



**CILTNA Pacific Chapter Gateway Series  
Luncheon Meeting Proceedings**

**Towards a Strong Gateway Future: Preserving Industrial Lands  
to Meet Traffic Growth in the Port of Vancouver**

with guest speakers

**Mr. Richard Wozny**, Principal, Site Economics Ltd  
and **Mr. Paul Tilbury**, Chief Operating Officer, Dayhu Investments Ltd

held Tuesday, June 21, 2016  
at the Terminal City Club, 837 W Hastings St., Vancouver, British Columbia

**Martin Crilly**, FCILT-R, coordinator of student assistance  
**Curtis Hoy**, UBC Student, reporter of speakers' remarks  
**Kay Tam**, BCIT Student, assembler of proceedings  
**Wu Xu**, CILTNA Executive, reporter of Q and A session

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### Reporters' Note

*The two speakers spoke with slides for 40 minutes and answered questions for 25 more minutes. This report relies on audio recordings and note-taking during the speakers' delivery, checked against their slide decks. The report closely paraphrases the speakers' remarks as delivered in the first person.*

*The reporters have added:*

- *topic headings shown in Table of Contents and*
- *explanatory words in the remarks [in square brackets]*

*The speakers have reviewed the report. Errors and omissions remain the responsibility of the reporters.*

## Luncheon Programme

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- 11:30 Registration
- 11:45 Guests are seated
- 11:50 **Marian Robson** welcomes guests and calls on **John Dymond** to speak about the student attendees
- Noon Lunch is served
- 12:45 **Bob Wilds** introduces the speakers
- 12:50 **Richard Wozny** speaks
- 1:10 **Paul Tilbury** speaks
- 1:30 Q&A 2 students will open the question period, followed by questions from the floor
- 1:50 **Marian Robson** calls on **Doug Nordan** to thank the speakers
- 1:55 **Marian Robson** gives a pitch to join CILTNA, Pacific Chapter
- 2:00 Meeting adjourns

## **Biography of Mr. Richard Wozny**

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Richard is Principal of Site Economics Ltd. He has conducted hundreds of development and financial studies of shopping centres and commercial districts. He has worked on the development of thousands of acres of residential and industrial projects, and hundreds of store location and feasibility studies for retailers.

Richard's past work experience includes: Vice President and Manager of Advisory Services, Cushman & Wakefield LePage Inc.; Manager of Retail Development for Western Canada, Marathon Realty Company Ltd.; and Senior Consultant for Shopping Centre Developments, Thomas Consultants Inc. Richard completed a Master's Degree in Regional Science at the University of Pennsylvania, a Master's Degree in Religion from Temple University, and a Bachelor's Degree in Philosophy from the University of British Columbia.

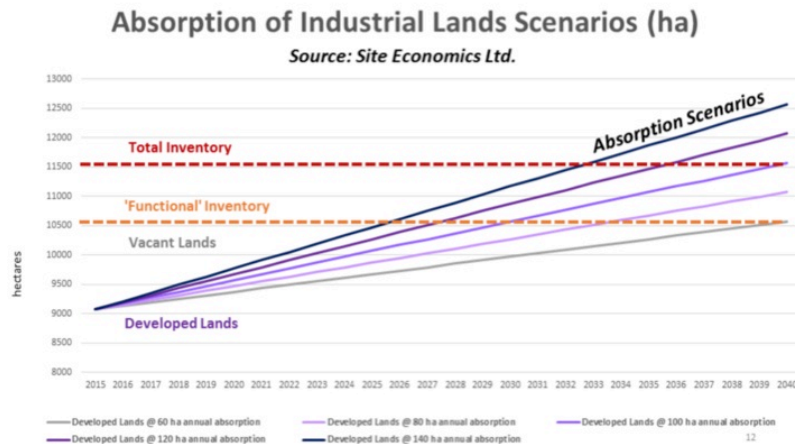
# Mr. Wozny's Remarks

## The Metro Vancouver Industrial Land Shortage

### Introduction

Thank you. As you mentioned I've been doing this for maybe 31 years and I've completed over 1100 studies. I've learned enough to always call on experts when I need to, which is all the time, so if I say anything that is wrong it's because of the experts. I'll take 15 minutes to do an overview of the industrial land shortage in Metro Vancouver. This has been a pressing issue for years. It started in 2003 but now time really has come to focus on it.

### The Issue - Vacant Industrial Land Absorbed Soon



### The Issue

The graph summarizes everything right away for you. The top red line is the total inventory according to the latest Metro Vancouver land inventory. The yellow line is the "functional inventory" which reflects more of an industry standard and the diagonal lines are different absorption scenarios. Based on the past, the absorption scenarios that are the most realistic are the top and second diagonal lines. The top line roughly shows that we would run out of available industrial land in 10 years and the bottom line predicts we would run out in 20 years. We can say that most industrial land would have at most a 20-year horizon.

### Consequences

Now it is very important to talk about what some of the consequences are of our land shortage. First, it makes Port Metro Vancouver less competitive. It reduces a wide range of needed services if the gateway does not grow and evolve. As industry changes, there has got to be a variety of service providers in every large port. Logistics is becoming ever more complicated, detailed, and expensive and there is a need for efficiency that requires flexibility and scale.

