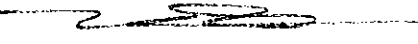


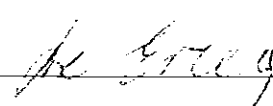


To: General Purposes Committee *To General Purposes - Feb 5, 2007*
 From: Victor Wei, P. Eng. Date: January 24, 2007
 Director, Transportation File: 01-0140-20-TCAN1
 Re: PROPOSED MERGER OF LOWER MAINLAND PORTS *Xr: 01-0140-20-FRHA1*
01-0140-20-NYHA1
01-0140-20-SHAR1

Staff Recommendation

1. That the proposed merger of the three Lower Mainland ports not be supported unless the following conditions are fully met to the satisfaction of the City:
 - (i) greater consultation occur amongst the port authorities and all affected municipalities, operators and user groups in order to fully discuss and resolve concerns prior to the finalization of any merger;
 - (ii) a commitment from the federal Minister of Transport, Infrastructure and Communities that the interests of Fraser River municipalities, tenants and user groups including issues such as flood protection, dredging, debris trap, environmental/habitat impacts, and river operations, will be recognized and made as part of new port's primary mandates; and
 - (iii) a commitment from the federal Minister of Transport, Infrastructure and Communities that Fraser River municipalities, tenants and user groups will have adequate representation on the Board of the new entity.
2. That federal Ministry of Transport, Infrastructure and Communities staff and the Transition Committee of the three port authorities be requested to organize a joint meeting of all the affected municipalities and port authorities to fully discuss and develop means to address the concerns raised by the municipalities before any merger occurs.
3. That a letter be written to the federal Minister of Transport, Infrastructure and Communities requesting that the City's concerns be addressed prior to any merger, with copies distributed to all GVRD municipalities, MLAs and MPs whose constituencies include the affected municipalities, and the three port authorities.


 Victor Wei, P. Eng.
 Director, Transportation (4131)
 Att. 3

FOR ORIGINATING DEPARTMENT USE ONLY			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Roads & Dykes.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Policy Planning.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Engineering.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	REVIEWED BY CAO	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

Staff Report

Origin

In July 2006, the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities proposed that the three Lower Mainland ports¹ consider integration in order to better achieve the goals of the BC Ports Strategy (e.g., make Canada's West Coast ports more globally competitive, efficient and capable of achieving proposed efficiencies and increased Asian import-export markets), which the BC Cabinet approved in March 2006.

Since that time, per Council's request, staff have been monitoring the progress of the proposed merger. This report provides an update on the process and identifies staff's concerns with the proposed merger.

Analysis

1. Current Status of the Proposed Merger

To date, the City's primary source of information regarding the proposed merger of the three ports has been the FRPA. Staff attended a meeting of the FRPA on December 6, 2006 to receive an update on the status of the proposed merger. FRPA staff advised that the three ports had completed their studies of the proposal, including a review of the merger options (e.g., maintain status quo, establish a partnership co-ordinating committee, full merger into one new port entity).

FRPA staff further advised that on November 27, 2006, the Boards of Directors of the three port authorities approved a joint report recommending their integration into a single Canada Port Authority (see **Attachment 1**). The report was subsequently forwarded to the Federal Minister of Transport, Infrastructure and Communities for his review and action. Once the Minister approves of the merger, which is likely, a port Transition Committee will be established. To meet legislative requirements, the FRPA advises that the Minister may issue an "Intent To Merge Notice" by April 2007 and a "Final Notice To Merge" by January 2008.

2. Port Merger Alternatives

The joint report of the three Boards of Directors identified four alternative corporate structure options for an integration of the three ports, given the current limitations of the *Canada Marine Act*.

- Status Quo: retain current structure with three independent port authorities, each with a Board and CEO.
- Partnership Model: the Status Quo option plus the three port authorities would sign an agreement to co-operate and co-ordinate various activities.
- Subsidiary Model: establish a new Port Authority with one Board and CEO. Core functions would be consolidated at the corporate level (e.g., planning, marketing, human resources) and operating subsidiaries would be incorporated to deliver services and interact with local groups. These subsidiaries could have a small Board appointed by and accountable to the Port Authority.
- Amalgamation: establish a new Port Authority with one Board and CEO.

¹ Vancouver Port Authority (VPA), North Fraser Port Authority (NFPA) and Fraser River Port Authority (FRPA).

The joint report recommends the Amalgamation Option with the inclusion of an operating division(s) for the Fraser River to address concerns regarding the potential loss of focus on the Fraser River tenants and user groups.

Other than the recommendations from the joint report, very little is known to staff at this time as to what exact terms would be proposed for each of the above alternatives, except for the Status Quo, to ensure that the existing representation of riverfront municipalities will be protected.

3. External Comments on the Proposed Port Merger

Staff have confirmed the following formal comments on the proposed merger from Lower Mainland municipalities and other stakeholders.

- Affected Municipalities: a total of 16 municipalities² border the shorelines of the three Lower Mainland ports. Research to date indicates that only the Corporation of Delta has considered and passed formal resolutions regarding the proposed merger (see **Attachment 2**), which occurred at its December 11, 2006 regular Council meeting. As reflected in their Council resolution, Delta is primarily concerned with the potential lack or diminished representation of riverfront municipalities and the associated interests pertaining to the river, particularly on the issue of dredging, as a result of the amalgamation.
- Other Stakeholders: John Cummins, MP for Delta-Richmond East, has expressed his concerns regarding the proposed merger to the City (see **Attachment 3**).

Staff will continue to gather information on any responses by municipalities and stakeholders to the proposed port merger and will provide a verbal update when this report is presented to Committee.

4. Staff Comments on the Proposed Port Merger

Based on the recommendations of the recently released joint report by the ports, staff have identified the following concerns with the proposed merger of the three ports.

- Lack of Consultation: Not all affected municipalities were consulted on the findings of the port authorities' study prior to finalizing the recommendation to the Minister of Transport. The process to complete the merger has been unreasonably rushed given there is no apparent deadline associated with its finalization. As a result, Councils and other stakeholders have not been given sufficient time to review and comment upon the proposal, protect their interests, or more importantly, understand the terms by which the amalgamation will occur.
- Protection of River Interests: Despite the fact that an "operating division for the Fraser River" is being recommended from the ports' study, it is not apparent that the recommended corporate structure will adequately recognize and protect the interests of the Fraser River municipalities, tenants and user groups. It is unclear at this time if issues specific to the Fraser River such as the following will receive due attention:

² Vancouver, Burnaby, New Westminster, Richmond, Delta, Surrey, Port Coquitlam, Maple Ridge, Pitt Meadows, Coquitlam, Langley, Port Moody, District of North Vancouver, City of North Vancouver, West Vancouver, and Belcarra.

- flood protection;
 - sustainable funding for dredging and the debris trap;
 - environmental and habitat impacts of operations;
 - port-municipal planning; and
 - port-municipal collaboration, consultation and co-operation.
- Potential Dominance of VPA: The VPA is five times larger than the FRPA and 45 times larger than the NFPA respectively in terms of net assets, plus has a focus on international ocean trade rather than domestic river operations and protection. Thus, without a strong representation of the river-related interests, the VPA and its objectives may dominate the direction and focus of the new entity to the detriment of the FRPA, NFPA, municipalities, and river constituents.
 - Governance Structure: The recommended Board structure proposes 11 Directors with only one Director appointed by all 16 municipalities bordering the amalgamated port. This level of municipal representation is inadequate as one person cannot effectively represent 16 diverse municipalities.

5. Options re the Proposed Port Merger

Option 1: Support the Proposed Merger

The joint report produced by the three port authorities recommending integration identifies a number of potential benefits of a merger including improved land use planning and co-ordination, more effective marketing, improved operational efficiencies, enhanced financial resources, possible overhead reductions, a greater influence, increased human resource opportunities and expertise, and streamlined user interface. All of these benefits should occur. However, it appears that they may not materialize due to the current lack of municipal consultation and the lack of recognition of municipal interests. This action also would not address the concerns identified in Section 4 and staff therefore do not recommend this option.

Option 2: Oppose the Proposed Merger

The City could oppose the proposed merger absolutely. However, this action is considered premature at this time without understanding the details of the terms for the merger and could potentially exclude the City from any future discussion of or input into the corporate structure and governance of the new entity with the Transition Committee. Thus, this action may not ensure that the concerns identified in Section 4 are acknowledged and resolved.

Option 3: Oppose the Proposed Merger unless Conditions Met (Recommended)

In the interests of addressing the concerns identified in Section 4 while enabling the potential fulfilment of the benefits of a merger, staff recommend that the City oppose the proposed merger unless the following conditions are fully met to the satisfaction of the City:

- (i) greater consultation among the port authorities and all affected municipalities, operators and user groups in order to fully discuss and resolve concerns prior to the finalization of any merger;

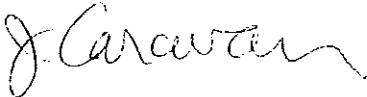
- (ii) commitment from the federal Minister of Transport, Infrastructure and Communities that the interests of Fraser River municipalities, tenants and user groups will be recognized, protected and given high priority; and
- (iii) commitment from the federal Minister of Transport, Infrastructure and Communities that Fraser River municipalities, tenants and user groups will have adequate representation on the Board of the new entity.

Financial Impact

There is no financial impact to the City at this time.

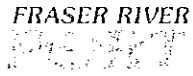
Conclusion

This report provides an update on the status of the proposed merger of the three Lower Mainland ports and, given the identified concerns with the proposal, recommends that the City express opposition to the merger unless a number of conditions are fully met to the satisfaction of the City.

