Affordability Considerations

Background

Previous work

Waste Utility reporting/ direction on affordability from 2018

Responsiveness to residents' ability-to-pay was among the values established for the design of an expanded waste utility in 2018. At that time, it was recognized that property taxes allocated for curbside residential waste services would be reduced as a result of a new utility fee but that the net cost paid by each resident for the services provided would increase. This was because:

- the commercial sector would no longer be subsidizing residential waste costs (as they do when paid through property taxes);
- a new organics program would be included in the utility fee;
- additional administration, education, and enforcement would be required for successful implementation of a utility; and
- the fee would properly fund waste services that had historically been running deficits (this has since been addressed through property tax increases).

The report noted that curbside collection of waste is well suited for utility-type funding as it provides a direct benefit to the user, as opposed to public goods, which are best suited for property tax funding. For this reason, it was recommended that the costs for collection and processing of garbage, organics, and recycling be included as a utility fee.

Other waste-related services exhibit good public characteristics, and were recommended as more suitable for funding through property taxes, including:

- Recycling depots;
- Compost depots;
- Recovery Park;
- Hazardous waste drop-off days (or other programs that replace this); and
- Administration, waste diversion planning, general education/enforcement, monitoring, and reporting that benefit all programs.

Analysis during the 2018 Waste Utility reporting[1] concluded that due to the overall low cost of waste services proposed at the time, the increased costs of a utility model vs a property tax model could generally be considered affordable. The analysis concluded this based on the proportion of after-tax median household income of the increased waste fees. However, the report also recognized that any rise in price may still have an impact on specific households. The analysis looked at a flat rate utility but presumed

[1] https://pub-saskatoon.escribemeetings.com/Meeting.aspx?Id=3d7d7ea1-ee0b-49ae-875a-7231c6fc83d8&Agenda=PostMinutes&lang=English#36

that a variable rate, where prices are discounted for lower waste generation, would further improve affordability.

Engagement results from 2018 on affordability

Engagement of curbside residential waste program changes occurred in early 2018 and were based on the design of a variable-rate utility approach.[2] During engagement, many curbside residents expressed concern over rising costs. In the survey, the second highest concern about pay-as-you-throw (PAYT) was that it would be "double dipping" or a "tax grab". While it was noted that PAYT would provide many with the ability to control costs, concerns were expressed over program affordability for those on a fixed or low-income, seniors, persons with disabilities, and students. The issue of program fairness and affordability was raised during engagement for those that may produce extra waste, such as large families, medical waste, diapers, home based businesses, and day homes, as well as for those that may produce less waste such as home composters, smaller households, and seasonal residents.

Best Practices & Existing City Affordability Programs

Jurisdiction scan of support programs

Many jurisdictions have implemented affordability programs for municipal taxes or utilities, and others, such as Regina, are actively reviewing options to develop a program. More robust affordability programs look at taxes and utility costs across all City services to develop a single program while others reference provincial social assistance resources.

Programs specific to solid waste services are less frequent and vary between jurisdictions - as highlighted in the table below. Some municipalities have affordability programs to assist low-income households while others offer free services for medical waste and assisted collections.

	Support Programs for Waste
Vancouver BC	No programs listed on website
Burnaby BC	No-fee Medical Waste Receptacles may be provided to residents who generate excessive medical waste
Surrey BC	No programs listed on website
Red Deer AB	Reference Government of Alberta Financial Assistance on website

[2] https://pub-saskatoon.escribemeetings.com/Meeting.aspx?Id=45d99a17-70cf-4ab0-86e8-3d6a5dc88ca5&Agenda=PostMinutes&lang=English#26

Calgary AB	There are no subsidy programs for City of Calgary utility rates or fees. There are a number of other subsidy programs available that can help decrease monthly costs overall, including: • City of Calgary – Fair Entry Program • Alberta Seniors Property Tax Deferral Program • Alberta Seniors Benefit • Property Tax Assistance Program (PTAP)
Edmonton AB	Offers an assisted waste collection service for customers who have difficulty getting their recycling or garbage to the curb or lane.
Regina SK	Exploring potential options to address affordability for low-income property taxpayers and water utility customers.
Winnipeg MB	H2O[3] Help to Others is a program that provides support to low-income individuals and families who are having difficulty paying their City of Winnipeg utility bill. It is a joint initiative between the City of Winnipeg and the Salvation Army.
Toronto ON	Solid Waste Rebate Program[4] Low-income seniors or a low-income person with disabilities and using a small, medium or large garbage bin or a single-family residential bag-only customer, may qualify to receive a rebate on the solid waste portion of their utility bill. If eligible, a single rebate per household will be applied to the household's largest size bin.

