

Minutes of an Amherstburg Municipal Council – Special Public Meeting Held on Monday, March 7, 2011 at 5:30 p.m. in Council Chambers

PRESENT:

Mayor Wayne Hurst
Deputy Mayor Ron Sutherland
Councillor Carolyn Davies
Councillor Bart DiPasquale
Councillor Robert (Bob) Pillon
Councillor Diane Pouget
Councillor John Sutton

ALSO PRESENT:

Pamela Malott, Chief Administrative Officer
Brenda Percy, Manager of Council & Leg. Services/Clerk
Lou Zarlenga, Director of Engineering & Infrastructure
Eli Maodus, Windsor-Essex Solid Waste Authority
Michelle Bishop, Windsor-Essex Solid Waste Authority

CALL TO ORDER

The Mayor called the meeting to order at 5:30 p.m.

DISCLOSURE OF PECUNIARY INTEREST & GENERAL NATURE THEREOF

There were no disclosures of pecuniary interest in the matter.

PRESENTATION

Eli Maodus provided a PowerPoint presentation pertaining to the Windsor-Essex Solid Waste Authority, copy of which attached as an Addendum to these minutes. Mr. Maodus reviewed:

- 2011 budget estimates
- program costs
- composition of tipping fee assessed to municipal and residential customers
- allocation options to be assessed to municipalities

Mr. Maodus advised that the 2011 Budget Estimates are being presented to each municipality for input. In particular, WESWA is seeking feedback with respect to a proposal to move away from the tipping fee charged back to the municipality to an allocated amount.

Councillor Sutton moved, Deputy Mayor Sutherland seconded:

That we rise and adjourn at 6:25 p.m.

The Mayor put the Motion.

Motion Carried

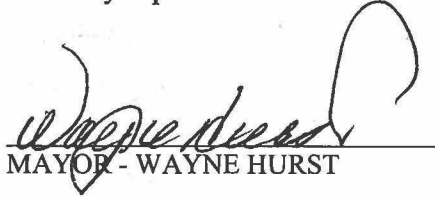
ADJOURNMENT

Councillor Pillon moved, Councillor Sutton seconded:

That we rise and adjourn at 6:25 p.m.

The Mayor put the Motion.

Motion Carried


MAYOR - WAYNE HURST


CLERK - BRENDA M. PERCY

Essex-Windsor Solid Waste Authority



**Presentation To
Municipal Councils 2011**

Questions That Will Be Answered By the Presentation

- What is the Essex-Windsor Solid Waste Authority and why does it exist?
- What does the Authority do?
- Why does the Authority do what it does?
- What and where are the Authority's facilities?
- What do the Authority's programs cost and what are the revenue sources?
- What are the facts concerning the landfill's expected life?
- What impact does importing waste have on the landfill's life?
- Why make a change from the current model of charging municipalities a tipping fee to assessing a fixed monthly charge?

The Presentation Will Also:

- Provide information that will allow the Mayor and Deputy Mayor to make a decision regarding the Authority's budget when it is presented to County Council.
- Provide information for administration and council so that they can adequately address any concerns from their residents.
- Provide a better understanding to what the municipality and its residents are receiving for the money the municipality pays to the Authority.
- Provide miscellaneous information.

