



PORT OF WILD HORSE: A BUSINESS CASE FOR SERVICE IMPROVEMENTS

*Prepared for: Bear Paw Development Corporation – Montana and Palliser
Economic Partnership – Alberta*

Prepared by:

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GLOSSARY OF TERMS

Glossary of Terms

Δ	Difference
ACE	Automated Commercial Environment. (See eManifest as it pertains to the U.S.)
ACI	Advance Commercial Information. (See eManifest as it pertains to Canada.)
AMTA	Alberta Motor Transport Association
BNSF	Burlington Northern Santa Fe Railway
Border Infrastructure Investment Plan	A compilation of initiatives and solutions generated by the Can/AmBTA.
By-pass lane	A lane at the border that accommodates trucks with over-sized loads that may be too high or too wide to move through a normal customs portal.
CAD	Canadian Dollars
Can/AmBTA	Canadian/American Border Trade Alliance
CAPP	Canadian Association of Petroleum Producers
CBP	U.S. Customs and Border Protection
CBSA	Canada Border Services Agency
Commercial Port of Entry	A customs port-of-entry that has the capability to inspect and approve cargo shipments on-site at the border.
CP (CP Rail)	Canadian Pacific Railway
CSA	Customs Self-Assessment program. (Designed for low-risk, pre-approved importers, carriers and registered drivers. This program simplifies border import requirements so that low-risk shipments can be processed more quickly and efficiently into Canada.)
C-TPAT	Customs – Trade Partnership Against Terrorism. (Launched by the U.S. in November 2001, C-TPAT is a voluntary, joint government-business partnership to enhance border security)

GLOSSARY OF TERMS

	while increasing the speed and decreasing the cost of cross-border shipments.)
DOT	U.S. Department of Transportation
EATC	Eastern Alberta Trade Corridor
EDI	Electronic Data Interchange. In general, the electronic or computer-to-computer exchange of business information, data or documents. In the current case, a service that enables registered clients to expeditiously exchange import and export information with U.S. Customs and Border Protection and the Canada Border Services Agency to facilitate the timely pre-approval of cross-border shipments.
eManifest	An EDI application that enables highway carriers to electronically send information to U.S. and Canada Customs before arriving at the border. Known as ACE eManifest in the U.S. and ACI eManifest in Canada, it improves border security while reducing wait times for cross-border shipments.
FAST	Free and Secure Trade Program. (A commercial clearance program for known low-risk shipments entering the U.S. Allows expedited processing for commercial carriers who have completed background checks and meet certain eligibility requirements.)
Frac sand	A quartz sand that is injected into a formation in a fluid state so as to open up fractures, make them more porous and thereby assist oil and gas production.
FY	Fiscal Year
GDP	Gross Domestic Product
High Load Corridor (HLC)	A highway corridor in Alberta that is designated to handle over-dimensional truck loads, like over-sized process modules for refining Alberta's oilsands.
Inter-jurisdictional regulatory barriers	Differing truck size and weight regulations between jurisdictions (provinces, states) that make it difficult for cargo to move freely across borders, particularly in the case of over-sized loads.
Km	Kilometre(s)
M.D.	Municipal District

GLOSSARY OF TERMS

O-D	Over-dimensional. (A term that is used to describe over-sized loads and the trucks that carry them.)
Permit Port	A customs port-of-entry that does not have cargo inspection facilities on-site and requires pre-approval of all shipments before they reach the border.
Petroleum Diversification Program	A program announced by the Alberta Government on February 1, 2016, to encourage companies to invest in the development of new Alberta petrochemical facilities by providing up to \$500 million in incentives through royalty credits.
POE	Customs port-of-entry
Prairie ports	Customs ports-of-entry that are located on the border between the U.S. and the Canadian provinces of Alberta, Saskatchewan and Manitoba.
PTP	Ports to Plains Trade Corridor
Seaway system	The Saint Lawrence Seaway is a system of locks, canals and channels that enables ocean-going vessels to travel from the Atlantic Ocean to the western end of Lake Superior (Duluth, Thunder Bay).
Twinned highway	A 2-lane highway that has been widened to 4 lanes.
USD	U.S. Dollars
VACIS	Vehicle and Cargo Inspection System. (A gamma ray scanning system for inspecting freight.)

FUNDERS

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EXECUTIVE SUMMARY

Executive Summary

This report has been prepared for the Palliser Economic Partnership and Bear Paw Development Corporation and presents a case for extended hours and other service improvements at the Port of Wild Horse. These improvements will result in economic benefits and improved safety and security and more effective use of infrastructure on both sides of the border.

Wild Horse is a critical link on the Highway 41 (Alberta)/Highway 232 (Montana) corridor and is one of six ports-of-entry on the Alberta-Montana border. It is presently a permit port that operates year-round but only during certain hours of the day. It lacks the infrastructure to carry out the physical inspection of cargo shipments, which means that commercial loads must be pre-approved before arriving at the border.

In contrast, the Coutts/Sweetgrass port-of-entry to the west is the only 24-hour, full-service commercial port between Alberta and the U.S., offering full inspection facilities. Consequently, most Alberta-U.S. traffic crosses at this location.

The Port of Wild Horse is accessed on both sides of the border by two-lane highways, although the U.S. approach has generally narrower shoulders and steeper ditches than its Canadian counterpart. The customs facility on the U.S. side is newer and much better developed than the Canadian facility and offers a better platform upon which to develop a full-service commercial port-of-entry.

Alberta and Montana share a strong community-of-interest in agriculture, tourism, manufacturing and oil and gas, which contributes significantly to the case for service improvements at the Port of Wild Horse.

An improved Wild Horse is supported by two important trade corridor initiatives, the Eastern Alberta Trade Corridor and the Ports-to-Plains Trade Corridor.

Over 90.0 percent of the value of two-way highway trade between Canada and Montana is presently handled at the Coutts/Sweetgrass border crossing because of the superior level of service that it offers. The major generators of northbound truck traffic to Alberta are Texas, California and Montana; the main destinations for traffic originating in Alberta are Montana, Texas and New York.

In terms of highway distance and related mileage costs, vehicles originating at or destined for U.S. points east of a line between Denver and Salt Lake City would be better served by the border crossing at Wild Horse.

Discussions with Canada Border Services (CBSA) confirmed that a logical and least-cost first step in service improvement at Wild Horse would be the extension of hours of service. It is estimated that two more officers would be required to cover the additional hours, representing an incremental annual cost in the order of \$200,000. U.S. Customs and Border Protection (CBP) would not add staff to cover the extended hours but, instead, would operate with existing staff and pay overtime.

The response from a survey of truckers on both sides of the border indicated that a significant volume of traffic would divert to the Port of Wild Horse, given extended hours of service.

EXECUTIVE SUMMARY

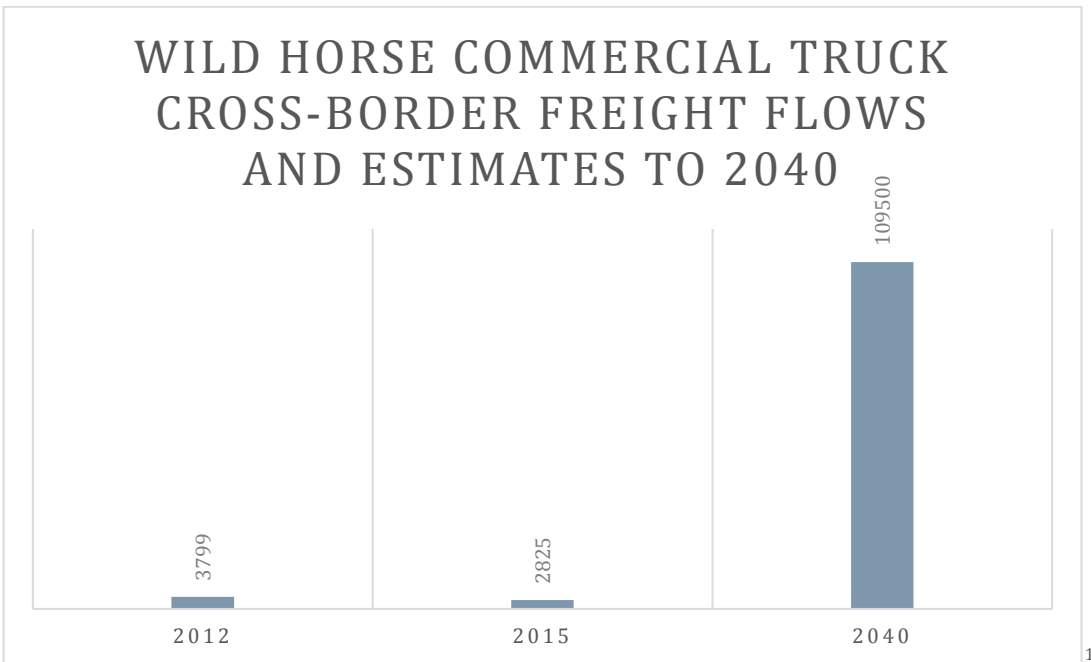
It was determined that cross-border agricultural traffic moves intermittently in response to grain prices and is tied mainly to grain growing areas west of Wild Horse, crossing mainly at Coutts/Sweetgrass and Aden/Whitlash. However, substantial volumes of fertilizer cross at Wild Horse.

Based on the truck survey response, it is estimated that extended hours of service at Wild Horse would at a minimum yield annual mileage savings for the industry in the order of \$1.1million. ***Assuming that combined incremental costs for staff and equipment would be no more than \$500,000, it is estimated that the benefit-cost ratio would be in excess of 2.0.***

The study findings present a number of compelling arguments supporting the need for service improvements at the Port of Wild Horse.

It is proposed that implementation of service improvements be phased in over time, beginning with the least costly and easiest to implement. ***Accordingly, as an immediate first step it is recommended that CBSA and CBP move to 13-hour service year-round and that the Canadian side be brought up to full EDI equivalency to match the existing ACE on the U.S. side.***

In the longer term, it is recommended that Highway 41 south of the TransCanada Highway and Highway 232 between Wild Horse and Havre undergo major upgrades and that the Port of Wild Horse be developed out to full commercial status, offering 24-hour service and full inspection capability.



¹ Source: US Department of Transportation

INTRODUCTION

Introduction

The Van Horne Institute and PROLOG Canada Inc. were retained by the Palliser Economic Partnership of Southeastern Alberta and Bear Paw Development Corporation of Northern Montana to prepare a business case supporting the need for service improvements at the Port of Wild Horse.

The Palliser Economic Partnership is a regional alliance that is committed to the economic development of the Palliser Region in southeast Alberta, which is made up of 22 rural and urban municipalities² and borders directly on the province of Saskatchewan to the east and the state of Montana to the south. It has a population of just over 100,000, with the city of Medicine Hat being its largest urban centre at 63,000 people.

Bear Paw Development is a private non-profit body that is focused on improving the economic condition of the Bear Paw region, consisting of the five counties of Blaine, Chouteau, Hill, Liberty and Phillips and the Fort Belknap and Rocky Boy's Indian Reservations. It abuts directly on the Canadian border in north central Montana. The region has a population of 36,000 and its largest urban centre is Havre with 10,000 people.

Upgrading Wild Horse to a higher level of service, with expanded hours of operation and other service improvements³, would provide a number of important benefits. Depending on the nature of any improvements, these benefits would include the following:

- Reduce mileage costs for commercial shipments that can be more directly routed via Wild Horse.
- Stimulate business development in the Eastern Alberta/Central Montana corridor, amongst existing and new industry players (e.g. metal fabricators) that depend on transborder trade for their livelihood.
- Moderate the traffic load at Coutts/Sweetgrass and lessen the need for capital improvements at that location.
- Encourage higher levels of use on currently under-utilized highway infrastructure in eastern Alberta, for example Highway 41 and northern Montana's Highway 232. At the same time, it would moderate the load on highways serving Coutts/Sweetgrass, like U.S. Highway 15 and Alberta Highways 4 and 2, particularly the Queen Elizabeth Highway between Calgary and Edmonton.

² M.D. of Acadia No. 34, Town of Bassano, Town of Bow Island, Village of Cereal, Cypress County, Village of Empress, Village of Foremost, County of Forty Mile No. 8, Town of Hanna, City of Medicine Hat, County of Newell No. 4, Town of Oyen, Town of Redcliff, Village of Rosemary, Special Area #2, Special Area #3, Special Area #4 and Village of Youngstown.

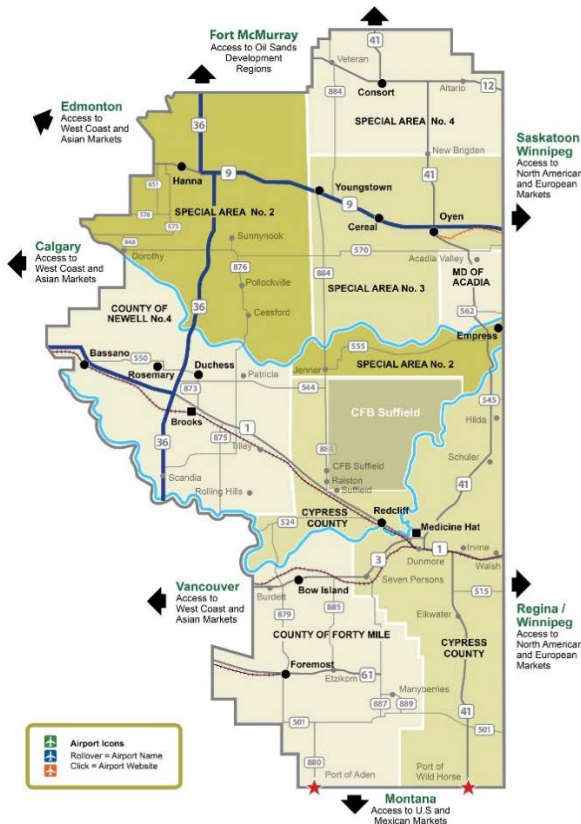
³ Service improvements range from technical upgrades, like Electronic Data Interchange (EDI), to structural upgrades, such as fully enclosed inspection facilities. EDI, not presently available at Wild Horse, would allow for the electronic transmission of information on a shipment by a customs broker prior to its arrival at the border.

INTRODUCTION

This is consistent with the Alberta Government's strategy of re-balancing economic development away from the Calgary-Edmonton-Fort McMurray corridor.⁴

- Increase traffic at Wild Horse and more effectively utilize customs personnel at that border crossing location.

