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**Halifax Regional Council**  
**June 26, 2007**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**   
Mike Labrecque, Director, Transportation and Public Works

**DATE:** June 20, 2007

**SUBJECT:** Tender No. 07-221 Phase 12-1a Burnside Business Park

### **INFORMATION REPORT**

#### **ORIGIN**

At its June 19, 2007 session, a Notice of Motion to Reconsider approval on this matter was seconded pending further information and clarification with respect to development and design practices, relationship to zoning and the Business Park Functional Plan and the Transload and Gateway initiatives. These initiatives are addressed in Part I and Part II of this report respectively.

Further information on the expanded Halifax Gateway and Atlantic Gateway initiatives will be forthcoming to Council.

## **BACKGROUND/DISCUSSION**

Tender No. 07-221 is further to the Council approved Capital Plan and the phased development and build-out of Burnside Business Park. Phase 12-1a is the third of four primary tender packages for the 2007-08 plan and builds on the momentum of the Consolidated FastFrate development that has already proceeded in this area of Burnside. Consolidated FastFrate is part of a growing trend in the transportation industry to provide logistical support to major transportation facilities such as seaports, airports, rail lines and highway links to both regional and more remote markets. Halifax has a critical mass of this infrastructure which collectively, is referred to as the Halifax Gateway.

The proposed subdivision and development concept is consistent with the existing I-2 zoning for the area. There is no change in policy with respect to what is being recommended. The recommended action would see a second major transportation facility developed by Armour Transport, locate in close proximity to Consolidated FastFrate.

This transaction would result in two major logistic companies being located in a cluster, which supports an economic development initiative to increase container cargo volumes through the Port of Halifax. The initiative is part of a broader strategy being advanced by the Greater Halifax Partnership, in association with the Halifax Port Authority and other transportation partners to promote Halifax as a Gateway by building on this region's strategic locational and infrastructure advantages. Promotion of Halifax as an East Coast transportation logistics centre as part of the Halifax Gateway concept is a priority action of HRM's Economic Strategy approved by Council in late 2005. The opportunity to set aside serviced lands suitable and ready for a form of transportation logistics service referred to as "transload" will be explained later in this report and further explored as part of the Business Park Functional Plan. Council is not being asked to make any formal policy designation of lands at this time.

It is also important for Council to note that the development of HRM's business parks are subject to the municipal development approval and permitting processes. The subject infrastructure design standards are in compliance with the Municipal Red-book (including analyses of traffic impacts) and Regional Plan policies. In some instances the standard is often exceeded. Some examples of this are curb width and bike lanes. The general design approach for Burnside and City of Lakes Business Parks in terms of undergrounding electrical services has been to not require undergrounding in Burnside, where more general business uses are permitted, but to require this in City of Lakes, where a higher design standard based on an overall office park concept is being strived for. The exception to this applies to boulevarded streets in Burnside such as Burnside Drive, Akerley Boulevard, etc. Consequently, undergrounding of electrical service is unwarranted for Phase 12-1a.

### **Part I: Business Park Functional Plan**

In 2006, HRM adopted the Regional Municipal Planning Strategy which identifies current and future employment nodes and establishes policies to direct future growth to these areas. To successfully implement the regional plan and build upon HRM's business planning and long-term capital investment planning, the Business Park Functional Plan has been identified as a key implementation

initiative. The functional plan will assess a variety of topics considered vital to the long term development and sustainability of the region's commercial/industrial base and serve as a strategic plan for the future expansion of HRM business parks.

Although Municipal amalgamation resulted in the municipal ownership, planning and management of business parks within the municipality becoming more integrated, challenges remain. Industrial/commercial lands in HRM remain subject to the policies and regulations of municipal planning strategies and land use by-laws for a number of different plan areas and there continues to be a need to better coordinate business parks marketing and development efforts and to ensure that significant investments that have been made in municipal and provincial business parks is leveraged to its full potential. The prescribed generalized future land uses and zoning currently in place do not take into consideration the integrated municipal ownership nor do they reflect the more current direction that HRM may wish to pursue in terms of meeting the goals and objectives of the municipality's economic and regional planning strategies.

