

TSS 2022 Annual General Meeting

May 3, 2022

Executive Directors Report

Financial Statements

2021 Actuals

2021 Revenue – 5% over budget

CATEGORY	2021 BUDGET	2021 ACTUAL	DIFFERENCE	
REVENUE (A)				
Tire Recycling Fees	\$ 9,888,000	\$ 10,383,411	\$ 495,411	5%
TRF Difference on Deposits	\$ -	\$ 8,346	\$ 8,346	
Interest	\$ -	\$ 4,008	\$ 4,008	
Covid wage subsidy 10%	\$ -	\$ 204	\$ 204	
CEBA subsidy	\$ 20,000	\$ 20,000	\$ -	
TOTAL REVENUE	\$ 9,908,000	\$ 10,415,968	\$ 507,968	5%

Revenue Comments

- \$507,968 or 5% above projected revenues
- Revenues are hard to forecast except for looking at historical trends and is largely based on the growth of the economy
- With the outlook for the economy favorable and population growth expected to increase it might be assumed that once supply chain issues are resolved that we will continue to see steady revenue growth
- We will continue to build a operating reserve (targeting 1 years worth of average annual expenses) during these better years to ensure we can weather any unexpected downturn

2021 Collections & Processing – 1% above budget

COST OF REVENUE (B)	2021 BUDGET	2021 ACTUAL	DIFFERENCE	
Collection	\$ 3,708,000	\$ 3,650,568	-\$ 57,432	-2%
Processing Expense	\$ 4,462,500	\$ 4,595,105	\$ 132,605	3%
Legacy Tire Cleanup	\$ 650,000	\$ 629,801	-\$ 20,199	-3%
TOTAL COST OF REVENUE	\$ 8,820,500	\$ 8,875,475	\$ 54,975	1%

Collection and Processing Comments

- Processing volume due to cleanup of legacy piles (Eldon and Assiniboia) account for the discrepancy vs budget
- Demonstrates we are able to manage within a budget as 1% is a minimal difference, by having operating credit facilities in place or building an operating reserve we can manage closely to the collecting and processing budget
- Since our fees now allow us to have “discretionary” funds each years for legacy tire cleanup we can do more or less based on the projected available funds to us

Administrative Expenses – 1% Over Budget

ADMINISTRATIVE EXPENSES (C)	2021 BUDGET	2021 ACTUAL	DIFFERENCE	
Advisory Committee meeting expense	\$ 6,000	\$ -	-\$ 6,000	
Advertising and Promotion	\$ -	\$ 19,620	\$ 19,620	
Audit Fees	\$ 46,000	\$ 31,433	-\$ 14,567	
Bank Charges	\$ 4,000	\$ 3,653	-\$ 347	
Director Renumeration and Expenses	\$ 12,000	\$ 9,310	-\$ 2,690	
CATRA Membership	\$ 9,008	\$ 8,579	-\$ 429	
Computer Hardware	\$ 500	\$ -	-\$ 500	
Computer Support - ETSI ATOM Enhancements etc.	\$ 42,760	\$ 22,338	-\$ 20,422	
Conferences	\$ 6,000	\$ 119	-\$ 5,881	
Courier and Postage	\$ 8,500	\$ 335	-\$ 8,165	
Insurance/Bonds	\$ 35,000	\$ 12,082	-\$ 22,918	
Legal (McKercher Professional Fees)	\$ 20,000	\$ 112,998	\$ 92,998	
Meeting Expenses (Non Board or AC)	\$ 2,500	\$ -	-\$ 2,500	
Office Operations Rent	\$ 39,600	\$ 39,600	\$ -	
Office Rent/Occ/Utilities/Parking	\$ -	\$ 26	\$ 26	
Office Supplies	\$ 3,000	\$ 6,553	\$ 3,553	
Online/Website Expenses (Melcher)	\$ 15,000	\$ 2,145	-\$ 12,855	
Salaries and Benefits	\$ 234,000	\$ 223,871	-\$ 10,129	
Printing & Publications	\$ 10,000	\$ 274	-\$ 9,726	
Project Consulting - GHG Lifecycle Emissions Study	\$ 10,000	\$ 3,821	-\$ 6,179	
Project Consulting	\$ 92,000	\$ 103,238	\$ 11,238	
Project Consulting - Mediation	\$ -	\$ 10,200	\$ 10,200	
Project Consulting - Accounting	\$ 57,240	\$ 57,240	\$ -	
Sponsorships/Memberships	\$ 1,650	\$ 220		
Telephone/FAX/Cell	\$ 2,000	\$ 3,033	\$ 1,033	
Training and Development	\$ -	\$ 110	\$ 110	
Travel	\$ 10,000	\$ -	-\$ 10,000	
TOTAL ADMIN EXPENSE	\$ 666,758	\$ 670,799	\$ 5,471	1%

(admin expenses as a percentage of gross revenue)

6.73%

6.44%

Administrative Expense Comments

- Despite increased unplanned legal expenses related to Assiniboia contract termination and unplanned expenses related to office move we still came in almost exactly on budget (over by \$5,471).

