

**1. AUTHORITY IN RESPECT OF CERTAIN COROLLARY AGREEMENTS IN
RESPECT OF TRILLIUM LINE
DÉLÉGATION DE POUVOIR ENTOURANT CERTAINES ENTENTES
COROLLAIRES RELATIVEMENT À LA LIGNE TRILLIUM**

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Approve the acquisition of a fee simple interest in lands owned by Canadian Pacific Railway municipally known as 3101 Albion Road, shown on Documents 1 & 2 being the “Lands”, either by:
 - a. a negotiated purchase agreement for the combined value of \$6,362,400, plus all applicable taxes and closing costs (the “Purchase Agreement”) to be funded through accounts 908239 and 908550, as outlined in this report; or**
 - b. the exercise of the City’s Option to Purchase the Lands pursuant to the Lease between the City and Canadian Pacific Railway Company (the “Option Agreement”);****
- 2. Delegate authority to the Director, Corporate Real Estate Office to enter into, conclude, execute, amend and implement on behalf of the City, the Purchase Agreement or the Option Agreement, and to negotiate, execute, amend and implement all ancillary documents required in order to give effect to the transactions contemplated by the Purchase Agreement or the Option Agreement, as applicable, as described in this report; and**
- 3. Delegate the authority to the Director, Rail Construction Program to negotiate, finalize and execute the Station Construction Agreement and the Station Operating Agreement for the Airport Rail Link with the Ottawa Macdonald-Cartier International Airport Authority with respect to the Airport Rail Link, and to negotiate, execute, amend and implement all ancillary documents required in order to give effect to the arrangements contemplated by the Station**

Construction Agreement and the Station Operating Agreement, as applicable, as described in this report.

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

1. approuve l'acquisition en fief simple de terrains appartenant à la compagnie Chemin de fer Canadien Pacifique (CFCP) et ayant pour désignation municipale 3101, chemin Albion, présentés dans les documents 1 et 2 (« terrains »), soit :
 - a. en concluant un contrat d'achat négocié d'une valeur combinée de 6 362 400 \$, plus toutes les taxes applicables et les frais de clôture (« contrat d'achat »), dont le financement proviendra des comptes 908239 et 908550, comme il est décrit dans le présent rapport;
 - b. soit en exerçant l'option d'achat de la Ville pour les terrains en question, conformément au bail entre la Ville et le CFCP (« option d'achat »);
2. délègue au directeur du Bureau des biens immobiliers municipaux le pouvoir de négocier, conclure, modifier et exécuter au nom de la Ville le contrat d'achat ou l'option d'achat, et de négocier, exécuter, modifier et signer tous les documents connexes nécessaires aux fins de rendre exécutoires les transactions envisagées dans le cadre du contrat d'achat ou de l'option d'achat le cas échéant, comme il est décrit dans le présent rapport.
3. délègue au directeur du Programme de construction du train le pouvoir de négocier, parachever et exécuter l'entente de construction de la station et l'entente d'exploitation de la station de la liaison ferroviaire vers l'aéroport conclues avec l'Administration de l'aéroport international Macdonald-Cartier d'Ottawa et de négocier, exécuter, modifier et signer tous les documents connexes nécessaires afin de rendre exécutoires les dispositions envisagées

dans le cadre des ententes de construction et d'exploitation de la station, le cas échéant, comme il est décrit dans le présent rapport.

DOCUMENTATION/DOCUMENTATION

1. Director's Report, Rail Construction Program, dated December 8, 2021, (ACS2021-TSD-RCP-0001)

Rapport du Directeur, Programme de construction du rail, daté le 8 décembre 2021, (ACS2021-TSD-RCP-0001)

2. Extract of draft Minutes, Finance and Economic Development Committee, 17 December 2021

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 17 décembre 2021

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
December 17, 2021 / 17 décembre 2021**

**and Council / et au Conseil
January 26, 2022 / 26 janvier 2022**

**Submitted on December 8, 2021
Soumis le 8 décembre 2021**

**Submitted by
Soumis par:
Michael Morgan
Director / Directeur
Rail Construction Program / Programme de construction du rail**

