

# CANADA—U.S. TRANSPORTATION BORDER WORKING GROUP NEWSLETTER

## Issue 8 — Fall 2012

### From the Desk of Co-Chair Jim Cheatham:



There have been a few developments happening on the U.S. – Canadian Border since our last newsletter. The most significant development to announce is the Moving Ahead with Progress for the 21<sup>st</sup> Century transportation legislation (MAP-21). MAP-21 creates a streamlined, performance-based, and multimodal program to address the challenges facing the U.S. transportation system. These challenges include improving safety, maintaining infrastructure, reducing traffic congestion, improving efficiency of the system and freight movement, protecting the environment, and reducing delays in project delivery.

While most of the legislation is similar to its predecessor, SAFETEA-LU, this legislation consolidates the program structure into a smaller number of core programs. Many smaller programs are eliminated, including most discretionary programs, with the eligibilities generally continuing under core programs. On the U.S. - Canadian Border, the one elimination that I would like to highlight is the Coordinated Border Infrastructure (CBI) Program. CBI projects are eligible for funding under the Surface Transportation Program in MAP – 21. Going forward, all of the U.S. States will have more autonomy in deciding where their Highway Trust Fund allocation is spent. CBI funds not yet obligated are still dedicated to border related projects and will remain available until expended. For more detailed information on MAP-21, please visit <https://www.fhwa.dot.gov/map21/>.

Another area where my office has been deeply involved is the Beyond the Border Infrastructure Investment Plan. This initiative has been one of our priority issues and I am very happy to report that the Action Plan is in the final stages of approval. My staff has been working cooperatively with Transport Canada, Canada Border Services Agency, Customs and Border Protection, and the Secretary of Transportation's Office to develop the Infrastructure part of the Action Plan. The level of cooperation between all of our agencies has been instrumental in crafting the Action Plan and will allow for meaningful progress on border related issues as we move forward. Hopefully by the time we

meet in Ottawa for the next TBWG Meeting, the Border Infrastructure Investment Plan will have received its final approvals and we can then start the important work of implementing the Plan.

The State of Michigan and the Government of Canada have signed an agreement to move forward with the new International Trade Crossing that will connect Detroit, Michigan to Windsor, Ontario. We are working with the State of Michigan and the Michigan Division of FHWA to provide technical assistance to make this project a reality. Our next U.S. TBWG Meeting will be in Detroit and we are planning to have a detailed bus tour of the NITC project that will include both the U.S. and Canadian project areas. This tour will provide our TBWG participants with a visual understanding about what this new project will do for international trade.

We are working with the Ontario Ministry of Transportation to conduct a series of workshops in the U.S. that will allow their data collection team to share the results of their Truck Travel Survey they are conducting. The dates and locations for the workshops have not yet been determined but will be announced once they are scheduled.

Finally, as I mentioned above, the next TBWG Meeting will be in Ottawa, Ontario. Just like Washington D.C. is a great tourist destination, Ottawa is just as attractive because of the many historic and cultural landmarks, parks, and museums. I encourage you to take some extra time to explore the Canadian Capitol city and immerse yourself in Canadian history and culture to have a better understanding of our neighbors to the north! If you attend the Ottawa meeting, please travel safely and I hope to see you there.

### From the Desk of Ted Mackay:

As I write, we are finalizing the program for our Plenary Meeting in Ottawa, November 7-8. This will be the first time we have hosted the TBWG Plenary in Canada's capital. We plan to take advantage of this location by featuring speakers that normally might not be able to attend TBWG meetings. It will also represent the 20th plenary of the TBWG in 10 years, dating from our first meeting in Vancouver, BC in December 2002. Many things have changed since then but what has remained constant is the need for information-sharing and partnerships on the range of border issues covered by the TBWG, be they related to policy, infrastructure, data or technology.

I really look forward to seeing you in Ottawa and to continuing our collaboration to keep the Canada-US border secure and efficient.



## Railroads Rush in to Meet the Demand Created by the Bakken Shale Oil Fields

By: David Franklin, FHWA U.S. — Canadian Border Coordinator  
Mark Greener's Photos reprinted with the permission of the *Boseman Daily Chronicle*

There are some U.S. markets that are finding that the oil coming from the Bakken Shale is less expensive than the oil bought from oil companies who import foreign oil. Pennsylvania, Maine, and even New Brunswick are all markets that have started receiving Bakken Shale oil because it costs less. Industry experts have noted that while oil from the Bakken Shale is less expensive than oil imported from foreign sources, the transportation costs could even be less once the Keystone Pipeline is constructed.

