



REPORT TO COUNCIL

Report No.: 10-234

TO: Mayor and Members of Council

FROM: Jim Keech, President and CEO, Utilities Kingston

RESOURCE STAFF: Jim Miller, Manager Technical Services, Utilities Kingston

DATE OF MEETING: July 20, 2010

SUBJECT: East Water Reservoir and Booster Station - Budget Amendment

EXECUTIVE SUMMARY:

The Master Plan for Water Supply for the City of Kingston (2007) identified major capital works over the next 20 year period to be undertaken in order to meet the water supply needs of the City. The Master Plan identified the requirement for additional water reservoir capacity and ancillary booster station capacity in the east end of our water distribution system in the 2011 to 2016 range. As a result of development in the St. Lawrence Business Park the identified shortfall in water reservoir capacity has accelerated the time frame for this facility. As a result a budget amendment is required to undertake the planned works in 2010 and 2011 in the amount of \$8,845,000 to enable the construction of a new water reservoir and booster station.

RECOMMENDATION:

THAT Council authorize a capital budget increase for the water utility of \$8,845,000 with \$3,538,000 of funding from the Water Capital Reserve Fund and \$5,307,000 from the Impost Reserve Fund to finance the water reservoir and booster station facilities in the east end of the City of Kingston's water distribution system.

AUTHORIZING SIGNATURES:

<p>ORIGINAL SIGNED BY PRESIDENT & CEO, UTILITIES KINGSTON</p> <p>_____ Jim Keech, President and CEO, Utilities Kingston</p>
<p>ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER</p> <p>_____ Gerard Hunt, Chief Administrative Officer</p>

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Cynthia Beach, <i>Sustainability & Growth</i>	N/R
Terry Willing, <i>Community Services</i>	N/R
Denis Leger, <i>Transportation, Properties & Emergency Services</i>	N/R
Jim Keech, <i>President and CEO, Utilities Kingston</i>	✓

(N/R indicates consultation not required)

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OPTIONS/DISCUSSION:

In 2007 the City of Kingston completed a Water Master Plan that is serving as a guide for capital improvements, upgrades and expansion of our water distribution system. Work currently underway on Bayridge Drive and Front Road are a direct consequence of that study that involves trunk water main expansions. In the east, additional water reservoir capacity and related booster station capacity has been identified as a requirement for existing and new growth. The analysis indicated that such an expansion would be needed in the 2011 to 2016 window. Consequently our 10 year Capital Planning considered this project in conjunction with other competing priorities of the water system and scheduled the works for 2017.

As a result of increased development activity affecting our east distribution system and in particular the recent announcement by TDL Limited to construct a new distribution centre in the St. Lawrence Business Park testing on our system was undertaken to confirm capacity. This review indicated that under average day flow demand and peak demand scenarios the system responded appropriately and demand can be met with the existing infrastructure. However under peak demand and fire flow conditions the volume of water required would potentially create negative issues within our distribution system. This same issue was identified in the modelling for the Master Plan and hence the recommendation for additional water storage capacity and booster station in the east. Given the demand scenario and testing undertaken in the system there is a need to accelerate the timing of work that was originally thought to be needed by 2017.

Staff have therefore begun the process of undertaking an Environmental Assessment for the east end reservoir/booster station. It is anticipated that construction of the facility will be needed by late 2011 early 2012. Although our 10 Year Capital Plan identified this project there is not sufficient funds budgeted in the 2010 Capital Budget to undertake construction. Given the budget approval process contemplated for 2011 a delay awaiting budget approval in 2011 would delay the timing of construction significantly. As a result we are requesting Councils consideration to amend the current 2010 Water Capital Budget with an additional \$8,845,000 million that would enable the execution of contracts and the construction of a new water reservoir and booster station to begin in late 2010 early 2011.

EXISTING POLICY/BY LAW: N/A**NOTICE PROVISIONS: N/A****ACCESSIBILITY CONSIDERATIONS: N/A****FINANCIAL CONSIDERATIONS:**

This project provides benefits to existing and future rate payers and as a result funding is to be apportioned between Impost and Rates on the basis of a 60/40 split with 60% funded by Impost and 40% to Rates. This budget amendment will result in subsequent changes to the 10 Year forecast for Water which will be part of the 2011 budget process. Funding for this project is proposed to be \$3,538,000 from the Water Utility Reserve Fund and \$5,307,000 from the Impost Reserve Fund to finance the infrastructure improvements.

Sufficient funds exist in the respective reserve funds to move this project forward, thereby not impacting the city's debt capacity.

CONTACTS:

Jim Miller, Manager Technical Services

OTHER CITY OF KINGSTON STAFF CONSULTED:

Gerard Hunt, CAO

EXHIBITS ATTACHED: N/A