Another consequence is the loss of future economies of scale and stature that benefits the large concentration of similar businesses. That of course refers to specialization and efficiency. Also, there will be a loss of public infrastructure and investment that a larger gateway would require. It is always easier for the public sector to pay for infrastructure when the return is financially optimal. One of

the other consequences is less efficient movement of goods with more international containers on rail and truck longer and less use of domestic containers. Increased energy use that cause environmental impacts. It is widely underestimated how much could be saved if you are efficient in the industrial sector. Very high real estate prices and operating costs which harm existing businesses and consumers. Massive job loss in a region with a persistently weak economy.

I would like to share one of my favourite anecdotes, after years of working with municipalities. People always wishfully say that “we don’t need industrial land: we will all be in office buildings with high-tech well-paying jobs”. Well that just never seems to materialize and I don’t know if it ever will. Seattle has almost twice as much employment space per capita as greater Vancouver in the office sector, and it has got equal in the industrial sector which means Seattle’s people work twice as much.

### **Land Demand Increasing**

In terms of where we are going, annual land demand for logistics has been and is currently about 100 acres and is expected to rise to 160 acres of vacant land -- needed for the logistics sector alone every year (that is the status quo). Potentially, this could increase to about 200 acres per year due to doubling of container throughput (with container terminal T2 at Roberts Bank).

Port Metro Vancouver with T2 [new container terminal at Roberts Bank] will require at least 2500 acres of vacant industrial land by 2035, even with dramatically improved efficiency. Metro Vancouver’s non-port related industrial land demand is 150 acres annually which would require at least 3000 acres by 2035. Users of non-logistics industrial

land typically pay a much higher price for their land: their values are much higher so whatever little vacant industrial logistics oriented land remains is under threat of conversion to other users --- and of course absorption by non-logistics users.

### **Solutions - Optimize Existing Industrial Land**

Making better use of the existing industrial land base is very important but already we can say that developers use best practices. We are already doing the best we can and we are doing it very well. People do not waste land: they do not waste anything. Industrial densification and assembly is a very good idea, but it is quite difficult and prohibitively expensive. You have disparate ownership groups and many of them will not cooperate. Again, it is very difficult to bring smaller properties together and really it is a one-way subdivision plan. Also, most of the time when they are small, these are inner-urban sites, a lot of the developers are speculating on getting rezoning to residential --- and they should --- because it pays off a lot. Optimizing all forms of industrial land use, even to the maximum possible, is insufficient to satisfy even one year of new demand. And it is already being done.

### **Solutions – Inland Terminal Calgary**

About 50 acres [- worth] of Port Metro Vancouver related logistics [activities], that is land development which would [otherwise] locate in Vancouver, is estimated to relocate to Calgary [each year] -- because they cannot find a place here. This could grow with our growth in port traffic and corresponding reduction in vacant land to over 100 acres per year. This means Metro Vancouver could lose 1500 acres or more of industrial development to Calgary by 2035. Calgary is an inland terminal, it is a huge regional

logistics hub, but it is not as quite an efficient a location as Metro Vancouver. Here (Metro Vancouver), we can take international containers that can be consolidated into domestic containers for more efficient land travel. Many different factors favour large logistics businesses right next to the port. Other small inland terminals could have potential, particularly for export. They can trans-load raw materials into containers for transportation. One of the things about inland terminals in BC is that they are small because of the terrain.

Also, when talking to the shippers and logistics industry everyone says that in order to open a container and consolidate it and get it ready for distribution, you must leave around 30% of product on the floor and dispose of it locally. This means you have to do this in a large population centre. In Canada's case, this would have to be either in Vancouver, Calgary, or sometimes all the way in Toronto.

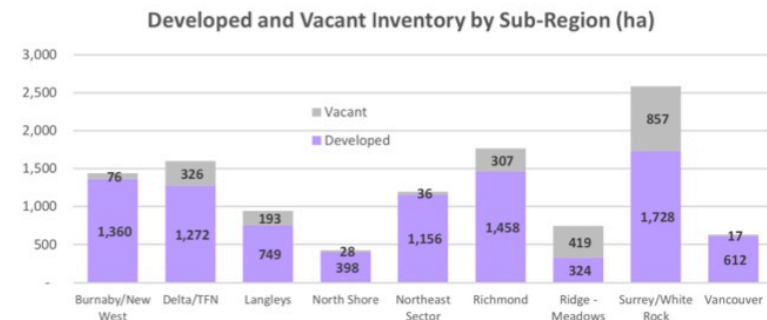
**Every New 100 Acres Developed  
Is worth \$1.7 Billion Per Year**

<b>Ongoing Annual Property Taxes/Levies</b>		
Annual Property Taxes to Local Municipality	\$	3,083,395
Annual Property Taxes to Region & Other Taxing Authorities	\$	4,625,093
Total Property Taxes / Levies	\$	7,708,488
Discount Rate		10.0%
<b>NPV of Perpetual Revenue Stream</b>	<b>\$</b>	<b>77,084,882</b>
<b>Ongoing Employment of Complete Project</b>		
Jobs Salaries	\$	112,123,440
Discount Rate		10.0%
<b>NPV of Perpetual Revenue Stream</b>	<b>\$</b>	<b>1,121,234,400</b>
<b>NPV of Direct Economic Effects</b>	<b>\$</b>	<b>1,198,319,282</b>
<b>Total Initial Development/Servicing/Construction Costs</b>	<b>\$</b>	<b>163,564,058</b>
<b>Total Initial Costs and NPV of Direct Economic Effects</b>	<b>\$</b>	<b>1,361,883,340</b>
Economic Multiplier / NPV Secondary Economic Effects	1.30	\$ 408,565,002
<b>NPV of all Direct and Secondary Economic Effects</b>	<b>\$</b>	<b>1,770,448,342</b>

