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2009 WASTE MANAGEMENT USER FEES

The Solid Waste Management Committee recommends the adoption of the recommendations contained in the following report, September 24, 2008, from the Commissioner of Environmental Services:

1. RECOMMENDATIONS

It is recommended that:

1. Council approve the 2009 user fees for waste management services as set out in Schedules 1 through 3 in *Attachment 1* of this report.
2. The Regional Solicitor be authorized to prepare the necessary by-law amendments.
3. The Clerk forward this report to the Clerks of all the local municipalities as notification of the 2009 Schedule of user fees.

2. PURPOSE

This report updates the user fees for waste management services (*see Attachment 1*) for 2009.

3. BACKGROUND

York Region charges user fees for residential, commercial and municipal customers at its transfer stations.

The 2008 fee by-law introduced changes to the fee structure anticipating start up of new programs including the Community Environmental Centres in the last half of 2008. The first of these centres, in Vaughan, will open in the second quarter of 2009.

4. ANALYSIS AND OPTIONS

York Region will receive waste materials from residential and small business users at the Georgina Transfer Station and at the Vaughan Community Environmental Centre in 2009. The Asian Long-Horned Beetle Site in Vaughan also receives municipal compostable leaf and yard waste and forest product waste from contractors in the designated area. Four sites in Vaughan, Markham, Georgina and East Gwillimbury receive Household Hazardous Wastes from residential users only. The 2009 user fee schedule sufficiently reflects current program costs.

York Region residents also have access to the Miller composting site on Bloomington Road through an agreement with Miller Waste. Miller accepts loads of compostable leaf and yard waste under one cubic yard (approximately 100 kg) at no charge and larger loads on a weight basis. Miller sets the prices at this site through agreement with York Region, however, these charges do not form part of the York Region Waste User Fees By-law.

York Region 2009 waste management user fees increase as system capital and operating costs increase

York Region's waste management costs include contract costs, transportation and disposal costs, facility maintenance and operating costs, capital depreciation and inter-departmental administrative costs. Table 1 shows average region wide program costs, excluding capital depreciation, for various waste streams on a per tonne basis.

Table 1
Estimated Region Wide Program Costs for Waste Programs

Solid Waste Material Type	2008 Projected Year End Tonnage	2009 Forecast Tonnage	York Region Program Cost \$/tonne		ESTIMATED Net Cost or (Net Revenue)	Comments
			2009	2008		
Residual Waste*	120,000	130,400	\$95	\$89	\$12,518,400	Includes blue box residue
BB (includes residue)	85,000	88,400	\$20	\$23	\$1,768,000	Net of market revenues
SSO	85,000	89,250	\$165	\$160	\$14,726,250	Partial year of data only
Yard Waste	30,000	31,200	\$68	\$72	\$2,808,000	YRWMC drop off discontinued in 2007
HHW	1,400	1,456	\$400	\$505	\$582,400	Stewardship Ontario will pay 23% of \$520 [‡]
Electronics	550	572	\$67	\$232	\$38,324	\$165 tonne – Stewardship Ontario to pay
ALHB	4,500	4,680	\$90	\$81	\$421,200	
Tires, Other	400	416	\$190	\$187	\$79,040	
Scrap Metal	1,150	1,150	(\$60)	(\$70)	(\$69,000)	\$140 approx. revenue - \$80 handling

*Blue box residue included twice for costing purposes

[‡] Based on Stewardship Ontario formula – see council report June 4, 2008

Costs vary by facility due to waste haulage distances, efficiencies of scale, maintenance costs and contractor costs. York Region charges fees to residential customers only for Residual Waste and Tires. All other items contribute to diversion and are accepted without charge. York Region costs will increase as new waste management options become fully implemented. With the start-up of the Dongara plant in July 2008, residual waste disposal costs rose to \$94.60 per tonne including transportation and loading costs.