PALLISER ECONOMIC PARTNERSHIP MAP



BEAR PAW DEVELOPMENT MAP



Bear Paw Development Corporation:

- ~ 5 Montana counties
- ~ Largely agriculture based economy
- ~ Home to Havre, the anchor municipality of the High Line
- ~ US HWY 2 is the east west northern corridor between the midwest and the interior northwest
- ~ Substantial agriculture infrastructure: elevators, rail, processors, etc. (ag facilities = green dots)
- ~ Havre to Port of Wild Horse is only 44 miles
- ~ Substantial amount of international commerce conducted in the agricultural industry with Alberta and Saskatchewan



⁴ As expressed in meetings with Alberta Transportation and in the Alberta Government policy document entitled 'A Long-Term Transportation Strategy for Alberta', 2015.

PURPOSE

Purpose

The purpose of this report is to lay out a business case for extended operating hours and other service improvements at the Port of Wild Horse. Eastern Alberta and northern Montana, both lie in the shadow of much busier highway corridors. The Albertans and Montanans who live in the study geography, and their governments, would be well served by improved hours and services at the Port of Wild Horse that serves this region. The Port would serve governments by improved use of underutilized infrastructure. It would attract or divert new volumes of traffic while diminishing the need for expansions to already busy corridors. Businesses would save time and money if able to use Wild Horse and it would serve as a stimulus for economic activity in contiguous regions north and south of the border.

Wild Horse is presently a permit port that operates year-round but only during certain hours of the day. For ‘Travelers’, the border crossing is open seven days a week, 13 hours a day in the summer and nine hours in the winter; for ‘Commercial’ traffic it is open nine hours a day Monday to Friday, year-round.⁵ Wild Horse currently lacks the necessary infrastructure to carry out physical inspections of cargo shipments, which means that all commercial shipments must be pre-approved or permitted before arriving at the border or be re-directed to a commercial port-of-entry.

In contrast, the Coutts/Sweetgrass port of entry, 179 km west of Wild Horse, is a full service commercial facility that operates 24-hours a day year-round and has the on-site capability to physically inspect shipments moving by truck. Accordingly, most of the cross-border truck traffic must detour to Coutts/Sweetgrass and absorb the added cost, time and inconvenience.

In the ensuing analysis it will be demonstrated that an improved customs operation at Wild Horse that offers added service features, like expanded hours of operation and on-site inspections, will attract significantly greater volumes of cross-border traffic that has a more easterly origin and/or destination and is disadvantaged by the current service format. It is logical to conclude that an improved Wild Horse operation will help to foster economic development in the regions north and south of the border.

In carrying out this investigation the researchers have:

- 1) Researched relevant background studies and reports;
- 2) Visited existing border facilities, contiguous economic regions and supporting highway systems;
- 3) Conducted surveys of selected user groups;
- 4) Conducted interviews with selected stakeholders;
- 5) Prepared a case for service improvements;
- 6) Identified needed service improvements and the relative timing thereof.

⁵ Wild Horse is currently a ‘seasonal’ port-of-entry with the following operating hours for ‘Travelers’:

- May 15–September 30: 8:00AM to 9:00PM, 7 days a week.
- October 1–May 14: 8:00AM to 5:00PM, 7 days a week.

For ‘Commercial’ traffic the operating hours are 8:00AM to 5:00PM, Monday to Friday, year-round.

PRESENT CONTEXT

Present Context

There are a total of 13 active border crossings between Canada and Montana. One of these, Roosville/Grasmere, is located on the B.C./Montana boundary while another six are located on the Saskatchewan/Montana border. The Saskatchewan border crossings are Willow Creek, Turner/Climax, Morgan/Monchy, Opheim/West Poplar River, Scobey/Coranach and Raymond/Regway.

Alberta, which shares its entire southern border with the state of Montana, is connected by six customs ports-of-entry. Starting from the west these are Chief Mountain, Carway/Piegan, Del Bonita, Coutts/Sweetgrass, Aden/Whitlash and Wild Horse. (Maps, photos and available services of each are described in the next section.) Five of these are permit ports that operate only during certain hours for the day and one of the five, Chief Mountain, is only open seasonally. The sixth, Coutts/Sweetgrass, operates year-round 24-hours a day, is served by four-lane divided highways⁶ on both sides of the border and is the only commercial port amongst the six offering full on-site inspection for cargo shipments. Thus the majority of highway traffic between the U.S. and Alberta crosses at this location.

Coutts/Sweetgrass and Raymond/Regway are the two border crossings that officially form part of the commercial Ports-to-Plains trade corridor. Although Raymond/Regway is a 24/7 year-round facility, it is not recognized by Canada Border Services as a commercial port-of-entry.

The port of Wild Horse is located 20 km west of the Alberta/Saskatchewan border and 179 km by highway east of Coutts/Sweetgrass. It is situated on the southern edge of the high-potential Cypress County region and 144 km south of Medicine Hat, Alberta, which has a population of 63,000 people. It is also located 71 km north of Havre, Montana, a community of 10,000 that is the largest city in the region and a major service centre for the BNSF Railway.

The Wild Horse facility on the U.S. side is a much newer and up-to-date structure than the somewhat dated Canadian facility with its convoluted road approaches.

In Alberta, the port of Wild Horse is served by Highway 41, which intersects the four-lane TransCanada Highway 30 km east of Medicine Hat. The TransCanada Highway ties into Highway 36 and the Alberta High Load Corridor 105 km west of Medicine Hat, which is crucial for the large volume of over-dimensional modules moving to the Fort McMurray oilsands. It is noteworthy that the TransCanada between Highway 36 and Medicine Hat and possibly beyond is currently being considered as a possible extension to the High Load Corridor. A bypass that would route the TransCanada Highway around the south side of Medicine Hat and Redcliff is planned for 20-40 years into the future.

Highway 41 is a paved two-lane highway that extends north some 700 km to Cold Lake and Highways 55 and 63 to Fort McMurray. It is characterized by moderately sloping ditches and narrow shoulders south of the TransCanada Highway and wider two-meter shoulders north of the TransCanada.

⁶ In fact, on the U.S. side Coutts/Sweetgrass ties in directly with the Interstate Highway System.

PRESENT CONTEXT

In terms of over-dimensional loads the main constraint is an overhead truss bridge where Highway 41 crosses the South Saskatchewan River. A re-alignment of Highway 41 east of Medicine Hat has been considered and was the subject of a network study in 2006. In the meantime, Highway 36 serves as another option for travel north of Wild Horse, particularly if the High Load Corridor is extended to Medicine Hat and beyond.

In Montana, the port of Wild Horse is served by Highway 232, which extends southeast to Havre. Highway 232 is a paved two-lane facility that differs from Alberta Highway 41 by having narrower shoulders and steeper ditches. At Havre, Highway 232 connects to east-west U.S. Highway 2, which spans the country and connects to the broader national economy, and north-south Highway 87 to Great Falls and beyond. It also connects to Highway 66, via U.S. Highway 2, just east of Harlem, which is the area's most direct route to Billings, Montana's largest city.

CANADIAN WILD HORSE
BORDER FACILITIES



HIGHWAY 41 NORTH OF
THE WILD HORSE BORDER



HIGHWAY 41 NORTH OF
THE WILD HORSE BORDER



UNITED STATES WILD HORSE
BORDER FACILITIES



HIGHWAY 232 SOUTH OF
THE WILD HORSE BORDER






HIGHWAY 232 SOUTH OF
THE WILD HORSE BORDER









COMPARISON OF CANADIAN AND UNITED STATES BORDER FACILITIES IN ALBERTA & MONTANA




Comparison of Canadian and United States Border Facilities in Alberta & Montana

CANADIAN BORDER FACILITY	UNITED STATES BORDER FACILITY	CHIEF MOUNTAIN, AB CHIEF MOUNTAIN, MT
		
<p>Travelers May 15 to May 31 9:00 to 18:00 Monday – Sunday</p> <p>June 1st to including Monday Labour Day 7:00 to 22:00 Monday – Sunday</p> <p>Tuesday following Labour Day to September 30 9:00 to 18:00 Monday – Sunday</p> <p>Closed October 1 to May 14</p>	<p>Commercial May 15 to September 30 09:00 to 18:00 Monday – Friday Closed Saturday & Sunday</p> <p>Closed October 1 to May 14</p>	<p>Immigration – N/A</p> <p>Services:</p> <ul style="list-style-type: none"> • Non-Terminal Office (NTO) • Designated Export Office (EXPORT) • Highway/Land Border Office (HWY/B)



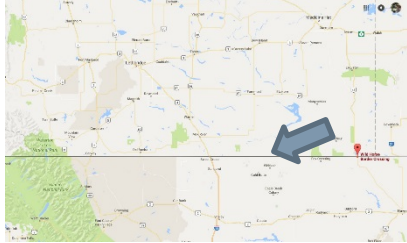



COMPARISON OF CANADIAN AND UNITED STATES BORDER FACILITIES IN ALBERTA & MONTANA

CANADIAN BORDER FACILITY	UNITED STATES BORDER FACILITY	CARWAY, AB PEIGAN, MT
		
Travelers 07:00 to 23:00 Monday – Sunday Year Round	Commercial 09:00 to 23:00 Monday – Sunday Year Round	Immigration – N/A Services: <ul style="list-style-type: none"> • Duty-Free Shop (SHOP) • Highway/Land Border Office (HWY/B) • Electronic Data Interchange (EDI) • Designated Export Office (EXPORT)
CANADIAN BORDER FACILITY	UNITED STATES BORDER FACILITY	DEL BONITA, AB DEL BONITA, MT
		
Travelers June 1 to September 15 8:00 to 21:00 Monday – Sunday September 16 to May 31 9:00 to 18:00 Monday – Sunday	Commercial 09:00 to 17:00 Monday – Friday Closed Saturday & Sunday Year Round	Immigration – N/A Services: <ul style="list-style-type: none"> • Electronic Data Interchange (EDI) • Designated Export Office (EXPORT) • Highway/Land Border Office (HWY/B)

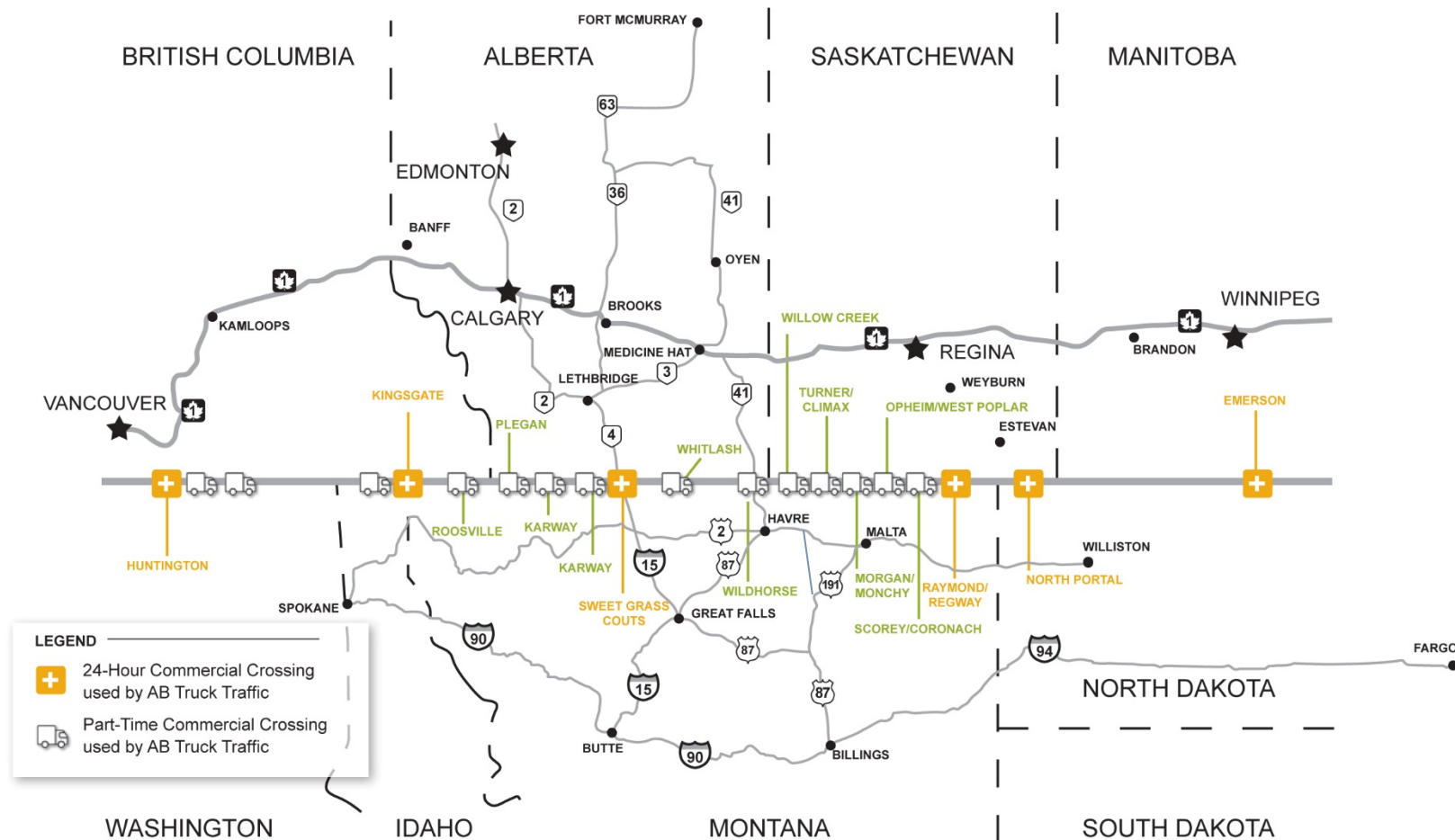
COMPARISON OF CANADIAN AND UNITED STATES BORDER FACILITIES IN ALBERTA & MONTANA

CANADIAN BORDER FACILITY	UNITED STATES BORDER FACILITY	COUTTS, AB SWEET GRASS, MT
		
Travelers 24 hours Monday – Sunday Year Round	Commercial 24 hours Monday – Sunday Year Round	Immigration – 08:00 to 23:00 Monday – Sunday Year Round Services: <ul style="list-style-type: none"> • Designated Commercial Office (DCO) • Railway Depot (RAIL) • Highway/Land Border Office (HWY/B) • Designated Export Office (EXPORT) • Duty-Free Shop (SHOP) • Low Value Shipments Program (LVS) • NEXUS/Highway (NEXUS/HWY) • Immigration (IMM) • Electronic Data Interchange (EDI) • Accounts Receivable Ledger Office (ARL) • Free and Secure Trade/Driver Enrollment Centers (FAST/DEC) • HUB/Central Office (HUB)

COMPARISON OF CANADIAN AND UNITED STATES BORDER FACILITIES IN ALBERTA & MONTANA

CANADIAN BORDER FACILITY	UNITED STATES BORDER FACILITY	ADEN, AB WHITLASH, MT
		
Travelers 09:00 to 17:00 Monday – Sunday Year Round	Commercial 09:00 to 17:00 Monday – Friday Closed Saturday & Sunday Year Round	Immigration – N/A Services: <ul style="list-style-type: none"> • Designated Export Office (EXPORT) • Highway/Land Border Office (HWY/B) • Electronic Data Interchange (EDI)
CANADIAN BORDER FACILITY	UNITED STATES BORDER FACILITY	WILD HORSE, AB WILD HORSE, MT
		
Travelers May 15 to September 30 08:00 to 21:00 Monday – Sunday October 1 to May 14 08:00 to 17:00 Monday – Sunday	Commercial 08:00 to 17:00 Monday – Friday Closed Saturday & Sunday Year Round	Immigration – N/A Services: <ul style="list-style-type: none"> • Designated Export Office (EXPORT) • Highway/Land Border Office (HWY/B) • Non-Terminal Office (NTO)

COMPARISON OF CANADIAN AND UNITED STATES BORDER FACILITIES IN ALBERTA & MONTANA



7

⁷ Eastern Alberta Corridor Report, March 2008

THE REGIONAL ECONOMIES

The Regional Economies

Supporting the need for improved levels of service at the Port of Wild Horse is the economic activity north and south of the border.

