

CONSOLIDATED HEARINGS BOARD

IN THE MATTER OF Sections 2 and 3 and 6 (3) of the Consolidated Hearings Act, 1981, S.O. 1981, c.20;

— and —
IN THE MATTER OF Section 12(2) of the Environmental Assessment Act, R.S.O. 1980, c.140;

— and —
IN THE MATTER OF Sections 30, 35 and 38 of the Environmental Protection Act, R.S.O. 1980, c.141, as amended;

— and —
IN THE MATTER OF Sections 24 and 61 (2) of the Ontario Water Resources Act, R.S.O. 1980, c.351, as amended;

— and —
IN THE MATTER OF Section 28 (3) of, and Regulation 164 under, the Conservation Authorities Act, R.S.O. 1980, c.85, as amended;

— and —
IN THE MATTER OF Section 40(12) of the Planning Act, S.O. 1983, c.1, as amended; in connection with site plan control of the sanitary landfill site;

— and —
IN THE MATTER OF Section 22(1) of the Planning Act, 1983 in connection with a referral to this Board by the Honourable Bernard Grandmaitre, Minister of Municipal Affairs, on a request by the Regional Municipality of Halton to amend the Official Plan for the Town of Milton to redesignate a parcel of land comprising Part Lots 3 and 4, Concession 2 N.S. in the Town of Milton from "Agriculture" and "Conservation and Hazard Lands" to permit the construction, operation and maintenance of a landfill site, Minister's File No. 24-OP-0208-A01;

— and —
IN THE MATTER OF Section 34(11) of the Planning Act, 1983 in connection with an appeal to this Board by the Regional Municipality of Halton for an order directing an amendment to By-law 61-85 of the Town of Milton to rezone the lands situated at Lot 3 and part of Lot 4, Concession 2 N.S., in the Town of Milton from "Agriculture" to permit a regional sanitary landfill site and ancillary uses;

— and —
IN THE MATTER OF Section 15(1) of the Planning Act, R.S.O. 1980 ch.379 in connection with a referral by the Honourable Claude F. Bennett, Minister of Housing on a request by Tremaine Britannia Citizen's Group for consideration of part of the Official Plan for the Halton Planning Area with respect to Sections 1 to 5 inclusive, 7, 9 and 10 of Part III D3 Solid Waste Management, Minister's File No. OPC-0026;

— and —
IN THE MATTER OF Section 64 of the Ontario Municipal Board Act, R.S.O. 1980, c.347 as amended in connection with an application by the Regional Municipality of Halton for an order approving:

a) the acquisition of land for the construction, operation and maintenance of a sanitary landfill site to contain 7.96 million cubic metres of waste in the Regional Municipality of Halton and to do so by one of two alternative methods as follows:

- (i) landfilling at the site referred to in Halton's Environmental Assessment as Site F in the City of Burlington;
- (ii) landfilling at the site commonly referred to in Halton's Environmental Assessment as Site D in the Town of Milton

at an estimated cost of \$12,775,000.00, and the borrowing of money by way of temporary advances not exceeding in the aggregate such estimated cost pending the sale of debentures, and

(b) the issuance of necessary debentures to a maximum of \$12,775,000.00 for a term not to exceed fifteen years;

— and —
IN THE MATTER OF Section 193(5) and Paragraph 84 of Section 210 of the Municipal Act, R.S.O. 1980, c.302, as amended;

— and —
IN THE MATTER OF Sections 6, 7 and 8 of the Expropriations Act, R.S.O. 1980, c.148;

— and —
IN THE MATTER OF an undertaking of the Regional Municipality of Halton to provide facilities for the purpose of receiving, dumping and disposing of waste as required by section 137 of the REGIONAL MUNICIPALITY OF HALTON ACT, R.S.O. 1980, c.436, as amended, by acquiring the land for, constructing, operating and maintaining a landfill to contain 7.96 million cubic metres of waste in the Regional Municipality of Halton.

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OFFICIAL REPORTERS

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10 IN THE MATTER OF Section 28(3) of, and Regulation 164
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BEFORE: H. H. Lancaster, Q.C. - Chairman

Dr. D.J. Kingham - Member



Hearing conducted at The Oakville
Granary Commercial Centre, 105 Robinson
Street, Oakville, Ontario, on
Monday, November 9, 1987

VOLUME 56

APPEARANCES:

T.R. Lederer and H.D. Hodgson	for the Regional Municipality of Halton (Proponent)
J.R. Tidball	for the Ministry of the Environment
T. Vigod J.F. Castrilli	for the West Burlington Citizens Group
D. Estrin, F.E. Leitch and H. Dahme	for the Corporation of the Town of Milton
S.R. Garrod and A. Nurvo	for the Milton Area Citizens Coalition and several affected Milton area landowners
R.B. Tuer, Q.C. E.A. Cronk and F. Perrier	for National Sewer Pipe Limited
L.F. Longo	for Azova Investments Limited
M.J. McQuaid, Q.C. and C.J. Tzekas	for the City of Burlington
C. Mansfield	for the Ministry of Natural Resources
P. Renaud	for Cumis Limited



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APPEARANCES (Cont'd):

1	C. Stevenson	for Framgard Holdings,
2	P. Hancock	Fosseri Investments
3		Limited, Seriphos
4		Investments Limited and
5		Topic Investments
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J.H. Olah for the Halton Region
Conservation Authority

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Per: C. F. Nethercut, C.V.R.



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Oakville, Ontario
November 9, 1987

1
2 ---Upon commencing at 11:18 a.m.

3 MR. LANCASTER: Good morning, please be
4 seated. We have another problem for Wednesday,
5 Wednesday morning. The Board has decided on Wednesday
6 we will not sit until 12:30 and we will sit through
7 until 4:30 or 5:00 and we will get in at least four and
8 a half or five hours. We could be back for about a
9 half an hour but that seems rather ridiculous before
10 lunch. So, on Wednesday we will convene at 12:30.
11 Mr. McQuaid?

12 MR. McQUAID: Thank you, Mr. Chairman.

13 Cameron Neil Watson (Resumed):

14 Joseph L. Rinaldo (Resumed):

15 CROSS-EXAMINATION BY MR. McQUAID (Cont'd):

16 Q. Before I continue there was one
17 item you had noted on H-293, being the plot of the
18 annual capital and operating costs for both sites, and
19 you made a note that perhaps, and I wasn't sure, but is
20 it ready today?

21 MR. WATSON: A. They are ready. but we
22 want to take a last look at them. We want to see them
23 briefly.
24
25



1 Q. Now, if we look back at
2 the document behind you with the flows, the overview
3 you have calculated, I think we have covered all of the
4 items down to the evaluation criteria which is a series
5 of blocks on the right-hand portion, 1 through 9.

6 A. I can put this up for the Board.

7 Q. If you would and for the benefit
8 of everyone at some distance, could you go through
9 those nine items to refresh our memories as to what you
10 have put in each of those items, in each of those
11 blocks?

12 A. Yes. We numbered them 1 through 9
13 and 1 was the present value of the overall costs; No. 2
14 was the present value of the regional cost portion...

15 Q. Maybe we can stop here. Are these
16 pretty well the same headings as we see in your
17 schedule or Appendix K to Mr. Walker's report, H-14?

18 A. They are the same; they are
19 identical.

20 Q. Let's go through those at the same
21 time. You had what you called 8 criteria and beginning
22 in H-14 at page K2 and then you summarized them, as I
23 understand it, back on the first page?

24 A. Yes.

25 Q. Looking at K2, you see criterion 1
is the total overall cost based on the present value



1
2 calculation. Is that the first box?

3 A. Yes.

4 Q. To update that for the Board and
5 for all of us, if we want to get the current figures,
6 we should really substitute for that and we should go
7 to UP-15 of H-286?

8 A. Yes, that is right.

9 Q. Where we see 62.9 for Site D, we
10 would now put in 63.6 to 64.2?

11 A. Yes.

12 Q. And correspondingly for Site F, we
13 would substitute 69.5 for the 52.9 we see on UP-15?

14 A. Yes.

15 Q. That then would, I guess, make a
16 difference in that sentence where you say Site F has
17 marginally lower costs than Site D and we would now --
18 that range, would I be correct, would be \$4.1 million
19 to \$1.3 million? I have taken the 59.5 from the 63.6
20 and the 62.9 from the 64.2?

21 A. Yes, 1.3 to 4.1.

22 Q. Do we take the 59.5 from the 64.2
23 also? I am not sure.

24 A. The low end I think should be
25 taken from the low end, and the high end from the high



1 end and the range is therefore 1.3 to 4.1.

2 Q. Correspondingly, at his point, we
3 should also make some note, mental or otherwise, that
4 this present value, these figures we are substituting
5 here do not take into account your footnote on UP-16
6 which indicates there could be a saving based on a
7 dedicated sewer line of from \$300,000 to \$2 million?

8 A. That is correct.

9 Q. If there was a \$2 million -- as
10 much as a \$2 million saving on present value based on
11 the installation of a dedicated sewer line, then Site F
12 would have lower costs that could run from \$6.1 million
13 to \$3.3 million based on that range we were just
14 discussing? Do you understand my mathematics?

15 A. It would go the other way.

16 Q. I am sorry. The weekend didn't
17 help me. It would go the other way?

18 A. Yes.

19 Q. That's quite right. I guess my
20 question to you is have you applied your mind to at
21 what point as an economist that a differential in cost
22 would result in a preference in your mind?

23 A. Well, we have, Mr. Chairman, when
24 we are talking about preferences, I looked at all 8
25 criteria and based upon the preferences either way I



1 then established the conclusion that there was very
2 little difference. Is your question, Mr. McQuaid,
3 directed towards the overall or are we talking about
4 the first criterion?

5 Q. Before I understand the overall I
6 understand the 8 and 9 that will be discussed. Let me
7 ask you, have you in your mind some factor or
8 percentages that you ascribe to these 8 criteria to
9 indicate what their relative importance is to you in
10 your overall wrap-up?

11 A. Not in numerics, but I do have my
12 concept of importance, yes.

13 Q. All right. Let's just discuss
14 criterion No. 1. Is it of considerable importance at
15 the present value level?

16 A. Well, I have it in the middle. Do
17 you want me to set out the importance of the 8 as I see
18 them?

19 Q. Yes. I think what I will do is I
20 will ask you so we have the framework of your 8
21 criteria in order and then I will ask you to rate them
22 in terms of importance, but let's continue with
23 reference to H-284. You have established that box 1 is
24 referable to criterion 1 on page K2 of H-14 and
25 criterion 2, overall regional costs, is that your



1 second box 2 on H-284?

2 A. No. 2 is present value of the
3 regional portion.

4 Q. Is that criterion 2?

5 A. Yes.

6 Q. All right. What is your third box?

7 A. We go down here to No. 3, which is
8 the present value of municipal haul.

9 Q. Is that criterion No. 3, looking
10 at page K3?

11 A. No. This was in the same order --
12 H-284, I believe, was in the same order as the
13 comparative analysis, H-14, but when we went through
14 this I believe we skipped around a bit.

15 Q. Even if we have the arabic numbers
16 out of order on H-284, just go down them and that will
17 pick up the other criteria?

18 A. The next one -- we have done the
19 regional cost portion and the next is the regional debt
20 requirement.

21 Q. Criterion No. 3?

22 A. Yes.

23 Q. That is box number ...

24 A. ... five.

25 Q. Okay. Then affordability is your



1 criterion 4 and is that the next box?

2 A. Yes. I have written in future
3 tipping fee impact, but that's what we meant.

4 Q. Future tipping fee impact?

5 A. That's the way we look at it.

6 Q. That is box what on 284?

7 A. Six.

8 Q. Okay. The next box down?

9 A. That is the present value of the
10 municipal haul costs.

11 Q. Okay. That is ...

12 A. ... box 3 on H-284.

13 MR. LEDERER: What was it again?

14 MR. WATSON: Present value of municipal
15 haul costs.

16 MR. McQUAID: Q. That is criterion 5?

17 MR. WATSON: A. Yes.

18 DR. KINGHAM: Are we reading from page
19 K4 now?

20 MR. WATSON: Yes.

21 DR. KINGHAM: Municipal haul costs.

22 MR. WATSON: That is what I said, the
23 present value of municipal haul costs.

24 DR. KINGHAM: I see. No. 6 is just
25 distribution?



1 MR. McQUAID: That is distribution, yes.

2 Q. The next box down?

3 MR. WATSON: A. That is distribution of
4 municipal haul costs and that is box 7 on H-284 and
5 criterion 6. Then the present value of the private haul
6 costs is box No. 4, criterion No. 7.

7 Q. Yes?

8 A. Then, potential off-site property
9 value impact is box No. 8 and criterion 8 and then I
10 added box 9, other considerations, to reflect the fact
11 that throughout our work we had looked at other matters
12 but they had not emerged as being of great significance
13 in the final analysis.

14 Q. Is that still true?

15 A. Yes.

16 Q. So the main ones we looked at are
17 really the boxes you have described and the same
18 criteria we see in the comparative analysis?

19 A. Yes.

20 Q. Now, you were going to try and
21 explain the relative importance given to each of these
22 boxes or criteria in your overall conclusion?

23 A. Yes. Perhaps I could go to the
24 flip chart for that. I look at it as four levels of
25 importance, the first level relating to regional costs



1 and of course it is a regional undertaking and our
2 first obligation is to ensure that the costs incurred
3 by the Region are looked to.

4 I think the first importance is the
5 present value of the regional costs, and that is
6 incorporating a fair look at everything that the Region
7 is undertaking and putting it on the same terms.

8 Secondly, there is of course a reality
9 to the debt side of it, and that must be within limits.
10 It is only a component of the present value, but it is
11 of course a real constraint or could be a real
12 constraint.

13 Finally, the matter of the tipping fee
14 which we had referred to in these criteria as the
15 affordability criterion, and I am speaking of criterion
16 4.

17 So, in terms of the criteria, this is
18 No. 4, debt is No. 3 and the regional costs portion is
19 No. 2.

20 Then, I have looked at the overall
21 present value, which is No. 1, as being of the next
22 level of importance in that it does embrace everything.
23 I then looked at the off-site property value impact,
24 which is No. 8, and the reasoning there being that this
25 cost will be absorbed by a limited number of



1 individuals and residents, and these costs above it, of
2 course, are spread over a very large tax base, over
3 indeed hundreds of thousands of people, whereas this
4 particular cost, even though it is a limited item by
5 comparison of size, it does obviously or could have
6 significant impact for some. It is an item that could
7 conceivably be mitigated. I mean the \$1 million or
8 whatever the negative impact is could be through a
9 transfer payment from the Region or from some other
10 source, it could be nullified, but I don't think that
11 that is very likely.

12 The final item I have is the matter of
13 haul, and these costs are spread over a very large user
14 base. They are incurred very gradually throughout the
15 lifetime of the landfill, throughout the 20 years, and
16 that is why I have put them at the lowest level of
17 importance.

18 Of course there is -- I would put the
19 municipal first, the private second. The municipal
20 haul would be No. 6, the private haul would be No. 7,
21 and then the distribution which is No. 5 -- I am sorry,
22 I made a mistake -- the municipal haul is No. 5 and the
23 distribution is No. 6. I put that last because that is
24 a matter which I feel, if it were a significant problem
25 it certainly could be mitigated through transfer



1 payments from one government to another within the
2 Region.

3 Q. All right. What you have put on
4 that -- perhaps we had better mark this as an exhibit,
5 your summary, and they are in order of importance as we
6 understand it, is that correct?

7 A. Yes, this is importance ranking of
8 criteria.

9 MR. LANCASTER: That will be H-297.

10 ---EXHIBIT NO. H-297: Chart - Importance Ranking of
Criteria

11
12 MR. McQUAID: Q. All right. Now, are
13 you able to tell us, did you assign weights within
14 those groups, 1, 2, 3 and 4 when you were coming to
15 your overall discussion. Does one represent half of
16 your evaluation and thinking or a quarter of it, or are
17 you able to assist us?

18 MR. WATSON: A. I didn't assign
19 quantitative weights and I don't care for that
20 approach. I think it is inappropriate generally and
21 what I prefer to do is look at the specifics of the
22 differences and to look at the ranking of importance
23 and to analyze those differences and to weigh those
24 differences and I think that is a preferable means to
25 using what normally becomes a somewhat arbitrary



1 weighting.

