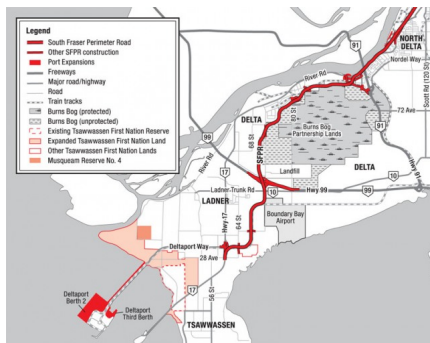


Falcon's follies: Gateway, SFPR and the Railgate connection.

Written by Laila Yuile

Thursday, 17 February 2011 09:06



By Laila Yuile - It was a very sunny day in September 2006, when Premier Gordon Campbell arrived for the grand opening of Simon Fraser University's Surrey campus, smack dab in the heart of Whalley. Despite the demands of his busy schedule, Campbell did make time to sit with local reporter, Tom Zytaruk... and what a revealing interview it was, indeed.

Campbell, in town to open the SFU campus on Friday, said his government is concentrating on building up this side of the river to reduce the need for commuting to Vancouver.

"It's building a critical mass of urban commercial cultural activities here," he said. "There is a perception that everyone is going from here (Surrey) to there (Vancouver). This is a perception founded in 1982. In reality, people are coming from there to here."

The massive Gateway project aimed at improving the transportation of goods on this side of the Fraser through initiatives like the South Fraser Perimeter Road, says Campbell, isn't progressing fast enough.

"I'd like it faster," he said. "We need to move on it. We're further behind this year than we were last year. Every year that we wait generates additional costs, additional negative impacts."

Of particular importance in the above excerpt is that Campbell talks about his governments

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concentrated efforts to build up development south of the Fraser, and the Gateway project-South Fraser Perimeter Road, in the same breath.

Why this is so important? I'll tell you.

Instead of winding down B.C. Rail as was the agenda of government at the time of the "sale", former Minister of Transportation, Kevin Falcon, went on to give B.C. Rail a new mandate to develop Gateway access to B.C. ports for container rail traffic. Largely unknown to most of the general public until media reports of testimony last year in the Basi-Virk trial addressed the new mandate, what was a revelation to many, was in fact part of what many believe was part of the concentrated effort to assist in building up development south of the Fraser River.

The mandate and agenda presented in the 2005-2007 service plan for BC rail appears as it was intended : the rail line and its subsidiaries would dispose of the bulk of its holdings over a period of time, slowing winding down. <http://www.bcrco.com/2005serviceplan.pdf>

After all, as the government continues to contend, BC rail was laden with debt, a massive burden to the province.

However, [the 2007-2009 service plans](#) indicates clearly Falcon's change of mandate which orders BC rail to get in line and assist the Asia-Pacific Gateway strategy – a must read if there ever was one. In fact, the service plan states the new mandate was introduced early in 2006, which happens also to be when former transportation minister Kevin Falcon and premier Campbell released the [Gateway program information report](#).

It wasn't until McCullough had Brian Kenning, a former BC rail board member, on the stand in the Basi- Virk trial last fall, that the majority of the general public first heard about that change of mandate outlined above -the following from an [article by Keith Fraser](#) :

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The details came out during the third day of cross-examination of former B.C. Rail board member Brian Kenning.

In 2008, five years after the Crown corporation had been largely sold off, [a number of B.C. Rail executives flew to other key ports, including Hong Kong and Dubai](#), said Kenning, who sat on the evaluation committee for the sale of B.C. Rail and headed the audit committee.

“So B.C. Rail, in 2008, a company with [few employees], you’re saying it’s necessary for them to go on airline travel to the Far East, have I got that right?” asked defence lawyer Kevin McCullough.

