

## Background on Southern Railway of British Columbia

Southern Railway of British Columbia (SRY) provides seamless rail connections for more than 140 shippers located across North America and Asia via interchange with the Class 1 railway network.

- SRY has approximately 200 km of track and customer sidings
- SRY handles 69,000 railcars annually, including 20% of all new vehicles purchased in Canada

### The SRY Advantage

- SRY provides neutral interchange services with four Class 1 railways, CN, CP, BNSF, and UP. Interchange points are at both ends of SRY's rail network in the BC Lower Mainland: in New Westminster; and in Abbotsford/Chilliwack.
- SRY has access to the international border crossing at Sumas/Huntingdon.
- SRY enables the Class 1s to focus their resources on operating within the major rail corridors and we expand their customer reach beyond their infrastructure.
- SRY specialises in the "*first and last mile*" of the rail network. We receive loaded railcars, deliver them to their final destinations, and return railcars to interchange with the Class 1s in the shortest time possible. As a result, when the shortline operator is inefficient, there can be ripple effects across the rail network and create a drag on the supply chain.
- SRY fosters close working relationships with the customer and delivers a high level of individualized service as a locally-based operation, to maximize customer assets and create capacity for growth.

### Government Support for Shortline Investments

Shortlines need financial support to invest beyond projects that are necessary to sustain existing operations. Like most shortlines, SRY is a small, privately-held company, and does not have the same resources or economic model as the larger Class 1s. Yet shortlines are subject to the same regulatory burdens as Class 1s and have the same, albeit scalable, capital investment needs for infrastructure upgrades. Financial incentives, including capital funding grants, tax credits and rebates, would enable shortlines to invest in:

- **Bridge upgrades** – SRY operates along a rail corridor that has existed since 1897. Although there have been upgrades in the 1960s and 70s, several of SRY's bridges need to be upgraded and armoured to protect the reliability of the rail network, particularly in response to erosion, flooding, increased marine traffic, and to provide resilience to seismic activity.
- **Crossing upgrades** – Crossing upgrades and grade separation will improve network fluidity and reduce the interface between rail and road users. SRY is truly an urban railroad with almost 190 grade crossings through the most densely populated urban region in British Columbia.

- **Locomotive fleet upgrades** – Increasing environmental regulatory pressure diverts financial resources. Funding mechanisms similar to those available for shortlines in the US, which could be in the form of government grants and/or tax incentives, are needed to enable shortlines to meet emissions goals without taking away from capital infrastructure needs.
- **Increasing productivity of industrial land** – An example of investing in the productivity of existing industrial land is SRY’s infrastructure on Annacis Island. Annacis Island is a major industrial area within greater Vancouver (see attached map) and has a vehicle processing terminal for import and domestic vehicles. SRY connects this terminal and other customers on Annacis Island to the Class 1 railway network. Additions to existing rail infrastructure, including double-tracking and new rail connectivity, will increase productivity and create capacity for growth in new vehicle handling and international trade.
- **Network integration with Class 1s** – Replacing older, low-capacity rails with heavier rails to improve the handling of heavier shipments will support the full integration of shortlines with the infrastructure of the Class 1s.

### The Challenges Ahead

- **Loss of industrial land** – Displacement of heavy industries, warehouses, and manufacturing to areas outside of the Lower Mainland and to other jurisdictions undermines supply chain efficiency by shifting businesses away from the current proximity enjoyed between ports, railyards, and major transportation corridors.
- **Conversion of land to residential uses** – Conversion and redevelopment of land to residential uses leads to conflicts and unrealistic community expectations about noise and industrial emissions.
- **Maintaining competitiveness with other transportation modes** – Modal shift away from rail can have an adverse impact on communities and the environment in terms of increased road congestion and vehicle emissions. The most significant competitor for shortlines is the trucking industry, which has the advantage of using publicly-funded road infrastructure and fewer capital barriers to market entry and sustainability. Analyses from the US Federal Railroad Administration (2009) and the Railway Association of Canada (2016) indicate that rail is 4x more fuel efficient than trucks, and a 5% modal shift of truck traffic to rail would translate into a 1.9 megatonne reduction of carbon emissions annually.

Map of the Rail Network in the BC Lower Mainland