2 Q. I hear what you are saying. If we
3 look back at K1, I really don't see that you grouped
4 them, first of all in any order other than your 8
5 criteria?

6 A. No.

7 Q. I don't see that there is any
8 reference to strength of preference other than a major
9 and a minor?

10 A. No. There is no reference to
11 strength -- there is a reference to strength of
12 preference which is the difference between D and F in
13 any situation and that is distinct from the importance
14 of the criteria. There is no reference to importance
15 of criteria. I did not verbalize that or set that
16 down. It was in my mind, but it was not enunciated in
17 this way in the report.

18 Q. The difficulty I guess I am trying
19 to get across, and I realize you may not have done
20 this, but it does help us to get your evidence as to
21 that thinking process, but it is that if you had a
22 minor in one level of importance, let's say one of
23 those three categories, say, in No. 1, would that be
24 offset by a major down in No. 4, in those three areas?

25 A. It could well be. What I am



1 saying, Mr. Chairman, is that armed with this sort of
2 ranking and with a look at the difference, the nature
3 of the differences in each case in terms of percentages
4 or whatever the case may be, I then looked at it all,
5 analyzed it all, did those trade-offs and concluded
6 that the difference was quite limited and obviously
7 there were trade-offs. Some were higher in some areas
8 than others but, overall, the differences were so
9 slight.

10 I think it may have been a more
11 difficult task under other circumstances, but in this
12 particular situation, as you can see from K1, the
13 percentage difference in many of the factors was only a
14 matter of 1, 2 or 3 percentage points. For example,
15 criterion 1, criterion 2, criteria 5, 7, so for half of
16 the factors or the criteria, the difference was a
17 couple of percentage points which, to my mind, is very
18 minimal and it is difficult to use a difference of one
19 or two percentage points to base a preference on.

20 We are clearly not working at that level
21 of accuracy. It does suggest that one is going to be
22 less expensive or more expensive than the other but, as
23 I say, we are not working to that degree of accuracy
24 when we are talking about a 20-year plan and attempting
25 to cost the thousands of trucks moving throughout the



1 Region.

2 Q. Now, just to go back then to
3 update the Board and me with respect to where we are
4 when we look at pages K2, K3 and K4, we had just noted
5 for the Board the figures that would change on the
6 typewritten page, K2, for criterion 1 and can we
7 continue down to criterion No. 2, which is overall
8 regional costs.

9 Again if we look at UP-15 of H-286, if I
10 understand it correctly, we should now write in 39.5 to
11 40.1 being the millions of dollars compared to the 37.9
12 for Site D; correct?

13 MR. LEDERER: Site F.

14 MR. McQUAID: Q. I am sorry, Site F, I
15 apologize. That is right.

16 A. 35.9 to 40.1 for D compared to
17 35.7 to 39.1 for F, yes.

18 Q. Where we see the text that the
19 regional costs are very similar for each site, however,
20 Site F is slightly lower and you had 0.6 million or 1.6
21 per cent on Site D and how do you do that now when we
22 have ...

23 A. We do it the same way we did
24 criterion 1, we subtract the low end from the low end
25 and we have a difference of 3.8 and the high end from



1 the high end which gives us a difference of 1 or 1.0.
2 We have a difference of 1.0 to 3.8.

3 Q. All right. Now, again we need to
4 make the note that that does not take into account the
5 possible further deduction from the dedicated sewer
6 line of \$300,000 to \$2 million?

7 A. That does not take that into
8 consideration, yes.

9 Q. Then, we go to criterion No. 3,
10 the regional up-front financing requirements and I
11 think the evidence was that they would not change
12 significantly and I think that was Mr. Rinaldo's
13 evidence?

14 A. That is correct, but we can update
15 the figures specifically by going to the exhibits
16 already in. For example, Exhibit H-287 gives a cash
17 flow for capital and operating costs and what we looked
18 at in that criterion was the first two years of the
19 capital cost and we referred to that as the regional
20 up-front financing requirements and that shows on page
21 K-3. So, on H-287 at the low end we have \$5,894,950
22 and we add \$2,842,245 which gives us \$8,737,195.

23 Q. Could you give that to me slowly.
24 You have added the first two years of the low end?

25 A. I have added the first two years



1 of the low.

2 Q. Right.

3 A. And I have got \$8,737,195.

4 This is on the capital, of course. I will just check
5 that. Yes, \$8,737,195 and at the high end \$9,694,950
6 added to \$2,842,245 give us \$12,537,195.

7 Q. Could you say that again?

8 A. \$12,537,195, and I will just check
9 that. Yes. Then to get comparable figures for Site
10 D, we go to -- we go back to H-285 and at the low end
11 we add the \$7,431,315 to the \$2,995,493 and we get
12 \$10,426,808.

13 Then at the high end we add the
14 \$8,081,315 to the \$2,995,493 and we get \$11,076,808.

15 Q. \$11 million ...

16 A. ... \$11,076,808. Then, to get the
17 difference, of course we subtract the low end from the
18 low end and at the low end D is higher and so it is
19 \$10,426,808 minus \$7,737,195.

20 Q. I thought it was \$8,737...

21 A. Yes. \$10,426,808 minus \$8,737,195
22 and that gives us \$1,689,613.

23 Q. That is the up-front capital cost
24 for Site D?

25 A. That is the difference and at the



1 low end we are saying the up-front capital cost
2 requirement for D exceeds the requirements for F by, I
3 would regard that as \$1,700,000 by rounding it, and at
4 the high end its the other way around and F is more
5 expensive at the high end and it is \$12,537,195 minus
6 \$11,076,808 and the difference is \$1,460,387.

7 So, the variation is almost equidistant
8 in one case favouring F by \$1,700,000 and in the other
9 case favouring D by \$1.5 million.

10 Q. As we go through this I think we
11 are seeing the text under these criteria really doesn't
12 -- it changes for criterion 3, doesn't it?

13 A. Yes, it would. I mean it doesn't
14 change relative to what we knew back in January when
15 this was done, but it changes now that we introduce
16 Exhibit -- the update, Exhibit H-286.

17 Q. Have you gone through these and
18 done this mathematics before so you could sort of
19 adjust and tell us where you are with regard to changes
20 in terms of the text and the numbers?

21 A. I haven't done the textual
22 changes, but this morning I was working on doing the
23 changes you were discussing.

24 Q. You just have a note there and you
25 don't have anything ...



1 A. I have some of them done; most of
2 them I have done, yes.

3 Q. All right. To go to the next
4 criterion, No. 4, affordability. I guess to get the
5 figures, the figures we see there, we would go to
6 Mr. Rinaldo's Exhibit H-280?

7 A. Yes.

8 Q. He had run a series of tipping
9 fees based on the low and the high as we see them on
10 pages 7 through 9 and so on, 7 through 9 -- sorry, 9
11 through 10. Again, the text here is going to change on
12 page K3?

13 A. Part of it would change. If we
14 look, for example, at the high, and that is page 7 --
15 sorry -- pages 9 and 10, we are seeing Site D being
16 slightly lower during the first part of the period and
17 the note to the effect -- the text says:

18 "Site D is clearly preferred to
19 Site F under this criterion.
20 However, in the 1996 to 2008
21 period, the situation is expected
22 to reverse as the initial 10-year
23 debentures are discharged and Site
24 D's operating costs continue to
25 out-pace those of Site F."



1 The latter being a reference to the leachate trucking
2 costs and whether that applies or not, but the former
3 being a reference to the issue of 10-year debentures
4 which would be retired and, of course, F under the high
5 scenario would be more expensive than D, and it would
6 have more debentures.

7 So, it is getting a bit difficult now
8 where it is going one way at the low end and the other
9 way at the high end which I think is further
10 underlining the relative equality of these sites. We
11 have a range, and if you are at one end you are
12 favouring one slightly and at the top you are favouring
13 the other slightly then which would suggest to me,
14 particularly since the differences aren't that great in
15 the first place, that suggests to me that the
16 alternatives are relatively equivalent.

17 Q. Just based on what we are going
18 through, you are seeing some differences, but nothing
19 at this point which would cause you to think there
20 would be anything to cause you to change your thinking
21 that there is no preference between the two. Is that
22 what you are saying?

23 A. Yes.

24 Q. I guess I am struggling in a sense
25 with -- is it a dollar figure differential? What



1 dollar figure differential could cause you to say that
2 F is more expensive by a certain amount for the tipping
3 fees or the overall regional costs at the present
4 value, et cetera; what dollar value would you put --
5 let's taken them in order -- criterion 1, the total
6 overall cost based on present value calculation?

7 Let me -- we had some discussion you
8 will recall about what the present value would be of a
9 liner at F and I asked you to do that calculation and
10 it came out to about \$5 million?

11 A. Yes.

12 Q. Would that be a difference that
13 would be significant to you to indicate that certainly
14 on that criterion you should favour F -- I am sorry,
15 favour D?

16 A. We are talking about a situation
17 where the primary impact of a liner would be relative
18 to criterion 2, criterion 2 because less so criterion
19 3, the debt, because, as we observed, the cost of the
20 liner is spread over time and would in large measure
21 not be debentured.

22 So, it would affect the criterion which
23 I am saying is of the highest importance, namely the
24 present value of the regional costs, and you are saying
25 let us assume that that present value increases by



1 approximately \$5 million and we would move on UP-15 of
2 H-286 and assuming F required a liner and D did not
3 require a liner and the only change was to add \$5
4 million to the range of F of 35.7 to 39.1, that would
5 then make it approximately 40.7 to 44.1 and that would
6 compare to D left unaltered under the scenario you are
7 putting to me, I take it, at 39.5 to 40.1.

8 What that says is that at best F would
9 be marginally more expensive than D, \$600,000 more
10 expensive at best, and at worst it could be, from D's
11 low end to F's high end, it could be \$4.6 million and
12 \$4.6 million representing almost 12 per cent.

13 I mentioned earlier that variations of
14 approximately 5 per cent I think are not of great
15 significance. I think as you move higher, I don't
16 think there is any magic figure where we say once you
17 get past 11 per cent everything changes, but obviously
18 as you move to 12 per cent and you are talking about a
19 possible difference of \$5 million, you are going to
20 regard that differently than a difference of a couple
21 of per cent and it is in that particular criterion.
22 Certainly that would be a matter of concern.

23 Q. I wonder if I could ask Mr. Rinaldo
24 at this point; Mr. Rinaldo, could I ask you as
25 Treasurer for the Region what differential in costs



1 would have to exist before you as Treasurer would feel
2 you would have to report back to your Council for
3 instructions?

4 MR. RINALDO: A. Well, from the point of
5 view of differential in costs, I don't think --
6 regardless of what the final numbers are, I would
7 probably report back to Council on them, and, in fact,
8 once the Board makes a decision as to what requirements
9 are there.

10 Q. I realize that.

11 A. If you are asking me what
12 differential in costs I should start bringing back the
13 analysis to tell them I would be considered, I did a
14 rough analysis on the basis of a liner on Site F, and
15 based on that the numbers were not significant,
16 primarily because the initial up-front costs that would
17 have to be financed would be only \$1.2 million and
18 therefore it was no significant increase in debenture
19 requirements and the cost in my opinion did not seem to
20 be sufficient to me to express a concern on the basis
21 of the net present value of \$5 million.

22 Q. That is based on the understanding
23 that \$1.9 million would be debentured and the remainder
24 would be paid off over the life?

25 A. \$1.2 million would be debentured.



1 Q. All right. If in fact the amount
2 that had to be debentured went up to \$3 million, would
3 that start to get significant to your mind?

4 A. In the regional context, \$3
5 million of debenture requirements is not a lot of
6 dollars. To give you an idea, we have major projects
7 like a \$20 million sewage treatment plant where we
8 finance a lot of dollars in terms of that project, so
9 \$3 million is not significant, but if I could perhaps
10 expand a bit, if you start to talk in the area of \$10
11 million, that is starting to be significant and if you
12 are talking \$5 million, within that range I don't
13 consider it significant, but I would report to Council
14 and advise them of the changes in impacts.

15 Q. I understand. I was under the
16 impression in some of the discussions going on about
17 transfer stations and so on, that certainly caution was
18 being sounded about what effect it might have on your
19 debt capability for the possibility of a \$3 million to
20 \$3.5 million expansion?

21 A. The caution I raised to Council
22 was the fact that we were considering putting two or
23 three transfer stations across the Region for an
24 interim solution and what I said to Council was that if
25 we start getting into two or three transfer stations



1 the costs would be exorbitant. I wasn't concerned
2 about the initial cost relating to the provision of an
3 interim transfer station, for one transfer station, I
4 was concerned about the impact of providing a transfer
5 station on a very short timeframe. You must remember
6 you are dealing with an interim solution over a very
7 short period of time. So you are no longer financing
8 over a 10-year period, but you are financing it over a
9 period of 2 or 3 years and that impact is very
10 significant.

11 You can't compare the interim solution
12 where you are financing something over a two or three
13 year period with something you are financing over a 10-
14 year period. You may recall our debenture, and I
15 should have identified it in my evidence, but we did
16 ask for approval for debenturing over a 15-year period
17 even though our likely scenario will be a 10-year. You
18 are talking about financing something over a two to
19 three year period versus a 10 to 15 year period and
20 obviously on an interim solution I would be concerned
21 about the capital costs because the impacts are very
22 significant financed over a two or three year period.

23 Q. Let's get back to the current
24 situation. May I just ask you is your order of
25 importance of evaluation different from Mr. Watson on



Nethercut & Co. Ltd.

Toronto, Ontario

12878

Watson, Rinaldo
Cr-ex (McQuaid)

1 H-297?

2 A. Basically my order of importance,
3 obviously being the Regional Treasurer, the biggest
4 concern I have is the impact on debt and the impact on
5 the tipping fees.

6 Q. 1b?

7 A. 1b and the impact on tipping fee
8 and tax impacts. That to me would be the two major
9 criteria that I look at when I look at any fiscal
10 budget.

11 Q. 1b and 1c?

12 A. 1b and 1c would be the two major
13 issues I would deal with as the regional Treasurer that
14 I would be concerned about. That is why I participated
15 in ensuring that Mr. Watson and I agreed on the terms
16 of affordability. We didn't want to come before this
17 Board or before Council with different views on
18 affordability and that is why we worked together on
19 that particular aspect.

20 Q. To get back to the question I
21 guess I put to you, I was thinking of it in terms --
22 you must have certain ideas or ranges of where the
23 alarms would go off in your mind that you would want to
24 report back to your Council. You understood my
25 question in that context?



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A. Yes.

Q. You said the \$1.2 million differential is not significant and do I have it correctly it is about \$5 million in terms of debt?

A. If we required or started to go up to \$5 to \$10 million, I would start reporting back to Council on that, regardless of what happens, obviously I will report back to Council.

Q. I think we understand that. Thank you, Mr. Rinaldo, I think that that gives us that point.

Now, Mr. Watson, there are two factors or two main factors that seem to be coming out in a sense and they are highlighted I think on H-297, and that is, first of all, the importance of the present value of the regional costs and debt and the tipping fee which is wrapped up in No. 1 and then the overall present value?

MR. WATSON: A. Yes.

Q. If we think in terms of again asking you to attempt to do this, do you place more importance on one compared to two?

A. Yes.

Q. Significantly more importance on one compared to two?



1 A. I certainly consider them to be of
2 more importance and that is why I put them in that
3 order, one being more important than two, and that is
4 all that that says.

5 Q. Right.

6 A. The degree of importance, and we
7 are back to saying one is 8 units of something and the
8 other 9 units, and I can't say that.

9 Q. That really wasn't done and I
10 think you said earlier that that wasn't done when you
11 finally came to think about it either back at K1 or can
12 you do it right here for us?

13 A. No.

14 Q. You didn't do it on that
15 mathematical basis?

16 A. I don't believe that anyone can
17 meaningfully ascribe a number to one and a number to
18 two that will apply in all situations and have meaning
19 for us. I think it is more meaningful to look at the
20 differences that apply in these situations and the
21 nature of the situations and then to consider it all
22 together.

23 Q. All right. Let me ask you in
24 looking at H-297 and thinking of the four categories,
25 would I be correct in understanding that subject to no



1 drastic impacts or numbers in 3 or 4, that priorities
2 or groups 1 and 2 would determine the answer?

