



Potential Strategies for Disposal and Solid Waste System Financing

Presentation to PTAC on April 17, 2024

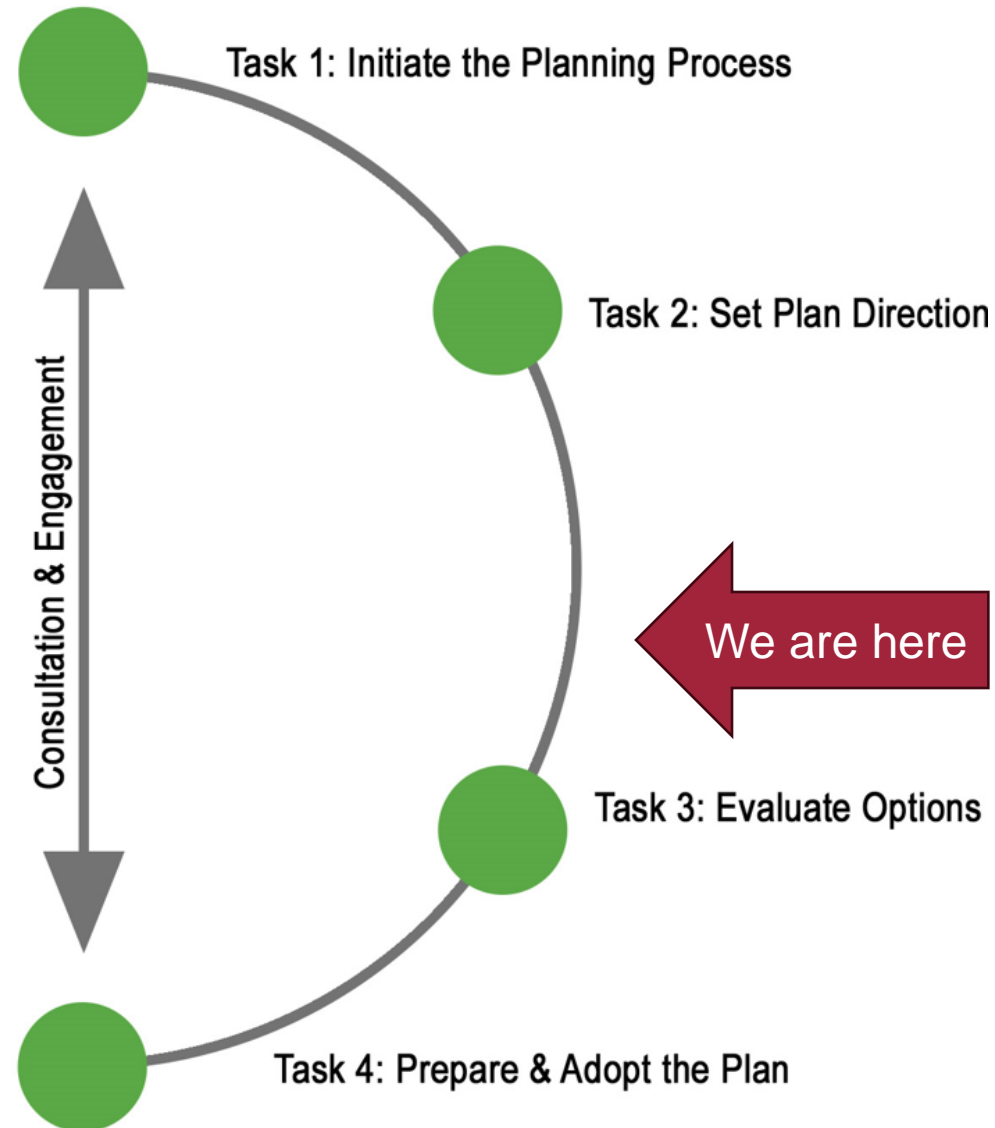


Meeting Outline

- Plan process and context (< 5 min)
- Review waste diversion priorities on strategies 7-12 from last meeting (15 min)
 - Brief discussion priorities
- Disposal options (60 min led by SCRD)
- System finances and administration (30 min)
- Two potential financing strategies (30 min)
 - Discussion
- Potential impacts from strategies (5 min)
- Next steps (5 min)
- Questions/Discussion (remaining time)



