

# Considerations and Options for Supporting Low-Income Households

## ISSUE

The City of Saskatoon (City) is changing how residential curbside waste services are funded. To help the transition from a property tax-based model to a user fee-based utility, City Council directed the Administration to develop options aimed at minimizing the financial impacts that the transition may have on low-income households. What potential approaches can the City take? Should any potential program be universal for low-income groups, or targeted to specific populations? Should it be limited to solid waste, or should consideration be given to developing broader low-income support measures?

## BACKGROUND

### History

At its April 2021 meeting, the Standing Policy Committee on Environment, Utilities, and Corporate Services considered a motion from Mayor Clark and resolved:

*That the Administration report to the appropriate committee on options for developing a consistent framework to address equity and accessibility to City Administered programs in place or in development such as Lead Service Line Replacements, Home Energy Loan Program, Property Tax-Deferral Program for Low Income Seniors, etc.*

At its October 25, 2021, Regular Business Meeting, City Council considered a report from the Administration on transitioning solid waste programs from a property tax funded model to a fee-based utility model. Concerns were raised on the potential financial implications that such a transition may place on low-income households. As a result, City Council resolved, "That the Administration proceed with waste utility affordability program development focusing on a transitional approach, reporting back by Q3, 2022".

At its August 8, 2022, meeting, the Standing Policy Committee on Transportation received a letter from the Saskatoon Poverty Reduction Partnership regarding transit fares. While the focus of this communication was specific to transit fares, the ensuing dialogue and debate generated a broader conversation about potential poverty reduction measures in Saskatoon.<sup>1</sup>

### Current Status

The City has implemented or is implementing several program and policy changes that may have some financial implications for low-income households. The resolutions, correspondence, and debates noted in the previous subsection acknowledge the potential accessibility and/or affordability concerns for low-income persons and ideas to mitigate them.

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<sup>1</sup> For more details, please consult the following: <https://pub-saskatoon.escribemeetings.com/Meeting.aspx?Id=c764cad8-7562-4b20-a6ae-aa21c1904a5c&Agenda=Merged&lang=English&Item=24&Tab=attachments>

With that context in mind, the City is transitioning to a multi-service solid waste utility, which at its core, includes a new curbside organics program and a variable rate black cart garbage service. The new curbside organics service is expected to launch in Spring 2023, while the black cart garbage utility is anticipated to launch at the beginning of 2024.

The shift from a property tax funded model to a fee-based model effectively removes the subsidization of waste services from commercial and industrial properties, multi-family properties, and higher valued residential properties. It charges each household the same rate for the service. The elimination of the subsidy means that some households will face a larger solid waste cost burden relative to the status quo. Some of this can be mitigated by offering a variable rate structure, where lower prices are charged for smaller carts, and potentially, by designing low-income support programs, which may not be specific to solid waste.

This report proposes approaches to address potential or perceived affordability challenges for low-income households. To support the analysis, five appendices accompany the report that focus on: (1) public engagement; (2) existing City of Saskatoon low-income support programs; (3) approaches used in other jurisdictions; (4) a profile of low-income households in Saskatoon; and (5) key principles and considerations for program design.

### **Public Engagement**

From June to August 2022, Administration engaged with community organizations to identify and develop potential program elements that enhance opportunities and mitigate barriers. As documented in Appendix 1, participants identified that the addition of a new waste utility may impact low-income residents and that many would be interested in a support program, especially those already in need of assistance and those experiencing deep poverty. Participants generally supported the concept of the City implementing a short-term support program to aid in the transition.

Other key points that emerged from the engagement process include:

- Simplified application processes and more designated intake locations;
- Greater cross promotion of existing low-income support programs, including enhanced education and awareness campaigns; and
- Greater flexibility for income verification.

Some of these concepts are elaborated on in Appendices 1 and 5.

### **City of Saskatoon's Current Approach**

As Appendix 2 discusses, the City offers subsidies to low-income households (or residents) to access services such as public transit and Leisure Centre programs. Eligibility is based on Statistics Canada's Low-Income Cut Off (LICO) thresholds. The primary goal of these subsidies is to enable greater access to services/programs for those individuals and households who are unlikely to afford use of the services at non-subsidized rates. Many of the services/programs, such as recreation and public

transit, generate positive externalities (meaning broader societal benefits) so the subsidy is warranted to encourage greater use by residents who would otherwise be unable to participate at standard rates.

