



Hauler/Processor Consultation
May 29th, 2014
OTS Main Office



Rethink your relationship with tires



Session Agenda

1. Used Tire Program Objectives
2. UTP Transportation Model
3. DZM Rates
4. UTP Incentive Program Changes
5. TMmobile - Collectors



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UTP Objectives

1. Ensuring used tires are picked-up from all areas of the province;
2. Incenting the development of Ontario processing capacity to be able to manage 100% of Ontario's Used Tires.
3. Incenting the development of Ontario Recycled Product Manufacturing (RPM) to consume an increasing portion of recycled rubber from Ontario Processors;
4. Supporting the growth of existing, and development of new, markets for Ontario Tire Derived Products (TDPs)
5. Clean-up existing tire stockpiles.



The UTP Transportation Model

The UTP approach to used tires transportation is designed to:

- Ensure pick-up of used tires from across Ontario
- Incent the most efficient transport of used tires to the closest available Processor
- Eliminate used tire pick-up costs to Collectors (providing Collector is complying with UTP Standards)



Quick Recap

OTS has determined that the Delivery Zone TI Model (DZM) is the preferred one to achieve program and industry objectives:

- Facilitate free and efficient movement of Used Tires in Ontario
- Reduce OTS administrative burden on stakeholders
- Reduce the incidence and costs associated with gaming of the TI system
- Ensure that the TI Model encourages a fair and competitive Used Tire transportation industry in Ontario



Components of Transportation Incentives

- Incentive Rates are derived from three collection cost components:
 - **Local collection costs**
 - includes delivery costs to either processing facilities (where the facility is located within or proximate to the collection zone) or to a sorting or consolidation yard;
 - This includes truck type, average tires a load, average load/unload time, driver wages, average kilometers, truck operating costs; admin and overhead
 - zones are defined based on collection patterns, density and efficiency of collection:
 - **Sorting yard costs**
 - include the costs of sorting and reloading tires for delivery to a domestic processing facility;
 - Not all tires hit a sorting yard but use averages across a collection zone:
 - Assumed minimum annual volume for an efficient yard:
 - Urban Yards assume 1,000,000 PTE for efficiency
 - Rural Yard – 500,000 PTE for efficiency
 - Average re-load time
 - Labour Wage Rates
 - Annual Equipment and facility costs



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Components of Transportation Incentives

- **Final Transport costs from a sorting yard / collection point to a processing facility**
 - Assumed average distance to processing facilities based on capacities:
 - Ontario transport operating costs per Km from Transport Canada Truck Operating Cost Surveys adjusted for changes to the transportation component of the Consumer Price Index



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Components of Transportation Incentives

- *Incentive Rate* is based on the point of delivery (formerly collection) and is a single blended rate based on assumptions on processing capacity and estimates of tire generation by point of origination and assumes an efficient collection pattern, i.e. tires go to the nearest processing facility with capacity and capability to process these tires on a reliable basis



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Feedback from Last Consultation

1. Is there a large distribution of the OTR's across the province?
 - OTR'S across all sizes do not vary much throughout the province
 - DOT's premiums will remain as part of the DZM
2. Brantford and GTA should be viewed as one area and not separate.
 - Data was again reviewed to validate the cost of moving tires in the zone (from previous consultation) which made sense and thus were combined.

The DZM model allocates tires from the point of origination to the processing location with much more accuracy than the current model, which allocates processing capacity on an average basis across collection zones.

By allocating tires and smoothing out the larger DZM zones, a \$ increase was added to each processing zone.



