

MEMO

Date: May 11, 2021

From: Mike McLellan, Vice President, Project Development, GCT Global Container Terminals Inc.

To: Stefan Crampton, Project Manager, Impact Assessment Agency of Canada
Andrew Green, Project Assessment Director, BC Environmental Assessment Office

Subject: **Physical activities incidental to the proposed Deltaport Expansion Berth Four Project**

This memo provides supplemental information on certain physical activities incidental to the proposed Deltaport Expansion Berth Four Project (DP4 or the Project) as requested by the Impact Assessment Agency of Canada (IAAC) and the British Columbia Environmental Assessment Office (EAO), to inform the scope of the Project assessment. Physical activities incidental to Project include the movement of containers via truck, rail and short sea shipping, as described in the Project's draft Detailed Project Description (DPD), submitted to the IAAC and EAO for review on April 1, 2021. Information about physical activities incidental to Project construction including improvements to transportation infrastructure is also discussed. Marine shipping is also identified as a physical activity incidental to the Project in the DPD, but is outside of the scope of this memo.

As the long-term operator of GCT Deltaport since 1997, GCT is aware of and acknowledges existing concerns raised by the local community, stakeholders and Indigenous groups related to truck, rail and marine shipping activities associated with the port operations in the area. Concerns associated with noise, vibration, air quality, safety, human health, cumulative effects and other factors have been documented in the Joint Summary of Issues and Engagement Report following early engagement on the DP4 Initial Project Description, which describes increases in road, rail and marine shipping activities as a result of the proposed Project. GCT is committed to addressing these concerns and is in the process of evaluating how best to assess these issues through the Application Information Requirements/Tailored Impact Statement Guidelines (Joint Guidelines) that will be used by the IAAC and EAO to inform the scope of the Project assessment.

Based on the IAAC's "Guide to Preparing an Initial Project Description and a Detailed Project Description" guidance, the following criteria were considered in determining activities incidental to the Project:

- The nature of the proposed activities and whether they are subordinate or complementary to the designated project;
- Whether the activity is within the care and control of the proponent;
- If the activity is to be undertaken by a third party, the nature of the relationship between the proponent and the third party and whether the proponent has the ability to "direct or influence" the carrying out of the activity;
- Whether the activity is solely for the benefit of the proponent or is available for other proponents as well; and
- The federal and/or provincial regulatory requirements for the activity.

Road and Rail

Based on early engagements completed by GCT to date, four Indigenous groups have expressed concerns associated with increased road and rail traffic, including Tsawwassen First Nation (TFN), Kwantlen First Nation, Seabird Island First Nation and S'ólh Téméxw Stewardship Alliance/ People of the River Referral Office. TFN is concerned about increased traffic congestion associated with the Project and cumulative traffic impacts, the ability to access their land to exercise rights and the introduction of invasive species that impacts the harvesting of traditional medicine. TFN also acknowledged that a path forward is needed to address and mitigate traffic impacts that involves the federal and provincial governments. Kwantlen First Nation is also concerned about increased road and rail traffic, whereas Seabird Island First Nation and S'ólh Téméxw Stewardship Alliance/ People of the River Referral Office are specifically concerned with rail traffic, including the rail line that runs through the Seabird Island First Nation community.

GCT will direct and influence the movement of trucks and trains within its anticipated lease boundary (see Figure 1) including activities associated with the loading and offloading of containers to and from trucks and railcars which are complementary to the Project.

The movement of trucks and railcars outside of the anticipated lease boundary are incidental activities because they are not under GCT's care and control, and GCT has no ability to direct or influence third party operators, including Canadian Pacific (CP) and Canadian National (CN) for rail operations, and the various independent trucking companies. The movement of containers via rail is regulated by Transport Canada, the Canadian Transportation Agency and legislation such as the federal Transportation of Dangerous Goods Act, and the provincial Railway Act and Railway Safety Act. Container trucking is also regulated through the BC Ministry of Transportation and Infrastructure through the Container Trucking Act and the Container Trucking Regulation, administered through the Office of the BC Container Trucking Commissioner. The VFPA also regulates trucking through their Truck Licensing System which addresses various safety and environmental requirements. The efficient movement of containers via truck and rail not only benefits GCT, but is also a major contributor to employment and the Canadian economy. The provinces of BC, Alberta, Saskatchewan and Manitoba rely on these operations to help meet their trade and economic objectives across Canada and beyond.