The community-of-interest and shared commonalities between Alberta and Montana contribute significantly to the case for service improvements. Both jurisdictions are heavily invested in industries like agriculture, tourism and oil and gas, which fosters cross-border trade in commodities, services and people.

Canadian grains seek markets in the U.S.; tourists from the two countries loop through national parks in both Montana and Alberta; and hydraulic fracturing of tight oil shale formations in Canada depends on frac sand from the U.S. Of particular note are over-sized process modules destined for Alberta's oilsands that transit through or from the U.S. and move north on the province's High Load Corridor.

It is this shared interest that would make an improved Wild Horse the logical option to handle an even larger share of cross-border traffic, thus generating even more economic activity in the two regions.

ALBERTA

Alberta currently has a population of 4.2 million people and in 2014 the province recorded nominal Gross Domestic Product (GDP) of \$376 billion, the second highest GDP value amongst Canada's ten provinces. An important driver in the provincial economy and, indeed, the Canadian economy is the energy sector, which accounts for about 26.0 percent of Alberta's GDP.

Since 1985, when energy accounted for 36.0 percent of GDP, the Alberta economy has diversified significantly into other industry sectors.⁸

The dramatic drop in the price of oil caused a downturn in the Alberta economy in 2015. It is estimated that real provincial GDP declined 1.8 percent in 2015 and will likely decline by 1.6 percent in 2016. However, it is projected to grow by at least 2.0 percent in 2017.⁹

Despite the downturn, overall crude oil production is expected to increase from 2.36 million barrels a day in 2015 to 2.56 million barrels a day in 2016.¹⁰ Production from the Fort McMurray oilsands is projected to increase by 500,000 barrels a day over the next three years.¹¹

⁸ Alberta Economic Development and Trade, Highlights of the Alberta Economy 2016.

⁹ RBC Economics, Provincial Outlook, March 2016.

¹⁰ Ibid.

¹¹ Government of Alberta, Fiscal Plan, 2016-19, Economic Outlook, p. 76. These projections may now change in light of the major disruption caused by the recent wildfire in and around Fort McMurray.

THE REGIONAL ECONOMIES

Oil prices are expected to gradually improve and excessively high input costs, particularly for labour, the product of a previously overheated provincial economy, are easing with the economic slowdown, all of which should help return the energy sector to profitability.

Manufacturing activity is expected to increase in 2017, buoyed by expanded refinery capacity, new plastics production and the Province's recently announced Petroleum Diversification Program.¹²

Despite the decline in the energy sector, other industry sectors have fared comparatively well. In the tourism sector, weakness in the Canadian dollar and a stronger U.S. economy boosted cross-border visits to Alberta. In 2015, these factors caused a 7.5 percent increase in visits to the province's national parks and a 10-year peak in resort occupancy rates.

In the agriculture sector, Alberta's agri-food exports experienced a 3.0 percent increase in 2015, achieving an unprecedented value of \$10.0 billion. This sector is expected to remain strong beyond 2016.

The Alberta forestry sector experienced a 4.0 percent increase in exports in 2015 and is expected to remain strong because of the 'weaker Canadian dollar, solid U.S. housing activity and steady demand from Asia'.¹³

Medicine Hat, with a 2015 population of 63,000, is the largest city in Southeastern Alberta. It is an important railhead on CP Rail's main line and is at the centre of a prolific oil and gas producing area. These factors contribute to Medicine Hat's role as a major plant location for many world scale manufacturers, including Methanex Corporation (methanol), Goodyear Canada Inc. (rubber tires), CF Industries (nitrogen fertilizer) and Cancarb (carbon black).

MONTANA

In 2014, the state of Montana recorded a population of about 1.0 million, which represented almost an eight percent increase over 2005. By comparison the population of the Bear Paw region grew at about half this rate during the same period.

In 2014 as well Montana's nominal Gross Domestic Product (GDP) was \$45.8 billion and for the five previous years the state economy grew in real terms by 11.41 percent, reflecting a compound rate of 2.18 percent per year.

Major contributors to state GDP are manufacturing (7.5%), mining (5.3%), transportation (4.9%) and agriculture/forestry (4.5%).¹⁴ Montana's main manufacturing sectors include food and beverages, wood products, petroleum refining and fabricated metals.

In 2014, Montana hosted almost 11.0 million non-resident visitors, many of them destined for Yellowstone and Glacier national parks. Non-resident visitors recorded spending in Montana of \$3.98 billion, an increase

¹² For example, completion of the new Sturgeon Refinery and the Joffre polyethylene plant expansion.

¹³ Government of Alberta, Fiscal Plan 2016-19, Economic Outlook, p. 75.

¹⁴ Montana Department of Labor & Industry, Labor Day Report 2015, p. 25.

THE REGIONAL ECONOMIES

of 9.8 percent over 2013. Between 2010 and 2014 non-resident tourist spending increased by over 52 percent.¹⁵

The Bakken oil field, which extends into Northeast Montana, Northern North Dakota and Southern Saskatchewan, is one of the biggest oil deposits in the United States. It began production in 2000 when hydraulic fracturing and horizontal drilling made it possible to extract light sweet crude from tight shale formations. U.S. production from the Bakken field was over 35 million barrels in December 2015, which was down only seven percent from the previous December.¹⁶

The Bakken oil play has benefited Montana, particularly the eastern part of the state, by providing highly paid employment and economic activity in other industry sectors, like construction, transportation and professional services (e.g. engineering, geology).¹⁷

While Montana has been impacted by the price-induced global oil glut, much of the production in the Bakken field is from low cost wells that continue to be profitable at lower oil prices. Although the decline in oil prices caused a slowdown in exploration, activity remained relatively stable in the refining sector, which accounts for over half of Montana's manufacturing output.¹⁸

The city of Havre is located on the mainline of the BNSF Railway, halfway between Minneapolis and Seattle. It serves as an important railhead for BNSF, which also operates a locomotive maintenance and overhaul facility locally and is a significant employer in the region.

Otherwise, the level of employment in the Bear Paw region remained predominantly flat during the decade between 2005 and 2014.¹⁹

BNSF STATION & RAILYARDS – HAVRE, MT



¹⁵ University of Montana, Institute for Tourism and Recreation Research.

¹⁶ Federal Reserve Bank of Minneapolis, 'The Bakken Oil Boom'.

¹⁷ Montana Department of Labor & Industry, Labor Day Report 2015, p. 11.

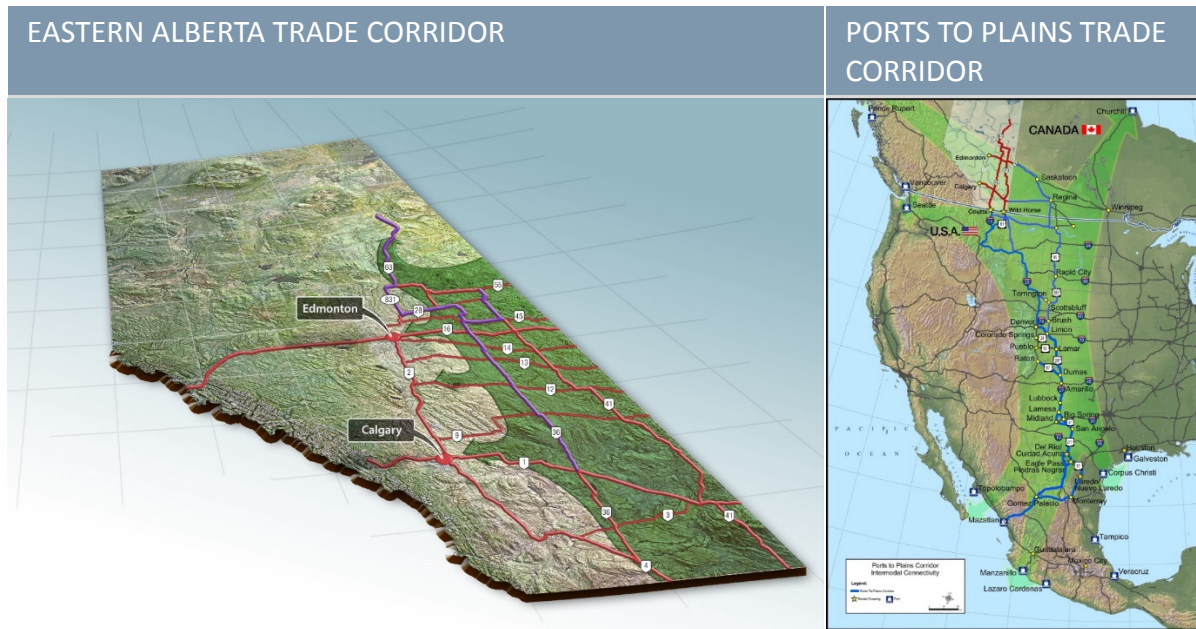
¹⁸ Ibid., p. 12.

¹⁹ Bureau of Labor Statistics, United States Department of Labor.

TRADE CORRIDORS

Trade Corridors

There are two trade corridor initiatives that will help to foster the success of an upgraded Wild Horse port-of-entry through advocacy for enhanced economic development and improved transportation infrastructure in the regions north and south of the border. These trade corridor initiatives are the Eastern Alberta Trade Corridor and the Ports to Plains Trade Corridor.



The Eastern Alberta Trade Corridor extends from the U.S. border in the south to the Regional Municipality of Wood Buffalo in the north and embraces Highways 36, 41 and 63. It is a joint undertaking of the Palliser Economic Partnership and other Alberta-based economic development alliances and actively promotes investment and business opportunities in Eastern Alberta in all industry sectors.

The Ports to Plains Trade Corridor is an alliance of communities, businesses and governments and extends from seaports in Mexico through the U.S. to interface with the Eastern Alberta Trade Corridor at the Canadian border. It promotes the highest standard of transportation infrastructure as a means of fostering economic development throughout its length. The Palliser Economic Partnership is a member of Ports to Plains and both Palliser and Bear Paw are within the geographic focus of Ports to Plains and are working closely with it to achieve better service at Wild Horse.

CROSSBORDER TRAFFIC FLOWS

Crossborder Traffic Flows

The direction and magnitude of two-way cargo flows across the Alberta/Montana border reinforces the need for service improvements at Wild Horse.

In recent years, 86 percent of Alberta's international exports have been destined for the U.S. and 66 percent of the province's international imports have originated from south of the border.²⁰

While 75 percent of Alberta's exports to the U.S. were carried by pipeline, 11 percent were carried by truck, representing a value of \$8.67 billion. Almost 78 percent of all exports to the U.S. were destined for the central, northeast and southeast parts of the country.

On the import side, 42 percent or \$7.54 billion worth of imports from the U.S. were carried by truck. Almost 76 percent of this total originated from the central, northeast and southeast U.S.

Wild Horse was rated the third busiest border crossing in the region in terms of average annual daily traffic – behind Coutts/Sweetgrass and Raymond/Regway. It accounted for two-way daily traffic of 160 vehicles compared to Coutts/Sweetgrass at 1,790 vehicles and Raymond/Regway at 290 vehicles.²¹

Almost 95.0 percent of the total value of two-way trade by truck over the Montana-Canada border was handled at Coutts/Sweetgrass because of its superior level of service. It was reported that U.S. exports to Canada via Coutts/Sweetgrass were valued at \$9.2 billion; Canadian exports to the U.S. via the same port were \$7.5 billion.²²

The major generators of northbound trade by truck to Alberta were Texas at almost 28 percent of total exports, California at 17 percent and Montana at 4.0 percent. Exports from Texas to Alberta alone amounted to \$2.6 billion.²³

Of the trade originating in Alberta, 45 percent was destined for Montana, followed by Texas at 12 percent and New York at 11 percent. While most of the Montana and New York trade was carried by other modes, all of the southbound traffic to Texas moved by truck and amounted to some \$1.3 billion.²⁴

²⁰ Alberta Transportation, '2012 Transportation & Trade Report', July 2013.

²¹ HDR Decision Economics, Impact of Canadian Economic Development on Northern Montana Highways – Phase II, prepared for the State of Montana Department of Transportation, October 2014. p. xvii.

²² Transport Canada and U.S. Department of Homeland Security, 'Border Infrastructure Investment Plan, Canada-United States', December 2014, p. 127. While these figures do not quite jibe with those reported by Alberta Transportation, they all speak to the magnitude of cross-border traffic.

²³ HDR Decision Economics, op. cit., p. 65

²⁴ HDR Decision Economics, op. cit., p. 66

COMPARATIVE HIGHWAY DISTANCES

Comparative Highway Distances

It is instructive to compare the highway distances from representative U.S. points to Coutts/Sweetgrass on one hand and Wild Horse on the other. Longer distances translate into higher trucking costs and help to illustrate the comparative advantage that one border crossing has over another.

