

DATE: June 18, 2020

TO: Chair and Directors
Comox Strathcona Waste Management Board

FROM: James Warren
Deputy Chief Administrative Officer

RE: **COVID-19 Impact on Tipping Fees**

FILE: 1700-02/2020/391

Supported by James Warren
Deputy Chief Administrative Officer

J. Warren

Purpose

To provide an update on the impact to tipping fee revenues from the novel coronavirus (COVID-19) pandemic as it relates to the recommended 2020-2024 Financial Plan for the Comox Strathcona Waste Management (CSWM) service, function 391.

Recommendation from the Chief Administrative Officer:

This report is presented for information only.

Executive Summary

The 2020-2024 Financial Plan for the CSWM service, function 391 was presented and approved at the March 12, 2020 CSWM Board (Board) meeting and includes 2020 tipping fee revenue of \$9,631,877. Subsequent to the presentation and approval of the Financial Plan, our communities, and all communities, were impacted by the COVID-19 pandemic and a provincial state of emergency was declared on March 17, 2020.

The approved solid waste 2020-2024 Financial Plan is linked for reference:

- [2020-2024 Approved Financial Plan](#) and [presentation](#).

The response required to keep CSWM and contractor staff operating solid waste and recycling facilities was immediate; it emphasised the safety of staff and the public, and followed the direction of the provincial health officer to discourage non-essential trips away from home. As an essential service, garbage disposal facilities remained open with adjustments made to operations to accommodate social distancing such as limiting vehicle and customer traffic, and physical barriers for scale house attendants.

With businesses shut down and families spending more time at home, waste volumes and composition have reportedly shifted all across North America. Metro Vancouver staff reported to their Board in May that overall waste flows have decreased by about 10 per cent compared to April last year, with single family garbage up slightly and commercial garbage down. Due to more residential vehicle traffic, traffic volumes at transfer stations were up approximately 10 per cent for April compared to last year. The Regional District of Nanaimo is projecting an 11 per cent (\$1.1 million) reduction in tipping fee revenues for 2020 as a result of the pandemic, although with a low level of confidence.

Analysis of our own tipping fee revenue and vehicle traffic patterns show similar patterns to those experienced elsewhere, however with slightly less of a financial impact. Based on the discussion below, our tipping fee revenue is reduced by approximately nine per cent year to date when compared to the same period from 2019. Review of tipping fee revenues at the Comox Valley Waste Management Centre (CVWMC) and the Campbell River Waste Management Centre (CRWMC) for the period of January 1 to May 31 was completed and compared to historical fluctuations. The results, shown in Figure 1 in Appendix A, indicate impacts to revenue to date at our two largest facilities, with a slightly larger impact on revenue at the CRWMC.

Year to date (YTD) the CRWMC has a tipping fee revenue of \$1,473,000 compared to an average of \$1,663,000 for 2018 and 2019 over the same period. At the CVWMC the reduction in waste tonnage is concentrated in the institutional, commercial and industrial sector, with a notable increase in yard and organic waste. The CRWMC showed a reduction in all three major waste categories and a small increase in the site access fee due to increased vehicle traffic. As you can see from Figures 2 and 3 in Appendix A, revenues have fluctuated historically in all waste sectors, and 2020 YTD is within normal ranges so far.

Phase 2 of the BC's Restart Plan (Plan) began May 18 and has allowed many businesses to reopen and local commerce to return towards normal. Tourism is not yet being encouraged, however Phase 3 of the Plan including the reopening of hotels, resorts, schools, and select entertainment, is anticipated for June to September which will further return waste volumes to normal.

Implications for a reduction in tonnage extends to:

- Revenues;
- The anticipated lifespan of the CRWMC landfill and Cell 1 of the CVWMC; and
- Timing for the related capital projects of CRWMC closure and Cell 2 construction.

Tipping fees make up 56 per cent of the budgeted revenue for the 391 service (\$9.6 million) and there is a high level of confidence for receipt of the other revenue streams: municipal and provincial requisition (\$6 million), the prior year surplus (\$1.2 million) and recycling revenue and recoveries (\$331,500).

The overall change in waste flows for the 2020 year is uncertain at this time, but is being closely monitored by CSWM and Comox Valley Regional District financial staff, and another report will be provided to the Board at the September 10, 2020 meeting.

