

MINUTES

PUBLIC UTILITIES COMMISSION

**CIVIC CENTRE
ROOM 212**

**AUGUST 21, 2006
3:00 PM**

PRESENT: Chairman Bryon Fluker, Commissioners Frank Vercooteren, Jim Brown, Joe Faas, Mayor Diane Gagner, A/CAO Gerry Wolting, Senior Level Advisor Jack Sonneveld, Facility and Systems Manager, Rob Bernardi, Manager – North Tom Kissner and Supervisor of Compliance and Monitoring Robin Dudley.

ABSENT: Commissioners Tom McGregor, Janet McGuigan and General Manager Scott Prail.

1. CALL TO ORDER

Chairman Fluker called the meeting to order at 3:08 PM.

2. DECLARATION OF PECUNIARY INTEREST

NONE

3. REPORTS

a) Tender Award: Head Street Watermain Replacement

MUNICIPALITY OF CHATHAM-KENT

INFRASTRUCTURE AND ENGINEERING SERVICES

PUBLIC UTILITIES COMMISSION

TO: PUC Chairperson and Commissioners
FROM: Stephen Jahns, B.A.Sc., P. Eng., CMM II
Manager, Infrastructure and Traffic
Engineering and Traffic Division
DATE: July 18, 2006
SUBJECT: Tender Award: Contract T06-137, Head Street
Water Main Replacement, Community of Ridgeway

RECOMMENDATION

It is recommended that:

1. The tender in the amount of \$85,860 (including 6% GST) for the Head Street Water Main Replacement in the Community of Ridgeway be awarded to Delway Contractors of Chatham, Ontario.
2. Award of this contract be subject to receipt of the appropriate approvals from the Ministry of the Environment.

BACKGROUND

The watermain replacement on Head Street in Ridgeway was identified as a project in the 2006 budget approved by the Public Utilities Commission (PUC). The existing watermain consists of a 25mm diameter cast iron line constructed in 1910 with a history of water breaks requiring at times emergency repairs.

In addition, PUC staff have received complaints from area residents regarding pressure and confirmed these concerns with residual pressure and fire flow in this area by undertaking hydrant flow testing. The replacement of the existing lines with 150mm poly vinylchloride (PVC) pipe will enhance the pressure, better support the distribution grid and provide additional fire protection to these neighbourhoods.

Thames Valley Engineering Incorporated carried out the project engineering. The Purchasing Officer received and opened tenders for the work on Tuesday July 18, 2006.

The results are as follows:

CONTRACT T06-137 HEAD STREET WATERMAIN REPLACEMENT COMMUNITY OF RIDGETOWN		
Rank	Tenderer	Tender Amount (incl. 6% GST)
1	Delway Contractors Ltd Chatham, Ontario.	\$ 85,860.00
2	Marchand Excavating Comber, Ontario	\$ 93,781.25
3	Henry Heyink Limited Chatham, Ontario.	\$ 96,460.00
4	Murray Mills Excavating Sarnia, Ontario.	\$ 113,261.00
5	AAR-Con Delaware, Ontario	\$ 160,933.44
6	Sherway Contracting (Windsor) Ltd Windsor, Ontario	\$ 163,234.70

Thames Valley Engineering Incorporated has reviewed the tenders and advised that the tenders are complete in all respects. Their recommendation letter is attached as Appendix A.

COMMENTS

The project consists of the installation of a new 150mm replacement water main on Head Street from Main Street to Cathcart Street in the Community of Ridgeway. The project includes new water service connections, fire hydrants and appurtenances. A site map of the water main replacement has been attached for reference as Appendix B.

The engineering costs including design, tendering and contract administration are \$17,152 including GST. The engineer's most recent estimate for construction was \$96,460 including GST. Six competitive bids were received for the project. The low tender received is 11% below the engineer's estimate and within the total overall approved budget amount for lifecycle water main replacements.

Staff concurs with the recommendation to award the tender to Delway Contractors of Chatham, Ontario, who submitted the lowest tender bid. The award of this project is subject to receipt of the appropriate approvals from the Ministry of the Environment.

The project cost breakdown is summarized in the Financial Implications section of this report.

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.

CONSULTATION

The Tenders were opened by the Purchasing Officer and reviewed by the Tendering Committee comprised of the Purchasing Officer, Corporate Services, the Manager, Financial Services/Treasurer, Corporate Services and the Director, Engineering and Traffic Division, Infrastructure and Engineering Services.

