

Analyst Briefing Notes

**Works Committee
(January 11, 2006)**

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PART I: 2006 Operating Budget Overview

Table 1: 2006 Proposed Budget

	2005		2006 Proposed Operating Budget			Change 2006 Proposed from 2005 Budget		FY Incremental Outlook	
	2005 Approved Budget	2005 Proj Act.	2006 Proposed Base	2006 New Council Priorities	2006 Proposed Op. Bud.			2007	2008
(In \$000s)	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	225,219.4	216,796.3	227,091.4	0.0	227,091.4	1,872.0	0.8	0.0	0.0
REVENUE	59,931.1	55,610.4	53,435.8	0.0	53,435.8	(6,495.3)	(10.8)	0.0	0.0
NET EXP.	165,288.3	161,185.9	173,655.6	0.0	173,655.6	8,367.3	5.1	0.0	0.0
Approved Positions	1,422.3	1,422.3	1,421.1	0.0	1,421.1	(1.2)	(0.1)		
TARGET			168,594.1						
\$ Over / (Under) Program Target			5,061.5						
% Over / (Under) Program Target			3.0%						

Executive Summary

- The 2005 projected year-end net expenditure of \$161.186 million represents a decrease of \$4.102 million over the 2005 Approved Budget. The decrease is attributed to lower costs for the disposal of waste in Michigan, and for the processing of fewer tonnes of source separated organics; increased revenues from the receipt of clean fill material at the Keele Valley landfill, and from the sale of recyclable material, and increased funding from Waste Diversion Ontario.
- The 2006 Proposed Operating Budget for Solid Waste Management Services of \$173.656 million net is comprised completely of Base funding and is 5.1% or \$8.367 million higher than the 2005 Approved Budget. The 2006 Proposed Budget also includes a decrease of 1.2 net staffing positions resulting from a number of efficiencies to be realized in Collections and Program Support.
- The 2006 Proposed Base Budget is \$5.062 million or 3.0% over the 2006 target mainly as a result of the collective agreement, operational cost drivers associated with increased waste and diversion such as the roll-out of the green bin program in North York, and the deferral of the implementation of the Multi-Unit Residential Waste Reduction Levy.
- 2006 Proposed Base Budget adjustments include an increase of \$2 million in revenues from the sale of recyclable materials, and a \$2.024 million net funding request that was reclassified as a New request and transferred from the Base Budget for the enforcement component of the Multi-Unit Residential Waste Reduction Levy.

- A \$3.166 million contribution from the 2006 Operating Budget to the Perpetual Care of Landfill Reserve, as well as the funding of this contribution, is being deferred for consideration pending a report back from the General Manager, Solid Waste Management Services, jointly with the Deputy City Manager/Chief Financial Officer, to the Budget Advisory Committee in February 2006 on the implications of not making a contribution in 2006, as well as the adequacy of the reserve fund; and a report back from the Deputy City Manager/Chief Financial Officer to the Budget Advisory Committee in February 2006 on whether any source of funding is available for a 2006 reserve fund contribution.

Recommendations

It is recommended that:

- (1) the Solid Waste Management Services 2006 Proposed Operating Budget of \$227.091 million gross and \$173.656 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000's)</u>	<u>Net</u> <u>(\$000's)</u>
Program Support	30,152.2	19,316.7
Collection	95,291.1	92,110.9
Transfer	24,480.6	12,752.8
Processing	31,149.1	9,096.4
Disposal	46,018.4	40,378.8
	<hr/>	<hr/>
Total Program Budget	<u>227,091.4</u>	<u>173,655.6</u>

- (2) Solid Waste Management Services report back to the Works Committee in March 2006 with respect to emerging issues that have costs/risks associated with the potential border closing to Toronto’s waste and contract renegotiations;
- (3) the funding for the 2 new requests for the by-law enforcement component of “Multi-Unit Residential Waste Reduction Levy” and “Mandatory Waste Diversion By-Law of Single Family Residences” be deferred for consideration with the 2007 Operating Budget process, and that the Deputy City Manager responsible for Solid Waste Management Services report back to the Works Committee by June 2006, on the coordination, implementation, and timing for the introduction of by-law enforcement of waste collection activities in the most effective and efficient way possible given existing available resources;
- (4) the 2006 Operating Budget for the Solid Waste Management Services by-law enforcement component, once approved, be transferred to the Municipal Licensing & Standards Division;
- (5) the \$3.166 million contribution from the 2006 Operating Budget to the Perpetual Care of Landfill Reserve Fund be deferred for consideration pending report back from:

The General Manager, Solid Waste Management Services, to the Budget Advisory Committee in February 2006 on the operational implications of not making a contribution in 2006 to the reserve fund, given the adequacy of the reserve fund; and,

The Deputy City Manager/Chief Financial Officer to the Budget Advisory Committee in February 2006 on whether any source of funding is available for a 2006 reserve fund contribution;

- (6) the General Manager, Solid Waste Management Services, report back to the Works Committee in March 2006 with the implications of how Council decisions that have been made since June 2005 may have an impact on the Program's ability to meet the 2008 to 2012 Diversion targets and time lines, as outlined in its Council-approved Business Plan (approved in June 2005), as well as the financial impacts of these decision on the City; and,
- (7) the Deputy City Manager responsible for Solid Waste Management Services and the Municipal Licensing & Standards Division report back to the Works Committee and the Planning & Transportation Committee prior to the start of the 2007 budget process with a proposal for the transfer of the total integrated by-law enforcement component from Solid Waste Management Services to the Municipal Licensing & Standards Division.

PART II: BASE BUDGET

Section A: 2005 Budget Variance Analysis

Table 2: 2005 Budget Variance Review

	2004 Actuals	2005 Approved Budget	2005 Projected Actuals *	2005 Approved vs Projected Actuals Variance Over / (Under)	
(In \$000s)	\$	\$	\$	\$	%
GROSS EXP.	209,086.0	225,219.4	216,796.3	(8,423.1)	(3.7)
REVENUES	54,010.7	59,931.1	55,610.4	(4,320.7)	(7.2)
NET EXP.	155,075.3	165,288.3	161,185.9	(4,102.4)	(2.5)
Approved Positions**	1,380.5	1,422.3	1,422.3	0.0	0.0

* 2005 Projected actual expenditures and revenues at year-end are based on the Revised 3rd Quarter Variance Report adjusted for cost of living adjustment (COLA) and wage harmonization impacts.

**Approved positions in 2004 and 2005 have been restated to reflect the allocation of approved positions from Support Services (2004: 78.6 and 2005: 78.8).

2005 Experience

The 2005 Solid Waste Management Services' gross expenditures are projected to be \$216.796 million at year-end, which is \$8.423 million or approximately 3.7% below the 2005 Approved Operating Budget gross expenditures of \$225.219 million.

The projected year-end gross revenue for Solid Waste Management Services is \$55.610 million. This represents a decrease of \$4.321 million or 7.2% in revenue compared to the 2005 Operating Budget of \$59.931 million.

The projection to year-end for Solid Waste Management Services net expenditures is \$161.186 million. This projection is \$4.102 million or 2.5% below the 2005 Approved net Operating Budget of \$165.288 million. This favourable projected year-end variance is mainly attributable to the following factors:

- Lower expenditures for the disposal of waste in Michigan resulting from the receipt of lower than budgeted paid and municipal waste tonnage;
- Revenues from the receipt of clean fill material at the Keele Valley Landfill have been higher than anticipated;
- Lower processing costs as a result of receiving fewer tonnes of source separated

organics than budgeted; and,

- Revenues from the Waste Diversion Ontario (WDO) to support the cost of the residential blue box recycling program will exceed budget.

Offsetting the above favourable variances are the following items:

- Lower revenues as a result of receiving lower than budgeted paid waste tonnes from the private sector;
- Not realizing net revenues as a result of the delay in implementing the Multi-Unit Residential Waste Reduction Levy until 2006; and,
- The budgeted recovery from the Federal government for costs associated with managing, processing, and removing material generated from the Asian Long-Horn Beetle infestation, will not be received.

Impact of 2005 Operating Variance on 2006 Proposed Budget

The following 2005 Operating Variances are expected to impact the 2006 Proposed Budget:

- Lower expenditures for the disposal of waste in Michigan are anticipated to continue, resulting from the receipt of lower paid and municipal waste tonnage, as waste diversion increases.
- Revenues from Waste Diversion Ontario (WDO) to support the cost of the residential blue box recycling program will continue at 2005 projected levels. Revenues have been maintained at 2005 actual levels.
- Lower revenues from the receipt of lower paid waste tonnes from the private sector are also expected to continue and have been adjusted in the 2006 Proposed Operating Budget.
- Delayed implementation/deferral of the Multi-Unit Residential Waste Reduction Levy.

