

Memo



Date: July 5, 2010
File: 1345-90
To: City Manager
From: R. Cleveland, Director Infrastructure Planning, Community Sustainability
Subject: Tip Fee Amendments for Solid Waste Management Regulation Bylaw No. 10106 Schedule "E" Sanitary Landfill/Recycling Fees

Recommendation:

THAT Council give reading consideration to Bylaw No.10363 being Amendment No. 3 to the Solid Waste Management Regulation Bylaw No.10106, to come into effect on October 15, 2010;

AND THAT Council directs staff to advertise and notify customers of the tip fee changes;

AND FURTHER THAT Council directs staff to evaluate the impacts of Regional District of North Okanagan waste import and report back to Council in conjunction with a Council workshop on the landfill financial model prior to the 2011 Budget consideration.

Purpose:

To propose a revision to the Kelowna landfill/recycling fee schedule to reflect the business case of a new landfill financial model and ensure that the solid waste service runs as a user-pay business.

To ensure that the Glenmore Landfill service life is not compromised by waste import from outside the Central Okanagan Regional service area and to provide a market response to the increased refuse and disposal fees set by the Regional District of North Okanagan (RDNO) as part of their new Municipal Solid Waste Management Bylaw (No. 2434, 2010).

Background:

New financial model for Kelowna:

In March 2009, Council endorsed residential fee increases and changes to the Solid Waste Bylaw No. 10106 reflecting the new automated curb-side waste collection system. Council directed staff to update the financial model for the solid waste management services and report to Council. Seven reports were prepared by CH2MHill to support this review and are summarized in Attachment 2. These provide justification for increases to the tipping fees to cover increases in capital, operating and statutory closure and post-closure reserves.

RDNO Bylaw tip fees:

On April 21, 2010, the RDNO Board adopted a new bylaw effective July 5, 2010. Along with differential tipping fees designed to encourage sorting and separation of divertible materials and to discourage the disposal of mixed loads, the new bylaw included an increase in the refuse disposal fee from \$63/tonne to \$75/tonne. This increase was intended to fund a reserve for the eventual closure of the Regional Recycling and Disposal Facilities (RDNO-RDF). Further, it is anticipated that the fee will increase again to \$90/tonne in January 2011.

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Kelowna has a significantly lower tip fee of \$55/tonne at the Glenmore Landfill. There is real concern that the differential rate will create a financial incentive for RDNO-RDF users to divert their waste to the Glenmore facility. Diversion could potentially reduce the life-expectancy of the landfill (currently expected to last 75 years). This would advance the date when a new facility would need to be created. Since it is unlikely that a new fill site could be found within the City limits, either a remote site would need to be acquired or some other form of waste treatment (e.g. incineration) would need to be adopted, either of which would be a more expensive operation than the current facility.

It is, therefore, in the best interests of local users of the Glenmore facility to ensure that RDNO waste is not diverted to take advantage of the lower tip fees at Glenmore. The following principles were employed in developing a solution.

- Kelowna residents should not be penalized by an increase in tipping fees that match the RDNO fees simply to discourage RDNO waste reduction;
- Equity must be maintained between residential and commercial customers;
- The service life of the Glenmore facility should not be compromised;
- The impact analysis of this should include consideration of capital and operating costs, increased traffic, and increased GHG from garbage hauling and operations.

Proposed action:

It is proposed that the sanitary landfill/recycling fees be increased to reflect projected actual costs.

The recommended changes are less than those proposed by the RDNO, but are expected to cover anticipated costs of RDNO wastes to the Glenmore landfill. On the other hand, the changes may not fully discourage waste import.

The change in tipping fees would have an impact on all customers, including residential customers using the automated curb-side service. Each jurisdiction charges residential customers a rate based on anticipated tonnage. The rate structures would be changed by individual jurisdictions according to their own procedures. Kelowna residents would see a \$7-9 annual increase to the "solid waste reduction fee" beginning January 1, 2011 that would be assessed on June 1, 2011. The existing \$10/year subsidy to residential customers would remain in place to each customer for another year despite this increased "solid waste reduction fee". The waste reduction fee would be amended through a bylaw revision in the late fall of 2010.

Next Steps:

Further revisions to the Bylaw will be proposed as required by ongoing review of the financial model to account for actual landfill costs. A Council workshop will be organized in fall 2010.

Inter-regional consultation between RDNO and RDCO and their constituencies will be initiated to begin a collaborative approach to long-term planning of solid waste management.

Internal Circulation:

Director, Civic Operations
Director, Financial Services
General Manager, Community Sustainability

Legal/Statutory Authority:

Provincial Legislation requires that Closure-Post Closure Funding be established as a reserve.

