

## What Halton Region Is Missing by Its Blanket Opposition to CN's Proposed Intermodal Facility

By: Frank Clayton

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It seems like yesterday that CN announced its intention to build a new intermodal facility in Milton (the “Milton Logistics Hub Project”) in March 2015. As an economist, I would have anticipated that the host municipalities (the Town of Milton and the Region of Halton) would be ecstatic about a \$250 million investment in their economic infrastructure, especially one which could be used to leverage other investments, including transportation and distribution centres, to Milton. To my shock, both governments immediately voiced opposition to the proposed facility. It is as if the City of Woodstock and Oxford County had told Toyota in 2006 to get lost, which, with hindsight, would have been a colossal economic development mistake.

This vocal opposition to CN's proposal continues today, with both municipalities using findings from the January 2020 federally-commissioned Environmental Assessment Report (“EA Report”) to support their (shortsighted, in my view) campaign to kill the proposal.<sup>1</sup>

### What CN is proposing

Over the years, CN Rail has assembled more than 1,000 acres in south Milton. The location and regional context of these lands are shown on the map which follows the text of this blog.

In 2015, CN announced its intention to build an intermodal facility on 400 of these acres. When fully operational, the facility will operate 24/7, resulting in 1,600 truck trips daily (800 each way) and 4 container train trips daily (an addition of two new train trips daily to the two that now pass through Milton). The facility will complement CN's existing intermodal facility in Brampton (there is also a CP intermodal facility in Vaughan).

As a federally regulated railway, CN is not subject to the Halton Region Official Plan. The decision to approve the proposal and any associated conditions will have to be made by the federal Minister of Environment and Climate Change.

### There is widespread agreement regarding the need for increased intermodal facility capacity in the GTHA

The federally-commissioned Review Panel (“the Panel”) for the project concluded that: “there is a need for additional facility capacity in the Greater Toronto and Hamilton Area” (“GTHA”).<sup>2</sup> This opinion was based on submissions from CN, port authorities, transportation companies, other parties involved in supply chain management and organizations like the Toronto Region Board of Trade.

The Growth Plan for the Greater Golden Horseshoe (“Growth Plan”) highlights the priority of efficient multimodal goods movement.<sup>3</sup> Moreover, there is awareness that if the intermodal capacity is not expanded to meet the rapidly growing demand for goods movement, there would be a substantial increase in truck traffic and therefore greenhouse gas emissions:

*“Without intermodal facilities such as the Milton Logistics Hub, goods in containers would have to be shipped by long-haul truck, which would generate up to four times more greenhouse gas emissions and also increase congestion on regional highways.”<sup>4</sup>*

Finally, a lack of intermodal facility capacity would have negative repercussions on the efficiency and growth of the GTHA’s economy.

### **Opposition to the location of the facility in Halton Region**

Halton Region is not opposed to expanding the capacity of the GTHA’s intermodal facilities, assuming it happens elsewhere. The Region, in fact, proposed that CN should expand the capacity of its existing Brampton intermodal facility by using recent intermodal technologies instead of proceeding with the proposed Milton facility. The EA Report Panel was not convinced, however, by Halton’s argument that CN’s Brampton facility had the sufficient capacity to accommodate the foreseeable growth in intermodal trade.<sup>5</sup>

### **Why Halton Region says it is concerned about CN’s proposal to build the intermodal facility in Milton**

Here are the abbreviated concerns expressed by Halton Region prior to the EA Report issued last January:<sup>6</sup>

- **Traffic congestion:** the 1,600 truck trips will lead to more traffic on the roads and poses risks to road users and residents in the area;
- **Health and Safety:** the site will generate increased levels of noise, air pollution and lighting, which will impact the health and safety of current and future residents in the area;
- **Environment:** efforts to protect the environment will be undermined by emissions, storm water discharge, water taking and watercourse alteration; and
- **Employment:** the project will result in just 130 jobs compared to the 1,500 jobs currently planned for the site and the surrounding area.

Halton Region in particular uses one key finding of the EA Report as justification for its position that the intermodal facility should not be built on CN’s Milton lands.

*“The Federal Review Panel reached the unprecedented conclusion that the project is likely to cause significant effects on human health that cannot be mitigated.*

*Halton’s position - Significant adverse environmental effects on human health are paramount. CN’s proposal is not justified in the proposed location.”<sup>7</sup>*

However, as documented below, the Region fails to address the full conclusions published by the Panel’s conclusions and its assessment of the project.

