

Via Email: mmclellan@globalterminals.com

February 29, 2019

Mr. Mike McLellan
Vice President, Project Development
GCT Canada Limited Partnership
Suite 610 – 375 Water Street
Vancouver, BC V6B 5C6

Dear Mr. McLellan:

Re: Preliminary Project Enquiry – Fourth Berth Project (DP4)

We acknowledge receipt of your Preliminary Project Enquiry for the Fourth Berth Project (DP4) dated February 5, 2019.

Before responding to your Enquiry, we would like to place it in context with the history of container operations on Roberts Bank and the current review of the Roberts Bank Terminal 2 Project (RBT2).

As part of a container terminal expansion strategy proposed in 2002, VFPA and its corporate predecessors have led and supported the development of container terminal capacity and operations at the four container terminals located within its jurisdiction including Centerm, Deltaport, Fraser Surrey Docks, and Vanterm, and is now proceeding with the RBT2 Project to develop a new container terminal.

With respect to the GCT Deltaport container terminal:

- The original GCT Deltaport container terminal commenced operations in 1997 with two berths on Roberts Bank Pod 4 and a footprint of approximately 35 hectares;
- To increase container-handling capacity, GCT Deltaport's container yard was expanded to the west in 2000 onto the vacant Roberts Bank Pod 3. This increased the capacity to 900,000 TEUs per year and the footprint to 65 hectares (150 acres);
- In 2003-2004, Vancouver Port Authority (VPA) initiated the review of the Deltaport Third Berth Project (DP3) to increase capacity at GCT Deltaport by adding a third

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- berth and an additional footprint of 20 hectares (50 acres). The completion of DP3 in 2010 increased capacity by 600,000 TEUs per year, and along with other capacity expansions, brought Deltaport to a total capacity of 1.8 million TEUs per year; and
- More recently, VFPA has worked with GCT to further expand capacity through the Intermodal Yard Reconfiguration Project, consisting of a series of improvements to the existing Deltaport container facility at Roberts Bank (along with road and rail works undertaken by VFPA). That project enables greater efficiencies in terminal operation, allowing the existing Deltaport container terminal to handle an additional 600,000 TEUs annually to achieve an overall maximum throughput of 2.4 million TEUs per year within the existing footprint.

We note that VFPA has led or supported each of these initiatives for expansion of capacity of the GCT Deltaport to 2.4 million TEUs per year, in consultation and collaboration with GCT. Since 2002 it has been clear that further container capacity at Roberts Bank, after development of the Deltaport expansions, would be achieved through development of a new three berth terminal, namely RBT2.

As you are aware, the original DP3 Project proposed in February of 2003 was to include an expansion of footprint on the intertidal habitat of 80 acres. In response to the initial DP3 Project, the Minister of Fisheries and Oceans wrote to VPA on July 29, 2003 encouraging VPA to continue working with DFO regional staff in identifying options for expansion which would reduce the footprint on critical fish habitat, and encouraged VPA to consider options for expansion in deeper water, where construction would likely have less impact on the fish habitat of the Fraser River estuary. In particular, the Minister's letter of July 29, 2003 indicated that further expansion in the intertidal area would result in unacceptable impacts to critical fish habitat for which DFO would not consider issuing a *Fisheries Act*, section 35(2) authorization.

In response to the concerns of DFO to reduce impacts on intertidal habitat, VPA revised the DP3 project description in June of 2004 to reduce the proposed expansion of footprint from 80 acres down to approximately 50 acres. In presenting that reduced proposal, VPA stated:

"Over the course of the past year, the VPA has undertaken a number of environmental and engineering studies to assist in the selection of an environmentally and socially acceptable project location that would also meet operational and economic requirements. The attached Preliminary Project Description now identifies a project site location that has reduced the footprint area to approximately 50 acres reflecting the balance the VPA has tried to achieve between the potential environmental and community impacts as well as operational effectiveness."

