



ADMINISTRATIVE REPORT

Report Date: February 26, 2015
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VanRIMS No.: 08-2000-20
Meeting Date: March 24, 2015

TO: Vancouver City Council
FROM: General Manager of Engineering Services
SUBJECT: Amended 2015 Tipping Fees and Solid Waste By-law

RECOMMENDATION

- A. THAT Council approve amendments to the Solid Waste By-law, generally as set out in Appendix A, including new regional tipping fees to align with Greater Vancouver Sewerage and Drainage District (GVS&DD) By-law 288 approved by the GVS&DD Board on February 13, 2015.
- B. THAT Council instruct the Director of Legal Services to bring forward for enactment revisions to the Solid Waste By-law to adjust rates as described in Recommendation A and miscellaneous related amendments substantially as set out in Appendix A.

REPORT SUMMARY

This report seeks Council's authority to amend the Solid Waste Bylaw so that it aligns with the Metro Vancouver's Tipping Fee By-law, including revised 2015 tipping fees for the Vancouver South Transfer Station and Vancouver Landfill.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On March 1, 2011, Council endorsed the general approach and municipal actions outlined in Metro Vancouver's Integrated Solid Waste and Resource Management Plan (ISWRMP), including the expansion of disposal bans at regional disposal facilities to drive increased waste diversion.

On July 14, 2011, Council adopted in principle the Greenest City Action Plan, including 2020 targets to reduce total waste to landfill or incinerator by 50% from 2008 levels, through increased reuse, recycling and other zero waste actions targeting all sectors.

On December 16, 2014 Council approved the 2015 Solid Waste Utility Rates and amended Solid Waste By-law, including 2015 Vancouver South Transfer Station and Vancouver Landfill tipping fee of \$109/tonne to align with the 2015 Metro Vancouver tipping fee.

Rate changes and by-law amendments require Council approval.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager and General Manager of Engineering Services RECOMMEND approval of Recommendations A and B.

REPORT

Background/Context

The City of Vancouver's disposal system includes the operation of the Vancouver South Transfer Station (VSTS) and the Vancouver Landfill (Landfill), both of which are owned by the City of Vancouver. The VSTS and Landfill receive garbage from City collection operations, the public, and other municipalities. The Landfill also receives regional garbage transferred from Metro Vancouver's disposal system.

Key financial terms under which the Landfill operates are included in the 1989 "Tripartite Agreement" between Metro Vancouver, Delta and the City, and a 1999 agreement between Vancouver and Delta ("Delta Agreement"). Under the Tripartite Agreement the City charges Metro Vancouver's tipping fees at the VSTS and Landfill. In general terms, net revenue from those fees is shared among the three parties based on the origin of the waste.

The Landfill also operates in accordance with an Operational Certificate (OC) issued by the Ministry of Environment. The OC specifies various requirements, including environmental monitoring, comprehensive annual reporting and the establishment of a dedicated reserve to fund Landfill closure and post-closure costs and environmental contingencies. Accordingly the City has in place a Solid Waste Capital Reserve (SWCR). Tipping fees at the Landfill and VSTS cover the costs to operate those facilities and annual contributions to SWCR.

Strategic Analysis

As reported to Council in December 2014, there has been an increasing amount of commercial waste migrating out of Metro to disposal sites in the United States through privately run transfer stations in Abbotsford. This migration has resulted in a decrease in the total amount of commercial waste in the regional system (Metro estimates 172,000 tonnes crossed the border in Abbotsford in 2014), and a corresponding loss of revenues to support operations. For the City, tonnage declines

reduce revenue and increase the cost per tonne of operating the VSTS and Landfill given the high fixed costs of those operations.

Last fall the Province rejected Metro's proposed By-law 280. This by-law would have required waste generated within the region to be disposed in-region. The most significant consequence of this decision is that there are no restrictions on where commercial waste originating from Metro Vancouver goes for disposal.

On February 13, 2015 the GVS&DD Board approved a new tipping fee structure under Metro Vancouver By-law 288 ("Tipping Fee By-law") effective April 6, 2015:

- a. Loads up to 1 tonne: \$130 per tonne to a maximum fee of \$109
- b. Loads from 1 tonne to 9 tonnes: \$109 per tonne to a maximum fee of \$720
- c. Loads above 9 tonnes: \$80 per tonne
- d. Transaction Fee: \$5 per load (to recover a portion of fixed costs such as weigh scale, staffing and related overhead associated with managing each vehicle that enters a disposal facility).

These rates are an initial measure to address commercial waste leakage by providing an economic incentive for commercial waste haulers to utilize the regional disposal system, rather than haul garbage collected from lower mainland commercial and multi-residential properties to private disposal sites in Abbotsford. Utilization of our regional facilities reduces the cost impact of operating those sites, and results in a greater opportunity for increasing overall waste diversion since waste disposed in-region is subject to disposal ban requirements.

