



Northern Watertek Corporation

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CONFIDENTIAL

Mr. Bruce Webster
Richmond Village Association

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Mr. Richard Bendall
Munster, Ontario

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Gentlemen:

Re: Munster

I am in receipt of the attached document authored by Ryan R. Matthews, M.Sc., P. Eng., Senior Project Manager, City of Ottawa, with respect to O&M costing information on the Munster Wastewater Treatment Project.

Speaking for the Snowfluent figures used, I wish to assure you these values are totally inappropriate, escalated way beyond those submitted by us at Northern Watertek as realistic. In fact, we would operate the Munster plant for much less and guaranteed that in writing in our submissions to date.

Additionally, the values used for the pipeline, both capital and operating, are fraudulent by any other name. They are unbelievably "lowballed". This is not the first time we have seen such drivel relating to pipeline and treatment costs.

A few years ago, the ROPEC Centre published in The Citizen an advertisement as to the costs of running ROPEC on a per cubic meter basis. This value was about \$0.60/m³ (or so). At that cost, the 220,000 m³ of sewage from Munster would cost \$132,000 per year, just for treatment, not including all the pumping and pipeline, lagoon maintenance, etc., etc.

With respect to the Capital Cost Summary attached to the O&M costs, I have three comments.

- The additions to the Snowfluent capital costs are also inappropriate. Most of these additions are included in the capital cost of \$3,300,000. A review of the Dec. 16, 2002 RVA engineering report by this company resulted in a further submission by us to correct errors et. al. The corrections were obviously not incorporated into the City's April 30, 2003 Memorandum, in spite of assurances of the opposite.
- The pipeline, and we are experts at pipeline design and installation, is grossly underestimated. Even TSH originally estimated the cost of \$16,000,000 plus pumping stations, etc., etc.. Yet when one considers the system we have proposed for on site installation, all the components are exactly the same as for the pipeline system except two things:

- 1) The disposal, which is environmentally superior, is on site; and
- 2) There is less, much less (risky) pipeline, again limited to the Munster site.

Our system consists of:

- a front end lagoon
- pumps
- controls
- electrical gear
- building structure (1)
- pipeline (small amount by comparison)
- etc., etc., etc.

Pipeline System

- a front end lagoon
- pumps
- controls
- electrical gear
- building structures (several)
- pipeline (10 – 15 kms)
- etc., etc., etc.

The same as components subject to life cycle analysis as the pipeline option.

Yet the RVA and City assessment by their engineers considered it completely different in their 90 year cost benefit analysis while, as stated above, the components are virtually identical. A 90-year cost benefit/life cycle analysis is ludicrous in any event. Even the Head of Carleton University's Economics Department concurs.

- Therefore, the pipeline, even in concept, has no advantage whatsoever over the on site proposals.
- Furthermore, because of the amount of pipeline, the risk exposure to failure is greater according to any proper engineering practice and experience, and as confirmed in the R.V. Anderson report of December 16, 2002.

Finally, the scheduling applied to the NWC/Snowfluent EVC* and the Seprotech proposals, is highly arbitrary and self-serving to cater to the pipeline as preferred alternative.

Said scheduling which is a figment of the City Engineer's Department's imagination and did not come from NWC, is as said above, self-serving to justify the pipeline blatantly provided by the City. The additional \$500,000 hauling charges over that assessed the pipeline is bogus indeed.

In fact, an order given us, even at this date, would have the system up and running by Fall 2004.

For the record, I am appalled at this information, rigged and flawed, in every way, being issued as it is by professional engineers. This is unethical and libelous only exceeded by Ms. Stavinga's continued slander is loquaciously degenerating.

The local MOE's role in this is completely irresponsible. Mr. Burns has failed to meet his responsibilities to ensure the Class EA procedure was properly carried out.

We are reviewing our options in this matter to protect our best interests accordingly.

If we can by of any assistance to provide you with the proper information, please let us know what you need.

It is interesting to note that at the May 27, 2003 presentation to Council Committee, we again objected that the corrections to the RVA submission were not included. These had been sent to RVA et. al. in the February/March period. I understand Seprotech did the same.

We were assured by Hewitt and Newall at that presentation that indeed the changes were included in the April 30 memorandum, which reversed the findings by RVA's December 16, 2002 report. Without these corrections, the 90 year Cost Benefit Analysis would be and is deeply flawed.

The attached proves that once again Hewitt and Newall have deliberately misled Council as to the costs, the risk and the schedules. The question is why?

A further question is why RVA did not recuse themselves from these manipulations as to be unacceptable to any professional engineer, licenced in Ontario, subject to the Code of Ethics embodied in the Engineers' Act of Ontario. They have anted into the process, covered the bet and now must "reap" the rewards.

It is interesting that Reg Andres, V.P. of RVA told me, to my face, and in subsequent conversations on the phone, that the decision on Munster would be political rather than on engineering study conclusions. He stated that his father was a politician and fully understood the implications of the basis of such a decision.

Again, my question. Why the study, at the expense of taxpayers' dollars, of over \$200,000? There is no other word that floats to the surface other than "corruption".

This whole affair is a long way from being closed.

Sincerely,

NORTHERN WATERTEK CORPORATION

A handwritten signature in black ink that reads "Jeff White". The signature is written in a cursive, slightly slanted style. There is a small mark above the "e" in "White" that looks like a checkmark or a flourish.

Jeffrey A. White, P. Eng.
President & CEO

JAW/lp

c.c. M. Hauschild