

Funding Options for Curbside Organics Program

Overview

This attachment identifies phase-in options for a city-wide curbside organics program funded by property taxes. No utility funding options are included. Each option is based on estimates. Modifications can be made to the options but would require updated calculations.

Due to the timelines required to implement a city-wide curbside organics program, the earliest that a program could be implemented is in 2021. The Administration recommends that the seasonal, subscription green cart program remain available in 2020 and until such time that a city-wide curbside organics program is implemented in 2021 or beyond. No changes are proposed to the current waste collection frequency until such time that a city-wide organics program is implemented. Savings resulting from reduced waste collection frequency would be realized once the curbside organics program is implemented.

Curbside Organics Program Funding Options

Option 1: Aggressive Phase-In

Fully fund current waste service levels in 2020 and implement a city-wide curbside organics program in 2021.

This option would include a 1.53% increase to property taxes in 2020 to fully fund the current waste handling program service levels. As previously reported, the estimated funding gap for waste collection and disposal, compost depots and the subscription green cart program is approximately \$3M.

With this option, the subscription green cart program would still be available for residents who wish to participate in 2020. Once the waste handling budgets are fully funded in 2020, the curbside organics program could be implemented in 2021. As it is not recommended to deploy green carts and commence an organics program in the winter, the Administration recommends that the earliest the curbside organics program would commence would be the spring of 2021, though precise timing for the deployment of the program would be determined by the terms of the successful proposal from the organics Request for Proposals (RFP) process. This is estimated to result in a 1.35% increase to property taxes in 2021 since only $\frac{3}{4}$ of the year (i.e. April to December) would require program funding. The first full year of the curbside organics program would be in 2022 and is estimated to result in a property tax increase of 1.05% in 2022.

Year	Property Tax Increase	Service Level
2020	1.53%	No change to current waste services.
2021	1.35%	New curbside organics program (assuming spring start). New waste service level (bi-weekly collection in summer).
2022	1.05%	First full year of curbside organics program.

This option provides for full funding of current waste handling service levels prior to the addition of a new curbside organics program. Furthermore, it would result in the implementation of a curbside organics program in 2021, thus providing the greatest opportunity for achieving waste diversion targets, savings and efficiencies associated with bi-weekly waste collection.

Option 2: Moderate Phase-In

Fully fund current waste service levels in 2020-21 and begin city-wide curbside organics program in 2023 followed by the program starting in 2023.

This option would include a 1.0% increase to property taxes in 2020-22 and a 0.93% increase in 2023 to fully fund the current waste handling program service levels and fund the new curbside organics program.

With this option, the subscription green cart program would still be available for residents who wish to participate in 2020-2022. Once the current service levels are fully funded in 2022, the curbside organics program could begin in 2023. As it is not recommended to deploy green carts and commence an organics program in the winter, the Administration recommends that the earliest the curbside organics program would commence would be the spring of 2023, though precise timing for the deployment of the program would be determined by the terms of the successful proposal from the organics RFP. The first full year of the curbside organics program would be in 2024.

Year	Property Tax Increase	Service Level
2020	1.0%	No change to current waste services.
2021	1.0%	No change to current waste services.
2022	1.0%	No change to current waste services.
2023	0.93%	First year of curbside organics program. New waste service level (bi-weekly collection in summer).

Option 3: Slow Phase-In plus Expanded Optional Program

Fully fund current waste service levels in 2020-22 and begin city-wide curbside organics program in 2027 followed by the program starting in 2027.

This option would include a 0.5% increase to property taxes in 2020-26 and a 0.43% increase in 2027 to fully fund the current waste handling program service levels and fund the new curbside organics program.

With this option, the subscription green cart program would still be available for residents who wish to participate in 2020-25. Funding allocations in 2020-22 would be utilized to resolve current of waste program funding challenges. Starting in 2023, the funding phase-in for the curbside organics program would be used to offset the fees of the subscription green cart program, thereby incentivizing participation in the program until the curbside organics program is implemented in 2027.

The curbside organics program could be implemented in 2027. As it is not recommended to deploy green carts and commence an organics program in the winter, the Administration recommends that the earliest the curbside organics program would commence would be the spring of 2027, though precise timing for the deployment of the program would be determined by the terms of the successful proposal from the organics RFP. The first full year of the curbside organics program would be in 2028.

