

**East Hants
Atlantic Gateway Opportunity
Business Plan**

April, 2009

“Can the Municipality of East Hants afford not to look at the possibility of a potential inland port development in Milford Station?”

~

“Opportunity too good to pass up”

- editorial The Weekly Press, Wednesday March 4, 2009

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**MEH Atlantic Gateway Opportunity
Business Plan
April 2009**

Executive Summary

The Municipality has identified a potential economic development opportunity associated with the Atlantic Gateway Strategy. The objective of this business plan is to provide a strategy for the consideration of all aspects of the development of an integrated intermodal facility at Milford Station in consultation with staff and the community of Milford Station and all citizens of East Hants and to produce a report for consideration by Municipal Council. This business plan covers a period of twelve months from April 1, 2009 to April 1, 2010.

A special committee of Council, The Gateway Opportunity Assessment Committee (Gateway Committee) will implement the business plan on behalf of Council and lead staff and special advisors in consideration of the various aspects of the East Hants Gateway Opportunity. The Committee will report to Council monthly and prepare a final report for Council consideration on or before April 1, 2010.

The Gateway Committee will incur operating expenses including the cost to retain consultants, as required and considered appropriate. To complete its task and achieve the objective, the Gateway Committee will request that an adequate budget be approved by Council. It is projected that a budget of \$131,000 will be required to complete the assignment and achieve the stated objective. Details of projected expenditures are attached as Appendix E.

Key issues and activities to be addressed include; Community Engagement and Social Impact, Land Management, Business and Investment Attraction, Business Case Refinement, Infrastructure Funding, Economic Impact Assessment and Project and Information Management, Budgeting and Reporting.

A Community Advisory Committee will be established and consist of community volunteers, two councilors including the area councilor and such other citizens or professionals as considered necessary and appropriate. The Community Advisory Committee will report through the area councilor to the Gateway Committee and through that committee to Council.

A request will be made to the Atlantic Gateway Fund for \$10 million for enabling infrastructure. This will be for the construction of an interchange at Highway 102 and an access road to the proposed facility site and a community benefits package.

Additional research and refinement of the business case associated with the opportunity will be undertaken. The Business Case will be presented to specific targeted corporations with the intention of confirming interest for operations and or investment.

Policies addressing the required land for future development and for compensation for impacted citizens will be researched and drafted.

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Background

Early in this decade congestion in the ports on the west coast of North America and a shift in international trade routes for container shipping led to the emergence of a North American East Coast "Gateway" including several US ports. Following up on this trend the Canadian government began considering opportunities for an "Atlantic Gateway" including the Port of Halifax.

The Federal Atlantic Gateway Initiative and potential opportunities for East Hants have been of interest to staff since 2005. Developments have been closely monitored. The Halifax Inland Terminal and Trucking Options Study prepared for the Halifax Port Authority and HRM in 2006 identified two preferred locations for an inland port, Rocky Lake in HRM and Milford Station in East Hants.

MEH Council established a Committee of Council in June 2007 to consider the potential of the Atlantic Gateway Opportunity for East Hants and to report back to Council. The committee has been very active since it was formed and has directed staff in activities to review and assess the potential opportunity and reported back to Municipal Council.

The Federal Atlantic Gateway Strategy was formally announced in 2007 and identifies infrastructure funds for Gateway development.

In the fall of 2007 MEH Council commissioned the Chris Lowe Group, of Halifax and Prime Focus LLC (Libby Ogard) of Chicago to prepare a report with a comprehensive assessment of the Milford Station site opportunity. The final report "Atlantic Gateway Strategy Opportunity Assessment" presented in December 2007 identified a potential business case to support planning for a new integrated intermodal logistics centre at the Milford Station greenfield site.

During 2008 staff working with the consultants refined the business case and identified and initiated a series of meetings with key stakeholders to present the Milford Station opportunity. These stakeholders included, The Port of Halifax, The Premier's Office, The Province of Nova Scotia and the Minister Responsible for Gateway (Angus MacIsaac, The Atlantic Gateway Strategy Committee, Co- chair of and Director of ACOA, Debbie Windsor), The Federal Minister responsible for Gateway, Peter MacKay,.

