

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
October 5, 2021 / 5 octobre 2021**

**and Council / et au Conseil
October 13, 2021 / 13 octobre 2021**

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**Submitted by
Soumis par:
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Director / Directeur**

**Corporate Real Estate Office / Bureau des biens immobiliers municipal, Planning,
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**Ward: WEST CARLETON-MARCH (5) / File Number: ACS2021-PIE-CRO-0014
KANATA NORTH (4)**

**SUBJECT: Acquisition of Decommissioned Railway Corridor being Part of the
Beachburg Railway Subdivision**

**OBJET: Acquisition d'un corridor ferroviaire désaffecté faisant partie de la
subdivision Beachburg**

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend Council:

1. Approve the acquisition of the fee simple interest in the Beachburg Subdivision Rail Corridor, from Dagmile Holdings Inc. (formerly Ottawa Central Railway Inc.) shown as 26 parcels on Document 1 being the “Fee Simple Lands”, having a total value of \$740,000, plus applicable taxes and closing costs.
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 for the acquisition of the “Fee Simple Lands”, as described in this report.

RECOMMANDATIONS DU RAPPORT

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

1. d'approuver l'acquisition auprès de Dagmile Holdings Inc. (anciennement Ottawa Central Railway Inc.) d'un intérêt en fief simple dans le corridor ferroviaire de la subdivision Beachburg, intérêt couvrant 26 parcelles illustrées dans le document 1, soit les « terrains en fief simple », lesquels sont d'une valeur totale de 740 000 \$, taxes applicables et frais de clôture en sus;
2. de déléguer au directeur, Bureau des biens immobiliers municipaux, le pouvoir de conclure, de signer, de modifier et d'appliquer au nom de la Ville l'entente d'achat pour l'acquisition des « terrains en fief simple » décrits dans le présent rapport.

BACKGROUND

The [Official Plan Rights-of-Way Protection Policy](#) (2.3.1.28.) states that the City will purchase surplus railway rights-of-way and consider purchasing railway corridor properties as they become available, subject to 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).

As transportation corridors become available, the City has followed its protection policy and purchased both active and decommissioned rail corridors. In addition, the City leases an abandoned corridor from Via Rail. Portions of these corridors have become part of the Light Rail Transit system. Part of the former Renfrew Subdivision, acquired in

1992, remains an active operational corridor, while the decommissioned and abandoned corridors are temporarily improved with multi-use trails to provide an interim community benefit.

On February 10, 2020, Canadian National Railway (CN) notified the City of Ottawa that it was accepting offers to purchase part of a decommissioned and abandoned railway corridor known as part of the former Beachburg Subdivision, owned by a subsidiary company, Dagmile Holdings Inc.

The former Beachburg Subdivision corridor under consideration commences in the Greenbelt at 64.5 metres north of the rail junction with the former Renfrew Subdivision. It extends northwest through Kanata terminating at Morris Island Drive. The abandoned corridor passes south and west of Department of National Defence facilities; along the eastern edge of Kanata near existing employment and residential areas and the approved Kanata North urban expansion lands; through farmland and near country lot subdivisions in the rural area and terminates just east of the Ottawa River (refer to Document 1).

The former Beachburg Subdivision corridor is approximately 35.2 kilometres in length with an average width of 30 metres. It is improved with seven bridges and 52 culverts and excludes the rail bridge over the Ottawa River. The rail corridor has been decommissioned, has not been used for many years, and the railway tracks and ties have been removed.

The entire the corridor is used and maintained by the West Carleton Snowmobile Trails Association (WCSTA), which has a 20-year license with CN that expires in 2038. The Club has repaired four bridges and upgraded 19 kilometres of the trail for their use.

DISCUSSION

Transportation Planning staff have indicated that the physical attributes of the corridor (length, width and location) afford opportunities in the development of long-range transportation plans. In accordance with the Rights of Way Protection Policy, staff initiated the acquisition of the corridor to protect for long term future transportation use.

There are benefits apart from supporting long-range transportation planning. Securing this linear corridor to Morris Island Drive enables the City to provide a potential connection to a location that is just a few hundred metres from the main entrance to the Morris Island Conservation Area. This nature preserve is located on the south shore of the Ottawa River and consists of 47 hectares of forested woodlands and wetlands, enabling a wide variety of recreational activities. The corridor also includes a narrow rail bridge over Carling Avenue. The acquisition of the corridor lands and bridge will provide

an opportunity for the City to improve the road network at this location and upgrades to the Carling Avenue Cycling project without having to independently acquire the land.

