



City of Surrey

Transportation Committee

Minutes

Executive Boardroom
City Hall
14245 - 56 Avenue
Surrey, B.C.
WEDNESDAY, MAY 21, 2008
Time: 8:30 a.m.

Present:

Chair - Councillor Bose
Councillor M. Hunt
Mayor Watts

Absent:

Guests:

Peter Holt, Buckley Blair Consulting
Allan Aubert, Secretary FVHRS
John Sprung, Chair FVHRS, Kwantlen
Robert Ashley, Vice-Chair FVHRS
Frank Butzelaar, Southern Railway of BC
Ken Doiron, Southern Railway of BC

Staff Present:

P. Ham, General Manager, Engineering
J. Boan, Transportation Manager
V. Lalonde, Manager Utilities &
Transportation
Don Luymes, Policy Planning Manager, Long
Range Planning
H. Dmytriw, Legislative Services

Chairperson Councillor Bose thanked everyone for attending today and introductions were made. The Closed agenda item would be dealt with at the end of the agenda.

A. ADOPTION OF MINUTES

It was

Moved by Councillor Hunt

Seconded by Mayor Watts

That the minutes of the Transportation

Committee meeting held on May 5, 2008, be adopted.

Carried

B. DELEGATION

1. Frank Butzelaar and Ken Doiron of **Southern Railway (SRY)** were in attendance and provided a presentation outlining Southern Railway's strategic direction. The following comments were provided:

- Frank Butzelaar thanked the committee for the opportunity of presenting Southern Railway, and its plans and its strategic interests:
 - Served by Southern Railway
 - The Rail Advantage
 - Surrey Case Studies
 - Future Vision
- Partners in Sustainable Growth:
 - 62 mile short line railway with interchange points with other larger carriers in Chilliwack, Huntington-Sumas, Abbotsford, New Westminster.
 - A Short line carrier – is the first and last line of any continental rail line. Receive cars from Class One railways
 - Four Class One connections – this is the biggest secret of Southern Railway success. They deal with the last mile of a joint connection such as the coal line from Roberts Port; onto a shared track.

- Southern Railway is the lower mainland portal to markets across North American and into Asia.
- Southern Rail own the rail assets but don't own the right of way; BC Hydro is the owner of the right of way.
- Southern Rail have the rights to serve any industry off from that.
- New Age of Rail:
 - Cost effective - Efficiencies of steel on steel
 - Competitive - Oil @ \$120 a barrel
 - Green - Environmental benefits—lower emissions
- Benefits of Rail:
 - Key factor in Southern Rail attracting and keeping industrial clients:
 - Railway is neutral (allows containers to be transferred to any of the four big rail lines for longer hauls)
 - 2,000 rail cars in fleet, half are boxcars and half are lumber cars
 - Greater efficiencies in long haul, heavy freight movement
 - Low environmental impact—rail moves one tonne 168 KM on one litre of fuel (3 to 4 times more efficient than trucking)
 - Enables local industries to connect with markets across North America and around the world
- Are part of a bigger organization group, Washington Transportation Group:
 - Southern Railway of British Columbia
 - Southern Railway Vancouver Island
 - Washington Marine Group
 - Montana Rail Link
- Southern Railway History:
 - Originally BC Electric Railway company in Victoria and lower mainland, incorporated in 1897
 - Interurban passenger service between New Westminster and Vancouver
 - 1910 Constructed line to Chilliwack
 - 1950's Freight only service
 - 1962 BC Hydro Rail
 - 1988 Privatized – Purchased by ITEL
 - 1994 Purchased by Dennis Washington
- Southern Railway Facts - 62 miles of main line track, 38 miles of industrial sidings, 15 miles of yard track, 29 locomotives, 191 employees, 74,000 carloads handled in 2007, Over 150 active customers, 4 Class One connections
- Southern Railway is successful through competition. Business is growing, handling almost double the amount of carloads
- Southern Railway business categories include 7% Automotive, 10% Steel & building products (IPSCO biggest customer), 23% Agriculture, 26% Forest products, 34% Consumers, plastics and intermodal
- Burlington Northern Rail runs through Crescent Beach and White Rock. A potential alternative route exists at the interchange with Burlington Northern in Sumas. Much light rail volume goes through this interchange point via Abbotsford and Chilliwack. Light loads go through Abbotsford and heavy loads must run on the heavy rail tracks through Surrey White Rock.
- The Shortline Value Proposition:

- Provide customers with superior access to the North American rail network. Receive large deliveries of rail cars into lower mainland; is between Canadian National and Southern Railway. There is no other shortline railway with four Class 1 connections.
- Provide Class One carriers with the consolidated volume of numerous shippers in train-length-quantity
- Provide generic rail car supply
- Southern Railway Business Proposition:
 - Role – Superior access to North American Rail network and local port facilities
 - Specialty – Flexibility and a specialty rail with first mile and last mile service which are the two most difficult miles for any railway
 - The goal is for the economic benefits of rail to be available to every industry. The value is in the efficient economic delivery. Can set up a number of relay points with Southern railway to expand the delivery reach.
- Goals for Surrey business - To partner with City of Surrey towards attaining economic development goals; Diversification of tax base; Good jobs, close to home; Development of potential tourist rail products (a natural logistics hub in the river area); Provide a transportation platform for Surrey industries to access domestic and international markets.

Discussion ensued and in response to queries the following comments were provided:

- Currently operating at about 20% of the rail line capacity.
- Run exclusively at night. 11:00 pm – 7:00 am. Don't like to run through urban areas during the daytime due to traffic impacts.
- Class One carriers don't always deliver when they say they will. A special train will be sent out. Flexibility very important to them. That's what makes a short line railway. The service part is critical and responding to customers needs is fundamental
- Southern Railway is not a Class One rail, but is a short line service that provides 4 switches a day on 24 hours notice. They are fully crewed to provide this service every day whether it is needed or not.
- Goals:
 - What can be done together to develop the City of Surrey?
 - In 1989, Ernst and Whiney identified Surrey's rail as being what strategically places Surrey so uniquely within the lower mainland.
 - To focus on better integration of the rail and marine operations (including Vancouver Island Rail).
 - Surrey Fraser River Docks - Delta Port and containers are being moved to Prince Rupert. Delta Port will expand more into containers.
 - The long term plan for South Fraser Docks is for break bulk (anything but containers). The success of 4-5 years ago with deep draft vessels has ceased – these ships can no longer go up the river now due to river silt build up. South Fraser Docks are back to moving steel and logs.
 - Deep draft vessels are now moving freight from Lynn Terminal on the North Shore (infill on south side of Burrard Inlet, with more containers.)
 - Surrey will go more into break bulk. This will generate more jobs. To develop that as part of a strategy. 700 trucks a year are now going back and forth.

- South Fraser Docks Expansion: Southern Railway own land on Olson Road. Bulk materials (lumber) to expand.
A shift from containers to break bulk at South Fraser Docks will have an impact on our city streets, etc. The trend will be to shift away from rubber to rail. Break bulk tends to come in by rail. High value commodities go into containers. There is high value to break bulk that is moving very efficiently. This is a huge new wave that customers really like it and can't be stopped.
- Pulp industry is loaded into containers with Inventory waiting shipment at both destinations.
- Deep draft vessels can no longer come up river, and as South Fraser Docks becomes more break bulk we should see less rubber to rail. The Vancouver Port Authority visited a few weeks back but did not focus on what this shift to break bulk may look like. An analysis is to be done by the Vancouver Port Authority. Contact person is Gordon Huston.
- Fraser Surrey is heavily invested, with cranes, but now the growth is in containers.
- Staff to follow up with the Port Authority people for a larger perspective. The Fraser Port contact is Tom Corsie, Vice President, Infrastructure Development. (Captain Corsie is responsible for all matters pertaining to VFPA real estate and property development.)
- Commuter rail and freight – freight rail is taken very seriously. Four switches are run 6-7 hours apart, 6-days a week (not Saturdays). There is virtually no unused time. The existing full operation train service operates during the night between 11:00 pm –7:00 am. The main lines are not occupied on weekends.
- Tourist rail on the property needs to be worked out with their customers. They can make it work since tourist rail runs during daytime hours.
- A daytime passenger train can be accommodated but has to be done together. Southern Railway customers will want to know what that would mean to them.
- Industrial area developments - A grain trans-load facility is being developed in Cloverdale. That business could require Southern Rail to provide services at a moments notice and may need to run during the day—this would require a service plan. There are a lot of very good rail crossings including the large crossing on Scott Road and Scott Road Hill. No partnering is required at the overpasses as the City or the Province would provide the grade separations at the overpasses.

Further presentation information:

- Industrial & Economic Development - Development drivers - Maintaining and attracting industry and high paying jobs requires an attitude of being “open for business”: Skilled workforce, competitive taxes, serviced land, access to competitive transportation (marine, truck, rail).