In accordance with the Regional Plan, the Business Park Functional Plan will address the following:

- establish a system to monitor availability of land for commercial/office, industrial and institutional uses and determine whether supply is meeting demand, in order that sufficient lands are appropriately designated to accommodate anticipated business growth;
- consult with the Province of Nova Scotia to determine the best way to develop the business parks under provincial ownership, including ownership, partnership and management options;
- evaluate pricing and design strategies as growth development tools, including implications for other business parks, private and public employment centers including the Capital District;
- further to above, analyze implications for creating incentive programs for locating in rural business parks, including costs/benefits and impacts on other business parks, employment centers and the Capital District;
- investigate the introduction of varying municipal infrastructure standards within business parks, tailored to land use type;
- consider land banking to ensure adequate long-term supply of land;
- investigate designating additional lands for use as an office campus;
- assess and validate the direction/target markets HRM has chosen to pursue and will comment on opportunity for HRM should be aware of with respect to emerging market trends, transload/logistics sector, niches or other potential uses for HRM's land holdings;

- assess and comment on the factors that are attracting or limiting industrial/commercial development in HRM;
- specifically assess the wide range of permitted uses in Burnside and City of Lakes and provide recommendations to accommodate the various use types while minimizing potential land use compatibility issues (i.e. physical separation, buffering, etc.), and
- recommend necessary amendments, through Council, to zoning regulations, improvement to existing site and architectural guidelines and development control parameters to promote increased compatibility between commercial, office, light industrial, heavy industrial and institutional uses.

## **Part II: Halifax Gateway and Transload Initiatives**

### **Overview**

One of the priority actions of HRM's Economic Strategy is to plan and implement strategies to grow and promote Halifax as Canada's east coast logistics hub. The Halifax Gateway (including the airport, port, trucking and rail operations) generates over 1 Billion dollars in wages each year. By way of comparison, this represents five times the level of wages presently generated by HRM's tourism sector. The Halifax Gateway is a critical pillar in the continued viability of major economic drivers such as the East Coast Navy, Imperial Oil Refinery and Autoport.

As with other sectors, HRM needs to compete nationally and internationally for business. The Greater Halifax Partnership through its role in the Halifax Gateway Council has been working to integrate strategies and create partnerships that can help bring focus to the growth of this important sector within the local and provincial economy. The Halifax Gateway, with its current beachhead of infrastructure (major container port with two terminals, rail, international airport, logistics, cruise etc.) is the cornerstone upon which the Atlantic Gateway initiative is built. Without a strong and vibrant Halifax Gateway, there would be limited opportunities to promote and market the Atlantic Gateway. Regional companies, such as Michelin, Bowater, Oxford Frozen Foods, Composites Atlantic, Acadian Seaplants and Clearwater would be challenged to continue to have operations in this province as they depend on having reliable, timely and competitive transportation links in order to compete globally both from an import and an export perspective.

It is imperative that the Halifax Gateway be strong and continues to grow; a strong Gateway in Halifax will in turn provide opportunities to grow the entire region.

### **Supporting and Building the Container Transload Sector in Halifax**

In 2004, the HPA, GHP and other partners undertook a study of potential distribution centre (DC) activity that could take place from Halifax. The major piece of learning from the study was that distribution centre activity was unlikely to take place in the short to medium term, but that a hybrid

of DCs, container transload activity, held some potential. In the past two years, an agreement was signed between CRSA and Armour Transportation Group to move 4,000 TEUs through Halifax, which would be distributed, from a facility in the Burnside Industrial Park. Another company, Consolidated Fastfrate is building a new 90,000 sf transload facility in Burnside, which will open in 2007. There are several more major retailers interested in moving additional volumes through Halifax.

