



STAFF REPORT ACTION REQUIRED

Recommended 2014 Solid Waste Rates

Date:	October 23, 2013
To:	Budget Committee
From:	General Manager, Solid Waste Management Services Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2013\Cluster B\SWM\November\017BC (AFS#17524)

SUMMARY

This report outlines the recommended 2014 Solid Waste Rates arising from concurrent adoption of the 2014 Solid Waste Management Services Recommended Operating and Capital Budgets. The recommended Rates include a 3% increase from the 2013 Rates as well as harmonizing all rates for Agencies, Boards, Corporations, Divisions, and Schools, to the Commercial rates, and recommending a slower phase in of fees for Charities, Institutions and Religious Organizations at 25% of the Commercial rates.

The expected revenue change from the recommended 3% increase on all Solid Waste Management rate fees is approximately \$7.737 million. The recommended 2014 Solid Waste Rates report balances fiscal constraints while maintaining critical progress on waste diversion initiatives, operational improvements and capital investments in state of good repair and new infrastructure.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer recommend that:

1. City Council adopt the 2014 Solid Waste Rates as set out in Appendix A to become effective on January 1, 2014;
2. City Council to harmonize all rates for Agencies, Boards, Corporations, Divisions and School Boards to the Commercial rate with the increase to be phased in as follows:

- i) beginning January 1, 2014 by 25% of the difference between the Commercial rates and the 2013 rates; beginning January 1, 2015 by 50% of the difference between the Commercial rates and the 2013 rates, beginning January 1, 2016 by 75% of the difference between the Commercial rates and the 2013 rates and beginning January 1, 2017 at 100% of the Commercial rates;
3. City Council re-introduce fees for Charities, Institutions and Religious Organizations at a phased in rate as follows:
 - i) beginning January 1, 2014 at 25% of the Commercial rates, beginning January 1, 2015 at 50% of the Commercial rates, beginning January 1, 2016 at 75% of the Commercial rates and beginning January 1, 2017 at 100% of the Commercial rates;
4. City Council to introduce Tip fees for the disposal of recyclable materials and tire loads by Agencies, Boards, Corporations and Divisions and Schools at City of Toronto Transfer Stations to be phased in as follows:
 - i) beginning January 1, 2014 at 25% of the Commercial rates, beginning January 1, 2015 at 50% of the Commercial rates, beginning January 1, 2016 at 75% of the Commercial rates and beginning January 1, 2017 at 100% of the Commercial rates;
5. City Council amend the rate structure for Agencies, Boards, Corporations and Divisions and School Boards curbside bin rates to an annualized rate by frequency to mirror all other curbside rate structures;
6. City Council amend the rate structure for Residential Units Above Commercial Weekly Bag Only fee to mirror all other Residential Bag Only Fees;
7. City Council introduce a fee for Premium Organics collection for Agencies, Boards, Corporations and Divisions and School Boards that mirrors the current Premium Organics collection fee for Commercial Customers;
8. City Council authorize the General Manager, Solid Waste Management Services, to negotiate and amend the Agreement between the City of Toronto and Rehrig Pacific Co., dated December 10, 2007 (in connection with Purchase Order No. 47013061) to allow for an additional \$13 million for the supply and maintenance of garbage and recycling bins for residential and non-residential customers until November 30, 2017, on terms and conditions satisfactory to the General Manager, Solid Waste Management Services and in a form satisfactory to the City Solicitor;
9. City Council to harmonize the “Gate Rate” Disposal Fees for Beneficial Materials, Industrial, Commercial and Institutional Waste (IC&I) and Municipal Solid Waste at Green Lane Landfill to mirror City Transfer Stations waste load fee;

10. City Council increase various disposal fees at Green Lane Landfill as set out in Appendix A;
11. City Council consider this report concurrently with the 2014 Recommended Capital Budget, 2015-2023 Capital Plan and the 2014 Recommended Operating Budget of the Solid Waste Management Services; and
12. City Council direct the City Solicitor to submit the necessary bills to Council required to implement the above recommendations.

Financial Impact

Solid Waste Management Services Operating Budget is fully funded from a combination of user fee revenue, reserve funds, sale of recyclables and industry stewardship funding. The property tax budget is not impacted by adoption of the recommendations contained in this report.