Starting from the east, Duluth, Minnesota, at the Lakehead, is 160 km closer to Wild Horse than to Coutts/Sweetgrass. Duluth provides a transshipment point for over-dimensional loads that encounter fewer inter-jurisdictional regulatory barriers on the U.S. Interstate Highway System than on Canada's east-west highway network.

In a similar vein, Chicago, Houston, Dallas, Denver and Kansas City are all 70 to 150 km closer to Wild Horse. Salt Lake City, on the other hand, is closer by highway to Coutts/Sweetgrass, as are Los Angeles, Portland and San Francisco.

So it can be concluded that vehicles originating at or destined for U.S. points east of an invisible line between Denver and Salt Lake City are better and more logically served in terms of distance and transport costs by the border crossing at Wild Horse.

Highway distance comparisons are presented in Table 1.

TABLE 1
COMPARATIVE HIGHWAY DISTANCES

TO / FROM	WILD HORSE		COUTTS / SWEETGRASS		Δ
Duluth, MN	1,580 km	<	1,740 km	160 km	99 miles
Chicago, IL	2,220	<	2,370	150	93
Houston, TX	2,980	<	3,060	80	50
Dallas, TX	2,600	<	2,680	80	50
Denver, CO	1,350	<	1,440	90	56
Kansas City, MO	2,120	<	2,190	70	43
Salt Lake City, UT	1,170	>	1,110	60	37
Los Angeles, CA	2,280	>	2,210	70	43
Portland, OR	1,400	>	1,240	160	99
San Francisco, CA	2,160	>	2,100	60	37

Source: Google Maps

VISITOR TRAFFIC

Visitor Traffic

Adequately facilitating tourist flows across the border can have a significant impact on local economies through visitor spending and related multiplier effects.

In a 2015 visitor survey conducted by Medicine Hat Tourism at its visitor information centre it was determined that the peak tourist season extends from late June to late August, which would fall within the timeframe of extended summer hours at the Port of Wild Horse.

In terms of traffic from the U.S., 38 of the 50 states were represented in the visitor responses. Minnesota was the biggest source of U.S. visitors, followed in order by Wisconsin, California, Washington, Florida, Texas and Montana. Assuming Medicine Hat as the destination, it can be concluded that traffic from five of these seven states would be better served in terms of highway distance by the Port of Wild Horse.

Tables 2 and 3 show two-way car traffic at Coutts/Sweetgrass and the four permit ports of Wild Horse, Aden/Whitlash, Carway/Piegan and Del Bonita for the years 2012 to 2015. It illustrates the disproportionate volume of car traffic that is presently handled at Coutts/Sweetgrass and the potential to re-allocate a share of this traffic to other ports like Wild Horse, given an improved level of service.

TABLE 2
NORTHBOUND CAR TRAFFIC AT CANADIAN PORTS-OF-ENTRY: 2012-2015

	2012	2013	2014	2015
Coutts/Sweetgrass	228,567	239,607	240,351	242,316
Carway/Piegan	79,646	84,596	85,841	83,317
Del Bonita	21,163	22,642	25,115	28,153
Wild Horse	20,068	21,012	20,908	20,074
Aden/Whitlash	782	715	658	766

Source: Canada Border Services Agency

TABLE 3
SOUTHBOUND CAR TRAFFIC AT UNITED STATES PORTS-OF-ENTRY: 2012-2015

	2012	2013	2014	2015
Coutts/Sweetgrass	301,143	310,011	305,537	286,072
Carway/Piegan	122,842	121,515	110,724	91,956
Del Bonita	23,406	26,572	28,972	28,003
Wild Horse	18,579	19,409	18,510	14,919
Aden/Whitlash	668	638	588	594

Source: U.S. Customs & Border Protection

CANADA BORDER SERVICES AGENCY (CBSA)

Canada Border Services Agency (CBSA)

At the Canada Border Services Agency (CBSA), the researchers conducted an interview with the Director of the Operations Branch with responsibility for ports of entry in Alberta and Saskatchewan.

It was confirmed to the researchers that Coutts/Sweetgrass is a 24/7 commercial operation with full inspection facilities. However, like most of the other border crossings, there is very little commercial traffic after midnight.

The researchers were told that there is relatively little commercial traffic at Wild Horse – much of it made up of propane and fertilizer trucks returning empty from delivery points in Montana. Almost any northbound pre-approved commercial traffic can be cleared at Wild Horse, except livestock which may require special federal permitting.

Tables 4 and 5 show two-way truck traffic at Coutts/Sweetgrass and the four permit ports of Wild Horse, Aden/Whitlash, Carway/Piegan and Del Bonita for the years 2012 -2015. As with cross-border car traffic, these figures illustrate the disproportionate volume of traffic that is presently handled at Coutts/Sweetgrass and the potential to re-allocate a share of this traffic to other ports like Wild Horse, given an improved level of service. It is noteworthy that Aden/Whitlash, Carway/Piegan and Del Bonita enjoy an advantage over Wild Horse by having Electronic Data Interchange (EDI), which facilitates the electronic transmission and interchange of cargo, release and accounting data for carriers, freight forwarders and customs brokers, thereby minimizing border crossing times for commercial shipments.²⁵

TABLE 4
NORTHBOUND TRUCK TRAFFIC AT CANADIAN PORTS-OF-ENTRY: 2012-2015

	2012	2013	2014	2015
Coutts/Sweetgrass	159,992	156,602	155,161	158,283
Carway/Piegan	711	987	1,206	1,372
Wild Horse	2,072	1,711	1,332	1,341
Del Bonita	952	1,182	748	848
Aden/Whitlash	163	161	276	675

Source: Canada Border Services Agency

²⁵ EDI or Electronic Data Interchange is a general term for the electronic exchange of business information. In the current context, it applies to an array of programs that facilitate the transfer of shipment and carrier pre-approvals to Canadian border officials, thus expediting border processing by completing and verifying trade compliance away from the border. The absence of EDI at Wild Horse means that pre-approvals must be presented in hard-copy when the carrier and shipment arrive at the border crossing.

CANADA BORDER SERVICES AGENCY (CBSA)

TABLE 5
SOUTHBOUND TRUCK TRAFFIC AT UNITED STATES PORTS-OF-ENTRY: 2012-2015

	2012	2013	2014	2015
Coutts/Sweetgrass	131,806	133,296	143,837	134,786
Carway/Piegan	1,926	2,165	2,045	1,814
Wild Horse	1,727	1,465	1,093	1,484
Del Bonita	503	?	?	?
Aden/Whitlash	98	76	658	741
? = Data unavailable				

Source: U.S. Customs & Border Protection

Having said that the researchers were told that Wild Horse is set up as an automated port of entry but has not yet been activated in this mode.

Coutts/Sweetgrass currently handles about 500 trucks a day and physical inspections are carried out by a private contractor. It is served by four-lane highways on both sides of the border and there is a by-pass lane for over-sized loads.

A full service port-of-entry like Coutts/Sweetgrass has multiple traffic lanes, a physical inspection building, an x-ray scanner (VACIS) and other equipment to facilitate the loading and off-loading of trucks ²⁶. The Canada Border Services (CBSA) inspection building at this location is 20,000 sq. ft. in area.

The Canadian government has designated \$440 million for border facility improvements at 77 ports-of-entry across the country, \$114 million of which has been targeted to the prairie ports. The program includes the design of modular buildings of varying size for locations like Wild Horse, which will be installed over a period of years. The proposed Wild Horse improvements also include new staff housing, which will reduce the need for officers to commute quite as often from communities like Medicine Hat and will serve to keep the port open during inclement weather.

It was acknowledged that Highways 41 and 232 are in need of improvement but that the required capital investment is probably not a priority at this time.

The researchers were advised that Wild Horse requires two officers to be on duty during all hours that the port is open. Presently, between May 15 and September 30 Wild Horse is open for travelers from 8:00AM to 9:00PM (13 hours/day); between October 1 and May 14 the hours are 8:00AM to 5:00PM (9 hours/day). For commercial traffic the hours are 8:00AM to 5:00PM Monday to Friday, year-round.

²⁶ The Vehicle and Cargo Inspection System (VACIS) is a gamma ray scanning system for penetrating dense freight and inspecting in a minimally disruptive way for prohibited and dangerous goods.

CANADA BORDER SERVICES AGENCY (CBSA)

The researchers were told that implementing 13-hour days year-round would require a considerable increase in traffic and would involve assigning additional officers. Officers are currently paid an average of \$70,000 a year plus 35% for benefits.

Wild Horse currently has some staff housing on-site, which provides officers with the option to reduce their commuting frequency by residing on-site for the duration of their work week or some portion thereof.

A first step in service improvement at Wild Horse would be the extension of operating hours, although the potential to divert traffic from other ports may be limited if it continues to operate as a permit port only.

Based on interviews with CBSA, the researchers have concluded that an extension of hours would require the assignment of additional officers to the port, the actual number being determined by the average length of shift and the exact scheduling of those shifts.

Although 13-hour shifts have been used previously at Wild Horse, an optimal work shift is considered to be eight or ten hours.

In the absence of more precise information, the researchers have conservatively estimated that two additional officers would be required to adequately cover the proposed extended hours, representing an additional annual cost of \$203,000.²⁷

²⁷ Based on an annual salary of \$70,000 plus 35% for benefits and 10% for related office overhead.

U.S. CUSTOMS AND BORDER PROTECTION (CBP)

U.S. Customs and Border Protection (CBP)

At U.S. Customs and Border Protection (CBP) the researchers spoke with the Port Director, who is located at Sweetgrass, Montana, and has responsibility for a number of U.S. ports-of-entry, including Wild Horse. Two other CBP representatives also participated in the conversation.

It was confirmed to the researchers that Wild Horse is a permit port and not a commercial port-of-entry. A full service commercial port has the capability to off-load cargo for physical examination and requires additional equipment and infrastructure like scanners, inspection sheds, a dock, a garage, personal facilities for drivers and additional staff.

The researchers were told that the existing building at Wild Horse, which was completed in 2012, would not be suitable for a commercial port operation. It would have to be replaced by a new building complex consisting of the above-mentioned facilities and services and constructed to CBP's national standard for cargo handling systems and operations.

A joint Canada-U.S. facility, as exists at Coutts/Sweetgrass, is not currently contemplated for Wild Horse. However, it is noteworthy in this regard that in the joint Canada-United States Border Infrastructure Investment Plan dated December 2014 it is stated that 'service-oriented and cost-effective options' include 'co-location (moving into shared facilities either straddling or on one side of the border)'.²⁸ The joint management and operation of the shared land border, with the resulting potential to reduce staff and avoid duplication, particularly at low volume crossings, is also supported by the Canadian/American Border Trade Alliance (Can/Am BTA) in a 2014 communiqué.²⁹

The researchers were advised that Wild Horse on the U.S. side has the systems already in place that correspond with the Electronic Data Interchange (EDI) system that exists at several ports on the Canadian side, except Wild Horse.

Interestingly, CBP would not add staff in order to extend hours of operation to 9:00PM year-round. Instead, they would operate with the existing staff complement and pay overtime.

CBP does on occasion extend hours temporarily to accommodate special events that attract cross-border visitors. The costs are charged out to the event host and are covered in a Reimbursable Service Agreement.

The charge-out rate for overtime hours is a combination of base salary plus overtime, an administration fee and a charge for benefits. This results in an hourly rate of \$120 to \$130 (U.S.).

As an economic development measure, CBP has a permitting process in place for Wild Horse that favours southbound trucks that have a freight destination within 150 miles of the border. In its own information

²⁸ Transport Canada and U.S. Department of Homeland Security, op. cit., p. 114.

²⁹ United States-Canada, Beyond the Border, PHASE 2. A compilation of initiatives and solutions generated by the Canadian/American Border Trade Alliance at the request of the U.S. Department of Homeland Security, August 15, 2014, pp. 13 & 14.

U.S. CUSTOMS AND BORDER PROTECTION (CBP)

notice CBP states that important considerations in issuing a permit include 'how vital the merchandise is for the local community and the hardship that will be experienced by entering the merchandise through a Commercial Port.' The same notice states that not all entries require a permit and that merchandise not exceeding \$2,500 in value can be entered using 'informal entry' procedures.³⁰

Some 25 standing permits are currently issued for Wild Horse compared to, say, Roosville which has 200. These permits are valid for five years and are extendable upon request – but are also cancellable if left unused for an extended period.

Generally speaking, any type of properly cleared commercial vehicle is allowed to pass on the U.S. side during any hours that the facility is open, e.g. weekends. By comparison commercial traffic is not allowed through during the weekend on the Canadian side, even though the port is open to process regular travelers.

Two-way truck traffic for the five ports of Coutts/Sweetgrass, Wild Horse, Aden/Whitlash, Carway/Piegan and Del Bonita is shown in Tables 4 and 5 for the years 2012-2015. Once again, it is evident that the only commercial port, Coutts/Sweetgrass, handles a disproportionate share of truck traffic and that there is major potential to re-distribute some of this traffic to other ports like Wild Horse.

The researchers were told that CBP would have to see the business case demonstrating an underserved demand before committing to service improvements at Wild Horse.

³⁰ U.S. Customs & Border Protection, Area Port of Great Falls, MT, Information Notice, Bulletin Number 2011-002, November 9, 2010. Since 2010 the maximum shipment value for informal entries has been increased from \$2,000 to \$2,500.

TRUCK SURVEY

Truck Survey

A questionnaire survey was circulated to a large number of trucking firms in Alberta and Montana. The list of prospective respondents was assembled mainly from member information provided by the Alberta Motor Transport Association and Motor Carriers of Montana.

Responses were received from almost an equal number of U.S. and Canadian truckers, all of them licensed to operate internationally. Comments were provided on how extended hours and other improvements at Wild Horse would benefit these companies and attract a greater share of their cross-border operations.

The questionnaire first asked each respondent about the nature of their present operation, e.g. type of service provided, commodities carried, and communities served. It asked if the company would make greater use of the Wild Horse border crossing if the hours of service were extended and infrastructure improvements were implemented. It then inquired as to what percentage of cross-border trips the company would divert to Wild Horse to take advantage of mileage savings, given more attractive hours of operation. It asked if standardized weight and vehicle regulations on both sides of the border would stimulate truck traffic at the Wild Horse crossing. Finally, the questionnaire asked what recommended service improvements at Wild Horse would induce the respondent to make greater use of this crossing point.

