

CONSOLIDATED HEARINGS BOARDRECEIVED
CLERK'S DEPARTMENT

97 NOV 26 11:22

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.361, 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.

VOLUME: 57

HELD AT: Oakville, Ontario

DATE: November 10, 1987

OFFICIAL REPORTERS

NETHERCUT & COMPANY LTD.

185 RICHMOND ST. W.,

TORONTO, ONT. M5V 1V3

TEL: 593-4802



Nethercut & Co. Ltd.

Toronto, Ontario

I N D E X

1	<u>Witnesses</u>	<u>Page No.</u>
2	<u>WATSON</u> , Cameron Neil (resumed)	
3	<u>RINALDO</u> , Joseph L. (resumed)	
4	Cross-examination by Mr. Leitch (cont'd)	13104
5	Cross-examination by Ms Cronk	13198

6

7

8

9

10

E X H I B I T S

11

No.

Description

Page No.

12

H-303

Graph

13122

13

H-304

Letter from Trow Hydrology
Consultants

13122

14

H-305

Document entitled "Policy Statement -
Mineral Aggregate Resources" from the
Ontario Government

13213

15

16

H-306

Copy of National Sewer Pipe quarry
licence, August 1, 1972

13214

17

18

H-307

Document entitled "Updated Input Data
for Sites D & F for Initial Site
Preparation Costs as per Tables 3 & 7
of Exhibit H-45"

13266

19

20

H-308

Document entitled "Site D
Modifications to H-285 to Include
Cost of Liner" by Mr. Watson

13275

21

22

H-309

Revised version of H-294

13305

23

24

H-310

Burlington population traffic zones
chart drawn by Mr. Watson

13308

25



THE CONSOLIDATED HEARINGS BOARD

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

- and -

3 IN THE MATTER OF Sections 12(2) of the Environmental
4 Assessment Act, R.S.O. 1980, c.140;

- and -

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

- and -

8 IN THE MATTER OF Sections 24 and 61(2) of the Ontario
9 Water Resources Act, R.S.O. 1980, c.361, as amended;

- and -

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

- and -

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

- and -

16 IN THE MATTER OF Section 22(1) of the Planning Act,
17 1983 in connection with a referral to this Board by the
18 Honourable Bernard Grandmaitre, Minister of Municipal
19 Affairs, on a request by the Regional Municipality of
20 Halton to amend the Official Plan for the Town of
21 Milton to redesignate a parcel of land comprising Part
22 Lots 3 and 4, Concession 2 N.S. in the Town of Milton
23 from "Agriculture" and "Conservation and Hazard Lands"
24 to permit the construction, operation and maintenance
25 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;



Nethercut & Co. Ltd.

Toronto, Ontario

- 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.

BEFORE: H. H. Lancaster, Q.C. - Chairman

Dr. D.J. Kingham - Member



Nethercut & Co. Ltd.

Toronto, Ontario

Hearing conducted at The Oakville
Granary Commercial Centre, 105 Robinson
Street, Oakville, Ontario, on
Tuesday, November 10, 1987

VOLUME 57

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



Nethercut & Co. Ltd.

Toronto, Ontario

APPEARANCES (Cont'd):

1	C. Stevenson	for Framgard Holdings,
2	P. Hancock	Fosseri Investments
3		Limited, Seriphos
4		Investments Limited and
5		Topic Investments
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

* * * * *

Nethercut & Co. Ltd.
Official Reporters
185 Richmond St. W.
Toronto, Ontario
M5V 1V3

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



1 --- Upon commencing at 9:30 a.m.

2 MR. LANCASTER: Good morning. Thank you.
3 Please be seated.

4 CAMERON NEIL WATSON, (resumed):

5 JOSEPH L. RINALDO, (resumed):

6 CROSS-EXAMINATION BY MR. LEITCH, (continued):

7 MR. RINALDO: Before Mr. Leitch starts I
8 would like to revise some numbers I quoted yesterday in
9 terms of the \$5 million and \$10 million. I have done
10 some quick calculations and can give you precise numbers.
11 In terms of its tax impact, \$5 million is \$2.01 based on
12 1989 dollars which is the start of the project and its
13 impact on debt capacity is to virtually increase it by
14 one-half of one per cent.

15 MR. LEITCH: Q. Can you hold for one
16 moment until I go to that?

17 MR. RINALDO: A. Sure.

18 Q. Could you start again?

19 A. Sure. The impact of a \$5 million
20 additional upfront cost, which was the question you asked
21 me; the tax impact is estimated in 1989 dollars at \$2.01
22 and I think I said in the area of \$1.50 yesterday. The
23 impact on debt capacity increases in 1993 from the 14.4
24 I have shown on Exhibit 280 to 14.9 and the impact on
25 tipping fees is \$3.97.



Nethercut & Co. Ltd.

Toronto, Ontario

13105

Watson, Rinaldo,
cr-ex (Leitch)

1 DR. KINGHAM: Can you slow down? That
2 was an increase in average tax -- the debt capacity
3 from 14.4?

4 MR. RINALDO: From 14.4 to 14.9 per cent
5 and the impact on the tipping fee would be to provide
6 for a further tipping fee increase of \$3.97. Again my
7 conclusions with regard to \$5 million is that we could
8 probably mitigate against that if we had to using various
9 sources or alternatives in order to finance that, and
10 when I do the impact of \$10 million, which is the second
11 one, the tax impact is obviously \$4.02 in 1989 dollars.

12 MR. LEITCH: Q. When you say "tax impact"
13 you mean that the impact on the average household we
14 were talking about goes up by that amount?

15 MR. RINALDO: A. That is correct,
16 Mr. Leitch.

17 Q. The notional average household?

18 A. That is correct, on the average
19 household. The impact on its debt capacity increases
20 from 14.4 per cent in 1993 to 15.4, a one per cent
21 differential, and the impact on the tipping fee would be
22 an increase of \$7.94. My conclusions in terms of the
23 \$10 million, and I want to make this clear, in my opinion
24 I would have to go back and reassess it in the context
25 of other municipal services, especially in the years



1 beyond 1993. I would want to look at its impact
2 because it may have some adverse effect on other
3 regional services if in fact that was a requirement.
4 So, conclusively I'm not saying we can or can't afford
5 it, but really I would have to do an evaluation of what
6 we are looking at beyond 1993 a lot closer than we have
7 done it in the past.

8 Q. You are talking then when you want
9 to reassess it in terms of debt affordability, not as
10 affordability to the householder?

11 A. Mr. Leitch, if I could clarify,
12 \$4.02 in isolation is not a significant amount, but
13 when you roll it up with all of the additional require-
14 ments in 1999 or whatever year it happens of regional
15 services, it may have an adverse impact. That is the
16 reason why I feel it is important that you can't in
17 isolation say \$4.02, and yes, you are right, it is not
18 an undue burden on residential taxpayers, but on the
19 other hand you have to look at it in the context of
20 other regional services. Basically what I am saying is
21 that for that magnitude of dollars I haven't really done
22 an analysis to any extent that would allow me to come
23 to some conclusions on that.

24 Q. You can't say?

25 A. That is correct.



1 Q. All you can say is you want to
2 look at it again?

3 A. That is my conclusion.

4 Q. When we see you looking at it again
5 we know certain things which we determined yesterday
6 and one is that the amount of the charge per household
7 relative to the total tax per household, the waste charge
8 per household relative to the total tax per household is
9 1.2 per cent?

10 A. Yes, I believe that is in 1987
11 dollars.

12 Q. I am trying to get some kind of
13 context around this discussion of affordability. We
14 also know that an increase of \$4.02 per household relates
15 to that tipping fee of \$21.13, I think.

16 A. Yes.

17 Q. Am I right about that? So, in
18 relation to that percentage increase, that would be some-
19 thing in the order of an increase of what, 20 per cent?

20 A. Yes, \$4 would be in the area of
21 20 per cent.

22 Q. Just under 20 per cent?

23 A. In that area.

24 Q. That would be 20 per cent of 1.2
25 per cent in terms of its impact on that household?



1 A. In absolute dollars, Mr. Leitch,
2 you are absolutely correct, but all I am saying is that
3 when you are looking at a \$10 million expenditure where
4 you have to put up the dollars, I think it would be
5 fiscally prudent for the Region to assess that in a lot
6 more detail.

7 Q. I couldn't agree more.

8 A. I'm saying from my conclusion that
9 I'm not telling you we can't afford it, but I would want
10 to look at it closer and do a proper evaluation,
11 especially the impacts beyond 1993 where we haven't done
12 an in-depth analysis because our preliminary analysis
13 looked like the cost provided to us, even on the high
14 case scenario, they appeared reasonable so we did not
15 do an in-depth analysis beyond 1993 and especially
16 beyond 1996.

17 DR. KINGHAM: Perhaps you could clarify
18 for us whether these numbers you have just given us are
19 and/or type numbers? Would you increase the debt
20 capacity and then subsequently increase the household
21 average tax and tipping fee in order to cover off that
22 increased debt capacity? What do they mean?

23 MR. RINALDO: The impact is and -- what
24 would happen is you would increase for the \$5 million,
25 you would increase the tax levy in order to finance it



1 by \$2.01 and in order to finance it your debt capacity
2 would increase from 14.4 to 14.9 and obviously to
3 finance it directly from the tipping fee you would have
4 to increase it, so all of those would be increases, but
5 the impact is on the average taxpayer and is \$2.01 which
6 is the bottom line, but in assessing those you look at
7 the impact on your debt capacity, as Mr. Watson showed
8 in his affordability analysis.

9 DR. KINGHAM: Am I right you would
10 increase the debt capacity and it would be paid for by
11 an increase in tipping fee of the amount you have given
12 us which ultimately would have to come from the average
13 household?

14 MR. RINALDO: That is right.

15 MR. McQUAID: Could I say as I under-
16 stand it there would also be an increase to the commercial
17 sector. They would pay a tipping fee aside ...

18 MR. LEITCH: This is scarcely the time
19 for my friend to be arguing his case.

20 Q. Dr. Kingham's point is taken,
21 Mr. Rinaldo, that in essence when you increase the front-
22 end debt load, that is a self-financing thing because you
23 increase the tipping fee to cover that?

24 MR. RINALDO: A. That is correct.

25 Q. That of course is the economic



Nethercut & Co. Ltd.

Toronto, Ontario

13110

Watson, Rinaldo,
cr-ex (Leitch)

1 basis of planning for waste disposal in Halton Region?

2 A. Yes, that's true.

3 Q. And it's the economic basis upon
4 which this proposal is being put forward to this Board?

5 A. I'm sorry, I don't quite under-
6 stand.

7 Q. You are saying to this Board in
8 essence that a landfill in Halton as part of a waste
9 disposal system will finance the whole system by user
10 rates?

11 A. That is correct.

12 Q. So the final impact goes to
13 the tax bill of the area municipality, if we are looking
14 at the average householder?

15 A. Yes.

16 Q. And there will be other charges
17 as well which go to other sectors of the economy?

18 A. Yes.

19 Q. Which is Mr. McQuaid's point?

20 A. Yes.

21 Q. They will be in the same order of
22 magnitude as the ones we have been talking about because
23 the tipping fee is the same for all users at this time?

24 A. In terms of tipping fee, yes,
25 they would be of the same order of magnitude.



1 Q. All right. We had ended off
2 yesterday talking about the dedicated sewer line which
3 has become part of this case on some basis or other.
4 You had confirmed that there had been no consideration
5 by council that -- or there had been no resolution by
6 council and as far as council was concerned this case
7 was before the Board on the basis of leachate trucking?

8 A. That is correct.

9 Q. I had asked you to look at H-286,
10 UP-16, and H-293, page 2. You have produced this morning
11 another graph which I take it is responsive to my request
12 of late yesterday afternoon?

13 A. That is correct and I tried to
14 illustrate it in a graph in terms of what the optimal
15 timing of the Region would be for us to in fact convert
16 from a sewer option -- from a trucking option to a sewer
17 option.

18 Q. If you will let me finish the
19 distribution process.

20 A. Sure.

21 Q. The units along the bottom are
22 years obviously and the units along the left-hand side
23 are what, dollars?

24 A. They are hundreds of thousands of
25 dollars.



Nethercut & Co. Ltd.

Toronto, Ontario

13112

Watson, Rinaldo,
cr-ex (Leitch)

1 Q. Hundreds of thousands?

2 A. Thousands of dollars so it's
3 \$400,000, \$600,000, \$800,000, \$1 million, \$1.2 million
4 and it's to the nearest thousand with the top being
5 \$2.8 million.

6 Q. How have you plotted the trucking
7 costs against the sewer costs?

8 A. Basically the first line we took
9 is we took Exhibit H-293 on page 2 and we inflated the
10 cost given to us in 1986 dollars and so we simply
11 provided the same rate of inflation which the economic
12 analysis was done on, based on five per cent, and we did
13 a line which is a trucking cost which is the one which
14 moves up and goes up to about \$2.2 million in 2007 and
15 that has a very high level, a very steep increase.
16 That is your trucking cost. Then, we compared that in
17 relationship to at what point in time would the Region
18 have -- in terms of its interest on the inflated capital
19 cost of the actual facility which obviously in 1986,
20 according to the report, the rate was \$4.770 million
21 and we inflated that each year up to 2000 -- up to 1999
22 and beyond, and where the interest on the investment we
23 would make at that point in time plus the operating
24 cost of maintaining the sewer line, which is \$50,000 in
25 1986 dollars, but where it is equal to the trucking cost



1 is how we approached the analysis. Really what you are
2 looking at is your interest on your inflated capital
3 cost dollars and, to give an example, in 1999 where we are
4 recommending the switchover, the capital cost of building
5 the same sewer of \$4,770,000 would be \$8,992,000. If
6 you take ten per cent of that, we assume an interest rate
7 of ten per cent, and ten per cent of that is equal to
8 \$899,290 and if you add the operating cost at that point
9 in time it's \$94,282 for a total of \$993,571. We
10 compared that to the trucking costs in 1999 at \$1,004,000
11 and that is where the break-even point occurs in terms
12 of an investment opportunity. At that point in time
13 it becomes more economical for the Region to put in a
14 sewer versus trucking for the balance of the period.

15 We didn't basically do it on a budget
16 impact basis and my initial thought was perhaps looking
17 at it that way, but that's not looking at the economics,
18 you do economics within budget constraints and that is
19 not a proper approach to take, so basically my recommen-
20 dation to council under the scenario you provided to me
21 would be for us to install the sewer in 1999 or have it
22 ready for 1999 so the installation or construction
23 would obviously take place one or two years before that.

24 Q. If I understand what you are
25 saying, the optimum point in time for the sewer to take



1 over from the trucking option is somewhere mid-point
2 1988 to 1999?

3 A. Basically my recommendation,
4 because it is so close it would be 1999 and that is
5 when we would start having the sewer in place.

6 Q. Let me understand what is before
7 the Board. At the present time what is before the
8 Board is a trucking option and as I understand that,
9 and you have the figures in H-293, page 2, but I take
10 the total of those 1986 dollars through the life of
11 the landfill to be about \$9.5 million. Did you total
12 that?

13 A. No, I did not and I don't think
14 my computer printout has a total. No, I didn't bother
15 totalling them. I inflated them and you must keep in
16 mind that I have assumed inflation when I did the
17 analysis because those were 1986 dollars. I did not
18 provide a total, Mr. Leitch.

19 Q. And your position then would be
20 that from the point of sound economics, this Board ought
21 to be considering that there will be a dedicated sewer
22 or some sewer available to service this project at
23 that point in time. That would be your recommendation
24 to council?

25 A. The economics from my point of



1 view would be -- it would be to the Region's advantage
2 to have a sewer available in 1999 based on the informa-
3 tion you provided me. I should point out that one of
4 the things I would do when I get information like that,
5 I would obviously review the assumptions, but I have
6 taken the assumptions you gave me at face value and
7 have not attempted to test the reasonability or anything
8 to that effect. The only thing I do know is that the
9 cost of a dedicated sewer line at one of our older sites
10 was about five kilometres and the cost was about
11 \$2 million, so it appeared to be in the ballpark and so
12 the \$4.7 million ...

13 Q. I will come to the numbers in a
14 minute, but let me finish with this. If this project
15 goes throughout its life or if this landfill goes
16 throughout its life and its active after-life with a
17 trucking option and there is no dedicated sewer line,
18 the dollars increase dramatically from the \$9.5 million
19 I have told you about, don't they?

20 A. Yes, they would.

21 Q. That trucking has to continue for
22 at least another 20 years past closure?

23 A. Yes. Leachate is a problem beyond
24 the life of the site and it has to be dealt with beyond
25 that.



1 Q. In H-293 we see that leachate
2 production in terms of dollars to cart it away gets up
3 to about \$850,000 and we have heard evidence in this
4 case that the curve upwards then flattens out and
5 continues on for some time at that level.

6 A. That is my understanding. I'm not
7 an engineer, but that is my understanding of how the
8 leachate problems occur in closed landfill sites.

9 Q. That is what the evidence is from
10 Mr. Hiraishi, I believe. So, in the long term, if you
11 look at it, it is going to cost considerably more than
12 the \$9.5 million it will cost during its working life?

13 A. If you are trucking, yes.

14 Q. Which makes the dedicated sewer
15 an even more economic proposition if we look at it over
16 a 40-year period as opposed to a 20-year period?

17 A. Absolutely. If you did the
18 analysis assuming it was a 40-year useful life of the
19 sewer, then obviously the analysis would be in fact more
20 economical; but from the point of view of the break-even
21 point in the early part it does not change, it's still
22 1999.

23 Q. It seems only reasonable to me
24 that the Board should consider this project on the basis
25 that council is going to approve a dedicated sewer at



1 some point in time and it will be built. Would you
2 agree with that?

3 A. Obviously during that period of
4 time council will have to make the decision on whether
5 or not to sewer and, based on the numbers on that scenario
6 and the period of time that we would probably recommend
7 the installation of a sewer, a dedicated sewer line, and
8 I'm not sure if it's a dedicated sewer line because
9 depending upon what the other sewer requirements are
10 up there, but we would recommend, given the facts before
11 me, we would recommend installation of a sewer at that
12 point in time.

13 Q. Let's deal with the point in time.
14 That is when it should be in place and working in order
15 to get the optimum cost benefit?

16 A. That is correct.

17 Q. In order for it to be in place
18 and working at that point in time, there must be some
19 pre-planning; and am I correct about that?

20 A. Yes, that is correct.

21 Q. When we come to actually build
22 that sewer in the second half of the next decade, it
23 will cost well in excess of the 1986 dollars we have
24 looked at in Mr. Watson's economic update. I think
25 you said this morning you inflated it up to somewhere over



1 \$8 million?

2 A. Yes, \$9 million to round it off
3 is what we looked at.

4 Q. It's my understanding that that
5 would require there be an approval in the nature of an
6 environmental assessment. Would that be your under-
7 standing as well?

8 A. I wouldn't begin to guess whether
9 or not we would require an environmental assessment.
10 I'm not in a position to give you that answer.

11 Q. If it did it would take some lead
12 time, wouldn't it?

13 A. If it did and if we had to go
14 through an environmental assessment process, yes, it
15 would take lead time.

16 Q. And it takes time to construct it?

17 A. To my understanding it takes two
18 years to construct it once you have all the approvals
19 in place.

20 Q. So we much start spending our
21 money at least in 1997 just to get it constructed on
22 time and in order to get it approved we might have to
23 start spending some money some time earlier than that?

24 A. Yes. The time frame is three to
25 four years when actually the cash flow of the expenditures



1 would occur for this kind of project.

2 Q. How shall we treat it in terms of
3 what we are trying to do here in the way of an economic
4 comparison? My submission to you would be that we
5 would have to take that capital cost, present value it
6 and then add it to the capital cost of Site D?

7 A. If you present valued it and
8 Mr. Watson in UP-16 has identified the cost in 1986
9 dollars as \$4.77 million or \$4.8 million, including the
10 approvals costs.

11 Q. And the land acquisition?

12 A. Yes, that includes land acquisition,
13 \$4.8 million, and there is \$3.8 plus \$400,000 plus
14 \$500,000 for the acquisition of land.

15 Q. That is the overall present value
16 of that capital cost. In terms of affordability and
17 in terms of doing a comparison between Site D and Site F,
18 you would have to show that cost being incurred in the
19 years we have talked about between 1995 and 1999?

20 A. The only thing you should be aware
21 of is that on a net present value basis my conclusions
22 were the same as Mr. Watson's and my numbers are slightly
23 different because I did it on a slightly different basis,
24 but a dedicated sewer line on a net present value basis
25 when you discount the two over that period of time is



1 virtually on the high cost scenario, it is virtually
2 equal. So on a net present value basis the costs the
3 way Mr. Watson has done it on UP-16 are very close to
4 what I came up with in terms of a comparison and perhaps
5 he may want to speak to it a bit more closely with
6 regard to that aspect.

7 Q. Mr. Watson, in effect, gives the
8 cost of the additional capital and then computes the
9 savings?

10 A. Yes.

11 Q. And comes up with a sort of
12 break-even point?

13 A. That is the proper approach if you
14 are doing it on a net present value basis, which is the
15 basis on which the comparisons were done.

16 Q. If you are going to compare the
17 two sites from the perspective of their capital cost,
18 you have to take into account that you are going to
19 spend close to another \$5 million in the mid-point of
20 the life of the site. Am I right about that?

21 A. Yes, and Mr. Watson in UP-16 has
22 provided you that information as has shown that in fact
23 what the impact on the net present value basis is for
24 comparative purposes and they are at the top of the
25 page, UP-16, and I come to no different conclusions than



1 that.

2 Q. At the point in time when this
3 work is to be paid for there will have to be some
4 debenturing?

5 A. That's correct.

6 Q. When we get to those dollars we
7 are talking in the order of \$8 million of debenturing?

8 A. Yes, and the cost would be
9 incurred between probably, and my guess is probably between
10 1997, 1998 and 1999 which is when we would issue
11 debentures, so we haven't done the fiscal impact beyond
12 1996 as you may recall.

13 Q. In terms of the affordability of the
14 two sites in relation to their debt impact, their
15 debt, debentured debt and the flexibility of the Region
16 of Halton for other projects, they draw closer together,
17 don't they, because of this additional capital cost?

18 A. Yes. If we put in the dedicated
19 sewer line from the point of view of debt capacity, if
20 we proceeded with this additional debenture requirements,
21 it would draw it closer from the point of view of
22 debenture of debt capacity, yes, but on the point of
23 view of net present value I believe Mr. Watson has
24 provided you the information and I have no qualms about
25 what he has provided you with.



1 Q. I wanted to complete the picture.
2 We looked at H-273 which was Mr. Nunan's calculation
3 of the total estimated cost for this sewer and I want
4 you, Mr. Watson, perhaps you could identify this next
5 document so we could get it in evidence.

6 MR. LANCASTER: That graph should be
7 marked as H-303.

8 --- EXHIBIT NO. H-303: Graph

9 MR. LEITCH: Q. Perhaps you could
10 identify this next document which starts out to be a
11 letter from Trow to yourself dealing with the cost of
12 a liner, but it deals also with questions of the Site D
13 sewer connection. Is that material which was prepared
14 on your request or for your purposes?

15 MR. WATSON: A. Yes.

16 MR. LANCASTER: That will be H-304.

17 --- EXHIBIT NO. H-304: Letter from Trow Hydrology
18 Consultants

19 MR. LEDERER: I have a feeling that this
20 may have been entered. I am concerned this may already
21 have been exhibited.

22 MR. LEITCH: No, I don't think so, but I
23 could be wrong.

24 DR. KINGHAM: I don't believe that this
25 has been entered.

MR. LEDERER: I'm sorry, sir. It hasn't.



Nethercut & Co. Ltd.

Toronto, Ontario

13123

Watson, Rinaldo,
cr-ex (Leitch)

1 MR. LEITCH: Q. Just look, Mr. Rinaldo,
2 if you would, at H-273 and then at H-304. I now want to
3 deal with the question of where this sewer line is to
4 go on the basis of what we know and what things will
5 have to be done in order to get it into its place. If
6 you look at H-273 ...

7 MR. RINALDO: A. Just one moment. H-273?

8 Q. You will see that Mr. Nunan of
9 Trow proposes that the sewer connection would transport
10 leachate from manhole 20 on Site D easterly to Highway
11 25 where the sewer system would turn southerly eventually
12 connecting to an existing sewer pipe on Bronte Road
13 about 2,670 metres south of Dundas Street, Highway 5.
14 Highway 25, would you confirm for the Board, is a provin-
15 cial highway?

16 A. That is correct. It is not a
17 regional road in that area.

18 Q. It is a provincial highway. It
19 would appear from this estimate that it is intended that
20 this line go under Highway 25 or under the road allowance
21 of Highway 25?

22 A. It would appear so, yes.

23 Q. It would go, as I understand it,
24 close to ten kilometres southward from Site D?

25 A. It appears to be approximately



1 that, yes; 9.6 kilometres approximately it appears.

2 Q. It would require then, if it is on
3 the road allowance, it would require the purchase of an
4 easement from the Ministry of Transportation and
5 Communications?

6 A. Yes, I would think that that is
7 the way we would have to go in order to get that.

8 Q. And you don't have any right to
9 expropriate land from the Ministry of Transportation
10 and Communications if they said no?

11 A. I believe that that's correct, but
12 I'm not that much of an expert in that area.

13 Q. If it couldn't go under the road-
14 way for any reason, it would have to go on private
15 property along the roadway?

16 A. I would presume that if you can't
17 put it on the road allowance then that is the only
18 other alternative.

19 Q. If that was the case, there would
20 be a number of ownerships affected by the sewer easement
21 over ten kilometres going southward paralleling Highway
22 25?

23 A. Yes.

24 Q. Even if you were able to make
25 arrangements with the provincial government to put it



Nethercut & Co. Ltd.

Toronto, Ontario

13125

Watson, Rinaldo,
cr-ex (Leitch)

1 under their road allowance, it would require some purchase
2 from them?

3 A. Some kind of easement or purchase
4 may be required, yes.

5 Q. Now, if Mr. Watson makes an
6 estimate of the cost in that respect in his expense
7 of sewer scenario if you look at H-286 ...

8 A. Yes?

9 Q. ... UP-16, he has land acquisition
10 costs of \$500,000. Have you any basis for agreeing
11 or disagreeing with him on that?

12 A. To be perfectly frank with you I
13 have no basis and I couldn't tell you if that is a
14 reasonable figure or not.

15 Q. To your knowledge has the Region
16 of Halton made arrangements to put things under provin-
17 cial road allowances to this point?

18 A. I wouldn't be in a position to
19 tell you that, to be honest with you.

20 Q. You would agree with me looking
21 at the low cost sewer line scenario that that particular
22 scenario is based on minimal road resurfacing, and I
23 presume that means Highway 25, or perhaps that is a
24 better question for Mr. Watson?

25 A. Yes, I believe that that is



1 appropriate.

2 Q. Let's leave that then, Mr. Rinaldo,
3 and I'll take you to the last area I want to canvass
4 with you. I would like you to look at H-44 which is
5 Mr. Watson's 2C report. I would like you to look at
6 Appendix F, the very last appendix in the report and
7 which is a summary of the Region's position on property
8 owner compensation with regard to the landfill project.

9 A. Yes.

10 Q. Are you familiar with those
11 policies?

12 A. Basically these are the Region's
13 position and I am aware of them, yes.

14 Q. And they haven't changed since
15 they were published in this particular document?

16 A. Not that I am aware of.

17 Q. I want you to assume for the
18 purposes of these questions that a site has been approved
19 in Halton Region. Would you do that?

20 A. Yes.

21 Q. I want you to assume that it has
22 been approved on the basis of one or other of the two
23 sites before this Board and the economics of the site
24 are as described to the Board, in other words it is user-
25 supported. Do you understand that?



