

COUNCIL MARCH 18, 2002

**COUNCIL RESOLUTION
POTENTIAL PRIVATIZATION OF HYDRO CORRIDORS
HYDRO ONE INITIAL PUBLIC OFFERING**

Recommendation

The City Manager recommends:

1. That the following resolution BE ADOPTED:

WHEREAS the hydro transmission corridors in the Greater Toronto Area represent an important public resource which was acquired on behalf of the taxpayers/ratepayers of Ontario for the betterment of the province;

AND WHEREAS the use of the corridor lands, for such public purposes as rapid transit and transportation, environmental management, recreational uses and other services and utilities, has the potential to play an increasingly important role in supporting economic growth, improving environmental health and in enhancing the quality of life for the residents of a rapidly growing GTA;

AND WHEREAS the loss of this resource to the broader public sector, through the privatization of Hydro One, would further constrain municipalities and other public agencies in their ability to provide essential services in a timely and economical manner.

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF VAUGHAN HEREBY RESOLVES:

THAT the Province of Ontario is hereby requested to maintain the hydro corridors in public ownership and that these lands be made available for public use, at nominal cost, by municipalities and other public agencies;

AND THAT should the Province choose to include the corridors as an asset to be included as part of the Hydro One privatization, it is requested that terms and conditions be included in the transfer of the lands, which will ensure that the following principles will be adhered to:

1. Existing public uses are recognized and made permanent with no additional compensation required;
2. The corridor lands will remain available for future public uses at nominal cost to municipalities and other public agencies;
3. That no reasonable public use shall be denied;

AND THAT municipalities and other potentially affected public agencies be consulted prior to the privatization of the hydro corridors and that they be allowed to provide input on any detailed terms and conditions which may be attached to the transfer of such lands.

2. That this resolution BE FORWARDED to the following individuals, municipalities and agencies for their endorsement:
 - The Premier of Ontario
 - Members of the Provincial Cabinet;
 - The Leader of the Opposition;

- The Leader of the New Democratic Party;
- Members of the Legislature for the Greater Toronto Area;
- The Region of York;
- The Municipalities of the Greater Toronto Area;
- The Toronto Transit Commission;
- GO Transit; and
- Toronto Region Conservation Authority

Purpose

To adopt a resolution requesting that the Provincial Government protect the hydro corridors in the Greater Toronto Area for such public purposes as, transit and transportation uses, stormwater and environmental management measures, recreational uses and other services and utilities, when finalizing the details of the privatization of Hydro One.

Background - Analysis and Options

Background

The Province of Ontario is currently in the process of privatizing a portion of the former Ontario Hydro. Ontario Hydro was initially broken up into two main operating units, one being responsible for the generation of power and the other being responsible for its transmission. The utility now known as Hydro One is responsible for power transmission. Currently an Initial Public Offering (IPO) is being prepared for Hydro One and it will be issued sometime this year. As a result, Hydro One will become a publicly traded company.

Hydro One's transmission towers are located within a number of corridors, which form part of a province-wide network, which distributes the power from the generating stations to the local utilities. With the privatization of Hydro One, concerns have been raised about the disposition of these corridors. It is not known whether the land under the towers will be included as one of the assets that will be privatized or whether they will remain in the hands of the Provincial Government.

The corridors are extensive. It has been estimated that they consume approximately 4,040 hectares (10,000 acres) of land in the Greater Toronto Area alone. Even though they are encumbered by high voltage transmission lines, they play an important public role in the provision of a number of services. These include commuter parking for public transit, the provision of stormwater management facilities, recreation uses and walkway linkages and a number of public and private services and utilities. Given the breadth of the network, the corridors are also being seen as potential public transit routes that could be used in the future for bus or rail transit services.

The concern has been raised that, if these corridors are taken out of public ownership, the opportunity to use them for public purposes would be lost. Even if public uses were permitted in the corridors post-privatization, there remains the fear that the cost of securing the lands from the private sector owner might be prohibitive.

