this year. Since the beginning of the year, the administration has been negotiating a new agreement with representatives from OCWA.

DISCUSSION

In 2022, the Kingsville Council approved a collaborative project between the Town of Kingsville and the Ontario Clean Water Agency to conduct a Municipal Class Environmental Assessment for the phased expansion of the Lakeshore West Pollution Control Plant and the Kingsville Lagoons. This study was initiated because the pollution control plant is currently operating at nearly 90% of its rated capacity, a level that

typically triggers action by the Ministry of Environment, Conservation and Parks. The estimated completion date for this study is October 2025, with detailed engineering scheduled to begin shortly afterward. Given OCWA's extensive experience in operating the pollution control plant and their expertise in planning for its future expansion, administration recommends extending OCWA's current contract until the end of 2026 to facilitate this work.

After the plans for expanding wastewater treatment capacity have been finalized, the Town will seek a qualified contractor in accordance with the Town's Procurement By-law for the long-term operation and maintenance of its treatment facilities. However, it is important to note that qualified contractors in the wastewater services sector are scarce. Generally, municipalities may only have the option of managing these facilities using in-house resources. A comprehensive cost-benefit analysis of all available options will be conducted prior to entering any agreement at the end of 2026.

The original agreement included the following:

- Operation of all town-owned wastewater treatment facilities and pump stations. Including oversight of capital works projects required to ensure that they continue to function as designed and that treated wastewater meets all relevant legislation.
- A fixed annual price with price index costs adjustments and allowances for specific expenses that are reconciled at the end of each year.
- A sliding scale capital administration fee based on the cost of a particular capital works project (5% for first \$10,000.00, 10% on amounts from \$10,000.00-\$50,000.00, and 5% on amounts more than \$50,000.00).
- It is the responsibility of OCWA to insure the facilities, property, and equipment owned by the town.

In addition to the terms of service of the original agreement, the following was included in the proposal for extension:

- Increased allowances for chemicals, sludge disposal, and other maintenance expenditures (i.e. reconcilable items) to better reflect recent history.
- Price adjustments to account for recent collective bargaining wage increases across OCWA.
- Replacement of the sliding scale administrative fee with a straight 15% markup for planning and completing capital works at the Town's treatment facilities.
- The addition of a new Senior Operations Manager to oversee Kingsville's expanding and aging wastewater assets.

FINANCIAL CONSIDERATIONS

The annual cost of OCWA's operation and maintenance contract extension, effective June 1, 2025, is \$1,891,088. This represents a \$378,875 increase over the annual contract cost anticipated in the 2025 budget.

For perspective, the \$378,875 increase represents approximately 10% of current wastewater revenues. Administration has proposed increases to the Greenhouse Metered Wastewater Discharge rates to offset a portion of this increase. Increases to the residential wastewater rates will be required in 2026.

ENVIRONMENTAL CONSIDERATIONS

Wastewater treatment plants are essential for protecting the environment and promoting sustainability. They contribute to pollution reduction, improvement of water quality, management of nutrients, and safeguarding of public health. Therefore, it is vital to ensure that these facilities are operated and maintained properly.

CONSULTATIONS

Ontario Clean Water Agency
Director of Finance and Corporate Services
Senior Management Team

PREPARED BY:



Shaun Martinho, HBSoc., MBA
Director of Public Operations

REVIEWED BY:



John Norton
Chief Administrative Officer