

Cando Proposed Road Closure / Bypass

Industry Engagement Summary Report

Submitted to:

Sturgeon County

Submitted by:

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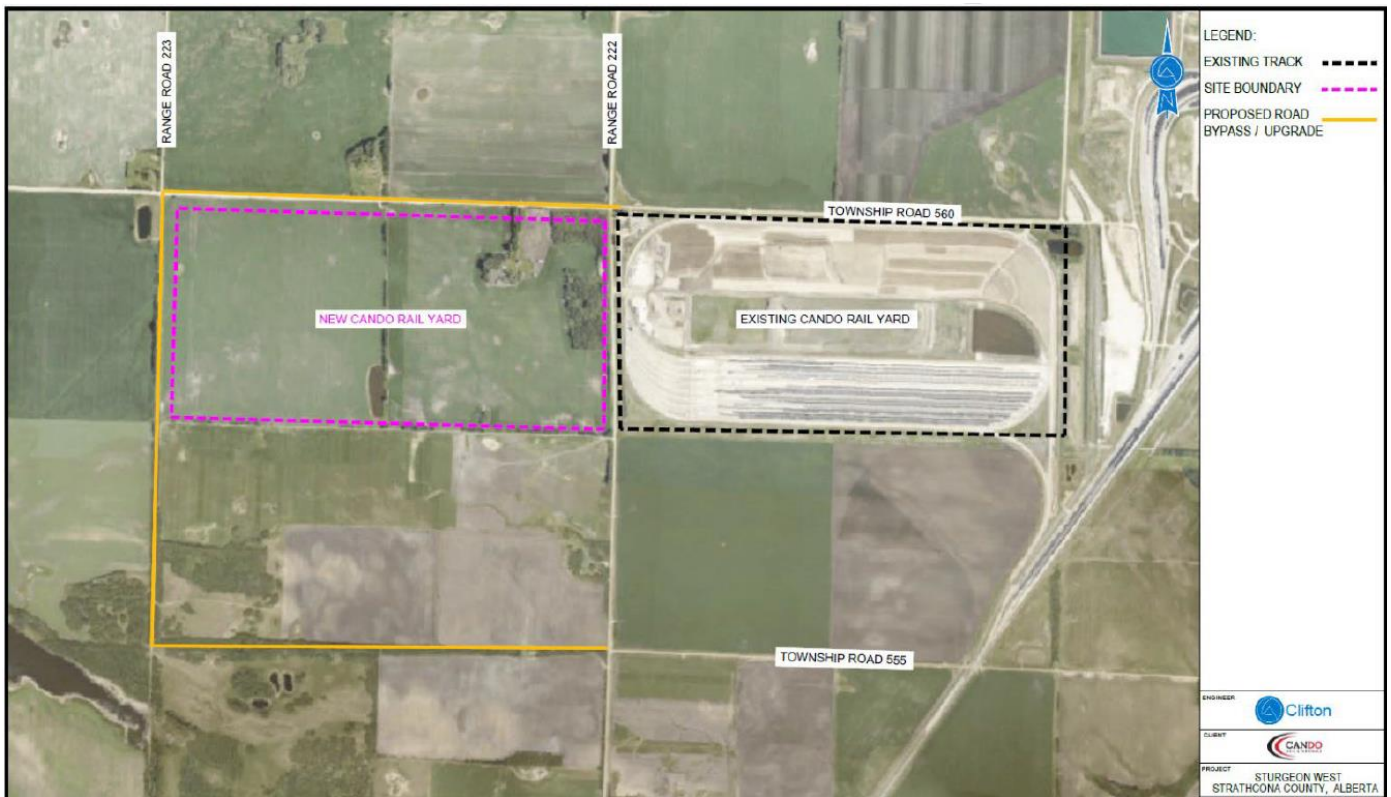
1. Introduction

1.1 Background

Cando Rail and Terminals (Cando) currently operates its Sturgeon Terminal, located at the junction of Range Road (RR) 222 and Township Road (TWP) 560 in Sturgeon County. The terminal is located in the County's portion of Alberta's Industrial Heartland (AIH). In response to customer demand for more and longer train service in the AIH, Cando is proposing to construct an additional rail terminal (the Project) to the immediate west of its existing terminal. At full build-out, the combined rail operation will be the largest private rail yard in North America. The Project is expected to cost around \$140 million and create an additional 40 full-time operations jobs.