The main findings arising from the questionnaire responses have been categorized under four headings as follows:

TRAVEL TIME SAVINGS

- Extending the operating hours at Wild Horse to 9:00PM year-round would result in more frequent use. Several respondents suggested extending the hours to midnight as a minimum. Others expressed the view that 24-hour service is unnecessary.
- Extended hours and other improvements would cause carriers to divert traffic to Wild Horse at widely differing rates, ranging from five to 50 percent of current trips.
- One carrier would divert 1,250 trips a year to Wild Horse, equivalent to two-thirds of current annual traffic at the border crossing.
- A Billings-based bulk trucker hauling fertilizer from CF Industries in Medicine Hat would divert half of its traffic to Wild Horse if the crossing hours were extended.
- A propane hauler based in Malta, Montana, uses the 232/41 route for all of its business, which amounts to 200 loads a year. Malta is located 212 km southeast of Wild Horse and the 232/41 route via Havre is the shortest route to Medicine Hat. This carrier supports extended hours at Wild Horse.

TRUCK SURVEY

COST SAVINGS

- For each crossing to/from points east of Havre the cost saving at Wild Horse over Coutts/Sweetgrass would be in the order of \$750, based on an average cost per kilometer saved.

REGULATORY

- Wild Horse would experience greater use if Montana's truck size and weight regulations were harmonized with those of Alberta – initially to the BNSF railhead at Havre, similar to the arrangement between Coutts and the railhead at Shelby, Montana.
- Harmonized size and weight regulations would result in less permitting, larger payloads and lower greenhouse gas emissions.
- While spring weight restrictions remain at the legal limit on the Canadian side, restrictions are applied on Highway 232 between Wild Horse and Havre. It was suggested that this be harmonized.
- Over-dimensional (O-D) carriers like the remoteness and absence of traffic congestion on Highways 232 and 41 into Alberta. However, there is a concern about the bridge rating in Havre and a municipal regulation prohibiting over-dimensional traffic through the community.
- Over-dimensional carriers would support the extension of Alberta's High Load Corridor network to the Port of Wild Horse.
- A proposed requirement by U.S. Homeland Security to have all carriers cross at locations approved for the new Automated Commercial Environment (ACE) border security system, like Coutts/Sweetgrass, will add some 250 km to a trip compared to a routing over Wild Horse.
- The current absence of harmonized size and weight laws for over-dimensional truck traffic between Canadian provinces has resulted in O-D carriers from Eastern Canada preferring to use the U.S. inter-state highway system with its single set of standards. Accordingly, for O-D loads moving west from Ontario and Quebec by ship or barge via the Seaway system, this results in the use of Duluth, Minnesota, rather than Thunder Bay, Ontario, for transshipment from marine to truck.

INFRASTRUCTURE

- Carriers would be more inclined to use Highways 232 and 41 if the road was improved between Havre and the TransCanada Highway, particularly the narrower shoulders and steeper ditches on the U.S. side.
- Suggested road improvements also include more pull-outs and better winter road maintenance.
- Several carriers identified the section of Highway 41 near Elkwater as the most treacherous to negotiate, particularly in winter.
- A carrier that serves the oil industry on both sides of the border would increase its use of Wild Horse if there were more bypasses at the small towns on Highway 41 north of Highway 9. It reports that transiting through towns adds significantly to trip times.

Agriculture Survey

A similar survey was conducted of the agricultural industry to determine its need for service upgrades at Wild Horse and the amount of traffic it might generate in response to an improved facility. However, the response to the questionnaire did not yield significant results.

It was subsequently determined that much of this traffic moves intermittently in response to fluctuations in grain prices and is tied to grain growing areas some distance west of Wild Horse and relatively close to the border, with trucks crossing the border at nearby Aden/Whitlash and Coutts/Sweetgrass.

It was also revealed in a conversation with Canada Border Services that substantial volumes of fertilizer cross at Wild Horse.

COST-BENEFIT ANALYSIS

Cost-Benefit Analysis

The business case for service improvements at the Port of Wild Horse will be supported by a comparison of the costs and benefits of service upgrades. Of course, some of these elements are more quantifiable than others and the magnitude of any benefits will depend on the nature and extent of service improvements and resulting economic impacts flowing to the service areas on both sides of the border.

Based on the truck survey response, it is estimated that extended hours of service at Wild Horse would at a minimum yield annual mileage savings for the industry in the order of \$1.1million. Assuming that combined incremental costs for staff and equipment would be no more than \$500,000, it is estimated that the benefit-cost ratio would be in excess of 2.0. A full description of the cost-benefit analysis and methodology appears in Appendix 1.

A discussion of the nature of the costs that are expected and what benefits will accrue to the region and both countries as a result of the upgrades follows. The recommended upgrades fall into three categories: services, enhanced hours and infrastructure. The costs will fall mainly to federal governments, though some will be state/provincial and others may be municipal.

SERVICES – ELECTRONIC COMMERCE

Although ostensibly the U.S. authorities at Wild Horse operate on the same basis as their Canadian counterparts, there are differences. The U.S. side offers the flexibility to clear pre-approved commercial shipments during the off-hours; provided the border is open to serve other types of traffic. In addition, the U.S. has in place the Automated Commercial Environment which is equivalent of Electronic Data Interchange.

Electronic Data Interchange (EDI)

Wild Horse handles more traffic than the ports of Aden/Whitlash, Carway/Piegan and Del Bonita and yet Wild Horse is the only one of the four that does not presently have fully developed Electronic Data Interchange on the Canadian side. EDI is software that enables the transmission of import/export data and goods release documents so that truck crossing times are minimized. It operates in conjunction with an array of other programs (e.g. FAST, CSA, C-TPAT) that are all designed to ease trade between the U.S. and Canada by facilitating the pre-approval of eligible shipments and completing and verifying trade compliance away from the border.

Canada Border Services Agency eManifest

Canada Border Services Agency eManifest systems are being employed and consistently improved by both border services in an effort to provide more accurate and detailed conveyance information – for carriers (road and rail), brokers and freight forwarders.

COST-BENEFIT ANALYSIS

Automated Commercial Environment (ACE)

The U.S. Customs and Border Protection (CBP) recently implemented its commercial trade processing system called Automated Commercial Environment. It is designed to automate border crossing procedures with emphasis on enhancing economic security. Its objectives are stated as:

- Provide CBP with tools to efficiently process imports/exports and move goods quickly across the border;
- Improve communication, collaboration and compliance efforts between CBP and the trade community (including CBSA);
- Facilitate efficient collection, processing and analysis of commercial import and export data – and provide a platform for sharing trade data

A proposed requirement by U.S. Homeland Security to have all carriers cross at locations approved for the new ACE border security system, like Coutts/Sweetgrass. The researchers were advised that Wild Horse on the U.S. side has the systems already in place that correspond with the EDI system that exists at several ports on the Canadian side, except Wild Horse.

A motor carrier based in Malta, Montana, stated in its survey response and subsequent interview that all its e-Manifest documents for clearances at Wild Horse are handled by UPS from its office in Sweetgrass. This trucker and at least two others load propane at the natural gas processing facility at Empress, Alberta, and deliver to customers in the U.S. This confirmed an interview comment by CBP that Wild Horse on the U.S. side is already set up to process electronic transactions. By comparison, CBSA on the Canadian side is apparently wired for this capability but does not presently have EDI equipment in place, meaning that northbound trucks cannot use customs brokers to electronically pre-clear their entries. If Canada does not implement EDI at Wild Horse, carriers will be required to detour over Coutts/Sweetgrass, adding 128 – 284 miles (206 – 457 km) to their trip, depending on the nature and routing of the shipment.

SERVICES – HARMONIZED SIZE AND WEIGHT REGULATIONS

Harmonized size and weight regulations would result in less permitting, larger payloads and lower greenhouse gas emissions.

Using the U.S. Environmental Protection Agency's criteria for CO₂ emissions, the 3,288 trips diverted to Wild Horse from Sweetgrass/Coutts will save 568,000 miles of highway travel. This relatively small truck survey sample alone will provide up to 4,555 tons of GHG CO₂ savings annually, or some 70,000 tons over a 15 year period. With extended hours and improved commercial services at Wild Horse, significantly higher use and attendant GHG savings will be made by diverted trucks, lowering the environmental impacts of cross-border traffic.

A full description of the cost-benefit analysis and methodology appears in Appendix 1.

COST-BENEFIT ANALYSIS

ENHANCED HOURS

Discussions with Canadian Border Services (CBSA) confirmed that a logical and least-cost first step in service improvement at Wild Horse would be the extension of hours of service. It is estimated that two more officers would be required to cover the additional hours, Officers are currently paid an average of \$70,000 a year plus 35% for benefit. In the absence of more precise information, the researchers have conservatively estimated that two additional officers would be required to adequately cover the proposed extended hours, representing an additional annual cost of \$203,000.

U.S. Customs and Border Protection (CBP) would not add staff to cover the extended hours but, instead, would operate with existing staff and pay overtime. In the immediate future, and with little investment, the hours of service for commercial shipments could be extended.

For purposes of this analysis the researchers have assumed that CBSA and CBP would start in the first phase by extending the hours of service for commercial traffic to 13-hours/day, 7-days/week, year-round, and by installing EDI on the Canadian side to complement similar technology already available on the U.S. side.

While CBSA has experimented with 13-hour days, they prefer eight or ten hour shifts. Consequently, extension of commercial hours on the Canadian side will require the addition of staff positions.

On the U.S. side, CBP advises that they will clear pre-approved southbound trucks that don't arrive during regular commercial hours – for example on the weekend – providing the border is open for other types of traffic. However, they also advise that they prefer to accommodate 'off hours' commercial traffic through the payment of overtime, rather than adding staff positions. Whether payment of overtime would be the prudent approach under formalized extended hours is an open question.

Extended hours and other improvements would cause carriers to divert traffic to Wild Horse at widely differing rates, ranging from five to 50 percent of current trips. One carrier would divert 1,250 trips a year to Wild Horse, equivalent to two-thirds of current annual traffic at the border crossing.

INFRASTRUCTURE

Wild Horse was rated the third busiest border crossing in the region in terms of average annual daily traffic. The only ports busier than Wild Horse are 24 hour ports.

It is understood that other improvements, such as highway twinning and development of a full service commercial port, perhaps as a joint Canada-U.S. facility, will require a much greater investment and a longer term commitment on the part of government.

Longer term, and as commercial vehicle traffic volumes grow Wild Horse could be converted to a full service commercial port with all the required staff and infrastructure for the physical examination of shipments.,

Infrastructure improvements would need to include both facility improvements (federal) and Highway improvements (provincial/state)

COST-BENEFIT ANALYSIS

Port Facility

The Canadian government has designated \$440 million for border facility improvements at 77 ports-of-entry across the country, \$114 million of which has been targeted to the prairie ports. The program includes the design of modular buildings of varying size for locations like Wild Horse, which will be installed over a period of years. The proposed Wild Horse improvements also include new staff housing, which will reduce the need for officers to commute quite as often from communities like Medicine Hat and will serve to keep the port open during inclement weather.

Wild Horse is a permit port and not a commercial port-of-entry. In regards to Wild Horse U.S., the researchers were told that the existing building at Wild Horse, which was completed in 2012, would not be suitable for a commercial port operation. It would have to be replaced by a new building complex consisting of the above-mentioned facilities and services and constructed to CBP's national standard for cargo handling systems and operations. A full service commercial port has the capability to off-load cargo for physical examination and requires additional equipment and infrastructure like scanners, inspection sheds, a dock, a garage, personal facilities for drivers and additional staff.

Canada-United States Border Infrastructure Investment Plan dated December 2014 stated that 'service-oriented and cost-effective options' include 'co-location (moving into shared facilities either straddling or on one side of the border)'. The joint management and operation of the shared land border, with the resulting potential to reduce staff and avoid duplication, particularly at low volume crossings, is also supported by the Canadian/American Border Trade Alliance (Can/Am BTA) in a 2014 communique.

Highways 41 and 232

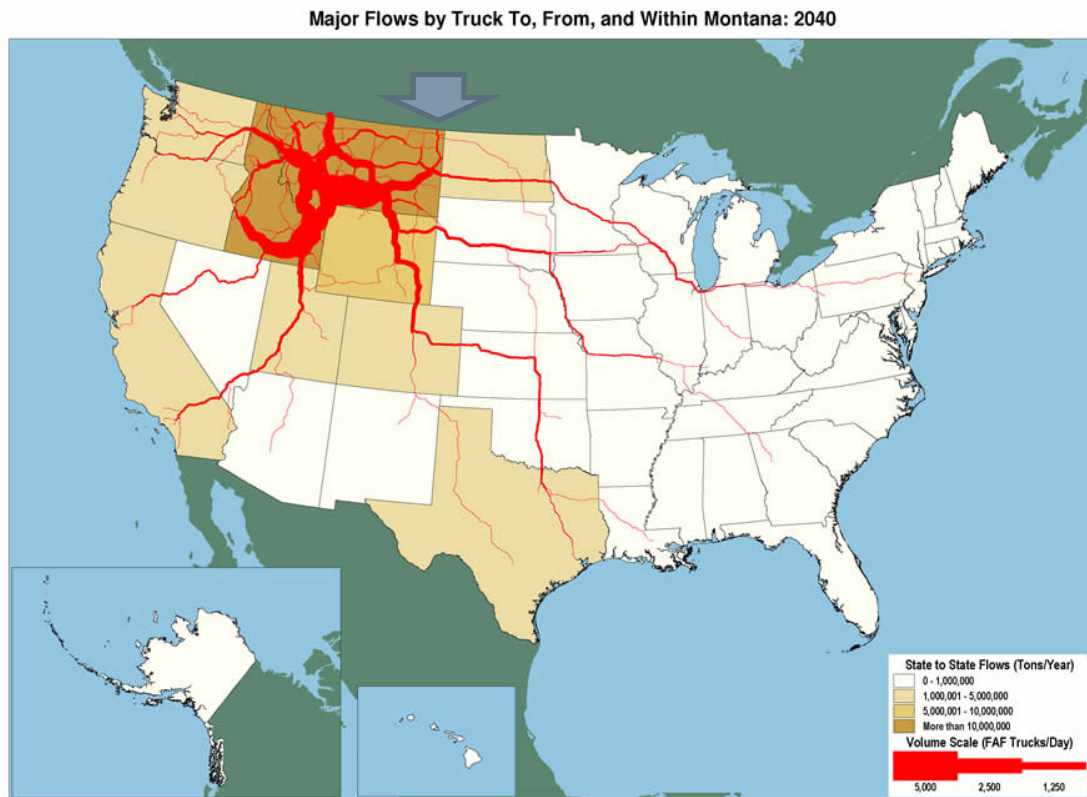
Carriers would be more inclined to use Highways 232 and 41 if the road was improved between Havre and the TransCanada Highway, particularly the narrower shoulders and steeper ditches on the U.S. side.

