City of Port Colborne
Special Meeting of Council Agenda

Date:	**Tuesday, October 21, 2025**
Time:	**5:00 pm**
Location:	**Council Chambers, 3rd Floor, City Hall**
	66 Charlotte Street, Port Colborne

Pages

1. Call to Order

2. Adoption of Agenda

3. Disclosures of Interest

4. Closed Session (Beginning at 5 p.m.)

4.1 Staff Reports

a. Confidential Development and Government Relations Memorandum to Council - Training Session and Advice from Legal Regarding East Side Employment Lands

Confidential Development and Government Relations Memorandum to Council - Training Session and Advice from Legal Regarding East Side Employment Lands pursuant to the *Municipal Act, 2001*, subsection 239(2)(f) advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and subsection 239(3.1) A meeting of a council or local board or of a committee of either of them may be closed to the public if the following conditions are both satisfied: 1. The meeting is held for the purpose of educating or training the members. 2. At the meeting, no member discusses or otherwise deals with any matter in a way that materially advances the business or decision-making of the council, local board or committee.

5. Back to Open Session (Beginning at 6 p.m.)

6. Staff Reports

PORT COLBORNE

Subject: Servicing the East Side Employment Lands

To: Council

From: Development and Government Relations Department

Report Number: 2025-185

Meeting Date: September 23, 2025

Recommendation:

That Council receive Development and Government Relations Report 2025-185;

That Council direct the Mayor and Clerk to execute the following agreements once finalized and when the conditions have been met, as well as all necessary related agreements in order to facilitate the development of the East Side Employment Lands (ESEL):

- Water and wastewater purchase agreement with Asahi Kasei;
- An agreement with the Niagara Region establishing a cost-sharing arrangement for the required engineering design services to design infrastructure and perform required studies and reviews associated with crossing the Welland Canal and surrounding area;
- An agreement with the Niagara Region outlining the City's contributions to facilitate the construction of the of the Welland Canal crossing project, for up to $24.2 million, provided the Niagara Region agrees to take ownership of all pumping stations and force mains in the ESEL once they are operational, and once the City has satisfied any grant and/or borrowing commitments;
- A construction agreement with Peters Excavating to complete the linear asset installation, provided that such award is within the budget of the water and wastewater purchase agreement with Asahi Kasei;
- A construction agreement for the wastewater pumping station, as required per the Development Agreement (executed last November by the City, One Forty Developments, Asahi Kasei, and Rankin Construction), provided that such award is within the budget of the water and wastewater purchase agreement with Asahi Kasei;
- Interim financing agreements required for construction financing, up to $20 million.

That Council direct staff to implement a public engagement campaign regarding the establishment of two Government Business Enterprises (GBEs), including a holding company, wholly owned by the City, that would own shares in the ESEL Water and

Wastewater District; and a district company that would own and operate the water and wastewater systems in a new water and wastewater district, connected but separate from the City.

Purpose:

The purpose of this report is to seek approval from Council on the next steps in the development of the ESEL, including infrastructure related to water and wastewater under the Welland Canal. It also requests approval of agreements with Niagara Region, construction agreements with contractors, interim financing agreements required for construction financing, and approval to proceed with the required public consultation efforts related to the establishment of two GBEs.

There are no anticipated costs to City ratepayers resulting from the approvals requested in this report. This report does not address potential road construction through the ESEL, as planning work continues. It is anticipated road work may be phased as future companies are attracted to the ESEL.

Background:

Asahi Kasei, a global leader in battery technology, is investing $1.6 billion to construct a lithium-ion battery separator plant in Port Colborne. Asahi Kasei is planning for the plant to be operational by the fall of 2027. The first phase is expected to create over 300 jobs in Port Colborne's ESEL. There are three phases planned, which could ultimately result in approximately 1,000 jobs.

The area within the ESEL is approximately 1,000 acres, with Asahi Kasei occupying approximately 200 acres. As previously communicated, the land is not serviced with water or wastewater infrastructure. The lands are zoned industrial and are part of the Niagara Gateway Economic Zone. Asahi Kasei's site for the new battery separator facility is north of Forkes Road.

Previous reports with respect to this project include:

2023-109	ESEL Phase One Servicing Project
2024-47	ESEL Design Procurement
2024-221	ESEL Update – Engineering and Subject Matter Expert services
2025-28	Financial Planning- Servicing East Side Lands
2025-139	ESEL Phase One Construction and Funding Approval

Significant benefits of developing the ESEL lands include:

- Unlocking up to 1,000 acres of land for industrial purposes
- Supporting the creation of jobs and the “Economic Prosperity” pillar in our strategic plan
- Expanding and diversifying the assessment base, which supports long-term financial sustainability and affordability objectives
- Supporting approximately 3,000 new housing units
- Adding a second watermain to supply water to the ESEL and other lands east of the Canal
- Adding wastewater force mains to accommodate growth east of the canal

In addition, and separate to this report, the City has started to update its Official Plan (OP) which will propose to include the rest of the ESEL in the urban boundary.