## What is 100 Acres Worth?

I won't bore you with the details but although [industrial land] is worth a lot of taxes, its primary value is the jobs that it creates. According to a simple input-output model with very conservative estimates based on BC stats information, 100 acres is worth about \$1.7 billion in economic activity per year.

## Developed and Vacant Industrial Land 2015 Metro Vancouver Study



## Developed and Vacant Industrial Land in Metro Vancouver

Metro Vancouver has about 5600 acres of industrial land that are vacant right now but only about 4000 can be readied for development. The National Association of Industrial Office Properties and the private sector estimates supply is really less than 2500 and of that, only 1000 acres



is suitable for logistics given the need for well-located sites with highway access and flat topography.

## Vacant Potential Logistics Lands



## Vacant Potential Logistics Lands

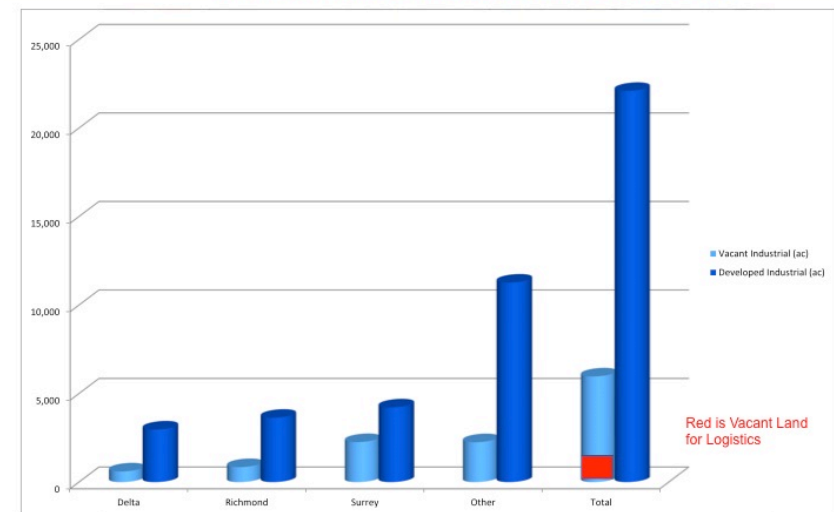
By looking at a map of Metro Vancouver we can observe that Surrey, Delta, and Richmond are the areas with the most vacant land is now. The little blue bits on the map are what is left of zoned, designated, industrial land which would be suitable for logistics use. All that will probably be gone in about 10 years. It is very worrying for any business to be running out of supply like that.

## Conclusion

So to conclude: Metro Vancouver's market will effectively run out of viable industrial land supply within the next 15-20 years or even sooner. Some of that is due to market forces but it is also due to the competition from other uses -

- and endless speculation by real estate developers. It can run out of logistics oriented land in as little as 10 years particularly given competition not just from all those other sources but also from other industrial uses. Essentially, logistics-oriented land is being "pressed" on all sides.

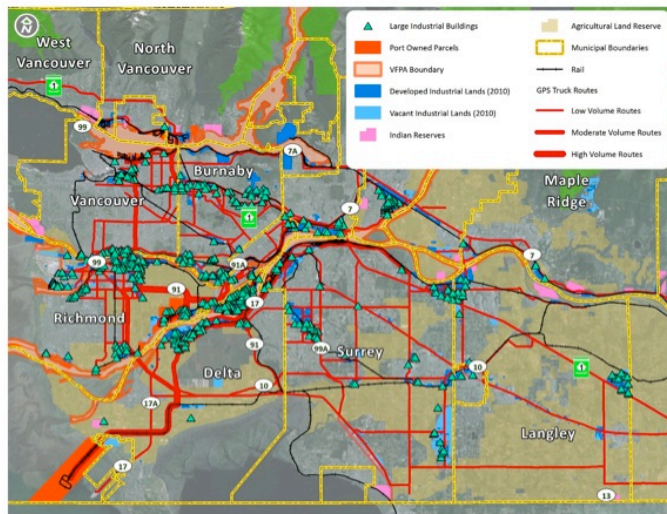
## Logistics Oriented Industrial Lands Typically in Richmond and Delta



Without land on which to grow and evolve the supply chain and International Gateway will become less competitive and the regional economy will be severely negatively impacted. To secure the International Gateway logistics oriented lands should be preserved and enhanced. The supply chain is made of disparate groups with different objectives even though they work together. There are winners and losers, those who promote and those who hinder cooperation but this system has always worked in the past. However, this land shortage has truly become the weak link in our great supply chain and cooperative vision

is needed to bring all parties together and solve the problem.