3 A. Well, I think the reality of the
4 situation we have is that we have got, as we have been
5 saying, we have got quite a close situation in 1 and 2
6 and at one end of the range we are favouring one site
7 and at the other end of the range we are favouring the
8 other site and in other situations favouring one site
9 by a small amount. So, these factors 3 and 4, even
10 though I believe they are of less importance, they
11 still ought to be considered.

12 Q. I realize that.

13 A. On 3, for example, there is a
14 clear difference between the sites and I think that
15 that difference certainly has to be considered in the
16 context of any differences here (indicating). It
17 should have some impact.

18 Q. I realize that but there hasn't
19 been any indication at least in the evidence you have
20 given yet in 3 or 4, anything that happened at D or F
21 in 3 or 4 has offset 1 or 2, and isn't that correct at
22 this point?

23 A. You are saying the findings for 1
24 and 2 mirror the overall conclusions, the overall
25 conclusion being there is very little difference?



1 Q. I am saying that in our discussion
2 to this point they assume more importance in your mind?

3 A. They do, yes. They are more
4 important, that is what H-297 says.

5 Q. Now, we have only --

6 A. Excuse me, but how much more
7 importance I guess gets down to what sort of amounts we
8 are talking about and what sort of differences we are
9 talking about and under other circumstances with, say,
10 a larger Region and more distant haul situations, if
11 there were substantial differences down here in the
12 haul of say \$10 million and significant percentages,
13 then obviously that would start to have an impact.

14 Q. That is what I meant by drastic,
15 if you got into something pretty drastic?

16 A. Clearly for No. 4 we don't have
17 anything very drastic and 4c is a consideration but 4c
18 is a matter than can through policy be mitigated.

19 Q. Now, I wanted to ask you while we
20 were also at this point about a comment that appears in
21 your witness statement at page 9. Keep the criterion
22 book open because you may want to refer back to it. I
23 refer you to page 9 at Tab 13 in the second volume of
24 witness statements, Exhibit H-8B. You will see at page
25 9 there is reference to -- I will read the last two



1 sentences in this section just above "Landfill
2 Technical Study, Economic," and the note says:

3 "The results of the economic analysis
4 were used by the consulting team as
5 input to the overall preferred site
6 selection process.

7 In addition, we were involved in
8 devising the general approach used by
9 Walker, Wright, Young Associates Ltd.,
10 to rate the site alternatives."

11 Insofar as the economic analysis is concerned and its
12 rating in the overall selection process which Mr.
13 Walker devised, could you tell us what was your role,
14 what did you have to do in that respect, what was the
15 general approach or what was your role in devising the
16 general approach used by Walker, Wright?

17 A. Well, as a member of the team we
18 had a number of meetings and discussions to compare
19 alternative evaluation approaches and we worked with
20 Mr. Walker on the pairing approach which was used and
21 which enabled us to do what I have been speaking about,
22 and that is to compare one site directly to another
23 based on the specific differences that separated it.

24 Q. You mean other than economic
25 differences?



1 A. Yes, right, but we needed an
2 approach which was going to apply overall.

3 Q. So, as a member of the team you
4 are saying everyone sat down and decided or discussed
5 with Mr. Walker how you might go about that, is that
6 what you are saying?

7 A. I don't know if everyone sat down,
8 but I sat down with him.

9 Q. Who else was at the meetings?

10 A. We are not talking relative to the
11 landfill technical analysis?

12 Q. I am really talking about the
13 comparative analysis.

14 A. The comparative.

15 Q. Isn't that what the pair by pair
16 analysis you are talking about is for?

17 MR. LEDERER: That is not entirely
18 accurate. The pairing analysis really begins at the C
19 level and that is the comparative level.

20 MR. WATSON: The meetings you are
21 referring to took place two or three years ago and I
22 don't remember who was there other than Mr. Walker and
23 Ms. Bidell. I think some of the other were involved,
24 but I can't remember the exact meeting, but we had
25 several.



1 MR. McQUAID: Q. What I am trying to
2 understand is whether you were responsible for devising
3 the set-up that Mr. Walker will be attesting to and
4 giving evidence on, or whether you were just giving
5 economic input to the evaluation factors and so on that
6 he was going to be looking at?

7 MR. WATSON: A. Well, it didn't concern
8 totally simply economic matters, but as a member of the
9 team I was simply inputting to the way in which the
10 overall analysis would be done and it was up to Mr.
11 Walker to do it however he wished, but he did seek the
12 advice of the team throughout and this was one
13 situation where we noted, because we were involved, as
14 I say several times, and we bounced ideas around about
15 it and so on.

16 Q. But your primary responsibility
17 was as an economist to give him the input you had been
18 working on on your economic analysis?

19 A. That was my primary job.

20 Q. As to what weight you put in,
21 whether it was economic second or environment second,
22 or economics third or fourth and so on in terms of
23 weighting, were you involved in that process or was
24 that something Mr. Walker worked on on his own?

25 A. That process to my mind really --



1 I believe we established that earlier on in the process
2 and we stayed with a similar type of weighting system
3 and in fact there were some refinements, but that goes
4 back, I think, three or four years.

5 Q. You said a weighting system?

6 A. That's improper. A ranking of the
7 importance of criteria with health and safety at the
8 top of the list, and economics seemed to wind up at the
9 bottom of the list along with operations and then the
10 others were arrayed between them.

11 Q. My point is did you make the
12 recommendation that economics would be at the bottom of
13 the list along with operations?

14 A. No, I didn't recommend it be at
15 the bottom of the list. I could understand how other
16 factors under normal circumstances would be more
17 important, and I think particularly given the findings
18 that we had that the differences between the sites were
19 not great, I was not too concerned that the criterion
20 was at the bottom.

21 I may have discussed it with the team if
22 we had major differences and if we were talking about
23 differences of \$10 million and \$20 million and that
24 sort of thing, I may have wanted to look at the trade-
25 offs between the trees and the other matters.



1 Q. But in your analysis that did not
2 come up or that discussion did not come up, is that
3 what you are saying?

4 A. That sort of discussion -- I
5 wouldn't say it didn't come up, but the ranking that we
6 had was adequate or acceptable given the situation that
7 we found ourselves in.

8 Q. All right.

9 A. But I guess remember for every
10 discipline everyone feels that what he does is
11 important, but I guess that's up to Mr. Walker to work
12 out.

13 Q. At Stage 2C I think two sites, B
14 and C were eliminated because there was going to be a
15 liner and I think there was an indication that the
16 liner might have cost as much as \$20 million at one or
17 both of those sites?

18 A. Yes. The \$20 million was not
19 present value but adding up the annual costs and I
20 think the present value of it was half of that or less.
21 I don't recall exactly why there were eliminated, but
22 that was a reality, they were way at the bottom of my
23 list and I hope they were eliminated from a cost point
24 of view, but I thought there were other problems.

25 Q. From an economic point of view you



1 had recommended they be eliminated at those figures you
2 have just been indicating?

3 A. At 2C? This is Exhibit H-44, the
4 conclusion being on pages 13-1 and 13-2 and I said
5 towards -- two-thirds of the way down:

6 "Sites B and C occupy the fifth position
7 as they are relatively similar in costs
8 and are more than 40% more costly than
9 the lowest ranked sites."

10 That is all I said. So, my task was to cost them and
11 to rank them, and that is what we did. We didn't
12 recommend anything else.

13 Q. All right. Now you put some
14 evidence in early on which I would like to review with
15 you before we got to the next area I want to discuss,
16 and that --

17 Mr. Chairman, I suppose I should take
18 some direction from you as to what your timing is. I
19 expect to be finished within about a half an hour and
20 if it was of any assistance we could press on to a
21 little later lunch, but I am in your hands on that or
22 we could break now, whatever you would like.

23 MR. LANCASTER: If you are not going to
24 be much more than half an hour.

25 MR. McQUAID: That is my estimate.



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MR. LANCASTER: Let's carry on.

MR. McQUAID: It may give Mr. Watson and I a recharge of adrenalin here to keep going.

MR. LANCASTER: Don't charge it up too much.

MR. McQUAID: I meant to charge it up quickly.

Q. Mr. Watson, looking at H-276 for a moment on page 1-5 which is about the fifth or sixth page in. This says "Costs Comparison for Systems Options."

MR. WATSON: A. Yes.

Q. I recognize this is dated as of May, 1983 and this was your position early on when you were looking at what system might be recommended?

A. Yes.

Q. Among the five that we see there. We see that landfill was the bench-mark at 100 and if you were going to resource recovery the cost of that would be 32 per cent higher than landfill, if I understand the chart correctly; is that right?

A. Yes.

Q. Going to EFW, it would be 51 per cent higher?

A. Yes.



1 Q. And exporting in that particular
2 case to Hooker Chemical would be 60 per cent higher of
3 the various options?

4 A. Yes, and working with the mid-
5 points of these very broad ranges we had at that point.

6 Q. Can we assume that the relative
7 percentage figures are roughly the same and it is still
8 somewhere around 32 per cent higher for resource
9 recovery and still about 50 per cent higher per tonne
10 for EFW?

11 A. I don't think I would make that
12 assumption. This work was done 4-1/2 years ago and it
13 dealt with specific solutions and the circumstances of
14 all of those activities have changed. We have a lot
15 more detailed numbers now and so on and I would think
16 that the very broad ranges would apply, but I have no
17 idea of where we would be within those ranges.

18 Q. In broad figures are we looking at
19 the same -- well, do you know, for instance, on export,
20 Mr. Rinaldo and are you aware of the figure they are
21 talking about in export across to the States for this
22 interim period until there is a landfill? Mr.
23 Rinaldo? Do you know the figure before I ask
24 Mr. Rinaldo?

25 A. I thought we were somewhere in the



1 \$50 per tonne range, but I don't know the figure.

2 Q. I think the figure is about \$55 or
3 \$54?

4 MR. RINALDO: A. The exporting option,
5 100 per cent export for next year is in the vicinity of
6 \$50 to 55 bucks a tonne -- 55 bucks a tonne more.

7 Q. That is compared to a current
8 figure of what, \$34?

9 A. I am only speaking about export at
10 this point in time. Unfortunately for the past two or
11 three years our costs are actually a combination of
12 export and landfill. Basically -- probably the best
13 comparison is looking at these two sites we are
14 considering right now and the cost of providing of
15 those sites are in the vicinity of 25 bucks a tonne
16 which will give you an idea of what the differential
17 is.

18 Q. If we look at this chart, and have
19 you a chart you can look it, which is page 1-5 and I
20 wanted to get a current update picture for the Board of
21 where we might be if we look at these cost comparisons
22 of systems right now, and export sounds to me as if it
23 is as much as 200 per cent as opposed to the 160?

24 A. That is correct. Based on our
25 most recent numbers, that would appear to be correct.



1 Q. EFW. Is there any current figure
2 or are we about the same range as you understand it?

3 A. I have not completed an EFW
4 analysis recently, but, as you know, we did one back in
5 1984 when we did the analysis. At that point in time
6 an EFW plant was economical and in the long-run would
7 have been beneficial, but I don't recall the exact
8 comparison between the two alternatives so I couldn't
9 tell you for sure.

10 Q. Certainly we see there is a jump
11 in 1996 based on your comparisons in H-280 and it went
12 from \$35 to \$45 and I thought you indicated that that
13 was because EFW had come into play?

14 A. The 1996 figures would be when EFW
15 came in so if you did a strict comparison of 1996, it
16 would appear that that would be approximately the
17 differential. However, you should be aware that that
18 is just a one-year analysis and you must keep that in
19 context.

20 Q. I don't know what these are on
21 this page and they go -- I don't know whether they are
22 for 10 years or 15 years, but I was trying to get a
23 relative idea. Can we assume though that it certainly
24 is in the range of perhaps 40 to 50 per cent more
25 expensive for an EFW, in the initial periods in any



1 event?

2 A. In the initial periods it would be
3 more expensive, but keep in mind that when the debt
4 charges get repaid and as you get your steam revenues
5 in place or any revenues from there, those numbers will
6 narrow over time.

7 Q. What is an initial period, 10
8 years or 15 years, your debenturing period?

9 A. Usually our debenture assumptions
10 are ten years.

11 Q. In any event, I guess what I want
12 to understand is, that certainly for the initial ten
13 years, and I don't know whether Treasurer's use this
14 word, but there is a disincentive to go to EFW in a
15 sense?

16 A. I think I should clarify for you
17 and the Board that we in our analysis assumed a 10-year
18 financing for the EFW, but you must remember that that
19 was a very preliminary analysis and it was not a
20 detailed financial analysis. Obviously, as we
21 undertake such a project, if that is the way the Region
22 decides to divert its 50 per cent commitment, we would
23 look at different alternatives in financing and would
24 look at possibly a longer period or possibly a
25 different method of financing. You must keep in mind



1 the analysis we did was a very preliminary analysis and
2 you can't assume that we will automatically issue
3 debentures over a 10-year period for that particular
4 type of project. This type of project is a very unique
5 project and obviously we would look at alternative
6 methods of financing.

7 I can give you an example. We would
8 attempt to finance the equipment component and from my
9 point of view there is a lot of tax deductabilities but
10 because the municipalities are tax-exempt we cannot
11 take advantage of that. What we would attempt to do is
12 utilize a secondary partner like a leasing arrangement
13 where we could take advantage of the tax implications
14 of leasing equipment to a second company. There are
15 different ways we could go about financing to take full
16 advantage of all the legal loopholes that are available
17 to us. Municipalities attempt to be just as efficient
18 as anybody else.

19 Q. I realize that, but we don't have
20 an analysis here other than the ten years?

21 A. That is correct, but you must
22 remember that that analysis was assuming about a 10-
23 year financing.

24 Q. Am I right, getting back to my
25 question, that there is based on that ten year period a



1 disincentive to go to EFW?

2 A. I guess it is in the context of
3 the projections we have provided to you, but if you
4 look at it in the context of the interim solutions we
5 are looking at today, it will not be any more.

6 Q. You are arguing the case very
7 well, but you have not brought a proposal forward to
8 say forget the landfill and let's go with EFW, it is a
9 much better scheme and we should switch horses right
10 now and why wait until 1996. You haven't done that, or
11 the Region hasn't done that?

12 A. We haven't done that but, however,
13 there are a number of Council members who would like us
14 to do that.

15 Q. You haven't even got the
16 mathematics yet?

17 A. We haven't to be honest. Those
18 are an indication of the changes.

19 Q. And resource recovery. Is there
20 any indication to think that it is much different than
21 30 per cent more expensive than the landfill?

22 A. Just so I understand the
23 terminology and perhaps to clarify this with
24 Mr. Watson, are you referring to a source separation
25 program?



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Q. I don't know.

A. I don't recall what that analysis shows.

DR. KINGHAM: The Board had the same question with regard to that entry; what do you mean by resource recovery?

MR. WATSON: Going back five years now, we were talking about a SWARU type of recovery plan.

MR. LEDERER: I am not sure if this will help, because there are so many studies over such a long period, but if you refer to the Stage 1 study, the Waste Quantities Study, and I think I have that right, part 6, you will recall that Mr. Watson reviewed very quickly with the Board the different alternatives that were looked at and the one which appears on page 123 is Resource Recovery. Phase 2, Stage 1, H-9, page 123 and perhaps I could give that to Mr. Watson.

MR. WATSON: I have that. We said the resource recovery plant would involve the recovery of materials such as mixed paper, corrugated cardboard, plastic, glass, probably cogeneration of steam and/or electricity and the only recent proposal was Reed Paper in Peel Region.

MR. RINALDO: In answer to your question in those terms we have not done an analysis in recent



1 years on that and there was one proposal I recall
2 someone submitting to regional Council which we did a
3 brief analysis on which was very similar in nature but
4 I don't honestly recall what the differentials were.

5 MR. McQUAID: Q. Now, Mr. Watson, when
6 you were here in the spring and we talked about the
7 other aspect of your evidence, I put a series of
8 questions to you about whether or not you should take
9 into account the possible expandability or ability to
10 increase the capacity of the site, and I asked you, as
11 a generalization, wouldn't you prefer to err on the
12 side that you had more capacity rather than less and I
13 think you had indicated, in fact I have got it here in
14 front of me, but just to summarize it without going
15 into a great amount of detail, you felt it was
16 preferable, as I understood it, in view of the Council
17 commitment to go towards EFW and source separation and
18 so on, not to over-provide was your term, not to allow
19 or plan for additional capacity?

20 MR. WATSON: A. I made that point
21 and I think my recollection is that I indicated that I
22 thought it was preferable to adopt a suitable planning
23 period which we felt to be 20 years and to attempt to
24 provide, give or take a little bit, for that amount.

