SUBJECT: Property Purchase - CP Rail Trail (PW08068/PED08143) - (Ward 1)

RECOMMENDATION:

(a) That the Real Estate Section of the Planning and Economic Development Department be authorized and directed to prepare an offer to purchase, in a form acceptable to the City Solicitor, from Canadian Pacific Railways, for the railroad right-of-way parallel to, and south of, Main Street West from the east limit of the Fortino’s property to Stroud Street, more particularly described as Part of Lot 23, Registrar’s Complied Plan 1478, described as Parts 3, 4 & 5 on Reference Plan 62R-16082, subject to an easement in favour of Union Gas over Part 3 on Plan 62R-16082, being PIN 17457-0273(R); and Lot 64, Registrar’s Complied Plan 1480, except Part 2 on Plan 62R-6456, being PIN 17458-0289 (R), at a price of $725,000, plus applicable taxes, transfer fees, real estate assessments, environmental investigations, real estate fees and other associated costs, conditional upon successful completion of an environmental investigation;

(b) That the Offer to Purchase the CP rail right-of-way be conditional upon Canadian Pacific Railways agreeing to a 20-year lease of lands through the Aberdeen rail yard, with leased property described as Part of Lot 24, Registrar’s Complied Plan 1482, lying west of Highway 403, except Part 1 on Reference Plan 6456, being PIN 17588-0624(R), and Lot 9, Registrar’s Complied Plan 1479, Part of Lot 24 Registrar’s Complied Plan 1482, lying east of the line between the southerly production of the south east angle of Baxter St., Plan 767 and Highway 403; Part Lot 20, Concession 4, Barton, being PIN 17596-0185(R);
(c) That the Real Estate Section of the Planning and Economic Development Department be authorized and directed to negotiate a lease agreement with the Canadian Pacific Railways in a form acceptable to the City Solicitor for those lands described in (b);

(d) That the cost of purchase of the Canadian Pacific rail right-of-way from Fortino's to Stroud Avenue be charged to capital account 4030758700, CP Rail Trail - West Hamilton;

(e) That the one-time cost of $150,000 to lease CP Rail land for a period of 20 years be funded through the Capital Projects - Hamilton Reserve Dept. ID 108035;

(f) That the associated annual operating budget impact of $40,000 be referred to the 2009 Operating Budget as a pressure;

(g) That the CP rail trail conversion be named in honour of Canadian Pacific Railways;

(h) That, upon successful completion of the real estate purchase transaction, a charitable donation receipt be issued to Canadian Pacific Railways for the difference between the $725,000 purchase price and the appraised value of the property based on an independent appraisal prepared by a member in good standing with the Appraisal Institute of Canada, with authority for the administration of charitable receipt request to be delegated to the City Treasurer;

(i) That, as required, up to $300,000 additional one-time funding for the rail trail be transferred from the 2008 Annual Bicycle Route Improvements Capital budget, 4030817124 to provide sufficient funding, if it is determined that lighting of the CP Rail Trail or other contingencies are considered necessary, or appropriate;

(j) That, subject to a successful offer to purchase being presented to and accepted by Canadian Pacific, installation of a traffic signal at the intersection of Aberdeen and Studholme, be referred to the capital budget process for consideration of inclusion in the New Traffic Signal Installations capital budget;

(k) That the Mayor and City Clerk be authorized and directed to execute any necessary documents, in a form satisfactory to the City Solicitor, and that any Legal Services expenses or other administrative expenses be charged to capital account 4030758700, CP Rail Trail-West Hamilton.

__________________________________________
Bryan Shynal  Tim McCabe
Acting General Manager  General Manager
Public Works  Planning and Economic
Development Department
EXECUTIVE SUMMARY:

In the 2007 Capital Budget, Council approved the project entitled CP Rail Trail - West Hamilton. The project is to develop a multi-use trail (walking, cycling and in-line skating), which is the extension of the highly successful Ancaster-Brantford rail trail conversion. A map of the project is attached to this report.