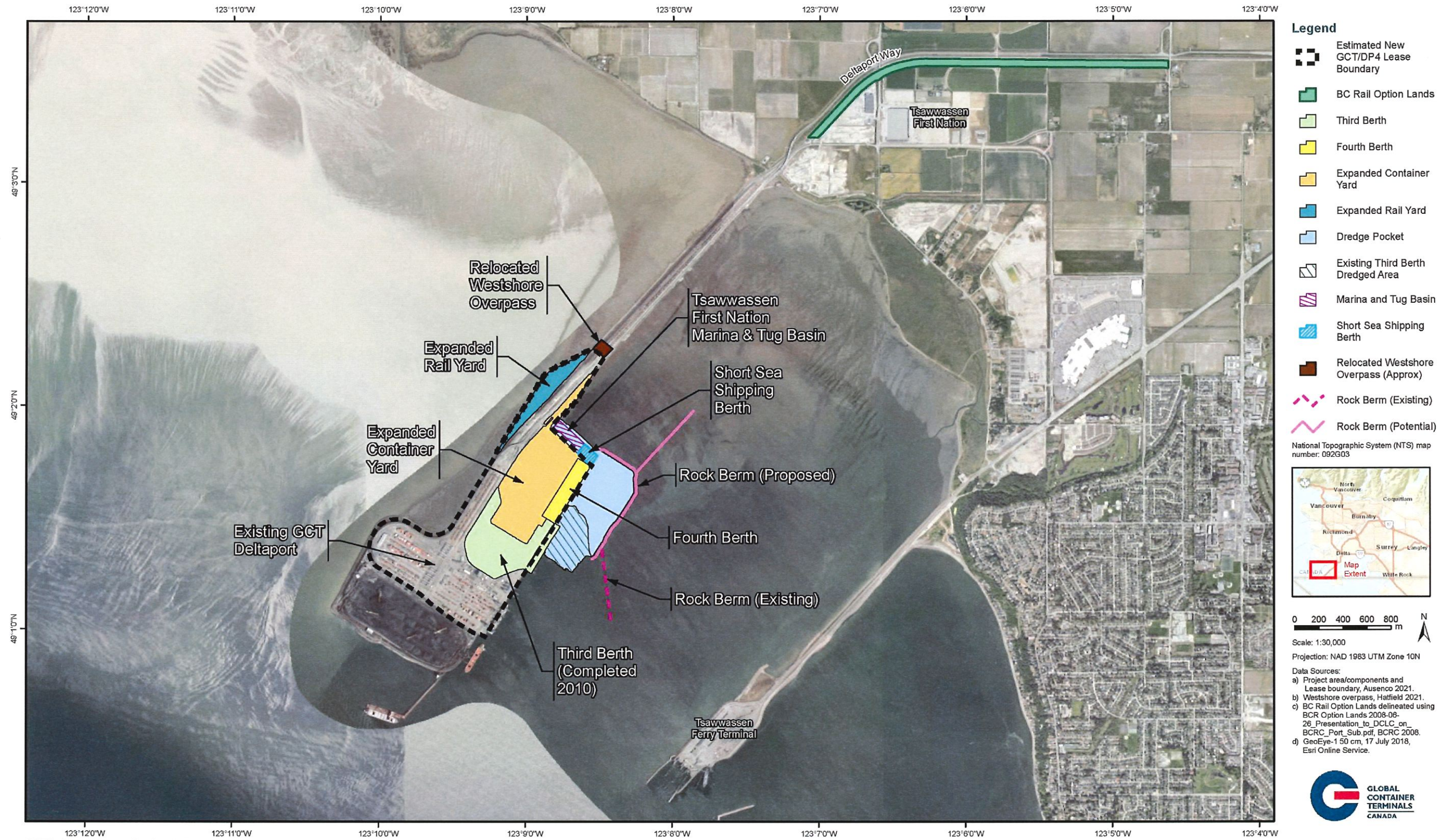
Similarly, upgrades to road and rail infrastructure that may be required are incidental to the Project, and outside of GCT's care and control. These upgrades have yet to be confirmed but may include railway enhancements specifically within the Provincial "Option Lands" along Deltaport Way, which have been designated for future rail right-of-way and are primarily owned by the Vancouver Fraser Port Authority (VFPA) and BC Rail. GCT will continue to liaise with these parties, who would be responsible for the construction and operation of any upgrades, as well as Westshore Terminals who would also benefit from the infrastructure improvements.

The existing Westshore Terminals overpass used to separate road and rail traffic on the causeway will be demolished and moved further north to outside of GCT's anticipated new lease boundary. GCT will fund the overpass as part of the overall Project cost, and Westshore Terminals will also benefit by maintaining unimpeded access to their operations. The Ministry of Transportation and Infrastructure would be responsible for regulating all improvements to the transportation network to ensure the safe and efficient movement of people and goods.

