



The Corporation of the Municipality of West Grey

December 8th, 2015

EMAIL/FAX ONLY

Ministry of Natural Resources and Forestry
Natural Resources Conservation Policy Branch
Policy Division
300 Water Street
Peterborough, Ontario
K9J 8M5

Dear Sir/Madam,

RE: A Blueprint for Change: A proposal to modernize and strengthen the Aggregate Resources Act policy framework (EBR 012-5444)

Please find attached a certified true copy of resolution #390-15 passed by the Municipality of West Grey Council on December 8, 2015, in support of the attached Report PDR-PCD-42-15 by the County of Grey, respecting comments on the proposed changes to the Aggregate Resources Act.

I trust you will give this matter its due consideration.

Very truly yours,
Municipality of West Grey

Mark Turner, Hons. B.A., AMCT
Clerk

MT/mt
Encl.

Cc: Hon. Bill Walker, M.P.P. Bruce-Grey-Owen Sound
Hon. Lisa Thompson, M.P.P. Huron-Bruce





Corporation of the Municipality of West Grey
Resolution

Moved by: Don B Marshall No. 390-15
Seconded by: Bev Cutting Session: December 7, 2015

Be it resolved that, the Council of the Municipality of West Grey hereby support the recommendations contained in County of Grey Report PDR-PCD-42-15 respecting the Ministry of Natural Resources' document entitled, "A Blueprint for Change: A proposal to modernize and strengthen the Aggregate Resources Act", including the aggregate levy payable to local municipalities as recommended by the Top Aggregate Producing Municipalities of Ontario, Sand and Gravel Association (TAPMO-OSSGA) Aggregate Levy Committee, as recommended by the Committee of the Whole;
And further that, a supporting letter be forwarded to the Ministry of Natural Resources and Forestry, TAPMO-OSSGA, County of Grey, and local M.P.P.s.

I HEREBY CERTIFY THAT THIS
IS A TRUE COPY DATED AT
WEST GREY
THIS 8 DAY OF December 2015
[Signature]
JAMES MARK TURNER, CLERK
CORPORATION OF THE MUNICIPALITY OF WEST GREY

Carried ✓ Defeated _____ Mayor Kevin Eccles

	For	Against
John A. Bell	<input type="checkbox"/>	<input type="checkbox"/>
Bev Cutting	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Eccles	<input type="checkbox"/>	<input type="checkbox"/>
Doug Hutchinson	<input type="checkbox"/>	<input type="checkbox"/>
Carol Lawrence	<input type="checkbox"/>	<input type="checkbox"/>
Don B. Marshall	<input type="checkbox"/>	<input type="checkbox"/>
Rob Thompson	<input type="checkbox"/>	<input type="checkbox"/>

Declaration of pecuniary interest or the general nature thereof:

Report PDR-PCD-42-15

To: Chair Wright and Members of the Planning and Community Development Committee

From: Mike Kelly, Director of Transportation Services and Randy Scherzer, Director of Planning

Meeting Date: November 17, 2015

Subject: **Comments on the Proposed Changes to the Aggregate Resources Act – EBR Number 012-5444**

Status:

Recommendation(s)

WHEREAS the Ministry of Natural Resources and Forestry (Ministry) announced on October 21st, 2015 that changes are being proposed to the Aggregate Resources Act (Act) and has released a document entitled 'A Blueprint for Change' which outlines proposed changes to the legislation, regulation, policy and standards associated with the Act;

AND WHEREAS the Ministry is seeking early feedback on the proposed changes to the Aggregate Resources Act with comments being due by December 15, 2015;

NOW THEREFORE BE IT RESOLVED THAT Report PDR-PCD-42-15 be received which provides a summary of the more significant revisions to the Act and provides comments regarding the proposed revisions;

AND THAT with respect to the proposed changes to the aggregate levy, the County hereby supports the proposed changes to Ontario's Aggregate Levy as proposed by TAPMO-OSSGA Aggregate Levy Committee with an additional recommendation that the contribution to upper-tier municipalities be increased to \$0.20 per tonne to better address infrastructure costs resulting from aggregate operations;

AND THAT the comments regarding the other proposed changes to the Act as outlined in Report PDR-PCD-42-15 be sent to the Ministry for consideration as part of the review process;

AND THAT Report PDR-PCD-42-15 be circulated to the local municipalities for information.