Water and Wastewater Agreement with Asahi Kasei

To fund the water and wastewater infrastructure in the ESEL, City staff and legal counsel have been working with Asahi Kasei to finalize a water and wastewater agreement that:

- Ensures the cost of the water and wastewater infrastructure and any City operating costs will be recovered from Asahi Kasei and/or future users of the ESEL
- Establishes a ceiling for project costs, with a limit of $32.4 million – an overage would be funded through development charges and/or future users
- Initiates a 20-year partnership, with an option to renew if both parties agree
- Recovers any costs related to water and wastewater from Asahi Kasei, with an added contingency of 15% for water loss and 15% for inflow and infiltration built into the rate
- Allows Asahi Kasei to recover water and wastewater infrastructure and operating costs proportional to the use of the infrastructure of future users
- Has future pump station expansion paid 50% by Asahi Kasei and 50% from future users
- Guarantees Asahi Kasei 50% of pipe capacity subject to limits of pumping stations
- Formalizes that the City/GBE is responsible for building water and wastewater infrastructure to Third concession and Snider Road (“External City Works Connection Point”)
- Formalizes that One Forty Developments is responsible for building water and wastewater infrastructure from the External City Works Connection Point to the Asahi Kasei delivery point, at their cost and to the City’s specifications
- Establishes that the City/GBE is protected with termination and default provisions

- Includes confirmation from the Niagara Region that there is enough water supply and wastewater treatment capacity.

This agreement, as planned, will be transferred to the GBE to exist within the ESEL Water and Wastewater District. There are no costs to City taxpayers as a result of this agreement.

It has taken longer than anticipated to finalize the agreement. At the time of writing this report, Asahi Kasei staff are seeking final approval for the agreement within their organization.

Servicing and Cost Sharing Agreement(s) with Niagara Region

To support the development of the ESEL and growth on the east side of the City, new water and wastewater infrastructure is being constructed through the Niagara Region Tunnel crossing. The City and Niagara Region are finalizing the following agreements, and this report is seeking Council approval to have the Mayor and City Clerk sign them:

1. **Engineering Design Services**

    - This agreement would establish a cost-sharing arrangement for the required engineering design services to design infrastructure and perform required studies and reviews associated with crossing the Welland Canal and surrounding area.

2. **Tunnel Crossing & ESEL Wastewater Pumping Stations & Force Mains**

    - This agreement would outline the City's contributions to facilitate the construction of the of the Welland Canal crossing project, for up to $24.2 million, provided the Niagara Region agrees to take ownership of all pumping stations and force mains in the ESEL once they are operational, and once the City has satisfied any grant and/or borrowing commitments.
    - City has secured grant funding for approximately 2/3 of the project with the remainder to be paid through future development charges.
    - Through the GBE, the City will design and construct one wastewater pumping station.
    - The GBE will acquire one wastewater pumping station from a private developer.
    - The two pumping stations are being built to Niagara Region standards.

There are no costs to City taxpayers as a result of the above projects and agreement(s).

Construction Agreements

Once the Water and Wastewater Agreement with Asahi Kasei is signed, this report requests approval from Council that would allow the Mayor and City Clerk to sign the Construction Agreement with Peters Excavating for the remaining work, provided that such award is within the budget of the water and wastewater purchase agreement with Asahi Kasei.

The City has begun the design phase for a required wastewater pumping station, and this project will be tendered through the City’s open and transparent procurement process. This report requests approval from Council that would allow the Mayor and City Clerk to execute a Construction Agreement for the wastewater pumping station as required per the Development Agreement, provided that such award is within the budget of the water and wastewater purchase agreement with Asahi Kasei.

Governance Structure – Government Business Enterprise

This report seeks approval to move forward with a public engagement campaign regarding the establishment of two GBEs, sometimes known as Municipal Service Corporations (MSCs).

A GBE is a company, owned by a municipality, established to run a defined service. The City of Port Colborne has owned GBEs in the past, including a hydro company and the Niagara Regional Broadband Network (NRBN). When operated as a GBE with commercial principles that deliver social, economic, and public policy benefits for residents, the GBE can borrow without impacting the City’s borrowing capacity, which is constrained by the Province’s Annual Repayment Limit. As the City is working aggressively on its existing infrastructure, it is desirable to limit any impact on the City’s borrowing capacity.

To facilitate the GBE structure, this report seeks approval for two GBE companies to be created:

1. **Holding Company (HOLDCO)** – This company will own shares in the ESEL Water and Wastewater District (District) and possibly other companies in the future. This company will be wholly owned by the City;

2. **District** – This company will own and operate the water and wastewater systems in a new water and wastewater district, connected to the City but separate from the City. A key function of the District will be to attract and support other businesses to the ESEL to support job growth and diversify the assessment base. The City will have controlling ownership of this company.

