

# WASTE MANAGEMENT MASTER PLAN UNIFIED WASTE UTILITY

24 September 2018



# THE PROBLEM

The existing waste services model is not:

## **Financially or Environmentally Sustainable**

- Underfunded/Funding Gap (\$5-10M/year)
  - Reserves used to stabilize against shortfall
- Reduces life of the landfill (63 to 40 years)
- Significant costs to replace the landfill (\$120M)
- Will not reach 70% diversion rate by 2023

## **Fair**

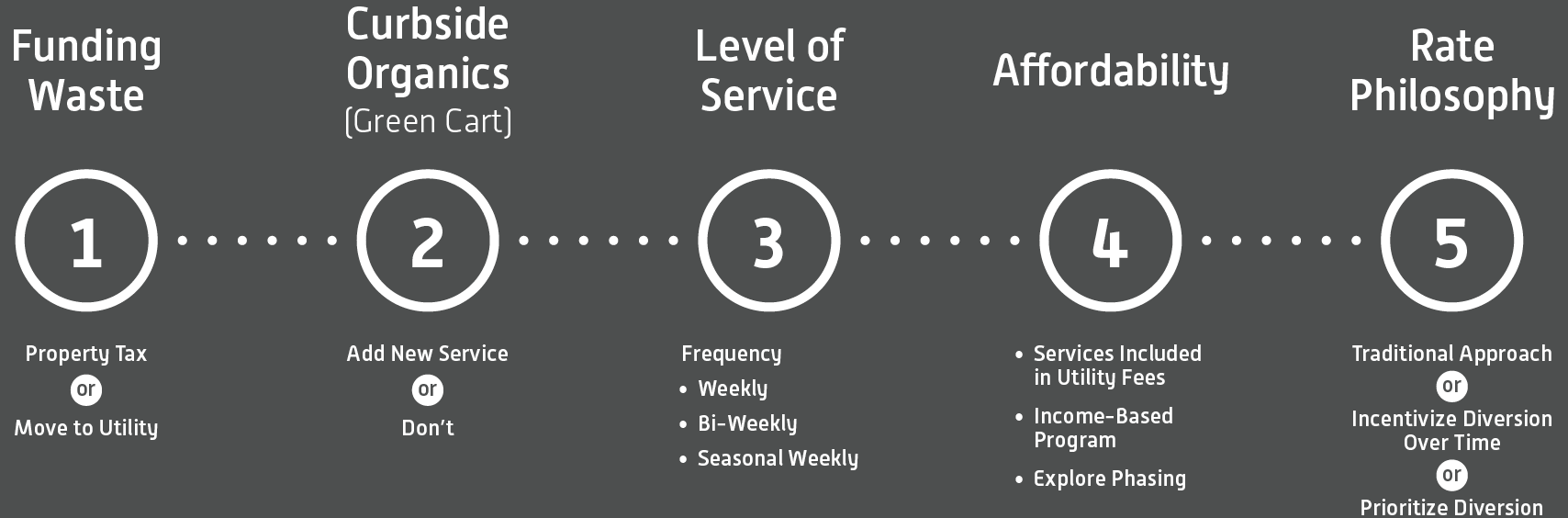
- Property owners who do not receive curbside waste service are subsidizing the cost for others



# WHAT ARE THE SOLUTIONS?



# Approach To Problem



# ① Funding Waste



# The Illusion of Waste Services

What You See:

**\$6** Recycling  
Utility Fee

# The Illusion of Waste Services

**What You See:**

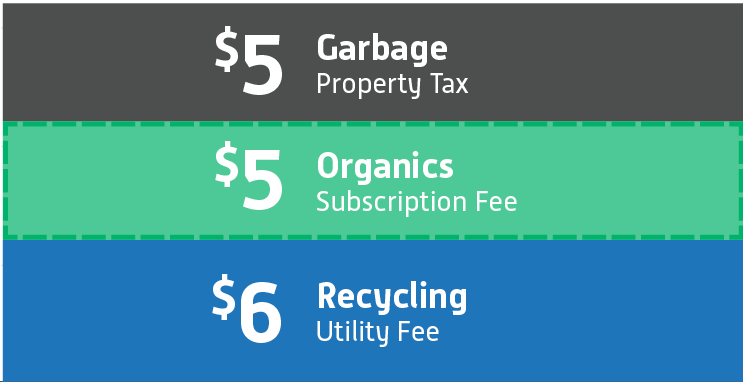
**\$5** **Organics**  
Subscription Fee

**\$6** **Recycling**  
Utility Fee

# The Illusion of Waste Services

Cost/household/month  
based on \$371,000 average  
assessed value

What You See:



