

# MINUTES

## PUBLIC UTILITIES COMMISSION

PUC BOARDROOM  
325 GRAND AVE E

JUNE 15, 2006  
4:00 PM

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**PRESENT:** Chairman Bryon Fluker, Commissioners Janet McGuigan, Tom McGregor, Frank Vercouteren, Mayor Diane Gagner, General Manager Scott Prail, Senior Level Advisor Jack Sonneveld and Central Manager Don Moore.

**ABSENT:** Commissioners Jim Brown and Joe Faas, Acting CAO Gerry Wolting and Facility Systems Manager, Rob Bernardi

1. **CALL TO ORDER**

Chairman Bryon Fluker called the meeting to order at 4:00 PM.

2. **DECLARATION OF PECUNIARY INTEREST**

NONE

3. **APPROVAL OF MINUTES**

a) May 18, 2006

**Moved by Commissioner Vercouteren and seconded by Mayor Gagner.**

**“That the minutes of May 18, 2006 Regular Meeting be approved.”**

**Motion carried**

4. **REPORTS**

a) Sludge Drying Bed Grading – Chatham WPCP

MUNICIPALITY OF CHATHAM-KENT  
PUBLIC UTILITIES COMMISSION

**TO:** PUC Chairperson and Commissioners  
**FROM:** Jack Sonneveld  
Senior Level Advisor, Chatham-Kent PUC  
**DATE:** June 15, 2006  
**SUBJECT:** Contract T06-144, Sludge Drying Bed Grading  
Chatham Water Pollution Control Plant

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**RECOMMENDATIONS**

It is recommended that:

1. The tender in the amount of \$74,798.62, including GST, for the Sludge Drying Bed Grading Project at the Chatham Water Pollution Control Plant, in the Community of Chatham, be awarded to G.W. Clarke Drainage Contractor Limited.
2. The Chairperson and General Manager be authorized to complete the necessary agreements.

**BACKGROUND**

The digested sludge from the Chatham WPCP is dewatered using belt filter presses. The dewatered material is air dried and then windrowed and stored at the site for approximately one year. The dried material is currently utilized at the Ridge landfill as a topsoil amendment for the final covering material.

The existing storage area, as well as the additional property purchased from the former Oxford site required a new Certificate of Approval for continued operation. The site requires berming and significant grading to ensure that none of the run-off water leaves the WPCP site. The Ministry of the Environment has issued a Certificate of Approval for the site work.

The major works included in the contract are:

- Construct an earth berm 2300 m<sup>3</sup>
- Site grading (fill & cut) 8200 m<sup>3</sup>
- Moving fill from stockpile 3300 m<sup>3</sup>

The proposed works will be completed this Summer.

#### COMMENTS

Todgham and Case Associates carried out the project engineering. The Purchasing Officer received and opened tenders for the work on Tuesday, June 06, 2006.

Seven (7) competitive bids were received on the project. The bids are summarized in the following table:

<b>Sludge Drying Bed Grading, Chatham WPCP Contract T06-144</b>	
<b>Tenderer:</b>	<b>Tender Amount: (including GST)</b>
G.W. Clarke Drainage Contractors Ltd. R.R. #1 Blenheim	\$74,798.62
Digger Excavating Ltd. Tilbury, Ontario	\$77,307.50
Henry Heyink Construction Limited Chatham, Ontario.	\$79,180.00
Murray Mills Excavating & Trucking (Sarnia) Ltd. Sarnia, Ontario	\$88,003.49
A-xcavating Ltd. Rodney, Ontario.	\$91,957.94
Brian Hooker & Sons Ltd. Belmont, Ontario	\$99,510.00
Ben Bruinsma & Sons Limited Chatham, Ontario.	\$138,618.78

Todgham and Case Associates have reviewed the tenders and advised that the tenders are complete in all respects. The low tender is 19% below the average of the seven tenders received. A copy of their tender review and letter recommending the award to G.W. Clarke Drainage Ltd. is attached. It is recommended Contract T06-144 be awarded to G.W. Clarke Drainage Contractors Limited who submitted the lowest tender bid.

This is the final construction works for the upgrading and expansion of the Chatham Water Pollution Control Plant. A replacement, reduced horsepower air blower will be installed this summer.