The trail forms a very useful commuter link, as Main Street West does not provide optimum conditions for cycling. It will provide access to major destinations such as McMaster University/Hamilton Health Sciences and the McMaster Innovation Park. It has many linkages to the City on-street cycling network, existing and planned.

The City (staff and members of Council) have been developing plans and negotiating with Canadian Pacific Railways and have reached a compromise position which seems fair to both parties. While not an inexpensive purchase, Canadian Pacific is prepared to sell the property for significantly less than the “highest and best” appraised value (assuming no environmental contamination). In return, the City will name the trail in recognition of Canadian Pacific as a contributing project sponsor, and provide them with a charitable tax receipt in the amount of the difference between the appraised value and the purchase price.

Part of the trail passes through the active rail yard adjacent to Aberdeen Avenue. This is the key portion of the arrangement, as the crossing of Highway 403 is part of the leased property, and this is the primary restriction on any cycling facility travelling east-west in the lower city. CP is willing to entertain a 20-year lease of the portion through the rail yard.

The third component of the project is a connection from Glenside Avenue to the Studholme Avenue end of the trail. This path is the result of neighbourhood consultation between Councillor McHattie and local residents. It will be located at the north end of Chedoke Golf Course, and will necessitate minor relocation of some teeing areas.

There are potentially issues of contamination associated with the property to be purchased and leased. The bulk of the rail trail will simply consist of “capping” the existing rail bed, and excavation will be minimal. Under this scenario, there is a specific exclusion in the provincial regulations from having to file a Record of Site Condition. However, City policy requires a full site investigation when purchasing a possibly contaminated site and it is proposed that this be conducted. The offer to purchase will be contingent on the outcome of the site investigations, and if unexpected conditions are found, this may require abandoning of the project, renegotiation or alternate action.

It is recommended that, subject to the issues discussed above, an offer to purchase be authorized which is conditional upon the City of Hamilton simultaneously entering into a long-term lease.

BACKGROUND:

The information/recommendations contained within this report primarily affects Ward 1.

In the 2007 Capital Budget, Council approved the project entitled CP Rail Trail – West Hamilton. The project is to develop a multi-use trail (walking, cycling and in-line skating), which is the extension of the highly successful Ancaster-Brantford rail trail conversion. A map of the project is attached to this report.
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The proposed facility has three distinct portions. From east of Fortino’s to Stroud Avenue (~900m), CP either has removed, or has proposed to remove, the tracks and ties. The City will purchase this property outright. East of Stroud Avenue, including the bridge over Highway 403, through to the end of Studholme Avenue (~820m), CP maintains an active rail yard and will allow the installation of a cycling facility, but only under the conditions of a lease. CP is willing to grant a 20-year lease, although they do retain the right to ask the City to remove the cycling facility with suitable notice. The third portion is a trail connection from the west end of Glenside Avenue, around the north end of the golf course to meet up with Studholme Avenue, just south of Aberdeen (~350m). This path portion may require some relocation of golf tees, but this has been discussed with Culture and Recreation and the golf course superintendent, and is feasible. This path is as a result of on-going neighbourhood consultation between Councillor McHattie and the neighbours of the area to the south of Aberdeen and east of Chedoke Avenue. Staff and Councillor McHattie met with the neighbours, the consultant and a representative of Hamilton Police Service on site last summer and the proposed layout was satisfactory to them, although the police specifically suggested that for maximum safety the path through the golf course not be lighted to discourage night-time use.

The connection from the west end of the new proposed rail trail to the existing Ancaster-Brantford Hamilton Conservation Authority trail passes through two other areas. The parking lot of the Fortino’s store has been carefully designed to highlight the presence of cyclists with a concrete path contrasting the asphalt parking lot and stop signs for auto traffic at the key crossing. The connection from Rifle Range Road to Ewen Street is presently kept open by Cadbury as a courtesy, but efforts are presently underway to formalize the connection through the site plan process of the adjacent property.