### Where Future Industrial Should Locate

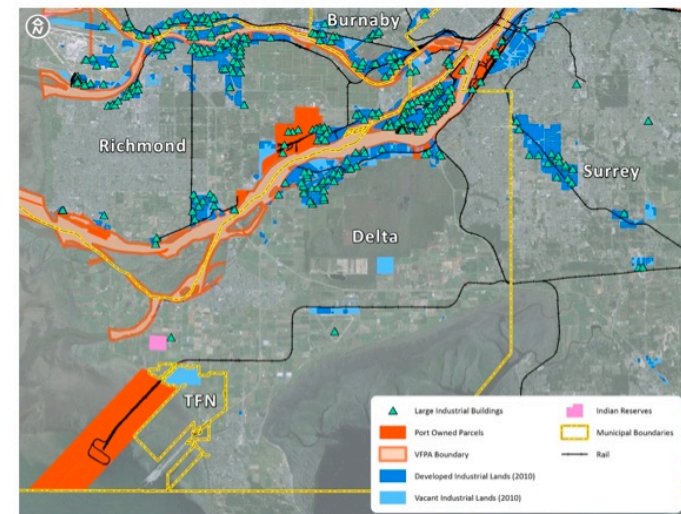


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One of the last things that I wanted to mention is one of the main lessons that I've learned in 30 years doing real estate and large scale development: the lesson is that infrastructure is the key to quality of life. One of the perks about paying for infrastructure is that it can be done by industry through taxes, so when industry grows it supports itself, it supports its industrial demand. On the contrary, with residential growth it actually doesn't. Much of the infrastructure that we have now was built by the great generation that won World War II, and we leverage that with endless population growth and condominiums, but there is no further investment into the infrastructure. There is one land use that does actually pay for itself and that is industry. So, when you are thinking about what is "green" or what has a carbon footprint and things like that

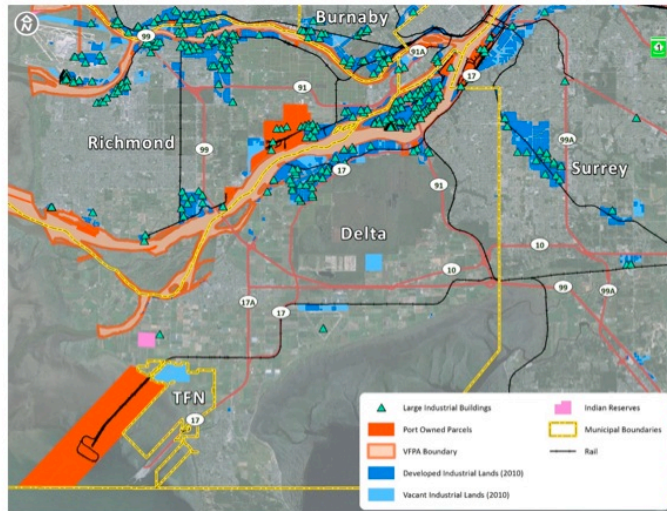
don't always think that industry is dirty. In fact, industry is actually clean and sustainable. Residential on the other hand is not as "green" as we all think.

### Large Industrial Buildings Richmond /Delta



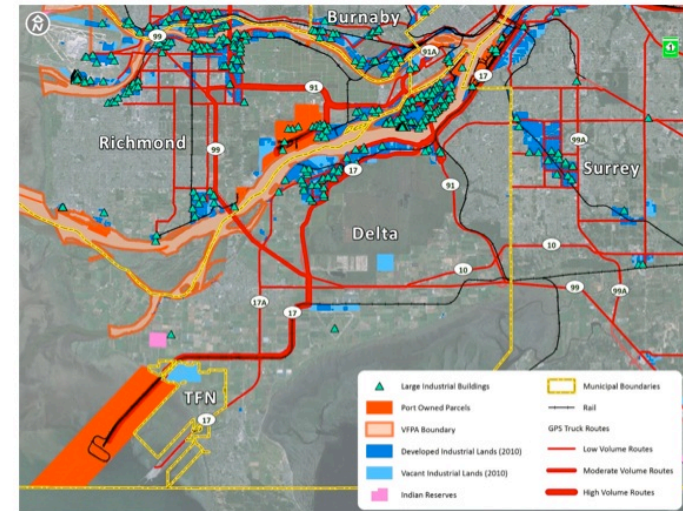
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## Highways Richmond / Delta



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## Port Traffic Volumes by Truck Richmond / Delta



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## Biography Mr. Paul Tilbury

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Paul is Chief Operating Officer of the Dayhu Group of Companies.

Educated in England, Paul moved to North America in 1982 spending several years in hospitality and tourism before joining the Dayhu Group of Companies, a family owned, real estate investment business. In his role as Chief Operating Officer Paul is responsible for the day to day management of the 4.2 Million square feet industrial and commercial property portfolio as well as targeting growth and development opportunities across all real estate categories. Most recently Paul oversaw the delivery of Dayhu's latest project, the Boundary Bay Industrial Park, a two phased development of close to one million square feet of state of the art distribution warehousing.

Paul is an active member of the community Co-Chairing the Annual Honda Celebration of Light amongst his many volunteer activities.



