

**To: Warden and Members of County Council**

**From: Director of Public Works**

## **2018-2020 Water Distribution and Wastewater Collection Service Delivery Review – Overview**

### **RECOMMENDATIONS**

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- 1. That Oxford County Council receive Report No. PW 2022-19 entitled “2018-2020 Water Distribution and Wastewater Collection Service Delivery Review”;**
- 2. And further, that staff report back to Council, with specific outcomes and recommendations from the independent Service Delivery Review pertaining to alternative organizational approaches which best manage water and wastewater system operational levels of service, cost and risk.**

### **REPORT HIGHLIGHTS**

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- The purpose of this information report is to provide Oxford County Council with a high level overview of the scope and findings of the joint Water Distribution and Wastewater Collection Operations and Maintenance Service Delivery Review (SDR) project.
- The joint SDR project was one of six initiatives that was approved for provincial funding (June 30, 2021) under the 2021 Review Stream Modernization Project category.
- The joint SDR project was facilitated and completed by an independent study consultant (GM BluePlan Engineering Ltd.) over approximately six months through extended information sharing and collaboration with staff from Oxford County, Town of Tillsonburg and City of Woodstock.
- The final SDR report provides a comprehensive review of the ‘current state’ water distribution and wastewater collection service delivery model and a comparative analysis of three alternative service delivery models (centralized, localized, external contract), along with potential enhancements to the current state service delivery model (status quo+).
- County Council deliberations regarding the preferred service delivery approach are planned for the April 27, 2022 meeting.

## **Implementation Points**

In accordance with the Municipal Modernization Funding (MMF) Transfer Payment Agreement (TPA) with the Ministry of Municipal Affairs and Housing (MMAH), the final Water Distribution and Wastewater Collection SDR Report (attached to this report) was posted on the County's website for the public's access on March 18, 2022 (coinciding with the release of this Council report, which is included in the March 23, 2022 Oxford County Council meeting agenda). The final SDR report and project abstract will also be submitted to MMAH on March 23, 2022.

Staff will report to County Council on April 27, 2022 in regard to the specific SDR recommendations/outcomes and preferred service delivery approach, at which time it is anticipated that final deliberations will occur regarding the preferred service delivery approach.

## **Financial Impact**

The joint Water and Wastewater SDR Stream project was awarded up to \$100,000 under a TPA with MMAH. A competitive Request for Proposal (RFP) process to retain a qualified consultant for the review resulted in an award at a cost of \$99,960 (excluding non-refundable HST).

Final instalment of the Province's financial commitment was subject to the County submission of the final SDR report, along with supporting invoices, to the Province in March, 2022.

## **Communications**

Throughout the duration of the joint SDR, the independent study consultant (GM BluePlan Ltd.) actively engaged staff from Oxford County, the Town of Tillsonburg and the City of Woodstock to review and analyze existing water distribution and wastewater collection system operations and maintenance practices/processes, organizational structures, levels of service/annual outputs, risk, historical financial performance, etc., consistent with the RFP scope (refer to Attachment 1) that was approved by all three parties prior to its September 2021 release to the vendor market.







Through various joint and individual workshops, data and information sharing, staff team interviews and regular staff correspondence (email, phone), a number of comprehensive technical memorandums (TMs) were drafted, reviewed by staff teams and finalized over the course of the joint SDR study between October, 2021 and March 2022. The TMs were shared with all staff and served to substantively inform the draft SDR report.

The draft SDR report was presented to all representative Oxford County, Tillsonburg and Woodstock staff, including respective CAOs, at a dedicated workshop on March 7, 2022. Any remaining comments and feedback received pertaining to the draft SDR report were considered prior to its finalization on March 17, 2022. As previously noted under the Implementation Section of this report, the final SDR report became available to the public on March 18, 2022 through the release of Oxford County Council Agenda bundle for the March 23, 2022 meeting.

Through Report No. PW 2022-19, the final SDR (refer to Attachment 2) is provided as information for Oxford County Council on March 23, 2022. Report No. PW 2022-19 will be subsequently circulated to Tillsonburg and Woodstock Council Clerks as correspondence information on March 24, 2022.

GM BluePlan Ltd. is scheduled to formally present the SDR Report to Tillsonburg Council on March 28, 2022, Woodstock Council on April 7, 2022 and Oxford County Council on April 27, 2022. Staff will also provide a report at the April 27, 2022 meeting seeking Council's endorsement of a preferred water distribution and wastewater collection system operations and maintenance service delivery approach.

**Strategic Plan (2020-2022)**

					
<i>WORKS WELL TOGETHER</i>	<i>WELL CONNECTED</i>	<i>SHAPES THE FUTURE</i>	<i>INFORMS &amp; ENGAGES</i>	<i>PERFORMS &amp; DELIVERS</i>	<i>POSITIVE IMPACT</i>
		3.iii.		5.ii.	

**DISCUSSION**

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**Background**

As noted in Report No. [CS 2021-14](#) and [CS 2022-03](#), the Provincial Government announced a second intake of the Municipal Modernization Fund to help municipalities modernize service delivery and reduce future costs by investing in projects such as service delivery reviews, development of shared services agreements, and capital. The investment was intended to support small and rural municipalities' efforts to be more efficient and reduce expenditure growth in the long term.

The joint Water Distribution and Wastewater Collection SDR Project was one of six initiatives that was approved for provincial funding (June 30, 2021) under the 2021 Review Stream Modernization Project category. In this regard, Oxford County collaborated with the Town of Tillsonburg and City of Woodstock to undertake and participate in a joint service delivery review.