The Recommended 2014 Residential Volume-Based Solid Waste Rates are expected to generate \$252.170 million in revenue representing 71% of total revenues. The other 29% of total revenues (\$102.066 million) will be generated from the sale of recyclable materials, industry stewardship funding, tipping fees, paid commercial waste, and recoveries for waste collection from City agencies and programs. The revenue change from the 3% increase on all Solid Waste Management rate fees is approximately \$7.737 million where every 1% is equivalent to \$2.579 million. These revenues will provide funding to support Solid Waste Management Services' operations, capital projects and initiatives to help achieve the 2014 projected waste diversion goal of 55% and achieve a target of 70% diversion by 2016. For 2014, the recommended user fees represent a 3% change over 2013 approved user fees. The revenue to be generated from the recommended user fees is reflected in the 2014 Recommended Operating and Capital Budgets for Solid Waste Management Services.

The Capital Budget and Plan of Solid Waste Management Services are mainly funded by recoverable debt, reserve funds and industry stewardship funding. The City issues debt on behalf of Solid Waste Management Services capital works and debt servicing costs are repaid by Solid Waste Management Services through its operating user fee revenues.

In 2014, the Solid Waste Management Services Operating Budget includes \$10.086 million to repay debt issued to fund capital infrastructure needs and \$18.500 million to repay debt issued to fund the Green Lane Landfill acquisition. The Program partially funds capital projects through operating contributions to the Waste Management Reserve Fund and the Perpetual Care of Landfills Reserve Fund.

For the 2014 10-Year Capital Plan including one year carry forward, \$289.681 million or 40.9% of all funding is provided by the Waste Management Reserve Fund (\$173.2 million), Perpetual Care Reserve Fund (\$91.2 million) and Green Lane Reserve Fund (\$25.2 million). The longer term goal is to fully fund the Solid Waste Management Services 10-Year Capital

Plan through the Waste Management Reserve Fund, supported by annual operating contributions generated through user fees.

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

DECISION HISTORY

Service Standard Compliance

At its meeting September 20, 2013, Public Works and Infrastructure Committee adopted Motion 2 of PW25.16 “2014 Service Level Review – Public Works and Infrastructure Committee Programs”.

The Committee Decision can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.PW25.16>

Multi-Residential Diversion

At its meeting June 19, 2013, Public Works and Infrastructure Committee adopted the motion in Public Works and Infrastructure Committee PW24.5 “Green Bin Implementation in Multi-Residential Buildings and Waste Reduction/Diversion Education Initiatives”.

The Committee Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.PW24.5>

2013 Solid Waste Rates

At its meeting November 27, 28 and 29, 2012 City Council adopted the recommendations in Executive Committee Report EX25.10 “2013 Rate Supported Budgets - Solid Waste Management Services and Recommended 2013 Solid Waste Rates (Item BU31.2)”.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.10>

Non-Residential Special Category

At its meeting October 2, 3 and 4, 2012, City Council adopted the recommendations in the Public Works and Infrastructure Committee Report PW17.14 “Solid Waste Management Donated Items Reduced Rate for Non-Residential Special Category”.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.PW17.14>

Redirection of Waste

At its meeting June 14 and 15, 2011, City Council adopted the recommendation in the Public Works and Infrastructure Committee Report PW4.6 “Contract Award: Request for Quotation 6035-11-3030 for the Provision of Contingency Final Disposal Capacity within Ontario”.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.PW4.6>

Target 70

At its meeting June 19, 20 and 22, 2007, City Council adopted EX9.1 “Proposed Initiatives and Financing Model to Get to 70% Solid Waste Diversion by 2010”. The plan included principles for the new solid waste rates which removes Solid Waste Management Services’ operating and capital costs from the property tax base.

The City Council Decision document can be viewed at:

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-06-19-cc10-dd.pdf>

ISSUE BACKGROUND

An increase of 3% to all Solid Waste user rates/fees is recommended for 2014 to offset the projected operating cost pressures and continuing capital reserve contributions. The recommended rate increase, if approved, is less than the 3.5% annual increase as projected in Executive Committee report EX9.1 “Proposed Initiatives and Financing Model to Get to 70% Solid Waste Diversion by 2010” adopted by City Council on June 19, 20 and 22, 2007. In addition, it is equal to the rate increase projected in the 3 year rate model in Executive Committee Report EX25.10 “2013 Rate Supported Budgets - Solid Waste Management Services and Recommended 2013 Solid Waste Rates” adopted by City Council on November 27, 28 and 29, 2012.

