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## Closure of Capital Project #2186 – Waste Management Strategic Plan

### Recommendation

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

1. That \$408,000 be transferred from the Recycling Stabilization Reserve to Capital Project #2186 – Waste Management Strategic Plan to bring the account balance to zero, and that the Capital Project be closed; and
2. That \$45,000 from the Recycling Stabilization Reserve be transferred to Capital Project #2184 - Waste Characterization to support waste diversion planning studies.

### Topic and Purpose

The purpose of this report is to reallocate funds within the Recycling Stabilization Reserve to bring the balance below the allowable limit stated in Council Policy C03-003 and to close Capital Project #2186.

### Report Highlights

1. The Residential Recycling Programs used Capital Project #2186 – Waste Management Strategic Plan to pay for pre-launch expenses and it is currently in a deficit position.
2. The Recycling Stabilization Reserve has a cap of 5% of budgeted annual revenue and currently has a balance that is \$453,000 over the limit. These funds can be used to pay back and close Capital Project #2186 – Waste Management Strategic Plan.
3. The next phases of work related to implementing the Waste Diversion Plan will require capital funding which is the subject of a separate report. The remaining \$45,000 of stabilization funding that is over the limit is recommended to be transferred to Capital Project #2184 – Waste Characterization to partially fund this work.

### Strategic Goal

The information in this report supports the long-term strategy to eliminate the need for a new landfill under the Strategic Goal of Environmental Leadership.

### Background

City Council, at its meeting held on November 13, 2012, considered the Residential Recycling Program Implementation report that outlined the delivery dates for curbside recycling carts, the collection calendar and the proposed recycling fees. The recycling education campaign commenced on November 26, 2012, in advance of the utility fees

being collected. Administration also recommended a contingency, in the form of a 3% contribution to a stabilization reserve, be established.

## **Report**

### Recycling Program Stabilization Reserve

When the Curbside Recycling Program was established, 3% of annual budgeted revenue was set aside as a contingency to offset program and contract increases. As per Council Policy C03-003 Reserves for Future Expenditures, these funds are transferred to the Recycling Stabilization Reserve in a separate fund under the Civic Utilities Stabilization Reserve. Annual surpluses have accumulated as follows:

- 2013 \$159,000 surplus
- 2014 \$88,000 surplus
- 2015 \$194,000 surplus
- 2016 \$225,000 surplus

The Reserve is capped at 5% of annual budgeted revenue resulting in an accumulated balance of \$666,000 which is \$453,000 over the allowed amount (\$213,000).

### Recycling Program Pre-launch Expenses

Costs associated with the work required prior to launch of the original single and multi-family recycling programs exceeded the available budget in Capital Project #2186 - Waste Management Strategic Plan. The Administration did not anticipate the length of time nor resources that would be required to fund the extensive public engagement, education, procurement, and contract finalization work. This placed the capital project in a total deficit position of \$408,000, which has been reported annually in the capital status report.

### Capital Project Closures

The intended funding for this project was partly to be covered from the recycling utility as well as the Landfill Replacement Reserve. However with pressures on the Landfill Replacement Reserve from reduction in landfill revenues alternate funding options are required to close out this project.

Surpluses have now grown in the stabilization reserve sufficient to cover the outstanding balance in the capital project, as well as maintain the necessary 5% of annual budgeted revenue. As of 2016 year-end, the capital project can now be funded from the reserve to complete project closure.

Administration recommends that a portion of the surplus within the Recycling Stabilization Reserve (\$408,000) be transferred to Capital Project #2186 – Waste Management Strategic Plan to bring the balance to zero and that the Capital Project be closed.

The additional \$45,000 in the stabilization reserve that is beyond the cap of 5% of budgeted revenues is recommended to be transferred to Capital Project #2184 – Waste

Characterization as this capital project funds planning activities and studies associated with the Waste Diversion Plan. This project funds initiatives that study and characterize the city’s waste, develop the Waste Diversion Plan, as well as plan and engage the community on initiatives associated with the plan, including; ICI waste diversion opportunities, organics opportunities and the waste utility. Transferring \$45,000 to this project will begin to fund program development in these areas. The Administration will be submitting reports outlining the complete funding requirements for development of these programs.

**Options to the Recommendation**

City Council could choose to divert overages in the Recycling Stabilization Reserve to other uses; however, uses must align with Council Policy C03-003 Reserves for Future Expenditures.

**Financial Implications**

The Curbside Recycling program had a surplus of \$225,000 at the end of 2016 which was transferred to the Recycling Stabilization Reserve for a total balance of \$666,000. This is \$453,000 over the allowable cap of 5% of total revenues (which is \$213,000 for 2016).

<u>Reserve</u>	<u>Current Balance</u>	<u>Current Cap</u>	<u>Minimum amount to be allocated</u>
Recycling Stabilization Reserve	\$666,000	\$213,000	\$453,000

The requested amount of \$408,000 closes the pre-launch utility expenses contained within Capital Project #2186 - Waste Management Strategic Plan.

Administration recommends that the remaining \$45,000 be allocated to Capital Project #2184 - Waste Characterization to support the City’s efforts in waste diversion.

**Policy Implications**

The recommendations in this report align with Council Policy C03-003, Reserves for Future Expenditures.

**Other Considerations/Implications**

There are no communications, public and/or stakeholder involvement, environmental, Privacy, or CPTED implications or considerations.

**Due Date for Follow-up and/or Project Completion**

Follow-up reports on the Recycling Stabilization Reserve and other waste-related reserves will be developed in 2018 as part of the work of the Waste Utility.

**Public Notice**

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

**Report Approval**

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Approved by: Jeff Jorgenson, Acting General Manager, Corporate Performance Department

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