

Request for Decision

Title	Funding Approval for Railway Track VE15 Repairs
Proposed Motion	That Council authorize Administration to execute \$102,000 in railway repairs to Railway Track VE15, to be funded from Contingency Reserve (8.2).
Administrative Recommendation	As part of our operating approval of this rail line, Sturgeon County is required by Alberta Transportation to conduct monthly inspections on this section of track. These repairs must be addressed prior to completing the yearly audit.
Previous Council Direction	No previous decision.
Report	<p><u>Background Information</u></p> <ul style="list-style-type: none"> • Railway Track VE15 is currently owned by Sturgeon County. • This railway line is located along Range Road 220 and crosses into the Evonik property (see attached map). • Sturgeon County owns the crossing and all equipment on Hwy 643 and the rail line north and south of Hwy 643, to the main CN line. Approximate length is 1,500 metres. • Sturgeon County has a contract with A&B Railway Services for railway inspection and maintenance services to perform monthly inspections (currently, the cost for these monthly inspections are being rebilled to Evonik). • Monthly inspections have identified that significant repairs to the track are required: <ul style="list-style-type: none"> ○ Replacement of 260 railway ties; ○ Install 60 metric tonnes of railway ballast; ○ Regauge of approximately 100 feet of track. • Currently, there is no budget to address the repairs that are required to address safety concerns for this section of railway.

- It has now reached a point where some capital costs need to be invested as the tie condition is poor and money spent regauging without installing new ties is not a cost-effective alternative.

History of prior rail repairs:

- Prior to 2014, Evonik had been rebilled for the cost for all repairs and upgrades to Railway Track VE15.
- In August of 2010 the rail crossing was upgraded from rubber to concrete at a cost of \$105,000 which was re-billed back to Evonik.
- The rail crossing signalization had a history of being struck repeatedly by high-load traffic, resulting in the following repairs paid for by Evonik:
 - Aug 2012 - \$8,500 damage;
 - Dec 2012 - \$8,500 damage;
 - May 2013 - \$2,200 damage;
 - Jan 2014 - \$3,800 damage;
 - Mar 2014 - \$900 damage.
- In 2014, significant signalization upgrades were required to prevent repeated damage by high load traffic. Cost for these improvements totaled \$114,000; 50 per cent was funded by Sturgeon County and 50 per cent funded by Evonik.
- At that time, Evonik informed Sturgeon County of the following:
 - Evonik's payment for the 50 per cent funding for the crossing upgrade was one time only and NOT to be construed as a commitment for further payments, or an admission of obligations towards a track and crossing that they neither own nor operate.
 - Evonik envisaged formal agreement with Sturgeon County that had the following components:
 - Evonik's use of the VE15 tracks for free, in exchange for covering annual inspection costs of these tracks (but NOT the crossing);
 - No Evonik obligations or cost coverage for maintenance, repair or upgrades of the VE15 tracks
 - no Evonik obligations re: inspection, maintenance, modifications, repair, upgrades, et cetera, on the automated rail crossing system




External Communication

None.

Relevant Policy/Legislation/Practices:

To operate a railway, Sturgeon County must apply every three years for an "Industrial Railway Operating Authority Certificate".