### **The Review Panel’s Recommendation**

An appropriate framework for judging the merits of an investment like the CN proposal is one that considers a wide range of benefits and costs, both regional and local. While the Review Panel’s report focused on a

potpourri of environmental impacts and recommended a number of mitigation measures, it also opined on the need for additional intermodal capacity and the suitability of the Milton location.

The federal Minister of Environment and Climate Change is now deciding whether the CN proposal is likely to cause significant adverse environmental effects. If the Minister decides that this is the case, but that these are justified given the advantages of the project, it would be allowed to proceed subject to conditions set by the Minister.

### **Halton Region's concerns and the Panel's conclusions**

- **Health and safety**

Halton Region is correct when it points out that the Panel concluded that the proposed CN intermodal facility is likely to cause a significant adverse environmental effect on human health due to a range of traffic-related air emissions. This was only part of the Panel's overall conclusion, however. Overall, they concluded this would be the case whether or not the CN intermodal facility is built, as the CN lands are intended for industrial development, which would also likely result in similar emissions. The bottom line, according to the Panel, is that there will not be net additional human health effects resulting from the facility construction.

- **Traffic congestion**

The Panel concluded that a maximum of 800 trucks potentially entering and existing the intermodal facility daily is only a small percentage of the total number of vehicles currently operating on Milton roads. It did recommend that if the facility opened before the widening of Britannia Road has been completed (estimated for 2024), CN should reduce the scheduled number of trucks during peak traffic hours.<sup>8</sup>

- **Environment**

Overall, the Panel stated that it could not find significant adverse effects for most of the environmental components examined, except for air quality and human health, as noted above, and that these are likely to occur whether the CN facility is built or not.<sup>9</sup>

The Panel concluded that in general greenhouse gas emissions would be reduced because containers would be moved by railway rather than long-haul trucks. Other environmental factors, including light, noise and vibration, surface water, wetlands, terrestrial environment, wildlife and fish and fish habitat, could be mitigated.<sup>10</sup>

- **Employment**

The Panel agreed there will be little direct employment created by the intermodal facility. However, it also concluded that Halton Region should not have designated these lands for higher intensity employment uses with a target of 1,500 jobs as it knew the lands were owned by CN and therefore not subject to local planning regulations. At the same time, the Panel expressed skepticism regarding CN's argument that the intermodal facility could generate an additional 1,500 to 2,500 indirect jobs in Milton. It recommended that CN hold discussions with Milton and Halton Region to see how it could contribute to the Region's desire for a more diverse employment base.<sup>11</sup>

## **Halton and Milton oblivious to potential economic offshoots from the proposed CN intermodal facility**

According to Halton Region and Milton, the Panel concluded the CN facility would be a disaster in economic terms. Further, they claim that not only would it result in little employment, but that the revenues from property tax and a one-time development charge would be minor compared to what these lands could produce if developed for alternative industrial uses. This is an extreme scenario, however, and assumes the proposed facility would not stimulate a wave of transportation-related development. This increased development seems likely, especially if the Region and Milton are proactive in encouraging it.

The development of CN's intermodal facility offers Milton and Halton Region a once a lifetime economic development opportunity. Instead of opposing this facility, a more fruitful economic development approach would be to welcome it and to use the resulting negotiations with CN to maximize the resulting economic spinoffs (in terms of jobs and municipal revenues) for Milton and the Region.

### ***Combined business park and intermodal facility can draw industrial development***

Avison Young explored intermodal logistics in the GTHA in 2018 and provided valuable insights into the economic benefits of emerging co-location logistics parks. In particular, it looked at the 680-acre business park and intermodal centre established by CN in association with Tribal Partners in Calgary.<sup>12</sup> This logistics park has space to accommodate more than 2 million square feet of warehouse distribution facilities and has already attracted a 422,000 square foot Whirlpool Canada distribution centre and Princess Auto's 250,000 square foot warehouse.<sup>13</sup>

### ***The existing CN and CP intermodal facilities are regarded as key economic development attractors by Peel, Vaughan, and Brampton***

Peel Region attributes its strong growth in the number of manufacturing, warehousing and goods-movement-related businesses in part to its well-developed multi-modal transportation infrastructure, which include CN's and CP's intermodal facilities.<sup>14</sup> The Region also noted the economic benefits from goods movement businesses: \$49 billion of GDP, which provides 43% of all jobs in Peel Region and contributes 48% of all commercial and industrial taxes in the region.<sup>15</sup>

