

Proposed Burlington Quarry Expansion JART COMMENT SUMMARY TABLE – Financial Impact Study

Please accept the following as feedback from the Burlington Quarry Joint Agency Review Team (JART). Fully addressing each comment below will help expedite the potential for resolutions of the consolidated JART objections and individual agency objections. **Additional, new comments may be provided once a response has been prepared to the comments raised below and additional information provided.**

	JART Comments (February 2021)	Reference	Source of Comment	Applicant Response (June 2021)	Altus Report Response (September 2021)	JART Response (February 2022)	Altus Response (June 2022)	JART Response (June 2023)
	Report/Date: Financial Impact Study, April 2020 Author: Nelson Aggregates Co. & Fiscal Impact Study, September 2021 Author: Altus Group							
1.	The Progressive and Final Rehabilitation Monitoring Study suggests the rehabilitated quarry lands, including water management system, be conveyed to Conservation Halton or another public agency. No formal discussion has taken place with Conservation Halton on future land ownership. How will the Licensee ensure that the long-term monitoring and pumping will not result in financial liability to the public? How will adequate securities be put in place? The Financial Impact Study should be revisited and refined once significant issues with all other reports and the after use have been resolved.	General	Conservation Halton	If Conservation Halton or another public agency are interested in the future ownership of the land then discussions with that public agency will take place to ensure no financial liability to the public for long-term monitoring and pumping.		Noted. The Financial Impact Study should be revisited and refined to address this comment once significant issues with all other reports and the after use have been resolved.	Financial impact study is limited in scope to impacts on City and Region. If Conservation Halton or another public agency are interested in the future ownership of the land then discussions with that public agency will take place to ensure no financial liability to the public for long-term monitoring and pumping.	Acknowledged.
2.	In general, the financial impact study focusses on revenues the municipalities will receive (e.g. property taxes, TOARC fees, etc.) however, does not discuss the anticipated expenditures in any detail. Further, the financial impact study appears to be based on an economic impact analysis completed in 2008. As the economic impact study is 13 years old, it is suggested that newer data be utilized in this assessment.	General	Watson & Associates Economists Ltd.	As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study. This report should be completed in July and will be provided to JART upon completion.	This report is based on 2019 data (or more recent, where appropriate). This report includes an analysis of net change in anticipated municipal expenditures from the proposal.	The Altus report updates the analysis with more current information and does discuss impacts on expenditures, however, see other items for additional revisions required.	See other responses.	Comment addressed

<p>3. Areas for Further Analysis: Water Supply: It is unclear if there may be any potential impacts and what the financial implications would be. It is noted that the proximity to the community of Mount Nemo and the Mount Nemo Christian Nursing Home should be taken into consideration.</p>	<p>General</p>	<p>Watson & Associates Economists Ltd.</p>	<p>Potential impacts to wells are not anticipated. Regardless of this conclusion Nelson has a well interference protocol and if a well was impacted by the quarry Nelson would be responsible to restore the water supply at its costs.</p> <p>Furthermore the quarry has been operating since the 1950s and to our knowledge there hasn't been any financial impacections to the public authorities related to water supply as result of the quarry operation.</p>		<p>The Altus report notes that all expenditures related to impacts of the water supply would be funded by Nelson.</p>	<p>Addressed.</p>	<p>Comment addressed</p>
<p>4. Areas for Further Analysis: Road Network: There are no impacts identified with respect to the increased truck traffic. This should be reviewed further upon the peer reviews being completed by the consulting team. If there is additional truck traffic due to increased extraction volumes, this may result in impacts to the roads along the haul route (either capacity or maintenance).</p>	<p>General</p>	<p>Watson & Associates Economists Ltd.</p>	<p>Issue resolved. As confirmed during our meeting the quarry will not result in an increase in traffic.</p>	<p>It is understood that the redevelopment will effectively replace existing truck traffic, resulting in no net new truck traffic in the area.</p>	<p>Issue resolved. No net new truck traffic results in no anticipated additional incremental costs to the City and/or Region</p>	<p>Addressed.</p>	<p>Comment addressed</p>
<p>5. Areas for Further Analysis: Road Crossing: Although Nelson plans to incur the capital and maintenance costs of the road crossing, the specific works being undertaken have not been identified. These should be identified and quantified in the study.</p>	<p>General</p>	<p>Watson & Associates Economists Ltd.</p>	<p>Issue resolved. As confirmed in our meeting, the detailed design for the road crossing will not be completed until such time as the land use is approved. Despite this Nelson has committed the pay for the cost to upgrade the section of the proposed road crossing and maintain this crossing while in use by the South Quarry Extension. This is a requirement</p>	<p>The report confirms that Nelson has agreed to upgrade and maintain a crossing on Sideroad 2 to allow trucks to access the proposed southern extension of the main quarry.</p>	<p>No further comments regarding the financial impact of the crossing as it will be constructed and maintained by the applicant.</p>	<p>Addressed.</p>	<p>Comment addressed</p>

				of the proposed ARA Site Plans. As a result there will be no financial liability to the public.				
6.	<p>Areas for Further Analysis: Impacts on Other Services: There was no estimation of the incremental operating costs for other services such as fire, police, ambulance, etc.</p> <p>These costs to the City and the Region should be estimated and included in the annual financial impact to the municipalities.</p>	General	Watson & Associates Economists Ltd.	<p>Issue resolved. As confirmed in our meeting the quarry is not increasing capacity and therefore there will not be an increase in incremental</p> <p>Operating costs. If anything once the golf course is no longer in use there would be a decrease in costs to the City and Region for these services.</p> <p>Furthermore Nelson works cooperatively with the local fire department and police to provide a location for training at the Nelson Quarry.</p>	This analysis was incorporated into this version of the study.	<p>The impacts of expenditures were estimated, however;</p> <p>In estimating the impacts to the municipalities' budgets, a review of incremental operating expenditures (net of revenues) was undertaken. The basis for the operating expenditures is the Region and City's Financial Information Returns (FIRs). This is consistent with the information that Watson would utilize in this analysis.</p> <p>The Altus Report uses incremental property assessment to estimate the change in operating expenditures. This approach is not typically utilized by Watson; however, it was noted that this approach has been used and accepted at the LPAT (now known as the OLT). As a result, Watson would not comment on the validity of this approach.</p> <p>Within Altus' analysis, an assumed growth factor is used to identify how each service's expenditures would change with the addition of the development (and corresponding loss of</p>	See memorandum included as Tab 1 , for sensitivity analysis of suggested changes to growth factors.	Based on the latest submission, Altus has updated their analysis to "zero out" any decrease in operating costs they have assumed. This is a more conservative approach than Watson's suggested revisions, however, it is acceptable in this instance.

