



THE REGIONAL MUNICIPALITY OF PEEL
WASTE MANAGEMENT STRATEGIC ADVISORY COMMITTEE
A G E N D A

WMSAC – 4/2019

DATE: Thursday, October 31, 2019

TIME: 1:00 PM - 3:00 PM

LOCATION: Council Chamber, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario

MEMBERS: G.S. Dhillon; P. Fortini; A. Groves; N. Iannicca; J. Innis; J. Kovac;
M. Mahoney; M. Palleschi; K. Ras; I. Sinclair; R. Starr

Chaired by Councillor R. Starr or Vice-Chair Councillor J. Innis

1. **DECLARATIONS OF CONFLICTS OF INTEREST**
2. **APPROVAL OF AGENDA**
3. **DELEGATIONS**
4. **REPORTS**
 - 4.1 Proposed Waste Management Fee Increases (**Deferred from the October 3, 2019 Waste Management Strategic Advisory Committee meeting**)
 - 4.2 Proposed Waste Management Fees Increases – Supplemental Information
 - 4.3 Waste Management Financial Plan Update
5. **COMMUNICATIONS**
6. **IN CAMERA MATTERS**
7. **OTHER BUSINESS**

8. NEXT MEETING

Thursday, January 16, 2020
9:30 a.m. - 1:00 p.m.
Peel Art Gallery, Museum and Archives (PAMA)
Council Chamber
9 Wellington St E,
Brampton, ON

9. ADJOURNMENT

**APPROVED AT WASTE MANAGEMENT STRATEGIC ADVISORY COMMITTEE
October 3, 2019**

4.2. Proposed Waste Management Fee Increases

RECOMMENDATION WMSAC-11-2019:

That the report of the Acting Commissioner of Public Works, titled "Proposed Waste Management Fee Increases", be deferred to the next Waste Management Strategic Advisory Committee meeting.

DATE: September 25, 2019

REPORT TITLE: **PROPOSED WASTE MANAGEMENT FEE INCREASES**

FROM: Andrew Farr, Acting Commissioner of Public Works

RECOMMENDATION

That the fees recommended in the report from the Acting Commissioner of Public Works titled “Waste Management Fee Increases” be endorsed and included in the 2020 budget.

REPORT HIGHLIGHTS

- Staff continue to work on a comprehensive Financial Plan for the Region of Peel’s Waste Management service and will update the Waste Management Strategic Advisory Committee in late 2019. Final recommendations are expected in 2020.
- As part of the work, staff assessed the current waste management fees to ensure they continue to recover operational costs.
- Staff also compared Peel’s current waste management fees to those charged by other similar Ontario municipalities.
- Staff is recommending that the following fee increases be included in the 2020 budget, with the changes being effective January 1, 2020:
 - Increasing drop-off fees, minimum fees and flat rates charged at all Community Recycling Centres
 - Charging for the disposal of yard waste at the Caledon and Bolton Community Recycling Centres
 - Increasing the fees for garbage bag tags
 - Increasing the cost per tonne of agricultural grade compost
- A targeted communications plan will be developed and implemented prior to the implementation of the fee increases to inform impacted residents of the changes.

DISCUSSION

1. Background

The Region of Peel’s waste management operations are funded largely through property taxes, stewardship programs and drop-off fees. On December 14, 2017, Regional Council approved Peel’s long-term Waste Management Strategy entitled, “The Roadmap to a Circular Economy in Peel” (Council Resolution 2017-969). An action in the Roadmap is the development of a Financial Plan for the Waste Management Division that will detail how the capital and operating expenses of the Roadmap will be financed and that considers the implementation of a volume-based user fee system.

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PROPOSED WASTE MANAGEMENT FEES INCREASES

Staff retained consultant Ernst & Young LLP to develop a financial forecasting model and Financial Plan with options for a volume-based user fee system that can be implemented in the Region of Peel. This work will include a jurisdictional scan of municipalities currently utilizing some form of user-pay system across North America.

Staff intends to report to the Waste Management Strategic Advisory Committee in late 2019 with the results of the jurisdictional scan, a list of criteria that could be used to determine the most appropriate volume-based user fee system for Peel, a list of next steps and a detailed consultation plan for the first round of public consultations. Staff expects to bring its final recommendation to Regional Council in 2020.

While the Financial Plan is being developed, staff reviewed Peel's current waste management fees to ensure they continue to recover operational costs and if these fees need to be updated. Staff also compared Peel's current fees to the fees charged by other municipalities.

As a result of this review, staff is recommending several fee increases to be included in the 2020 budget. These increases are being recommended ahead of the Financial Plan to ensure fees continue to cover operational costs over the course of 2020 while the Financial Plan is completed. Waste fees were last increased in 2012 and garbage bag tag fees have been the same since they were introduced in 2002.

2. Findings

Staff analysis of current fees resulted in recommendations for several fee increases, summarized in Table 1 below. The fee increases are described in greater detail in subsequent sections of this report.

Table 1: Waste Management Fees Increase Summary

Fee Description	Current		Recommended	
	Fee	Cost Recovery	Fee	Cost Recovery
Community Recycling Centre Drop-off Fees	<ul style="list-style-type: none"> • \$100 per tonne • \$5 Minimum • \$5 to \$15 flat rate when weigh scales are down, depending on vehicle type • Yard Waste fees waived for urban Areas of Caledon • Yard Waste fees waived for rural Areas of Caledon 	24%	<ul style="list-style-type: none"> • \$125 per tonne • \$10 minimum • \$10 to \$30 flat rate when weigh scales are down depending on vehicle type • Yard Waste fees applied for urban Areas of Caledon • Yard waste fees applied to loads up to 150 kgs for rural Areas of Caledon 	30%
Garbage Bag Tag	\$1.00 per tag	33%	\$3.00 per tag	100%
Agricultural Compost	\$5.00 per tonne	7%	\$10 per tonne	14%

PROPOSED WASTE MANAGEMENT FEES INCREASES

If all fee increases are approved, the additional revenue is estimated at \$1.9 million for 2020.

a) Community Recycling Centre Fees

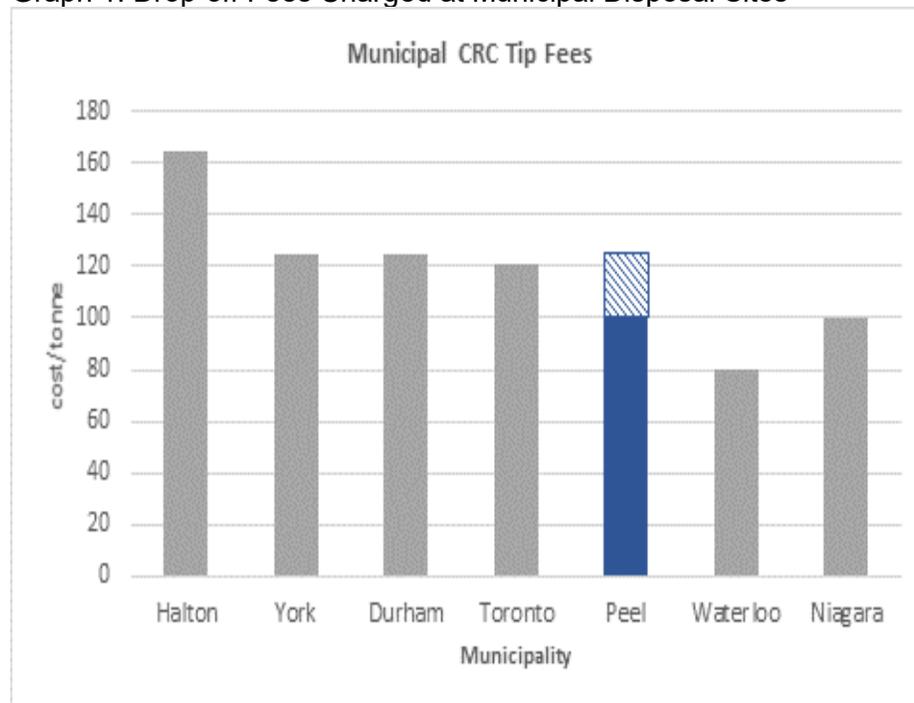
i) Community Recycling Centre Drop-off Fee

Users of the Community Recycling Centres are charged a drop-off fee (also referred to as a tip fee) for garbage, rubble, construction renovation and demolition materials, wood, shingles, drywall, clean soil, carpet and yard waste (except at the Caledon and Bolton Community Recycling Centres, where yard waste drop-off fees are waived). The drop-off fee for the materials is currently \$100 per tonne and represents 24 percent of the operating costs. The drop-off fee was last increased in 2012 and the gap between operating costs and tip fees increases annually.

