



Administrative Report

Office of the General Manager

Essex-Windsor Solid Waste Authority

To: Warden Hilda MacDonald and Members of County Council

From: Michelle Bishop, CGA, CPA
General Manager, Essex-Windsor Solid Waste Authority

Steffan Brisebois, CPA
Manager, Finance & Administration

Date: **March 1, 2023**

Subject: **Essex-Windsor Solid Waste Authority 2023 Budget**

Process and Purpose

EWSWA Budget Approval Process

Section 5(d) of the 1994 Agreement between the City of Windsor and County of Essex that created the Essex-Windsor Solid Waste Authority (the Authority) states: "The Authority shall report to a regularly scheduled meeting of each of the City and County Councils by the end of each year...and shall submit an operational plan and budget as referred to herein and shall ask for approval from each of the City and County Councils."

Purpose

Therefore, the purpose of this report is to request approval from the County of Essex for:

The **Authority's 2023 budget which includes a 4.1% increase** to what was assessed to Windsor and the 7 County municipalities for 2022 totaling \$566,240.

The 2023 increase represents \$261,050 for County of Essex municipalities, which is in addition to the \$6,406,220 that was budgeted to

be assessed to those municipalities for 2022. Further, for 2023, the 7 County municipalities are forecasted to be assessed an additional \$4,100 related to the estimated increase in the amount of refuse delivered for disposal from 53,350 tonnes budgeted in 2022 to 53,450 tonnes estimated for 2023.

The 2023 increase represents \$305,190 for the City of Windsor, which is in addition to the \$7,404,520 that was budgeted to be assessed to Windsor for 2022. Further, for 2023, the City of Windsor is forecasted to be assessed an additional \$37,720 related to the estimated increase in the amount of refuse delivered for disposal from 58,000 tonnes budgeted in 2022 to 58,920 tonnes estimated for 2023.

Additional tonnage forecasts are estimates and may not be realized in 2023.

Background

On February 7, 2023 the Board of the Essex-Windsor Solid Waste Authority met to deliberate the Authority's 2023 Operational Plan and Budget. After discussion, the budget was approved.

Budget Guidance

In order to guide the Authority Board as it deliberated the 2023 draft Budget document, the Board considered a February 2018 recommendation from the CAOs of the City of Windsor and the County of Essex. The recommendation stemmed from a report prepared by the CAOs which served to assist in resolving the matter of the approval of the 2017 and 2018 EWSWA budgets.

The recommendation, as contained within the report, was as follows:

THAT the Board acknowledge the built-in budget pressures due to increasing debenture payments and other non-discretionary costs and commit to working towards a sustainable, balanced budget over the next ten years while maintaining appropriate reserve funds and avoiding significant spikes in tipping fees.

With 2018 being Year 1 of the 10-year period this means that the objective is to attain a balanced budget by the time of the preparation of the 2027 budget.

The same recommendation was presented both to County Council in February 2018 and Windsor Council in March 2018 as part of their consideration and approval of the Authority's 2018 budget.

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15 Year Budget Forecast (attached to this report)

As part of the annual budget preparation process, **a 15-year forecast is prepared. A copy of the forecast is attached to this report.** This forecast shows that in order to have a balanced budget by 2027 and replenish the Rate Stabilization Reserve, the amount assessed annually by the Authority to the City of Windsor and the 7 County municipalities will need to increase 4.1% for each year to and including 2027 with a reduced increase being projected for 2028 as the budget is being projected as being balanced for that year.

The outcome of these annual increases of 4.1% for each year is that the Authority’s budget will be balanced without the requirement for a contribution from the Rate Stabilization Reserve.

Prior and projected increases:

2017	0%
2018	2.0% (Year 1 of the Balanced Budget Objective)
2019	4.1% (Year 2 of the Balanced Budget Objective)
2020	4.1% (Year 3 of the Balanced Budget Objective)
2021	4.1% (Year 4 of the Balanced Budget Objective)
2022	4.1% (Year 4 of the Balanced Budget Objective)
2023-27	4.1% (For each of those 5 years)
2028	2.0% (2028 being Year 10 of the Balanced Budget Objective)

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EWSWA Approved Budget Recommendations

The following are the full 2023 budget recommendations approved by the Authority Board at its February 7, 2023 meeting.

