

Cancellation of the Multi-Unit Waste and Recycling Container Rental Program and Sale of Assets

Date:	May 16, 2007
To:	Public Works and Infrastructure Committee
From:	Geoff Rathbone, Acting General Manager, Solid Waste Management Services
Wards:	13, 14, 16, 17, 18, 19, 20, 21, 22, 25, 27, 28, 29, 30, 31, 32
Reference Number:	p:/2007/swms/may/013PW.doc

SUMMARY

The purpose of this report is to request authority to terminate the Bulk Lift Multi-Unit Waste and Recycling Container Rental Program in former Toronto on January 1, 2008 and to provide recommendations for harmonizing the waste and recycling collection container provision policy in multi-unit residential buildings receiving City of Toronto collection services.

RECOMMENDATIONS

The Solid Waste Management Services Division recommends that:

1. the Acting General Manager, Solid Waste Management Services, be directed to terminate the Multi-Unit Waste and Recycling Container Rental Program in former Toronto effective January 1, 2008.
2. the Acting General Manager, Solid Waste Management Services, be directed to offer for sale, by January 1, 2008, any waste containers currently rented to customers, other than the Toronto Community Housing Corporation (TCHC), at the rates proposed in Appendix A.
3. the Acting General Manager, Solid Waste Management Services, be directed to enter into an agreement with the TCHC whereby on July 1, 2007 the TCHC will purchase the waste containers currently rented to TCHC at the rates proposed in Appendix A.

4. the Acting General Manager, Solid Waste Management Services, in consultation with the City Solicitor, be directed to review and amend the appropriate by-laws.
5. the Acting General Manager, Solid Waste Management Services, be directed not to provide any additional waste or recycling containers to existing customers or new developments effective July 1, 2007.

Financial Impact

Currently the Multi-Unit Waste and Recycling Container Rental Program generates approximately \$229.3 thousand net revenues annually. Cancellation of the Multi-Unit Waste and Recycling Container Rental Program will result in an incremental net revenue increase of approximately \$277.9 thousand and \$727.1 thousand in the years 2007 and 2008 respectively. Beginning in 2009 and for future years there will be no net revenues being generated from this program. The 2008 Operating Budget will be adjusted to reflect the impact of cancelling the Multi-Unit Waste and Recycling Container Rental Program.

The table below reflects the yearly financial impact of the cancellation of this program for the years 2007 to 2012.

Financial Comparison of Continuing vs. Terminating Rental Program (\$000's):

	2007	2008	2009	2010	2011	2012
A. Status Quo With Continuation of Rental Program:						
Revenue	921.7	921.7	932.7	943.7	954.7	965.7
Less Expense	(692.4)	(692.4)	(694.6)	(696.8)	(699.0)	(701.2)
Annual net Revenue	229.3	229.3	238.1	246.9	255.6	264.4
B. Termination of Rental Program:						
Revenue	1,199.6	1,133.3				
Less Expense	(692.4)	(176.9)				
Annual net Revenue	507.2	956.4	0.0	0.0	0.0	0.0
Annual Net Revenue Impact of Termination of Rental Program	277.9	727.1	(238.1)	(246.9)	(255.6)	(264.4)

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Following amalgamation of the City of Toronto, Solid Waste Management Services staff presented a report recommending three options for harmonizing the provision of waste and recycling containers and carts for all former municipalities. The report can be found at: <http://www.toronto.ca/legdocs/2000/agendas/committees/wks/wks000207/it006.htm>. Options included having the building owners or property managers provide their own waste containers, extending the Waste and Recycling Container Rental Fee Program City-wide or implementing a service fee to generate revenue equal to the cost of waste

collection, transfer, disposal, and waste container costs. It was proposed that the service fee option be structured proportionally to the level of use of these services.

At its meeting of January 26, 2001 the former Works Committee had before it a report titled “Harmonization of Waste Management Services for Multi-Unit Residential Buildings Where the City Provides Collection Services.” This report can be found at: <http://www.toronto.ca/legdocs/2001/agendas/council/cc010306/pof2rpt/cl013.pdf>. The recommendations in the report were considered but not adopted.

ISSUE BACKGROUND

The Waste and Recycling Container Rental Program has been in place in former Toronto (pre-amalgamation) for over 20 years. It provided multi-unit residential buildings in former Toronto with the option of renting bulk lift waste containers at a rate of \$30.00/each (2006 prices) per month. The program was initially established as a condition of receiving municipal collection services. The program still remains active, however participation is no longer mandatory.

Included in the rental fee for the waste containers, multi-unit residential buildings were provided with recycling containers and carts at no additional charge.

The rental fee included ongoing maintenance to the waste containers and replacement of the recycling containers and carts as required.

There are approximately 590 buildings participating in the program with 2,505 waste containers in service.

COMMENTS

Prior to the proposed termination of the program (January 1, 2008), Solid Waste Management Services staff will offer an age-based, pro-rated pricing structure for those customers who wish to purchase their rental waste container(s). Customers that choose not to purchase their rental waste container(s) will be responsible for purchasing their own replacement containers.

Waste containers not purchased by existing customers will be offered to the TCHC at a rate to be negotiated.

Waste containers that have been rented for ten or more years will be offered to rental program customers at no charge. In most cases, after ten years, the capital and related program cost of purchasing the container has been covered through the rental fee.

Multi-unit residential building owners and property managers will be permitted to continue using the recycling containers and carts that were provided free of charge during the rental program period. However, obtaining additional recycling containers or carts

and container repair and maintenance will become the responsibility of the building owner and/or property manager.

Ending the rental program in former Toronto will harmonize the policy for the provision of waste, recycling and any other applicable containers for all multi-unit residential buildings across the City of Toronto. Currently, all multi-unit residential buildings in the City of Toronto, with the exception of former Toronto, must supply their own waste and recycling containers as specified by the City. Harmonization of this waste management policy will help create a uniform platform for multi-unit residential building owners and property managers across the City prior to implementation of the SWM 70% Diversion Program.

Existing customers, other than TCHC, will continue to have maintenance provided on their rental bins until January 1, 2008.

The recommended pro-rated pricing structure is based on the average purchase cost of the waste container to the City of Toronto and is displayed in Appendix A.

Toronto Community Housing Corporation (TCHC)

Solid Waste Management Services staff has been approached by representatives from the TCHC regarding the program. They have proposed to purchase, from the City, all of the waste containers they have been renting through the program effective July 1, 2007. The TCHC has rental agreements for approximately 540 waste containers and other associated recycling containers.

Upon report approval, staff will enter into negotiations with TCHC representatives to proceed with the sale of the waste containers to the TCHC based on the proposed pricing schedule as listed in Appendix A. As a component of the purchase agreement, the TCHC will assume ownership of the recycling containers and carts that were provided free of charge during the container rental period. Maintenance of waste containers and provision of recycling containers and carts will become solely the responsibility of the TCHC subsequent to the purchase.

Staffing

There are two Local 416 staff who provide field service to the rental container program. At the end of the program, these two staff will be reassigned to other areas of the collection operation.

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SIGNATURE

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ATTACHMENTS

Appendix A – Proposed Container Pricing and Estimated Proceeds From Sale