

Final

Financial Impact Assessment and Economic Benefits Port Colborne Quarries Inc. - Pit 3 Extension

Part of Lot 17, 18 and 19, Concession 2 (formerly Township
of Humberstone), Plan 59R-16702, City of Port Colborne



Prepared for Port Colborne Quarries Inc.
by IBI Group

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1 Introduction

1.1 Introduction & Key Findings

This Financial Impact Assessment and Economic Benefit Analysis (FIA) has been prepared for Port Colborne Quarries Inc. (PCQ) and supplements IBI Group's *Planning Justification Report for the Pit 3 Extension* (Planning Report). Reference should be made to the Planning Report for further context and an assessment of the proposed development's consistency and conformity with Provincial, Regional and City planning policies.

The purpose of this FIA is to demonstrate that the proposed Pit 3 Extension will have "minimal negative financial impact" on Niagara Region/the City of Port Colborne or their taxpayers, and to illustrate any direct or indirect financial benefits/costs to the affected municipalities. Based on IBI Group's analysis, the following summarizes the findings of this report:

- **Land Value Assessment Analysis:** The proposed quarry use is anticipated to increase the tax revenue generated from the Pit 3 Extension lands when compared to the existing uses. Using the Region's and City's 2019 tax rates, the quarry use would generate \$22,201 for the Region and \$33,773 for the City in annual property tax revenues; an increase of \$10,146 and \$15,435 when compared to the existing use revenues. Over the lifespan of the quarry (projected at 22 years), it is estimated that the quarry use could generate a total of \$488,431 for the Region and \$743,015 for the City in property tax revenues (constant 2020\$ and current 2019 tax rates).
- **Economic Benefits:** The Pit 3 Extension is anticipated to maintain the same number of jobs (20) currently working at the PCQ quarries and will continue to contribute to the \$1.6 billion aggregate industry in Ontario. The Pit 3 Extension will provide continued access to local aggregate which will help to meet increasing aggregate demands within Niagara and surrounding markets, and will help to reduce greenhouse gas emissions by reducing the distance that trucks will need to travel to market.
- **Capital Impact:** The existing and proposed quarry uses are not anticipated to have any impact on the Region's or City's capital programs. If any construction or upgrades are required through further study, PCQ is committed to enter into an agreement with the Region and/or City to cover the necessary costs.
- **Financial Benefits:** Based on the full excavation potential of the quarry, the Pit 3 Extension is estimated to generate between \$1.2 million and \$1.4 million for the Region and \$5.0 million and \$5.6 million for the City in Aggregate Resources Act levy contributions. The Pit 3 Extension is expected to generate \$229,732 in planning and review fees for the Region, the City and the Niagara Peninsula Conservation Authority (all 2020 values).
- **Conclusion:** It is anticipated that the proposed Pit 3 Extension will provide economic benefits to the Region and City and will have a net positive impact on the Region and City's finances. IBI Group anticipates that there will be minimal or no negative financial impacts on the Region/City's capital infrastructure programs.

1.2 Study Requirements

As per Policy 14.D.5 of the Region of Niagara Official Plan (ROP), the Region should consider the following criteria in its evaluation of proposed amendments to ROP:

- v. The effect of the proposed change on regional services and infrastructure.*
- viii. The effect of the proposed change on the financial health, safety and economic sustainability of the Region.”*

To address these evaluation criteria, regional planning staff provided a letter to IBI Group and PCQ dated April 9, 2020 which outlined the Terms of Reference for the FIA. As per the letter, the purpose of the assessment is:

- a) To demonstrate that the proposal will have a minimal negative financial impact on the Region or taxpayers from the cost of providing services such as road maintenance, long term monitoring and replacement water supplies among other matters.
- b) To demonstrate that extraction will occur in a manner that minimizes social, economic and environmental impacts.
- c) To demonstrate that there will be no public costs associated with the proposal throughout extraction, complete rehabilitation and any long term continuing mitigation and monitoring requirements, and to demonstrate that there will be adequate securities put in place, through an agreement or legislation, to ensure that the public and agencies will not be put at financial risk as a consequence of the approval.
- d) To demonstrate to what degree the proposal will create direct and indirect financial benefits or costs to the municipalities affected.

