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## 2013 BUDGET BRIEFING NOTE

### Review of Bin Charges for Smallest Single Family Bin

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#### Issue/Background:

- At its meeting on November 7, 2012, the Budget Committee requested the General Manager of Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer, to provide briefing notes on a review of the bin charges for the smallest bin to the November 12, 2012 Budget Committee meeting.

#### Historical Basis for Volume Based Rate Structure Rates and Rebates

- The principles of the Volume-Based Rate Structure were established by EX9.1 “Proposed Initiatives and Financing Model to Get to 70% Solid Waste Diversion by 2010”, were to:
  - Set a fee which would generate the revenue required to provide a base level service (small bin equivalent) that would recover the waste management costs.
  - Offset this fee, by providing a standard rebate equivalent to the fee to provide a base level of service.
  - Generate additional revenue that would be used to fund future waste diversion programs and infrastructure
- In EX9.1, it was determined that the average cost to provide a base level of service was \$209.00 per single-family household, and this amount would be rebated to each single family household.
- Based on the above-mentioned Volume-Based Rate Structure principles, staff initially proposed that the small/base bin fee to be equivalent to the rebate. However, following consideration by City Council, the fee for the small container was reduced by \$10 (\$209 - \$10 = \$199) to provide further incentive to enhance waste diversion. City Council recommended lowering the fees for the two smallest waste bins and increasing the fees for the two largest waste bins so that overall the total fee revenue remained the same.

**2011-2013 Volume Based Rates Adjustments**

- In 2011, the number of household/units billing accounts was reassessed based on actual experience, and determined to be approximately 11% less than originally estimated in 2007. As a result, the cost per household/unit was higher than originally estimated.
- As a result of the reduced customer base, the average cost per household for Single Family customers was adjusted from \$209 to \$224 (an increase in \$15 dollars per single family household), which led to a \$15 dollar increase to the rates and rebate.
- In addition to the technical adjustments to rate and rebate, City Council approved a 3.6% increase through EX3.2 “Rate Supported Budgets - Toronto Water and Solid Waste Management” in 2011. The Single-Family 2011 rates were carried forward in 2012, and Staff is recommending a 0% increase in 2013 as shown in Table 1.

**Table 1 - 2013 Recommended Single Family Fees**

<b>Waste Bin Size</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Extra Large</b>
<b>Waste Bin Fee</b>	\$221.16	\$271.93	\$369.31	\$428.36
<b>Less Rebate</b>	(\$224.00)	(\$224.00)	(\$224.00)	(\$224.00)
<b>Net Fee</b>	(\$2.84)	\$47.93	\$145.31	\$204.36

**Key Points:**

- Currently 111,696 single family houses have small bins, which accounts for 25% of all single family bin customers.
- The smallest bin customers were given a reduced rate below the average cost per household for providing solid waste management services to encourage diversion.
- The potential loss of revenue from reducing the small bin customer's fees was recouped by increasing the rates charged to the two largest bin customers.
- An increase in fees for the two larger bin customers was also within the principles of the proposed Volume-Based Rate Structure which was to encourage the customer to increase diversion while at the same time reduce their solid waste management costs.
- The reduced rate for the smallest bin is offset by the larger bin rates and does not have a financial impact on the City.

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**Date:** November 9, 2012