The General Manager of Water and Wastewater Services was consulted in the preparation of this report and supports the recommendation.

FINANCIAL IMPLICATIONS

The project summary is set out in the following table.

<u>WATER LINE REPLACEMENTS</u> <u>HEAD STREET, COMMUNITY OF RIDGETOWN</u> <u>CONTRACT T06-137</u>		
A) Project Costs:	Low Tender, incl. GST	\$ 85,860.00
	Engineering Design & Inspection	\$ 17,152.00
	Less GST Rebate 6%	-\$ 5,830.87
	Project Total	\$ 97,181.13
B) Water main Replacement Budget Update Summary	Total Approved Budget	\$ 1,629,000.00
	Previously Approved	-\$ 1,157,032.69
	Current Project	-\$ 97,181.13
	Balance Remaining	\$ 374,786.18

Projects are still pending in Chatham and account for the balance of the 2006 Lifecycle Water Main replacement budget.

Prepared by:

Reviewed by:

Stephen Jahns, B.A.Sc., P. Eng., CMM II
Manager, Infrastructure and Traffic
Engineering and Traffic Division

Gary Northcott, P. Eng.
Director
Engineering and Traffic Division

Reviewed by:

Reviewed by:

Leo Denys, P. Eng.
General Manager
Infrastructure and Engineering Services

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

Moved by Commissioner Vercoouteren and seconded by Mayor Gagner.

“That the tender in the amount of \$85,860 (including 6% GST) for the Head Street Water Main Replacement in the Community of Ridgetown be awarded to Delway Contractors of Chatham, Ontario.

Award of this contract be subject to receipt of the appropriate approvals from the Ministry of the Environment.”

Motion carried

b) Tender Award: Creek Line Waterline

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

TO PUC Chairperson and Commissioners
FROM Scott Prail, CET, B.Comm.
 General Manager, Chatham-Kent PUC
DATE August 4, 2006
SUBJECT Creek Line Watermain – Contract T06-154
 (Community of Dover)

RECOMMENDATIONS:

It is recommended that:

1. The Chatham-Kent Public Utilities Commission approve the award of the Creek Line Watermain, Contract T06-154 to Delway Contractors Limited at the quoted price of \$95,400.00, including GST.
2. The Chairperson and General Manager be authorized to complete the necessary agreements.

BACKGROUND

The Creek Line petition was submitted to the Chatham-Kent Public Utilities Commission in February 2006.

The Creek Line Watermain project includes the construction of a 150 mm waterline on Creek Line, from the existing 150 mm located at #7935 Creek Line and extend westerly for approximately 1,350 metres and terminating at # 7639 Creek Line.

An information and vote package describing the proposed extension project and costs associated, was distributed to the benefiting owners on December 16, 2005. A ballot was included with the return date of January 12, 2006. One hundred percent (100%) of the property owners returned the ballots. The ballot results were seventy-eight percent (78%) in favour of proceeding with the project.

Dillon consulting Limited prepared an estimated cost for the proposed waterline. The estimated cost for the project, including engineering but does not include GST is \$115,810.30 of which \$10,063.00 is associated with oversizing and would be charged to the PUC.

COMMENTS

A total of five (7) quotations were received and they are summarized in the following table:

Creek Line Watermain Contract No. T06-1154	
<u>Contractor:</u>	<u>Quotation amount:</u> (including 6% GST)
Delway Contractors Limited	\$95,400.00
Marchand Excavating Contractors Limited	\$113,619.07
G.W. Clarke Drainage Contractors Limited	\$123,408.24
Sherway Contracting Limited	\$129,407.98
Murray Mills Excavating and Trucking Ltd.	\$458,774.31
BF Environmental Consultants Ltd.	\$161,712.81
Ben Bruinsma and Sons Limited	\$253,483.42

It is recommended that the Chatham-Kent PUC award Contract No. T06-154 to Delway Contractors Limited at the tender price of \$95,400.00 including GST and that the Chairperson and General Manager be authorized to complete the necessary agreements.

COMMUNITY STRATEGIC PLAN

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

- 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

- Advocate for essential provincial and federal investment and equitable tax policies to support financing and effective operation of sustainable transportation systems, water, sewer and waste management services.
- Support new infrastructure investments and modernize existing infrastructure.
- Maintain and improve the quantity and quality of ground and surface waters.

