

# EASTERN REGIONAL SERVICES BOARD

## Minutes of Meeting #9

October 24, 2012

3:30 p.m.

The Comfort Inn Airport, St. John's

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### In Attendance:

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

### Regrets:

Bill Bailey, Clarenville & Isthmus  
Gerry Colbert, St. John's  
Wally Collins, St. John's  
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, Eastern Waste Management  
Lynn Tucker, Program Coordinator, Eastern Waste Management  
Kevin Power, Field Operations Officer, Eastern Waste Management  
Darryl Johnson, Chairperson, Bonavista Peninsula Regional Waste Management

## 1. Call to Order

Mr. Harold Mallowney, Vice-Chairperson and Acting Chairperson, called the meeting to order at 3:40 p.m.

## 2. Adoption of Agenda

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

MOTION #2012-064: Carried

### 3. Review of Minutes – September 26, 2012

Mr. Aker stated that he is a little confused regarding the budget discussion from the previous meeting. He did not think that the Board had adopted the tipping fee structure for next year. He understood that discussion took place regarding maintaining the tipping fee at its current level plus the Consumer Price Index (CPI) for Newfoundland and Labrador; however, he thought that other factors would be taken into consideration. In addition, he understood that the surplus would be used to offset any increase in the tipping fee.

Mr. Kelly stated that there is a \$3.8 million surplus and it was agreed at the last meeting that a portion of that surplus would be used to offset increases in the Eastern Waste Management budget to maintain the tipping fee at its current rate; however, discussion moved to increasing the tipping fee by the rate of inflation and to move the remaining surplus monies into a reserve fund for the future.

Mr. Aker asked how much of the surplus is being used to maintain the tipping fee.

Mr. Kelly replied that \$1.2 million of the surplus would be used this year to offset an increase in the tipping fee and that the remainder of the surplus would be moved into an operating reserve.

Mr. Breen noted that the Finance & Audit Committee did not want to use the entire surplus to reduce the tipping fee as ERSB is a new organization and needs to ensure that it can maintain some consistency in the tipping fee structure from year to year.

Mr. Aker asked if the surplus would be looked at on an annual basis.

Mr. Breen replied that it would be looked at annually.

Mr. Kelly noted that the Board has to have ministerial permission to maintain an operating reserve according to the *Regional Service Boards Act*.

Mr. Green asked if the Regional Integrated Waste Management Facility (Regional Facility) at Robin Hood Bay would have another reserve of which the Board is not aware.

Mr. Kelly responded that he does not know as the Board has not been provided the 2013 budget for the Regional Facility. A reserve fund has been established to close the Regional Facility at its life end and \$1 million was budgeted for that reserve fund last year; however, the City of St. John's made a decision to move \$1.2 million into that reserve. There may possibly be another reserve for the methane collection system; however, any reserve fund has to have the approval of the Minister according to the legislation.

**It was moved and seconded (S Willis/S Duff) that the minutes of the September 26, 2012 meeting are adopted as tabled.**

**MOTION #2012-065: Carried**

**4. Landfill Tipping Fee for 2013 of \$65.50 per metric tonne plus an increase for the Canadian Price Index (CPI) for NL**

Mr. Kelly outlined that the change in the August 2011 to 2012 monthly CPI for NL of 1.6% was used. However, Mr. Kelly noted that there is an annual CPI as well which tracks the 12 month change from year to year. ERSB has to decide if it will use the monthly or annual CPI. Once decided, that would be set as the standard from now on in determining the rate of inflation for the tipping fee.

**5. Committee Reports**

**a. Finance & Audit Committee**

**i. Motion to award contracts for:**

**It was moved and seconded (D Breen/J Dobbie) to award contracts for:**

- 1. Isthmus Waste Disposal Site Closures – AMEC Environment & Infrastructure – Project No. WM2011033-A - \$70,418.21;**
- 2. Chance Cove Waste Disposal Site Closure – M.J. Hickey Construction - \$46,029.42;**
- 3. Fair Haven Waste Disposal Site Closure – M.J. Hickey Construction – 26,945.75;**
- 4. Norman’s Cove Waste Disposal Site Closure – M.J. Hickey Construction - \$53,740.54;**
- 5. Southern Harbour Waste Disposal Site Closure – M.J. Hickey Construction - \$60,268.55;**
- 6. Winterton and Heart’s Delight Waste Disposal Site Closures – Project No. WM2011033 – Concord Paving Ltd. - \$143,142.75;**
- 7. Old Perlican Waste Recovery Facility Site Construction and Grates Cove Waste Disposal Site Closure – Project No. WM2011027 – Coish’s Trucking & Excavating Ltd. - \$249,876.90.**

