



MORRISON HERSHFIELD

Cost Recovery Options for Inclusion in the Draft Solid Waste Management Plan

FWG Meeting 2 – May 13, 2020



Regional District of
Kitimat-Stikine

Outline

- Introduction
- Recap
- Guiding Financial Principles
- Two Service Areas
- Cost Recovery Strategies
- Discussion
- Next steps

Introduction

Meeting & FWG purpose

- Present an overview of the strategies and options developed guided by the outcome of the FWG meeting in February
- Provide an opportunity to share feedback on the content of presented in the memo and to express your organizations' interests or concerns in its context

Recap

FWG Meeting on February 11, 2020

- Overview of the cost recovery models in the two RDKS service areas
- Trends, short- and long-term challenges
- Guiding Financial Principles
- Cost recovery strategies
- Discussion and feedback



Guiding Financial Principles

Long-term financial sustainability

Take advantage of economies of scale, where possible

Provide good and equal level of service

Provide equitable service to all residents in the same service area

Improve operating efficiencies of current solid waste management services and facilities

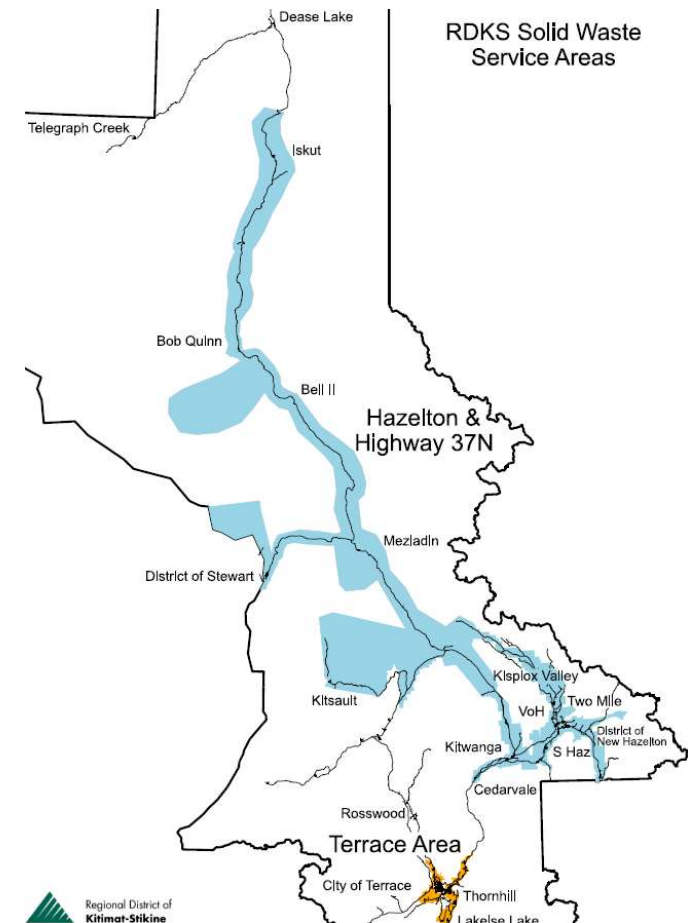
Two Service Areas

Terrace Service Area

- Funded by tipping fees, user fees and tax requisition
- Operating on a surplus
- 3 facilities
 - Forceman Ridge Waste Management Facility
 - Thornhill Transfer Station
 - Rosswood Landfill

Hazelton & Highway 37 North Service Area

- Mainly funded by tax requisition
- Operating on a deficit
- 5 facilities + cost-sharing
 - Kitwanga and Stewart Transfer Stations
 - Hazelton WMF
 - Meziadin and Iskut Landfills
 - Cost-sharing for use of New Aiyansh Landfill and Telegraph Creek TS



Cost Recovery Strategies

- Strategy 1 – Review cost recovery model within the service areas to provide fair cost sharing (added)
- Strategy 2 – Reduce cost
- Strategy 3 – Increase revenue
- Strategy 4 – Direct or indirect cost sharing between service areas
- Strategy 5 – Expand service area



Cost Recovery Strategies

Strategy 1: Review cost recovery model within the service areas to provide fair cost sharing

- A. Develop KPIs to assist in evaluation of the current cost recovery models between service areas based a common factor (such as per capita or household). Adjust cost recovery models to facilitate a continued service delivery fair to all residents and businesses.
- B. Include messaging around waste management cost in RDKS's public education efforts.

Cost Recovery Strategies

Strategy 2: Reduce cost

- A. Complete detailed hauling analysis to assess the feasibility of alternative co-hauling and back-hauling options.
- B. Perform a cost-benefit analysis of baling and/or compacting recyclable materials hauled from the Hazelton and Highway 37 North Service Area.
- C. Regularly revisit agreements and operating procedures to explore options to reduce cost while maintaining level and quality of service.
- D. Develop long-term goals and strategies, including potential investment, with the purpose of reducing cost in the long term.
- E. Complete operational reviews for each facility, which would include a review of staffing, past operating performance, primary operating costs, and identification of areas for improvement.