1 A. Yes.

2 Q. I also want you to assume that
3 the levels of tipping fees are as set out in your
4 evidence, and I think it's Exhibit H-280, starting --
5 yes, H-280, and those levels appear at pages 7, 8, 9
6 and 10?

7 A. Yes.

8 Q. Starting in each case around the
9 \$35 mark and then progressing in the manner which you
10 have calculated. Now, taking those assumptions I want
11 you to understand another thing, and that is under the
12 Region of Halton Act, Section 137, subsection (3):

13 "No facilities for receiving, dumping and
14 disposing of waste shall be provided in
15 the Region by anyone other than the
16 Regional Council unless Regional Council
17 gives its consent to the establishment of
18 those facilities."

19 Do you understand that to be the case?

20 A. I'm aware of the legislation.

21 Q. I take it you are also aware that
22 there is nothing in the legislation which requires an
23 area municipality to dispose of its waste at the
24 regional facility? In other words, it is free to take
25 its waste to other facilities?



Nethercut & Co. Ltd.

Toronto, Ontario

13128

Watson, Rinaldo,
cr-ex (Leitch)

1 A. That is technically correct, that's
2 right.

3 Q. We will come to that technical
4 aspect in a moment. Now, I want you to also take the
5 case that some other operator comes to the Region and
6 asks for consent to opening a landfill site at the point
7 in time where the Region already has its established
8 based on the economics we have talked about.

9 A. Okay.

10 Q. Do you understand that?

11 A. Yes.

12 Q. I want you to assume that you
13 have been asked by regional council to report to it on
14 the financial aspect of whether or not it ought to
15 consent to such a site being opened.

16 A. Yes.

17 Q. Can you tell me what your report
18 would be?

19 A. Well, obviously that would require
20 a fairly detailed evaluation before we go through it,
21 but the concern I would have would be that we are putting
22 in in any landfill site a lot of high, fixed costs
23 related to it, so therefore if your revenue base is
24 eroded, or if part of your revenue stream beyond what
25 we said in the report is being diverted, and if in other



Nethercut & Co. Ltd.

Toronto, Ontario

13129

Watson, Rinaldo,
cr-ex (Letich)

1 words if the 50 per cent we said was diverted in 1996, if that
2 was the only thing effectively diverted then that would
3 not cause me a problem from an economics point of view
4 and we would say that that is what we planned on anyway,
5 the diversion, and that is our source of diversion. If
6 it was beyond that, then what would happen is it could
7 have a very adverse effect on our tipping fees because
8 now we must spread the burden on much fewer -- a much
9 smaller tax base because we are no longer looking at a
10 tipping fee we could utilize the total tonnages we have
11 assumed in the report and therefore, depending upon the
12 size, it could drastically increase our tipping fees for
13 that period of time.

14 Q. Let's take it a step further.
15 Let's discuss briefly the tipping fee makeup under
16 the existing waste program and the one that is before
17 this Board. I understand that the tipping fee consists
18 of a number of things which don't have to do with
19 current operations?

20 A. The tipping fee includes all our
21 solid waste management operations including source
22 separation, container operations and so on and so forth,
23 and they represent in the area of \$11 to \$12 per tonne
24 of our total cost, to give you a ballpark figure.

25 Q. So a private operator who opened



Nethercut & Co. Ltd.

Toronto, Ontario

13130

Watson, Rinaldo,
cr-ex (Leitch)

1 a site in Halton could probably dispose of waste for
2 less than your tipping fee?

3 A. Yes, if you look at the total
4 tipping fee, but in terms of our landfill operation our
5 tipping fee is in the area of \$25 a tonne, but if you
6 only looked at the landfill site itself, and in terms of
7 that a landfill operator could technically provide a
8 tipping fee lower than our total tipping fee that we
9 are including for budgetary purposes as the user rate.

10 Q. Say \$11 or \$12 cheaper?

11 A. Yes.

12 Q. As things now stand?

13 A. That is correct.

14 Q. Mr. Watson in his calculations of
15 the high cost to acquire Site F takes a market price of
16 \$25 a tonne as being what the landfill owner would have
17 to charge to make a profit?

18 A. That is based on the estimate that
19 the cost of the landfill operation itself is in the
20 vicinity of \$25 a tonne.

21 Q. If you have your facility open and
22 you are depending on it to pay for the whole program and
23 it costs \$36 to \$40 a tonne, and your competition is
24 going to compete for that waste at \$25 a tonne, you
25 will lose a lot of waste?



1 A. If the landfill sites within the
2 Region -- obviously the private haulers which represent
3 55 per cent of our waste stream in fact, and I'm sure
4 they would look at the overall economics of it and go
5 to the site that overall is cheaper for them and
6 obviously they would also look at the transportation
7 component.

8 Q. I would suggest as well that the
9 elected representatives in the area municipalities
10 would have to look at a lesser disposal cost in the
11 interests of their citizens?

12 A. It's difficult for me to speculate
13 what a local municipality would do in this particular
14 area, but I would guess that they would obviously
15 consider it.

16 Q. If they started to take their
17 waste to the cheaper site, then you are not without
18 remedies because instead of dealing with it on a user-
19 pay basis you could put it all on their tax bill?

20 A. The Region has the power to tax
21 for its solid waste program if it wishes to. We have
22 done it on a user-pay system because we think it's the
23 fairest way of doing it and it's more tied in to whoever
24 in fact produces the waste stream who gets charged, but
25 obviously if the economics were such in such a scenario,



1 then we would have no recourse but to change our policy
2 and that is an option that council can certainly consider
3 in developing their plans.

4 Q. And you would have all kinds of
5 these effects in mind when you reported to council what
6 you thought they should do in relation to consenting to
7 a private operator opening another site?

8 A. Obviously one of the responsibilities
9 I would have would be to provide them with the
10 financial implications of allowing a new site to open,
11 and obviously until I do the evaluation I wouldn't know
12 to what extent or what the magnitude of the problem is.

13 Q. To be fair, if regional council
14 refused consent there is provision in the Regional
15 Municipality of Halton Act, Section 137(4), for an appeal
16 to the Ontario Municipal Board?

17 A. Yes.

18 Q. The Ontario Municipal Board could
19 hear and determine such an appeal and in that section
20 impose terms and conditions as it considers appropriate?

21 A. Yes.

22 Q. You understand that?

23 A. That is my understanding.

24 Q. I take it that council would be
25 very interested indeed in those terms and conditions?



1 A. For any landfill site in this
2 province I think the council of the local municipalities
3 would have a deep interest in the terms and conditions
4 applied to any landfill site.

5 Q. And it would have in mind its own
6 economic interests in terms of securing an adequate flow
7 of waste so it could keep its system economically sound?

8 A. We would certainly consider that
9 and evaluate that, yes.

10 Q. Thank you, Mr. Rinaldo. I will now
11 ask Mr. Watson some questions. Mr. Watson, you have done
12 work on an evaluation of the cost of acquiring Site D
13 and the cost of acquiring Site F?

14 MR. WATSON: A. Yes, that's right.

15 Q. I understand you bring a background
16 of experience to that work. You are an Ontario Land
17 Economist and you have done quite a bit of work in the
18 evaluation of blocks of land around proposed landfill
19 sites?

20 A. Yes, I have done work in that area.

21 Q. In particular you have done work
22 for the Ontario Waste Management Corporation and you have
23 done work for the Region of Peel as well as for Halton?

24 A. The work for the Ontario Waste
25 Management Corporation was for the Township of West



1 Lincoln relative to the Ontario Waste Management
2 Corporation in opposing it.

3 Q. You are not a land appraiser?

4 A. I'm not.

5 Q. You don't profess to be?

6 A. No.

7 Q. In your work, and in particular in
8 your work with respect to this proposal, I understand
9 you have read certain appraisals which were given to you
10 to commence your work?

11 A. Yes. I was provided with appraisals
12 and I met and have studied them thoroughly and have met
13 with the various appraisers who conducted them and
14 reviewed their work, asked them questions about parti-
15 cular areas, discussed the way in which the values could
16 be updated, discussed some concerns I had and so on.

17 Q. You are not a business evaluator?

18 A. No.

19 Q. You understand there is a designa-
20 tion certified business valuator which is a professional
21 designation?

22 A. Yes.

23 Q. But in the work that you did you
24 did some evaluating which touches on a business methodo-
25 logy for valuing land at Site F?



Nethercut & Co. Ltd.

Toronto, Ontario

13135

Watson, Rinaldo,
cr-ex (Leitch)

1 A. Yes.

4E 2 Q. Now, I would like to deal with
3 first the Site F low appraisal and then I will deal with
4 the Site F high appraisal and then I will come to Site D.
5 The Site F low appraisal, I understand, or the evaluation,
6 to use the terminology you prefer, it is contained in
7 H-286, your update?

8 A. Yes.

9 Q. I understand there is an appraisal
10 in respect of Site F on the basis of industrial land
11 as its highest and best use that you read?

12 A. Well, for that portion of Site F
13 for which industrial land could be applied, yes.

14 Q. Did the Chambers Company do an
15 appraisal?

16 A. Yes.

17 Q. Did you have that available to you?

18 A. Yes.

19 Q. Did you read it?

20 A. Yes.

21 Q. Can you tell me who the person
22 was who did that appraisal?

23 A. Mark Boyak.

24 Q. How do you spell that; do you know?

25 A. B-O-Y-A-K, I believe.



Nethercut & Co. Ltd.

Toronto, Ontario

13136

Watson, Rinaldo,
cr-ex (Leitch)

1 Q. Is the Chambers Company a known
2 appraisal organization in the Province of Ontario?

3 A. Yes, they are a large Hamilton
4 firm.

5 Q. Do you know what professional
6 qualifications Mr. Boyak has?

7 A. He is a qualified appraiser.

8 Q. When he did his appraisal of Site
9 F, did he choose certain comparables?

10 A. Yes.

11 Q. And recent sales?

12 A. Yes. He had 30 or 40 sales that
13 he looked at.

14 Q. Did you look to the same sales?

15 A. Sorry, 30 or 40 -- he had a number
16 of sales and I'm not sure, but 30, give or take some.

17 Q. Did you look at those sales in
18 doing your work?

19 A. Yes, and in addition I looked at
20 more recent sales that we discussed.

21 Q. What is the date of Mr. Boyak's
22 appraisal?

23 A. November, 1986. He did two.

24 Q. Did he do the other Site F
25 appraisal on the basis of its use as a landfill?



Nethercut & Co. Ltd.

Toronto, Ontario

13137

Watson, Rinaldo,
cr-ex (Leitch)

1 A. I'm sorry, the date is November 4,
2 1986 and there was an earlier one which he did as well
3 on December 11, 1984.

4 Q. Are they both appraisals based on
5 the highest and best use as industrial land, or possible
6 industrial land?

7 A. They looked to possible industrial
8 land and they looked to landfill.

9 Q. Both of them?

10 A. The more recent one does and the
11 earlier one does as well, I believe, but I can just
12 verify that. Yes, they both do.

13 Q. When you did your evaluation of
14 Site F on the basis of its potential as development
15 land, industrial development land, did you follow the
16 same kind of methodology Mr. Boyak did when he did his
17 work?

18 A. Relative to industrial land I did.
19 I think I looked to the Parkway Belt restrictions in
20 greater detail, but followed the same approach, yes.

21 Q. If I understand, I take it what you
22 did is you took his more recent appraisal of November of
23 1986 and your starting point was the value he cast at
24 that time and then you looked to more recent sales to
25 bring it up to date in your economic update?



Nethercut & Co. Ltd.

Toronto, Ontario

13138

Watson, Rinaldo,
cr-ex (Leitch)

1 A. No. I started over.

2 Q. Did you then start over and go
3 through his base work, looking at each of his comparables
4 and sales in the area?

5 A. Yes.

6 Q. Having done that, did you accept
7 the same value that he came up with?

8 A. For the comparables?

9 Q. Yes.

10 A. I was more concerned with recent
11 comparables, given that the market obviously had changed
12 considerably in the intervening year, and I focused on
13 the more recent comparables which he did not have at
14 the time he did his appraisal.

15 Q. Leaving aside the more recent
16 comparables, was your opinion and his the same based on
17 the comparables he looked at?

18 A. Yes, they were very close.

19 Q. Then you looked at some more recent
20 sales that he had an opportunity to look at and you
21 increased the value based on those sales?

22 A. The final result was still very
23 close because, as I mentioned, there were the restrictions
24 which I had to consider or which I did consider.

25 Q. Let's discuss then the appraisal



1 report on the basis of Site F as landfill. Did Mr. Boyak
2 do that too?

3 A. Yes.

4 Q. Does he have any qualifications as
5 a certified business appraiser? Perhaps you could get
6 the report and look at his qualifications.

7 A. This is Mark Boyak and on the
8 front it says "Mark Boyak, B.A., FRI, AACI, SR/WA."

9 Q. There is no designation as a
10 certified business valuator, CBV?

11 A. No.

12 Q. Those designations you have read
13 to us are the usual designations for someone who has
14 passed an examination for the Appraisal Institute?

15 A. In addition to the B.A., and I
16 don't know what the SR/WA is, but the other two are
17 appraisal designations.

18 Q. And they are quite familiar with
19 most people in your area?

20 A. Yes.

21 Q. Let me ask you if your methodology
22 and approach in respect of appraising Site F as
23 landfill was the same as his.

24 A. It was similar, but not totally the
25 same.



1 Q. What you did, as I understand your
2 work, you looked at Site F taken from the owner as the
3 loss of a business opportunity to the owner, the business
4 being landfilling?

5 A. Yes.

6 Q. And you made certain assumptions
7 about capacity, tipping fee, profit and discount rate?

8 A. Yes.

9 Q. Did he do the same thing?

10 A. He didn't look at the variability
11 in those four factors as I did, and there is some
12 variability, but I looked at the range in those variables
13 in greater detail.

14 Q. Did he assume a site capacity?

15 A. He had two site capacities and
16 that was as I had done, yes.

17 Q. Did he assume a tipping fee to be
18 charged per tonne?

19 A. Yes, he assumed a calculated
20 tipping fee.

21 Q. Did he assume ...

22 A. And I was saying in addition to
23 taking one tipping fee, I looked at the impact of taking
24 three or four different -- I looked at the effect of
25 moving through a range which I don't believe he did.



1 Q. Did he assume a profit per tonne
2 in the way that you did?

3 A. Yes.

4 Q. Did he take a discount rate to
5 calculate the present worth?

6 A. Yes. So, it was very similar,
7 yes.

8 Q. Did he assume the same capacity as
9 you did?

10 A. He had two assumptions which were
11 similar. They were not identical, but they were similar.

12 Q. Did he assume the same tipping fee
13 per tonne?

14 A. I worked with a range and I felt
15 the range of \$20 to \$25 was appropriate and he was
16 similar.

17 Q. And with respect to the number of
18 tonnes per annum available for this site, did he make
19 the same assumption you did that all of the waste in
20 Halton would be landfilled there, or the greatest propor-
21 tion of it?

22 A. He looked at the application, the '82
23 application amount, and then looked at a 21-year site life
24 which virtually had an all the waste in Halton assump-
25 tion associated with it.



1 Q. What profit per tonne did he use
2 because that is the way he did it?

3 A. He had a percentage of, I believe,
4 25.

5 Q. Twenty-five per cent?

6 A. Of the tipping fee, yes.

7 Q. Whereas your figure was 20 per cent?

8 A. Yes. I looked at ten and I looked
9 at 30. I worked with 20.

10 Q. He chose 25 per cent and didn't
11 look at the others, the other options or the other
12 figures?

13 A. That is what the report says.
14 He may have in his working papers.

15 Q. You met with him and talked with
16 him about that report?

17 A. Yes.

18 Q. Now, I want to know if in arriving
19 at your anticipated profit per tonne you made any calcu-
20 lations with regard to the capital and operating costs
21 of a site at Site F by a private owner and, if so, what
22 they were.

23 A. I focused on two things and one is
24 on UP-10 in terms of what in fact was being charged in
25 the marketplace and in fact what was being charged in the



1 15, 20 or sometimes \$25 range and I worked from that as
2 a sort of ceiling on the growth revenues per ton.
3 Secondly, in terms of costs I looked to what the net
4 costs of the Region of Halton were, net of the factors
5 Mr. Rinaldo has discussed, the non-landfill components
6 of the tipping fee and judged their costs to be in the
7 mid-twenties per tonne. So, with those two factors I
8 proceeded.

9 Q. I'm a little confused because if
10 you took \$25 a tonne as being the tipping fee and you
11 accepted what Mr. Rinaldo says that it costs about \$25
12 a tonne to operate a landfill, I can't quite understand
13 how you arrive at a 20 per cent profit figure.

14 A. I mentioned I took a range of \$20
15 to \$25 a tonne and that would provide for a cost of
16 20 and a 20 per cent markup would take you to \$24, yes,
17 \$24. I concluded that if we have private operators
18 and other landfills charging \$15 to \$20 a tonne, then it
19 is possible to operate a landfill for less than \$25 per
20 ton and I don't think there is any question about that.

21 Q. Are you saying that Mr. Rinaldo is
22 running a Cadillac operation? I thought his evidence
23 was that that's the cost, \$25 a tonne, and that is break-
24 even. The way I read it, and to be direct with you, you
25 basically said that no one would do it unless they had a



1 profit of 20 per cent on their gross.

2 A. That certainly was in my mind, yes.

3 Q. And so you had two things to guide
4 you, you had some of the existing costs that we find in
5 Mr. Rinaldo's program and you had the reasonable assump-
6 tions that no one would do it unless there was a profit
7 in it?

8 A. Yes.

9 Q. Taking those two things together
10 you came up with 20 per cent?

11 A. Yes. Obviously it is a high cost,
12 high investment and somewhat risky sort of undertaking,
13 and obviously the profit has to be at a pretty reasonable
14 level and so, yes, I worked with that assumption and
15 that is what I got and I judged it to be a high-end
16 situation.

17 Q. There is another way of going at
18 it, I would suggest, and what you could do is sit down with
19 your calculator and with all of the estimates of cost we
20 have seen in this case from Trow and other sources and
21 you could calculate on the basis of a design what the
22 capital cost was going to be and when it would be
23 incurred and what the operating cost was going to be and
24 then arriving at a pretty precise level of cost and
25 comparing that then to the anticipated market.



1 A. That assumes that the private
2 operator would put in place the sort of landfill the
3 Region would put in place to take, you know, all or
4 similar wastes of the same size. I guess that is one
5 scenario, but obviously there are others and the Steetly
6 type of operation, for example, being one with a lower
7 tipping fee but a lower installation cost.

8 Q. You then at page UP-12, Figure 2,
9 forecast some profit figures and, if I understand your
10 work, what you have done in arriving at a landfill-based
11 value for Site F, you have taken a gross profit and
12 pretty well drawn a direct line to that gross anticipated
13 profit to the value of the land. Am I right about that?

14 A. Yes.

15 Q. So in the \$25 per tonne tipping
16 fee you have got the 8.75-year block and you have the
17 20-year block and if you take the 20-year block, then
18 that casts a gross profit on operations of \$5.85 million?

19 A. It's discounted at the present
20 value of 15 per cent, yes.

21 Q. You round that up to \$6 million to
22 arrive at your opinion of the value based on its use
23 as a landfill?

24 A. No. What I said in my evidence
25 was that I looked at varying tipping fees and looked at



1 varying site sizes and, in fact, I looked at varying
2 profit percentages. I looked at changes in all four
3 of the variables and I focused on the \$25 per tonne
4 level which I felt was a realistic total charge, but I
5 didn't simply take it and round up. I looked at all
6 these other scenarios. We had a dozen different runs
7 and I looked at the variance that could be reasonably
8 expected to occur I felt in all of these different
9 factors, and felt that the \$4.5 million to \$6 million
10 range I believe I concluded was, as I put it, it straddled
11 the most probable and reasonable set of assumptions. It
12 happens to also virtually straddle the \$25 per tonne,
13 20 per cent profit assumption.

14 Q. I understand that, but all of your
15 runs are based on the same premise and that is that
16 there is a 20 per cent profit?

17 A. We did ten per cent runs and 30
18 per cent runs.

19 Q. Does the ten per cent appear in
20 Figure 2?

21 A. No.

22 Q. Does it appear ...

23 A. It doesn't appear, no.

24 Q. But Figure 2 is the 20 per cent
25 assumption we see?



Nethercut & Co. Ltd.

Toronto, Ontario

13147

Watson, Rinaldo,
cr-ex (Leitch)

1 A. Yes.

2 Q. I take it you found that to be in
3 your judgment the most reasonable assumption?

4 A. Going back to the point you made
5 earlier about the requirement for fairly significant
6 profit expectations with such a venture, yes.

7 Q. I read that as coming from your
8 work.

9 A. Yes, yes, it was.

10 Q. That is your assumption not mine.
11 I want to ask you if you took certain things into account
12 and, if you didn't, if you would then take them into
13 account now. Did you take into account the incidence
14 of income tax on the gross profit of a private landfill
15 operation to the extent that it would reduce a 20 per
16 cent profit to the dollars he could actually keep?

17 A. We didn't look at income tax, no.

18 Q. And if you did look at the impact
19 of income tax, would it reduce the amount of dollars
20 that actually got to his bottom line?

21 A. It certainly could.

22 Q. And you are not a chartered
23 accountant and not knowledgeable in tax matters?

24 A. No. Well, not on landfill tax
25 matters, no.



1 Q. All you can say then is that the
2 incidence of tax would in some way reduce the amount of
3 actually retained profit and you would agree with me that
4 that would reduce the value of the land?

5 A. That could well occur and that is
6 another reason why I am confident that what we have is
7 an upper end on the range for the cost.

8 Q. That's what I want to get at, the
9 upper end. I want to see if the upper end stands the
10 test for a variety of things. The next thing I want to
11 ask you is whether you took into account the requirement
12 of the prospective operator to fund after-care on some
13 sinking fund basis. We understand you have to look
14 after these landfill sites for as many as 50 years or
15 perhaps even longer and it is a requirement that you
16 make financial provision to do that.

17 A. Steetly and Walker Bros. have
18 faced that.

19 Q. I know they do, but did you take
20 that into account, having to set aside those monies for
21 those purposes in arriving at these values you have
22 given us on the upper end?

23 A. If they are doing that and charging
24 \$20 and \$22, then it could be done here and for a
25 similar facility.



1 Q. You are making the assumption they
2 are doing that so that is all in the cost?

3 A. They are subject to Ministry
4 approval requirements and I think that is where all of
5 this springs from.

6 Q. You see my problem is that what
7 we are trying to do is establish a price for this land
8 based on its value to the owner as a landfill site.

9 A. Yes.

10 Q. What you have done is taken a 20 per
11 cent profit assumption in this run and you have assumed
12 that that profit is in some relation to the value of
13 the land?

14 A. It is in some relation to the value
15 of the land.

16 Q. You say because Steetly charges
17 something similar, then there is no discount?

18 A. I am just saying that the other
19 facilities obviously have to have -- they have to provide
20 for after-care and I don't know the way in which they
21 have or have not built in a sinking fund, so I guess that
22 is fair to say. I don't know what they have done.

23 Q. What would you say to my proposi-
24 tion that you would have to discount the value of this
25 land on an expropriation for the likelihood that the



Nethercut & Co. Ltd.

Toronto, Ontario

13150

Watson, Rinaldo,
cr-ex (Leitch)

1 Region of Halton wouldn't approve or consent to a site
2 by a private owner which would be in competition with
3 its facilities?

4 A. I think that that is potentially
5 a major constraint and I wrestled with that and I went
6 to the Expropriations Act, Section 14, and obviously the
7 market value we are talking about under 14(1) is the
8 market value of land expropriated and is the amount that
9 the land might be expected to realize if sold on the
10 open market by a willing seller to a willing buyer, and
11 obviously the willing buyer would be evaluating among
12 other things the matter you just raised in terms of
13 what share, if any, he might have of the market and
14 then we get into the complications that Mr. Rinaldo
15 discussed in terms of the way in which a second, privately-
16 operated landfill facility would make it difficult for
17 the Region to plan its waste disposal system and assure
18 itself that it had sufficient waste to spread its con-
19 siderable costs over. Then I came to Section 14(4):

20 "In determining the market value of land,
21 no account shall be taken of,
22 (a) the special use to which the expro-
23 priating authority will put the land;..."

24 Which did seem to me to suggest that a landfill or that
25 evaluation was not compatible with that and then:



1 "... (b) any increase or decrease in the
2 value of the land resulting from the deve-
3 lopment or imminence of the development
4 in respect of which the expropriation is
5 made ..."

6 I concluded from that that Halton's actions in this case
7 are important in bestowing landfill value upon this land
8 and at some point all of this would be discussed, but
9 it suggested to me that that is why we should have a
10 range here and that is why we came off the high end of
11 the range, the \$6 million which was used in H-45 and
12 in the update and we went with the full range, the \$2.2
13 million to \$6 million range because I questioned whether
14 the property would automatically be valued as that use and
15 for a facility the size that Halton is considering.
16 It seems quite possible that that would not occur at all.

17 Q. You have raised the question of
18 Section 14(4) of the Expropriations Act and:

19 "...no account shall be taken of,
20 (a) the special use to which the exprop-
21 riating authority will put the land;..."

22 The willing buyer and willing seller who are the
23 determinants in Section 14 have to be taken as directing
24 their minds to what that says, I would take it?

25 A. I would think so.



1 Q. There are a lot of problems in
2 relation to getting the landfill site open if Halton
3 Region has its opened and that is the bottom line.

4 A. We are testing that.

5 Q. Take my assumption that the site
6 is opened following these proceedings and an owner comes
7 along and wishes to open another one; would you agree
8 with me that there is a very substantial probability that
9 he would have opposition on his hands from almost every-
10 one involved in this case?

11 A. Well, I would think that the Region
12 would look at it very carefully and perhaps sceptically
13 and if the site happened to be in Burlington, then no
14 question they would look at it very carefully. So, there
15 would be a lot of opposition, there is no question about
16 that.

17 Q. Would you discount for the uncer-
18 tainty of approval, taking into account the Regional
19 Municipality of Halton Act, Mr. Rinaldo's evidence, the
20 provisions of the Expropriations Act?

21 A. I would and I did by providing a
22 range.

23 Q. You are saying that that discount
24 is in the \$4.5 million to \$6 million?

25 A. No, the \$2.2 million to \$6 million.



1 The full range that has been used in our calculations,
2 and we didn't use \$4.5 million to \$6 million but used
3 \$2.2 million to \$6 million, and for the reasons we
4 discussed that is a very broad range and three times --
5 the upper end is two-and-a-half times the lower end, but
6 I don't think we can be any more precise right now in
7 the absence of whatever has to be done to settle the
8 value.

9 Q. Let's go back to my notional
10 discount. My notional discount for income tax plus the
11 discount you would give for the chancy nature of approval
12 would tend towards the low end of \$2.2 million rather
13 than the high end of \$6 million?

14 A. I am more comfortable at the lower
15 end of the range than I am at the higher end, yes.

16 Q. What do you say about the possi-
17 bility of having to put a liner in this site, at Site F,
18 and would that again be a discount factor in your mind?

19 A. Well, going back to UP-10, there is
20 a market reality out there in terms of what a private
21 operator could charge in order to attract the waste that
22 he would need in order to make the economics work, and
23 if his cost end is moving up towards that level, then
24 obviously the profit is shrinking and disappearing.

25 Q. If a liner was necessary for



1 approval at Site F, then that again would discount your
2 value down to the lower end of the range, or tending down
3 to the lower end of the range?

4 A. Yes, it would.

5 Q. Did Mr. Boyak take any of these
6 discounts we have been talking about into account in the
7 text of his work?

8 A. No. He had a range just as I had
9 a range, but he did not discuss the three matters you
10 have just discussed with me. He may have been thinking
11 of them, but I see nothing in the text dealing with them.

12 Q. Did you and he when you had your
13 discussions about his work and the work you were doing
14 canvass any of those three things?

