



The City of Kenora, Ontario, Canada

## Solid Waste Budgets 2009

### 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 2008 the City processed 22,300 tonnes of waste. Approximately 32% of the processed waste (7,300 tonnes) was 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 9 full time employees, 2 part time employees and 2 seasonal 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. In May of 2008 we combined residential garbage routes with residential blue box routes and now collect both with one truck per route. 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. Residential recycling programs continue to be funded by tax dollars through the 2009 municipal operating budget. In 2008 the Transfer Station shipped 1,370 tonnes of recyclables to Metro recycling. City curbside collection routes collected 402 tonnes or 30% of all recycle materials handled by the department.

## Revenue Impacts

The City continues to comply with the Waste Diversion Act and make changes in its solid waste department to provide this service. Ongoing changes to this department will continue while still ensuring the ongoing viability of the operation on a user pay basis. 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.

With the current down turn of the economy, recyclables that we received revenues for in 2008 we are now paying to drop off. This alone will drastically impact the cost of recycling.

Data has been collected to better understand the reduced amounts of refuse placed for curbside collection. Presently the municipal curbside collection operation only collects 10% 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.

The City has experimented with 40 yard bin rentals to commercial contractors as required. This feature has been added to our pricing by laws with very good success. Bin rentals for 2008 added \$40,000 of revenue to the department.

## Introductory Information

Solid Waste Operations

Revenue Impacts

## Revenue Impacts (Cont.)

### ***Solid Waste - 4 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 4 day rotation within the city boundaries with two dual stream 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.

### ***Blue Box - 4 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 the same collection route as the garbage route with same vehicles used for garbage. Presently the City collects curbside recycling as co-mingled. All recyclables are shipped to Metro recycling in Winnipeg.

### ***ICI***

Commercial facilities receive recycling pick-up once per week. (User pay system). ICI rates have been established for commercial customers dropping off large quantities of recyclables.

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.

iLevel has commenced hauling their waste to the Jones Road facility. Initial estimates were 4,000 tonnes per year. For the 2008 year the actual hauled totaled 3,867 tonnes.

## 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.

## Introductory Information

### Revenue Impacts (Cont.)

### Existing Solid Waste Infrastructure

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

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 one third 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 and operate. 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.

**Introductory  
Information**

Existing Solid Waste  
Infrastructure (Cont.)

**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

## Operational Restructuring

February of 2008 saw the completion of the new scale building. The design changes to the new building have resulted in a more efficient operation for both the incoming customer as well as the staff. Users of the facility are experiencing better service and easier use. The addition of the exit road has minimized wait times for transactions both into and out of the site. New clearer and informative signage will be added in the spring to further move the public safely through the site. The increasing trend towards user drop-offs has resulted in operational changes the City has implemented and will continue to implement in 2009. The following changes will be implemented to further improve the overall operational efficiencies of the facility:

- ❑ Design changes to the recycle drop off area to lessen the risk of public mishaps on City property.
- ❑ 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.
- ❑ Bin setups for the public to deposit items directly in, further reducing handling costs while increasing options for diverting items from the landfill.
- ❑ Modifications to the recycle building to minimize onsite handling
- ❑ Modifications to the garbage building for added safety of the public
- ❑ Rural garbage / recycle drop off depots to reduce route distances and minimize the City's carbon footprint

### *Curbside Collection*

The City streamlined the collection system in 2008 for both commodities handled. The pick-up schedule is easy to follow for the public resulting in compliments to our department and ultimately a happy customer. Initial reactions to rural depots at key locations have been positive. This will minimize our travel as well as provide convenient facilities for the people in the rural areas.

### *Material Handling*

Recycled material will continue to be hauled to Winnipeg to meet current provincial legislation.

With the increased tipping fees in Manitoba, a costing analysis will be done to review the viability of all garbage deposited at the Jones road landfill.

## Introductory Information

### Operational Restructuring

## 2009 Budget Highlights

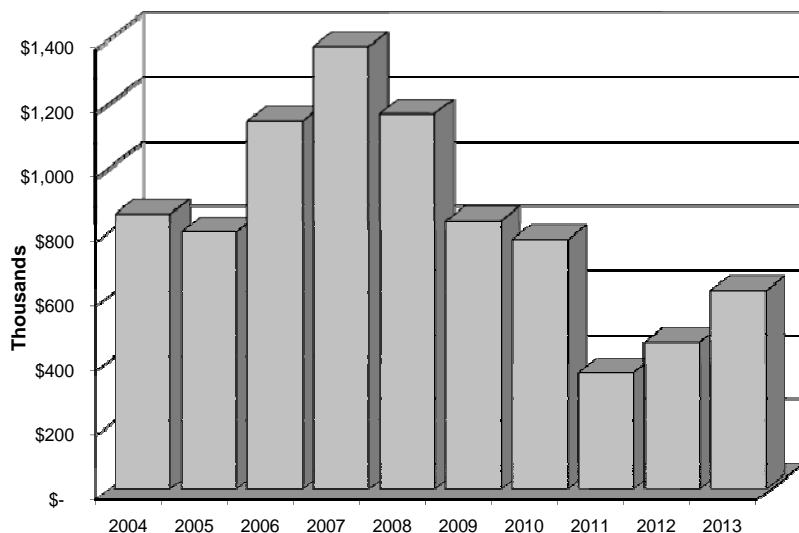
The 2009 operating budget projects a net surplus from operations of \$160,541. The operating budget continues to show efficiencies created through the use of internal staff and equipment, and the reduction of reliance on private contractors.

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

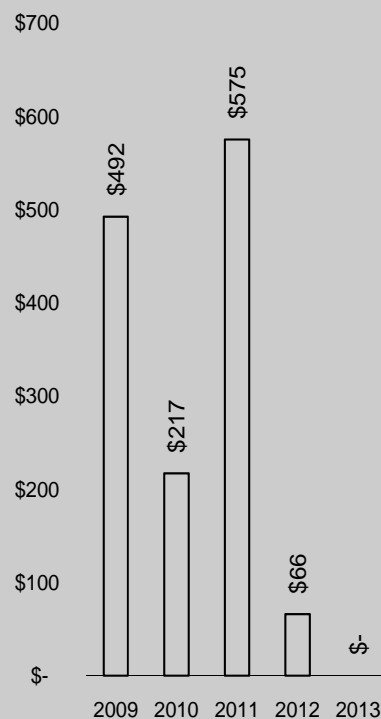
## Actual and Projected System Funding Available

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

### 2009 Budget Highlights

### Actual and Projected System Funding Available