



Subject: East Side Employment Lands Update – Engineering and Subject Matter Expert services

To: Council

From: Public Works Department

Report Number: 2024-221

Meeting Date: November 26, 2024

Recommendation:

That Public Works Department Report 2024-221 be received;

That Council support staff to make an application to the Ministry of the Environment, Conservation and Parks to amend the City's Water and Wastewater licensing to accommodate the proposed alterations and additions to the City's Water and Wastewater systems for the development of the East Side Employment Lands;

That funding for engineering and subject matter expert services to complete the full build-out of the East Side Employment Lands for the estimated amount of \$3,100,000 be approved; and

That the Director of Public Works and Director of Corporate Services/Treasurer be authorized to execute contracts and related documents as required to directly appoint Associated Engineering to carry out the remaining detail design and engineering services to complete the full build out of the East Side Employment Lands and connect to the Asahi Kasei Development.

Purpose:

The purpose of this report is to update Council on the progress of works related to the East Side Employment Lands (ESEL) and to seek approval and support for securing the necessary funding to complete the engineering and detailed design for the full build-out of the area. This includes land acquisition, legal services, the use of subject matter experts as required, and the retaining of Associated Engineering to complete the detailed design for additional water, wastewater, and roadway infrastructure.

While the current detailed design work in progress focusses on critical infrastructure needed to support the new battery separator plant, the additional scope of work will

encompass the remaining infrastructure required for the full development of the ESEL. This includes the detail design of a new road connecting Highway 140 to Progress Drive, linking Progress Drive North and South, along with new watermains, wastewater mains, a pump station and forcemains, roadways, and associated subconsultant services for underground utility and geotechnical studies.

Additionally, given the significant water and wastewater demands anticipated from future development on the east side of the canal, the City's existing Water and Wastewater licensing requires amendments. Staff are requesting Council's support to make an application to the Ministry of the Environment, Conservation and Parks (MECP) for the required amendments to accommodate future demands.

Background:

The ESEL's are located at the north end of Port Colborne, east of the Welland Canal, north of Second Concession Road, south of Third Concession Road, and west of Highway 140. These lands are not serviced, permit industrial use, and form part of Niagara Region's Niagara Gateway Economic Zone and Centre.

In 2018, a Municipal Class Environmental Assessment (MCEA) was completed to determine the site servicing for the ESEL to allow for future industrial park development. The MCEA identified that to support future development, the ESEL will require roadway upgrades to meet industrial standards, a new trunk watermain to connect to existing municipal and regional services in the area of Second Concession Road and Highway 140, a new wastewater main along Ramey Road and Third Concession Road, as well as a new wastewater pump station and forcemain. Due to the costs involved and lack of interest in development at the time, the implementation of the project was put on hold.

More recently, there has been a significant increase in the number of inquiries from site selectors, investors, and developers interested in serviced industrial land. This strong demand is consistent throughout Niagara and the province with industrial development being one of the best performing asset classes in real estate investment. As supply is not meeting demand. This has been exemplified by the recent announcement of the Asahi Kasei battery separator plant, which has already started construction north of the City's Employment Lands.

In February 2024, through the approval of Staff Report 2024-47 and in line with the City's procurement policy, staff retained AE to carry out the detailed design work for the watermain servicing of the ESEL, a key component required to bring the Asahi Kasei development online. Staff were given approval to utilize \$550,000 from the Ministry of Economic Development, Job Creation, and Trade's (MEDJCT) Southwestern Ontario Development Fund (SWODF) to fund the approved project. AE was also retained by the Niagara Region to complete the detailed design for the tunnel crossing project, slated for construction by Q3 of 2027. Additionally, private developers have retained AE to

design the infrastructure needed to service the new Asahi Kasei battery separator plant, including new roadways, a wastewater pump station, a forcemain, watermain, and a new gravity wastewater main.

In May 2024, through the approval of Staff Report 2024-105, "Status Update: East Side Employment Lands Design," at the May 14, 2024 Council meeting, staff were given approval to utilize \$950,000 from the SWODF to fund the continuation of the detailed design of the ESEL infrastructure servicing project.

To date, a total of \$1,500,000 dollars has been approved and allocated to support the engineering and detail design of the ESEL servicing. All works approved to date have been funded by the SWODF.

Discussion:

The servicing of the ESEL is one part of a broader set of infrastructure projects and upgrades necessary to support future development and growth on City of Port Colborne lands located on the east side of the canal. All of the following projects summarized are interconnected through the City, Region, and private developers to support the growth. Area sketches showing the proposed locations of the work are also attached in Appendix A.

City of Port Colborne Projects (ESEL Servicing and Buildout)

Phase 1: Asahi Kasei Servicing

The servicing within the ESEL is essential for bringing the Asahi Kasei development online. This includes the watermain, with the wastewater main being installed concurrently to reduce costs, although the wastewater system will not be operational until Phase 2 is completed. AE was retained in February 2024 to complete the detail design of the watermain, with the initial understanding that Asahi Kasei only required expedited water services. However, the scope has since expanded to include wastewater servicing as well. Therefore, staff recommend that the additional wastewater-related work be incorporated into AE's deliverables.

