
Annex 3: Response to Additional Requests for Information

On July 2, 2020, the Impact Assessment Agency of Canada (IAAC) provided the draft potential conditions to CN for review and comment. IAAC also requested that CN provide additional information on three matters related to municipal interests, specifically:

1. CN's views on the impacts that the Project may have on the regional planning frameworks that are currently in place and possible measures to mitigate these impacts;
2. CN's views on the impact that the Project may have on municipal development charges and possible measures that CN could take to mitigate these impacts; and
3. CN's plans for future Project expansions and use of lands surrounding the Project development area.

This document provides CN's response to these three requests.

1 Regional Planning Frameworks

In addition to your comments on the conditions, the Agency also requests that CN provide its views on the impacts that the Project may have on the regional planning frameworks that are currently in place and possible measures to mitigate these impacts.

The Project, if approved, is expected to have minimal impact on regional planning frameworks. Having operated its mainline track through Milton for over 100 years, CN is a long-time member of the Milton community. When CN purchased the Project Lands adjacent to its mainline decades ago, it did so with the intention of building a rail facility. Halton Region and Milton have been aware of that intention since the late 1990s (Panel Report, p. 214). As a result, the Region has for many years incorporated the prospect of rail-based infrastructure and development on the CN lands in its planning framework and planning documentation. The Project is consistent with the designated uses of the CN lands provincially and in the Regional Official Plan ("ROP") and the Town of Milton's Official Plan ("OP") and the strong provincial and regional support for goods movement infrastructure in all of these planning frameworks, as outlined below.

Land use planning experts at the Panel hearing highlighted three bases for concluding the Project will have a minimal impact on regional planning frameworks:

- **Planning frameworks are supportive of rail infrastructure.** At both the provincial and regional level, goods movement infrastructure is prioritized in both policy and planning. The Ontario Provincial Policy Statement requires planning authorities to plan for and protect infrastructure, including intermodal and rail facilities, to meet current and projected needs.¹ Provincial planning documents, such as the Growth Plan for the Greater Golden Horseshoe (within which the Project is located), provide further direction to municipalities to support opportunities for intermodal goods movement². The ROP implements this guidance, making one of the Region's objectives to "promote, in conjunction with the Province and other municipal jurisdictions, a safe and efficient network for goods movement in Halton and the

¹ PPS Policies 1.6.8.1 and 1.6.9.1

² GP Policy 3.2.5

surrounding region.”³ The Town’s OP also recognizes the importance of and promotes a safe and efficient multi-modal network for the movement of goods⁴. For these reasons, the Project is consistent and compatible with both provincial and regional planning frameworks with respect to rail infrastructure and goods movement.

Further, the Project has been located and designed with community safety in mind, including maximum separation and buffer space between the terminal and nearby residential land use. CN is proposing extensive mitigation measures and follow-up programs to address potential adverse effects and minimize risk to public health and safety, consistent with provincial policy regarding land use compatibility between major facilities and sensitive land uses⁵.

- ***The Project would have no adverse impact on the planning of employment lands.*** The majority of the Project development area falls within lands designated by both Milton and Halton Region as employment lands or future strategic employment lands. Building a rail infrastructure project is consistent with these planned uses. Indeed, the Region’s 2011 Transportation Master Plan explains that the ROP “designates Future Strategic Employment Areas ... with a purpose to protect lands that are strategically located with respect to major provincial and regional transportation facilities.”⁶ The Project is also consistent with the Province’s planning framework because the CN lands are entirely within a Provincially Significant Employment Zone.

In planning for the CN-owned and adjacent lands, Halton Region and the Town of Milton took CN’s rail-based infrastructure intentions into consideration. Halton Region explained at the hearing that it relied on CN’s plans as a rationale for extending the urban boundary of Milton to partially encompass the Project lands in 2009.⁷ And several of Halton Region’s plans specifically identify and recognize CN’s future use of this site.⁸ For example, a 2009 Urban Strategies working paper authored for Halton identified CN’s plans, stating that “200 gross hectares of employment land are located around the rail line along Tremaine Road in south Milton, to take advantage of opportunities for rail-oriented goods movement.”⁹ However, as no specific employment uses were planned by the municipalities for the CN-owned lands, there will be no displacement of planned uses of any density.