Section B: 2006 Proposed Base Budget

Table 3: 2006 Proposed Base Budget

(In \$000s)	2005 Approved Budget	2006 Requested Base	2006 Proposed Base	Change 2006 Proposed Base v. 2005 Approved Budget		FY Incremental Outlook	
						2007	2008
	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	225,219.4	235,485.6	227,091.4	1,872.0	0.8	0.0	0.0
REVENUE	59,931.1	52,621.1	53,435.8	(6,495.3)	(10.8)	0.0	0.0
NET EXP.	165,288.3	182,864.5	173,655.6	8,367.3	5.1	0.0	0.0
Approved Positions	1,422.3	1,449.1	1,421.1	(1.2)	(0.1)	0.0	0.0
NET TARGET		168,594.1					
\$ Over / (Under) Program Target		5,061.5					
% Over / (Under) Program Target		3.0%					

2006 Proposed Base Budget

- The 2006 Proposed Base Budget of \$173.656 million net represents a 5.1% increase over Solid Waste Management Services’ 2005 Approved Budget of \$165.288 million.
- Solid Waste Management Services’ 2006 Proposed Base Budget is \$5.062 million or 3.0% over the target of \$168.594 million.
- Starting in 2006, Support Services is not recognized as a program in the operating budget review process. Expenditures and approved positions have been allocated to client operating budgets based on the services provided and the 2005 Approved Budget has also been adjusted accordingly.
- A revenue adjustment of \$3 million to fund the contribution to the Perpetual Care Landfill Reserve Fund from the 2005 operating surplus (if any) is being requested towards achieving the financial target and reducing base budget changes applied to the 2006 Adjusted Base Budget. The \$3 million contribution is a pressure to the budget and the Deputy City Manager/Chief Financial Officer is requested to report back to the Budget Advisory Committee in February 2006 on the appropriateness of using the Solid Waste Management Services’ operating surplus to fund the contribution to the Perpetual Care Landfill Reserve Fund. The General Manager, Solid Waste Management Services, is requested to report back to the Budget Advisory Committee in February 2006 on the implications of not making a contribution in 2006, as well as the adequacy of the reserve fund.
- There is a revenue adjustment of \$2 million for anticipated additional revenues from the sale of recyclable materials.

- Efficiencies in various areas within Solid Waste Management Services have been identified, and serve as further reductions to the base budget changes such as in the Collections and Transfer Services area.

2006 Key Cost Drivers

The 2006 net request has increased mainly as a result of the following:

Operational Cost Drivers Due to Waste Operations and Increased Diversion Initiatives

Solid Waste Management Service is experiencing increased costs for larger volumes collected and diverted. This is manifested in services such as the expansion of collection to more ABCDs, the expansion of the designated Asian Long-Horned Beetle infected area, and increased volumes of Hazardous Household Waste received during Environment Days and at permanent depots. Also, as the public participates more in diversion e.g. with the roll-out of the green bin program in North York, the associated costs are expected to increase.

Salary and Benefits

The 2006 Proposed Operating Budget contains salary and benefits pressures from the annualization of the Green Bin Program, Cost of Living Allowance (COLA), Arbitration Awards, increased fringe benefits costs and statutory holiday pay for employees working 10 hour shifts 4 days per week.

Other

- Economic factors for non-labour costs such as materials, supplies, and contracted services
- Lower costs for waste disposal due to lower expected paid and municipal waste tonnage
- Fleet fuel and maintenance costs
- Amendments to the implementation of the Multi-Unit Residential Waste Reduction Levy

Revenue

Revenues associated with volume include:

- Lower revenues from the receipt of paid waste due to expected lower paid tonnage from the private sector;
- Increased revenues from the sale of recyclable materials due to the increased volume of recyclable materials from the continued roll-out of the Three Stream Collection; and,
- Amendments to the implementation of the Multi-Unit Residential Waste Reduction Levy

