

## Options to the Recommendation

### OPTION 1 – Flat Rate Utility Fee

Charge a flat fee starting January 2018 with no variable pricing options, moving the current \$8.9 million off the mill rate resulting in a reduction to property taxes. Administration will report back on the actual utility charge at budget as the rate depends entirely on the level of service (i.e. biweekly vs weekly) which will be determined later this year; however, rates will include a funding reconciliation as shown in the report Attachment 4.

These rates are estimates only and may change slightly once all implications have been considered. If a flat rate is set, it will represent the amount that would be charged as a utility for this level of service; changes to levels of service would impact the rate.

#### Benefits:

- Removes waste charges off the mill rate and ensures adequate funding for waste management services in 2018.
- Provides a more equitable system (i.e. users pay directly for services)
- Provides monthly reminder to residents of the costs of waste.

#### Risks:

- A flat fee utility will result in a higher cost to each resident compared to property taxes (due to commercial subsidization and current underfunding) with none of the benefits of a variable rate such as user control of their costs or incentivised waste diversion.
- The public has not been fully engaged on moving to a utility which could result in dissatisfied and disengaged residents which may have further implications for future waste diversion initiatives.
- Initial user feedback from a recent survey being completed by Inshgtrix indicates that 50% of residents strongly or somewhat oppose waste being charged as a utility but that 53% of residents strongly or somewhat support variable rates; more details are available in the report Attachment 7.
- If an organics collection program is implemented in the future, removing the ability to include organics in an initial utility fee and increasing the likelihood it will be seen as an additional charge.
- The timeline for implementing a utility charge is very limited, and may not be streamlined between departments or have full capabilities. This will add additional administration, and negatively affect customer service for users.

### Financial Implications of Option 1

#### Estimated Utility Charges

If approved to proceed with a waste utility charge in 2018, the Administration will develop a rate schedule to be presented at the 2018 Business Plan and Budget deliberations. Preliminary work to understand potential rates and considerations has been done and is included in the report Attachment 4.

The waste services utility charge would not include recycling utility charges or the optional Green Cart subscription rate, although these fees can be rolled together in the future.

Implementation costs include a one-time cost of \$100,000 for billing and software development, approximately \$200,000 per year in additional staffing costs to administer the utility (billing, coordination, and customer service), and \$250,000 per year in communications and education costs.

### **OPTION 2 – Hybrid**

This option would involve a portion of waste services being funded through the mill rate, and a portion through a utility charge.

For example, a waste management fee of \$5/month could start being charged on monthly utility bills. The fee would contribute to the current funding gaps and allow some portion of waste management services to be removed from the mill rate, other services would continue to be funded from the mill rate. This approach has been implemented in Winnipeg to ensure stable ongoing funding as they potentially transition to a utility.

Another example of a hybrid approach is to phase-in the utility charge, funding all services through property taxes for the first half (or longer) of 2018 and charging a full flat utility fee in the latter part of the year. A phased-in approach could help ease the transition between current and future residential contributions to waste services but would require partial funding from the mill rate.

#### **Benefits:**

- Removes a portion of waste charges off the mill rate and ensures waste services are sustainably funded.
- Transitions toward a more equitable system (i.e. users pay directly for services).
- Allows residents to get used to the idea of a utility fee at a lower cost, and should leave time for adequate engagement before transitioning to a full utility model.

#### **Risks:**

- Increased administration to administer both property tax funding and utility funding.
- Could result in the perception that residents are paying twice for the same waste services.
- Does not have the benefits associated with variable rate pricing (waste diversion and user control of costs), but allows for transition to them.

### **Financial Implications of Option 2**

Due to the variety of scenarios associated with this option, an estimated rate has not been provided. Similar implementation and Administration costs will be required. If directed to proceed, a rate and other costs will be brought forward to the 2018 Business Plan and Budget deliberations.