The Bakken Shale formation covers North Dakota and Montana in the U.S. and Manitoba and Saskatchewan in Canada. North Dakota and Saskatchewan have the largest deposits of the oil and natural gas that have recently become accessible to oil producers through new advances in hydraulic fracking which is short for hydraulic fracturing. Fracking is a process of utilizing pressurized water along with chemical additives to fracture rock layers and release petroleum, natural gas, or other substances for collection. While the process is bringing geological areas that were once thought barren back to life, the process of fracking has actually been used for many decades.

The new fracking procedures have greatly increased the production of oil in the Prairie Region of North America. One railroad, Canadian National (CN), recently reported their railroad has seen exponential growth in the movement of oil from this region that has surged 2,500 percent since 2009 to 8.5 million barrels per year, up from 325,000 barrels per year. In terms of actual railcars to carry the oil, it equates to 13,000 carloads. In 2009, the number of railcars needed to carry oil was only 500.

CN isn't the only railroad that is benefiting from the delay of the Keystone Pipeline. The Burlington Northern Santa Fe (BNSF) Railroad has also seen an increase in its business to transport oil. Industry analysts have calculated that BNSF will carry around 25% of the regions oil. To meet the increasing demand for rail shipment, the BNSF has invested almost \$200 Million on

facilities in North Dakota and Montana to upload the oil onto tanker cars. In addition to the new facilities, the railroad is also investing over a \$1 Billion to build new locomotives, rolling stock, and logistical support equipment needed

These new facilities have also resulted in more employment. In the past year, BNSF has added over 550 employees to fill newly created jobs along with the usual attrition losses.

The Union Pacific Railroad (UP) also stands to share in the profits along with the other railroads. Their profit is assured on either side of the XL Keystone Pipeline issue. If approved, the railroad will carry heavy materials that

construction companies will need to construct the massive network of underground pipeline. But if it is not approved, the oil being transported will result in a surge in Union Pacific's rail traffic. The process of hydraulic fracking also requires massive quantities of sand that is injected into the Earth along with the water to blast through rock. The railroads are heading into a win-win scenario where they will profit whether the pipeline is built or not.

One critical issue for all of the railroads is the fact that

there is a shortage of rolling stock to carry the oil. As oil production has steadily increased, the railcars needed to transport the oil are becoming scarce. Most energy companies don't own their railcars. Statoil, EOG Resources Inc., Marathon, Enbridge Energy Partners LP, Phillips 66, and Tesoro Corporation are the major energy companies that are shipping the Bakken Shale crude and the availability of tanker rail cars is severely limited.

CIT Rail, one the largest railcar fleet leasing companies in the U.S. recently placed an order for 5,000 hopper and tanker cars from several railroad car manufacturers for almost \$500 million. Such an action by this company demonstrates the level of commitment by the oil industry and their suppliers to the future of the Bakken Shale Region.

The role that the border States and Provinces will play in the world's energy future is changing as producers increase their capacity to meet the demand for consumer oil products. Freight providers on both sides of the border will continue to play a major role in transporting oil by rail if a pipeline is completed. The border community in the Prairie Region will see increased activity on their freight networks and need to closely monitor infrastructure to ensure the networks of rail and road can provide the capacity to adequately handle the increased workload. The Bakken Shale formation has the potential to greatly assist both the United States and Canada in providing energy independence. Ensuring an adequate and functional infrastructure will enhance the economies of both countries as well provide its citizens with lower priced oil.



# Scenes from the Seattle TBWG Meeting



*Daniel Mathis, the FHWA Division Administrator of the Washington State Division, gives the TBWG Meeting a warm welcome to Washington State.*



*Caron Wilson, with Canadian Privy Council Office presenting during the Beyond the Border: The Road to Implementation Session.*



*Don Davis with the Idaho Department of Transportation listens during one of the presentations.*



*Hal Parker, Director of CBSA Infrastructure Delivery and Coordination Division presents during the Ottawa and Washington Update Session.*



*Gordon Rogers, Deputy Director and Planning Director of the Whatcom Council of Governments presenting during the Planning Organizations at the Border Session.*



*Susan Dyszel, International Trade Officer with CBP presents on the Single Window Initiative of Beyond the Border.*



*The TBWG audience listens to a presentation from Garrett Wright with the Customs and Border Protection on the Beyond the Border Action Plan.*

# Scenes from the Port of Seattle Bus Tour



*Captain Scott Ferguson, Commander of Puget Sound Coast Guard Sector gives a presentation to the TBWG Participants on the role of the Coast Guard at the Port of Seattle.*



*TBWG Participants waiting for a guided tour of Coast Guard Headquarters Building at the Port of Seattle.*



*Transport Canada's Tony Shallow stoically looks on during the Port of Seattle Tour.*



