



STAFF REPORT ACTION REQUIRED

Recommended 2015 Solid Waste Rates

Date:	January 15, 2015
To:	Budget Committee
From:	General Manager, Solid Waste Management Services Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2015\Cluster B\SWM\January\002BC (AFS#20277)

SUMMARY

This report outlines the recommended 2015 Solid Waste rates and user fees arising from the concurrent adoption of the 2015 Solid Waste Management Services Recommended Operating and Capital Budgets. A 3% (2.25% effective) increase is recommended on all Solid Waste rates and user fees beginning April 1, 2015, with minor exceptions noted in this report.

The revenue anticipated to be generated from the 3% increase on all Solid Waste Management Services fees is approximately \$6.100 million. The recommended 2015 rates balance fiscal constraints while maintaining critical progress on waste diversion initiatives, operational improvements, and capital investments in state of good repair and new infrastructure.

The 2015 proposed Operating Budget is \$370.785 million and the Capital Budget is \$76.006 million – comprised of \$67.924 million in recommended new 2015 funding, as well as funding of \$8.083 million carried forward from 2014 into 2015. These combined budgets reflect the costs to maintain the Council approved service levels for Solid Waste Management Services, which includes: City Beautification; Collection and Transfer; Processing and Transport; Residual Management; and Education and Enforcement.

A key priority for the Solid Waste Management Services for 2015 is the completion of the Long Term Waste Management Strategy, which includes ensuring long term sustainability of the solid waste utility.

RECOMMENDATIONS

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

1. City Council adopt a 3% (2.25% annualized) increase on all Solid Waste Rates and Fees in 2015 as set out in Appendix A to become effective on April 1, 2015;
2. City Council approve the introduction of fees for the sale of Clean Fill from the Green Lane Landfill as set out in Appendix A;
3. City Council approve the adjustment of the transfer station Drop and Load Fees to reflect market rates as set out in Appendix A;
4. City Council allow Non-Residential customers that are or will be eligible to participate in the Waste Diversion Rate Waiver Program (adopted by City Council on July 8, 9, 10 and 11, 2014 – Item PW32.19 Waste Diversion Rate Waiver Program for Non-Residential Charitable Sector) and that apply for the waiver in 2015 only, to have such waiver apply retroactively from approval date back to April 1, 2015 regardless of when during 2015 the customer applies for the waiver;
5. City Council consider this report concurrently with the 2015 Recommended Capital Budget, 2016-2024 Capital Plan and the 2015 Recommended Operating Budget of the Solid Waste Management Services; and
6. City Council direct the City Solicitor to submit the necessary bills to City Council required to implement the above recommendations.

Financial Impact

Solid Waste Management Services is a utility fully funded from a combination of volume-based rates, 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 proposed 2015 Solid Waste Rate represents a 3% (2.25% effective) increase to 2014 approved Solid Waste rates and user fees. The recommended 2015 Single Family Residential and Multi Residential Solid Waste rates are expected to generate \$256.859 million in revenue representing 69% of total revenue. The other 31% of total revenue (\$113.926 million) will be generated from the sale of recyclable materials, industry stewardship funding, user fees, paid commercial waste and recoveries for waste collection from City agencies and programs. These revenues will provide funding to support Solid Waste Management Services operations, capital projects, and initiatives to help achieve the 2015 projected waste diversion goal of 55% in 2015. (The City's target of 70% diversion by 2016 will not be achieved.)

The 2015-2024 Recommended Capital Budget and Plan for Solid Waste Management Services is mainly funded by recoverable debt. The City issues debt on behalf of Solid Waste Management Services and debt servicing costs are repaid to the City by Solid Waste Management Services through its operating user fee revenues. Capital projects are also funded through operating contributions to the Waste Management Reserve Fund, the Green Lane Reserve Fund, and the Perpetual Care Reserve Fund.

In 2015, the Solid Waste Management Services Operating Budget includes \$29.811 million to repay debt issued to fund capital infrastructure needs (\$11.498 million) and to pay for the Green Lane Landfill acquisition and development (\$18.312 million).

For the 2015 10-Year Capital Plan, 42% of all funding is provided by the reserve funds. The longer term goal is to fully fund the Solid Waste Management Services 10-Year Capital Plan through the reserve funds, supported by annual operating contributions generated through user fees. This plan may be adjusted in 2016 in support of the Long Term Waste Management Strategy for Solid Waste Management Services.

