



City of
Peterborough

To: Members of the General Committee

From: Jen McFarlane, Commissioner, Municipal Operations (Acting)

Meeting Date: June 17, 2024

Report: Water-Wastewater Service Agreement for the Township of Cavan Monaghan – Early Termination, Report MOENV24-022

Subject

A report to recommend the City of Peterborough support an early termination of the Water-Wastewater Service Agreement with the Township of Cavan Monaghan.

Recommendations

That Council approve the recommendation outlined in Report MOENV24-022, dated June 17, 2024 of the Commissioner, Municipal Operations (Acting) as follows:

- a) That staff be authorized to do such things considered reasonable by the Commissioner, Municipal Operations, to effect the termination of the April 4, 2022 service agreement between the Township of Cavan Monaghan and The Corporation of the City of Peterborough (By-law No. 2022-18) in accordance with paragraph 6.01(d) and section 6.02 of the Agreement; and
- b) That the Mayor, Clerk and the said Commissioner be authorized to execute documents to effect the termination on terms acceptable to the said Commissioner and in forms acceptable to the City Solicitor.

Background

In 2017, the City entered into the Millbrook Water Wastewater service contract as a sub-contractor to Peterborough Utility Group (PUG) for operation of the Millbrook

Wastewater Treatment Plant, all Laboratory services for Water and Wastewater and reporting services for the Wastewater Treatment aspect of the contract. That contract expired on Dec 31, 2021. Cavan-Monaghan exercised an option to extend that contract through March 31, 2022, while they explored alternate service options. Through their service option review, the City and Township developed a Water Wastewater service agreement for complete Water and Wastewater services supplied directly by the City of Peterborough. The City entered into a Water-Wastewater Service Agreement with the Township of Cavan Monaghan, for the period April 1, 2022 to March 31, 2027. The service agreement is captured in City of Peterborough Award Report IPSES21-026, and Township of Cavan Monaghan By-law No. 2022-18.

Through the most recent agreement the City of Peterborough has successfully operated the Township of Cavan Monaghan Water and Wastewater services in the built-up Millbrook area. The City of Peterborough has also received strong support and operating evaluation results from the Ministry of Environment Conservation and Parks (MECP), with a Final Inspection Rating of 98.53% (2022-2023 evaluation period). The City of Peterborough and Cavan Monaghan Township have strong relationships, including other service agreements such as Policing. The Township of Cavan Monaghan have expressly conveyed they are very satisfied with the Water and Wastewater services provided by the City of Peterborough, however, would like to explore opportunities to operate their Water and Wastewater facilities in-house with Township staff to support their rapid growth.

Current Water Wastewater Service Agreement

The Service Agreement outlines expectations to operate, maintain and manage the Township's Water and Wastewater system facilities. The overall objectives are to operate in full compliance with ministry regulations, improve maintenance efficiency, and consider innovative solutions to lower the capital and operating costs of all aspects of the operation.

The Water Wastewater Systems include:

- Water Treatment Plant
- Water Distribution Infrastructure and components
- Wastewater Treatment Plant
- Wastewater Collection System

The current service agreement specifies that the City will handle the day-to-day regulatory requirements and contacts with regulatory authorities with respect to operating issues concerning the facilities, support the Township's Capital budget development and implementation, regulatory reporting requirements, as well as operational and maintenance duties.

Early Termination of the Water Wastewater Service Agreement and Paths Forward

The Township is proposing to exercise the opportunity under mutual agreement in the existing Agreement to terminate the of Service Agreement with no penalties, Article 6. Agreement and Termination – Section 6.01 (d):

"Subject to Section 6.02, prior to the expiry of the Term, unless otherwise provided for in this Agreement, the Agreement may only be terminated on the mutual agreement of the Parties."

Staff are seeking City of Peterborough Council direction to support the mutual agreement of early service agreement termination proposed for March 31, 2025, as well as discussions for additional services (such as laboratory testing) to be provided by the City of Peterborough following the current service agreement termination.

Strategic Plan

Strategic Pillar: Governance & Fiscal Sustainability

Strategic Priorities: Pursue service excellence in governance to support long-term fiscal sustainability of the City while respecting the impact of decisions on taxpayers.

Continue the work to strengthen our relationships with the provincial / federal government, and our regional partners to make these relations more productive, collaborative, and complementary.

Engagement and Consultation

City staff have consulted with the Township of Cavan Monaghan about their request to terminate the contract early. Legal Services has also been consulted to ensure the termination of this contract is done so in compliance with termination language set out in the agreement.

Budget and Financial Implications

There are no immediate budget or financial implications; however, as the Agreement comes to an end, staffing requirements will be assessed and the end of the contract may require a reduction in staffing. This has been a full cost recovery contract, offered as a mutual benefit to the City of Peterborough and Township of Cavan Monaghan with reserve contributions to cover ongoing operational risks.

Conclusion

Supporting the termination of the Township of Cavan Monaghan water-wastewater contract allows City staff to focus on City operations, while providing support to the township as they venture into in-house water and wastewater operations.

Attachments

Appendix A: Service Agreement

Submitted by,

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Commissioner, Municipal Operations (Acting)

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