

EASTERN REGIONAL SERVICE BOARD

Minutes of Meeting #6

May 30, 2012

7:00 p.m.

Ramada St. John's, Matthew Room

In Attendance:

Harold Mallowney, Southern Shore
Vice-Chairperson/Acting Chairperson
Dave Aker, Mount Pearl
Ches Ash, Trinity Conception North
Bill Bailey, Clarenville & Isthmus
Danny Breen, St. John's
Walter Butt, Small Metro
Shannie Duff, St. John's
Frank Galgay, St. John's
Derrick Green, Bay Roberts
Sandy Hickman, St. John's
Sterling Willis, Paradise

Regrets:

Gerry Colbert, St. John's
Wally Collins, St. John's
Joy Dobbie, TBS & Isthmus East
Woodrow French, CBS
Debbie Hanlon, St. John's
Tom Hann, St. John's
Sheilagh O'Leary, St. John's
Bruce Tilley, St. John's

Guests:

Ken Kelly, CAO, EWM
Lynn Tucker, Recording Secretary
Jason Sinyard, City of St. John's
Robert Bishop, City of St. John's

1. Call to Order

Mr. Harold Mallowney, Vice-Chairperson/Acting Chairperson called the meeting to order at 7:00 p.m.

2. Adoption of Agenda

It was moved and seconded (B Bailey/S Hickman) to adopt the agenda as tabled.

MOTION #2012-025: Carried

3. Review of Minutes – April 25, 2012

It was moved and seconded (F Galgay/W Butt) that the minutes of the April 25, 2012 meeting are adopted as tabled.

MOTION #2012-026: Carried

4. **Introduction of Financial Statements – Regional Integrated Waste Management Facility at Robin Hood Bay – presented by Mr. Jason Sinyard, Manager, Waste Management Division, City of St. John’s**

Mr. Sinyard noted that financial statements were included in tonight’s meeting package; however, an addendum was circulated – *2011 Budget by Program Line Item* report or a variance report. Mr. Sinyard asked that members refer to that document for this evening’s meeting. Mr. Sinyard stated that he would review the highlights or larger expenditures but that Board members should feel free to ask any questions they may have about any line item. Explanations have been provided at the right hand side of each line item as well.

Mr. Sinyard noted the following:

- Under Personal Services:
 - There was a savings in salaries and wages as funding for two positions is being carried forward. There was a delay in filling one position; therefore, there will be a savings for part of the year and the other position has yet to be filled;
 - Savings in car allowance as the staff that would be using the vehicle(s) have not been hired.
- Under Contractual Services:
 - There was a savings of \$633,646.00 for contractual services.
 - There was a savings of \$108,000.00 for Alternate Daily Cover (ADC).
 - \$108,000.00 had been budgeted for LPG extension or extension to the piping system for leachate collection; however, capital funding was used instead of operational funds.
 - \$86,000.00 had been budgeted for Leachate Monitoring; however, capital funding was used.
 - For the Materials Recovery Facility (MRF), \$1,549,800.00 was budgeted based on best estimates as there were no actual figures to go by because it was the first year of operations. The MRF actually cost \$1,268,564.00.
 - HHW Depot costs came in \$56,938.00 below the budgeted amount.
 - There was a savings of \$16,596.00 for the Residential Drop-Off (RDO) spotters.
 - The RDO roll-off bins came in at \$8,488.00 over the budgeted amount.
 - The landfill spotters costs were \$10,467.00 over budget.
 - The litter collection program came in at \$4,079.00 below the budget amount.
 - No monies had been budgeted for pipe cleaning at the landfill; however, that had to be done and cost \$10,506.00.

Ms. Duff asked where the capital monies came from for the work on the LPG extension and leachate monitoring.

Mr. Sinyard stated that it was part of the capital funding provided to RHB for its modernization re-fit.

Ms. Duff asked about the methane collection system and if it’s being used.

Mr. Sinyard replied that they have been collecting and burning methane for several years now. They have been informed by consultants following the 'bad odours' issue last year that there is a need to extend the methane collection system and they have to develop leachate lagoons. The pipe network has been expanded but the flare has not yet been upgraded.

Ms. Duff asked if the long-term plan is to convert the methane to electricity.

