

MINUTES

PLANNING AND ENVIRONMENT COMMITTEE

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

CHAMPLAIN ROOM

25 JUNE 1996

3:00 P.M.

PRESENT:

Chair: G. Hunter

Members: D. Beamish, P. Clark, A. Cullen, B. Hill, P. Hume, J. Legendre, A. Munter,
W. Stewart and R. van den Ham

CONFIRMATION OF MINUTES

That the Planning and Environment Committee confirm the Minutes of the meeting of 11 June 1996.

CARRIED

PLANNING ITEMS

1. RENAMING BECKETT'S LANDING ROAD - RIDEAU TOWNSHIP
- Planning and Property Commissioner's report dated 14 May 96

That the Planning and Environment Committee (acting as the Regional Street Name Committee) approve the following proposed street name change and that public notices be placed in a local newspaper having general circulation in the municipality and a public meeting be convened if necessary:

That "Beckett's Landing Road" (Regional Road 5) be changed to "MERLYN WILSON ROAD" (see attached map).

CARRIED

- Notes:
1. Underlining indicates a new or amended recommendation.
 2. Reports requiring Council consideration will be presented to Council on 10 July 1996 in Planning and Environment Committee Report Number 38.

ENVIRONMENTAL SERVICES ITEMS

2. WATER ENVIRONMENT PROTECTION DIVISION PRIVATE SECTOR INVOLVEMENT OPPORTUNITIES

- Director, Water Environment Protection Division report dated 10 May 96
- Annex B, Discussion Papers on file with the Regional Clerk
- Appendix A, Motions tabled at P&EC meeting of 28 May 96
(Deferred from P&EC meeting of 28 May 96)

Nancy Schepers, Director Water Environment Protection Division, provided an update on this item and briefed the Committee on the most recent report of 21 June 1996. She noted that staff held a workshop with the industry on 13 June and, of the eight invited, representatives from seven companies attended. The feedback received was generally positive and the 21 June report contains unedited comments prepared by the facilitator of the workshop. Ms. Schepers highlighted the changes made to the Guiding Principles of the 10 May report as a result of the workshop and the Committee discussion of 28 May.

Responding to questions from Councillor Cullen with respect to principle 12, Ms. Schepers explained this principle attempts to capture and clarify all of the components of preparing the benchmark. She noted a report will be presented to the Committee in the fall which will detail the process by which the proposals will be evaluated.

Referring to a letter received from Professional Services Group (PSG) dated 19 June 1996, which outlines their concerns, Councillor Cullen asked staff for their comments. Ms. Schepers advised that the letter from PSG had been reviewed and those suggestions that staff were in agreement with were incorporated into the new guiding principles.

Councillor Stewart, referring to the proposed termination with notice clause, stated if the private sector has to include a price to terminate after 1, 2 or 3 years, it would make their bid less competitive than staff's bid; she asked for staff comment on this. Ms. Schepers clarified that the costs proposed by each of the proponents will be evaluated against one another but will not be evaluated against the baseline budget. These costs would be relevant only if the Region opted to use the termination clause. Staff would then make an assessment based on the cost to terminate provided by the contractor, the demobilization costs and other pertinent costs and then come forward with a recommendation. Councillor Stewart asked staff if they felt the concerns of the private sector had been adequately addressed in the redrafted guiding principles. Ms. Schepers replied staff are recommending what is in the best interest of the public and feel this is a balance between fostering innovation in the private sector and the ability to protect the public interest (e.g. health, environment, etc.) Commissioner Sheflin added that, through conversations with at least five members of the industry, they have indicated they are ready, willing and able to bid on this contract with the current guiding principles in place.

Councillor Legendre asked for clarification regarding the performance bond and letter of credit. Geoff Cantello, Solicitor, Regional Legal Department advised staff are striving to arrive at the appropriate level of security that satisfies the Region that in the worst scenario, the corporation is protected. He explained the worst scenario would be if the company operating the facility suddenly goes out of business and, obviously the facility would have to continue to operate. Under a performance bond, the bonding company would make arrangements to carry the Region through the scenario but this could take time. However, it could be that funds would need to be available for something very quickly; this is where a letter of credit would come into play. Staff will determine the exact performance security required through discussions with experts in this area.

Referring to Guiding Principle No. 1, Councillor Legendre asked what the word “affermage” implies and why staff are recommending the use of this term. Ms. Schepers explained that typically, pure contract operations would have a “pass through” (to the Region) on all of the maintenance risks. As well, it does not typically include customer relations, billing or rate setting whereas affermage does. Although staff have not determined everything that will be included (details will be set out in the Request for Proposals (RFP)), they recommend that a maintenance risk level be established so that the private sector is responsible for some of the maintenance risk. Ms. Schepers also confirmed the intent is that the firm that operates the plant, will deal with the public.

Councillor Legendre asked why staff were proposing to limit lobbying. Ms. Schepers noted the no-lobbying policy would come into effect when the Request for Qualifications (RFQ) is issued. She explained this policy is recommended as much for the industry as it is for staff, as it creates a level playing field. She also noted the industry widely supports the current proposal. Councillor Legendre clarified he had no problem with a single point of contact at the Region and wanted to ensure there is a level playing field however, he could not see how unlimited lobbying would create an unlevel playing field. Mr. Cantello explained lobbying in many instance creates opportunity for the exchange of information. Staff want to be sure the flow of information from the Region is controlled, so that everyone is receiving the same information and bidding on the same basis. The only way to do this is to control the contact with the Region as a whole.

Councillor Hume asked staff if they had considered shifting the focus of the Peer Review Committee to that of a fairness arbitrator. He suggested the Committee could be chaired by the Internal Auditor (thereby ensuring some independence) and it could monitor the process and ensure a level playing field. The Councillor felt this might assuage the fears of the private sector. Ms. Schepers suggested this would best be dealt with through the evaluation process which will establish a team. This issue was discussed with the consultant (who has been through over ten of these requests for proposals) and he agreed that the evaluation process is the most important stage, as it must be able to withstand a court challenge in terms of fairness. Ms. Schepers suggested the Peer Review Committee should remain as it is and when the report on the evaluation process comes back to the Committee in the fall, the composition of the evaluation team can be discussed.

Responding to questions from Councillor Hume, regarding maintenance risk, Ms. Schepers stated that if all of the maintenance risk is passed through to the Region, then the costs associated with monitoring and processing the costs associated with equipment maintenance will be greater. If all of the risk is transferred to the contractor, then there will be a high price associated with that risk. Staff are recommending there be a balance between cost effectiveness and providing a reasonable level of risk.

Councillor Hume asked staff if there were another way to achieve the necessary security without including the termination with notice clause. Ms. Schepers advised that staff have looked at this issue in detail; if a clause regarding termination for cause were included, the risk of missing a potential cause would exist. Mr. Cantello advised that virtually all long term Regional contracts have the termination with notice clause (meaning the contract can be terminated for any reason whatsoever).