Jurisdiction scan of waste service funding

The following table shows utility rates of moving curbside garbage and organics to utility bills as noted in the main report. This is presented as context for the examples below.

Proposed Monthly Program cost as utility	Total	Garbage	Organics	Recycling	Level of Service
Saskatoon SK[5]	$22.70	$8.50	$6.73	$7.47	Garbage - biweekly Organics - biweekly Recycling - biweekly

Saskatoon's solid waste services currently operate with a blend of property tax and utility funding. The utility fees presented above are for comparison only. Actual rates will be brought forward and approved during budget deliberations in December 2021.

The monthly curbside waste services cost as a utility for would be $22.70/month for both the curbside organics and the black bin programs, as well as the existing recycling

[3] https://myutilitybill.winnipeg.ca/UtilityPortal/h2ohelp

[4] https://www.toronto.ca/services-payments/property-taxes-utilities/property-tax/property-tax-rebates-and-relief-programs/property-tax-and-utility-relief-program/

[5] Admin Report – Waste Utility Timing, Phase In and Affordability Options; Governance and Priorities Committee's October 18, 2021 Meeting

program utility fee. The assumptions used to calculate the potential user charges are based on current approved service levels.

Compared to other jurisdictions in Western Canada, Saskatoon's monthly household cost for a waste utility would be on the low end of the spectrum. The following table shows the funding models from other jurisdictions. This is an update to the information presented in the 2018 affordability reporting.

Monthly utility fees	Total	Garbage	Organics	Recycling	Level of Service
Vancouver BC[6]	$19.66 - $35.33	$7.33 - $14.33	$12.33 - $21.00	Recycle BC	Garbage - biweekly Organics - weekly
Burnaby BC[7]	$3.33 - $32.08	$3.33 - $32.08	Tax funded	Recycle BC	Garbage - biweekly Organics - weekly
Surrey BC[8]	$25.58	Flat rate			Garbage - biweekly Organics - weekly Recycling - biweekly
Red Deer AB[9]	$22.92	Flat rate			Garbage - biweekly Organics – seasonal Recycling - biweekly
Calgary AB[10]	$24.30	$6.85	$8.65	$8.80	Garbage - biweekly Organics - weekly Recycling - biweekly
Edmonton AB[11]	$43.32 - 58.32	Variable rate based on garbage cart size			Garbage - biweekly Organics - weekly Recycling - biweekly
Regina SK[12]	$7.75 + taxes	Tax funded	N/A	$7.75	Garbage - biweekly Recycling - biweekly
Winnipeg MB[13]	$5.50 + taxes	Tax funded			Garbage – weekly Yard waste - seasonal Recycling - weekly

Further details on waste pricing in each jurisdiction are provided below.

[6] https://vancouver.ca/home-property-development/flat-rates.aspx
[7] https://www.burnaby.ca/services-and-payments/utility-fees-and-charges/residential-utility-fees
[8] https://www.surrey.ca/services-payments/utility-billing-services/understanding-utility-rates-calculations
[9] https://www.reddeer.ca/city-services/utility-billing-service-centre/customer-care/understanding-utility-rates/
[10] https://www.calgary.ca/uep/wrs/garbage-collection-information/residential-services/residential-waste-rates.html
[11] https://www.edmonton.ca/programs_services/garbage_waste/rates-fees
[12] https://www.regina.ca/home-property/water/utility-account/rates/
[13] https://www.winnipeg.ca/waterandwaste/billing/fees.stm

Vancouver BC

Garbage and organic fees together range from $19.66 to $35.33 with no charge for recycling (Recycle BC provides and pays for recycling collection). Fees are based on the size of a customer's garbage bin. Green bin collection for food and yard waste has an additional charge which is also based on the size of the bin.