The Project expands rail activity across an existing segment of RR 222 – see Figure 1-1.

Figure 1-1 Cando Existing and Proposed New Terminals



Source: Cando Rail

Activity from the expanded operations such as train forming and movements implies multiple crossings across RR 222, which would inconvenience area road users including residents and workers, as well as increase the potential for rail/road traffic collisions. In consideration of these issues, Cando requested the County to permanently close the segment of RR 222 adjacent to its terminals (between Twp 555 and 560).

To mitigate impacts to road users, a bypass utilizing RR 223 is being proposed, to allow for continued use of the remaining segments of RR 222, an important north-south connector within the area. Aside from Highway 825, the primary north-south route in the area, RR 222 is the only other north-south road to cross the Sturgeon River to the

south, providing alternative southern egress to industrial operations in the region and an alternative route should the highway be closed, as well as servicing area farms, businesses, and residents in the Hu Haven subdivision.

Road upgrades are required to realize such a bypass, including:

- construction of TWP 555 between RR 222 and 223 (currently no road exists)
- widening of RR 223 and TWP 560
- upgrading of all road segments to 'rural industrial standard', including expanded rights-of-way (ROWs) from 20M to 30M, targeted construction of 8 m finished gravel surfaced roadway and large shoulders
- larger turning radius at intersections with ability to accommodate tandem loads

The intent is to improve the condition of the bypass road linkages above their existing state, to minimize impacts and improve road safety including maintained access for local transportation and farming activities in the region. Cando is proposing to pay for these upgrades, with the County retaining the rights to the roads and ROWs once the bypass is complete.

1.2 Engagement

Cando is preparing an information package for impacted stakeholders, planned for release on the week of October 16 and a public information session is scheduled on November 2. In advance of this, Cando and the County seek to understand potential impacts a closure/bypass may have on other major industry operations in the region, the degree of support they have for the closure/ bypass, and any other material factors of which the County should be aware.

Nichols Applied Management has been hired by the County to act as a neutral third-party for this engagement. The County initiated contact with the following companies with Nichols directly following-up with and undertaking meetings with participating companies. Meetings in the form of video-calls were held between October 2 – 11. The following is a listing of organizations engaged:

Table 1-1 List of Industry Engagement Participants

Organization	Interviewed	Organization	Response to Invitation
• Evonik	✓	• Pembina	<ul style="list-style-type: none"> • Provided email response to questions for this engagement process • provided letter of support and is meeting with County directly
• Inter Pipeline	✓		
• North West Refining	✓		
• Nutrien	✓		
• Suncor / Fort Hills	✓		
• Wolf Midstream	✓		
• Alberta's Industrial Heartland Association (AIHA)	✓	• CN	<ul style="list-style-type: none"> • No response to County reach out (1x) or consultant reach outs (2x)

The remainder of this report presents a summary of input received from the industry engagement exercise. Findings have been collated and summarized, without direct attribution to any one company unless permission was granted. Findings are organized around four simple themes:

- the degree to which the affected roadways are currently utilized by industry
- any expected effects to existing operations or future plans
- other general traffic or safety concerns
- general feedback on Cando's engagement process to-date

This report is meant to inform County Administration in planning for the Project and for County Council in its decision-making regarding the road closure application. Concerns raised by industry are being shared with Cando to inform its management of any issues or interests held by regional industry stakeholders.

Note, this process has been limited to industry with no engagement undertaken by Nichols with area residents. Formal engagement on the Project, including with area residents will be undertaken by Cando in short order. Cando has also initiated informal engagement with landowners immediately adjacent to the proposed bypass through early field work for regulatory permitting and geotechnical investigation.

It is also important to note that this engagement occurred with one or two representatives from each company, who were learning details about this project for the first time and being asked to respond 'on the fly'. All respondents indicated that their responses represented their opinions only and indicated they would be sharing this information, along with the official information package when received from Cando, internally with other team members, and would in some cases be preparing formal company responses. Respondents reserved the right to adapt their answers later after these internal discussions. Therefore, the responses synthesized in this report should be noted as being initial, and not definitive in nature. County Administration will be following up to ensure industry representatives are aware of the public hearing and can provide more definitive feedback at that time, should their positions change from those presented in this report.