#### **COMMUNITY STRATEGIC PLAN**

The recommendation in this report supports the following objective and strategic direction:

##### **B. Economy – We are a prosperous community**

##### **B3: Maintain and enhance new and existing infrastructure to support economic and smart growth opportunities**

#### Desired Outcomes / Proposed Activities

- **Support new infrastructure investments and modernize existing infrastructure**

The recommendation will not adversely impact on the remainder of the Community Strategic Plan.

**CONSULTATIONS**

The Central Area Manager was consulted and supports the recommendation.

**FINANCIAL IMPLICATIONS**

The Sludge Drying Bed Grading Project is part of the Chatham WPCP Upgrading & Expansion. The original amount carried in the Capital Budget was \$18M.

This is the final construction works for the upgrading and expansion of the Chatham Water Pollution Control Plant.

The total costs to date, including \$1,275,885.83 (engineering fees), \$15,276,444.89 (project costs) and \$354,967.87 (interest costs), are \$16,907,298.59.

Prepared by:

Reviewed by:

\_\_\_\_\_  
Jack Sonneveld  
Senior Level Advisor  
Chatham-Kent PUC

\_\_\_\_\_  
Scott Praill, C.E.T., B.Comm.  
General Manager,  
Chatham-Kent PUC

Reviewed by:

\_\_\_\_\_  
Gerry Wolting, B. Math, CA.  
Acting Chief Administrative Officer

**Moved by Commissioner Vercouteren and seconded by Commissioner McGregor.**

**“That the tender in the amount of \$74,798.62, including GST, for the Sludge Drying Bed Grading Project at the Chatham Water Pollution Control Plant, in the Community of Chatham, be awarded to G.W. Clarke Drainage Contractor Limited.**

**The Chairperson and General Manager be authorized to complete the necessary agreements.”**

**Motion carried**

b) Bottled Tap Water Initiative

**MUNICIPALITY OF CHATHAM-KENT  
Public Utilities Commission**

**TO** PUC Chairperson and Commissioners  
**FROM** Scott J Praill, CET, B. Comm.  
General Manager, Chatham-Kent PUC  
**DATE** June 15, 2006  
**SUBJECT** Bottled Tap Water Initiative

**RECOMMENDATION:**

It is recommended that:

1. Administration be authorized to sign agreements with the purchasing consortium in the Greater Toronto Area for a mobile Water Bottling and Packaging Plant.

2. Administration continues to pursue the possibility of JEPP funding to assist in the purchase of this equipment.
3. Administration be authorized to spend up to \$186,500 from existing capital projects to purchase equipment, design labelling, and acquire educational items to implement this program.

#### **BACKGROUND:**

On March 23, 2006, administration brought forward a report recommending the investment of \$186,500 from existing capital projects into a partnership project that would purchase water bottling equipment. Administration was directed to consider additional alternatives that would, purchase the equipment solely by Chatham-Kent, and distribute and sell bottled water into municipally owned facilities, i.e. Arenas. Administration was also to continue investigating the possibility of JEPP funding for this initiative.

#### **COMMENTS:**

Since the March Commission meeting administration has contacted many of the partners, vendors, and government agencies to gather more information to consider alternatives.

#### **Meeting Between Potential Partners**

A meeting with other local government agencies interested in partnering on the purchase of this equipment was held in conjunction with the OWWA Conference in Toronto on May 2, 2006. The agenda at the meeting included discussion of Chatham-Kent's position of single ownership, and if other agencies would be interested in a rental agreement to offset some of the capital investment, in order to build the new business case. The specifications of the equipment tendered, and nature of the agreement were also discussed.

Representation from a majority of the proposed partners was at the meeting. The group is very open and comfortable with one another. Each of the local government representatives spoke openly about the issues and limitation they will face with this initiative, with the main theme revolving around a need to move forward quickly or drop the project and re focus. The group is very positive, and sees this network of water agencies as a foundation for coordinated purchasing and development of concepts for future projects. The group was also very pleased with the amount of positive media coverage that came from the first report to the Chatham-Kent PUC, they felt this was the type of impact this initiative would have and it reinforced the desire to move forward on the project.

