

**Minutes of Community Information Forum (CIF) Meeting
Prestige Prince Rupert Hotel
Wednesday, December 16, 2015
5:00 p.m. – 6:30 p.m.**

Members present

Brian Musgrave
Luanne Roth
Ken Shaw
Michal Sluka
Sheila Gordon-Payne
Dan Harris
Ken Lippett
Richard Mellis
Mike Slubowski
Bill Mounce
Don Scott
Bob Payette
Peter Freeman
Sebastien Pacquet

PRPA staff Present

Ken Veldman
Maynard Angus
Charlene Hamilton

Guest Observer

Ariel McKenzie

Regrets

Ross Wilson
Henry Clifton
Nancy Wilson
Bob Blain
Harry Young

1. Call to Order

Ken Veldman called the meeting to order at 5:00 PM.

2. Last Meeting

- **Minutes**

The November 18, 2015 minutes were circulated and accepted.

- **Business arising from the minutes**

- PNW LNG/Lelu Island: CEAA has received the information from the proponent regarding 3D modelling of marine infrastructure impacts, and have 'started the clock' on the process again. Site investigation and environmental survey work and protest activity have also continued in the Lelu Island area.

In response to questions, Veldman confirmed that PRPA does have a 'drone' that it uses for aerial surveillance of the port jurisdiction, including Lelu Island. It was noted that PNW LNG had recently issued an apology for an ad they produced that did not accurately depict the mapping of eelgrass on Flora Bank.

- Ridley Island Disposal Site: Veldman confirmed that the Ridley Island disposal site was used this fall for the disposal of dredgate that originated from the Fairview construction project, as per conditions outlined by CEAA in the Fairview project report.

Questions were raised regarding observations of flow of water through the disposal site's berm into Porpoise Channel, and the testing regime?

Veldman agreed to provide the CEAA report as it relates to the dredgate disposal permitted by Environment Canada, and will request attendance of technical expertise at a future meeting to answer specific questions.

- A question was raised regarding ownership status of Kitson Island, which had been asked at a previous meeting and was unanswered. Veldman committed to finding that information for the next meeting.

3. Roundtable

- **Fairview Expansion Phase 2 South**

- DP World announced its intention to begin investigation into the further expansion of Fairview to the south, which would increase capacity of the terminal to over 2 million TEUs. (The project has already been approved by CEAA in 2013. A First Nations benefit agreement has also been previously completed.) The timing of actual development will depend largely on forecast demand and expected takeup of the current Phase 2 North capacity expansion, and wouldn't be expected to begin prior to completion of Phase 2 South.

- A question was asked regarding Fairview's ability to handle non-intermodal cargo. Veldman indicated that it would be unlikely, as the Port prefers to maintain natural cargo groupings within a terminal use through its lease agreements.
- **City of Prince Rupert 'Hays 2.0 Vision'**
 - A question was asked regarding the Port's involvement with the City's recently released 'Hays 2.0 Vision'. Veldman indicated that generally speaking, the initiative's primary focus on economic growth through Port growth, and its integration with municipal infrastructure, city planning, First Nations relationships and longer-term sustainability initiatives is a logical framework for a long-term strategy, and the Port Authority is supportive of that, and is looking forward to contributing to the discussion. More specifically to the conversation regarding future shipping routes, the Port's frame of reference doesn't specifically include the eventual origins and destinations of trade. Instead, the Port responds to trade demands as they arise, and its focus is on terminal and infrastructure needs as goods enter and exit the Port.
 - In response to a questions regarding the general relationship between the City and the Port Authority, Veldman indicated that the general alignment of interests between the two organizations has produced many positive examples of cooperation (e.g. Lester Centre of the Arts, Cow Bay Marina). Financial issues related to the Port tax cap and Payments In Lieu of Taxes tend to be ongoing disagreements in the context of the City's structural fiscal challenges, but it was also recognized that the Port's industrial tax base has provided local municipalities with one of the stronger industrial tax bases in the province.
- **RTI Volumes**
 - A question was asked about the impact to the Port from decreased volumes from RTI. Veldman explained that the Port's leases with terminals are tied to that terminals volumes, based on a general principle of sharing risk and return throughout market cycles. As a result, any volume decreases have a related financial impact to the Port.
 - More specifically to RTI, the terminal has been seeking alternative cargoes that could utilize existing infrastructure and diversify their product base and help them get through the current down cycle and retain their workforce. The Port has been supportive of those efforts and would consider amending their lease for an appropriate project and cargo.

- A question was asked regarding the status of the federal government’s intention to sell the corporation. Veldman indicated that the Port has not been involved in the process, but there has been no indication that the status has been formally changed, though obviously the economic environment and related value of the terminal has.
- **Propane cargo potential**
 - A question was asked about the potential for propane to be shipped through the Port. Veldman indicated that there is demand in the industry, similar to many other Canadian petrochemical products that find themselves in an oversupplied market, to find access to markets outside of North America. Prince Rupert has been considered as a potential location for terminal facilities, but a project has not been advanced.
- **Canpotex potash terminal status**
 - A question was asked about recent comments from Canpotex’s CEO about the status of the Prince Rupert terminal. Veldman indicated that Canpotex has the ability to significantly grow their production, they are confident that the long term potential of Asian markets is strong, and they are invested in Prince Rupert as a strong strategic fit for their supply chain. However, until the global price for potash recovers significantly, it will be very difficult for its shareholders to invest in additional terminal capacity that they don’t currently require.
The Port has structured their lease with Canpotex that provides incentives to develop a terminal in shorter time lines. However, the agreement that provides Canpotex with an exclusive option to the property is not indefinite.
- **Cruise Industry forecast**
 - A question was asked about prospects for cruise going forward. Veldman indicated that it appears we are seeing growth in the smaller cruise market (i.e. 600-800 passengers), and will see a growth in cruise calls in 2016 and 2017. Cruise growth strategy is focusing on that specific market as having the highest potential for Prince Rupert. Moreover, it was noted that we are also seeing improvement in the “capture rate” of passengers for local shore excursions, which maximizes local economic value of each visit.
- **Alaska Marine Highway System**
 - A question was asked regarding the status of terminal redevelopment for the Alaska Ferry. Veldman indicated that the cancellation of the construction bid by the AMHS due to concerns from the Canadian Government has been compounded by the State of Alaska’s current financial issues. There does not appear to be any immediate desire to revisit the investment, but the

terminal's utility will bring the issue back around. It was noted that the AMHS' impact on the local tourism industry is often underestimated but is extremely important.

- **Port Development in Cow Bay**

- A question was asked regarding development intentions by the Port following the demolition of the Odin dock in Cow Bay. Veldman indicated that the real estate transaction with the City of Prince Rupert had yet to be concluded. Presuming its eventual completion, the Port will begin investigation into a practical way to implement development as per its Cow Bay Master Plan that was developed with the community in 2012.

- **Shore Power**

- A question was asked regarding usage of shore power at Fairview container terminal. Veldman indicated that the shore power infrastructure has been removed from the container terminal to accommodate the expansion project, with intentions to reinstall it following completion. It was noted that usage has been minimal since its installation, due primarily to the lack of container vessels with the capacity to take advantage of it. Veldman also referenced 'Green Wave', a port program that offers financial incentives to vessels that use lower emission fuels as a companion program to reduce the emission of GHGs and air particulates.

4. Next Meeting

- a) **Next meeting date** - Wednesday, December 16, 2015 at the PRESTIGE PRINCE RUPERT HOTEL.

Meeting adjourned at 6:15 pm.