Where We Are At

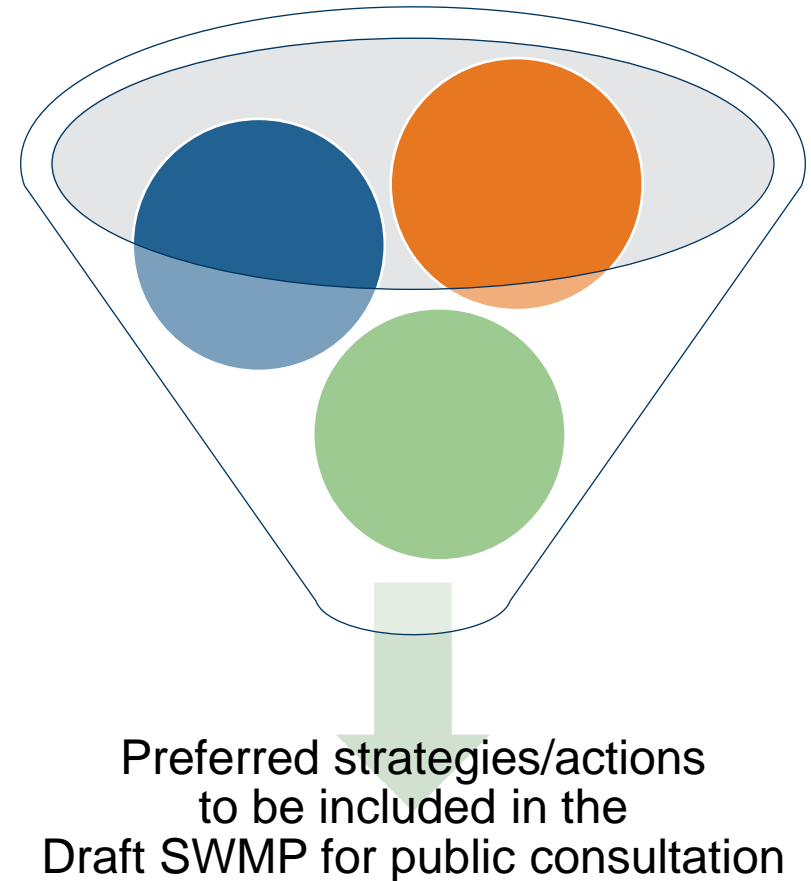


Meeting Purpose

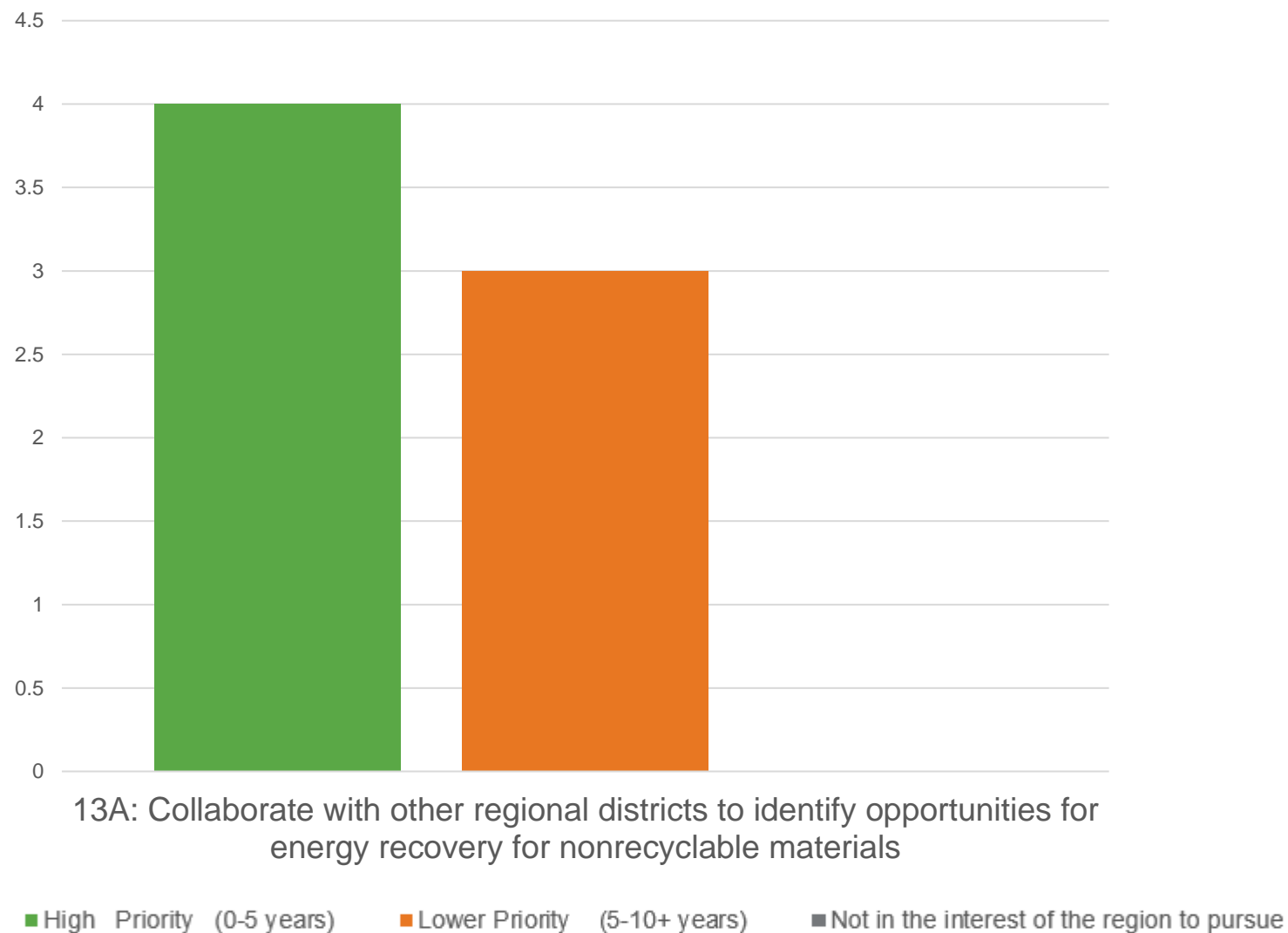
- Outline possible strategies to improve system funding and potential impacts
- Narrow down these strategies which will form the preferred strategies and actions for the Plan

After Meeting:

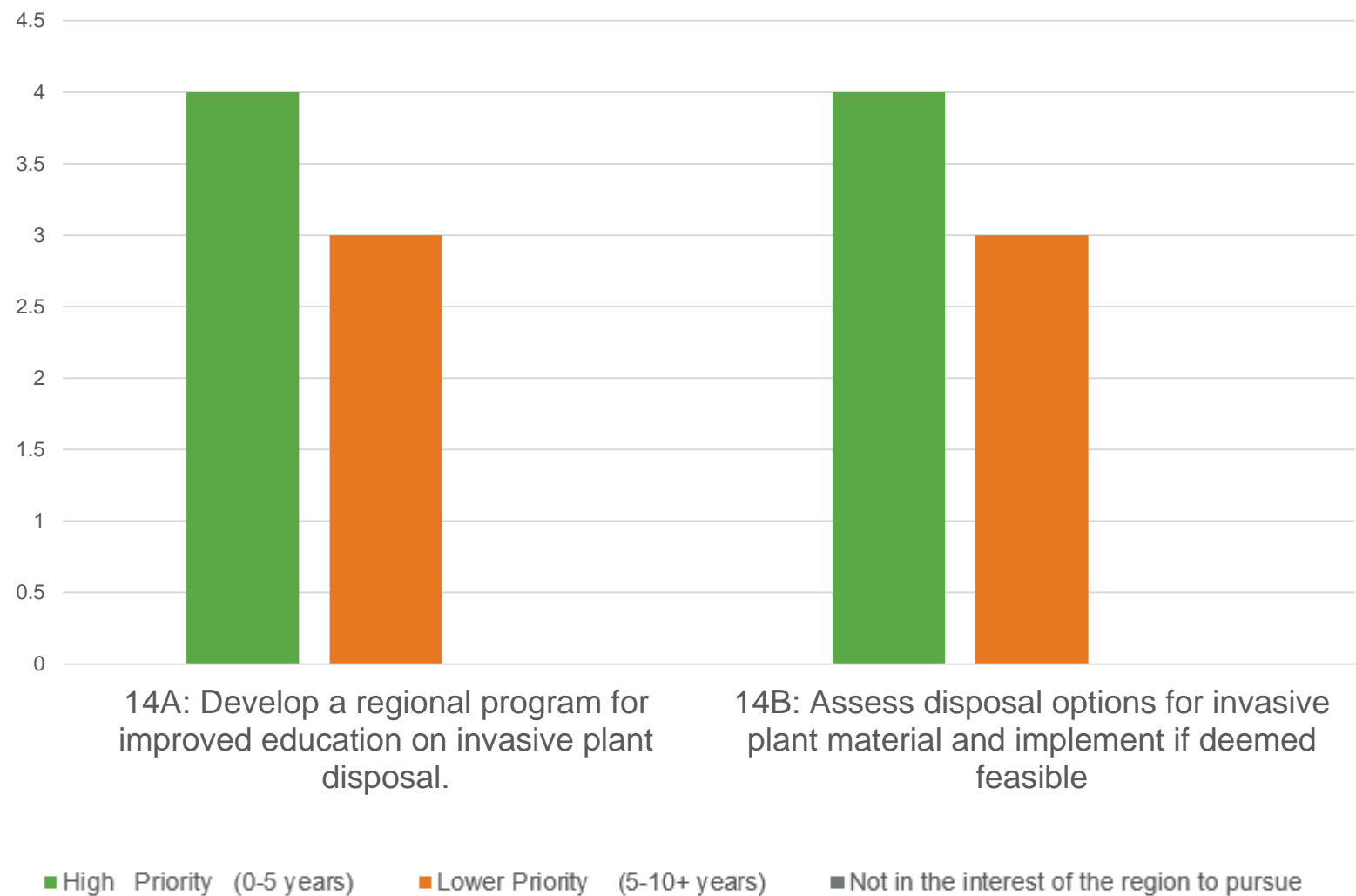
Follow-up survey to gauge your priorities and any additional feedback



