

How an oil tycoon plans to transform the iconic mountain town of Banff

Adam Waterous and his wife are behind a plan to build a passenger rail line connecting Calgary to Banff and service it with an environmentally friendly, hydrogen-powered train

By Joe O'Connor

Published Mar 21, 2024 • Last updated 4 days ago • 11 minute read

It's 7 a.m. and the fresh cup of coffee in Adam Waterous' hands isn't providing him fuel to pump Strathcona Resources Ltd., which he built from scratch to become Canada's fifth-largest oil producer prior to taking it public five months ago.

Instead, the former investment banker is sitting with his wife Jan and eager to talk about a project that seems diametrically opposed to the interests of the Calgary-based oil company he's executive chair of, and the oilpatch in general. But before wading into that story, Waterous had a revealing coming-of-age tale to share.

He and a high school buddy took the subway to what were then Toronto's northern extremes, stuck out their thumbs and promptly caught a lift from a kind, elderly couple in a Cadillac who dropped the boys about an hour north of the city. The plan was to hitchhike to Banff, Alta. It was 1979.



Former investment banker Adam Waterous built oil producer Strathcona Resources from scratch. Now, he and his wife Jan are spearheading a plan to build a rail line connecting Banff to Calgary. PHOTO BY AZIN GHAFFARI/POSTMEDIA

"I thought, "This is going to be easy," he said. That burst of early optimism died by the side of the highway in Sudbury, Ont., where the friends were marooned for three days waiting for a ride. Eventually, they reached the iconic Canadian mountain town with the breathtaking scenery and abundance of outdoorsy stuff to do. Waterous was hooked.

So much so that after spending the summer in Banff, he spent the next two decades trying to figure out how to get back and make it his home. Jan, a Torontonion, likewise enjoyed a youthful brush with the town, and was keen

to do the same. Today, the couple are the proud owners of the Mt. Norquay ski resort and, despite their Calgary digs, consider Banff as their permanent address.

But skiing is not what Waterous is known for in business. The 62-year-old made a mint doing deals in the oilpatch as an investment banker with Bank of Nova Scotia before striking out on his own in 2017 to found Waterous Energy Fund, a private-equity player that snapped up a bunch of small oil producers, creating the not-so-small Strathcona Resources.

Potentially far more transformative and, on its surface, perplexing — given the origins of Waterous' substantial wealth — than shaking things up in the energy sector is the hydrocarbon-tycoon's plan to shake up things in Alberta and North American mass transit circles by building a 150-kilometre rail line connecting Banff to Calgary and to service it with an environmentally friendly, hydrogen-powered train.

This is it not a save-the-planet solo-effort, mind you, but a Waterous family affair, equally propelled along by Jan, a public relations whiz, who parked a big corporate job in Toronto to move west, and to a lesser degree the couple's three, Harvard-educated sons who, incidentally, all have day jobs at Waterous Energy Fund.

“Without Adam and Jan, the train would still be the most talked about thing in Banff that is never going to happen,” Mike Mendelman, a Banff restaurateur, said. “There have been so many hurdles related to this project, and anybody but them would have tired of it long ago and thrown in the towel, but they just keep going.”

In the days of yore, part of the wonder of Banff was the journey to get there. Starting in 1888, it was a trip often undertaken by train that delivered generations of tourists to what was then Canadian Pacific Railway's Banff Springs Hotel, and parts thereof. That passenger train kept chugging in gradually diminishing grandeur as the town grew until 1990 when Via Rail Canada Inc., a Crown corporation that was bleeding money, cut its service to the mountains, cutting travellers off from Banff unless they wanted to drive or take the bus.

Lo and behold, drive they did: around 6.5 million vehicles pull into Banff each year, according to town statistics. That's a lot of cars for a place with not a lot of roads to accommodate them. During the summer tourist high season and at points during the winter, the resort town at the heart of Banff National Park experiences traffic jams, not on a nightmare Toronto-scale, but at a level that is neither a win for the locals' disposition nor the environment.

On top of their aggravation is an acute housing and affordability crisis, such that a tourist destination that desperately needs workers to serve its more than four million annual visitors has nowhere for those workers to live, unless they happen to luck into a studio apartment — for \$1,700 a month.

A train, in theory, would dramatically decrease the volume of cars and increase the labour supply by attracting workers from stops along the line with more affordable housing options, or so the

RIDING THE RAILS FROM CALGARY TO BANFF

Route of the Calgary to Banff rail project proposes seven stops along the dedicated 150-kilometre line





Tourists take photographs at Lake Louise during the pandemic in June 2020. Traffic jams are common in Banff during the summer tourist high season. PHOTO BY MARIE CONBOY/POSTMEDIA

argument goes. It is a perfectly common-sense solution that has long seemed obvious to Banffites, Mendelman included, and yet equally obvious was that no level of government was poking around town to ask whether Banff wanted its train back, or whose responsibility it was to build, operate and fund the line.

