

Variable Set-Out for Black Carts: Recommendation on Proposed Pilot

RECOMMENDATION(S):

That the Community Development Committee recommend that Council:

1. Direct Administration not to proceed with the variable set-out pilot so that it can continue to deliver the Black Cart program at a low cost to all households.

**RECOMMENDATION OF THE COMMUNITY DEVELOPMENT COMMITTEE, 2022
DECEMBER 1:**

That Council direct Administration not to proceed with the variable set-out pilot so that it can continue to deliver the Black Cart program at a low cost to all households.

HIGHLIGHTS

- Waste & Recycling Services (WRS) understands that Calgarians are interested in Pay-As-You-Throw service models, which allow households to pay for the level of service they need. Households that set out less waste want their monthly Black Cart charges to be lower than households that set out more waste. WRS began to evaluate options in 2018. In 2020 WRS implemented a tag-a-bag program. Under this program, Calgarians that generate more garbage than will fit in the black cart pay for the additional cost of collecting and disposing of that extra material. WRS also investigated the option of offering Calgarians different cart sizes but found that implementing a variable cart size program would be prohibitively expensive (UCS2019-0364). Most recently, WRS evaluated the potential to offer lower monthly black cart charges based on collection frequency through a variable set-out program. Under this program, households that set their carts out less frequently would pay less on their monthly bill than households that set out more frequently.
- A detailed analysis of the variable set-out program revealed that it could cost up to \$9.5 million to pilot and implement, and result in up to \$1.7 million increase in annual sustainment costs. Program costs are primarily related to changing our billing system and processes, cart management and maintenance, and customer service.
- The analysis also found that the available technology does not provide the necessary data accuracy for billing purposes. Recent field testing of the truck technology indicates that the best-case scenario regarding data accuracy on collection-related information such as customer addresses and cart details is 95 per cent. At this level of accuracy (i.e., 5 per cent error rate), there may be over 30,000 billing errors monthly.
- Only 10 per cent of households currently set-out their carts less than every two weeks and a key finding from customer research and engagement is that up to two-thirds of households may not require a financial incentive to re-consider how often they set out their carts. Many would consider setting out less if The City explained the impact of their set out choices on operational costs, greenhouse gas emissions and cost of service.

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- **What does this mean to Calgarians?** The cost to pilot, implement and sustain a variable set-out program far outweighs potential savings and would result in higher monthly Black Cart Program charges to all households and frustration for residents due to billing errors. WRS will continue to explore opportunities that will achieve greater fairness and operational effectiveness while considering overall program costs.
- **Why does this matter?** If WRS doesn't proceed with a variable set-out program, all single-family households will continue to receive black cart service at the current, lowest cost option. Waste & Recycling Services is committed to providing high quality services to Calgarians in an affordable and efficient manner. The current black cart program has one of the highest satisfaction rates (90 per cent) amongst City services.
- Previous Council Direction is included as Attachment 1.

DISCUSSION

At Council's direction, Administration has explored three Pay-As-You-Throw options. In 2018 and 2019, Administration investigated a three-cart size option and findings revealed that this option may cost up to \$13.5 million to implement and up to an additional \$2.5 million in annual sustainment costs. This was deemed too expensive, and Council directed Administration not to proceed. Also in 2019, Council directed Administration to implement the tag-a-bag program which required households that set out extra waste outside of the black cart to purchase tags for each extra bag of garbage they set out. The tag-a-bag program was implemented in 2020. At the same time, Council directed Administration to explore variable set-out as a Pay-As-You-Throw option.

In determining potential cost and rate impacts of a variable set-out, Administration identified resource requirements, potential set-out scenarios (using results from the customer exploration phase), costs associated with unintended consequences such as contamination, and areas where efficiencies may be realized. Analysis revealed that the program may cost The City up to \$4 million to pilot and up to \$5.5 million to implement city-wide. If the variable set-out program is implemented, annual sustainment costs for the black cart program may increase by up to \$1.7 million. Majority of the costs associated with the variable set-out program are related to changing our billing system and processes, cart maintenance requirements, and customer service.

Projected program costs significantly outweigh any savings through collection efficiencies, which will result in an increase to monthly Black Cart Program charges will increase by at least \$0.50 for all households, including households that set out less than once every two weeks.

Implementing variable set-out may also result in increased dissatisfaction and distrust amongst single-family households due to billing errors caused by the technology that is currently available. Given the best-case data accuracy on collection data is 95 per cent (i.e., 5 per cent error rate), it is estimated that approximately 30,000 household bills could contain errors each month, resulting in customer complaints and calls.

In addition, other expected benefits of a variable set-out program on waste reduction and diversion are very limited for Calgary given the maturity of the City's Black Cart Program, which already includes initiatives such as tag-a-bag and bi-weekly collection.

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The existing Black Cart Program is low-cost when compared to other municipalities and consistently receives high customer satisfaction ratings amongst households. Administration will continue to look for ways to provide more efficient and cost-effective service to households with initiatives such as using technology to improve collection efficiency, as these options become available and more reliable.

The detailed analysis of the variable set-out program is provided in Attachment 2; Variable Set-Out: Analysis of Costs, Risks and Benefits.

Next steps

One of the key results from the customer engagement is that two-thirds of single-family households indicated that they would consider setting out their carts less often than they currently do if they understood that their set-out behaviours may have an impact on The City's operating costs and the environment. A summary of findings from the household engagement is provided in Attachment 3; Variable Set-Out: Summary of Results from Customer Engagement. Future messaging regarding all cart programs will include information to encourage households to only set out their carts for collection when full or almost full.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION

- | | | | |
|-------------------------------------|---|--------------------------|---|
| <input checked="" type="checkbox"/> | Public engagement was undertaken | <input type="checkbox"/> | Dialogue with interested parties was undertaken |
| <input type="checkbox"/> | Public/interested parties were informed | <input type="checkbox"/> | Public communication or engagement was not required |

In February 2020, 185 Calgarians living in single-family households were interviewed at the Calgary Home and Garden Show; in July 2020, a telephone survey was conducted amongst 500 single-family households; and in August and September 2020, 11,850 households participated in an online engagement through the City's engage portal.

The feedback from the consultations was used as a basis to determine likelihood of behaviour change, potential set out scenarios and savings.

IMPLICATIONS

Social

Households that generate less waste with carts less than half full and set-out their carts less than every two weeks may view the current black cart program as unfair. However, their frequency of service is the same.

Environmental

There are no adverse environmental impacts from not implementing variable set-out.

Economic

The City will be able to continue to keep the monthly black cart charges low.

Service and Financial Implications

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No anticipated financial impact

Include actual figure

Maintaining the current Black Cart Program allows The City to continue to provide black cart service to households at the current cost. If the variable set-out project is implemented, there will be significant increases in overall program costs for the Black Cart Program, resulting in higher monthly charges for households. The increase in costs results from the systems and resources required to manage customer care and billing issues.

RISK

The potential risk of this recommendation is that customers who generate little waste may be disappointed if they expected reduced monthly Black Cart Program charges.

Analysis of potential risks associated with implementing the program is provided in Attachment 2 of this report.

ATTACHMENTS

1. Previous Council Direction, Background
2. Variable Set-Out: Analysis of Costs, Risks and Benefits
3. Variable Set-Out: Summary of Results from Customer Engagement
4. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Julie Radke, Director	Waste and Recycling Services	Approve
Doug Morgan, GM	Operational Services	Approve