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Abandoned CP Corridor Update
County Council
April 28, 2016



Background

CP Rail Timeline

- Jan. 5th, 2010 – CP Rail met with County to advise of Notice of Sale & Discontinuance.
- Feb. 1st, 2010 – CP Rail advertised to obtain expressions of interest from other railroad operators.
- Apr. 5th, 2010 – Response due by interested private sector parties (no interest received).
- Nov. 5th, 2010 – Government of Canada option to purchase deadline.
- Oct. 6th, 2010 – Deadline for negotiations if there was an offer to operate the line.
- Dec. 6th, 2010 – Minister of Transportation, Province of Ontario – option to purchase deadline.

Federal Response:

- Federal Rail Freight Service Panel Review received many requests for a Moratorium on discontinuing Short Line Railways.
- Recommendations included expanding the Panel's mandate to evaluate ongoing discontinuations.
- Rail Panel's Final Report presented to Minister Merrifield December 22nd, 2010.

Provincial Response:

- Not the mandate of the Province to operate railways as this is a Federal responsibility.

COUNTY OF RENFREW

ABANDONED RAILWAY RIGHTS-OF-WAY POLICY

August 27, 1997 County Council meeting

1. The County of Renfrew shall purchase future surplus abandoned railway rights-of-way as they become available, from time-to-time, for use as future transportation and utility corridors. In order to implement this policy, County Council shall seek to enter into an agreement with the owners of railway rights-of-way in Renfrew County to secure the opportunities to acquire surplus abandoned rights-of-way when such rights-of-way become available for acquisition by the County of Renfrew. Individual agreements will define in greater detail the location of lands to be made available for acquisition.

Corridor Facts

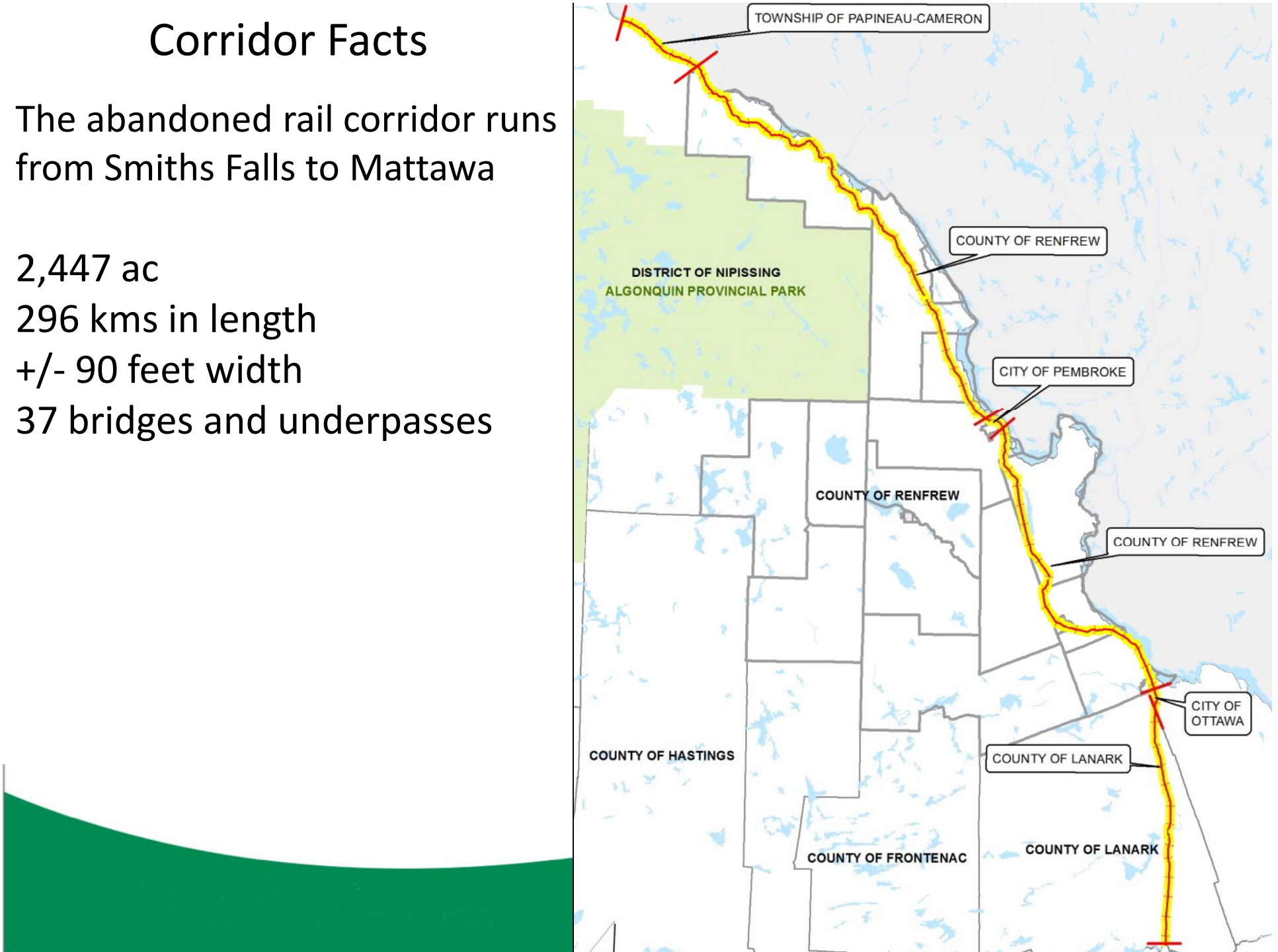
The abandoned rail corridor runs
from Smiths Falls to Mattawa

