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The Municipalities of Annapolis and Kings and the Towns of Annapolis Royal, Berwick, Kentville, Middleton and Wolfville: Partners in Waste Reduction

**Valley Region Solid Waste-Resource Management Authority
Regular Monthly Meeting
January 18, 2017
9:00am
Valley Waste-Resource Management Office – Boardroom**

Attendees

Members/Alternates: Wendy Elliott, Martha Roberts, Jane Bustin, Brian Hirtle, Gail Smith, John Kinsella, Craig Gerrard, Michael Gunn and Megan Hodges

Staff: Jeff Martin, Andrew Garrett, Grace Proszynska, Glenda Clark, Michael Coyle and Brenda Davidson

Regrets: Eric Bolland, Town of Kentville

Agenda Item No. 1 - Call to Order

Chair Bustin welcomed everyone calling the meeting to order at 8:57am. Chair Bustin noted there were hard copies of meeting materials available to all adding that she hoped everyone enjoyed a restful Christmas break and that all are ready to get back to work on behalf of Valley Waste and their respective councils. Chair Bustin noted the Agenda has been pared down to allow the Authority the time needed to deal with priority items. Round table introductions were held. It was noted that normally alternate representatives are non-voting members during meetings and generally don't sit at the table when the assigned member representative is present. That being said, it was noted that as there is room, there was no need for anyone to adjust their seating.

Agenda Item No. 2 – Approval of Agenda

ON MOTION OF GAIL SMITH AND SECONDED BY WENDY ELLIOTT THAT THE AGENDA BE APPROVED WITH THE ADDITION OF ITEM NO. 7.3: ACTUARIAL WORK ON SICK LEAVE BENEFIT.

MOTION CARRIED.

In response to the question it was noted that alternate member representatives would not normally participate in an in-camera session unless the alternate member is serving as the assigned member for the meeting such as is the case today for the Town of Kentville.

Agenda Item No. 3 – Approval of the December 14, 2016 Minutes

ON MOTION OF JOHN KINSELLA AND SECONDED BY BRIAN HIRTLE THAT THE MINUTES OF THE DECEMBER 14, 2016 MEETING OF THE VALLEY REGION SOLID WASTE-RESOURCE MANAGEMENT AUTHORITY BE APPROVED, AS CIRCULATED.

MOTION CARRIED.

Agenda Item No. 4 – Business Arising from the Minutes

Agenda Item No. 4.1 – Orientation Continued

Acting General Manager Coyle took the floor noting that while the orientation process was started during the last meeting, in the interest of time, there is no new information to bring before the Authority; however, staff plan to coordinate road-trip visits to the Authority's key contracted service provider facilities as well as Authority-owned operations. In response to the question, it was noted that in order to allow for sufficient time, the road-trip will likely require two days to complete and avoiding the winter season may be in the best interest of all.

Agenda Item No. 5 – General Manager's Report

Agenda Item No. 5.1 – Follow-up: Continued Discussion regarding 2017-2018 Draft Operating and Capital Budgets

Acting General Manager Coyle took the floor noting that while General Manager Maybee had briefly introduced the draft budget for the upcoming fiscal year during the last meeting, staff prepared a more detailed look at the budget components and will be providing a presentation in support of that goal, as attached to these minutes. Mr. Coyle noted that before moving forward with the presentation, he wanted to explain that staff made one adjustment to the budget and the presentation provided today is based on that adjustment. Mr. Coyle added that during the time of budget preparation there was some indication from the Province that supplemental funding in the amount of \$100,000.00 may be released to each of the 7 waste management regions across the province to help offset the impact of the reduction in provincial diversion credit funding. While not formally reported on a provincial level through the Regional Chairs Committee, the funding has now been received from the Provincial Government through Divert NS. When the budget was developed, staff accounted for those funds by lumping them in the diversion credit funding account allocation. Mr. Coyle explained that upon review of the Authority's policy regarding the return of surplus funds, it was determined that the \$100,000.00 is in fact a one-time payment to offset waste resource

management costs and therefore should not form part of the potential surplus funding to be returned to partners following the year-end audit. Therefore, the budget being presented today is based on those funds being removed from Diversion Credit funding received during 2016-2017 reducing the surplus to an estimated value of \$292,000. The \$100,000.00 now shows as revenue in the 2017-2018 budget resulting in a reduction in the increase in funding required over the previous year from the original 4.50% to 3.16%. Mr. Coyle noted that this is the only change to the budget that is being presented today when compared to the draft dated October 13, 2016. A discussion arose and in response to the question, it was noted that including the \$100,000.00 as part of the current year's revenue in the diversion credit account was an error. Upon reviewing the Authority's Operating Surplus/Deficit Policy, as circulated and attached to these minutes, it was felt by staff to correct the error prior to moving forward in the budget approval process. The adjusted budget is reflected in the presentation to follow. Mr. Coyle continued with the presentation noting the 3.16% increase in funding requirement, the return of surplus funds from current year operations, the impact of the recently completed Organization Review, Service and Facility Review and the Salary Review.