Enter Adam and Jan Waterous, two incurable doers with three inquisitive sons, and a zest for freewheeling family dialogues. The town’s infernal traffic problem came up over breakfast eight years ago, and not for the first time.

“You keep asking the question, ‘Well, what are they going to do about it?’ and it occurred to us, sitting around with the boys, who is this they?” Jan said.

In that moment, the family decided the “they” would be them. Nearly a decade on, it still is.

In the interim, the Waterouses, through the family holding company Liricon Capital Inc., have invested millions of their own fortune into the proposal to build a train. The wider aspects of the project would involve restoring Banff’s historic train station, expanding upon an intercept parking lot with 600 free parking spaces intended to get drivers out of their cars and onto shuttle buses the Waterouses already operate, and adding a gondola service to whisk people from the train station to Mt. Norquay’s slopes.

Plenary Americas, a portfolio company of Quebec’s pension fund, the Caisse de dépôt et placement du Québec, sure seems bullish on the idea, and has signed on as the co-developer of the train. The other partner, should the project get the green light, would be the Canada Infrastructure Bank, which would put up half the estimated \$2-billion construction cost. Alberta Premier Danielle Smith likewise seems keen, to the extent the province committed millions to explore connecting passenger rail service to Alberta’s Rocky Mountain parks system in its Feb. 29 budget.



The Waterous family in their Banff mountain backyard. From left to right: Liam, Jan, Adam, Riley and Connor. The family hatched a plan to build the Calgary-Banff train route over breakfast eight years ago. PHOTO BY SUPPLIED

It is fair to say none of the above would have happened if a couple of opposites, who have been together for almost 40 years, had not said enough was enough. Adam and Jan's divergent natures were not evident when they were classmates (in political theory) at Western University in London, Ont., but they became clear upon bumping into one another in an elevator in Toronto during the summer of 1984.

Adam was wearing an "Elect Brian Mulroney" button; Jan an elect "John Turner" button. Both were volunteers for the opposing campaigns to be prime minister. A wager was struck on the outcome, and a lunch subsequently purchased by the loser for the winner at Bemelmans, a popular Toronto haunt.

"And the rest is history," Jan said.

Part of that history, as it relates to an ambitious, unsolicited proposal to get a \$2-billion infrastructure project built in Alberta, revolves around Adam's dogged persistence. Back in the day, when he was a wheeling-and-dealing banker, he had a reputation among colleagues for quirky boardroom presentations, at times relying more on using old movie clips rather than spreadsheets.

"Adam is clearly super smart," David Potter, who worked closely with Waterous at Scotiabank, said. "But what really sets him apart from all the other sharp minds I've met or worked with over my career are his resilience and persistence. Adam bounces back from bad news like no one else. Just moments after suffering a business setback, he's already imagining and planning the next even bigger success."

Jan said her husband's unbridled optimism in the wake of apparent disaster has been crucial in their dealings with bureaucracy: a morass of red tape, involving three levels of government, and a cast of changing characters.

Since the train project got rolling in 2016, the Waterouses have had brushes with three different premiers (Rachel Notley, Jason Kenney and Smith), seven transportation ministers, seven mayors and four communities, plus some mucky mucks from Parks Canada who, according to the couple, love nothing better than to say no.

"I hear 'no' as no, but Adam hears 'no' as maybe," Jan said. "He loves to quote that line from the movie, *The Big Lebowski*, 'Yay, well, that's just like your opinion, man.'"



Adam bounces back from bad news like no one else. Just moments after suffering a business setback, he's already imagining and planning the next even bigger success

DAVID POTTER



A large sundog lights up the sky behind the Cascade chairlift at Banff's Mt. Norquay ski resort, which is owned by the Waterouses. PHOTO BY AL CHAREST/SPECIAL TO POSTMEDIA

In other words, Waterous doesn't get too fussed about opinions or the personalities delivering them, but stays focused on the merits of the project. Those merits don't require consultants in fancy suits to sell them to the powers-that-be. Adam and Jan show up to meetings themselves, including in 2017, when they first met Jeff Genung, the mayor of Cochrane, Alta., for coffee.

Genung immediately warmed to the idea and the people pitching it. A train would provide commuters an alternative option from driving, ease the burden on an overburdened highway network, increase labour mobility and attract more tourists to Cochrane — about 30 minutes northwest of Calgary and the hypothetical train’s first stop — even if the sum of their visit meant getting off the train to stretch their legs and grab a bite to eat.