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Proposed Transport Cost Incentive Rates - On-Road

Onroad Rates

| Delivery Zone | |
|----------------------------------|---------|
| Moose Creek | \$ 1.35 |
| GTA/Brantford | \$ 1.29 |
| Windsor/ Tilbury/ Chatham | \$ 1.59 |
| Sturgeon Falls | \$ 2.27 |

| Northern Premium | Premium to SF | Premium to South | Total TI to MC | Total TI to GTA/B | Total TI to W/T/C | Total TI to SF |
|------------------|---------------|------------------|----------------|-------------------|-------------------|----------------|
| N1 | \$ - | \$ 0.70 | \$ 2.06 | \$ 2.00 | \$ 2.29 | \$ 2.27 |
| N2 | \$ 1.25 | \$ 1.78 | \$ 3.14 | \$ 3.08 | \$ 3.37 | \$ 3.51 |
| N3 | \$ 0.21 | \$ 0.90 | \$ 2.26 | \$ 2.20 | \$ 2.49 | \$ 2.48 |
| N4 | \$ 1.97 | \$ 2.40 | \$ 3.75 | \$ 3.69 | \$ 3.99 | \$ 4.23 |

Proposed Transport Cost Incentive Rates - Off-Road

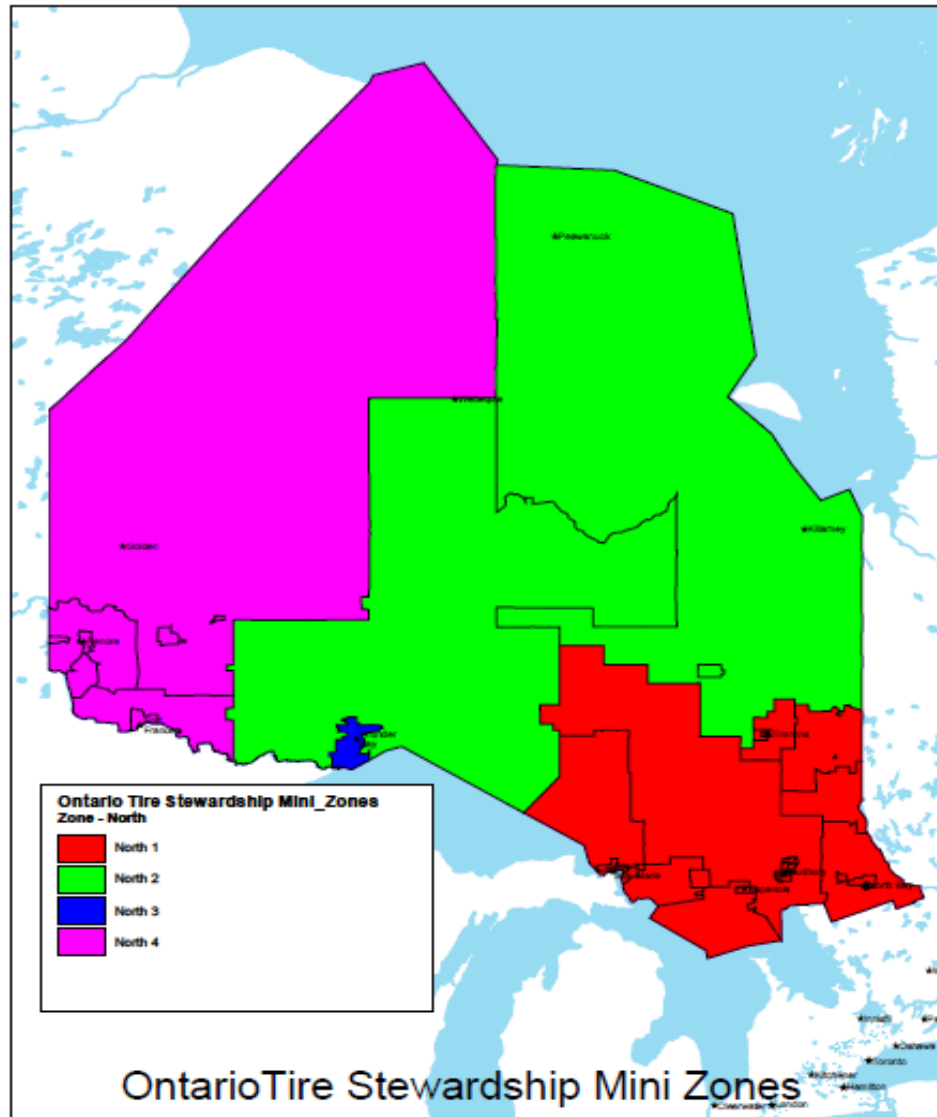
Offroad Rates

| Delivery Zone | Rate per PTE | DOT Premium* |
|----------------------------------|--------------|--------------|
| Moose Creek | \$ 1.66 | \$ 0.25 |
| GTA/Brantford | \$ 1.51 | \$ 0.23 |
| Windsor/ Tilbury/ Chatham | \$ 1.82 | \$ 0.27 |

| Northern Premium | Premium to South | Total TI to MC | Total TI to GTA/B | Total TI to W/T/C | DOT Premium** |
|------------------|------------------|----------------|-------------------|-------------------|---------------|
| N1 | \$ 0.91 | \$ 2.57 | \$ 2.42 | \$ 2.73 | \$ 0.37 |
| N2 | \$ 1.84 | \$ 3.50 | \$ 3.35 | \$ 3.66 | \$ 0.51 |
| N3 | \$ 0.82 | \$ 2.48 | \$ 2.33 | \$ 2.64 | \$ 0.36 |
| N4 | \$ 2.53 | \$ 4.19 | \$ 4.04 | \$ 4.36 | \$ 0.61 |

* For DOT tires picked up in Southern zones

Northern Zones Map



Northern Zones FSA's

| | | |
|-----|-----------------|----|
| P0H | ARNSTEIN | N1 |
| P0J | NEW LISKEARD | N1 |
| P0K | CHAPUT HUGHES | N1 |