Waste Management Powers

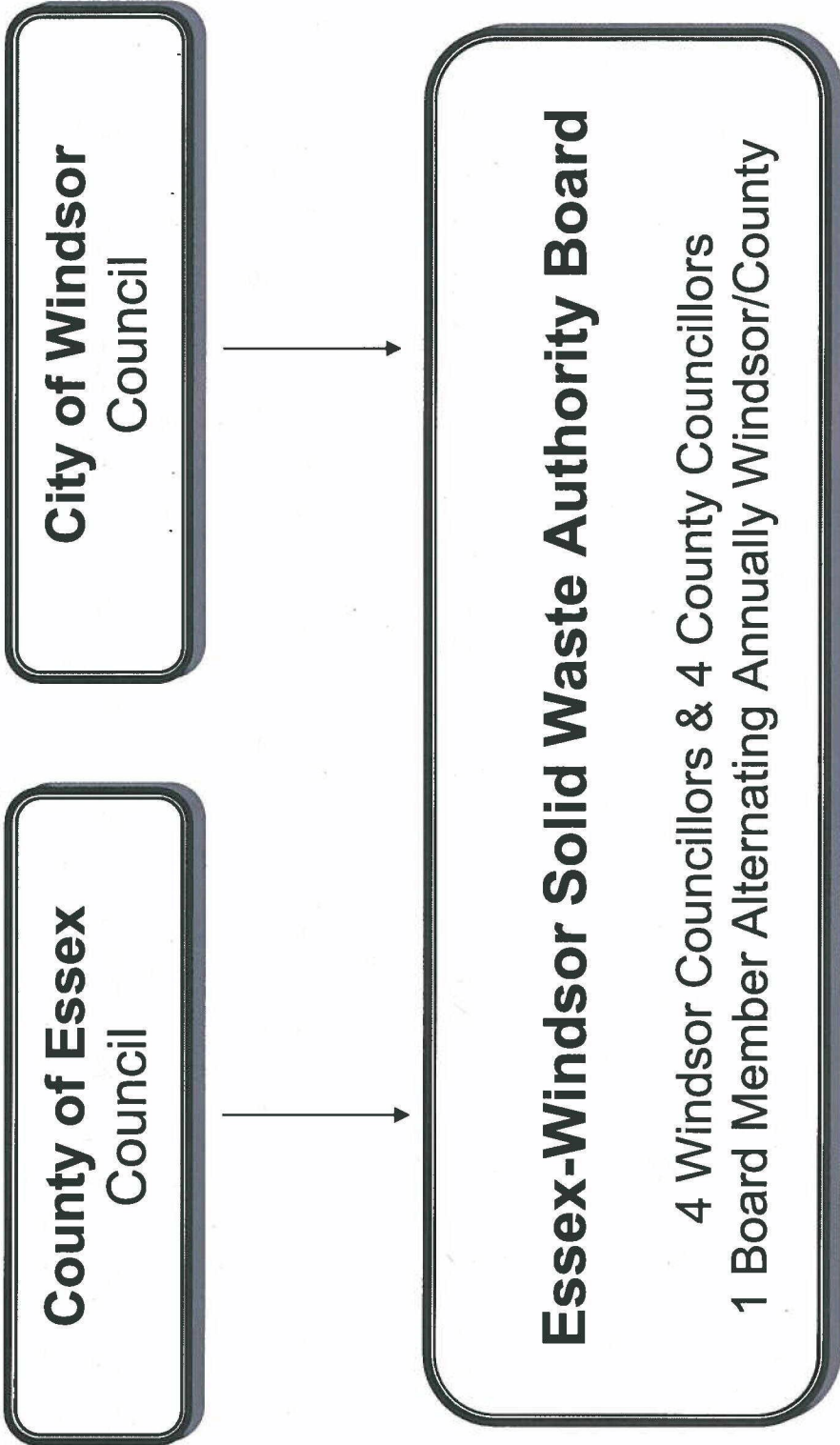
1990 By-Law 2847 passed by County Council on Sept. 19 whereby the County assumed the following waste management powers from the local levels of government:

- Storage and processing of waste
- Transfer of waste
- Incineration of waste
- Reduction, reuse, recovery & recycling of waste
- Disposal of waste at current and future landfill sites.

Creation of the Essex-Windsor Solid Waste Authority

1994 County Council passed By-Law 3129 on May 18, 1994 to enter into an agreement with the City of Windsor to create the Essex-Windsor Solid Waste Authority (EWSWA).

EWSWA Governance Structure



Services and Programs Provided by the EWSWA

- Landfilling
- Recycling collection from Households, Apartment Buildings and Small Businesses.
- Processing and Marketing for the sale of recyclable materials.
- Public Drop-Off Depots in Windsor and Kingsville for residents to dispose of refuse, recyclables, household chemical waste, electronics, tires, organics, appliances and refrigerants.
- Outreach to schools to educate students about waste and the 3Rs (Reducing, Reusing and Recycling)
- Production of municipal calendars which are then distributed to every household in Essex-Windsor showing recycling and refuse collection days as well as information pertaining to municipal services.
- Production of the “Enviro-Tips” newsletter which is then distributed to every household in Essex-Windsor
- Education and advertising via various media such as print, radio and TV.