Timeline: The initial design began in February 2024 and is currently at the 90% phase, with expected completion by the end of 2024. Construction is scheduled to start in the spring of 2025 and be completed in early 2026.

Estimated construction cost: \$37,300,000.

Phase 2: ESEL Wastewater Pump Station

The wastewater pump station is necessary to make the wastewater infrastructure constructed in Phase 1 operational. Since the design and construction timelines for the

pump station differ from those of Phase 1, it has been separated as a distinct project. Given that the linear infrastructure is closely tied to the pump station design, staff recommend that detail design works for Phase 2 be completed by AE.

Timeline: Design has commenced and is expected to be completed, with approvals, by Winter 2026. Construction will take place from Winter 2026 through Fall 2027.

Estimated construction cost: \$11,500,000.

Phase 3: ESEL Full Buildout

This project includes the extension of the watermain and wastewater services south along Progress Drive, including all surface works within the ESEL such as roads, curbs, and streetlights. It also includes the construction of a new road from Highway 140 into the ESEL, and the connection of Progress Drive North to Progress Drive South. Staff recommend adding this work to AE's contract, as they already possess the necessary background and can incorporate the expanded scope into a cohesive design, avoiding the need for a redesign if the work were tendered separately.

Timeline: Design will begin in 2025 and is expected to be completed by the end of the year. Construction is slated to start in 2026 and finish in 2027.

Estimated construction cost: \$17,500,000.

Niagara Region Projects

Project 1: East Side Pump Station Upgrades and Canal Crossing

Niagara Region has retained AE to complete the detail design of the required upgrades to the East Side Pumping Station, including the replacement of the forcemain (Corner of Welland Street and Killaly Street East).

The project also includes the detail design of a new tunnel crossing underneath the canal. This crossing will include servicing for both water and wastewater and includes a total of 5 mains within the crossing:

- New Regional 500mm forcemain to replace aging existing forcemain.
- New Regional 500mm watermain to create redundancy of supply to East Side and supply to ESEL
- New City 400mm forcemain to service ESEL
- New City 300mm forcemain to service projected residential development
- New City 300mm spare forcemain to service projected long-term growth on East Side

An important benefit of the canal crossing is that, it provides a backup for servicing the east side of the city, noting there is only one other crossing that is aging.

Timeline: 75% detailed design plans have been submitted for review. Detail design is scheduled for completion by the end of 2024. Construction is anticipated to begin in summer 2025 and be completed and in service by Fall 2027.

Estimated construction cost: The City's portion of the estimated cost is \$24,000,000.

Project 2: Region Wastewater Treatment Plant

Niagara Region has retained AE to design upgrades required at the plant to accommodate future growth of pipe networks in the influent channel of the wastewater treatment plant. This includes all forcemains from the canal crossing and interconnections with existing forcemains from the rest of the City's wastewater infrastructure.

Timeline: The detail design for this project began in early 2024 and currently is ready for tender phase by the Niagara Region. The completion of this project is interconnected with the canal crossing design and is scheduled to be completed in 2025.

Private Development Servicing

Elite Homes Residential Development

The East Side wastewater network is unable to accommodate the future Elite Homes development. As a result, the City is collaborating with the Region and developer to accommodate the necessary infrastructure, including the construction of a forcemain within the servicing tunnel crossing and along Second Concession. Since the alignment of the forcemain is within the proposed construction corridor, pre-installing the forcemain pipe now will save both time and costs while minimizing future disruptions. This additional work has been incorporated into AE's scope of responsibilities.

Timeline: Work to be completed as part of City Phase 1 works, and Region Project 2.

Costing: Estimated cost is \$12,000,000 (this is captured within the \$24,000,000 City portion of the tunnel crossing project).

Industrial Development Servicing to accommodate lands north of ESEL

The northern limit of the ESEL servicing plan is along Third Concession Road. Additional infrastructure is required to extend servicing to a location approximately 750 meters north of Forks Road to the Asahi Kasei property. The private developer has retained AE to complete the detailed design of this additional infrastructure, which includes new watermains, wastewater mains, roads, and the installation of a sewer pumping station needed to service both the Asahi Kasei battery separator plant and the remaining industrial lands in the area.

Timeline: Detail design began in September 2024 and is anticipated to be completed in 2025. Construction is scheduled to begin in 2025 and be completed by 2027.

Summary

Since the start of ongoing meetings with the City, Niagara Region, and potential developers, staff from the City of Port Colborne, Niagara Region, and AE have adopted a collaborative, one-team program approach to address all aspects of the ESEL servicing design and tunnel crossing.

The City, Region, and AE have been working collaboratively alongside private sector investors to address immediate infrastructure servicing needs, while also planning for future industrial and residential growth.