Responding to questions from Committee Chair Hunter, Ms. Schepers advised that the Region of Halton established some general policy guidelines with respect to privatization and staff have done a lot of research with regard to requests for proposals, however, there was nothing available that relates specifically to guidelines for privatization of a wastewater facility.

Chair Hunter noted the letter from PSG points out the differences between affermage and contract operations. He asked if staff are proposing to transfer responsibility for billing and customer relations to the contractor. Ms. Schepers advised billing will not be transferred to the contractor, however, there may be elements of rate setting and billing that should appropriately be included for services the contractor may provide (i.e. hauled liquid waste) in addition to the basic service attached to the water bill. Staff are proposing that customer relations for each area of WEPD be examined to determine where the responsibility should reside. Mr. Sheflin acknowledged it may not be appropriate to call the proposed model “affermage”, however, it is really just a name and in the end it will be what Council decides staff are going to do and not the name that will dictate this.

In response to questions from Chair Hunter concerning the business unit approach, Ms. Schepers advised staff are recommending the use of business units as it provides for flexibility in the evaluation process; each of the business units can be evaluated against its own criteria. As well, this approach will permit the Region to enter into contracts for some or all of the business units and it can choose to terminate some or all of them.

Regional Chair Clark asked staff if the option of selling the whole facility had been considered. Ms. Schepers advised this option was not considered as it was not included in the direction from Council. She noted the option of selling the facility would require an extensive period of study and public consultation.

Councillor Legendre noted the in-house budget typically includes contingencies (dollars not necessarily spent); he felt this presents a disadvantage for staff in that they are “stuck”

with this number and offers an advantage to the private sector as they will know what the target is. He suggested a better alternative would be to have an internal team formulate their own bid, separate from the budget. Ms. Schepers advised the baseline budget will be formatted in exactly the same way as the RFP that the private sector will be using (e.g. if a level of maintenance risk is established in the RFP, the baseline budget will have that level of maintenance risk). She confirmed that what the Councillor was suggesting is basically what staff are proposing.

David Jewitt, representing CUPE Local 503, urged the Committee not to support the proposed model for privatization of the Water Environment Protection Division (WEPD). He noted the brief provided to the Committee members by CUPE 503 (on file with the Regional Clerk) outlines why CUPE 503 is vigorously opposed to working with any private sector employer. Mr. Jewitt stated the union would be openly cooperative in working with Regional in-house staff to achieve cost savings but to date, Local 503 has not been approached with such a proposal. He noted that in other municipalities, CUPE 503 has worked with management and staff to achieve savings and he gave the example of the City of Ottawa and the Don Gamble Centre.

Mr. Jewitt suggested an in-house staff team, in consultation with CUPE 503, should be provided with the opportunity to meet the most cost effective bid. If staff are unable to achieve this goal, then Council would have the option of proceeding with privatization of this facility. Referring to page 17, Tab 1 of the CUPE brief, Mr. Jewitt read from an article written by Jack Miller of Peat Marwick which supports CUPE 503's argument that labour and management team work is the way to proceed to achieve quality public service. Mr. Jewitt stated it is CUPE 503's position that the labour/management partnership concept should be thoroughly examined prior to looking at a private/public partnership. He questioned where the savings would be achieved by the private sector and he stated that if the savings are to be achieved through cuts to labour costs, the collective agreement would still have to be complied with.

Referring to Tab 6 of the CUPE 503 submission, Mr. Jewitt drew the Committee's attention to the letter from Professional Services Group (PSG). He noted in the letter, PSG clearly suggests that the costs for maintenance be assumed by the Region. Mr. Jewitt stated the RMOC would be assuming a great risk and referred to the example of Hamilton-Wentworth and Philips Utilities (press clippings contained in Tab 8).

Mr. Jewitt also noted if the facility is poised at this time to generate profits or more cost effectiveness, then the facility should be maintained as a public facility and these profits/savings should be passed on to the taxpayer. As well, the employees who currently work at the facility should maintain their employment without loss of security which will happen with the transfer of the facility to a private operator.

Speaking to the labour relations aspect of this matter, Mr. Jewitt referred the Committee to Tab 2 of the CUPE 503 brief. He explained, should this facility be managed by a

private contractor, all of the employees will in effect be laid off by the Region and all of the rights and benefits afforded to these employees (now that their positions are no longer available with the Region) become immediately crystallized. He also noted the employees do not have to take a job with the contractor. Mr. Jewitt pointed out the workforce at the Pickard Centre is state of the art with all current CUPE 503 members now certified. He noted, although the collective agreement states if the Region contracts out to a contractor who has a collective agreement and will employ these employees, there is no breach of the contract, this does not avoid the Region's liability with respect to the severance options.

Mr. Jewitt reiterated that CUPE 503 is not interested in pursuing a collective bargaining relationship with a private contractor but is interested in preserving the agreement with the Region. He pointed out that should privatization be pursued, CUPE 503 will have the option of making application to the Ontario Labour Relations Board to have the Region declared the rightful employer, notwithstanding any commercial arrangement. Mr. Jewitt suggested the Labour Relations Board could find the Region a "Common Employer" (two or more legal entities carrying on related activities in businesses jointly) and he referred the Committee to a case at Tab 2, Page 7 of the CUPE brief.

In conclusion, Mr. Jewitt asked that the Committee look at a labour- management partnership or, at the very least, involve CUPE 503, together with the in-house team, in the process. He recommended that CUPE 503 and the in-house team be permitted to evaluate their current contract, terms and conditions in order to meet or match any competitive bid received from the outside in order to keep this operation as a public service that works.

Pierre Lalonde, CUPE National, referring to the CUPE 503 brief, noted examples of utility privatization in the United Kingdom (UK) were included at Tab 3 which speak of cost savings achieved through massive layoffs and cutting back on maintenance. In the UK, the price of water went from \$150 per year to up to \$800 per year after privatization; thousands of families are having their water cut off every month.

Beginning at page 5, of Tab 3, Mr. Lalonde drew the Committee's attention to the example of Hamilton-Wentworth which was privatized in December of 1994 to Philip Utilities. He referred to a quote on page 6 of the brief, attributed to the Regional Chair of Hamilton-Wentworth, Terry Cooke, which said the Regional Municipality of Hamilton-Wentworth (RMHW) assumed all responsibility for emergency expenditures or unforeseen circumstances. As a result, the RMHW is faced with paying the bill for cleaning up 180 million litres of raw sewage and stormwater that flooded residences and businesses. Mr. Lalonde went on to say Philip Utilities also decided to close part of the plant in Hamilton-Wentworth at a savings of up to \$2 million dollars. He noted the municipality could have decided to close the plant, save the \$2 million dollars and reinvest that money into services for the community; instead the money is going to a privately owned company.