Salient to this structure is the following:

- Council will appoint board members
- There will be a separate shareholder declaration for the HOLDCO and any subsidiaries like the District
- Business and strategic plans will be prepared for, reviewed, and approved by the Board
- Operational decisions will be made within the GBEs but shared service agreements will be used to purchase services as needed from the City for such tasks as maintenance and accounting
- Borrowing will occur within the GBEs

Following approval to move forward, public consultation regarding GBEs will occur. Subsequently, the feedback collected from the public and a final business plan will be presented to Council for final approval required through bylaw.

It would be timely to finalize the GBEs prior to year-end, given the timelines of the project.

Internal Consultations:

City staff including the CAO, Director of Development and Government Relations, Director of Public Works, Manager of Special Projects, and Senior Project Manager have been working with the City Solicitors, strategic financial advisors, lenders, and Niagara Region to finalize the water, legal, and financing agreements.

Financial Implications:

As noted, this report proposes no costs to City ratepayers.

The infrastructure of the GBE is anticipated to require $32.4 million in debt financing to be recovered through the Water and Wastewater Agreement with Asahi Kasei. Should costs exceed the $32.4 million, any overage would be funded through Development Charges and/or future users.

The infrastructure to cross the Canal is anticipated to require $24.2 million, paid two-thirds (2/3) from grants and one-third (1/3) from Development Charges. Should the Development Charges not materialize in the timeframe required, financing options would be reviewed to blend and expand debt payments.

This report seeks approval to enter into financing agreement(s) to facilitate construction financing up to $20 million during construction. The final long-term financing of the project will be subject to future Council approval.

As noted through budget reports, the in-year City Annual Repayment Limit is currently forecasted at 3.7% in 2025 and growing to 10.3% in 2027 with these projects and other projects to be proposed. The projects in this report are anticipated to only increase City debt by approximately $8 million once completed and the GBE is a stand-alone entity.

Public Engagement:

City staff have brought forward several public reports regarding the servicing of the ESEL, including 2023-109, 2024-47, 2024-221, 2025-28, and 2025-139.

There is a Municipal Act requirement to have public engagement regarding GBEs. To this end, staff will be providing information about GBEs on the City’s website shortly, and there will be an opportunity for residents to provide feedback and ask questions at a public open house in the coming weeks.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillars of the strategic plan:

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

Conclusion:

Staff have been working closely with Asahi Kasei, lenders, our City Solicitors, financial advisors, and Niagara Region to finalize the agreements, financing, and the legal and governance structure to support the water and wastewater servicing of the ESEL and the Asahi Kasei site.

To ensure the servicing project stays on track, which is important to meet Asahi Kasei's timelines, staff are seeking approval to execute the above-mentioned agreements as well as all necessary related agreements in order to facilitate the development of the ESEL.

Appendices:

Appendix A – East Side Employment Lands

Respectfully submitted,

Gary Long
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Chief Administrative Officer
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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.

East Side Employment Lands (ESEL)

Special Council Meeting

Tuesday, October 21, 2025

PORT COLBORNE

Today's Presentation Outline

1. Port Colborne
2. East Side Employment Lands (ESEL)
3. Transformational Timeline
4. Project Financials and Water/Wastewater Contract
5. Government Business Enterprise (GBE)
6. Conclusion & Next Steps

Premier Ford speaking at the Asahi Kasei investment announcement in Port Colborne on May 14, 2024

PORT COLBORNE

Today’s Presentation Outline

Vision, Mission & Corporate Values

Vision Statement:

A healthy and vibrant waterfront community embracing growth for future generations.

Mission Statement:

To provide an exceptional small-town experience in a big way.

Corporate Values

- **Integrity** – We interact with others ethically and honourably
- **Respect** – We treat each other with empathy and understanding
- **Inclusion** – We welcome everyone
- **Responsibility** – We make tomorrow better
- **Collaboration** – We are better together

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Alignment with the Strategic Plan