# Mr. Tilbury's Remarks

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## Introduction

Thank you for the opportunity to be here today. I stand before you a “cool dad”. It is great to be at an event that is open to students who are the same age as my son—because he gets texts from them saying “I think I went to something your dad was speaking at”. finally, my son is interested in what I do!

I’ll about the type of buildings, how they have changed over time, what this market needs, and where those buildings need to be. I’ll try to tie it all back into what Richard was talking about.



## Warehousing Changes

Warehousing has changed fundamentally. As Richard pointed out, so many of the items that factor into the type of warehouses that are required in communities have changed. We used to get fresh food straight from the field, with quick deliveries and no real need to warehouse. Now with vast quantities of bulk purchasing overseas, we warehouse a lot more today.

We used to have small population centres but they have changed dramatically here in Vancouver. The range of products being offered and the scope has exploded. The number of different products being sold by Amazon in North America is 232 million as estimated last year. That dramatically changes the face of warehousing. It is no surprise that the typical free-standing Amazon distribution facility now stands at over 1 million sf [square feet]. It is also not surprising, given what Richard just said, that when Amazon came to this market and sought a warehouse facility of over 1 million sf, they couldn’t find the right location out of the very few choices. This is symptomatic of the challenges we have ahead of us.

## Logistics Areas

There re several different areas of logistics. **Bulk storage** usually has low ceilings, quite often heavy use of rail/barge: think of timber or pulp for example. We have got **cross-dock** facilities with relatively small buildings (30,000-40,000 sf) on large sites to look after containers coming in on one side and trucks coming in and out: lots of trailers, lots of movement, lots of trucks. **Large-Bay** facilities are big, static storage facilities while **Small-Bay** are designed for

people who work in the immediate community with owner-operators quite often working out of that space. **Freezer facilities** that we have in the lower mainland have not quite as much truck traffic, quite often in a 3PL [third party logistics provider] situation which are used for storing for other groups. Finally, **manufacturing facilities** around the Lower Mainland are usually custom-built, have large office space and are made around the business that existed several years ago.

### Classic Distribution Warehouse



### Changes in Distribution Warehouses

The classic distribution warehouse as you see from circa 1979-1980 had the big office in the middle, relatively low ceilings (26 or 28 feet, though high in its day) and very few dock doors -- so lots of movement in and out. Back in the

day It was typical to see static trucks sitting out in front. You can see older type buildings right behind it.

Since then, a number of things have changed. By looking at a current modern day warehouse we can see that both sides of the building are utilized for trailer storage. There is much bigger demand for that. Quite often you will see solar power panels on the roof. There is much larger parking for staff and also warehouses are becoming more and more automated. It is all about machines handling product, than hands handling product—an interesting shift.

### Evolution



Site coverage has also changed. Previously the building would cover 56%-57% of the overall site but now the trend is for less than 44% of the overall site to be covered by the building. Given the cost of land that Richard was talking

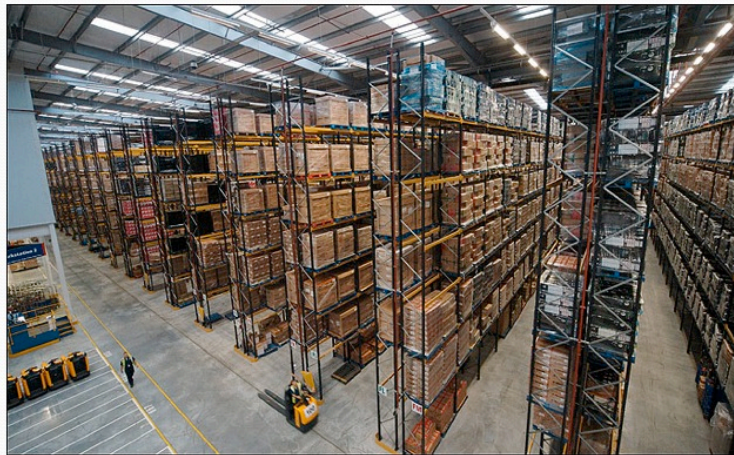


about you get a bit of a clearer picture of the amount of revenue that a business needs to generate from its building footprint as you cover less land. There is no question that our warehouses have evolved.

### Factors of Change

What were some of the change agents that drove distribution warehouses to become the ones that we see today? The following factors are the items that have molded the warehouses we see today. Each one of these may resonate more for each unique tenant but they all factor in to get to the current look of warehouses.

#### Tesco, Ireland



Firstly, **height** of buildings has changed. Back in the day it was 18 feet and now 32 feet is the new standard. The

Boundary Bay project was a 36-foot clear height which means you could store up to 36 feet. In much more densely populated markets buildings can get up to 150-foot clear in the middle of cities and be fully automated. The market [here in the Lower Mainland] is not ready for that because we just don't have the population base to be able to support it.



**Column spacing** is also important in buildings. All of sudden our racking systems have become much better to be able to handle product. We have very narrow racking systems where the distance between racks is minimized and cables run through concrete slabs so that you can keep your equipment in a single line to make it a lot easier. This leads to much more productive use of space. It used to be

that a dock door was built for every 10-12,000 sf but now people want dock doors for every 4,500 sf because a building wall is not useful space: a dock door allows for flow of goods in and out.

