

MINUTES

PLANNING AND ENVIRONMENT COMMITTEE

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

CHAMPLAIN ROOM

28 APRIL 1998

9:00 A.M.

PRESENT:

Chair: G. Hunter

Members: D. Beamish, M. Bellemare, B. Hill, P. Hume, J. Legendre, A. Munter,
W. Stewart and R. van den Ham

CONFIRMATION OF MINUTES

Committee Chair Hunter, at the request of Mr. Tim Marc, Solicitor, Legal Department, amended the minutes on page 8, paragraph 2 by inserting a period after "awarded against them" and deleting the remainder of the sentence to better reflect Mr. Marc's comments.

That the Planning and Environment Committee confirm the Minutes of the Meeting of 14 April 98 as amended.

CARRIED

BUDGET

1. 1998 PLANNING AND ENVIRONMENT BUDGET REVIEW
- 1998 Draft Estimates as tabled with Regional Council 11 Feb 98
- Committee Coordinator's report dated 14 Apr 98

Nick Tunnacliffe, Commissioner, Planning and Development Approvals Department (PDA), gave a PowerPoint slide presentation overview of the PDA Department's component of the Planning and Environment Committee 1998 Draft Operating Estimates, as amended by the Budget Review Board's Report dated 31 March 1998 (on file with the Regional Clerk). A copy of the presentation was distributed to the Committee.

- Notes:
1. Underlining indicates a new or amended recommendation approved by Committee.
 2. Reports requiring Council consideration will be presented to Council as follows:
Planning and Environment Committee Report Number 5 - 13 May 98 (P&E Budget Review)
Planning and Environment Committee Report Number 6 - 27 May 98 (Regular Agenda Items).

Councillor van den Ham noted the presentation indicated a reduction in 12 FTE's over the course of 1997, however, page 7 of the Draft Operating Estimates shows 130 FTE's for 1997 and 124 FTE's for 1998, a reduction of only 6. Mr. Tunnacliffe explained the Department started 1997 with 136 FTE's, however, approximately 6 members of staff left between June and December 1996 which accounts for the other 6 FTE's that have been eliminated from the Department.

Councillor Bellemare, referring to the Economic Planning Unit 1998 Work Plan and the point: "*support for projects led by others e.g. Fab Plant, Research Park*", asked for clarification regarding the Ottawa-Carleton Research Institute (OCRI) putting the Research Park project on hold. Rob McCallum, Advisor, Economic Planning Unit, PDA explained the project is being led jointly by the Region, OCRI and the Ottawa Economic Development Corporation (OED), however, the prime responsibility for the project rests with OCRI. He informed the Councillor, he had met several times over the last month with OCRI and attempted to redefine how the project should proceed. He explained the primary interests of the Region will be in the land aspects of the project and the Region will deal with the necessary approvals, infrastructure, etc.

Responding to questions from Councillor Bellemare on what needs to be done this year from the Region's point of view, Mr. McCallum explained there will be work to define a site, however, it will depend on how quickly the project proceeds, which is a decision of OCRI.

Councillor Bellemare observed it has been some time since the Committee received an update on the status of the new Convention Centre and felt it would be unlikely this project would proceed in the next 12 months given economic circumstances and provincial downloading. He asked what staff envision regarding expenditures for this initiative and what needs to be done in 1998.

Mr. Tunnacliffe advised the Department is proposing the Capital Program for the Convention Centre and Linkages be approved by the Corporate Services and Economic Development Committee (CSED) as it is an economic development project. He noted what is required next for this project is to resolve the problems related to each site, leading to a choice of site, and in parallel, funding must be determined both by private sector contributions and the different levels of government. He advised Council's last directive to staff was to determine funding, which is proving difficult without knowing the site.

Chair Chiarelli updated the Committee on the Convention Centre project. He met with both proponents on a number of occasions, Minto and Viking Rideau, who indicated their continued interest in proceeding with a centre as originally proposed. He asked the proponents if they would be interested in coming back to CSED and/or Council for a briefing and suggested that the Region look at a process to consider selecting one of

proponents, not committing any funds, conditional on the parties being able to arrange satisfactory financing and site plan approvals. He noted in his discussions with other levels of government it was indicated it would be inappropriate to make application for funding to upper levels without a specific proponent or site selected. In summary, the notion at present is to advance the agenda by having the proponents come forward, make their submissions again to CSED and Council, select one of the proponents conditional on Council agreeing on a site plan later in the process, and Council and the other levels of government explore all financing availability, which may or may not include the Region, in terms of funding the capital.

In response to Councillor Legendre's question regarding the 1997 figures on page 7 for the Net Requirement, and the reasons for the 1997 forecast being significantly higher than the 1997 budget, Mr. Tunnacliffe explained when the Draft Operating Estimates were developed in August/September 1997, the recoveries were not known and indicated the 1997 forecast net requirement for the Department is actually under budget at 6.547 million. He added the 1997 recoveries were 1.195 million.

Councillor Legendre asked for clarification regarding the Net Requirement for 1998 showing a 9.5 percent increase, yet the Total Gross Expenditures showed a decrease of 4%. Mr. Tunnacliffe explained the 9.5 % increase is due to the difference in the recoveries amount (1,659 million for 1997 and 836 million for 1998). He further noted that the Budget Review Board had asked the department to increase the recoveries for 1998 to 1,236 million in their report to Council of 31 March 1998.

Mr. Tunnacliffe explained the recoveries added to the budget for the Policy and Infrastructure Planning Division by the Budget Review Board should be realized through charge backs for work staff do on various approved capital projects.

In response to questions posed by Councillor van den Ham regarding page 7, Salaries, Wages & Benefits line and the difference between the 1997 forecast and the 1998 estimate, a gap of about \$800,000, Mr. Tunnacliffe explained many positions were not staffed for all of 1997, particularly in the Geomatics Division where it was difficult to find qualified staff, resulting in the 1997 budget being underspent.

Committee Chair Hunter turned the Committee's attention to pages 10-12, Administration and Economic Planning.

Councillor Bellemare pointed out both the Commissioner/Dept. Admin and Economic Planning lines in the budget on page 11 were showing an 11.3% and 7% increase over the 1997 budget and questioned why. He felt these line items should remain with a zero percent increase and would be moving motions to that effect. He related his disappointment that some areas of the budget were showing significant increases,

however, he noted some were also showing significant decreases. He felt the Corporation had known for some time that provincial downloading would burden the 1998 budget and a zero increase guideline should have been set at the beginning of the year.

Mr. Tunnacliffe advised the Economic Planning Unit budget is exclusively for three staff and the expenditure was down in 1997 as one position was vacant until late in the year. As noted on page 12, Mr. Tunnacliffe pointed out one of the positions was reclassified from a Technical Analyst to a Planner, approved by the CAO, which accounts for most of the increase showing for 1998. He noted some training was also added to that account.

Regarding the Commissioner/Dept. Admin increase, Mr. Tunnacliffe explained there are three components: 1. some staff have retired and have been replaced by younger staff who are eligible for increments within their salary range; 2. with the department increasing in size there is a substantial increase in the Internal Cost Redistribution, charges from other departments for telephones, computers, etc.; and 3. fixed assets have been increased to purchase programs, supplies, etc. for the increased number of staff. These numbers represent the transition to a much larger department.

Councillor Legendre stated his opinion that the Economic Planning Unit should not be in the PDA Department but would more appropriately be located at OED. He felt this was the wrong direction for the Region to go in and this Unit should not be part of a bureaucracy. He stated he will put forward a motion that this activity be moved to OED.

Councillor Beamish agreed with Councillor Legendre and felt that the Region does not need two economic development departments. He asked Mr. Tunnacliffe if there would be any efficiencies in combining the two, OED and Economic Planning Unit in PDA. He felt the funds could be combined either under PDA or OED.

Mr. Tunnacliffe disagreed and explained his reasoning. He stated OED is set up primarily to promote and market the Region which is not a function of the Economic Planning Unit. He felt there is no overlap in those areas at all and one of the benefits for having a small group within the Corporation is to change the culture of the Corporation to make it less bureaucratic and expose it to ideas around economic development. He noted the Unit may not be in the right department but felt it was necessary in the Corporation and is not duplicative of OED.

In response to questions posed by Councillor Bellemare regarding salary increases, Mr. Tunnacliffe explained the increases are due to staff eligible for salary increments into the next level in their salary range and increases as a result of union negotiations. He noted the increases are mandatory and have been approved by Council. Mr. Kent Kirkpatrick, Deputy Treasurer, Finance Department explained there is no discretion in terms of rates of pay; all collective bargaining units have a job evaluation system in place which includes the

non-unionized group, which rates all jobs and assigns a salary range for each position. He pointed out for the first time in approximately six years, a small increase in rates of pay was negotiated with the unions and approved by Council which is reflected in the 1998 budget. He noted departments were given direction to achieve a freeze in their net tax requirement; in effect departments were asked to find within their programs efficiencies sufficient enough to accommodate the increased staffing costs.

