

EASTERN REGIONAL SERVICES BOARD

Minutes of Meeting #25

June 26, 2014

7:00 p.m.

Fairfield Inn & Suites by Marriott

199 Kenmount Road, St. John's, NL

In Attendance:

Ed Grant, Chairperson
Harold Mallowney, Vice Chair, Southern Shore
Dave Aker, Mount Pearl
Danny Breen, St. John's
Wally Collins, St. John's
Bernard Davis, St. John's
Joy Dobbie, Trinity Bay South & Isthmus East
Sandy Hickman, St. John's
Ken McDonald, Conception Bay South
Dennis O'Keefe, St. John's
Art Puddister, St. John's
Peggy Roche, Small Metro
William Woodman, Southwest Avalon

Regrets:

Bill Bailey, Clarenville & Isthmus
Jonathan Galgay, St. John's
Tom Hann, St. John's
Dave Lane, St. John's
Gordon Stone, Trinity Conception North
Bruce Tilley, St. John's
Sterling Willis, Paradise

Other Attendees:

Ken Kelly, Chief Administrative Officer, Eastern Waste Management
Lynn Tucker, Manager Corporate Services, Eastern Waste Management
Kevin Power, Manager Waste Operations, Eastern Waste Management

1. Call to Order

Mr. Ed Grant, Chairperson, called the meeting to order at 6:55 p.m.

2. Adoption of Agenda

**It was moved and seconded (H Mallowney/W Collins) to adopt the agenda as tabled.
MOTION 2014-032: Carried (unanimously)**

3. Review of Minutes – May 28, 2014

Mr. Grant stated that an error was noted in Motion 2014-028 in the minutes of the May 28th meeting. The motion stated that a contract for two (2) years would be awarded to Newco Metal & Auto Recycling; however, it should be a contract for three (3) years. Therefore, Motion 2014-028 must be amended accordingly.

It was moved and seconded (E Grant/D Aker) that the minutes of the May 28, 2014 meeting of the Eastern Regional Service Board is adopted with the following amendment - Motion 2014-029 will be revised as follows: *It was moved and seconded (D Breen/D Aker) that ERSB award a contract for three (3) years to Newco Metal & Auto Recycling for \$156.00 plus HST for each metric tonne of metals collected.*

MOTION 2014-033: Carried (unanimously)

4. Committee Reports

i. Finance & Audit Committee (D Breen)

- i. **Cheque Register** – Mr. Breen directed members to the cheque register for the month of May that is included in tonight's meeting package (Appendix A).
- ii. **Memorandum of Understanding (MOU) between ERSB and the City of St. John's with Regards to the Relationship for Regional Use of the Facility Owned and Managed by the City of St. John's** – Mr. Breen informed members that this item has been discussion for some time and, as members will recall, this is based on a funding letter from the Province to the City of St. John's in November 2007 which outlined the major principles upon which the Province would advance funding for the redevelopment of Robin Hood Bay (RHB) as the regional landfill.

A draft MOU is included in tonight's meeting package (Appendix B). The major principles that this agreement finalizes are:

- 1) The City of St. John's owns and operates the Regional Waste Management facility located at Robin Hood Bay (RHB) on behalf of the region.
- 2) Fees will be charged to all municipal users on a uniform basis.
- 3) The process to set the annual tipping fee at RHB has been worked out to all the ERSB to meet its legislative deadlines.
- 4) Surpluses or deficits of the ERSB or the City of St. John's will be carried forward and applied to future annual budgets of the ERSB or the City of St. John's.
- 5) The separation of the operations of the ERSB into regional waste management activities that will be supported by the user fees of RHB and other activities that will not be supported by user fees at RHB.

The last principle is the most significant addition to the MOU. This is meant to ensure that the tipping fees at RHB are not used to fund or subsidize other operations of the Board that are neither regional nor RHB based. For example, the curbside collection service that is provided by the Board – if it does not collect enough revenue to cover costs, the loss or deficit will not be funded from the operations of RHB.

Mr. Breen continued that at this point there is only one issue remaining and that is the operational funding of an organics facility. The Board did propose wording that dealt with the future organics facility and that it could be funded by the tipping fee at RHB. The position of the City of St. John's is that there are too many unknowns i.e. the location, implementation timelines and overall costs. The committee is recommending that this item be parked for now and move forward with the MOU. The City of St. John's is ready to move forward so we should adopt this MOU in principle with the proposed changes. The MOU will be discussed and revised to include organics once the Province has made its decision regarding organics processing.