1. Approve the 2023 **Expenditure and Revenue budget estimate figures** excluding the municipal Total Waste Management Fee (Tip Fee) and the municipal Fixed Cost Assessment.
2. Increase the **Total Waste Management Fee** by \$1.00 per tonne to \$41.00/tonne from \$40.00/tonne. This is the fee assessed to municipalities for each tonne of refuse delivered for disposal. This results in **\$111,350** based on the 2022 municipal tonnage level **plus an additional \$41,820** due to an increase in municipal tonnes from 111,350 in 2022 to 112,370 in 2023.
3. Increase the **fixed cost assessment** to Windsor and the 7 County municipalities based on the following chart. Fixed costs are assessed based on population per the 2021 census.

Municipality	2022 Budgeted Fixed Cost Assessment	2023 Budgeted Fixed Cost Assessment	Year Over Year Increase
Windsor	\$5,084,516	\$5,331,706	\$247,190
Amherstburg	\$520,805	\$546,125	\$25,320
Essex	\$469,708	\$492,543	\$22,835
Kingsville	\$489,700	\$513,507	\$23,807
Lakeshore	\$894,650	\$938,144	\$43,494
Lasalle	\$724,420	\$759,640	\$35,220
Leamington	\$657,095	\$689,040	\$31,945
Tecumseh	\$515,846	\$540,925	\$25,079
Total County	\$4,272,224	\$4,479,924	\$207,700
Total	\$9,356,740	\$9,811,630	\$454,890

(The sum of \$111,350 from Recommendation 2 and \$454,890 from Recommendation 3 equates to \$566,240. This represents a 4.1% increase to the 2023 budgeted total municipal assessment of \$14,376,980.)

4. Approve the **Fee Schedule** (see attached).
5. That any resultant surplus from 2022 operations be contributed to, or funded by, the Rate Stabilization Reserve.
6. That any resultant surplus/(deficit) from 2023 operations be contributed to, or funded by, the Rate Stabilization Reserve.

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Discussion

Attached to this report are expenditure and revenue schedules showing 2023 budget figures as well as 2022 budget and projection figures. A summary table is presented as follows:

Summary (Excluding Perpetual Care for Landfills 2 and 3)

	2022 Budget	2022 Projection	2023 Budget	2023 vs 2022
<u>EXPENDITURES</u>				
Operating Expenditures	\$31,330,910	\$33,816,340	\$35,106,390	
Capital out of Current	\$22,300	\$112,870	\$38,600	
Total Expenditures	\$31,353,210	\$33,929,210	\$35,144,990	
<u>REVENUE - Non-Municipal</u>				
ICI Tip Fees; Recycling Sales; Blue Box Funding; Other	(\$16,355,170)	(\$21,484,820)	(\$16,968,810)	
Amount Required from Municipalities	\$14,998,040	\$12,444,390	\$18,176,180	
<u>REVENUE - From Municipalities</u>				
Fixed Cost Allocation Admin+Compensation +Debenture)	(\$9,356,740)	(\$9,356,740)	(\$9,811,630)	
Total Waste Mgt Fee - 2022 111,350 Tonnes as Base:				
(2022 - 111,350 @ \$40) (2023 - 111,350 @ \$41)	(\$4,454,000)	(\$4,369,200)	(\$4,565,350)	
Sub-Total - Revenue from Municipalities	(\$13,810,740)	(\$13,725,940)	(\$14,376,980)	4.10%
Increase in Muni. Tonnes 2023 vs 2022 if realized:				
(2022 - 111,350) (2023 - 112,370) = 1,020 Tonnes @ \$41	\$0	\$0	(\$41,820)	
Total Revenue from Municipalities	(\$13,810,740)	(\$13,725,940)	(\$14,418,800)	
Surplus (Deficit)	(\$1,187,300)	\$1,281,550	(\$3,757,380)	

In order to balance the 2023 budget a (\$3,757,380) contribution from the Authority's Rate Stabilization Reserve will be required. This reserve is used to manage future years' tipping fees.

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Population and Tonnage

The following table shows the population and tonnage figures that are used to allocate and assess charges to the County municipalities and the City of Windsor in regard to the Fixed Cost Allocation and the Total Waste Management Fee (tipping fee).