The City also offers a low-income seniors property tax deferral program.<sup>2</sup> It offers flexible options to eligible low-income seniors to defer municipal property taxes. Program participation is low as it has historically ranged from 14 - 26 participants per year.

Conversely, the City does not currently offer any income support subsidy programs for fee-based utility services, such as water, electricity, or recycling. As noted in Appendix 2, there are three main reasons for this:

- (1) utilities tend to charge rates that recover the full cost of the service,
- (2) they are used as a tool to conserve the resource by charging a fee based on the volume consumed
- (3) the cost burden is distributed evenly among users, based on the amount they consume.

In case of garbage specifically, user charges can also reflect the cost of the negative externality, or pollution, generated by disposing of solid waste. For these reasons, solid waste subsidy programs are extremely rare in North American jurisdictions, especially for those who use a fee-based system.

### **Approaches in Other Jurisdictions**

Municipal low-income support programs exist in several Canadian jurisdictions, but they are limited to select services, programs, and eligible recipients. Like Saskatoon, many jurisdictions offer low-income subsidies for public transit and recreation services. Another common approach is to offer property tax deferrals, especially those aimed at low-income seniors.

As Appendix 3 details, only a select few Canadian municipalities include low-income programs for utility services and fewer still for solid waste subsidies. Research found that four major cities in North America offer an explicit form of a solid waste subsidy: Calgary, Toronto, San Francisco, and Denver. Except for Denver, all other cities bundle their subsidies with other programs. Calgary and Toronto tie theirs to a property tax program, while San Francisco's waste discounts are bundled with state run programs that offer discounts on electricity and natural gas. Denver has recently implemented a stand-alone solid waste subsidy, which is scheduled to begin in late 2023, as they shift to a fee-based garbage service.

Each of these programs have some important similarities and differences to note. For example, they all support low-income households, but they use different measures for low-income eligibility. For example, Calgary uses the LICO threshold, while Denver uses a version of the Low-Income Measure, After-Tax (LIM-AT). Toronto's program is

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<sup>2</sup> For more details, please consult <https://www.saskatoon.ca/services-residents/property-tax-assessments/tax-payment/seniors-property-tax-deferral-program>

limited by both income, age, and/or disability, whereas the other cities have broader criteria. Denver's program uses a sliding scale offering more support to those who are in lower income quintiles. Finally, the level of support can be a fixed amount, like Calgary, or a percent discount like San Francisco. The range of support varies from \$25 per year (or \$2 per month) in Calgary to \$250 per year (or roughly \$20 per month) in Denver.

In terms of participation, program uptake in Calgary and Toronto is very modest with an estimated 10 to 15 percent of eligible participants per year. No information was found for San Francisco. Denver's program began accepting applicants in September, but there is no information on participation rates yet as the program is in its infancy.

### OPTIONS

Before describing and evaluating each option some core assumptions and caveats are worth noting. First, most solid waste specific subsidies are predominantly aimed at owner-occupied single-family properties. Households who live in a multi-family residential property, such as an apartment, would not qualify for a direct solid waste subsidy. This is because multi-family units predominantly have their own solid waste programs through external partners and are not part of the City's curbside program. However, research by Statistics Canada finds that a larger proportion of low-income households live in multi-family properties. This is also confirmed by the data in Appendix 4. As a result, a targeted waste subsidy may not reach sufficient levels of low-income residents if it focuses on owner occupied properties.

Another core assumption for each option is that an application intake process is required. Some options, such as option 2, could likely use existing processes and thus administration and implementation costs would be minimal. For others, such as options 1 and 3, new application processes and resources are needed to manage the intake. The most optimal approach would be to establish one overall application intake process for all City low-income support programs, which would greatly reduce administration costs and help reduce barriers to participation.

Appendix 5 expands on these assumptions and outlines some common design elements for each of the proposed options. For example, none of the options generate any environmental implications so those are ignored. Conversely, all options may require a short-term budget allocation to address the subsidy component and program administration.