The main pressures to the 2014 SWMS budget are the following:

- Economic factors – Labour and Non Labour (\$1.09M)
- Redirection of Waste to other approved landfills (\$6.14M)
- Collections & Processing Contracts - Volume / Price Adjustments (\$3.37M)

Adoption of the concurrent Solid Waste Management Recommended 2014 Operating, 2014 Capital Budget and 2015-2023 Capital Plan, together with the waste rate structural changes, will put into affect the 2014 waste rates outlined in this report.

COMMENTS

2014 Operating Budget

The 2014 Recommended Operating Budget gross expenditures are \$354.236 million. The Residential Volume-Based Solid Waste Rates will generate \$252.170 million in volume-based program revenue representing 71% of total revenues. The other 29% of total revenues or \$102.066 million will be generated from the sale of recyclable materials, industry stewardship funding, tipping fees, paid commercial waste and recoveries for waste collection from City agencies and programs.

The 2014 Recommended Operating Budget Changes are outlined in Table 1 below:

	Net Expenditures (in millions)	% of Rate Increase/ (Decrease)
2014 Recommended Operating Budget Changes		
Economic Factors - Labour Expenditures	\$ 0.69	
Economic Factors - Non-Labour Expenditures	\$ 0.40	
Collections & Processing Contracts - Volume/Price Adj.	\$ 3.37	
Green Lane Operation Budget Adjustment	\$ (1.07)	
Alternate Ontario Landfill Disposal	\$ 6.14	
City of Toronto (GLL) Waste Payment Adjustment	\$ (1.75)	
IDC/IDR Reconciliations and Adjustments	\$ 1.86	
Adjustment of Contribution to Reserves and Reserve Funds	\$ 2.91	
Line by Line Budget Review & Reduction	\$ (1.29)	
Volume-Based User Fees - Volume Changes	\$ 0.61	
Yellow Tag Program - Volume Adjustment	\$ 0.78	
RUAC Weekly Bag Only Fee Adjustment (<i>Recommendation 6</i>)	\$ (0.49)	
School Fees - Volume Adjustment	\$ (0.24)	
Sale of Recyclable Materials Revenue Adjustment	\$ 1.24	
Other Processing Revenue Changes	\$ (0.47)	
Provincial Funding Adjustment - Blue Box Program	\$ (4.00)	
Municipal Hazardous or Special Waste Revenue Adjustment	\$ (0.12)	
Transfer Station Dumping Fees - Volume Adjustment	\$ (0.43)	
Landfill Gas Royalties Adjustment	\$ 0.07	
Harmonization of ABCDs and School (<i>Recommendation 2 & 4</i>)	\$ (0.37)	
Other	\$ 0.92	
2014 Recommended Base Prior to Service Options	\$ 8.69	3.37%
Service Options:		
Service Efficiency - Program Reorganization	\$ (0.64)	
Revenue from CIRO (<i>Recommendation 3</i>)	\$ (0.31)	
Sub-Total of Service Options	\$ (0.95)	-0.37%
Enhanced Services	\$ 0	
Rate Increase by 3%	\$ (7.74)	-3.00%
2014 Recommended Operating Budget	\$ 0	0.00%

This budget allows Solid Waste Management Services to maintain all major services currently provided to the residents of Toronto and sustains Solid Waste Management Services ability to achieve the objectives set out in the Target 70 Plan.

Waste Management Reserve Fund

The purpose of the Waste Management Reserve Fund is to provide funding for the capital needs of the Program as well as rate stabilization. The rate modelling is predicated on the replenishment of the reserve through contributions from the Operating Budget sufficient to ensure that an adequate balance is maintained in this reserve fund. In 2014, Solid Waste Management Services has included a \$19.599 million contribution to the Waste Management Reserve Fund.

Solid Waste Rates and Fees

Table 2 below summarizes the current projected Solid Waste User Fees required to support the Division’s diversion initiatives for the next three years.

Proposed Solid Waste Rates Increase		
2014	2015	2016
3.00%	4.00%	4.70%

The three-year rate model described above is subject to change based on the completion and adoption of the Solid Waste Management Long Term Strategy Study that is to be completed in the spring of 2015.

1. Harmonization of Agencies, Boards , Corporations and Divisions and School Board Fees to Commercial Fees

Solid Waste Management Services categorizes its collection customer base into two types, residential and non-residential. “Residential” customers include single family residential properties and multi-unit residential properties that pay for their collection services as per the Residential Volume Based Rate structure program and receive a rebate based on the collection method offered to the customer. Non-Residential customers include four types: Commercial, Agencies, Boards, Corporations and Divisions (ABCDs), Schools, and Charities, Institutions & Religious Organizations (CIROs).