1.2.1 FIA Objectives

Further to the study purpose, the Region outlined the following objectives for the FIA:

- 1. To quantify the amount of assessment to be generated as a consequence of the approval of the application (compared to loss of existing use; i.e., farmland).
- 2. To identify what the economic impacts may be.
- 3. To estimate how much in license fees will be provided to the affected municipalities.
- 4. To determine what impacts the additional truck traffic will have on the cost of providing maintenance on affected roads.
- 5. To determine whether the proposal, if approved, will impact on the timing and/or need for road improvements to be paid for by the municipality.
- 6. To identify the financial benefits that may occur generally as a consequence of the approval (i.e., TOARC payments for road improvements).
- 7. 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.

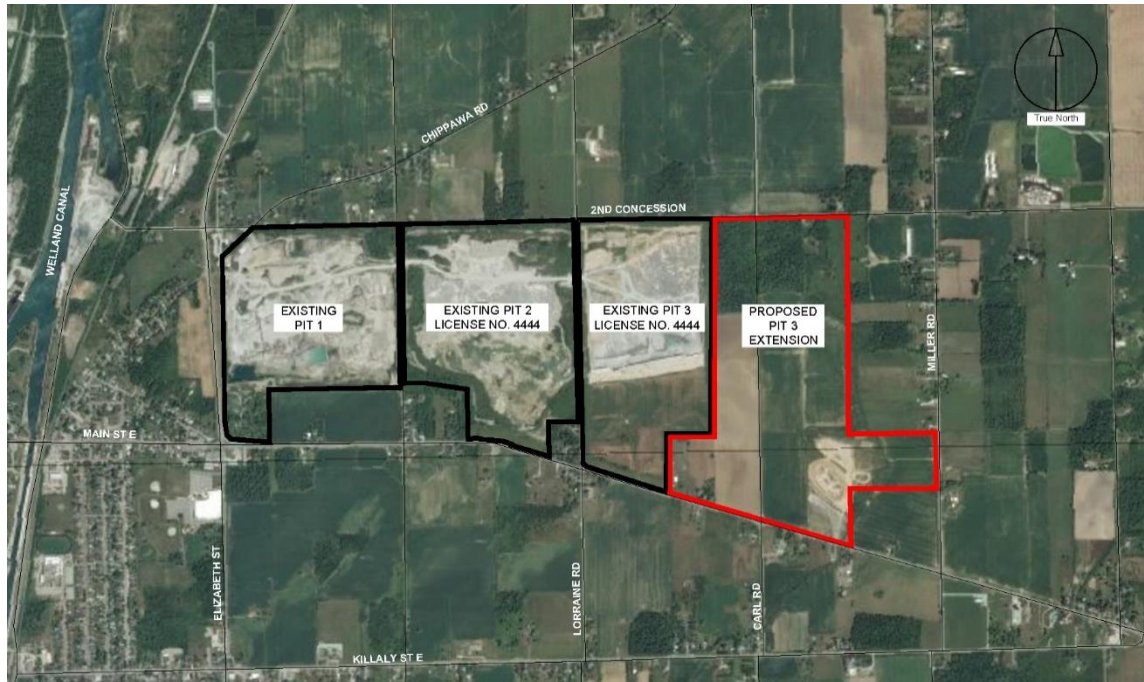
1.3 Site Description

PCQ's proposed Pit 3 Extension (Extension Lands) is located on the north side of Highway 3, between PCQ's existing Pit 3 and Miller Road. The Extension Lands are comprised of seven parcels, which total 103.3 ha or 255.5 ac. For the purposes of this FIA, the pending acquisition of Carl Road (approximately 2.8 ha or 6.9 ac) has not been included as it is unclear how the lands will be assessed and what the current assessment value is.