Background

The Ontario government began reviewing the Aggregate Resources Act (Act) in 2012. At that time early consultation was conducted to seek preliminary comments from key stakeholders, agencies and First Nation and Metis communities regarding what changes should be considered as part of the Act review. On October 21st, 2015, the Ministry of Natural Resources and Forestry (MNRF) issued a paper entitled 'A Blueprint for Change' which outlines proposed changes to the legislation, regulation, policy and standards associated with the Act. The purpose of the paper is to seek early feedback on the proposed changes. MNRF has indicated that there will be further opportunities for input on detailed changes to the Act, including another posting to the Environmental Registry.

MNRF is the ministry that is responsible for managing aggregate resources in Ontario. The Aggregate Resources Act regulates the extraction of aggregates. The paper released by MNRF proposes changes to modernize and strengthen the policy framework associated with the Act which will achieve the following four goals as outlined in the paper:

1. Stronger Oversight – by introducing new tools, powers and provisions that improve effectiveness, efficiency and flexibility
2. Environmental Accountability – by updating and enhancing application requirements, developing new tools to deal with existing sites and improving record keeping and reporting
3. Improved Information and Participation – by improving consistency in requirements, enhancing opportunities for involvement, and making information more accessible and easier to understand;
4. Increased and Equalized Fees and Royalties – by changing Crown land fees and royalties, indexing fees and royalties, working with municipal organizations to address infrastructure impacts and creating provisions for the future.

The following is a link to the paper entitled 'A Blueprint for Change':

[A Blueprint for Change Paper](#)

The following are some of the key highlights of the proposed changes to the Act which are supported by County staff:

- **Enhanced requirements for studying impacts related to the natural environment** – adding that natural environment impact assessments need to

address coastal wetlands where applicable as well as addressing identified natural heritage systems

- **Enhanced requirements for studying impacts to water** – enhanced and required water impact studies for extraction occurring above and below the water table, and also identifying when cumulative effects study is required. Enhanced study requirements if a proposed operation is within the 2 year time of travel of a municipal well as identified in Source Water Protection Plans.
- **Enhanced study requirements for cultural heritage, noise, traffic and dust.** New traffic studies will be required for sites seeking a maximum tonnage of 100,000 tonnes per year or higher. New dust studies will be required for sites seeking a maximum tonnage limit of 500,000 tonnes per year or higher. There will also be a requirement to consider cumulative effects if identified in provincial guidance.
- **New study requirements for applications on agricultural lands** – an agricultural impact study would be required for all sites proposed on prime agricultural lands (Class 1 to 3) or any lands located within prime agricultural areas (i.e. Agriculture designation in the County Official Plan).
- **Enhanced summary statement requirements for all applications** – including that the summary statements require information be included on such topic matters as transportation and traffic, dust management/mitigation, aggregate quantity, quality and products that may be produced, and rehabilitation.
- **Updates to site plan information requirements** – including the requirement to establish a maximum disturbed area for all new sites to minimize disturbance and encourage progressive rehabilitation (e.g. identifying how many hectares would be disturbed on site at any given time).
- **New requirements for applications proposing to extract aggregates from the bed of a lake or river**
- **New requirement for plain language summaries of project proposals and technical studies**
- **New timeframes, notification areas and consultation requirements** – these new requirements will be based on the proposed amount of aggregate to be removed annually with more consultation requirements for larger operations.
- **New provisions regarding notification and consultation with Aboriginal communities**
- **Updated communication requirements for applications** – including the requirement for digital information submissions
- **New requirements for requests to lower extraction depth below the water table** - including requiring that a new application be submitted for approval to lower the extraction depth to extract aggregate from below the water table.

- **Provisions added to allow for peer review requirements of technical studies** – the paper notes that this provision would consider the need to avoid duplication with the peer review provisions available to municipalities through the land use planning process
- **New ability to establish conditions on existing aggregate sites related to source water protection plans**
- **Standardize references and interpretation of tonnage limits** – including clarifying that the total tonnage limit includes both blended and recycled materials. Some aggregate operations import aggregate material from other sites for blending (i.e. mixing different aggregate materials together) and resale. The proposed changes would apply tonnage limits to any imported aggregate material for blending and recycled products.
- **New reporting requirements for site rehabilitation and for removal of recycled or blended materials**
- **Establish new requirements for record-keeping on the importation of fill for rehabilitation**
- **Streamlining and changing the frequency of self-compliance reports** – including changing the requirement for annual reports to be submitted every 2 years as opposed to annually. County staff also recommend that the Act and regulations be updated to allow operators to submit digital copies of the compliance reports.
- **Remove minimum and increase maximum fines issued for offences under the Act** – proposed to increase fines from a maximum of \$30,000 to \$1,000,000, plus an additional \$100,000 for each day the offence continues.

