

RESPONSE to CONSULTATION

Municipally-Controlled Corporation
Proposal



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Introduction & Overview: Responding to Residents

The Beaver Regional Waste Management Services Commission, also known as Beaver Municipal Solutions was created in 1992 and provides waste management services to the residents and businesses of its member municipalities which include **Beaver County, the Village of Holden, the Village of Ryley, the Town of Tofield and the Town of Viking.**

Currently, Beaver Municipal Solutions is a regional services commission. Existing regulations for regional services commissions state that Beaver Municipal Solutions must receive approval from the Alberta government to share its profits with its municipal members. The commission is also not permitted to explore new revenue generating opportunities outside of its existing boundaries. These legal limitations are restrictive and do not guarantee that member municipalities and the wider community can benefit from the operations of Beaver Municipal Solutions.

Beaver Municipal Solutions and its member municipalities have been studying the need to transition from a **regional services commission** to a new corporate structure of a **municipally-controlled corporation**. This corporate reorganization is meant to provide increased community benefit to residents, protect and promote municipal member sustainability, and enable future waste management operations to be conducted in a more flexible manner. Along with the transition to a different corporate structure, Beaver Municipal Solutions is proposing to rebrand as **Claystone Waste Ltd.**

“Under the proposal to transition from Beaver Municipal Solutions to Claystone Waste, our commitment and vision to make life better for the people in the communities that we serve does not change.”

*- Pierre Breau, General Manager
Beaver Municipal Solutions*

A municipally-controlled corporation is a model that has succeeded in other Alberta communities. Enmax in the City of Calgary, EPCOR in the City of Edmonton, and Aquatera in the Grande Prairie region are all examples of municipally-controlled corporations. In an effort to protect and grow community benefits to residents, promote municipal sustainability, and provide more revenue to support local priorities, Beaver Municipal Solutions and its member municipalities **initiated public information sessions** regarding the proposal to transition to a municipally-controlled corporation in the fall of 2019.

This Response to Consultation document has been prepared to detail questions that were raised at the public information sessions and to provide information back to community residents regarding the concerns heard about the municipally-controlled corporation proposal.

Introduction & Overview: Responding to Residents

Beaver Municipal Solutions held **five public information sessions** regarding the proposal to transition to a municipally-controlled corporation:

- Village of Holden information session – October 10th
- Village of Ryley information session – October 11th
- Town of Tofield information session – October 12th
- Town of Viking information session – October 13th
- Beaver County information session – October 30th

The public information sessions included a **presentation** detailing the reasons why a municipally-controlled corporation is being considered by Beaver Municipal Solutions and its member municipalities. This presentation was followed by a **discussion period** where community members could ask questions and share their opinions on the proposal. Several questions and areas of concern were identified by community members during discussion at the information sessions.

Beaver Municipal Solutions and its municipal members are committed to transparency and responsiveness, and value the opportunity to address questions and resolve areas of concern.

Several concerns raised by residents were operational in nature. These concerns included issues of highway traffic and safety, prevalence of birds and gulls, and mud on highways. These are ongoing community concerns that require action whether Beaver Municipal Solutions transitions to Claystone Waste or remains as a regional waste commission. Other questions and concerns directly related to the Claystone Waste business plan and to the organizational structure of the proposed municipally-controlled corporation.

Community members deserve to have their **outstanding concerns addressed in a comprehensive and meaningful way**. This Response to Consultation provides information about how the Claystone Waste business plan has been amended to address concerns shared by residents, answers key questions regarding the proposal, and further describes actions being taken to improve operational matters such as bird and gull control and highway issues.

The amended Claystone Waste business plan has been approved in principle by the member municipalities of Beaver Municipal Solutions. In 2020, member municipalities are expected to hold public hearings, and formally vote to proceed or not proceed with the transition to a municipally-controlled corporation.

Concern: Out of Province Waste

Residents expressed strong opposition to the potential of out of province waste being transported to the landfill site in Ryley.

A component of the Claystone Waste business plan included provisions that would allow for out of province waste to be transported to the landfill site in Ryley. This could have included waste from contracts with municipalities in British Columbia, Saskatchewan and potentially other jurisdictions.

