

**CNR Milton Logistics Hub
Review of Environmental Impact Statement (EIS)
and Supporting Documents**

Municipal Finance and Infrastructure Servicing for Water and Wastewater

Submitted to:

Region of Halton

Prepared by:

**GM BluePlan Engineering Limited
Watson & Associates Economists Ltd**

March 10, 2017

1.0 Introduction

1.1 Summary of Conclusions

The Environmental Impact Assessment provided by CN to support the proposed Milton Logistics Hub (the “EIS”) does not have sufficient information to allow for an assessment of whether the project is likely to result in Significant Adverse Environmental Effects in respect of municipal finance and infrastructure servicing for water and wastewater.

We have set out 6 information requests that we suggest be made to CN in respect of municipal finance and infrastructure servicing for water and wastewater.

1.2 Qualifications

1.2.1 Gary Scandlan, BA, PLE

My name is Gary Daryll Scandlan. I am Professional Land Economist and I have a Bachelor of Arts from McMaster University in Economics.

My career spans 39 years, working in a management capacity for two Ontario Regional municipalities (11 years) and latterly, with Watson & Associates Economists Ltd., a firm of municipal economists, for 28 years. With a municipal client base of more than 250 Ontario municipalities and utilities, the firm is recognized as a leader in the municipal finance/local government field.

I have worked with over 125 municipalities across Canada in preparing Development Charge Background studies and by-laws, along with Fiscal Impact Assessments, Water & Wastewater Rate Studies, Asset Management and Master Plans Studies along with many other financial related studies.

I have also undertaken numerous lectures and seminars on topics such as the Development Charges Act, Revenue Alternatives to Taxation, Privatisation of Municipal Services, Municipal Financial Planning and Full Cost Pricing of Water and Wastewater services and has authored several articles and publications on these topics. I have appeared before the Ontario Municipal Board and other tribunals as an expert witness on behalf of municipalities on many occasions.

I was the Project Director for the Development Charges Studies on behalf of the Region and the Towns of Milton and Oakville along with numerous Fiscal Impact Assessment Studies for the Region and Towns of Milton, Oakville and Halton Hills.

1.2.2 Chris Hamel, P. Eng.

My name is Christopher William Hamel, P.Eng. I have my Professional Engineer license in the Province of Ontario issued by Professional Engineers of Ontario. I have my Designation as a Consulting Engineer from the Professional Engineers of Ontario. I have a Bachelor of Engineering (B.Eng.) from McGill University in Civil Engineering.

I have provided consulting engineering services since 1994. I have worked for KMK Consultants Limited, AECOM and GM BluePlan Engineering Limited (GM BluePlan). I am currently the President of GM BluePlan.

My area of focus over my 22 year career to date has been infrastructure planning and asset management primarily for water and wastewater infrastructure. I have expertise in the hydraulic analysis of water and wastewater systems. I have expertise in the completion of Master Plans for water and wastewater infrastructure as well as the completion of Development Charges background studies. Example Master Plans and Development Charges background studies include those for the Region of Peel, Halton Region, City of Hamilton, City of Brantford and Niagara Region.

I was the Project Director for the Sustainable Halton Water and Wastewater Master Plan which provides direct background and information related the servicing in the area of the CN Logistics Hub in Milton.

1.3 Purpose of Review and Scope of Report

CN Rail proposes to build a road-rail logistics hub, called the “Milton Logistics Hub Project” (the “Project”). The hub is designed to transfer containers between trucks and rail-cars. The Project also entails the construction of a railway yard and more than 20 km of track. The Project is located west of Toronto in the Town of Milton, within the Regional Municipality of Halton. Proposing the Project in Halton Region has special planning significance because Halton is one of Canada’s fastest growing municipalities and is subject to comprehensive municipal land use controls and standards.

The Project is a “designated project” under the Canadian Environmental Assessment Act, 2012 (“CEAA”). On July 20, 2015, the federal Minister of the Environment (the “Minister”) referred the environmental assessment (EA) of this Project to a review panel under section 38 of CEAA.

