



PORT METRO
vancouver

**Port Metro Vancouver
Gateway Infrastructure Fee
Consultation Discussion Paper | Feedback Form**

April 1 – May 14, 2010





Port Metro Vancouver

The Vancouver Fraser Port Authority (operating as Port Metro Vancouver) is a non-shareholder, financially self-sufficient corporation, established by the Government of Canada in January 2008, pursuant to the *Canada Marine Act*, and accountable to the federal Minister of Transport.

The Port is governed by a diverse board of directors representing government and industry, able to make independent and timely decisions on business plans and capital spending, clearly focused on the operational needs of port users, and guided by a vision for long-term growth and competitiveness.

Port Metro Vancouver is Canada's largest port and the fourth-largest tonnage port in North America. Offering 28 major marine cargo terminals and three Class I railroads, the Port provides a full range of facilities and services to the international shipping community.

The Port's deep-sea terminals offer virtually no draft restrictions, Super Post-Panamax capacity and extensive on-dock rail facilities. The Port's freshwater facilities offer integrated services for the automobile and the coastal forest industries, container and short sea shipping. Port Metro Vancouver also serves as a homeport for the popular Vancouver-Alaska cruise.

As the most diversified port in North America, Port Metro Vancouver operates across five business sectors: automobiles, breakbulk, bulk, containers and cruise. No seaport in North America handles the wide range of cargo handled at Port Metro Vancouver.

The Port facilitates trade with more than 160 world economies and handles over 100 million tonnes of cargo, worth \$75 billion, each year.

Including indirect and induced effects, the total effects of ongoing operations and businesses related to Port Metro Vancouver across Canada are:

- 129,500 jobs
- \$10.5 billion in Gross Domestic Product (GDP)
- \$22 billion in economic output
- \$6.1 billion in wages

Asia-Pacific Gateway Corridor Initiative

The Asia-Pacific Gateway Corridor Initiative is a priority strategy of the Federal and Provincial governments to establish the best transportation network for trade between North America and Asia. It is an integrated package of investments and policies that develops capacity and delivers a capable and efficient network of transportation infrastructure including the Lower Mainland and Prince Rupert ports, their principal road and rail connections, key border crossings, and major Canadian airports.

The Asia-Pacific Gateway Corridor Initiative seeks to:

- Boost Canada's trade with the Asia-Pacific region
- Increase the share of North America-bound container imports from Asia
- Improve the efficiency and reliability of Canadian and North American exports

Overview – Gateway Infrastructure Program (GIP)

Partnering with Stakeholders for Future Growth

With the largest international and domestic cargo volumes of any port in the country, Port Metro Vancouver (PMV) generates \$10.5 billion in GDP and 129,500 jobs that pay \$6.1 billion in total wages across the country, making the Port one of Canada's most important assets in growth and prosperity. In B.C., Port Metro Vancouver provides one in 12 jobs in the Lower Mainland and \$2.2 billion in direct local wages.

Long-term forecasts suggest that Port Metro Vancouver cargo volumes will continue to grow, despite the current worldwide economic downturn. Partnering with stakeholders now to improve port-related infrastructure will pay economic dividends in the future.

Port Metro Vancouver and its partners are leveraging and extending Provincial and Federal funding for a generational investment in supply-chain infrastructure.

The Gateway Infrastructure Program – Generational Investment Increases Throughput Capacity, Maximizing Opportunities for Future Growth

To ensure port reliability and an increase in throughput capacity, Port Metro Vancouver and its partners are leveraging and extending Provincial and Federal funding for a generational investment in supply-chain infrastructure improvements.

Capital investments by PMV and its tenants and stakeholders of more than \$4 billion in infrastructure over the next 10 years will help stimulate the economy while serving the trade and industry requirements of the region and the nation in the future.

PMV has developed a Gateway Infrastructure Program (GIP) to invest in supply-chain improvements beyond traditional port activities and lands. The GIP includes a series of improvements in three locations:

- Roberts Bank Rail Corridor
- North Shore Trade Area
- South Shore Trade Area

PMV has secured \$3 million from other agencies for every \$1 million its industry stakeholders are investing.

Future improvements are anticipated for the Fraser River Trade Area and Fraser River Rail Corridor. PMV's stakeholders, including terminal operators, tenants, shippers, shipping lines and cargo owners, will benefit significantly from these future improvements.

The projects included in the GIP were developed in consultation with port stakeholders and are supported by independent analysis. Based on the preliminary design of these projects, the total capital cost of the improvements is \$717 million. In pre-funding the industry's \$167 million, PMV has secured \$3 million from other agencies for every \$1 million its industry stakeholders are investing. Funding partners signed agreements in principle (AIP) for each area, indicating their support for the projects and acknowledgement of the need for a cost-recovery mechanism.

A Gateway Infrastructure Fee will be established to recover PMV's \$167 million GIP investment on behalf of industry.

Introduction of a Gateway Infrastructure Fee

Port Metro Vancouver has agreed to finance the industry share of the trade area infrastructure improvements and consult with industry stakeholders to develop a fair and equitable mechanism to recover the costs of this \$167 million pre-funding. A Gateway Infrastructure Fee (GIF) will be established as the method by which Port Metro Vancouver will recover its contribution on behalf of its industry stakeholders.

Consultation on the Structure and Implementation of the Gateway Infrastructure Fee

Consultation on the Gateway Infrastructure Fee is being undertaken in three phases.

Pre-Consultation (Phase 1: December 2009 – January 2010)

In December 2009 and January 2010, Port Metro Vancouver representatives met with several stakeholders, including associations and port operators, to seek feedback regarding the draft terms of reference for the Gateway Infrastructure Program Advisory Committee and how to broadly consult with Port stakeholders regarding the structure and implementation of the GIF.