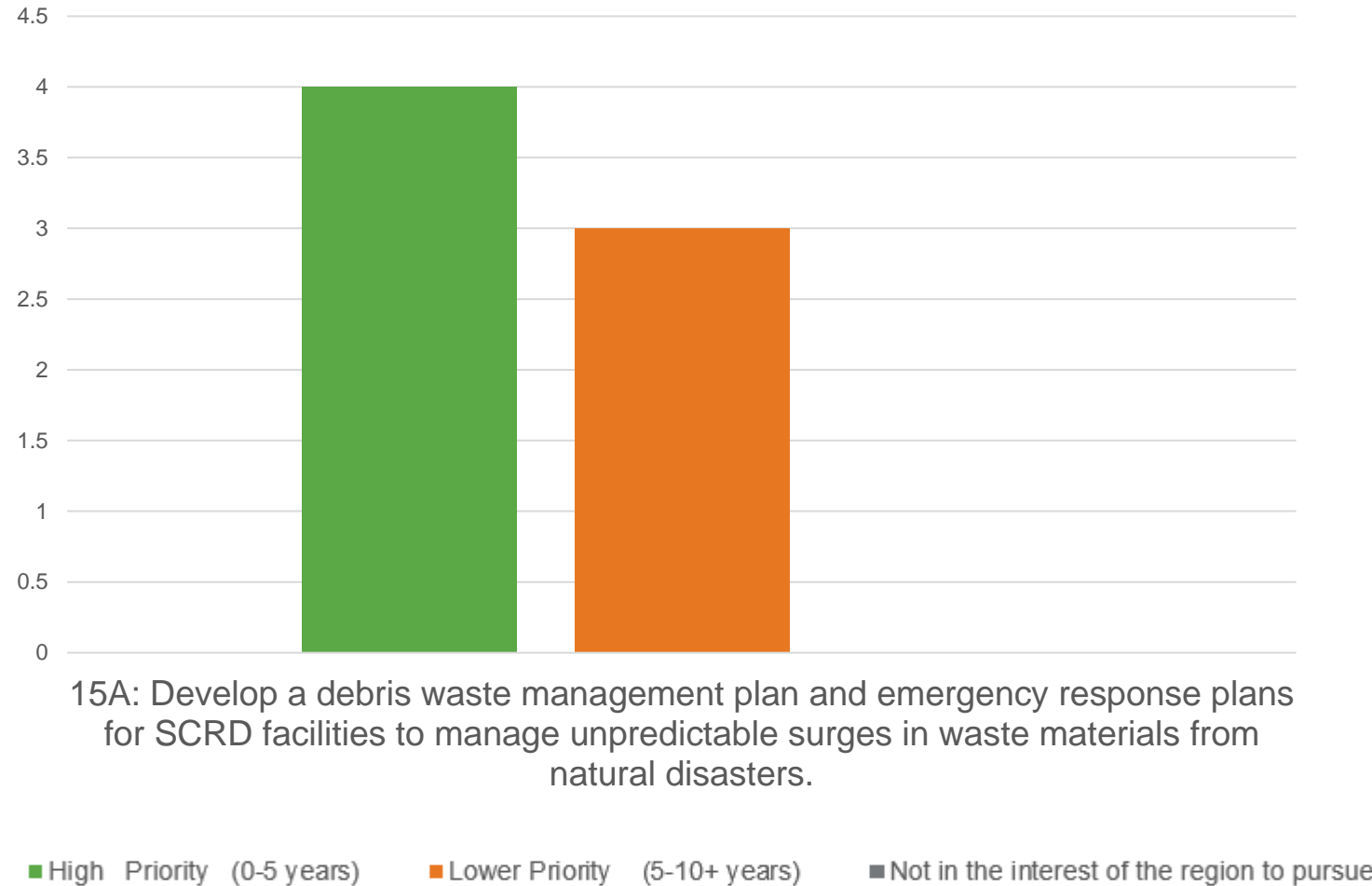
Priorities Strategy 13 - Energy Recovery for Nonrecyclable Materials



Priorities Strategy 14 - Invasive Species Management



Priorities Strategy 15 - Debris Waste Management



Questions/ Comments on Strategies 1 - 15

Other comments we heard



Questions/ Comments on Strategies 1 - 15

Any other comments/ questions

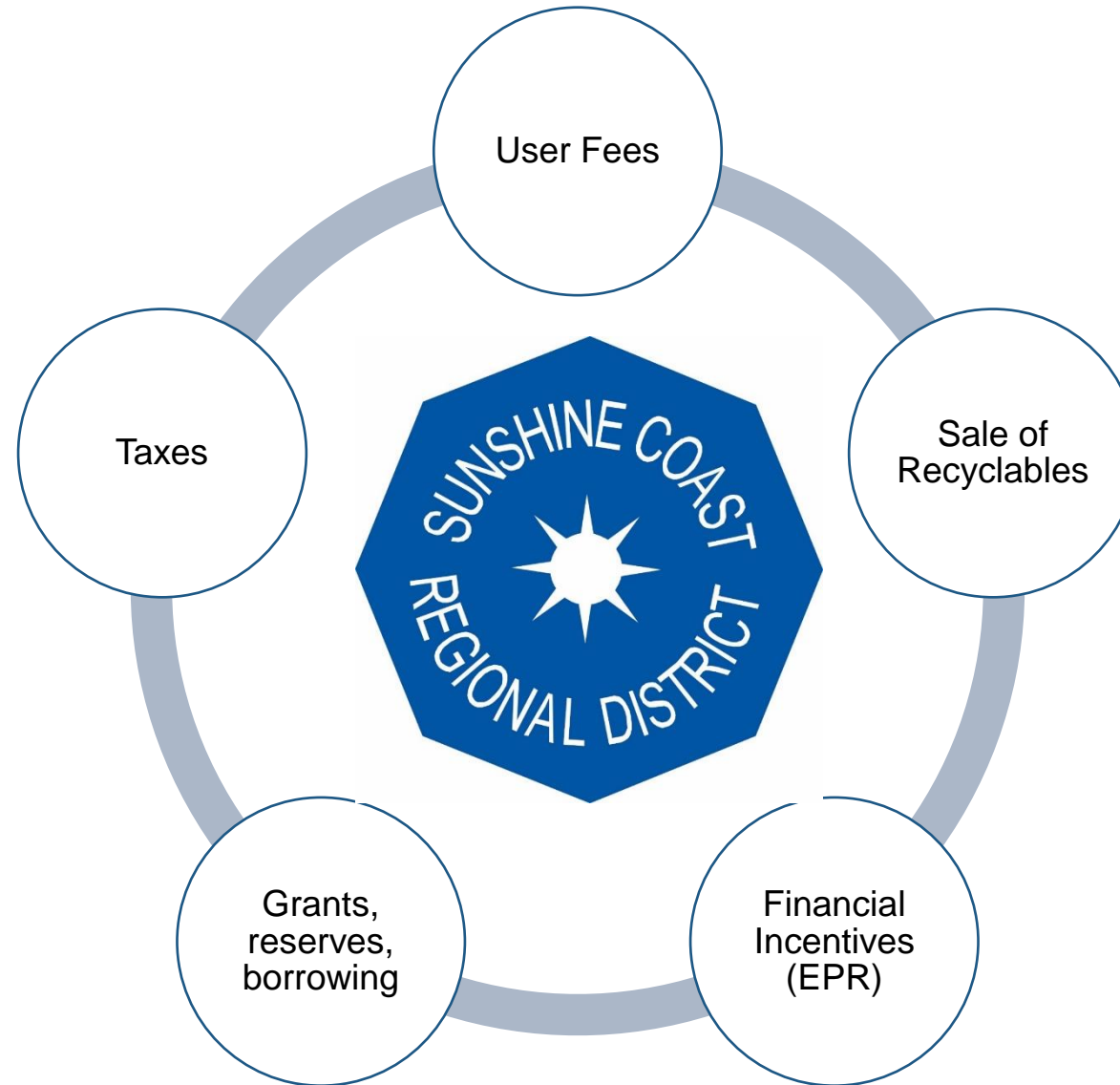


Sunshine Coast Regional District

System Finances and Administration



SCRD - Revenue Sources



SCRD - System Finances

- Regional Solid Waste Service (function 350)
- Refuse Collection Service (function 355)



