

Best Practice

Fife Lake Rail Project

CONTACT

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Project Date: 2005-2006

THE PRACTICE

In January, 2005 we learned that CP Rail was looking at discontinuing operations on the Fife Lake Subdivision. The affected municipalities did not want to see the line removed as our communities felt it was very important to retain this 55 miles of track.

Fife Lake Rail started operation in January of 2006. It is owned by the Rural Municipality of Hart Butte No. 11, the Rural Municipality of Poplar Valley No. 12, the Rural Municipality of Willow Bunch No. 42, the Rural Municipality of Old Post No. 43, the Rural Municipality of Stonehenge No. 73, the Town of Coronach, the Town of Rockglen and Great Western Rail.

THE PROCESS

The first thing we undertook was a feasibility study on our rail line. In January, 2005, we received a phone call from a lawyer in Winnipeg. He told us that he and one other person had made an offer to purchase the Fife Lake Subdivision from CP Rail. When we first heard this it caused us some concern. We suggested a meeting should be arranged with them and a group of representatives from some of the municipalities as soon as possible. Several meetings with them followed in an effort to negotiate the purchase of the Fife Lake Subdivision. You have to remember, none of us knew anything about the operation or the value of a railway. During the negotiations, we began talking to the people over at Great Western Rail. They were interested in becoming a shareholder and also wanted to provide the service for Fife Lake Rail. We did our business plan, based on our revenues negotiated with CP Rail and assured our customers we would give them better service than they were getting.

So now we have a short line railway owned by seven municipalities. We elected a Board of Directors. The municipalities with the largest financial interest have a seat on the Board. There is one board member elected by the remaining municipalities and Great Western Rail also has a seat at the board table. Our Board meets on an as need to basis. We have an Annual General Meeting in the spring of each year. Fife Lake Rail tries to meet with CP Rail at least once a year just to discuss concerns and revenues. We have an excellent relationship with our Class I Railway (CP Rail), which is very important.

Our CEO is Vern Palmer, who is also the Administrator for the Rural Municipality of Hart Butte No. 11. He saved us a lot of money because he did all the title transfers, which were well over 300. Vern looks after the day to day financial operation. The train runs and maintenance of Fife Lake Rail is administered by the great staff of Great Western Rail at Shaunavon.

THE RESULTS

Rockglen's Poplar Hills Co-op is owned by approximately 40 grain producers in the area. Prior to the rail line being owned by Fife Lake Rail they were loading 15 – 25 producer cars per year. Since Fife Lake Rail has been the owner they have loaded on average 150 cars per year.

It has also worked well because we partner with Great Western Rail and also Red Coat Road and Rail to purchase insurance and rail material which saves all of us money. It's a win, win for everyone.

One of the greatest outcomes is the rail line is still here. Trains are moving, and producers have options. We are saving our Municipal and Provincial infrastructure by keeping many trucks off of our highways.

One outcome that must be recognized is that some municipalities knew that the railway was not significant to them, but they realized how important it was to others and they were very willing to invest in it. That co-operation has spilled over into other projects, like doctor recruitment. We are all very proud of this project and we hope it will grow.

LESSONS LEARNED

We learned that you must do a feasibility study and have an excellent business plan. It was essential to have experts in railway operations at the table. It is important to have cooperation from all the municipalities, if it wasn't for their support, we wouldn't have been able to put this deal together.