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

DECISION HISTORY

Rate Waiver for Non-Residential Charitable Sector

At its meeting of July 8, 9, 10 and 11, 2014 City Council adopted the recommendations in the Public Works and Infrastructure Committee Report PW32.19 “Waste Diversion Rate Waiver Program for Non-Residential Charitable Sector”.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.PW32.19>

2014 Solid Waste Rates

At its meeting of December 16, 17 and 18, 2013 City Council adopted the recommendations in the Executive Committee Report EX36.18 “2014 Rate Supported Budgets - Solid Waste Management Services and Recommended 2014 Solid Waste Rates”. Part 2 of that decision authorized the phasing in of rates for Agencies, Boards, Corporations, Divisions and School Boards over four years to eventually harmonize with the Commercial rate.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX36.18>

Drop and Load Fees

At its meeting of August 5 and 6, 2009, City Council adopted the recommendations in the Executive Committee Report EX33.30 “City Transfer Stations: Loading Services and Fees”.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.30>

ISSUE BACKGROUND

A rate increase of 3% (2.25% effective) to all 2014 Solid Waste rates and user fees is recommended for 2015 to offset the projected operating cost pressures and continuing capital reserve contributions.

2015 Program Changes include:

- Waste Diversion Rate Waiver Program for Non-Residential Charitable Sector (Charities Rate Waiver Program) \$0.644 million, which includes six additional staff (City Council directed) for audits, six trucks, and revenue from unqualified customers not previously charged;
- Two additional staff for contract management (\$0.163 million);
- One-time funding for additional litter and public space waste/recycling collection to support the 2015 Pan American/Parapan American Games (\$0.100 million).

The main pressures to the 2015 Solid Waste Management Services budget are the following:

- Processing contracts – Volume/Price Changes (\$6.687 million);
- One-time Contribution to Vehicle Reserve to address replacement of aging fleet in 2016 (\$5.000 million);
- Fleet Inter-divisional Charge Increase due to increasing maintenance costs of aging fleet (\$3.276 million);
- Debt Charge Increase (\$1.651million)
- Economic factors – Labour and Non Labour (\$0.648 million);
- Lower revenue from residential volume-based rates (\$0.963 million);
- Lower revenue from Household Hazardous Waste stewardship funding (\$0.674 million);
- Lower revenues from recyclable sales (\$0.480 million).

The above mentioned pressures will be offset by:

- Rate increase (\$6.100 million);
- Redirection of waste back to Green Lane Landfill (\$6.687 million);
- Increase to Stewardship Ontario funding (\$5.000 million);
- Additional revenues from second Phase of Agencies, Boards, Corporations, Divisions and School Boards Rate Harmonization (\$1.046 million);
- Line by line review reductions (\$1.239 million).

Solid Waste Management Services initiated the development of a Long Term Waste Management Strategy for the City, which will guide the Division's decision-making for the next 30 to 50 years. It is anticipated that the recommended Strategy will be presented to the Public Works and Infrastructure Committee and City Council by the end of 2015. As part of the development of the Long Term Waste Management Strategy, the consulting team will develop a 10 to 20 year capital infrastructure plan, along with a long term sustainable rate model to finance these expenditures.

Concurrent adoption of the Solid Waste Management Services Recommended 2015 Operating, 2015 Capital Budget and 2016-2024 Capital Plan, will put into effect the 2015 Solid Waste Rates and user fees outlined in this report.

COMMENTS

2015 Operating Budget

The 2015 Recommended Operating Budget gross expenditures are expected to be \$370.785 million. The Residential Volume-Based Solid Waste Rates will generate \$256.859 million in volume-based program revenue representing 69% of total revenues. The other 31% of total revenues (\$113.926 million) will be generated from the sale of recyclable materials, industry stewardship funding, user fees, paid commercial waste, and recoveries for waste collection from City agencies and programs.

This budget allows Solid Waste Management Services to maintain all major services currently provided and sustains Solid Waste Management Services' ability to achieve its objectives while awaiting the recommendations of the Long Term Waste Management Strategy. The 2015 Recommended Operating Budget Changes are outlined in Table 1.