To begin to close the gap between fee and cost, various options were considered. In addition to cost recovery, staff also considered customer service impacts (pushback from residents, customer satisfaction). Staff recommend that a drop-off fee increase to \$125 per tonne balances cost recovery and customer service impacts.

A comparison of the Region of Peel's drop-off fee to those charged by other Ontario municipal disposal sites indicates that most charge higher drop-off fees than the Region. Increasing the drop-off fee to \$125 per tonne is still in line with other municipal drop-off fees. The comparison of Peel's drop-off fee to other Ontario municipalities is illustrated in Graph 1.

Graph 1: Drop-off Fees Charged at Municipal Disposal Sites



PROPOSED WASTE MANAGEMENT FEES INCREASES

ii) Community Recycling Centres Minimum Drop-off Fee

Community Recycling Centres currently charge a minimum fee of \$5 for loads weighing up to 50 kilograms to comply with the *Weights and Measures Act* (R.S.C., 1985, c. W-6). When reviewing the minimum fee, staff considered cost recovery and customer service impacts.

Approximately 30 percent of all loads coming into the Community Recycling Centres are under 50 kg. These small loads contribute to traffic at the Community Recycling Centres and would be better managed through Peel's curbside collection programs. Increasing the minimum fee should reduce the number of small loads dropped off. Additionally, the minimum drop off fee should be set at a whole dollar value to make cash transactions easier and faster. Therefore, to increase cost recovery, reduce the number of small loads being dropped off at the Community Recycling Centres and to facilitate the completion of cash transactions, staff recommend increasing the minimum tip fee to \$10 for loads weighing up to 80 kg, effective January 1, 2020.

iii) Community Recycling Centres Flat Fee

Flat fees are charged at the Community Recycling Centres when the weigh scales are non-operational due to maintenance or system failures. This situation does not happen often and does not affect a significant amount of users. To increase cost recovery, staff recommend increasing flat fees as listed below:

Current Flat Fees by vehicle type:

- \$5 for a car or mini van
- \$10 for a car or mini van with trailer
- \$10 for a pick-up truck or larger vehicle
- \$15 for a pick-up truck or larger vehicle with a trailer

Increasing flat fees as listed below:

- \$10 for a car, mini van and pick-up truck
- \$20 for a car, mini van and pick-up truck with trailer
- \$30 for a cube van, stake truck, or larger vehicle

iv) Yard Waste Fees in Urban Areas of Caledon

In 2007, drop-off fees for disposal of yard waste by residents using the Bolton Community Recycling Centre were waived to provide a drop-off location for residents of Bolton and Caledon East who were receiving limited curbside yard waste collection service (Resolution 2007-797).

Since 2016, residents in Bolton and Caledon East have been receiving bi-weekly yard waste pickup between March and December, similar to residents in Mississauga and Brampton. This increase in yard waste collection alleviates the need for waiving yard waste fees for these residents.

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PROPOSED WASTE MANAGEMENT FEES INCREASES

Staff recommends that the 2020 budget include the elimination of the waived fee for disposal of yard waste at the Bolton Community Recycling Centre, effective January 1, 2020.

v) Yard Waste Fees in Rural Areas of Caledon

In 2007, drop-off fees for disposal of yard waste by residents using the Caledon Community Recycling Centre were waived to provide a drop-off location for residents of rural Caledon who were not receiving any curbside yard waste collection service (Resolution 2007-797).

Since 2016 residents in rural Caledon have been receiving eight curbside collection days for yard waste (four Fridays in Spring and four Fridays in Fall). Due to the limited curbside collection in rural Caledon, staff believe that it is still appropriate to waive fees for residents living in rural Caledon using the Caledon Community Recycling Centre with some changes to the provisions to the waived fees.

Historically, it has been difficult for staff to charge yard waste fees for contractors (landscaping companies) and waive the yard waste fees for residents. This difficulty can be managed by setting a maximum limit for yard waste being dropped off.

Staff recommend that as part of the 2020 budget, the waiver provisions at the Caledon Community Recycling Centre be changed, such that the fee is waived for the loads of yard waste up to 150 kilograms per trip at the Caledon Community Recycling Centre and regular drop-off fees are charged for loads of yard waste over 150 kilograms, effective January 1, 2020.

b) Curbside – Garbage Tag Fees

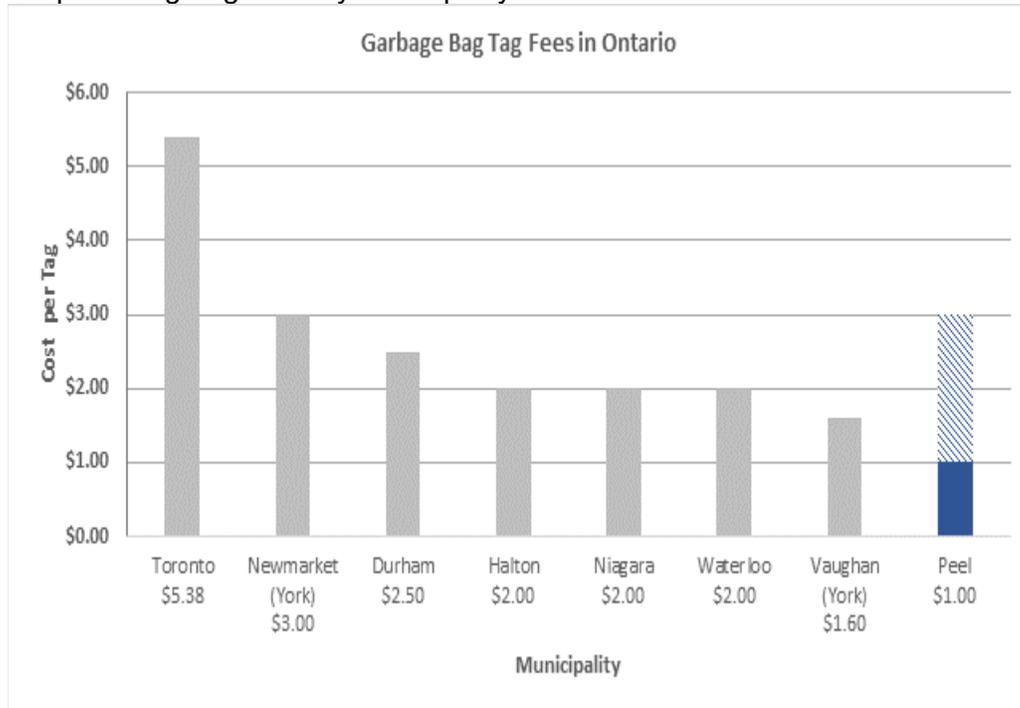
Garbage bag tags were originally introduced in 2002 to encourage residents to produce less garbage and more fully utilize the organics and recycling programs at the curbside. The fee for the tags was set at \$1 per tag to deter garbage generation. Peel Region has never increased the cost per garbage bag tag since the program was introduced. The current cost charged for the extra garbage bags at the curbside represents 33 percent of the actual operating costs.

