

CORPORATION OF THE
TOWNSHIP OF CENTRAL MANITOULIN

REQUEST FOR PROPOSAL

**OPERATING, MAINTENANCE AND MANAGEMENT SERVICES
WATER AND WASTEWATER SYSTEMS OF
THE TOWNSHIP OF CENTRAL MANITOULIN**

**FIXED PRICE BASE PROPOSAL
EXCLUDING UNSCHEDULED ACTIVITIES**

RFP #:07-001

PROPOSAL CLOSING

DATE: Friday, August 17th, 2007

TIME: 3:00 PM local time

LOCATION: Municipal Office Township of Central Manitoulin
6020 Hwy 542, Mindemoya, Ontario

PROPONENTS' QUESTIONS SUBMITTED BY:

If required: August 3, 2007

Responses expected from Township of Central Manitoulin on or before August 10, 2007

LATE PROPOSALS WILL NOT BE ACCEPTED.

The Corporation of the Township of Central Manitoulin reserves the right to accept or reject all or part of any Proposal and also reserves the right to accept other than the lowest proposal and to cancel this Call for Proposals at any time.

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WATER & WASTE WATER SYSTEM PROPOSALS TERMS OF REFERENCE

1.0 Background

1.1 General

The Township of Central Manitoulin is an amalgamated municipality, formed in 1997, consisting of the former Township of Campbell, Township of Carnarvon and Township of Sandfield. A number of limited industrial, commercial and institutional uses exist throughout the Municipality. Only the former Township of Carnarvon contains a municipal water supply system. A Waste Water Treatment Facility provides wastewater service for the former Township of Carnarvon

The basic objective of the Municipality in issuing this Request for Proposal (RFP) is to encourage a competition among pre-selected private firms to determine the most cost effective manner of providing for the operation, maintenance and management of the water and wastewater systems located in and owned by the Municipality. Cost is an important factor in this competition but it will not be the sole determining factor. The Municipality is seeking the most advantageous overall approach to providing for the reliable operations, maintenance and management of the Municipal facilities whose proper operation, maintenance and management is critical in the health, safety and welfare of the citizens of Central Manitoulin.

The Municipality intends to negotiate an operation, maintenance and management services agreement (Services Agreement) with the Preferred Proponent for an initial five (5) year term with a potential option for further five (5) year terms **at the Municipality's discretion**. The Municipality is strongly committed to an equitable competition among the pre-selected firms and will make every effort to ensure that the requirements as well as the information made available are consistent, accurate and unbiased.

1.2 Included Works

The works to be included in the proposed contract consist of the following:

Water Supply Systems

 Mindemoya Water Treatment Plant

Waste Water Treatment Plants

 Mindemoya Waste Water Treatment Plant

1.3 Site Information

The water and wastewater treatment plants were constructed in 1996/97. Technical plans, upgrades, operations manual, maintenance schedules for the facilities will be **available for viewing** from July 3, 2007 to August 10, 2007 at the municipal office.

1.4 Mandatory Site Visit

A mandatory site visit and tour of the facilities has been arranged for Monday, July 16, 2007.

2.0 Overview of Process and Proposals

2.1 Evaluation Team

All proposals submitted in response to this RFP will be reviewed and evaluated by an Evaluation Team consisting of members of the Municipality Council and Staff as well as professional consultants if needed. Engineering consultants and legal advisors may be utilized to provide technical support. The proposal review and evaluation process is described later in this RFP.

2.2 Conditions

All proposals submitted must strictly adhere to the conditions and format outlined and described in this RFP as the failure by the Proponent to comply as indicated may be grounds to dismiss a particular proposal from further consideration.

2.3 Base Proposal

Each Proponent must submit one Base Proposal and may submit any number of Alternative Proposals.

2.4 Conforming

All proposals in their entirety must conform to this Request for Proposals and the final operations and maintenance service agreement and their schedules.

2.5 Alternative Proposals

Proponents who elect to provide (along with their Base Proposal) Alternative Proposals may wish to vary the technical approach or the contractual terms and conditions reflected in the Base Proposal.

Proponents should incorporate in such Alternative Proposals those aspects that can be demonstrated as being beneficial to the Municipality, while keeping the Base Proposal entirely consistent with the terms and conditions of the RFP.

3.0 Proprietary Proposals

3.1 Proprietary Rights

If any portion of the proposal contains or involves any propriety right(s), the Proponent must clearly identify any and all such portions of the proposal and set forth in an Appendix to the proposal, the complete basis for the Proponent's assertion of such proprietary rights, including but not limited to, identifying the person and/or entity who owns such rights.

4.0 Municipality Rights and Disclaimers

4.1 Municipal Rights

The Municipality, in its sole discretion, reserves the following rights:

- to reject any or all responses, proposals or information received pursuant to this RFP;
- to cancel this RFP with or without the substitution of another RFP;
- to issue additional requests for information or for proposals;
- to take any action affecting the RFP, the RFP process or the services or facilities subject to this RFP that would be in the best interests of the Municipality;
- to consider any alternative approach or proposal that meets the basic needs of the Municipality;
- to require one or more Proponents to supplement, clarify or provide additional information in order for the Municipality to evaluate any proposal submitted;
- to waive any defect or technicality in any proposal received;
- to require that all submissions made pursuant to this RFP shall be in accordance with the laws of the Province of Ontario and Canada applicable thereto;
- the Municipality is under no obligation to confirm whether any Proponent's submissions are complete or to request a Proponent to provide additional detail or clarification of any material provided pursuant to this RFP process;
- to negotiate with the Preferred Proponent, the final terms and conditions of the draft Services Agreement.

4.2 Withdrawal of RFP

If this RFP process is withdrawn or cancelled by the Municipality at any time, the Municipality shall not be liable for any Proponent's costs, losses, damages, or expenses incurred in the preparation and submission of a response to this RFP.