**Table 4: Summary of Proposed Base Budget Changes
From 2005 Approved Budget**

	Summary of 2006 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2007	2008
(\$000's)		\$	\$	\$	\$	\$
2005 Approved Operating Budget	1,343.5	221,262.6	59,796.1	161,466.5	0.0	0.0
In-year approvals and technical adjustments	78.8	3,956.8	135.0	3,821.8	0.0	0.0
2005 Approved Operating Budget	1,422.3	225,219.4	59,931.1	165,288.3	0.0	0.0
Annualizations	(9.2)	4,558.1	(3,008.6)	7,566.7	0.0	0.0
Economic factors	0.0	4,710.4	85.0	4,625.4	0.0	0.0
Adjusted Base Budget	1,413.1	234,487.9	57,007.5	177,480.4	0.0	0.0
Other base changes	36.0	3,029.2	(2,061.7)	5,090.9	0.0	0.0
Base revenue changes	0.0	(2,031.5)	(2,324.7)	293.2	0.0	0.0
2006 Base Budget Request	1,449.1	235,485.6	52,621.1	182,864.5	0.0	0.0
Recommended Base Adjustments:						
Other base changes	(20.0)	(6,297.3)	(1,185.3)	(5,112.0)	0.0	0.0
Service efficiencies	0.0	(500.0)	0.0	(500.0)	0.0	0.0
Revenue adjustments	0.0	0.0	2,000.0	(2,000.0)	0.0	0.0
Minor service impact	(8.0)	(1,596.9)	0.0	(1,596.9)	0.0	0.0
Major service impact	0.0	0.0	0.0	0.0	0.0	0.0
Total Proposed Base Adjustments	(28.0)	(8,394.2)	814.7	(9,208.9)	0.0	0.0
2006 Proposed Base Budget	1,421.1	227,091.4	53,435.8	173,655.6	0.0	0.0
2006 Program Operating Target	N/A	N/A	N/A	168,594.1		
% Over (Under) Program Target	N/A	N/A	N/A	3.0		
% Over (Under) 2005 Approved Budget	(0.1)	0.8	(10.8)	5.1		

Section C: 2006 Base Budget Issues**Key Issues / Recommendations**

- The 2006 Proposed Operating Budget is \$5.062 million or 3.0% over the operating guideline of 2% over the 2005 Approved Adjusted Operating Budget, and is attributable to key cost drivers which, as indicated earlier, include salary and volume-driven costs (see page 8):

Salary & Benefits

- Salary and benefits pressures from COLA, fringe benefits, and statutory holiday pay for employees working 10 hour shifts 4 days per week

Volume-Driven Costs

- Increased costs for larger volumes collected and diverted.
- Lower costs for waste disposal due to lower expected paid and municipal waste tonnage
- Lower revenues from the receipt of paid waste due to expected lower paid tonnage from the private sector.
- Increased revenue from Waste Diversion Ontario to support the cost of the residential blue box recycling program, as a result of increased waste diversion activities in the City of Toronto.
- Increased revenues from the sale of recyclable materials due to the increased volume of recyclable materials from the continued roll-out of the Three Stream Collection.

Other

- Inflationary increases for non-labour costs such as materials, supplies, and contracted services
- In order to achieve the guideline level of 2% over the 2005 Approved Adjusted Operating Budget, Solid Waste Management Services will either have to make further service cuts, or seek out additional sources of revenue. Solid Waste Management Services has thus far found further efficiency savings and additional revenue sources to bring the budget closer to their 2% target guideline.
- A contingency plan for the potential closure of the U.S.-Canada border to the City of Toronto's solid waste is in progress, and Solid Waste Management staff will report back with the financial implications as they become available.

Other Base Budget Changes**Perpetual Care of Landfill Reserve Fund**

There was a one-time funding for the Perpetual Care Reserve Fund contribution (\$3 million) in 2005 from the 2004 Operating Surplus. In 2006, the \$3.166 million contribution to the Perpetual Care of Landfill Reserve Fund presents a pressure to the Program, which in its submission has requested be funded by projected surplus (if any) from the 2005 Operating actual expenditures.

Under provincial legislation, the Program is responsible for the perpetual care of 158 closed City landfill sites after primary operations have ended. Current projections indicate that the reserve fund will provide for perpetual care expenses only until 2011; therefore contributions are required. A staff report from the Acting Commissioner, Works and Emergency Services, and the Chief Financial Officer & Treasurer, entitled "Adequacy of Perpetual Care of Landfill Reserve", dated November 3, 2004 recommended an annual operating fund contribution of \$3 million to the Perpetual Care Reserve Fund with increases of 5.55% each year thereafter.