“No, you haven’t got that right,” said Kenning. “What I’m saying is that we had a new mandate from the government that required us to carry out our job,” said Kenning. “We made the decision that trips to other, key, world-class ports would be helpful to us in carrying out what was a new duty tasked to us by the minister of transportation and the premier’s office.”

McCullough pressed Kenning on why B.C. Rail, which only had a small rail line at Roberts Bank and no **trains** by this point, would agree to such an expenditure.

“As a board member, did you not think that was absurd?” he said.

“No, it wasn’t absurd,” said Kenning. “I think it makes perfect sense, given what the government asked us to do.”

From [Neil Hall](#):

After BC Rail was sold, Kenning recalled, the plan was to wind down the company after it sold up to \$300 million of its real estate holdings, which was expected to take two years.

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But he said the transportation minister at the time, Kevin Falcon, gave BC Rail an additional mandate, asking it to develop "gateway access" to ports, so executives flew to Dubai and Hong Kong for discussions with officials.

McCullough asked Kenning if he thought it was absurd that BC Rail, which was by then a small company with no trains, would send executives abroad.

Kenning said the government told the company to look at other ports with high container traffic, and that's why executives were sent overseas

To be certain, Gateway has always been former transportation minister Kevin Falcon's baby, as was the SFPR. It is well-known and documented that Falcon was the driving force to make a concept that had been around for years, a reality, and in particular he has always been vehement in his defence of the South Fraser Perimeter Road (SFPR). The rationale used to support the project always revolved around the movement of trucks carrying goods and cargo to and from Deltaport. But to some who knew, BC Rail's new mandate to support the Gateway initiative and port development through the Roberts Bank Corridor was seemingly at odds with the reasoning to wind it down as a debt-ridden burden to the province.

Of course, the key to BC Rail's new mandate revolved around the rail line to Deltaport—more commonly known as the Roberts Bank Spur line, which was alleged to have been offered to Omnitrac as a [consolation prize in exchange for not dropping out of the already tainted bidding process for BC Rail](#).

Lawyers Michael Bolton for David Basi and Kevin McCullough for Bob Virk have repeatedly argued in court that their clients' political superiors ordered the consolation prize be given to OmniTRAX.

The RCMP told B.C. Liberal Transportation Minister Kevin Falcon that the separate privatization process for the port subdivision had to be cancelled because it had been compromised by leaks of confidential government information.

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(The article is a must read, even more relevant now in the entire railgate affair than ever)

Of course, the line was never sold, and there was a very good reason why not. Had Omnitrac actually obtained ownership of that line, the Asia-Pacific Gateway initiative may not have transpired the way it did.

Likely realising the gem before him, former transportation minister Kevin Falcon thus changed the mandate of BC rail, which effectively halted the wind-down as previously planned. Additional staff were even required to facilitate the new activities and goals of BC Rail to support Deltaport and the gateway initiative.

In January of 2007, whispers of BC rail attempting to purchase land were making waves in North Delta coffee shops. Shortly thereafter, it hit the [pages of the Delta Optimist that BC rail was making plans for a new rail yard](#) at Roberts Bank. Although the company only owned an option to purchase a 250 foot strip along the rail line, landowners told the paper BC rail came to them asking to purchase large parcels. BC Rail claimed the landowners came to them.

In August, 2007, B.C. Rail applied to the Agricultural Land Commission for permission to purchase, subdivide, and build an expanded right-of-way along the Deltaport rail line on 52 acres of active farmland. The expanded right-of-way required the subdivision of nine properties in the Agricultural Land Reserve.

The Application (#0-37610) was **NOT** for exclusions but the right to subdivide farmland and build within the Agricultural Land Reserve.

Instead of purchasing just the 52 acres as approved, to date B.C. Rail has spent over 15 million taxpayer dollars to purchase over 150 acres of prime Delta farmland in the Agricultural Land Reserve. Instead of buying portions of properties, B.C. Rail has purchased large parcels between Deltaport and a service road to the south.

