

Back to Anatomy of a quarry fight

Anatomy of a quarry fight

December 30, 2011

Jayme Poisson

MELANCTHON, ONT. — Here in Melancthon, farmers love the land so much they etch pictures of their homesteads on family gravestones.

When they die in this township — an idyllic stretch of rolling farmlands that juts out of Shelburne, just north of Orangeville — they are buried with a handful of the rich soil in their caskets.

So it seemed a somewhat bold gesture when strangers suddenly came calling, offering to take the land off their hands.

Ralph and Mary Lynne Armstrong remember their first encounter in the fall of 2006. A man swung round to inquire if they were interested in selling their 80-hectare cattle and pig farm.

“You could retire, head to Florida for the winters,” said the man, who evidently didn’t know much about whom he was talking to.

Ralph, whose red-chapped cheeks reveal a lifetime exposed to the elements, laughs at the thought of lounging in the sun. “I could stand sitting in a chair on the beach for five minutes most,” he says. Most mornings, he’s in the barn before dawn.

There were other visits, seven in total.

Between 2006 and 2008 the Armstrongs and dozens of others were offered nearly \$20,000 per hectare for their land, a price well above market value.

About 30 sold their properties. Some were large 400-hectare potato operations like Wilson and Downey Farms; others, small farmers nearing retirement with no future generation to take up the business. Altogether, about 2,630 hectares were amassed for what would eventually become the site of a proposed limestone quarry — among the largest in North America, roughly a third of the size of downtown Toronto.

The man behind the land deals was John Lowndes, a civil engineer who went to high school in Orangeville and whose family business is aggregates — the stones, sand and gravel extracted from the ground and used to build Ontario’s roads, skyscrapers, hospitals and homes.

Local farmers say Lowndes touted a vision of becoming the largest potato producer in the province, of building a large potato-processing plant nearby and of working with Frito Lays.

Lyle Parsons, a cattle farmer, said he would have never sold his 150-year-old family acreage in the spring of 2007 if he knew then what he knows now. He and other farmers say they were led to believe their land would become a very large potato farm.

“In the area we’re used to dealing with people pretty much on a handshake basis,” says Parsons, adding he felt pressured to sell because he was told the deal would expire in a week.

“I think most people knew there was limestone under there, but I don’t think anybody thought for a moment someone would ruin that farmland.”

The natural resources in Dufferin County, home to Melancthon, overlap naturally.

The Honeywood silt loam soil, created from windblown silts and sands following the retreat of glaciers more than 10,000 years ago, is rated class 1 agricultural soil, among the best in Ontario. Coupled with the cool climate, it’s particularly good for growing potatoes. The moisture-rich soil separates easily from spuds when farmers dig them from the ground.

The limestone that lies beneath the soil is known as Amabel dolostone, and this particular 400-million-year-old sedimentary outcropping of the Niagara Escarpment — with a durability and strength that helps structures endure — makes it among the highest quality stone in the province. This Amabel strip runs from roughly Burlington all the way north to Manitoulin.

Ontarians are among the world’s highest consumers of crushed rock, gravel and stone — an average 164 million tonnes per year, the



The opponents of the mega-quarry come from all walks of life -- from farmers to chefs and business people to retirees. A cross selection are seen at Rutledge Farms, a large potato farm in Melancthon township, where there is a proposal for the second largest in North America.

RICHARD LAUTENS/TORONTO STAR

equivalent of one truck load per person. Put another way, enough is extracted to bury much of downtown Toronto under 60 feet annually.

The Ministry of Transportation is the province's number one consumer of aggregate. It takes 2,590 truckloads of gravel to build one kilometre of highway.

As the GTA's population grows, the amount consumed is expected to rise 13 per cent to 186 million tonnes annually over the next two decades while high-quality reserves diminish, according to a government and consultancy report on aggregate resources completed last year. The report also concluded that 93 per cent of unlicensed bedrock in south-central Ontario is constrained by agriculture, environmental features like wetlands, and development.

Because of this, mega-quarries — defined as having a reserve of at least 150 million tonnes — are now considered among the “most feasible” sources of aggregate to meet the province's needs.

In Melancthon, an estimated reserve of one billion tonnes sits under the site of the proposed quarry, supersizing even a mega-quarry. It's enough to help service the province's aggregate needs for decades to come.

But farmers, environmentalists, urbanites and aboriginals are collectively sounding the alarm, warning the mega-quarry will destroy the best remaining farmland in Ontario. They also say it will conceivably affect the safety of drinking water for up to one million people.

