



Canada's infrastructure investment strategy: a spotlight on Port Metro Vancouver



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Despite the current global recession, Canada is moving forward with a multi-billion dollar infrastructure investment strategy. The resources of government and industry are being applied to transform Canada into an efficient and competitively priced gateway to the North American market and to strengthen Canada's domestic infrastructure.

The west coast of Canada is a centrepiece of the country's infrastructure strategy. Port Metro Vancouver, an amalgam of 28 terminals, including Vancouver, Fraser River and North Fraser, is Canada's busiest port. The Port is serviced by CN and CP Railways, Burlington Northern Santa Fe, BC Rail and Southern Railway of BC, the Trans-Canada highway and the U.S. Interstate system.

The Asia-Pacific Gateway and Corridor Initiative represents one of the major undertakings. Prime Minister Steven Harper has indicated that "Canada should be the crossroads between the massive engine of the United States and the beginning economies of Asia." Canada's trade with China has doubled to C\$47.5 billion over the past five years making China Canada's second largest trading partner after the United States. The bulk of this trade flows through Port Metro Vancouver. Canada's stated goal is to take market share from Long Beach, Los Angeles, Seattle and Tacoma by increasing the number of TEU's through the Port of Vancouver from the current 2.3 million to 9 million in 2020.

This past September, funding of up to C\$40 million was announced for shortsea shipping and two road projects in British Columbia's lower mainland. Among other features is the construction of barge docks and ramps at the Vanterm and Deltaport container terminals of Port Metro Vancouver. Using the barge docks, the terminals will be able to shuttle containers by barge to and from the Fraser River. To date Canada's Federal Government has committed over C\$1 billion to the Pacific Gateway, with \$800 million for projects in British Columbia and the remainder targeted for projects in Saskatchewan and Alberta.

A total of C\$14 billion has been allocated by public and private sector interests to improve B.C.'s road, rail, port and airport networks. This includes investing in the new container terminal in Prince Rupert, B.C., a third container berth in Deltaport, C\$4.6 billion for roads and bridges in British Columbia and major investments by CP Rail and CN Rail in their

intermodal operations.

Port of Vancouver USA commissioner approved agreements between the port and the BNSF Railway Company creating a historic transaction facilitating the construction of the port's \$137 million West Vancouver Freight Access project (WVFA). The port will purchase nearly 17 acres of railroad right-of-way from BNSF for \$3.1 million, and the railroad will donate more than \$6 million of accompanying rail infrastructure to the port to allow the construction of the port's preferred rail alignments. As a part of the deal, the port has agreed to finish construction of the project by December 31, 2017.

Port customers now use more than 57,000 rail cars annually. Recent studies forecast that rail use at the port could grow to as many as 160,000 rail cars per year when the project is complete and operating. The WVFA expands the dedicated port rail facilities from 18 miles of track to more than 43 miles, providing significant unit train improvements and marked capacity improvements to the Pacific Northwest railroad system that will benefit the region for years to come. Seventy percent of the port's cargo is currently moved by rail, a number that's expected to grow to more than 80 percent upon completion of the project. BNSF currently handles all rail services inside the port property, and delivers approximately 20 percent of port traffic for further handling by its competitor, Union Pacific Railroad (UP).

The agreement also opens the way for new commercial rail access for shippers within the port's expanding marine and industrial facilities at Terminal 4, the Alcoa property (also known as the port's future Terminal 5) and the future development at Columbia Gateway. As rail service continues to grow it will provide shippers with commercial access to the mainline networks of both BNSF and UP. Some of the important deal points include a basis for the port to collect maintenance fees, rail infrastructure expansion repayment fees, access fees; support for existing port tenants including: Vestas, Subaru, Tristar Transload, Boise Building Products, Food Express, Commodities Plus, Plastics Northwest, Trimac Panel Products; and the establishment of a stronger relationship between the port, as the rail owner, and the BNSF Railway as the port's exclusive rail operator. This makes the railroad a vested marketing and operating partner with the port.

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