

Tire Stewardship B.C.
BOARD MEETING & STRATEGIC PLANNING SESSION
Location: Saysatshun Room, Courtyard by Marriott, Nanaimo

Date: June 28 & 29, 2023
Time: 8am to 4pm (June 28) and 8.30am to 2pm (June 29)

DRAFT MINUTES
Appendices: PPT meeting deck and Western Rubber PPT presentation

Attendance:

TSBC Board

Glen Ringdal, Carol Hochu, Ken Rees, Mark Endersby, Tim Hollett, Norm Schmidt, Adrian Courtenay,

TSBC Staff

Rosemary Sutton, Joel Butler

Invited Guests for Strategic Planning Session Only

Brad Pennefather, PS&CO

Trent Carroll, PS&CO

Invited Guests for presentations on June 28

Neil Bansal, Western Rubber

Day 1 – June 28, 2023

1. Call to Order & Chair's Opening Remarks

- The meeting was called to order at 8.33 am.
- An outline of the upcoming meeting and its intended objective was provided.

2. Call for items to be removed from the consent agenda to the agenda.

- Clarification was sought for what Ocean Legacy does and TSBC'S commitment. Ocean Legacy is a not-for-profit organization based on Richmond BC that cleans up waterways of fishing gear, plastics and removes foam from foam filled tires so they can be recycled. TSBC has received lots of promotion from its recent partnership announcement, including a featured piece on Global TV.
- Rosemary confirmed an agreement has been signed with Ocean Legacy with funding in place for \$30,000 per year for 5 years.
- Clarification was sought on Scope 3 - it was explained that Scope 3 are the firm that completed the Life Cycle Analysis project for CATRA.

3. Approval of the consent agenda

Motion: to approve the consent agenda as presented.

Moved: Adrian Courtenay Seconded: Ken Rees Carried

4. Approval of the April 18, 2023 minutes

Motion: to approve the April 18, 2023, minutes as presented.

Moved: Adrian Courtenay Seconded: Norm Schmidt Carried

5. Approval of the agenda

Motion: to approve the agenda with the addition of an in-camera session at the end of day 2.

Moved: Carol Hochu Seconded: Tim Hollett Carried

6. **Correspondence sent and received** - Nothing to report.

7. **Treasurer's Report (Ken Rees/ Adrian Courtenay)**

- Treasurer's report presented by Ken.
- Adrian reported on the investment account. The "blue chip" companies are down. Currently the portfolio sits at 21% in equities. The bank reporting doesn't break down how much is held in GIC's, they are just part of the fixed income amount. Adrian was thanked for his oversight of the investment portfolio and managing the relationship with BMO.

Motion: to accept the Treasurer's report as presented.

Moved: Mark Endersby Seconded: Tim Hollett Carried

8. **Strategic Planning Session facilitated by PS&CO 9am to 1.30pm**

- A session was held facilitated by Brad Pennefather and Trent Carroll, which will continue into Day 2.

9. **Presentation by Neil Bansal, Western Rubber**

- The population of BC as well as the tire volume has increased. The cost of labour, fuel, insurance, and cost of goods has all increased, but processing technology has improved. Liberty has work underway with the City of Kelowna to do a rubberized asphalt project as well as working with the following partners:
 - Atlantis – use of fibre in concrete applications;
 - Kal Tire – crumb from mining tires being used in products, such as retreads;
 - Circular Rubber Technologies (CRT) – devulcanization process using crumb to create retreads;
 - Teck – processing of mining tires into crumb to be used to make conveyor belts and other products that are then used by Teck in its operations; and
 - Promat – use of fibre in agricultural mats.
- Neil outlined Liberty's vision for the next 3-5 years which includes multi site consolidation, investment in the collection fleet, increased processing efficiency as well as moving into manufacturing. To facilitate this proposed vision, Liberty has asked TSBC for:
 - A 10% increase in tire collection incentives (immediate);
 - Technology upgrade grant funding – process improvement and technology upgrade; and
 - Commitment on Manufacturing incentive for a minimum of 5 years to support the startup.
- To meet the proposed timelines, Liberty HQ will need to sign off on the project within the next 6 months. The expectation is that Western would be in a new facility in 3 years, but both the new facility and the Delta facility will run simultaneously for about a year. In the interim, the aging equipment at Delta will be replaced with equipment from the Ultimate RB Rubber operation that Liberty purchased earlier in the year. The exact dollar amount for the grant request will not be known for a while. The ability to hire has been a challenge and despite a new manufacturing facility with increased automation it is unlikely there will be any net new jobs.