Operations Manager Martin then took the floor to continuing with the presentation providing a comprehensive overview of the proposed capital budget for 2017-2018. In response to the question, Mr. Martin noted that while the service and facility review does recommend enlarging the tipping floor, taking the approach of the construction of a separate organics containment structure will be a more cost effective way to address congestion, floor degradation and air quality issues at the East Management Centre Site. Operations Manager Martin stressed that the long-term capital plan as included with the budget package is reviewed carefully each year to ensure that the Authority's needs are met while at the same time avoiding major spikes in capital funding requirements.

Communications Manager, Andrew Garrett then stepped in to continue with the presentation offering an overview of the operating budget, an explanation of the estimated surplus to be returned to partners as the result of 2016-2017 operations and the key points/projects included in the 2017-2018 operating budget. Mr. Garrett stressed that the budget does not reflect any changes to the programs and services provided by the Authority into the upcoming fiscal year. Mr. Garrett also stressed that the Authority will have some serious decisions to make over the coming months based on the recommendations contained in the Service and Facility review that could have a dramatic effect on service levels provided by the Authority into the future.

Mr. Garrett explained the existing Capital Reserve fund noting that in keeping with the Authority's Policy, \$177,156 has been allocated to the fund in the 2017-2018 budget. A short discussion arose regarding the reserve fund and in response to the question on whether the fund could be used to offset capital expenditures such as the organics containment structure or weigh scale replacement; Mr. Coyle indicated that if given sufficient time, he will investigate the matter and report back to the Authority later during the meeting.

Acting General Manager Coyle continued with the presentation providing an explanation about the Authority's small scale wind turbine where it was noted that while in the short-term, revenue targets have not been met, it is important to consider the value of the turbine and the Authority's associated participation in the COMFIT Program over the long term. It was stressed that while approximately \$500,000.00 was expended to put the turbine in place, the long-term revenue and the associated educational value must be taken into consideration when considering the project as a whole.

Mr. Coyle went on to explain the Authority's key contracted services of waste-resource collection, recyclables processing, organics processing, transportation to landfill services and the agreement with the Municipality of the District of Chester for landfill services. Acting General Manager Coyle explained the Authority recently extended the contract for landfill services for a 10 year period to 2036 with all involved confident that taking this approach will prove to be of value to the Authority for years to come. Mr. Coyle also noted the impending expiry of the organics processing contract to be discussed in more detail later during the meeting today.

On a final note, it was indicated that in broad strokes, the Authority will continue to provide an equal level of service across the region for an on average cost of \$192.19 per year for each serviced unit.

Mr. Coyle noted that the presentation provided to the Authority today will be used for presentations to partner municipalities with Chair Bustin explaining that there is already discussion underway regarding asking for this presentation in a joint council session for those in Kings County with the date to be confirmed soon. It was stressed in response to the question, that staff will accommodate any request for a budget presentation whether in a joint session or on an individual council level. It was further noted that upon the Authority's approval to move forward, a revised draft 2017-2018 Operating and Capital Budget together will be finalized and released to all stressing again that the only change in what is being proposed today from what was originally circulated is the correction to the management of the \$100,000.00 in unanticipated revenue from the province.

It was noted that while partner Councils are anxious to have the Authority's final draft budget for the upcoming fiscal year for consideration, the Authority can take all the time that it needs to finalize. Essentially at the Authority level, a motion indicating the Authority's adoption of the draft budget for forwarding to partner councils is required to move the budget forward. Mr. Coyle again noted that if he had a half hour, he would be able to bring forward the definitive answer to the question around the use of the capital reserve fund.

A short discussion then arose regarding the Authority joining of the Valley Community Fibre Network (VCFN) where it was the consensus that Information Technology representatives from the Municipality of the County of Kings be invited to attend the next Authority meeting to

provide supporting information with Mr. Hirtle indicating that he will extend the invitation to Acting CAO, Rick Ramsay, asking him to assign the appropriate personnel to attend with the goal of bringing this subject to a close.