The issuance of the Hydro One IPO is expected this year, perhaps as early as this Spring. This issue has come to the forefront recently through a number of newspaper articles, which form Attachment No. 3 to this report. Given the timing of the privatization, it will be important that the affected public agencies identify their concerns as quickly as possible and that these concerns be conveyed to the Provincial Government. Staff understand that reports are now being prepared at the Region of York, the City of Toronto and the TTC.

Preserving these corridors for public use, at nominal cost to the public agencies, should be a priority of the Province of Ontario, in the Hydro One privatization process.

Implications for the City of Vaughan

There is currently an example in the City of Vaughan, which highlights the potential importance of these corridors to the future of the Greater Toronto Area. The hydro corridor that runs from Highway No. 400 to Keele Street, between Steeles Avenue and Highway No. 407, illustrates the case of an opportunity that may be threatened by the impending privatization. (See Attachment No. 1 for location)

The City of Vaughan and the Region of York have been working to secure a rapid transit connection (Spadina Subway Extension) from the TTC's Downsview Subway Station to the Vaughan Corporate Centre. As part of this process, the City has identified, through the approval of OPA No. 529 (The Higher Order Transit Corridor Protection Study), a transit right of way that runs from a planned bus terminal on the north side of Steeles Avenue, east of Jane Street, to the Corporate Centre.

The bus terminal site, which is privately owned, was also identified in OPA No. 529 and the Region of York is now in the process of expropriating it. The bus terminal will be part of a comprehensive inter-regional gateway facility that would include 3,000 (and possibly more) commuter parking spaces to the north of the bus terminal in the hydro corridor. This parking facility would be the largest in the GTA. (See Attachment No. 2) The corridor would also provide for accesses to Jane and Keele Streets, thereby distributing commuter and bus traffic in a fast and efficient manner.

The privatization of the corridor, without specific guarantees protecting future public uses, could result in the loss of this opportunity. The availability of commuter parking is critical to increasing the use of public transit and will therefore be an important consideration in any decision to extend a rapid transit service through York University to Steeles Avenue, and ultimately into the City of Vaughan.

This only serves as one example of the public uses to which these corridors may be put. It is difficult to foretell what new opportunities may emerge over time. It would not be prudent to foreclose on future opportunities as a result of an unconditional disposal of the corridor lands. Therefore, the protection of these valuable corridors should be a public policy priority for the Province.

The Resolution

The proposed resolution requests that the Province maintain all the hydro corridors in public ownership and that public uses be permitted at nominal cost. Maintaining the status quo would be a desirable outcome. However, should the Province proceed with the privatization of Hydro One, with the corridors included as part of the new firm's assets, then it is important that these lands remain available for public use.

Three principles are identified as being necessary if these lands are to be protected in a privatization process. The first is that existing uses should be recognized and that no further compensation will be sought for such uses; second, that the corridors will remain available for future public uses at nominal cost; and finally, that no reasonable public use shall be denied. These principles would have to be reflected in the terms and conditions of the transfer of the lands to the new private sector firm. Lastly, prior to the finalization of the process, the Provincial Government should consult with municipalities and other public agencies on the terms and conditions that may be attached to the transfer of the corridor lands.

Given the importance of this issue, it recommended that the resolution be sent to the Premier of Ontario, Members of Cabinet, the Leader of the Opposition, the Leader of the NDP and all the Members of the Legislature for the Greater Toronto Area. In addition, it is recommended that the resolution be sent to the Region of York, all the GTA municipalities, TRCA, the TTC and GO Transit for support and endorsement. It is hoped that support for the preservation of these corridors will be broadly based and there will be a basis for a co-operatively developed, non-partisan solution.

Conclusion

The hydro corridors of the Greater Toronto Area represent an important resource for the future. Already they are being used for commuter parking at transit stations, for environmental and recreational uses and by public and private utilities. As the GTA grows and intensifies, there may be a number of additional uses to which these corridors could be put. One use currently being considered is public transit. The full potential for these corridors will emerge over time as the GTA evolves. As such, they are strategic public assets, many of which have been under public ownership for the better part of the last Century. Therefore, they should remain available for public use into the future.

Should Council concur, then the recommendation set out in the "Recommendation" section of this report should be adopted.