**Contact Person
Personne ressource:
Michael Crofts,
Program Manager, Acquisitions / Gestionnaire de programme, Acquisitions
613-580-2424,16577, Michael.Crofts@ottawa.ca**

Ward: CITY-WIDE

File Number: ACS2021-TSD-RCP-0001

**SUBJECT: Authority in Respect of Certain Corollary Agreements in Respect of
Trillium Line**

**OBJET: Délégation de pouvoir entourant certaines ententes corollaires
relativement à la Ligne Trillium**

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend Council:

1. Approve the acquisition of a fee simple interest in lands owned by Canadian Pacific Railway municipally known as 3101 Albion Road, shown on Documents 1 & 2 being the “Lands”, either by:
 - a. a negotiated purchase agreement for the combined value of \$6,362,400, plus all applicable taxes and closing costs (the “Purchase Agreement”) to be funded through accounts 908239 and 908550, as outlined in this report; or
 - b. the exercise of the City’s Option to Purchase the Lands pursuant to the Lease between the City and Canadian Pacific Railway Company (the “Option Agreement”);
2. Delegate authority to the Director, Corporate Real Estate Office to enter into, conclude, execute, amend and implement on behalf of the City, the Purchase Agreement or the Option Agreement, and to negotiate, execute, amend and implement all ancillary documents required in order to give effect to the transactions contemplated by the Purchase Agreement or the Option Agreement, as applicable, as described in this report; and
3. Delegate the authority to the Director, Rail Construction Program to negotiate, finalize and execute the Station Construction Agreement and the Station Operating Agreement for the Airport Rail Link with the Ottawa Macdonald-Cartier International Airport Authority with respect to the Airport Rail Link, and to negotiate, execute, amend and implement all ancillary documents required in order to give effect to the arrangements contemplated by the Station Construction Agreement and the Station Operating Agreement, as applicable, as described in this report.

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil :

4. D’approuver l’acquisition en fief simple de terrains appartenant à la compagnie Chemin de fer Canadien Pacifique (CFCP) et ayant pour désignation municipale 3101, chemin Albion, présentés dans les documents 1 et 2 (« terrains »), soit :

- a. **en concluant un contrat d'achat négocié d'une valeur combinée de 6 362 400 \$, plus toutes les taxes applicables et les frais de clôture (« contrat d'achat »), dont le financement proviendra des comptes 908239 et 908550, comme il est décrit dans le présent rapport;**
 - b. **soit en exerçant l'option d'achat de la Ville pour les terrains en question, conformément au bail entre la Ville et le CFCP (« option d'achat »);**
5. **De déléguer au directeur du Bureau des biens immobiliers municipaux le pouvoir de négocier, conclure, modifier et exécuter au nom de la Ville le contrat d'achat ou l'option d'achat, et de négocier, exécuter, modifier et signer tous les documents connexes nécessaires aux fins de rendre exécutoires les transactions envisagées dans le cadre du contrat d'achat ou de l'option d'achat le cas échéant, comme il est décrit dans le présent rapport.**
6. **De déléguer au directeur du Programme de construction du train le pouvoir de négocier, parachever et exécuter l'entente de construction de la station et l'entente d'exploitation de la station de la liaison ferroviaire vers l'aéroport conclues avec l'Administration de l'aéroport international Macdonald-Cartier d'Ottawa et de négocier, exécuter, modifier et signer tous les documents connexes nécessaires afin de rendre exécutoires les dispositions envisagées dans le cadre des ententes de construction et d'exploitation de la station, le cas échéant, comme il est décrit dans le présent rapport.**

BACKGROUND

Acquisition of former O-Train Maintenance and Storage Facility Lands

Since April 2001, the City of Ottawa has leased a portion of lands, measuring approximately 8.5 acres, that comprise of a train maintenance and storage facility from CP Rail. The lands are situated within a 60-acre former rail yard owned by CP Rail, located south of Walkley Road between Albion and Conroy roads, along the north side of Canadian National Rail's active Walkley Line rail corridor. The lands have been used by the City as the O-Train Line 2 Trillium Line ("Line 2") Walkley Yard, a primary

maintenance, storage, and repair facility since the inception of the line, which supported the original fleet of 3 Bombardier Talent trains from 2001 to 2015. The facility continued to be the primary facility when service was expanded in 2015 and supported the ongoing maintenance, storage, and repairs of six Alstom LINT trains up until April 2020.

