

WASTE & RECYCLING SERVICES INDICATIVE RATES AND FEES

EXECUTIVE SUMMARY

Most of the material presented in this report and attachments was already presented at the 2014 March 17 Strategic Meeting of Council. It is repeated here for completeness, to provide background and rationale for the recommendations in this report.

Waste and Recycling Services (WRS) funds its capital and operating programs from a mix of fees, grants and tax support. This report details the 2015-2018 indicative rates and fees, building on the Waste & Recycling Services Infrastructure Investment Plan 2015-2024 (UCS2014-0023); and the Waste & Recycling Services Financial Plan (UCS2014-0024) presented at the 2014 March 17 Special Meeting of Council.

These indicative rates and fees were developed to ensure that WRS is able to continue next steps towards the 80/20 by 2020 goal, maintain service levels for existing customers; extend those services to new communities; add new services (i.e. green cart program); maintain the capacity and efficiency of its infrastructure; and respond to inflationary impacts (Attachment 1). A summary of the indicative rates and fees are included in Attachment 2.

ADMINISTRATION RECOMMENDATION(S)

That Council:

1. Direct Administration to prepare the Waste & Recycling Services 2015–2018 Action Plan based on the Indicative Rates & Fees outlined in Attachment 2;
2. Direct Administration to incorporate a Cost of Service Study and an evaluation of financial policies for 2019–2022 in the 2015-2018 Action Plan and;
3. Direct that this report is kept confidential until rise and report; and that the in camera presentations and discussions remain confidential under Sections 23(1)(a)&(b), 24(1)(a)(d)&(g) and 25 (1)(c) of the *Freedom of Information and Protection of Privacy Act* or until directed otherwise.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2013 April 15 Council adopted report C2013-0246 (Organics and Biosolids Composting Program) and directed Administration to report back to Council in 2014 with alternative funding options including indicative rates and fees, for the WRS 2015-2018 Operating Budget, to accommodate an anticipated net increase to WRS' annual operating costs of approximately \$26 million due to the implementation of the residential green cart composting program starting in 2017.

On 2014 February 26, the Standing Policy Committee on Utilities and Corporate Services received report UCS2014-0024 (Waste & Recycling Services Financial Plan 2015-2018) and UCS2014-0023 (Waste & Recycling Services Infrastructure Investment Plan) for information and forwarded them to the 2014 March 17 Strategic Session of Council.

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On 2014 March 17, Council adopted report C2014-0089 and directed Administration to return to the proposed 2014 May 5 Strategic Planning Meeting of Council with indicative rates for the 2015-2018 Action Plan based on:

- a) the operating and capital requirements provided in this report; and
- b) including a fee for the residential green cart composting program reinvesting the savings from reduced black cart garbage collection to partially offset the program fee.

BACKGROUND

WRS provides waste and diversion services to the citizens of Calgary. WRS manages operational and environmental performance of The City's waste management facilities including three active landfills, five inactive sites and nine household hazardous waste drop-off locations.

WRS also operates community-based diversion programs including: leaf and pumpkin composting, Christmas tree mulching, electronics and paint recycling, community recycling depots (CRDs), community cleanups and special events/festivals, and the green cart composting project. Most visibly, WRS delivers black cart garbage and blue cart recycling collection services for residential waste and recyclables. WRS also delivers education programs that support the waste hierarchy of reduce, reuse, recycle and residual management. These activities are funded through a combination of fees, including landfill tipping fees, the residential waste management charge (WMC) and the blue cart recycling rate, tax support and Federal Gas Tax (GTF) funding grants.

Citizen satisfaction with waste and recycling services is consistently highly valued and scored by our residents. In 2013, 95 per cent of citizens were satisfied with residential garbage collection, and 89 per cent of citizens were satisfied with City operated recycling programs. In addition, support for the green cart program is also strong with 89 per cent of residents in the participating communities saying they are satisfied with the program while 91 per cent support a city-wide program (Ipsos Reid survey, December 2012).