Staff have spent the last year developing preliminary costing and negotiating with Canadian Pacific. The current design, subject to final construction costs, calls for a 5.0m wide paved path from Fortino’s to Studholme (by comparison, the Waterfront Trail is 6.0m wide) and a 3-4m path from Glenside to Studholme.

The market value of the property was appraised by City Real Estate staff. The City has negotiated the purchase price with Canadian Pacific and has reached a compromise position that is significantly less than the “highest and best use” valuation which, of course represents a higher type of use than that planned for this project. Assuming tendered construction prices are in line with the consultant’s original estimates, there should be sufficient funds left after property purchase to construct the paths. The only unknowns would be impacts associated with soils contamination and providing sufficient funds to provide lighting for the main part of the trail. This can be managed through either the contingency funding recommended or by only partially constructing the lighting system and completing when additional funds are available.

In return for a reduced price, the City proposes to make CP the named sponsor of the trail and to offer CP a charitable donation receipt in the amount of the difference between the non-discounted appraised value of the property (to be reappraised by an independent appraiser) and the purchase price.
There are potentially some issues of contamination associated with the property in question. The bulk of the rail trail construction will simply consist of “capping” the existing rail bed with an asphalt path, and excavation will be minimal. Under the Regulations under the Ontario Environmental Protection Act trails such as this are specifically exempted from having to submit a Record of Site Condition. The implication is that trails have minimal impact on areas that are contaminated. However, the City’s policy for Contaminated Sites Management for Municipal Works requires staff to identify and manage the potential risks and specifically notes property acquisition as one of the situations to which this applies. Therefore, unless otherwise directed by Committee, staff will initiate Phase 1 and 2 Environmental Site Assessments and attempt to define any risks which might impact on trail users, maintenance staff and/or construction personnel. These investigations could reach a cost of $100,000. Up until now, CP would not permit the City to access the site for testing. That has changed very recently and the first step, prior to submitting an offer to purchase, will be the site examinations. The offer to purchase will be contingent on a site investigation, and if unexpected conditions are found, this may require abandoning of the project, a request to CP for renegotiation of the price or alternate action. The one action which is most likely to require caution or remedial action will be the installation of lighting, with the attendant excavation for the poles and wiring.

Bike lanes on Longwood Road, Aberdeen to King were endorsed as part of the Kirkendall Neighbourhood Plan. In order for the trail system to connect to the proposed bike lanes and the McMaster Innovation Park, a traffic signal at Aberdeen and Studholme Avenue is recommended. At present, no other traffic signal locations have been identified for the 2009 program, so if capital funds for New Traffic Signal Installation are approved in the 2009 capital budget, this project should proceed in early 2009.

It is therefore recommended that Real Estate staff be authorized and directed to prepare and present the necessary legal documents to initiate the purchase and lease of the lands necessary to implement the rail trail project, subject to the various conditions discussed above.

**ANALYSIS/RATIONALE:**

The trail forms a very useful commuter link, as it is roughly parallel to and south of Main Street West which is not a roadway conducive to cycling. It will provide access to major destinations such as McMaster University/Hamilton Health Sciences and the McMaster Innovation Park. It will connect the following existing and proposed on- and off-street cycling and multi-use facilities:

- the Ancaster-Brantford HCA Rail Trail as the direct extension
- the Main Street West/Wilson Street bike lanes via the stairs at Main and Osler
- the proposed Longwood Road bike lanes via a short section of Aberdeen Avenue, through a new traffic signal at Aberdeen and Studholme, which in turn leads to either the bike lanes over Highway 403 on Main Street or on King Street
- the Chedoke escarpment crossing off-road trail, via Beddoe Avenue

The trail will also provide a useful recreational trail, and recreational cycling is a key intermediate step to encourage citizens to consider cycling as a commuting mode. The trail is the missing link in a circular route which connects to trails at the top of the
escarpment and provides a safe riding environment and excellent scenery and perspective of the centre of Hamilton.

Cycling and walking are carbon-free methods of transportation and also improve the personal health of the users, decreasing the pressure on the health care system.