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

CONSULTATION

Dillon Consulting reviewed the quotations and a copy of their letter recommending the award of the tender is attached.

FINANCIAL IMPLICATIONS

The oversizing cost that will be allocated to the PUC is estimated to be \$10,063.00. All other costs associated with the project will be recovered through assessment.

Prepared by:

Jack Sonneveld
Senior Level Advisor,
Chatham-Kent PUC

Reviewed by:

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

Reviewed by:

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

Moved by Commissioner Faas and seconded by Commissioner Vercouteren.

“That the Chatham-Kent Public Utilities Commission approve the award of the Creek Line Watermain, Contract T06-154 to Delway Contractors Limited at the quoted price of \$95,400.00, including GST.

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

Motion carried

c) Tender Award: Woods Street

MUNICIPALITY OF CHATHAM-KENT
INFRASTRUCTURE AND ENGINEERING SERVICES
PUBLIC UTILITIES COMMISSION

TO: PUC Chairperson and Commissioners

FROM: Nelson Cavacas, C.E.T.
Manager, Engineering and Traffic Division

DATE: August 4, 2006
SUBJECT: Tender Award: Contract T06-134, Woods Street
 Water Main Replacement, Community of Chatham

RECOMMENDATION

It is recommended that:

1. The tender in the amount of \$546,501.02 including GST for the Woods Street Water Main Replacement in the Community of Chatham be awarded to M.R. Dunn Contractors Limited.
2. The PUC Chairperson and Commissioners approve the transfer of \$151,808.82 from the Lifecycle Reserve to fund the 2006 Lifecycle Watermain Replacement program.

BACKGROUND

The watermain replacement upgrade on Woods Street in Chatham was identified as a project in the 2006 budget approved by the Public Utilities Commission (PUC). The existing water main is approximately 60 years old and consists of a 150mm diameter cast iron line. This watermain has a recorded history of a high number of watermain breaks within the inventory system, requiring at times emergency repairs.

In addition, PUC staff have received complaints from area residents regarding pressure and confirmed these concerns with residual pressure and fire flow in this area by undertaking hydrants flow testing. The replacement of the existing lines with 200mm poly vinylchloride (PVC) pipe will enhance the pressure, better support the distribution grid and provide additional fire protection to this area.

Todgham and Case Associates carried out the project engineering. The Purchasing Officer received and opened tenders for the work on Tuesday, August 1, 2006.

The results are as follows:

CONTRACT T06-134 WOODS STREET WATER MAIN REPLACEMENT COMMUNITY OF CHATHAM		
Rank	Tenderer	Tender Amount
1	M. R. Dunn Contractors Limited Windsor, Ontario.	\$ 546,501.02
2	Ben Bruinsma and Sons Limited Chatham, Ontario	\$ 556,184.95
3	Murray Mills Excavating & Trucking Limited Sarnia, Ontario	\$ 580,271.03
4	Henry Heyink Construction Limited Chatham, Ontario.	\$ 592,222.00
5	Sherway Contracting Limited Windsor, Ontario	\$ 860,626.72
6	D'Amore Construction (2000) Limited Windsor, Ontario.	\$ 864,960.00

Todgham and Case Associates has reviewed the tenders and advised that the tenders are complete in all respects. Their recommendation letter (Appendix A) is attached.

COMMENTS

The project consists of the installation of a new 200mm replacement upgrade water main on Wood Street from Grand Avenue to McNaughton Avenue. The project originally was intended to replace the existing 150mm watermain with the same size and the cost estimated accordingly for the overall approved 2006 Lifecycle Watermain Replacement Budget. During the design phase it was

determined that in order to support the side streets off Wood Street over its length of approximately 1,070 metres, the hydraulic capacity needed to be enhanced, requiring upgrading to 200mm rather than 150mm.

The increased sizing along with other factors such as the corridor for the new watermain ending up under the road and having to replace the watermain across the Grand Avenue intersection has resulted in higher costs than originally budgeted for this project.