Environment & Climate Change

Welcoming, Livable & Healthy Community

Economic Prosperity

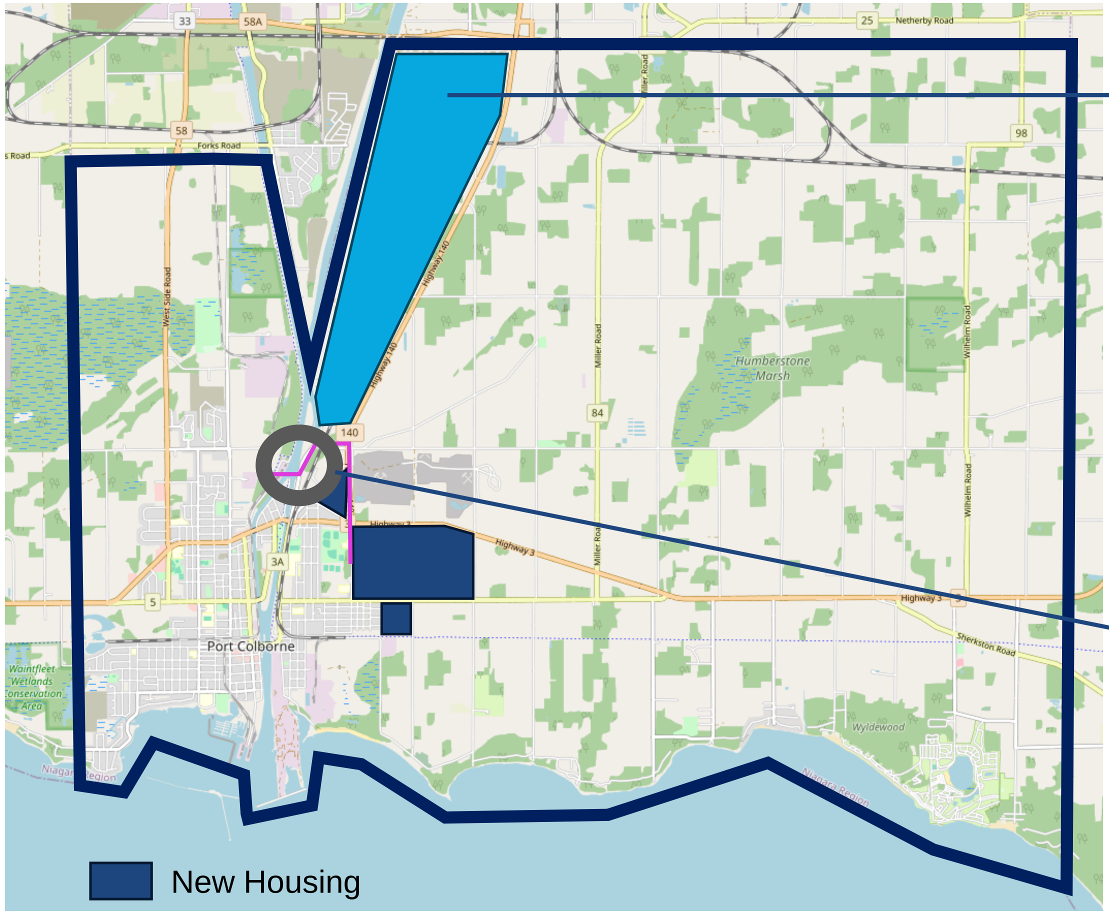
Increased Housing Options

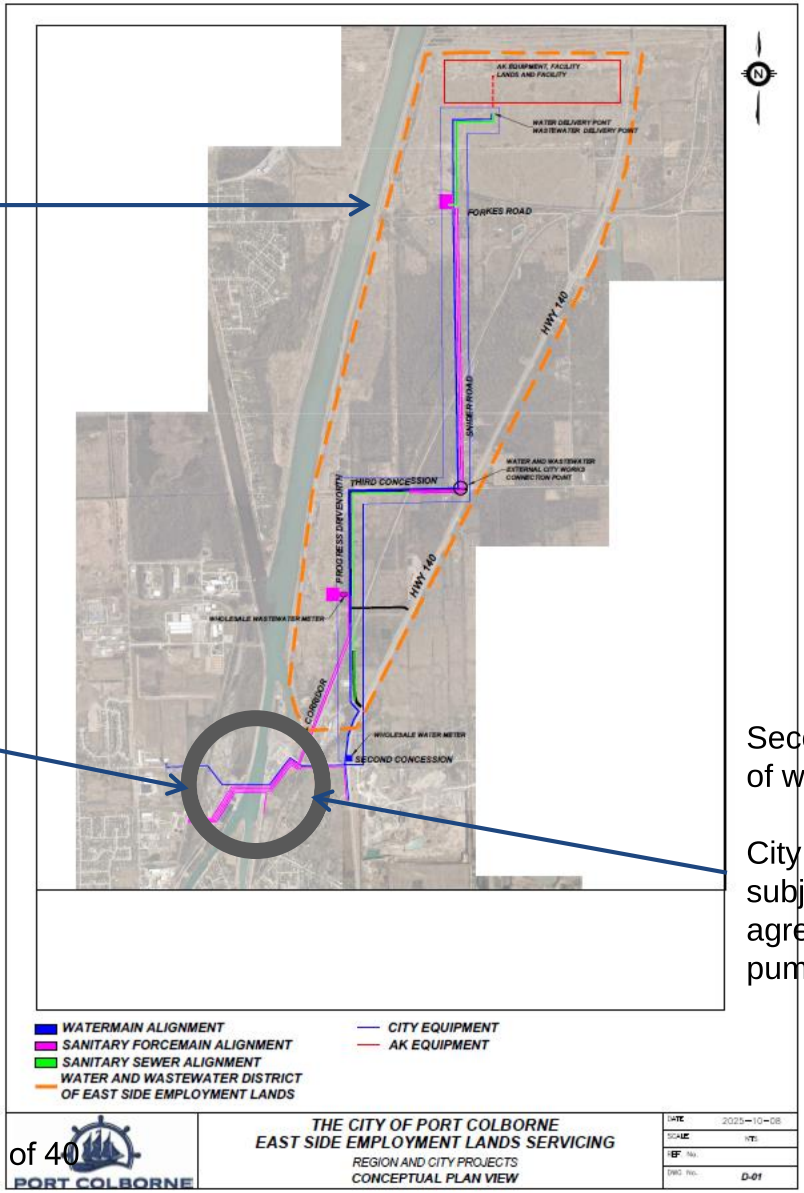
Sustainable & Resilient Infrastructure

PEOPLE → SIMPLE → VALUE → CUSTOMER

Today's Presentation Outline

Port Colborne Location





Second canal crossing of water and wastewater.