As noted during the hearing, employment lands may have a range of employment densities, from low density logistics facilities to high density office uses, as well as infrastructure, and the Project does not preclude higher density employment uses on adjacent lands. For example, numerous high-employment-density office complexes exist and continue to be developed in close proximity to CN’s rail facilities, including near CN’s Brampton Intermodal Terminal (e.g., office complex at 9485 Airport Road in Brampton) and other rail yards. The

³ HROP Policy 172(14.1)

⁴ OP Policies 2.6.3.1 and 2.6.3.23

⁵ PPS Policy 1.2.6.

⁶ *The Road to Change: Halton Region Transportation Master Plan*, Appendix F4 (Halton Region 2011), p. 6.

⁷ Mr. Benson, Transcript, Volume 5, June 26, 2019 (CEAR #879), p. 1261.

⁸ See e.g. *Transportation Master Plan 2011*, Appendix F4, p. 3; *Urban Strategies Land Needs Study 2009*; *Bronte Creek Watershed Study 2002*.

⁹ *Concepts for Addressing Halton Region’s Land Needs to 2031*, Urban Strategies (Prepared for Halton Region, April 13, 2009).



current and future strategic employment lands around the Project can accommodate a range of density employment uses in future.

The Project will also have no effect on employment density targets in the region. The Project area is in the Province's designated greenfield area, and under the 2019 Ontario Growth Plan, employment lands in greenfield areas do not count towards the density targets. In any event, intermodal facilities attract intermodal-oriented development (IOD) that generates significant jobs and revenue to host municipalities. That is why many local organizations and businesses continue to express strong support for the Project.¹⁰

For these reasons, the Project is compatible with, and would have no adverse impact on, regional planning frameworks with respect to employment lands.

- **CN's Project would have no adverse impact to planning of agricultural lands.** While some of CN's lands are currently assigned agricultural uses in the planning framework, the municipalities have already planned to convert developable lands in this area for employment use in the future. The designation of these lands as current and future employment lands in the ROP was guided by the Region's own *Sustainable Halton: Agricultural Countryside Vision* (2007), which addressed how the Region would balance growth in the Region along with the protection of agricultural lands. The Project will therefore not result in an unplanned loss of agricultural lands in Milton. The lands are currently leased to farmers, and CN has confirmed that farming tenants will continue to use CN's non-Project lands for agriculture.

With respect to agricultural land use, the Panel concluded that the Project would have no effect on the otherwise inevitable losses that would result from the municipalities' own plans. As the Panel recognized, the loss of agricultural lands "is likely to occur whether or not the Project proceeds, as Halton Municipalities intends to use this land for employment uses if the Project does not proceed" (Panel Report, p. 208). The Panel observed that "Halton Region does not intend to preserve agricultural lands in the Local Assessment Area or, to a large degree, in the Regional Assessment Area in the long term" and that the loss of agricultural lands is "sanctioned through official planning processes" (Panel Report, p. 209). Because the non-Project area of the CN lands will maintain their agricultural uses for the foreseeable future, the Panel wrote that "the cumulative effect on agricultural lands could in fact be less with the Project than without the Project" (Panel Report, p. 209).

With respect to existing and future residential areas, particularly those north of Britannia Road, the Panel found that the limited Project noise north of Britannia Road would be adequately mitigated by the existing and future noise barriers and that the main Project activities at the terminal would occur more than 300 metres from all homes (Panel Report, p.iii). This finding does not suggest any incompatibility between the Project and those land uses.

Further, the Panel considered the potential environmental effects of the Project in the context of existing and planned regional development. In its report, the Panel emphasized that the broader land conversion that has occurred and is reflected in official plans for the Town of Milton and the

¹⁰ For example, the Milton Chamber of Commerce (most recently on August 12, 2020, Canadian Impact Assessment Registry (CIAR) document #1029), the Vaughan Chamber of Commerce, the Halton Hills Chamber of Commerce, the Mississauga Board of Trade, the Oakville Chamber of Commerce, the Burlington Chamber of Commerce, the Brampton Board of Trade (CIAR #11054), and the Toronto Region Board of Trade (most recently on August 17, CIAR #1047).