Gateway Infrastructure Program Advisory Committee Consultation (Phase 2: January – June 2010)

Port Metro Vancouver has established a Gateway Infrastructure Program Advisory Committee (GIPAC), comprising the following associations and organizations:

- BC Wharf Operators Association
- Canadian Association of Importers and Exporters
- Canadian Fertilizer Institute
- Canadian Manufacturers & Exporters
- Chamber of Shipping of British Columbia
- Coal Association of Canada
- Vancouver Terminal Elevator Association
- Western Canadian Shippers' Coalition
- Business Council of British Columbia
- Greater Vancouver Gateway Council

Port Metro Vancouver sought advice from the GIPAC about the structure and implementation of the GIF and about how to effectively consult more broadly with Port stakeholders.

Port Stakeholder Consultation (Phase 3: April – May 2010)

Between April 1 and May 14, 2010, Port Metro Vancouver is consulting more broadly with port stakeholders about the structure and implementation features of the GIF.

Learn more and provide feedback by:

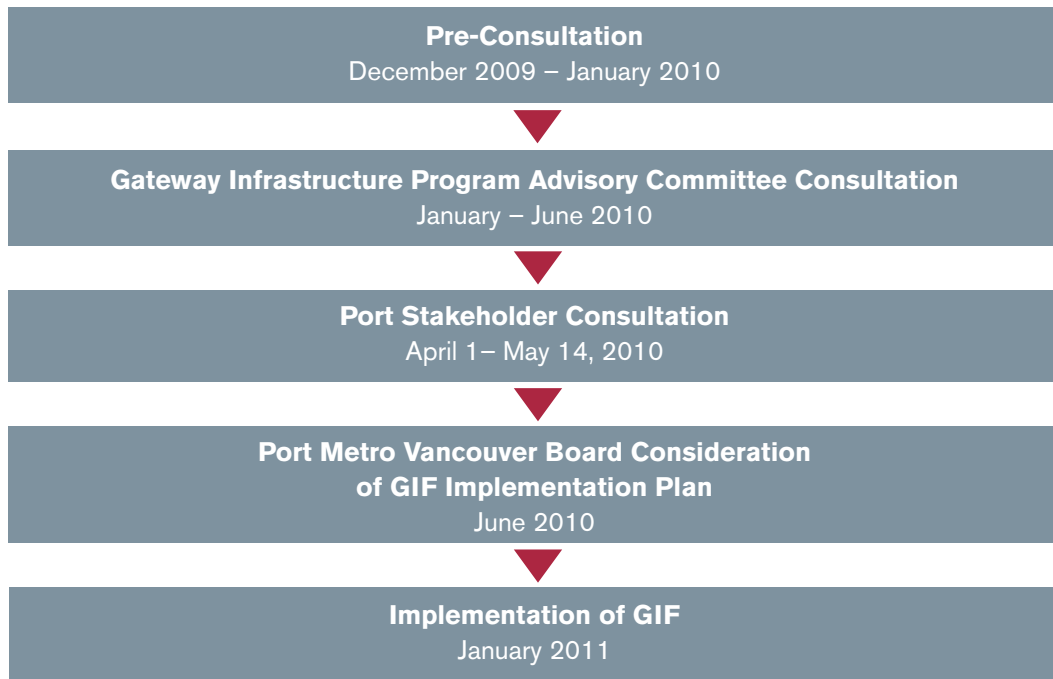
- Attending a **stakeholder meeting**
- Accessing this **Gateway Infrastructure Fee Consultation Discussion Paper and Feedback Form** and other consultation materials and completing the online feedback form, available at www.portmetrovancover.com/GIP
- Providing a written **submission** through:
 - **Email** to GIP@portmetrovancover.com
 - **Mail** to: Kirk & Co. Consulting Ltd.
402 –1250 Homer Street
Vancouver, BC V6B 1C6
Attention: GIF Consultation
 - **Fax** to 604-688-7250 Attention: GIF Consultation

Feedback will be received until end of business on May 14, 2010.

How will feedback be used?

Feedback received through the Gateway Infrastructure Fee consultation will be summarized in a *Consultation Summary Report*. Input will be considered by Port Metro Vancouver, along with technical and financial information, as PMV refines, finalizes and implements the Gateway Infrastructure Fee in January 2011.

Gateway Infrastructure Fee Consultation & Implementation Timeline



Purpose

The purpose of the GIF consultation is to gather feedback and advice about the fee structure and implementation features such as collection and the term of the fee.

Port Metro Vancouver is committed to implementing a GIF that meets three criteria:

Fair: The GIF is based on the principle that gateway infrastructure improvements will benefit gateway users; therefore, gateway users should be subject to the fee. The GIF should be transparent, should not compromise port or port operator competitiveness and should raise only enough revenue to recover GIF costs, including the cost of borrowing.

Effective: The GIF should raise the required PMV pre-funded infrastructure investment plus the cost of borrowing.

Efficient: The GIF should be as simple and efficient to collect as possible.

