



Solid Waste Budgets  
2007

The City of Kenora, Ontario, Canada

Budget Discussion

Introductory  
Information

Budget Overview

Discussion Items

Detailed Budget  
Schedules

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## Solid Waste Operations

The City's solid waste operations are responsible for the collection and disposal of solid waste for the City of Kenora. In 2006 the City processed 17,381 tonnes of waste. Approximately 52% of the processed waste is shipped to the Brady Landfill operated by the City of Winnipeg. The remaining waste is placed in the Kenora Area Landfill. These volumes do not include tonnage related to the recycling operations.

The City's solid waste operations are staffed by a complement of 10.5 full time employees, 2 part time employees and 2 students. The department deploys their staff to other areas of the City, such as the roads department, as required, based on workload demands, resulting in efficiencies within the department where possible.

There are three types of collection within the City – Urban Residential, Rural Residential and Industrial / Commercial / Institutional (ICI). The City currently provides both urban and rural residential collection, operating on a weekly curbside collection schedule. Private companies offer all three types of collection. The City does not openly compete with these private contractors.

The blue box recycle program is provided at no cost to the residential users. In the past, overall consideration for the solid waste utility included costs related to the recycling program. These expenditures artificially inflated City costs related to the solid waste program for the purposes of rate setting, as well as calculating system surpluses. The decision was made in 2004 to separate the recycling activities from the solid waste operations. Recycling programs continue to be funded by tax dollars through the 2007 municipal operating budget.

## Revenue Impacts

It is apparent that the City must make changes in its solid waste department to ensure the ongoing viability of these operations on a user pay basis, particularly given the impacts related to lost revenues due to the closure of the local Abitibi Consolidated Inc. paper mill. In addition, a new waste haulage contractor in the community has begun hauling waste directly to Manitoba. At the same time, Kenora residents are increasing their recycling efforts, resulting in further shifts in volumes through reductions in solid waste activity and increases in recycled materials. While this trend is positive and the City wants to continue to encourage this type of shift from an environmental standpoint, there is as a result, however, lost revenues which ultimately impact the bottom line of the solid waste department. The City has fixed operating costs. With this loss of waste volumes, the City is anticipating lower revenues than initially projected. With the continued trend, an increase in tipping fee rates may be required to maintain the expected revenues included in the 2007 budget projections.

# Introductory Information

Solid Waste  
Operations

Revenue Impacts

### **Existing Solid Waste Infrastructure**

Major infrastructure related to the City's solid waste operations includes the Kenora Area Landfill and the Kenora Area Solid Waste Transfer Station. The City operates both these facilities under a Certificate of Approval (C of A) from the Ministry of Environment (MOE). The C of A imposes stringent standards for the operations of these facilities. In addition, the City continues to maintain responsibility for the closed Tri-Municipal Landfill site, related to post-closure monitoring and maintenance. Costs related to this post-closure care will continue for a minimum of twenty-five years following the closure of the site in 2000.

The Kenora Area Landfill was put into operations in 2000. The present system of hauling C & D waste to the Kenora Area Landfill allows for a working base of the placement of material across the site, creating improved site stability.

The remaining useful life of the Kenora Area Landfill site is directly related to the volume of waste hauled into it. The current practice of hauling waste to the Brady Landfill site in Winnipeg has significantly extended the estimated useful life for the Kenora Area Landfill site. After adjusting for the contaminated soil and demolition waste that has been brought into the site to date, there is an estimated additional forty years remaining over the original anticipated life expectancy. This assumes that the City will continue to haul 2/3's of its solid waste to Winnipeg. If the site was required to house full volumes related to Kenora solid waste, this would reduce the anticipated remaining life of the site to 35 years.

Based on current requirements, any future City landfill site would be an engineered site with leachate containment and a sewage treatment facility to deal with the leachate. This type of site will be easier to find, but more costly to build. Anticipated costs related to the development of a future site are \$5 million. Additionally, there would be closure costs related to the existing site. While closure costs for the site will be done in phases as the site is filled, final cost for closure is estimated at \$1million for clay cover and vegetation.

A detailed analysis related to the existing solid waste infrastructure, excluding vehicles and equipment, as well as expected useful life has been included on the following page. This analysis shows the estimated annualized cost of capital for both options of continuing to haul to Brady or using the Kenora Area Landfill.

## **Introductory Information**

### **Existing Solid Waste Infrastructure**

**City of Kenora**  
**Solid Waste Operations**  
**Estimated Future Annualized Capital Needs**  
**Garbage Shipped to Winnipeg**  
(in thousands of dollars)

	Replacement Cost	Useful Life	Annualized Cost
<b>Major Capital Assets</b>			
Transfer Facility	\$ 1,000	25	\$ 40
Landfill Site	5,000	80	63
Closure Costs for Old Site	1,000	80	13
	\$ 7,000		\$ 116

**City of Kenora**  
**Solid Waste Operations**  
**Estimated Future Annualized Capital Needs**  
**Jones Road Landfill Option Implemented**  
(in thousands of dollars)

	Replacement Cost	Useful Life	Annualized Cost
<b>Major Capital Assets</b>			
Transfer Facility	\$ 1,000	25	\$ 40
Landfill Site	5,000	35	143
Closure Costs for Old Site	1,000	35	29
	\$ 7,000		\$ 212

