Agenda – Council – July 18, 2024

Report – Standing Policy Committee on Community Services – July 5, 2024

Item No. 2 Agreement with Pounder Emulsions, a Division of Cenovus Energy Inc. for Fire Protection Services to Pounder Emulsions Facility

STANDING COMMITTEE RECOMMENDATION:

On July 9, 2024, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Community Services and submitted the following to Council:

1. That the City provide fire protection services to the Pounder Emulsions facility located at 2800 Day Street in the Rural Municipality of Springfield, for the period from the date of execution of the agreement for a five-year term, per the terms and conditions, attached as Appendix A, with the following amendment:

    A. Replace the second bullet under the Renewal clause with "Renewal is subject to Council approval"

2. That the City enter into, execute and deliver a service agreement with Cenovus Energy Inc. as owner of Pounder Emulsions and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing ("Ancillary Agreements").

3. That the Chief Administrative Officer be authorized to negotiate and approve the terms and conditions of the service provision agreement, the Ancillary Agreements, and such other terms and conditions determined necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Standing Policy Committee on Community Services – July 5, 2024

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 9, 2024, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Community Services and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On July 5, 2024, the Standing Policy Committee on Community Services concurred in the recommendation of the Winnipeg Public Service, with the following amendments:

- In Recommendation 1.A., delete the period after "Appendix A" and replace with the following:

  ", with the following amendment:

  A. Replace the second bullet under the Renewal clause with "Renewal is subject to Council approval"

- Delete Recommendation 4 in its entirety and renumber the remaining recommendation accordingly

and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Agreement with Pounder Emulsions, a Division of Cenovus Energy Inc. for Fire Protection Services to Pounder Emulsions Facility

Critical Path: Standing Policy Committee on Community Services – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
S. Wilkinson	C. Schmidt	T. Graham	M. Jack

EXECUTIVE SUMMARY

Pounder Emulsions is located at 2800 Day Street, Springfield, Manitoba, which is near the City of Winnipeg eastern boundary. Pounder Emulsions is owned and operated by Cenovus Energy Inc. and manufactures and stores asphalt emulsion and other hazardous flammable chemicals in significant quantities.

The Winnipeg Fire Paramedic Service (WFPS) responded to an incident at the Pounder Emulsions facility on October 22, 2018, which involved large outdoor storage tanks and rail car off load infrastructure. The fire was beyond the capacity of the Springfield Fire Department to control and they requested emergency assistance.

Due to the nature of the business conducted at the Pounder Emulsions facility and its proximity to the City of Winnipeg boundary, WFPS resources would be utilized to mitigate any major future incident on that property.

The City of Winnipeg entered into an agreement with Husky Oil Operations Limited on April 1, 2021, then owner of Pounder Emulsions, to provide fire protection services to the Pounder Emulsions facility located at 2800 Day Street in the Rural Municipality of Springfield. The agreement expired on December 31, 2023.

On December 30, 2021, Husky Oil Operations Limited amalgamated with Cenovus Energy Inc. Cenovus Energy Inc. has requested a new agreement. The formal agreement will allow the WFPS to be compensated for the provision of this service.

RECOMMENDATIONS

1. That the City provide fire protection services to the Pounder Emulsions facility located at 2800 Day Street in the Rural Municipality of Springfield, for the period from the date of execution of the agreement for a five-year term, per the terms and conditions, attached as Appendix A.

2. That the City enter into, execute and deliver a service agreement with Cenovus Energy Inc. as owner of Pounder Emulsions and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing ("Ancillary Agreements").

3. That the Chief Administrative Officer be authorized to negotiate and approve the terms and conditions of the service provision agreement, the Ancillary Agreements, and such other terms and conditions determined necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

4. The authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of all future similar agreements for the provision of fire protection services to the Pounder Emulsions facility located at 2800 Day Street, and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

5. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required to enter into a multi-year agreement with Cenovus Energy Inc.as owner of Pounder Emulsions for the provision of fire protection services outside City limits.

IMPLICATIONS OF THE RECOMMENDATIONS

There would be no appreciable increase in departmental costs to provide this service as WFPS estimates that this service can be provided within existing resources. Revenue arising from this contract forms part of the department budget approved by Council.

HISTORY/DISCUSSION

On March 22, 2000, Council directed the Administration to divest itself of contracts for the provision of fire protection services outside the City of Winnipeg except for fire protection services to Border Chemical's property at 595 Gunn Road in the Rural Municipality (RM) of Springfield and one other location that was approved by Council.

The Pounder Emulsions facility is located near Border Chemical.

On October 22, 2018, Provincial 911 contacted Winnipeg 911 to request mutual aid to fight a fire at Pounder Emulsions. The request originated from the RM of Springfield Fire Department.

The fire involved the large outdoor storage tanks and rail car off load infrastructure. The fire was beyond the capacity of the Springfield Fire Department to control and they were requesting emergency assistance.

The Winnipeg Fire Paramedic Service (WFPS) attended the incident and immediately upgraded the response to include a very significant portion of the WFPS on duty resources. In addition, assistance was requested from the Winnipeg Airport Authority Fire Department and the Department of National Defense. Both had airport fire crash trucks with high volume foam capacity. In portions of Transcona that were impacted, residents were advised to secure in place, schools were notified and those closest to the incident evacuated, area civic facilities were closed and a large-scale general evacuation of a significant portion of Transcona was considered prior to the fire being successfully extinguished.