GIF Consultation Topics

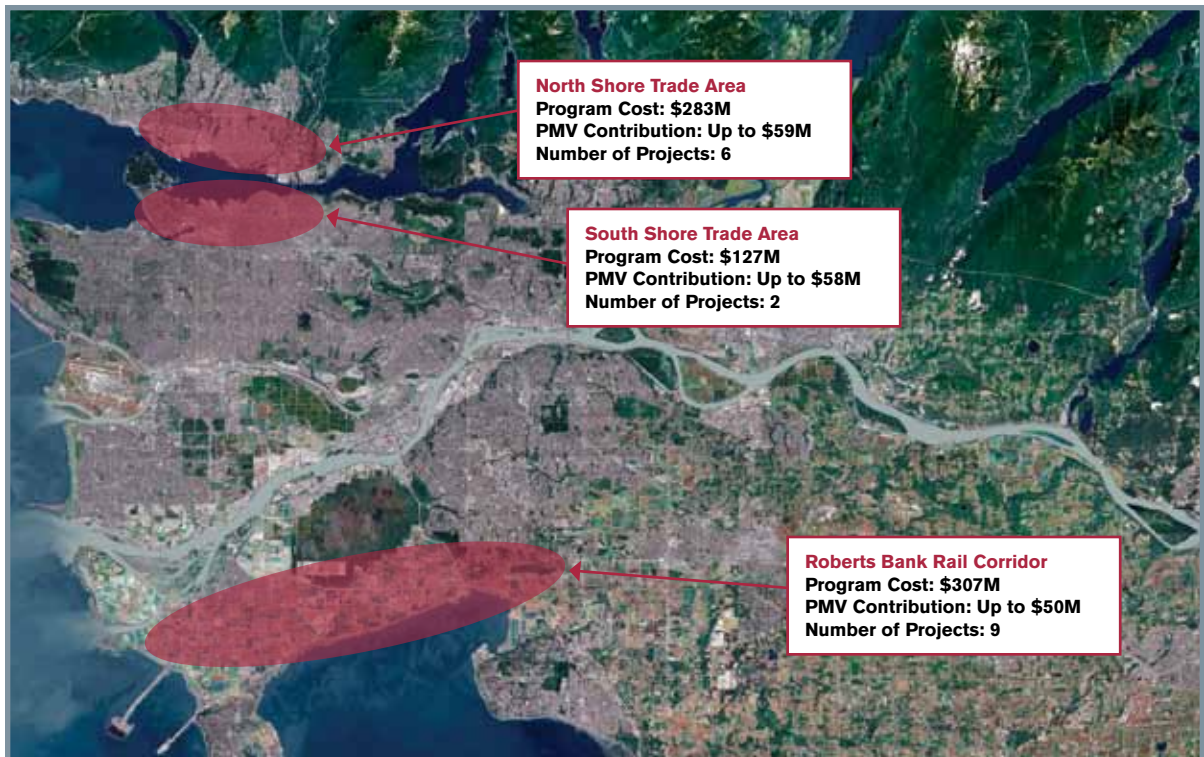
Port Metro Vancouver is seeking feedback about the following GIF structure and implementation features:

- **GIF Structure** Input regarding a proposed volume-based fee that considers asset usage or cargo values.
- **GIF Collection Mechanism** Input regarding a terminal operator collection method or a shippers' agent collection method.
- **GIF Term** Input on options for GIF terms, such as a 30-year debt repayment term or a shorter term.
- **GIF Annual Evaluation** Input regarding criteria for annual evaluation.

Gateway Infrastructure Program Overview and Benefits

FAST FACTS

- **Gateway Infrastructure Program:** 17 infrastructure projects planned or underway in three areas
 - Roberts Bank Rail Corridor, North Shore Trade Area, South Shore Trade Area
- **Total Port Metro Vancouver and stakeholders' contribution: \$167 million**
 - Total estimated capital cost of projects:
\$717 million
 - Total contribution from Federal and Provincial governments and other agencies:
\$550 million
- **Anticipated completion:** GIP projects to be completed by March 31, 2014



Port Metro Vancouver's pre-funding of the industry's \$167 million in the trade areas has enabled the leveraging of an additional \$550 million of funding in programs to improve the important North Shore, South Shore and Roberts Bank corridors needed to service existing and future trade demands.

The following table shows the leveraging effect of Port Metro Vancouver's pre-funding of the industry's investment in the Gateway Infrastructure Program:

<i>(in \$Millions)</i>	Roberts Bank Rail Corridor (9 projects)		North Shore Trade Area (6 projects)		South Shore Trade Area (2 projects)		Total Funding Partner Participation	
	\$ Cont.	%	\$ Cont.	%	\$ Cont.	%	\$ Cont.	%
Transport Canada	\$75	24%	\$86	30%	\$50	39%	\$210	29%
B.C. MOT	\$50	16%	\$62	22%	\$0	0%	\$112	16%
Port Metro Vancouver	\$50	16%	\$59	21%	\$58	46%	\$167	23%
Municipalities	\$50	16%	\$8	3%	\$8	6%	\$66	9%
TransLink	\$50	16%	\$5	2%	\$0	0%	\$55	8%
Railways*	\$32	10%	\$24	8%	\$12	9%	\$68	9%
Other**	\$0	0%	\$39	14%	\$0	0%	\$39	5%
Total	\$307	100%	\$283	100%	\$127	100%	\$717	100%

* The figures shown only reflect contributions to the road projects and do not account for separate rail improvement costs to be borne by the relevant railways in each of the trade areas

** "Other" includes the contribution of Kinder Morgan, and partners to be determined, to Pemberton Avenue and Western Lower Level Route. PMV is not making any contribution to either project.

Gateway improvements will increase the productivity of the supply chain across Western Canada to the Asia-Pacific Region.

The following pages contain descriptions of specific improvements planned or underway at the Roberts Bank Rail Corridor, North Shore Trade Area and South Shore Trade Area, and the stakeholder and community benefits they produce.

Future Considerations

Gateway Infrastructure Program Projects

To date, 17 projects are underway or planned as part of the Gateway Infrastructure Program. The GIF will be implemented in 2011 to recover the costs incurred by the end of 2010 on GIF projects. It is anticipated the GIF will apply until 2040 when the costs of all 17 projects are funded by the fee (principal and carrying costs).

As Gateway development continues and further projects are brought forward, Port Metro Vancouver will consult with stakeholders about how projects closely related to the development of the port, and directly benefiting port stakeholders, could be funded by a future funding mechanism.

Roberts Bank Rail Corridor

- **\$307 million capital investment**
 - **\$50 million industry contribution, pre-funded by PMV**
-

In 2007, a multi-stakeholder agreement, under the Federal government's Asia-Pacific Gateway and Corridor Initiative, was concluded for road/rail grade separation projects along the Roberts Bank Rail Corridor (RBRC). These grade separation projects will enhance rail operations and accommodate anticipated growth in rail and road traffic.

