October 19, 2008

To: the Mayor and all members of Hamilton City Council

We are writing to request that you stop using scarce public funds to subsidize the promotion and development of an environmentally damaging project, the “airport employment growth district” (aka aerotropolis).

As we approach the year 2020, it will be interesting to see how well Hamilton City Council does to fulfill the obligations it made when it adopted the provisions of Vision 2020. The key central feature of planning in Vision 2020 is the need for a FIRM urban boundary. No amount of hand waving by consultants can change the fact that the major urban boundary expansion being proposed for aerotropolis is inconsistent with the firm urban boundary provisions of Vision 2020. We are opposed to any urban boundary expansion being made for aerotropolis.

It is difficult to get a handle on the magnitude of the environmental destruction being proposed for aerotropolis. As we enter the era of both energy scarcity and increasing energy costs, it will become ever more important to protect the ability to produce food locally. Aerotropolis proposes to destroy 2,800 acres of “prime agricultural land”. This loss of farmland would exceed the total loss of farmland between the years 1992 and 2004 (2350 acres). Vision 2020 recognizes prime agricultural land as irreplaceable, and this massive loss is a clear setback to the sustainability indicators of Vision 2020.

The proposed aerotropolis development is located on a very complex and sensitive area with respect to stream ecology. As the highest point of land in the city, the area forms the headwaters of four streams (Twenty Mile Creek, Sulphur Spring, Big Creek, and the Welland River). These streams drain into two great Lakes (Erie and Ontario), and fall under the jurisdiction of three conservation authorities (Hamilton, Grand River, and Niagara). While it will always be possible to pay consultants to say that the effects of developing these headwaters can be “mitigated”, it is likely that the price of full and lasting mitigation would be enormous. Since we do not want to be stuck with the costs of building and maintaining these mitigation measures (at least some of these costs always find their way onto the residential tax bill), we would prefer that the environmental destruction that would require the mitigation measures just not occur.

Furthermore, the commitment of the professionals involved in the development of this area to prevent environmental damage is clearly suspect based on factual history. Right now the stormwater runoff and deicing operations (e.g., glycol) are not being adequately “mitigated”. The consultants say: “the airport currently lacks the necessary infrastructure to treat and store contaminated runoff and uncontaminated (sic) stormwater” and “significant quantities of stormwater and meltwater runoff generated at the airport are pumped to the sanitary sewer during both cold and warm weather. The city’s system also receives glycol discharges.” Until such time as the professionals deal with their current problems, it would be foolhardy for the city to subsidize an expansion of the mess.

There are several woodlots in the area that are likely to be either destroyed or at least badly damaged by the proposed aerotropolis development. In particular there are a cluster of woodlots at the west end of the airport that in conjunction with the open space of the runway make for an ideal roosting and hunting area for owls (we have seen a
snowy owl there). We would prefer that this delicate balance of habitats not be disturbed by the proposed expansion of aerotropolis development.

As we approach the period of “peak oil”, it is time to rethink our transportation infrastructure. The proposed aerotropolis development may be a textbook example of what NOT to do. We need to be promoting alternatives to long range transportation (e.g., local food production), and when transportation is NECESSARY promoting less energy intensive modes of transportation. Aerotropolis is a clear failure on both fronts. It would chew up 2,800 acres of farmland to promote the two most energy intensive means of transportation (air and truck). Furthermore, it would ignore empty industrial lands located adjacent to less damaging means of transportation (rail and ship). And not only is this area not serviced by either sidewalks or transit, the consultants say the proposed aerotropolis is not amenable to making improvements. So the proponents of aerotropolis are telling us that from an environmental perspective the existing operation isn’t working well, and that even though the prospects for improvement are slim that they recommend greatly expanding the problems. Since we are opposed to this reckless attitude, we are opposed the continued use of public funds to promote it.

Someone needs to consider the total environmental footprint of the aerotropolis proposal. This includes not only the land that would be chewed up inside the study area, but also the enormous land and capital costs of the infrastructure required to service it. In addition to the publicly financed roads that have already been built (e.g., Highway 6 “new” and the Red Hill Creek Expressway), there are more highways (Highway 6 “new” “extension” and the Mid Pen) and many more road widenings contemplated just for aerotropolis. What’s worse, the aerotropolis site is the absolutely most expensive site possible for water and sewer servicing costs. Since it is on the highest land in the city, the cost of pumping water up to the site are enormous (greatly over 1000% more than providing water to the empty industrial lands in the lower city). Furthermore, since some of the proposed development is actually outside the Hamilton Harbour watershed, sewage must also be pumped back up hill before it can go down to the sewage treatment plant. New water and sewer lines (which are incredibly expensive) will be required, as well as expansions to both the water treatment and sewage plants. The added costs for servicing aerotropolis become almost comical: while the normal servicing costs are high, aerotropolis’s costs are even higher because additional pumping capacity is needed since a water tower can’t be built near the airport! Considering how ridiculously high these costs will be, we are opposed to using scarce public funds to continue promoting the insanity of aerotropolis. But if some insist on persisting, they should also consider the “carbon footprint” of such a large development centered on air freight and truck transportation. The enormous size of the carbon footprint is yet another reason we are opposed to using scarce public funds to promote this development.

