

**IN THE MATTER OF THE OCTOBER 20,  
2015 SURREY COUNCIL VOTE  
AUTHORIZING STAFF TO INVESTIGATE  
COST SHARING FOR THE TECHNICAL  
STUDIES ATTENDANT WITH BNSF RAIL  
RELOCATION FROM THE WHITE ROCK  
AND SURREY AREA**

**ANALYSIS OF COST SHARING BY MARY-JANE BENNETT ON BEHALF  
OF THE CITY OF SURREY**

**January 4, 2016**

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## **EXECUTIVE SUMMARY**

The BNSF rail line, connecting Seattle, WA with Vancouver, B.C. runs through the city of White Rock, B.C. It then veers inland and through Surrey's Crescent Beach area. Over the years, the rail line has been the subject of numerous safety concerns raised by the communities. They advance relocation of the rail line under the *Railway Relocation and Crossing Act* as a reasonable solution. That Act provides for cost-sharing of up to 50 per cent of the net cost of the relocation by the federal government. For reasons outlined in this report, the criteria needed to trigger federal funding have been met.

This report claims that the one-hundred year old line creates an inefficient routing to the Fraser Port Authority, doing business as Port Metro Vancouver (PMV). A relocated line not only creates a more efficient port access, it enhances the economic growth, trade and tourism potential of the province and the competitiveness of PMV. The report claims that funding by those parties and others for a portion of the balance is also reasonable. Each stands to fiscally benefit from the relocation.

This report also provides insight into relocation funding in the United States.

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# **1. INTRODUCTION**

## **1.1. Burlington Northern Santa Fe Railway**

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Burlington Northern Santa Fe Railway (BNSF), a Texas-based carrier, is North America's second largest rail company and a major presence in the Pacific Northwest. Its unique routing allows it to move rail freight between the continental United States and Canada's Lower Mainland.

That cross-border rail line, established in 1909, is a major corridor for goods transported between the countries and allows BNSF's customers to access most ports on the Pacific Northwest: the Ports of Portland, Seattle, Tacoma on the U.S. side of the border and the Vancouver Fraser Port Authority, doing business as Port Metro Vancouver (PMV) on the Canadian side.

BNSF has mainline access to PMV's Fraser Surrey Docks, a large multi-purpose marine terminal that handles a variety of cargo, including containers, steel, forest products, salt and bulk materials, including coal. Fraser Surrey Docks was recently granted permission to direct-load coal on ocean going ships at the southwest end of the terminal allowing it to handle up to 4,000,000 metric tonnes of coal per year. BNSF has trackage access to Deltaport, PMV's largest container terminal.

BNSF's November 2015 Investor Call addressed growth in both commodity groups: coal and intermodal. The Call confirmed a higher demand and healthy unit volume increase in coal (up by four per cent). As to container traffic, while all carriers enjoyed intermodal demand that outpaced the U.S. economy, BNSF was the North American leader in intermodal shipment.

BNSF has invested significantly in its northern region (at \$5.8 billion). With more coal, oil and other commodities moving north through PMV, improvements on the BNSF line north of Seattle include four miles of siding or double track to facilitate movement.

Track improvements such as these have allowed BNSF to increase efficiency and capacity. This in turn has permitted it to assume greater amounts of the highly remunerative long-haul intermodal freight that now goes by truck. Rail relocation and the more efficient movement of goods to PMV would greatly benefit BNSF.

## **1.2. Port Metro Vancouver**

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PMV is Canada's largest port and North America's most diversified port. Its competitiveness and ability to attract cargo from the Far East and Midwest is

determined by trade patterns as well as the capacity, efficiency and cost effectiveness of its port, railways and receiving facilities.

Of the Pacific Northwest ports, PMV attracts 37.5 per cent of container traffic. To meet projected growth, PMV's project—Deltaport Terminal 2— involves a series of upgrades intended to double the size of the Robert's Bank Superport and to quadruple the port's container handling capacity. Deltaport is currently midway through those improvements.

While PMV anticipates strong growth in container traffic, about 80 per cent of the current cargo transported by the 3000 vessels serving PMV annually is termed bulk, consisting mostly of coal, chemicals, metals, minerals, fertilizers, petroleum products, forest products and timber bound for export.<sup>1</sup>

Of these, the largest volume commodity handled by PMV is coal. The future of that commodity group remains robust; "Strong demand from Asia is expected to increase through-put over the long-term" claims an October 2015 report commissioned by PMV.<sup>2</sup>

Of the Pacific ports, California maintains minimal coal shipment. The planned terminals in Washington and Oregon were plagued by opposition from environmental groups and never materialized. This has left PMV as the lead Pacific port for coal export.