15 A. We may have touched on them, but
16 we did not focus on them.

17 Q. Okay, let's move and this may be
18 an appropriate time to break, Mr. Chairman.

19 MR. LANCASTER: I was just going to
20 suggest that, since it is five to 11:00.

21 MR. LEITCH: I am moving to Site D and
22 hope to be finished in reasonable time.

23 MR. LANCASTER: You still have over half
24 an hour left of your estimate. We won't hold you to it.

25 --- Recess



1 to be equivalently reinstated in Halton?

2 A. Not in the south, he wouldn't want
3 to be in proximity to the competition, so he would
4 probably go to the northern end where there is an
5 absence of hydrogeologically-suitable land.

6 Q. What about Site D?

7 A. That is a spot, yes.

8 Q. This is a serious question,
9 Mr. Watson.

10 A. I'm sorry.

11 Q. If equivalent reinstatement applies
12 and the owners of Site F want to continue in their
13 resolve to open up a waste disposal site, you have given
14 evidence here that it's hard to differentiate between
15 the two of them on an economic basis?

16 A. Yes.

17 Q. And other evidence is to the
18 effect that it's hard to choose between them; isn't that
19 fair?

20 A. I believe so, yes.

21 Q. Wouldn't that on that basis tend
22 to make them equal to each other in terms of land acqui-
23 sition?

24 A. For this particular purpose of a
25 landfill?



Nethercut & Co. Ltd.

Toronto, Ontario

13158

Watson, Rinaldo,
cr-ex (Leitch)

1 Q. Yes.

2 A. Generally, yes.

3 Q. Sorry?

4 A. In terms of equivalent reinstate-
5 ment, generally, yes.

6 Q. That's what I'm saying. Under the
7 Expropriations Act you must pay to the owner of Site F
8 what it would cost to equivalently reinstatement him in
9 the business in Halton?

10 A. Given that Site F was gone in the
11 sense that it was already employed as a landfill, then
12 the second best location in the Region is Site D and
13 that is equivalent.

14 Q. And there are others who think it's
15 the first best?

16 A. I'm not one of them.

17 Q. Let's look at Site D and in parti-
18 cular I want you to look at H-286 and UP-1 where you
19 have set about the business of evaluating Site D. Is
20 there an appraisal with respect to Site D by an appraiser
21 by the name of Mitchell?

22 A. The firm is Mitchell and the
23 appraiser was Rod Hedren.

24 Q. The last name?

25 A. Hedren.



1 MR. LANCASTER: Please be seated.

2 MR. LEITCH: Q. Mr. Watson, I said I was
3 going on to Site D and I will, but you pulled out the
4 Expropriations Act in answer to one of my questions and
5 I want to refer you to a section of it which may have
6 some bearing on the value of Site F. Would you look at
7 Section 14(2), and have you got that?

8 MR. WATSON: A. Yes.

9 Q. You gave me 14(1) and 14(4) so I
10 assume that you have (2), but it says and I quote:

11 "Where the land expropriated is devoted to
12 a purpose of such a nature that there is
13 no general demand or market for land for
14 that purpose, and the owner intends in
15 good faith to relocate in similar premises,
16 the market value shall be deemed to be
17 the reasonable cost of equivalent rein-
18 statement."

19 Let me ask you some questions about that relative to
20 Site F. Would you say it is devoted to a purpose, and
21 I'm talking about landfill in the mind of its owner,
22 that there is no general demand or market for land for
23 that purpose?

24 A. That is two questions?

25 Q. Assume with me it is devoted to the



Nethercut & Co. Ltd.

Toronto, Ontario

13156

Watson, Rinaldo,
cr-ex (Leitch)

1 purpose of landfill and answer me the question as to
2 whether you believe there is no general demand or market
3 for land for that purpose.

4 A. Right, there is no general demand.

5 Q. No general demand?

6 A. Right.

7 Q. You would agree with that?

8 A. Yes.

9 Q. Assume with me that the owner
10 intends in good faith to relocate in similar premises,
11 and can you assume that?

12 A. Yes.

13 Q. Shouldn't the market value be the
14 reasonable cost of equivalent reinstatement?

15 A. That is what it says, whatever that
16 involves.

17 Q. Let's look at it in the Halton
18 context. Where is the most likely place where an owner
19 intending to equivalently reinstate to landfill likely
20 to be, assuming Site F is gone?

21 A. To provide service for this area
22 or vicinity?

23 Q. Assume Site F is approved and the
24 property is expropriated from its owner and the owner
25 wants to be in the garbage business. Where is he likely



Nethercut & Co. Ltd.

Toronto, Ontario

13159

Watson, Rinaldo,
cr-ex (Leitch)

1 Q. Hendry?

2 A. H-E-D-R-E-N.

3 Q. Hedrin?

4 A. Hedren -- Hendren, H-E-N-D-R-E-N.

5 Q. What are his qualifications?

6 A. The same as Mark Boyak, other than
7 he has a B.A., an F.R.I., an A.A.C.I. and he doesn't
8 have that other designation I couldn't identify.

9 Q. His appraisal was dated August
10 12th, 1986?

11 A. Yes, and also an earlier evaluation
12 by the property manager for the Region, Don Williams,
13 who I believe also has similar qualifications as an
14 appraiser.

15 Q. What is the date of that?

16 A. 1984, August 30.

17 Q. I take it that Mr. Hendren when
18 he did his work approached the work on the basis of
19 market value and used comparables which he considered
20 reasonable?

21 A. Yes.

22 Q. I take it that when you did your
23 work which culminates in H-286, you met with him and went
24 over his work?

25 A. Yes.



1 Q. And you looked at the same ...

2 A. And with Don Williams at the same
3 time so we were able to talk about the differences
4 between both of their reports.

5 Q. And you looked at the same compa-
6 rables?

7 A. Yes, and the up-to-date comparables.

8 Q. I take it that as of the date of
9 August 12, 1986 for evaluation purposes, you accepted
10 what Hendren's conclusion was?

11 A. Yes, exclusive of an allowance
12 that I have noted on the bottom of UP-2, there was no
13 provision for disturbance, equivalent reinstatement or the
14 cost for moving, surveys or appraisals.

15 Q. You have added in \$250,000 for
16 that?

17 A. Yes.

18 Q. The value you give on UP-2 you
19 arrived at by taking Hendren's August 12, 1986 values
20 and adjusting them for the change in value between that
21 time and October of 1987?

22 A. No, I revalued them based upon
23 what I considered to be the values today.

24 Q. I understand that, but I took my
25 conclusion from UP-1, the middle paragraph:



1 "I reviewed this report, met with the
2 appraiser and have updated his valuation
3 using a block time adjustment factor as a
4 check."

5 A. That is UP-3.

6 Q. UP-3?

7 A. Yes.

8 DR. KINGHAM: It's the same language on
9 UP-1. You have the same document.

10 MR. WATSON: I'm saying the sentence read
11 in UP-1 refers to UP-3 and we were discussing UP-2.

12 MR. LEITCH: Q. Oh, I see. That is
13 referring to UP-3 and you have gone from UP-3 forward in
14 time to October, 1987 in UP-2, am I right in that or
15 have I missed the point?

16 MR. WATSON: A. They are two totally
17 different exercises. With UP-2 I valued the properties
18 as of October, 1987 based upon my understanding of the
19 selling price of comparables and an inspection of what
20 was there. In UP-3 I worked with what the appraiser
21 had done and we agreed upon what sort of block time
22 adjustment would be required to bring his values up to
23 date and without having him go back and do it again in
24 detail and I did that, as I said, as a check to ensure
25 that both approaches, both independent approaches were



Nethercut & Co. Ltd.

Toronto, Ontario

13162

Watson, Rinaldo,
cr-ex (Letich)

1 arriving at the same range.

2 Q. One was a check of the other?

3 A. Yes. UP-3 was a check of my work
4 done in UP-2.

5 Q. I take it Mr. Hendren did not dis-
6 agree with the time adjustment based on the Milton/Rural
7 Brampton Indices?

8 A. He provided some of the factors
9 used to calculate it.

10 Q. You and he were of the same mind
11 as to the validity of doing that?

12 A. Yes, recognizing obviously it is
13 done on a block basis and it isn't done site by site, but
14 on the other hand we are valuing a block so I have no
15 problem with that and he didn't appear to have a problem
16 with it either.

17 Q. He didn't have access to these
18 various premises in order to do his work?

19 A. None of the three of us did, no.

20 Q. I take it the exercise was to
21 identify what was there on the basis of going to the
22 roadways and ascertaining what was there and then ascer-
23 taining in one way or another what was going on on those
24 properties?

25 A. Yes.



1 Q. If there are some things you missed
2 they would have the effect of changing the values which
3 you have on Figure 1, UP-2?

4 A. They could.

5 Q. If you missed it?

6 A. Or they weren't caught, yes.

7 Q. Let's just look at it and see if
8 I can get you to add some values to some of these items.
9 The first one is Martin, and that is the Mr. Martin who
10 has the land which is being taken in the northwest
11 corner of the site and you show a residence and an air-
12 strip and I believe there is also an aircraft repair
13 hangar. Are you aware of that?

14 A. No.

15 Q. You say there is not?

16 A. I'm not aware of that.

17 Q. Do you know whether or not
18 Mr. Martin conducts his business on those premises?

19 A. If he does he is not assessed for
20 business, he is assessed RU, \$6,176, residential unit;
21 farmland, \$4,551 which is leased, but he may.

22 Q. Mr. Martin has been here from time
23 to time through this hearing and I understand that at
24 some point he will get up and tell us what he does there,
25 but my information is that he runs a business wherein



1 he certifies and gives mechanical certificates in respect
2 of the airworthiness of private aircraft as a business
3 and, if that is the case, would you add some value in
4 relation to that business use?

5 A. Yes.

6 Q. As I look over the balance of the
7 ownerships which are included in Figure 1, the only
8 place I could find a value for business was Mr. Newman's
9 garden centre and you have \$150,000 there. How did you
10 arrive at \$150,000 for Mr. Newman's garden centre?

11 A. I discussed that with the two
12 appraisers I have mentioned and obviously in the absence
13 of inspecting the business and looking at financial
14 statements on it and so on we had to make an estimate,
15 and we talked about typical costs of site work for the
16 heavy vehicles in and out of there and we made our
17 best estimate, but I acknowledge that it is simply that,
18 a rough estimate.

19 Q. Would it be fair to put a similar
20 rough estimate on Mr. Martin's hangar, aircraft mechanic
21 maintenance facilities and his goodwill?

22 A. It would be fair to put something
23 on it, but I don't know anything about it. You made some
24 statements and I am aware with the garden centre, I had
25 some idea of what was occurring there from our discussions,



1 but I don't know about the aircraft business and what
2 may or may not be there.

3 Q. If there is a business there, then
4 you would have to increase that value?

5 A. Yes. The Expropriations Act would
6 call for compensation for business loss and for distur-
7 bance and there would certainly be that potential and
8 equivalent reinstatement would be a factor, there would
9 be a factor for that.

10 Q. What are you saying? You can't
11 put the same kind of number on you put on a guesstimate
12 basis as you put on Mr. Newman's garden centre business?

13 A. Yes.

14 Q. So it's somewhere between a nominal
15 amount and whatever the figures would show, but there is
16 something there if in fact he is in business?

17 A. Yes.

18 Q. We will no doubt hear about it
19 from him later on and get some assistance on that. I
20 look then at the Marangoli and Verres' holdings. Can
21 you point out where they are on the site map, H-277?

22 A. That is Marangoli (indicating)
23 and this is Verres (indicating).

24 Q. Marangoli's property is adjacent
25 to the Verres property and is about 40 per cent the size



1 of Verres' property?

2 DR. KINGHAM: So we can make sense of
3 this transcript later, are the numbers on UP-2 identical
4 to the number you have put on H-277, 1 being Martin ...

5 MR. WATSON: Yes, they are.

6 DR. KINGHAM: Thank you.

7 MR. LEITCH: Q. If Marangoli's property
8 is worth \$5,000 an acre and it is right beside the
9 Verres property, then why is the Verres' property not
10 worth \$5,000 an acre?

11 MR. WATSON: A. One is a large acreage,
12 Verres at close to 100 acres and the Marangoli property
13 is slightly over 40 acres and it is clear that the
14 smaller the acreage the greater the value per acre and
15 the break-point would appear to be somewhere in that 30
16 to 40-acre range and this reflects that.

17 Q. Those properties are both in
18 agricultural use at the present time?

19 A. Yes.

20 Q. There is no residence attached to
21 either one?

22 A. No.

23 Q. Could I suggest that the distinc-
24 tion is not a fair distinction and it should be valued
25 at the same amount?



1 A. I don't agree with that.

2 Q. If they are identical lands and
3 they are identical in use ...

4 A. They are not identical.

5 Q. Not in size?

6 A. That is an important point. The
7 allowance for a ten-acre parcel amounts to \$15,000 an
8 acre and the allowance for two-acre parcels amounts to
9 \$37,000 an acre and there is not a directly inverse
10 relationship between size and value, but there is a
11 relationship.

12 Q. I will come to that, but farmland
13 is farmland and you are not suggesting to me that
14 Mr. Verres' property is any different in relation to
15 its farming capability than Mr. Marangoli's property?

16 A. It's a vacant parcel of land which
17 is presently farmed and it has potential for rural resi-
18 dential use.

19 Q. They both have potential for rural
20 residential use.

21 A. Yes.

22 Q. In that regard they are the same?

23 A. In that regard they are the same.

24 Q. Your distinction is if it's a lesser
25 block, then it's worth more money as farmland?



1 A. With differences of this magnitude,
2 yes, lesser in the sense of smaller, it is.

3 Q. Would you agree with me as a matter
4 of mathematics that if they were worth the same, \$5,000
5 an acre, you would add another \$97,000 to Mr. Verres'
6 property?

7 A. Yes.

8 Q. I have some difficulty in under-
9 standing the value you place on the improvements with
10 respect to the houses at 4 and 5, Martin and Reed
11 respectively. My understanding is that Martin's house,
12 which is probably now completely built or close to it,
13 brand new and is a fairly large house?

14 A. Yes.

15 Q. My understanding is that Reed's
16 house is the house on the old Ford farm?

17 A. Martin is on the old Ford farm.

18 Q. Where is Reed's house?

19 A. It's property 5 and it's right next
20 to Martin and it was purchased -- oh, all right. They
21 are both Ford-related. Reed purchased the property in
22 March of 1986 from Ford and Martin purchased his property
23 even more recently from Ford. So, they are both former
24 Ford properties.

25 Q. Are they equivalent, the two houses?



1 A. No. Equivalent to what is there
2 and one, as you say, is a new home and the other is an
3 older, two-storey rural property.

4 Q. And you put the same value on each
5 of them?

6 A. For the purposes of this exercise,
7 yes, we did, to get at a block value without being able
8 to get inside and look at the size and condition and
9 so on, yes, we were consistent in what we did here, and
10 recognizing that what we were interested in was the
11 bottom line and on any one of these we may be a little
12 low or a little high, but the total is going to be in the
13 right ballpark.

14 Q. I take it that what you have done
15 is put \$125,000 on all the residences?

16 A. Yes, and without seeing them it
17 is difficult.

18 Q. My understanding of the Tomosky
19 house, and we will probably hear more about it, but it
20 has a heritage designation and it is a landmark in the
21 area and if that is the fact would you say that \$125,000
22 is too little for it and that is parcel 11 on Figure 1?

23 A. It could be. I explained how we
24 applied the same values in each case, but the appraiser
25 has \$312,000 for the -- I had \$312,000 and the appraiser



Nethercut & Co. Ltd.

Toronto, Ontario

13170

Watson, Rinaldo,
cr-ex (Leitch)

1 had \$325,000 for the property and Don Williams had -- he
2 had done it several years earlier, but he had less.

3 Q. Each of these residences would
4 have to be valued in relation to its own square footage
5 and in relation to its own particular amenities and
6 those figures, as you say, are used for evaluation
7 purposes but would not be necessarily relevant to an
8 appraisal in the final analysis?

9 A. No. That is why they are not an
10 appraisal because they did not involve an inspection of
11 those facilities and that inspection would inevitably
12 cause some variance, either higher or lower in the
13 various properties. We tried to set the amounts such
14 that we could expect some higher and some lower, but we
15 have not inspected them.

16 Q. Finally, dealing with the last four
17 parcels, those are the four in the northeast quadrant of
18 the red outline on H-277 that Mr. McQuaid dealt with.
19 Your understanding is that on the basis of the regional
20 policies in respect to establishing a landfill, the
21 Region would attempt to acquire those properties?

22 A. Yes.

23 Q. That is what the regional policy
24 is as set out on H-244 -- I'm sorry, H-44? Am I
25 right about that?



1 A. That is what we have costed it at
2 and that is what we understand the regional policy is.

3 Q. You have included them in the
4 value of these properties as being purchased because of
5 the regional policy as you understand it?

6 A. Yes.

7 Q. I'm not quite sure I understand
8 the rationale for valuing ten acres on each of those
9 sites at \$150,000 and then putting \$2,000 per acre on
10 the balance. These sites are all presently in active
11 farming, are they not, those four properties?

12 A. This is 9, 10, 11 and 12. Nine
13 is pastureland, 10 is cultivated pastureland, 11 is
14 farmed in part, 12 is cultivated table land. Yes.

15 Q. What you have done, I take it, is
16 concluded that a ten-acre parcel is worth approximately
17 \$150,000 in that area of rural Milton?

18 A. Yes.

19 Q. Then you have shaved off the
20 excess and attributed \$2,000 an acre to it?

21 A. Yes.

22 Q. Now, if those properties were in
23 fact reduced to ten-acre parcels, presumably the ten
24 acres would be on the front, the frontage to Highway 25.
25 Am I right about that? If someone were to create ten-



Nethercut & Co. Ltd.

Toronto, Ontario

13172

Watson, Rinaldo,
cr-ex (Leitch)

1 acre parcels in ownership of those four holdings ...

2 A. They could create it on the east
3 side.

4 Q. You wouldn't create it on the west
5 side?

6 A. You might.

7 Q. For access?

8 A. You might have a small building
9 lot at the front. You are talking about a severance
10 here and you could do that adequately.

11 Q. I have difficulty in understanding
12 how the excesses which you value at \$2,000 an acre are
13 worth less than the \$4,000 or \$5,000 an acre for the same
14 kind of land you find Marangoli and Verres holding.

15 A. I think the answer lies in if you
16 look at the total value per acre we have got there; for
17 9 it is \$6,608 per acre for the 28 acres and for 10 it
18 is almost \$8,000 an acre, \$7,969. For 11 it is \$6,561
19 and for 12 it's almost \$6,000 and the way in which we
20 got to that amount I guess draws attention to the \$2,000
21 versus the \$5,000, but it gets us to the same point, that
22 these smaller parcels are worth more per acre than the
23 larger farm parcels.

24 Q. If they were in fact turned into
25 ten-acre parcels with frontage on Highway 25, would those



Nethercut & Co. Ltd.

Toronto, Ontario

13173

Watson, Rinaldo,
cr-ex (Leitch)

1 ten-acre parcels be worth \$150,000 each?

2 A. They would, but now you have
3 posited a situation where we have created a severance
4 where that potential does not exist and of course you
5 would add value to the parcels.

6 Q. But if you were to have those
7 severances it wouldn't reduce the value of the remaining
8 lands below the price of farmland in the area, would it?

9 A. If you had those severances and
10 you had some access provision, then you would increase
11 the value of the land but I am not dealing with eight
12 properties but with four here and their value is as
13 we have it here.

14 Q. Okay, we have your answer then.
15 Now, assist me with this. In your H-286 at UP-2 you
16 have a bottom line of actual acquisition costs of
17 \$3,200,000?

18 A. Yes.

19 Q. And you add to that disturbance
20 allowance, equivalent reinstatement provision, \$5,000
21 per property for moving and survey, et cetera, which
22 takes you to \$3,450,000?

23 A. Yes.

24 Q. In H-45 the price for Site D was
25 \$2,057,000. Can you go to that?



1 A. It is shown -- it's not shown but
2 it is within other figures on page 2-5 of H-45 and the
3 site capital cost column for 1987 includes an allowance
4 of \$2.262 million for land acquisition and \$2.262 million
5 is the figure you mentioned to me of the \$2,057,000, an
6 increase by ten per cent for inflation.

7 Q. Ten per cent for inflation and
8 I thought that was for appraisals and hearings and items
9 of that kind.

10 A. No.

11 Q. That was for inflation?

12 A. UP-3 includes the footnote indicat-
13 ing the \$3 million updated is exclusive of disturbance
14 allowance and so on. In the appraisal report of
15 August 12 it was in the amount of \$2,057,000 and that
16 is why we used that in 1986 dollars and we updated it
17 ten per cent rather than five per cent because, of course,
18 we were in the middle of a major real estate boom.

19 Q. Mr. McQuaid discussed with some
20 vigour your understanding of the injurious affection
21 claims that may occur at Site D and also the diminution
22 in value of properties within the area of affect of the
23 landfill. You understand do you as I do that injurious
24 affection occurs in two cases and one is where there is
25 a partial taking?



Nethercut & Co. Ltd.

Toronto, Ontario

13175

Watson, Rinaldo,
cr-ex (Leitch)

1 A. Yes.

2 Q. The value of what is left is
3 diminished by the construction or use of the expropriated
4 property?

5 A. Yes.

6 Q. And the other is where there is no
7 taking and there is an injurious affection allowed for
8 the construction of the work. Do you understand that
9 distinction?

10 A. Yes.

11 Q. I want you to tell me if you took
12 into account the fact that construction will take place
13 at five different times over the life of the site when
14 you calculated the injurious affection to those
15 properties where there was no partial taking. Do you
16 understand what I mean?

17 A. You are referring to the cell
18 creation?

19 Q. Yes.

20 A. You are suggesting that that would
21 be regarded as construction time at five times?

22 Q. Yes.

23 A. I had heard that point of view
24 expressed and I thought about it and so we are now
25 talking about the estimates that I made in each -- where



1 the regional landfill contingency is?

2 Q. That is correct.

3 A. I don't recall where it is.

4 Q. I think you told my friend
5 Mr. McQuaid that the injurious affection figure was
6 \$150,000 for Site D?

7 A. If I could just find the exhibit
8 for the regional landfill contingency. Oh, yes. It is
9 H-288 and that set out a rough breakdown of the regional
10 real estate contingencies for Site F and Site D, but we
11 are talking Site D and the area you are speaking of is
12 item 6 which included two factors, the purchase of
13 impacted property and/or injurious affection claims,
14 \$300,000, and I said to Mr. McQuaid it could be zero or
15 \$300,000 and if we must make an assumption then the only
16 place or the only we can assume is something in the
17 middle as it could be zero and it could be \$300,000 so
18 we worked with an assumption of \$150,000. Now, I'm
19 sorry, but your question was in arriving at that estimate
20 did I consider that the construction may continue through-
21 out the life of the facility?

22 Q. At points of time in the life of
23 a facility there may be construction that could give rise
24 to new injurious affection claims and are you familiar
25 with the jurisprudence, especially in Edgecombe versus



1 The Regional Municipality of Hamilton-Wentworth in the
2 Municipal Board?

3 A. Yes.

4 Q. In that case I understand the
5 Board left open the question of future claims in relation
6 to future periods of construction and do you understand
7 that?

8 A. Yes, I understand that is the case.

9 Q. My question is did that possibility
10 or that probability impact on your choice of a range of
11 zero to \$300,000 or were you really thinking about one
12 claim at the commencement of the project?

13 A. I was thinking of the Edgecombe
14 decision but I think more importantly I was looking at
15 the St. Pierre decision of the Supreme Court of Canada.
16 The conclusion to my reading seemed to be that the issue
17 is the interpretation of the Expropriations Act and we
18 are dealing, as you say, with construction alone and not
19 with use, and I thought that that distinction became
20 blurred in the Edgecombe decision, and the requirement
21 was that the disturbance must be actionable in common
22 law under a tort of nuisance and what was required in
23 essence was in this case essentially mismanagement of
24 the site, something improper in the conduct of the site,
25 otherwise, just reading the conclusion of the decision



1 where they say:

2 "All highway construction will cause disrup-
3 tions. Sometimes it will damage property
4 and sometimes it will enhance value. To
5 fix the Minister with liability for
6 damages to every landowner whose property
7 interest is damaged by reason only of the
8 construction of a highway on neighbouring
9 lands would place an intolerable burden on
10 the public purse. Highways are necessary.
11 They cause disruption in the balancing
12 process. Inherent in the law of nuisance.
13 Their utility for the public good far outweighs
14 the disruption and injury which is visited
15 upon some adjoining lands and the law of
16 nuisance will not extend to allow for compen-
17 sation in this case."

18 So, I still think this is an appropriate allowance.

19 Q. What do you say in terms of the
20 claims which may be made by owners across the road on
21 First Line for injurious affection? Do you say they
22 have no basis for a claim on your understanding of the
23 St. Pierre decision?

24 A. Are you speaking of these owners
25 in here (indicating)?



1 Q. Yes.

2 A. I think that, yes, I believe it is
3 highly questionable as to whether they would have ...

4 Q. ... any legal basis for a claim?

5 A. "Clear basis for a claim?" I think
6 it's an arguable matter. However, I don't think -- I
7 think it's much less arguable that there would be a
8 property value impact and that is why we have included
9 that potential loss as a factor.

10 Q. Just stop there. Are you saying
11 there won't be a property value impact on those houses?

12 A. I'm saying there will be and that's
13 less arguable and it's clearer, let me put it that way,
14 but it is clearer that there will be property value
15 impact. I am not as clear in my mind based upon the
16 St. Pierre decision that that impact is capable of being
17 passed on to the Region.

18 Q. So we have it then that in the
19 zero to \$300,000 figure you are not including houses
20 like the ones across the road on First Line, nor would
21 you be including houses and properties across the road on
22 Highway 25?

23 A. Sure. That figure is not a large
24 amount of money, I recognize, but it is an amount of money
25 for precisely those situations. It may be that at or



1 near the entrance, this particular property may be so
2 impacted that there would be during construction the
3 basis for a claim with vehicles coming in, or it may be
4 simply that the Region may elect because of the parti-
5 cular problems of the occupant they could conceivably
6 at some point in time elect to purchase it. Obviously
7 we don't know about that in advance of the situation.
8 I have just attempted to make an allowance and then I
9 have made a separate allowance in terms of the \$1.1
10 million property value loss for the impact on all these
11 properties and the outlying properties (indicating).

12 Q. I understand what you have done,
13 but what I'm trying to get at is whether when you set
14 your range for injurious affection you had in mind that
15 the persons who lived right across the road from the
16 site had a legal basis to claim from the Region.

17 MR. LEDERER: Sir, all this raises what
18 I think for us at least has become something of a serious
19 problem in this entire matter and perhaps I could rise
20 just to explain the nature of the difficulty before I
21 formalize my objection. There are a significant number
22 of hearings which have been brought before this Board
23 pursuant to the terms of the Consolidated Hearings Act
24 and the schedule attached to it and jurisdiction is
25 given to this Board to consider a wide range of matters.



1 One of the matters specifically excluded is a land
2 compensation hearing under the Expropriations Act.
3 Under the schedule behind the Consolidated Hearings Act
4 the only hearing under the Expropriations Act which can
5 be brought before this Board is a so-called hearing of
6 necessity, and that is the hearing before you. The
7 problem that that raises is exactly how far does the
8 Region need to go in dealing with matters of land
9 acquisition costs or injurious affection when it comes
10 to deal with the matters called for under really the
11 only other two Acts which may deal in some manner with
12 this issue, and one is the Environmental Assessment Act
13 because the environment is broadly defined to include
14 the cost economic factors in the defining section, and
15 the matter of affordability which is raised by Section
16 64 of the Ontario Municipal Board Act.

