

# **SUMMARY REPORT TO MEMBERS**

## **THETIS ISLAND SOLID WASTE MANAGEMENT REVIEW**

### **1. Background**

A review of the Solid Waste (garbage and recycling) Management Centre (Centre) was raised as an issue at the Thetis Island Residents and Rate Payers Association (TIRRA) 2020 Annual General Meeting (AGM). At the June 26, 2021 AGM a motion was approved to review operations of the Centre, for sharing with both the Executive and community members at the 2022 AGM. Paul Duncan, TIRRA member, agreed to conduct the review.

This summary is based on extensive research of the applicable regulations and jurisdictions, site visits to the Cowichan Valley Regional District (CVRD) Peerless Road and Return-it (Ladysmith) recycling centres, and numerous telephone interviews with CVRD and Lynne Smith, CVRD Director. There is significant detail which is omitted from the Summary. Draft Summaries have been vetted with Wendy Hinsperger, President TIRRA, Ernie Hunter, Treasurer and Solid Waste Chairperson, Vicki Walker, Trails Chairperson, and Ron Bannister, TIRRA member. Based on all of this input, the final report includes my opinions where noted.

The call for a review was a response to the impact of the closure of the Centre in March 2020 in order to comply with COVID-19 protocols for social distancing, surface cleaning and high touch sorting. Since then, residents have had to change their recycling behaviours by transporting recycling off Thetis Island or stop recycling. The purpose of this review is to determine whether the change in recycling behaviour has changed the future direction for the Centre.

Note: Thetis Island Nature Conservancy (ThINC) sponsored a Summer Employment Program under the guidance of Vicki Walker. TIRRA contributed \$1,000 to the study. The Recycling Yard Draft Proposal called for the restart of recycling in Fall, 2020 with 3 paid staff. TIRRA did not implement due to the cost and implementation issues with CVRD or an alternate supplier. TIRRA did not share the draft proposal with the community as baling and shipping barriers remained.

No parcel tax has been collected since recycling was closed. There will be no parcel tax for 2022 (TIRRA General Meeting, Nov. 25, 2021).

A motion to recruit staff to manage the Centre funded by the parcel tax was defeated (TIRRA General Meeting, Nov. 25, 2021).

A parcel tax for 2023 will require Member Budget approval at a Fall 2022 Members' Meeting in time for a Summer 2023 grant.

A risk-based approach was used to review the Centre. Risks ranked "High" to "Low are my opinion. The following risks were evaluated:

- Financial risk: Garbage user fees cover costs and are competitive. Recycle parcel tax burden is comparable to CVRD.
- Operating risk: Centre controls its long-term future.
- Quality Risk: Garbage and recycling are not contaminated with recycling.
- Compliance Risk: TIRRA complies with legislation, by-laws, and policies.
- Community Engagement Risk: Thetis Island residents are engaged to become a zero-waste community (TI Official Community Plan, i.e., OCP).

“Zero Waste: The conservation of all resources by means of responsible production, consumption, reuse, and recovery of products, packaging, and materials without burning and with no discharges to land, water, or air that threaten the environment or human health.” [Zero Waste Definition - Zero Waste International Alliance \(zwia.org\)](http://zwia.org) and adopted by Recycle Council of BC. [What is Zero Waste? | Recycling Council of British Columbia \(rcbc.ca\)](http://rcbc.ca)

This review did not compare the TI Centre to other Gulf Islands. It did not review the tax burden (User fees + taxation/assessed value) which is a better indicator of tax burden than the mix of user fees and taxes.

I would like to thank all of those who provided input to this report. A special thanks to the TIRRA executive for saving past parcel taxes until we can better control our long-term future.

