



To: General Purposes Committee
From: John Irving, P.Eng.
Manager, Building Approvals
Re: Fraser River Port Authority - Sustainable Federal Funding of Maintenance Dredging

To General Purposes - July 5, 2004
Date: June 21, 2004
File: 6150-04

Staff Recommendation

That the efforts of the Fraser River Port Authority to secure sustainable federal government funding for:

- 1. Annual dredging activities, and;
- 2. Essential public infrastructure that promotes appropriate flood protection and sound river management.

(as outlined in the draft resolution [Attachment 1] to the report dated June 21, 2004 from the Manager, Building Approvals) be supported.

John Irving, P.Eng.
Manager, Building Approvals
(4140)

Attach.(2)

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

Staff Report

Origin

The Fraser River Port Authority (FRPA) held their annual meeting with Mayors and Administrators on June 10, 2004. At the meeting, the FRPA presented information outlining the need for sustained public funding of annual maintenance dredging of the Fraser River.

Findings Of Fact

The Fraser River deposits silt naturally in the estuary area on a continual basis. Annual dredging is required to remove this silt to ensure that shipping channels are clear, and most importantly for the City, that the risk of flooding is reduced.

In 1998, the federal government through the Coast Guard, moved to end their provision of dredging services. The Coast Guard paid a \$14 million settlement to the FRPA for taking on the dredging work, despite FRPA's assertion that \$28 million was required. The settlement funding runs out this year and as such, FRPA will face difficulties funding the dredging program in the future. Further information is provided in Attachments 1 and 2.

The FRPA is seeking to secure stable federal government funding for dredging and essential river management infrastructure.

Analysis

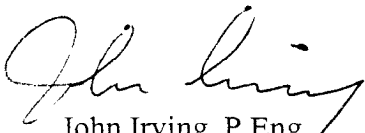
Continued dredging is critical to the long term management of flood risk in Richmond and other communities along the Fraser River. The economic viability of the port and commercial/industrial interests on the river are also dependent on continued dredging.

Financial Impact

None.

Conclusion

It is in the City's best interest to have the federal government fund continued dredging of the Fraser River. The City should support the FRPA in this regard.



John Irving, P.Eng.
Manager, Building Approvals
(4140)

Jl:ji

Our File: A35

June 11, 2004

His Worship Malcolm Brodie
City of Richmond
6911 No. 3 Road
Richmond, BC V6Y 2C1

Dear Sir:

Re: Fraser River Port Authority – Request for Support for the Sustainable Public Funding of Maintenance Dredging Campaign

Thank you for attending or providing your alternate for our annual meeting with Mayors and Administrators on June 10, 2004. At the meeting, we provided a concise statement of the need for sustainable public funding of annual maintenance dredging to ensure the safety of the citizens living on the flood plain of the Fraser River Estuary. As well, protecting the economic benefits arising from port and upland businesses located on the flood plain is essential to the well being of this region.

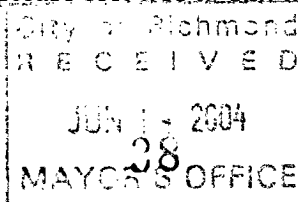
It is critically important that we develop a unified regional voice on this important issue. We believe your signature on the draft joint resolution distributed at the meeting (copy attached) is a significant component of that unified regional voice.

The purpose of this letter is to ask you to obtain the authority, or activate previous authority, to join the other Mayors of surrounding municipalities in signing the Resolution.

Once we have a good understanding that authorities have been obtained, Carmen Germain will be contacting you to facilitate the signing of the actual Resolution.

Secondly, we encourage you to request to the Federation of Canadian Municipalities support and pursue this critical issue. They have a voice that will do much to cement and build on your efforts here.

