



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.: 1705-20 / 1830-05

From: Chief Administrative Officer

Date: December 03, 2021

Subject: 2022 - 2026 Municipal Solid Waste, Recyclables, and Yard Waste Budgets

PURPOSE:

The purpose of this report is to consider the 2022 - 2026 operating budget for municipal solid waste (MSW) and proposed increase to 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.

While solid waste collection services are currently being reviewed and discussed with Council, a conservative budget has been prepared for 2022, with no changes to the services currently offered. An independent review of the solid waste cost of service revealed an insufficient funding of the Institutional, Commercial and Industrial (ICI) and multi-residential apartment and condo (non-curbside) services, covered by single residential and multi-residential curbside revenues.

For 2022, a general increase of 5% for residential user fees and 15% for ICI and multi-residential user fees is recommended to ensure the 2022 costs to deliver the service are fully recovered.

CAO RECOMMENDATIONS:

That based on the December 3rd, 2021 staff report "2022 - 2026 Municipal Solid Waste, Recyclables, and Yard Waste Budgets" Council approve OPTION 1 and endorse the proposed increase to the 2022 Solid Waste, Recyclables and Yard Waste user fees for single residential and multi-residential curbside service by 5.0% and Institutional, Commercial and Industrial (ICI) and multi-residential apartment and condo non curbside service by 15%.

Respectfully submitted,

Geoff Garbutt, M.Pl., MCIP, RPP
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 and 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 cost of the solid waste and recyclables collection contract increased by 4.0% on November 1, 2021. The current collection service contract comes to term on April 30th, 2022, with a possible 6 month extension, up to October 31st, 2022. City Staff are currently working on a request for proposals to establish a new solid waste collection contract.

Approximately 50% of the user fee covers the collection contract costs.

2. The costs of regional landfill fees for disposal of mixed waste and the regional organics processing facility fees for the disposal of yard waste and organics.

For 2022, it is anticipated that the CVRD will increase the regional landfill tipping fee by \$5.00 to \$145 per tonne, based on the previous year approved Comox Strathcona Waste Management Service financial plan. Any changes to this fee in the upcoming financial planning process will be reflected in future year City of Courtenay financial plans and user fees. The 2022 budget is adjusted to account for the yard waste being sent for processing at the new regional organics processing facility starting Q4-2022 at an estimated cost of \$110 per tonne. This represents an increase as yard waste is currently disposed at no cost. The 2023-2026 solid waste projected budget includes the assumption that 33% of the solid waste tonnage will be diverted to the organics processing facility starting Q3-2023, also at an estimated cost of \$110 per tonne. This represents a reduction in cost, due to the lower tipping fees at the organics facility, however is subject to change depending on the actual volumes received at the facility once it is up and running.

Approximately 40% of the user fee covers tipping expenses in 2022.

3. The internal costs to deliver the service.

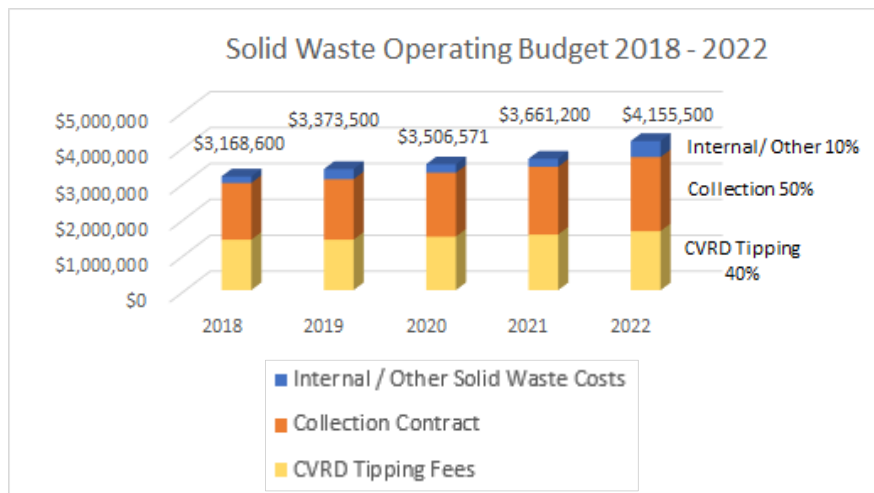
Internal costs recovered include costs related to utility billing and collection, as well as of the administration of the service, and represents about 2% of the overall user fee.

