

## The Island Rail Corridor Condition Assessment

The Island Corridor Foundation (ICF) is very pleased the Province of BC has released the findings of its assessment on the conditions of the rail corridor on Vancouver Island.

This was an independent review, conducted by the Province, to provide an accurate picture of the condition of the railway infrastructure and the costs to restore freight and passenger rail operations on the corridor. In addition, the report sets out the costs associated with a Commuter Service between Victoria and Langford.

ICF involvement in the assessment was limited to providing information to the consultants managing the assessment and to facilitate their access to ICF property and assets. The ICF did not participate in the development of the findings of the consultant.

The report contains multiple options and a tremendous amount of data and these comments reflect our preliminary thoughts on the assessment.

### Overall Condition

The ICF is generally in agreement with the findings of the consultant as it relates to their view of the overall condition of the corridor. There are areas that we believe require further review, such as the reported condition of crossing and signalization, however we don't think those issues fundamentally impact the general findings of the assessment.

### Construction Costs

The ICF is in general agreement with the base estimated construction costs for each of the segmented phases identified as Initial, Intermediate, and Ultimate in the consultant's report. While we do believe there are areas that need to be reviewed and be given further consideration, overall, the base construction assumptions (materials, labour, scope) and the cost associated appear to be reasonable.

The bottom-line estimated costs however include added costs described as MoTi Contingency as follows:

MOTI CONTIGENCY	Percentage
Project Management & Administration	10%
Engineering	12%
Construction Supervision	10%
Contingency	50%
First Nations Consultation	15%
Total	97%

These additives amount to a total of 97% increase in the total estimate over the base construction cost estimate resulting in an almost doubling of the estimate base construction costs.

We do understand many of these functions are necessary and that a degree of contingency is prudent as it relates to the risks associated with a project of this magnitude. We do however find it difficult to understand how these additives and contingencies could almost double the cost assumptions. It is our view the additives and contingencies as stated appear overly excessive and may unnecessarily inflate the actual costs of restoration of the corridor. We feel strongly that a review of each of these contingencies is necessary to aid our thorough understanding of the level of estimating contingency.

### **The Sequential Phased Approaches**

The Sequential Phases outlined in the assessment provide a detailed breakdown of the construction costs associated with each of six individual segments on the corridor. The plan envisions three potential levels of service and capabilities ranging from an initial phase with basic service levels to an ultimate phase that allows for a higher service levels and capability.

In reviewing the service levels and capabilities of the phases we believe the Initial Phase is not adequate to support ongoing rail operations. Slow train operating speeds would severely limit the capability of the service while also reducing its marketability for both passenger and freight service. The Ultimate phase offers a premier service level that should be implemented only when the system experiences higher passenger and freight volumes.

The Intermediate phase does offer a level of service that in our view supports sustained train operations. We would however offer that a hybrid version of the Intermediate phase should be considered. One of the primary cost factors in this phase deals with replacement of existing rail with heavier rail to allow for industry standard car loading factors. The need for those weight requirements are predominantly found on the Port Alberni subdivision given the potential for freight traffic either originating or terminating at the Port or industrial facilities in the Port Alberni area. If only the Nanaimo to Port Alberni portion of the system was upgraded to that level it would result in a saving in the bottom-line project cost of approximately \$117.9 million.

The Intermediate Phase allows for the operation of inter-city passenger services, freight services, and a commuter system that is more aligned with the immediate needs of the island. Commuter services in the Victoria – Langford segment is included in the parameters of this phase however they would be more like a Westcoast Express operation and would operate only at peak travel times. Passenger and freight services are scalable under this phase, and can be modified and expanded, when appropriate, to meet demand.

Each of the phased approaches allow for the construction of the railway in segments.

### **The Commuter Option**

The assessment called for the inclusion of the costs associated with a Commuter Service between Victoria and Langford. The assessment provides for a commuter service that allows for all Day 2-way service with improved maximum speeds – 24 trips inbound, 24 trips outbound. The option also allows for up to seven state of the art train sets, maintenance facilities, and centralized train control. Effectively the option provides for a premier commuter service with a high frequency operation designed for density far in excess of what would be realized in the initial implementation of the project.

## **In Summary**

We generally agree with the basic costing assumptions contained within the assessment. We believe there is a considerable amount of work to be done to gain a complete understanding of the information in the assessment. Certainly, there are areas we believe need further discussion, analysis, and adjustment but we do accept the overall assumptions in the report.

We believe the assessment does provide an accurate picture of the condition of the railway infrastructure, brings clarity to the issue of the actual cost of restoring rail service to the island, and provides the necessary guidance to move forward. We commend the Province for taking this important step, and we understand that a commitment to move forward is a bold step, however we trust the Province is ready to take that step and look forward to moving forward jointly with them, and other stakeholders, as we return rail service to the island.