Discussion:

- Gloucester Estates is the next growth area:
 - o By working together with your industrial economic departments, the City receives pressure regarding the issue of industrial parks. There is the inherent need to protect those lands that are under the Industrial Land

Reserve and the need to recognize the importance of having an Industrial Land Reserve as well as an Agricultural Land Reserve. Steps has already been taken to ensure that the Industrial Land Preservation Policy is in place: *Economic Development Strategy*.

- 30 acres per year is required for truck parking needs in Surrey. 65% of all truck registrations are in Surrey alone.
- One issue that needs to be explored is the short haul rail line for *just in time delivery* to ensure the required warehouse storage space would be reduced. This capacity is then used only by big railways. Frequent rail services move the goods more quickly.

Further presentation information:

- The Rail Advantage – Reducing Green House Gas & Congestion:
 - By the Numbers:
 - Rail is three to four times more fuel efficient for shipping a given tonnage of freight.
 - Rail carries 65% of freight surface tonne per kilometer but only produces 4% of transportation GHG
 - Southern Rail Green Initiatives include changes in fuel specifications, improvements to equipment maintenance, retrofitting of emissions reduction systems, replacing older locomotive engines with newer more emission-friendly units. 54,000 truckloads equal 18,000 train carloads.
 - The lower mainland repair facility provides re-engineered and rebuilt engines as well as repair work for freight cars and railways. The facility employs 30 people and is highly capitalized with stock from many years ago.
- Other options for freight transportation include Canadian National, Canadian Pacific, and Union Pacific.
- Southern Rail Customers include Vessel, Truck, and Barge.
Strong Local Customer Base include 25 industrial customers in Surrey, employing over 1200 workers providing services for:
 - 18,000 carloads per year
 - Steel, plastics/chemicals, agriculture, building products, forest product
 - Neutral link to multimodal network reaches -
 - To BC and North American through four Class One railroads
 - To Coastal Freight and Vancouver Island through Seaspan and SVI
 - Connecting Vancouver Island with mainland North America and Asian markets through a proposed Annacis facility.
- Provides a Portal to North America & Asia:
 - Catalyst –
 - 400,000 sq. ft. distribution centre on the Fraser River
 - Site chosen because of barge, rail and port access
 - Southern Railway developed service plan capable of providing up to four switches per day enabling Catalyst to load up to 52 cars per day, 12,000 per year
 - Access to Southern Railway fleet of 900 specialized paper cars
 - Catalyst has competitive access to every rail serviced destination in North America.
 - IPSCO –
 - Produced 150,000 tons/year cut steel and plates

- Uses 60,000 lb. “Parent” steel coils from “mini mills” in Regina and Montpelier that can only be shipped by rail.
- Raw materials and finished products shipped to BC and North American customers through Southern Rail.
- Completed \$20 Million upgrade in 2007.
- Fraser Surrey Dock –
 - Largest break bulk terminal on West Coast of steel and forest products
 - Highly automated inter-modal rail capability and connections through Southern Rail to major transportation arteries in Canada and the United States gives customers important advantage in the race to market.
- Export Lumber – Apex Terminals
- Import Autos – Annacis Auto Terminals
- Finished Autos –
 - 120+ acres vehicle distribution facility (Annacis)
 - Majority of Surrey dealers receive their new cars via Southern Rail.
 - Annacis Terminal receives vehicles from Korea and Japan
 - Annacis is a transfer facility for Eastern Canada and US plants
 - Terminals offload 230,000 import vehicles yearly from specialized ships at Annacis, 20% for BC market
 - Southern Rail handles an additional 148,000 domestic vehicles per year to the BC market
- Paper Trans-loading – Catalyst distribution centre –
 - Partnered with Fraser Port with a company from Seattle
 - Serve them with barges, paper from mills up coast
 - Fleet of 1,100 cars
- Future Vision:
 - Facilities and services for –
 - Inter-modal Container Revolution:
 - Bulk materials converting over from break bulk ocean transport to container transport requiring efficient trans loading – mitigation strategies on impact on Surrey.
 - Current route for these containers to export docks is via our existing road network = long lineups at the docks, more congestion and more emissions.
 - Solutions:
 - Develop a short shuttle service in Langley to Delta Port at Roberts Bank. A shuttle train – a 50-car train double stacked, a lot more possible capacity.
 - Large container stuffing terminal on rail in the Fraser valley to receive inbound commodities, trans load into containers for rail delivery to Delta Port
 - Greatest challenge is securing the real estate required to support such a venture
 - Industrial land base priorities –
 - Protection of existing industrial and base
 - Develop an industrial and strategy
 - Logistics park of the future -