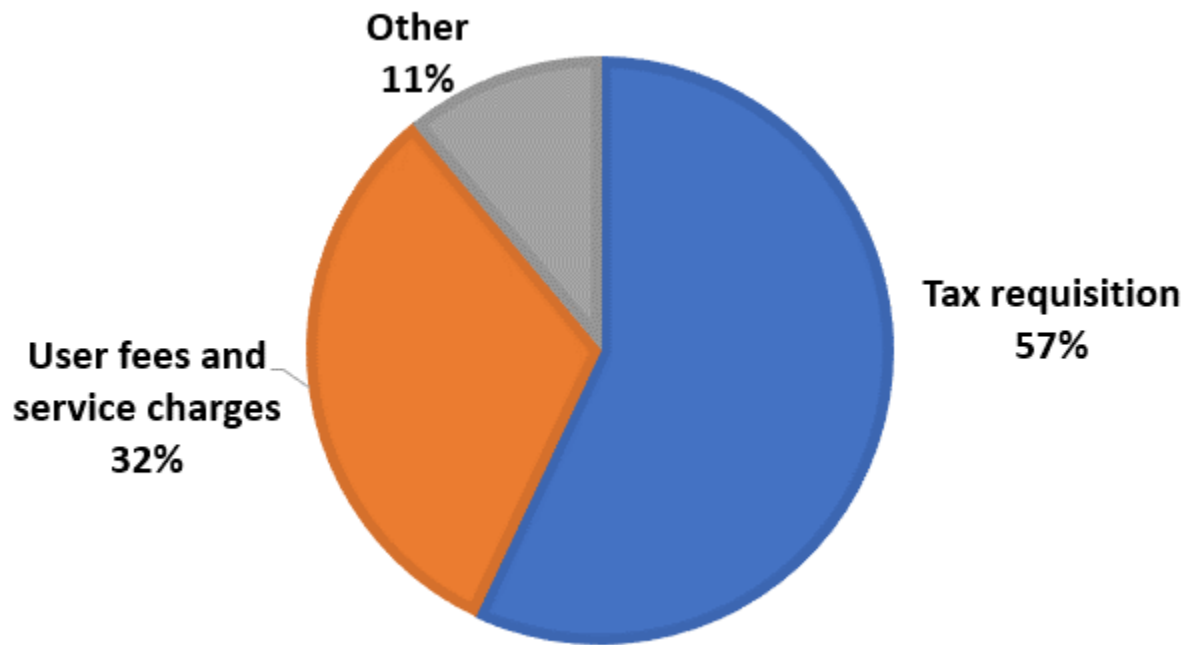
Historical Revenues & Expenses - Regional Solid Waste Service

Over the last 5 years:

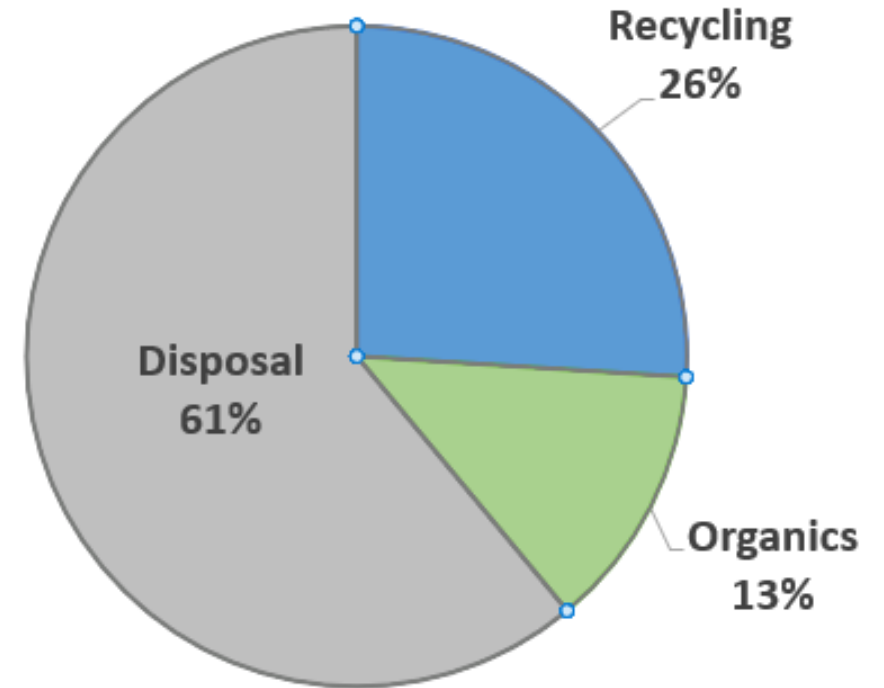
- Revenue generated from taxes increased by 138%
- Revenue from tipping fees remained stable
- Grant funding increased
- Operating expenses increased by 27%
- No contributions to closure reserves or future capital projects
- Budget deficit in 2020



2023 Revenues - Regional Solid Waste Service

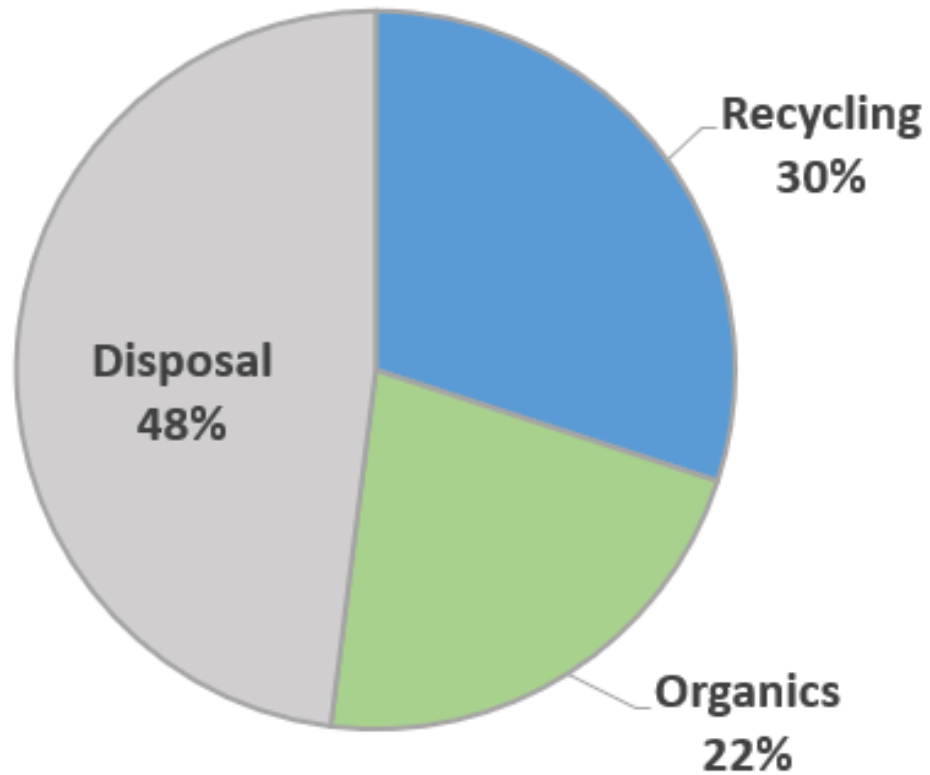


2023 Revenue Sources



2023 Revenue Sources from User Fees

2023 Expenses - Regional Solid Waste Service



2023 Expenditures

- Recycling depots in the region are privately owned, funded by taxation and EPR financial incentives
- Insufficient funds from EPR programs

