

THE CORPORATION OF THE TOWNSHIP OF ESSA
COMMITTEE OF THE WHOLE

WEDNESDAY, NOVEMBER 1, 2017
6:00 p.m.

AGENDA

1. OPENING OF MEETING BY THE MAYOR
2. DISCLOSURE OF PECUNIARY INTEREST
3. DELEGATIONS / PRESENTATIONS / PUBLIC MEETINGS

- p. 1 a. **Public Meeting**
Re: Proposed Official Plan Amendment – OPA 27 (7210 County Road 56, Part Lot 18, Concession 6)

STAFF REPORTS

4. PLANNING AND DEVELOPMENT

- p. 3 a. **Staff Report PD043-17 submitted by the Manager of Planning and Development, re: Zoning By-law Amendment Application to Rezone 8716 County Road 56 from Agricultural (A) to Industrial (M1) to allow for a Rail Yard and Transload Facility for Fuels.**

Recommendation: *Be it resolved that Staff Report PD043-17 be received; and That Council **does / does not** authorize staff to schedule a public meeting to collect comments on the proposed rezoning of lands owned by the City of Barrie and County of Simcoe and used to conduct railway operations to recognize the existing railway use and to permit an expansion to allow for the transloading of fuels.*

5. PARKS AND RECREATION / COMMUNITY SERVICES

6. FIRE AND EMERGENCY SERVICES

- p. 27 a. **Staff Report FD004-17 submitted by the Fire Chief, re: Digital Communications Equipment.**

Recommendation: *Be it resolved that Staff Report FD004-17 be received; and That Council **does / does not** authorize the Fire Chief to reallocate the funds earmarked for digital tower hardware to the purchase of digital portable radios to a maximum value of \$11,000.00.*

7. PUBLIC WORKS

8. FINANCE

- p. 29 a. **Staff Report TR025-17 submitted by the Manager of Finance, re: Consideration of a Wage Increase for Township Staff.**

Recommendation: *Be it resolved that Staff Report TR025-17 be received; and That Council **does / does not** approve an increase in salaries and wages for all employees of 1.7% effective the first full pay in 2018, to reflect the Consumer Price Index (Ontario) for all-items between September 2016 and September 2017.*

- p. 32 b. **Staff Report TR026-17 submitted by the Manager of Finance, re: Consideration of a Wage Increase for members of Council.**

Recommendation: *Be it resolved that Staff Report TR026-2017 be received; and That Council **does / does not** approve an increase in salaries and wages for members of Council of 1.7% effective the first full pay in 2018, to reflect the Consumer Price Index (Ontario) for all-items between September 2016 and September 2017.*

9. CLERKS / BY-LAW ENFORCEMENT/ IT

- p. 35 a. **Summary of Results submitted by the Deputy Clerk, re: RFQ-C-01-2017 After Hours Canine Control Tender (2017-2020).**

Recommendation: *Be it resolved that the summary of results for RFQ-C-01-2017 After Hours Canine Control (2017-2020) be received; and That the tender as submitted by **K9 Pest Management Group** in the amount of **\$1,000.00 (plus H.S.T) per month** be accepted, as per Township specifications, contingent upon satisfactory confirmation of liability insurance and W.S.I.B coverage.*

10. CHIEF ADMINISTRATIVE OFFICER (C.A.O.)

11. OTHER BUSINESS

12. ADJOURNMENT

Recommendation: *Be it resolved that this meeting of Committee of the Whole of the Township of Essa adjourn at _____ p.m. to meet again on the 1st day of November, 2017 at 6:00 p.m.*



TOWNSHIP OF ESSA STAFF REPORT

STAFF REPORT NO.: PD043-17

DATE: November 1, 2017

TO: Committee of the Whole

FROM: Colleen Healey, Manager of Planning & Development

SUBJECT: Zoning By-law Amendment Application to Rezone
8716 County Road 56 from Agricultural (A) to
Industrial (M1) to allow for a Rail Yard and Transload
Facility for Fuels

RECOMMENDATION

That Staff Report PD043-17 be received; and

That Council consider authorizing a public meeting to collect comments on the proposed rezoning of lands owned by the City of Barrie and County of Simcoe and used to conduct railway operations to recognize the existing railway use and to permit an expansion to allow for the transloading of fuels.

BACKGROUND

Township staff have pre-consulted with the agents and consulting team for the railway operation at Concession 6, East Part Lot 30, 8716 County Road 56, located at the south limit of what is commonly referred to as the Utopia Industrial Area in order to discuss the proposal of a transload facility. These lands are designated as Transport and Utility in Essa's Official Plan (OP) and are zoned as Agricultural (A) Zone in the Township's Zoning By-law (ZBL) (By-law No. 2003-50). According to Essa's OP, it is the intent of lands designated as Transport and Utility to be used for railways, hydro transmission lines and transformers and related necessary facilities. Essa's OP directs that when development applications are received, the Township should require the implementation of mitigative measures in order to alleviate impacts.

The surrounding land uses include industrial uses to the north and agricultural uses in other directions, and there is a residential enclave (Utopia) within approximately 0.5 km of the proposed use.

The subject lands have been used for railway purposes by the City of Barrie and Town of Collingwood/County of Simcoe since about 1998. Reports to the City of Barrie and the County of Simcoe by their respective staff are attached as Attachment 1 and Attachment 2 for further background knowledge. As well, staff has attached some further information, including a photograph of the possible finished product, as supplied by CANDO who will lease approximately 3 – 5 acres to operate the new business and economic-generating venture.

The owner(s) and agent(s) would like to pursue recognizing the rail yard use and associated operations and allowing a transload facility for fuels with accessory fuel storage through a zoning by-law amendment (ZBA). The lands would be zoned as Industrial (M1) Zone. It is the opinion of this office that the M1 Zone would allow for the use which is proposed including allowing for accessory fuel storage (such as in the neighbourhood of 4 storage tanks). The application and supporting reports are near to complete and have been submitted in draft in order to start the rezoning process. This office would support starting the rezoning process in accordance with section 34 of the Planning Act without a complete application in order to secure a date for a public meeting. It is intended that all information will be available for the consideration of the rezoning prior to the date of the public meeting.

To-date, the development proposal contains the following details:

- Rail cars will be off-loaded from the Canadian Pacific Railway and fuels, those being: gas, CBOB gas, ethanol and diesel, will be transferred to storage and/or direct to transport trucks for delivery to gas stations throughout our region.
- Operations are to take place 7 days a week, possibly at any hour.
- CANDO would lease about 3 – 5 acres of the 10.95 acre property.
- CANDO will invest approximately \$6 – \$8 million and it is hoped that further business opportunities will be created.

