

# Oxford County's Short Line: The Ontario Southland Railway

The Ontario Southland Railway (OSR), which serves Oxford, Norfolk, Elgin and Wellington counties, exemplifies the flexibility, resilience and untapped potential of short lines across the province and the nation.

Incorporated in 1992 by then-CP locomotive engineer Jeff Willsie, the OSR began operations in April 1994, contracting with Petro-Canada to switch empty and loaded tank cars between its Mississauga lubricants refinery and the CN Oakville Subdivision at Clarkson.

The next expansion occurred on January 1, 1998, when OSR began operating the 39-km Guelph Junction Railway (GJR), which was built by the City of Guelph in 1888 as a means of providing competitive rail service for local industries, which were then captive to the Grand Trunk Railway, which later became a component of the publicly-owned CN system.

The City of Guelph leased the GJR to CP for 99 years and it became part of a CP through route from Hamilton to Goderich. After CP abandoned its own Guelph-Goderich section of the line in December 1988, it provided contract operation of the municipally-owned segment from the connection with its Toronto-Windsor main line at Guelph Junction (west of Campbellville) to Guelph's Northwest Industrial Park. However, CP declined to renew the contract in 1997.

The OSR takeover of the service on the GJR was followed on February 26, 1998, by the start-up of its own lease and operation of the 28-km CP Tillsonburg Spur from its

connection with CP's St. Thomas Subdivision at Ingersoll to the end of track at Tillsonburg. This line serves:

- Future Transfer (agricultural logistics)
- Cedar Crest Wood Products (fibre board)
- Kissner Group (salt)
- Johnson Controls (toluene)
- International Beams (lumber products)
- Wellmaster (drilling pipe and supplies)

On December 15, 2009, OSR leased CP's 52-km St. Thomas Subdivision from its connection with the CP Montreal-Toronto-Detroit main line at Woodstock to St. Thomas. Customers include:

- Ontario Refrigerated Services (refrigerated warehousing)
- Auto Warehousing Company (GM CAMI and other automotive transfers)
- Agrium (fertilizer)
- Belmont Farm Supply (fertilizer)
- Sylvite (fertilizer and grain handling)
- Messenger Freight Services (auto parts for re-packaging)
- Factor Gas Liquids (fuel distribution)
- Putnam Propane (fuel distribution)

OSR also serves as the contract switching carrier for General Motors Canada's CAMI Assembly Plant at Ingersoll. OSR moves empty multi-level auto rack cars into this facility for loading and then conveys the loaded cars to the main line Class I railways for shipment throughout North America.

**FARM SUPPORT SYSTEM:**

*Agricultural supply firms such as Sylvite, at Putnam, Ontario, depend on the flexible and cost-effective service of short lines for access to bulk commodities such as fertilizer, which often can only be supplied efficiently through rail haulage.*

*Photo by Walter E. Pfefferle*



Additionally, OSR has built two servicing facilities to accommodate its own needs and perform additional work under contract for outside clients. The Guelph Junction Shop was built in 2000 to service equipment operating on the municipally-owned GJR.

The Salford Shop was constructed in 2005 to provide mechanical servicing facilities for the growing OSR operation and to handle contract work by and for other rail industry clients. It has been expanded three times and it now accommodates 18 locomotives, as well as providing offices and crew facilities.

In addition to meeting its own needs, the OSR Salford Shop is used by ZTR Control Systems to upgrade electronics and other locomotive sub-systems for Class I and regional railway clients in Canada and the U.S.

OSR operations in Oxford and Elgin counties and at Guelph are vital cogs in the economies of these areas. The combined operation now employs 80 workers, with a monthly payroll of more than \$80,000. Throughout its 18 years of operation in Oxford County, OSR has invested in its physical plant to maintain and improve its service. Ongoing tie replacement and flash butt welding the old 39-foot rail sections to eliminate joints have been two of the major programs undertaken. Sidings extensions and additions have also been undertaken to expand capacity.

Attesting to its credibility within the Class I rail industry and with shippers, OSR was brought in to rescue another short line that failed due to a serious infrastructure problem the operator couldn't afford to repair. Under a 1998 lease arrangement with CN, the St. Thomas & Eastern Railway (ST&E) was established by Trillium Railways, a Niagara Region short line, to take over CN's operation on its Cayuga Spur between St. Thomas and Delhi. This line once formed part of a CN main line route from Windsor to the Niagara Region.

However, the deterioration of a large bridge at Tillsonburg and other upgrading projects led to a need for capital investment beyond ST&E's financial capacity. This resulted

in the termination of the lease in December 2013, at which point CN announced its intention to abandon the entire line.

This situation changed due to Siemens Canada's wind turbine manufacturing facility in Tillsonburg. The plant's initial customers were in Southwestern Ontario, allowing for the large turbine blades it produces to be moved by truck, although this is no easy task compared to rail haulage. However, the plant's current customers are outside Ontario and trucking these oversized loads long distances is not an option.

To capture these lucrative long-haul moves, CN invested \$640,000 to rehabilitate the bridge, installed 6,000 new ties and contracted with OSR to operate the line. OSR installed 3,800 ties and undertook considerable work at its own expense to re-open the line to Courtland.

Additional traffic may come from various new and existing shippers, including IGPC Ethanol's Aylmer plant, which is contemplating a doubling of its annual production of 200 million litres of fuel grade ethanol and 170,000 tonnes of distillers' grains. Traffic is also available at Delhi, but OSR cannot justify the expense of rehabilitating the line east of Courtland to capture it.

While the rehabilitation and reactivation of the Cayuga Spur is a success story for CN, OSR and the shippers, it is also a warning about the fragility of Ontario's short lines. Had this been wholly dependent on OSR investing its own capital in the full rehabilitation, it wouldn't have happened and Siemens Canada's competitive position might have been weakened. With only a marginal return on their current operations and an ongoing need for the maintenance of existing infrastructure, a project this large is beyond the capabilities of many short lines.

The OSR exemplifies the capabilities of a, locally-owned and well-managed short line. But it also underscores the fact that the full potential of short lines is not being realized in Canada.