### 2007 Budget Highlights

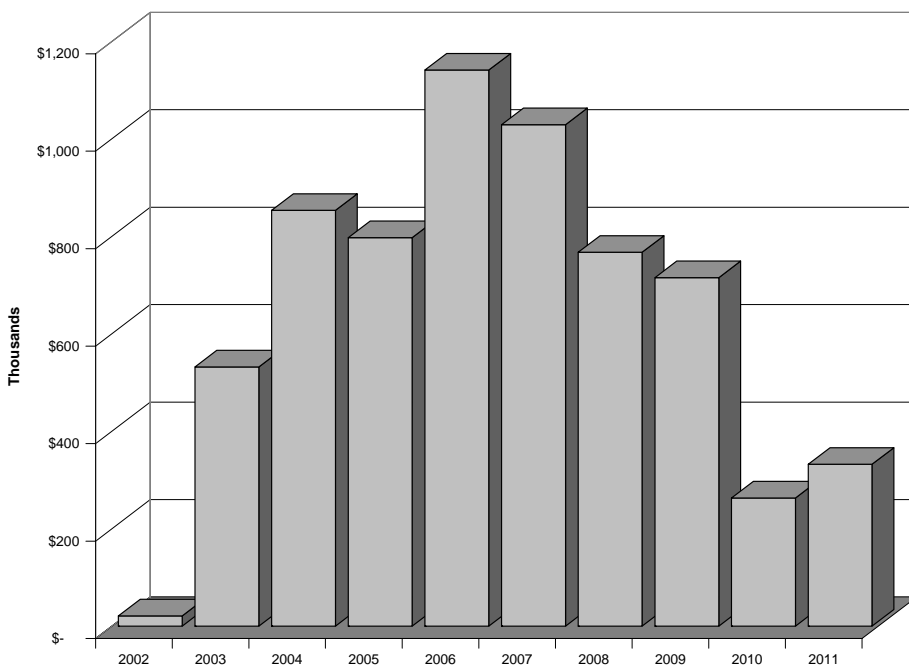
The 2007 operating budget projects a net surplus from operations of \$123,001. The operating budget continues to show efficiencies created through the use of internal staff and equipment, and the reduction of reliance on private contractors.

A chart outlining proposed system capital expenditures over the next five years has been included on this page to the right for reference purposes.

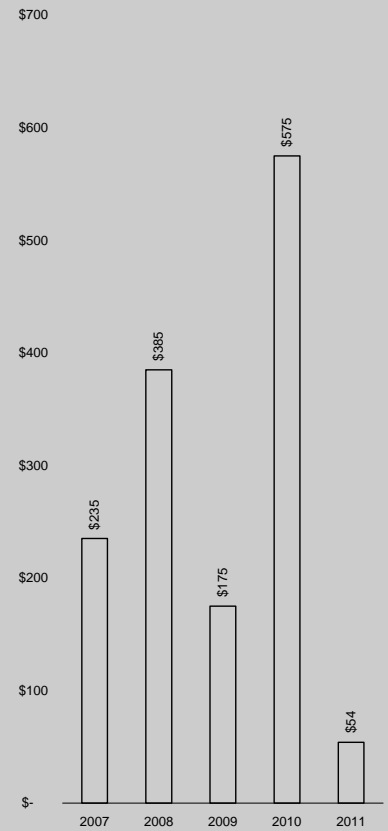
### Actual and Projected System Funding Available

The City has struggled, at best, to establish its solid waste operations as a full user pay service. It has only been in the past few years, due to a significant spike in tipping fee revenues in 2003 and 2004, related to the demolition of the Kenora Central public works facility and the removal of waste material deposited on City lands, that the City has been able to establish some accumulated surplus to fund ongoing capital expenditures. In addition, the City was able to establish some operational efficiencies without affecting services provided. Around the time of amalgamation, the consolidated solid waste operations reflected budgeted losses, with a significant demand on taxpayer dollars. Today, the operating budgets reflect modest surpluses before capital expenditures. It should be noted, however, that based on the ongoing capital demands, there are not sufficient sustainable revenues to fully fund the solid waste operations ongoing capital requirements. As a result of this issue, the City performed a detailed review of the solid waste operations during 2006. Part of this review focused on whether the City should continue hauling waste to the Brady landfill site in Winnipeg. The review determined that it was in the City's best interests to continue to haul waste to the Brady Landfill. In addition, several improvements were made to the department based on the results of this review, including a streamlining of collection schedules and the implementation of one man collection vehicles, as well as a realignment of the roads and solid waste staff complements. Finally, as a result of an internal employee transfer, the Solid Waste Supervisor position has been amalgamated with the Fleet Supervisor.

The following table outlines the actual solid waste accumulated reserves over the past five years, and projected accumulated system funding over the next five-year period. The analysis included in Appendix 1 provides this information in greater detail.



### Projected Capital Solid Waste Expenditures (in thousands of dollars)



## Budget Overview

### 2006 Budget Highlights

### Actual and Projected System Funding Available

### **Other Opportunities**

The Solid Waste department continues to explore options for service delivery of their curbside collection program. The following options will be evaluated as it relates to curbside collection: 1) retain the current curbside collection format 2) create a hybrid collection system whereby waste and co-mingled recycle materials are collected at the same time and 3) the elimination of the curbside collection program. An analysis is currently underway to determine the economic impact to the system based on annual operating costs and future capital expenditures under each scenario as well as the potential effects on the system's customers.

The City continues to see a decline in its curbside collection program. Only 12.4% of residential waste is collected through City forces, and additional 22.6% collected through an external contractor, with the remaining 65.0% of residential waste delivered direct to the transfer facility by homeowners. It is believed that this shift in collection volumes is partly as a result of the centralizing of the transfer station facility, which resulted in an increase in number of residents directly accessing the facility.

## **Discussion Items**

Other Opportunities