THE REGIONAL MUNICIPALITY OF YORK

REPORT NO. 1
OF THE REGIONAL
COMMISSIONER OF TRANSPORTATION AND WORKS AND
COMMISSIONER OF FINANCE

For Consideration by
The Council of The Regional Municipality of York
on November 21, 2002

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FINANCIAL IMPLICATIONS OF TRANSFERRING DISPOSAL AND DIVERSION COSTS TO THE REGION OF YORK

1. RECOMMENDATION

It is recommended that:

1. The following report be received for information.

2. PURPOSE

As requested by the Solid Waste Management Committee at its meeting on November 13, 2002, this report provides the preliminary financial and policy implications related to the transfer of waste disposal and recycling costs to the Region from the local area municipalities.

3. BACKGROUND

The Solid Waste Management Committee adopted the following motion at its November 13, 2002 meeting for consideration of Regional Council at its November 21, 2002 meeting:

> *"That beginning January 1, 2003, York Region, which has legislative responsibility for waste disposal, will absorb all costs related to waste*

disposal and recycling and that the local municipalities will no longer be charged costs for waste disposal, recycling or receive rebates.

The Committee requested that a report be prepared for Regional Council detailing the financial implications if the Committee recommendation is adopted by Regional Council.

4. ANALYSIS AND OPTIONS

The closure of the Keele Valley Landfill Site and the introduction of the new three-stream waste management system will increase the waste management costs in the Region. In light of these increases in cost, it is timely to review which level of local government should be responsible for waste management costs.

Under Section 160 of the Regional Municipalities Act, the Region was deemed to have enacted a by-law effective January 1, 1997 to take over waste reduction powers from all area municipalities except for collection. Under Section 33 of the Regional Municipality of York Act, the Region is responsible for waste disposal. The Region has the legislative authority to set fees and charge the local municipalities all or part of its operating and capital costs for diversion and disposal if it so chooses.

Under the existing system, the local municipalities are invoiced directly by the City of Toronto for the disposal of waste at the Keele Valley Landfill Site. The Region receives the rebate from the City of Toronto and distributes it to the local municipalities.

The cost of processing recyclable "blue box" materials and compostable yard waste is somewhat different under the existing system. Currently, the Region pays the contractors involved and issues respective monthly invoices to the local municipalities for each of those services. The cost of processing recyclable materials is net of revenue from the sale of such. In those months where the revenue share exceeds recyclable material processing fees, the Region issues payments to the local municipalities rather than invoices.

4.1 Waste Management Accountability

It is proposed by the Solid Waste Management Committee that the costs and responsibility for waste management diversion (recycling) and disposal be transferred to the Region from the local municipalities. There is a strong relationship between disposal and diversion (recycling). Aggressive diversion programs can reduce the amount of garbage that needs to be disposed of and the resultant costs. There is significant benefit to having responsibilities for disposal and its costs and responsibilities for diversion (recycling) and its costs at the same jurisdiction.

Furthermore, if the Region is "paying" the costs, it should also be accountable for managing and controlling the costs. To do this effectively and efficiently the program control related to the costs must also be at the Regional level. Provincial law supports this level of Regional control. Effectively, the local municipalities would only be accountable and responsible for collection activities.

The Solid Waste Management Committee motion does not include any reference to collection responsibilities and its cost. Notwithstanding this, it is suggested that successful and cost effective diversion can only be achieved if there is consistent policy that will encourage residents to reduce, reuse and recycle waste. This means that decision making over what is collected, how it is collected, and where it is processed is unified at the jurisdiction responsible for waste diversion. This is often referred to as flow control. Under the proposed motion the Region would have the responsibility for flow control.