					<p>the existing properties). As the overall assessment is decreasing, the analysis assumes a decrease in operating expenditures. There are a few services where further rationale should be provided:</p> <ul style="list-style-type: none">• Fire & Police: it is assumed that for every dollar of assessment lost, the operating cost of fire and police services will be reduced proportionately. How would the operations of these services decrease with the change in assessment? A more reasonable assumption may be to reduce the 100% growth factor as the reduction in assessment here may not have the same effect as adding the same dollar amount of assessment elsewhere in the City and Region. <p>Roads & Winter Control: it is assumed that these services will also decrease proportionately, however, there is no reduction in the City and/or Region's road network. As a result, the municipalities operating cost of maintenance, snow clearing, etc. on municipal roads would not be anticipated to change.</p> <p>All Other Services: similar to fire and police, a more reasonable assumption for a reduction in operating costs would be to reduce the growth factor. This should be reviewed for each service</p>		
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<p>7. Areas for Further Analysis: Tax Revenue: The revenues were based on 2008 data and should be updated. Additionally, the loss of tax revenue for the existing uses should be estimated and netted from the tax revenue calculations.</p>	<p>General</p>	<p>Watson & Associates Economists Ltd.</p>	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p> <p>This report should be completed in July and will be provided to JART upon completion.</p>	<p>This comment was addressed and incorporated into the analysis presented in this version of the study.</p>	<p>This information was updated in the analysis, however the tax revenue estimated appear to be overstated. Please see Watson January 12, 2022 memo. Below is a summary of the response:</p> <p>1. Assessment Samples: The approach to sampling properties should be revised to survey properties within the vicinity of the quarry. This survey can be used with the Altus survey (subject to our suggested revisions regarding different data and an outlier) to include a range of anticipated assessment and tax revenue.</p> <p>2. Tax Class Assumptions: The current golf course property includes industrial assessment in the Altus report; however, this should be residential. Further, the additional revenue estimated is based on industrial and farm/managed forest tax classes only. Based on the sample of quarries utilized, all have a portion of their properties assessed as residential. It appears that the area of extraction should be assessed as industrial, the remaining licensed area as residential, and the remaining total site area as farm/managed forests</p> <p>MPAC Adjustments: no adjustments were made for proximity and abutting residential properties to the quarry. An analysis should be undertaken on the properties affected, as noted in the Watson</p>	<p>1) The survey would be extremely time consuming likely with little impact on the calculations. The report finds that the lands removed from the 1km area around the quarry would offset the lands to soon be within 1km of the new quarry. Therefore, no adjustments were made. Furthermore, based on the conservative nature of the Report, any minor adjustments would not affect the overall conclusion and there would be no financial liability to both the Region and the City.</p> <p>The tax classes for the existing golf course is based on the tax records provided by the client, with the majority of the golf course classified as "IT" for tax purposes.</p>	<p>Based on Altus' June 2022 responses, only item 3 was addressed. In Watson's opinion, items 1 and 2 were not addressed and remain outstanding. These are discussed further in the following section.</p> <p>With respect to item 3 (MPAC adjustments), Altus suggests that the analysis would be time extremely time consuming and not likely to change the outcome of the analysis. In our opinion, with the use of GIS, the properties could be mapped out relatively easily and the tax information exported to Excel. The process would be estimated to take a few hours. If the tax revenue calculations were as presented by Altus, the rationale for not undertaking the detailed analysis may be acceptable in this instance, however, further discussion of the impacts is provided in Section 3 of this memo, which suggests the analysis be undertaken.</p>
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						memo.		
8.	<p>Areas for Further Analysis: Overall Financial Impact: The financial impact study does not provide an overall financial impact to the municipalities. The study provides information for revenues, while neglecting to assess the incremental costs. A fulsome annual net financial impact to each municipality should be estimated.</p>	General	Watson & Associates Economists Ltd.	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p> <p>This report should be completed in July and will be provided to JART upon completion.</p>	<p>This comment was addressed and incorporated into the analysis presented in this version of the study.</p>	<p>An overall financial impact was estimated, however, it appears adjustments should be made as follows:</p> <ol style="list-style-type: none"> 1. Revise impact on operating expenditures 2. Revise anticipated tax revenue calculations 3. Remove aggregate levy as this is not additional incremental revenues <i>(note: elsewhere it was mentioned that costs related to truck traffic were not included as there was no incremental truck traffic. Similarly, the aggregate revenue should not be included)</i> 	<p>For 1) and 2) See response to # 6.</p> <p>2) For 3) the aggregate levy revenues are appropriate to include as without the new quarry, these levies would not occur. To be consistent with the above assumption, the memorandum included as Tab 1 includes the continuation of truck traffic and operating costs.</p>	<p>Altus has now clarified that the scenario undertaken is a continuation of operations and the impact on the budget provides for the additional revenues received relative to the scenario whereby the quarry operations cease. As a result, the operating cost impacts have been adjusted to be zero.</p>
9.	<p>Areas for Further Analysis: In addition to the above, a review of the other peer review documents will need to be undertaken to assess any impacts to municipal services not identified in the financial impact study. This would include any impacts on roads, water, sanitary, or other municipal services and may include identification of additional capital and/or operating costs.</p>	General	Watson & Associates Economists Ltd.	<p>The other peer reviews have not identified other potential impacts to municipal services.</p>	<p>This comment was addressed and incorporated into the analysis presented in this version of the study.</p>	<p>These impacts were discussed in the Altus report</p>	<p>Addressed.</p>	<p>Comment addressed</p>