We were retained by the Regional Municipality of Halton, the City of Burlington, the Town of Halton Hills, the Town of Milton and the Town of Oakville (the “Halton Municipalities”) to conduct a review of the EIS in terms of municipal finance and infrastructure servicing (water and wastewater).

2.0 Assessment of EIS

2.1 Municipal Finance

RESPONSIBLE EXPERT: GARY SCANDLAN

The background studies undertaken in support of the CN Intermodal project provide a limited level of financial evaluation of the development. Commentary in this respect is provided in the “Planning Justification Report” prepared by Bousfield Inc. Urban & Regional Planners dated December, 2015 and contained in Appendix E.11 of the EIS. This report references another report called “Economic and Financial Impact of an Intermodal Terminal in Milton” undertaken by Cushman Wakefield in 2015. The “Cushman Wakefield” report was not appended to the Planning Justification Report. Hence, the approach to the analysis, the assumptions and the conclusions therein are not available for review and comment.

Based on the limited information provided on pages 3 and 4 of the “Planning Justification Report”, it appears that financial benefits identified are based on “induced” economic benefit (i.e. page 5 of the Planning Justification report identifies that “the Project can be expected to be a catalyst for employment”) and not the “direct” benefits of the Project

The following provides examples where of the “Planning Justification Report” speaks to the induced benefits and not the Project directly:

- the “Cushman Wakefield” report (page 4) speaks to induced benefits of “3-5 million sq. ft. of IOD development which has the potential to generate 1,500 to 2,500 jobs” whereas Page 7 of the “Summary of the Environmental Impact Statement” (the “Economic Impact Statement”) dated December 7, 2015 prepared by Stantec identifies that the “actual” CN Intermodal project includes an Administration Building and a maintenance garage”. On page 9 of the “Economic Impact Statement” identifies that there will “130 direct jobs on the site”.
- The above “induced” development is then the basis for the “Planning Justification Report” to identify potential tax revenues (\$7.7-\$12.9 annually) and development charges (\$36.1 to \$85.9 million). The EIS fails to address what direct taxation revenue will be generated by the Project along with the potential to recover capital costs (either by development charge related payments and/or funding direct localized capital cost impacts).
- The report fails to identify the direct and broader capital costs resulting from the Project. It is then difficult to determine whether the Project will require the Region and Town to finance the capital infrastructure without recovery from the development.
- Similar to the prior item, direct and broader operating cost impacts of the Project are not provided and hence it is not clear if the Project would cost the Region and Town annual amounts to support the development.
- The “Planning Justification Report” fails to discuss whether the “Induced” Intermodal oriented development (IOD) is in addition to the development anticipated within the Town boundaries or whether this is in place of planned development. The employment lands in the area are planned for prestige industrial development. It is unclear whether the IOD will replace this planned development or is in addition to this development. This information is not included in the EIS.
- The prior item is important as taxation revenue generated by IOD development is at a lower level than the planned prestige development for the area. The EIS does not provide information regarding the impact a lower IOD taxation yield could have on the Region and Town are not presented within the reports.

Based on the above observations, CN has not provided sufficient information to fully evaluate the EIS with respect to Municipal Finance.