1.3 Current Road Utilization

Current Configuration and Traffic Counts

TWP 555 currently dead-ends at RR 222 (westbound). RR 223 effectively ends at TWP 560 (southbound). According to County traffic counts undertaken in 2021¹, all of the road segments under consideration see relatively low levels of activity. Counts by road segment include:

- RR 222 at the intersection of TWP 560 – 76 average daily vehicle movements (~38 each way/day)
- RR 222 at the intersection of TWP 555 – 150 average daily vehicle movements (~75 each way/day)
- RR 223 at the intersection of TWP 560 – 11 average daily vehicle movements (~5 each way/day)
- TWP 560 at the intersection of RR 223² – 76 average daily vehicle movements (~38 each way/day)
- TWP 555 at the intersection of RR 222 – 47 average daily vehicle movements (~23 each way/day)

¹ 2021 Traffic Counts, provided by Sturgeon County.

² Count unavailable at intersection of TWP 560 with RR 222.

Industry Input

Input from industry regarding usage of these road segments aligns with the County’s traffic counts – namely these segments see relatively low level of use. RR 222 sees the most relative use, with some limited workforce commuting between industry and farms and residences located in the southern part of the County. Some construction traffic also reportedly utilizes RR 222 when projects are underway. Similarly, TWP 560 sees some limited use and reflects a mix of limited workforce commuting and construction traffic. Industry reports no use of RR 223 and minimal use of TWP 555 (near RR 222). The following table summarizes current industry use of these road segments.