17 It is my respectful submission that
18 whatever standards those requirements may in fact put
19 in place, they must be in some standard less than a
20 land compensation hearing because if they aren't, then
21 for all intents and purposes we might as well have the
22 land compensation hearing here. The difficulty for
23 the Region is that because that is specifically excluded
24 to be dealt with at a later time when more is known and
25 when there is an approval and when the design has been



1 finalized and everything is ready to go, the Region
2 prejudices itself if it is forced here to give you a
3 full array of appraisals and whatever else might be
4 required by land compensation hearings. The issue for
5 this Board, in my respectful submission, is at a planning
6 level which, in my respectful submission, is what the
7 Environmental Assessment Act is, but at a planning level

8 has a reasonable accommodation or reasonable considera-
9 tion of these matters being undertaken? Mr. Watson has
10 indicated to you and he has been asked to give a legal
11 opinion and in my opinion he should never have been asked
12 to do it in the first place, but he has been asked to give
13 you a legal opinion and he says, in his view, he says
14 there is unlikely a claim for injurious affection for
15 these homes across the First Line but, nevertheless, within
16 this \$300,000 real estate contingency he has put a
17 figure in in case he is wrong.

18 In my respectful submission all that can be
19 left is is what we are trying to meet a reasonable
20 planning period or is that reasonable, because to go
21 further takes us beyond that standard into land compensa-
22 tion and the more specific questions which will be
23 raised, legal questions raised before the Ontario
24 Municipal Board should there ever be a Land Compensation
25 Board hearing dealing with these matters. It is taking



1 the matter beyond the proper scope of the hearings
2 before this Board. For that reason, in my respectful
3 submission, Mr. Leitch is simply taking the matter too
4 far should not to be able to press Mr. Watson, if you like,
5 beyond what he was asked to do and what is the respon-
6 sible thing to do in these rather complicated circum-
7 stances.

8 MR. LANCASTER: I wonder how you then
9 separate the two matters, Mr. Leitch.

10 MR. LEITCH: Mr. Watson in his evidence
11 when he dealt with the importance of the criteria that
12 he used in his final analysis in his conclusion said
13 that the most important criterion to his mind, as I recall
14 his evidence, was regional cost and he put a number on
15 regional cost. Now, not included in that number were
16 the costs which he attributed to landowners in terms of
17 diminution of value which would rest with those land-
18 owners. What I am trying to get at is what in my
19 submission is going to be a real regional cost which
20 he has not taken into account, and that real regional
21 cost relates to the rights of the people around Site D
22 to claim for injurious affection even though their land
23 isn't taken and I think that that right is clear. Of
24 course it will have to be argued in another place at
25 another time. I appreciate that what Mr. Watson does



1 is to the extent he doesn't put the number in in injurious
2 affection, he includes it in cost but that is in lost
3 land value which can't be passed on or claimed against
4 the Region. It is my submission that my question is
5 directed to his most important criterion. He had a
6 lengthy discussion with Mr. McQuaid about it and it is
7 my submission that I should be entitled to carry it until
8 the point where I am satisfied that he either hasn't
9 included those claims in his injurious affection number
10 or he has. I now propose to ask him to count the
11 number of residences around Site D so we could have a
12 total of those and see how that might relate to his
13 injurious affection number which ranges between zero and
14 \$300,000.

15 MR. LANCASTER: Mr. Lederer?

16 MR. LEDERER: Obviously it is a difficult
17 question and frankly one we have been struggling with
18 for some time. I think it's fair for Mr. Leitch to say
19 that he should be able to inquire as to that amount
20 and where it came from and how it was arrived at, but
21 what I object to is taking this in to the real legal
22 issue as to whether or not there is a claim. The fact
23 is money was set aside and one of the issues will be
24 was that a reasonable amount of money and one of the
25 questions may be, and I suppose that's why I have not



1 objected to this point, but it may be on what basis did
2 you arrive at that number and it may be my understanding
3 of some of the legal principles that apply, but we have
4 gone about as far as we ought properly go. The
5 Chairman, said how do you separate the two, but could I
6 take it to the other extreme and explain the prejudice
7 to the Region if you don't draw the line somewhere?
8 The prejudice is clear. At that point the Region can
9 be pressed and will have to do a full appraisal as
10 though this were a land compensation hearing, and that
11 means it will have to indicate to all the parties from
12 whom it may seek to expropriate property ultimately
13 what it actually values their land at. What affect
14 will that have on the negotiations which proceed any
15 expropriation or any land compensation hearing? The
16 Region will be forced to indicate its position and how
17 it interprets the spending of tax dollars with respect
18 to that question. In my respectful submission, that
19 cannot be what is intended here. What is intended here
20 is clearly some sort of planning analysis, and I'm not
21 denying it and I'm not saying that Mr. Leitch ought not
22 to be able to ask any questions as clearly there are
23 some areas which must be open to him, but there is a
24 point where we go too far. There is a point where we
25 go too far and, in my respectful submission, Mr. Leitch has



1 reached the line. He has got from Mr. Watson how he
2 dealt with this issue and Mr. Watson says there is some
3 question as to whether there is any entitlement but,
4 none the less, within my real estate contingency of
5 \$300,000 I have taken into account the fact that some
6 legitimate claim might be made and that simply raises
7 the question is that a reasonable amount and is that a
8 reasonable amount as a planning number and not as a
9 fixed appraisal number, but as a number on which to
10 proceed because obviously things change and move through
11 time, as actions are actually taken as opposed to when
12 they are planned because there will be differences and
13 that undoubtedly will occur here.

14 In my respectful submission this is a
15 planning hearing in effect, and I'm using that term in
16 a very loose fashion obviously, and Mr. Leitch has
17 taken this as far as he ought properly to go.

18 MR. LEITCH: I don't want to go much
19 farther, but I want to have Mr. Watson count the number
20 of rural residences there are around the boundaries of
21 the proposed Site D within 500 metres of the boundary
22 and tell us how many there are and then divide that
23 number into the \$300,000 which is his maximum so I can
24 argue from that.

25 MR. LANCASTER: I see no problem with that.



Nethercut & Co. Ltd.

Toronto, Ontario

13187

Watson, Rinaldo,
cr-ex (Leitch)

1 MR. LEITCH: Q. Can you do that,
2 Mr. Watson?

3 MR. WATSON: A. Yes. Let's start west
4 of Highway 25 where there are one, two, three, four,
5 five, six, seven, eight, nine, ten, 11 -- there are 12.
6 Then 13, 14, 15, 16, 17, 18, 19, 20, 21, 22. Twenty-
7 two into \$300,000 is, I think, \$14,000. Fourteen thousand
8 dollars.

9 Q. So then your judgment is that
10 \$300,000 would look after 22 rural residences around
11 Site D in relation to injurious affection claims where
12 there is no partial taking?

13 A. Yes.

14 Q. That is the high end of your
15 range?

16 A. Yes, and recognizing that I have
17 a range of \$1 million but we are zeroing in on the
18 portion of that which could ...

19 Q. For injurious affection?

20 A. For injurious affection and the
21 balance of the \$1 million is possible internal costs for
22 the Region.

23 Q. Included in the \$300,000 figure
24 are the costs of appraisals, hearings, legal fees and
25 those kind of things?



Nethercut & Co. Ltd.

Toronto, Ontario

13188

Watson, Rinaldo,
cr-ex (Leitch)

1 A. That is in the balance of the \$1
2 million.

3 Q. That goes into the million?

4 A. That is the \$700,000 balance which
5 would cover those matters or which is allocated to those
6 matters.

7 Q. All right, then I have the numbers.
8 I want to know from a cost standpoint if you would
9 consider that a reduction in the agricultural capability
10 of Site D by a factor of approximately 40 per cent on a
11 permanent basis, if it would have a cost in relation
12 to the fact that the after-use is agriculture?

13 A. We are speaking of a resource
14 cost to the larger community?

15 Q. In this case the Region proposes to
16 return this land to agriculture and their position is
17 that they can reach 90 per cent of predisturbance levels
18 of production. Now, take that as a fact.

19 A. Yes.

20 Q. Now, my position, and I want you
21 to accept it, is that in fact they can't do that and they
22 will get back to about 60 per cent and that will be a
23 permanent loss for the foreseeable future?

24 A. For some 310 acres?

25 Q. Yes. I want you to assume that the



1 Region will hold the land for some period of time and
2 then may attempt to dispose of it, but its productivity
3 will always be 40 per cent less than what it was
4 originally. Is that a legitimate cost that should be
5 taken into account in a cost analysis for a project like
6 this?

7 A. Well, it's a factor that was
8 considered as part of the agricultural analysis and I
9 would think to put something in here would be double-
10 counting.

11 Q. But in the agricultural analysis,
12 Mr. Watson, the conclusion reached was that the land
13 could be returned to 90 per cent of its productive
14 capacity?

15 A. But then the ten per cent must
16 have formed some aspect of the agricultural component,
17 the ten per cent loss.

18 Q. I am asking you to assume it is
19 not a ten per cent loss but rather a 40 per cent loss.

20 A. I would have to go back and look
21 at what was done with the ten per cent loss and what
22 that loss was deemed to be, but if it were augmented it
23 would affect the analysis somewhere. I am just suggesting
24 it would affect it in the agricultural side of the
25 equation, but it would be -- one could put a dollar loss



Nethercut & Co. Ltd.

Toronto, Ontario

13190

Watson, Rinaldo,
cr-ex (Leitch)

1 to it certainly.

2 Q. But it's a cost you haven't taken
3 into account?

4 A. No, I haven't.

5 Q. And you don't really have the
6 present means to be able to do that without a lot more
7 factual foundation?

8 A. Right, I haven't looked at it.

9 Q. You weren't involved in the work
10 by Mr. Stonehouse, the agricultural economist which was
11 part of Dr. Mackintosh's work?

12 A. We had some dealings, but we were
13 not directly involved and over the years we have worked
14 with him, but we didn't do that analysis in tandem.

15 Q. You received H-304 from Mr. Hiraishi
16 which is a calculation of the cost of a liner for Site
17 F. I take it that the genesis for your request for
18 this information — and have you got it there?

19 A. Yes, I have.

20 Q. I take it that the genesis of the
21 request for this information was the fact that
22 Mr. Hiraishi made some very general statements about
23 the cost that would be added to the project if a liner
24 were necessary when he was giving evidence?

25 A. Yes.



1 cost of the liner which was an upper end conservative
2 look at what the impact would be if it were imposed at
3 Site F alone and without the benefit of these offsets.

4 Q. Now, tell me with respect to a
5 dedicated sewer line that is referred to on page 4 of
6 Exhibit H-304, but there Mr. Hiraishi is responding to
7 you and saying that land acquisition costs and approval
8 costs are a matter for estimate and that your estimate
9 is as good as his. I take it you have then moved from
10 that point to make an estimate of those costs which
11 appeared in your answers to the questions my friend
12 Mr. McQuaid put to you?

13 A. Yes. Well, our estimate is in
14 UP-16.

15 Q. The economic update?

16 A. Yes, of H-286. Now, when I say
17 "our estimate" -- the estimate which we used which
18 was deemed to be a high and low and the low being zero
19 and the high -- we talked to Mr. Hiraishi and worked
20 with the figure of \$400,000, but obviously it's a very
21 difficult cost to estimate.

22 Q. That is the approvals cost?

23 A. I'm sorry?

24 Q. The \$400,000 and a planned acquisi-
25 tion of \$500,000?



1 A. And once again we went with a
2 scenario where there would be no land cost to show the
3 low end.

4 Q. How do you go with a scenario
5 where there is no land cost? What is the assumption
6 there?

7 A. The assumption is that you would
8 make use of rights-of-way at no charge.

9 Q. Under the provincial highway?

10 A. Presumably under the provincial
11 highway.

12 Q. Did you try and verify that
13 assumption in any way?

14 A. No. Once again we simply wanted
15 to put the cost into a range and we didn't have time in
16 the last few days to explore all these things in great
17 detail.

18 MR. LEITCH: Those are all my questions,
19 but I would like to have the appraisals referred to
20 marked in evidence, the appraisals of Mitchell and
21 Chambers and I want the Mitchell appraisal, the most
22 recent one with respect to Site D, and I would like to
23 have the Chambers' appraisal, the most recent one that
24 deals both with value on an industrial use basis and
25 value on a landfill use basis. It is my submission that



Nethercut & Co. Ltd.

Toronto, Ontario

13191

Watson, Rinaldo,
cr-ex (Leitch)

1 Q. The letter is dated October 20,
2 1987 and I take it that it responds to a request by you?

3 A. Yes.

4 Q. In the document on page 3 it
5 appears that if a liner is necessary that there might be
6 a significant effect on costs, the costs you have worked
7 with other than just the cost of the liner. Would you
8 agree with that?

9 A. The cost of the liner would become
10 part of our cost and would affect it, yes.

11 Q. But he says in the second paragraph
12 on page 3 that if there was a requirement for a liner
13 that the design would change.

14 A. Yes.

15 Q. And the design changes he speaks
16 of, some of them or the more significant ones are a
17 reduction in the area of landfilling to the smallest
18 possible size, an increase in the height of the final
19 contours so that it would conform with the existing
20 contours at the Burlington site, the use of the stream
21 valleys for fill?

22 A. Yes.

23 Q. He goes on to say that it would
24 optimize landfilling from a cost perspective, but there
25 has been no determination of that?



1 A. That is correct.

2 Q. If a liner was necessary there
3 would be a corresponding benefit which flowed from the
4 fact of a liner in relation to the design. Is that what
5 he is saying?

6 A. I don't see the word "benefit."
7 He is talking about changes and one can infer whether
8 the changes move the cost up or down.

9 Q. He says the changes would have
10 essentially optimized the landfilling from the cost
11 perspective. Do you know what he means by that?

12 A. I think I know what he means.

13 Q. He could have been ...

14 A. He could have said it reduced the
15 cost, but optimized landfilling from a cost perspective?
16 That is what that implies.

17 Q. The base area is less and the
18 mound is higher, that is what he is saying and so there
19 is less leachate hardware, there is less site preparation?

20 A. Yes, that is what that would appear
21 to say, yes.

22 Q. If we assume a liner, we don't
23 really know the net cost of the liner without going into
24 the details of that?

25 A. No. We presented simply the gross



1 Mr. Watson has relied on them in his work, they are in
2 his possession and I would like to have them marked as
3 evidence.

4 MR. LEDERER: This wasn't considering
5 this question that the whole issue of exactly what the
6 tests before this Board really mean. If we file
7 those appraisal reports we will be telling the people
8 from whom we are going to expropriate what at least
9 our initial assessment of the value of their land is and
10 you will set for them what will now become, not our true
11 assessment of the value, but their starting point to
12 negotiate with the Region as to what the costs should
13 be. This is where, in my respectful submission, beyond
14 any doubt you step over the line and it can be seen
15 from the kind of distinction that has been drawn here
16 between an evaluation and an appraisal. If we are
17 going to move into an appraisal report, we have given
18 that kind of value and in my respectful submission then
19 we are into a land compensation matter and that's where
20 we go too far. In my respectful submission Mr. Watson
21 was right to rely on them and he was asked about them
22 so he must respond to them and both Mr. Leitch and
23 Mr. McQuaid put questions to him concerning that, but now
24 to go over the line and actually put those reports in
25 when what Mr. Watson has told you is that he started



1 over again, and he tried to confirm his work and tested
2 it for sensitivity by the use of those figures, but
3 where he started over again the Region chooses to rely
4 on that work, the work of a land economist and a planning
5 level of work in order to avoid the kind of prejudice
6 that will be caused if it is compelled to put in
7 appraisal reports which, in any event, are in some way
8 out of date as Mr. Watson suggested by saying there are
9 new purchases, local purchases on which he has relied
10 in doing his work.

11 MR. LANCASTER: We must agree with
12 Mr. Lederer. We are relying on Mr. Watson's testimony
13 and not on Mr. Mitchell or Mr. Williams or Mr. Hendren.

14 MR. LEITCH: I appreciate the position
15 of the Board. I must say that on behalf of my client
16 I came to the request with a heavy heart because we are
17 talking about a family of municipalities in Halton and
18 certainly it is not my client's wish to do anything that
19 will prejudice another level of government in dealing
20 with a future question. However, I am in the position
21 where it appears to me that Mr. Watson's work is by his
22 own evidence assisted and to some degree premised on
23 work done by persons with appraisal qualifications and
24 he was quite candid in saying that he does not possess
25 appraisal qualifications, either the traditional land



1 appraisal qualifications or business appraisal qualifi-
2 cations. I think that this Board is entitled to the
3 best evidence that can be had from the proponent. If
4 this Board were to rely on Mr. Watson's evidence in
5 the final analysis as being as good as any evidence it
6 hears from anybody else, then I am quite content to
7 not have those reports marked. But, if this Board is
8 going to find itself in a position where it receives
9 appraisal evidence from some other party and then
10 concludes that that level of evidence is better
11 evidence than the evidence Mr. Watson has given, then
12 I am in the position where I must insist upon my right
13 to have the appraisals marked. So, if the Board's
14 position today is that Mr. Watson's evidence is as good
15 as appraisal evidence or evidence from certified
16 business valuers that it may hear in the future as
17 a part of any other party's case, I am content, but I
18 don't want to be in a position where when it comes time
19 to make submissions I am faced with the Board taking
20 the position that the best evidence is the evidence
21 that someone else might call through an appraiser when
22 the opportunity is here for me to put appraisal evidence
23 before the Board by marking those appraisals. That is my
24 position.

25

MR. LANCASTER: You can call for them in



1 your own evidence if it becomes necessary rather than
2 now. We are dealing with evaluations, not appraisals
3 at the moment.

4 MR. LEITCH: I understand that, but we
5 have appraisals here and my submission is that they are
6 here and they are part and parcel of Mr. Watson's
7 evidence and they are relevant and admissible and my
8 friend claims some form of privilege within the context
9 of this hearing, but my position is that it's relevant
10 and admissible evidence that may in some respects be
11 the best evidence before the Board to this point and I
12 am entitled to have them marked.

13 MR. LANCASTER: We will determine that
14 if the need arises. Are you completed?

15 MR. LEITCH: I am completed, thank you,
16 Mr. Chairman.

17 MR. LANCASTER: Ms Cronk, I think we
18 will wait for you until after lunch, if you don't mind.
19 A quarter to 2:00.

20 --- Luncheon recess (12:22 p.m.)

21 --- Upon resuming at 1:45 p.m.

22 MR. LANCASTER: Please be seated.

23 CROSS-EXAMINATION BY MS CRONK:

24 Q. Mr. Watson, my questions initially
25 will be directed to you. Can we deal first with this



Nethercut & Co. Ltd.

Toronto, Ontario

13199

Watson, Rinaldo,
cr-ex (Cronk)

1 question of the shale reserves on Site F? Just to
2 refresh our memories as to your evidence, you prepared
3 Appendix B to Exhibit H-45, your report on the market
4 potential for the shale reserves at that location at
5 Site F?

6 MR. WATSON: A. Yes.

7 Q. You prepared that marketing analysis
8 or report with a view to a number of specific documents,
9 and first the mineral aggregate resources policy state-
10 ment of the Province of Ontario?

11 A. Yes.

12 Q. Secondly, the Proctor & Redfern
13 Limited report, the Clay Brick Association of Canada,
14 prepared in 1978?

15 A. Yes.

16 Q. Thirdly, the third specific docu-
17 ment was the 1987 report prepared for the Ministry of
18 Natural Resources entitled "The Clay and Shale
19 Industries in Ontario." Do you recall that?

20 A. That was published subsequently.

21 Q. Your evidence has made reference
22 to the contents of that report, has it not?

23 A. Yes.

24 Q. Your point was the original market-
25 ing analysis did not because it predated this report?



Nethercut & Co. Ltd.

Toronto, Ontario

13200

Watson, Rinaldo,
cr-ex (Cronk)

1 A. That is right.

2 Q. But your updated evidence and the
3 exhibits you have provided to us included reference to
4 that report and you took its contents into account as
5 I understand it?

6 A. Yes.

7 Q. In Exhibit H-45A, and I don't
8 think you need to go to it, but you indicated what
9 proportion Site F's shale reserves bear to the provin-
10 cial shale reserves when taken as a whole. Do you
11 recall that?

12 A. Yes.

13 Q. Perhaps you should have it in
14 front of you, H-45A. You will recall that is your
15 summary of Appendix B, 'market potential for shale
16 resources on Site F?

17 A. Yes.

18 DR. KINGHAM: Is that one of the small
19 ones?

20 MS CRONK: It is, it's a separate handout.

21 DR. KINGHAM: Right.

22 MS CRONK: Q. If I could direct your
23 attention to page 5 of that document which is Table 1
24 dealing with your shale reserve estimates...

25 MR. WATSON: A. Yes.



Nethercut & Co. Ltd.

Toronto, Ontario

13201

Watson, Rinaldo,
cr-ex (Cronk)

1 Q. You indicated the potentially
2 available shale reserves in the Province of Ontario are
3 2,390,000 tonnes; is that correct?

4 A. Two billion, three hundred and
5 ninety million. Those are in millions.

6 Q. That figure, as I understand it,
7 comes from the 1987 Ministry of Natural Resources
8 report which was marked as Exhibit 282. Perhaps you
9 had better get that in front of you.

10 A. Yes, Exhibit 282.

11 Q. I don't know if we need it, but
12 could I direct your attention to page 23?

13 A. Yes.

14 Q. Table 2.11 on page 23 of that
15 report indicates the total net reserves available in
16 Ontario expressed in millions of tonnes?

17 A. Yes.

18 Q. And the number is 2,390 ...

19 A. Million, yes.

20 Q. That is the figure which appears
21 in you update, H-45A?

22 A. Yes.

23 Q. On the same table you prepared of
24 your shale reserve estimates you show the potentially
25 available shale reserves in the Region of Halton?



1 A. Yes.

2 Q. Those are 676,000,000 tonnes?

3 A. Right.

4 Q. That figure, as I understand it,
5 originally came from the Proctor & Redfern report of
6 1978?

7 A. Yes, it did.

8 Q. I suggest it has been reconfirmed
9 in the 1987 Ministry of Natural Resources report as the
10 current reserve number for the Region and with reference
11 to the same table we were looking at. To confirm
12 that I think you will have to add the net reserve
13 figures shown for the four constituent areas of the
14 Region of Halton in Table 2.11 at page 23.

15 A. Yes, 676,000,000.

16 Q. What we have then, I suggest, is the
17 total reserve number for the Province of Ontario
18 confirmed as a current reserve number in the Ministry
19 of Natural Resources report and, as well, the net reserve
20 for the Region of Halton confirmed in this 1987 publica-
21 tion as being 676,000,000 tonnes; is that correct?

22 A. That is right.

23 Q. I am interested in the work that
24 you did in preparing your market analysis of the shale
25 reserves on Site F. Can we agree first that the quality



1 of the shale reserves at Site F would have a direct
2 impact on its market potential?

3 A. Yes.

4 Q. In carrying out your marketing
5 review or analysis as I understand it, you did not, nor
6 did anyone on your behalf, undertake tests of the shale
7 quality at Site F?

8 A. We did not. We were relying on
9 what the document said first of all and, secondly, what
10 Hydrology Consultants informed us of and we talk about
11 what they informed us of in H-45 at B-4.

12 Q. That reference, as I recall it
13 without getting it out immediately, has to do with the
14 fact that there is limestone content in the shale at
15 Site F and gypsum as well and there is a discussion of
16 how much is red and how much is green?

17 A. Yes.

18 Q. Beyond that I suggest you did not
19 conduct any testing or drilling program at Site F, nor
20 did anyone else upon whom you relied to determine the
21 quality of the shale at Site F. Isn't that so?

22 A. Well, yes, subject to the fact
23 that on B-5 we have drilling results -- I'm sorry, a
24 summary of chemical tests conducted by Trow analyzing
25 the red shale and the green shale for various chemicals



1 and so on but, other than that, that is all that was
2 done.

3 Q. Is it your understanding that
4 Hydrology Consultants conducted specific field tests
5 to determine in an overall sense the quality of the
6 shale at Site F that might be available for marketing
7 purposes? I can tell you my understanding is the
8 reverse, I believe.

9 A. B-5 I don't think is a marketing
10 -- market research oriented analysis. It's a chemical
11 analysis and it tells us something about the shale and
12 hence about its quality, but it doesn't take that next
13 step and follow through as to what the shale could best
14 be used for, no.

15 Q. I will put the question again that
16 I put to you. Have you any information or understanding
17 that would lead you to believe that specific drilling
18 tests were conducted at Site F by Hydrology Consultants
19 to determine the overall quality of the shale on that
20 site for marketing purposes?

21 A. I'm only aware of B-5 and I don't
22 know what they did to get B-5.

23 Q. I take it that on the information
24 available to you you can't help us as to whether the
25 shale reserves at Site F are of an inferior quality or



1 a superior quality or somewhere in between compared to
2 what is currently available on the market? .

3 A. No. From my reading I have seen
4 indications both ways but I don't know. Now, from what
5 I have read I have seen indications that the reserves
6 are of a high quality and I have seen other indications
7 that they may not be of a high quality and I don't know
8 for certain.

9 Q. As I understand it you are unable
10 to help us as to the extent of any limestone content in
11 the shale reserves at Site F and how broad it is in
12 terms of total quantity?

13 A. All I know is what's at the bottom
14 of B-4 which speaks of small amounts of gypsum in some
15 boreholes and limestone was mentioned somewhere.

16 Q. Put simply, Mr. Watson, you are
17 not in a position to tell us how predominant the lime-
18 stone is at that location; isn't that so?

19 A. That's right.

20 Q. Similarly you are not in a position
21 to tell us how predominant the gypsum is in the shale
22 reserves at Site F?

23 A. No.

24 Q. Could you go back to Exhibit 282,
25 the Ministry of Natural Resources report, and this time



1 to page 24? I would direct your attention to the
2 concluding paragraph that appears on page 24 immediately
3 above the references. Do you see that?

4 A. Yes.

5 Q. Beginning with the sentence or
6 the sentence beginning with "Even"?

7 A. Yes.

8 Q. It reads:

9 "Even without all the restrictions imposed
10 by urbanization, the lack of physical
11 testing is a major weakness in making
12 shale reserve calculations. Brittle
13 shale, local concentrations of hard limey
14 layers, and erratic distribution of
15 gypsum and other soluble salts are only
16 some of the unpredictable features that
17 can cause the elimination of some shale
18 locations from economic use."

19 Stopping there, do you acknowledge that factors such
20 as those referred to in that sentence can render shale
21 deposits unsuitable for economic use depending upon
22 their extent?

23 A. That is my understanding.

24 Q. Based on the information available
25 to you, can you tell us one way or another whether the
shale reserves at Site F have extensive concentrations



Nethercut & Co. Ltd.

Toronto, Ontario

13207

Watson, Rinaldo,
cr-ex (Cronk)

1 of hard lime or other soluble salts?

2 A. No.

3 Q. Based on the information available
4 to you, can you tell us whether the shale reserves are
5 of the type described in this passage as being brittle
6 shale?

7 A. At Site F, no, I don't know that.

8 Q. You can't help us one way or the
9 other as to the quality of the shale reserves at Site F,
10 beyond what you have told us about B-5?

11 A. I understand the quality of the
12 shale in the quarry to the east is high, but I don't
13 know about the shale to the west of King Road.

14 Q. Let's deal with the quarry to the
15 east of King Road for a moment. You are aware, I take
16 it, that the quarry is owned by National Sewer Pipe?

17 A. Yes.

18 Q. And it is in active operation and
19 are you aware of that?

20 A. You said it was ...

21 Q. In active operation; it is an
22 active quarry site?

23 A. Yes.

24 Q. In carrying out your market review
25 on the shale situate at Site F, did you conduct any tests



1 or did anyone upon whom you relied conduct any tests to
2 determine the quality of the shale to the east of King
3 Road?

4 A. No.

5 Q. For comparative purposes you can't
6 help us as to how the quality of the shale on Site F
7 compares to the shale reserves on the other side of King
8 Road?

