



Final Report Halifax Inland Terminal and Trucking Options Study

Presented to Halifax Regional Municipality and Halifax Port Authority

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Excerpt of Study Conclusions

12.0 Value Proposition

The NIT (New Inland (Container Freight) Terminal) is a compelling project with a number of potential winners and few losers, providing the timing is correct. The NIT reduces peninsular truck traffic. It saves wear and tear on local roads and reduces air pollution in the downtown core.

The NIT increases the capacity of the existing container terminals and postpones the need to construct a NOT (New Ocean Terminal), with the timing dependent upon the port's overall growth. The NIT allows CN to move its HIT (Halifax Inter-Modal Terminal) and consolidate with NIT, leading to efficiencies. It also provides some potential to consolidate NIT, Rockingham, HIT and the Dartmouth yard at one location. It potentially frees up Rockingham for other uses and HPA (Halifax Port Authority)

could acquire the HIT site to develop an expanded multi-use terminal at Richmond Terminal.

The NIT allows for better truck turnaround times for import/export cargo, for both regional and Halifax cargo. Truckers serving the Maritimes will not have to come into the city to pick up or deliver cargo. Truckers serving the local market will get better asset utilization and easier access to local pick up and delivery in area industrial parks.

There are potential spin-offs in terms of the development of distribution centres near the NIT in the area of the Bedford Industrial Park or Burnside. The NIT potentially opens up the northern portion of Burnside Industrial Park for additional distribution activity. For the provincial Department of Transportation and Public Works and HRM, the NIT provides justification for proceeding with the Burnside Connector.

The cost of the project can be shared amongst a number of parties who stand to benefit, including Halifax Port Authority, Halifax Regional Municipality, CN, the Province of Nova Scotia, the Municipal Group and a 3PL (third party) company.

The project generates total economic impact of \$130M in the construction phase. It enhances the port's overall economic impact by generating an additional 15,606 direct and indirect jobs and \$1.16B in annual income generation.

As a stand-alone entity, the cost/benefit is negative. However, the alternative to building NIT – building a NOT – is more expensive.

The Rail Cut option removes some trucks from downtown streets, and sends them

through a neighbourhood of very expensive homes and universities. It will reduce wear and tear on downtown streets but requires a \$40M investment to build. **The truckway only 'benefits' Halterm and Logistec, unless an expensive flyover is built, in which case it could potentially accommodate buses.**

The Rail Cut provides no real value or competitive advantage for the port and few spinoffs in terms of distribution activity. It may result in slightly better access for local shippers, depending upon whether they can plan around the inbound/outbound schedule.

There are few opportunities for partnering and little motivation for other entities besides HRM to invest in the Rail Cut option, unlike the NIT.

13.0 Conclusions

It is quite apparent there is not now sufficient congestion at either terminal or in downtown Halifax to justify the NIT. Moreover, whatever port congestion there is relates to moving cargo inland to Quebec, Ontario and the US Midwest, not cargo trucked to local or regional destinations.

The NIT is justified only by the avoidance of capital costs required to build a NOT. An investment of \$60M in NIT provides an additional 250,000 TEUs in handling capacity, whereas an investment of \$300M in NOT provides an additional 550,000 TEUs of capacity. **The NIT is the lowest cost option for increasing port capacity when it becomes required.** When congestion does occur, handling costs will have escalated and trucking

advantages will increase, particularly if Burnside can attract a number of distribution centres.

From an overall perspective the operating costs can be slightly better than break even despite the additional handling as long as sufficient captive railcars are provided to ensure that locally destined freight can go directly to rail. The overall impact on the costs within the supply chain are detailed in Section 6.0 and summarized in Figure 6.1. A NIT located at Rocky Lake would provide a reduction in overall costs of \$313,000 when the entire supply chain is considered.

The actual cost to operate the terminal will depend on negotiations amongst the interested parties and how much each is willing to contribute towards achieving a positive outcome. That is, it will depend on the cost to acquire the land in a prepared state, the contribution of various levels of government including HRM, the contribution of HPA, the cost to operate the shuttle and the terminal after consolidating HIT and NIT, and the cost of labour and equipment.

It is therefore recommended that the Halifax Port Authority and partners adopt a plan now, to have a NIT built by the time the port is handling 900,000 TEUs per annum. Negotiations should begin regarding the Rocky Lake site and some combination of HRM, HPA and CN should acquire this property in a prepared state.

When the existing terminals are within 1-2 years of reaching capacity, an operating company should be established. A management strategy should be implemented to work with stakeholders (terminals, shipping lines, shippers, truckers, labour) to ensure a smooth transition to the new entity. Consideration should be given to providing the new

entity with short term operating support.

The railway cut, which for the purposes of this discussion can be seen as a link between the Bayers Road/Bi-High entrance and the Ocean Terminals, can be looked upon as an underutilized transportation resource within HRM. However, CN has reviewed the proposed shared operation and determined it to be impractical without significant costs.

Its use as a truckway reduces wear and tear on city streets but requires a \$40M investment to build. There is no financial return which can justify such an investment, even with projected future truck volumes. The best option for removing trucks from city streets, reducing GHGs and adding port capacity, is the construction of NIT.