Additional costs for a two year term solid waste coordinator and legal services are included in the 2022 budget to support establishing a new solid waste collection contract and help with upcoming changes to the services and initiation of organic waste collection. Those increases account for about 4% of the total solid waste budget. Following the implementation of the solid waste contract and organics collection as a component of our solid waste service, the term position will be reviewed.

Other solid waste costs also include the City's litter baskets waste collection, done by Public Works Services.

The different components of the Solid Waste Operating Budget since 2018 are illustrated in Graph 1 below.

Graph 1: Solid Waste Operating Budget 2018-2022



RecycleBC - Revenues

In October 2018, the City 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.

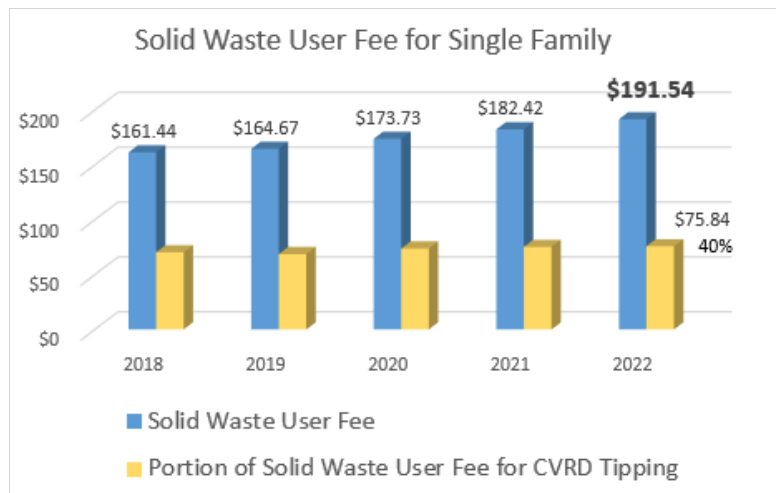
2022 – 2026 Financial Plan:

No changes in service levels were included in this proposed five year financial plan, other than the diversion of the yard waste in Q4-2022 and organic waste in Q3-2023. Any changes to future service levels approved by Council will be incorporated in the next year financial plan.

The solid waste operating budget is projected to increase by about 14% in 2022 due to the annual projected growth, increased contractual and tipping fee costs, the yard waste disposed at the new organics processing facility later in 2022, and the additional support needed in 2022. Assuming no changes to the service levels, other than organics diversion, 2023-2025 are projected to remain fairly stable. It is projected that revenue generated from community growth of 1% and a user fee rate increase of 5.0% for residential and 15% for ICI and multi-residential apartment and condo for 2022, 5.0% for 2023 and 0% for 2024 - 2025 and 2.0% for 2026 will provide sufficient revenues to offset the anticipated operating costs every year.

The change in solid waste user fee since 2018 for a single family dwelling is presented in Graph 2.

Graph 2: Solid Waste User Fee for Single Family



Attachment #1 provides the proposed financial plan for 2022-2026.

FINANCIAL IMPLICATIONS:

In order to provide the same level of service to customers in 2022, a 5.0% user fee rate increase is required for single residential and multi-residential curbside service. The general impact to customers will be:

1. Annual flat levy fee for residential will increase from \$182.42 to 191.54, a difference of \$9.12 per year;
2. Residential multi-family, apartment and strata's (excluding yard waste) will increase from \$160.26 to \$168.27 per unit, a difference of \$8.01 per year;
3. Additional service fee charges for extra yard waste pickup will change from \$21.57 to \$22.65, a difference of \$1.08 per year.

A higher increase of 15% is included for ICI and multi-residential apartment and condo (complexes only) non curbside service, to help offset the deficit identified for this service in the recent independent solid waste cost of service review.

