

**The Corporation of the City of Kawartha Lakes**  
**Council Report**

**Report Number CS2020-007**

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**Meeting Date:** May 26, 2020

**Title:** CS2020-006 – Powerlinks Extension Agreement with Shaman Power

**Ward Number:** Three

**Author and Title:** Craig Shanks, Director of Community Services

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**Recommendation(s):**

**That** Report CS2020-007, **Powerlinks Extension Agreement with Shaman Power**, be received, and;

**That** Council authorize the Mayor and Clerk to sign and execute the Agreement.

**Department Head:**\_\_\_\_\_

**Financial/Legal/HR/Other:**\_\_\_\_\_

**Chief Administrative Officer:**\_\_\_\_\_

## **Background:**

The former Village of Fenelon Falls and now the City of Kawartha Lakes has a contractual arrangement with Shaman Power Corporation (Formerly Consolidated Hydro Limited) for operation of the water powered generating station in Fenelon Falls. The nature of the contract is such that the station is owned by the municipality, operated by the contractor, and a share of gross revenue is paid back to the municipality on a quarterly basis. This revenue varies depending on demand and water flow but approximates \$40,000 to \$60,000 annually. This money is deposited into a reserve (The Powerlinks Fund) where it is available for use against beautification and improvement projects for the Fenelon Falls waterfront areas.

The fund currently has a balance of approximately \$255,000.00. Recommendations for expenditure are made to Council through its appointed Powerlinks Committee (**Council Policy CP2018-005 Fenelon Falls Powerlinks – Fund Disbursement Policy attached as Appendix A**). The attached Agreement Extension (**Appendix B**) has been negotiated by the Powerlinks Committee and Shaman Power Corporation and reviewed legally and financially and is being recommended to Council for execution.

In 2011 the City directed staff and the Powerlinks Committee to re-engage in discussions with Shaman Power Corporation in anticipation of the expiration of this agreement in 2022. The below resolution indicates that direction;

**RESOLVED THAT** Report CS2011-040, *"Review of Agreement with Shaman Power in Fenelon Falls"*, be received;

**THAT** further consideration be given to renegotiation of the existing contract between the City and Shaman Power;

**THAT** such renegotiation should include input from City finance staff, Powerlinks Committee members and any other related expert as required;

**THAT** any proposal for a new agreement be brought before Council for approval prior to execution; and;

**THAT** any external costs incurred in the preparation of the agreement be funded through the Powerlinks Fund.

CR2011-882

The Powerlinks Committee has been working with Shaman Power since that time and this report addresses that resolution.

## **Rationale:**

The Powerlinks Committee has met with Shaman Power multiple times and as a Committee have reviewed the agreement extension.

The basis of the new agreement from Shaman is that they are better able to long term plan and implement capital expenditures and that in return improved financial returns are offered to the City under this new agreement.

The agreement has been reviewed by an external legal counsel on behalf of Powerlinks and the agreement has also been shared internally with the City solicitor and Finance team.

The Fenelon Falls Powerlinks Committee passed the following resolution as a result;

**THAT the Powerlinks Committee of Council has read and reviewed the extension contract for the operation of the Fenelon Falls Powerplant, and we RECOMMEND the contract be accepted by the Council of the City of Kawartha Lakes.**

## **Other Alternatives Considered:**

Council could choose to open up the potential operations of the Hydro-Electric Generating Station to other potential companies through a bidding procedure. Council could also choose to negotiate for the immediate sale of the facility. The position of the Powerlinks Committee and results of a fiscal review indicate that the extended agreement offers significant financial gain to the City and Fenelon Falls and the continued cash flow resulting from annual operations are of best benefit to the City, and accordingly the extended agreement should be executed.

## **Financial/Operation Impacts:**

There is a significant improvement in funds becoming available annually for the City, Powerlinks Committee, for their mandate as a result of this new agreement. It will allow for funding of an increased level to the various waterfront projects within Fenelon Falls. As well, the Capital Infrastructure investment being made by Shaman Power will release this need from the City.

## **Relationship of Recommendation(s) To The 2020-2023 Strategic Plan:**

The Report and action from within contributes to the Council Adopted Strategic Plan. It can identify all of the Goals, namely:

- Goal 1 – A Vibrant and Growing Economy
- Goal 2 – An Exceptional Quality of Life

- Goal 3 – A Healthy Environment
- Goal 4 – Good Government

### **Consultations:**

Fenelon Falls Powerlinks Committee  
City of Kawartha Lakes Ward 3 Councillor  
Shaman Power Corporation  
City of Kawartha Lakes Solicitor and Treasurer

### **Attachments:**

Appendix A – Council Policy CP2018-005 Fenelon Falls Powerlinks – Fund Disbursement Policy



CS2020-007  
Appendix A - Counc

Appendix B – Draft Extended Powerlinks Agreement with Shaman Power



CS2020-007  
Appendix B - Powerl

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**Department Head:**

Craig Shanks, Director of Community Services

**Department File:**