} **\$16/mo**  
*Estimates only.*



# The Illusion of Waste Services

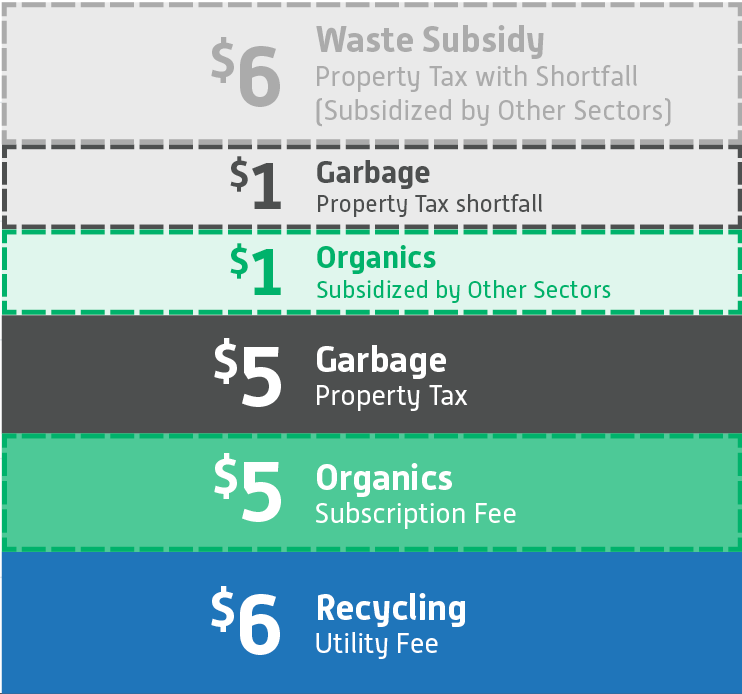
Cost/household/month  
based on \$371,000 average  
assessed value

Total Cost: **\$24**/mo

## What You Don't See:

(not new costs)

Funding shortfall covered by  
property tax and other sectors



**\$8**/mo  
*Estimates only.*

**\$16**/mo  
*Estimates only.*

## What You See:

# 1 Funding Waste

## Property Tax

or

## Move to Utility

- Single family home cost continues to be subsidized by other taxpayers
- Some Multi-Family Residents pay twice
- Commercial properties pay taxes for services not provided to them
- Unfunded liability for Landfill Replacement

### • Property Tax Increase:

- |  |   |
|--|---|
| > Single Family Home<br><b>\$67 annual average</b><br>[\$371,000 assessed value] | > Commercial<br><b>\$350 annual average</b><br>[\$1,000,000 assessed value] |
|--|---|

- Incentive for waste diversion
- Fairness: Those who benefit from service pay, those who don't will not.
- Transparency on costs
- Lower life cycle cost for solid waste

### • Cost Removed from Property Tax:

- |  |   |
|--|---|
| > Single Family Home<br><b>\$65 annual average</b><br>[\$371,000 assessed value] | > Commercial<br><b>\$275 annual average</b><br>[\$1,000,000 assessed value] |
|--|---|



## 2 Curbside Organics [Green Cart]

Add a New Service:  
Curbside Organics

or

No Organics

- Expected increase to waste diversion: **10%**
- Expected asset protection
- Expected greenhouse gas reduction: **11,000 tonnes**
- Expected resource efficiency: **better utilization of staff, trucks, money**

- No waste diversion improvement
- No benefit to landfill life
- No improvement to greenhouse gas emissions
- No resource efficiency:
  - > Must find \$120 million+ to fund landfill replacement
  - > Must continue to subsidize subscription program inefficiencies



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## Level of Service

### Waste

- ☐ Bi-Weekly Collection
- ☐ Weekly Collection
- ☐ Seasonal Weekly
- ☐ Three Bin Sizes

### Organics

- ☐ Bi-Weekly Collection
- ☐ Weekly Collection
- ☐ Seasonal Weekly
- ☐ One Bin Size