## 2. Key Objectives and Findings

- Financial Findings: Competitive: Garbage and recycling is a net cost, i.e., User fees for garbage do not cover the cost of garbage. Garbage fees are higher than CVRD and include a premium for the convenience of dropping off garbage on Thetis Island. Pricing favours the smaller loads. Based on price, reduced hours of operation, site visits, and the lack of infrastructure (electricity, water, sewer, and permanent structures) the Centre is the least competitive alternative compared to CVRD sites and Return-It.
- Financial Findings: Garbage Break-even: The projected garbage loss will erode the Garbage Fund Savings (\$762 at Dec. 31, 2021) necessitating a review of higher user fees and more output. Increasing user fees in the past has resulted in less garbage so higher fees must be stepped for larger loads to increase revenue. The Centre has historically accepted small loads and turned away large loads to CVRD.
  - Annual User Fee Revenue: \$10,000
  - Annual Wages: (10,000)
  - Annual Haulage (4,000)
  - Net Loss (4,000)
- Financial Findings: Tax Comparison: There may be room for the Centre to increase the proportion of user fees consumers pay for garbage collection compared to CVRD. However, mix comparisons do not measure total tax burden which includes several parcel taxes (User fees + total taxation/assessed value).

	<u>User Fees/Cost of Operations</u>	<u>Tax</u>	<u>Other</u>
CVRD 2022 Budget #520	37%*	49%**	14%***
TI Centre 2020 (last year of parcel tax)	23%*	77%**	0

**CVRD Notes:**

\*\$4,831,800/13,103,285 Cost of CVRD Solid Waste Management Complexes

\*\*6,450,836/13,103,285

\*\*\*Transfer from Reserves & Debt Proceeds \$1,820,649/13,103,285

TI Centre Notes:  
\*\$9980/\$42,530  
\*\*\$32,550/42,530

- There is no CVRD goal to increase the mix of consumers' user fees because the CVRD Waste Management Complex (520) is a legislated mandated service. 520 expenses are mostly fixed and taxation provides more constant revenue than user fees. Similarly, there is no TIRRA goal to increase user fees. However, lack of a user fee goal is not consistent with the move to migrate the financing of recycling from tax payers to consumers. "Overview of extended producer responsibility in Canada", Action Plan for Extended Producer Responsibility, The Canadian Council of Ministers of the Environment (CCME) Canada.ca.
- Thetis Island taxpayers pay for CVRD regional recycling centres through their property taxes whether they use these facilities or not. They also pay a weight fee for garbage but not recycling dropped off at CVRD sites. Thetis Island property owners are paying for recycling twice: once for CVRD operations and once through their parcel tax.

Financial Findings: TI parcel tax compares favourably to Saltair. Saltair is in Electoral District G and has a curb side blue box program which costs residents \$165/tote/year. Recycle BC pays CVRD about \$37/household which means the total cost of the curbside blue box program without the Recycle BC payment is closer to \$200. TI parcel tax is calculated as the Centre Budget/362 land parcels (provincial tax roll). For 2020, the parcel tax was about \$91/ratepayer (\$32,550/362). Of course, a curbside program will cost more than drop-off recycling but I believe \$91 seems reasonable when compared to Saltair.

Financial Findings: Recycle BC has been mandated by the Province of BC to provide end of life recycling of packaging and paper products. Recycle BC is budgeted to pay CVRD \$530,600 in 2021 for curbside recycling pickup for Electoral Districts D, E, F, G, and I. Saltair is in Electoral District G. Thetis Island does not qualify for any of the Recycle BC programs because of our smaller population so do not receive the \$37 that Saltair households receive.

Financial Findings: Parcel Tax Exemption: TIRRA has waived the parcel tax for residents owning more than one lot that is vacant because there is no incremental recycling cost from the second lot. The parcel tax is calculated as the Centre Budget/362 land parcels (provincial tax roll). Ernie Hunter, TIRRA Treasurer, has verified that there is insignificant revenue foregone from the parcel tax exemption.

Note: There are more than 452 Thetis Island lots. (Thetis Island Phone Book, June 2020, page 38 & 39) and 460 dwellings (2021 Census, Espokes Feb. 10, 2022). I could not verify that there is a process to check that second lots remain vacant as required by the TIRRA Solid Waste Parcel Tax Rebate Policy 2014. It also raises the question of providing rebates for lack of use when there are no rebates for property taxes based on lack of use.

