

LAWYERS

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SENT VIA EMAIL ONLY

May 26, 2020

Mayor Smith and Members of Council The Corporation of the Town of Bracebridge 1000 Taylor Court Bracebridge, Ontario, P1L 1R6

Attention: Lori McDonald, Director of Corporate Services/Clerk, lmcdonald@bracebridge.ca

Dear Mayor and Members of Council:

Re: Muskoka Royale Development Inc. Applications for Official Plan Amendment (D09-08/18) and Rezoning (D14-17/18) (the "Applications")
Important Wetlands Evaluation Considerations
Our File No. 500632

We have been retained by the South Bracebridge Environmental Protection Group ("SBEPG") to advise them with respect to the above-captioned Applications. SBEPG has requested that we review the letter prepared by Michalski Nielsen Associates Limited ("MNAL") dated March 12, 2020 (the "Letter") and to advise as to whether or not the contents of that Letter are accurate from a legal perspective; and particularly, whether MNAL is correct in stating that "there is no basis" for a wetland evaluation under the Provincial Policy Statement ("PPS"). We believe that this and other statements contained in the MNAL Letter are incorrect at law. Our purpose in writing directly to you is to ensure that Town Council is fully informed on the matter.

At the outset, it is important to underscore Council's legal obligation. Subsection 3(5) of the *Planning Act*, c. P. 13 ("Act") mandates that any decision Council makes with respect to the Applications be consistent with the PPS in effect as at the date of that decision. There is a new 2020 PPS which came into effect on May 1, 2020. Council must therefore ensure that its decision on the Applications is consistent with the 2020 PPS. The materials submitted by Muskoka Royale Development Inc. (the "Applicant") in support of its Applications should be updated accordingly. For the purposes of this letter, we note that the policies in the new PPS are consistent with the previous, 2014 version.



Our Concerns with the MNAL Letter

In reviewing the MNAL Letter, we note that it:

- completely disregards Council's statutory obligation under s.3(5) of the Act;
- ignores key language in the PPS, including Policy 2.1.4, which expressly precludes any development or site alteration in a significant wetland, without exception;
- ignores key language in the Natural Heritage Reference Manual ("NHRM"), which sets out the Province's recommended technical criteria and approaches for being consistent with the PPS in protecting natural heritage features and areas, including wetlands. In fact, the Letter makes no reference to the NHRM; and,
- as a result, falsely concludes that there is "no basis" for requiring a wetland evaluation under the PPS.

The Letter also mischaracterizes correspondence received from the Ministry of Natural Resources and Forestry (the "Ministry") with respect to the Applications. Section 3.0 of the Letter suggests that the Ministry has reviewed the EIS in full and has not identified a need for a wetland evaluation as a result of that review. This Section references a "response" provided by the Ministry. We believe that this a reference to an e-mail dated March 19, 2019 from Jeremy Rouse, a Management Bioligist at the Ministry's Parry Sound District. That e-mail expressly states that the Ministry limited its review of the EIS to Species at Risk only. Based on the documentation we have seen, the Ministry has not been asked to comment on the need for a wetland evaluation. It is therefore incorrect to assume that the issue has been considered by the Ministry.

For the foregoing and following reasons, we caution Council and Town Staff against reliance on the MNAL Letter and urge Council to require an evaluation of the wetlands located on and adjacent to the subject site in order to be able to discharge its obligation under s.3(5) of the Act.

Key Considerations

By way of background, it is important to recognise that there are wetlands located on and adjacent to the subject site. The Environmental Impact Study ("EIS") prepared by MNAL in September 2018 itself recognises that there are "substantial areas of wetland" on the subject site (see specifically page 3), including Henry Marsh. It is uncontested that the



subject wetlands have not been evaluated pursuant to the Ontario Wetland Evaluation System ("OWES"). The OWES is the evaluation procedure established by the Province to evaluate wetlands. It sets out the criteria for determining whether a wetland qualifies as a Provincially Significant Wetland ("PSW").