Monthly utility fees	X-Small (75L)	Small (120L)	Medium (180L)	Large (240L)	Extra-large (360L)
Garbage (biweekly)	$7.33	$8.50	$9.92	$11.42	$14.33
Organics (weekly)	NA	$12.33	$14.50	$16.67	$21.00

Burnaby BC

Operates under a mix of utility and tax funding. Solid Waste revenues accounted for 35% of expenses in 2020.

Garbage fees together range from $3.33 to $32.08 with no charge for recycling (Recycle BC provides and pays for recycling collection). Fees are based on the size of a customer's garbage bin. Green bin collection for food and yard waste is provided weekly at no extra charge.

Monthly utility fees	120L	180L	240L	360L
Garbage (biweekly)	$3.33	$8.33	$11.66	$32.08

Surrey BC

An annual Waste Management Fee of $307.00/year ($25.58/month) is charged through property taxes for a standard level of service which includes biweekly garbage, biweekly recycling, and weekly organics. Customers can request extra carts or upgrade to a 360L cart for additional fees.

Excess garbage can be placed in a waste bin or bag with an extra sticker attached. Stickers are purchased for $5.50 at City Hall.

	Base Fee (included in Property Taxes)	**Additional Cart** 120L	**Additional Cart** 180L/240L	**Additional Cart** 360L	Upgrade to a 360L cart
Monthly Fee	$25.58	$12.75	$25.58	$37.83	$12.75

Red Deer AB

A flat fee of $22.92/month is charged to each single-family household for biweekly garbage and recycling, and weekly organics (April – November) collection. Residents are allowed up to 3-100L bags of garbage, additional bags are $1.00 each. Residents

can request a second blue box for recycling at no charge and unlimited bags of yard waste.

Calgary AB
Calgary moved to a utility model in 2019 for each cart program based on the costs associated with collection and processing, as shown in the table above. Monthly cart program fees cover all the components of the residential cart programs, including:

- Providing carts to Calgarians and cart maintenance;
- Collection of material from your home;
- Sorting, processing and disposing of material; and
- Education, outreach and program support.

Edmonton AB
Edmonton waste utility rates are charged monthly based on garbage cart size:

- $43.32 for Small (120L) garbage cart;
- $48.32 for Large (240L) garbage cart; and
- $58.32 for Excess (360L) garbage cart.

Regina SK
Garbage is charged through property taxes and was not available; recycling is funded through a flat utility fee of $7.75/month per household. Recyclables are collected bi-weekly in a 360L cart. Garbage is collected weekly in a 240L or 360L cart size (no variable pricing).

Winnipeg MB
Waste collection, recycling, and yard waste collection is funded through property taxes. Customers pay an additional waste diversion fee of $66.00/year for new waste diversion programs. Standard cart size of 240L is available to single-family households. Residents can upgrade to a larger, or additional cart, for an additional fee. A cart delivery fee of $25.00 is applied or residents can pick up the cart at no additional cost.

City of Saskatoon affordability/assistance programs

There are no subsidy programs specific to City of Saskatoon (City) utility fees. There are, however, several subsidy programs available for residents that fall within the low-income cut off that can help decrease monthly costs overall.

Low-Income Cut-Offs (LICOs) established by Statistics Canada (Table 1) are used to determine eligibility for many of the City's assistance programs.

Table 1. 2020 Low-Income Cut-Off

# in household	1	2	3	4	5	6	7+
Household income	$22,926	$28,540	$35,087	$42,600	$48,315	$54,493	$60,670

Leisure Access & Saskatoon Transit Discounted Bus Pass Programs
The City provides access to leisure centres and programs as well as discounted bus passes to residents with household income below the LICOs.

The Leisure Access Program had 1,268 participants in 2020 and 2,843 in 2019.

Subsidized Spay & Neuter Program (SSNP)
The City, in partnership with the Saskatoon Academy of Veterinary Practitioners and the Western College of Veterinary Medicine, provide low-income pet owners access to significant discounted veterinary services and financial resources. Permanent residents of Saskatoon with household incomes below the LICOs are eligible.

The number of households that were approved for SSNP funding in 2020 was 180 (approximately 235 animals). Approximately 15-20% of the approved applicants do not complete the spay or neuter procedures.

City's Property Tax Deferral System
The Property Tax Deferral Program for Low-Income Senior Citizen Homeowners is designed to assist qualified low-income seniors manage expenses and remain in their homes longer. Applicants have four deferral options to select from: payment when the deferred portion of property tax is due, ownership of the property is transferred, the property is sold, or the applicant is no longer the primary resident.