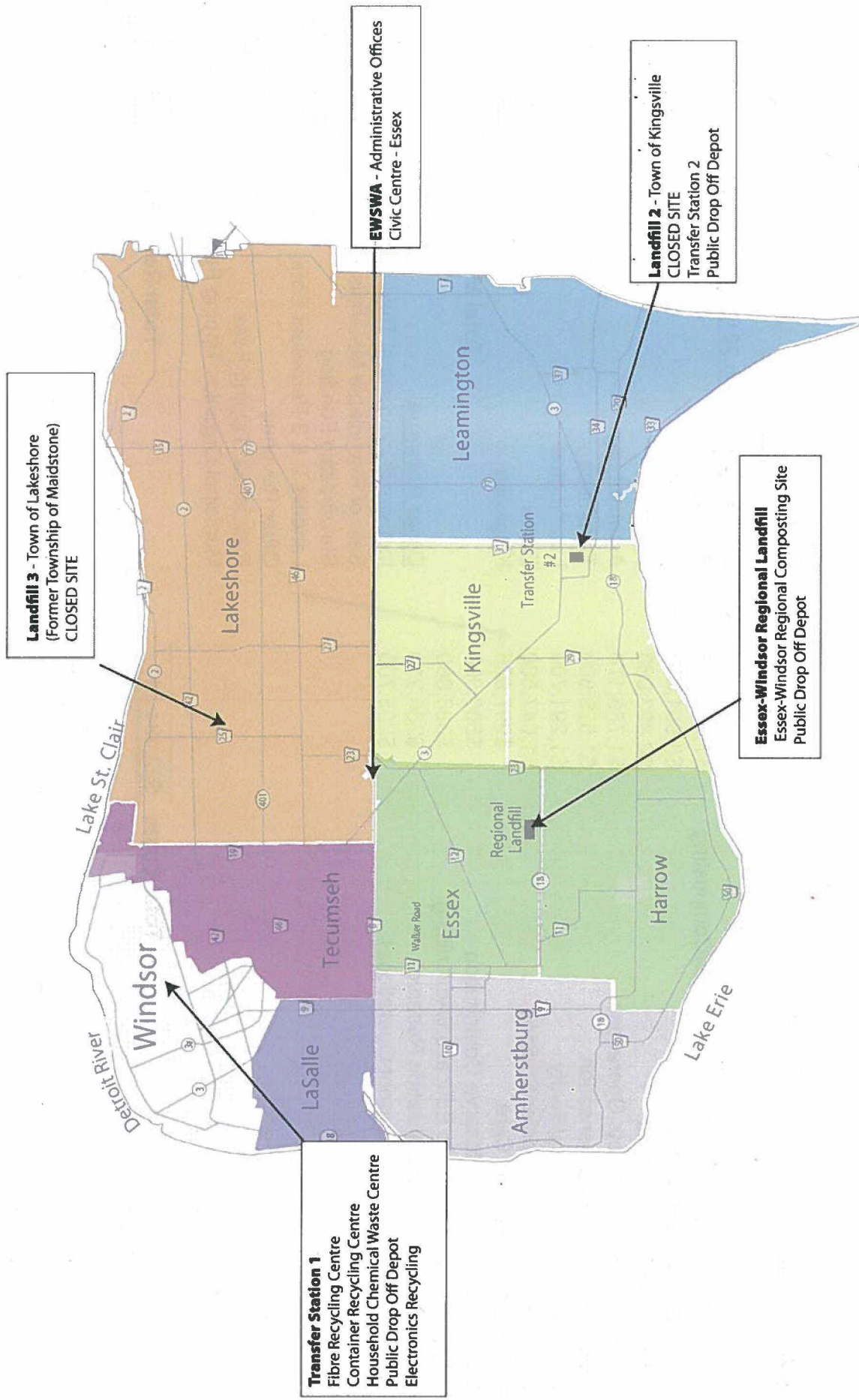
Service and Programs - Continued

- Management of buffer farmland around the Regional Landfill.
- Management and care of 2 closed landfill sites located in former Maidstone Township and Gosfield South Township.
- Administering a program to manage household chemical wastes such as paints, solvents, driveway sealer, fluorescent bulbs, batteries etc. generated by the homeowner.
- Manage waste reduction and reuse programs related to the proper disposal of white goods (appliances), tires, electronics, organics (grass, leaves, tree trimmings and brush) and refrigerants (contained within compressors).
- Manage transfer facilities in Windsor and Kingsville for the transfer of refuse to the Regional Landfill so that individual garbage trucks are not required to drive from the municipalities directly to the landfill.
- Create compost from the organic material delivered by municipalities and residents
- Distribution of Backyard Composters to residents of Essex-Windsor.