This massive opposition has sparked a broader debate about future quarry development, with the overarching question: Do we continue to feed our insatiable lust for aggregate and risk the loss of valuable farmland or should we put more stock into seriously finding alternatives?

Opponents are asking: What are we willing to lose? And who are we willing to lose it to?

Meantime, a strong undercurrent of suspicion and distrust runs up the centre of this dispute. As it turns out, a firm called The Highland Companies — backed by a Boston-based hedge fund called the Baupost Group, worth over \$20 billion — was behind the land purchases and filed this fall's licensing application for a 937-hectare quarry.

So far, Highland has garnered little by way of trust from the community, while Baupost is facing similar accusations of subterfuge south of the border with its investment in another land acquisition project on the Californian coast.

But Highland thinks they have an excellent plan — one that balances the need for development with protecting the environment. In an interview with the *Star*, Highland representatives said they have been upright, understand opponents' concerns and are committed to going through a rigorous government licensing process in the coming years.

In the spring of 2008, a year after Lyle Parsons sold his 63-hectare farm where he raised 120 beef cattle and grew hay, barley and potatoes, he noticed a line of people, heads bowed, methodically walking the fields. They were archeologists looking for artifacts such as arrowheads. He later found out an archeological survey was required to develop a quarry.

“At that point I knew they were doing something other than potatoes,” he says.

Joseph Izhakoff and John Scherer are principals of Highland. They came on board, they say, after local businessman John Lowndes began buying up the land and joined with Baupost. Lowndes, who now lives in Oakville, declined to be interviewed through a company spokeswoman.

The process of purchasing the land was fair, Izhakoff says.

He acknowledges the area was viewed, generally, as a good place to invest. There was the potential for large-scale farming, for wind farms and, yes, aggregate. There were discussions with the owners about “different land uses,” the two executives say.

“To the extent they asked us, we said we were going to do farming; and we said there are other alternatives; and the question is, how much more did they ask?” says Izhakoff. At the time the land was purchased, the company could not even be assured a quarry was feasible, he adds.

The company has actually lived up to its commitment as farmers, says Scherer, who hails from Ohio. Today, Highland is the largest potato grower and packer in Ontario, producing 100 million pounds of potatoes per year and supplying to supermarkets like Loblaws, Sobeys and Metro. The company recently invested millions of dollars into new facilities and if the quarry is approved they will continue to farm the surrounding land, they say.

Flipping through a booklet of maps of southern Ontario, Izhakoff, who is from Miami, explains Melancthon looked good for aggregate because it steers clear of ecologically sensitive areas such as the Niagara Escarpment and wetlands, as well as built-up areas like Burlington. And yet it is only about 90 minutes from Toronto, where demand is greatest. To truck limestone from further north means greater expense, a larger carbon footprint and more wear and tear on roads.

There was an attempt to find unconstrained Amabel in southern Ontario that wasn't sitting underneath prime farmland. That, he says, wasn't possible.

As the company homed in on sparsely populated Melancthon, size mattered.

“The small scale patchwork quarries are costly, difficult to license, create a lot of . . . opposition locally. It's almost like your bang for your

buck isn't very good because you're fighting over very small parcels," says Izhakoff.

"Our view was, let's look for something a little bit larger than that."

The locals began holding meetings in coffee shops and community centres in the winter of 2009. Slowly, they began mobilizing against a proposal for a quarry they now knew was inevitable. By the time Highland held its own public meeting at a local town hall that summer, people were lined up outside the door.

Last March, the company finally submitted its 3,100-page licensing application to the Ministry of Natural Resources, as required under the Aggregate Resources Act.

It laid out in minute detail a plan to extract the limestone from four contiguous "pods" to a depth of up to 70 metres below the water table while pumping millions of litres of water daily from the quarry floor. It also included an ambitious — some say unfeasible — plan to return the monstrous pit back to productive farmland. Rather than let it fill up as a lake, the company proposed to pump water in perpetuity — up to 600 million litres a day by the time all four pods have been excavated.

More than 5,000 letters of opposition poured in, along with roughly 700 requests for a full investigation, a reaction that led to an announcement by the Ontario government this fall that the project will be subject to an environmental assessment, a first for an Ontario quarry.

The process, which requires full consultation with the community and aboriginal groups, is expected to take several years and will involve public meetings. Opponents want it to look at broader questions of quarry licensing and regulation.

In preparation, both sides have been loading up.

Highland hired public relations giant Hill and Knowlton, and six lobbyists at the provincial and federal level including former attorney general Charles Harnick and Bob Lopinski, a former top adviser to Premier Dalton McGuinty.

And, in what at first glance might appear to be a classic David and Goliath clash, local farmers have attracted their own big guns.