After considerable discussion around ownership of the equipment the group wishes to revisit the specifications of the equipment to establish a more competitive price rather than have a single owner. This group views this project as a great partnership opportunity, and does not wish rent the equipment from Chatham-Kent as a single owner. There was much discussion about the priority of equipment usage during an emergency, and it was felt that the partnership agreement could easily address this issue. Using the recent (2002) blackout in Ontario as the example where many communities were in need of assistance all at the same time. The group felt water emergencies occur differently, because the systems are not tied together, as the hydro grid is. The group could not recall a time when more than one agency was in difficulty and required assistance at any one time. The group then moved on to discussion about regular usage and agreed that most major production of bottled water could be performed any time during the year, (winter because of lower use of water) there by freeing the equipment up to be ready to respond to an emergency as a priority. This would mean that emergencies would become the priority, and standard production could be run as the equipment became available. The group sees the partnership of communities, as a true win for local governments. This project shows the general public that this type of resource can be shared among many communities, ensuring safe drinking water and leveraging shared investment. It was viewed as a great good neighbor initiative by all the partners.

The group also reviewed the equipment requested in the original RFP, and identified significant "add-ons" that they felt raised the price of the submission. They agree to strip back the request so that optional filtering and process equipment was not required and re-tender for the equipment. This change is anticipated to lower the cost of the equipment to approximately \$250,000, In the March 23<sup>rd</sup> report the equipment cost was expected to be \$410,000. If Chatham-Kent participates with the partners it may not need to invest the estimated \$50,000 but some smaller amount. As of June 12 the Region of Peel has not re-issued the RFP, so no better estimating can be done than was included in the last report.

#### **Discussion with Chatham-Kent Municipal Properties**

This division of Chatham-Kent is responsible for the Arena facilities, and the commission had requested an investigation into the possibility of distributing Chatham-Kent bottled water for profit to offset any tax burden they may have. Currently the sale of water is included in the beverage exclusivity agreement which the Municipality has at facilities generating revenue annually. This agreement expires in 2006, and is currently being negotiated. Through discussions with staff it has been estimated that the new 10 year agreement would be reduced by 30 to 40% if water sales were excluded from the agreement. As a worst case, this represents an annual loss of approximately \$40,000. The business potential needs to produce at least \$40,000 to offset this loss.

#### **Business Case**

As detailed in the March 23, 2005 report the estimated cost for Chatham-Kent to produce a bottle is \$0.33 (this amount is with a capital investment of \$50,000 as requested in the March 23<sup>rd</sup> report) This analysis is based on the original capital investment, because the other partners are not interested in renting the equipment, there is no other means of recovering capital, so this business case deteriorates if we are the sole owner of the equipment. If we were to purchase the equipment entirely the investment would need to be \$250,000 and would change the production cost negatively by \$0.20 per bottle.

Records indicate that 840 cases of water were sold at the arenas in 2005, this represents 20,160 bottles.

Cost of vending machines is estimated at \$5,000 and has a life of approximately 10 years; annual maintenance is estimated at \$250 there are ten arenas to equip.

#### Costs

\$ .33 * 20160 =	\$6,653 bottle production
	<u>\$7,500</u> vending machines
	\$14,153

#### Revenues

\$1.50 * 20160	\$30,240
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#### Profit

**\$16,087**

From this review it is not recommended that the municipality exclude water from the exclusivity agreement, they generate a larger profit from the beverage producers than they could from sale of Chatham-Kent bottled tap water. However this strategy should be considered for venues not included in the exclusivity agreement, such as library branches and the cultural centre or Civic Centre where citizen traffic warrants a vending machine location. Negotiations for the exclusive beverage agreement will also discuss the possibility of allowing over the counter sales of Chatham-Kent water, and the possible impact to the agreement.

#### **Information on Funding**

Alan DeVillae, Coordinator, Emergency Medical Services/ Emergency Management has submitted a request to consider JEPP funding for this project to the province. There has been no confirmation or denial at the time this report was written.