Suggested road improvements include:

- More road side pull-outs;
- Better winter road maintenance (Several carriers identified the section of Highway 41 near Elkwater as the most treacherous to negotiate, particularly in winter.);
- The highway approaches to Wild Horse could be twinned and upgraded;
- Over-dimensional (O-D) carriers like the remoteness and absence of traffic congestion on Highways 232 and 41 into Alberta. However:
 - There is a concern about the bridge rating in Havre
 - A municipal regulation exists prohibiting over-dimensional traffic through the community of Havre.
 - Alberta's High Load Corridor network does not extend to the Port of Wild Horse.

COST-BENEFIT ANALYSIS

MAJOR FLOWS BY TRUCK TO AND FROM AND WITHIN MONTANA: 2040



Note: Major flows include domestic and international freight moving by truck on highway segments with more than twenty five FAF trucks per day and between places typically more than fifty miles apart.
Source: U.S. Department of Transportation, Federal Highway Administration, Office of Freight Management and Operations, Freight Analysis Framework, version 3.1.2, 2011.

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The demand line map above was provided by the Ports-to-Plains Alliance. It shows the projected 2040 truck traffic at the Port of Wild Horse. This indicates commercial truck density in the 300 – 500 trucks per day, as predicted by the U.S. DOT's Federal Highway Administration and continuing to be the second busiest commercial port crossing between Montana and Alberta.

The Ports-to-Plains Alliance “is a grassroots alliance of communities and businesses whose mission is to advocate for a robust international transportation infrastructure to promote economic security and prosperity throughout North America’s energy and agricultural heartland including Mexico to Canada.”

³¹ Source: US Department of Transportation

BENEFITS RESULTING FROM IMPROVED SERVICE AT THE WILD HORSE BORDER CROSSING

Benefits Resulting from Improved Service at the Wild Horse Border Crossing

There are a number of benefits focused around economic security, safety and the environment that support the need for improved service at the Port of Wild Horse. These benefits are compelling reasons to support the enhanced hours and enhanced services at the Port of Wild Horse.

ECONOMIC SECURITY

1. *Enhanced economic development in the Medicine Hat-Havre corridor*

- Wild Horse is a critical link in the eastern Alberta – northern Montana trade corridor with impacts that extend as far north as the Fort McMurray oilsands and as far south as tidewater in Mexico. However, it is presently a major choke point, a constraint on north-south traffic and trade, because of limited hours of service and a critical lack of facilities and infrastructure.
- Montana and Alberta share an important community-of-interest across a number of industry sectors, including agriculture, tourism, manufacturing and oil and gas. In particular, southeastern Alberta and eastern Montana share a strong bond by virtue of the Bakken oil field, the benefits of which extend north and west from its centre of gravity in North Dakota. The Alberta oil and gas sector is a primary driver of Canada's national economy and the Bakken is one of the largest producing oil fields in the U.S. Wild Horse is the natural link between the two.
- Montana and Alberta are both world-class tourist destinations and much of the related land traffic between the two jurisdictions has an easterly orientation that would be more directly served by an improved Wild Horse crossing.
- Development of the Highway 41/232 corridor is an important focus of two major trade corridor advocacy groups, the Eastern Alberta Trade Corridor and the Lubbock-based Ports to Plains Trade Corridor.
- 86 percent of Alberta's international exports have been destined for the U.S. and 66 percent of the province's international imports have originated from south of the border.
- Stimulate business development in the Eastern Alberta/Central Montana corridor, amongst existing and new industry players (e.g. metal fabricators) that depend on transborder trade for their livelihood.
- Commercial sectors on both sides of the border would be enhanced by the increased volume of shoppers, would no longer limited by a 5:00 pm closing time of the border.

2. *Rebalance the use of existing infrastructure*

- Encourage higher levels of use on currently under-utilized highway infrastructure in eastern Alberta, for example Highway 41. At the same time, it would moderate the load on highways serving Coutts/Sweetgrass, like U.S. Highway 15 and Alberta Highways 4 and 2, particularly the Queen Elizabeth Highway between Calgary and Edmonton. This is consistent with the Alberta

BENEFITS RESULTING FROM IMPROVED SERVICE AT THE WILD HORSE BORDER CROSSING

Government's strategy of re-balancing economic development away from the Calgary-Edmonton-Fort McMurray corridor.

- Shift of traffic away from the heavily used U.S. Highway 15/Alberta Highway 2 corridor to underutilized highways in eastern Alberta and northern Montana, like Highways 41 and 232 resulting in more moderate traffic growth at Coutts/Sweetgrass and lessen the need for capital improvements at that location.
- Highway 41/232 corridor can be readily viewed as a logical international extension of the TransCanada Highway, anchored on the north by Alberta's fifth largest metropolitan area, Medicine Hat. This reality will take on even greater significance with the eventual construction of the TransCanada bypass around Medicine Hat/Redcliff, the eastward extension of Alberta's High Load Corridor and the re-alignment of Highway 41.
- Although ostensibly the U.S. authorities at Wild Horse operate on the same basis as their Canadian counterparts, there are differences. The U.S. side offers the flexibility to clear pre-approved commercial shipments during the off-hours providing the border is open to serve other types of traffic. In addition, the U.S. has in place the equivalent of Electronic Data Interchange.
- More effective utilization of staff and facilities at Wild Horse through increased traffic.

3. *Reduced mileage costs for commercial truckers*

- Mileage savings for commercial shipments that can be more directly routed via Wild Horse were identified in the limited motor carrier surveys. Extrapolated to the hundreds of trucking companies licensed to transport goods across the border in both directions, indicates that the significant mileage savings would be reflected in lower freight rates that would flow through to shippers, their products and eventually the public.
- In terms of highway distances, a larger share of Alberta's commercial truck traffic with the U.S. would be more directly served by the Port of Wild Horse, not Coutts/Sweetgrass. Consequently, much of Alberta's commercial traffic moving to/from the central, southeast and northeast U.S. would achieve substantial cost savings by transiting at a de-constrained Wild Horse border crossing.
- Based on a partial sample of additional crossborder trips, it is estimated that the extension of operating hours at Wild Horse would generate, at a minimum, \$1.1 million (USD) in mileage savings for the trucking industry. Assuming that the U.S. and Canadian sides together would incur no more than \$500,000 in additional staffing and equipment costs, this translates into a benefit-cost ratio of more than 2.0.
- For each crossing to/from points east of Havre the cost saving at Wild Horse over Coutts/Sweetgrass would be in the order of \$750, based on an average cost per kilometer saved.

BENEFITS RESULTING FROM IMPROVED SERVICE AT THE WILD HORSE BORDER CROSSING

SAFETY AND SECURITY

1. Although historically Alberta is Canada's second biggest provincial economy, there is only one full-service 24/7 commercial port-of-entry between Alberta and the U.S. This compares to Ontario, Canada's largest provincial economy, which shares a dozen 24-hour, year-round ports with New York, Michigan and Minnesota.
2. The U.S. accounts for over three-quarters of Alberta's international trade. Eleven percent of Alberta's exports and 42 percent of its imports to/from the U.S. are carried by truck, representing a combined annual value in excess of \$15.0 billion. Despite this fact, Alberta's transborder market continues to be served by only one commercial port-of-entry.
3. Only one 24 hour port leaves both sides vulnerable in case of closure of the port for any reason.

ENVIRONMENTAL SECURITY

1. Using the U.S. Environmental Protection Administration's criteria for CO₂ emissions, the 3,288 trips diverted to Wild Horse from Sweetgrass/Coutts will save 568,000 miles of highway travel. This relatively small truck survey sample alone will provide up to 4,555 tons of GHG CO₂ savings annually, or some 70,000 tons over a 15 year period. With extended hours and improved commercial services at Wild Horse, significantly higher use and attendant GHG savings will be made by diverted trucks, lowering the environmental impacts of cross-border traffic.

IMPLEMENTATION PLAN

Implementation Plan

As mentioned previously, there are a number of improvements that could be undertaken to bring Wild Horse to full commercial status, some more costly and longer term than others. It is recommended that improvements be phased in over time, beginning with the least costly and easiest to implement.

Accordingly, in order of timing it is recommended that:

1. As an immediate first step, CBSA and CBP formally move to 13-hour service year-round for both commercial and visitor traffic.
2. Both sides of the Wild Horse border crossing be brought up to full Electronic Data Interchange (EDI) equivalency so as to facilitate the electronic transmission of pre-approvals to border officials in advance of a shipment's arrival at the border.
3. The structures and facilities on the Canadian side be up-graded to better serve present needs as well as to eventually provide the foundation for a full-service commercial port. This may be done jointly with the U.S. authorities and with the help of Canadian funding and programming already proposed for the prairie region.
4. An initiative be commenced to harmonize *all* truck size and weight regulations between the two highway jurisdictions at Wild Horse, initially to the BNSF railhead at Havre (à la Coutts-Shelby).
5. Barriers to over-dimensional loads be reduced as follows:
 - Ensure the bridge in Havre is rated to accommodate over-dimensional loads.
 - Work with local government in facilitating the unhindered movement of over-dimensional traffic through the Havre community
 - Extend the Alberta High Load Corridor along the TransCanada Highway from Highway 36 to 41 and south on Highway 41 to the Port of Wild Horse.
6. Finally, Highway 41 south of the TransCanada Highway and Highway 232 between Wild Horse and Havre be seriously considered for upgrading. These improvements could range from the widening of shoulders and the re-grading of ditches to the installation of lay-bys and the full-scale twinning of both highways.

ABOUT THE AUTHORS

About the Authors

THE VAN HORNE INSTITUTE

The Van Horne Institute is recognized within Canada and internationally as a leading institute of public policy, business intelligence, and training in transportation, trade, and infrastructure.

The Van Horne Institute assists industry, government, and the public in addressing issues affecting transportation, supply chain management and logistics and regulated industries relevant to the well-being and growth of industry and commerce.

Efficient and low-cost supply chain and logistics services are essential to both industry and the public in our geographically large country, so the evolution of sound industrial strategy, public policy, and progressive legislation and regulations are increasing in importance as business moves further towards globalization. Industry needs to be innovative to compete.

PROLOG CANADA

PROLOG Canada is a Calgary-based transportation and logistics consulting firm that has been serving industry and government since 1979. With an extensive portfolio of completed projects, PROLOG brings to this assignment the depth of experience in transportation, logistics and regional economics that is required to bring any project to a successful conclusion.

PROLOG has completed projects for numerous public and private sector clients, including Calgary Economic Development, the Alberta Economic Development Authority, Alberta Transportation, Transport Canada, the Calgary Regional Partnership, VIA Rail and the governments of Saskatchewan, Manitoba, Yukon and Northwest Territories.



THE VAN HORNE INSTITUTE



APPENDIX 1 – THE BUSINESS CASE FOR EXTENDED OPERATIONS AT WILD HORSE PORT OF ENTRY

APPENDIX 1 – The Business Case for Extended Operations at Wild Horse Port of Entry

METHODOLOGY

Expanded hours and improved commercial operations at the port of Wild Horse will result in economic benefits from more efficient trucking services; expanded tourism and additional family and business automobile traffic opportunities and more efficient use of current infrastructure. The cost/benefit economic analysis generated herein will focus only on the savings realized by the commercial motor carrier industry in reduced round-trip mileage savings, by re-routing truck traffic over Wild Horse port vs. the currently heavily-trafficked Sweetgrass/Coutts border crossing.

The following analysis will address the opportunity that exists to (initially) extend the hours of operation at Wild Horse port during the winter months to match the daily summer schedule of 13 hours, year-round. In addition, this proposal also recommends common border transit customs services for commercial trucking be established on both sides of the border enabling trucks to transit the port seven days per week, removing any weekend trucking restrictions currently in place on the Canadian side.

The input for the analysis was the survey results in a Questionnaire received from some 21 trucking company respondents, approximately evenly split between the U.S. and Canadian carriers. Assistance in distributing the survey forms to its membership was provided by both the Alberta Motor Transport Association; and Motor Carriers of Montana.

North-south corridors were investigated for different categories of cross-border commercial truck traffic. With the currently restricted hours of operation extended to 9:00 PM year-round, mileage savings using Wild Horse vs. alternate ports-of-entry (mainly Coutts/Sweetgrass) were calculated – as reported by individual carriers on survey responses. Motor carriers will agree that their “costs” are a direct function of miles (or kms) travelled. Many use lease operators who own their tractors, and cover their own labour, fuel and maintenance costs. They are paid on a per mile travelled basis.

The Canadian carriers agreed that an average trucking rate of \$2.70 CAD per running (round trip) mile is a current representative rate-making basis. In the U.S. trucking companies provided U.S.\$2.00 per running mile as the equivalent basis to establish their freight rates, which virtually matches the Canadian quote at recent exchange rates. On both sides of the border, these numbers include administration and profit components.

The Business Case developed herein will identify the direct savings to the motor carrier industry generated by the incremental use of the Wild Horse Port of Entry, with the proposed extended hours of operation; and unconstrained processing of commercial truck traffic during all operating hours, including weekends. It further proposes that e-manifest document processing system now available to truckers on the U.S. side, be extended to include CBSA implementing its EDI service on the Canadian side.

APPENDIX 1 – THE BUSINESS CASE FOR EXTENDED OPERATIONS AT WILD HORSE PORT OF ENTRY

TYPES OF TRUCK SERVICES AND CORRIDORS

The majority of truck traffic plying the Montana/Alberta border crossings can be placed into the following categories of industrial service:

- Energy services
- Energy products
- Agriculture/farm services
- Petrochemicals
- Industrial manufacturing and steel fabrication

The types of vehicles operated and trailer designs employed reflect the type of services provided. While they vary in capital and operating costs to some degree, the reported “average” per mile revenue basis for setting rates is used throughout.