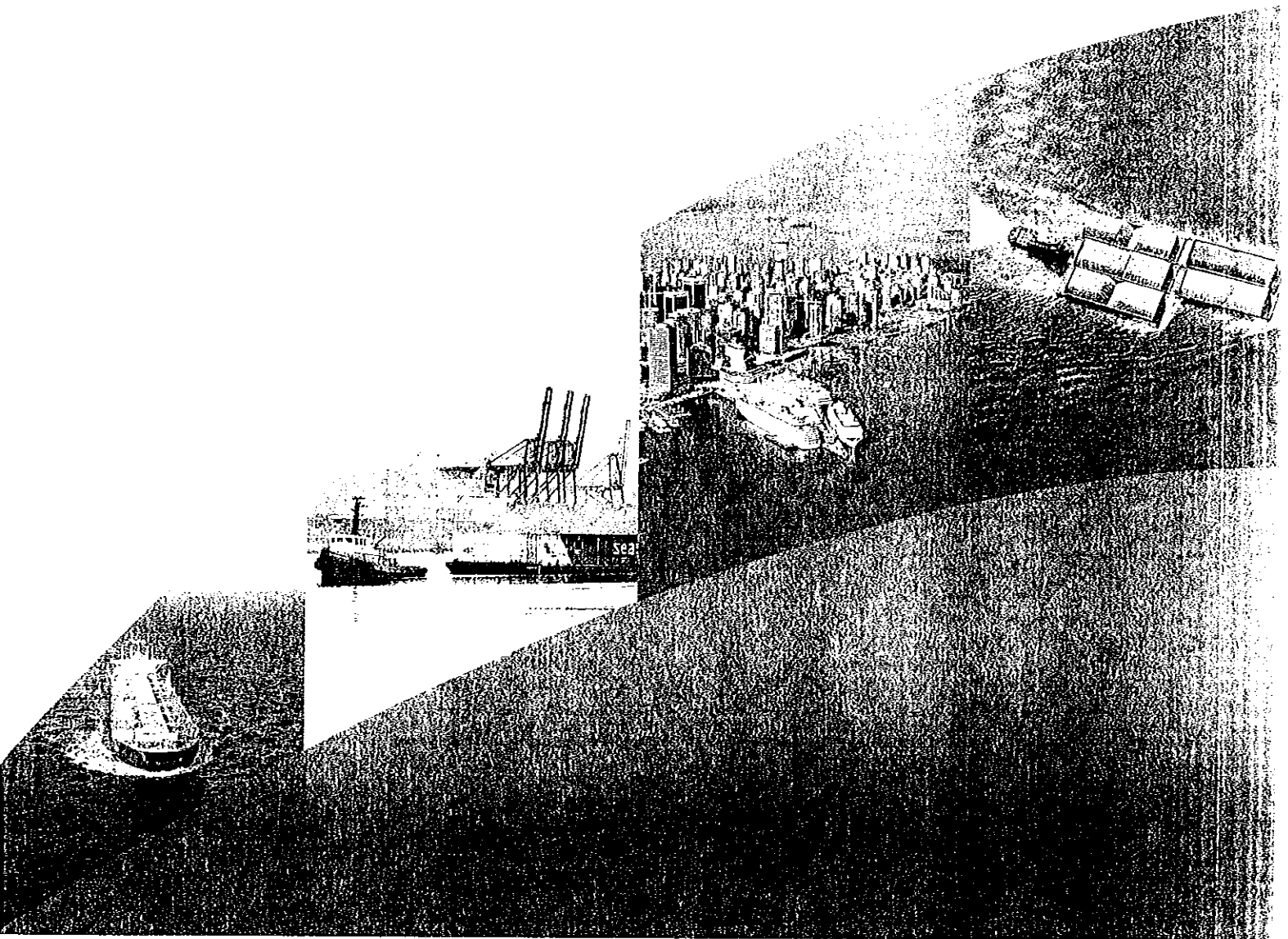


Joan Caravan
Transportation Planner (4035)

JC:jc



Global Competitor, Community Partner: An Integrated Port Entity in the Lower Mainland





November 17, 2006

The Honourable Lawrence Cannon
Minister of Transport, Infrastructure & Communities
Tower C, Place de Mile, 350 Sparks Street
Ottawa, Ontario
K1A 0N6

Dear Minister:

Thank you for giving us the opportunity to explore the benefits of a new integrated port authority for the Lower Mainland. As you know, we have consulted extensively with stakeholders and given this matter careful consideration during the past four months.

Please find attached the report of our Coordinating Committee which is made up of officials from the three Port Authorities. It concludes that the Vancouver Port Authority, Fraser Port Authority and the North Fraser Port Authority should be amalgamated. Specific recommendations are made on a number of issues we believe are critical to permitting the new entity to achieve its vision - to become a *Global Competitor, Community Partner*.

We are pleased to advise that the Boards of each Port Authority have passed the following resolutions.

Resolution #1:

"That the report on Lower Mainland Port Integration be accepted and ratified, and the process for affecting amalgamation of the Vancouver Port Authority, Fraser Port Authority and the North Fraser Port Authority be initiated forthwith by Transport Canada."

Resolution #2:

"That a Coordinating Committee continue to exist and be tasked with developing and implementing a Transition Plan, until the effective launch date of the new entity."

We look forward to working with you to implement our recommendations.

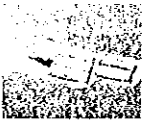
Yours truly,

Peter Podovnikov
Chair
Fraser River Port Authority

Doug Butterworth
Chair
North Fraser Port Authority

George Adams
Chair
Vancouver Port Authority

cc: The Honourable David Emerson
Minister of International Trade &
Minister for the Pacific Gateway and the Vancouver-Whistler Olympics



1.0 Introduction

1.1 The Opportunity

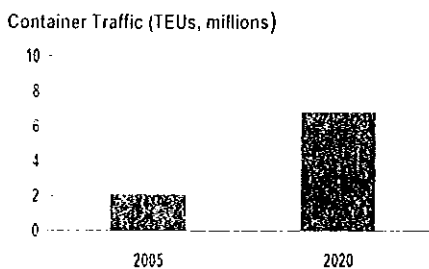
On July 6, 2006, the Vancouver Port Authority (VPA), Fraser River Port Authority (FRPA) and the North Fraser Port Authority (NFPA) agreed with the Federal Government to explore the opportunities for a new integrated port entity for the Lower Mainland.

Canada's west coast ports have a significant opportunity to expand their roles in global supply chains and the rapidly evolving Asia-Pacific trade corridor. During the next 15 years, Asia-Pacific container traffic is projected to increase by 300%. As the closest ports of entry on the west coast of North America, BC ports offer Asian shippers up to one day sail-time savings, and are well positioned to compete for this trade. Canadian exports are also projected to grow, generating additional bulk and break-bulk traffic.

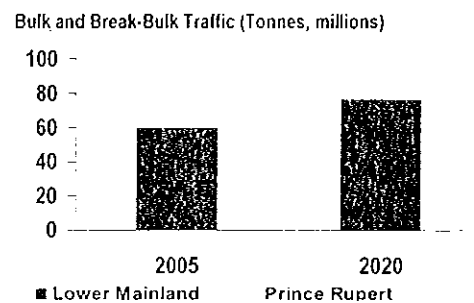
Responding to these opportunities, the Government of BC (in collaboration with the transportation industry, federal & western provincial governments) released a BC Ports Strategy last year. The Strategy included a commitment to make "British Columbia the preferred gateway for Asia-Pacific trade and the most competitive port system on the west coast of the Americas".

The BC Ports Strategy established ambitious targets for the Lower Mainland and Prince Rupert in 2020:

- Increase total container traffic from 2.1 million TEUs (9.3% of total Asia-Pacific trade) to 9.0 million TEUs (17% market share). Of this total, 6.8 million TEUs are targeted for the Lower Mainland.
- Expand bulk and break-bulk traffic from 62 million to 95 million tonnes. Of this total, 76.5 million tonnes are targeted for the Lower Mainland.



Source: BC Ports Strategy



Achieving these growth targets would enable the ports system to contribute an additional \$6.6 billion annually in economic output to the Canadian economy by 2020, with \$4.7 billion occurring in BC. It also means creation of 45,000 new high-paying jobs, with 32,000 located in BC.

In order to achieve this vision however, Canada's transportation community must address a number of infrastructure, service and policy issues. Significant additional terminal and rail/road capacity would be required to meet these volumes.

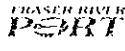

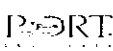
On October 11, 2006, the Federal Government announced a new Asia-Pacific Gateway and Corridor Initiative. Lower Mainland port integration is identified as one of the Government's priorities to improve coordination of port activities required to strengthen and build the gateway.

1.2 Purpose and Scope of Report

The purpose of this report is to explore the opportunities for an integrated port authority in the Lower Mainland.

Following the July 6 announcement to consider integration, the three Port Authorities established a Coordinating Committee, made up of three officials

from each of the Authorities, to explore this issue and develop recommendations for consideration by their respective boards.

		
Peter Podovnikoff Chair	Doug Butterworth Chair	George Adams Chair
Mei Nunweiler Director	John Allan* Director	Sarah Morgan-Silvester Director
Allen Domaas President & CEO	Allan Baydala President & CEO	Capt. Gordon Houston President & CEO

* Art Cowie served on the Committee until the end of his term as Chair of the NFPA; he was replaced by John Allan on the Committee on September 30.

InterVISTAS Consulting Inc. was retained to assist the Committee with its deliberations and to conduct a set of consultations with key stakeholders.

The Committee worked closely with the Federal Government throughout this process. Transport Canada participated in each Committee meeting. The Government of British Columbia was present as an observer at the final meeting of the Coordinating Committee considering major findings and recommendations.

Specifically, the purpose of this report is to:

- Determine the potential benefits and issues of integrating the three Lower Mainland port authorities
- Identify and evaluate potential corporate structure options for an integrated entity
- Establish a list of action items and timetable to develop and implement a transition plan for launch

It should be stated at the outset that the three port authorities currently serve several different functions and roles. During the course of this assignment, the Coordinating Committee was asked to define what a potential new entity should strive to become. The following vision statement was selected:

Global Competitor, Community Partner

It is believed that this statement accurately reflects the two major objectives of an effective port authority:

- Continue to build and develop a world-class gateway for the benefit of the Canadian economy
- Work cooperatively and responsibly with local users, tenants and communities to maximize regional benefits and mitigate environmental and other negative impacts of growth

This vision statement served as the basis for much of the Committee's deliberations. It was widely accepted that accomplishing one without the other would not be beneficial to the diverse range of stakeholders the ports currently serve.



2.0 Current Situation

Port Authorities in Canada

Canadian ports are a vital component in the country's domestic and international trade network. Currently, 19 ports across the country are deemed particularly fundamental to the country's economic well-being.

In 1998, the Canada Marine Act (CMA) recognized these ports by establishing port authorities. With the intention to make the port system more "efficient, competitive and commercially orientated", these port authorities were mandated to manage and operate their ports, in the public interest and according to business principles. These authorities are governed by the CMA.

Vancouver Port Authority

The Port of Vancouver is the largest in Canada. It is located along 237 km of shoreline stretching from Point Roberts through the Burrard Inlet to Port Moody and Indian Arm. It adjoins 8 municipalities.

The Port of Vancouver handled 76.5 million tonnes of cargo in 2005. Bulk cargoes account for 76% of the port's annual throughput. The Port handled 1,767,000 TEUs (twenty foot equivalent units) in 2005.

The Port includes: 25 major marine cargo terminals with 56 berths; 2 cruise ship terminals; and rail service from 3 major lines: CNR, CPR and BNSF.

The VPA is headquartered in Vancouver. It has 165 employees.

Vancouver generates over 31, 000 direct jobs, totaling \$1.5 billion in wages and over \$4 billion in GDP.

Fraser River Port Authority

The Fraser Port holds jurisdiction over the first 60 km of the Fraser River, covering 270 km of shoreline which span nine municipalities. The port begins at the mouth of the Fraser River, south of Vancouver and extends along the main arm of the river eastward to the Fraser Valley at Kanaka Creek and north along the Pitt River to Pitt Lake.



In 2005, Fraser Port handled 39 million tonnes, including 445,000 automobiles and 373,000 TEUs.

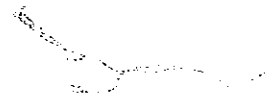
The Port includes: 3 major terminals with 10 deep sea berths; and rail service from 4 railways, CNR, CPR, BNSF and Southern Rail of BC.

The FRPA is headquartered in New Westminister and employs 40 people.

Fraser Port generates 16,000 direct jobs, \$730 million in wages and \$1.3 billion in GDP.