Mr. Lalonde went on to say Philip Utilities is currently in a dispute with the RMHW over savings made by Philip in the amount of \$2.5 million. The RMHW claims the savings belong to them however, Philips believes they are entitled to these savings. Philip has threatened to bring an injunction against the RMHW which would cost the RMHW \$400,000.00 per month. Mr. Lalonde noted in the end, taxpayers are the losers.

In conclusion, Mr. Lalonde drew the Committee's attention to a letter from Judy Darcy, the National President of CUPE and Geraldine McGuire, National Secretary Treasurer (at Tab 5) wherein they ask that the process of privatization be stopped and that the service be kept in-house. Ms. Darcy and Ms. McGuire also express their support for CUPE 503 in their effort to fight any privatization model that the RMOC might pursue. Mr. Lalonde urged the Committee to recommend that staff meet with the union and discuss ways to become more efficient and cost effective.

Responding to questions from Councillor Munter, Mr. Jewitt advised that under the Region's collective agreement with Local 503, those employees currently employed in WEPD, would be declared redundant for Regional purposes. This would mean they have rights under the collective agreement (including bumping rights according to seniority) and could elect to stay within the Region or opt to go with the private contractor. Mr. Jewitt suggested the \$3 to \$5 million liability is an accumulated liability owed to these employees should they not be able to find another position within the Region they are qualified for.

In response to questions from Councillor Munter regarding Mr. Jewitt's recommendation for labour/management negotiations, Ms. Schepers stated staff are prepared to talk with CUPE at any time with respect to the possibility of realizing savings as a result of changes to terms and conditions in the collective agreement.

Responding to Chair Hunter, Mr. Jewitt noted the last paragraph on page 23 of Tab 1, addressed his previous comments concerning CUPE 503 and staff meeting to address concerns and alternatives to achieve cost savings. He suggested the in-house team should be allowed to submit a bid independent of the budget, like other private contractors.

Councillor Legendre suggested the Committee go in-camera after hearing from all public delegations, to hear from legal staff on points raised by Mr. Jewitt.

Councillor Beamish asked Mr. Jewitt to expand on his comments that staff should be able to meet the best bid by the private sector. Mr. Jewitt stated CUPE's first recommendation would be against privatization however, if Council decides to proceed, the process should be weighted in favour of the in-house team. The in-house team should not be held to a fixed budget that the private contractors simply have to come in under. The Councillor noted if staff are to put forward a bid as suggested, it would have to be a confidential number and staff involved in formulating the bid could not be involved in putting together the budget. Mr. Sheflin clarified the "budget" staff are proposing would consist of all

those items contained in the Request for Proposals (RFP) and would be comparable to the RFP submitted by the private sector. He noted this is basically what Mr. Jewitt suggested.

Clarence Dungey noted, although he is associated with CUPE 503, he was speaking as a citizen and as such, was concerned with how the Region is spending his tax dollars. He questioned why the Region is considering privatization when this facility is worth over \$1 billion dollars, is operated by personnel that have a perfect compliance record and is in a position to make money. He felt the Region should examine all of its options with an open mind and not automatically assume that privatization is the best way to proceed. He noted many small, medium and large private corporations are going out of business and in many cases are consuming tax dollars in the process. Mr. Dungey stated if the facility were outdated, experiencing real problems and had no potential of making a profit, he would agree with privatization; however, this is not the case with ROPEC.

Mr. Dungey suggested if the Region intends to pursue privatization, it should include in the tender process, a requirement for full disclosure from the proponents. This disclosure should include the company's complete profile and the number of times they have appeared in court because of violations of the Environment Act.

In conclusion, Mr. Dungey stated when the Councillors look at the brief provided by CUPE 503 and, in particular, the transcript of the Fifth Estate, they must ask themselves if this is something the Region should really get into. He urged the Committee not to support proceeding with the tendering process as it is his belief that when the process is finished, the conclusion will be that the current staff and management team are doing a very good job for the community in the best possible manner. The private sector will have spent a great amount of money preparing their bids for nothing.

Referring to the point raised by Mr. Dungey concerning disclosure by the contractors, Councillor Legendre suggested a simple way to achieve this would be to ask the respondents to provide references from their contract employers elsewhere. Mr. Dungey noted there is nothing in the law that prohibits requesting an accurate profile of a company. He also suggested the Region should investigate what experiences the proponents have been having in the Courts. Ms. Schepers commented that all of this will be done as part of the process and will form part of the evaluation criteria.

Ted Constantine, Operations Management International (OMI), a large United States (U.S.) based contractor operating over 120 plants in the U.S. He commended the Region for its efforts in trying to attain the best deal it can for the taxpayers. Mr. Constantine stated he was disheartened by CUPE's position that it will not work with an independent contractor. He said many of OMI's plants in the U.S. are unionized and it is impossible to distinguish between a unionized plant and a non-unionized plant; they all work the same and deliver the same excellent quality to their clients. The speaker stated that if given the chance, the contractor could work with CUPE and would like the opportunity to explain OMI's philosophy which certainly matches the quality objectives of the CUPE staff.

Mr. Constantine explained OMI achieves savings through know-how; as the largest environmental company in North America they have a tremendous network of operators across the continent to deal with any problem that arises. As well, OMI has a paucity of middle management; proper training and responsibility are given to the staff operating the plants and operations experts are available at any time to assist when needed. The speaker noted until last year, OMI was able to make the claim none of their plants had ever been fined; however, last year, the EPA fined OMI for an effluent excursion.

Mr. Constantine referred to statistics for Ontario that demonstrate the private sector can operate plants more cost effectively than provincially or municipally operated plants. He noted plants operated by the Ontario Clean Water Agency for the same size and same capacity cost more per cubic litre to treat than plants operated by municipalities and almost without exception, the private contractor can do it even more efficiently.

In conclusion, Mr. Constantine stated he did not like the idea of staff being allowed to match the successful private sector bid; this is not a fair bidding process. He said there is nothing wrong with staff submitting a bid, provided they are not also evaluating the bids. He felt it would be advantageous for the short listed contractors to meet with the CUPE representatives to discuss how together they could offer the Region the best of all worlds.

Responding to questions from Committee Chair Hunter, Mr. Constantine stated he was content with the Guiding Principles as stated except for the termination with notice clause. He explained this clause would add costs to the contract as it would require employees to be paid off on very short notice; money would have to be set aside to protect against this eventuality. With respect to the maintenance issue, OMI's philosophy has been to assume much of the responsibility for maintenance. OMI has an excellent preventative maintenance program and this is what stands them apart from competitors. He added that other than catastrophic failure that could not be foreseen, OMI would assume liability for everything else.