At its meeting held on November 27, 28 and 29, 2012, while considering EX25.10 “2013 Rate Supported Budgets – Solid Waste Management Services and Recommended 2013 Solid Waste Rates (Item BU31.2)”, City Council adopted the following:

- (8). *City Council request the General Manager, Solid Waste Management in consultation with the Acting Deputy City Manager and Chief Financial Officer to report to the Budget Committee as part of the 2014 Budget process with the*

results of an updated user fee review for City Divisions and Agencies, Schools, and the Yellow Bag program.

Commercial Collection Fees

Upon review of the Non-Residential collection fees, there were various ranges of fees charged between the current Commercial customers, ABCDs and Schools. Tables 3 and 4 below compare the current fees for Commercial, Agencies, Boards, Corporations and Divisions and Schools.

Table 3: Front-End Collection Fees

Customer Type	(per yd³)	2013 Fees
Commercial	Un-compacted	\$11.09
	Compacted	\$22.18
Agencies, Boards Corporations and Divisions	Un-compacted	\$5.55
	Compacted	\$11.10
School Boards	Un-compacted	\$6.65
	Compacted	\$13.30

Table 4: Curbside Collection Fees

	Frequency	2013 Approved
Commercial	Bi-Weekly	\$403.00
	Weekly	\$806.00
	Twice Weekly	\$1,612.00
	Yellow bag fee (ea)	\$3.10
Agencies, Boards Corporations and Divisions	Bi-Weekly	N/A
	Weekly	N/A
	Twice Weekly	*\$6.60 (per lift)
	Yellow bag fee (ea)	\$2.00
School Boards	Bi-Weekly	N/A
	Weekly	N/A
	Twice Weekly	*\$10.80 (per lift)
	Yellow bag fee (ea)	\$2.00

The costs to treat and manage the materials generated by Non-Residential customers do not differ. It is therefore recommended that all Agencies, Boards, Corporations and Divisions and Schools fees be harmonized to the commercial rates.

Transfer Station Fees

Currently, the tipping fees at City Transfer Stations are also inequitable between the different types of customers that use the stations for disposing of waste, recyclable material and tires. Commercial and private customers pay \$100/tonne for disposing of waste, \$75/tonne for recyclables and \$150/tonne for tire loads. Agencies, Boards, Corporations and Divisions pay \$64/tonne for disposing of waste and Schools pay \$70/tonne for disposing of waste. In 2002, City Council approved a policy whereby Agencies, Boards Corporations and Divisions and School Boards were charged for the collection and/or disposal of residual waste with the provision of “no-charge” collection and/or processing of diversion materials. Therefore, currently, Agencies, Boards, Corporations and Divisions and School Boards dispose of recyclable materials and tires for free while the fee for disposing residual waste is significantly less than the commercial and private customers.

As organizations impacted will have set their budgets for the coming year, Solid Waste Management Services is therefore recommending that the collection and waste disposal fees be harmonized and recyclable materials and tire loads be phased in over the next four years as per Appendix A. This will also provide the opportunity for Solid Waste Management Services staff to work with these groups to increase diversion and thereby reduce the overall impact of the increased fees.

2. Charities, Institutions and Religious Organizations: Re-Introduction of Fees

Charities, Institutions and Religious Organizations are defined as properties that are owner/operated by registered charitable or non-profit organizations that provide daycares, shelter and housing, thrift stores or other community services, grandfathered for profit institutions and places of worship. Prior to 2012, they were the only customer base not subject to collection fees.

Beginning in July of 2012, Charities, Institutions and Religious Organizations have been subject to a phased in solid waste rate for both collection and tipping services. Initially the phased in rates were 25% in 2012, 50% in 2013, 75% in 2014 and 100% in 2015. At its meeting held on November 27, 28 and 29, 2012, while considering EX25.10 “2013 Rate Supported Budgets – Solid Waste Management Services and Recommended 2013 Solid Waste Rates (Item BU31.2)”, City Council adopted the following:

- (5). City Council suspend the collection of solid waste user fees for 2013 from the charitable and not-for-profit organizations that were previously eligible for exemptions.*

As a result of the City Council direction (5) above, Charities, Institutions and Religious Organizations have been billed 25% for the period of July 2012 to December 2012 only. In addition, in October 2012, a Special Category for the Donated Items Reduced Rate was approved by City Council thereby waiving fees to organizations for that portion of residual waste generated by the receiving of donated items.