Speaking to Councillor Bellemare's motion, Councillor Stewart indicated that while she felt the intent of the motion was good, she found it difficult to support. She noted that if Committee approved the budget based on the forecast or actual numbers, they risked staff attempting to use all funds budgeted when the current practice is not such.

Speaking to Councillor Legendre's motion regarding moving the Economic Planning Unit, Councillor Stewart felt she could not support the motion and agreed with where the Unit is currently located.

Mr. Tunnacliffe, in clarifying the effect of Councillor Bellemare's motion for Councillor Munter, explained the result would be the elimination of one staff position with associated benefits.

Councillor Hill, referring to page 11 of the Draft Operating Estimates, agreed with Councillor Legendre that this Unit is another example of duplication and overlap which governments are attempting to identify and correct in these times of financial constraints. Referring to the list of Activity Counts on page 10, the Councillor requested Mr. Tunnacliffe explain the work of the Unit.

Mr. Tunnacliffe noted that most of this Unit's work is reported to CSED. He explained much work has been done with OED on data collection and analysis which goes to support OED's marketing and promotion functions. He informed the Councillor that work has been done regarding the airport systems in Ottawa-Carleton and a report will be coming forward to Committee which will define a role for the Carp Airport.

Councillor Hill reiterated her view the Unit is duplicative and would be supporting any motion for reduction or removal of this item from the budget.

Councillor Munter noted there has been a lot of valid discussion surrounding economic development. He agreed with this item in the budget as he felt if the Region is going to work on projects, such as the Convention Centre, and put an economic development filter on work done at the Region, then funds need to be invested to make economic development a priority. He informed the Committee, the President of OED had expressed to him their support of this line in the budget and they do not view it as duplicative of the work they do. OED expressed to Councillor Munter the type of background work and

information that this Unit produces is key to a lot of OED's work. In Councillor Munter's opinion the Unit does fulfill a useful purpose and he was not prepared to eliminate it from the budget.

Chair Chiarelli spoke in support of retention of this Unit for most of the reasons suggested by Councillor Munter. He also indicated his agreement with Councillor Hill's comments. He noted the Region needs to refocus its economic development and assess how the economic development agencies work together and whether the funds are being well spent. He observed the Region needs independent advice and resources accountable and loyal to the Region and the Region's agenda. He pointed out OED has an independent board with representation from the Region, however, he agreed the Region needs some independent in house expertise research capability so Committee Chairs, the Chief Administrative Officer and Regional Chair's office can call on this Unit for resources and information. He suggested this Unit was important and be retained.

Chair Chiarelli agreed with Councillor Hill in that the Region needs to look at budgets and coordination of economic development functions and suggested through this budget process, possibly at CSED, the Region do a full analysis of these economic development agencies and how funds can be saved.

Based on the preceding discussions, Councillor Bellemare asked that his motion be divided.

There being no further discussion, the Committee considered Councillor Bellemare's motions.

Moved by M. Bellemare

That the Commissioner/Dept. Admin. line on page 11 (Planning and Development Approvals, Administration/Economic Planning, 1998 Draft Operating Estimates) be reduced to \$1,305,000 for a zero percent increase.

LOST

NAYS: Chair Chiarelli, P. Hume, G. Hunter, A. Munter, W. Stewart....5
YEAS: D. Beamish, M. Bellemare, B. Hill, J. Legendre, R van den Ham...5

Moved by M. Bellemare

That the Economic Planning line on page 11 (Planning and Development Approvals, Administration/Economic Planning, 1998 Draft Operating Estimates) be reduced by \$14,000 for a zero percent increase.

LOST

NAYS: Chair Chiarelli, P. Hume, G. Hunter, A. Munter, R. van den Ham....5

YEAS: D. Beamish, M. Bellemare, B. Hill, J. Legendre, W. Stewart...5

Committee Chair Hunter read Councillor Legendre's motion, that the Economic Planning activity be moved to the Ottawa Economic Development Corporation (OED), and ruled it out of order. He suggested the motion should be referred to prepare a report to come forward either to Planning and Environment Committee or CSED Committee, where the grant to OED is approved. He noted the Councillor could bring the motion forward at a regular Committee meeting.

Chair Chiarelli suggested the motion be referred to the CSED Committee.

Moved by Chair Chiarelli

That Councillor's Legendre's motion, that the Economic Planning activity be moved to the Ottawa Economic Development Corporation (OED), be referred to the Corporate Services and Economic Development Committee.

CARRIED

Councillor Bellemare brought forward another motion to reduce the Commissioner/Dept. Admin. line to 1.386 million dollars, which takes into account the internal cost redistribution.

Committee Chair Hunter reviewed the notes on page 12 which explain the reasons for the increase in this particular area. He felt he could not support Councillor Bellemare's motion when, in his view, there are satisfactory explanations as to why the increases are necessary. He noted this area has taken on staff from other departments, accounting for some of the increase, and there are corresponding decreases in the other department's budget.

Moved by M. Bellemare

That the Commissioner/Dept. Admin. line on page 11 (Planning and Development Approvals, Administration/Economic Planning, 1998 Draft Operating Estimates) be reduced to \$1,386,000 to take into consideration unavoidable internal cost redistribution.

LOST

NAYS: D. Beamish, Chair Chiarelli, P. Hume, G. Hunter, W. Stewart,
R. van den Ham....6

YEAS: M. Bellemare, B. Hill, J. Legendre, A. Munter...4

The Committee then carried pages 10 to 12 as presented.

The Committee then turned their attention to pages 14 to 18, Policy and Infrastructure Planning Division and carried the pages as presented.

Referring to pages 20 to 24, Development Approvals Division, Mr. Tunnacliffe explained the increase of 2.4% for the Land Division Committee was entirely due to union negotiated salary increases in response to questions from Councillor Bellemare.

Councillor Hume inquired why the revenues were not listed to show the net program cost. Mr. Tunnacliffe explained the custom had been revenues received from processing fees go into the consolidated revenue fund. He further noted in the last three years Land Division Committee had generated \$67,000, \$79,000 and \$78,000, about 65% of actual and Development Approvals had generated \$146,000, \$184,000 and \$156,000, about 25% of actual.

Councillor Hume asked if areas where individuals apply to the Region are 100% cost recovery, such as an Official Plan Amendment. Mr. Tunnacliffe stated areas processing Regional Official Plan Amendments and subdivisions were 100% cost recovered, however, there are no fees charged for local Official Plan Amendments or site plans.

Mr. Tunnacliffe clarified the revenues were not shown on page 23 as they will increase and decrease depending on the economy and number of submissions per year. He noted in that case, when revenues increase the area shows a profit, however, if revenues decrease the budget item would show a loss.

The Committee then carried pages 20 to 24 as presented.

Referring to pages 26 to 30, Geomatics, Councillor van den Ham requested clarification regarding the difference, on page 29, of \$750,000 between the 1997 forecast and 1998

budget. Mr. Tunnacliffe explained the positions were difficult to fill and remained vacant for a good portion of 1997 due to the nature of the work involved.

In response to questions from Councillor van den Ham regarding the possibility of gapping monies to provide savings for the 1998 budget, Mr. Kirkpatrick explained most departments include a gapping provision in their budgetary estimates. Councillor Hunter felt it would be helpful for Council to be informed of any possible gapping funds available for the 1998 budget in light of the hiring freeze.

Councillor Hume, noting the recoveries of \$836,000 on page 29, asked where these recoveries would be realized. Mr. Tunnacliffe indicated recoveries are received from Regional Capital Programs. The Councillor inquired where revenue received from the City of Ottawa for surveys and mapping contract work would show up.

Louis Shallal, Director, Geomatics Division explained the work being done for the City of Ottawa is revenue neutral and not reflected in the budget. He added the Region is providing the supervision of a Regional Surveyor as the City's survey staff cannot work legally unless they are under the supervision of an Ontario Landsurveyor.

Councillor Munter asked for clarification on the Municipal Applications Partnership with SHL Systemhouse. Mr. Tunnacliffe indicated the monies referred to in the presentation from Argentina, Florida and Vancouver will go to SHL Systemhouse, who manages the Partnership, to do more work which will benefit the Region. He added the Region will be financing, through the capital program, the development of a product by SHL Systemhouse which they will make available on a leased basis to other municipalities who may join the partnership and add modules to it.

Councillor Munter understood this program would be profitable to the Region in developing breakthrough technology.

Mr. Shallal explained the Region and area municipalities, along with SHL Systemhouse, put funds into this partnership. SHL Systemhouse provided the resources and software license so they can market the product later on and build more partners. He explained as new partners are added, they may have requirements that could not have been done as part of the current budget. These funds will enlarge the scope of the partnership and enable the Region to receive other applications without spending additional funds.

Mr. Tunnacliffe further explained the Region will receive from their investment the fundamental building blocks, as noted in the slide presentation, plus additional applications and other modules which will be developed for other partners at no cost.