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The proposed quarry area is estimated to cover 69.3 ha or 171.2 ac. of the Extension Lands, representing approximately 65% of the total land area. Post-extraction, the Extension Lands will be rehabilitated to a passive recreational land use.

FIGURE 1: SITE LOCATION



Source: IBI Group, 2020

2 Land Value Assessment Analysis

IBI Group conducted a land value assessment analysis to quantify the potential property tax revenues to be generated as a consequence of the approval of the application versus the existing uses. IBI Group has used 2020 Municipal Property Assessment Corporation (MPAC) assessment data as input to the analysis.

2.1 Analysis of Comparable/Estimation of Assessment Value

To understand the estimated assessment value of the Extension Lands as a quarry use, comparable quarry properties were identified throughout the City of Port Colborne, the Township of Wainfleet and Town of Fort Erie given their proximity to the Extension Lands and their grouping with the City of Port Colborne in the Ontario Aggregate Resource Corporation (TOARC) annual calculation of statistics. Based on the analysis of comparable properties, IBI Group estimates that the average assessment value per acre for a quarry use is \$7,450.

FIGURE 2: COMPAREABLE ASSESSMENT (2020 VALUES FROM MPAC)

Quarry/Address	Location	PQR Pit #	Size (ac)	Assessment Value (\$)	Value/Acre (\$)
1170 Hwy 3	Port Colborne	3	79.9	\$415,000	\$5,200
1921 Babion Rd	Port Colborne	3	90.0	\$411,000	\$4,550
Concession 2 Rd	Port Colborne	2	180.8	\$1,204,000	\$6,650
Hwy 140	Port Colborne	1	163.0	\$2,136,000	\$13,100
Subtotal PQR Pits			513.7	\$4,166,000	--
License 4464	Wainfleet		340.8	\$2,370,000	\$6,950
License 607541	Wainfleet		76.8	\$538,000	\$7,000
License 4459	Fort Erie		621.2	\$3,258,000	\$5,250
License 11214	Fort Erie		32.3	\$356,000	\$11,000
Total			1,071.1	\$6,522,000	--
Average					\$7,450

Note: Full property assessment value used. This could include residential, commercial, and industrial assessment values

Applying the estimated assessment value per acre to the Extension Lands, it is estimated that the quarry use of the lands would have an assessed value of approximately \$1.9 million (2020 value).

FIGURE 3: ESTIMATE OF EXTENSION LANDS ASSESSMENT VALUES (2020 VALUES)

Address	Size (ac)	Value/Acre (\$)	Estimated Assessment Value (Quarry)
Miller Rd	25.0	\$7,450	\$186,300
1645 Con 2 Rd	50.4	\$7,450	\$375,500
1716 Hwy 3	26.2	\$7,450	\$195,100
Hwy 3	70.0	\$7,450	\$521,500
Hwy 3	69.1	\$7,450	\$514,800
1326 Hwy 3	9.4	\$7,450	\$70,100
1252 Hwy 3	5.4	\$7,450	\$40,500
Total	255.5	\$7,450	\$1,903,700

Note: Numbers may not add due to rounding

2.2 Estimate of Annual Municipal Property Tax Revenue

Annual municipal property tax revenues are based on the application of municipal tax rates against property assessment value. To quantify the estimated property tax revenues to be generated for the Extension Lands, IBI Group applied the 2019 Regional and City property tax rates to the existing and projected 2020 assessment values.

Based on the expected use of the Extension Lands (65% quarry vs. 35% non-quarry as established in Section 1.3), IBI Group applied the Region’s and City’s industrial tax rates to 65% of the estimated assessment value. The remaining 35% of the assessment value was taxed at the residential rate, which aligns with MPAC’s realty tax class assessment value breakdown from the comparable quarries.

IBI Group estimates that the quarry use could generate an annual property tax revenue of \$22,201 for the Region and \$33,773 for the City; an increase of \$10,146 and \$15,435 when compared to the property tax revenues of existing uses. Over the lifespan of the quarry (projected at 22 years), it is estimated that the quarry use could generate a total of \$488,431 for the Region and \$743,015 for the City in property tax revenues; an increase of \$233,221 and \$339,570 when compared to the potential property tax revenues of existing uses (constant 2020\$ and current 2019 tax rates). The proposed quarry use would have a positive net financial benefit for the Region and City.