The full cost to collect extra bags at the curbside for 2020, is projected to be \$3 per 20 kilogram bag of garbage. Staff recommend increasing the bag tag fees to \$3 per tag to ensure 100 percent cost recovery of collecting the extra bags effective January 1, 2020.

Staff completed an environmental scan of other Ontario municipalities garbage bag tag fees and determined that Peel charges less than other Ontario municipalities (as illustrated in graph 2). Charging \$3 per bag tag aligns with other Ontario municipalities in its objective to cover operational costs.

PROPOSED WASTE MANAGEMENT FEES INCREASES

Graph 2: Bag Tag Fees by Municipality



c) Agricultural Compost Sales

The fees for agricultural compost sales were designed to help offset the costs for processing organics into compost. Full cost recovery from the sales of compost was not the intent of the program.

Historically, finished compost was available from the Peel Curing Facility at \$35 per tonne which recovered approximately 50 percent of operating costs. In 2011, direct sales from the Peel Curing Facility were declining and often resulted in a large stockpile on-site. The stockpile generated a significant number of off-site odours and odour complaints, which necessitated operational changes.

To develop options to better use the compost, the Region of Peel consulted with the agricultural community to investigate the feasibility of using Peel's compost on agricultural land. Although the product was desired, farmers were unwilling to pay \$35 per tonne. To be competitive with commercial fertilizers and other nutrient sources, the price was adjusted to \$5 per tonne and sold as agricultural grade compost which is a seven percent cost recovery. Since the price adjustment in 2011, demand for agricultural grade compost has increased steadily and has reached a point of being more than Peel can supply.

Staff considered various fee increases for agricultural compost, including a full cost recovery model equal to \$70 per tonne, however no markets would pay that fee. Staff also compared Peel's fee to the fee charged by commercial operators, which vary but are within the \$20 - \$25 per tonne range. Therefore, staff is recommending that as part of the 2020 budget, the fee be increased to \$10 per tonne effective January 1, 2020.

PROPOSED WASTE MANAGEMENT FEES INCREASES

Even with an increase to the fee per tonne, the Region of Peel will remain competitively priced, resulting in only a minor expected impact to the demand of the product. The increase in the fees will result in 14 percent of the cost to produce the compost being recovered.

d) Changes to By-laws 43-2002 and 17-2007

In 2004, Ontario Regulation 244 of the *Municipal Act, 2001*, as amended, outlined new requirements for 21-day notice to the public when changing fees related to waste management services. Consequently, the fees related to the weight-based system at the Community Recycling Centres were removed from the Region of Peel's By-law 43-2002 titled, "Fees By-law" and By-law 25-2004 (currently By-law 17-2007) was created titled "Waste Management System Fees and Charges". Charges for other waste services remained under the existing Fees By-law. Since then, Ontario Regulation 244 has been revoked however, waste management fees continue to be found in two separate By-laws.

Staff recommends that as part of the 2020 budget process, all fees and charges pertaining to waste management be merged back into By-law 43-2002 titled "Fees By-Law, to create one centralized location for all fees and charges.

COMMUNICATION STRATEGY

If these recommended fee increases are approved to be included in the waste management 2020 budget submission by Regional Council, staff recommend that a targeted communications plan be implemented prior to January 1, 2020, to inform impacted residents of the proposed fee increases. This plan will include a customer complaint escalation process. A budget of \$15,000 has been allocated from the 2019 operating budget for these communication activities.

RISK CONSIDERATIONS

If the recommended fee increases are not approved to be included in the 2020 waste management budget submission, the current fees and charges will remain and the cost recovery gap will continue to increase annually. There will also be a loss of \$1.9 million in potential revenue.

If the recommended fee increases are approved as part of the 2020 budget, there is a risk that some residents may not be aware of the fee increases or that they will be dissatisfied with the increases, which will create an increase in customer complaints. This risk can be mitigated with the communication strategy being implemented prior to the implementation of the fee increases.

FINANCIAL IMPLICATIONS

a) Community Recycling Centre Fee Changes

Implementing the Community Recycling Centre fee changes as proposed in this report is estimated to generate an additional \$1.5 million in revenues per year, which increase the cost recovery from 24 percent to 30 percent.

b) Garbage Tag Fee Changes

PROPOSED WASTE MANAGEMENT FEES INCREASES

Increasing in cost of bag tags as recommended in this report is estimated to generate an additional \$267,000 in revenue per year, which is 100 percent cost recovery.

c) Agricultural Compost Sales Fee Changes

Increasing the cost of agricultural compost as recommended in this report is estimated to increase revenue by \$95,000 per year, which increases the cost recovery from 7 percent to 14 percent.

CONCLUSION

Every year, the gap in waste fees charged compared to operational costs increases, yet fees have remained stagnant since 2012. To ensure the Region's Waste Management Facilities remain operationally efficient, staff recommend that certain waste management fee increases be included in the 2020 budget, effective January 1, 2020. This will align the fee structure with the current operational reality, and will increase overall revenue by \$1.9 million per year.



Andrew Farr, Acting Commissioner of Public Works

Approved for Submission:



N. Polsinelli, Interim Chief Administrative Officer

For further information regarding this report, please contact Norman Lee, Director, Waste Management, extension 4703, norman.lee@peelregion.ca.

Reviewed in workflow by:

Financial Support Unit

DATE: October 22, 2019

REPORT TITLE: **PROPOSED WASTE MANAGEMENT FEES INCREASES -
SUPPLEMENTAL INFORMATION**

FROM: Andrew Farr, Acting Commissioner of Public Works

RECOMMENDATION

That the fees proposed in the report from the Commissioner of Public Works titled “Waste Management Fees Increases – Supplemental Information” be included in the 2020 budget submission;

And further, that regular fee increases to reflect increases in the consumer price index be included in the subsequent budget submissions;

And further, that the collection of grass clippings in Peel’s curbside yard waste collection program and at Peel Community Recycling Centres be discontinued, effective January 1, 2020;

And further, that the necessary by-law be presented for enactment to discontinue the collection of grass clipping.

REPORT HIGHLIGHTS

- Staff brought a report to Waste Management Strategic Advisory Committee on October 3, 2019 titled “Proposed Waste Management Fee Increases”.
- Committee deferred the report to October 31, 2019 and asked staff for supplemental information.
- Staff considered the feedback from the Committee and is proposing revised fee increases.
- Staff is also recommending discontinuation of the collection of grass clippings in Peel’s curbside yard waste collection program and at Peel Community Recycling Centres, while encouraging residents to practice grasscycling (leaving grass clippings on the lawn) as the alternative.
- Implementing recommended program changes and fee increases provides an overall net budget reduction of \$2.3 million.

PROPOSED WASTE MANAGEMENT FEES INCREASES - SUPPLEMENTAL INFORMATION

DISCUSSION

1. Background

Staff brought a report to Waste Management Strategic Advisory Committee on October 3, 2019 titled "Proposed Waste Management Fee Increases". Committee deferred the report to October 31, 2019 and directed staff to provide further details regarding the proposed fee increases.

In particular, the Committee asked staff for the implications of:

- Phasing in the bag tag fee increase over two years (i.e. increase fee to \$2 in 2020 and \$3 in 2021)
- Reducing the Community Recycling Centre tip fee increase and adjusting the proposed minimum and flat fee accordingly
- Consider offering a seniors' discount at Community Recycling Centres.
- Phasing the Agricultural compost fee increase over two years to ensure the increase did not reduce demand to the point where the Region is left with unsold compost
- Increasing all fees on a regular basis to account for changes in inflation
- Consider implementing the discontinuation of the collection of grass clippings in 2020.

