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**VIA EMAIL**

July 31, 2020

Jeff Jorgenson  
City Manager  
City of Saskatoon  
222 – 3<sup>rd</sup> Avenue North  
Saskatoon, SK S7K 0J5

**RE: Rail Relocation versus Grade Separation Feasibility Study and next phase**

Dear Mr. Jorgenson:

In response to your letter of September 27, 2019 and on-going discussions with the City of Saskatoon (City) staff seeking support from Canadian National Railway (CN) for the City to progress the rail relocation concept further, as well as a letter of support for the overall feasibility of the proposed relocation concepts and rail operations changes. We take this opportunity to provide the City with written feedback, and request a further discussion with the City to discuss the current study's omissions and findings before formalizing CN's support for an additional study.

CN is a true backbone of the economy, transporting more than C\$250 billion worth of goods annually for a wide range of business sectors, ranging from resource products to manufactured products to consumer goods, across a rail network of approximately 20,000 route-miles spanning Canada and mid-America.

Grain and fertilizer, mostly potash, make up the majority of the product we handle in the province, but we continue to see increased diversification of Saskatchewan's economy with growing volumes of consumer goods and speciality crops through both our Saskatoon and the new private Regina intermodal terminals. Saskatoon's operations boast metals distribution facilities, an automotive distribution facility, and a major rail classification yard (i.e. CN Chappell Yard on the north side of the City). We are proud of our role in supporting Saskatoon's industries and businesses of all sizes today and for the next 100 years.

The diversification and scope of CN's customers in Saskatoon and the province needs to be considered in a study that may impact rail infrastructure and operations. Customers rely on a

safe, efficient, cost-effective and reliable CN rail network to import or export ingredients, products, goods and value-add cargos necessary to grow the local economy. Ensuring CN's ability to competitively service our customers is a critical component of our feedback to the City's current Rail Relocation study scenarios.

CN and CP are Canada's two main class-one railways, but we are also two separate companies and competitors. Competition is a critical component to ensuring continued operational and safety improvements, which has benefited the Canadian economy for decades.

The actual flow and volume of current and future traffic in Saskatoon makes a sharing an asset, like a right of way, not feasible. It limits the growth, flexibility and efficiency of our rail pipeline, which is not competitive or good for the Canadian economy.

The benefit estimations in the report focus on the road authority's perspective only. We recommend a more holistic and collaborative approach in determining benefits or impacts to all stakeholders. As a next step, we propose a detailed discussion between CN and the City on the complexities of our business – commercial, environmental, regulatory and safety – to determine if the scope and intricacy of the factors warrants proceeding with a second phase of the study. Other external factors that were not included in the current study, such as impacts and agreements with indigenous, neighbouring communities and rural municipalities, real estate acquisition, and provincial and federal political interests.

CN is an expert in rail infrastructure and design. We have made record investments in the province over the past three years, and in 2020 are spending more than \$100million on the replacement of rail and ties, the maintenance of bridges, level crossings, culverts, signal systems and other existing track infrastructure. This year's investment is aligned with traditional capital investment amounts. The railway is a capital intensive operation.

We would also kindly like to remind the City that CN moved our tracks to the outskirts of the City a few decades ago to facilitate our growth, operations, customers' demands, and the community. Any rail infrastructure redesign that could impact our competitiveness and previous investments will need to be considered carefully. In addition, there will need to be a realistic conversation about the financial implications to the development of new rail infrastructure and design, as well as the ongoing maintenance and regulatory costs. CN is happy to work with City on this issue as long CN is held whole.

CN continues to deploy safety enhancing technologies across its network, such as the Autonomous Track Inspection Program, Distributed Air Cars and Automated Inspection Portals. We have been pleased with the conversations to-date with the City regarding leveraging technology and innovations in safety that may also improve traffic flows – both rail and road. We hope these conversations will continue with the City, and may be a more cost effective option to physical infrastructure relocation.

The 2018 study seems to omit key factors of rail operations and our business critical decisions' criteria, such as improve rail safety, commercial, environmental, asset utilization and cost savings. Therefore, we propose that further discussions are necessary to explain our perspective and learn more about how to develop shared common goals and objectives that work for both parties; prior to offering a letter of support for the second phase of the study.

CN values our positive and open relationship with the City and the City staff. We look forward to continuing to work with you and your staff on this matter and others that support and enhance Saskatoon's economy and are important to you the local community. To arrange a meeting between CN and the City, you can contact me at 306-956-5401 or by email at [Lindsay.brumwell@cn.ca](mailto:Lindsay.brumwell@cn.ca).

Sincerely,



Lindsay Brumwell  
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