Municipality	Population (2021 Census)	Tonnes 2023	Tonnes 2022
Windsor	229,660	58,920	55,800
County	192,970	53,450	53,350
Total	422,630	112,370	111,350

2022 Budgeted Deficit vs. 2022 Projected Deficit - \$2,468,850 Favourable

The \$2,468,850 favourable variance between the 2022 budgeted deficit of (\$1,187,300) and the 2022 projected surplus of \$1,281,550 is attributed to:

Revenue	Landfill Tipping Fees – Increase in IC&I Landfilled Material	\$3,576,530
Revenue	Recycling – Increase in Sale of Recyclable Materials	\$1,026,500
Revenue	Landfill Tipping Fees – Increase in IC&I Organic & Other Non-Landfilled Material	\$392,950
Revenue	Recycling – Increase in Stewardship Ontario Blue Box Funding	\$325,180
Revenue	Misc. - Decrease in Revenue from Various Programs	(\$276,310)
Revenue	Favourable Variance	\$5,044,850
Expenditure	Regional Landfill Other – Increase in Host Compensation - Town of Essex	(\$928,940)
Expenditure	Recycling – County Blue Box Collection – Increased Program Delivery Costs	(\$785,270)
Expenditure	Recycling - Contribution to the Recycling Reserve	(\$541,970)
Expenditure	Regional Landfill – Fuel - Heavy Equipment – Increase in the Price Per Litre	(\$223,100)
Expenditure	Misc. - Increase in Expenditures from Various Programs	(\$96,720)
Expenditure	Unfavourable Variance	(\$2,576,000)
Variance	Budget vs Projection - Favourable	\$2,468,850

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2022 Budgeted Deficit (\$1,187,300) vs. 2023 Budgeted Deficit (\$3,757,380) - \$2,570,080 Unfavourable Variance

Revenue	Landfill Tipping Fees – Increase in IC&I Landfilled Material	\$1,956,730
Revenue	Municipalities – Increase in the Allocation of Fixed Costs, Price Per Tonne & Municipally Delivered Material	\$608,060
Revenue	Recycling - Contribution from Recycling Reserve	\$325,200
Revenue	Misc. – Increase in Revenue from Various Programs	\$71,050
Revenue	Recycling – Decrease in Stewardship Ontario Blue Box Funding	(\$425,250)
Revenue	Recycling - Decrease in Sale of Recyclable Materials	(\$1,314,090)
Revenue	Favourable Variance	\$1,221,700
Expenditure	Regional Landfill Other - Increase in Host Compensation - Town of Essex	(\$714,560)
Expenditure	Regional Landfill – Increase in Costs to Haul and Treat Leachate due to Annual Price Adjustment	(\$670,300)
Expenditure	Recycling – Increase in the County Blue Box Collection – Annual Price Adjustment and Increased Program Delivery Costs	(\$636,940)
Expenditure	Recycling – Increase in the City’s Blue Box Collection - Annual Price Adjustment	(\$322,530)
Expenditure	Transfer Station #1 – Increase in Cost for Waste Hauling due to the Annual Price Adjustment	(\$274,300)
Expenditure	Misc. - Other Expenditures from Various Programs	(\$308,250)
Expenditure	Regional Landfill – Fuel – Heavy Equipment – Increase in the Price Per Litre	(\$233,000)
Expenditure	Regional Landfill – Increase in the Contribution to the Regional Landfill Debt Retirement Reserve – Sun Life Debenture	(\$221,300)
Expenditure	All Programs – Annual Increase in Salaries & Benefits	(\$109,140)
Expenditure	Windsor Public Drop Off – Increase in Cost for Waste Hauling due to the Annual Price Adjustment	(\$102,000)