4.3 Municipal Due Diligence

The Municipality retains the right throughout the RFP process to conduct all due diligence that may be necessary to confirm the representations made by Proponent in a submission in response to this RFP. The Municipality makes no warranties as to the accuracy of the information provided to Proponents at any time during the conduct of the RFP.

4.4 Modification of Scope of Service

The Municipality does not intend to modify the project described herein or the scope of the services to be provided by the Preferred Proponent. Notwithstanding this

intention, the Municipality reserves the right to modify, amend, substitute or supplement any part of this RFP at any time upon notice in writing to the Proponents. This Municipality will provide Proponents with sufficient time to respond to such modifications including, without limitation, the opportunity to make necessary revisions to their respective submissions.

4.5 Proponent Expenses

The Municipality will not be responsible for any expense incurred by any Proponent in preparing or submitting a submission in response to this RFP or in providing any additional information necessary for the evaluation of the submissions made under this RFP. In submitting a response to this RFP, the Proponent waives any right of action or claim against the Municipality and its employees, advisors and consultants.

4.6 Engineering and Legal Council

The Municipality may retain, at its discretion, the services of an engineering firm as well as a legal firm to assist with the review and evaluation of all the Proposals submitted in response to this RFP.

5.0 Public Disclosure

The public disclosure of the contents of a proposal submitted in response to this RFP is governed by the regulations as outlined in the Municipal Freedom of Information and Protection of Privacy Act in the Province of Ontario.

6.0 Access to Data

6.1 Providing Access

To assist Proponents in preparing proposals, the Municipality will provide them with access to certain information with respect to the water and wastewater systems during regular office hours.

6.2 Property of Municipality

All requirements, designs, documentation, plans and other information obtained from the Municipality by the Proponents in connection with this request for proposals are the property of the Municipality and must be treated as confidential and not used for any other purpose than replying to this RFP and the fulfillment of any subsequent contract. Upon request of the Municipality, all such designs, documents, plans and information, including any photocopies, shall be returned to the Municipality. All material and information, prepared, conceived of or produced and delivered in the performance of the submission by the Proponents and delivered to the Municipality shall be the sole property of the Municipality. While the Municipality will endeavor to provide the requested information to the Proponents,

at the Municipality's sole discretion, the Municipality does not represent and warrant that all information relevant to this RFP has been identified or disclosed.

7.0 No Lobbying and Single Point Contact

Questions regarding this process are to be in writing and are to be directed to Denise Deforge, Deputy Clerk Treasurer at the Township office in Mindemoya and will be responded to in writing. Lobbying or contact with other Township of Central Manitoulin staff, officials or advisers, including Councillors, about this RFP is prohibited and can be considered grounds for disqualification from the process.

8.0 Schedule of Events

Expression of Interest and distribution

Circulation of RFP to contractors	June 29, 2007
Pre-submission site meeting	July 16, 2007
Question and answer/proposal preparation period	July 16 – August 17, 2007
Final day for submission of questions	August 3, 2007
Final addenda/answers to questions issued	August 10, 2007
Proposal submission date	August 17, 2007
Interviews	August 27 – 30, 2007
Selection of successful bidder	Sept 18, 2007
Final agreement negotiations	Sept 20 – October 4, 2007
Contract recommendation to council	October 11, 2007
Execution of agreement	October 18, 2007
Transition period begins	December 3, 2007
Contract start	January 1, 2008

9.0 Project Objectives

9.1 General

The following represent, in no particular order, the Municipality's objective in pursuing a public-private partnership in delivering the water and wastewater services. In preparing responses to the RFP, Proponents should ensure that their proposals address and meet the Municipality's objectives as described herein.

9.2 Effective Management

The Municipality requires a level of service that is at least commensurate with that currently provided and which complies with all applicable provincial legislation and regulations in effect at the time of RFP submission, and as amended from time to time. It is intended that the Preferred Proponent will demonstrate its ability to exceed these minimum expectations and enhance the performance of the facilities

and costs of delivering the services in the manner suggested in this RFP. It is also intended that this level of service would be maintained throughout the term of the Services Agreement and through any transition period to any future provider of the services. The Preferred Proponent will assume responsibilities for the position of Overall Responsible Operator for the water facilities as detailed in O. Reg. 128/04 (as amended to 256/05) sec 22 & 23.

9.3 Control and Accountability

The Municipality will retain the user rate-setting function in any proposed partnership relating to the services. The municipality will expect the contractor to employ systems that provide complete and comprehensive financial and operating details for the operation and maintenance activities related to plant functions. The Municipality will require immediate and complete access to all available information relating to the facilities as well as regular reporting and input into material decisions relating to the facilities. It is intended that the Preferred Proponent will recognize their role as a full partner in the servicing of the Municipality's residents and address itself to meeting the information needs of the Municipality and public in connection with providing the services.

9.4 Cost of Services (Innovation and Improvement)

The Municipality is seeking the best value for each dollar expended in connection with the delivery of the services. It is anticipated the Contractor will have the initiative and ability to optimize the Plant's operating costs. The Contractor should take an active role in highlighting innovative strategies to the Municipality for enhancing performance and reducing the overall costs of the Plant operation without impacting health and safety or acceptable operating standards.

The Municipality is prepared to consider a formula to share any savings, on a one-time basis, that may result from innovations proposed and implemented by the successful Proponent

9.5 Capital Improvements

The Municipality expects that the Preferred Proponent will propose capital projects and introduce innovations to the facilities, subject in each case to the Municipality's consent. The Contractor will identify capital projects that will serve to optimize plant operation and preserve the Municipality's assets. The Municipality will retain the right to make capital improvements to the facilities of its own initiative and at its sole discretion during the term of the Services Agreement. The Municipality will at no time during the term of the Services Agreement be under any obligation to make such improvements.

For small projects it is possible that the expectation is they will be entirely managed by the Contractor. Major capital works should be entirely managed by the Municipality. The Contractor will be required to assist the Municipality, their Consultant, and their contractor in capital upgrading of the Plant by providing advice from an operational, maintenance, and practical operating perspective.