3

## Level of Service

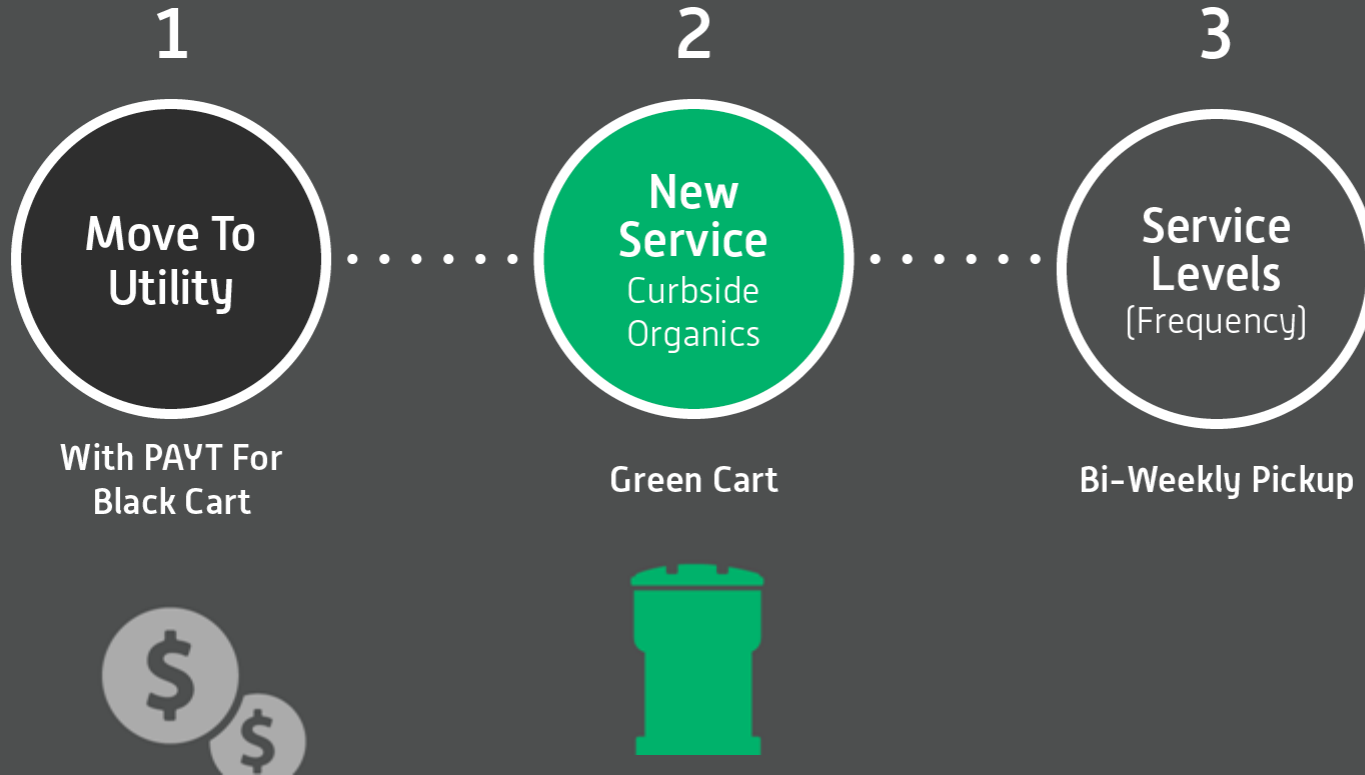
### Waste

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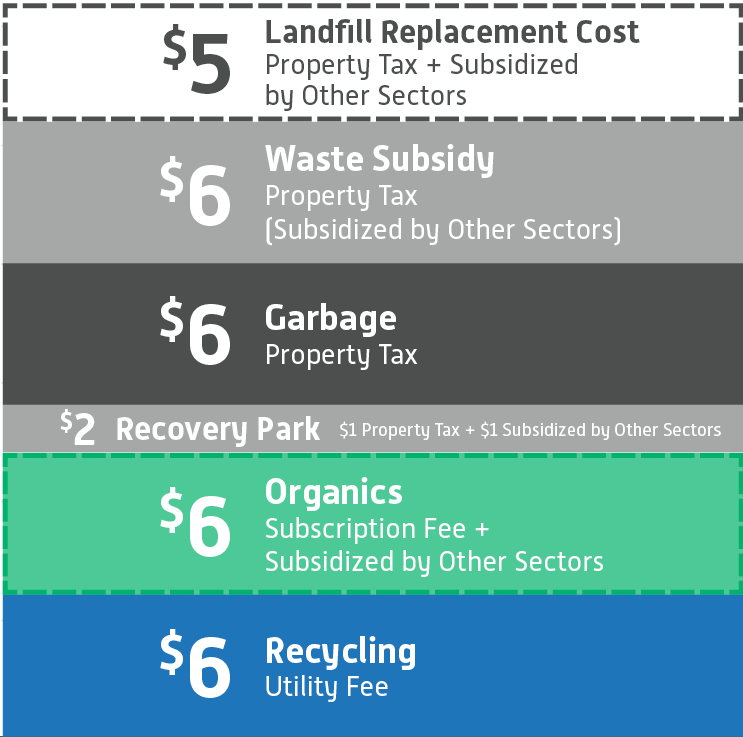
# Recommended Solution