Given the demand for serviced industrial land, and the opportunities presented on lands located on the east side of the canal in Port Colborne, City staff recommend that we proceed with remaining engineering and design works required for the components and phases listed to complete the full build-out and support future growth and development.

Since the initial phase began in early 2024, significant progress has been made to date. AE has submitted 75% detail design plans of the tunnel crossing project for review, and 90% detailed design plans for the City's watermain project. Staff anticipate detailed design will be completed for both projects in January 2025 with construction anticipated to begin in the spring of 2025.

The remaining phases and related projects are key components required to support the new battery separator plant along with ESEL lands as well as future residential growth on the east side of the canal.

The total estimated cost for engineering and subject matter expert fees is \$4,600,000 while the total estimated construction value for the City's infrastructure for the full-build-out based on preliminary conceptual class D estimates is \$85,700,000.

City staff are collaborating with all levels of government to explore grant and funding opportunities that could help offset project costs. Additionally, staff are investigating the creation of a separate water district to isolate costs, ensuring that city water and wastewater users are not impacted by the construction.

City staff and Asahi Kasei have indicated to the Niagara Region that the pumping stations noted in this report should be assumed by the Niagara Region once constructed. This would be consistent with the current water and wastewater system relationship, noting the Niagara Region runs the other pumping stations in the City.

Subject to approval, City and AE staff will proceed to complete the remaining detail design work required for the full build-out of ESEL while ensuring the proposed phasing plan and timelines support the new battery separator plant being constructed by Asahi Kasei.

Internal Consultations:

The servicing and redevelopment of the ESEL have involved close collaboration across multiple departments, including Corporate Services, Economic Development, Planning, Building, Finance, Public Works, and the Office of the Mayor and CAO. Ongoing coordination among these departments has been essential to the planning and development of the ESEL projects.

Financial Implications:

The total estimated costs for engineering and subject matter expert fees to move to shovel ready is estimated at \$4,600,000. To date, all engineering fees for the projects are being funded through the SWODF, which offers a maximum funding amount of \$1,500,000. The additional \$3,100,000 is recommended to be internally financed by reserves until the final project funding model is complete. As noted, discussions are ongoing with all levels of government. The funding model will consist of grants, debt and potentially a separate water district to isolate costs ensuring that city water and wastewater users are not impacted by the construction.

An application has been submitted to the province's HEWSF Housing Enabling Water Systems Fund (HEWSF) and staff are working on an application to the Canada Housing Infrastructure Fund to assist with the portion of the tunnel crossing that will support residential development.

The pricing received from AE aligns with the rates submitted during the original open competition RFP, which was awarded in February of this year. The unit rates for personnel have remained consistent, with the exception of expected inflation adjustments for work scheduled in 2026 and 2027.

The following is a breakdown of the City's portion for estimated Engineering Service and Subject Matter Expert fees including anticipated timelines:

Project	2024	2025	2026	2027	Total
Phase 1 Water/Wastewater Design/CA/Inspection	\$500,000	\$450,000			\$950,000
Phase 2 Wastewater Pump Station Design/CA/Inspection	\$100,000	\$750,000	\$700,000		\$1,550,000

Phase 3 Full Build Out (Water/Wastewater/Roads) Design/CA/Inspection		\$600,000	\$600,000	\$400,000	\$1,600,000
Contingency and Other Subject Matter Experts	\$100,000	\$200,000	\$150,000	\$50,000	\$500,000
Total:	\$700,000	\$2,000,000	\$1,450,000	\$450,000	\$4,600,000

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Environment and Climate Change
- Welcoming, Livable, Healthy Community
- Economic Prosperity
- Increased Housing Options
- Sustainable and Resilient Infrastructure

Conclusion:

The development of the ESEL represents a critical investment in Port Colborne's industrial and economic future. Significant progress has been made with the detailed design work undertaken by AE. With further design work anticipated to conclude by the end of 2024 and construction to commence in early 2025 on components of the project, it is crucial to maintain the momentum to ensure the successful full build-out of the ESEL.

The phased approach, encompassing detailed design and construction timelines, has been developed to meet the immediate and future infrastructure needs of the ESEL. Retaining AE for the completion of the remaining engineering and design tasks is essential for achieving project milestones and fulfilling the commitments associated with having key infrastructure in place to support future industrial growth and to meet Asahi Kasei's timelines to be operational by September 2027. The outlined phases and cost estimates provide a clear path forward, ensuring that all technical, regulatory, and logistical aspects are addressed.

The collaborative efforts of the City, Niagara Region, and AE, alongside private sector investments, will drive the successful development of ESEL, aligning with the City's strategic objectives and fostering long-term economic growth and community benefit.

Appendices:

- a. East Side Employment Lands Phase 1, 2, and 3

Respectfully submitted,

Mat Pilon
Senior Project Manager
(905) 228-8134
Mathew.Pilon@portcolborne.ca

Joe Colasurdo
Manager of Strategic Projects
(905) 228-8135
Joe.Colasurdo@portcolborne.ca

Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.