

Tire Stewardship B.C.
BOARD MEETING
December 13, 2022
Consent Agenda
(agenda item #3 on the main agenda)

Distribution List:

TSBC Board

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TSBC Staff

Rosemary Sutton, Joel Butler

a. Action Item list (Appendix A)

b. Executive Director's report

- Human Resources
 - The search for a Finance Administrator to assume Joel's role continues. In the meantime, the role of Operations Manager is being shared between myself and Joel. We are using the services of an HR firm to assist with the hiring, and engaging consultants to help fill any gaps to ensure we continue business as usual.
- 2022 Financial Audit
 - The audit has started and much of what we are doing is getting documentation updated either because of recent changes in procedures or the current documentation is out of date.
- Economic forecast - revenue
 - This was reviewed in detail for 2023 budgeting purposes and will be discussed at the Audit & Investment Committee meeting on December 6. As expected 2023 will be an uncertain year as to when revenue in the NCD sector will bounce back.
- Economic forecast - markets
 - To alleviate the pressure for the balance of 2022, TSBC authorized Western to ship and sell (at fair market value) crumb rubber to its recycled rubber manufacturing plant in Godfrey, IL. This is a time and volume limited authorization. For 2023, Neil is hopeful for a relatively strong market but with TDF as an outlet in the event market demand is even less than projected.
- Communications & Outreach
 - A copy of the October Social Media report is attached as **Appendix B**.
 - Bianca will be at the meeting to review 2022, the annual survey results and the plans for 2023.
 - TSBC will be creating some position statements on issues that continue to "plague" us around the safety of recycled rubber products, such as mulch, pour in place, which are all leading back to the ongoing conversation re GPPD.
 - Through our PR person, Kari Kylo, TSBC continues to issue press releases, which for the most part garner attention from industry magazines, radio and newspaper. Bianca will talk to this at the meeting also.
 - Directors are encouraged to view our [News and Update](#) section.

- We have also initiated the annual survey with local government on tire collection services. Although we are hopeful that we will see some positive results, this survey helps us identify issues sooner rather than later and act accordingly. If the report is ready, a summary of the results will be presented at the Dec 13th meeting.
- Stewardship Plan renewal - No response yet from the Ministry.
- Stewardship Agencies of BC (SABC)
 - The amount of work continues to build as the Ministry continues down the path of reviewing sections of the Recycling Regulation and drafting guidance to expand on the regulatory wording. More details under the Partnership Report section of this agenda.
 - Unfortunately, some members of SABC have rescinded their support for the Government Relations strategy developed earlier this year. This means this approach to start communicating about the success of the EPR model in BC and inviting MLAs to program specific events has come to an abrupt halt.
- CATRA – the annual meeting was held Oct 31, Nov 1 & Nov 2. A report will be provided at the December 13 meeting.
- E-Manifest Project
 - Work continues and we are aiming for a 2nd quarter launch assuming no “gotchas” during this stage of the project development.
- Review of TI model methodology and source data
 - This has been resolved and the model we are currently using will stay in place with a small adjustment on timing for the non-fuel component.

c. Operations Report

Revenue statistics (includes all revenue)

Tire Category	YTD Sept 2022 vs. YTD Sept 2021 - % Change
PLT	-9%
MT	65%
AG	4%
LS	3%
ALL	3%
<i>RIV revenue</i>	3%

- Overall revenue split for YTD Sep 30, 2022, compared to YTD Sep 30, 2021, is approximately: PLT 73% (83%), MT 25% (16%), AG 1% (1%), LS 1% (1%)
- MT fee increased to \$14 Jan 1, 2022, from \$9 which is driving about 57% of the \$ increase, the remaining 8% of the 65% increase is related to increased # of units.

Measures, Targets and Results - Important to note is that none of the targets are approved by the Ministry – the targets presented are the ones put forward in the new plan.