Responding to questions from Councillor Legendre regarding OMI, Mr. Constantine advised that OMI operates six projects in Quebec and 3 in Southwestern Ontario. The largest unionized plant operated by OMI is in Hoboken, New Jersey. He stated that ROPEC is the largest facility that he is aware of that is going to be privatized other than a plant in Indianapolis. Councillor Legendre, referring to comments made by the speaker concerning statistics that privately operated plants were more efficiently run than municipally operated plants, stated that studies in France have shown that municipally operated facilities generally have a lower cost per cubic metre of water than those privately run. The Councillor noted the majority of plants in France are privately run for a very long time. Mr. Constantine acknowledged this fact, but noted that plants are operated much differently in North America than in France.

Mark Sanderson, Professional Services Group (PSG) noted 30% of his company's contracts have unionized employees and a number of unions are very strong advocates of working with PSG. He noted the governing principles as they are set out, take great care to ensure the employee issue is addressed. Referring to comments made by a previous speaker, Mr. Sanderson stated it is a common practice to provide disclosure of a company (e.g. client lists, financial statements, etc.) with the request for proposals

Mr. Sanderson referred to his letter of 19 June 96 which covers in detail PSG's concerns with the governing principles. He applauded the notion of the Peer Review Committee acting as a fairness arbitrator in the process and suggested it should be composed of an independent group approved by Council with a mandate to protect the public interest in the fairness of the process. With regard to staff submitting a bid on the contract, Mr. Sanderson agreed this was a good idea however, he would recommend that staff who are bidding are not involved in the process (i.e. documenting the RFP, RFQ or evaluation).

The speaker felt the termination with notice clause would be inherently unfair to the private sector bidders. He stated "affermage" suggests significant risk transference and a very long term contract; in a longer period contract significantly more risk can be transferred to the contractor, cost effectively. The contractor risk that is inherent in operating the facility and future maintenance is not contemplated in a termination for convenience clause. Mr. Sanderson pointed out there are typically two provisions in their contracts that would address the concerns of the Region. The change in circumstances clause (i.e. things beyond the control of either the operator or the client) requires the parties to renegotiate that change (e.g. compensation, scope, etc.). Should these negotiations fail, the dispute resolution clause would come into effect and the parties would be bound by the decision of an arbitrator.

Mr. Sanderson felt one of the governing principles should relate specifically to risk transference and maintenance. The maintenance risk should be handled as it is typically in the industry where specific things such as parts, repair and replacement are maintained by the contractor but this does not prevent the Region from having recourse against the contractor if they are negligent. The contract administrative function would be designed to ensure the maintenance activities are carried out.

Referring to the issue of lobbying, the speaker felt there is no need to cut off lobbying. He agreed with the concept of a sole source of communication but noted lobbying allows politicians, stakeholders, etc. to understand what is going on. Finally, on the issue of bonding, Mr. Sanderson felt that a performance bond would provide adequate protection for the Region. A letter of credit and a clause granting the RMOC approval of a replacement contractor will increase the contractor's costs. He felt these requirements would be prohibitively expensive for smaller companies.

Responding to questions from Councillor Legendre regarding maintenance risk, Mr. Sanderson replied that PSG would have no trouble assuming the maintenance risk,

however, they would expect an acknowledgment that an insurance premium will be built into the cost and the termination for convenience clause would have to be removed.

In reference to page 12 of the PSG letter, Councillor Legendre asked for staff comment on PSG's suggestion regarding capital improvements. Ms. Schepers noted that Guiding Principle 8 speaks generally to equitable sharing of future savings and revenues. With regard to capital improvements, the guiding principles are intentionally vague as the Region would want to review and evaluate any proposal. Commissioner Sheflin added the actual numbers would have to be negotiated between the Region and the contractor.

Willy Bagnall, Ottawa-Carleton Board of Trade, stated that most people in the industry agree a performance bond is acceptable however, a letter of credit would eliminate a lot of the smaller companies. If the objective of this exercise is to find the most cost-effective way to deliver this service to the taxpayer, the process should be such that the broadest base of bids is encouraged. Mr. Bagnall reiterated the comments of previous speakers that the termination with notice clause is not an acceptable condition for most people in the private sector. He felt in order to achieve a level playing field, a termination clause with itemized causes must be used.

Mr. Bagnall felt it very important that those staff of the WEPD who will be preparing the staff budget be disassociated from the bid process. And finally, the Peer Review Committee should not consist of any Regional staff. It should be made up of people from outside the Region that can offer sound advice to Regional Council without bias.

Regional Chair Clark, referring to comments Mr. Bagnall made concerning the letter of credit, noted that if the worst case scenario occurred and the bonding company did not react immediately, the residents of the Region would hold the Regional government accountable. Further, with regard to Mr. Bagnall's reasoning that the letter of credit would eliminate small companies from bidding, the Chair observed that he was not aware of the existence of any small company that could handle a contract of this size.

Stan Spencer, Philip Utilities noted comments made by CUPE representatives concerning Philip Utilities' operations in Hamilton-Wentworth, were factually incorrect and slanderous. He explained the Regional Chair of Hamilton-Wentworth did not accept liability for any flooding damage created by the January 19th incident at the Woodward Avenue sewage treatment plant but rather asked Philip Utilities to forward to him the claims so they could be taken care of by the appropriate party. Mr. Spencer noted that if Philip Utilities is found to be liable for this incident, they will respond through their insurance company and, if the Region is responsible, they will respond through their insurance company. Further, Philip Utilities has not sued the Regional Municipality of Hamilton-Wentworth (RMHW) on this contract or any other matter, nor have they sought an injunction against the RMHW. He noted the RMHW and Philip Utilities did have a disagreement over the interpretation of a clause very early in the contract concerning an idea for the operation of the solid waste incinerator but this was resolved.

Referring the staff report, Mr. Spencer noted a key issue is the proposed termination with notice clause; although companies will be willing to bid on the contract with this clause in it, it will be at a higher cost. He noted the more risk transferred to the contractor, the higher the price will be. Referring to the letter of credit, Mr. Spencer pointed out this is equivalent to cash and there will be a cost associated with it; he noted a performance bond is the preferred method. Finally, Mr. Spencer stated he was pleased his concern regarding staff being involved in both the competition and evaluation of this process, would be addressed through a third party evaluation.

Councillor Hume noted the letter from Philip Utilities dated 24 June 1996 states the fundamental problem with this exercise is that Council's wish to enter into a public/private partnership is not shared by the management of WEPD; he asked Mr. Spencer to comment on this. Mr. Spencer stated this belief is widely held by the private sector proponents; through discussions with other companies and the actions of staff, it appears staff are not really supportive of this process. He noted in February and April, 1996 Council gave staff clear directions to proceed with this, yet the staff report appeared to be putting the process on hold for an indefinite period of time. Mr. Sheflin stated at no time did staff in any way direct or determine the course of action with respect to this project; he took full responsibility for this. When the issue went to Council in February, staff in WEPD pointed out if the process did not go forward immediately, the Department would not be acting in accordance with the original Council direction. The Commissioner advised he looked at the cost reduction curve and the very steep decline and determined staff should go back to Council and point out the fact that additional savings could be achieved. At that time, Council acknowledged these savings but directed the process to go ahead.