The thermal coal hauled by BNSF from Wyoming's Powder River Basin (PRB) mines has made it particularly attractive to China. Unlike up to 50 per cent of Australian thermal coal, the ash and sulfur content in PRB coal easily meets new coal grade rules imposed by China to combat smog, especially prevalent at its coastal cities.

### **1.3. Amtrak**

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Amtrak is a U.S. passenger railroad service. Its *Cascades* service (on track it shares with BNSF) stretches over 750 kilometres between Vancouver, British Columbia and Eugene, Oregon. Under the 2009 *American Recovery and Reinvestment Act*, Washington State was awarded nearly \$800 million in federal funding allowing it to deliver critical rail infrastructure improvements to the *Cascades* service on the rail line owned by BNSF.

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<sup>1</sup> *Backgrounder: Moving Goods and Services*, TransLink.

<sup>2</sup> *The Industrial Land Market and Trade Growth in Metro Vancouver*, October 2015, by Site Economics Ltd. Prepared for Port Metro Vancouver; *Moving Goods through Marine Ports in Metro Vancouver*, citing projections by B.C.'s Pacific Gateway Strategy (2012-2020) for coal at +150% and containers at +105%.

To better facilitate freight movement and to improve port efficiencies at Tacoma, one of ports of Washington state, Amtrak is scheduled to be moved from the waterside along the Tacoma Narrows to an inland route.<sup>3</sup>

In 2014, Amtrak's Vancouver, B.C. station on/offers was 148,000, with the annual ticket revenue for boardings at Vancouver of \$3,414,000. USD.

#### **1.4. White Rock and Surrey**

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White Rock, a city of 20,000, lies to the southeast of the Surrey neighbourhood of Crescent Beach. The BNSF mainline runs through the heart of White Rock and veers inland at Crescent Beach.

Until the creation of the Roberts Bank Superport in 1966, trains consisting of boxcars of innocuous freight of mail, oysters, lumber, shingles and cedar, ran once per day each way through the communities.

Responsive to the projected traffic surges and changes in quality of life to those communities with the Roberts Bank Superport, Premier W.A.C. Bennett endorsed rail relocation inland from the two communities as part of the infrastructure upgrades. For a number of reasons, relocation of the rail line never came about.

And since, the scenic, coastal communities have witnessed a surge in rail traffic and a sharp increase in the shipment of dangerous goods. Since 2007, there has been a fourfold increase in freight traffic through the foreshore communities. The Fraser Surrey Docks coal transfer station alone anticipates attracting 640 new trains per year through the communities.

The port improvements currently underway at Roberts Bank are designed to attract new traffic volumes. Train lengths, currently at 6000-9500 foot length are anticipated to stretch to 9,000 to 12,000 feet.

The current volumes, the anticipated increases of freight traffic at PMV, including dangerous goods, when coupled with the hazardous geophysical conditions are changing the quality of life in the cities. Located on the area's only beach, along landslide-prone bluffs and next door to PMV, a major North American port that seeks to expand its market share, both cities advance relocation of the line as the only reasonable solution.

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<sup>3</sup> *Rail Thin/ Freight Train Traffic is Booming (but track capacity isn't keeping up)*, Bill Virgin, Seattle Business Magazine, November, 2014.

## **1.5. Municipal response to relocation**

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White Rock began the process. On September 8, 2014, White Rock City Council passed a unanimous resolution directing staff to initiate the relocation of the BNSF rail line away from the city's waterfront.

As the rail line also passes through the city of Surrey, its consent to relocation was sought. In response, Surrey commissioned a report to explore its approach and on October 15, 2015, issued its corporate report. It acknowledged the safety and other concerns faced by its residents due to the rail line's proximity, commodity mix and projected traffic growth.

BNSF, it reported, operates along the base of the South Surrey bluff. It warned of "repeated recordings of slope failures along this stretch." It noted that in Washington State where slopes with similar conditions have also failed, a passenger train had been derailed in December 2012.

Further, the report continued, the surge in rail traffic "will result in increased delays at the single access point to Crescent Beach at Crescent Road, impacting not only regular access but emergency access as well." The report warned of "limited access" should a derailment or other emergency incident occur.