Councillor Munter asked for a status report on this project and indicated his desire to come back to Committee at a later date to discuss the services provided and technology developed by the Region and see what opportunities are available for generating revenues from those sources.

In response to questions from Councillor Hill, Mr. Tunnacliffe confirmed that an extensive report outlining the SHL Systemhouse partnership program was approved by Council in December 1995 when the partnership was established.

There being no further discussion, the Committee then carried pages 26 to 30 as presented.

The Committee then turned their attention to pages 14 to 18, Policy and Infrastructure Planning Division and carried the pages as presented.

The Committee then carried the entire PDA Department's 1998 Operating Budget, as amended by the Budget Review Board's report dated 31 March 1998, as presented (Councillor Hill dissented).

The Committee then turned their attention to the Planning and Development Approvals Capital Budget. Mr. Tunnacliffe, referring to a memo to the Committee Chair, indicated that some of the capital projects will be dealt with at CSED and Transportation Committees.

Mr. Kirkpatrick explained, with respect to the direction to reduce all capital projects by 5%, those reductions will form part of a report to be dealt with at the Council Budget meeting of 13 May 1997 as some projects may be reduced by more than 5% and some less than 5% to achieve the across the board 5% reduction.

Referring to page 42, Green House Gas Emission Reduction, Chair Hunter noted the accompanying IPD on the agenda for this project.

Councillor van den Ham inquired if the initiation of the program could be postponed for a year or two. Mr. Tunnacliffe felt the Region may be seen as delaying this type of work. He noted staff are proposing to start quite modestly as noted in the expenditure and felt staff needed to explore what the opportunities are and this should be done in the first two years. In his opinion the Region needs to back up Council's commitment to join in FCM's 20% Club.

Ms. Pamela Sweet, Director, Policy and Infrastructure Planning Division, indicated her agreement with reducing this project, however, a consultant has been hired committing \$20,000 and she expressed her concern if the project were reduced to zero.

Councillor van den Ham indicated he will be moving a motion to reduce this project to \$50,000.

Councillor Stewart spoke against a motion to reduce this program. She felt this initiative needs to begin now to make a difference to the quality of air in the Region and asked the Committee to support the capital program as presented. Councillor Munter also indicated his support of the budget as presented.

Moved by R. van den Ham

That the Capital Budget for Project No. 912-13409 Greenhouse Gas Emission Reduction be reduced to \$50,000 for 1998.

CARRIED

YEAS: D. Beamish, M. Bellemare, Chair Chiarelli, P. Hume, G. Hunter,
R. van den Ham....6

NAYS: J. Legendre, A. Munter, W. Stewart....3

The Committee then carried page 44, Studies - Servicing and Economic Analysis (Councillor Hume dissented), page 46, Integrated Resource Management Tools and page 54, Surveys and Mapping Program as presented.

With respect to page 56, Geographically Referenced Information Systems (GIS), Councillor Bellemare declared a conflict of interest and removed himself from the Committee table during consideration of this item.

Councillor Munter introduced a motion recommending that Committee and Council approve the authority for \$790,000 for the G.I.S. Project, but that the spending plan not be approved at this time; and that these funds be released following a report from staff on renegotiating the terms of RMOC's participation in this project to ensure the Region earns a satisfactory rate of return on its investment. Speaking to his motion, Councillor Munter indicated his desire to take a second look at the terms of the agreement. He indicated his understanding of the project was that it would be a financial opportunity for the Region. He felt before the next 1.657 million dollars are spent, a report come back on Council's latitude in terms of renegotiating the terms of the Region's participation.

Councillor van den Ham agreed with Councillor Munter that an update to Committee or Council in terms of the benefits to be received by the Region and a status report on what is currently happening with respect to this project is necessary.

Councillor Munter, in light of the discussion, divided his motion.

There being no further discussion, the Committee then considered Councillor Munter's motions.

Moved by A. Munter

That the Planning and Environment Committee and Council approve the authority for \$790,000 for the G.I.S. Project.

CARRIED

Moved by A. Munter

That the spending plan for the G.I.S. Project on page 54 (1998 Draft Capital Estimates) not be approved at this time; and that these funds be released following a report from staff on renegotiating the terms of RMOC's participation in this project, to ensure the Region earns a satisfactory rate of return on its investment.

LOST

NAYS: D. Beamish, Chair Chiarelli, B. Hill, G. Hunter, R. van den Ham....5

YEAS: P. Hume, J. Legendre, A. Munter, W. Stewart....4

The Committee then carried page 56, Geographically Referenced Information Systems (GIS), page 68, Environmental Resources Areas Acquisition Program (Councillors Hill, Hunter and van den Ham dissented), page 210, Flow Management Strategy (Councillor Hill dissented) and page 276, Water and Wastewater Strategic Planning (Councillor Hill dissented).

Having completed their review of the Planning portion of the 1998 budget, the Committee Chair thanked PDA staff for their hard work in preparing the budget and adjourned the meeting for 1 hour at 11:40 a.m.

The Committee reconvened at 12:40 p.m. to begin discussion of the Environmental Services portion of the 1998 budget.

Joanne Yelle-Weatherall, Director, Finance and Administration, Environment and Transportation Department (ETD), gave a PowerPoint slide presentation overview of the Water Environment Protection Division (WEPD) ETD component of the Planning and Environment Committee 1998 Draft Operating Estimates, as amended by the Budget Review Board's Report dated 31 March 1998 (on file with the Regional Clerk). A copy of the presentation was distributed to the Committee. Ms. Yelle-Weatherall introduced Ms. Nancy Schepers, Director, Water Environment Protection Division and Mr. Greg

Tokessy, Coordinator Finance/Human Resources, Finance and Operations Support Division to answer questions from the Committee.

Mr. Mike Sheflin, Commissioner, ETD explained the gross savings achieved in the cogeneration project was 1.1 million dollars and the \$600,000 in cogeneration savings as noted in the presentation is net of any costs, in response to Councillor van den Ham's questions.

In response to questions posed by Councillor Munter regarding grants in lieu of taxes, Mr. Sheflin explained grants in lieu of municipal taxes are paid on those areas that operate as a utility, such as ROPEC and the water purification plants, and confirmed that non-utility assets are not taxable.

The Committee then carried the Water Environment Protection Division Operating Budget as presented.

Ms. Yelle-Weatherall then gave a PowerPoint slide presentation overview of the Water Division's Operating Budget portion of the ETD component of the Planning and Environment section of the 1998 Draft Operating Estimates (on file with the Regional Clerk). A copy of the presentation was distributed to the Committee. Ms. Yelle-Weatherall subsequently introduced François Leury, Acting Manager, Finance and Operations Support (Water), Finance and Operations Support Division, and André Proulx, Director, Water Division to answer questions from Committee.

Councillor van den Ham, referring to the staff presentation, noted the overall operating costs for the Water Division had been reduced by a little over one million dollars, and asked if a recommendation to reduce water rates would be forthcoming.

The Commissioner said he would not, at this time, recommend that rates be reduced. He said staff had presented Committee with what was believed to be appropriate. Mr. Sheflin noted another area of recommendation with respect to the fire supply charge and the Capital could be addressed during Capital Budget discussions. He said there would be a reduction in the customer's cost on both the sewer side and the water side if the recommendations were accepted, but would be on the tax levy side, not on the rate side. The Commissioner noted rates were reduced last year by almost four per cent, and that the industrial/commercial sewer surcharge was down 30%. He believed this was putting the Region's economic development in a good position.

Mr. Sheflin also confirmed for the Councillor that the water fund is totally funded by revenue and user fees, and that with the elimination of the sewer levy, the same will apply for the sewer in proceeding years. He added the fire supply charge is a charge for the

Capital that is provided to fight fires, therefore it would not be recovered on a use basis; it is based on a capital investment basis; on the hydrants, the lines to the hydrants, and such.

Mr. Kirkpatrick brought to Committee's attention that while the Division had been successful in reducing the costs of operating the system, it had also been successful in its water demand management program, and noted the revenue from the sale of water was dropping. This was why the meter rate could not be reduced.

Responding to a question from Councillor Legendre regarding losses of revenue due to unaccounted-for water in the distribution system, Mr. Proulx explained that currently, for example, if a water meter is bypassed, the Region has no knowledge of it. He said a report would be forthcoming between June and September recommending plans of action to deal with such possible issues.

The Committee then carried the Water Division Operating Budget as presented.

Ms. Yelle-Weatherall then gave a PowerPoint slide presentation overview of the Solid Waste Division's Operating Budget portion of the ETD component of the Planning and Environment section of the 1988 Corporate Budget (on file with the Regional Clerk). Following the presentation, Ms. Yelle-Weatherall introduced Jane Clark, Manager, Finance and Operations Support, Solid Waste, Infrastructure Maintenance, Finance and Operations Support Division, and Pat McNally, Director, Solid Waste Division, to answer questions.

