



City of
Peterborough

To: **Members of the General Committee**

From: **Cynthia Fletcher**
Commissioner of Infrastructure and Planning Services

Meeting Date: **June 10, 2019**

Subject: **Report IPSAIR19-004**
Hydro Service Infrastructure Installation for the Peterborough Airport

Purpose

A report to recommend funding for the installation of Hydro One infrastructure for large service users at the Airport.

Recommendations

That Council approve the recommendations outlined in Report IPSAIR19-004, dated June 10, 2019, of the Commissioner of Infrastructure and Planning Services as follows:

- a) That a Capital project for an Airport Hydro Expansion be created and that the funds of \$1,450,000 be transferred from the Capital Levy Reserve.
- b) That the expansion of infrastructure to provide a 44kV hydro line to the Airport be constructed by Hydro One at a total estimated cost of \$1,000,000 plus HST of \$130,000 for an estimated total of \$1,130,000.
- c) That the expansion deposit of \$450,000, to be paid to Hydro One, be recovered when the load forecast for tenants has been calculated and be returned to the Capital Levy Reserve.
- d) That the Commissioner of Infrastructure and Planning Services, after consulting with the City Solicitor, be authorized to execute such documents as necessary to permit the City to grant easements to Hydro One Networks Inc. over 1837 Mervin Line through an R-Plan to be provided by Hydro One Networks Inc.

Budget and Financial Implications

The total estimated net \$1,450,000 requirement, after applicable HST rebates for the installation of infrastructure to provide a 44kV line can be accommodated within the approved allocation created with recommendation a). The balance in the Capital Levy Reserve after this transfer is \$1,900,000.

The cost of the installation was provided by Hydro One using a Class C estimate. Hydro One is currently completing a Class A estimate that will refine the cost following detailed design.

The installation costs will be apportioned to tenants requiring the large hydro service through an additional fee applied through their land lease. The City has one Airport tenant that requires the large service at this time. The current tenant will pay a one-third share over the term of their lease.

The expansion deposit relates to the forecasted load for hydro usage. Once the load has materialized, the full expansion deposit of \$450,000 will be refunded to the City. The tenant is required to reimburse their proportionate share of the expansion deposit if the usage does not materialize.

Background

Brief Description of the Work

The Peterborough Airport has seen unprecedented growth since the major expansion in 2010. In 2008, the Airport's economic impact reflected 251 people directly employed at the Airport producing GDP of over \$40.0 million dollars annually. In 2016, the Airport's economic impact reflected 382 people directly employed at the Airport producing GDP of over \$74.0 million annually. Today there are over 500 people directly employed at the Airport. Flying Colours is expanding, constructing a 100,000 sq. ft. facility in the Airport Industrial Park east of Airport Road and will be hiring an additional 60 people. These lands are shown in the Peterborough Airport Strategic Development plan for industrial type large facilities.

Staff were aware that at some point, a larger hydro service would be required at the Airport for future tenants. Flying Colours' new facility is the first one requiring the expanded service. Late last year, through a discussion with Hydro One, the City was informed that a 44 kV service was required to meet the load requirements for this type of facility. The City was also informed that hydro service for standard facilities was supplied by a rural 8kV system, which will not support the proposed new use. Flying Colours requires the large hydro service by October 1, 2019 and has found a workaround to operate their facility until the service is made available.

Hydro One completed a study on the large industrial connection at the airport and found the station and the feeder supplying the airport were heavily loaded. Hydro One

researched various options for supplying the service from existing infrastructure but it was concluded that the 8kV system would be unable to support the Airport tenant's new connection.

Hydro One originally suggested providing a 44kV network from Dobbin Transformer Station to the Airport with the majority of the infrastructure to be paid by the Airport. After some initial design and research, Hydro One offered to pay for over half of the 44kV expansion costs in exchange for an easement (see Appendix A) to place two transformers (see Appendix B) on Airport land. The two transformers will meet the hydro demands for the full build out of the Airport including any large user requirements. Staff have identified an area in close proximity to the servicing corridor that will work for the installation of the hydro transformers. The easement location was selected in an area that will not impede future tenant construction.

The City's capital contribution to the Hydro Expansion will be monitored for potential rebates in the event that the line expansion is used to supply other customers beyond Airport use. Un-Forecasted Customer Connection Protection (UCCP) will be provided to the new approximately 2 km of infrastructure for a 5 year period. Hydro One protects the City of Peterborough capital investment by recovering money from any new customer connections on the line. Hydro One will calculate the fair share of the new customer connection based on the length of line they are using and collect the money from the new customer and provide a rebate to the City.

Future Airport tenants connecting to the 44kV service will be required to pay a proportionate share of the cost of the hydro expansion to the City through an annual payment required in their lease.