	<p>As part of this application process, the County must provide the following:</p> <ul style="list-style-type: none"> • Proof of Liability Insurance - \$25,000,000; • Railway Safety Management System Plan; • Self-audit – Annually; • External Audit – Every two years; and • Proof of monthly inspection services.
Implication of Administrative Recommendation	<p><u>Strategic Alignment:</u></p> <p>Strong Local Governance and Regional Leadership – Approval of the funding for this project would demonstrate an ability to execute unscheduled work that is significant to the County and its industrial business partners.</p> <p>Community Identity & Spirit – Correcting this problem would demonstrate a commitment by Sturgeon County to the well-being of its industrial business partners.</p> <p>Planned Growth and Prosperity – Correcting this type of infrastructure deficiency demonstrates Sturgeon County’s commitment to fund improvements to existing assets that effect businesses while supporting future industrial growth.</p> <p>Maintain and Enhance Strong Communities – Sourcing a solution to this problem demonstrates a commitment to the community to maintaining and updating existing infrastructure.</p> <p>Operational Excellence – Allocating funding for this railway repair will promote engagement and professional interaction with Sturgeon County’s Industrial stakeholders.</p> <p><u>Organizational:</u></p> <p>To maintain its Industrial Railway Operating Certificate, Sturgeon County must inspect this track and the signalled crossing over Hwy 643 monthly and conduct an annual railway safety audit.</p> <p><u>Financial:</u></p> <p>As of August 31, 2018, the cost of the repairs identified are \$102,000.</p>
Alternatives Considered	<p>Sturgeon County does not complete the repairs to the railway tracks at this time.</p>
Implications of Alternatives	<p><u>Strategic Alignment:</u></p> <ul style="list-style-type: none"> • Sturgeon County may consider selling this section of railway unless ownership is required to manage future industrial growth north of the Evonik property. <p><u>Organizational:</u></p> <ul style="list-style-type: none"> • The liability risk associated with not addressing these issues is a concern.

	<ul style="list-style-type: none"> • The technical knowledge required to own and operate a railway track is very high. • If the repairs are not completed, Sturgeon County will fail the annual railway audit. <p><u>Financial:</u></p> <ul style="list-style-type: none"> • The annual cost to keep this track is approximately \$30,000 (including inspection costs and minor repairs).
Follow up Action	1. Schedule repairs to the railway track.
Attachment(s)	1. Location Map Railway VE15
Report Reviewed by:	 Brian Hartman, Manager Engineering Services  Collin Steffes, GM Integrated Growth  Scott MacDougall GM Municipal Services / Acting County Commissioner – CAO

Strategic Alignment Checklist

Vision: Sturgeon County: a diverse, active community that pioneers opportunities and promotes initiative while embracing rural lifestyles.

Mission: Provide quality, cost effective services and infrastructure to meet the diverse needs of the Sturgeon County community, while improving competitiveness and sustainability.

Focus Areas	Not consistent	N/A	Consistent
Strong Local Governance and Regional Leadership			
<i>We promote consistent and accountable leadership through collaborative and transparent processes (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Consistent with neighborhood role (see MDP), master plans, policies 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Considers fiscal stability and sustainability 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Has a positive impact on regional and sub-regional cooperation 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Respect the Natural Environment			
<i>We acknowledge the importance of a healthy environment and will minimize and monitor our impact on ecosystems (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Compliance with Provincial and Federal regulations and/or legislation 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Ensure effective environmental risk management 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community Identity & Spirit			
<i>We will build upon our strengths, where together we will create an inclusive, caring community (Strategic Plan, (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Promotes and/or enhances residents' identification with Sturgeon County 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Enhances service provision through community partnerships 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Supports Sturgeon County's cultural history 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Planned Growth and Prosperity			
<i>We encourage varied and integrated enterprises that enhance our strong economic base, while balancing the needs of the community and natural environment. (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Does the proposal align with the Integrated Regional Growth Strategy (map/policies) pg. 26 MDP 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Considers cumulative costs and long-term funding implications 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Targets growth around current or planned infrastructure 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Maintain and Enhance Strong Communities			
<i>We are committed to a safe, secure community, where our residents are respected and provided with access to opportunities. (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Positive impact on residents' quality of life 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Supports and promotes volunteer efforts 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Provides programs and services that are accessible to all residents 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Operational Excellence			
<i>We have the organizational capability to deliver consistent and defined levels of service to all stakeholders in a professional, efficient, and cost effective manner</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Staff have the knowledge, skills and capability to perform their jobs 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Streamlines operational processes and policies 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Promotes engagement and professional interaction with stakeholders 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Considers a cost-structure which allows Sturgeon County to remain competitive within a regional, national and global context 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>