Referring to the Commissioner's report dated 27 Apr 98, *Solid Waste Collection Service to Zone C - Implications for 1998 Draft Estimates*, Councillor Munter said he understood part of this year's leaf and yard waste collection costs would be paid by the Provincial Government as a result of it being Ice Storm cleanup. He noted these revenues were not found in the report.

Mr. McNally explained the Budget as presented included no costs for Ice Storm cleanup. He believed those costs were being tracked separately. He confirmed the special 12-15,000 tonne collection in January and February and the current collection; both in terms of the costs and revenues had not been included in the Budget.

Responding to questions from Councillor Munter, the Commissioner said the Region would be requesting the additional funding, and that the Province had indicated its support. He estimated the cost of Ice Storm cleanup at approximately one million dollars.

Councillor Legendre inquired as to the expected lifetime of the Trail Road Landfill site, and Mr. McNally replied the department would be bringing forward an optimization report at the end of May. He said that based on information the department had as it put the

Budget together, the Capital work to start on replacement of the Trail Road Landfill site had been moved out two years in the Capital Budget, showing some of the benefits of increased diversion.

Responding to a question from the Councillor regarding the Division's benchmarking process, the Commissioner explained the Division looked at who was the best at a particular process, e.g., billing, plant processes, etc., and benchmarked against them. This was performed in three ways; the Division had contracts with firms specializing in the process; staff benchmarked with utilities and private companies identified as "best-in-class"; and under the QualServ program, had people from four different public and private utilities come in, who reviewed and reported on all of the Division's activities.

Councillor van den Ham noted the Division had, as part of its annual operating program, to implement a pilot reclamation project, that if successful, could extend the life of the landfill site. He asked if this could provide any opportunities for savings in the annual operating costs, and asked why this would not be a Capital project?

Mr. McNally said it was a Capital project, there being some overlap between the two. He said, with respect to the Trail Road operations, that a landfill mining project under the Capital Budget at the landfill would impact on the day to day operations at the landfill, so the funding for that work is in the Capital Budget.

Responding to a query from the Councillor whether, in terms of setting aside money for a new landfill site, there was an opportunity to withdraw some of the money needed on an annual basis, Mr. Sheflin noted that the compensation clause originally set a \$20.00 compensation fee, at the time, adjusted by inflation. During negotiations, the Division was aware it was going to be able to extend the life of the landfill, so a \$16.00 fee was set, not tied to inflation. The Commissioner said the Division had already adjusted its annual costs by so doing.

Councillor van den Ham referred to an Ontario Municipal Board (OMB) decision regarding the setting of compensation fees, and asked if Council had authority to adjust them.

Mr. Sheflin said the compensation fee was a negotiated agreement with the private sector, and did not believe it would be a hard thing to negotiate.

Clarifying, at Councillor Legendre's request, Mr. McNally outlined that in the 27 April 98 report handed out at the meeting, Annex B replaced page 185 in the Budget, and Annex A was intended to be a breakdown of the collection costs, for information purposes.

Mr. Kirkpatrick also noted that page 18 of the Budget Review Board (BRB) package contained proposed adjustments for the Solid Waste Division, on the revenue side.

The Committee then carried the Solid Waste Division's Operating Budget as amended by a revised page 185 (as tabled with the Committee on 28 April 1998).

Ms. Yelle-Weatherall gave a final PowerPoint presentation overview of the Environmental Services Section's Capital Budget portion of the Environment and Transportation Department's segment of the 1988 Corporate Budget (on file with the Regional Clerk). Following the presentation, Ms. Yelle-Weatherall then introduced Jim Miller, Director, Engineering Division, and Doug Shannon, Manager, Finance and Operations Support, Executive Office, Engineering and Mobility Services, Finance and Operations Support Division, to answer questions.

The Committee then turned their attention to the Environmental Services Capital Budget.

Committee Chair Hunter indicated he will be referring to the page numbers for each capital project using the index (blue pages) on page 18.

Referring to page 212, Regional Contribution to Area-Wide Drainage Systems, Mr. Sheflin explained to Councillor Hume the Region is responsible for maintaining the storm sewers and ditches along Regional Roads and have always contributed funds.

Mr. Miller explained the funds are for coordination of utility projects. He noted it is envisioned to completely rebuild the utilities in these projects coordinated with the local municipalities, therefore, this capital project is to pay for the storm sewer component on Regional Roads.

Mr. Tim Marc in response to Councillor Munter, indicated storm sewer works on private property, that have not yet been assumed by the municipality, would be the responsibility of the developer. He added the long term objective would be to have the area municipality assume responsibility for the storm sewer.

The Committee then carried pages 212 to 218 as presented.

Referring to page 220, Leitrim Pumping Station, Forcemain and Gravity Sewer, Councillor Beamish put forward the following Motion:

That \$195,000.00 be advanced into 1998 to allow for the design work to be completed for the Leitrim Sanitary Sewer (Project No. 932-42020).

He explained there is a proposal from the developers who wish to move forward with the building of that sewer. They are looking at different options for financing but first the design work needs to be completed. He noted the developers are under the impression with the change in the economy, it may be profitable for them to build the sewer in advance of the date that we have in our budget, the year 2002.

Committee Chair Hunter indicated his support of the motion on the understanding that there would be further reports to come forward to Committee.

Councillor Beamish agreed and explained only the design money is to be advanced. If the developer's, after completing the design work, would like the construction advanced it will be up to them to bring a proposal forward to Committee and Council to that effect.

Councillor Munter felt the Region should be cutting back the Capital Budget. He said if the developers were willing to up-front the cost of \$6.6 million dollars to do this work, he felt that asking them to do \$195,000.00 of design work did not seem particularly onerous. He noted he would rather entertain this kind of proposal than increase the Capital Budget.

Councillor van den Ham said he supported the principle of a developer coming forward, even though the budget expenditure was earmarked for future years, and asked, should conditions be favourable and a developer feel the market would come on stream faster, the developer have the opportunity to come before Committee to present his case.

Mr. Shefflin confirmed that although the final decision was with Regional Council, this had occurred in the past.

Citing potential traffic problems, Councillor Hume said he would not support moving the money ahead. He said his community had told him they do not want to see any more development in the south, in advance of transportation infrastructure, to facilitate the development of Leitrim Village before the year 2002.

Referring to page 221, Councillor Legendre wondered if there were other potential costs for additional requirements which were not included in the budget numbers (e.g., a Pumping Station, Project 417-37), including Capital costs that would have to be moved forward if the actual project and not just the design, were being moved forward as well. He also noted other costs could include transportation, roads, and waterworks.

Mr. Miller said there would be a requirement for a supply main from the Ottawa South Reservoir to the Leitrim area.

Councillor Beamish said the Regional Official Plan (97) had identified capacity in the pumping station as well as in the road network to service between 1500 and 1750 units

before upgrades were necessary. He said the design of the sanitary sewers was different from the upgrade of a water pump station, and that this work did not have to be done concurrently; this was why the pumping station was budgeted for 2003-2007, several years after the development started.

Mr. Sheflin said the water would probably connect with the River Ridge Feedermain, and estimated total costs, including a station upgrade and the main, at about a million dollars.

The Councillor asked if this figure would logically also have to be moved forward if the \$6.6 million dollars worth of sewer work went ahead.

The Commissioner confirmed this, and said there were expenditures totaling about \$5 million starting in 1999 in the River Ridge area.

Speaking to the Motion, Councillor Legendre felt the Region should not be taking on additional Capital works that could possibly be held off, as the Region still had unsettled business with the Province for the upcoming year, noting the next year would also include a massive exercise to do with the reassessment system.

Mr. Kirkpatrick confirmed for Chair Chiarelli that if Councillor Beamish's motion carried, there would be no impact on the Operating Budget.

With respect to Committee's discussion regarding the rest of this project being advanced and the impact on the Operating Budget, Councillor Beamish indicated the project is funded from rate-supported funds and will not impact on the general mill rates.

There being no further discussion, the Committee considered Councillor Beamish's motion.

Moved by D. Beamish

That \$195,000 be advanced into 1998 from 2001 to allow for the design work to be completed for the Capital Project No. 932-42020 Leitrim Pumping Station, Forcemain & Gravity Sewer.

CARRIED

YEAS: D. Beamish, M. Bellemare, Chair Chiarelli, B. Hill, G. Hunter,
W. Stewart, R. van den Ham....7

NAYS: P. Hume, J. Legendre, A. Munter...3

The Committee then carried page 220, Leitrim Pumping Station, Forcemain and Gravity Sewer as amended and pages 222 and 224 as presented.

Referring to page 226, Ottawa River Sub-Trunk/Trim Road Sewer, Councillor Hume inquired if the work to be done in 1998 is to facilitate expansion development which Mr. Miller confirmed and noted is one of the few growth projects in the Capital Budget. He added for 1998 the designs and engineering work would be done.