2,447 ac

296 kms in length

+/- 90 feet width

37 bridges and underpasses



Corridor Facts Renfrew County

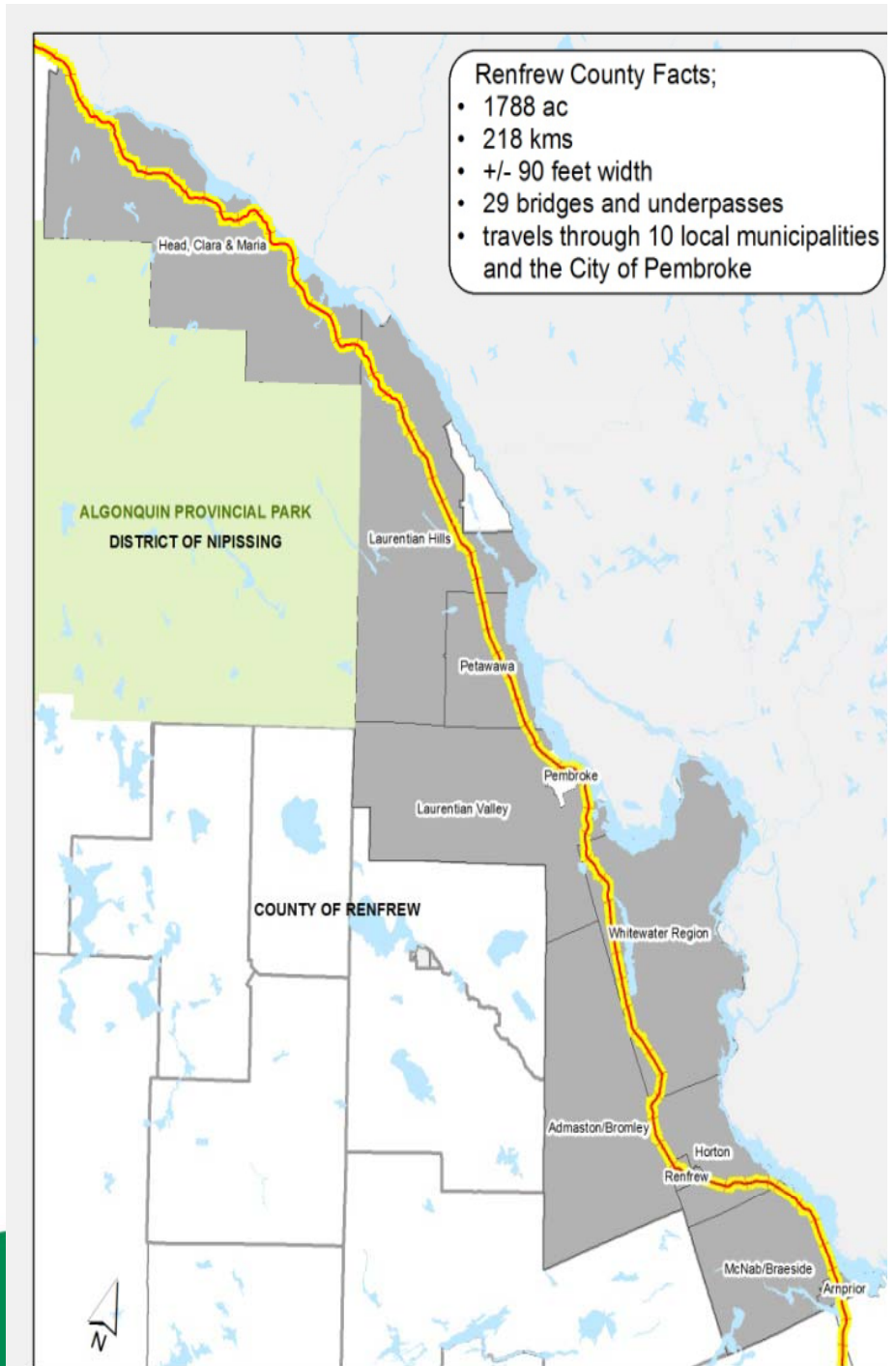
1,788 ac

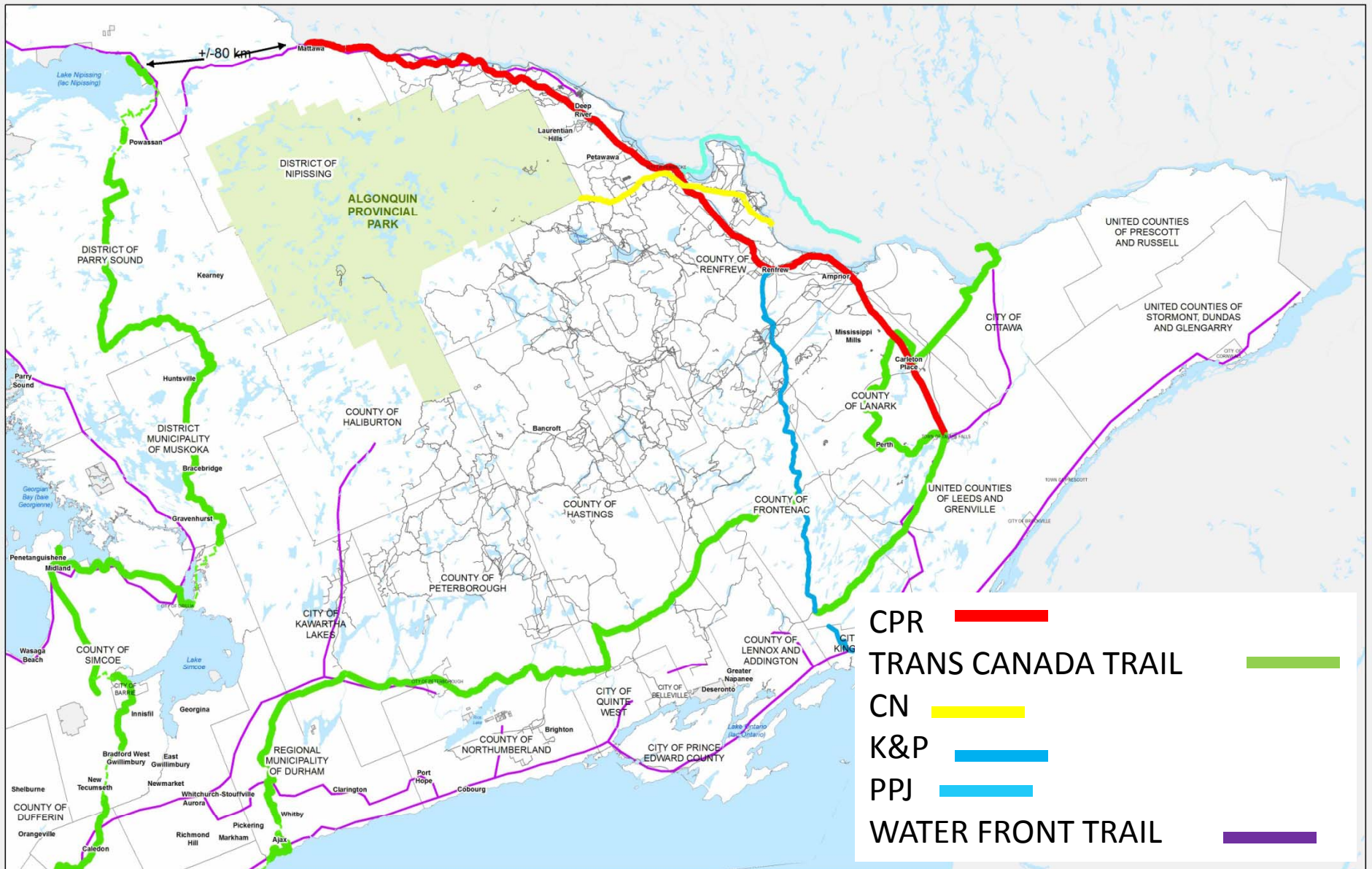
218 kms in length

+/- 90 feet width

29 bridges and underpasses

travels through 10 local municipalities
and the City of Pembroke





Partnership

By-law 64-13

A BY-LAW AUTHORIZING THE COUNTY OF RENFREW TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE COUNTY OF LANARK AND THE TOWNSHIP OF PAPINEAU-CAMERON (2013)

CP Rail Corridor Memorandum of Understanding Stage 1

June 26, 2013

Purpose:

Acquire the abandoned CP Rail right-of-way when it becomes available for acquisition in one contiguous piece by the County of Renfrew, Lanark County and Township of Papineau-Cameron (hereinafter called the Partnership).

Partnerships:

- The Partnership will consist of the County of Renfrew, Lanark County and the Township of Papineau-Cameron.
- The CP Corridor will be managed by the Partnership.
- The Partnership will agree to the Terms of Reference/Memorandum of Understanding.
- The Partnership will develop a governance model.

Partnership Governance

