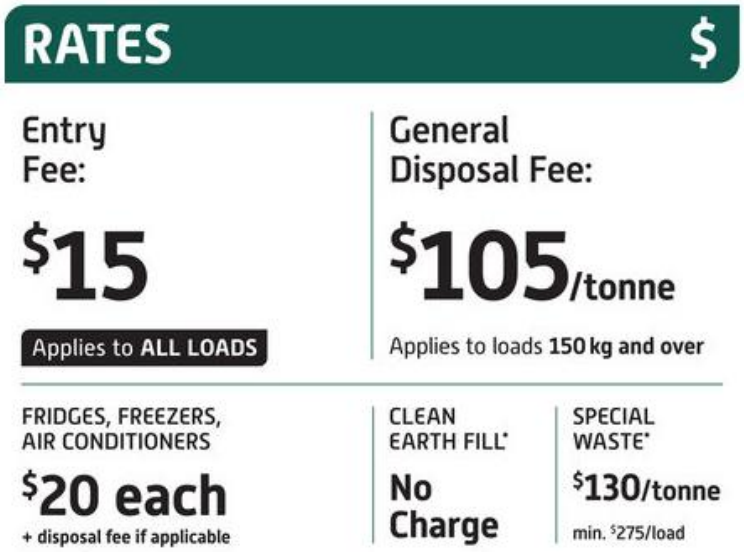
Addition Information on Option 3D:
Eliminate Special Handling Fee, add $50 Flat Fee

Description of Application of Fee for Option 3D: Eliminate Special Handling Fee, add $50 Flat Fee

There are a number financial options presented in the Near-Term Options to Reduce the Burden of Proper Elm Disposal report. Option 3D: Eliminate Special Handling Fee, add $50 Flat Fee proposes that the Special Waste Fee for oversized tree waste be removed and that a flat fee of $50 be charged for each load of elm waste.

The following table shows what the current fee structure is for all waste disposed of at the landfill.



The approach of option 3D has been refined from previous presented to propose charging a maximum flat fee of $50 per load of elm waste, so that loads over 150kg and under 333kg would not result in a higher charge than they would under the current scenario. Therefore, implementing Option 3D would result in the following charges:

- All loads would still be charged a $15 entrance fee.
- Any loads under 150kg are charged only the $15 entrance fee.
- Loads between 150-333kg are charged the general disposal fee ($15 entrance fee plus up to $34.99 for the general disposal fee depending on the weight for a total charge of up to $49.99).
- All loads 333kg or heavier would be charged a flat fee of $50.00 ($15 entrance fee and $35 tipping fee).

The following table shows the difference between the status quo and that of Option 3D regarding the breakdown of fees.

	Status Quo	Option 3D
Entrance Fee	$15	$15
Tipping Fee – loads under 150kg	$0	$0
Tipping Fee – loads between 150kg – 333kg	$105/1000kg (no maximum)	$105/1000kg (up to a maximum of $34.99)
Flat Rate – loads 333kg+		$35 flat fee
Special Handling	Minimum $275 per load; $130 per kg	$0

With current available data, the relationship between fee changes and proper disposal of elm wood is unclear. Further research will be completed to determine if a fee structure change for elm waste will be effective. This research will also inform the development of the Comprehensive Behaviour Change Pilot. If it is determined that changes to the fees will promote proper disposal of elm, the Administration will report back to City Council to approve the new rates in Q2-3 2022. Should a new rate for elm be implemented the following actions will need to be taken.

- *Amendment to the Waste Bylaw* - Schedule B that details the Saskatoon Regional Waste Management Centre (Landfill fees) will need to be updated to include an approved fee structure for elm wood disposal.
- *Adjustment of the Landfill Revenue Budget* – Depending on the timing of approvals, and the materiality of the impact, the landfill revenue budget will be adjusted for this change either as part of the 2023 budget approval process, or during budget approvals for the 2024-2025 Multi Year Budget.
- *Landfill staff training* - Landfill staff would be trained how to identify elm waste compared to that of other deciduous trees. Currently all deciduous trees are handled as if they are elm. Currently, Landfill staff will inform potential customers they may dispose of coniferous trees at the compost depots, but do not have the expertise to differentiate between deciduous species and identify elm. This training could be provided internally by urban biological services. Additional training would be required to ensure consistent tracking of the new material type in the landfill database, which should be able to be easily added.
- *Contamination Threshold* – In order to be eligible for the reduced rate for the disposal of elm waste, the load should be free of any other contaminants. A maximum contamination threshold would need to be determined to ensure that this subsidised disposal is not abused by those with other waste materials to dispose. The proposed threshold is 10% or less contamination, to align with other contamination thresholds within the Waste Bylaw.

- *Communications Plan* - With the exemption of all elm wood from special handling fees, an education campaign to encourage appropriately sized pieces would be undertaken. This would intend to minimize the large wood waste coming to the landfill which requires additional operational costs to dispose of. It would also create awareness about the contamination threshold to reduce mixed loads. Basic awareness about fee changes would cost approximately $1,200 and can be covered through the existing landfill communication and education budget.