2. Findings

a) Garbage Bag Tag Fee Increases

The cost to collect extra garbage bags at the curbside is \$3 per bag. The Region of Peel's current fee for garbage bag tags is \$1 per tag. Garbage bag tag fees have not increased since 2002.

The Region sells approximately 125,000 garbage bag tags per year. Garbage bag tags are currently sold in sheets of five. Staff estimates based on tag sales and typical purchasing habits that approximately 25,000 residents may be impacted by this change in fees.

To fully recover the cost of managing the extra garbage bags curbside and to encourage diversion, staff recommends that the 2020 budget submission include an increase in the cost of garbage bag tags to \$3 per tag effective January 1, 2020. The table below includes the impact of a \$2 bag fee for Committee's consideration, with a subsequent increase to \$3 in 2021.

Table 1 – Garbage Bag Tags

	Cost per garbage tag	2020 garbage tag Budgeted Revenue	2020 Increase in annual revenue over 2019 budget
Current	\$1.00 per tag	\$125,000	\$25,000
For consideration	\$2.00 per tag *	\$233,000	\$133,000
Proposed	\$3.00 per tag	\$366,000	\$266,000

**Increase to \$2 in 2020 and \$3 in 2021*

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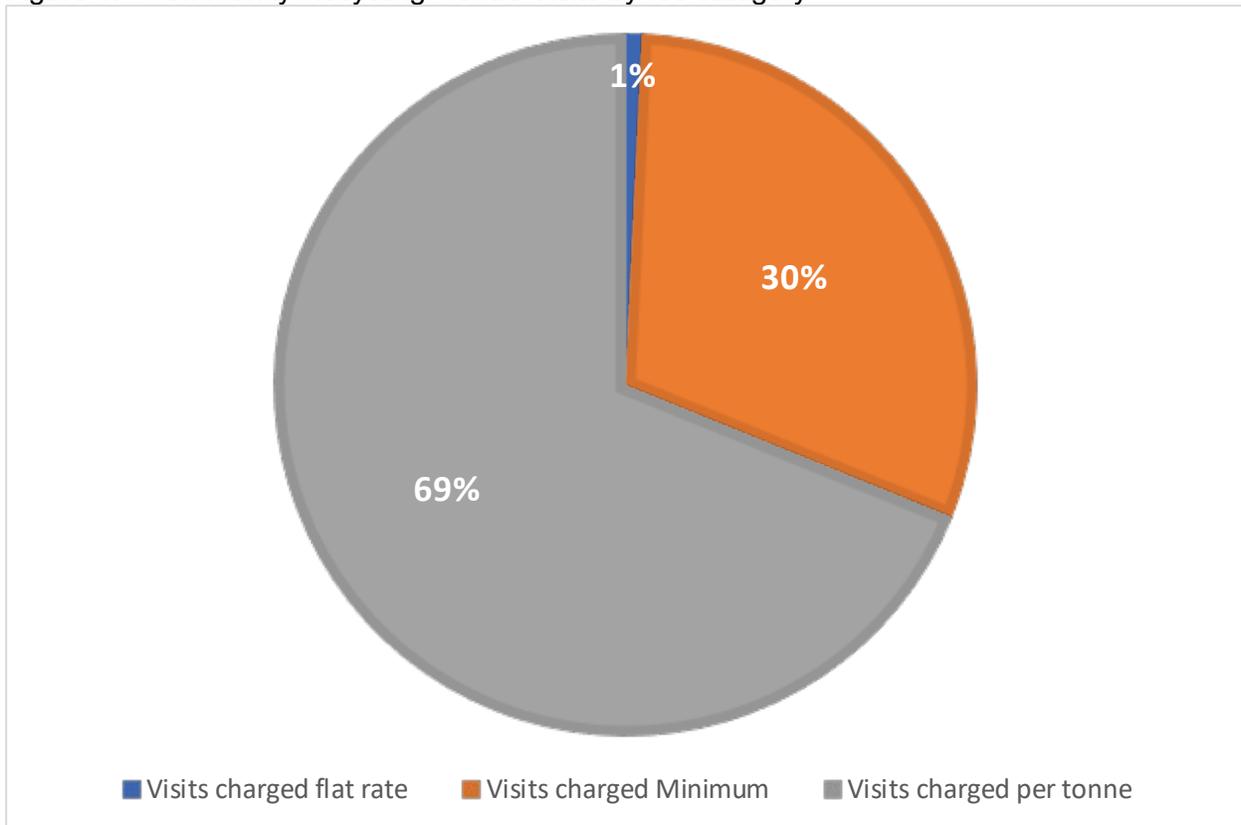
PROPOSED WASTE MANAGEMENT FEES INCREASES - SUPPLEMENTAL INFORMATION

b) Community Recycling Centre Drop-off Fees

Community Recycling Centre drop-off fees consist of three fee categories:

- A weight based fee for loads over 50 kilograms. This category accounts for 69 percent of all visits.
- A minimum fee that is charged for loads that weigh 50 kgs or less. This category accounts for 30 percent all visits.
- A flat rate fee that is charged when the scale system is not operational. This category accounts for 1 percent of all visits.

Figure 1: Community Recycling Centre Visits by fee category



Currently the drop-off fee is \$100 per tonne with a \$5 minimum. When the scales are not operating visitors are charged a flat rate, as follows:

- \$5 for a car or mini van
- \$10 for a car or mini van with trailer
- \$10 for a pick-up truck or larger vehicle
- \$15 for a pick-up truck or larger vehicle with a trailer

This rate generates \$4.7 million in revenue and recovers 24 percent of the cost for operating the Community Recycling Centres.

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PROPOSED WASTE MANAGEMENT FEES INCREASES - SUPPLEMENTAL INFORMATION

The Community Recycling Centre drop-off fees have not increased since 2012. If there had been consumer price index increases annually since 2012 the drop-off fee would be approximately \$118 per tonne. Staff therefore recommend a drop-off fee of \$118 per tonne effective January 1, 2020. Staff further recommend that the drop-off fee be increased on an annual basis to reflect increases in consumer price index.

Minimum fees for loads weighing up to 50 kilograms, should be set at a minimum of 50 kilograms times the drop off fee to comply with legislation. It should also be rounded to the nearest dollar to facilitate cash transactions. For a tip fee of \$118, the minimum fee would be \$6 for loads weighing up to 50 kilograms, effective January 1, 2020.

Staff also recommend increasing the flat fees to align with the recommended \$118 per tonne drop-off fee as follows:

- \$6 for a Car, Mini Van and Pick-up Truck
- \$12 for a Car, Mini Van and Pick-up Truck with Trailer
- \$18 for a Cube Van, Stake Truck, or larger vehicle

Table 2: Community Recycling Centre Drop-Off Fee Revenue Increases

	Tipping Fee per Tonne	2020 CRC Tip fee Budgeted Revenue	2020 Increase in annual revenue over 2019 budget
Current	\$100 / tonne with \$5 min.	\$4,713,000	\$0
For consideration	\$115 / tonne with \$6 min.	\$5,698,300	\$985,300
Proposed	\$118 / tonne with \$6 min.	\$5,860,200	\$1,147,200
For consideration	\$120 / tonne with \$6 min.	\$5,925,400	\$1,212,400

c) Yard Waste Drop-off fee at adjusted rates.

The yard waste drop-off fee at all Community Recycling Centres except Bolton and Caledon is the same as the waste drop-off fee. If council adopts the \$118 per tonne tip fee recommended for waste, it will therefore also apply to yard waste.

In 2007, yard waste fees were waived at the Bolton and Caledon Community Recycling Centres due to limited curbside yard waste collection in Caledon. Residents in urban areas of Caledon now receive the same yard waste collection as other Peel residents. Residents in rural areas of Caledon receive better service than 2007 but not the same level of service as urban residents.

Staff recommends that the 2020 budget eliminate the waived fee for disposal of yard waste at the Bolton Community Recycling Centre, effective January 1, 2020.