The 2006 contribution was anticipated to be funded from projected 2005 surplus, however, use of that surplus for this purpose cannot be determined until the City's year-end financial position is known. As per the variance at September 30, 2005, the City is projecting a year-end deficit and any Program surplus will first have to be applied to offset any actual deficit. Therefore it is recommended that the \$3.166 million contribution from the 2006 Operating Budget to fund the Perpetual Care of Landfill Reserve Fund, as well as the contribution's funding, be deferred for consideration pending (a) a report back from the General Manager, Solid Waste Management Services, jointly with the Deputy City Manager/Chief Financial Officer, to the Budget Advisory Committee in February 2006 on the operational implications of not making a contribution in 2006, given the adequacy of the reserve fund; and (b) a report back from the Deputy City Manager/Chief Financial Officer to the Budget Advisory Committee in February 2006 on any source of funding available for the 2006 contribution. In the event that funding is not available, Council will have to make a decision on whether to increase the 2006 Operating Budget by \$3.166 million to fund the reserve contribution.

Multi-Unit Residential Waste Reduction (Levy) (Apartments and Condominiums)

The 2006 Base Budget submission included \$2.024 million net for the implementation of by-law enforcement. The request for funding of by-law enforcement has now been transferred out of the base budget and is now presented as a new request (see *2006 New Council Priorities* section).

The Multi-Unit Residential Waste Reduction (Levy) is comprised of two component functions: one "base" (2005 approved) with responsibility to divert waste for multi-residential units, and the other "new" for the by-law enforcement of the multi-residential waste collection as a result of the Council Approved amended Works Committee Report tabled at the Works Committee meeting held on June 29, 2005.

The first function has been funded in the 2006 Proposed Base Budget and reflects the change of Council's decisions which changed the levy structure such that multi-unit buildings which

achieved a target level of diversion would be exempt from paying any levy for undiverted waste. The impact of the amendments is a net pressure of \$2.055 million to the 2005 Approved Base.

The second portion is a “new” by-law enforcement request for funding of multi-residential units diversion. This proposal was also impacted by amendments made by Works Committee such that a delay in billing the levy until 2006 and lowering the target level of diversion, created a net cost versus a net revenue for the City. This new request enforcement portion (\$1.610 million net in 2006 and \$0.421 million net in 2007) has been transferred from “Base Budget Changes” and reclassified as a “New and Enhanced Service Change”. This “new” 2006 request is not being recommended at this time due to financial constraints and the planning of a broader, more coordinated, and cost-effective enforcement strategy.

Service Level Changes

The majority of the service level adjustments proposed by the Program are efficiencies totaling \$1.597 million net and result in a reduction of 8 approved positions.

The service level change to defer the “Return Support Services Shift in costs to Water Rate” proposal in the amount of \$0.641 million net has not been proposed. It is necessary to ensure that Support Services costs are accurately realigned to capture the appropriate funding source. In this case, Toronto Water and the Water Rate had been funding costs more associated with tax-supported Program activities.

Revenue Changes

Included in the base budget is an increase in revenues of \$2 million for the sale of recyclable materials. Actual 2006 revenues will be dependent on prevailing market rates and volumes marketed.

3 Year Operating Budget Overview

The Solid Waste Management Services Operating Budget is directly linked to the Capital Program and the Multi-Year Business Plan, and is impacted by future facilities for diversion that are planned.

The 3 year plan for Solid Waste Management Services is based on fulfilling the goals outlined in their Mission Statement and supported by its Business Plan. This would incorporate providing effective and efficient waste management and resource recovery services to residents, visitors and businesses in the City of Toronto in order to maintain a clean and healthy City, and to minimize the impact of waste on the environment. The division’s mandate includes the collection of waste/recyclables/organics; the operation of transfer stations; blue box Material Recovery Facilities (MRF), a Source-Separated Organics (SSO) processing facility and an enhanced Litter Program to support the Clean and Beautiful City initiatives. The Program also manages several waste diversion programs including: source separated organics collection and processing, environment days, backyard composter distribution, recovery of household hazardous waste, tire and white goods recycling.

