

Fibreco's terminal enhancement project sets course for a long-term future

A big change is coming to Fibreco operations. For over 40 years, the North Shore terminal has exported wood chips and, since 2005, wood pellets. By roughly this time next year, however, agri-food specialty crops from AGT will be moving through a fully modernized, state-of-the-art terminal, replacing the wood chip overseas export business. According to President & CEO Kerry Lige, the Terminal Enhancement Project not only readies the facility to store and ship agriproducts but also improves the terminal's environmental mission, mitigates impacts on the neighbourhood and, most importantly, assures Fibreco's long-term sustainability.

Decisions and searches

The saying, 'when one door closes, another opens,' was an apt description for Fibreco's fortunes. "We exited the wood chip export business last year. The last vessel was in March 2017," said Lige. "Demand for wood chips has continued to decline on the world market and it forced us to ask if this business was sustainable for years to come."

That was the state of the business when Kerry joined Fibreco in 2013. "Along with the decline in demand, there was less and less fibre available in B.C. (due to increased demand in the domestic market and limits on exports set by the Provincial Government) and the margins were continually shrinking. All indicators told us this business was not going to sustain us for the long term."

While the decision to move from wood chips to agri-foods was a difficult one, it was softened by the fact that Fibreco has secured domestic sales contracts to sell the wood chips. "We're still generating revenue on behalf of our shareholders but now, rather than bring wood chips here by rail, store them and ship them overseas, we're selling them to the domestic market."

When it was decided that Fibreco would no longer ship wood chips, the question became, then what? Lige and his team began a stage of exhaustive research into many different cargoes and operations that would fit with their current wood pellet business. The answer became clear that



Photo: BC Shipping News

Fibreco's President & CEO, Kerry Lige, explains the decision to move from wood chips to agri-food.

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the agricultural food industry made the most sense. "We looked at potash, concentrates and many other cargoes, and the one that kept coming back was the grain opportunity," said Lige. "There are a lot of similarities between a grain commodity and our current wood pellet business, especially cargo handling characteristics. So it became obvious that this was the direction we should be heading."

The next step was to search out potential customers. "We went through an RFP process and searched the entire industry before signing a 20-year agreement with AGT just before Christmas 2017," said Lige. The agreement gives AGT shipping rights for upwards of two million tonnes annually of select agricultural commodities. "AGT is confident they'll be able to maximize the volume output fairly quickly," Lige continued.

When asked about the flurry of new grain terminals on the West Coast and whether yet another grain terminal was needed, noted that AGT was the perfect fit for Fibreco and

was reassured by their growth plans. "AGT is an impressive success story," he said. "Their focus is on specialty grains and, according to Vancouver Fraser Port Authority, bulk shipping infrastructure is needed for this kind of market. We're not competing with the likes of the G3 Terminal or the expansion at Fraser Surrey Docks where both will be focused on grains and cereals. These are specialty crops and it's a volume of crop that traditionally isn't being handled by the bigger players." With AGT's focus on peas, lentils, soy beans and the like, Lige believes the niche product fits extremely well with terminal operations, further noting that the similarities to wood pellets mean the two cargoes will be able to share some of the larger pieces of equipment.

New infrastructure

"For us, partnering with AGT addresses the questions we had about modernizing the existing facility," Lige said. "It means continued well-paying jobs; it's good for

the industrial use of land for the port; and it allows us to sustain an operation for at least the next 20 years.”

Changes to Fibreco will include:

- **Rail Yard** — Switch adjustments and track extensions will allow for the receiving and unloading unit trains. This will also facilitate better movement to and through the rail car dumper. The addition of extra trackage will allow for more on-site rail car storage. Current storage capacity is 90 cars.
- **Rail Car Dumper** — The current dumper will be retrofit with a new gravity hopper and a new railcar dumper building will provide for dust mitigation, control and collection.
- **Conveying Systems** — Covered conveying systems will be installed, with inbound rates at 1,500 tonnes per hour and outbound rates at 2,000 tonnes per hour (includes outbound weighing).
- **Storage** — Construction of 48 3,400-tonne capacity silos and eight 1,000-tonne capacity silos (all gravity drain), with a capacity of 171,200 tonnes of storage.
- **Shiploader** — Installation of a new travelling shiploader to more efficiently load products, to accommodate Panamax vessels, and to minimize dust emissions.
- **Site Infrastructure** — Upgrades of electrical, water and storm systems.