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PROPOSED WASTE MANAGEMENT FEES INCREASES - SUPPLEMENTAL INFORMATION

Table 3 – Bolton Yard Waste Fees

	Tipping Fee per Tonne	2020 Yard waste Tip fee Budgeted Revenue	2020 Increase in annual revenue over 2019 budget
Current	waived	\$0	\$0
For consideration	\$115 / tonne	\$69,000	\$69,000
Proposed	\$118 / tonne	\$70,800	\$70,800
For consideration	\$120 / tonne	\$72,000	\$72,000

Staff recommend that as part of the 2020 budget, the waiver provisions at the Caledon Community Recycling Centre be changed, such that the fee is waived for the loads of yard waste up to 150 kilograms per trip at the Caledon Community Recycling Centre and regular drop-off fees are charged for loads of yard waste over 150 kilograms, effective January 1, 2020.

Table 4 – Caledon Yard Waste Fees

	Tipping Fee per Tonne	2020 Yard waste Tip fee Budgeted Revenue	2020 Increase in annual revenue over 2019 budget
Current	waived	\$0	\$0
For consideration	\$115 / tonne	\$103,500	\$103,500
Proposed	\$118 / tonne	\$106,200	\$106,200
For consideration	\$120 / tonne	\$108,000	\$108,000

d) Senior Discount

Staff will evaluate the feasibility of offering waste management fee seniors discount in advance of the 2021 Regional budget considerations.

e) Agricultural Compost

Staff recommends that the 2020 budget submission include an increase in the fee for agricultural compost to \$10 per tonne effective January 1, 2020. Staff will update Waste Management Strategic Advisory Committee on the impact of the price change has on demand in 2020. The table below includes the impact of a \$7.50 per tonne for Committee's consideration with a subsequent increase to \$10.00 in 2021.

Table 5 – Agricultural Compost Fees

	Agricultural Compost - Cost per tonne	2020 Compost fee Budgeted Revenue	2020 Increase in annual revenue over 2019 budget
Current	\$5.00 / tonne	\$120,000	\$0
For consideration	\$7.50 / tonne *	\$167,500	\$47,500
Proposed	\$10.00/ tonne	\$215,000	\$95,000

**Increase to \$7.50 in 2020 and \$10.00 in 2021*

PROPOSED WASTE MANAGEMENT FEES INCREASES - SUPPLEMENTAL INFORMATION

f) Discontinuation of Grass Clipping Collection

Grass clippings are currently accepted in the Region of Peel's curbside yard waste collection program and at Peel's Community Recycling Centres.

The Region of Peel collects between 35,000 and 40,000 tonnes of yard waste annually. Staff estimates that grass clippings account for approximately 30 percent of the yard waste tonnages received between May and July for an estimated 5,000 tonnes annually.

At Peel's Community Recycling Centres, which complement Peel's curbside waste collection services, it is estimated that residents dispose of an additional 300 tonnes of grass clippings annually.

Peel taxpayers are currently paying to collect and process grass clippings, when this material can be effectively managed at home by homeowners.

As an alternative to curbside collection service and disposing of grass clippings at a Peel Community Recycling Centre, the Region has been encouraging residents to leave grass clippings on the lawn, commonly referred to as grasscycling.

The benefits of grasscycling include:

- Grass clippings act as a natural fertilizer for lawns as they contain nitrogen, potassium and phosphorus. These nutrients are released back into the soil when grass clippings are left on the lawn.
- Lawn watering is reduced, as grass clippings contain 85 percent water.
- Homeowners save time and money, as they do not have to rake grass clippings or use as many yard waste bags.

Ontario municipalities are not required to collect grass clippings. As such, several other municipalities do not collect grass clippings through their curbside collection programs as shown in Table 6.

Table 6 - Municipalities where grass clippings are not collected

Municipality	Year Discontinued
London	1995
Markham	1997
Richmond Hill	1998
Toronto	2001
Halton (excluding Burlington)	2002
Durham	2004
Newmarket	2007
Niagara	2011

Discontinuing grass collection at the curb and the Community Recycling Centres would reduce Peel's operating costs. It is estimated that in the first year it would reduce the yard waste collected by 2,500 tonnes (i.e. approximately half), resulting in a savings of

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PROPOSED WASTE MANAGEMENT FEES INCREASES - SUPPLEMENTAL INFORMATION

approximately \$469,000 in collection costs and \$158,000 in processing costs for a total annual savings of \$627,000.

For these reasons, staff recommends discontinuing the collection of grass clippings in the Region's curbside yard waste collection program and at Community Recycling Centres, effective January 1, 2020.

If this recommendation is adopted, staff will present the necessary by-law amendments to Council for approval.

Staff would also design and deliver a communications plan ahead of the 2020 yard waste season, which commences in March 2020.

Discontinuation of the collection of grass clippings at the curbside and at Community Recycling Centres is projected to result in annual cost savings of \$627,000.

g) Summary

Staff recommends that the 2020 budget submission include the following fees, effective January 1, 2020:

- Garbage tags- \$3 per tag
- Community Recycling Centre tip fee- \$118 per tonne
- Garbage tags- \$3 per tag
- Community Recycling Centre tip fee- \$118 per tonne
- Community Recycling Centre - minimum fee of \$6 for loads weighing up to 50 kilograms
- Community Recycling Centre flat fees per visit:
 - \$6 for a Car, Mini Van and Pick-up Truck
 - \$12 for a Car, Mini Van and Pick-up Truck with Trailer
 - \$18 for a Cube Van, Stake Truck, or larger vehicle
- Agricultural Compost sales - \$10 per tonne

Staff further recommends discontinuing the collection of grass clippings at the curbside and at Community Recycling Centres, effective January 1, 2020

COMMUNICATION STRATEGY

If the proposed fee increases are endorsed for inclusion in the 2020 budget submission, staff recommend that a targeted communications plan be implemented prior to January 1, 2020, to inform impacted residents of the proposed fee increases. A budget of \$15,000 has been allocated from the 2019 operating budget for these communication activities.

Similarly, if the proposed change to the collection of grass clippings is approved, staff will develop and implement a communications plan prior to March 1, 2020, to inform impacted residents of the program change.

PROPOSED WASTE MANAGEMENT FEES INCREASES - SUPPLEMENTAL INFORMATION

RISK CONSIDERATIONS

If the proposed fee increases are not approved in the 2020 budget process, the 2020 tax impact will increase.

If the proposed fee increases are approved as part of the 2020 budget, there is a risk that some residents may not be aware of the fee increases or that they will be dissatisfied with the increases, which will create an increase in customer complaints. This risk can be mitigated with the communication strategy being implemented prior to the implementation of the fee increases.

FINANCIAL IMPLICATIONS

a) Garbage Tag Fee Changes

Increasing in cost of bag tags as recommended in this report is estimated to generate an additional \$266,000 in revenue per year, which is 100 percent cost recovery.

b) Community Recycling Centre Fee Changes

Implementing the Community Recycling Centre fee changes as recommended in this supplemental report will generate an additional \$1.1 million in revenues per year, which increase the cost recovery from 24 percent to 28 percent.

c) Community Recycling Centre Yard Waste Fee Changes

Implementing the Community Recycling Centre Yard Waste fee changes and Bolton and Caledon Community Recycling Centres will generate an additional \$177,000 in revenue per year.

d) Agricultural Compost Sales Fee Changes

Increasing the cost of agricultural compost as recommended in this report is estimated to increase revenue by \$95,000 per year, which increases the cost recovery from 7 percent to 14 percent.

e) Grass Clippings Service Change

Discontinuing the collection of grass clippings at the curbside and at Community Recycling Centres is projected to result in annual cost savings of \$627,000

PROPOSED WASTE MANAGEMENT FEES INCREASES - SUPPLEMENTAL INFORMATION

CONCLUSION

Fees are charged to offset the operational costs to provide these waste management services and have not been increased since 2012. The gap in fees charged versus operational costs increases annually. Staff is recommending that increases to certain waste management fees be included in the 2020 budget, effective January 1, 2020 for an overall revenue increase of \$1.6 million per year. Staff is also recommending discontinuation of the collection of grass clippings at the curbside and at Community Recycling Centres which will result in further savings of \$0.6 million.