Among such powerful players on the anti-quarry side: David Patterson, CEO of investment firm Northwater Capital; Dianne Lister, president and executive director of the ROM board of governors; lawyer Jane Pepino, Chair of Women's College Hospital; Jim Cuddy, lead singer of the Canadian pop-rock band Blue Rodeo. All have property in the area.

"This one has too much short-term greed and will do too much long-term damage," says Cuddy.

Andy Barrie, former host of CBC's *Metro Morning*, who retired on a 24-hectare home five minutes away in Mulmur Township, wrote his first-ever political letter to McGuinty urging the quarry be stopped.

"If allowed to go forward, the Highlands quarry will not only imperil the watershed, the countryside and the well-being of this region, but will also forever stain the reputation of the government that allows it, in this, an era, when we ought to know better," he wrote.

Environmentalists like the David Suzuki Foundation and Council of Canadians have also jumped on board.

Along with these high-profile opponents is a sizeable slice of urbanites from in and around Toronto, who can close their eyes and picture driving through the area on a clear fall day, red- and orange-topped trees on the horizon. They are downhill skiers en route to Collingwood and weekenders with a place in nearby Creemore who relish the stillness of the countryside.

The quarry has also been on the radar of acclaimed chef Michael Stadlander, who serves high-end meals from his nearby Eigensinn Farms, about 40 minutes north of Melancthon. In June, along with his Canadian Chefs' Congress, he announced plans for Foodstock, a well-organized protest and fundraising event whose aim was to get people from miles away to come stand on the land and eat its bounty. A star cast of chefs — Jaime Kennedy (Jamie Kennedy Kitchens), Anthony Walsh (Canoe) and others flown in from as far away as Nova Scotia — helped draw, on a rainy day in October, more than 20,000 people to the hills.

"They've 100 per cent underestimated the community," says Carl Cosack, a colourful rancher and horse trainer from Mulmur and vice-president of the North Dufferin Agricultural and Community Task Force (NDACT), a grassroots coalition formed to lobby against the quarry.

"If you just looked at (the issues of) trucks, blasting residue, water management and loss of farmland, all four individually should be enough for the government to say 'Go home boys, this ain't gonna happen!'"

Six-foot-two, and with a faint German accent and trademark cowboy hat, Cosack spends 60 hours a week on NDACT's campaign. A two-finger typer, Cosack says he gets more than 75 emails a day on the quarry. He answers all of them.

This spring, after reading Highland's application, Cosack says he must have called a number listed to the company 500 times hoping to speak with John Lowndes. He ended up jumping in his Toyota Yaris with his daughter and driving to a listed address in Hamilton. It turned out to be a UPS storefront, and "Suite 234" was a metal box.

He points to a photograph he snapped of the mailbox, then spouts angrily: "How are you going to hold a corporation responsible that operates out of this?"

Aside from the daily blasting, the dust, and heavy truck traffic (up to 300 trucks on the road at any time), nothing upsets the community more than the potential loss of land and water.

Melancthon, known as the “Roof of Ontario,” is perched at the highest elevation in the southern part of the province. The headwaters of four major rivers — the Grand, Saugeen, Beaver, and the Nottawasaga with its tributaries the Pine, Noisy, Boyne and Mad — are situated in and around the township.

Waterfalls cascade over rocky ledges. Clear streams run through gently rolling farmland, providing irrigation for crops and water for herds. And the groundwater in the area is a source of drinking water for upwards of a million Ontarians downstream.

Opponents say the size and depth of the quarry will cause such heavy water drawdowns that riverbeds and wells are sure to dry up.

Highland’s current water management plan, to pump from the quarry floor up to 600 million litres of water per day by the time all four pods are excavated, will be enough to fill approximately 240 Olympic-sized swimming pools.

Injected into so-called “recharge wells,” the pumped water will then be released back into the ground to flow through the water table, similar to a rainfall. Roughly 80 per cent of that water is expected to seep back into the quarry to be pumped out again, while the remaining 20 per cent would travel downstream.

Almost all working quarries in the province — 2,350 at last count — operate below the water table and at least one quarry, in Milton, won an environmental award by the Consulting Engineers of Ontario in June for using the same technology, albeit on a smaller scale.

Area residents say such a vast basin of open water is going to be ruined by multiple contaminants — ammonium nitrate residue from quarry blasting (up to 20 tonnes a day), diesel from trucks, not to mention bird droppings. Even the word ‘Walkerton’ creeps up in conversation, although that tragedy, which over a decade ago saw E. coli-contaminated water kill seven and leave 2,300 ill, didn’t involve a quarry. The same risk exists, some say, because Melancthon sits on similar karst bedrock, recognized as “being extremely susceptible” to bacterial contamination.