Net Profit of \$869,695 vs Budget of \$420,742

	2021 BUDGET	2021 ACTUAL	DIFFERENCE
2021 NET PROFIT (LOSS)	\$ 420,742	\$ 869,965	\$ 448,953

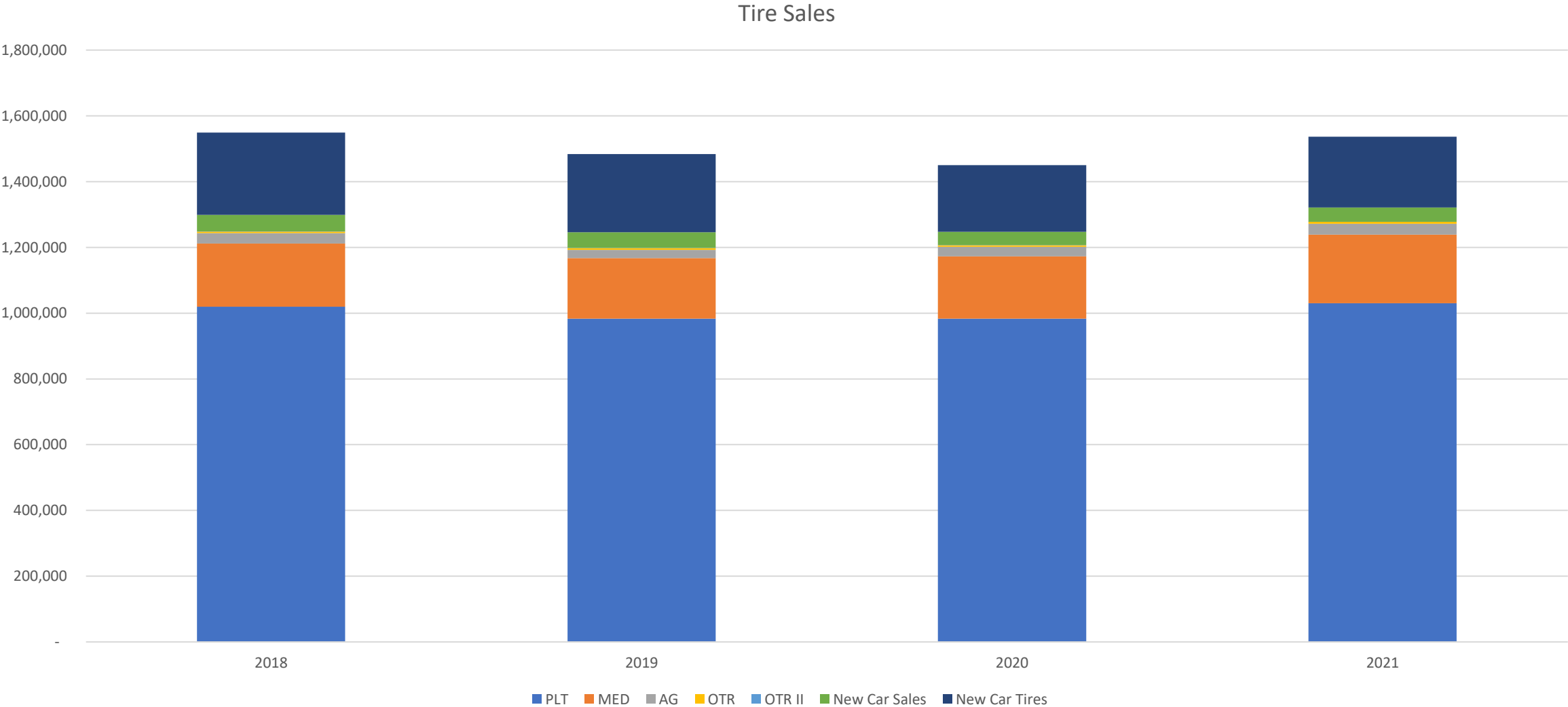
Financial Statement Implications & Opportunities

- Implications: Financial reserves now sit at over \$3 Million which puts in good standing to deal with potential results of Assiniboia arbitration.
- Opportunity: Enables the development of a program for an aggressive clean-up plan in spring/summer months to deal with known legacy piles.
- Opportunity: TSS to explore GIC investment options on reserves that provide increased levels of interest levels above what TSS is currently receiving.