COMMENTS AND CONSIDERATIONS

The proposed transload facility will involve the following which generally constitutes the definition of a transload facility:

- Fuel transferring from rail cars to transport trucks
- Fuels to be transferred include (a) gasoline, (b) CBOB gasoline for mixing with ethanol, (c) ethanol, and (d) diesel
- 4 fuel storage tanks and roof tanks – to be accessory
- A transload facility does not include a “bulk fuel storage (depot)”

It should be noted that liquid fuel handling and storage is regulated by the Technical Standards & Safety Authority (TSSA), and the facility must obtain a license from this agency prior to operating. A “bulk” fuel storage depot” would require an Industrial designation in Essa’s OP.

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Preliminary comments collected from staff indicate that the Fire Chief is concerned for fire protection. As such, the applicant has been advised that the Essa Fire Department does not have the capacity to fight a fire at this facility and the applicant will have to provide a solution to this issue. The use is also subject to site plan approval, however, this issue should be resolved at this stage to provide a certain comfort level prior to the adoption of a ZBA.

Public Works and the NVCA are primarily concerned with drainage, ditching and entrances and these issues can be satisfied during the site plan process.

It is anticipated that the public will be most concerned with safety, noise and traffic.

Information to be provided includes a Functional Servicing Report including a stormwater management component, a Traffic Impact Brief, a noise assessment, a risk or ground water assessment, certification to confirm the development will meet with TSSA requirements, a watercourse impact assessment to be approved by the NVCA, and details for fire protection and safety features.

As well, the application fee of \$1500 must be submitted in order for the ZBA application to gain complete status.

FINANCIAL IMPACT

None. All development costs will be borne by the applicant. It is hoped that the investment will stimulate additional economic development. The property owner does pay property taxes to the Municipality so increased investment should lead to increased assessment/taxes.

SUMMARY/OPTIONS

Council may:

1. Take no further action which would delay the construction project timeline, if construction approval were to result.
2. Allow staff to schedule a public meeting on the basis that further information will be made available prior to or at the public meeting.
3. Only authorize staff to schedule a public meeting once the application has been officially deemed as complete.
4. Deny the application with reasons.

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CONCLUSION

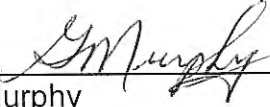
Option #2 is recommended.

Respectfully submitted:

Reviewed by:



Colleen Healey
Manager of Planning & Development



Greg Murphy
CAO

Attachments:

- Attachment 1 – City of Barrie Staff Report
- Attachment 2 – County of Simcoe Staff Report
- Attachment 3 – CANDO information

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TO: GENERAL COMMITTEE

SUBJECT: BARRIE COLLINGWOOD RAILWAY (BCRY) – PLANNING APPROVALS IN TOWNSHIP OF ESSA TO FACILITATE BUSINESS OPPORTUNITIES

WARD: N/A

PREPARED BY AND KEY CONTACT: C. MORTON, MANAGER OF ROADS, STORMWATER, AND RAIL OPERATIONS, X4910
M. BALOGUN, BUSINESS DEVELOPMENT OFFICER, X5035

SUBMITTED BY: D. FRIARY, DIRECTOR OF ROADS, PARKS AND FLEET
S. SCHLICHTER, DIRECTOR OF BUSINESS DEVELOPMENT

GENERAL MANAGER APPROVAL: R. FORWARD, GENERAL MANAGER OF INFRASTRUCTURE & GROWTH MANAGEMENT
Z. LIFSHIZ, EXECUTIVE DIRECTOR INVEST BARRIE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That in order to facilitate new business opportunities for the Barrie Collingwood Railway (BCRY) and to bring the Utopia Rail Yard into legal conformance with the Township of Essa's Zoning By-law, CANDO Rail Services (CANDO Rail) be authorized to submit the required planning applications to obtain the necessary approvals for the lands located at 8716 Simcoe Road #56 (Concession 6, E Pt Lot 30, 51R-27836, Parts 1 & 2) to be changed to a 'General Industrial' use that would include a bulk fuel transfer facility under the Township's By-law, and any requests for site specific provisions to the satisfaction of the Director of Roads, Parks and Fleet and Director of Business Development.
2. That the City of Barrie contribute a maximum of \$50,000 towards the cost of the planning application(s), to be 50% funded from the existing operating budget for the rail operations and 50% from the industrial land reserve.
3. That the Director of Roads, Parks and Fleet and Director of Business Development be authorized to sign on behalf of the City of Barrie, as a co-owner of the lands, the planning application(s) and ancillary document(s) associated with CANDO Rail Services' submission for planning approvals.
4. That the City of Barrie be authorized to enter into negotiations with CANDO Fuels and the County of Simcoe, where required, to lease a portion of the Utopia Rail Yard to CANDO Fuels to facilitate a business opportunity for a bulk fuel transfer facility and report back to General Committee for approval of any lease agreement/with the results of the negotiations.
5. That the City of Barrie be authorized to enter into discussions with the County of Simcoe to determine the County's interest in retaining its portion of the jointly owned Utopia Rail Yard and report back to General Committee for the approvals as required.

PURPOSE & BACKGROUND

Report Overview

4. The purpose of this staff report is to obtain Council approval to allow staff:
 - a) to authorize the operator of the Barrie Collingwood Railway (BCRY), CANDO Rail Services (CANDO), to seek various planning approvals from the Township of Essa that will bring the BCRY rail yard into legal zoning conformance as a General Industrial use that would include a bulk fuel transfer facility;
 - b) to enter into negotiations with CANDO Fuels regarding a leasing arrangement for a new business opportunity; and
 - c) to enter into discussions with the County of Simcoe regarding their interest in retaining their portion of the jointly owned Utopia Rail Yard.
5. The ability to pursue the business opportunity is dependent upon an approval of the re-zoning of the property and, as such, Staff are requesting authorization to sign the documents required to facilitate the planning approval applications as the first step and to report back to General Committee for final approvals related to the business opportunity.

BCRY Background & Ownership

6. The Utopia Rail Yard is a 10.95 acre site jointly owned by the City of Barrie and the Town of Collingwood. The rail service facilitates the transporting of goods across Canada and the United States by seamlessly feeding into the trunk networks of the major railway, Canadian Pacific (CP).