It was moved and seconded (D Aker/P Roche) that ERSB adopt the Memorandum of Understanding between the ERSB and the City of St. John's with regards to the relationship for regional use of the facility owned and managed by the City of St. John's with the proposed changes as tabled and with the removal of the statements regarding organics processing. The MOU will be revised to include organics processing once the Province makes its decision regarding organics processing in the Eastern Region.
MOTION 2014-034: Carried (unanimously)

Mr. Breen noted that the MOU is in keeping with the Province's intent according to the November 2007 letter.

Mr. Hickman noted that this MOU basically formalizes how the Board and RHB have been operating over the past several years. There is really nothing new here.

- iii. **Tipping Fee Stabilization Policy** – Mr. Breen directed members to the briefing note – *Operating Surplus and Parameters for Use of the Surplus* – included in tonight's meeting package (Appendix C). As members know, each year the Board and the City of St. John's work together to put forward the budget and tipping fee required to run the Regional Waste Management Facility located at Robin Hood Bay (RHB). The Finance & Audit Committee was directed by the Board to look at the surplus that is accumulating each year and to develop a plan of how the surplus will be used.

The analysis in the briefing note shows us that the expenditures at RHB are projected to increase. The cost to operate the facility on a per tonne basis is higher than we are currently charging. In 2014 it will cost \$75.17 a metric tonne to operate but we are charging only \$67.60 as the tipping fee. The difference is covered by the accumulated surplus.

In 2015 the cost to operate is projected to be \$79.13 per metric tonne and if we continue to charge \$67.60, the amount of surplus required to balance the budget will also increase.

In the last few years we have benefitted from more tonnage coming to the landfill than we had projected. We are not expecting this same level of growth in the tonnages accepted at RHB. In fact we expect the tonnage to decrease when organics processing (composting) is started.

The implementation of organics will have a double whammy in that:

- 1) It will reduce the revenues at RHB for landfill disposal as the material will be diverted from the landfill; and,
- 2) It will increase the regional costs as the operations of the organics facility are added into the overall costs for the regional system.

Mr. Breen continued that members will note in the second table included in the brief that we have three scenarios based on three costs to process organics - \$75 per tonne; \$100 per tonne; and, \$125 per tonne. The result will be a deficit of between \$5.5 - \$7 million when organics processing begins.

The current surplus will only last two (2) years if we want to maintain the \$67.60 per metric tonne tipping fee and if we want to subsidize the cost of processing organics whereby we would charge \$20 per metric tonne similar to recyclables. Once we know the locations, technology and the cost to operate the organics facility we will be able to plan for the eventual increase in the landfill tipping fee.

Mr. Breen concluded that for now the Committee is recommending that we continue to charge \$67.60 per metric tonne and to not reduce the tipping fee. The surplus will continue to accumulate with the understanding that it will offset the implementation of organics processing in the near future.

Mr. Grant stated that members had expressed concern regarding the growing surplus and that the Province may expect it to be used for capital projects. However, the Board has many huge unknowns coming up regarding organics processing. This analysis shows the Board has a plan for the surplus.

Mr. Mallowney noted that he is concerned that the Province may earmark the surplus for capital projects. Organics processing is at least several years away. He continued that he feels the motion should reflect tipping fee rate stabilization and use for organics implementation.

General discussion ensued with the following points:

- The surplus should continue to be used for tipping fee rate stabilization.
- Should the Board consider a cap for the surplus?
- A cap may actually force the tipping fee down once it's reached.
- The surplus is discussed annually anyway at budget time – couldn't we just continue to monitor the situation and make adjustments at budget time if necessary.
- Suggesting that the Board leave the surplus as is and to review annually.

- The many large construction projects in the region that were driving up tonnages at the landfill are now ending. That will impact our revenue.
- The Board's surplus is being held by the City of St. John's; therefore, it is not shown in the financial statements of ERSB.
- We are at risk of having the Province assign the surplus to capital projects.
- We can't determine or control what the Province will do – we can only make the best decision possible for the Board at this time.