As part of the agreement, PMV committed to pre-fund investment of up to \$50 million in the RBRC to deliver significant benefits to capacity and the fluidity of rail movement in the Gateway, and as a demonstration of its commitment to economic, social and environmental sustainability. Working with all levels of government, TransLink, and other private sector entities, the project implementation plan has been produced and work is underway by various delivery agencies.

The partners in Roberts Bank Rail Corridor improvements are the Government of Canada, B.C. Ministry of Transportation and Infrastructure, Port Metro Vancouver, TransLink, the Corporation of Delta, the City of Surrey, the City of Langley, the Township of Langley, British Columbia Railway Company, Canadian Pacific Railway, Canadian National Railway and Burlington Northern Santa Fe Railway.

Roberts Bank Rail Corridor GIP Projects

- **41B Street** Grade separation to enable expansion of Gulf Rail Yard
- **80th Street** Two-lane overpass that will improve access to Boundary Bay Airport
- **Panorama Ridge Whistle Cessation** Closure of street-level railway crossings at 125A Street, and 131A Street (Colebrook Road), and private crossing in the vicinity of 139th Street. Colebrook Road will be extended along the north side of the railway from 131A Street to 144th Street; access road upgrades and a new street-level railway crossing of the Burlington Northern Santa Fe Railway railway will be constructed for access to Mud Bay Park; and the street-level crossing protection at 144th Street will be upgraded for whistling cessation.
- **152nd Street** Grade separation
- **192nd Street** Grade separation
- **54th Avenue/56th Avenue** Grade separation
- **196th Street** Grade separation
- **Mufford Crescent/64th Avenue** Closure of Mufford Crescent and realignment along 62nd/64th Avenues. Includes a grade separation crossing the Roberts Bank Rail Corridor and Glover Road and extending to 216th Street.
- **232nd Street** Grade separation to support the Rawlison rail siding extension that will be undertaken by railways



Roberts Bank Rail Corridor GIP Project Benefits

These projects have benefits to terminals and cargo owners, including:

- Accommodating anticipated growth in rail and road traffic by increasing capacity
- Eliminating road/rail conflicts and congestion at key bottleneck locations
- Increased velocity along the rail corridor to support operational efficiencies

In addition, they will also provide local quality of life and environmental benefits, including:

- Reduced traffic congestion during rail operations
- Reduced congestion on key road corridors
- Reduced idling at level crossings and congestion on some parallel facilities
- Reduced greenhouse gas emissions
- Reduced direct exposure of road users and trains, with corresponding safety benefits
- Increased agricultural productivity through improved vehicle movements
- Enhanced bicycle network connections
- Enhanced access to emergency service providers (police, fire, ambulance)
- Reduced noise pollution as train whistling is no longer required for extended stretches on the corridor

North Shore Trade Area

- **\$283 million capital investment**
 - **\$59 million industry contribution, pre-funded by PMV**
-

The North Shore Trade Area, covering Port terminals and industrial activities along the north shore of Burrard Inlet, is a critical export gateway to the Asia-Pacific region. Currently, the North Shore terminals are estimated to generate about 19,400 direct and indirect jobs in Canada (of which 12,300 jobs are based in B.C.), and \$1.2 billion in direct and indirect GDP (\$790 million in B.C.). Investments in an efficient and effective transportation system in the area will enable the economic benefits of this strategic gateway to be realized to their full potential.

The *direct funding participants* in North Shore Trade Area improvements are the Government of Canada, the B.C. Ministry of Transportation and Infrastructure, Port Metro Vancouver, TransLink, the District of North Vancouver, the City of North Vancouver, Kinder Morgan Canada Terminals L.P., Canadian Pacific Railway and Canadian National Railway.

Consulted participants were the Squamish Nation, the District of West Vancouver, Univar Canada Ltd., Canexus Chemicals Canada Limited Partnership, Western Stevedoring Company Limited, Neptune Bulk Terminals (Canada) Ltd., Cargill Limited, Richardson International, Fibreco Export Inc., and Washington Marine Group.

North Shore Trade Area GIP Projects

- **Brooksbank Avenue Underpass** Modification of underpass to accommodate additional rail tracks necessary for terminal expansion plans
- **Neptune/Cargill Grade Separation** Elimination of existing at-grade crossing at Low Level Road and 3rd Street East
- **Low Level Road Realignment** Realignment and elevation of existing Low Level Road to accommodate additional rail tracks for terminal expansion
- **Pemberton Avenue Grade Separation** Overpass to replace existing Pemberton Avenue and Philip Avenue at-grade crossings
- **Western Lower Level Route Extension** Extension of Lower Level Route from Garden Avenue to Marine Drive near Park Royal Shopping Centre, including a two-lane road and new bridge over the Capilano River
- **Lynn Creek Rail Bridge Addition** Construction of a new concrete and steel rail bridge addition over Lynn Creek to widen the existing port rail corridor



North Shore Trade Area GIF Project Benefits

These projects have benefits to terminals and cargo owners, including:

- Enhanced rail and port operations, including additional cargo capacity by increasing mainline rail and rail yard capacity;
- Enhanced support for Canadian forestry, mining and agriculture sectors who export through North Shore terminals;
- More efficient rail operations and capacity to accommodate anticipated trade growth
- Accommodating anticipated growth in rail and road traffic
- Enabling terminal expansion plans on the North Shore
- Improved access to terminal facilities for commercial traffic
- Increased rail and road capacity, enabling longer train lengths
- Improved road connections to industries bordering the rail tracks

In addition, they will also provide local quality of life and environmental benefits, including:

- Reduced congestion on the local road network
- Increased employment on the North Shore and throughout the Lower Mainland
- Reduced noise pollution, such as train whistles at road/rail crossings and rail shunting
- Expanded terminal facilities that will increase Provincial and Municipal tax revenues
- Enhanced access for emergency service providers (police, fire, ambulance)
- Increased capacity for public projects such as the Spirit Trail multi-use pathway

South Shore Trade Area

- **\$127 million capital investment**
- **\$58 million industry contribution, pre-funded by PMV**

The South Shore Trade Area (SSTA) is one of several important import/export gateways in the lower Fraser Valley and geographically covers port activities along the south shore of Burrard Inlet. In 2007, the SSTA processed approximately 28 million metric tonnes of goods and is scheduled to have a throughput of about 32 million metric tonnes in 2010. This area is a major employment generator for the Metro Vancouver region, supporting the marine, rail and trucking industries, the import/export commodities industry, and other supporting industry for western Canada. Investments in road-rail improvements in the area will increase the economic benefits of this strategic gateway.