Feedback from the meetings was positive and validated that the opportunity had real potential. The concept was seen as consistent with the overall Atlantic Gateway Strategy, supported the growth of the Port of Halifax, and was seen as non competitive with other proposed Gateway projects.

The Municipality's approach to considering the Gateway Opportunity can be viewed as consisting of three stages or phases.

Phase One began with a preliminary exploration of the potential opportunity. Part of the process was developing an understanding and appreciation of the international trade issues and the logistical implications of sea, rail and air movement of cargo around the world. Coming out of this what was highlighted was the unique benefits of location that East Hants has in this scenario. Also involved was research of other sites and gaining an understanding of what a potential intermodal facility could look like and its potential impact on the community. This research and education process involved staff, Council and the Council Gateway Committee, hired consultants and local and visiting international experts. Prevalent in all discussions was the importance of community consultation and involvement in any proposed development. It was emphasized that when the initiative moved from the consideration of a potential opportunity and completion of due diligence to a real opportunity moving toward the planning stage that the community would be involved.

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Background (cont.)**

This phase ended with the tabling of the comprehensive report and assessment prepared by Chris Lowe and Libby Ogard dated December 2007.

Phase Two which commenced in 2008 flowed from the findings of Phase One and involved a more in-depth consideration of the potential opportunity and what it could mean for East Hants. The business case was refined and some of the costing elements were addressed. The concept currently is being presented to key players to obtain their response and measure the level of support or resistance to the concept. As reported above the response to date has been positive and reinforcement and validation of the initial concept continues to grow with every new meeting. During this phase potential partnerships and logistic links with Halifax International Airport were explored. During Phase Two activities associated with the exploration of the Gateway Opportunity were confidential. The objective was to complete a responsible review of the potential opportunity so municipal council could assess the potential and determine the next step.

Phase Three commenced in February of 2009 when Council passed the following Motion:

“As Council recognizes a significant potential opportunity surrounding the Atlantic Gateway Initiative which could mean substantial benefits for the economic well being and quality of life for all citizens of East Hants, Council directs staff, in consultation with the community of Milford and all citizens of the municipality, to consider all aspects of the development of an integrated intermodal facility at Milford Station and report back to Council as soon as possible.”

A Public Meeting was held on March 19, 2009 to inform the public of the Gateway Opportunity for East Hants.

The following Business Plan outlines the proposed course going forward for the next twelve months . Council will then review the Committee Report and Recommendation and determine the next step.

Objective

The Municipality of East Hants in consultation with its citizens, other levels of government and the private sector proposes to identify, validate and position the opportunity to develop a Multi-Modal Logistics Park at Milford Station in East Hants. When the opportunity is fully defined Council will review all factors and determine whether to endorse the idea of a Multi-Modal Logistics Park at Milford Station. If the decision is to proceed the role of the municipality will be to function as a facilitator and enabler to create an environment to encourage and support the private sector to invest in this project. This Business Plan identifies what is required over the next twelve months to reach this objective.

Strategy

The strategy is to engage in a number of activities or action plans to obtain the necessary support information and input and commitment from stakeholders to allow Council to determine and assess the viability of the project. The strategy will be driven by the Gateway Committee and staff with regular ongoing reporting to Council.

The strategy involves a number of key activities most of which are concurrent and will have to proceed with a high degree of coordination and precision. The key elements or activities include the following.