25 Q. But you would not go what I would



1 have thought was the normal rule in planning and
2 provide for more rather than less. Do you understand my
3 question?

4 A. I do.

5 MR. LEDERER: Just a second. I am not
6 objecting to the question, but the difficulty is there
7 was, as Mr. McQuaid has fairly said, specifically a
8 question put to Mr. Watson in the spring and there is
9 an answer and I don't want to be in a position where he
10 doesn't recollect the answer, but I recollect it
11 specifically.

12 MR. McQUAID: And he confirmed that
13 that was a fair summary.

14 MR. LEDERER: My recollection is, if
15 Mr. McQuaid will permit me, but Mr. McQuaid suggested
16 just as he has this morning that typically you would
17 expect an economist looking at financial matters to be
18 conservative and over-provide, as Mr. McQuaid has said,
19 and Mr. Watson's answer was in this situation we were
20 looking for a balance between the normal requirements
21 and the fact you want to make sure there is still
22 sufficient impetus for Council to proceed with its
23 diversion projects, and you were looking for that kind
24 of balance. So, this is not a typical situation and
25 you would not over-provide in a typical way.



1 MR. McQUAID: I don't know why Mr.
2 Lederer has to answer the question for the witness
3 really.

4 MR. LEDERER: Only because I don't want
5 the witness to be put in the position -- I think he
6 should have fairly stated before him everything he
7 said.

8 MR. McQUAID: If the witness can't
9 recall we can go back into the transcript, but I can't
10 really see why Mr. Lederer gets up and answers for the
11 witness really.

12 Q. Mr. Watson, would you agree that
13 the current situation that is in front of the Region
14 where they are in a position that the landfill site is
15 running out of capacity is a situation that should be
16 avoided in the future?

17 MR. WATSON: A. Certainly the situation
18 the Region finds itself in is not a desirable one.
19 Obviously any facility that is put in will ultimately
20 run out of capacity and they will reach the point they
21 are at where they have 5 per cent left, or whatever the
22 percentage might be, and I think the objective ought to
23 be to ensure that the next round of facilities or
24 facility is in place and I think -- well, that is the
25 primary difficulty or primary reason for the



1 difficulty, that these proceedings perhaps should have
2 been held several years ago from the Region's point of
3 view.

4 Q. Have you changed your views on
5 this in any respect, your evidence since the spring?

6 A. "This" meaning...

7 Q. On whether you should allow to err
8 on the side of having more capacity rather than less?

9 A. I feel what I said was correct in
10 this particular situation and I kept coming back to the
11 idea that if you want to encourage transit, for
12 example, you don't built expressways everywhere and we
13 have a similar sort of situation here.

14 Q. Have you ever as an economist in
15 the planning function made a positive recommendation
16 for a municipal service that would shorten the period
17 you are going to provide for or plan for?

18 A. Shorten it from ...?

19 Q. Restrict capacity, as it were, in
20 terms of planning so you would achieve another
21 objective such as EFW or source separation or any
22 other?

23 A. It is certainly not the normal
24 situation where you are planning for growth, but you
25 are setting limits in terms of park sizes and arena



1 sizes and so on and you decide what it is a reasonable
2 size for a neighbourhood centre or a community centre
3 or whatever it is, and you build to that and you make
4 that work. You don't say that we may have -- well, I
5 think I can leave it at that. It is normal.

6 Q. That aspect of assigning a size to
7 a community centre or something, is that the analogy
8 here, that we should just plan for 20 years and not
9 look beyond that period?

10 A. No, we have here the complication,
11 if I may call it that, of the whole desire to move away
12 from landfill, to reduce waste and to dispose of it
13 through other means, and that certainly separates this
14 particular type of project from, shall we say, a
15 community centre where I don't believe there is any
16 such complication involved there where you are trying
17 to reduce dependency on something.

18 Q. We have a situation here, just to
19 go back very briefly to H-15, where there is really a
20 need, an absolute need for EFW or other in order to
21 take care of the numbers of tons of waste that will be
22 generated over your planning period. Isn't that the
23 case?

24 A. Yes. I think in the spring we
25 calculated I think it was 3.8 years of our planning



1 period, I believe that that was the number, and that
2 was the amount that the EFW/other facility would handle
3 or accommodate. Yes, that waste has to be handled.

4 Q. We looked a few days ago at H-15,
5 the review of the waste quantity projections, and we
6 looked at Tables 6, 7, 8 and 9 and at the bottom they
7 are pages 25 to 28, in order to determine how you got
8 or the Region got to its 4.2 million tonnes, and if we
9 look back at page 25 we see that in fact the population
10 forecasts and waste forecasts you were projecting was
11 going to produce something like 4.68 million tonnes
12 over the planning period; correct? If you had EFW in
13 1996 and the other you could get down to 4.2 million
14 tonnes?

15 A. Yes.

16 Q. Right?

17 A. Yes.

18 Q. To get back to the analogy, you
19 would agree that you have not had experience in any
20 specific municipal project you have ever had where you
21 have done this before, have you?

22 A. I think that this is a situation
23 characteristic of waste disposal and the waste disposal
24 projects I have worked with all one way or another have
25 to wrestle with and deal with what you have been



1 talking to me about and, as we observed, it is not
2 something that in the recreation field where I can
3 think of a good parallel. I have given the parallel in
4 the transportation field relative to transit, and if we
5 go through other areas like police and fire and so on,
6 offhand I can't think of any parallels but, you know,
7 each area is a little different and that is something
8 that this area has to come to grips with.

9 Q. The answer to my question is you
10 haven't done that in the past and this is a different
11 recommendation you are making relative to waste in this
12 particular case; correct?

13 A. No. I indicated to you in the
14 work I have done in the past in the area of waste
15 disposal we have had to wrestle with exactly this
16 point, and then I went on to talk about the same sort
17 of thing in the transportation area where I haven't
18 done a lot of work, but I have done a little bit, and
19 you get the same sort of climate that governs your
20 investment thinking, investment in facilities.

21 Q. Can we just try and discuss this
22 then from the perspective of an economist. First of
23 all, if I look at the difference between the export
24 analysis which the Region is going to have to go into
25 in this interim period until there is a landfill and so



1 on, and we take the figure of \$55 per tonne as being
2 the cost of taking care of waste in that interim
3 period, and we compare that to what would have happened
4 if they had enough landfill currently, which we will
5 say is \$25 based on what Mr. Rinaldo has said to us,
6 that differential as an economist would indicate to you
7 that there is a cost associated with running out of
8 capacity currently; correct?

9 A. There is a cost, yes.

10 Q. Would you expect that even with
11 your self-imposed limit on EFW that there may well be a
12 cost associated with running out of capacity if you
13 don't plan for the next 20-year period and you have a
14 problem at the end of that?

15 A. Yes, they must plan. If they plan,
16 there is no reason at all to incur a cost.

17 Q. But there may a cost if they ran
18 out?

19 A. If they don't plan then there
20 could be a cost, but if they employ reasonable planning
21 techniques and there aren't any setbacks in the
22 approval process, as there clearly were in this
23 situation in terms of major setbacks, then there would
24 be no problem.

25 Q. I guess what I am trying to



1 establish is the figure -- do you know how many
2 thousand tonnes of waste are produced in the Region per
3 year, approximately?

4 A. 220.

5 Q. 220,000? Right now the
6 municipality will be paying the differential between
7 220 and the roughly \$30 a tonne, between \$25 and \$55 as
8 a result of running out of capacity; correct?

9 A. More or less. It is not quite
10 that simple in that as I have already observed, they
11 are trans-shipping non-putrescible inert wastes to
12 Steetley and they are source-separating and they are
13 doing various things, but there is some tonnage they
14 are exporting.

15 Q. A very minor portion isn't it of
16 what they can do, and there is a limit to what Steetley
17 will take?

18 A. About 10 per cent. I think it was
19 around 10 per cent.

20 Q. What I wanted to establish is
21 wouldn't you agree that the municipality ought to avoid
22 some 20 years hence the risk and the cost of falling
23 short in terms of landfill capacity?

24 A. Absolutely, we must avoid that,
25 yes, and that is a matter -- it is a matter of



1 monitoring and then at an appropriate lead time point,
2 whether that is ten years in the future or whatever
3 number of years, initiating then the more detailed
4 planning that must be involved. Maybe it is work that
5 should be done now, but obviously there is a point in
6 the future well before the end of the lifetime of the
7 site where they want to make sure they have the next
8 site or next facility or facilities sitting waiting
9 when they need them.

10 Q. As an economist, would you agree
11 with me that if we put those two maps up, H-277 and
12 H-278 side by side, bearing in mind, and I want you to
13 bear in mind that the more recent evidence is that the
14 Region will not be acquiring the foot or the base of
15 the L we discussed, that roughly 70 acres on Site F,
16 and bearing in mind they will be acquiring an extra 120
17 acres on Site D, would you not agree with me from an
18 economist's points of view that certainly the Region
19 has more options with respect to expandability for the
20 future with Site D than they do with Site F?

21 MR. LEDERER: I am not sure if that's a
22 fair question. Now, I have an objection to make to the
23 question and let me make it. That is a question of
24 what amount of waste one of these sites could take and
25 that requires an engineer to look at and an engineer to



1 design. It may or may not be possible, I don't know,
2 and I'm not sure if Mr. Watson as an economist can
3 answer those type of technically-related questions.

4 MR. LANCASTER: Could you answer that?

5 MR. WATSON: I was going to say more or
6 less that. Clearly there is more land here and I have
7 no idea whether it is all equally usable for landfill
8 but, on the other hand, the fact that the Region
9 apparently will not take this area now, I don't know
10 whether it could take it in the future and use it for
11 landfill, I don't know -- or this land -- I just don't
12 know what the situation is as far as the capacity, but
13 superficially there is a lot more land here than here,
14 but that's as far as I can go and that's not very far.

15 MR. McQUAID: Q. Let me be more
16 specific. As an economist we have had a lot of
17 discussion over these three days and this morning that
18 I have cross-examined you about the cost differences
19 and over the course of that evidence I have asked you
20 about certain things, some of which were suppositional
21 and some of which I put to you as to whether you should
22 take them into account.

23 Now, just to go back to those things,
24 but if you are thinking in terms of the differences
25 between D and F, and set aside expandability for a



1 moment which is something you have not even looked at
2 from what you have just told us, your evidence is that
3 the 120 acres we see on H-277 is going to be kept for
4 future use as potential expansion area to Site D?

5 MR. WATSON: A. No, that's not ...

6 Q. No one has every put that
7 proposition to you before, I gather?

8 A. No.

9 Q. Then, on the other hand, when you
10 are looking at your green book to get differences
11 between the two, that land is going to be surplus as
12 far as you know to the necessity for filling on Site D
13 and we established the other day that subject to
14 injurious affection, percentages and so on, that that
15 land has some significant value; correct?

16 A. I understand it to be surplus to
17 the need for filling. My evidence was that it has a
18 very, very limited value in rental for agricultural
19 land and that the rental value is nominal.

20 Q. That's the case with all
21 agricultural land unfortunately these days?

22 A. That is what we have here.

23 Q. But we did establish that as a
24 building site, taking into account the fact -- we have
25 your evidence and I don't want to go through it -- but



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Watson, Rinaldo
Cr-ex (McQuaid)

1 it has some capital value, that 120 acres.

2 A. It has some capital value.

3 Q. And it increases back to full
4 potential based on your evidence at the end of the 20-
5 year period; correct? That was your evidence.

6 A. When the -- my evidence is and the
7 report says that when the landfill ceases operation and
8 the after-use is in-placed, I would expect that
9 abutting landfills would approach their unimpacted
10 value, yes. Is that what you said?

11 Q. That is what I said and that was
12 your evidence. I guess what I am saying is that having
13 had that discussion with me and having discussed this
14 morning the various criteria and thinking back to your
15 evaluation criteria on the flow sheet below there and
16 so on, is it your evidence as an economist that we
17 should disregard that 120 acres and put no value on it
18 and it has no bearing whatsoever on the criteria we see
19 here between D and F?

20 A. Well, I guess we could have done
21 this in a couple of different ways, in terms of a
22 partial taking, paying injurious affection and so on.
23 Obviously it impacts on the off-site property value
24 situation, but given what we are doing or what I
25 understand the situation is, to buy it, then I am



1 saying that the rental value of that land capitalized
2 is small and one could certainly put a figure on it,
3 but my recollection is we had a pretty small figure
4 when we capitalized it, and it is not large enough...

5 Q. To bear on these criteria?

6 A. To bear significantly on the
7 criterion.

8 Q. You wouldn't put any capital value
9 on it either apart from rental value?

10 A. We capitalized the rental value.

11 Q. I know, but now I am saying I want
12 the capital value and forget the rental value as
13 agriculture?

14 A. That's getting back into the
15 capital value and that's getting back into injurious
16 affection.

17 Q. You have never thought about that
18 one before?

19 A. I thought about it the other day
20 with you and I have thought about it in the past, but I
21 prefer to look at it as a rental situation. I think --

22 I guess it gets into a matter of regional policy in
23 terms of agricultural land and how they wish to handle
24 that, but the assembly of that parcel as an
25 agricultural piece of land and the rental of it, yes,



1 capitalized that is nominal.

2 Q. And correspondingly, if you, or if
3 your estimates on the acquisition costs of Site F is
4 dictated by the absolute capacity of the site as
5 opposed to the Region's desires or indications as to
6 what they want to put on the site, and I want to give
7 you as an assumption, let's assume the site had a
8 capacity of 3.5 million tonnes as opposed to the 3.2
9 million tonnes?

10 A. Yes?

11 Q. Wouldn't that suggest that Site F
12 could be 3.5 over 3.2 times as expensive as what you
13 estimated?

14 A. In per cent?

15 Q. Approximately.

16 A. That is conceivable. As we
17 discussed, the capacity certainly has a relationship to
18 value and I made the point it is not the only factor,
19 but it certainly has a relationship.

20 Q. If that were the case would that
21 not indicate that maybe Site F would be more expensive
22 than Site D?

23 A. Well, you know, you are pushing at
24 the high end and I think the high end I have got there
25 is appropriate and we could equally well look at the



1 low end or look in the middle of the range we are
2 talking about. You have a very broad range there and I
3 think it is a fair range.

4 Q. You wouldn't change your evidence
5 at all based on anything we have talked about in the
6 cross-examination, other than your footnotes?

7 A. "Other than my footnotes?"

8 Q. Yes.

9 A. Could I change them?

10 Q. No, no, those are the only things
11 you would take into account as an economist and with no
12 adjustments to any of these criteria -- no adjustments
13 to any of these criteria based on these other factors
14 we have gone into, particularly the 120 acres?

15 A. No. I have agreed -- the footnote
16 to UP-1 or H-286, that is why the footnote is there,
17 the excess acreage has implications for off-site
18 buffering and possible rental or residual resale income
19 and so it is a factor and we have explored the general
20 magnitude of it, the capitalized rental value and that
21 should be considered, yes, but other than what you have
22 said, no, I have nothing further.

23 Q. One last question. Thank you,
24 Mr. Watson. Those are my questions to you, but one
25 last question to Mr. Rinaldo. I put a question early



1 on to Mr. Watson about whether or not he had ever had
2 any discussions with any representatives of NSP as to
3 what they had ascribed or assigned as the value of Site
4 F, and I would just like to ask you if you have had any
5 discussions with NSP or are you aware of any
6 discussions with other regional authorities respecting
7 the value that NSP puts on the land?

8 MR. RINALDO: A. I believe there was a
9 preliminary discussion with NSP. However, it was
10 decided or NSP decided not to disclose any information
11 to us with regard to that.

12 Q. You say preliminary?

13 A. There were some discussions in
14 terms of some preliminary discussions in terms of the
15 land.

16 Q. Preliminary in terms of
17 preliminary?

18 A. There were preliminary discussions
19 --

20 MR. LEITCH: I have some concerns about
21 this discussion and I wonder if my friend could
22 establish whether or not this witness is speaking of a
23 discussion he was a party to, or if he is one removed
24 from that, because if it is hearsay I do have an
25 objection.



1 MR. RINALDO: I was in one meeting where
2 there was some discussion in terms of land.

3 MR. McQUAID: Q. Could you tell us with
4 whom it was with and what was the gist of the
5 discussion?

6 MR. RINALDO: A. It was with
7 representatives of NSP and I can't recall exactly who
8 was there. However, nothing came out of that meeting
9 and as a result of that we never did get any
10 information.