Financial Findings: Financial Risk: At the end of 2021 TIRRA had \$762 savings in the Garbage Fund, \$42,158 savings in the Recycle Fund and \$10,000 in the Bridge Fund (Used to finance operations pending receipt of the parcel tax) "TIRRA 2021 Financial Report". Based on the high level of savings, **Financial Risk is low.**

Operating Risk: TIRRA does not control the Centre site as the BC Ministry of Transportation and Infrastructure (MOTI), owns the land and leases to TIRRA for \$50 per year (\$250 for 5-year lease), which is less than market. The lease was renewed in 2019. TIRRA is at risk of a substantial increase in rent or lack of renewal. Also, CVRD owns the recycle hauling bin and does not charge TIRRA to rent the bin or for hauling. There is no written Memorandum of Understanding (MOU) with CVRD. TIRRA is at risk of the introduction of bin lease payments and haulage fees.

It is not clear whether TIRRA must own the land for CVRD financial/grant funding support or whether MOTI can own the land and TIRRA receive CVRD grants. It is clear that CVRD will not fund/grant community composting on private land (March 11, 2020, Natalie Wehner, Corporate Finance Officer, CVRD.)

With limited control over the Centre site, TIRRA has tried to mitigate operating risk by purchasing limited equipment that can be sold and deferring any investments in infrastructure (electricity, water, sewage, and permanent buildings).

There is a lack of volunteers and no succession plan for existing volunteers with many years of experience who will eventually retire.

**Operating risk is high.** The Centre does not control its future – its site, its expenses, and its knowledge transfer.

Quality Findings: Lack of Measurement: CVRD does not measure the contamination of Centre garbage. Residents throughout the CVRD, including Thetis Island, can dispose of their garbage and recycling in many ways and many places.

Quality Findings: Contamination: The CVRD recycle contamination rate is 15% compared to the Recycle BC requirement of 3% or less. The Centre's contamination rate for garbage and recycling is expected to be less than CVRD due to volunteer and staff inspection/education at time of drop-off. However, once the waste leaves the Centre site it is mixed with garbage from Institutional, Commercial, and Industrial (ICI) sites on Thetis Island, (marina, camps, etc.) so the true contamination rate of garbage leaving Thetis Island is not known. CVRD believes ICI waste is a major source of contamination.

Quality Findings: Garbage Handling: GFL picks up Centre and ICI garbage and delivers to GFL Chemainus sort year where it is mixed with more garbage. It is then delivered to GFL Dunford Hauling in Victoria, loaded onto barges to Washington state, and then rail cars to Spokane Washington. I believe it is likely Centre garbage is contaminated by the time it leaves Thetis Island and reaches landfill in Spokane Washington.

Quality Findings: Recycle Handling: Centre recycling is stored, baled, and loaded into the CVRD green bin at the Centre. Dangerous goods are not included in the green bin and are transported by volunteers to a CVRD site. The green bin is transported to the CVRD Bings Creek where it is unloaded and bales are opened to inspect for contamination. Recycle BC pays CVRD for clean recycled products. Contaminated recycled products are manually removed and taken to the Waste Transfer building tip floor. From the tip floor it is loaded into an open top 53' trailer. The trailer is transported to the Nanaimo Seaspn port and is barged to Delta Port. It is transferred by truck from

the port to the transfer terminal in Surrey and loaded onto a rail chassis to Roosevelt landfill in Washington State.

Quality Findings: Three Major Players create barriers to reopening Centre recycling. CVRD insists bulk recycle materials must be baled requiring trained volunteers/staff and bulk handling equipment. GFL who hauls garbage will also truck unbaled recycled products to CVRD Bings Creek but TIRRA must pay haulage compared to free haulage from CVRD. Recycle BC will not pay for TI recycling but will pay \$37/Saltair household.

CVRD and Recycle BC appear to target economies of scale from larger populations but suffer lower quality. Another approach is to include smaller communities with smaller volumes but higher quality from on site inspection.