# Property Tax and Fee Option for Waste Services

Cost/household/month  
based on \$371,000 average  
assessed value

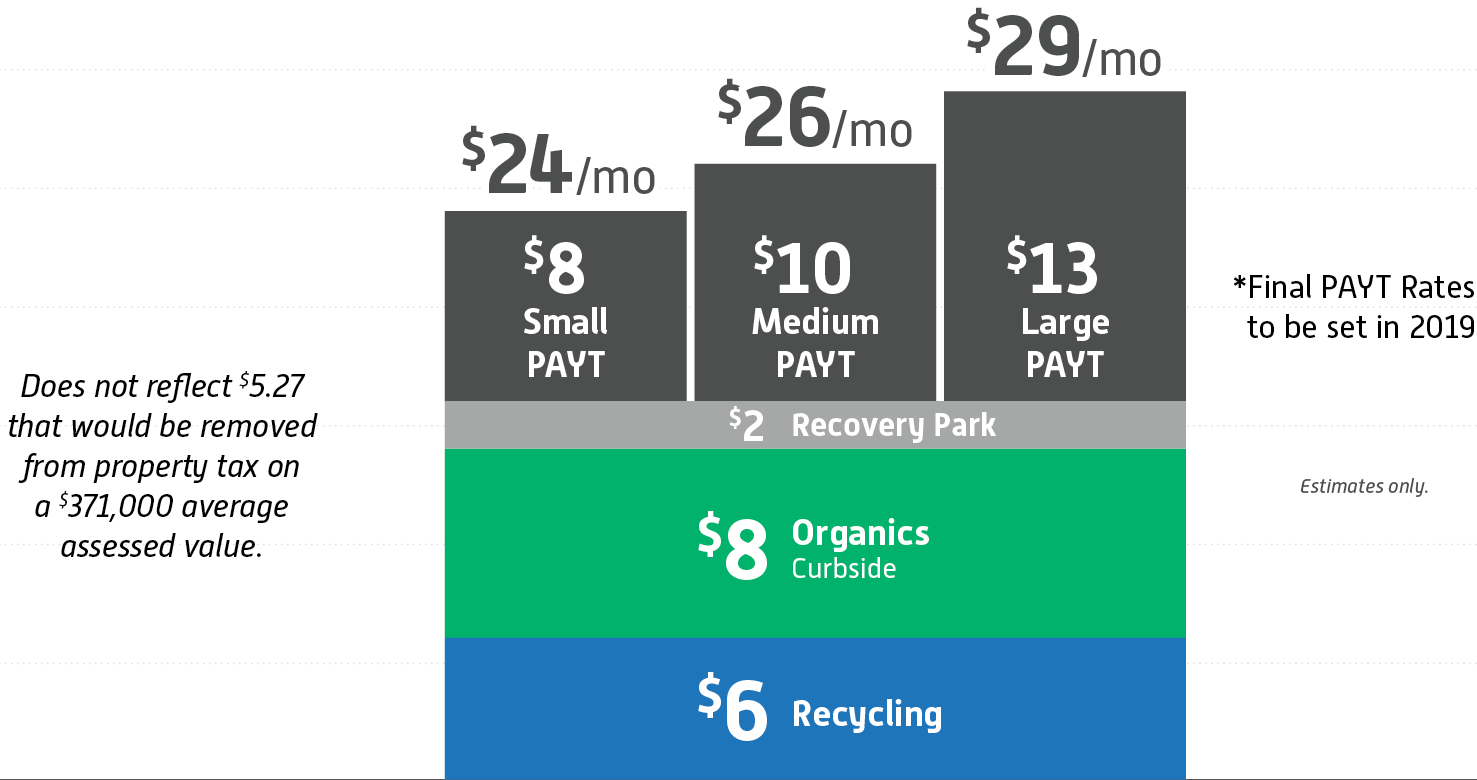
Requires  
2% Property Tax  
Increase to Address  
Current Annual Funding  
Shortfalls plus 1.8% for  
Landfill Replacement