- Cloverdale Logistics Park - The 30 acres of the land owned by Ralph Barizan
 - A perfect place for long trains, transfer of goods.
 - Largest piece of industrial land available in lower mainland.
 - Uniqueness of this property – new alignment
 - Have just built a new spur in there.
 - 25 cars/day are loaded and unloaded – 2 tracks needed: one for loaded cars and one for empty cars
 - An excellent logistics park. A place where warehouses could be built.
 - Trains instead of trucks could go to Delta Port
- Fraser Surrey (Parish Heinbecker site)

Discussion and committee comments:

- There is the concern that this solution would generate little revenue, but may reduce the overall cost to the City. Smaller revenue makes more sense when alternative costs are reduced. Consider the alternative impact. Removing all trucks off the streets may be of more value than the high grading of land for taxes.
- The 30 acres of land is so valuable.

Further presentation information:

- Logistics Park – 9-10 acres – a mini logistics park
- Passenger Rail – Common Principles –
 - The Heritage Rail project in Surrey has strong potential as a demonstration project to generate public interest in commuter rail
 - Commonly applied principles
 - Host City of Municipality responsible for securing provincial agreements and insurance
 - Funding provided by necessary track improvements
 - Maintaining service level for existing and future rail freight customers is a priority
 - Access fees payable to host railway for use of track materials.
- The Surrey Advantage – Ask Surrey to give consideration to the logistics centres in your backyard. A unique, modern rail transportation system that is poised to become even more important to your economy, and to the economy of BC. Land for facilities, connections with rail and marine transportation. Highly skilled workforce -- Good jobs, close to home !

Committee members added:

- How do you reconcile the new land owners by going to the new owner and telling them their plans are now changed?
- Southern Railway's presentation should be provided to Council and the Economic Development group as their comments are crucial to advance the issue. The Transportation Committee will need to figure out what the next steps should be and what other opportunities are available.
- The Chair commented that as a Development Advisory Committee we could get more detail to this committee and a sharper focus for a presentation to Council.
- Southern Railway is "your railway" and has been in operation a long time. Southern Rail can be what Surrey wants and needs them to be.

- Property size required for logistics centres would be 30 acres would be a small centre. 150 acres (Gloucester area) would be for the trans-load centre. Smaller centres can be more custom centres.
- Due to the recent rail realignment there is an available 3.5 acre site in Cloverdale that would create a lot of relief.
- Burlington Northern track to Sumas, through Sedro Wooley, Washington, is a light rail, 10mph track that can't accommodate heavy rail.
- Commuter Rail versus Community Rail and moving people through the community should be discussed more. Heritage Rail could be a first step towards a community rail service so as not to disrupt people on the roads.
- Heritage Rail project is a celebration of our history. Southern Railway received some profile from it: *Yesterday's BC Electric Railroad is the Southern Railway today!*
- Commonly applied principles.
 - o Southern Railway is built as a freight railway, the Inter Urban Company of years ago.
 - o The bigger issue now is the signals and crossings.
 - o One mile of continuously welded rail.
 - o Identify what kind of rail do you want to run on and upgrade.
- Heritage Rail Perspectives:
 - o The actual car and the wheels are being upgraded.
 - o To run on weekends during the summer.
 - o Heritage Rail is a slow moving train.
 - o Need gates from Newton to Cloverdale.
 - o What steps are necessary so as not to impinge on freight traffic?
 - o Upgrade options/costs: \$1 Million per mile to build new. \$250,000 per mile to upgrade. First consideration – keep existing rail on railway– 150 pound rail. A quality ride on continuous weld rails, \$700 per joint is cheaper. Need to identify what you want to do.
- The flexibility of the customer is an important concept to maintain. Heritage Rail will run on weekends when freight trains do not typically run. This would provide experiences for future of a community rail line operations.
- Allen Aubert had done a very in-depth business plan at the beginning of the project and is still working on the plan; every inch of line, ties upgrade, gates needed has been identified. The new Hwy 10 rail crossing was done by the Ministry of Transportation. The initial run was to run from the Sullivan Station barn to Cloverdale. Only two minor roads require gates and minor rail lines improvements.
- The Hwy 10 crossing upgrade was huge as that segment of rail had not been touched in 20 years.
- Alternate fuel source – BC Hydro does not want any overhead wiring thus alternate fuel source has to be explored in order to minimize emissions. This fits with Southern Railway's plans for alternative energy sources and would be the first extension of the Hydrogen Highway in Canada.
- Allen Aubert invited the committee members to come down to the Sullivan Station car barn to view the refurbished rail car.
- Port Coquitlam buses are currently using diesel with very low mileage--a small step up with the lowest risk factor.
- Paul Ham, GM, Engineering commended Heritage Rail for the work completed to date.