The report listed the numerous safety concerns, injuries and fatalities in recent years due to the rail line's proximity to one of British Columbia's most popular beaches. It reported similar concerns to those outlined by the city of White Rock. It warned of the risk associated with the dangerous goods cargo in the highly populated and environmentally fragile area.

While endorsing relocation of the rail line, the city of Surrey sought assurance on cost sharing of the project as a first step.

## **1.6. The Surrey motion**

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According to Surrey's General Manager of Engineering, Fraser Smith, the necessary engineering, design and evaluation reports required to develop a single preferred alignment for the relocated line is anticipated to be at least \$700,000.

The City's corporate report sought assurance that those parties that stand to benefit from the relocation should commit to reasonable proportional sharing of any net expenditure. On October 20, 2015, a unanimous resolution by the City

of Surrey Mayor and Council authorized staff to investigate proportional cost sharing for the technical and consulting work.

## **2. THE RAILWAY RELOCATION AND CROSSING ACT**

### **2.1. Cost-sharing**

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Both cities intend to frame their relocation request under the *Railway Relocation and Crossing Act*, S.C. 1985, c. R-4, a law designed to provide municipal and provincial governments the authority to compel the relocation of a rail line and the rerouting of rail traffic in urban areas. The Act stipulates that the federal government can share as much as 50 per cent of the capital cost associated with the relocation project.

Further, the CTA may recommend that the federal Minister of Transportation provide a grant not exceeding 50 per cent of the cost of preparing the plans necessary to advance relocation.<sup>4</sup>

With an anticipated federal contribution of 50 per cent, the cities of White Rock and Surrey will look to other partners, notably Port Metro Vancouver, the province of British Columbia and TransLink, for reasonable contribution on the balance. Each stands to benefit by the more efficient and reliable transit of goods to port that relocation of the rail line can bring.

For PMV, reasonable cost-sharing would cement the important relationship it seeks to nurture with its neighbouring municipalities. That relationship, claimed Robin Silvester, PMV's President and C.E.O. at the recent annual meeting, ranks as one of the port's major concerns.

For TransLink, reasonable cost-sharing addresses one of its primary objectives of improving the freight transportation network in order to bolster Asia/Pacific trade.

For the government of British Columbia as well as the federal economy, any growth to PMV's healthy contribution of .5 per cent of GDP is critical.

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<sup>4</sup> An application under the Act requires the provincial government and all municipalities within the urban area to agree on plans outlining the development and use of land within and adjacent to the area (urban development plan) and the lay-out of streets, bridges, railway lines etc. (transportation plan).

## **2.2. Safety, federal cost sharing and the BNSF relocation from the Surrey foreshore**

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The criteria in support of federal cost-sharing are not listed. Safety, trade and economic development are all federal responsibilities and projects that meet those criteria should receive federal funding.

While rail line efficiencies can directly impact GDP growth, safety improvements alone could trigger federal cost sharing. In its grade crossing improvement program, the federal government committed a contribution of 50 per cent towards the cost of grade crossing improvements in light of the related deaths and injuries at railway crossings and the federal responsibility to encourage safety. It is surely reasonable that the same standard apply here.<sup>5</sup>

The city of White Rock listed 28 deaths and injuries related to the BNSF rail line at their city. It noted that the faster and quieter Amtrak trains have been responsible for the majority of the fatalities. It stated that all attempts to improve safety had failed and relocation was needed.

For years, neighbouring Surrey has dealt with dangerous conditions on the line as well. Numerous issues have been forwarded to Surrey's Mayor and Council for discussion or resolve.

1. In April 2007, a report by Surrey's Fire Chief acknowledged that while rail transportation is essential to Canada's economic activity including its trade relationship with the U.S. and the world, that the BNSF track through Crescent Beach had become a "hazard to the public and the environment" due to the possibility of landslides when combined with the increases of hazardous commodities shipped, such as chlorine.

The report noted that as the bluff is prone to landslides, Amtrak (who shares the line with BNSF) has initiated an operating procedure of stopping passenger rail service during poor weather conditions. The report questioned why the same level of risk aversion was not exercised for certain types of freight traffic in light of the significant safety issues. The report detailed the meetings with the Surrey Emergency Program Co-Ordinator and the railway and noted that these events and reports had been forwarded to Transport Canada.

2. A March 11, 2013 report from Surrey's General Manager of Engineering and General Manager of Planning and Development to the Mayor and Council raised concerns regarding the Direct Transfer Coal Facility proposed at Fraser Surrey Docks.

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<sup>5</sup> The *Build Canada* fund seeks a one-third contribution by all three levels of government on most mega-projects, suggesting that safety is a primary consideration.