Responding to questions from Councillor Stewart, Mr. Spencer acknowledged Philip Utilities is prepared to bid on this contract based on the guiding principles in the most recent report. He noted however, because of the additional risk associated with this contract, Philip will not be able to offer as low a price as it could otherwise. He estimated the bid for this operation would cost several hundred thousand dollars and said this is a lot of money to spend if the contract will only last 2 years (should the contract be terminated).

Alain Rosier, Business Development Director , Lyonnaise des Eaux noted his company is one of two worldwide companies. Lyonnaise des Eaux has the largest contract in the world in Buenos Aires (a \$4 billion dollar investment and 30 year contract) as well as many smaller contracts in North America (i.e. Indianapolis, Edmonton). Mr. Rosier assured the Committee that utilizing the private sector would bring about savings and he gave the example of Edmonton for which his company reduced the costs by 27%. He stated his company would be pleased to enter into this contract and to respect the contract; he said his company has its image to defend and any failure would have more consequence on its image than it would have pecuniary consequences for the company.

Mr. Rosier expressed agreement with many of the statements expressed by other competitors. He felt a win-win situation (for the Region and the contractor) must be achieved and to do this, the tender process must be fair and the conditions of the contract must be reasonable.

Responding to questions from Councillor Legendre regarding the termination for notice clause, Mr. Rosier explained the bidders will be spending several hundred thousand dollars preparing the bids; because the successful contractor will only be making money in the last 2 years (of the 5 year contract), having the contract terminated in the middle would be a very disappointing situation. With regard to the length of the contract, Mr. Rosier stated this was a standard term, however for this length of term it would only be fair to share the associated risks. With a typical affermage situation, more maintenance risk transferred to the private sector operator, however the length of an affermage contract is 15 to 20 years.

Nick Marketos, Ontario Clean Water Agency (OCWA), explained that OCWA is a Provincial crown commercial operation that provides wastewater and water treatment services to over 400 municipalities of Ontario. Some of them, like the Region of Peel, have plants similar in size to ROPEC. Referring to a remark made by an earlier speaker concerning the comparison of costs between OCWA run plants and municipally run plants, Mr. Marketos suggested it would be best for the Region to speak to other municipalities that are conducting cost comparisons on an annual basis. He noted the Region of Peel, as part of their rate setting exercise, conducted a comparison of costs of similar municipalities and found that OCWA's cost was one of the lowest.

Having heard from all the public delegations, Councillor Legendre stated that he would like to move in-camera to receive information from staff. Responding to questions from Councillor van den Ham, Joyce Potter, Director Human Resources replied that staff would appreciate the opportunity to provide their perspective on the views provided by CUPE representatives. The Committee then voted on the following motion

Moved by J. Legendre

That the Planning and Environment Committee move into In Camera session to consider this matter pursuant to the Procedure By-Law No. 112 of 1994, Section 11(1)(d) being labour relations or employee negotiations.

LOST

NAYS: D. Beamish, B. Hill, P. Hume and W. Stewart...4

YEAS: A. Cullen, G. Hunter, J. Legendre and R. van den Ham...4

Councillor Stewart put forward a motion to define the objective of this exercise. She noted Mr. Dungey made a very good point when he asked why the Region was doing this. The Councillor offered the reason should be established at the outset so it is entirely clear. For this reason, she suggested this be principle be No. 1 and the other principles be

renumbered accordingly. In response to queries from Councillor Cullen, Ms. Schepers advised staff did not have a problem with the wording but pointed out there would be some overlap in terms of Principle No. 4.

Moved by W. Stewart

That Guiding Principle No. 1 be: “That the objective of considering a public-private partnership for services currently provided by the WEPD is to determine the most cost effective means of delivering the services while protecting the Region’s investment and the health and safety of its citizens, whether that be by the private sector or by Regional Staff.”

CARRIED

Councillor Stewart then spoke to her motion “That Contract Operations, as it is known and understood in the water and wastewater treatment industry in North America be the public/private partnership model used as a basis for the partnership activities associated with the WEPD.” She said this definition would replace existing Principle 1 to provide a much clearer interpretation. She felt there had been a number of different interpretations of “affermage” and contract operations is closer to what is being proposed at this time.

Councillor Cullen asked staff for their comments on this recommendation. Mr. Sheflin advised this would create a bit of a problem in that some words are used differently in Europe than in North America. He suggested as an alternative: “That the public-private partnership model be similar to contract operations”, with the understanding that it’s not meant to restrict, but be similar to that type of an operation. Councillor Stewart agreed to withdraw her motion and move the suggested alternative.

Moved by W. Stewart

That Guiding Principle No. 1 be amended to read “That the public-private partnership model be similar to contract operations”.

LOST

NAYS: D. Beamish, A. Cullen, G. Hunter and R. van den Ham....4

YEAS: B. Hill, P. Hume, J. Legendre and W. Stewart....4

The Committee then voted on Principle 1 as proposed by staff.

Moved by A. Cullen

That the public-private partnership model considered be affermage, also known as contract operations.

LOST

NAYS: D. Beamish, B. Hill, P. Hume, J. Legendre and W. Stewart....5

YEAS: A. Cullen, G. Hunter and R. van den Ham....3

With regard to Principle 2, Councillor Legendre put forward the following amendment “That an independent Peer Review Committee be established to review and provide input and report on all steps of the process of considering a public-private partnership for the WEPD system”. He noted he had worded it in this way so as not to specify the composition of this committee at this time. He felt it important that it be genuinely independent, be composed of people who are knowledgeable and that it can offer genuine credibility and be responsible to the public.

Councillor Hume felt this did not need to be a governing principle. As part of this process, staff should be asked to develop terms of reference and a composition of such a committee, while they develop the RFP and RFQ; this committee would then be used to monitor the evaluation process. Commissioner Sheflin clarified it is staff’s intent to ensure the process is completely fair, transparent and defensible in every area and that the Internal Auditor will be monitoring the process. Councillor Hume put forward the following motion for the Committee’s consideration: “That Regional staff be authorized to include in the report that establishes the evaluation process an option to establish an independent expert review team with potential terms of reference and composition.”

Responding to questions from Councillor Cullen, Ms. Schepers confirmed staff will report back in the fall with regard to how the benchmark will be prepared and the bids evaluated. It is also staff’s intention to seek feedback from the shortlisted proponents on the content of the RFP. The internal baseline budget will be known at the same time as the private sector bids. Councillor Cullen stated he did not see the need for a Peer Review Committee, as there is ample opportunity for the proponents to comment on the process at various stages. Further, he expressed concern with the word “peer” as the committee could not consist of any member of the industry bidding on this project; he suggested “peer” be replaced with “expert”.