Action Items:

- 1. Initiate a project to review the BC collection model (staff)*
- 2. Seek more information from Western Rubber regarding the Manufacturing Incentive request including \$ and timing (staff)*
- 3. Respond to Neil Bansal on the board's next steps with regards to the requests made during Neils' presentation to the board (Rosemary Sutton)*

10. Eco Fee discussion (part 1 of 2)

- At the April 18, 2023 board meeting staff, in consultation with the Audit & Investment committee, had created the analysis for an increase to \$5.50 and \$6.00 only. There had not been any consideration of the fee increased to \$6.50. After the April board meeting, the analysis of a \$6.50 eco fee was done and the results provided to the board, which showed a significant build up of the reserves.
- Ken reached out to the Retail Council of Canada that did not have any issue with the increase but did express concern that notification on August 1 would cause an issue as the members would not have time to implement the changes to signs, point of sale systems, as well as educating staff.
- The New Car Dealers Association was in-different about a potential fee increase.
- The board felt the public would not notice an eco fee increase.
- Concern was raised about the level of the reserve by 2027 and would this be defensible and / or appropriate. Excess funds could be used for other initiatives, such as increasing marketing efforts and / or additional grant funding.
- The sales price for crumb rubber has not changed much since the program started and there are no indications the price will increase any time soon due to the competitive market.
- Tires are getting heavier with the introduction of electric vehicles (EV) so incentive costs will increase.
- The BC Recycling Regulation allows competition, so an unwelcome / unsupported increase could open the door for a competing stewardship agency to set up in BC.
- Bad press could undo all the good work the program has achieved and may lead to the Ministry getting involved.
- Questions were raised about the actual price of recycling different tire types in BC and whether the Schedule A should be adjusted to split the PLT category either based on size or weight or a separate category for EVs.
- Does TSBC want to just scrape by and do the minimum to fulfil its regulatory requirements, or be more aspirational and take a leadership role? The general consensus was TSBC wishes to be more of a leader than just meet its regulatory requirements.
- The past few years have been uncertain for everyone and predicting future revenue is almost impossible, but TSBC may wish to consider paying for intel reports on sales forecasts.

Action Item: To see if industry can provide us with any information on future tire composition, effects electrical vehicle tires may have on tire weight and wear characteristics that may help with TSBC's forecasting models. (Carol Hochu)

11. New Business Day 1:

Norm updated the board on Kal's position on non program OTRs – Kal will be reaching out to Rosemary to start the conversation, which will be an ask to push the Ministry to regulate non program OTRs up to 39”.

Action Item: to convene a meeting of the OTR committee to discuss next steps on the request to add non program OTRs up to 39" to the Regulation once Rosemary has spoken with Kal (Rosemary Sutton)

12. Adjourn at 3:15 pm

Day 2 – June 29th

1. Call to Order & Chair's Opening Remarks

- The meeting was called to order at 8:30am.
- Thanks were given to all those involved in hosting the prior evenings' dinner.

2. Strategic Planning Session facilitated by PS&CO 830am to 12.30pm

- A session was held, facilitated by Brad Pennefather, continuing on from the previous days' discussion.
- PS&CO will provide a report following the meeting summarizing the decisions and the path forward.

3. Eco Fee discussion (part 2 of 2)

- Discussion continued from Day 1.
- The board members' opinion on the "right" increase varied between \$6 and \$6.50.
- Reclassifying the tire types within the PLT category could alter the amount needed for an increase.
- New car sales represent 36% to 40% of annual revenue. In 2023, new car sales have varied across the provinces. BC sales usually lag behind the other provinces. For the first time in 2023, BC sales are up.
- The cost impact of electrical vehicle tires and adding current non program OTR tires to the regulation are another uncertainty.
- There was discussion about the pros and cons of altering the fee too much or too little and how frequent changes to the fee may be perceived. Will the public be understanding in this very uncertain time?
- Extra money for incentives could stimulate manufacturing, more jobs etc.
- TSBC could do impactful things with extra revenue but acknowledged the decision-making process to spend money needed to improve, which will be addressed during the strategic planning session.
- Implementing an eco fee increase during the fiscal year makes reporting and comparative analysis more difficult and time consuming, so staff asked for consideration for a Jan 1, 2024 implementation date.
- The board agreed that a yearly review of the eco fee increase would be held to ensure the reserve levels are analysed on an annual basis.

Motion: to confirm the decision at the April 18, 2023, board meeting to raise the PLT ADF from \$5.00 to \$6.50 but to defer the implementation of the increase to Jan 1, 2024 with an annual review of the fee.

Moved: Ken Rees Seconded: Tim Hollett Carried.

4. Meeting Dates

- The Governance committee to delay the timing of its next meeting until August to wait for the strategic planning report.
- Next board meeting Sept 22, 2023.

Action Item: to convene a meeting of the Governance Committee upon receipt of the PS&CO report and prior to the Sept 22, 2023, board meeting (Rosemary Sutton)

5. New Business – No New Business.

6. In Camera (board only) – a session was held.

7. Adjourn at 12:09 pm