



# FORMAL REPORT

<b>To:</b>	Mayor Strathdee and Members of Council
<b>Prepared by:</b>	Dave Blake, Environmental Services Supervisor
<b>Date of Meeting:</b>	14 November 2017
<b>Subject:</b>	<b>PW 62-2017 Solid Waste Rates</b>

## PURPOSE

This report presents information to Council regarding the review and evaluation of solid waste management rates for the Town of St. Marys as well as staff recommendations for rates, commencing January 1, 2018.

## RECOMMENDATION

THAT Council receive report PW 62-2017 Solid Waste Rates; and,

THAT Council approve By-Law 95-2017 authorizing a 3% increase to solid waste management rates and charges within the Town of St. Marys with an effective date of January 1, 2018.

## BACKGROUND

On October 17, 2017, Staff presented report ***PW 58-2017 Solid Waste Rate Evaluation*** to the Strategic Priorities Committee for discussion. The report presented multiple options for the committee to consider in regards to solid waste rates for the landfill site ranging from 0-10% annual increases. The report presented full financial projections based on each individual rate option to facilitate discussion from the Committee.

In discussions between the Committee and Staff, it was recommended that a moderate increase be implemented to account for inflation, capital requirements and ensuring sufficient funds were available on incremental periods for future cell construction for waste placement.

The Committee recommended a potential 3% increase, or ensuring a reserve fund of at least \$250,000.00 every five (5) years was available for the Site to complete cell construction for waste placement. The Committee also agreed that the rates should be reviewed and set on an annual basis.

This Report presents final financial projections based on the recommendations from the Committee in regards to waste tipping fees.

## REPORT

Following discussions around landfill operations and rates at the Strategic Priorities Committee meeting in October, 2017, staff have reviewed budgets, projections and estimates as well as accounted for direction from the Committee on recommending rates for the landfill site to meet the financial requirements moving forward. The information below is provided in response to the requests for additional information received at the Strategic Priorities Committee meeting.

### Tipping Fee Rates:

In completion of the financial assessment of the landfill site, staff reviewed annual operations and maintenance budgets, capital projections and estimates, and options for rate financed capital and

debenture financing. Based on this update and discussion at the Committee level, Staff is recommending that a 3% increase in tipping fees be adopted by Council.

This increase is in keeping with direction from the Strategic Priorities Committee by maintaining a reserve that can self-fund cell construction activities estimated at 5-year intervals for ongoing waste placement. The construction costs for a new cell are projected to be \$250,000 on an every 5-year basis and this rate increase ensures that those funds are available.

Please refer to Attachment No. 1 for a complete financial projection for the landfill site based on the recommended rate increase.

Please refer to Attachment No. 2 for a full list of tipping fees for the landfill site commencing January 1, 2018.

Please refer to Attachment No. 3 for a summary of assumptions used in assessing and evaluating rates and financial projections.

Please refer to Attachment No. 4 for a summary comparison of municipal tipping fees from surrounding locations.

### **Revenue and Capacity:**

The Landfill Site and its annual Operations and Maintenance budget are designed as a self-funded program. Revenue is generated based on disposal rates and the intent is for revenue to off-set operations, maintenance and capital costs. By having a sustainable self-funded program, the Town is able to ensure capacity is available to continue to operate the Site and provide sufficient capacity to meet the Town's needs. Currently, the Town is working to improve capacity for the Site through an ongoing individual Environmental Assessment.

### **Economic Impacts and Private Haulers:**

The Landfill Site is only permitted to accept waste from within the Town's geographic boundary. This includes waste generated from residential, commercial, institutional and industrial properties. Although many properties utilize the wheelie bin program, many larger facilities are required to contract waste management services due to quantities or materials being disposed. This is often completed through third party commercial haulers.