**Power** has changed in our buildings as well. We are getting requests for more amps due to warehouses becoming more automated and people want to know they have the power to evolve the building internally. **Environmental awareness** in our industry has also changed. This goes well beyond LED lighting that turn on and off with motion detectors. How we deal with surface water and roof water is important. In our project that we did in Delta we captured all of the roof water and made it available to the farmer next-door so that he could mitigate frost damage through the winter for his cranberries. This is a great example of industry and agriculture working together side by side for the betterment of both.

**Security** for our buildings is another important issue. Many want them to be fully fenced and want the ability to own their own domain. This leads us to wonder if the future is really multi-tenant warehouses or is it single tenant warehouses that can bring full security assurance.



It is interesting that if you try to get into the Amazon warehouse on Annacis Island, you need to show them a passport to get in—even if you own the building. It's like walking into an airport security facility: they are really on it with full independent security contractors who work to secure the integrity of their inventory.

**Floor loads** (the weight-bearing capacity of a concrete slab) have changed. We are now getting tenants seeking 750 lbs per square foot floor load. I've never really got my head around it: if someone could explain it to me I would love to hear it—because at the end of the day if you have got 100 square feet and you load it to 750 lbs you could put 7500 lbs of material in there, and in theory the slab doesn't sink. It is



beyond me why people want or need that but it seems to be “buzz” right now to have stronger more efficient floors.

We talked earlier about **trailer parking**. Now we are having to provide at least one trailer parking spot for every dock door in the building. This is because businesses now are all about “load and ship” rather than “load and sip” (which is when you load and sip your tea and the trailer would never move). There is an emphasis now on **continual turnover**.

With the increase in e-commerce there has been a fundamental impact on **parking** for associates. In our building for Amazon on Annacis Island they have up to 400 employees on that property: they just put in a three level mezzanine facility to handle more product so the amount of employee parking that they require to support that goes far beyond that which was provided historically. This reduces site coverage and decreases pressure of rent on the actual building.

Finally, **automation** has changed. Tenants are now putting in a lot of conveyors. We figure in a 400,000 sf building there will be roughly of half a mile of conveyor belts inside that facility. As a result, we have needed to update the structural design of the building and the columns. If you do that when you first build a building it is much more economical than going in afterwards and trying to update.

### **Benefits of High Ceilings in Vancouver**

In the Vancouver market with so many products being consumer products that have seasonality you need to be able to accommodate those flows of goods. When you have

extra vertical space with relatively low cost to the tenant it allows you to be able to do that.

### **Where do we go from here?**

- Tesco Distribution Facility Ireland:

By looking at the facility you can see how they utilize ceiling height and racking to effectively use their space.

- 150 foot clear buildings:

Just like the accordion filing systems that you see in offices where you can push them in together, this is where we have gotten to in racking internationally.

This is where facilities in the US, Europe and Asia are moving towards and it is only a matter of time until we move to facilities like this around here but that time is not right now.

### **Demand Drivers**

Where will these facilities go in the Lower Mainland?

**Workforce** is vitally important. We did a quick survey of Annacis Island and East Richmond facilities where we determined more than 60% of employees come from south of the Fraser River. That is where employees who work in warehousing live. If your employees live there, especially in the Lower Mainland where lifestyle is very important, warehouses should be built there as well.

**Port proximity** is also very important as well. The cost of moving container moving back and forth from the port is expensive. We as landlords have to understand the cost that tenants face when moving product.

We also looked through things through the lens of Gen X, the students in the room today, and found that things that are important to them still don't resonate with old people like me. Emissions reduction is one of the things that they value and that resonates with them. When tenants can share news about emissions reduction with their employees who are traditionally 19-25 year olds that was a selling point for them.

This is an interesting as we talk about where our industrial lands are, where they could be, and where they should be. As we know highway 17 has been a boon to the road network south of the Fraser River. It absolutely confuses me how we put this wonderful corridor through the Lower Mainland for trucks through agricultural land which we can't use for industrial use. Somewhere we missed the mark on that one. If you are going to have a truck corridor, let them stay within the corridor not go through residential areas to get to other industrial developments.

One of the challenges is that since there is so little industrial land, the trucks have to go to where the land is -- and I think a little more planning needs to go into that. This market is growing and while people talk about Calgary being a destination that we compete against, at the end of the day that community is not growing at the same pace of Vancouver and more distributors want to be here. Many companies like Wal-Mart want to be in this market but they just haven't found the right opportunity -- and so many of us in the development business want to be able to crack the code and place them over here.

## Where in the Lower Mainland?

Clusters of warehouses in the Lower Mainland are only found in East Richmond. These allow tenants to grow their business but we do not have much here. We know that Annacis is full, and East Richmond has maybe another 2 million sf of build out, on what is known as the "eco wasteland" -- but at the end of the day it will all be absorbed very quickly. At some point in time all levels of politicians will need to reflect on the best usage of land.



Another challenge we have in the Lower Mainland is that a lot of our land has **segmented ownership**. There is not a lot of consolidated ownership so it is very difficult to master plan some of the areas we have.