Attachments

1. Hydro Corridor – Highway No. 400 to Keele Street between Highway No. 407 and Steeles Avenue
2. Planned Bus Terminal and Commuter Parking Lot, North Side of Steeles Avenue, East of Jane Street
3. Recent Newspaper Articles

Report prepared by:

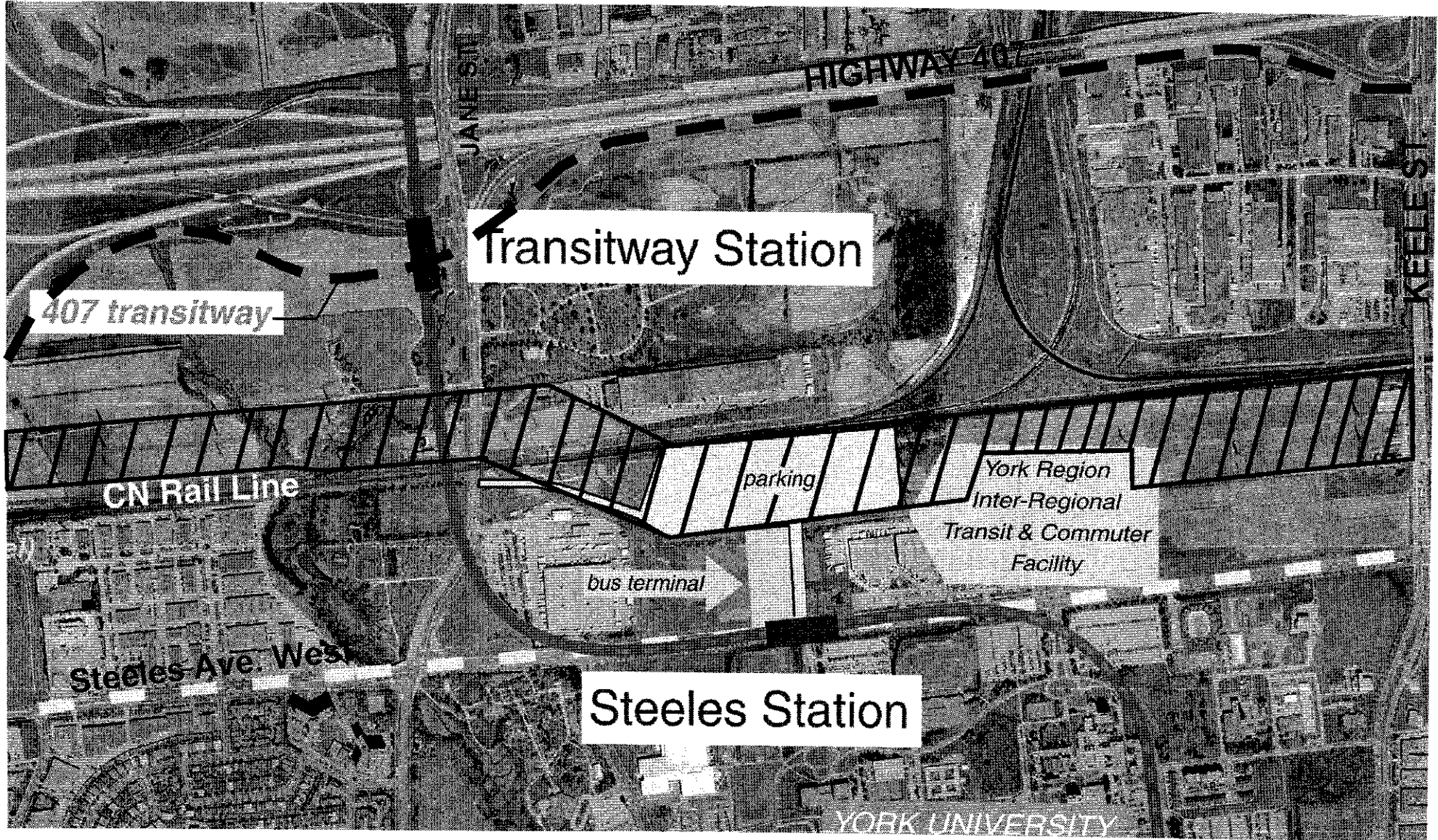
Roy McQuillin, Senior Planner, ext. 8211

Respectfully submitted,

SCOTT C. SOMERVILLE,
City Manager

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ATTACHMENT 1

Hydro Corridor - Highway No. 100 to Keele Street
 Highway 407 and Steeles Ave.



