



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.: 1705-20 / 1830 - 05

From: Chief Administrative Officer

Date: January 21, 2019

Subject: 2019 - 2023 MUNICIPAL SOLID WASTE, RECYCLABLES, AND YARD WASTE BUDGETS

PURPOSE:

The purpose of this report is to consider the 2019 - 2023 operating budget for Municipal Solid Waste (MSW) and to establish the applicable solid waste, recyclables, and yard waste user fees.

POLICY ANALYSIS:

Section 194 of the *Community Charter* allows Council to charge a user fee to cover the cost of delivery of a service.

EXECUTIVE SUMMARY:

The costs associated with providing solid waste, recyclables, and yard waste collection are reviewed annually and user fees are established to cover the projected cost to deliver the services in the upcoming year. These services are not funded from general property taxation. For 2019, a general user fee increase of 2% is required to ensure that the 2019 costs to deliver the service are fully covered.

CAO RECOMMENDATIONS:

That based on the January 21, 2019 staff report "2019 - 2023 Municipal Solid Waste, Recyclables, and Yard Waste User Budgets" Council approve OPTION 1 and increase 2019 user fees by 2%, and;

That Bylaw Number 2954, 2019 a bylaw to amend the "City of Courtenay Fees and Charges Bylaw No. 1673, 1992", proceed to first, second and third reading in order to revise the proposed 2019 Municipal Solid Waste, Recyclables and Yard Waste user fees.

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

Council sets the Solid Waste user fee rate schedule by bylaw each year to ensure costs for the provision of solid waste, recyclables and yard waste collection services are fully recovered. These services are not funded from the general property taxation levy.

DISCUSSION:

The City provides weekly curbside pickup of Municipal Solid Waste (MSW) and yard waste, bi-weekly pickup of recyclables for residential properties, and scheduled MSW/cardboard pickup for commercial properties. The user fee charged for this service must cover:

1. The costs of the contractor engaged to provide MSW/recyclables collection and transport services.

The increase in the cost of the solid waste and recyclables collection contract is calculated using an agreed-to weighted formula between Consumer Price Index and the Price of Diesel in BC.

Based on the latest price indexes available it is projected that fees payable to the contractor will increase by 4% in 2019.

2. The costs of regional landfill fees for disposal of mixed waste.

Effective January 1, 2019, the regional landfill tipping fee will be \$130 per tonne. (2018 \$130 per tonne).

Although the tipping fee will not increase in 2019, it is expected that volume into the landfill will increase with growth in the community. A 2% increase in volume is projected for 2019.

3. The internal costs to deliver the service

Internal costs recovered include costs related to utility billing and collection, as well as of the administration of the service, and represents approximately 2% of the overall user fee.

RecycleBC - Revenues

The City recently signed a second five-year contract with RecycleBC to provide recycling services to residential units in Courtenay. The City will continue to receive financial incentives through the program which covers the cost of providing the bi-weekly curbside pickup of recyclables to single and multi-family residences.

2020 – 2023 Financial Plan:

At the current service level, operating budget expenditures for 2020 – 2023 are projected to increase by about 3% annually based on population growth, building-development permit growth, and inflationary impacts. In order to ensure these cost increases are not a direct burden to the general tax base, it is projected that revenue generated from community growth of 0.5% and a user fee rate increase of 2.5% will provide revenues sufficient to offset the operating costs. However, these are estimations based on existing operational circumstances. Future rate adjustments may be needed based on updated information and changing requirements.

The City’s agreement with the current solid waste contractor expired on November 30, 2018. The City initiated the 11 month extension mechanism by mutual agreement to allow for clarity on Organics collection and its impact on the collection service.

FINANCIAL IMPLICATIONS:

In order to provide the same level of service to customers in 2019, a 2.0% user fee rate increase is required. The general impact to customers will be:

1. Annual flat levy fee for residential and commercial will increase from \$161.44 to \$164.67, a difference of \$3.23 per year;
2. Multi-family apartments and stratas (excluding yard waste) will increase from \$141.83 to \$144.67 a difference of \$2.84 per year;
3. Additional service fee charges for extra yard waste pickup will change from \$19.09 to \$19.47, a difference of \$0.38 per year.

