



City of
Peterborough

To: Members of the Waste Management Steering Committee

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

Meeting Date: June 23, 2014

Subject: Report WMC14-009
First Draft of the 2015 Budget for the Peterborough
County/City Waste Management Facility

Purpose

A report to present the first draft of the 2015 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 WMC14-009 dated June 23, 2014, of the Director of Utility Services as follows:

- a) That Report WMC14-009 dated June 23, 2014 providing information on the first Draft of the Peterborough County/City Waste Management Facility 2015 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 on 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 2015 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 January 2015.

Background

The 2015 Budget process has started with the goal to have the final budget for the Peterborough County/City Waste Management Facility adopted in January 2015.

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 2015 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 2012 to 2014 with an estimated 2015 Budget. Appendix C is the Capital Budget.

The major differences between the 2014 Budget and the 2015 Budget are:

- Reduced tipping fees revenue;
- Deferral of the construction of Cell 3 of the North Fill Area to 2015 (see Report WMC14-006 dated May 12, 2014); and
- Transfer of some previous Capital Budget items to the Operating Budget.

Transferring previously identified Capital items (such as South and North Fill Areas post closure costs, landscaping and consulting fees) makes the accounting process simpler. 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,

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Attachments:

- Appendix A: Peterborough County/City Waste Management Facility 2015 Draft Budget Assumptions
- Appendix B: Summary of Peterborough County/City Waste Management Facility Activity 2012-2015
- Appendix C: Ten Year Capital Budget Estimates

Report WMC14-009

Appendix A

Peterborough County/City Waste Management Facility

2015 Draft Budget Assumptions

Tonnages

ITEM	2014 TONNES		2015 DRAFT BUDGET
	BUDGET	ACTUAL ESTIMATE	
Garbage subject to full tipping fee (1)	22,955	17,100	16,600
Garbage exempt from tipping fee (2)	29,179	29,000	29,200
Contaminated Soil (3)	15,000	21,200	21,000
Asbestos (4)	150	150	150
Recyclables subject to regular tipping fee (5)	4,700	5,400	5,400
Recyclables subject to other tipping fee(6)	105	600	600
Recyclables exempt from tipping fee (7)	410	600	600
Tire Units (8)	350	2,500	2,500
Freon Units (9)	450	560	560
Mattresses (10)	0	3000	10,000

Notes

- (1) Decrease in garbage to account for continuous drop from major customer.
- (2) No significant change anticipated.
- (3) Increased to match 2014 actual estimate.
- (4) Maintain at 2014 levels.
- (5) Increase in recyclables to more closely match actuals. These are typically construction & demolition materials.
- (6) Increase in recyclables to more closely match actuals. These are typically scrap metal, green waste, drywall, blue box materials, and bulky plastics.
- (7) Increase in recyclables to more closely match actuals. These are WEEE & loads under 100 kg.
- (8) 2014 Budget number was in error. 2015 estimate to match 2014 actual.
- (9) No significant change anticipated.
- (10) New program implemented in September 2014.

Operational Revenues

Tipping Fees

- No increase in tipping fee rates proposed in draft budget. Total tipping fees collected is down because of reduced volume from major commercial client.
- The mattresses recycling programme is assumed to be implemented with a \$10 per unit fee imposed.

Rental Properties

- Down from 2014 Budget to more closely match actuals.

Stewardship Revenues

- No significant changes.

Scrap Metal

- Assumed increased volume based on estimated 2014 Actual.

LFG Agreement

- No change anticipated.

Certified Emissions Reduction Credits

- Slight increase based on Cost of Living Index.

Operational Expenses

Salaries, Wages, Benefits, Training and Corporate Administration

- City salaries up by 1.75% based on negotiated agreements. No change in allocation of staff to Landfill site;
- County Staff resources allocated to Landfill site assumed same as 2014; and
- Training same as 2014.

Materials, Property Taxes and Insurance

- Reductions in estimates for items such as light and water, materials and bank charges result in an overall reduction in this area.

Site and Weigh Scale Operator

- 2015 cost based on increase in agreement.

Monitoring Consultants

- Standard costs for yearly reporting; and
- Amalgamation of operating and capital consulting assignments into operating account.

Leachate Disposal

- Construction of Cell 3 of North Fill Area expected in 2nd/3rd quarter of 2015 and therefore assume more leachate collected. Leachate disposal costs have remained at 2014 Budgeted amount because Cell 3 was anticipated to have been constructed in 2014.

Landfill Recyclables

- Increased estimate for transporting and processing of landfill recyclables based on higher assumed volumes in 2015 given higher volumes than estimated in 2014.

Shame Agreement and WM Steering Committee

- No change assumed for 2015 other than Cost of Living Index.

Rental Property Expenses

- Expense estimates increased to match 2014 actuals but no major repairs are expected for 2015.

Township Royalty Fees

- No change for 2014 other than Cost of Living Index.

Other Contractual Services

- Increased because of transfer of post closure costs from Capital to Operating Budgets.

Capital

- Move operational matters (SFA and NFA post closure costs, landscaping, consulting fees) out of Capital Budget and into Operating Budget.
- Anticipate construction of Cell 3 of North Fill Area in 2nd/3rd quarter of 2015 (\$3.8M).
- Install gas collection system around perimeter of North Fill Area Cell 2.
- Extend the public drop-off and container area.

