

ARBITRATION TO DETERMINE
THE 2014 STEWARD OBLIGATION FOR THE BLUE BOX PROGRAM

B E T W E E N:

ASSOCIATION OF MUNICIPALITIES OF ONTARIO and THE CITY OF TORONTO

Applicants

- and -

STEWARDSHIP ONTARIO

Respondent

Affidavit of Cathie Green

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Introduction

1. My name is Cathie Green. I am currently employed by Township of Lanark Highlands as the Public Works Assistant and have held this position since 2009. One of my roles in this position is the coordination of the Township's Blue Box (BB) program. My CV is attached.
2. As the coordinator of the BB program, I am not neutral in this arbitration,
3. My background and expertise are in the areas of project monitoring, administration and program development. In the past, I have applied these skills in a number of sectors, including social services, arts and public works.

Lanark Highlands' Blue Box Program

4. The Township of Lanark Highlands is primarily rural, and includes about 3339 households. About one-third of the residents are seasonal cottagers.
5. We do not have any staff dedicated to waste management. The three staff people in public works, including myself, each use a portion of their time to manage the BB program. For all staff in the public works department, most of our time is spent dealing with road maintenance issues. Much of the 530 km of roads in the municipality are unpaved, and road maintenance is a concern year round. I personally spend about 45% of my time on waste management. When reporting blue box costs for the Data Call each year, we allocate 15% of my FTE to the blue box program – 10% to curbside and 5% to depot. I answer peoples' questions about

the program, track material volumes and the invoices for tipping fees, track payables and receivables for waste management, manage all the filing and reporting, including the Datacall, and assist with the tendering process. In addition I am responsible for promotion & education of blue box and other waste management services.

6. We provide curbside pickup only in the village of Lanark, to about 360 households. The other households bring their BB material to any of the seven waste transfer sites. At each depot, the BB material is separated out, with the assistance of signage and on-site staff.
7. Management of the waste transfer sites, including the BB depots, is contracted out to Ewen Alexander, a private company. Each week, the contractor trucks the BB material to a large transfer site in Beckwith Township, owned by Lafleche, a private waste management company. From there, the BB materials go to a privately owned MRF in Quebec.
8. We also contract out curbside pickup in the village. Each week, the contractor collects the curbside BB material and also takes it the transfer site in Beckwith Township.
9. Although we have not conducted waste audits or participation surveys to date (due to a shortage of human resources) I would say our blue box program is well utilized by residents. Weekly observation as I drive through Lanark Village on collection days shows that most houses, if not all, put out a blue box every week. At the waste disposal sites, blue box tonnage continues to increase every year which also indicates a high level of program participation. In 2014 we will be implementing some best practice measures including waste audits (to see what BB materials are lost to garbage, so we can target these in education campaigns) and participation surveys – so that we have a baseline to use as a benchmark in future.
10. In 2012, our BB program collected 305 tonnes. The program cost the Township \$201,646 in gross costs. After revenue of \$6,879, our net cost for 2012 was \$194,766. Of that, we received only \$54,700 (28%) from the payout model based on our 2010 program year reported costs and tonnages. The remainder, \$140,066, was paid for with a combination of property taxes, residential waste levies, tipping fees, and revenue from material sales.
11. Our Integrated Waste Management Plan provides useful data on how our waste management services are paid for. Based on the 2013 Township budget, the funding sources for the waste management system were
 - 39% municipal taxes
 - 29% from site closure & capital fund
 - 17% from waste levies
 - 12% from material sales, grants, EPR fees
 - 6% from tipping fees at landfill.
12. If we got a full 50% of our BB costs from the stewards, we would be able to recommend to Council other expenditures for some of the funds currently spent on operating the blue box program. These could include improved operating budgets for P&E, improved infrastructure at waste depots for material separation, or purchase of larger blue box containers to increase residents' collection capacity at curbside.