It was moved and seconded (B Davis/S Hickman) that ERSB maintain the tipping fee stabilization policy as adopted and to maintain the tipping fee at \$67.60 per metric tonne. The tipping fee will be reviewed annually by the ERSB.

MOTION 2014-035: Carried (unanimously)

b. Strategy & Policy Committee – (S Hickman)

- i. Withdraw Whitbourne-Peak Pond Project from Environmental Assessment** – Mr. Hickman noted that this is the formal motion to withdraw the project (No. 1746) from the Environmental Assessment process and to notify the Department of Environment and Conservation.

Mr. Hickman stated that Mr. Grant spoke to this at the last Board meeting and followed up with an email to all Board members. The majority of members responded that they supported withdrawing the project.

Mr. Grant stated that he had outlined several reasons for this recommendation in his email including that the proposed composting pilot study for that site would most likely not be relevant for our region once Dillon Consulting has completed its research; therefore, it seemed most reasonable to await Dillon's recommendations for the Eastern Region.

It was moved and seconded (S Hickman/D O'Keefe) that ERSB withdraw its Environmental Assessment registration for Project No. 1746 at Peak Pond, Whitbourne.

MOTION 2014-036: Carried (unanimously)

- ii. Exemption of Churches from Service Fees** – Mr. Hickman noted that the current *Service Delivery Policy* of the Board does not define churches in its types of properties for service. Several communities have asked that particular properties be exempted from the service fees such as churches. Under the *Municipalities Act*, churches and church residences are exempt from taxation. Therefore, we have a situation where we charge towns for those properties but they are unable to collect from these properties.

Several points were noted during committee regarding this issue:

- Churches are not habitable buildings unless there is a residence on site. A commercial property is not habitable either so how do we balance this issue.

- Exemption is not recommended where banquet facilities are part of the building or property.
- Exemption is not recommended where kitchen facilities or other activities take place that would generate waste.

It was moved and seconded (S Hickman/B Davis) that ERSB provide an exemption from service fees to churches and church residences. No exemption will be provided to those churches with banquet/kitchen facilities and/or commercial operations.

MOTION 2014-037: Carried (unanimously)

Mr. Davis questioned how much money would be involved in this initiative.

Mr. Kelly responded that there are approximately 100 churches in the Eastern Region; therefore, it would be about \$18,000 annually.

Discussion ensued:

- As the cost of this initiative is not significant, why not exempt all churches regardless of kitchen/banquet facilities, etc.
- That would not be fair to community centers that are not exempt from fees as they would be competing with churches.
- The issue here will be enforcement in local service districts and unincorporated areas. We have to ensure that we are enforcing our policy fairly.

c. Governance Committee - (H Mallowney)

- i. **Board Performance Template** – Mr. Mallowney stated that Governance Committee has been working on a method to increase Board member participation as well as the Board’s oversight of the organization. Some of the activities will be evident in the opportunities for Board member education on issues such as study tours or conferences.

The Committee has been looking at best practices for governance of boards and there are several ways to enhance our oversight and mitigate any risks that the Board may face. For example, as individual Board members we assume that all of the right things are in place but do we know that items such as payroll remittances have been made; that we are in compliance with all the requirements for worker’s compensation; and that there is a plan in the event of our financial system failing, etc. This is not a matter of Board members needing to have their hands in all of the details or to micro-manage the organization but rather this is an issue of having enough knowledge and receiving the correct information in order to ‘ask the right questions’.

Through the Board’s staff, we have been working to develop some simple tools that would allow us to ensure that as a Board we can say that we are aware of the risks the organization is facing and that we are doing our due diligence in terms of oversight.

At this time, the Committee is working on setting the Board's timelines and benchmarks. At some later time, we may do formal assessments of the Board and its performance. However this is not an effort to pick on individuals but this is an effort to ensure that as a Board we are performing the functions that we should and as the people ultimately responsible for the actions of the organization we are performing our oversight role as expected.

Mr. Mallowney concluded that the Committee would continue to prepare a draft board performance template to be brought back to the Board for review and adoption.

- ii. **Organics Study Tour – Nova Scotia – July 2014** – Mr. Mallowney stated that arrangements have been made for those Board members who expressed interest in attending the study tour to Nova Scotia to visit various organics processing facilities from July 7-9. Those attending are: Ed Grant, Harold Mallowney, Joy Dobbie, Bill Bailey, Dave Aker, and Bill Woodman. The budget for this study tour is approximately \$10,000 or \$1,500 per person.

