



TO: GENERAL COMMITTEE

SUBJECT: BARRIE COLLINGWOOD RAILWAY (BCRY) – STATUS OF PLANNING APPROVALS & REQUEST FOR MARKET ASSESSMENT STUDY

WARD: N/A

PREPARED BY AND KEY CONTACT: M. BALOGUN, BUSINESS DEVELOPMENT OFFICER, X5035

SUBMITTED BY: S.SCHLICHTER, DIRECTOR OF BUSINESS DEVELOPMENT,

GENERAL MANAGER APPROVAL: Z. LIFSHIZ, EXECUTIVE DIRECTOR INVEST BARRIE

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

RECOMMENDED MOTION

1. That further to motion 17-G-200 approved by Council on September 17, 2017, CANDO Rail Services be authorized to temporarily cease the pursuit of planning approvals with the Township of Essa to bring the Utopia Rail Yard into legal conformance with the Township's Zoning By-law, for the lands located at 8716 Simcoe Road #56 (Concession 6, E Pt Lot 30, 51R-27836, Parts 1 & 2), by re-zoning the property to a 'General Industrial' use that would include a bulk fuel transfer facility under the Township's By-law.
2. That the Director of Business Development and Director of Roads, Parks and Fleet be authorized to sign on behalf of the City of Barrie as a co-owner of the lands, any documents required to revoke the planning application(s) and ancillary document(s) associated with CANDO Rail Services' submission for planning approvals.
3. That the City of Barrie conduct an Economic Feasibility and Impact Study in partnership with the County of Simcoe to assess the future potential of the BCRY given the current infrastructure, industry interests, zoning parameters, and the general macroeconomic environment of short line rail service across Ontario.
4. That the City of Barrie contribute to 50% of the costs of the Economic Feasibility and Impact Study to a maximum of \$25,000 from the Industrial Land Reserve (13-04-0430).
5. That based upon the outcomes of the Economic Feasibility and Impact Study, the City of Barrie be authorized to enter into discussions with the County of Simcoe to determine the County's interest in retaining the jointly owned Utopia Rail Yard and report back to General Committee for the approvals as required.

PURPOSE & BACKGROUND

6. The purpose of this Staff Report is request authorization to temporarily cease planning applications with the Township of Essa to re-zone the Utopia Rail Yard to a 'general industrial' designation that would include a bulk fuel transfer facility, in order to complete an Economic Feasibility and Impact Study with the County of Simcoe.

Business Opportunity and Planning Approvals

7. In 2017, 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.
8. The business opportunity for a bulk fuel terminal presented the potential to significantly increase rail car volume on the BCRY to 1,000 to 2,500 carloads per year, up from the 200-300 carloads that are currently being moved on the line annually, in addition to service and other capital improvements.
9. The feasibility of pursuing the business opportunity was dependent on obtaining the appropriate planning approvals with the Township of Essa as 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.
10. On September 17, 2017, Council adopted motion 17-G-200, which stated:

"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 Bylaw, 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 and 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."
11. In the fall of 2017, CANDO submitted the zoning by-law amendment application to the Township of Essa in order to bring the Utopia Yard to legal conformance from an Agricultural zone to a General Industrial site. As well, preliminary documents for the site plan application for the bulk fuel transfer facility were provided to the Township of Essa.
12. On December 20, 2017, the public meeting was held to contemplate the Planning applications for the Utopia Rail Yard. More than 200 Essa residents attended the meeting and the majority were overwhelmingly opposed to a bulk fuel transfer terminal. Given that the re-zoning and site plan application were to be submitted together per the Township's recommended process, public feedback suggested there was no interest in supporting a re-zoning that would permit for the transfer of fuel at the Utopia Rail Yard. Further, Township Staff notified CANDO that in addition to a re-zoning application, an Official Plan Amendment would also be required to facilitate the site plan application for a fuel transfer terminal on the site.
13. As a result of the public meeting and the addition of the Official Plan Amendment requirement for planning approvals for the Utopia Rail Yard, CANDO has determined that given the time sensitivity of their business opportunity, they will not proceed with a site plan application for a fuel transfer terminal and begin searching for another site to fulfil their client's request for a fully functional and community supported bulk fuel transfer facility in Central Ontario.
14. As the contracted operator of the BCRY, CANDO retains a significant interest in the re-zoning of the Utopia Rail Yard in order to facilitate future business opportunities for the line, which could lead to increased car volumes for the line.