Given the current BNSF track blockages at Crescent Beach, the report claimed the possibility of greater blockages attendant with the projected ten per cent increase in coal traffic at the coal facility created a critical safety situation.

3. A July 17, 2014 report by Surrey's Engineering Department raised the following railway safety concerns on the line attendant with traffic increases to PMV:

- a) Rail traffic through Surrey's sensitive and fragile environment;
- b) Bank stability and slope failures;
- c) Deteriorating load bearing railway infrastructure;
- d) Increases in coal traffic.

The city reported that the PMV response was that it lacked jurisdiction over rail operations outside its terminal, a response the city termed "unacceptable." The city view was that it is reasonable for the port to consider impacts along supply corridors, both road and rail. The city investigated the possibility of a vehicle underpass at Crescent Beach noting that as traffic grows, the demand for an underpass or some other form of remediation will increase.

The report noted that the area was Surrey's only beach and that neither BNSF, nor Transport Canada nor PMV had introduced measures to enhance safety, noise relief or environmental impact.

4. A February 23, 2015 motion by Surrey's Mayor and Council noted the fourfold increase in freight traffic since 2007 along with the recent mechanical failures at the Crescent Beach area.

The report noted that the complexities of changing speed on the long trains that now access PMV. Those trains, with multiple engines on the front and rear, can result in an undesired emergency brake application (UDE) and that four such events had occurred at Surrey's Crescent Beach between June 2014 and January 2015. This unsafe condition prompted a call for freight speed restrictions from 30 mph to 10 mph through the area.

5. On July 23, 2015, Surrey's Fire Chief requested that the City address the emergency access imposed on Crescent Beach residents when BNSF trains block the two access roads.

The report noted that when BNSF tracks are impassable due to mechanical failure or otherwise, the road access is blocked with no means for vehicles to travel in or out of the community. The Fire Chief referred to the "elevated safety risk" should there be a request for emergency services in the community. The

report detailed five incidents over the recent years where the community had been rendered inaccessible due to railway mechanical failure. The length of time the community was cut off ranged from a minimum of 30 minutes to three hours (August 2014) and four hours (January 2015).

Sufficient safety issues have been raised to trigger federal funding of the net cost of the relocation.

### **2.3. Economic activity, federal cost-sharing and the BNSF relocation from the Surrey foreshore**

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Ports are great generators of employment, economic growth and activity as reported in a 2012 economic study by InterVISTAS, a local leading consultancy with expertise in transportation. It pointed to PMV's "considerable contribution" to the Canadian economy with the total impact of on-going operations at businesses related to PMV across Canada as including 98,800 jobs, \$9.7 billion in GDP, \$20 billion in economic output and \$6.1 billions in wages.<sup>6</sup> Further, the report noted, the average wage compensation per direct person year across all industries directly related to the port is nearly \$67,000, or approximately 53 per cent higher than the average Canadian wage of \$44,000.

As the port plays an important role in Canada's economic future, updating its critical rail lines to port is required. Competitor port, Port of Tacoma, is in the process of moving its passenger service away from the shoreline to enhance the efficiency of freight service to the port. Achieving the highest degree of efficiency in port operations by a relocated line is in Canada's economic best interest.

Given the federal government's commitment to expanding trade and economic development opportunities when combined with the significant safety issues, a compelling case for a federal contribution of 50 per cent of net cost has been established. Surrey looks to other partners, notably PMV, the province of British Columbia and TransLink for further commitment towards relocation.

### **2.4. Cost-sharing and contribution by Port Metro Vancouver**

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PMV is witnessing great growth and is part of a competitive port environment. A June 2014 report by U.K.-based consultancy, Ocean Shipping details the macro-economic climate in container shipping along with the gains and growth

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<sup>6</sup> 2012: *Port Metro Vancouver Economic Impact Study, Final Report*: InterVISTAS, May 31, 2013

projected for PMV.<sup>7</sup> To meet anticipated future growth, the report noted, the port is currently actively seeking additional infrastructure and service capacity.

The report recorded that in 2013, PMV accounted for 37.5 per cent of container traffic of Pacific Northwest ports, a rise from 31.5 per cent in 2011. Other ports are clear competitors and PMV's traffic increases are at the expense of Seattle and Tacoma.<sup>8</sup>

There is an intense link between GDP and trade. The short-term outlook for Canada and the U.S. is for sustained economic development. Under the "base case scenario", the report noted, by 2050, PMV's terminals are projected to be handling almost 5.0 million TEUs per annum (compared to the 2013 total of 2.8 million). There is a "pressing need for investment at PMV if potential demand is not to be missed," concluded the report.