The focus of the 2006 operating budget is on achieving Council approved diversion targets, securing long term processing and residual waste treatment capacity, managing closed landfill sites as well as working towards Council priorities, such as Clean & Beautiful City. Primarily, the Program is responsible for providing collection, transfer and disposal services for residual waste and the collection, transfer and processing of recyclable and organic materials throughout the City as well as for the City's Programs, Agencies, Boards, and Commissions. The Program also accepts waste from the commercial sector. As well, the Program coordinates with other City Programs and ABCs, activities that support the Mayor's Clean & Beautiful City Program.

A large proportion of the Program's 2006 Budget increases are driven by the key cost drivers indicated earlier, including the City's diversion initiative. Given the substantial resources required to achieve the Task Force 2010 diversion target, the public's sensitivity to the initiative, as well as the City's affordability factor, Solid Waste Management Services potentially faces significant challenges in future years. Further complicating the situation is the possibility of the closure of the U.S. border to Toronto's waste.

Solid Waste Management Services has found efficiency savings through service reviews and/or service rationalizations, as well as revenue sources, towards attaining the 2% target in 2006 and the 0% target in 2007 and 2008. However, the requirement to meet the 0% target will negatively impact the Division's ability to manage Council priorities. Therefore the General Manager, Solid Waste Management Services, is requested to report back to the Works Committee in March 2006 with the implications of how Council decisions that have been made since June 2005 may have an impact on the Program's ability to meet the 2008 to 2012 Diversion targets and time lines, as outlined in its Council-approved Business Plan (approved in June 2005), as well as the financial impacts of these decisions on the City.

Service Levels, Delivery, or Gap Issues

Solid Waste Management Services is expected to continue experiencing significant operating pressures. It is anticipated that these pressures will continue in future years and as a result, the current service levels being provided will be difficult to sustain. These include: increased waste diversion initiatives to meet the City's 60% reduction target by 2008, renewal of waste/recycling collection/processing contracts, the potential for the market prices of recycling materials to decline, the cost of contracted disposal in Michigan, the risk of a border closure, and startup of the Environmental Assessment process for new and emerging technologies.

Issues Referred to 2006 Operating Budget Process

There were no base budget issues referred to the 2006 Operating Budget process.

Outstanding Issues from 2005 and Prior Years

The transfer of the by-law enforcement team from Solid Waste Management Services to the Municipal Licensing and Standards Division remains outstanding. The Program will be making the transfer of the 2006 Operating Budget for Solid Waste Management Services by-law enforcement to the Municipal Licensing & Standards Division, subsequent to Council approval of the 2006 Operating Budget.

Appendix A

Summary of Service Level Adjustments

PART III: NEW COUNCIL PRIORITIES

Section D: 2006 Proposed New Council Priorities

**Table 5: Summary of 2006 Proposed New Council Priorities
(\$000)**

Council Priority	Description	Total 2006 New Requests		2006 Not Proposed		2006 Proposed Council Priorities		Proposed New Positions	Net Incremental Impact	
		Gross Exp.	Net Exp.	Gross Exp.	Net Exp.	Gross Exp.	Net Exp.		2007	2008
		\$	\$	\$	\$	\$	\$	#	\$	\$
Council Priorities:										
	Sub-Total Council Priorities									
New Requests Referred to 2006 Operating Budget:										
	Enforcement of Mandatory Waste Diversion By-Law of Single Family Residences	359.2	359.2	359.2	359.2					
	Single Point Waste & Recyclable Collection in Townhomes	305.8	305.8	305.8	305.8					
	Waste Bag Reduction Limit from 6 to 5 Bags									
	Sub-Total Referred	665.0	665.0	665.0	665.0					
New Program Requests:										
	Multi-Unit Waste Reduction Levy - Works Committee Amended	2,790.0	1,610.0	2,790.0	1,610.0					
	TPD - Operational Support	265.6	265.6	265.6	265.6					
	Clean & Beautiful City	187.1	187.1	187.1	187.1					
	SSO Collection in Apartments	160.3	160.3	160.3	160.3					
	Support Services	155.2	155.2	155.2	155.2					
	Technical Services Chargeback	50.9	50.9	50.9	50.9					
	Sub-Total New Program Requests	3,609.1	2,429.1	3,609.1	2,429.1					
Total New Council Priorities		4,274.1	3,094.1	4,274.1	3,094.1					
Council Priority 1 - Improve Public Service 2 - Make Progress on the Waterfront 3 - Improve Business Climate 4 - Make Toronto a clean and beautiful city 5 - Strengthen our at-risk neighbourhoods 6 - Ensure housing is affordable 7 - Get the powers and funding needed for Toronto to succeed 8 - Improve the planning process 9 - Increase public involvement in civic affairs 10 - N/A										