The City implemented several improvements to this site since the inception of the original service in 2001 including, but not limited to, additional track work, construction of a new steel frame building, and other site improvements. The original site and buildings were not considered suitable for the maintenance needs of the larger Stage 2 Project fleet, which uses larger 80-metre vehicles and, as a result, the decision was made to build a new facility on an adjacent plot of City lands for the expanded service. The lease for the original maintenance site contains an option to purchase the lands and is due to expire on December 31, 2021.

The Rail Construction Program and Transit Services Rail Operations (Transit Services) have reviewed the capacity of the Stage 2 Project New Walkley Yard maintenance and storage facility and determined that additional space would be required if there were a fleet expansion in the future to accommodate higher service frequency. Further, there is an opportunity to expand the capacity and size of the new maintenance facility by acquiring the lands to reuse, where appropriate, some of the existing facilities such as track storage lanes and the steel frame building constructed in 2015. While the new facility and City lands have been deemed sufficient for expanded operations, staff are working towards incorporating part of these additional lands into the City's operations to add resilience to Stage 2 operations.

The Official Plan Rights-of-Way Protection Policy (Section 2.3, Number 28) states that the City will purchase surplus railway rights-of-way and will consider purchasing railway corridor properties as they become available, subject to available funding, and reserve them for future transportation and infrastructure purposes. The 2020 Provincial Policy Statement also encourages the protection and re-use of abandoned corridors (Section 1.6.8.4).

Certain Agreements in respect of the Airport Station

As part of the Stage 2 Project, the City is constructing a new Airport Link, a 4-kilometre branch line that will connect Line 2 to the Ottawa Macdonald-Cartier International Airport with two new stations: Uplands Station and Airport Station. Once completed, the Airport Link will run on its own track distinct from the Line 2 mainline from South Keys Station.

As part of the inclusion of the Airport Link into the Stage 2 Project, in March 2017, Council delegated the authority to the City Manager to negotiate, finalize and execute the Memorandum of Understanding with the Ottawa Macdonald-Cartier International Airport Authority (the “Airport Authority”) with respect to that Airport Link (the “MOU”). The MOU was finalized and executed in May of 2018 to:

- Facilitate the creation of the Airport Link;
- Coordinate the construction of the Airport Station concourse; and
- Coordinate the future operation of the Airport Link in a manner consistent with the City’s program of work so as to interface seamlessly with the completion of the Stage 2 LRT Trillium Line extension project.

However, the delegated authority granted in March 2017 is limited to the MOU only and does not cover construction and operations and maintenance agreements.

The MOU contemplated the negotiation, finalization, and execution of ancillary agreements with the Airport Authority, including the Station Construction Agreement and the Station Operating Agreement, pursuant to the terms and conditions of the MOU. The Airport Authority is concurrently constructing the Airport Station Concourse, which is anticipated to be completed in Spring 2022.

The Station Construction Agreement and the Station Operating Agreement have now progressed significantly and are ready to be executed as envisioned and committed to by both parties in accordance with the original terms and conditions of the MOU previously approved in 2017.

DISCUSSION

Strategic Acquisition of former O-Train Maintenance and Storage Facility Lands

Since 2001, the City has leased and used a portion of the lands as the Line 2 Walkley Yard maintenance facility. As part of the Stage 2 Project, a new maintenance facility is being constructed on lands immediately adjacent to the existing lands to service the expanded Line 2, known as New Walkley Yard.

The lands being purchased measure approximately 14.46 acres (shown as Parcel “1” on the sketch attached at Document 1) and are located south of Walkley Road between Albion Road and Conroy Road, along the north side of CN’s Walkley rail corridor in the Beachburg Subdivision. Acquisition of the lands will permit immediate and long-term

expansion opportunities for the new maintenance facility; protect future transit uses and planning; and is a strategic acquisition. The lands form part of a larger parcel of land owned by CP and they will retain part of the parcel measuring approximately 40 acres (the “retained lands”).

