



**CITY OF HAMILTON**  
**Public Works Department**  
**Roads & Traffic**

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	February 4, 2019
<b>SUBJECT/REPORT NO:</b>	ArcelorMittal Dofasco G.P. Transportation Agreement (PW19009) (Wards 3 and 4)
<b>WARD(S) AFFECTED:</b>	Wards 3 and 4
<b>PREPARED BY:</b>	George Berenyi, P.Eng. (905) 546-2424, Extension 2927
<b>SUBMITTED BY:</b>	Edward Soldo, P.Eng. Director, Roads and Traffic Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the General Manager of Public Works be authorized to negotiate, on behalf of the City of Hamilton, an Amending Agreement to the Transportation Agreement dated June 19, 2009 entered into between the City of Hamilton and ArcelorMittal Dofasco Inc., updating, the name of the contracting party from ArcelorMittal Dofasco Inc. to ArcelorMittal Dofasco G.P., and adding a portion of Strathearne Avenue to roads upon which ArcelorMittal Dofasco G.P. is permitted to operate certain heavy load vehicles under the Agreement, in accordance with the terms set out in Report PW19009;
- (b) That the Mayor and City Clerk be authorized to execute, on behalf of the City of Hamilton, an Amending Agreement contemplated in recommendation (a) of Report PW19009, with content satisfactory to the General Manager of Public Works and in a form satisfactory to the City Solicitor;
- (c) That the General Manager of Public Works or their designate be delegated the authority to negotiate, enter into and execute on behalf of the City of Hamilton any renewal, amendment and necessary ancillary document respecting the Transportation Agreement, with content satisfactory to the General Manager of Public Works, and in a form satisfactory to the City Solicitor, subject to the following conditions:

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*OUR Vision: To be the best place to raise a child and age successfully.*

*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.*

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- (i) The Transportation Agreement contains terms and conditions consistent with the existing Transportation Agreements; and
- (ii) The General Manager of Public Works is of the view that the terms and conditions of the Transportation Agreement are commercially reasonable in the circumstances.

**EXECUTIVE SUMMARY**

ArcelorMittal Dofasco Inc. and the City of Hamilton entered into the current Transportation Agreement on June 18, 2009 and it is scheduled to expire on June 30, 2029.

The current Transportation Agreement permits ArcelorMittal Dofasco Inc. to transport super heavy loads of steel products over designated routes on certain City streets adjacent to its complex. In return, ArcelorMittal Dofasco Inc. has agreed to compensate the City for the additional maintenance and construction costs incurred as a result of its extraordinary use of these roads. Under the current agreement, ArcelorMittal Dofasco Inc.'s contribution for road rehabilitation and resurfacing work is 44.3%. In addition, ArcelorMittal Dofasco Inc. is responsible for the 100% of the cost of an annual condition assessment report and an annual administration fee.

The business of ArcelorMittal Dofasco Inc. was transferred to ArcelorMittal Dofasco G.P., an Ontario general partnership, on January 1, 2016 as part of a simplification of the business structure of their Canadian operations. This simplification was designed to create efficiencies and reduce costs to better serve customers and increase ArcelorMittal Dofasco G.P.'s competitiveness in the marketplace.

ArcelorMittal Dofasco G.P. and the City of Hamilton have recognized the need for a revised Transportation Agreement. The revised Transportation Agreement will address the following issues:

- AM Dofasco has requested the “Strathearne Avenue Route” be added to the current Transportation Agreement.
- ArcelorMittal Dofasco Inc. has a successor known as ArcelorMittal Dofasco G.P.; therefore, for housekeeping purposes, a revised Transportation Agreement including written consent of the City is required in order to satisfy Section 18 of the current agreement.

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

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: No changes to percentage-based cost sharing or annual administration fee are proposed. Under the revised Transportation Agreement, ArcelorMittal Dofasco G.P. will also share costs for the additional route known as the “Strathearne Avenue Route”.

Staffing: No staffing issues.