However, any and all capital projects shall be subject to the approval of the Municipality.

9.6 Asset Protection

The successful Proponent will be a steward of the facilities on the Municipality's and its resident's behalf and will accept, preserve and return the facilities in accordance with the terms of the Services Agreement between it and the Municipality. At a minimum, it is intended that the facilities will be maintained to an acceptable standard of care and will be returned to the Municipality in as good or better condition than their current condition, normal wear and tear excepted.

The municipality will expect the contractor to employ a computerized maintenance management system to control and document all maintenance activities such as; preventative, scheduled and emergency maintenance.

9.7 Compliance Responsibility

The successful Proponent must ensure complete and timely compliance with all applicable legislation and directives from the Ministry of the Environment (MOE) and all other governing Ministries and agencies as amended from time to time.

9.8 Liability

The Municipality is seeking the optimum balance of risk and benefit throughout the term of its contractual relationship with the successful Proponent.

9.9 Future Expansion

The Municipality anticipates sustained population growth in the communities served by the facilities. The Proponents must reflect this increased use in their proposals and advance a method to acknowledge these changes through the term of the Services Agreement.

10.0 Scope Of Services

10.1 General

The services include the operation, routine maintenance and management, including asset protection of the facilities. The description of the services in this RFP is for general purposes only and does not necessarily reflect the entire scope of the services to be provided by the Preferred Proponent.

Proponents should nevertheless address these general descriptions in their response to this RFP.

Capital improvements may be funded wholly by the Municipality, wholly by the Proponent, or pursuant to some other financing structure to be agreed by the

Municipality and the Proponent. It is intended that the sharing of cost savings between the Municipality and the Proponent will depend on the method of financing the capital improvement. The Municipality will have final approval for any capital projects proposed by the Preferred Proponent during the term of the Service Agreement.

The Municipality does not intend to transfer any of the facilities at this time. All property, capital improvements, trademarks, manuals, software and all documents and records required to operate the facilities shall belong to the Municipality. It is intended that, where applicable, the Proponent shall provide the Municipality with a license to use any software, design, or process to be used at any of the facilities.

10.2 The Municipality's Role

The Municipality will be an active partner in the provision of the services. It is expected that the Business, Operations and Maintenance Plans required below will reflect the Municipality's role in the following manner:

- provision for up-to-date monitoring and reporting of operations including, without limitation, ensuring asset maintenance, technological currency, customer concerns resolution and compliance with the terms of the Services Agreement
- provision for review of budgets, expenditures, and updated business planning
- provision for review of annual fees if applicable
- provision for Municipality's approval of capital projects and other innovations
- approval of maintenance items over a certain minimum dollar limit

10.3 General Description of Services

The successful Proponent will use trained and certified operators to properly operate and maintain the wastewater treatment and water supply systems so as to:

- comply with all Certificates of Approval and other relevant government and agency regulations and standards.
- provide insurance coverage for all facilities and proponent owned vehicles.
- have in place adequate contingency and emergency plans acceptable to the Municipality and a workplace safety program that meets provincial standards.
- properly handle and dispose of treatment process residuals.
- deliver frequent and detailed reports, to the Municipality, that demonstrate compliance and support all future planning.
- manage all human resource functions such as payroll, recruitment, termination and employee relations.
- provide for 24-hour 7-day per week coverage at the facilities. Provide details as to how 24/7 coverage will be accomplished and when overtime provisions will be invoked.

All of the above shall be done in a manner that gives the Municipality confidence in the operation and future of the facilities and ensures appropriate interaction with regulatory bodies and customers of the systems.

Some specific details are as follows:

Capital Improvements

The successful Proponent will record information on the frequency of equipment breakdown and repair costs to determine replacements needs. Parts of the facilities requiring upgrading or improvement will be identified and brought to the attention of the Municipality.

Optimization and Compliance of Operation

The successful Proponent will, as part of their daily operations regime, continually investigate and implement measures to improve the effectiveness and efficiency of the facilities.

Reporting

The successful Proponent will be responsible for providing, at a minimum, formal quarterly, or as regulated by the Ministry, performance reports to the Municipality by the end of the following month. It is expected that the proponent will have meetings with the municipality to discuss operational and maintenance activities especially safety issues and customer concerns or complaints. The formal reports will identify the following criteria:

For wastewater:

- flows (average, maximums)
- volumes (treated, by-passed)
- loadings and concentrations (raw and treated)
- facility and equipment repair and maintenance details
- sewer blockage and backups
- complaints and other public inquiries received and action taken
- regulatory issues - inspections, orders, reports filed with regulators
- health and safety issues
- status of capital projects

For water:

- flows (average, maximums)
- volumes (treated, by-passed)
- raw and treated water quality, distribution sample results

- facility and equipment repair and maintenance details
- watermain breaks
- complaints and other public inquiries received and action taken
- regulatory issues - inspections, orders, reports filed with regulators
- adverse water quality responses
- health and safety issues
- status of capital projects

Other parameters may be added from time to time by the Municipality or Contractor. The Municipality expects to have immediate and complete read only access to the SCADA system, operations and maintenance databases via an on-line terminal.

Regulatory Matters

The Preferred Proponent will handle day-to-day regulatory requirements and contacts with regulatory authorities in respect of operating issues concerning the facilities. The Proponent will review any inspection reports prepared by regulatory authorities that are provided to the Proponent or the Municipality. Subject to any approvals of the Municipality, the Proponent will either correct all deficiencies identified in such inspection reports or negotiate changes with the regulatory authorities.

Operational and Maintenance Duties

The Proponent will perform regularly scheduled inspections and carry out associated operational and maintenance duties at the facility, including all related equipment, buildings and property to ensure that the facility is operated and maintained efficiently and effectively.