Cost Recovery Strategies

Strategy 3: Increase revenue

- A. Regularly review and update the current cost model for the landfill at Forceman Ridge WMF, and adjust tipping fees for industrial and out-of-service-area waste as needed.
- B. Assess the costs and benefits of introducing a “user-pay” cost recovery model in the Hazelton and Highway 37 North Service Area by introducing tipping fees and adjust tax requisition based on new tipping fee structure. Implement a “user-pay” cost recovery model if deemed beneficial to residents, businesses and the RDKS while following the Guiding Financial Principals.

Cost Recovery Strategies

Strategy 4: Direct or indirect cost sharing between service areas

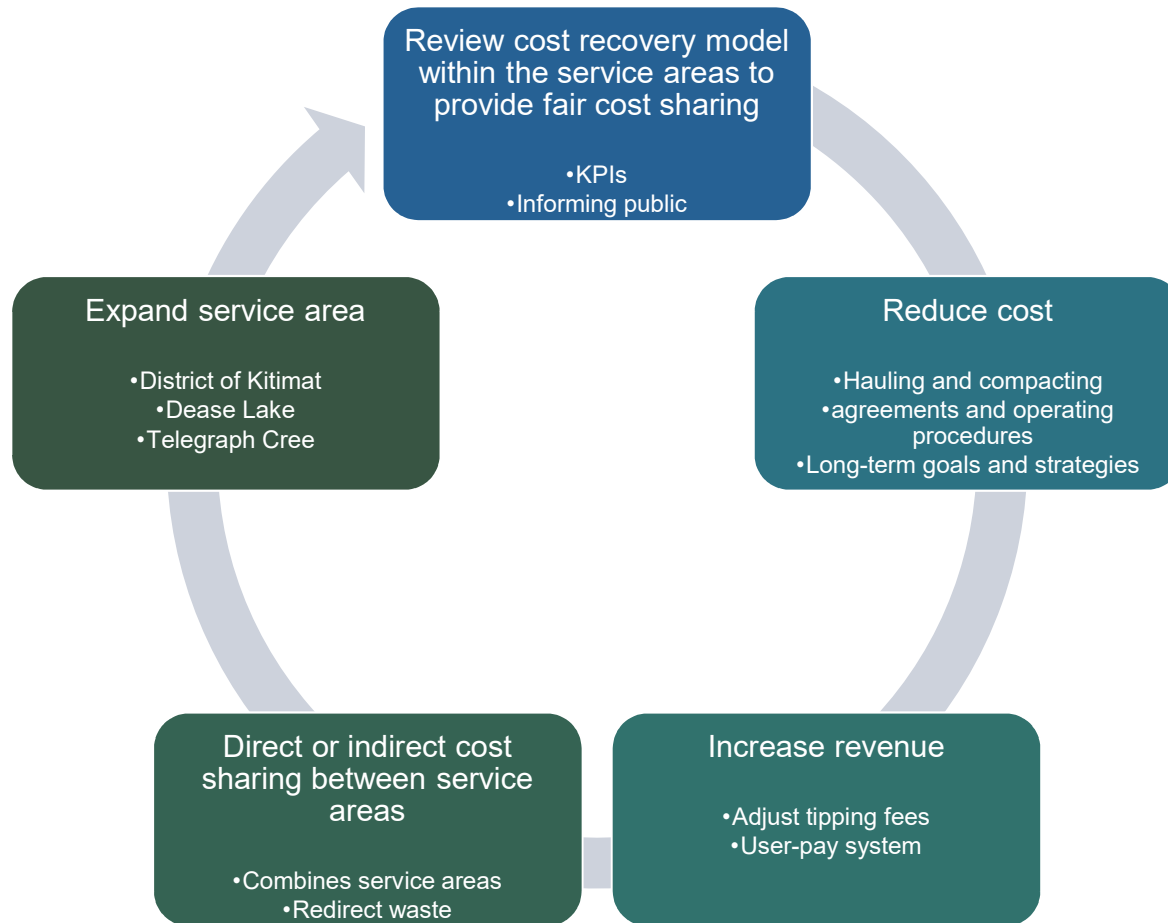
- A. Review feasibility of amending bylaws to combine service areas to allow for direct cost and revenue sharing
- B. Assess the feasibility of redirecting industrial waste to the Hazelton WMF and/or Meziadin Landfill to allow indirect cost sharing.

Cost Recovery Strategies

Strategy 5: Expand service area

- A. Assess the financial implications of District of Kitimat participating in the Terrace Service Area. The SWMP could be structured to allow, but not require, the District of Kitimat to use the Forceman Ridge WMF.
- B. Assess the financial implications of including Dease Lake in the Hazelton and Highway 37 North Service Area.
- C. Assess the financial implications of including Telegraph Creek Landfill and future transfer station in the Hazelton and Highway 37 North Service Area.

Discussion



Next Steps

- FWG provide feedback to RDKS or MH by end of Friday May 15th, 2020
- PTAC to select preferred cost recovery options to include as Preferred Options (end of May)
- PTAC to determine Preferred Options to include in the draft SWMP for Board approval and public consultation (end of June)
- Board to approve options, strategies and costs included in Draft SWMP (August)
- Public Consultation (September/October – exact timing to be confirmed)
- FWG will be involved again after the public have been consulted

Thank you!

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