In addition, there is asphalt resurfacing of the west lane of Woods Street from the crown of the road to the west curb and gutter. This work is being coordinated through this contract to enhance road restoration as opposed to leaving a trench down the middle of the road pavement. The additional costs of \$41,172 to complete this asphalt work outside the watermain trench will be funded from the Municipality of Chatham-Kent's Roads Lifecycle Budget as indicated in the Financial Implications section. The project also includes new water service connections, fire hydrants and appurtenances. A site map of the water main replacement has been attached for reference (see Appendix B).

The engineering costs including design, tendering and contract administration are \$52,200. The engineer's most recent estimate for construction was \$592,302 including GST. Six competitive bids were received on the project. The low tender received is 8% below the engineer's estimate and 18% below the average of the six tenders received.

Staff concurs with the recommendation to award the tender to M.R. Dunn Contractors Limited who submitted the lowest tender bid.

The project breakdown is summarized in the Financial Implications section of this report.

COMMUNITY STRATEGIC PLAN

The recommendations in this report support 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 recommendations will not adversely impact on the remainder of the Community Strategic Plan.

CONSULTATION

The Tenders were opened by the Purchasing Officer and reviewed by the Tendering Committee comprised of the Purchasing Officer, Corporate Services, the Director, Financial Services/Treasurer, Corporate Services and the Director, Engineering and Traffic Division, Infrastructure and Engineering Services.

The General Manager of Water and Wastewater Services was consulted in the preparation of this report and supports the recommendation.

FINANCIAL IMPLICATIONS

The Woods Street Watermain Replacement tender is one of the last lifecycle water main projects that was approved in the 2006 Lifecycle Water Main replacement budget, only Heritage Road remains to be tendered. After closing this tender, the revised project costs for the 2006 Lifecycle Water Main replacement program is \$1,708,808.82. This results in \$151,808.82 of additional funds to be transferred from the Watermain Lifecycle Reserve as shown in the summary table below.

The project summary is set out in the following table.

<u>WOODS STREET WATERMAIN REPLACEMENT</u> <u>CONTRACT T06-134</u> <u>COMMUNITY OF CHATHAM</u>		
	DESCRIPTION	TOTAL
(A) Budget Estimate	Watermain Lifecycle Replacement	\$ 380,000.00
	Roads Lifecycle	\$ 50,000.00
	Total	\$ 430,000.00
	DESCRIPTION	TOTAL
(B) Project Costs	Low Tender, incl. GST	\$ 546,501.02
	Engineering Design & Inspection	\$ 52,200.00

	Less GST Rebate 6%	-\$ 30,934.02
	Total	\$ 567,767.00
(C) Project Funding	Watermain Lifecycle	\$ 526,595.00
	Roads Lifecycle	\$ 41,172.00
	Funding Totals	\$ 567,767.00
(D) Watermain Replacement Budget Update Summary	Previously Approved 2006 Projects	\$ 1,254,213.82
	Current Project	\$ 526,595.00
	Revised 2006 Total Project Costs	\$ 1,708,808.82
	Total 2006 Approved Budget	-\$ 1,629,000.00
	<u>Additional Lifecycle Reserve Funds Required</u>	\$ 151,808.82
(E) Lifecycle Reserve Update Summary	<u>2005 Lifecycle Reserve Balance</u>	\$ 773,762.57
	<u>2006 Lifecycle Budget</u>	\$ 1,214,000.00
	<u>2006 Lifecycle Reserve Contribution</u>	\$ 200,000.00
	<u>Total Lifecycle Funds Available</u>	\$ 2,187,762.57
	Revised 2006 Total Project Costs	-\$ 1,708,808.82
	<u>Projected 2006 Lifecycle Reserve Balance</u>	\$ 406,953.75

Prepared by:

Reviewed by:

Nelson Cavacas, C.E.T.
Manager
Engineering and Traffic Division

Gary Northcott, P. Eng.
Director
Engineering and Traffic Division

Reviewed by:

Reviewed by:

Leo Denys, P. Eng.
General Manager
Infrastructure and Engineering Services

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

Moved by Commissioner Vercoouteren and seconded by Mayor Gagner.

“That the tender in the amount of \$546,501.02 including GST for the Woods Street Water Main Replacement in the Community of Chatham be awarded to M.R. Dunn Contractors Limited.

The PUC Chairperson and Commissioners approve the transfer of \$151,808.82 from the Lifecycle Reserve to fund the 2006 Lifecycle Watermain Replacement program.”

