



Corporation of the County of Wellington

Solid Waste Services Committee

Minutes

November 8, 2022

County Administration Centre

Keith Room

Present:	Warden Kelly Linton Councillor Gregg Davidson (Chair) Councillor Diane Ballantyne Councillor Steve O'Neill Councillor James Seeley
Also Present:	Councillor Campbell Cork Councillor Jeff Duncan Councillor-Elect, Matthew Bulmer
Staff:	Donna Bryce, County Clerk Simon Burgess, Operating Budget and Cash Management Supervisor Ken DeHart, County Treasurer Don Kudo, County Engineer Jackie Lee Macchiusi, Capital Budget and Accounting Manager Scott MacDougall, Collections Supervisor Das Soligo, Manager, Solid Waste Services Scott Wilson, CAO

1. Call to Order

At 1:00 pm, the Chair called the meeting to order.

2. Declaration of Pecuniary Interest

There were no declarations of pecuniary interest.

3. Solid Waste Services Financial Statements as of October 31, 2022

1/7/22

Moved by: Warden Linton

Seconded by: Councillor Ballantyne

That the Solid Waste Services Financial Statements as of October 31, 2022 be approved.

Carried

4. Solid Waste Services 2023 User Fees and Charges

2/7/22

Moved by: Councillor Seeley

Seconded by: Councillor O'Neill

That the 2023 User Fees and Charges for Solid Waste Services be approved.

Carried

5. Solid Waste Services 2023-2032 Preliminary Ten-Year Plan

3/7/22

Moved by: Warden Linton

Seconded by: Councillor Seeley

That the preliminary 2023-2032 Solid Waste Services capital budget forecast and major operating budget impacts as set out in the report be endorsed and forwarded to the Administration, Finance and Human Resources Committee for inclusion in the County of Wellington's Preliminary Ten-Year Plan.

Carried

6. Annual Escalation on Curbside Collection Contract

4/7/22

Moved by: Councillor O'Neill

Seconded by: Warden Linton

That the November 8, 2022 report titled Annual Escalation on Curbside Collection Contract be received for information.

Carried

7. Municipal Hazardous and Special Waste Agreements

5/7/22

Moved by: Councillor Ballantyne

Seconded by: Councillor O'Neill

That the November 8, 2022 report titled Municipal Hazardous and Special Waste Agreements be received for information; and

That the Warden and Clerk be authorized to sign the Product Care and Automotive Materials Stewardship agreement documents.

Carried

8. Adjournment

At 1:48 pm, the Chair adjourned the meeting until January 10, 2023 or at the call of the Chair.

Gregg Davidson
Chair
Solid Waste Services Committee



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Solid Waste Services Committee
From: Ken DeHart, County Treasurer
Date: Tuesday, November 8, 2022
Subject: **Preliminary 2023-2032 Ten-Year Plan: Solid Waste Services**

Background:

This forecast provides a high-level view of major budget issues and planned capital investments and serves as a guide for departments in preparing their detailed current year operating and capital budgets. The preliminary corporate ten-year plan will be considered by the Administration, Finance and Human Resources Committee on November 29, 2022 and the forecast will be updated at the time the budget is approved early in the New Year.

Major Operating Budget Impacts

Staff are in the process of compiling the detailed 2023 operating budgets for each department. Major items to be reflected in the 2023 Solid Waste Services Operating Budget include the following:

- The land rental revenue for the Harriston and Riverstown-adjacent farmlands has been increased to reflect the current lease agreements
- Tipping fees have been adjusted up by \$80,000 based on experience to date in 2022 along with the expectation of an increase on the user fees as was outlined in the Solid Waste Services Strategy.
- Sales revenue has been increased by \$300,000 to reflect a strong surge in plastics prices in 2022. As reported to committee in October, recent information indicates a significant correction to these prices in recent months. While 2022 is expected to have a large surplus in this line item, the increase in 2023 is based upon current market conditions.
- Staffing changes include:
 - ❑ A new Equipment Operator (Leachate Management) at the Riverstown Landfill Site. This position will be responsible for testing and pumping leachate, compaction of roll-off bins, construction/capping activities and providing coverage for the other full-time Equipment Operators.
 - ❑ Additional transfer station part-time site assistant staff for the Belwood and Elora locations is being requested for 2023. These staff have been in place through the pandemic in an effort to address increased use as well as the co-ordination to ensure distancing and safety procedures was required. As these locations have remained busy staff are looking to maintain current staffing levels going forward.
- Inflationary impacts affecting the Solid Waste budget are significant in 2023 as prices for a number service contracts as well as other costs are increasing including:
 - ❑ \$740,000 increase to the blue box and garbage collection contract
 - ❑ \$107,000 increase to the Leaf and Yard Waste Processing contract
 - ❑ \$40,000 increase to user pay bag costs

Blue Box Programme

As previously reported to committee, the Ministry of Environment released the Blue Box regulation (Ontario Regulation 391/21) transitioning the current Blue Box Programme to full producer responsibility. The County will be exiting the Blue Box Programme as of July 1, 2025, which will result in significant changes to the Solid Waste Services budget in 2025/2026. The expected impacts to the revenue and expenditures within the department are outlined below and are split over the two-year period:

Revenues

- RPRA grant reduction of \$1.67 million
- Blue box materials, OCC, Paper and Commingle sales reduction of \$1.04 million

Expenditures

- Processing recyclables costs of \$1.07 million
- Blue box collection contract reduction of \$3.6 million

The net result of these changes is a reduction to the County tax levy of \$1.96 million dollars between 2025 and 2026.

