

---

---

## Curbside Organics and Waste Funding Options

### Recommendation

That the Administration be directed to pursue Option 2 as outlined in the report of the Acting Chief Strategy & Transformation Officer dated March 25, 2019.

### Topic and Purpose

The purpose of this report is to provide City Council with options for consideration for funding curbside organics and the future level of service for curbside waste. Although the Administration is recommending Option 2, all options are viable. In addition, this report provides information on opting out of organics programs, bans on organics in the landfill and black carts, and an option for expanding the current subscription green cart program. Impacts on landfill costs and diversion as a result of delays to the organics program are also included for consideration.

### Report Highlights

1. The Administration has developed options for phased in funding for organics and waste programs. Once Council has selected an option, the Administration will further develop that option and bring forward subsequent reports as required.
2. Collection of organics every four weeks instead of bi-weekly during winter months would save \$230,000 annually.
3. Options for opting out of the curbside organics program depend on the implementation method selected.
4. Banning of organics in waste carts and at the landfill is recommended to occur once full programs are in place to allow residents to legally dispose of materials.

### Strategic Goals

This report supports the strategic goal of environmental leadership by maximizing solid waste diversion and supporting the optimization of landfill management and financial sustainability.

### Background

City Council, at its meeting held on January 28, 2019, considered the Curbside Waste and Organics Program Status report and resolved:

- “1. That Administration bring back options for a multiyear phase-in of organics and waste funding. Options could include, but need not be limited to, mid-year program implementation and reallocation of dollars to best match program start dates. Please include at least one option that includes an annual mill rate target of one percent or less.
2. That the Administration report back on consideration for current composters to opt out.
3. That the Administration report back on a prohibition on organics from the landfill and black bins.

4. That the Administration report back on the expansion of the current organics program with a prohibition of yard waste in the black bins.
5. That Administration report back on the landfill costs associated with any delay or phased in approach.
6. That Administration report back on how any delayed or phased in approach impact Council's goal of 70% landfill diversion by 2023.
7. That the report be forwarded to the Saskatoon Environmental Advisory Committee for feedback."

### Report

#### Outline of Options for Phasing in Waste and Organics Funding

There are many options for phasing in the funding for the future level of service for curbside solid waste and organics programs. Attachment 1, Funding Options for Curbside Waste and Organics, outlines each of the options below in more detail.

#### Option 1: Aggressive Phase-In

This option involves an aggressive phase-in of funding for the curbside waste and organics programs over the next three years, with resolution of waste program funding challenges in 2020. Table 1 outlines the property tax impact and service level changes associated with this option. This option has been used as the baseline comparison with the other funding options presented in this report, since it represents the most aggressive funding phase-in and minimizes lost opportunity costs with respect to landfill airspace. After 2022, budget increases would be limited to growth, inflation and service level changes.

Table 1: Aggressive Phase-In

Year	Property Tax Increase	Service Level
2020	1.53%	No change to current waste services.
2021	1.35%	New curbside organics program (spring start). New waste service level (bi-weekly collection in summer).
2022	1.05%	First full year of curbside organics program.

This option allows for the quickest program implementation with a view towards achieving the City's waste diversion target and maximizes available landfill airspace. Precise timing for the deployment of the curbside organics program in 2021 would be determined by the terms of the successful proposal from the organics Request for Proposals (RFP) process.

#### Option 2: Moderate Phase-In

This option involves a moderate phase-in of funding for the curbside waste and organics programs over the next four years. Table 2 outlines the property tax impact and service level changes associated with this option. After 2023, budget increases would be limited to growth, inflation and service level changes.

## Curbside Organics and Waste Funding Options

Table 2: Moderate Phase-In

Year	Property Tax Increase	Service Level
2020	1.0%	No change to current waste services.
2021	1.0%	No change to current waste services.
2022	1.0%	No change to current waste services.
2023	0.93%	First year of curbside organics program. New waste service level (bi-weekly collection in summer).

This option attempts to balance financial investment with a view towards achieving the City's waste diversion target. Precise timing for the deployment of the curbside organics program in 2023 would be determined by the terms of the successful proposal from the organics RFP process.

### Option 3: Slow Phase-In plus Expanded Optional Program

This option involves a slow phase-in of funding for the curbside waste and organics programs over the next several years. Funding allocations in 2020-22 would be utilized to resolve current waste program funding challenges. Starting in 2023, the funding phase-in for the curbside organics program would be used to offset the fees of the subscription green cart program, thereby incentivizing participation in the program until the curbside organics program is implemented in 2027. Table 3 outlines the property tax impact and service level changes associated with this option. After 2027, budget increases would be limited to growth, inflation and service level changes.

Table 3: Slow Phase-In plus Expanded Optional Program

Year	Property Tax Increase	Service Level
2020	0.5%	No change to current waste services.
2021	0.5%	No change to current waste services.
2022	0.5%	No change to current waste services.
2023	0.5%	No change to current waste services. Subsidize subscription green cart fees.
2024	0.5%	No change to current waste services. Subsidize subscription green cart fees.
2025	0.5%	No change to current waste services. Subsidize subscription green cart fees.
2026	0.5%	No change to current waste services. Subsidize subscription green cart fees.
2027	0.43%	First year of curbside organics program. New waste service level (bi-weekly collection in summer).

