



# A11

## ADMINISTRATIVE REPORT

Report Date: November 16, 2010  
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Meeting Date: November 30, 2010

TO: Vancouver City Council  
FROM: General Manager of Engineering Services  
SUBJECT: 2011 Solid Waste Utility (SWU) Fees and By-Law Changes

### *RECOMMENDATION*

A.

- i) THAT, for properties that receive garbage cart collection service, the 2011 annual garbage collection fees be established as follows:

<u>Cart Size</u>	<u>Fixed Fee</u>	<u>Volume Fee</u>	<u>Total 2011 Fee</u>
75 litres	\$63	\$28	\$91
120 litres	\$63	\$46	\$109
180 litres	\$63	\$68	\$131
240 litres	\$63	\$91	\$154
360 litres	\$63	\$137	\$200

- ii) THAT, for properties that receive garbage can collection service, the 2011 annual garbage collection fees be established at \$63 for each collection point and \$38 for each garbage can allocated or purchased.
- iii) THAT the 2011 annual recycling collection fees for each dwelling unit be established at \$31, except where one or more common collection points, at locations agreed to by the City Engineer are serviced, the rate be established at \$23 for each dwelling unit and the rate for each collection point remain at \$8.

- iv) THAT the 2011 annual yard trimmings/food scraps collection fees be established at \$32/cart fixed fee plus a cart volume fee as follows:

<u>Cart Size</u>	<u>Fixed Fee</u>	<u>Volume Fee</u>	<u>Total 2011 Fee</u>
120 litres	\$32	\$14	\$46
180 litres	\$32	\$22	\$54
240 litres	\$32	\$29	\$61
360 litres	\$32	\$43	\$75

- v) THAT the 2011 annual fee for storage of recycling carts on City streets and lanes be established at \$ 70/cart.

- B. THAT the 2011 garbage disposal fee at the Vancouver Landfill and Vancouver South Transfer Station be established at \$97/tonne with a minimum fee of \$20 during peak hours (Monday to Friday 10:00AM to 2:00PM) and \$10 during non-peak hours (all operating hours excluding Monday to Friday 10:00AM to 2:00PM).
- C. THAT the 2011 yard trimmings material disposal fee be established at \$63/tonne with a minimum fee of \$6 at the Vancouver Landfill and Vancouver South Transfer Station.
- D. THAT a fee of \$20/unit be established for deposit of mattresses for recycling or disposal at the Vancouver Landfill and Vancouver South Transfer Station.
- E. THAT the Director of Legal Services be instructed to bring forward for enactment the revisions to the Solid Waste By-law substantially as referred to in these Recommendations and as substantially set out in appendix A.

#### ***GENERAL MANAGER'S COMMENTS***

The General Manager of Engineering Services RECOMMENDS approval of A - E.

#### ***COUNCIL POLICY***

On October 7, 1997, Council approved the implementation of the Solid Waste Utility effective January 1, 1998.

On September 30, 2004, Council adopted a fee structure for automated garbage and yard trimmings collection services, including a fixed fee (Service Fee) and a price per unit volume fee (Cart Fee) for each cart.

Solid Waste Utility fees are set annually to recover the full cost of providing services. Fee increases require Council approval.

#### ***PURPOSE***

The purpose of this report is to obtain Council authority to set 2011 Solid Waste Utility (SWU) fees and amend the Solid Waste By-law.

**BACKGROUND**

Costs within the SWU are recovered through user fees rather than from property taxes. SWU collections fees are based on a user pay concept, and are made up of both fixed and variable cost components. A surplus (savings) or deficit (cost overrun) accrued in a given year is normally reflected in the following years' utility rates.

**DISCUSSION****Collections Fees**

Upon approval of the recommended 2011 SWU fees, the average homeowner will see a weighted average increase of about \$6 or 2.7% in their annual total solid waste collection fees, compared to 2010 fees (i.e. \$228 in 2011 vs. \$222 in 2010).

