



REPORT

To: Chair and Directors

Report Number: ENV-BRD-041

From: Solid Waste Committee

Date: February 17, 2021

Subject: Function 500 Regional Solid Waste Draft 2021 Budget

The following recommendations from the January 7th and January 15th 2021 Solid Waste Committee meetings are being presented to the Regional Board for its consideration:

RECOMMENDATION #1: [Corporate Weighted]

That the Regional Board approve the Supplemental Item – North Peace Regional Landfill Phase 1 Closure, and that \$70,000 is allocated to the project and included in the 2021 Solid Waste Budget.

RECOMMENDATION #2: [Corporate Weighted]

That the Regional Board approve the Supplemental Item – Chetwynd Landfill Scale Replacement, and that \$447,556 is allocated to the project and included in the 2021 Solid Waste Budget.

RECOMMENDATION #3: [Corporate Weighted]

That the Regional Board approve the Supplementary Item – Prespatou Scale Replacement Design, and that \$60,000 is allocated to the project and included in the 2021 Solid Waste Budget.

RECOMMENDATION #4: [Corporate Weighted]

That the Regional Board approve the Supplemental Item – Bulky Pit Closure, and that \$155,000 is allocated to the project and included in the 2021 Solid Waste Budget.

RECOMMENDATION #5: [Corporate Weighted]

That the Regional Board approve the Supplemental Item – Bessborough Landfill Diversion Pad Development, and that \$140,000 is allocated to the project and included in the 2021 Solid Waste Budget.

RECOMMENDATION #6: [Corporate Weighted]

That the Regional Board approve the operational Supplemental Item – Solid Waste Seasonal, which allocates \$23,000 for a 4-month project engineer position to conduct capital project inspections, for inclusion in the 2021 Solid Waste Budget.

RECOMMENDATION #7: [Corporate Weighted]

That the Regional Board partner with Cleanfarms to develop and deliver an agricultural plastics pilot program for bale wrap, grain bags, and twine at an estimated cost of \$43,416 between 2021 and 2023.

RECOMMENDATION #8: [Corporate Weighted]

That the Regional Board maintain the 2021 requisition for Function 500 – Solid Waste budget at the 2020 level.

RECOMMENDATION #9: [Corporate Weighted]

That the Regional Board include the draft budget for Function 500 - Solid Waste in the 2021 Financial Plan.

BACKGROUND/RATIONALE:

The draft minutes of the January 7th and January 15th Solid Waste Committee Meetings are on the Consent Calendar.

All supplemental requests have been provided in attachments 1-6.

Recommendation #1-5

Please [click here](#) to access the Committee Agenda from January 7th, 2021, please see Item 9.5 to review the report.

Recommendation #6-8

Please [click here](#) to access the Committee Agenda from January 15th, 2021, please see Item 9.1 & 9.2 to review the reports.

Recommendation #9

Staff has prepared the draft budget based on the recommendations from the Solid Waste Committee meetings held on January 7th and January 15th 2021.

The 2021 budget was built with the following goals:

- Operation expenses at \$11,600,000.
- Capital Budget for new projects at \$3,000,000.
- Requisition to be held at the same amount as 2020.
- Increase Tipping Fee funds by approximately 6%
- Reduce surplus use
- Begin to rebuild reserves

The total 2021 Solid Waste (SW) Draft Budget is \$16,177,097 which is a decrease of \$2,485,075 or 13.3% from 2020.

The 2021 SW Draft Budget is composed of three key components:

Core Expenses	\$13,111,541
Capital Expenses	\$3,065,556
Funding Sources	-\$16,177,097

Core Expenses

The 2021 SW Core Budget is \$13,111,541; which is an increase of \$799,591 or 6.5% from 2020.

The core expenses can be further broken down into two pieces:

Operational Expenses	\$11,235,912
Transfer to Reserves	\$1,875,629

The GL codes that make up the SW Core Budget have been grouped into 25 categories to help provide an overall picture of the 2021 core expenses against that of 2020.

