



Ma-Me-O Beach Wastewater Project Community Update June 22, 2021

Ma-Me-O Council is continuing to work with our contractors to complete a fully functioning wastewater system at Ma-Me-O Beach. The following information is presented to provide ratepayers with the most up-to-date information about the status of the system.

What is happening with the wastewater system? Every week we hear that the system is being tested prior to re-activation but no details are being provided as to what the problems are, when they will be resolved and why the system is not performing as it should. What is going on?

The reason that so little information has been provided to ratepayers is because Council has been legally constrained from doing so. Under the terms of the construction agreement, the contractor, is required to provide the Summer Village with a problem free, fully functional wastewater system. To guarantee that result, the contractor was also required to post a Performance Bond of over one million dollars. However, the agreement also stipulates that if problems do arise and the contractor disputes that any of those problems are related to their workmanship, both parties will agree to a process of arbitration to resolve the dispute. When problems were discovered with the heat trace system and the contractor denied responsibility for those problems, the arbitration process was triggered. Legal counsel representing the Summer Village advised that no details should be made public as to specific concerns with the construction, investigations that have been undertaken, the potential costs of repairs or any other matters that would be dealt with under the arbitration process. The Summer Village has made a claim against the performance bond, an arbitrator has been retained and arbitration is scheduled for November of this year.

The system was, once again, shut down for the winter. When is it going to be activated again?

The re-activation of the wastewater system is in progress now. Prior to re-activating the system and in anticipation of the rehabilitation work this summer, the full line required pressure testing. This pressure testing has encountered some problems that have delayed the start up.

What's being done to find out what went wrong with the heating tracing components and to fix it?

An investigation by an independent third party has identified the causes of the failure. This investigation and related reporting took most of the season in 2020 and work could not begin on the rehabilitation.

A tender for the repair work is complete and Council has approved the tender for issue. Once the project has been awarded to a qualified contractor, the rehabilitation work will begin. The rehabilitation project is expected to be complete in October.

The wastewater system will be operational during the rehabilitation process.

If the heat tracing system didn't work the first time, what is being done to ensure it will work this time?

A very high level of supervision will occur at every stage of the rehabilitation to ensure that all of the design requirements of the contract are met. The contractor awarded the project will be

expected to begin work as soon as possible. An engineering construction supervision firm has been engaged to supervise and record all work as it is being done.

Repairs of this magnitude come with a cost. Who pays for those costs?

Under the original contract for the system, the satisfactory quality of the work done by the contractor was guaranteed by a Performance Bond. That Bond has now been called upon to secure payment for costs that are incurred during the rehabilitation of the system. The bonding company is entitled to defer honouring the bond pending the results of the arbitration. The process of that arbitration has now begun.

When will the results of that arbitration be known? What is being done to facilitate it?

The Arbitration is scheduled for November of this year. The rehabilitation work is planned to be completed prior to then so that the Summer Village can advance a claim for its costs in the arbitration.

If all the work has to be done before the total costs associated with the heat trace failure can be assessed and claimed from the responsible parties, where will the money to pay for the rehabilitation come from?

In the interim, the Summer Village will be required to carry the costs of the rehabilitation. To pay those costs, Council has approved an interim financing bylaw.