Table 1-2 Current Use of Road Segments by Industry

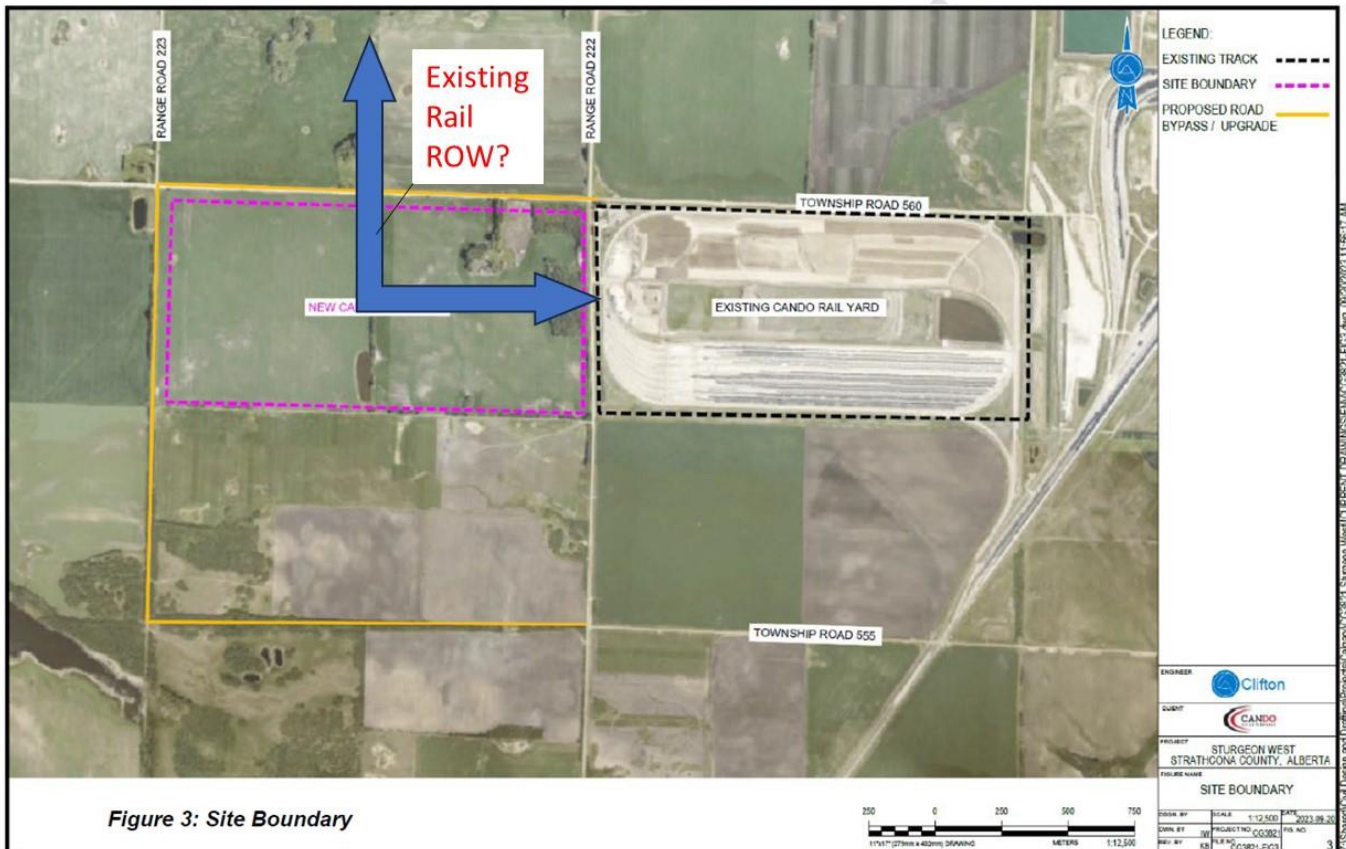
Activity Type	RR 222	TWP 560	TWP 555	RR 223
Operations Workforce Commuting	<ul style="list-style-type: none"> Minimal use – most companies indicated having a relatively limited number workers commuting from southern portion of county One company notes RR 222 used by area workers when Hwy 825 was closed for bridge work 	<ul style="list-style-type: none"> Minimal use One company notes security and site services drive this road and RR 222 fairly frequently 	<ul style="list-style-type: none"> Minimal use, only for operations to the east of Cando 	<ul style="list-style-type: none"> No reported use
Construction / Other Activities (Workers, Deliveries)	<ul style="list-style-type: none"> One company with bordering land reports used for occasional maintenance equipment and farming equipment moves Another company notes road sees some use by turnaround traffic 	<ul style="list-style-type: none"> One company with bordering land reports used for occasional maintenance equipment and farming equipment moves Another reports periods of heavy use during construction activity 	<ul style="list-style-type: none"> No reported use for construction activities Occasional farming activity 	<ul style="list-style-type: none"> One company with bordering land reports used for occasional maintenance equipment and farming equipment moves north of TWP 560
Emergency Routes (as per Company ERPs)	<ul style="list-style-type: none"> No reported use explicitly in an ERP That said, RR 222 reported by a few companies as an important secondary access/ egress route when Hwy 825 is closed Noted by one respondent that bypass adds a couple minutes of travel time for mutual aid (e.g. responding to a grass fire) 	<ul style="list-style-type: none"> No reported use explicitly in an ERP (except as a secondary access route by one company) 	<ul style="list-style-type: none"> One company reports accessing its emergency training ground via TWP 555 and RR 222 	<ul style="list-style-type: none"> No reported use explicitly in an ERP

1.4 Expected Effects to Existing Operations / Future Plans

Only one company identified a potential impact to future land use. The fate of an existing rail ROW belonging to CN, running from the middle of Section 34 (the middle of the proposed new Cando terminal) north into undeveloped industrial land was flagged as a question.

The following figure shows a rough approximation of the potentially-existing ROW location.

Figure 1-2 Potential Existing Rail ROW



Source: Cando Rail

The representative raised the question of how the Project would impact the ROW viability, which could have implications for future development options. Subsequent to that interview, Cando has indicated it is in dialogue with industry and CN to ensure this rail ROW remains in place to service lands to the north of the Project.

No other companies expressed concerns about Cando’s proposed expansion and potential effects of the bypass on existing land uses.

1.5 Other General Concerns or Interests

General Opinion on the Closure and Bypass

Companies agree with the strategy of closing the road, given the degree of planned additional rail activity for Cando and potential impacts to road traffic. A couple respondents note that avoiding rail crossings is important to maintain road safety.