Councillor van den Ham stated the intent of Councillor Legendre’s motion is consistent with what everyone would like to see: a fair and transparent process. However, he felt Principle 2 should set out exactly how the process will be evaluated and specify the composition of such a committee. He agreed those staff members involved in the preparation of the baseline budget should not be involved in the evaluation of the bids. He suggested the evaluation committee include the consultant, two representatives of the Ottawa-Carleton business community, municipal officials and a senior RMOC official such

as the Finance Commissioner or Internal Auditor as well as the Environment and Transportation Commissioner. Ms. Schepers cautioned that deciding on the composition of the evaluation committee at this time would not be prudent. The report to come back in the fall outlining the evaluation process will include the recommended membership of the committee and staff intend to draw on the consultant's vast experience in this area.

The Committee then turned their attention to the motions put forward relating to Guiding Principle No. 2

Moved by A. Cullen

That Councillor Legendre's motion be amended by replacing "peer" with "expert".

CARRIED

(J. Legendre and W. Stewart
dissented)

Moved by J. Legendre

That an independent expert review committee be established to review and provide input and report on all steps of the process of considering a public-private partnership for the WEPD system.

LOST

NAYS: D. Beamish, A. Cullen, B. Hill, P. Hume and R. van den Ham....5

YEAS: G. Hunter, J. Legendre and W. Stewart....3

Committee Chair Hunter pointed out that Councillor Hume's motions was not to be considered part of the guiding principles but rather a separate motion.

Moved by P. Hume

That Regional staff be authorized to include in the report that establishes the evaluation process an option to establish an independent expert review team with potential terms of reference and composition.

CARRIED

(J. Legendre and W. Stewart
dissented)

Referring to Councillor Legendre's motion that staff responsible for the internal bid not be involved in the review process, Councillor Cullen noted this matter would be dealt with in report coming back in the fall. Councillor Legendre stated the intent of this motion was to ensure staff come forward as a team bidding on this process and that those involved in the bidding not be involved in the evaluation. He felt it important staff be treated in the same manner as outside bidders.

Responding to questions from Councillor Hume, Ms. Schepers suggested a direction to prevent certain staff from being involved in the evaluation process should be set out as principle rather than specifying the exact staff. Mr. Sheflin cautioned against the idea that certain staff could be completely independent of the supervision of the contract or of the employees. Councillor Hume put forward a motion that incorporated these comments.

Councillor Legendre interpreted the Commissioner's comments to mean that no matter what, staff will be monitoring the operations of that facility and felt this supported his motion. He noted however, that those staff who will be the eventual monitors, should have no part in the bidding team.

Moved by J. Legendre

That Regional staff responsible for the staff bid not be involved in the review process.

LOST

NAYS: D. Beamish, A. Cullen, P. Hume and G. Hunter....4

YEAS: B. Hill, J. Legendre, W. Stewart and R. van den Ham....4

Moved by P. Hume

That staff be directed to establish as a principle in developing the evaluation process that those Regional staff involved in the development of the RMOC "in-house budget" not be involved in the evaluation process.

CARRIED

The Committee approved Guiding Principles Nos. 2, 3, 4 and 5. Councillor Munter put forward an amendment to Guiding Principle No. 6, that those employees currently employed in the WEPD, whether or not protected by collective agreements will continue to be employed by the successful bidder. He noted the Region owes it to these employees to give them some degree of security. Councillor Munter confirmed at Councillor Cullen's request the intent of the motion is not to extinguish anyone's rights to retire, etc..

Councillor Hume noted when the PSG contract was terminated, the Region offered employment to only 8 of the 25 employees who were working with PSG. He stated this condition could not fairly be imposed on the private sector when the Region had not abided by this principle. Committee Chair Hunter observed this motion would make it that much more difficult to treat equally the staff bid and the private sector bid.

Moved by A. Munter

That Principle 6 be amended by adding: “and that those currently employed by the WEPD, whether or not protected by collective agreement, will continue to be employed by the successful bidder.”

LOST

NAYS: D. Beamish, B. Hill, , P. Hume, G. Hunter, J. Legendre, W. Stewart and R. van den Ham....7

YEAS: A. Cullen and A. Munter....2

Referring to Principle 6, Chair Hunter sought clarification on the wording “Included in these obligation is the requirement for the respondents to be a party to an appropriate collective agreement when responding to the RFQ.....”. Joyce Potter, Commissioner, Human Resources Development advised there are two conditions in the contracting out clause of the CUPE 503 collective agreement; one is that the Region contract out to a contractor who is party to a collective agreement and the other is that employment must be offered to all of the employees who are covered by the collective agreement. Principle 6 attempts to meet the first condition. The contractor would have to be unionized and have a collective agreement in place to take on those employees. Ms. Schepers noted staff are recommending this be part of the criteria in the prequalification process to avoid the risk of arriving at the RFP stage and finding that one or more of the proponents is not able to be party to a collective agreement, which would necessitate their disqualification.

Commissioner Sheflin noted that staff will endeavour to find out from the industry if this will be a problem and report back to the Committee in the fall.

The Committee then approved Governing Principles Nos. 6 (with Councillors Hunter and Stewart dissenting), 7, 8 and 9.

Councillor Stewart put forward a motion to replace Principle 10 with the following: That contractual provisions include a five year term with termination provisions for cause. The Councillor noted a number of the proponents expressed their concerns with the proposed “termination with notice” clause and felt it could be a “deal breaker”.

Councillor Cullen noted many previous Regional contracts contained a termination with notice clause and the proponents in those cases did not express concern. He felt there was good reason to retain this clause and stated he could not support Councillor Stewart’s motion. Councillor Munter noted staff have tried to take the concerns expressed by the industry into account in the revised principles; the delegations have indicated the guiding principles as presented, would not preclude them from bidding.

Councillor van den Ham expressed support for Councillor Stewart's motion as the termination with notice clause, although nice to have, will cost the taxpayers of the Region a considerable amount of money. He noted there will be other provisions in the contract to provide for the necessary flexibility. Councillor Legendre felt this motion was reasonable because the period of the contract will be relatively short; if the contract were to be for 20 years instead of 5, a termination with notice clause would be justified.

Committee Chair Hunter expressed support for Councillor Stewart's motion. He felt the termination with notice clause was correctly used in the biosolids contract as the facility was new and the costs involved in operating it were not known. He stated the biosolids contract could not be compared to the present one. The Chair felt eliminating this clause would make the evaluation of the private and public bids more fair; it would be difficult to include a termination clause in the staff contract and assign a cost to the clause.

Moved by W. Stewart

That principle No. 10 be replaced with: That contractual provision include a five year term with termination provisions for cause.

