

**To: Warden and Members of County Council**

**From: Director of Corporate Services**

## **South Central Ontario Region Economic Development Corporation Request for Support of National Trade Corridors Fund Application**

### **RECOMMENDATIONS**

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- 1. That County Council hereby authorizes the Chief Administrative Officer to sign a letter of support for a funding application to be submitted by South Central Ontario Region Economic Development Corporation (SCOR EDC) under the National Trade Corridors Fund, regarding the Cayuga Subdivision Short Line Rail Revitalization Project, as outlined in Report No. CS 2022-23;**
- 2. And further, that subject to approval of SCOR EDC's application for funding from the National Trade Corridors Fund, County Council approves a funding contribution of \$150,000 to leverage the Cayuga Subdivision Short Line Rail Revitalization project, to be funded by the General Reserve;**
- 3. And further, that SCOR EDC be required to provide County Council with regular progress reports regarding this regionally significant project, not less than on a quarterly basis.**

### **REPORT HIGHLIGHTS**

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- South Central Ontario Region Economic Development Corporation (SCOR EDC) has requested the County to provide a letter of support and a financial contribution of \$150,000 to support an application for funding under the National Trade Corridors Fund (NTCF) to upgrade infrastructure of the Cayuga Subdivision Short Line serving Oxford and Elgin Counties
- Council sought a report from Public Works to assess if the Cayuga Subdivision Short Line Revitalization project aligns with the County's transportation and environmental strategic initiatives of the region
  - Report No. PW 22-022-28 Cayuga Subdivision Rail Short Line Rail Review, dated May 25, 2022 – references positive economic, social and environmental impacts of short line rail within the region

- NTCF program provides up to a maximum of 50% of eligible project costs, therefore SCOR EDC is seeking funding from regional partners including the Counties of Oxford and Elgin to leverage the project

### Implementation Points

Subject to Council's approval of the recommendations contained in this report, staff will provide a letter of support pursuant to NTCF's prescribed form including the County's commitment of \$150,000 to contribute to a portion of the costs not funded by other sources.

SCOR EDC will provide regular reporting to County Council to keep them informed of the progress of the project.

### Financial Impact







Funding for this project is proposed to be sourced from the General Reserve, a stabilization reserve largely funded by year end surpluses, to be utilized for emergency or unplanned situations beyond operating budget provisions in the current year's budget. The 2022 year end projected balance of the General Reserve is \$1.4 million, therefore is sufficient to fund this project.

### Communications

SCOR EDC will be provided with a letter of support to submit with their application to NTCF for funding. A copy of the resolution of this report will be circulated to the County of Elgin.

SCOR EDC will provide regular reports to Council, not less frequent than quarterly, with respect to the project's progress.

### Strategic Plan (2020-2022)

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|---|---|---|---|---|---|
|  |  |  |  |  |  |
| <b>WORKS WELL TOGETHER</b>  | <b>WELL CONNECTED</b>   | <b>SHAPES THE FUTURE</b>  | <b>INFORMS &amp; ENGAGES</b>  | <b>PERFORMS &amp; DELIVERS</b>  | <b>POSITIVE IMPACT</b>  |
| 1.i.  | 2.ii.   | 3.i. 3.iii.   |   |   |   |

## DISCUSSION

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### Background

At County Council's meeting held March 9, 2022, SCOR EDC appeared as a delegation to inform Council of the ["Future of Short Line Rail in the South Central Ontario Region"](#) which included a summary of findings from a recent Economic Development Case Study as it relates to the Cayuga Subdivision Short Line Rail. In addition, a Market Development Study was conducted, concluding that there is significant potential for development – citing approximately

1,000 vacant acres (460 acres in Oxford) of industrial zoned lands along the track, not to mention local significance to existing well-established agricultural and industrial sectors within the region. The project budget contains infrastructure related costs eligible for NTCF funding of \$7.2 million and ineligible expenses of \$1.1 million. Of the \$8.3 million in total project costs, SCOR EDC is seeking funding of \$3.6 million from NTCF; \$4.2 million from a short line rail operator; \$0.5 million from municipal and business partners; and, rounded out by a contribution of \$20,000 from SCOR EDC.

In response to the aforementioned delegation, Council directed staff to prepare a report to assess if the proposed project aligns with the County's transportation and environmental strategic initiatives and master plans. At their meeting on May 25, 2022, Council received Report No. PW 2022-28 entitled "[CN Cayuga Subdivision Short Line Rail Review](#)" as information explaining how SCOR EDC's proposed project positively aligns with the region's economic, social and environmental impacts of short line rail.

Also included on the May 25, 2022 Council agenda was [correspondence from SCOR EDC, dated May 4, 2022](#), requesting a letter of support from Oxford County as well as a financial commitment of \$150,000 and indicated that a similar request has been made to Elgin County Council.

## Comments

Considering the potential economic, social and environmental impacts anticipated by proceeding with the proposed project, both within the County and the broader south central economic region; and in light of Oxford County's advocacy efforts that were initiated in 2017 under Report No. CAO 2017-02 entitled "[Empowering Ontario's Short Line Railways](#)", there are locally supported strategies and initiatives for long-term viability of short line rails which demonstrate this project would benefit our region. Furthermore, the NTCF program responds to the advocacy efforts approved under the "Empowering Ontario Short Line Railways" strategy in which County Council advocated for:

- Establishing a tax credit program to offset track and bridge rehabilitation costs;
- Modifying eligibility criteria for federal infrastructure programs to allow short line railways to apply for funding directly without a government sponsor;
- Creating a federal/provincial rail infrastructure program to meet capital investment needs through grants and low-cost, long-term financing; and
- Assisting in the establishment of a pooled short line insurance regime.

In light of the foregoing, staff are recommending that Council authorize a letter of support as prescribed by the NTCF application guidelines – see Attachment 1, and to commit to funding the proposed Cayuga Subdivision Short Rail Line Revitalization Project for up to \$150,000, subject to NTCF funding approval.

## Conclusions

Supporting this \$8.3 million project with an investment of \$150,000 will serve and retain existing business by improving supply chain challenges within the sectors they operate, representing businesses that now employ over 400 people with a combined revenue of over \$1 billion. As

well, this project has the potential to secure new commercial and industrial investment interest that has been increasing significantly in Oxford over the past few years.

## **SIGNATURES**

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### **Departmental Approval:**

Original signed by \_\_\_\_\_

Lynn S. Buchner, CPA, CGA  
Director of Corporate Services

### **Approved for submission:**

Original signed by \_\_\_\_\_

Michael Duben, B.A., LL.B.  
Acting Chief Administrative Officer

## **ATTACHMENT**

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Attachment 1 – Letter of Support and Financial Contribution