Motion carried

d) Tender Award: Hughes Road

MUNICIPALITY OF CHATHAM-KENT
PUBLIC UTILITIES COMMISSION

TO: PUC Chairperson and Commissioners
FROM: Rob Bernardi, P. Eng.
Facilities & Systems Manager, Chatham-Kent PUC
DATE: August 21, 2006
SUBJECT: Hughes Road Watermain (Community of Camden) Contract No. T06-173

RECOMMENDATIONS

It is recommended that:

1. A re-vote be conducted for the property owners included in the Hughes Road Watermain project based on the new estimated assessment cost.
2. If the re-vote results meet the PUC policy of 66% in favour of the project, the Chatham-Kent Public Utilities Commission approve the award of the Hughes Road Watermain, Contract No. T06-173 to G.W. Clarke Drainage Contractors Limited at the tendered price of \$190,096.31(including GST) and the Chairperson and General Manager be authorized to complete the necessary agreements.
3. If the re-vote results do not meet the PUC policy of 66% in favour of the project, the Chatham-Kent Public Utilities Commission not approve the award of the Hughes Road Watermain, Contract No. T06-173 to G.W. Clarke Drainage Contractors Limited at the tendered price of \$190,096.31, including GST.

BACKGROUND

A Hughes Road petition was submitted to the Chatham-Kent Public Utilities Commission (PUC) in September 2005.

The proposed distribution system network for this area is to be connected to the existing 300 mm diameter main on Base Line Road and extend to the existing 150 mm diameter main on Sydenham Street at the Dresden Limits.

The service area would see the construction of a 150 mm waterline. However, for assessment purposes, it was determined that a 100 mm main on Hughes Road with a 150 mm on Sydenham Street for a distance of 2 335 metres would meet flow requirements for the area. A short length of existing 38 mm diameter line will need to be replaced along with the reconnection of approximately four existing services on this line. The extension would assist with redundancy within the system which would be 150 mm diameter in size. A total of eleven (11) residential land parcels and eight (8) vacant agricultural parcels exist along this portion of the petitioned area.

Dillon Consulting Limited prepared an estimated cost for the proposed waterline. The estimated cost presented to the property owners, including engineering but not including GST was \$142,888 of which \$13,714 was associated with oversizing and replacing the line and would be charged to the PUC.

The estimated cost per connection for the proposed Hughes Road waterline extension, not including the 2005 Part 12 Charge was \$8,073.38 (Part 12 charge is \$815.25).

A Public Information Meeting for the proposed waterline was held on January 24, 2006. An information and vote package describing the proposed extension project and costs associated was distributed to the benefiting owners on January 25, 2006. A ballot was included with the return date of February 20, 2006. Ninety-five percent (95%) of the property owners returned the ballots. The ballot results were eighty-four percent (84%) in favour of proceeding with the project.

COMMENTS

A total of 5 tenders were received and opened publicly on August 8, 2006 and the results are summarized in the following table:

Hughes Road Watermain (Community of Camden) Contract No. T06-173	
<u>Contractor</u>	<u>Tender Amount (including GST)</u>
G.W. Clarke Drainage Contractors Limited	\$190,096.31
Marchand Excavating Contractors Limited	\$194,595.32
Murray Mills Excavating & Trucking (Sarnia) Ltd.	\$216,451.47
Sherway Contracting (Windsor) Limited	\$219,364.08
Delway Contractors Limited	\$225,250.00

The prices listed in the table above include \$10,000.00 contingency and 6% GST. See attached letter from Dillon Consulting dated August 9, 2006.

The lowest tender is approximately 36% greater than the budget estimate. It is PUC policy to inform property owners of a potential difference in assessment cost estimates when they grow beyond 10% before construction begins as well as conduct a re-vote based on the new cost estimates. The increase would change the assessment from \$8,073.38 to \$10,979.80 (excluding GST and Part 12 Charges).

Due to the higher cost, an analysis was conducted by Dillon Consulting to investigate if potential changes in the project could produce cost savings. A re-alignment of the watermain from the road to the grass boulevard and deletion of two water hydrants would produce savings. The savings result in an increase of less than 10% to the estimated assessment cost (only 7.3% increase). The assessment cost would increase from \$8,073.38 to \$8,652.80 (see attached letter from Dillon Consulting dated August 16, 2006). The 7.3% increase would also apply to the PUC share of the project and would therefore increase PUC cost to \$14,716.00.