Legal counsel provided the Partners with four types of governance models with pros and cons of each.

- Sole Ownership by one of the Partners
- All three participating municipalities jointly acquire the whole of the Corridor
- Acquisition of the Corridor by a Municipal Service Corporation
- **Divide ownership of the Corridor into several parcels**

The recommended governance model that protects the Corridor over the long term, distribute/mitigate the liability and minimize the complexity is to divide the ownership into three parcels (option 4). This option lets each Partner control their individual areas and not be liable for areas outside their jurisdiction.

This option would separate the ownership of the corridor and would create the need to establish legal agreement with the Partners to ensure continuity, trail standards and best practices

Cost Sharing

The Partners have agreed to use the averaging of appraisal value percentage, length percentage & area percentage of corridor in each jurisdiction for the percentage of cost sharing for each Partner.

	<u>Averaging the percentage of length, appraisal & area</u>
Papineau-Cameron	8.73%
Lanark	19.21%
Renfrew	72.06%

*City of Ottawa percentages with Lanark & City of Pembroke percentages with Renfrew

Appraisal

Antec Appraisal Group appraised the abandoned rail corridor with a value of **\$77,692,039** which will be used by the Partners for the official tax receipt portion of purchase.

As a result of our investigations and analysis, it is our opinion that the current market value of the subject property "as if vacant" as of the effective date, February 24, 2014 is:

FINAL MARKET VALUE ESTIMATE

100% ATF Value (Rounded)	\$77,700,000
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Appraisal was presented to the Partners in 2014 and County Council in September 2015.

Asset Donation Agreement

Cash

On August 25, 2015 CPR provided the Partners with a draft Agreement of Purchase and Sale for review and acceptance of the abandoned rail corridor. The cash portion of the purchase is **\$500,000**. Partners have agreed to the cash portion of \$500,000 plus a tax receipt of **\$77,192,039** totalling the appraised value of **\$77,692,039** (price paid via cash and tax receipt cannot be more than appraisal value).