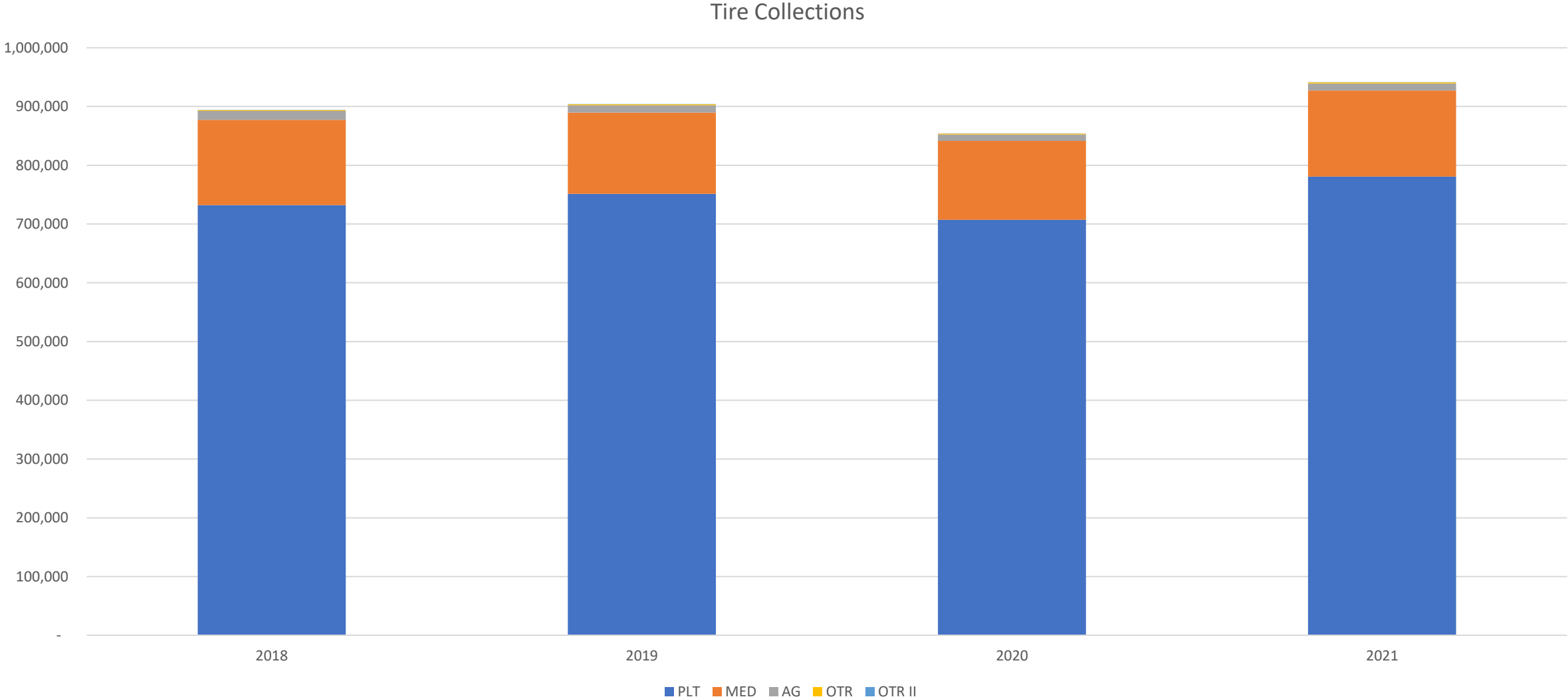
Statistics

Trendline Analysis

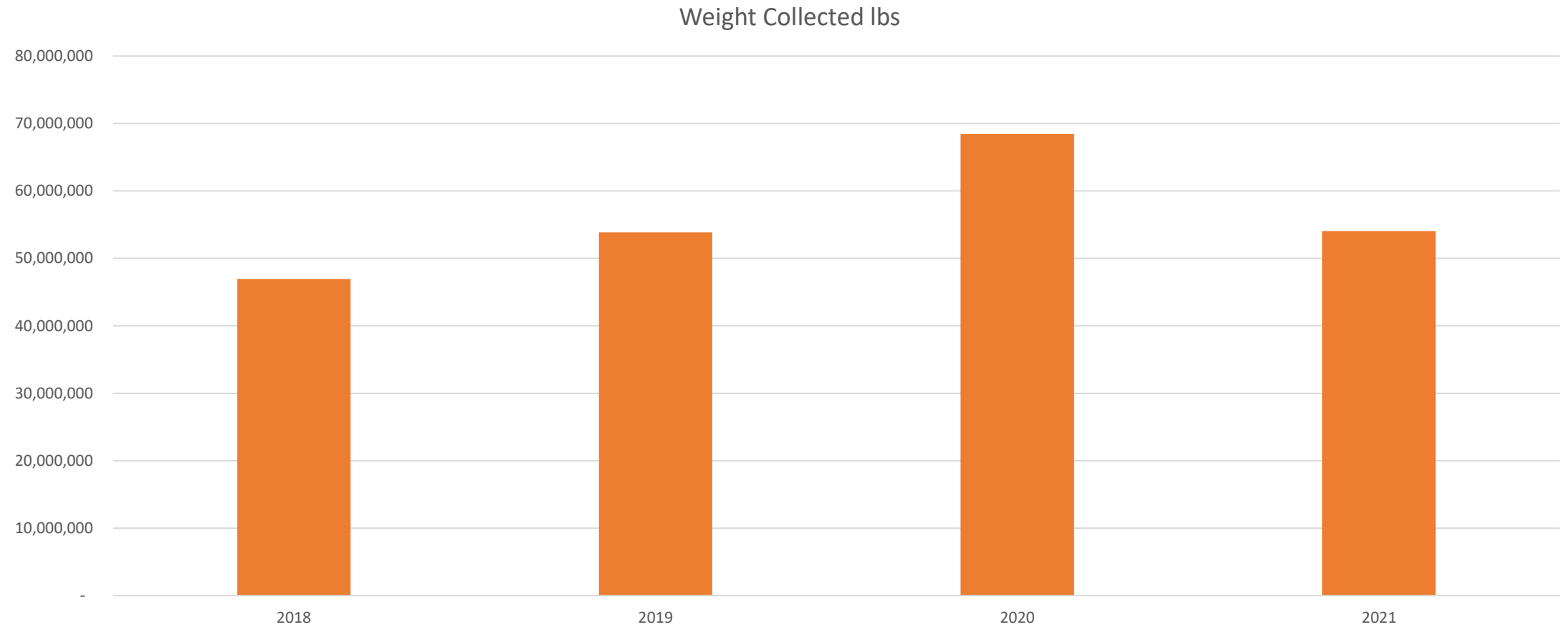