Year	Property Tax Increase	Service Level
2020	0.5%	No change to current waste services.
2021	0.5%	No change to current waste services.
2022	0.5%	No change to current waste services.
2023	0.5%	No change to current waste services. Subsidize subscription green cart fees.
2024	0.5%	No change to current waste services. Subsidize subscription green cart fees.
2025	0.5%	No change to current waste services. Subsidize subscription green cart fees.
2026	0.5%	No change to current waste services. Subsidize subscription green cart fees.
2027	0.43%	First year of curbside organics program. New waste service level (bi-weekly collection in summer).

Option 4: Phase in by Neighbourhood

Two year phase-in of a city-wide organics program by neighbourhood.

This option would include implementation of a phased-in curbside organics program for half of the neighbourhoods in the city in 2021 and the remaining neighbourhoods in 2022. As shown in the table below, this option would result in a lower property tax impact than implementing a city-wide program for all neighbourhoods in one year, however the service would only be provided to half the neighbourhoods.

It is proposed that those neighbourhoods included in the curbside organics program in year 1 would also have a corresponding change to their waste collection service (i.e. bi-weekly collection year round). Those neighbourhoods not included in the curbside organics program in year 1 would still be eligible to participate in the subscription green cart program and would still receive weekly waste collection in the summer months. By year 2, when all neighbourhoods are included in the curbside organics program, waste collection would be bi-weekly year round for all neighbourhoods.

The table below shows the estimated property tax impact and service level considerations of a two year phased-in program.

Year	Property Tax Impact	Service Level
2020	1.53%	No change to current waste services.
2021	1.04%	New curbside organics program for half the neighbourhoods in the city; year round, bi-weekly waste collection for these neighbourhoods. Other neighbourhoods eligible to participate in subscription green cart program; still receive weekly waste collection in summer.
2022	1.35%	City-wide curbside organics program and year round, bi-weekly waste collection for all neighbourhoods.

This option is not recommended as it would result in only half of the households receiving organics collection services funded by property taxes, which could lead to concerns around fairness. Households in the neighbourhoods that are not included in year 1 would be required to pay a subscription fee for the green cart program. In addition to concerns about customer service and equality, there would be numerous resourcing, planning and scheduling challenges, and inefficiencies as a result of different waste and organics collection service levels offered in each neighbourhood.

Additional Service Level Option: Reduced Organics Collection Frequency in the Winter

This service level option involves reduced organics collection frequency in the winter months and could be combined with any of the funding options identified above. From November to March inclusive, organics could be collected every four weeks instead of bi-weekly. This would result in 5 fewer organics collections per year.

Total annual savings are estimated at \$230,000 or a property tax reduction of 0.1% as a result of reduced fuel consumption, reduced truck maintenance, and a reduced number of staff required, or reduced contract costs. It is important to note that the total number of trucks required in a city or contracted fleet would remain the same in order to provide bi-weekly collections in the summer months. There would, however, be an anticipated reduction of 2.4 FTEs or the equivalent of six seasonal operator positions from November through March although there would be higher administrative resources required to hire, train, and layoff seasonal staff as compared to maintaining a consistent complement of permanent staff with internal service provision.

Other considerations for reduced organics collection frequency in winter are as follows:

- Monthly collections are estimated to reduce greenhouse gas (GHG) emissions by approximately 160 tonnes CO₂ equivalents as a result of fewer trucks operating in the winter months. These GHG savings, however, could be negated by an increase in the amount of organic material sent to the landfill as a result of residents choosing to put their organics in the black carts that would be collected more frequently.

- Odours and nuisance concerns with monthly storage of organic material is anticipated to be minimal in the winter months. Unexpected warm temperatures in the winter months could cause materials to thaw and could result in odour issues as well as increased likelihood of material freezing to the bin.
- With a monthly collection frequency, a missed collection could result in a two-month interval between collections if residents are unable to place their green cart out for collection on their scheduled day.
- While some current green cart subscribers indicate that they utilize their green carts to store food waste throughout the winter, some residents may be less likely to participate in the organics program if collections are provided on a monthly basis as opposed to a bi-weekly basis.

Borrowing

The option to utilize internal borrowing to fund the curbside organics program has been reviewed. While borrowing might facilitate launch of the new curbside organics program as early as 2021, this would require a property tax increase of 0.5% per year from 2020-2032, with debt payments continuing until 2040. Under this scenario, the total interest costs of borrowing are estimated at \$5.6M. Civic Policy C03-027 states explicitly that internal and external debt will not be employed for ongoing expenditures that would be financed through the City's operating budget, therefore this option would be counter to existing policy. The Cities Act also requires that the City's operating budget include the amount needed for operation of the city.