The Barrie portion of the line runs from the Utopia Rail Yard through Barrie and terminates at the Innisfil industrial area with several spurs to service specific businesses. Currently, the line services three companies full-time, who are dependent upon the rail service for their business operations, and a small number of companies on an as-needed basis.
7. In June 2017, Council at the County of Simcoe adopted the recommendation to purchase Collingwood's interest in the BCRY. As purchaser of Collingwood's rail interests, the County of Simcoe will become the shared property owner of a portion of the Utopia Rail Yard along with the City of Barrie and will be required to sign off on any planning applications for the property. The transaction is expected to close in early fall.
8. Current annual car volumes for the Barrie portion of the BCRY are approximately 200, leaving substantial opportunity to grow the number of carloads on the line. Invest Barrie continues to promote the line in its investment attraction activities and with existing Barrie companies along with the rail operator, CANDO.
9. The BCRY has been running at a deficit for the past five years, as revenues from car volumes have diminished while operating costs have remained relatively consistent. The following table shows the budget and actual costs over the past 5 years with notations explaining the reasons for the more favourable performance in 2016 and 2013.

Year	Budget	Actual	Notes
2016	\$867,053	\$138,493	Increase in revenues from car storage (not sustainable)
2015	\$577,974	\$401,006	
2014	\$394,964	\$580,038	
2013	\$376,633	\$117,494	Reduced cost of signal upgrade/maintenance
2012	\$360,867	\$420,744	

Planning Approvals - Utopia Rail Yard

10. Rail operations at the rail yard pre-date the Township of Essa's existing Official Plan and Zoning By-Law. The Utopia Rail Yard is currently designated as Agricultural according to both the Township of Essa's Official Plan (2001) and Zoning By-Law (2003-50), making the rail yard use legal, but non-conforming.
11. A legal non-conforming use is one that was lawfully in existence before new zoning. However, in the Ontario Planning system, legal non-conforming uses are intended to cease to exist in the long run and eventually be replaced with uses that conform to current standards as set out in the Municipal Zoning By-law and Official Plan.
12. Neighbouring industrial properties are zoned as M1/General Industrial. New planning approvals are required for any expansion of use that may occur at the yard to facilitate business opportunities as the current zoning designation at the Utopia Rail Yard is restrictive.

Railway Operator

13. The operation of the BCRY has been contracted to CANDO since 1997 through several competitive bid processes.
14. The City of Barrie is currently in the second year of a 5-year service agreement with CANDO, with an option to renew for an additional five years.
15. As the operator of BCRY, CANDO is guaranteed a base annual revenue from the railway operation consisting of day to day operation of the railyard, running of the locomotive, track and rail corridor maintenance and carload switch fees, car storage fees, and signal/crossing maintenance fees. CANDO also assists in managing regulatory, safety management and insurance costs for BCRY. Revenue earned beyond the annual threshold is equally shared between CANDO and the City of Barrie on a per car revenue basis.
16. Both CANDO and the Business Development Department continually promote the BCRY as an avenue for businesses to transport their goods (year-round or ad-hoc) in a cost-effective and environmentally sustainable manner.

Bulk Fuel Transfer Facility Opportunity

17. CANDO Rail approached City staff on behalf of CANDO Fuels, an affiliated entity, about a business opportunity involving the transfer of fuel (gasoline, diesel, ethanol, biodiesel, and ethanol blended gasoline) at the Utopia Rail Yard from railcar to truck (transloading) using state of the art fuel handling equipment and containment systems, where it would then be delivered to gas stations across the Barrie and Simcoe County area. The same type of operation successfully exists at the Port of Hamilton.

18. The fuel that CANDO is interested in transloading is already being brought to this region via trucks on the highway. Changing the mode of transport to rail will improve transportation safety, security of supply during challenging winter road conditions, and will help alleviate road deterioration and slow-downs caused by large trucks on highway routes.
19. CANDO Fuels requires three (3) to five (5) acres of the 10.95 acre yard to operate the terminal. The area of the yard to be occupied by CANDO Fuels will not impede the regular day to day operations of BCRY. CANDO Fuels is seeking to lease the land required for the bulk fuel transfer facility from the City of Barrie and County of Simcoe for a 15 year period with future renewal opportunity.
20. In order for the fuel transfer terminal to be located at the Utopia Rail Yard, the property will be required to be re-zoned to conform to the Township of Essa's Zoning By-Law. The feasibility of pursuing this business opportunity is dependent on obtaining the appropriate re-zoning approvals, and, as such is the primary step in the process.

ANALYSIS

Planning Approvals - Utopia Rail Yard

21. It is prudent that the Utopia Yard be re-zoned to reflect a General Industrial use of the property and to conform to the Township of Essa's zoning standard. A General Industrial use reflects the rail operation and ensures that industrial uses that may be associated with a rail operation are included in order to pursue further opportunities for the line.
22. As owner of the line, it is in the City's best interests to re-zone the property to a zone that reflects a General Industrial use, including a fuel transfer terminal, and to share in costs associated with the re-zoning.
23. CANDO Rail is pursuing the re-zoning designation on behalf of the City and the County in order to determine the feasibility of bringing the fuel terminal operation to the Utopia Rail Yard. If a re-zoning cannot be achieved, CANDO Fuels would need to look at locating the fuel terminal operation at a location outside of BCRY. CANDO Rail has retained a planning consultant to initiate the process.
24. Any planning applications will be subject to the Township of Essa's planning process and assessed in accordance with the Township's planning policies.

Bulk Fuel Transfer Facility Opportunity

25. The fuel terminal opportunity has the potential to increase the carload volume to 1,000 to 2,500 carloads per year, up from the 200-300 carloads that are currently being moved on the line annually. Moreover this opportunity has the potential to:
 - a) increase revenues for BCRY by approximately \$285,500 to \$517,000 per annum, making the operation break-even or better;
 - b) increase the frequency of rail service on the line from 2 days/week to a 7-days/week rail operation, which increases the potential for greater frequency of CP rail service, which can increase the likelihood of attracting additional business users that may not have considered moving goods via BCRY due to the limited service.