Except for option 5, all options are proposed to launch in fiscal year 2024, although the application intake could start sooner. Fiscal 2024, is used because it is the first full year of the transition to fully functioning utility, and the beginning of a new budget cycle. If any option from 1 through 4 is chosen, a future report will need to identify funding source and budgetary allocations as well as any potential technical implementation considerations.

Given the previous direction of City Council and the research and analysis offered in the accompanying appendices, the subsequent parts of this section propose five options for

consideration. The options draw on the some of the approaches used in other jurisdictions. For example, options 1 through 3 propose an ongoing program but they differ in scope and eligibility based on the approaches used elsewhere. Option 4 proposes a stand-alone short-term phased transition payment with a defined end date. Option 5 however, departs from the strict waste-only approach and proposes a more comprehensive low-income support program. It contemplates that the City explore broadening tax supported program subsidies with one standard application intake to reduce transaction cost.

With that context in mind, the advantages and disadvantages of the proposed options were evaluated in accordance with relevant indicators from the City's Triple Bottom Line (TBL) Policy, and more specifically, public policy criteria for program design as outlined in Appendix 5, such as fairness, efficiency, transparency/accountability, and ease of administration or implementation.<sup>3</sup> While the TBL was not used for comparative purposes, it along with other criteria were used for evaluation to help understand potential trade offs and guide program design and implementation to maximize co-benefits.

### **Option 1: The Calgary Approach**

This option proposes to adopt the City of Calgary model whereby the City would establish a property tax assistance program and include a nominal annual waste subsidy (or credit). As explained in Appendix 3, Calgary offers eligible low-income property owners, who reside in their own home, a credit on the year-to-year increase on their municipal property tax. Once approved for property tax assistance, they also receive a \$25 credit/or rebate on the City's waste and recycling fees. According to information from the City of Calgary, they approve, on average, about 3,700 applicants per year, assuming there is a property tax increase in that year. If there is no tax increase, then there is no waste subsidy.

This option fully applies Calgary's approach, whereby eligible low-income households receive a property tax credit equivalent to the annual increase in municipal property taxes. If approved, they would also receive a \$25 per year solid waste credit on their utility account, equivalent to approximately two months of organics and recycling fees.

### Financial Implications

The estimated financial implications for the direct subsidy in this option are shown in the table below and range between \$80,000 and \$122,000 per year. Based on participation rates in Calgary and adjusted for Saskatoon's conditions, an estimate of 1,000 – 1,500 of all eligible households could take advantage of the program. Given this, we estimate that the property tax credit for an illustrative house (assessed value of \$250,000) is roughly \$56 reflecting a 3.86% property tax increase. This amount changes from year to year depending on the tax increase. The cost of the waste subsidy is estimated to be \$25,000 to almost \$38,000 per year based on estimated participation rates.

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<sup>3</sup> For reference on these terms, please consult, Agenda Item 8.5.2 at <https://pub-saskatoon.escribemeetings.com/Meeting.aspx?Id=ea4d3860-9303-4157-8ac5-830977eeaebc&Agenda=Merged&lang=English&Item=53&Tab=attachments>

Not shown in the table are program administration and implementation costs. These costs are largely human and technological resource dependent, but initial estimates suggest that they could range between \$75,000 to \$150,000 per year. The first year will generate higher implementation costs due to program establishment.

<b>Financial Implications for Direct Subsidy for Option 1</b>			
<b>Support</b>	<b>Estimated Average Amount per HH</b>	<b>Total Cost (Lower Bound)</b>	<b>Total Cost (Upper Bound)</b>
Property Tax Credit*	\$56	\$56,000	\$84,000
Waste Credit	\$25	\$25,000	\$37,500
<b>Total</b>	<b>\$81</b>	<b>\$81,000</b>	<b>\$121,500</b>
*assumes a 3.86% municipal property tax increase in 2022 over 2021 for illustrative purposes. Uses home with \$250,000 assessed value to estimate implications			
** values are rounded to nearest \$			

Advantages

- Partially supports equity as it treats all low-income homeowners similarly, by offering property tax and nominal fee support for waste programs.
- Relatively low fiscal cost to implement due to limited number of potential participants.
- Supports transparency/accountability as there are clear eligibility rules for access.
- Because this approach is used in other jurisdictions there is a greater ability to draw lessons on program implementation. This has potential to limit administrative costs and implementation issues.