- The City of Surrey do not wish to preempt Southern Rail's options but this would be a huge benefit to the City. Every effort must be made to reduce truck traffic in order to greatly reduce or end the use of rubber rails on our roads. 1/3 of vehicles traveling on the Port Mann Bridge alone are trucks.
- Having a strategic rail access to Campbell Heights makes a lot of sense but due to the surrounding topography there are no nearby rail tracks and it would be very difficult to achieve the required grades to connect to existing rail corridors.

Chairman Councillor Bose noted that, as this Transportation Committee have received approval from Council to begin discussions for a Memorandum of Understanding and Resolution with Southern Rail for a Heritage rail line, the next step is to attain a better understanding of the economic dynamics of rail and the alternatives. An analysis is needed to calculate the benefits of a transfer centre to the City to reduce the number of trucks on the roads. The ultimate goal would be to receive some level of support for community rail from the Province. While Heritage Rail was the original reason for discussions, we should be looking at the future potential for the existing rail corridors within the lower mainland.

On behalf of the committee, Chairman Councillor Bose thanked the delegation for attending the Transportation Committee meeting and commended them on their outstanding presentation.

C. BUSINESS ARISING FROM MINUTES

D. NEW BUSINESS

E. STAFF PRESENTATIONS

1. **Jaime Boan was in attendance to provide a presentation regarding the Fraser Highway through Green Timbers Transportation Planning Study.**

DEFERRED to the next meeting, in the interest of time.

2. **Ministry of Transportation, South Surrey Development Freeze**

Vince Lalonde provided the following a status report:

- Vince had a discussion with Frank Blasetti, Assistant Deputy Minister. Mr. Blasetti's understanding was not in line with what City staff understood the Ministry position to be.
- Mr. Blasetti's view was that all highway off-ramps and highway upgrades are the responsibility of the Ministry of Highways. New on-ramps are City of Surrey responsibility.
- This would be more consistent with previous practices but is contrary to information received from Ministry staff. City staff are awaiting written confirmation from the Ministry of Transportation.
- Depending upon Ministry response, Surrey will have to decide what further actions need to be taken by the City.

- Further highway development will be delayed until this highways issue is resolved.
- Any development in South Surrey within 800 meters of an existing or planned interchange will be delayed by the Ministry until this issue is resolved. This currently affects at least 13 applications.
- This issue was raised through minutes through Council and to go through the Transportation Committee, copy to Council.

Closed Meeting – Section 90 (1)(d), (e) and (k)

The Transportation Committee passed a motion to hold a Closed Meeting in accordance with Section 90 (1)(d), (e), & (k), of the *Community Charter*, which states:

"A part of a council meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

- (d) the security of the property of the municipality;*
- (e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interest of the municipality;*
- (k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public."*

It was meeting be closed in accordance with Section 90 (1)(d), (e) and (k) of the *Community Charter*.

Moved by Councillor Bose
Seconded by Councillor Hunt
That the regular meeting recess and the

Carried

The Regular meeting reconvened at 10:35 pm.

3. Jaime Boan provided a status report regarding the cycling lobbyist, Mr. Thang Vu.

Jaime Boan, Transportation Manager to provide Councillor Bose with an email and Councillor Bose will contact the cycling lobbyist directly.

F. CORRESPONDENCE

1. Letter, dated May 12, 2008 from **Emily Zimmerman, Constituency Assistant to Harry Bains, MLA, Surrey-Newton** regarding Transit system in Surrey.
It was Moved by Councillor Bose
and seconded by Councillor Hunt
That the Transportation Committee receive
this letter as information and to refer them to TransLink.
Carried

G. INFORMATION ITEMS

H. NEXT MEETING

The next Transportation Committee meeting will be held on July 24, 2008.

I. ADJOURNMENT

It was Moved by Mayor Watts
Seconded by Councillor Hunt
That the Transportation Committee meeting
do now adjourn.
Carried

The Transportation Committee adjourned at 10:55 a.m.

Jane Sowik, Deputy City Clerk

Councillor Bose, Chair
Transportation Committee