The survey responses and traffic routes identified were typical of the established commercial trucking patterns for trips transiting the Alberta/Montana border. Two corridors captured the bulk of the traffic diverted over Wild Horse with extended and upgraded commercial e-Manifest document processing operations:

- Alberta oilsands project areas (Wood Buffalo and Cold Lake) to/from the U.S. Highway 2 corridor. This results in 128 round-trip miles being saved on each passage over Wild Horse vs. Coutts/Sweetgrass for the reporting energy services and industrial carriers. PROLOG assumed 80% of this corridor traffic would be Wood Buffalo (Ft. McMurray area).
- Southeast Alberta petrochemical, agricultural and energy products refining region to/from the U.S. Highway 2 corridor. This results in 284 round-trip miles being saved on each passage over Wild Horse vs. Coutts/Sweetgrass.

TRUCK RE-ROUTING ANALYSIS

The results of 21 survey responses were analyzed. Eleven were received from Montana-based truckers, and ten from Alberta companies. Of the 600 members of the Motor Carriers of Montana, many are bonded, commercially-licensed international carriers, of which the eleven responded. The Alberta Motor Transport Association has over 11,000 members, many hundreds of which provide cross-border services with ten of their numbers responding to the survey request.

This was a relatively small sampling. But the commitment of these impacted respondents to redirect their traffic over Wild Horse – extrapolated to all motor carriers plying the Alberta/Montana border from ALL States and provincial jurisdictions, indicates significant additional traffic can be expected with the proposed border improvements.

A Montana-based energy product trucker sourcing propane at Empress, AB for Montana markets, identified two additional competitors that did not respond to the survey he was certain would also use Wild Horse

APPENDIX 1 – THE BUSINESS CASE FOR EXTENDED OPERATIONS AT WILD HORSE PORT OF ENTRY

rather than Sweetgrass. A number of other respondents concluded that due to the nature of their market, no diversion of their traffic patterns would likely occur.

The carriers suggesting the largest volume of traffic to be diverted to Wild Horse over the Hwy 232/41 route were contacted personally to verify their information and discuss highway and border crossing issues.

The 21 carriers estimated that, with the initial recommended improvements, their collective diverted traffic would result in 3,288 additional crossings at Wild Horse.

It also seems obvious that with the much larger number of internationally licensed carriers on both sides of the border servicing Alberta oil sands and other major resource projects in Western Canada, that the Highway 232/41 link to/from the Trans-Canada Highway and Alberta High Load Corridor via Alberta Highway 36 (for northbound over-dimensional loads such as the popular process unit modules) will draw significantly larger traffic volume than indicated herein.

The Government of Alberta has estimated that their oil sands projects alone will see some \$220 billion new capital investments to 2035, representing some 22 million tonnes of construction materials, equipment, process components and supplies – approximately 50% of which are to be imported. See Table 1 following.

APPENDIX 1 – THE BUSINESS CASE FOR EXTENDED OPERATIONS AT WILD HORSE PORT OF ENTRY

TABLE 1

MAJOR RESOURCE PROJECT CARGO IMPORTS			
POTENTIAL CROSS-BORDER TRAFFIC			
Cumulative Forecast Estimates to 2035⁽¹⁾	CAPP June '16		
Oilsands & Other Energy Projects	tonnes ('000)	truckloads (2)	Remarks
New Projects (40 identified)	9,537	272,486	Represents \$143 b - Capital Investment ⁽³⁾
Other Projects	3,974	113,543	Represents \$57 b - Capital Investment ⁽⁴⁾
Sustaining MRO Volumes	2,962	84,629	Replacements, Upgrades & Operating Costs ⁽⁵⁾
	16,473	470,657	
Mining Industry			
New Mine Construction ⁽⁶⁾	1,228	35,086	32 Identifyable Mines in Permitting plus Others (7)
Other Mines - Post 2017	3,685	105,286	New Mines in Planning Stages
Sustaining MRO Volumes	11,921	340,600	For Identifyable Mines in Regulatory Stage
Post 2017 Mines - MRO Volumes	2,550	72,857	MRO: Maintenance; Repairs; and Overhauls
	19,384	553,829	
Pipeline Industry			
New Projects (13 Identified)	5,355	153,000	Announced Projects. Mainline Pipe Only
Projects Required Post 2023	1,190	34,000	CAAP Estimate to Sustain Oilsands Production
Other Industry Imports	2,890	82,571	Imports of Constr. Equipment; Plate, etc. ⁽⁸⁾
Notes:	9,435	269,571	
1. Reflects CAPP's new reduced energy investments and 2035 production estimates - as at June, 2016. 2. Assumes avg. payload of 35 tonnes per truckload - a mix of heavy hauls (modules), semis and double trailers. 3. Gov't of Alberta Estimate. Assumes 50% Imports - Process Units, Equipment, Constr. Supplies 4. Includes Oil & Gas; Major Petrochemical Projects. Excludes West Coast LNG Liquefaction Plants 5. CERI Estimate to 2035. Assumes 60% Imports 6. Includes Norther BC, Yukon, Some NWT Mines 7. Gov't of BC Est. Includes Volumes of Mines in Permitting Stage, plus new mines during Period 2018-2035 8. Includes Compressor/Metre Station Modules; Gathering System Pipe; Expansions, etc.			

SUMMARY

The Business Case analysis below provides total per-mile savings of U.S. \$1,136,500 annually with 13 hour daily operation year-round and full e-Manifest and EDI document processing.

It seems realistic that these transportation savings to the 21 reporting trucking companies (only) and five industries they serve, more than justifies the incremental costs of labour coverage and commercial data processing systems to be implemented at the Wild Horse Port of Entry.

Table 2 below develops the savings. The notes in the document explains the nature of the freight movements included in the analysis, and assumptions leading to the calculations.

APPENDIX 1 – THE BUSINESS CASE FOR EXTENDED OPERATIONS AT WILD HORSE PORT OF ENTRY

Table 2

Truck Re-routing Analysis
Wild Horse Port of Entry

INDUSTRY SERVED	Corridors		Type of Vehicle	Products Transported	Nuber of Carriers	RTM Savings(2) (miles per trip)	Annual New W.H Trips	Trucking Cost(3) Per mile (USD)	Total Truck Savings (USD)
	Origins/Destinations via U.S. Highway No.2								
Energy Services	Oilsands to/from U.S. South & Eastern States		Flat Decks, Lowboys Vans, O-D Trailers	Equip't, Process Unit(1) sand, modules, etc.	4	128	2060	2.00	\$527,360
Energy Products	S.E. AB to Montana, and North Dakota		Tank Trucks	Propane, refined fuels Canola Oil	4	284	550	2.00	\$312,400
Agriculture, Farm Products	East, Central AB to Northern/Midwest States		Slats, Vans Flat Decks	Bagged grains, bins feeds, livestock	3	284	65	2.00	\$36,920
Petrochemicals	S.E. Alberta to/from U.S. Northern & Eastern States		Dry bulk trailers & tank trucks	Fertilizer, soda ash chemicals	3	284	330	2.00	\$187,440
Industrial, Steel Fabrication	AB to/from Southern & Eastern U.S. States		Vans Dry Bulk tank trucks, car trailers	Autos, cement, Nitrates	7	128	283	2.00	\$72,448
TOTALS(4)					21		3288		\$1,136,568

Notes:

1. Pocess units for oilsands & other major projects includes: compressors, turbines, pipe modules, pressure vessels, reactors, transformers, conveyors, tanks, etc.
2. Route diversion distances based on: Oilsands to Hwy 2 Corridor for Energy and Industrial Services; S.E. Alberta to Hwy 2 Corridor- all other.
3. \$2.00 per running mile is the acceptable and currently representable freight rate- from interviewed carriers. Includes all op. costs, admin. and profit.
4. These current annual savings resulting from improved operations at Wild Horse, represents only the 21 U.S. and Canadian motor carriers responding to the survey. The trucking associations of both Alberta and Montana acknowledge that this is a light sampling considering known regional traffic between the jurisdictions.

Table 3

Commercial Truck Cross-Border Freight Flows and Estimates to 2040

Annual Truck Border Crossings

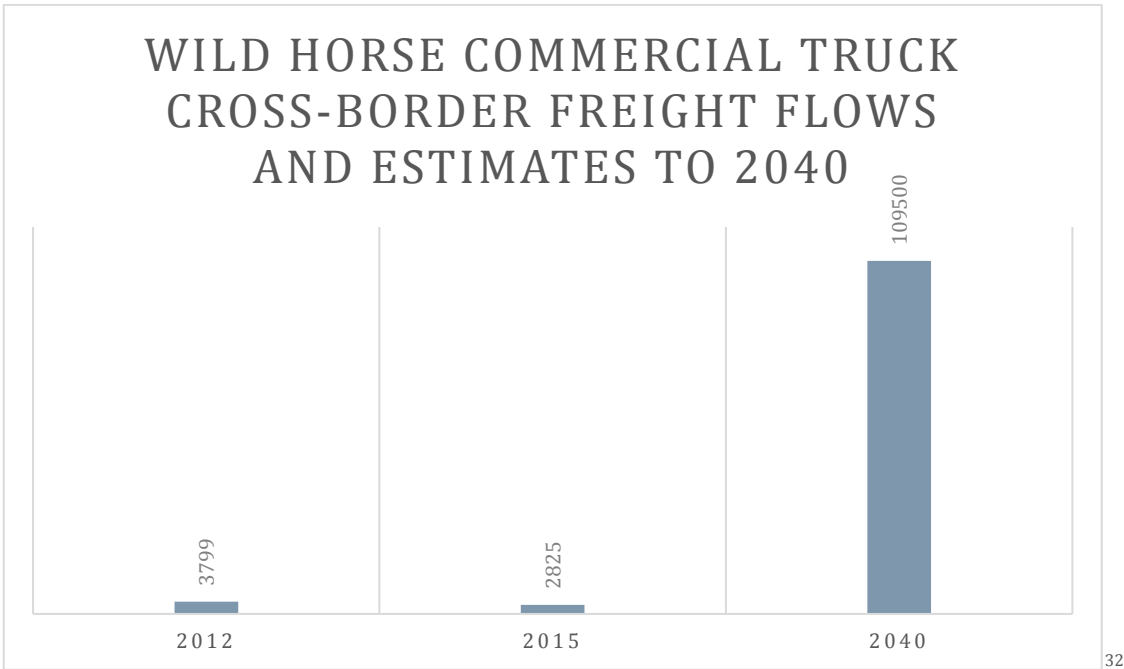
Coutts/Sweetgrass	<u>2012</u>	<u>2015</u>	<u>2040(1)</u>
Northbound(2)	159,992	158,283	
Southbound(3)	131,806	134,786	
Total	291,798	293,069	755,000
 Wild Horse	 <u>2012</u>	 <u>2015</u>	 <u>2040(1)</u>
Northbound(2)	2,072	1,341	
Southbound(3)	1,727	1,484	
Total	3,799	2,825	109,500

Notes:

1. Source: U.S. Department of Transportation, Federal Highway Administration
Data taken from lowest demand line estimate in the DOT Map on Page 34
2. Source: U.S. Customs and Border Protection (CBP)
3. Source: Canada Border Services Agency (CBSA)

APPENDIX 1 – THE BUSINESS CASE FOR EXTENDED
OPERATIONS AT WILD HORSE PORT OF ENTRY

Table 4



³² Source: US Department of Transportation

APPENDIX 2 – SURVEY RESULTS

APPENDIX 2 – Survey Results

The Van Horne Institute and PROLOG Canada Inc. have been retained by the Palliser Economic Partnership and Bear Paw Development to develop a business case for extending the hours of operation at the Wild Horse border crossing between Alberta and Montana.

Wild Horse is served on the U.S. side by Highway 232 to Havre, Montana, and on the Canadian side by Highway 41 that extends all the way to northern Alberta and the Alberta Oilsands. U.S. Highway 232 also connects to Highway 87 to Great Falls and Interstate 15.

A challenge to the motor carrier industry is the imminent implementation of the new Automated Commercial Environment (ACE) commercial trade processing system by U.S. Customs and Border Protection. It appears that no Alberta port-of-entry east of Coutts will be permitted to use this program, forcing all truck traffic having a more easterly north-south routing to cross the border at Coutts, thus adding significantly to the mileage and cost of each trip.

There is potential to improve this north-south corridor to better serve industry on both sides of the border. Improvements would include the widening of roads, the addition of pull-outs and passing lanes and the raising of overhead obstacles (e.g. power lines) to accommodate over-dimensional loads.

We would be grateful if you would take a few moments to answer the following questions.

1. Contact

City/Town

- Wetaskiwin, Alberta
- Edmonton, Alberta
- Edmonton, Alberta
- Lethbridge, Alberta
- Calgary, Alberta
- Acheson, Alberta
- Circle, Montana
- Edmonton, Alberta
- Airdrie, Alberta
- Northfield, Minnesota
- Sherwood Park, Alberta
- Hamilton, Montana
- Missoula, Montana
- Columbia Falls, Montana
- Billings, Montana
- Great Falls, Montana

APPENDIX 2 – SURVEY RESULTS

- Billings, Montana
- Laurel, Montana
- Malta, Montana
- Missoula, Montana
- Rockyview, Alberta

2. What type of carrier service(s) does your company provide - flat deck, van, bulk, other?

- Dry van and livestock
- Mostly Flat Deck
- Bulk liquid, van.
- Flat Deck - Over-Dimensional
- flat deck / heavy haul
- Oversize/Overweight
- Agricultural Commodities - bulk
- Some flat deck legal loads, but mostly over-dimensional, over-weight heavy haul.
- Specialized Over Dimensional Transport
- Specialized transport, primarily dual lane trailers with extreme dimension. Axle width, typically, of 16' and cargo up to 24' wide and 22' tall.
- Various forms of bulk transport
- Flat Deck
- Flat Bed 48FT & 53'
- Other
- Bulk
- Flat Deck
- bulk
- Bulk Liquids - Haz-Mat
- Liquid bulk loads of propane, fuel and oil.
- Tanker
- Flat Deck - LTL, Full Load and Heavy Haul

3. What commodities do you mainly transport across the Alberta/Montana border? Can you provide us with approximate annual volumes for each commodity category?