North Fraser Port Authority

Port North Fraser is a shallow draft, tidal influenced waterway. The port borders four municipalities covering 90 km of foreshore along the north and middle arms of the Fraser River. It extends from Pacific Spirit Park and the University Endowment Lands in the west along to Twentieth Street in New Westminister. The NFPA administers 920 hectares of Federal and Provincial land and waterlots.



Port North Fraser serves the domestic market, primarily wood fibre. It handled 16 million tonnes of cargo in 2005.

The Port includes: several domestic intermodal short sea shipping terminals; and 2 railways, CNR and CPR.

The NFPA is headquartered in Richmond and employs 6 people.

North Fraser generates over 6,100 jobs and over \$1 billion in GDP.



3.0 The Business Case for Integration

3.1 Overview

It was agreed that the business case should be based on three primary inputs:

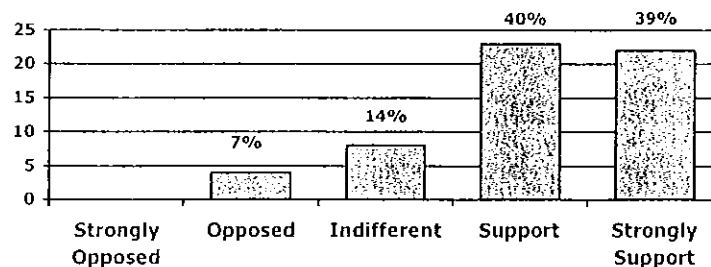
- discussions with selected board members and executives from each of the three port authorities;
- consultations with key stakeholders; and
- follow-up analysis by InterVISTAS.

Some 57 stakeholders were interviewed from 11 distinct stakeholder groups. (The specific list of organizations is presented in Appendix 1.) Stakeholders were interviewed based on a questionnaire. Specific questions included:

- the potential benefits of integration
- possible issues and concerns which could result
- comments on the organization and governance model
- views on the transition timeline
- their overall level of support for integration
- whether or not integration would result in incremental port traffic and activity

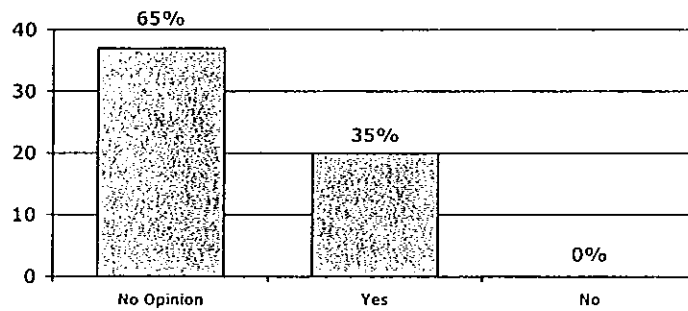
Of those surveyed, 79% of stakeholders “supported” or “strongly supported” integration. Of the 14% who were “indifferent”, most wanted to review the proposed organizational model before taking a position. Only 7% were opposed, most of whom were elected officials from different levels of government.

Stakeholder Support for Integration



Although it was not possible to determine how much incremental traffic could be generated by an integrated entity, stakeholders were asked if they believed integration would result in higher traffic levels. While many did not feel qualified to respond to this question, all of those who had an opinion believed integration would achieve increased gateway traffic. It is significant that most stakeholders who responded to this question were the key transportation providers in the region (e.g. railways, terminal operators).

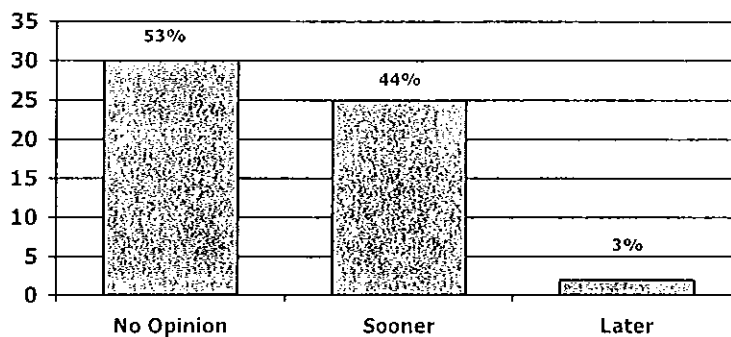
Stakeholder Views on Incremental Traffic



If the Lower Mainland ports are able to increase their market share of total containers moving between Asia and the west coast of North America by 1%, this would result in 500,000 additional TEUs and 1,700 jobs per year.

Stakeholders were also asked about their views regarding the speed of transition. Of those responding specifically to this question, the vast majority supported a quick process. While many stakeholders expressed a need to "get it right", they believed a longer process would create confusion and uncertainty in the marketplace.

Stakeholder Views on a Transition Timeline



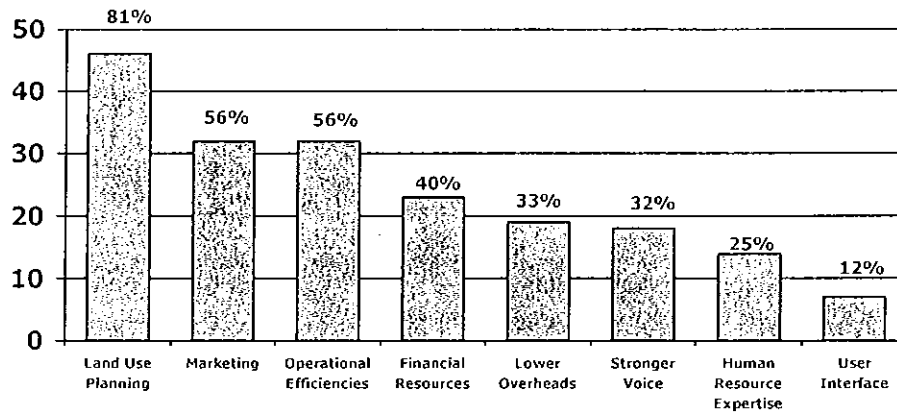
Findings #7

There is strong support for integration with the majority of those with an opinion favouring a quick process.

3.2 Benefits

Eight major benefits have been identified. They are presented below.

Stakeholder Views on Possible Benefits



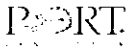
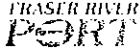

Improved Land Use Planning and Coordination

Many stakeholders expressed concern about the Lower Mainland's ability to provide the capacity required to accommodate projected Asia-Pacific traffic during the next 15 years. Port and terminal capacity is considered a major limitation. Most believed that an integrated port would be in a better position to optimize operating efficiencies and land-use planning on the waterfront.

Currently, each port authority is required to prepare a separate land-use plan under the CMA. Many commented on the need for one master plan which covers the entire watershed in the Lower Mainland. It is believed that this would serve as a more effective planning tool for the entire marine gateway.

Integration would also allow for a more orderly and strategic approach to the planning and development of terminals. It is difficult, under the current structure, to consider changes to functions and uses of various sites and terminals where revenues could be lost to another authority. Integration would address these issues.

Port Authority Municipal Borders

			
Village of Belcarra	•		
City of Burnaby	•		•
City of Coquitlam		•	
Corporation of Delta	•	•	
Township of Langley		•	
District of Maple Ridge		•	
City of New Westminster		•	•
City of North Vancouver	•		
District of North Vancouver	•		
District of Pitt Meadows		•	
City of Port Coquitlam		•	
City of Port Moody	•		
City of Richmond		•	•
City of Surrey		•	
City of Vancouver	•		•
City of West Vancouver	•		

Sources: Vancouver Port Authority, Fraser River Port Authority, North Fraser Port Authority

More Effective Marketing

Having three port authorities has been confusing to some prospective customers, especially since two of them provide similar functions (e.g. containers and break-bulk). Integration would provide an opportunity to build a stronger brand. Having one sales and marketing team would eliminate any confusion about appropriate contacts for information, negotiations and follow-up.

An integrated port would handle almost as much tonnage as the Port of New York and New Jersey, the third largest port in North America. The port would move from fifth place to fourth in terms of total tonnage carried.

Top Ports (by Tonnage) in North America

	Port	Metric Tons (000s)
1	South Louisiana, LA	203,517
2	Houston, TX	183,419
3	New York/ New Jersey	138,328
	Lower Mainland Integrated Port	127,928
4	Beaumont, TX	83,243
5	Vancouver, BC	73,754
6	Long Beach, CA	72,684
7	Corpus Christi, TX	71,648
8	New Orleans, LA	70,886
9	Huntington (Trislate)	70,180
10	Texas City, TX	61,987
	Fraser River, BC	36,562
	North Fraser, BC	17,792

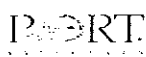
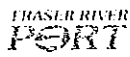

Improved Operational Efficiencies

Vancouver's three ports share common inland transportation networks. An integrated entity would be able to manage stakeholders such as truckers and railways in a more consistent and equitable basis than is currently possible. Policies could be adopted to optimize intermodal movements, terminal capacity and efficiency, and traffic flows across the entire region. These improved operational efficiencies would send a strong message to customers that the Gateway's reliability challenges are being addressed.

Enhanced Financial Resources

Although, all three authorities are in a relatively sound financial position, there are pressing needs to generate additional capital to bank available land, necessary for future development. Lack of funds is a major limitation for the two smaller port authorities at the present time. Examples have been cited where potential land acquisitions along the Fraser River were not completed because of a lack of funds. An integrated port would also be better able to optimize funding requirements for maintaining and increasing water depths with strategic considerations.

**Financial Resources of Lower Mainland Port Authorities
2005 (\$ thousands)**

				Total
Revenues	\$98,652	\$16,971	\$2,431	\$118,054
Expenses	63,377	14,715	2,108	80,200
Other income (expenses)	4,344	(629)	187	3,902
Net Income	30,931	1,627	509	33,067
Assets	611,722	115,867	22,431	750,020
Liabilities	70,417	19,969	10,462	100,848
Net Assets	541,305	95,898	11,969	649,172
Borrowing Limits	\$510,000	\$25,000	\$4,000	Not Applicable

Source: Annual Reports (Vancouver Port Authority, Fraser River Port Authority, North Fraser Port Authority), Letters Patent
*Vancouver Port Authority & North Fraser Port Authority Year End December 31, 2005. Fraser River Port Authority Year Ending April 30, 2005

The integrated entity would have a more diversified revenue stream, providing more stability and predictability. This would reduce its risk profile in the eyes of lenders and creditors.

Possible Overhead Reductions

Integration could result in the amalgamation of duties in various administrative and technical support functions, resulting in some cost savings. While most did not believe that integration would generate significant cost savings, some stated their support for any initiative that could potentially reduce expenditures.




Greater Influence

Integration would result in a larger organization with one voice and a consistent and uniform position on various issues. The expanded jurisdiction would make it more relevant to a larger number of municipalities within the region. An integrated entity should have more influence in dealing with all levels of government.

Increased Human Resource Opportunities and Expertise

There are significant differences in the number of employees and skill/knowledge sets within each of the port authorities. Integration would promote more effective and widespread use of knowledge, experience and expertise across the entire region. Due diligence on various matters could be enhanced by having access to more specialized staff in specific areas such as legal, finance and environment. A larger entity would also create more opportunities for advancement and new job experiences which could make it a more attractive employer for prospective workers.