FIGURE 4: NIAGARA REGION ESTIMATED ANNUAL PROPERTY TAX REVENUE

Address	Size (ac)	Estimated	Estimated	Difference
		Tax Revenue (Existing Assessment) 1)	Tax Revenue (Quarry Assessment) 2)	
Miller Rd	25.0	\$159	\$2,172	\$2,014
1645 Con 2 Rd	50.4	\$1,406	\$4,379	\$2,973
1716 Hwy 3	26.2	\$6,435	\$2,275	-\$4,159
Hwy 3	70.0	\$412	\$6,082	\$5,670
Hwy 3	69.1	\$348	\$6,004	\$5,655
1326 Hwy 3	9.4	\$1,653	\$818	-\$836
1252 Hwy 3	5.4	\$1,642	\$472	-\$1,170
Total (Annual)	255.5	\$12,055	\$22,201	\$10,146
Lifespan of Quarry (2020\$)		\$265,211	\$488,432	\$223,221

- Existing tax revenue based on assessment value by tax class as per MPAC 2020 Assessment Values (i.e. residential, commercial, industrial) and 2019 Regional and City tax rates.
- For estimated tax revenue from Quarry uses, 35% of assessment taxed at residential rate and 65% taxed at industrial rate based on proposed use and comparable assessment. 2019 Regional and City tax rates used.

FIGURE 5: PORT COLBORNE ESTIMATED ANNUAL PROPERTY TAX REVENUE

Address	Size (ac)	Estimated	Estimated	Difference
		Tax Revenue (Existing Assessment) 1)	Tax Revenue (Quarry Assessment) 2)	
Miller Rd	25.0	\$241	\$3,304	\$3,063
1645 Con 2 Rd	50.4	\$2,138	\$6,661	\$4,523
1716 Hwy 3	26.2	\$9,789	\$3,462	-\$6,327
Hwy 3	70.0	\$627	\$9,252	\$8,625
Hwy 3	69.1	\$530	\$9,133	\$8,603
1326 Hwy 3	9.4	\$2,515	\$1,244	-\$1,272
1252 Hwy 3	5.4	\$2,498	\$718	-\$1,780
Total (Annual)	255.5	\$18,338	\$33,773	\$15,435
Lifespan of Quarry (2020\$)		\$403,445	\$743,015	\$339,570

- Existing tax revenue based on assessment value by tax class as per MPAC 2020 Assessment Values (i.e. residential, commercial, industrial) and 2019 Regional and City tax rates.
- For estimated tax revenue from Quarry uses, 35% of assessment taxed at residential rate and 65% taxed at industrial rate based on proposed use and comparable assessment. 2019 Regional and City tax rates used.

3 Economic Benefits

3.1 Aggregate Production & the Environment

From the 2018 TOARC Annual Statistics report, it is estimated that Ontario produces 161 million tonnes of aggregate per year. Of the provincial total, Niagara Region accounts for approximately 3% (5.2 million metric tonnes) of all production, which ranks as the 10th largest producing regional municipality in the Province. Within Niagara Region, Fort Erie, Pelham, Port Colborne, and Wainfleet are responsible for 53% (2.8 million metric tonnes¹) of the Region's total aggregate production. The Pit 3 Extension would help to maintain Niagara Region's production long term.

Aggregate resources are a critical component of the transportation and construction industries, which rely on locally sourced aggregate for competitive prices and a reduction in environmental impacts. On average, it is estimated that 14 tonnes of stone, sand and gravel are used every year per capita to build homes, infrastructure and community uses¹. Maintaining local access to aggregate, especially within close proximity to the GTHA, would help to meet increasing resource demands and would assist in reducing transportation and greenhouse gas emissions. From the Ontario Stone Sand and Gravel Association (OSSGA), "if every load of aggregate used in Ontario had to travel just one extra kilometre to reach its destination job site, an extra 2.5 million litres of fossil fuel would be consumed annually, and annual greenhouse gas emissions would increase by nearly 7,000 tonnes"².