26. CANDO Fuels projected that the capital investment into the yard would range from \$6M to \$8M, as they will build additional tracks, gantry, fire suppression, and other infrastructure necessary to support a fuel transfer terminal.
27. The capital improvements will be assessed in detail as part of the development and lease negotiations, as complete property design will not be completed until the re-zoning application is considered by Essa Township.
28. The City of Barrie has been asked to contribute capital improvements to track and switching equipment, which is needed to support the increased car load volumes as the existing infrastructure is not robust enough to effectively handle the higher traffic levels. As the lifespan of the capital improvements required would extend beyond the life of any contract negotiated, it is anticipated that the City will be asked to contribute a portion (1/4 to 1/3 of the total cost or approximately \$2 million of the capital improvements). An option that will be explored is for CANDO Fuels to make the \$2 million investment upfront, while the City repays this amount by way of a lease reduction or reduction in the City's portion of the carload revenue until such a time that the amount is repaid in full, thereby reducing the financial risk assumed by the City.
29. Fuel terminal operations will not impact the existing BCRY service, or any additional businesses that may want to use the rail line in the future. It would support the attraction of more business to the line, as having a high-volume anchor customer with a 15-year commitment demonstrates to other high-volume users that there is long-term viability for the rail.
30. Growth of daily interchange with CP rail from 3 to 4 cars per week, to 45 to 50 cars per week, will improve the overall reliability of the CP rail service to the Utopia interchange.

Lease Agreement for the Utopia Rail Yard

31. CANDO Fuels requires three (3) to five (5) acres of the 10.95 acre yard to operate the terminal. CANDO Fuels is seeking to lease the land required for the Bulk Fuel Transfer Facility for a 15 year period with future renewal opportunity.
32. Currently, the County of Simcoe is co-owner of a portion of the Utopia Rail Yard and would be party to the lease of the land along with the City of Barrie and CANDO Fuels, should the County of Simcoe choose to retain their interests in the property.
33. Specific terms of the lease are to be negotiated and would include achieving fair market rates for the lease fee, renewal terms, early termination protection, insurance and environmental requirements amongst other terms.

ENVIRONMENTAL MATTERS

34. As part of the planning approvals application, the Township of Essa and/or Nottawasaga Valley Conservation Authority may require environmental studies that would be undertaken accordingly. The City of Barrie will contribute costs to the re-zoning process to include the cost of background studies and application fees to a maximum of \$50,000.
35. Appropriate clauses related to environmental matters would also be contemplated under the lease terms for the property.

ALTERNATIVES

36. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could choose to not authorize CANDO to submit planning approvals for the Utopia Rail Yard in favour of leaving the rail use at the yard as a legal, non-conforming use.

Staff does not recommend this option as re-zoning the property supports the BCRY in being investment ready in order to pursue business opportunities for the line. Having an appropriately zoned property for uses that are suitable for a rail operation provides greater opportunities to attract rail users to the City and surrounding municipalities. CANDO Rail is also making a contribution to the costs associated with the re-zoning, making it cost effective for the City. Therefore, it is recommended that General Committee approve the authorization of CANDO to seek planning approvals to change the Utopia Rail Yard's zoning designation from Agricultural to Industrial.

Alternative #2

General Committee could choose not to authorize negotiations with CANDO Fuel regarding the business opportunity in favour of waiting for another business opportunity to be brought forward.

Staff does not recommend this option as the fuel terminal option has the opportunity to increase railcar revenue for the City, improve rail service for our current customers while attracting more users to the rail line.

FINANCIAL CONSIDERATIONS

Planning Approvals - Utopia Rail Yard

37. Currently the Planning applications are estimated at approximately \$100,000 with several contingencies. The City will share in the costs of the background studies and application fees to a maximum of \$50,000 with CANDO Rail.
38. Half (50%) of the City's contribution to the Planning applications will be accommodated from within the existing operating budget for the rail operations, and the other half (50%) from the industrial land reserve, since this opportunity is spurring economic activity in support of industrial growth.

Fuel Terminal Opportunity – Capital Costs

39. The City of Barrie has been asked to contribute approximately \$2 million in capital improvements to track and switching equipment to support the increased car load volumes as the existing infrastructure is not robust enough to effectively handle the increased traffic levels. Specifically, benefits to upgrading the infrastructure would:
 - a) Improve capacity and long-term reliability of the infrastructure
 - b) reduce the risk of unplanned track failures and ensure service reliability
 - c) support all BCRY customers, and protect capacity for future traffic growth
40. The capital improvement asks will be reviewed as part of the overall assessment of the business opportunity and incorporated into the City's capital budgeting process for the rail line if necessary. Approaches to funding the capital request through the City's portion of the incremental rail and lease revenues will also be explored along with revenue certainties under the lease agreement to further protect the City's investment.

41. Should the County of Simcoe choose to remain as co-owner of a portion of the Utopia Rail Yard, the City would explore a cost sharing of the capital expenditure.

Lease Agreement for the Utopia Rail Yard

42. Currently, the County of Simcoe is co-owner of a portion of the Utopia Rail Yard and would be party to the lease of the land, together with the City of Barrie and CANDO Fuels, should the County of Simcoe choose to retain their interests in the property.
43. Specific terms of the lease are to be negotiated and would include achieving fair market rates for the lease fee, renewal terms, early termination protection, insurance and environmental requirements amongst other terms and would be brought back to General Committee for consideration.

LINKAGE TO 2014-2018 STRATEGIC PLAN

44. The recommendations included in this Staff Report support the following goal identified in the 2014-2018 Strategic Plan:
- Vibrant Business Environment
45. The re-zoning of the Utopia Yard promotes the Barrie Collingwood Railway as being an investment-ready amenity for businesses interested in transporting their goods in a cost-effective manner. The BCRY has running a deficit historically, and seeking additional business opportunities for the yard would be beneficial, and may create an opportunity to generate revenues for the City.

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To: **Committee of the Whole**

Agenda Section: Corporate Services
Division: Engineering, Planning and Environment
Department: Planning

Item Number: CCW 17-270

Meeting Date: September 12, 2017

Subject: Barrie Collingwood Railway – Utopia Yard Planning Applications

Recommendation

That Item CCW 17-270, dated September 12 2017 regarding the Barrie Collingwood Railway, be received; and

That staff sign the necessary documents to facilitate the land use changes to the Utopia Rail Yard of the Barrie Collingwood Railway, as generally outlined in Item CCW 17-270; and

That staff report further with potential options for ownership/operation of the Utopia Rail Yard.

