



STAFF REPORT

Date: 26 August 2021
To: Chair Langman and Board of Directors
From: Janine Dougall, General Manager of Environmental Services
Re: Borrowing for Capital Projects for Regional Solid Waste Services

File ES – Solid Waste

Issue Introduction

A staff report from Janine Dougall, General Manager of Environmental Services, which outlines options to achieve long-term borrowing capabilities for pending capital projects for regional solid waste services.

History/Background Factors

Over the next number of years, the Regional District of Kootenay Boundary (RDKB) is embarking on a number of solid waste projects that have significant capital expenditures associated. These projects are as follows:

Organics Diversion Expansion Projects

1. McKelvey Creek Landfill Upgrade Project

- Project scope includes construction of transfer station for green bin waste transfer, water, sewer and fibre optic utilities, two new weigh scales and relocation/upgrade of recycling areas.
- Project cost estimated at \$2.1 Million at preliminary design.
- Infrastructure grant applied for with grant funding at 90%.
- Detailed design work to be completed in 2021 with actual construction proposed for 2022.

2. McKelvey Creek Wasteshed – Implementation of Residential Curbside Green Bin Collection

- Project scope includes purchase and distribution of green bins and associated collection bags, education programs, waste audit for approximately 8,300 residential households.
- Project cost estimated at \$1.1 Million.

- Organics and Collection Infrastructure grant applied for with grant funding at 67%.
- Project is anticipated for rollout in the fall of 2022 once the green bin transfer station at the McKelvey Creek Landfill is completed construction.

3. Grand Forks Facility Upgrade Project

- Upgrade to Grand Forks Organics Composting Facility is underway and projected for completion in fall 2021/spring 2022.
- Cost projections for the project at the time of writing this report are indicating a cost overrun of approximately \$700,000 - \$800,000 if a wood grinder is purchased as part of the project and assuming the existing wood grinder is sold. The purchase of this piece of equipment is not essential to project success as the RDKB already has a wood grinder that can be used in the interim. This existing piece of equipment will require replacement within a 5-year period or by the end of 2027. The current cost for a wood grinder is approximately \$1.2 million.

Other Potential Solid Waste Projects

1. McKelvey Creek Landfill Operations

- The current McKelvey Creek Landfill Operations and Maintenance contract is set to expire on July 1, 2023. There has been some discussion at the RDKB staff level regarding the benefits and disadvantages of potentially taking over operations of the site and utilizing RDKB employees similar to what is happening at the solid waste facilities in the Boundary.
- To allow the RDKB to assume operations at the McKelvey Creek Landfill a significant amount of capital would be required primarily associated with equipment:
 - Landfill Compactor – New \$1.2 Million, Used \$400,000
 - Roll-off Truck – New \$200,000, Used \$100,000
 - Loader – New \$500,000, Used not recommended
 - Water Tank – New \$50,000, Used \$10,000
 - Storage for Equipment and Supplies - \$50,000
 - Miscellaneous Equipment - \$8,000
 - Sander and Plow on Used 1-Tonne Truck - \$50,000

Implications

The table below summarizes the potential capital costs that could be incurred by the RDKB over the next 5 years.

Project	Estimated Cost
McKelvey Creek Landfill Upgrade Project (2022)	\$2,100,000 - \$3,000,000
McKelvey Creek Wasteshed Residential Green Bin Program (2022)	\$1,100,000
Boundary Organics – Wood Grinder (before 2027)	\$1,200,000 - \$1,500,000
McKelvey Creek Landfill Operations (2023)	\$1,200,000 - \$2,058,000
Total	\$5,600,000 - \$7,658,000

As part of the completion of a Solid Waste Management Plan, capital cost estimates are normally developed (if projects are known) over a minimum time frame of 10 years or the life of the plan (if possible). By including these capital cost estimates in an approved Solid Waste Management Plan, this would provide the RDKB with long-term borrowing capability (up to 30 years).

As the above cost estimates and projects are not specifically identified in the existing approved RDKB Solid Waste Management Plan, the only financing options available are either the use of reserve monies or short-term borrowing (5 years maximum).

Through the budgeting process, as much reserve monies have been accrued as possible to fund future solid waste management projects. This has been done through increased taxation as well as tipping fees. Having the ability for long-term borrowing for large capital projects will give greater flexibility in managing costs for solid waste management services.

Receiving approval from the Ministry of Environment (MoE) for an Updated Solid Waste Management Plan will involve a significant amount of time and public consultation. The process to update and receive approval from the MoE of a Solid Waste Management Plan can take in excess of two years and it was not anticipated that this process would be initiated until after organics diversion was fully implemented across the RDKB. This would mean initiating the solid waste management planning process in 2023 with possible completion in 2025/2026. Staff resources are not sufficient to complete both the capital projects and an update of the solid waste management plan at the same time. This projected timeline for completion is not viable prior to the required expenditure of funds specifically for the McKelvey Creek Landfill Upgrade Project, McKelvey Creek Wasteshed Residential Green Bin Program and even the potential transition of the McKelvey Creek Landfill Operations.

Although grant monies have been applied for, the success of these grant applications is not guaranteed and delays in grant announcements (even if successful) can result in significant inflationary pressures for project completion. Given the importance of the expansion of the organics diversion program to the McKelvey Creek Wasteshed and the required replacement of the wood grinder to allow the existing organics diversion program in the Boundary to continue, staff feel it prudent to consider other options for obtaining the required capital funds.

At this time, staff wish to bring forward for the Board's consideration the option of obtaining electoral assent for the potential capital expenditures. There are two ways in which electoral assent can be obtained for a service:

1. Referendum
2. Alternative Approval Process (AAP) (section 345(b)(iii) of the *Local Government Act* allows a local government to seek elector assent if the service is for "the collection, removal or disposal of solid waste or recyclable material."

Below outlines some considerations for each option given that the Regional Solid Waste Service (010) is region-wide.

Referendum

- Costly – Estimated at \$15,000-\$20,000
- Significant staff resources
- Timeline for completion – 8 months
- Transparent from a public perspective

Alternative Approval Process (AAP)

- Significantly less costly than a referendum
- Time for completion – 6 months
- Some members of the public may perceive this method (counter petition) to be less transparent and democratic than a referendum.
- If AAP is to be used, extensive communications should be undertaken to ensure the electorate is very well informed.
- It should be noted that the RDKB Board could still proceed to referendum following an AAP.

The RDKB could consider seeking elector assent for each individual project via AAP as opposed to asking the electors to oppose the borrowing of up to \$7.7 million.

If a referendum process is preferred this could be combined with the upcoming election in October 2022 as a cost savings methodology and recognizing staff resource limitations in undertaking an independent referendum process. The disadvantage of this would be that the capital projects for the organics expansion programs would be delayed to implementation in 2023 (a 1 year delay).

Advancement of Strategic Planning Goals



Having the ability to borrow required capital funding over a term longer than 5 years gives flexibility to the Regional District in optimizing operations and contributes to the provision of cost effective and efficient services associated with solid waste management.

Background Information Provided

None

Alternatives

1. That the RDKB Board of Directors provide direction to staff regarding the options associated with obtaining electoral assent associated with capital borrowing for upcoming solid waste management projects.

Recommendation(s)

That the RDKB Board of Directors receive the staff report dated August 26, 2021 from Janine Dougall, General Manager of Environmental Services titled "Borrowing for Capital Projects for Regional Solid Waste Services".

Further, that the RDKB Board of Directors provide direction to staff as to which method of elector assent to pursue if any.