**Motion #2012-066: Carried**

**ii. Motion to adopt Financial Statements for 2011 from Harris Ryan Chartered Accountants**

**It was moved and seconded (D Breen/F Galgay) to adopt the Eastern Regional Service Board (operating as Eastern Waste Management) Financial Statements Year Ended December 31, 2011 as prepared by Harris Ryan Chartered Accountants.**

**MOTION #2012-066: Carried**

**iii. Motion to adopt proposed 2013 Organizational Structure for Eastern Regional Service Board**

Mr. Breen stated that the organizational structure was discussed in detail at the Finance & Audit Committee meeting and it was decided that it would not be necessary to hire the Board Support & Communications staff position at this time – this position would be

deferred to a later date. The other new positions will be staffed as needed and not all at one time.

Mr. Butt asked for clarification on the timelines for the filling of these positions.

Mr. Kelly stated that the decision was to hire as needed; therefore, once the Cavendish Waste Recovery Facility (WRF) is completed, the site attendant would have to be hired at that time, etc. At this time, the Harbour Grace WRF, Cavendish WRF and the Whitbourne WRF are being designed; therefore, it will most likely be early or spring of 2013 when those positions would be filled.

Mr. Breen noted that the Finance & Audit Committee had a lengthy discussion regarding filling these positions and they are confident that the proposed structure is good and will meet the needs of the organization. They also felt it very important that ERSB has a presence in the field so that the quality of the service delivery may be continually monitored.

**It was moved and seconded (D Breen/S Hickman) to adopt the organizational structure as presented for 2013 – total of 14 full time positions and 10 part time positions. The position of Executive Assistant to the Board and Chairperson will not be created.**

**MOTION #2012-067: Carried**

**iv. Motion to adopt Budget 2013 for Eastern Regional Service Board**

Mr. Breen outlined that the major changes in the expenditures for 2013 include the transfer station for Clarenville which has been included as a full year operation and the waste collection contracts in the sub-regions. Both of these expenditures will have revenues as well – the transfer station will collect tipping fees and part of the transportation costs while the waste collection contracts will be fully recovered by billing all costs to the users. We are showing capital from the province to study the Clarenville transfer station but no additional capital is shown. Another request for capital funding for the Clarenville transfer station will be made once the study has been completed. In addition, we are in the process of seeking approval of the Minister for the creation of the operating reserve as approved in September as part of the Tipping Fee Strategy.

Mr. French stated that he saw the email exchange regarding the request for the budget for the Regional Facility and he cannot understand how ERSB can complete a budget without seeing the budget for the Regional Facility. How can this Board set the tipping fee without seeing that budget? In addition, he assumes that the Clarenville transfer station will have to submit a budget; therefore, why isn't the Regional Facility providing its budget to this Board.

Mr. Mullaney noted that the tone of the email could have been softer. Several other Board members noted the same.

Mr. Breen stated that he will request a meeting so that this issue can be addressed with officials of the City of St. John's.

Mr. Kelly stated that Mr. Sinyard had attended the recent Finance & Audit Committee meeting and stated that the budget for the Regional Facility should not be changing much if at all – they are not expecting any substantial changes. That discussion provided a level of comfort that the tipping fee should cover all costs. Mr. Kelly noted that ERSB not being provided the budget for the Regional Facility is not in keeping with past practice. For the previous three (3) years, the budget for the Regional Facility had been provided to the former committee in time for its budget preparation. This may be an issue for future years and ties into the lack of a Memorandum of Understanding (MOU) between the City of St. John's and ERSB.

Mr. Ash noted that the budget for the Regional Facility and the setting of the tipping fee is a critical part of the ERSB budget process. He noted that board members need good information to be comfortable in explaining any decisions of this Board to their respective towns and/or regions. He feels that the relationship between ERSB and the Regional Facility has to be a partnership to be successful. Mr. Ash continued that the Board has had surpluses for 2011 and 2012 and have agreed to create a reserve fund to hold the tipping fee at its current level. Discussion has also taken place regarding the elimination of the tipping fee on recyclables. However, to date he questions how the surplus has been used to benefit the residents of the region.

Mr. Butt noted that he agrees with Mr. Ash.

Mr. Aker asked why the tipping fee is being increased by the CPI if we're using the surplus to stabilize it.

Mr. Mullaney noted that a plan is needed to deal with the surplus and that discussion will continue at the committee level.

Mr. Breen stated that a portion of the surplus is being used to stabilize the tipping fee for this year. The CPI was added to reflect that costs are rising. In response to Mr. Ash's question regarding getting the surplus back to the users, ERSB has not been in place long enough to return or use all the surplus in one year as that may lead to a huge increase in the tipping fee for next year. ERSB needs another 2-3 years of operations to get a good read on where we are and what to expect.