Legal: Revised Transportation Agreement required to address succession from ArcelorMittal Dofasco Inc. to ArcelorMittal Dofasco G.P.. ArcelorMittal Dofasco G.P. will be required to carry insurance and indemnify the City for the additional route in addition to the existing routes.

**HISTORICAL BACKGROUND**

Since 1970, the City of Hamilton, the Regional Municipality of Hamilton-Wentworth and ArcelorMittal Dofasco Inc. have mutually agreed that ArcelorMittal Dofasco Inc. may transport super heavy loads of steel products over designated portions of municipal streets adjacent to ArcelorMittal Dofasco Inc.’s manufacturing complex in return for a defined contribution from Arcelor Mittal Dofasco Inc. towards the extraordinary construction, re-construction and maintenance costs on these designated routes resulting from this exceptional use.

The current Transportation Agreement identifies two existing routes known as:

Kenilworth Avenue Route - commencing on Kenilworth Avenue North from Arcelor Mittal Dofasco Inc.’s plant entrance north of Burlington Street, south on Kenilworth Avenue to Beach Road, west on Beach Road to Ottawa Street, south on Ottawa Street to the west leg of Beach Road to Gate number 3 and return.

Ottawa Street Route - commencing on Ottawa Street North from ArcelorMittal Dofasco Inc.’s plant entrance north of Industrial Drive, south on Ottawa Street to the west leg of Beach Road to Gate number 3 and return.

The current Transportation Agreement requires ArcelorMittal Dofasco Inc. to contribute the following costs:

- 44.13% of the cost of rehabilitation and resurfacing work on the above routes;
- 100% of the cost of an Annual Condition Assessment; and
- Annual Administrative Fee of \$1700 per year.

The Strathearne Avenue Route is not included in the current Transportation Agreement. The Strathearne Avenue Route is approximately 700 m long and consists of Strathearne Avenue from Brampton Street to approximately 300 m north of Burlington Street East. The Strathearne Route provides access for ArcelorMittal Dofasco G.P.'s heavy transporters between ArcelorMittal Dofasco G.P.'s Gate 13 and the ArcelorMittal Dofasco G.P. Coil Yard approximately 50 m north of Burlington Street East. Attached to Report PW19009 as Appendix "A" is a diagram which illustrates the above routes.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

AM Dofasco G.P. requires an annual permit from the Province of Ontario to allow it to transport loads in excess of those permitted under the *Highway Traffic Act* and regulations over the public highway system. In order to get such a permit, ArcelorMittal Dofasco G.P. is required to demonstrate to the Province that it has an agreement with the appropriate municipal road authority, the City of Hamilton, providing for such use. Entering into this new revised Transportation Agreement will continue to satisfy the Ministry on an ongoing basis that ArcelorMittal Dofasco G.P. has an agreement in place with the appropriate municipal road authority.

ArcelorMittal Dofasco G.P. is required to maintain insurance and indemnify the City as a condition of the agreement.

## **RELEVANT CONSULTATION**

The following sections were consulted during preparation of the report:

Public Works Department including Roads & Traffic, Asset Management, Corridor Management, Corporate Services including Legal Services, Finance & Administration, Risk Management.

These sections are in agreement with the report recommendations.

In addition, Ward Councillors have been advised and ArcelorMittal Dofasco G.P. was consulted.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

For housekeeping purposes, a revision to the current Transportation Agreement is required to address the succession of ArcelorMittal Dofasco Inc.

ArcelorMittal Dofasco G.P. and the City of Hamilton recognize that the Strathearne Avenue Route should be added to the current Transportation Agreement. The

Strathearne Avenue Route provides access for ArcelorMittal Dofasco G.P. between Gate 13 and the ArcelorMittal Dofasco G.P. Coil Yard north of Burlington Street East.

## **ALTERNATIVES FOR CONSIDERATION**

N/A

## **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.*

### **Built Environment and Infrastructure**

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

### **Our People and Performance**

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

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” – Transportation Agreement Route Map