

GREEN CART PROGRAM 2017 FEE REDUCTION

EXECUTIVE SUMMARY

The city-wide residential Green Cart program will start in mid-2017. On 2016 May 30 Council approved the Green Cart indicative rate of \$6.50 per household per month for 2017 and 2018. At the 2016 September 12 meeting of Council, Administration was directed to investigate options and potential funding sources to fund Green Cart implementation to reduce the monthly rate per household to \$0 until 2018 January 1 and report back to the 2016 September 19 Strategic Council Meeting. This report details the opportunity for providing funds from the Fiscal Stability Reserve (FSR) to cover the costs of the Green Cart program for households in 2017.

ADMINISTRATION RECOMMENDATIONS

That Council direct Administration to:

1. Withhold billing for Green Cart service until 2018 January 1 and draw up to \$13M from the Fiscal Stability Reserve to compensate for foregone revenue during 2017; and
2. Bring an operating budget adjustment for 2017 based on the revised Green Cart funding mechanism as part of Action Plan 2015-2018 Mid-Cycle Adjustment process.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2016 May 30 Council approved the Waste & Recycling Services Green Cart Program 2017-2018 Indicative Rate (C2016-0440) and directed Administration to:

1. Include a Green Cart Program Rate of \$6.50 per household per month for 2017 and 2018 as part of Action Plan 2015-2018 Mid-Cycle Adjustment process; and
2. Return to Council with amendments to the Waste & Recycling Bylaw (20M2001) Schedule B as part of Action Plan 2015-2018 Mid-Cycle Adjustment process.

On 2016 September 12 Council directed Administration to investigate options and potential funding sources to fund Green Cart implementation to reduce the monthly rate per household to \$0 until 2018 January 1 and report back to the 2016 September 19 Strategic Council Meeting (NM2016-27).

BACKGROUND

In mid-2017 WRS will roll out a city-wide residential Green Cart program, including weekly cart collection of food and yard waste. Green Cart service to communities is scheduled to commence quadrant by quadrant during the spring and summer of 2017. As per the Green Cart rate approved by Council on 2016 May 30, once households start to receive the service, they will be billed \$6.50 per month. However, rate relief could be provided to households through funding from the FSR.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

A fee reduction could be provided to households by forgoing billing in 2017, and commencing billing to all households 2018 January 1. Lost revenue under this scenario would be approximately \$13M in 2017. This amount would need to be drawn from the FSR.

Due to the challenging economic conditions that currently exist in Calgary, Council has made it a priority to reduce costs for Calgarians, most notably through the frozen tax rate for 2017 adopted by Council on 2016 June 27. Providing the new Green Cart service to households without charge in 2017 would provide additional rate relief to Calgarians. Further, it allows

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Calgarians to experience the service and the amount of material that can be composted prior to introduction of the fee. Research from the pilot found that support for the program is high and it gets even stronger once households have the opportunity to experience the service.

Stakeholder Engagement, Research and Communication

The Green Cart program has been piloted with over 7,500 residents in four Calgary communities. Support for a city-wide program increased among pilot participants shortly after they started experiencing the program. Support grew from 84% (56% strongly support) before the program began, to 91% (73% strongly support) after a few months of receiving the service. Recent city-wide research of single-family households shows that 89% support the implementation of the Green Cart program (74% strongly support).

Strategic Alignment

Implementation of the Green Cart program is critical for achieving the waste diversion target of 70 per cent by 2025 and supports Council's priority of A Healthy and Green City in Action Plan 2015-2018 through Business Unit Actions:

- H1.1 – Implement a residential Green Cart Program; and
- H1.2 – Design and construct a residential organics and biosolids composting facility to support 2017 implementation of a Green Cart Program.

Social, Environmental, Economic (External)

Social

The current economic downturn has affected the wider community. Funding the Green Cart service from the FSR rather than through charges to households in 2017 would respond to the financial impacts felt by the Calgary community.

Environmental

Reducing and diverting organic waste from Waste Management Facilities is a significant component of reducing Calgary's impact on land, air and water. Composting reduces greenhouse gas emissions, redirects natural resources back into the economy through the production of a high quality valuable end product, reduces future contamination and environmental liability, and increases the life of landfills.

Economic (External)

Subsidizing the Green Cart program from the FSA in 2017 is not anticipated to have any external economic impacts.

Financial Capacity

Current and Future Operating Budget:

WRS' operating budget approved in Action Plan includes the revenues and expenditures required for the Green Cart program commencing mid-2017. The full Green Cart program costs include: collection, debt servicing, composting facility operations, green cart purchase, education, communication and marketing of finished compost, net of revenues received from the sale of compost. WRS' prioritization of financial resources, including operating, capital and reserves, has maintained the indicative user fee rate of \$6.50 per household per month as

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committed to in Action Plan 2015-2018 and first identified in 2013. If foregone revenue is recovered through the FSR there will be no impact to operating budgets.

Current and Future Capital Budget:

Funding the household fee from the FSR will have no impact on current or future capital budgets.

Risk Assessment

Introducing a new service and associated new fee to citizens during an economically difficult time presents a risk. Providing the Green Cart service at no charge to residents during 2017 reduces this risk.

REASON(S) FOR RECOMMENDATION(S):

The recommendations will enable The City of Calgary to provide the new Green Cart service to households when it starts in 2017 without charging households for the service until 2018 January 1, providing some additional rate relief to Calgarians during a challenging economic time.

ATTACHMENTS

Presentation: Green Cart Program 2017 Fee Reduction