Recognizing the impacts of the ongoing pandemic and the 5th Street Bridge Rehabilitation project on downtown businesses, a 5% increase was considered for DCBIA members' flat levy, representing a change from \$349.10 to \$366.56 to their annual rate, an increase of \$17.46.

The solid waste, yard waste and recycling collection service billing for 2022 will be prorated and adjusted as necessary to account for the eventual discontinuation of the service at any point in 2022.

Attachment #2 identifies all applicable rate changes in comparison to 2021.

ADMINISTRATIVE IMPLICATIONS:

Subsequent to Council endorsing the recommended fee increase for the 2022 solid waste budget, Staff will prepare the user fees amendment bylaw, and return to Council for adoption.

After the user fee amendment bylaw is adopted, Staff will update the utility billing system and Financial Plan documentation to reflect the approved rates for 2022 once the amended bylaw is adopted. This will take approximately 5 hours.

ASSET MANAGEMENT IMPLICATIONS:

Not applicable.

STRATEGIC PRIORITIES REFERENCE:

We focus on organizational and governance excellence

- Communicate appropriately with our community in all decisions we make
- Responsibly provide services at levels 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 that are 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:

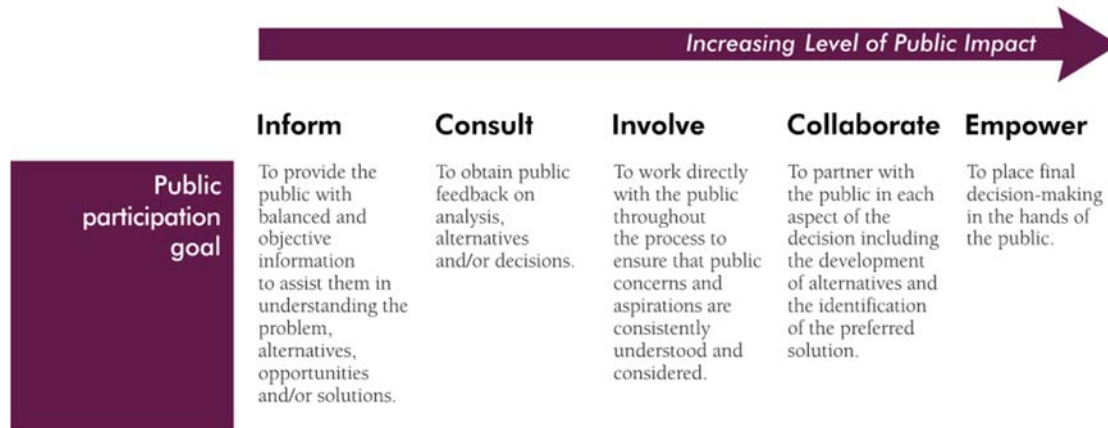
Goal 8: Climate Change:

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

CITIZEN/PUBLIC ENGAGEMENT:

The *Community Charter* (sec. 166) requires that a council must undertake a process of public consultation regarding the proposed financial plan before it is adopted. The City will “**inform**” the public about the 2022-2026 Financial Plan through special council meetings, media webcasts, and information posted on the City’s website. In addition, the City will “**consult**” the public prior to final adoption of the 2022-2026 Financial Plan Bylaw.

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



OPTIONS:

OPTION 1: That Council endorse the proposed increase to the 2022 Solid Waste, Recyclables and Yard Waste user fees for single residential and multi-residential curbside service by 5.0% and Institutional, Commercial and Industrial (ICI) and multi-residential apartment and condo non curbside service by 15%, as detailed in the Attachment 2.

OPTION 2: That Council defer endorsing the proposed increase to the 2022 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 2022 Budget process schedule.

OPTION 3: That Council leave all Solid Waste, Recycling and Yard Waste user rates unchanged for 2022.

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.