- Council Approval to proceed to explore and position the development of an integrated intermodal logistic centre at Milford Station as outlined in this Business Plan.
- Community Engagement and Public Information Sessions
- Milford Land Management Policy
- Infrastructure Funding
- Economic Impact assessment
- Key Business Attraction
- Business Case Refinement
- Administration and Reporting
- Budget

Action Plans

Community Engagement and Public Information

Community engagement and public information at all stages is very important. Consultant Maurice Lloyd is available to work with the Gateway Committee and staff to plan for community involvement. A community engagement strategy has been developed and is outlined in Appendix A. This strategy has two phases. Phase 1 saw Councillor Versteeg and Mr. Lloyd hold face to face, one on one, meetings with some of the key property owners in the project area to brief them on the opportunity and facility concept. It is anticipated this group could form the core of a community advisory group. Phase 2 will involve the holding of public information sessions. The first of these sessions was held on March 19, 2009. Elements of the Community Engagement action plan are presented as Appendix A attached.

A Community Advisory Committee will be established and consist of community volunteers, two councilors including the area councilor and such other citizens or professionals as considered necessary and appropriate. The Advisory Committee will report through the area councilor to the Gateway Committee thus to Council. It is estimated there will be 4-6 Public Information Session over the next 12 months. The schedule and frequency will be addressed by the Community Advisory Committee.

Milford Land Management Policy

The land management policy is an administrative and planning requirement to insure the necessary land is available for the development of the project, by the private sector, when and if the time comes. The policy also insures that the interests of the community and individual landowners involved are protected; and that the economic benefits flowing from the project and related development are maximized for the taxpayers of East Hants.

In addition, a Project Impact Assessment and Compensation Policy for residents that are displaced or otherwise impacted by the development is to be articulated and publicized.

Elements of the proposed Milford Land Management action plan are attached as Appendix B.

Infrastructure Funding

To facilitate the integrated intermodal facility infrastructure funding will be required and will be requested from the federally administered Atlantic Gateway Fund. These funds will be used to cover costs related to the Highway 102 interchange, the connector road to the project site including a roundabout intersection at Highway 2. Also included will be \$2 million for community benefits. The Gateway Fund "ask" is attached as Appendix C.

Key Business Attraction

This is the major proactive initiative of Phase Three. This involves attracting the necessary key international corporations including wholesale retail distributors, value added manufacturers, logistics companies and investors to support the project. This will involve a proactive, focused, customized marketing and sales exercise by staff assisted by industry experts. This is a critical component of the investigative process. If large key businesses do not buy into this project, the viability of proceeding is questionable. The Key Business Attraction Strategy (KBA) is outlined in Appendix D. **(NOTE: Appendix D is not included here as it contains information which is at this time is confidential.)**

Economic Impact Assessment

The Department of Finance assisted by staff of the Department of Economic Development and consultants as required will develop an economic impact assessment model for the various aspects and stages of the gateway opportunity.

Administration

The Department of Economic & Business Development will provide the core administrative support for the Gateway Committee as the initiative moves forward.

Communications will be important as consideration of the Gateway Opportunity moves forward. A full information and communications strategy will be developed to keep the general public, the community of Milford, Municipal Councillors and staff fully briefed as the initiative moves forward.

Budget

The projected budget for 2009/2010 provides \$20,000 for a reserve fund for the Milford Land Management Policy, \$55,000 funding for the KBA program to attract key businesses (\$20,000 of this will be recovered from the ICCI program) and \$16,000 to support the ongoing Community Engagement Strategy. Provision is also made for ongoing Gateway Committee operations and the services of expert consultants as required.

With respect to the budget allocations staff feel there is the need for some flexibility. Sometimes opportunities evolve quickly and we must position ourselves to take advantage and move as expeditiously as possible or lose out. This is seen as the reality with the Gateway Opportunity. Staff have prepared a projection of what is currently seen as our needs over the next fiscal year. This is what is foreseen at this time in an environment which is constantly changing. Staff have some concerns and see some limitations to being tied too tightly to a plan which may limit their ability to move quickly when necessary. As soon as the plan is written it will start to change. Staff would hope that they would be in a position with enough flexibility to take advantage (with proper consideration and expert advice) of any opportunity that may become available to move the project forward. It would be desirable if Council could authorize that staff proceed under a set of guidelines that would provide for that flexibility.

A summary of the source and use of funds for the Gateway Opportunity Initiative is attached as Appendix E.

