



Solid Waste Budgets  
2008

The City of Kenora, Ontario, Canada

Budget Discussion

Introductory  
Information

Budget Overview

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 2007 the City processed 14,712 tonnes of waste. Approximately 54% 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 2008 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, the City continues to feel the effects from a private sector competitor who hauls 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 residential recycled materials.

Data is has been collected to better understand the reduced amounts of refuse placed for curbside collection. Presently the municipal curbside collection operation only collects 12% by weight of residential waste and recycling that is handled through the waste transfer facility. This is in contrast to 100% previously collected in 1999. The curbside collection routes currently average 1,800 pick-ups per cycle, with the average household producing one blue box and one garbage bag per week. The residential Recycling Operation is funded through tax dollars and not through user fees. Recycling user fees are currently only targeted at commercial users.

#### *Solid Waste - 5 Day rotation*

This service is offered to all residents of the City, but has seen a steady decline in the overall number of bags being placed at the curb for collection. The Solid Waste residential curbside collection is performed on a 5 day rotation within the city boundaries with two waste collection vehicles. North of the City we are traveling great distances for very low volumes of garbage. All residential waste is shipped to Manitoba for disposal. Construction and demolition products are hauled to the Jones Road landfill.

## Introductory Information

Solid Waste Operations

Revenue Impacts

## Revenue Impacts (Cont.)

### ***Blue Box - 8 Day rotation***

This service is offered to all residents of the City, but has seen a steady increase in the overall number of blue boxes being placed at the curbside. The Blue Box residential curbside collection is performed on an 8 day rotation within the city boundaries with two blue box collection vehicles. Presently the City collects three recyclable waste streams through the blue the box program. We do receive payment per tonne for the single stream recycle product we ship to Winnipeg. Prices received vary according to market demands.

### ***ICI***

Commercial facilities receive recycling pick-up once per week as requested. (User pay system)

While the trend of a reduction in solid waste offset by an increase in recycled materials 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 future budget projections.

With the closure of the Abitibi landfill, iLevel has commenced hauling their waste to our Jones Road facility. Initial estimates are 4,000 tonnes per year.

## 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 to the Kenora Area Landfill and Kenora Area Solid Waste Transfer Station, 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 operation 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.

## Introductory Information

Revenue Impacts (Cont.)

Existing Solid Waste Infrastructure

### **Existing Solid Waste Infrastructure (Cont.)**

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 \$1 million 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.

### **Operational Restructuring**

#### ***Transfer Station***

On Jan. 6, 2007, the Transfer Station building was destroyed by fire due to arson. The City received \$80,000 from the insurance company to rebuild the building on the original footprint. This unfortunate event provided the City with a window of opportunity to reassess the operation and make necessary changes. Design changes to the new building will result in a more efficient operation for both the incoming customer as well as the staff. Users of the facility have experienced delays during the peak seasons due to the present site design. The increasing trend towards user drop-off has resulted in increased traffic volumes at both the solid waste and recyclable material locations. The following changes will be implemented to improve the overall operational efficiencies of the facility:

- ❑ A separate entrance / exit to the recycle area to eliminate congestion, and eliminate the need for the public to back-up to the drop-off bins.
- ❑ The addition of a scale exit bypass road will reduce 30% of traffic volume exiting the site across the scale.
- ❑ The relocation of the construction / demolition (C & D) disposal area to the rear of the site to allow the public to dispose of C & D material directly into bins for haulage to the Kenora Area Landfill site.

#### ***Curbside Collection***

The City needs to streamline the collection system for both commodities handled. The complicated pick-up schedule is often confused by the public resulting in complaints to our department and ultimately an unhappy customer lost to the other refuse company. As such, the City is trading in three garbage trucks and two recycle trucks and purchase two “dual stream trucks”.

The new units will pick-up both garbage and recycling products at the same time. This will result in a new pick-up schedule for the entire City. All City taxpayers will receive both recycling and garbage pick-up once a week and on the same day every week. Efficiencies will be realized in vehicle and staffing complements.