Why Does the Authority Undertake the Programs it Administers?

1. When the Province granted Essex-Windsor the right to establish a new landfill it required Essex-Windsor to implement programs that would reduce the amount of refuse to be disposed of. Therefore, diversion programs such as blue box recycling and recovery programs related to tires, electronics, white goods (appliances), household chemical waste have been implemented. In addition to these diversion programs an organics program for leaves, grass, tree trimming and brush has been maintained.
2. The Province has legislated the blue box program.
3. The Province has legislated the requirement for a yard waste organics program.
4. The Authority administers non-landfilling programs because it is the right thing to do from an environmental perspective.

EWSWA Facilities



Program Costs 2011

Program Costs

Recycling/Waste Diversion/Chemical Waste/Composting	\$7,832,125
Landfill Debenture Payment	\$3,901,970
Regional Landfill Operations	\$2,803,060
Transfer Station and Depots Operations	\$1,786,170
Essex & Residents' Compensation	\$1,529,800
Administration/Committees/Realty	\$1,291,700
Refuse Hauling From Transfer Stations	\$1,047,500
Landfills 2 & 3 Perpetual Care	\$997,925
Landfill Perpetual Care Reserve Contribution	\$500,000
Municipal Calendars/Public Education/Advertising	\$338,080
Contribution to Rate Stabilization Reserve	\$260,210
Capital Costs (Paid From Current Operations)	\$205,700
Total Costs	\$22,494,240



Revenue

Municipalities

Allocated based on 2010 actual tonnes

Windsor	\$5,466,810
Lakeshore	\$963,510
LaSalle	\$741,160
Amherstburg	\$660,510
Tecumseh	\$617,410
Leamington	\$577,910
Essex	\$558,180
Kingsville	\$514,510
Total Municipal	\$10,100,000

Other Revenue

Industrial/Commercial Tipping Fees	\$3,747,410
Sale of Recyclable Materials	\$3,331,925
Stewardship Funding	\$2,245,050
Landfills 2 & 3 Perpetual Care	\$997,925
Other Revenue	\$986,160
Residential Tipping Fees	\$597,000
Municipal Organics Tipping Fee	\$488,770
Total Revenue	\$22,494,240

Total Costs **\$22,494,240**

Total Revenue **\$22,494,240**

Composition of Tip Fee

Composition of Tip Fee Assessed to Municipal and Residential Customers

	<u>2011</u>	<u>2010</u>
	BASED ON 96,400 MUNICIPAL TONNES AND 5,000 RESIDENTIAL TONNES	BASED ON 103,640 MUNICIPAL TONNES AND 7,700 RESIDENTIAL TONNES
	\$29.29 \$20.41 \$12.03 \$9.01 \$7.96 \$7.86 \$7.73 \$3.75 \$2.57 \$2.41 \$1.00 \$0.52 \$104.54	\$24.85 \$19.33 \$11.34 \$15.55 \$7.63 \$7.24 \$7.48 \$3.39 (\$2.69) \$1.98 \$0.21 \$1.19 \$97.50
PROGRAM		
LANDFILL DEBENTURE		
REGIONAL LANDFILL OPERATING COSTS		
WINDSOR AND KINGSVILLE TRANSFER STATIONS AND DEPOTS		
RECYCLING COLLECTION, PROCESSING AND SALES EXPENSES		
ADMINISTRATION, COMMITTEES, REALTY		
REFUSE HAULING TO REGIONAL LANDFILL		
COMPENSATION TO ESSEX AND PROPERTIES AROUND LANDFILL		
REGIONAL LANDFILL PERPETUAL CARE RESERVE CONTRIBUTION		
CONTRIBUTION TO (FROM) OPERATING RESERVE		
PUBLIC EDUCATION, MUNICIPAL CALENDARS & ADVERTISING		
WASTE REDUCTION PROGRAM COSTS		
HOUSEHOLD CHEMICAL WASTE COSTS		
MUNICIPAL & RESIDENTIAL TIP FEE PER TONNE OF REFUSE DELIVERED		