Mr. Aker stated that at this time the surplus is being used to manage risk.

Mr. Kelly noted that the former committee had always operated to give municipalities in the Eastern region the tipping fee by October 31<sup>st</sup> so that they would have the information for their budget preparation.

Mr. Breen noted that the City of St. John's Council has yet to approve the budget for the Regional Facility and that is why it has not been provided to ERSB. However, ERSB and City officials should meet to discuss the timeline for providing the budget to ERSB for future years.

Ms. Duff stated that it was her understanding that the budget for the Regional Facility is provided to ERSB for transparency and accountability and not because it has to be approved by ERSB.

Mr. Kelly stated that members need to remember that the current tipping fee of \$65.50 was maintained for this year at the same rate as last year as surplus monies was applied to maintain it at that level. ERSB has agreed that the tipping fee for next year will be \$65.50 per metric tonne plus the CPI. However, the reality is the tipping fee for 2012 would have been approximately \$82.00 per tonne if surplus monies had not been applied. Adding the CPI increase will allow an easier transition to actual tipping fees when the reserve is used up.

Mr. Breen noted that at some point we will get the tipping fee to its break-even point.

Ms. Dobbie asked if ERSB is allowed to set the tipping fee without seeing the budget for the Regional Facility.

Mr. Breen stated that the committee is comfortable with the tipping fee for this year.

Mr. Ash asked for the actual surplus amount.

Mr. Kelly stated that ERSB has been told that the surplus is \$3.8 million by the City of St. John's. He reiterated that previous surpluses have been applied to stabilize the tipping fee and to maintain it at \$65.50.

Mr. Ash asked why the Regional Facility continues to generate surpluses when previous years have generated surpluses.

Mr. Kelly stated that ERSB needs 2-3 years experience at operating the waste system before making any big changes. The current surplus was generated as the Regional Facility received more garbage than expected. We have to be careful because if the waste volume decreases, we could be in a deficit position.

Mr. Aker stated that he feels we are a growing region and that the volume of waste will continue. He continued that he is okay with the tipping fee being set at \$65.50 plus the CPI for next year.

Ms. Duff noted that budgeting for reserves is usually based on a five (5) year average; however, ERSB does not have five years of data to work with and there are lots of variables to be considered.

Mr. Breen stated that Mr. Ash had previously brought up eliminating the tipping fee for recyclables; however, if we removed that tipping fee, it artificially reduces the rate but drives up the tipping fee for regular waste.

Mr. Ash stated that it is a small item that's not a big financial issue for ERSB but it would be a good social issue.

Mr. Kelly noted that eliminating the tipping fee on recyclables would mean a difference of \$116,000.00 in revenue annually. However, the cost to process recyclables is \$225.00 per metric tonne. The difference would have to go on the tipping fee for regular waste.

Ms. Dobbie and Mr. Hickman both noted that they would like to see it eliminated as a reward to those communities that are recycling.

Mr. Breen asked what happens when we get to organics – how is the tipping fee set for organics in other jurisdictions.

Mr. Kelly stated that no other area of the Province has a separate fee for organics at this time. We expect that the tipping fee for organics will be the same as it is for other recyclables such as fiber and containers. The current rate for fiber and containers is \$20.00 per tonne. Obviously it will cost much more than that to process organics and that difference would have to be subsidized by the tipping fee for regular waste.

Mr. Hickman asked what percentage of the waste stream is made up of organics.

Mr. Kelly stated approximately one-third so it is a significant amount of waste.

**It was moved and seconded (C Ash/W Butt) that discussion regarding the elimination of the tipping fee on recyclables will continue and that the Finance & Audit Committee will provide detailed information on the recyclables tipping fee for next year's budget discussion.**

**MOTION 2012-068: Carried**

Mr. Butt asked how much revenue the City of St. John's generates from its recycling.

Both Mr. Breen and Ms. Duff stated that the recycling program is subsidized as it costs the city money to run its recycling program. There is a cost to handling recyclables.

Mr. Ash noted that some of the items proposed for 2013 may not be completed and therefore, the monies allocated for those items may not be used. Would a surplus be generated if that happens?

Mr. Mullaney confirmed that it would.