Ms. Roche stated that she had requested to participate in this study tour but her name was not mentioned.

Mr. Kelly stated that Ms. Roche has been included; however, her name was mistakenly omitted from tonight's list. There are seven (7) Board members participating in this study tour as well as two staff – Mr. Kelly, CAO and Ms. Christie Dean, Field Operations Officer.

- iii. **SWANA Wastecon Conference** – Mr. Mallowney stated that members have been notified regarding the upcoming SWANA (Solid Waste Association of North America) conference taking place in Dallas, Texas in August. Two (2) Board members expressed interest in attending – Mr. Bill Bailey and Mr. Sterling Willis. The cost per person for this event is approximately \$4,000 including conference registration, hotel, flight, per diem, etc. Mr. Grant and Mr. Kelly will also be attending this conference.

It was moved and seconded (D O'Keefe/P Roche) to approve Mr. Bill Bailey and Mr. Sterling Willis in addition to Mr. Ed Grant and Mr. Ken Kelly as the Board's attendees at the 2014 SWANA Wastecon being held in Dallas, Texas, August 26-28, 2014.
MOTION 2014-038: Carried (unanimously)

5. Other Business

- a) **ERSB Regular Meeting Time** - Mr. Grant stated that Ms. Roche has proposed that the Board's regular meetings be held on the fourth Thursday of each month instead of the fourth Wednesday of each month.

Ms. Roche noted that she has a meeting on the fourth Wednesday of each month that immediately precedes the Board's meeting. However, she concluded that the fourth Wednesday of each month is okay if Thursday is not suitable for the majority of members.

Discussion ensued with the majority of members stating that the fourth Wednesday of each month was best for them.

Following discussion Mr. Grant concluded that ERSB meetings will continue to take place on the fourth Wednesday of each month.

6. Next Meeting

The next regular meeting of Eastern Regional Service Board will be held on **Wednesday, September 3, 2014 at 7:00 p.m. at the Fairfield Inn & Suites by Marriott.**

Please note that there will be NO MEETINGS HELD IN JULY.

Committee Meetings have been scheduled for:

- a) Finance & Audit Committee – Wednesday, August 13, 2014 at 12:00 noon, EWM Boardroom
- b) Strategy & Policy Committee – Tuesday, August 12, 2014 at 10:00 a.m., EWM Boardroom
- c) Governance Committee – Tuesday, August 19, 2014 at 10:00 a.m., EWM Boardroom

7. Adjournment

It was moved by E Grant to adjourn the meeting at 8:00 p.m.

*Prepared by: Lynn Tucker
July 7, 2014*

APPENDIX 'A'

Eastern Waste Management
 BNK2 - Bank of Montreal - EW
 Cheques from 000001 to 003039 dated between 05/01/2014 and 05/31/2014