Number of Employees


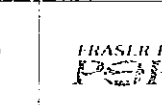
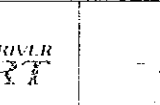
				Total
Number of Employees	165	40	6	211

Sources: Vancouver Port Authority, Fraser River Port Authority, North Fraser Port Authority

Streamlined User Interface

Several users are currently interacting with more than one of the port authorities (e.g. railways). Integration would provide for uniform processes (e.g. billing) which would reduce requirements from other stakeholders. This would also apply on issues such as land-use planning and various public policy initiatives where government agencies would have fewer organizations to consult.

Railways Serving Lower Mainland Ports

			
Canadian Pacific	•	•	•
Canadian National	•	•	•
Burlington Northern Santa Fe	•	•	
Southern Railway of British Columbia		•	

Source: Vancouver Port Authority, Fraser River Port Authority, North Fraser Port Authority

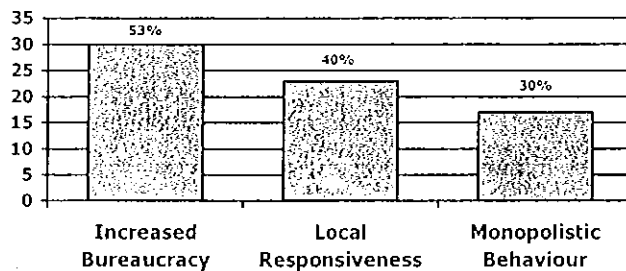
Figure #2

The major benefits of integration include: improved land use planning and coordination; more effective marketing; improved operational efficiencies; enhanced financial resources; greater influence; increased human resources and expertise; and streamlined user interface.

3.3 Stakeholder Concerns

Stakeholders identified three primary concerns with potential integration.

Stakeholder Concerns



Increased Bureaucracy

Concerns expressed by stakeholders emanated from a worry that the business issues of the individual stakeholder would get lost in the bureaucracy of a larger, integrated entity. Many valued the good business relationship they currently have with one or more of the port authorities. For the smaller authorities, many stakeholders now have direct access to the CEO, which they acknowledge would likely be more difficult under a larger, integrated entity.

Many believed it is critical that the new entity promote and foster a culture which is service-oriented, flexible and entrepreneurial. This should be a critical objective of the new Board and CEO.

Reduction in Local Responsiveness

A related concern was the possibility of local issues being overshadowed by larger ones. Some expressed a fear that an integrated entity would focus primarily on containers, which represent the greatest growth prospects, to the detriment of some tenants and port users.

Follow-up discussion revealed that most believe that this concern could be effectively addressed by two things:

- establishing separate operating divisions within the authority to deal with deep sea and river operations and;
- a board made up primarily of users who understand the range and diversity of business activities in the Lower Mainland ports system.

Monopolistic Behaviour

Some stakeholders expressed concern that a merger would create a monopoly, to the detriment of users in the form of higher rates or deteriorating services.

Two points helped reduce these concerns. Many acknowledged that it is the terminals which compete rather than the port authorities themselves. No changes are proposed to the ownership and operation of terminals. In addition, stakeholders would continue to have recourse to the Canadian Transportation Agency to consider a complaint alleging unjust discrimination in the fixing of fees by a port authority.

Finding #3

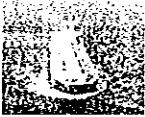
Stakeholders expressed concern about the possibility of: increased bureaucracy; reduction in local responsiveness; and monopolistic behaviour.

Stakeholder consultations did not reveal any concerns which were considered significant enough to warrant not pursuing integration. Some stakeholders withheld support until full details of the proposed new entity were released. Many groups requested the opportunity to review and comment on the proposal.

Finding #4

None of these issues were considered to be sufficient to warrant not moving ahead with integration; several groups requested the opportunity to review and comment on the Committee's recommendations.

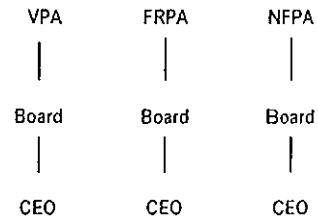
4.0 Corporate Structure Options



Four options were reviewed by the Committee, taking into account current limitations under the CMA. They are summarized below.

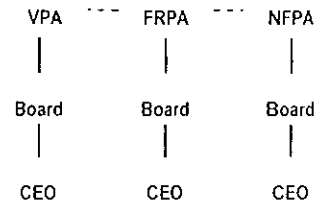
Status Quo

The current structure would be retained, with three independent port authorities. Each would have a board and CEO.



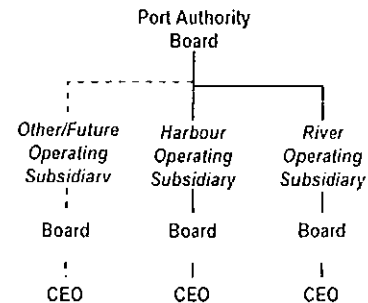
Partnership Model

The current structure would be retained, with three independent port authorities. Each would have a board and CEO. The three port authorities would sign an agreement to cooperate and coordinate various activities.



Subsidiary Model

A new Port Authority would be established by letters patent. The Port Authority would have one board and CEO. Core functions (e.g. planning, marketing, human resources, administration) would be consolidated at the corporate level. Operating subsidiaries would be incorporated to deliver services and interact with local groups. Each subsidiary could have a small board appointed by and accountable to the Port Authority.



Amalgamation

A new Port Authority would be established by supplementary letters patent. The Port Authority would have one board and CEO.



4.1 Evaluation of Options

The new vision statement, "Global Competitor, Community Partner" formed the basis of the evaluation process. During the consultation process, stakeholders identified several priorities for a new entity. These were translated into eight specific criteria to be used to evaluate the organizational options.

These criteria were subsequently weighted based on their relative importance. (Their respective weightings are represented in the brackets alongside each criteria.) They are summarized below:

- **Coordinated land use & planning (15%)** – ability to coordinate activities and plan for the entire waterfront in the Lower Mainland.
- **Marketing effectiveness (15%)** – ability to strengthen brand and improve marketing efforts.
- **Competitiveness (15%)** – ability to improve efficiency of the port and competitive position relative to other ports.
- **Local responsiveness (15%)** – potential effectiveness in dealing with local community groups and users.
- **Financial strength (10%)** – improvements in capital and operating financial position for the various port entities.
- **Project delivery (10%)** – ability to deliver critical infrastructure projects on time and on budget.
- **Political influence (10%)** – ability to influence all levels of government on required policy initiatives.
- **Human resources (10%)** – impact on quality, development and satisfaction of port authority employees.

Each of the individual Coordinating Committee members was asked to subsequently rank each of the options (on a scale of 1 to 5) according to the eight criteria. The results are shown below.

Evaluation Matrix

Criteria	Weight	Amalgamation	Subsidiary	Partnership	Status Quo
Coordinated Land Use & Planning	15%	43	34	25	18
Market Effectiveness	15%	44	31	21	17
Competitiveness	15%	40	28	19	18
Local Responsiveness	15%	29	33	34	34
Financial Strength	10%	45	33	22	22
Project Delivery	10%	44	32	21	16
Strength of Voice	10%	42	32	24	20
Human Resource Development	10%	40	30	21	20
Total	100%	40.50	31.60	23.65	23.85

By these criteria, the amalgamation option received the highest ranking by a significant margin. Amalgamation ranked highest of all four options for 7 of the 8 criteria, and only marginally lower for local responsiveness. The status quo received the lowest ranking.

Figure #5.

Evaluation of various corporate structure options revealed that amalgamation is the preferred option; status quo is the least desirable.

4.2 Recommendations

The following recommendations are presented below, based on stakeholder consultations and analysis.

Integration

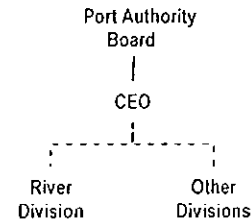
Although there did not appear to be any major dissatisfaction with any of the current authorities, there was strong support for the concept of integrating the three port authorities. The consultations and analysis identified several potential benefits. The detailed evaluation of the alternatives, including the status quo, revealed that amalgamation is the preferred alternative from a number of perspectives. The major concern was the potential loss of focus on the Fraser River tenants and user groups

Recommendation #1

The three Lower Mainland port authorities should be amalgamated.

Recommendation #2

The new Port Authority should include an operating division(s) for the Fraser River.



Letters Patent

There was considerable discussion with Transport Canada about the CMA and how the amalgamation could be implemented. Section 8 of the CMA stipulates that “The Minister may issue letters patent of incorporation that take effect on the date stated in them for a port authority...” However, there are no provisions within the Act or Regulations dealing specifically with potential amalgamations. The Act does provide for dissolution of a port authority. However, this option was discounted because of the resultant lack of continuity since all existing leases would be terminated and all assets would revert to the Federal Government before being transferred to a new entity.

Transport Canada has suggested that regulations could be developed under section 27 of the CMA that would set out generic provisions outlining the mechanics for amalgamating port authorities. While the letters patent for the new amalgamated port authority must comply with the CMA, they should incorporate the most flexible and desirable provisions of all of the three current letters patent.

Recommendation #3.

Supplementary letters patent should be established for the new entity, based on the best elements of the current ones.

Legal Name

The new letters patent would require a legal name. A different name could be used for marketing and publicity purposes, as is the case today with the VPA and FRPA (i.e. Port Vancouver and Fraser River Port).

Several names were considered. It was determined that the best option was the Vancouver Fraser Port Authority since this name incorporates both the

port's geographic regions and allows for the continuation of two provincial appointments to the board of directors (as dictated by the CMA for the port of Vancouver).

Recommendation #4

The legal name of the new entity should be the Vancouver Fraser Port Authority (VFPA).

Board of Directors

Section 8.2 of the CMA requires that:

The CMA dictates the number of directors that a port authority may have (between 7 to 11) as well as board member composition and qualifications, who may appoint them, and what board member information must be placed in each port authority's letters patent of incorporation.

Sections 8(2)(f) and 14 (1) of the CMA require that the directors of a port authority be appointed as follows:

- a) the federal Governor In Council (GIC) appoints one individual nominated by the Minister of Transport (MOT);
- b) the municipalities mentioned in the letters patent appoint one individual;
- c) the province in which the port is situated appoint one individual, and in the case of the port of Vancouver, another individual is appointed by the provinces of Alberta, Saskatchewan and Manitoba acting together;
- d) the GIC appoints the remaining individuals nominated by the MOT in consultation with the users selected by the MOT or the classes of users mentioned in the letters patent.

The VPA currently has 9 board positions while the FRPA and NFPA have 7 board positions (details provided below).