The City previously acquired a portion of the lands as shown on Document 3 attached hereto, was purchased by the Rail Construction Program, described in more detail in report DEL2019-CREO-0142 to support the Stage 2 LRT Project.

The Lease between the City and CP expires on December 31, 2021. The lease contains an option to purchase the lands in favour of the City which will elapse on the expiry of the lease term. Instead of exercising the option to purchase, City staff have been in negotiations with CP to acquire the lands on more favourable terms, including:

- Additional terms and conditions that allowed for a discount to the purchase price to reflect the environmental condition of the lands;
- Acquisition of additional adjoining lands that form part of the main access road to the lands subject to an access easement in favour of the lands being retained by CP as shown on the sketch attached at Document 2 (the “Access Road Parcel”) for one dollar; and
- An option to purchase the retained lands in favour of the City.

The option to purchase under the lease did not contain an option to acquire the retained lands. The option to purchase the retained lands provides for the purchase price of the retained lands to be determined in the future based on a series of independent appraisals to confirm the market value of the retained lands at the time the City exercises its option to purchase.

Negotiations for the purchase price under the terms of the Purchase Agreement were supported by an independent appraisal completed for the City to provide an estimate of market value in respect of the lands. The appraisal concluded that the highest and best use of the lands is for industrial development. Negotiations have resulted in an agreement being reached at the consideration of \$6,362,400 for the fee simple interest in the Lands.

The purchase of the lands is proposed to be funded by the 2016 and 2017 Transit Corridor Protection accounts, as follows, which provides funding to protect future transit corridors:

- 908239 – 2016 Transit Corridor Protection, maximum \$5.24M.
- 908550 – 2017 Transit Corridor Protection, maximum \$1.7M.

On closing of the purchase of the Lands, the City will be released from all its residual obligations to CP under the Lease.

Staff recommend Council approve the acquisition of the Lands, which will protect for future transportation use, and that Council delegate authority to the Director, Corporate Real Estate Office, to execute and conclude the Purchase Agreement to negotiate, execute, amend and implement all ancillary documents required in order to give effect to the transactions contemplated by the Purchase Agreement or the Option Agreement, as applicable, as described in this report.

Certain Agreements in respect of the Airport Station

Staff is seeking delegated authority to the Director, Rail Construction Program, to negotiate, finalize and execute the Station Construction Agreement and the Station Operating Agreement for the Airport Rail Link with the Airport Authority and to negotiate, execute, amend and implement all ancillary documents required in order to give effect to the arrangements contemplated by the Station Construction Agreement and the Station Operating Agreement, as applicable, based on the following principles:

- As contemplated by the obligations originally specified in the MOU, the Station Construction Agreement outlines the requirements for (i) the design of the Airport Station Concourse and its interface with the Airport Station Platform and the Airport Rail Link, (ii) the provision of security personnel for the construction of the Airport Rail Link, (iii) the coordination of security and safety requirements in connection with the construction program, (iv) the timing for construction at the Airport (with the Airport committing to complete the Airport Station Concourse by April 2022), (v) access and egress issues during construction at the Airport, (vi) relocation of utilities, (vii) landscaping requirements, and (viii) the provision by the City of fare control equipment.
- As contemplated by the obligations originally specified in the MOU, the Station Operating Agreement outlines the requirements for (i) physical and functional integration of the Airport Station Concourse and its interface with the Airport Station Platform and the Airport Rail Link, (ii) any damage to or destruction of those elements, (iii) insurance requirements during operation, (iv) the coordination of security and safety requirements in connection with the operation

of the Airport Rail Link, (v) ongoing maintenance obligations for both parties in connection with the Airport Station Concourse and its interface with the Airport Station Platform and the Airport Rail Link.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

No public consultation was carried out with respect to this project.