3.2 Economy

The OSSGA estimates that Ontario's aggregate industry contributes an estimated \$1.6 billion of GDP toward the provincial economy² and nearly \$20 million in annual license fees to the Province and municipalities. Based on Niagara Region's share of the overall aggregate production, it is estimated that the Region's contribution to the Provincial aggregate GDP is approximately \$51 million. Permitting the Pit 3 Extension has the potential to maintain or increase the Region's contribution towards the Provincial aggregate GDP and is expected to contribute between \$8.2 million and \$9.2 million in licensing fees to the Province, Region and City over the lifespan of the quarry (see Section 5.1).

3.3 Jobs

From the 2018 Niagara Region Employment Survey, the "mining, quarrying and oil/gas extraction sector" had 7 businesses which created 75 jobs within the Region. From the 2016 Census, Port Colborne had 40 jobs in the "mining, quarrying and oil/gas extraction sector", which would account for over half (53%) of the sectors jobs in the Region.

The proposed Pit 3 extension is expected to maintain the 20 jobs currently associated with the PCQ operations. In addition to the jobs on site, an additional 27 jobs associated with the trucking of the aggregate will be maintained.

In 2015, the OSSGA estimated that aggregate producers employed 7,000 people in Ontario, and 34,000 people indirectly¹. Using this ratio of 1 aggregate worker per 5 indirect jobs, it is estimated that 100 indirect jobs could be associated with the Pit 3 Extension.

¹ Source: Aggregate Resources Statistics in Ontario, Production Statistics 2018 – The Ontario Aggregate Resources Corporation (TOARC)

² Source: Aggregate Builds Ontario (2015) – Ontario Stone, Sand & Gravel Association (OSSGA)

4 Capital Impact Analysis

IBI Group assessed PCQ's current and proposed quarry operations to ascertain any current or future impacts to the Region or City's capital infrastructure programs. If required, IBI Group has identified mitigative measures to minimize any potential adverse impacts.

4.1 Review of Quarry Operations

The following provides a breakdown of the current and proposed extractive operations of the quarry to highlight the extent to which the Regional and local municipal services and infrastructure may be used. Specifically, this section will provide an overview of:

- a) The existing quarry operations;
- b) The initial start-up and first years of operation of the proposed Pit 3 Extension;
- c) The long term operations of the proposed Pit 3 Extension; and,
- d) The proposed long term monitoring and mitigation measures for the Pit 3 Extension.

4.1.1 Existing Quarry Operations

PCQ began operations of the abutting Pit 2 (fully extracted) and Pit 3 (partially extracted) lands in 1981 and 2001 respectively. The following provides details on the existing quarry operations and their potential impacts on Regional and City services and infrastructure:

- Excavated materials from Pit 2 and Pit 3 are transported to Pit 1 for processing and are required to cross two City roads (Babion Road and Snider Road) in the process. Although Babion Road and Snider Road have very little public use, stop signs are present at the exit of each pit to require all quarry trucks to come to a full stop before crossing. All necessary upgrades to Babion Road and Snider Road to facilitate the crossing traffic have been assumed by PCQ.
- PCQ has long been aware of persistent illegal dumping along Babion Road and at the dead-end of Sniders Road, and blockages in some of the ditches and surface water course that cross Babion Road. It has been an on-going practice of PCQ to send their staff out to pick up the garbage and clear the blockages at their own expense.
- Once the aggregate is processed within Pit 1, materials are distributed to the greater market by truck (via Ramey Road, Second Concession Road, and Highway 140) or by water (via Ramey Road and Second Concession Road to the Welland Canal). On average, the quarry operations generate 27 trucks/day. PCQ provides dust mitigation through the frequent application of water along all routes.
- Water from on-site wells are used to wash the aggregate as part of the processing operations. PCQ has a valid Permit to Take Water (PTTW) issued by the Ministry of Environment Conservation and Parks (MECP) and is considered a 'user' of water since the vast majority (93%-95%) of the water is recycled back to the source.

