

**Summary of Services Agreement
With
Veolia Water Canada Inc.
for the
Operation and Maintenance of Brockton Water and
Wastewater Facilities**

June 19th, 2006

The Municipality of Brockton and Veolia Water Canada have entered into a five (5) year fixed fee Services Agreement which details the responsibilities of both parties for the operation, maintenance and management of the municipality's water and wastewater facilities. The Agreement begins on June 28th, 2006 and continues for an initial term of five (5) years ending June 30th, 2011. The municipality may choose to extend the initial term for another five (5) year term.

The Services Agreement specifies the responsibilities of the supplier (Veolia Water Canada) for the performance of services including call-out services, emergency response, asset management, compliance responsibilities, and performance guarantees. Veolia Water Canada (VWC) will be working closely with Brockton's new Utilities Manager by way of a structured meeting and reporting protocol as dictated by the Services Agreement.

Brockton will continue to maintain ownership of all land, buildings and permanent equipment currently in place as well as equipment that may be added by future construction projects. Capital replacement projects or significant breakdown maintenance undertakings will be the responsibility of the municipality.

The first year (2006) costs for the Services Agreement will total \$577,572.00 which will cover the operation and maintenance of the facilities plus the supply, installation and programming associated with a new SCADA system which will be owned by the municipality. VWC will also prepare an Operations and Maintenance Manual for the Walkerton Wastewater Treatment Plant as part of the 2006 costs plus, the completion of an Initial Conditions Survey which shall include but is not limited to an evaluation of:

- i. The structural integrity of the buildings, tanks and vessels at the Facilities;
- ii. The mechanical availability of tools and laboratory equipment to perform the operations and maintenance functions;
- iii. The condition of all mechanical equipment, including pumps, motors, blowers and chemical feeders;
- iv. The health and safety issues that could impact operations staff;
- v. The status of the spare parts available at the Facilities, including a valuation and a detailed inventory of such parts;
- vi. The electrical condition of motor control center, panels; and

- vii. The operational status of the instrumentation, SCADA, alarms and other monitoring equipment.

The service provision costs for the subsequent years of the initial term of the Services Agreement (years 2 to 5) is \$474,572.00 plus an adjustment for inflation.

The Municipality of Brockton is pleased to be working with a company such as Veolia Water Canada which has international operational expertise. Negotiations on the new Services Agreement have been very agreeable and have yielded a contract document that will allow both parties to work cooperatively toward the safe and efficient operation of the municipality's water and wastewater facilities.