Therefore, it is recommended that a re-vote be conducted for the property owners included in the Hughes Road Watermain project based on the new estimated assessment cost.

It is also recommended that if the re-vote results meet the PUC policy of 66% in favour of the project, Chatham-Kent PUC award Contract No. T06-173 to G.W. Clarke Drainage Contractors Limited at the tendered price of \$190,096.31 (including GST) and that the Chairperson and General Manager be authorized to complete the necessary agreements.

It is also recommended that if the re-vote results do not meet the PUC policy of 66% in favour of the project, the Chatham-Kent Public Utilities Commission not approve the award of the Hughes Road Watermain, Contract No. T06-173 to G.W. Clarke Drainage Contractors Limited at the tendered price of \$190,096.31 (including GST).

COMMUNITY STRATEGIC PLAN

The recommendations in this report support the following objectives 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

- Provide a safe and adequate water supply to meet the needs of the growing community by maintaining high quality water and sewer utilities.
- Support new infrastructure investments and modernize existing infrastructure.

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

CONSULTATION

The Director of Legal Services, Director of Engineering and Traffic Division, Purchasing Officer and Dillon consulting Limited were consulted with during the writing of this report.

FINANCIAL IMPLICATIONS

The costs associated with the project will be recovered through assessment as per the PUC Waterline Assessment Policy with the cost of oversizing and small section replacement being paid for by the PUC. \$14,716.00 is associated with oversizing and replacing the small length of the line and would be charged to the PUC and is currently available/planned for in the 2006 PUC Budget.

Prepared by:

Rob Bernardi, P. Eng.
Facilities & Systems Manager
Chatham-Kent PUC

Reviewed by:

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

Reviewed by:

Gerry Wolting, B. Math., CA
Acting CAO

Moved by Commissioner Faas and seconded by Mayor Gagner.

“That a re-vote be conducted for the property owners included in the Hughes Road Watermain project based on the new estimated assessment cost.

If the re-vote results meet the PUC policy of 66% in favour of the project, the Chatham-Kent Public Utilities Commission approve the award of the Hughes Road Watermain, Contract No. T06-173 to G.W. Clarke Drainage Contractors Limited at the tendered price of \$190,096.31(including GST) and the Chairperson and General Manager be authorized to complete the necessary agreements.

If the re-vote results do not meet the PUC policy of 66% in favour of the project, the Chatham-Kent Public Utilities Commission not approve the award of the Hughes Road Watermain, Contract No. T06-173 to G.W. Clarke Drainage Contractors Limited at the tendered price of \$190,096.31, including GST.”

Motion carried

4. INFORMATION

a) Methane Generator Power Project

MUNICIPALITY OF CHATHAM-KENT

PUBLIC UTILITIES COMMISSION

INFORMATION REPORT

TO: PUC Chairperson and Commissioners

FROM: Rob Bernardi, P. Eng.
Facilities & Systems Manager, Chatham-Kent PUC

DATE: August 4, 2006

SUBJECT: Methane Generator Power Project at the Chatham Water Pollution Control Plant

This report is for the information of Commission.

BACKGROUND

Chatham-Kent Energy Inc. had created an energy conservation grant in accordance with new provincial legislation to fund projects that would result in a reduced electrical energy usage by its customers. As part of the Methane Generator Power Project at the Chatham Water Pollution Control Plant (WPCP), Chatham-Kent Hydro along with NRCan would together fund the costs required for the project. NRCan approves grant funding for unique energy reduction/reduced energy consumption initiatives.

The potential cost savings at the time indicated that the investment would amount to an annual savings of \$37,000. The Chatham-Kent Public Utilities Commission (PUC) would pay Chatham-Kent Hydro half the savings, in lieu of the initial investment, which left an \$18,650 annual savings for the PUC.

The Chatham WPCP produces excess methane gas from its sludge digesters. This gas is used currently in the process of heating the sludge digesters and in the winter months in the boiler system to reduce the demand of natural gas required to heat the plant and digesters. The methane gas produced over and above what is required for the process is simply burned off to the atmosphere.

Rather than burn off the methane gas, the new methane generator project would utilize this gas to power a methane generator which in turn would produce electrical power to be used at the Chatham WPCP.

The Chatham-Kent Public Utilities Commission at its regular meeting on November 17, 2005 approved the installation and maintenance of a new methane generator at the Chatham WPCP.