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These properties were originally crown properties of the Roberts Bank Backup Lands that were expropriated by the province in 1968 and 1969 for port development. Subsequently they were sold back to the farmers between 8 and 10 years ago for very reasonable prices.

The rationale given for the expanded right-of-way has always been the planned future Terminal 2 at Roberts Bank. The plans east of Highway 17 are to accommodate the South Fraser Perimeter Road.

What makes all of this so interesting is that these acres and acres of farmland properties BC Rail has purchased, border a good portion of the land that was removed from the Agricultural Land Reserve under the Tsawwassen First Nation treaty. The Tsawwassen First Nation received approximately 207 hectares (511 acres) from the ALR as part of the deal.

Some of the that land is going to be industrial development, right beside the BC rail lands. following link shows the TFN is open for business: http://www.tsawwassenfirstnation.com/TEDC_Open_for_Business_Brochure.pdf

" TEDC also issued a Request for Expressions of Interest to find a qualified partner for development of the first 100 acres of TFN Industrial Lands. On the commercial side, TEDC entered into a Letter of Intent to develop a 100 acre commercial site (on the north side of Highway 17) with [Property Development Group \(PDG\)](#). PDG is an experienced shopping centre developer that has developed projects on other First Nation lands. TFN was also featured in a provincial government initiative to connect foreign investment with business opportunities in BC. "

Something tells me, that we need to go back to that interview with Campbell from 2006, where he stated his government was concentrating on building urban commercial centers south of the Fraser River...

When you consider that the SFPR began as a dedicated highway complete with interchanges to move container trucks to and from the port and it has ended up being nothing more than just another road, and a highly questionable one at that, you have to wonder why Falcon pushed so hard for this project during his time as transportation minister. Certainly, there have proven to

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be more than a few flaws with the project that Falcon and the Liberals never counted on, and have had to compensate for.

The global economic meltdown, for one – the fallout of which is still greatly evident in reduced container traffic through our ports, thus negating the crux of the rationale behind the SFPR. The reason why the project has been downgraded several times (possibly at great risk to drivers, with a major interchange reduced to a light controlled intersection at one crucial juncture) we have been told is because current and projected traffic volumes did not merit the build.

Some analysts have been saying all along that Deltaport container traffic is unlikely to ever reach the levels it once was considering the Panama Canal expansion opens only one year after the SFPR - greatly reducing the likelihood Asia will continue to offload goods here on the west coast. With the expanded canal able to accommodate super-cargo carriers, shippers can make the more cost-effective choice of delivering goods directly to the eastern coast of the USA and Canada via the canal, rather than stopping here and then trucking or sending cargo via rail across the country.

And then let us not forget the very profitable bounty of curious land deals that have been occurring since 2005 along the current route of the SFPR – some long before specific details were known to the general public and even prior to the completion of the environmental assessments.(to be detailed in a future installment)

Add it all up and it appears there are grand plans underway to develop and industrialize hundreds of acres of lands south of Deltaport way, and the BC Rail spur line and subsequent land acquisitions are central to it.

A note of interest at this point, is that Colliers international did a report on the real estate benefits of the SFPR, even before the project included this southern portion. From that report:

”Colliers carried out a two phase study with reports provided in November 1999 and January 2000. Phase I forecast the type, magnitude and rate of land development without and with SFPR. Key findings and conclusions were:

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□ SFPR catchment area of South Westminster, Bridgeview, Port Mann and Fraser Heights has approximately 900 acres of vacant industrial land of which 50% is serviced.

□ Without the SFPR, it is forecast that approximately 200 acres would be developed for industrial purposes by 2021. □ With SFPR all 900 acres would be developed by 2021. □ The incremental 700 acres of industrial development can be attributed to enhanced accessibility due to SFPR. □

Colliers conclude that this increase in demand would be reallocation from within Greater Vancouver.”

