

The Proposal

The *Fort Providence Combined Council Alliance* is proposing to design, finance, construct and operate a bridge across the Deh Cho (Mackenzie River) on the Yellowknife Highway at Ft. Providence. This would be done in partnership with government, industry, investors and financial institutions.

Concept

The general concept is similar to that taken successfully in other infrastructure projects in southern Canada – for example the Bridge linking PEI and New Brunswick and Highway 407 in Toronto, as well as other smaller scale projects.

A *Bridge Corporation* would raise sufficient equity and debt financing (similar to a mortgage) to design, finance, build and maintain the bridge to agreed standards.

The GNWT would enter into an agreement for a 35 year *Concession Period* with the Bridge Corporation. During this period, the GNWT would commit to a paying contribution from ongoing ferry/ice bridge savings. The GNWT would also agree to collect and pay a toll on commercial vehicles crossing the bridge.



In return, the Corporation would commit to providing and maintaining the bridge in good condition for public use.

Revenues would be used to service and retire the debt, operate and maintain the bridge and provide a return on shareholder equity. Revenues would increase with traffic and inflation.

At the end of the Concession Period, ownership of the bridge would be handed over to the government, paid for and in good condition. At this time the Government could suspend its annual contribution and tolls. Both the government and users would continue to benefit from ongoing savings.

Next Steps

The Fort Providence Combined Council Alliance and the GNWT have signed a Memorandum of Intent. Over the coming year, the Alliance will:

1. Work on environmental assessment, final design and project financing.
2. Seek support from industry, business and the general public.
3. Conduct detailed negotiations on the contract terms and conditions necessary for the project to proceed.

If all goes well, construction could commence by fall 2003 and be completed by spring 2005.

Benefits & Costs

The proposal offers net savings and other benefits to businesses and individuals the North Slave Region, whether they use the bridge or not. It also offers significant fiscal, financial and policy benefits to the Federal and Territorial governments.

Business/Industry

- ✓ More reliable service and greater certainty of access/supply through elimination of unpredictable winter disruptions of 1 to 3 weeks and spring closure of 4 weeks.
- ✓ Reduced costs due to ferry/ice bridge delays. Even when the crossing is open, it adds from 20 minutes to several hours to a one-way trip.
- ✓ Savings in costs to finance, transport and store inventory required during service interruptions.
- ✓ Proposed Commercial Freight Allowance of \$5-6/tonne will be more than offset by savings.

The Public

- ✓ More reliable service and access for driving public.
- ✓ Reduced costs for goods and services.
- ✓ Reduced risk of shortage of goods during period of isolation.
- ✓ No fees for non-commercial traffic

Government of the Northwest Territories

- ✓ Direct savings from operation and maintenance of ferry, shore infrastructure, ice bridge and ice bridge access roads.
- ✓ Direct savings in capital. No need to replace or add ferry or invest in support infrastructure.
- ✓ GNWT savings exceed proposed annual government contribution.
- ✓ Supports strategies of the 14th Legislative Assembly – *“partnership arrangements to help build infrastructure”*
- ✓ A northern solution with significant economic spin-off, including direct and indirect fiscal benefits from the business and employment incomes generated by construction.
- ✓ At the end of concession period the GNWT acquires the bridge at no cost.

Government of Canada

- ✓ Direct and indirect fiscal benefits from the business and employment incomes generated by construction.
- ✓ Supports DIAND objectives – e.g. *“To secure First Nations participation in, and expand economic benefits from, major regional development initiatives, in such areas as regional infrastructure projects...”*
- ✓ Supports regional economic development, including the non renewable resource sector.
- ✓ Benefits exceed proposed capital commitment.

Environment

- ✓ Net environmental benefit (reduced fuel consumption, reduced risk of spills, reduction in siltation and other disturbance of river).



Environmental Considerations

The environmental acceptability of the bridge is a critical precondition to the proposal.

Golder Associates was retained to undertake environmental scoping of the project in order to identify environmental concerns and potential issues from the perspective of both the community and regulatory agencies.

This report is not an assessment, but does include a preliminary review of potential impacts to the air, terrestrial, and aquatic environments. It examines construction phase and long term operations phase environmental costs, benefits, risks and mitigation and compares the proposed bridge to continuation of the existing ferry/ice bridge operation.



The report concludes that the potential for impacts are greatest during the construction phase and identifies measures which can minimize risks and mitigate impacts. Potential concerns have been factored into the proposed design and construction approach.

In the long term, a permanent bridge should result in reduced environmental impacts and risks, compared to the current ferry/ice bridge operation.

The report also identifies the probable requirements, process and timing for environmental assessment and approval.

For the Deh Cho Bridge, the Mackenzie Valley Resource Management Act would guide the regulatory and environmental review processes. In addition to this act, various other acts and regulations apply because a number of permits, licences and authorizations would be required.

The regulatory and environmental review processes will be initiated by the end of November 2002 and must be completed before any construction starts.



Business Reaction

The Alliance intends to conduct broad consultations with business, industry and the public. The following are two early examples of business reaction.

Yellowknife Direct Charge Co-op

The Yellowknife Direct Charge Co-op provides groceries, dry goods and gasoline to over 2,800 member families, representing approximately 9,000 people. With gross annual sales of \$23 million, the Co-op has about 40% of the Yellowknife retail grocery market.

Last year the Co-op sold about 10,000 tonnes of goods and 4.3 million litres of fuel. The total Co-op tonnage, including fuel, was about 14,000 tonnes.

The Co-op spends about \$2.5 million per year on transportation, paying an average of 10 cents per pound (22 cents per kg) for general freight and about 7 cents per litre for fuel.

The General Manager, John Taylor, identifies potential savings in air freight, inventory financing, the cost of renting and storing extra fuel tankers, the cost of renting and heating extra trailers and the losses due to handling and spoilage. He estimates that a bridge would result in savings to the Co-op of about \$300,000 per year, if trucking rates remained constant.

Assuming \$3 of a proposed commercial freight toll were passed on to the Co-op in their freight bill, trucking costs would increase by about \$30,000 and net costs would decrease by about \$270,000/year.

Overall, this represents a net annual savings of about \$100 per member family.



RTL Robinson Enterprises

Based in Yellowknife, RTL – Robinson Enterprises is the North's largest trucking and heavy civil construction company. Their equipment fleet includes over 180 trucks and 400 trailers

RTL provides trucking services, including major freight and fuel resupply contracts, LTL (less than truckload)

service, equipment mobilization and specialized and oversize loads for business, mines and individual customers. RTL also specializes in construction and operation of winter roads. In 1997 this company moved over 100 million litres of fuel and 45,000 tonnes of freight in the N.W.T.

President, Marvin Robinson notes several costs of the current ferry/ice bridge crossing:

- During 'normal' ferry/ice bridge operations, there is a delay/detour adding of 20-30 minutes at the crossing. This can extend to several hours during peak times, when trucks are forced to line up at the ferry. In the worst case, trucks can encounter unscheduled interruptions in service during freeze-up and wait several days for service to resume.
- Some oversized loads cannot be accommodated on the ferry and must wait for the ice bridge to reach full capacity.
- During periods of extended service interruption, the RTL fleet is idle. There is usually a rush just before spring breakup to get ahead and after breakup to catch up on demand. Interruptions in the freeze-up period are less predictable and can wreak havoc on schedules.

The potential benefits of a bridge to the trucking industry include cost savings from reduced trip times, reduced delays, improved scheduling and better equipment utilization.

If a bridge were built, the proposed commercial freight toll would be offset by decreased costs. In a highly competitive trucking market, the industry would pass on the savings as well as the costs.