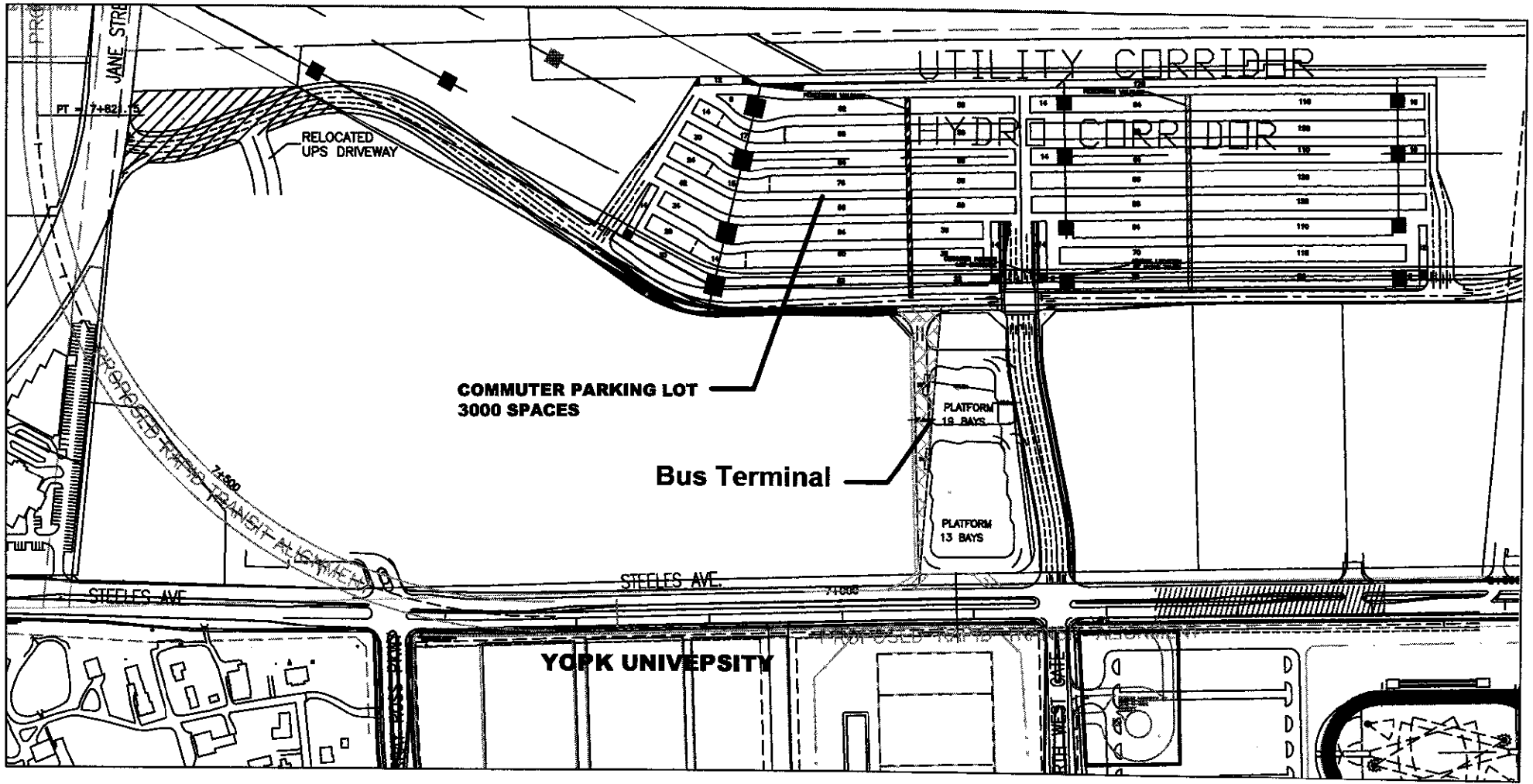
Hydro Corridor



Subway Alignment

City of Vaughan

Community Planning and Development



ATTACHMENT 2

Planned Bus Terminal and Commuter Parking Lot
North Side of Steeles Avenue, East

City of Vaughan
Community Planning and Development

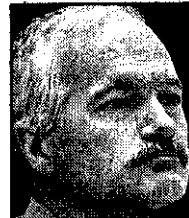
Hydro sale sparks fears

Land needed by T.O.

By PHILIP LEE-SHANOK
Toronto Sun

Thousands of hectares of public land that should be kept for Toronto's future transportation needs will pass into the hands of a private company when Hydro One is sold.

The province decided to sell the Crown corporation that owns Ontario's electrical transmission system not thinking that the hydro corridors may be needed one day by the city, says U of T civil engineering Prof. Richard Soberman.



JACK LAYTON
Bylaw plan

"I was putting lines on a map when I realized that these lands that are now public will become private," Soberman, who works on the city's transportation plan, said yesterday.

Huge hydro corridors that crisscross the city, such as the Finch hydro field that runs from Hwy. 400 to Neilson Rd., will no longer be available for city use, Soberman warned.

Much of the land beneath the high-tension wires is not used now except for parking lots, but in 30 or 40 years the 168-km strips of land could be needed for transit corridors, he said.

"If we lose this land, it's gone," Soberman said. "The province should protect ... these corridors."

Seeks bylaw

Councillor Jack Layton plans to introduce an interim planning bylaw to put a freeze on any use of the 4,050 hectares of hydro corridor land until a detailed study can be done.

"This would hopefully scare off any potential buyers of Hydro One who may have plans for the land," said Layton. "One day we will need the land and if it's in private hands we'll have to buy it or lease it back."

Selling Hydro One — one of the successor companies of the old Ontario Hydro — will be the largest privatization in Canadian history and will mean a massive transfer of property from the public to the private sector. The sale, expected to close this year, will be overseen by Ontario SuperBuild Corp.

