

Historical Landfill Replacement Reserve Contributions

The Landfill Replacement Reserve (LRR) is currently designed to fund the capital and closure, post-closure, and replacement portion of future landfill activities. In recent years, it has also been used to fund waste diversion and GHG mitigation projects. The GHG mitigation through the construction of the landfill gas system is paying back the reserve as revenue from the sale of electricity is realized.

The LRR's purpose and contribution rate is outlined in the Capital Reserve Bylaw – 6774. The current contribution formula is an annual base provision of \$410,000 and a further provision at a rate per tonne charge. The rate per tonne charge has been approved by Council in the annual budget.

The LRR contributions for the last 5 years have not met the levels necessary to adequately fund future capital projects, post-closure, and replacement of the landfill. This was due to the funding formula on rate per tonne charge, only including tonnes where revenue was captured. This formula was designed to capture the cost of landfilling waste from the City's collection fleet by making additional charges to paying landfill customers. As the amount of paying customers at the landfill declined, revenue and LRR contributions were reduced.

The LRR funding formula was changed in 2017 to improve the contribution. The cost per tonne was changed to all tonnes of waste landfilled, no longer excluding residential waste brought in by the City's collections fleet. The changed rate was revenue neutral from the old model, costing the city no additional money, but distributing the same value over all tonnes rather than charged tonnes. In 2017, operating budget pressures required the reserve contribution to be reduced in order to minimize mill rate impacts on the 2017 budget. This cut the transfer from the budgeted \$21/tonne to an effective \$6.39/tonne.

The combined LRR contribution to adequately fund the future landfill projects is \$29.50/tonne. The table below shows the effective contribution per tonne, which includes the base provision of \$410,000/year.

Year	2013	2014	2015	2016	2017
Contribution/landfilled tonne	\$21.45	\$21.76	\$18.69	\$19.29	\$10.69

The 2011 Landfill Optimization report showed recommended LRR transfer fee for until 2021, however, due to budget constraints, the fee was never increased to the rates indicated in 2011.

Previous LRR Contributions	2013	2014	2015	2016	2017
Chargeable Tonnes	52,877	54,558	39180	33654	-
LRR Transfer Fee	\$40	\$40	\$45	\$45	\$21
Total Tonnes	117760	124376	110945	99795	95200
Actual LRR Contribution*	\$2.52M	\$2.71M	\$2.07	\$1.92	\$1.02
2001 Landfill Optimization Projection					
Chargeable Tonnes	65,000	60,000	55,000	50,000	45,000
LRR Transfer Fee	\$50	\$60	\$60	\$60	\$60
Projected Contribution*	\$3.66M	\$4.01M	\$3.71M	\$3.41M	\$3.11M
Difference from Projection	\$-1.14M	\$-1.3M	\$-1.64M	\$-1.49M	\$-2.09M

*The LRR contribution includes a base provision of \$410,000 in addition to the fee based on tonnage.

The difference between the projection made in 2011 for the years 2013-2017 and actual performance resulted in \$7.66 million dollars not being transferred into the reserve over a 5 year period.