A key aspect of the City of Vaughan's economic development strategy is the development of the Vaughan Enterprise Zone, an area of more than 3,800 acres of employment land at the city's western boundary. The economic development strategy observes: "the key transportation feature of the Enterprise Zone is the Canadian Pacific (CP) intermodal rail yard, which is the largest CP intermodal facility in Canada."<sup>16</sup>

An analysis of employment lands in the City of Brampton noted that transportation-related jobs in Brampton are particularly focused within three transportation precincts, including the CN intermodal facility.<sup>17</sup>

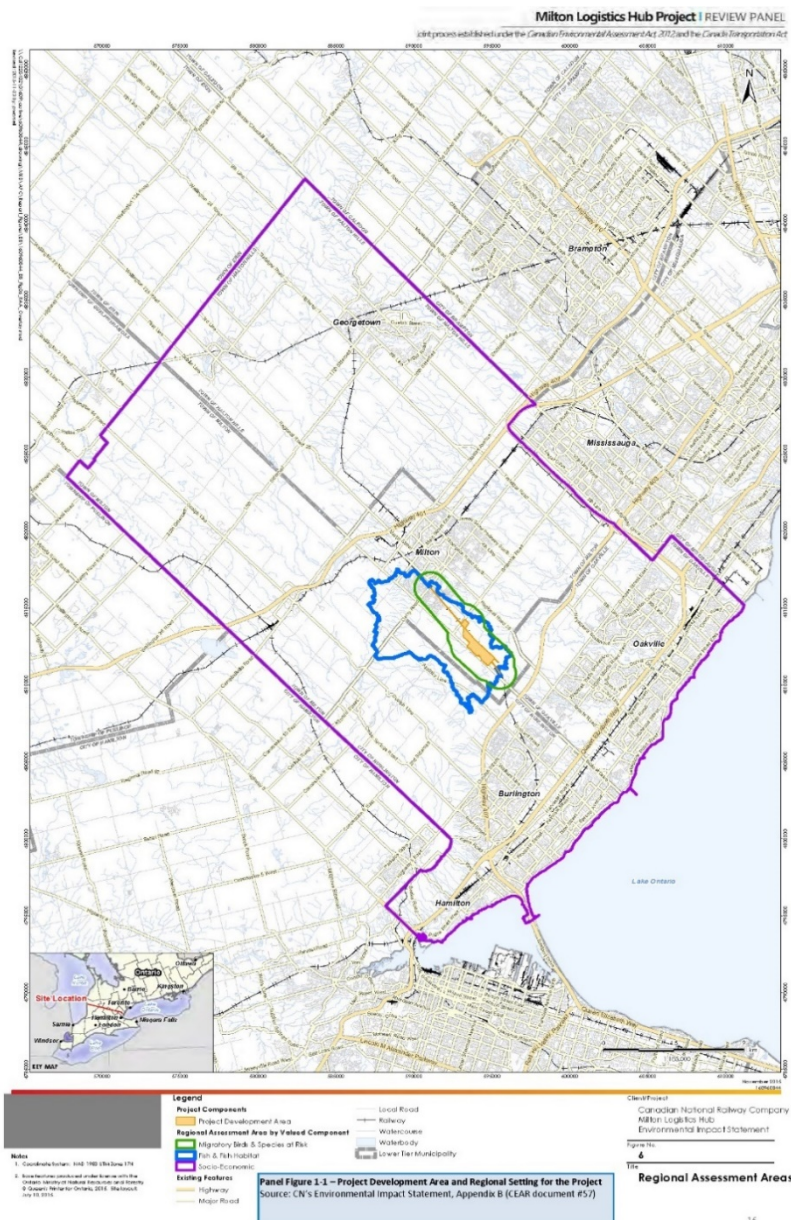
### ***Logistics clusters have the potential to become engines of regional economic growth***

A recent conference presentation at the Transportation Research Forum concluded that spatial clusters of logistics-intensive activities, including intermodal facilities, can become engines of regional growth. It mentions two examples, each generating close to 30,000 jobs in direct employment: The Alliance Texas Global Logistics Hub and the CenterPoint Intermodal Center outside Chicago. It argues that many regional governments have pointed to the establishment of clustered transportation and logistics areas as major components of regional economic plans.<sup>18</sup>

## Conclusion

Most suburban municipalities would embrace a potential \$250 million investment in their economic infrastructure and explore ways to leverage it to enhance their revenues and employment base. The Region of Halton and the Town of Milton, however, instead of working with CN to maximize the economic and financial benefits from the planned intermodal facility, have opposed it on planning, environmental and congestion grounds. The recently completed environmental assessment report of the project, however, concluded these concerns were overstated, could be mitigated, or were unavoidable given the type of development planned for these lands in the absence of the intermodal facility.