TORONTO SUN, Monday
MARCH 11, 2002, p. 20

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1000110 075K, SUPPLIES MARCH 10, 2002 p. A2

Protect hydro lands, Tory hopefuls urged

Sale of corridors would be major loss, 3 politicians say

BY MICHAEL B. DAVIE
STAFF REPORTER

Three left-wing politicians are urging Tory leadership candidates to prevent more than 4,000 hectares of provincial hydro corridor lands from falling into private hands.

'This could jeopardize the badly needed expansion of public transit in Toronto, Peel, Hamilton, Guelph, London and other communities. We need to keep these lands in public ownership'

—NDP LEADER
HOWARD HAMPTON

Toronto City Councillor Jack Layton also said he plans to ask council for a two-year freeze on any sale of the corridors to study use of the land. Layton, NDP Leader Howard Hampton and Toronto-Danforth New Democrat MPP Marilyn Churley announced the initiatives yesterday at the GO Transit terminal at

Yonge St. and Bishop Ave. in the Finch Hydro Corridor.

They're asking the public to pressure Progressive Conservative leadership candidates to oppose the sale of corridor lands to private interests during Hydro One's privatization.

"At this point, what's being put up for sale is all of Hydro One and all of its assets, including the land," said Layton.

"We'd rather not see Hydro One sold at all, but we want to at least keep the land out of any deal. Why should we have to pay a private corporation to use lands we already own? If the province doesn't retain these lands in public ownership, they should be turned over to the city."

Layton says he'll ask for the freeze at council's mid-April meeting.

"Such a bylaw could be appealed before the Ontario Municipal Board but it would still delay any sale of the lands for some time," he said. The corridors, which run like 100-metre-wide ribbons throughout Toronto, are home to numerous small parks and bicycle paths.

