



City of
Peterborough

TO: Members of the Waste Management Steering Committee

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

MEETING DATE: September 9, 2013

SUBJECT: Report WMC13-017
Update to the Peterborough County/City Waste Management
Facility 2014 Draft Budget and 2013 Budget Actual Estimates

PURPOSE

To inform the Waste Management Committee on changes to the Peterborough County/City Waste Management Facility 2014 Draft Budget and to update the 2013 Budget Actual Estimates .

RECOMMENDATION

That the Waste Management Committee endorse the recommendation as outlined in Report WMC13-017 dated September 9, 2013 of the Director of Utility Services as follows:

That Report WMC13-017 dated September 9, 2013 providing information on the Peterborough County/City Waste Management Facility 2014 Draft Budget and 2013 Budget Actual Estimates be received for information.

BUDGET AND FINANCIAL IMPLICATIONS

There are significant budget implications to both the 2013 Budget and 2014 estimates given the information provided in this report.

A substantial loss in revenue for both years has resulted in a projected 2013 Budget shortfall of around \$1.08M and a reduced revenue stream of almost \$1M for 2014.

BACKGROUND

The Waste Management Committee in considering Report WMC13-011 (Appendix A) at its meeting of June 24, 2013 requested:

“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”

There are changes to both the 2013 Estimates and the 2014 Draft Budget from those presented to Committee on June 24, 2013. The details of these changes are presented below.

1. 2013 Actual Estimates

The changes to the expected 2013 Actual Estimates relate to:

- Tipping fee revenue; and
- Consultant fees

1.1 Tipping Fee Revenue

The initial 2014 budget estimate presented in June 2013, assumed a decrease in the order of 7.5% for tonnage subject to the full tipping fee. This reduction was to more closely match what was anticipated to be a drop in 2013 tonnage. The 2013 tonnage drop was based on the reduced incoming tonnage from the initial months of 2013.

The initial reduced incoming tonnage noticed in the beginning of 2013 has continued and grown. The best information available to staff now leads to the conclusion that this level of reduced tonnage will be the norm for the rest of 2013 and most likely 2014. The reduced tonnage is now estimated to be in the order of 35% from that assumed in the 2013 Budget.

For 2013 this amounts to a revenue shortfall of slightly more than \$1M. For 2014, the revenue reduction from the budget presented on June 24, 2013 is again in the order of \$1M.

1.2 Consultant Fees

The 2013 estimated consultant fees were based on a typical year that would have included as the major work item the Annual Monitoring Report. The expectation now, however, is that this portion of the budget will be overspent by about \$75,000.

The majority of these extra costs can be attributed to the unscheduled inspections of the Peterborough County/City Waste Management Facility by the Ministry of the Environment (see Report WMC13-008 MOE Inspection of Bensfort Road Landfill Operation) and the Technical Standards and Safety Association (see Report WMC13-012 Technical Standards and Safety Authority Inspection of Peterborough County/City Waste Management Facility). The work to critically examine and verify the observations of these two jurisdictions and to respond, including the development of certain additional monitoring/processing procedures was significant. It was imperative that a complete and timely response was provided and the time commitment and expertise required meant that staff had no option but to engage our existing consultant to undertake these additional works.

2. 2014 Budget Estimate Changes

The changes to the 2014 Budget Estimates relate to:

- Closure costs for the South and North Fill Areas; and
- Tipping fee revenue.

2.1 Closure Costs for the South and North Fill Areas

Updated closure and post closure costs for the South Fill Area were completed in July, 2013. Using these numbers and prorating based on Cell size, the closure and post closure costs for the North Fill Area were estimated and included as part of the longer term capital program for the Facility.

The only costs that affect the 2014 Capital budget estimate are the post closure costs for the South Fill Area. Based on these newest estimates, the total capital requirement for the Facility has been reduced by almost \$80,000 in 2014. Appendix C is a copy of the 2014 Capital Budget estimate.