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Attachments: Appendix A – “Figures”

Appendix A – Tipping Fee Revenue Analysis

Figure 1: Total Tipping Fee Revenue Jan 1 to May 31

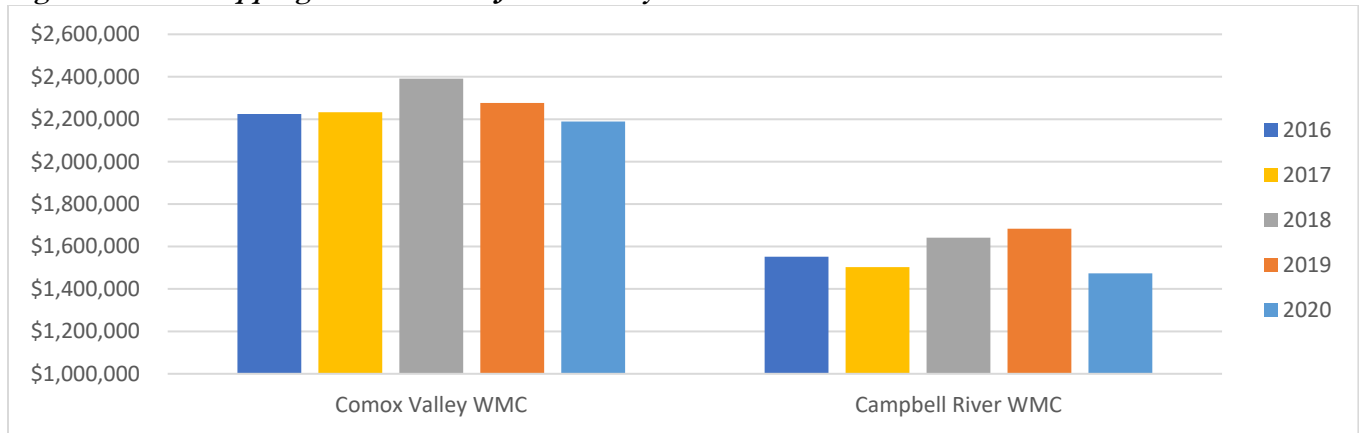


Figure 2: CVWMC Tipping Fee Revenue by Source Jan 1 to May 31

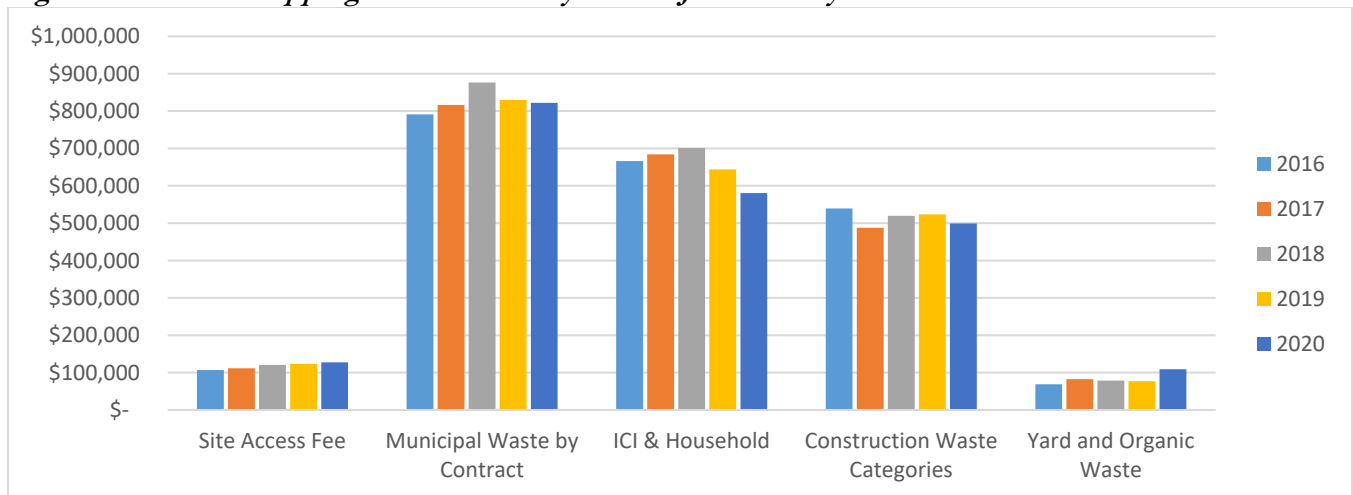


Figure 3: CRWMC Tipping Fee Revenue by Source Jan 1 to May 31