In the months since this study commenced, Maersk Line announced it is withdrawing from Halifax in favour of Savannah, which is 970 nautical miles further away from the Straits of Gibraltar than Halifax. The reason this has happened is that Savannah has 19 major Distribution Centers located within 5 miles of the port. This type of development makes it imperative that Halifax become larger than its own local market, in the way Savannah and other ports have. At 310,000 people, Savannah is smaller in population than Halifax but is able to serve a large population base in the South East. Developing the container transload sector is a key step in the growth of the Port of Halifax.

### **The Business Case**

Building a transload and, eventually, a distribution sector in Halifax is of critical importance to the future of the Halifax Gateway. The withdrawal of Maersk Line from Halifax in April 2007, in favor of Savannah, GA, which has 19 major distribution facilities within 10 miles of the port, underscores the urgency of this situation. Savannah is 870 nautical miles further away from the entrance to the Mediterranean, and the Atlantic region provided the line with ample local cargoes, including very good paying refrigerated cargoes, yet it still felt compelled to switch to Savannah because of the amount of distribution activity taking place there. From relative obscurity in the 1980s, when it was actually smaller than Halifax in the number of containers handled, Savannah has made itself a “must call” port, for lines serving the US east coast via the Panama and Suez canals. Halifax must do the same.

The transload sector begins to address the problem of the small size of the Atlantic region market. It makes the market bigger than it actually is by driving additional cargo through the port. This is just one of several initiatives underway to increase cargo throughput at Halifax, but it is very key, and has been identified as the number one priority of the Halifax Port Authority. From 26 interviews undertaken, eight companies indicated a short-medium term interest in transloading cargo at Halifax. These companies represent incremental volume amounting to about 50,000 TEUs, or almost 10 percent of the port’s existing volume. They also represent some of Canada’s largest retailers and a number of large 3PLs. Some of this cargo could be accommodated in facilities presently being constructed or planned; some would require new facilities.

The transload sector is important for both inbound cargo to feed national supply chains in central Canada and to provide containers for regional exporters. The contents of three 40 feet. ocean containers are destuffed at a transload facility and restuffed into two 53 feet domestic containers or highway trailers. At present, the 53 feet unit would likely return to central Canada empty and the 40 feet unit would likely return to Atlantic Canada empty. Transloading balances out two empty loads with two full loads. The retailer pays for two units to move inland instead of three. The local shipper in Atlantic Canada obtains access too much needed container equipment much sooner than

otherwise. The retailer has the option of shipping its 53 feet unit to a distribution center in central Canada or directly to a store, as well as eventually performing some value added services.

### **Site Selection**

Transportation companies have difficulties in securing land of sufficient size at optimal locations for new warehouse facilities in HRM. In response, HRM and/or the HPA need to plan for, and to set aside serviced land that is suitable for the transload sector (i.e. 15 to 20 acre parcels). Burnside is the only location that can provide suitable land immediately. Within Burnside, the study examines two sites, including an area within Phase 12 (where Fastfrate is locating and Armour wishes to) and Phase 13 (which will not be accessible until an overpass across Akerley Boulevard and Sackville Expressway are built). Clearly, short-term development will occur within Phase 12 at Burnside.

Burnside does have the potential advantage of having two current logistics companies (Fastfrate and Armour). However the Phase 12 also needed to provide for the balance of the commercial land demand and the site does not have the prominence that the land in Phase 13 to the north that could provide for a standalone logistics park. Phase 13 also has the potential for rail access.

As Phase 13 is the preferred long term location the approach should be to create a limited number of large lots near Fastfrate to accommodate any near term activity. In the meantime, HRM and the HPA, as a potential partner, will be moving ahead with discussions and planning for Phase 13.

### **Next Steps**

The Transload Strategy is being implemented by Halifax Gateway Council, Halifax Port Authority, Greater Halifax Partnership and HRM. Detailed information on the stakeholder communications strategy and key dates will be forthcoming to Council in July.

### **BUDGET IMPLICATIONS**

The decision to not approved or further defer the recommended Tender award will result in construction delays and investment loss to the Municipality.

### **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

### **ATTACHMENTS**

None

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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