**It was moved and seconded (D Breen/F Galgay) to adopt the budget as presented for 2013 – total expenditures of \$6,269,225.63 and projected revenues of \$3,105,080.00. MOTION #2012-069: Carried**

**v. Motion to adopt the approach to User Fee Recovery at Clarendville Transfer Station**

Mr. Breen informed members that when the province agreed to fund the re-development of Robin Hood Bay as the Regional Facility it agreed to a principle that the first 100 km of waste transportation would be the responsibility of each community. ERSB has to decide if (a) the transfer station is part of that first 100 km, and; therefore, the communities would pay for it; or, is (b) the transfer station is regional infrastructure and the region carries the cost. The Committee is recommending that the transfer station is regional infrastructure where the users would pay the landfill tipping fee as set by the Board as well as the cost of transportation for the first 100 km of the trip between the transfer station and the Regional Facility at Robin Hood Bay.

Discussion ensued with members noting that the transfer station seems to be an extension of the Regional Facility operationally.

Mr. Breen noted that the result would be a tipping fee of \$78.00 per metric tonne for residential waste that is subsidized by the region and \$96.00 per metric tonne for commercial users. This would also apply to communities outside the region who want to use the transfer station.

Mr. Green asked if ERSB would pay for staffing at the transfer station and Mr. Kelly confirmed that the Board is responsible for the staffing costs.

Mr. Aker asked what would be the difference in tipping fees for the residents of that sub-region if the Transfer Station is not regional infrastructure.

Mr. Kelly stated that deciding to make the Clarendville Transfer Station regional infrastructure reduces the tipping fees down from \$122.00 per metric tonne to \$78.00 for residential users and down from \$140.00 per metric tonne to \$96.00 for commercial users. Again the tipping fee costs include the cost to deposit waste at the Regional Facility plus the first 100 km transportation. Basically we are saying to communities to get their waste to the transfer station and the regional system will pay once the waste is 100 km past the transfer station through to the Regional Facility.

Discussion ensued with members questioning if this is the fairest way to address this issue. As well, members asked if the eastern region would be subsidizing the Burin and Bonavista peninsulas if they feed into the Clarenville Transfer Station eventually.

Mr. Johnson noted that the 2002 *Provincial Waste Management Strategy* states that towns are responsible for the first 100 km of transportation only.

Members noted that Clarenville and neighbouring communities are the only ones benefitting from the transfer station – not the region. After discussion, members stated that they would like to have more information and time to consider this matter before making a decision.

**It was moved and seconded (W Butt/S Hickman) to defer the decision on the approach to User Fee Recovery at Clarenville Transfer Station until such time that members receive more information and have more time to discuss and consider this matter.**

**MOTION #2012-070: Carried**

Mr. Green asked what would happen if there was a need for more than one transfer station in the eastern region.

Mr. Kelly noted that the *Regional Plan* developed by the former committee stated only one transfer station would be economically feasible for this region.

**b. Strategy & Policy Committee – C Ash**

No meeting held.

**c. Governance Committee - H. Mallowney**

No meeting held.

**6. Other Business**

**a. Request Minister of Municipal Affairs appoints AMEC Environment & Infrastructure as consultants for site selection and conceptual design of the Clarenville Transfer Station.**

Mr. Kelly directed members to the handout provided as an addendum to tonight's meeting package regarding this item and he noted that discussion took place at the Finance & Audit Committee meeting regarding the need to have site selection and conceptual design work completed for the Clarenville Transfer Station. Basically this Board is asking the Minister for permission to appoint the consultant as per the *Public Tender Act*.

**It was moved and seconded (S Duff/D Breen) that ERSB would write the Minister of Municipal Affairs to appoint AMEC Environment & Infrastructure as consultants for site selection and conceptual design of the Clarenville Transfer Station.**

**MOTION #2012-071: Carried**

**b. Governance Committee Meeting with Minister of Municipal Affairs**

Mr. Mullooney informed members that the Governance Committee continues to work on setting up a meeting with the Minister of Municipal Affairs. At this time, the Minister has agreed to meet the Governance Committee around mid-November.

**c. Status of the Harbour Grace Waste Recovery Facility**

Mr. Ash asked for the status of the Harbour Grace Waste Recovery Facility (WRF).

Mr. Kelly stated that engineers are working on the conceptual design for the site at this time. The planned site for the WRF is the former incinerator site; however, land ownership is being resolved. The Harbour Grace WRF is moving forward.

**7. Next Meeting**

Mr. Mullooney informed members that the next regular ERSB meeting will take place on Wednesday, November 28<sup>th</sup> at the Ramada St. John's. In addition, the December meeting will be held on Wednesday, December 12<sup>th</sup> and it will include a Christmas Dinner.

**8. Adjournment**

**It was moved (S Hickman) to adjourn the meeting at 5:10 p.m.  
MOTION #2012-072: Carried**

*Prepared by:  
Lynn Tucker  
October 29, 2012*