Expenses - Regional Solid Waste Service

- The SCRD has experienced relatively low operating and capital expenditures for Sechelt Landfill (unlined)
- The updated Landfill Criteria for Solid Waste (2016) require new landfills to be lined
- Need to plan for significant operating and capital cost increases
 - constructing a new lined landfill or
 - exporting waste out of region to a landfill that meets the new Landfill Criteria



2024-2028 Financial Plan

- The proposed 2024 Service Plan identifies the Strategic Focus Area to “secure a long-term waste disposal option”
 1. Confirm feasibility of extending the useful life of the Sechelt Landfill
 2. Further assess waste disposal options after the Sechelt Landfill has reached maximum capacity



2024-2028 Financial Plan

Short-term expansion projects to extend the life of the Sechelt Landfill:

- Construction funding for the relocation of the contact water pond
- Feasibility study and engineering for a vertical expansion within the existing Sechelt Landfill property



2024-2028 Financial Plan - Regional Solid Waste Service

Function 350 Approved Budget	2024	2025	2026	2027	2028
Tax Requisitions	\$5,376,484	\$5,209,704	\$5,271,189	\$5,035,349	\$4,849,879
User Fees and Service Charges	\$2,771,538	\$ 2,751,288	\$2,751,288	\$2,751,288	\$2,751,288
Other	\$462,121	\$462,121	\$462,121	\$462,121	\$462,121
Total Revenues	\$8,610,143	\$8,423,113	\$8,484,598	\$8,248,758	\$8,063,288

2024-2028 Financial Plan - Regional Solid Waste Service

Function 350 Approved Budget	2024	2025	2026	2027	2028
Operating Expenditures					
Administration	\$810,637	\$810,637	\$810,637	\$810,637	\$810,637
Wages & Benefits	\$1,497,820	\$1,596,853	\$1,640,262	\$1,662,127	\$1,662,127
Operating	\$5,330,596	\$4,458,982	\$4,404,592	\$4,398,831	\$4,401,957
Debt Charges - Interest	\$12,323	\$9,862	\$7,470	\$5,078	\$2,696
Amortization of Tangible Assets	\$86,728	\$86,728	\$86,728	\$86,728	\$86,728
Sub-Total	\$7,738,104	\$6,963,062	\$6,949,689	\$6,963,401	\$6,964,145

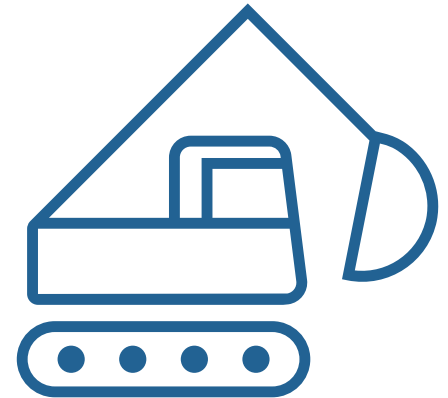
2024-2028 Financial Plan - Regional Solid Waste Service

Function 350 Approved Budget	2024	2025	2026	2027	2028
Capital Asset Expenditures					
Capital Expenditures (excl. wages)	\$1,984,293	\$99,140	\$133,742	\$17,201	\$17,201
Landfill Closure & Post Closure	\$3,219,886	\$31,024	\$-	\$-	\$-
Debt Principal Repayment	\$344,170	\$532,025	\$532,025	\$399,014	\$212,800
Transfer (from) /to Reserves	(\$594,744)	\$55,870	\$55,870	\$55,870	\$55,870
Transfer from Appropriated Surplus	(\$585,000)	\$-	\$-	\$-	\$-
Transfer from Other Funds	(\$25,952)	(\$40,256)	\$-	\$-	\$-
Unfunded Amortization	(\$86,728)	(\$86,728)	(\$86,728)	(\$86,728)	(\$86,728)
Transfer to (from) Unfunded Liability	(\$2,319,886)	\$868,976	\$900,000	\$900,000	\$900,000
Proceeds from Long-Term Debt	(\$1,064,000)	\$-	\$-	\$-	\$-
Net Capital Assets Funded from Operating Revenue	\$872,039	\$1,460,051	\$1,534,909	\$1,285,357	\$1,099,143
Total Operating and Capital Expenses	\$8,610,143	\$8,423,113	\$8,484,598	\$8,248,758	\$8,063,288
Regional Solid Waste (Surplus)/Deficit	\$-	\$-	\$-	\$-	\$-

2024-2028 Financial Plan - Regional Solid Waste Service

Capital projects:

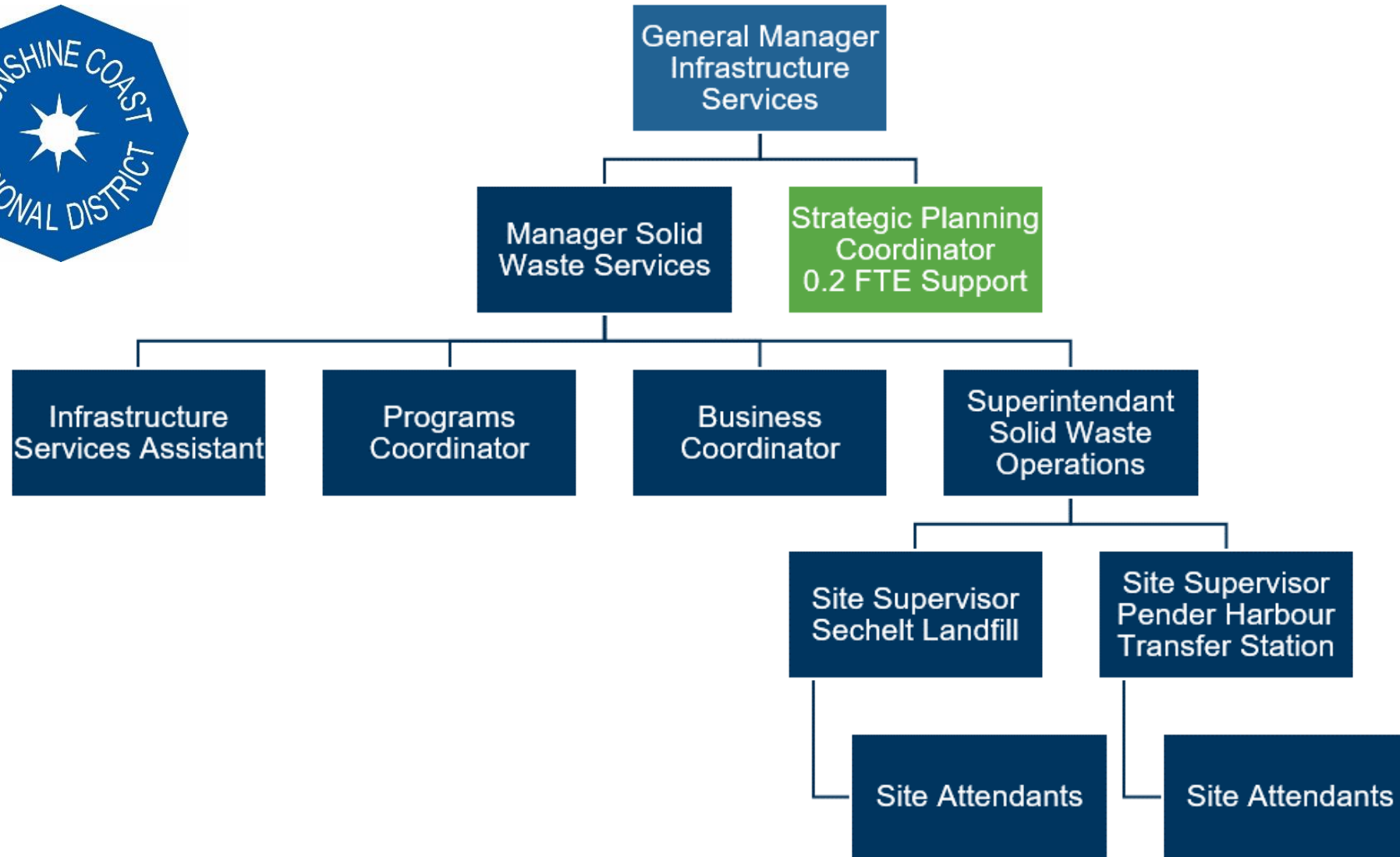
- Site improvements at Pender Harbour Transfer Station
- Feasibility study of vertical expansion opportunities at the Sechelt Landfill
- Sechelt Landfill contact water pond relocation project
- Landfill closure costs