This option attempts to spread financial investment over a longer period of time. Should this option be selected by City Council, the Administration would cancel the current RFP and reissue it at a later date.

## Curbside Organics and Waste Funding Options

---

### Option 4: Phase in by Neighbourhood

This option includes implementation of a phased-in curbside organics program for half of the neighbourhoods in the city in 2021 and the remaining neighbourhoods in 2022. The change in waste service level would happen concurrently in neighbourhoods with the introduction of the organics programs. While limited neighbourhoods would have access to the service, the property tax impact would be city wide. Those neighbourhoods not included in the first year would have the same service levels for waste and subscription green carts they currently have. Table 5 outlines the required tax increases and service level changes. After 2022, tax increase would be limited to growth, service level changes and inflation.

Table 5: Phase in by Neighbourhood

Year	Property Tax Impact	Service Level
2020	1.53%	No change to current waste services.
2021	1.04%	New curbside organics program for half the neighbourhoods in the city; year round, bi-weekly waste collection (garbage and organics) for these neighbourhoods.  Other neighbourhoods eligible to participate in subscription green cart program; still receive weekly garbage collection in summer.
2022	1.35%	City-wide curbside organics program and year round, bi-weekly waste collection (garbage and organics) for all neighbourhoods.

### Additional Service Level Option

The Administration has estimated that once the program is established, providing organics collection every four weeks in the winter (November to March) would save \$230,000 annually. Details on this option can be found in Attachment 1.

### Options for Current Composters to Opt Out of the Program

Attachment 2 provides more details on opt out options. The majority of other municipalities do not allow opting out since city-wide organics programs are considered complementary to back yard composting and can achieve higher participation and diversion rates. Should City Council wish to investigate a potential opt-out program with the possibility of providing a rebate, the Administration would conduct further review on the potential implications associated with such a program.

### Banning of Organics from Black Carts and the Landfill

The Municipal Refuse Management Regulations require the City to provide diversion options before implementing bans; therefore, the Administration recommends waiting until a program is fully developed for curbside organics and that a year round option for disposal of organic material be available before bans be explored. Additional enforcement staff (Environmental Protection Officers) would also be required for enforcement of a ban program. More details on banning organics can be found in Attachment 3.

### City's Ability to Reach 70% Diversion for 2023

It is unlikely the City of Saskatoon will be able to meet the 70% diversion by 2023 target without significant resources being directed to diversion programs. A curbside organics program in Saskatoon is estimated to result in an additional 13% waste diversion, subject to participation levels from residents. In order to meet the 2023 diversion target, the curbside organics program and other community waste diversion programs would need to be implemented by the end of 2023. More details on diversion targets and lost landfill airspace value can be found in Attachment 4.

### Current Optional Seasonal Organics Program

The current program has approximately 8,500 subscribers and has seen greater than 10% growth over each of the last few years. This program currently diverts nearly 2,800 tonnes of material from the landfill annually. At present, there is no limit to the number of subscribers which has some business risk for the City as there is a finite amount of space at the compost depots, limited collections resources and limited funding.

### **Options to the Recommendation**

City Council may choose any of the options provided in this report, or may direct the Administration to find other alternatives.

### **Financial Implications**

Each of the funding options presented in this report is based on estimates. It is estimated that for each year without an organics program, \$1.1M to \$1.6M in landfill airspace is consumed with materials that could be diverted. Depending on the funding options selected the Administration will modify the terms of the current organics request for proposal and if a longer term option is selected the RFP will be retracted and reissued at a later date.

### **Environmental Implications**

The implementation of a city-wide curbside organics program will reduce greenhouse gas emissions by reducing the tonnes of organics that are landfilled. Reducing the amount of organics entering the landfill will also extend landfill life.

### **Other Considerations/Implications**

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

The potential to utilize internal borrowing to fund the curbside organics program operations was considered, but determined not to be a viable option. While borrowing might facilitate launch of the new curbside organics program as early as 2021, this would require a property tax increase of 0.5% per year from 2020-2032, with debt payments continuing until 2040. Under this scenario, the total interest costs of borrowing are estimated at \$5.6M. Civic Policy C03-027 states explicitly that internal and external debt will not be employed for ongoing expenditures that would be financed through the City's operating budget, therefore this option would be counter to existing

## Curbside Organics and Waste Funding Options

---

policy. The Cities Act also requires that the City's operating budget include the amount needed for operation of the city.

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

The Administration will report on an implementation plan and more detailed financial figures after the close of the organics RFP.

### **Public Notice**

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

### **Attachments**

1. Funding Options for Curbside Organics Program
2. Additional Information on Opt Out Options
3. Additional Information on Prohibition of Organics in Landfill and Black Carts
4. Additional Information on Landfill Costs and Diversion Impacts

### **Report Approval**

Written by: Russ Munro, Director of Water & Waste Operations  
Reviewed by: Trevor Bell, A/General Manager, Utilities & Environment Dept.  
Approved by: Dan Willems, A/Chief Strategy & Transformation Officer

Admin Report – Curbside Organics and Waste Funding Options.docx