The Ministry has the final say over identifying the significance of wetlands and delineating the boundaries of PSWs. However, that does not obviate Town Council's responsibility under the Act to ensure that its decisions on development applications are consistent with the PPS. Looking to the 2020 PPS, we note that:

- PPS Policy 2.1.4 bans all development and site alteration in significant wetlands located within Ecoregion 5E, which includes the subject area; and,
- PPS Policy 2.1.8 precludes development and site alternation on lands that are adjacent to significant wetlands, unless the ecological function of the adjacent lands has been evaluated and it has been demonstrated that there will be no negative impacts on the significant wetlands.

The PPS defines "significant wetlands" to mean an area identified as provincially significant by the Ministry using evaluation procedures established by the Province (i.e. PSWs identified in accordance with the OWES). The PPS definition of "significant" goes on to clarify as follows:

"While some significant resources may already be identified and inventoried by official sources, the significance of others can only be determined after evaluation."

The NHRM, which must be read in conjunction with the natural heritage section of the PPS, specifically addresses the above statement as follows (at p.38):

"This statement identifies the need for a precautionary approach. Thus, <u>prior to planning and development approval</u>, there should be an appropriate level of <u>evaluation</u> of natural features that are present on the subject land and within the area that may constitute 'adjacent lands' <u>to determine whether the natural features are significant if their significance has not been determined previously</u>. Planning authorities and/or proponents should require or prepare the appropriate studies if negative impacts could occur on these features, unless the features are being given protection outright."



The NHRM further states as follows (at p. 60):

"For a wetland that is unevaluated, but has the characteristics or contains components that are typical of a significant wetland (e.g. significant species or functions), the planning authority should ensure that a wetland evaluation is undertaken (e.g., a stand-alone evaluation or as part of an EIS by the proponent, unless MNR has already identified the wetland as a work project) prior to processing any planning approvals."

Extracts of the above-referenced sections from the PPS and NHRM are attached to this letter for ease of reference.

Contrary to the statements made in the MNAL Letter, the Province directs planning authorities and proponents of development to determine whether natural features, such as wetlands, are significant if their significance has not been previously determined. In the context of wetlands, the Province expressly directs planning authorities to ensure that a wetland evaluation is undertaken where, as in the present case, a wetland has characteristics of a PSW. The NHRM further directs that this evaluation be completed before any planning approvals can be granted. It is only after this evaluation is completed that Council is able to determine whether the Applications are consistent with the PPS.

While the subject wetlands have not been previously evaluated and classified as PSWs by the Ministry, there is evidence suggesting that these wetlands have the characteristics of PSWs. See specifically the Peer Review of the Environmental Impact Study, prepared by Dougan & Associates and dated March 29, 2019, which states that the presence of breeding habitat for a Species of Risk, such as the Blanding's Turtle, is sufficient to qualify a wetland as a PSW in accordance with the OWES. The EIS indicates the presence of the Blanding's Turtle in the subject area. On that basis, SBEPG has been advocating for the completion of an OWES evaluation of the subject wetlands. Without such an evaluation, the significance and extent of the wetlands remain unknown and Town Council will not be fulfilling its statutory mandate under s. 3(5) of the Act.

MNAL's suggestion at Section 5.0 of the Letter, that there is no need for an evaluation because the recommended 30 m buffer would provide sufficient protection in any event, is flawed. By circumventing an OWES evaluation, the Applicant does not have to turn its mind to the exact boundaries of the wetlands or whether or not they are part of a complex of PSWs. Until that analysis is completed, it is inappropriate to make recommendations with respect to mitigation measures.



Conclusion

In essence, we see the MNAL Letter as an advocacy piece that would be inadmissible if this matter were to proceed to a hearing before the Local Planning Appeal Tribunal. Contrary to the position taken in the Letter, we believe that there is both a basis and a need for an OWES evaluation of the wetlands on the subject property and the adjacent lands. That evaluation can be completed at the municipal level or by the Applicant. In our opinion, there is nothing precluding Town Council from requiring that the Applicant undertake the OWES evaluation in order to ensure consistency with the PPS, in accordance with the Act and the NHRM. Until the significance and extent of the subject wetlands has been properly evaluated and demarcated, it is impossible for Town Council to satisfy itself as to whether or not the proposed development is permissible under the PPS.