2024-2028 Financial Plan - Refuse Collection Service

Function 355 Approved Budget	2024	2025	2026	2027	2028
Revenues					
User Fees and Service Charges and Recycling Revenues	\$1,244,679	\$1,249,040	\$1,250,864	\$1,252,228	\$1,252,228
Total Revenues	\$1,244,679	\$1,249,040	\$1,250,864	\$1,252,228	\$1,252,228
Expenses					
Administration	\$113,030	\$113,030	\$113,030	\$113,030	\$113,030
Wages & Benefits	\$61,987	\$66,348	\$68,172	\$69,536	\$69,536
Operating	\$1,096,662	\$1,069,662	\$1,069,662	\$1,069,662	\$1,069,662
Amortization of Tangible Assets	\$9,684	\$9,684	\$9,684	\$9,684	\$9,684
Total Expenses	\$1,281,363	\$1,258,724	\$1,260,548	\$1,261,912	\$1,261,912
Other					
Transfer to (from) Reserves	(\$27,000)	\$-	\$-	\$-	\$-
Unfunded Amortization	(\$9,684)	(\$9,684)	(\$9,684)	(\$9,684)	(\$9,684)
Refuse Collection (Surplus)/Deficit	\$-	\$-	\$-	\$-	\$-

SCRD Staffing to Maintain the Region's Solid Waste System



Overview of Potential Funding Strategies

16

Develop long-term system cost forecasting and cost recovery

15 min

17

Maximize disposal capacity

15 min

Potential Funding Strategies

Strategy 16: Develop Long-Term System Cost Forecasting and Cost Recovery

16A: Assess the cost-benefit of using contractor vs. in-house staff to operate the Sechelt Landfill, and transition to in-house service if determined to be beneficial

16B: Assess the cost-benefit of options that can reduce service-related operating costs, where private sector solutions exist or could be facilitated

16C: Assess cost recovery model to implement tipping fees and taxation that fully funds the solid waste management system



Drivers for Funding Strategies

- Significant future costs relating to waste disposal
 - Liabilities and closure
 - Development of future disposal options
- A new SWMP needs to include a 10-year financial plan
 - Current and proposed capital and operating expenditures
 - Funding gaps
 - Increases to taxes or tipping fees required to implement the plan



Strategy 16: Develop Long-Term System Cost Forecasting & Cost Recovery

16A: Assess the cost-benefit of using contractor vs. in-house staff to operate the Sechelt Landfill, and transition to in-house service if determined to be beneficial



16A: Assess the cost-benefit of using contractor vs. in-house staff

■ Opportunity to reduce operating costs

Key benefits

Greater flexibility to modify facility services to accept additional waste materials as needed

Greater control over operational efficiencies

Reduced reliance on limited pool of on-coast contractors

Disadvantages

Risk of higher administrative, management, coordination costs

High initial capital investment to purchase equipment

Additional staff required – greater risk due to labour market conditions

Exposure to greater liability through additional high-risk operations

Strategy 16: Develop Long-Term System Cost Forecasting & Cost Recovery

- Opportunity to reduce service-related operating costs

16B: Assess the cost-benefit of options that can reduce service-related operating costs, where private sector solutions exist or could be facilitated



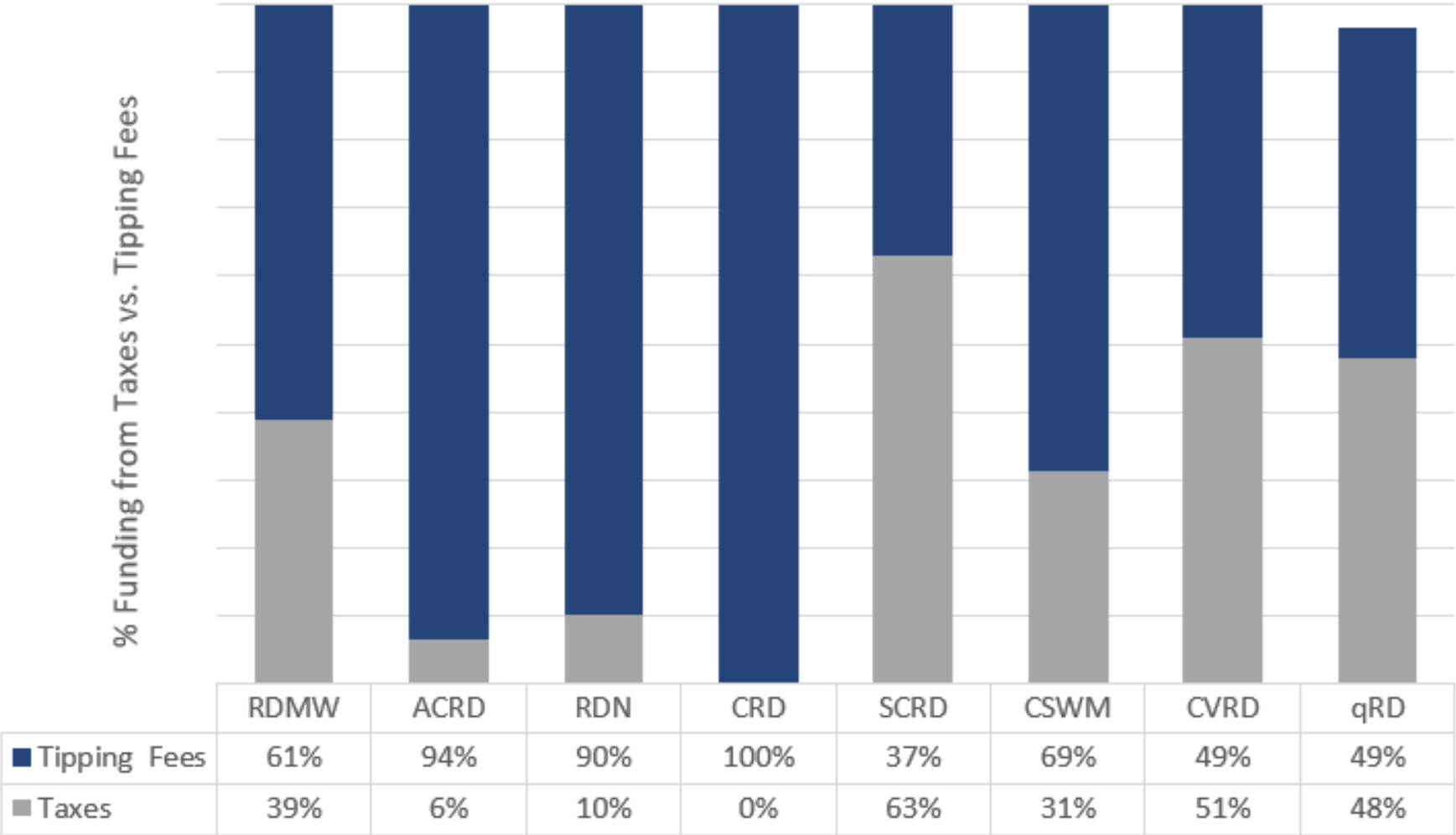
Strategy 16: Develop Long-Term System Cost Forecasting & Cost Recovery