Companies also support the bypass, noting it is a reasonable response for Cando to take. Comments include the following sentiments:

- the bypass provides a solution, not just closing the road without offering an alternative
- while a bypass adds a bit of drive time for the users, it maintains access through the region, and therefore the impact is felt not to be significant
- making improvements to the regional road network is important, as industry wants to maintain good relations with area residents

Opinion on the New Terminal Project

Collectively, industry is supportive of the Project, welcoming additional rail capacity in the region, as it supports current and future potential growth. Comments include the following sentiments:

- the AIH is one of the busiest industrial zones in Canada and currently has insufficient rail coverage
- more rail yard capacity / competition in the region is good for shippers
- ability to safely ship industrial products is critical to local and national development of new industries, supporting development of a low carbon economy as well as local economic development
- Cando's existing terminal is a regional asset and there is a desire to have them service their company as well
- more trains / expanded operation introduces additional risk to the area in general, requiring managing
- the AIHA supports infrastructure upgrades in the region including rail, so is supportive of the Project

One comment was raised by the AIHA regarding potential impacts to property values relative to future industrial buyers.

Other Considerations

One company made a general observation regarding Cando's planned expansion, noting it introduces a somewhat long and narrow land holding crossing, and wonders if it could impact future expansions of neighbouring landowners. They ask to what degree the County is considering this Project application, including the future land use fits within a longer-term, strategic plan for industrial development? They note to their knowledge no such plan exists and encourages the County to take a longer-term strategic view when considering Project requests to ensure future growth is not unduly constrained.

1.6 Feedback on the Engagement Process

In general, the majority of companies had no concerns regarding the engagement process being followed by Cando, including the proposed review schedule. A few companies have some concerns with the schedule and also offered some general observations. These concerns are summarized below.

Time Allotted for Engagement

A few companies identified concerns with the timing of the planned process for engagement leading up to a Council decision, characterizing the schedule as overly aggressive and not allowing fulsome time for stakeholders to engage and respond (including residents). Sentiments expressed include:

- the time provided is too short for meaningful engagement, and it is difficult for stakeholders to fulsomely consider potential impacts to future operations
- consultation occurring before first reading by Council makes more sense, as well as more time between the planned information session and second/third reading
- there is recognition that perhaps some conversations are occurring informally which provides stakeholders some warning, but typically more time is given for projects of this nature

Subsequent to when the industry discussions occurred, the County extended the date for 1st reading from October 24th to November 14th, with a public hearing to be scheduled for December 12th.

Consultation Process Taken To-Date

One company expresses some concern regarding the process taken to share information, noting its tied together with the broader concerns of the short timeframe being used. Comments include the following sentiments:

- it is important to receive information in advance (e.g., to conduct this interview) – need time to digest and think ahead of time
- industry standard (in oil and gas) is 14 days written notice to affected parties (e.g., well sites)
- Cando may need to expropriate / purchase land from companies as part of the Project, which impacts their land holdings, and this is the first they are hearing of it.

1.7 Conclusions

Industry in the region is supportive of the segment closure on RR 222 and the proposed bypass and road upgrades as mitigation. Industry is also supportive of Cando's Project in general, welcoming additional rail capacity. Cando appears to have a good reputation amongst industry peers as a rail provider, although most respondents noted the company does not (to their knowledge) directly service their operations.

Some concerns are identified regarding what is seen as an 'aggressive' schedule for the road closure process with the County, including insufficient time for companies and residents to absorb and respond to the proposed changes. That said, it is noted that the County has limited ability to control the timelines of an applicant.

The County may want to consider providing more time between key steps in the process to avoid criticisms that the road closure process is being 'rushed through', including:

- scheduling first reading after the information session
- offering more time before the second/third hearing and public hearing

Subsequent to the gathering of this industry feedback, it was reported that the County has extended the timeline of the first reading by three weeks to allow for more review time by potentially affected parties. Second and Third readings will occur after ministerial sign-off (with an estimated timeline of 2-3 months) as is legislatively required by the MGA. Hence, it is likely the overall timeframe will be longer than originally estimated by Cando.

Based on peer input, Cando would benefit from increasing its focus on resident and industry engagement in the immediate area, being more proactive through engaging in positive actions before requiring something and ensuring existing commitments like road uses are being met (and if they are, ensuring residents know so).

The new terminal project will be subject to regulatory application(s) and that process will go more smoothly if neighbours are happy with the Project. Once in operation, the terminal will be impacting local residents through its presence including every time they have a slightly longer trip due to the bypass. Ensuring happy local stakeholders will help reduce future complaints related to company operations as well.



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