PMV's advantages are: the efficiency of its marine terminals and its port productivity (at berth, terminal and gantry crane). Port productivity was termed "significantly higher" at PMV than at U.S. ports. For the port to grow and remain competitive, the efficiency of the rail lines, at dock as well as to and from port, must be assessed.

Mike Reilly, Director of Intermodal Business development for the PMV's competitor port, Washington state's Port of Tacoma explained the relationship between efficient rail lines and port growth.<sup>9</sup>

When the Port of Tacoma is looking to grow and add jobs and a lot of that growth may incorporate the need for rail transportation to and from port. It's really in our best interest to ensure we are looking at the transportation system as a whole and that includes any bottlenecks or areas where increased capacity is needed so that the ports ultimately can stay competitive in reaching the Chicago market.

PMV will benefit from the new rail line and should be determined an important funding source for the project.

## **2.5. Cost-sharing and contribution by the Province of British Columbia**

The province of British Columbia benefits by a relocated BNSF rail line in three areas: economic activity, quality of life and tourism.

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<sup>7</sup> *Container Traffic Forecast Study for Port Metro Vancouver*, Ocean Shipping Consultants, a division of Royal Haskoning DHV, June, 2014

<sup>8</sup> In April 2014, the JOC (Journal of Commerce) reported that the Puget Sound ports are losing market share.

<sup>9</sup> Port of Tacoma, *Pacific Gateway* magazine, fall, 2013 edition at page 10.

The InterVISTAS report of May 31, 2013 highlights the significant contribution by the port to the provincial economy, including 38,200 direct jobs, \$6.7 billion in GDP, \$14.5 billion in economic output and \$4.6 billion in wages. A more efficient service by BNSF through relocation will add to that growth and is in the province's best interest.

As to quality of life and tourism, Surrey and White Rock are home to an inaccessible oceanfront gem that deserves the designation of a national treasure, similar to Vancouver's iconic Stanley Park. Removal of the rail line from this south and west-facing foreshore would allow a 15 km level grade corridor. More than developing a low impact escape from high-density life, it allows a green commuting corridor between Vancouver, Richmond, New Westminster, Delta, Surrey and White Rock.

The catalyst enabling Vancouver to access Boundary Bay is the new bridge to replace the Massey Tunnel. After bridge completion and some public infrastructure improvements, Vancouver's path network can be linked to Richmond and the Delta Dyke, around Mud Bay and onto Crescent Beach. The result will be a green artery that will directly service the movement of people and ideas for the majority of urban Metro Vancouver residents. It will create a viable year round transportation grid for efficient commuting and new link between downtown Vancouver and Surrey City Centre; between the New Westminster River District and UBC; between the airport and the US border, and between Strawberry Hill and the beaches of White Rock. It will add to the already healthy inventory of B.C. destinations.

In British Columbia, tourism continues to witness strong growth. Tourism has increased by 40.5 per cent since 2002.<sup>10</sup> Tourism has outpaced major B.C. industries including forestry, agriculture, and fishing, almost paralleling mining. In 2012, there were 18,387 tourism-related businesses in operation in British Columbia with tourism wages and salary totaling \$4.3 billion. Close to 60 per cent of tourist-related businesses and tourism volume occurred in the Vancouver and coast and mountain region.

Relocation of the rail line and the freeing of an Oceanside corridor of approximately 15 kilometres for biking and walking paths, camping and other activities would add considerably to the "B.C. advantage." Poised to benefit from relocation, the province should be determined an important funding source as well.

## **2.6. Cost-sharing and contribution by TransLink**

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In committing to the 70-kilometre road improvements to the Roberts Bank

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<sup>10</sup> *Measuring the value of tourism in British Columbia, Trends from 2002-2012*, February 2014, Destination B.C.

corridor in June 2007, TransLink's chair, Malcolm Brodie claimed the project aligned with TransLink's objectives to "improve the flow of people and goods in Greater Vancouver and to improve the transportation network's ability to bolster Asia/Pacific trade for the good of our regional, provincial and national economies."

For identical reasons listed in support of federal funding and funding contribution by PMV and the province, the commitment and cost-sharing by TransLink is sought as well.