- Opportunity to Increase Revenue via Tipping Fees or Taxation



Tipping fee comparison amongst Coastal Jurisdictions

Strategy 16: Develop Long-Term System Cost Forecasting & Cost Recovery



Cost Recovery Models for Coastal Regional Districts 2023

Strategy 16: Develop Long-Term System Cost Forecasting & Cost Recovery

- Funding programs entirely from tipping fees may be unsustainable if the goal is high waste diversion
- The more you divert waste the less revenue you get
- Environmental protection costs are constant
- Need to find balance between tipping fees, taxes, and borrowing



STRATEGIES TO AVOID THE "DEATH SPIRAL"
THE MORE YOU REDUCE TRASH,
THE MORE YOUR REVENUES DECLINE
THE MORE YOUR CUSTOMERS' RATES GO UP

Strategy 16: Develop Long-Term System Cost Forecasting and Cost Recovery

16A: Assess the cost-benefit of using contractor vs. in-house staff to operate the Sechelt Landfill, and transition to in-house service if determined to be beneficial

16B: Assess the cost-benefit of options that can reduce service-related operating costs, where private sector solutions exist or could be facilitated

16C: Assess cost recovery model to implement tipping fees and taxation that fully funds the solid waste management system



Potential Funding Strategies

Strategy 17: Maximize Disposal Capacity

17A: Review options to incentivize facility contractors to divert waste and implement if deemed feasible

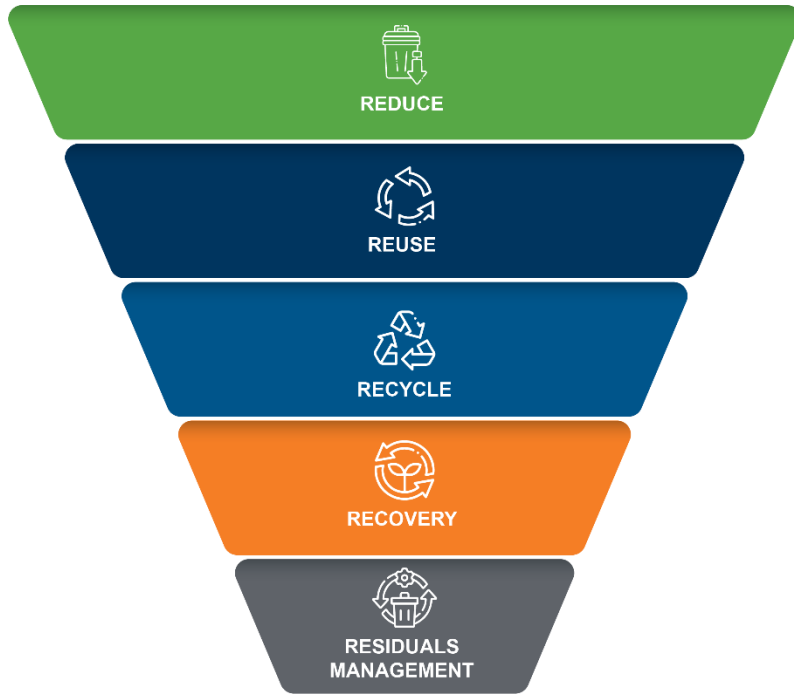


Strategy 17: Maximize Disposal Capacity

- SCRD staff:
 - operate the scale house and public drop-off area
 - oversee the site (superintendent)
- A contractor provides site operation services
- Contractor costs have increased significantly
- Exploring options that promote cost-effective waste management is one of the guiding principles



Strategy 17: Maximize Disposal Capacity



- SCRD has already explored the feasibility of waste shredding for improved compaction
- Help maximize the landfill capacity by:
 - enforcing existing bylaws aimed to control the waste disposed
 - maximize waste prevention and diversion
 - minimize unnecessary airspace consumption

Questions/ Comments on Strategy 17

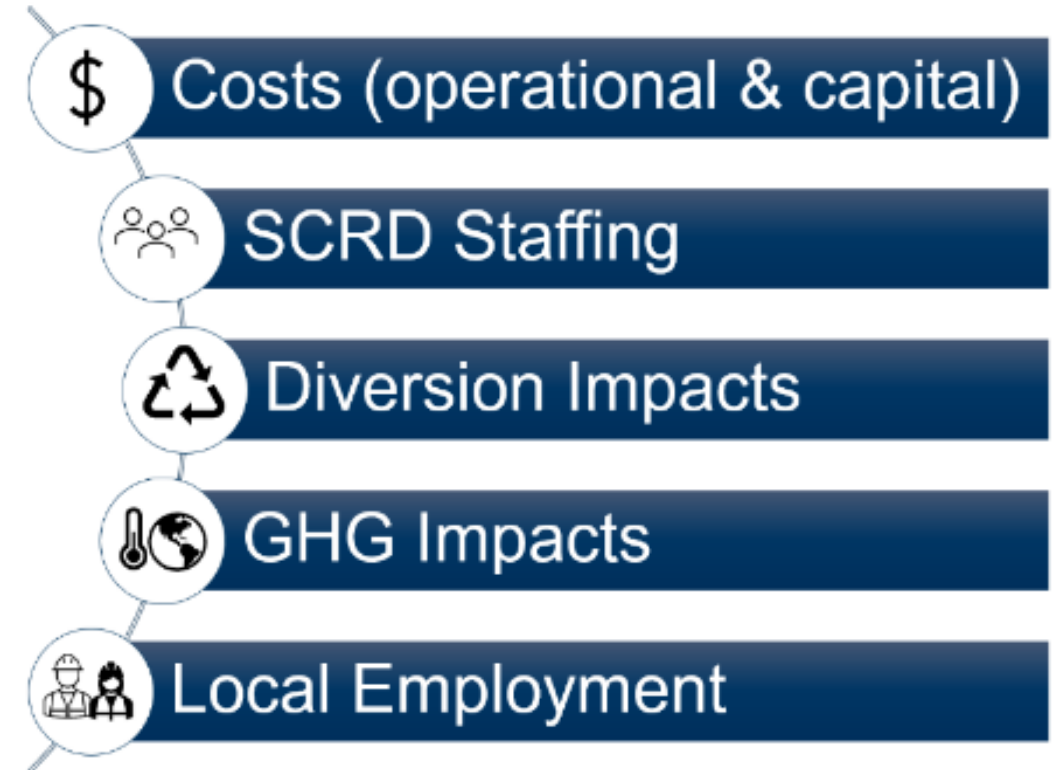
Strategy 17: Maximize Disposal Capacity

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Impacts from Strategies

Approach for evaluating strategies:

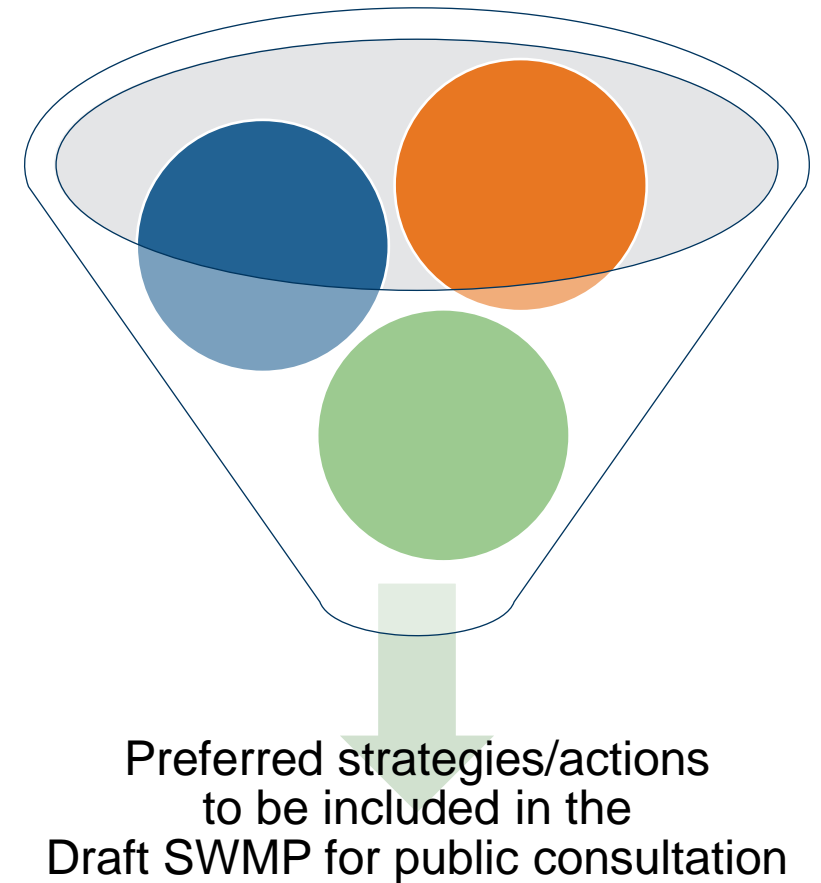


Potential Impacts from Strategies

Strategy #	Strategy Theme	Costs	Staffing	Diversion Potential	Waste Hierarchy	GHG	Local Employment
16	Long-Term System Cost Forecasting and Cost Recovery	Low - Medium	Low-High	NA	NA	NA	NA
17	Maximize disposal capacity	Low - Medium	Low - Medium	Low	Recycling & residual management	Low - Medium	Low -Medium

Next Steps – Help Prioritize

- Post-Meeting: PTAC members will receive a follow-up survey to gauge your priorities and any additional feedback
- MH to listen to feedback, review priorities based on impacts discussed
- MH will present these at the next meeting to finalize which strategies and actions are preferred

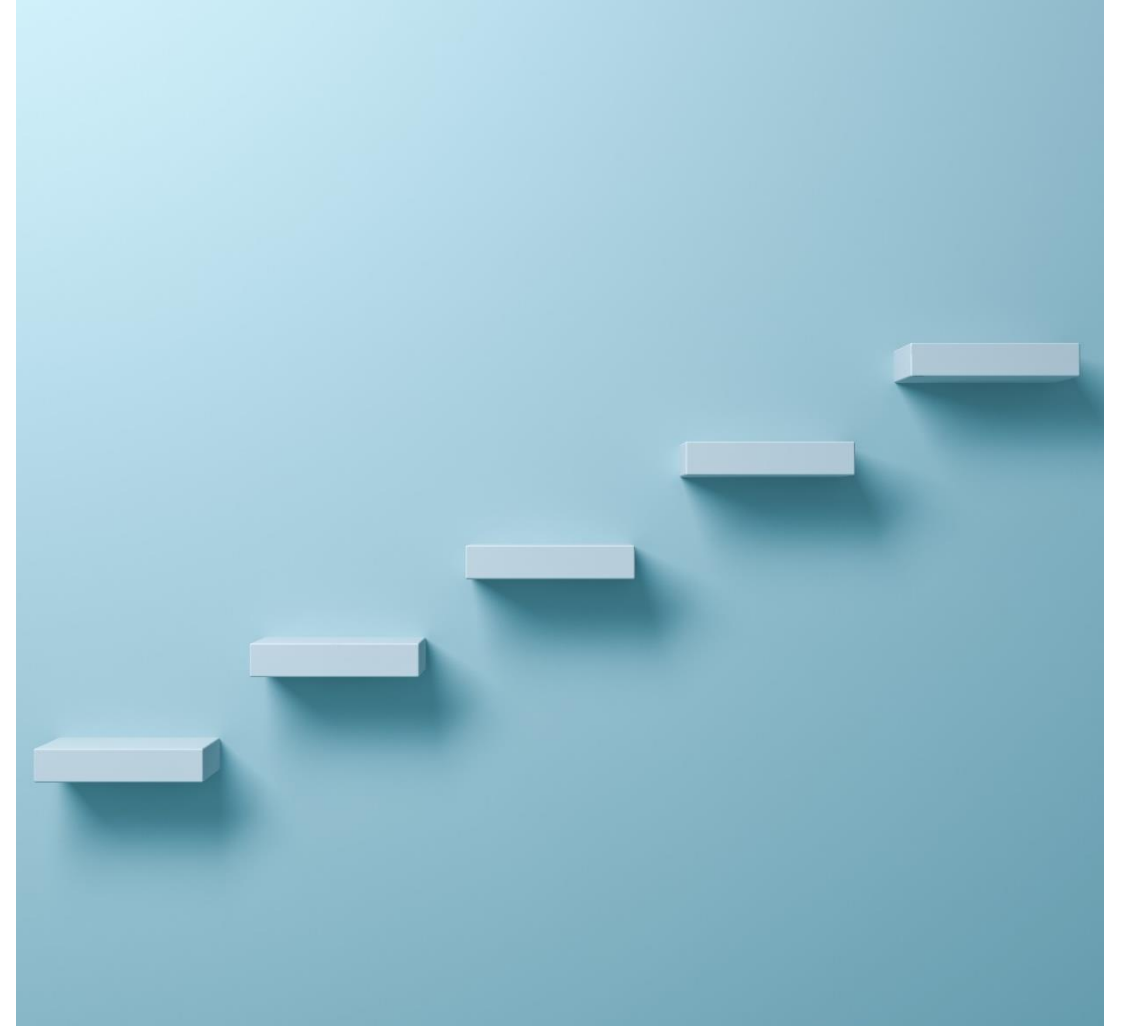


Questions/ Comments on Impacts



Future Meeting Topics

- Preferred strategies in a draft SWMP (summer 2024)



Thank you!

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