**Quality risk of contamination is Low for the Centre but High when mixed with recycling that has not been inspected at source. Quality can be improved with on site inspection.**

Compliance Findings: TIRRA has the legal authority to operate the current Centre and has complied with COVID-19 protocols. Recycling can recommence under Provincial Health Orders, without any significant changes from prior operating methods. However, until a suitable candidate is found for the baler staff position, we cannot accept recycled materials.

Compliance Findings Occupational Health and Safety (OHS) Regulations: For example, OHS sets minimum standards for working conditions, including for volunteers. (WorkSafe BC Mark Phifer, Aug. 20, 2021.) OHS Regulation Part 4 sets general conditions that workers must have a safe work site, that machinery such as a baler must have an owner's manual and a maintenance record, and staff have access to portable washrooms and hand washing facilities. ("Searchable OHS Regulation", <https://www.worksafebc.com/en/law-policy/occupational-health-safety/searchable-ohs-regulation>).

Compliance Findings: By-laws: For example, TIRRA does not comply with reporting of annual financial statements at the TIRRA AGM (requires a review by a competent non-TIRRA member).

Compliance Findings: TIRRA Policies: For example, TIRRA does not comply with the approval process for the parcel tax rebate.

**Compliance Risk is Medium and can be mitigated with one volunteer/staff to update policies and procedures.**

- Education and Community Engagement Findings:

Current community engagement is based on Espokes communication and a new residents' welcome package.

There is so much more to do to engage residents to pursue our zero-waste goal (Thetis Island Official Community Plan, OCP). For example, think of the Centre as a learning centre to show how to reduce, reuse, and recycle. There are learning aids available from CVRD and Recycle BC and much to learn from other Gulf Island Centres. For example, reach out to the marinas and camps so that everyone, not just residents, are pursuing a zero-waste goal. For example, strengthen our relationship with ThINC as an educational source and community composting partner.

TIRRA requires a passionate volunteer/staff to engage our community.

**Community Engagement Risk: High risk of not achieving our OCP,**

### **3. Scenarios**

Scenario 1: TIRRA continues to operate a garbage and recycling centre in a similar way since 2013/14. (MOTI input is not required for same service restart). This does not mean “business as usual” as we will have to balance with volunteer/staff resources.

Scenario 2: We pursue our dream (See Solid Waste Committee Report to 2022 AGM, Ernie Hunter re: description Hornby’s recycle centre.) by reducing High risks – Operation and Community Engagement. We seek written agreements or at least verbal understandings with MOTI and CVRD as a condition of investing in infrastructure (electricity, water, sewer, and permanent structures).

Scenario 3: The Centre continues to operate as a garbage centre but recycling is outsourced to Vancouver Island centres such as CVRD Bings Creek and Peerless Road, and Return-it Ladysmith. Scenario 3 is the current situation and is the default Scenario if 1 and 2 do not succeed.

Scenario 3 has its own specific advantages/disadvantages. It solves some of the Findings like: The Centre is not competitive. It eliminates the need for a parcel tax. Residents are not paying for recycling twice. No MOTI/CVRD/Recycle BC agreements are required. Garbage contamination becomes the same as the rest of CVRD. It eliminates any regulatory issues dealing with the baler. However, Scenario 3 does not support Thetis Island pride in building our own solutions and being a community meeting place. It will probably increase the risk of more garbage contamination and illegal dumping. It does not pursue a zero-waste community.

Note: Scenarios 1 and 2 build on each other. Scenario 3 is the opposite of 1 and 2.

### **4. Roadblocks**

Scenario 1: TIRRA has not been able to recruit replacement staff even though we have tried. In 2021, no suitable applicant was selected. Volunteer hours are precious and the capacity does not currently exist to deal with all of the Findings of this report. Ernie Hunter can provide details on the various attempts made during the past year to re-start recycling.

Scenario 2: We confirm at the 2022 AGM that TIRRA members are committed to a long-term garbage and recycling Centre. Once determined, TIRRA Executive will seek written agreements or at least verbal understandings with CVRD and MOTI before committing to infrastructure investments.

Scenario 3: We confirm at the 2022 AGM that TIRRA members believe that the future demands a different solution. Residents voted for Scenario 1. There has been no research on how to wind-up recycling and return the savings from past parcel tax to the members.

