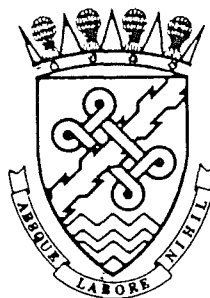


THE
REGIONAL
MUNICIPALITY
OF
HALTON



THE FOLLOWING RESOLUTION WAS APPROVED BY REGIONAL COUNCIL
AT ITS MEETING HELD _____ November 19, 1986

"That the report listed as Schedule K to FIN 184/86 (under separate cover) constituting the Economic Impact and Affordability Analysis Report of the Halton Region Landfill Technical Study be approved and adopted subject to possible amendment as a result of submissions by Area Municipalities, The Ministry of the Environment and other interested parties.

{ That in the event that Site 'F' is selected as Halton's new landfill site, no shale in excess of cover requirements be extracted.

And further that the Design and Operations Consultant be instructed to complete the minor modifications to the site design identified in the Halton Landfill Technical Study, Design and Operations Report for Site 'F'.

That the Regional Clerk be authorized to apply to the Ontario Municipal Board to secure authority to issue debentures in an amount not exceeding \$12,775,000 for a term not exceeding fifteen years, for the land acquisition, design, construction and all other associated capital costs related to a new Regional Landfill Site and to submit the necessary by-laws to Council for approval.

[That the Consultant Mr. C. Watson of C.N. Watson & Associates be asked to provide the back up information with respect to the haul costs contained in the Economic Impact and Affordability Analysis Report.

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REGIONAL MUNICIPALITY OF HALTON

.....
Regional Clerk

THE REGIONAL MUNICIPALITY OF HALTON

Report to The Chairman and Members of the Solid Waste
Management Committee

From J. L. Rinaldo, Director of Finance

Date 1986 11 06

Report No FIN 184/86

RE: Receipt of Landfill Technical Study - Economic
Impact and Affordability

RECOMMENDATION:

1. THAT the report listed as Schedule K to FIN 184/86 (under separate cover) constituting the Economic Impact and Affordability Analysis Report of the Halton Region Landfill Technical Study be approved and adopted subject to possible amendment as a result of submissions by Area Municipalities, The Ministry of the Environment and other interested parties.
- 2.a) THAT in the event that Site 'F' is selected as Halton's new landfill site, no shale in excess of cover requirements be extracted.

b) AND further that the Design and Operations Consultant be instructed to complete the minor modifications to the site design identified in the Halton Landfill Technical Study, Design and Operations Report for Site 'F'.
3. THAT the Regional Clerk be authorized to apply to the Ontario Municipal Board to secure authority to issue debentures in an amount not exceeding \$12,775,000 for a term not exceeding fifteen years, for the land acquisition, design, construction and all other associated capital costs related to a new Regional Landfill Site and to submit the necessary by-laws to Council for approval.

REPORT:

On September 22, 1986 Report PW 295/86 presented a series of twenty-one technical reports related to the Environmental Protection Act requirements for the approval of a new Regional landfill site. At that time, it was acknowledged that two further reports, a comparative analysis and an economic impact and affordability analysis report, would be forthcoming to complete the EPA requirements. The report presented herein, listed as Schedule K (under separate cover) prepared by CN Watson and Associates Ltd., is the economic impact and affordability analysis report alluded to in Report PW 295/86.

This report provides a refinement upon analysis related to economic impact and affordability prepared in Stage 2C.*

The current report incorporates new information, particularly operating and capital cost estimates prepared by Hydrology Consultant on the basis of data from the Design and Operations Reports of Site F and Site D (Schedules A-D and A-F to Report 295/86). This costing information is presented as Appendix A to the attached report.

The report deals separately with Sites F and D, and within each of these sections, the two issues of economic impact, and affordability are addressed. Economic impact investigates global costs, incorporating the impact on Regional costs, Area Municipality costs, and private sector costs. These costs are identified, aggregated and presented on a net present value basis as a total impact in 1987 dollars. The costs so identified total \$61.1 million for Site F and \$62.9 million for Site D.