The landfill staff training and contamination threshold will be progressed by the Administration discontinuing the application of special handling fees for loads that are primarily elm wood.

Financial Implications

Based on the loads of waste arriving at the landfill over the past four years, it is expected the implementation of Option 3D would reduce annual landfill revenue by approximately $157,000. Discontinuing the special handling fee for loads containing primarily elm would results in approximately $30,000 annual revenue reduction and the replacement of regular tipping fees with a maximum $50 flat fee would result in a $127,000 annual revenue reduction. This is different from the projection presented in previous reporting due to additional modeling as well as the refinement of the application of the flat fee to only apply when the total fees reach the $50 threshold rather than to 100% of loads.

The following table provides a breakdown of the average annual weight (kg), number of loads, and actual revenue that the landfill received from commercial, municipal (Parks and Saskatoon Light and Power), and residential from 2018 to 2020. The table also includes the number of loads and the percentage of the loads that would have been charged a reduced fee based on the proposed Option 3D (both the elimination of special handling fees and the maximum $50 flat fee). Finally, the table shows the projected revenue loss from each of those customer types. Additional analysis is required to determine to what extent the reduction of municipal customer revenues will be offset by operational cost savings.

Annual Average (2018-2020)	Average Annual Weight (kg)	Average Number of Loads	Average Revenue	Number of Loads that would be Subsidized	% of Loads that would be Subsidized	Projected Revenue Loss
Commercial	1,266,222	1,113	$148,079	749	67.3%	-$100,497
Municipal	454,863	299	$51,564	234	78.5%	-$38,549
Residential	763,098	3,431	$116,469	541	15.8%	-$18,109
Total	2,484,183	4,843	$316,112	1,524	31.5%	-$157,156

Timing of rate changes, and the materiality of the impact will direct adjustments to the landfill revenue budget as part of the 2023 Budget Approvals, or during 2024-2025 Multi Year Budget process. Losses in revenue that occur before correction of the landfill revenue budget will be reported through variance analysis to City Council.

Analysis on Impact
The refined financial analysis shows the primary beneficiary of the elimination of the special handling fee and the maximum $50 flat fee subsidy would be commercial arborist companies and municipal users. On average, a residential user of the landfill brings elm waste that would be subsidized by this new rate 15.8% of the time. On the other hand, commercial arborist companies and municipal users would be subsidized by the new rate 67.3% and 78.5% of the time, respectively.

The past two discoveries of Dutch elm disease (DED), in Saskatoon and their subsequent investigations, resulted in the discovery of over 25 tonnes of improperly stored elm wood. The most recent discovery of DED led to the discovery of over 13 tonnes of improperly stored wood over 160 locations. These numbers equate to an average of 81.25kg of elm waste at each location. While the actual weight of elm at each location varies, the average of 81.25kg is considerably less that the 333kg or more that would receive a disposal subsidy.

At this time, the landfill does not charge different fees for residential and commercial customers. However, this approach is common in other jurisdiction and different fees for residential and commercial customers may be proposed with the Recovery Park funding model.

Alternative Option
Through this additional analysis, consideration of previous correspondence to committee, and the high level of stored elm wood by residents, an additional option has been developed that could be considered as an alternative that has similar financial impacts.

- Elimination of special handling fees for commercial loads, with regular tipping fees applying.
- Apply only the $15 entrance fee for residential customers with elm waste.

	Status Quo	Elimination of Special Handling Fee	Alternative Option – Elimination of Special Handling Fee, $15 Flat Residential Fee
Entrance Fee	$15	$15	$15
Tipping Fee – loads under 150kg	$0	$0	$0
Tipping Fee – all loads > 150kg	$105/tonne	$105/tonne	$0
Special Handling	$275 per load or $130 per tonne	$0	$0
Projected Annual Revenue	$345,000	$315,000	$250,000
Projected Revenue Loss		$30,000	$95,000

The projected annual revenue for the status quo approach is estimated to be $345,000. The elimination of the special handling fee for oversized tree waste is expected to result in a reduction of $30,000 and result in an annual projected revenue of $315,000. The alternative option of charging only residential customers the $15 entrance fee could result in a loss of revenue of $65,000. Combining this option with the elimination of the special handling fee is expected to result in revenue reductions of $95,000 and a projected annual revenue of $250,000.

Medium-Term Considerations

The landfill fee reduction for elm disposal is a short-term solution until Recovery Park is operational. At the time this report was prepared, the Request for Information (RFI) for Recovery Park was still open. Elm wood is one of the material types where information on processing or treatment options is being requested from the private sector.

Following the close of the RFI, the Administration will consider any external options that may be available for elm wood diversion and the likelihood that it will get regulatory approval. If no feasible diversion option is identified, the Administration plans to develop an in-house solution. One option may be a dedicated tumbler/chipper at the landfill, which would reduce the landfill airspace use and other operational challenges of large pieces of elm and exploring whether using chipped elm for cover or composting can be carried out within regulations and without increasing the risk of DED spread beyond the baseline of immediate landfilling. A capital purchase for this type of equipment could be eligible for reserve funding. The operation plan for Recovery Park and the funding model will be brought forward in 2023.