<p>10. Purpose of the Financial Impact Study: 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.</p> <p>The financial impact analysis discusses the road needs with respect to the crossing on No. 2 Sideroad, however, does not address the financial impact on the road network due to increased truck traffic. The study notes that fees cannot be charged for maintenance of the roads along haul routes but does not estimate the financial impact to the City and the Region. Any increases in extraction and truck traffic should be confirmed and incorporated into the analysis.</p> <p>With respect to water supply, the report addresses the responsibility of providing temporary water supply solutions, however, it is unclear of broader potential impacts.</p> <p>Based on a review of the consultant team's submissions, this may need to be reviewed.</p>	General	Watson & Associates Economists Ltd.	Issue resolved. See response to Comment # 3 and 4.	It is understood that the redevelopment will effectively replace existing truck traffic, resulting in no net new truck traffic in the area.	<p>The financial impact study now provides a net impact to the Region and City budgets, however, revisions are suggested. See comment #8.</p> <p>Additionally, the estimated long-term costs upon the closing of the quarry should be identified (e.g. long-term monitoring, pumping, and any other costs). Although this is a cost to be funded by the applicant, should the applicant no longer own/maintain the property in the future (e.g. through bankruptcy or other means), the City and Region should understand the potential annual costs to continue with long-term monitoring, pumping, and any other related cost.</p>	<p>See response to #8 above.</p> <p>Aggregate sites are under the jurisdiction of the Province and long-term monitoring, pumping and any other cost will not be the responsibility of the Region or City and therefore has been excluded from the analysis.</p>	<p>Altus has noted that the long-term monitoring, pumping, and other costs are the jurisdiction of the Province. It appears that TOARC fees fund a program for rehabilitation of quarry sites called the Management of Abandoned Aggregate Properties (MAAP). The rehabilitation of any site can only be undertaken with the consent of the property owner and is paid for entirely from the 3% portion of the tonnage fee paid by aggregate producers. However, it is not clear how the Region and City may access these funds and that these funds could be used for long-term monitoring, pumping, and other costs. Further, an estimate of long-term monitoring and pumping costs should still be identified as it is a potential financial risk to the municipalities (although this cost does not need to be included in the net financial impact to the municipal budgets).</p>
<p>11. Purpose of the Financial Impact Study: To demonstrate that extraction will occur in a manner that minimizes social, economic and environmental impacts.</p> <p>The financial impact study does not appear to address the social or environmental impacts.</p>	General	Watson & Associates Economists Ltd.	Measures to minimize social and environmental impacts are addressed in other technical reports. These measures are implemented at the expense of Nelson and do not result in any financial liability to the public.	The estimation of social or environmental impacts are beyond the scope of this study, and would be better addressed by other qualified consultants.	As noted, other technical reviews are addressing social and environmental items, however there are items outstanding in other reviews (e.g. water monitoring and pumping) that could have financial impacts. The financial impact study should note the potential cost of these items to meet the purpose of the financial impact study.	See response to #8 and # 10 above.	Comment addressed subject to comment on #10 above

<p>12. Purpose of the Financial Impact Study: 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.</p> <p>The study does not demonstrate there will be no public cost associated with the application. Although there is mention of TOARC fees and other revenues paid to the municipalities, the study fails to address the increased expenditures that will be incurred.</p>	General	Watson & Associates Economists Ltd.	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p> <p>This report should be completed in July and will be provided to JART upon completion.</p>	An analysis of increased municipal expenditures was incorporated into this version of the study.	<p>The financial impact study now provides a net impact to the Region and City budgets, however, revisions are suggested. See comment #8.</p> <p>Additionally, the estimated long-term costs upon the closing of the quarry should be identified (e.g. long-term monitoring, pumping, and any other costs). Although this is a cost to be funded by the applicant, should the applicant no longer own/maintain the property in the future (e.g. through bankruptcy or other means), the City and Region should understand the potential annual costs to continue with long-term monitoring, pumping, and any other related cost.</p>	See response to #8 and # 10 above.	<p>The estimated long-term costs upon the closing of the quarry should be identified (e.g. long-term monitoring, pumping, and any other costs).</p> <p>Although this is a cost to be funded by the applicant, should the applicant no longer own/maintain the property in the future (e.g. through bankruptcy or other means), the City and Region should understand the potential annual costs to continue with long-term monitoring, pumping, and any other related cost.</p>
<p>13. Purpose of the Financial Impact Study: To demonstrate to what degree the proposal will create direct and indirect financial benefits or costs to the municipalities affected. As noted above, the study notes anticipated revenues but does not provide an analysis with respect to additional municipal costs.</p>	General	Watson & Associates Economists Ltd.	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study. This report should be completed in July and will be provided to JART upon completion.</p>	An analysis of increased municipal expenditures was incorporated into this version of the study.	<p>The financial impact study now provides a net impact to the Region and City budgets, however, revisions are suggested. See comment #8.</p>	See response to #8 above	Comment addressed
<p>14. Purpose of the Financial Impact Study: To demonstrate what financial benefits to the community may be created as a consequence of the approval.</p> <p>The study does provide that a number of indirect jobs may be created as well as that a large portion of the aggregate goes to businesses in the Halton Region.</p>	General	Watson & Associates Economists Ltd.	Comment noted.		<p>An economic impact analysis was included in Altus' report. However, it should be clarified that the employment is a continuation of the existing employment, and no net new jobs are anticipated.</p>	While there may be no net new jobs, the continued operation of the quarry will allow existing jobs to be retained, rather than lost once the existing quarry is exhausted or annual production is significantly reduced.	Altus confirmed that the analysis presents a continuation of jobs, relative to the scenario whereby these jobs are lost if the quarry closes.