## 5. Remedies to the Roadblocks

Scenario 1:

- More guaranteed hours of work and higher pay rates might incent more staff applicants: however, pre-COVID volumes for recyclables does not support increased paid hours or additional positions. At \$25/hour, 4 hours/shift, 2 shifts /week, the annual parcel tax cost is about \$10,000/employee or \$28parcel tax/taxpayer (\$10,000/362 land parcels).
- More guaranteed hours of work may be possible if additional services were covered by staff, (community composting, administration, managerial oversight, etc.). This will increase the parcel tax above \$10,000.

Scenario 2:

- We collaborate with MOTI, CVRD, and Recycle BC on a volunteer-based model for smaller communities that provides higher quality garbage and recycling. This will require a volunteer/staff leader and active TIRRA Executive involvement. There is no guarantee that the negotiation will be successful.

Scenario 3:

- We research how to unwind the parcel tax and return the savings to the members.

## 6. Key Ideas for Executive Consideration.

Scenario 1:

- Review current garbage user fees to determine the mix of higher fees and higher loads to cover the costs of garbage collection.
- Review hours of service during the seasons to better balance customer demand with volunteer and staff support. As a minimum, garbage will remain open at least 1 day/week.
- Reduce environmental damage/site contamination risk by eliminating the collection of items not accepted in CVRD bin. (Paints, oil, aerosols, batteries, etc.).
- Reduce recyclables to the same as a typical blue box program (paper & cardboard, metal, hard plastic, plastic wrap, etc.).
- Retain 1 staff for garbage. Consider a second staff as part of the Fall/22 members budget meeting for the 2023 parcel tax.
- Restart recycling with a volunteer to lead the process.
  - Recruit a volunteer to deal with all of the compliance issues.
  - Recruit a volunteer to engage the community and set the stage for Scenario 2.
- Scenario 2: Waste Management and Recycling with MOTI and CVRD Commitments
  - All Scenario 1 actions as well as;

- Set a capital target for the Recycle Fund to invest in infrastructure (electricity, water, sewer, and permanent buildings). Increase the Contingency Fund target in case CVRD and MOTI significantly increase their costs.
  - Finance a second paid staff with the Bridge Fund or 2023 Parcel Tax.
  - Provide a portable washroom.
  - Determine whether these actions will increase the parcel tax to \$100,000 maximum authorization.
- Scenario 3: Waste Management only
    - Transition out of recycling.
    - Research how to repay/redistribute/redirect any balance in the Recycle Fund.
    - Research requirements for CVRD to cancel the parcel tax.
    - Seek member agreement at a Fall 2022 Members' Meeting.

## 7. Other Considerations/Subsequent Events:

TIRRA's Executive should outsource back-office functions like planning, compliance, and community engagement to volunteer committees or consultants.

TIRRA partnered with ThINC researching community composting. The Centre review was conducted over the Summer and Fall 2021. TIRRA is currently seeking a way to add community composting to the Centre site at a level of risk TIRRA can support.

## 8. Conclusions

These conclusions are my opinions.

Scenario 1: This is a good start and is not "business as usual". It will require a volunteer to clean up the compliance issues, one additional volunteer to coordinate recycling, one volunteer to act as Treasurer, and one volunteer to engage the community. A second paid staff will offset some of the need for volunteers but must be financed from the Bridge Financing Fund for 2022 or deferred to 2023 to be financed by the parcel tax.

Scenario 2: Thetis Island has small volumes of garbage and recycling compared to the rest of CVRD, so has little bargaining power with CVRD. Executive have tried to formalize relations with CVRD and MOTI with no success. It also risks higher rental rates. But, if it can be achieved, TIRRA can action its vision, and commit to permanent on-site structures and more paid staff. It's well worth a dedicated volunteer and Executive time collaborating with CVRD, MOTI, and Recycle BC.

Scenario 3: Recycling will continue to remain closed without more volunteers or more paid staff. This is the current situation. It will require 1 volunteer to research how to wind-up Centre recycling.

Paul Duncan, TIRRA volunteer

May 1, 2022