Considering the Official Plan Policy to protect corridors and the availability of acquisition funds, CREO staff responded to the CN offer to acquire the property and commenced negotiations. On May 29, 2020 an offer, made in accordance with the City Acquisition Policy, was submitted to acquire the abandoned 35.2-kilometre section of the Beachburg Rail Subdivision, subject to approval by City Council or its Delegated Authority. The property interests to be acquired from CN are shown as the 26 parcels identified in Document 1.

The market value compensation in the offer was supported by an internal City appraisal and with a third-party independent appraisal commissioned by CN. The second appraisal was completed by an appraiser familiar to CREO staff and on the City's Standing Offer. Both appraisal reports concluded that the highest and best use of the corridor property was for municipal and recreational uses. The internal staff appraisal concluded a value estimate of \$660,000. The independent appraisal determined a value estimate of \$875,000. Negotiations with CN Rail resulted in a settlement being reached at a purchase price of \$740,000.

Recommendation 1 of this report is to approve the acquisition of the decommissioned Beachburg Subdivision for \$740,000 plus applicable taxes and closing costs, to protect this corridor for future transportation use.

The City's offer was made subject to a set of conditions, each of which if not completed to the satisfaction of the City would render the offer null and void. The conditions are;

- The Vendor disclosing the terms of any unregistered linear and crossing rights to the City, subject to certain qualifications and consequences in the event the Vendor does not disclose the terms of such rights, and the City having reviewed and satisfied itself with respect to such leases, licenses and agreements as provided by the Vendor.
- The City to have time to review and satisfy itself with the title to the Lands and all related encumbrances.
- The City to have time to review and satisfy itself with the environmental condition of the Lands. In that regard, a qualified consultant was retained to complete Phases I and II Environmental Site Assessments.

- The City to have time to complete a visual review and assessment of the condition of the seven bridges and 52 culverts. An Engineering Consultant was retained to identify, inspect, and provide a Class D estimate for the renewal needs and costs of the structures in the corridor.
- The City to have time to satisfy itself with respect to all matters respecting any bridge crossing over areas not owned by CN, including the bridge over the Carp River, including the locations of such bridges and CN's rights thereto.

Staff continue to pursue receipt of the unregistered agreements from CN and to make enquiries with the relevant regulatory authorities in connection with the bridge over Carp River and will evaluate prior to waiving the conditions. Certain title issues have been requisitioned to CN and staff will attempt to negotiate with CN to resolve those issues.

It should be noted that part of PIN 04553-0081 will be retained by CN on closing to allow CN to continue to operate a telecommunications tower. CN's continued ownership of the tower site does not affect the contiguity of the corridor. Under the purchase agreement, in the event CN elects to cease such operations on the tower site, it will notify the City. The City will purchase the tower site from CN for One Dollar (\$1.00) on terms substantially similar to the Purchase Agreement. The City and CN shall execute an option to purchase which shall be registered against tower site on closing.

Over the past year, staff completed the due diligence to satisfy the conditions. There were no agreements or title issues that would impact on the negotiation and determination of the purchase price. We note that the WCSTA provides over 250 kilometres of groomed snowmobile trails which includes portions of the Beachburg Subdivision being acquired. The WCSTA agreement with CN for the use of this corridor has a provision for early termination. Staff and the WCSTA have discussed a termination of the existing CN License and the WCSTA entering into a non-exclusive license agreement with the City to continue to use, manage and maintain elements of the corridor. The major lifecycle renewal and inspection responsibility for the corridor would reside with the City.

The Environmental Site Assessment (Phases I and II) identified a variety of potentially contaminating activities within the study area around the former rail alignment. Soil testing identified some sporadic soil and/or groundwater impacts along the corridor. However, none of the exceedances appear to be indicative of any substantial environmental risk or significant contaminated areas with potential offsite or third-party liabilities. The soil conditions can be managed in a redeveloped scenario and were deemed not to carry any significant financial liability.