11.0 Proposal Format

11.1 Structure of Response

Proponents are required to submit the following documents in response to this RFP:

- Covering letter
- Business plan
- Operations plan
- Maintenance plan
- Transition plan
- Price proposal (to be submitted in a separate sealed envelope)

Submissions must be signed and sealed by an authorized representative of the Proponent.

The Proponent shall disclose a full relationship, if any, between any Council person or other officer, employee or person who is employed by or on contract or otherwise compensated by the Township of Central Manitoulin if any such person has or had any direct or indirect personal interest in the Proponent within the current calendar year.

It is essential that the Proponent has the capabilities, within their own corporate structure to operate and maintain both water supply and waste water facilities.

11.2 Covering Letter

The covering letter shall confirm the Proponent's contact person as well as its address, e-mail address and telephone and facsimile numbers. The covering letter shall also contain a clear statement that the response constitutes a firm and binding offer to the Municipality, which shall remain effective until February 15, 2008. Note: the Proponent information is to be submitted for the Proponent and not its parent company, joint venture partners or other corporate affiliate.

11.3 Business, Operations, Maintenance and Transition Plans

11.4 General

As indicated above, the Municipality intends to negotiate an agreement with an initial five (5) year term with a potential five (5) year renewal option that may be exercised at the Municipality's sole discretion. After 42 months of the initial five year term (June 2011), the Municipality and Proponent will review the success of the contract with a view of whether either or both wish to continue or terminate the arrangement at the end of five years.

With this time frame in mind, the Municipality requires each Proponent to develop and submit Business, Operations and Maintenance Plans ("Plans") for at least a five (5) year period following the Preferred Proponent's assumption of the duty to provide the services on the Municipality's behalf. It is expected that the first year of the Plans will be detailed with the second and subsequent years containing less detail. The Municipality will expect the Proponent to update these Plans on an annual basis and the Plans may form part of the Services Agreement between the Municipality and the Proponent.

The Plans portion should generally outline the objectives of each Proponent in delivering the services as well as the strategies for meeting these and the Municipality's objectives within the appropriate time frame. The Plans should also address the Proponent's proposals for providing the residents of the Municipality with the best value as regards the provision of the services.

Specifically, the Plans should address the items set out below. The items are listed in no particular order and Proponents should feel free to organize this aspect of the response in any manner they see fit.

11.5 Business Plan

Objectives

Specifically, describe the objectives of the Proponent during the first five years (and beyond, if relevant) of the Services Agreement. Include statements regarding assumption of risk, future years' price adjustments, repair and replacement, capital improvements and guarantees.

Corporate and Operating Philosophy

Provide a brief but definitive statement of the Proponent's corporate philosophy and operational approach pertaining to the water and waste water facilities and related services.

Reporting

Detail the manner in which the Proponent will facilitate the Municipality's active role in monitoring the operations. This section should address how the proponents propose to develop a thorough process for regular formal and informal reporting to Municipality staff and/or Council. The proponent should provide suggestions for changes to SCADA implementation as a means of improving monitoring functions.

Public Relations

Proponents should address the manner in which they will provide a convenient and consistent process to respond to inquiries from residents and to effectively deal with their questions and concerns. It is the intent of the Municipality that the citizens will have a satisfactory level of comfort with the contractor.

Regulatory Compliance

The Proponent shall be responsible for regulatory compliance and ensure that the wastewater effluent and water supply meets the quantity/quality parameters identified in the current Certificate of Approval and any amendments that may be forthcoming.

Recommended Capital Improvements

Proponents shall, within the first ninety (90) days, provide the Municipality with a comprehensive listing of recommended capital improvements the Proponent believes will be required for the facilities covered under the Services Agreement to operate efficiently and effectively. The Municipality and the Proponent will strike a committee to review the recommendations and develop a priority list and timetable for completion of the works. However, the Proponent will not be relieved of their responsibility to perform if any or all the recommendations are not implemented.

Environmental Management System

Proponents shall detail their environmental management system. More specifically, a plan for complete compliance with environmental regulations and the Occupational Health and Safety Act shall be described. A program for health and safety practices within the workplace shall be provided.

Insurance and Liability

The Proponents shall outline the method to indemnify and save the Municipality harmless from all costs, expenses, damages and claims of third parties. Proponents shall detail the general and environmental liability, boiler and machinery, and automobile insurances provided. The Municipality will maintain property insurance on all property owned by the Municipality.

Performance Guarantees

Describe the method and amount, at a minimum the amount of the Services Agreement annual operating price proposal, by which the Proponent will provide service guarantee to the Municipality.

11.6 Operations Plan

Staffing, Training and Corporate Resources

Detail the corporate structure of the Proponent and its related or affiliated companies by the organizational charts. Describe the management structure to be implemented at the facilities including the integration with Municipality staff and elected officials. Provide details on individuals to be performing managerial functions on the Proponent's behalf. Discuss staffing issues at the facilities, training, salary/wage/benefits in relating to industry standards and any other matters relating to the human resources aspects of the Services Agreement. A detailed list of operations and maintenance personnel is to be provided, including their qualifications and relevant operation experience. Proponents shall be certified as required by Regulation 435/93 under the Ontario Water Resources Act and Regulation 128/04 under the Safe Drinking Water Act. Provide an Organization Chart to illustrate how Municipality and Proponent staff will work together.

Operations Procedures

Describe in detail the specific services to be provided by the Proponent to the Municipality. These shall include any additions or specific exclusions the proponent may feel are necessary. The outline should include sections dealing with operations procedures and systems at the facilities and any other services to be provided by the Proponent. Any specific changes that are proposed to the current operating procedures employed by the Municipality or present contractor in connection with its operation of the facilities should be described with a rational for their inclusion.

Residuals Management

The proponent will be responsible for the safe disposal of any and all solid and liquid waste materials produced by the water and waste treatment processes. The proponent will be responsible for sludge management as required under the Nutrient Management Act, as amended from time to time.