Andrew Farr, Acting Commissioner of Public Works

Approved for Submission:



N. Polsinelli, Interim Chief Administrative Officer

For further information regarding this report, please contact Norman Lee, Director, Waste Management, extension 4703, norman.lee@peelregion.ca.

Reviewed in workflow by:

Financial Support Unit

DATE: October 22, 2019

REPORT TITLE: **WASTE MANAGEMENT FINANCIAL PLAN UPDATE**

FROM: Andrew Farr, Acting Commissioner of Public Works

RECOMMENDATION

That the public consultation plan to engage Peel residents for initial feedback on potential volume-based user-pay funding models as outlined in the report from the Commissioner of Public Works titled “Waste Management Financial Plan Update” be endorsed.

REPORT HIGHLIGHTS

- Peel’s long-term Waste Management Strategy “The Roadmap to a Circular Economy in Peel” (the Roadmap) includes a list of actions for achieving Council’s 75 percent 3Rs diversion target.
- The Roadmap included an action to develop a Financial Plan to fund the initiatives in the Roadmap, including the possible use of volume-based user-pay funding models, which not only provide funds but also incentivize Peel residents to divert waste.
- Various municipalities in Ontario and North America have implemented different financial models including volume-based user fees to incentivize diversion.
- Ernst & Young LLP has been retained and has completed an initial scan of existing funding models and will assist staff in developing the Financial Plan.
- Development of the Financial Plan includes two phases of public consultation workshops with members of the community during the project to provide awareness and solicit comments on the waste user fee models being considered.
- The final Financial Plan will be presented to Regional Council for approval in late 2020.

DISCUSSION

1. Background

On December 14, 2017, Regional Council approved Peel’s long-term Waste Management Strategy titled, “The Roadmap to a Circular Economy in Peel” (Council Resolution 2017-972). The Roadmap includes a list of actions that staff will carry out to achieve Peel’s target of 75 percent 3R’s diversion by 2034. These actions relate to programs, policies and new infrastructure. The costs to build and operate new infrastructure, including an anaerobic digestion facility and a mixed waste processing facility, are the most significant costs of implementing the Roadmap.

WASTE MANAGEMENT FINANCIAL PLAN UPDATE

An action in the Roadmap is the development of a Financial Plan for waste management services that will detail how the capital and operating expenses of the Roadmap will be financed and that considers the implementation of a volume-based user-pay funding model to incentivize waste diversion.

Staff brought an update to the Waste Management Strategic Advisory Committee on June 20, 2019 titled “Waste Management Financial Plan Update” which presented the project scope and intention of staff to retain a financial consultant to develop the Waste Management Financial Plan. Staff have retained consultant Ernst & Young LLP to assist in developing a financial forecasting model and the Financial Plan.

2. Process

Development of the Financial Plan uses a multi-stage approach to ensure a complete and comprehensive document. More specifically, this work involves:

- Completion of an environmental scan of waste user-pay funding models being used by other jurisdictions that have similar social and economic demographics, population, waste programs, and diversion targets as Peel;
- Assessment of the waste user-pay funding models that evaluates the various strengths, weaknesses, opportunities and threats of the user-pay funding models identified in the environmental scan;
- Development of a cost forecast model that provides a detailed and comprehensive understanding of operating and capital funding requirements to 2041; and,
- Facilitation of two phases of public consultation workshops with members of the community during the project to provide awareness and solicit comments on the waste user fee models being considered.

a) Environmental Scan Findings

Waste management user-pay funding models are based on a variety of factors, depending on the unique needs and characteristics of the municipality. Parameters for the environmental scan were developed to ensure that the user-pay funding models identified through the scan would be relatable to Peel. They are as follows:

- North American jurisdiction with similar socio-economic demographics as Peel;
- A population of 250,000 or greater;
- Similar waste programs and services as Peel and a waste diversion target of 65 percent or greater;
- Primary responsibility for residential waste collection;
- User fees incorporate/represent an incentive to support the corresponding authority’s waste management policy;
- User fees aims to reduce administration efforts and improve transparency; and,
- User fees are due on a regular basis (monthly to yearly).

User-pay funding models can broadly be placed in three categories; a uniform fee structure (or flat-fee structure), a unit-based fee structure and a hybrid fee structure.

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i. **Uniform Fee Structure**

The simplest user fee model is the uniform or flat fee structure. Assuming service is mandatory, the resident has no control of the fee they pay. Residents are billed directly for services on a periodic basis or are required to purchase an annual pass to bring waste to landfills or transfer stations. This type of fee structure serves as an alternative to general tax revenues for supporting the waste management system.

ii. **Unit-based Fee Structure**

Unit-based fees are determined according to the amount of waste that the individual household leaves at the curb or takes to a drop-off site. Residents pay for the level of service they receive and residents who discard more garbage pay higher fees. The unit-based pricing model provides a financial incentive for residents to reduce the amount of garbage they produce and increase diversion. The variations of a unit-based fee structure are as follows:

- **Bag Fee**: Residents are required to purchase special bags for the disposal of waste. Prices for bags vary depending on the type and size of bag purchased;
- **Sticker Fee**: Residents purchase stickers and affix them to their garbage. Sticker fee models generally complement other user fee models. For example, residents may have bag limit for waste in any given month, and additional bags must have stickers affixed to them to ensure proper collection as is currently done in Peel;
- **Container Fee**: Residents are required to purchase carts at a one-off cost for organics, recycling and garbage and fees are based on cart size, material type, number of pickups or a combination of these factors. The one-off deployment cost may sometimes be absorbed by municipalities for easy implementation;
- **Franchise Fee**: Residents sign up for collection and disposal of a specific number or size of containers based on the amount of waste they generate per billing period. The municipality or the private hauler then bills residents depending on the type of program to which they subscribe. In Peel this could be residents subscribing for a container size and a frequency for pickup that could be billed based on their choice of container and frequency;
- **Weight-based Fee**: Residents are charged according to the weight of garbage they set out. Weight-based fee models are complementary of other user fee models, and charge residents based on the mass of waste produced, as opposed to the number of carts or bags used. In Peel this could be a fee per kilogram of waste collected per household, multi-residential building or business;

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iii. Hybrid Fee Structure

A hybrid fee structure can incorporate a combination of uniform user fee models, unit-based user fee models and/or property taxes to suit the unique needs of the corresponding municipality.

Based on these parameters, a total of 17 jurisdictions were included in the environmental scan. In certain instances, some municipalities did not meet all the search parameters but were still included as they provide critical insights into the advantages and disadvantages of their respective user fee model.

Table 1: Municipalities and User Fee Models included in the Environmental Scan

Jurisdiction	Population	User-Pay Model	User-Pay Category
City of Calgary	1,267,344	Flat Fee	Uniform Fee
City of Edmonton	932,546	Flat Fee	Uniform Fee
City of Binghamton, New York	45,179	Bag Based Fee	Unit-Based Fee
City of St. Cloud, Minnesota	68,043	Bag Based Fee	Unit-Based Fee
Oxford County	110,862	Sticker Fee	Unit-Based Fee
Northumberland County	85,598	Sticker Fee	Unit-Based Fee
City of Toronto	2,731,571	Container Fee	Unit-Based Fee
City of Surrey	517,887	Container Fee	Unit-Based Fee
City of Burnaby	232,755	Container Fee	Unit-Based Fee
Portland, Oregon	632,309	Franchise Fee	Unit-Based Fee
Los Angeles, California	3,990,456	Franchise Fee	Unit-Based Fee
State of Vermont	627,180	Weight Based Fee	Unit-Based Fee
Aschaffenburg, Germany	174,208	Weight Based Fee	Unit-Based Fee
City of Winnipeg	825,713	Flat Fee + Sticker Fee	Hybrid Fee
Simcoe County	479,650	Property Tax + Sticker Fee	Hybrid Fee
Region of Waterloo	535,154	Property Tax + Sticker Fee	Hybrid Fee
City of London	494,069	Property Tax + Sticker Fee	Hybrid Fee

Additional details of the environmental scan including advantages and disadvantages of each model are presented in Appendix I.

b) Phase 1 – Initial Public Consultation Workshops

The introduction of a volume-based user- pay funding model will have an impact on the residents who use waste services.