COMMENTS BY THE WARD COUNCILLOR(S)

The Walkley Yard property is in Coun. Deans' Gloucester-Southgate Ward. Coun. Deans is aware of the report.

The Ottawa International Airport is in Coun. Riley Brockington's ward. Coun. Brockington has received a copy of this report and is in support of the staff recommendations in regard to the agreement with the Airport.

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications to implementing the recommendations of this report, other than as set out in this report.

ASSET MANAGEMENT IMPLICATIONS

There are no direct asset management implications associated with the recommendations of this report. It is expected that any asset management and maintenance obligations will be managed as part of the Stage 2 program. An existing dilapidated building is likely to be demolished following review of its condition with Transit Operations.

FINANCIAL IMPLICATIONS

Strategic Acquisition of former O-Train Maintenance and Storage Facility Lands

Funds for payment of \$6,362,400 plus applicable taxes and closing costs are as follows:

- Funds are available in 908239 – 2016 Transit Corridor Protection, maximum \$5.24M.
- Funds are available in 908550 – 2017 Transit Corridor Protection, maximum \$1.7M.

Certain Agreements in respect of the Airport Station

The City's costs and obligations under the Station Construction Agreement and the Station Operating Agreement are fully budgeted in the Stage 2 Trillium Line budget.

ACCESSIBILITY IMPACTS

There are no accessibility implications associated with the recommendations of this report.

ENVIRONMENTAL IMPLICATIONS

Strategic Acquisition of former O-Train Maintenance and Storage Facility Lands

The Environmental Remediation Unit (ERU) within the Corporate Real Estate Office (CREO) was tasked with completing in-house environmental screening for the subject lands in accordance with the City's property acquisition policy. A qualified consultant was retained for the completion of a Limited Phase I Environmental Site Assessment (ESA) and Phase II ESA in 2020. In addition, recommendations, and an estimate of ongoing costs to further define and continue to manage impacted soil, groundwater and sediment was prepared. Additional investigation to refine the scope of ongoing management and monitoring requirements will be completed under the existing purchase funding. Implementation of these recommendations will be a requirement of the site occupants and/or the ERU.

Certain Agreements in respect of the Airport Station

As identified in the Stage 2 Light Rail Transit Environmental Assessment and Functional Design Report (ACS2015-CMR-OCM-0017), the Airport Rail Link was included in the project's Environmental Assessments (EA). The Airport Rail Link received ministerial approval in spring 2016 as part of the Trillium Line Extension EA. Neither the Station Construction Agreement or the Station Operating Agreement alter those approvals.

The Station Construction Agreement assigns environmental obligations to the City and to the Airport Authority in accordance with the sublease between the two parties.

Execution of the sublease, and the obligations of such, were previously approved under DEL2019-CREO-0072.

TERM OF COUNCIL PRIORITIES

The recommendations in this report support City's Council's priorities of Integrated Transportation, Thriving Communities, and Sustainable Infrastructure.