9 A. No.

10 Q. With respect to the quantity of
11 shale situate on Site F, as I understand your evidence
12 you are relying on Hydrology Consultants for the
13 estimates of the reserves referred to in your evidence?

14 A. On page 5 of H-45A, yes. I believe...

15 Q. My point is simply this; whatever
16 the numbers are, they are not numbers generated by you
17 but numbers generated by Hydrology Consultants and
18 provided to you?

19 A. Yes.

20 Q. You rely on them then, on that
21 firm, with respect to your use of the quantity estimates
22 with regard to the shale at Site F, is that not so?

23 A. Certainly the final column, the
24 excess shale, but that doesn't speak to the total reserve.
25 I am just wanting to make sure what the source of the



Nethercut & Co. Ltd.

Toronto, Ontario

13209

Watson, Rinaldo,
cr-ex (Cronk)

1 figure on the total reserve would be in H-45. Yes, it
2 was Hydrology Consultants, B-6, the top of the second
3 paragraph.

4 Q. So the numbers you used for the
5 purposes of your marketing analysis were derived from
6 Hydrology Consultants?

7 A. Yes.

8 Q. You said several times in your
9 evidence that as you understood it the quarry on Site F
10 was inactive. On what did you base that statement,
11 that observation? What is the source of your informa-
12 tion in that regard?

13 A. I was told that by several members
14 of the team.

15 Q. Have you personally visited Site F?

16 A. Yes.

17 Q. How recently?

18 A. We were there a couple of months
19 ago.

20 Q. Did you walk the quarry area?

21 A. We drove around it.

22 Q. Have you any idea, Mr. Watson, of
23 your own knowledge and information as to how much shale
24 has been removed from the quarry on Site F by National
25 Sewer Pipe over the last five years?



Nethercut & Co. Ltd.

Toronto, Ontario

13210

Watson, Rinaldo,
cr-ex (Cronk)

1 A. No. I knew some was removed in
2 the past and I thought it was farther back in the past,
3 but I don't know how much.

4 Q. Have you any personal knowledge
5 or information which leads you to conclude today that
6 that quarry today is not being mined and there is not
7 extraction taking place in the quarry?

8 A. I don't know that for certain, no.

9 Q. Then you referred finally in your
10 marketing analysis report on the shale to the provincial
11 policy statement on mineral aggregate resources and I
12 would refer you to page B-1. There are two extracts
13 from that policy statement set out at page B-1, numbered
14 1.1 and 1.2. Those two extracts together comprise the
15 general policy statement as I understand it, isn't that
16 so, or do you know? In other words, that is not an in-
17 part-only quote. Those two paragraphs are the
18 substantive expression of policy contained in the policy
19 document?

20 A. I don't know that.

21 Q. I am showing you a document
22 entitled "Policy Statement - Mineral Aggregate Resources"
23 a statement of the Ontario Government policy issued
24 under the authority of Section 3 of the Planning Act,
25 1983 and approved May 9, 1986 and I would refer you to



Nethercut & Co. Ltd.

Toronto, Ontario

13211

Watson, Rinaldo,
cr-ex (Cronk)

1 page 3. Do you have that?

2 A. Yes.

3 Q. In the middle of the page on page
4 3 the section begins entitled "Policy"?

5 A. Yes.

6 Q. The first paragraph is entitled
7 "General" and there are two sub-paragraphs set out which
8 I suggest are identical to paragraphs 1.1 and 1.2 in
9 your marketing analysis report?

10 A. They are.

11 Q. Are they then the expression of
12 general policy as set out in the policy statement?

13 A. Yes.

14 Q. Is it fair to suggest on your
15 reading of the general policy statement in those two
16 paragraphs that it is specifically recognized that
17 protection of mineral aggregate resources must be
18 practicable?

19 A. Yes.

20 Q. And practicability, if I can put
21 it that way, is to be determined with reference to other
22 land use planning objectives?

23 A. I'm sorry, the practicability ...

24 Q. ... is to be determined with
25 reference to other land use planning objectives?



Nethercut & Co. Ltd.

Toronto, Ontario

13212

Watson, Rinaldo,
cr-ex (Cronk)

1 A. Yes.

2 Q. That suggests, does it not, that
3 other land use planning objectives in appropriate cases
4 may take precedence over aggregate extraction under
5 this policy? Clearly it contemplates that in appro-
6 priate cases other land use purposes or objectives may
7 take precedence over extraction, doesn't it, in the
8 clear language here?

9 A. I would think so, yes.

10 Q. To help you in that regard and
11 still at page 3 of the policy statement itself, could
12 I refer you to the second bulleted item at the top of
13 the page and perhaps you could read that to the Board?

14 A. "Other land uses may in specific
15 instances take precedence over aggregate
16 extraction including wayside pits and
17 quarries."

18 Q. That sentence is included in the
19 section of the statement dealing with principles governing
20 the policy?

21 A. Yes.

22 Q. That suggests, when coupled with
23 the language of the general policy statement itself,
24 that there will be circumstances in which other land
25 use planning objectives will be recognized and acknowledged



Nethercut & Co. Ltd.

Toronto, Ontario

13213

Watson, Rinaldo,
cr-ex (Cronk)

1 to take precedence over extraction or aggregate
2 resources extraction, isn't that so?

3 MS CRONK: I apologize I only have one
4 clean copy of this and perhaps I could file that.

5 MR. LANCASTER: That will be N-305.

6 --- EXHIBIT NO. N-305: Document entitled "Policy
7 Statement - Mineral Aggregate
8 Resources" from the Ontario
9 Government

10 MS CRONK: Q. In preparing your
11 marketing analysis report did you review the quarry
12 licence that currently applies to NSP's lands on Site F?

13 MR. WATSON: A. No.

14 Q. You have not seen that document?

15 A. No. The Ministry of Natural
16 Resources would not make material of that nature avail-
17 able to us and we were unable to work directly with
18 NSP because of this hearing.

19 Q. I'm sorry, you were unable to work
20 directly with NSP because of this hearing?

21 A. Yes.

22 Q. Did you ask NSP for a copy of it?

23 A. We asked NSP for the material and
24 we were told that because this hearing was ongoing it
25 would be best if we didn't ...

Q. We are nearing Christmas. Could I
provide you with a copy of the quarry licence?



Nethercut & Co. Ltd.

Toronto, Ontario

13214

Watson, Rinaldo,
cr-ex (Cronk)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. LANCASTER: N-306.

--- EXHIBIT NO. N-306: Copy of National Sewer Pipe
quarry licence, August 1, 1972

MS CRONK: Q. I have shown you a document entitled "Licence to Open, Establish or Operate a Pit or Quarry" and it is in the name of National Sewer Pipe.

MR. WATSON: A. Yes.

Q. Dated August 1st, 1972?

A. Yes.

Q. Beyond that it simply refers to the lot areas and the township and concession location.

A. Yes.

Q. On its face it is a licence "...to open, establish or operate a Pit on lands described..." in the licence?

A. Yes.

Q. Beyond that I suggest there are no conditions, provisos or explanatory notes attached to the licence at all. Isn't that so?

A. No, there is nothing there.

Q. You have set out in Exhibit H-45A, Mr. Watson, the fact of certain of the contracts held by National Sewer Pipe to the best of your understanding with respect to certain shale purchasers?

A. Yes.



1 Q. You are aware then I take it that
2 NSP is in the active business of quarrying and selling
3 shale?

4 A. Yes.

5 Q. Its prices for the shale, I suggest
6 presumably, are competitive to market conditions or it
7 wouldn't have any buyers and would not be in a position
8 to enter into the type of contracts you have referred to
9 in the table in your document, is that fair?

10 A. Yes.

11 Q. I put these questions before,
12 Mr. Watson, to Mr. Hiraishi but as an economist I would
13 like your view as well. As an economist, if the Region
14 were compelled to extract shale on Site F for resale,
15 assuming that it could find a buyer and in your opinion
16 that is unlikely, but assuming that that were the case,
17 and the Region were obliged to do that, that would have
18 the effect, I suggest, of putting the Region in a market
19 entry position as a competitor of National Sewer Pipe.
20 Isn't that so?

21 A. They would be competing with
22 National Sewer Pipe, yes.

23 Q. They would be a seller on the
24 market, wouldn't they?

25 A. Yes, and therefore competing with



1 National Sewer Pipe, yes.

2 Q. In that position if there were not
3 conditions or restraints that applied to the Region's
4 ability to sell that shale, it would be entirely possible
5 I suggest for the Region to, for lack of a better word,
6 dump all that shale on the market at once and sell it
7 en bloc if they could find a buyer?

8 A. "All that shale" refers to the
9 amount they would be extracting.

10 Q. For resale?

11 A. Annually. Certainly they could dump
12 it.

13 Q. In fact they could fire-sell it,
14 couldn't they?

15 A. If they were forced to extract it
16 and they hadn't made arrangements and it was a matter
17 of getting as much money as they could for it, then
18 anything could happen.

19 Q. Exactly. I suggest to you as an
20 economist that were that to happen, leaving aside the
21 issue of whether or not the Region is empowered at law
22 to be in a position of selling and being in the business
23 of selling shale, but if that were to happen the
24 Region could materially affect National Sewer Pipe's
25 competitive position in the marketplace; isn't that so?



1 A. It could. I think I alluded to
2 this in passing. The amount of shale we were talking
3 about, 100,000 tonnes per year is a substantial portion
4 of the total amount of shale extracted in the province
5 annually and so it would certainly have an impact.

6 Q. My point quite simply is that if
7 the Region were in a position to do that at liberty
8 without constraint, it could, by virtue of its position
9 in the market as a seller, affect the prevailing balance
10 in the shale market, whatever that balance might be, and
11 isn't that the case?

12 A. I think they could and with that
13 amount I calculated it to be ten or 15 per cent of the
14 provincial total.

15 Q. Could I ask you to turn to a new
16 subject? Could you put up, please, Exhibit H-284 and
17 perhaps you could put it up where we could see it more
18 clearly, it is your chart with the various boxes. In
19 determining your present value calculations in your cash
20 flow analysis for Sites F and D, as I understand it you
21 set out for the benefit of the Board and in response to
22 a discussion you had with Mr. McQuaid the entire
23 methodology that was considered and utilized by you in
24 approaching that economic analysis task and that is on
25 Exhibit H-284, is that so?



1 A. Yes, and focusing on the latter
2 stages of our work. This doesn't deal with Stage 1 or
3 the earlier stages.

4 Q. Your voice is trailing.

5 A. I'm sorry, but I believe you said
6 this dealt with the F&D comparison and it deals entirely
7 with what we did for the F&D comparison and it doesn't
8 deal with the very early work we did.

9 Q. When you got to the comparative
10 site stage, do I have it correctly that this exhibit in
11 box form and in flow chart form sets out the entire
12 methodology utilized by you and by the other consultants
13 with whom you dealt in arriving at the economic analysis
14 for these two sites?

15 A. Yes, exclusive of some of the
16 policy areas that we looked at as, and I don't like the
17 term "side issues", but as side issues such as shale
18 and the multi-site analysis and private ownership versus
19 public ownership and a number of those matters, but this
20 deals with a comparison of the sites and it is complete,
21 yes.

22 Q. Did you follow the same methodology
23 in respect of both Sites D and F?

24 A. Yes.

25 Q. Some of the information accumulated



1 at various stages of this progression of work, if I can
2 describe it that way, were based, as I understand your
3 evidence, on what I would term fixed or hard data. I
4 know you told Mr. McQuaid you didn't like the term.
5 "soft data" so I take it you have a similar aversion
6 to "hard data", but you referred in your discussion with
7 him to "known, clear, determinable facts" and that is
8 how I wrote it down. Whatever language you care to use,
9 am I right that at various stages in this progression
10 of work some of the boxes on this exhibit reflect known,
11 clear, fixed data upon which you were relying?

12 A. I'm not sure I would categorize
13 them that way. I think some are certainly clearer than
14 others and some have a firmer basis than others, but
15 we have to remember that we are dealing here with a
16 20-year forecast and that applies to haul costs and
17 even to the capital cost of the site and certainly the
18 after-use, and all of these matters are forecast projec-
19 tions and they all therefore have elements of uncertainty.
20 I think that is just in the nature of the task.

21 Q. Some of the elements or steps in
22 the progression, if I can phrase it that way, involve
23 elements of professional judgment, do they not?

24 A. Yes.

25 Q. Some require less of an exercise



1 of professional judgment or none at all. Is that fair?

2 A. I can't think of any that require
3 none at all.

4 Q. Let's look at the waste quantity
5 section starting with that on the far left-hand side
6 of the exhibit and dealing first with the total waste
7 for which the Region is responsible. You had available
8 to you, I suggest, specific data or information upon which
9 you could proceed at that stage of the progression?

10 A. That is the whole point. The
11 data I had was history, it's historical data, and we
12 don't have data about the future. We barely have data
13 about the present and all we know is that the future
14 won't be the same as the past, but I did have hard
15 historical data.

16 Q. For that item in particular, by way
17 of illustrating or example, we could contrast that step
18 in the progression or that box with some of the later
19 steps which required a higher level, or at least
20 required the exercise of professional judgment?

21 A. That required the exercise of
22 professional judgment in moving from information about
23 the past to understandings about the future.

24 Q. Are you saying, Mr. Watson, that
25 at each and every step of this progression of work, coupled



1 with whatever hard information or data was available
2 to you, there was the requirement for the exercise
3 by you of professional judgment?

4 A. I didn't say by me because a
5 number of these steps of course involved information
6 being provided by other members of the team, particu-
7 larly the engineering members at Trow. I can't speak
8 for how they would answer that particular question, but
9 I assume that there are always elements -- until you
10 have an absolute finalized design, and even then there
11 are cost over-runs and cost under-runs, and after the
12 site has been put into operation there are always
13 unexpected matters to be dealt with. So, there is
14 professional judgment throughout.

15 Q. Perhaps a fairer way to approach
16 it is to talk about those instances in which you were
17 required to exercise your personal and professional
18 judgment as distinct from that of others?

19 A. Yes.

20 Q. Would it be fairer to put the
21 proposition this way; as we move through this progres-
22 sion of steps, in some instances, in terms of your
23 involvement, you were dependent on hard data or informa-
24 tion supplied to you by others and in some instances
25 that was true?



1 A. It was dependent on the information
2 provided by others but I'm not referring to it as hard
3 data. I am trying to explain that some of that infor-
4 mation has a clearer, firmer basis, but it still has an
5 element of variability and they are still making a
6 forecast.

7 Q. We are always talking a question
8 of degree as to how certain or uncertain the information
9 is.

10 A. Yes.

11 Q. In some instances you were provided
12 with data which you then used to then work into your own
13 working model and against which you applied your judgment
14 and experience to move to the next step?

15 A. Yes.

16 Q. For example, to use the illustration
17 I previously gave you, the determination of the total
18 waste quantities for which the Region would be responsible,
19 that information was provided to you by others and you
20 didn't actually sit down and calculate the total waste
21 requirement figures for the Region?

22 A. We went into them, the records, but they
23 essentially provided it from material they had.

24 Q. To contrast that kind of example,
25 but if we examine some of the other steps in the



1 progression of work, whenever you came to apply a
2 contingency factor, I suggest that that directly required
3 the application by you of your professional judgment as
4 to what was appropriate as a contingency?

5 A. Yes.

6 Q. In other instances as we move
7 through the progression and where it was required to
8 apply an inflation factor, clearly for the purposes of
9 your analysis that required the exercise of your
10 professional judgment as to what was appropriate as an
11 inflation method?

12 A. Yes.

13 Q. Similarly with respect to discount
14 factors?

15 A. Yes.

16 Q. So there are instances as we move
17 through each of these categories where the end result
18 reflects the application by you of your judgment based
19 on the information made available to you?

20 A. Yes.

21 Q. In doing that at each step of the
22 progression I take it that you relied on the data that
23 had been provided to you and to the extent that other
24 experience you had bore on the issue on your own expe-
25 rience?



1 A. As we moved through, yes, I was
2 reliant on information being provided and the way in
3 which our experience bore upon it, yes.

4 Q. Looking for example at the haul
5 cost category, and if you look at the various boxes you
6 have there, I am going to suggest to you that just in
7 that segment of the progression of your work there are
8 a number of instances where you were required to
9 exercise your professional judgment before you could
10 move on in the analysis. For example, the fixing of the
11 inflation rate to inflate your haul costs each year to
12 current dollars?

13 A. Yes.

14 Q. Secondly, to identify and apply an
15 appropriate discount rate and the fixing of that discount
16 rate to reach your present value, and that required the
17 exercise of your professional judgment?

18 A. Yes.

19 Q. The allocation of haul costs
20 between municipalities and the private sector; that
21 required the exercise by you of your professional judg-
22 ment?

23 A. Yes. This is professional judgment
24 based upon data at hand, but the analysis of the
25 information to make a distribution and a selection of a



1 particular discount or inflation rates, yes.

2 Q. Dealing specifically with the
3 example I gave you on the allocation question of haul
4 costs as between the municipalities on the one hand and
5 the private sector on the other, there was an element
6 of judgment you had to bring to bear on that?

7 A. There was. We had information,
8 but inevitably the information isn't 100 per cent complete
9 and it is necessary to piece together from the facts we
10 had the basis, the realistic basis for an assumption
11 which is what we did.

12 Q. To take a further example in the
13 haul cost area, but to look at the haul costs which you
14 attributed to the area municipalities, you told us in
15 your evidence that you distributed those amongst the
16 four municipalities and then within each municipality
17 you subdivided it into zones comprising each area
18 municipality. Do I have that correct?

19 A. Yes.

20 Q. In that subdivision process I
21 suggest there was another element of professional judg-
22 ment you were bringing to bear?

23 A. Yes, and once again based on
24 patterns and data, but there was an element of judgment,
25 it was a forecast which is an element of judgment.



1 Q. Looking at the capital cost
2 category for purposes of illustration if you were trying
3 to identify some of the steps in the process that
4 required you to exercise professional judgment, I
5 would suggest that the approach to the appropriate
6 valuation for land acquisition costs involved an exercise
7 of professional judgment on your part?

8 A. Yes.

9 Q. I suggest as well in fixing the
10 real estate contingency for the Region, both at Site D
11 and Site F, again it required the exercise of professional
12 judgment on your part?

13 A. It did.

14 Q. Similarly the inflation factor
15 you applied?

16 A. Yes.

17 Q. Similarly the discount factor...

18 A. Yes.

19 Q. ... and so on. If we move to the
20 category of evaluation criteria -- let's move next to
21 the potential for off-site property value impact. There
22 are five steps you discussed with Mr. McQuaid and the
23 fixing of values for the potential impact area is one
24 of those steps?

25 A. Yes.



1 Q. I suggest that that required the
2 application of professional judgment?

3 A. Yes. Wherever there is potential
4 variability one has to exercise professional judgment to
5 come down with a particular number or range, yes.

6 Q. And the same thing with respect to
7 the identification of possible impacts?

8 A. Yes.

9 Q. And the same applies with respect
10 to the identification of private sector impacts?

11 A. Yes.

12 Q. Indeed I suggest that in the cate-
13 gory of potential off-site property value impacts, each
14 of the five boxes you have identified involves to a
15 greater or lesser extent the application of professional
16 judgment and that is what you did?

17 A. Thirty-six is land use -- yes, the
18 land use was relatively free or almost totally free of
19 judgment, but the values were judgmental to a degree and
20 the other areas, yes, they involved professional judgment
21 in the way we have defined it here.

22 Q. Looking at the category of
23 evaluation criteria we could go through the same exercise,
24 could we not, and identify amongst those criteria a
25 number where you were required to exercise professional



1 judgment?

2 A. Well, I guess professional judgment
3 in terms of the establishment of that method of evalua-
4 tion and the ranking and the use of it. The information
5 portrayed there has really flown from these earlier
6 exercises which we have already discussed.

7 Q. But in the identification of the
8 various criteria that were to apply to evaluate the two
9 sites in a comparative sense, I suggest that the identi-
10 fication of those criteria itself involved the exercise
11 of professional judgment?

12 A. Yes, it did.

13 Q. Once the individual criteria had
14 been settled, in some cases to attach some value or
15 some meaning to those criteria for each site, it again
16 required the exercise of your professional judgment?

17 A. Yes.

18 Q. Finally when you came to determine
19 preference and the strength of that preference, once
20 again you were exercising your professional judgment
21 based on the cumulative data you had obtained to that
22 point in time?

23 A. Yes.

24 Q. In the end then, Mr. Watson, is it
25 fair to say that the methodology you employed made use of



1 all of the available data that was presented to you or
2 to which you had access and, as well, the application
3 of your professional judgment?

4 A. Yes.

5 Q. Is it fair to suggest that any
6 economist approaching an economic analysis in the
7 comparative sense on these two sites would be required
8 to approach the matter in a similar way?

9 A. "Would be required?" I think this
10 is the way in which it should be done and these steps
11 have to be covered in order for it to be complete; so
12 required in that sense.

13 Q. What I am putting to you perhaps
14 more clearly stated is that in order to arrive at a
15 conclusion on an economic basis to compare these two
16 sites, necessarily any economist will be caught up in a
17 process where he or she has to exercise professional
18 judgment in the context of data available to arrive at
19 any conclusion?

20 A. I think that is inescapable.

21 Q. When you examine what is at issue
22 with respect to these two sites, I suggest the applica-
23 tion or the instances for the application of professional
24 judgment are replete in this kind of exercise?

25 A. We have noted a number of instances,



Nethercut & Co. Ltd.

Toronto, Ontario

13230

Watson, Rinaldo,
cr-ex (Cronk)

1 yes.

2 Q. And as you have said, I think now
3 several times, whenever you engage in the exercising
4 of forecasting into the future, which is what is required
5 for this kind of comparative analysis, necessarily you
6 are drawing on the professional judgment of those
7 involved in taking the task on?

8 A. That is right.

9 Q. Could I turn then to the economic
10 impact analysis you did first with respect to Site D?
11 Could I ask you to go to firstly Exhibit H-286, UP-15?
12 Looking at the categories of the cost which you took
13 into account just briefly, because we have had this at
14 some length, you identified three categories and the
15 way you approached it is you broke them out into regional
16 costs, area municipal costs and private sector costs?

17 A. Yes.

18 Q. The regional cost category was sub-
19 divided into both capital costs and operating costs?

20 A. Yes, it was.

21 Q. The area municipal costs involved
22 essentially haulage costs?

23 A. Yes.

24 Q. And the private sector costs were
25 subdivided into two discrete categories, namely private



Nethercut & Co. Ltd.

Toronto, Ontario

13231

Watson, Rinaldo,
cr-ex (Cronk)

1 haulage costs and, secondly, property impact?

2 A. Yes.

3 Q. Looking at that all together you
4 came up with a comparative costing in a comparative way
5 for both sites and that is what you have set out?

6 A. Yes.

7 Q. If we look in an overview way at
8 the numbers as you have calculated them without any
9 variation for the moment as set out on page UP-15, and
10 dealing first with the issue of regional costs; at the
11 technical study stage the regional cost at Site F, I
12 suggest, was some \$600,000 cheaper than the regional cost
13 forecast for Site D; is that correct?

14 A. Yes. Site F was \$600,000 less
15 expensive under Schedule K which is the landfill techni-
16 cal.

17 Q. When you updated the regional
18 costing figures you provided the Board that gap, if I
19 have done my mathematics correctly, indicates that
20 Site F is now predicted to be anywhere from \$1 million
21 to \$3.8 million less expensive for the Region than
22 Site D?

23 A. Yes.

24 Q. That result occurred by virtue of
25 the fact, I suggest, that on your updating the regional



1 costs for Site D went up but, in addition, the regional
2 costs for Site F at the low end of the range at least
3 went down. It's a combination of both factors, isn't
4 that so?

5 A. Yes.

6 Q. Could you provide to the Board
7 that differential on your updating in percentage terms?
8 What is the percentage difference as you now calculate
9 the numbers between Site F and Site D under the category
10 of regional costs?

11 A. Three point eight divided by 35.7
12 is 10.6, so we are saying that the maximum, at the maximum
13 Site D would be 10.6 times more expensive and at the
14 minimum it would be 2.6 insofar -- yes-- as the present
15 value of regional costs are concerned.

16 Q. We are dealing with the present
17 value of regional costs?

18 A. Right.

19 Q. The range of difference as between
20 Site F and Site D in terms of direct costs for the
21 Region is anywhere between 2.6 per cent and 10.6 per cent;
22 is that right?

23 A. Yes.

24 Q. The costs for Site D in that cate-
25 gory since the technical report have gone up I suggest



1 by four to six per cent. Can you confirm that?

2 A. Four point two -- 5.8, yes.

3 Q. And the \$1 million to \$3.8 million
4 differential in the favour of Site F is in the category
5 of costs which you told us you regard as being the most
6 significant in terms of ranking the various criteria for
7 site comparison, regional costs?

8 A. Yes.

9 Q. Looking at the area municipal costs
10 and comparing what happened in the last year between
11 the technical study and the update, at the technical
12 stage, again if I have done the math correctly, Site F's
13 costs were predicted to be higher by some \$200,000,
14 higher than Site D?

15 A. Yes.

16 Q. And, as updated, that cost diffe-
17 rential has been reduced by 50 per cent?

18 A. Yes.

19 Q. So the Site F area municipal costs
20 are predicted to be \$100,000 more than Site D?

21 A. Yes.

22 Q. Looking at the third category, the
23 private sector costs, at the technical stage Site F, I
24 suggest, was indicated to be cheaper than Site D by some
25 \$1.4 million?



Nethercut & Co. Ltd.

Toronto, Ontario

13234

Watson, Rinaldo,
cr-ex (Cronk)

1 A. Yes.

2 Q. And as updated that cost differen-
3 tial in favour of Site F is now \$400,000?

4 A. Yes.

5 Q. The costs at F are still lower
6 but not by as much as they were at the technical stage?

7 A. Yes.

8 Q. That result, I suggest, is explained
9 if you look at what has happened to the numbers in the
10 area municipal cost category and the private sector cost category,
11 and by that I mean in the case of Site F the area
12 municipal costs have gone down by \$1.4 million as revised,
13 but the private sector costs for Site F have gone up by
14 the same amount?

15 A. That's right.

16 Q. In the end the net numbers are no
17 different for Site F, but the allocation between the two
18 costing categories has changed?

19 A. Yes.

20 Q. Looking at the overall costs, and
21 again what has happened between the date of your techni-
22 cal report and your updated figures, this is the
23 category, as I understand it, that you as an economist
24 regard to be most significant after regional costs in
25 the ranking of the various comparative criteria?



Nethercut & Co. Ltd.

Toronto, Ontario

13235

Watson, Rinaldo,
cr-ex (Cronk)

1 A. Yes.

2 Q. At the technical stage Site F was
3 cheaper by some \$1.8 million than Site D?

4 A. Yes.

5 Q. As updated I suggest that gap has
6 widened, has it not?

7 A. Well,...

8 Q. Let's do the numbers. At the low
9 range what is the difference today?

10 A. One point three. At the high
11 range it has but at the low range it hasn't.

12 Q. At the low range the differential
13 is \$1.3 million in favour of Site F?

14 A. Yes.

15 Q. And the high end of the range?

16 A. Four point one or \$4 million.

17 Q. Can you give that to the Board in
18 percentage terms as well?

19 A. The low end is 2.1 and at the high
20 it's 6.9.

21 Q. Six point nine. We are looking
22 essentially at a range of between two and seven per cent
23 cheaper, or savings in cost at Site F in the total cost
24 category than at Site D?

25 A. From two to ...



Nethercut & Co. Ltd.

Toronto, Ontario

13236

Watson, Rinaldo,
cr-ex (Cronk)

1 Q. From two to seven.

2 A. Yes.

3 Q. If we look at what the differential
4 was at the technical stage, I suggest at the low range as
5 updated, what we are really saying is that the cost
6 savings at F have more than doubled -- sorry -- at the
7 high end of the range?

