



Report to: General Committee

Date of Meeting: June 12, 2006

SUBJECT: Markham District Energy Memorandum of Understanding with Markham Stouffville Hospital and Markham re Cornell Community Centre/Health and Wellness Centre

PREPARED BY: Catherine M. Conrad, Town Solicitor

RECOMMENDATION:

That the report entitled "Markham District Energy Memorandum of Understanding with Markham Stouffville Hospital and Markham re Cornell Community Centre/Health and Wellness Centre" be received;

And that the Mayor and Clerk be authorized and directed to execute a Memorandum of Understanding with the Markham Stouffville Hospital and Markham District Energy Inc., with respect to the evaluation of the technical and commercial benefits of the supply of district heating and cooling to the Markham Stouffville Hospital campus, including the proposed Cornell Community Centre, in a form satisfactory to the Chief Administrative Officer and the Town Solicitor.

EXECUTIVE SUMMARY:

Not applicable

FINANCIAL CONSIDERATIONS:

Not applicable

PURPOSE:

The purpose of this report is to obtain authority for Town officials to execute a Memorandum of Understanding with Markham District Energy Inc. and the Markham Stouffville Hospital to evaluate the technical and commercial benefits of district energy servicing the Hospital Campus.

BACKGROUND:

On June 14, 2005, Council endorsed the concept of the Markham Stouffville Hospital (the "Hospital") and the Town developing an integrated facility incorporating the Town's future Cornell Community Centre and Library complex (the "CCL") with the Hospital's proposed Health and Wellness Facility (the "HWF"). Markham District Energy has approached both the Town and the Hospital with a view to negotiating an agreement for the supply of district heating and cooling to the Campus.

OPTIONS/ DISCUSSION:

MDEI has commenced negotiations with the Town and the Hospital with respect to servicing both the HWF and the CCL, in addition to exploring retrofit of the existing

Hospital infrastructure. As a general principle, Hospital staff endorse the concept of district energy as an environmentally efficient supply of heating and cooling.

In order to satisfy the Hospital and the Town that the supply of district heating and cooling can also be cost effective for the new facilities, if not the existing facilities, more detailed design work is required. MDEI is seeking a Memorandum of Understanding with the Hospital and the Town in order to justify going to the next phase of investigation, evaluation of the technical and commercial benefits of the district energy option. The intention of the parties, expressed in the draft Memorandum of Understanding is that if MDEI can demonstrate that district heating and cooling can be provided at a cost equal to or lower than conventional heating and cooling, the next step for the Parties will be to proceed to prepare a business plan to optimize the long-term supply of district energy to the Campus. At that point, if MDEI can establish the long-term benefits to the Town or the Hospital or both, Town staff would report back to Council with a recommendation.

FINANCIAL TEMPLATE:

Not applicable

ENVIRONMENTAL CONSIDERATIONS:

District energy is energy efficient, environmentally sound, easy to operate and maintain, reliable, comfortable and convenient, has lower life-cycle costs and offers design flexibility.

ACCESSIBILITY CONSIDERATIONS:

Not applicable.


ENGAGE 21ST CONSIDERATIONS:


The provision and use of district energy is consistent with the Town's goal of innovation and fiscal stewardship and being a leader in the efficient and effective management of growth.

BUSINESS UNITS CONSULTED AND AFFECTED:

The Strategic Initiatives Department and the Community and Fire Services Commission were consulted in the preparation of this report.

**RECOMMENDED
BY:**


Catherine M. Conrad
Town Solicitor


John Livey
Chief Administrative Officer

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ATTACHMENTS:

Not applicable.