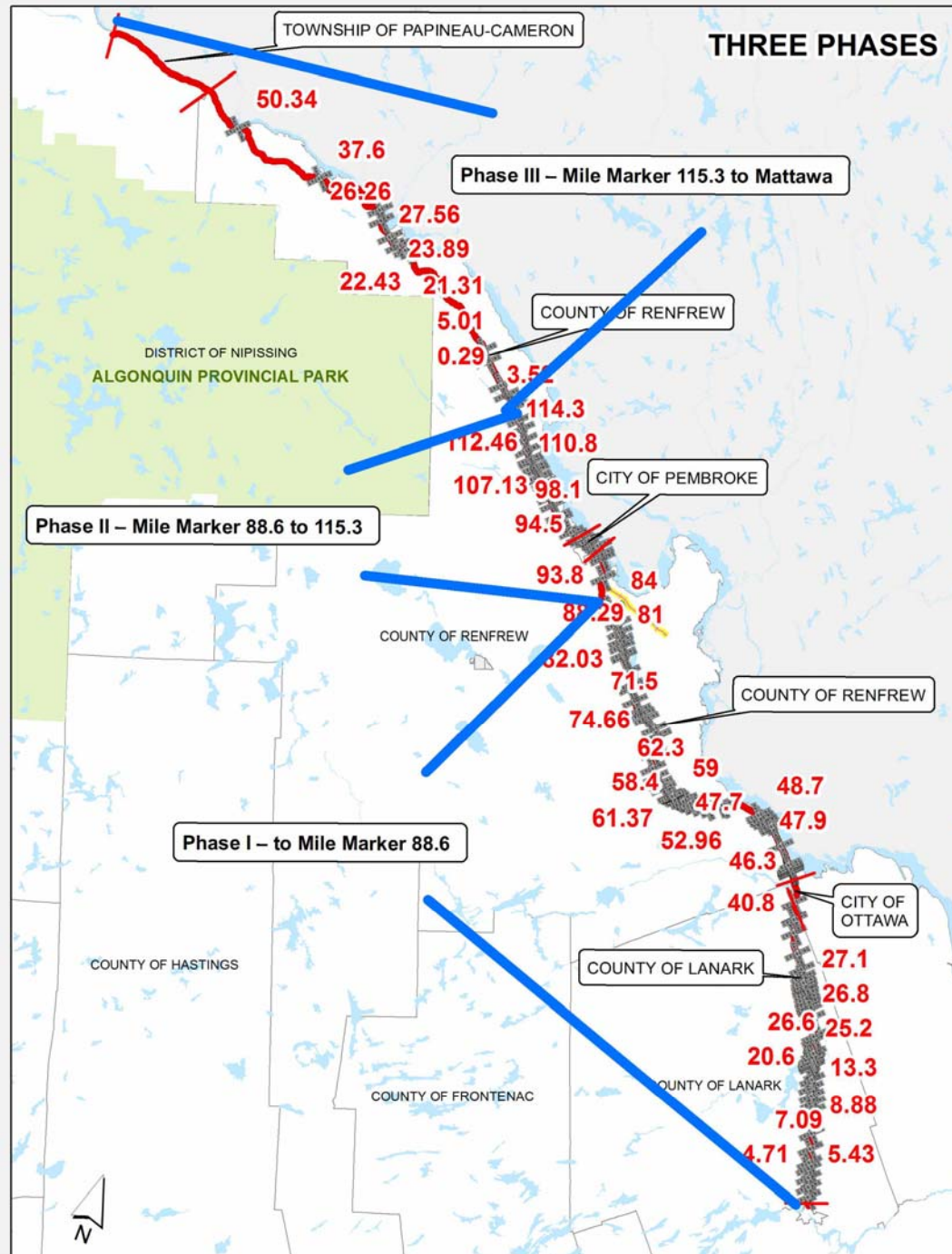
	<u>Averaging the percentage of length, appraisal & area</u>	Purchase Price \$500,000
Papineau-Cameron	8.73%	\$43,650
Lanark	19.21%	\$96,050
Renfrew	72.06%	\$360,300

Asset Donation Agreement

Phases

CPR proposes the corridor be split into three closings based on ability to produce transferable descriptions starting with the most easterly section. At the same time it is agreed that the Partners will **lease** the lands while the transfers are proceeding. Lease cost is \$10.00 per year and the corresponding municipal taxes pending the completion of the phases.

