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IMPROVING COST RECOVERY AT COMMUNITY ENVIRONMENTAL CENTRES

The Environmental Services Committee recommends the adoption of the recommendations contained in the following report dated August 24, 2012, from the Commissioner of Environmental Services.

1. RECOMMENDATIONS

It is recommended that:

- 1a. Council authorize a cost recovery fee of \$100 per tonne for high cost divertible materials, such as construction and demolition materials, including wood, drywall, clean fill, and rubble at Community Environmental Centres once scales are commissioned.
- b. Council authorize a cost recovery fee of \$100 per tonne for high cost divertible materials, such as construction and demolition materials, including wood, drywall, clean fill, rubble, and yard waste at the Georgina Transfer Station effective December 1, 2012.
- 2a. Council authorize a blended weight based fee structure of \$100 per tonne for residual waste at Community Environmental Centres once scales are commissioned.
- b. Council authorize a blended weight based fee structure of \$100 per tonne for residual waste at Georgina Transfer Station effective December 1, 2012.

2. PURPOSE

This report provides an update on progress to improve the operational and financial performance of York Region's Community Environmental Centres (CECs). In addition, Council approval is requested to implement fees for high cost divertible materials (yard waste, wood, drywall, clean fill, and rubble).

Currently, customers are charged for residual waste disposal and for removal of refrigerants from household appliances. Customers currently pay a flat fee for waste disposal based on the size of their vehicle. All other materials are accepted free of charge.

Under the recommended revised fee structure, the flat fee for waste disposal will be replaced by a weight based fee of \$100 per tonne. The new weight based fee will also be extended to include yard waste, wood, drywall, clean fill, and rubble. All other materials

will continue to be accepted free of charge as long as they are dedicated loads of free materials. Mixed loads containing both free and pay materials will be charged \$100 per tonne based on the weight of the entire load. The same fee structure will be applied to residential and small commercial customers.

3. BACKGROUND

January 2011 Council report addressed ways to improve financial sustainability of Community Environmental Centres including implementing scales and accepting household hazardous waste

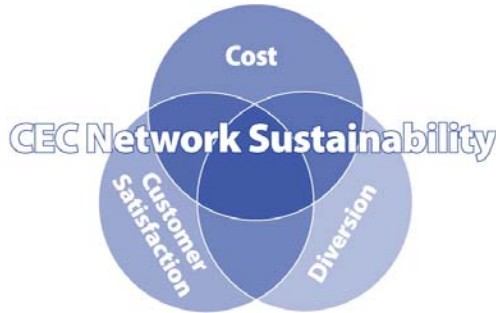
On January 27, 2011 Council adopted Report No.1, Clause No.3 of Environmental Services Committee. This report authorized an overall increase in weight and volume based disposal fees, implementation of Household Hazardous Waste collection, and the installation of scales, where feasible, at York Region Community Environmental Centres. The report also authorized weight based fees for cost recovery at Community Environmental Centres once scales were operational. These changes were proposed as a method to increase traffic volumes at McCleary Court Community Environmental Centre and balance the cost per tonne of materials managed to achieve financial sustainability.

Fee increases for residual waste were implemented at McCleary Court Community Environmental Centre on March 31, 2011 and at Georgina Transfer Station on April 4, 2011. A promotion and education campaign was launched to inform customers of the change. The Region's call centre did not receive any complaints from customers related to the fee increase.

Options have been investigated for improving financial sustainability

Although Community Environmental Centres have been quite successful from usage, diversion, and customer satisfaction perspectives, a large portion of the tonnage received is managed at a high cost. Sustainable operation of York Region's Community Environmental Centre network must be adapted to balance cost, customer satisfaction, and diversion elements as shown in Figure 1.

Figure 1
Sustainability Factors Related to Community Environmental Centres



Lessons learned from McCleary Court have been incorporated in Elgin Mills Community Environmental Centre

Elgin Mills Community Environmental Centre opened on October 30, 2011. Based on experience from operating McCleary Court, several site and operational improvements were applied at Elgin Mills, including:

- Promotion and education delivered on a continual basis
- Facility sited in prominent location and associated with the established Richmond Hill Operations Centre used by residents for community services
- Facility accessible within a 20 minute drive time by 33 per cent of York Region residents
- Elgin Mills service area extends into a significant portion of northwest Markham

Lessons learned through operation of the existing Community Environmental Centre network will be applied when the Georgina Transfer Station is converted to the Warden Avenue Community Environmental Centre. Network harmonization will be pursued whenever feasible, however the Georgina Transfer Station site will require different hours of operation than other Community Environmental Centres. This is an established site which receives a large volume of material and hours of operation are well known to users. Continuing with Monday to Saturday operation will help ensure the quantity of materials managed does not decrease after the conversion to a Community Environmental Centre. Maintaining the current operating hours for the site will also provide an outlet for residents when other Regional facilities are closed on Tuesdays and Wednesdays.