Yours very truly,

Denitza Koev DK/aph

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Client

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Provincial Policy Statement, 2020

Under the Planning Act



PROVINCIAL POLICY STATEMENT, 2020

Approved by the Lieutenant Governor in Council, Order in Council No. 229/2020

This Provincial Policy Statement was issued under section 3 of the *Planning Act* and came into effect May 1, 2020. It replaces the Provincial Policy Statement issued April 30, 2014.

2.0 Wise Use and Management of Resources

Ontario's long-term prosperity, environmental health, and social well-being depend on conserving biodiversity, protecting the health of the Great Lakes, and protecting natural heritage, water, agricultural, mineral and cultural heritage and archaeological resources for their economic, environmental and social benefits.

Accordingly:

2.1 Natural Heritage

- 2.1.1 Natural features and areas shall be protected for the long term.
- 2.1.2 The diversity and connectivity of natural features in an area, and the long-term ecological function and biodiversity of natural heritage systems, should be maintained, restored or, where possible, improved, recognizing linkages between and among natural heritage features and areas, surface water features and ground water features.
- 2.1.3 Natural heritage systems shall be identified in Ecoregions 6E & 7E¹, recognizing that natural heritage systems will vary in size and form in settlement areas, rural areas, and prime agricultural areas.
- 2.1.4 Development and site alteration shall not be permitted in:
 - a) significant wetlands in Ecoregions 5E, 6E and 7E¹; and
 - significant coastal wetlands.
- 2.1.5 Development and site alteration shall not be permitted in:
 - a) significant wetlands in the Canadian Shield north of Ecoregions 5E, 6E and 7E¹;
 - significant woodlands in Ecoregions 6E and 7E (excluding islands in Lake Huron and the St. Marys River)¹;
 - significant valleylands in Ecoregions 6E and 7E (excluding islands in Lake Huron and the St. Marys River)¹;
 - d) significant wildlife habitat;
 - e) significant areas of natural and scientific interest; and
 - f) coastal wetlands in Ecoregions 5E, 6E and 7E¹ that are not subject to policy 2.1.4(b)

unless it has been demonstrated that there will be no *negative impacts* on the natural features or their *ecological functions*.

¹ Ecoregions 5E, 6E and 7E are shown on Figure 1.

- 2.1.6 Development and site alteration shall not be permitted in fish habitat except in accordance with provincial and federal requirements.
- 2.1.7 Development and site alteration shall not be permitted in habitat of endangered species and threatened species, except in accordance with provincial and federal requirements.
- 2.1.8 Development and site alteration shall not be permitted on adjacent lands to the natural heritage features and areas identified in policies 2.1.4, 2.1.5, and 2.1.6 unless the ecological function of the adjacent lands has been evaluated and it has been demonstrated that there will be no negative impacts on the natural features or on their ecological functions.
- 2.1.9 Nothing in policy 2.1 is intended to limit the ability of agricultural uses to continue.

2.2 Water

- 2.2.1 Planning authorities shall protect, improve or restore the quality and quantity of water by:
 - using the watershed as the ecologically meaningful scale for integrated and long-term planning, which can be a foundation for considering cumulative impacts of development;
 - minimizing potential negative impacts, including cross-jurisdictional and cross-watershed impacts;
 - evaluating and preparing for the *impacts of a changing climate* to water resource systems at the watershed level;
 - d) identifying water resource systems consisting of ground water features, hydrologic functions, natural heritage features and areas, and surface water features including shoreline areas, which are necessary for the ecological and hydrological integrity of the watershed;
 - maintaining linkages and related functions among ground water features, hydrologic functions, natural heritage features and areas, and surface water features including shoreline areas;
 - f) implementing necessary restrictions on development and site alteration to:
 - protect all municipal drinking water supplies and designated vulnerable areas; and
 - protect, improve or restore vulnerable surface and ground water, sensitive surface water features and sensitive ground water features, and their hydrologic functions;
 - g) planning for efficient and sustainable use of water resources, through practices for water conservation and sustaining water quality;
 - h) ensuring consideration of environmental lake capacity, where applicable; and
 - ensuring stormwater management practices minimize stormwater volumes and contaminant loads, and maintain or increase the extent of vegetative and pervious surfaces.

small inland lakes or waterbodies that have a measurable or predictable response to a single runoff event.

