



**The Corporation of the County of Wellington
Solid Waste Services Committee
Agenda**

October 11, 2016

10:30 am

County Administration Centre

Keith Room

Members: Warden Bridge; Councillors McKay (Chair), Brianceau, Davidson, Williamson

	Pages
1. Call to Order	
2. Declaration of Pecuniary Interest	
3. Financial Statements and Variance Projections as of September 30, 2016	2 - 6
4. Solid Waste Services Strategy Study – Next Steps	7 - 9
5. Closed Session	
6. Rise and Report	
7. Adjournment	

Next meeting date November 8, 2016 or at the call of the Chair.



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Solid Waste Services Committee
From: Ken DeHart, County Treasurer
Date: Tuesday, October 11, 2016
Subject: **Solid Waste Services Financials and Variance Projections as of September 30, 2016**

Background:

This report is respectfully submitted in accordance with the County's Budget Variance Reporting policy, and provides an updated projection to year-end based on expenditures and revenues to September 30, 2016 for the Solid Waste Services Division. Highlights are as follows:

Operating

- Grants and subsidies are below budget as additional WDO grant amount is still to be received for the year, no variance is expected.
- The remaining land rental revenue will be received later in the year.
- Bag sales recorded to September 30 are at 98% of the total budget of \$1,035,000. This time last year bag sales were at 77% of budget. The large increase can be partially attributed to the increase to user pay bag prices in July of this year. Another significant factor is that a large volume of bag purchases were made in advance of the fee increase.
- Tipping fees are tracking ahead of targeted levels to this point, sitting at 89% of the budgeted level of \$1.2 million for landfills and transfer stations. This can also be partially attributed to the increase in bag fees at the transfer stations. If revenues follow a similar pattern as in 2015, a positive variance between \$150,000 to \$200,000 could result.
- Sales revenues are under budget at this time as a result of timing of revenues received and blue box commodity markets are below expected levels, this may result in a negative variance of approximately \$80,000 by year end
- Salaries and wages are currently under budget as a result of staffing vacancies, a positive variance between \$40,000 and \$50,000 is anticipated
- Total expenditures recorded to September 30 are at 71% of the total budget of \$8.2 million
- Insurance and financial includes the complete insurance payment for 2016, the remaining budget relates to retailer compensation and is expected to be slightly over budget by year-end as a result of a higher bag volumes and increasing retailer share of sales
- Supplies, materials and equipment is on budget and no variance is anticipated
- Purchased services is under budget, in some cases a line item may appear under spent due to timing differences (i.e. work complete but not invoiced) while in other cases the planned work has yet to be performed
- The capping materials allocation is expected to be expended by the end of the year; any savings will be transferred to the Capping Materials Reserve

Curbside Collection and User Pay Bags

At the March 31st County Council meeting, the decision was made to expand curbside collection of waste and recyclables to the rural areas of the five member municipalities not currently receiving the service. In the report staff estimated that the annual cost of implementing this service would be \$1,040,000. Council also approved an increase to user fee garbage bag prices that is expected to generate a significant increase in revenue. Staff anticipated that the costs of expanding rural collection would be largely offset by the user fee increase. One-time costs for the new 22 gallon blue boxes and promotion and education expenses amounted to approximately \$120,000. The programme has been in place as of July 1st. As expected, bag sales have seen a spike as large amounts were purchased in advance of the user pay bag increase, and are currently at 98% of the 2016 budget. The overall impact of expanding curbside collection remains difficult to determine at this time given the short amount of time it has been in place. Staff continue to estimate, based on the early information available, that it will be cost neutral on an annualized basis, outside of the \$120,000 one-time costs mentioned above.

Capital

The total approved 2016 capital budget for Solid Waste Services is \$2,100,000; of which \$1,760,000 is carried forward from previous years and \$340,000 was approved in the 2016 Budget. Projects closed total \$40,000 which leaves SWS with an open capital budget amounting to \$2,060,000.

Previous Year Carry Forward	2016 Approved Budget	Total budget	Closed Project Total	Total Open Budget
\$ 1,760,000	\$ 340,000	\$ 2,100,000	\$ 40,000	\$ 2,060,000

Overall Solid Waste capital is tracking within budget. Specific project details are outlined below.

- 2016 Solid Waste Equipment project closed with a minor positive variance, savings will be transferred to the SWS Equipment Reserve.
- The remaining projects are ongoing works and will carry forward to 2017.
 - Elora Transfer Station Closed Nichol Landfill - re-grade the site for improved water management.
 - Aberfoyle closed site - post-closure mound and ditching repairs as needed.
 - Site improvements for road work at all sites - road improvements and repairs at County Waste Facilities on an as needed basis.
 - Waste Strategy – year one of three.
 - Belwood closed site - Staff anticipate construction work, to improve surface water management on down-gradient GRCA lands, will commence in October.