Executive Summary

This Item provides an update on the purchase of the Barrie Collingwood Railway (BCRY) from the Town of Collingwood as authorized by Item CCW-17-194. The transfer of the Collingwood-owned portion of the railway will occur in the next few weeks. The purchase of the rail line that runs from Utopia to Collingwood also includes a 50% interest of the interchange rail yard and facilities in Utopia. The rail yard facilitates the interchange of cars to the Canadian Pacific Railway which provides service to the rest of Canada and the United States. The Barrie-owned portion of the BCRY runs from the Utopia Rail Yard through Barrie and terminates at the Innisfil industrial area with several spurs to service specific businesses.

Operations at the rail yard pre-date the Township of Essa's existing Official Plan and Zoning By-Law. The Utopia Rail Yard portion of the BCRY is currently designated as Agricultural according to both the Township of Essa's Official Plan (2001) and Zoning By-Law (2003-50).

The operation of the BCRY has been contracted to CANDO since 1997. As the operator of BCRY, CANDO manages railway operations consisting of day to day operation of the railyard, running of

the locomotive, track and rail corridor maintenance and carload switch fees, car storage fees, and signal/crossing maintenance fees. CANDO also assists in managing regulatory, safety management and insurance costs for BCRY.

CANDO Rail approached City of Barrie and Township of Essa staff on behalf of CANDO Fuels, an independent entity, about a business opportunity involving the transfer of liquid fuel (gasoline, diesel, ethanol, biodiesel, and ethanol blended gasoline) at the Utopia Rail Yard from railcar to truck. The transfer would use state of the art fuel handling equipment and containment systems, where it will then be delivered to gas stations across the Barrie and Simcoe County area. The fuel that CANDO is interested in transferring is already being brought to this region via trucks on the highway. In order for the fuel transfer terminal to be located at the Utopia Rail Yard, the property will be required to be re-zoned to conform to the Township of Essa's Zoning By-Law.

As joint owner of the Utopia Rail Yard, the County of Simcoe will be required to co-sign the necessary documents in order to apply for the necessary land use changes. The application will go through the normal planning process which includes supporting technical studies and formal public input.

Strategically staff will be reporting back to County Council with regard to the short term and longer benefits and liabilities with regard to the ownership and operation of the BCRY Utopia Rail Yard and facilities.

Background/Analysis/Options

Item CCW 17-194 authorized the purchase of the Collingwood portion of Barrie Collingwood Railway (BCRY) from the Town of Collingwood. The transfer of the Collingwood portion of the railway will occur in the next few weeks. The purchase of the rail line from Utopia to Collingwood also includes a 50% interest the interchange rail yard and facilities in Utopia.

The Utopia Rail Yard is a 10.95 acre site. The rail service facilitates the interchange of cars with the Canadian Pacific Railway which provides service to the rest of Canada and the United States. The Barrie-owned portion of the BCRY runs from the Utopia Rail Yard through Barrie and terminates at the Innisfil industrial area with several spurs to service specific businesses.

Current annual car volumes for the Barrie portion of the BCRY are approximately 200 cars, leaving substantial opportunity to grow the number of carloads on the line. The County of Simcoe and the City of Barrie continue to promote the BCRY in its investment attraction activities and with existing Barrie and County companies along with the rail operator, CANDO.

The Barrie-owned portion of the BCRY has been running at a deficit for a number of years, with the most favourable performance being in 2016 when the line had a deficit of \$138,493.14 due to increased revenues from car storage. Car storage is dependent on economic conditions and is not a sustainable revenue generator.

CANDO Rail approached City staff on behalf of CANDO Fuels, an independent entity, about a business opportunity involving the transfer of liquid fuel (gasoline, diesel, ethanol, biodiesel, and ethanol blended gasoline) at the Utopia Rail Yard from railcar to truck. The transfer facility is proposed to use state of the art fuel handling equipment and containment systems to transfer liquid fuels from railcars to trucks, where it will then be delivered to gas stations across the Barrie and Simcoe County area.

The fuel that CANDO is interested in transferring is already being brought to this region via trucks on the highway. Changing the mode of transport to rail will improve transportation safety, security of supply during challenging winter road conditions, and will help alleviate road deterioration and slow-downs caused by large trucks on highway routes.

CANDO Fuels requires three (3) to five (5) acres of the 10.95 acre yard to operate the terminal. The area of the yard proposed to be occupied by CANDO Fuels will not impede the regular day to day operations of BCRY. CANDO Fuels is seeking to lease the land required for the Bulk Fuel Transfer Facility from the City of Barrie and County of Simcoe for a 15 year period with a future renewal opportunity.

The fuel terminal opportunity has the potential to move to 1,000 to 2,500 carloads per year, up from the 200-300 carloads that are currently being moved on the line annually. Moreover this opportunity has the potential to increase revenues for BCRY by approximately \$285,500 to \$517,000 per annum making the operation break-even or better.

This facility will increase the frequency of rail service on the line from 2 days per week to a 7-day/week rail operation with the potential for increased frequency with CP rail, which would attract additional users that may not have considered moving goods via BCRY due to limited service.

CANDO Fuels projected capital investment into the yard will be from \$6M to \$8M, as they will build additional tracks, gantry, fire suppression, and other infrastructure necessary to support a fuel transfer terminal.

Fuel terminal operations will not impact existing BCRY service, or any additional businesses that may want to use the rail line in the future and support the attraction of more business to the line as having a high-volume anchor customer with a 15-year commitment demonstrates to other high-volume users that there is long-term viability for the rail.

Growth of daily interchange with CPR from 3 to 4 cars per week, to 45 to 50 cars per week, will improve the overall reliability of the CPR service to the Utopia interchange.

Rail operations at the rail yard pre-date the Township of Essa's existing Official Plan and Zoning By-Law. The Utopia Rail Yard portions of yard currently designated as Agricultural according to both the Township of Essa's Official Plan (2001) and Zoning By-Law (2003-50). Neighbouring industrial properties are zoned as M1/General Industrial. New planning approvals are required for any expansion of use that may occur at the yard to facilitate business opportunities as the current zoning designation at the Utopia Rail Yard is restrictive.

In order for the fuel transfer terminal to be located at the Utopia Rail Yard, the property will be required to be re-zoned to conform to the Township of Essa's Zoning By-Law. The feasibility of pursuing this business opportunity is dependent on obtaining the appropriate re-zoning approvals, and, as such is the primary step in the process.

It is prudent that the Utopia Rail Yard be re-zoned to reflect a general industrial use of the property and to conform to the Township of Essa's zoning standard. A general industrial use reflects the rail operation and ensures that industrial uses that may be associated with a rail operation are included in order to pursue further opportunities for generating business on the line.

