

STAFF REPORT TO COUNCIL

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DATE: June 18, 2021

TO: MAYOR AND COUNCIL

NAME AND TITLE: Blake McIntosh, Acting Director, Civic Operations

SUBJECT: Trucked Waste Volume Charge Update

ATTACHMENT(S): Staff Report to Council dated December 10, 2020 regarding Deferral of Trucked Waste Volume Charges under Comprehensive Fees and Charges Bylaw No. 7557

RECOMMENDATION:

That Council RECEIVES FOR INFORMATION the report dated June 18, 2021 from the Acting Director of Civic Operations titled "Trucked Waste Volume Charge Update."

PURPOSE:

To provide Council with an update on the cost implications associated with the operation of Shelley Lagoon. Details include the cost for site maintenance, proposed site remediation as well as the cost recovery potential through various fees.

BACKGROUND:

The Staff Report to Council dated December 10, 2021 (attached) considered by Council at its December 21, 2020 meeting noted that the intent of the volume fees for Shelley Lagoon is to generate a cost recovery source to offset the operating, maintenance and closure costs. Currently, haulers pay a yearly access fee for the site, but no volume charge for material being deposited at the site. At the December 21, 2020 Council meeting, Council directed Administration to return a report to Council with additional information on the history of the Shelley Lagoon and forecasted operating, maintenance and capital costs.

Over the years, expenses have started to increase associated with the operation and maintenance of the Shelley Lagoon. Due to rodent activity, ongoing repair and reinforcement measures have been required to maintain the integrity of the containment berms. In 2020, 200m of the 1400m perimeter berm required emergency repair. The remaining berm repair and reinforcement is estimated at \$680,000 to complete.

As an ongoing maintenance requirement, Cell 1 (the initial deposit location) requires regular cleaning. The current practice has been to remove the solid material and stockpile in large piles onsite every 2-3 years, depending on loading. The cost of removal and stockpiling has been approximately \$200,000. Removal and disposal of this material is estimated to range from \$616,000 to \$3,900,000 depending on whether contaminants are present.

The concern is that the material from previous years had little to no control measures to restrict or prevent contaminated material from being deposited at the site. Contamination is likely to include heavy metals, hydrocarbons and various chemicals as cleanouts of interceptors at carwashes, automotive repair shops, food industries, and other industries deposited at Shelley Lagoon. Current estimates for material disposal of the stockpiles range from \$112 per cubic meter (non-contaminated) to \$700 per cubic meter (full treatment). The resulting capital cost would range from \$2,710,000 to \$17,000,000 for the material currently stockpiled.

Due to the activity on the site classified as a contaminant generating site, the regulations require the development of a closure plan. Closure plans establish the requirements for funding to be set aside for the site to be returned to its original condition. While there is no immediate need to close the site, the cost implications associated with the removal of contaminated material, reshaping of the site and final restoration could range from \$4,600,000 to \$28,500,000 depending on contamination levels. Ongoing monitoring after the closure would also be a requirement. A long term strategy will provide for a more manageable approach for establishing a reserve fund.

STRATEGIC PRIORITIES:

In order to move forward with the implementation of the trucked volume charges, communication with the affected residents, businesses and haulers will need to be completed. With no registry of properties within or outside the City that rely on trucked waste disposal, we will need to rely on a combination of social media, website and online surveys. We will also need to meet with the local trucked waste service providers to establish processes and communication methods for working with their customers.

FINANCIAL CONSIDERATIONS:

In order to meet these financial requirements, a dedicated budget needs establishment to meet these needs. Currently, the costs associated with operation and maintenance of the site has been from the Sewer Fund. Shelley Lagoons service City residents as well as various others outside the City boundaries who currently do not pay into the Sewer Fund. A user-pay system will provide a more equitable approach to fund this service.

The following information outlines the operating costs and the potential cost-recovery from a user-pay system:

Operating Costs - Shelley Lagoon				Total Cost	Yearly Cost	Yearly Totals
Regular Operation and Maintenance					\$ 20,000	
Road Repairs - Heavy vehicles, poor road structure					\$ 40,000	
Cell 1 Cleanout	every 2 years	Stockpile only	\$ 200,000	\$ 100,000	\$ 160,000	
		Basic Disposal	\$ 620,000	\$ 310,000	\$ 370,000	
		Treatment	\$ 3,900,000	\$ 1,950,000	\$ 2,010,000	
Cost-Recovery				Cubic meters	Bylaw Rate	Total
Trucked Volume	Current Average Recorded Inflow			15,276	\$ 45.00	\$ 687,420
	Total site Capacity - set by Permit			36,500	\$ 45.00	\$ 1,642,500
Proposed Rate per cubic meter – Starting January 1 each year						
\$ 22.50	Proposed 2022			15,276	\$ 22.50	\$ 343,710

\$ 33.75	Proposed 2025	15,276	\$ 33.75	\$ 515,565
\$ 45.00	Proposed 2027	15,276	\$ 45.00	\$ 687,420

Propose 5% increase for each year after 2027. Funds collected in excess of operating costs would be allocated for disposal/treatment of material stockpiled onsite.

As part of the communication plan associated with these changes, a few alternatives are under consideration and will be included for community feedback:

Holding Tank Alternative Fee

Due to the low concentration and high frequency of holding tanks, other jurisdictions have provided a rebate back to residents and businesses of up to 90%. Proof of health authority certification is required. Rebate or reduced fee process is being considered for the Shelley Lagoon.

Loads from Outside City Boundary

Limited options are available for Regional District residences and businesses. Having a standard rate for City residents and a surcharge for residents outside the City boundaries may be considered.

Septage Acceptance Point

A septage acceptance point is a device, which allows trucked waste to be deposited directly into the City sewer system, flowing to the Lansdowne WWTC. This option requires capital costs for purchase and installation, but provides the following benefits:

- Ability to accept high volumes of flow;
- Solid material is screened out and isolated from the flow and collected for disposal;
- Inflows could be tested and monitored to ensure it meets the Sanitary Sewer Use Bylaw quality requirements;
- All inflow is metered and charged out at the appropriate fee;
- Higher level of treatment is ensured as material would be going to the WWTC and not the lagoon;
- Reduced GHG emissions as hauling distance would be reduced;
- Site could be setup to accept RV waste, depending on location.

SUMMARY AND CONCLUSION:

Staff will proceed with public communication and consultation on the fees associated with trucked waste over the next several months. With the increased control over the types of material being deposited at the Shelley Lagoon, it is anticipated we will be able to move to a lower cost alternative for disposal. While trucked waste fees are a considerable increase for users of this system, it is still lower than the cost for residents connected to the City's sanitary sewer system. The plan is to provide the opportunity to create a reserve to complete existing site remediation as well as establishment of a closure plan and closure funding for the site.

RESPECTFULLY SUBMITTED:

Blake McIntosh, Acting Director, Civic Operation

PREPARED BY: William Wedel, Manger, Utilities Division

APPROVED:

Walter Babicz, City Manager

Meeting Date: 2021/07/12