Region of Halton, including other existing projects and the scale of other planned developments in the area, has significantly adversely affected and is expected to continue to adversely affect the natural and human environment, regardless of whether or not the Project is approved and built. The Panel noted that, even without the Project, Halton Region expects and is planning for an increase in truck traffic and significant construction activity, which would increase emissions locally (Review Panel, p. 48). For example, Halton Region is currently expanding the regional road network in the area, including Britannia Road, Tremaine Road, and James Snow Parkway, to accommodate forecast growth from the industrial, commercial, and residential development planned in the area. That expansion is expected to accommodate additional car and truck traffic servicing existing and planned developments, such as DSV Canada's new 1.1 million square foot logistics complex on Fifth Line in Milton that was approved by the Town of Milton and constructed in 2019. This new facility is expected to have similar truck volumes as the Milton Logistics Hub. This is just one example of the more than 88 logistics facilities that have been approved and constructed in Milton to date.

Clearly, the municipalities do not regard such activities and their associated effects as inherently inconsistent with regional planning frameworks and the land uses planned in the area. In this context, the Panel observed that the contribution of the Project, including both air quality and noise, is "limited" (e.g., Panel Report, p. ii, iii, 49, 82) and relatively "minor" and "small" (Panel Report, p. 295-296), with effects occurring within the PDA and at or close to the Project boundary. These findings also do not suggest any fundamental incompatibility between the Project and neighbouring land uses. Nevertheless, extensive mitigation measures and follow-up programs have been proposed by CN and included in the draft conditions to avoid and minimize potential effects.

In addition, the changes to the biophysical environment that the Project will cause are not expected to result in any need for an amendment of any land use plan; the Panel confirmed this finding of no effect in its report (p214) after considering all the evidence before it on land use planning – including the extensive evidence put forward by the Halton Municipalities.

The Panel expressly noted that while Milton has in recent years expressed a different vision for the Project lands, CN has owned the lands for decades, has not committed to not develop the lands for railway purposes, and has never committed to selling them. Thus, the Panel concluded that the Project was foreseeable and could not fairly be characterized as significantly disruptive to the planning frameworks (Panel Report, p. 216). CN agrees with this conclusion.

For all of the reasons given above, CN is of the view that the Project will have minimal impact on the planning framework and planned land uses in the area.

CN's Commitment to Collaboration

CN of course recognizes that local planning priorities are, by their nature, regularly adapting and evolving as communities change and grow, and that CN can and should do its part to address issues of concern to the municipalities.

As a long-time member of the Milton community, CN is and will remain dedicated to doing its part to facilitate prudent planning on and around its lands and infrastructure by keeping an open dialogue with the Town and the Region. This commitment is already evident in our constructive engagement with both the Town and Region on other development priorities in the community. For example, CN recently released land and contributed financially to facilitate the Region's



planned expansion of Britannia Road. CN has also been working closely with the Town to accommodate the Town's request for pedestrian and multi-use paths at an existing underpass under CN's mainline located in Milton. Between 2013 and 2020, CN contributed more than \$13.6 million to a number of infrastructure projects in the Halton Region, working collaboratively with the Town and Region to do so, including:

- Britannia Road grade separation;
- Derry Road grade separation;
- Louis St. Laurent Avenue grade separation;
- King Road grade separation;
- Steeles Avenue grade separation;
- Halton LED Program (13 signalized crossings in the Region); and
- Crossing restorations at 5th Line, 10 Side Road, Tremaine Road, 1 Side Road, and Market Drive.

CN is committed to ongoing engagement with the Town and the Region to further explore how CN can continue to contribute in these and similar ways to the achievement of the municipalities' planning goals. During consultation with the community in 2017 and 2018, CN asked participants for their feedback on potential community benefits. Between February 26 and March 22, 2018, three Community Benefit Roundtables were held in Milton and Oakville. Based on the feedback from stakeholders, additional engagement was undertaken with the wider community, resulting in hundreds of individuals responding to a short survey in June of 2018. Across the feedback opportunities over two years, additional investment in transportation infrastructure consistently received the most support. Building on this, CN would be prepared to explore organizing regular (perhaps semi-annual) meetings with representatives of the local planning authorities to facilitate closer collaboration and alignment of CN's infrastructure and land use planning with local planning priorities.

CN is also willing to make a presentation to the Halton Region and Town of Milton Councils annually (or other frequency agreed upon with the parties) to provide updates on any changes in CN's operations or future plans for its infrastructure and lands in the area. This too would help the municipalities to better integrate these vital goods movement assets into their planning processes.