Economic Feasibility and Impact Study

15. In the fall of 2017, the County of Simcoe officially became the owner of the Town of Collingwood's former interest in the BCRY, which includes a 50% interest in the rail yard and facility in Utopia. The City retains the remaining 50% interest.
16. The County is seeking to assess the short and long term benefits and liabilities with retaining its 50% share of ownership of the Utopia Rail Yard. Completing an Economic Feasibility and Impact Study to determine the economic opportunities and viability of the short-line rail operation and yard will assist the County in informing its assessment.
17. Staff are seeking to conduct an Economic Feasibility and Impact Study in partnership with the County of Simcoe to determine the economic benefit and potential of retaining the rail line and Utopia Yard. Specifically, the study will assess market potential to attract new business given current infrastructure, industry interests, zoning parameters, and the general macroeconomic environment of short line rail service across Ontario. The Study will determine the economic benefits and liabilities of the BCRY. It will also outline what impacts it will have on businesses if the rail line were to cease operation.
18. The County of Simcoe and City of Barrie are proposing to cost share the study to a maximum of \$50,000, in which the County of Simcoe would be responsible for a 50% share of the cost.

ANALYSIS

19. A re-zoning and site plan application is still active with the Township of Essa as submitted by CANDO. CANDO will not be pursuing a site plan application for a fuel transfer terminal on the site, given the significant public feedback in opposition to re-zoning the property to a general industrial designation that would include a fuel transfer terminal as a permitted use.
20. As owners of the BCRY line, it is in the City of Barrie and County of Simcoe's best interest to conduct an Economic Feasibility and Impact Study to determine what market opportunities could exist to grow traffic on the line and the associated property uses that would be appropriate to facilitate those opportunities before proceeding with the re-zoning application. Some of the background documents prepared as part of the re-zoning application made by CANDO could still be utilized as part of a future application submission.
21. 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.
22. The BCRY has been running at a deficit for a number of years. Conducting an Economic Feasibility and Impact Study is a critical component in determining the business case for the rail over the short and long-term and will assist the County in determining their interests in Utopia Rail Yard.

ENVIRONMENTAL MATTERS

23. There are no environmental matters related to the recommendation.

ALTERNATIVES

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

Alternative #1

General Committee could choose not to temporarily cease the re-zoning application submitted to the Township of Essa to bring the Utopia Yard to legal conformance.

Staff does not recommend this option as residents of the Township of Essa have expressed their opposition to a re-zoning of the Utopia Yard that would include the use for a bulk fuel terminal facility. While CANDO is no longer pursuing a bulk fuel terminal facility for the property, it would be prudent for the City of Barrie to wait until an Economic Feasibility and Impact Study are completed to ensure that the uses identified in the re-zoning application are aligned with market opportunities to grow the rail business.

Alternative #2

General Committee could choose not to authorize the Economic Feasibility and Impact Study for the BCRY.

Staff does not recommend this option as the Economic Feasibility and Impact Study will provide a clear picture on the type of business opportunities that are realistic for the BCRY, and whether these options will allow the line to break-even or be profitable. Both the City and the County need to obtain a better understanding of the economic feasibility and long-term viability of the line in order to determine its approach to its current shared ownership for the Utopia Rail Yard and short-line service through Barrie to Innisfil.

FINANCIAL CONSIDERATIONS

25. The City will equally share in the costs of the Economic Feasibility and Impact Study with the County of Simcoe. Both the County and City are estimating the total cost of the study to be \$50,000. The City of Barrie would be responsible for 50% of the cost to a maximum of \$25,000.
26. Given that the BCRY is intended to service the industrial sector, Staff are requesting the funds be allocated from the industrial land reserve.

LINKAGE TO 2014-2018 STRATEGIC PLAN

27. The recommendations included in this Staff Report support the following goal identified in the 2014-2018 Strategic Plan:

- Vibrant Business Environment

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28. The BCRY has been operating a deficit for a number of years. Conducting an Economic Feasibility and Impact Study is a critical component in determining the business case for the rail over the short and long-term.
 29. Temporarily ceasing the re-zoning application will allow the City to complete the impact study and better inform any future applications.