Tire Sales



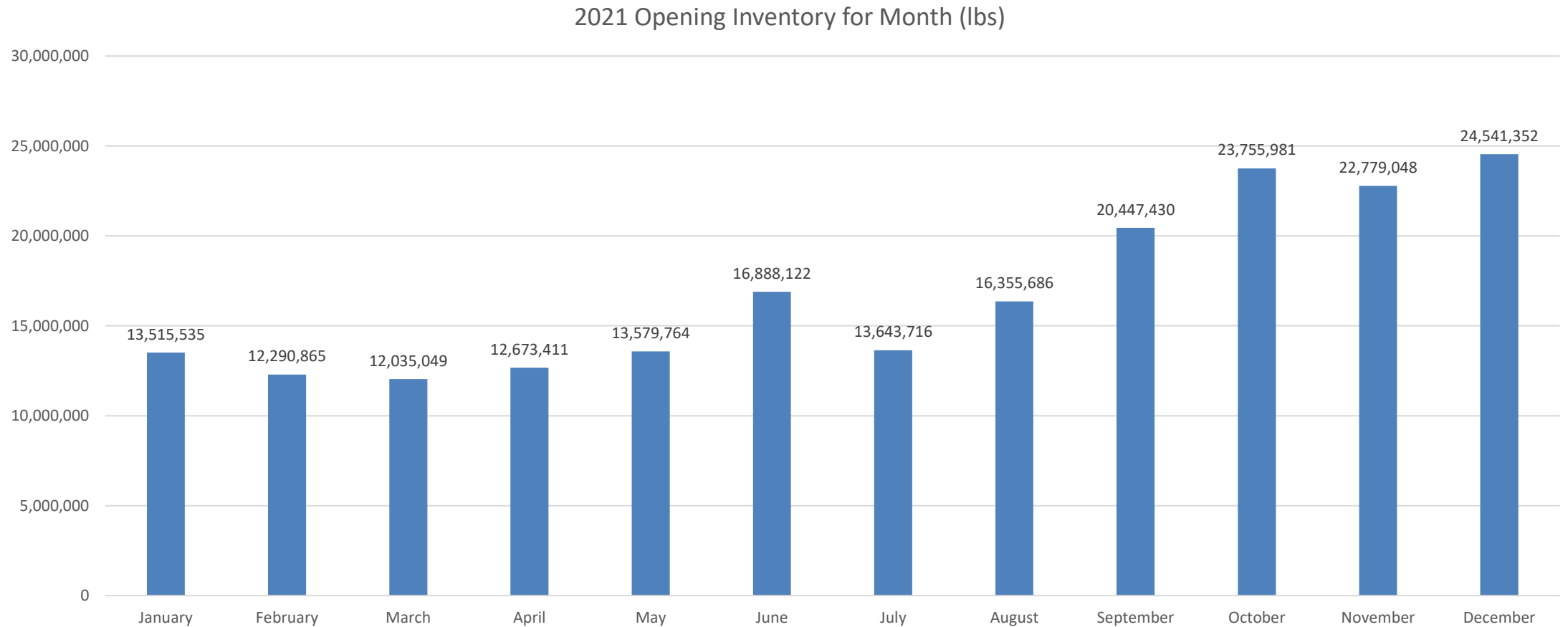
Tire Collections



Weight Collected (lbs)

