

Municipality of Chatham-Kent

Chief Administrative Office

Legal Services

To: Mayor and Members of Council
From: Dave Taylor, Director, Legal Services
Date: October 13, 2022
Subject: Agreements with Hydro One Networks Inc. for Lakeshore Transmission Project

Recommendation

It is recommended that:

1. The Mayor and Clerk be authorized to execute Easement Option Agreements and, if applicable, Compensation Agreements with Hydro One Networks Inc. for PINs 00809-0145 and 00882-0112 on the terms outlined in this report and subject to the final approval of the Director, Legal Services.

Background

At its meeting of September 26, 2022, Council authorized the execution of a Community Support Agreement (“CSA”) with Hydro One Networks Inc. (“Hydro One”). The CSA provides certain financial benefits to Chatham-Kent, and obligates the Municipality to support Hydro One’s construction of three priority electricity transmission lines and development of one additional line within Chatham-Kent.

One of the priority electricity transmission lines noted in the CSA is the Chatham to Lakeshore Line, which will run 48 kilometres from the Chatham switching station to the new Lakeshore transformer station. To construct the Chatham to Lakeshore Line Transmission Project, Hydro One requires easements over two pieces of municipal property. Hydro One has asked the Municipality to enter into an Easement Option Agreement and Compensation Agreement for their use of parts of PIN 00809-0145 on Dashwheel Road (shown in Appendix “A”) and PIN 00882-0112, part of Raleigh Plains Drain (shown in Appendix “B”). The portion of the lands that would be subject to the easements would be quite small, with 0.23 acres and 0.05 acres required by Hydro One respectively.

Comments

Easement Option Agreements

The Easement Option Agreements give Hydro One the option to purchase easements over the two municipal properties. If Hydro One chooses to exercise the option(s) in the agreements and purchase the easement(s), it will then be permitted to access the lands to construct, maintain, and operate its electrical infrastructure on the lands. These agreements will not give Hydro One the permission to interfere with any other infrastructure already located on the lands.

Compensation Agreements

If Hydro One chooses to purchase one or both of the easements, the parties would then enter into a Compensation Agreement(s) for the property(ies). Under these agreements, Hydro One agrees to compensate Chatham-Kent for any damages to municipal property outside of the easement lands that may occur as a result of Hydro One's construction of the transmission project. The Compensation Agreements also stipulate that Hydro One will make incentive payments to the Municipality in the amount of 50% of the appraised fair market value of the easement lands.

Administration recommends approving these agreements to give Hydro One access to municipal lands necessary to move forward with the Lakeshore Line Transmission Project. This recommendation is consistent with the terms of the CSA previously approved by Council.

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

- ☐ **Economic Prosperity:**
Chatham-Kent is an innovative and thriving community with a diversified economy
- ☐ **A Healthy and Safe Community:**
Chatham-Kent is a healthy and safe community with sustainable population growth
- ☐ **People and Culture:**
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- ☐ **Environmental Sustainability:**
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

- ☐ **Financial Sustainability:**
The Corporation of the Municipality of Chatham-Kent is financially sustainable

☐ Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

☒ Has the potential to support all areas of strategic focus & critical success factors

☐ Neutral issues (does not support negatively or positively)

Consultation

The General Manager, Community Development and Technical Advisory Committee reviewed Hydro One's proposals, and had no concerns with easements being granted to Hydro One.

Financial Implications

Should Council approve the Easement Option Agreement for PIN 00809-0145, the Municipality would receive \$3,881.25 if Hydro One chooses to purchase the easement, and an additional \$2,587.50 as an incentive payment.

Should Council approve Easement Option Agreement for PIN 00882-0112, the Municipality would receive \$862.50 if Hydro One chooses to purchase the easement, and an additional \$575.00 as an incentive payment.

A total of \$7,906.25 would be received by the Municipality if Hydro One chooses to purchase both easements.

Prepared by: Dave Taylor, Director, Legal Services

Reviewed by: Michael Duben, Chief Administrative Officer

Consulted and confirmed the content of the consultation section of the report by:

Bruce McAllister, General Manager, Community Development

Attachments: Appendix "A" – Depiction of PIN 00809-0145

Appendix "B" – Depiction of PIN 00882-0112