CN would also welcome the opportunity to engage with the Town and the Region to explore possible future uses of the remaining CN-owned employment lands that are not needed for the Project and that could help the municipalities attract and realize the benefits of additional diverse high-value development consistent with their long-term plans. This point is discussed further below in relation to the question about CN's plans for the use of its remaining lands.

CN has made significant investments in logistics and supply chain innovation and technology. For example, since 2015, CN has invested \$500,000 to support research and education at the Centre for Supply Chain Management (SCM) in the Lazaridis School of Business & Economics at Wilfrid Laurier University. As part of its agreement with Laurier, CN partners with the Lazaridis



School and the Milton Chamber of Commerce to sponsor World Class Supply Chain, an annual one-day summit on supply chain and logistics, held in Milton. An elite event, the summit brings together outstanding speakers, panelists, and leaders from industry and academia to discuss the current state of the supply chain and logistics function – in Canada and throughout the world. The World Class Supply Chain summit has been held since 2016 (the 2020 event was cancelled due to COVID-19), and CN recently renewed its commitment to Laurier with a further donation of \$500,000 over five years. This investment directly benefits the Town of Milton, helping to position it as a centre of research and innovation excellence in supply chain and logistics technology. In addition to CN's contribution and support of Wilfred Laurier University's initiative in Milton, CN has also been approached by Conestoga College for support in establishing a campus in the area. CN is open to further discussions on this topic if desired by the Town, Region, and Province.

CN believes continued investment of this kind will help the municipalities to enhance the value created by its existing goods movement sector, while also attracting private sector firms and educational and R&D institutions focused on innovation and technology, which in turn will help Milton and Halton Region realize their vision of a diverse knowledge- and technology/innovation-based economy. As was noted during the hearing, many supply chain jobs are, in fact, high-tech jobs¹¹, and the Project, as well as advanced development attracted by it, can contribute to that vision. In this regard, CN would be prepared to engage with local planning authorities and other stakeholders in the logistics community to explore further opportunities for leveraging and strengthening Milton's unique assets in these sectors.

The Panel also noted that CN is well placed to exert a positive influence over those industries that would utilize the Project (Panel Report, p. 54). In this regard, CN notes that the draft conditions already include the requirement to implement incentives to reduce truck emissions and implement clean technologies. In addition, CN is willing to commit to engaging its customers, trucking companies, and other logistics stakeholders, perhaps through a regularly meeting working group, to explore other opportunities for improving the efficiency of trucking activities in and around the terminal.

The municipalities have continued to express concern about the potential effects of air emissions from the Project on human health, which they have characterized as fundamentally incompatible with current land use policies and plans¹². Because CN takes those concerns very seriously, during the hearing we committed to engage independent experts to prepare a robust qualitative health risk assessment in consultation with Health Canada to help better explain the low risk profile of the Project. The preliminary results of that work have now been shared with Health Canada in draft, with a view to continuing consultation on it with them and other stakeholders if the Project is approved. Our anticipation is that this collaborative work would ultimately be completed and made broadly available on or before the end of the first year of Project operation.

¹¹ Mr. Lerner, Transcript, Volume 13, July 19, 2019 (CEAR #980), p. 3599.

¹² Correspondence from Mr. Curt Benson, Director, Planning Services and Chief Planning Official, Halton Region to the Impact Assessment Agency of Canada, dated June 18, 2020, correspondence from Mr. Gary Carr, Halton Regional Chair to the Honourable Jonathan Wilkinson, Minister of Environment and Climate Change, dated June 22, 2020, and correspondence from Ms. Jane MacCaskill, Chief Administrative Officer, Halton Region, to Mr. Marlo Reynolds, Chief of Staff to the Minister of Environment and Climate Change, dated June 25, 2020, all available on-line [here](#) and attached to the Halton Region's public report to Regional Council, dated July 15, 2020 (available on-line [here](#)).

The Panel specifically noted that the risk assessment would be most valuable in the context of a forward-looking regional airshed assessment. In this regard, CN would welcome the opportunity to contribute, with the many other stakeholders, to any regional approach to airshed assessment that may be initiated by the Province of Ontario and Health Canada, in accordance with the Panel's Recommendation 5.5.