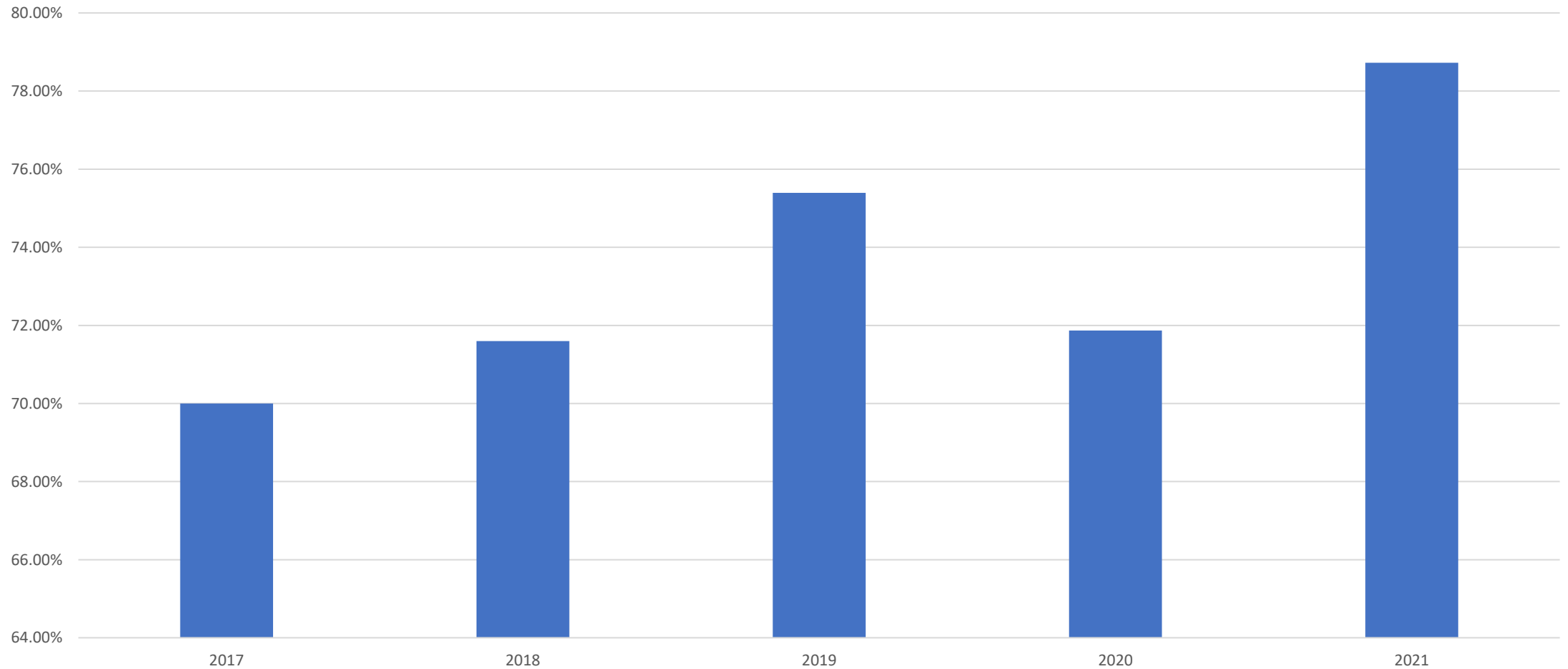


2021 Shercom Opening Inventory (lbs)



Recovery Rate (includes Legacy Tire Cleanup)

Retail and Legacy Pile Collection Rates



2021 Statistics

- Remittances: 1,493,304 Units – Increase of 5.9% compared to 2020
 - Q4 Remittances decreased by 6.4% from Q4 2020
- Collections: 941,010 Units – Increase of 10.2% compared to 2020
- Recovery Rate: 73.6% (2020 Recovery Rate: 70.8%)
- Recovery Rate Adjusted for Legacy Piles (Eldon & Assiniboia): 78.7%
 - Eldon (1,498.24 MT) & Assiniboia (191.92 MT) represent 6.9% of weight received by Shercom
 - Collected Number increased by 6.9% for adjusted recovery rate calculation
- Weight Collected: 24,525,390 Kgs – Decrease of 21% from 2020 numbers which included Shercom's portion of the Assiniboia project.

2021 Statistics continued

Shercom

- September whole tire ending Inventory numbers have increased by 92% to nearly 26 million pounds of raw tire inventory
- Ending Inventory is 159% of targeted month-end total as outlined in PSP
- Concern has been raised with the Ministry that Shercom cannot accommodate the volume of tires TSS is shipping which supports the need to add a second processor
- Concern that Shercom may move to moving large quantities of TDA to alleviate inventory issues which does little to help build a sustainable business model and/or reduce GHG impact of our program

2021 Accomplishments

Assiniboia Site – Cleanup

- 6,212.360 MT of shred material removed in 2021 (Total Shred moved 16,092.399 MT)
- 191.250 MT of whole tires moved to Shercom
- 244.250 MT of material moved to landfill as part of general site cleanup
- Total expenses (after tax) amounted to **\$325,226.42**
- Cleanup of Assiniboia site completed May 19, 2021.
- Civil engineering site completed July 18, 2021
- Report submitted to Ministry of Environment on September 22, 2021
- **MOE approved cleanup/final report on Oct 13 ,2021 (Q4)**
- **Press Release issued on November 1st and Tracker Magazine article published.**

Assiniboia – May 27, 2021



Project Update - Eldon

- RM of Eldon Abandoned Pile
 - Final Cleanup Load on April 13th
 - 2,292 MT removed from site
 - 306.600 MT's in 2022
 - 1498.240 MT's in 2021
 - 487.490 MT's in 2020
- Press Release has been drafted (waiting on Ministry for their commentary)
- Once published, Track magazine will be provided with a copy for publication.

Other Legacy Piles (included in Collection Figures)

- Legacy Pile in RM of Invergordon completed (2095 tires)
- First Nation piles cleaned up in 2021:
 - Muskoday First Nation (Q2) (602 tires)
 - Sturgeon Lake First Nation (Q1) (1,600 tires)
 - Sweetgrass First Nation (Q3) (211 tires)
 - Sweetgrass First Nation (Q4) (210 tires)
 - Lac La Ronge (Q4) (726 tires)
 - Morin Lake (Q4) (915 tires)
 - Beardy's & Okemasis Cree Nation (Q4) (1,090 tires)
- Northern piles cleaned up in 2021 include:
 - Brabant Lake (Q4) (643 tires)
 - Northern Village of Ile-a-la-Crosse (Q4) (903 tires – not completed)
 - Stanley Mission (Q4) (317 tires)
 - Points North (Q4) (495 tires)

Retailers

- Silk Tire
 - Legal issue resolved successfully
- 159 accounts in arrears (11% of accounts) which is a reduction from a normal range of 15-25%.
 - End of December 2020 we were at 24%
- R2R participation has increased to 96 retailers which represents a 33% increase from 2020

Media Campaign

- Spring and Fall Radio campaigns to promote R2R program
 - Spring: April 26 – May 25
 - Fall: October – November 26th
 - 2022 Spring: March 26 – May 23rd
- Website Refreshed to better highlight R2R program
- With the use of a 3rd Party (Harvard Media) to create and manage social media TSS has TSS launched a Twitter and Facebook pages and have adds running on Google for a 5-6 month advertising campaign
- Ask from Harvard:
 - Add TSS on Facebook and Twitter feeds
 - Looking for participants from Board who could be featured for “Feature Friday” posts
 - Want a photo
 - What you do
 - What you enjoy in your spare time

Friday, April 15th

Story: Return to
Retailer (scraps)

Swipe up link to list on
website will be added



WE WANT YOUR SCRAPS!