1. Recovery Rate Targets (units collected / units sold from 5 years prior)

	2022 Target	As of Sept 30, 2022	YE 2021
Total	90%	104%	95%

- Recovery rate above 100% but its still relatively early in the year. Units sold typically rise in Q3 and Q4 while units collected will drop relatively speaking which will drive down the recovery rate. Was 89% YTD Sept 2021. For the 2021 time period the difference between sold and collected was -11%. For 2022 the difference is 4% which explains the 15% change from 89% to 104%.
- PLT makes up approx 91% and MT approx 9% of the units collected and sold.
- AG and LS units collected and sold have a negligible impact on the overall recovery rate.

2. End Fate Targets (Pollution Prevention Hierarchy)

Component (Target%)	YTD Sept 2022 (2021 actual)			Total
	Recycle	Energy Recovery	Landfill	
Rubber (88,11,1)	92.4 (88.3)	5.0 (10.3)	2.7 (1.5)	100%
Steel (100,0,0)	100.0 (100)			100%
Fibre (0,98,2)		100 (98.8)	0 (1.2)	100%

- For YTD Sept 2022 compared with YTD Sept 2021 within Recycle, all steel is recycled and the relative mix of crumb to mulch is 79:21 vs 64:36
- Western must seek approval from TSBC if directing more to Energy Recovery than budgeted.
- Some Fibre was redirected to landfill in 2021 due to a fatality at the Lafarge cement plant in late 2020 but this is not expected to happen in 2022.

#	Measure	2022 Target	YTD Result*	2021 actual
3	Number of collection sites (i.e., registered retailers that will take back a scrap tire from the consumer when a new tire is sold)	1,850	2,014	1,981
4	a) Total number of retailers and generators in BC that take back orphan tires (R2R) b) Number of R2Rs in each Regional District	a) A minimum of 25% of "registered retailers" ~ 525 b) At least 25% of registered retailers in each RD are R2R locations	767 27 of 28 RDs FRVY @ 23.8%	777/800 target Achieved
5	Education and Awareness a) Awareness of where to take scrap tires for safe disposal b) Awareness of where to go to find information on safe disposal locations	a) Maintain or increase awareness level of 56% b) Maintain or increase awareness level of 68%	47%** 61%	56% 68%

*As of Oct 31, 2022 ** this will be discussed at the meeting on the main agenda

Compliance & Education

2022 TSBC reviews – conducted by IntegriServ

- 132 reviews completed or in progress @ Oct 31, 2022.
- Costs and recognized recoveries*: \$107,270 & \$32,335.
- 120 retailers, at minimum, to be reviewed by year end

*recognized recoveries: this is when the amount owing is posted to the GL and is an amount agreed to by the retailer and TSBC. Any unrecognized recovery is when the retailer is disputing the findings and remains unrecognized until the issue is resolved.

Compliance Review Survey

Two surveys were completed (NCD and TD) – both positive. Feedback received during conversations with Retailers (if questions re results. etc.) typically remains very positive. Retailers continually provide feedback they are so busy they have little time for anything else.

Planning

The review process initiated in 2020 i.e., using IntegriServ to conduct remote reviews, continues to work well. Although the challenges of retailers' staffing shortages (e.g., reduced operating hours, lack of administrative staff, etc). continue to cause some delays in scheduling, generation of the required reports, etc. The situation had improved somewhat in the past but has deteriorated in recent months – possibly due to medical absences and vacations but many retailers have also mentioned that it has become even more difficult to find staff for a variety of positions e.g. admin, mechanics, etc.

There are currently four IntegriServ resources working on the reviews. As required, additional resources will be retained to ensure as many reviews as possible are conducted. Status of reviews will continue to be monitored closely by TSBC (as well as by IntegriServ management) and additional resources will be assigned, as required, to ensure goals are met.

We had hoped that on site reviews would return in 2022 but that will not be possible. Expectation is that they will take place in 2023.

