

Municipality of Lakeshore – Report to Council

Operations

Engineering Services



To: Mayor & Members of Council
From: Krystal Kalbol, P. Eng., Corporate Leader - Operations
Date: August 7, 2023
Subject: Hydro One Networks Inc. – Community Support Agreement (CSA)

Recommendation

This report is for information only.

Background

In 2019, Hydro One Networks Inc. (Hydro One) started construction on the Lakeshore Transformer Station located on County Road 46, adjacent to Rochester Townline. The site the station is located on is approximately 313 acres, the station footprint currently occupies approximately 50 acres. The construction of this station was completed in 2022.

In 2022, an underground duct bank (referred to as the South Middle Road Feeder Duct Bank Project) was installed from the Lakeshore Transformer Station, southerly into Leamington. Permits and approvals were provided for this project through Engineering & Infrastructure. At that time, the requirement for entering into a RUA was waived, and in lieu Hydro One provided Lakeshore a cash contribution to maintain and repair the impacted roadways. As part of this agreement, Hydro One agreed to enter into a more substantial agreement (referred to at the time as a Memorandum of Understanding (MOU)) to accommodate future projects.

Subsequent to the above, on April 4, 2022, the Minister of Energy made a formal announcement related to “Ontario Supporting Economic Growth in Southwest Ontario”. This announcement included the need to support the “incredible growth in Southwest Ontario” through the introduction of five (5) transmission lines, three (3) being declared priorities (meaning streamlining project approvals through the Ontario Energy Board (OEB)).

The five (5) transmission projects (the “Projects”) that will be advanced are summarized below and a map appended to this report:

1. The Chatham to Lakeshore Line, a 230-kilovolt line from Chatham Switching Station to the new Lakeshore Transformer Station. This project is currently in the project approvals phase and has been reviewed through Engineering & Infrastructure. Permits and approvals for this project are pending this CSA.
2. The St. Clair Line, a 230-kilovolt line from Lambton Transformer Station, south of Sarnia, to Chatham Switching Station. It should be noted that this project has no impact on Lakeshore and therefore was not included in the CSA.
3. The Longwood to Lakeshore Line, a 500-kilovolt line from Longwood Transformer Station, west of London, to the new Lakeshore Transformer Station. This project is currently in the planning phases.
4. A second 500-kilovolt line from Longwood Transformer Station to Lakeshore Transformer Station. This project is currently being considered in the planning phases with the above project; and
5. The Windsor Line, a 230-kilovolt line that would run from the Windsor area to Lakeshore Transformer station, with scope to be further refined in future years.

Based on the above projects, Hydro One developed a CSA template (in lieu of the MOU previously discussed) to assist with negotiations to enter into a formal agreement to support the above noted projects.

In March of 2023, Hydro One and Lakeshore commenced negotiations to enter into a CSA. The agreement was finalized in July of 2023 and has been appended for information.

Comments

The following provides a summary of the conditions in the attached Community Support Agreement.

Required Municipal Support

The CSA outlines in Section 3.0 the Municipality Commitments required through the projects. This includes working closely with Hydro One to determine routing, liaising with others through the project planning and implementation, attend Technical Advisory Committee meetings, support transmission related events and support through the OEB approval and construction phases of the projects.

Municipal Resources

Based on the complexity of the above noted projects, Hydro One has identified ways to assist Lakeshore with the resourcing support required to support and streamline the approval process for these projects. The municipal resourcing is expected to include the following:

- Hydro One has agreed to support and fund a full-time municipal resource (Project Manager) to assist with the review of projects, issuance of permits and approvals in a timely manner, addressing public calls and complaints, inspections through the duration of construction and to ensure proper acceptance and project close out (as-built records and maintenance periods satisfied). This resource is approximately \$150,000/year for 10 years; and
- This item also includes a contribution of \$50,000.00/per project to cover general expenses related to any required third-party review(s), legal costs, etc. incurred during the undertaking of these projects.

Community Benefit Contribution

The Community Benefit Contribution payment will be made at various project milestones and is expected to assist with the community impact these projects will have.

The Community Benefit Contribution will focus on projects related to recreation and culture. These may include the following:

- Community development projects like community centers and/or hubs;
- Park development and/or redevelopment;
- Community based projects including donation and collection programs, education programs, etc.; and
- Projects that will have the ability to showcase the partnership between Lakeshore and Hydro One.

Initial Road Repair Payment

Hydro One has provided funds in the amount of \$500,000.00 to support road maintenance and repairs that existing projects have had in the vicinity of the Lakeshore Transmission Station.

Road User Agreement (RUA)

Hydro One has also agreed to enter into a RUA with Lakeshore relating to specific requirements for each of the noted projects.

The RUA would continue to protect Lakeshore's assets through pre and post construction condition assessments and agreement on impacts of construction of the projects.

The appended CSA also outlines additional Terms and General Provisions.

As noted in the CSA agreement, the Community Benefit Contribution related to the Chatham to Lakeshore Line will be forthcoming. The following projects may be considered in the upcoming years, pending the milestones whereby the contributions will be received:

- Build out of the new park in the Tracey Subdivision in Comber;
- Garbage receptacles, benches, community plantings and features along Main Street in Comber;
- Placement and/or replacement of Community Signage in Comber;
- Projects that consider the creation of community gathering locations, public squares, community gardens, placement of community benches, and gardens; and
- Placement and/or replacement of asphalt pathways/trails in Comber Community Park and/or within the community.

Should Council have additional potential projects that ought to be considered they may be added to this list for review. A further and more detailed project specific report will be brought forward once the contributions are received from Hydro One outlining options and details related to the above noted projects to obtain Council support.

Over time, as other Hydro One projects move forward, relative community benefit projects will also be brought forward for those communities impacted.

Others Consulted

Hydro One was consulted as part of this agreement.

Financial Impacts

The below summarizes the Hydro One Contributions as identified in the CSA:

Community Support Agreement (CSA)	Term	Contributing Cost
Municipal Resources Fee		
Project Manager	10 years	\$1,500,000.00
Project Expenses	4 projects	\$200,000.00
Community Benefit Contribution	Paid at milestones as noted in the CSA	\$5,800,000.00
Initial Road Repair Prepayment	Lump sum	\$500,000.00
Total Cost of Contribution		\$8,000,000.00

Based on the above, the financial impacts are a significant contribution to be able to support the projects during inception through to completion and will contribute to the future investment (over the next 10 years) of Lakeshore and assist with the impact the projects may have on the community.

Attachments

Southwest Map Announcement

Community Support Agreement

Report Approval Details

Document Title:	Hydro One Networks Inc. - Community Support Agreement (CSA) .docx
Attachments:	- SouthWest Map Announcement .png - Community Support Agreement.docx - Road Use Agreement_Municipality of Lakeshore.docx
Final Approval Date:	Aug 9, 2023

This report and all of its attachments were approved and signed as outlined below:

Prepared by Krystal Kalbol

Approved by Justin Rousseau and Truper McBride