

Tire Stewardship B.C.
BOARD MEETING
April 11, 2022
Consent Agenda
(agenda item #3 on the main agenda)

Distribution List:

TSBC Board

Glenn Maidment, Ken Rees, Mark Endersby, Glen Ringdal, Norm Schmidt, Adrian Courtenay, Tim Hollett

TSBC Staff

Rosemary Sutton, Joji Ishikawa

a. Action Item list (Appendix A)

b. Executive Director's report

- Financial Audit
 - The audit, led by Joji, is now complete. The auditors will present the financial statements to the audit committee on April 4 and to the full board on April 11. The 2021 budget reflected a loss of ~\$165,453 but the year ended with a surplus of \$115,589. Revenue was over budget by 3%, incentives over budget by 4% and G&A under budget by 10%.
- Communications & Outreach
 - A copy of the February Social Media report is attached as **Appendix B** and there will be a report on the main agenda.
 - The 30th anniversary Press Release received quite a bit of interest with radio & paper / trade publication interviews and a podcast
 - The Release <https://tsbc.ca/were-celebrating-the-30th-anniversary-of-tire-recycling-in-bc/>
 - Example article https://www.recovery-worldwide.com/en/news/b-c-s-scrap-tire-recycling-program-celebrates-30th-anniversary_3745640.html
- Stewardship Plan renewal
 - TSBC received written preliminary feedback on the plan on February 11, 2022, which was followed up with a call on February 11. Some of the feedback was benign, some plain confusing and some an issue. TSBC formally responded to the feedback on March 23, 2022 and is now waiting for a response. I have absolutely no idea when that might occur, and the ministry staff cannot provide a timeline.
 - I will report out in more detail at the April 11 meeting, but the board should not be concerned. This process has become an issue with all stewards.
- Stewardship Agencies of BC (SABC)
 - This continues to be fairly time consuming but very worthwhile. I am now solely on the Policy Committee working directly with the ministry on policy development. The committee is doing good work trying to bring into play policies and actions to help the overworked/understaffed/ dysfunctional ministry. As a result of this, the expectation that anything will move fast is low. I will touch base on some of the issues in my report in the Stewardship Plan renewal as it is all connected.

- Annual Report
 - The annual report is currently being prepared and I am hoping to have a draft for approval to the Executive by early May. The Non-Financial Information Audit of the report will commence early June with a submission of the final Annual Report to the Ministry no later than July 1
- Claims Project
 - The project is in full swing with go-live scheduled for June / July 2022. The day-to-day process is being managed by Joji supported by his staff with oversight from me. The project to introduce e-manifests for tire collection will likely be initiated in late 2022 with implementation in 2023. However, there are a lot of factors dictating timing, including available resources and funds.
- CRM Lawsuit – claim for costs & insurance
 - As requested by the board at the December meeting, TSBC did request payment of court costs and CRM’s lawyer did respond advising payment would be made and our lawyers have received it. The amount is \$4,886.
 - TSBC also received payment from the insurance company that covered most of the costs, less the deductible. TSBC cost: \$37,164. Insurance payout: \$20,908 less deductible of \$5,000 less a \$15,000 invoice prior to starting the insurance claim = \$15,908

c. Operations Report

Revenue statistics (includes all revenue)

Tire Category	YTD Jan 2022 vs. YTD Jan 2021 % Change
PLT	3%
MT	71%
AG	3%
LS	48%
ALL	14%

RIV revenue 95%

- Overall revenue split for YTD Jan 2022 compared to YTD Jan 2021 is approximately: PLT 73% (81%), MT 25% (17%), AG 1% (1%), LS 1% (1%)
- MT fee increased to \$14 Jan 1, 2022 from \$9 which is driving about 56% of the \$ increase, the remaining 15% of the 71% 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 Feb 28, 2022	YE 2021
Total	90%	116%	95%

- Recovery rate above 100% but its early in the year. Was 117% YTD Feb 2021. Units collected up about 16% compared to YTD 2021 with units sold 5 yrs prior up about 17% to explain the 1% drop from 117% to 116% respectively.
- 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 Jan 2022 (2021 actual)			Total
	Recycle	Energy Recovery	Landfill	
Rubber (88,11,1)	90.17 (87.6)	9.47 (11.1)	0.36 (1.3)	100%
Steel (100,0,0)	100.0 (100)			100%
Fibre (0,98,2)		100 (99.1)	0 (0.9)	100%

- For Jan 2022 compared with Jan 2021 within Recycle, all steel is recycled and the relative mix of crumb to mulch is 81:19 vs 56:44
- New 2022 target % listed above. For 2021 the Rubber was 86,13,1. Steel and Fibre unchanged.
- Western must seek approval from TSBC if directing more to Energy Recovery than budgeted.
- For Energy Recovery, the Rubber 2022 target decreased to 11% from 13%.
- 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 at the time a new tire is sold)	1,850	1,978	
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 Regional District are R2R locations	On track On track	777 (target was 800) <i>Achieved</i>
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%	N/A N/A	56% 68%

Compliance & Education

2022 TSBC reviews – conducted by IntegriServ

- Two reviews have been initiated and are in progress.
- Costs and recognized recoveries*: \$13,227 & \$135.00.
- Reviews to be completed by March 31: 9 New Car Dealers and 10 Tire Dealers. By the end of 2022, we expect to have conducted 120 reviews, with some in-person reviews starting in the 3 quarter.

*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

No surveys have been returned this year but during conversations with retailers, the feedback has been typically very positive. There was one exception, but it was related to tire collection, not the review process itself.

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 has improved significantly.

There are currently three IntegriServ resources working on the reviews – with another resource to be trained in the review process, etc. This is in anticipation of current resources taking holidays, etc. As required, additional resources will be retained to ensure as many reviews as possible are conducted.