Disadvantages

- Does not satisfy broader equity concerns because program is limited to owner-occupied households. It does not support groups at high risk of poverty, such as newcomers, single parents, or indigenous persons, who are more likely to rent.
- Has administrative complexity due to the property tax relief component of the option.
- Program costs are estimated to exceed the proposed benefit, making the approach inefficient.
- Annual support is unpredictable as it is tied to the annual property tax increase.

**Option 2: The City of Toronto Approach, Subsidy for Low-Income Seniors and Low-Income Persons with a Disability**

This option proposes the City of Toronto’s approach, with some modifications for local conditions. As explained in Appendix 3, Toronto offers a targeted waste subsidy to low-income seniors and/or persons with a disability, who own their own property and have a combined household income below \$50,000. Like Calgary, Toronto’s waste subsidy is bundled with other tax relief programs. Toronto sets general criteria for all programs and then narrows it for the waste rebate. To qualify for a waste rebate specifically, the

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applicant/owner must meet the income threshold and be: (a) billed for a small, medium, or large garbage collection bin; or (b) be a single-family residential bag-only customer.

According to the City of Toronto, the average annual solid waste subsidy ranges from \$72 to \$227 per year (or about \$6 to \$19 per month) per eligible household. The individual subsidy differs depending on the size of the bin. Thus, the average subsidy is approximately \$181 per year or \$15 per month. In 2021, the City of Toronto approved 6,627 applications for the waste subsidy, representing about 15% percent of potential eligible applicants for a total subsidy cost of \$1.2 million.

Applying this option to Saskatoon requires some generalized assumptions. First, it closely matches Toronto's annual subsidy average, but for Saskatoon's purposes we use \$175 per year (roughly equivalent to the annual price for the organics and small garbage cart). Second, it applies only to LICO-AT seniors and disabled persons (regardless of age) if they reside in an owner-occupied property.

As shown in Appendix 1, Saskatoon has about 12,500 seniors who own a single detached home, but a total of 625 seniors who are considered low income as measured by the LICO-AT method. Disability data by income and age is not readily available for Saskatoon, but we apply general assumptions for it based on Canada and Saskatchewan data. As such, we estimate that this option would serve roughly 600-800 households annually, based on Saskatoon's eligible population and Toronto's participation rates.

### Financial Implications

The estimated financial implications for the direct subsidy in this option are shown in the table below and range between \$105,000 and \$140,000 annually. Not shown in the table are program administration and implementation costs. These costs are largely human and technological resource dependent, but initial estimates suggest that for this option, they could be lower relative to option 1 by linking (or merging with) Saskatoon's existing Seniors' Property Tax Deferral program. That said, administration costs are estimated at \$50,000 annually as it requires human resources to manage intakes.

<b>Financial Implications for Direct Subsidy for Option 2</b>			
<b>Support</b>	<b>Estimated Average Amount per HH</b>	<b>Total Cost (Lower Bound)</b>	<b>Total Cost (Upper Bound)</b>
Waste Credit	\$175	\$105,000	\$140,000
<i>values are rounded to nearest \$</i>			

### Advantages

- Potentially, easier to administer because of ability to integrate with existing program.
- Less complex and more predictable relative to option 1.
- Partially supports equity consideration by including disabled persons who tend to have, on average, incomes lower than non-disabled persons.

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- Achieves transparency/accountability as there are clear eligibility requirements for access.
- Because this approach is used in other jurisdictions there is ability to draw lessons on program implementation. This has potential to limit administrative costs and implementation errors.

### Disadvantages

- Does not satisfy broader equity concerns because program is targeted to specific demographics and owner-occupied homeowners.
- Administration and implementation costs could outweigh the size of the benefit if not linked to an existing program, which potentially reduces program efficiency.

### Option 3: The Modified Denver Approach

As explained in Appendix 3, the City of Denver is transitioning to a variable cart utility model for garbage collection. As part of that transition, Denver implemented a complementary low-income subsidy program that is based on the US version of the LIM-AT. It uses a sliding scale to determine the size of the subsidy with the lowest income households in the income bands receiving a 100% rebate. The closer the incomes are to the median, the lower the rebate. Unfortunately, there is no data on participation rates as the program intake launched in September 2022.