Disaster, Contingency and Emergency Programs

The proponent should detail the content of any and all plans that relate to disaster recovery, emergency situations and other operational contingencies. The details should include discussions on potential problems and their solutions that normally may be expected to occur. It should be explained how these plans will be compatible with existing (or as modified) Municipal or Provincial plans.

11.7 Maintenance Plan

Overview

The Proponent shall provide the Municipality with full documentation validating that the appropriate maintenance procedures are being performed on all Municipality owned equipment in accordance with manufacturers' recommendations and best practices. The documentation should indicate the defined service intervals and a description of the service activities in sufficient detail to satisfy the interest of the Municipality. Such a maintenance program must include documentation of maintenance and include a spare parts inventory.

Except for capital expenditures as defined in the Services Agreement, the Proponent shall provide all personnel, material, parts, equipment, suppliers and services necessary to maintain the Municipality facility structures, process equipment, buildings, HVAC systems, electrical equipment, instrumentation and controls, sewage collection systems, water distribution systems, roadways, walkways, and landscaping to maintain high efficiency operations, long-term reliability and preservation of capital investment as may be outlined in the price proposals.

Maintenance categories are as follows:

Routine Maintenance - maintenance and care of all facilities including all cleaning, equipment adjustments, lubrication, repairs and painting to preserve the condition and appearance of all facilities.

Preventive Maintenance - regularly scheduled and follow-up maintenance activities, as recommended by equipment manufacturers or using best practices, including routine inspections, warranty maintenance activities, and calibration. This maintenance should also include lubricants, testing, vibration analysis, motor winding, other electrical equipment testing and load testing.

Routine and Preventive Maintenance costs are the Proponent's responsibility and the cost of labour, services, materials and replacement parts including lubricants,

filters, belts and all other consumable materials must be included in the price of proposals.

Breakdown Maintenance - repair, replacement or renewal of equipment or other capital items that have failed or when failure is deemed to be imminent. The Proponent is also responsible for performing all Breakdown Maintenance including all associated costs to conduct such maintenance up to a maximum cost of \$5,000 per year and these costs will be included in the price proposals. The contractor will bill the municipality for the remainder as they occur. The municipality is to be informed of all breakdowns as they occur including costs whether they are under or over the maximum contract allowance of \$5000 per year.

Costs for single items of \$5,000 and above, unless caused by the Proponent's failure to perform any of the necessary maintenance or other obligations under the Services Agreement or by the Proponent's negligence (in either case, Proponent would be responsible), will be the responsibility of the Municipality. Such costs of \$5,000 or above shall be subject to competitive quotations and prior consultation or approval by the Municipality.

Emergency Plan - as previously noted, the Proponent is required to prepare and provide an Emergency Plan to the Municipality for approval. When measures are required due to systems failure, the Proponent is responsible to ensure all necessary actions are performed including those specified in the Emergency Plan. The costs associated are to be extra to the contract with the Municipality paying all invoicing. For example, if there is a need to provide potable water to residences within the Municipality's supply system due to water system failure.

The Proponent must monitor and enforce all equipment warranties, and perform all activities in accordance with manufacturer recommendations to preserve such warranties both those in effect on the date of the execution of the Services Agreement and those for new equipment purchased during the term of the Services Agreement. Within ninety (90) days of the effective date of the Services Agreement, the Proponent shall provide a complete and detailed schedule of all routine and preventive maintenance activities, for approval by the Municipality. Threshold values for preventive maintenance testing along with appropriate justification shall also be provided to the Municipality for approval. Upon approval by the Municipality, the Proponent shall diligently perform maintenance according to such a schedule.

Notwithstanding the above time frame, the Proponent will perform all the necessary maintenance at the facilities as per regulations or established industry standards and best practices from the effective date of the Services Agreement.

The Proponent is required to supply and implement a computerized maintenance management system for the Municipal facilities. This computerized system will identify all equipment and indicate all maintenance schedules. In addition, the program will identify all labour, material, and the cost for all parts for each individual maintenance function or repair to each piece of equipment or facility. Facilities presently operated by OCWA have a computerized database. The

computerized maintenance management system will be non proprietary and all software (or a licensed copy) and data in the system will become the property of the Municipality. The Municipality will be consulted on which system is to be used and will have final approval over the system.

The proponent will supply, at a minimum, monthly summaries of maintenance activities and related costs by the end of the following month. A yearly summary is also required. The Municipality will have unimpeded read only access to the database to review maintenance activities and costs. The proponent will detail the types of reports that will be available from the maintenance software. All reports will be in duplicate, with one copy for the Municipality.

Innovation

Detail the improvements to be immediately implemented and those considered for implementation in the future to address any identified deficiencies in the operations and maintenance of the facilities.

Capital investment Recommendations

Detail any capital improvement projects that the Proponent would recommend during the term of the Services Agreement.

Identified Deficiencies that require remediation

Identify any deficiencies other than those identified to be completed by the Municipality under the Water Certificates of Approval. Proponents should ensure that the cost to remediate such deficiencies is included during the appropriate years in their Price Proposal.

Any Additional Matters Identified by Proponent

Identify on an individual basis.

11.8 Transition Plan

Each Proponent should prepare and submit a transition plan with two aspects. The first aspect (the "Initial Plan") will deal with transition issues associated with the Proponent commencing operation of the facilities and provision of the services as of the effective date. The Municipality expects this period to last approximately 6 weeks from January 01, 2008 to Feb 08, 2008.

The second aspect (the "Ending Transition Plan") shall deal with transition issues associated with the Proponent ceasing to operate the facilities upon the termination of the Services Agreement.

The Initial Plan shall address the following issues in addition to any other issues identified by the Proponent:

- execution of the Services Agreement

- transition time table
- conduct of initial condition survey
- issues that the Proponent will deal with during the transition period
- issues that the Municipality will deal with during the transition period
- cost to Municipality and requirements for staff resources to deal with issues
- issues relating to immediate implementation of suggested improvements
- procurement policies (e.g. contracts to biosolids contracts, chemicals, utilities, etc.)