Essex-Windsor Regional Landfill Facts

- July 1, 1997 - Landfill first opened to receipt of refuse
- The capacity is 12.2 million cubic metres. There is no restriction on the amount of tonnes that can be contained within this 12.2 million cubic metres.
- It was originally estimated that the landfill could manage 6.1 Million tonnes of refuse over a 25 year planning period at an average of 244,000 tonnes per year.
- It is estimated that approximately 7 to 8 million tonnes of refuse can be contained within the 12.2 million cubic metres. The amount of tonnes that can be landfilled is a function of the type of waste and how it can be compacted.
- For the period July 1, 1997 to December 31, 2010 - 2,780,000 tonnes of refuse has been delivered for disposal. This is an average of 206,000 tonnes for the 13 ½ year period.
- An estimate of 198,000 tonnes will be landfilled during 2011. For the period 2005-2010 the 200,000 tonne mark has not been met. There was a high of 278,000 tonnes in 2004.
- The Certificate of Approval does not cap the annual maximum amount of tonnes allowed in the landfill.
- There is enough landfill capacity to continue landfilling until 2035 which is 38 years after the landfill opened.
- The last payment on the landfill's debenture is in 2031.

Impact of Importing Waste

Using the current contract we have for the receipt of 40,000 tonnes of refuse with 30,000 of those tonnes originating from a private waste hauler transfer station in Toronto we will demonstrate the financial and operational impact of receiving the waste. The other 10,000 tonnes is generated locally.

The contract is for a one year period expiring September 30, 2011.

The 30,000 tonnes originating from Toronto is not residential curbside garbage. It is construction and demolition waste as well as other refuse from industrial, commercial and institutional sources. The waste is subject to the same conditions and requirements we have for all other waste e.g. it cannot contain recyclable material or any hazardous materials.

Financial Impact

The contract will generate gross revenue of \$1,120,000 at \$28 per tonne.

Had the contractor not been able to “bundle” the 30,000 tonnes originating in Toronto with the 10,000 tonnes of local refuse we would not have been in receipt of the local refuse since the contractor would have found a lower cost alternative for disposal compared to our 10,000 tonne price of \$41 per tonne.

Of the \$1,120,000 in tipping fee revenue, the Authority will pay to the Town of Essex \$296,000 in host municipal compensation and \$10,000 to residents living around the landfill.

The net amount of \$814,000 is \$814,000 less that the Authority needs to recover from Windsor and the 7 County municipalities.

Operational Impact

Additional truck traffic amounts to 3 or 4 transfer trailers per day.

The 30,000 tonnes originating from Toronto consumes approximately 2 months of landfill life.

The Importance of Not Throwing Recyclables in the Garbage

- Residents sometimes become upset and say that they'll throw their recyclables in the garbage.
- This became an issue recently when residents learned that refuse from outside Essex-Windsor is being landfilled in our Regional Landfill.
- Aside from the environmental impact, throwing recyclables in the garbage has a financial impact.
- Having recyclables added to a household's garbage does not result in lower recycling costs.
- The cost to have a truck go up and down a street is the same if there are less recyclables to collect or if there are more recyclables to collect. This is due to the fact that the collection cost is a fixed cost.
- The cost to process the recyclables in the two processing plants would not go down if there were less recyclables since processing costs are also fixed.

The Importance of Not Throwing Recyclables in the Garbage – Continued

- In the unfortunate scenario where recycling is drastically reduced or in the fortunate scenario where recycling increases significantly then there would be a change to the cost structure.
- Having recyclables in the waste stream delivered by municipalities to the landfill would not serve to increase landfilling costs since the increased tonnage would be marginal.
- **The biggest impact on a resident throwing their recyclables in the garbage is that we would be unable to sell those materials to earn a revenue.** Our costs of the recycling program would be the same but revenue would be decreased.
- The impact of lower recycling revenue would result in that much more being required to be paid by the municipalities.
- As discussed in the slide related to Authority costs and revenue sources, the lower the revenue from sources such as recycling revenue or ICI tip fees the more that has to be recovered from municipalities.
- Therefore residents throwing away their recyclables results in added costs to the municipalities which then filters back down to the resident in higher taxes.