There is considerable demand for landfill space and large municipalities are always looking for options to dispose of their waste. This area of business development was put forward as it could have had the potential for large contracts and considerable financial benefit.

Residents strongly opposed this provision and the potential for out of province waste citing concerns about increased highway traffic and the potential to introduce agricultural pests into the region – notably rats.

Response: The Claystone Waste Ltd. business plan has been changed and the potential for out of province waste is no longer a component of the proposal.

Beaver Municipal Solutions and its member municipalities are committed to listening and being responsive to the concerns of community residents. **That is why the Claystone Waste Ltd. business plan has been amended to no longer allow for the potential of out of province waste to be transported to the landfill site in Ryley.**

The potential for Claystone Waste developing and operating landfills outside the region: in Alberta, Canada, and the United States for revenue generating purposes - as other municipally-controlled corporations do is still maintained within the business plan. Residents expressed support for this idea at the public information sessions.

Should Claystone Waste Ltd. or its member municipalities wish to revisit this decision regarding transporting out of province waste to the facility in Ryley, it would be considered a “material change” of the corporation’s operations and be subject to public hearings and supportive votes of council from the elected representatives of Beaver County, the Village of Holden, the Village of Ryley, the Town of Tofield and the Town of Viking.

Concern: Bird and Gull Control

Residents stated concerns regarding bird and gull control measures at the landfill site in Ryley.

Bird and gull control is an operational issue that will exist if Beaver Municipal Solutions continues as a regional services commission or transitions to Claystone Waste, a municipally-controlled corporation.

At the public information sessions, residents shared concerns about bird and gull control practices and questioned the effectiveness of some measures previously deployed by Beaver Municipal Solutions to deter birds and gulls from the landfill site. Participants shared concerns regarding the use of sound cannons to scare birds from the site and indicated that this practice can be disruptive for residents, their livestock and pets. Additionally, the use of cannons was questioned because some residents indicated that their use drives birds from the landfill site only to congregate on adjacent land causing problems for farmers. The issue of birds and gulls transporting waste from the landfill site to adjacent properties was also cited as a nuisance.

These concerns primarily affect landowners in Ryley and Beaver County living near the landfill site. **Residents in these areas requested more resources and more effective action be applied towards bird control measures.**

Response: An Action Plan for Bird and Gull Control has been developed to reduce the impacts of landfill operations on residents.

Beaver Municipal Solutions is committed to being a responsive community partner and to making ongoing operational improvements. This commitment is maintained within the Claystone Waste transition proposal.

Bird and gull control is an operational priority for all landfill sites. In addition to reducing impacts on adjacent landowners, bird and gull control is a workplace safety initiative for Beaver Municipal Solutions. For instance, a large number of birds and gulls on the landfill site can compromise the ability for landfill operations staff to see each other, and can even cause sea sickness for operations staff.

In response to concerns from residents, Beaver Municipal Solutions has developed an action plan for more effective bird and gull control. This action plan has been based on discussions with the migratory bird control contractor and the federal regulator, Canadian Wildlife Service. Changes for the 2020 season are detailed below:

1. Wastes that attract birds will only be tipped at one landfill tipping face (see map below - Exhibit 1).
2. The number of on-site raptor (hawk) handlers will be increased from one handler to three.
3. A new “hack” release site will be developed which will introduce young hawks to the site during the peak period between June to July, in addition to the trained raptors.
4. The use of firearms and sound cannons to control birds and gulls will be significantly reduced.
5. Implement immediate landfill cover practice for organic wastes particularly attractive to birds (bone meal, discarded seed, oversized compost).

Based on experience at landfills in southern Alberta that have dealt with similar numbers of migratory birds, **implementation of these practices will significantly reduce bird populations in 2020 and 2021 to daily counts of 300 or less from peaks observed in 2019 of 20,000 to 25,000.**

Exhibit 1



Concern: Mud on Roadways

Residents stated concerns regarding the control of mud that is tracked onto roadways from the landfill site in Ryley.