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Chief Administrative Officer

Attachments:

- 1: 2022 – 2026 Solid Waste, Recycling and Yard Waste Financial Plan Summary
- 2: 2022 Solid Waste, Recycling and Yard Waste User Fee Collection Rates

Solid Waste Budget 2022-2026

	<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024</u>		<u>2025</u>		<u>2026</u>
Solid Waste User Fee - Single Family (curb side) \$	182.42		\$ 191.54		\$ 201.12		\$ 201.12		\$ 201.12		\$ 205.14
Annual Increase \$			\$ 9.12		\$ 9.58		\$ -		\$ -		\$ 4.02
Annual Increase %			5.0%		5.0%		0.0%		0.0%		2.0%
Institutional, Commercial and Industrial (ICI) and multi-family (non-curb side) Annual Increase %			15.0%		5.0%		0.0%		0.0%		2.0%

Expense Type	Activity	Description	2021 BUDGET	2021 YTD ACTUAL as November 3, 2021 (Unaudited)	2022 BUDGET	Variance 2022 Budget vs 2021 Budget	2023 BUDGET	2024 BUDGET	2025 BUDGET	2026 BUDGET
Revenue	Revenue from Other Governments & Agencies	MULTI MATERIAL BC RECYCLING REVENUE	344,100	293,215	390,200	46,100	390,200	390,200	390,200	390,200
		MMBC RESIDENTIAL EDUCATION GRANT	28,600	23,683	31,500	2,900	31,500	31,500	31,500	31,500
		Revenue from Other Governments & Agencies Total	372,700	316,898	421,700	49,000	421,700	421,700	421,700	421,700
	Revenue from Own Sources	RESIDENTIAL CANS	1,627,800	1,638,914	1,744,500	116,700	1,849,900	1,868,300	1,886,900	1,943,700
		RES APARTMENT CANS	108,900	107,855	115,900	7,000	122,900	124,100	125,400	129,200
		COMM/STRATA MIXED BINS	1,232,900	1,267,580	1,443,300	210,400	1,515,500	1,515,500	1,515,500	1,545,800
		CARDBOARD BINS	237,800	349,316	333,500	95,700	350,200	350,200	350,200	357,200
		COMMERCIAL CANS	70,200	64,838	80,700	10,500	84,700	84,700	84,700	86,400
		STICKER SALES	8,000	5,013	10,000	2,000	10,000	10,000	10,000	10,000
		YARD WASTE - STRATA	6,100	6,493	6,400	300	6,700	6,700	6,700	6,800
		DCBIA TOTERS	1,300	1,430	1,500	200	1,600	1,600	1,600	1,600
		Revenue from Own Sources Total	3,293,000	3,441,438	3,735,800	442,800	3,941,500	3,961,100	3,981,000	4,080,700
Revenue Total			3,665,700	3,758,336	4,157,500	491,800	4,363,200	4,382,800	4,402,700	4,502,400
Expense	Solid Waste Collection Services	Collection Contract	1,889,000	1,645,600	2,059,100	170,100	2,120,900	2,184,600	2,250,200	2,317,800
		CVRD Tipping Fee	1,510,600	1,038,658	1,645,300	134,700	1,879,600	1,815,500	1,856,100	1,897,800
		Advertising (partly funded by MMBC Grant)	38,600	12,894	41,500	2,900	40,600	40,600	40,600	40,600
		Solid Waste Collection Services Total	3,438,200	2,697,152	3,745,900	307,700	4,041,100	4,040,700	4,146,900	4,256,200
	Solid Waste Other	Additional Support	-	-	160,000	160,000	102,000	-	-	-
		Other Solid Waste Costs	21,000	449	26,500	5,500	7,800	8,200	8,600	9,000
		City Litter Baskets	124,600	144,593	144,200	19,600	146,700	148,300	150,800	152,400
		Solid Waste Total	145,600	145,043	330,700	185,100	256,500	156,500	159,400	161,400
	Administrative Costs		77,400	64,500	78,900	1,500	80,500	82,100	83,700	85,400
Expense Total			3,661,200	2,906,695	4,155,500	494,300	4,378,100	4,279,300	4,390,000	4,503,000
Net Solid Waste Budget Surplus / (Deficit)			4,500	851,641	2,000	(2,500)	(14,900)	103,500	12,700	(600)