#### ***Material Handling***

Recycled material will continue to be hauled to Winnipeg to meet current provincial legislation. Currently we send fully loaded underweight trailers to Winnipeg. We need to maximize our loads to reduce the number of trips. This can only be accomplished with a packing trailer. This will be a major capital cost, although needed to ensure the future economic viability of our recycling program.

## **Introductory Information**

Existing Solid Waste Infrastructure (Cont.)

Operational Restructuring

**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

### 2008 Budget Highlights

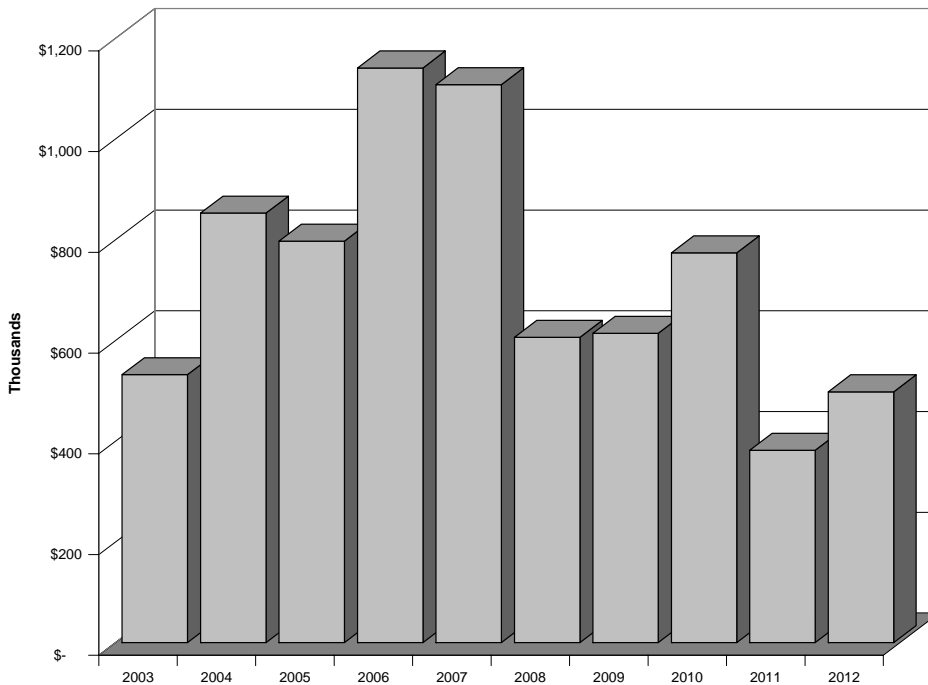
The 2008 operating budget projects a net surplus from operations of \$182,456. The operating budget continues to show efficiencies created through the use of internal staff and equipment, and the reduction of reliance on private contractors.

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

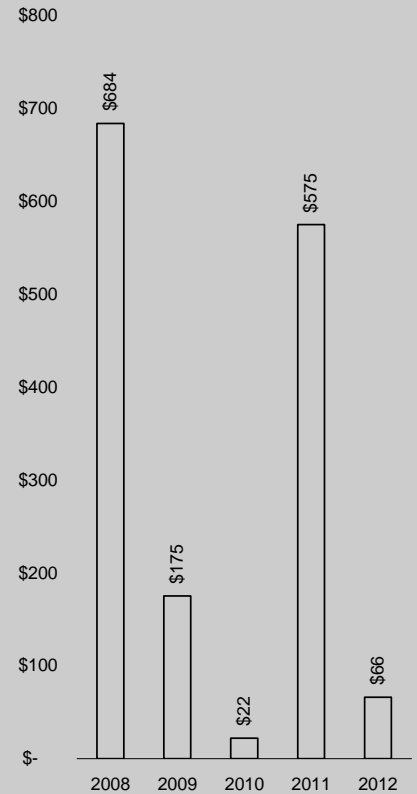
### Actual and Projected System Funding Available

The City has struggled, at best, to establish its solid waste operations as a full user pay service. It has only been since 2003, due to a significant spike in tipping fee revenues in both 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, through the past few years 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 the challenge continues to be to generate sufficient system surpluses to meet the ongoing capital requirements.

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

2008 Budget Highlights

Actual and Projected System Funding Available