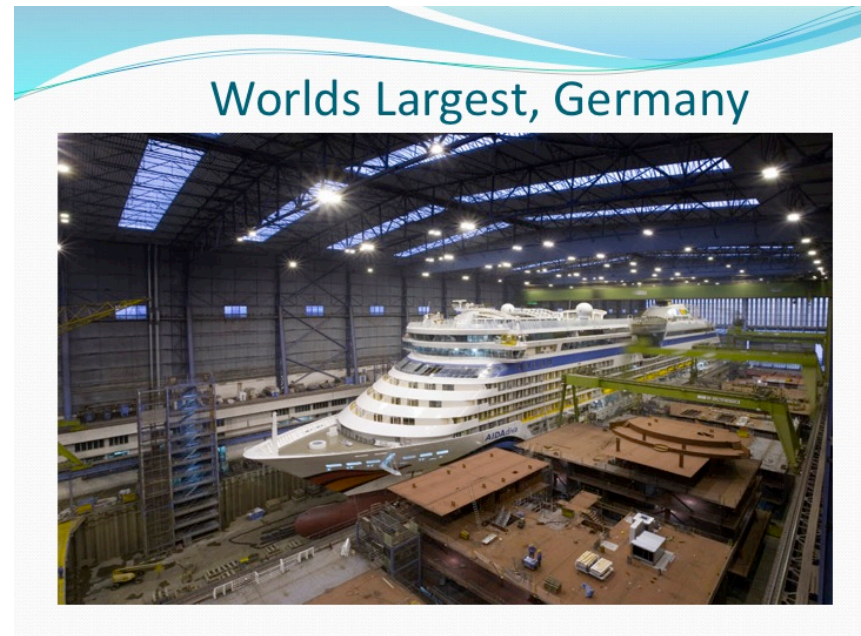
Industrial product vacancy right now is less than 2%. If somebody walked in here today and said “I want 200,000 sf in this market” I can take them to one building -- otherwise they would have to wait.

One of the challenges in this market is that a lot of logistics users make decisions within a 12-month period. The type of land we deal with here requires pre-load and prep so it is difficult to get a shovel in the ground within 9-12 months in this market not including the developmental process (most municipalities, if not all of them, are quite expeditious with the developmental process when they understand it will lead to business in their community).

### **Conclusion**

A couple of final things to keep in mind. I struggle to find industrial land right now under \$1.3 million [per acre] and see more land being asked at a price of \$2 million. At \$2 million, it is not possible to build large scale warehouse facilities. All you can build is strata facilities, which cause you to break up your land into 10 or 15,000 sf individual titles -- and you will never be able to consolidate it again.

The other challenge is the disappearance of 500,000 sf of industrial product to the movie industry over the last short while. We always talk about Hollywood North and how the movie industry is so great—but they don’t move any product but they use up warehouses. I just don’t know if that is the right use of industrially zoned land. In the same way I don’t think using it for badminton, go-karting, or laser tag is the best thing to do either because it is entertainment not industry.



Ultimately we are never going to get here — the largest warehouse in Germany [where they can build a cruiseship indoors].

We are seeing in Vancouver right now a debate about affordable housing, but it is migrating to the issue of affordable logistics. It’s a challenge: every real estate transaction today is a development play with some holding income. People are sitting on product – it’s a desirable part of the world to live in. Those individuals and groups that have been buying housing are now moving into retail, office and industrial land and are moving the price point. They are making it much more challenging to deliver the type of product this [logistics industry] market needs.

## Question and Answer Session

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### **Is relocating to Prince Rupert a solution?**

Question from **Courtney Bains**, BCIT Burnaby Campus Student

*You said that [because of the land squeeze here] industry is moving towards relocating to Calgary, which is less efficient a location than Vancouver speaking from an [overall logistics] operational perspective. Would moving up the shore-line [BC coast] also be a potential solution that is feasible and cost-effective?*

Richard: I think you are referring to Prince Rupert. Yes, Prince Rupert is successful and is doing well. There is lots of opportunity there. The costs are not prohibitive and the potential is strong to expand the port facilities up there.

### **Larger Vessels Up Fraser River?**

Question from **Neil Cavanagh**, BC Maritime Campus Student.

*Richard's slide shows available lands up the Fraser River. Are any plans being made to accommodate larger vessels?*

Richard: I don't know – better put that question to Port Metro Vancouver. But I don't believe larger vessels going up the river are that necessary but I defer to the Port.

### **Can industry work with government?**

Question from **Courtney Bains**, BCIT Burnaby Campus Student

*My second question is for Paul. The housing market is a big priority right now and the government is committed to*

*making housing affordable—but not so amenable to making land available to industry. Is working with government [really] industry's biggest challenge?*

Paul: The housing market is getting a lot of publicity today. We talk about densification. But while affordable housing gets a lot of support, ironically high-rise apartments are often considered undesirable in communities. I was at a presentation by Bob Rennie recently – he said that anyone who has a “no-highrise” sign in their front yard has no right to complain about affordable housing. And there are also demands for agricultural lands, recreational lands to accompany residential, etc. They are all interlinked. One needs a holistic view and give a number of groups balanced consideration to determine whether the lands are best used. People who are going to work in industry need a place to live. Vancouver has got to the point that it needs to entice people.

There is 5 million sf of soon-to-be ready land for distribution facilities in Calgary. A \$5 lease rate there instead of an \$8 lease rate in probably enough to attract people there.