CHEQUE REGISTER

Printed: 12:49:39PM 06/04/2014

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Number	Issued	Amount	SC	Status	Status Date
002943	05/07/2014 61366 Newfoundland and Labrador Inc.	2,260.00	A/P	CLEARED	05/21/2014
002944	05/07/2014 AMEC Environment & Infrastructure	24,172.17	A/P	CLEARED	05/21/2014
002945	05/07/2014 Bell Aliant	1,115.59	A/P	CLEARED	05/21/2014
002946	05/07/2014 BRENKIR	1,106.22	A/P	CLEARED	05/31/2014
002947	05/07/2014 De Lage Landen Financial Services Canada Ltd.	303.34	A/P	CLEARED	05/21/2014
002948	05/07/2014 Dicks and Company Limited	665.74	A/P	CLEARED	05/21/2014
002949	05/07/2014 Dodd's Diesel Repair Ltd.	617.41	A/P	CLEARED	05/21/2014
002950	05/07/2014 Gordon Stone	445.84	A/P	CLEARED	05/21/2014
002951	05/07/2014 Henry Hennessey	41.12	A/P	CLEARED	05/21/2014
002952	05/07/2014 Jonathan Miller	819.25	A/P	CLEARED	05/21/2014
002953	05/07/2014 Ken Kelly	629.77	A/P	CLEARED	05/21/2014
002954	05/07/2014 Kerr Global Communications	908.35	A/P	CLEARED	05/21/2014
002955	05/07/2014 Kevin Power	2,038.04	A/P	CLEARED	05/21/2014
002956	05/07/2014 Kevin Butt	81.97	A/P	CLEARED	05/21/2014
002957	05/07/2014 Kevin Fahey	15.80	A/P	CLEARED	05/21/2014
002958	05/07/2014 Leslie Squires	550.00	A/P	CLEARED	05/21/2014
002959	05/07/2014 Lynn Tucker	181.47	A/P	CLEARED	05/21/2014
002960	05/07/2014 NATIONAL Public Relations	2,011.15	A/P	CLEARED	05/21/2014
002961	05/07/2014 Pitney Bowes	1,215.00	A/P	OUT-STD	05/07/2014
002962	05/07/2014 Royal Garage Ltd.	146.78	A/P	CLEARED	05/21/2014
002963	05/07/2014 Sam Pike Masonry Ltd.	50.49	A/P	CLEARED	05/31/2014
002964	05/07/2014 T2 Ventures Inc.	121,289.76	A/P	CLEARED	05/21/2014
002965	05/07/2014 Transcontinental Atlantic Media Group G.P.	2,139.27	A/P	CLEARED	05/21/2014
002966	05/07/2014 William Woodman	548.16	A/P	CLEARED	05/21/2014
002967	05/14/2014 Bell Mobility Inc.	1,025.19	A/P	CLEARED	05/21/2014
002968	05/14/2014 BRENKIR	140.07	A/P	CLEARED	05/31/2014
002969	05/14/2014 Cabot Industries Limited	2,983.20	A/P	CLEARED	05/31/2014
002970	05/14/2014 Christie Dean	882.55	A/P	CLEARED	05/21/2014
002971	05/14/2014 Clowe Construction Ltd.	423.75	A/P	CLEARED	05/31/2014
002972	05/14/2014 Concord Enterprises Inc.	271.20	A/P	CLEARED	05/21/2014
002973	05/14/2014 D&L Russell Limited	85.85	A/P	CLEARED	05/31/2014
002974	05/14/2014 Derrick Green	229.37	A/P	CLEARED	05/21/2014
002975	05/14/2014 Dicks and Company Limited	12.70	A/P	CLEARED	05/21/2014
002976	05/14/2014 Dodd's Diesel Repair Ltd.	169.39	A/P	CLEARED	05/31/2014
002977	05/14/2014 Ed Grant	138.32	A/P	CLEARED	05/31/2014
002978	05/14/2014 Harbour Construction Limited	732.24	A/P	CLEARED	05/31/2014
002979	05/14/2014 Harold Mallowney	687.77	A/P	CLEARED	05/21/2014
002980	05/14/2014 Imperial Oil	8,710.47	A/P	CLEARED	05/31/2014
002981	05/14/2014 Iron Mountain Canada	31.10	A/P	CLEARED	05/31/2014
002982	05/14/2014 M J Hickey Construction Ltd.	650.00	A/P	CLEARED	05/31/2014
002983	05/14/2014 Municipalities Newfoundland & Labrador	250.00	A/P	CLEARED	05/31/2014
002984	05/14/2014 Pat Singleton	480.00	A/P	OUT-STD	05/14/2014
002985	05/14/2014 Pinnacle Office Solutions Ltd.	173.07	A/P	"VOID"	05/14/2014
002987	05/14/2014 Pinnacle Office Solutions Ltd.	173.07	A/P	CLEARED	05/31/2014
002988	05/14/2014 Pro-Tech Construction Ltd.	7,700.49	A/P	OUT-STD	05/14/2014
002989	05/14/2014 Royal Garage Ltd.	58.71	A/P	CLEARED	05/31/2014
002990	05/14/2014 SGL Construction Ltd.	1,695.00	A/P	CLEARED	05/31/2014

* - Name on Check was modified

Eastern Waste Management
BNK2 - Bank of Montreal - EW
Cheques from 000001 to 003039 dated between 05/01/2014 and 05/31/2014