Topic	Reference to CN EIS and Information Responses	Requested Information	Rationale
<p>Municipal Finance</p> <p>EIS Guidelines, Part 1, s. 3.3.2, Part 2, 3.1, 3.2.2, 6.1.10, 6.3.5, and 6.4</p> <p>Halton Brief, Table D.8</p>	<p>Appendix E.11 Planning Justification Report, Section 3.4</p>	<p>EW#1 Complete Fiscal Impact Study</p> <p>Please conduct a fiscal impact study that addresses the following:</p> <p><i>For the CN Project:</i></p> <ol style="list-style-type: none"> 1. What are the direct capital cost impacts on all Region and Town services? 2. What are the direct capital cost recoveries, including development charges, for all Region and Town services? 3. What are the direct operating expenditure impacts on all Region and Town services? 4. What are the direct operating revenue recoveries, including property taxes for all Region and Town services? 5. Identify the impact of the CN Project displacing the prestige industrial development planned for the area on capital and annual operating expenditures, and Property tax revenues and Development Charge revenues. <p><i>For the induced IOD (Intermodal Oriented Development):</i></p> <ol style="list-style-type: none"> 1. What are the capital cost impacts on all Region and Town services? 	<p>Appendix E.11 undertaken in support of the CN Intermodal project provides a limited level of financial evaluation of the development. A fiscal impact study is intended to identify the potential long term capital and operating costs for a municipality and, as an offset, the potential property taxes and user fee related revenues to assess the net financial impacts of a particular development onto the municipality. This assessment allows municipalities, in the first instance, to evaluate the financial contributions of different development alternatives and secondly, to budget for the additional cost and revenues in the future. It is expected that the study include identification of the following:</p> <ul style="list-style-type: none"> • Infrastructure needed to support the development directly (e.g. local roads, water/sewer servicing, etc.) along with broader needs (e.g. major road system, fire protection, water/sewer treatment facilities, etc.) • Potential funding available to pay for the infrastructure (e.g. development charges, direct funding by the development) • Annual operating expenditures to maintain the infrastructure along with the day to day expenditures to provide the municipal services to the development (e.g. snow clearing, road maintenance, water treatment, etc.) • Annual property taxes and user fee revenue generated by the development to offset the annual

Topic	Reference to CN EIS and Information Responses	Requested Information	Rationale
		<p>2. What are the capital cost recoveries, including development charges, for all Region and Town services?</p> <p>3. What are the operating expenditure impacts on all Region and Town services?</p> <p>4. What are the direct operating revenue recoveries, including property taxes for all Region and Town services?</p> <p>5. Identify if the IOD is in addition to or displaces the prestige industrial development planned for the area and if so, what are the impacts on capital and annual operating expenditures and Property tax revenues and Development Charge revenues.</p>	operating expenditures
<p>Municipal Finance EIS Guidelines, Part 1, s. 4.3.3, Part 2, 3.1, 3.2.2, 6.1.10, 6.3.5, and 6.4 Halton Brief, Table D.8</p>	Appendix E.11 Planning Justification Report, Section 3.4	<p>EW#2 Cushman Wakefield 2015 Report.</p> <p>Please provide a copy of the Cushman Wakefield 2015 report referred to in Appendix E.11.</p>	This report references a report called “Economic and Financial Impact of an Intermodal Terminal in Milton” undertaken by Cushman Wakefield in 2015. The “Cushman Wakefield” report was not appended to the Planning Justification Report.
<p>Municipal Finance EIS Guidelines, Part 1, s. 3.3.2, Part 2, 3.1, 3.2.2, 6.1.10, 6.3.5, and 6.4 Halton Brief, Table D.8</p>	Appendix E.11 Planning Justification Report, Section 3.4 Main EIS – Table 4.3: Public and Interest	<p>EW#3 Complete Property Value Impact Assessment.</p> <p>Please provide an assessment of the impact of the Project on the property value and correspondingly property taxes for surrounding residences and businesses.</p>	Appendix E.11 undertaken in support of the CN Intermodal project provides a limited level of financial evaluation of the development. A fiscal impact study is intended to identify the potential long term capital and operating costs for a municipality and, as an offset, the potential property taxes and user fee related revenues to assess the net financial impacts of a particular

Topic	Reference to CN EIS and Information Responses	Requested Information	Rationale
			development onto the municipality. This would include impacts on property tax revenue generated from existing homes and businesses.

2.2 Infrastructure Servicing – Water and Wastewater

RESPONSIBLE EXPERT: CHRIS HAMEL

The EIS and background studies contained in the EIS have limited information regarding water and wastewater servicing requirements of the Project. It is generally identified that the proposed site will address servicing through private systems and not connect to municipal infrastructure. However, the background information also indicates that the provision for connection to municipal systems in the future could be considered.