Chair Bustin indicated that with the Authority's approval, she would like to move on to the next Agenda item and then to the in-camera session based on resuming budget discussion and other agenda items, if time allows, following the in-camera session.

Agenda Item No. 6 – Operations Manager Monthly Report

Agenda Item No. 6.1 – Report to Authority – Request for Proposals: VWRP1605 for the Provision of Three (3) 2017 Model Pick-Up Trucks 4X4

Operations Manager Martin took the floor providing a brief overview of the Report to the Authority: VWRP1605 for the Provision of Three (3) 2017 Model Pick-Up trucks, 4X4 as circulated and attached to these minutes.

ON MOTION OF JOHN KINSELLA AND SECONDED BY BRIAN HIRTLE THAT THE VALLEY REGION SOLID WASTE-RESOURCE MANAGEMENT AUTHORITY RECEIVE THE REPORT TO AUTHORITY: REQUEST FOR PROPOSALS: VWRP1605 FOR THE PROVISION OF THREE (3) 2017 MODEL PICK-UP TRUCKS 4X4, DATED JANUARY 18, 2017.

MOTION CARRIED.

Agenda Item No. 6.2 – Report to Authority: Request for Proposals: VWRP1603 for the Provision of One New Utility Vehicle.

Operations Manager Martin again took the floor providing an overview of the Report to Authority: Request for Proposals: VWRP1603 for the Provision of One New Utility Vehicle, as circulated and attached to these minutes.

ON MOTION OF JOHN KINSELLA AND SECONDED BY GAIL SMITH THAT THE VALLEY REGION SOLID WASTE-RESOURCE MANAGEMENT AUTHORITY RECEIVE THE REPORT TO AUTHORITY: REQUEST FOR PROPOSALS: VWRP1603 FOR THE PROVISION OF ONE NEW UTILITY VEHICLE, DATED JANUARY 18, 2017.

MOTION CARRIED.

ON MOTION OF JOHN KINSELLA AND SECONDED BY WENDY ELLIOTT THAT THE VALLEY REGION SOLID WASTE-RESOURCE MANAGEMENT AUTHORITY MOVE TO AN IN-CAMERA SESSION FOR THE PURPOSE OF DISCUSSING A PERSONNEL MATTER.

MOTION CARRIED.

The January regular monthly meeting of the Valley Region Solid Waste-Resource Management Authority was called back to order at 11:37am.

ON MOTION OF JOHN KINSELLA AND SECONDED BY MARTHA ROBERTS THAT THE VALLEY REGION SOLID WASTE RESOURCE MANAGEMENT AUTHORITY AUTHORIZE THE AUTHORITY CHAIR TO REFER AN IN-CAMERA PERSONNEL ISSUE TO AN INDEPENDENT LAWYER WITH THE NECESSARY DISBURSEMENT OF FUNDS.

MOTION CARRIED.

Agenda Item No. 7 – New Business

Agenda Item No. 7.1 – Impending Expiry of Current Contract with NorthRidge Farms Ltd.

Mr. Coyle took the floor noting the Authority lives in a highly regulated environment for the management of solid waste in the province of Nova Scotia. All operations are scrutinized under clearly stated regulatory criteria including the management of organic materials. Mr. Coyle explained the Province had indicated over the past few years that they intended to update regulations surrounding the processing of organics materials the results of which may have had a substantial impact on existing processing facilities. The Authority is currently partnered with NorthRidge Farms Ltd., for the processing of organic materials under a contract which will expire on June 30, 2017. While the impending expiry date is drawing near, it was felt that it would not be prudent for the Authority to move forward with going to market under a Request for Proposals in an uncertain regulatory climate as that uncertainty would have an impact on pricing put forward by potential proponents. Staff has recently received word that the Province will not be requiring existing facilities to meet 2010 CCME standards; however, it is unfortunate that the information is just now coming to light. With that in mind, staff would like to seek the Authority's approval to extend the current contract for organics processing from the current expiry date of June 30, 2017 to March 31, 2018 or a 9-month period. Taking this route accomplishes 2 key goals – the first being that it allows what is felt to be a sufficient amount of time for both the Authority and potential proponents to respond to a Request for Proposals for the service and secondly aligns the contract up with the start of fiscal years into the future. Mr. Coyle explained that if staff were to move forward to prepare and release a Request for Proposals for the service now, potential proponents would not have sufficient time, if selected, to implement capital investment that may be required by proponents in the short turn-around time. By taking this route, staff will move forward with the preparation and release of a Request for Proposals soon allowing all interested parties the time needed to ensure that the best value can be achieved for the Authority into the future. Acting General Manager Coyle noted that representatives from NorthRidge Farms have confirmed that their pricing as stated in the current contract document will remain in place during the 9-month term of the extension period.