Replacing a Tipping Fee With a Fixed Charge

For 2010 municipalities were charged a tipping fee of \$97.50 for each tonne of refuse delivered to the landfill.

Based on historical levels, Authority administration estimated that municipalities would deliver 103,640 tonnes of refuse during 2010, generating revenue for the Authority of \$10,104,900. Municipalities actually delivered 97,045 tonnes generating revenue of \$9,461,888. This resulted in a shortfall in tipping fee revenue of \$643,000.

Tipping fees that are charged to municipalities are not used only to cover the costs associated with landfilling municipal refuse but also to cover all the other program costs administered by the Authority.

A reduction in municipal tonnage does not translate into lower costs for landfilling, aside from host municipal compensation as this is the one truly variable cost, and it does not result in lower costs for the other programs delivered by the Authority.

There is a misperception that a higher tipping fee means that Authority costs are higher.

Replacing a Tipping Fee With a Fixed Charge - Continued

As a matter of fact Authority operating expenditure levels have remained relatively consistent over time. Cost increases not able to be controlled by the Authority relate to:

- (a) The landfill debenture which will add an average of \$159,000 annually to the Authority's budget over a 25 year period
- (b) Host municipal compensation which started at \$4.70/tonne in 1997 and is now at \$7.73. This is an additional \$606,000 for 2011 vs. 1997 based on 200,000 tonnes of refuse for a one year period.
- (c) Negotiated wage settlements.
- (d) Negotiated increases for those services provided to the Authority under contract such as recycling collection and processing.
- (e) General inflationary conditions such as those related to cost of electricity or fuel.

Replacing a Tipping Fee With a Fixed Charge - Continued

The other factor that determines how much money is required from municipalities is related to other revenue sources the Authority relies on in order to keep the amount assessed to municipalities at a reasonable level:

- (f) The sale of recyclables is expected to yield \$3,300,000 in 2011. Revenue was at a high of \$4,000,000 in 2008. As with other commodities and demand both domestically and worldwide, the items in the blue box are subject to variations in the prices they command.
- (g) The amount of revenue that can be earned from tipping fees charged to industrial, commercial and institutional (ICI) customers has a bearing on the calculation of the Authority's net costs that need to be recovered from municipalities.

The Authority's 2011 budget is based on a request from municipalities of \$10,100,000, similar to that of the 2010 request.

If a tipping fee rate was to be calculated for 2011 that rate would be \$104.54.

Replacing a Tipping Fee With a Fixed Charge - Continued

The immediate perception is that the fee has risen 7.2% over the 2010 tipping fee of \$97.50 and that cost cutting needs to take place in order to control the tipping fee.

Another perception would be that Authority costs have risen and that municipalities must now pay a higher amount to fund the Authority's operations.

In fact what has happened is that the tonnage figure used to calculate the tipping fee has decreased from 103,640 tonnes in 2010 to 96,400 tonnes in 2011.

It is for the following reasons that there is a proposal to implement an alternative method of assessing fees to the municipalities:

- (a) There is no correlation between the amount of refuse delivered by a municipality and the amount that should be paid by that municipality with regard to funding the Authority and its programs.

Replacing a Tipping Fee With a Fixed Charge - Continued

- (b) There is also no correlation between the amount of refuse delivered and the cost of the Authority's programs. As most Authority costs are fixed, more or less municipal refuse has little impact on the cost of landfilling and has no impact on other program costs.
- (c) To eliminate the misperception of a higher tipping fee meaning Authority costs are rising.
- (d) To ensure that the Authority is in receipt of the funding it requires for the year.
- (e) To eliminate artificial deficits created when actual municipal tonnes are less than that estimated.
- (f) To eliminate the misperception that less municipal tonnage is a negative thing. Less municipal tonnes means residents are consuming less, buying less packaging or otherwise reducing what is finding its way to their garbage containers.