Rural areas: means a system of lands within municipalities that may include rural settlement areas, rural lands, prime agricultural areas, natural heritage features and areas, and resource areas.

Rural lands: means lands which are located outside *settlement areas* and which are outside *prime agricultural areas*.

Sensitive: in regard to *surface water features* and *ground water features*, means areas that are particularly susceptible to impacts from activities or events including, but not limited to, water withdrawals, and additions of pollutants.

Sensitive land uses: means buildings, amenity areas, or outdoor spaces where routine or normal activities occurring at reasonably expected times would experience one or more adverse effects from contaminant discharges generated by a nearby major facility. Sensitive land uses may be a part of the natural or built environment. Examples may include, but are not limited to: residences, day care centres, and educational and health facilities.

Settlement areas: means urban areas and rural settlement areas within municipalities (such as cities, towns, villages and hamlets) that are:

- a) built-up areas where development is concentrated and which have a mix of land uses; and
- b) lands which have been designated in an official plan for development over the long-term planning horizon provided for in policy 1.1.2. In cases where land in designated growth areas is not available, the settlement area may be no larger than the area where development is concentrated.

Sewage and water services: includes municipal sewage services and municipal water services, private communal sewage services and private communal water services, individual on-site sewage services and individual on-site water services, and partial services.

Significant: means

- a) in regard to wetlands, coastal wetlands and areas of natural and scientific interest, an area identified as provincially significant by the Ontario Ministry of Natural Resources and Forestry using evaluation procedures established by the Province, as amended from time to time:
- b) in regard to woodlands, an area which is ecologically important in terms of features such as species composition, age of trees and stand history; functionally important due to its contribution to the broader landscape because of its location, size or due to the amount of forest cover in the planning area; or economically important due to site quality, species composition, or past management history. These are to be identified using criteria established by the Ontario Ministry of Natural Resources and Forestry;
- c) in regard to other features and areas in policy 2.1, ecologically important in terms of features, functions, representation or amount, and contributing to the quality and diversity of an identifiable geographic area or natural heritage system;
- d) in regard to mineral potential, an area identified as provincially significant through evaluation procedures developed by the Province, as amended from time to time, such as the Provincially Significant Mineral Potential Index; and
- e) in regard to cultural heritage and archaeology, resources that have been determined to have cultural heritage value or interest. Processes and criteria for determining cultural heritage value or interest are established by the Province under the authority of the Ontario Heritage Act.

Criteria for determining significance for the resources identified in sections (c)-(d) are recommended by the Province, but municipal approaches that achieve or exceed the same objective may also be used.

While some significant resources may already be identified and inventoried by official sources,

the significance of others can only be determined after evaluation.

Site alteration: means activities, such as grading, excavation and the placement of fill that would change the landform and natural vegetative characteristics of a site.

For the purposes of policy 2.1.4(a), site alteration does not include 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 in the Mining Act. Instead, those matters shall be subject to policy 2.1.5(a).

Special needs: means any housing, including dedicated facilities, in whole or in part, that is used by people who have specific needs beyond economic needs, including but not limited to, needs such as mobility requirements or support functions required for daily living. Examples of special needs housing may include, but are not limited to long-term care homes, adaptable and accessible housing, and housing for persons with disabilities such as physical, sensory or mental health disabilities, and housing for older persons.

Special Policy Area: means an area within a community that has historically existed in the flood plain and where site-specific policies, approved by both the Ministers of Natural Resources and Forestry and Municipal Affairs and Housing, are intended to provide for the continued viability of existing uses (which are generally on a small scale) and address the significant social and economic hardships to the community that would result from strict adherence to provincial policies concerning development. The criteria and procedures for approval are established by the Province.

A Special Policy Area is not intended to allow for new or intensified development and site alteration, if a community has feasible opportunities for development outside the flood plain. Specialty crop area: means areas designated using guidelines developed by the Province, as amended from time to time. In these areas, specialty crops are predominantly grown such as tender fruits (peaches, cherries, plums), grapes, other fruit crops, vegetable crops, greenhouse crops, and crops from agriculturally developed organic soil, usually resulting from:

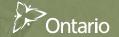
- soils that have suitability to produce specialty crops, or lands that are subject to special climatic conditions, or a combination of both;
- farmers skilled in the production of specialty crops; and
- a long-term investment of capital in areas such as crops, drainage, infrastructure and related facilities and services to produce, store, or process specialty crops.