Councillor Hume questioned why the design work will be done in 1998 when construction would only be in 2001. Mr. Miller replied this is a parcel of property that has a watermain and is adjacent to Route 174. He felt the potential is there that it may move forward quicker than anticipated.

The Committee then carried pages 226 to 230 as presented with Councillors Hume and Munter dissenting on page 224, Ottawa River Sub-Trunk/Trim Road Sewer and Councillor Munter dissenting on page 228, River Ridge Trunk Sewer.

In response to questions posed by Councillor Hunter regarding page 232, Central Storage Tunnel and Interceptor Control System, Mr. Sheflin indicated although this was a local responsibility (City of Ottawa) the Region is looking at the opportunity to solve some of the trunk sewer problems over and above the local sewer problems in the project. This project is to address issues within the core of the sanitary system which includes both our trunk collectors and the local component of the system benefiting the entire system.

In response to Councillor Stewart's questions, Mr. Miller noted that he and Ms. Schepers spoke with City of Ottawa staff last week, and they have dedicated reserve funds for this project and are continuing to allocate funds from their sewer surcharge.

Mr. Miller indicated the estimated total cost for this project is in the order of \$60 - 70 million. He noted the Region is looking, at this point, at about one-third; however, it all relates to how much of the benefit is received, and that is yet to be negotiated.

The capital projects from pages 232 to 264 were then carried by the Committee as presented with Councillor Hume dissenting on page 250, Cumberland Trunk Sewer.

Councillor Munter, referring to page 266, WEPD Cost Optimization, noted there is still spending to go on this year, of authority from a previous year, as well as new authority next year. The Councillor felt it seems quite clear that the issue of contracting out that facility is over and questioned why the budget cannot be cancelled.

Mr. Sheflin explained staff will have the particular firm that did the analysis come forward and speak to Committee. He added Council has directed that the process be stopped.

Councillor Hume put forward a motion deleting this item from the Capital Budget.

Moved by P. Hume

That the WEPD Cost Optimization Capital Budget, page 266 be deleted for a savings of \$1,057,000.

LOST

NAYS: D. Beamish, M. Bellemare, G. Hunter, J. Legendre, R. van den Ham....5

YEAS: B. Hill, P. Hume, A. Munter, W. Stewart....4

The Committee then carried page 266 as presented.

The Committee then carried pages 268 to 340 as presented with Councillor Hill dissenting on page 276, Water and Wastewater Strategic Planning and Councillor Hume dissenting on page 334, East Urban Community Feedermain Needs.

Councillor Hume introduced a motion to move the construction portion of the Capital Project, Kilborn Avenue to Smyth Rd Feedermain Link from 1998-1999 to 1999-2000. He noted it is not his intention to move any other portion of the project but to move the construction so that the environmental assessment and planning issues are completed.

Councillor Munter noted in the explanation that the enhanced feedermain will provide greater water supply and reliability to the major community facilities that include the Children's Hospital of Eastern Ontario and the General Hospital. He noted this Committee and Council had unanimously voted that the Region would not put pipes and services in the ground to the Hospitals for the expansion of those sites until there was a cost sharing agreement. The Councillor recognized that this is the smallest piece of the whole infrastructure required, but the fact is, this is the Region's leverage.

Mr. Sheflin explained this work is required with or without any change to the hospital complex to ensure the security of the system. He advised this is a particular area where there is a slight problem in the servicing of this area and this link is needed.

Mr. Proulx confirmed the quantity of water supply available now would adequately supply the potential growth with respect to the hospitals; this is strictly a reliability issue on the system.

The Committee then considered Councillor Hume's motion.

Moved by Councillor Hume

That the construction portion of Capital Project 922-41823 - Kilborn Avenue to Smyth Road Feedermain Link be moved from 1998-1999 to the 1999-2000 budget year.

CARRIED

Page 342 was then carried by the Committee as amended.

The Committee then carried pages 344 to 370 as presented with Councillor Munter dissenting on page 344, River Ridge Feedermain.

Referring to page 372, Mr. McNally indicated the 1.5 million dollars to be spent in 2000 are for a full environmental assessment and noted this capital project is on the assumption that the Region is not successful in optimizing the existing landfill site.

He further noted in response to Committee's questions, the next two pages (page 374 and 376) outline the environmental assessment process that staff hope to undertake with respect to the existing site, which is now referred to as a "scoped EA". If the Region is successful in scoping an optimization of the landfill site, the project on page 375 will look after the approval process; and the funding on pages 372 and 373 to implement some of those changes.

Councillor Legendre inquired if in the meantime, staff have been taking measures to lengthen the life of the Trail Road site, and those dollars are in some other line item in the budget.

Mr. McNally replied the steps taken primarily relate to the blue box program, the increased leaf and yard waste collection and there have been some operational enhancements made with respect to trying to increase compaction; but he noted those are all within the operational programs.

The Committee then carried pages 372 to 380 as presented.

The budget portion of the meeting was completed at 3:30 p.m. and Committee Chair Hunter, on behalf of the Committee, thanked Mr. Sheflin and his staff for their excellent efforts in preparing and presenting the budget.

The following summarizes the motions approved.

That Planning and Environment Committee recommend that Council approve:

1. **The Planning and Development Approvals Department 1998 Capital and Operating Budgets, amended by the Budget Review Board report dated 31 March 1998, as amended by the following:**
 - i) **That the Capital Budget for Project No. 912-13409 Greenhouse Gas Emission Reduction be reduced to \$50,000 for 1998.**
2. **The Environmental Services Section's 1998 Capital and Operating Budgets, amended by the Budget Review Board report dated 31 March 1998 and a revised page 185 (as tabled with the Planning & Environment Committee on 28 April 1998), as amended by the following:**
 - i) **That \$195,000 be advanced into 1998 from 2001 to allow for the design work to be completed for the Capital Project No. 932-42020 Leitrim Pumping Station, Forcemain & Gravity Sewer.**
 - ii) **That the construction portion of Capital Project No. 922-41823 Kilborn Ave to Smyth Rd Feedermain Link be moved from 1998/1999 to the 1999/2000 budget year.**

CARRIED as amended

REGULAR ITEMS - ENVIRONMENTAL SERVICES

2. SOLID WASTE COLLECTION CONTRACT DEVELOPMENT
LEVELS OF SERVICE

- Director, Solid Waste Division, Environment and Transportation department report dated 27 Mar 98

Pat McNally, Director, Solid Waste Division, ETD, gave a brief overview of both staff reports.

Councillor Beamish asked for clarification regarding the number of zones the Region would operate - one slide said one zone, another said minimum of one.

Mr. McNally indicated the report states “minimum of one zone”, however, in September, once prices from the private sector are in, a final decision will be made on the number of zones the Region would operate, if any.

Mr. Sheflin indicated his views on the value of having some private sector involvement. He explained the Region is getting involved at this point because of the lack of competition in the industry and he believes competition is good. He felt this report would ensure competition is reintroduced into the marketplace and the Region is sending a message to the private industry. His recommendation would be to always keep the private sector involved in the process.

Councillor Stewart recalled at the briefing there was some discussion of a minimum of 20% for either the private or public sector involvement and noted she did not see this reflected in the reports. Mr. McNally indicated the reports on the agenda are the same as presented at the Briefing Session on April 6, 1998, however, the Committee may amend the recommendations to define the percentage of involvement by the RMOC and private industry.

Councillor Stewart requested clarification on the increased costs of expanding the solid waste collection contract to include improved recycling and organics collection.

Mr. McNally explained the new solid waste collection contract will save about 1 million in garbage collection, however, approximately 1.1 million will be added to expand to organics collection. He said some savings will also be realized in the recycling part of the contract and there are financial benefits of increasing waste diversion to be realized in the form of savings associated with deferral of costs to replace existing landfill capacity.

Councillor van den Ham noted the Region would pick up one zone which would be to the best financial advantage of the Region and questioned how ETD staff would determine that. Mr. McNally explained staff will have to go through a costing process to develop estimates on the different zones as they have different characteristics and distances from the landfill site and facilities.

Regarding revenues for recyclables, Councillor van den Ham noted the Region receives these revenues in the current contract and have suffered because of the collapse of the market, he wondered if staff have considered the option of allowing the processors to keep the revenues and give the Region a lower contract cost.

Mr. Sheflin pointed out that Council had looked at that option and made a policy decision to keep the revenue based on the knowledge that the markets are cyclical and overall in the long term it would average out. He noted that it is difficult to expect the private industry to bid on a contract that might see them operating at a loss.

Councillor van den Ham noted his concern about composting sites, taking into consideration the experiences with Huneault, and he does not want to end up with a company that will compost on a site close to residential areas.

Councillor Legendre inquired where the organics pilots were located. Mr. McNally indicated five different wards were selected in cooperation with the Councillors. Staff listed the five areas: Monday-Brittania, Tuesday-Munster Hamlet, Wednesday-Rideau Gardens, Thursday-Carlington and Friday-Borden Farm.