Datacall accuracy

13. We report our BB costs to WDO through the annual Datacall. I have personally reported the data for the Township every year since 2009. This includes tracking all the material volumes and reporting the costs as detailed in the township's General Ledger. The Treasurer or CAO signs off on the Data Call once I have completed the report.
14. We track the costs of operating the BB program through the Township's general ledger. We use the records prepared by the finance department; the same records are used for the annual municipal audit. I work hard throughout the year to ensure that expenses are allocated to the correct account in the General Ledger (GL). Through the annual validation process with WDO, I have seen how a seemingly small clerical error can translate into an inaccurate picture of our program. For example, during validation of the 2012 Data Call we found that a journal entry of \$10,400 from sales of scrap metal had been erroneously allocated to the GL account for blue box revenues. This translated into an inflated cost per tonne in revenue to the Township.
15. We also track tonnage through the weigh slips provided at the Lafleche waste transfer station in Beckwith.
16. Waste management costs are reported to council each year as part of the annual report. Each annual budget is informed by the departmental expenses in the prior year. Waste Management costs are scrutinized in detail at the start of each year when the budget is approved. Council examines every line item in detail during the budget approval process, and staff are questioned about why expenses are projected at the levels they are.
17. WDO is very diligent in following up our Datacall reports and has on occasion identified areas that required correction, such as clerical errors (as described above), or clarification - such as an explanation for a variance from the previous year. For example, in 2012 our tonnage for scrap metal showed a significant decrease from the prior year. The reason was simple - an early snow fall in November had prevented the contractor from clearing scrap from 3 of 7 sites prior to winter. As a result we expect to see additional tonnage from scrap in the current year since those sites would have been cleared in the spring of 2013.
18. I checked with WDO in March 2013 and they have confirmed that Lanark Highlands has not been audited at all, or at least not since 2004 (when I am told program audits commenced). Will Mueller at WDO told me that in the last couple of years, programs were selected for audit if net costs per tonne increased significantly compared to other programs in their grouping. As well, a number of programs are selected randomly each year.

Efficiency and effectiveness

19. We run our BB program as efficiently and effectively as we can. I don't think there was anything that, realistically, we could have done better in 2012, given the resources available to us.
20. We are always looking to improve BB efficiency and effectiveness. Efficiency and increasing waste diversion benefits the municipality in two very important ways. First, landfill space is very valuable. Some neighbouring municipalities do not have any landfill space left and must truck their waste out at significant cost.

21. Second, the BB funding payout is one of the only sources of revenue for waste management in the municipality apart from residential waste levies and property taxes. The way the payout model is designed, the more efficient our BB program is, the more money we receive both from marketed materials revenue and from BB funding. We cannot afford to run an inefficient program, so we do everything we possibly can to make it efficient.
22. I participate in as many BB training courses as I can. I try and attend at least one course every year. These are offered through WDO, AMO, SO, CIF and Toronto, often as joint programs. The courses cover topics such as how to tender contracts, implement promotion & education campaigns, and how to use benchmarking to prepare reports on the BB system. As our BB system has become more complicated, we have had to learn about how to report more information.
23. I also read magazines, reports and news releases regarding solid waste and recycling to stay up to speed on the best practices in the industry.
24. Final reports on CIF-funded projects are also an important source of information on best practices for blue box programs. These reports are available on the CIF web site & detail the findings from recent projects that are designed to explore ways to improve efficiency of blue box programs. Reading these reports, email news flashes, and magazines keeps me up to date on program innovations I might not otherwise be aware of. For example, we only have 3 multi-family residential buildings in our township, so we don't have much experience dealing with the issues unique to them. From reading about projects in other municipalities I have learned something about how to promote the blue box service within a multi-family residential building, how to increase their collection capacity, etc. I can now look for an opportunity to apply these lessons in Lanark Village.
25. We have implemented a number of initiatives to operate more efficiently.
26. Since 2009 we have used contractors both to provide curbside pickup in the village and to manage the waste transfer sites. The previous curbside contractor was Waste Management of Canada LTD. They won the curbside tender in 2008 and again in 2011.
27. In 2013 we tendered out both the curbside pickup contract and the waste transfer site contract to try to obtain more cost effective contracts. We could have extended the curbside contract with Waste Management LTD for another two years, but thought there were opportunities for cost savings by tendering both contracts at the same time & offering a longer contract term (8 years.) In addition, the Lafleche transfer station had opened in Beckwith Township and we expected we could save on hauling costs if a contractor were to take our blue box material there instead of the Ottawa Valley Waste Recovery Centre (OVWRC) in Pembroke.
28. We follow best practices in our tendering process in order to optimize our collection contracts. In 2011 we used a model contract SO had developed to tender our curbside program. In 2013 we put out a Request for Proposals, so that proponents had an opportunity to design the most efficient system they could to meet our requirements. Bidders could quote on 4 different service options for the township, and there was also an option for them to quote on a service innovation if they thought a different system would work better. In this way the township was able to make use of the expertise of service providers in the area to ensure we were getting the best bang for our buck. Four different companies submitted bids on 3 different service options, plus 2 innovations.