To ensure the public and other stakeholders are engaged in the development of the Financial Plan and user fee model, a comprehensive Consultation Plan has been developed.

Staff recommend consulting with stakeholders as early as possible. The purpose of the initial consultation workshops is to engage early, provide stakeholders with the opportunity to learn and give input on decisions before recommendations are made.

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The Phase 1 consultation plan includes two workshops, one general public workshop and one industry workshop for specialty groups, such as business improvement areas and multi-residential property managers. These workshops will gather feedback about the following:

- Different fee models;
- Concerns/Issues for each fee model; and,
- Criteria for evaluating the fee model.

A summary report of each workshop will be produced and shared publicly.

Staff will report back to Waste Management Strategic Advisory Committee in 2020 with the results of the public consultations and draft recommendations for potential evaluation criteria for the user-pay funding models.

c) User Fee Assessment

The next stage in the development of the Financial Plan will be the development of the evaluation criteria and the evaluation of the various user fee models identified in the environmental scan. The feedback gathered during the Phase 1 public consultations will be incorporated into the development of the evaluation criteria. In addition to the Phase 1 public consultation feedback, other key factors that may be included in the evaluation criteria are as follows:

- Stability of revenue and cost recovery;
- Impact on waste diversion;
- Fairness to residents and businesses;
- Cost to implement the user fee model; and,
- Cost to maintain/administer the user fee model.

Prior to the second round of public consultations staff will report back to Waste Management Strategic Advisory Committee with the short list of user-pay models and the consultation plan for approval.

d) Phase 2 – Secondary Public Consultation Workshops

The second phase of public consultation workshops is where a shortlist of user-pay funding models under consideration will be presented for feedback. This feedback from the public will be incorporated into the final recommendations for the Financial Plan and possible user-pay funding model.

The Phase 2 public consultations are intended to report back to the public regarding the results of Phase 1 public consultations and present the recommended options for potential volume-based user fee models.

These workshops will also provide stakeholders with the opportunity to provide additional feedback on how potential users fee models will be implemented. They will also provide a forum for stakeholders to express any remaining tensions and opposition, which may result in further consultations with stakeholder groups on specific topics.

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e) Final recommendation to Council

Following the Phase 2 consultation, staff will present a final recommendation to Council for approval. While the exact timing of this report is subject to the findings of earlier steps, it is expected to occur in 2021.

RISK CONSIDERATIONS

There are risks associated with engaging the public regarding the Waste Management Financial Plan and potential volume-based user-pay funding models, including:

- Insufficient participation for the workshops;
- Participants, and therefore the feedback, not representative of the Region of Peel and impacted stakeholders; and,
- Participants may react negatively and emotionally to volume-based user fee models.

The consultation plan developed by Ernst and Young considered tactics to mitigate these risks.

To ensure there are enough participants that are representative of Peel, recruitment for the general public workshop will be done through open call invitation. Participants for the industry specific workshop will be recruited using targeted invitations.

The phased approach to public consultations should mitigate potentially negative or emotionally charged situations by providing an open and transparent consultation process where participants are part of the decision-making process.

FINANCIAL IMPLICATIONS

Sufficient budget for public consultations is available in the Financial Plan capital project 15-6943.

CONCLUSION

One action in the Roadmap is the development of a Financial Plan for Waste Management Services that will detail how the capital and operating expenses of the Roadmap will be financed and that considers the implementation of a volume-based user fee model.

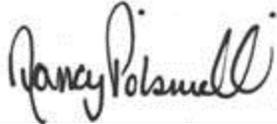
A list of potential volume-based user fee models has been developed. These user fee models are now being assessed. Part of the assessment of the user fee models involves an initial set of public consultation workshops. These workshops will focus on presenting and gathering feedback from the public on the various user fee models. This feedback will be incorporated into the evaluation and ranking of the various user-pay funding models.



Andrew Farr, Acting Commissioner of Public Works

WASTE MANAGEMENT FINANCIAL PLAN UPDATE

Approved for Submission:



N. Polsinelli, Interim Chief Administrative Officer

APPENDICES

Appendix I – Environmental Scan Findings

For further information regarding this report, please contact Norman Lee, Director, Waste Management, extension 4703, norman.lee@peelregion.ca.

Reviewed in workflow by:

Financial Support Unit

4.3-8

APPENDIX I WASTE MANAGEMENT FINANCIAL PLAN UPDATE

Environmental Scan Results – Uniform/Flat Fee Model

Jurisdiction	User fee system description
City of Calgary	Curbside automated cart collection where the resident pays a flat monthly rate for waste collection through their utility bill. No set out limits.
City of Edmonton	Residents pay a flat monthly rate for curbside waste collection through their utility bill. No set out limits.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▶ Minimal effort (time/cost) required for roll-out program ▶ Minimal effort (time / cost) for administering the system ▶ Minimal effort (time / cost) for marketing the program as it is simple to understand ▶ Revenue stability from the program makes it easier to predict future funding which can reduce the risk of funding shortfalls ▶ This system gets residents used to the idea of paying for waste management services as a separate line item outside of general taxation ▶ It presents an opportunity to pivot into other user fee systems by establishing a baseline whereby residents are acclimated to paying for waste management services as a separate service outside of general taxation 	<ul style="list-style-type: none"> ▶ Does not provide a waste reduction incentive as residents are charged the same amount regardless of the volume of garbage generated ▶ Does not promote participation in recycling and other programs as residents have no incentive to divert waste ▶ Possibility of residents who generate a small amount of waste feeling as though they subsidize residents who produce large volumes of waste (inequity)

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Environmental Scan Results – Bag Fee Model

Jurisdiction	User fee system description
City of Binghamton	Residents are required to purchase officially designated bags that have been authorized by the city.
City of St. Cloud	Residents are required to purchase and use specially marked bags for garbage and yard waste collection. Recycling collection is billed separately as part of the resident’s bi-monthly utility bill.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▶ Minimal upfront investment compared to more capital-intensive systems such as carts ▶ Minimal effort (time/cost) required for roll-out each year ▶ No municipal billing system required and smaller overall administrative burden ▶ Users pay only for garbage they produce, incentivising waste reduction and diversion ▶ Bag system can have tiered payment systems (i.e. a set number of bags provided as part of tax bill, with additional bags coming at an additional cost. This provides a degree of funding certainty to cover fixed costs whilst providing opportunity for additional revenue to match increased generation of waste) ▶ Unit pricing systems may promote awareness of the hidden costs (economic and environmental) of waste management and may lead to increased environmental awareness 	<ul style="list-style-type: none"> ▶ Residents using carts may object to having to switch to bags due to the added effort of purchasing and storing them ▶ Extra time may be required by collectors to enforce bag compliance ▶ Bags are expensive to produce, and cannot be reused as opposed to fixed asset solutions like carts ▶ Considerable effort (time/cost) required for education and marketing the program ▶ Residents may view requirement to buy and store bags as an inconvenience ▶ Require retail option for residents to buy bags ▶ Potential for misuse (i.e. residents putting garbage into recycling to meet set out limit) ▶ Potential for counterfeit bags on the black market requires implementing costly security features ▶ Charging a fee for quantity of garbage increases the potential for illegal dumping, requiring increased enforcement

