

Authority to Enter into Offer to Connect and Connection Agreements with PowerStream Inc. for the Milliken Reservoir and Pumping Station Expansion and to pay costs associated with these Agreements

Date:	October 15, 2009
To:	Public Works & Infrastructure Committee
From:	Executive Director, Technical Services General Manager, Toronto Water
Wards:	N/A
Reference Number:	P:\2009\Cluster B\TEC\PW09035.doc

SUMMARY

This report seeks authority for the City to enter into an Offer to Connect Agreement, and, if required, a Connection Agreement, with the electricity utility, PowerStream Inc. ("PowerStream"), in order to proceed with development of the Milliken Reservoir and Pumping Station Expansion.

The Offer to Connect Agreement is required by PowerStream in order to connect new Reservoir facilities to the PowerStream electrical power grid. The Offer to Connect Agreement requires a commitment to grant an easement to PowerStream on City lands for nominal consideration if required for the installation of electrical infrastructure, payment for the works required for connection to the electrical grid, as well as system enhancement charges which may be levied by PowerStream as a result of the connection. The Offer to Connect Agreement also provides for an additional Connection Agreement, which may be required by PowerStream at a later date.

RECOMMENDATIONS

The Executive Director of Technical Services and General Manager of Toronto Water recommend that:

1. Authority be granted to enter into an Offer to Connect Agreement with PowerStream, on terms and conditions satisfactory to the Executive Director, Technical Services, and the General Manager, Toronto Water, including, among other things, a commitment by the City to provide such easements as may be required for the installation of required electrical infrastructure on City land and a commitment by the City to enter into a further Connection Agreement with PowerStream if required at a later date;
2. Authority be granted to pay costs identified in and associated with the Offer to Connect Agreement to PowerStream, including connection charges for works required to connect the new pumping station to an electrical power source and system enhancement charges that may be levied by PowerStream as a result of the connection once the new pumping station is operational; and,
3. Authority be granted to enter into the Connection Agreement identified in paragraph 1 above on terms and conditions satisfactory to the Executive Director, Technical Services, and the General Manager, Toronto Water, if such a Connection Agreement is later required by PowerStream, and to pay any charges incidental to and associated with the Connection Agreement.

FINANCIAL IMPACT

All costs associated with these Agreements are in the approved 2009 Toronto Water Capital Budget CPW029 - Milliken Reservoir and Pumping Station Expansion.

All costs associated with the new pumping station development at the Milliken Reservoir site are cost reimbursable from Regional Municipality of York (York), in accordance with Schedule B of the City's Water Supply Agreement with York dated March 1, 2005. This report was authorized by report 5(24) of the Policy and Finance Committee adopted in Council on 17, 18 and 19th of May, 2005. The costs herein referenced falls under this agreement and are anticipated to be fully reimbursed by York.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agree with the financial impact information.

ISSUE BACKGROUND

The Milliken Pumping Station and Reservoir is located at 4375, 14th Avenue, (south of 14th Avenue and west of Kennedy Road) in the Town of Markham, located in York Region. The Milliken Reservoir was constructed and placed into service in 1975. The reservoir provides fire protection, system balancing, and emergency reserve storage for the City of Toronto and York, and receives water from the City of Toronto's four water treatment plant via a transmission network and pumping stations.

The expansion of the Milliken Pumping Station and Reservoir is necessary to allow the City of Toronto to meet the recommendations of the Toronto-York Region Joint Optimization Study, updated in 2006, to double its capacity in order to support population growth projections and enhance water supply. The City of Toronto is required to supply an increased capacity to York by January 1, 2011

COMMENTS

The construction works for the Milliken Reservoir and Pumping Station Expansion have commenced. Required for the completion of the works and successful commissioning of the project is a new electricity power supply to the new pumping station from PowerStream. This requires entering into an Offer to Connect Agreement with PowerStream now, and if required, a Connection Agreement with PowerStream at a later date.

Identified in the Offer to Connect Agreement is the potential for easements to be granted to PowerStream for nominal consideration. Any grant of easement for nominal consideration by the City to PowerStream will be done in conjunction with the Facilities and Real Estate Division and in accordance with the delegated authority of City staff to approve such grants. This was authorized by Report No. 11(1), as amended, of the Corporate Services Committee adopted in Council on the 29th, 30th and 31st of July, 1998.

The Offer to Connect Agreement also requires the payment of construction charges and system enhancement charges. This report authorises the payment of those charges anticipated to be \$124,300.77 and \$1,299,261.00 respectively net GST.

In order to provide the increased capacity prior to January 1, 2011, it is essential for the pumping station be operable prior to December 2010. Operation may only commence when PowerStream Inc. has provided the requisite supply. These agreements and payments are required to be in place ahead of commissioning and operation of the new pumping station.

Legal Services has reviewed this report.

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