29. Under the new contracts we anticipate that we will save a significant amount of money. Since January 2014, the BB material has been trucked to a waste transfer station that is 36 km closer which only opened in 2013 reducing hauling costs.
30. Also, we will receive 100% of the revenue from the sale of the materials. Under the old arrangement with OVWRC, we did not get back any of the revenue. When we first began taking our materials there, they accepted them with no tipping fees in exchange for the revenue they got when they marketed the materials. When material markets deteriorated, OVWRC began charging tipping fees as well as keeping the revenue from marketed materials. (Under our curbside contract with Waste Management the township received 50% of the revenues from marketed materials.)
31. The opening of the new waste transfer site was one of the factors that triggered the tendering process - until this new site opened, we did not have any better option than to haul our blue box materials to the OVWRC, which was 70 km away. The Lafleche facility is only 34 km away. This will save us 2-3 hours of driving time for each load of recycling that is hauled. We usually haul about 70 loads of material each year.
32. In order to maximize waste diversion, our BB program accepts a wide variety of recyclable materials, including materials that are expensive to handle, such as mixed plastics and styrofoam. We divert everything we can from landfill. The expectation among community members is that we will take whatever we can. In addition, it is not efficient to make frequent material changes because of the time and resources required to get information about such changes out to the public. We therefore make these changes based on changing contract opportunities rather than in response to market changes.
33. Restrictions on the funds that we receive limits our ability to implement measures that would increase our effectiveness and efficiency.

Best practices

34. Our Best Practice score has improved significantly over the last 5 years: 2008 - 7%; 2009 - 16.6%; 2010 - 70.1%; 2011 - 80.0%; 2012 was 80%.
35. This dramatic improvement demonstrates that we take the Best Practice Score quite seriously, and have carefully reviewed every opportunity to improve our score, because it affects how much we receive from the payout model.
36. I believe the Township's increasing Best Practice score correlates with greater program efficiency. The increasing score has been achieved via implementation of Blue Box Best Practices such as improving signage for material separation at our waste sites (2010), inter-municipal collaboration on newspaper advertising (2011, 2012, 2013), and the development of a new Integrated Waste Management Plan including a Waste Recycling Strategy which was just adopted by Council in March 2014. These plans include the setting of diversion targets, seeking efficiencies through tender processes, and closer program monitoring & reporting (to Council and the community).
37. Most of the Best Practices require capital investment. We have very limited access to internal capital funding because we are a rural municipality covering a large area with very sparsely

distributed population. We have virtually no commercial tax base, some high operating costs such as road maintenance, and very limited financial resources.

38. We have therefore applied to the Continuous Improvement Fund (CIF) to obtain partial funding for projects that will improve our score. For example, we recently completed an Integrated Waste Management Plan (IWMP), with the assistance of funding through the CIF. We also have a CIF grant in place to implement improved promotion & education for blue box this year.
39. The opportunity to access matching funds through CIF provides a significant incentive to our council to continue undertaking initiatives to improve the BB program efficiency.
40. As part of implementing the IWMP, we will be putting in place new checks and balances, including waste audits to better identify where we might be able to further increase our effectiveness. A shortage of human resources is the primary reason waste audits have not been undertaken before in this municipality.
41. Some of the recommended "best practices" have not, to date, been successful in our community. For example, we required residents to purchase bag tags for non-recyclable waste until 2008. Council made the decision to stop using the tags because, despite trying to educate people and to enforce the tag rule, there was a disconnect between revenue from the bag tags and the volume of garbage disposed of - people were not buying enough tags to account for all the garbage brought to the waste disposal sites.
42. There was a concern that instead of purchasing tags, people would give the waste site attendant \$1. I understand there was speculation at the time that staff could have been pocketing the money instead of turning it into the township. This was before I worked for the township and I cannot provide any further information on this point.
43. In 2008, the Township decided to contract out the operation of the waste sites, and to charge a per household waste levy instead of relying on the purchase of bag tags to generate revenue. We have also had significant problems with illegal dumping throughout the township, which transfers the cost of dealing with the waste to road crews. There was some concern that people engaged in illegal dumping in order to avoid the cost of bag tags.
44. We continue to educate people about the BB program and have obtained two small promotion and education grants from CIF. The Highland Voice is a municipal service directory that is published and mailed to all tax payers each year. In 2012, 4 of 25 pages were devoted to waste management. We also run a weekly 'Municipal Matters' column in a local newspaper, which includes blue box public service announcements most weeks. In addition we send out waste diversion reminders twice annually with tax bills, have a public information display in the lobby of the municipal office, signs for material separation at the waste sites, and run newspaper ads as much as we can afford and through the in-kind OCNA initiative. Promotion of the program and public education is one of the primary things we do to improve our BB program. We could certainly do more on this if we had more resources.
45. We are currently in the Rural Depot - South cost band, band number 9. In 2010 we lodged a complaint with WDO that their definitions of municipal groupings unfairly penalized small municipalities with mixed blue box collection systems. We requested a formal review of the municipal grouping classifications by the Municipal Industry Program Committee (MIPC),