Legal/Statutory Procedural Requirements:

The Community Charter requires that the City must consult with Interior Health (IH) regarding solid waste bylaw changes. IH have no concerns.

Financial/Budgetary Considerations:

Attachment 1 provides for fee increases.

External Agency/Public Comments:

Both formal communication and a meeting was held on June 23 with customers of the Glenmore landfill including the Regional District of the Central Okanagan, West Kelowna, Peachland, Westbank First Nation and Lake Country. They understand the rationale for this change and have asked that for the October 15 implementation date so that they have time to advise their own customers.

The RDCO Waste Reduction Office notes this subject will be on the July 13, 2010 agenda of the interregional Board meeting and that:

- higher fees can act as a form of encouragement for recycling and waste reduction which, if successful, could extend the service life of the Glenmore landfill; their current emphasis is on the commercial and construction sectors;
- higher fees might also encourage illegal dumping which must be included in the cost of the solid waste business.

All other local government customers of the regional waste service will be advising their customers as soon as possible of the change.

Community & Media Relations Comments:

A news release will be prepared to notify customers of the tip fee changes to come into effect October 15, 2010.

Considerations not applicable to this report:

- Personnel Implications:
- Community & Media Relations Comments:
- Legal/Statutory Procedural Requirements:
- Existing Policy:
- Alternate Recommendation:

Submitted by:



R. Cleveland, Director Infrastructure Planning, Community Sustainability

Approved for inclusion:  J. Paterson, General Manager, Community Sustainability

- CC:
- J. Paterson, General Manager, Community Sustainability
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 - K. Grayston, Director, Financial Services
 - J. Creron, Director, Civic Operations
 - C. Stephens, Director, Community & Media Relations
 - D. Allin, District of Peachland
 - G. O'Rourke, District of West Kelowna
 - G. Buchholz, District of Lake Country
 - S. Banman, District of Lake Country
 - H. Hettinga, Westbank First Nations

Attachment 1: Amendment to Schedule E of the Solid Waste Bylaw No. 10106

Attachment 2: Summary of CH2MHill Technical Memoranda reviewed for a new financial model

ATTACHMENT 1: (Amendment to Schedule E of the Solid Waste Bylaw No. 10106)

SCHEDULE "E"

SANITARY LANDFILL / RECYCLING FEES

1. The following rates shall be paid for all material delivered to the *Landfill* at all times when the landfill scale is operating:
- (a) Demolition, construction, and land clearing waste material:
 - (i) source-separated recyclables \$ 10.00 per metric tonne
 - (ii) asphalt and concrete \$ 25.00 per metric tonne
 - (iii) gypsum drywall \$145.00 per metric tonne
 - (b) Clean *Wood Waste* \$ 10.00 per metric tonne
 - (c) *Recyclable Gypsum* in loads of one metric tonne or less \$145.00 per metric tonne (or portion thereof)
 - (d) Useable clean fill, batteries, propane tanks No Charge
 - (e) *Yard Waste*:
 - (i) up to 20 cm (8 in) diameter - under 250 kg No Charge
 - (i) up to 20 cm (8 in) diameter - over 250 kg \$ 35~~25~~.00 per metric tonne
 - (ii) over 20 cm (8 in) diameter \$ 70~~65~~.00 per metric tonne
 - (f) Tires (with or without rim, as indicated):
 - (i) up to 40.64 cm (16 in) diameter, with or without rim \$ 1.00 per tire
 - (ii) 40.64 to 64.77 cm (16 to 25.5 in) diameter, without rim \$ 5.00 per tire
 - (iii) 40.64 to 64.77 cm (16 to 25.5 in) diameter, with rim \$ 10.00 per tire
 - (g) Asbestos (friable) \$150.00 per metric tonne
 - (h) Hydrocarbon Contaminated Soils \$8.00 per metric tonne
 - (i) Recyclable corrugated cardboard larger than 1 m³ \$10.00 per load
 - (j) Ash \$100.00 per tandem axle load
 - (k) Carcasses weighing under 100 kg \$70~~65~~.00 per metric tonne
 - (l) Carcasses weighing over 100 kg \$200.00 per carcass
 - (m) All other *Garbage* not included above: \$70~~55~~.00 per metric tonne
 - (n) Any material determined by the *Director of Infrastructure Operations* to require burial in an area away from the active face \$50~~30~~.00 per metric tonne surcharge, over and above any other required
 - (o) Any *Mandatory Recyclable Material* included in mixed waste \$150.00 per metric tonne surcharge, over and above any other required fee

2. At all times when the scales are not operating, all material delivered to the *Landfill* shall be subject to the following charges, according to the type of vehicle delivering the material. and without taking into consideration the volume or weight of the material contained in the vehicle:

Vehicle Type	Fee
Utility Trailer, or Vehicles up to 3/4 ton	\$106.00
Tandem Axle Trailer	\$5040.00
Side Dump Collector Truck, less than 50m ³	\$10075.00
Side Dump Collector Truck, equal to or greater than 50m ³	\$150.00
Curbster	\$250.00
Roll-off Open Container, 15 yard bin	\$80.00
Roll-off Open Container, 20 yard bin	\$95.00
Roll-off Open Container, 30 yard bin	\$155.00
Roll-off Open Container, 40 yard bin	\$200.00
Roll-off Closed Compactor Unit, up to 40 yard	\$325.00
Large Compactor, greater than 40 yard	\$360.00
Single Axle Truck (1 ton)	\$60.00
Single Axle Truck (2 ton)	\$85.00
Single Axle Truck (3 ton)	\$125.00
Single Axle Truck (5 ton)	\$170.00
Single Axle Truck (dump)	\$190.00
Tandem Axle Truck (dump)	\$280.00
Tractor Trailer Unit	\$325.00
Source Separated Recyclables	\$50.00

3. All *Garbage* hauled directly to the *Landfill* site by customers qualifying or authorized for pick-up through the *City's* residential collection systems established pursuant to this bylaw shall be subject to the following minimum charges:

- \$1.00 per *Standard Garbage Bag* up to six (6) *Standard Garbage Bags*
- \$106.00 per load of *Garbage* for loads weighing up to and including 250 kg
- \$7050.00 per metric tonne of *Garbage* for loads weighing greater than 250 kg

BL10122 amended Section 4:

4. *Owners* of all *Residential Dwelling Premises*, including *Owners* of property who have been granted a waiver of service, pursuant to section 2.1.1 of this bylaw, or who have been excluded, pursuant to section 2.1.3 of this bylaw, from the *City's* residential collection systems, will be levied annually on their property tax notice or utility bill a fee to cover *Solid Waste Reduction Services*; landfill disposal costs, waste reduction activities, recycle depot and recycle processing facilities. New accounts will be billed from the date of request for final inspection on a pro-rated basis. This *Solid Waste Reduction Services Fee* is \$89.42 per residential unit per year.

ATTACHMENT 2: Summary of CH2MHill Technical Memoranda reviewed for a new financial model

Waste Import (Feb 2009)

It was recommended by this review that there should be a \$2.00/tonne differential for waste import with the benefit redirected to Kelowna. As part of the Budget approval in Dec. 2010, Council endorsed an on-going \$200,000 transfer of surplus funds from the Landfill Reserve to General Revenue to benefit Kelowna residents through a reduced tax increase. This addressed Kelowna impacts from the West Kelowna Landfill Closure however does not address the impacts from any diversions from other jurisdictions. In future, it may be appropriate to divert some of the increased revenue back to RDCO, Lake Country and West Kelowna and Peachland in proportion to their calculated use of the land fill.

Capital Plan (Nov 2009)

The existing Kelowna 10-year Capital Plan needs to be amended to account for the Glenmore Landfill Comprehensive Site Development Plan (July 2008) to include landfill entrance facilities, new equipment (compactor), gas, leachate and drainage infrastructure. The current estimate is \$28-30 million over the next 10 years. The new financial model accounts for the new capital.

Operating Cost Review (Jan 2010)

The review of 2007 and 2008 costs of services such as landfilling (burial), recycling, wood and yard waste handling /processing and composting shows that yard waste processing and composting is subsidized by including it in the cost of other services. This has been normal practice to divert organic materials from burial that saves landfill airspace and reduces GHG. None the less, yard waste handling and processing costs are escalating and that increase is addressed in the new financial model.

Solid Waste Services Reduction Fees Review (Feb 2010)

This 'cost of service' review supported staff recommendations for residential curbside fees adjustments in March 2009. The fees are associated with automation, waste reduction office operation, recycle processing and recycle depot operation. The automation launch costs are substantially paid and recycle markets have slowly recovered. This cost reduction is reflected in the new financial model. A residential yard waste service review is in progress and may have future impacts.

Glenmore Landfill Financial Model (Feb 2010)

The model, in addition to cost/tonne calculations for operations also calculates airspace used and remaining, and includes anticipated revenues including future revenues from gas and electrical sales and reserves.

Reserve Funds (Mar 2010)

In 2010, the reserve fund is expected to receive a net surplus after all expenses of \$2.0 million. This is used to fund future capital and closure-post closure regulatory requirements, as well as land and emergency operational contingencies. This fund is now inadequate to meet the projected needs within the 10 year horizon and is addressed in the new financial model.

Glenmore Landfill Closure/Post-Closure (Apr 2010)

Sequential closure of sections of the landfill will begin in 2012. Updated costs for 2012-2022 closures are reflected in the new model.