Mud control is an operational issue that will exist if Beaver Municipal Solutions continues as a regional services commission or transitions to Claystone Waste, a municipally-controlled corporation.

At the public information sessions, residents shared concerns about mud that is tracked onto roadways from landfill operations, and **requested that additional resources be dedicated, and more action be taken to reduce the impact of mud on roadways adjacent to the site.** The prevalence of mud on adjacent roadways was cited as an eyesore and traffic safety hazard that can reduce traction and create challenging road conditions for motorists.

Mud control is a shared responsibility between Beaver Municipal Solutions and Clean Harbors. **Residents further requested more collaborative work occur between the two site operators to respond to mud control.**

Response: An Action Plan for Mud Control has been developed to reduce the impacts of landfill operations on residents.

Beaver Municipal Solutions is committed to being a responsive community partner and to making ongoing operational improvements. This commitment is maintained within the Claystone Waste transition proposal.

The Ryley site operates in all kinds of weather including rain, freezing temperatures, and snow to ensure waste management services are provided to community residents and customers. Keeping roadways clean is a key operational priority. Beaver Municipal Solutions has responded to resident concerns about mud control by taking the following actions:

1. Throughout 2018 and 2019, Beaver Municipal Solutions completed asphaltic concrete paving of the main site entrance from its intersection with Highway 854 (N) into the truck scale area. In 2020, the entrance road paving will be complete with pavement applied from the truck scale area to the landfill equipment storage area (see above map plan – Exhibit 1). The pavement reduces tracking of mud debris and stones onto Highway 854, and the hard surface permits easier clean-up of fallen debris.

2. In 2019, Beaver Municipal Solutions purchased specialized clean-up equipment and attachments dedicated for debris removal. This unit, as well as an existing older unit, will be dedicated to debris clean-up whenever required.
3. In late 2019, Beaver Municipal Solutions purchased and installed mud control “shaker” mats at the exit lanes for landfill truck traffic (photos below – Exhibit 2). These high-form rubber mats have shown to be effective in having debris fall from truck tires during wet, inclement weather in the mat cells, permitting easier debris removal. Additional mats will be installed in early 2020, prior to the wet spring season.

Exhibit 2



RubberForm Track Mats



4. In response to resident requests for more collaboration with Clean Harbors on the shared responsibility of mud control, Beaver Municipal Solutions has initiated discussions and the two landfill operators have agreed to share resources of labour and equipment to provide debris clean-up as required, and ensure favourable conditions for motorists.

Alberta Transportation was consulted on the Beaver Municipal Solutions action plan for mud control and has approved of the undertakings.



Snow blade with rubber edge

Concern: Traffic and Highway Safety

Residents stated concerns regarding heavy truck traffic and highway safety associated with landfill operations.

Traffic and highway safety are operational issues that will exist if Beaver Municipal Solutions continues as a regional services commission or transitions to Claystone Waste, a municipally-controlled corporation.

At the public information sessions, residents shared concerns about heavy truck traffic, rock debris on roadways, and improper driving behaviours of truck operators including speeding, making unsafe turns, and failing to come to a complete stop at stop signs. **Residents cited these issues as public safety concerns and requested more action be taken to monitor truck traffic, investigate improper behaviours, and for more investments to be made into enforcement.**

Ensuring traffic and highway safety is a shared responsibility between Beaver Municipal Solutions and Clean Harbors.

