



City of Moose Jaw

COMMUNICATION # CC-2019-0262

TITLE: SaskPower Servicing Agreement

TO: City Council

FROM: City Manager, Department of Engineering Services, Department of Planning and Development Services, and City Clerk/Solicitor Department

DATE: January 3, 2020

PUBLIC: PUBLIC DOCUMENT

RECOMMENDATION

THAT the City Clerk and Mayor be authorized to execute the Servicing Agreement, substantially in the form as attached hereto as Schedule "A", subject to the passage of the SaskPower Exemption Bylaw, 2020; and,

THAT City Council authorize Administration to refund SaskPower for 1.05 acres of land at a rate of \$5,600 per acre to accommodate the new parcel size.

TOPIC AND PURPOSE

The purpose of this report is to seek approval from City Council to proceed with the execution of the Servicing Agreement that has been negotiated with SaskPower.

BACKGROUND

At the Special Meeting of Executive Committee held on December 19, 2018, Executive Committee considered the Report entitled Offer to Purchase Land for a Combined Cycle Gas Facility dated December 13, 2018 and adopted the following motions:

"THAT the Mayor and City Council be authorized to sign the Option to Purchase and Right of Entry Agreement, substantially, in the form attached as Attachment 1."

"THAT City Administration be authorized to negotiate any agreements with SaskPower for the purchase of 109.82 acres of Southeast Industrial Park lands for the development of a Combined Cycle Gas Facility, for the sum of \$5,600 per acre, a total of \$614,992."

Since that time, Administration has been meeting regularly with SaskPower representatives to negotiate a Servicing Agreement to provide infrastructure to the property, based on the approved South East Industrial Concept Plan.

DISCUSSION

The City's Project Team has been meeting with SaskPower's Project Team to negotiate and develop a Servicing Agreement. The Servicing Agreement addresses cost-sharing of infrastructure to service SaskPower's Combined Cycle Gas Plant.

The City engaged Associated Engineering to assist with the development of the Servicing Agreement (the "Agreement") by providing preliminary design, costing and recommendations.

Servicing Agreement Overview

- Water - The City will build, own and operate water infrastructure estimated at \$7.12 million. SaskPower will pay 70% of the cost of upgrades which will provide benefit to the existing City water distribution network and will also be sized to allow for future development of the South East Industrial area.
- Sewer - The City will build, own, and operate the infrastructure at an estimated cost of \$300,000. SaskPower will pay 100% of the cost to build.
- Water, sewer and design for Phase 1A - 75% paid by Federal and Provincial Grants, 25% cost-shared between SaskPower and the City of Moose Jaw.
- Storm sewer - The City will build, own, and operate the infrastructure at an estimated cost of \$350,000. SaskPower will pay 100% of the cost to build.
- Road - SaskPower will contribute \$1.5 million to road upgrades in the Industrial Park.
- Process Waste - SaskPower will build, own, operate and maintain a direct wastewater line to City lagoons.
- Note: With the exception of the road upgrades and the process wastewater line, the City of Moose Jaw will manage all construction contracts and will own and operate the infrastructure in the long-term. Payment will be made as described based on actual tendered costs, including consulting and engineering fees.
- In addition to the above, SaskPower will install power and natural gas infrastructure to the area, including an estimated \$40 million for natural gas. This will directly benefit future Industrial Park tenants; however, further discussion would be required with individual tenants to provide site servicing.
- SaskPower will pay the standard water usage rate. A unique sewer rate has been negotiated due to the large amount of process wastewater which will either be lost to evaporation or sent directly to the lagoons untreated.

- Firefighting costs will be covered in a separate agreement which will include \$15,000 per year payment from SaskPower plus call out fees in the event of an incident.

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Future Land Swap

The Offer to Purchase was drawn up and accepted prior to the SE Industrial Concept Plan being prepared. The resulting layout of the area has required the parcel boundaries of SaskPower's land to change. In order to keep the Offer to Purchase intact and avoid complication and delay, SaskPower wishes to proceed with the purchase as described in the Offer to Purchase and has agreed to the re-subdivision of their land in accordance with the Concept Plan at a later date. A minor settlement of funds (\$5,880) will be required as the new parcel will be 108.77 acres compared to the original size of 109.82 acres (see Attachment 4).

OPTIONS TO RECOMMENDATION

- Direct the City Solicitor to revise the Agreement as contemplated by City Council for negotiation with SaskPower.

PUBLIC AND/OR STAKEHOLDER INVOLVEMENT

There were several concerns raised through SaskPower's public consultation process, and the development of the City's Concept Plan for the area. These concerns, which include traffic, noise, landscaping and visual buffer, will be addressed between SaskPower and the City throughout the construction and Development Permit process.

STRATEGIC PLAN

This Report supports the strategic objectives of agriculture, innovation, diversification, and infrastructure.

OFFICIAL COMMUNITY PLAN

According to Section 6 of *The Official Community Plan, Bylaw No. 5345*, the proposal meets the following objective:

6.1 Objectives

a) To facilitate and promote a variety of appropriate industrial land uses by providing an adequate supply of industrial land, in locations and with services that are consistent with market requirements.