SOLID WASTE, YARD WASTE AND RECYCLING COLLECTION FEES					2021	2022	
					Approved	Proposed	
					Rates	Rates	Change
a) Dwelling Basis Fee (included recycling & yard waste)					\$ 182.42	\$ 191.54	\$ 9.12
Extra Bag Ticket (50 litre) As of March 7					\$ 2.75	\$ 3.00	\$ 0.25
b) Multifamily, Apt, Strata per unit (no blue box, no recycling)					\$ 160.26	\$ 168.27	\$ 8.01
	a) Recycling Pick Up per unit				\$ -	\$ -	\$ -
	b) Yard Waste Pick Up per unit				\$ 21.57	\$ 22.65	\$ 1.08
c) Trade Premises - per Pick Up					\$ -	\$ -	\$ -
Cans	1 Can or Equivalent				\$ 3.17	\$ 3.33	\$ 0.16
	Each Extra Can				\$ 3.17	\$ 3.33	\$ 0.16
DCBIA - Per Unit Per Year					\$ 349.10	\$ 366.56	\$ 17.46
Containers - Mixed Per Pick Up					Calculated Rates		
Bins	2 Yd ³	Base Rate			\$ 18.99	\$ 21.84	\$ 2.85
	3 Yd ³	2 yd3 mixed container base rate X	1.5		\$ 28.49	\$ 32.76	\$ 4.28
	6 Yd ³	2 yd3 mixed container base rate X	3		\$ 56.97	\$ 65.52	\$ 8.55
	12 Yd ³	2 yd3 mixed container base rate X	6		\$ 113.94	\$ 131.04	\$ 17.10
	20 Yd ³	2 yd3 mixed container base rate X	10		\$ 189.90	\$ 218.40	\$ 28.50
	***Sizes other than listed above charged at a rate per cubic yard				\$ 9.50	\$ 10.92	\$ 1.43
Compactors - Mixed Per Pick Up							
Bins	27 Yd ³	Base Rate			\$ 513.32	\$ 590.32	\$ 77.00
	28 Yd ³	27 yd3 compactor Base Rate +	1	2 yd3 mixed bins container rate	\$ 532.31	\$ 612.16	\$ 79.85
	30 Yd ³	27 yd3 compactor Base Rate +	3	2 yd3 mixed bins container rate	\$ 570.29	\$ 655.84	\$ 85.55
	35 Yd ³	27 yd3 compactor Base Rate +	8	2 yd3 mixed bins container rate	\$ 665.24	\$ 765.04	\$ 99.80
	40 Yd ³	27 yd3 compactor Base Rate +	13	2 yd3 mixed bins container rate	\$ 760.19	\$ 874.24	\$ 114.05
	***Sizes other than listed above charged the Applicable Year's 27 cubic yard base rate plus multiple of 2 cubic yard base rate				\$ 18.99	\$ 21.84	\$ 2.85
Containers - Cardboard Per Pick Up							
Bins	2 Yd ³	Base Rate			\$ 10.40	\$ 11.96	\$ 1.56
	3 Yd ³	2 yd3 containers-cardboard Base rate x	1.5		\$ 15.60	\$ 17.94	\$ 2.34
	6 Yd ³	2 yd3 containers-cardboard Base rate x	3		\$ 31.20	\$ 35.88	\$ 4.68
	***Sizes other than listed above charged at a rate per cubic yard				\$ 5.20	\$ 5.98	\$ 0.78
Compactors - Cardboard Per Pick Up							
Bins	27 Yd ³	Base Rate			\$ 171.16	\$ 196.83	\$ 25.67
	30 Yd ³	2 yd3 mixed container base rate X	1	plus Compactors Cardboard base rate	\$ 190.15	\$ 218.67	\$ 28.52
	35 Yd ³	2 yd3 mixed container base rate X	2.67	plus Compactors Cardboard base rate	\$ 221.86	\$ 255.14	\$ 33.28
	40 Yd ³	2 yd3 mixed container base rate X	4.34	plus Compactors Cardboard base rate	\$ 253.58	\$ 291.62	\$ 38.04
	***Sizes other than listed above charged the Applicable Year's 27 cubic yard base rate plus multiple of 2 cubic yard base rate				\$ 10.40	\$ 11.96	\$ 1.56