City portion up to $24.2 million subject to Niagara Region agreement with respect to pumping stations and force mains

Collaborating Partners

Partners

- The Government of Canada (Invest in Canada)
- Invest Ontario & Several Provincial Ministries
- Niagara Region
- St. Lawrence Seaway Management Corporation
- Brock University
- Niagara College
- The BMI Group
- Red Jar Energy Partner

Advisors

- Borden Ladner Gervais LLP (BLG)
- Blakes
- Doane Grant Thornton

The Opportunity and ROI

- Unlocks up to 1,000 acres of land for industrial purposes
- Jobs support the "Economic Prosperity" pillar in our strategic plan;
- Expands and diversifies the assessment base which supports long-term financial sustainability and affordability objectives
- Supports approximately 3,000 new housing units
- Brings a second watermain and wastewater pipes to support growth and supply continuity

Today’s Presentation Outline

Transformational Timeline

May 2024
Asahi Kasei (AK) announced it would construct an Integrated lithium-ion battery separator plant

November 2024
AK purchases the un-serviced land from BMI consortium

Start

November 2024
AK/One Forty Development Inc./City sign Development Agt.

November 2024
AK groundbreaking

January 2025
ROMA - HEWSF + Hydro and Highway access

March 2025
Federal CHIF - $19.25 million ($38.5 million projects)

April 2025
Good Roads – HEWSF + Hydro and Highway access

June 2025
Hydro One takes lead to supply hydro to the project

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Servicing Underway

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Servicing Underway

PORT COLBORNE

Transformational Timeline

June 2025

$4.3 million Early Works Agreement with Peters Construction Group

August 2025

Provincial HEWSF $11.3 million ($15 million projects)

September 2025

$4 million extension of Early Works Agreement with Peters Construction Group

October 2025
Today

Seeking Council approval:

- Conduct public consultation on establishing GBE
- Water and Wastewater Agreement
- Construction Works Agreements
- Sign Region Agreements (Subcontracting Cost Sharing, Crossing the Canal, Pumping and Force main transfer)

Transitional Moment

Est. November 2025

Water and Wastewater District GBE established

Est. November 2025

Interim project financing to Council for approval

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Transformational Timeline

Est. January 2026

- Water available at AK site (April 1, 2026 or sooner*)
- Signed wastewater pumping station construction agreement
- Wastewater available at AK site (September 30, 2027*)
- Financing Completed
- GBE “Stand-alone”

Est. December 2027

TBD

140 Highway Improvements

Roadwork within the ESEL

* Provided One Forty Developments Inc. completes their site servicing per the Development Agreement

Today’s Presentation Outline

Project Financials

	Project Investment	Source of Funds
ESEL Infrastructure to 3rd Concession	$32,400,000	Water & Wastewater Agreement
Crossing the Canal - Wastewater	24,200,000	2/3 Grants and 1/3 City Development Charges
Crossing the Canal - Water	79,792,000	Niagara Region
	$136,392,000	
Plus: ESEL Infrastructure from 3rd Concession to AK site	TBD	One Forty Developments Inc.
	$136,392,000 +	

The project is funded by users and new users – the project does not impact current ratepayers

Water and Wastewater Agreement

Terms

- Ensures the cost of the water and wastewater infrastructure and any City operating costs will be recovered from the agreement with AK and/or future users of the ESEL
- Project cost has a ceiling in the contract of $32.4 million – an overage would be funded through development charges and/or future users
- Term is 20 years with an option to renew if both parties agree
- Recovers from AK any Region water and wastewater charges with an added contingency of 15% for water loss and 15% for inflow and infiltration built into the rate
- Allows AK to recover water and wastewater infrastructure and operating costs proportional to the use of the infrastructure of future users

Water and Wastewater Agreement

Terms

- City/GBE responsible to build to Third Concession Road and Snider Road (“External City Works Connection Point”)
- One Forty Developments responsible to build from the External City Works Connection Point to AK delivery point at their cost and to City specifications
- City/GBE protected with termination and default provisions
- Future pump station expansion to be paid 50% by Asahi Kasei and 50% from future users
- Asahi Kasei guaranteed 50% of pipe capacity subject to limits of pumping stations

Water and Wastewater Agreement

Benefits

- Predictable and stable revenue to support financing of construction
- Ability to support GBE borrowing without impacting City borrowing capacity
- Capacity and rate visibility for AK

Today's Presentation Outline

PORT COLBORNE

Government Business Enterprise (GBE)

Terms

- Accounting Term: Government Business Enterprise (GBE)
- Legal Term: Municipal Service Corporation (MSC)