Additional information is required to provide further understanding:

- There is not comprehensive documentation on the water needs and wastewater generated by the Project's land use. Additional information is required to ensure that private systems can (i) address typical daily operations, fire flow requirements, and other emergency uses and (ii) operate at proposed capacities without negative environmental impact. This additional information would provide clarity on ensuring no capacity from the municipal systems is required.
- There has not been any information provided on what conditions would merit future consideration for municipal servicing for the Project lands. There has not been any documentation or identification of potential future conditions such as water shortage or change in land use requiring additional water supply. A risk analysis would provide further clarity on water and wastewater servicing security of supply and future requirements.
- There is no information on the approach, process or coordination required to consider and implement future connection of the Project lands to the municipal systems. Additional information is required to address the following issues:
 - The existing and planned municipal systems do not consider additional capacity generated by the Project's use
 - The municipal systems are sized and financed by planned land use

- Should municipal system capacity be required in the future, how would the current infrastructure financing be reconciled and what would the plan be for municipal system capacity

The EIS and background documentation contained in the EIS did not address the potential “halo effect” of additional related development and the servicing requirements for this surrounding development.

Additional information is required to provide further understanding:

- The Planning Justification Report indicates that the Project will stimulate new employment development in the area. There is no context as to the size or rate of development. Although the preliminary servicing strategy for the Project lands is identified as private systems, it would be reasonable to expect the surrounding new development to require municipal servicing.
- Additional information regarding the servicing requirements and financing for the surrounding development is required.
- Information that identifies the understanding of the servicing requirements of this potential development including the need to connect to the municipal systems should be provided.
- Information related to the capacity analysis, impact analysis, and financing of the required infrastructure to support the new surrounding development should be provided.

Based on the above observations, CN has not provided sufficient information to evaluate the EIS with respect to infrastructure servicing related to water and wastewater.

Topic	Reference to CN EIS and Information Responses	Requested Information	Rationale
<p>Water and Wastewater Servicing</p> <p>EIS Guidelines, Part 2, 3.1, 3.2.2, 6.1.10, 6.3.5 and 6.6.3</p> <p>Halton Brief, Table D.3 and D.8</p>	<p>EIS Section 2.2.3.4 and 2.2.3.5</p> <p>EIS Section 9.4.10</p> <p>Appendix E.11 Planning Justification Report, Section 4.6 and 5</p>	<p>EW#4 Servicing Requirements and Capacity Analysis</p> <p>Please provide information regarding:</p> <ul style="list-style-type: none"> • The daily water use and wastewater generation and basis for the calculations for the Project • The fire flow requirements for the Project • Detailed specifications of the proposed private systems 	<p>There is no information on the approach, process or coordination required to consider and implement future connection of the Project lands to the municipal systems. Additional information is required to address the following issues:</p> <ul style="list-style-type: none"> • The existing and planned municipal systems do not consider additional capacity generated by the Project’s use • The municipal systems are sized and financed by planned land use

Topic	Reference to CN EIS and Information Responses	Requested Information	Rationale
			<ul style="list-style-type: none"> Should municipal system capacity be required in the future, how would the current infrastructure financing be reconciled and what would the plan be for municipal system capacity
<p>Water and Wastewater Servicing</p> <p>EIS Guidelines, Part 2, 3.1, 3.2.2, 6.1.10, 6.3.5 and 6.6.3</p> <p>Halton Brief, Table D.3 and D.8</p>	<p>EIS Section 2.2.3.4 and 2.2.3.5</p> <p>EIS Section 9.4.10</p> <p>Appendix E.11 Planning Justification Report, Section 4.6 and 5</p>	<p>EW#5 Servicing Risk Analysis</p> <p>Please provide information regarding</p> <ul style="list-style-type: none"> Overall water and wastewater servicing risk analysis Water and wastewater system protection and mitigation measures Private system contingency plan 	<p>There is no information on the approach, process or coordination required to consider and implement future connection of the Project lands to the municipal systems.</p> <p>A risk analysis would provide further clarity on water and wastewater servicing security of supply and future requirements.</p>
<p>Water and Wastewater Servicing</p> <p>EIS Guidelines, Part 2, 3.1, 3.2.2, 6.1.10, 6.3.5 and 6.6.3</p> <p>Halton Brief, Table D. 3 and D.8</p>	<p>EIS Section 2.2.3.4 and 2.2.3.5</p> <p>EIS Section 9.4.10</p> <p>Appendix E.11 Planning Justification Report, Section 4.6 and 5</p>	<p>EW#6 Surrounding New Development Servicing Requirements and Capacity Analysis</p> <p>Please provide information regarding</p> <ul style="list-style-type: none"> Anticipated level of surrounding development including potential land uses and servicing requirements References to industry examples of “halo effect” 	<p>The EIS and background documentation contained in the EIS did not address the potential “halo effect” of additional related development and the servicing requirements for this surrounding development. This information is needed to understand the servicing requirements of this potential development including the need to connect to the municipal systems</p>

