



August 31, 2023

Niagara Region  
 Planning and Development Services  
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ATTN: Sean Norman, Senior Planner

**RE: Law Quarry Extension – Response to JART comments on Financial Impact Assessment  
 OUR FILE blank**

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We have reviewed the JART comments dated January 13, 2023 on the Financial Impact Assessment, prepared by Colliers International Niagara Ltd/. dated May 19. 2022.

The Table Below summarizes our responses to the JART comments on the Financial Impact Assessment. A revised Financial Impact Assessment has been included with this correspondence to address the JART comments from the Township, Region, and Watson & Associates Economists Ltd.

Comment #	Watson Peer Review Comment	Law Quarry Extension - Peer Review Response
1	Scope of the study – In the second paragraph of the summary on Page 5 of 31 it states that “approval of the proposed expansion will have zero to minimal negative impact on the Region...”. The study should consider impacts on both the Township and Region.	As outlined in the approved Terms of Reference, the FIA Study does assess potential impacts to both the Township and Region.  The second paragraph of the Summary on Page 5 has been clarified in the Report Introduction.
2.	Aggregate Production - The report should clearly indicate that the expansion is needed to maintain current operation and economic activity and output levels.	This clarification has been added to the Summary on Page 5 of the report and in the Employment Section on Page 11.
3.	Economic Activity - Page 14 of the report states that construction costs of the quarry expansion, including machinery & equipment and capital improvements, would generate ±\$3,000,000 in direct economic activity, however Page 23 states that ±\$3,000,000 is the total capital investment required for the quarry expansion.	Significant capital investment is required for the quarry extension. The initial capital investment is estimated to be in the order of \$3,000,000 and will have a positive economic and financial impact on the Township and the Region.  The Economic Impact of the Initial Capital Investment has been further clarified on Pg 15 of 33 and includes: site preparation, archaeological studies and clearances and the cost associated with

		<p>the process of securing the required Planning Act and Aggregate Resources Act approvals.</p> <p>As outlined in the revised report, The total initial capital investments, including site preparation, archaeological studies, and the Planning and Aggregate Act Approvals is estimated at ±\$3,000,000 and would impact the GDP by approximately ±\$2,340,000 (based on a multiplier of 0.78 from StatsCan Table: 36-10-0113-01);</p>
4	<p>Employment Impacts - The Executive Summary of the report states the quarry expansion will result in temporary employment during the construction phase and on-going employment related to the operation. Temporary employment is identified for the site preparation stages and archaeological clearances of the quarry expansion. Permanent employment is identified related to the quarry operation, on-site dependant businesses and trucking.</p> <p>Page 14 of the report identifies the temporary employment for the site-preparation stage, and Page 15 identifies the employment for on-site dependant businesses and their off-site employment yield. There are no references outside the Executive Summary to the temporary archaeological clearance employment, permanent employment related to the operation of the quarry, or trucking jobs. It is recommended that the report speaks to all the employment types identified in the executive summary for consistency, in addition to how the temporary construction employment was identified.</p> <p>Further, since this expansion will be replacing the current quarry site operations, the report should clearly indicate that the expansion is needed to maintain current permanent employment levels.</p>	<p>This has been clarified in section Employment section of the Report on Page 12 of 33.</p> <p>The fundamental conclusion is that the quarry extension will result in positive employment benefits both through temporary employment and permanent employment.</p>
5	<p>Labour Income - Labour income is an important metric to understand because it illustrates how much money is made from employment associated with the quarry operations, and that the majority of it will be spent in the local and regional market on goods and services.</p> <p>Page 15 identifies estimated annual wages earned by quarry workers and truckers, wages earned during the site preparation and archaeological clearances stages. It is</p>	<p>The source of the estimated annual wages is from quarry operator and from trucking, archaeology and sub-contractor contracts.</p> <p>This has been clarified in the Report on Page 17 of 33</p>