Government Business Enterprise (GBE)

Why

- Combine strong corporate governance with clear accountability and transparency
- Separates costs of the water district from the current system to ensure the water district is self sustaining.
- Can borrow on their own and not impact City borrowing limits

Government Business Enterprise (GBE)

Governance

- Water and wastewater system remains publicly owned
- Council appoints the board of directors
- Board of directors have fiduciary duties owed to the GBE
- Articles of Incorporation filed pursuant to the Ontario Business Corporations Act

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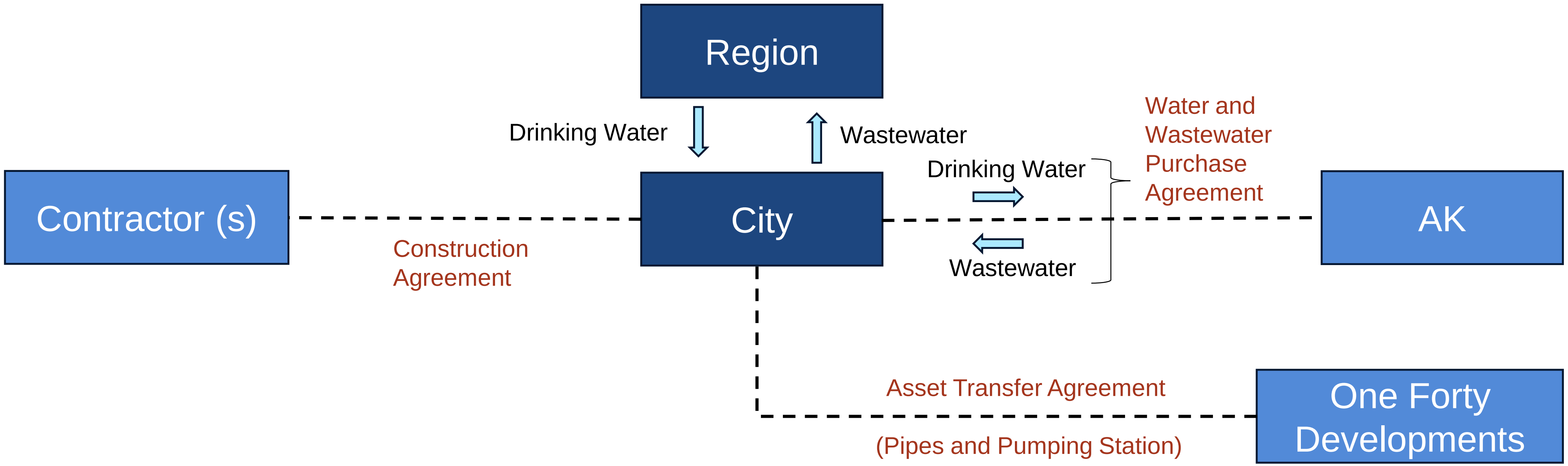
GBE Financial Overview

The GBE is financially positioned to support construction through external financing, maintain positive cash flow, and meet its debt obligations over the life of the asset.

- Revenue projections are based on the terms in the Water/Wastewater Purchase Agreement and this will cover debt servicing and operating costs.
- To fund the project, the corporation will require $32.4 million in financing, split evenly between public and private lenders. With an estimated interest rate of 4% over a 20-year term, annual debt service is projected at approximately $2.4 million.
- Based on these financing terms, the GBE maintains a minimum interest coverage ratio of 1.11x throughout the loan period.
- There will be a reserve for asset replacement as well as a contingency reserve.
- The financial model is cash flow positive and the corporation will be self-sufficient.