Finally, as noted previously, CN conducted extensive consultation with the community to identify and prioritize other potential opportunities for community benefits to which CN could contribute. These consultation efforts were summarized in the Updated Consultation Record (Canadian Impact Assessment Registry Reference Number 80100, Document Number 799). During the consultation in 2018, in addition to the investment in local transportation infrastructure priority noted above, additional contributions to local health care were most often preferred by respondents, followed by contributing a portion of CN land for community use or environmental benefit, support for scholarships and partnerships with and/or contributions to local universities in Milton, investments in recreation infrastructure, and continued sponsorship of community and non-profit organizations, among other opportunities. CN has previously communicated its willingness to discuss these opportunities with the municipalities and remains willing to do so. Meanwhile, the measures outlined above would help to address the preferred benefits and priorities identified by the community through CN's outreach efforts.

During the hearing, CN committed to establish a community consultation committee as a means of facilitating ongoing engagement with the community regarding the Project. While this commitment is not specifically captured in the draft potential conditions, CN remains committed to this measure. Given the urgent need for the Project, CN intends to establish this committee as early as possible prior to commencing construction, if the Project is allowed to proceed. CN has therefore already begun drafting the terms of reference (TOR) for the committee. CN will commence consultation with potentially affected parties on the TOR in the context of the community liaison communications process (contemplated in part 3 of the draft conditions), immediately following the issuance of the Decision Statement, if the Project is allowed to proceed. CN would invite representatives of the Town of Milton and Halton Region to participate in the committee. This would provide another mechanism for exchanging information and facilitating constructive dialogue with the municipalities and the broader community regarding the Project, including matters related to land use and land use planning.

CN has also been proactively advancing work on other commitments and measures, including advancing design and developing follow-up programs that would serve to address the potential effects of the Project on surrounding lands. Follow-up programs have been drafted on the topics of air quality, noise, stormwater, surface water, wetlands, groundwater, fish and fish habitat, migratory birds and grassland bird habitat, species at risk, habitat connectivity, and country foods and these have been shared with Environment Canada, Health Canada, and Conservation Halton, as appropriate, to solicit feedback. CN has also reached out to Conservation Halton to solicit their advice on the detailed design of components of the Project related to their mandate, some of which touch on issues related to land use planning (e.g., flooding and erosion risks, the natural heritage system). Finally, CN has been conducting the evaluation of amber light (contemplated by draft condition 4.4), which also addresses potential effects of light on surrounding lands. This evaluation is nearing completion and we expect to share it with IAAC shortly. CN remains committed to developing and implementing these measures in consultation with relevant authorities and First Nations.

In summary, CN is willing to engage in, and in fact welcomes, the kind of collaborative relationship with the Town of Milton and Halton Region contemplated and recommended by the Panel (Recommendation 11.9, Panel Report, p. 217) as a means of helping the municipalities to achieve their vision of a diverse economic base that integrates knowledge, technology, and innovation-based employment, while also enhancing and leveraging the value of their existing investments and assets in the goods movement sector. In our view, such constructive collaboration will be the most effective way to ensure the economic, environmental, and health benefits made possible by the Project are realized and that CN can continue to contribute in a positive way to the achievement of the municipalities' planning goals.

2 Development Charges

The Agency also requests CN's views on the impact that the Project may have on municipal development charges and possible measures that CN could take to mitigate these impacts.

The Project will have a very positive economic impact on the local community. CN has paid and will continue to pay millions of dollars in property taxes for its lands in Milton. Although the applicable legal framework does not give rise to further municipal revenue through one-time development charges, the many additional local and regional economic benefits are clear. The Project will, for example, help realize local ambitions for leadership in the logistics field, as described above, an industry which currently provides considerable local employment and has already accounted for about 10% of job growth in Milton over the past decade¹³. The Project will also make a substantial revenue contribution through the intermodal oriented development (IOD) it will attract, which could reasonably be expected to generate up to \$213 million in municipal taxes for Halton and Milton over the next 30 years¹⁴. Finally, the Project will facilitate the continued prosperity and growth of the innumerable local businesses that rely on rail delivery as part of the basic supply chain. The potential for these significant economic benefits is reflected in the strong support for the Project expressed by local, regional, and national chambers of commerce, industry associations, and independent businesses.¹⁵

The evidence at the hearing highlighted three reasons why the Project will not have an adverse impact on municipal revenues:

- **No Reasonable Expectation of Development Charges (DCs).** DCs are a one-time payment that municipalities collect from some industries to cover growth-related capital expenditures. They are calculated, payable, and collected when a building permit is issued.