***RETURN TO RETAILER (R2R)
PROGRAM***

Saskatchewan residents can drop
off a **MAXIMUM of 10** rimless,
scrap tires per visit, free of charge!



Drop Off @ Select Tire Retailers



Monday, April 18th

Post: Return 2 Retailer Program

The Return to Retailer (R2R) Program provides Saskatchewan residents an opportunity to participate in responsible scrap tire stewardship by placing their scrap tires into the recycle stream through the R2R Program. ♻️

R2R allows Saskatchewan residents to drop off a maximum of ten (10) rimless scrap tires, free of charge, at select tire retailers during business hours, even if the tires were not originally purchased at that location. 🔑

Head to the link for more info!
www.tssk.ca/return-to-retailer



Friday, April 22nd


Story: Earth Day



Monday, April 25th

Post: Recovery Rate 2020

For every new tire sold, an end-of-life tire will eventually be generated. For 2021, the Recovery Rate was 78.7%, which was adjusted to include our legacy tire cleanup efforts.

Visit our website to learn more about the TSS Program! 

<https://www.tssk.ca/>



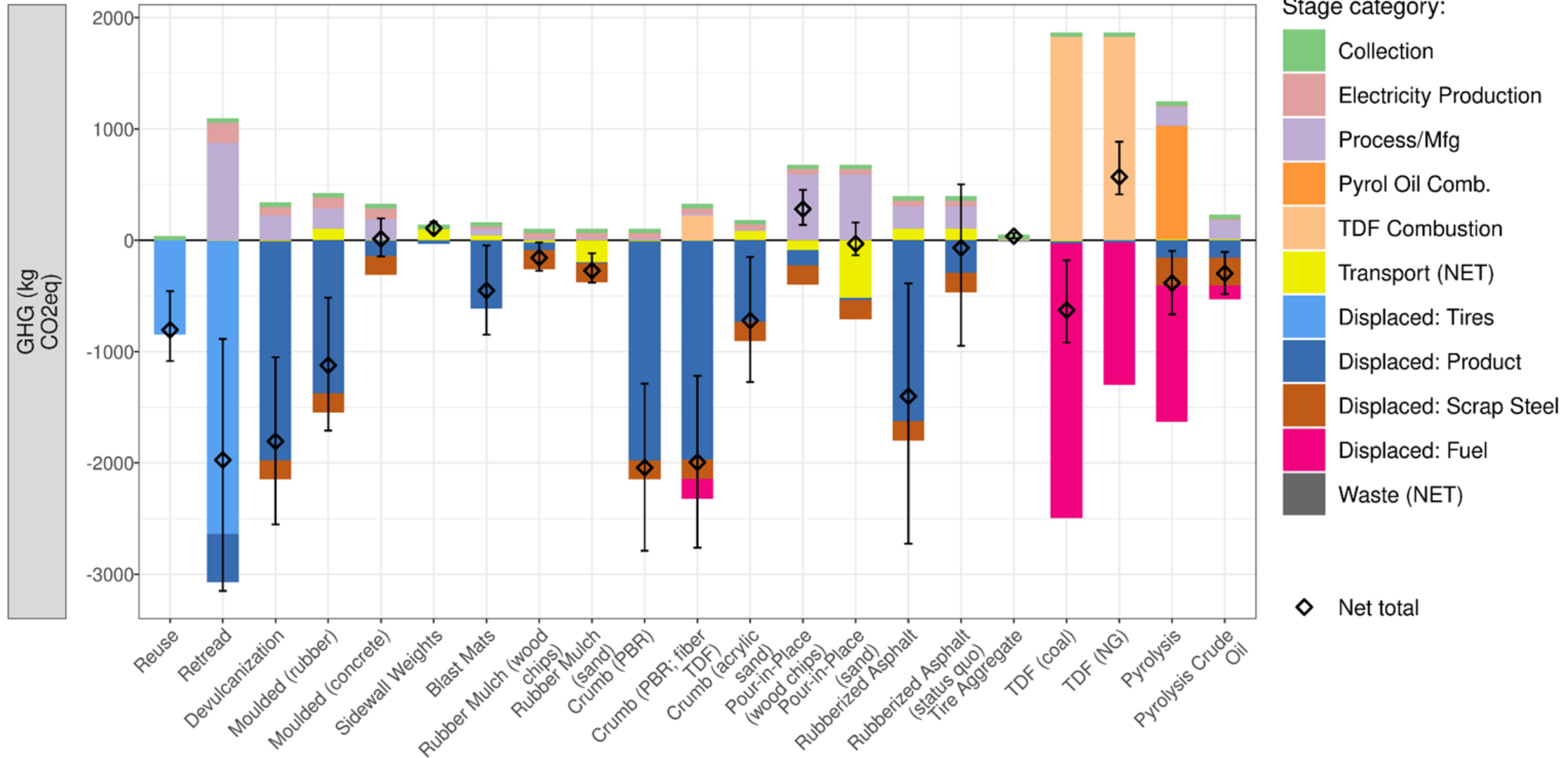
Office Space

- TSS Moved into new office space at 302-1916 Dewdney Ave on December 10, 2021

GHG Life Cycle Analysis

CATRA Study

Processing Routes - GHGs



Conclusions - Main Points

- Tire recycling is ecologically beneficial
 - 16 of 21 routes lead to lower GHG emissions than the products they displace
 - Collection and reverse logistics have small impacts compared to processing
 - TDA and TDF applications are marginal at best - TDF replacing natural gas is no good
 - The best-performing routes included replacing primary rubber, retread, blast mats
 - Devulcanization and pyrolysis - both show moderate benefits
 - Rubber-modified asphalt is beneficial **if** roadway service lifetime is extended