6.2.2 Location of Industrial Uses

*a) The City will encourage and, if possible, facilitate the development of new industrial proposals to locate in the industrial area, which is the most suitable for its use, transportation and servicing needs. To encourage or facilitate these industries, the City may use any of the economic, land use or servicing provisions of *The Cities Act* or *The Planning and Development Act, 2007*.*

BYLAW OR POLICY IMPLICATIONS

The Business Plan negotiated in the Agreement impacts some established City policies and bylaws. Administration proposes to resolve the conflict through a separate SaskPower Exemption Bylaw. The proposed exemption bylaw would address the following:

1. Procurement – Sections 3, 5 and 6 of the Agreement allow SaskPower to approve all procurement-related evaluation criteria and awards to contractors, consultants and engineers. This conflicts with the City Purchasing Policy that prohibits the public release of supplier or contract information that would disclose proprietary information. Being that proprietary information is also exempt from disclosure under privacy legislation, Section 20 of the Agreement imposes strict confidentiality requirements on all parties. In addition, City procurement documents will be amended to notify all bidders/proponents that SaskPower is involved in the procurement process.
2. Dispute Resolution – Section 13.5 of the Agreement refers utility disputes to an Oversight Committee that will be established under the Agreement. This provision may conflict with the Terms and Conditions of Service policy which requires disputes to be referred to the Administrative Review Officer. The proposed exemption bylaw would allow a separate dispute resolution mechanism in accordance with the agreement.
3. *Sewer and Water Utility Bylaw* – Due to the unique nature of the plant operation, SaskPower will pay a Sewage and Process fee based on 15 % of actual water consumption. This conflicts with Schedule A, Section 4 of the *Sewer and Water Utility Bylaw No. 5152*. The proposed exemption bylaw would reflect the negotiated rate to SaskPower.
4. *Development Levy Bylaw* – In accordance with the Offer to Purchase, an exemption to the *City Development Levy Bylaw, 2018, Bylaw No. 5568* is required.

FINANCIAL IMPLICATIONS

By entering into this Servicing Agreement, the City will receive an estimated \$9.27 million worth of infrastructure, not including investment in power and gas estimated at \$40 million. The City costs attributable to this Agreement are estimated at \$2.5 million which are subject to further a further development and servicing agreements with different party. This project also benefits from approximately \$900,000 of Federal and Provincial funding.

PUBLIC NOTICE

Public Notice pursuant to the *Public Notice Policy* as incorporated into the *City Administration Bylaw No. 5175* of 2016 is required for exemptions to the *Development Levy Bylaw, 2018* and Purchasing Policy, and was advertised in the Moose Jaw Express on November 27 and December 4, 2019, and the City Website.

PRESENTATION

VERBAL: City Administration will be available at the meeting answer questions of City Council.

ATTACHMENTS

- i. Infrastructure and Servicing Agreement
- ii. Option to Purchase
- iii. Phase 1A Servicing Layout
- iv. Future SaskPower Parcel Layout
- v. SaskPower Exemption Bylaw

REPORT APPROVAL

Written by: Eric Bjorge, Assistant City Planner
 Travis LeBlanc, CAD Supervisor

Reviewed by: Elaine Anderson, Legal Counsel
 Bevan Harlton, Manager of Engineering Services
 Tracy Wittke, Assistant City Clerk

Approved by: Michelle Sanson, Director of Planning and Development Services

Approved by: Jim Puffalt, City Manager

Approved by: Fraser Tolmie, Mayor

CITY MANAGER COMMENTS

This was truly a tremendous team effort with our partners at SaskPower to negotiate a fair and reasonable Servicing Agreement.

I would like to thank our team members for their outstanding efforts and unflagging patience, perseverance and commitment to this project that will have such a colossal and positive impact upon the future of Moose Jaw!

To be completed by the Clerk's Department only.

Presented to Regular Council or Executive Committee on _____.

No. _____ Resolution No. _____

Report Approval Details

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|----------------------|---|
| Document Title: | SaskPower Servicing Agreement - CC-2019-0262.docx |
| Attachments: | - Attachment 1 Schedule A City of MJ Infrastructure Svc Agt.docx - Attachment 2 - Offer to Purchase Land.pdf - Attachment 3 - Phase 1A layout.pdf - Attachment 4 - SKP Future Parcel.pdf - Bylaw No. 5609 SKP Exemption Bylaw .docx |
| Final Approval Date: | Jan 9, 2020 |

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

No Signature - Task assigned to Michelle Sanson was completed by workflow administrator Maureen Latta

Michelle Sanson

No Signature - Task assigned to Josh Mickleborough was completed by workflow administrator Maureen Latta

Josh Mickleborough

No Signature - Task assigned to Myron Gulka-Tiechko was completed by workflow administrator Maureen Latta

Myron Gulka-Tiechko

No Signature - Task assigned to Tracy Wittke was completed by assistant Maureen Latta

Tracy Wittke



Jim Puffalt