**\$31**/mo  
*Estimates only.*

Property Tax and Fees Option (Year 1)

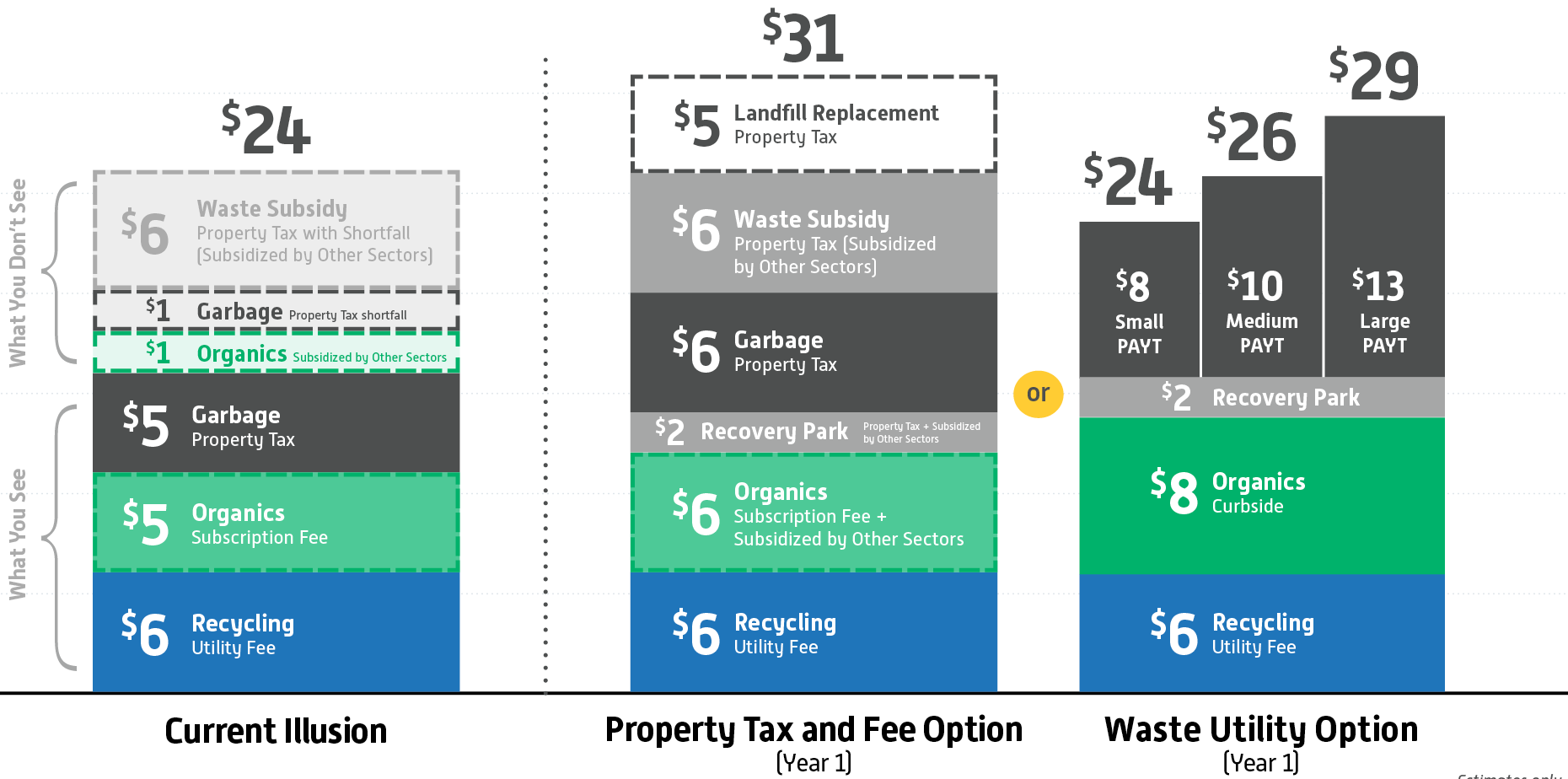
# Waste Utility Fee Option



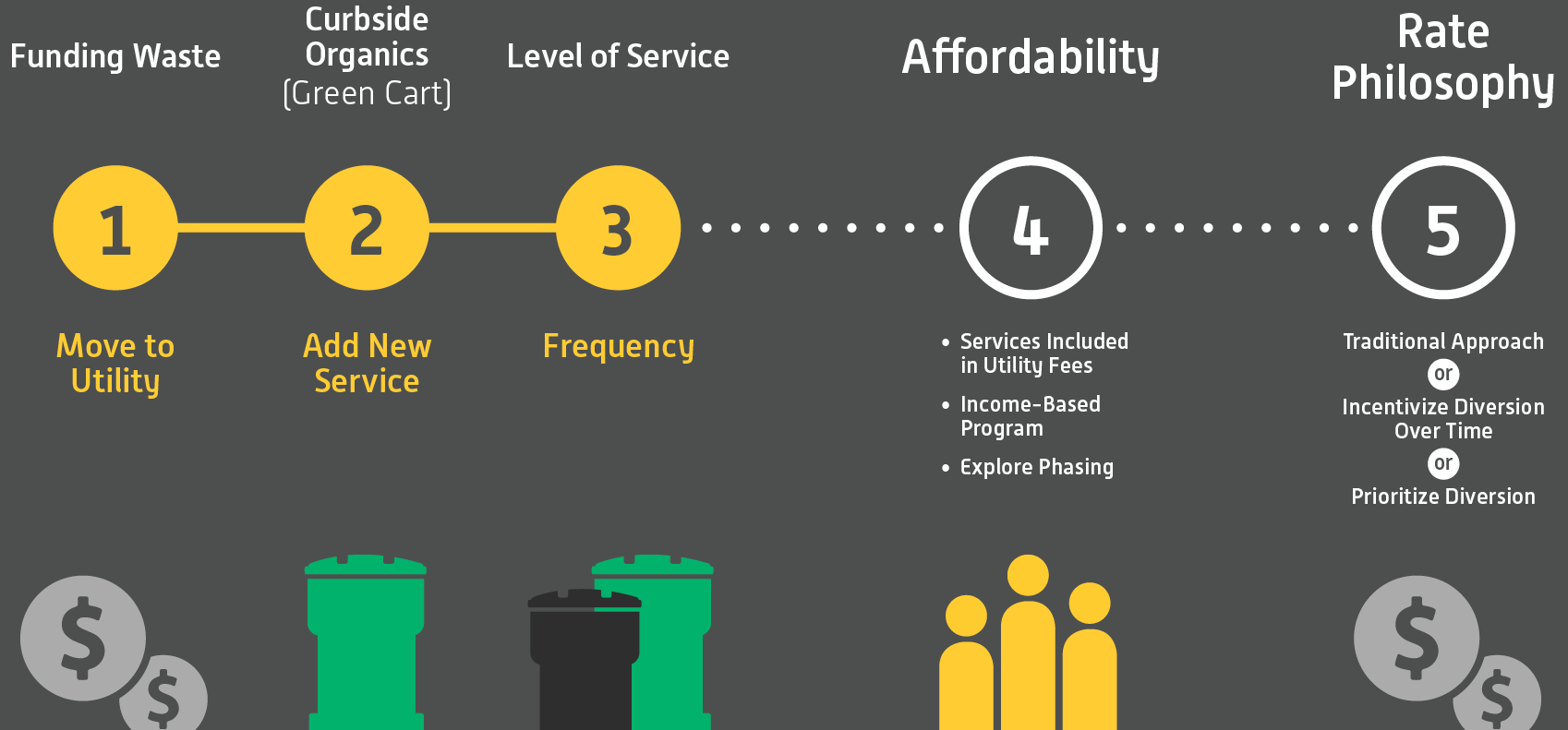
Waste Utility Option (Year 1) *Recommended*



# Funding Option Comparison for Future Waste Services (Per Month)



# Next Decisions





## Affordability

### Principles

1. Lowest cost utility is most affordable
2. Low income residents in multi-family dwellings should be considered  
(some double pay for waste)

### Opportunities

1. Make Recovery Park Tax-funded  
[\$2.00/month utility reduction 0.5% property tax]
2. Move compost depots to property tax funding
3. Set an affordability ceiling for the small cart.