COMMENTS

The PUC has been involved with the design stages of the methane generator project. Numerous consultations with STM Power, Total Power Ltd. and Chatham-Kent Hydro have taken place over the last few months.

Further study conducted at the Chatham WPCP in regards to the methane gas production indicated the quantity and quality of methane gas produced were not as first predicted. Additional equipment would be required in order for the process to function. The equipment included an additional methane refrigeration / compressor unit to filter and compress the methane gas to levels required by the generator. The addition of this device would increase project costs by \$50,000 as well as an additional 30% increase in installation costs.

The cost implication of the additional device is large and makes the complete project unfeasible. For this reason, Chatham-Kent Hydro has recommended to cancel the Methane Generator Power Project for the Chatham WPCP. The PUC Administration has reviewed the issues and has canceled the project.

CONSULTATION

Numerous consultations with STM Power, Total Power Ltd., Chatham-Kent Hydro and PUC have taken place over the last few months.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from not proceeding with the project.

The annual savings for the PUC cannot be realized.

Prepared by:

Rob Bernardi, P. Eng.
Facilities & Systems Manager
Chatham-Kent PUC

Reviewed by:

Reviewed by:

Scott Prail, CET, B. Comm.
General Manager
Chatham-Kent PUC

Gerry Wolting, B. Math., CA
Acting CAO

b) Water/Wastewater Revenues & Expenditures

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

"INFORMATION REPORT"

TO: PUC Chairperson and Commissioners
FROM: Scott Prail, CET, B.Comm.
General Manager, Chatham-Kent PUC
DATE: August 21, 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 (July, 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.

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 Vercouteren.

“To receive items a & b for information.”

c) Bothwell Water Supply – Tri County Water Committee

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

TO PUC Chairperson and Commissioners
FROM Scott J Prail, CET, B. Comm.
General Manager, Chatham-Kent PUC
DATE Friday, August 18, 2006
SUBJECT Bothwell Water Supply – Tri County Water Committee

RECOMMENDATION:

It is recommended that:

1. That the operating surplus for the Tri-County Water Committee of \$1,229,561 be placed into a reserve fund in accordance with section 1.9 of the Purchase of Capacity Agreement.
2. That Tri-County Water Committee hereby request that Steve Peters MPP be authorized in accordance with his suggestion to appoint a "facilitator to make recommendations regarding a new agreement to cover operation, management, ownership and make up of the West Elgin Primary Water System and that his recommendation be binding on the member municipalities.

BACKGROUND:

At the May 15, 2006 Tri-County Management Committee meeting the Management Agreement that exists between the participating Municipalities and the Operating Authority of the West Elgin Water Treatment Plant was discussed. This agreement was made in November 1991 and does not reflect current and up to date information as it pertains to the

Operating Authority of the West Elgin Water Treatment Plant or the participating Municipalities. Motion 2006-22 was passed at the May 15th meeting, which requested that the staff from the Chatham-Kent Public Utilities Commission working with a solicitor or consulting firm of their choice prepare a draft agreement for the Ownership, Management and Operation of the proposed new Water Treatment Plant and Primary Distribution System.

The next issue discussed at the May 15, 2006 meeting was the engineering costs for the construction of the new water plant, which was estimated at \$2,230,000. A motion was then passed (Motion 2006-23), to have a Request for Proposal (RFP) for Consulting Engineering Services prepared for the proposed West Elgin Water Treatment Plant. The administrative staff of the Chatham-Kent Public Utilities Commission developed a draft RFP and submitted a report to the Tri-County Management Committee for review at the June 26, 2006 meeting.

At a regular Tri-County Management Committee meeting held June 26, 2006, the Committee was informed of a number of resolutions that were passed by the Council of the Municipality of West Elgin. A copy of the resolutions has been attached. Information contained in the Resolutions indicate that ownership of the proposed new water treatment plant and Primary System would remain with the Municipality of West Elgin and that a new Management Agreement is not required. Council also advised the Tri-County Management Committee that West Elgin is not in agreement with an RFP for engineering and project management, is not in agreement with the RFP process as proposed by administrative staff of the Chatham-Kent PUC and is not in agreement with the four recommendations contained in the report that was submitted by administrative staff of the Chatham-Kent PUC. Tri-County Management Committee was also advised that the Council of the Municipality of West Elgin has authorized OCWA – PDG and Stantec Consulting to immediately commence the design and construction process for the new water treatment plant.

