



March 20, 2009

The Honourable John Gerretsen  
Minister of the Environment  
Province of Ontario  
135 St. Clair Avenue W., 12<sup>th</sup> Floor  
Toronto, Ontario M4V 1P5

Dear Minister Gerretsen:

**Re: Used Tires Program Plan**

Since Waste Diversion Ontario submitted the Used Tires Program Plan on February 27, 2009, two mathematical errors in the calculation of the Used Tires Program Plan Year 1 Budget and Tire Stewardship Fees have been identified.

These errors related to a spreadsheet cell reference error and a cell formula error and are not material to the Used Tires Program Plan currently posted on the Environmental Registry.

The attached errata document describes the source of the errors and provides the corrected calculations, consistent with the fee setting methodology contained in the Used Tires Program Plan.

Yours truly,  
Waste Diversion Ontario



Clodhna McMullin  
Chair

c: Mr. John Vidan  
Director, Waste Management Policy Branch  
Ministry of the Environment

## Used Tires Program Plan Errata

Two mathematical errors in the calculation of the Used Tires Program Plan Year 1 Budget and Tire Stewardship Fees have been identified.

### Errata # 1

Table 35 in Section 7.7 Total Program Budget includes a section presenting the allocation of shared costs among Passenger/Light Truck (P/LT), Medium Truck (MT) and Off-the-Road (OTR) tires.

In the Used Tires Program Plan (dated February 27, 2009) the calculations for this section of Table 35 incorrectly used Passenger Tire Equivalents (PTEs) for the number of tires collected less culled tires. The Fee Setting Methodology Step 3 requires that this allocation be based on Adjusted Unit Sales as follows:

Tire Categories	Passenger Tire Equivalents for Budget Costs	Passenger Tire Equivalents for Calculation of TSF
On-Road Passenger/Light Truck Tires	Adjusted Unit Sales multiplied by 1	Adjusted Unit Sales multiplied by 1
On-Road Medium Truck Tires	Adjusted Unit Sales multiplied by 2	Adjusted Unit Sales multiplied by 5
Off-the-Road Tires	Adjusted Unit Sales multiplied by tire weight divided by 10 kilograms	Adjusted Unit Sales multiplied by tire weight divided by 10 kilograms

Calculation of MT Passenger Tire Equivalents is based on a multiplier of 2 for budget costs as information available during Program Plan development indicates that the cost to manage a MT tire is approximately twice the cost to manage a P/LT tire. Calculation of MT Passenger Tire Equivalents is based on a multiplier of 5 for Tire Stewardship Fees (TSF) as the weight of a MT tire is five times the weight of a passenger tire.

The calculation of Passenger Tire Equivalents consistent with the fee setting methodology is presented in the following table:

Tire Categories	Passenger Tire Equivalents for Budget Costs	Passenger Tire Equivalents for Calculation of TSF
On-Road Passenger/Light Truck Tires	9,589,490	9,589,490
On-Road Medium Truck Tires	979,640	2,449,100
Off-the-Road Tires	7,659,280	7,659,280
<b>Total</b>	<b>18,228,410</b>	<b>19,697,870</b>

The following table presents the corrected calculation of Shared Costs for P/LT, MT and OTR tires using the Passenger Tire Equivalents for Budget Costs. Total Program costs for each of the shared cost components are not affected as this correction affects the allocation of these costs among P/LT, MT and OTR tires.

## Used Tires Program Plan Errata

<b>Shared Costs</b>	<b>PL/T Tires</b>	<b>MT Tires</b>	<b>OTR Tires</b>	<b>Total Program Cost</b>
Program D & S	\$1,453,289.03	\$148,464.63	\$1,160,765.34	\$2,762,519.00
Administration	\$1,697,553.54	\$173,418.12	\$1,355,863.34	\$3,226,835.00
Stockpiles	\$1,136,319.54	\$116,083.76	\$907,596.70	\$2,160,000.00
Shared R&D	0	0	0	0
Shared P&E	0	0	0	0
<b>Total Shared Costs</b>	<b>\$4,287,162.11</b>	<b>\$437,966.51</b>	<b>\$3,424,225.38</b>	<b>\$8,149,354.00</b>
Shared Costs per PTE	\$0.45	\$0.18	\$0.45	

The following table presents the corrected calculation of Shared Costs for P/LT, MT and OTR tires compared to the data presented in Table 35 in Used Tires Program Plan dated February 27, 2009 (shown in italics).