Recommended 2011 SWU collection fees are based on the 2011 budgeted expenditures and a continued reduction in the accumulated deficits, discussed further below. The recommended fees reflect estimated 2011 costs for existing solid waste collection programs (garbage, recycling and yard trimmings/food scraps), and frequencies. Potential costs or savings resulting from program changes that may occur in 2011, such as an expansion of the current food scraps collection program, would be reflected in future SWU fees and would be the subject of future reports to Council.

Expenditure budgets are summarized as followed:

Table 1: Expenditure Budgets

Collections Program	Approved 2010	Recommended 2011	Budget Increase
Garbage	\$11,719,900	\$12,414,000	\$694,100
Recycling (gross costs)	\$7,573,500	\$8,245,400	\$671,900
Yard Trimmings/Food Scraps	\$4,852,600	\$4,956,600	\$104,000
Total	\$24,146,000	\$25,616,000	\$1,470,000

Due to variability beyond the City's direct control, such as changes to market pricing of recycling commodities and the amount of material requiring disposal at Vancouver's facilities, an annual surplus or deficit is experienced from one year to the next in the collections programs. Accordingly, the SWU maintains an accumulated surplus or deficit balance and annual SWU fees are set to account for the prior years' accumulated surplus or deficit position.

For 2010 staff project a total accumulated deficit balance of about \$1.8 million as at Dec 31, 2010 (Table 2). This deficit primarily occurred in 2008 and 2009, and is largely the result of several unanticipated events, including increased recycling costs, decreased recycling revenues, reduced transfer of regional garbage requiring disposal/increased garbage disposal costs, and the reversal of one-time strike savings. In keeping with past practice, it is recommended that the 2011 SWU fees be set to further reduce the deficit.

Table 2: Accumulated Surplus (Deficit)

Collections Program	Projected as at Dec. 31/10 (\$million)	Projected as at Dec. 31/11 (\$million)	Budgeted 2011 Deficit Reduction (\$million)
Garbage	(\$0.83)	(\$0.47)	\$0.36
Recycling	(\$0.72)	(\$0.43)	\$0.29
Yard Trimmings/Food Scraps	(\$0.25)	(\$0.10)	\$0.15
Total	(\$1.80)	(\$1.00)	\$0.80

## Garbage Collection

Revenue generated from 2010 garbage collection program user fees was higher than forecasted. Consequently, 2010 fees are at a sufficient level to recover the increase in 2011 budgeted expenditures. However, staff recommend a fee increase of 2% (weighted average) to further draw down the accumulated deficit in the garbage collection program. As indicated in Table 1, this accumulated deficit is projected to be about \$830,000 as at December 31, 2010. The recommended fee increase for 2011 is expected to reduce this deficit by about \$360,000.

The recommended 2011 expenditure budget of approximately \$12.4 million is an increase of \$694,100 over the 2010 budget, and is primarily due to:

- increased budget for disposal costs of \$350,000 (10.4%) - in addition to inflation in the costs of the disposal operations for 2011, Metro Vancouver's share of Vancouver Landfill costs has been declining due to reduced regional waste flows to the Landfill, leaving Vancouver with a larger share of total costs;
- increased payment to Metro Vancouver of about \$250,000 (175%) for Metro's Regional Services Rate (formerly called the Recycling Surcharge) which is increasing from \$2.20/tonne to \$6.00/tonne;
- wage inflation \$134,000 (2.4%) for City collection crews.

Partially offsetting the above-mentioned increases, for 2011 there is a reallocation of about \$150,000 in overhead costs to the Landfill budget.