SUPPORTING DOCUMENTATION

Document 1: Property Sketch – Option Lands

Document 2: Property Sketch – Access Road Parcel

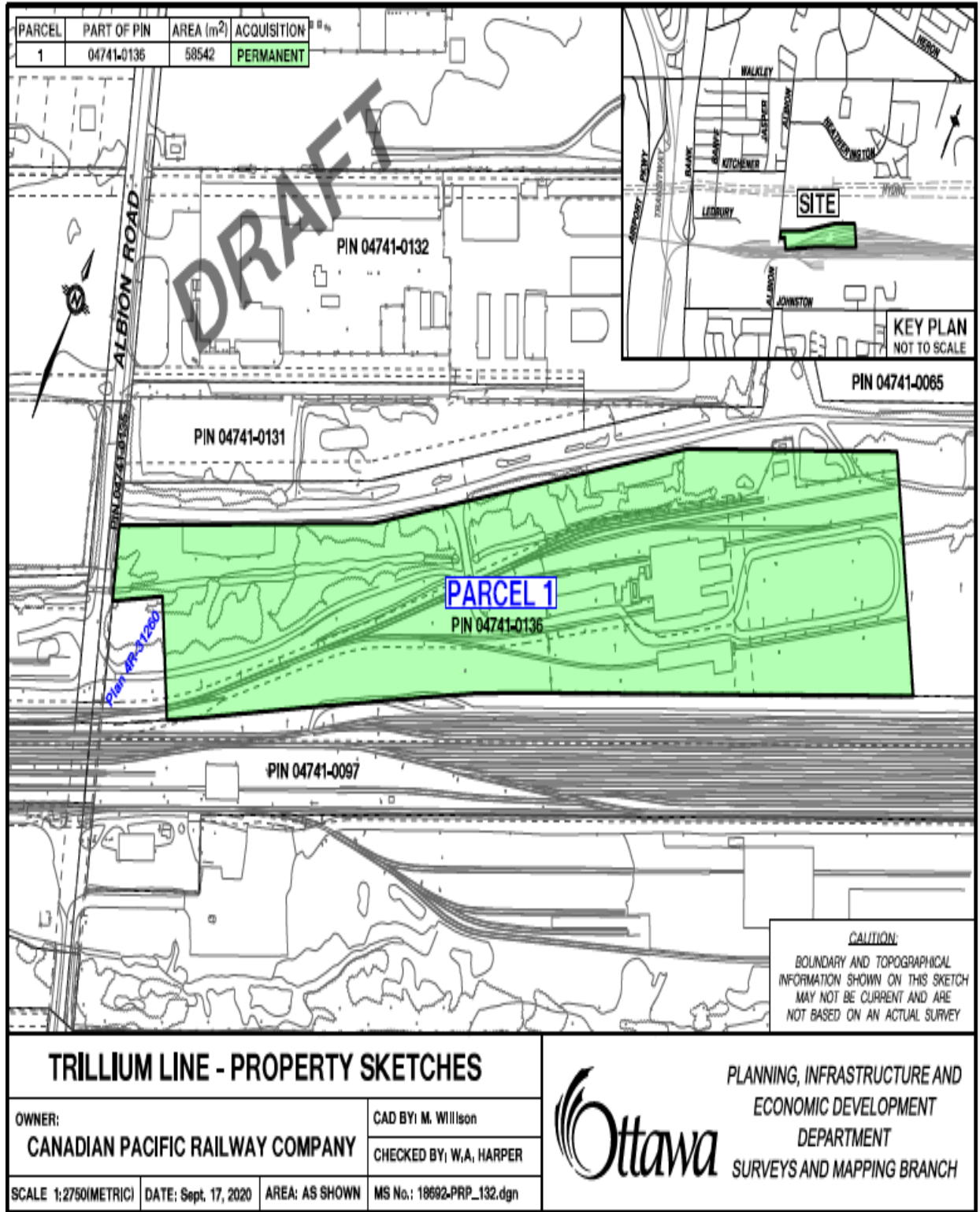
Document 3: Property Sketch – City Previously Purchased From CP for Stage 2

DISPOSITION

Following approval by Council, External Legal Counsel Borden Ladner Gervais LLP and Corporate Real Estate Office staff will implement the recommendations in this report in relation to the strategic acquisition of former O-Train Maintenance and Storage Facility Lands.

Following approval by Council, External Legal Counsel Norton Rose Fulbright and Rail Construction Program staff will implement the recommendations in this report with regard to the Airport Agreements.

