

THIS AGREEMENT made this 29th day of OCT, 2021.

BETWEEN:

THE CORPORATION OF THE TOWN OF COBOURG

(hereinafter referred to as the “Town”)

- and -

BAXTER’S BAKERY (COBOURG) INC.

(hereinafter referred to as the “Company”)

WHEREAS the Company has a manufacturing establishment located within the Town and presently discharges industrial sanitary waste into the Town’s existing sewage works;

AND WHEREAS the Town has enacted By-law Number 22-2008 being a By-law to control the discharge into the Town’s sewage system.

AND WHEREAS By-law Number 22-2008 prohibits the discharge or deposit of sewage containing certain substances in quantities in excess of a limit set by the By-law but provides that the Town may permit the discharge of sewage which would otherwise be prohibited by the By-law to an extent fixed by agreement with the Town, under such conditions with respect to payment or otherwise as may be necessary to compensate for any additional cost of treatment;

AND WHEREAS the Company carries on an industrial activity within the Town at premises known as Building #1 West, Northam Industrial Park (hereinafter referred to as the Subject Premises) which activity produces a sewage discharge in which the quantity of one or more of total suspended solids (TSS), biochemical oxygen demand (BOD), total phosphorous (TP) and total kjeldahl nitrogen (TKN) are above the permissible limits, set out in the By-law which results in adding to the cost of treatment at the municipal sewage works;

AND WHEREAS the Town has agreed to permit the company to discharge its industrial waste, the characteristics of which exceed or otherwise do

not comply with the limits set out in the By-law into its sanitary sewer system subject to certain terms and conditions as are hereinafter set out;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of their mutual promises herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby covenant and agree as follows:

1. (a) During the currency of this Agreement, the quantity of sewage discharged by the Company from the Subject Premises to the sanitary sewer or combined sewer system shall not exceed 35 cubic meters per day and the rate of such discharge of sewage from the premises shall not exceed 2 cubic meter per hour. The Daily BOD5 Loading Limit shall not exceed 105 kg/day. The Daily TSS Loading Limit shall not exceed 87.5 kg/day.

(b) In calculating the quantity of sewage for the purposes of this Agreement, storm water shall be excluded.

2. During the currency of this Agreement only, the quality of the sewage discharged by the company from the premises to the sanitary sewer or combined sewer system may exceed the limits set out by the By-law with respect to the quantity of TSS, BOD, TP and TKN provided that they shall not exceed the following limits at any time:

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| (a) Total Suspended Solids (TSS): | 2500 mg/L |
| (b) Biological Oxygen Demand (BOD): | 3000 mg/L |
| (c) Total Phosphorous (P): | 30 mg/L |
| (d) Total Keljdahl Nitrogen (TKN): | 175 mg/L |

3. The quality of the sewage discharged by the company may be determined from a grab sample or composite sample collected by a qualified Environmental Services Town employee. Any discharge of sewage by the Company from the premises containing TSS, BOD, TP and/or TKN in excess of the limits set out in paragraph 2 above shall constitute a contravention of this agreement and a contravention of the By-law if corrective action is not implemented within 24 hours of notification by the Town. Tests shall be carried out by the Company in accordance with procedures set out in the latest edition of "*Standard Methods for the Examination of Water and Waste Water*" published by the American Public Health Association and the Company further hereby covenants and agrees to make the results of any such tests available to the Town forthwith upon request.

4. In consideration of the Town agreeing to accept the sewage as set out in this Agreement, the Company hereby agrees to pay to the Town the sum

of Thirty-Five Thousand Dollars (\$35 000.00) per year plus applicable annual rate increases for each year of the term of this Agreement which shall be payable in equal monthly installments payable on the first day of the following month for the preceding period for the duration of this Agreement.