4. ANALYSIS AND OPTIONS

Construction and demolition waste represents 33 per cent of material collected at Community Environmental Centres and 39 per cent of material management costs

Approximately one third of the quantities of material received at Community Environmental Centres are construction and demolition waste materials, including: wood, drywall, clean fill, and rubble. Currently, Community Environmental Centres accept all divertible materials at no cost to promote diversion, including construction and demolition materials. Unlike blue box materials, construction and demolition materials are recycled at a significant cost to the Region as the material goes to processors that are paid to recycle the material.

As outlined in Table 1, in 2011, 33 per cent (2,100 tonnes) of all material received at McCleary Court was construction and demolition materials. The fully burdened cost to manage these materials was approximately \$144 per tonne. Fully burdened costs represent all costs associated with facility operation including haulage and disposal, utilities, maintenance, payment to contractor, and Regional staff costs with revenue subtracted from the total. In contrast, other recyclable materials generate revenue of \$6 per tonne, fully burdened, but represent only 15 percent of total tonnes managed. Overall, the average fully burdened cost to manage reuse, recycling, and disposal of materials at McCleary Court was \$125 per tonne in 2011. Construction and demolition waste is one of the most expensive materials managed representing 39 per cent of the total cost to operate the facility. At Elgin Mills, approximately 30 per cent of total waste delivered is construction and demolition materials. Presently, the average fully burdened cost to manage reuse, recycling, and disposal of materials at Elgin Mills is \$166 per tonne. Applying a recycling fee for some materials will improve financial sustainability and relieve some of the financial burden placed on the general tax base.

Table 1
Tonnes Managed at McCleary Court Community Environmental Centre in 2011

	Recyclables	Residual Waste	Construction and Demolition Waste
Total Tonnes	1,000	3,341	2,100
Total Cost	(\$6,000)	\$511,000	\$302,000
Cost per tonne	(\$6)	\$153	\$144

Note: costs are fully burdened which includes haulage and disposal, utilities, maintenance, payment to contractor, and Regional staff costs with revenue subtracted

Recovering operating costs through user fees for high cost construction and demolition materials will support financial sustainability of Community Environmental Centres

Private sector waste facilities in York Region consider most construction and demolition materials to be residual waste and charge customers for disposal. Charging a fee which reduces the cost of recycling these materials would transfer the financial burden from the tax base to facility users and more accurately reflect the true cost of managing these materials. Tables 1 and 2 outline the fully burdened costs to manage materials collected at the Community Environmental Centres. Recouping these costs via user fees whenever possible will improve the financial sustainability of Community Environmental Centres as use of the facilities increases.

Table 2
Fully Burdened Cost per Tonne to Manage Materials at McCleary Court

	Recyclables	Residual Waste	Construction and Demolition Waste
Cost to Manage	(\$6)	\$217	\$144
Fees Collected	\$0	\$64	\$0
Net Cost	(\$6)	\$153	\$144

Customers can continue to obtain free diversion of reuse, blue box, scrap metal, and household hazardous waste materials by bringing dedicated loads

Under the proposed fee structure, residential and commercial customers will be charged a harmonized weight based fee of \$100 per tonne will be charged on residual waste, yard waste, wood, drywall, clean fill, concrete and rubble. The weight based fee will be subject to a \$10 minimum charge. The current and revised fee structures are compared in Table 3.

Table 3
Comparison of Existing and Proposed Fee Structure

Material	Site	Existing Fee		Proposed Fee ¹
		Residential	Commercial	
Residual Waste	CECs Georgina	\$10 flat fee ² \$100/t, \$10 min.	\$28 flat fee ² \$105/t, \$28 min.	\$100/t, \$10 min. \$100/t, \$10 min.
Yard Waste	CECs Georgina	not accepted free	not accepted \$90/t, \$25 min	not accepted \$100/t, \$10 min.
Wood	CECs Georgina	free included in waste	free included in waste	\$100/t, \$10 min. \$100/t, \$10 min ³
Clean Fill	CECs Georgina	free \$100/t, \$10 min.	free not accepted	\$100/t, \$10 min. \$100/t, \$10 min.
Drywall	CECs Georgina	free included in waste	free included in waste	\$100/t, \$10 min. \$100/t, \$10 min ³
Concrete/ Rubble	CECs Georgina	free \$100/t, \$10 min.	free not accepted	\$100/t, \$10 min. \$100/t, \$10 min.
Other ⁴	CECs Georgina	free	free	free ⁵