Appendix A

Atlantic Gateway Opportunity

Community Engagement Strategy Phase 2

Introduction – Public Consultation Process

The Municipality of East Hants retained a consultant to prepare a report “Atlantic Gateway Strategy Opportunity Assessment”. The report concluded that:

“Building on the findings of the Atlantic Gateway Business Case and the Atlantic Gateway Initiative MOU (Memorandum of Understanding), there is an immediate opportunity to commence the planning for a new intermodal logistics centre along CN’s mainline at an inland location that offers a rural setting in close proximity to Halifax with the potential to assemble large tracts of land.” These centers are often referred to as Inland Ports.

"An Inland Port is a physical site located away from traditional land, air and coastal borders with the vision to facilitate and process international trade through strategic investment in multi-modal transportation assets and by promoting value-added services as goods move through the supply chain". — Center for Transportation Research, University of Texas.

The report (Atlantic Gateway Strategic Opportunity Assessment) stated, under the title “Next Steps” that “The effective setup and operation of the Milford Station facility will require a collaborative approach with the local community.....”. The first action plan in the report is defined as “Community Consultation and Impact Assessment” and states that “The objective of this action plan is to integrate community needs and expectations into the physical planning and operation of the facility”. The report further states that “This action plan is an immediate priority....”

Approach

Community Engagement Strategy Phase 1

In this phase the area Councilor visited key property owners to explain the potential proposed project and possible community benefits. Individuals drawn from this group could form the basis for a community advisory group. In total less than ten property owners were visited by the Councillor and community engagement consultant Maurice Lloyd.

Community Engagement Strategy Phase 2

Place advertisements in the local newspaper and otherwise promote that a public meeting is to be held in the Milford Station area to explain the proposal, solicit feedback, and form a local advisory committee. Establish a website to promote the event and provide information. This meeting was held March 19, 2009.

A Community Advisory Committee will be established and terms of reference will be developed. It is proposed that the Community Advisory Committee consist of community volunteers, two councilors including the area councilor and such other citizens or professionals as considered necessary and appropriate. The Advisory Committee will report thru the area councilor to the Gateway Committee thus to Council.

It is estimated there will be 4-6 Public Information Session over the next 12 months. The schedule and frequency will be addressed by the Community Advisory Committee.

A Community Social Impact Assessment Study under the direction of the Gateway Committee will be undertaken by staff and such professional consultants as may be required.

Appendix B

Atlantic Gateway Opportunity Milford Land Management Policy

Introduction

As the intermodal logistics facility concept for Milford Station is being considered for more in depth review as potentially viable business development opportunity it is time to give a closer look at land requirements for the project.

Land management by the municipality is something that should be considered to facilitate any future public / private development in the area. While the facility and potential spin off operations will be built and owned by the private sector there may be an important role for the Municipality at this early stage. To provide a more attractive “packaged” opportunity and to move the project forward there is a case to support the Municipality acquiring options to purchase any land in the immediate proposed project development area. This approach is not inconsistent with what has been / is done in other jurisdictions. As the facility project gains momentum and when the private sector is ready to move the municipal options can be made available to facilitate the development.

Such a policy will provide for a more controlled development for the benefit of all citizens of East Hants and help avoid land speculation as the potential project is considered. The policy will also insure a fair return for property owners in the immediate development site and possible option for property owners adjacent who want to relocate. Land around the proposed interchange could be the subject of speculation and ownership could be lost to concerns that have objectives which may not be consistent with a productive development of the overall opportunity at the expense of the taxpayers of East Hants. It is therefore proposed that the municipality should gain control over these lands to insure appropriate development.

Proposed Milford Land Management Policy

The Milford Land Management Policy is an administrative and planning requirement to insure the necessary land is available for the development of the project, by the private sector, when the time comes; and that the interests of the community and individual landowners involved are protected; and that the economic benefits flowing from the project and related development are maximized for the taxpayers of East Hants.

