



Tire Stewardship BC Board Meeting

September 19, 2022

Agenda

1. Call to order & Chair's opening remarks
2. Call for items from consent to main agenda
3. Approval of consent agenda
4. Approval of July 5 & 6 minutes
5. Approval of agenda
6. Correspondence sent/rec'd
 - From MOECCS – checklist
 - From public – questions around 6PPD & mulch

7. Treasurers' Report

a) Cash Position & Cash Flow

- Cash in bank \$0.312 m@ Aug 31, 2022
- Investments \$11.91m@ Aug 31, 2022
- CF gaps expected on based on budgeted ADF and WRP projections (\$1.5 m on Sept 14)

b) Statement of Operations – handout provided. To be discussed under 9a) AIC report

c) Investment Report – handout provided

d) Reserves:

- 5.8 months projected @ 2022 YE (July Stmt of Ops)

e) Cost per PTE (total expenses/ total PTE collected)

- \$5.04 YTD (July 2022)
- \$4.44 @ 2021 YE (\$4.29 2020, a 3.5% increase driven by 11.3% exp increase (\$22.2 to \$24.7m) with a 7.6% PTE collected increase (5.1738 to 5.5653 m)
- \$4.73 projected at 2022 YE (July Stmt of Ops, a 6% increase over 2021 driven by 12% exp increase (\$24.7 m to \$27.8 m) with a 6% increase in PTE collected i.e. 5.57 m to 5.88 m)

8 a) Partnership Meetings – Western

- **Outbound: Softening Markets**
 - Mulch – customer projections too aggressive & customer transportation issues
 - Crumb Markets – cancelled / postponed field projects, NWR's drop in demand
 - Short term plan (2022) – all non program OTR to landfill, limiting flow of inbound non program material, seeking alternate markets, including **TDF**
 - Long term plan (2023) – Neil is working on a plan & will present shortly
- **Inbound: steady flow**
 - Cause - round ups & more frequent collection at transfer stations and the declining revenue is from new car dealers, which does not typically trigger a scrap tire.
- **Other:**
 - Signed leases for 5 years for both sites (long term plans on hold due to current uncertainty).
 - Capex of ~\$6M USD to replace existing equipment / add capacity – in place by Q1 2024.
 - WRP's safety record at record levels with Worksafe BC premiums reduced as a result.
 - Two new hires (transportation and maintenance) to lessen the load for Neil and to find efficiencies in both areas of the business.

8 a) Partnership Meetings (NWR)

Meeting held Sept 15, 2022

- Farm retail & sports complex markets softening
- Projecting same volumes as 2021 (~33M lbs), down from 45M
- Abbotsford plant reduced production due to market softening
- Some normalization to transportation but still spotty (port congestion)
- Partnership with Inplas – new animal feeders & plans to grow product line
- May adjust focus of plant upgrade to add capability
 - to produce beef and dairy mats due to acquisition of Animat and potential market demand; and
 - to produce a new mat developed by Animat using scrap tire fibre – research is ongoing but promising

8 a) Partnership Meetings (Inplas)

- Glen and Rosemary toured the facility on August 30
- Significant progress made in recent years with products and partnerships
 - Infuse is a partnership with NWR to make feeders for horses etc.
 - Rollerplast is another partnership that make crates
 - Infina is a 3rd partnership that makes voids for cement
- Other projects – all plastic related:
 - Provincial grant to make child proof cannabis products
 - Lush – containers for products
 - Keurig
 - Diageo – bottle tops
- Future projects
 - Adding rubber to some existing plastic only products
 - Potential use of scrap tire fibre

8 a) Partnership Meetings – IDF

NWR

- 2021 MI project is to design, build and install manufacturing equipment that will allow NWR to repatriate from China, production of its **Stamina Mat** (a 3/8" or 10 mm vulcanized mat). This project is now complete and NWR will be producing mats that they can introduce to the market and prospective customers.
 - Pending NWR submission of a final report, TSBC can release the \$200k in Industry Development Funds (IDF). NWR's budgeted project spend was \$965k.
- 2022 MI project is part of NWR's \$15m automation project for its Abbotsford plant. \$400k in IDF.
 - For 2022, the focus has been on permitting, building design and site prep. The provisional DP (Design permit) has been received and they are proceeding with the BP (Building Permit) application.
 - Permitting delays have already pushed the schedule back 2 months and revisiting the capital equipment configuration will likely push the schedule back another 4 months.
 - Their current outlook is to be fully commissioned in early 2024.

Promat

- 2021 MI project is a new mattress crumb rubber filling machine with a budgeted project spend of \$240k. Once the project is complete and a final report received, TSBC can release the 2021 IDF portion of \$8.65k. The latest completion date estimate is for late 2022.
- 2022 MI project is the same new mattress crumb rubber filling machine as TSBC extended the project's eligibility to 2024. The 2022 IDF portion is \$23k. Promat's old machine in Belgium ceased working so the focus has been to install a new machine, similar to the one being designed for BC, in Belgium first. Once the machine in Belgium is working again, the focus will turn back to the new machine designed for BC but with new lessons learned from the work done in Belgium.