The mayor understands the train would be operated as a business, with profits derived from ticket sales and a three-tiered pricing model, with the most luxurious seats reserved for domestic and international travellers of means bound for some good times in Banff. But he has never sensed the Waterouses were in it for the money.

“I genuinely think their interest in the train is doing something that is legacy, something that could really improve the lives of Albertans,” he said.

Jan said the project isn’t indeed an act of philanthropy, though she said there are much “easier ways” to make money, and most involve fewer headaches and substantially less red tape.

“Philanthropy, as admirable as it is, is not sustainable,” she said. “Our model is based on the premise that the only way to ensure that a solution is environmentally sustainable is to also make it economically sustainable.”



A Canadian Pacific Railway locomotive pulls train cars along a rail line in Banff. If and when the hydrogen-powered train gets built, the line would track within the existing freight rail corridor. PHOTO BY FRANK GUNN/THE CANADIAN PRESS

As for the environment, if and when the hydrogen-powered train gets built as proposed, the line would track within the existing Canadian Pacific Kansas City Ltd. freight rail corridor, thereby nixing the need to cut great swaths of forest and blast through mountains. That’s a good news story for the planet.

But pitching a clean-tech transit line that takes cars off the road on the one hand while fuelling those cars and the carbon economy on the other might annoy a few people in the green camp. Strathcona Resources produces about 200,000 barrels of oil a day, and the company plans to boost production to 325,000 barrels over the next eight years.

And yet Waterous doesn’t see any contradiction between what he does for a living and what he is trying to do for Banff. Portraying oil as a public enemy gets him pretty animated, and he argues that millions of people in the developing world die each year of “energy poverty” because they lack access to cheap fuel sources to heat, cool and cook in their homes.

The clearest path to eliminate those deaths, he said, is to ramp up energy production in the west while ramping down our own energy-intensive hypocrisy by parking our cars, building and using mass transit, and having energy producers such as Strathcona invest in technologies that can help decarbonize the hydrocarbon system.

“We actually think there is a moral obligation for Canada to try and double its production over the next 15 years,” he said.

Morals aside, a Calgary-Banff train polls favourably with the public, with 85 per cent of Calgarians expressing support for the idea. But there is still plenty of convincing to do.

Count Sarah Elmeligi among the skeptics. The NDP MLA for the region that includes Banff had a long pre-political career in conservation. She is reportedly not anti-train, but wants to see more data on what the impact on the environment and wildlife corridors might be and whether, say, an expanded bus service might negate the need for a multi-billion infrastructure project before championing the cause.

Waiting on feasibility and wildlife impact studies requires patience, but, according to Jan, the couple dutifully take their “vitamins,” and, according to Adam, they feel like a couple of “kids” despite being in their early 60s. They are not going anywhere.



Liam Waterous, then 16, collecting signatures in support of the train proposal at a booth on Banff Ave. PHOTO BY SUPPLIED

But just in case, mom and dad have some backup. Liam, their youngest son, was 16 when the train project started. He recalls its humble beginnings at a makeshift booth on Banff Avenue collecting signatures with his parents from locals in support of the train. His parents carried the resulting data with them to their initial meeting with the Canada Infrastructure Bank.

Now 24, Liam is an associate with wide-ranging duties at Waterous Energy Fund. Among his tasks on a recent morning was doing some financial modelling for the train. Jan said her boys bring boundless energy, spreadsheet chops and the insights of the not-always-car-owning millennial to the table. Liam believes his buddies would be willing to pay between \$20 and \$30 for a ticket to Banff.

Liam describes his parents as a “funny pair.” Jan is the calm one, the listener, sounding board and a sage giver of good advice to Adam, the “China breaker” who is constantly pushing new ideas, and occasionally requiring his spouse to rein him in.

“Obviously, the relationship works,” Liam said.

Mendelman, the Banff restaurateur, delights in a story about Adam from around the time Strathcona Resources went public. The hard-charging tycoon and his sons flew to Toronto to ring the opening bell at the Toronto Stock Exchange. And yet when Mendelman ran into Adam sometime after, he glossed over going public and got right down to business: “How was the skiing?” he wondered.

“Adam doesn’t seem to dwell on past accomplishments,” Mendelman said. “He seems much more interested in the future of Banff.”

It was now 9 a.m. in Calgary, and the sun was streaking through the windows of the Waterouses' city house. Adam's coffee was empty, but his day had just begun. It was time to get to work as chief executive of an oil-focused energy fund, but he was still eager to talk of hydrogen trains.

“What Jan and I are doing with the train, gondola and intercept parking — none of these are our ideas — they have all been around forever,” he said. “We always thought they were really good ideas, and like a lot of things in life, this is all about leaning in and saying, ‘Fine, we’ll do it.’ Somebody has got to lead the parade.”

Email: joconnor@postmedia.com