Mr. McNally described the two different programs built in Guelph, a two stream, wet/dry facility at a cost of 36 million dollars; and in Edmonton, a wet/dry combined facility at a cost of 80 million in response to Councillor Legendre's questions. He noted staff are proceeding as outlined in the original 3R's Study with a lot of this work continuing to try and do as much as staff can with low cost and low tech solutions.

Councillor Legendre, regarding bidding, questioned why Council could not just say the Region will bid and leave it at that. Mr. McNally explained this was a policy decision. He felt if the Region submitted a bid, questions may arise as to the level of experience at the Region to generate the numbers. He felt that initially, if the Region were to bid staff would have to bid on the whole contract, but felt it would be fairest to get in with just one zone on a policy basis.

Mr. McNally confirmed, in response to Councillor Legendre, the Region will be starting in a few weeks to collect garbage for a 12 month commitment, making due with what equipment can be found, which is a different approach than how staff would approach it for a longer term commitment. He also noted with the tender closing on July 7, 1998, staff would have had no operating experience on which to bid.

Councillor Legendre declared his disappointment with the number of zones being increased from three to five. He felt a more significant increase was in order.

Mr. McNally commented the increase to five zones was decided based on information received from supplies and analysis work done. He noted in the 30-40,000 range requires approximately 20 trucks and staff felt that if those numbers were broken down even more it would have a negative impact on the price. Staff attempted to break it down small enough to let smaller companies in, however, without losing the economies of scale. He advised the apartment zones are split into four zones and will allow for a much smaller operation.

Due to the differences in equipment used, Mr. McNally explained to Councillor Legendre the 800 apartment buildings in the Region are split into two areas (400 buildings) for

garbage and two areas (400 buildings) for recycling; not four geographic zones. He further explained a contractor with a residential zone has garbage, leaf and yard waste and recycling. Staff found that best to help remove any disputes i.e. if something is left at the curb it is one contractor's responsibility.

Councillor Legendre felt that there should be 10 residential zones instead of five for approximately 20,000 residences per zone.

Committee Chair Hunter halted the questions to allow a public delegation.

Phil Kerrigan from WCI Waste Conversion Inc., an Ottawa-based environmental engineering firm, addressed the Committee. Mr. Kerrigan indicated his company has been developing plans to get into the composting business to serve the Region and providing feedback to the Region on the evolution of this process. He commended the Region on the organics initiative and believed it is not only environmentally responsible but is financially sound. He pointed out this organics strategy will create additional jobs, tax revenues and valuable products.

Mr. Kerrigan felt there was not a lot of detail provided on the actual organic strategy. The report defined a role for composting at the Region; a role for Trail Road Landfill Site that uses the term "active player"; an objective to assert some leverage over the tipping fees that private facilities might offer. He felt this clearly suggests an element of competition between the private sector and the Region, which is fine as long as there are terms of reference. He felt if the Region is trying to encourage private sector involvement in composting the industry must be able to determine how much is the Region prepared to offer to the private sector. Without this knowledge it will be difficult to justify the kind of investment the industry has to make. He believes the best leverage in terms of tip fees is good competition. The concept of multiple facilities will result in competition on the tipping fees and that provides more leverage than any facility the Region may set up at Trail Road. He requested further clarity on what the Region's plans are for Trail Road before his company could make the required investment.

He commented on the role the Region has defined for the private sector recommending that multiple private sector sites be awarded contracts, however, it is not clear how many private facilities the Region is trying to encourage. There are economies of scale to be gained i.e. the larger the facility the lower the unit price cost is. The appetite to bid is different for 10 facilities than if 2 or 3 involved. He believed 2 or 3 facilities is reasonable.

He noted the strategy for Trail Road involves open windrow composting which is a very low level technology; the organics are left in a pile on the ground. This provides no control over the composting process, over odours, and the effects of the elements and results in a lower quality product. He informed the Committee virtually all other

municipalities in Ontario involved, or to be involved, in composting have recognized the importance of some form of in-vessel system. There are significant problems associated with open windrow composting that are hopefully recognized by the Committee. He felt exposure to this type of technology should be minimized.

In summary, Mr. Kerrigan felt the best scenario for the Region's taxpayers is to have competing private facilities, geographically spread throughout the Region which could provide backup facilities if one failed. The facilities should be large enough to be viable and attractive for investors in the private sector, offer economies of scale for the taxpayers, provide a composting service with quality, modern, controlled and reliable composting technologies that can be provided at a tip fee that is below the current landfill rates. The role of Trail Road should be well defined before any private sector initiatives can be expected.

Councillor Stewart requested clarification on whether the Region will be using open windrow composting as she understood the Region had a more sophisticated type of composting.

Mr. McNally noted in the original draft of the report the first phase of the organics program would be handled at Trail Road. In response to consultation with the private sector, the first phase has been eliminated and indicated what the other phases will be. As noted in the report and Mr. McNally's presentation the four different steps would be phased in. He advised staff are still looking at open air windrow composting; it is currently being used for leaf and yard waste. Staff are aware of the possible problems with the technology and have not ruled it out for organics yet.

Mr. McNally introduced Keith Watson, Manager, Landfill Operations to provide comments on open air windrow composting. Mr. Watson informed the Committee the process of composting can be done in many different ways. He noted, as has been proven in several sites in Ontario, that open air windrow composting can be successfully done with various different kinds of materials. He confirmed the need to kill the pathogens in the waste and the method of doing that is to ensure the temperature within the biomass reaches a height of approximately 55 - 60 degrees celsius for a period of time. He explained there are various methods, machines and technologies to achieve this including open air windrow composting. Although thorough monitoring is required, it can and has been done in Ontario.

In response to questions from Councillor Munter, Mr. Kerrigan confirmed his view is that the larger the facility the lower the unit cost and if the industry is looking at startup facilities, the rules of the game need to be known, i.e. clearly defining the range of facilities the Region is looking to encourage.

Councillor Munter stated the Region's goal is to receive as much productivity for the lowest price, therefore, the determining factor on the number of facilities should be what is most economical for the Region. Mr. Kerrigan pointed out that if the package is so unattractive, the private sector will not want to get involved.

Councillor Legendre felt Mr. Kerrigan had a valid point and felt staff should define the rules more clearly without removing the element of competition.

Mr. McNally, referred the Committee to page 14, where the implementation phases are defined. Mr. Kerrigan noted that although the number of households for each phase is defined, the number of contracts that may be awarded or number of facilities anticipated at the end of the five years is not.

Mr. Kerrigan confirmed in response to questions from Councillor Legendre that WCI can design any size facility.

Mr. McNally indicated the total cost to the Region will be a combination of the processing cost at the composting site as well as the travel to get there, so both would have to be looked at, however, it is the intention to award one phase in its entirety, with no restrictions on the successful proponents to compete for subsequent phases.

Mr. Kerrigan felt the Region's strategy suggests the Region wants Trail Road to be an active player and asked how that falls into any of the four phases. Mr. Sheflin pointed out that the Region sees the role for Trail Road to be a fail-safe position and noted staff's desire would be to have the private sector providing the service.

There being no further questions to Mr. Kerrigan, Committee Chair Hunter thanked the speaker for his comments.

Councillor Bellemare inquired about the public consultation undertaken with respect to these reports. He asked what other public consultation had taken place, other than the surveys.

Mr. McNally informed the Councillor a lot of the recommendations in the report were based on the pilot studies in five different communities. There were open houses, hot lines, meetings for the residents and at the end of the pilot there were 80% of the households in those areas participating in the organics program. In addition to that telephone surveys were conducted contacting approximately 800 people with positive results.

Councillor Bellemare felt these reports pose radical changes in levels of service and he was not convinced the public support is out there. He asked for the participation rates for the current blue box program to which Mr. McNally responded was 78%.

In response to questions from Councillor Bellemare, Mr. McNally provided the following information. The large cart costs about \$70 per household and the small cart is about \$6. During the pilot, a number of scenarios were tried regarding the pick up schedule, however, predominantly it was a two week collection.

Mr. McNally indicated the report suggests starting with 20,000 households in the first year with the ultimate goal of 140,000 households over five years in response to Councillor Bellemare requesting the costs for the carts in the first year.

The Councillor then asked for the costs for the second recycling box to which Mr. McNally responded staff are currently seeking out sponsorship for the second blue box. The Region is currently buying the blue boxes for approximately \$2.50. He noted staff would also be seeking out sponsorship for the organics carts as well.

Mr. McNally confirmed the total cost of the organics program, as noted in the slide presentation, would be 1.3 million. He also indicated the reason for the composting facility and recycling contracts be tendered for 5 or 10 years, when the industry would prefer a 20 year contract, was that staff felt 20 years might lock the Region into a technology that might not be effective in the long run, outdated and no longer cost effective.