11 Q. There was no discussion with
12 respect to figures?

13 A. No, there was no discussions with
14 respect to numbers.

15 Q. How about methodology?

16 A. No, I have never discussed with
17 any representatives of NSP methodology.

18 Q. How about capacities?

19 A. I have never discussed any issues
20 with regards to capacity with NSP with the exception
21 that I know the initial application made by NSP was 1.6
22 million.

23 MR. McQUAID: Thank you, those are my
24 questions.

25 MR. LANCASTER: Thank you, Mr. McQuaid.



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We will adjourn until I think perhaps 2:30. Ms. Vigod, you indicated the other day you have no questions?

MS. VIGOD: I may have ten minutes worth, but I will be very short.

MR. McQUAID: Can I say that I am finished but you will recall Dr. Kingham asked for certain plots to be done, plots of certain figures, and as well sometimes there are questions that might come out of that or may come out of some of the questions the Board has, but I am saying that if that was going to be filed right after lunch, I think perhaps it would be a good idea to get it out to see if there were any. Subject to that and any questions arising from the Board's questions, I am finished.

MR. LEDERER: I gather that Mr. Watson has the plot ready so perhaps we should introduce that immediately after lunch and if Mr. McQuaid has questions he can take them up at that time.

MR. LANCASTER: You could introduce them now and they could be looked at.

MR. WATSON: We just want to look at them.

MR. LEDERER: I will attempt to get them to Mr. McQuaid before we resume.



1 MR. LANCASTER: So you can use the extra
2 time. 2:30.

3 ---Luncheon Adjournment at 1:03 p.m.

4 ---Upon resuming at 2:30 p.m.

5 MR. LANCASTER: Please be seated. Now,
6 do we have those filings?

7 MR. LEDERER: There are actually two
8 sets of material I would like to distribute to the
9 Board at this time. The first set are filings which
10 relate to the question put originally to the witnesses
11 by Dr. Kingham, a series of charts, and I understand
12 this was work done by the Region and you may want
13 Mr. Rinaldo to explain what that represents.

14 The second are a group of three
15 documents, and this relates to the question which
16 Mr. McQuaid put to Mr. Rinaldo as his last question,
17 knowledge of the Region with respect to any changes in
18 this matter, in the capacity with respect to the
19 application that has been made by NSP. These letters
20 will demonstrate that at a particular point in time,
21 NSP's application was restricted in part, it would seem
22 from the letters, by their view and the view of their
23 consultants as to certain rare species on the site.

24 Subsequent to the original application
25 it seems the rare species catalogue of Angus & White



1 was revised to delete that rare species, certainly the
2 fauna in issue, and as a result of that there was an
3 intention to expand the application which is in the
4 three documents and I think it is clear that
5 Mr. Rinaldo was not aware of that but I wouldn't want
6 you to think that the Region was not aware.

7 MR. LANCASTER: Which is the first set?

8 MR. LEDERER: The first set is the
9 graphs.

10 MR. LANCASTER: We will mark that H-298.
11 That is really a series of graphs and H-299, two
12 letters from the Proctor & Redfern Group to the
13 Ministry and the Municipality.

14 ---EXHIBIT NO. H-298: Series of Graphs

15 ---EXHIBIT NO. H-299: Two letters from Proctor &
16 Redfern to MOE and to Region of Halton

17 MR. RINALDO: If you wish, I would be
18 more than happy to walk through the graphs we presented
19 to you. The information was in fact taken from
20 Mr. Watson's most recent date and graphed -- or I
21 highlighted a number of issues, or some of the issues
22 you requested and in addition a few others that I
23 should probably explain.

24 MR. LANCASTER: Yes, please.

25 MR. RINALDO: The very first graph which



1 is page one of your package is in fact the regional
2 operating costs based on the most recent data included
3 in H-279. Now, this assumes -- it is not using a start-
4 up but takes 1989 as the first full year of operation,
5 and that is basically what it does. As you can see
6 from the graph, what happens is that Site D on the
7 short-term basis, in the early 1990's to the mid-
8 1990's, is lower in terms of the regional operating
9 costs and then gradually it is more expensive over the
10 period of time, primarily because of the trucking of
11 leachate, and likewise Site F will follow a line which
12 is more expensive or conversely Site F follows a line
13 which is more expensive in the short-run, but in
14 absolute dollars is cheaper in the long-run.

15 I have just highlighted a few points
16 here and there and have taken 2001 as a comparison and
17 taken 2004 as another comparison and likewise 2007.
18 The reason 2008 is lower than before is because that is
19 not a full year of operation, so I wanted to qualify
20 that year; 2008 is not a full year of operation.

21 DR. KINGHAM: What is the reason for the
22 difference?

23 MR. RINALDO: Primarily the leachate
24 treatment is the additional operating costs in the
25 latter part of the period. When you bring it back to



1 net present value, what net present value formulae tend
2 to do is discount the back part of any analysis because
3 there is a differential between the interest rate and
4 the inflation rate and therefore it tends to discount
5 that aspect of it, but from the point of view of what
6 our projected costs will be based on Mr. Watson's
7 analysis, that is what happens.

8 DR. KINGHAM: As you might have
9 anticipated, I was curious about the magnitude of the
10 dip in 1996 to 1997 and I know why it is there, but I
11 am surprised at the small size of it for either site.

12 MR. RINALDO: The actual fact is that
13 that is when our diversion is scheduled to start and in
14 fact it diverts at that point in time downward, but I
15 should point out it does not include the costs
16 associated with the other component of the system which
17 would be the diversion factor, should it be at the EFW
18 plant or another facility and so and this is strictly
19 landfill component.

20 DR. KINGHAM: The Board's curiosity
21 about that fact that the scale you have shown is \$2
22 million to \$8 million shows a decrease of something of
23 the order of maybe a half a million dollars or less
24 than that in fact in the case of Site D, at a time when
25 we are to understand that energy from waste would be



1 taking some 50 per cent of the waste stream. We didn't
2 quite understand that when we looked at the figures and
3 we thought a graph might help us understand it.

4 MR. RINALDO: You have to remember that
5 even when you have an energy from waste facility you
6 are not truly diverting 50 per cent of your waste,
7 because in effect another 27 comes back and gets
8 landfilled, the ash from the EFW facility comes back
9 into the system, so 27 per cent of what we divert in
10 fact comes back and that is why some of the numbers
11 come back. It is not as significant as you would
12 initially think in terms of 50 per cent, and in 1996 is
13 a part year but 1997 is a full year and you must
14 remember that too.

15 The important thing is you are not
16 diverting all the 50 per cent and our planning does not
17 assume that, as we have to provide for ash and downtime
18 and emergencies, so provisions were made in the
19 analysis for that.

20 DR. KINGHAM: The Board did understand
21 that fact and perhaps you are telling us you were wrong
22 to be looking for 75 per cent costs or something of
23 that order since it would be handling 75 per cent of
24 the waste. You just told us 50 per cent diverted to
25 energy from waste and 27 per cent coming back as ash



1 which adds up to 77 per cent, but there is not a direct
2 correlation to operating costs or capital costs for
3 that matter because you will be debenturing.

4 MR. RINALDO: What happens is, because
5 you don't have a full 50 per cent, in fact the costs
6 don't come down as quickly as one might think would
7 happen in the absolute sense.

8 The second chart in your package to you,
9 Mr. Chairman, provides you with simply the initial
10 capital costs which in Mr. Watson's analysis is the
11 years '87 and '88 which is the components we will be
12 issuing debentures for. In your package, primarily on
13 the high cost, the differential is \$1.4 million and
14 when I submitted initially our debenture requirements,
15 we said it was \$3.3 million, but that was prior to his
16 update. Our debenture authority we will be asking for
17 is \$12.775 million and it is so marginally different
18 that we did not feel there was any warrant for any
19 change in our debenture application at this point in
20 time.

21 Therefore, it is still estimated at
22 \$12.6 and if in fact there is a slight timing delay
23 that will be eaten up anyway, so we will require the
24 full \$12.775 million, but the real difference on the
25 high end is about \$1.4 million, as Mr. Watson alluded



1 to earlier, and on the low end somewhere near -- I
2 haven't calculated this -- but \$1.7 million. This is
3 the component of the capital cost which we will be
4 issuing debentures for which is the initial capital
5 cost.

6 The next is the stream of capital
7 expenditures which will be incurred over the life of
8 the site. As you can see, they basically jump and they
9 are very similar in nature and every two years there is
10 capital costs that are incurred beyond that. In fact
11 what would happen is from the Region's point of view
12 when we get those we will sort of streamline that to
13 ensure we have an even distribution from the point of
14 view of financing them from the tipping fees and all
15 these expenditures will be financed directly from the
16 tipping fee as opposed to issuing debentures for them
17 and obviously we will level those off in an attempt to
18 streamline it and minimize the fluctuations from one
19 year to the next.

20 DR. KINGHAM: We are curious as to why
21 on even numbered years the capital costs are sometimes
22 almost double the capital cost of odd numbered years.

23 MR. RINALDO: I believe part of that is
24 the different cells and I understand, and perhaps Mr.
25 Watson could help or assist in that area, but I believe



1 you do -- you don't do them every year and so there are
2 some additional capital costs on that and is there
3 anything else? With the leachate system, the way the
4 system works, it is not on an even basis. Unlike
5 operating costs, they are not trendy and they are more
6 one-time requirements and in a landfill operation it
7 seems every two years you require initial costs.

8 DR. KINGHAM: That is what led to our
9 curiosity, because Site F has two cells with a major
10 change at the midpoint in going from one cell to a
11 second cell, and that sounds like a 10-year cycle for a
12 20-year lifespan of the site, but Site D has five cells
13 over 20 years which is something like a 4-year cycle,
14 and both sites show up as having about a 2-year cycle
15 and we didn't understand it.

16 MR. RINALDO: The earthworks which
17 transpire in the site are very similar and based on the
18 estimates provided to us by engineering. I haven't
19 explored that in more detail, but that is based on
20 regional consultants and that is exactly what their
21 requirements are on a very cyclical basis, which is two
22 years.

23 MR. WATSON: I don't have detailed
24 information, but I understand that that is the way in
25 which the leachate collection system will be installed,



1 on a periodic basis, and whether it is odd years or
2 even years, but it is periodic throughout the period.

3 MR. RINALDO: The trends are very
4 similar between the two sites as the Board may notice,
5 Mr. Chairman.

6 What I simply did on the next two or
7 three charts is I tried to layer for you what in fact
8 would happen when you layer all the costs for each
9 site. In this case the next page is Site D and we have
10 added the operating costs which are more or less on a
11 streamlined basis and the next is the expenditures
12 incurred as the repayment of our long-term debt for the
13 first two years of requirements, and those are fairly
14 constant, and as you can see the capital requirements
15 are required on a year-to-year basis and they fluctuate
16 from year to year and as I indicated we would more or
17 less streamline that requirement and that is the flow
18 for Site D.

19 Now, you will see a very similar flow
20 for the purposes of Site F, again with the operating
21 costs more or less following a very similar trend and
22 debt repayments are slightly higher because your
23 initial capital costs for Site F is higher and your
24 capital requirements again are fluctuating.

25 The last chart, the very last chart in



1 the package is if you combine the total operating,
2 total regional operating and capital costs; this is
3 what happens in terms of actual trends. If you include
4 the debt repayment and the capital requirements over
5 the life of the site, this in effect is what happens
6 when you combine them. What you see is that Site F is
7 again more expensive in the earlier years and in fact
8 it then reaches about 1996 where it crosses over and in
9 fact Site D then becomes more expensive.

10 DR. KINGHAM: While you are on that can
11 you explain to us the crossover at 1992?

12 MR. RINALDO: 1992 has a higher initial
13 capital cost than normal that particular year. As I
14 indicated earlier, that is predominantly -- I believe
15 it is the real estate contingency built into 1992 and
16 what in fact is a capital component of that is much
17 higher than normal in 1992 for Site D.

18 As I indicated, we will probably smooth
19 that out and we wouldn't do it from the point of view
20 of how we establish our tipping fees.

21 DR. KINGHAM: Thank you.

22 MR. LANCASTER: Mr. McQuaid?

23 MR. MCQUAID: I have no questions on
24 that.

25 MR. LEDERER: Again if I might, I am a



1 bit queasy about this, but something is maybe
2 misleading in what was said and I want to clarify it.
3 When we talk about 27 per cent coming back in to the
4 landfill, that is 27 per cent of 50 per cent so it is
5 14 per cent. It would be wrong if you understood that
6 to be 77 per cent, because the situation is a bit
7 different, it would be 64 per cent.

8 MR. RINALDO: I should have clarified
9 that, I am sorry.

10 CROSS-EXAMINATION BY MS. VIGOD:

11 Q. Mr. Watson, I will be directing my
12 questions to you. Mr. Watson, as you know I represent
13 the West Burlington Citizens Group whose members live
14 both north of Site F and as well south of the landfill
15 in the community of Aldershot.

16 I would like to address one area. First
17 of all, am I correct that in your general approach in
18 dealing with the evaluations at both Sites D and F,
19 your approach was that the various factors be
20 considered in the same manner for both sites to ensure
21 that the evaluation is equitable?

22 MR. WATSON: A. Yes.

23 Q. I would like to deal with your
24 off-site property value impact. If we just look at
25 Exhibit H-293, pages 9 and 10 which summarize your



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1 calculations for Site D and F, do you have that?

2 A. Yes.

3 Q. If we could also put up H-277, if
4 you could bring that to the fore, for a minute. My
5 understanding is that for your high impact assessment
6 at D you applied your 25 per cent of the value of
7 residential properties abutting the site and those are
8 the properties you have numbered around this site. Is
9 that correct?

10 A. Lettered, yes.

11 Q. I believe in your evidence you
12 stated there were some properties that were more than
13 500 metres away, but generally they fell within that
14 range; is that correct?

15 A. Yes. All but three -- four; D, E,
16 F and G were within 500 metres.

17 Q. You mean beyond 500 metres?

18 A. No.

19 Q. Sorry?

20 A. All but those were within 500
21 metres and they are beyond 500 metres.

22 Q. How far would those four
23 properties be from the site?

24 A. Which one would you be interested
25 in?



1 Q. The furthest one out.

2 A. The furthest one out would be G
3 and G is almost 20 centimetres which is 1000 metres
4 almost.

5 Q. Then I believe you went on to
6 state that your factor under high impact 33 for
7 calculating a small percentage of values for other
8 properties, that that extended out to that red hatched
9 line around the site?

10 A. Approximately, yes.

11 Q. Could you tell me the maximum
12 distance from the landfill to the hatched -- I guess
13 the furthest hatched point?

14 A. That is 1650 and so I should take
15 it to the nearest edge of the property I guess to be
16 consistent, and that is then 1450.

17 Q. That's on the east side?

18 A. That's correct. On the west side
19 it is the same.

20 Q. And to the south?

21 A. 1300.

22 Q. To the north?

23 A. Well, my line was waving up here a
24 bit, but to this point, to that line is 1350. It is a
25 bit of a wavy line there. It is 1300 to 1400.



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1 Q. 1300, 1400, 1500 or 1650?

2 A. Yes.

3 Q. If we could then to turn to Site
4 F, Exhibit 278, first of all am I correct that the
5 properties you have lettered there are the ones you
6 took into account to calculate your 10 to 15 per cent
7 impact?

8 A. Yes.

9 Q. Those would consist of all the
10 properties, is that correct?

11 A. Those were ...

12 Q. ...all of the properties in that
13 500 metre range?

14 A. Those were all the properties I
15 considered and there are other properties within 500
16 metres, but those are the properties I considered, yes.

17 Q. In terms of last week, Mr. McQuaid
18 brought to your attention the discharge zone marked on
19 Exhibit H-85?

20 A. Yes.

21 Q. Do you recall that?

22 A. I do.

23 Q. Would you confirm that that
24 discharge zone does fall within the 500 metres south of
25 Site F?



1 A. Yes, it does.

2 Q. So, again ...

3 A. Most of it. I thought it was
4 almost coincident with this property and almost all of
5 the properties within 500 metres. That is 500 metres.

