



**CITY OF HAMILTON**  
**PUBLIC WORKS COMMITTEE**  
**General Manager's Office**

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	June 19, 2017
<b>SUBJECT/REPORT NO:</b>	Sun Canadian Pipeline (SCPL) Easement Agreement (PW17052) (Ward 2)
<b>WARD(S) AFFECTED:</b>	Ward 2
<b>PREPARED BY:</b>	Al Dore 905-546-2424, Extension 2617
<b>SUBMITTED BY:</b>	Rom D'Angelo, C.E.T.; CFM Acting General Manager Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATIONS:**

- (a) That the extension of an existing easement agreement between the City of Hamilton and Sun Canadian Pipeline Limited ("SCPL") effective October 1, 2014 until and including September 30, 2056 (the "Easement Agreement") substantially on the terms and conditions outlined in this report be approved, in a form satisfactory to the City Solicitor;
- (b) That the General Manager of Public Works be directed and authorized, on behalf of the City, to approve and execute as appropriate, any and all required consents, permissions and agreements, including the Easement Agreement, necessary to give effect to the Easement Agreement including the relocation of the pipeline as outlined in this report.

**EXECUTIVE SUMMARY**

In 2000, the City of Hamilton and the Hamilton Port Authority (the "HPA") entered into a settlement agreement involving the lands known as Piers 6, 7 and 8 which included the City's assumption of an existing easement agreement between the SCPL and the HPA that expired on September 30, 2014 and which permitted the SCPL to locate and operate a pipeline transporting liquid hydrocarbons and related products over lands now owned by the City (as indicated in the annotated aerial photograph attached as Appendix A).

Approval of the Easement Agreement will:

- a. provide the SCPL with the certainty of a legally binding easement and license to continue the transportation of hydrocarbons and related products over City

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*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

- lands to facilitate the delivery of these products to SCPL destinations throughout Southern Ontario;
- b. permit the City to generate revenues in the approximate amount of \$1.15M over the course of the Easement Agreement; and
  - c. permit the SCPL to comply with the City's request to relocate a portion of its pipeline at SCPL's cost along and over Discovery Drive and along Guise Street (as outlined in the annotated aerial photograph attached as Appendix B) to facilitate the development of the Pier 8 lands.

***Alternatives for Consideration –Not Applicable***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The City of Hamilton will receive approximately \$1,144,709.40 revenues over the life of the Easement Agreement (42 years – October 1, 2014 to September 30, 2056). First year revenues of \$21,176, Year 42 revenues equal \$41,240). Revenues will be used for park maintenance associated with the West Harbour and will be deposited to account number 46110-444055. Prior to October 1, 2014, revenues associated with the pipeline easement were received by the Port Authority. The Finance Division has reviewed the fees to be paid by the SCPL and is comfortable with the Easement Agreement.

Staffing: There are no staffing implications associated with this Easement Agreement.

Legal: The City's Legal department has been actively involved in negotiating the Easement Agreement.

**HISTORICAL BACKGROUND**

In 2014, the City and the HPA entered into an agreement for the early termination of the 25 year agreement that provided for advancement of the Pier 8 City of Hamilton development plans.

The SCPL pipeline was located within the Pier 8 lands and the pipeline is required to be relocated to allow for the development of the Pier 8 lands. The costs of the relocation of the pipeline are 100% the responsibility of SCPL.

Since the SCPL original easement agreement to relocate the pipeline to facilitate the Pier 8 development plans was at the end of its original term in 2014 a new Easement Agreement is required.

The significant terms and conditions of the new Easement Agreement include:

1. Term (approximately 42 years)—from October 1, 2014 to September 30, 2056;
2. Fees Payable By SCPL (per linear foot per annum):

- (a) October 1, 2014 until September 30, 2021--Four Dollars (\$4.00);
- (b) October 1, 2021 until September 30, 2026--Four Dollars and Forty Cents (\$4.40);
- (c) October 1, 2026 until September 30, 2031--Four Dollars and Eighty-Four Cents (\$4.84);
- (d) October 1, 2031 until September 30, 2036--Five Dollars and Thirty-Two Cents (\$5.32);
- (e) October 1, 2036 until September 30, 2041--Five Dollars and Eighty-Six Cents (\$5.86);
- (f) October 1, 2041 until September 30, 2046--Six Dollars and Forty-Four Cents (\$6.44);
- (g) October 1, 2046 until September 30, 2051--Seven Dollars and Nine Cents (\$7.09); and
- (h) October 1, 2051 until September 30, 2056--Seven Dollars and Seventy-Nine Cents (\$7.79) per linear foot; and

- 3. Length of Pipeline on City Property - currently approximately 5,004 linear feet and increasing to approximately 5,325 linear feet on completion of the pipeline relocation outlined in Appendix B.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

## **RELEVANT CONSULTATION**

Staff from the following departments/divisions were consulted in preparation of this report:

Legal Services, Public Works Department, Planning & Economic Development, Corporate Finance.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The City of Hamilton will generate significant revenues over the term of this easement agreement and the SCPL pipeline services most of Southern Ontario so it would not be practical or beneficial to not support the recommendations.

## **ALTERNATIVES FOR CONSIDERATION**

There are no alternative options.

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Economic Prosperity and Growth**

*Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.*

**Healthy and Safe Communities**

*Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.*

**Clean and Green**

*Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.*

**Built Environment and Infrastructure**

*Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.*

**Culture and Diversity**

**Our People and Performance**

*Hamiltonians have a high level of trust and confidence in their City government.*

**APPENDICES AND SCHEDULES ATTACHED**

Appendix A – Aerial outlining all servicing

Appendix B - Aerial outlining the proposed relocation

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