*Customs and Border Protection provided a demonstration to the TBWG Participants on their drug detection K-9 Program by hiding a controllable substance on a tractor trailer and letting one of their work dogs detect it*



*TBWG Participants had the opportunity to see the Port of Seattle loading area. In the photograph above, the rare scene of an empty port waiting for incoming ships to dock and start the process of unloading their cargo.*



*Mike Shultz, Public Affairs Program Manager with the Port of Seattle, gives the TBWG Participants an overview of the Port of Seattle's West Industrial District from the observation overlook at Jack Block Park.*



*TBWG Participants were impressed with Custom and Border Protection's K-9 Program and were given a thorough demonstration of the training program that the working dogs go through on a daily basis to remain proficient in drug detection.*

## Minnesota DOT works with FHWA Border Team to host Border Bridge Project Peer Exchange

By Chris Dingman: FHWA Northern Border Transportation Specialist

What are the events that prompt a Peer Exchange? The Minnesota Department of Transportation (MnDOT) is preparing to work on the International Bridge they share with the Province of Ontario. The cities of Baudette, Minnesota and Rainy River, Ontario both rely on the International Bridge as a vital transportation link to connect the two communities and countries. MnDOT had a number of questions about the detailed process they will need to go through to commence work on the International Bridge and reached out to the Federal Highway Administration (FHWA) to get answers.



The International Bridge that crosses the Rainy River connecting Minnesota and Ontario.

Armed with this set of questions, FHWA set about trying to find a suitable peer for Minnesota. The Maine Department of Transportation (MaineDOT) was judged to be the best match for the issues Minnesota wished to learn more about. MaineDOT had recently developed and completed a major international bridge project between the towns of Calais, Maine and St. Stephen, New Brunswick. The new bridge was recently opened to traffic in 2009. MaineDOT also had a desire to pass along their knowledge and was willing to travel half way across the country to help. The FHWA Border Team worked with Maine DOT, Gannett-Fleming (Maine's project partner), the FHWA Minnesota Division and the Minnesota Department of Transportation to organize the exchange which was held outside Minneapolis, Minnesota in June 2012.

The FHWA Border Team consulted with MaineDOT to coordinate a workshop format and list of topics for the Exchange. MinnDOT provided questions/issues in advance of the workshop and MaineDOT tailored their presentation materials to address those questions. FHWA felt that other states could benefit from this event so representatives from the Michigan Department of Transportation, the New York State Department of Transportation, and the Vermont Agency of Transportation were invited to participate as well. All of the participants had the chance to learn from Maine's experiences and offer their own unique insights to the border project issues in their states. Finally, staff members from the General Services Administration were also on hand to offer their experiences and expertise in border project management issues.



Based on the feedback from the participants, the Peer Exchange was very successful. A final report of the proceedings including various presentations, technical materials, and an overview of the Peer Exchange is

currently in the review process and will be released in November 2012. Any questions on the Exchange can be directed to Chris Dingman, FHWA Northern Border Transportation Specialist at christopher.dingman@dot.gov or by calling him at (517) 702-1830.

## Border Infrastructure Investment Plan in the Final Stages of Approval Process

Transport Canada (TC), Canada Border Services Agency (CBSA), United States Department of Transportation (USDOT), and United States Customs and Border Protection (CBP), are developing the first edition of the Canada – U.S. Border Infrastructure Investment Plan (BIIP). This is one of the initiatives in the Canada – U.S. Perimeter Security and Economic Competitiveness Action Plan released by the Prime Minister and U.S. President in December 2011.

Canadian Port of Entry	U.S. Port of Entry	Bridge Name
Lacolle, Quebec	Champlain, New York	N/A
Lansdowne, Ontario	Alexandria Bay, New York	Thousand Islands Bridge
Queenston, Ontario	Lewiston, New York	Queenston – Lewiston Bridge
Fort Erie, Ontario	Buffalo, New York	Peace Bridge
Sarnia, Ontario	Port Huron, Michigan	Blue Water Bridge
Emerson, Manitoba	Pembina, North Dakota	N/A
North Portal, Saskatchewan	Portal, North Dakota	N/A

The first edition of the BIIP will focus on the Initial Priority border crossings noted in the Action Plan. Given the binational approach, seven major border crossings are therefore featured (east to west):

The first edition of the BIIP will focus on a number of major border crossings. It will also include a binational approach for preparing plans for 62 small and remote border crossings, which is being prepared by the U.S. - Canada Small and Remote Port Working Group made up of representatives of CBP and CBSA. The Canadian and U.S. partner agencies intend to expand the BIIP in future to cover all land border crossings between Canada and the U.S. Under the Perimeter Security Action Plan, Canada and the U.S. are to update the BIIP annually, reporting on progress on current and planned



Canada's Prime Minister Harper and U.S. President Obama announcing the Beyond the Border Action Plan on December 7, 2011.

or proposed projects. The partner agencies are to consult with state and provincial departments of transportation, public border operators and other stakeholders in the preparation of the annual updates of the BIIP.



