

Minutes of a Special Meeting of Council held at the Westward Resort in the City of Portage la Prairie on Wednesday, February 3, 2003 at 6:00 p.m.

PRESENT: Mayor MacKenzie, Councillors Brennan, Keryluk, Robinson & Wagner.

ABSENT: Councillors Tenszen & Quinn

WAIVING OF MINUTES 27/03 Moved by: Councillor Wagner
Seconded by: Councillor Brennan

RESOLVED THAT The Minutes of the January 27th Council meeting be waived and approved at the next regular meeting of Council.
Carried.

Waterworks Committee

Your Worship:
The Waterworks Committee respectfully submits the following report:

Construction of Waste
Activated Sludge Digester

The City has an agreement with McCain Foods requiring McCain to take up to 5,573 kg per day of Waste Activated Sludge (WAS) back into the Bulk Volume Fermenter that McCain Foods operates on the City Water Pollution Control Facility property. The agreement does not specify what percentage of the WAS is attributable to the City or McCain Foods.

As part of the negotiations with McCain Foods, the agreement that was reached in September, 2001 provided that McCain will pay the proportionate capital cost for 4,000 kg per day of a 6,000 kg per day digester. The Province, Simplot, City and RM agreed to pay for 2,000 kg per day based on the 1/3, 1/3, 1/6, 1/6 cost sharing formula. In addition, it was deemed expedient to oversize the digester to 7,573 kg per day to comply with the Environmental Impact Assessment that was submitted to Manitoba Conservation as part of the Simplot potato plant Clean Environment Commission Hearings. The net cost for the oversizing is to be paid by the Province/Simplot/City/RM. The end result is that McCain Foods pays for 53.3% of the digester cost with the Province, Simplot, City and RM paying 46.7%.

McCain Foods original estimate for a 7,573 kg/day digester was \$3.0 million. Construction of the digester is almost complete with commissioning expected in the next 3 weeks. The actual construction cost of the digester is \$3.76 million. Based on these costs, McCain Foods pays \$2,004,000 and the rest of the parties will pay \$1,756,000 with the City's share of this being \$293,000.

The September 24, 2001 memo to Council and September 25, 2001 letter from McCain Foods established the following parameters that formed the basis of the agreements with McCain Foods:

- Up to 5,573 kg/day of WAS to be stored by McCain in the BVF;
- Up to 2,000 kg/day of WAS to be stored in a separate facility to be constructed for Simplot WAS;
- City to be involved in design of WAS digester;
- McCain to operate digester until spring, 2003 at which time the City will assume operation;
- Costs for operating the digester to be apportioned based on existing agreement between the City and McCain Foods until Spring, 2003 when Simplot comes on line and existing agreements to be revised at that time;
- McCain will retain the clarifier which has still not been subdivided off their property and the City will have first right of refusal to purchase the clarifier if McCain shuts down;
- McCain will assume hydrogen peroxide treatment of the BVF effluent (currently being done by the City at a cost of around \$100,000 per year) in the Spring, 2003

The aforesaid points have been incorporated into the final agreements with McCain Foods. The final agreements with McCain Foods also include an amending agreement to the Parrheim Agreement that will save the City approximately \$70,000 per year in costs that are being paid by the City to McCain on behalf of Parrheim as part of an ambiguity in the original agreement.

The agreement with McCain Foods provides for a 1 year warranty period during which McCain Foods will pay 53.3% of any costs required to make the sludge digester operate within design parameters. The City would be responsible for the additional 46.7% with the other funding partners (Simplot, Province, RM)

responsible for their share.

The agreements have also been amended to change various formulas dealing with Water Pollution Control Facility capacity to reflect the plant expansion.

28/03

Moved by: Councillor Robinson

Seconded by: Councillor Brennan

RESOLVED THAT the Mayor and Manager of Administration be authorized to sign the following agreements with McCain Foods and/or Parrheim Foods:

- Anaerobic Sludge Manager System Construction Contract with McCain Foods;
- Amendment to the Industrial Services Agreement with McCain Foods;
- Amendment to the Operating Agreement with McCain Foods
- Clarifier letter agreement with McCain Foods;
- Amendment to the Industrial Services Agreement with McCain Foods and Parrheim Foods.

Carried.

ADJOURNMENT:

Moved by Councillor Brennan

Seconded by Councillor Keryluk

RESOLVED THAT the meeting adjourn at 6:10 p.m.

Carried.

Mayor

Manager of Administration