The objective of the Milford Land Management Policy would be to provide the municipality with the ability to secure options or right of first refusal to purchase land, with the right to transfer that option, for properties identified within the proposed development area at Milford Station.

Properties for consideration would fall into three categories.

- 1) properties in the immediate footprint of the proposed development.
- 2) properties adjacent to the proposed development where the owners wish to relocate.
- 3) Properties that may be subject to land speculation where it would be in the public interest for the municipality to control future use and development.

An initial fund of \$20,000 will be established to provide for the securing of rights or options for lands covered under category 3.

Project Impact Assessment and Compensation Policy

The Project Impact Assessment will consider how property owners may be directly and indirectly impacted by the proposed project development in their area. A Compensation Policy for residents that are displaced or otherwise impacted by the development will be developed, articulated and publicized.

Appendix C

Atlantic Gateway Opportunity Infrastructure Funding

The infrastructure funding ask will be addressed to the Hon Peter MacKay, Minister Responsible for the Atlantic Gateway and will read as follows.

RE: Proposed Atlantic Gateway Project – Milford Station Intermodal Logistics Centre, East Hants, Nova Scotia

The Municipality of East Hants views the Atlantic Gateway Initiative as a major opportunity to improve Canada's competitiveness and to create more private investment and jobs in Nova Scotia. Over the past two years, the Municipality of East Hants has been working with local and international experts on the initial planning of a new integrated logistics centre along CN Rail's mainline in close proximity to the Halifax Stanfield International Airport. These facilities must be located adjacent to 10,000 feet of strait track on a railroad mainline with lots of surrounding flat and undeveloped land. Milford Station offers the only location along CN's mainline in the larger Halifax Region that contains the attributes for an intermodal logistics centre (rail, truck and air) that combines an inland port with such other functions as an international distribution centres. The project also provides opportunities for tie-ins to the air cargo expansion program at Halifax Stanfield International Airport and the Halifax International Airport Authority is supportive of future partnerships.

Our project draws upon the successful features of major intermodal logistics centres at U.S ports and the findings of the Atlantic Gateway Business Case consultants study prepared for ACOA. We have met with Debbie Windsor, Vice President, ACOA, Senior Officials of the Nova Scotia Department of Transportation and Infrastructure Renewal and Premier Rodney MacDonald's Office. On November 20, 2008, we received correspondence from Stephen Greene in the Premier's Office stating that the Milford Station Intermodal Logistics Centre is an excellent project and it is recommended as a downstream Gateway project.

We expect the project to be operational in five years and initial discussions have been held with investors. A community engagement and consultation program will also be starting shortly to incorporate local resident needs into the project's master planning. To enable private investment for the development and operation of the Milford Station Intermodal Logistics Centre, the Municipality of East Hants is requesting Atlantic Gateway infrastructure funding. Based upon current construction costs, the request is:

- Grade Separated Intersection (Minor Road Over) with Approach Ramps: \$5 million.
- Roundabout (At Grade on Highway 2 to Access the Rail Facilities Adjacent to CN's Mainline): \$850,000.
- Approach Road (Highway 102 New Intersection to Rail Facilities Entrance): \$1 million per km x 2 km = \$2 million.
- Surrounding Community Infrastructure/Integration Projects: \$2.15 million.
- TOTAL: \$ 10.0 million.

Appendix E

Atlantic Gateway Opportunity 2009-2010 Projected Source and Use of Funds

Source of Funds

Carry over from last fiscal	0	
Council Investment 09/10		\$ <u>131,000</u>
Total projected		\$ <u>131,000</u>

Use of Funds

Key Business Attraction		55,000
Strategy development & Implementation Appendix D		
Milford Land Management Policy		20,000
Professional fees and rights of first refusal Appendix B		
Community Engagement		31,000
Advisory committee		
Site visit / research	11,000	
Public Meetings	5,000	
Information Follow-up	5,000	
Social impact Assessment	10,000	
Appendix A		
Committee and Professional fees		25,000
Business Case Refinement	10,000	
Economic Impact Assessment	10,000	
Communications/other	5,000	
Total projected		\$ <u>131,000</u>

Notes:

1. Projections are estimates with the exception of public meeting information follow-up which is a quote from Kim Silver, Paperclip Communications attached as Appendix F.
2. Estimates for the Key Business Attraction have been developed in consultation with consultants Chris Lowe and Libby Ogard. Application has been made to DFAIT for support under ICCI for this project.