	<i>Phase 1</i>	<i>Phase II</i>	<i>Phase III</i>	<i>Total</i>
	<i>\$250,000</i>	<i>\$200,000</i>	<i>\$50,000</i>	<i>\$500,000</i>
<i>Papineau-Cameron</i>	<i>\$0</i>	<i>\$0</i>	<i>\$43,650</i>	<i>\$43,650</i>
<i>Lanark</i>	<i>\$96,050</i>	<i>\$0</i>	<i>\$0</i>	<i>\$96,050</i>
<i>Renfrew County</i>	<i>\$153,950</i> (82km) <i>Closing Date Oct 05, 2016</i>	<i>\$200,000</i> (43 km) <i>Closing Date April 01, 2017</i>	<i>\$6,350</i> (93 km) <i>Closing Date April 01, 2018</i>	<i>\$360,300</i>



Guiding Principles

Asset Donation Agreement

- Cash
- Tax Receipt
- **Environmental**
 - CP indemnifies the County of any pre-existing conditions
- Surveying
 - Phase 1, the lesser of 50% of the total surveying cost and \$70,000
 - Phase 2, the lesser of 50% of the total surveying cost and \$50,000
 - Phase 3, the lesser of 50% of the total surveying cost and \$10,000
- Continuous Corridor
- Infrastructure
 - Partners have agreed to the “as is” condition of all structures along the corridor
- Fibre Optics retained by CP

Operating Budget

The 2016 K&P Trail budget is \$20,000 for 21 km.

Costs will be offset with revenues from existing leases and partnerships with different trail organizations like Ontario Federation of Snowmobile Clubs and Eastern Ontario Trails Alliance (EOTA). Current annual lease revenues from existing leases are \$64,368.04 of which **\$53,499.04** are in the County of Renfrew. All leases will be reviewed once purchased.

Brushing

Fencing

Mowing

Signage

Inspection

Garbage

Bridge repairs

Gates

Costs

	County Cost
Appraisal (Antec \$70,000)	\$21,170 (Less OHTO and CFDC Revenues)
Environmental Review (\$5,000)	\$0 (less OHTO and TCP)
Legal (to date)	\$37,000

*costs are rounded

Legal costs which is shared between Partners and based on the cost sharing formula include the following:

- RFP Review
- Legal Opinions
- Asset Donation
- Lease
- Co-Owners Agreement

Support

To date the County of Renfrew has been successful in its application for grant dollars through a variety of funding streams. Below is a summary of grants received to date and used to offset expenditures.

Grants/Funding Received to Date

Ontario Highlands Tourism Organization (Antec Appraisal) \$10,000

Ontario Highlands Tourism Organization (Environmental Review) \$2,500

TransCanada Pipeline grant \$20,000

Renfrew County Community Futures Development Corporation (Antec Appraisal) \$30,000