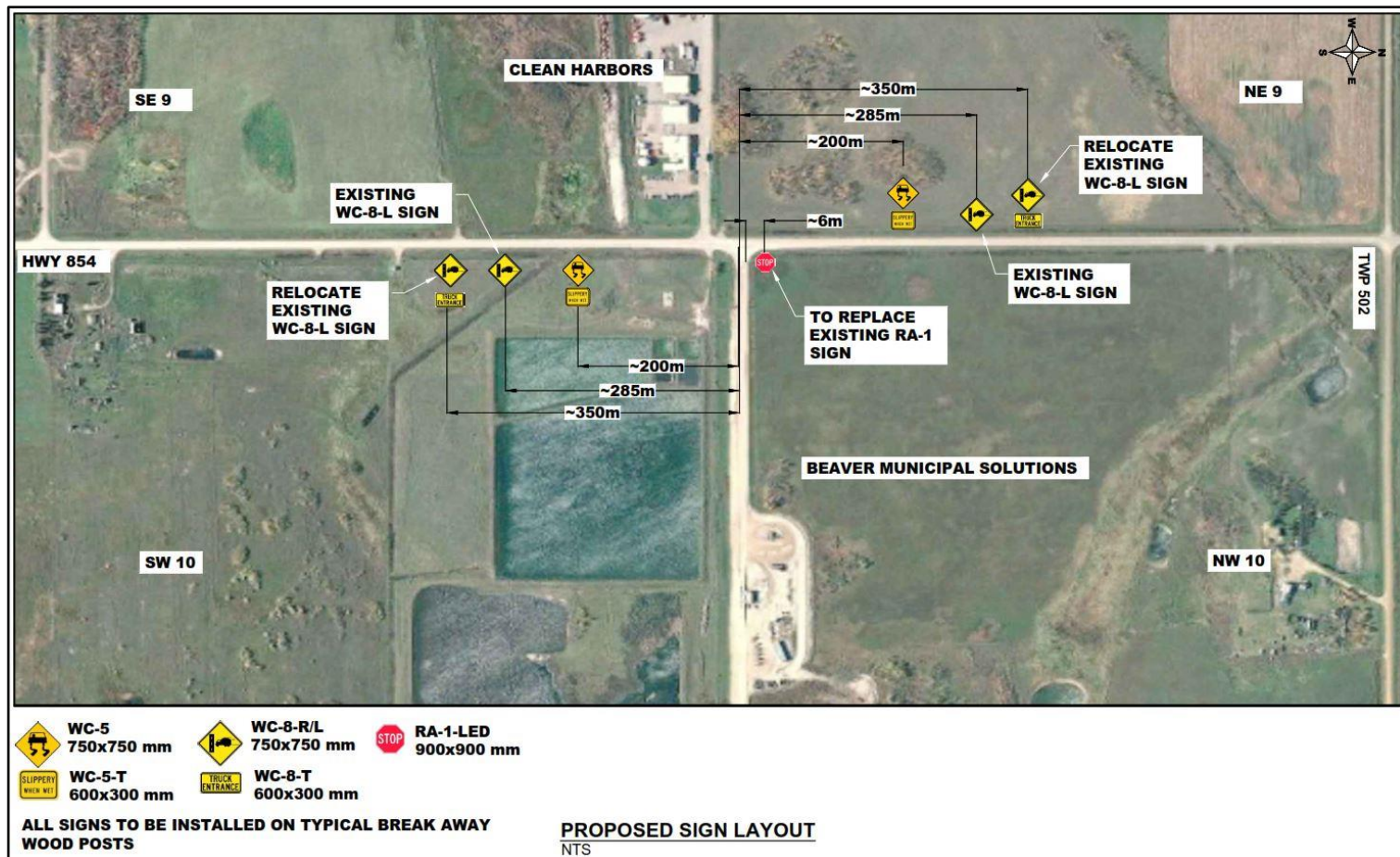
Response: An Action Plan has been developed to improve Traffic and Highway Safety.

Improving traffic and highway safety is a key priority and ongoing commitment for Beaver Municipal Solutions. Under the proposal to transition to Claystone Waste, this commitment to continually enhance traffic safety and improve the effectiveness of monitoring and enforcement is maintained.

Beaver Municipal Solutions has responded to community requests to improve traffic and highway safety by taking the following actions:

1. In partnership with Alberta Transportation, Beaver Municipal Solutions installed additional traffic warning signage for both northbound and southbound lanes of Highway 854 (N) indicating to motorists the upcoming truck entrance and the potential for slippery road surface conditions. As well, a large-format, LED (light-emitting diode) STOP sign has been placed at the truck exit intersection with Highway 854 (N) to encourage all operators come to a complete stop prior to executing a turn onto Highway 854. (see map below – Exhibit 3).

