



LANDFILL DISPOSAL DISCOUNT: DISPOSAL DISCOUNT OPTIONS

Waste & Recycling Services (WRS) considered discounts based on options identified from the external scan (Attachment 2) of rates used by other municipalities. WRS evaluated three major types of discounts:

1. Waste Management Facility (WMF) account customer monthly weight discount
2. Weight per load discount
3. Independent individual discount agreements

It should be noted that, regardless of the discount considered, WRS will not waive the requirement for diversion. The Disposal Surcharge Program and associated rate of \$180 per tonne, for mixed loads containing recyclable and/or compostable materials will still apply.

1. WMF Account Customer monthly weight discount

To be eligible for these discounts, customers must have an account with WRS so that the discount can be calculated and applied to a monthly bill. By becoming a WMF account customer, specific vehicle information is stored within a scale and billing system and invoices are generated monthly. With these types of discounts, the amount of the discount is tied to the weight of garbage brought to the landfill for disposal on a monthly basis.

Discounts The City offered in the 1990's and 2000's are an example of WMF account customer monthly weight based discount, as noted in Attachment 1.

Assessment of this option with WRS' strategic framework:

Customer

- Discounts would be transparent as they are posted on Calgary.ca and at the WMF.
- With a discounted rate The City has the ability to benefit haulers in the marketplace who may not have access to alternative disposal options at a competitive rate.
- Cash customer may perceive the discount to be unfair.
- All account customers receive some level of discount.
- Account customers reduce lineups at the WMFs, improving customer service.

Financial Sustainability

- Depending on the size of the discounts, there is a limited revenue risk of less than \$300,000 per year or less than 2 per cent of total tipping fee revenue.
- About 2,600 tonnes in new business would be required to offset the potential revenue loss.
- Servicing account customers at the WMF is more efficient and effective than servicing cash customers, as account customers streamline operations at the WMFs, reducing lineups and cash/ debit transaction costs.

Environmental Sustainability

- Continued application of the disposal surcharge has the potential to help confirm diversion success.
- Haulers using The City's local WMFs minimize greenhouse gas emissions generated through transportation activities.



2. Weight per load discount

With this discount option, the rate charged depends on the size of the load for each visit to the landfill. This type of discount does not require a customer to have an account with WRS.

Assessment of this option with WRS' strategic framework:

Customer

- Discounts would be transparent as they are posted on Calgary.ca and at the WMF.
- With a discounted rate The City has the ability to benefit haulers in the marketplace who may not have access to alternative disposal options at a competitive rate.
- Depending on the thresholds required to receive the discounts, small volume haulers may not perceive them as fair.
- No reduction in lineups at the WMFs.

Financial Sustainability

- Depending on the size of the discounts there is a limited revenue risk of less than \$300,000 per year or less than 2 per cent of total tipping fee revenue.
- About 2,600 tonnes in new business would be required to offset the potential revenue loss.
- Discounts for larger loads support an efficient operation at the landfill face.
- These discounts do not require a customer to have an account so they will not streamline scalehouse operations at the WMFs, therefore no additional efficiencies would be realized.

Environmental Sustainability

- Continued application of the disposal surcharge has the potential to confirm diversion success.
- Haulers using The City's local WMFs minimize greenhouse gas emissions generated through transportation activities.

3. Independent individual discount agreements

For this type of discount, each customer would be able to negotiate individual agreements with WRS. The agreed upon rate would be known only to the participants. To offer individual agreements new authority would need to be granted to the Director, WRS within Bylaw 20M2001. These types of agreements are typically a practice implemented by privately owned landfills.

As this option compromises transparency of WRS' rates to all customers, it will not be considered further.

Risks to Discounted Basic Sanitary Waste Rate

- Alternative disposal companies may respond to The City's discounts with even lower tipping fees for their own facilities, resulting in WRS' loss of revenue beyond current projections.
- Reputational risk for The City if customers view the discount as unfair and inequitable, especially for existing WMF customers.
- Reputational risk for The City as it has the potential to create the perception that WRS is encouraging disposal instead of diversion, which would impact achieving The City's goal of diverting 70 per cent of Calgary's waste away from landfills by 2025.



- There is a risk for an increase of bad debt expenses with more WMF Account Customers, however the amount is unlikely to be higher than what WRS' would have previously experienced in a robust economy with more large volume customers.

Conclusion

To respond to customer inquiries in a transparent way, while exploring potential opportunities for increased operational efficiencies, including reduced lineups at WMFs, WRS proposes to implement a WMF Account Customer monthly weight discount starting 2019 July 1. The proposed discount would apply only to the Basic Sanitary Waste rate, which is currently at \$113/tonne. The proposed discount structure is based on the monthly tonnage thresholds outlined in Table 1.

DISPOSAL RATES for WMF ACCOUNT CUSTOMERS		
Description	Proposed Basic Sanitary Waste rate for 2019 and 2020	Proposed Basic Sanitary Waste rate for 2021 and 2022
For less than 1,000 tonnes per month	\$108 / tonne	\$110 / tonne
For 1,000 tonnes or more per month	\$100 / tonne	\$102 / tonne
For 2,000 tonnes or more per month	\$90 / tonne	\$92 / tonne
For 3,500 tonnes or more per month	\$80 / tonne	\$82 / tonne

Table 1: Proposed Disposal Discount Structure

WRS will monitor the financial outcome of the proposed discount and will return to Council through the Mid-Cycle Adjustment process to modify and/or remove the discount, if needed. The annual Budget Adjustment Process will be used to address any required alterations to the discounts.