As part owner of the line, it is in the County's best interests to re-zone the property to a zone that reflects a general industrial use, including a fuel transfer terminal.

CANDO Rail is pursuing the re-zoning designation on behalf of the County and the City of Barrie in order to determine the feasibility of bringing the fuel terminal operation to the Utopia Rail Yard. If a re-zoning cannot be achieved, CANDO Fuels would need to look at locating the fuel terminal operation at a location outside of BCRY. CANDO Rail has retained a planning consultant to initiate the process.

Any planning applications will be subject to the Township of Essa's planning process and assessed on their merits in accordance with the Township's planning policies.

As joint owner of the Utopia Yard the County of Simcoe will be required to co-sign the necessary applications to allow for the necessary land use changes.

Strategically staff will be reporting back to County Council with regard to the short term and longer benefits and liabilities with regard to the ownership and operation of the BCRY Utopia Rail Yard and facilities.

Financial and Resource Implications

The financial obligations to the purchase the Collingwood portion of the BCRY were authorized by item CCW 17-194.

The purchase price is \$910,000;

- \$374,000 will be provided by the Roads contingency reserve account previously set aside.
- \$536,000 will be provided by the Economic Development and Planning reserve account.

A further report of the operation, financial obligations and resource implications associated with the BCRY Utopia Rail Yard and facilities will be provide in a subsequent report.

Relationship to Corporate Strategic Plan

This Item supports Strategic Directions A and C – Growth Related Service Delivery and Economic and Destination Development

Reference Documents

- Item CS 11-131 Collingwood Railway Corridor
- Item CS 11-185 Update Barrie Collingwood Railway
- Item CCW 14-156 Barrie Collingwood Railway
- Item CCW 16-399 CONFIDENTIAL – under the authority of the Municipal Act, Section 239(2)(c) relating to proposed or pending acquisition or disposition of land
- Item CCW 17-194 CONFIDENTIAL – under the authority of the Municipal Act, Section 239(2)(c) relating to proposed or pending acquisition or disposition of land

Prepared By David Parks, RPP, MCIP, Director of Planning Development and Tourism

Approvals

Date

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Debbie Korolnek, General Manager, Engineering,
Planning and Environment

August 25, 2017

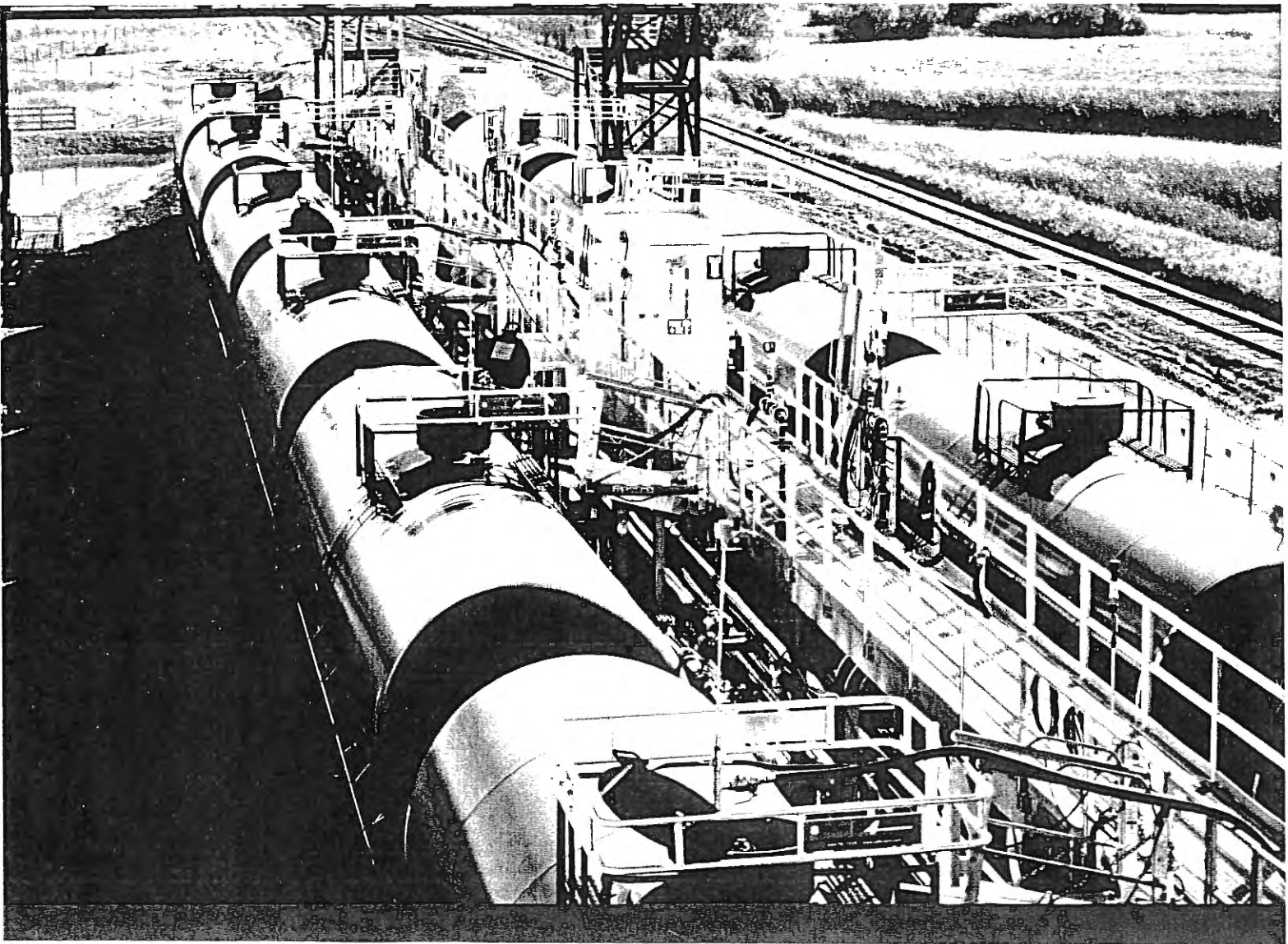
Trevor Wilcox, General Manager, Corporate Performance

September 6, 2017

Mark Aitken, Chief Administrative Officer

September 6, 2017

PROPOSED TRANSLOAD FACILITY



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OVERVIEW

Cando Rail Services Ltd. (Cando) and Parkland Fuel Corporation (Parkland) are partnering to develop and operate a refined fuel, rail to truck transload terminal in the Barrie, ON, area. The property currently under consideration for this facility is located on the Barrie Collingwood Railway (BCRY), which is owned by the City of Barrie, operated by Cando, and is situated within the Township of Essa at Utopia.