Tipping fees at the landfill have a direct impact on many large waste producers within the Town and large increases could have a significant impact to the economic position of industrial locations. Increases imposed at the landfill site would be recovered through private waste management contracts between haulers and property owners. By minimizing tipping fee increases, the Town is able to lessen any economic impact to local industries while helping to ensure local waste is managed within our boundaries.

### **Residential Wheelie Bins:**

Although the wheelie bin program contributes revenue to the landfill site in the form of tipping fee charges, annual wheelie bin rates are not fully linked to landfill tipping fees. The wheelie bin collection program administered by the Town for waste is, financially, a standalone division from landfill operation and is best thought of a waste contributor to the landfill.

The wheelie bin program is funded by charging a special levy to each residential property in Town. The expenses of the program are the collection fees charged by BRA and the tipping fees charged by the landfill. It should be noted however, that annual increases in tipping fees at the landfill site will increase the financial commitments of the wheelie bin program.

When reviewing the proposed 3% increase in landfill tipping fees the impact to the wheelie bin program was completed to determine if the special levy charges to residents would need to increase. This assessment of the wheelie bin program identified that the program is currently financially sustainable, and no increase to annual wheelie bin charges are warranted at this time.

The financial position of the wheelie bin program will be monitored and assessed on an annual basis.

## **SUMMARY**

Based on the information detailed within this report, Staff recommends that Council approve By-Law 95-2017 authorizing a 3% increase to the solid waste management rates and charges for the Town of St. Marys with an effective date of January 1, 2018. Rate increases of this nature will allow for significant capital expenditures related to future solid waste management needs while effectively managing increases to end users of the system.

## **FINANCIAL IMPLICATIONS**

The recommended rate increase will assist in ensuring that the landfill site for the Town of St. Marys is self-sufficient by being in a position to fund or carry borrowing costs to ensure long term viability of the Site.

A combination of rate financed capital projects, as well as debenture financing has been identified for the landfill site. Repayment of borrowing costs have been accounted for within the enclosed projections as part of annual operating costs, including interest. Please refer to Attachment No. 1 for a complete financial assessment of the landfill site.

Solid waste management rates should be reviewed annually to assess the annual financial position of the landfill site as well as verify future needs and projected rates moving forward.

## **STRATEGIC PLAN**

This initiative is supported by the following priorities, outcomes, and tactics in the Plan.

- Pillar #1 – Infrastructure, Waste Management Plan:
  - Outcome: With anticipated proactive measures for growth (residential, commercial, and industrial), there will be a need for active consideration of optimizing landfill services, but with a view on controlled costs and forward thinking environmental initiatives.
  - Tactic(s): Decide on what approaches best meet long-term community ability to meet provincial standards. Build a program and identify a budget to accommodate.
- Pillar #5 – Economic Development, Industrial Strategy:
  - Outcome: Industry has played, and continues to play a key role in the life of the Town in providing employment and economic stability. Seeking new opportunities to attract small, medium and large industry is in the Town's best interest as part of its growth strategy.
  - Tactic(s): Build a retention plan, identify elements needed to ensure business stay and grow in the community.

## **OTHERS CONSULTED**

Strategic Priorities Committee

Jed Kelly, Director of Public Works – Town of St. Marys

Jim Brown, Director of Finance – Town of St. Marys

Morgan Dykstra, Public Works Coordinator – Town of St. Marys

## **ATTACHMENTS**

- Attachment No. 1 - Financial Assessment (Landfill)
- Attachment No. 2 - 2018 Tipping Fees
- Attachment No. 3 - Assumptions used in Rate Projections
- Attachment No. 4 - Municipal Rate Comparison

## **REVIEWED BY**

### **Recommended by the Department**

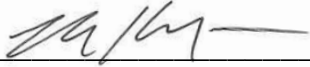


Dave Blake, C.E.T.  
Environmental Services Supervisor



Jed Kelly  
Director of Public Works

### **Recommended by the CAO**



Brent Kittmer  
CAO / Clerk