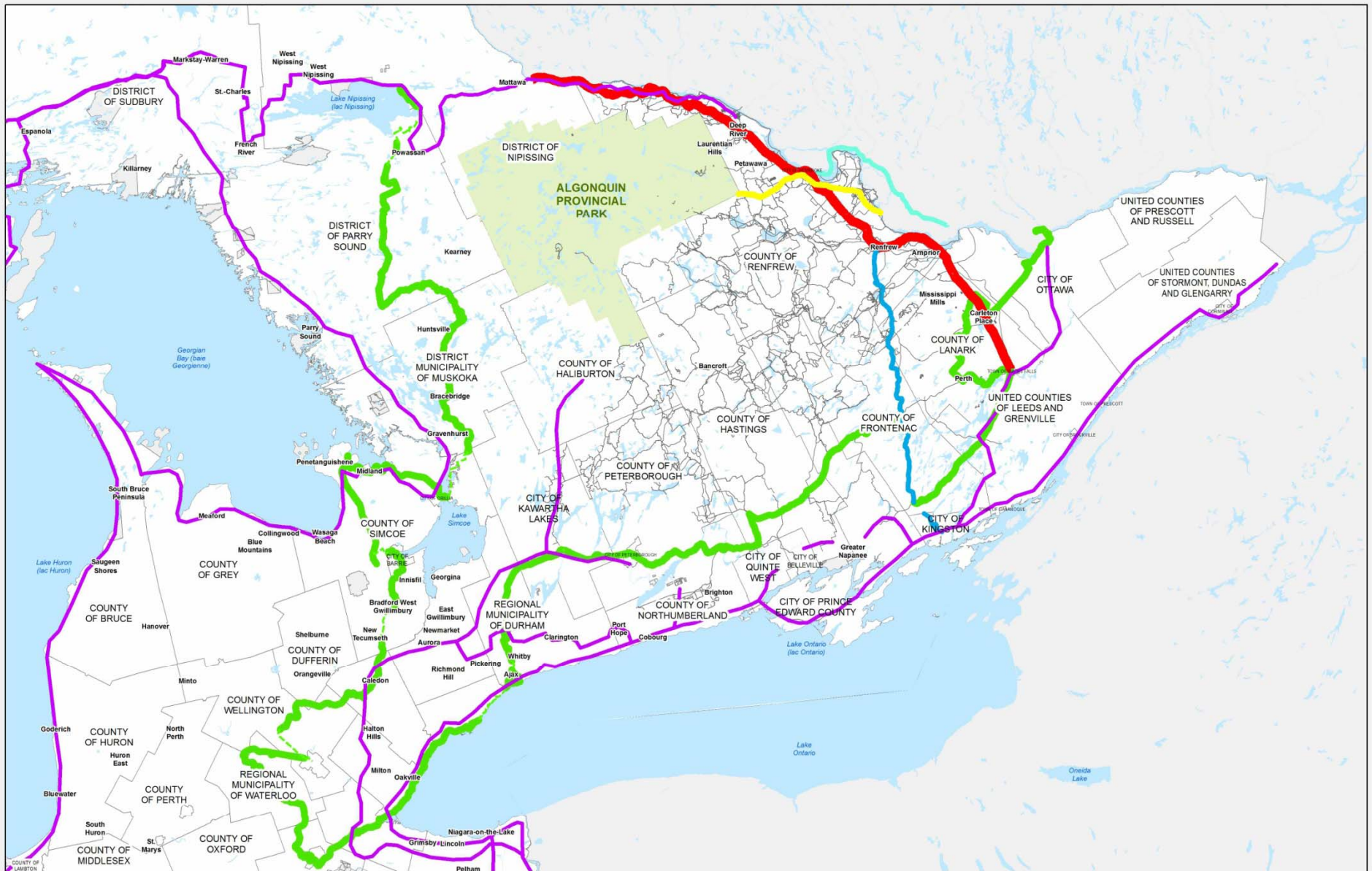
Total - \$62,500



Asset Donation Agreement

Legal Services

The legal firm of Borden Ladner Gervais has provided the Partners with a quote of \$60,000 to work with the Partners to review and incorporate any legal changes to the Agreement of Purchase and Sale required for the best interest of the group. This cost as agreed will be apportioned based on the approved cost sharing agreement.



Recommendations

Recommendation: THAT County Council pass a By-law to enter into an Asset Donation Agreement with the Canadian Pacific Railway Company for lands located between Smiths Falls, Ontario and Mattawa, Ontario.

Recommendation: THAT County Council pass a By-law to enter into a Lease Agreement with the Canadian Pacific Railway Company for lands located between Smiths Falls, Ontario and Mattawa, Ontario; AND FURTHER THAT the 2016 costs associated with the implementation of the lease will be taken from the 2016 Provision for Unallocated Funds.

Recommendation: THAT County Council pass a By-law to enter into a Co-Owners Agreement between the County of Renfrew, County of Lanark and the Township of Papineau-Cameron for the long term management of the abandoned Canadian Pacific Railway Company rail corridor.