Cando intends to make a deputation before the Essa Council in the next several weeks regarding the development of the Utopia property. Cando has arranged to provide this Education & Fact Finding Tour, in order to demonstrate typical operating conditions, the various safety and environmental protection features, and to give the Essa Council and Senior Management a better understanding of what the facility proposed for Utopia would look like and entail.

PROJECT PARTNERS

Cando Rail Services

Headquartered in Brandon, Manitoba, Cando operates across Canada and into the United States. Cando is an Employee-Owned company with 40 years experience in the Railway and Railway Services Industries, and 10 years experience with liquid Dangerous Goods transloading and rail terminal facility operation.

Parkland Fuel Corporation

Parkland Fuel Corporation is one of North America's fastest growing, and Canada's largest independent marketer of fuel and petroleum products. Parkland delivers gasoline, diesel, lubricants, heating oil and other high-quality petroleum products to motorists, businesses, households and wholesale customers in Canada and the United States.



Parkland Brands



City of Barrie

The City of Barrie owns the Barrie Collingwood Railway (BCRY) on which the Utopia rail terminal is to be situated. Cando has operated the Barrie Collingwood Railway (BCRY) based at Utopia, on behalf of the City of Barrie since 1999.



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UTOPIA - CONCEPT

Rail Transload Terminal - Overview

- Initial volumes of 1,000 carloads per year, growing to 2,000 carloads per year once established.
- Long-term potential to grow up to 3,000 carloads per year, with volumes ratable throughout the year
- Approximately 10 to 12 truckloads per day, potentially growing to 15 to 18 per day
- 7 day per week operation (weekend volumes approximately 60% of weekday numbers)
- Initial operations, could commence as early as Q4 2017, subject to zoning, municipal and environmental approvals and timelines necessary to complete.
- 7 to 10 full-time jobs.
- Permanent, long-term facility, with a 25+ year design life.
- Project start date – TBD, subject to equipment lead time, and obtaining necessary approvals, permits, and zoning. Subject to approvals, operations could commence as early as Q4 – 2017.
- Products to be handled – Gasoline, Diesel, Ethanol, Biodiesel, and Ethanol Blended Gasoline (E-10)
- Storage tanks are not currently planned for the site at this time, but could be a consideration for future development.

PRACTICAL

Rail Operations

- Six railcars unloaded per day, with the potential over time to grow to up to 9 railcars per day
- Up to three hours of railcar switching per day. Facility design will allow for switching to take place during daylight hours in most cases
- Loaded railcars waiting to be unloaded will be held within the rail yard property, and on the existing CP interchange tracks. Loaded railcars will not be stored on line or in residential areas.
- Central gantry and header system supporting two tracks with 8 to 10 spots each
- Additional storage tracks for 40 to 60 railcars



Truck Operations

- Loading will take place throughout the day and will average less than one truck per hour.
- Terminal will have the ability to load two trucks at one time.
- Each truck can be loaded in 30 minutes.
- Trucks are shutdown when loading, and when waiting to load (above -20oC).
- Trucks waiting to load will be held within the property, not stopped on the road
- Trucks will not be parked on site overnight

Facility – Good Neighbour

- Fully fenced, with earth berms along property line on Side Road 30, and County Road 56, to provide security, attractive design and streetscape, and minimize noise migration. Design will be in alignment with industrial park neighbours
- Directional LED lighting to minimize light pollution
- Full vapour recovery system to minimize any odours. Site will meet or exceed all Ontario standards for air quality
- New entrance and exit approaches with power operated gates
- Commitment to superior housekeeping
- Staffed during operating hours
- Overall improved aesthetics from existing operations
- Communication and outreach to local residents and businesses not only as part of planning process, but also as part of long-term operations

Commercial

- Trucks will make multiple trips during a day
- As few as 5 to 6 trucks could be used to complete 15 loads
- Supports existing retail deliveries
 - These are not new truckloads to what is already moving through the region
 - Fewer trucks will now be required to service the same area
 - Truck traffic on the 400 between Barrie and Toronto will be reduced
- 18 to 20 hours per day operation, potential to grow to 24 hours per day
- Site will be staffed during operating hours



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SAFETY & ENVIRONMENTAL

- Direct transload rail bottom unload to truck bottom load, with full containment system
- Full track pans and secondary containment under the unloading spots
- Containment pad under truck loading area
- Suitable water supply for fire fighting
- Safety features including
 - Automatic ground fail shut-down
 - Overflow protection and shut-down
 - Metered delivery
 - Vapour balancing and recovery system
 - Full equipped with Emergency Shutdown Devices (ESD's), enabling full shutdown of the site in the event of an emergency
 - Integrated load arms, and connections, minimizing the potential for spills
- Full regulatory compliance (Appendix A), Site will be built to meet or exceed all Federal, Provincial, Municipal, and Environmental Regulations
- Complete Emergency Response Plan (ERP)
 - To be developed in partnership with the Township of Essa, City of Barrie, Simcoe County, and local first responders
 - Annual emergency response exercises
 - Annual review and updates
- Integrated Safety Management System (SMS)

BENEFITS TO BCRY & RAIL SERVICED BUSINESSES

- Railcar volumes as a result of this opportunity represent a significant increase to current traffic levels, and are a game changer with respect to the health and long-term viability of the BCRY
- Increased railcar volumes as a result of this facility, will result in overall improved rail service, and rail service reliability to all rail serviced customers on the BCRY, as a result of
 - improved service of the Utopia interchange by CP
 - more frequent service availability by the BCRY
 - an upgraded locomotive and fully redundant back-up locomotive
- Increased rail service frequency will make the Essa Industrial Park, and other rail services properties along BCRY more attractive to potential new businesses



APPENDIX A – REGULATORY COMPLIANCE

Facility will be constructed to meet or exceed the following standards:

- ON Reg. 224/07 – Spill Prevention and Contingency Plans
- ON Reg. 419/05 – Environmental Compliance Approval (Air), including emissions summary and dispersion modelling report
- ON Reg. 455/94 – Recovery of Gasoline Vapour in Bulk Transfers
- Ministry of the Environment and Climate Change (MOECC) – Guidelines for Environmental Protection Measures at Chemical and Waste Storage Facilities