and successfully argued that we should be moved out of the Rural Curbside - South cost band because we were losing funding to a process that compared our operations to dissimilar municipalities. Following MIPC's review of these issues, Rural Curbside - South was redefined as those municipalities that had 30% or more of their households served by curbside collection programs. This resulted in our reclassification as Rural Depot - South. The change took effect in 2013 and we saw an increase in the amount of money we received for the BB Program costs.

46. Even with the switch, however, our diversion rates are lower, and our costs are higher, than many of the other municipalities in the band because we are quite remote. There is less competition for our contracts when they are tendered and hauling costs are quite high due to the distances involved as described above.

In Kind

47. One of my duties vis a vis the BB program is to coordinate the use of the lineage from the in-kind CNA/OCNA newspaper program. We do not have a dedicated communications person on staff – this is part of my mixed duties along with other promotion & education for waste management.
48. We use every line that we are allocated by the in-kind program. In the earlier years of the program (through 2011) we were allocated enough lines for 3 or 4 quarter page ads in local newspapers. In 2013 our allocation was much larger - approximately 8175 lines which amounts to 25 quarter page ads. Since 2011, we have pooled our allocation with five other municipalities to get more bang for our buck. In 2013 the group managed to run 33 half page ads (some colour) plus four quarter page ads in several area newspapers. These ads had all of the participating municipalities' logos featured and were 'macro messaging' campaigns (E.g. 'recycle your plastic'.) In order to work together, we have to forgo the detailed approach of dealing with specific material issues as they differ from one community to the next. The Lanark County municipalities who chose not to participate in this collaborative effort generally wanted to work independently because they needed to address issues unique to their own municipality (e.g. changing depot hours/processes, specific residue problems etc.)
49. We do not receive preferred rates when utilizing our OCNA lineage. The only preferred rates we receive are when we tender advertising for a designated period of time, such as the weekly 'Municipal Matters' column the township runs in a local newspaper. Our little Lanark Era newspaper runs colour issues on specific dates. They offer us the opportunity to make an OCNA ad colour by paying \$25 (rather than using additional in-kind lines to make it colour.).
50. I have not had any problems with the operations of the program. The main challenge is to come up with camera ready ads without a budget to design anything, without any in-house expertise or specialized software programs. We cobble things together using Word and having the WDO in-kind ad coordinator provide a bit of lay-out assistance.
51. WDO's 2014 Guidelines say that the ads must be in camera-ready PDF format two weeks prior to the publication date. This is a longer lead time than is required when placing ads locally, in which case we have a Friday deadline for a Tuesday publication.

52. I am personally a fan of community newspapers and have worked with them over the years to publicize local events and increase community engagement around issues. I was therefore disappointed when a survey and focus group we ran on recycling issues in November 2013 brought us the feedback that newspapers are not an effective means for the municipality to publicize recycling information. Respondents were asked where they would typically look to obtain information on Township waste management programs. The majority of residents said they would look at the municipal website or the printed service directory 'The Highland Voice', with some suggesting mail-outs with tax bills or the municipal office. No one stated they would look to obtain the information from the newspaper.
53. We have not yet tried to use our in-kind lineage to place online ads. We have heard from the public, though, that our website is an important part of communicating information about the BB program. One challenge is that many parts of the municipality still do not have high speed internet.
54. Given the recent feedback from residents about where they would look for information on waste management, I would state with certainty that a cash payment would be of much more value to this municipality than in-kind advertising space.

Conclusion

55. I understand that this affidavit is sworn evidence to be offered to a legal tribunal deciding a question of great public importance. I have done my best to make this evidence as accurate and as truthful as I can. I intend to be bound by it.
56. To the best of my knowledge, I do not have any current records of any critical emails that document an agreement that is material to the issues set out in the pleadings.

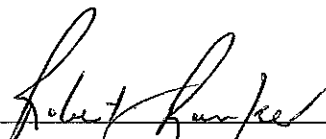

Cathie Green

Sworn or Affirmed before me

On April 2, 2014

at the City of LANARK

in the Province of Ontario


Commissioner for taking affidavits

A Commissioner for
The Corporation of the Township of Lanark Highlands

Date: APRIL 2, 2014