GCT is in the early stages of defining valued components and spatial boundaries for the Project assessment and continues to engage with Indigenous groups, regulators, the public and stakeholders in this regard. GCT anticipates that potential effects associated with road and rail activities within GCT's care and control will be assessed as part of the local assessment area (LAA), which encompasses the Project footprint and the "zone of influence" of the Project, including areas that may be affected by direct and indirect Project effects, such as air quality, noise, vibration

and other issues of importance. Future incremental changes in road and rail activities associated with Project operations but outside of GCT's care and control may be assessed as part of the regional assessment area (RAA) or a cumulative effects assessment area, which encompasses the LAA and a larger spatial boundary within which the measurable residual effects of the Project are likely to interact cumulatively with the effects of other past, present and reasonably foreseeable future projects and activities.

Figure 1: DP4 Project Area



GCT Deltaport Expansion Berth Four Project

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Short Sea Shipping

Short sea shipping, or the local movement of containers by barge, is an alternative to truck transportation and is regulated by, amongst others, Transport Canada. Both Transport Canada, the VFPA and other organizations are actively working with industry stakeholders to advance short sea shipping in the Port of Vancouver and beyond as a more sustainable way to move containers. Short sea shipping is a more fuel-efficient method of container transportation compared with trucking which translates to reduced fuel costs and consumption, reduced GHG emissions, reduced road infrastructure wear and tear, and less noise and air pollution.

Based on early engagement activities, GCT understands that the Cowichan Nation Alliance and Tsleil-Waututh Nation have expressed an interest in learning more about short sea shipping activities, including its viability, potential impacts compared to traditional trucking activities, expected volumes and locations of marine traffic, and alternative uses for the berth if short sea shipping is deemed unfeasible.

Currently, the only two active examples of short sea shipping container service in the region are from Centerm in Burrard Inlet to/from the Dubai Ports World's (DPW) Duke Point Terminal (Port of Nanaimo), due to the fact that under prevailing conditions, the movement of containers by short sea shipping is not competitive with transportation by truck. DPW has also recently trialed a short sea shipping run between their Fraser Surrey Docks located on the Fraser River to Centerm in the inner harbour of Vancouver. GCT is pursuing a Project design that accommodates a short sea shipping berth in anticipation that governments may mandate alternatives to trucking in the future, or dynamics in the market may change. To GCT's knowledge, no other short sea shipping services are currently being planned outside of GCT Deltaport. As such, it is not possible at this stage to ascertain if, when or where such facilities outside of GCT Deltaport would be constructed. It is therefore impossible to make predictions about the volumes of marine traffic associated with short sea shipping, or shipping routes, which are not clearly defined unlike shipping routes for traditional container vessels.

The inclusion of the short sea shipping berth in the Project design makes little difference to the design because the bulkhead is required for the terminal expansion regardless. If it is determined that short sea shipping capability is not required, the terminal footprint would remain the same, and the area would be used for other terminal operations, such as container storage and/or the (un)loading of container trucks. Construction techniques would also be similar, with the exception of a slightly larger dredge footprint of approximately 3 ha to accommodate the safe movement of short sea shipping vessels.

As described above, GCT is in the early stages of defining valued components and spatial boundaries for the Project assessment and anticipates that construction activities associated with short sea shipping berth would be assessed in a local and regional/cumulative context, similar to road and rail activities within GCT's care and control. This may include construction activities associated with additional dredging for shallow water access to the short sea shipping berth. Similar construction and operational activities required for other areas of the terminal could also be assessed because the area would be required for expanded container storage and the transfer of containers between ocean-going vessels and inland road transportation, until such time as short sea shipping became a viable option.

GCT foresees significant challenges assessing or predicting potential future operational activities associated with the movement of short sea shipping barges due to the lack of existing information. The movement of barges would also be incidental to the Project as GCT would have no ability to direct or influence third party activities beyond the berth, which are regulated by the VFPA and Transport Canada. Although short sea shipping would be complimentary to the Project, the benefits would also extend to other proponents as well and help meet trade and economic objectives along the west coast of Canada.

GCT welcomes the opportunity to continue discussions with the IAAC and EAO about incidental activities associated with the Project to inform the Joint Guidelines, and ultimately the scope of the Project assessment. We look forward to your ongoing collaboration in this regard.

Sincerely,

<Original signed by>

Mike McLellan
Vice President, Project Development
GCT Global Container Terminals Inc.