	recommended the source of the labour income is included in the report.	
6	<p>Introduction and Overview of Methodology - As noted above, in general, the report focuses on revenues and does not identify expenditures related to the development. This may be a fair assumption as the extension is a “replacement” of current activities and is anticipated to continue the existing levels of employment.</p> <p>There are a number of items that require clarification/updates.</p> <p>The following sections provide Watson’s review and commentary on each of the components of the analysis.</p>	No response required
7.	<p>Tonnage Assumptions - The report utilizes an annual extraction amount of 550,000 tonnes, however, the Transportation Impact Study and Planning Justification Report utilize 800,000 tonnes. This was discussed at the technical meeting and it was noted that this figure was used based on the current annual extraction amounts at the existing site. This would provide for a conservative revenue estimate (for Aggregate License fees) and is a fair assumption. This discrepancy should be clearly addressed in the Report.</p>	This has been clarified on Page 25 of 33, #6) and on Page 8 of the Report.
8.	<p>Site Area - The report identifies the total area of existing properties to be 190.33 acres with approximately 51 hectares (126 acres) being the extraction area. No identification of the total licensed area is provided.</p> <p>In review of the Planning Justification Report, it is noted that the proposed area for extraction is 51.2 hectares (126 acres) and the proposed licensed area is 72.3 hectares (178 acres). Based on the two reports, it would appear that the following would be a summary of the areas:</p> <ul style="list-style-type: none"> <li>• Total site area: 190.33 acres</li> <li>• Licensed area: 178 acres</li> <li>• Extraction area: 126 acres</li> </ul> <p>As outlined in the sections below, these areas are required in calculating the anticipated tax</p>	<p>The proposed area to be licensed under the Aggregate Resources Act is 72.3ha (178.7acres). Within the 72.3ha Licensed area, 51.2ha (126.5 ha) is proposed to be extracted. The remaining 21.1ha that will not be extracted and will be used for regulatory setbacks, buffers from natural heritage features, and protected archaeology areas.</p> <p>The area to be re-zoned from Agriculture to Mineral Extraction is 72.3ha (178.7ac) and this is the area that would be re-assessed for municipal property tax purposes.</p> <p>Page 15 of 33 has been updated accordingly.</p>

	revenue to be received from the site area. The report should be updated to reflect these values.	
9	<p>Assessment Assumptions - In estimating the assessment to be generated from the expansion of the quarry, the report looks at various quarry properties (Table on Page 27 of 31) in the area and undertakes a survey of assessed values. This approach is consistent with best practice; as part of the Assessment Act, section 44 (3) (b) notes that land valuation will have reference to the value of similar lands in the vicinity and make adjustments to maintain equity with these lands. However, the following summarizes our comments on the approach to the calculations:</p> <ul style="list-style-type: none"> <li>• <b>Properties Surveyed</b> <ul style="list-style-type: none"> <li>○ It appears the \$7,900 per acre is based solely on the three Fort Erie properties and one Port Colborne property. It is unclear why all properties were not included in the average calculations.</li> <li>○ The survey included the Port Colborne Quarries properties and quarry properties in Fort Erie but did not include the existing Law Quarry property. This should be included in the survey.</li> <li>○ There appears to be duplication in the quarries surveyed. It is our understanding that “Lic. No. 4444” in the second part of the table is the same as the Port Colborne Quarries properties that were surveyed in the first part of the table.</li> </ul> </li> <li>• <b>Average Calculation</b> <ul style="list-style-type: none"> <li>○ The calculation of the average is based on the assessment per acre for each property, however, the appropriate approach would be to analyze the total area of all properties in the survey and divide by the total assessment of all properties in the survey. This approach will take into account</li> </ul> </li> </ul>	<p>The average of \$7,900 per acre is for the quarry lands and not the Port Colborne Quarry properties.</p> <p>This is not the appropriate method of assessing comparable properties. Each property is valued individually, then the average is calculated from the individual assessments.</p>

	<p>the difference in assessed values for varying property sizes.</p> <ul style="list-style-type: none"> <li>• MPAC Adjustments <ul style="list-style-type: none"> <li>○ MPAC provides assessment adjustments to residential properties abutting and within 1km of quarries. The proposed quarry extension may reduce assessed values of residential properties directly adjacent to the extension to the West and South as well as other properties now within 1km of the extension. This would reduce tax revenues for the Township and Region. This should be included in the analysis.</li> </ul> </li> </ul>	<p>There are already two existing quarries located adjacent to the proposed Law Quarry Extension:</p> <ul style="list-style-type: none"> <li>• Licences #4464 and #607541 (Existing Law Quarry); and,</li> <li>• Licence #607721 Reeb Quarry.</li> </ul> <p>In addition, there are existing industrial uses also located in the vicinity of the proposed quarry extension including an asphalt plant and cement/concrete manufacturing</p> <p>Any new potential reduction to the assessed values of residential properties would likely be limited to the five (5) properties located on the west side of Graybiel Road.</p> <p>Any potential reduction in the tax revenues from these properties would be more than compensated for by the large increase in tax revenue generated by the Quarry Extension lands.</p>
10.a	<p>Tax Revenue Calculations -</p> <p>a. Property Taxes for Existing Properties</p> <p>The analysis includes a summary of the 2019 property taxes for the existing properties. As the future tax revenues are estimated based on 2021 assessed values and 2021 tax rates, the existing properties should be based on 2021 (or the most current year available) taxes.</p> <p>Additionally, the existing property tax revenue calculations were not provided. If this is based on a database of information, please identify the source. If this was calculated, please show the details of the calculations (i.e. assessed value multiplied by the applicable tax rate for the Township separate from the Region).</p>	<p>The proposed quarry extension will result in a significant increase in the per acre assessed land value. Whether the estimated increase is based on 2019 values or 2021 property tax values is insignificant.</p> <p>The assessed values of the existing quarry (as noted in the report) is based on a previously completed Appraisal Report that was completed for Waterford Sand and Gravel.</p>
10. b	<p>b. Tax Class Assumptions</p> <p>The analysis assumes that the proposed quarry will be assessed as 100% industrial. This includes the licensed area, extraction area, and remaining areas. In our experience, and based on the regulations to the Assessment Act, the industrial assessment (IT) applies to the extraction area, residential assessment (RT) would generally apply to the remaining licensed area, and any remaining lands may be assessed as their actual use (typically farmland (FT) and/or managed forests (TT)). The report only provides the total site area and extraction area and does not identify the licensed area. Based on the values</p>	<p>The tax rate formulas provided are not publicly available and were not used for our calculations. Ultimately, whatever calculation is used will result in a higher tax revenue and no negative impact. All calculations in the report are based on estimates and are subject to change based on many variables.</p>