The Region and Town could not have had any specific expectation of DC revenue from the Project lands. DC revenues are not planned or projected on a site-by-site basis, and specific

¹³ Mr. McCormack, Transcript, Volume 5, June 26, 2019 (CEAR #879), p. 1175.

¹⁴ Cushman & Wakefield 2014; CN Presentation on Land Use Planning and Economic Issues (CEAR #845), slide 40; Mr. McCormack, Transcript, Volume 5, June 26, 2019 (CEAR #879), p. 1172.

¹⁵ In addition to the chambers and boards listed in Footnote 10 on page 2, the Canadian Chamber of Commerce (most recently on August 17, CIAR #1039), the Retail Council of Canada, Food & Consumer Products Canada (most recently on August 20, CIAR #1053), the Canadian Independent Freight Forwarders Association, Canadian Manufacturers and Exporters, the Shipping Federation, the Ports of Prince Rupert, Vancouver, and Halifax, the Halifax Partnership (CIAR #1052), and numerous shipping companies and logistics service providers (see, for example, CIAR #1046, 1040, 1038, and 1034), among other businesses, like Canadian Tire.

developments are not required to absorb their share of the costs. Instead, the Regional Official Plan requires “the development *industry* to absorb its share of the cost of the provision of infrastructure and human services.”¹⁶ The Region’s DC background study uses a “generic calculation based on the forecasts,”¹⁷ not a detailed projection for specific land uses, and the Town has not updated its DC study to include the CN lands. For these reasons, the Project will not impact DC revenue actually planned to accrue to the municipalities.

- **CN’s project will contribute to municipal finances.** To the extent there was any foregone DC revenue, it would be offset and far surpassed by the revenue generated by the Project and IOD. CN and IOD are expected to contribute hundreds of millions of dollars to the municipality in some of the following ways:
 - *Taxes.* CN has contributed approximately \$6.5 million in property tax revenues over the past 20 years. CN will continue to pay property taxes, and once the terminal is operational, CN will contribute around \$1 million annually in property taxes.¹⁸ IOD will also contribute significant tax revenue, generating between \$130 and \$213 million in property taxes over a 30-year period.
 - *Development charges.* Although CN would not be required to pay DCs in relation to the Project, Halton Municipalities can expect between \$36 and \$74 million in DC revenue from the IOD associated with the proposed intermodal facility over a 30-year period.¹⁹
- **No burden on municipal services or infrastructure.** DCs are levied to help municipalities recover the cost of funding new infrastructure and funding services. But CN’s Project is expected to have very little if any effect on municipal infrastructure and services. In other words, if the Project is approved, it will not cause any significant additional “carrying costs” for the municipalities:
 - *Services.* When developing the Project, CN anticipated that municipal water and wastewater systems would not be available upon completion of the Project. Thus, the Project does not need to connect to the municipal water and wastewater systems to meet Project requirements, nor does CN anticipate needing to connect in the future. CN also has its own police service, which works closely with local first responders, including funding training exercises, to ensure all parties are well prepared to respond to any incidents. And sewage and waste management will be handled by contractors without the need for municipal services.
 - *Infrastructure and Roads.* CN has committed to pay for the roadway access improvements that are necessary to accommodate safe access to the Project, as well as the grade separation between the railway and Lower Base Line. Trucks coming to and from the site will be using the region’s network of major arterial roads, whose purpose under the Regional Official Plan is to accommodate all truck traffic, carry high volumes of traffic, and serve interregional and regional travel demands.²⁰ The Region has also already planned

¹⁶ Policy 77(15), Halton Official Plan.

¹⁷ Ms. Jacob, Transcript, Volume 10, July 10, 2019 (CEAR #944), p. 2899.

¹⁸ CN Presentation on Land Use Planning and Economic Issues (CEAR #845), slide 37.