<p>15. Objectives of the Financial Impact Study: 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).</p> <p>The analysis utilizes outdated information to provide assessment and tax revenue estimates. Further, there is no identification of the assessment and tax revenue lost due to the change in use from existing developed lands.</p>	General	Watson & Associates Economists Ltd.	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p> <p>This report should be completed in July and will be provided to JART upon completion.</p>	<p>The base-year for this study is 2019, given the availability of municipal financial data from that year.</p>	<p>The analysis was updated; however, the assessment and tax revenue estimates appear to be overstated. See section 2.2 of Watson's January 2022 memo.</p>	See above responses.	As stated in comment #7 above; the assessment and tax revenue estimates appear to be overstated and the item was not addressed in the latest resubmission.
<p>16. Objectives of the Financial Impact Study: To identify what the economic impacts may be.</p> <p>The report provides a discussion on the economic impacts; however, this is based on a 2008 analysis.</p>	General	Watson & Associates Economists Ltd.	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p> <p>This report should be completed in July and will be provided to JART upon completion.</p>	<p>This part of the analysis has been updated to be as current as possible.</p>	<p>An economic impact analysis was included in Altus' report. However, it should be clarified that the employment is a continuation of the existing employment, and no net new jobs are anticipated.</p>	See response to #14 above.	Comment addressed.
<p>17. Objectives of the Financial Impact Study: To estimate how much in license fees will be provided to the affected municipalities.</p> <p>This information was included in the study; however, it appears the study includes outdated rates. These should be updated.</p>	General	Watson & Associates Economists Ltd.	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p> <p>This report should be completed in July and will be provided to JART upon completion.</p>	<p>This part of the analysis has been updated to be as current as possible.</p>	<p>This information was included in the analysis, however, should not be considered as part of the net financial impact to the Region's and City's budgets, as this revenue is not additional incremental revenue.</p>	See response to #8 above	Comment addressed.

<p>18. Objectives of the Financial Impact Study: To determine what impacts the additional truck traffic will have on the cost of providing maintenance on affected roads.</p> <p>Although the report mentions that Nelson would be responsible for the maintenance of the road crossing on No. 2 Sideroad, there is no commentary or analysis with respect to the impacts on the broader road network due to increased truck traffic.</p>	General	Watson & Associates Economists Ltd.	<p>Issue resolved. As confirmed during our meeting the quarry will not result in an increase in traffic.</p>	<p>It is understood that the redevelopment will effectively replace existing truck traffic, resulting in no net new truck traffic in the area.</p>	<p>Issue resolved. No net new truck traffic results in no anticipated additional incremental costs to the City and/or Region</p>	Addressed.	Comment addressed.
<p>19. Objectives of the Financial Impact Study: 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.</p> <p>The study does not indicate if there will be road improvements required, however, this should be reviewed in concert with the peer review being conducted on the traffic impact analysis.</p>	General	Watson & Associates Economists Ltd.	<p>The only road improvements required as part of the proposed Burlington Extension application are the upgrades to No. 2 Sideroad at the location of the proposed crossing.</p> <p>As confirmed in our meeting, the detailed design for the road crossing will not be completed until such time as the land use is approved. Despite this Nelson has committed the pay for the cost to upgrade the section of the proposed road crossing and maintain this crossing while in use by the South Quarry Extension. This is a requirement of the proposed ARA Site Plans.</p> <p>As a result there will be no financial liability to the public.</p>	<p>It is understood that the redevelopment will effectively replace existing truck traffic, resulting in no net new truck traffic in the area.</p>	<p>Issue resolved. No net new truck traffic results in no anticipated additional incremental costs to the City and/or Region</p>	Addressed.	Comment addressed.

<p>20. Objectives of the Financial Impact Study: To identify the financial benefits that may occur generally as a consequence of the approval (i.e. TOARC payments for road improvements).</p> <p>The study generally speaks to the financial benefits appropriately (except as noted above).</p>	<p>General</p>	<p>Watson & Associates Economists Ltd.</p>	<p>Comment noted. As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study. This report should be completed in July and will be provided to JART upon completion.</p>		<p>The financial impact study now provides a net impact to the Region and City budgets; however, revisions are suggested. See comment #8.</p>	<p>See response to #8 above</p>	<p>Comment addressed.</p>
<p>21. Objectives of the Financial Impact Study: 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.</p> <p>The study does not identify the cost of any long-term monitoring and does not identify the responsibility or liability associated with the responsibility.</p>	<p>General</p>	<p>Watson & Associates Economists Ltd.</p>	<p>If a public authority is interested in the future ownership of the land then discussions with that public agency will take place to ensure no financial liability to the public for long-term monitoring and pumping.</p> <p>It is also important to note that the Burlington Quarry Extension application does not rely on ongoing dewatering of the site. As JART is aware the existing approved rehabilitation plan for the Burlington Quarry requires dewatering to stop and the site to naturally flood to a lake with no off-site discharge.</p> <p>As part of the Burlington Quarry Extension application, Nelson has agreed to modify the existing quarry rehabilitation plan to maintain off- site pumping to improve conditions for surrounding lands compared to existing approvals and maximize land area for future after uses. The proposed modification to the</p>	<p>All costs will be the responsibility of the owner and will not impact the Region and City.</p>	<p>The Altus report notes that all costs will be the responsibility of the applicant, however, the objectives of the study are:</p> <p><i>“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.”</i></p> <p>Although these costs are to be paid by the applicant, the costs should be estimated for the Region and City’s information.</p>	<p>See response to # 10.</p>	<p>Altus has noted that the long-term monitoring, pumping, and other costs are the jurisdiction of the Province. It appears that TOARC fees fund a program for rehabilitation of quarry sites called the Management of Abandoned Aggregate Properties (MAAP). The rehabilitation of any site can only be undertaken with the consent of the property owner and is paid for entirely from the 3% portion of the tonnage fee paid by aggregate producers. However, it is not clear how the Region and City may access these funds and that these funds could be used for long-term monitoring, pumping, and other costs. Further, an estimate of long-term monitoring and pumping costs should still be identified as it is a potential financial risk to the municipalities (although this cost does not need to be included in the net financial impact to the municipal budgets).</p>

