

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

OPEN SESSION REPORT

TO: Members of Sarnia City Council

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

DATE: January 16, 2017

SUBJECT: Project Update – Sarnia Oversized Load Corridor and Business Case Analysis

Recommendation:

It is recommended:

That Sarnia City Council endorse the conclusions contained in the report titled 'Business Case Analysis for Oversized Freight To/From Sarnia Lambton' dated October 31, 2016, prepared by Canadian Pacific Consulting Services (CPCS) in association with Anderson Haulage.

Background:

On December 12, 2016 Sarnia City Council was provided with the report titled "Business Case Analysis for Oversized Freight To/From Sarnia-Lambton" that was completed by Canadian Pacific Consulting Service (CPCS) in association with Anderson Haulage. This Business Analysis has concluded the Oversized Load Corridor project to be financially viable and of long term economic benefit to the community. A copy of this Analysis that has been posted on the City of Sarnia web site, together with the detailed engineering study that was previously commissioned by SLEP, SLIA and the City, now provides the City with the necessary engineering and financial basis required to advance this project and apply for senior government funding.

The proposed capital infrastructure project to develop an Oversized Load Corridor through the City of Sarnia and adjoining jurisdictions is an initiative that has been strongly supported by the City of Sarnia, the County of Lambton, S.L.E.P. AND S.L.I.A. When completed, the Oversized Load Corridor (OSLC) will function as a designated route through the City of Sarnia to the deep water port of Sarnia Harbour creating a competitive

advantage for our local cluster of fabricating industries seeking new business opportunities. The Corridor will capitalize on our highly skilled and well paid labour force, and create spin off employment for this vertically integrated subset of local companies, that are vital for the expansion and support our existing petrochemical, refining and emerging bio-industrial economic base.

Comments:

The OSLC is a project that will upgrade the City's existing infrastructure to create long term benefit for our local fabrication and related companies, our core existing petro-chemical and refining industrial base, and our developing bio-based industrial complex. Marilyn Gladu, M.P. and Bob Bailey M.P.P. were provided with copies of both the Engineering Review and the Business Analysis and they continue to express strong support for this project that will create local employment and strengthen our local economy. The 2017 City capital budget included an approved initial commitment of \$200K (conditional upon approval of matching senior government funding) that is necessary for this project to commence in 2017. In anticipation of a March 2107 expanded Federal Infrastructure program efforts are underway to ensure this project is acknowledged by both the Federal and Provincial governments as a priority project for our community.

Consultation:

Staff has consulted with S.L.E.P., S.L.I.A., the Director of Finance and the City Manager.

Financial Implications:

The approved allocation in the 2017 capital budget of \$200K is premised on receiving a minimum 2/3 funding from the Federal and Provincial governments, and would enable the OSLC work to commence as early as the late fall of 2017, with the preparation of detailed engineering plans and requisite tender documents that will be needed for all aspects of the project. On the basis of tri-level government funding of at least equal shares and using \$12M as an overall estimated final project cost, the construction of the OSLC over a 4 year period would require a municipal capital investment commitment of about \$1M per year beginning in 2018. Any final approval of this project will be contingent on such tri-level cost sharing and the Council deliberation process.

Prepared by:



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Director of Economic Development
and Corporate Planning

Approved by:



Margaret Misek-Evans
City Manager

Attachment(s): none