In response to further questions from Councillor Bellemare, Mr. McNally indicated to maintain weekly collection of both blue boxes and implementing the organics program would cost approximately 21 million dollars from 19 million dollars which would not include purchasing the second blue box if sponsorship cannot be found. He noted the second blue box would not be phased in.

Regarding the collection schedule, Councillor Bellemare noted his preference for a permanent Monday to Friday collection schedule and asked if staff have looked into the other scheduling possibilities such as the one noted above and permanent five day rotating schedule, similar to a school schedule, all to avoid collection on Saturdays.

Mr. McNally indicated staff have looked into different possibilities and reviewed the various drawbacks such as: straight Monday to Friday collection (collecting on the holiday Monday) puts trucks in residential areas on the holiday Monday as opposed to Saturday and residents who wish to go away for the long weekend must put their garbage out early indicating no one is at home; the rolling five day schedule which has ongoing communications costs and the double up proposal where contractors have purposely

scheduled lighter routes on Monday and Tuesday therefore collecting for two days in one when there is a holiday Monday, which results in inefficient use of the trucks. He informed the Councillor once staff evaluated these schedules against the goals set with respect to the holiday schedule, they recommended no change, recognizing there are some difficulties with the current schedule, however, there are similar problems with any of the scenarios discussed.

Councillor Legendre noted the report mentioned the Region would want to get into a composting facility as a backup, however, he felt that should good bids come in from the private sector the Region would not have to get into composting as in his opinion if the facility breaks down, the organics could be dumped into the landfill site if needed.

Mr. Wayne Beaudoin, Canadian Waste Inc. (CWI), addressed the Committee and wished to note there are parts of the report CWI supports and areas CWI do not support; however, he would not be bringing those issues to the table today. There was a certain rationale indicated in the report that a single supplier should supply all of the services to the given curbside zones. He noted that rationale is not present in the apartment zones. There is a further impact in terms of the apartment zones in that apartments will have a waste and recycling stream and it's a fairly small segment. If you have both segments and the volume of recyclables that was predicted or expected vis a vis the tender document do not materialize, then the revenue stream takes a major hit, but on the other hand it ends up in the waste stream so by collecting the waste you help compensate for the revenue. He suggested that had the apartments in the current tender been broken up the way it is now suggested, there would have been a big time problem with the revenue stream from the recyclables; the volumes were not nearly there in the quantities that were estimated and the revenue from the recyclable streams is way down, and so consequently, the Region could have found itself in a difficult situation as the revenue stream would not carry the service.

Mr. Beaudoin's next point regards the number of collection zones. He noted as a private contractor CWI certainly understands the rationale, however, do not understand the logic. He said if six different contractors were successful, that would mean six garage facilities, six administrations, more spare vehicles than if there were fewer facilities, lots of duplication and increased administration costs to the Region. He believed there are many economies of scale to be gained with larger zones. He gave the example of Laval, Quebec where they increased the number of zones from three to nine and have recently changed back to two zones.

Regarding organics, Mr. Beaudoin agreed this will add to cost to the waste management bill for the Region. He noted the report infers organics will be collected as part of the leaf and yard waste collection, likely using the same trucks. He informed the Committee when CWI was participating in the organics pilot, side loading vehicles with cart tippers were

used and currently leaf and yard waste collection uses rear packer trucks. He noted that if the contractor will be doing both collections with one truck, it will be at expense of efficiency of one system or the other. He felt that the concept of organics should be challenged.

He agreed with Mr. Kerrigan's comments regarding multiple contracts in the private sector and will they be encouraged to get into it with the Region inferring they will be a backup facility. He questioned how a person with a high tech system, which may be more efficient could compete with a person with a low tech system with low costs.

Mr. Beaudoin's final comment refers to the Region entering into the waste system business. He suggested Committee members should challenge this idea as municipalities in all of North America are going in the opposite direction, not just for waste management but for many other services. He quoted from the report "the municipal team understands they must win the bid to remain in game. This motivation coupled with non-profit status makes the municipal sector very competitive." He noted two issues; the recommendation in the report before Committee is that the RMOC take a zone, not bid competitively and they will have five to seven years of practice before they ever have to bid. The private sector sees this as unfair. How does the Region know which zone to pick to represent the greatest collective savings for the RMOC. The Region admits they have no experience and the private sector has decades of experience. The report says the Region does not have to report its own costs for two years, then it will report annually. From a private sector point of view, Mr. Beaudoin questioned how will the private sector ever know if all of the associated costs are there. He thinks the Region should expect to make a profit and it should be an objective to make a return on the capital dollars that are spent. He commented that if public sector can do the business as well as the private sector and not make a profit than why don't they do everything; history has proven that it tends not to work.

Councillor Munter noted the existing contracts with CWI have a renewal option for two years and inquired why the contract was not being renewed. Mr. Beaudoin explained the inquiry was made and his staff reviewed their costs and revenue carefully and returned a proposal indicating acceptance of a renewal with a 10% increase as the revenue as far as return on their investment is inappropriate. Corporately CWI was unwilling to continue with the current contract for two more years tying up the capital for the revenue that is being generated.

Mr. Beaudoin indicated CWI will bid the next contract at a level that that they feel is profitable and meets their expectations.

Councillor Munter noted Regional staff indicated that the lack of competition, only a few big players, drives up the price, however, Mr. Beaudoin disagreed. He noted for the

previous tender CWI expected more bidders and had performed a competitor analysis and dealt with the expectation that smaller bidders would take part in the process.

Mr. Beaudoin confirmed that there is nothing preventing CWI from submitting a bid for all zones as well as bids for the separate zones in response to Councillor Munter's questions. Mr. Beaudoin further pointed out that if the Region will be picking a zone, it should be picked now and the industry informed; otherwise bidders would waste time and money formulating bids for a zone in the various combinations.

Councillor Stewart questioned why the costs are higher in Ottawa-Carleton than in southern Ontario. Mr. Beaudoin indicated that some areas, i.e. Peel, have more urban areas than rural which increases the costs and noted CWI has the contract for Peel and is also not making a profit.

The Councillor, referring to Mr. Beaudoin's comments on the incompatibilities with leaf and yard waste and organics collection with respect to the type of trucks used, asked staff if they have looked into this.

Mr. McNally indicated through work staff have done, staff believe the use of side load vehicles would work and believe the contract is designed so that all streams can be picked up with the same vehicle; if the waste is down and the organics is up the same type of vehicle can be used. That is part of the contract structure staff have put together to try to address the fiscal responsibility aspect of the goals.

Mr. Beaudoin acknowledged what Mr. McNally has said and some changes in the contract have improved that situation; however, he still has some concerns regarding the thought that the organics and leaf and yard waste collection be done by the same truck, whereas it is his view one truck works better for one system and another truck works better for the other system; therefore, putting them together means the efficiency of one system will suffer.

Mr. McNally pointed out that Tomlinson, who have recently been awarded the leaf and yard waste collection in Zone C, have procured side load vehicles.

Committee Chair Hunter asked if CWI used the same trucks for landfill as for organics when participating in the organics pilot.

Mr. Beaudoin indicated that some trucks were two stream recyclable and some two stream organics and garbage among various other combinations during the pilot to assess which would work best. However, he noted once the division was made in the body of the truck (60/40 split), there were times when one side was full and the other empty and he felt co-collection is not the way to go.

There being no further questions of Mr. Beaudoin, Committee Chair Hunter thanked him for his comments.

Councillor Beamish requested a list of other areas where managed competition is being done and Mr. Sheflin indicated staff could approach the Solid Waste Association for such a list.

In response to questions from Councillor Beamish, Mr. McNally indicated staff will estimate costs for each zone to be used when the analysis is done to determine the least cost combination and confirmed that those estimates be made public at the tender opening.

Councillor Stewart put forward a motion to amend Recommendation 3 to have a minimum and maximum for the private sector and Regional involvement in terms of the number of zones.

Committee Chair Hunter felt the “will” should be changed to “may” in Recommendation 3 of Report 3 to be clearer in the intention that it may be possible the Region not take any zones if the bids come in low enough.

Committee Chair Hunter read a motion put forward by Councillor Beamish that Recommendation 3 be amended to read: may operate one or more curbside collection zones to be monitored and evaluated according to the protocol as set out in Annex D; and that the RMOC provide estimates for its costs for each zone at the time of opening the bids.

Councillor Legendre disagreed with Councillor Beamish in that he felt the Region should bid on the curbside collection zones and all bids are opened at the same time and he put forward a motion to that effect. He felt that would establish a more level playing field and would be more transparent.

Committee Chair Hunter read the three motions put forward and indicated if Councillor Beamish’s motion passes the other two would be redundant.

Councillor Stewart felt that Councillor Beamish’s motion should be amended to add “to a maximum of no more than four”. Councillor Beamish agreed to amend his motion. Due to this amendment, Councillor Stewart withdrew her motion.