The *direct funding participants* in South Shore Trade Area improvements are the Government of Canada, Port Metro Vancouver, the City of Vancouver, Canadian Pacific Railway and Canadian National Railway.

Consulted participants were DP World (Centerm), Terminal Systems Incorporated (Vanterm), Marco Containers, Viterra, Lafarge, Alliance Grain, Lantic Inc. (Rogers Sugar), West Coast Reduction, TransLink and Burlington Northern Santa Fe Railway.

South Shore Trade Area GIP Projects

- **Stewart Street (with Victoria Drive overpass)** Elevated road at Stewart Street to eliminate road-rail conflicts at several at-grade crossings. Project also incorporates a pedestrian overpass in the vicinity of Victoria Drive.
- **Powell Street Grade Separation** Grade separation to eliminate the existing at-grade crossing at Powell Street



South Shore Trade Area GIP Project Benefits

These projects have benefits to terminals and cargo owners, including:

- Accommodating anticipated growth in rail and road traffic
- Gaining additional rail trackage and enabling more fluid operation
- Improved port truck movements and traffic flows
- Improved access to terminal facilities for commercial traffic
- Eliminating requirement for truck staging on Stewart Street
- Enabling safe and efficient access to Port lands for employees

In addition, they will also provide local quality of life and environmental benefits, including:

- Eliminating rail/road conflicts on a number of active rail tracks
- Eliminating conflicts with bus service, pedestrians and cyclists

Gateway Infrastructure Fee – Structure & Implementation Consultation

Port Metro Vancouver will establish a Gateway Infrastructure Fee to recover the \$167 million it is pre-funding in the GIP on behalf of industry. The fee will be revenue-neutral to Port Metro Vancouver, so PMV will recover only the money directly invested in the projects and the carrying costs relating to GIF recovery. The GIF is based on the principle that the GIP will benefit gateway users; therefore, gateway users should be subject to the fee.

The cost sharing arrangements between the partners are based on the cost assessment undertaken in the Multiple Account Evaluation analysis completed through the North Shore and South Shore Trade Area studies, and the Roberts Bank Rail Corridor interface study.

PMV is making these contributions to infrastructure improvements on behalf of port stakeholders with the understanding that a cost recovery mechanism (the GIF) will be implemented.

Estimated GIP Capital Expenditures by Trade Area

The GIF will be charged to recover Port Metro Vancouver's actual annual project costs, including debt-service costs, for pre-funding Gateway Infrastructure Program projects. Costs per trade area are shown in the table below. The total project cost at the bottom of the table represents the amount that Port Metro Vancouver will recover on an annual basis. Beginning in 2014, the project capital expenditures will be completed; therefore, it is anticipated that annual recovery amounts will remain constant until 2040.

PMV Project Expenditures

Estimated GIP Capital Expenditures (\$000s)	Total Expenditure by Project	2009	2010	2011	2012	2013	2014	...	2040
Total Capital Expenditures	\$ 167,400	\$ 974	\$ 21,587	\$ 36,100	\$ 42,000	\$ 45,000	\$ 21,739	...	\$ -
Roberts Bank Rail Corridor	\$ 50,000	\$ 374	\$ 3,687	\$ 12,600	\$ 12,000	\$ 10,000	\$ 11,339	...	\$ -
South Shore Trade Area	\$ 58,000	\$ -	\$ 3,500	\$ 10,000	\$ 20,000	\$ 20,000	\$ 4,500	...	\$ -
North Shore Trade Area	\$ 59,400	\$ 600	\$ 14,400	\$ 13,500	\$ 10,000	\$ 15,000	\$ 5,900	...	\$ -
PMV Annual Recovery Amount				\$ 4,036	\$ 6,926	\$ 10,022	\$ 11,518	...	\$ 11,518
Interest Portion				\$ 3,135	\$ 5,294	\$ 7,531	\$ 8,498	...	\$ 600
Principal Portion				\$ 901	\$ 1,632	\$ 2,491	\$ 3,020	...	\$ 10,918

Notes and Assumptions:

- Based on preliminary project designs. Subject to finalization or contingency and timing of expenditure through each project's detailed definition phase.
- Planned expenditure timelines are estimates.
- Opportunity cost of money 5.50% (average of 30-year bond rate 2005–2009 plus 1.25% credit spread).
- All GIP capital expenditures made by 2014.
- Annual payment for 30-year (2011–2040) annuity equivalent is \$9,383.
- Major maintenance costs for PMV-managed projects will be determined during detailed design and be reflected in the final GIP expenditures.

GIF Timing

The GIF will be implemented in January 2011, and will apply to deep-sea terminals and some domestic cargo owners, which will be the first to benefit from GIP projects. As the GIF will recover amounts expended and financing costs, it will grow over the first few years until the GIP projects are completed, and then remain constant.

GIF Term

The GIF term will be based on the life of GIF projects. Generally, this means that the GIF will apply for approximately 30 years, which is the anticipated debt-service term. Once capital improvement and debt-service costs have been recovered, the GIF will be removed. Noting that the debt-service costs have to be recovered as well, Port Metro Vancouver is interested in stakeholder input regarding whether gateway users would prefer a shorter payment term.

GIF Models

The following GIF models are presented for stakeholder feedback. Each preliminary model introduces the basic elements of the model, followed by a summary of how they meet three tests: **fairness, effectiveness and efficiency**.

