

Wednesday, October 15, 2003

Guideline to potential 'renters' of rail equipment, land or infrastructure

RENTING RAIL ASSETS OR PROPERTY IN CANADA FOR SPECIAL PURPOSES

On this site you will find information about railway companies involved in the freight, tourist, commuter or intercity rail transportation business. Before contacting any of them to inquire about the possibility and the price of renting their equipment, land or infrastructure, we invite you to read the following; it will save you some time by helping you to better prepare your request. Remember that railways reserve the right to decline your request outright.

SAFETY

Railways operating in Canada respect scrupulous safety rules and regulations applicable to their industry and constantly do their best to improve their safety performance and reputation. The safety of their employees and of the general public is utmost important to them.

The use of their equipment, land or infrastructure by a third party, particularly for non-typical business activities such as excursions, political events, or movie shoots, for example, is always a source of concern.

Rail safety is highly regulated in Canada, and potential renters/users should be aware that railway companies would not allow their equipment, land or infrastructure to be used for activities that pose a safety threat, that would be in violation of regulation applicable to their industry or would reflect unfavourably on the railway industry.

Example of regulations can be found on our Web site. Please visit it and familiarize yourself with relevant regulations such as rule TC O-13: Railway Locomotive Inspection and Safety Rules and rule TC O-26: Railway Passenger Car Inspection and Safety Rules. Click here http://www.railcan.ca/en/legislation/default_rules.htm, then on these two rules.

Railways whose operations are federally regulated and many provincially regulated ones must adopt and comply with a Safety Management System (SMS) that covers all aspects of their operation. Your proposed activities will be studied to ensure their compliance with the railway SMS.

PRICE

Operating and administration costs in the railway industry are considerably higher than most people outside of the industry realize. The railway must cover the cost of the special event including administration and planning costs, and address the potential of disruption

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to its core business of transportation. Be prepared for a price estimate of significant proportions.

SHORTLINE VS CLASS ONE RAILWAYS

In Canada, railways focus on their core business and as a result do not solicit the business of special events and movie shoots on their property. Small railways are sometimes better positioned than large ones to accommodate local business requests that involve renting railway property and operations. You might want to contact a local short line railway.

PLANNING

Often railways receive requests for a special event with the expectation that it can be accomplished on only one or two days notice. While each request and railway is unique the lead time will vary, and in many cases weeks or sometimes months advance notice will be required. Typically, a contract must be developed. Development of terms of the contract and exchanging of drafts is a diligent process that requires time to execute accurately.

INSURANCE

Not only are rail equipment and infrastructure extremely costly, the risks that could be entailed in an inadequately conceived event could be significant.

To participate with a special event, railway companies must have substantial third party liability insurance coverage. The coverage is linked to the risks associated to their operations and those of the event proponent. It is likely that potential renters will be asked to buy an insurance covering the liability resulting from their planned activities and / or to be sponsored by a senior level of government to financially cover risk. The cost of such insurance might vary substantially from one railway to the other.

NOW WHAT TO DO AND THINK ABOUT

Your project might make sense to you, but does it to a rail company?

What is it for that company?

Does it send a negative message about safety?

Does it negatively reflect on the image of the railway or the rail industry?