Pointing to the GO Transit terminal, the parking lot across the street and the line of hydro towers stretching east to Pickering and west to Etobicoke, Layton said a private

owner would likely raise the rents for the terminal and parking lot.

"We can expect any added costs to be passed on to the consumer in the form of higher transit fares and parking rates and that would mean a lot more people staying in their cars and abandoning public transit."

Hampton said there's no indication a private owner would be interested in developing future transit lines through hydro corridors, which

**Land is currently
home to small parks
and bicycle paths**

could spell disaster for the future of public transit in Toronto and much of urbanized southern Ontario.

"This could jeopardize the badly needed expansion of public transit in Toronto, Peel, Hamilton, Guelph, London and other communities," Hampton said.

"We need to keep these lands in public ownership. This battle can and should be won."

Churley warned: "If the sale of Hydro One includes these corridors, the TTC would be held to ransom by a private owner and needed transit lines wouldn't get built or would only get built at greatly increased cost. It's like an act of sabotage by the Conservatives.

"The proposed sale of these incredibly valuable lands amounts to yet another sell-out to private interests at the expense of the citizens of Toronto," Churley added.

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City can't afford to lose hydro lands

It wasn't by accident that engineers designed the Bloor St. viaduct so it could handle subways - 50 years before the Bloor-Danforth subway was built. It took vision and foresight.

That same foresight is needed today to protect the future of transit. At stake are the hydro corridors that criss-cross the city.

These lands - an estimated 4,050 hectares - could be lost as part of the privatization of Hydro One, the crown corporation that distributes Ontario's electricity.

Premier Mike Harris announced in December that it was going on the market.

As a real estate asset, the right-of-ways in Toronto owned by Hydro One are worth millions. Preserved as corridors for future streetcar lines or subways, the lands are priceless.

There's been precious little debate about the sell-off. There's been none at all about the massive transfer of property from the public to the private sector, that could flow from the sale.

The lands are too important to let go.

At the moment, both the Toronto Transit Commission and GO Transit use the hydro lands as commuter parking lots. But they could play a much greater role. A look at a map

shows why. Hydro corridors offer a variety of ready-made transit routes. No tunnels have to be dug, no homes razed to build new lines.

One corridor in particular along Finch Ave. is an ideal transit right-of-way. Buses could zip across the top of the city from Pickering to Mississauga with connections to the Yonge and Spadina subway lines. Other corridors are just as promising.

"You look at these lines and the potential is tremendous. We're throwing away our future if we sit back and do nothing," said Rick Ducharme, the TTC's chief general manager.

But all of that risks being lost unless Queen's Park acts to keep these valuable lands in public hands.

There's time to make sure that happens. The sale of Hydro One sometime later this year will be overseen by Ontario SuperBuild Corp. And according to officials there, the fate of the lands hasn't been decided.

Transit officials are already working with city planners on a strategy to keep the lands as a public resource. Mayor Mel Lastman and TTC chair Brian Ashton should lend the political muscle to make sure provincial politicians get the message.

In 50 years, commuters will thank them for their vision.

Hydro land sale frets officials

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B1

Prime future transit corridors could fall into private hands

BY BRUCE DEMARA
CITY HALL BUREAU

The impending sale of Hydro One has repercussions well beyond an expected rise in electricity rates.

The company and its vast network of transmission towers throughout the city and Greater Toronto will soon be on the auction block.

And some worry that what happens to that land could have a serious impact on the GTA's ability to expand public transit or to provide open space for bicycle trails and hiking paths.

By Hydro One's best estimate, there's about 4,050 hectares of mostly open space running like an array of green ribbons across the GTA.

"It turns out when they (the province) sell the wires which run through these rights-of-way, they're also selling the rights-of-way themselves which are these swaths of interconnected lands running through the whole city," said Councillor Jack Layton (Ward 30, Toronto-Danforth).

"If you talked to urban planners and told them you told them you have the possibility of some interconnected linear swaths of publicly owned land in the city, they would tell you that the absolutely last thing you would do is break those up and sell them," he said.