In the Environmental Assessment Application for the DP3 Project submitted by VPA in January 2005, emphasis was given to the reduction of the terminal footprint from 80 acres to 50 acres. See Section 3.4.3 of the DP3 EA which stated:

“Based on preliminary results of the study program, a review of the evaluation criteria, and consultation with the regulatory agencies, including DFO and CWS, the public and First Nations, VPA prepared a revised plan for the Project.

The revised plan consists of a reduced terminal footprint of approximately 20 hectares (50 acres), as shown in Figure 3.12.”

This reduction in the footprint of the DP3 Project was a significant factor in the environmental assessment conducted as a comprehensive study under the *Canadian Environmental Assessment Act* by DFO and Environment Canada as responsible authorities. Their Comprehensive Study Report (CSR) was issued on July 5, 2006 and noted that the reduced footprint was “done primarily to minimize the potential effects to existing fish and wildlife habitats”.

It was very clear that the reduced footprint was a significant factor in the assessment and ultimate recommendation for approval of the DP3 Project by DFO and Environment Canada, and that the originally proposed footprint of 80 acres would not have been acceptable.

It is notable that your proposed DP4 Project would involve a footprint expansion of 56 hectares (138 acres), extending into and well beyond the footprint on the very same intertidal habitat which was specifically protected by the reduced footprint of the DP3 Project to address the opposition of DFO to impacts on what they regarded as critical intertidal habitat.

As you are aware, the VFPA plans for container capacity expansion at Roberts Bank have included additional expansion on the west side of the terminal, in deeper water, as encouraged by the Minister of Fisheries and Oceans in 2003. After considering alternatives, and taking into account the clear preference of the Minister of Fisheries and Oceans, the RBT2 Project on the west side of the terminal, and located away from the intertidal habitat and in deeper water, was brought forward in 2013 for review under the *Canadian Environment Assessment Act, 2012*. That project has been under environmental assessment through both CEAA, 2012 and the B.C. *Environmental Assessment Act* (BCEAA) since that time and for almost 6 years. An Environmental Impact Statement for the RBT2 Project was submitted in March of 2015, and the Marine Shipping Addendum was submitted in October 2015. Consideration of that project through the environmental assessment process is well advanced under a federal Review Panel.

The RBT2 Project is our preferred project for achieving the expansion of capacity to meet projected increases in demand. The RBT2 Project would provide an expansion of 2.4 million TEUs. The updated Project Rationale for the RBT2 Project, filed in 2018, emphasized two points with respect to expansion at Roberts Bank:

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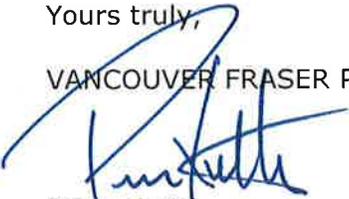
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- At Roberts Bank, expanding the existing Deltaport container terminal is not an option for two main reasons. First, Fisheries and Oceans Canada has prohibited further land reclamation inland from Deltaport, due to environmental sensitivity. The graphic below shows how further expansion at Deltaport would have to be built almost entirely in the sensitive intertidal habitat within the inter-causeway area.
- Second, expanding Deltaport would mean one terminal operator would control a significant majority of the market for container terminal services. Healthy competition is necessary to ensure users continue to pay reasonable rates for reliable service. For this reason, the Vancouver Fraser Port Authority is committed to fostering an appropriate level of competition within the Port of Vancouver. This competitive environment is especially relevant for Canadian exporters who rely on the Vancouver gateway.

We emphasize these points to ensure that you are fully aware that the RBT2 Project is our preferred project for expansion of capacity at Roberts Bank. You must understand that your DP4 proposal, even if it is able to receive the necessary environmental and regulatory approvals, could only be considered as subsequent and incremental to the RBT2 Project. We note that your proposed development timeline would conflict with the implementation of RBT2 capacity. Taking all of the above factors into consideration, we will not be processing your Enquiry through our project and environmental review process at this time. We would be prepared to review development plans for Deltaport with GCT at a point when we can more accurately project the need for incremental capacity beyond RBT2.

Yours truly,

VANCOUVER FRASER PORT AUTHORITY



Peter Xotta

Vice President, Planning & Operations

cc:

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