Therefore, to best of our knowledge, the existing PCQ operations are not anticipated to have any negative financial impacts on the Region and City's capital infrastructure programs. PCQ has assumed all costs for the necessary upgrades to the road crossings at Babion Road and Snider Road and the quarry operations do not use any Regional water or wastewater infrastructure.

4.1.2 Pit 3 Extension Start-up and First Years of Operation

As part of the pre-licensing process, PCQ has entered into discussions with the Region, the City and the Ministry of Transportation (MTO) to determine the implementing details of the following capital upgrades for the Pit 3 Extension:

- A new entrance/exit for the Pit 3 Extension will be required onto either Highway 3 (Provincial road) or Miller Road (Regional road). Regional staff and PCQ have indicated that they would like the new entrance/exit to be directly onto Highway 3, but MTO has stated that they would only support the new entrance/exit onto Miller Road. Notwithstanding ongoing discussions with the Region and MTO on the ultimate location of the access, any costs incurred for the new access and any associated road upgrades will be the responsibility of PCQ.
- The pending acquisition of Carl Road (City road) by PCQ for the portion between Highway 3 and Second Concession Road. PCQ intends on purchasing the lands at fair market value and will be responsible for all survey and legal costs associated with the purchase.

Based on the above, IBI Group does not anticipate that there will be any financial impacts for the Region or City for any pre-licensing infrastructure requirements.

Subject to the approval of the Pit 3 Extension licensing application, numerous start-up actions, at the expense of PCQ, will occur and include:

- Repair and/or new construction of perimeter fencing;
- Limited stripping of topsoil/subsoil and the construction of perimeter berms;
- Installation of any additional site monitoring stations;
- Installation of a dewatering pump, which will be located at southeast corner of Pit 3. The dewatering pump will be powered by a high-efficient diesel generator.

The operations of the Pit 3 Extension will follow the plan of operations for the existing pits for the first several years. All extracted material from the Pit 3 Extension lands will be trucked to the existing processing area within Pit 1 as noted in Section 4.1.1.

It is not anticipated that there will be any financial impact for the Region or City's capital infrastructure programs through the start-up or first several years of operation of the Pit 3 Extension. PCQ is committed to funding all necessary capital upgrades for the new entrance/exit and for any costs associated with the purchase of Carl Road.

4.1.3 Pit 3 Extension Long Term

After several years of operating the Pit 3 Extension under existing operating procedures, PCQ intends to relocate the processing facility from Pit 1 to the northern portion of Pit 3. The relocation and/or the introduction of new processing components in Pit 3 will necessitate both significant effort and financial expenditure (+/- \$1M). For this to occur, PCQ will undertake the following capital upgrades:

- Extend Phase 3 power through the middle of the site via the Pit 2 and Pit 3 lands to access the proposed processing area.
- Request a new PTTW from MECP to extract water from an existing well within Pit 3 or to drill a new well to supply water for the relocated wash plant.
- Design and construct the new Pit 3 Extension entrance/exit onto either Highway 3 or Miller Road based on the agreed upon location through discussions with the Region and MTO. As part of the entrance design process, a geotechnical assessment may be

requested to ascertain the capability of Highway 3 or Miller Road to withstand the increased use from the quarry trucks. Any required upgrades would be limited to the portion of road from the proposed quarry entrance onto Miller Road to Highway 3 OR the portion of road from the quarry entrance onto Highway 3 to Highway 140. Any upgrades would be at PCQ's cost and would be built to meet the long-term needs of the road so they coincide with the lifespan of the quarry to avoid future maintenance issues. PCQ will enter into an agreement with Region/Province for any future works.

- Should the entrance/exit be located along Miller Road, any intersection design and construction upgrades at the Miller Road/Highway 3 intersection will also be at the full cost to PCQ.
- Upon the relocation of the processing plant to the Pit 3 and the commissioning of the new entrance/exit onto Highway 3 or Miller Road, the existing entrance from Pit 1 onto Ramey Road will be closed.

