

Ontario Tire Stewardship

OTS Technical Committee Meeting
Wednesday Nov 19, 2011
9:00 AM – 11:30 PM
405 The West Mall, Toronto
Call-in 416-343-2285 or 1 877-969-8433
Passcode 4467765

Attendees: In Person

Reg #	Name	Company
4000036	Doug Jones	Rubber Venture Corp
3000097	Elie Mugisha	EM Tire Recovery
2014045	Idalia Couto	Bento's Auto & Tire Centre Ltd.
3000180	Jesse Hertel	Liberty Tire Recycling Canada
4000039	Peter Hutley	Liberty Tire Recycling Canada
4000031	Adam Moffatt	Liberty Tire Recycling Canada
3000156	Mark Capland	Micor Recycling
3000005	Ron Politewicz	Peninsula Tire Exports
3000220	Ralph Tammaro	ST Josephs Tire
3000012	Gerry Milne	National Tomlinson
4000009	David Ongaro	National Rubber Technologies
4000043	Christie Newmeyer/ Dawn	CRM Holdings ULC
3000165	Patrick Fenlon	Pack Pros Plus Ltd
4000040	Vincent Wu	Berry Polymer Technology Ltd.
4100024	Daniel Gosselin/Mike Roberge	Faida Inc
4000021	Pierre Villeneuve	Moose Creek Tire Recycling
4000042	Peter Valente	Windsor Rubber Processing LTD.
3000003	John Cassell	Emterra Tire Recycling
3000007	Grant Caven	Harolds Haulage
5000003	Mauricio E. Martinez	FABRICUSHION LTD
3000174	Terry Gilmore	Treadcraft
3000183	Matt Garcia	Kal Tire Ontario
3000051	Stephen Manley	ECO TIRE RECOVERY INC
2010595	Don Fraser	AADCO Auto Parts
3000001	Andrew Soifert	Old Tires Inc

By Webcast:

2014439	Angela Porteous	City of Kawartha Lakes
2014132	Stephanie Sidler	Durham Region
3000003	Shabir	Emterra
2012203	Michele Slater	District of Muskoka
2016367	Katherine Siren	City of Barrie
2012268	Adam Weishar	The Municipality of South Bruce
4000012	Kevin O'Brien	Ridge Recycling
2016332	Clynt King	Six Nations Council
2017055	Pam McNab	Brian's Service Centre

Meeting Minutes:

The meeting notes are meant to supplement the meeting slides as well as capture the comments and responses discussed during the meeting. Please refer to meeting slides as well for further details.

Agenda:

- OTS proposed item be added to the agenda item # 10 Sub-Collector Program update; item added
- OTS proposed the addition of "Reporting Timeframes" specifically under the "New Business" section of the meeting; item added
- OTS introduced new OTS Business and Systems Manager Stephen Gluchowski

1) Diversion update:

- No changes over last meeting
- Next data pull will be December 2011 for Q3, (reminder that numbers are run by quarter with a 3 month delay)
- January TC meeting will outline the 2011 Q3 update.

2) Tire Collection Update

- Sub-Collector activity, no updates over previous update

3) Tire transportation delivery updates:

- Volume of adhoc continues to rise (mostly due to OTR requests)
- STC reviews; still going to proceed with STC requests through the busy season, if OTS can locate a Hauler who is willing to do that STC it will proceed as usual, if not OTS will ask the resident to hold off until the spring
- The numbers of STCs have dropped off, that could be due to seasonality

4) Processing and Manufacturing update:

- Processing capacity continues to vary, due to some unexpected shut downs, some processors taking longer to come online than anticipated, but overall OTS is seeing the capacity increase in pretty much all tire types.

Comment: Last year OTS put a program in place to pay participants to store tires, is that program going to be continued this year?

Response: That is something OTS will consider however at this point there does not appear to be a need. If tires can be processed then OTS will not incent storage. OTS will be discussing/monitoring with the Processors within the next couple of weeks.

Comment: Would that program be extended to the Haulers as well?

Response: No, in the event that OTS moves forward with trailer storage options the program would be similar to previous years and focused on the Processors.

Comment: In the OTS program plan it states that OTS would be looking at haulers to do that function, so by not extending that program to the haulers, has OTS actually violated the plan?

