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Staff Report

Infrastructure & Public Works

Report To: Committee of the Whole
Meeting Date: October 24, 2016
Report Number: CSPW.16.131
Subject: Compensation Agreement for Lowering of Thornbury Dam
Prepared by: Reg Russwurm, Director of Infrastructure and Public Works

A. Recommendations

THAT Council receive Report CSPW.16.131, "Lowering of Thornbury Dam Water Level – Execution of Agreements";

AND THAT Council approve the Mayor and Clerk executing an Agreement with Wolf von Teichman regarding compensating for lost income at the Thornbury Dam Generating Station upon the recommendation of the Chief Administrative Officer, Director of Finance and IT Services and the Director of Infrastructure and Public Works.

B. Overview

The purpose of this Report is to gain Council approval to execute a renewal agreement with the Owner of the Thornbury Dam Generating Station to compensate the Owner for lost income due to the lowering of the Mill Pond water level. The water is being lowered to determine if it helps reduce the formation of a frazil ice blockage and the potential damage to private property in Clarksburg.

C. Background

The Town for many years has attempted to mechanically manage frazil ice blockage in the Beaver River near Clarksburg using excavators. When the blockage is such that it can't be controlled, flooding of private property has resulted sometimes causing damage to private property. The Town's efforts to remove ice from the river by this means has cost up to \$50,000 annually.

In the fall of 2015, the Town executed an Agreement with the Ministry of Natural Resources (MNR) to lower the water level in the Mill Pond at the Thornbury Dam for three winters to test if a lowered water is effective in managing the formation of frazil ice blockage near Clarksburg (Report CSPW.15.107). Part of the MNR Agreement was the preparation of an Annual Monitoring Report that discusses the effectiveness of the pilot. The Winter 2016 report has been prepared in draft by Greenland and Associates. Their findings are inconclusive when measured against the objective criteria set out in the Effectiveness Monitoring Plan agreed with

MNR, however there are good indications that lowering the water level has aided somewhat in managing the formation of frazil ice blockage.

One condition of the MNR Agreement was that the Owner of the Electrical Generating Station at the Thornbury Dam be compensated for lost income. A compensation agreement was executed however it was only for the past winter. Staff have been in contact with the Owner who is willing to renew the Agreement. Staff have negotiated compensation to be the same as last year except the daily compensation which has been changed from \$300.00 to \$331.00. This change reflects the compensation rate being calculated on the three year average of the winter months for 2013, 2014 and 2015 and a 1% increase in the contract pricing received from Collus PowerStream.

Similar to last year, the Owner is requesting an allowance of \$2000.00 for shut down and \$2000.00 for start-up. The Agreement terms are such that the Town initiates the lowering of the water level and thus the timing of the compensation. The MNRF will raise the water level at the earliest opportunity after the spring thaw. In this way, the compensation and the time the station is not producing electricity is minimized.

The amount to be compensated to the Owner is expected to be in the range of \$34,000 to \$48,000 depending on the severity of the winter.

The draft agreement has been reviewed by the Town's solicitor and has been circulated to the Owner for comment. Preliminary response that all is in order and it is expected to be executed by the Owner.

A notice will be circulated to the residents in the area of the Mill Pond in early November to inform them that MNR will be lowering the water level before freeze up.

D. Analysis

Since there are positive indications that lowering the Thornbury Dam has had some effects on the potential for flooding, Staff recommend that Council approve the Mayor and Clerk executing a renewal agreement with Wolf von Teichman regarding compensating for lost income at the Thornbury Dam Generating Station upon the recommendation of the Chief Administrative Officer, Director of Finance and IT Services and the Director of Infrastructure and Public Works.

E. The Blue Mountains Strategic Plan

Goal #4: Promote a Culture of Organizational & Operational Excellence

Goal #5: Ensure Our Infrastructure is Sustainable

F. Environmental Impacts

Concerns related to fish migration and spawning have been reviewed by the MNRF and have been found to be negligible.

If the proposal is successful, there will be no flooding of or damage to private property in Clarksburg, and equipment will not be required to work within the water column.

G. Financial Impact

The costs incurred will be allocated to the Beaver River Ice Management Program. The draft 2017 Operating Budget allocates \$65,500 for this program. In addition to the compensation to be paid to the Generating Station Owner, funds are allocated for consulting fees to prepare the Annual Monitoring Report and for contractor services that may be required to remove frazil ice in the event blockage occurs. Although it is expected that the lowering of the Mill Pond water level will be effective, Staff will mobilize equipment to the river once a frazil ice blockage forms that has a potential to cause flooding as a contingency action.

For 2017, the estimated costs to be paid for the lost income will be funded from the Winter Control Reserve.

H. In consultation with

Sam Dinsmore, Deputy Treasurer/Manager of Budgets & Accounting

I. Attached

None

Respectfully Submitted,

Reg Russwurm

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