Staff Report

Report To: City Council

Report From: Michelle Palmer, Interim Director of Public Works and Engineering

Meeting Date: November 30, 2026

Report Code: OP-26-048

Subject: Renewal of Transport Canada Lease C0307109 for the City's Water Intake Pipe

Recommendations:

THAT in consideration of Staff Report OP-26-048 respecting the renewal of lease C0307109 with Transport Canada for the City's water intake pipe, City Council directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute the lease agreement as outlined in the report.

Highlights:

- Transport Canada has provided an updated lease agreement for leased lands in the Owen Sound Harbour for the City's water treatment plant intake pipe.
- The agreement spans retroactively from September 1, 2025 to August 30, 2030.

Vision 2050 - Strategic Plan Alignment:

Strategic Plan Priority: Green and Resilient City - Strengthening the City's environmental, social, and economic ability to mitigate and adapt to the climate crisis. Also, leveraging the city's natural resources and infrastructure to support healthy lifestyles.

Previous Report/Authority:

OP-23-027 Re: Renewal of Transport Canada Lease C0307108 for the City's Water Intake Pipe

Background:

The City has several leases relating to inner and outer harbour lands with Transport Canada. This lease agreement relates to the leased lands in the Owen Sound Harbour for the City's water treatment plant intake pipe. The previous lease has lapsed, and the renewal agreement was delayed because Transport Canada was undergoing a major reorganization, which resulted in administrative delays. As a result, the proposed agreement to be executed spans retroactively from September 1, 2025, through to August 31, 2030.

Analysis and Options:

The agreement was updated to align with Transport Canada's standard licence template. Changes include clauses stating that environmental liability survives termination, as well as a mandatory environmental site assessment upon termination. While these clauses impose additional obligations on the City as the lessee, neither party intends to terminate the lease.

The agreement also amends the annual increase to 2 per cent (reduced from 3.4 per cent in the previous agreement).

The agreement also replaced the existing 1983 property sketch with an updated one (Attachment 1) based on more accurate information about the pipe's location that the City provided.

Resource Alignment:

Financial Resources

With the 2 per cent annual increase, the financial impact for the City for each year within the agreement is as follows:

- September 1, 2025 to August 31, 2026: $4,914.06, plus applicable HST.
- September 1, 2026 to August 31, 2027: $5,012.36, plus applicable HST

- September 1, 2027 to August 31, 2028: $5,112.59, plus applicable HST
- September 1, 2028 to August 31, 2029: $5,214.84, plus applicable HST
- September 1, 2029 to August 31, 2030: $5,319.84, plus applicable HST

The annual operating budget for this line item in 2026 was $5,000. Future operating budgets for the water services division will be updated to reflect the increases.

Human Resources

N/A.

Time and Scheduling

N/A.

Technology and Infrastructure

N/A.

Climate and Environmental Impacts:

There are no anticipated climate or environmental impacts.

Communication and Engagement:

This report has been posted to the City's website with the agenda in advance of the meeting.

Report Developed in Consultation With:

Transport Canada

Attachments:

Visual of Lease Location C0307109

Reviewed by:
Michelle Palmer, Interim Director of Public Works and Engineering

Submission approved by:
Tim Simmonds, City Manager

For more information on this report, please contact Michelle Palmer, Interim Director of Public Works and Engineering, at mpalmer@owensound.ca or 519-376-4440 ext. 1246.