Key Issues / Recommendations***2006 New Council Priorities***

Due to budgetary restrictions, funding for new and enhanced services is strictly limited in 2006 to those requests which support Council's highest priorities (i.e. "Clean and Beautiful City", 3-1-1 Customer Service Strategy, Neighbourhoods at Risk and Year of Creativity).

For 2006, the Program is requesting 9 new and enhanced services that relate to Council's "Improve Public Service" priority that will assist the Program in achieving its Diversion targets. However, none of these correspond to Council's approved *Action Plan*. Consequently, unless there is corporate direction to the contrary as well as the requisite operating funding to support these initiatives, none are proposed. In the case of Solid Waste Management Services, of the 9 requests, funding for 3 new requests are items referred by Council to the 2006 Operating Budget process.

As a result, the General Manager, Solid Waste Management Services, has been requested to report back to the Works Committee in March 2006 with the implications of how Council decisions that have been made since June 2005 may have an impact on the Program's ability to meet the 2008 to 2012 Diversion targets and time lines, as outlined in its Council-approved Business Plan (approved in June 2005), as well as the financial impacts of these decision on the City.

New Requests Referred to 2006 Operating Budget Process

The 3 issues listed below were directionally approved by Council; however the funding of these initiatives was referred to the 2006 budget process. It should be noted that all 3 were submitted as new requests. While these 3 new requests are driven by the Council priority to "Improve Public Service", and more specifically, the City's Waste Diversion Initiative, the scarcity of financial resources continues to be a major constraint, and therefore preclude their recommendation in 2006 even though they have been approved in principle by Council.

Instead, it is recommended that Solid Waste Management Services defer the 3 requests to 2007 and that the Deputy City Manager responsible for Solid Waste Management be requested to report back to the Works Committee and the Planning & Transportation Committee on a proposal for a coordinated, cost-effective, and efficient implementation strategy with respect to the 3 initiatives prior to the start of the 2007 budget process.

1. Enforcement of Mandatory Waste Diversion By-Law (Single family residences)
2. Waste bag Reduction Limit from 6 to 5 Bags (Single family residences)
3. Single Point Waste & Recyclable Collection (Townhomes)

1) Enforcement of mandatory waste diversion by-law (Single family residences)

Works Committee at its meeting of June 29, 2005 referred Works Committee Report 7 Clause 16(c) "Enforcement of Mandatory Waste Diversion By-Laws for Single Family" to the Budget Advisory Committee for consideration with the 2006 budget process. The original funding request of \$0.806

million was to be used to hire six By-Law Enforcement Officers and one administrative support person and as well as funds for vehicle related costs.

The approved report recommended the hiring of six Bylaw Enforcement Officers. Solid Waste Management Services has further reviewed the requirements and have revised their funding request for only four Bylaw Enforcement Officers in 2006. Staff will review the need for additional Bylaw Enforcement Officers during the year and if a need arises, the positions will be requested through the 2007 Operating Budget process.

It has been proposed that the enforcement of this by-law and the associated budget be transferred from Solid Waste Management Services to the Municipal Licensing and Standards Division as part of the transfer of a combined by-law enforcement team. The Program submitted a new request for \$0.359 million net funding and 5 positions in 2006, and \$0.252 million net funding and 2 positions in 2007.

It is recommended that the funding be deferred to 2007 due to financial constraints and that the Deputy City Manager responsible for Solid Waste Management Services report back prior to the start of the 2007 budget process to the Works Committee on a proposal for a coordinated, cost-effective, and efficient strategy for implementation.