Mr. Sinyard replied that they would like to convert the collected methane gas to electricity; however, for it to be cost effective, the excess electricity would have to be sold to Nalcor. Studies show that RHB would be able to produce two (2) megawatts of electricity and go up to five (5) megawatts. This is much more electricity than what would be needed to run the landfill; therefore, it would have to be sold to the 'grid'. This project will work only if Nalcor agrees to buy the power. RHB has been discussing this matter with Nalcor and will continue to do so. The cost to build the plant to capture the methane and produce electricity is approximately \$6 million. Nalcor would need approval from the Department of Natural Resources as well for this project and that would be another step in the process. This would be a great project if Nalcor is onboard.

Mr. Kelly noted that there is a provincial Lieutenant Governor in Council regulation that states that before any company can proceed with conducting an Environmental Assessment to produce energy from alternative energy sources, they must demonstrate that they have a customer for the excess power – the only customer is Nalcor. If they do not buy the power then the project does not proceed.

Mr. Mullowney asked about the current surplus at RHB.

Mr. Sinyard stated that the current surplus is \$3.8 million and most of that is due to the increased waste being received at RHB. He noted that the tipping fee is set using a best estimate of revenue, a best estimate of expenditures and the difference is made up by the tipping fee. He referred members to the last page of his handout which is the Tonnage Summary for 2006 to 2011. Mr. Sinyard noted that the tipping fee is set in the fall before the current year's tonnage is known; therefore, the tipping fee is set using the tonnage from the year prior i.e. the 2011 tipping fee was set using the tonnage figures from 2009. The actual tonnage for 2009 was 160,811 while the actual tonnage for 2011 was 196,359.

It was noted by members that the greatest increase in tonnage was from the commercial sector and that is most likely as a result of the increased construction that's taking place right now. Discussion took place with members speculating that the tonnages were higher due to the housing boom and high level of construction in the region.

Mr. Ash noted that it is very important for this Board to properly explain this surplus to the public. He feels there is a lot of discontent amongst communities in the Eastern region regarding waste management with many communities feeling they are being overcharged.

Mr. Mullowney noted that the best explanation is that tonnages received at RHB were higher than anticipated.

Mr. Kelly asked if there will be any significant change to the surplus amount.

Mr. Bishop responded that he does not anticipate any great change in the amount as it has been reviewed. The City begins their audit in three (3) weeks and that will provide the actual amount.

Discussion returned to the financial statements and the following questions were asked:

Can the line item *ICI Material Compensation Fee* be explained – what is that?

Mr. Sinyard responded that the Scotia Recycling Group were awarded the tender to run the Material Recovery Facility (MRF) at RHB and are paid a fee to do so. Before begin awarded this contract they ran a private business collecting cardboard for recycling and they continue to collect that cardboard. As they no longer have their own facility, this cardboard is being run through the MRF and Scotia pays RHB for the ability to continue that side of their business. This is called ICI Material Compensation Fee.

Regarding the item *Sale of Recyclable Materials* – there seems to be a wide variance – why is that?

Mr. Sinyard stated that the private operator of the MRF is responsible to market the materials collected there. As an incentive for them to get the best price possible at market the City entered into an agreement with them whereby the City would receive 80% of the profits and the private operator would receive 20% of the profits.

Cross Docking Compensation Fee – Board members understand that it is a part of the operator's contract but a more detailed explanation please.

As outlined in the question regarding the ICI Material Compensation Fee, the private operator of the MRF, Scotia Recycling, continues to run cardboard collection as part of their business independent of the MRF. They do not use the MRF to process the cardboard they collect. They simply pick up the cardboard and take it to the MRF where it is transferred onto a larger truck for shipment outside the province. They pay RHB \$5.00 per tonne to do that.

MMSB Beverage Return – What amount of revenue is generated from that?

The MMSB beverage return program is only for those beverage bottles returned to Green Depots. RHB asked MMSB for some compensation for those beverage bottles that are collected through the MRF and they agreed to the following arrangement:

- \$0.05 each for the first two (2) million beverage bottles;
- \$0.0375 each for those between two (2) and six (6) million beverage bottles;
- \$0.03 each for all beverage bottles over six (6) million.

The revenue generated is approximately \$100,000.00 for beverage containers.