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 2015, Solid Waste Management Services has included a \$13.794 million contribution to the Waste Management Reserve Fund.

Table 1: SOLID WASTE MANAGEMENT SERVICES	Net (\$000s)	% of Rate Increase
2014 APPROVED BUDGET	0.0	
Prior Year Impacts		
Phase-in of ABCD and School Fee Harmonization (from 25% to 50%)	(1,046.1)	-0.4%
Capital Impact - 2015 - 2024 Capital Plan	22.2	0.0%
Economic Factors	647.7	0.2%
COLA & Corporate Employee Benefits	372.4	0.1%
Economic Factors - Non-Payroll Expenditures	275.3	0.1%
Other Base Changes	10,621.7	3.9%
Processing Contracts: Volume & Price Changes	6,686.8	2.5%
Collection Contracts	76.7	0.0%
Green Lane Operations	86.5	0.0%
Alternate Ontario Landfill Disposal	(11,882.6)	-4.4%
Internal Payment for City of Toronto Waste Disposed at Green Lane	14,922.6	5.5%
IDC & IDR Reconciliations and Adjustments	3,566.4	1.3%
Contribution to Insurance Reserve	0.0	0.0%
Contribution to Vehicle Reserve	5,000.0	1.8%
Contribution to Perpetual Care Reserve	(2,000.0)	-0.7%
Contribution to SWM Reserve	(5,819.4)	-2.1%
Debt Charges - Non Green Lane	1,412.2	0.5%
Budget Realignment	0.0	0.0%
Transfer Station Property Tax Adjustment	(388.4)	-0.1%
Customer Service Improvement	200.0	0.1%
Transfer 2 IT Staff to Corporate IT	0.0	0.0%
Line-by-Line Review	(1,239.3)	-0.5%
Revenue Changes	(5,052.5)	-1.9%
Residential Volume-Based User Fee - Volume Adjustment	963.2	0.4%
Sales of Recyclable Materials	479.9	0.2%
Processing Residue Disposal Fees	(1,521.2)	-0.6%
Blue Box Revenue Adjustment	(5,000.0)	-1.8%
HHW Stewardship Revenues	673.8	0.2%
Transfer Station Tipping Fees - Volume Adjustment	(802.0)	-0.3%
Capital Recovery Adjustment	112.8	0.0%
Transfer Station Drop and Load Fee - Price and Volume Adjustment	(597.7)	-0.2%
Revenue Review and Adjustment in Collections	638.8	0.2%
Enhanced Services:	907.3	0.3%
Impact of 2015 Pan Am Games on Litter Operations	100.0	0.0%
Contract Management Staff	163.0	0.1%
Charities Rate Waiver Program	644.2	0.2%
2015 Requested Budget Before Rate Increase	6,100.2	2.25%
2.25% Rate Increase (or 3.0% for 9 Months starting April 1)	(6,100.2)	-2.25%
2015 TOTAL BUDGET REQUEST	0.0	0.0%

2015 Solid Waste Rates and Fees

The proposed rate increase is the third increase since the Solid Waste Rate was introduced in 2008. Future increases are expected to sustain Solid Waste Management Services' operations until the completion of the Long Term Waste Management Strategy. The basis of the rate methodology needs to be updated and work is underway as part of the Strategy to review sustainability requirements and develop a 10-year forecast.

Continued Harmonization of Agencies, Boards, Corporations, Divisions and School Boards Rates

As approved in the 2014 Solid Waste Rate Report, Solid Waste Management Services will continue the harmonization of rates and fees for Agencies, Boards, Corporations, Divisions and School Boards in 2015. Beginning January 1, 2015 the rates will be increased by 50% of the difference between the Commercial rates and the 2013 rates. The second phase of the rate harmonization is expected to generate \$1.046 million from Agencies, Boards, Corporations, Divisions and School Boards.

Fee Deferral for Non-Residential Customers

As defined in Chapter 841 of the Toronto Municipal Code, the Non-Residential customers for which applicable Solid Waste fees have been deferred since 2013 include, but are not limited to, hospitals, libraries, places of worship, facilities which provide community support services, profit and non-profit nursing/retirement homes, and educational facilities (other than schools operated by Provincial school boards that are instead subject to a separate school board rate).