# 5

## Rate Philosophy Principles

### Cost Recovery

1. Administratively simple  
[duplicate other utilities]
2. Spreads out costs regardless  
of bin size

or

### Encourage Diversion

1. Can be implemented quickly  
or over the long term
2. Encouraging diversion has a  
life cycle cost benefit
3. A polluter pay model

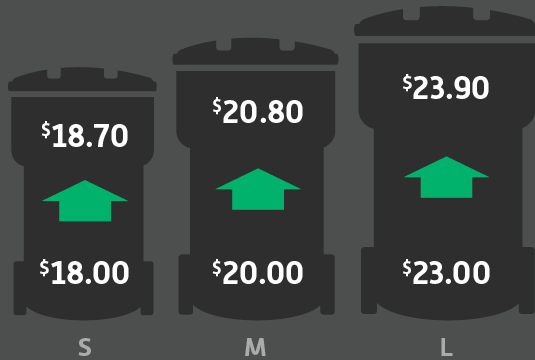


# 5

## Rate Philosophy

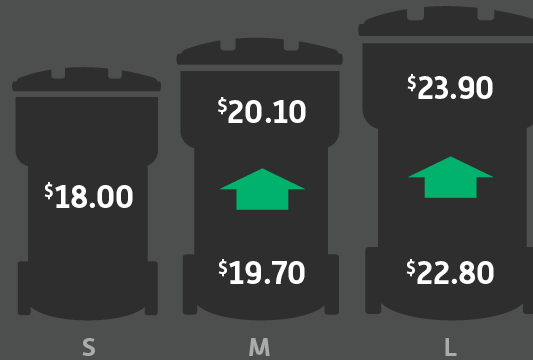
### Option #1

Traditional Approach



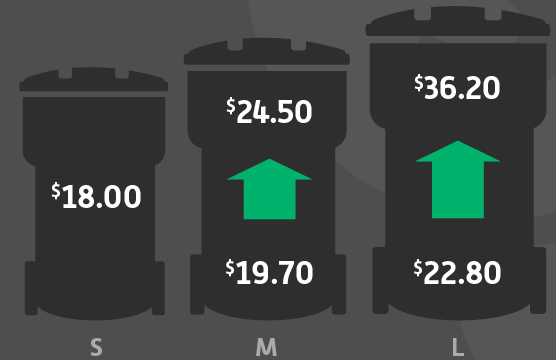
### Option #2

Small Bin Affordability Ceiling +  
Phased Waste Diversion Incentive



### Option #3

Phased Waste Diversion Rate Structure  
Over Short-Term



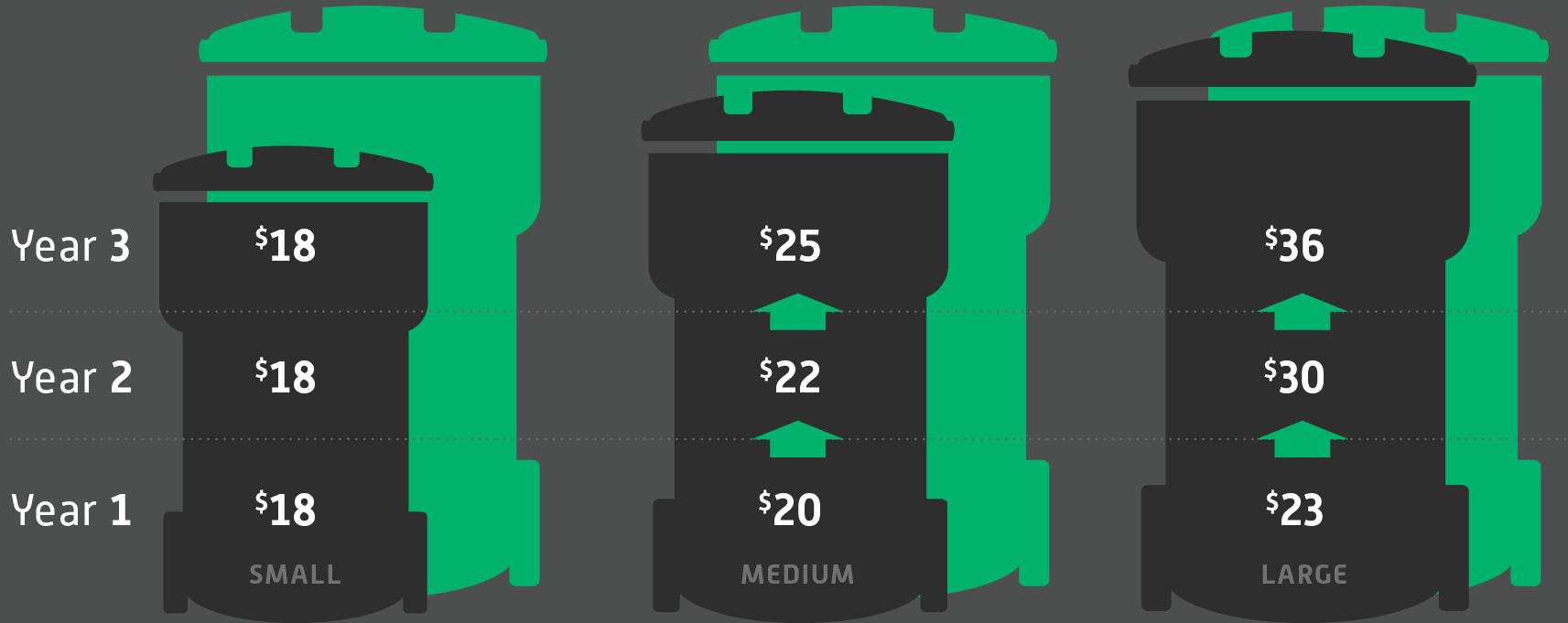
Dollar values exclude \$6.00/month recycling fee

