

EX20.23a



Decision Letter

Budget Committee

Meeting No.	26	Contact	Jennifer Forkes, Committee Administrator
Meeting Date	Friday, November 18, 2016	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Committee Room 1, City Hall	Chair	Councillor Gary Crawford

BU26.2	ACTION	Amended		Ward:All
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2017 Rate Supported Budgets - Solid Waste Management Services and Recommended 2017 Solid Waste Rates

Committee Decision

The Budget Committee recommends that:

Rates and Fees

1. City Council delete the recommended 5.2 percent increase in the Single Family Residential Rate in Appendix A to the report (November 15, 2016) from the General Manager, Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer, and adopt a 2 percent increase to the Single Family Residential Rate, and that the reduction in revenue be offset by a reduction in contributions to the Solid Waste Management reserves.
2. City Council delete the recommended \$23.00 Garbage Bin Downsizing Exchange Fee in Appendix A to the report (November 15, 2016) from the General Manager, Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer, and that the reduction in revenue be offset by a reduction in contributions to the Solid Waste Management reserves.
3. City Council adopt, as amended by Recommendations 1 and 2 above, a program of increases on all Solid Waste Rates and Fees in 2017 as set out in Appendix A to the report (November 15, 2016) from the General Manager, Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer, to become effective on January 1, 2017, including a five year Solid Waste Management Services (SWMS) Rate and Fee Plan from 2017 to 2021 for rate setting and planning purposes.
4. City Council amend the Fee Description in Reference No. 135 of Appendix A of Schedule 1 to Chapter 441, Fees and Charges, of the Toronto Municipal Code by deleting the Reference Name "Roll-Off Services Fee-General haulage provision of bins and haulage" and replacing it with "Solid Waste Miscellaneous Collection, Haulage and Other Services."
5. City Council consider the report (November 15, 2016) from the General Manager, Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer,

concurrently with the 2017 - 2026 Recommended Capital Budget and Plan and the 2017 Recommended Operating Budget for Solid Waste Management Services Division.

6. 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 \$3.5 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.

Capital Budget

7. City Council approve the 2017 Recommended Capital Budget for Solid Waste Management Services with a total project cost of \$27.719 million, and 2017 cash flow of \$105.451 million and future year commitments of \$185.188 million comprised of the following:

a. New Cash Flow Funds for:

1. 28 new / change in scope sub-projects with a 2017 total project cost of \$27.719 million that requires cash flow of \$(10.437) million in 2017 and future year cash flow commitments of \$35.186 million for 2018; \$9.186 million for 2019; \$(10.672) million for 2020; \$(0.870) million for 2021; \$(1.174) million for 2022; \$1.000 million for 2023; \$1.000 million for 2024; \$1.000 million for 2025; and \$3.500 million for 2026.

2. 23 previously approved sub-projects with a 2017 cash flow of \$114.214 million; and future year cash flow commitments of \$48.939 million for 2018; \$38.259 million for 2019; \$28.694 million for 2020; \$13.450 million for 2021; \$15.175 million for 2022 and \$2.515 million for 2023.

b. 2016 approved cash flow for 8 previously approved sub-projects with carry forward funding from 2016 into 2017 of \$1.514 million and into 2018 of \$160.

8. City Council approve the 2018 - 2026 Recommended Capital Plan for Solid Waste Management Services totalling \$378.131 million in project estimates, comprised of \$22.643 million for 2018; \$38.042 million for 2019; \$40.465 million for 2020; \$41.369 million for 2021; \$40.432 million for 2022; \$52.804 million for 2023; \$47.302 million for 2024; \$48.152 million for 2025 and \$46.922 million in 2026.

9. City Council consider the operating costs (savings) of \$0.266 million net in 2017; \$0.393 million net in 2018; \$(0.703) million net in 2019; \$0.109 million net in 2020; \$(0.061) million net in 2021; \$(0.065) million for 2022; \$(0.018) million for 2023; \$(0.072) million for 2024; and \$(0.075) million for 2025 resulting from the approval of the 2017 Recommended Capital Budget for inclusion in the 2017 and future year operating budgets.

10. City Council approve 10 new temporary capital positions for the delivery of 2017 capital projects and that the duration for each temporary position not exceed the life and funding of its respective projects / sub-projects.

11. City Council consider the 2017 - 2026 Recommended Capital Budget and Plan - Solid Waste Management Services concurrently with the report (November 15, 2016) from the

General Manager, Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer.

Operating Budget

12. City Council approve the 2017 Recommended Operating Budget for Solid Waste Management Services of \$378.292 million gross, \$25.270 million net contribution for the following services:

Service:	Gross (\$000s)	Net (\$000s)
City Beautification	35,779.3	33,165.4
Residual Management	79,101.9	33,887.6
Solid Waste Collection and Transfer	117,327.8	(187,247.0)
Solid Waste Education and Enforce.	5,865.3	5,860.8
Solid Waste Processing and Transport	140,218.1	89,063.6
Total Program Budget	378,292.4	(25,269.5)

13. City Council approve the 2017 service levels for Solid Waste Management Services as outlined on pages 17, 20, 23, 26 and 29 of the 2017 Staff Recommended Operating Budget Notes - Solid Waste Management Services, and associated staff complement of 1,113.7 positions.