2) Waste bag reduction from 6 to 5 bags (Single family residences)

Works Committee at its meeting of June 29, 2005 considered Works Committee Report 7 Clause 16(d) "Reduction of Solid Waste Bag Limit from Six to Four Items in Single-Family Homes". Council approved a Works Committee recommendation that changed the limit per household per bi-weekly collection from six to four bags, to six bags to five bags. The request for additional funding was referred to the Budget Advisory Committee for consideration with the 2006 budget process. The funding of \$0.549 million is intended for communication and education as well as for the manufacturing and administration of bag tags.

The Program submitted a new request for \$0.306 million net funding.

It is recommended that the funding be deferred to 2007 due to financial constraints and that the Deputy City Manager responsible for Solid Waste Management Services report back prior to the start of the 2007 budget process to the Works Committee on a proposal for a coordinated, cost-effective, and efficient strategy for implementation.

3) Single point waste & recyclable collection (Townhomes)

This request pertains to door-to-door collection of waste and recyclables from small residential buildings not currently serviced (e.g. townhouses). This initiative is detailed in the Works Committee Report entitled "Proposed Solution to Single Point Set Outs of Waste and Recyclables in Existing Townhouse Developments (All Wards)", dated February 15, 2005. The implementation of this initiative was referred to the 2006 Operating Budget review process. Solid Waste Management Services has reviewed the implementation of this program and recommends that it be deferred to 2007.

The Program deferred the start of this program to 2007 and has included this initiative of \$2.259 million net funding and 19 positions in the 2007 Outlook.

2006 New Program Requests

There are a total of 6 new program requests. The request pertaining to Multi-Unit Residential Waste Reduction Levy By-Law Enforcement for apartment and condominium buildings, will be discussed first.

1) Multi-Unit Waste Reduction (Levy) (Apartments and Condominium Buildings): By-Law Enforcement

Council adopted the implementation of the Multi-unit Residential Waste Reduction Levy as amended by Works Committee at its meeting on June 29, 2005. The Levy billing will be delayed until July 1, 2006 with mock billing starting on January 1, 2006. Under the Levy, each condominium and apartment building is given a fixed amount of no-charge undiverted waste volume per week/year based on the amount of waste the building should produce if it were to recover recyclables to the same extent as the average single home. If a building stays within the no-charge waste limit, there is no levy. If, however, the volume is exceeded, a levy is paid on the excess waste. Details are contained in the Works Committee Report entitled "Implementation of Multi-Unit Waste Reduction Levy, All Wards", dated June 20, 2005.

Approval of the delay in the billing of the levy until July 2006 and the no-charge waste limit resulted in a reduction in previously expected revenues in 2006. Moreover, there will be increases in the operating costs resulting from the addition of the by-law enforcement needed for monitoring. The approved report recommended the hiring of sixteen bylaw officers. Solid Waste Management Services has further reviewed the requirements and reduced the request to ten positions for 2006. The Program will review the need for additional Bylaw Enforcement Officers during the year and if a need arises, the positions will be requested through the 2007 Operating Budget process.

Within the 2006 Operating Budget, the waste diversion activity for multi-residential units is comprised of two portions: one "base" and the other "new". The first is part of the 2005 Approved Base which pertains to diversion and collection activities for multi-residential units. The Base Budget reflects pressures created by Council's decisions which changed the levy structure such that multi-unit buildings which achieved a target level of diversion would be exempt from paying any levy for undiverted waste.

The second portion is a "new" 2006 Enhanced Budget Change request for by-law enforcement, which is also impacted by Council's decisions, creating a net expenditure resulting in a net cost to the City instead of being offset by previously expected levy revenue. It has been proposed that the enforcement of this waste diversion function and the associated budget be transferred from Solid Waste Management Services to the Municipal Licensing and Standards Division as part of the transfer of the by-law enforcement team. The Program submitted a new request for \$1.610 million net funding and 14 positions.

It is recommended that the funding be deferred to 2007 due to financial constraints and that the Deputy City Manager responsible for Solid Waste Management Services report back to the Works Committee prior to the start of the 2007 budget process on a proposal for a coordinated, cost-effective, and efficient strategy.

There are an additional 5 New Program Requests totaling \$0.819 million gross and net. While these requests relate to a Council priority, none are 100% funded. Since all recommended new program proposals are to be restricted to items that are 100% funded, none of the 5 requests in this category is being proposed for inclusion into the Solid Waste Management Services 2006 Operating Budget.

Appendix B

Summary of Council Priority Services and New Service Requests