5. The sewage fee of \$35,000 shall be adjusted for annual rate increases to be effective January 1st in each year this Agreement is in effect based on the relative change in the Consumer Price Index for Ontario as published by Statistics Canada since October 1 of the prior year.
6. This Agreement shall remain in force from December 1, 2021 to December 31, 2022, and automatically renew each January 1st, unless a new agreement is reached, or this agreement is terminated pursuant to the provisions of this Agreement.
7. For the purposes of this Agreement, the sewage flow will be determined by the sewage meter reading of the company's sewage flow meter at the point of recording in litres per day. In the event that there is no sewage flow meter, the water in litres per day purchased from the Public Utilities Commission will be used for flow determination if required.
8. The Town shall make scientific determinations as in its opinion are accurate as to the quantities and characteristics of the BOD, TSS, TKN and TP comprising the Company's effluent being deposited in the Town's sewage works. Any sampling and testing may be done by the Town at such time or times as considered appropriate by the Town and shall be conducted with such frequency and on such operating and non-operating days of the company as would fairly reflect the average amounts of said effluent and waste. The Town shall provide the company, upon request, with a report in writing setting out the results of its measurements and tests. The Company may, at its own expense, take such measurements and tests as it desires on the quantities and characteristics of the effluent and waste. If the tests conducted by the Town and by the Company do not show substantially the same quantities and characteristics of effluent and waste, a second set of samples shall be taken by each of the parties and if the results of the second set of tests continue to vary from each other by more than ten percent, the parties hereto agree to accept the results from the Town's second set of tests.
9. If the Town elects and approves the Company's sampling and test methods, the average of comparable values obtained by the Company may be substituted for determination of the average concentration of the BOD, TSS, TKN and TP in parts per million (ppm) for the above charges.
10. The Company shall, at its own expense, be responsible for keeping the sewer effluent line unobstructed. The Company shall also, at its own expense, cover the cost of any repairs to the sewer effluent line caused by the Company's discharges. Any costs to be borne by the Company for repairs to the municipal sanitary sewer line shall be limited to the

proportion of any such repairs necessitated by the Company's discharges. The Company shall not be responsible for any portion of repairs caused by any other user of the municipal sanitary sewer line.

11. This Agreement may be terminated by the Town at any time on 30 days written notice sent by registered mail addressed to the Company at the Subject Premises if:
 - (a) the sewage has caused any health or safety hazard to a sewage works employee;
 - (b) the sewage is causing damage to the sewers, materially increasing their maintenance costs or causing a dangerous condition;
 - (c) the sewage is causing damage to the sewage treatment process or causing a dangerous condition in the treatment works;
 - (d) the sewage is causing the sludge from the sewage works to fail to meet criteria relating to contaminants for spreading the sludge on agricultural lands under *Ontario Guidelines for Sewage Sludge Utilization on Agricultural Lands* (as revised October 1992);
 - (e) the sewage is causing the sewage works effluent to contravene any requirement by or under the Ontario Water Resources Act, R.S.O., 1990, c.O-40 or the Environmental Protection Act, R.S.O., 1990, C.E-19 or any Regulations enacted pursuant thereto;
 - (f) the sewage is causing a hazard to any person, animal, property, or vegetation; or the sewage is contrary to the By-law in any way other than as provided in this Agreement
12. This Agreement may be suspended by the Town at any time where there is an emergency situation of immediate threat or danger to any person, property, plant or animal life or waters. Such suspension may continue until such time as in the reasonable opinion of the Town the emergency situation has abated.
13. This Agreement may be terminated by the Company at any time upon the Company providing 30 days written notice sent by registered mail addressed to the Clerk of the Town.
14. Except as otherwise expressly provided in this Agreement, the Company agrees to conform to the provisions of the By-laws of the Town relating to the discharge of sewage and in the event of the termination of this Agreement, the Company shall conform in all respects to the provisions of the By-law.
15. The Company will not be prosecuted under Part 2 of the By-Law for the discharge of any matter specified in this Agreement and in compliance

with this Agreement during the period in which this Agreement is applicable and so long as the Company complies with this Agreement.