				<p>existing quarry rehabilitation also results in the West extension being maintained in a dewatered state. The proposed South Extension will not be maintained in a dewatered state and will be rehabilitated to a lake.</p> <p>The operation of the existing quarry and west extension in a dewatered state is straight forward and consistent with current operations. Water is discharged to the north and south of the site at the existing approved discharge points by two pumps. The costs associated with dewatering will be maintained by Nelson until such time as the license is surrendered.</p> <p>Following license surrender the cost of operating two pumps will be the responsibility of the owner at the time.</p>				
22.	<p>Methodology Overview</p> <p>The purpose of the financial impact analysis is to provide the municipalities with the financial impact on their tax-supported and rate-supported budgets.</p> <p>The approach utilized by Watson was devised by the firm and used for over 35 years to evaluate fiscal impact for more than three dozen landowners, various quarries and mining operations, the Ministry of Municipal Affairs, the Ontario Land Corporation, Canada Mortgage and Housing Corporation (C.M.H.C.), and various municipalities.</p> <p>Essentially, the methodology involves an operating and capital cost analysis. The operating cost analysis involves calculating the Region's and City's tax and non-tax figures with the addition of the proposed development. Note that for the purposes of the analysis, the most recent Financial Information Return (F.I.R.) data would be used as it provides the most up to date data on actual spending and received revenues for each municipality.</p>	General	Watson & Associates Economists Ltd.	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p> <p>This report should be completed in July and will be provided to JART upon completion. Altus and Watson Associates have spoken and agreed upon the base year for the updated analysis.</p>	The methodology presented in this report is generally consistent with the approach recommended by Watson & Associates.	<p>The methodology is generally consistent.</p> <p>In Watson's February 8, 2021 peer review report, a schematic of a financial impact model was included in Appendix A.</p>	Addressed.	Comment Addressed

The data for employment would be based on the confirmed net employment increase resulting from the quarry expansions. For the evaluation, revenues and expenditures attributable to the development would be estimated on an incremental basis. That is, revenue and expenditure dollars are assigned to the project, only in accordance with anticipated variations it would create from the base year, upon completion. Sunk costs would be ignored and service levels are planned as remaining generally constant.

The capital cost analysis discusses the funding sources available to the municipalities. This would include costs for all works required due to the development and include annual lifecycle cost estimates attributable to the development. The financing methods and the resultant charges involved are variable, depending on ultimate servicing solutions, municipal financial policy decisions and detailed benefiting area calculations.

The retained consultant's full methodology is provided in Appendix A to their letter report and includes a schematic of the process.
Recommend that the financial impact study follow this, or a similar approach to provide each municipality with a net financial impact on their tax-supported and rate-supported budgets.

Components of the Analysis Based on the information available, some initial (limited) observations can be provided, which are provided herein. Further analysis may be undertaken once additional information is provided by either the applicant or other consulting staff.

Proposed Development Area and Associated Employment – The proposed development area is well defined and could be used for the financial analysis using Watson's methodology, however, as noted in previous sections, more review is required for the employment estimates. As Watson's approach utilizes the net incremental impacts, the net incremental employment would be required (i.e. additional employment from quarry, less the existing employment at the golf course and related to the farmland).

Operating Revenues and Expenditures – The operating revenues and expenditures would be based on the most recent F.I.R. data for Burlington and Halton, however, as the analysis would be based on a per employee approach, the net employment would be required to conduct the operating analysis. This would identify incremental costs for other services such as

fire, police, ambulance, etc.
 Additionally, it would identify additional operating revenues such as fees, fines, etc.

Assessment, Tax Revenue, and Aggregate Licence Fees – As noted above, the information utilized for the assessment and tax revenue is based on 2008 information. Further, the aggregate licence fees are based on the 2019 rates. The following provides a summary of estimates, using 2018 tax rate information (based on the latest available F.I.R. data) and 2021 aggregate fees.

Assessment and Tax Revenue – Watson’s approach to estimating the anticipated additional assessment is to calculate the existing quarry’s assessed value on a per acre basis. This per acre assessed value would be the assumed value for the West and South extensions. Subsequently, the additional assessment would be multiplied by the industrial tax rates for each municipality to estimate the anticipated tax revenues.

Finally, the tax revenue from the existing properties would be netted from the calculations to arrive at a net incremental tax revenue.

These calculations are provided as follows:

**Incremental Assessment
 City of Burlington**

Existing Quarry Assessed Value	\$9,029,000
Existing Quarry Land Area (Acres)	546.01
Existing Assessed Value per acre	\$16,536
Acres of Extensions	193.5
New Assessment Generated	\$3,199,779

Note: the above assessed value per acre includes buildings. The current assessed value per acre for land only is \$14,700.0. It is unclear if the extensions will include additional facilities. If they do not, the \$14,700.0 per acre should be utilized to estimate new assessment generated

Existing Tax Revenue
City of Burlington

Property Type	Existing Assessment 2018\$	2018 Tax Rate	Estimated Tax Revenue 2018\$
Residential	\$3,429,000	0.3098%	\$10,624
Farmland	\$1,706,000	0.0620%	\$1,057
Golf Course			
Commercial	\$321,000	0.4513%	\$1,449
Residential	\$2,046,000	0.3098%	\$6,339
Managed Forest	\$160,000	0.0775%	\$124
Existing Tax Revenue Lost			\$19,593

Incremental Tax Revenue
City of Burlington

Property Tax Classes	Municipal Property Tax Revenue (2018\$)
1. Property Tax	
Non-residential Growth	
<i>Industrial Assessment (IT)</i>	3,199,779
Property Tax Revenue	23,396
0.7312%	
Total Industrial Property Tax Revenue	23,396
<i>Less Existing Property Tax Revenue</i>	19,593
TOTAL PROPERTY TAX REVENUE	3,803

Note: the above tax revenue calculation assumes all new assessment will be industrial. The submission should identify the estimated portion of new assessment related to each respective tax class (e.g. industrial vs. residential, etc.).

Existing Tax Revenue
Halton Region

Property Type	Existing Assessment 2018\$	2018 Tax Rate	Estimated Tax Revenue 2018\$
Residential	\$3,429,000	0.2676%	\$9,177
Farmland	\$1,706,000	0.0535%	\$913
Golf Course			
Commercial	\$321,000	0.3898%	\$1,251
Residential	\$2,046,000	0.2676%	\$5,475
Managed Forest	\$160,000	0.0669%	\$107
Existing Tax Revenue Lost			\$16,923

Incremental Tax Revenue
Halton Region

Property Tax Classes	Municipal Property Tax Revenue (2018\$)
1. Property Tax	
Non-residential Growth	
Industrial Assessment (IT)	3,199,779
Property Tax Revenue 0.6316%	20,208
Total Industrial Property Tax Revenue	20,208
Less Existing Property Tax Revenue	16,923
TOTAL PROPERTY TAX REVENUE	3,285

Note: the above tax revenue calculation assumes all new assessment will be industrial. The submission should identify the estimated portion of new assessment related to each respective tax class (e.g. industrial vs. residential, etc.).