As a result, this option proposes to modify the Denver approach by using a similar sliding scale subsidy based on the LIM-AT income thresholds, described in Appendix 1. For this option, income bands are established relative to the LIM-AT at 50%, 75%, and 100% upper end ranges as show in the table below.

Banded Income Ranges by Household Size					
Household Size	Band A: 0-50% (Less Than or Equal to)	Band B: 51%-75% (Range)		Band C: 76%-100% (Range)	
1 person	\$13,285	\$13,286	\$19,928	\$19,929	\$26,570
2 persons	\$18,788	\$18,789	\$28,182	\$28,183	\$37,576
3 persons	\$23,011	\$23,012	\$34,516	\$34,517	\$46,021
4 persons	\$26,570	\$26,571	\$39,855	\$39,856	\$53,140
5 persons	\$29,706	\$29,707	\$44,559	\$44,560	\$59,412
6 persons	\$32,542	\$32,543	\$48,812	\$48,813	\$65,083
7 persons	\$35,149	\$35,150	\$52,724	\$52,725	\$70,298
8 persons	\$37,576	\$37,577	\$56,363	\$56,364	\$75,151
9 persons	\$39,855	\$39,856	\$59,783	\$59,784	\$79,710
10 persons	\$42,011	\$42,012	\$63,017	\$63,018	\$84,022

For each band, there is a corresponding solid waste rebate based on a percentage of the total annual estimated combined charge for organics and the small cart garbage size of \$175 (rounded). The lower the band, the higher the rebate. The subsidies are set at 80, 60, and 40 percent from Band A through C respectively. The following table illustrates the effects of this.



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<b>Subsidy By Income Band</b>			
<b>Subsidy</b>	<b>Band A</b>	<b>Band B</b>	<b>Band C</b>
Subsidy Size (%)	80%	60%	40%
Subsidy Amount (\$) Annual	\$140	\$105	\$70
Subsidy Amount (\$) Monthly	\$11.67	\$8.75	\$5.83

### Financial Implications

Estimating the annual financial implications is difficult but not impossible as a few key assumptions need to be made. Based on the data in Appendix 4, we assume that like option 1, between 1,000 and 1,500 eligible households per year would take advantage of the program. We further assume that households under each band would be distributed as follows: Band A 40%, Band B 25%, and Band C 35%. As a result, the estimated financial implications for the direct subsidy under these options are displayed in the table below. The estimates show that the direct subsidy would range from just under \$107,000 in year one to just over \$160,000. Like options 1 and 2, not detailed in the table are program administration and implementation costs. These costs are largely human and technological resource dependent, but initial estimates suggest costs for this option are similar to those for option 1.

<b>Financial Implications for Direct Subsidy for Option 3</b>			
<b>Support</b>	<b>Estimated Average Amount per HH</b>	<b>Total Cost (Lower Bound)</b>	<b>Total Cost (Upper Bound)</b>
Band A	\$140	\$56,000	\$84,000
Band B	\$105	\$26,250	\$39,375
Band C	\$70	\$24,500	\$36,750
<b>Total</b>	<b>N/A</b>	<b>\$106,750</b>	<b>\$160,125</b>

### Advantages

- Because it uses a sliding scale, or a progressive rate structure, it better supports equity considerations by giving larger subsidies to those households with lower incomes.
- More efficient than option 1, as the subsidy appears to outweigh administrative costs.
- Supports transparency/accountability as there are clear eligibility requirements for access, despite program complexity.
- Because this approach is used in other jurisdictions, there is ability to draw lessons on program implementation. This has potential to limit administrative costs and implementation errors by learning and collaborating on design issues.
- Not exclusive to only owner-occupied homeowners, renters are eligible.

Disadvantages

- Has a higher degree of program complexity than other options, which has the potential to make it more difficult to administer.
- Lack of information on program uptake, success due to its relative immaturity.

**Option 4: Phased Out Transitional Rebate**

This option proposes a unique approach in that it is not used in other jurisdictions. It focuses on providing a “transitional” rebate whereby the City would provide LICO-AT or LIM-AT eligible households with a phased transitional waste utility credit of \$100 in 2024, \$75 in 2025, and \$50 in 2026. It would phase out completely by 2027. The rebate or credit in year one is roughly equivalent to the average annual cost to an average low-income household for the implementation of the organics program and 40 percent of the net fiscal cost of the smallest cart for the variable black cart garbage program in year one.