CARRIED

YEAS: B. Hill, G. Hunter, J. Legendre, W. Stewart and R. van den Ham....5
NAYS: D. Beamish, A. Cullen, P. Hume and A. Munter....4

The Committee approved Guiding Principle No. 11 as presented.

Councillor Legendre asked the Committee to consider his motion to replace Principle No. 12, which would allow staff of WEPD to submit a fully costed bid, as part of the competitive process. The Councillor felt his motion clarified what staff have indicated they intend to do. Councillor Munter noted he could support the motion, if it were in addition to Principle 12. Commissioner Sheflin stated his interpretation of Councillor Legendre's motion was that staff would prepare an in-house budget as a benchmark as well as a separate bid. He noted the bid would have conditions (much the same as the private sectors' delegated management) and the same rules (different than those rules staff are currently obliged to follow) that would apply to a general contractor would apply in this instance. The Commissioner confirmed neither he nor his senior staff would be preparing the bid but would act as monitors. He stated all of the improvements/savings achieved to date have been done within the existing collective agreements; based on remarks made by CUPE 503 representatives there appears to be a possibility for changes. Ms. Schepers added the public proposal and the private proposal will never be exactly the same; for example, WEPD currently makes use of many corporate services that would be looked at very differently when preparing a bid. She also advised if staff are required to submit a bid, there will be costs associated with preparing the bid; she could not provide an estimate of those costs at this time.

Moved by J. Legendre

That the following be added to Principle 12:

That Regional staff currently operating the WEPD facilities be afforded the opportunity of submitting a fully costed bid as part of the competitive process.

LOST

NAYS: D. Beamish, A. Cullen, B. Hill, A. Munter, W. Stewart and
R. van den Ham....6

YEAS: P. Hume, G. Hunter and J. Legendre....3

Guiding Principle Nos. 12 and 13 were approved as presented; Councillor Legendre dissented on Principle No. 12.

The Committee then considered a motion tabled by Councillor van den Ham at the meeting of 28 May 1996. Mr. Sheflin advised the private sector had expressed concern about exceeding three proponents in the RFQ stage. The Commissioner confirmed staff will advise the Committee of any proponents that are extremely close in consideration and the Committee can make the decision on whether or not to increase the number to four.

Moved by R. van den Ham

That the wording in Governing Principle No. 14 be amended to read “and that an optimum number of three (3) respondents be retained for the Request for Proposal stage.

CARRIED

Councillor Legendre moved that the words “if possible” be deleted from Guiding Principle 15 (regarding the RMOC being granted the authority to approve a replacement contractor). He felt if something should happen to the original contractor, it would be imperative that the Region have final approval in appointing a new contractor. Mr. Cantello advised that a performance bond is really a standard form of insurance and is written up in a standard form. In some cases it is possible to amend an insurance policy however, in this case it will likely be very difficult.

Moved by J. Legendre

That the words “if possible” be deleted from Guiding Principle No. 15.

LOST

NAYS: A. Cullen, B. Hill, P. Hume, G. Hunter, W. Stewart and
R. van den Ham....6

YEAS: D. Beamish, J. Legendre and A. Munter....3

Moved by A. Cullen

That the Region affirms that the public’s \$1 billion investment in wastewater collection and treatment infrastructure will remain in the public’s hands; and that any private sector contract respect and recognize this important principle.

CARRIED

Referring to the motion put forward by Councillor Munter, Mr. Sheflin stated that normally, in preparing the benchmark staff would use everything in their power to reduce the cost under the existing conditions of the collective agreement. The comments made by CUPE representatives imply that the possibility of some change in work rules (changes in the collective agreement) exist, that management could not have obtained unilaterally.

Moved by A. Munter

That, in light of the request from C.U.P.E., WEPD management be directed to consult and cooperate with the Canadian Union of Public Employees and other unions representing WEPD staff in the preparation of the regional benchmark.

CARRIED

(B. Hill and P. Hume
dissented)

The Committee then approved the report as amended.

- 1. That the Planning and Environment Committee recommend Council approve the principles, listed in Annex A of the 21 June 96 report, as amended by the following, to govern a potential public-private partnership process within the Water Environment Protection Division, with the objective of determining the most cost effective means of delivering the list of functions identified.**

- i) That Guiding Principle #1 be replaced with: “That the objective of considering a public-private partnership for services currently provided by the WEPD is to determine the most cost effective means of delivering the services while protecting the Region’s investment and the health and safety of its citizens, whether that be by the private sector or by Regional Staff.”
 - ii) That Guiding Principle #10 be replaced with: “That contractual provisions include a five year term with termination provisions for cause.”
 - iii) That the wording in Governing Principle #14 be amended to read: “and that an optimum number of three (3) respondents be retained for the Request for Proposal stage.”
2. That staff be directed to establish as a principle in developing the evaluation process, that those Regional Staff involved in the development of the RMOC “in-house budget” not be involved in the evaluation process.
 3. That Regional staff be authorized to include in the report that establishes the evaluation process an option to establish an independent expert review team with potential terms of reference and composition.
 4. That the Region affirms that the public’s \$1 billion investment in wastewater collection and treatment infrastructure will remain in the public’s hands; and that any private sector contract respect and recognize this important principle.
 5. That, in light of the request from C.U.P.E., WEPD management be directed to consult and cooperate with the Canadian Union of Public Employees and other unions representing WEPD staff in the preparation of the regional benchmark.

CARRIED as amended
(A. Munter dissented)

3. WOOD WASTE DIFFERENTIAL FEE POLICY

- Director, Solid Waste Division, Environment and Transportation
Department report dated 03 June 1996

Referring to page 20 of the staff report, Councillor Legendre asked staff what “other options” were being pursued to reduce the amount of recyclable wood and other construction and demolition waste being landfilled. Pat McNally, Director, Solid Waste Division replied staff are looking at a number of options to remove additional materials

from the wastestream on an ongoing basis. Such things as depots for residential woodwaste are being looked at. In addition, staff are working with the construction industry to look at options to try and promote better separation of material and better waste diversion techniques.

That the Planning and Environment Committee recommend Council approve the revocation of the wood waste differential fee policy.

CARRIED

4. SOLID WASTE COLLECTION SERVICES - RURAL KANATA
- Director, Solid Waste Division, Environment and Transportation
Department report dated 13 June 1996

Councillor Legendre noted the staff report recommends the Region award the contract for solid waste collection in rural Kanata to a specific firm; yet the report also very clearly states that Section 4.2.4.7 of the Corporate Policy Manual requires that tenders be called for a contract of this value. He questioned why tenders were not being called in this instance. Pat McNally, Director, Solid Waste Division advised that when the Region took over residential waste collection, all areas of the Region were receiving municipal services except rural Kanata. For the past 35 years, rural Kanata has received its waste collection service from this private, family held firm. As staff and the ward Councillor went through the public consultation process on Regional collection service, a great deal of interest was expressed by the residents with respect to the service, history and tradition of this firm.