Members asked if the amounts paid for the beverage containers is negotiable.

Mr. Sinyard responded that he believes that it is and that they could go back to MMSB. Mr. Sinyard noted that there is no extra work in processing the beverage containers and they are being recycled.

Members asked how they are processed and sold.

Mr. Sinyard stated that for example all aluminum beverage cans are baled and sold to market as compacted aluminum bales.

There was a suggestion to re-name the line items for the *Transfer between the Reserve and Operating* to something like *Tipping Fee Stabilization Account/Reserve* or something to that effect.

Messrs. Sinyard and Bishop noted suggestion.

Explanation of the transfer that was applied to the 2012 budget was a surplus for 2010. The 2011 surplus will be applied in 2013.

Mr. Sinyard noted that any surplus generated generally affects the budget for the second year following the surplus as the City will move the monies to reserve and then await the outcome of its audit for that year to ensure that the calculations are correct. The monies then show up in the next year's budget i.e. there was a surplus in operations at RHB for 2010 and it was applied to this year's (2012) budget. Hence, any surplus for 2011 will be applied in 2013.

If we are generating a surplus that means we are taking in more waste – how is the life expectancy of the RHB landfill being affected and is the post-closure fund sufficient. Do we need to accumulate faster if we are going to be closing the landfill sooner?

Mr. Sinyard stated that the life expectancy for the landfill was based on estimated tonnage of 200,000 annually. As this amount of waste has not been received to date, the life expectancy should not change. Of course, this will be monitored on an ongoing basis. At this time, \$1 million annually is being reserved for the eventual closure of the landfill. Mr. Sinyard noted that the reserve was increased based on additional actuarial information from \$1 million to \$1.2 million by the City.

With regards to the Paint Stewardship Program – has an agreement been set up for the stewardship group to take paint products from the Household Hazardous Waste (HHW) Depot at RHB as this was always a significant cost?

The HHW Depot at RHB will continue to collect paint. The approximate cost of running the HHW Depot is \$345,000 annually and \$217,000 of that amount is for the handling/processing of paint products so it is quite a significant cost. There should be significant savings as Newalta will no longer be paid to process the paint collected from the HHW Depot due to the product care program. Mr. Sinyard noted that if savings materializes he would like to have the HHW Depot open for 52 weeks a year instead of from June to November as it is now.

Mr. Kelly informed members that Eastern Waste Management (EWM) will be hosting HHW collection events over the next two weekends throughout the Eastern region – from Mount Pearl to Clarenville. EWM has partnered with local volunteer fire departments to assist with the collection. This will assist all those residents who do not live near the HHW Depot at RHB to properly dispose of their HHW materials. Each participating volunteer fire department will be paid a stipend of \$1,000 for their assistance.

Mr. Green and Mr. Ash stated that they would be attending events in their respective areas.

Pit Run Fill – has any additional information on the November discussion around potential sources of material been explored?

Mr. Sinyard stated that this is the material used to cover waste at the landfill. As discussed in the past, the landfill purchases materials as well as using materials from its quarrying activity as fill. RHB also accepts free fill from those who bring acceptable fill materials to RHB for dumping. This leads to significant savings when the material is acceptable. For 2011, \$1.2 million had been budgeted for pit run fill; however, the cost was approximately \$800,000 as they purchased less material due to the receipt of free acceptable fill material.

Mr. Kelly noted that another source of fill may be from soil remediation businesses as the only option for remediated soil is use as landfill cover.

Mr. Mallowney thanked Messrs. Bishop and Sinyard for their time this evening in answering the Board's questions regarding the financial documents for RHB before they left the meeting.

Mr. Sinyard stated that Board members can contact him or Mr. Kelly if they have any unanswered questions. In addition he extended an invitation for Board members to visit RHB for a tour of the facilities.

5. Committee Reports

a. Governance Committee – Mr. H. Mallowney

- i. No report as the meeting with Minister O'Brien was cancelled on three occasions.

Mr. Kelly stated that the meetings were being scheduled for evenings and he is being told that the Minister is busy with budget deliberations at this time.