Recommended 2011 garbage collection fees are as follows:

Table 3: Garbage Collection Fees - 2010 vs. 2011

Cart Size (litres)	2010 Approved Fees (\$/year)	2011 Recommended Fees (\$/year)	\$ Change (\$/year)
75	\$89	\$91	\$2
120	\$105	\$109	\$4
180	\$128	\$131	\$3
240	\$150	\$154	\$4
360	\$194	\$200	\$6

The garbage collection fees have two components: 1) a fixed fee to recover the fixed costs of the operation (e.g. trucks and labour) and a cart volume fee to recover variable costs (e.g. disposal). Variable costs are determined by the amount of garbage that is collected from customers, which is directly correlated to the cart size. The two fee components are shown in the following table.

Table 4: Garbage Collection Fees - Fixed vs. Variable

Cart Size (litres)	Fixed Fee (\$/year)	Cart Volume Fee (\$/year)	\$ Total (\$/year)
75	\$63	\$28	\$91
120	\$63	\$46	\$109
180	\$63	\$68	\$131
240	\$63	\$91	\$154
360	\$63	\$137	\$200

For properties that are not serviced by automated collection (about 12 properties), the proposed fee for 2011 is \$38 per garbage can (maximum 100 litres) plus a \$63 stop fee. Therefore, properties that set out two garbage cans per week for collection will be charged a total of \$139 in 2011.

### Recycling Collection

Staff recommend fees be increased for 2011 by \$2 per dwelling unit to recover the increased budgeted costs and to reduce the accumulated deficit in the recycling collection program by \$287,000 (Table 1).

The 2011 recommended expenditure budget of approximately \$8.2 million is an increase of \$671,900 over the 2010 budget, and is due primarily to the increased cost of replacement City recycling trucks (\$598,000). Also contributing to the increased budgeted expenditures is:

- an increase in apartment recycling program contractor costs (\$130,600) due to the growth in the number of apartment units requiring recycling collection service and inflation; and
- an increase (\$93,000) to provide additional recycling collections capacity in the City's program. Based on a 2010 review of the City's recycling collection program it was determined that in some collection beats workload exceeds the budgeted resource. To balance workload, improve service levels and increase capacity, it is recommended that staff restructure recycling beats and re-commission an existing recycling truck (#B1515) back into regular service. These changes will also allow the City to respond to requests for providing recycling collection service to select Vancouver Public Library and University Endowment Land properties, on a cost recovery basis.

Partially offsetting the above-mentioned increases, for 2011 there is a reallocation of about \$200,000 in overhead costs to the Landfill budget.

The recommended 2011 recycling collection fees are as follows:

Table 5: Recycling Collection Fees - 2010 vs. 2011

Service Type	2010 Approved Fees (\$/yr)	2011 Recommended Fees (\$/yr)	\$ Change (\$/yr)
Single dwelling unit property:	\$29	\$31	\$2
Multiple dwelling unit property:			
- per dwelling unit	\$21	\$23	\$2
- per collection point	\$ 8	\$ 8	\$0

For 2011, the average homeowner and apartment resident will see a \$2 recycling program fee increase. Recycling program fees are charged as an annual flat rate with no restrictions on quantity, which provides a waste diversion incentive.

### Yard Trimmings/Food Scraps Collection

No fee increase is required for 2011 in the yard trimmings/food scraps collection program because current fees are at a sufficient level to cover the increase in budgeted expenditures. The recommended expenditure budget increase for this program is \$104,000 and it is mainly due to wage inflation. The recommended 2011 budget of approximately \$5 million also provides for a surplus of \$150,000 to reduce the accumulated deficit in this program.

Recommended 2011 yard trimmings/food scraps collection fees are as follows:

Table 6: Yard Trimmings/Food Scraps Collection Fees - 2010 vs. 2011

Cart Size (litres)	2010 Approved Fees (\$/yr)	2011 Recommended Fees (\$/yr)	\$ Change (\$/yr)
120	\$46	\$46	\$0
180	\$54	\$54	\$0
240	\$61	\$61	\$0
360	\$75	\$75	\$0

Identical to the garbage collection fees, the yard trimmings/food scraps collection fees have two components, a fixed fee to recover the fixed costs of the operation and a variable, cart volume fee to recover variable costs. Variable costs are determined by the amount of yard trimmings/food scraps collected from customers. The two fee components are shown in the following table.