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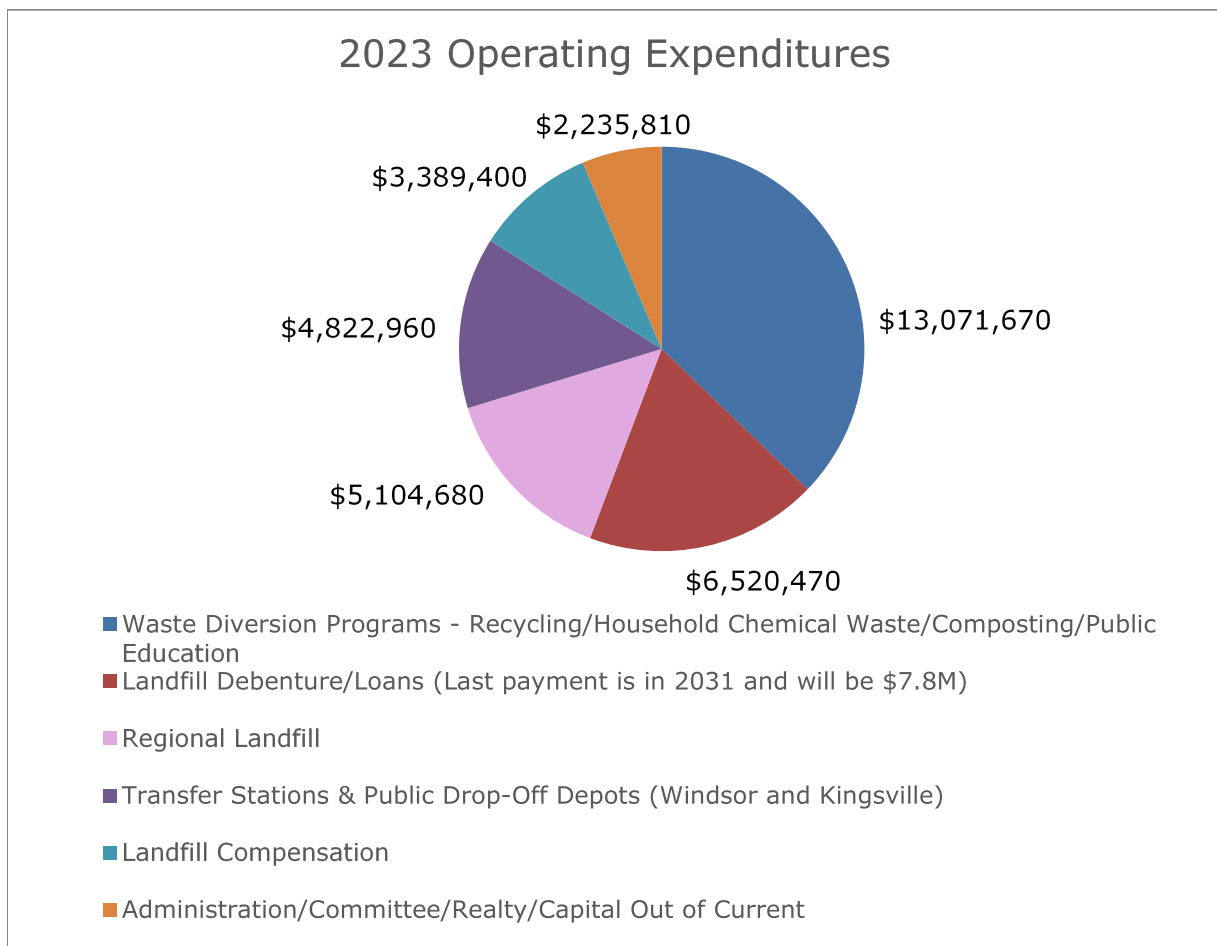
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Expenditure	Windsor Public Drop Off – City of Windsor – Operators - Increase due to the Annual Cost Adjustment	(\$71,470)
Expenditure	Transfer Station #1 - City of Windsor – Operators - Increase due to the Annual Cost Adjustment	(\$64,990)
Expenditure	Regional Landfill - Increase in Landfilling Equipment Operator Hours	(\$63,000)
Expenditure	Unfavourable Variance	(\$3,791,780)
Variance	2022 Budget vs 2023 Budget – Unfavourable	(\$2,570,080)