These Non-Residential customers have been exempt from paying applicable Solid Waste fees since 2013 (as a result of City Council decisions in 2012 and 2013), even while those rates have been allowed to phase-in at 25%, 50%, and 75% levels (of the commercial rate) in 2012, 2013, and 2014, respectively, in accordance with City Council Decision "EX 13.2 –2012 Rate Supported Budgets - Solid Waste Management Services and Recommended 2012 Solid Waste Rates" on November 29, 30, and December 1, 2011.

Consequently, effective April 1, 2015, the Non-Residential rate charged to these no-longer-exempt customers will be at 100% of the commercial rate.

Additionally, effective April 1, 2015, as a result of City Council's adoption "PW32.19 – Waste Diversion Rate Waiver Program for Non-Residential Charitable Sector", on July 8, 9, 10 and 11, 2014, qualifying Non-Residential customers can obtain a fee waiver if they satisfy the eligibility requirements for and are approved to participate in this program.

Clean Fill Rate

Solid Waste Management Services will add two new fees for the sale of clean fill material at the Green Lane Landfill site: 1) \$2 per load fee for single, tandem, or tri-axle dump truck vehicles, and 2) \$3 per load fee for dump trailer. The estimated 2015 revenue is \$0.004 million.

Drop and Load Rate

Solid Waste Management Services provides a Drop and Load Service at our seven transfer stations to private waste management companies, residents, and a few municipalities. Solid Waste Management Services estimated it would receive 16,116 tonnes, at a rate of \$13.39 per tonne in the 2014 approved budget; however, it is projected that Solid Waste Management Services will receive over 50,000 tonnes by year-end from Drop and Load customers.

Solid Waste Management Services is recommending a price increase in the Drop and Load Transfer Station fee to reflect the high demand for this service. Staff estimates that the market can absorb a rate increase to \$15.00 per tonne plus the overall Solid Waste Management Services rate increase of 3%.

Solid Waste Management Services will annually review these rates and demand to ensure that the price is cost effective as well as competitive without overextending our transfer stations.

Rebate

A reduction in the Solid Waste Rebate (Grant) in the amount of \$17.922 million is being proposed as part of the Tax Budget. This has no impact on the Solid Waste Management Services Rates and Operating Budget. However, it will result in a net increase for Single Family Residential customers that will be shown on the utility bill. In 2015, a key priority for Solid Waste Management Services is to ensure long term sustainability of the utility and move towards a full user pay system. This change is an initial step toward that objective.

A number of options were reviewed to begin moving toward fiscal sustainability and it was determined that the most feasible approach was to begin with Single Family Residential customers. Multi-Residential customers were not considered for this initial phase because of potentially significant impact to both revenue loss and adherence to City waste diversion objectives that would result if Multi-Residential customers choose to opt out of City services.

The change in the rebate for Single Family Residential customers (illustrated in Table 2 below), together with the proposed 3% increase in Solid Waste rates, results, on average, in an annual cost increase of 58% across all bin sizes. For Single Family Residential customers using a small bin, the 2015 increase will be \$3.91. The recommended approach maintains a pricing structure that encourages waste diversion, while still providing very affordable waste collection services. The change also provides an opportunity to reinforce the importance of waste diversion and encouraging customers with larger bins to divert more waste and subscribe to a smaller bin size.

Table 2: Single Family Residential - Annual Rates Comparison						
Bin Size	Rates		Rebate		Net Fee	
	2014	2015	2014	2015	2014	2015
Small	\$230.72	\$237.64	\$224.00	\$227.01	\$6.72	\$10.63
Medium	\$280.09	\$288.49	\$224.00	\$199.76	\$56.09	\$88.73
Large	\$380.39	\$391.80	\$224.00	\$144.41	\$156.39	\$247.39
X Large	\$441.21	\$454.45	\$224.00	\$110.85	\$217.21	\$343.60

A fixed per customer Rebate of \$185 per customer was also considered but is not recommended as it did not maintain the intent of encouraging waste diversion and would have the greatest impact on Small Bin subscribers.

2015 Program Changes

Charities Rate Waiver Program

In June 2014, City Council approved the Charities Rate Waiver Program. Social Development Finance & Administration is beginning the process of accepting applications for the Charities Rate Waiver Program. This program will result in a net Operating Budget Impact of \$0.644 million and the addition of 6.0 positions to the Solid Waste Management Services complement.

