

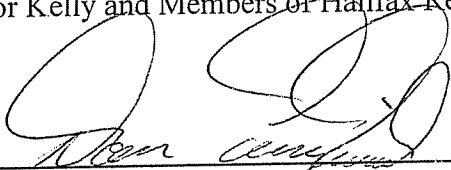
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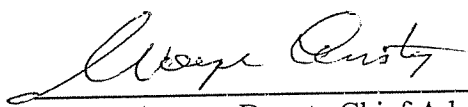


PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
June 12, 2007
June 19, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Dan English, Chief Administrative Officer


Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: June 5, 2007

SUBJECT: **Municipal Operation of Chester/Lakeside Spur Lines**

ORIGIN

- Application by CN Rail to discontinue operation of the Chester Spur Line and the Lakeside Industrial spur line.
- Follow-up to January 23, 2007 staff report recommending a land appraisal of the rail corridor be undertaken.

RECOMMENDATION

It is recommended that Halifax Regional Council not take action at this time related to CN notice of discontinuance of operation on the Chester and Lakeside Industrial Spur Lines.

BACKGROUND

The rail abandonment process is prescribed by the Railway Act and CN are currently engaged in that process with the Chester and Lakeside Industrial Spur lines. On June 1, 2007, CN gave public notice to seek parties interested in continued operation of the rail lines. If, following a sixty-day period, no interest is expressed, the line will be abandoned and CN will offer the line to successive levels of government at net salvage value.

On January 23, 2007 Regional Council passed a motion to conduct a real estate evaluation of the spur line. The information from that evaluation, along with additional assessments, will be provided to Regional Council at a later date when a determination on whether to negotiate acquisition of the abandoned line needs to be made.

DISCUSSION

HRM may consider operating rail on this spur line for either freight, passengers, or both.

In recommending that no action be taken at this time, HRM Staff believe that municipal operation of any rail service on this line is not feasible, to the degree that even further study is unwarranted.

HRM staff has concerns that a significant physical upgrading cost would be required to continue operating the line and that this cost, combined with what CN claims is a money-losing operation, does not justify further consideration of an economic assessment. Operation of freight railway service is not a business that municipalities typically become involved in and HRM staff is unaware of any short line operators who are interested in entering into a partnership with HRM. Presumably, such a partnership would involve operating subsidies provided by HRM, otherwise short line operators would come forward to express interest in operating the line on their own.

Passenger rail is also not an opportunity worth exploring further. Background work done for the regional planning process demonstrated clearly that commuter rail on the CN main line was not feasible for the small market in that corridor. The potential market is far less on this line, because its location is close to virtually no residential population and because the indirect route into the regional centre, coupled with a track capability of 25 km/h maximum speeds, results in a trip time from Lakeside to the VIA rail station of about 35 minutes, with no stops in between.

Operating a commuter rail service would result in increased train frequency during morning and evening peak hours which would negatively impact the quality of life in the Springvale neighbourhood that the line travels through as well as significantly hampering the operation of the Exit 0 ramps, Joseph Howe Drive, and Chain Lake Drive.

BUDGET IMPLICATIONS

There are no budget implications to the staff recommendation.

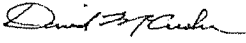
FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN


This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

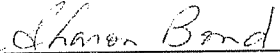
ALTERNATIVES

1. Regional Council may direct staff to conduct a feasibility analysis of operating either a freight service, passenger rail service, or both, on the Chester/Lakeside spur line to assist in determining whether or not to express an interest to CN in the transferring of rail operations. This assessment would be very cursory, by necessity, to meet the sixty-day time limit. Staff estimates that the cost of such a study would be \$30,000. This is not recommended, as staff believes strongly that the only conclusion such an assessment can reach is that it is not in the best interest of the Municipality to operate either a freight or passenger rail service on this spur line.
2. Regional Council may direct staff to begin negotiation with CN on a net salvage value for the spur line. Although such a step may be recommended following abandonment, it is not recommended at this time, as a successful negotiation would obligate HRM to provide some level of rail service.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared and
Approved by: 
Dave McCusker, P.Eng., Manager, Regional Transportation Planning
490-6696

Financial Approval by: 
For Catherine Sanderson, Senior Manager, Financial Services, 490-1562

Report Approved by: 
Sharon Bond, Acting Director, Community Development