Due to the nature of the business conducted at the Pounder Emulsions facility and its proximity to the City of Winnipeg boundary, WFPS resources would be utilized to mitigate any major future incident on that property. The formal agreement allows the WFPS to be compensated for the provision of this service. WFPS is best positioned to respond in a well-equipped and timely manner to incidents at this location and providing fire services is in the best interests of the local community and the citizens of Winnipeg.

The WFPS already provides emergency medical response to the Pounder Emulsions facility property as it lies within the boundaries for WFPS ambulance service.

On February 25, 2021, Council adopted the report of the Standing Policy Committee on Protection, Community Services and Parks recommending that the City enter into an agreement with Husky Energy Limited as owner of Pounder Emulsions for fire protection services for the Pounder Emulsions facility located at 2800 Day Street in the Rural Municipality of Springfield.

The City of Winnipeg entered into an agreement with Husky Energy Limited on April 1, 2021, then owner of Pounder Emulsions, to provide fire protection services to the Pounder Emulsions facility located at 2800 Day Street in the Rural Municipality of Springfield. The agreement expired on December 31, 2023.

On December 30, 2021, Husky Oil Operations Limited amalgamated with Cenovus Energy Inc. Cenovus Energy Inc. has requested a new agreement.

Subject to Council approval WFPS has negotiated the terms and conditions of the agreement with Cenovus Energy Inc. as owner of Pounder Emulsions, included as Appendix A.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 31, 2024

Project Name:

First Year of Program **2024**

Agreement with Pounder Emulsions, a Division of Cenovus Energy Inc. for Fire Protection Services to Pounder Emulsions Facility

	2024	2025	2026	2027	2028
Capital					
Capital Expenditures Required		$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs		-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs					
Less: Incremental Revenue/Recovery	(29,969)	(30,868)	(31,794)	(32,748)	(33,730)
Net Cost/(Benefit)	$ 29,969	$ 30,868	$ 31,794	$ 32,748	$ 33,730
Less: Existing Budget Amounts	(29,969)	(30,868)	(31,794)	(32,748)	(33,730)
Net Budget Adjustment Required	$ 59,938	$ 61,736	$ 63,588	$ 65,496	$ 67,460

Additional Comments:

The revenue from 'out of Winnipeg' service provision is included in our annual budget approved by Council. The FIS does not consider any response cost which will be fully recoverable, over and above the amount reported here, in the event a fire arises at this location.

John Hall FCMA, CGMA
Financial Controller
Fire Paramedic Service

CONSULTATION

This Report has been prepared in consultation with:

Legal Services

OURWINNIPEG POLICY ALIGNMENT

Goal: Leadership and Good Governance
Policy 1.12 – Integrated Regional Planning - In accordance with applicable provincial requirements, partner with Indigenous governments, community leaders and the Winnipeg Metropolitan Region (or any successor organization) and municipalities and planning districts of the Capital Region in collaborating, coordinating, and investing in strategic approaches to matters of shared interest and benefit in the capital region. This includes land use planning, growth, climate change mitigation and adaptation, service delivery, economic development, the establishment, or expansion, of partnerships for the development and maintenance of regional infrastructure, and cost-sharing resiliency and adaptability initiatives. Areas of partnership should also include land resource and watershed management, natural area and urban forest canopy conservation, housing choice, communications technology infrastructure, and connectivity. Resulting collaboration must be clearly reflected in the 5-year review of this Plan.

Goal: Good Health and Well-Being
Policy 4.7 Community Safety - Provide capacity to prepare, mitigate, assess risk, respond to and recover from the impacts of climate change, extreme weather, human or natural emergencies, disasters, and diseases, to promote community resilience within a changing hazard landscape.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report

SUBMITTED BY

Department: Winnipeg Fire Paramedic Service
Division: Executive
Prepared by: Scott Wilkinson, Deputy Chief Fire Rescue Operations and Training
Date: May 31, 2024
Appendix A: Terms and Conditions

Appendix A: Terms and Conditions

Term	• Date of execution of agreement for a five year term • Either party may terminate the agreement for any or no reason upon six months' notice in writing.
Services	• WFPS shall provide emergency services to Cenovus Energy Inc. as owner of Pounder Emulsions related to all types of fires including vehicle fires and grass fires which threaten Pounder Emulsions property. • WFPS Fire Prevention Branch shall conduct fire inspections of the Pounder Emulsions facility in accordance with the existing schedule for Industrial Occupancy Fire Inspections.
Payment	• Cenovus Energy Inc. as owner of Pounder Emulsions shall pay an annual stand-by charge of 2024 $29,969 2025 $30,868 2026 $31,794 2027 $32,748 2028 $33,730 • which can be paid in two installments of 50% of the annual fee each on or before January 1 and July 1 in each year of the agreement. • Standard apparatus response charges calculated from the time each call is received until the time the apparatus is back in service shall be paid within 30 days of the invoice from the City. These charges are subject to change based on the Fees and Charges Schedule approved by City Council annually. • The reasonable cost of any supplies used by the City for the purpose of providing fire protection services to the Day Street facility. • Any applicable GST.
Renewal	• Cenovus Energy Inc. as owner of Pounder Emulsions shall give notice in writing of its intention to renew not less than 12 months prior to the end of the term. • Any renewal is subject to CAO approval
Indemnity	• The City agrees to indemnify Cenovus Energy Inc. and Pounder Emulsions from any and all losses, claims, damages, causes of action, demands or liabilities related to this agreement arising by virtue of o The breach or default of the City of any term; o The negligence or willful misconduct of the City; o Any claim resulting from any representative of the City, except as may be attributed to the negligence of willful misconduct of any representative of Pounder Emulsions or Cenovus Energy Inc.