In addition to the changes to the budget noted above, staff are currently gathering details on possible additional costs associated with transitioning out of the blue box programme in advance of the contract end-date with the County's curbside collections contractor, Waste Management. These early contract ending costs could be significant. Staff will report back to committee with further details in January.

Capital Budget Forecast

In accordance with the Budget Management Policy, the list of capital works includes those initiatives that have a long-term benefit to the corporation and whose capital cost is at least \$25,000. Capital budgets are presented as inflated by 15% for 2023, 5% for 2024 and 3.5% for 2025-2032. The inflation factor for 2023 represents the current non-residential construction price index. It is anticipated that inflation will return to historical levels and the future forecast reflects this expectation. Highlights of the Solid Waste Services capital forecast are as follows:

- A total of \$10.4 million in expenditures are projected over the ten-year period.
- Equipment replacements total \$6.6 million and are fully funded by the SWS Equipment Reserve.
- Due to availability, the 2023 pick-up trucks are budgeted for traditional fuel vehicles.
- Future year pick-up truck replacements are budgeted to accommodate electric vehicle purchases and reflects preliminary Corporate Climate Change budget initiatives. The actual purchase will be dependent on the availability of this technology and charging infrastructure at the time of acquisition. Planning's Green Fleet Strategy budgeted for 2023 will help inform these budget forecast items.
- Site improvements for roads (2023 & 2028) and buildings (2030) address lifecycle replacements and rehabilitations.
- Facility upgrades at Elora and Rothsay are included in 2023 and provides similar infrastructure, working conditions and patron experience to the other four County waste facilities. The scope of the work includes new scale houses, scales and asphalt paving. Elora will also include a new retaining wall to replace the existing deteriorating wall and to expand the drop off area to allow for enhanced user experience and diversion opportunities. Both projects are funded through a mix of growth supported debt, development charges and reserves.

Riverstown landfill is the County's one remaining active landfill site with expected capacity beyond 2053. Staff are planning for future development of this site throughout the ten-year forecast and have included projects totaling \$1.4 million. Projects for Phase II of the site include:

- Riverstown Cell Development continues throughout this forecast with pre-excavation work totalling \$765,000. Funding is provided through the Solid Waste Services Capital reserve.
- Riverstown North Pond Development scheduled in 2024 at \$650,000 funded from the Solid Waste Services Capital reserve. The project involves the construction of a required storm water retention pond to the north of the Phase II filling area.

The detailed 2023 operating budget and revised ten-year plan will be presented to the Committee in January. Attached to the report is the current proposed ten-year operating budget and ten-year capital budget for Solid Waste Services.

Recommendation:

That the preliminary 2023-2032 Solid Waste Services capital budget forecast and major operating budget impacts as set out in this report be endorsed and forwarded to the Administration, Finance and Human Resources Committee for inclusion in the County of Wellington's Preliminary Ten-Year Plan.

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

COMMITTEE REPORT

To: Chair and Members of the Solid Waste Services Committee
From: Das Soligo, Manager of Solid Waste Services
Date: Tuesday, November 08, 2022
Subject: **Annual Escalation on Curbside Collection Contract**

Background:

During the October County of Wellington Council meeting, questions were raised regarding the annual escalation of the County's curbside collection contract, as the increase has a significant impact on the projected 2023 budget. Direction was given for staff to provide more information on the nature of these increases.

Cost drivers on Curbside Collections Contract:

The curbside collection contract that was awarded to Waste Management in June, 2019 is a 7-year contract with three, one-year options. Provisions for annual inflationary increases are standard for many long-term contracts, as this allowance provides security against unknown future inflationary cost increases to bidders on the contract. As such, this contract provision has been incorporated in all of the County's curbside collection contracts.

The escalation provision that was part of the tender specification was as follows:

- 30.1** Bid costs will be adjusted on the anniversary date of the commencement of the Contract for each subsequent year for the life of the Contract to account for increases in the cost of living and the cost of fuel. The adjustment will be based on the percent change year over year in the *Canadian Industry Price Index (CIPI), Diesel Fuel, Ontario* and the *Consumer Price Index (CPI), Ontario, All Items Excluding Energy* published by Statistics Canada for the most recent twelve (12) calendar months.

Another annual cost-driver on the curbside collection contract is dependent on growth in the County's communities. There is an annual escalation on the base contract cost which is determined by the number of new homes serviced through the contract. In 2022, 111 new homes were added to be serviced through the contract at a cost of \$17,813.28.

