

**THE CORPORATION OF THE CITY OF SARNIA**  
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**CORPORATE SERVICES**  
**ECONOMIC DEVELOPMENT AND CORPORATE PLANNING**

**OPEN SESSION REPORT**

TO: Mayor Bradley and Members of Sarnia City Council

FROM: Peter B. Hungerford, Director of Economic Development & Corporate Planning

DATE: October 5, 2015

SUBJECT: Sarnia Lambton Economic Partnership, the Sarnia Lambton Industrial Alliance and the Heavy Haul Corridor to Sarnia Harbour

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**Recommendation:**

1. That this report be received for Council's Information.
2. That the proposed conditional allocation of \$30,000 from the Sarnia Harbour Reserve to be used in connection with the preparation of a business plan be referred to the 2016 Budget for consideration.

**Background:**

The Sarnia Lambton Industrial Alliance (SLIA) is a not-for-profit industry group with a membership of approximately 40 companies from the manufacturing\fabrication, machine shop, engineering, environmental and water\wastewater treatment sectors of our local economy. The group is focused on identifying and acquiring new business opportunities for its members, and to date have been active in marketing the skills and capacities of the group to the energy markets in western Canada and elsewhere. These activities are motivated by the availability of surplus manufacturing and skill capacities of these local industries, and the significant opportunities for export and employment to energy markets in both western Canada, the maritime region and elsewhere.

Notwithstanding the current downturn in the energy sector, over the long term the energy sector is generally projected to have a demand for billions of dollars' worth of large pre-fabricated modules as these industries continue

to develop energy extraction and refining capacities. The capacity and expertise of the many well-established Sarnia – Lambton manufacturing and fabrication companies in Sarnia - Lambton is recognized nationally as having the capability to produce these large, oversized and heavy modules, and in fact there are already orders being placed with certain of these local companies.

The creation of a heavy haul corridor would represent a significant opportunity for SLIA member companies to take advantage of these market opportunities. The establishment of a suitable access route to the facilities at the Sarnia Harbour a route would contribute to create a competitive advantage for local companies, by reducing the extra costs and delays that are typically encountered when fabricated modules are transferred either to or from Sarnia Harbour. Sarnia Harbour has been identified by SLIA to be the most suitable site with the greatest potential to serve the needs of the fabrication industry.

The Sarnia Lambton Industrial Alliance and the Sarnia Lambton Economic Partnership (SLEP) have sought provincial and federal funding to complete both a detailed business case and an engineering study to better estimate the cost of creating this corridor and completing any necessary dockside improvements at the Sarnia Harbour. The development of a business plan and an accurate cost estimate is necessary for seeking senior government funding for any required harbour or route improvements accommodate the projected volume of business. To date such senior level government funding has been unavailable, although the merits of a heavy haul corridor have been generally recognized.

In 2015 both the City of Sarnia and the Sarnia Lambton Economic Partnership each budgeted \$30,000 to support these two study initiatives. The City allocation is sourced from the Sarnia Harbour Reserve and was approved in the 2015 City budget. It is now proposed to use the City and SLEP monies together with monies to be raised by SLIA, to undertake the required more detailed engineering analysis and cost estimate, given that once completed the estimated project cost can be kept current for subsequent funding applications. The completion of a detailed Business Case is proposed to follow and it is intended that an additional \$30,000 be recommended for inclusion in the 2016 budget and sourced from the Sarnia Harbour Reserve, conditional upon matching funds from SLEP, SLIA and the community. It is noted that the City previously endorsed this overall initiative and supported an in-kind donation of staff time to assist in these initiatives.

Matters to be addressed in the engineering study and cost estimate will include the cost of removing identified overhead obstructions (hydro, and other utilities), an assessment of road structure and grades, intersection modifications and required dockside improvements. Additionally, planning for the creation and operation of a heavy haul route will include an assessment of the potential impact on traffic and business, and provide for a set of policies and operational procedures to guide required permitting, ensure safety, and minimize disruption such as a restriction on movement to nighttime hours.

**Comments:**

The economic base of Sarnia Lambton is founded on the petrochemical and refining industry, and the bio-based economy that is beginning to develop. The community is advantaged with a well-established base of manufacturing and fabrication companies that have developed over time to service all of these industries. At the present time, there is significant excess capacity in our local manufacturing and fabrication sector. This proposed initiative to establish a route for modules to the Sarnia Harbour together with required infrastructure improvements has the potential to allow local industry to further develop and expand export markets, and the potential to substantially increase business and create employment opportunities for our resident experienced labour force. Additionally, such a route will contribute to the overall competitiveness of our local refining petrochemical base by reducing the cost of moving any large vessels and modules that are fabricated elsewhere and transported from the Sarnia harbour to local petrochemical and refining sites.

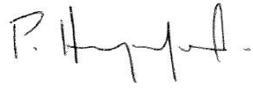
**Consultation:**

Staff have consulted with staff at the Sarnia Lambton Economic Partnership, the Sarnia Lambton Industrial Alliance, and the City Manager.

**Financial Implications:**

There are no immediate financial implications arising from this report beyond the already approved allocation of funds from the Sarnia Harbour Reserve. An additional allocation of \$30,000 to be recommended for 2016 from the Sarnia Harbour Reserve would be conditional upon the allocation of supporting funds from SLEP, SLIA and the community.

Prepared by:



Peter B. Hungerford, MCIP, RPP  
Director of Economic Development &  
Corporate Planning

Approved by:



Margaret Misek-Evans  
City Manager

Attachment: City Council Resolution (Minutes of the Special Meeting of  
Sarnia City Council, Monday May 13, 2013)

<b>MINUTES OF THE SPECIAL MEETING OF SARNIA CITY COUNCIL</b>
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**3:30 p.m. – MONDAY, MAY 13, 2013  
COUNCIL CHAMBERS, CITY HALL, SARNIA**

A Special Meeting was held. Mayor Bradley took the Chair and the following Members of Council were present: Councillors D. Boushy, A. Bruziewicz, T. Burrell, J. Foubister, M. Kelch, B. MacDougall, and J. McEachran.

Absent: Councillor A.M. Gillis

**SPECIAL MEETING**

1. Sarnia Lambton Industrial Alliance - Local Shipping and Employment Opportunity  
Presentation by Paul Healy

Mr. Paul Healy of the Sarnia Lambton Industrial Alliance (SLIA) gave a PowerPoint presentation with respect to a local shipping and employment opportunity involving the fabrication and shipment of modules from the Sarnia Harbour.

He advised that SLIA is requesting support from the City to further investigate the best possible route to get to the Port of Sarnia and support with funding applications for infrastructure improvements at the harbour. Mr. Healy responded to questions from Council.

Moved by Councillor MacDougall, seconded by Councillor McEachran, and **carried:**

***That Sarnia City Council endorses City Staff participation (Economic Development, Engineering, and Planning) as an in-kind contribution towards the preparation of a business and operational plan for the shipment of oversized and heavy cargo from Sarnia harbour.***

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The meeting adjourned at 3:50pm.



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Mayor



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City Solicitor/Clerk