- Wood shavings bagged grain and other livestock feeds 99% And some livestock
- Oil & Gas 80% Other 20%
- Calcium nitrate (165,000 lts) Canola oil (100,000) automobiles (250)
- Grain Bins/ Silos -75-100 loads Tanks 25-50 loads Grain Augers - 75-100 loads
- Approximately 108 - 120 Loads per year
- Oil & Gas Equipment - Approximately 50 loads annually

APPENDIX 2 – SURVEY RESULTS

- Feeds and fertilizer. It varies. We haven't been up there for about 18 months, then sometimes we have a couple trucks a week up there for several months.
 - Usually process equipment i.e. pipe modules, process units, pressure vessels inbound for the oil sands in northern Alberta. Volumes vary on work forecasts, in 2015 maybe 6-12 loads?
 - We have transported 2 compressors over the Montana border through the Wild Horse Port.
 - Primary types of cargo are vessels, convection sections, turbines, generators and storage tanks. On average, Perkins has transported approximately 60 to 70 shipments across the U.S. / Canadian border annually.
 - Various liquids - mainly dangerous goods. 2) Various dry-bulk - soda ash, sand, cement
 - Equipment
 - Lumber & equipment 40 loads a year
 - None to Alberta. All our work is BC
 - Fertilizer - Approximately 15,000 tons Annually.
 - scrap materials 10- 15 t/l's per month
 - Urea fertilizer
 - Propane - 500 plus truckloads. 100 plus loads through Wild Horse Refined fuels - Minimal loads
 - Liquid bulk propane. approx. 170 to 200 loads a year
 - Propane Approximately 2500 loads annually.
 - Various oilfield related commodities In excess of 2500 truckloads per year
4. Can you tell us the main points of origin and destination of your cross-border traffic?
- Central Alberta to various points in USA
 - Alberta & Saskatchewan > Oklahoma, Texas, Kansas
 - Salt Lake City UT, Phoenix AZ, Palm Springs CA, Chicago IL, Edmonton AB, Calgary AB
 - Origin - Lethbridge, AB & Regina SK; Destination - WA, OR, ID, NV, CA, AZ, UT, WY, MT, ND, SD
 - Calgary, Alberta, Canada
 - U.S. Ports - Houston, Baltimore, Duluth, Everett, Tacoma, Seattle, Vancouver to Alberta Oilsands Sites in NE Alberta
 - Medicine Hat, Alberta Eastern Montana Circle, Terry, Glendive.
 - Houston, TX, Vancouver, WA crossing at Coutts/Sweetgrass.
 - Going into Montana we have used Sweetgrass Port, coming into Alberta we used Wild Horse Port

APPENDIX 2 – SURVEY RESULTS

- The primary origins are port of Houston and port of Duluth. The destination varies, but it is typically Fort McMurray, Redwater, Fort Saskatchewan or Edmonton module yards.
 - Almost all Alberta shipping points. Some from Medicine Hat to various locations across the U.S.
 - Wild Horse ND OOOYSOOUS
 - Roosville
 - AB, SK to MT, WY, ID
 - Medicine Hat AB to Havre, MT or Billings, MT, Portland, OR
 - sweetgrass mt an wild horse an raymond
 - Waterton, AB, Didsbury, AB Empress, AB to Havre, Chinook, Lewistown, Great Falls, Denton, Fairfield, Kalispell, Missoula, Columbia Falls, Ronan, Belgrade, Dillon, Seeley Lake, Malta, Glasgow, Jordan, Hardin, Billings, Conrad, Lincoln, Polson, Thompson Falls, Big Sandy, Fort Benton, Cascade, White Sulphur Springs, Raynesford, Geraldine, Ennis, Superior and more
 - We mainly load at Empress, AB and product is delivered to various points in North eastern Montana.
 - Eastport - Kingsgate Roosevelt - Roosevelt Piegan - Carway Sweet grass - Coutts
 - From various points from the USA to mainly Alberta with a large portion to Fort McMurray
5. Would the Wild Horse Border Crossing be one that your company would use, if the infrastructure, service and hours of operation were more comparable to other crossings like Coutts/Sweetgrass?
- 10%
 - 50%
 - less than 1%
 - 25-30%
 - 90%
 - < 10%
 - If weather and road conditions allow, all would come through Wild Horse.
 - I couldn't say at this point
 - We would use the Wildhorse Border crossing whenever Viable, For our skids coming out of Havre, Montana we use it 100% of the time.
 - On the cargo originating out of Duluth, approximately 25%, we would use Wild Horse instead of Coutts. Currently, all of our cross border shipments cross at Coutts or Regway.
 - An estimate would be 50%
 - It would increase
 - Unknown
 - NA

APPENDIX 2 – SURVEY RESULTS

- 35%
 - 20%
 - 50%
 - 35%
 - We currently use the route to save miles and operating cost and can't afford to lose it. If we are to stay competitive.
 - 5 %
 - At least 50%
6. If Wild Horse was an opportunity to reduce trip mileage for your annual traffic volume identified in Question 3 above - What approximate percentage of the total volume would use this shorter route?
- Yes
 - Yes
 - Not at this time.
 - Yes
 - Yes
 - For the smaller loads that we transport this crossing may be viable depending on the origin and destination locations. Being that we primarily transport OS/OW loads we are restricted to established High Load Corridor routes with infrastructure already in place to accommodate the OS/OW Transport,
 - Definitely!
 - Yes, as long as continued routing after the crossing was acceptable and cost effective. Routing would need to be heavy haul compatible, gov't approved and be a high load corridor to eliminate utility escorts
 - Yes we would use it whenever viable.
 - Yes.
 - Yes we would
 - Yes
 - Hit and miss depending on where we picked up the freight
 - NA
 - DEFINATELY!!
 - Yes
 - Yes definitely
 - Yes it would be the 2nd most used behind Coutts/Sweetgrass
 - We currently use Wild Horse 100% for all loads can't afford to lose it.
 - On occasion
 - Yes

APPENDIX 2 – SURVEY RESULTS

7. In your view, what would be suitable hours of operation for the Wild Horse border crossing to be commercially viable?
- 13 hours a day, although 24 would be nice.
 - Full 24 / 7
 - 16 hours/day
 - 13 Hours 8am-9pm shorter in winter most over-dimensional runs daylight only
 - 08:00 AM to Midnight
 - 24 hours a day
 - 8:00 am to 9:00 pm would be sufficient in winter 8:00 am to midnight would be nice in summer; 24 hours a day is not necessary.
 - This would be dependent on local travel restrictions for over-dimensional, over-weight heavy haul transports. This would better determine what hours of operation would be best suitable.
 - I believe at minimum to be Viable at least 13 hours/day, as we can only move our over dimensional loads during the day. If there is a lot of legal load traffic 24/7 would be the most viable/
 - 13 hours / day are more than suitable for specialized freight. Daylight hours are the primary restriction; therefore, after hours coverage would not benefit our services.
 - 24 hours per day
 - 8am to midnight would be workable
 - 16 hr
 - NA
 - 24 Hours 1st preference, but anything more than what is current would help.
 - 16 hours per day
 - 8 am to midnight
 - 16 hours/Day would be optimal but we could make 13 hour days work as well
 - At the minimum 16 hours a day 8am to midnight.
 - 16 hours
 - To accommodate over-dimensional permitted loads possibly 6 AM - 9 PM during the summer and 8 AM - 9 PM during the winter
8. If the weight and vehicle regulations were the same on both sides of the border, would that increase traffic at the Wild Horse crossing?
- Yes
 - Yes
 - Unknown
 - Not for us
 - Yes
 - Potentially

APPENDIX 2 – SURVEY RESULTS

- It would increase Canadian truck traffic. Regulations should be standardized in a way to help ALL trucks.
- Again, there would be more to look at beyond the crossing in regards to infrastructure and connecting to the pre-existing high load corridor in Alberta
- I would say yes, as then you are not having to worry about permitting to get what would be a legal load in Alberta in to Montana or vice versa.
- For our services, no.
- It could have the potential to decrease volume due to less trucks required if payloads were higher on both sides of the border
- Yes
- Probably
- NA
- Yes
- No
- Yes
- Yes. Especially in the springtime when there are weight restrictions at Wild Horse due to spring thaw
- Yes, it would.
- Yes
- Yes

9. Do you have any recommended improvements on the Wild Horse corridor?

- Not at this point but once being used I am sure some would come up.
- Improvements for OD loads
- Unknown
- Ensure Height clearance of over 6M and wide lanes with pull outs and parking able to accommodate over dimensional loads
- No
- No
- Prompt snow removal. Any improvements to the roads would help if there is money to do it.
- I can't say at this time as I'm not too familiar with that route as we don't utilize it currently.
- From what I have been told from drivers the route corridor is fine to travel down. For our over dimensional loads the border has been required to open their bypass route for big loads.
- On the Alberta side, there would need to be significant infrastructure improvements to get from Wild Horse north and to the high route corridor on 36.
- No
- As for trucks crossing, we only have one in the fleet going to Canada

APPENDIX 2 – SURVEY RESULTS

- NA
- Not at this time.
- There is not a lot they could do on the roads except winter they could maintain them more, Elk Water is the only down fall it should be redone
- Biggest improvements would be to improve surface to accommodate full weight allowance year around. It would also be a big improvement if it could be made wider with pullouts for rest breaks or other uses.
- Road needs to be widened out and have pull outs installed, and better road maintenance and snow removal in the winter months both sides of the border.
- No

APPENDIX 3 – WILD HORSE BORDER CROSSING STAKEHOLDERS LIST 2016

APPENDIX 3 – Wild Horse Border Crossing Stakeholders List 2016

Company	Address
<u>Carriers</u>	
CPR	Calgary, AB
Mammoet Canada Western Ltd	Edmonton, AB
Premay Equipment	Calgary, AB
Entrec Corp	Acheson, AB
Contractors Cargo	Compton, CA
Perkins Specialized Cargo	Northfield, MN
Totran Transportation Services Ltd	Calgary, AB
Titan Transport	Calgary, AB
Triton Transport	Edmonton, AB
Rangeland Truck & Crane Ltd	Airdrie, AB
Transtech/NCSG	Acheson, AB
Westfreight Systems	Rocky View, AB
Docktor Freight Solutions	Calgary, AB
Cruz Carriers	Calgary, AB
Tucker Oil Field Hauling Ltd	Calgary, AB
Hayduk Picker Service	Drayton Valley, AB
Bison Transport	Rocky View AB
Trimac Bulk Plus Logistics	Mississauga, ON
Big Freight Systems Inc	Winnipeg, MB
Canadian Freightways	Rocky View, AB
Caron Transportation Systems	Sherwood Park, AB
CDI International Inc	Aldersyde, AB
Dick Irvin Inc	Shelby, MT
FLS Transportation Services	Montreal, QC
H & R Transport	Calgary, AB

APPENDIX 3 – WILD HORSE BORDER CROSSING STAKEHOLDERS LIST 2016

Light Speed Logistics Inc	Calgary, AB
Manitoulin Transport Inc	Gore Bay, ON
Monarch Transport (1975) Ltd	Edmonton, AB
Mullen Trucking	Aldersyde, AB
Watt & Stewart Commodities Inc	Claresholm, AB
Westcan Bulk Carriers	Edmonton AB
Canadian Pacific Railway	Calgary, AB
Sorensen Transport	Missoula, MT
Ezzie's Wholesale Inc	Malta, MT
CHS Inc	Laurel, MT
Winkler Trucking Inc	Billings, MT
Hanson Trucking Inc	Columbia Falls, MT
Davis Transport Inc	Missoula, MT
Safety First	Hamilton, MT
Hinnaland Trucking	Circle, MT
Lynden Inc	Seattle, WA
Boychuk Ventures Inc	Edmonton AB
Rosenau Transport Ltd	Edmonton, AB
T F EnergyTransforce	Edmonton, AB
<u>Resource Project Owners</u>	
Canadian Natural Resources Ltd	Calgary, AB
Devon Energy	Calgary, AB
Husky Energy	Calgary, AB
Spur Resources	
Nexen Energy ULC	Calgary, AB
Nexen Energy ULC	Calgary, AB
ConocoPhillips	Calgary, AB
TORQ Energy Logistics Ltd.	Calgary, AB
Canadian Fertilizers Limited	Medicine Hat, AB
Methanex Corp.	Medicine Hat, AB
Cancarb	Medicine Hat, AB

APPENDIX 3 – WILD HORSE BORDER CROSSING STAKEHOLDERS LIST 2016

Calfrac Well Services	Medicine Hat, AB
Goodyear Canada Inc.	Medicine Hat, AB
Parrish & Heimbecker	Medicine Hat, AB
WeddingStar	Dunmore, AB
Certain Teed Insulation (Fibreglass Insulation Mfg)	Redcliff, AB
Pacific Steel & Recycling	Great Falls, MT
Meridian Manufacturing Inc	Lethbridge, AB
<u>Agricultural</u>	
Alberta Sunflower Seeds Ltd	Bow Island, AB
Alberta Sunflower Seeds Ltd	Calgary, AB
Landmark Feeds Inc	Medicine Hat, AB
Red Hat Co-Operative Limited	Redcliff, AB
McCain Foods Canada	Coaldale, AB
Lamb-Weston (Div Conagra Ltd)	Taber, AB
R B & C Grain	MT
Richardson Pioneer	Dunmore, AB
Individual Producers Supplied	Not supplied
Individual Producers Supplied	Not supplied
Individual Producers Supplied	Not supplied
Individual Producers Supplied	Not supplied
Individual Producers Supplied	Not supplied
Individual Producers Supplied	Not supplied
<u>Other Parties Involved</u>	
Palliser Economic Partnership	Medicine Hat, AB
Eastern Alberta Trade Corridor	Killam, AB
Cypress County	Medicine Hat, AB
City of Medicine Hat	Medicine Hat, AB
Canadian Forces Base Suffield	Medicine Hat, AB
JRSB Logistics Consulting Ltd	Calgary, AB
Calgary Economic Development	Calgary, AB
Calgary Logistics Council	Calgary, AB
Calgary Regional Partnership	Cochrane, AB

APPENDIX 3 – WILD HORSE BORDER CROSSING STAKEHOLDERS LIST 2016

Alberta Motor Transport Association	Rocky View, AB
Alberta Transportation	Red Deer, AB
Alberta Transportation	Edmonton, AB
PROLOG Canada Inc.	Calgary, AB
The Van Horne Institute	Calgary, AB
Town of Redcliff	Redcliff, AB
Canada Border Services Agency	Coutts, AB
U.S. Customs Border Protection	Sweetgrass, MT
Montana Grain Growers Association	Great Falls, MT
Montana Cattlemen's Association	Vaughn, MT
Montana Farm Bureau	Bozeman, MT
Montana Farmers Union	
Montana Beef Council	
Montana Dept of Agriculture	
Ports To Plains	Lubbock, TX
Alberta Transportation	Southern Regional Director Lethbridge
Highway 2 Association	Havre, MT

