

Municipality of Lakeshore – Report to Council

Operations

Water Management



To: Mayor and Members of Council
From: Jason Barlow, Division Leader – Water Management
Date: November 19, 2024
Subject: OCWA Service Agreement 2025

Recommendation

Direct the Clerk to read By-law 120-2024, being a by-law to authorize the execution of an Operations and Maintenance Service Agreement with the Ontario Clean Water Agency (OCWA), during the Consideration of By-law, as presented at the December 10, 2024 Council meeting.

Strategic Objectives

This does not relate to a Strategic Objective however it is a core service of the Municipality.

Background

The Ontario Clean Water Agency (OCWA) has operated most of Lakeshore's wastewater treatment facilities since 1992. Following the 1999 amalgamation, Lakeshore has entered into five operating agreements with OCWA related to these services.

In 2012, Administration conducted a review of wastewater treatment service options and recommended continuing the partnership with OCWA. Council accepted this recommendation, leading to the negotiation and approval of a new Operations and Maintenance Service Agreement at the September 23, 2014, Council meeting.

More recently Council agreed to a contract renewal with OCWA on January 1, 2020 which is now set to expire on December 31, 2024.

Comments

Based on the above cont, Administration recently entered into discussions with OCWA to negotiate a new Operations and Maintenance Service Agreement.

Administration and OCWA have developed the attached mutually satisfactory agreement aimed at retaining the effective elements of prior agreements and also looked at modernizing the framework and includes previously unaddressed issues.

The new agreement is expected to take effect on January 1, 2025, for a term of three (3) years, with an option to extend for an additional two (2) years, subject to Council approval.

Key objectives identified for the new contract included:

- Covering all operating and maintenance costs within the agreement; and
- Establishing clear performance objectives and reporting mechanisms.

Significant changes in the new agreement include:

- Capital Spending: Lakeshore retains control and approval over capital spending, with all operating and maintenance costs explicitly covered by the agreement; and
- Fees: Both the Management Fee and Service Fee (for major maintenance and capital projects) will increase to 12.5%, up from the current 10%.

Administration recommends continuing the contract with OCWA as it is in Lakeshore's best interest to ensure operational continuity, especially in light of recommended future expansions to the wastewater facilities.

Others Consulted

Ontario Clean Water Agency (OCWA) was consulted.

Financial Impacts

The current annual cost of OCWA services to Lakeshore for 2024 is \$2,239,450.00. The proposed agreement for the Municipality is \$2,361,830.75, reflecting an annual increase of \$122,381.00 (approximately a 5.5% increase).

As noted in the comments above, this increase includes adjustments to the management and service fee structure from the current 10% to 12.5% (2.5% increase).

Similar to the previous contract, subsequent years will include a CPI inflationary adjustment to the Operational Support Services. The Draft 2025 Budget includes the proposed amount of \$2,361,830.75 for wastewater services under the OCWA contract.

The following chart is a breakdown of the proposed contract renewal costs by wastewater facility/system:

Wastewater Facility	2025 Cost	Management Fee (12.5%)	Total
Dennis St Pierre	\$ 1,362,393.58	\$ 170,299.20	\$ 1,532,692.78
North Woodslee	\$ 93,605.65	\$ 11,700.71	\$ 105,306.36
South Woodslee	\$ 199,744.78	\$ 24,968.10	\$ 224,712.88
Comber WWTP	\$ 71,876.54	\$ 8,984.75	\$ 80,861.29
Stoney Point WWTP	\$ 117,883.41	\$ 14,735.43	\$ 132,618.84
Belle River/Maidstone Collection	\$ 253,900.98	\$ 31,737.62	\$ 285,638.60
Total	\$ 2,099,404.94	\$ 262,425.81	\$ 2,361,830.75

Report Approval Details

Document Title:	OCWA Service Agreement - 2025.docx
Attachments:	
Final Approval Date:	Nov 27, 2024

This report and all of its attachments were approved and signed as outlined below:

Prepared by Jason Barlow

Submitted By Krystal Kalbol

Approved by the Corporate Leadership Team