16. The Town shall provide to the Company an invoice on a monthly basis which shall set out the monthly amounts payable by the Company to the Town along with any charges for any additional costs incurred by the Town in processing any breakdown situation by the Company pursuant to paragraph 20 of this Agreement. The Company hereby covenants and agrees to pay the invoices delivered by the Town within thirty (30) days of receipt thereof, failing which the Town may terminate this Agreement at its option. Such termination shall not relieve the Company from its liability to make such payment. The Company covenants and agrees to pay to the Town on demand interest on any overdue amounts at the prime rate existing for the day on which such amount is due and calculated from such date to the date of payment. In addition, the Town agrees to act in a commercially reasonable fashion and to consider an extension to the 30-day payment if requested by the Company. ("Prime rate" means the lowest rate of interest quoted by chartered banks to the most creditworthy borrowers for prime business loans as determined and published by the Bank of Canada.)
17. Where it is determined that the quantity of the substances discharged under the terms of this Agreement have consistently increased by more than 10%, the Town shall be entitled to increase the fee so that payment shall be based on the increased quantity discharged. An increase pursuant to this provision shall not take effect until the Town notifies the Company in writing of the increase and provides supporting documentation to the Company including a copy of the report noting the increase. The Company shall have thirty (30) days to respond to the report regarding the discharge and to conduct their own investigations. The Company may, at its own expense take such measurements and tests as it desires to determine whether in fact the discharged substances have consistently increased. If the tests conducted by the Town and the Company do not show substantially the same quantity of discharge, a second set of samples shall be taken. The second set of samples shall be tested by an independent third party acceptable to both parties and the parties hereto agree to accept the test results from the independent third party. The Company has the right to reduce the substances discharged upon notification of increased discharge by the Town so as to avoid an increase in fee.
18. Where it is determined that the quantity of the substance discharged under the terms of this Agreement have consistently decreased by more than 10% upon being solicited by the Company, the Town shall re-evaluate the sewage surcharge rates and enter into good faith negotiations with the Company to implement a new rate structure that shall be based on the decreased quantity discharged. A decrease pursuant to this provision shall not take effect until the Company notifies the Town in writing of the decrease and provides supporting documentation to the Town including a copy of the report noting the

decrease of discharge. The Town shall have thirty (30) days to respond to the report regarding the discharge and to conduct its own investigations. The Town may, at its own expense, take such measurements and tests as it desires to determine whether in fact the discharged substances have consistently decreased. If the tests conducted by the Company and the Town do not show substantially the same quantity of discharge, a second set of samples shall be taken. The second set of samples shall be tested by an independent third party acceptable to both parties and the parties hereto agree to accept the test results from the independent third party.

19. The parties hereto hereby agree that this Agreement shall not be considered to be breached by the Company by reason of any effluent or waste being delivered to the Town's sewage works resulting from a breakdown situation at the Company. The Town may assess an additional charge for any additional costs incurred by the Town in processing any breakdown situation by the Company results in an exceedance of the limits set out in paragraph 2 of this Agreement. Such additional charge shall be limited to the actual costs incurred by the Town of the occurrence of any breakdown situation no later than 8:00 a.m. of the day following the day of the breakdown. In the event that variations in load causes exceedances, the Company shall review with the Town such alternatives as may be necessary to address the variations.
20. The parties hereto hereby covenant and agree that any information provided by the Company to the Town regarding the production or processing by the Company shall remain the property of the Company and the Town hereby agrees not to disclose any such information received by the Company save and except to the extent that may be necessary to enforce the provisions of this Agreement or the By-Law.
21. The Town and the Company hereby agree that the operations contemplated by this Agreement shall be reviewed each year during the term of this Agreement by the Company's plant manager and the Town's manager of the Water Pollution Control Plants.
22. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties.
23. This Agreement shall not be assigned by the Company without the prior written consent of the Town.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their corporate seals duly by the proper signing officers in that behalf.

SIGNED, SEALED AND DELIVERED

)THE CORPORATION OF THE
)TOWN OF COBOURG

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)MAYOR ACTING

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)CLERK

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)BAXTER'S BAKERY (COBOURG)
)INC.

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)Per: DAVID BAXTER

) "I have authority to bring the
) Corporation"

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