User Fees set to recover costs and encourage diversion

Attachment 1 includes proposed fee schedules for the Georgina Transfer Station, the Asian Long-Horned Beetle site and the proposed Vaughan Community Environmental Centre and East Gwillimbury Household Hazardous Waste Centre. With the exception of residual waste charges, the fee structure remains the same as 2008 and reflects normalized pricing for all York Region operations so that a resident using the Georgina Transfer Station pays the same fee as a resident using the Vaughan Community Environmental Centre.

The Region's fee structure differentiates between residential users and commercial users as York Region does not collect property taxes for commercial waste management services. Regional fees for commercial customers are based on local market rates. York Region provides waste management services primarily to serve the residential sector and encourages industrial/commercial/institutional customers to pursue private waste disposal options. York Region currently provides access for commercial users at the Georgina Transfer Station and at the Asian Long-Horned Beetle site in Vaughan. Starting in the spring of 2009, residential and low volume industrial/commercial/institutional users will have access to the Community Environmental Centre in Vaughan. Residential users have access to the Georgina Transfer Station, four Household Hazardous Waste facilities, and the Miller Bloomington Road Compost site.

The following sections of this report provide a description of the proposed 2009 waste user fees. See *Attachment 1* which compares the 2008 costs to proposed 2009 fees. Residual waste fees increased due to increases in processing and disposal costs, increased transportation and fuel costs and CPI adjustment. Other costs also realized an increase due to CPI, but not enough to warrant a change in fees.

Minimum Transaction Fees cover administrative costs for small loads

The minimum transaction fee recovers costs incurred by small transactions at facilities and includes administration, processing and disposal costs for small transactions. Charges for larger loads include the transaction fee in the per tonne cost.

Residual Waste fee set at \$95 per tonne to recover costs

The proposed residential user fee for residual waste of \$95 per tonne represents a cost recovery of operational costs. A minimum transaction fee of \$7 offsets transactional

costs for small loads. Industrial/commercial/institutional loads under the minimum weight of approximately 250 kg will continue to pay a minimum transaction fee of \$25 to cover transaction costs. Above the minimum weight, only weight-based charges will apply. Industrial/commercial/institutional price structures prices are set at the average private transfer station cost plus approximately \$3 to encourage these users to use private sector options.

Blue Box Materials received at no cost to encourage diversion

York Region receives blue box material from all sources at no charge to encourage diversion. The overall revenue from the sale of blue box material currently covers the cost of processing.

Compostable Leaf and Yard Waste fees only apply to commercial users

It is proposed that administrative and processing charges apply to each load of yard waste. Industrial/commercial/institutional customers will continue to pay a minimum of \$25 per load. York Region will reject over-sized loads at the transfer station and redirect these customers to the Miller Compost Facility at Bloomington Road. To provide consistent pricing and to offset the cost of compostable leaf and yard waste processing, a fee of \$72 per tonne applies to residential compostable leaf and yard waste materials and \$90 per tonne for commercial users. No charge applies to loads under 1 cubic yard (0.75 cubic metres) or 100 kg if weighed.

The imposition of fees for compostable leaf and yard waste will recover costs incurred at the receiving facilities and will encourage residents to effectively use their curbside programs that provide unlimited compostable leaf and yard pickup for appropriately sized and package materials.

Household Hazardous Wastes and Scrap Metal at no cost to residents

The Region receives small quantities of hazardous household chemicals at four locations at no charge to divert these materials from the waste stream.

Revenue from scrap metal offsets the cost of metal handling. Transfer stations will accept clean uncontaminated scrap metal at no cost without an administrative fee.

Vehicle tires charged by unit, larger tire costs reflect processing costs

Tires are processed by a private contractor. The 2009 fee changes reflect CPI and fuel surcharge cost increases from the 2008 contracted tire processing costs. Higher costs for tractor tires reflect the need for additional transportation costs and pre-processing, including manual cutting and pre-washing to remove calcium chloride prior to acceptance, by tire recyclers.

Asian Long-Horned Beetle fees apply to commercial accounts

It is proposed that industrial/commercial/institutional customers pay on a load basis as shown in Schedule 3. Industrial/commercial/institutional customers may also provide a certified weigh scale ticket and pay \$100 per tonne. Prices reflect increased contract costs.