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Environmental Scan Results – Sticker Fee Model

Jurisdiction	User fee system description
Oxford County	Residents purchase garbage stickers independently on an as-needed basis. The County’s tax levy does not include any waste fees.
Northumberland County	Residents purchase garbage stickers independently on an as-needed basis, in addition to an annual waste fee on the municipal taxes.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▶ Minimal upfront investment compared to more capital-intensive systems such as carts ▶ Minimal effort (time/cost) required for roll-out each year due to simplicity of printing stickers ▶ No municipal billing system required and smaller overall administrative burden ▶ Users pay only for garbage they produce, incentivising waste reduction and diversion ▶ Sticker system can have tiered payment systems (i.e. a set number of stickers provided as part of tax bill, with additional stickers coming at an additional cost. This provides a degree of funding certainty to cover fixed costs whilst providing opportunity for additional revenue to match increased production of waste) ▶ Unit pricing systems may promote awareness of the hidden costs (economic and environmental) of waste management and may lead to increased environmental awareness 	<ul style="list-style-type: none"> ▶ Residents using carts may object to having to switch to stickers due to the added effort of purchasing and storing them ▶ Extra time may be required by collectors to enforce sticker compliance ▶ Residents might view a requirement to buy and store stickers as an inconvenience ▶ Considerable effort (time/cost) required for education and marketing the program ▶ Bag tags susceptible to weather and vandalism ▶ Require retail option for residents to buy bags ▶ Potential for misuse (i.e. residents putting garbage into recycling to meet set out limit) ▶ Potential for counterfeit stickers on the black market requires implementing costly security features ▶ Charging a fee for quantity of garbage increases the potential for illegal dumping, requiring increased enforcement

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Environmental Scan Results – Container Fee Model

Jurisdiction	User fee system description
City of Toronto	Residents pay an annual fee collected through the municipal utility bill, based on the size of garbage cart they use.
City of Surrey	Residents pay an annual fee collected through property taxes, based on the size and number of garbage carts they use.
City of Burnaby	Residents pay an annual fee collected through their utility bill, based on the size of garbage cart they use.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▶ Users pay only for garbage they produce, incentivising waste reduction and diversion ▶ Unit pricing systems may promote awareness of the hidden costs (economic and environmental) of waste management and may lead to increased environmental awareness 	<ul style="list-style-type: none"> ▶ Considerable effort (time/cost) required for roll-out/distribution of new/replacement garbage bins ▶ Containers must be maintained and renewed periodically which comes at a cost to the municipality ▶ Considerable effort (time/cost) required for billing ▶ Considerable effort (time/cost) required for education and marketing the program ▶ Potential for misuse (i.e. residents paying for small cart and placing overflow in recycling) ▶ Charging a fee for quantity of waste increases the potential for illegal dumping, requiring increased enforcement ▶ Potential for residents to feel they should fill their garbage bin (and therefore reduce/recycling less) because they pay a yearly fee for it

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Environmental Scan Results – Franchise Fee Model

Jurisdiction	User fee system description
City of Portland	Twelve franchised garbage companies provide service to residential customers. Residents select a service provider and signs up for a specified term for collection service based on garbage container size. Residents can increase or decrease the size of their garbage container to fit the needs of the household. Garbage bills are issued, every two months, to residents directly from the company that services the property. Service providers then remunerate the County for the right to provide the service.
Los Angeles County	Residential waste collection services are provided through an open-market system, whereby each resident contacts a service provider directly and signs up for collection services for a specified term. There is no County involvement. Service providers then remunerate the County for the right to provide the service.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▶ Franchise system generally tend to follow subscription models with specified service periods which make revenues stable and easy to forecast. This can reduce the risk of future funding shortfalls ▶ Franchise fee model can be easy to understand for residents which can drive greater uptake and a smoother transition ▶ Municipalities can amend services provided by franchises to include bags or sticks for additional units of trash 	<ul style="list-style-type: none"> ▶ Difficulties with overseeing the operation of franchised garbage companies ▶ Franchise fee models often have higher implementation costs, including the purchase and distribution of containers (if used) ▶ The franchise fee, while offering different price points, can have limited incentive to reduce waste as fees generally follow a flat-fee structure ▶ Managing complaints from customers regarding service through external franchised companies ▶ External changes may impact costs for collection of garbage by franchise companies ▶ Potential for misuse (i.e. residents putting garbage into recycling to meet set out limit) ▶ Charging a fee for quantity of waste increases the potential for illegal dumping, requiring increased enforcement

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APPENDIX I WASTE MANAGEMENT FINANCIAL PLAN UPDATE

Environmental Scan Results – Weight-based Fee Model

Jurisdiction	User fee system description
The State of Vermont	Residents are charged for the volume or weight of garbage disposed.
Aschaffenburg, Germany	Residential containers are equipped with a RFID chip and collection trucks are equipped with a reading device and a weighing device. A central facility collects data transferred via telemetry where processing, accounting and the billing of end users occurs.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▶ Greatest incentive for residents to reduce waste as they can see a clear cost reduction with even a small reduction in waste ▶ Compatible with automated and semi-automated collection vehicles (when outfitted with appropriate equipment) ▶ Simple for residents to understand and limited education would be required ▶ Fair to users as high-volume generating residents are required to pay more than low-volume generating residents 	<ul style="list-style-type: none"> ▶ Equipment needed to accurately weigh waste and bill residents may be complicated and more expensive ▶ Equipment will also need to account for environmental factors such as rain, snow and ice, which may make waste containers heavier than then actual ▶ Mobile onboard vehicle scales are not currently certified as legal for trade in Canada ▶ Billing administration may be complex ▶ Potential for misuse (i.e. residents putting garbage into recycling to meet set out limit) ▶ Charging a fee for a quantity of waste increases the potential for illegal dumping, requiring increased enforcement

APPENDIX I
WASTE MANAGEMENT FINANCIAL PLAN UPDATE

Environmental Scan Results – Hybrid Fee Model

Jurisdiction	User fee system description
City of Winnipeg	Residents pay an annual fee collected through their utility bill for weekly cart collection with additional fees for extra garbage bags.
Simcoe County	Residents pay for weekly, bag/container (limit of one) waste collection through their municipal taxes. Additional bags require tags which can be purchased for an extra fee.
Region of Waterloo	Residents pay for bi-weekly waste collection through municipal taxes. Set bag limits with excess bags requiring an extra fee.
City of London	Residents pay for weekly waste collection through municipal taxes. Set bag limits with excess bags requiring an extra fee.
Region of Peel	Residents pay for weekly waste collection through municipal taxes. Set cart/bag limits with excess bags requiring an extra fee.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▶ A hybrid system offers the opportunity to upgrade / improve the system using different methods relatively easily, as more than one model can be used ▶ Fair as high-volume generating residents would be required to pay more than low-volume generating residents ▶ Increases incentive to divert waste as residents may be penalized for waste contamination or offered savings for utilizing organic and blue box waste systems ▶ Program is relatively easy to administer once billing system is established ▶ Base fee provides stable base funding ▶ Unit pricing systems may promote awareness of the hidden costs (economic and environmental) of waste management and may lead to increased environmental awareness 	<ul style="list-style-type: none"> ▶ Charging a fee for quantity of waste increases the potential for illegal dumping, requiring increased enforcement ▶ Potential for misuse (i.e. residents putting garbage into recycling to meet set out limit) ▶ Offering many cart sizes can assist in overcoming the weakness of providing little incentive to reduce waste unless it can be reduced enough to move to a smaller cart size ▶ Can be complicated to understand if not well designed ▶ Limited incentive to reduce garbage