



City of Richmond

Report to Committee

To GP-May 6 2013

To: General Purposes Committee

Date: March 21, 2013

From: Victor Wei, P. Eng.
Director, Transportation

File: 01-0155-20-01/2013-
Vol 01

Re: **REQUEST OF SUPPORT FROM CITY OF PORT ALBERNI FOR DEVELOPMENT OF A CONTAINER TRANS-SHIPMENT AND SHORT SEA SHIPPING TERMINAL BY THE PORT ALBERNI PORT AUTHORITY**

Staff Recommendation

That the City of Port Alberni be advised that:

1. there is insufficient information available at this time for Council to make an informed decision regarding support for the proposed development of a container trans-shipment and short sea shipping terminal by the Port Alberni Port Authority; and
2. the request can be considered upon completion of the Port Alberni Port Authority's feasibility study of the proposal, which should include the comparative analysis of alternative options to increase short sea shipping in the Lower Mainland.

Victor Wei, P. Eng.
Director, Transportation
(604-276-4131)

Att. 1

REPORT CONCURRENCE			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Intergovernmental Relations & Protocol Unit	<input checked="" type="checkbox"/>		
REVIEWED BY DIRECTORS	INITIALS: DW	REVIEWED BY CAO	INITIALS: GD

Staff Report

Origin

The City has received a request from the City of Port Alberni (**Attachment 1**) seeking a letter of support for the proposed development of a container trans-shipment and short sea shipping terminal by the Port Alberni Port Authority (PAPA). This report responds to the request.

Analysis

1. Proposed Container Trans-shipment and Short Sea Shipping Terminal at Port Alberni

PAPA has identified the development of a container trans-shipment and short sea shipping terminal as its priority long-term initiative. The concept envisions a new terminal on the Alberni Inlet where ships' containers would be off-loaded, sorted and loaded on barges for more direct delivery to their specific distribution hubs along the Fraser River. For example, instead of a ship's containers being off-loaded at Deltaport and then trucked to the Richmond Logistics Hub for distribution, the containers would be barged from Port Alberni directly to the Richmond site. According to PAPA, the concept would:

- mitigate increasing cargo delivery delays in the Lower Mainland area that exist due to a container ship unloading backlog; and
- reduce truck movements throughout the Lower Mainland leading to decreased traffic congestion, less impact to road infrastructure and fewer greenhouse gas emissions.

PAPA states that the concept is intended to provide increased efficiencies and benefits to all ports that are part of the Asia-Pacific Gateway and is not designed to poach other ports' business. PAPA intends to undertake a feasibility study to demonstrate that the concept is economically sound.

PAPA is also seeking status with the federal Asia-Pacific Gateway Corridor Initiative (APGCI), as that program is identified as a significant funding source to support the realization of the concept. Currently, the federal government through the APGCI works in partnership with Port Metro Vancouver and Prince Rupert Port Authority, which are BC's two official Gateway ports. Ultimately, PAPA is seeking official designation as BC's third Gateway port.

2. Potential Benefits of Short Sea Shipping

In principle, water-based transportation has the advantages of a dedicated right-of-way and, relative to land-based transportation, lower infrastructure costs and fewer social and environment impacts. The Fraser River already operates as an efficient mode of transportation for the movement of specific bulk cargos. With growing congestion on the road network and capacity constraints on portions of the rail network, there can be an increasing role for the movement of goods via water transportation.

The City has in the past expressed support for increased waterborne commerce on the Fraser River including short sea shipping (i.e., moving cargo via barges to and from destinations not separated by an ocean). In April 2005, Council considered a report on waterborne initiatives proposed by the Fraser River Port Authority and resolved:

That the City support the efforts of the Fraser River Port Authority to enhance waterborne commerce on the Fraser River by requesting the GVRD to specifically include goods

movement and marine transportation as components in the updated Liveable Region Strategic Plan.