The concept of emergency relief for this project was asked to be expanded upon at the last commission meeting. The equipment is housed in a trailer, so it can be moved, by way of a pickup truck to any location necessary (any bottling plant in Ontario that is accessible by roadway), The trailer can then be connected to the plant, or any potable water supply, and produce and package bottled water. This equipment could have been dispatched to one of Chatham-Kent's plants in 2002, when as a result of the blackout, an unreported spill occurred on the St. Clair River that caused the Health Unit to declare a "Don't Drink the Water" Advisory in the Wallaceburg system. Specifically the Health Unit could not determine whether or not any of the spill substance had been taken in through our plant intake, and declared the "Don't Drink Advisory" until the distribution system had been tested and was deemed safe. During "Don't Drink Advisories" the Chatham-Kent PUC policy requires that we distributed bottled water to the residence to assist in reducing the inconvenience caused during the emergency. Bottle water was trucked in from various suppliers. Likewise an emergency in Stratford recently shut down its entire distribution system, until it could be properly flushed and cleaned. This equipment could have been dispatched to assist that community during the emergency.

During any water emergencies, the PUC would have access to the equipment and relocate it if more bottled water is needed to be produced for distribution within Chatham-Kent.

#### **COMMUNITY STRATEGIC PLAN**

The recommendations in this report support the following objectives and strategic directions:

C: Environment – We are a green community

- C1 : Develop Pride in the community for its environmental assets
- C2 : Establish standards for environmental excellence
- C4 : Promote responsible consumption of non-renewable resources

#### Desired Outcomes/Proposed Activities

- Increase public participation in environmental groups, appreciation and education activities and local causes
- Maintain and improve the quantity and quality of ground and surface waters
- Promote solid waste management, sewage treatment and recycling
- Decrease energy consumption within Chatham-Kent

#### **CONSULTATIONS:**

Patrick Newland, Director of Water Production City of Toronto  
 Jack Sonneveld, Senior Advisor Chatham-Kent PUC  
 All Area Managers within the Chatham-Kent PUC  
 Jim McNamara discussed verbally with the GM of the PUC the method of business analysis to ensure proper assumptions were made

#### **FINANCIAL IMPLICATIONS:**

The cost to participate in the partnership is currently \$50,000, with the required amount to purchase the unit totalling \$160,000. In addition there are label design, and production cost that should be factored in. Chatham-Kent is also considering numerous

educational awareness items which can be produced to promote wise water consumption, and true facts about tap water. It was expected that these items would be included with water billings. Products include magnets, rulers, etc. samples will be available at the Commission Meeting. In order to proceed with the Bottling project, and distribute the product in 2006, administration is recommending investing the entire amount required to purchase the bottling plant, with a formal agreement that the next partner will pay Chatham-Kent its addition capitol investment back first.

Total amount of funding required as follows.

Transportable Packaging Plant	\$160,000
Label Design	\$ 2,500
Additional educational products	\$ 7,500
Expected costs for production 2006	\$ 16,500
<b>Total</b>	<b>\$186,500</b>

Administration will be reviewing the possibility of JEPP funding for this initiative, and traditionally this funding has produced up to 45% grant. (the emergency response aspect of the portable bottling plant would be highlighted in this application)

The agreements to be signed would ensure that Chatham-Kent would receive any additional partnership dollars reducing its contribution to equal the other partners as they joint the project. Currently Ottawa, Niagara and OCWA are considering participating. This will repay at least \$110,000 of the original expense. Additionally, it is expected that the annual production costs would be subsidized by some of the distributing departments, as we are able to provide the product.

Estimated final costs, one time \$60,000, and the annual costs of \$7,500.

The one time costs can be financed through existing capital projects that are being completed under budget, and the annual costs can be managed through redistribution of existing operating budgets.

Prepared by:

Reviewed by:

\_\_\_\_\_  
Scott Praill, CET., B. Comm.  
General Manager, C-K PUC

\_\_\_\_\_  
Jack Sonneveld  
Senior Level Advisor, C-K PUC

Reviewed by:

\_\_\_\_\_  
Gerry Wolting, B. Math, CA.  
Acting Chief Administrative Officer

**Moved by Mayor Gagner and seconded by Commissioner McGregor.**

**“That Administration be authorized to sign agreements with the purchasing consortium in the Greater Toronto Area for a mobile Water Bottling and Packaging Plant.**

