

DATE: January 11, 2013

FILE: 5360-20

TO: Chair and Directors
Comox Valley Regional District (Comox Strathcona waste management) board

FROM: Debra Oakman, CMA
Chief Administrative Officer

RE: Long term funding options

Purpose

The purpose of this report is to recommend a contract award to prepare a long term funding options report for the Comox Strathcona waste management service.

Policy analysis

The CSWM service area covers the Comox Valley and Strathcona regional districts' geographical areas; and is operated by the Comox Valley Regional District (CVRD) under letters patent. The service was established under Bylaw No. 1822 being "Regional Solid Waste Plan Local Service Area Establishment Bylaw No. 1822, 1996" to establish and operate a local service for the collection, removal and disposal of municipal solid waste. Fees and charges for this service are provided for under Bylaw No. 170 being "Solid Waste Fees and Charges Bylaw No. 170, 2011", so that annual costs may be recovered.

The solid waste service financial planning policy was adopted by the solid waste board in September 2011. This policy provides a framework for the development, communication and approval process of the service's financial plan.

Executive summary

To meet Ministry of Environment (MoE) permit requirements, reserves are required to be established and funded appropriately for future capital works as well as landfill construction and closures. The proposed long term funding options report described in Appendix A will present financial options for the maintenance of appropriate reserve funds and funding of the future solid waste programs described in the 2012 solid waste management plan.

The purpose of the report is to review the economics of the entire solid waste management program to determine options for funding the programs and initiatives in the updated SWMP, potential cost savings measures, facility tipping fees and transfers to reserves for the long term liability for solid waste facilities over a 25 year projection period. An economic model of the CSWM solid waste system will be developed and calibrated, including waste generation, waste streams, waste flows, cost flows, revenue flows, cash flows and unit costs. This economic model will be provided to the CVRD for use as a decision-making tool for determining future solid waste program elements and assessing cost recovery mechanisms.

Recommendation from the chief administrative officer:

THAT a contract be awarded to AECOM, for the development of a long term funding options report, in an amount not to exceed \$91,224 plus applicable taxes.

Respectfully:

D. Oakman

Debra Oakman, CMA
Chief Administrative Officer

History/background factors

As of December 31, 2011, the capital reserve fund balances for the solid waste management service totalled \$12,803,576. Reserves are expected to be depleted in the proposed 2013-2017 financial plan with debt servicing projected to begin in 2013. The future expenditure reserve fund goal is that \$500,000 or more be retained to provide for the CVRD deductible payment in the event of liability claims in addition to CVRD self-insured status in regards to our MIA facility coverage. The balance in this reserve as of December 31, 2011 was \$618,484.

Budget requirements include that long term funding requirements are reviewed to ensure sufficient reserves are maintained and are available to sustain the service in the long term. A solid waste financial analysis is needed to determine the best funding mechanism to increase reserves and provide options to the board on capital funding going forward. The 2012 Comox Strathcona solid waste management plan (SWMP) provides a blueprint of capital projects to operate and maintain the CSWM waste disposal system consisting of five active landfills and three transfer stations over the next ten years in accordance with and compliant to MoE directives. With the completion of the landfill partial closure design projects in 2013, the closure and post-closure care costs will be available for each of the CSWM landfills as required under the Public Sector Accounting Board financial reporting standards. Therefore, the preliminary operating budget contains sufficient funding under object code 366 to provide the board with a long term funding option report in 2013.

Financial factors

According to the AECOM proposal (appendix A), the cost to prepare the economic model and funding options report is about \$91,000. This amount has been included in the proposed 2013 budget under engineering fees.

AECOM's recent experience with CSWM includes the preparation of the updated 2012 SWMP; they are thus very familiar with the CSWM solid waste system. Much of the information gathered by AECOM for the SWMP update will be required during the review of the economics of the solid waste management program. Direct award of the long term funding options report work to AECOM is supported by contractor continuity provisions in Section 1.4.13.13 of the CVRD purchasing management services policy.

Legal factors

The CVRD has a legal obligation to fulfill the requirements of operational certificates/permits for the continued operational management of the waste management centres. Under the MoE, these obligations include annual reporting (water quality monitoring, year-end reports and updated engineering estimates of lifespan of facilities, closure costs and post care costs). Further to this, the ministry requires the CVRD to provide updated closure plans, operations procedures, leachate management plans and landfill gas management plans and implementation schedules. The CVRD needs to ensure that these MoE facility improvements and documents are submitted regularly to fully meet the MoE requirements for these obligations. The long term funding options report will help ensure future funding availability for these obligations.

Sustainability implications

Many of the diversion strategies in the 2012 SWMP are supported by the goals and objectives noted in the Comox Valley Sustainability Strategy. Providing options for funding of these diversion strategies is one of the objectives of the long term funding options report

Concurrence:

Concurrence:

I. Smith

Thomas A. Boatman, PE
Manager of Solid Waste

T. Ian Smith, MCE
General Manager of
Community Services Branch

Attachments: Appendix A – AECOM Proposal: Solid Waste Management System Financial Model Assessment, December 14, 2012