An engineering review was completed by an Engineering Consultant and overseen by Asset Management Branch (AMB). This report identified the rail infrastructure within the corridor and provided a high-level assessment. The report found that the structures were generally past their engineered life expectancy. A Class D estimate for more detailed assessments and to rehabilitate the aging infrastructure was determined at approximately \$7 million to \$8 million, over the next 10 years. This figure excludes an estimate for the rehabilitation of the bridge over the Carp River as this required more detailed investigation/testing.

The Beachburg Subdivision corridor has not been identified in the 2013 Transportation Master Plan (TMP) for any specific use; whereas the rehabilitation cost estimate is based on an “active” use of the corridor. There is no present requirement to rehabilitate the corridor infrastructure. The engineering inspection was for information purposes to determine the potential future scope of work and cost should this corridor be “activated”.

It should be noted that the WCSTA will provide limited maintenance associated with its activities; however, as owner of the lands, the City has the ultimate responsibility. Funding to undertake the detailed engineering investigations and to complete preventive/reactive maintenance works, even if the corridor is not used for any transportation purposes in the near term, will be the subject of future budget planning and deliberations.

The purchase agreement has been negotiated subject to approval by City Council or its Delegated Authority. CN has requested that the transaction be completed in 2021. To complete the transaction in a timely and efficient manner, Recommendation 2 is for Council to delegate authority to the Director, Corporate Real Estate Office, to execute and conclude the Purchase Agreement on behalf of the City.

RURAL IMPLICATIONS

Securing this linear corridor will protect it for future longer term transportation purposes, thereby providing an alternative option to connect the western rural community with the rest of the City of Ottawa.

CONSULTATION

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

COMMENTS BY THE WARD COUNCILLORS

The Ward Councillors Jenna Sudds and Eli El-Chantiry have received a copy of this report and are in support of the staff recommendation.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

There are risk implications in the acquisition of the Beachburg Subdivision. These risks are related to the management of the asset which have been identified in the report. Future funding will be required for its maintenance.

ASSET MANAGEMENT IMPLICATIONS

The City has conducted a visual inspection was completed by an outside contractor and overseen by Asset Management Branch (AMB). This report identified the infrastructure within the corridor and provided a high-level assessment of the renewal needs and costs of the structures in the corridor. The report found that the structures were generally past their engineered life expectancy. A Class D estimate for more detailed assessments and to rehabilitate the aging infrastructure was determined at approximately \$7 million to \$8 million, over the next 10 years. This figure excludes an estimate for the rehabilitation of the bridge over the Carp River as this required more detailed investigation/testing.

There is currently no funding for the renewal of or major maintenance of these assets. Any plan to use this line for recreational or transportation purposes must include a comprehensive financial plan and funding.

FINANCIAL IMPLICATIONS

Funds for corridor acquisition are available in 907838 – 2015 Transit Corridor Protection.

ACCESSIBILITY IMPACTS

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

ENVIRONMENTAL IMPLICATIONS

The Environmental Remediation Unit 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 consultant was retained for completion of a Phase I Environmental Site Assessment (ESA) and Phase II ESA.

The Phase I ESA identified a variety of potentially contaminating activities within the study area around the former rail alignment. Testing during the ESAs also identified

some sporadic soil and/or groundwater impacts along the former rail corridor, with contaminants exceeding the provincial Table 2/3 Standards; including petroleum hydrocarbons (PHCs), polycyclic aromatic hydrocarbons (PAHs), PBCs, and metals. However, none of the exceedances appear to be indicative of any substantial environmental risk or significant contaminated areas with potential offsite or third-party liabilities. A Record of Site Condition (RSC) is not needed for the development of the corridor for transportation purposes.

For future construction activities, excess soils from the corridor will likely require disposal at a licensed landfill. Much of the rail bed along the corridor is consisting of slag and gravel fill, which may also require special consideration for offsite management/disposal.

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 and List of Property Identification Numbers

DISPOSITION

Following approval by Council, Legal Services, Planning Services and Corporate Real Estate Office staff will implement the recommendations in this report.

Document 1 – Property Sketch of former railway corridor known as Beachburg Subdivision

The corridor extends from 64.5 metres north of the junction with the Renfrew rail corridor in the Greenbelt, through Kanata North and the rural area to Morris Island Drive, just east of the Ottawa River.