Lower Mainland Port Authorities Board of Directors Composition

PORT	FRASER RIVER PORT	PORT
1 by Federal Transport Minister 1 jointly by municipalities of <ul style="list-style-type: none"> • Vancouver • Burnaby • District of North Vancouver • City of North Vancouver • Port Moody • Delta • West Vancouver • Beicarra 	1 by Federal Transport Minister 1 jointly by municipalities of <ul style="list-style-type: none"> • Coquitlam • Langley • Delta • Maple Ridge • New Westminster • Pitt Meadows • Port Coquitlam • Surrey • Richmond 	1 by Federal Transport Minister 1 jointly by municipalities of <ul style="list-style-type: none"> • Vancouver • Richmond • Burnaby
1 by province of British Columbia	1 by province of British Columbia	1 by province of British Columbia
5 by Cabinet in consultation with users	4 by Cabinet in consultation with users	4 by Cabinet in consultation with users
1 jointly by provinces of Manitoba, Alberta and Saskatchewan		

While a smaller board can provide for more effective and focused governance, it was believed that the expanded jurisdiction justified having additional directors. It was determined that users should get the additional appointments to provide greater flexibility in securing the breadth of skills, talents and interests required on the board. The following recommendations comply with the current CMA.

Recommendation #5:

The Board should be composed of 11 Directors.

Recommendation #6:

The Directors should be appointed as follows:

- 1 by the GIC as nominated by the Minister of Transport (MOT)
- 1 by the province of British Columbia
- 1 by the other three western provinces
- 1 by all of the municipalities bordering the amalgamated port
- 7 by the GIC as nominated by the MOT in consultation with users

Recommendation #7:

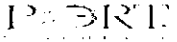


All board appointments should be based on skill, commitment and diversity.

Recommendation #8:

The Board of Directors should be a policy board; day-to-day management of the Authority should be delegated to the Chief Executive Officer.

Nominating Committee

The three port authorities are each required to have a nominating committee which is responsible for recommending directors in the user category (referred to as the Port Advisory Committee at VPA and Nominating Committees at FRPA and NFPA). The authorities have slight variations regarding nominating processes and categories of users.

 <p>Port Advisory Committee [4.19 & 4.20]</p> <ul style="list-style-type: none"> • PAC memberships shall total up to fourteen members. • All members must represent classes of users set forth in Schedule D. • The Board shall appoint one member to the Port Advisory Committee to serve as a non-voting member. 	 <p>Nominating Committee [4.18]</p> <ul style="list-style-type: none"> • Each class of users selects two persons as members on the Nominating Committee. • Members of the Nominating Committee represent generally the industries or services grouped within a particular class of users. • The maximum term of any member of the Nominating Committee shall be three years. • Members of the Nominating Committee may serve more than one term 	 <p>Nominating Committee [4.18]</p> <ul style="list-style-type: none"> • Each class of users selects two persons as members on the Nominating Committee. • Members of the Nominating Committee represent generally the industries or services grouped with a particular class of users. • The maximum term of any member of the Nominating Committee shall be three years. • Members of the Nominating Committee may serve more than one term
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Recommendation #19

The VPA Port Advisory Committee and the Nominating Committees of the FRPA and NFPA be asked to work together to make recommendations regarding the establishment and operation of a single new nominating entity for the VFPA.

Terms of Directors

Section 14 of the CMA stipulates that the maximum term of each director shall be three years. It may be renewed only once and no person is eligible to be appointed as a director within 12 months after the expiration of their term or renewed term.

Recommendation #10

Directors should be appointed for three-year terms, with the terms of one-third of the Board members expiring annually.

Recommendation #11

Director terms starting in any given year should begin on the same date.

Chair

Section 17 of the CMA requires that the Board elect a chairperson from among the Board members.

Recommendation #12

The Chair should be elected from among their number.

Mandatory Review Process

Some stakeholders suggested that the new Authority be subject to a review three years after it has been established. A review could include identifying actual benefits and where improvements might be made.

Section 41 of the CMA requires a special examination of each port authority at least every five years. The examiner must survey the systems and practices of the authority and submit a plan for the examination, including a statement of criteria to be applied.

Recommendation #13

The VFPA should commit to a special examination after three years of operation, with the terms of reference expanded to include consultation with stakeholders.

Other Issues

It has been noted that this potential integration represents a unique opportunity to consider policy and regulatory changes which could assist the new Authority achieve its vision. Several issues have been discussed with all levels of governments for years, with limited success or action.

Alongside port integration, governments could take other actions which improve the competitive position of the new entity.

Recommendation #14:

The VFPA should work with the Federal and Provincial Governments to consider and resolve several longstanding issues, including:

- Financial support for annual maintenance dredging
 - Extending the jurisdiction beyond the current boundaries of the three port authorities
 - Appropriate changes to the CMA in support of the gateway
-



5.0 Transition Plan

Transition to the VFPA will be a complex undertaking. There are several issues to consider, as well as a number of legal and regulatory requirements to be met. Care must be given to ensure that adverse affects on employees, managers, directors, users and tenants are effectively addressed.

The integration process involves three phases, described below.

<ul style="list-style-type: none">• Business Case• Organizational Options• Transitional Timetable	Phase I (Business Case) <ul style="list-style-type: none">- Determine the potential benefits and issues of integrating the three Lower Mainland Port Authorities- Identify and evaluate potential organizational options for a new entity- Establish a detailed list of action items and timetable to develop and implement a transition plan for launch
<ul style="list-style-type: none">• Transition Plan	Phase II (Transition) <ul style="list-style-type: none">- Governance- Legal and Finances- Operations and Human Resources- Marketing and Public Relations
<ul style="list-style-type: none">• Transfer to New Entity	Phase III (Launch) <ul style="list-style-type: none">- Support as Required

Extensive discussions have been held with officials at Transport Canada and the Ministers regarding the timeline for amalgamation. There are currently no regulatory provisions to permit an amalgamation. As a result, regulations need to be developed and promulgated before the amalgamation can occur.

Once the regulations are in place, the certificate of intent to amalgamate can be issued. This will involve a second phase of notice and approval processes.

Several issues must be carefully managed during this transition phase, including:

- Concern amongst employees about job security, compensation and benefits
- Confusion by customers about the future structure, and efficiency of the port
- The process and selection of directors for the VFPA

- Decisions by the three individual port authorities in the short term until the new board is in place

Two major recommendations regarding the transition process are presented below.

The Coordinating Committee has worked very effectively together during the first phase to determine the business case. Open and constructive communication between the three port authorities and the Federal Government has been greatly facilitated through this process.

It is critical during the transition phase that the management teams and boards of the individual authorities continue to work constructively together and do not make any major decisions which are detrimental to the integrated port as a whole. A committee is needed to ensure an effective transition during the amalgamation process.

Recommendation #15.

A Transition Committee should be established, with equal representation from each Port Authority, to guide the transition process.

Several issues will need to be addressed by this Committee, including:

- the regulatory process to establish new amalgamation regulations and the issue of new supplementary letters patent
- new nominating committee and nomination process
- financial and accounting system
- initial organization structure for the VFPA
- salary and benefits package for employees and management
- employee transition process
- branding for the VFPA
- sales and marketing activities during transition period
- public relations

The Transition Committee could establish several subcommittees to provide additional support in dealing with these and other specific issues. Each subcommittee should report to the Transition Committee on a regular basis.

Similarly, a communication protocol should also be established between the Transition Committee and the three respective port authorities.

Recommendation #16

Subcommittees, reporting to the Transition Committee, should be established to develop and implement different elements of the Transition Plan.

A critical element during transition will be the development and implementation of an effective communication program with all stakeholder groups. Open and constructive communication with stakeholders including the Government of BC and local municipalities will be very important. This element should be one of the first addressed by the Transition Committee.



6.0 Conclusions

Consultation with key stakeholders, discussion with selected board members from the port authorities and analysis by InterVISTAS found a compelling business case supporting integration. Integration of the three port authorities has numerous benefits, with few issues all which can be easily addressed in the transition to a new entity.

The time is right to proceed with integration. The Committee believes that such an initiative, along with a carefully planned transition strategy, will result in a “Global Competitor, Community Partner”, better meeting the needs of its stakeholders. A list of the findings and recommendations are presented below.

Findings

1. There is strong support for integration with the majority of those with an opinion favouring a quick process.
 2. The major benefits of integration include: improved land use planning and coordination; more effective marketing; improved operational efficiencies; enhanced financial resources; greater influence; increased human resources and expertise; and streamlined user interface.
 3. Stakeholders expressed concern about the possibility of: increased bureaucracy; reduction in local responsiveness; and monopolistic behaviour.
 4. None of these issues were considered to be sufficient to warrant not moving ahead with integration; several groups requested the opportunity to review and comment on the Committee's recommendations.
 5. Evaluation of various corporate structure options revealed that amalgamation is the preferred option; status quo is the least desirable.
-

Recommendations:

1. The three Lower Mainland port authorities should be amalgamated.
 2. The new Port Authority should include an operating division(s) for the Fraser River.
 3. Supplementary letters patent should be established for the new entity, based on the best elements of the current ones.
 4. The legal name of the new entity should be the Vancouver Fraser Port Authority (VFPA).
 5. The Board should be composed of 11 Directors.
 6. The Directors should be appointed as follows:
 - 1 by the Governor in Council nominated by the Federal Minister of Transport
 - 1 by the province of British Columbia
 - 1 by the other three western provinces
 - 1 by all of the municipalities bordering the Port
 - 7 by Governor in Council in consultation with users
 7. All board appointments should be based on skill, commitment and diversity.
 8. The Board of Directors should be a policy board; day-to-day management of the Authority should be delegated to the Chief Executive Officer.
 9. The VPA Port Advisory Committee and the Nominating Committees of the FRPA and NFPA be asked to work together to make recommendations regarding the establishment and operation of a single new nominating entity for the VFPA.
 10. Directors should be appointed for three-year terms, with the terms of one-third of the Board members expiring annually.
 11. Director terms starting in any given year should begin on the same date.
 12. The Chair should be elected from among their number.
 13. The VFPA should commit to a special examination after three years of operation, with the terms of reference expanded to include consultation with stakeholders.
-

14. The VFPA should work with the Federal and Provincial Governments to consider and resolve several longstanding issues, including:
 - Financial support for annual maintenance dredging
 - Extending the jurisdiction beyond the current boundaries of the three port authorities
 - Appropriate changes to the CMA in support of the gateway
 15. A Transition Committee should be established, with equal representation from each Port Authority, to guide the transition process.
 16. Subcommittees, reporting to the Transition Committee, should be established to develop and implement different elements of the Transition Plan.
-

7.0 Appendices

Appendix 1 - List of Stakeholder Groups

Port Authorities <ul style="list-style-type: none">• Fraser River Port Authority• North Fraser Port Authority• Vancouver Port Authority	Labour Organizations <ul style="list-style-type: none">• ILWU, Canadian Area• ILWU, Local 502	
	Shipping Lines <ul style="list-style-type: none">• Chamber of Shipping• Saga Forest Carriers• Council of Marine Carriers• K-Line America	
	Terminal Operators <ul style="list-style-type: none">• BC Terminal Elevator Operators Association• BCMEA• BC Wharf Operators Association• Western Stevedoring Co. Limited• WWL Vehicle Services Canada Ltd.• Vancouver Wharves Ltd• TSI Terminal Systems Inc	Cruise Lines / Tourism <ul style="list-style-type: none">• Northwest Cruise Association• Tourism Vancouver
Community / Business Groups <ul style="list-style-type: none">• Marpole Business/Community Association• Vancouver Board of Trade• Surrey Board of Trade• Delta Chamber of Commerce	Trucking <ul style="list-style-type: none">• BC Trucking Association	Domestic <ul style="list-style-type: none">• Vancouver Airport Authority• Mainland Sand and Gravel• LeHigh Cement/Ocean Marine• SMIT Harbour Towage Westminster Inc.• Harken Towing Company• Washington Marine Group / Seaspan• Forrest Marine• Mike's Marine Services Ltd• City Transfer Inc• North Arm Transportation• Gulf Log Salvage• Concert Properties



THE CORPORATION OF DELTA

COUNCIL REPORT

REGULAR MEETING

To: Mayor and Council
From: Human Resources & Corporate Planning Department
Date: November 30, 2006

Lower Mainland Port Authorities Merger

The following report has been reviewed and endorsed by the Chief Administrative Officer.