The following are proposed changes to the Act that County staff recommend that further clarification be provided by the Ministry:

- **Enable a new 'permit by rule' approach for low risk activities, removing the requirement to apply for a permit or license if certain conditions or rules set in regulation are followed** – new powers are proposed that would allow regulations to be created that would exempt individuals and companies from the requirement to get a permit or license to extract aggregate if they meet specific conditions to be set out in regulations. The paper notes that conditions that could be included for an exemption of a permit or license could be time restrictions, size restrictions (area or depth), a requirement to formally register the activity, restrictions on the type of activity that qualifies (e.g. pit or quarry) and restrictions on who can qualify.

It is unclear at this point as to which operations would qualify for exemption from obtaining a permit or license. County staff recommend

that the Ministry consult with municipalities on the conditions for exemption prior to approving implementing regulations. County staff also question whether or not these exempt operations will also be exempt from planning act approvals (i.e. official plan amendments, zoning by-law amendments)? Further clarification from the Ministry is required with respect to this proposed amendment.

- **New provision allowing the Ministry to require additional studies, information and updated site plans for existing aggregate sites** – it is unclear as to what the triggers will be for requiring additional studies and updated site plans for existing aggregate sites. County staff recommend that clarification be provided by the Ministry as to what the triggers will be and to consult with key stakeholders on the details of this proposed new provision.
- **Clarify requirements for requests for a site plan amendment or a change to a license or permit condition, enhancing local involvement on significant changes.**

The Ministry is proposing that administrative amendments such as name and address changes will not be subject to notification requirements. County staff recommend that municipalities continue to be notified of any changes to the name and address of the operator.

The Ministry is also proposing to establish a list of 'significant' amendments that would be subject to a standard set of requirements for circulation but to also allow the applicant to provide written rationale for why the requirements are not appropriate. County staff like the suggestion that a list of 'significant' amendments be identified and be subject to notification requirements, however we recommend that once these requirements are established through consultation that they be established as standards and that no variances from these standards be permitted to ensure consistency with how the notification requirements are applied.

The Ministry is also proposing that criteria be established to determine notification requirements of proposals (e.g. when to engage adjacent landowners, local residents, etc.). County staff requests that the Ministry involve municipalities and other key stakeholders in the establishment of the criteria to determine notification requirements.

- **Enable self-filing or amended site plans for minor changes in certain situations** –this includes adding portable asphalt/concrete plants for the duration of the public work contracts except where the site plan specifically prohibits

processing or plants. The only question regarding this proposed change is what happens if a municipal zoning by-law currently does not permit portable asphalt/concrete plants and therefore how would this be triggered if operators are permitted to self-file or amend the site plans without notification/consultation?

Aggregate Levy

One of the key changes to the Act that the County has been encouraging the Ministry to make is with respect to the aggregate levy (the amount of money municipalities receive from operators for each tonne of aggregate extracted). The paper prepared by MNR indicates that the Province will be working with the municipal organizations during the fall of 2015 to gather cost based information and to develop a reporting mechanism to support consideration of an increase to the municipal portion of the annual fees to better address infrastructure costs resulting from aggregate operations.

The Ministry is also proposing to index fees and royalties to the Consumer Price Index. Another change the Ministry is proposing is to add the ability to waive fees on private lands sites. The ability for the Ministry to waive fees currently exists for Crown land sites and the proposed changes would add this ability for private sites as well. County staff are concerned that the ability for the Ministry to waive fees for private sites would impact the amount of aggregate levy that would normally be provided to municipalities. It is recommended that further clarification be provided as to when the Ministry would consider waiving fees.

The following is what the County has previously recommended to the Ministry with respect to the aggregate levy and County staff continue to support these recommendations:

- 1) The Ministry of Natural Resources and Forestry recognize municipalities' costs to accommodate aggregate operations.
- 2) Immediately implement the proposed changes to Ontario's Aggregate Levy as proposed by TAPMO-OSSGA Aggregate Levy Committee with an increase to upper tier municipalities to \$0.20 per tonne.

The following is some background information regarding the aggregate levy as well as a summary of the County's on-going efforts to encourage the Ministry to increase the aggregate levy:

Current Ontario Aggregate Levy

For every tonne of aggregate produced the aggregate producer must pay \$0.115 as per O. Reg 244/97 of the Aggregate Resources Act. This funding is shared as per the following:

- \$0.035 Province of Ontario
- \$0.005 Aggregate Resources fund (rehabilitation)
- \$0.06 Lower Tier Municipality
- \$0.015 County

The County of Grey receives approximately \$45,000 annually and this revenue is used for road maintenance.