The scope of the RFP assignment (refer to Attachment 1) was collectively reviewed by staff from the County, City of Woodstock and Town of Tillsonburg prior to release to the vendor market on July 15, 2021. Unfortunately, no submissions were received from the vendor market (13 plan takers) largely due to reported inability to deliver the proposed SDR RFP scope within the short project timelines as prescribed by the province (project completion by November 30, 2021).

Staff subsequently liaised with MMAH to seek a longer project timeline and received provincial notification (August 24, 2021) that the provincial project completion deadline was revised to January 31, 2022. Staff re-released the SDR RFP on September 1, 2021 from which five plan takers reviewed the assignment. Two formal vendor bids were received on September 28, 2021. Following joint evaluation of the two bids by the participating municipalities, the SDR project was awarded to GM BluePlan Ltd. (September 30, 2021) as they were collectively determined to have the necessary skills and expertise to fully deliver the expected scope of the assignment. A second extension of the project completion deadline to March 23, 2022 was also later provided by MMAH.

## Comments

Under the *Municipal Act, 2001*, the County of Oxford holds exclusive municipal authority and responsibility for all water and wastewater services, including water distribution and wastewater collection as per Section 11(11). Previously, under the County of Oxford Act, all powers of Area Municipalities to exercise any authority for the water distribution or wastewater collection were also removed; however, the County was entitled under the *Municipal Act* to consider entering into agreements with any person, area municipality or local board for such services.

### Current State Water and Wastewater Operations and Maintenance Service Delivery Model

In the current state service delivery model, Oxford County owns all of the water distribution and wastewater collection system assets. Oxford County also operates and maintains all of these same system assets, with the exception of most of its water distribution and wastewater collection system assets that are located within the urban limits of Woodstock and Tillsonburg. In these cases, Woodstock and Tillsonburg operate and maintain the water distribution and wastewater collection systems on behalf of Oxford County, under service contract agreements that were established in approximately 1999 and have been historically renewed over time.

The most recent service contract agreements were updated in 2006 (City of Woodstock) and 2012 (Town of Tillsonburg). Though technically expired and outdated, these agreements have continued to remain in effect given neither party has terminated their respective agreement. The effectiveness of service delivery under these agreements has not been historically reviewed in any meaningful level of detail or alternative approaches for the same. As well, operational responsibilities for water and wastewater systems have evolved considerably since 1999, along with ongoing changes in provincial regulatory compliance and asset management legislation.

### Water and Wastewater Operations and Maintenance SDR Overview

As noted in Attachment 1, the recent SDR RFP assignment completed by GM BluePlan Ltd. served to comprehensively undertake a critical review of service delivery for **water distribution and wastewater collection services** performed by the County and its contracted service providers (Woodstock, Tillsonburg) between 2018 and 2020, examine the effectiveness of existing service delivery models in terms of level of service and financial performance, governance, compliance, sustainability, etc. and to identify alternative organizational approaches to optimize levels of service, risk and cost savings. A financial model was developed by GM BluePlan Ltd. and utilized as part of this overall analysis.

The current state service delivery model was comparatively assessed with three alternative models as follows:

- **Model A: Centralized Service Model** where Oxford County owns, operates and maintains all of its water distribution and wastewater collection system assets;
- **Model B: Localized Service Model** where Tillsonburg and Woodstock owns, operates and maintains most of the water distribution and wastewater collection system assets within its urban limits. Involves transfer and sale of County water and wastewater system assets (excluding water and wastewater treatment plant, water supply and water pumping/storage assets) to Tillsonburg and Woodstock; and
- **Model C: Contract Service Model** where Oxford County contracts out the operation and maintenance of the water distribution and wastewater collection system assets that it owns (excluding water and wastewater treatment plant, water supply and water pumping/storage assets) to an external operating agency/contractor.

As well, **enhancements to the current state service delivery model** were also assessed and quantified to the extent possible.

In addition to the above alternative considerations, one of the respective Area Municipalities expressed an interest in acquiring treatment assets in addition to the *Model B* distribution and collection assets; however, this request was not received from both Area Municipalities. Given the many key challenges and public health risks associated with a decentralized treatment model as noted in the final SDR report, it was concluded that decentralizing treatment into individually owned or operated systems would be a complex process of disentanglement that may not offer tangible benefits that outweigh the risks. As such, the transfer of water and wastewater treatment assets and responsibilities to the Area Municipalities was not carried forward or modelled.

The findings and outcomes of the final water and wastewater SDR report will be further discussed during upcoming delegate presentations by GM BluePlan Ltd. to Tillsonburg Council on March 28, 2022, Woodstock Council on April 7, 2022 and Oxford County Council on April 27, 2022. Staff will also provide a report at the April 27, 2022 meeting seeking County Council's endorsement of a preferred water distribution and wastewater collection system operations and maintenance service delivery approach.

## **Conclusions**

The joint County of Oxford, Town of Tillsonburg and City of Woodstock Water and Wastewater SDR project was made possible through the Province's Municipal Modernization Fund.

The final report delivered to MMAH, Oxford County Council and the above noted Area Municipalities is in-keeping with the Provincial Government's intent to assist municipalities in reviewing service delivery with a view to finding a means to enhance services and reduce future costs for rate payers. In its current form, the independent final SDR report, as attached, offers several implementation opportunities for Council's consideration.

## **SIGNATURES**

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### **Report Author:**

Original signed by

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Don Ford, BA, CMM III, C.Tech.  
Manager of Water and Wastewater Services

### **Departmental Approval:**

Original signed by

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David Simpson, P.Eng., PMP  
Director of Public Works

### **Approved for submission:**

Original signed by

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Gordon Hough on behalf of Michael Duben, B.A., LL.B.  
Acting Chief Administrative Officer

## **ATTACHMENTS**

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Attachment 1: Water and Wastewater SDR RFP  
Attachment 2: Final SDR Report (GM BluePlan Ltd.)