Attachment number 1 identifies all applicable rate changes in comparison to 2018. As the new bylaw rates would become effective only on final adoption, projected to be early February, 2019, these rates that will be charged to customers are the product of a blend of 2018 and 2019 bylaw rates as illustrated below:

	<u>2018</u>	<u>2019</u>	<u>2019</u>		
	<u>Bylaw</u>	<u>Bylaw</u>	<u>Blended</u>	<u>Impact</u>	
	<u>Rate</u>	<u>Rate</u>	<u>User Fee</u>		
Dwelling Basis Fee per unit per year					
- includes recyclables and yard waste pickup	\$ 161.44	\$ 165.01	\$ 164.67	\$ 3.23	2%

2020 – 2023 Financial Plan:

Attachment number 2 provides the proposed budget for 2020-2023 and includes an estimated 2.5% increase to user fees over the next four years to cover the costs of providing the service. This percentage increase is based on the existing operational circumstances therefore future rate adjustments may be necessary as circumstances change.

ADMINISTRATIVE IMPLICATIONS:

Staff will update the utility billing system and Financial Plan documentation to reflect the approved rates for 2019 once the amended bylaw is adopted. This will take approximately 3 hours.

ASSET MANAGEMENT IMPLICATIONS:

Not applicable.

STRATEGIC PRIORITIES REFERENCE:

We focus on organizational and governance excellence

- We support and encourage initiatives to improve efficiencies
- We responsibly provide services at a level which the people we serve are willing to pay



- **Area of Control**
The policy, works and programming matters that fall within Council’s jurisdictional authority to act.
- ▲ **Area of Influence**
Matters that fall within shared or agreed jurisdiction between Council and another government or party.
- **Area of Concern**
Matters of interest outside Council’s jurisdictional authority to act.

OFFICIAL COMMUNITY PLAN REFERENCE:

Section 6.5 Solid Waste

Policy: 1

1. The City will pursue steps to reduce solid waste through a variety of approaches including:
 - education, promotion, advertising
 - encouraging recycling
 - encouraging home composting
 - review user fees
 - supporting recycling facilities within major commercial and industrial developments
 - encouraging mandatory garbage collection for the Comox Valley

REGIONAL GROWTH STRATEGY REFERENCE:

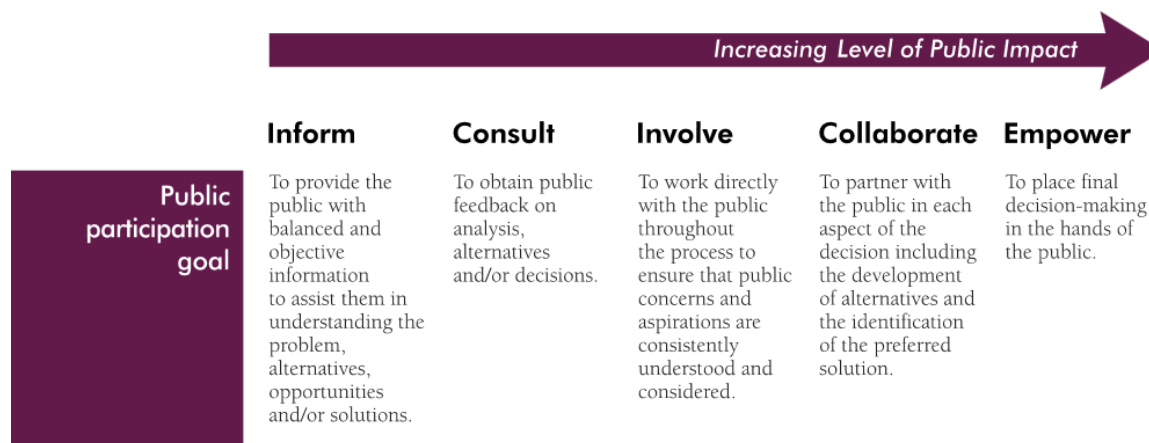
Goal 8: Climate Change:

Objective 8-C: Reduce GHG emissions in the solid waste sector

CITIZEN/PUBLIC ENGAGEMENT:

Staff will **inform** the public based on the IAP2 Spectrum of Public Participation:

http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf



OPTIONS:

OPTION 1: That Council endorse the proposed increases to the Solid Waste, Recyclables, and Yard Waste user fees as outlined in the attached table of this report; and,

That Bylaw Number 2954,2019 a bylaw to amend the “City of Courtenay Fees and Charges Bylaw No. 1673, 1992”, proceed to first, second and third reading to reflect the proposed 2019 Solid Waste, Recyclables and Yard Waste user fees.

OPTION 2: That Council defer endorsing the proposed increase to the 2019 Solid Waste, Recyclables and Yard Waste user fees for further discussion at a later Council meeting.

While Option 2 provides time for further discussion, it also impacts the schedule required for the 2019 Budget process.

OPTION 3: That Council leave all Solid Waste, Recycling and Yard Waste user rates unchanged for 2019.

While Option 3 provides reduced user fees to the public, the City is still committed to making payments to our contractor and the Comox Valley Regional District, therefore a deficit would occur that may negatively impact future years’ user fees and services provided.

Prepared by:



Jennifer Nelson, CPA, CGA
Director of Financial Services

Attachments:

- # 1: 2019 Solid Waste and Recycling User Fee Collection Rates
- # 2: 2019 – 2023 Solid Waste, Recycling and Yard Waste Financial Plan Summary

SOLID WASTE + RECYCLING COLLECTION FEES					2018	2019	
					Approved	Proposed	
					Rates	Rates	Change
a) Dwelling Basis Fee (included recycling & yard waste)					\$ 161.44	\$ 164.67	\$ 3.23
Extra Bag Ticket (50 litre) As of March 7					\$ 2.50	\$ 2.50	\$ -
b) Multifamily, Apt, Strata per unit (no blue box, no recycling)					\$ 141.83	\$ 144.67	\$ 2.84
	a) Recycling Pick Up per unit				\$ -	\$ -	\$ -
	b) Yard Waste Pick Up per unit				\$ 19.09	\$ 19.47	\$ 0.38
c) Trade Premises - per Pick Up					\$ -	\$ -	\$ -
Cans	1 Can or Equivalent				\$ 2.80	\$ 2.86	\$ 0.06
	Each Extra Can				\$ 2.80	\$ 2.86	\$ 0.06
DCBIA - Per Unit Per Year					\$ 308.97	\$ 315.15	\$ 6.18
Containers - Mixed Per Pick Up					Calculated Rates		
Bins	2 Yd ³	Base Rate			\$ 16.81	\$ 17.15	\$ 0.34
	3 Yd ³	2 yd3 mixed container base rate X	1.5		\$ 25.22	\$ 25.73	\$ 0.51
	6 Yd ³	2 yd3 mixed container base rate X	3		\$ 50.43	\$ 51.45	\$ 1.02
	12 Yd ³	2 yd3 mixed container base rate X	6		\$ 100.86	\$ 102.90	\$ 2.04
	20 Yd ³	2 yd3 mixed container base rate X	10		\$ 168.10	\$ 171.50	\$ 3.40
	***Sizes other than listed above charged at a rate per cubic yard				\$ 8.41	\$ 8.58	\$ 0.17
Compactors - Mixed Per Pick Up							
Bins	27 Yd ³	Base Rate			\$ 454.30	\$ 463.39	\$ 9.09
	28 Yd ³	27 yd3 compactor Base Rate +	1	2 yd3 mixed bins container rate	\$ 471.11	\$ 480.54	\$ 9.43
	30 Yd ³	27 yd3 compactor Base Rate +	3	2 yd3 mixed bins container rate	\$ 504.73	\$ 514.84	\$ 10.11
	35 Yd ³	27 yd3 compactor Base Rate +	8	2 yd3 mixed bins container rate	\$ 588.78	\$ 600.59	\$ 11.81
	40 Yd ³	27 yd3 compactor Base Rate +	13	2 yd3 mixed bins container rate	\$ 672.83	\$ 686.34	\$ 13.51
	***Sizes other than listed above charged the Applicable Year's 27 cubic yard base rate plus multiple of 2 cubic yard base rate				\$ 16.81	\$ 17.15	\$ 0.34
Containers - Cardboard Per Pick Up							
Bins	2 Yd ³	Base Rate			\$ 9.20	\$ 9.38	\$ 0.18
	3 Yd ³	2 yd3 containers-cardboard Base rate x	1.5		\$ 13.80	\$ 14.07	\$ 0.27
	6 Yd ³	2 yd3 containers-cardboard Base rate x	3		\$ 27.60	\$ 28.14	\$ 0.54
	***Sizes other than listed above charged at a rate per cubic yard				\$ 4.60	\$ 4.69	\$ 0.09
Compactors - Cardboard Per Pick Up							
Bins	27 Yd ³	Base Rate			\$ 151.48	\$ 154.51	\$ 3.03
	30 Yd ³	2 yd3 mixed container base rate X	1	plus Compactors Cardboard base rate	\$ 168.29	\$ 171.66	\$ 3.37
	35 Yd ³	2 yd3 mixed container base rate X	2.67	plus Compactors Cardboard base rate	\$ 196.36	\$ 200.30	\$ 3.94
	40 Yd ³	2 yd3 mixed container base rate X	4.34	plus Compactors Cardboard base rate	\$ 224.44	\$ 228.94	\$ 4.51
	***Sizes other than listed above charged the Applicable Year's 27 cubic yard base rate plus multiple of 2 cubic yard base rate				\$ 5.61	\$ 5.72	\$ 0.11

