



## THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

**Subject:** Huronville Generator

**Report Number:** PWD 2019-13

**Meeting Date:** Wednesday, May 22, 2019

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**Recommendation:** THAT Council reject the cost sharing proposal with the Township of Huron Kinloss for the purchase of a propane and natural gas back-up generator.

**Date to be considered by Council:** Wednesday, May 22, 2019

**Report Summary:** The purpose of this report is to update council on the cost sharing agreement with the Township of Huron-Kinloss for the installation of a permanent back-up generator at the Huronville Well Site for the Huron-Kinloss Lakeshore Distribution System

**Origin:** 2018 Capital Budget Item

**Existing Policy:** Purchasing and Procurement Policy No. GG.2.17

**Background/Analysis:** The idea of a permanent back-up generator at the Huronville Well Site in Huron-Kinloss was brought forward by municipality of Kincardine staff in 2017 for the purpose of a more reliable emergency water supply for the Kincardine Water System. Our Kincardine water system and the Huronville Well and Lakeshore Distribution system are connected through a 200mm watermain with a main valve that can be operated in case an emergency supply of water is required. The Huronville well does not have a permanent back-up generator and if an extended power outage occurred while the Municipality of Kincardine was relying on the Lakeshore system for drinking water, there would not be enough supply to sustain the Kincardine System and there could be negative consequences on the Lakeshore System. This system has been used in the past to supply water to the Kincardine system and will likely be used again in the future as we only have one source of water and one water treatment plant. The Drinking Water Quality Management System (DWQMS) encourages water system owners to build in redundancies and backups to try and cover any situation that could affect the supply of drinking water.

A permanent Diesel generator was discussed in 2017 and a cost sharing agreement was brought forward for the Municipality of Kincardine to cover 50% of the quoted price. \$23,000 was budgeted in 2018 but was deferred to 2019 so Huron Kinloss could complete their SCADA (Supervisory Control and Data Acquisition) upgrades first. After this, the Township of Huron-Kinloss started looking into a propane generator that could be converted to natural gas when the pipeline comes through. A letter was received on April 5, 2019 stating the Township of Huron-Kinloss Council has approved the proposal of a cost sharing arrangement between the Township of Huron-Kinloss and the Municipality of Kincardine whereby both parties would contribute equally to the cost of a propane generator with the intent of converting to natural gas when the fuel source becomes available. The quoted price of this unit is \$180,510.00 with a total of \$90,255.00 (50% of quoted price) to be funded by the Municipality of Kincardine.

Municipal staff have concerns about using natural gas for a generator that is to be used as a back-up unit. In the event of a natural disaster the gas lines could be compromised and/or turned off as a preventative safety measure. This situation did occur during the Goderich Tornado event.

The price of the propane and natural gas unit is considerably higher than the original agreed upon contribution of \$23,000. Staff feel the propane option is unreasonable in cost compared to diesel and for these reasons do not support the Township of Huron-Kinloss Council's proposal for a cost share on this type of unit. Staff recommend sending a letter to Huron Kinloss withdrawing support for the propane and natural gas unit.

**Community Plan and Integrated Community Sustainability Plan (ICSP)**

**Considerations:** Community Plan Public Works Initiative #4 to dedicate future financial resources to manage our existing infrastructure obligations.

**Financial Implications:** \$67,255 over 2019 budgeted amount

**Attachments:** Letter Re: Proposed Huronville S Pump House Generator April 5, 2019