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DATE 27 April 1998

TO/DEST. Co-ordinator
 Planning and Environment Committee

FROM/EXP. Environment and Transportation Commissioner

SUBJECT/OBJET **SOLID WASTE COLLECTION SERVICE TO ZONE C -
 IMPLICATIONS FOR 1998 DRAFT ESTIMATES**

DEPARTMENTAL RECOMMENDATION

That the Planning and Environment Committee and Council receive the following information on the additional costs beyond those provided for in the 1998 draft budget estimates as a result of the new interim servicing arrangement for Zone C.

BACKGROUND

On 14 April 1997, Corporate Services and Economic Development Committee approved a plan whereby the Regional Municipality of Ottawa-Carleton (RMOC), Capital Environmental Resource Inc. and Tomlinson Environmental Services Ltd. would provide for collection services in Zone C for the remainder of the existing collection contract period to 31 May 1999. Under the new plan, the RMOC and Capital Environmental will each service one-half of Zone C for garbage and recycling collection, while Tomlinson Environmental will provide leaf and yard collection for the entire Zone.

The servicing of Zone C in 1998 and the respective costs can be divided into three periods. From 1 January 1998 to 13 February 1998, the cost to the Region associated with Exel Environmental providing service under the existing collection contract is consistent with the provisions contained in the 1998 draft estimates. Commencing 14 February 1998, the servicing on an interim basis by a consortium of private haulers will result in a considerably higher cost to the Region, as anticipated. The new servicing arrangement identified above, commencing 15 June 1998, will reflect a higher cost than the Exel contract, but a lower cost than that provided by the consortium.

FINANCIAL IMPACT

In 1998, the additional operating cost to the Region, as a result of the Zone C service provider changes beyond the current 1998 draft estimate provision is \$2.9 million. It is anticipated that the Letters of Credit which the Region holds could reduce this shortfall to \$2.0 million. On an annualized basis, the additional operating cost of servicing Zone C under the new servicing arrangement is estimated at \$2.4 million. It should be noted that the new servicing agreement applies only to the end of the current collection contract period (May 31, 1999), after which a new servicing contract will come into effect. As a result, costs for 1999 will depend on the results of the next collection contract. The final anticipated costs for the collection activity in 1998 are reflected in Annex A (attached). Also attached as Annex B is an amended page to the draft operating estimates for the collection activity, replacing P. 185.

Approved by
M. J. E. Sheflin, P.Eng.

KS/

Attach. (2)

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

REVISIONS TO THE 1998 SOLID WASTE DIVISION WASTE COLLECTION BUDGET

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	Expenses as Budgeted	Revised SWD Waste Collection Budget
Garbage Collection	\$7,862	\$9,439
Recycling Collection & Processing	\$6,023	\$8,227
Leaf & Yard Collection	\$1,909	\$1,642
Fleet Contingency Provision	\$600	\$0
Subtotal	\$16,394	\$19,308
Recoveries - Letters of Credit, etc.		(\$914)
Total	\$16,394	\$18,394

1998 DRAFT OPERATING ESTIMATES

DEPARTMENT:	<i>ETD - SOLID WASTE DIVISION</i>	PROGRAM GROUP:	<i>COLLECTION ACTIVITIES</i>
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RESOURCE REQUIREMENT

	1997		1998	%
	FORECAST	BUDGET	ESTIMATE	VAR.
SUMMARY OF PROGRAMS	\$000	\$000	\$000	%
Garbage Collection	18,004	17,476	20,201	15.6
Total Gross Expenditures	18,004	17,476	20,201	15.6
Recoveries	(9)	0	(914)	0
Total Net Expenditures	17,995	17,476	19,287	10.4
Revenues	2,535	4,375	2,723	(37.8)
Net Requirement	15,460	13,100	16,564	26.4

BY EXPENDITURE TYPE

• Salaries, Wages & Benefits	516	484	1,247	157.6
• Purchased Services	17,321	16,723	18,051	7.9
• Internal Cost Redistribution	74	67	819	1,122.4
• Materials & Supplies	93	199	81	(59.3)
• Fixed Assets	2	2	2	0
• Transfer Payments				
• Financial Charges				
Total Gross Expenditures	18,004	17,476	20,201	15.6

FULL TIME EQUIVALENTS

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