<b>Shared Costs</b>	<b>PL/T Tires</b>	<b>MT Tires</b>	<b>OTR Tires</b>	<b>Total Program Cost</b>
Corrected Total Shared Costs	\$4,287,162.11	\$437,966.51	\$3,424,225.38	\$8,149,354.00
<i>February 27 Program Plan</i>	<i>\$3,956,282.30</i>	<i>\$475,487.76</i>	<i>\$3,717,583.94</i>	<i>\$8,149,354.00</i>
Difference	\$330,879.81	(\$37,521.25)	(\$293,358.56)	\$0.00
Corrected Shared Costs per PTE	\$0.45	\$0.18	\$0.45	
<i>February 27 Program Plan</i>	<i>\$0.41</i>	<i>\$0.19</i>	<i>\$0.49</i>	
Difference	\$0.04	(\$0.01)	(\$0.04)	

## Used Tires Program Plan Errata

### Errata # 2

Table 38 in the Used Tires Program Plan sets out contingency allowances for Transportation at 8%, Processing at 8% and Stockpiles at 5%. The contingency calculation for Stockpiles used 5% for P/LT and MT tires but incorrectly used 10% for OTR tires. The stockpile contingency costs are also presented in Table 35 in Section 7.7 Total Program Budget. The following table presents the corrected calculation of Contingency Costs compared to the data presented in Table 38 in Used Tires Program Plan dated February 27, 2009 (shown in italics).

<b>OTR Tires</b>	<b>Transportation (8% Contingency)</b>	<b>Processing (8% Contingency)</b>	<b>Stockpiles (5% Contingency)</b>	<b>Total</b>
Corrected Contingency	\$254,400.00	\$213,979.20	\$45,379.84	\$513,759.04
<i>February 27 Program Plan</i>	<i>\$254,400.00</i>	<i>\$213,979.20</i>	<i>\$90,759.67</i>	<i>\$559,138.87</i>
Difference	\$0.00	\$0.00	(\$45,379.84)	(\$45,379.84)

### Errata Summary

The following table presents the corrected calculation of the Tire Stewardship Fee for P/LT, MT and OTR tires compared to the Tire Stewardship Fee presented in Table 35 in Used Tires Program Plan dated February 27, 2009 (shown in italics).

<b>Tire Stewardship Fee</b>	<b>PL/T Tires</b>	<b>MT Tires</b>	<b>OTR Tires</b>
Corrected	\$5.84	\$2.93	\$1.39
<i>February 27 Program Plan</i>	<i>\$5.81</i>	<i>\$2.94</i>	<i>\$1.44</i>
Difference	\$0.03	(\$0.01)	(\$0.05)

The corrected Section 7.7 Table 35 follows.

## Used Tires Program Plan Errata

<b>Year 1 Tire Program Budget</b>				
	<b>PL/T Tires</b>	<b>MT Tires</b>	<b>OTR Tires</b>	<b>Total Program Cost</b>
PTEs	9,589,490	2,449,100	7,659,280	
<b>Direct Costs</b>				
Collection	\$8,882,896.00	\$1,572,580.00	\$118,747.20	\$10,574,223.20
Transportation	\$19,545,969.23	\$1,996,770.77	\$2,544,000.00	\$24,086,740.00
Processing	\$17,544,168.40	\$2,317,746.60	\$2,139,792.00	\$22,001,707.00
Direct R&D	\$873,819.80	\$89,267.40	\$1,531,856.00	\$2,494,943.20
Direct P&E	\$2,184,549.50	\$223,168.50	\$382,964.00	\$2,790,682.00
Total Direct Costs	\$49,031,402.94	\$6,199,533.26	\$6,717,359.20	\$61,948,295.40
Direct Costs per PTE	\$5.11	\$2.53	\$0.88	
<b>Shared Costs</b>				
Program D & S	\$1,453,289.03	\$148,464.63	\$1,160,765.34	\$2,762,519.00
Administration	\$1,697,553.54	\$173,418.12	\$1,355,863.34	\$3,226,835.00
Stockpiles	\$1,136,319.54	\$116,083.76	\$907,596.70	\$2,160,000.00
Shared R&D	\$0.00	\$0.00	\$0.00	\$0.00
Shared P&E	\$0.00	\$0.00	\$0.00	\$0.00
Total Shared Costs	\$4,287,162.11	\$437,966.51	\$3,424,225.38	\$8,149,354.00
Shared Costs per PTE	\$0.45	\$0.18	\$0.45	
<b>Contingencies</b>				
Transportation	\$1,372,811.20	\$350,608.00	\$254,400.00	\$1,977,819.20
Processing	\$1,285,948.83	\$172,354.77	\$213,979.20	\$1,672,282.80
Stockpiles	\$56,815.98	\$5,804.19	\$45,379.84	\$108,000.00
Total Contingencies	\$2,715,576.01	\$528,766.96	\$513,759.04	\$3,758,102.00
Contingencies per PTE	\$0.28	\$0.22	\$0.07	
TSF per PTE	\$5.84	\$2.93	\$1.39	
TSF per Tire	\$5.84	\$14.65	See following Table	
<b>Total Program Budget</b>				<b>\$73,855,751.40</b>

## Used Tires Program Plan Errata

<b>Year 1 TSF per OTR Tire by Type</b>			
<b>OTR Tire Type</b>	<b>PTEs / Tire</b>	<b>TSF / PTE</b>	<b>TSF / Tire</b>
Agricultural Drive and Logger Skidder Tires	11	\$1.39	\$15.29
Small & Large Industrial	9	\$1.39	\$12.51
Small Off The Road Tires	16	\$1.39	\$22.24
Medium Off The Road Tires	70	\$1.39	\$97.30
Large Off The Road Tires	75	\$1.39	\$104.25
Giant Off The Road Tires	180	\$1.39	\$250.20