After discussion, Governance Committee members were directed to re-schedule the meeting and to explain to the Minister's office that several Committee members are travelling from outside the City for this meeting and the last minute cancellations have been very inconvenient for them.

ii. Report on Study Tour to see Transtor System, Ontario

Mr. Mallowney reported that he, Ms. Dobbie, Mr. Bailey, Mr. Willis, Mr. Kelly, Mr. Power (Field Operations Officer, EWM) recently visited Peel, Ontario to have a look at the Transtor System. In addition, two representatives from the Department of Municipal Affairs were part of the study tour. They were Mr. Cory Grandy, Director of Waste Management and Mr. Cluney Mercer, Assistant Deputy Minister. Mr. Clifford Smith, AMEC Environment & Infrastructure attended as well.

Mr. Mallowney stated that the visit was very informative and those who attended were very impressed with the Transtor System. They visited several facilities in several jurisdictions in Ontario where they could see the equipment operating. They saw trucks, trailers, transfer stations, cranes, etc. all working very well. The most impressive part is the projected savings of approximately 46% when using this equipment over the traditional transfer station model.

Mr. Breen asked if other NL regions are looking at this system.

Mr. Kelly stated that the waste management committee from 2002 led by Chairperson Judge Wicks visited the Transtor facility. That was 10 years ago. He's not sure why it did not gain traction at that time. The Department has recommended that the consultant studying options for the West Coast include the Transtor option in assessing potential options to transport to central Newfoundland. The supplier is Nexgen Municipal and they been in operation for more than 25 years with equipment installed all across North America. Our research shows that we will spend an additional \$400,000.00 annually if we go with the traditional model.

Ms. Duff asked if we are indeed moving forward with this system.

Mr. Mallowney responded that this is the recommended system and a great system. The motion to purchase will be put forth later this evening.

b. Finance & Audit Committee – Mr. Bill Bailey

- i. **Funding has been received from province for Waste Recovery Facilities (WRF) development in the amount of \$2 million and for landfill closures in the amount of \$800,000** as per the letter enclosed in tonight's meeting package from Hon. Kevin O'Brien, Minister of Municipal Affairs. These projects are moving forward and Eastern Waste Management will pay the invoices once approved by the Department. It seems reasonable that EWM invest a portion of these funds in short-term instruments to earn additional revenue for the Board prior to these projects being completed.

It was moved and seconded (B Bailey/S Duff) that Eastern Regional Service Board authorizes the Vice-Chairperson to invest funds of the Board in financial instruments to earn additional revenue for the Board. No principal amounts are to be put at risk.

MOTION #42012-027: Carried

ii. HHW Service - Award Contract

Mr. Bailey asked Mr. Kelly to speak to this event. Mr. Kelly outlined as explained earlier EWM will be hosting HHW collection events throughout the eastern region on June 2nd and June 9th. Local volunteer fire departments would be hosting these events and holding materials for collection. EWM had recently gone to tender for the collection of HHW materials from local volunteer fire departments. A total of two responses were received - both responses are from national companies, Clean Harbors for \$73,600; and, the second response from Newalta Corporation for \$36,600. In addition, each local volunteer fire department would be paid a stipend of \$1,000 for their assistance.

It was moved and seconded (B Bailey/S Willis) that Eastern Regional Service Board award contract to Newalta Corporation for \$36,600.00 plus HST and \$1,000.00 for each participating volunteer fire department for the June 2012 Household Hazardous Waste collection events.

MOTION #2012-028: Carried

iii. WRF Material Removal System – High Compaction Trailer System

Mr. Bailey explained that this would be the motion for the purchase of the trailers for the Transtor System.

It was moved and seconded (B Bailey/S Duff) that Eastern Regional Service Board award tender to supply two highway truck tractors and high compaction trailers to Nexgen Municipal Inc. for \$874,864.00 plus HST.

MOTION #2012-029: Carried

Mr. Aker asked if this is being charged to capital or operating funds.

Mr. Kelly stated that this equipment was included in our funding request to the province but they are only now in budget deliberations. No answer has been received regarding whether or not we will receive any or all of the funding requested. Mr. Kelly stated that he feels the best option would be to do a capital lease for the equipment that would be funded from the annual operating budget for the major part of its useful life, and EWM would obtain ownership of the equipment by the end of the lease term.

Mr. Willis stated that the tour was great with lots of information and he was very impressed with the efficiency and cleanliness of the system.