In each model, the GIF rates will be developed with reference to previous-year cargo volumes through PMV's deep-sea terminals and some domestic cargo (i.e., GIF rates in 2011 will be based on July 2009 – June 2010 actual cargo volumes). The amount collected per year under the GIF will be based on PMV's actual project costs and currently includes an estimated 2% stipend payable to the Federal government on all revenue. The GIF will be collected using existing procedures through terminals and or shippers' agents.

Please note that the following are working models for illustration purposes, using 2008 cargo volumes and assuming zero cargo growth for the next 30 years. The GIF will be subject to an annual review and rates will be adjusted based on actual cargo volume, project expenditures and PMV's borrowing costs. This methodology will ensure that the GIF is recovering GIF project costs and not collecting surplus revenue.

Harbour Dues-Like Model

Port Metro Vancouver could also consider collecting the \$167 million pre-funding through a harbour dues-like model. If implemented, Port Metro Vancouver could charge vessels for each harbour call based on Gross Registered Tonnage. Port Metro Vancouver would produce one invoice per vessel per trip, indicating the GIF portion, and send invoices directly to shipping agents.

Model 1 – Value

This GIF model is based on the relative value of goods moved, organized by commodity group.

Commodity Group ^(A)	Value \$/MT ^(A)	2008 Volume (000s)	2011 GIF Rate /Unit ^(B)	GIF Revenue (000s)	Stipend ^(C)	2011 Net GIF Revenue (000s)	2014 GIF Rate /Unit	2014 Net GIF Revenue (000s)
			\$0.009		-2%		\$0.026	
Animal Products, Dairy & Produce	\$ 770	0	\$0.069	\$0		\$0	\$0.197	\$0
Automobile Parts	\$ 850	4	\$0.076	\$0		\$0	\$0.217	\$1
Cement	\$ 1,320	0	\$0.118	\$0		\$0	\$0.337	\$0
Chemicals	\$ 750	2,002	\$0.067	\$134		\$132	\$0.192	\$376
Coal	\$ 200	25,801	\$0.018	\$462		\$453	\$0.051	\$1,292
Consumer & Related Goods	\$ 6,040	1	\$0.541	\$0		\$0	\$1.543	\$1
Diesel & Fuel Oil	\$ 1,010	421	\$0.090	\$38		\$37	\$0.258	\$107
Fertilizers	\$ 190	40	\$0.017	\$1		\$1	\$0.049	\$2
Gasoline	\$ 680	1,059	\$0.061	\$64		\$63	\$0.174	\$180
Grain, Special, Crops & Feed	\$ 190	11,064	\$0.017	\$188		\$184	\$0.049	\$526
Lumber	\$ 510	230	\$0.046	\$11		\$10	\$0.130	\$29
Machinery & Parts	\$ 1,090	31	\$0.098	\$3		\$3	\$0.279	\$8
Metals	\$ 1,740	191	\$0.156	\$30		\$29	\$0.445	\$83
Minerals	\$ 110	625	\$0.010	\$6		\$6	\$0.028	\$17
Ores & Concentrates	\$ 540	871	\$0.048	\$42		\$41	\$0.138	\$118
Potash	\$ 180	6,448	\$0.016	\$104		\$102	\$0.046	\$291
Processed Food Products	\$ 790	736	\$0.071	\$52		\$51	\$0.202	\$146
Sulphur	\$ 130	4,680	\$0.012	\$54		\$53	\$0.033	\$152
Woodchips	\$ 140	847	\$0.013	\$11		\$10	\$0.036	\$30
Woodpulp	\$ 600	921	\$0.054	\$49		\$48	\$0.153	\$138
Other Forest Products	\$ 500	2	\$0.045	\$0		\$0	\$0.128	\$0
Other Petroleum Products	\$ 790	901	\$0.071	\$64		\$62	\$0.202	\$178
Other	\$ 470	255	\$0.042	\$11		\$10	\$0.120	\$30
Total Cargo Tonnes		57,128		\$1,325	-\$27	\$1,299		\$3,706
Laden TEU^(E)	\$15,704	1,986	\$1.406	\$2,793	-\$56	\$2,737	\$4.013	\$7,812
				PMV Net GIF Revenue		\$4,036		\$11,518
				Recovery Amount		\$4,036		\$11,518

Notes and Assumptions:

(A) Commodity groups and values are based on InterVISTAS 2008 Port Metro Vancouver Economic Impact Study, which is available on the PMV website. http://www.portmetrovancover.com/Libraries/ABOUT_Facts_Stats/2009-01-12_Intervistas_-_Port_Metro_Vancouver_Economic_Impact_Study_FINAL_REPORT.sflb.ashx.

InterVISTAS is a Vancouver-based consulting group specializing in transportation, planning and economic development consulting.

(B) Unit means metric tonne or TEU. The GIF rate is the rate that, when multiplied by the value, will equal the amount of GIF to be collected for that year. It is a function of the relative value of the cargo.

(C) Stipend paid to Federal government of 2% on gross revenues.

(D) Assumes no change to commodity value and volume in 2014.

(E) Laden TEU value is estimated based on InterVISTAS commodity value and PMV cargo statistics.

Model 2 – Tonnage

This GIF model is based on cargo weight.

2008 Volumes ^(A)	Total	
Cargo (000s MT)	57,128	
Laden TEU (000s TEU)	1,986	
Weight/TEU (MT) ^(B)	9.5	
TEU Tonnage (000s MT)	18,872	
Total Tonnage	76,000	
2011 GIF Rate		
Cargo (\$/MT)		\$ 0.054
Laden TEU (\$/TEU)		\$ 0.515
2011 GIF Revenue (\$000s)		
	Total	
Cargo		\$ 3,096
Laden TEU		\$ 1,023
Gross GIF Revenue		\$ 4,118
Stipend	-2%	-\$ 82
Net GIF Revenue		\$ 4,036
2014 GIF Rate		
Cargo (\$/MT)		\$ 0.155
Laden TEU (\$/TEU)		\$ 1.469
2014 GIF Revenue (\$000s)		
	Total	
Cargo		\$ 8,835
Laden TEU		\$ 2,918
Gross GIF Revenue		\$ 11,753
Stipend	-2%	-\$ 235
Net GIF Revenue		\$ 11,518

Notes and Assumptions:

(A) Assumes cargo and TEU volumes remain the same 2008–2014.

