

Operational Services Report to
Executive Committee
2026 April 14

ISC: UNRESTRICTED
EC2026-0193

Waste & Recycling rate structure and funding model

PURPOSE

This report recommends a change to Waste & Recycling's residential cart rate structure and updates to Waste & Recycling's funding model.

PREVIOUS COUNCIL DIRECTION

On 2025 February 25, Council directed Administration to evaluate changes resulting from the implementation of the provincial Extended Producer Responsibility system, assess options to update Waste & Recycling's rate structure and report back to Council no later than Q2 2026. A summary of previous Council direction is provided in Attachment 1.

RECOMMENDATION:

That the Executive Committee recommend that Council:

1. Direct Administration to prepare amendments to Waste Bylaw 4M2020 as part of the 2027 to 2030 Business Plans and Budgets to consolidate the monthly Black, Blue and Green Cart program charges into one integrated charge starting from 2027 January 1.

GENERAL MANAGER COMMENTS

General Manager Doug Morgan concurs with this report.

HIGHLIGHTS

- Consolidating Black, Blue and Green Cart monthly program charges into one monthly program charge will result in a simplified billing structure for single-family households and better represent the integrated and interdependent nature of the cart system and program costs.
- The change will reduce unnecessary complexity in Waste & Recycling's financial model, allowing us to improve financial practices, reduce time spent on lower-value activities, and more clearly convey information on funding and program costs with Calgarians. There will be no impact to service levels or program costs as a result of these changes.
- Waste & Recycling Services has been taking steps to become a fully self-supported business unit and aims to remove its remaining tax support funding by 2030 through internal transfers, cost mitigations, adjustments to fees and charges across waste services, and replacement with funding received through other sources.

DISCUSSION

The residential cart collection program began in 2009 with the introduction of Blue Carts, followed by Black Carts in 2011, and Green Carts in 2017. Although residential cart programs were rolled out individually over several years, they were designed to operate as an integrated waste management service. Operating the cart service as one system has led to efficiencies in service design, operational contingency, and customer education.

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The gradual introduction of the three cart programs resulted in separate charges being added as they came into service. Per household charges are a more direct way of funding waste collection and management compared to tax support funding, with each household paying the same amount for the same level of service. The charges reflect the cost of delivering the cart service and are charged to the customers benefiting from the service, in alignment with the principles of The City's User Fee Policy.

The introduction of Extended Producer Responsibility (EPR) presented a significant change to Waste & Recycling Services' business and financial operations and offers an opportunity to update the residential rate structure to more closely align with the integrated service offering and operational management.

Options for residential cart charges

Waste & Recycling assessed the options to consolidate the residential cart charges into one integrated charge or maintain the current residential rate structure with three separate cart charges.

Consolidating the three residential cart charges into one charge better represents and communicates the integrated nature of the residential cart service. Sorting materials properly into a three-cart waste system leads to a more efficient operation that minimizes costs of the cart programs overall. Leaving divertible material like food and yard waste and recyclable materials in the Black cart increases landfill costs, takes up valuable landfill space and creates harmful environmental emissions like landfill gas and leachate that are costly to manage. By using the three carts as intended, customers help to achieve environmental and financial benefits by managing their waste responsibly.

Cart program charges are calculated based on the cost of operating the service, including shared costs such as promotion and education, billing, program management, and infrastructure costs. Although shared costs were allocated to each cart service as they were introduced, one residential charge better represents these shared costs in delivering the cart program, and the operational efficiencies achieved by managing the carts as one residential waste service.

There is also similarity in how cart program costs change over time. Labour and vehicle costs, for example, apply across the residential cart system and affect each cart program in a similar way. Moving to one residential cart charge helps to convey these costs more simply and consistently.

Maintaining the current state of separate cart charges would mean maintaining complexity in Waste & Recycling's financial model that resulted from the gradual implementation of the carts. The current rate structure is not as effective at communicating the integrated nature and benefits of the cart system, or as clear when sharing information on funding and program costs with Calgarians.

Evolution of Waste & Recycling's funding model

Waste & Recycling's approach to funding services and financial modelling has matured over time, in alignment with Council direction and policies. The financial model has continuously evolved to more accurately allocate costs, set appropriate charges and fees for Waste & Recycling services, and improve clarity for customers. A residential waste service and financial model timeline is provided in Attachment 2.

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Waste & Recycling has gradually replaced funding from property taxes with revenue received through program charges and alternative funding sources, such as revenue received through EPR. Waste & Recycling aims to complete the journey to becoming a fully self-supported business unit by 2030. Shifting Waste & Recycling's property tax funding to revenue received through fees and charges better aligns service charges with customer benefit as set out in the User Fee Policy and reduces complexity in Waste & Recycling's funding model.

Currently, funding from property taxes represents approximately 4.5 per cent (\$8.8 million) of total funding for Waste & Recycling Services and supports community programs and education, corporate strategies, and service administration. Waste & Recycling plans to internally transfer \$3.5 million of the remaining tax support. Removing the remaining \$5.3 million may be achieved through cost mitigations, adjustments to fees and charges across waste services, and replacement with funding received through other sources. WRS plans to bring these changes forward through the Business Plans and Budgets process over the course of the 2027-2030 business cycle. The shift in funding from property taxes will be revenue neutral and will have no impact on the cost of operating services.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <input type="checkbox"/> Public engagement was undertaken | <input checked="" 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 |

Waste & Recycling Services has begun discussions with Enmax to prepare for a potential rate structure change. Internally, Waste & Recycling Services is supported by Finance, Law, Information Technology and Customer Service & Communications.

A plan to communicate the change to customers is being developed, and if the recommendation is approved, will be implemented. WRS will publish information on how the revenue received from the integrated cart program charge funds the residential cart service, including a breakdown of costs for different parts of the program to ensure the allocation remains transparent.

WRS will continue promotion and education efforts to communicate with customers the benefits of properly diverting material, and the importance of an integrated cart system.

IMPLICATIONS

Social

Single-family households may notice a simplified billing structure on their ENMAX bill with a change from three cart program charges to one overall charge for the cart services.

Environmental

One integrated program charge better represents and communicates to customers the environmental benefits of an interdependent and complementary residential cart system.

Economic

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The replacement of funding from property taxes will result in adjustments to fees and charges for customers, however this would be a revenue neutral replacement of funding, meaning any changes to fees and charges would be offset by a reduction in tax supported funding for the service.

WRS will bring forward adjustments to fees and charges to enable this change for consideration as part of the 2027 to 2030 Business Plans and Budgets.

Service and Financial Implications

The change will reduce unnecessary complexity in Waste & Recycling's financial model, allowing us to improve financial practices, reduce time spent on lower-value activities, and more clearly convey information on funding and program costs with Calgarians.

The recommendation to consolidate the residential cart rates will not change service levels or customer service, including the ability for customers to request additional carts.

There will be a one-time financial cost to change the billing administration, which is estimated at \$400,000 and will be accommodated within current budgets.

RISK

Some customers may prefer seeing separate charges for residential carts on their billing information. There may be customer complaints and reputational risk to billing changes. To support this change, Waste & Recycling Services will publish clear explanations of how revenue raised through program charges funds different parts of the cart program.

ATTACHMENTS

1. Previous Council Direction
2. Residential waste service and financial model timeline
3. Council Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Doug Morgan/Julie Radke	Operational Services	Approve
Les Tochor	Corporate Planning & Financial Services	Consult
Jill Floen	Law, Legislative Services & Security	Consult

Authors: Douglas Olley and Lee-Anne Bell, Waste & Recycling Services