At the July 10, 2006 the PUC Commission meeting administration was authorized to contact local MPP's office as well as any Provincial ministries to support the position of the communities of Dutton-Dunwich and South West Middlesex, to resolve the management issues of the Tri-County Management Board.

COMMENTS:

On Saturday August 5, 2006, a meeting was held in St. Thomas, Ontario at MPP Steve Peters' office. MPP Maria Van Bommel, MP Joe Preston and MP Bev Shipley were all in attendance. As well representatives from the communities of Dutton – Dunwich, Southwest Middlesex, Newbury, West Elgin and Chatham-Kent attended the meeting.

The focus of the meeting was to deal with Tri-County Water Committee issues raised since the award of a COMRIF grant to the community of West Elgin. Very quickly the MPP's and MP's identified that it was beyond the scope of their governments to negotiate a new agreement for the Tri-county Committee. Their intention was to ensure a clear understanding of how fortunate the group was to be receiving COMRIF funding.

Recognizing the position of the MP's and MPP's, the group began discussions on the issues, and continued for approximately two hours. Community representatives highlighted repeatedly that the current agreement does not deal with construction of or ownership of a new plant. As well the existing agreement has been difficult to work within since many communities and the operating authority originally existing when the agreements were set-up no longer exist. Since there have been no changes to the agreement, the decision of one community (West Elgin) becomes the direction and the other communities question what authority and rights the other members have. So the COMRIF grant becomes a 90% funded project that only one community benefits from as they will continue to control and direct if no new agreement is reached.

As the meeting concluded it was recommend by MPP's and MP's that an outside facilitator be brought in to assist in the development of a new agreement. MPP Steve Peters offered to assist in recommending a facilitator for the group. He has experienced this disharmony in other local water committees as they regionalize. Specifically the London – St. Thomas groups as they inter- connected their plants and systems. All but West Elgin supported this next step.

The other communities are making similar recommendations in a last attempt to salvage the existing structure. If this request is ignored by West Elgin, the other communities will seek OMB arbitration on the issue, as the agreements identify. OMB decision become binding on all members, and have never been requested in the past 15 years of the agreement. The other members have avoided this step in the due the fact that an OMB review may put the funding at risk. COMRIF is already reviewing the actions of West Elgin with respect to the hiring of an Engineering firm and project management group. It is the sense of the MP's and MPP's that this action could cause COMRIF to rescind the grant and redistribute to other grant priorities.

Recommendation 1 simply places surplus funds into a reserve which will not be able to be spent unless the Tri-County Water Committee agrees to spend them. This will ensure that the actions of West Elgin will need to be paid for by West Elgin funds or meets with the approval of the committee as a whole. The approval of payment from the reserve fund appears to be the only real decision making power the committee, as a whole, presently has.

CONSULTATIONS:

MPP Maria Van Bommel attended August 5, 2006 meeting
 MPP Steve Peters coordinated August 5, 2006 meeting
 MP Bev Shipley attended August 5, 2006 meeting
 MP Joe Preston attended August 5, 2006 meeting

7 other representatives from the Tri-County Water Advisory Committee members attended the August 5, 2006 meeting

Committee members from, Dutton-Dunwich, Southwest Middlesex, Newbury and Chatham-Kent held a conference call to ensure the wording of the recommendations in reports relating to this issue was worded in a similar manner

FINANCIAL IMPLICATIONS:

There are no direct financial implications associated with this report.

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 CAO, Chatham-Kent

Moved by Mayor Gagner and seconded by Commissioner Faas.

“That the operating surplus for the Tri-County Water Committee of \$1,229,561 be placed into a reserve fund in accordance with section 1.9 of the Purchase of Capacity Agreement.

That Tri-County Water Committee hereby request that Steve Peters MPP be authorized in accordance with his suggestion to appoint a “facilitator to make recommendations regarding a new agreement to cover operation, management, ownership and make up of the West Elgin Primary Water System and that his recommendation be binding on the member municipalities.”

Motion carried

5. ADJOURNMENT

Moved by Commissioner Vercooterren and seconded by Commissioner Faas.

“That the meeting be adjourned at 3:30 PM.”

Motion carried