Mr. McNally went on to say although this recommendation deviates from Corporate Policy, it was felt, in this instance, it was appropriate to give this firm one year's notice and allow them to continue providing garbage collection service for 1997. In January 1998, service will transfer to the Regional service provider (Laidlaw) in that area (Zone A). He noted that Laidlaw provided a bid on this small area (approximately 800 residents) with the condition that the Environment and Transportation Commissioner could decide to add this section of Zone A at any time.

Responding to further questions from Councillor Legendre, Mr. McNally advised that Laidlaw's cost for this Zone will be approximately \$7,000 or \$8,000 less than this firm. He noted this small firm did not respond to the Region's original tender call.

Councillor Legendre indicated he would not be voting in favour of the staff recommendation as he does not agree with the rationale for not following Corporate Policy. He noted the Corporate Policy on the calling of tenders is very clear and the process could have easily been carried out on this section of Zone A.

Councillor Munter thanked staff of the Solid Waste Division for their time and effort spent on this issue. The Councillor noted that after a number of surveys, it was established that the majority of residents of rural Kanata want to receive Regional collection services. However, by doing so, this small collection firm would be put out of business. He noted this report seeks to strike a compromise. By awarding the contract for one year to this small business it will allow them some transition time to phase out of the business and time to take care of existing financial commitments. He stated that although this decision is a deviation from regular policy, it is a humane, reasonable and responsible decision.

Mr. McNally pointed out the solid waste collection contract also deviated from the norm with respect to the leaf and yard waste collection in Rockcliffe Park.

The Committee than approved the staff recommendation.

That the Planning and Environment Committee recommend Corporate Services and Economic Development Committee and Council approve:

- 1. That the Curbside Collection Services described in Contract No. CE-5244, Regional Solid Waste Collection Contract, be extended to the residents of rural Kanata effective 01 January 1997;**
- 2. That Contract No. CE-6107 be awarded to Brian Foley Sanitation Ltd., Woodlawn, to provide garbage collection services in rural Kanata for the calendar year 1997, at a cost of \$58.85 per tonne plus GST, for a total estimated cost of \$50,375.**

CARRIED
(J. Legendre dissented)

5. RESPONSE TO OUTSTANDING P&E INQUIRY NO. 14 - FEASIBILITY OF OPERATING THE REGION'S STORMWATER MANAGEMENT FACILITIES FOR LONGER PERIODS
- Environment and Transportation Commissioner's report dated 07 June 96

Councillor Stewart asked if a report on this issue would be coming back to the Committee that outlines the costs of keeping these facilities open. Nancy Schepers, Director, Water Environment Protection Division, advised that staff will assess the impact of the costs to have the extended operation. Based on this, staff will determine whether or not it would be appropriate to come back to the Committee with a report. If the costs are nominal and there are benefits to the river, then staff would make the assessment. Councillor Stewart directed staff to report back in the fall on this matter.

That the Planning and Environment Committee receive this report for information.

RECEIVED

INQUIRIES

Councillor Cullen asked for staff comment on a recent incident at the Robert O. Pickard Centre (ROPEC). Nancy Schepers confirmed there was an incident at ROPEC on 12 June 1996 involving a boiler that uses digester gas. There was a minor explosion that resulted in substantial damage to the individual boiler. She stated there were no injuries associated with the explosion and all of the necessary agencies (i.e. Ministry of Labour, Consumer Commercial Relations, etc.) were notified. All of the boilers were shut down and until it is ascertained the situation is safe, they will not be restarted.

Responding to questions from Councillor Legendre, Ms. Schepers advised that staff are working with the insurance adjusters to determine the cause of the incident; the exact extent of damages is not yet known. Ms. Schepers went on to say the boilers have been shut down but not the digesters. She explained the boilers are used for two things; to heat the building and to keep the digestion process hot enough. Presently, natural gas is being used to ensure the digesters are operating at the correct temperature. Ms. Schepers assured the Committee there is no risk to the process.

Councillor Legendre, referring to the report entitled "Deep River - Low Level Radioactive Waste Facility" (Information Previously Distributed), stated the report gives the impression staff found out about this matter through a letter sent to the Regional Chair's office. He noted this matter has been in the forefront for years and asked why staff have not been monitoring it. Environment and Transportation Commissioner, Mike Sheflin replied staff have been aware of this project, however, it was not a major concern until it came within the proximity of the Region's water supply. Once staff learned of the proposed site, approximately 300 metres from the banks of the Ottawa River near Deep River, they proceeded to take action.

The Commissioner went on to say that staff do not have sufficient information to assess the impact of this project. The Siting Task Force has been notified that without this information, the Region cannot support the project. In a response from the Siting Task Force, they confirmed staff's understanding of this project and stated they anticipate the Federal Government's position on this project will be announced in the very near future. With respect to staff's request for funding, they stated they would take it under advisement and pass it on to the follow-up team. Also in their response, the Siting Task Force acknowledged staff's request that the Minister refer the project for a panel review to allow the Region to participate in the consultation process. Councillor Legendre felt a statement from the Planning and Environment Committee was warranted on this matter.

Committee Chair Hunter reminded the Councillor of the procedures regarding "Information Previously Distributed". He noted the Councillor could request that this matter be brought to the next meeting or he could move a motion, that would require a

two-thirds vote of the Committee, to consider the matter at this meeting. Councillor Legendre asked that this matter be put on the agenda for the meeting of 09 July 1996.

Committee Chair Hunter referred to a news story on lead contamination in PVC blinds. He noted that Health and Welfare Canada is suggesting that people contact their municipalities to find out how to dispose of these blinds. He asked staff if they had a suggested course of action for the disposal of these blinds. Pat McNally, Director, Solid Waste Division, said a notice received from Health and Welfare Canada suggests two possible courses of action; the first to contact the municipal government regarding disposal or returning the blinds to the retailers. Staff have been in touch with the Ministry of Environment and Energy (MOEE) who regulate the operation of the landfill site and the acceptable materials, to seek clarification on this issue. Staff are hopeful the MOEE will view this as a resident small quantity generator and the solution will be to put the blinds in the regular waste stream. However, staff do not want to leap to this conclusion and he suggested homeowners be advised to hold on to them for a day or two while staff check into it. Chair Hunter asked that this information be put in the form of a memo to Councillors in case they are getting calls on this issue.

INFORMATION PREVIOUSLY DISTRIBUTED

American Water Works Association Research Foundation - Purchase of Services

- Director, Finance and Administration division, Environment and Transportation Department memorandum dated 28 May 96

Deep River - Low Level Radioactive Waste Facility

- Director, Finance and Administration Division Environment and Transportation Department memorandum dated 30 May 96

ADJOURNMENT

The meeting adjourned at 9:05 p.m.

COMMITTEE COORDINATOR

COMMITTEE CHAIR