8 b) Meeting Dates

Scheduled meetings:

1. WRP partnership meeting – Sept 26

Meetings – required but no date set yet:

1. Winter Board Meeting – date and location
2. Audit & Investment (Nov 2023 budget review meeting)
3. NWR partnership meeting
4. OTR committee meeting

Scheduled Mgt Vacations:

Jl – Nov 29 to Dec 9

9 a) Audit & Investment Committee Report

The committee met on Sept 14 2022, and the agenda included:

1. The July 2022 Statement of Operations
2. The updated 5-year financial forecast
3. A review of the 2022 budget
4. An update on the TI model review project
5. A presentation on the E-manifest project

Statement of Operations for the period ending July 31 2022

DRAFT		2020	2021	2022	2022	2022	2022
		Actual	Actual	Budget	Actual YTD	Projected	Difference
		\$	\$	\$	\$	\$	\$
OPERATING REVENUE							
ADF		22,167,127	24,215,112	27,437,434	12,533,438	25,421,014	(2,016,420)
ADF-PLT		18,404,340	20,066,724	21,082,235	9,241,945	18,933,997	(2,148,238)
ADF-MT		3,088,674	3,618,054	5,724,567	2,975,354	5,849,739	125,172
ADF- AG		262,485	272,580	270,240	157,140	274,075	3,835
ADF- LS		122,115	136,010	142,314	86,625	145,124	2,811
C&E		123,719	124,279	100,000	19,611	100,000	-
RIV		207,242	(3,169)	147,599	65,954	147,599	-
RIV Commission		(41,448)	634	(29,520)	(13,191)	(29,520)	-
Interest		650,700	617,386	279,283	(762,321)	279,283	-
Bank Account Interest		10,363	5,886	10,000	5,516	10,000	-
Investment Earnings		640,337	611,499	269,283	(767,837)	269,283	-
TOTAL REVENUE		22,817,827	24,832,498	27,716,717	11,771,117	25,700,297	(2,016,420)
OPERATING EXPENSE							
Program Incentives		20,522,530	22,825,147	25,111,099	15,096,896	25,519,161	408,062
Transportation Incentive		7,492,483	8,807,163	9,716,704	5,614,632	10,325,826	609,122
Processing Incentive		12,003,235	12,983,384	14,348,262	8,885,979	14,147,202	(201,060)
Manufacturer Incentive		1,026,812	1,034,600	1,046,133	596,285	1,046,133	-
Program Management		1,101,451	1,285,855	1,536,968	792,529	1,486,968	(50,000)
Professional Services		208,488	193,159	320,017	102,503	305,017	(15,000)
Board Expenses & Travel		159,831	179,194	201,693	101,528	199,577	(2,115)
Other Programs		218,273	230,957	393,200	287,837	266,445	(126,755)
TOTAL EXPENSE		22,210,574	24,714,311	27,562,977	16,381,293	27,777,168	
INCOME FROM OPERATIONS		607,255	118,187	153,741	(4,610,176)	(2,076,871)	

Notes

Revenue

PLT sales: performance has been up and down each month

YTD actual to budget: under by 10%

YTD actual to 2021: down 8%

Year end: projected to be 10% under budget

MT sales: strong every month

YTD actual to budget: over 2%

YTD actual to 2021: up 4.4%

Year end: projected to be 2% over budget

Revenue Overall

YTD actual to budget: under by 7.3%

YTD actual to 2021: down 6.7%

Year end: projected to be 7.4% under budget

Incentives

Projections directly from Western for TI & PI, received September 7th

For 2022 PI projections: Western is seeing a downturn in the market and will be directing more to TDF than originally projected.

A full discussion on this will be on the board agenda on Sept 19 including a more detailed plan for the rest of 2022 and into 2023

For TI the projection reflects increased volume estimates by WRP but at some point staff believe inbound volumes will drop slightly to reflect sales numbers.

MI expected to hit budget at year end

G&A

The negative \$ amount for Legal is related to the insurance claim recovery of costs for the lawsuit

For the grant program, some projects from 2021 have cancelled, reflecting a reduced projected amount vs budget/actual grants awarded in 2022

9 a) Audit & Investment Committee Report

ALL TIRE TYPES	ALL	PLTs Only	
Business Type	Difference %	Difference %	% of total sales
Auto Service	-3%	-4%	4%
Auto Service Chain	-8%	-8%	1%
Equipment Dealer	-4%	-23%	3%
Mass Merchandiser	-9%	-9%	10%
Motorcycle Dealer	-14%	-14%	2%
National Account	5%	6%	2%
New Car Dealer	-13%	-13%	34%
Other	3%	0%	3%
RV Dealer	-23%	-24%	1%
Tire Dealer	0%	-2%	13%
Tire Retail Chain	0%	1%	25%
Tire Wholesaler	-4%	-5%	2%
Trailer Manufacturer	-17%	-18%	1%
Total	-6%	-8%	100%

9 a) Audit & Investment Committee Report

2. The updated 5-year financial forecast

9 a) Audit & Investment Committee Report

3. A review of the 2022 budget

- No changes will be made to the 2022 budget
- The processing incentive (PI) rate increase of 3.75% applied Jan 1 2022, will remain in effect for the remainder of 2022
- PI rates for 2023 will be determined during the 2023 budget discussion

4. An update on the TI model review project

- The model will remain as is
- A new data source for non-fuel is being considered
- The frequency of adjustments will return in 2023 to quarterly for fuel in 2023 and annual for non-fuel

9 a) Audit & Investment Committee Report

5. A presentation on the E-manifest project – Buy, Build or **Connect**?

Connect:

- We will build an application programming interface (API), or “bridge”, that allows other apps to submit data to PICTUS
- Service providers (Western + others) will provide their own field data collection app and will be required to connect through the bridge
- Project launch initiated and go-live expected in mid to late 2023

E-Manifest provides an efficient paperless solution to capture tire volumes collected. It provides real time validation against TSBC business rules and takes advantage of features like GPS that are unavailable to a paper solution. Working with Liberty Tire and PICTUS, our service providers, we can deliver this solution to benefit all parties with greater efficiency, higher integrity and lower cost.



10. New Business

11. In Camera

12. Adjourn