6 Q. Would you agree there might be
7 some off-site property impact on that property?

8 A. Yes. In discussing this with Mr.
9 McQuaid, I had associated that property with the second
10 category.

11 Q. Could you then in turning to your
12 second category, your small percentage of the value,
13 could you mark out in a hatched area where you
14 considered those impacts to be?

15 A. Well, at some point I had noted
16 these properties being on the north side of the North
17 Service Road and we have just been discussing this
18 property and this property would be within that limit
19 as well.

20 Q. For the record, you are referring
21 to the Cumis and Tridon properties, is that right, and
22 the property marked in yellow to the south?

23 A. Yes.

24 Q. Continue on.

25 A. And then easterly along the North



1 Service Road.

2 Q. Mr. Watson, could you just put up
3 Figure 2 which is right behind you. First of all I
4 understand that in your calculations of the off-site
5 impacts you were looking at various nuisance factors
6 such as noise, odour, litter, et cetera. Is that the
7 kind of impact you are looking at?

8 A. Those are factors that can be
9 translated into property value impacts, yes.

10 Q. My understanding was that in your
11 evaluation of Site F you assumed that the existing
12 sites already had an impact on property values and the
13 effect of a new landfill would be to slow the rate in
14 increase in value compared to what would have occurred
15 if the present site was closed and a new site opened
16 somewhere else. That was your assumption?

17 A. Yes.

18 Q. Did you examine at all the
19 complaints that residence in the areas both to the
20 north and south of the landfill had, the existing
21 landfill had with regard to these nuisance factors?

22 A. We did examine the reports that
23 had been done by the other experts, and you are
24 specifically talking about complaints, but to answer
25 that I did go through what the visual people said and



1 the noise people and so on and of course having
2 attended a number of meetings in that area, we
3 certainly were familiar with the number of complaints
4 being raised, yes.

5 Q. You would agree that, for example,
6 there are a number of houses, and if we can go north of
7 Plains Road to start with, can you indicate where
8 Plains Road is?

9 A. Plains Road is there and the
10 houses are here (indicating).

11 Q. Would you agree that those houses
12 which may have experienced nuisance factors from the
13 existing landfill might expect to experience similar
14 impacts from any proposed Site F which in fact extends
15 further south than the existing landfill?

16 A. The nuisances you are referring to
17 include what?

18 Q. Litter.

19 A. It is quite conceivable. I guess
20 it is a matter of specific study.

21 Q. I guess my concern, Mr. Watson, is
22 that it seems that certainly you didn't consider those
23 properties within, shall we say, your 1350 to 1600
24 metre range that you looked at at Site D. Is that
25 correct?



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1 A. Well, I was looking not so much at
2 1350 metres, I was looking at the topography of the
3 area and the flatness of the area and the visibility of
4 what was going on at the landfill and the movement of
5 trucks, and so forth, and then in this situation I
6 was comparing that with a much more topographically
7 hilly area with the 403 and with heavy traffic going by
8 and the railway and the relative lack of visibility
9 from the south.

10 So, I tried to tailor what I did to the
11 specifics of the two areas.

12 Q. Did you do any -- you were at
13 these public meetings and you were aware of concerns
14 and complaints by residents south of this area and you
15 do not consider that this would have some impact on
16 your calculations?

17 A. I couldn't find any basis for
18 concluding that the value of properties in this
19 southerly area, given the sorts of things that
20 intervene between the proposed site and those homes, I
21 couldn't conclude there would be any impact on property
22 values. I felt the barrier was just so pronounced and
23 so considerable that the impact of the landfill would
24 be essentially lost.

25 Q. Would you agree that if these



1 complaints are real and existing, they are not
2 hypothetical in terms of some future site, they exist
3 for the existing site and would they not then exist for
4 proposed Site F which extends further south.

5 A. "Extends further south?" We are
6 talking about moving from cell 1 to cell 2.

7 Q. The southern part of cell 2?

8 A. Yes, and you were saying that at
9 some point towards the end of the 20-year period when
10 we have moved through cell 1 and gone into cell 2, a
11 portion of cell 2 is somewhat closer to these homes, a
12 little closer.

13 Q. Yes, or if you want to say at
14 least the same or a little closer. That is correct,
15 isn't it?

16 A. Yes. For a portion of the 20-year
17 period it would be similar to this area and I don't
18 know exactly the terms of how they would compare
19 precisely in terms of whatever nuisances you are
20 speaking of.

21 Q. I guess I am going back to I guess
22 the original statement where you tried to evaluate
23 these factors on an equitable basis?

24 A. Yes.

25 Q. Wouldn't it be more equitable in



1 comparing off-site impacts to use the same measurement
2 at both sites?

3 A. Well, no, because I think any
4 measurement or any radius you might take has a degree
5 of arbitrariness about it. I think it is important to
6 couple the idea that most of the difficulties are
7 experienced within a 500-metre band, and we discussed
8 that, and of course 500 metres takes us 10 centimetres
9 and takes us down here somewhere (indicating).
10 Actually strictly speaking it is 500 metres from the
11 working face, so we are down in here somewhere, but
12 then, as I say, I am trying to reflect the differences
13 in buffering and I think they are important and they
14 should not be ignored.

15 Q. Mr. Watson, first of all, if we
16 look back at Site D for a moment, was in fact your
17 500-metre radius taken there from the working face or
18 was it taken from the site boundaries? Again it seems
19 to be different.

20 A. I worked from the edge of the
21 boundary and I am saying even here from the edge of the
22 boundary we are down to this point (indicating). I am
23 saying even to be a little cautious, to take 500 metres
24 from the edge of the site, and I think it is
25 appropriate to look at it that way.



1 Q. Again that property to the south
2 where the discharge zone was, you did not consider that
3 in your 500-metre radius and you considered that in the
4 further level, the next step out?

5 A. Once again because of the 403 and
6 the Hydro -- especially 403 being there, the nature of
7 the land use.

8 Q. But, Mr. Watson, you may not have
9 been here for Mr. Sobanski's evidence, but in terms of
10 the hydrogeological impact, Highway 403 does not act as
11 a barrier to groundwater movement?

12 A. No.

13 Q. When we are looking at landfill
14 impacts, off-site impacts of that nature, it would be
15 considered, groundwater and surface water impacts?

16 A. Yes. I am not clear on exactly
17 what that particular phenomenon would do to that land
18 area.

19 Q. Mr. Watson, if you put back Figure
20 2 for a moment, the one in front of you, you see there
21 that there are a couple of observation wells noted as
22 HC11 and HC12 to the south of the site. Do you see
23 those?

24 A. I see HC10 and HC9.

25 Q. Further south?



1 A. Further south. Did you say 11?

2 Q. Yes.

3 A. There (indicating) and 12
4 (indicating).

5 Q. Yes, Mr. Feenstra in his evidence
6 indicated that due to the discharge gradients in that
7 area that in fact a discharge zone could extend further
8 south of the area that we have seen marked out in
9 Exhibit H-85 and, for example, would the fact that
10 perhaps monitoring wells might be required in the
11 community or off-site, would that be a factor you might
12 want to take into account for an off-site property
13 impact?

14 A. We are talking about an area
15 clearly that is on water and sewer services.

16 Q. Not entirely.

17 A. But water and sewer services are
18 available to and they are served by, and you are asking
19 whether the fact that a monitoring well might have to
20 be established in that area ...?

21 Q. There has been discussions about
22 having both predictability and monitoring of landfill
23 as important matters and if monitoring wells, for
24 instance, or other measures are taken to establish
25 where a discharge zone may be, that this may in fact



1 cause some disruption and cause some impact?

2 A. I guess the parallel might be and
3 I think it would be a more difficult situation, and
4 that would be dwellings surrounding a former landfill
5 site where the former landfill site has the gas
6 monitoring and gas release equipment on it. I
7 inspected three or four such sites in Mississauga where
8 new homes have been built abutting the site, and there
9 didn't seem to be much of a problem for real estate
10 values associated with that. Obviously it is not an
11 incentive, but it doesn't seem to be a major factor.

12 Q. Getting back -- I guess I'm
13 having a bit of difficulty in the area you have mapped
14 around Site D which we see extends fairly far from the
15 site, but on what basis did you determine that there
16 would be a property value impact at those properties,
17 1300, 1400, 1500 feet from the landfill?

18 A. We have got properties where the
19 visual consultants are seeing that the landfill will be
20 visible. We have properties past which the trucking, a
21 considerable volume of trucking and other vehicle
22 movement is coming and going.

23 Q. I am looking at your hatched line.

24 A. Oh, sorry. The visibility -- for
25 example, if we go through the visual report, they talk



1 about 5 residences on Highway 25 and this is high
2 visual impact; 5 residences on Highway 25 between
3 Britannia and Derry and 14 residences on Highway 25
4 between Britannia and Lower Baseline and 17 residences
5 on Lower Baseline east of First Line, 5 residences on
6 Henderson Road, 18 on First Line between Lower Baseline
7 and Britannia, 5 on First Line between Britannia and
8 Derry, 5 on Britannia east of Highway 25 and they go on
9 to medium and low and so on.

10 Q. Mr. Watson, in terms of an
11 economic analysis I guess, are there other precedents
12 or other cases where the property value impact has
13 taken you out that distance from a landfill site, 1400
14 metres?

15 A. Yes. The conclusions -- we can go
16 back to the Ontario Waste Management conclusions, and
17 that was for that particular type of facility, but the
18 1500 metre limit was operative.

19 Q. Then I guess when we are looking
20 at Site F I guess what I am trying to do is look at an
21 equitable approach to both sites. If we were looking
22 at, for example, a 1500 metre operative or the 1350 you
23 have used around D, and if in fact there are residents
24 who are impacted visually or some of these other
25 nuisance factors, shouldn't these people be taken into



1 account in your economic analysis?

2 A. They should, but I keep coming
3 back to the fact that the character of this area being
4 rural and agricultural, rural/residential, is obviously
5 fundamentally different than the character of this
6 particular area with the escarpment and the other
7 features which are there. I am simply trying to
8 recognize that difference and I think it is an
9 important difference when you talk about the real
10 estate market which is what we are talking about in
11 terms of its expectations and so on.

12 Q. Back on H-278, would the
13 properties marked in yellow on the east side of King
14 Road between the North Service Road and the CNR tracks,
15 would they be included in your off-site property
16 impacts?

17 A. The east side of King Road between
18 the North Service Road...

19 Q. The yellow properties there?

20 A. Yes. When I went through and
21 noticed the properties in the second category, I
22 mentioned Tridon and Cumis and this property, this
23 property and several properties to the east.

24 Q. Might that yellow property, and
25 can you tell me the distance to the site boundary of



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1 that property?

2 A. That property -- there is a little
3 piece of it and then the larger area, but the little
4 piece is 250 or 300 metres and the larger property is
5 at about 350 metres and down to about 700 metres.

6 Q. Again these were only included in
7 your second tier category?

8 A. Yes. Those are industrial
9 properties and, you know, in that particular setting
10 and in my view the value of those properties would not
11 be significantly impacted. That is different than a
12 rural residence out in a quiet area with a 10-acre
13 rural residential lot and suddenly transformed into a
14 very busy landfill centre. It is a very important
15 difference.

16 Q. On Exhibit 277 could you outline
17 in red the area where the Region is proposing to
18 expropriate. Part of my problem is I have trouble
19 seeing it from the back.

20 A. Well, we are talking about
21 purchase and I am not clear how they are proceeding as
22 far as expropriation versus negotiation and so on.

23 Q. Let's just talk about purchase.

24 MR. LEDERER: There happens to be a very
25 important distinction because the Region is not



1 proposing -- it is a very important distinction and it
2 may you will want to hear some submission as to what it
3 is which is specifically being proposed with regard to
4 expropriation.

5 MR. LANCASTER: Eventually we will.

6 MS. VIGOD: Q. The properties that you
7 have indicated the Region proposes to include with the
8 site.

9 MR. WATSON: A. We are talking property
10 acquisition.

11 Q. Yes.

12 A. You want a red line around those
13 properties we have incorporated?

14 Q. Yes. You would agree then that if
15 those properties are purchased, that in fact we have a
16 far larger buffer than the standard 100-foot buffer
17 around the working faces of a landfill?

18 A. In two areas we have an additional
19 buffer, yes, on the northeast and a small strip to the
20 south.

21 Q. In addition I guess the L-part of
22 the L is not proposed for landfilling?

23 A. No, it is not to be a cell or part
24 of the working face. However, it will be subject to
25 landfill activity with cover material and drop-off bins



1 and trucks and so on, but it is not for the excavation
2 of waste, no.

3 MS. VIGOD: Thank you, those are my
4 questions, Mr. Chairman.

5 MR. LEDERER: If I might, with respect
6 to this matter of expropriation or purchase. It is the
7 Region's intention to file with this Board a survey of
8 these sites which will demarcate what it is that is
9 being proposed for expropriation. Again, that is
10 obviously distinct from purchases, but it is not my
11 intention to call a surveyor and I hope that won't be
12 necessary, but we hope to have that survey ready prior
13 to the commencement of Mr. Walker's evidence and if it
14 turns out it won't be possible -- we would have to have
15 it before we close our case.

16 MR. LANCASTER: Yes, you mentioned that
17 before, in fact. Thank you.

18 CROSS-EXAMINATION BY MR. LEITCH:

19 Q. Mr. Rinaldo, I would like to ask
20 you some questions first. I would like to place some
21 of the financial evidence in context by asking you to
22 identify the 1986 financial statements of the Region of
23 Halton.

24 MR. LEDERER: Just a second. Here again
25 Mr. Leitch has not shown me this material and I would



1 like to have an opportunity to look at it before it is
2 filed. Now, if it is what he says it is, I can't very
3 well object.

4 MR. LEITCH: Let's see if Mr. Rinaldo
5 says that it is.

6 MR. LEDERER: All right.

7 MR. RINALDO: A. This is our 1986
8 audited financial statements.

9 MR. LEITCH: Q. Thank you. If that
10 could be the next exhibit.

11 MR. LANCASTER: This has been audited?

12 DR. KINGHAM: That means Milton gets No.
13 300.

14 MR. LANCASTER: That is M-300.

15 MR. LEITCH: It should be an H document
16 as it is the Region's financial statement.

17 MR. LANCASTER: I suppose so. I tried
18 to give it to you, but that will be H-300. No cigar.

19 ---EXHIBIT NO. H-300: Audited Financial Statement
20 Region of Halton, 1986

21 MR. LEITCH: Q. Mr. Rinaldo, if you
22 could look with me at firstly the statement at page 3
23 which is the consolidated balance sheet as at December
24 31, 1986, just to help us understand how the statement
25 is set up. You have in the usual way assets and
liabilities listed showing 1986 with the comparison for



1 1985. In the asset side of the balance sheet you have
2 certain assets which are restricted and certain ones
3 which are unrestricted, and I would like you to explain
4 for us the difference between restricted assets and
5 unrestricted assets?

6 MR. RINALDO: A. For municipal purposes
7 restricted assets are the assets which relate to the
8 reserve funds of the corporation and you can see them
9 on page--at the bottom of the page under ratepayers
10 equity, \$29,671,000 in 1986 and that ties in exactly to
11 the restricted assets under cash and short term
12 investments in the middle of the page, above the middle
13 of the page at \$26,671,000.

14 So, for the purposes of municipal
15 reporting we identify those as restricted assets.

16 Q. Then you have certain assets which
17 are unrestricted and going down to the ratepayers
18 equity portion of the balance sheet there is some
19 \$14,600,000 of unrestricted reserves?

20 A. The unrestricted reserves are
21 \$14,635,000 in 1986, that is correct.

22 Q. And you have some other assets
23 called net unexpended capital financing and what does
24 that mean?

25 A. The net unexpended capital



1 financing is the total revenues we have in excess of
2 our total expenditures relating to major capital
3 projects. What it in effect means is that our total
4 capital program is in the revenue balance and in fact
5 what happens many times is we pre-finance projects and
6 we will have financing in place before we actually
7 undertake the project and in fact when you consolidate
8 all of our entire capital program, what you have is a
9 positive balance of \$10,879,000.

10 Q. The item ratepayers equity in
11 layman's terms is an amount of money which has been
12 collected but not expended as yet?

13 A. For municipal purposes essentially
14 that is what it means, yes.

15 Q. Or the way accountants use it in
16 the private sector, that would be retained earnings?

17 A. Yes, or shareholders equity or
18 something like that, yes.

19 Q. Do I understand the reserve funds
20 are committed to a particular program and Council must
21 spend those monies on those programs?