2.2 Tipping Fee Revenue

The Waste Management Committee, at its meeting of June 24, 2013, recommended that the tipping fee for garbage loads of 101kg or more at the Peterborough County/City Waste Management Facility be increased by \$5.00/tonne to \$95.00/tonne effective January 1, 2014 and that this number be reflected in the 2014 budget process.

Based on the June 24, 2013 estimate of tonnage subject to the full tipping fee, this increase in tipping fee would have added \$166,650 to the Facility revenue stream. With

the reduced tonnage now anticipated (see Section 1.1), the increased tipping fee will add \$107,500 to the Facility revenue stream.

The anticipation of a continued, substantial loss in tonnage subject to the full tipping fee has created a much reduced 2014 tipping fee revenue.

It is possible that the increased tipping fee will further discourage private haulers from bringing their loads to the Facility. As an example, if an additional 25% of the estimated 2014 tonnage subject to full tipping fee charges failed to come to the Facility, an additional \$500,000 in revenue for 2014 would not be received.

3. Overall Change in 2014 Budget Estimate

Appendix B presents the latest 2014 Budget Estimate as well as the previous year's budgeted and estimated actual numbers. There is a significant shortfall in the 2013 Budget and significant reduction in the 2014 estimated revenues from tipping fees.

Submitted by,

W. H. Jackson
Director, Utility Services

Contact Name:
W. H. Jackson
Director, Utility Services
Phone: 705-742-7777 Ext 1894
Fax: 705-876-4621
E-Mail: wjackson@peterborough.ca

Attachments:

Appendix A – Report WMC13-011 – First Draft of the 2014 Budget for the Peterborough County/City Waste Management Facility

Appendix B – 2014 Estimated Budget (as of September 9, 2013) for the Peterborough County/City Waste Management Facility

Appendix C – 2014 Capital Budget estimate for the Peterborough County/City Waste Management Facility



City of
Peterborough

**Appendix A to
Report WMC13-017**

TO: Members of the Waste Management Steering Committee

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

MEETING DATE: June 24, 2013

SUBJECT: Report WMC13-011
First Draft of the 2014 Budget for the Peterborough
County/City Waste Management Facility

PURPOSE

A report to present the first draft of the 2014 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 WMC13-011 dated June 24, 2013, of the Director of Utility Services as follows:

- a) That Report WMC13-011 dated June 24, 2013 providing information on the first Draft of the Peterborough County/City Waste Management Facility 2014 Budget and the underlying assumptions made in the preparation of this draft budget be received for information; and
- 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.

BUDGET AND FINANCIAL IMPLICATIONS

The assumptions presented in this report will form the basis for the 2014 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, 2013.

BACKGROUND

The 2014 Budget process has started with the goal to have the final budget for the Peterborough County/City Waste Management Facility adopted before the end of 2013.

The budget for the Peterborough County/City Waste Management Facility 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 2014 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. The conservative approach has been used for all assumptions.

Appendix B provides Budget and Actual information from 2011 to 2013 with an estimated 2014 Budget.

Certain trends may become clearer over the next months so staff is suggesting this budget come back to the Waste Management Committee for the September meeting to allow further discussion and/or comments.

Submitted by,

W. H. Jackson
Director, Utility Services

Contact Name:

W. H. Jackson

Director, Utility Services

Phone: 705-742-7777 Ext 1894

Fax: 705-876-4621

E-Mail: wjackson@peterborough.ca

Attachment:

Appendix A: Peterborough County/City Waste Management Facility 2014 Draft Budget
Assumptions

Appendix B: Summary of Peterborough County/City Waste Management Facility
Activity 2011-2014