Procedures for switching and unloading of railcars will meet or exceed the following standards

- Railway Safety Act
- Transportation of Dangerous Goods Regulations
- WHMIS
- Ontario Occupation Safety and Health Act
- Canadian Railway Operating Rules (CROR)
- Railway Operating Certificates Regulations
- Railway Safety Management System Regulations
- No. DG-1: Instructions for the Safe Handling of Railway Cars Loaded with Dangerous Goods Delayed in Transit on Railway Property
- No. DG-2: Instructions for the Safe Transfer Of Dangerous Goods in Bulk on Railway Property
- No. DG-3: Recommended Practices for the Handling of Rail Incidents Involving Dangerous Goods
- Transport Canada Standard TB 14877

Employee training will include

- Mentoring and peer to peer training with experienced operators from other Cando locations
- CROR (those moving railcars)
- Petroleum Safety Training (PST)
- 1st Aid and CPR
- Trackmobile Operation
- Fire Extinguisher Training
- Working at Heights



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APPENDIX B – OUR SAFETY PROGRAMS

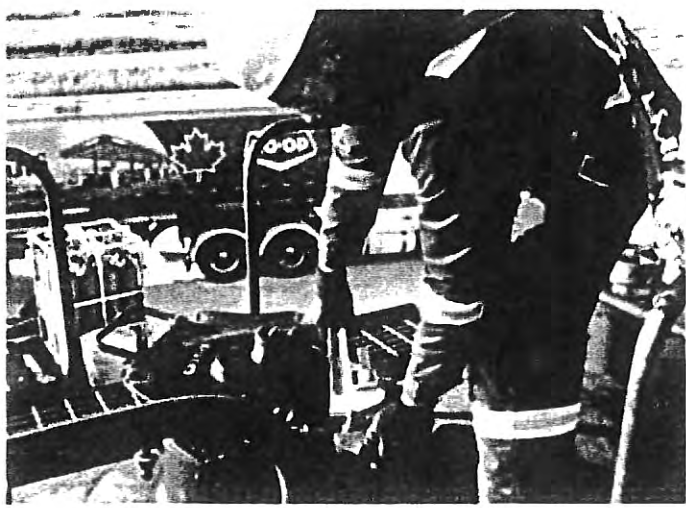
Cando has a variety of formal safety programs and standard procedures in place. Safety targets and initiatives are incorporated in annual business plans and reported and reviewed quarterly at our operations review meetings. Typical safety objectives for our contract operations include:

- No employee lost time and/or serious operational loss incidents
- No violations of TC or FRA regulations or Standard Operating Procedures
- No significant (> \$1000) property/equipment damage incidents
- Regular documented job briefings and safety huddles
- Regular documented behavior based field observations and employee coaching
- All safety incidents reported and corrective actions completed

Our overall safety philosophy is pretty simple and has been very effective. Key principles include:

- We empower management and employees to do whatever is necessary to operate safely
- We clearly define standard operating procedures and practices
- We train and qualify employees to the applicable operating procedures and standards
- We "Walk-the-Talk" - we have variety of supervisory, behavior observation, monitoring and reward programs to eliminate unsafe activities and conditions and ensure we do what we say we are going to do.

Cando continuously strives to achieve a zero lost-time accident target and consistently achieves a lost-time accident frequency of less than 1.0 incident per 200,000 person-hours worked.





APPENDIX C – OUR SAFETY PROGRAMS

Policies

- Cando Safety Policy
- Corrective Action and Disciplinary Policy
- Drug and Alcohol Policy
- Respectful Workplace Policy

Processes and Procedures

- Job Safety Analysis/Job Hazard Assessments
- Risk Assessment Procedure
- Switching and Transloading Operating Manual
- Emergency Response Plan
- Safety Huddles
- Incident investigation processes with root cause analysis
- Third party safety audits and inspections
- New Staff Orientation

Support

- Health and Safety Committee
- Statistics and benchmarking
- Balanced scoreboard management
- Regulatory compliance
- Annual management review and initiatives plan



TOWNSHIP OF ESSA STAFF REPORT

STAFF REPORT NO.: FD004-17
DATE: November 1, 2017
TO: Committee of the Whole
FROM: Fire Chief Cynthia Ross Tustin
SUBJECT: Digital Communications Equipment

RECOMMENDATION

That Staff Report FD004-17 be received; and

That Council consider authorizing the Fire Chief to reallocate the funds earmarked for digital tower hardware to the purchase of digital portable radios to a maximum value of \$11,000.00.

BACKGROUND

The Essa Fire Department has been moving forward with our mandated radio conversion, from analog to digital. Council has opted for a paced process that will switch mobile, tower hardware, and portable radios to the new system over several years. Digital allows for clearer communication during emergencies and broader interoperability with allied agencies.

The approved 2017 budget includes \$11,000.00 toward the conversion. This money was specifically earmarked for a microwave backbone (tower hardware) to assist signalling between stations and ensure full coverage of the municipality once we converted from analog to digital.

We have been waiting for Industry Canada to assign us a digital frequency. Our radio licence provider has been working to secure this frequency for over a year; and it appears the frequency will not be available in 2017. Therefore, there is no need to purchase the tower hardware this year.

COMMENTS AND CONSIDERATIONS

Staff is respectfully requesting that Council authorize the Fire Chief to delay the purchase of the tower hardware; but continue with the conversion process by reallocating the approved funds for the purchase of digital portable radios. There are sufficient funds for the purchase of six portable radios.

FINANCIAL IMPACT

There are no new financial impacts with this item; the funds already exist within the 2017 Capital Budget.

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SUMMARY/OPTIONS

Receive staff report FD004-17; and that Council authorize the fire chief to reallocate the funds earmarked for digital tower hardware to the purchase of digital portable radios to a maximum value of \$11,000.00

Council may:

1. Take no further action.
2. Differ the purchase of all digital radio equipment in 2017.
3. Authorize the fire chief to reallocate the funds earmarked for digital tower hardware to the purchase of digital portable radios to a maximum value of \$11,000.00.

CONCLUSION

Staff recommends Option 3 be approved.

Respectfully submitted:

Cynthia Ross Tustin

Cynthia Ross Tustin
Fire Chief/CEMC

Reviewed by:

Greg Murphy

Greg Murphy
Chief Administrative Officer