The year-end variance for Solid Waste Services will depend primarily on the final cost to implement the expanded rural collection to all of its member municipalities and the extent to which these costs are offset by the new user pay bag prices and volumes. At this stage, staff are projecting a negative variance of \$120,000 for the implementation of rural collection – which is largely due to the one-time costs of purchasing new blue boxes and for promotion and education. The remaining variance will depend on tipping fee levels through the rest of the year and expenditures on services provided in the summer months. The overall Solid Waste Services year end variance is anticipated to be positive in the range of \$30,000 to \$50,000.

Recommendation:

That the Financial Statements and Variance Projections as of September 30, 2016 for the Solid Waste Services Division be approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ken DeHart', with a stylized flourish extending to the right.

Ken DeHart, CPA, CGA
County Treasurer



County of Wellington
Solid Waste Services
Statement of Operations as of
30 Sep 2016

	Annual Budget	September Actual \$	YTD Actual \$	YTD Actual %	Remaining Budget
Revenue					
Grants and Subsidies	\$701,800	\$166,038	\$345,272	49%	\$356,528
Licenses, Permits and Rents	\$12,900	\$0	\$9,068	70%	\$3,832
User Fees & Charges	\$2,250,000	\$182,578	\$2,081,098	92%	\$168,902
Sales Revenue	\$765,400	\$78,270	\$480,119	63%	\$285,281
Internal Recoveries	\$405,800	\$151,681	\$321,707	79%	\$84,093
Total Revenue	\$4,135,900	\$578,568	\$3,237,265	78%	\$898,635
Expenditures					
Salaries, Wages and Benefits	\$2,365,300	\$212,106	\$1,736,179	73%	\$629,121
Supplies, Material & Equipment	\$898,200	\$31,684	\$677,145	75%	\$221,055
Purchased Services	\$4,406,100	\$423,986	\$3,010,274	68%	\$1,395,826
Insurance & Financial	\$137,300	\$4,269	\$129,780	95%	\$7,520
Internal Charges	\$405,400	\$151,845	\$302,970	75%	\$102,430
Total Expenditures	\$8,212,300	\$823,889	\$5,856,347	71%	\$2,355,953
NET OPERATING COST / (REVENUE)	\$4,076,400	\$245,322	\$2,619,083	64%	\$1,457,317
Transfers					
Transfers from Reserves	\$(264,200)	\$0	\$0	0%	\$(264,200)
Transfer to Capital	\$200,000	\$0	\$200,000	100%	\$0
Transfer to Reserves	\$800,000	\$0	\$800,000	100%	\$0
Total Transfers	\$735,800	\$0	\$1,000,000	136%	\$(264,200)
NET COST (REVENUE)	\$4,812,200	\$245,322	\$3,619,083	75%	\$1,193,117



County of Wellington

04-October-2016

Solid Waste Services

Capital Work-in-Progress Expenditures By Departments

All Open Projects For The Period Ending September 30, 2016

	Approved Budget	September Actual	Current Year	Previous Years	LIFE-TO-DATE ACTUALS		
					Total	% of Budget	Remaining Budget
Elora Transfer clsd Nichol LF	\$1,300,000	\$0	\$0	\$1,042,856	\$1,042,856	80 %	\$257,144
Aberfoyle Closed Site	\$200,000	\$0	\$4,683	\$160,897	\$165,580	83 %	\$34,420
Site Impr - Rd Maint All Sites	\$100,000	\$0	\$3,676	\$0	\$3,676	4 %	\$96,324
Waste Management Study	\$100,000	\$815	\$15,483	\$0	\$15,483	15 %	\$84,517
Belwood Closed Site	\$360,000	-\$2,406	\$12,541	\$6,411	\$18,952	5 %	\$341,048
Total Solid Waste Services	\$2,060,000	\$(1,591)	\$36,384	\$1,210,164	\$1,246,548	61 %	\$813,452



COMMITTEE REPORT

To: Chair and Members of the Solid Waste Services Committee
From: Gordon J. Ough, P.Eng, County Engineer
Date: Tuesday, October 11, 2016
Subject: SWS Strategy Study – Next Steps

Background:

In 2015, the Solid Waste Services (SWS) Committee initiated a short to long-term strategic review of waste and diversion programmes and services.

At the November 2015 Committee meeting, a report was received which listed topics and issues that will be considered throughout the course of the study. These topics are grouped based on their relationship to each other. It recommended that decisions on certain issues, topics, programmes and services should not be made in isolation. Rather, they needed to be assessed in relation to other topics in the grouping in order to evaluate them in their proper context.