It is not anticipated that there will be any Region or City financial impacts for any infrastructure improvements as part of the long term operation of the Pit 3 Extension. If it is determined through further study that upgrades are required, PCQ will enter into an agreement with the Region/City to cover the capital costs and determine the timing for reconstruction.

4.1.4 Long Term Mitigation and Monitoring Measures

The existing Pit 3 quarry has extensive surface and groundwater monitoring that has been on-going for decades. This is required due to the dewatering of the quarry and the requirements for pre-detection of groundwater interference on the supply and/or quality of local domestic wells. The Region and City have not been involved with any monitoring or mitigation to date and PCQ does not anticipate that they will be required for any future monitoring measures. The annual reports related to the monitoring are made available to MNRF and MECP.

In addition to the above, and with the quarry moving toward new adjoining sensitive land uses, additional monitoring and mitigative measures will be necessary for blasting, noise and dust. As with the existing quarry operation, all costs incurred to undertake the mitigative measures will continue to be the responsibility of PCQ.

4.2 Road Traffic – Impacts on Maintenance and Timing

The current Niagara Region and City of Port Colborne Development Charges Background Studies (DCBS) do not identify any Regional or City road upgrades for any of the existing or proposed haul routes for the Pit 3 Extension. Additionally, no Regional road capital upgrades were identified in the Region's Transportation Master Plan to 2041. Therefore, the timing and cost recovery for any identified road upgrades would be the responsibility of PCQ and would need to be agreed upon with the Region, City or MTO.

The Pit 3 Extension will not be generating any new aggregate related truck traffic as the total licensed volume will maintain existing excavation and transport levels. Based on the long term operations of the Pit 3 Extension, the principal changes which would affect Regional or City road infrastructure are the new entrance/exit on to either Highway 3 or Miller Road, and the short haul route to access Highway 140. If it is determined through further study that upgrades are required, PCQ has indicated that the new road infrastructure would be built to meet the long-term needs of the road so they coincide with the lifespan of the quarry to avoid future maintenance issues. The use of Ramey Road and Second Concession Road will cease once the new haul routes are in use.

As outlined in Section 4.1, PCQ is committed to funding the design and construction of any road upgrades which are required to accommodate the new entrance/exit to the Pit 3 Extension and the new haul route to access Highway 140. PCQ will enter into agreements with the necessary

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agencies to ensure that all road design guidelines are adhered to and that the timing for any required upgrades is agreed upon. If road upgrades are not required at this time, PCQ will enter into an agreement with the appropriate agency to pay for the cost of the required upgrades at a future date while the quarry remains operational.

4.3 Summary - Capital Impact Assessment

The Pit 3 Extension is not anticipated to generate any financial capital impacts for the Region or City for the following reasons:

- The existing operations and proposed Pit 3 Extension do not/will not use any water or wastewater infrastructure from the Region of City.
- No road upgrades for existing or proposed haul routes are identified in the Regional or City DCBS' or associated transportation master plans.
- All costs associated with upgrades for the Pit 3 Extension, including the new entrance/exit onto Highway 3 or Miller Road, any road upgrades required for the new haul route, and any necessary intersection upgrades will be the responsibility of PCQ. PCQ will enter into agreements with the necessary agencies to ensure that all road design guidelines are adhered to and that the timing for any required upgrades is agreed upon.
- If road upgrades are not required at this time, PCQ will enter into an agreement with the Region/City whereas PCQ would be responsible to pay for the cost of required upgrades at a future date while the quarry remains operational.

5 Financial Benefits

5.1 Aggregate Resources Act (ARA) Aggregate Levy

Through TOARC, PCQ pays a per/tonne aggregate levy to both the Region and the City. The 2020 levy is 20.6¢ per tonne, with 3.1¢ /tonne going to the Region and 12.5¢ going to the City. Based on the full operations of the quarry under the permitted license of 1,815,000 tonnes, an annual levy of \$56,265 would be paid to the Region and \$226,875 would be paid to the City of Port Colborne (2020 rates).

