

Environmental Health 2020/2021 Business Plan and Budget

ISSUE

City Council approval is required in order to set the Operating and Capital Business Plan and Budget for 2020 and 2021. The figures in this report are stated as 2020 and 2021 respectively, unless otherwise noted.

RECOMMENDATION

1. That the Environmental Health Business Line Operating Budget for 2020 totalling \$23,536,700 in expenditures and \$6,862,600 in revenues be approved, subject to adjustments under the Business Plan Options section of the agenda;
2. That the Environmental Health Business Line Operating Plan for 2021 totalling \$26,726,400 in expenditures and \$7,977,900 in revenues be approved, subject to adjustments under the Business Plan Options section of the agenda;
3. That the 2020 Capital Budget totalling \$12,271,200 be approved, subject to adjustments under the Business Plan Options section of the agenda;
4. That the 2021 Capital Plan totalling \$1,099,200 be approved, subject to adjustments under the Business Plan Options section of the agenda;
5. That the Landfill entry fee, tipping fees (pro-rata weight charges), specific disposal fees, and discount for small loads remain unchanged for 2020 and 2021;
6. That the City Solicitor be instructed to amend Schedule "A" of Bylaw No. 8310, The Waste Bylaw, 2004, specifically to revise the commercial garbage collection rates listed within the report of the Chief Financial Officer dated November 25, 2019;
7. That the 2020 and 2021 Landfill Replacement Reserve provision remain unchanged at \$29.50 per tonne for all waste landfilled, per the previous airspace valuation calculation;
8. That the 2020 and 2021 Green Cart Program seasonal subscription fees increase to \$60 (from \$55) until April 30 of each year. Any renewals or new subscriptions paid after April 30 will cost \$75, which remains unchanged from 2019; and
9. That the Compost Depot Commercial Hauler Seasonal Permit fee of \$150 per vehicle remain unchanged for 2020 and 2021.

BACKGROUND

The 2020/2021 Preliminary Business Plan and Budget (Preliminary Budget) was released on October 30, 2019.

DISCUSSION/ANALYSIS

Environmental Health Business Line Operating Budget

The Preliminary Budget includes a total of \$23,536,700 and \$26,726,400 in expenditures for the Environmental Health Business Line. Increases of \$3,599,900 (18.1%) and \$3,189,700 (13.6%) are projected, mainly due to the following:

- As part of the strategy to correct the structural budget issues within Waste Handling and implement a City-wide Organics Program, City Council previously directed Administration to phase-in a 0.87% dedicated property tax increase over four years. The 0.87% represented the originally forecasted 1.00% annual phase-in less the 0.13% savings as a result of utilizing \$10.0 million of the 2019 one-time additional Gas Tax funding to purchase Organics Bins.

Based on this direction, \$1,773,300 was added in 2020 to the Waste Handling Service Line and \$350,000 was added to the Waste Reduction Service Line. In 2021, only 0.78% total was added to the Waste Handling Service Line instead of 0.87%, for a total addition of \$1,929,600. Once the Administration concludes negotiations with the Preferred Proponent for the Organics Processing Contract, it can be determined if the difference in funding can be absorbed without negatively affecting timelines.

- Other increases of \$843,500 in 2020 include: \$351,400 for the transfer to the Subscription Green Cart Program due to increasing usage and associated costs, \$275,800 in increases to transfers to reserves, \$176,000 for higher fuel costs, and \$70,600 in staff compensation based on collective agreements.
- An increase of \$1,119,900 in 2021 for an increase in transfers to the Landfill Replacement Reserve based on projected airspace value.

This business line is also projecting \$6,862,600 and \$7,977,900 in non-tax revenue, which is an increase of \$1,680,600 (32.4%) and \$1,115,300 (16.3%) over the prior years. The increases in revenues are largely due to a change in accounting treatment between landfill operations and waste collection services, whereby internal charges will be administered in order to ensure full cost recovery is recognized for the landfill operations and airspace value requirements. There is no net impact on the required property tax as a result of this change in practice.

The property tax support provided to this business line is \$16,674,100 and \$18,748,500, which is an increase of \$1,919,300 (13.0%) and \$2,074,400 (12.4%). The increase in property tax support is largely due to the dedicated 0.87% and 0.78% property tax allocation.

Environmental Health Business Line Capital Budget

The Environmental Health Business Line includes \$12,271,200 and \$1,099,200 in funded capital projects, most notably:

- \$10,000,000 in 2020 for the implementation of a curbside organics program for 2023, which includes the purchase of required bins and other implementation costs;

- \$150,000 in both 2020 and 2021 for the Psyllid-impacted tree removal and replanting; and
- \$1,200,000 and \$500,000 for the landfill optimization projects, including construction to drill an estimated 11 vertical wells on the closed west portion of the landfill and tie them into the existing landfill gas collection facility and future liner work.

Fees for Waste-Related Services

Appendix 1 provides additional information for the Landfill entry fee, Landfill Replacement Reserve provision, Green Cart Program seasonal subscription fees, and the Compost Depot Commercial Hauler Seasonal Permit fees.

Additional Reports

Appendices 2, 3 and 4 have been provided as additional information, which are previous City Council or Standing Policy Committee reports reflecting decisions made or information provided at the March, May and July meetings.

IMPLICATIONS

The financial implications are included in this report. There are no legal, social, or environmental implications.

NEXT STEPS

Upon approval of the Preliminary Budget, the Administration will finalize the Approved Business Plan and Budget to be released in 2020.

APPENDICES

1. Fees for Waste-Related Services – 2020/2021
2. Report – Curbside Organics and Waste Funding Options, March 25, 2019
- 2A. Funding Options for Curbside Organics Program
- 2B. Additional Information on Opt-Out Options
- 2C. Additional Information on Prohibition of Organics in Landfill and Black Carts
- 2D. Additional Information on Landfill Costs and Diversion Impacts
3. Report – 2020/2021 Multi-Year Business Plan and Budget Property Tax Options, July 2019 (Gas Tax Allocation to Organics Program)
4. Report – Additional Information on Curbside Organics, May 6, 2019

REPORT APPROVAL

Written by: Kari Smith, Interim Director of Finance
Approved by: Kerry Tarasoff, Chief Financial Officer