The County also has a contract to process and market recyclables collected from curbside and from the County's waste facilities. This contract is also subject to annual inflationary increases, and has an additional impact which is dependent on the amount of recyclables that are processed each year. The budget has been adjusted upwards to reflect the steady increase of recyclables collected. Whether this is due to more people working at home or ordering products online, the County has seen an increase in diversion of recyclables from landfill through its collection programmes.

CPI and Inflationary Indices:

Prior to the October Council meeting, staff had requested a meeting with the County's curbside collection contractor to discuss and better understand the significant inflationary increase on the

collection contract. Upon receiving direction to further investigate the escalation on the curbside collection contract at Council, staff requested additional information in advance of the requested meeting.

The following was sent by a representative of Waste Management, the County's curbside collection contractor;

"Below is a description of the escalator used annually in July.

- The escalator applied is per Bid Specification in project W2019-020: Curbside Collection of Waste and Recyclables.
- The calculation uses Statistics Canada All-Items Ontario at 90% and Fuel at 10%
- Data is taken from the previous 12 months of index points and averaged for the year, to come up with a percentage change
- The general purpose of any escalator is to cover changes in costs over a specific time period
- The application of the escalator takes a historical look since cost impacts have already occurred and applies it to future pricing

- To establish pricing during the bid process, WM used the Bid Specification (90% All-Items/10% diesel fuel) for both the base bid and alternative CNG bid
- The savings on CNG fuel versus Diesel were factored into our overall base price rather than counting on an index. CNG Indexes are not as reliable or representative of our actual CNG fuel costs.

The Escalator applied in 2021 was 1.45% and 2022 was 11.51%. This averages 6.48% which still does not cover our ACTUAL costs increases:

- Maintenance costs increased 32.7% (collection parts, labour, tires, lubricants, collection vehicles)
- Driver labour is up 8.4%
- Operations support is up 11.4%

As a side note, Wellington County collections are showing an 11% increase in hours on top of the increases noted above. We will be reviewing what is impacting this item over the next little while."

The curbside collection tender specifications indicated that the CPI calculations would include diesel pricing, however; the Waste Management bid submission provided an alternate CNG fuel option, which was ultimately selected by County Council.

Following the acceptance of the alternate CNG bid, the diesel CPI was not replaced by a CNG price index. Notwithstanding Waste Management's comment that the CNG index pricing isn't necessarily reflective of their actual CNG cost, staff could explore the option of replacing the diesel CPI with a CNG CPI, in order to have greater accuracy with respect to future true cost increases.

The inflationary escalations are applied to the curbside collection contract annually on July 1st, with the 2022 increase being far larger than typical. While the diesel inflation index makes up 10% of the annual inflationary adjustment, it has had a large impact due to the substantial increase in diesel costs over the previous year. Similarly, the CNG price increase has also been notably atypical over the

previous year. For comparative purposes, the increases in fuel pricing over the previous year (July 1, 2021 – June 30, 2022) are as follows;

- Diesel index increase (Statistics Canada) – 75%
- CNG index increase (Statistics Canada) – 96%

As this year has been somewhat unprecedented in recent times in terms of inflation, future years will hopefully return to more typical inflationary trends, which would result in a lesser escalation on the curbside collection contract over the remainder of its term.

Recommendation:

That the November 8, 2022 report titled “Annual Escalation on Curbside Collection Contract” be received for information.

Respectfully submitted,

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

Das Soligo
Manager of Solid Waste Services



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Solid Waste Services Committee
From: Das Soligo, Manager of Solid Waste Services
Date: Tuesday, November 08, 2022
Subject: **Municipal Hazardous and Special Waste Agreements**

Background:

The Hazardous and Special Products (HSP) Regulation 449/21 under the Resource Recovery and Circular Economy Act (RRCEA) came into effect on October 1, 2021. This regulation forms a new producer responsibility system for the following designated materials: oil filters, refillable and non-refillable pressurized containers, antifreeze, oil containers, paints and coatings, solvents, pesticides, mercury-containing devices, fertilizers, and refillable propane containers. Batteries are not part of this Regulation, and are managed under a separate regulation.

Eight Producer Responsibility Organizations (PRO's) were established to provide services to the producers of the designated materials. A transition period of October 1, 2021 to December 31, 2022 was established, and County staff have continued to work with our previous industry partners to manage these materials under an amended agreement on an honour system. In order to continue to receive funding through the balance of the transition period, a formal agreement needs to be entered into with the two current PRO's: Automotive Materials Stewardship (AMS) and Product Care.

Staff will continue to follow the developments on the HSP materials and will enter into discussions with the various PRO's that have registered with the Resource Productivity & Recovery Authority (RPRA). Staff will report back to Council with recommendations on developments and any relevant details of HSP collection in the County, as industry programmes are developed in 2023.

Recommendation:

That the November 8, 2022 report titled "Municipal Hazardous and Special Waste Agreements" be received for information.

That the Warden and Clerk be authorized to sign the Product Care and Automotive Materials Stewardship agreement documents.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Das Soligo', written in a cursive style.

Das Soligo

Manager of Solid Waste Services