Report WMC13-011

Appendix A

Peterborough County/City Waste Management Facility

2014 Draft Budget Assumptions

Tonnages

ITEM	2013 TONNES		2014 DRAFT BUDGET
	BUDGET	ACTUAL	
Garbage subject to full tipping fee (1)	36,000	32,677	33,330
Garbage exempt from tipping fee (1)	32,000	28,606	29,200
Contaminated Soil (2)	10,200	15,000	15,000
Asbestos (3)	150	150	150
Recyclables subject to regular tipping fee (4)	2,275	4,636	4,700
Recyclables subject to other tipping fee(5)	150	150	150
Recyclables exempt from tipping fee (6)	170	400	410
Tire Units (3)	350	350	350
Freon Units (3)	450	450	450

Notes

- (1) Decrease in garbage (from both private and municipal) to more closely match actuals;
- (2) Contaminated soil estimate increased from 2013 to match 3-year average
- (3) Asbestos, tire units, Freon units all remain at 2013 levels;
- (4) Increase in recyclables to more closely match actuals. These are typically construction & demolition materials;
- (5) Scrap metal, green waste, drywall, blue box materials; and
- (6) WEEE & loads under 100 kg

Operational Revenues

Tipping Fees

- No increase in tipping fee rates proposed in draft budget. Total tipping fees collected is up because of increase in contaminated soil tonnage and recyclable tonnage from 2013 Budget.
- Assume mattresses are recycled but no charge to drop off.

Rental Properties

- Slight increase due to increased rental rate for land and no increase in house rental (WMC12-002 dated November 19, 2012).

Stewardship Revenues

- Increased to be closer to Actual.

Scrap Metal

- Assumed reduced volume based on estimated 2013 Actual.

LFG Agreement

- No change anticipated.

Certified Emissions Reduction Credits

- Slight increase based on Cost of Living Index.

Operational Expenses

Salaries, Wages, Benefits, Training & Corporate Administration

- City salaries up by 1.75% based on negotiated agreements. No change in allocation of staff to Landfill site;
- City Corporate Administration down due to reallocation of resources;
- County Staff resources allocated to Landfill site assumed same as 2013;and
- Training same as 2013.

Materials, Property Taxes and Insurance

- Increase in light & water but overall slight decrease to account for reduction in telephone, office supplies, insurance and internal equipment.

Site and Weigh Scale Operator

- 2014 cost based on increase in agreement.

Monitoring Consultants

- Standard costs for yearly reporting; and
- Increase (\$100,000) to account for anticipated Environmental Assessment work toward future capacity provisions.

Leachate Disposal

- Construction of Cell 3 of North Fill Area expected in 2nd/3rd quarter of 2014. Assume more leachate collected therefore leachate disposal costs have been increased.

Landfill Recyclables

- Increased estimate for transporting and processing of landfill recyclables based on higher than estimated volumes in 2013.

Shame Agreement and WM Steering Committee

- No change assumed for 2014 other than Cost of Living Index which will be small.

Rental Property Expenses

- Reduced expense estimates based on 2013 actuals and understanding that no major repairs are expected for 2014.

Township Royalty Fees

- No change for 2014 other than Cost of Living Index which will be small.

Other Contractual Services

- No increase anticipated in 2014.

Capital

- Continue with the post closure activities of the South Fill Area;
- Anticipate construction of Cell 3 of North Fill Area in 2nd/3rd quarter of 2014 (\$3.8M).
- Installation of additional gas collection system elements in North Fill Area
- Continue with landscaping activities in North Fill Area

Report WMC13-017 Appendix B -- Estimated Peterborough County/City Waste Management Facility Activity 2011-2014