22 A. Usually that is the case, yes, and
23 in the majority of reserve funds that is in fact what
24 happens. That includes, as I indicated earlier, it
25 includes lot levies collected from developers which are



1 restricted in many ways in how they can be utilized.
2 They are utilized to help finance the infrastructure
3 required for new development, for example.

4 Q. The unrestricted reserves await
5 the disposition of Council as to how they will be
6 spent?

7 A. Unrestricted reserves means that
8 in fact the majority of them -- there are a lot of
9 reserves like the working reserve fund and general
10 contingency reserves and so forth, and there are one or
11 two Council has set aside for specific purposes but, on
12 the other hand, they are more to assist us with
13 flexibility in providing future services.

14 Q. I understand that there will be
15 some addition to the ratepayers equity in the 1987
16 fiscal year for the Region?

17 A. The ratepayers equity -- basically
18 our projected position on our operation is about a \$5
19 million surplus at this time. If you include all the
20 other consolidated operations, my estimate is it will
21 be between \$8 million and \$10 million improvement and
22 at this point that is our estimate.

23 Q. So ratepayers equity would go up
24 on your estimate somewhere between \$8 million and \$10
25 million?



1 A. That is my projection at this
2 point in time.

3 Q. Would you take us to the next
4 statement which is the consolidated statement of
5 operations. As I understand this particular sheet it
6 shows all sources of income for the Region for money
7 coming in?

8 A. Yes, that is correct.

9 Q. It shows all sources of outflow or
10 total expenditures?

11 A. Actual outflows. It does not
12 include any of the traditional transfers municipalities
13 do between different funds like the reserve funds or
14 capital funds, but are actual expenditures incurred.

15 Q. It shows how you calculate the
16 increase in the ratepayers equity from the beginning of
17 the year to the end of the year?

18 A. That is correct.

19 Q. It appears from that calculation
20 that it is simply a matter of collecting more money
21 than you spend in that period?

22 A. Yes. In fact that's what happens.
23 Because we finance a lot of our projects or capital
24 projects directly from revenues, we set them aside for
25 projects Council has approved and as such that is why



1 we have a surplus of funds in any particular year.

2 Q. Over to the next page, the
3 statement of current operations?

4 A. The statement of current
5 operations only reflects the day-to-day operations and
6 does not reflect the capital program that the Region
7 undertakes or any revenue inflows from the lot levy
8 collections that we have from developers. That is
9 predominantly the two major differences between the two
10 statements.

11 Q. And the capital side of things is
12 shown on the next page which is the statement of
13 capital operations?

14 A. That clearly identifies the
15 revenues related to our entire capital program and
16 expenditures related accordingly.

17 Q. And you have an item net
18 unexpended capital financing at the bottom line which
19 shows monies which are committed to programs but which
20 have not yet been expended in the current period?

21 A. That is correct. That is the
22 position of our capital program as at December 31,
23 1986.

24 Q. Finally, to complete the piece,
25 the statement of reserve and reserve funds, shows how



1 the reserves are made up and during the period the
2 breakdown of them?

3 A. It shows the revenues that we
4 collected for reserve which is predominantly the
5 \$.9 million we collected from developers plus
6 investment income and how we applied them to the
7 various operations and at the end of the year we show
8 the status of the various reserves the Region has.

9 Q. My purpose for going through these
10 statements is to try and understand the relationship
11 between the reserve funds and the question of debt
12 affordability. I understand there is a policy of in
13 effect the Region lending money to itself from the
14 reserves?

15 A. Basically the Region employs --
16 how can I explain this -- a revolving fund approach to
17 some of its capital programs where we will utilize some
18 of our current reserve funds and help finance various
19 capital projects and we basically flow back the reserve
20 an amount equal to what we would have to pay if we had
21 issued a debenture -- as an external debenture. In
22 fact that helps maintain the dollars available for
23 future programs and to reduce the impact or reduce the
24 impact of the capital program on our debenture
25 requirements.



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Toronto, Ontario

12951

Watson, Rinaldo
cr-ex (Leitch)

1 Q. Let me understand that. You have
2 surpluses which are placed in reserves over a period of
3 time and you have an internal accounting system where
4 if those surpluses are to be used, they are in effect
5 charged to a particular program and if money is loaned
6 from the reserves to let's say the solid waste
7 management program, it is paid back with interest?

8 A. That is correct, and in fact that
9 is what we do.

10 Q. The way it is paid back, as I
11 understand it, is that the loan would be considered as
12 if it were debentured?

13 A. Yes. I should qualify that. Our
14 cost of funds, or what we borrow at, for example, may
15 be at a rate of usually somewhere around the prime
16 lending rate or slightly below that and our investment
17 rate that we have on funds we have on hand is usually
18 about one per cent below the prime rate, so therefore
19 we would charge it at the rate we earn otherwise in the
20 marketplace.

21 It is a slightly advantageous rate when
22 we do it that way.

23 Q. And then the money would be set up
24 as a loan and in the case of the solid waste management
25 program it would have to be returned to reserves from



1 operating revenues?

2 A. Yes. That is in fact what we do
3 on the revolving fund basis.

4 Q. Which means that it would have to
5 be factored into the tipping fee so that the money
6 could be user-supported?

7 A. Yes. We would replenish that from
8 whatever source, and if you give the example of solid
9 waste, we take it from the tipping fee on the basis of
10 full repayment of principal and interest.

11 Q. The tipping fee, as I understand
12 it, is calculated on the basis of a break-even. In
13 other words, the tipping fee is an amount which is
14 intended to cover the total cost of the solid waste
15 program?

16 A. Unlike many of the other Regions,
17 Halton in fact recovers all its solid waste management
18 program including other programs such as source
19 separation and all that from the tipping fees, so in
20 fact it is fully self-sufficient.

21 Q. When these reserve funds, if they
22 are advanced to the solid waste program, the cost of
23 that borrowing or lending gets reflected in the tipping
24 fee, and the monies are repaid to reserves by in effect
25 the users of the system?



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A. Yes.

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Q. Go with me, if you would, to Exhibit H-280, your material used in your evidence in chief before the Board and I want you to look in particular at page 6 which is the graphic of the affordability analysis that you referred to in your evidence?

A. Yes.

Q. In light of our discussion, you show on your graph an actual debt charge as a percentage of total expenditures in 1988 money through 1993?

A. Yes.

Q. Included in the actual debt charge for that period, in other words, everything in white at the bottom, is there an amount for the loans from reserves to other programs?

A. No, there is not because that is not an external liability and, as such, it is not required. If you were showing a financial position of any corporation, any internal financing when you put it on a consolidated basis is really an asset and a liability at the same time, so therefore it is not reflected.

Q. So, in your existing program there



1 is no amount included for internal loans?

2 A. No, there isn't.

3 Q. Then dealing with the projected
4 expenditures other than landfill, is there any amount
5 for projected internal loans in that portion?

6 A. No, this only the capital projects
7 we anticipate financing from external debentures only.

8 Q. And, in the portion dealing with
9 the landfill impact which as I understand your evidence
10 was for the highest cost alternative, is there any
11 amount there for internal lending?

12 A. No, there isn't.

13 Q. And you told us I think that the
14 remaining debt capacity at the point in 1990 or shortly
15 thereafter where the curve hits its highest point was
16 about \$33 million in unused debt capacity?

17 A. Yes, that is true.

18 Q. Mr. McQuaid asked you some
19 questions this morning about points at which you would
20 begin to have a concern to go back to Council as to the
21 economic viability of a landfill project in terms of
22 additional costs not now factored in. Do you recall
23 that?

24 A. Yes.

25 Q. If I got your evidence correctly,



1 your concern starts somewhere between \$5 million and
2 \$10 million of additional costs which have not yet been
3 taken into account?

4 A. Yes, that is what I stated.

5 Q. I wanted to get that a bit more
6 precisely. Are you talking about \$5 million to \$10
7 million of up-front costs, or are you talking about \$5
8 million to \$10 million over the entire life of the
9 program?

10 A. In my statement this morning I was
11 referring to \$5 million to \$10 million of up-front
12 costs.

13 Q. When you say \$5 million to \$10
14 million, \$5 million is not a cause of concern to you?

15 A. Well, I should qualify that. As
16 far as I am concerned any time you spend unnecessary
17 dollars or \$5 million is a lot of dollars, but from the
18 point of view of financial viability I would not be
19 concerned it would impact on future requirements and
20 so on and so forth because we have other services we
21 provide besides landfill at the Region.

22 However, when you get in -- when the
23 numbers start to creep up to \$10 million I am starting
24 to get concerned in terms of flexibility for other
25 future services and that's the only thing I was



1 pointing out and in fact it has an impact on tipping
2 fees as you get into more and more debt.

3 Q. So the debt goes right through to
4 the tipping fee?

5 A. That is correct, it does, but if
6 you add \$5 million in debt charges you must remember
7 that that will cost -- cause the tipping fee to
8 increase approximately \$4 a tonne for each and every
9 year for ten years. So it is starting to impact it and
10 that is why I am saying once you get beyond that I
11 start to get a bit concerned about the impacts it has.

12 Q. As I look at the graph on page 6
13 of Exhibit H-280, I run my eye across and see something
14 in excess of \$33 million of capacity all the way from
15 1988 to 1993 and I guess my question is, firstly, if
16 another \$5 million to \$10 million was added in the
17 period 1988 to say 1991, would that in your opinion
18 seriously impair the flexibility of the Region to
19 finance its other programs.

20 A. I believe that it would not
21 seriously impair them. However, it does have an
22 impact.

23 Q. In terms of flexibility?

24 A. That's right.

25 Q. Would it be fair for me to say



1 that you can deal with that impact insofar as it makes
2 the Region's position inflexible by loaning money to
3 the program for the reserves?

4 A. That would be an option that we
5 would obviously consider and we would look at other
6 options too if in fact that occurred. We would look at
7 a number of options in terms of financing and to look
8 to see if we could apply some funds directly versus a
9 loan or versus external debentures. Obviously I would
10 be concerned about the impact and that is why I would
11 look at all these options.

12 Q. Just to follow that through, I
13 take it that the financial statements we have looked at
14 show a picture of health and you do have options other
15 than simply going to debenturing and reducing your
16 flexibility?

17 A. The financial position of the
18 Region has improved considerable since 1980, since the
19 1980's, so obviously we have a lot more options today
20 than we had if this issue had been dealt with in 1981.

21 Q. As we heard you say, it improves
22 again quite significantly this year?

23 A. That is our projection today.

24 Q. We are now looking at a little
25 more than ten months of the year?



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A. Yes.

Q. Let me take you next to excerpts from another publication of the Region of Halton and I will ask you first if you can identify the pages I have given you as part of the 1987 budget publication?

A. Yes, they appear to be excerpts from our 1987 budget.

Q. That is essentially a document which explains how you go about the budgeting process and projections for 1987 and future years?

A. That is correct.

Q. And it runs to some 100 or more pages?

A. Approximately 100 pages.

MR. LEITCH: Could I mark that as the next exhibit?

MR. LANCASTER: H-301.

---EXHIBIT NO. H-301: Regional Municipality of
Halton Budget, Spring, 1987

MR. LEITCH: My friend Mr. Lederer thinks I should be mindful of the time and suggests we break and I am quite happy to do that.

MR. LANCASTER: Yes, we will take a short one. It is so interesting I forget.

----Recess



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Watson, Rinaldo
cr-ex (Leitch)

1 MR. LANCASTER: Be seated, please.

2 MR. LEITCH: Q. Mr. Rinaldo, this
3 exhibit is an excerpt of some pages from a regional
4 publication in respect of the 1987 budget?

5 MR. RINALDO: A. Yes, that is correct.

6 Q. Can you help us with the
7 approximate date of the publication?

8 A. The publication is usually
9 published in the spring of 1987. I don't recall the
10 exact date, but usually in the area of June, July
11 somewhere. It is taken from the approved operating and
12 capital budgets which have been approved by Council in
13 April of each year, April, 1987 to be specific.

14 Q. Just going back for a moment, the
15 previous exhibit, H-300, was the 1986 financial
16 statement and when can we expect the 1987 statement?

17 A. Our target is to have the audited
18 statements prepared by February 28th each year and so
19 therefore the audited statements will be completed
20 February 28th, 1988 and with Council approving them
21 usually at the first meeting in March, so in March of
22 1988 is when we will have the 1987 audited statements.

23 Q. From the look of things we will
24 all be here then, and I wonder if you would undertake
25 to provide me with copies of that at that time?



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Watson, Rinaldo
cr-ex (Leitch)

1 A. We will undertake to do that.

2 Q. Look, if you will, to H-301. I
3 have already dealt with some of the material in H-301.
4 I take it the Treasurer's report is the commencement of
5 the budget explanation and that of course is a document
6 signed by yourself?

7 A. Yes, it is.

8 Q. If I look at the page numbered 9
9 at the bottom, it shows some material with respect to
10 the capital budget. There it shows the percentage of
11 all of the programs breaking it out into sanitary
12 sewers at 26.4 per cent, waterworks at 22.7 per cent,
13 solid waste 8.9 and all other programs 42.0 per cent.
14 Pausing there, that 42 per cent is tax supported?

15 A. Yes. Those are all of our other
16 services such as police, social services. Some of the
17 other major services financed from property taxes,
18 sanitary sewers, waterworks and solid wastes are
19 financed from -- are self-sustaining because we
20 establish rates to recover all of the costs for all
21 three services.

22 Q. They are user supported programs
23 and the waterworks and sanitary sewer works are billed
24 separately, aren't they?

25 A. Yes. A separate water rate and



1 sanitary sewer rate is established each year to recover
2 all costs.

3 Q. And billed to the consumer while
4 the solid waste program is supported not by billing but
5 by tippage fees at the gate?

6 A. The tipping fee is applicable to
7 both the private haulers and the area municipalities
8 which will recover again the full cost of our solid
9 waste management program.

10 Q. I note there is a breakdown below
11 as to the amounts financed in various ways. Would you
12 explain to me, please, the item for internal financing
13 in relation to our earlier discussions about the use of
14 reserves on a loan basis?

15 A. In the -- the first item is
16 external sources which is provincial grants and the
17 second section is 31.1 per cent and we say:

18 "Internal revenue sources of which
19 20.7% will be current contribution from
20 the operating budget and 10.4% from
21 reserve commitments."

22 And if you go to the top of the next page I have
23 identified:

24 "The above noted funding summary
25 includes utilization of \$7 million of



1 financing from reserves on a revolving
2 fund basis..."

3 So, \$7 million of our financing in our program includes
4 the revolving fund basis only.

5 Q. This leads to the flexibility we
6 talked about?

7 A. That is an option that obviously
8 the Region would consider and is considering on an
9 ongoing basis to fund a part of our capital program on
10 that basis.

11 Q. You speak of new initiatives and
12 I want you to go through that yourself and at the end
13 of it tell me if the addition of \$5 million to the
14 front-end costs of a landfill project would delay any
15 of those projects in your opinion?

16 A. At this point in time I would not
17 believe that the \$5 million in up-front costs would
18 delay any of these projects because most of these have
19 already been undertaken or initiated or in the process
20 of going through.

21 Q. Could I have the answer in respect
22 of an assumption of \$10 million added cost up front for
23 the landfill projects?

24 A. If the dollars were \$10 million,
25 then obviously Council may want to look at its



1 priorities again and while I am saying it doesn't put
2 us in a financial situation where we can't afford to do
3 it, Council may change its priorities if that is in
4 fact the level of dollars you are talking about.

5 Q. Assume with me that Council asked
6 you for opinion and recommendation in respect of \$10
7 million of additional costs up front on a landfill
8 project and what would your recommendation be about
9 these capital projects?

10 A. Well, the majority of the other
11 projects are financed from other sources and as such I
12 probably would not recommend making any changes to that
13 particular aspect. The \$10 million would be more of
14 its impact in terms of the tipping fee and on the solid
15 waste program itself where we would have some concerns.
16 Because some of the other programs are really funded
17 from other sources, I wouldn't see major changes and I
18 am not saying -- that does not preclude it from
19 happening.

20 Q. If you were asked to report to
21 Council you would report that it would not be necessary
22 to change the capital program in relation to a \$10
23 million expenditure not heretofore seen with respect to
24 landfilling?

25 A. Under that hypothetical scenario I



1 would say that -- there is no question the Region can
2 in fact put the dollars in place and in fact under that
3 assumption what I would recommend -- I haven't really
4 put my mind to it as to what in fact I would recommend,
5 but if it is a requirement, then we have no choice and
6 we have to implement it.

