



Subject: Proposed Lease Agreement with Westover Express Pipeline Ltd. - Hurricane Rd. and part of South St. North

Report to: Thorold City Council

Recommendations

1. That Council **DIRECT** staff to prepare a Lease Agreement for the exclusive use of a portion of the Hurricane Road and South St. Nth. Unopened Road Allowances by Westover Express Pipeline Limited as described in this report, and;
2. That Westover Express Pipeline Limited **BE REQUIRED** to pay for the City's costs associated with the required Stopping up and Road Closure, Legal Survey and Public Notification process, Legal Fees and Leasehold Improvements, and,
3. That Staff **BE DIRECTED** to prepare a report confirming the terms of the Lease Agreement for Council's approval at a future meeting.

Key Facts

- Westover Express Pipeline Limited (WEX) own and operate approximately 108 km of underground pipeline that transports liquid crude oil from the Enbridge Westover Terminal (Hamilton) to the United Refining Company's Kiantone Pipeline in West Seneca, NY.
- Approximately 9 km of pipeline is located in the City of Thorold including two valve stations on each side of the Welland Canal within the Hurricane Rd. Road Allowance and a portion of South Street Nth.
- Recent risk assessments conducted by WEX identified the need to provide better access to its valve stations and enhance security at these remote locations.
- Staff have met with the proponents to discuss alternatives to improving access without assuming more risk.
- Council direction is required to pursue the option of a Lease Agreement (not sale and disposal) of the Unopened Road Allowance.

Budgetary Status

There is no funding approved in the Budget for project. The proponent has agreed to assume the City's reasonable costs associated with this undertaking.

Analysis

In May 2020, Enbridge Gas received approval from the Canada Energy Regulator (CER) to transfer ownership of Line 10 to WEX. WEX is a subsidiary of United Refining Company. The transition to the new ownership was completed in the fall of 2023. The company is committed to stakeholder safety and community awareness. Their sites are monitored using SCADA technology, security alarms and cameras. The underground plant is monitored at two valve stations in Thorold located on the west and east side of the Welland Canal in the Unopened portion of the Hurricane Rd. Road Allowance (See Appendix 1).

Recent risk assessments conducted at their valve stations identified;

- Poor condition of the road access due to flooding and potholes,
- Difficulty deploying large equipment in the event of an emergency,
- Restricted ability to access the site to address site communications, perform routine security and site maintenance checks,

WEX representatives approached staff to find solutions. At present there is no immediate need to upgrade the unopened portion of the Road Allowance. City staff have responded to illegal dumping and nuisance complaints in these areas and expect that extending these roads to improve access to the valve stations may only serve to make the situation worse.

As an alternative, staff are recommending that we consider the closure of the roadway and subsequent lease of the land to WEX. This will give them exclusive access (subject to the City's rights for emergency responses and inspections). This solution will allow the lessee to perform the necessary upgrades to the access roads and implement the standard of care it needs to satisfy its own security requirements. For the City, a Lease Agreement allows the opportunity to transfer risk and generate a new source of revenue.

Council's direction to advance the Lease alternative is being requested prior to initiating the process of providing public notice of stopping up and closing the road and preparing a Legal Survey of the subject lands. Subject to Council's direction, WEX has verbally agreed to assume the City's costs to complete the process.

Impact on the Environment, Climate Change

The recommended approach will significantly improve the access to critical infrastructure in the event of an emergency.

Alternatives Reviewed

Staff have considered two alternatives to the recommended solution;

1. Upgrade and open the road allowances to allow full access: The costs of the needed upgrade to a municipal road standard is prohibitive on these low volume roadways.
2. Stop up, Close and Sell the Unopened Road Allowances: Disposal of the lands might be short sighted given their potential to connect to the Welland Canal Trails.

Relationship to Strategic Plan

The recommendation is consistent with Council's Strategic Goals, namely;

- Sustainability
 - Sustainable Infrastructure
 - Financial Sustainability
 - Environmental Sustainability

Other Pertinent Reports

N/A

Prepared and Recommended by:
Geoff Holman
Director
Public Works and Community Services

Approved and Submitted by:

Manoj Dilwaria
Chief Administrative Officer

*This report was prepared in consultation with Steve Santo, Manager of Public Works,
and reviewed by Terry Dixon, Fire Chief.*

Appendices

Appendix 1 WEX Pipeline Location Plan