As provided above, the incremental annual tax revenue anticipated would be \$3,803.0 for the City of Burlington and \$3,285.0 for Halton Region.

Note: further analysis should be provided regarding MPAC assessment adjustments for residential properties within 1.0 kilometre of the proposed expansion. This may reduce the estimated tax revenue further.

Aggregate Licence Fees – As provided under the *Aggregate Resources Act* and its regulations, aggregate operators pay an annual fee based on the tonnes of aggregate extracted from the quarry. The 2021 rates for Aggregate Permits authorized to remove more than 20,000.0 tonnes annually is 20.8 cents/tonne or \$724.0, whichever is greater. The fees paid are distributed as follows:

3.0% to the Aggregate Resources Trust for rehabilitation and research;

- 61.0% to the City of Burlington;
- 15.0% to the Region of Halton; and
- 21.0% to the Crown.

As the financial impact study submitted notes that the average tonnes to be extracted from the quarry will be 1,000,000.0, the following provides a summary of the aggregate resource fees paid to each of the entities:

Allocation of Revenues	Allocation %	Allocation 2021 \$
Aggregate Resources Trust	3%	\$6,240
City of Burlington	61%	\$126,880
Region of Halton	15%	\$31,200
Crown	21%	\$43,680

Capital Analysis – As noted in the previous sections, no specific capital needs were identified for this proposed development except for a crossing, to be paid for by Nelson. Further analysis needs to be conducted upon review of the submissions from the consulting team. Any capital items that may be required due to the increased truck traffic or water supply issues should be costed. If the municipalities will be ultimately responsible for any infrastructure, this amount should be analysed for ongoing lifecycle costs.

Further, broader lifecycle costs should be identified based on the City and Region’s Development Charge Background Studies. As these studies identify growth-related capital needs for both the City and the Region as a whole, the incremental growth identified for this development should be apportioned their share of the growth-related lifecycle costs. This should also be included in the analysis upon further review of the consulting team submissions.

Net Financial Impact – The items noted in subsections 4.2.1 to 4.2.4 would then be summarized into a net financial impact on the tax-supported budgets and rate-supported (water and wastewater) budgets for both the City and the Region. As further information is still required, the net impact cannot be calculated at this time.

<p>23. Overall, the financial impact study appears to be lacking in a number of areas. The underlying information used to estimate the municipal revenues should be updated to reflect more recent information. Further, the submission focusses on the revenues and does not provide sufficient analysis on the expenditures. As a result, the net financial impact to each municipality cannot be estimated.</p>	<p>General</p>	<p>Watson & Associates Economists Ltd.</p>	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study. This report should be completed in July and will be provided to JART upon completion.</p>	<p>An analysis of increased municipal expenditures was incorporated into this version of the study. The report also incorporates more recent information for revenue generation.</p>	<p>The financial impact study now provides a net impact to the Region and City budgets; however, revisions are suggested. See comment #8.</p>	<p>See response to #8 above</p>	<p>Comment Addressed</p>
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<p>24. This section summarizes the development location, existing properties in the proposed extraction areas, tonnage of aggregate anticipated to be extracted each year, plans for the rehabilitation of the extensions, and a summary of items the financial impact study will address.</p> <p>It is unclear if the average extraction amount of one million tonnes per year will be in addition to current extraction levels or replacing some portion of the existing extraction amounts. This should be clarified in the analysis.</p>	<p>Section 1. Introduction</p>	<p>Watson & Associates Economists Ltd.</p>	<p>Issued resolved. As confirmed to JART, historically the quarry has produced an average of 2 million tonnes per annum. If the Extension is approved the entire operation (existing quarry and extension) will produce approximately 1 million tonnes year. Despite this the application permits up to a maximum of 2 million tonnes per year and the impact assessments have been completed assuming this worst case scenario.</p>	<p>The average extraction amount of 1,000,000 tonnes per year is replacing existing extraction amounts, and effectively extending associated levies which would be exhausted if proposal was not to happen.</p>	<p>This information was included in the analysis, however, should not be considered as part of the net financial impact to the Region's and City's budgets, as this revenue is not additional incremental revenue.</p>	<p>See response to #8 above</p>	<p>Comment Addressed</p>
<p>25. This section identifies specific financial commitments for which Nelson agrees to take responsibility. These include two main cost components:</p> <ul style="list-style-type: none"> A crossing upgrade on No. 2 Sideroad: This crossing upgrade is required for the trucks to access the Southern Extension from the main quarry. It is indicated that the cost to upgrade this crossing would be funded by Nelson along with the ongoing operating costs and maintenance of the crossing. <p>Water Supply: It is noted that Nelson would be responsible for the cost of any replacement water supply if it has been impacted by the quarry. This section details the complaint process if there is an issue and the temporary solutions that would be employed until the local residents' well supply is restored.</p> <p>With respect to the upgraded crossing on No. 2 Sideroad, a description of what work is expected to be undertaken along with the estimated costs should be identified in the analysis.</p> <p>With respect to the water supply, it is unclear if there are potential impacts that should be considered. The retained consultant would await the peer reviews being undertaken by the consulting team to determine if there are financial impacts that need to be addressed</p>	<p>Section 2. Undertaking of Financial Commitments</p>	<p>Watson & Associates Economists Ltd.</p>	<p>Comment noted. Also see response to Comments 3, 4, and 9.</p>	<p>There will be no impact to the water supply. The financial impact from the Sideroad 2 extension will be borne by Nelson and there will be no impact or cost to the Region or City.</p>	<p>The Altus report notes that all expenditures related to the crossing and related to impacts of the water supply would be funded by Nelson.</p>	<p>Addressed.</p>	<p>Comment Addressed</p>