3.0 Standards in Halton Brief

As part of our mandate, we have been asked to list any technical information within our expertise that is necessary to apply the standards in the Halton Brief. The below municipal standards are from the Halton Brief. Our commentary is limited to the second, third and fourth columns of the below table.

Municipal Standard <i>with references to Halton Brief Appendices A & B (Appendix C definitions in footnotes)</i>	Technical information required to apply the standard	Does CN propose mitigation relevant to this standard? (If so, comment on sufficiency)	Does CN propose follow-up relevant to this standard? (If so, comment on sufficiency)
Urban Water quality and quantity To permit <i>development</i> ¹ in the Urban Area on private wells and/or private sewage disposal systems only on an interim basis until <i>urban service</i> ² is available. Halton Brief, Table D.3, (ROP reference 89(4). Halton Brief, App. B, Part A.3.3 Halton Brief, App. A, fig 26: Agricultural Area and Urban Area	Please provide information that addresses the information identified in EW4 and EW5 .	No	No
Employment Use and Density To plan for, protect and preserve the <i>employment areas</i> ³ for current and future use (ROP Reference 77.4(2)) Halton Brief, Table	A fiscal impact study that addresses the information identified in EW1	No	No

¹ **Development (ROP):** The creation of a new lot, a change in land use, or the construction of buildings and structures, any of which requires approval under the Planning Act, or that are subject to the Environmental Assessment Act, but does not include: 226(1) activities that create or maintain infrastructure authorized under an environmental assessment process, 226(2) works subject to the Drainage Act, or 226(3) within the Greenbelt Plan Area, the carrying out of agricultural practices on land that was being used for agricultural uses on the date the Greenbelt Plan 2005 came into effect. **Development (PPS):** The creation of a new lot, a change in land use, or the construction of buildings and structures requiring approval under the Planning Act, but does not include: a) activities that create or maintain infrastructure authorized under an environmental assessment process; b) works subject to the Drainage Act; or c) for the purposes of policy 2.1.4(a), underground or surface mining of minerals or advanced exploration on mining lands in significant areas of mineral potential in Ecoregion 5E, where advanced exploration has the same meaning as under the Mining Act. Instead, those matters shall be subject to policy 2.1.5(a).

² **Urban services (ROP):** Municipal water and/or wastewater systems or components thereof which are contained within or extended from Urban Area designations or from municipalities abutting Halton Region.

³ **Employment areas (ROP):** Areas designated in an official plan for clusters of business and economic activities including, but not limited to, manufacturing, warehousing, offices and associated retails and ancillary facilities. **Employment areas (PPS):** Those areas designated in an official plan for clusters of business and economic activities including, but not limited to, manufacturing, warehousing, offices, and associated retail and ancillary facilities.