Applicants must be 65 years of age or older, must own and reside in a single-family home, townhouse, or apartment condominium in Saskatoon.

Since the inception of the program, participation has ranged from between 14-26 participants a year.

Home Energy Loan Program (HELP)
The recently introduced Home Energy Loan Program (HELP) was developed to help Saskatoon homeowners improve energy efficiency, install renewable energy, or reduce water use by offering low interest loans to cover the upfront costs of these upgrades. Upgrades made through the HELP program can reduce energy poverty over the long term by reducing monthly utility costs. There is a $500 administration fee to participate in the program, which is waived for income-qualified households.

Saskatchewan Programs

Energy Assistance Program
SaskPower launched the Energy Assistance Pilot Program to address challenges that low-income customers face with energy poverty and barriers in investing in energy efficiency upgrades to their homes. Subsequently, the City partnered with SaskPower to ensure that the provincial program would be offered to Saskatoon Light & Power customers as well as SaskPower customers. The program was approved for continuation for three years and funding was approved for the first year.

The program is available for income-qualified households and includes home visits from qualified technicians that provide a full walkthrough and energy coaching to identify and explain behaviour changes and potential savings to residents. The technicians provide a tailored report for each participating home, outlining energy savings and installation of energy-saving improvements such as LED lighting, water-saving measures like faucet aerators and showerheads, power bars, and programmable thermostats. The program will target 1,000 households annually across Saskatchewan including approximately 250 within Saskatoon and 125 within Saskatoon Light and Power's jurisdiction.

Saskatchewan Income Support (SIS)
The Government of Saskatchewan offers income support for low-income households in the province. In addition to other benefits, there is a shelter benefit designed to assist with utility costs.

Shelter Benefit – includes rent, mortgage payments, utilities, taxes, and all other shelter-related costs.

Monthly rate	Singles	Couples	Families (1-2 children)	Families (3+ children)
Saskatoon	$575	$750	$975	$1,150

Triple Bottom Line considerations:

Triple Bottom Line outcomes were assessed to help identify affordability considerations regarding moving waste to a utility funding model. Key considerations include:

- Environmental - Provides stable funding that allows exploration of additional waste diversion programming, low emission collection vehicles (electric, hydrogen, etc.), and variable rates that incentivise garbage reduction. Future consideration for variable rate options should consider increases to improper disposal and benefits for sustainable/local food production.
- Social – cost decreases, related to moving to a utility model, benefit households who have the greatest ability to pay their bills; user pay is fair (treats everyone the same) but doesn't recognize differences in a given households' ability to pay, developing a utility affordability program would help with this issue; when costs are paid through property taxes, landlords arrange payment (arranging payments can be a challenge for those participating in some income support programs).
- Economic – utility model provides the ability to develop strategies to address emergency situations including adjusting billing if waste collection is postponed; allows the City to develop new approaches (variable rate models, cost recovery for broken carts, vehicle replacement cost increases); City provides waste management at a reasonable cost and is an essential service; utility model is transparent and shows true cost of the service; ability to explore new mechanisms to cover costs based on needs (e.g. fleet replacement schedule, broken cart replacement, cart yard).

- Governance – addresses current issues with delivering service to those who are ineligible (businesses, multi-units); utility rate increases are a City Council decision during budget deliberations; stable funding is more responsive to risks to ensure reliable service delivery; utility model is considered best practice based on research.

Saskatoon affordability data

Affordability

Affordability, for this discussion, can be defined as a household's ability to pay utility fees without limiting/impacting other essential goods and services. A useful way to assess affordability of utility fees at the household level is by looking at the percentage of total household income spent on utility services.

The Canadian Urban Sustainability Practitioners characterize energy poverty in terms of high home energy cost burdens, which they measure through the median home energy expenditure. Most households in Canada spend less than 3% of their after-tax income on their energy needs. Households that spend more than twice this value (e.g. more than 6% of their income) are thought to experience disproportionately high home energy cost burdens.

In Saskatoon, 16% (13,580) of households have a high home energy cost burden of 6%+[14]. Of these, approximately 8,700 live in single detached dwellings that receive curbside waste services under consideration for a waste utility.