Further to City Council’s direction in 2012, this sector was scheduled to have its solid waste fees reintroduced in 2014 at a phased in rate of 75%. As the 2012 fees were implemented mid-year in 2012 at 25% and fully suspended in 2013, it is therefore recommended that all Solid Waste collection fees for Charities, Institutions and Religious Organizations be phased in at 25% in 2014, 50% in 2015, 75% in 2016 and 100% in 2017. This phased in approach will provide organizations with additional time to implement additional waste diversion opportunities that will reduce their overall fees. In 2014, it is estimated that this will generate \$0.322 million in revenues from this customer base, however, it must be noted that if customers continue to improve their overall diversion, the projected revenue could be reduced.

3. Restructure Agencies, Boards, Corporations and Divisions and School Boards’ Curbside Cart Rates

All Agencies, Boards, Corporations and Divisions and Schools Boards, not using bag tags, are given the option of bulk containers, carts and are charged a fee per “lift” (per collection) based on the size of each container present at each location. Currently, Agencies, Boards, Corporations and Divisions receiving cart collection have one fee in the bylaw of \$6.60 per collection for twice weekly collection. Schools receiving cart collection have one fee in the by-law of \$10.80 per collection for twice weekly collection. However, Residential and Commercial customers are charged an annual fee per bin size and frequency for cart collection as it is not feasible to accurately track lift data for almost 500,000 bins.

Currently, there are approximately 170 Agencies, Boards, Corporations and Divisions and Schools on cart collection and almost 700 on the yellow bag program. A large number of these customers on cart collection have requested reduced collection service. Solid Waste Management Services is proposing a structural change from a “per lift fee” to an “annual bin fee” as well as adding biweekly and weekly bin fees. This will align the rate structure with other curbside collection bin fees offered by Solid Waste Management Services and offer Agencies, Boards, Corporations and Divisions and Schools a financial incentive to reduce their residual waste output. These new service frequencies also allow more Yellow Bag customers to come on to the cart collection program as there will be more options for locations producing less waste.

The recommended rates are listed in Appendix A. There is no significant net financial impact of implementing the structural change of this fee.

4. Residential Units Above Commercial Weekly Bag Only Fee

In November 2009, Solid Waste Management Services began offering tenants in Residential Units Above Commercial properties the same collection and diversion programs offered to other residential customers. Of the 12,000 customers, almost half opted for residential bins and the remaining were defaulted to “Bag Only” service. The majority of the Residential Units Above Commercial bag only customers are receiving weekly Bag Only collection with approximately 5,400 on weekly collection and 400 on bi-weekly collection. Under the current rate structure, the Residential Units Above Commercial Bag Only customers receive a

discount equivalent to the cost of one bag tag per collection on the small Bin fee of the corresponding frequency as it is assumed that owners and/or tenants will purchase garbage bag tags at designated retail outlets. The annual RUAC bag only fees are calculated as follows:

- Bi-weekly Fee is \$140.56: Bi-Weekly Small Bin Fee minus cost per bag tag by 26 collections per year:
 $\$140.56 = \$221.16 - (\$3.10 \times 26)$;
- Weekly Rate is \$110.73: Weekly Small Bin minus cost per bag tag by 52 collections per year:
 $\$110.73 = \$271.93 - (\$3.10 \times 52)$.

Residential Units Above Commercial customers also receive a rebate on their utility bill of \$224.00 per property tax roll number. Therefore, the net cost for Solid Waste Management collection services on the Utility bill for Residential Units Above Commercial Bag Only owners on an annual basis is a credit of \$83.44 for bi-weekly collection and \$113.27 for weekly collection.

After a review of Solid Waste Management Services fees, the annual fee for Residential Units Above Commercial weekly bag only service is significantly less than the annual fee for bi-weekly service.

It is therefore recommended that the weekly Residential Units Above Commercial Bag Only credit be amended to equal the bi-weekly Bag Only credit which is the cost of 26 bag tags. The revised rate structure will generate \$0.495 million in additional revenue which will enable Solid Waste Management Services to continue to provide the same level of service to these customers.

5. Premium Organics Program for Agencies, Boards, Corporations & Divisions and School Board Customers

The Premium Organics program is another example of a waste diversion initiative offered by the Division to eligible Charities, Institutions and Religious Organizations and Commercial customers for an annual fee depending on the required collection frequency requested by the customer. The 2013 fees are:

- \$320 for twice per week collection;
- \$1,200 for five times/week collection; and
- \$1,600 for six times/per week collection.