	<p>provided in comment #8, the tax revenue calculations should be updated to reflect these site areas.</p> <p>As a result of assuming industrial assessment only, the tax revenue has been overestimated since the tax rate for industrial properties is higher than that of residential and farm/managed forests. This should be recalculated to align with the Assessment Act.</p>	
11	<p>Operating Revenues (non-tax) and Operating Costs - Generally with financial impact analyses, a review of the impact on operating revenues and operating costs is undertaken. This may be provided through a review of the existing operating costs and revenues on a per capita/per employee basis, which are then multiplied by the incremental population and/or employment forecasted. Based on our initial review and discussions with the applicant, it appears the quarry extension is proposed to “replace” operations on the current quarry site. This will allow the applicant to continue extraction once the existing site is depleted. As a result, there is no additional employment anticipated. Excluding the operating revenue and operating cost analysis may be a fair approach as the extension is a “replacement” of current activities and does not include additional employment or an increase in truck traffic.</p>	No response required.
12	<p>Long-term Monitoring and Mitigation - As part of the Terms of Reference, objectives of the financial impact study were provided. One item included the potential cost of any long-term monitoring and mitigation. The following provides for the stated objective in the Terms of Reference:</p> <ul style="list-style-type: none"> <li>To identify the potential cost of any long-term monitoring and mitigation on the site and the responsibility for that monitoring and the liability to any public authority or agency associated with that responsibility.</li> </ul> <p>Generally, the ongoing monitoring and mitigation costs would be the responsibility of the landowner, however, the study should provide an estimate of this cost and discuss any potential liabilities to the municipalities (e.g. if</p>	<p>The long-term monitoring costs have been included on Page 17 of 33 and would be the sole responsibility of the Licensee and quarry operator.</p> <p>As the Aggregate Resources Act Licence is under Provincial Jurisdiction as are the corresponding Environmental Compliance Approvals. There is no potential liability to the Township or Region.</p> <p>The Aggregate Resources Act and Environmental Protection Act are the regulatory tools that would require ongoing site monitoring activities. Should monitoring activities not be undertaken in the manner required, this would be a Provincial offence and addressed through the appropriate provincial enforcement mechanisms.</p> <p>There is no regulatory tool that would download monitoring responsibilities to the Township or Region.</p>

	the property owner does not keep up with the monitoring and mitigation responsibilities). This would, at a minimum, provide the municipalities with an order-of-magnitude cost, should they be required to assume responsibility.	
13	<p>Biederman Road - There are outstanding questions with respect to Biederman Road which may be purchased by the applicant. As there are properties to the North of the site, a different access road would be required. It is not clear if this new access road would result in additional capital/operating costs to the Township or Region. The updated Financial Impact Assessment should specifically address the issue of Biederman Road, any potential alternative access roads, and potential costs to the Township or Region. Although the applicant may plan on paying for the construction of the additional access road, the analysis should provide the following:</p> <ul style="list-style-type: none"> <li>• Potential length of new road</li> <li>• Estimate of the difference in operating cost to the Township of removing Biederman Road and adding new road;</li> <li>• Identification of responsibility of capital costs to construct the new road; and</li> <li>• Difference in lifecycle costs (ultimate replacement costs) between Biederman Road and the new road.</li> </ul> <p>This would provide the JART with full information regarding the potential options, should the applicant wish to purchase the right-of-way.</p>	<p>An Application to Purchase a portion of Biederman Road has been submitted to the Township of Wainfleet.</p> <p>No municipal “replacement” road is required. No new municipal road is being constructed</p> <p>As a Municipal Road is being disposed of, there will be a net financial benefit to the Township as the Township will no longer be required to maintain the Biederman Road.</p>

We trust that this response letter address the comments provided by the JART reviewers in January 2023. We would be happy to meet with you to discuss any outstanding comments. As demonstrated in the Report and in this Response Letter, the proposed Quarry Extension will result in an overall economic benefit to the Region of Niagara and Township of Wainfleet.

Yours truly,



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Consultant, Managing Director