Table 7: Yard Trimmings/Food Scraps Collection Fees - Fixed vs. Variable

Cart Size (litres)	Fixed Fee (\$/year)	Cart Volume Fee (\$/year)	\$ Total (\$/year)
120	\$32	\$14	\$46
180	\$32	\$22	\$54
240	\$32	\$29	\$61
360	\$32	\$43	\$75

### Landfill & Transfer Station Garbage and Yard Trimmings Disposal Fees

On October 29, 2010 the Greater Vancouver Sewerage and Drainage District (GVS&DD) amended their Tipping Fee and Solid Waste Disposal Regulation Bylaw resulting in changes to fees for garbage disposal and direct hauled yard trimmings. It is City of Vancouver practice to charge the same tipping fees as the GVS&DD. The purpose of this fee harmonization is to avoid providing an economic incentive for waste to migrate from the higher tipping fee jurisdiction to the lower fee jurisdiction. Net revenues from the tipping fees are transferred to the Solid Waste Capital Reserve (SWCR) to fund future Landfill costs, including closure and post-closure care, and environmental issues arising during and after operation of the Landfill.

Accordingly, to match regional rates, staff recommends:

- changing the fee for garbage loads from \$82/tonne to \$97/tonne;
- changing the fee for yard trimmings loads from \$59/tonne to \$63/tonne;
- implementing a \$20/unit fee for mattresses deposited for recycling or disposal.

Minimum fees during peak and non-peak hours for loads of garbage and yard trimmings as previously approved by Council (July 1, 2009, RTS 08010) will remain in effect.

### Solid Waste By-law Changes

In addition to fee and housekeeping changes required for the Solid Waste By-law for 2011, staff recommend the following:

- That a definition for "food waste" be added, and that references to "yard waste" service be updated to "yard and food waste" service, to reflect the addition of food scraps to the yard trimmings collection program.

- That a fee for the delivery of mattresses to the Vancouver Landfill (Landfill) and Vancouver South Transfer Station (VSTS) be added to align with regional pricing and to divert these items to recycling. Mattresses dropped off at the Landfill and VSTS are currently being treated as garbage. Recently, a local company has been accepting unwanted mattresses for recycling. Mattresses and box-springs are dismantled by the company and by-products are re-purposed locally. The proposed By-law update includes adding definitions for recyclable and non-recyclable mattresses, and bans recyclable mattresses from disposal.

A draft of Solid Waste By-Law amendments is shown in Appendix A.

### **FINANCIAL IMPLICATIONS**

For 2011, the average homeowner will see an increase of about \$ 6(weighted average) or 2.7% in their total solid waste collection fees.

The following is a summary of increased budget expenditures recommended in this report and the resulting forecasted reduction in the accumulated deficits:

Table 8 (*same as Table 1*): Expenditure Budgets

Collections Program	Approved 2010	Recommended 2011	Budget Increase
Garbage	\$11,719,900	\$12,414,000	\$694,100
Recycling (gross costs)	\$7,573,500	\$8,245,400	\$671,900
Yard/Food Waste	\$4,852,600	\$4,956,600	\$104,000
Total	\$24,146,000	\$25,616,000	\$1,470,000

Table 9 (*same as Table 2*): Accumulated Surplus (Deficit)

Collections Program	Projected as at Dec. 31/10 (\$million)	Projected as at Dec. 31/11 (\$million)	Budgeted 2011 Deficit Reduction (\$million)
Garbage	(\$0.83)	(\$0.47)	\$0.36
Recycling	(\$0.72)	(\$0.43)	\$0.29
Yard Trimmings	(\$0.25)	(\$0.10)	\$0.15
Total	(\$1.80)	(\$1.00)	\$0.80

The recommended increased garbage tipping fees are forecasted to generate surplus revenues which will be transferred to the SWCR to pay for Vancouver's share of future Landfill closure and post closure costs.