1. Proposed fees to be applied uniformly to residential and small commercial customers.
2. Flat fees shown apply to passenger cars. Higher flat fees apply to larger vehicles. See York Region website for complete fee schedule.
3. Wood and drywall recycling are currently not available at Georgina Transfer Station. When these programs are implemented following proposed facility upgrades, a fee of \$100 per tonne (\$10 minimum) will apply.
4. Other materials currently include HHW (Georgina only), shredded paper and polystyrene, (CECs only), and blue box, scrap metal, cardboard, tires, electronics, dry cell batteries, and compact fluorescent light bulbs (all sites).
5. Customers must bring dedicated loads of free materials to take advantage of the free recycling option. Mixed loads of free and pay materials will be charged \$100 per tonne on the full weight of the load.

Customers at the McCleary Court and Elgin Mills sites can take advantage of the free recycling option if they bring dedicated loads of free materials. Mixed loads containing both free and pay materials will be charged \$100 per tonne based on the weight of the entire load. This practice is followed at similar facilities operated by the Region of Peel and the Region of Durham, along with all private sector transfer stations in York Region.

Many of the free diversion items such as Blue Box represent a small portion of the weight of a customer's load. Based on current usage patterns approximately 25 per cent of customers at McCleary Court and 15 per cent of customers at Elgin Mills bring mixed

loads that would be affected by this policy change. Customers will be able to avoid paying fees for free materials by bringing dedicated loads of free recyclable materials.

Scales provide fair and transparent fees with greater ability to audit transactions

Installing scales and charging weight based fees will provide customers with a fair method for calculating disposal costs that is easily measured and accurately tracks disposal tonnages. Fees will be based on the actual amount disposed and will not require any interpretation by site staff. In addition, this will provide the Region with the ability to audit transactions to ensure inbound tonnages match outbound tonnages at Community Environmental Centres. Using scales to charge a weight based fee is an industry best practice, which will align Community Environmental Centres with other private sector waste facilities in York Region. The optimal area to accommodate traditional scales is near the entrance at both McCleary Court and Elgin Mills. See *Attachment 1* and *Attachment 2* for proposed layouts for McCleary Court and Elgin Mills.

Blending commercial and residential fees into one common fee is fair to all customers and reduces confusion

Currently there are two parallel fee structures at Community Environmental Centres, one for residential customers and one for commercial customers. It is difficult for site staff to reliably assess whether a customer is commercial or residential and a split fee structure creates confusion for customers. A single set of fees provides consistency for customers and reduces confusion. Common fees are standard practice at private sector waste facilities. Private sector facilities charge a fee based on the cost to manage or dispose of materials. Commercial customers are generally restricted from household hazardous waste but most other materials are accepted. Restrictions for commercial customers at other GTA municipalities are outlined in Table 4 below.

Table 4
Commercial Restrictions at GTA Municipal Drop-off Depots

Municipality	Commercial Restrictions	Waste Disposal Cost
City of Toronto	No Household Hazardous Waste	\$100 per tonne, \$10 min.
Peel Region	Registration for Household Hazardous Waste	\$100 per tonne, \$5 min.
Durham Region	No Household Hazardous Waste	\$120 per tonne, \$5 min.
Halton Region	No Household Hazardous Waste, Green Bin, Clean Fill. Businesses charged for Blue Box materials	\$143 per tonne, \$5 minimum
City of Hamilton	No Household Hazardous Waste, Businesses charged for all divertibles	\$117.50 per tonne \$11.75 minimum
York Region (existing)	No Household Hazardous Waste No Clean Fill at Georgina	CECs: \$28 per car ¹ Georgina: \$105 per tonne \$28 minimum
York Region (proposed)	No Household Hazardous Waste	\$100 per tonne

1. \$28 flat fee charged at CECs applies to commercial passenger cars. Higher fees apply to larger commercial vehicles

A blended fee structure across all York Region waste facilities will increase cost recovery, provide customers with more consistency when using York Region facilities and reduce the risk of conflict between site staff and users. The current residential waste fee at the Georgina Transfer Station is \$100 per tonne with a \$10 minimum charge; this same fee should be applied at Community Environmental Centres (after installation of scales). A standardized fee ensures York Region's waste facilities remain competitive in the marketplace and will reduce the risk of decreasing usage. Private sector transfer stations fees are between \$90 and \$100 per tonne and generally have a higher minimum charge, and do not offer as many diversion options as York Region. A \$10 minimum charge is higher than other GTA municipalities as outlined in Table 4 above, however this encourages users to bring larger loads, which reduces the potential for traffic queues.