The affordability analysis addresses only the Regional costs and has been conducted to assess firstly total affordability of landfilling at each of the two possible sites and secondly the impact, in conjunction with other required Regional services, on the average taxpayer.

During the analysis, a number of relevant issues were raised:

1. Shale Market Analysis

Appendix B to the attached report is an analysis of the market potential for the sale of shale resources at Site F. The appendix concludes that on the basis of

* Final Technical Report #3, Phase 2, Stage 2C Selection of Preferred Site - Economic Assessment (June 1985).

{ extraction costs and market prices, the extraction and sale of this resource by the Region cannot be economically justified. The site design and operation report for Site F, upon which capital and operating data is based (Appendix A) assumes the extraction of shale, but assumes that the extraction costs and the revenues from sales result in no net cost or benefit from extraction. This work was prepared prior to the market analysis which recommends that excess shale should not be extracted for sale.

As a result of the market analysis, and should Council adopt Recommendation No. 2 our design and operations consultant will need to review the design for the proposed Site 'F' landfill, and make whatever modifications are necessary. The consultant has already indicated what modifications will result from such a decision by Council, in the Design and Operations Report for Site 'F', Page 96. The consultant has advised that such modifications will be very minor in nature, in terms of the design of the site and the costing.

{ Additionally our legal counsel were requested to canvass the statutory capability of the Region to market shale for commercial purposes. Their advice indicated that there may be some difficulties in the Region marketing shale on its own. An alternative was suggested that involved licencing another operator to extract and sell the shale. This would obviously cause some operating difficulties.

For all the foregoing reasons Recommendation No. 2 is put forward.

2. Affordability Analysis

The affordability analysis has been conducted over the period 1987 to 1996 inclusive on a basis consistent with the analysis prepared for the 1987 Solid Waste Management Budget. However, one major deviation is being implemented. The affordability analysis contained in the attached report assumes a start-up date for landfill of September 1, 1988 and this is consistent with the EPA Review of Waste Quantity Projections received and approved by Regional Council on April 9, 1986 (see Report FIN 35/86 - PW 107/86).

Therefore, the export option being implemented to conserve capacity at the existing landfill site can, under this assumption, be terminated in 1988.

Under the provisions as set out in the 1987 Solid Waste Management Budget a more conservative assumption has been employed, specifically that the new landfill site does not open until January 1, 1990. It is therefore necessary to extend the export option throughout 1989. This more conservative (and costly) assumption was felt to be a prudent approach in assessing the financing plan over the 1987 to 1992 period addressed in the Budget Forecast.

The affordability analysis within the attached report identifies total debenturing requirements of \$12.775 million and \$9.783 million in 1987 dollars for Sites F and D respectively. It is necessary that staff secure the required debenturing authority at this time, and Recommendation No. 3 above seeks this authorization.

The recommendation directs the Clerk to prepare and submit the necessary OMB application. The application is required and will be considered as part of the consolidated hearings as discussed on this agenda in Report CAO 280/86. The authority to actually debenture will not be granted until the finalization of the hearings and the selection of a landfill site with the exception of \$1,583,000 to provide funding for the Hearing itself.

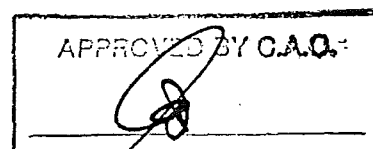
The \$12,775,000 identified in the recommendation represents an upset level. As such, it is based upon:

1. Proceeding with construction of the site requiring the greatest amount of debenture financing.
2. Proceeding with the construction based on the more conservative assumption of a January 1, 1990 start-up, (thereby incorporating an additional provision for inflationary increases in required construction costs).

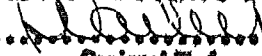
Further, the request for debenture authority will be based upon a maximum term of 15 years. At the present time, it is anticipated that all debentures will be issued with a 10 year term but circumstances between now and the time of issuance, might necessitate the consideration of a longer debenture maturity.

Respectfully submitted,


J. L. Rinaldo,
Director of Finance and
Regional Treasurer
DB/GS/pd



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Regional Clerk