Exhibit 3: New Sign Layout on Secondary Highway



2. Beaver Municipal Solutions has installed speed radar warning signs on both its inbound and outbound truck travel lanes in an effort to educate truck operators about maximum speeds on-site, as well as other relevant travel information.
3. Beaver Municipal Solutions has installed a video camera at the truck scale for inbound and outbound traffic. The video data can be used to record license plates and trailer numbers of trucks for site traffic enforcement matters. Beaver Municipal Solutions enforces a written, and communicated, policy for truck operators regarding speeding, uncovered loads and overweight loads. Enforcement of provincial highway rules for landfill truck traffic is in partnership with local County Peace Officers and the Alberta Commercial Vehicle Enforcement branch of Alberta Transportation. In addition, Beaver Municipal Solutions plans to install video camera equipment at the intersection of the site entrance with Highway 854 (N), pending regulatory approval, to assist in both enforcement of maximum speed and stopping requirements at the intersection, and to continuously observe road surface conditions.

4. In partnership with Beaver County, a request for reduced maximum vehicle speed on Highway 854 (N) has been made to Alberta Transportation. At the time of writing, Beaver Municipal Solutions has not been advised of a response to the request.
5. Beaver Municipal Solutions and Clean Harbors management have agreed to collaborate on monitoring, investigation and enforcement of improper driving behaviours, and to coordinate responses to reports of any road debris.

Beaver Municipal Solutions is committed to using enforcement as a deterrent to improper driving behaviours. Violators of traffic safety protocols are, and will continue to be, banned from transporting material to the landfill site. The placement of security cameras will allow Beaver Municipal Solutions to gain more evidence in the form of license plates to effectively investigate and enforce traffic safety protocols.

Beaver Municipal Solutions recognizes that despite these considerable efforts, there can be rock debris damage to windshields for passenger vehicle traffic using Highway 854 (N) during heavy landfill truck volumes. Beaver Municipal Solutions has provided an allowance for motorist's windshield repairs on a case-by-case basis. This program continues, though, of course, it is hoped that increased mitigation efforts will reduce incidences and claims.



Concern: Board Composition and Governance

Residents stated concerns regarding the process for establishing and composition of a Claystone Waste Board of Directors.

The proposal to establish Claystone Waste as a municipally-controlled corporation includes a process for establishing and selecting a Board of Directors for the new entity. This proposed process for Board establishment and membership is outlined in a draft Unanimous Shareholder Agreement (USA). This draft agreement is essentially a contract between the five municipal shareholders and outlines the roles and responsibilities of the Board of Directors.

Currently, the draft USA states that the **first Board of Directors of Claystone Waste** would have the same membership as the current Board of Directors as Beaver Municipal Solutions, plus two public-at-large appointees. The current Board of Directors of Beaver Municipal Solutions has one representative of elected council per member municipality. This means that the first Claystone Waste Board would continue to have political representation for a period of time. The first Board would then select a second non-political, professional Board of seven public-at-large directors using a selection matrix based on desired skills and business competencies. This second Board of Directors, according to the current draft USA, would be established within three months following the 2021 municipal elections. This means that the earliest a professional board could be in place would be the fall of 2021, and the latest it could be formed would be January 2022.

Residents indicated they support the establishment of a professional, non-political Board of Directors for Claystone Waste, but some expressed concern regarding having political membership on the board for a prolonged period. **Residents said they were concerned about the potential for political interference with a Board of Directors that is envisioned to operate more like a private business.** Some municipal councillors have indicated they share this concern and have asked for the selection process of a professional board to be expedited.

Response: An independent governance advisor has been appointed to help establish the Claystone Waste of Board of Directors.

All municipal members agree that if Claystone Waste is established as a municipally-controlled corporation, it should have a professional, non-political Board of Directors.

In response to concerns raised by residents that a professional board would not be established quickly enough, governance expert John McGowan, CPA, ICD.D, of McGowan Associates, has been engaged as an governance advisor to the member municipalities. Mr. McGowan has respected governance and executive management experience in the public sector, having been a former Deputy Minister of Municipal Affairs, and CEO for the Alberta Urban Municipalities Association.