TSBC – filing compliance & accounts receivable

The new revenue system continues to assist with reducing the number of non / late filers. We have also resurrected a very focused accounts receivable process, chasing those with money owing on their accounts. The new revenue system provides automated notifications that escalate based on the age of the balance and results in a registered letter and a collection agency for \$s owing past 90 days. The process has been very successful in cleaning up very old AR and it is anticipated the constant automated notifications will see the number of AR accounts that hit more than 90 days to reduce to close to zero. This process is managed by Joel Butler, our revenue cycle administrator.

CATRA Harmonized Compliance Reviews

- **2022:** 9 scheduled: Brandt Tractor, Costco, Fountain Tire, Goodyear Canada, Kal Tire, OK Tire Stores, Princess Auto, Rona, Wal-Mart Canada
- **2021 still in progress:** Ford Canada, Michelin – both these reviews have been conducted and are expected to be finalized shortly. Quattro Tire – very little progress - participant remains un-cooperative – next step may be for each agency to initiate their own review (with assistance from their legal support)

Grant Program

- The application period was open until March 17, 2022. A total of 18 received, totaling a request of ~\$425,000 (budget is \$350,000). The adjudication process has just started and it is expected some of the applications will not be eligible.

Year In Review 2021

1. Sales

Units Sold	2017	2018	2019	2020	2021
PLTs	4.12M	3.81M	3.76M	3.73M	4.03M
MTs	353K	385K	364K	345K	406K
AG&LS	20K	21K	20K	21K	22K

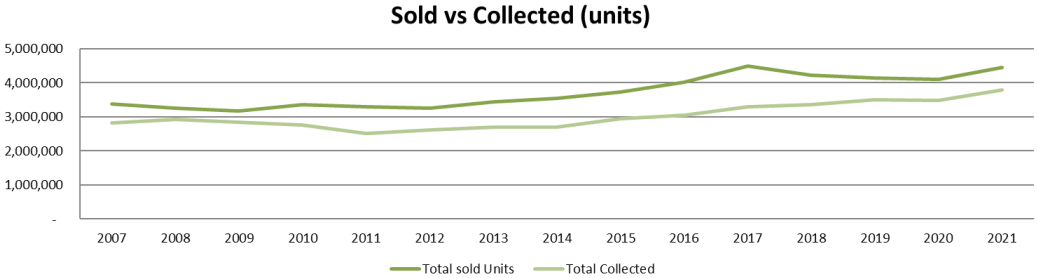
- 2021 saw a rebound, especially in the MT market and we suspect some pent-up demand in the PLT category, which had been reflected in the 2021 budget. The 4th quarter in the PLT category was lower than in prior years but this was primarily driven by the lack of snow in the LM. We do not have any evidence that suggests lack of inventory due to COVID or the flooding caused the slower than usual December sales.

2. Collected & Processed (and Product Manufacturing)

	2017	2018	2019	2020	2021
Collected ('000 tonnes)	49.6	50.4	52.6	51.7	55.6
Processed ('000 tonnes)	50.3	50.7	47.4	50.2	55.8
MI volumes (lbs) (6M in 2009)	26M	28M	26M	26M	35M

- Despite all the challenges related to lack of trailers, people and flooding, the collection service was reasonably well maintained, which is reflected in the collection volumes. Processing remained strong with markets for crumb and mulch meeting expectations. This year, the MI volumes have been added as they paint a picture to support the strong processing volumes, but also of interest to show the trend not just in the last few years but since 2009 (the first full year the MI program was in effect).

3. Sold vs. Collected



The trend continues, showing a steady gap between sold and collected volumes.

4. Actual vs Budget

	Budget	Actual	Variance	Variance in 2020	Variance in 2019
Revenue (ADF)	\$23,602,912	\$24,215,112	3%	-4%	-4%
Incentives (ALL)	\$21,967,256	\$22,827,745	4%	-5%	-3%
Expenses (G&A)	\$2,110,022	\$1,889,164	-10%	-26%	-12%

The variance in revenue was primarily driven by MT sales. The variance for the incentive line item was a factor of \$ rates vs. volumes (board approved TI increase and more frequent adjustments in August and rescinding of the PI rate decrease for 2021, in July 2021). The reduction in the G&A spend is primarily from IT; IT amortization due to project delay; Comms and Ed due to some projects not going ahead; and cancelled community grant projects.

d. Partnership reports

- Western Rubber – there will be a report on the main agenda.
- Lehigh
 - No meeting held.
- North West Rubber
 - Meeting to be held April 8 – report on main agenda.
- Advisory Committee
 - No meeting held. The next meeting is April 27, 2022.
- Ministry of Environment & Climate Change Strategy (Ministry)
 - The only one to one meeting with TSBC has been related to the Stewardship Plan submission.

- The Ministry continues to receive updates from TSBC on items it should be aware of, for example, our recent press release, and other operational updates that may be of interest.
- Stewardship Agencies of BC (SABC)
 - Meetings held (member & committee): Jan 18, Feb 10, 15, 17,25 and March 21.
 - The focus of this group remains 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) and a rewrite or cancellation of the current Producer Paying the Cost Guideline. The dysfunction at the ministry continues to be of concern to all stewards. While we are trying to work with them to resolve issues, many of the SABC members are concerned about regulatory creep with the ministry producing guidance that has a questionable interpretation of some parts of the Recycling Regulation.
- e. **Board committee reports**
 - Audit & Investment committee
 - Meeting to be held April 4 – discussion on main agenda.
 - 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 but committee kept advised on member nominations and officer terms.
 - OTR committee
 - Meeting held February 1 – update on the main agenda.
- f. **Board Calendar (Appendix C)**