### **2.7. Cost-sharing and contribution by the cities**

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Cities collect just eight per cent of Canada's total tax revenue and a contribution by small cities like White Rock towards rail line relocation would be difficult, especially when the former track would resort to a public purpose and not generate any future tax revenue. The city of Langley, a city of about 26,000 people recently complained of its contribution towards the Roberts Bank rail and road corridor, claiming that a contribution by small cities to mega projects, such as Roberts Bank improvements, was unsustainable.<sup>11</sup>

Along with relocation will be a more efficient rail line, one that will enhance safety and promote the trade, economic growth and tourism goals of the province. The parties that stand to gain should be primarily responsible for the project.

## **3. RELOCATIONS IN CANADA AND THE UNITED STATES**

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Canada's *Railway Relocation and Crossing Act* is unique. It cedes jurisdiction to the Canada Transportation Agency to order a railway company to move railway structures; build new facilities; stop operating on certain lines; build railway lines in a specified area and make connections for rapid transit or public transit systems; and close railway crossings.

Expropriatory in intent, the Act nonetheless seeks to protect rail companies impacted by relocation. It stipulates that railways should neither gain nor lose from the relocation of their rail lines. The Act's requirement that the new rail line

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<sup>11</sup> *Langley City wants feds to pick up a larger share of future mega-projects*, Miranda Galtherole, Langley Times, December 17, 2015.

retain the same “functional equivalence” requires the replacement line to function at the same level of operating efficiency as the existing line.

After accounting for the capital cost to rebuild a functionally equivalent line and taking into account railway operational benefits or detriments over a fifteen year period, the Act provides that up to 50 per cent of any remaining balance be funded by the Canadian government.<sup>12</sup>

The 1987 relocation of a rail yard and lines from the city of Regina is the only reported relocation under the Act in Canada. In the Regina case, the reason advanced for relocation was enhanced use of city land. The Canadian Transportation Agency awarded a grant totaling 50 per cent of the project's net cost. No other reported precedent for cost sharing in Canadian relocation projects exists.<sup>13</sup>

A 2007 study by the Texas Department of Transportation reviewed five relocation projects across various states, documenting the cost, benefit and cost sharing of each project.<sup>14</sup> In each study, federal funding commitment was substantial, ranging from 75 per cent to full funding. Some of those projects have bearing on the Surrey project.

According to the study's review of the 2006 relocation in Marysville, Kansas<sup>15</sup>, potential cost sharing should include an evaluation of emergency access, rail operations, environmental impact, right-of-way impacts, flood protection and rail safety.

In Lafayette, Indiana, a city of 70,000 located 105 miles southeast of Chicago, relocation was prompted by the accidents, possibility of derailments, the hazardous material shipment, visual blight and disruption of road surfaces.

Similar to Surrey/White Rock, the report found that the rail line in Lafayette needed to be moved as:

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<sup>12</sup> Cities seeking to relocate rail lines can also access 50 per cent of the cost of preparing reports from federal funds.

<sup>13</sup> The relocation never got off the ground. In 2011, a rail line was moved to connect with an inland port with a grant from the Saskatchewan government with a grant of \$100 million.

<sup>14</sup> *Rail Relocation Projects in the United States: Case Studies and Lessons for Texas Rail Planning*, (2007) Texas Transport Institute, prepared in co-operation with Texas Department of Transportation and the Federal Highway Administration.

<sup>15</sup> The Marysville relocation was prompted by blocked major arterials for up to several hours per day due to Union Pacific Railroad's main line through the city.

“[It] presents serious problems to the safety, mobility, environmental quality and development of the community and reduces the cost efficiency of the operating railway and city services.”

The preliminary engineering work and environmental study were funded by a grant from the Federal Highway Railroad Demonstration Project. In the final tally of the project, about 85 per cent of the cost had been funded by the federal government.

The Brownsville-Matamoros Rail project, dedicated in August 2015, was primarily an effort to expand and facilitate trade between the U.S. and Mexico. The relocated corridor, that involved moving lines from densely populated areas in Texas and the Mexican state of Tamaulipas, also sought to reduce pollution, increase safety, congestion, traffic delays and the potential for derailment. Federal funding on the U.S. side of the project was 75 per cent with state funding at 16 per cent, the balance paid by cities and the railway.

While U.S. relocations appear to attract greater federal support than Canada, the Canadian advantage is certainty. The *Railway Relocation and Crossing Act*, a law available for municipalities across the country, guarantees federal support of up to 50 per cent of the project and allows for collaborative cost-sharing to be developed elsewhere.

DATED at Vancouver, British Columbia this 4<sup>th</sup> day of January 2016.