Mr. McGowan will work with the five municipal members, through their Municipally-Controlled Corporation (MCC) Transition Steering Committee, and develop options to consider regarding the process for establishing and selecting members for a Claystone Waste Board of Directors. These options will include accelerating the timeline for establishing a professional board. **It is expected that a consensus resolution among the member municipalities will be found prior to public hearings on the Claystone Waste proposal.**

Concern: Good Neighbour Grant Policy

Residents in Ryley and Beaver County stated concerns regarding the Good Neighbour Grant Policy.

The Good Neighbour Grant policy was first established in 2013. The grant provides additional funds from Beaver Municipal Solutions, on top of regular dividends, to the Village of Ryley and Beaver County. These funds are provided in recognition that residents who live closest to the landfill site are more impacted from its operations than those who live further away.

In 2019, the Good Neighbour Grant provided approximately \$73,000 to the Village of Ryley and \$36,500 to Beaver County to help support local priorities. Beaver Municipal Solutions also provides Grants in Lieu of Taxes to Beaver County and the Town of Viking. Waste commissions are not required to pay taxes, but Beaver Municipal Solutions provides equivalent grant funding for the taxes that would be generated from the property it owns in Beaver County and Viking. In 2019, Beaver County received approximately \$132,000 and the Town of Viking \$3,900 from the Grants in Lieu of Taxes program.

How funds provided by the Good Neighbour Grant and Grants in Lieu of Taxes program are spent are decided by the respective municipal councils every year as a part of the regular budgeting process.

At the public information sessions, some **residents of Ryley and Beaver County stated they did not feel the impact of the Good Neighbour Grant in their day-to-day lives and further shared that they thought the amount of the grant was too low and should be increased.**

Response: The Good Neighbour Grant Policy is being reviewed to address concerns raised by Ryley and Beaver County residents.

Beaver Municipal Solutions is proud of the support it provides to regional residents and takes concerns regarding its community funding seriously. In response to concerns shared by residents of Ryley and Beaver County at the public information sessions, **Beaver Municipal Solutions has started a review of the Good Neighbour Grant policy.** This review will include the potential to increase the amount of the grant and reform the calculation method as requested by residents.

The review of the Good Neighbour Grant policy is expected to be complete prior to formal Public Hearings to occur later in 2020. Under the proposal to transition from Beaver Municipal Solutions to Claystone Waste, the commitment to use funds generated from operations to support residents and the community does not change. This means the Good Neighbour Grant and other grants used to support community programming will be maintained if the proposed municipally-controlled corporation is formed.

Concern: Satellite Office in Edmonton

Residents stated questions and concerns about the potential for a satellite office in Edmonton.

At the public information sessions, some residents had questions and expressed concerns about the potential to open a Beaver Municipal Solutions satellite office in Edmonton. **Some residents questioned the need to open a satellite office and expressed concern that this could reduce local employment, or signal that administrative headquarters could be moved from Ryley.**

Response: A satellite office has not been established in Edmonton.

Beaver Municipal Solutions has discussed the potential to open a satellite (branch) office in Edmonton. This is because business operations require frequent meetings there. The largest contract Beaver Municipal Solutions has is with the City of Edmonton and meetings to further business development and generate income for the Beaver region often occur in the city.

A permanent satellite office has not been established in Edmonton. Currently, Beaver Municipal Solutions rents meeting space in the city but has no fully functioning office. In the future, the decision to establish a branch office in Edmonton will be determined by business needs, and only be pursued if an office can support the objectives of growing revenues, that can in turn be reinvested in the Beaver region. In fact, branch offices could be developed in other locations dependent on business plans and customer needs. Nevertheless, the corporate office will remain at the Ryley location. There would be no reduction in local employment or displacement of current jobs from the Ryley headquarters.

Beaver Municipal Solutions is committed to being headquartered in Ryley. In 2020, a new administrative building will begin construction in Ryley. This new building will house employees, improve customer service, and demonstrates the on-going commitment to maintain headquarters in Ryley and support local employment in the region.

The commitment to an administrative headquarters in Ryley is maintained in the Claystone Waste proposal.