¹⁹ Panel Report, p. 211

²⁰ ROP, Table 3, Function of Major Transportation Facilities.

and approved roadway upgrades to the arterial roads that truck drivers will use, including those accessing the proposed terminal. There is no reasonable basis for the suggestion that truck traffic from the site will increase the cost of maintaining these roads because Project-associated traffic will account for a very small proportion of the total future traffic volume.²¹ Further, Project-generated traffic volumes would represent approximately 1% to 4% of the planned road capacity on Britannia Road and Tremaine Road, and up to 2% on the wider regional arterial road network.²²

In considering the evidence related to taxes and DCs, the Panel made no adverse findings about the Project's effects on municipal finances. In fact, the Panel examined the effect of the Project on municipal services and concluded that the Project "would be essentially self-sufficient and therefore place no stress on local services" (Panel Report, p. 216). The Panel also accepted CN's position that the Project would not place an undue burden on Halton Region with respect to road maintenance (Panel Report, p. 216). In other words, the Panel agreed that the Milton Logistics Hub will have minimal, if any, effect on the cost of delivering services in the local community.

In fact, the Project will make large contributions to the local economy in Milton through IOD and tax revenues while delivering much-needed goods movement infrastructure to the Region. Halton's 2011 Transportation Master Plan recognized that planning for goods movement "support[s] healthy and economically sustainable communities" and that the Region needed to increase its goods movement efficiencies. The Panel observed that the Project will provide needed logistics infrastructure to support economic development and increase goods movement delivery at the regional level (Panel Report, p. 294). Further, the Project will create 130 direct jobs, as well as indirect jobs associated with contractors and suppliers servicing the facility during its construction and operation, induced employment in other service sectors patronized by direct and indirect employees, and of course the estimated 1,000 additional jobs associated with induced development.

For these reasons, the Project will not negatively impact actual municipal development charges and in fact will generate significant positive revenues to the municipalities in the form of direct property taxes as well as development charges accrued from induced development. The Project will also create other important economic benefits locally, generating direct, indirect, and induced employment, including high-tech supply chain jobs, and enhancing the competitiveness and resilience of local businesses and manufacturers reliant on efficient goods movement, which recent events have shown to be critical for economic and social well-being.

Further Commitments

Nevertheless, and as stated earlier, CN welcomes the kind of collaborative relationship with the Town of Milton and Halton Region contemplated and recommended by the Panel, which we believe will enable all parties to identify, prioritize, and advance initiatives that would support and enhance the municipalities' long-term economic prosperity.

The measures outlined above in response to the first question regarding land use planning frameworks are expected to also serve to address the municipalities' expressed concern with respect to municipal finances. In particular, the following measures are considered most relevant

²¹ EIS Appendix E.17, Tables 6 and 8.

²² CN response to IR8.4.

in this regard, as they would improve the municipalities' ability to attract desired employment uses that would in turn generate both DCs and municipal tax revenue:

- the investments in railway infrastructure improvements (such as grade separations) and accommodation of municipally requested features (such as additional vehicle lanes and multi-use pathways) in both new and upgraded existing railway infrastructure will enhance municipal transportation infrastructure, which will help Milton attract and retain employment development (not limited to the logistics sector);
- engagement with the Town and the Region to explore possible future uses of the remaining CN-owned employment lands that are not needed for the Project could help the municipalities attract and realize the benefits of additional diverse high-value development consistent with their long-term plans;
- continued investment in and partnership with academic institutions in logistics-related educational and research initiatives could help the municipalities to attract more research and technology innovation employment to the area; and
- engagement between CN, the municipalities, and other logistics sector stakeholders could explore how CN's infrastructure and lands, as well as Milton's other assets, can be further leveraged to attract and retain high-value and diverse employment opportunities.

With respect to the latter point, CN would also be open to exploring partnering with other local logistics industry participants and the municipalities on infrastructure improvements of the kind that might otherwise be funded by development charges, including, for example, the preferred benefits identified through CN's community outreach efforts in 2018 and 2019. In particular, CN would welcome the opportunity to discuss with the Town and Region *their* priorities and preferences for further investment. It would be our hope that a good faith joint effort to identify and facilitate additional benefits from the Project would lead to stronger, more meaningful long-term collaboration in general.

3 Future Use of Lands

The Agency requests information on CN's plans for future Project expansions and use of lands surrounding the Project development area.