■ RECOMMENDATIONS:

- A. That the federal Minister of Transport, Infrastructure & Communities be requested to ensure that the Board of Directors for the integrated lower mainland Port Authority include representatives from lower mainland municipalities that have a direct interest in marine and river port operations.
- B. That the federal Minister of Transport, Infrastructure & Communities be requested to ensure that the integrated lower mainland Port Authority maintain an equitable balance of interests between marine port and river port operations and that the required balance be reflected in the new Port Legislation and Legal Agreements.

■ PURPOSE:

The purpose of this report is to provide information regarding the pending merger of the Vancouver, North Fraser and Fraser River Port Authorities into a single lower mainland Port Authority and to discuss potential issues of concern for Delta.

■ BACKGROUND:

The National Ports System comprises nineteen ports, six of which are located in B.C. The concept of an integrated port entity for the lower mainland gateway was initially proposed by the Provincial Government in its "British Columbia Ports Strategy" report of March 2005. A major impetus for port merger is the

growing competition for global marine trade, particularly with East Asia, and the merging of the lower mainland port authorities is consistent with the development of Canada's Pacific Gateway strategy.

In July 2006, further discussions on this issue took place when the boards of directors of the Fraser River, North Fraser and Vancouver Port Authorities met at the request of the federal Transport Minister, Lawrence Cannon, to examine options for integration.

Following these meetings, the port authorities hired a facilitator to conduct stakeholder interviews and produce a business case for the integration. The port authorities consulted with their customers (approximately 65 stakeholders) and reported 80% support for integration. The final report, which recommends integration, was recently ratified by the boards of directors of the port authorities and has been forwarded to the Transport Minister for review. A copy of the VPA press release is provided as Attachment A. The port authorities entered into a confidentiality agreement which has precluded public access to much of the information throughout the negotiations. The final report, however, will be released publicly once it has been reviewed by the Minister.

■ DISCUSSION:

Staff recently attended an information session, hosted by the Fraser River and North Fraser Port Authorities, regarding the merger. At that session, information regarding the rationale for merging was provided as well as a progress update.

The three port authorities under current legislation are separate, distinct and self-financing corporate entities, with limited ability to cooperate with each other. They each own lands and terminals which are leased out to operators. The terminal operators compete with each other, as well as western US ports, for business.

With the limited availability of industrially-zoned waterfront land and the conflicting needs of municipalities, a key advantage of a unified port authority is expected to be the coordination of land-use planning and the development of a unified land use plan. A single port authority would also benefit from marketing and operational efficiencies and have a greater capacity to raise capital for infrastructure development and growth.

To complete the merger, there are legal issues to be resolved, including the amendment of the Letters Patent for each port authority and the amalgamation of the Board of Directors. With respect to timelines, it is anticipated that the three port authorities will have signed a 'letter of intent' agreement by March 2007 but that the Certificate of Amalgamation will not be finalized until January 2008 at the earliest.

Of concern to Delta and other local governments is the lack of municipal input throughout the merger negotiations and lack of municipal representation on the governing board: a new eleven-member Board of Directors is being proposed with only one municipal representative. Given that many of the port authorities operations are of direct concern to municipalities, including container transport, dredging, flood management, dike maintenance, it is important that municipal interests are represented and communicated. It is therefore recommended that the federal Minister of Transport, Infrastructure & Communities be requested to ensure that the Board of Directors for the integrated lower mainland Port Authority include representatives from lower mainland municipalities that have a direct interest in marine and river port operations. A single municipal representative for the entire region as proposed for the new Port Board of Directors is not adequate.

A second concern relates to the very different nature of marine port and river port operations and the need to ensure that a balance of interests is maintained. The Fraser River and North Fraser Port Authorities have specific expertise in the management of the Fraser River as a navigable waterway and many of its operations relate to public safety issues. To ensure that the merger of the river authorities with the much larger Vancouver Port Authority does not compromise the provision of river port services, it has been suggested that a separate River Division of the unified authority be formed. Recommendation B of this report is that the Minister of Transport be requested to ensure that the unified Port Authority maintains an equitable balance of interests between marine port and river port operations and that the required balance be reflected in the new Port Legislation and Legal Agreements.

Financial Implications:

There are no financial implications associated with this report.

CONCLUSION:

The merger of the Vancouver, North Fraser and Fraser River Port Authorities is anticipated to be completed by early 2008. There has been limited municipal input to the process and there are concerns regarding the representation of municipal interests at the port authority level. There are also concerns regarding the need to maintain an appropriate balance of interests between marine port and river port operations. It is therefore recommended that these issues be brought to the attention of the federal Minister of Transport to ensure appropriate municipal representation is achieved and a balance of interests maintained.

John DuMont
Director of Human Resources and Corporate Planning
Department submission prepared by: Bernita Iversen, Senior Policy Analyst
E:\Bernita\WPA2005\Por.MergerReport.doc

ATTACHMENTS:

- A. VPA Press Release, dated November 27, 2006



H.03

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TYPE: CORRO-INFO
DEPT: NR+CP
FILE: 90500-1
COMMENT: O To Gore m... @ Council for Info Reg 11/27/06

24 October 2006

Mayor Lois Jackson
The Corporation of Delta
4500 Clarence Taylor Crescent
Delta, British Columbia V4K 3E2

Dear Mayor Jackson:

The Vancouver Port Authority, Fraser River Port Authority, and North Fraser Port Authority are currently investigating the business case for creating a new single entity for the management of their respective ports in B.C.'s Lower Mainland.

The three Port Authorities have hired a facilitator to conduct stakeholder interviews as part of the background work to this process. I have made it clear to the facilitator and to the Minister of Transport that in my view no organization in Canada is better equipped to deal with the challenges of growing Asian container traffic and other potential shipping resulting from growing international trade than the Port of Vancouver, who lead the nation in that regard.

Yet as someone who represents the interests of many constituents who rely on the Fraser River (and the tens of millions of tonnes of domestic and international cargo it carries) for their livelihood, I also affirmed to the facilitator and the Minister that no organization is better equipped to attend to the unique needs of river users, or understands the complexities of maintaining this vital and dynamic river as a navigable waterway supporting trade and commerce, or has the capability to manage the river from a flood protection point of view, than the Fraser River Port Authority.

Most importantly I advised the facilitator and the Minister that in my view creating a new single entity for the management of the three ports in B.C.'s lower mainland would be a mistake. It would be preferable that the Vancouver Port Authority be allowed to continue to manage its own affairs as it has done so successfully and that the Fraser River Port Authority and the North Fraser River Port Authority be merged and the jurisdiction of the New Port Authority extended up the Fraser to the terminus of the navigable portion of the river near Chilliwack.

By any measure the Port of Vancouver is Canada's largest port. Through it to the world flows raw materials and manufactured goods from British Columbia, the West and

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elsewhere in Canada and the United States. Products from around the Pacific Rim and beyond move through the Port to consumers throughout North America.

The Port of Vancouver does business with the world. Its focus is international trade and the efficient and orderly movement of cargo through its gates. It is defined by the giant ships, cranes, trucks and trains which work the waterfront around the clock. The Port of Vancouver is truly Canada's Pacific Gateway. Its focus is the inter-modal movement of commodities worldwide through its facilities.

The Port of Vancouver does not have the experience or the expertise needed to deal with the complexities of managing a busy linear waterway on one of the world's great rivers.

The Fraser River represents a fundamentally different set of challenges and opportunities. With the recent media attention on the anniversary of the Hurricane Katrina disaster in New Orleans, we are reminded that the river – if it is not properly maintained and managed through a complex system of dikes, channel aids and ongoing dredging – represents a very real flood threat to those businesses and to the hundreds of thousands of people living in communities along its banks. Moreover, a catastrophic flood event on the Fraser River affecting the urban areas of the Vancouver metropolitan region would have a negative economic impact that would extend beyond the region, affecting the British Columbia economy as well as the national economy.

When governmental agencies merge, governmental failures can and do occur. Perhaps there is no more horrific example of a merger gone wrong than in New Orleans with the collapse of Mississippi River dykes, the flooding of New Orleans by Hurricane Katrina and the inability of federal government agencies to rescue those threatened by rising flood waters. The U.S. Federal Emergency Management Agency had lost its way after having been recently merged with the new Department of Homeland Security. The merger was seen as a contributing factor in the failure to adequately respond to that disaster.

We had grown used to thinking that dredging was done solely to enable vessels to navigate the estuary. Since Katrina it is clear that public safety demands dredging be done for the very same reason that we build and maintain dikes, to prevent flooding.

When the Fraser delta was transformed from largely a rural region into an emerging metropolitan centre, the federal government was a vital partner in an essential part of the region's urban infrastructure – the Fraser River dike system and its ancillary flood protection elements. Over the past decade, despite the increasing size and complexity of urban development in the region and despite the possible threat of flooding due to global warming, the previous federal government largely abdicated any responsibility for the ongoing maintenance and enhancement of the dikes or other flood protection infrastructure initiatives. This neglect has in many ways contributed to a lack of coordination and an absence of responsibility – just the kind of situation often found as the root cause of avoidable devastation resulting from catastrophic natural events.

With the merger talks between the ports now is an ideal time to ensure that in any realignment of lower mainland ports a New Port Authority be created dedicated solely to the Fraser River. It should be given the necessary means and mandate to extend the current dredging program into the surrounding secondary channels and fishing harbours, while also assessing the need to enhance major and minor dikes in the delta region.

We should be mindful of the fact that the Fraser is more than a working river with log rafts and tugboats pulling barges. It is at its core a living river teeming with salmon and everything we do must recognize and respect this essential nature of the Fraser.

I am convinced the future of the Fraser River Port Authority and the North Fraser Port Authority should not lay in a merger with the much larger Vancouver Port Authority but as part of a New Port Authority for the Fraser with jurisdiction as far inland as *Chilliwack*.

The New Port Authority would replace the existing Fraser River Port Authority and North Fraser Port Authority and would have a responsibilities for: (i) navigable waterways and river traffic management; (ii) local leaseholders; (iii) maintenance and dredging of the main and side channels; (iv) emergency planning and flood control; (v) gravel extraction and certain environmental matters; (vi) operation of the debris trap; and (vii) public safety.