We are asking Council to seriously consider the need for this development in context. We think that considering the enormous number of jobs that have been lost within the existing urban boundary, it is inconceivable that employment lands cannot be found within the existing urban boundary. Some of the paid consultants seem to be saying that it is easier to develop on the “clean slate” of farmland than to reuse existing brownfield land. We are asking that Council take a longer term view: we cannot go on chewing up farmland because we are too lazy to fix the problems we have created on the land we have already used. In the long run, this is a suicidal approach (if you are unclear
on why, please read the book *Collapse: How Societies Choose to Fail or Succeed* by Jared Diamond). Also, we are asking Council to desist from attempting to rezone existing serviced land from industrial to other categories. We are aware of four instances in the past year when Council agreed “in principle” to rezone existing industrial land, probably in violation of provincial policy. If there is truly a shortage of industrial land, then the industrial lands we have already paid to service are too valuable to be diverted in this way.

We think that before Council proceeds with an expansion of aerotropolis, it needs to take a broader look at whether the existing arrangements in the aerotropolis area are serving the community well. Dr. Joseph Stiglitz, a Nobel prize winning economist, says we should be wary of “Public Private Partnership” arrangements where the profits are given to the private sector while the costs and losses are given to the public sector. In the current aerotropolis case for the years 2006-7, private shareholders were paid over $9 million in dividends while the city received less than $0.25 million in rent. Furthermore, half of this rent is “earmarked” for airport purposes meaning the amount actually given to the public was less than $125,000, a mere 1.4% of the money that left the city for the pockets of private shareholders. Council should consider what its total investment in the airport area infrastructure has been, and whether an annual return of less than $62,500 is an adequate return on that investment.

The poor economic returns (to the public) of the aerotropolis misadventure are only a small part of the problem. Part of Dr. Stiglitz’s prize winning work on economics includes cases where the market does not function well. One area involves externalities – where part of the costs of a transaction aren’t covered within the transaction itself but are instead forced upon other parties. In the aerotropolis case, “externalities” are given to the homeowners who suffer the noise of running air cargo flights at all hours of the night (and are not compensated). We know of people who were forced to sell their homes at a loss (another “externality”) and move due to the excessive noise. Before expanding the problem, Council needs to consider whether the meager returns on public investment returns from the existing airport justify driving city residents out of their homes. Part of the problem has been allowing the existing operation to “bottom fish”: that is pursue business that other communities will not allow. Part of the reason why the existing airport has a ready supply of air cargo flights ready to fly in at all hours of the night is that most other communities have wisely decided to not allow their residents to be subjected to that form of sleep deprivation abuse. We are opposed to any expansion of aerotropolis because we do not want to see any increase in this abuse. We ask that Council abandon this “bottom fishing” exercise and turn its attentions to attracting less environmentally damaging businesses.

We would like Council to consider whether or not the ongoing problems in the airport area qualify as an example of the “Concorde fallacy” (also known as the “sunk cost fallacy”). “Concorde fallacy n. Continuing to invest in a project merely to justify past investment in it, rather than assessing the current rationality of investing, irrespective of what has gone before.” (www.encyclopedia.com/doc/1087-Concordefallacy.html).

“The Concorde fallacy (is named) after the method of funding the supersonic transport jet jointly created by the governments of France and Britain. … The Concorde … was very costly to produce and suffered some major marketing problems. There weren’t many orders for the plane. Even though it was apparent there was no way this machine would
make anybody any money, France and England kept investing deeper and deeper on the
grounds that they had already invested a lot of money.” (skeptidic.com/sunkcost.html). At
the end of the Concorde adventure, Britain and France invested 660 million pounds and
only received 280 million pounds in return, for a net loss of 380 million pounds
(bulliedacademics.blogspot.com/2008/03/concorde-fallacy.html). Considering the
meager public returns on the huge initial investment in airport infrastructure, and the
large uncertainties concerning both the airline industry and the availability of oil at prices
that will make air cargo viable, it is likely “the aerotropolis fallacy” will become the local
synonym for the “Concorde fallacy”. Please remember that the existing 152 hectare
business area established in the 1980s near the airport is only 15 percent occupied.

In conclusion, we are concerned about the environmental damage, the lost
farmland, the high infrastructure support costs, and the low success rate for this type of
business undertaking. We are asking that Council stop using public funds (and staff time)
to promote and subsidize the expansion of aerotropolis.

Sincerely,

[Signature]

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