



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,

W. H. Jackson
Director, Utility Services
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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)

Appendix A to Report WMC17-004

Peterborough County/City Waste Management Facility 2018 Draft Budget Assumptions

Tonnages

ITEM	NOTE	2017 TONNES		2018 DRAFT BUDGET ESTIMATES
		BUDGET	ACTUAL ESTIMATE	
Garbage subject to full tipping fee (\$95)	1	15,600	16,000	16,000
Garbage exempt from tipping fee	2	29,300	28,000	28,500
Daily Cover (Contaminated Soil) (\$40)	3	21,500	12,000	12,000
Asbestos (\$200)	4	270	250	250
Recyclables subject to full tipping fee (\$95)	5	4,000	4,000	4,000
Recyclables subject to other tipping fee (\$45)	6	600	825	825
Recyclables exempt from tipping fee	7	600	600	600
Tire Units (\$0)	8	2,500	2,500	2,500
Freon Units (\$15)	9	1,200	1,200	1,200
Mattresses (\$11)	10	11,300	12,000	12,000

Notes

- 1/2 No significant change anticipated.
- 3 Daily Cover (Contaminated Soil) increased from \$20/tonne to \$40/tonne in 2017 and the "overs" from the processing of construction & demolition recycled material stopped coming to the Landfill. In May and June of 2017 these "overs" have started coming back but to be conservative, the estimated 2018 tonnage has been set at the estimated 2017 actual tonnage.
- 4/5 No significant change anticipated.
- 6 These are typically scrap metal, green waste, drywall and blue box materials, and bulky plastics. Have matched 2018 budget to 2017 estimated actual.
- 7 These are WEEE & loads under 100 kg. No significant change anticipated.
- 8/9 No significant change anticipated.
- 10 Have matched 2018 budget to 2017 estimated actual.

Operational Revenues

Tipping Fees

- The Budget estimate is based on maintaining existing tipping fees except for the prior approved increase in the tipping fee for small loads from \$7/load to \$10/load has also been incorporated into the Budget estimate. A reduction in Contaminated Soil accounts for the majority of the Tipping Fee reduction.

Rental Properties

- Slight increase to match cost of living index.

Stewardship Revenues

- Tire revenue has steadily declined and for 2018 no tire revenue is projected.

Scrap Metal

- Maintain 2018 Budget at 2017 Budget.

LFG Agreement

- Royalty maintained at 2017 level.

Certified Emissions Reduction Credits

- Program ended on July, 2017 so no revenue included in 2018 Budget.

Operational Expenses

Salaries, Wages, Benefits, Training and Corporate Administration

- City salaries up by almost 1.5%. A new Manager of Environmental Protection is proposed with responsibility for Waste Management and, accordingly, a larger allocation to the Landfill has been included in the salaries; and
- County Staff resources allocated to Landfill site assumed same as 2017.

Materials, Property Taxes and Insurance

- No major changes are anticipated in this area. The slight decrease is because of a reduction in the cost of daily data processing.

Site and Weigh Scale Operator

- 2018 cost based on agreement.

Monitoring Consultants

- Standard costs for yearly reporting based on established work program and estimate of additional work that may be required.

Leachate Disposal

- Leachate unit disposal costs have remained at 2017 levels. This cost will be reduced when Cell 2 is completed and fully capped. The large reduction in 2016 actual costs was because of the dry summer. Expect more of a typical summer for 2017.

Landfill Recyclables

- Slight increase based on yearly cost increases plus addition of Bulky Plastics received at Landfill.

Shame Agreement and WM Steering Committee

- No change assumed for 2018 other than Cost of Living Index.

Rental Property Expenses

- Expense estimates reduced to reflect anticipated reduced work necessary on rental properties in 2018.

Township Royalty Fees

- No change for 2018 other than Cost of Living Index.

Other Contractual Services

- No change from 2017 actual costs.

APPENDIX B to Report WMC17-004

Summary of Landfill Activity 2015 - 2017 and 2018 Budget

	2015 Budget	2015 Actual	2016 Budget	2016 Estimate	2017 Budget	2017 Estimate	2018 Budget
Gross Revenues							
Tipping Fees	2,565,401	2,299,409	3,076,900	2,600,000	2,896,600	2,365,000	2,750,000
Rental Properties	90,000	87,840	80,000	87,000	87,000	87,000	88,000
Stewardship fees - tires	3,000	18,314	1,500	10,000	10,000	-	-
Scrap Metal	30,000	44,830	30,000	40,000	35,000	15,000	35,000
LFG Agreement	100,000	73,434	75,000	75,000	75,000	75,000	75,000
Certified Emissions Reduction Credits	65,000	63,280	65,500	65,500	38,000	38,000	-
	2,853,401	2,587,107	3,328,900	2,877,500	3,141,600	2,580,000	2,948,000
Gross Expenditures							
Salaries, Wages, Benefits, Training & Corporate Admin	266,848	292,835	267,120	267,120	281,839	261,839	300,000
Materials, Property Taxes and Insurance	248,923	135,718	143,392	131,478	163,031	169,170	158,870
Site and Weighscale Operator	1,359,630	1,360,260	1,542,430	1,400,964	1,442,435	1,442,435	1,485,693
Monitoring Consultants	410,000	374,350	385,000	360,000	470,000	470,000	330,000
Leachate Disposal	300,000	197,997	560,000	560,000	560,000	300,000	560,000
Landfill Recyclables	630,000	600,672	600,000	600,000	600,000	625,000	650,000
Shame Agreement and WM Steering Committee	60,000	54,812	60,000	60,000	60,000	60,000	60,000
Rental Property Expenses	30,000	14,212	25,000	5,000	10,000	5,000	5,000
Township Royalty Fees	331,000	309,837	342,364	255,776	340,716	290,000	300,000
Other Contractual Services	180,000	50,809	180,000	100,000	100,000	100,000	100,000
	3,814,201	3,391,502	4,105,306	3,740,338	4,008,021	3,723,444	3,949,363
Net Revenues/(Expenses) to Share	(960,800)	(804,395)	(776,406)	(862,838)	(866,421)	(1,143,444)	(1,001,363)
County Share @ 50%	(480,400)	(402,198)	(388,203)	(431,419)	(433,211)	(571,722)	(500,682)