<p>Municipal Standard with references to Halton Brief Appendices A & B (Appendix C definitions in footnotes)</p>	<p>Technical information required to apply the standard</p>	<p>Does CN propose mitigation relevant to this standard? (If so, comment on sufficiency)</p>	<p>Does CN propose follow-up relevant to this standard? (If so, comment on sufficiency)</p>
<p>D.8</p> <p>Halton Brief, App. B, Part F.3.2</p> <p>Halton Brief, App. A, fig 32: All Sensitive Land Uses</p> <p>Halton Brief, App. A, fig 38: Employment Areas: Regional</p> <p>Halton Brief, App. A, fig 39: Employment Areas: Project Detail</p> <p>Halton Brief, App. A, fig 40: Employment Areas and Future Strategic Employment Area</p>			
<p>Urban Services for Employment Areas</p> <p>The urban area consists of areas designated on Map 1 where <i>urban services</i>⁴ are or will be made available (ROP Reference 74) Halton Brief, Table D.8</p> <p>Halton Brief, App. B, Part F.3.4</p> <p>Halton Brief, App. A, fig 26: Agricultural Area and Urban Area</p> <p>Halton Brief, App. A, fig 27: Prime Agricultural Areas (Map 1)</p> <p>Halton Brief, App. A, fig 38: Employment Areas: Regional</p> <p>Halton Brief, App. A, fig 39: Employment Areas: Project Detail</p> <p>Halton Brief, App. A, fig 40:</p>	<p>A fiscal impact study that addresses the information identified in EW1</p>	<p>Yes, on an interim basis. However, over the long term, water and wastewater servicing will be provided in close proximity to the Project. CN does not propose mitigation relevant to this standard if the Project lands are connected to municipal services.</p>	<p>Yes, CN proposes follow up in the EIS 2.2.3.4 and 2.2.3.5. However, the follow up is insufficient because it does not propose any specific follow up if the Project lands are connected to municipal services.</p>

⁴ **Urban services:** Municipal water and/or wastewater systems or components thereof which are contained within or extended from Urban Area designations or from municipalities abutting Halton Region.

Municipal Standard <i>with references to Halton Brief Appendices A & B (Appendix C definitions in footnotes)</i>	Technical information required to apply the standard	Does CN propose mitigation relevant to this standard? (If so, comment on sufficiency)	Does CN propose follow-up relevant to this standard? (If so, comment on sufficiency)
Employment Areas and Future Strategic Employment Area			
Municipal Finances Ensure that the development industry absorbs the cost of providing services to new development or redevelopment and that any financial impact be based on a financing plan (ROP Reference 210(6)) Halton Brief, Table D.8 Halton Brief, App. B, Part F.3.5 Halton Brief, App. B, Part F.3.5	A fiscal impact study that addresses the information identified in EW1 Please provide an assessment of the impact of the Project on the property value and correspondingly property taxes for surrounding residences and businesses. EW3	No	No

4.0 Other Standards

With respect to water and wastewater servicing, the Project will require adherence to existing policies and standards for the Town of Milton, Region of Halton and Province of Ontario. Relevant standards include but are not limited to:

- Town and Region design criteria
- Town and Region design standards for water and wastewater infrastructure
- MOECC Design Guidelines for water and wastewater systems
- Ontario Environmental Compliance Approval

5.0 Conclusions

The EIS does not have sufficient information to allow for an assessment of whether the project is likely to result in Significant Adverse Environmental Effects in respect of municipal finance and infrastructure servicing for water and wastewater.

We have set out 6 information requests that we suggest be made to CN in respect of municipal finance and infrastructure servicing for water and wastewater.

Respectfully submitted by:



Gary Scandlan, BA, PLE
Director, Watson & Associates Economists Ltd.



Chris Hamel, P.Eng.
President, GM BluePlan Engineering Limited

APPENDIX A – List of Documents Reviewed

- Cover Letter from CN (December 7, 2015)
- EIS Summary
- Main EIS
 - Appendix A (Final EIS Guidelines)
 - Appendix B (Figures)
 - Appendix C (Renderings)
 - Appendix E.11 - Planning Justification Report - Bousfields
 - Appendix E.12 - Milton Logistics Hub Technical Data Report - Socio-Economic Baseline
 - Appendix F - Site Selection Study
 - Appendix G - Mitigation Measures and Commitments
- CEAA Additional Information Requirements (March 15, 2016)
- CN Response to CEAA on Information Requirements (May 18, 2016)