Highland makes no apologies for its plan.

Nitrate levels will be monitored and strict protocols put in place to ensure water safety, the company says.

“I think we’re comfortable that in today’s society people manage water . . . (and) know how to do it safely,” Izhakoff says.

Highland points out that in other parts of southern Ontario, like Caledon, patchworks of quarries coexist near one another. There is an argument, the principals say, for having one company oversee a larger quarry with a coordinated approach to quality control and rehabilitation.

Perhaps the most ambitious of Highland’s overall plan is to revert the quarry back to productive farmland once the limestone has been harvested.

Typically, quarries in Ontario become small lakes once they have been dug out. Water continues to seep in, eventually filling up the pit much like a hole dug in the sand on a beach.

“I think we were trying to take a more innovative approach,” says Izhakoff, adding the company wants to be respectful of the community.

In fact, Highland doesn’t equate the quarry with loss of farmland at all. At any given time over the course of 50 to 100 years the company will mine only 120 hectares, which could be spread among the pods. Once the limestone is extracted from that site, Highland will move soil back onto the quarry floor in lockstep and in preparation for planting. There is precedent. One old quarry in Vineland, Ont. is now operating as a vineyard.

To achieve this, the company will pump water from the quarry floor in perpetuity, a somewhat remarkable feat that Highland acknowledges will require long-term financial commitment.

“We’re comfortable we will be able to rehabilitate (the land),” says Izhakoff.

And yet, it’s a fascinating paradox: The company puts forth a proposal that appears forward-thinking. But it generates only skepticism for their plan.

Farmers in Melancthon say you can’t rehabilitate something nature created 10,000 years ago, and they laugh at the notion of infinite pumping.

“Forever is a very long time to make a commitment,” David Patterson, CEO of investment firm Northwater Capital, writes in his objection letter using the stock market as a ‘times-a-change’ analogy. “Of the companies in the Dow Jones industrial index one hundred years ago, in 1911, one company still exists.”

Some believe this prime agricultural soil in and around the quarry lands should just be protected outright, designated a specialty crop soil for growing certain fruits and vegetables, much like the Holland Marsh. While potatoes are king in the area, at least one commercial farmer is successfully growing brussels sprouts, rhubarb, strawberries and peas.

With the rising cost of oil and natural disasters in the U.S. and Mexico driving up the cost of food, it's more important than ever to protect food sources close to home, says Stadtlander, whose chef apprentices run out to the garden and pick fresh vegetables to serve his evening dinner guests.

"It's that connection to the farm," he says. "People want to know where the food is coming from."

Environmentalists, like Faisal Moola of the David Suzuki Foundation, argue farmland is much more than just a place to grow blueberries, broccoli or raise beef cattle. It's "literally a Fort Knox of ecological services that help clean our air, filter our water and help us fight climate change," he says, referencing research the foundation did in Ontario's Greenbelt that found \$2.6 billion worth of natural assets each year.

"Do we want to become a Los Angeles? I hope we don't."

Melancthon farmers shake their heads thinking about the dozens of farmhouses and barns that were suddenly demolished on Highland's newly acquired lands. Some were torched, and then razed with a back hoe. Among them, Mabel and Hector Ferguson's old place, a 19th-century brick farmhouse with a wraparound porch. Some say it had a number of heritage features.

There have also been questions about whether trees and habitats for threatened species were purposely felled to remove the potential constraints of developing a quarry.

In the spring of this year, hay fields, and ravine grasslands were mulched and cut, leading some to wonder whether it was deliberately done to destroy the habitat of a threatened black bird called the Bobolink.

Highland also began working to purchase a rail line to Owen Sound, a shipping port on Georgian Bay. It also made an offer on the Orangeville-Brampton railway.

Rumours and speculation began circulating wildly through the community. One email discussed fears of Ontario limestone being shipped to "Panama where the canal is to be widened for bigger ships." There has also been talk that maybe the company's main target was not extracting limestone, but selling water to countries with shortages like China or Dubai. And, since Highland has no previous experience running a quarry, others are convinced the company will sell or rent the quarry pods to some big aggregate corporation.

The locals suspected something big was up.

What they did not know, until recently, is that similar rumours and suspicion have been swirling around another big land acquisition project, backed by a subsidiary of the same Boston-based hedge fund Baupost, in this case on the Californian coast.