It reminds me of the situation where Uber hurt the interest of licensed taxi drivers – I feel sorry for the guy who paid \$1 million for his licence [now worth much less]. We can't flood the market with land and take away competitive advantage. It does need discussion and dialogue, and this needs to come with action.

## **Development in Vancouver vs Canada**

*Comment from **Bob Landucci**, Ashcroft Terminal:*

*Thanks. Richard, for your presentation. But this is half the story – half the puzzle. For the ports in the Lower Mainland, the goods that go through are not from here, but are products from elsewhere. So are we looking at growth from whose perspective? From the point of view of Vancouver or that of Canada? Without the Canadian producer we don't have jobs. We seem to think everything has to happen here. It [industrial development] doesn't have to happen here in the Lower Mainland. If they [shippers and producers] can find a cheaper method, that's what they should do. For a real debate, maybe we should listen to the views of logistics operators from the mines and pulp mills and the operating people from the railroads. I am saying that [the market will decide] whatever should happen and it will happen – there are all kinds of places [alternatives]. Vancouver scoffs it off but you need to look at the full supply chain. Businesses go where they need to go.*

Richard: It does seem [to me] that it [what we've said today] is most of the story – there are hints that there are uncovered areas but we've covered import and exports, talked about inland terminal. [It would be odd if] you are saying that a large import business could locate in somewhere other than near the port.

## **Vertical agricultural development a solution?**

*Question from **Colin Laughlan**, Laughlan Consulting International Inc.:*

*Do you know about the vertical development of agricultural facilities structured as a vertical self-contained ecosystem, which might help alleviate land shortage?*

Paul: I haven't but I'm aware of the fact that innovation needs to happen in all fields. Innovation is taking place here in the Lower Mainland, such as the greenhouses for growing tomato in Delta.

Richard: It will be costly to put agriculture on top of warehouses but it may happen in the future.

## **What to do in current crisis?**

*Question from **Marian Robson**, CILTNA Pacific Chapter:*

*Regarding the current crisis in industrial land in the Lower Mainland, what should we do?*

Richard: The situation cannot go on forever. We must be able to use land in the most efficient manner to cope with future growth. For example, the port needs an 400-acre intermodal yard for the consolidation of international containers for shipping inland, which will go a long way to make terminals in inland areas operate more efficiently.

Paul: The absorption on an annual basis is still the biggest problem. My concern is that there are few logistics centers more than 100,000 sq. ft. large - those are needed to create opportunities but have become too expensive to build. We need some type of government support and intervention to make it happen.

### **First Nations' lands available?**

*Question from **John Dymond**, Instructor, BCIT Burnaby campus:*

*Many lands in British Columbia involves First Nations people without treaty, will they likely to become available?*

Richard: There are several large sites in Delta, like the Northeast Delta Port on the Musqueam Nations territory. Many lands should be industrialized but cannot due to cultural factors. Port Coquitlam, Maple Ridge have similar situations.

Paul: I think that many flat land... or agricultural land reserve should have a bit more fluidity. Many were designated 20 years ago but may need reconsideration today. It takes our elected officials to look at all factors and make the big decisions.

### **How do they manage elsewhere?**

*Question from **John Dymond**, Instructor, BCIT Burnaby campus:*

*Richard, you just mentioned the 400-acre transload facility that needs to be built, but are there examples for such leadership [in development]?*

Richard: That will be the U.S., which is always on the jobs, be it at the state level, municipal level or private businesses. An example is a decommissioned military base in Oakland which has been turned into a state-of-the-art intermodal yard. Developments like this takes a lot of cooperation to

happen. It is interesting that such cooperation is found so easily in the U.S. while we cannot here.

### **Public Sector Leadership**

*Comment from **Gordon Payne**, Harbour Link Container Services Inc:*

*The Oakland example you mentioned is lead by the government, and change requires community and government leaders to take lead. Time has come for the Port of Vancouver to find the right scale of growth in the Lower Mainland.*

### **Use of Agricultural Lands?**

*Question from **Chris Hartman**, Tsawwassen First Nation Economic Development Corp:*

*About South of Fraser land use, what if we can make higher use out of existing agricultural lands, and take agricultural activities to south of the South Fraser Perimeter Road, and use the remaining lands for industrial activity?*

Richard: The concept of mitigation is to add land not currently in the ALR into reserve. This being said, improving productivity by better drainage and irrigation will all help to improve the quality of ALRs. All groups will benefit from its share of the increased productivity of agricultural activities.

Paul: Steps taken to use agricultural land for industrial purposes but be carefully planned and controlled, or will do a disservice to land owners as well as the national economy. This is the role of the government on the doorstep of T2 expansion.

### **Use of South of Fraser lands for housing**

*Comment from **Bruce Taverner**, South Fraser Container Services:*

*With South of Fraser, the problem is that the 20,000 acres of agricultural land is marked to be covered by housing in 20 years.*

Richard: Industrial lands are being absorbed at a rate of 300 acres per year. For agricultural uses, the lands will take more than \$50 million per year to farm, build greenhouses etc., which means that if the lands are taken out, they will drop below operational limit (for farming). Very few good agricultural lands are left in that category for conversion. The construction of the bridge brings \$30 million back for mitigation purposes. We need to strike a balance here.



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