(B) Laden TEU weighs 9.5 metric tonnes (MT) on average.

Model 3 – Mode and Tonnage

This GIF model is based on cargo weight, by rail or truck. This model determines the percentage of cargo and container tonnage per mode – 84%/16% for rail and 28%/72% for truck. The GIF costs for the year are then allocated to each mode using the 65%/35% rail/truck benefit split and then allocated to cargo and container. This model could also be calculated based on units – number of railcars and trucks.

	Rail		Truck		Total
Projects Benefits by Mode ^(A)	65%		35%		100%
2008 Volumes^(B)	Rail^(C)		Truck^(C)		Total
Cargo (000s MT)^(D)	53,836	84%	3,292	28%	57,128
Laden TEU (000s TEU)	1,077		905		1,981
Weight/TEU (MT) ^(E)	9.5		9.5		
TEU Tonnage (000s MT)	10,230	16%	8,594	72%	18,824
Total Tonnage	64,066	100%	11,887	100%	75,952
Year 2011	Rail		Truck		Total
Net GIF Revenue (\$000s)					\$ 4,036
Stipend					-2%
Gross GIF Revenue (\$000s)	\$ 2,663	100%	\$ 1,456	100%	\$ 4,118
Cargo GIF Revenue (\$000s)	\$ 2,238	84%	\$ 403	28%	\$ 2,641
TEU GIF Revenue (\$000s)	\$ 425	16%	\$ 1,052	72%	\$ 1,478
Cargo Rate (\$/MT)	\$ 0.042		\$ 0.122		
Laden TEU Rate (\$/TEU)	\$ 0.395		\$ 1.163		
Year 2014	Rail		Truck		Total
Net GIF Revenue (\$000s)					\$11,518
Stipend					-2%
Gross GIF Revenue (\$000s)	\$ 7,599	100%	\$ 4,154	100%	\$11,753
Cargo GIF Revenue (\$000s)	\$ 6,385	84%	\$ 1,151	28%	\$ 7,536
TEU GIF Revenue (\$000s)	\$ 1,213	16%	\$ 3,004	72%	\$ 4,217
Cargo Rate (\$/MT)	\$ 0.119		\$ 0.349		
Laden TEU Rate (\$/TEU)	\$ 1.127		\$ 3.320		

Notes and Assumptions:

(A) Project benefits to rail and truck modes are estimated high level benefits.

(B) Assumes cargo and TEU volumes remain the same 2008–2014.

(C) Assumes transportation mode split (rail vs. truck) remains the same 2008–2014.

(D) Rail and truck cargo volumes are estimates.

(E) Laden TEU weighs 9.5 metric tonnes on average.

Fairness, Effectiveness and Efficiency

The following table provides details of how each of the three models relates to fairness, effectiveness and efficiency:

	Model 1 Value	Model 2 Tonnage	Model 3 Mode and Tonnage
Fairness	<ul style="list-style-type: none"> Volume growth resulting from infrastructure improvements will increase revenue opportunities for cargo Considers relative commodity value and revenue potential, with higher value commodities paying higher GIF rates Higher value cargo pays more per unit, but some components within a group may have different values 	<ul style="list-style-type: none"> Volume growth resulting from infrastructure improvements will increase revenue opportunities for cargo Considers cargo weight and gateway usage (wear and tear on infrastructure) Allocates GIF based on tonnage 	<ul style="list-style-type: none"> Volume growth resulting from infrastructure improvements will increase revenue opportunities for cargo Considers cargo weight and gateway usage (wear and tear on infrastructure) Considers transportation mode differences Allocates GIF based on relative benefit by mode and tonnage transported by mode
Effectiveness	<ul style="list-style-type: none"> Is able to raise the required GIF cost recovery Leverages \$3 million of senior government dollars for every \$1 million the industry will invest 	<ul style="list-style-type: none"> Is able to raise the required GIF cost recovery Leverages \$3 million of senior government dollars for every \$1 million the industry will invest 	<ul style="list-style-type: none"> Is able to raise the required GIF cost recovery Leverages \$3 million of senior government dollars for every \$1 million the industry will invest
Efficiency	<ul style="list-style-type: none"> Requires streamlining of commodity groups Requires mutually agreed defined commodity value sources Challenges to billing efficiency 	<ul style="list-style-type: none"> Simplest and most efficient model Does not require additional data collection Relatively easy collection process 	<ul style="list-style-type: none"> Requires regular reporting, collection and validation of cargo stats by transportation mode * Challenges to billing efficiency

GIF Evaluation, Reporting and Annual Recalculation

Annual reports regarding the GIF will be released on www.portmetrovancover.com. Port Metro Vancouver financial information is also audited annually by an independent accounting firm, and will include an audit on the GIF.

Port Metro Vancouver will also do an annual recalculation of the GIF based on updated cargo volumes and financial information such as GIF project cost. The models above assumes certain cargo growth rates, annual project expenditures and interest rates. A review of these variables will be undertaken each year and the GIF rates adjusted to ensure that there is not an excess or insufficient amount of GIF collected.

Feedback Form

Your feedback is important to us. At the conclusion of the consultation period, Kirk & Co. Consulting Ltd. will produce a *Consultation Summary Report*, which will be made available to consultation participants.