The Ending Transition Plan shall identify and describe in sufficient detail the Proponent's estimate of the costs associated with the transition at the conclusion of the Services Agreement. The Ending Transition Plan should further identify any other issues which would be required to be addressed in order to ensure the smooth transition back to the Municipality or to a new Proponent upon termination of the Services Agreement including, without limitation, staffing issues and the licensing or transfer of any software, designs, or processes used at any of the facilities.

Proponents should ensure that the costs associated with the initial and ending transition periods are set out in the Price Proposals during the appropriate years.

12.0 Price Proposals

12.1 Base Price Proposal and Alternative Proposals

The price proposals shall be submitted in a **separate sealed envelope** marked as "Price Proposal and Alternative Proposals".

12.2 Base Proposal

The fixed price Base Proposal, in Canadian Dollars, shall be for the year 2006 and each of the subsequent four years. These subsequent years may be at an established fixed price or on an annual adjustment as detailed in the Base Proposal. The Base Proposal shall also include the methodology for the fixed or annual price adjustment for the subsequent five-year renewal option. The proposal should include any terms and conditions.

The Base Proposal shall include a fixed price for the overall operating, maintenance and management for each separate water and wastewater system (1 water and 1 wastewater) itemized in the following suggested categories: The Base Proposal may set maximum costs for items such as utilities and maintenance with any cost savings being passed on to the Municipality.

The price proposals shall be submitted in accordance with the following format and shall be complete in every detail. The Proposal shall identify all terms and conditions associated with the price proposal. All pricing exceptions will be noted.

Failure to do so would be considered cause for disqualification. Following definitions shall be applicable to the price items requested in this section:

Personnel Services. Includes, but is not limited to, salaries, wages, overtime, pay differential, longevity, unemployment compensation, holiday pay, meal allowance, education assistance, hospital, medical, dental plans, life insurance, retirement contributions, sick leave and other costs directly attributable to employees.

Utilities. Includes, but is not limited to water, and heating fuels. It is expected that all utility costs will be expensed by the contractor and flowed through to the municipality with no mark up other than an administrative cost to process. All Hydro costs are direct billed to the municipality by the utility and are not to be included in this contract.

Chemicals. Includes all chemicals.

Equipment. Includes, but is not limited to, office equipment, laboratory equipment, safety equipment, tools, communication equipment, maintenance equipment, vehicles, mechanical equipment and manually operated equipment.

Materials and Supplies. Includes, but is not limited to, gasoline and diesel fuel, vehicle supplies, vehicle accessories, office supplies, duplicating and photo supplies, medical supplies, chemicals, laboratory supplies, clothing and uniforms and other materials and supplies.

Outside services. Includes, but is not limited to, equipment rentals, temporary and/or part time help, legal fees, registrations, telephone, courier service, dues, subscriptions postage and freight charges, advertising, printing and binding, insurance and other professional services.

Solid waste, Liquid Waste and Biosolids Management. Solid waste, Liquid waste and biosolids removal and disposal.

Other. Includes amortization of contractor furnished capital and start-up costs and any and all expenses not identified in any other specific category (must be detailed separately and attached).

Maintenance and Repair. Includes the total of all maintenance and repair expenditures including, but not limited to, repair parts, maintenance equipment, maintenance supplies, outside maintenance services, oil and grease, packing and maintenance equipment rental. Contractor on site labour shall not be included.

Price Proposal for First Year of Operations

Personnel Services	\$
Utilities	\$

Chemicals	\$
Equipment	\$
Materials /Supplies	\$
Outside Services	\$
Solid Waste and Biosolids Management	\$
Maintenance and Repair	\$
Operational Activities	\$
Compliance activities	\$
Transition costs	\$
Overhead/Profit	\$
Other (identify)	\$
TOTAL: (Fixed Price)	\$

NOTE:

(Respondents are to include any overhead and profit as a separate category in the list of categories except on utilities and chemicals).

Note: Overlapping costs, such as wages, benefits, vehicle, tools insurance, etc. may be allocated to each of the systems on a proportional basis. This allocation, subject to Municipality approval, may be based on number of users on each system, flows of each system, or any other reasonable and appropriate method. It is the intent that the cost detail will be sufficient to provide the necessary information to meet the proposed full-cost recovery legislation.

The fixed price Base Proposal includes the cost of major repair and replacement of process equipment pumps, motors, valves, etc. up to a direct cost of \$5,000 for each one item and the excess cost will be paid as a contract extra as per Services Agreement.

The proponent should itemize the services they will provide the Municipality for the operation and maintenance of all the facilities.

Included

- a) Any cost that is required to adhere to the current Certificate of Approval
- b) Any cost that is required as a result of a Ministry or other regulatory inspection and order

Excluded

- a) Any cost that is required to comply with new legislation or regulation
- b) Anything that results in an amendment or replacement of the Certificate of Approval

Suggested Fixed Price Base Proposal to Contract Conclusion

Operating, maintenance and management, including major repairs up to \$5,000 per year and cost noted to be included above. Excluding, services and items noted above as not included or excluded. Show fixed price for the year 2008 and either a fixed price for each of the subsequent years or the method for annual adjustment.

Year	Fixed Price or adjustment method
2009	
2010	
2011	
2012	
<i>Next 5 yrs</i>	<i>At Municipalities option</i>
<i>2013</i>	
<i>2014</i>	
<i>2015</i>	
<i>2016</i>	
<i>2017</i>	

Note: All applicable taxes will be extra to the above noted Total.

12.3 Alternative Proposals

The Municipality will consider Alternative Proposals in addition to the required Base Proposal provided the Proponent clearly identifies the proposal(s) as an Alternative Proposal and otherwise the responses required by this RFP. Proponents should ensure that the Alternative Proposals are capable of being assessed against the other responses in the manner provided herein. Any Alternative Proposal should contain all relevant information (including, where applicable, all relevant cost/benefit analyses, financial and other assumptions, and related calculations) as are necessary to properly understand and evaluate the Alternative Proposal. The format for an Alternative Proposal should adhere to the prescribed format as closely as possible and should address the objectives of the Municipality as set out above.

