

Best Practice

Saving the Rail Line Initiative

CONTACT

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THE PRACTICE

In the fall of 2010, CP Rail submitted to the Federal Government their intentions to discontinue over 96 kms of rail line between Redvers, SK and Schweitzer, MB in the next three years. Many communities have experienced negative effects when rail lines are shut down. Recognizing the negative impacts that would occur in the communities, towns and villages along the rail line, a local group of producers and RM councilors took the initiative to determine the viability of establishing a Short Haul Rail Line. The South Man-Sask Rail Committee was formed on October 29th, 2010 at the RM of Antler No. 61. This involved RM of Antler Council Members and producers, and Council and producer representation from the RMs of Pipestone MB, and Sifton, MB, and the Town of Redvers Council.

If the Short Haul Line becomes a reality, other economic opportunities will arise for local municipalities and producers. These economic opportunities will include saving communities and their infrastructure, development of loading facilities, marketing the rail line to the oil industry and regional tourism.

The rail line not only impacts the municipalities along the line, but neighboring communities as well. Costs to local infrastructure would increase due to the additional traffic on roads, streets, and bridges if the rail line disappears. The collaborative effort involved towards the acquisition of the rail line proves that local communities recognize the positive impacts the short haul rail line can have now and in the future.

THE PROCESS

Once the committee was formed, the next step towards the acquisition of the rail line was to acquire the services of RailWest Management Ltd. to assist the committee with a Feasibility Study to determine the long term viability of a Short Haul Line. Should the venture be viable, Rail West Management would then assist the committee with the development of a Business Plan, Incorporation, raising of capital via share offerings, public meeting presentations, negotiation, legal guidance and eventual purchase of the rail line from CP Rail. Assistance towards the operation of the line after the purchase would also take place.

RM of Antler No 61 and other committee members made presentations to local councils in other neighboring municipalities to determine the level of interest of the venture at a municipal level. The presentations were well received, and garnered a number of grants for the South Man-Sask Rail Committee totaling \$25,000 from the RM's of Antler No. 61, Storthoaks No. 31, Reciprocity No. 32 and the Manitoba Municipalities of Pipestone and Sifton. Other levels of government have also expressed an interest in the venture including the Saskatchewan Ministry of Highways, Manitoba Agriculture, Food and Rural Initiatives, and South Saskatchewan East Enterprise Region.

With the Feasibility Study indicating a very high likelihood of success with the establishment of a short haul line, the Business Plan was completed and a series of public meetings are scheduled for April 7th and April 8th, 2011 to present the proposal to local producers, businesses and other key stakeholders. So far, the interest in this acquisition is very high and the expectation to raise the \$7,000,000 capital required is very optimistic.

THE RESULTS

The benefits of retaining the current rail line as a short haul line far outweigh the negatives. Specifically, if the communities decide to not purchase the line, the impact to local infrastructure will be severe. Especially as more farms become larger, the roads, streets and bridges will need to be upgraded in order to handle the increased weights and numbers of vehicles. Businesses that once thrived because the town was a destination for producer shipments will see a large decline in business. Once businesses begin to decline, the population will also decline.

Although the amount of capital required seems high (\$7,000,000), the impact of the above costs (tangible and intangible) are far outweighed by the benefits. This will ultimately attract other businesses and people to the areas. The biggest challenge faced is the raising of capital. Networking with existing short haul rail lines is another way to help determine unforeseen challenges. Hudson Bay Route Association has asked the South Man-Sask Rail Committee to speak at their annual convention to outline the committee's best practices and current challenges. This venue will provide yet another opportunity to share best practices with existing short haul rail companies.

A number of key outcomes include; Inter provincial-municipal cooperation towards the planning of the acquisition of the line from CP Rail, funding from a variety of levels from surrounding municipalities in Saskatchewan and Manitoba, and partnerships for future projects and challenges. This venture brought many municipalities together for a common cause which will ultimately lead to future collaborative efforts when other challenges and opportunities arise.

LESSONS LEARNED

- Unforeseen challenges were faced such as inclement weather during the initial round of meetings, which forced the committee to make changes to the advertising and marketing of the event. The solution would be preparing a "Plan B" by choosing alternate dates and venues as a back-up.
- Local media was used to promote the event. It would be advisable to ensure factual accuracy before the information is released to the public.
- Regarding the Feasibility Study and Business Plan, the Committee was very diligent to ensure the information contained in the report was relevant to the Arcola Sub-division. A number of revisions were done to ensure all questions would be answered. Due diligence and follow-up is also key to ensure all facts are presented to would be investors, especially to those companies/industries that are future users of the short haul rail line.
- While the initial rounds of meetings have yet to take place, a heavy marketing campaign is only as successful as the follow up. Committee members personally followed up with several producers, industry leaders, financial institutions, and community members to guarantee their attendance. Therefore, simply relying on media, newspaper, and flyers to promote the meetings is not always recommended.