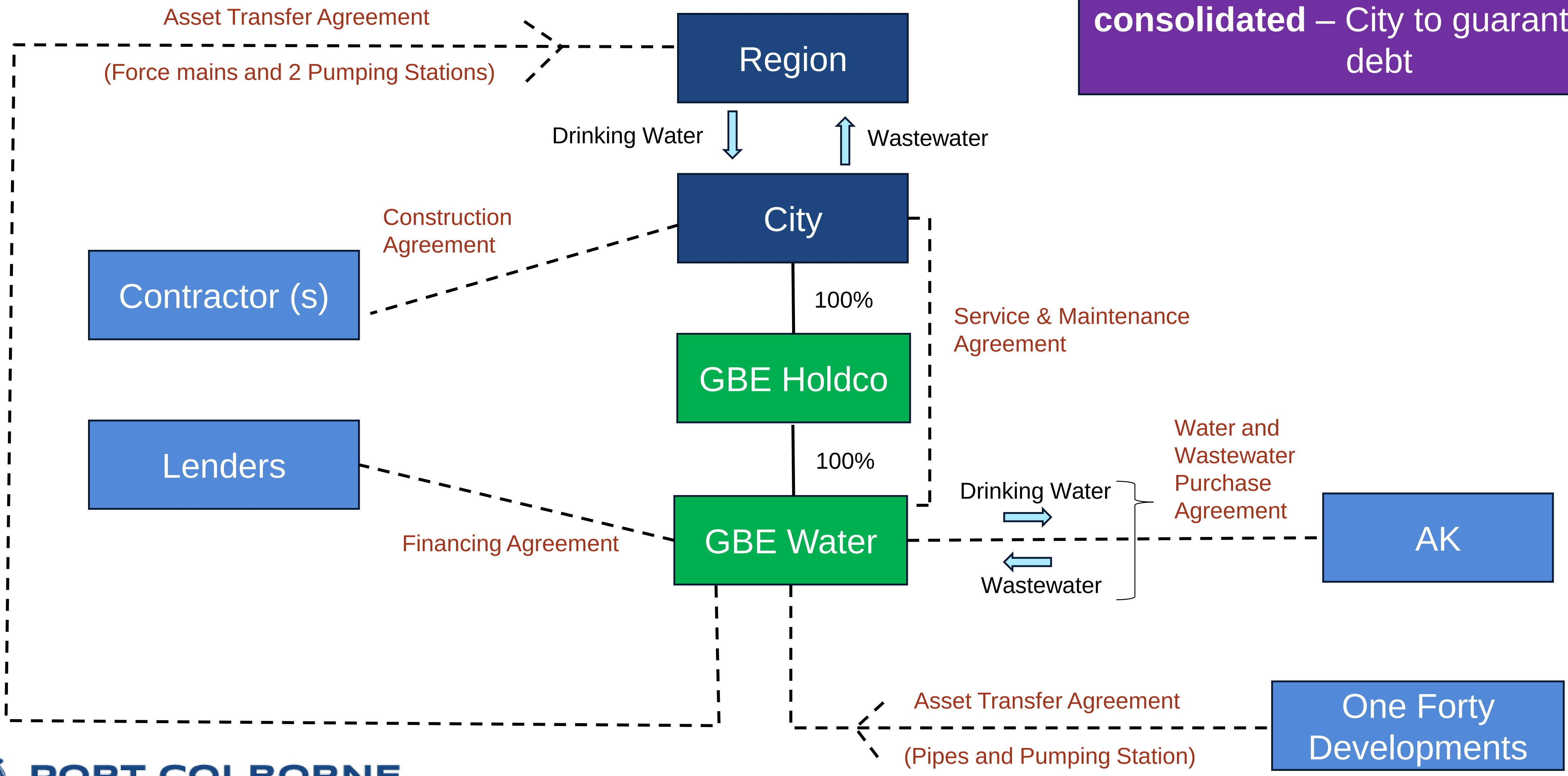
Current - Structure



City is currently self-financing the project (reimbursed once financing established through the GBE)

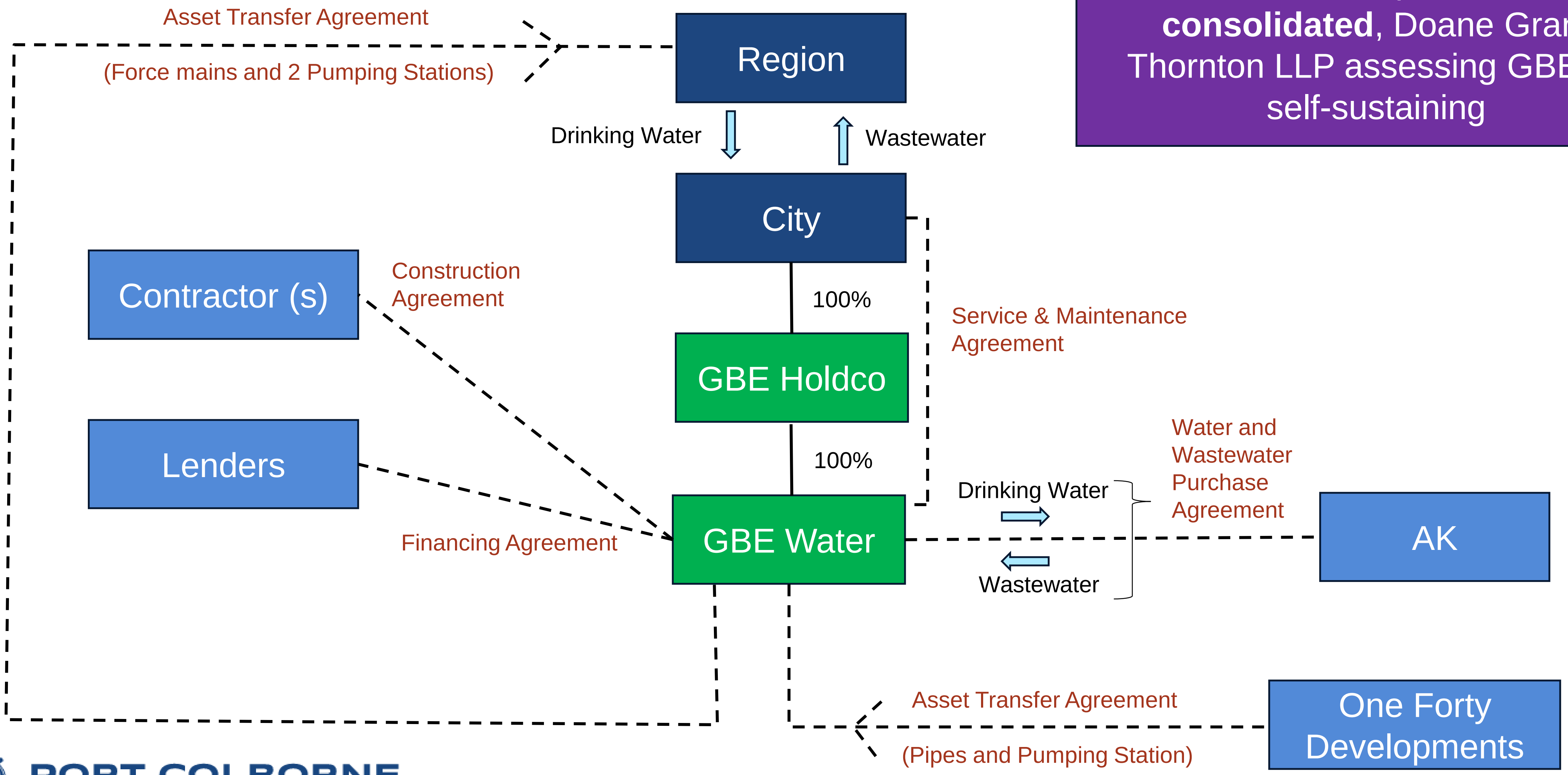
GBE – Structure (During Construction)