Mr. McNally indicated, in response to Councillor Legendre’s requesting clarification on the difference between staff preparing estimates or bidding, there would be a significant difference in that there is no experience to base a bid on and a group of staff would need to be separated. At this point in time staff are working on the contract and getting Zone C

up and running and resources would not be available so the staff bidding would be separated from the staff working and answering questions on the contract. Based on this, Councillor Legendre withdrew his motion.

There being no further discussion, the Committee then considered Councillor Beamish's motion.

Moved by D Beamish

That Recommendation No. 3 be amended to read: The RMOC may operate one or more to a maximum of four curbside collection zones to be monitored and evaluated in accordance with the protocol set out in Annex D; and that the RMOC provide estimates of its costs for each zone at the time of opening of bids.

CARRIED

Councillor Hunter questioned staff's intention with respect to the apartment zones and the recommendation to split the zones by landfill and recyclables.

Mr. McNally indicated it provides opportunities for different contractors to get involved as there are different types of equipment used to collect the materials.

Committee Chair Hunter introduced two motions from Councillor Bellemare.

Speaking to his motions, Councillor Bellemare noted Council will have the option to make decisions on the tender in September and he felt the decision should be made with all the information possible. He has serious misgivings about the organics diversion program as he is not convinced we can expect such a high participation rate as staff are suggesting. He noted the Region is already making residents jump through hoops in terms of waste diversion and more stability is needed.

Councillor Bellemare felt the Committee should consider an additional report from staff regarding the level of participation in the Region for backyard composting, with respect to raising the level of participation. Referring to his motion with respect to different schedules, he supports the permanent Monday to Friday collection and would like staff to incorporate in the tender document the various scheduling scenerios. He said his intention is to have all possible information in front of Council in order to properly evaluate the various options. He would like to look at cost and convenience to residents.

In his second motion, the Councillor wants to see what costs are for maintaining the status quo and he would like to hear from the contractors on the cost for recycling on weekly a basis and on maintaining regular hours for leaf and yard waste. He felt there is too much

confusion for the residents to incorporate additional changes at this time. He felt that the report should be circulated to the area municipalities and local community associations to provide feedback. He urged the Committee to support the motion in order to receive the most amount of information before making a decision.

Councillor Munter asked staff if there are costs associated with the different collection schedules outlined in Councillor Bellemare's motion. Mr. McNally felt for the permanent Monday to Friday or rolling schedule there are no cost implications, however, the double up schedule would increase costs as it would be a less efficient use of the trucks on the Monday and Tuesday for the weeks when there is no statutory holiday.

Mr. Sheflin indicated, in response to Councillor Munter, that the contractor would have to know the possible schedule scenarios and would have to bid accordingly. Mr. Beaudoin confirmed the contractor would need to know the specifications at the time of the bid. There are cost implications with the contractors bidding on different scheduling scenarios.

Councillor Munter asked staff to comment on Councillor Bellemare motions.

Mr. McNally informed the Committee that with respect to a permanent Monday to Friday option this moves the problem from Saturday to Monday; the rolling option would need investigation as to the costs of communicating the ongoing changing schedule. He noted the possible drawback to the contractors is the significant cost increases for the contractor to bid on a multitude of schedules when they will already be bidding on numerous zone combinations.

Committee Chair Hunter cautioned the Committee to make the decision now regarding options and be very definitive in what is expected from the private sector or change it from a tender to an RFP and allow the contractors to come forward with the options that provide the best level of service. He felt with having a matrix of options there would be more chance contractors may make a clerical error, etc.; a mistake which would disqualify the bid.

Councillor Beamish felt staff could get a rough idea of the costs by going outside the tender format and asking contractors the cost implications of the different schedules and come back to the Committee and have a policy discussion on this topic. He indicated he will be moving that Councillor Bellemare's motion be referred to staff to investigate the various schedules.

Moved by D. Beamish

That Councillor Bellemare's motion that the tender provide for obtaining cost estimates on the following possible collections schedules: the current schedule, a permanent Monday to Friday schedule, a rolling five day schedule and a double-up schedule, be referred to staff to report back to Planning and Environment Committee at their next meeting.

CARRIED

(M. Bellemare, A. Munter and
R. van den Ham dissented)

There being no further discussion, the Committee considered Councillor Bellemare's motion.

Moved by M. Bellemare

That the tender provide for obtaining cost estimates on the current level of service (i.e. weekly collection of all recyclables and no organic diversion and same hours for collecting leaf and yard waste.

LOST

NAYS: P. Hume, J. Legendre, G. Hunter, R. van den Ham....4

YEAS: D. Beamish, M. Bellemare, A. Munter....3

Councillor Legendre put forward a motion to increase the zones from five to nine. He felt the experience from the last collection contract showed an increase in number of zones would be necessary. Regarding the delegation's comment that economies of scale can be achieved with larger zones, Councillor Legendre felt the industry could bid on any combination of zones, however, this also opens it up to the much smaller contractor. Smaller zones allows for contractors to enter the business who are not currently in it, whereas they may not do so if the zones are larger. He felt the smaller the zones, the more competitive the process and the market is.

Committee then considered Councillor Legendre's motion.

Moved by J. Legendre

That the RMOC seek tenders for curbside collection based on a nine zone scenario.

CARRIED

YEAS: D. Beamish, M. Bellemare, J. Legendre, R. van den Ham....4

NAYS: P. Hume, G. Hunter, A. Munter....3

Councillor Beamish confirmed staff indicated they would provide examples of managed competition and requested these examples be received prior to this item going before Council.

Councillor Munter requested staff provide a memo on the issue of going from the current three zones to nine zones outlining the pros and cons before this item goes before Council.

There being no further discussion, the Committee carried the staff recommendations as amended, with dissents noted.

That the Planning and Environment Committee recommend that Council approve the following service level changes to the next Solid Waste Collection Contract beginning in June 1999:

- 1. The implementation of a program to collect and compost organic materials from curbside households, to be phased in over the life of the next collection contract;**
- 2. The alternate week collection of blue box materials (glass, metal, plastic and polycoat containers) on one week and all paper materials on the next week;**
- 3. The provision of an additional box to all curbside service households for storage and set out of all paper materials (hereinafter referred to as a fibre box);**
- 4. The following changes be made in the Contract;**
 - a) The collection of leaf and yard waste during peak periods to occur over an extended work day (additional two hours per day);**
 - b) The modification of the levels of service for bulky materials, such as sofas and mattresses, to allow for pick up on the day following the scheduled collection day;**
 - c) The discontinuation of curbside collection of tires, as residents now have the option of the Regionally sponsored "Take It Back" product stewardship program.**

CARRIED
(G. Hunter dissented on
Recommendation No. 1.)

3. **SOLID WASTE COLLECTION CONTRACT DEVELOPMENT
COMPETITIVE ELEMENTS**

- Director, Solid Waste Division, Environment and Transportation
department report dated 30 Mar 98

That the Planning and Environment Committee recommend Council approve the following changes to the Solid Waste Collection Contract Tender in order to increase competition:

1. **Request for Qualifications (RFQ), attached as Annex A, be issued in order to pre-qualify interested firms for the next Solid Waste Collection Contract, and approval to qualify the firms be delegated to the CAO;**
2. **The second generation of the Regional Municipality of Ottawa Carleton (RMOC) Solid Waste Contracts include:**
 - a) **a Curbside Collection Contract, an Multi-unit Container Collection Contract, a Recyclable Material Processing Contract and an Organics Processing Contract;**
 - b) **nine collection bid zones in total for residential collection as per the attached Annexes B and C;**
 - c) **the term of the Curbside Collection Contract and the Multi-unit Collection Contract be for a duration of five years with two one-year extensions;**
 - d) **the term of the Recycling Processing Contract and the Organic Processing Contract be for a duration of five years or ten years at the Corporation's option;**
3. **The RMOC may operate one or more, to a maximum of four, curbside collection zones to be monitored and evaluated in accordance with the protocol set out in Annex D; and that the RMOC provide estimates of its costs for each zone at the time of the tender opening;**
4. **The next Solid Waste Collection Contract Tender follow the timeline as set out in Annex H;**
5. **The RMOC seek tenders for curbside collection based on a nine zone scenario.**

CARRIED as amended
(M. Bellemare dissented on
Recommendation 2. a) and
D. Beamish dissented on
Recommendation 3.)

INFORMATION PREVIOUSLY DISTRIBUTED

1. Recycling Council of Ontario - Draft Consultation Report on Blue Box Funding
- Director, Solid Waste Division, Environment and Transportation Department memorandum dated 7 Apr 98
2. Implementing RMOC's 20% Club Commitment To Reduce Greenhouse Gas Emissions
- Planning and Development Approvals Commissioner's memorandum dated 20 Apr 98

ADJOURNMENT

The meeting adjourned at 7:00 p.m.

Original signed by
Kim Johnston

COMMITTEE COORDINATOR

Original confirmed by
Gord Hunter

COMMITTEE CHAIR