There is no substitute for an authority dedicated to the lower Fraser River whose sole responsibility is this vital waterway. The people who live along the river and who depend upon it know intrinsically that their interests would be lost in a super Vancouver Port Authority.

The existing Fraser River Port Authority has the confidence of the community because it is on the river. Its offices and staff are on the river, not in downtown Vancouver. It is that closeness to the river and events on the river that must not be lost and which must be replicated in the New Port Authority.

A New Port Authority dedicated to the Fraser River would not be in competition with the much larger Vancouver Port Authority whose focus has naturally become bulk and container traffic with the Far East carried on huge ships that rarely use or enter the Fraser River estuary. For the most part river traffic on the lower Fraser is fundamentally different, perhaps most obvious the ships are smaller and the traffic is often local. In fact, the North Fraser Port Authority is virtually the only port facility in the lower south coast of British Columbia, which is the province's main service centre – serving coastal marine traffic. In effect, those coastal communities that are dependent on marine transportation for people and goods movement rely solely on the North Fraser Port as their southern terminus.

The essential difference between this New Port Authority, which would encompass the North Fraser Port and the Fraser Port, and the existing Vancouver Port Authority is the river. The focus of the proposed New Port Authority would be the river.

The existing Fraser River Port Authority has very successfully managed port facilities on the river at Annacis Island, Surrey, Richmond and Delta and the North Fraser Port Authority its

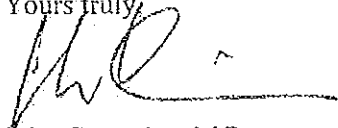
facilities on the river's North Arm. The facilities and those that rely upon them are different in character and size than those that rely on the Vancouver Port Authority. They service a niche market separate from Vancouver - the New Port Authority would continue to service that niche market, to operate these port facilities on the river and respond to the special universe of shippers who rely on them.

The needs of the Fraser River estuary and indeed the entire lower Fraser are vitally important, too important to be left to the vagaries of a fundamentally different port authority whose interests and whose priorities cannot and should never be the Fraser River.

I am certain that if there is strong local support for a New Port Authority on the Fraser it can and will happen.

Mayor, I would be happy to discuss with you at your convenience this proposal to ensure the future of the Fraser River as a waterway and as a living river through the creation of a New Port Authority dedicated to the Fraser River.

Yours truly,

A handwritten signature in black ink, appearing to read 'John Cummins', with a horizontal line extending to the right.

John Cummins, M.P.
Delta-Richmond East

Refers to Item H.03
Regular Meeting
November 27, 2006

General Commercial User Group
#28 - 3871 River Road West,
Delta, BC V4K 3N2
Email: mowen@dccnet.com

TYPE:	<i>B-REPORTS TO</i>
DEPT:	<i>H&C</i> November 17, 2006
FILE:	<i>2-75-1</i>
COMMENT:	<i>Add to Brenda as refers to letter from John Cummins</i>

The Corporation of Delta
4500 Clarence Taylor Crescent
Delta, BC V4K 3E2

Re: Port Mergers

Dear Mayor and Council:

You may have seen the joint press releases from Vancouver, North Fraser and Fraser River Port Authorities announcing their potential merger to one port.

This merger is going through with very little input from those affected.

It is our understanding that only a few of the Lower Mainland mayors were consulted. Can you provide us with Delta's position and advise whether our mayor and council were consulted, interviewed or took a position?

Council knows how hard it has been to even get the Federal Government to the table on a sustainable dredging fund. Our concern is that issues such as these will be lost, diminished and any opportunity to work together as a cohesive group representing river issues will be forever removed from the users and municipalities.

I would like to know the following:

- What is the official position of Delta Council with regard to this merger?
- What discussions has Delta had with either the Ports or their consultants about this merger?
- What discussions has Delta had with either MP J. Cummins or MLA V. Roddick on this issue? What were their positions?
- What discussions has Delta had with either the Minister of Transport for the Federal Government or with his counterpart Kevin Falcon, Minister for the Province with responsibility for the Fraser River?
- Would the Mayor, as Chair on the GVRD, comment on any discussions the GVRD has had on this matter?
- Would Delta's council representative on the LMMA comment on that group's discussion about the ports merging?

I would like to have the answers to these questions quickly as I would like to report back to our users before December 1, 2006.

I have attached a copy of the letter sent to "my" group. The General Commercial Group is mandated by legislation through the Canada Marine Act and its letters patent. The General Commercial User Group is comprised of 266 small to medium sized businesses conducting business with Fraser Port. I am elected to a term of three years by this Group.

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There are four user groups within the Fraser River Port Authority. They are Deep Sea, representing container companies, shipping line agents, terminals like Annacis Terminals; Major Business, representing businesses with over \$10 million dollars worth of activity or infrastructure, i.e. Lehigh Cement; Coastal Shipping & Forestry, these are the sawmills the wood producers, re-manufacturers, tug and barge companies, pulp and paper; and, the General Commercial, these range from one individual with a water lot lease to marinas, ship yards, waterfront restaurants, fisheries related companies, etc.

Collectively, our groups generate about 5 billion dollars of the 8 billion dollars worth of economic activity for the municipalities, Province of BC and Canada.

Responses to date from the General Commercial Group September 28, 2006 letter have been against such a merger.

Their concerns are varied but most revolve around the loss of having a direct say and the quorum which the User Groups of the Fraser Port currently have.

You may be aware that Delta, through unanimous agreement with the other Mayors of the Fraser River, has the opportunity to select a Director to this Board. The Province and Federal governments each have one director.

This will change. Our direct input into a quorum of directors who understand our river issues, which differentiate greatly from those of a salt water port, will be greatly diminished.

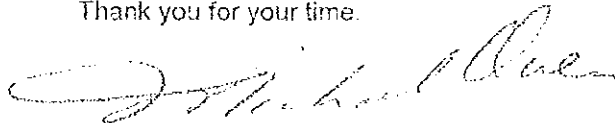
I'll make an analogy. Ladner's concern about dredging the entrance and the channel leading to its harbour, or obtaining a lease for future purposes will not have the same impetus with a body like the GVRD or LLMA.

Our concern is also for each of our municipalities along the river. All of us will now have to fight and win those fights with a directorship made up from Vancouver, Burnaby, North Vancouver, West Vancouver, Port Moody, etc. We will be simply out numbered.

With a greater business population having a say in this new port, our river concerns will have a lower priority. Our quorum will be gone, our direct influence will be gone, and our vote will be watered down.

Having a river committee or division does not guarantee us any budget or tangible assets with which to control. Our ability to work with municipal councils along the river will be lost.

Thank you for your time.



Michael Owen, Chair
General Commercial User Group

General Commercial User Group
Fraser River Port Authority
28 – 3871 River Road West
Delta, BC, V4K 3N2

September 28 2006

COPY

Dear Member,

You may have seen the recent joint press release from Vancouver Port, North Fraser Port and our Fraser River Port Authority announcing their potential merger into one Port.

On August 8 InterVISTAS Consulting was hired to consult with stakeholders. As your representative they interviewed me. During that interview I brought up a number of my concerns: namely, who and how would this new entity respond to smaller users such as in our group; and, what guarantees are there that this new port will not overshadow current river users?

I also questioned who and what was driving this merger? I asked them if a comment made by the Vancouver Port Chair at the Canada Marine Act Review hearings, "that there should only be one Port" was the reason. Or does the Port of Vancouver see Fraser Port lands as a reason? Or does Ottawa have a reason which they are not sharing with us?

Since much of the lower Fraser lands are owned by the Province and managed under the Ministry of Transport did BC's Minister of Transport, Kevin Falcon, have a reason?

The two interviewers had no answer to these questions.

Attached is the questionnaire which InterVISTAS Consulting asked me to fill in. I informed them I was not responding to them in my official capacity as your representative as I had no mandate from the General Commercial Group to do this. I agreed to express my personal opinion to them and to my group and to provide members of the General Commercial User Group with a copy of the questionnaire. I agreed to pass on your replies, questions and concerns to InterVISTAS Consulting.

The differences between a River Port and a salt water port are considerable. In my opinion this merger is premature, has not been well planned or thought out and is not in the best interests of smaller river users. I base this on the following:

There is no discussion as to how many river directors there will be on a new Board of Directors; currently, river users have the majority of Board members; no draft Letters Patent outlining what safeguards river users will have under this new entity; what the business model will be; will there be a river division in the new Port or just someone in Vancouver whom we meet.

I am concerned that the Federal and Provincial governments place a low priority on the issue of creating and funding sustainable dredging fund for the Fraser River, viewing it as more of a nuisance, possibly seeing a merged Port as a means to solving this issue.

There has not yet been any discussion at our level as to this fund being created or managed by river users.

Ottawa gives Quebec about \$90M per year for ice breaking on the St. Lawrence to prevent flooding. They funded \$500M to Manitoba to assist in protecting Winnipeg from flooding, yet continue to stall the creation of a sustainable fund here in BC to maintain the river bottom of the Fraser in any meaningful way. Silt is BC's ice!

Currently, river users have the majority say in the selection process of Fraser River Port Directors. Yes, it is true that the Federal Minister of Transport has the final approval of our nominees, but your 8-member Nominating Committee, (2 from each user group) have a good track record in finding, interviewing and selecting Directors who have the Fraser River Port foremost in their mind. See attached list of Committee members.

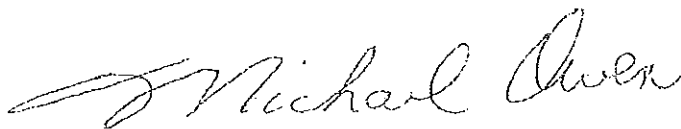
Those same members have spent years developing a matrix of qualifications to ensure that all skills and knowledge for a good Fraser River Port Director are met. It is my belief that all your Committee members feel strongly that today Fraser Port is far more responsive to its users than ever before.

So, until some of these answers and other are known, clearly understood, and agreeable to river users, I cannot not see a merger.

Please fill in the enclosed InterVISTAS questionnaire. You may have some great questions of your own. Either return by mail: by fax at (604) 940-9747 or email to mowen@dccnet.com your responses.

This is important so please do not delay or ignore this opportunity to have your input heard and considered.

Yours truly,



Michael Owen,
General Commercial User Group Chair

Cc: Clive Kupritz,
General Commercial User Group Representative

Encl.