On an annual basis, eligible organizations will enroll in the Charities Rate Waiver Program by completing a simplified applicant profile. This will be administered through Social Development, Finance & Administration's current on-line platform. We anticipate that there will be approximately 800 customers eligible for the Charities Rate Waiver Program.

Solid Waste Management Services will conduct an annual compliance waste audit as part of the application process to ensure compliance and participation in the City's waste diversion programs, and will suspend the billing of any approved applicant going forward from the date of the applicant's approval.

Contract Management

In early 2013, two permanent staff were temporarily re-assigned to the Operational Support Unit of Policy, Planning and Support to offset the additional increase in workload due to the introduction of a streamlined accounting process. This unit also provides procurement, payables, and receivables duties and functions to the entire Division in a consistent and coordinated fashion with over 5,800 invoices managed annually. This additional workload as well as the increase in contracting out core services, has further increased the demands of the unit. Operational Support requires these positions be added on a permanent basis to their complement to meet the requirements of the Division and these positions would be dedicated to the Contract Management process. The additional two permanent Full Time Equivalent

positions will be offset by two permanent Information Technology staff being re-assigned to the Information & Technology Division.

2015 Pan American/Parapan American Games

Collections and Litter Operations has anticipated a one-time funding requirement for additional litter and public space waste/recycling collection during the 2015 Pan American/Parapan American Games (0.100 million).

2015 Operating Budget Pressures

Processing contracts – Volume / Price Changes

Single Stream Recyclable Materials

Costs to process recyclables collected from the City's recycling program are increasing by \$5.710 million. Approximately \$5.284 million is due to the new processing contract with Canada Fibres Limited to replace the City's aging materials recycling facility, which closed at the end of November 2014. The remaining \$0.598 million is 2.1% Consumer Price Index.

The new contract with Canada Fibres Limited was approved by City Council in June 2014 and began December 1, 2014. Canada Fibres Limited is now responsible for processing all of the City's recyclables.

Additional requirement in the new contract also includes:

- requirement to separate and store hazardous waste, electronic waste, all film and bulky rigid plastics;
- state of the art equipment to ensure increased capture rates;
- provision of contingency capacity; and
- the contractor assuming the expense for residue disposal.

As a result of these new provisions, the Division is expected to receive an additional \$1.521 million in residue disposal tipping fees.

Source Separated Organics

The cost to process organic materials collected as part of the City's Green Bin Program has increased by \$1.412 million. A portion of the increase (\$0.858 million) relates to the cost of processing an additional 6,500 tonnes in 2015. The remaining (\$0.553 million) is a result of a processing rate adjustment including a 2.1% Consumer Price Index increase.

Additional Contribution to Vehicle Reserve and Fleet Services Increase

Solid Waste Management Services' collection vehicles have a significant number of mechanical/moving parts which are requiring more maintenance and repairs. Solid Management Waste Services in conjunction with Fleet Services is looking at a long term plan to shorten the vehicle replacement process to better reflect the lifespan of the collection vehicles in order to ensure they are in a state of good repair. In keeping with this approach, the 2015 Operating Budget includes a one-time \$5.000 million contribution to the vehicle reserve to replace existing vehicles sooner.

Currently, vehicles are scheduled to be replaced after seven years. Typically, a replacement vehicle is ordered after budget approval in the seventh year of a vehicle's lifespan and delivered in the eighth or ninth year, depending on the manufacturer's delivery timeline. Staff are proposing to shorten the replacement timelines to five years in order to receive the vehicles during the sixth or seventh year of their lifespan.

Flat Rate Maintenance charges for the solid waste fleet are higher because of the increased maintenance costs associated with both the collection vehicles and aging fleet. Another impact on fleet costs are carrying costs for additional spare vehicles that are required to maintain our operation when vehicles are out of service as described above.

Green Lane Landfill

The tipping fee revenues from the clients (which include paid private clients, local municipalities, and City of Toronto) should provide all funding requirements to offset Green Lane Landfill operating and capital expenditures, including the Green Lane Landfill operating contract cost, royalty payments, property tax, debt payment, contribution to reserves, etc.