Errors

Some errors such as:

- system change resulted in omission of ADF on warranty replacement tires
- tires coded incorrectly – wrong ADF rate applied

but “human” errors continue to represent the majority of errors, e.g.

- ADF remitted on tires supplied by customer (Retailer will be credited when customer refunded)
- ADF removed in error on transactions
- internal accounting staff errors - monthly reconciliation issues

TSBC – filing compliance & accounts receivable

The new revenue system continues to assist with reducing the number of non / late filers and any AR, due in part to automated reminders the participants receive.

The Ministry has now started to do some follow up with non-compliant retailers. It is a slow process, but at least it has started, and we have had a response from one retailer that has been ignoring us for years. We remain hopeful this will continue to be a focus for the Ministry staff.

CATRA Harmonized Compliance Reviews

- **2022: Completed reviews:**
 - Brandt Tractor, Fountain Tire, Costco, OK Tire Stores, Kal Tire
- **2022: In progress / schedule reviews:**
 - Goodyear, Princess Auto, RONA, Walmart
- **2022 costs billed to date: \$8,062**

2021 HCRs - still in progress

Michelin – remains in progress (mainly due to volume of data)

Quattro Tire – participant remains un-cooperative – left to agencies to initiate their own review (with assistance from their own legal support). TSBC has passed the file to the Ministry’s compliance program but there has been little progress to date.

Reviews planned for 2023 include:

Canadian Tire, Dealer Tire (Groupe Touchette), TireDirect.ca, PMC Tire, Toyo Tire Canada, Hyundai Auto Canada, Mitsubishi Motor Sales of Canada and PartsEngine.ca

Grant Program

- The program is closed for 2022 with 13 grants awarded. We continue to promote this program with issue of press releases when projects are complete, social media posts and TSBC director attendance at some events.

d. Partnership reports

- Western Rubber – monthly meetings continue to occur, report on the main agenda.
- Lehigh
 - No meeting held.
- North West Rubber
 - Hoping to schedule a meeting before the December board meeting – report on main agenda.
- Advisory Committee
 - No meeting held.
- Ministry of Environment & Climate Change Strategy (Ministry)
 - The Stewardship Agencies of BC (SABC) full member meeting with the Ministry was held on October. It was not overly productive as the Ministry had no concrete information to share other than to add more items to the list they are reviewing – as noted in the ED report. The one addition to the list was the Ministry’s review of each agency’s governance structure, which was not well received by the stewards.
 - Still hard to tell if the internal reorganization is making the branch more efficient. Not having a file lead is not overly productive when a program, as we are, is in a plan renewal stage. The approach is to communicate with the branch by using a generic email address and “someone” will respond.
- Stewardship Agencies of BC (SABC)
 - Meetings held (member & committee): numerous!

- The focus of this group is working with the Ministry on any potential policy changes they are considering with the objective of helping the Ministry draft policy that works for all concerned. Current policy development: financial reporting; stewardship plan submission process; amendment to the accessibility framework (access to drop off locations), agency governance and a rewrite or cancellation of the current Producer Paying the Cost Guideline. The Ministry has engaged a 3rd party to work on the accessibility framework piece. The stewards are cautiously optimistic that the 3rd party firm will reach the same conclusion as the SABC study, and that is, there is no size fits all solution given the diverse nature of the products and each program's collection system. The report is due March 2023.

e. Board committee reports

- Audit & Investment committee
 - Meeting to be held December 13
- Contractor Relations (HR) Committee
 - Report to the board will be held at the in-camera meeting.
- Market Development Committee
 - No meeting held.
- Governance Committee
 - No meeting held.
- OTR committee
 - There has been no formal meeting since August but the latest news, which must remain confidential, suggests the earliest the Recycling Regulation could change is December 2023 and that any regulatory change that has a negative financial impact will likely not move forward at all. The Cabinet shuffle could also derail any regulatory changes to the extent they could be delayed as far out as 2026.

f. Board Calendar (Appendix C)