APPENDIX C TO REPORT WMC17-004

PETERBOROUGH COUNTY/CITY WASTE MANAGEMENT FACILITY ESTIMATED CAPITAL BUDGET -- AS OF JUNE 2017

NO.	ITEM	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	TOTAL
1	Final Cover for Cell 2	\$62,500 ⁷															\$62,507
4	Haul Soil Off-site	\$1,448,000 ¹	\$1,530,000 ¹														\$2,978,000
5	Design Cell 4		\$35,000														\$35,000
6	Construct Cell 4			\$4,500,000													\$4,500,000
7	Perimeter LFG Collection System in Cell 4				\$150,000												\$150,000
8	Final Cover Cell 3				\$90,000 ²	\$95,000 ²	\$95,000 ²										\$280,000
9	Vertical LFG Collection Wells in Cell 3					\$380,000 ³						\$180,000 ⁴					\$560,000
10	Final Cover Cell 4											\$150,000 ²	\$155,000 ²	\$160,000 ²			\$465,000
11	Vertical LFG Collection Wells in Cell 4											\$180,000 ⁵		\$625,000 ⁶			\$805,000
	TOTAL	\$1,510,500	\$1,565,000	\$4,500,000	\$240,000	\$475,000	\$95,000 #	\$0	\$0	\$0	\$0	\$510,000	\$155,000	\$785,000	\$0	\$0	\$9,835,507

- 1. Approximately 50% each year
- 2. Approximately 33% each year
- 3. On east side of Cell 3
- 4. On west side of Cell 3
- 5. On east side of Cell 4
- 6. On west side of Cell 4

Proposed Tip Fee Increases

Effective
January 1st, 2018

- Bulk Loads of Mattresses(10 +)
increase to \$20.00 per unit
- Freon Items increase to \$20.00
per unit

Notice of Proposed Rate Increases at the Peterborough County / City Waste Management Facility

The Proposal

The City and County of Peterborough are proposing to implement fee increases at the Peterborough County/City Waste Management Facility at 1260 Bensfort Rd.

It is proposed to increase the charge for Freon-containing items to \$20.00 per unit effective January 1, 2018.

It is also proposed to increase the unit price for mattresses and/or boxsprings which come in loads of 10 units or greater to \$20.00 per unit, effective January 1, 2018.

You have an opportunity to voice any concerns you have about this proposal at the next County/City Waste Management Steering Committee.

Date: Monday September 18, 2017
Time: 2:00 pm
Location: City Hall, Doris Room
500 George St. N., Peterborough, ON

You may also send written comments to the contact below, by **September 7, 2017**, which will be passed along to the Waste Management Steering Committee for the September meeting. Please note that your name, address and comments will be maintained for the purpose of creating a record that is available to the general public in a hard copy format and on the internet in an electronic format, pursuant to Section 27 of the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O., 1990, c.M.56, as amended.

Virginia Swinson, Waste Diversion Section Manager
City Waste Management Division
500 George Street North
Peterborough, Ontario K9H 3R9
Tel: 705.742.7777, Ext. 1725
Fax: 705.876.4621
vswinson@peterborough.ca

This Notice first issued Wednesday, June 28, 2017

www.peterborough.ca

Notice of Proposed Rate Increases at the Peterborough County / City Waste Management Facility

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This Notice first issued Thursday, June 29, 2017

www.peterborough.ca

APPENDIX D to Report WMC17-008

Summary of Landfill Activity 2015 - 2017 and 2018 Budget October 2, 2017

	2015 Budget	2015 Actual	2016 Budget	2016 Estimate	2017 Budget	2017 Estimate	2018 Budget
Gross Revenues							
Tipping Fees	2,565,401	2,299,409	3,076,900	2,600,000	2,896,600	2,365,000	2,725,318
Rental Properties	90,000	87,840	80,000	87,000	87,000	87,000	88,000
Stewardship fees - tires	3,000	18,314	1,500	10,000	10,000	-	-
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Certified Emissions Reduction Credits	65,000	63,280	65,500	65,500	38,000	38,000	-
	<u>2,853,401</u>	<u>2,587,107</u>	<u>3,328,900</u>	<u>2,877,500</u>	<u>3,141,600</u>	<u>2,580,000</u>	<u>2,923,318</u>
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	<u>3,814,201</u>	<u>3,391,502</u>	<u>4,105,306</u>	<u>3,740,338</u>	<u>4,008,021</u>	<u>3,723,444</u>	<u>4,014,931</u>
Net Revenues/(Expenses) to Share	(960,800)	(804,395)	(776,406)	(862,838)	(866,421)	(1,143,444)	(1,091,613)
County Share @ 50%	(480,400)	(402,198)	(388,203)	(431,419)	(433,211)	(571,722)	(545,807)

APPENDIX E TO REPORT WMC17-004

PETERBOROUGH COUNTY/CITY WASTE MANAGEMENT FACILITY ESTIMATED CAPITAL BUDGET -- AS OF JUNE 2017																	
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