Redirection of Waste

Through the 2015 Operating Budget submission, Solid Waste Management Services is recommending discontinuance of the redirection of City of Toronto garbage from the Green Lane Landfill to alternate Ontario landfills. Although redirecting of garbage to alternate landfills can extend Green Lane Landfill capacity by approximately 3 months annually, the cost is significantly higher than the cost of disposing garbage at Green Lane Landfill.

The future direction for this matter will be subject to the Long Term Business Plan and Perpetual Care Assessment Report for the Green Lane Landfill and the Long Term Waste Management Strategy, which are expected to be completed in 2015. This recommendation will generate a net saving of \$6.687 million to SWMS in 2015, which is equivalent to a 2.5% Rate increase.

Reduced Tonnage from Paid Customers

The paid private tonnage at Green Lane Landfill is also declining. The 2014 year-to-date experience shows there has been a significant tonnage decrease from the paid customers. The 2015 estimated tonnage reduction comprises of 25,200 from paid private customers and 42,500 from other municipalities and First Nation customers.

Increase of Cost Per Tonne to City

The reduced tonnages received at Green Lane Landfill will cause budget pressures on Green Lane Landfill operations in various ways. Green Lane Landfill will have less tipping revenues due to less tonnage. Given that a majority of the Green Lane Landfill expenditures are fixed costs, the operating and capital expenditures will not be reduced proportionally with the revenue decrease. The contractor will charge a higher contractor price as detailed in the existing price schedule, in order to maintain the minimum cash flow to operate the landfill. As a result, the reduced tonnage will actually cause a higher net cost.

2015 Operating Budget Pressure Offsets

Stewardship Ontario Revenue

Blue Box Program Funding

Stewardship Ontario applies a formula to determine how much money is allocated to municipalities as a percentage of the total Stewardship Ontario contribution to Ontario municipalities for operating Blue Box Programs.

The City of Toronto is collecting and processing more blue bin materials more cost effectively, and thus is scoring higher on the pay-out model used by Stewardship Ontario as part of the Blue Box Program Plan operated in conjunction with and on behalf of Waste Diversion Ontario. The City of Toronto anticipates receiving an additional \$5.000 million industry funding from Stewardship Ontario as a result of scoring higher in the funding formula described above.

Household Hazardous Waste Program Funding

In 2014, the City's Household Hazardous Waste Program received funding from Stewardship Ontario and the Province of Ontario for the collection and post-collection costs of the material. The 2015 total projected revenue is \$1.478 million, which is \$0.674 million lower than the 2014 approved revenue budget of \$2.151 million, due to the Province of Ontario cancelling its funding for certain materials that were previously eligible and projected reduction in materials to be processed. The change in funding has been reflected in the 2015 budget submission.

The net increased funding from industry stewards allows Solid Waste Management Services to offset other costs, thus reducing the rate increases.

Hedging Risk Associated With the Sale of Recyclable Materials

As part of Solid Waste's Long Term Waste Management Strategy, managing recycling material sales revenue has been identified as a key objective. An action plan has been developed that includes the review of a number of options to stabilize/improve revenues including hedging. A Request for Proposal has been issued to secure the services of a consultant to review all options. It is expected that the work will start in the first quarter of 2015 and will be completed this year.