Ontario's Aggregate Levy as proposed by TAPMO-OSSGA Aggregate Levy Committee

- \$0.01 Province of Ontario - Reduction \$0.025
- \$0.005 Aggregate Resources fund (rehabilitation) – Same
- \$0.30 Lower Tier Municipality- Increase \$0.24
- \$0.10 County - Increase \$0.085
- \$ 0.08 Delegated Administrative Authority - Increase \$0.08

Grey County Involvement

On February 27, 2012, Grey County representatives met with Mike Colle, the former Parliamentary Assistant to the former Minister of Ministry of Natural Resources, Michael Gravelle. At that time, Grey County was advised that the Ministry of Natural Resources was aware of the concerns and would be taking action to increase the Ontario Aggregate Levy within the year.

In February 2012, Top Aggregate Producing Municipalities of Ontario (TAPMO) formed a committee. Grey County was not invited.

On January 31, 2014, TAPMO and the Ontario Stone, Sand and Gravel Association (OSSGA) had a meeting regarding changes to the Ontario Aggregate Levy. It was noted that the 2013 levies in Quebec, Alberta and Ontario were 53, 25 and 11.5 cents respectively. (Appendix A)

In the fall of 2014, Ministry of Natural Resources and Forestry met with stakeholders to discuss modifications to the Aggregate Resources Act, including the payment per tonne of aggregate removed.

On February 24, 2015 Grey County representatives met with Eleanor McMahon the Parliamentary Assistant to the Minister of Natural Resources and Forestry to express

Grey County's concern with the existing levy and requesting representation on the TAPMO-OSSGA Aggregate Levy Committee.

On May 22, 2015 the TAPMO-OSSGA Aggregate Levy Committee submitted Proposed Changes to Ontario's Aggregate Levy to the Minister of Natural Resources and Forestry.

On August 17, 2015, Grey County Representatives met with The Honorable Bill Mauro, Minister of Natural Resources and Forestry at the Association of Municipalities of Ontario Conference. At that time Grey County indicated that they supported the Ontario's Aggregate Levy as proposed by TAPMO-OSSGA Aggregate Levy Committee with an increase to upper tier municipalities to \$0.20 per tonne.

TAPMO-OSSGA Aggregate Levy Committee

The TAPMO-OSSGA Aggregate Levy Committee is a group of four elected officials and six OSSGA representatives. The elected officials included municipalities that produced over one million tonnes annually. Grey County has approximately three million tonnes extracted every year and it was not asked to participate on the committee. It was noted that no upper tier representatives were on the committee.

Grey County recognizes and congratulates the TAPMO-OSSGA Aggregate Levy Committee on its excellent work and recommendations.

Grey County agrees with the recommendations from the TAPMO-OSSGA Aggregate Levy Committee with the exception that upper tier municipalities should receive \$0.20 per tonne of aggregate produced. The \$0.20 per tonne is justified in the Cost Section and Appendix C.

Grey County wishes for the recommendations with the additional revenue to upper tier municipalities be implemented immediately.

Grey County Aggregate Resources

In 2004, the County completed an Aggregate Inventory Master Plan which resulted in mapping and policy changes to the County Official Plan (see appendix B). The main purpose of the Aggregate Inventory Master Plan was to identify and examine the mineral aggregate resources in the County of Grey. Grey County has approximately 56,000 hectares of primary and secondary sand and gravel deposits. The sand and gravel resources primarily exist in the Municipality of West Grey, the Township of Southgate, and the Township of Chatsworth. Bedrock resources also exist in the County of Grey, primarily on or near the Niagara Escarpment.

The aggregate industry within Grey County has been very strong primarily due to the abundance of significant aggregate resources. Approximately fifteen (15) County Official Plan Amendments have been recently approved to permit new or expanding aggregate operations totaling 300 hectares of land. There are approximately 139 licensed pits and quarries in Grey County, which includes approximately 4,500 hectares of land. Not all of these facilities are currently active. Approximately 3,000,000 tonnes of material is extracted annually for which Grey County receives \$45,000 from the Ontario Aggregate Levy

Although the majority of aggregate operations in Grey County currently supply material locally, aggregate applications have been received that propose transporting the material to locations outside of Grey County. Based on this recent trend, it is anticipated that there will be other future aggregate resources operations that will be supplying material to locations outside of Grey County.