8 A. It was 2.9 and that is more than
9 doubling to the high end of the present range, yes.

10 Q. Is this the situation we have?
11 In the total cost categories, including all the various
12 components, Site F is cheaper than Site D by a minimum
13 of \$1.3 million?

14 A. Yes.

15 Q. Assuming that Site F comes in at
16 the high end of the range in terms of cost. It's only
17 1.3 if Site F comes in at the high end?

18 A. Yes.

19 Q. If in fact Site F costs less than
20 the high end you predict, that dollar value of savings
21 at Site F, whether it is expressed as a dollar value or
22 in percentage terms, it obviously goes up and could be
23 as high as \$4 million?

24 A. Yes. I guess in fairness if
25 Site D came in at the bottom of its range and Site F came



1 in at the top of its range, the difference is \$700,000,
2 but that is positing the high end in one case and the
3 low end in the other case and I wouldn't make that
4 assumption, I would work with the mid-point.

5 Q. I'm suggesting to you that at a
6 minimum the probable cost saving at Site F at a minimum
7 is \$1.3 million and when the Board comes to take the
8 comparison evidence into account, we should be careful
9 to recall that it could very well be as high as \$4 million
10 based upon your costing...

11 A. As I say when you say "probable" I
12 take the mid-point and in the cast of D the mid-point is
13 63.9 and with F 61.2 and the difference then is 2.7 and
14 2.7 -- that is 4.4.

15 Q. Are you saying the mid-point of
16 the differential is \$4.4 million in favour of Site F?

17 A. The difference between the mid-
18 point of the two ranges is \$2.7 million in favour of
19 F and that represents 4.4 per cent of F's mid-point.

20 Q. So we can look at it from the low
21 end or the high end or the mid-end, but the range becomes
22 1.3 to the mid-point of 2.7 to a high end in your calcu-
23 lations of \$4.1 million and that is the continuum?

24 A. Yes.

25 Q. Could we look specifically at some



1 of the items included in the regional costs for Site D
2 and dealing first with the capital cost and perhaps you
3 could first go to the technical study, page 2-3, Exhibit
4 H-45.

5 A. Yes.

6 Q. There are one or two items I wanted
7 to clarify. Dealing first with the various capital
8 cost categories and item 13 is contingency and, as I
9 recall your evidence, you told Mr. McQuaid we should
10 really be adding an item 14 for land acquisition costs
11 and an item 15 also called contingency. Do you recall
12 that?

13 A. Yes.

14 Q. Dealing with the two contingency
15 categories, the makeup of item 13, as I recall, is a 15
16 per cent contingency item for construction and engineer-
17 ing costs?

18 A. Yes, from Appendix A.

19 Q. That is \$1,226,000?

20 A. Yes.

21 Q. The balance, the \$1 million, is
22 the real estate contingency you spoke about this morning
23 with Mr. Leitch?

24 A. Yes.

25 Q. That makes up the \$2,226,000 under



Nethercut & Co. Ltd.

Toronto, Ontario

13239

Watson, Rinaldo,
cr-ex (Cronk)

1 item 13?

2 A. Yes.

3 Q. Under item 15, the contingency you
4 suggest be added, you said that was \$80,000 and without
5 going back to the documents, although we can do that, I
6 assumed that related to the contingency proposed by
7 Hydrology Consultants for gas collection and leachate
8 collection?

9 A. That is correct.

10 Q. So does that \$80,000 added as item
11 15 apply in the same amount to both sites, D and F?

12 A. Yes.

13 Q. If we could deal first with the
14 real estate contingency under item 13 for Site D, you
15 have provided us with a breakdown of that in H-288 and
16 I wonder if we could put a copy of that before you. Do
17 you have that?

18 A. Yes.

19 Q. The very first item on both Site
20 F and Site D pertains to legal costs and for Site D you
21 have an allotment of \$350,000?

22 A. Yes.

23 Q. In your discussion with Mr. Leitch
24 this morning there was discussion about legal costs and
25 I understood you to say that the legal costs associated



1 with dealing with landowners whose lands were impacted
2 by Site D was taken into account in the \$1 million real
3 estate contingency figure?

4 A. Yes.

5 Q. Is it then the figure of \$350,000
6 for legal costs to which you were referring in your
7 discussion with Mr. Leitch?

8 A. The Region's legal costs that
9 would be involved in defending its position on claims
10 of injurious affection and related matters, yes, for
11 Site D.

12 Q. I would like to be clear as to
13 what that legal cost reserve or allotment in fact per-
14 tains to. I suggest to you that we have a number of
15 categories of potential claims. We have first legal
16 costs associated with actually acquiring the lands needed
17 for Site D. There will be legal costs associated with
18 that. Is that so? I am sorry, you are nodding but
19 you must say yes or no.

20 A. I'm thinking. Yes, there would be.
21 I assume -- I was going to say they may be "in-house
22 costs", but they are costs. They may not be disbursements.

23 Q. Whether those costs are associated with
24 expropriations or negotiated acquisitions, none the less
25 there is a cost component attributable to the properties



1 that are actually required to build Site D?

2 A. Yes.

3 Q. So we are clear, those properties
4 are the 12 you have discussed and set out in Figure 1
5 at page UP-2 of Exhibit H-286; is that correct?

6 A. Those are the properties, yes.

7 Q. And the cost to be incurred in
8 relation to those properties I suggest can be of two
9 types, the legal costs, and the first is with respect to
10 expropriation proceedings and secondly with respect to
11 actual acquisition, negotiated acquisition; is that so?

12 A. Yes.

13 Q. Does that \$350,000 take into account
14 those types of legal costs?

15 A. I wasn't thinking of those sorts
16 of costs, no.

17 Q. I suggest there is another cate-
18 gory of legal costs to be incurred and that relates to
19 the Region's dealing with in one fashion or another
20 the landowners apart from those whose property is to be
21 required for Site D, in other words the injurious affec-
22 tion category of claimants, if I can put it that way?

23 A. Yes.

24 Q. Mr. Leitch asked you this morning
25 to go to Exhibit H-277 and I would ask you to do the same



Nethercut & Co. Ltd.

Toronto, Ontario

13242

Watson, Rinaldo,
cr-ex (Cronk)

1 thing again. He asked you, as I wrote the question down,
2 to add up for him and to indicate to him how many of
3 those identified properties were those on which a
4 residence was situate, do you recall that?

5 A. Yes.

6 Q. And you did that and indicated
7 there were 22?

8 A. I believe I said 22.

9 Q. As I recall your evidence with
10 Mr. McQuaid, each of those properties identified by a
11 letter is one which in your professional judgment and
12 opinion will suffer some impact as a result of Site D
13 at that location if it is approved?

14 A. Those are the properties that
15 would suffer the greatest impact. There are, of course,
16 other properties that could conceivably suffer impact
17 and I have made allowance for them as well.

18 Q. Let's deal first with the group
19 identified by the letters on Exhibit H-277. Could you
20 indicate to the Board how many potential claimants are
21 in that group? Add them all up.

22 MR. McQUAID: Could I interject as well?
23 I think when the 22 was counted Mr. Watson counted all the
24 properties whether they had residences or not.

25 MR. WATSON: No. I counted the little



1 dark green blobs and the hatched blue blobs and the
2 hatched blue being residential properties and the dark
3 green being the farm residential units.

4 MS CRONK: Q. So the record is clear
5 and there will be no debate later, I am asking you how
6 many properties as identified by you on Exhibit H-277
7 with letters, how many you have identified with letters
8 stand to be impacted by Site D if you add those up,
9 whether or not there is a residence?

10 MR. WATSON: A. We started at A and went
11 to Z and started over, so 26 and we got to double O which
12 means 41.

13 Q. So we have then, as I understand it
14 in the category of potentially impacted claimants, 41
15 landowners. Let's just step back for a minute. When
16 you lettered them you firstly went from A to Z?

17 A. That is 26.

18 Q. Then you went from double A to
19 double O?

20 A. Yes.

21 Q. I make that 15.

22 A. Yes, but I'm counting the actual
23 circled double ones and I want to make sure I do get 15
24 and didn't skip any numbers.

25 Q. That's fine.



1 A. I get 14.

2 Q. Fourteen?

3 A. That's what I get, which makes 40.

4 Q. Is it your evidence that those 40
5 landowners are those identified by letters on Exhibit
6 H-277 that will suffer impact by the -- the largest
7 impact as a result of the approval of Site D?

8 A. Yes, I believe those properties
9 will.

10 Q. So we are clear, are any of those
11 40 you have just counted, did you identify them twice
12 based on your description of categories and I want to be
13 sure there is no double-count. Mrs. Lederer has suggested
14 quietly that there are some where you counted both the
15 house and the land.

16 A. That is correct. If you wanted --
17 if we want individual properties, I would have to deduct
18 the number of green blobs, namely 1, 2, 3, 4, 5, 6, 7,
19 8, 9, 10, 11, 12, 13, 14, 15. That takes us back to 25.

20 Q. Perhaps I can put the question to
21 you clearly and with the concurrence of the Chairman we
22 might take a five-minute break. My question is you
23 have identified for Mr. Leitch that there are 22 resi-
24 dences that stand to be affected and my question to you
25 is how many properties in total, regardless of whether



1 there is a residence on them or not, stand to be impacted
2 if Site D is approved in the major impact or higher
3 impact category you have identified on this exhibit and
4 perhaps you could do that over the break.

5 MR. LANCASTER: All right. Ten minutes.

6 --- Recess

7 MR. LANCASTER: Be seated, please.

8 MR. CRONK: Q. Mr. Watson, do you have
9 that number for us?

10 MR. WATSON: A. The number is 30; 24
11 residences, one business and five other, that is to say
12 land where we don't have an improvement as part of the land.

13 Q. So we have within the area that
14 you have defined as being that most likely to receive
15 the highest impact, 30 separate ownerships?

16 A. Yes.

17 Q. And 24 not 22 with residences?

18 A. I get 24 residences, yes.

19 Q. Dealing for the moment just with
20 those that do have residences, the 24, do you have UP-2
21 in front of you, Exhibit H-286?

22 A. Yes.

23 Q. I understand, Mr. Watson, that this
24 page relates to the values which you have concluded applies
25 to the 12 properties that are in fact needed for the



Nethercut & Co. Ltd.

Toronto, Ontario

13248

Watson, Rinaldo,
cr-ex (Cronk)

1 A. No.

2 Q. Taking then just the minimum values
3 which you have said we can fairly take, am I right that
4 we are talking approximately \$5.2 million for total value
5 exclusive of the one parcel where there is a business?

6 A. Yes.

7 Q. That would be the minimum aggregate
8 value of those properties that stand to be affected in
9 the first category of influence outside those that are
10 actually required to build Site D. That is the 30
11 parcels outside the 12 properties required to build Site
12 D; is that right?

13 A. Yes, that's right.

14 Q. You mentioned a few moments ago
15 before we took our break that you thought that those
16 30 were those which in all likelihood would experience
17 the highest impact, but there were others beyond that
18 that would also received some impact. Do I have that
19 correctly?

20 A. Yes.

21 Q. Forgive me if you have given us
22 this figure before and if you have it has escaped my
23 notice, but did you give us a number for the number of
24 parcels beyond those 30 that in your judgment you believe
25 will suffer some impact from Site D?



Nethercut & Co. Ltd.

Toronto, Ontario

13249

Watson, Rinaldo,
cr-ex (Cronk)

1 A. No, I didn't count them.

2 Q. Do you know?

3 A. I don't know off-hand. We have
4 data on them, but I haven't counted them, no.

5 Q. Would that be a prolonged task to
6 count them up and let me know how many landholdings we
7 are talking about?

8 A. No.

9 Q. Could you do that over the evening
10 for me?

11 A. Yes.

12 Q. Will the data available to you
13 allow you to distinguish between those on which a
14 residence is situated and those which are non-residential
15 lands?

16 A. Yes.

17 Q. Could you give me the number as you
18 have with the primary group of 30, the number with houses
19 and the number without so I have the total as well as a
20 breakdown?

21 A. Yes.

22 Q. Thank you. Now, dealing then just
23 with the category of the 30, would it be fair to describe
24 that as the primary area of impact once you move out from
25 the ones that are directly required for the site?



Nethercut & Co. Ltd.

Toronto, Ontario

13250

Watson, Rinaldo,
cr-ex (Cronk)

1 A. Yes.

2 Q. To distinguish that grouping of
3 30 from the number you are going to provide us tomorrow,
4 can I call the extended area the secondary area?

5 A. Yes.

6 Q. Dealing with the primary area of
7 impact and your estimate of \$350,000 in legal costs, was
8 that estimate, the \$350,000, made to take into account
9 all legal costs associated with the Region's dealing
10 with the primary area of impact?

11 A. The primary and secondary.

12 Q. The primary and secondary?

13 A. Yes.

14 Q. Was that calculation or estimate
15 your own?

16 A. Yes.

17 Q. Did you take into account that
18 amongst those landowners, one of the matters with which
19 the Region might have to deal would be contested expro-
20 priation proceedings?

21 A. We were speaking of off-site?

22 Q. Talking about the primary and
23 secondary area, the \$350,000.

24 Excuse me, Mr. Lederer, but could I have
25 the witness' answer?



1 MR. WATSON: I'm not clear on what the
2 off-site properties would have to do with contesting
3 expropriation procedures, so the answer is no.

4 MS CRONK: Q. Did you take into account
5 in arriving at that \$350,000 -- or perhaps I could put
6 it this way. Is the \$350,000 representative insofar
7 as you are concerned of an estimate of the total compen-
8 sation that has to be paid by the Region or legal fees
9 attaching to the acquisition of those properties? I'm
10 having trouble understanding what the \$350,000 relates
11 to.

12 MR. WATSON: A. Neither of those. It's
13 legal fees associated with the Region defending itself
14 against claim for compensation from those in the primary
15 and secondary areas.

16 Q. So it's defence costs?

17 A. Yes.

18 Q. Does it take into account then any
19 legal costs associated with actually transferring title,
20 were that to be necessary?

21 A. No. I'm sorry, transferring title
22 relative to the primary and secondary areas?

23 Q. Yes, if any of those properties
24 were purchased?

25 A. No, that would be incorporated in



Nethercut & Co. Ltd.

Toronto, Ontario

13252

Watson, Rinaldo,
cr-ex (Cronk)

1 item 6 if there was any. We were speaking of item 1
2 and item 1 deals strictly with defence costs.

3 Q. Item 6, as I understand it, relates
4 to money actually to be paid to the claimants, isn't that
5 so?

6 A. Yes. I'm saying with directly
7 associated costs.

8 Q. I'm talking about legal costs
9 associated if any transfer of title is to occur with
10 respect to the parcels held in the primary and secondary
11 areas of influence. Is that included in the \$350,000
12 or did you take that into account?

13 A. I wasn't thinking of item 1 with
14 that in mind and that item would have to be covered by
15 item 6.

16 Q. Item 6 then, the \$300,000 in item
17 6 would have to extend both to legal costs for that
18 aspect and as well monies actually to be paid to the
19 claimants. Is that so?

20 A. Yes. The legal costs associated
21 with a purchase, the legal costs associated with
22 injurious affection is what I was thinking of in item 1.

23 Q. Did you take into account in
24 arriving at that \$350,000 figure the fact that any one
25 of for example the 30 landowners in the primary area of



1 there is a residence on them or not, stand to be impacted
2 if Site D is approved in the major impact or higher
3 impact category you have identified on this exhibit and
4 perhaps you could do that over the break.

5 MR. LANCASTER: All right. Ten minutes.

6 --- Recess

7 MR. LANCASTER: Be seated, please.

8 MR. CRONK: Q. Mr. Watson, do you have
9 that number for us?

10 MR. WATSON: A. The number is 30; 24
11 residences, one business and five other, that is to say
12 land where we don't have an improvement as part of the land.

13 Q. So we have within the area that
14 you have defined as being that most likely to receive
15 the highest impact, 30 separate ownerships?

16 A. Yes.

17 Q. And 24 not 22 with residences?

18 A. I get 24 residences, yes.

19 Q. Dealing for the moment just with
20 those that do have residences, the 24, do you have UP-2
21 in front of you, Exhibit H-286?

22 A. Yes.

23 Q. I understand, Mr. Watson, that this
24 page relates to the values which you have concluded applies
25 to the 12 properties that are in fact needed for the



Nethercut & Co. Ltd.

Toronto, Ontario

13246

Watson, Rinaldo,
cr-ex (Cronk)

1 site area of Site D, but none the less it provides some
2 guide to us with respect to your approach with respect
3 to the evaluation of land with or without a residence.
4 Looking down at the basis for valuation column and
5 the values you have ascribed to these 12, am I right
6 that at a minimum you have ascribed a value of \$75,000
7 to land and \$125,000 as a minimum value for a house?
8 There are some that are more, but \$125,000 appears to be,
9 for example with Martin and Newman, the value you
10 assigned?

11 A. Yes.

12 Q. That gives us then for a parcel
13 of land in the area of Site D, land and residence, a
14 minimum value of \$200,000?

15 A. Yes, small acreage.

16 Q. In dealing with the small acreage
17 point, some of the lands which -- the parcels you have
18 identified as being within this area of influence or
19 impact on H-277 have in fact acreages far in excess of
20 1.2 or 1.17?

21 A. Yes.

22 Q. Would it be fair to take as the
23 minimum value for those parcels \$200,000 where there is
24 a house?

25 A. Yes, that's a round number and I



Nethercut & Co. Ltd.

Toronto, Ontario

13247

Watson, Rinaldo,
cr-ex (Cronk)

1 used it as a round number.

2 Q. If we were to try and arrive or
3 estimate the value of those 24 affected parcels, I make
4 it \$4,800,000.

5 A. Yes.

6 Q. Looking at the five other where
7 there are no residences, would it be fair to take as a
8 minimum value \$75,000 as the value you seem to have
9 ascribed for those on UP-2 for the land?

10 A. Yes.

11 Q. I make that \$375,000; is that
12 correct?

13 A. Yes.

14 Q. Then we have one property where
15 there is a business. Would you point that out to the
16 Board, which is that?

17 A. The abattoir here (indicating).

18 Q. You said "here" but where is "here"?

19 A. The abattoir lettered I in yellow
20 on the east side of the site.

21 Q. That would require an evaluation
22 particular to that business?

23 A. Yes.

24 Q. Have you done that with respect to
25 that property?



Nethercut & Co. Ltd.

Toronto, Ontario

13248

Watson, Rinaldo,
cr-ex (Cronk)

1 A. No.

2 Q. Taking then just the minimum values
3 which you have said we can fairly take, am I right that
4 we are talking approximately \$5.2 million for total value
5 exclusive of the one parcel where there is a business?

6 A. Yes.

7 Q. That would be the minimum aggregate
8 value of those properties that stand to be affected in
9 the first category of influence outside those that are
10 actually required to build Site D. That is the 30
11 parcels outside the 12 properties required to build Site
12 D; is that right?

13 A. Yes, that's right.

14 Q. You mentioned a few moments ago
15 before we took our break that you thought that those
16 30 were those which in all likelihood would experience
17 the highest impact, but there were others beyond that
18 that would also received some impact. Do I have that
19 correctly?

20 A. Yes.

21 Q. Forgive me if you have given us
22 this figure before and if you have it has escaped my
23 notice, but did you give us a number for the number of
24 parcels beyond those 30 that in your judgment you believe
25 will suffer some impact from Site D?



Nethercut & Co. Ltd.

Toronto, Ontario

13249

Watson, Rinaldo,
cr-ex (Cronk)

1 A. No, I didn't count them.

2 Q. Do you know?

3 A. I don't know off-hand. We have
4 data on them, but I haven't counted them, no.

5 Q. Would that be a prolonged task to
6 count them up and let me know how many landholdings we
7 are talking about?

8 A. No.

9 Q. Could you do that over the evening
10 for me?

11 A. Yes.

12 Q. Will the data available to you
13 allow you to distinguish between those on which a
14 residence is situated and those which are non-residential
15 lands?

16 A. Yes.

17 Q. Could you give me the number as you
18 have with the primary group of 30, the number with houses
19 and the number without so I have the total as well as a
20 breakdown?

21 A. Yes.

22 Q. Thank you. Now, dealing then just
23 with the category of the 30, would it be fair to describe
24 that as the primary area of impact once you move out from
25 the ones that are directly required for the site?



Nethercut & Co. Ltd.

Toronto, Ontario

13250

Watson, Rinaldo,
cr-ex (Cronk)

1 A. Yes.

2 Q. To distinguish that grouping of
3 30 from the number you are going to provide us tomorrow,
4 can I call the extended area the secondary area?

5 A. Yes.

6 Q. Dealing with the primary area of
7 impact and your estimate of \$350,000 in legal costs, was
8 that estimate, the \$350,000, made to take into account
9 all legal costs associated with the Region's dealing
10 with the primary area of impact?

11 A. The primary and secondary.

12 Q. The primary and secondary?

13 A. Yes.

14 Q. Was that calculation or estimate
15 your own?

16 A. Yes.

17 Q. Did you take into account that
18 amongst those landowners, one of the matters with which
19 the Region might have to deal would be contested expro-
20 priation proceedings?

21 A. We were speaking of off-site?

22 Q. Talking about the primary and
23 secondary area, the \$350,000.

24 Excuse me, Mr. Lederer, but could I have
25 the witness' answer?



1 MR. WATSON: I'm not clear on what the
2 off-site properties would have to do with contesting
3 expropriation procedures, so the answer is no.

4 MS CRONK: Q. Did you take into account
5 in arriving at that \$350,000 -- or perhaps I could put
6 it this way. Is the \$350,000 representative insofar
7 as you are concerned of an estimate of the total compen-
8 sation that has to be paid by the Region or legal fees
9 attaching to the acquisition of those properties? I'm
10 having trouble understanding what the \$350,000 relates
11 to.

12 MR. WATSON: A. Neither of those. It's
13 legal fees associated with the Region defending itself
14 against claim for compensation from those in the primary
15 and secondary areas.

16 Q. So it's defence costs?

17 A. Yes.

18 Q. Does it take into account then any
19 legal costs associated with actually transferring title,
20 were that to be necessary?

21 A. No. I'm sorry, transferring title
22 relative to the primary and secondary areas?

23 Q. Yes, if any of those properties
24 were purchased?

25 A. No, that would be incorporated in



Nethercut & Co. Ltd.

Toronto, Ontario

13252

Watson, Rinaldo,
cr-ex (Cronk)

1 item 6 if there was any. We were speaking of item 1
2 and item 1 deals strictly with defence costs.

3 Q. Item 6, as I understand it, relates
4 to money actually to be paid to the claimants, isn't that
5 so?

6 A. Yes. I'm saying with directly
7 associated costs.

8 Q. I'm talking about legal costs
9 associated if any transfer of title is to occur with
10 respect to the parcels held in the primary and secondary
11 areas of influence. Is that included in the \$350,000
12 or did you take that into account?

13 A. I wasn't thinking of item 1 with
14 that in mind and that item would have to be covered by
15 item 6.

16 Q. Item 6 then, the \$300,000 in item
17 6 would have to extend both to legal costs for that
18 aspect and as well monies actually to be paid to the
19 claimants. Is that so?

20 A. Yes. The legal costs associated
21 with a purchase, the legal costs associated with
22 injurious affection is what I was thinking of in item 1.

23 Q. Did you take into account in
24 arriving at that \$350,000 figure the fact that any one
25 of for example the 30 landowners in the primary area of



Nethercut & Co. Ltd.

Toronto, Ontario

13253

Watson, Rinaldo,
cr-ex (Cronk)

1 impact could require a compensation hearing?

2 A. Yes.

3 Q. Would you agree with me, Mr. Watson,
4 that if the majority of the landowners in the primary
5 and secondary areas of impact actually required hearings
6 to determine the amount of their claims, that the legal
7 costs could indeed be much higher than \$350,000, given
8 the number of separate ownerships you have identified?

9 A. That possibility exists. We had
10 assumed that there would be consolidation and there would
11 be properties that would not have claimants and so on,
12 but certainly the possibility exists but we are trying
13 to go with a reasonable estimate. The focus was on
14 differentiating between the two sites because we felt
15 the number of ownerships that would be directly concerned
16 would be greater here and we wanted to show a reasonable
17 difference relative to F in this category.

18 Q. My point is simply this; if you
19 assume for the moment that the majority or perhaps even
20 all of the affected landowners in the primary area of
21 impact were not prepared to settle their claims by
22 negotiation but required hearings, whether they are
23 consolidated or not, you would be looking at 30 different
24 claims to be resolved and the legal costs associated with
25 each and every one of those. Isn't that so?



Nethercut & Co. Ltd.

Toronto, Ontario

13254

Watson, Rinaldo,
cr-ex (Cronk)

1 A. It's quite possible.

2 Q. You told me earlier that in
3 arriving at your \$350,000 estimate you did not take into
4 account the legal costs associated with acquiring the
5 12 properties identified on UP-2, Figure 1?

6 A. No.

7 Q. You would agree as well that there
8 is a number of potential ways in which legal costs with
9 respect to those 12 properties could be incurred, and
10 first by a process of negotiation in an effort to settle
11 upon value?

12 A. Yes.

13 Q. Secondly, in the event there were
14 any contested expropriations?

15 A. Yes.

16 Q. Thirdly, the cost of appraisals
17 associated with those 12 properties?

18 A. Yes, and that is item 2.

19 Q. Let's be clear. Is item 2 ...

20 A. I'm sorry.

21 Q. ...appraisals and evidence, and is
22 that related to the primary and secondary areas of
23 impact or is it related to the 12 acquisitions, if I can
24 put it that way?

25 A. It relates to the primary and



Nethercut & Co. Ltd.

Toronto, Ontario

13255

Watson, Rinaldo,
cr-ex (Cronk)

1 secondary areas and we were discussing the 12, so we
2 do not have a cost shown for the 12.

3 Q. Let's go through that if we may
4 again. There will be legal costs associated you have
5 told me with respect to the process of negotiation,
6 item 1 and, secondly, in the event of any contested
7 expropriations and we are clear on that?

8 A. Yes.

9 Q. Thirdly, there will be appraisal
10 costs associated with those 12 properties?

11 A. Yes.

12 Q. That is an item separate from legal
13 costs and you have not included that in the costing for
14 Site D?

15 A. No.

16 Q. Correct?

17 A. Correct.

18 Q. Fourthly, there will be, I suggest,
19 legal costs to be incurred to actually effect transfer
20 of title with respect to those 12 properties, whether
21 it is a straight purchase by agreement or the result of
22 an expropriation procedure?

23 A. Yes.

24 Q. And fifthly, the actual defence
25 cost of hearings?



1 A. Yes.

2 Q. Am I right that the fifth cost and
3 only the fifth cost is what you have included in item 6,
4 \$300,000 on Exhibit H-288? It is only the defence costs
5 you told me?

6 A. The defence costs is item 1 and I
7 said in item 6 I had assumed that the purchase of
8 impacted property was a total cost that would embrace
9 legal costs.

10 Q. Let me be very clear and perhaps
11 I am confusing us. Item 1 you told me applies only
12 to the primary and secondary areas?

13 A. Yes.

14 Q. I am not talking about those for the
15 moment and I'm talking about the 12 properties to be
16 acquired needed to build the site.

17 A. Yes.

18 Q. I suggest to you that out of the
19 five cost headings to be incurred with respect to those
20 12 properties, one, one of those five relates to defence
21 cost at hearings should there be hearings?

22 A. Yes.

23 Q. Is that correct? There will be
24 legal costs incurred with respect to those hearings?

25 A. There will, yes.



Nethercut & Co. Ltd.

Toronto, Ontario

13257

Watson, Rinaldo,
cr-ex (Cronk)

1 Q. I'm suggesting to you based on
2 what you told me a few moments ago that that is the only
3 category of these five costing heads that is included
4 in item 6, the \$300,000, and you told me it's related to
5 defence costs and I understood that to be defence costs
6 with respect to the 12 properties to be acquired. Do
7 I have that correctly?