Commercial customers, such as restaurants and flower shops, and Charities, Institutions and Religious Organizations customers, such as food banks, currently receive Premium Organics collection. In 2013, the fee for Charities, Institutions and Religious Organizations customers was suspended. The program also forms part of the Special Category Reduced Rate program whereby the annual fee is waived for approved organizations.

It is recommended that the Premium Organics program be offered to Agencies, Boards, Corporations and Divisions and School Boards with the same fee structure as mentioned above. However, the Premium Organics program fees for Charities, Institutions and Religious Organizations customers will be re-introduced at a phased in rate of 25% in 2014, 50% in 2015, 75% in 2016 and 100% in 2017. The Premium Organics fee will continue to be waived for Charities, Institutions and Religious Organizations approved under the Special Category Reduced Rate Program.

6. Tipping Fees at Green Lane Landfill

Harmonization Rates to City Transfer Station Fees

The review of the tipping fees mentioned earlier in this report also identified the inequity between the fees charged at the City Transfer Stations and the Green Lane Landfill for commercial and private customers disposing of waste loads. It is recommended that the fees at both the City Transfer Stations and the Green Land Landfill be harmonized at the current City Transfer Station rate. It is therefore recommended that the tipping fee at the Green Lane Landfill be increased to \$103 in 2014. This effort will, in part, preserve the disposal space and extend the life of the landfill.

There is no significant net financial impact of implementing the structural change of this fee.

Increase to Various Fees at Green Lane Landfill

In addition to harmonizing the fees between the City Transfer Stations and Green Lane landfill, Solid Waste Management Services is recommending an increase in Green Lane Landfill site disposal fees for the following waste materials as defined in *Municipal Code Chapter 443 – Fees and Charges, Delegated Authority*: Asbestos, CFIA Waste, Special Handling Waste, Contaminated Soil, the Ministry of the Environment Ordered Municipal Waste and the Ministry of the Environment Ordered IC&I Waste. The 2014 recommended fees of \$309 per tonne are comparable to the fees charged at private sector landfills and will also discourage some commercial waste from coming to our landfill thereby conserving landfill space.

The rates for any current contract obligation will continue to be honoured.

We expect that changes will have no financial impact, as the expected loss of customers will neutralize the added revenue from the increased fees.

2013 Waste Diversion Initiatives

1. Multi-Residential Waste Diversion

In 2013, Solid Waste Management Services continued to target its waste diversion and educational efforts to the multi-residential sector focussing on the implementation of, and participation in, the City's waste diversion programs with emphasis on the organics program.

These efforts included:

- 1,200 site visits and site inspections
- 152 presentations/lobby displays delivered
- Refresher presentations offered
- Consultation with Toronto Community Housing Corporation to encourage participation in all diversion programs offered by Solid Waste Management Services
- 205 volunteer 3R Ambassadors have been recruited
- Two Open Houses held City Wide in June promoting waste diversion and participation in the Green Bin program
- Various promotion materials produced and provided to multi-residential properties
- Multi-residential waste composition studies to determine volume changes of waste after the implementation of the Green Bin program and gauge program success

Currently, there are over 4,500 multi-residential properties receiving city collection services and of these, approximately 3,000 properties are participating in the organics program or are in the process of receiving their bins to start the program. This sector has experienced an increase in its diversion rate from 24% to a projected year end diversion rate of 27% and a target of 29% is set for 2014.

Solid Waste Management Services staff will continue to target outreach efforts to this sector in 2014.

Appendix B provides a detailed summary of the Division's outreach activities with this sector.

2. Charities, Institutions and Religious Organizations: Outreach

At its meeting held on November 27, 28 and 29, 2012, while considering EX25.10 "2013 Rate Supported Budgets – Solid Waste Management Services and Recommended 2013 Solid Waste Rates (Item BU31.2)", City Council adopted the following:

- (6). City Council direct the appropriate staff to further consult with these charitable and not-for-profit organizations to assess the impact of fees and to develop strategies to maximize diversion in this sector.*

Over the period of 2013, Solid Waste Management Services has worked closely with these organizations to improve diversion strategies and to assess the impact of the fees to this sector. For example:

- Letters were sent to all 800 registered Charities, Institutions and Religious Organizations customers outlining the Special Category Reduced Rate program and encouraging the organizations to apply
- Solid Waste Management Services has funded 2 FTEs in Social Development, Finance & Administration to assist with the roll out and administration of the Special Category Reduced Rate program
- Information sessions were held in April 2013 and October 2013 to discuss fees, waste diversion strategies and the Special Category Reduced Rate program
- Shelter, Support & Housing Administration and Social Development, Finance & Administration communicated with organizations who receive City grants that were identified as potential eligible Special Category Reduced Rate program customers
- Solid Waste Management Services staff have conducted close to 500 site visits to these organizations to assess their waste diversion strategies and provide guidance and recommendations to achieve additional waste diversion
- An advertising campaign ‘Sort before you Donate’ reminded the public to donate only reusable items
- This sector was included in the Division’s 3Rs Ambassador program with 3 training sessions held in 2013
- Additional Garbage Bin sizes will be offered to this sector in 2014 to encourage diversion and reduce Solid Waste collection fees

During the outreach process, Solid Waste Management Services commissioned a customer satisfaction survey to better understand the current waste management and diversion practices/strategies of the organizations and the impact of the re-introduction of fees on this sector. A total of 340 organizations completed the survey and the results are summarized in Appendix C.

Solid Waste Management Services staff will continue to target outreach efforts to this sector in 2014.

Appendix C provides a detailed summary of the Division’s outreach activities with this sector.

3. Other Diversion Initiatives

Other initiatives contributing to waste diversion in 2013 include:

- Over 1,040 Agencies, Boards, Corporations and Divisions and 755 Schools were invited to join the Green Bin Program. To date, 40 Agencies, Boards, Corporations and Divisions and 194 Schools have, or are in the process of, implementing the program
- The installation of recycling signage to accompany Park's litter and recycling bins was completed. Material trending analysis indicates that tonnages of recycling collected from Parks recycling bins will surpass 755 tonnes, a 49% increase from 2012
- Phase 2 of the Mixed Rigid Plastics promotion and education campaign continued highlighting the addition of new plastic items to the Blue Bin. A direct mail piece was sent to all single family homes in the City promoting the new recyclable items. The communications piece also encouraged residents to order an additional blue bin or upsize their blue bin if additional recycling capacity was required
- Restructuring of the Solid Waste Management Services Division included the formation of a new Customer Service and Waste Diversion Initiatives section. This section is dedicated to providing education and outreach to all City of Toronto collection customers. The key areas of focus for this section include: delivering programs and information in a timely and accurate matter and supporting customer engagement through multiple channels of service delivery (i.e. presentations, direct phone calls, website information)
- Partnership with six other Greater Toronto Area municipalities, Solid Waste Management Services participated in a campaign to remind residents about the importance of recycling plastic. The campaign included print ads in community and local major newspapers, radio ads, highway billboard placement, on-line ads and the use of digital screens in one major department store
- A dedicated waste electronics recycling campaign including the insertion of an e-waste bag into community newspapers (distribution covered approximately 184,000 homes)

Rehrig Pacific Co. – Purchase Order Amendment

With the introduction of the new Garbage and Recycling Bin Program in late 2007, the City of Toronto awarded a blanket contract to Rehrig Pacific Co. for supply and maintenance of residential bins for single family homes for 10 years. The value of the contract was \$63.300 million.

With the overwhelming success of the program, there was a higher than anticipated demand from residential customers for additional bins. In addition, and as part of its efficiency initiatives to automate collection, Solid Waste Management Services identified additional residential customers that required bins, such as Residential Units Above Commercial, and small Multi-Residential buildings receiving curbside collection, as well Non-Residential customers, such as Agencies, Boards, Corporations and Divisions, Schools, Charities, Institutions and Religious Organizations and Commercial customers.

At the time of the awarding of the contract, the responsibility for collecting, maintaining and supplying of City parks' garbage and recycling bins was the responsibility of Parks, Forestry and Recreation. With the transfer of the responsibility from Parks, Forestry & Recreation to Solid Waste Management Services, the Division utilized the Rehrig contract to replace bins in City parks.