COPY

Revised 1/24/2005

FRASER RIVER PORT AUTHORITY
NOMINATING COMMITTEE - CONTACT LIST

Mr. Les Jourdain (mb) CHAIR OF NC
Fraser River Pile & Dredge
1830 River Drive
New Westminster, BC V3M 2A8
Tel.: 604-522-7971
Fax: 604-522-3249
Cell.: 604-290-4737
Res.: 604-465-9611
Email: jourdain@frpd.com
Expires: Jan 10, 2006 (reappointed Nov 5/02)

Mr. John Bowles (cs/l)
General Manager
Harken Towing Co. Ltd.
P.O. Box 7, 1990 Argue Street
Port Coquitlam, BC V3C 3V5
Tel.: 604-521-3243/942-8511
Fax: 604-942-4914
Res.: 604-941-9450
E-mail: johnb@harkentowing.com
Expires: Jan 10, 2006 (reappointed Nov 4/02)

Mr. Peeter Wesik (dss)
Managing Director
Fraser Surrey Docks
c/o WesGroup Income Properties LP
2600 Bentall Four, 1055 Dunsmuir St.
Vancouver, BC V7X 1J1
Tel.: 604-632-1727 or 604-683-2883
Fax: 604-632-1737
Cell.: 604-351-6777
Res.: 604-264-7744
E-mail: pwesik@wesik.com
Expires: Jan 10, 2006 (reappointed Nov 6/02)

Mr. Kim Christensen (dss)
Greer Shipping Ltd.
600 - 900 W. Hastings Street
Vancouver, BC V6C 1E5
Direct: 604-891-7373
Tel: 604-891-7447
Fax: 604-891-7377
Cell: 604-240-5560
Email: kim_christensen@greer.com
Expires: Jan 22, 2008

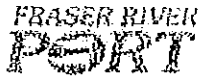
Mr. Michael Owen (geu) VICE CHAIR NC
President
Mike's Marine Services Ltd.
3871 River Road West
Delta, BC V4K 3N2
Tel.: 604-946-9747
Fax: 604-940-9747
Email: mowen@decnet.com
Expires: Jan 10, 2006 (reappointed Nov 4/02)

Mr. John Van der Burch (mb)
President
Southern Railway of British Columbia
2102 River Drive
New Westminster, BC V3M 6S3
Tel.: 604-527-6353
Fax: 604-526-0914
E-mail: jvdburch@sryrailink.com
Expires: Jan 11, 2007 (reappointed Jan 11/04)

Mr. Jan Oskam (geu)
River's Reach Marina
3443 River Road West
Delta, BC V4K 3N5
Tel.: 604-940-0049
Fax: 604-940-0049
Email:
Expires: Jan 10, 2006

Mr. Roman Nikitiuk (cs/l)
Timberwest Forest
PO Box 11101
Suite 2300 - 1055 West Georgia
Vancouver, BC V6E 3P3
Tel: 604-654-4617
Fax: 604-654-4631
Cell:
Email:
Expires: Jan 15, 2008

COPY



NEWS RELEASE

Lower Mainland Port Authorities to explore integrated port entity

NEW WESTMINSTER, (July 7, 2006) --- The Boards of Directors of the Fraser River, North Fraser and Vancouver Port Authorities have agreed to explore the opportunities for a new integrated port entity for the Lower Mainland Gateway of British Columbia.

On July 6, 2006 representatives of the ports accepted Minister Lawrence Cannon's invitation and met with his representatives to initiate discussions to this end.

More information will be provided as discussions evolve.

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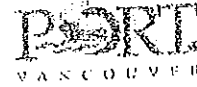
For further information, contact:

Captain Allen Domaas, PPM
President and CEO
Fraser River Port Authority
(604) 524-6655

Captain Gordon Houston
President and CEO
Vancouver Port Authority
(604) 665-9016

Allan Baydala
President and CEO
North Fraser Port Authority
(604) 273-1866

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August 8, 2006

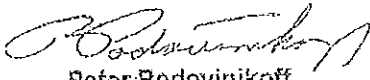
Lower Mainland Port Integration Project
Airport Square, Suite 550
1200 West 73rd Avenue
Vancouver, BC
V6B 6G5

To whom it may concern:

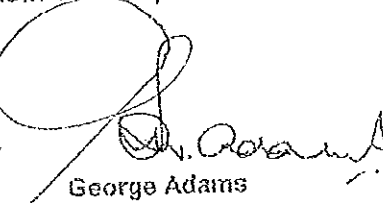
As you may be aware, the three Lower Mainland Port Authorities have agreed, with the Federal Government, to explore the opportunities for a new integrated port entity.

We have retained InterVISTAS Consulting Inc. to consult with stakeholders and to prepare a Business Case. They will be contacting you to arrange an interview. Your cooperation would be very much appreciated.

Yours truly,


Peter Podovnikoff
Chair
Fraser River Port Authority


Art Cowie
Chair
North Fraser Port Authority


George Adams
Chair
Vancouver Port Authority

COPY



1001 McALEER
RICHMOND, B.C. V6Y 2C1
Telephone: (604) 276-4128
Fax: (604) 276-4432

MALCOLM BRODIE
MAYOR

November 4, 2006

RECEIVED
DATE: Nov. 7/06
BY: AA

OF THE FRASER

John Cummins, MP
Delta-Richmond East
Constituency Office
4871 Delta Street
Richmond BC V6Y 2C1

Dear Hon. John Cummins:

Thank you for your letter dated October 26, 2006 regarding a proposed merger of the Vancouver Port Authority, Fraser River Port Authority, and North Fraser Port Authority.

I read your letter with interest, and I share the misgivings you expressed in your letter regarding the prospect of a single authority.

Once again, thank you for comments.

Yours truly,

Malcolm D. Brodie
Mayor





HOUSE OF COMMONS
CANADA

CONSTITUENCY OFFICE
4871 DELTA ST.
DELTA B.C.
V4K 2T9
TEL. (604) 940-8040
FAX (604) 940-8041
E-mail: cummins@occnr.com

JOHN CUMMINS, M.P.
DELTA-RICHMOND EAST

OTTAWA OFFICE
ROOM 548 CONFEDERATION BLDG.
HOUSE OF COMMONS
OTTAWA ON K1A 0A6
TEL. (613) 962-2367
FAX (613) 992-3589
E-mail: cummij@parl.gc.ca
www.johncummins.ca

October 26, 2006

Malcolm Brodie
Richmond City Hall
6911 No. 3 Road
Richmond, BC V6Y 2C1

Dear Mayor Brodie:

The Vancouver Port Authority, Fraser River Port Authority, and North Fraser Port Authority are currently investigating the business case for creating a new single entity for the management of their respective ports in B.C.'s Lower Mainland.

The three Port Authorities have hired a facilitator to conduct stakeholder interviews as part of the background work to this process. I have made it clear to the facilitator and to the Minister of Transport that in my view, no organization in Canada is better equipped to deal with the challenges of growing Asian container traffic and other potential shipping resulting from growing international trade than the Port of Vancouver, which leads the nation in that regard.

Yet as someone who represents the interests of many constituents who rely on the Fraser River (and the tens of millions of tonnes of domestic and international cargo it carries) for their livelihood, I also affirmed to the facilitator and the Minister that no organization is better equipped to attend to the unique needs of river users, or understands the complexities of maintaining this vital and dynamic river as a navigable waterway supporting trade and commerce, or has the capability to manage the river from a flood protection point of view, than the Fraser River Port Authority.

Most importantly I advised the facilitator and the Minister that in my view creating a new single entity for the management of the three ports in B.C.'s lower mainland would be a mistake. It would be preferable that the Vancouver Port Authority be allowed to continue to manage its own affairs as it has done so successfully, and that the Fraser River Port Authority and the North Fraser River Port Authority be merged and the jurisdiction of the New Port Authority extended up the Fraser to the terminus of the navigable portion of the river near Chilliwack.

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The Port of Vancouver does not have the experience or the expertise needed to deal with the complexities of managing a busy linear waterway on one of the world's great rivers.

The Fraser River represents a fundamentally different set of challenges and opportunities. With the recent media attention on the anniversary of the Hurricane Katrina disaster in New Orleans, we are reminded that the river – if it is not properly maintained and managed through a complex system of dikes, channel aids and ongoing dredging – represents a very real flood threat to those businesses and to the hundreds of thousands of people who live in communities along its banks. Moreover, a catastrophic flood event on the Fraser River affecting the urban areas of the Vancouver metropolitan region would have a negative economic impact that would extend beyond the region, affecting the British Columbia economy as well as the national economy.

When governmental agencies merge, governmental failures can and do occur. Perhaps there is no more horrific example of a merger gone wrong than in New Orleans with the collapse of Mississippi River dykes, the flooding of New Orleans by Hurricane Katrina and the inability of federal government agencies to rescue those threatened by rising flood waters. The U.S. Federal Emergency Management Agency had lost its way after having been recently merged with the new Department of Homeland Security. The merger was seen as a contributing factor in the failure to adequately respond to that disaster.

We had grown used to thinking that dredging was done solely to enable vessels to navigate the estuary. Since Katrina, it is clear that public safety demands dredging be done for the very same reason that we build and maintain dikes: to prevent flooding.

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of the dikes or other flood protection infrastructure initiatives. This neglect has in many ways contributed to a lack of coordination and an absence of responsibility -- just the kind of situation often found as the root cause of avoidable devastation resulting from catastrophic natural events.

With the merger talks between the ports, now is an ideal time to ensure that in any realignment of lower mainland ports a New Port Authority be created dedicated solely to the Fraser River. It should be given the necessary means and mandate to extend the current dredging program into the surrounding secondary channels and fishing harbours, while also assessing the need to enhance major and minor dikes in the delta region.

We should be mindful of the fact that the Fraser is more than a working river with log rafts and tugboats pulling barges. It is at its core a living river teaming with salmon and everything we do must recognize and respect this essential nature of the Fraser.

I am convinced the future of the Fraser River Port Authority and the North Fraser Port Authority should not lay in a merger with the much larger Vancouver Port Authority but as part of a New Port Authority for the Fraser with jurisdiction as far inland as *Chilliwack*.

The New Port Authority would replace the existing Fraser River Port Authority and North Fraser Port Authority and would have responsibilities for:

- (i) navigable waterways and river traffic management;
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- (v) gravel extraction and certain environmental matters;
- (vi) operation of the debris trap; and
- (vii) public safety.

There is no substitute for an authority dedicated to the lower Fraser River whose sole responsibility is this vital waterway. The people who live along the river and who depend upon it know intrinsically that their interests would be lost in a super Vancouver Port Authority.

The existing Fraser River Port Authority has the confidence of the community because it is on the river. Its offices and staff are on the river, not in downtown Vancouver. It is that closeness to the river and events on the river that must not be lost and which must be replicated in the New Port Authority.

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The essential difference between this New Port Authority, which would encompass the North Fraser Port and the Fraser Port, and the existing Vancouver Port Authority is the river. The focus of the proposed New Port Authority would be the river.

The existing Fraser River Port Authority has very successfully managed port facilities on the river at Annacis Island, Surrey, Richmond and Delta and the North Fraser Port Authority its facilities on the river's North Arm. The facilities and those that rely upon them are different in character and size than those that rely on the Vancouver Port Authority. They service a niche market separate from Vancouver. The New Port Authority would continue to service that niche market, to operate these port facilities on the river and respond to the special universe of shippers who rely on them.

The needs of the Fraser River estuary and indeed the entire lower Fraser are vitally important, too important to be left to the vagaries of a fundamentally different port authority whose interests and whose priorities cannot and should never be the Fraser River.

I am certain that if there is strong local support for a New Port Authority on the Fraser it can and will happen.

Mayor, I would be happy to discuss with you at your convenience this proposal to ensure the future of the Fraser River as a waterway and as a living river through the creation of a New Port Authority dedicated to the Fraser River.

Yours truly,



John Cummins, M.P.
Delta - Richmond East

JMC:bd