## Progress at the Peace Bridge

By: Ron Rienas, General Manager  
Buffalo and Fort Erie Public Bridge Authority

Progress continues on at the Peace Bridge Port of Entry as the Buffalo and Fort Erie Public Bridge Authority prepares to make renovations to the inspection plaza on the U.S. side. Three projects, that are estimated to cost over \$40 million, are currently under way. Design for a renovated and expanded Customs Commercial inspection building (photo above) is proceeding with construction



scheduled to start in the fall of 2013. A new egress ramp is intended to be under construction in spring 2013 and a widened bridge approach is anticipated to be under construction in early 2014.



## TBWG inventory of cross-border arrangements shows a growing capacity for working together

By Hugh Conroy, Whatcom Council of Governments

When TBWG was just starting out, an objective of the Policy Subcommittee was to get a better understanding of the types of cross-border arrangements that could be used by TBWG participants (primarily federal, provincial, and state agencies) to advance cooperative actions. Notable past undertakings between the U.S. and Canada have been supported by treaties and similar "hard law" instruments. But the type of agency-to-agency collaborations to emerge from TBWG would more likely go forward under existing laws rather than new or modified legislation. In the early 2000s, beyond memoranda of understanding (MOUs), there were few examples of agency-level or subnational cross-border agreements. Since the early 2000s, many good examples of implementation agreements (cost sharing, information sharing, co-project management, etc.) have emerged. The growing list illustrates an important evolution in our collective capacity to structure the financing and delivery of cross-border projects across levels of government. Might the success of these agreements regularize

more frequent use of these kinds of mechanisms—especially in support of the TBWG Action Plan and specific initiatives in the Beyond the Border Action Plan (BtB)? The [TBWG Inventory of Cross-border Arrangements](#) is a great, foundational resource for continued movement in this direction—if you know it's there. You can check it out on the [Policy Subcommittee](#) page.

	Cooperative efforts	Non-binding: declarations, statements, etc.	Agreements: binding & enforceable
Federal, EXECUTIVE level		Examples: • Beyond the Border declaration • Security Prosperity Partnership • Smart Border Declaration • 2000 Transport Canada, USDOT MOU	Executive agreement ← Treaty International agreements other than treaties
Federal, AGENCY level	Example: • US-Canada Transportation Border Working Group (TBWG)	Examples: • 2000 Transport Canada, USDOT MOU • Implementing agreement for Border Work-time Working Group	
Federal, LEGISLATIVE actions	Example: • US-Canada Interparliamentary Group		Example: US International Bridge Act of 1972 authority for U.S. states to enter into tradeable agreements with Canada.
State, Provincial, & other sub-national	Examples: • MTC, EBTC • WA-BC Joint Transportation Executive Committee	Examples: • Washington-British Columbia Project cost-sharing agreements (cost binding) • New York-Quebec • Vermont-Quebec • Montana-Gesultshawan	

*You Are Invited to the...*



## 2012 FALL PLENARY OF THE TRANSPORTATION BORDER WORKING GROUP

Wednesday & Thursday, November 7 – 8, 2012



Meeting location and accommodations will be at the Lord Elgin Hotel, in Ottawa, Ontario

*in the heart of Canada's National Capital!*



Transport Canada and the Federal Highway Administration  
TBWG Co-Chairs invite you to the  
2012 Fall Plenary of the Transportation Border Working Group  
Wednesday & Thursday, November 7 – 8, 2012  
in Ottawa, Ontario

Meeting location and accommodations will be at the  
Lord Elgin Hotel  
100 Elgin Street, Ottawa, Ontario, K1P 5K8

- A limited block of rooms has been allocated for the nights of November 6 & 7, at the special price of \$157/night CDN.
- To reserve your room, please telephone toll free 1-800-267-4298, or directly to the hotel at (613) 235-3333, or email [reservations@lordelgin.ca](mailto:reservations@lordelgin.ca) and request the special convention rate for the Transportation Border Working Group.
- Reservations must be made by COB October 7, 2012, in order to receive this special group rate.
- To learn more about our meeting accommodations, please visit the website: <http://www.lordelginhotel.ca>
- The meeting agenda will be forthcoming by email.
- *We look forward to seeing you there!!*



National War Memorial



Parliament Hill in Autumn



Rideau Canal, UNESCO World Heritage Site