Over the lifespan of the quarry with a proven aggregate/rock reserve of 40 to 45 million tonnes, the estimated aggregate levies that will be distributed are as follows;

FIGURE 6: ESTIMATED TOARC REVENUES AT FULL EXCAVATION (2020 RATES)

	Levy (\$/tonne)	Estimated Quarry Reserve (million tonnes)	Full Excavation - Estimated Levy (2020 rates)	
Region of Niagara	0.031	40 to 45	\$1,240,000	to \$1,395,000
City of Port Colborne	0.125	40 to 45	\$5,000,000	to \$5,625,000
Total Levy	0.206	40 to 45	\$8,240,000	to \$9,270,000

Source: <https://www.ontario.ca/page/aggregate-resources#section-9>

The current levy is reassessed each January by the Province and revised upward to account for inflation. Therefore, over the lifespan of the quarry, the annual ARA Levy contributions are anticipated to be greater than the levies calculated above.

5.2 Planning Fees

Based on the current municipal fee schedule, the following are the prescribed planning fees that PCQ will be responsible for as part of the subject application;

Region of Niagara:

- \$131,515 – ROPA for a Quarry Expansion
- In addition to the above, PCQ shall be fully responsible for all cost associated with the notification of the ROPA application.
- In addition to the above fee, PCQ shall be fully responsible for all costs pertaining to Peer Reviews and for an Aggregate Advisor. PCQ has been required to sign a cost acknowledgement agreement prior to the application submission.

City of Port Colborne:

- \$70,227 – Quarry Expansion

Niagara Peninsula Conservation Authority (NPCA)

- \$27,990 - Complex Applications

Based on the above, PCQ will pay a total of **\$229,732** in application fees plus all Regional notification costs, Regional peer review costs and those associated with the Region to retain a 3rd party Aggregate Advisor.

6 Summary and Conclusion

Based on IBI Group's analysis, the following summarizes the findings of this report:

- **Land Value Assessment Analysis:** The proposed quarry use is anticipated to increase the tax revenue generated from the Pit 3 Extension lands when compared to the existing uses. Using the Region's and City's 2019 tax rates, the quarry use would generate \$22,201 for the Region and \$33,773 for the City in annual property tax revenues; an increase of \$10,146 and \$15,435 when compared to the existing use revenues. Over the lifespan of the quarry (projected at 22 years), it is estimated that the quarry use could generate a total of \$488,431 for the Region and \$743,015 for the City in property tax revenues (constant 2020\$ and current 2019 tax rates).
- **Economic Benefits:** The Pit 3 Extension is anticipated to maintain the same number of jobs (20) currently working at the PCQ quarries and will continue to contribute to the \$1.6 billion aggregate industry in Ontario. The Pit 3 Extension will provide continued access to local aggregate which will help to meet increasing aggregate demands within Niagara and surrounding markets, and will help to reduce greenhouse gas emissions by reducing the distance that trucks will need to travel to market.
- **Capital Impact:** The existing and proposed quarry uses are not anticipated to have any impact on the Region's or City's capital programs. If any construction or upgrades are required through further study, PCQ is committed to enter into an agreement with the Region and/or City to cover the necessary costs.
- **Financial Benefits:** Based on the full excavation potential of the quarry, the Pit 3 Extension is estimated to generate between \$1.2 million and \$1.4 million for the Region and \$5.0 million and \$5.6 million for the City in Aggregate Resources Act levy contributions. The Pit 3 Extension is expected to generate \$229,732 in planning and review fees for the Region, the City and the Niagara Peninsula Conservation Authority (all 2020 values).

Based on the above summary, it is anticipated that the proposed Pit 3 Extension will provide economic benefits to the Region and City and will have a net positive impact on the Region and City's finances. IBI Group anticipates that there will be minimal or no negative financial impacts on the Region/City's capital infrastructure programs.

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