



**Utilities Kingston
Report to Council
Report Number 21-290**

To: Mayor and Members of Council
From: Jim Keech, President & CEO, Utilities Kingston
Resource Staff: Randy Murphy, Chief Financial Officer, Utilities Kingston
Date of Meeting: November 23, 2021
Subject: Approval of the 2022 Capital Budget Amendments for the
Municipal Utilities

Executive Summary:

This report provides a summary for amendments to the approved capital budgets for the 2022 Natural Gas and Appliance Rental Capital budgets for which approval is recommended.

Recommendation:

That Council approve the 2022 Capital Budget Additions as follows:

Natural Gas utility	\$3,600,000
Appliance Rental business	\$500,000
TOTAL	\$4,100,000

and;

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That Council approve funding for the 2022 Capital Budget Additions as follows:

Natural gas reserve fund	\$3,600,000
Appliance rental reserve fund	\$500,000
TOTAL	\$4,100,000

and;

That the City's budget By-Laws include the municipal utility capital budget additions as approved.

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Authorizing Signatures:

ORIGINAL SIGNED BY PRESIDENT
& CEO, UTILITIES KINGSTON

**Jim Keech, President & CEO,
Utilities Kingston**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Community Services	Not required
Peter Huigenbos, Commissioner, Business, Environment & Projects	Not required
Brad Joyce, Commissioner, Corporate Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	Not required
Sheila Kidd, Commissioner, Transportation & Public Works	Not required

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Options/Discussion:

Following is a summary for the recommended 2022 Capital Budget Additions for the natural gas and appliance rental businesses.

CAPITAL BUDGET ADDITIONS

In 2019 Council approved four-year (2019-2022) Capital Budgets for utility infrastructure work. Entering the final year of those approvals new information has come to light as noted below that additional funding is requested in order to facilitate the work.

Gas main expansion \$3,600,000

A budget amendment to the gas utility is requested in order to fund an expansion in the size of our gas mains as a result of new intensification development projects being proposed in the City.

A new development is proposed at 1102 King St. West, situated on an existing pier in Elevator Bay. It will consist of 2 high rise residential towers and 1 commercial building. In total there will be 343 new residential units and 1000m² of commercial floor space.

This site is located at the most westerly limit of our natural gas distribution system and is effectively served today by a “dead end” gas main with no opportunity for the “looping” of mains to increase gas flow or volume. Utilities Kingston’s analysis of the development and the demand for natural gas indicates that the existing gas main can not provide enough natural gas to meet the proposed demand. As a result, the existing gas main on King St from Portsmouth Ave to Elevator Bay will need to be replaced with a larger gas main at cost of \$1,600,000.

The second project is located at the corner of Sir John A MacDonald Blvd and Union St and is the site of the former Prison for Women. It will consist of 679 residential units, 1544m² of commercial floor space and 120 hotel rooms.

This site is also located at the westerly limit of our natural gas distribution system where the ability to meet increased demand is constrained. Utilities Kingston’s analysis of the development and the demand for natural gas given the uses indicates that the existing gas main cannot provide enough natural gas to meet the proposed demand. As a result, a larger main is required to service the development. This will require the construction of a gas main from the corner of Johnson St and Sir John MacDonald along Sir John A MacDonald to the site at an estimated cost of \$2,000,000.

In total, a budget amendment of \$3,600,000 is needed in order to be able to respond to these development initiatives being planned.

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Appliance rental business growth \$500,000

Utilities Kingston is requesting a capital budget amendment for the appliance rental business for 2022 in the amount of \$500,000. This is expected to result in an additional 360 rental agreements during the year.

Over the past three years, the appliance rental business has been successful in exceeding new tank installs every year vs the initial plan. This points to a healthy market for hot water tanks and a market need that Utilities Kingston is able to meet successfully. To continue growing the business we need to the ability to purchase more equipment to put into customers premises. The capital budget amendment will allow Utilities Kingston to continue growing the business.

Existing Policy/By-Law:

Not applicable.

Notice Provisions:

Not applicable.

Accessibility Considerations:

Not applicable.

Financial Considerations:

This has been discussed in the report.

Contacts:

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Jim Miller, Chief Operating Officer, Utilities Kingston, 613-546-1181 x2475

Kevin McCauley, Chief Customer and Technology Officer, Utilities Kingston, 613-546-1181 x2247

Other City of Kingston Staff Consulted:

Desirée Kennedy, Chief Financial Officer & City Treasurer

Exhibits Attached:

Not applicable.