Surface water feature: means water-related features on the earth's surface, including headwaters, rivers, stream channels, inland lakes, seepage areas, recharge/discharge areas, springs, wetlands, and associated riparian lands that can be defined by their soil moisture, soil type, vegetation or topographic characteristics.

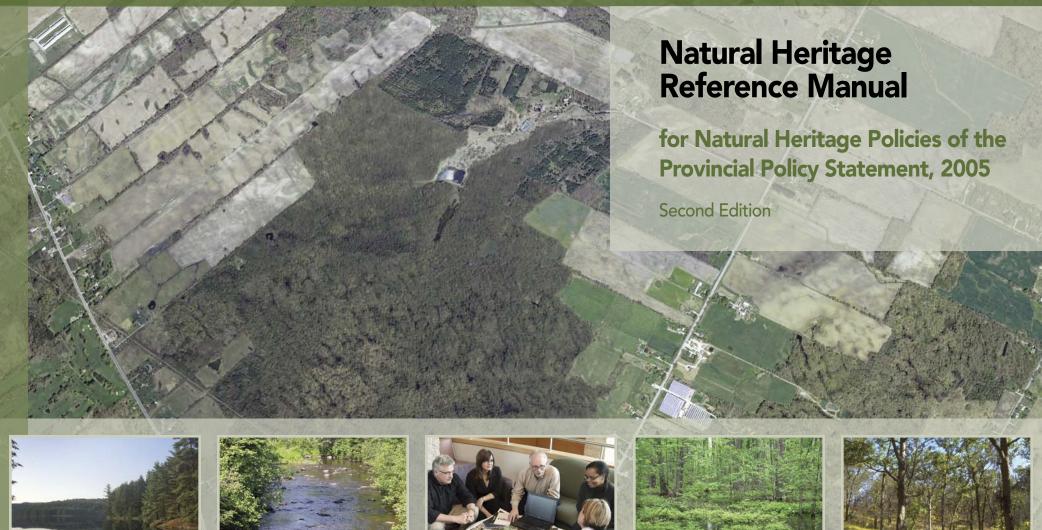
Threatened species: means a species that is classified as "Threatened Species" on the Species at Risk in Ontario List, as updated and amended from time to time.

Transit-supportive: in regard to land use patterns, means development that makes transit viable, optimizes investments in transit infrastructure, and improves the quality of the experience of using transit. It often refers to compact, mixed-use development that has a high level of employment and residential densities, including air rights development, in proximity to transit stations, corridors and associated elements within the transportation system. Approaches may be recommended in guidelines developed by the Province or based on municipal approaches that achieve the same objectives.

Transportation demand management: means a set of strategies that result in more efficient use of the *transportation system* by influencing travel behaviour by mode, time of day,



Natural. Valued. Protected.





4.2 The Meaning of "Significant"

Significant: means

- a) in regard to wetlands, coastal wetlands and areas of natural and scientific interest, an area identified as provincially significant by the Ontario Ministry of Natural Resources using evaluation procedures established by the Province, as amended from time to time;
- b) in regard to the habitat of endangered species and threatened species, ... the habitat, as approved by the Ontario Ministry of Natural Resources, that is necessary for the maintenance, survival, and/or the recovery of naturally occurring or reintroduced populations of endangered species or threatened species, and where those areas of occurrence are occupied or habitually occupied by the species during all or any part(s) of its life cycle;
- c) in regard to woodlands, an area which is ecologically important in terms of features such as species composition, age of trees and stand history; functionally important due to its contribution to the broader landscape because of its location, size or ...the amount of forest cover in the planning area; or economically important due to site quality, species composition, or past management history;
- d) in regard to other features and areas in policy 2.1, ecologically important in terms of features, functions, representation or amount, and contributing to the quality and diversity of an identifiable geographic area or *natural heritage system*; ...

Criteria for determining significance for the resources identified in sections (c)–([d]) are recommended by the Province, but municipal approaches that achieve or exceed the same objective may also be used.