Mr. Breen noted that the life expectancy of the equipment is approximately seven (7) years. What happens in seven (7) years? How do we replace this equipment? Will the province replace the equipment or will ERSB?

Mr. Kelly stated that the plan is to put aside \$120,000.00 a year for equipment replacement costs. In addition, most of the equipment they looked at while on the tour to Ontario was twelve (12) years old and working well. The expectation is that the equipment will last more than seven (7) years.

iv. **Town of Sunnyside Landfill and Continued Operation**

Mr. Bailey directed members to the briefing note provided in tonight's meeting package regarding the continued operation of the Sunnyside landfill. They have a Certificate of Approval to operate their landfill until December 31, 2012 and are currently seeking approval from the province to continue operations past that date.

It was noted that a letter has been sent to the Minister of Environment & Conservation from ERSB requesting that EWM be involved in discussions on the role and purpose of the Sunnyside landfill and the parameters upon which it continues to operate if that is the objective of the provincial government.

Discussion ensued with members agreeing that:

- It will be an alternative to RHB and it does not have any limitations on the types of materials that can be accepted – only those not accepted at RHB;
- The City of St. John's as operator of RHB remits all funds in excess of the cost of operations to EWM to be used for the regional system. The Town of Sunnyside receives all funds generated at the Sunnyside landfill;
- The landfill is well managed but is not lined and does not have a leachate containment/monitoring system or other characteristics one would associate with a modern landfill;
- This Board should be involved in any discussions regarding this landfill;
- Sunnyside landfill should be under the Board's jurisdiction;
- All funds collected at the Sunnyside landfill should be regional funds;
- This discussion should be on the agenda for the Board's meeting with Minister O'Brien.

It was moved and seconded (S Duff/W Butt) that the continued operation of the Sunnyside landfill be put on the agenda for discussion when meeting with Hon. K. O'Brien, Minister of Municipal Affairs.

MOTION #2012-030: Carried

Mr. Kelly noted that other communities are now contacting EWM as there is a perception of unfairness with the continued operation of the Sunnyside landfill. Other communities had to close their landfills as per the *Provincial Waste Management Strategy* (PWMS) despite their landfills being a source of revenue for their town. This is very upsetting for those towns and it is his understanding that these Towns are making requests to open their landfills again.

v. **Commercial General Liability Insurance Award**

It was moved and seconded (B Bailey/S Duff) that Eastern Regional Service Board will purchase commercial general liability insurance as received from Wedgwood Insurance in the amount of \$5,450.00 plus HST.

MOTION #2012-031: Carried

vi. **Transfer of Contracts from Sub-Regions to Eastern Regional Service Board**

Mr. Bailey referred members to the briefing note in tonight's meeting package regarding this item. He asked Mr. Kelly to speak to the point.

Mr. Kelly noted that in a letter received from the Minister dated April 18, 2012, it was noted that *"...in its consideration of accepting the transfer of the collection contracts that have been implemented...as Minister responsible, the acceptance of this responsibility is not a discretionary item for the board's consideration."*

It was moved and seconded (B Bailey/S Willis) that Eastern Regional Service Board begin the process to accept the transfer of the sub-regional contracts that have been implemented as outlined in the letter of April 18, 2012 from the Minister of Municipal Affairs.

MOTION #2012-032: Carried

Mr. Kelly continued that one sub-regional group has indicated that it does not want to relinquish their contracts. In discussion with the Minister's office, it was suggested that EWM stop providing contract support to this sub-region. At this time, EWM sends out all invoices, accepts all account enquiries, accepts all payments, makes deposits to the sub-region's bank account, provides financial collection services, etc. The thought is that if any sub-region does not want to pass over its contract, then they should take over all aspects of meeting the terms of the contract. A letter has been sent to Minister O'Brien regarding this and a copy of that letter is included in tonight's meeting package.

One sub-region in particular, Trinity Conception North, has indicated that they do not want to pass over their contract. Mr. Kelly stated he attended a meeting with the Board of Trinity Conception North Waste Management Inc. (TCNWM) on Monday night past and a follow up meeting is planned which will be attended by Department of Municipal Affairs.