As CN indicated during the EA, it has no current plans for Project expansions or for future use of the lands surrounding the Project development area. The land block was assembled in the 1990s – when land parcels were much less valuable – without a specific facility footprint in mind. The Project was subsequently designed based on sophisticated forecasting of future growth in the GTHA and future demand for goods movement infrastructure, and with the express intention of achieving state-of-the-art efficiency. The size of the Project's footprint was calibrated to meet those needs for many years. The Panel heard extensive evidence on the subject at the hearing, including from the Halton Municipalities, and was satisfied that CN has no intention to expand the Project.

The evidence at the hearing highlighted four key reasons why CN expects the Project to meet foreseeable and projected demand:



- **Current Project capacity meets future needs.** CN designed the Project to serve not only the current demand in the region, but also future demands. That design was based on sophisticated forecasting of projected container traffic and growth to determine the required capacity of the Project. As part of this forecasting, CN considered its own data and the knowledge of its customer base, as well as broader economic projections, such as real GDP, commodity prices and trends, fuel prices, and population growth.

CN also retained an independent expert to develop an independent forecast of the container growth in the region and project design capacity. Drawing on publicly available and vetted population growth forecasts for the GTHA and container volume projections for Canadian ports, as well as other data from CN, the independent forecaster concluded that the proposed capacity of CN's Project will be able to meet projected needs.

- **CN's Project is a modern terminal.** During the hearing, CN corrected the misimpression that it planned to expand the capacity of the Milton Logistics Hub as it has done at its Brampton terminal. The Brampton terminal was built in 1980, when CN was just beginning to develop intermodal capacity. Over time, expansions and changes had to be made within the Brampton terminal as the intermodal industry (and CN's understanding of it) matured. The current configuration of the Brampton terminal reflects that organic growth over decades and the efficient operation of the terminal is constrained by that legacy. In contrast, the Milton terminal has been designed from the outset with a focus on efficiency to avoid the need for sporadic, inefficient expansion or modification, based in large part on lessons learned from the Brampton experience and CN's experience across the other terminals in its network.
- **The Milton Logistics Hub, together with the Brampton terminal, will enable CN to meet forecast demand.** During the EA, CN explained how the evolution of the Brampton terminal resulted in its present configuration, which is nearing capacity and cannot serve future demand growth on its own. CN also explained how it determined that additional capacity was necessary and how it evaluated options for delivering that capacity, culminating in the proposed Milton Logistics Hub Project. As demonstrated by CN, the two terminals operating together will meet the forecast need.
- **Materially higher throughput would undermine customer demands.** CN explained at the hearing that materially increasing the container throughput of the terminal would undermine the *raison d'être* for the facility: serving an increasingly demanding, time-sensitive customer base. Because the Project has been designed to handle a specific capacity of containers, any increase would reduce the turn-around time for pick-up and delivery, and dissuade time-sensitive customers from using the facility. A good example is the modern just-in-time market for fresh produce, containers of which simply cannot tolerate waiting before reaching stores.

The Panel found that CN's explanation and justification for the planned size of the Project and CN's predicted capacity of the terminal to be reasonable (Panel Report, p. 290). The Panel also accepted that CN does not intend to expand the Project at this time and that expanding the Project would "likely decrease operating efficiencies and increase customer dissatisfaction" (Panel Report, p. 290).

In summary, CN has no current plans for Project expansion or for future use of the lands surrounding the Project development area.



CN notes that some of its lands around the terminal (within the Project development area) will be used to enhance habitat for fish, birds, and wildlife, including several species at risk, as described and assessed during the EA. CN has also indicated that other CN-owned lands around the Project development area would continue to be used for agricultural purposes until such time as the Town and Region facilitate their planned employment use. The Panel acknowledged this continued agricultural use in its report, and also suggested other possible uses for some of the CN-owned lands, including additional grassland restoration and reserving some lands to accommodate future adaptive management measures, should any be required.

In this regard, CN recognizes that its lands in Milton that are not needed for the Project represent an opportunity to realize other potential economic, environmental, and/or community benefits. As noted previously, CN would welcome the opportunity to engage with the Town and the Region to explore possible future uses of the remaining CN-owned lands and that could help the municipalities attract and realize the benefits of additional diverse high-value employment development consistent with their long-term plans, while also protecting the environment and creating amenities that contribute to the municipalities' vision of a complete community.