Baupost is headed by value investor Seth Klarman, a Harvard graduate who has achieved an average of 20 per cent investment returns since starting the fund in 1983. A book Klarman wrote in 1991 on investing, called *Margin of Safety*, has taken on an iconic status, with sellers asking as much as \$2,500 online. Among Baupost's exclusive list of investors is a portion of Harvard University's \$32-billion endowment fund.

In 2007, around the same time farmland was purchased in Melancthon, Baupost bought the historic and sprawling 10,000-hectare ranchlands known as Bixby Ranch for \$136 million US. A lawyer for the company managing the property, Coastal Management Resources, told a local paper his clients "absolutely do not have any specific plans yet for the land."

Mike Lunsford, president of the Gaviota Coast Conservancy, said about a year ago the Californian company began to plow large areas of a federally designated critical habitat for an endangered plant called the Gaviota tar plant – there are suspicions this was done because the plants constrain development. It is currently under investigation by the California Coastal Commission and the U.S. Fish and Wildlife Department.

These activities, Lunsford says, are "not dissimilar to the kind of insensitivity that was experienced up in the Toronto area."

The Californian company has also tried to quietly secure state water rights for more water than the ranch has ever needed in the past, says Lunsford, who fears the biologically diverse area will be turned into another Malibu.

"Their practice of subterfuge is apparent in both (cases)," he says.

Highland's Scherer says he is "a little bit" surprised by the scope of the backlash to their plan in Melancthon.

The company has an explanation for all the concerns here: The homes were dilapidated and torn down to expand farming, as were the trees. The grass was cut for farming operations as well. The limestone will remain in southern Ontario. There is no plan to sell water. The rail line was seen as a good investment and would take trucks off the road. There's no intention to sell or rent the quarry pods; instead they will bring in the best team of quarry operators to manage it.

On a drive around Highland's property, Izhakoff and Scherer point to a plot of windmills churning nearby, on someone else's privately owned land, as an example of other controversial land uses in the area.

"We haven't done the best job of maybe communicating our story," says Scherer. "I think we have a lot of good things to say about our project." For instance, the quarry means over 400 jobs and tax revenue to the township, he adds; and besides, not everyone in the community is against the proposal.

"I think the quarry is economically a good choice for the area," says Trevor Downey, a fourth generation potato farmer who now manages Highland's farming operations. "If they do it with the right stewardship to protect the environment and protect the water and give back to the community, I think it could be a good benefit to (the township and the province)."

Undoubtedly, the quarry could boost business for local gas stations and diners.

Melancthon Mayor Bill Hill acknowledges that while his council will objectively assess the quarry proposal, the community is hopelessly divided.

"Things as simple as strawberry socials . . . and businesses have been affected. Friendships have been affected tremendously."

On a crisp fall night at his home, Ralph Armstrong vanishes for a moment and returns with a framed copy of the deed from his land. It's signed by his great-great-grandfather James Armstrong and dated 1853, before Canada was even a nation.

This, he says, is something a cheque laid on a kitchen table just can't buy.

"Five generations ago they laid the foundation to protect our soils for food and the quality of water for us today. Are we laying the foundations that will protect our soils and water five generations from now?"

It's a point environmentalists hope will be addressed as Highland's application winds its way through municipal planning and provincial agencies, including the environmental assessment. Ontario simply consumes too much aggregate, they say, often comparing us to the U.K., which consumes about two-thirds less per person — and recycles two-thirds more than our measly 7 per cent.

They say government policies have historically prioritized aggregate extraction over other competing land uses like farmland. During the election campaign this fall, McGuinty promised a review of the Aggregate Resources Act.

Others feel, moving forward, the answer can't be no quarry at all.

"We love infrastructure here in Ontario. It's not right or wrong, it's a fact of life," says Moreen Miller, president of the Ontario Stones Sand and Gravel Association. Even if we recycled more, there will still be demand for high-quality virgin materials in Ontario, especially since our cold climate requires thicker roads and buildings.

Even Gord Miller, Ontario's environmental commissioner, wonders why just over 900 hectares of farmland in Melancthon has received such an outcry when vast swaths of prime agricultural land are lost all over the province every year.

"Where are all these people who protect agricultural land from the real threat, which is the sprawl and the (big) box stores?" he says. "I think you have to look at who the neighbours are in that one."

Ralph's daughter, Kate, a sixth-generation Armstrong who eventually plans to take over the farm, feels locals certainly have a legitimate beef. And she will carry on the fight.

She once gave a speech on her family's long history living in the area at an anti-quarry meeting, bringing the audience to tears.

"Some people have said, why not just sell this farm and buy a new one?" she told the crowd. "If this is your thought line, then you are missing the point."