| P0M | ALBAN | N1 |
| P0N | SOUTH PORCUPINE | N1 |
| P0P | BIRCH ISLAND | N1 |
| P0R | THESSALON | N1 |
| P0S | BATCHAWANA BAY | N1 |
| P1A | NORTH BAY | N1 |
| P1B | NORTH BAY | N1 |
| P1C | NORTH BAY | N1 |
| P2B | STURGEON FALLS | N1 |
| P2N | KIRKLAND LAKE | N1 |
| P3A | SUDBURY | N1 |
| P3B | SUDBURY | N1 |
| P3C | SUDBURY | N1 |
| P3E | SUDBURY | N1 |
| P3G | SUDBURY | N1 |
| P3L | GARSON | N1 |
| P3N | VAL CARON | N1 |
| P3P | HANMER | N1 |
| P3Y | LIVELY | N1 |
| P4N | TIMMINS | N1 |
| P4P | TIMMINS | N1 |
| P4R | TIMMINS | N1 |
| P5A | ELLIOT LAKE | N1 |
| P5E | ESPANOLA | N1 |
| P6A | SAULT STE MARIE | N1 |
| P6B | SAULT STE MARIE | N1 |
| P6C | SAULT STE MARIE | N1 |
| | | |

| | | |
|-----|----------------|----|
| P0L | PEAWANUCK | N2 |
| P0T | PAYS PLAT | N2 |
| P5N | KAPUSKASING | N2 |
| | | |
| P7A | THUNDER BAY | N3 |
| P7B | THUNDER BAY | N3 |
| P7C | THUNDER BAY | N3 |
| P7E | THUNDER BAY | N3 |
| P7G | THUNDER BAY | N3 |
| P7J | THUNDER BAY | N3 |
| P7K | THUNDER BAY | N3 |
| P7L | NEEBING | N3 |
| | | |
| P0V | ANGLING LAKE | N4 |
| P0W | STRATTON | N4 |
| P0X | GRASSY NARROWS | N4 |
| P0Y | INGOLF | N4 |
| P8N | DRYDEN | N4 |
| P8T | SIOUX LOOKOUT | N4 |
| P9A | FORT FRANCES | N4 |
| P9N | KENORA | N4 |
| | | |

UTP Incentive Program Changes

Since mid-2013 OTS has consulted with stakeholders on changes to the incentive programs offered through the Used Tires Program (UTP). The proposed changes were arrived at through a long process of consultation with all program stakeholders, a thorough review of incentives and free market rates in other jurisdictions and taking into consideration the current state of the Ontario market and the potential for anticompetitive and/or predatory practices to arise. Based on these factors OTS developed the incentive change plan presented at the end of 2013.