Examples of alternatives are to exclude the hydro utility cost and provide for a credit allowance to the Base Proposal; shared investment for improved automation and sharing of the related operational savings.

12.4 Transition Costs

The Proponent is to include and outline the costs associated with the initial transition and the ending transition as detailed in the Transition Plan. Specifically,

costs associated with transferring information and data from the existing SCADA, maintenance database and operations database to the new software programs proposed by the contractor.

13.0 Evaluation and Negotiation Process

13.1 General

The Municipality will carry out the evaluation of the proposals by an Evaluation Team consisting of the Deputy Clerk-treasurer, Council Members, Municipal Engineering Consultant, and Municipal Solicitor if required. The evaluation will be on a points scoring of the criteria as outlined below.

13.2 Due Diligence Period

Proponents are solely responsible for conducting their own independent research, due diligence or other work necessary for the preparation of responses to this RFP. The Municipality will use its best efforts to make relevant information available to Proponents in connection with their preparation of responses to this RFP.

To this end, the Municipality invites Proponents to make requests for information in writing to Denise Deforge, Deputy Clerk-Treasurer at the Municipal office, during the period of July 16 – August 3, 2007. All questions must be tabled on or before 4:00 p.m. on August 3, 2007. The Municipality will use its best efforts to respond to such requests as they are received with final comments on or before August 10, 2007 and will make available to each of the Proponents copies of all such requests and responses thereto. It is expected that Proponents will use the full period to ask questions and not leave them to the very last to allow sufficient time for a response. Proponents shall not rely on any oral statements made by the Municipality, its employees, or its advisors. All questions must be in writing and all responses will be in writing.

Commencing at 10:00 a.m., July 16, 2006, in Council Chambers (6020 Hwy 542, Mindemoya), an information session will be conducted for all Proponents followed by a tour of the facilities. The tour will be guided by OCWA. All questions from the session will be recorded and subsequently answered, in writing, by the Municipality.

By contacting the Municipality, periods can be scheduled by each Proponent to review reports, records, drawings and other material. Copies of this material, within reason and at the Municipality's discretion, can be viewed or made and taken by the Proponent, if desired.

Notwithstanding the foregoing, the Municipality is under no obligation to provide additional information requested by any Proponent. In addition, the Municipality shall have the right to disregard any request for additional information by the Municipality after the deadline noted above.

All requirements, designs, documentation, plans or other information obtained from the Municipality by the Proponents in connection with this RFP are the property of

the Municipality and shall be treated as confidential and not used for any purpose other than responding to this RFP or for the fulfillment of the Services Agreement.

13.3 Submission Deadline

Submissions must be received **no later than 3:00 p.m. on Friday, August 17, 2007** at the following location:

Township of Central Manitoulin, Municipal Office
P.O. 187, 6020 Hwy 542
Mindemoya, Ontario P0P1S0
Attn: Denise Deforge, Deputy Clerk Treasurer

All packages containing proposals must be clearly marked **with the submission label provided in the appendices**. One original and two (2) copies must be submitted.

Submissions must be signed and sealed by an authorized representative of the Proponent. The Proponent shall disclose all full relationship, if any, between any Council person or other officer, employee or person who is employed by or on contract or otherwise compensated by the City of Central Manitoulin if any such person has or had any direct or indirect personal interest in the Proponent within the current calendar year.

The covering letter shall confirm the Proponent's contact person as well as its address, e-mail address and telephone and facsimile numbers. The covering letter shall also contain a clear statement that the response constitutes a firm and binding offer to the Municipality, which shall remain effective until Feb 08, 2008. Note: the Proponent information is to be submitted for the Proponent and not its parent company, joint venture partners or other corporate affiliate.

13.4 Interview Process

The Municipality reserves the right in its sole discretion to conduct interviews with any or all of the Proponents at such times and dates and in such order as the Municipality may determine.

13.5 Evaluation and Selection Process

The evaluation of the proposals will be based on a scoring system using points as outlined below:

	Criteria	Maximum Points
1	Proponent Profile Years in business and in Ontario Financial Capability	5
2	Proponent Experience in Water and Wastewater Number of current water o/m/m projects Number of current wastewater o/m/m projects Legal action, prosecution and orders	5

	References	
3	Proponent Business Plan	10
4	Proponent Operating Plan	15
5	Proponent Maintenance Plan	10
6	Proponent Transition Plan	10
7	Personnel Assigned to this Project Management qualification and experience plus any additional information provided in the Proposal.	10
8	Asset Protection	5
9	Price	
	Base Proposal	25
	Alternative Proposals	5
10	Total	100

The Municipality reserves the right to reduce points scored for price proposal based on terms and conditions associated with price proposal or exceptions taken which in the Municipality’s view would be unfavourable.

Selection of a respondent to perform these professional services will be based on qualifications, experience, historical performance record, financial capability, understanding of needs, and suggestions for improvements, price, suggested innovations and the respondent’s proven technical capabilities. In addition to the data and documentation being submitted by the respondent in response to this request, the Municipality reserves the right to make an on-site inspection and evaluation of any facility at which operation, maintenance and management services are currently being performed by the respondent. If the Municipality chooses to exercise this right, the respondents shall provide a representative, with sufficient notice, to accompany the Municipality or its designated representatives on any on-site inspection. The inspection is not limited to only one facility. All costs for transportation and subsistence to inspect any facilities incurred by Municipality personnel shall be borne by the Municipality

The Municipality reserves the right to reject any and all proposals and is under no obligation to award a ontract.

14.0 Draft Services Agreement

The Municipality requests that the proponent include in their response a draft Services Agreement that will form the basis for negotiating a final Services Agreement based on the requirements in this RFP and the Preferred Proponents proposal. The acceptance and incorporation of the options and opportunities outlined in the Proponents proposal and in the Alternative Proposal pricing will be at the sole discretion of the Municipality.

