

# HEMSON

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## MEMORANDUM

**To:** Murray Thompson, URS Canada  
**From:** Russell Mathew  
**Date:** March 13, 2009  
**Re:** Response to Stamm Research Associates Comments

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This memo addresses the comments raised in the review prepared by Stamm Research Associates ("Stamm Review") dated February 2009, included as part of the City of Windsor submission of the DRIC Environmental Assessment Report.

Comment: There are several comments that relate to the scope of the Economic Impact Reports. For example, the Economic Impact Reports are a "narrowly channelled business impact reports that concentrate on the immediately affected business/industrial properties."

1. One of the primary objectives of the Economic Impact Reports was to identify the differences in impacts of the chosen alternatives. The analysis focussed on the Area of Continued Analysis (ACA) as it was determined that all the various alternatives had similar economic impacts in the areas outside the ACA.
2. Some of the macro economic issues raised in the Stamm Review have been addressed in prior reports prepared as part of the DRIC study. For example, the *Regional and National Economic Impact of Increasing Delay and Delay-Related*

*Costs at the Detroit River* report examined the potential job losses and lost production resulting from not undertaking border improvements. This analysis included separate estimates for the Windsor-Essex Area, Ontario, Canada and American jurisdictions.

3. The Stamm Review also states that the Economic Impact Report does not contain any cost-benefit analysis or rate of return analysis. It should be noted that the selection of the Technically and Environmentally Preferred Alternative (TEPA) was made taking into consideration such factors as cost and constructability. Detailed Cost and Constructability Reports released in May 2008 were an important part of the decision-making process.

Comment: It is suggested that Windsor will be unfairly burdened relative to the provincial, national and North American benefits of the project.

1. While economic impacts on individuals will be more pronounced in Windsor than in other areas of the province, the Windsor economy will be an important benefactor of this project.
2. Several predominant industry associations that have strong local connections have come out in support of the project. For example, the Canadian Vehicle Manufacturers' Association, in a release dated May 01, 2008 "Applaud[ed] Government Action on Windsor Infrastructure Improvements." Chrysler Canada, the largest private sector employer in Windsor, further stated, "Chrysler has been a leading supporter of the Detroit River International Crossing. We welcome today's announcement and the progress being made toward a new international gateway."<sup>1</sup>
3. The tourism sector in the Windsor area will also be an important benefactor of the additional crossing, plaza and access road capacity. This will assist businesses that rely on tourism such as Casino Windsor which is the second largest employer in the City.
4. There are also significant implications to the local economy of not undertaking border improvements. As outlined in the *Regional and National Economic Impact of Increasing Delay and Delay-Related Costs at the Detroit River* report, the Windsor-Essex Area is expected to experience foregone production of \$183 million in 2031 if border-related transportation improvements are not undertaken. Cumulative job losses due to impaired freight movement and less personal trips are anticipated to reach 2,984 by 2031 in the Windsor-Essex Area if improvements are not made.

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<sup>1</sup> Letters and media releases can be found at <http://www.partnershipborderstudy.com/key.asp>

#### Comment: Displaced Employment and Revenue may Permanently Leave Windsor

1. The displaced revenue and jobs described in the Economic Impact Reports represent the impact on employees of undertaking the various alternatives. It is important to note that the displacement of businesses is not the result of a reduction in demand. For example, the displacement of a gas station does not result in customers who formerly purchased gas from that station no longer buying gas. And, because gas is purchased locally, the displaced revenue and employment will be spread out over the Windsor area.
2. Without specifically asking displaced business owner where they plan to relocate, it is impossible to determine where income and jobs will move to. It is a reasonable assumption that demand would not be altered and that production and jobs will move within the Windsor area. No distinction was made with regards to relocation patterns within the Windsor area due to a lack of data. Additionally, in general questionnaire responses no businesses suggested that they would move production from Windsor to the U.S. or Mexico.
3. It is important to reiterate that displaced and physically disrupted businesses will be financially compensated and will have monetary means to re-establish their operations. There may be some adjustment period following relocation. Such adjustment impacts would be mitigated through the willing seller-willing buyer agreements employed by the MTO. Under these arrangements property acquisitions occur early in the process allowing businesses ample time to plan new locations for their operations.

#### Comment: Businesses Outside the ACA will be Affected Through Reduced Traffic Volumes

1. Some businesses may face individual hardship due to lower traffic volumes. The Practical Alternatives Report specifically examined Huron Church Road north of E.C. Row since it was most likely to be affected by reduced traffic volumes. This report stated that the majority of the redirected traffic would be trucks which do not provide much revenue to most businesses as they cannot be physically accommodated anyway. While there will be impacts associated with reduced truck and other through traffic, there may be opportunities for increased local traffic.

#### Comment: Impacts on Municipalities Were Not Examined (Non-Residential Sector)

1. It should be noted that the City of Windsor and other affected municipalities will not lose the ability to raise property tax revenue from commercial and industrial properties. While they may lose assessment from the displaced properties, this is

likely to be made up by increases in assessment resulting from business relocations.

2. The Economic Impact Report is premised on the assumption that businesses displaced by the project are likely to relocate in the Windsor area. It is expected that the demand for goods and services currently met by the displaced businesses will continue. Following relocation and market adjustments, the total assessment is expected to remain similar, all other factors being equal.
3. It is a widely accepted principle that improved transportation infrastructure leads to an increase in economic activity in the communities they serve. Accordingly, property values in the Windsor area could be expected to increase following the construction of the project, all other factors being equal.
4. Shifts in assessment between Windsor area municipalities due to relocation may occur. However, no data is available to substantiate any estimates.

#### Comment: Residential Impacts Were Not Examined

1. The social impacts associated with residential property displacements and disruptions are described in the Social Impact Assessment Reports prepared as part of this study.
2. Similar to the situation of businesses, it is expected that most displaced residential property owners will relocate in the Windsor area. Residents have chosen Windsor as their place of residence for a wide range of reasons such as employment, proximity to family, etc. These fundamental reasons for living in Windsor would not be changed by the project; therefore, it is reasonable to suggest the TEPA and other alternatives will not change people's preference to live in one metropolitan area as opposed to another.
3. Displaced homeowners will be provided fair market value for their property which will enable them to relocate in the Windsor area. Movements between Windsor area municipalities due to relocation may occur. However, no data is available to substantiate any estimates and there is no reason to expect it to be significant.
4. There may be some instances where homeowners alter the timing of their housing decisions due to property acquisition. For example, a retired couple planning to move away from Windsor area in 2010 may move one year earlier after being financially compensated for their Windsor area property.
5. The Stamm Review states that the effects of reduced property values for non-displaced and disrupted businesses were not taken into account. There is little evidence to suggest properties outside the acquisition envelope will experience

reductions in property values because of the project. Firstly, the Windsor-Essex Parkway in large part follows a route that is very similar to an existing major transportation corridor. Secondly, the TEPA includes significant green space which will likely improve areas from their current state. Finally, detailed noise and air quality reports prepared as part of this study indicate that noise and air quality will not deteriorate as the result of this project.