City of Courtenay
2019 - 2023 Five Year Financial Plan

Attachment #2

Solid Waste Summary	Final Budget	Proposed Budgets for Discussion			
	2019	2020	2021	2022	2023
REVENUES					
Garbage Collection	2,999,100	3,088,000	3,180,800	3,276,200	3,373,400
RecycleBC Revenue	355,000	355,000	355,000	355,000	355,000
RecycleBC Eductaion Grant	30,000	30,000	30,000	30,000	30,000
Total Revenues	3,384,100	3,473,000	3,565,800	3,661,200	3,758,400
EXPENDITURES					
OPERATING					
Collection Services					
General Services - Emterra	1,682,900	1,733,400	1,768,100	1,803,400	1,839,500
CVRD Services	1,407,000	1,490,300	1,550,500	1,613,100	1,678,300
Advertising	42,000	32,000	32,000	32,000	32,000
Sub-Total	3,131,900	3,255,700	3,350,600	3,448,500	3,549,800
Dog Stations	28,200	28,500	28,700	29,100	29,300
Miscellaneous	6,500	6,500	6,500	6,600	6,600
Litter Baskets - City Crew	130,100	95,000	95,900	96,900	97,900
Sub-Total	164,800	130,000	131,100	132,600	133,800
Total Operating Expenses	3,296,700	3,385,700	3,481,700	3,581,100	3,683,600
ADMINISTRATIVE / Staff Recovery					
Finance Clerk Wage Recovery	71,800	73,200	74,700	76,200	77,700
Postage, Billing Cycles	5,000	5,100	5,200	5,300	5,400
Total Administrative Expenses	76,800	78,300	79,900	81,500	83,100
Total Expenditures	3,373,500	3,464,000	3,561,600	3,662,600	3,766,700
Net Suplus (Deficit)	10,600	9,000	4,200	(1,400)	(8,300)