Report WMC14-009 Appendix B - Summary of Peterborough County/City Waste Management Facility Activity 2012 - 2015

	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2014 Estimate	2015 Preliminary Budget
Gross revenues							
Tipping fees	3,628,500	3,844,073	3,692,250	2,800,105	2,830,425	2,514,400	2,565,400
Rental Properties	95,000	90,936	95,000	87,177	100,000	70,000	70,000
Stewardship Fees -Tires	12,000	2,793	1,200	2,268	10,000	3,000	3,000
Scrap metal	40,000	56,953	40,000	50,618	25,000	30,000	30,000
LFG Agreement	20,000	0	20,000	24,237	20,000	20,000	20,000
Certified Emissions Reduction Credits	0	31,350	63,954	62,825	65,000	65,000	65,000
	3,795,500	4,026,105	3,912,404	3,027,230	3,050,425	2,702,400	2,753,400
Gross Expenditures							
Salaries, Wages, Benefits, Training & Corpora	320,240	314,827	300,653	303,529	264,237	264,237	266,115
Materials, Property Taxes & Insurance	189,261	143,191	176,492	169,042	166,855	121,685	136,760
Site & Weigh scale Operator	1,090,000	1,139,297	1,260,000	1,337,508	1,320,012	1,320,012	1,359,630
Monitoring Consultant	310,000	298,715	350,000	327,491	450,000	330,000	410,000
Leachate Disposal	180,000	241,067	250,000	239,169	300,000	250,000	300,000
Landfill Recyclables	250,000	355,073	250,000	409,649	350,000	460,000	630,000
Shame Agreement & WM Steering Committee	65,000	56,739	65,000	57,717	65,000	60,000	60,000
Rental Property Expenses	90,000	19,063	50,000	45,658	20,000	30,000	30,000
Township Royalty Fees	312,000	440,005	312,000	338,057	312,000	328,000	331,000
Other Contractual services	90,000	47,867	75,000	64,630	75,000	50,000	180,000
	2,896,501	3,055,844	3,089,145	3,292,450	3,323,104	3,213,934	3,703,505
Net Revenue to Share	898,999	970,261	823,259	-265,220	-272,679	-511,534	-950,105
County Share @ 50%	449,500	485,131	411,630	-132,610	-136,340	-255,767	-475,053

**2015-2024 Capital Budget Justification
Tangible Capital Assets**

CAP Form 1 (TCA)

Department: Utility Services
Division: Waste Management

Budget Reference #: 5-10.01

Project Name & Description

Peterborough Landfill Site

Commitments Made

The City and the County entered into an agreement July 1, 2002 to jointly own and operate the Peterborough Waste Management Facility and share all cost and revenues on a 50-50 basis.

Effects on Future Operating Budgets

The operating budget includes a "Landfill Operations" activity that captures ongoing operating costs associated with the site and tipping fee revenues all of which are cost shared 50-50 with the County.
The waste disposal capacity and annual fill rates are based on best estimates and will be refined annually.

Project Detail, Justification & Reference Map

The North Fill Area was constructed and started receiving waste in September 2010. Additional monitoring will be established along the newly created perimeter boundaries.

The South Fill Area reached capacity in 2012. The cell was capped and closed as per the SFA closure plan which included seeding and landscaping to a natural state.

The Landfill Gas to Energy project was commissioned in 2013. A gas collection system will be constructed for Cell 2 in 2015 and the public drop off container area will be expanded in 2015 to accommodate the increase in receivable material received at the landfill.

Cell 3 of the North Fill Area is expected to be constructed in the second and third quarter of 2015.

A waste exchange/reuse centre is proposed to be constructed at a location before the weigh scales. This simple building could be operated by a local not-for-profit who would remove and clean the items for re-sale or free distribution.

Accessibility Considerations

Asset Description	Qty	Sub-Class 1	Sub-Class 2	Sub-Class 3	Acquires/Compl date (yyyy/mm)	In-service date (yyyy/mm)	City Portion of Cost
North Fill Area		Land Improvements	Landfill	Gas Capture	2015/12		\$800,000
Landfill Site		Land Improvements	Landscaping	Concrete and Stone	2015/12		\$300,000
Earthworks and Building					2015/06	2015/09	\$500,000

Tangible Capital Assets Ten Year Capital Budget Estimates

2015-2024 & Subsequent Years
(5000's)

DEPARTMENT DIVISION/ACTIVITY PROJECT DESCRIPTION PROJECT #	Project Total	Approved Pre-2015	REQUESTED										2025 to 2039				
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 to 2039				
(1) Utility Services Department Waste Management Peterborough Landfill Site 5-10.01																	
EXPENDITURES																	
WASTE EXCHANGE/REUSE CENTRE	500.0		500.0														
NORTH FILL AREA																	
CELL DEVELOPMENT	14,023.8	6,423.8	3,800.0					30.0	3,770.0								
CLOSURE COSTS	54.0		54.0														
GAS COLLECTION SYSTEM	800.0		800.0														
EXTENSION OF PUBLIC DROP-OFF AREA	300.0		300.0														
PROJECT TOTAL	15,677.8	6,423.8	5,454.0					30.0	3,770.0								
DIRECT REVENUE																	
SUBSIDIES	7,838.9	3,211.9	2,727.0					15.0	1,885.0								
OTHER - County of Peterborough	7,838.9	3,211.9	2,727.0					15.0	1,885.0								
TOTAL DIRECT REVENUE	7,838.9	3,211.9	2,727.0					15.0	1,885.0								
NET REQUIREMENTS	7,838.9	3,211.9	2,727.0					15.0	1,885.0								
TO BE FINANCED FROM:																	
DEBENTURES																	
Tax Supported																	
TOTAL DEBENTURE FINANCING																	
DEVELOPMENT CHARGES																	
TOTAL DEVELOPMENT CHARGES																	
Waste Management Reserve Fund	7,838.9	3,211.9	2,727.0					15.0	1,885.0								
TOTAL OTHER FINANCING	7,838.9	3,211.9	2,727.0					15.0	1,885.0								
CAPITAL LEVY																	

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