In response to the question, Mr. Coyle indicated that there is no option to renew or further extend the current contract and that the operators of NorthRidge Farms are aware of that and understand that the Authority, as a public body, is required to go to the market to see what other proponents may be able to offer.

ON MOTION OF BRIAN HIRTLE AND SECONDED BY GAIL SMITH THAT THE VALLEY REGION SOLID WASTE-RESOURCE MANAGEMENT AUTHORITY AUTHORIZES THE GENERAL MANAGER OR HIS DESIGNATE TO PROCEED WITH EXTENDING THE CURRENT CONTRACT WITH NORTHRIDGE FARMS LTD. FOR ORGANICS PROCESSING, WHICH WILL EXPIRE ON JUNE 30, 2017, FOR THE PERIOD OF 9 MONTHS TO MARCH 31, 2018.

MOTION CARRIED.

Agenda Item No. 5.1 – Follow-up: Continued Discussion regarding 2017-2018 Draft Operating and Capital Budget

In response to the earlier question regarding the existing Capital Reserve Account, Mr. Coyle referred to the Capital Reserve and Capital Funding Policy, dated September 16, 2009 and specifically Appendix A to the Policy, as circulated and attached to these minutes. Mr. Coyle indicated that it is his opinion that the Capital Reserve Account in question was established for the purpose of developing a financial plan for the replacement of the 2 Management Centre facilities. Mr. Coyle highlighted the plan, as stated in the Policy, is not going to meet needs based on the level of investment on an annual basis. Mr. Coyle explained that it would be his opinion that these funds are not intended for other capital requirements adding that even if it were, it would not be prudent to draw from the funds for that purpose. In response to the question, Mr. Coyle noted the Management Centre replacement plan as envisioned in the Policy is not adequate and that the Authority may want to revisit the Policy to confirm assumptions and investment levels into the future.

A question was then raised regarding the recently completed Salary review with staff asked to determine an estimated value of phasing in the salary review recommendations as opposed to the full implementation included in the draft budget as it stands. Mr. Coyle reminded the Authority that staff has developed the budget based on the recommendation of the Consultant and the Authority's approval to move forward in this way during a previous meeting.

A question was also asked regarding the cost sharing formula in place for the Authority's benefit plan. It was indicated that benefits such as medical and dental coverage are cost shared on a 50/50 basis. It was further noted that while the salary review recommended moving from a 6% to an 8% employer/employee contribution to the pension plan, the budget as prepared phases that in based on moving to 7% contributions by both parties in the upcoming year. A question arose about whether consideration was given to phasing in the recommended wage increases over two years. It was explained that staff instructions from the Authority were to prepare the budget in accordance with the consultant's recommendations. A request was made

for staff to prepare rough figures showing the impact on the current budget of a wage and salary increases phased in over two years instead of the one year recommended by the consultant to bring salaries up to standard.

ON MOTION OF MARTHA ROBERTS AND SECONDED BY BRIAN HIRTLE THAT THE VALLEY REGION SOLID WASTE-RESOURCE MANAGEMENT AUTHORITY TABLE CONTINUED DISCUSSIONS REGARDING THE 2017-2018 DRAFT OPERATING AND CAPITAL BUDGET TO A SPECIAL MEETING OF THE AUTHORITY.

MOTION CARRIED.

It was noted that further discussions regarding the Draft 2017-2018 Operating and Capital Budget and Agenda Item No. 7.2-Sub-Committee Appointments and the added Item No. 7.3-Actuarial Investigation into Sick Leave Liabilities discussions will be included on the Agenda for the special meeting with the date to be determined soon.

Agenda Item No. 12 – Adjournment

ON MOTION OF JOHN KINSELLA AND SECONDED BY BRIAN HIRTLE, THE JANUARY 2017 REGULAR MONTHLY MEETING OF THE VALLEY REGION SOLID WASTE-RESOURCE MANAGEMENT AUTHORITY ADJOURNED AT 12:08PM.

Respectfully Submitted,

Brenda Davidson
Office Coordinator
Valley Waste-Resource Management