- **Demolition** — Removal of ‘woodchip only’ handling equipment (five reclaimers, four conveyors) wood retaining walls, roll over dumper and portions of the rail dumper buildings.

In addition to automation that will allow Fibreco to cycle full unit trains within a 24-hour period, Lige noted that the project addresses some of the soft handling characteristics that are required for both agri and pellet business. “Our previous infrastructure was built for wood chips, a pretty robust cargo — they’re hard and they don’t break down. Pellets, on the other hand, will break down if you hit them hard enough and will create dust — of course, grain has similar characteristics. So we’re creating softer handling characteristics that won’t break the product down. Traditionally, terminals contain the dust but we’re actually now cutting down on the dust through softer handling and enclosed infrastructure.”

Benefits

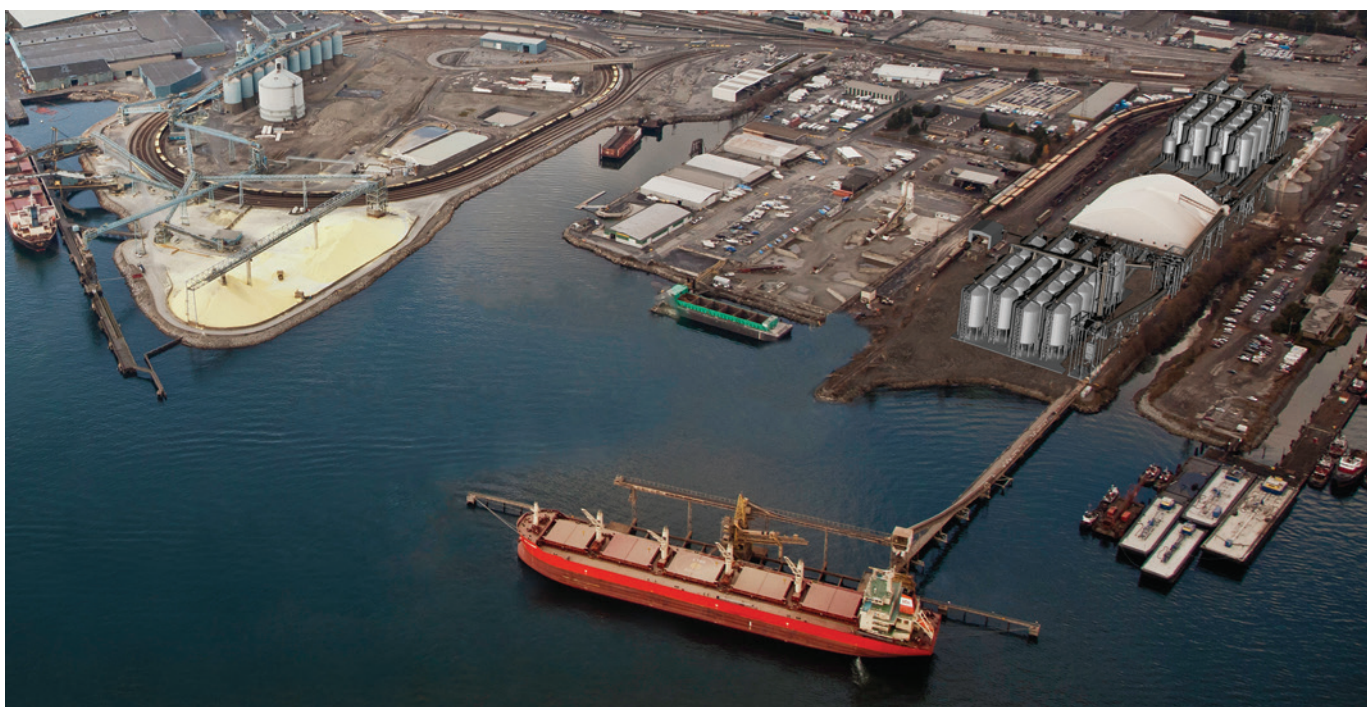
Dust mitigation is just one of the benefits the District of North Vancouver and its residents will realize. The capital investment will also lead to:

- Sustainability for local businesses and job security for B.C. workers through diversification and reduced reliance on wood products. The enhanced terminal project will provide in excess of 180,000

man hours of construction jobs and 120 long-term, high-paying jobs once construction is complete.