The APCGI is supportive of short sea shipping as the \$1.4 billion program funding includes up to a total of \$20.9 million in five short sea shipping projects in the Lower Mainland. The projects call for the development of specialized facilities (e.g., dock, ramp, fixed-crane infrastructure) that will facilitate the short sea shipping of a variety of cargos (e.g., containers, railcars, break-bulk) that ultimately either originate in Asia or are destined for Asia. These complementary projects are intended to form an integrated short sea shipping network that could potentially carry up to 120,000 forty-foot equivalent units per year. Collectively, the short sea shipping projects are estimated to be capable of reducing the number of trucks on roads in the region by 40,000 trips per year.¹

3. Potential Impacts of PAPA Proposal to Lower Mainland and Richmond

At this time, it is difficult to quantify the potential net direct and indirect economic, social and environment impacts of PAPA's proposal in the Lower Mainland. A comprehensive multiple account evaluation that comparatively assesses not only PAPA's concept but also alternative scenarios whereby ships continue to come to Port Metro Vancouver (PMV) facilities but then use truck or barge transport from there to move the containers to distribution hubs would provide a balanced analysis. The evaluation could provide the insight needed to make an informed decision on the proposal by addressing pertinent topics such as:

- Would a new terminal on Alberni Inlet obviate the need for Deltaport's proposed Terminal 2 expansion?
- Is the cited container unloading backlog at PMV facilities significant enough that the time required to unload, sort and load the containers at the new terminal and then barge them to the Lower Mainland is still less than the status quo (unload and truck from PMV facilities) or an additional option of unload and barge from PMV facilities?
- What is the net impact to overall greenhouse gas emissions when collectively considering all ship, barge and truck movements amongst the options? Would the estimated benefits actually be achieved?
- What are the estimated economic impacts to the Lower Mainland, including Richmond?

Furthermore, the proposal would require the co-operation of Port Metro Vancouver, which may view the concept as competitive rather than collaborative.

4. Response of other Lower Mainland Municipalities

According to the City of Port Alberni staff report, the same letter seeking support for the PAPA proposal was to be sent to seven other municipalities in the Lower Mainland: Vancouver, Surrey, Delta, Burnaby, Coquitlam, Port Coquitlam, and White Rock. Staff at each of these municipalities were contacted to determine their response, if any, to the letter. At the time of writing, none of the

¹ In January 2010, one of the short sea projects was completed with the installation of the Southern Railway of British Columbia (SRY) rail barge ramp at the marine rail terminal on Annacis Island in Delta. The railcar volume expected to be handled at the terminal is close to 6,000 carloads per year, which is estimated to remove approximately 14,000 truck trips per year that currently use the Alex Fraser Bridge and reduce greenhouse gas emissions by approximately 234 tonnes per year.

staff contacted had seen the letter. Some staff suggested that they may not have seen the letter as their respective Councils may have chosen to not seek any comment from staff.

5. Proposed City Response to Request

There are four potential responses to the City of Port Alberni's request as outlined below.

- Option 1 – Provide Letter of Support: this option would recognize the likely overall long-term benefits of increased short sea shipping in the Lower Mainland although the specific costs/benefits of the PAPA proposal are unknown.
- Option 2 – Defer Decision (**Recommended**): the City of Port Alberni would be advised that there is insufficient information available at this time for Council to make an informed decision on the PAPA proposal. Council could request that the City of Port Alberni provide further information upon completion of PAPA's feasibility study and that this study include a comparative analysis of alternative options to increase short sea shipping in the Lower Mainland.
- Option 3 – Deny Support: the City of Port Alberni would be advised that Council has declined to provide a letter support. Staff do not recommend this option as it would be premature to make any decision regarding support for or opposition to the proposal until further information is available to enable an informed decision.
- Option 4 – Do Not Respond: the City would not provide any response to the request. In the interests of continued inter-municipal co-operation, staff do not recommend this option.

Financial Impact

None.

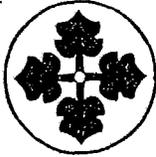
Conclusion

The City of Port Alberni is seeking a letter of support for the development of a container trans-shipment and short sea shipping terminal by the Port Alberni Port Authority (PAPA). While increased short sea shipping in the Lower Mainland likely has net benefits, the specific costs/benefits of the PAPA proposal are unknown. Staff therefore recommend that Council reconsider the request when further information is available upon completion of PAPA's feasibility study, which should also include a comparative analysis of alternative options to increase short sea shipping in the Lower Mainland.

