On the contract for sewage treatment plant upgrades and operations

Submission to Executive Policy Committee, Winnipeg City Council

Darrell Rankin, Leader, Communist Party of Canada – Manitoba

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When I read the report before you today about the contract criteria for the sewage treatment plant upgrades and operations for the next 30 years, it became clear to me that the EPC has failed to hear the concerns expressed by the majority of people in this City.

Why have you failed to make one of your criteria wide public discussion about how to proceed? That criteria is totally lacking in the award of this contract. The report you have before you is dated May 6; it was issued less than a week ago. It would be disappointing to have a City Council that is so self-confident that it is prepared to sign a contract that will commit us to a costly relationship with a company for the next thirty years with no public input.

As the history section of your report says, you have had all the time since the Province issued the sewage effluent license to you several years ago to come up with a plan to hold public hearings as part of the criteria used to decide how to proceed with the license.

Now all of us have six days, according to you, to understand the criteria for a monumental contract with a huge multinational corporation. I would like to insist that a new criteria be added that the City only sign contracts with corporations with a good reputation and that have not been convicted of criminal offences.

According to the California Healthy Communities Network, Veolia is a company with a history of "costly lawsuits, conviction of Veolia officials and public officials in embezzlement of public funds, illegal bidding practices, faulty contracts riddled with important costly omissions, breach of contract issues from failure to maintain adequate staffing levels, charging improper expenses to the maintenance and repair bill covered by the public agency, serious sewage spills, failure to comply with the federal Clean Water Act, overcharging the public for services, and plant safety violations."

For me, a key criteria that is missing from the award of contract that is should be subject to a referendum which could be held at the same time as the municipal elections this Fall at no great cost to the taxpayer. I would move such an amendment if I was sitting among you.

I see in your report that "the contract will contain provision for the City to terminate if ever required." I think you will agree that if the citizens of Winnipeg require the contract to be terminated this Fall, that would be a very good reason to terminate, and because we are lacking in so many of the facts surrounding the contract, its language, actual costs, and the calculation of expected sources of savings, a referendum on whatever you are delegating to your officials to sign with Veolia seems to me to be an irrefutably good idea, especially if the criteria required there be no onerous penalty for such a termination.

So if you fail to put the criteria of a referendum in the criteria of contract today, then I will be very sad that you have such a low opinion about the views of the citizens of this City, that you would deny them a right to vote on this contract and whether it should be continued once some of the actual facts are known about the contract that is signed.

In my view, the 'criteria of award of contract' is totally insufficient and any thinking person would have too many unanswered questions about the criteria. The City should not proceed to sign a contract because of the flimsy nature of this report. I am suggesting the idea of a referendum because if you and City Council vote to approve the recommendations in the report, then we will still need to find a way to respect the will of the people of this City, something which unfortunately seems to be missing in how City officials have engineered the debate since the Province discovered shortcomings in how the City treated waste water eight years ago.

It is quite clear to me that citizens will have to wait to see the contract before they can offer an informed comment on what you are deciding today, but that concern does not seem to be a problem for you at all.

I will only speak to one of the criteria actually in the report before you today. The main premise of the report is that a "30 year contract is expected to save taxpayers from 10 to 20 per cent of the entire sewage treatment program costs."

There is no clarity whatsoever in the report how these savings will come about. For example, how much of the savings will come from labour-saving technology? Will any of the savings come from workers' wages who might become employees of an arms-length corporation that might have no union? How much will come from this source? Are the technologies that are known to be so effective the sole property of Veolia or is it readily available on the market? And if it is readily available on the market why are we saying that we need to have a contract with a private corporation to inform us that such technology exists. How much of the savings will come from increasing the workload of existing employees, from sweating, or more efficient organization of the labour involved? Will it be done at the expense of health and safety in order to achieve this particular part of the savings? How is it that Veolia is being trusted to design the new facilities when there is so much more information held by other public water waste facilities across Canada and world that would willingly share for free or for a small expense compared to the unknown costs associated with this contract? How much of the anticipated savings come from the design of the facility?

Will Veolia enjoy 30 years of profits for one year of work to improve the design efficiency? What baseline will you use to calculate the added design efficiencies? On page 7 of your report you say the City's baseline are savings over a period of 30 years for both capital and operations "if delivered status quo and under traditional capital project methods." This is all we have to go by. That seems to apply to the build part of the contract, but this is a "design and build" contract. What about the design part of the contract? How will you calculate a baseline for added efficiencies from the design of the project? If you rely on the words "status quo" in your criteria, then the savings could

potentially be enormous and lasting for a period of 30 years as a result of less than one year's work by Veolia. Or another possibility for a baseline for calculating savings from design efficiencies would be comparing what City engineers come up with and what Veolia proposes. In that case, the comparison might reduce the amount we have to pay as taxpayers, but then what purpose is there to duplicate the engineering design work of Veolia? It is quite clear from your report that Veolia will be compensated as a result of design, build and operations efficiencies so this last question about a baseline for design is actually a very essential question.

We don't know any of the answers to these questions because we don't have a copy of the promises made by Veolia in its report to your officials. In fact, I don't even know if you have read Veolia's actual promises. Just before this meeting I asked one of the report's authors, Mr. Gray, if could see the "detailed bid proposal" from Veolia, referred to on page 6 of your report. I was informed that the information was not available to the public. As a result, I have a direct question for you: Have you read these promises from Veolia in their bid proposal, a document we public citizens cannot see? It seems to be one of your unwritten contract criteria, to which I am supposed to limit my comments, that can read these reports but we can not. If you refuse to answer my question, then your silence will say much about what you actually know and understand about this proposed contract.

I see in the report that one of the criteria of the award of contract is that all the "costs" of the contract will be "delivered on a transparent and open book basis and be subject to audit." Well already we don't have a copy of Veolia's bid, so how open is this book? It is completely shut.

I have many other concerns about the report you have before you today, such as the general nature of the promises for "regular" reports and promises of "accountability." These are meaningless and abstract without firm details.

It does not matter what you call this contract. It probably is not a private-public partnership. But it is a contract to siphon money from taxpayers at the expense of good quality, public water services. It is a contract to transfer important aspects of control to a water and waste corporation that definitely should not be trusted. These are the important points that any public debate about this proposal would bring out, in any public hearings or before a referendum.

This is a report that should be rejected by any thinking group of responsible politicians who are deciding on such a long term plan for waste water treatment in Winnipeg.