Response: No, OTS will follow up with the TC member to review the clauses for clarity following the meeting

- OTRs still continue to be an issue in terms of capacity
- OTS has approved an additional Out of Province Processor and is accepting OTRs
- OTS is continuing to pursue additional out of province options for OTRs as well
- OTS noted that it is very important that processors still continue to provide OTS with capacity reports and also to advise OTS when capacity has changed.
- OTS is now proactively contacting Processors when capacity reports are not received when this is “out of the norm”
- Processors are also asked to please let OTS know things such as: Haulers cancelling loads etc. as this might be an indicator to OTS of other issues going on
- Manufactures are actively seeking out new markets, looking at innovated technologies, looking at different ways to use Ontario crumb rubber to make different types of new products

5) Claims update:

- Collector claims are being filed in accordance with typical trends, a slight shift in Collectors moving from filing in the last 30 days,
- OTS Continue to look at Collectors who have not filed claims where Haulers report indicates significant quantities picked up and/or where the Hauler hasn't filed paperwork as this is a flag for further investigation
- Haulers are filing consistently
- Suggestion from previous meetings regarding timing of reporting window to be discussed under New Business, Reporting Timeframes for Haulers, Processors and RPMs
- Processors and RPM still continue to file their claims consistently.
- Suggestion from RPMs continue to come in regarding potential efficiencies for filing online which are being reviewed for implementation in early 2012.
- OTS has also received some feedback from Haulers and Processors for enhancements to OTS' online filing system and will try to work with those participants to ensure some of those enhancements move forward however this will likely not be realized until early Q2

6) Stockpiles update:

- OTS still continues to work with MOE on the approach to get those stockpiles cleaned up.

7) Program communication:

- OTS working on providing all training material on YouTube videos, (currently the case with Steward training session which has received positive feedback)

- OTS continuing to work on the tire identification guide which can be used in the field to aid in tire classification; something to look forward to in early 2012
- OTS is issuing a consumer winter tire tips piece focused on winter tires and tire maintenance that will be going out this week. It will be in print and in 40 different regions across Ontario

8) Tires Sold for Reuse; Proposed Changes

- refer to background slide

Comment: Is this correct when referring to Haulers submitting claims for the February 2012 period: when a Hauler enters a RTR form, a with 100 tires on it the system will reduce the inventory of tires by 100 and will also reduce the outstanding credit value by an equivalent amount (i.e. weight times average value) that will not be paid out to the Haulers on those tires?

Response: Correct, the system will change so the Hauler will be able to identify the weight and credits that have been removed. These changes will take effect on Feb 1, 2012.

Comment: Can you explain how the reuse rate is build back into the TI base rate in 2012?

Response: The base TI rate for every other tire now includes an assumed increase for culled tires. Please refer to the Hauler slides (November 1st 2011 meeting, and/or the October 19th TC Meeting slides for further details)

-OTS recognizes that some Processors may choose to cull tires for reuse or retreading based on tires delivered to them by a Hauler

-Moving forward to 2012 any tires culled at a Processor's location would have already attracted a TI incentive which is contrary to the intent of the changes OTS to reuse incentives

-OTS is proposing that the tires sold to reuse or retreading by a Processor would result to a deduction of the average T.I value per PTE being deducted from the Processors Claim.

- The average TI value for 2012 based on the TI schedule is set at \$1.50 per PTE.

-This would mean that for every PTE sold to reuse or retreading buy a processor \$1.50 would be removed from their PI incentives.

Comment: Can you clarify how a Hauler gets compensated in a different matter by inflating the base TI but OTS would be removing \$1.50 from every culled tire a processor sells.

Response: The idea is not to incent the sorting and onward sortation costs of reuse however the full amount would have been paid on the tire that was delivered to a Processor but was actually destined for reuse. Is it the \$1.50 that is being suggested is the wrong amount? (Response from TC was that it may be the correct amount)

Comment: Just as a clarification, If a hauler culls 20% of their tires based on last year's figures the Hauler's overall incentives received from OTS would be down 20%.

Response: If a Hauler culls more than the average rate then their incentives will be low than in previous years on average

- OTS noted that what may be causing some confusion is that it is difficult to connect the policy which is that OTS is not to pay for the transportation when tires to go for reuse, and operational implication of where the delivery takes place, in a situation where a Hauler culls before delivering to a processor is pretty clean, one knows what tires did not get delivered to a Processor so there for OTS knows which

tires the TI does not apply to. In a situation where the cull happens after the delivery to the Processor OTS would recognize every single one of those tires as being delivered to a Processor are eligible for TI, however some of those tires are actually headed for reuse. Again to ensure a level playing field the TI would need to be recovered from a Processor for the culled tires.