This option applies to eligible low-income households in owner-occupied housing and those who rent an eligible property and have a City utility account in their name. There are no other age or demographic restrictions on this option. Like options 1 and 3, we estimate that this option would serve roughly 1,000 to 1,500 eligible households in a year, assuming a 10-15 percent participation rate.

Financial Implications

The financial implications for the direct subsidy of this option are shown in the table below. In year one, the annual subsidy ranges from \$100,000 to \$150,000 and then falls accordingly in line with a reduced subsidy. Like the previous options, administration and implementation costs are excluded from the table, but they are estimated to be in the range of \$75,000 to \$100,000.

<b>Financial Implications for Direct Subsidy for Option 4</b>			
<b>Support Fiscal Year (FY)</b>	<b>Estimated Average Amount per HH</b>	<b>Total Cost (Lower Bound)</b>	<b>Total Cost (Upper Bound)</b>
FY2024	\$100	\$100,000	\$150,000
FY2025	\$75	\$75,000	\$112,500
FY2026	\$50	\$50,000	\$75,000

Advantages

- Better achieves equity considerations relative to options 1 and 2 as there are fewer eligibility restrictions other than meeting property and income qualifications and includes renters of single-family properties.
- Satisfies a transitional approach supported by public engagement.
- Program eligibility and subsidy levels are clear satisfying transparency considerations.

### Disadvantages

- Relatively high administrative costs to set up the program and manage application intakes in the short term.
- Difficult to phase out support once it has been established.
- Novelty approach as no other jurisdictions were found to offer this type of program, so there is no ability to lesson draw on program design/implementation.

### **Option 5: Universal Low-Income Support Program**

This option is more conceptual than the previous ones. It proposes that the City develop a universal low-income support program that places all subsidized services (e.g., transit, recreation, Energy Assistance Program, seniors tax deferral, etc.) under one umbrella program. It could potentially include an energy efficiency subsidy aimed at both single family and multifamily homes and expand the tax supported subsidies for existing low-income programs. It combines some elements of the previous options, such as option 3, by contemplating that program eligibility be expanded to use the LIM-AT or a LICO-AT and potential subsidies offered on a sliding scale, especially for transit and recreation services, to capture a larger share of low-income residents.

Under this option, potential participants would apply for multiple programs and services with one application, rather than filling out several applications to qualify for each program subsidy. This option is modelled on the City of Calgary's Fair Entry Program, described in Appendix 3, whereby eligible participants get screened in and then they can choose among the specific low-income support programs that meet their needs.

### Financial Implications

This option requires more extensive analysis on the nature and size of any potential subsidies, whether new or expansions to existing programs to determine the financial implications. If this option is selected, a future report will analyze potential subsidies, and administration and implementation costs and various other elements, such as eligibility thresholds.

### Advantages

- Depending on design, has greater ability to achieve equity by supporting all low-income residents, regardless of housing tenure.
- A sliding scale subsidy structure can improve affordability concerns.
- A single application intake improves program efficiency, as the subsidy could outweigh administrative costs. It also improves program access for participants as they have fewer applications to fill out.
- Ability to lesson draw from other jurisdictions on design and implementation of various program elements.

### Disadvantages

- Relatively high administrative costs to set up the program and manage application intakes initially.
- Some program elements may be complex, potentially limiting understanding and transparency.

## **RECOMMENDATIONS**

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:

1. That the Administration implement Option 4 starting in fiscal year 2024, and simultaneously work toward implementing Option 5, the Universal Low Income Subsidy program for fiscal year 2027;
2. That Administration report back no later than Quarter 3 of 2023, with further information on scope and timelines for the implementation of Option 4, including detailed administration and implementation costs; and
3. That the Administration be directed to develop a Council Policy on User Fees and Subsidies to clearly identify principles and objectives on where to charge fees and offer subsidies and report back to the appropriate committee no later than Quarter 4 of 2023.

## **RATIONALE**

Municipalities (or cities) deliver important services, some of which are priced according to usage (e.g., water, electricity, and solid waste). Two core features of correctly structured user fees are the potential for allocating resources to their most efficient uses and distributing the cost burden according to how much of the service one consumes. On the other hand, user fees can have a financial burden on low-income households, especially where access to services are an important consideration.