Mr. Kelly continued that delinquency continues to be an issue in most sub-regions as the perception is that the incorporated towns are responsible to pay 100% of their waste management invoices despite any delinquency issues. Many towns have indicated that they feel they are subsidizing those delinquent accounts from Local Service Districts and unincorporated areas.

It was moved and seconded (B Bailey/D Green) that Eastern Regional Service Board will suspend funding for WRF operations and cease all contractual and business support for Trinity Conception North Waste Management Inc.
MOTION #2012-033: Carried

It was moved and seconded (B Bailey/D Breen) that Eastern Regional Service Board to go to tender for multi-stream waste collection services for Trinity Bay Center and Trinity Bay South sub-regions for services to begin October 1, 2012.
MOTION #2012-034: Carried

c. Strategy & Policy Committee – C Ash

i. Update on Process – Questionnaire to be issued

Mr. Ash reported that that Strategy & Policy Committee continues to work on the process for the development of a strategic plan. The Committee has identified stakeholders and will provide an opportunity for each community in the region to participate. A questionnaire is being developed to assist with the gathering of information and identifying issues. Further information will be brought to the Board as it becomes available.

ii. Legal Opinion from Curtis, Dawe received with quote to develop Service Policy for \$3,500.00 plus HST

Mr. Ash directed members to a copy of the legal opinion provided by Curtis Dawe regarding the powers of Regional Services Boards to charge for services that's included in tonight's meeting package.

It was moved and seconded (C Ash/W Butt) that Curtis, Dawe develop a Service Policy for Eastern Regional Service Board for \$3,500.00 plus HST.
MOTION #2012-035: Carried

Mr. Kelly informed members that on May 15th Eastern Waste Management proceeded to Small Claims Court on behalf of Trinity Bay South Waste Management Inc. regarding a case where a resident stated he lived outside the boundaries of the Local Service District of Old Shop and insisted he was not a user of the waste collection service. Fortunately, the judge ruled in our favour and the gentleman has to pay. The judge was clear in that

if the service was available to the property owner in the community, he is expected to pay. The judge did make the point that the legislation regarding the boundaries of LSD's is nebulous. This is a key win for EWM and should assist in the collection of fees going forward.

Mr. Kelly stated that the success of this case was due to the great job done by Ms. Bethina Brown, Collections Officer, EWM.

6. Correspondence

Mr. Mullaney directed members to the last page of tonight's meeting package which is a letter received from the Joint Mayors Association of Trinity-Bay de Verde. He asked Mr. Kelly to provide information.

Mr. Kelly stated that the letter is in reference to the Local Service District of Cavendish allowing area residents to drop off materials at their dump. This is Ms. Dobbie's area/community and EWM has been informed that Ms. Dobbie allows residents from the area to dump shingles and construction materials only at that dump. These are materials that would not be collected in a bulk collection or with regular waste collection. As there is no WRF in the area yet – a WRF will be constructed in Cavendish this year – this provides area residents an option to dispose of those types of materials rather than having those materials being illegally dumped. EWM will be progressing with the WRF construction in the very near future. Mr. Kelly stated that the letter from the Joint Mayors Association of Trinity-Bay de Verde should have been directed to Service NL as it would fall under their mandate to address this issue. It was agreed that Mr. Kelly would respond to that effect.

7. Next Meeting – ERSB Regular Meeting - June 27, 2012

It was noted that Mr. Puddester, Chairperson and CEO, MMSB was scheduled to present to the Board at the June meeting; however, Mr. Puddester is not available for June 27th. Discussion took place regarding whether or not members could be available for a special meeting on another date. No consensus could be found; therefore, it was determined to proceed with the regular meeting date of June 27th.

Discussion took place regarding summer meetings – July 25th and August 29th. It was agreed that it would be difficult to achieve quorum for summer meetings; therefore, any meeting scheduled for July or August would be at the call of the Chairperson.

Mr. Mullaney noted that the Board has already approved motions by email; therefore, any necessary business can be conducted in that manner and ratified at the next meeting. Again, any summer meeting would be at the call of the Chairperson.

8. **Adjournment**

It was moved and seconded (H MULLOWNEY/S WILLIS) to adjourn the meeting at 8:30 p.m.

MOTION #2012-036: Carried

*Prepared by:
Lynn Tucker
June 7, 2012*