Both Gateway and the SFPR have been instrumental in allowing both government and developers relatively unfettered access to one of the last great undeveloped tracts of land yet untouched because it sits in the agricultural land reserve -all through a series of land deals, swaps and treaties no one anticipated before it was too late.

Some say Gateway and the South Fraser Perimeter Road are two of former transportation minister Kevin Falcon's biggest follies. Considering the number of land titles I hold in my hand from deals related to these projects, I would say they have potential to [rival the land deals along the Sea to Sky highway](#)

Either way, I'd say perhaps Omnitrac really did lose out on the most expensive consolation prize in history... and former transportation minister-now- liberal-leadership-hopeful Kevin Falcon has more questions to answer, since he was behind the mandate that turned BC rail into a tool for land development in Gateway.

*** BC Rail went onto a long term agreement with Kinder Morgan as a result of issuing this request back in 2006. <http://www.bcrco.com/operating.pdf>

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***On April 1st, 2010, BCRC was brought back into government under the BC Transportation Financing Authority, and its reporting will be combined with the BCTFA, as reported in the 2009 report, which is good reading. <http://www.bcrco.com/2009report.pdf>

Excerpts of interest from that report:

-During 2009, the Company met all its specific mandated objectives and continued to work toward its mandate of acquiring and holding railway corridors and strategic port lands and making related infrastructure investments to support the Pacific Gateway initiative.

- BCRC's primary mandate is to support and facilitate the British Columbia Ports Strategy ("BC Ports Strategy") and Pacific Gateway Strategy, by providing consulting advice, acquiring and holding railway corridor and strategic port lands, and making related infrastructure investments for the Province. - acquisition and retention by BCR Properties Ltd. of key lands which support port terminal operations. BCRC, through its subsidiary BCR Properties Ltd., has also retained ownership of port-related lands,

-On April 1 2010, 100% ownership was transferred to the BC Transportation Financing Authority ("BCTFA"). From this date onwards, information reported in the BCRC Annual Report will be consolidated into the BCTFA, resulting in this being the last annual report for BCRC.

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BCRC is principally a holding company with its commercial and business activities conducted through its operating subsidiary

BCR Properties Ltd. ("BCR Properties").

This wholly owned subsidiary operates the Port Subdivision, the 24-mile railway line connecting three major railways (CN Rail, Canadian Pacific Railway, and BNSF Railway) with the port terminals at Roberts Bank. Although it does not operate its own trains on this railway line, BCR Properties maintains the track and manages all train operations, recovering its costs from the three user railways based on their respective share of traffic over the line.

BCR Properties also

manages

the Company's non-railway real estate portfolio. This includes retention and management of the strategic port-related lands including lands associated with Vancouver Wharves and Squamish Terminals operations.

- **Benefit to the Public** The main benefit to the public of BCRC's operations comes from its role in helping to implement the Shareholder's BC Ports Strategy and Pacific Gateway

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Strategy. These strategies will add billions of dollars of economic output and more than 30,000 jobs in British Columbia by 2020 by expanding and increasing the efficiency of the province's transportation infrastructure. While increasing the province's capacity to serve export markets , **it will also directly benefit British Columbians by improving movement of people and goods, facilitating economic growth, increasing transportation choices and enhancing connections to designated population growth areas. *******



About Laila Yuile

Laila Yuile's investigative work into the Sea to Sky highway shadow tolls thrust her into the forefront of prominent British Columbian political bloggers.

She has been a regular contributor to The Rossland Telegraph, The Boundary Sentinel, The Castlegar Source, The Nelson Daily, Pacific Free Press. Her investigative work has been covered in the Globe and Mail, and The Squamish Chief, as well as several local news outlets.

Her articles on the South Fraser Perimeter Road and the Gateway project are of utmost importance to the citizens of Delta and we are proud to have her permission to republish her works at the DeltaFreePress.ca

To find out more about Laila Yule visit her website at [I'm Laila Yuile, And This Is How I See It](#)