<p>26. Section 3.0 of the analysis identifies various examples of road crossings for aggregate quarries.</p> <p>There are various crossing types identified here, so it is not clear which type will be constructed for the Nelson expansion.</p>	<p>Section 3. Road Crossings</p>	<p>Watson & Associates Economists Ltd.</p>	<p>The proposed road crossing as noted on the ARA Site Plans will be stop sign controlled for the truck crossing (two way stop). There will be no stop signs restricting traffic on No. 2 Sideroad.</p>		<p>It was noted that the detailed crossing will not be prepared until the application is approved, however, sample crossings were provided. As these crossings will be funded by the applicant, there are no further financial impact questions, although other areas of review may require further detail.</p>	<p>Addressed.</p>	<p>Comment Addressed</p>
<p>27. Section 4.0 of the financial impact analysis notes that the trucks from the proposed extensions will utilize the existing entrance/exit and haul route. This section further states that no fees can be charged with respect to the additional costs due to the increased truck traffic.</p> <p>It is unclear as to whether the anticipated extractions (one million tonnes per year) are in addition to the current level of extraction or if these extractions are replacing the current level of extractions. If the level of extraction is higher than the current level, this would impact the road base, traffic, etc. through higher truck volumes on the haul routes. The retained consultant would await the peer reviews from the consulting team to advise on potential capital impacts.</p>	<p>Section 4. Maintenance of Roads</p>	<p>Watson & Associates Economists Ltd.</p>	<p>Issue resolved. As confirmed during our meeting the quarry will not result in an increase in traffic.</p>	<p>The average extraction amount of 1,000,000 tonnes per year is replacing existing extraction amounts, and effectively extending associated levies which would be exhausted if proposal was not to happen.</p>	<p>Aggregate licensing fees were included in the analysis, however, should not be considered as part of the net financial impact to the Region's and City's budgets, as this revenue is not additional incremental revenue.</p>	<p>See response to #8 above.</p>	<p>Comment Addressed</p>
<p>28. This section identifies anticipated tax revenues, aggregate fees, employment estimates, and spin-offs to local businesses. Further, this section also notes that the existing quarry does not utilize most of the public services and infrastructure provided by the Region and the City.</p> <p>Tax revenues: The anticipated tax revenues are provided on an annual basis however; they are based on 2008 information (as identified in the Altus report). These revenues should be updated based on more recent assessment values as well as the current tax rates. Moreover, as the quarry extensions will be on existing development land, the tax revenue lost should also be identified, providing for a net annual tax revenue realized.</p>	<p>Section 5. Financial Considerations</p>	<p>Watson & Associates Economists Ltd.</p>	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p> <p>This report should be completed in July and will be provided to JART upon completion.</p>	<p>The base-year for this study is 2019, given the availability of Municipal financial data from that year.</p>	<p>The analysis was updated; however, the assessment and tax revenue estimates appear to be overstated. See section 2.2 of Watson's January 2022 memo.</p>	<p>See response to #8 above.</p>	<p>As stated in comment #7 above; the assessment and tax revenue estimates appear to be overstated and the item was not addressed in the latest resubmission.</p>
<p>29. This section identifies anticipated tax revenues, aggregate fees, employment estimates, and spin-offs to local businesses. Further, this section also notes that the existing quarry does not utilize most of the public services and infrastructure provided by the Region and the City.</p>	<p>Section 5. Financial Considerations</p>	<p>Watson & Associates Economists Ltd.</p>	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p>	<p>As discussed in detail in this report, given the proximity of the existing quarry to the new quarry, it is expected that the area of impact</p>	<p>The analysis was updated; however, the assessment and tax revenue estimates appear to be overstated. See section 2.2 of Watson's January 2022 memo.</p>	<p>See response to # 7 and 8 above.</p>	<p>As stated in comment #7 above; the assessment and tax revenue estimates appear to be overstated and the item was not addressed in the latest resubmission.</p>

Assessment Adjustments: Historically, MPAC provides assessment adjustments to residential properties within 1.0 kilometre of quarries. The proposed quarry extensions may reduce assessed values of residential properties, thus reducing tax revenues. This should be included in the analysis.

This report should be completed in July and will be provided to JART upon completion.

would significantly overlap between the two extraction sites.

To the extent that additional properties will be within 1km radius of the new extraction site, other properties currently within 1km of the active extraction area may see an offsetting increase to assessment values.

Most properties along Cedar Springs Road and Sideroad 2 in closest proximity to the west and south quarry extensions are already well within the 1km radius of the existing site and based on MPAC's stated approach would not be affected by the extensions

Based on our review of the areas being added/removed from the MPAC 1km radius, it is therefore expected that these two effects would offset each other and result in little to no net effect on surrounding properties as a whole.

In Watson's February 8, 2021 peer review report, it was noted that further analysis should be provided regarding MPAC assessment adjustments for residential properties within 1km of the proposed expansion. Further, adjustments should be made for properties that are currently within the 1km boundary that will now be considered adjacent to the quarry.

The Altus report acknowledges that MPAC adjusts residential properties adjacent to an active or proposed gravel pit downward by 4% (should be 6% as provided by correspondence with MPAC) and residential properties within 1km by 2%. However, the Altus report suggests that there are an equal number of properties within 1km of the new area as are within 1km of the existing area that will no longer be adjusted. Therefore there would be no impact. Rather than a general statement, the calculations should be undertaken to ensure there is no reduction in overall assessment.

With respect to the properties on Cedar Springs Road that will now be adjacent to the West Quarry Extension, no calculation adjustment has been provided. The houses that have frontage on Cedar Springs Road should have their assessment adjusted downward the additional 4%.