Allocation Method

The suggestion to use the actual tonnes delivered by each municipality for the prior year as the basis for the allocation of the \$10.1M required was chosen since it results in the least change from what the municipalities are accustomed to and it results in the least amount of “shifting” compared to using assessment, households or population. This is not to say that in the future one of these models wouldn’t be used. It is being suggested that as an interim model that actual 2010 tonnes be used to allocate the \$10.1M that is required from municipalities for 2011.

The Authority proposing to implement an allocation of costs is not unlike what ERCA does whereby they allocate their costs to the municipalities based on assessment or unlike what Windsor and Essex do when allocating social services costs and EMS costs also based on assessment.

See the attached table (Allocation Options) comparing the various allocation models and the resulting “shifts”.

Allocation Options

ALLOCATION OPTIONS FOR \$10,100,000 TO BE ASSESSED TO MUNICIPALITIES

	2010 ACTUAL TONNES	2011 BUDGETED TONNES	ASSESSMENT	POPULATION	HOUSEHOLDS
	USE 2010 ACTUAL TONNES	USE 2011 BUDGETED TONNES	USE ASSESSMENT	USE POPULATION	USE HOUSEHOLDS
	\$	\$	\$	\$	\$
Windsor	52,528	52,000	\$19,717,901,321	216,473	95,049
	\$5,466,874	\$5,448,133	\$5,510,873	\$5,561,674	\$5,973,944
Amherstburg	6,346	6,400	\$1,910,315,611	21,748	8,346
	\$660,463	\$670,539	\$533,906	\$558,755	\$524,556
Essex	5,363	5,400	\$1,568,088,997	20,032	8,377
	\$558,157	\$565,768	\$438,259	\$514,667	\$526,505
Kingsville	4,944	4,900	\$1,828,373,914	20,908	7,845
	\$514,549	\$513,382	\$511,005	\$537,173	\$493,068
Lakeshore	9,258	9,200	\$3,733,886,536	33,245	12,368
	\$963,530	\$963,900	\$1,043,568	\$854,138	\$777,344
LaSalle	7,121	7,100	\$2,469,247,243	27,652	9,537
	\$741,121	\$743,880	\$690,120	\$710,441	\$599,412
Leamington	5,553	5,400	\$2,172,131,370	28,833	10,465
	\$577,931	\$565,768	\$607,080	\$740,784	\$657,738
Tecumseh	5,932	6,000	\$2,737,849,726	24,224	8,710
	\$617,375	\$628,631	\$765,190	\$622,369	\$547,434
	97,045	96,400	\$36,137,794,718	393,115	160,697
	\$10,100,000	\$10,100,000	\$10,100,000	\$10,100,000	\$10,100,000
City of Windsor					
	\$5,466,874	\$5,448,133	\$5,510,873	\$5,561,674	\$5,973,944
County of Essex					
	\$4,633,126	\$4,651,867	\$4,589,127	\$4,538,326	\$4,126,056
	\$10,100,000	\$10,100,000	\$10,100,000	\$10,100,000	\$10,100,000

Miscellaneous Facts & Information

1. **Business Review** - The Authority will be undertaking a “Business Review” during 2011. This review will examine, among other things, if the Authority and those funding it are receiving value for dollar for the \$21M the Authority expends on an annual basis.
2. **Budgeting** - The Authority employs the “zero based budgeting” method of budgeting. The Authority does not simply take last year’s budget figures and add a percentage increase to account for inflationary factors. Each budget line item is constructed based on assumptions, historical trends and current cost data.
3. **Staffing Level** – The Authority employs 26 full-time and 2 part-time employees. Total salary, wage and benefit costs equal \$2.1M representing approximately 10% of total operating costs.
4. **Contracted Services** – The value of contracted services included in the Authority’s 2011 budget is approximately \$8.8M representing approximately 42% of total operating costs.
5. **Debenture Payment** – The 2011 debenture payment of \$3.9M represents approximately 18.6% of total operating costs.
6. **Host Municipal Compensation** – Total budgeted payments to the Town of Essex and those residents living around the landfill represent 7.3% of total operating costs.
7. **Regional Landfill Perpetual Care Reserve** – The \$500,000 contribution to the reserve represents 2.4% of total operating costs.

Contacts

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