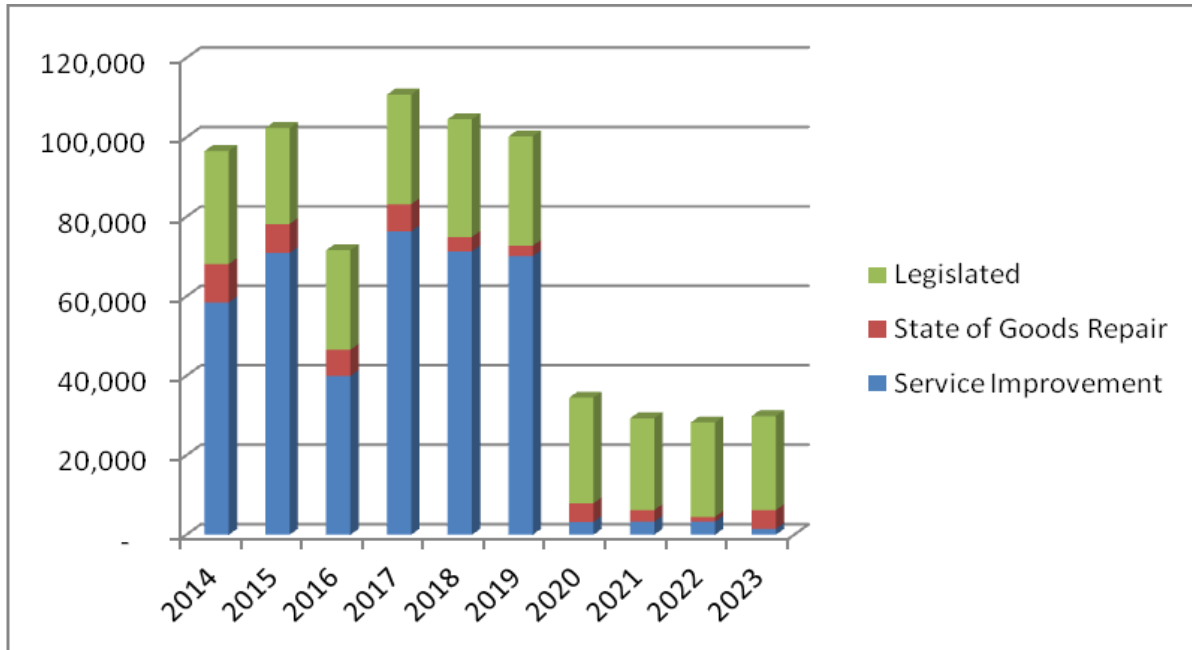
Based on the above, it is estimated that the Rehrig contract will be exhausted by the end of 2013. It is therefore recommended to increase the target value of the contract by \$13 million (\$8 million from Capital and \$5 million from operating) to support these programs until the contract expiration in 2017.

2014 – 2023 Capital Budget & Plan

The Recommended 10-Year Capital Plan including one year carry forward provides funding of \$96.573 million in 2014 including the following major projects:

- Diversion Systems and Facilities (\$29.389 million)
- Ongoing maintenance of Perpetual Care of Closed Landfills (\$10.000 million)
- Transfer Station Asset Management (\$8.955 million)
- Collection Yard Asset Management (\$0.700 million)
- Development of Green Lane Landfill (\$18.787 million)

Table 4
2014–2023 Capital Plan by Project Category
(In \$000s)



- *Service Improvement Projects:* Achieving a waste diversion rate target of 70% by 2016 continues to drive Solid Waste Management Services’ Capital program. Over the first five years, investment in these projects represents 65.2% or \$317.02 million of all project funding (including one year carry forward) declining to 36.7% or \$81.43 million in the remaining five years.
- *Legislated and State of Good Repair* represents the remaining 34.8% or \$168.86 million of the funding requirement (including one year carry forward) in the first 5 years and 63.3% or \$140.71 million over the last 5-year period. Legislated projects include the ongoing development of the Green Lane Landfill and Perpetual Care of Closed Landfills. State of Good Repair projects represent 7.1% of the 10-Year Recommended Capital Plan.

By 2020, the 10-Year Recommended Capital Plan declines to an average \$30.5 million per year as the majority of major facilities work has been completed and reflects only ongoing development and asset management costs only.

Summary

Of the total \$354.236 million gross operating budget, the Recommended 2014 Solid Waste Rates are expected to generate a total of \$252.170 million in volume-based user fee revenue, with recycling and other revenues funding the remainder of the operating expenditures. There will be a 3% increase for all Solid Waste Fees for 2014. Solid Waste Management Services will continue to fund existing recycling initiatives as well as new initiatives that will enable the Program to move towards the 70% Diversion Target by 2016.

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ATTACHMENTS

Appendix A – Recommended 2014 Solid Waste Rates

Appendix B - Multi-Residential Waste Diversion Outreach Summary

Appendix C – Charities, Institutions and Religious Organizations Waste Diversion and Fee Outreach Summary