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Significant progress has been made towards WRS' financial realignment since the 2009-2011 business planning and budget cycle, with the introduction of the self-supported blue cart recycling program and the landfill waste management charge for single-family residences. In order to continue to make progress towards 80/20 by 2020, implementing the green cart program and reducing black cart collection to once every two weeks is required.

While current diversion programs need to be maintained, community recycling depots will be evaluated and reduced with the introduction of the multi-family recycling bylaw. Savings will be used to fund The City's cost of implementing the multi-family recycling strategy.

Building on the Waste & Recycling Services Infrastructure Investment Plan and the Waste & Recycling Services Financial Plan, the indicative rates and fees for 2015-2018 have been developed as shown in Attachment 2.

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Stakeholder Engagement, Research and Communication

As noted previously, citizen satisfaction with waste and recycling services is consistently highly valued and scored by our residents.

WRS has engaged 7,500 residents in four Calgary communities as part of a full operational test of a residential green cart composting program. The pilot program was first implemented in 2012 and has led to an operational model that will be expanded to a city-wide implementation beginning in 2017. Residents were actively involved and were able to provide feedback over a one year period. 91 per cent of the residents in the pilot communities expressed their support for a city-wide program.

Strategic Alignment

The indicative rates and fees recommended in this report will contribute to strategically align WRS' financial future to The City's long-term vision and planning documents by ensuring sufficient and flexible funding is available for the continued collection, landfill disposal and treatment, and the associated liability, as well as the future diversion programs required to meet 80/20 by 2020. A sound financial plan is also critical in meeting the strategic waste diversion targets included in 80/20 by 2020 waste diversion strategy, the Municipal Development Plan, and imagineCALGARY.

Social, Environmental, Economic (External)

Social

Diverting materials from landfill requires changes in behaviour by Calgary residents, industry and businesses. Implementation of the 80/20 by 2020 strategy will improve access to diversion opportunities. With appropriate funding for new programs, all Calgarians will have better access to waste diversion.

Environmental

Diverting waste reduces greenhouse emissions, redirects natural resources back into the economy and reduces future contamination and environmental liability. A resilient financial model allows WRS to achieve short and long-term waste diversion goals.

Providing a long-term funding solution for WRS will help to increase diversion rates and move Calgary towards the 80/20 by 2020 goal. This will increase the life of the landfills; reduce the production of greenhouse gas emissions and reduce the potential for future environmental issues.

Economic (External)

Implementing sound landfill management programs and the 80/20 by 2020 strategy will create new business opportunities and new markets for recyclable materials.

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Financial Capacity

Current and Future Operating Budget:

WRS' future operating budget and the fee ranges necessary to support business requirements for the 2015-2018 Action Plan are outlined in Attachment 2. As identified in C2013-0246 (Organics and Biosolids Composting Program), a net increase of approximately \$26 million to WRS' annual operating budget will be required to implement the green cart program starting in 2017.

Current and Future Capital Budget:

WRS has developed a ten-year capital plan (WRIIP) to address 80/20 by 2020 facility requirements, landfill regulatory requirements and the operational facilities required to support ongoing operational needs. The proposed fees with ongoing federal Gas Tax funding and appropriate cash and debt financing, support WRS' future capital spending plan.

Risk Assessment

The highest risks associated with this report are:

- There is a strategic risk that WRS will not meet the 80/20 by 2020 diversion goal if funds are not appropriately allocated in the 2015-2018 business plan and budget cycle to support the operating and capital plan.
- There is an operational risk for residential garbage collection if WRS does not receive tax support aligned with inflationary increases and an increasing customer service base.

REASON(S) FOR RECOMMENDATION(S):

The recommendations will enable WRS to fund the green cart program, while maintaining service levels for residential garbage collection and existing diversion programs and meeting the ongoing regulatory, capital and operational requirements of Calgary's landfills.

ATTACHMENT(S)

- 1) Waste & Recycling Service Indicative Rates & Fees
- 2) Waste & Recycling Services Indicative Rates & Fees Tables