2015 Capital Budget & Plan

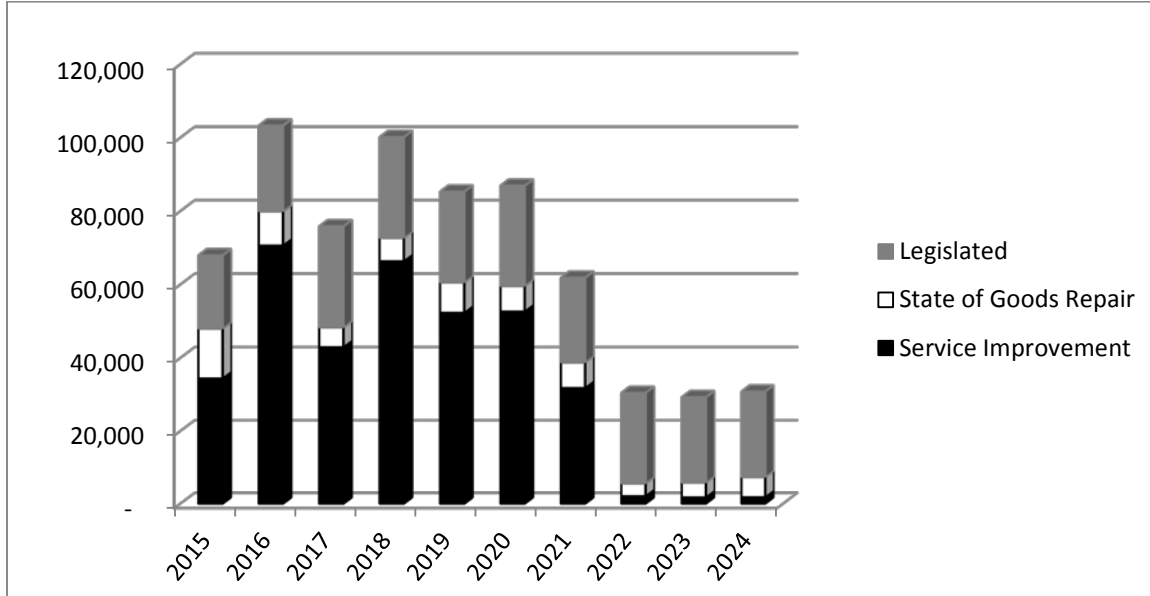
The 2015 Capital Budget of \$76.006 million, comprised of a requested \$67.924 million and a Carry Forward of \$8.083 million from 2014, includes several projects in the Legislated category (\$23.363 million) and State of Good Repair (\$15.065 million) to facilitate the ongoing development of the Green Lane Landfill and Perpetual Care of Closed Landfills, as well as Service Improvement projects (\$37.578 million).

2015-2024 Capital Plan

The 10-Year Recommended Capital Plan, including funds carried forward from 2014 provides funding of \$76.006 million in 2015 for the following projects:

- Diversion Systems and Facilities (\$27.952 million);
- Ongoing maintenance of Perpetual Care of Closed Landfills (\$8.050 million);
- Transfer Station Asset Management (\$13.792 million);
- Collection Yard Asset Management (\$0.400 million);
- Development of Green Lane Landfill (\$15.313 million);
- Long Term Waste Management Strategy Plan (\$1.465 million);
- Landfill Gas and Bio-Gas Utilization (\$2.476 million);
- Corporate and Divisional IT Initiatives (\$4.322 million); and
- Two-way Radio Replacement (\$2.235 million).

Table 2
2015-2024 Capital Plan by Project Category
(In \$000s)



The 2015-2024 Capital Plan provides funding of \$671.755 million (excluding 1-Year Carry Forward from 2014)

Service Improvement Projects

Projects to maintain the Solid Waste Management Services, which are classified as Service Improvement Projects (\$356.657 million or 53% in the 10-Year Capital Plan), continue to drive the Division’s Management Services’ Capital program. Over the first five years, investment in these projects represents 62% or \$266.631 million of all project funding, declining to 38% or \$90.026 million in the remaining five years.

Legislated and State of Good Repair

The remaining funding is for Legislated and State of Good Repair Projects (\$315.098 million or 47% in the 10-Year Capital Plan). The funding requirement is \$165.825 million or 38% and 62.4% over the first five years and \$149.272 million or 62% over the last five-year period. Legislated projects include the ongoing development of the Green Lane Landfill and Perpetual Care of Old Landfills. State of Good Repair projects represent 10% of the 10-Year Recommended Capital Plan.

By 2022, the 10-Year Recommended Capital Plan declines to an average \$30.188 million per year as the majority of major facilities work has been completed and reflects only ongoing development and asset management costs only.

Of the total \$370.785 million gross operating budget, the Recommended 2015 Solid Waste Rates are expected to generate a total of \$256.859 million in volume-based user fee revenue, with recycling and other revenues funding the remainder of the operating expenditures. There will be a 3% (2.25% annualized) increase for all Solid Waste Fees for 2015. Solid Waste Management Services will continue to fund existing waste diversion initiatives until the completion of the Long Term Waste Management Strategy in 2015.

CONTACT

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SIGNATURE

E. (Beth) Goodger
General Manager
Solid Waste Management Services

Roberto Rossini
Deputy City Manager and
Chief Financial Officer

Attachment

Appendix A – Recommended 2015 Solid Waste Rates