<p>30. This section identifies anticipated tax revenues, aggregate fees, employment estimates, and spin-offs to local businesses. Further, this section also notes that the existing quarry does not utilize most of the public services and infrastructure provided by the Region and the City.</p> <p>Aggregate Licence Fee: This appears to be based on 2019 rates. These rates were updated for 2021 from 19.8 cents/tonne to 20.8 cents/tonne. This revenue estimate should be updated using the most recent available data.</p>	<p>Section 5. Financial Considerations</p>	<p>Watson & Associates Economists Ltd.</p>	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p> <p>This report should be completed in July and will be provided to JART upon completion.</p>	<p>The current aggregate licence fees (20.8 cents/tonne) will be incorporated into this analysis</p>	<p>As noted, the 1,000,000 in aggregate extraction does not represent an increase in extraction, rather the existing level will be maintained. As a result, aggregate license fees should not be considered as part of the net financial impact to the Region's and City's budgets, as this revenue is not additional incremental revenue.</p>	<p>See response to #8 above.</p>	<p>Comment addressed.</p>
<p>31. This section identifies anticipated tax revenues, aggregate fees, employment estimates, and spin-offs to local businesses. Further, this section also notes that the existing quarry does not utilize most of the public services and infrastructure provided by the Region and the City.</p> <p>Employment Estimates: In regard to their lands, the employment estimates are based on their observed number of employees however, it is unclear if these are in addition to existing employees or just a restatement of existing (i.e. due to a shift in extraction efforts to the extension from the existing quarry). Further, as the West extension will replace the existing Burlington Springs Golf Course, there would be some loss of employment. This could include anywhere from 10 to 20 full-time equivalent employees. Further, as the South extension replaces existing farmland, potential agricultural employment may be impacted. This information should be included in the analysis.</p>	<p>Section 5. Financial Considerations</p>	<p>Watson & Associates Economists Ltd.</p>	<p>As confirmed to JART:</p> <p>The Extension results in a restatement of existing quarry employees; and Nelson has retained Altus to complete an updated financial impact study. This report should be completed in July and will be provided to JART upon completion.</p>	<p>This net change in employment from moving operations from the existing site to the subject site, including the loss of employment at the Burlington Springs GCC has been incorporated into this analysis</p>	<p>The Altus report notes a continuation of existing employment, including the loss of employment at the golf club.</p> <p>It should be noted that the number of jobs is not incremental to current operations but is rather a continuation of existing levels.</p>	<p>The study did not evaluate the losses to employment on the golf course, however did also not estimate the potential savings to the City / Region from the decreased traffic associated with daily trips to/from the golf course by both employees and guests of the facility.</p> <p>See memorandum included as Tab 1 for more details.</p>	<p>Altus has confirmed this is the case and noted that although the employment loss from the closure of the golf course was not included in the analysis, neither was the reduction in operating costs (i.e. savings) arising from the reduced golf course customer traffic.</p>
<p>32. This section identifies anticipated tax revenues, aggregate fees, employment estimates, and spin-offs to local businesses. Further, this section also notes that the existing quarry does not utilize most of the public services and infrastructure provided by the Region and the City.</p> <p>Spin-off Employment: This assessment appears to be based on the 2008 analysis conducted by Altus Group. As this study is 13 years old, this information should be updated.</p>	<p>Section 5. Financial Considerations</p>	<p>Watson & Associates Economists Ltd.</p>	<p>As confirmed to JART, Nelson has retained Altus to complete an updated financial impact study.</p> <p>This report should be completed in July and will be provided to JART upon completion.</p>	<p>This component of our analysis has been updated.</p>	<p>The approach to the calculation is valid (i.e. input-output multiplier method), however, it should be noted that the number of jobs is not incremental to current operations but is rather a continuation of existing levels.</p>	<p>As without approval of the new quarry, the existing jobs would no longer continue once the existing quarry is exhausted or production is significantly reduced, the inclusion of these jobs in the study is reasonable.</p>	<p>Comment addressed</p>

<p>33. This section identifies anticipated tax revenues, aggregate fees, employment estimates, and spin-offs to local businesses. Further, this section also notes that the existing quarry does not utilize most of the public services and infrastructure provided by the Region and the City.</p> <p>Use of Services: The report states that the quarry does not utilize most municipal services. However, the quarry does receive benefit from the availability of other services such as police, fire, ambulance, etc. which, similar to many other businesses and residents, use these services as required. There would be some additional increase in operating costs that should be considered and quantified.</p>	<p>Section 5. Financial Considerations</p>	<p>Watson & Associates Economists Ltd.</p>	<p>Issue resolved. As confirmed in our meeting the quarry is not increasing capacity and therefore there will not be an increase in incremental operating costs. If anything once the golf course is no longer in use there would be a decrease in costs to the City and Region. Furthermore Nelson works cooperatively with the local fire department and police to provide a location for training at the Nelson Quarry.</p>	<p>The costs associated with these municipal services have been incorporated into our analysis</p>	<p>Suggested revisions to the operating cost impacts are noted in the Watson memo, dated January 2022.</p> <p>In estimating the impacts to the municipalities' budgets, a review of incremental operating expenditures (net of revenues) was undertaken. The basis for the operating expenditures is the Region and City's Financial Information Returns (FIRs). This is consistent with the information that Watson would utilize in this analysis.</p> <p>The Altus Report uses incremental property assessment to estimate the change in operating expenditures. This approach is not typically utilized by Watson; however, it was noted that this approach has been used and accepted at the LPAT (now known as the OLT). As a result, Watson would not comment on the validity of this approach.</p> <p>Within Altus' analysis, an assumed growth factor is used to identify how each service's expenditures would change with the addition of the development (and corresponding loss of the existing properties). As the overall assessment is decreasing, the analysis assumes a decrease in operating expenditures. There are a few services where further rationale should be provided:</p> <ul style="list-style-type: none"> • Fire & Police: it is assumed that for every dollar of assessment lost, 	<p>See response to #8 above.</p>	<p>Comment addressed</p>
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					<p>the operating cost of fire and police services will be reduced proportionately. How would the operations of these services decrease with the change in assessment? A more reasonable assumption may be to reduce the 100% growth factor as the reduction in assessment here may not have the same effect as adding the same dollar amount of assessment elsewhere in the City and Region.</p> <ul style="list-style-type: none">• Roads & Winter Control: it is assumed that these services will also decrease proportionately, however, there is no reduction in the City and/or Region's road network. As a result, the municipalities operating cost of maintenance, snow clearing, etc. on municipal roads would not be anticipated to change.• All Other Services: similar to fire and police, a more reasonable assumption for a reduction in operating costs would be to reduce the growth factor. This should be reviewed for each service.		
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