Attachment 1

Gateway Opportunity Assessment Committee (Gateway Committee) Terms of Reference

Background

The Gateway Opportunity Assessment Committee (originally titled Inland Port Opportunity Assessment Committee) was formed as a result a Report from the Director of Economic & Business Development presented to Executive Committee in June 2007.

The Committee was generally directed to explore the potential of the possibility to establish an inland port or integrated intermodal facility at Milford Station.

The members of the Committee were designated as the Warden, the Milford area Councillor, The CAO, and The Director of Economic & Business Development. Counsultant Chris Lowe was to be a special advisor to the Committee.

The Committee has met and reported to Council on a regular basis over the last 18 months.

MEH Gateway Committee Proposed Terms of Reference

It is proposed the following terms of reference be adopted for the Gateway Committee.

Membership:

The Committee will consist of the Warden, the Milford area Councillor, The CAO, and The Director of Economic & Business Development. Consultant Chris Lowe will be a special advisor to the Committee as required.

Chair:

The Warden will serve as chair of the Committee.

Meetings:

The committee will meet on a regular basis and keep a record of their discussions and activities.

Reporting:

The Committee will provided a monthly written report to Council and a formal presentation to Executive Committee every two months or as required by Council.

Budget:

Council will approve an annual operating budget for committee activities as part of the budget for the Department of Economic & Business Development.

The Committee monitor and approve expenditures of funds approved for the committee activities under the approved operating budget of the Department of Economic & Business Development .

Mandate:

The Committee is mandated to consider the potential of the Atlantic Gateway Opportunity for East Hants and to report back to Council.

To insure that Council is in an informed position to fully access and if appropriate take advantage of, any oppourtunities presented by The Atlantic Gateway Initiative and growth of the Port of Halifax including the potential for an integrated intermodal facility at Milford Station.

The committee will develop and oversee activities to identify and fully assess these oppourtunities.

Attachment 2

Editorial - The Weekly Press, Wednesday March 4, 2009

Opportunity too good to pass up

Can the Municipality of East Hants afford not to look at the possibility of a potential inland port development in Milford Station?

The proposed project, through the Atlantic Gateway Strategy, could mean huge economic growth for East Hants, absolutely huge, and let's fact it; businesses aren't lining up to develop in our area.

An inland port is a facility usually built in a rural setting much like Milford Station, to help with the movement of goods from one form of transportation to another. Goods arriving in container ships at the Port of Halifax could transfer goods to trains, which can be transferred to trucks at the inland port location.

This could be the commercial tax break the municipality is in desperate need of.

Currently, the residential-business split in East Hants is 92 percent to eight percent. Warden John Patterson has described this as far from what's normal and healthy for a municipality to sustain and says ideally they should see an 80 percent to 20 percent split.

This could lower residential taxes, this could create jobs, and this could help stimulate the down-turning economy.

Instead of constructing new office buildings or battling over paving roads that have no business being paved by the municipality, our councillors are now dealing with something which could dramatically improve East Hants' outlook for years to come.

This is where our council and municipality's time, energy, and financial support should be going. Sure, it's only a proposal for right now, but it's a proposal that should be followed out to the end.

Economic and Business Development staff is currently in the works of planning public information meetings and all residents for or against this monumental project should attend. This is an opportunity for East Hants that's unique and that could be extremely rewarding.

Economic spin-offs are bound to happen with the construction of such a large facility. It's going to bring work during the development stage and it's going to bring a tax base that's currently unknown in the municipality, which could very well mean lower taxes, and better services for residents.

And who knows, maybe this development can finally bring outgoing Milford Councillor Jim Smith the sidewalks he always wanted.