-The tires would continue to be reported on the disposition of residuals tab.

Comment: So the Processor will be penalized for culling tires?

Response: No, OTS will be looking to recover the TI associated with the culled tire, the Processor may make an arrangement where they then charge the Hauler who will be culling those tires an amount to cover any TI deductions from the Processor.

Comment: Is this correct: If a Hauler delivers 100 tires to a Processor, and the Processor takes 10 tires and culls those tires, the Hauler will need to pay the Processor? If the Hauler is not a party to the culling, why would they be charged by the Processor?

Response: These relationships would be between the Hauler and Processors and likely be based on which party is actually selling the tire to a reuse market.

Comment: How will OTS come up with the dollar figure of what the Processors claim will be reduced by?

Response: As noted, OTS is proposing that this be done by taking the average TI rate of \$1.50, per PTR sold to reuse to calculate the deduction.

Comment: Is this proposal coming from a budget concern, from the board or is OTS just anti reuse and retreading?

Response: OTS is not anti-reuse and retreading. As noted the reuse/retreading market is strong and does not require additional incentives (please refer to program plan for additional details)

Comment: Can a Hauler continue to sell tires? The hauler will not be losing \$1.50 on that tire they will still be getting the full rate?

Response: Yes the hauler can sell tires however there will no longer be an incentive paid when delivering on a reuse from (reuse compensation has been build back into the base rate TI rate please refer to previous meeting slides and Hauler November 1st 2011 session)

Comment: Would OTS be willing to add a tab on the monthly Processor submission to allow participants to claims those tires and not get them mixed up with fluff or metal or other waste, so Processors have a clear picture of this?

Response: OTS can look into this for a 2012 upgrade to the system

9) Transportation incentive rate changes for 2012.

-The full slide deck on transportation incentive rate changes are posted on the web site from the Nov 1st, 2012 hauler consultation meeting.

Comment: What is meant by an off cycle adjustment?

Response: OTS reviews the incentives (all incentives) annually, however in some cases one or more of the underlying model assumptions as listed in the presentation may change dramatically meaning that there may be a need to adjust the model in the midst of the year to reflect changes in the market.

10) Sub Collector Program Changes:

- OTS will be altering the way that the Sub-Collector Program is run commencing December 1st 2011
- Based on feedback from the previous committee meeting the proposed bond amount of \$1000.00 per sub-collector site will be reduced to \$500.00
- refer to slides for additional details of the changes

Comment: How did OTS come up with \$500?

Response: OTS had originally set the bond amount at \$1000 which was intended to cover the average liability associated with a smaller Sub-Collector location in terms of CA/TI costs however based on feedback from the committee the amount was lowered to \$500.00

-There are some existing collectors with sub collectors; there is a phasing period of 6 months for those collectors to post bonds for the sub collectors.

-Some minor verbiage change to the sub-collector agreement as a result to some of these changes.

11) New Business; Reporting Timelines:

- As noted in the diversion update currently OTS experiences a data lag between the date that a transaction occurs (i.e. Tire pick up) and the date that that transaction is reported
- OTS is proposing to reduce the reporting window from the current 90 day requirement to 60 days with the intent of reducing this time frame to 30 days later down the road for Haulers, Processors and RPMs (at this time no changes are proposed for Collectors as trends show a large percentage are still filing in month 3 where as the majority of Haulers, Processors and RPMs are filing in month 1 and 2)

Comment: What does a participant do when the person who does their claims is not available within that time frame?

Response: The participant can train someone else in the company (OTS offers continual training sessions and can set up one on one training if applicable); the idea here is to give people notice to get ready for the change from 90 to 60 days.

Comment: Why does OTS want to move to a 60 day reporting window?

Response: It will allow OTS obtain data for report generation sooner and to identify market anomalies sooner so they can be addressed. Additionally As discussed OTS will be preparing quarterly data and making it available for purchase to interested participants in 2012 (refer to previous committee notes) so to ensure this is done in a timely manner the timelines would need to be reduced. OTS is also looking to stabilize work flow which will help to ensure payment terms become less than 35 days at some point in the future

- OTS is also proposing that claims that are submitted late but where no payment was earned (i.e. no product sales and/or deliveries/HITs) but where credits were generated (or eligible material purchased in the case of RPMs/Processors) have those credits etc. halved (refer to slides for details and examples)

12) Next Meeting: January 11th 2012 9:00am-11:00am. Location TBD

13) Meeting adjourned at 10:15 am.