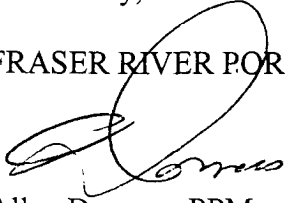
Thank you for your anticipated support for this important project. If there is anything we can do to assist you in obtaining the authority to sign the joint Resolution, please do not hesitate to call me at anytime. You can reach me at the office, 604-524-6655. Since I will be frequently out of town on business in the next few weeks, please feel free to call me on my cellular; the number is 604-219-8243.



Your support and cooperation on this matter will make a significant contribution to our efforts to obtain the goal of sustainable public funding on annual maintenance dredging in the Fraser River.

Yours truly,

FRASER RIVER PORT AUTHORITY

A handwritten signature in black ink, appearing to read "A. Domaas", is written over the printed name and title.

Allen Domaas, PPM
President and CEO

Encl. (1)

DRAFT - FOR CONSIDERATION

Mayors' resolution to the Government of Canada

WHEREAS we represent citizens in communities and municipalities bordering the jurisdiction of the Fraser River Port Authority

AND WHEREAS the Federal Government, through the Canadian Coast Guard, has withdrawn all funding of channel maintenance dredging activities on the lower Fraser River

AND WHEREAS the maintenance of an annual channel dredging program on the lower Fraser River is critical to preserving the Fraser River Port Authority's status as a major Canadian gateway to international markets

AND WHEREAS the maintenance of an annual channel dredging program is critical to protecting our communities and municipalities from flooding

AND WHEREAS the Fraser River Port Authority is currently performing and financing one of the most critical flood protection functions in the Lower Fraser estuary

AND WHEREAS nearly 25% of the Fraser River Port Authority's total revenues are consumed by existing main channel dredging activities

AND WHEREAS dredging costs leave few resources to invest in business growth activities or in essential public infrastructure upgrades that secure our citizens

AND WHEREAS this financial burden compromises the Fraser River Port Authority's ability – under the Canada Marine Act – to meet its obligations to advance trade and economic development opportunities for the people of the Lower Mainland of British Columbia

AND WHEREAS the safety and security of our citizens will be enhanced if the Fraser River Port Authority is in an appropriate financial position to keep the channel dredging program going

BE IT RESOLVED THAT we, the undersigned, support the Fraser River Port Authority in its efforts to secure sustainable public funding from the federal government for: 1) annual dredging activities, and; 2) essential public infrastructure that promotes appropriate flood protection and sound river management.

City of Coquitlam

District of Pitt Meadows

Corporation of Delta

City of Port Coquitlam

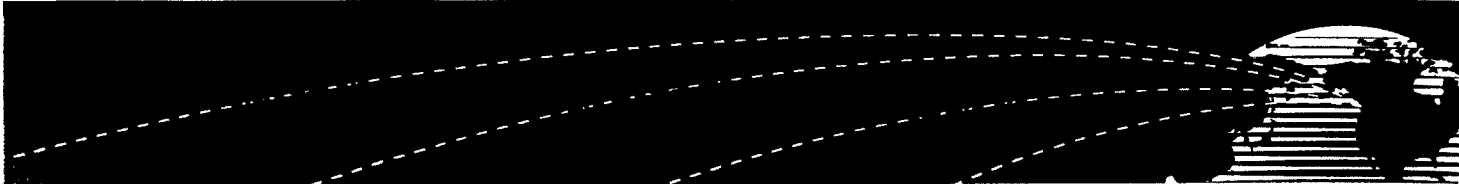
Township of Langley

City of Richmond

District of Maple Ridge

City of Surrey

City of News Westminster



April 2004

Dredging costs curb port's growth potential

Port struggles to remain viable, raises spectre of flooding

ISSUE IN BRIEF

- Federal government actions have put the Fraser River Port in a challenging economic position – one that threatens its future and, consequently, the maintenance of the Lower Fraser waterway.
- The federal government, through the Canadian Coast Guard, has withdrawn all funding of channel dredging activities on the lower Fraser River.
- The maintenance of an annual channel-dredging program on the lower Fraser River is critical to protecting communities that border the river from flooding.
- Nearly 25% of the Fraser River Port Authority's total revenues are consumed by existing main channel dredging activities.
- Dredging costs leave few resources to invest in business growth activities or in essential public infrastructure upgrades.
- This financial burden compromises the Fraser River Port Authority's capacity to advance trade and economic development opportunities for the people of the Lower Mainland.
- To better protect the communities along the Fraser from flooding, the Fraser River Port Authority is seeking secure sustainable public funding for annual dredging activities and essential public infrastructure that promotes appropriate flood protection and sound river management.