Budget Summary by Program

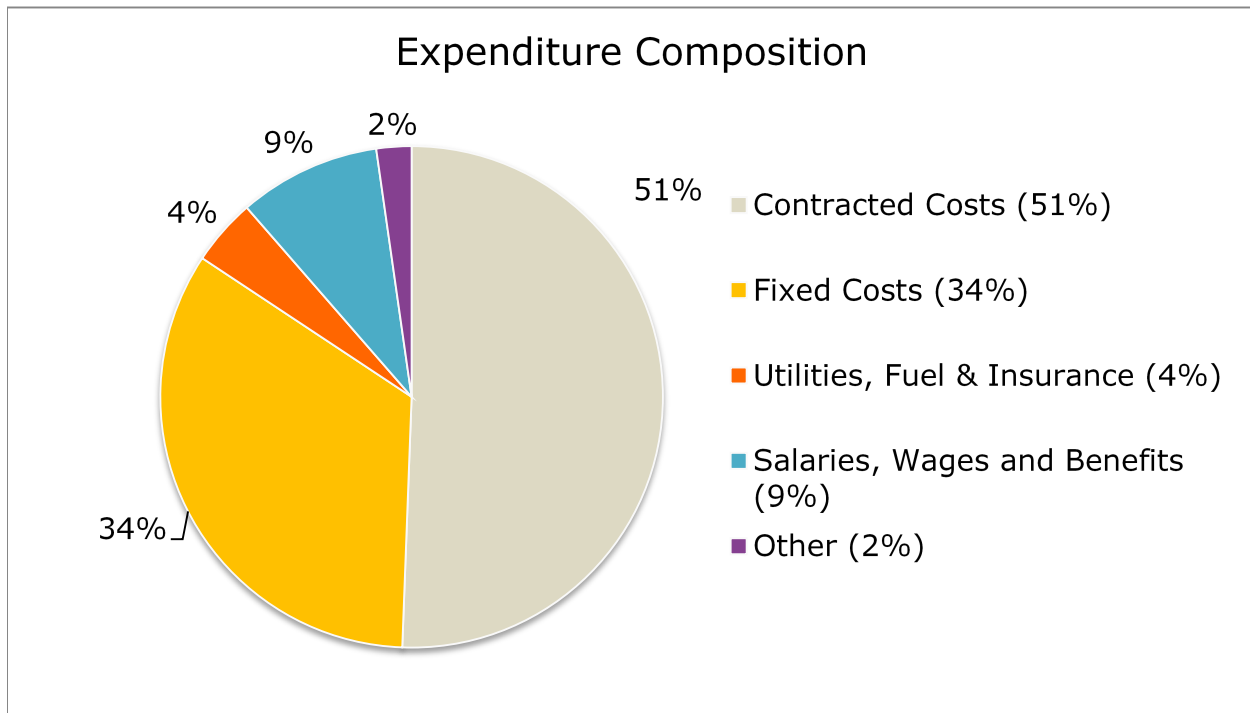


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2023 Budgeted Total Fees Assessed to Municipalities

The following table shows the total fees to be assessed to each of the municipalities:

	2023 Fixed Cost Assessment (Based on population)	2023 Tip Fees (Based on waste delivered for disposal)	2023 Total
WINDSOR	\$5,331,706	\$2,415,720	\$7,747,426
AMHERSTBURG	\$546,125	\$301,350	\$847,475
ESSEX	\$492,543	\$254,200	\$746,743
KINGSVILLE	\$513,507	\$250,100	\$763,607
LAKESHORE	\$938,144	\$483,800	\$1,421,944
LASALLE	\$759,640	\$360,800	\$1,120,440
LEAMINGTON	\$689,040	\$287,000	\$976,040
TECUMSEH	\$540,925	\$254,200	\$795,125
TOTAL COUNTY	\$4,479,924	\$2,191,450	\$6,671,374
TOTAL WINDSOR AND COUNTY	\$9,811,630	\$4,607,170	\$14,418,800