CHEQUE REGISTER

Printed: 12:49:39PM 06/04/2014

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Number	Issued	Amount	SC	Status	Status Date
002991	05/14/2014 Encon Group Inc.	2,404.42	G/L	CLEARED	05/31/2014
Cheque Totals Issued:		193,287.55			
Void:		173.07			
Total Cheques Generated:		193,460.62			
Total # of Cheques Listed:		48			

* - Name on Check was modified

**EASTERN REGIONAL SERVICE BOARD
EASTERN WASTE MANAGEMENT**

PAYROLL EXPENSE

MAY 2014

Payroll – Staff.....	\$72,205.73
Payroll – Board.....	\$0.00
TOTAL PAYROLL.....	\$72,205.73

PREVIOUS MONTH

APRIL 2014

Payroll – Staff.....	\$71,116.41
Payroll – Board (Q1).....	\$13,827.95
TOTAL PAYROLL	\$84,944.36

APPENDIX 'B'

THIS AGREEMENT made at St. John's, in the Province of Newfoundland and Labrador, this _____ day of _____, 2013

BETWEEN: **CITY OF ST. JOHN'S**, a municipal corporation pursuant to the provisions of the City of St. John's Act, RSNL 1990, c.C-17, as amended

(hereinafter referred to as the "City")
of the One Part

AND: **EASTERN REGIONAL SERVICE BOARD**, a body corporate pursuant to the Regional Service Boards Act, SNL 2012, c.R-8.1, as amended

(hereinafter referred to as the "Board")
of the Other Part

WHEREAS the Robin Hood Bay Regional Waste Management Facility (the "RHB Facility") is a full service waste disposal facility owned and operated by the City and has been recognized as the regional waste disposal facility for the Eastern Region (which area is more particularly described in Schedule "A" attached hereto, which Schedule forms part of this Agreement);

AND WHEREAS the RHB Facility is located within the boundaries of the City of St. John's and, historically, has been operated as the municipal waste disposal site by and for the City of St. John's;

AND WHEREAS the Board's powers and duties are as set forth in the Regional Service Boards Act, 2012, and legislation subordinate thereto;

AND WHEREAS the Parties wish to enter into an agreement establishing the terms and conditions whereby the City will provide access to the RHB Facility for users within the Eastern Region;

NOW THEREFORE THIS AGREEMENT WITNESSES that for an in consideration of the mutual covenants contained herein the Parties agree as follows:

1. The City shall operate and have management and control of the RHB Facility and all aspects of the operation of the same subject only to any applicable legislation or other law and the terms and conditions set forth herein.

2. (A) The City shall, at all times, keep and maintain reasonable separate records of and for the operation of the RHB Facility as the regional waste disposal site for the Eastern Region. This will include, at a minimum, records permitting the tracking and determination of tipping fee revenues and of tonnages and categories of waste material accepted from account holders.

(B) The Board shall, at all times, keep and maintain records of its operations, including costs and expenditures. This will include records permitting the tracking and determination of fee revenues and of tonnages and categories of waste material accepted on a user basis.

3. The City acknowledges and agrees that municipal and commercial users within the Eastern Region shall have no less a privilege to dispose of waste material at the RHB Facility than users operating in the City. Notwithstanding the foregoing, all users of the RHB Facility shall be subject to such controls, practices, procedures, and directions as the City may, from time to time, put into effect.

4. The RHB Facility is developed to accommodate multiple waste streams. This is founded on the principle of source separation which requires that waste material must be separated into its various streams prior to arrival at the RHB Facility. While the City may require source separation of waste from time to time, users not resident within the City shall only be required to separate organics from the waste stream to meet the minimum requirements of the Provincial Solid Waste Management Strategy.