BACKGROUND

The Fraser River Port is a maintained waterway, located in the main arm of the lower Fraser River. Extending along the first 100 kilometres of the river, the port encompasses a total shoreline of 227 kilometres.

Fraser River Port's 12,400 direct jobs generate almost \$900 million in direct GDP and over \$2 billion in economic output. The total GDP, including indirect and induced employment, is over \$2.3 billion, and total output exceeds \$5 billion.

... / 2

The Fraser River Port is a lynchpin in the economy of Greater Vancouver. But because of actions taken by Canada Coast Guard, the future of the port is uncertain.

In 1998, Coast Guard moved to terminate the 25-year agreement that obligated it to deliver key dredging services for the port. Negotiations ended with Coast Guard's presentation of a "take-it-or-leave-it" \$14 million settlement offer – this in spite of the port's assertion that a \$28 million dredging fund was the minimum required to do the work that Coast Guard was relinquishing.

Dredging is the process of removing sand off the bottom of the river to maintain an accessible waterway and, very importantly, reducing the risk of potentially devastating floods. Without dredging in the Fraser estuary, key shipping channels would become too shallow for commercial vessels to safely access.

The depth of the Fraser estuary is never constant. Every spring, when the snowpack melts, millions of tonnes of water, sand, and silt drain into the river, making the river shallower and pushing water levels higher. This is called freshet.

With its \$14 million in settlement money, the Fraser River Port Authority sought to create a dredging program (the settlement money runs out in April 2004). To offset the net costs, dredged sand – or dredgeate – is marketed and sold. Unfortunately, dredging costs remain high and outpace dredgeate sales. Nearly 25% of Fraser Port's revenues are consumed by dredging – leaving precious few resources to invest in critical public infrastructure or port expansion.

While the Fraser River Port Authority is not obligated by legislation to dredge the river, it continues to do so to preserve the port's status as a major Canadian gateway to international markets and, in so doing, protect the communities along the river from flooding. The corollary is that the costs associated with this necessary service dramatically impacts upon the port authority's ability to achieve its core mandate under the *Canada Marine Act*, which is to advance trade and economic development.

This intolerable situation deteriorates the port's viability. With reduced capacity to finance expansion activities, the port's competitive advantages are at risk... as is the port's capacity to afford dredging and prevent flooding.

The Fraser River Port is faced with a unique challenge that requires a unique solution. It is the view of the Fraser River Port Authority that a reasonable approach must be found that benefits all interests. Secure, sustainable public funds must be obtained for an annual channel-dredging program on the lower Fraser River.

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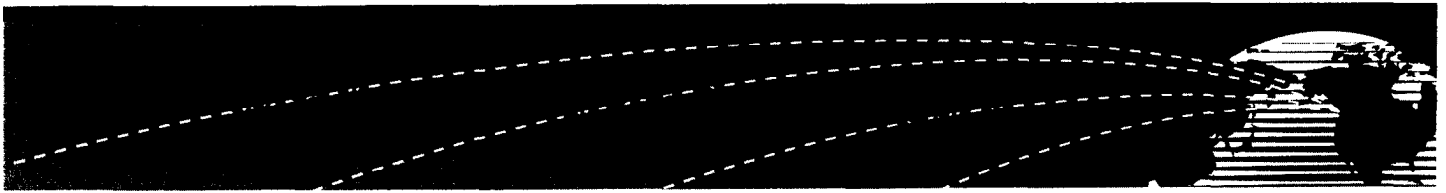
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