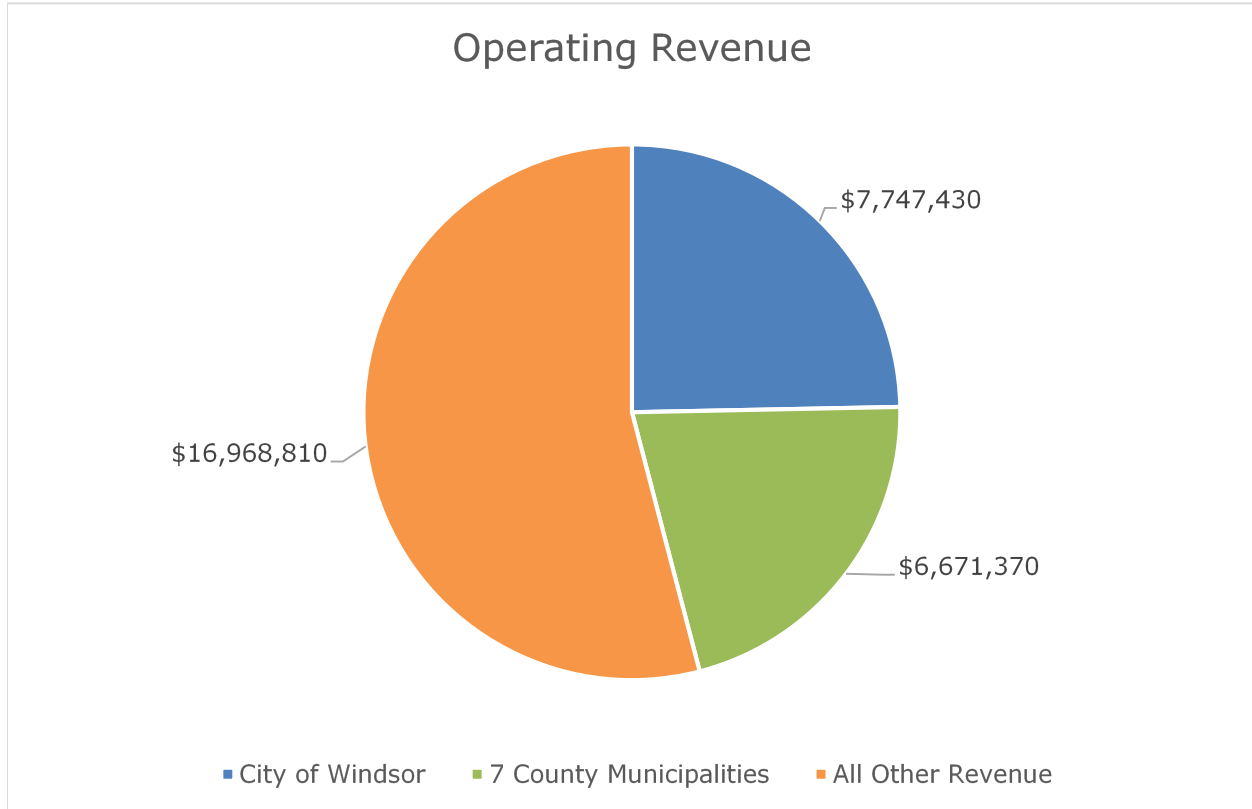
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Budget Revenue by Source



Perpetual Care Assessments to closed Landfill #3 and closed Landfill #2 Municipalities

In addition to the assessment amounts shown in the table on the previous pages the following table shows the assessment amounts applicable only to Landfill #3 and Landfill #2 municipalities.

Perpetual Care - Closed Landfill #3

Municipality	Share of Perpetual Care Expenditure	2023 Municipal Assessment	2022 Municipal Assessment	Year Over Year Increased/ (Decreased) Assessment
Windsor	91.84%	\$480,911	\$619,948	(\$139,037)
Lakeshore	4.76%	\$43,007	\$39,422	\$3,585
Tecumseh	3.40%	\$30,722	\$28,160	\$2,562
Total	100.00%	\$554,640	\$687,530	(\$132,890)

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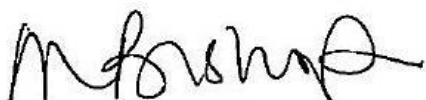
Perpetual Care - Closed Landfill #2

Municipality	Share of Perpetual Care Expenditure	2023 Municipal Assessment	2022 Municipal Assessment	Year Over Year Increase Assessment
Leamington	74.90%	\$247,926	\$168,622	\$79,304
Kingsville	25.10%	\$83,084	\$56,508	\$26,576
Total	100.00%	\$331,010	\$225,130	\$105,880

Recommendation

1. **THAT** the Council of the County of Essex approve the 2023 Essex-Windsor Solid Waste Authority budget and a 4.1% increase to the 2022 total municipal assessment of \$13,810,740 based on a fixed cost allocation calculated on population and a Total Waste Management Fee of \$41.00 per tonne fee for refuse delivered for disposal. The total assessment to County of Essex municipalities and to the City of Windsor is to also include the increase in municipal tonnage from 2022 to 2023 being an additional 1,020 tonnes representing \$41,820. The overall 2023 assessment to Windsor and the County municipalities will be \$14,418,800.

Respectfully Submitted



Michelle Bishop
General Manager



Steffan Brisebois
Manager, Finance & Administration

Attachments

- Operating Budget Summary Table
- Revenue Summary Table
- Schedule of Fees
- 15 Year Budget Forecast