8 A. No. We do not have in H-288; it
9 does not refer to the cost of purchasing the site in any
10 way, it includes nothing.

11 Q. Does that not mean that all of
12 the five cost headings we have identified for the
13 acquisition of those 12 properties, there is no allot-
14 ment in the costing you have done for Site D to take into
15 account those items?

16 A. For Site D and for Site F, that's
17 right, they are not in there.

18 Q. If we recognize that of the five
19 categories we have identified there are four items that
20 involve legal costs and a fifth item of appraisals, have
21 you done any calculations or have you information avail-
22 able to you that would allow you now to provide a cost
23 item to the Board for those items?

24 A. We haven't worked those out and it
25 would be very difficult to work them out. We had



1 assumed they would be handled by the Region using its
2 own resources and obviously there would be some supple-
3 menting of it, but we did not include costs for either
4 F or D.

5 Q. Could you go to the bottom of
6 UP-2 and to the footnote at the bottom of the page which
7 reads:

8 "Residential property provision for 5%
9 disturbance allowance, 10% equivalent
10 reinstatement provision and \$5,000 per
11 property for moving, survey, appraisal and
12 other non-recoverable expenses."

13 Dealing with that \$5,000 per property, am I right that
14 that is a total of \$60,000 for the 12?

15 A. It doesn't pertain to the 12, it
16 relates to residential properties of which we have five
17 or six.

18 Q. So it applies then to the five or
19 six where there is a residence; correct?

20 A. Yes.

21 Q. That is an allotment of approxi-
22 mately \$25 to \$30,000?

23 A. Yes.

24 Q. Would you agree with me that the
25 total costs we have just been -- is that not correct?



Nethercut & Co. Ltd.

Toronto, Ontario

13259

Watson, Rinaldo,
cr-ex (Cronk)

1 A. You are taking \$5,000 times 5 or 6,
2 yes.

3 Q. Would you agree with me that the
4 costs we have just identified to be incurred in associa-
5 tion with those 12 properties will greatly exceed \$25,000,
6 taking into account the items we just looked at?

7 A. I would think so. This \$5,000 per
8 property I see in addition to the items you have
9 mentioned and these are obviously costs to be incurred
10 by the property owners and your list had focused on
11 costs being incurred by the Region for its own costs and
12 so on and this is a further cost, but the items you went
13 through I would expect to exceed this, yes.

14 Q. I am suggesting because you told
15 us it would be difficult because you are not in a posi-
16 tion to provide us with a number for those costs, but they
17 can be no less than the legal costs you have estimated for
18 the primary and secondary areas of impact and do you
19 agree with that?

20 A. I don't know.

21 Q. Can you help me as to whether the
22 appraisal costs would be more or less than the appraisal
23 cost of \$100,000 you have estimated for the primary and
24 secondary areas?

25 A. I think what is happening is that



1 it's an inevitable consequence of providing information,
2 but with Exhibit H-288 the breakdown there, and I think
3 I indicated it at the time, but was simply to give the
4 Board a general indication of the items we had in mind
5 and I think I made it quite clear at the time that I was
6 not prepared to defend individual cost categories
7 because they were highly judgmental. It is a contingency
8 and just as Mr. Hiraishi can tell you what his 15 per
9 cent is for, he can't break it down and that is the
10 point of a contingency, you don't know what it's for,
11 but these are the type of things and I'm a bit reluctant
12 to move from this to doing further costing.

13 Q. I would ask you to assume then,
14 Mr. Watson, if you could, that the legal costs and
15 appraisal costs to be associated with the 12 properties
16 to be acquired will be no less than what you have
17 estimated for the primary and secondary areas of impact.
18 Could you make that assumption for me?

19 A. We are comparing 12 properties
20 with 30.

21 Q. In an expropriation context of the 12?

22 A. Yes.

23 Q. I am suggesting we would be
24 looking at a minimum of \$450,000 of costing to deal with
25 those 12 if you assumed the same relative amounts would



1 apply, and it may be higher or it may be lower. Isn't
2 that the result of the mathematics if you make the
3 assumptions I have asked you to make?

4 A. To get to \$450,000...

5 Q. I took the appraisal costs and
6 the legal costs.

7 A. Which is \$450,000. If you make
8 the assumption, yes.

9 Q. Whatever the amount may be, am I
10 correct that it would be added in directly on UP-15 to
11 the regional cost category for Site D?

12 A. It would and there would be an
13 addition for both sites, but the point we have made all
14 along is given the difference in the sites and the
15 nature of the property surrounding them, the cost
16 addition to D would exceed the cost addition to F
17 and we would have far fewer properties on site in the
18 case of F versus D and far fewer properties abutting
19 and surrounding F as compared to D.

20 Q. The only point I am making is that
21 that incremental number we should add to the regional
22 cost category on UP-15 for Site D. Am I correct on that?

23 A. Yes.

24 Q. If we could now turn back to page
25 2-3 on H-45. The next item on which I would like your



Nethercut & Co. Ltd.

Toronto, Ontario

13262

Watson, Rinaldo,
cr-ex (Cronk)

1 clarification relates to the cost estimate you have
2 included for access roads on Site D.

3 A. Yes.

4 Q. Do you have page 2-3?

5 A. Yes.

6 Q. You will see the site capital costs
7 you have included for this item amount to \$760,000; is
8 that correct?

9 A. For access roads, yes.

10 Q. That is the same amount that
11 applies for initial site preparation costs for access
12 roads?

13 A. Yes.

14 Q. Seven hundred and sixty thousand
15 dollars. That number, as I understand it, its origins
16 are from the information provided to you in Appendix A
17 from Hydrology Consultants?

18 A. Yes.

19 Q. Could I ask you to turn if you
20 would to page A-3 of that appendix? Do you have that?

21 A. Yes.

22 Q. The costs for the access roads
23 set out in this appendix under item C by my calculations
24 are \$860,000. Is that right?

25 A. Yes.



1 Q. It seems then in item 3 on Table 1,
2 page 2-3, we are \$100,000 shy of what the estimate
3 actually was from Hydrology Consultants. Is that
4 \$100,000 included in any of the other capital cost
5 categories on this table?

6 A. Yes, it is under category 8, off-
7 site road improvements.

8 Q. Do I understand that what you did
9 is you took the access roads figure from the appendix
10 provided by Hydrology Consultants, reduced it by \$100,000
11 and added that to the off-site road improvement costs?

12 A. The \$860,000 cost on page A-3 is
13 shown in two parts on page 2-3 and the first being item
14 3 and the second being item 8, yes.

15 Q. Why was that, Mr. Watson?

16 A. It was simply to clarify the
17 nature of the cost. Access roads are an on-site matter
18 and off-site roads are obviously off-site, and we wanted
19 to provide information in this table of a descriptive
20 nature as to what the costs were and we thought that that
21 was more descriptive.

22 Q. I was trying to understand the
23 numbers. If I look at the costing by Hydrology for
24 access roads there is \$100,000 and that is for the
25 Highway 25 road improvements, a lump sum of \$100,000?



Nethercut & Co. Ltd.

Toronto, Ontario

13264

Watson, Rinaldo,
cr-ex (Cronk)

1 A. Yes.

2 Q. Is that the amount you included in
3 No. 8?

4 A. That is part of it in addition to
5 a \$30,000 number provided by Giffels regarding another
6 off-site requirement.

7 Q. That \$130,000, as I compare the
8 two sites, is the only category of capital costs where
9 no costs are to be incurred at Site F but we have
10 costs at Site D and they happen to be in the amount of
11 \$130,000. Is that correct? There are no companion
12 costs in that category for off-site road improvement
13 costs for Site F?

14 A. Per Table 3-3, correct.

15 Q. Dealing with all the capital costs
16 you set out for Site D in Table 1 on page 2-3, items 1
17 through 7 derive from Hydrology Consultants according
18 to your footnotes; correct?

19 A. Yes.

20 Q. And the other items derive from
21 the sources you have indicated in the balance of your
22 footnotes, items 8 through 13?

23 A. Yes.

24 Q. The numbers provided by Hydrology
25 Consultants in Appendix A, however, were in 1986 dollars;



Nehercut & Co. Ltd.

Toronto, Ontario

13265

Watson, Rinaldo,
cr-ex (Cronk)

1 were they not?

2 A. Yes.

3 Q. Before you used those numbers to
4 calculate your cash flow analysis for Site D, did you
5 convert them to current dollars, 1987 dollars?

6 A. Yes. We converted them to the
7 year in which they would apply and some of them -- the
8 initial site preparation costs were incurred during
9 1987 and '88 and subsequent years were incurred there-
10 after and we inflated them to the year in which they
11 would be spent and showed them in the cash flow in
12 current dollar terms.

13 Q. Did you do that as well for Site F
14 with respect to the capital costs provided to you in
15 1986 dollars?

16 A. Yes.

17 Q. Can you provide us, Mr. Watson,
18 with the actual numbers you used for the capital costs
19 in respect of both Site D and Site F? Do you have
20 those available to you?

21 A. I did something on that last night.
22 This is relative to the update and I do have some copies
23 here.

24 Q. This is entitled "Updated Input
25 Data for Sites D and F for Initial Site Preparation Costs



1 as per Tables 3 and 7 of Exhibit H-45."

2 MR. LANCASTER: That will be N-307 -- I'm
3 sorry -- H-307.

4 --- EXHIBIT NO. H-307: Document entitled "Updated Input
5 Data for Sites D & F for Initial
6 Site Preparation Costs as per
7 Tables 3 & 7 of Exhibit H-45"

8 MS CRONK: Q. Just so I am clear, do I
9 have it then that you took the cost estimates for each
10 of the capital cost items shown in Table 1 for Site D
11 and updated them as you have explained in Exhibit H-286,
12 page UP-15, and did so by converting them to the dollars
13 which would apply in the year of expenditure?

14 A. Yes, and specifically if you look
15 at the bottom of the page under Site D you will see
16 Exhibit H-285 and the totals which are there correspond
17 with the totals shown for the years '87 and '88 for
18 H-285 and under Site F, similarly H-287.

19 Q. In respect of Site F did you in
20 making that conversion take into account the updated
21 numbers Mr. Hiraishi had provided when he did his design
22 modifications at Site F?

23 A. Yes.

24 Q. So if we look then at the totals
25 for Site D, I see you have added category 14, site
acquisition, and category 15 and is that gas and leachate



Nethercut & Co. Ltd.

Toronto, Ontario

13267

Watson, Rinaldo,
cr-ex (Cronk)

1 contingencies?

2 A. Yes.

3 Q. For each of the two sites?

4 A. Right.

5 Q. If we look at Site D, just dealing
6 with items 1 through 13, in 1987 dollars, is that
7 \$4,347,300?

8 A. Yes.

9 Q. Compared to \$3,611,000 at Site F?

10 A. Yes.

11 Q. Similarly in 1988 dollars, and
12 are these the same numbers expressed in 1988 dollars or
13 are these different items?

14 A. These are the component to be
15 incurred in 1988, so they are an additional piece of work.

16 Q. So the 1988 dollar expenditures for
17 Site D for capital costs, items 1 through 13, are
18 \$2,907,000?

19 A. Yes.

20 Q. And for Site F it's \$2,754,000?

21 A. Yes.

22 Q. If we want the total capital costs
23 for the two sites do we add the 1987 and '88 figures for
24 each site?

25 A. You can't add monies expended in



Nethercut & Co. Ltd.

Toronto, Ontario

13268

Watson, Rinaldo,
cr-ex (Cronk)

1 different years without discounting.

2 Q. Well, then looking at the numbers
3 we do have, clearly from the numbers you have provided,
4 the capital expenditures in 1987 for Site F are less
5 than those required for Site D by how much?

6 A. In 1987 Site F is less by \$736,000
7 and in 1988 it is less by \$153,000.

8 Q. If we look at the two other
9 capital cost items which you have added, and again for
10 the purposes of the same exercise compare the two sites,
11 in 1987 the cost at Site D ranged from, is that \$7,431,000?

12 A. Yes.

13 Q. To \$8,081,000?

14 A. Yes.

15 Q. Compared to the costs at Site F
16 of \$5,895,000 at the low end and \$9,995,000 at the high
17 end?

18 A. Yes.

19 Q. We could do the same thing with
20 respect to the expenditures in 1988 which indicates that
21 the costs for Site D are higher than those for Site F in
22 that year by how much?

23 A. One hundred and forty-three
24 thousand dollars. Sorry, \$153,000. Of course all this
25 does is demonstrate the way in which -- it demonstrates



1 the way in which we have calculated the first two lines
2 of Exhibit H-285 and Exhibit H-287 insofar as the capital
3 costs go.

4 Q. Thank you, Mr. Watson, that is of
5 assistance.

6 Still dealing with the capital costs for
7 Site D, Mr. McQuaid asked you a number of questions
8 concerning the cost of a clay liner at Site F and the
9 matter came up again this morning and do you recall that
10 discussion with Mr. Leitch?

11 A. Yes.

12 Q. You provided him with the cost
13 associated with a liner at Site F which had been provided
14 to you by Mr. Hiraishi?

15 A. Yes.

16 Q. And that was marked as an exhibit.
17 Could you turn to page 3-3?

18 DR. KINGHAM: I wonder if before you do
19 that Mr. Watson could check the heading on H-307? Do
20 you mean as per Tables 1 and 7 I assume of H-45? It
21 doesn't make any sense if you look at Tables 3 and 7
22 and I don't want to be worrying about it six months
23 from now.

24 MR. WATSON: Table 7 is correct for F and
25 for D -- yes.



1 DR. KINGHAM: For the record, that is
2 Tables 1 and 7 in H-45.

3 MS CRONK: Thank you.

4 Q. Do you have page 3-3?

5 MR. WATSON: A. Yes.

6 Q. I direct your attention to the
7 asterisked footnote at the bottom of that page which
8 indicates that the table obviously deals with the capital
9 costs which you have called the development costs for
10 Site F and it reads:

11 "Hydrology Consultants have indicated that
12 a liner is not required for Site F; if it
13 were ordered for the Site, it is a major
14 expense and would affect both the cash
15 flow and affordability analyses."

16 I take it that is the reason you did not include the
17 cost of a liner at Site F in your cost calculations for
18 that site as you did in your economic analysis; is that
19 fair?

20 A. The first eight words is the
21 reason I did not include it.

22 Q. Because it was indicated it was
23 not required?

24 A. Yes, and the fact that if it were
25 included it would alter the affordability analysis which
prevented us from including it.



Nethercut & Co. Ltd.

Toronto, Ontario

13271

Watson, Rinaldo,
cr-ex (Cronk)

1 Q. And you rely on Hydrology
2 Consultants in that regard and on the question of need
3 or merit of a liner at Site F?

4 A. There was no question in my mind
5 about it at all, but it was a matter that had been
6 brought up by others and I assumed it would continue to
7 be brought up so we just wanted to be forthright about
8 it.

9 Q. Could you go to page 2-3, and I'm
10 going to suggest to you that the exact same footnote
11 is contained at the bottom of the capital cost chart for
12 Site D in exactly the same language; is that correct?

13 A. I put it there.

14 Q. I beg your pardon?

15 A. I put it there, yes.

16 Q. Did you, Mr. Watson, obtain from
17 Mr. Hiraishi estimates of the costs of including a liner
18 in the capital costs of Site D?

19 A. We have recently asked for that
20 because I felt that having provided in a way unsolicited
21 information relative to Site F that we should have to
22 provide some perspective similar information in the
23 event a liner was required at D.

24 Q. You told Mr. McQuaid, as I recall
25 your evidence, that a liner would be a continuing cost



1 and 20 per cent of the cost for a liner would be payable
2 up front and a two-year construction period and the balance
3 would be payable and reflect a continuing expenditure
4 over the course of time and is that correct?

5 A. Yes, approximately 20 per cent up
6 front and continuing over time.

7 Q. Would those principles be equally
8 applicable to Site D in terms of how it should be
9 treated or regarded as a cost?

10 A. Yes.

11 Q. Can you help me with what is your
12 understanding of the cost of a liner at Site D?

13 A. Well, we did some work on that
14 last night as well. We received some information or we
15 obtained some information from Mr. Hiraishi as to the
16 capital cost of a liner at Site D and he accompanied
17 this information with the clear understanding that the
18 site isn't designed to take one and if one were required
19 we would be involved in redesign and all the complexities
20 that involves, but looking in isolation ...

21 Q. Stopping there for a moment, that
22 is equally true of Site F?

23 A. Yes, and that was noted this
24 morning. In the case of Site F, we spoke of opportuni-
25 ties for optimizing costs at Site F and I don't know what



Nethercut & Co. Ltd.

Toronto, Ontario

13273

Watson, Rinaldo,
cr-ex (Cronk)

1 the situation would be at Site D and maybe the same
2 optimizing might occur, I don't know.

3 Q. What is the total cost for a liner
4 at Site D based on the information?

5 A. Well, in 1986 dollars, adding
6 together the costs, which I don't like to do, but that is
7 what he did, it's \$7,650,000.

8 Q. Seven million, six hundred and
9 fifty thousand dollars?

10 A. Yes.

11 Q. That compares, as I recall, to a
12 total cost at Site F in 1986 dollars of \$8 million at
13 Site F, or is it 8.1?

14 A. I believe that's the figure. I
15 forget the exhibit number. But, that is my recollection,
16 that it was \$8 million or \$8.1 million.

17 Q. I can help you with that if you
18 give me just one moment, Mr. Watson. Exhibit H-304.
19 Could I give you this copy? This is Exhibit H-304.

20 A. Yes, it was \$8,150,000.

21 Q. That compares to the number you
22 just gave us of \$7,650,000 for Site D, total costs?

23 A. Yes.

24 Q. Did you as well obtain the initial
25 site preparation costs at Site D as you did at Site F



1 with respect to a liner?

2 A. Yes, they were \$1.4 million at
3 Site D.

4 Q. I'm sorry?

5 A. They were \$1.4 million at Site D.

6 Q. That compares according to Exhibit H-304 to
7 initial site preparation costs at Site F in the amount
8 of \$1,140,000?

8 A. Yes.

9 Q. You told us you had converted
10 in the case of Site F the 1986 dollar figures provided
11 to you by Mr. Hiraishi to arrive at an approximate present value
12 of the liner costs and as I recall you told us it was
13 approximately \$5 million?

14 A. Yes.

15 Q. Have you done that in the case of Site D
16 or given the similarity in the numbers are we looking
17 at approximately the same amount or slightly lower?

18 A. Approximately the same amount.
19 We reran the calculations with the liner cost in place
20 year by year and the present value, the increased present
21 value was \$4.8 million, so the difference was a couple
22 of hundred thousand, but these are rather broad estimates
23 at this point so essentially the costs were equivalent.

24 Q. At my request did you bring with
25 you a copy of that rerun of the calculations at Site D



Nethercut & Co. Ltd.

Toronto, Ontario

13275

Watson, Rinaldo,
cr-ex (Cronk)

1 to take into account the cost of a liner?

2 A. Yes.

3 MR. LANCASTER: H-308.

4 --- EXHIBIT NO. H-308: Document entitled "Site D
5 Modifications to H-285 to Include
Cost of Liner" by Mr. Watson

6 MR. McQUAID: Mr. Chairman, this of course
7 has gone in as something done last night and presumably
8 there was some discussion with Mr. Hiraishi by telephone
9 and Mr. Watson did some calculations based on that and
10 I think you should complete the record and have the
11 hearsay in some sort of form we can look at in future
12 rather than just a telephone call.

13 MS CRONK: It seems Mr. Lederer has copies
14 and we can make it available. Do you have copies?

15 MR. LEDERER: We will certainly make
16 this available, Mr. Chairman.

17 MS CRONK: Perhaps you could make copies
18 and give it to everybody.

19 Q. With respect to H-308, you told us
20 you prepared this to show the results at present value
21 of the inclusion of a liner at Site D and, for the
22 purposes of the record, the date of the costing estimates
23 from Mr. Hiraishi regarding liner costs is November 8,
24 1987; is that correct?

25 MR. WATSON: A. Yes, it was on Sunday.



Nethercut & Co. Ltd.

Toronto, Ontario

13276

Watson, Rinaldo,
cr-ex (Cronk)

1 Q. The letter from Mr. Hiraishi
2 dealing with the liner costs at Site F, Exhibit H-304, is
3 dated October 20?

4 A. Yes, October 20.

5 Q. If we can look at the results to
6 the cash flow analysis for Site D in the event that a
7 liner was included, perhaps you could explain to the
8 Board the effect on first the capital costs then the
9 operating costs and total costs.

10 A. All right. If we compare what
11 we have done with Exhibit H-285 ...

12 Q. Exhibit H-285 being the original
13 cash flow analysis as updated for Site D?

14 A. That is right, and the present
15 value totals for that exhibit are shown in the most
16 recent Site D -- I'm sorry, the exhibit number was
17 H-308?

18 Q. H-308.

19 A. The second line from the bottom
20 above "Difference" where we have "Updated Site D PV
21 (Exhibit H-285)" and the numbers shown there correspond
22 with the numbers in Exhibit H-285. Above them is the
23 rerun of the numbers with the insertion of the costs we
24 have been discussing for the liner at Site D, the
25 \$1.4 million in the initial two years and the balance



1 spread over the period, present valued and then we have
2 deducted the new present value entitled "Present Value"
3 and we have deducted from that the updated costs we were
4 working with without a liner and the increase shown there
5 is \$4.8 million.

6 Q. Could I stop you there for a
7 moment? The column reading from left to right entitled
8 "Updated Site D PV (Exhibit H-285)"; are those the
9 capital cost figures, the operating cost figures and
10 the totals shown from Exhibit H-285?

11 A. Yes, and they will also correspond
12 with UP-15 and H-286.

13 Q. So as I understand it you have
14 rerun your calculations for the cash flow analysis to
15 show the aggregate costs in each category and then the
16 total cost if a liner is included and you have deducted
17 from that the cost without a liner to show what the
18 incremental cost is if there is one; is that correct?

19 A. Yes. I should clarify that when
20 you asked me earlier how the cost compared with Site F,
21 I indicated the costs were \$4.8 million in this case
22 and slightly over \$5 million in the case of Site F and
23 they were essentially the same, but what I didn't mention
24 was that there is an operating cost saving referenced
25 in the case of Site D and Mr. Hiraishi's communication



1 mentioned a saving of \$75,000 a year less the cost of
2 monitoring the liner, which we judged to be approximately
3 \$25,000 a year, and so the balance which is a \$50,000 per
4 year operating cost saving has a present value of
5 \$600,000 and that would net off the increase in capital
6 costs and would give us therefore a capital cost increase
7 of \$4.2 million which is shown at the bottom right-hand
8 of the page.

9 Q. Shown where?

10 A. The bottom right-hand.

11 Q. The total?

12 A. The total of \$4.2 million. So,
13 the \$4.2 million would be compared with the \$5 million
14 or \$5.1 million for Site F and so it is 15 per cent
15 less or thereabouts.

16 Q. Could you take out and put before
17 you Exhibit H-293, the response to questions asked of
18 you on November 4 on your evidence?

19 A. Yes.

20 Q. Could I ask you to turn to page 6
21 which is the table showing your revised cash flow
22 analysis for Site F if a liner was included.

23 A. Yes.

24 Q. Am I correct that at page 6 of
25 Exhibit H-293 for Site F, that is what we should be
comparing to H-308 for Site D?



Nethercut & Co. Ltd.

Toronto, Ontario

13279

Watson, Rinaldo,
cr-ex (Cronk)

1 A. Yes.

2 Q. Looking at the site capital costs
3 for Site D with a liner and comparing that to Site F,
4 the site capital costs at Site D go up by \$4.8 million;
5 is that correct?

6 A. The site capital costs do, yes.

7 Q. And at Site F the site capital
8 costs go up by \$4.9 million?

9 A. Four point nine, yes, which is five.

10 Q. At Site D the site operating costs,
11 you have indicated there will be a reduction, the present
12 value of which is \$600,000?

13 A. Yes.

14 Q. At Site F the operating costs
15 according to your cash flow analysis are the same?

16 A. Yes.

17 Q. The total to compare the two is
18 what you have told us, at Site D the total cost on the
19 cash flow analysis go up by \$4.2 million compared to
20 \$5 million at Site F?

21 A. Five million dollars, yes.

22 DR. KINGHAM: Where does the total five
23 come from? Are you reading that off page 6?

24 MR. WATSON: It is \$4,993,118 in the lower
25 corner of page 6 of H-293.



1 DR. KINGHAM: I see the number but I don't see
2 how it relates to the total column. The \$4.2 million
3 came from the total column on H-308 and it doesn't come
4 from the total column on H-393?

5 MR. WATSON: We could have carried it across
6 and we would have shown no change under operating cost
7 and therefore the only difference would be that.

8 MS. CRONK: Q. Applying the approximate 20 per
9 cent formula that you told us about with respect to
10 Site F, what then would be the up-front cost payable
11 within the initial two-year period for Site D in the
12 event a liner was required? Is that ...

13 MR. WATSON: A. I don't need to apply the formula.

14 Q. It's the \$1.4 million ...

15 A. The \$1.4 million.

16 Q. ... you told me about?

17 A. Yes.

18 Q. Do you know whether in the case
19 of Site D, Mr. Watson, Mr. Hiraishi was assuming that
20 materials presently situate on site could be used to
21 construct the liner or was he assuming an importation
22 of clay would be necessary?

23 A. I don't have ...

24 Q. Perhaps I can look at that or if
25 you wish you can look at it now. The question was



Nehercut & Co. Ltd.

Toronto, Ontario

13281

Watson, Rinaldo,
cr-ex (Cronk)

1 whether Mr. Hiraishi in the case of Site D was assuming
2 that materials on site could be used or was he assuming
3 that importation of clay would be necessary to construct
4 a liner?

5 A. This is assuming -- page 3 at the
6 top, the liner installation -- assume excavation and repaction
7 of on-site material, and so he is importing sand pads
8 for liner protection.

9 Q. Perhaps we could deal with that
10 while we are on it. Could you go back and you will
11 need H-304 dealing with a liner at Site F. Do you have
12 that?

13 A. Yes.

14 Q. Under the total capital costs for
15 Site F, item A deals with fine-grading and surface
16 preparation including a sand mat, and I recognize you
17 are not a hydrogeologist and I take it you can't speak
18 one way or another as to whether sand mats are required
19 with liners or perhaps even what they are.

20 A. I will qualify for both of those.

21 Q. You qualify for both. Dealing with
22 B, it is entitled "Imported Clay Liner, Installation"
23 and then two figures are set out, \$4,250,000 and
24 \$425,000?

25 A. Yes.



1 Q. For a total cost of \$4,675,000?

2 A. Yes.

3 Q. Would you agree with me that that
4 item assumes the importation of clay to construct a
5 liner?

6 A. That's what it says.

7 Q. And if materials on site were in
8 fact suitable for the construction of a liner, Mr. Watson,
9 I suggest that the importation cost in the case of Site
10 F could be eliminated from this costing?

11 A. Yes.

12 Q. Were that to take place, I suppose
13 to be fair there would be some cost associated with
14 actually using the materials on site, but at least you
15 would not be importing material and would save the cost
16 of importing?

17 A. Yes.

18 Q. Perhaps Mr. Lederer could provide
19 you with a copy of Exhibit H-40 with respect to Site F,
20 Volume 1 of 3, the Design and Operations Report. H-40,
21 Volume 1 of the Hydrogeological Report on Site F and
22 could you turn to page 128? Do you have that?

23 A. Yes.

24 Q. At the top of page 128 there is a
25 discussion with respect to liner considerations at Site F



Nethercut & Co. Ltd.