**Administration continues to pursue the possibility of JEPP funding to assist in the purchase of this equipment.**

**Administration be authorized to spend up to \$186,500 from existing capital projects to purchase equipment, design labelling, and acquire educational items to implement this program.”**

**Motion carried**

## **5. INFORMATION REPORT**

### a) Air Blower Replacement – Chatham WPCP

MUNICIPALITY OF CHATHAM-KENT

PUBLIC UTILITIES COMMISSION

**“INFORMATION REPORT”**

TO: PUC Chairperson and Commissioners

**FROM:** Jack Sonneveld  
Senior Level Advisor, Chatham-Kent PUC

**DATE:** June 15, 2006

**SUBJECT:** Air Blower Replacement - Chatham Water Pollution Control Plant

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For information of the Commission.

### **BACKGROUND**

The new air blowers installed at the Chatham WPCP are all 300 Hp units. There are a number of problems with operating a large unit during the low flow and low loading periods. The wastewater is being over-aerated and significant energy is being wasted.

In addition, the existing standby power unit cannot start the large unit.

### **COMMENTS**

Administration requested CH2M Hill to review the option of installing a smaller air blower. They were also requested to review energy savings and payback.

#### **Energy Savings:**

The simplified payback calculation is probably best determined on a monthly basis. For each month that we substitute the operation of a 150 Hp blower over a 300 Hp blower with both blowers running at maximum, the savings would be approximately:

$(300 \text{ Hp} - 150 \text{ Hp}) \times 0.75 \text{ kW/HP} \times 0.75 \text{ load factor} \times 24 \text{ hrs/day} \times 30 \text{ days/month} \times \$0.10/\text{kW-hr} = \underline{\$6,000 \text{ month savings}}$

The actual savings would depend on the combination of blowers used during the month, which depends primarily on the wastewater strength, flow and temperature.

The estimated costs for replacing the air blower unit are summarized as follows:

Blower	= \$37,000
Mechanical Installation and Pipe modifications	= \$25,000
Electrical	= \$ 8,000
Engineering & Contingency @ 15%	= \$10,000

With a total estimated cost of approximately \$80,000, excluding salvage value or spare part value of the large blower, the payback would be about 14 months of continuous operation under optimum conditions. Actual operating conditions may lengthen the payback time.

The existing standby power unit will operate the 150 Hp air blower unit.

The proposed works will be completed this summer.

### **COMMUNITY STRATEGIC PLAN**

The recommendation in this report supports the following objective and strategic direction:

#### **B. Economy – We are a prosperous community**

##### **B3: Maintain and enhance new and existing infrastructure to support economic and smart growth opportunities**

#### **Desired Outcomes / Proposed Activities**

- **Support new infrastructure investments and modernize existing infrastructure**

The recommendation will not adversely impact on the remainder of the Community Strategic Plan.

### **CONSULTATIONS**

The Facility and Systems Manager and the Central Area Manager were consulted and support the recommendation.

### **FINANCIAL IMPLICATIONS**

The replacement of the 300 Hp air blower with a 150 HP unit will result in approximately \$6,000 per month in savings on the energy bill.

The replacement of the 300 Hp air blower with the 150 Hp unit is part of the Chatham WPCP Upgrading & Expansion. The original amount carried in the Capital Budget was \$18M.

The total costs to date, including \$1,275,885.83 (engineering fees), \$15,276,444.89 (project costs) and \$354,967.87 (interest costs), are \$16,907,298.59. The projected final cost, including the grading of the sludge drying area and the replacement of the air blower is \$17,082,203.84

Prepared by:

Reviewed by:

\_\_\_\_\_  
Jack Sonneveld  
Senior Level Advisor  
Chatham-Kent PUC

\_\_\_\_\_  
Scott Praill, C.E.T., B.Comm.  
General Manager,  
Chatham-Kent PUC

Reviewed by:

\_\_\_\_\_  
Gerry Wolting, B. Math, CA.  
Acting Chief Administrative Officer

**Moved by Commissioner Vercoouteren and seconded by Commissioner McGregor.**

**“To receive for information.”**

**Motion carried**

a) Water/Wastewater Revenue & Expenditure

**MUNICIPALITY OF CHATHAM-KENT  
Public Utilities Commission**

**“INFORMATION REPORT”**

**TO:** PUC Chairperson and Commissioners  
**FROM:** Scott Praill, CET, B. Comm.  
Director, Chatham-Kent PUC  
**DATE:** June 16, 2005  
**SUBJECT:** Water/Wastewater Revenues and Expenditures

For information of the Commission.