SK Data Summary

2020

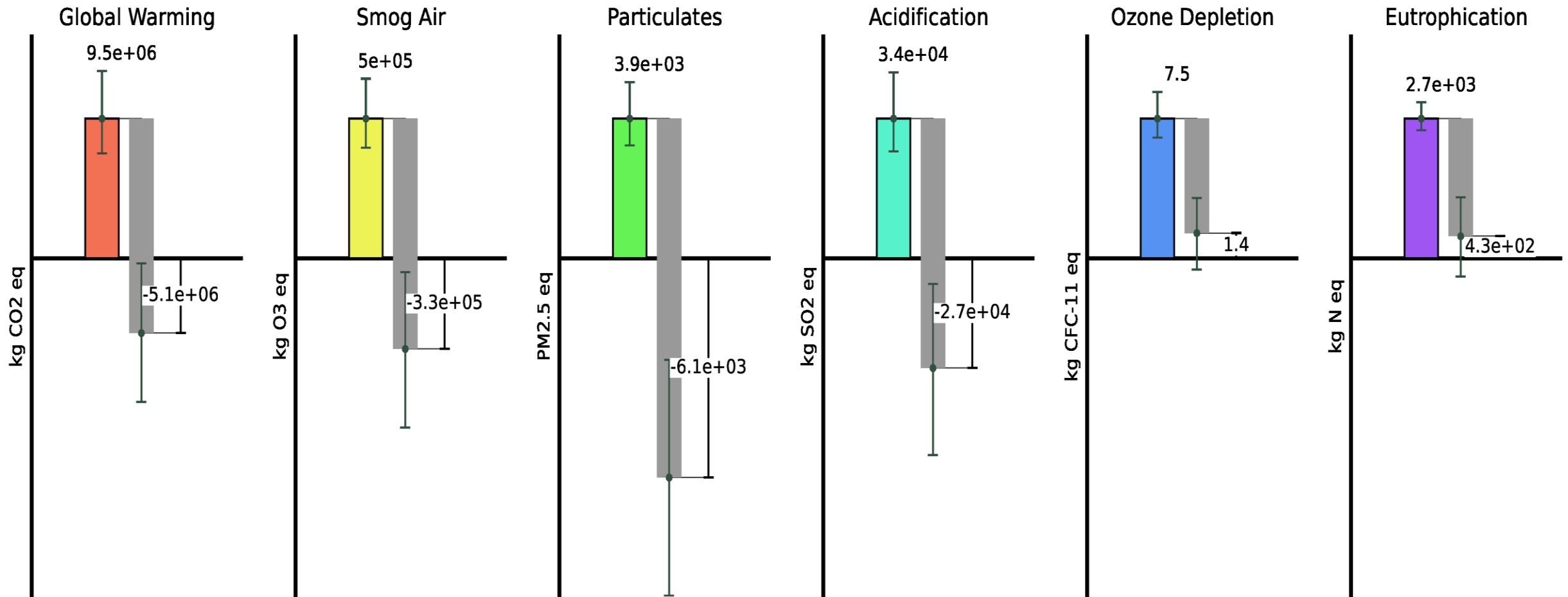
TSS's 2020 Impact

- During 2020, scrap tire management and production of tire-derived products displaced other more carbon intensive products resulting the in net savings for the province equivalent to 28.7 million kilometers of vehicle travel