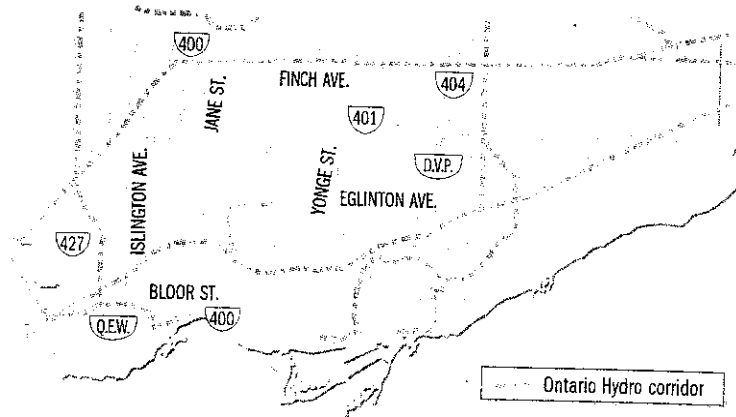
Layton said the sale of the hydro corridors in Toronto "may be the largest single sale of public land in the city's history" and he's dismayed the sale may go through without public debate.

"It's all been hidden away, there's been no public discussion about it, absolutely none," Layton said.

Richard Soberman, a former University of Toronto professor working on

Hydro corridors

Hydro One owns 4,050 hectares of interconnected rights-of-way that run throughout Toronto. The hydro corridors, which are mostly open spaces, could be included with the sale of Hydro One later this year.



the city's new official plan, was the first to tip off Layton, other councillors and the TTC to the issue.

"The thing is corridors don't come along every day and we often have trouble finding places to put transportation facilities without all kinds of community uproar," Soberman said.

TTC general manager Vince Rodo agreed.

"In the City of Toronto, there are very few places where you can do construction without causing great disruption," Rodo said. "If you need and you want to build rapid transit on a hydro right-of-way, you can do it without a lot of disruption to the city."

GO Transit managing director Gary McNeil called the corridors "one of a kind."

The Hydro One sale, expected later this year after the province's energy market is deregulated in May, will be overseen by Ontario SuperBuild Corp.

But spokesperson Mohammed Nakhouda was non-committal about whether consideration will be given to protecting the hydro corridors for future public uses.

"The province will be reviewing all policy options throughout the IPO (initial public offering) process," he said. "In doing so, we will be looking at maintaining value for taxpayers and quality of service for the ratepayers."

Hydro One has yet to issue shares or file the prospectus detailing the assets to be sold, Nakhouda added.

That means there's time to resolve the issue, Soberman said.

"The time to strike is before the deal is made and the land can't be used for any other purpose."

Rodo said the TTC has several commuter parking lots already located on a hydro corridor and needs "some kind of protection" against a future private sector owner of the land making the

cost of leasing too expensive.

"We'd either like the first right of refusal to buy that land if it's to be sold or we'd like some kind of permanent easement. For us, there's a real issue with parking lots," Rodo said, adding the TTC has expressed its concerns to the province.

GO Transit has already made preliminary approaches to the province about the issue, McNeil said.

Soberman said the province could easily protect the corridor lands for future uses without affecting the sale price. "It wouldn't cost the province a nickel and it wouldn't scotch the deal. But after the fact, if we ever wanted to use any of these corridors for anything ... we'd probably have to pay so much that it wouldn't be worth it."

He said the Finch hydro corridor, which runs from Pickering to the western edge of Etobicoke and connects with other corridors, has particularly strong potential for a future bus rapid transit line or light rapid transit line.

The Finch corridor intersects the Yonge St. subway and four GO Transit routes coming into the city from the north and northwest. A future extension of the Spadina line to York University would also connect with it.

GO Transit chair Gordon Chong, who was chair of the now defunct Greater Toronto Services Board, doubted the Finch corridor could be used for public transit. But he noted studies have consistently identified hydro corridors throughout the GTA as places to build transit.

"Generally speaking, I think (the corridors) should be protected. It would make life a lot easier if they weren't sold and we wouldn't have to lease any of them back."

In fact, Chong said there's a lesson to be found in GO Transit's thwarted efforts to expand rail service because of its reliance on CN and CP for use of their tracks.