5. FINANCIAL IMPLICATIONS

User fees account for 3.6% of the total funding in the draft 2009 Solid Waste Management Operating Budget. The proposed user fees for 2009 are noted in Schedules 1 through 3 shown in *Attachment 1*. It is estimated that \$1.28 million will be raised through the user fees identified in this report for 2009 compared to forecasted 2008 revenue of \$1.20 million.

York Rates among lowest in GTA and Simcoe County

Table 2 compares waste fees in York Region with currently posted fees in surrounding municipalities. York Region fees currently lag behind neighbouring municipalities, significantly \$5.00 per tonne less for residual waste than Toronto. York Region remains the only municipality that does not charge for compostable leaf and yard waste brought to transfer stations.

Table 2
Comparison of 2009 Proposed User Fees with Currently Posted Fees in Other Municipalities

	York Region (proposed)	Toronto	Simcoe County	Peel	Durham
Minimum Charge (per visit)	\$7.00	\$10.00	\$5.00	\$2.00/load up to 25 kg*	\$5.00
Residual Waste (per tonne)	\$95.00	\$100.00	\$95.00 to \$155.00	\$2.00/load up to 25 kg*	\$120.00
Blue Box Materials (per tonne)	No charge	\$75.00 (20 kg free)	No charge	No charge	\$120.00
Compostable Leaf and Yard Waste	\$90 (ICI only)	\$75.00 (20 kg free)	\$35.00 to \$55.00	\$2.00/load up to 25 kg*	\$120.00
Mixed Recyclables and Residual Waste			\$230.00		\$120.00
Tires (per tonne)	\$190 + processing	\$150.00 per tonne \$75.00	\$1.00/tire + \$275.00/tonne	\$2.00/load up to 25 kg*	\$120.00
Scrap Metal	no charge	(first 20 kg free)	\$55.00	\$2.00/load up to 25 kg*	\$120.00

* Loads greater than 25 kg to a maximum of 750 kg charged additional \$.08/kg

Estimated Program Costs

Table 1 analyzed program costs on the basis of data from the first 3 quarters of 2008. Residual waste costs have increased because landfill disposal in Michigan is no longer an option. Processing of waste into pellets in the Dongara process offers a sustainable long term solution at nearly twice the cost of traditional landfill options but increases the overall cost for waste disposal to \$95 per tonne. A minor amount of the cost increase can also be attributed to the 2 percent increase in the CPI and increased internal administration costs. To reflect actual costs and to avoid dramatic increases in the future, staff recommend a Residual Waste fee increase from the current \$87 per tonne to \$95 per tonne for both the residential and the commercial rates. These rates compare favourably with rates charged for residual waste disposal in surrounding municipalities. Price increases were not required in other program sectors.

6. LOCAL MUNICIPAL IMPACT

York Region provides free disposal to local municipalities for all waste material collected in their residential programs and produced by municipal operations. York Region is

continuing to work with local municipalities in joint pursuit of aggressive waste reduction programs to eliminate recyclable and reusable materials from waste streams.

The introduction of the Vaughan Community Environmental Center will provide residents in the southern part of York Region with a more local disposal and recycling option so that they no longer have to drive to the Georgina Transfer Station (unless they have a very large load of waste). Staff plan to construct additional community environmental centres across York Region to provide better access to waste management services. Five Community Environmental Centres are included in the 10-year capital plan.

7. CONCLUSION

Ontario Regulation 584/06 rescinded former Regulation 244/02 and ended the requirement for public meetings relating to waste fees. The proposed 2009 solid waste management fee by-law updates the fees to recover increased contractor and disposal costs.

Although public consultation is not mandatory, York Region and its local municipalities continue to collaborate on promotional matters to promote and educate the public on our waste diversion initiatives.

For more information on this report contact Alec Scott, Manager Waste Disposal of the Environmental Promotion and Protection Department at extension 5712.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is included with this report.)