Toronto, Ontario

13283

Watson, Rinaldo,
cr-ex (Cronk)

1 and I would direct your attention first to the second
2 paragraph which reads:

3 "In general, two types of materials can be
4 considered for liners, synthetic membranes
5 and natural clays. Synthetic membranes
6 have not been installed in landfills in
7 Ontario. They have been installed in
8 hazardous waste disposal sites in the U.S.,
9 but to-date, the experience with their
10 integrity has not been verified."

11 Stopping there, it looks like Hydrology Consultants are
12 considering the two liner types that have been constructed
13 and commenting on the merits of the synthetic type based
14 on United States experience?

15 A. Yes.

16 Q. And the last paragraph reads:

17 "Natural clay liners have been installed
18 at landfills in Ontario. The materials
19 for their construction usually comprise
20 clayey sediments such as glacial till,
21 that are obtained locally. In one case,
22 an imported swelling clay (bentonite) was
23 used."

24 That seems to be the observations of Hydrology Consultants
25 with respect to the use of clay materials and the



1 experience in this province with their use for liners?

2 A. Yes.

3 Q. The next paragraph reads:

4 "Currently, clay liners are favoured in
5 Ontario, where they are required. While
6 these materials have a much higher
7 hydraulic conductivity than synthetics
8 (10^{-7} to 10^{-8} cm/s), their much greater
9 thickness (1.0 - 1.5 m) results in
10 relatively low flows because of low
11 hydraulic gradients. As indicated by
12 Milligan (1983), a 1 mm thick synthetic
13 liner with a permeability of 7.5×10^{-11}
14 cm/s and 2 m of head will pass about as
15 much leachate as a 1.0 m thick clay liner
16 with a hydraulic conductivity of 5×10^{-8}
17 cm/s at the same head."

18 Do you see that?

19 A. Yes.

20 Q. This appears to be a discus-
21 sion of the desired hydraulic conductivity of clay liners?

22 A. Yes.

23 Q. Continuing on:

24 "An obvious additional advantage of a clay
25 liner is that it affords some natural
attenuation capability.



1 Given the state-of-the-art in liner
2 construction and the reliability of the
3 materials, a natural clay liner would be
4 the favoured alternative for Site F, if
5 indeed a liner was needed."

6 Would you go to page 130 and I would direct your atten-
7 tion to the first full paragraph:

8 "There is no sand on site for the desic-
9 cation control blanket. These materials
10 would have to be imported. Data indicate
11 that there is sufficient clayey glacial
12 till at the north end of Site F to cons-
13 truct a 1 m thick liner over the entire
14 disposal area."

15 Stopping there, Mr. Watson, I suggest and I would ask if
16 you would agree on your reading of it that it appears
17 based on this discussion there would be a need to import
18 sand or a control blanket, but there is in the opinion of
19 Hydrology Consultants sufficient clay material on site
20 to be used to construct a one-metre-thick liner over the
21 entire site if that were necessary?

22 A. That is what it says.

23 Q. If that were the case, as suggested
24 by Hydrology Consultants, it would appear there would be
25 no need to import clay as was contemplated by



1 Mr. Hiraishi's costing for a liner at Site F. Isn't
2 that so?

3 MR. LEDERER: Just a moment. With the
4 greatest of respect, what we have just had is Ms Cronk
5 reading to Mr. Watson some conclusions arrived at by
6 people who are expert in the area of hydrogeology and
7 presumably liner technology as well. With the greatest
8 of respect, it seems entirely inappropriate to suggest we
9 have now had all the considerations which went in to
10 these kinds of determinations. With the greatest of
11 respect, Mr. Watson can't make that assumption because
12 he can't possibly know. If we are going to have the
13 distinction between liners at one site and another it
14 will have to be brought here by someone expert in that
15 area and not by an economist.

16 MS CRONK: I thought I actually took an
17 effort to be careful in the way I framed the question
18 and I said "if that be so would it not mean that the cost
19 for importing materials would not be necessary at Site F"
20 and I was asking him to make the assumption, based on the
21 passage I put to him from this report, that there was in
22 fact sufficient clay material for the purposes suggested
23 by Hydrology Consultants. I recognize the expertise
24 difficulty, but I have been confronted with a set of costs
25 for a liner at Site F dated October 20 and that assumes



Nethercut & Co. Ltd.

Toronto, Ontario

13287

Watson, Rinaldo,
cr-ex (Cronk)

1 importation of clay and Hydrology Consultants say in
2 their report, at least on my reading of it, that there is
3 sufficient clay there to do it without importing it and
4 to the extent that he can, I am simply asking the witness
5 to confirm and I wanted the relevant evidence to be
6 before the Board that those costs will not be necessary.

7 MR. LANCASTER: You seem to be requesting
8 of the witness to comment on the difference between the
9 two ...

10 DR. KINGHAM: ...between H-40 and H-304
11 that they imply some difference which we are not convinced
12 this witness has the qualifications to comment on those
13 implications. We understand your question to have been
14 if a liner did not have to be imported to Site F would
15 the site cost less. That strikes me as an economics
16 question as long as you are not asking him to judge
17 between the validity ...

18 MS CRONK: I said if that be so and if
19 it was unclear it was my attempt to put it on that basis
20 and perhaps I could put it another way.

21 Q. Could I ask you to go back to the
22 costing exhibit, H-304, and could you turn over to page 3?
23 I believe we are clear, based on the exchange we have had
24 already, that Mr. Hiraishi did cost the total capital
25 cost for Site F on the basis of having to import clay.



1 We are clear on that?

2 MR. WATSON: A. At the top of page 3
3 that's what it says, that he has done that in order to
4 be conservative in his costing.

5 Q. Indeed that is the \$4,675,000 item
6 we looked at on the first page; is that correct?

7 A. That would be the cost of extract-
8 ing and trucking and installing.

9 Q. If you look at page 1, item B
10 doesn't say anything about trucking. I see what you
11 mean, trucking the clay and installing the liner.

12 A. You must extract it and move it
13 to the site and install it, so there are three things
14 being done.

15 Q. At the top of page 3 it indicates
16 for the purpose of preparing these rough cost estimates
17 they are assuming that the materials for the liner and the
18 sand protection are imported and there is a possibility
19 that the till material on site will be satisfactory as
20 a liner, but since this is not shown we are providing
21 the cost estimates using imported materials. Stopping
22 there, may I fairly suggest to you that Mr. Hiraishi
23 himself in that sentence is recognizing that he made
24 an assumption for the purposes of making the worst cost
25 or the highest cost estimate that had to be made at



Nethercut & Co. Ltd.

Toronto, Ontario

13289

Watson, Rinaldo,
cr-ex (Cronk)

1 Site F?

2 A. Yes, and I think that that is
3 consistent with what we tried to do throughout which is
4 to endeavour not to under-estimate costs and to ensure
5 that we look to the upper end. Now, if we felt a range
6 was involved we tended to use a range, but in this case,
7 yes, he has taken the high cost and assuming no on-site
8 availability.

9 Q. In the case of Site D you looked
10 for me at the memorandum you received from Mr. Hiraishi
11 and you confirmed that in costing a liner at Site D he
12 assumed the use of on-site materials; is that correct?

13 A. Yes. That is what it says.

14 Q. To that extent there is that
15 difference in approach in the manner in which he costed
16 the liner at the two sites?

17 A. Yes.

18 Q. Then also on the question of costs
19 with respect to Site F, if you look at item D, the first
20 page under the imported clay liner installation costs,
21 Mr. Hiraishi has indicated 50 hectares one metre thick,
22 500,000 cubic metres at \$8.50 per cubic metre. Do you
23 see that?

24 A. I'm sorry, I was back looking at
25 the basis for his cost estimate and trying to look at



Nethercut & Co. Ltd.

Toronto, Ontario

13290

Watson, Rinaldo,
cr-ex (Cronk)

1 the relationship in the costs and I was observing that
2 in D he is dealing with 95,000 cubic metres and in F
3 he is dealing with a half a million cubic metres which
4 is the primary reason for the cost difference and I'm
5 not sure what that has to do with importing or exporting.

6 Q. I was reacting to the answer you
7 gave to me earlier, but am I right that regardless of
8 the quantity of cubic metres under consideration, in
9 the case of Site D Mr. Hiraishi provided cost estimates
10 on the basis that on-site materials would be used and
11 in the case of Site F he used an importing scenario and
12 explained why he did that?

13 A. Yes.

14 Q. Could you go back to item D on
15 the first page of H-304?

16 A. Yes.

17 Q. Reading the entry under the caption
18 "Imported Clay Liner Installation" it reads:

19 "Fifty hectares one metre thick 500,000
20 cubic metres at \$8.50 per cubic metre
21 with a ten per cent allowance for side
22 slopes."

23 And then he gives the costs for each; correct?

24 A. Yes.

25 Q. It follows then, does it not, that



Nethercut & Co. Ltd.

Toronto, Ontario

13291

Watson, Rinaldo,
cr-ex (Cronk)

1 if the cost of a cubic metre for the excavation, the
2 trucking and the installation as you referred to it
3 could be done at less than \$8.50 per cubic metre, we
4 would have to revise those costs downward?

5 A. Yes.

6 Q. Could I turn to a new matter then,
7 Mr. Watson, and perhaps we could stop there for a moment?
8 Mr. Chairman, I expect that I will be approximately 20
9 minutes to half an hour and if you were inclined to do
10 so I could make an effort to finish tonight.

11 MR. LANCASTER: I think we should try.

12 MS CRONK: Subject to any follow-up
13 questions I may have tomorrow on the memorandum from
14 Mr. Hiraishi.

15 MR. LANCASTER: I would like to clear the
16 path for Mr. Walker.

17 MR. McQUAID: I must say I have a doctor's
18 appointment in the city at 5:20 and I was hoping to get
19 away by a quarter to 5:00. I will hang in but if I
20 excuse myself my friends can keep notes for me.

21 MR. LANCASTER: I'm sorry you have to
22 do that.

23 MS CRONK: It makes me nervous because
24 if I keep him late that may have some dire consequences.

25 Q. Could I ask you to put up H-297?



1 MR. WATSON: A. H-297?

2 Q. It's one of the flip charts you
3 prepared in your discussions. I have done you an injus-
4 tice because I gave you the wrong number. It's 292.
5 I'm sorry. It's getting worse. Mr. Ramsey tells me
6 that's still the wrong number. I want the one with
7 the travel times and it's been up there all along and
8 I apologize.

9 A. That's what we started with.

10 Q. We were discussing the capital costs
11 of Site D and I would now like to look at one aspect
12 relating to area municipal costs for Site D, and we know
13 from the evidence given that that category of costs deals
14 essentially with haulage costs and it takes into account
15 as I understand it both population forecasts and waste
16 centroid areas; is that right?

17 A. Yes.

18 Q. I had the wrong exhibit number, but
19 Exhibit H-296B you will recall you produced during your
20 discussion with Mr. McQuaid when you were discussing
21 the anticipated population growth in Oakville and you
22 calculated the travel times from various population zones
23 in Oakville to both Sites D and F. Do you recall that?

24 A. Yes.

25 Q. The context in which it was



1 discussed. Could you put up H-91, the population fore-
2 cast summary you were dealing with and Exhibit H-292
3 which is not a flip chart but your interrogatory
4 responses to Mr. McQuaid?

5 A. I have H-292, but H-41?

6 Q. H-91.

7 A. I have that.

8 Q. Which one are you missing?

9 A. I have them, but I was looking for
10 something else.

11 Q. Could you look at H-91? I direct
12 your attention to the projections or forecast for popula-
13 tion dealing with the Municipality of Burlington.
14 Looking at the four municipalities set out in this
15 population forecast, quite rightly you have pointed out
16 that the area of largest population growth over the
17 next ten years to 1996 is going to be in Oakville, based
18 on these projections?

19 A. Yes.

20 Q. But the largest population today
21 is in Burlington?

22 A. Yes.

23 Q. And between 1986 and 1996, based
24 on the medium population forecast for Burlington, there
25 will be a growth of approximately 18,000 persons in



1 Burlington?

2 A. Yes.

3 Q. It is the second highest growth
4 figure or population figure after taking into account
5 the anticipated growth in Oakville. Is that fair?

6 A. Speaking of population, yes.

7 Q. If you look at Exhibit H-292, page
8 4, that was the other sheet of population data which you
9 had before you in preparing Exhibit H-296B and I direct
10 your attention to the population forecasts for Burlington
11 for 1986 and 1996 and let's take the median, and
12 according to these population forecasts the growth will
13 be approximately 17,000 people?

14 A. Yes.

15 Q. I'm going to ask you to compare,
16 taking into account the Burlington population, the same
17 type of travel times exhibit in respect of both Sites
18 D and F as you did on H-296B. To do that I suggest you
19 start by looking at Exhibit H-33 which, as you may recall,
20 was the Giffels Associates Limited transportation
21 analysis.

22 A. Schedule CF?

23 Q. Yes. If you go to page -- the map
24 following page 11, the zone centres -- I'm sorry -- the
25 zone numbers set out for Burlington are Burlington



Nethercut & Co. Ltd.

Toronto, Ontario

13295

Watson, Rinaldo,
cr-ex (Cronk)

1 north-west is zone 1, Burlington south is zone 2 and
2 Burlington north is zone 3. Do I have that correctly?

3 A. Yes.

4 Q. So when we then come to look at
5 the travel times for Burlington to Site D and to Site F,
6 are we concerned with those three zones?

7 A. Yes.

8 Q. Could I ask you then to go back
9 to Exhibit H-292 which was your responses to Mr. McQuaid's
10 interrogatories?

11 A. Yes.

12 Q. And put before you page 8 and page
13 12. Page 8 is the transportation analysis at Site F.

14 A. These may have been reversed. My
15 page 8 is for Site D and my page 12 is for Site F.

16 Q. That's fine. You do have the two
17 before you?

18 A. I do.

19 Q. Could you then put up a fresh sheet
20 of paper on the flip chart and list for the Board if you
21 would, please, the travel times for the Burlington waste
22 zones to each of Site D and F according to the time
23 calculations set out in the two transportation analyses?

24 A. Now, is this one way or return trip
25 travel time?



Nethercut & Co. Ltd.

Toronto, Ontario

13296

Watson, Rinaldo,
cr-ex (Cronk)

1 Q. As I recall you did it return trip
2 including unloading time, so it should be on the same
3 basis.

4 A. So it's two-way plus drop-off time.
5 So, from zone 1 to D is 53.42.

6 Q. Is that the two-way time including
7 drop-off?

8 A. Yes. From zone 2 to D is 44.36.
9 From zone 3 it's 48.42.

10 Q. Forty-eight point four two from
11 zone 3?

12 A. Yes. To F it's 18.5, 24.46...

13 Q. From zone 2 to Site F is 24.46?

14 A. Yes.

15 Q. And from zone 3?

16 A. Forty-two point seven 0.

17 Q. Just looking at those numbers, the
18 travel times to Site D from each of those three zones
19 are clearly longer than they are to Site F?

20 A. The travel times to D are longer
21 than for F.

22 Q. For each of the three zones?

23 A. Yes.

24 Q. Could you calculate as you did on
25 Exhibit H-296B the time differential between the two



1 sites from those zones?

2 A. I guess it would be the increase
3 in terms of going to F from D and it's 189 per cent.

4 Q. I can't see.

5 A. One hundred and eighty-nine per
6 cent in the case of zone 1 is the increase.

7 Q. From zone 1 then Site D is -- the
8 incremental travel time to Site D from Site F is 189
9 per cent of Site D over Site F?

10 A. You have to increase travel time
11 going from zone 1 to Site F, you would have to increase
12 that time by 189 per cent in order to equal the time
13 required to go from zone 1 to Site D.

14 Q. And in the case of zone 2?

15 A. It's 81 per cent.

16 Q. Eighty-one per cent?

17 A. Yes.

18 Q. In the case of zone 3?

19 A. Thirteen per cent.

20 Q. Thirteen per cent in the case of
21 zone 3?

22 A. Yes.

23 Q. On average what is the possible
24 time reduction in the event Site F were chosen for waste
25 coming from the Burlington waste zone areas, on average?



1 A. I can't average those three things
2 because I would have to weight them according to waste,
3 but the bulk of the waste or the vast bulk of the waste
4 is in zone 2 with an 81 per cent difference and the
5 smallest amount would be in zone 3 and I'm not sure
6 between 1 and 3, but they would have quite small amounts
7 relative to zone 2. Rather than averaging, I would
8 rather look at it ...

9 Q. Use zone 2?

10 A. Use zone 2, yes. If you want an
11 average, it's 94.

12 Q. You are saying in your view it is
13 more appropriate given the distribution of waste genera-
14 tion to look simply at zone 2 in Burlington rather than
15 averaging?

16 A. I would think perhaps 80 per cent
17 of the waste is in zone 2.

18 Q. Sorry?

19 A. I would think that perhaps 80 per
20 cent of the waste is generated from zone 2 and therefore
21 we should be looking at zone 2.

22 Q. In discussing the anticipated
23 population growth in Oakville with Mr. McQuaid and in
24 dealing with the Burlington waste zones with me we have
25 been looking at population numbers as the basis for



1 calculating travel times and travel savings?

2 A. Yes.

3 Q. We could similarly take the same
4 approach with respect to waste from the Town of Milton
5 and look at the travel times to Site D and Site F and
6 clearly in the case of Milton you will have shorter
7 travel times to Site D than Site F?

8 A. Yes.

9 Q. We could finally take Halton Hills
10 and do a similar calculation, but with respect just to
11 using population as an indicator to calculate time
12 savings and waste generation, is it fair to say
13 that although the growth in the next ten years will be
14 in Oakville, the population growth in Oakville will not
15 overtake the population in Burlington in terms of total
16 population within the next 25 years according to the
17 forecasts provided to the Board?

18 A. That is correct. Burlington by
19 2006 is estimated to have a population of 155,000 and
20 with Oakville at 136,000. Now, as you say, you looked
21 strictly at population but I looked at industrial/commercial growth
22 because the residents are only generating in the order
23 of 50-something per cent of total waste, and the balance
24 is coming from non-residential uses.

25 Q. I was just going to come to that.



Nethercut & Co. Ltd.

Toronto, Ontario

13300

Watson, Rinaldo,
cr-ex (Cronk)

1 A. I'm sorry.

2 Q. I want to ask you about that but
3 let me stop you there. Am I right that when you use
4 population as an indicator of waste origination and
5 waste generation you are really looking at about 50 per
6 cent of the equation?

7 A. Approximately.

8 Q. Because when you look at waste
9 generation and the haulage consequences, you have to take
10 into account as well the pattern of growth or activity
11 amongst industrial and commercial enterprises as well?

12 A. Yes.

13 Q. Do you regard that split as being
14 50 per cent domestic or population household and 50 per
15 cent industrial/commercial?

16 A. Approximately.

17 Q. Did you look then to see what the
18 pattern is in industrial/commercial growth over the next
19 ten years in the Region of Halton to determine where
20 predominantly that growth is going to take place?

21 A. What I did was look at where
22 growth has been taking place over the last five or six
23 years within the Region rather than simply looking at
24 forecasts, because forecasts normally centre on population.
25 I looked at the increase in industrial/commercial and



1 business assessment in Burlington, the percentage increase
2 from 1982 to 1987, and then I looked at the increase in
3 commercial and industrial business assessments in
4 Oakville over the same period and I found that in
5 Burlington it increased by 13.6 per cent of that assess-
6 ment base ...

7 Q. Thirteen point six per cent in
8 Burlington?

9 A. Yes, and in Oakville it had
10 increased by 10.0 per cent and what that says to me is
11 that the waste generation which is accruing to non-
12 residential growth has centred not so much in Oakville
13 but there has been more in Burlington during that period
14 and quite conceivably that would continue. I am there-
15 fore saying there is another side to the equation than
16 simply looking at population forecasts and that other
17 side would appear to say that Burlington, waste genera-
18 tion in Burlington in that area will conceivably out-
19 pace Oakville.

20 Q. If that were the case and were
21 the nominated site in Burlington ultimately approved by
22 this Board, we would have the time-saving factor that
23 you have indicated of 81 per cent, and that of course
24 is population-based, but in rough terms would the same
25 time saving apply?

1 A. This 81 per cent is not population-
2 based, that is just the time from zone 2 for waste and
3 whatever waste is generated in zone 2 of Burlington, if
4 it has to be hauled to Site D rather than Site F, there
5 will be an 81 per cent increase in the cost of so doing
6 and I am saying that we do have a considerable popula-
7 tion increase in Burlington and we have evidence of
8 economic activity so that the cost of hauling all that
9 waste will be very significantly increased by moving
10 to Site D.

11 Now, that is simply the flip side of the
12 coin we looked at and I don't think it really should
13 be looked at in isolation, none of it, but as part of
14 the total picture and I did look at the total picture.

15 Q. Sorry?

16 A. I did look at the total picture.

17 Q. You just told me about the total
18 picture or is there a total picture you looked at you
19 haven't told me about yet?

20 A. I don't want to prolong it, but I
21 reran Exhibit H-294 moving Oakville's share up four
22 points, four percentage points from 37 to 41, and I moved
23 everyone else's shares down, Burlington, Milton and
24 Halton Hills.

25 Q. Can I stop you there? Exhibit



Nethercut & Co. Ltd.

Toronto, Ontario

13303

Watson, Rinaldo,
cr-ex (Cronk)

1 H-294 is the overview or your basis for haul cost
2 differences between the two sites?

3 A. Yes.

4 Q. You just told me you reworked it
5 to take Oakville's share of waste up by four per cent?

6 A. Yes.

7 Q. Why did you do that?

8 A. I did it by way of a sensitivity
9 run and hypothetically assuming that Oakville or growth
10 in Oakville in all areas out-paces growth everywhere
11 else, which I suggested I questioned, but in order to see
12 the impact of that and I increased Oakville by four
13 percentage points and reduced Burlington by two from
14 42 to 40 and reduced Milton and Halton Hills each by
15 one in order to come to the 100 per cent share.

16 Q. What was the result?

17 A. Well, on H-294 or the result of
18 H-294 is there was only a difference in the cost of 0.9
19 per cent in favour of Site D and making those changes
20 made the cost virtually identical. I have a difference
21 now of 15 cents which is three-tenths of a per cent.
22 So, this situation does not appear to be sensitive to
23 a shift of that type of magnitude, given the location of
24 the sites and the balancing between Oakville and
25 Burlington.



1 DR. KINGHAM: Could you just remind us
2 whether H-294 was present valued over the whole lifetime
3 or did it pick a year?

4 MR. WATSON: No, it wasn't present valued and
5 H-294 was an attempt to simplify it, and indeed it is
6 simplified in that we only worked with four zones but
7 they were representative zones.

8 DR. KINGHAM: I'm wondering whether you
9 assumed that this is what the world would look like in 2008 or
10 1996 or throughout the lifetime of the site. I don't
11 remember that.

12 MR. WATSON: I believe that this is what
13 we had in the early years and we modified it in 1996 and
14 again in 2008.. I guess what I am saying is doing some
15 sensitivity and using this simplified approach, it bears
16 out what we have been saying, the difference is very
17 small.

18 MS CRONK: Q. Did you do that in hand-
19 writing to your copy of H-294?

20 MR. WATSON: A. Yes.

21 Q. Perhaps I could ask you over the
22 evening if you could provide that to me as I would like
23 to make copies and provide it to the Board if it is
24 available.

25 A. Yes.



Nethercut & Co. Ltd.

Toronto, Ontario

13305

Watson, Rinaldo,
cr-ex (Cronk)

1 Q. Perhaps I can get it from you now
2 and I can mark the original and then have copies made.

3 MR. LANCASTER: This will be H-309.

4 --- EXHIBIT NO. H-309: Revised version of H-294

5 MS CRONK: Was that H-309?

6 MR. LANCASTER: Yes, the overview of the
7 basis for haul cost differences.

8 MS CRONK: Q. Do I have it, Mr. Watson,
9 based on the revisiting you did of Exhibit H-294 and
10 our discussion of the population factors in Burlington
11 and Oakville and the industrial/commercial historical
12 growth in Burlington and Oakville, that were Site F
13 chosen in terms of time advantages, clearly both the
14 population in Burlington and the industrial and commer-
15 cial waste producers in Burlington would have a
16 significant time-saving advantage? Is that fair?

17 MR. WATSON: A. They would.

18 Q. In the case of Site D, the future
19 population in Oakville would have a time-saving factor
20 but the industrial and commercial waste producers in
21 Oakville are not the equivalent or are less than those
22 who produce waste in the Burlington area?

23 A. Well, we are talking about all of
24 the waste generators, not just the growth, and I think you
25 moved between the two there. I am simply saying that the



Nethercut & Co. Ltd.

Toronto, Ontario

13306

Watson, Rinaldo,
cr-ex (Cronk)

1 buoyancy in terms of that sector in Burlington on a
2 percentage basis out-paced Oakville, but I would like to
3 stay with the conclusion that overall the results do not
4 appear to be sensitive to variations of the magnitude
5 we have been discussing, but that doesn't alter the
6 findings. I think you have to talk overall because if
7 we take just one piece at a time then we don't have the
8 total system and we haven't talked about Halton Hills
9 and Milton and we must bring them in and that is what
10 H-294 revisited does.

11 Q. To the extent that future growth
12 is considered a relevant indicator, you have agreed with
13 me that there are two components of the future growth
14 equation that should be looked at and one is population?

15 A. Yes.

16 Q. The second is industrial/commercial
17 waste production or growth?

18 A. Yes.

19 Q. I am suggesting to you that in
20 looking strictly at future growth, Site F would be
21 favoured if it were trying to accommodate the industrial
22 and commercial waste producers and Site D would be
23 favoured if you were trying to accommodate the area of
24 population growth. That's what it comes down to, isn't
25 it, and each is 50/50 in the waste generation calculations



Nethercut & Co. Ltd.

Toronto, Ontario

13307

Watson, Rinaldo,
cr-ex (Cronk)

1 according to your evidence this afternoon?

2 A. I am saying it doesn't matter very
3 much who you are trying to accommodate, it makes no
4 difference. Making a variation of the percentage we are
5 talking about when you bring Halton Hills in and Milton
6 and you bring the residential and the industrial/commercial
7 in, you get essentially the same result.

8 Q. I understand.

9 A. And I prefer to stay with that.

10 Q. I understand the preference you
11 have expressed as well.

12 Mr. Chairman, I'm afraid my calculations
13 were a little shy. I would like to look at the amended
14 exhibit H-294, and I neglected when I gave you my time
15 estimate to realize I had skipped ahead to deal with the
16 liner a bit earlier in the forecast than I had originally
17 planned, so I will not be able to finish tonight and I
18 apologize for asking you to sit late to try and accommo-
19 date that.

20 MR. LANCASTER: Well, how much longer do
21 you think you might be?

22 MS CRONK: About 40 or 45 minutes at the
23 most.

24 MR. LANCASTER: And we have Mr. Walker
25 coming in the afternoon. It seems Mr. Watson will be



Nethercut & Co. Ltd.

Toronto, Ontario

13308

Watson, Rinaldo,
cr-ex (Cronk)

1 here anyway.

2 MR. LEDERER: Are you implying Mr. Walker
3 need not come here tomorrow?

4 MS CRONK: Could I ask that the chart
5 Mr. Watson drew of the Burlington population traffic zones be marked?

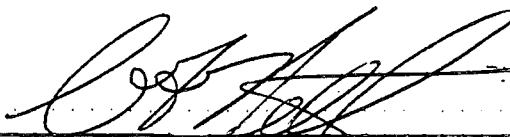
6 MR. LANCASTER: Yes, and if you want to
7 take this before it gets lost. That will be 310.

8 --- EXHIBIT NO. H-310: Burlington population traffic
9 zones chart drawn by Mr. Watson

10 MR. LANCASTER: We will sit tomorrow at
11 12:30.

12 --- Adjournment (4:50 p.m.)

13
14 CERTIFIED CORRECT

15 
16 C. F. Nethercut, C.V.R.

17

18

19

20

21

22

23 (page 13350 follows)

24

25