**ALTERNATIVES FOR CONSIDERATION:**

The City could choose not to proceed with this project, but that would mean passing up on an opportunity to build an off-street cycling facility that serves as a commuter facility. These opportunities are not very common. Staff recommends proceeding as planned.

Regardless of the outcome of the environmental assessments and the purchase offer, the trail from Glenside Avenue to Studholme Avenue through the golf course could proceed to design and then construction immediately. This trail portion has been recommended as a result of public consultation with Councillor McHattie and the citizens of the area near Chedoke Avenue, and has been anticipated for several years. Constructing the trail prior to the major trail project would mean additional cost, as economies of scale would not be in effect, and would precede the construction of the traffic signal at Aberdeen and Studholme.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

The total project budget is $1,950,000 (Project ID #4030758700), as approved in the 2007 capital budget.

The planned project expenditures are as follows:

**CP Rail Trail Project**

Land purchase - Fortino’s to Stroud  
Land lease - Stroud to Studholme

<table>
<thead>
<tr>
<th>Capital budget available for project</th>
<th>$ 1,950,000</th>
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</thead>
<tbody>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>property acquisition</td>
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<tr>
<td>construction</td>
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<tr>
<td>environmental assessment</td>
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<td>design</td>
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<td>legal fees, surveys, etc.</td>
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<td>appraisal fee</td>
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<td>contingencies</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>$ 1,869,000</td>
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</table>

Available for desirable additional expenses:

illumination of main trail $ 81,000

The estimated cost of lighting the main trail is in the order of $300,000. The decision on lighting will be made once the trail design is finalized, the soils conditions are known and the construction tenders are submitted. Since the present budget envelope is not
sufficient to support lighting, it will either be necessary to defer part or all of the lighting installation, or access additional funds.

The 2008 cycling capital budget is set at $300,000. This funding was originally earmarked for rehabilitation of the Wilson Street bike lanes, and other projects. Given the importance of the CP Rail Trail and the budget issues described above, it is recommended that the 2008 cycling budget be set aside as additional contingency, until final costs are determined. Unused funds will then be released for other cycling projects.

In addition, lease payments are required for the portion through the rail yard. CP has offered the option of a lump sum, one-time, up front payment for the 20-year lease, at $150,000 as an alternative to an annual lease amount of $15,000. Finance suggests that the one-time expenditure is preferable to the ongoing operating expense, and has suggested a method of financing.

The trail will require summer and winter maintenance. It is intended to maintain this as an all-season facility, in keeping with its commuter use. Staff will refine the maintenance estimates, once final design drawings are complete. Operating impacts are estimated at $40,000 for regular sweeping, litter removal, mowing and snow removal as well as energy for illumination. These costs should be forwarded to the 2009 current budget as budget pressures.

POLICIES AFFECTING PROPOSAL:

This initiative is consistent with the “greening and stewardship” priority of the Public Works Strategic Plan, “Innovate Now”. It is consistent with the initiative to reduce single motor vehicle use as required by the City’s Transportation Master Plan. Cycling, walking and in-line skating are the only means of transportation that use no fossil fuels and deliver the benefit of a healthier population.

This recommendation is consistent with the Real Estate Management Portfolio Strategy Plan, as approved by Council on November 24, 2004.

RELEVANT CONSULTATION:

Real Estate, Finance, Legal, Capital Planning and Implementation, Corporate Services, Operations and Maintenance, Community Services, Ward Councillors for Wards 1 and 13 and Canadian Pacific Railways were all contacted in the development of the purchase offer.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☐ Yes ☐ No
Provides increased mobility and improved health to Hamiltonians.

Environmental Well-Being is enhanced. ☐ Yes ☐ No
More cycling and walking means less air pollutants and less greenhouse gases.

Economic Well-Being is enhanced. ☐ Yes ☐ No
The route in question will be part of a larger circular cycling route which may be attractive to tourists.
Does the option you are recommending create value across all three bottom lines?
☑ Yes  □ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?
□ Yes  ☑ No