### **CONCLUSION**

Based on the budgeted 2011 expenditures, staff recommends that the SWU fees described in this report be adopted for 2011.

\* \* \* \* \*

## APPENDIX A

PROPOSED CHANGES TO THE SOLID WASTE BY-LAW

1. In section 2:
  - (a) after the definition of "excess producer", Council adds:  
 ' "food waste" means raw fruit and vegetables, coffee grounds and filters, tea bags and leaves, and eggshells, ';
  - (b) to the definition of "garbage", after "material," Council adds: "food waste";
  - (c) after the definition of "night shift area", Council adds:  
 ' "non-recyclable mattress" means a cover filled with fibers or foam, with or without metal springs or wooden slats, or a piece of foam with or without a cover, that is designed for use as a bed or as support for a bed and is unmarketable due to filth, decay or infestation, ';
  - (d) after the definition of "recyclable material", Council adds:  
 ' "recyclable mattress" means a cover filled with fibers or foam, with or without metal springs or wooden slats, or a piece of foam with or without a cover, that is designed for use as a bed or as support for a bed and is reusable or may be converted into reusable materials, ';
  - (e) to the definition of "solid waste", after "material," Council adds: "food waste";
  - (f) after the definition of "tax roll", Council adds:  
 ' "unmarketable" means an object, material or substance that cannot be sold, recycled or otherwise disposed of through a recycling program or commercial market, ' ; and
  - (g) Council strikes out the definition of "yard waste cart" and substitutes:  
 ' "yard and food waste cart" means a wheeled container supplied by the city for the deposit of yard waste and food waste, ' .
2. In subsection 3.2(a), Council strikes out the words "yard trimmings" and substitutes: "yard and food waste" .
3. In subsection 4.2(3)(c), after the word "yard", Council adds: "and food" .
4. In subsection 4.3(3)(c), after the word "yard", Council adds: "and food" .
5. In the title to Part VI, after the word "YARD", Council adds: "AND FOOD" .
6. In section 6.1, after the word "yard", Council adds: "and food" .
7. In section 6.2:



- (a) in the title, after the word "Yard", Council adds: "and Food"; and
  - (b) after the word "yard", Council adds: "and food".
8. In section 6.3:
- (a) in the title, after the word "Yard", Council adds: "and Food";
  - (b) in subsection 6.3(1), after the word "yard", Council adds: "and food"; and
  - (c) in subsection 6.3(2), after the word "yard", Council adds: "and food".
9. In section 6.4, after the word "yard", Council adds: "and food".
10. In section 6.5:
- (a) in the title, after the word "Yard", Council adds: "and Food"; and
  - (b) in every case where the word "yard" appears, Council inserts after the words: "and food".
11. In section 6.6:
- (a) in the title, after the word "Yard", Council adds: "and Food";
  - (b) in subsection 6.6(1), after the word "yard", Council adds: "and food";
  - (c) in subsection 6.6(1)(a), after the word "Yard", Council adds: "and Food";
  - (d) in subsection 6.6(1)(d), after the word "waste", Council adds: "and food waste"; and
  - (e) in subsection 6.6(2), after every case where the word "yard" appears, Council adds the words "and food".
12. In section 6.7:
- (a) in the title, after the word "Yard", Council adds: "and Food"; and
  - (b) in section 6.7, after the word "yard", Council adds: "and food".
13. In subsection 6.8(1)(a), after the word "yard", Council adds: "and food".
14. In section 6.9;
- (a) in the title, after the word "Yard", Council strikes out "Trimming" and adds: "and Food"; and
  - (b) after the word "yard", Council adds: "and food".
15. In section 7.2:
- (a) in the title, after the word "Yard", Council adds: "Food"; and