Municipal Infrastructure

Providing and maintaining adequate haul routes pose significant costs to a municipality. Often aggregate resource operations are proposed in locations where municipal roads, bridges and culverts cannot accommodate the additional volume or weight of the aggregate trucks. As a result, the County and municipalities are required to spend significant amounts of money upgrading and maintaining these assets throughout the life of the aggregate operation. In addition, the upgrades to the proposed haul route are not scheduled causing municipalities to adjust planned road projects that are needed to promote development. Consequently, the additional and unscheduled haul road upgrades can result in lost opportunities for the municipalities' asset management plans.

Grey County's Concern

Grey County recognizes its abundance of natural aggregate and it wishes to work with the Province and aggregate producers to make the aggregate available, where possible. However, Grey County is opposed to having its tax payers pay the additional road costs to accommodate the aggregate operations and to disrupt the County's strategies to promote sustainable development of the area.

Road Design

The objective of a pavement design is to develop a cost-efficient pavement structure that addresses the site specific performance, serviceability and safety requirements. In accordance with the Ministry of Transportation Pavement Design and Rehabilitation Manual, pavement structure design is based on the number and weight of trucks.

As the weight of a vehicle increases, the impact to the road structure increases by the fourth power. In addition, the traffic loading on the roads is accumulated.

Pit and quarry aggregate trucks are heavier than the average truck and, as a result, they will cause more damage to a road and will require a more substantial road structure which increases the overall cost of the facility. See Appendix C for more information regarding road design.

Costs

The additional gravel trucks, as a result of a new pit or quarry, usually increases the required road design. Consequently, the existing road life cycle will be reduced. Once the road is rehabilitated, it will require more strength, such as an additional layer of hot mix. An additional layer of hot mix will cost approximately \$100,000 per kilometre. If the pit or quarry produces 200,000 tonnes annually for 18 years the total revenue received by the County is \$54,000. The revenue would fund the placement of a single lift of hot mix for 540 metres. The haul roads are typically much longer. See Appendix C for calculations.

If the County's portion of the Current Ontario Aggregate Levy was increased to \$0.20 per tonne the County would receive \$720,000 over 18 years which would be enough for approximately 7.2 kilometres of a single lift of hot mix.

New pits and quarries provide minimal economic advantages (new jobs) to the municipalities, and as a result, there is minimal revenue generated for the municipality.

Grey County Action

Recently, Grey County has recognized the cost to tax payers regarding haul roads for development. As a result, it has been requesting developers (usually pits and quarries) to complete a Road Assessment Study. A Road Assessment Study analyzes the existing road and predicts the reduction of the life of the road, and the additional road structure required to accommodate the new development. The County will then determine what, if any, costs the developer is required to pay.

The concern with this strategy is that it is only applied to new developments, and as a result, the existing developments are permitted to travel on the roads without compensating the County. This results in a price advantage to the existing facilities.

Revenue Options

- 1) Status quo

Municipal tax payers will continue to subsidize the aggregate producers. This does not promote good planning practices and results in municipalities possibly having to adjust the timing of higher priority capital road projects.

2) Implement the TAPMO-OSSGA Aggregate Levy Committee with the Grey County amendment

The actual cost of the road work depends on the location and haul routes. As a result, the funding formula needs to be developed based on variables. Increasing or redistributing the royalty may assist with on-going maintenance costs but will not cover the initial costs to upgrade the haul road or to re-construct the haul road if the lifespan of the aggregate operation extends beyond the lifespan of a typical road. This would ensure all operators (new and established) pay a consistent amount based on aggregate being transported.

3) Aggregate fees remain same and municipalities negotiate with each operator on an individual basis

Negotiating with each operator causes increased administration and legal costs for the municipality and can lead to significant discrepancies among municipalities.

4) Province mandate a cost recovery methodology based on road assessment for all aggregate sources

This will ensure consistency and fairness across the province. It will encourage good planning; however, it could only be applied to new licenses and, as a result, established operators would have a fiscal advantage.

Grey County's Preferred Option

Grey County recommends option 2 based on simplicity and fairness.

Financial / Staffing / Legal / Information Technology Considerations

New or modified developments that increase the number of heavy trucks on a County Road could reduce the life cycle of the road and/or require expensive upgrades to the road. To ensure that cost of upgrades to the road system is completed fairly and equitably, it is recommended that the Province increase the aggregate levy as proposed by the TAPMO-OSSGA Aggregate Levy Committee with an increase to upper-tier municipalities to \$0.20 per tonne.

Link to Strategic Goals / Priorities

Strategic Item 1.1; Support initiatives that promotes local business retention and expansion and Strategic Item 6.5; Explore new or enhanced sources of revenue to offset service and program costs.

Respectfully submitted by,

Mike Kelly
Director of Transportation Services

Randy Scherzer
Director of Planning