- Local economic benefits with a \$20 million direct injection to the local economy, and anticipated annual indirect contributions of \$60 million annually.
- Improved safety for workers and the community with modern, more efficient handling equipment.
- Improved air and noise emissions from rail unloading and from other plant operations as well as improved environmental benefits with more efficient power usage and improved storm water management.
- A more attractive site with physical improvements and newer equipment set back to best maintain existing views and reduced light impacts.
- National agri-trade benefits with improved customer service through better turnaround times and by providing relief to Canadian agricultural producers and railroads with an additional outlet to export agricultural and food ingredient products to emerging Asia-Pacific markets.

Lige also pointed to an improved cleaning process when switching between cargoes. “Before, when we switched products, we would have to wash down the systems with hoses and water and it took a long time. Now, we have a system being designed that



An artist's rendition of Fibreco after the enhancement project shows new storage silos replacing the old wood chip piles.

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will shorten that process down to mere minutes. Because the conveyor belts are closed, you simply use air to blow out any residual dust and within 10 to 15 minutes, we'll be able to switch to another commodity."

As noted in the above list, but worth repeating to highlight, reduced noise and dust, and more efficient handling of cargoes are some of the benefits that are making Fibreco's neighbours pretty happy. "The enclosed infrastructure eliminates a huge amount of dust," Lige said. "Also, there will be less noise. Historically, we would use large bulldozers with the wood chips — they

had loud back-up alarms so whenever we moved the product around the yard, we'd get complaints from neighbours. Those are going away.

"The other thing that will cut down on noise is changing over to unit trains instead of a manifest train type of arrangement. There won't be that loud banging noise when rail cars were being switched. So we'll be handling more cars but with less switching."

Indeed, the new configuration of the rail line has garnered the support of CN Railway as well. "There has been a lot of

focus on the North Shore corridor in terms of capacity," Lige continued. "There were questions about the bridge and the number of trains that can get across, especially given the expansion projects of other facilities, so there was some concern over creating a chokepoint." However in reality, Fibreco will actually be creating a better system that will improve the fluidity of cars coming in and out of the North Shore for the facility. "Manifest trains require more storage for rail cars but with unit trains, we can bring the full train in and process it within a 24-hour period. It's much more efficient."

Permits and timing

As any terminal operator in the Lower Mainland can attest and Fibreco can confirm, obtaining permits for changes can be a lengthy and detailed process. The Fibreco team started in the second half of 2015 with preliminary designs and early discussions with regulators, including the District of North Vancouver for development permits; the Vancouver Fraser Port Authority for water side improvements; and Metro Vancouver for air emissions permit amendments.

Permit approval has already been received from the Port and Metro Vancouver. By the time this article goes to print, Lige is hopeful he'll have the District of North Vancouver's approval in hand. "We have our board approval (subject to permits), our financing is in the final stages of being put in place, and, assuming the DNV provides a positive approval, we'll be ready to break ground in March. It should take a full year to complete so we're looking at about Q2 2019 to be operational."

Future operations

Once fully operational, Lige expects to see up to 70 ship visits per year with a combination of Handymax and Panamax sizes to accommodate both the two million tonnes of AGT cargo and the estimated one million tonnes of wood pellets. "The pellet business continues to be a good base of business for us," Lige said. "The beauty of this Terminal Enhancement Project is that it supports the aging infrastructure for the pellet business as well as accommodating the new agri-food business."

To say the least, the new foray into agriculture products bodes well for Fibreco.

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