Council Approval

Hydro One is the only service provider for this work. Under Section 11.3.1, b., ii of Procurement By-law 18-084, Council approval is required for the non-standard procurement of a single source provider of value over \$100,000.

Timelines

If the recommendations are approved, an agreement will be prepared and is to be signed by the CAO and Clerk, under their delegated authority to do so before the work commences.

Hydro One will commence the work as soon as all the documentation has been executed and expects to be completed by the first quarter of 2020.

Summary

Staff recommends the expansion of Hydro service to the Airport as outlined in this report to meet the hydro needs for the Airport today and for future expansion, and the City's cost will be recovered from the tenants through their annual leases.

Submitted by,

Cynthia Fletcher
Commissioner of Infrastructure and Planning Services

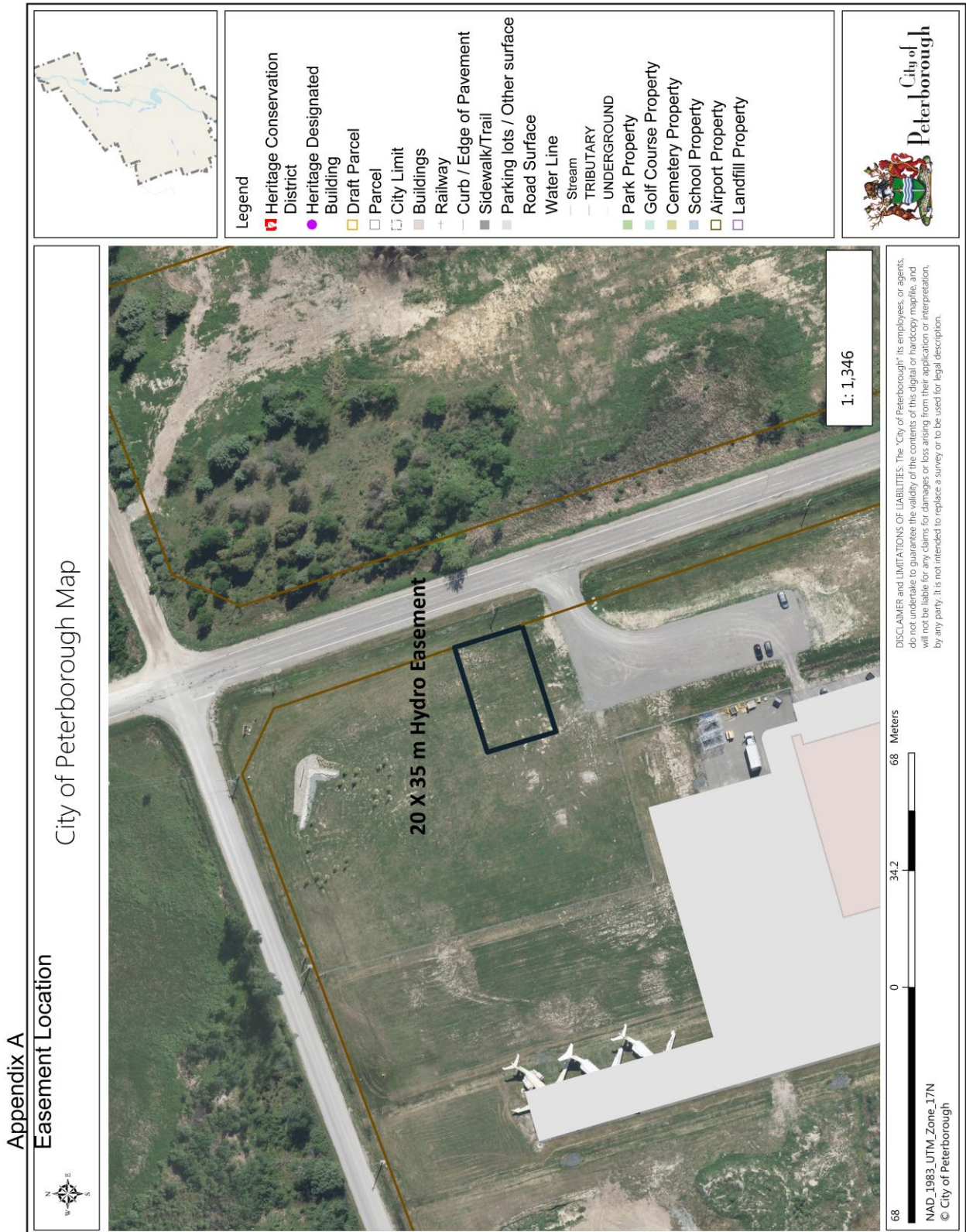
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Attachments:

Appendix A – Hydro One Easement Location
Appendix B – Conceptual Design of Hydro Transformers

Appendix A – Page 1 of 1 Hydro One Easement Location



Appendix B – Page 1 of 1
Conceptual Design of Hydro Transformers