**BACKGROUND**

The Summary of Revenues and Expenditures for water and wastewater are prepared monthly for the Commission’s review and information.

The year-to-date revenues and expenditures (May, 2005) are on historical usage patterns and no significant variances are projected in 2005. The debt related payments have been projected based on twelve (12) equal monthly charges.

**OTHERS CONSULTED**

Chatham-Kent Utility Services prepared the summaries of budget information.

**FINANCIAL IMPLACATIONS**

No budget impacts are anticipated at this time.

Prepared by:

Reviewed by:

\_\_\_\_\_  
Scott Praill, CET, B. Comm.  
Director, Chatham-Kent PUC

\_\_\_\_\_  
Gerry Wolting, B.Math, CA.  
Acting CAO

**Moved by Commissioner McGregor and seconded by Commissioner Faas.**

**“To receive for information.”**

**Motion carried**

**5. INFORMATION**

- c) Water Rates – St. Catherines
- d) Drinking Water System Regulations Changes
- e) Lakeshore Sewage Treatment Plant

**Moved by Mayor Gagner and seconded by Commissioner Vercouteren.**

**“To receive the information.”**

- f) Financial Statement

MUNICIPALITY OF CHATHAM-KENT  
Public Utilities Commission  
“INFORMATION REPORT”

TO: PUC Chairperson and Commissioners

FROM: Scott Praill, CET, B.Comm.  
General Manager, Chatham-Kent PUC

DATE: June 15, 2006

SUBJECT: Water/Wastewater Revenues and Expenditures

For information of the Commission.

**BACKGROUND**

The Summary of Revenues and Expenditures for water and wastewater are prepared monthly for the Commission’s review and information.

**COMMENTS**

The year-to-date revenues and expenditures (May, 2006) are on historical usage patterns and no significant variances are projected in 2006.

The debt payments have been reported on a monthly basis to provide a better overview of the monthly revenues and expenditures.

The following comments summarize a number of significant areas of the budget that are monitored:

- The gap between the target percentage and the actual for revenue is 1.8% less than at the end of May 2005 for water and 1.85% less for wastewater.
- O&M expenditures are 1.7% higher in water vs. 2005 and 0.34% higher in wastewater.
- No expenditure line is significantly out of line compared to target percentage.

**CONSULTATIONS**

Chatham-Kent Utility Services prepared the monthly summaries of budget information.

FINANCIAL IMPLICATIONS

No budget impacts are anticipated at this time.

Prepared by:

Reviewed by:

\_\_\_\_\_  
Jack Sonneveld  
Senior Level Advisor, Chatham-Kent PUC

\_\_\_\_\_  
Scott Prail, C.E.T., B.Comm  
General Manager, Chatham-Kent PUC

Reviewed by:

\_\_\_\_\_  
Gerry Wolting, B. Math, CA.  
Acting Chief Administrative Officer

**Moved by Mayor Gagner and seconded by Commissioner McGregor.**

**“To receive the information.”**

**Motion carried**

**6. NEW BUSINESS**

a) OMWA letter to Mayor Gagner.

Mayor Gagner read a letter from the OMWA concerning the recommendations made in Watertight, by the government-appointed Water Expert Panel of the possibility, if adopted, the transferring of control of water assets from municipalities to local water companies.

**Moved by Mayor Gagner and seconded by Commissioner McGregor.**

**“That Administration inform OMWA that the Municipality of Chatham-Kent supports the position of the Ontario Municipal Water Association that water must remain under public ownership and control.**

**Motion carried**

**7. NEXT MEETING**

The next PUC Commission meeting is scheduled for Thursday, September 21, 2006 at 4:00 PM at the PUC boardroom. A “Special Meeting” will be called during the summer months if needed.

**8. ADJOURNMENT**

**Moved by Mayor Gagner and seconded by Commissioner Vercouteren.**

**“That the Regular meeting be adjourned at 4:45 PM.”**

**Motion carried**