Looking at affordability through this lens, households that are already faced with high home energy cost burdens are more likely to be disproportionately impacted by utility rate increases or changing waste services from tax to utility funding.

Affordability program options are discussed further below. While addressing the cost of waste programs themselves may help to address impacts, any improvement to energy burden such as improved energy performance, assistance programs targeted at income-qualified participants, and inclining-block water[15] and energy prices would also serve the same purpose.

Equity Toolkit considerations

The Equity Toolkit is a how-to guide for project managers to incorporate equity considerations into projects and programs throughout different project phases. It was finalized in February 2021 and could be applied in the development of a waste utility as well as affordability programs. It would help identify, remove, or address barriers to connecting with residents throughout each project planning phase.

[14] https://energypoverty.ca/

[15] The City of Saskatoon's inclining block, or conservation-based, pricing means that the cost for water is higher with higher usage. The first block of 600 cubic feet has the lowest price, increasing with the two additional blocks. Increasing the difference between the blocks can improve affordability since the rates are set to cover all costs of producing and treating water and waste water and high users would then subsidize the costs of low users, as well as encouraging conservation.

Options

Types of affordability/assistance programs

Benefits of a utility, such as the ability to influence behaviour through economic levers, cause disproportionate impacts for low-income or fixed-income households and large families. To realize the benefits of a utility model, while considering low-income households, some jurisdictions have implemented affordability programs for utility fees. Common programs include:

- Rebates
- Payment deferral
- Payment plan
- One-time assistance
- High-efficiency retrofits
- Early payment discount

The Administration presented several different options to help reduce the overall monthly cost of City services for residents in 2018 reporting as summarized below.

Percentage of Income Payment Plan (PIPP)

Under a fixed credit PIPP (Percentage of Income Payment Plan), qualifying participants pay a fixed percentage of their income toward utility bills (for example in Ohio it is 6%), the rest subsidized. These are commonly applied in America, usually for energy and water utilities. Qualification for programs is usually based on income or use of other social programs.

Tiered discounts

Many municipalities and/or utility companies provided discounts for low-income individuals, seniors, and/or people with disabilities. They are more common for energy and water utilities, but in many cases apply to waste services as well. For instance, most cities in California have discounted utility rates for those qualifying for state energy assistance programs.

Tiered discounts apply the limiting percent of income to groups of low-income customers, rather than specifically to each participant. The discount is derived by applying the burden threshold to the average bill of the customers below a certain income threshold. Then the discount is applied for all the participants (in some case tiers of low-income groups are established with varying discounts). The impact of the burden in light of the income level of the household is approximated, rather than defined customer by customer. A greater benefit is provided to customers whose income is further below a determined poverty level.[16]

[16] https://www.synapse-energy.com/sites/default/files/Low-Income-Assistance-Strategy-Review-14-111.pdf

Emergency Assistance Program

In Seattle, an Emergency Assistance program provides emergency payment assistance for households at immediate risk of having combined utilities services discontinued for delinquent payments.

Next Steps

The next step to developing an affordability program is to undertake program development. If Council were to direct development of an affordability program, the Equity Toolkit[17] and Triple Bottom Line Policy would be used for guidance throughout program development. The program development phase would result in a decision report for Council that would be able to address many of the questions that this preliminary research has not be able to fully consider, such as:

- What should be the scope of the program? Is it to specifically address just the additional burden of the waste utility or should it address utility affordability more broadly?
- How should affordability be defined for the program? Are there situations other than low-income where a waste utility adds burden, such as those that generate significant medical waste or young families?
- How would the program operate? What would be the intake and evaluation process? How much assistance would be provided? How will the program align with existing assistance/affordability programs? What levels of service need to be established?
- What are the timelines for putting an affordability program in place? Does it need to launch in alignment with a waste utility?
- How would the affordability program change if a flat utility model moved to a variable pricing model? Can the program be designed to be adaptable to that possibility?
- What resources would be needed to put the program in place? What would be the projected operating cost? What is the projected program participation?

Resources to carry out program development and implementation planning are currently not identified. Approximately $80,000 would be required for staff time and stakeholder engagement. Funding is available within Capital Project 2599 to develop the organics program.

[17] https://www.saskatoon.ca/city-hall/our-strategic-plan-performance/triple-bottom-line