5

## Rate Philosophy

### Recommended Rate Structure: Option 3

Phased Waste Diversion Rates Over Short-Term



Excludes \$6.00/month recycling fee

*Figures rounded.*

# Why the Recommendations Make sense

Solves many of the problems identified:

## **Financially or Environmentally Sustainable**

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## **Fair**

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# QUESTIONS







## Waste Management Levels of Service

Curbside Organics and Pay as You Throw Waste Utility Report



Ability-to-Pay Considerations  
for an Expanded Curbside  
Waste Utility Report



Unified Waste Utility  
Utility Rate Setting  
Philosophy Report

### Funding Waste

1

Property Tax

or

Move to Utility



Recommendation #2

### Curbside Organics [Green Cart]

2

Add New Service

or

Don't



Recommendation #2

### Level of Service

3

Frequency

- Weekly
- Bi-Weekly
- Seasonal Weekly



Recommendation #1

### Affordability

4

- Services Included in Utility Fees
- Income-Based Program
- Explore Phasing

### Rate Philosophy

5

Traditional Approach

or

Incentivize Diversion  
Over Time

or

Prioritize Diversion

Recommendation #3 – Capital Funding

Recommendation #4 – Compost Depots Level of Service

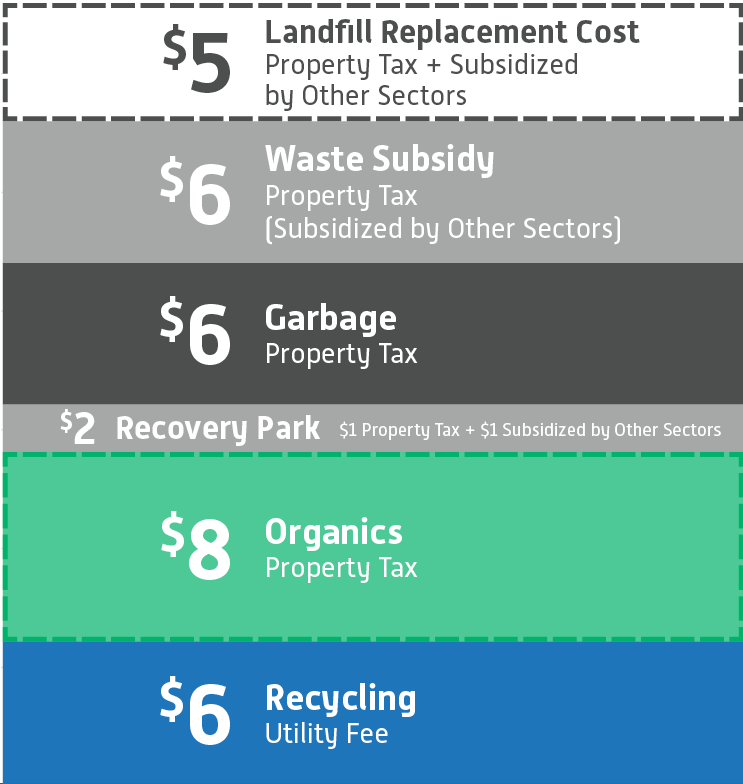
Recommendation #5 – Green Cart Subscription Program Season



**Property Tax and Fee Option** for Waste Services with City-Wide Organics

Cost/household/month  
based on \$371,000 average  
assessed value

*Requires  
2% Property Tax  
Increase to Address  
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Shortfalls plus 1.8% for  
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**\$33**/mo  
*Estimates only.*

**Property Tax and Fees Option (Year 1)**