Despite the efficiency and the (benefits) equity objectives of user fees—meaning those who benefit should pay—the impact on low-income households, however, should not be ignored. Ideally, concerns about the financial burden on low-income individuals, overall, should be addressed through income transfers from federal and provincial governments and social assistance programs targeted to individuals in need.

Nonetheless, the research and analysis offered in this report and its accompanying appendices show that addressing affordability and offering low income supports at the municipal level is complex and challenging. That is why appendices 1 through 3 have no clear answers on how “best” or “optimal” ways in which this should be done. Questions such as, who is eligible and how much is the subsidy, are often at the forefront, but the answers are diverse. One potential way to resolve this issue is for the City to establish its own user fees and subsidies policy that sets general principles and objectives on how or where fees are charged and how or where subsidies should be offered.

For solid waste subsidies specifically, research found that only four major cities in North America offer some specific subsidy, but they offer them in different amounts to different populations. Options 1 through 3 apply these inter-jurisdictional approaches to the Saskatoon context and while they all have their advantages and disadvantages, we find that the Denver model, despite its complexity best addresses equity concerns. The other two have shortcomings because they are targeted to specific populations like seniors and persons with disabilities or dependent on a property tax increase. In

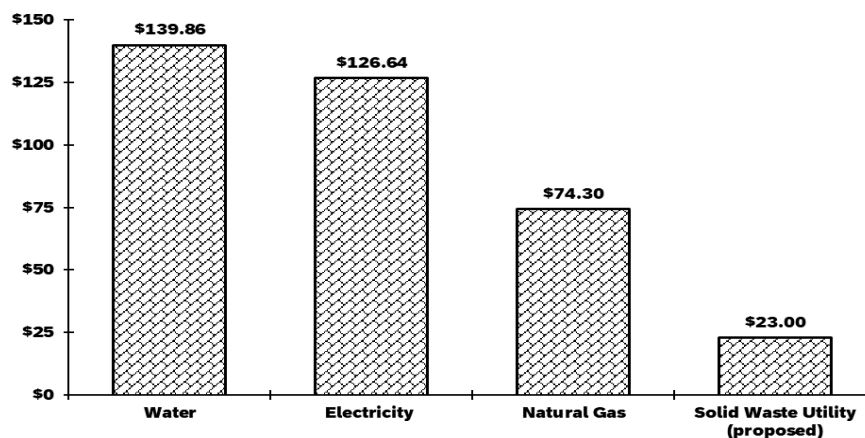
Toronto, it is targeted too; however, best practice research argues that targeted subsidies should be based on standardized income measures rather than age, demographic, and other special criteria.

As a result, this report rejects options 1 and 2 because of their limited scope. In fact, according to the data in Appendix 4, the low-income rates for persons over 65 are much lower than those between 18-64, implying that an age-based subsidy does not satisfy broader equity concerns. Elements of option 3 are appealing, especially its broad scope and sliding scale subsidy, but the program needs time to mature to determine participation and effectiveness.

The report recommends Option 4 as a short-term transitional measure, and then phasing to Option 5 by no later than fiscal year 2027. This hybrid approach best integrates public engagement feedback outlined in Appendix 1, with the data in Appendix 4, and the principles and objectives described in Appendix 5. In fact, according to Appendix 1, greater supports for low-income residents and a short-term program that can be considered in a more comprehensive affordability policy or program were both themes heard through engagement. As highlighted in Appendix 4, renters have half of the median after-tax household incomes than owners. Thus, any program that only targets single family owners misses a large segment of the lowest income residents.

Restricting a low-income support program to the cost of solid waste overlooks the much larger impact Saskatoon's other utilities have on low-income households, especially given rising energy prices. To illustrate this point, one can look at the average cost of utilities in Saskatoon, shown in figure 1. The bar chart clearly illustrates that water and electricity consume over five times as much household income as the proposed waste utility would.