5. (A) User fees for disposing of waste materials at the RHB Facility shall be established by the Board under the authority granted in Sections 24 and 26 of the Regional Service Board Act on the following principles:
- (i) Fees shall be established so as to ensure that the City shall, on an annual basis, be able to recover and offset all of the costs determined by the City to be attributable, incidental, or in any way related to the City's management and operation of the RHB Facility in St. John's. For greater certainty, it is understood and agreed that ~~garbage pick-up costs-curbside waste collection and curbside program~~ costs shall not be included in the City's costs.;
 - (ii) "Eligible Recovery Operations" of the Board are (i) transporting waste from areas more than 100 kilometres from the RHB Facility to the point that is 100 kilometres from the RHB Facility; (ii) operating transfer stations and waste recovery facilities ~~used to expedite the above-referenced transportation in an efficient manner~~ including, without limitation, organic composting facilities; and (iii) reasonable administration, reasonably attributable to the foregoing, -cost relating to the foregoing. Fees shall be established so as to enable the Board to recover and offset all of its costs attributable, incidental, or in any way related to Eligible Recovery Operations ("Eligible Costs") net of all fees and revenues or monies collected or otherwise obtained by the Board from third parties for, or in relation to, Eligible Recovery Operations ("Eligible Costs"). For greater certainty, it is understood and agreed that weekly curbside waste collection costs shall not be included in Eligible Costs;
 - (iii) Fees shall be established in a manner so as to encourage waste diversion by all municipal and commercial users of the RHB Facility by setting different fees for waste materials subject to diversion, as opposed to waste materials that are simply for disposal; and

- (iv) While different fees may be established for different waste classifications, and/or in respect of commercial users as opposed to non-commercial users, all municipal users within the Eastern Region will be charged uniform fees for the disposal of each class of waste at the RHB Facility. For greater certainty, “municipal users” are all users who are cities, towns, local service districts, unincorporated communities or the Board.

- (B) The process for establishing user fees for the disposal of waste materials at the RHB Facility shall be as follows:
 - (i) The City shall, on or before September 15 of each year , provide the Board with a tonnage report for the RHB Facility for the preceding fiscal year; a tonnage forecast for the RHB Facility for the upcoming fiscal year; and its estimated operating costs for the RHB Facility as determined pursuant to the principles set forth in s. 5(A)(i) for the upcoming fiscal year;

 - (ii) ~~The Board shall incorporate the estimated operating costs as determined by the City of the RHB Facility with the Eligible Costs of the Board as determined pursuant to the principles set forth in s 5(A)(ii);~~ The Board shall, on or before October 15 of each year, provide the City with its Eligible Costs for the preceding fiscal year as determined pursuant to section 5A(ii); and its estimated Eligible Costs for the upcoming fiscal year;

 - (iii) The Board shall, on or before October 31 of each year and in accordance with the principles set forth in section 5A, establish the user fees that will be assessed at the RHB Facility for all classes of waste accepted at the RHB Facility starting April 1 of the subsequent year;

- (iv) The Board shall communicate the user fees to be assessed at the RHB Facility to all users of the RHB Facility;
 - (v) Any annual surplus or deficit that may arise from the City's operation, management, and/or control of the RHB Facility, and/or the Board's Eligible Recovery Operations, shall be carried forward and be applied against future annual budgets of the City and the Board respectively;
 - (vi) The Board, may, from time to time and with consideration of the principles set forth in s.5(A) herein, adopt processes for the setting of fees designed to allow for consistent changes to user fees from year to year;
 - (vii) Should the Board fail to approve the user fees on or before the date set forth in s.5(B)(iii), then the user fees at the RHB Facility shall be as established by the City in accordance with the principles set forth in s.5(A).
6. The City shall, within a reasonable time following a request by the Board, provide such records in their possession in order that the Board may review the same to confirm that operating expenses have been established in accordance with this Agreement for waste materials received at the RHB Facility from municipal users in the Eastern Region.
7. The City will maintain the accounts for the users of the RHB Facility and have all other rights incidental to its ownership, management and control of the RHB Facility. The Board shall not have any responsibility to collect monies from the users of the RHB Facility.
8. The City will remit to the Board an amount equivalent to the amount budgeted for the operating expenses of the Board estimated pursuant to s. 5 (A) (ii) in quarterly installments due according the following schedule January 1, April 1, July 1, and October 1 of each year.

DATED as of the day and year first before written.

Signed, Sealed and Delivered
before me this ____ day of _____, 2013

CITY OF ST. JOHN'S

WITNESS

MAYOR

CITY CLERK

Signed, Sealed and Delivered
before me this ____ day of _____, 2013

EASTERN REGIONAL SERVICE BOARD

WITNESS

Chairperson

Vice Chairperson

APPENDIX 'C'

Briefing Note: Operating Surplus and Parameters for Use of the Surplus

Issue: The operations at Robin Hood Bay have been accumulating a surplus over the cost of operations for the last several years. There is no agreed upon plan for the use of these funds.