A chart summarizing these categories has been provided below:

2021 Core Expenses

Expense	2021 Budget	Change from 2020	
Admin Allocation	\$286,013	Increase of \$53,976	23%
Banking Fees	\$41,200	Increase of \$3,784	10%
Clean-Up	\$287,500	Increase of \$11,500	4.2%
Fleet Allocation	\$151,995	Increase of \$41,295	37%
Insurances	\$16,120	Increase of \$2,598	19.2%
Transfer Station Contractor	\$1,705,700	Increase of \$88,090	5.4%
Wages	\$774,815	Increase of \$127,027	19.6%
Debt Payment	\$1,177,437	No Change	-
Agreements	\$41,950	Decrease of \$1,696	3.8%
Composting	\$65,000	Decrease of \$5,000	7.1%
Consultant	\$100,000	Decrease of \$80,000	44.4%
Landfill Contractor	\$2,803,692	Decrease of \$814,608	22.5%
Landfill Gas Contractor	\$75,000	Decrease of \$25,000	25%
Memberships	\$6,500	Decrease of \$1,683	21%
Misc.	\$127,800	Decrease of \$43,000	25.2%
Mitigation of Closed Landfills	\$60,000	Decrease of \$40,000	40%
Operations	\$476,680	Decrease of \$99,320	17.6%
Recycling	\$2,100,000	Decrease of \$3,147	0.2%
Supplies	\$45,000	Decrease of \$1,000	2.2%
Training	\$25,000	Decrease of \$10,000	28.6%
Waste Haulage	\$783,000	Decrease of \$12,220	1.5%
Water Monitoring	\$85,510	Decrease of \$43,235	33.5%
TOTAL OPERATIONAL EXPENSES:	\$11,235,912	Decrease of \$851,638	7%
Transfer to Operating Reserves	\$139,088	Increase of \$139,088	100%
Transfer to Capital Reserves	\$1,511,541	Increase of \$1,511,541	100%
Transfer to Landfill Liability Reserves	\$225,000	Increase of \$600	0.3%
TOTAL TRANSFER TO RESERVES:	\$1,875,629	Increase of \$1,651,229	735.8%

Notable changes to the 2021 Core Budget include:

- Increased “Transfer to Operating Reserve”
 - To balance the Operational Expenses at \$11,600,000 [\$13,111,541 core budget - \$1,511,541 transfer to capital reserve] a transfer to operating reserve totaling \$139,088 was used.
- Increase to “Transfer to Capital Reserve”
 - 2021 is the first year of building back the Capital Reserve. In 2020 the capital reserve was budgeted to use \$5,241,143, leaving only \$1,100,851 remaining.

- Increase to “Transfer Station Contractor”
 - The 2021 budget accounts for three CPI increases that have not been previously accounted for due to the contractor not applying for them, however the previous increases were rectified in 2020.
- Increased “Wages”
 - The 2021 budget includes 1 FTE position that was not accounted for in the 2020 budget, but was being charged to the budget. The wage increase also includes an additional Seasonal Employee for the solid waste department.
- Decrease to “Consultants”
 - The budget has been lowered to reflect the completion of the Regional Solid Waste Management Plan in mid-2021.
- Decrease to “Landfill Contractor”
 - The Budget has been lowered to reflect the cost of the new contract rates.
- Decrease to “Operations”
 - The budget has been lowered to reflect completion of one-time expenses and to align with historical trends.

Capital Expenses

For 2021 the total Capital Budget is \$3,065,556; which is a decrease of \$3,284,666 (52%) from 2020.

The capital expenses can be further broken down into two pieces:

New Capital	\$872,556
Carryforward Capital	\$2,193,000

The 2021 projects and associated costs have been provided in the table below:

2021 Capital Expenses

Project	2021 Budget	Change from 2020	
North Peace Regional Landfill Closure	\$70,000		
Chetwynd Landfill Scale Replacement	\$447,556		
Prespatou Scale Replacement	\$60,000		
Bulky Pit Closure	\$155,000		
Bessborough Diversion Pad	\$140,000		
TOTAL NEW CAPITAL:	\$872,556	Decrease of \$3,098,666	78%
2019 BBLF Construction	\$62,000		
2019 CHLF Landfill Phase Closure	\$442,000		
2019 NPRLF Landfill Gas Expansion	\$42,000		
2020 BBLF Construction	\$1,591,000		
2020 Bulky Waste Tipping Rail	\$21,000		
2020 CHLF Scale Relocation	\$35,000		
TOTAL CARRYFORWARD CAPITAL:	\$2,193,000	Decrease of \$186,000	7.8%

Funding Sources

A chart summarizing the changes to the funding sources has been provided below:

2021 Funding

Source	2021 Budget	Change from 2020	
Compost	\$75,000	Increase of \$75,000	100%
Fees	\$4,391,725	Increase of \$218,279	5.2%
Grants	\$750,000	Increase of \$150,000	25%
Misc.	\$38,000	Increase of \$2,500	7%
Recycling	\$45,000	Increase of \$2,000	4.7%
Core Requisition	\$6,831,816	Increase of \$404,812	6%
Surplus	\$980,000	Decrease of \$53,000	-5.1%
TOTAL CORE FUNDING:	\$13,111,541	Increase of \$799,591	6.5%
Capital Requisition	\$704,267	Decrease of \$404,812	-36%
Capital Reserves – New Projects	\$168,289	Decrease of \$2,693,854	-94%
Capital Reserves – Carryforward Projects	\$2,193,000	Decrease of \$186,000	-7.8%
TOTAL CAPITAL FUNDING:	\$3,065,556	Decrease of \$3,284,666	-52%

The draft 2021 budget as presented accomplished the goals it initially set out to achieve:

- The Core budget was stabilized at \$11,600,000.
 - This is the combination of Operational Expenses + Transfer to Landfill Liability Reserve + Transfer to Operational Reserve [\$11,235,912 + \$225,000 + \$139,088 = \$11,600,000]
- The Capital budget for new projects is \$2,384,097.
 - This is the combination of New Capital Projects + Transfer to Capital Reserve [\$872,556 + \$1,511,541]. The value was reduced from \$3,000,000 to allow staff to match 2020 requisition.
- Requisition was held at the same amount as 2020 at \$7,536,083.
- Funds from Tipping Fees increased by \$218,279 (5%).
- Surplus was decreased by \$53,000.

The complete budget report is provided in Attachment 8, “2021 Draft Solid Waste Budget.”

ALTERNATIVE OPTIONS:

1. That the Regional Board provide further direction.

STRATEGIC PLAN RELEVANCE:

- ☒ Not Applicable to Strategic Plan.

FINANCIAL CONSIDERATION(S):**2021 Solid Waste Requisition**

The requisition amount for 2021 was held the same as 2020 at \$7,536,083 [\$6,831,816 Core Requisition + \$704,267 Capital Requisition].

2021 Solid Waste Operational Reserve

For 2021, the SW Operational Reserve Balance is projected to be \$2,658,246 by the end of the year; which is an increase of \$1,558,680 (141%) from 2020.

The balance of the Solid Waste Operational Reserve at the end of 2020 was \$1,099,566.

As of February 5, 2021, there was a total surplus of \$2,399,602 in the operational budget from 2020. [\$1,578,585 from additional revenues + \$821,017 from unspent core expenses].

A chart summarizing the changes to the SW Operating Reserve has been provided below:

SW Operating Reserve Balance end of 2020	\$1,099,556
2020 Operating Surplus	\$2,399,602
2021 Surplus use	-\$980,000
SW Operating Reserve Balance start of 2021	\$2,519,158
2021 Transfer to Operating Reserve	\$139,088
SW Operating Reserve Balance end of 2021	\$2,658,246

2021 Solid Waste Capital Reserve

For 2021, the SW Capital Reserve Balance is projected to be \$2,580,721 by the end of the year; which is an increase of \$1,480,140 (134%) from 2020.

If all the funds that were allocated in 2020 from the Capital Reserve were spent, the balance at the end of the year would have been \$1,100,581.

The proposed 2021 draft budget allocates \$2,361,289 [\$168,289 New Capital + \$2,193,000 Carryforward Capital].

A chart summarizing the changes to the SW Capital Reserve has been provided below:

SW Capital Reserve Balance start of 2020	\$6,341,724
2020 SW Capital Reserve Budgeted	-\$5,241,143
SW Capital Reserve Balance end of 2020	\$1,100,581
2020 SW Capital Reserve Unspent	\$2,329,887
SW Capital Reserve Balance start of 2021	\$3,430,469
2021 SW Capital Reserve Use	-\$2,361,289
2021 Transfer to Capital Reserve	\$1,511,541
SW Capital Reserve Balance end of 2021	\$2,580,721

COMMUNICATIONS CONSIDERATION(S):

None.

OTHER CONSIDERATION(S):

None.

Attachments:

1. Function 500 Solid Waste Draft 2021 Budget and Tax Rate
2. F500 - Supplemental– North Peace Regional Landfill Phase 1 Closure
3. F500 - Supplemental– Chetwynd Landfill Scale Replacement
4. F500 - Supplemental– Prespatou Scale Replacement
5. F500 - Supplemental– Bulky Pit Closure
6. F500 - Supplemental– Bessborough Landfill Diversion Pad Development
7. F500 - Supplemental– Solid Waste Seasonal Tech