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UTP Incentive Program Changes

Since then OTS has continued to listen to concerns and suggestion raised by stakeholders regarding the potential impacts of the incentive changes. Through these discussions OTS has concluded that changes to the plan presented in December 2013 are in the best interest of ensuring the continued successful diversion of used tires in the province.



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UTP Incentive Program Changes

- July 1st 2014 – Reduce PI rates by **15%** and OTR PI premium to 15%
- **Continue Feedstock Arrangements for OTR tire Feedstock until January 1st 2016**
- July 1st 2014 – Reduce MI to a flat rate of \$120/tonne
- **October 1st 2014** – Shift Transportation Incentive (TI) Model to the DZM and shift payment of TI to the Processors
- July 1st 2015 – Reduce PI rates by 10% and OTR PI premium to 10%
- July 1st 2016 – Reduce the MI to \$80/tonne



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OTS Mobile This Summer

- **July 1** - Collectors are required to report used tire volumes through the existing online reporting system.
- **July 7** - Haulers will receive and begin using their iPads.
- **August 1** – TreadMarks Mobile fully implemented.
- **October 1** – All TI payments will be shifted to the Processors. OTS will no longer be sending cheques to haulers as processors will be distributing the incentive payments.

UTP Incentive Program Changes

OTR Feedstock Arrangements

- OTR tire Feedstock will attracting an incentive of \$100;
- Crumb rubber (TDP1-3) produced from OTR feedstock will receive an adjusted incentive equal to the difference between the Feedstock PI rate and the applicable crumb TDP PI rate;
- This feedstock arrangement will be continued until January 1st 2016.



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New Tool for Collectors!

OTS is pleased to announce a new Tool for Collectors, “Find a Hauler”

- Available on the OTS website at www.rethinktires.ca/program-participants/find-a-tire-hauler
- Allows a Collector to identify Haulers serving their area by simply entering their postal code
 - Service areas determined based on 2014 Hauler claims
 - OTS will be requesting Haulers to update service areas in the coming weeks
- Check back for updates

Find a Hauler for Collectors

search

63,576,470 Tires Collected

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AROUND THE HOME

BUILDING TRADES

PROGRAM PARTICIPANTS

HOW WE MAKE A DIFFERENCE

REGISTER

Home | program participants | find a tire hauler

FIND A TIRE HAULER

Are you a registered Collector looking for a Hauler to pick up your tires? To find a registered Hauler from our network, simply type in your postal code and we'll provide you with a list of Haulers that service your area.

Tweet 0

Share 0

Pin it

Enter Your Postal Code:

ENTER YOUR POSTAL CODE

FIND >

If you have any issues finding a Hauler to pick up your tires, or if you are not a registered Collector but have tires that need to be picked up, please call us at 1-888-687-2202.

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FIND A TIRE HAULER

Are you a registered Collector looking for a Hauler to pick up your tires? To find a registered Hauler from our network, simply type in your postal code and we'll provide you with a list of Haulers that service your area.

Enter Your Postal Code:

K0A2J0

FIND >

Haulers that service your area:

ABC SCRAP METAL
613-735-1932
Registration #: 3000114

CASSELMAN TIRE
613-764-3308
Registration #: 3000247

CENTRE DE PNEUS MARION LTEE
613-443-5050
Registration #: 3000264

CLARENCE CREEK RECYCLING INC
613-488-2137
Registration #: 3000254

EDS SALVAGE AND AUTO PARTS INC
613-623-7307
Registration #: 3000083

EM TIRE RECOVERY
613-265-8714
Registration #: 3000097

LIBERTY TIRE RECYCLING CANADA - BRANTFORD
1-800-387-8473 ext. 224
Registration #: 3000180

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REGISTER FOR PROGRAM >
WHY REGISTER?