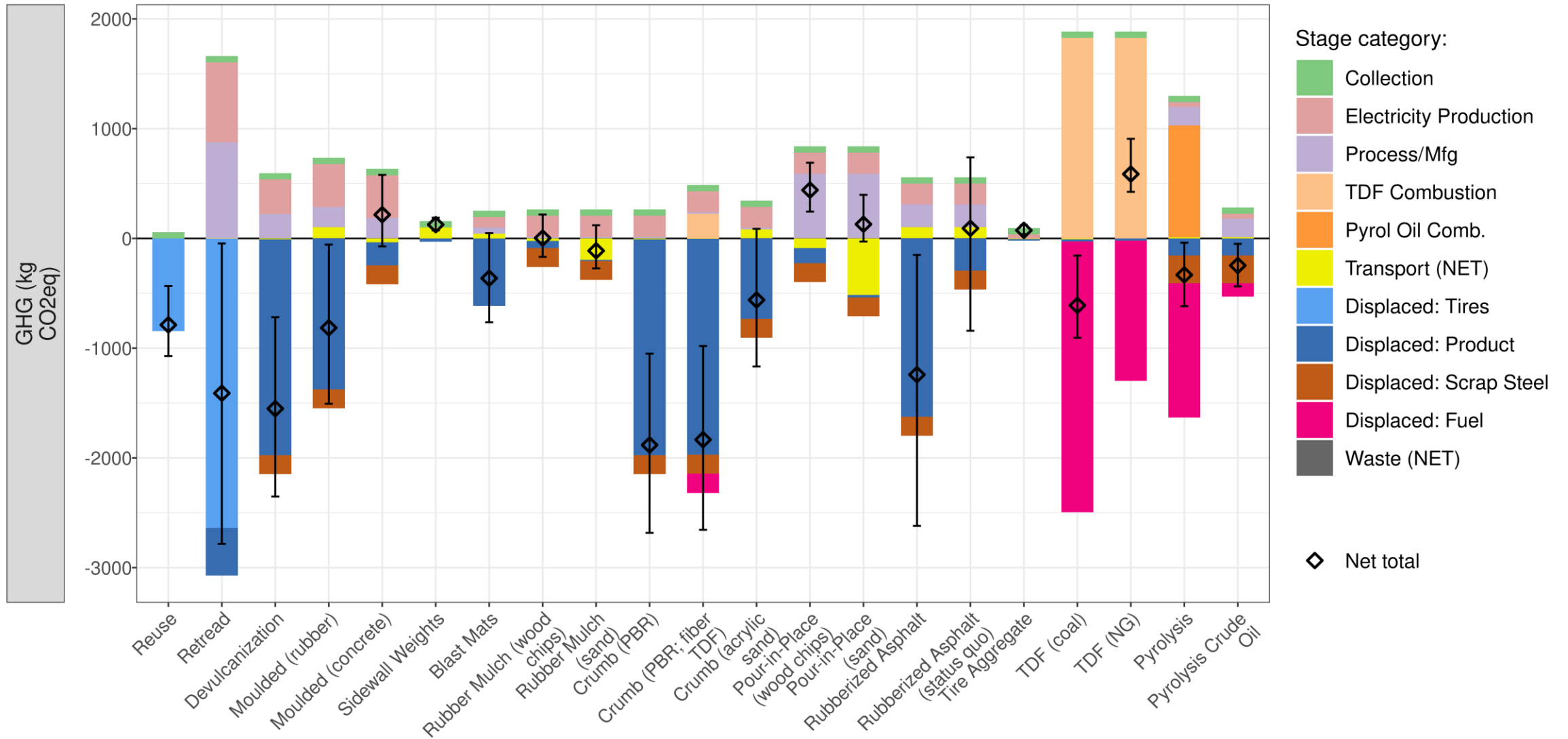
Saskatchewan 2020 Data

- Collection and Freight distance decreased by 13% (259 kms to 225 kms) since 2018
- 4 out of 6 categories showed a potential net improvement (incurred impacts are smaller than the impacts of potentially avoided impacts in a given category) during 2020
 - Between 1-2 times the incurred impact
 - Global Warming
 - Smog Air
 - Acidification
 - At least twice the magnitude of incurred impact
 - Particulates
- 2 categories showed incurred impacts exceeded potentially avoided impacts
 - Ozone depletion
 - Eutrophication

Total Impacts Incurred and Avoided (SK)



Net Greenhouse Gas Impacts per tonne of scrap tires (SK)



Saskatchewan 2020 Conclusions

- Collection and material handling at processing facilities made generally small contributions to the impact score compared with processing activities
 - Largest impact from collection and material handling were in the smog indicator and can be traced to diesel combustion
- The most significant impact contribution during processing stage was the production of binder used in molding and pour-in-place product systems
- Largest contributor to impact score comes from the electricity production from a fossil-fuel intensive electricity grid
- Most significant contribution to the favorable environmental performance of the system came from the displacement of molded primary rubber products
- In SK vast majority of tires were used for aggregate which did not produce significant avoided impacts because gravel production does not have a high impact indicator score in comparison with rubber production

Saskatchewan 2020 Conclusions

- 5 processing routes with the greatest potential for reducing GHG impacts include:
 - Crumb rubber replacing primary rubber
 - Retread
 - Devulcanization replacing primary rubber
 - Rubber-modified asphalt with roadway service life extension
 - Molded rubber replacing extruded EPDM
- Molded and pour-in place product manufacturers should assess their selection of binder

2022 Business Plan

Macro Initiatives

- Make our programming easier to access for everyday consumers
 - Continue to expand the R2R network (up to 100 volunteer retails now)
- Promote Value-Added Processing that reduces our GHG impact
 - Incentivize our processors to reduce overall GHG Impact
 - Factor environmental impact into negotiations with Shercom on a long-term extension
 - Assist in commercialization of new technology that uses scrap tires as a feedstock that displace carbon intensive products)
- Reduce overall Program costs
 - Using knowledge gained in RFP process in negotiations on long-term extension with Shercom
- Deal with Legacy Tire Issues
 - Budgeting \$650K for legacy tire cleanups in 2022
 - 2022 funds will be mainly used to target areas previously missed by SSTC programming (Northwest Corner and Northern Regions)
 - Get known legacy pile list down to zero in 3-10 years knowing that as we start to clean up piles that more will pop up

Macro Challenges

- Reduce Risk
 - We may need to establish a management contingency fund to address future large stockpile abandonment to ensure we don't need to approach the MOE in the event of Shercom abandoning their obligations if unsatisfied with negotiations on a long-term agreement
 - We are targeting to spend \$650K in 2022 to address legacy tire issues
 - We should continue to grow our operational reserve by targeting building up reserves to 1 years worth of expenses over time

Other Initiatives

- With future addition of additional processor(s) collection zones will have to be revised and re-tendered
 - Collector agreements are set to expire at end of 2022
- Market Development Program to promote innovative uses of scrap tires in SK
- Increase promotional efforts further to highlight work being completed on cleaning up legacy tires and the benefits of the value-added processor(s) that we will be bringing on board

Questions?