Given the fact that only the federal government has the power to cancel the intermodal facility, working with CN to maximize the economic benefits likely to result from it, such as jobs and municipal revenues, would be a more fruitful approach for the Halton Region and the Town of Milton. The proposed facility is not only necessary for the future economic growth of the GTHA, but its economic benefits also outweigh the detrimental environmental impacts as long as the Review Panel's recommendations are implemented.



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<sup>1</sup> The Review Panel for the Joint Process for the Review of the Milton Logistics Hub Project (2020). "Milton Logistics Hub Project Environmental Assessment Report." [Online] Available: <https://iaac-aeic.gc.ca/050/documents/p80100/133733E.pdf>

<sup>2</sup> Ibid., x

<sup>3</sup> Section 3.2.4 and Schedule 6. Province of Ontario (2020). "A Place to Grow: Growth Plan for the Greater Golden Horseshoe." [Online] Available: <https://files.ontario.ca/mmah-place-to-grow-office-consolidation-en-2020-08-28.pdf>

<sup>4</sup> Avison Young (2019). "CN Milton Logistics Hub: Fact Sheet." [Online] Available: <https://www.avisonyoung.ca/documents/56635302/56647756/Milton+Logistics+Hub+Fact+Sheet/>, 2

<sup>5</sup> "Environmental Assessment Report," 288

<sup>6</sup> Region of Halton, "CN Milton Logistics Hub Project," [Online] Available: <https://www.halton.ca/The-Region/Projects-and-Initiatives/CN-Milton-Logistics-Hub-Project#01> Accessed August 2020

<sup>7</sup> Ibid., 2

<sup>8</sup> "Environmental Assessment Report," vii

<sup>9</sup> Ibid., 295

<sup>10</sup> Ibid., ii – iv

<sup>11</sup> Ibid. 217

<sup>12</sup> Avison Young (2018). "Intermodal Logistics in the Greater Toronto Area: The Relevance of Intermodal in the E-commerce Age." [Online] Available: <https://www.avisonyoung.com/documents/20342/69545959/aytopicalreportgreatertorontoareaintermodallogisticsnov15-18final.pdf>, 6-7.

<sup>13</sup> Ibid., 6. For further details on the Calgary Logistics Park, see Tribal Partners (2018) "CN-Calgary Logistics Park." [Online] Available: <http://tribalpartners.com/content/uploads/2018/10/Case-Study-CN-Calgary-Logistics-Park.pdf>

<sup>14</sup> Region of Peel (2017). "Peel Region Goods Movement Strategic Plan 2017-2021." [Online] Available: <https://www.peelregion.ca/pw/transportation/goodsmovement/pdf/goods-movement-strategic-plan-2017-2021.pdf>, 9

<sup>15</sup> Ibid., 10

<sup>16</sup> Miller Dickinson Blais Inc. (2010). "Building a Gateway to Tomorrow's Economy: City of Vaughan Economic Development Strategy 2011-2021." [Online] Available: [https://meetingarchives.vaughan.ca/committee\\_2010/pdf/Gateway0830%20-%20Strategy.pdf](https://meetingarchives.vaughan.ca/committee_2010/pdf/Gateway0830%20-%20Strategy.pdf), 34

<sup>17</sup> Cushman & Wakefield (2009). "Market Demand & Development Feasibility Study for Brampton Employment Lands." [Online] Available: <https://www.brampton.ca/en/Business/planning-development/Documents/PLD/Growth%20Management/Brampton%20Employment%20Lands%20Report%20-%20FINAL%20Nov.%202020,%202009.pdf>, 20

<sup>18</sup> Anderson, William P. and Sarah M. Dunphy (2013). "Economic Development Around Intermodal Facilities in Canada." *Canadian Transportation Research Forum (CTFR)*. 48th Annual Conference. *North American Competitiveness in Global Trade: The Role of Transportation*. CTRF 2013 Conference Proceedings. Halifax, Nova Scotia, Canada, 9-12