During construction, the GBE is consolidated – City to guarantee the debt



GBE – Structure (Post-construction)

Post-construction, the GBE is not consolidated, Doane Grant Thornton LLP assessing GBE as self-sustaining



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Today’s Presentation Outline

Next Steps

That Council receive Development and Government Relations Report 2025-185;

That Council approve the Mayor and Clerk to execute the following agreements and all necessary related agreements in order to give effect thereto, to facilitate the development of the East Side Employment Lands (ESEL):

- Water and wastewater purchase agreement with Asahi Kasei (AK);
- An agreement with the Niagara Region establishing a cost-sharing arrangement for the required engineering design services to design infrastructure and perform required studies and reviews associated with crossing the Canal and surrounding area;
- An agreement with the Niagara Region outlining the City's contributions to facilitate the construction of the of the Canal crossing project, for up to $24.2 million, provided the Niagara Region agrees to take ownership of all pumping stations and force mains in the ESEL once they are operational, and once the City has satisfied any grant and/or borrowing commitments;
- Construction agreement with Peters Excavating to complete the linear asset installation, provided that such award is within the budget of the water and wastewater purchase agreement with AK;
- Construction agreement for the wastewater pumping station as required per the Development Agreement, (executed last November by the City, One Forty Developments, Asahi Kasei, and Rankin Construction), provided that such award is within the budget of the water and wastewater purchase agreement with AK;
- Interim financing agreements required for construction financing, up to $20 million.

That Council direct staff to implement a public engagement campaign regarding the establishment of two Government Business Enterprises (GBE).

Thank you!

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The Corporation of the City of Port Colborne

By-law No. _________

Being a by-law to Adopt, Ratify and Confirm the proceedings of the Council of The Corporation of the City of Port Colborne at its Special Meeting of October 21, 2025

Whereas Section 5(1) of the *Municipal Act, 2001,* provides that the powers of a municipality shall be exercised by its council; and

Whereas Section 5(3) of the *Municipal Act, 2001,* provides that a municipal power, including a municipality's capacity rights, powers and privileges under section 9, shall be exercised by by-law unless the municipality is specifically authorized to do otherwise; and

Whereas it is deemed expedient that the proceedings of the Council of The Corporation of the City of Port Colborne be confirmed and adopted by by-law;

Now therefore the Council of The Corporation of the City of Port Colborne enacts as follows:

1. Every action of the Council of The Corporation of the City of Port Colborne taken at its Special Meeting of October 21, 2025, upon which a vote was taken and passed whether a resolution, recommendations, adoption by reference, or other means, is hereby enacted as a by-law of the City to take effect upon the passing hereof.

2. That where no individual by-law has been or is passed with respect to the taking of any action authorized in or with respect to the exercise of any powers by the Council, then this by-law is deemed for all purposes to be the by-law required for such authorization or exercise of any powers.

3. That the Mayor and Clerk are authorized to execute any documents required on behalf of the City and affix the corporate seal of the City and the Mayor and Clerk, and such other persons as the action directs, are authorized and directed to take the necessary steps to implement the action.

4. That the Clerk is authorized to affect any minor modifications, corrections, or omissions, solely of an administrative, numerical, grammatical, semantical, or descriptive nature to this by-law or its schedules after the passage of this by-law.

Enacted and passed this 21tst day of October, 2025.

____
William C. Steele
Mayor

____
Charlotte Madden
City Clerk