Background:

Each year the Board sets the tipping fee to be charged at Robin Hood Bay based on the budget for the facility plus the budget for the Board. An estimate of any revenues for the sale of recyclable materials and other revenues is deducted from the total cost. The net cost is then divided by an estimate of the amount of waste that is to be received. This provides the cost per metric tonne that must be charged as the tipping fee in order to cover the costs of operation.

(Budget Robin Hood Bay plus ERSB Budget) – Revenues = Net Cost

Net Cost / Projected Annual Tonnage = Tipping Fee per metric tonne

For the last several years Robin Hood Bay has taken in more waste than was projected which has resulted in a surplus. In an effort to maintain the tipping fee some of the surplus has been used to offset the increase in costs. The Table below illustrates the Net Cost to operate RHB and the Board divided by waste tonnage projection (A). The actual cost per metric tonne exceeds the \$67.60 that is charged. The difference is made up by the surplus funds that are applied. (B)

CURRENT TREND NO ORGANICS

	2013	2014	2015	
Exp	\$12,823,487	\$13,944,843	\$14,959,831	
Tonnage Landfill	172200	185518	189059,268	A
Cost per Metric Tonne	\$74.47	\$75.17	\$79.13	
Surplus applied	\$1,156,600	\$1,403,826	\$2,179,424	B
Charged	\$67.60	\$67.60	\$67.60	C

Discussion:

As was discussed at the meeting with the Department of Municipal and Intergovernmental Affairs the organics plan and infrastructure for the Province will be tabled in the 2015 Budget and it will detail the size and technology that the Dept envisions for the eastern region.

The current surplus for the Robin Hood Bay operations is \$9.3 million and the Board had a surplus of \$1m in 2012.

The implementation of organics will have two affects on the cost of waste management for the region. Firstly it will reduce the revenues at Robin Hood Bay for landfill disposal as the material will be diverted

from the landfill. Secondly, it will increase the regional costs as the operations of the organics facility are added into the overall costs for the regional system. The Table below illustrates the impact.

Notes to the Table:

Row D is an estimate of the cost to process one metric tonne and we are using three projections.

Row E is the projected start up tonnage to be processed at the Organics Facility which will be the amount of tonnage that the landfill revenues are reduced.

Row G is the projected 2015 operating cost for Robin Hood Bay and the Board.

Row H is the cost for organics derived in Row F.

Row J is the total cost for the regional system in Row I divided by the Total annual tonnage of 189,056 metric tonnes.

Row K is the tipping fees of \$67.60 per metric tonne at the landfill and \$20 per metric tonne for organics.

Row L is the deficit per year.

STARTUP OF ORGANICS

		2015		2015		2015	
Cost per Tonne Process		\$75.00	D	\$100.00	D	\$125.00	D
Tonnage		27200	E	27200	E	27200	E
Total		\$2,040,000.00	F	\$2,720,000.00	F	\$3,400,000.00	F
Expenditure	RHB	\$14,959,831	G	\$14,959,831	G	\$14,959,831	G
	Organics	\$2,040,000.00	H	\$2,720,000.00	H	\$3,400,000.00	H
	Total	\$16,999,831	I	\$17,679,831	I	\$18,359,831	I
Cost per MT		\$89.92	J	\$93.51	J	\$97.11	J
Tipping Fees		\$11,485,686.52	K	\$11,485,686.52	K	\$11,485,686.52	K
Deficit		(\$5,514,144)	L	(\$6,194,144)	L	(\$6,874,144)	L

Recommendation:

The impact of organics will mean that the surplus will be reduced within two operating years. Once the surplus is depleted there will be a significant rise in the cost per metric tonne for landfill disposal which may be mitigated or introduced over the a three year period using the surplus to gradually increase the landfill tipping fee.

It was the consensus of the Finance and Audit Committee to recommend that Board maintain the tipping fee stabilization policy as adopted and to maintain the tipping fee at \$67.60 per metric tonne. The tipping fee will be reviewed annually by the ERSB.

Potential resolution of wording:

- 1) Remove organics and hope we can resolve at a later date,
- 2) Leave as is recognizing that the Province's direction is budgeting for the construction of an organics facility in the eastern region and one of the potential sites is Robin Hood Bay.

Recommendation:

Leave the wording as is recognizing that the Province will provide further direction on technology, size and location in the near future.