Gateway Infrastructure Fee Structure

1a. Model 1 is a value-based GIF based on the relative value of goods moved, organized by commodity group. Please rate your level of agreement with Model 1 (see page 14 for more information):

Strongly Agree	Somewhat Agree	Neither Agree Nor Disagree	Somewhat Disagree	Strongly Disagree
①	②	③	④	⑤

Please provide any additional comments regarding a value-based GIF:

1b. Model 2 is a tonnage-based GIF based on cargo weight. Please rate your level of agreement with Model 2 (see page 15 for more information):

Strongly Agree	Somewhat Agree	Neither Agree Nor Disagree	Somewhat Disagree	Strongly Disagree
①	②	③	④	⑤

Please provide any additional comments regarding a tonnage-based GIF:

1c. Model 3 is a mode- and tonnage-based GIF based on cargo weight, by rail or truck. Please rate your level of agreement with Model 3 (see page 16 for more information):

Strongly Agree	Somewhat Agree	Neither Agree Nor Disagree	Somewhat Disagree	Strongly Disagree
①	②	③	④	⑤

Please provide any additional comments regarding a mode- and tonnage-based GIF:

Harbour Dues-Like Model

Port Metro Vancouver could consider collecting the \$167 million pre-funding through a harbour dues-like model. If implemented, Port Metro Vancouver could charge vessels for each harbour call based on Gross Registered Tonnage. Port Metro Vancouver would produce one invoice per vessel per trip, indicating the GIF portion, and send invoices directly to shipping agents.

1d. Please rate your level of agreement with Port Metro Vancouver collecting the \$167 million pre-funding through a harbour dues-like model:

Strongly Agree	Somewhat Agree	Neither Agree Nor Disagree	Somewhat Disagree	Strongly Disagree
①	②	③	④	⑤

Please provide any additional comments regarding a harbour dues-like model:

Gateway Infrastructure Fee Collection

Collection by Terminal Operators:

- Terminal operators would collect GIF and remit payment to PMV
- Similar to the current wharfage collection mechanism:
 - Wharfage fees on laden containers are payable by the owner of the vessel, and wharfage fees for non-containerized cargo are payable by the owner of the goods
 - Wharfage is collected by terminal operators on behalf of PMV
- Can currently be applied to all three models

2a. Please rate your level of agreement with collection of the GIF through terminal operators:

Strongly Agree	Somewhat Agree	Neither Agree Nor Disagree	Somewhat Disagree	Strongly Disagree
①	②	③	④	⑤

Please provide any additional comments regarding GIF collection through terminal operators:

Collection by Shippers' Agents:

- PMV would send invoices directly to shippers' agent
- Similar to current harbour dues collection mechanism:
 - Harbour dues are payable by the owner of every vessel calling into the harbour
 - PMV would send invoices out directly to shippers' agent
 - One invoice is generated per vessel per trip
- Can currently be applied to Models 1 and 2, for which PMV already has a cargo statistics collection process capturing GIF-chargeable cargo volumes. For Model 3, PMV will require additional cargo information from the terminal operators, such as rail/truck cargo split and billable parties.

2b. Please rate your level of agreement with collection of the GIF by PMV through shippers' agents:

Strongly Agree	Somewhat Agree	Neither Agree Nor Disagree	Somewhat Disagree	Strongly Disagree
①	②	③	④	⑤

Please provide any additional comments regarding GIF collection through shippers' agents:

GIF Term

3a. Please rate your level of agreement with the duration of the GIF over the life of the infrastructure (30-year payment) as outlined on page 12:

Strongly Agree

①

Somewhat Agree

②

Neither Agree Nor Disagree

③

Somewhat Disagree

④

Strongly Disagree

⑤

Please provide any additional comments regarding the proposed 30-year GIF term:

3b. Please rate your level of agreement with shortening the GIF term through increased monthly payments:

Strongly Agree

①

Somewhat Agree

②

Neither Agree Nor Disagree

③

Somewhat Disagree

④

Strongly Disagree

⑤

Please provide any additional comments regarding a shorter GIF term:

GIF Annual Evaluation

4. Annual reports regarding GIF will be released on www.portmetrovancover.com. Port Metro Vancouver financial information is also audited annually by an independent accounting firm, and will include an audit on the GIF, to ensure revenue collection matches cost-recovery requirements.

Port Metro Vancouver will also do an annual recalculation of the GIF.

Please rate your level of agreement with the proposed annual evaluation of the GIF:Strongly
Agree

①

Somewhat
Agree

②

Neither Agree
Nor Disagree

③

Somewhat
Disagree

④

Strongly
Disagree

⑤

Please provide any additional comments regarding your level of agreement:

How input will be used:

Feedback received through Gateway Infrastructure Fee consultation will be summarized in a *Consultation Summary Report* and posted online. Input will be considered, along with technical and financial information, as Port Metro Vancouver refines, finalizes and implements the Gateway Infrastructure Fee in January 2011.

Please indicate if the majority of your business is in:

- | | |
|---|--|
| <input type="checkbox"/> Container | <input type="checkbox"/> Breakbulk Other |
| <input type="checkbox"/> Auto | <input type="checkbox"/> Bulk Grain |
| <input type="checkbox"/> Breakbulk Logs | <input type="checkbox"/> Bulk Liquid |
| <input type="checkbox"/> Breakbulk Lumber | <input type="checkbox"/> Bulk Other |
| <input type="checkbox"/> Breakbulk Steel | |

Please provide your contact information (optional):

Name: _____

Title/Position _____

Company/Organization: _____

Address: _____ Postal Code: _____

Phone: _____ Email: _____

DEADLINE: Feedback Forms must be received by end of business on May 14, 2010.**You can return completed feedback forms by:**

Mail: Kirk & Co. Consulting Ltd.
402-1250 Homer Street, Vancouver, BC, Canada V6B 1C6
Attention: GIF Consultation

Fax: 604-688-7250 Attention: GIF Consultation

Email: GIP@portmetrovancover.com

Web: www.portmetrovancover.com/GIP

Any personal contact information you provide to Port Metro Vancouver on this form is collected and protected in accordance with the *Freedom of Information and Protection of Privacy Act*. If you have any questions regarding the Gateway Infrastructure Program, and/or the information collection undertaken on this form, please contact Port Metro Vancouver at GIP@portmetrovancover.com.



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