**Figure 1: Average Estimated Monthly Utility Costs in Saskatoon**  
Source: City of Saskatoon Estimates (2022)

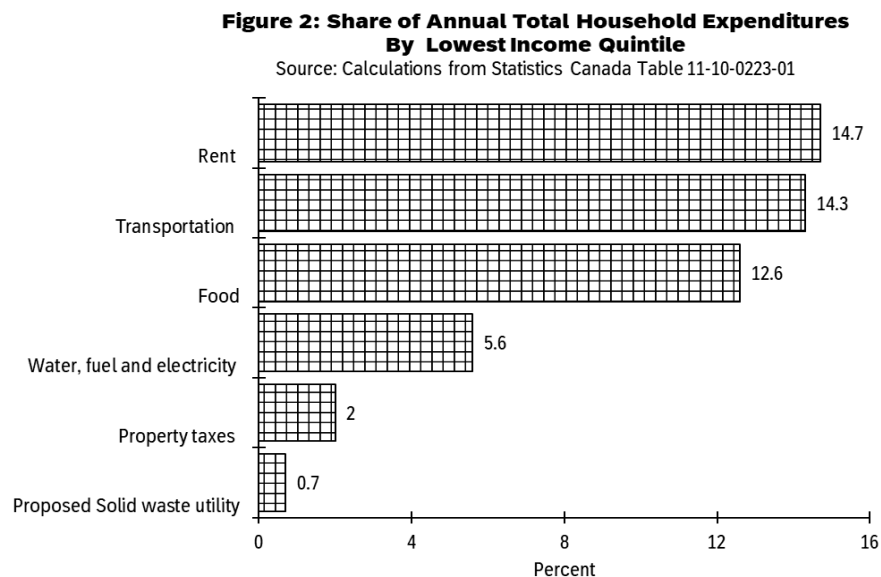


In August 2022, SaskPower announced an electricity rate increase that will result in a \$13.50 per month increase for the average household as of April 2023. Moreover, SaskEnergy has an application before the Saskatchewan Rate Review Panel that, if

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approved, would increase the average SaskEnergy residential bill \$11.95 a month, or 16.8 per cent in the first year; \$2.43 per month (2.9 per cent) in the second year, and \$2.53 per month (3.0 per cent) in year three.

Energy affordability is a growing concern. Next to rent, food, and transportation costs, energy costs consume a sizable portion of annual household expenditures for low-income households in Saskatchewan. As figure 2 shows, those households in the lowest income quintile spend about 5.6% of their total household expenditures on water, fuel, and electricity for their homes. The proposed solid waste utility would consume 0.7% of their total household expenditures.



Finally, as alluded to in Appendix 1 and again in Appendix 5, cities need to be cognizant of the barriers that exist to adding new programs. One large barrier is the application intake. In many cases, including Saskatoon programs, each participant needs to fill out an application for each program to access the subsidies. Not only is this inequitable and inefficient to the beneficiary, but as the City creates each new subsidy program it generates new administration costs. This is inefficient for the organization and the community, especially if the administration costs outweigh the benefits. That is precisely why this report recommends transitioning to option 5 in 2027 (or sooner if possible). A major premise of this approach, modelled on Calgary's Fair Entry program, is to substantially streamline the intake process to one application that can be applicable to multiple programs.

### ADDITIONAL IMPLICATIONS/CONSIDERATIONS

The body of this report addresses multiple implications. Future reporting will address additional items as program development progresses.

## COMMUNICATION ACTIVITIES

Communications on this issue will be integrated into the education and communications plans prior to the launch of the variable rate garbage utility in 2024. Community partners, who offered to assist in outreach during engagement, will be consulted on what information or materials would be most effective and leveraged to assist in reaching their clients and stakeholders. Once program design is approved, additional communication and awareness efforts will be undertaken.

## APPENDICES

1. Summary of Public Engagement Sessions
2. Overview of City of Saskatoon Low Income Support Programs
3. Overview of Low-Income Support Programs in Other Jurisdictions
4. The Prevalence of Low-Income in Saskatoon: An Exploration of the Data
5. Program Design and Implementation Considerations

### Report Approval

Written by: Ben Brodie, Project Manager Sustainability  
Mike Jordan, Chief Public Policy and Government Relations Officer

Reviewed by: Brendan Lemke, Director of Water and Waste Operations  
Jeanna South, Director of Sustainability  
Kari Smith, Director of Finance

Approved by: Angela Gardiner, General Manager, Utilities and Environment