Facility upgrades to be completed in Q2 2015 and will incorporate household hazardous waste

Elgin Mills was constructed with an area reserved for future integration of household hazardous waste. While the Certificate of Approval and zoning would need to be amended and the infrastructure installed, the area for future household hazardous waste

has been designed and constructed, which will reduce implementation costs. Staff will work with Town of Richmond Hill staff to coordinate the integration of household hazardous waste within the Elgin Mills Community Environmental Centre. Engineering design and construction work is required in to install scales with project completion anticipated for Q2 2015. Vehicle based fees will continue until the scales are commissioned. Design and construction of scales will be included in the tender for household hazardous waste facilities. This will ensure all systems are effectively integrated, site disruptions are minimized, and cost efficiencies are maximized. Estimated timelines for the proposed project are summarized in Table 5. Timelines included in Table 5 are dependent on the amount of time required to obtain the required zoning amendments. Proposed weight based fees are expected to be implemented at Georgina in December 2012 and in 2015 at the two other Regional Community Environmental Centres.

As a part of capital upgrades, Closed Circuit Television cameras will be installed to monitor McCleary Court and Elgin Mills Community Environmental Centres. This will allow Regional staff to remotely monitor the site periodically to ensure contract compliance as a part of the normal duties of Region staff responsible for the site.

Table 5
Estimated Timeline for Community Environmental Centre Capital Upgrades

Task	Completion Date
Implement New Fee Structure at Georgina Transfer Station	Q4 2012
Issue Request for Proposals for Engineering Consultant	Q2 2013
Award Consulting Contract	Q2 2013
Design, Approvals, and Construction Tender Preparation	Q1 2014
Construction Tender Closes	Q1 2014
Bid Review and Contract Award	Q2 2014
Start of Construction	Q2 2014
Construction Completed	Q2 2015
Implement New Fee Structure at CECs after Commissioning Scales	Q3 2015

Yard waste should be accepted from all customers for a fee at Georgina Transfer Station

Currently residential yard waste is accepted at Georgina Transfer Station free of charge while commercial yard waste loads are charged \$90 per tonne. In some cases commercial customers claim to be residential to avoid paying fees. Yard waste collected at Georgina Transfer Station is shipped by the Region to the Miller Composting Facility on Bloomington Road for processing. 1,440 tonnes of yard waste was shipped from

Georgina in 2011. Currently, Miller Waste charges customers \$65 per tonne for yard waste loads over one cubic metre.

Accepting yard waste materials at Georgina Transfer Station free of charge costs the Region approximately \$104 per tonne fully burdened. In order to move a user pay cost recovery model forward, yard waste should be accepted at a charge to recover costs associated with managing these materials. As outlined in Table 6 below, all GTA municipal depots with the exception of Peel and Hamilton accept yard waste at a cost. It is recommended that customers be charged \$100 per tonne to dispose of yard waste at Georgina Transfer Station. This fee is higher than the Bloomington Road facility due to the increased costs associated with handling, loading, and trucking yard waste from Georgina Transfer Station to the Bloomington Road facility and to provide consistency with other fees for disposal. It should be noted that residents can utilize seasonal curb side collection programs across the Region should they not want to incur disposal fees for yard waste.

Table 6
Yard Waste Costs at GTA Municipal Depots

Municipality	Fee Structure
City of Toronto	\$75 per tonne
Peel Region	Free (residential) \$110 per tonne (commercial)
Durham Region	\$120 per tonne (residential and commercial)
Halton Region	\$143 per tonne
City of Hamilton	Free (residential) \$117.50 per tonne (commercial)
York Region (existing)	Free (residential) \$90 per tonne, \$25 minimum (commercial)
York Region (proposed)	\$100 per tonne, \$10 minimum (residential and commercial)

Link to Key Council-approved Plans

Community Environmental Centre fee structure changes outlined in this report supports the following goals:

Vision 2051:

- Revaluing our resources through the provision of integrated solutions, focussing on waste prevention and reduction programs, leading to waste elimination in all sectors; striving to achieve a zero waste society.
- Evaluating decisions on the triple bottom line elements of environment, economy, and community.
- Practicing responsible stewardship of finances and assets.