7 Q. If you would look at the last page
8 of this exhibit, Mr. Rinaldo, there you forecast the
9 debt position of the Region for the years 1987 through
10 1992. We have at the very bottom of those columns of
11 figures an item "Debt Charges - Expenditures - % of
12 Expenditure". Is that the same figure that Municipal
13 Board looks at when it makes decisions about
14 debenturing?

15 A. Yes. That is the numbers we had
16 when we established our 1987 total budgets. The one I
17 presented to you, though, which is part of Exhibit
18 H-280...

19 Q. I wanted to ask you about that
20 because the debt charges as a percentage of
21 expenditures seem to differ as between H-280, page 6
22 and H-301, page 97?

23 A. As I explained earlier in my
24 evidence, in my initial evidence when I submitted to
25 you that the Ontario Municipal Board calculations vary



1 from time to time because interest rate rates factors
2 are changed and the last one I presented included our
3 1988 budget direction, which is our 1988 budget plan,
4 and it incorporates the latest information you have and
5 it also has made the adjustments for the interest rate
6 adjustments that in fact the Ontario Municipal Board
7 has undertaken this past summer.

8 So, the chart that is in my Exhibit
9 H-280 is the most recent information that you have in
10 place.

11 Q. If we want to bring ourselves up
12 to date on the basis of your most recent calculations
13 and Mr. Watson's evidence and your own evidence, we go
14 to page 97 and look at the 1987 where you have a 13.4
15 per cent debt charge figure in relation to total
16 expenditure and we would match that, and we can't match
17 that, but 1988 is 13.3 and then we can see a change in
18 the line in essence. We could plot this in other
19 words, through to 1992 as a separate line on page 6 of
20 H-280?

21 A. Yes, but I should clarify that
22 page 6 in H-280 is in fact the most recent information.
23 This is based on the latest adjustments made by the
24 Ontario Municipal Board whereas this chart here was
25 done when Council approved the 1987 budget which was in



1 April of 1987. This chart is the most recent, Exhibit
2 H-280 is the most recent information and that is the
3 calculation that should be used and there are some
4 revisions as a result of our preliminary 1988 budget
5 plans.

6 So, if you followed it through, you
7 could compare the two on that basis but, as you can
8 see, they are very similar in terms of percentages.

9 Q. Slightly higher in accordance with
10 more up to date information?

11 A. That is correct.

12 Q. Thank you, Mr. Rinaldo. The next
13 document I would like to put to you comprises two pages
14 from the document from which pages H-301 were extracted
15 and I will ask you to identify those two pages as being
16 part of that publication?

17 A. Yes, these two pages are excerpts
18 from our 1987 budget.

19 MR. LEITCH: If that could be the next
20 exhibit, Mr. Chairman.

21 MR. LANCASTER: H-302.

22 ---EXHIBIT NO. H-302: Two page excerpt from
1987 budget

23 MR. LEITCH: Q. Mr. Rinaldo, the first
24 page shows the impact on the average household in
25 Halton on property taxes and user rates. I take it



1 this is an exercise in averaging?

2 MR. RINALDO: A. Yes. In answer to
3 your question it is the average annual compounded
4 increase when you basically take it and assuming an
5 assessment of about \$6500, which is approximately
6 \$80,000 if you use it on average on the market value of
7 a property, and it assumes an average consumption of
8 about 55,000 Imperial gallons for the average
9 residential consumer.

10 Q. I want to work with the column
11 1987 and just so I understand what you have done in
12 compiling this page. The City of Burlington has four
13 categories underneath it, regional property tax,
14 municipal property tax, educational property tax and
15 water and sewer user rates.

16 Going over to 1987, there are four
17 figures opposite those categories. Now, the regional
18 property tax figure I take it is an average of the
19 regional property tax with respect to all of the
20 identified households in the City of Burlington for the
21 forecast period?

22 A. The regional property tax in 1987
23 of \$205.33 is what an average residential household
24 pays towards regional services excluding solid waste
25 because, as you know, we don't include that, for



1 regional services in 1987.

2 Q. Am I correct that those four items
3 for the City of Burlington, or the first three items
4 would represent the tax bill that each of those
5 notional households would receive?

6 A. Yes, the first three items would
7 in fact represent the property taxes or the tax bill
8 they would receive.

9 Q. They receive one tax bill which is
10 broken out into regional property tax, municipal
11 property tax and educational property tax?

12 A. The area municipalities issue the
13 tax bills for the Region and the Board of Education so
14 you therefore you may only get one bill from the area
15 municipality of Burlington.

16 Q. The water and sewer user rates
17 would be a separate bill issued by the Region of
18 Halton?

19 A. In the City of Burlington the
20 Hydro Electric Commission, Burlington Hydro Electric
21 Commission issues the bills on our behalf, on behalf of
22 the Region, yes.

23 Q. That would also be true in the
24 Town of Oakville?

25 A. Yes, that is true.



1 Q. Who issues the bills in the Towns
2 of Milton and Halton Hills?

3 A. In the Towns of Milton and Halton
4 Hills the Milton Hydro Electric Commission issues there
5 and the Region issues in the Town of Halton Hills.

6 Q. There are two of these which are
7 regional and two which are area municipality. The
8 regional property tax and the water and sewer user
9 rates are basically regional programs?

10 A. Yes, that is correct.

11 Q. And the other two are essentially
12 municipal and Board of Education?

13 A. That's correct.

14 Q. Where does the tipping fee wind
15 up?

16 A. The tipping fee would be part of
17 the municipal property tax component of any one of the
18 municipalities because we charge it directly to them
19 and they in fact tax for it.

20 Q. I would like -- do you have your
21 calculator with you?

22 A. Yes.

23 Q. I would like you, Mr. Rinaldo, to
24 first sum the total property taxes and user rates for
25 each of the four municipalities for 1987 and give me a



1 figure?

2 A. Just so I understand the question
3 clearly, through you, what exactly are you asking for,
4 the total for each municipality or the average?

5 Q. I want the total for each
6 municipality and add it to the total for all the
7 municipalities so we have a grand total, if I can put
8 it that way, and then to divide it by four to have an
9 average for the Region?

10 A. The average would be \$1,708.77.

11 Q. Now would you take the regional
12 total, that is to say for each of the municipalities,
13 the total of water and sewer and regional property tax
14 and do the same thing?

15 A. Approximately -- it would be
16 \$469.61.

17 Q. \$469.61?

18 A. That is correct.

19 Q. Can you now tell me what
20 percentage of the total the Region's charges are. Can
21 you do that calculation?

22 A. If you can tell me what I gave for
23 the average for the first one.

24 Q. \$1,708.77.

25 A. It is approximately 27.5 per cent.



1 Q. 27.5 per cent. Now, let me take
2 you to H-280 again and in H-280 you have produced on
3 pages 12 through 15 statistics with respect to the
4 impact on annual tax and rate payments for the average
5 household in Halton and in 1987 you have for each
6 scenario, each of the four scenarios the same figure
7 which is \$21.31?

8 A. Yes.

9 Q. Can you tell me what percentage
10 \$21.31 is of the total tax bill?

11 A. Approximately 1.2 per cent.

12 Q. Can you tell me what percentage it
13 is of the regional total?

14 A. Approximately 4.5 per cent.

15 Q. Now, what I would like you to do,
16 if you will, is to add \$5 million to the up-front costs
17 of the landfill and tell me what increase you would
18 have in the price per household in 1987?

19 A. Let me think. Is that assuming
20 that we are financing through debt charges?

21 Q. Yes.

22 A. Sorry. It would be about \$1.50,
23 roughly speaking. I haven't done the actual calculation
24 and I would have to do it, but I don't have my proper
25 calculator for that.



1 Q. Would it be double that for \$10
2 million?

3 A. Yes, approximately.

4 Q. Or \$3. Now, in relation to that
5 calculation I have just taken you through, what is your
6 opinion as to the affordability of adding \$5 million up
7 front on the average household in Halton?

8 A. From the point of view of
9 affordability we would have a slight blip beyond
10 inflation in the first few years and after that we
11 would be back into the regular inflation over the first
12 ten years or up to 1996, so therefore it is reasonable.

13 Q. Would your answer be changed at
14 all if we added \$10 million up front?

15 A. \$10 million would obviously have a
16 bigger impact and then it would have a tendency to put
17 us over inflation for a few more years.

18 Q. Over inflation with respect to the
19 landfill component?

20 A. Over inflation with respect to our
21 total regional -- total cost of regional services,
22 sorry, so therefore we would be above inflation for a
23 slight period of time again and then we would settle
24 back. I guess in relationship to what we are paying
25 today on an interim basis, it is probably still cheaper



1 than in fact if we were exporting obviously and so in
2 that context you could say it is affordable, even
3 though it is a lot of dollars we have to absorb.

4 Q. Now, I want to talk to you in
5 relation to what has come into the evidence, the
6 question of a dedicated sewer line at Site D. I would
7 ask you to have before you H-268, UP-16, the economic
8 evidence update.

9 A. Yes.

10 Q. And H-293, page 2 and those are
11 Mr. Watson's response to various questions put to him
12 in the course of his cross-examination?

13 A. Yes.

14 Q. Now, I understand that to this
15 point in time the Council of the Region of Halton has
16 given no consideration to a landfill project at Site D
17 which includes a dedicated sewer line?

18 A. The only consideration Council has
19 given is to the financial reports and the submissions
20 made by the various consultants which is before this
21 Board today so no, they have not given consideration to
22 that.

23 Q. There is no resolution of Council
24 one way or the other on the question of a dedicated
25 sewer line?



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A. That is correct.

Q. In fact what Council has authorized be placed before this Board is the planning of Site D without a dedicated sewer line and with a leachate trucking component?

A. Yes, that is true, the same thing as before this Board as what Council has approved.

Q. And there has been some suggestion that at some point in the future Council may decide to go forward with a dedicated sewer line as opposed to the trucking option. Have you heard that evidence?

A. Yes, I heard that.

Q. I would like perhaps through Mr. Watson, perhaps he would be the appropriate person, but I would like to introduce some documents which have not yet gone into evidence in relation to the cost of such a sewer line. I would ask you, Mr. Watson, if you would look at this document on Trow Hydrology Consultants Limited letterhead signed by Mr. Nunan, P.Eng. Principal Hydrogeologist, a copy of which apparently went to you, but tell us if you have seen that before?

MR. LEDERER: We are not certain, but looking at the exhibit list I think we may have this as Exhibit 273 if we could check that before we get



1 duplication.

2 DR. KINGHAM: I do recall it was a
3 letter from Mr. Nunan and it was 273.

4 MR. LEITCH: Then I don't have to put
5 that in.

6 Q. It would be my suggestion that any
7 consideration that Council did give to approving a
8 dedicated sewer line would be motivated by the question
9 of cost; would that be fair to say?

10 MR. RINALDO: A. I believe if it was a
11 dedicated sewer line that it would probably be a
12 question of cost, but then there are other factors that
13 come into place in terms of providing sewer lines when
14 you are going north into the Milton area because it
15 would have an impact or put pressure on Council for us
16 to expand services beyond just the dedicated sewer
17 line.

18 Q. You are saying there would be
19 certain factors which would militate against Council
20 approving a dedicated sewer line?

21 A. I am saying there are other
22 factors. I am not saying that in fact Council would go
23 against a dedicated sewer line, but obviously if you
24 were going to put a sewer line up towards the north of
25 Milton then other considerations may come into play.



1 Q. They wouldn't be financial
2 considerations or would they?

3 A. They wouldn't.

4 Q. I want you to deal with it from
5 the viewpoint of financial considerations. I take it
6 if Council was going to deal with a dedicated sewer
7 line that they would ask for a report from the Finance
8 Department and that would mean a report from you?

9 A. It would probably be a joint
10 report between Public Works staff and ourselves with
11 Public Works staff providing a lot of the initial
12 estimates and so on and obviously us providing the
13 analysis and its impacts on the cost/benefits of it.

14 Q. Would you look at UP-16 in H-286?

15 A. Yes, I have it before me.

16 Q. You there have some assumptions
17 from Mr. Watson's evidence as to a high cost sewer line
18 and a low cost sewer line?

19 A. Yes.

20 Q. It would appear that the
21 construction costs for the high cost sewer line is
22 \$3,870,000 in 1986 dollars?

23 A. \$3,870,000, yes.

24 Q. That corresponds with Mr. Nunan's
25 calculations in H-273?



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Watson, Rinaldo
cr-ex (Leitch)

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A. Yes.

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Q. The high cost scenario also adds approval costs of \$400,000 in 1986 dollars and \$500,000 in 1986 dollars?

5

A. Yes.

6

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Q. That would then cast a figure of approximately \$4,800,000?

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A. \$4,770,000, I believe.

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Q. The low cost sewer line doesn't have any approval or land acquisition costs and we can get into that later, but I want you to assume for the moment that you have been asked to report to Council and it is on the basis of the assumptions on the high cost sewer line where it is going to cost \$4,770,000?

15

A. Yes.

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Q. I want you to look at H-293, page 2 where you will find Mr. Watson's annual figure in 1986 dollars for leachate trucking costs. Do you have those?

20

A. Yes.

21

22

23

Q. At what point in time, taking all of those figures, would you recommend to Council that a dedicated sewer line be built?

24

25

A. Basically probably when the debt charges for the initial capital costs of the sewer line



1 and its additional operating costs are less than the
2 actual cost of operations, of trucking it obviously.

3 Q. So, we are going to have capital
4 costs of \$4,770,000 based on Mr. Watson's evidence and
5 at what point in time, looking at these annual costs
6 for leachate trucking, would you say that Council
7 should have a dedicated sewer line built?

8 A. If you did it purely on the debt
9 charges, it would obviously be in the latter part of
10 the years because your cost is somewhere in the area of
11 \$800,000, but you must remember when you are doing that
12 kind of cost/benefit analysis you are also factoring in
13 the fact you will be saving some dollars in the early
14 years. So until I did the analysis, to be honest with
15 you, I wouldn't be in a position to tell you, but on
16 the surface if you looked at debt charges versus the
17 operating costs of trucking the leachate, that would be
18 one indicator but I couldn't tell you conclusively
19 whether or not that would be the recommendation I would
20 make.

21 Q. Working with what I have shown
22 you, could you do that overnight?

23 A. We possibly -- it would appear I
24 do have enough information to do so and I will attempt
25 to do so and if there are other constraints that don't



1 allow me to do so I will let you know, but we will look
2 at it for you.

3 MR. LEITCH: I wonder then if this might
4 be the appropriate time to break?

5 MR. LANCASTER: Yes, it seems to be.

6 DR. KINGHAM: Can we have a clear
7 understanding of what the assignment tonight is? I
8 think I have it but I would rather hear it from you.

9 MR. RINALDO: Basically what I have been
10 asked to do is do a cost/benefit analysis of the high
11 cost sewer line and as to what point in time Council
12 should recommend a dedicated sewer line basis, which I
13 think was what was referred to.

14 MR. LEITCH: Yes.

15 MR. LANCASTER: Very well. Tomorrow
16 morning at 9:30.

17 MR. LEDERER: Just before we rise, and
18 this may not be possible, but I would like to try and
19 figure out when I should have Mr. Walker here and if it
20 is tomorrow or Wednesday or when?

21 MR. LANCASTER: Mr. Leitch, have you any
22 idea of the duration of your interrogation?

23 MR. LEITCH: Two hours.

24 MS. NURVO: I don't expect to have any
25 questions.



1 MS. CRONK: I expect to be a couple of
2 hours.

3 MR. LEDERER: It sounds as though we
4 might start mid to late afternoon.

5 MR. LANCASTER: Either that or 12:30 on
6 Wednesday.

7 MR. LEDERER: Should I ask him to come
8 tomorrow afternoon?

9 MR. LANCASTER: Ask him to come at 12:30
10 on Wednesday because you may have some questions.

11 MR. LEDERER: I have some questions and
12 I won't be terribly long, but it may mean rising early
13 tomorrow.

14 MR. LANCASTER: I think it would be
15 better to have him at a definite time.

16 MR. LEDERER: Thank you, sir.

17
18 ---Adjournment at 4:35 p.m.

19
20 Certified Correct

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22 

23 C.F. Nethercut, C.V.R.
24 (Page 13100 follows)
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