5. FINANCIAL IMPLICATIONS (including Region and Area Municipalities)

For 2003, it is estimated that the incremental waste management costs for transfer and disposal of waste in landfills outside of York Region as a result of the Keele Valley closure will be $3.4 million, and growth in the blue box and yard waste programs to be $0.5 million. The total incremental costs for 2003 is therefore $3.9 million. These costs will increase again once the household organic waste collection and processing commences, and with the expansion of the blue box program once the new material recovery facility is operational on Bales Drive in East Gwillimbury.

Table 1 sets out the costs for disposal, yard waste and blue box processing for 2002 and 2003 based on the existing cost allocations and under the proposal to move costs to the Region. Table 1 does not include any collection costs.

The proposed 2003 Restated budget increase in the Region's costs of $13.4 million is equivalent to a 3.35% tax increase on the overall Regional tax levy for 2003. This increase at the regional level can be partially offset by tax room at the municipal level in the amount of $9.4 million that was budgeted in 2002. However, approximately $3.9 million in additional costs need to be provided through the Regional tax levy to maintain the waste management programs discussed in this report. This is approximately a 1% increase in the Regional tax levy.

6. LOCAL MUNICIPAL IMPACT

The local municipalities currently collect costs for collection, disposal and diversion through local taxes. If the disposal and diversion costs are transferred to the Region, local municipal taxes can be reduced by a total amount of $9.4 million.

The total net tax increase associated with increased cost of disposal and diversion is $3.9 million and would be provided by the Region's tax levy instead of having to be an increase at the local municipal level.

Table 1
Summary of Disposal, Yard Waste and Blue Box Processing ($000s)
(Excludes all collection costs)

	2002 Budget		2003 Budget		2003 Restated	
	Region	**Municipal**	**Region**	**Municipal**	**Region**	**Municipal**
Diversion						
Expenses						
Contractor Payment						
Blue Box	$0	$2,367	$0	$2,881	$2,881	$0
Yard Waste	$0	$964	$0	$1,094	$1,094	$0
Sub-Total Expenses	**$0**	**$3,331**	**$0**	**$3,975**	**$3,975**	**$0**
Revenues/Recoveries						
Blue Box	$0	($3,206)	$0	($3,355)	($3,355)	$0
Yard Waste	$0	$0	$0	$0	$0	$0
Sub-Total Revenues	**$0**	**($3,206)**	**$0**	**($3,355)**	**($3,355)**	**$0**
Net Diversion Costs	**$0**	**$125**	**$0**	**$620**	**$620**	**$0**
Disposal						
Expenses						
Georgina Transfer Station	$966	$723	$776	$852	$1,628	$0
Keele Valley		$10,887	NA	NA	NA	NA
Transfer/Haul/Landfill	$0	$0		$11,916	$11,916	$0
Sub-Total Expenses	**$966**	**$11,610**	**$776**	**$12,768**	**$13,544**	**$0**
Revenues/Recoveries						
Rebate	($209)	($2,287)	NA	NA	NA	NA
Reserves	($162)	NA	($167)	NA	($167)	NA
Georgina Transfer Station	($594)	$0	($609)	$0	($609)	$0
Sub-Total Revenues	**($965)**	**($2,287)**	**($776)**	**$0**	**($776)**	**$0**
Net Disposal Costs	**$1**	**$9,323**	**$0**	**$12,768**	**$12,768**	**$0**
Total Waste Management Costs	**$1**	**$9,448**	**$0**	**$13,388**	**$13,388**	**$0**

7. CONCLUSION

It has been proposed by the Solid Waste Management Committee that the costs of waste disposal and diversion be transferred to the Region consistent with provincial legislation.

The proposed increase in Regional costs of $13.4 million will be part of the Region's tax levy and can be partially offset by tax reductions in the local municipalities' budgets.

As part of a larger strategic policy discussion, the issue of collection responsibilities should be further discussed in the future.

Respectfully submitted,

November 20, 2002
Newmarket, Ontario

K. Schipper
Commissioner of Transportation and Works

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(***Report No. 1 of the Commissioner of Transportation and Works and the Commissioner of Finance was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on November 21, 2002.)***