With the new rates, for a large commercial vehicle with a 10 tonne load the hauler will save \$285 on the cost of disposal (\$800 at \$80/tonne plus \$5 transaction fee compared to \$1090 at \$109/tonne).

The increased fee for small loads addresses the high cost of managing those loads relative to large commercial waste vehicles. When compared to the current approved rate of \$109/tonne, the cost increase for the average small vehicle load weighing 200 kg will be \$9 (\$26 at \$130/tonne plus \$5 transaction fee compared to \$22 at \$109/tonne). This increase is not considered significant enough to motivate an increase in illegal dumping. Nevertheless, staff will monitor changes which may occur.

With Council's approval of the new rates, staff will implement communications activities in coordination with Metro Vancouver to ensure customers of the VSTS and Landfill are notified of the changes. Throughout 2015 staff from Vancouver and Metro will monitor the impact of the new rates and continue to collaborate on the development of broader strategies for maintaining financial stability in the solid waste system while achieving our zero waste goals.

Financial Implications

On December 16, 2014, Council approved a 2015 Solid Waste Utility Rate Report that forecasted \$25.2 million in tipping fee revenue and a \$4.3 million transfer to the SWCR. Should Council approve the revised tipping fee structure recommended herein, staff estimate that the City will see a \$3.3 million increase in tipping fee revenue and a net increase of \$1.2 million in the transfer to the SWCR.

Approximately half of the projected increase in the transfer to the SWCR is due to the introduction of the transaction fee as well as increased margins on loads of up to 9 tonnes, partially offset by reduced margins on larger loads. The other half is related to a change in expectations about the volume of municipal solid waste disposed of at the VSTS and Landfill. In preparing the 2015 budget, staff were mindful of the possibility that By-law 280 may be rejected and were thus very conservative in forecasting 2015 volumes, setting them at 93% of the 2014 forecast. To this point, the rejection of By-law 280 has not brought a marked reduction in waste volumes at Vancouver's facilities. Staff are therefore currently forecasting 2015 waste volumes to be the same as 2014 actuals. This is a sector where there are many changes and our forecasting is subject to change as we monitor the trends.

Legal Implications

The current version of the Solid Waste By-law requires updating so that it aligns with the Metro Vancouver Tipping Fee By-law, including revised 2015 tipping fees approved by the GVS&DD Board on February 13, 2015. Recommendation B seeks approval to authorize the Director of Legal Services to bring forward by-law amendments necessary to address those changes. In addition to rate changes, this report recommends Solid Waste By-law amendments including:

- an updated definition of "clean wood waste" to reflect the regional Tipping Fee By-law;
- the addition of a definition for "wood waste" to align with current operations at the Vancouver Landfill where the material is accepted for beneficial use; and
- adding to the list of operational impact items banned from the VSTS and Landfill (Schedule E), inert materials such as soil and concrete in quantities more than 0.5 cubic metres per load, also to reflect the current regional Tipping Fee By-law.

CONCLUSION

Staff recommend that the Solid Waste By-law be amended so that it continues to align with Metro Vancouver's Tipping Fee By-law.

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BY-LAW NO. _____

A By-law to amend
Solid Waste By-law No. 8417
regarding fees and waste disposal

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

1. This By-law amends the indicated provisions of the Solid Waste By-law, No. 8417.
2. Council deletes from section 2 the existing definition of "Clean wood waste" and replaces it with the following:

"clean wood waste" means solid wood, lumber or pallets, that does not contain any glues or resins, that is not painted, stained or treated with chemicals, and may be pierced with nails or other metal fasteners,".

3. Council deletes the word "and" at the end of the existing definition of "tax roll" and inserts as a new definition in section 2, the following in correct alphabetical order:

"wood waste" includes clean wood waste in addition to solid wood, lumber or pallets that contain glues or resins, paint, stain, or a chemical treatment other than creosote, and may be pierced with nails or other fasteners, and".

4. Council replaces the table in Schedule A, including the text above the table which says "Solid waste, yard waste and clean wood waste" with the following:

"Solid waste, yard waste, clean wood waste and wood waste

Type of Waste	Rate	Peak hours minimum charge (from 10:00 a.m. to 2:00 p.m. Monday to Friday)	Non peak hours minimum charge (other than from 10:00 a.m. to 2:00 p.m. Monday to Friday)
Solid waste	\$130/tonne for 0 to 0.99 tonnes to a maximum of \$109 per load \$109/tonne for 1.00 to 8.99 tonnes to a maximum of \$720 per load \$ 80/tonne for 9.00 or more tonnes	\$20	\$10