- (b) in subsection 7.2(1), after the word "yard", Council adds: "and food".
- 16. In each of subsections 7.3(1), (2), (3), (4), (5) and (6), after the word "yard", Council adds: "and food".
- 17. In subsection 7.5(2), after the word "yard", Council adds: "and food".
- 18. In subsection 10.1(2):
  - (a) after the word "garbage", Council strikes out the words "or yard waste"; and
  - (b) after the word "yard", Council adds: "and food".
- 19. Council repeals Schedule A, and substitutes:

**"SCHEDULE A**

**RATES FOR LANDFILL AND TRANSFER STATION**

**I. Drop-off Rates**

The following rates apply to solid waste and yard waste (including grass, leaves branches and other organic debris from landscaping and gardening as defined by the City Engineer) dropped off at the Vancouver Landfill at 5400 72nd Street in the Corporation of Delta and the Vancouver South Transfer Station at 377 West Kent Avenue North in Vancouver.

Solid waste and yard waste

Type of Waste	Rate	Peak hours minimum rate (from 10:00 a.m. to 2:00 p.m. Monday to Friday)	Non peak hours minimum rate (other than from 10:00 a.m. to 2:00 p.m. Monday to Friday)
Solid waste	\$97/tonne	\$20	\$10
Yard waste	\$63/tonne	\$6	\$6

Where any portion of a load consists of recyclable materials which can be deposited separately for recycling, for that portion .....No Charge

Where any load of solid waste or yard waste is not secured as per the requirements of the Motor Vehicle Act, a 100% surcharge shall be applied to the load.

Special disposal fee, in addition to the applicable disposal charge set out above, applied to nuisance waste as determined by the City Engineer..... \$200 per load

Gypsum waste deposited separately for recycling ..... \$150 per tonne (\$10 minimum)

Demolition materials meeting the City Engineer's specifications for road and infrastructure construction arriving in tandem axle trailer..... \$550 per load

Demolition materials meeting the City Engineer's specifications for road and infrastructure construction arriving in tridem axle trailer ..... \$660 per load

Non-recyclable mattresses deposited for disposal ..... \$20/unit

Recyclable mattresses deposited for recycling ..... \$20/unit

## II Compost Rates

The following rates apply to the sale of compost produced from yard waste at the Vancouver Landfill Composting Facility at 5400 72<sup>nd</sup> Street in the Corporation of Delta. Delivery charges are in addition to these rates.

Compost rate ..... \$20 per tonne  
( \$10 minimum)

Delta Farmer's Rate ..... \$4 per tonne  
(no minimum)"

20. In Section I B of Schedule B, Council strikes out "\$89", "\$105", "\$128", "\$150", and "\$194", and substitutes: "\$91", "\$109", "\$131", "\$154", and "\$200" respectively.
21. In Section II B of Schedule B, Council strikes out "\$61", "\$61", and "\$37", and substitutes: "\$63", "\$63", and "\$38" respectively.
22. In Section IV.A of Schedule B, Council strikes out "\$29" and "\$21", and substitutes: "\$31" and "\$23" respectively.
23. In Section IV.C of Schedule B, Council strikes out "\$58" and substitutes: "\$70".
24. In Section V of Schedule B:
  - (a) in Section V, in the title, after the word "Yard", Council adds: "and Food";
  - (b) in section V.A, in the title, after the word "Yard", Council adds: "and Food";
  - (c) in section V.A, after the word "yard", Council adds: "and food"; and
  - (d) in section V.A, after every case where the word "Yard" appears, Council adds the words: "and Food".
25. In section V.B of Schedule B, in the title, after the word "Yard", Council adds: "and Food".
26. In Schedule E:
  - (a) Council strikes out number "29." and substitutes: "30."; and
  - (b) after item 28 and before item 30, Council adds: "29. Recyclable mattresses."