The topic groups as outlined in the November report are as follows;

Grouping A	Provision of Waste Management Services in the County
Grouping B	Future of Waste Disposal in the County
Grouping C	Independent Topics

The November report also presented projected timelines for completing the evaluation of the different topics.

There was significant discussion at the January 2016 SWS Committee on the topics of user fees for bagged waste and expanding rural curbside collection of waste and recyclables. These were considered to be linchpin topics within Grouping A, as decisions on these topics would affect the direction taken on other waste management services.

At the March Committee and Council meetings, two key decisions were made. First, to expand rural curbside collection as soon as possible to the five member municipalities not currently receiving that service. Second, to adopt a standardized bag fee structure for the waste facility and the curbside bagged waste fees. Both of these decisions were implemented on July 1. These two key decisions have provided staff with the ability to approach the SWS Strategy Study in a more focused and streamlined way, as these two significant decisions will have a direct impact on other programmes.

The following report recommends a slightly revised approach to the remainder of the SWS Strategy study.

Discussion on Next Steps:

Re-Grouping of Topics

A proposed re-grouping of the topics to be assessed follows:

Grouping A	Provision of Curbside Services
Grouping B	Future of Waste Disposal
Grouping C	Waste Facility Optimization
Grouping D	Independent Topics

Moving forward, it is recommended that the curbside-related topics and the waste facility related topics in Grouping A be separated.

The County's current processing, marketing, and curbside collection contracts expire on June 30, 2019. To allow sufficient time for a successful bidder to order and receive any necessary capital equipment, it is necessary that the curbside collection contract be awarded 15-18 months prior to the start of the contract. By examining the curbside related topics only, a report can be completed and presented at the June 2017 SWS Committee. The report will assess all of the various curbside collection options for the Committee's review. With direction provided to staff at the June meeting, there will be sufficient time to create, release, and award the processing and curbside collection contracts in early 2018.

Another advantage of separating the curbside topics from the waste facility analysis is to assess the effect that the rural curbside collection expansion will have on the County's waste facility usage. Observing the waste facility usage changes and trends will allow for consideration of how these resources may or may not be used in the future.

One potential recommendation might be that the waste facilities are used less for weekly household garbage and blue box recycling needs. This would free up capacity and resources to expand the number and type of materials that can be collected and diverted from landfill. At later stages in the SWS Strategy, an estimate of the financial value of the available airspace in the County's landfill, and what the monetary impact of increasing diversion could be by extending the life expectancy of the County's only active landfill will be explored.

The Waste-Free Ontario Act (WFOA) is also expected to require municipalities to manage current materials differently, and begin managing new materials. For example, certain materials types (e.g. organics) may be banned from landfill. In that event, the County would be obligated to provide a means of collection for that material if no alternative exists. This collection doesn't necessarily need to be provided through curbside collection. Some materials may be better managed as a drop-off service at waste facilities.

By assessing the "Waste Facility Optimization" topics later in the Strategy, more will be known about the Waste-Free Ontario Act (WFOA) and its impacts and obligations.

Attached in Appendix A are tables displaying the original topics in a re-grouped format. There are some brief points highlighted for each topic providing some context or clarification as to what will be considered or evaluated in the Strategy analysis. An update on status will be provided where appropriate. Topics that have been raised in Committee (i.e. cart collection, free brush drop-off, User Pay bags or tags, the use of garbage boxes, etc.) are all located on this list and will be addressed in future reports to Committee.

Revised Timelines

With the decision made to expand and implement rural curbside collection throughout the County, the original timelines presented require adjusting. Further, the concept of separating the curbside-related topics from the waste facility topics also indicated that a revised timeline was necessary.

The Provision of Curbside Services and Waste Facility Optimization (Groupings A and C) are well-suited to be presented in one report. The topics within the groupings are quite inter-related, and decisions made on them should not be made in isolation.

The Future of Waste Disposal and Independent Topics (Groupings B and D) are more able to be brought forward to Committee independently as sections of the group are completed.

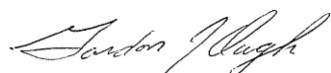
Below is an amended timeline which displays the approximate schedule for the completion of the various topic groupings.

Project Timelines	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Grouping A - Provision of Curbside Services								
Grouping B - Future of Waste Disposal								
Grouping C - Waste Facility Optimization								
Grouping D - Independent Topics								

Recommendation:

That the report titled “SWS Strategy Study – Next Steps” be received for information.

Respectfully submitted,



Gordon J. Ough, P.Eng.
County Engineer