14. City Council approve the 2017 new user fees, technical adjustments to user fees, market rate user fee changes, rationalized user fees, and other fee changes above the inflationary adjusted rate for Solid Waste Management Services identified in Appendix 7 to the 2017 Staff Recommended Operating Budget Notes - Solid Waste Management Services, for inclusion in Municipal Code Chapter 441 "Fees and Charges".

15. City Council direct that one-time funding of \$18.313 million be transferred from the Waste Management Reserve Fund (XR1404) to the Solid Waste Vehicle Reserve (XQ1014) for the purpose of replacing 60 Class 8 collection vehicles and that this amount be repaid to the Waste Management Reserve Fund through maintenance related savings beginning in 2019.

16. City Council consider the 2017 Recommended Operating Budget - Solid Waste Management Services concurrently with the report (November 15, 2016) from the General Manager, Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer.

17. City Council direct the City Solicitor to submit the necessary bills to City Council required to implement City Council's decision.

Decision Advice and Other Information

The Budget Committee:

1. Requested that the General Manager, Solid Waste Management Services to provide a budget briefing note on the following:

- the expected revenue potential from the sale of Renewable Natural Gas (RNG) from the

Disco Road facility and the estimated revenue available from the sale of carbon credits.

- the estimated timeline for the availability of RNG from the Disco facility for use or sale, and if and how this could be expedited.

- the timeline for capturing biogas and selling RNG at the Dufferin facility, which is undergoing expansion, and if and how this could be expedited.

2. Requested that the General Manager, Solid Waste Management Services to provide a Budget briefing note on the current capacity for anaerobic digestion, timeline for building a third anaerobic digester and how much expansion is possible at the City's existing two anaerobic digesters and the timeline for the expansion of the City's existing two anaerobic digesters including siting and construction.

Origin

(November 15, 2016) Report from the General Manager, Solid Waste Management Services and the Deputy City Manager and Chief Financial Officer

Summary

This report outlines the recommended 2017 Solid Waste Rates and Fees arising from the concurrent adoption of the 2017 Solid Waste Management Services (SMWS) Recommended Operating and Capital Budgets.

Recommended rate and fee increases will vary based on customer group. Table 1 highlights the recommended key Solid Waste Rates and Fees beginning January 1, 2017.

Table 1 – 2017 Recommended Rate and Fee Increases

Customer Group	Increase
Single Family Residential, small bin	\$12.73
Single Family Residential, medium bin	\$15.45
Single Family Residential, large bin	\$20.98
Single Family Residential, extra-large bin	\$24.34
Multi-residential base fee per unit	\$2.09
Multi-residential excess fee per yd ³	\$0.15
Yellow Tag Fee	\$1.61

The proposed blended 3.9 percent increase on SWMS Rates and Fees is anticipated to generate \$11.259 million in additional revenue in 2017. This recommended increase is required to fund the necessary reserve contributions that would ensure sufficient funds to pay off the City's 10-year Debt Service issue Plan for SWMS, implement the Long-Term Waste Management Strategy ("Waste Strategy"), offset rapidly escalating vehicle maintenance costs and cover lost revenue. The recommended budget contains \$8.433 million in efficiencies and new revenue enhancements representing 7.6 percent of SWMS variable expenses.

The 2017 Recommended Operating Budget is \$378.3 million, with a \$25.3 million reserve contribution, and the 2017 Recommended Capital Budget is \$105.3 million – comprised of \$103 million in new 2017 funding, as well as \$1.7 million in funding carried forward from 2016 into 2017. These combined budgets reflect the cost to maintain the City Council approved

service levels for SWMS.

A key priority for the SWMS Division for 2017 is the implementation of the Waste Strategy, which includes making advancements in waste reduction and further diversion opportunities as well as ensuring the long term fiscal sustainability of the Division. In keeping with Council Strategic Action #7 (Develop a Long-term Solid Waste Management Strategy), this report also discusses taking continued steps toward rate sustainability through consideration of further reductions to the Single Family Residential Solid Waste Rebate in 2017 as part of the City's Tax Supported Budget to be released later this year. Changes to the Solid Waste Rebate has no impact on the SWMS 2017 Rates and Fees increase or Budgets.

Background Information

(November 15, 2016) Report from the General Manager, Solid Waste Management Services, and the Deputy City Manager and Chief Financial Officer on 2017 Rate Supported Budgets - Solid Waste Management Services and Recommended 2017 Waste Rates

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98421.pdf>)

Attachment 1 - Appendix A - Recommended 2017 Solid Waste Rates

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98422.pdf>)

(November 4, 2016) Notice of Public Meeting - 2017 Rate Supported Budgets - Solid Waste Management Services and Recommended 2017 Solid Waste Rates

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98082.pdf>)

(November 4, 2016) Notice of Public Meeting - Appendix A - Recommended 2017 Solid Waste Rates and Fees

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98083.pdf>)

2017 Staff Recommended Capital Budget Notes - Solid Waste Management Services

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98077.pdf>)

2017 Staff Recommended Operating Budget Notes - Solid Waste Management Services

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98091.pdf>)

(November 3, 2016) Report from the Deputy City Manager and Chief Financial Officer on 2017 Rate Supported Budgets - Solid Waste Management Services and Recommended 2017 Solid Waste Rates - Notice of Pending Report

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-98033.pdf>)