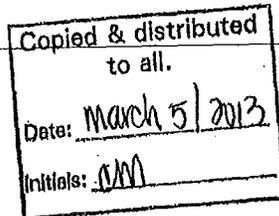


Joan Caravan
Transportation Planner
(604-276-4035)

JC:lce



pl. the tree

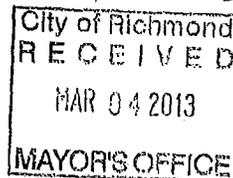


CITY OF PORT ALBERNI

City Hall
4850 Argyle Street,
Port Alberni, B.C. V9Y 1V8
Telephone: 250-723-2146 Fax: 250-723-1003
www.portalberni.ca

February 20, 2013

City of Richmond
Mayor's Office
6911 No. 3 Road
Richmond, British Columbia
V6Y 2C1 Canada



Dear Mayor Brodie:

Re: Support for the Port Alberni Port Authority's Container Trans Shipment & Short Sea Shipping Hub

I write this letter requesting your support towards the proposed concept to develop a Container Trans Shipment and Short Sea Shipping terminal hub by the Port Alberni Port Authority (PAPA).

The concept envisioned by PAPA is in its early stages of feasibility and development. Essentially, the concept involves the construction of a new container port in the Alberni Inlet to capture, sort, and deliver by barge a significant percentage of ocean cargo currently passing by the mouth of the Alberni Inlet along the Great Northern Shipping Route. Much of this cargo is currently destined for the Lower Mainland where it experiences significant off loading and trucking delays or to ports in the states of Washington, Oregon and California where the economic gain to Canada is lost. PAPA's concept will dramatically increase the efficiencies of the logistics chain by receiving and delivering containers just when needed, just where needed and increase the capacity of the overall Asia-Pacific Canada Gateway network.

In addition to the general concept benefits, the proposal will provide a vast number of other positive outcomes that are not only of particular interest to Port Alberni but to communities, like yours, throughout the lower mainland and beyond. The Port and I believe the greatest benefits that your community would realize through the actualization of PAPA's container trans shipment and short sea shipping terminal hub in the Alberni Inlet include:

1. Reducing traffic congestion, wear and tear throughout Lower Mainland Infrastructure
2. Reducing traffic congestion will dramatically reduce greenhouse gas (GHG) emissions
3. Reducing number of ship calls and time spent in BC Waters, which also leads to less GHG in coastal BC's atmosphere
4. Capitalizing on underutilized facilities along the Fraser River by maximizing its potential as a "marine highway"
5. Utilizing more container handling facilities in the Vancouver Harbour and along the Fraser River
6. Diversification and strengthening of BC's and Canada's economy
7. In Comparison to the Terminal 2 project, Port Alberni's proposal will result in much smaller environmental impact to land utilization and community exposure

I'm sure you can understand that a project as large as this will have a myriad of other benefits that extend far beyond these particular examples and our communities. In fact, the positive impacts will expand far across the country as PAPA's project will open wider the capacity of the Asia Pacific Gateway.

So, it is for these reasons, and many more, which will be revealed through PAPA's feasibility studies, that the City of Port Alberni requests your support for this project. You may express your support directly to my office, which I will share with PAPA. In this regard, I have attached a support letter from the City of Nanaimo which we recently received.

If desired, representatives of the City and PAPA would be pleased to appear jointly as a delegation to your Council to discuss this matter further. Additionally, if you have any questions about this development please feel free to contact my office at 250-720-2822 and we will be sure to have representatives of PAPA follow up directly with you.

Yours truly,
CITY OF PORT ALBERNI



John Douglas
Mayor

- c. Don Ferster, Chair, Port Alberni Port Authority
- Premier Christy Clark
- Scott Fraser, MLA Alberni-Pacific Rim