



City of
Peterborough

To: Members of the Waste Management Steering Committee

From: W.H. Jackson, Director of Utility Services

Meeting Date: June 19, 2017

**Subject: Report WMC17-004
First Draft of the 2018 Budget for the Peterborough
County/City Waste Management Facility**

Purpose

A report to present the first draft of the 2018 Budget for the Peterborough County/City Waste Management Facility along with an explanation of the assumptions behind the budget.

Recommendations

That the Waste Management Committee endorse the recommendations as outlined in Report WMC17-004 dated June 19, 2017, of the Director of Utility Services as follows:

- a) That Report WMC17-004 dated June 19, 2017 providing information on the first Draft of the Peterborough County/City Waste Management Facility 2018 Budget and the underlying assumptions made in the preparation of this draft budget be received for information;
- b) That staff be requested to report further at the September meeting of the Waste Management Committee with any proposed changes and/or updates to the Draft Budget;
- c) That the tipping fee for mattresses and/or box springs be increased to \$20.00/unit for loads greater than 10 units effective January 1, 2018; and
- d) That the tipping fee for appliances requiring Freon removal be increased from \$15.00 to \$20.00/unit effective January 1, 2018.

Budget and Financial Implications

The assumptions presented in this report will form the basis for the 2018 Draft Budget submission for the Peterborough County/City Waste Management Facility. The final budget forms part of the City budget and is expected to be adopted in December 2017.

Background

The 2018 Budget process has started with the goal to have the final budget for the Peterborough County/City Waste Management Facility (the “Landfill”) adopted in December 2017.

The budget for the Landfill forms part of the overall City of Peterborough budget. The Waste Management Committee provides input to the budget process together with staff from both the County and City.

Appendix A provides a list of assumptions used in the preparation of the first Draft of the 2018 Budget. The assumptions consider the actual performance of various elements of the budget factored by what staff can reasonably foresee occurring in the immediate economic environment (i.e. household growth) and more global reaching environments (i.e. price paid for recyclable material).

These assumptions are being made some 6 to 18 months before actually occurring and, accordingly, there is an element of risk and uncertainty involved. Given this long prediction period, staff suggests that a second budget report be submitted to the September meeting of the Committee to allow further discussion and/or comments.

The conservative approach has been used for all assumptions.

1. Operating Budget

Appendix B provides Budget and Actual information from 2015 to 2017 with an estimated 2018 Budget. Comparing the 2017 and 2018 Budgets, it can be seen that:

- Budgeted revenues are down by about 6%. This is mainly due to a reduced assumed volume of contaminated soil coming to the Landfill in 2018 and more closely aligns with the projected actual volumes in 2017.
- Estimated expenditures are down by almost 1.5%. The expenditure reductions are spread over a number of areas such as materials, property taxes and insurance, monitoring consultants, rental property expenses and township royalty fees. There are projected increases for salaries, wages, benefits, training and corporate administration, site and weigh scale operator and landfill recyclables categories.

1.1 Changes in Operating Budget

There are four changes to the 2018 Estimated Operating Budget as listed below that desire further discussion:

- Increased Tipping Fee for mattress/box spring loads greater than 10 units;
- Increased Tipping Fee for Freon units;
- Add a bulky plastics bin in the drop-off area; and
- Increase in the flat fee for small loads.

Each item is presented below with information that is available at this time.

1.1.1 Increased Tipping Fee for Mattress/Box Spring Loads Greater Than 10

The current tipping fee for a mattress or box spring is \$11.00. The processing cost is \$17.70 per unit exclusive of staff time meaning the landfill is subsidizing each unit in the amount of \$6.70. The processing cost will increase by 3% in 2018 to a unit price of \$18.23.

Lately it has been observed that commercial enterprises are bringing larger loads of mattresses/box springs to the landfill. Staff are of the belief that the landfill operation should not be subsidizing commercial operations and, accordingly, are proposing that for loads of mattresses/box springs greater than 10, the unit price should increase to \$20.00/unit. With this fee, commercial operations may look to find alternative arrangements to have their mattresses/box springs recycled and for those that continue to come to the landfill, the landfill will no longer be subsidizing the commercial operation. It is likely that this increase in the tipping fee will flow through to the purchasers of the mattresses/box spring which is more in tune with an appropriate user pay system.

It is estimated that implementation of this increase in tipping fee will result in a net gain to the landfill operation of approximately \$18,000.

This proposed fee increase has not been included in the 2018 draft Budget presented in this report.

1.1.2 Increased Tipping Fee for Freon Units

Any unit that contains Freon must have the Freon removed prior to the unit being shipped from the landfill for recycling. The present Tipping Fee for Freon units is \$15.00. This tipping fee covers the cost of removing the Freon and shipping the units to the appropriate recyclers for processing.

Over the last number of years, the RFP for the removal of Freon has been awarded to a single person company who has always charged very low costs compared to his competitors. The best information staff has is that this person is planning on retiring in the near future and, accordingly, costs to remove Freon could increase significantly.

The existing \$15.00/unit tipping fee for Freon containing units has not increased in 5 years. If the existing fee (\$15.00/unit) had risen 2.5% each year to account for the cost of living it would now be \$17.00/unit. In consideration of this, coupled with the prices staff believe will be received with the next RFP, it is proposed to raise the Tipping Fee for units requiring Freon removal to \$20.00/unit. Although the percentage increase in the tipping fee is high (33%), there are only an estimated 1200 units that come to the landfill each year so the number of users directly impacted is relatively small.

This proposed fee increase has not been included in the 2018 draft Budget presented in this report.

1.1.3 Add a Bulky Plastics Bin in the Drop-off Area

Bulky plastics are best characterised by plastic garden chairs and tables. Every Environmental Day, the bin for these products is typically full at the end of the day.

Given this apparent demand, it is felt that a bin should be placed at the landfill drop-off area specifically for bulky plastics so that they can be recycled as opposed to having the material go to landfill.

Recycling bulky plastics is not as easy as other products and, accordingly, the price for transportation and processing of this material is higher than some other recycling costs. To account for this, the recycling cost for the landfill has been increased by \$25,000.

1.1.4 Increase in the Flat Fee for Small Loads

In the 2017 budget, the flat fee for small loads was increased to \$7.00 effective January 1, 2017 with a further increase to \$10.00 effective January 1, 2018. This increase in the flat fee has been included in the 2018 budget estimates.

2. Capital Budget

The Landfill Capital Budget 2018-2031 is presented in Appendix C.

The only capital budget items identified for 2018 are the continuation of the removal of excess soil from the landfill and the final cover for Cell 2.

In 2016/2017, around 70,000 cubic yards of excess soil were removed as part of the Airport Road reconstruction project. An estimated 160,000 cubic yards still remain exclusive of the soil to be excavated as part of the construction of Cell 4. Staff will continue their efforts to find uses for this excess soil and to minimize the cost to the landfill.

The proposed 2018 Capital Budget does not include any “miscellaneous item”. Accordingly, if something unexpected comes up, staff would have to report to the Waste Management Committee and City Council to obtain any necessary funds. However, the likelihood of this happening is considered minimal.

Submitted by,

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Attachments:

- Appendix A: Peterborough County/City Waste Management Facility 2018 Draft Budget Assumptions
- Appendix B: Summary of Peterborough County/City Waste Management Facility Activity 2015-2018
- Appendix C: Peterborough County/City Waste Management Facility Estimated Capital Budget (as of June 2017)