It is intended that the Council of the Township of Central Manitoulin will select a Proponent (the "Preferred Proponent") at its meeting on October 11, 2007. The Municipality intends to immediately commence negotiations with the Preferred Proponent to reach a final Services Agreement. Notwithstanding the foregoing, it is not the Municipality's intention to engage in price negotiations with the Preferred Proponent. The materials contained in the Preferred Proponents response to this RFP may be attached to any Services Agreement executed between the parties.

The Municipality intends to negotiate a Services Agreement with the Preferred Proponent in good faith and, at least initially, on an exclusive basis. Notwithstanding the foregoing, the Municipality may, at any time in its sole discretion, cease negotiations with the Preferred Proponent and commence negotiations with another Proponent. In addition, the Municipality may elect, at any time in its sole discretion, to cancel the entire process without liability for the cost or expenses incurred by the Preferred Proponent or any other Proponent in conducting negotiations with the Municipality or in responding to this RFP.

The Municipality expects the Preferred Proponent to negotiate a final Services Agreement in good faith in a timely and efficient fashion. The Municipality shall not be under any obligation whatsoever to any Proponent until such time as the Municipality has executed a Services Agreement between the parties.

15.0 Termination of Agreement

15.1 General

The Operations and Maintenance Services Agreement may only be terminated during the term of the contract either by the Municipality or the Contractor under the following conditions:

- a) At least twelve calendar months before the expiry of the Initial Term, the Municipality or the Proponent shall notify the other party in writing whether it wishes to renew or terminate this Agreement at the end of the Initial Term.
- b) During the Initial Term or any Renewal Term, this Agreement may be terminated by either the Municipality or Contractor ("Termination for Cause") if:
 - (i) there has been a material breach of the Agreement; and
 - (ii) the party complaining of the breach has given written notice of the breach to the other party; and
 - (iii) the other party does not correct the breach within thirty days of receiving the notice.
- c) Where there is a material breach and:
 - (i) such material breach has not been corrected within the 30 day time period;
 - (ii) the material breach has not been referred to mediation; or
 - (iii) the Parties have not otherwise agreed in writing, then the complaining party may terminate this Agreement by giving at least six months notice in writing to the other Party.

- d) If either Party disputes the existence of a breach or that the breach is material, the dispute may be referred to mediation.
- e) After the Initial Term of this Agreement, notwithstanding the term of any renewal, either the Municipality or Contractor may terminate this Agreement as follows:
- f) for any reason, upon twelve months prior written notice; or
- g) if there has been a material breach of the Agreement, in accordance with the procedure described in Paragraphs 15.1(b) and (c) above and Section 15.2 below.

15.2 Early Termination

If there has been Termination for Cause, then the terminating party shall be paid its actual costs up to the date of termination. Such costs may include, on the part of the Municipality, the costs of retendering or hiring a replacement and temporary operator until a permanent operator can be retained, and in the case of Contractor, the costs of demobilization.

16.0 Transition Period

16.1 Equipment Owned by the Municipality

All land, buildings, improvements and permanent equipment which are presently in place or new facilities that may be added by future construction projects, shall remain or become the property of the Township of Central Manitoulin. Should the Proponent fund any facilities improvement at the request and approval of the Municipality, such facilities shall become the Municipality's after the completion of a repayable schedule. All existing facilities shall be made available to the Preferred Proponent for its use in providing the services under the Services Agreement.

Expendable supplies and spare parts, which are on hand on the date of the commencement of the contract, shall be inventoried for review and agreement by the Municipality. The Proponent shall assume responsibility for such inventory and at the end of the contract period, the inventory shall be returned to the Municipality with a value equal to the beginning value, less normal wear and tear.

The Proponent shall maintain all lands, buildings, improvements, vehicles and permanent equipment that are within the scope of the contract. Equipment and vehicle maintenance shall be performed by the Proponent in accordance with manufacturer's recommendations or good industry practices and the Proponent will be required to provide proof thereof to the satisfaction of the Municipality.

16.2 Integration of Existing Municipal Staff

The Municipality has limited staff with Classifications under Ontario Regulation 435/93 Proponents are not expected to provide for any provision for integration into their staffing plans in their proposals.

16.3 Initial Condition Survey

The successful Proponent shall conduct an Initial Conditions Survey prepared and certified by a qualified person such as a C.E.T. or professional engineer (suitable to the Municipality). The survey will include all the site works and equipment within 90 days of the commencement of the contract. It is not anticipated that any of the equipment will be removed from service for this purpose. This survey shall include, but not be limited to:

- Structural condition of buildings, tanks and vessels;
- Mechanical availability of tools and laboratory equipment to perform the operations and maintenance functions;
- Condition of pumps, motors, blowers, chemical feeders;
- Health and safety issues that could impact operations staff
- Electrical condition of motor control centers, panels; and
- Operational status of instrumentation, SCADA, alarms and other monitoring equipment.

A comprehensive report shall be prepared and submitted to the Municipality by April 7, 2008.

17.0 Contractor Information

The Contractor information shall include the audited financial reports for the year 2005 or most recent available at time of submission.

Appendices

Submission Label

SUBMISSION LABEL

From: _____

Contact: _____

Telephone: _____

Deliver to:

**The Corporation of The Township of Central Manitoulin
ATTN: Deputy Clerk
6020 Hwy 642, P.O. BOX 187
Mindemoya, ON P0P 1S0**

**SEALED PROPOSAL:
RFP #: 07-001**

For Town Office use only:

**DESCRIPTION: OPERATING, MAINTENANCE AND
MANAGEMENT SERVICES - WATER
AND WASTEWATER SYSTEMS**

Date and Time Received: _____

CLOSING DATE: August 17, 2007, 3:00pm (15:00) Local Time

Received By: _____