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Hi @vickysanderson, rubber mulch is a great option! Have you tried @HomeDepotCanada?
<http://t.co/kq12bxjxd>

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Like



What changes for Collectors?

- Each Collector will be required to post a unique QR code.
- When a Hauler picks up tires, they will scan your QR code.
- You will verify the tire counts and provide your signature on the iPad.
- To submit your claim, you will login to the existing online system, verify your transaction counts, and click to submit.

QR Codes

- A QR code is a bar code that can be scanned by electronic devices.
- Your QR code contains your registration number, and is scanned by the Hauler at the time of tire pickup.
- **QR codes will be mailed to Collectors the week of June 2.**
- Photocopying or moving the QR code is prohibited.



Collector Claims - Reporting

- Collector claims reports will be automatically uploaded to their claims via mobile devices
- Collectors will have to verify and validate the screen below of where the origin of the tires were collected from prior to finalizing their claim.

Tire Origin Reporting

| | PLT: | MT: | AG/LS: | IND: | SOTR: | MOTR: | LOTR: | GOTR: |
|-------------------------------------------------------|------|-----|--------|------|-------|-------|-------|-------|
| Tire drop-offs by consumers | 100 | 20 | 10 | 0 | 0 | 0 | 0 | 0 |
| Tire drop-offs by businesses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tire pick-ups from businesses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tire changes of owned or leased vehicles or equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tire changes of customer vehicles or equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tires from vehicle or equipment recycling | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tires from hosted collection event | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <input type="checkbox"/> Other <input type="text"/> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL Incoming | 100 | 20 | 10 | 0 | 0 | 0 | 0 | 0 |
| TOTAL Outgoing | 100 | 20 | 10 | 0 | 0 | 0 | 0 | 0 |

☐ I certify that I have documentation to support the volumes of tires reported as collected, and that these tires have originated in Ontario after September 1st 2009.

Collectors & QR Codes

- All Collectors must have the QR code in place for any TCR pick-ups as of August 1 2014
- Tire pick-ups at Collectors without a QR code as of this date must go on a UCR form
- OTS is undertaking a significant outreach effort to Collectors to ensure all have QR codes in place by this date
 - Webinars through late-May to mid-July
 - E-mail reminder blasts through June and July
 - Outreach to Collector Associations
- **Hauler Support is needed reaching Collectors** – OTS has produced “TreadMarks Mobile Postcards” for Haulers to hand-out to Collectors as they do deliveries



Hauler Incentive Changes

Questions?

Comments?



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Transportation Incentive

From October 30, 2013 Consultation

Example: (Used 1.34 and 1.30 for rates)

PTR to Brantford etc.

PLT – 100 ; MT – 50 ; SOTR – 5

50 PLT's Collected in North

Estimated Weight – 4,100 kgs

Actual Weight – 4,500 kgs

On Road - \$ 1.34 (\$1.34 + \$0.90 for 50 Northern Tires)

Off Road - \$ 1.30

OTS will breakdown the percentage of weight based on estimated weight (as currently) and use those percentage breakdowns when calculating the actual weight payout. 50 PLT tires will carry an additional \$0.90 premium

Therefore, $500/4100=12.2\%$ of weight came from North

12.2% of 4,500 = 549.00

$54.90 \times .90 = \$49.41$ Premium (per PTE)

| | Est. Weight | Actual Weight | TI Rate | Payment |
|------------------|-------------------|---------------|---------|----------|
| On Road | 3,500 kg | 3,500 kg | \$ 1.34 | \$ 4,690 |
| Off Road | 600 kg | 1,000 kg | \$ 1.30 | \$ 1,300 |
| Northern Premium | 12.2% of 4,100 kg | | \$0.90 | \$ 49.41 |