While some significant resources may already be identified and inventoried by official sources, the significance of others can only be determined after evaluation.

Provincial Policy Statement 2005, Section 6.0 Definitions

Italics indicate terms defined in the PPS

With respect to the provincial interest, the concept of significance (e.g., no development or site alteration in a "significant" feature) is central to the identification and protection of all natural heritage features and areas, except fish habitat. The term "significant" is defined in section 6.0 of the PPS with specific reference to what the term means with respect to each of the natural heritage features and areas in policy 2.1.

The definition for "significant" also states, "While some significant resources may already be identified and inventoried by official sources, the significance of others can only be determined after evaluation."

This statement identifies the need for a precautionary approach. Thus, prior to planning and development approval, there should be an appropriate level of evaluation of natural features that are present on the subject land and within the area that may constitute "adjacent lands" (see section 4.4) to determine whether the natural features are significant if their significance has not been determined previously. Planning authorities and/or proponents should require or prepare the appropriate studies if negative impacts could occur on these features, unless the features are being given protection outright.

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Significant Wetlands 6.3.1

"Significant wetlands," as defined by the PPS, are referred to as "provincially significant wetlands" (PSWs) when identified, mapped and scored using a scientific point-based ranking system known as the Ontario Wetland Evaluation System (OWES) (see below). A PSW, which needs to be identified or confirmed by MNR, is defined as any OWES evaluated wetland that scores:

- a total of 600 or more points; or
- 200 or more points in either the biological component or the special features component.

Not all wetlands have been evaluated. For a wetland that is unevaluated³¹ but has characteristics or contains components that are typical of a significant wetland (e.g., significant species or functions), the planning authority should ensure that a wetland evaluation is undertaken (e.g., a stand-alone evaluation or as part of an EIS by the proponent, unless MNR has already identified the wetland as a work project) prior to processing any planning approvals. The planning authority should ensure that all evaluated and unevaluated wetlands are mapped and identified as part of an EIS (see section 13.2).

Planning authorities, especially those with relatively few wetland resources, may choose to apply some policy protection for wetlands that are not provincially significant. This would recognize the general environmental importance of wetlands and would be a way to ensure that unevaluated wetlands are not viewed imprudently as potential development areas.

Information sources for the identification and evaluation of significant wetlands and significant coastal are provided in appendix B.

31 Wetlands can be initially identified through another process (e.g., ELC). Their significance and boundaries, however, must be evaluated through the OWES for the purposes of the PPS.

6.3.1.1 The Ontario Wetland Evaluation System

MNR is responsible for the OWES, which provides a standardized method of assessing wetland functions and societal values and enables the Province to rank wetlands relative to one another. A wetland that has been evaluated using the criteria outlined in the OWES is known as an "evaluated wetland" and will have a "wetland evaluation file" relating to it.

The OWES manuals are the wetland "evaluation procedures" referred to in the PPS definition of "significant" (includes significant coastal wetlands). MNR periodically revises the procedures for evaluating wetlands.

The OWES identifies individual (referred to as "contiguous" in the OWES) wetlands and wetland complexes (see section 6.3.3) and measures wetland functions and values, providing a framework for evaluating the relative importance of individual ("contiguous") wetlands. It generates a numerical ranking of wetland values or functions, which are grouped into four main categories:

- biological component: recognizes that wetlands can differ in terms of productivity and habitat diversity
- social component: measures some of the direct human uses of wetlands, including economically valuable products (such as wild rice, commercial fish and furbearers), recreational activities and educational uses
- hydrological component: characterizes water-related values of wetlands, such as the reduction of flood peaks, contributions to groundwater recharge and discharge, and improvements to water quality
- special features component: addresses the geographic rarity of wetlands, the occurrence of species at risk, ecosystem age, and habitat quality for wildlife, including fish

The OWES consists of two manuals: the Southern Ontario Wetland Evaluation System (used to evaluate all wetlands located in Ecoregions 6 and 7) and the Northern Ontario Wetland Evaluation System (used to evaluate all wetlands located in Ecoregions 2, 3, 4, and 5). Coastal wetlands, as per the PPS definition, are scored using these OWES manuals.

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