Document 1 – Option Lands



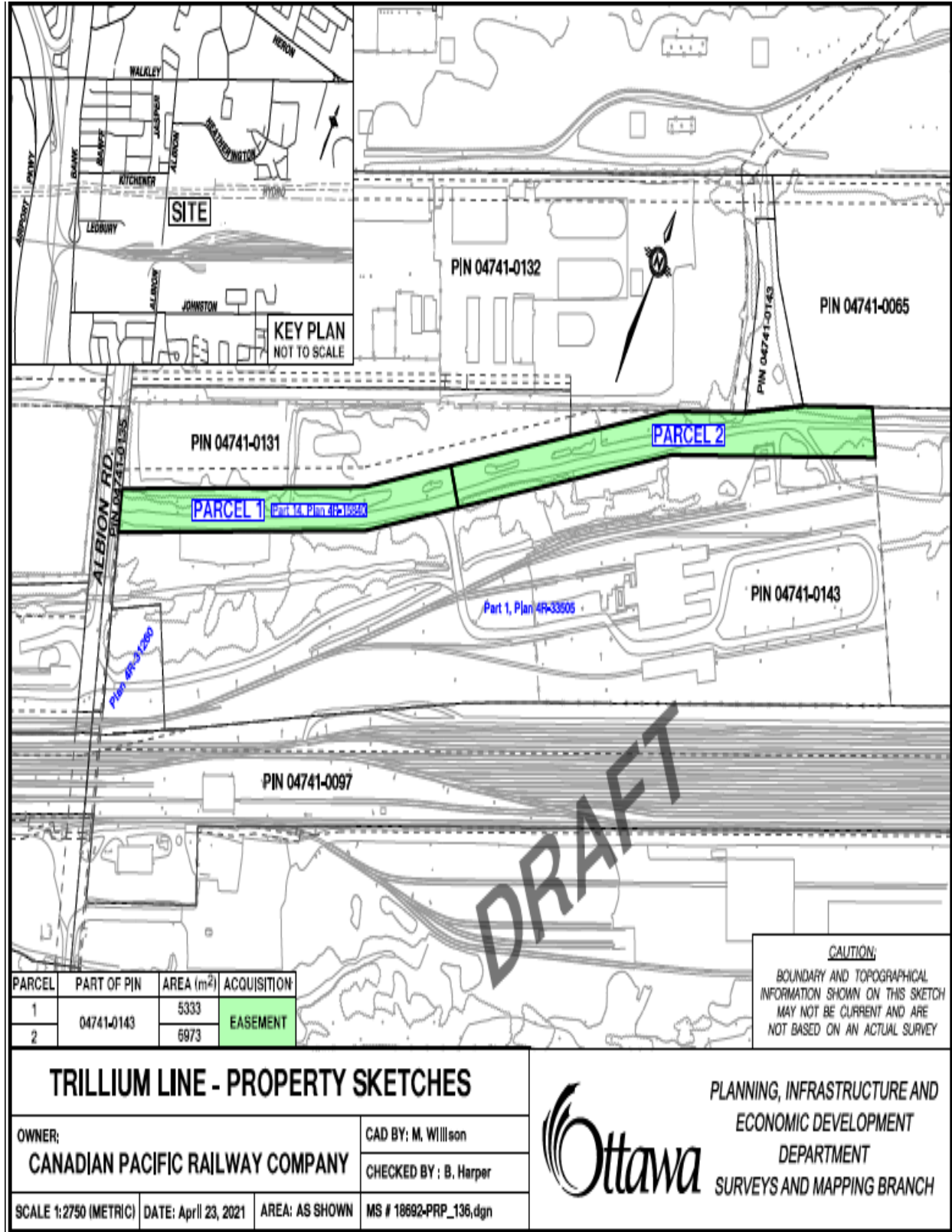
TRILLIUM LINE - PROPERTY SKETCHES

OWNER: CANADIAN PACIFIC RAILWAY COMPANY		CAD BY: M. Willison	
		CHECKED BY: W.A. HARPER	
SCALE 1:2750(METRIC)	DATE: Sept, 17, 2020	AREA: AS SHOWN	MS No.: 18692-PRP_132.dgn



PLANNING, INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT
DEPARTMENT
SURVEYS AND MAPPING BRANCH

Document 2 – Access Road Parcel



TRILLIUM LINE - PROPERTY SKETCHES

OWNER: CANADIAN PACIFIC RAILWAY COMPANY		CAD BY: M. Willson	
		CHECKED BY: B. Harper	
SCALE 1:2750 (METRIC)	DATE: April 23, 2021	AREA: AS SHOWN	MS # 18692-PRP_136.dgn



PLANNING, INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT
DEPARTMENT
SURVEYS AND MAPPING BRANCH

Document 3 – City Previously Purchased From CP for Stage 2