Concern: Local Employment

Residents asked questions about local employment and how the Claystone Waste proposal would affect jobs in the community.

At the public information sessions, some residents had questions regarding **existing local employment policies and how the Claystone Waste proposal would affect or support local employment in the Beaver region.**

Response: The Claystone Waste proposal is designed to support local employment and economic development.

Beaver Municipal Solutions is committed to providing local employment and plays a pivotal role as an economic driver within the Beaver region. Beaver Municipal Solutions is one of Alberta's top 75 employers, and employs over 60 people with well-paying, family-supporting jobs. Under the Claystone Waste proposal, while the corporate structure and name of Beaver Municipal Solutions would change, the commitment to support local jobs remains the same.

Beaver Municipal Solutions prioritizes applicants from within the region. Currently, 2/3's of Beaver Municipal Solutions employees reside in the region and many others are from adjacent towns and counties. Supporting local employment is important for ensuring community vitality and for keeping young people in the region. For many young people in the area, Beaver Municipal Solutions provides a stable income, with benefits, with a job close to home.

The proposal to transition Beaver Municipal Solutions to Claystone Waste does not include any layoffs, affect any existing employment conditions, or affect any existing employee agreements. The Claystone Waste proposal is designed to support local employment and economic development by allowing exploration of more business opportunities that can grow revenue and support more jobs in the community.

Claystone Waste Proposal: Areas of Community Support

Key aspects of the municipally-controlled corporation proposal to establish Claystone Waste received support from residents at the public information sessions. While some concerns regarding out of province waste, Board of Directors composition, and operational issues were noted, residents generally supported several fundamental components of the proposal.

Areas of the proposal that received positive comments from community residents include the following:

- **Addressing legal and revenue risks to protect dividends to member municipalities**

Residents understood the key differences between regional service commissions and municipally-controlled corporations, and that the existing structure of Beaver Municipal Solutions carries with it a risk that current operations could be deemed non-compliant with provincial regulations, which could negatively impact revenues and dividends to member municipalities. Residents supported the municipally-controlled corporation concept generally to eliminate this risk and to protect the dividends that member municipalities receive.

- **The potential to grow revenue and increase dividends to member municipalities**

Residents supported the component within the Claystone Waste business plan to grow municipal dividends by over 40% by 2022 to \$3.5 million. Residents agreed additional revenues can help ensure member municipalities have the funding they need to build infrastructure, deliver services, and help weather funding reductions from the province.

- **The proposal to build a new community park outside of Ryley**

Residents supported the ongoing commitment within the Claystone Waste proposal to use income from the landfill site to support community initiatives and programming. A new community park outside Ryley that can be used to host local events and festivals was particularly supported. This park is currently in the planning phase.

- **The prospect of operating waste diversion facilities elsewhere and to use that income to provide economic benefits back to the Beaver region**

Residents expressed support for Claystone Waste to be able to operate facilities and make income from projects outside the region so that additional revenue could be reinvested back in the local community. It is common for municipally-controlled corporations in Alberta to have business interests outside the province. For instance, Aquatera of Grand Prairie operates in northeastern BC, Enmax from Calgary operates in the US state of Maine, and EPCOR owned by the City of Edmonton has business interests in multiple provinces and US states. Residents expressed support for this provision within the business plan.

Conclusion: Next Steps for the Claystone Waste Proposal

Beaver Municipal Solutions is committed to being a responsive community partner. This requires not only listening to community concerns but acting upon them. Beaver Municipal Solution thanks all members of the Beaver region who participated at the public information sessions. The questions, comments, and concerns that were received resulted in amendments to the Claystone Waste business plan and helped Beaver Municipal Solutions gather information on what types of operational improvements were important to residents.

The amended Claystone Waste business plan has been approved in principle by the member municipalities of Beaver Municipal Solutions. The next steps for the Claystone Waste proposal includes the member municipalities of Beaver County, the Village of Holden, the Village of Ryley, the Town of Tofield and the Town of Viking to hold public hearings at a meeting of council regarding the proposed municipally-controlled corporation.

For more information on the Claystone Waste proposal, please visit:

claystonewaste.com or beavermunicipal.com