	2011	2011	2012	2013	2013	2014
	Budget	Actual	Budget	Budget	Estimate	Budget
Gross Revenues						
Tipping Fees	4,150,250	3,671,993	3,628,500	3,692,250	2,893,490	2,830,475
Rental Properties	95,000	89,727	95,000	95,000	95,000	100,000
Stewardship fees - tires	12,000	3,313	12,000	1,200	12,000	10,000
Scrap Metal	40,000	50,072	40,000	40,000	25,000	25,000
LFG Agreement	20,000	-	20,000	20,000	10,000	20,000
Certified Emissions Reduction Credits	-	-	-	63,954	63,954	65,000
	4,317,250	3,815,105	3,795,500	3,912,404	2,899,444	3,050,475
Gross Expenditures						
Salaries, Wages, Benefits, Training & Corporate Admin	309,300	282,955	320,240	300,653	260,506	264,741
Materials, Property Taxes and Insurance	171,443	173,409	169,261	176,492	172,866	164,971
Site and Weighscale Operator	1,068,500	1,036,783	1,090,000	1,260,000	1,320,012	1,320,012
Monitoring Consultants	335,000	306,615	310,000	350,000	425,000	450,000
Leachate Disposal	50,000	50,000	180,000	241,067	250,000	300,000
Landfill Recyclables	193,000	342,340	250,000	250,000	350,000	350,000
Shame Agreement and WM Steering Committee	65,000	55,020	65,000	65,000	65,000	65,000
Rental Property Expenses	90,000	66,998	90,000	50,000	10,000	20,000
Township Royalty Fees	312,000	299,396	312,000	312,000	312,000	312,000
Other Contractual Services	85,000	63,519	90,000	75,000	75,000	75,000
	2,679,243	2,677,035	2,876,501	3,089,145	3,180,372	3,321,724
Net Revenues to Share	1,638,007	1,138,070	918,999	823,259	(280,928)	(271,249)
County Share @ 50%	819,004	569,035	459,500	411,630	(140,464)	(135,625)

Report WMC13-017 Appendix C – 2014 Capital Budget Estimate for Peterborough County/City Waste Management Facility

Report WMC13-017 Appendix B -- Estimated Peterborough County/City Waste Management Facility Activity 2011-2014

	2011 Budget	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Estimate	2014 Budget
Gross Revenues							
Tipping Fees	4,150,250	3,671,993	3,628,500	3,844,073	3,692,250	2,693,490	2,830,475
Rental Properties	95,000	89,727	95,000	90,936	95,000	95,000	100,000
Stewardship fees - tires	12,000	3,313	12,000	2,793	1,200	12,000	10,000
Scrap Metal	40,000	50,072	40,000	56,953	40,000	25,000	25,000
LFG Agreement	20,000	-	20,000	-	20,000	10,000	20,000
Certified Emissions Reduction Credits	-	-	-	31,350	63,954	63,954	65,000
	4,317,250	3,815,105	3,795,500	4,026,105	3,912,404	2,899,444	3,050,475
Gross Expenditures							
Salaries, Wages, Benefits, Training & Corporate Admin	309,300	282,955	320,240	314,827	300,653	260,506	264,741
Materials, Property Taxes and Insurance	171,443	173,409	169,261	143,191	176,492	172,866	164,971
Site and Weighscale Operator	1,068,500	1,036,783	1,090,000	1,139,297	1,260,000	1,260,000	1,320,012
Monitoring Consultants	335,000	306,615	310,000	298,715	350,000	425,000	450,000
Leachate Disposal	50,000	50,000	180,000	241,067	250,000	250,000	300,000
Landfill Recyclables	193,000	342,340	250,000	355,073	250,000	350,000	350,000
Shame Agreement and WM Steering Committee	65,000	55,020	65,000	56,739	65,000	65,000	65,000
Rental Property Expenses	90,000	66,998	90,000	19,063	50,000	10,000	20,000
Township Royalty Fees	312,000	299,396	312,000	440,005	312,000	312,000	312,000
Other Contractual Services	85,000	63,519	90,000	47,867	75,000	75,000	75,000
	2,679,243	2,677,035	2,876,501	3,055,844	3,089,145	3,180,372	3,321,724
Net Revenues to Share	1,638,007	1,138,070	918,999	970,261	823,259	(280,928)	(271,249)
County Share @ 50%	819,004	569,035	459,500	485,130	411,630	(140,464)	(135,625)