2011 to 2015 Strategic Plan

- Increased diversion of solid waste from landfill
- Financial prudence
- Identify and leverage capacity available in existing infrastructure to complete build out of developing communities

5. FINANCIAL IMPLICATIONS

Cost recovery of construction and demolition materials will reduce overall Community Environmental Centre operating costs

The overall average operating cost per tonne at McCleary Court was \$125 and the fully burdened cost for construction and demolition materials was approximately \$144 per tonne in 2011, funded from the tax levy. Based on trends to date, disposal of these materials is likely to increase which will create further pressure on the tax levy in future years.

A cost recovery fee may lead to a slight decrease in tonnes managed of these materials over the short-term, but improve the long-term financial sustainability of Community Environmental Centres. In addition this will take the fiscal burden for management of these materials off of the general taxpayer and place it on facility users.

Scales will offer a return on investment within five to six years

Based on the current proposal, it is estimated that capital upgrade costs for McCleary Court will be approximately \$1,500,000 and \$1,100,000 for Elgin Mills. This includes design and engineering, installation of scales, facilities to collect hazardous household waste and reconfiguration of roadways. Household hazardous waste equipment from the Vaughan depot will be reused at Elgin Mills which has lowered overall costs for the Elgin Mills retrofit.

Scales and the associated infrastructure required to effectively levy fees at Community Environmental Centres represents a significant portion of the costs associated with the retrofit. Not including household hazardous waste, scales and associated capital works account for \$917,000 of the total cost at McCleary Court and \$976,000 at Elgin Mills. Scales will also increase operating costs at the sites due to maintenance requirements and staff required to operate scales by approximately \$155,000 per year at each site. These impacts to capital and operating costs will be mitigated by cost recovery for residual waste and construction and demolition materials. It is anticipated that the Region would receive a return on investment in approximately three to five years at McCleary Court and four to six years at Elgin Mills. This projection is based on an estimated decrease of 25 per cent in tonnes of chargeable materials managed, an estimate which is considered conservative by staff.

Fully burdened costs, including revenue, to operate McCleary Court was approximately \$807,000 in 2011, and was funded by the tax base. If no changes are made, this operating loss will likely increase as tonnes managed at McCleary Court increases assuming the distribution of materials delivered remains consistent. As a result, the status quo is not a financially sustainable option. Taking into account an operational cost increase of \$155,000 per site, installing scales is projected to reduce the net operating loss by \$216,000 per year at McCleary Court and \$176,000 per year at Elgin Mills assuming a 25 per cent decrease in tonnes managed. As a result this will reduce the fully burdened operating cost to \$102 per tonne at McCleary Court and \$141 per tonne at Elgin Mills.

Table 7
Net Revenue Increase as a Result of Scales Based on Tonnage Changes

Scenario	McCleary Court			Elgin Mills		
	Cost Savings	Cost per Tonne	Estimated Payback	Cost Savings	Cost per Tonne	Estimated Payback
Status quo: no change in tonnes	\$0	\$125	N/A	\$0	\$166	N/A
Scales: no change in tonnes	\$340,000	\$65	3 years	\$286,000	\$88	4 years
Scales: 25% reduction in tonnes	\$216,000	\$102	5 years	\$176,000	\$141	6 years

* Payback period does not include costs related to household hazardous waste

Promotion and education campaign will notify customers of changes in operation and fees at Community Environmental Centres

Proposed changes will alter the customer experience at Community Environmental Centres. As a result, a promotion and education campaign to make customers aware of proposed site changes is necessary. Many of the methods used to notify customers of the previous fee increase will be repeated. Customers will be made aware of upcoming changes via handouts, on site signage, and advertisements. A budget of \$100,000 has been allocated for this campaign in the 2013 operating budget.

6. LOCAL MUNICIPAL IMPACT

Community Environmental Centres are designed to manage materials not easily managed at curb side, as a result, no impact is anticipated to local collection programs. Proposed retrofits to Community Environmental Centres have been discussed with local municipal partners as a part of the Integrated Waste Management Master Plan. Region staff will communicate with Local Municipal staff regarding construction schedules to ensure all parties are aware of any potential Community Environmental Centre service disruptions.

7. CONCLUSION

Staff have examined options and found that scales will harmonize the Community Environmental Centre network with the Georgina Transfer Station and will provide a consistent customer experience. Scales will provide a return on investment within five years at McCleary Court and six years at Elgin Mills Community Environmental Centres. Commercial and residential fees will be blended to provide all customers with a fair rate for disposal and simplify site operations.

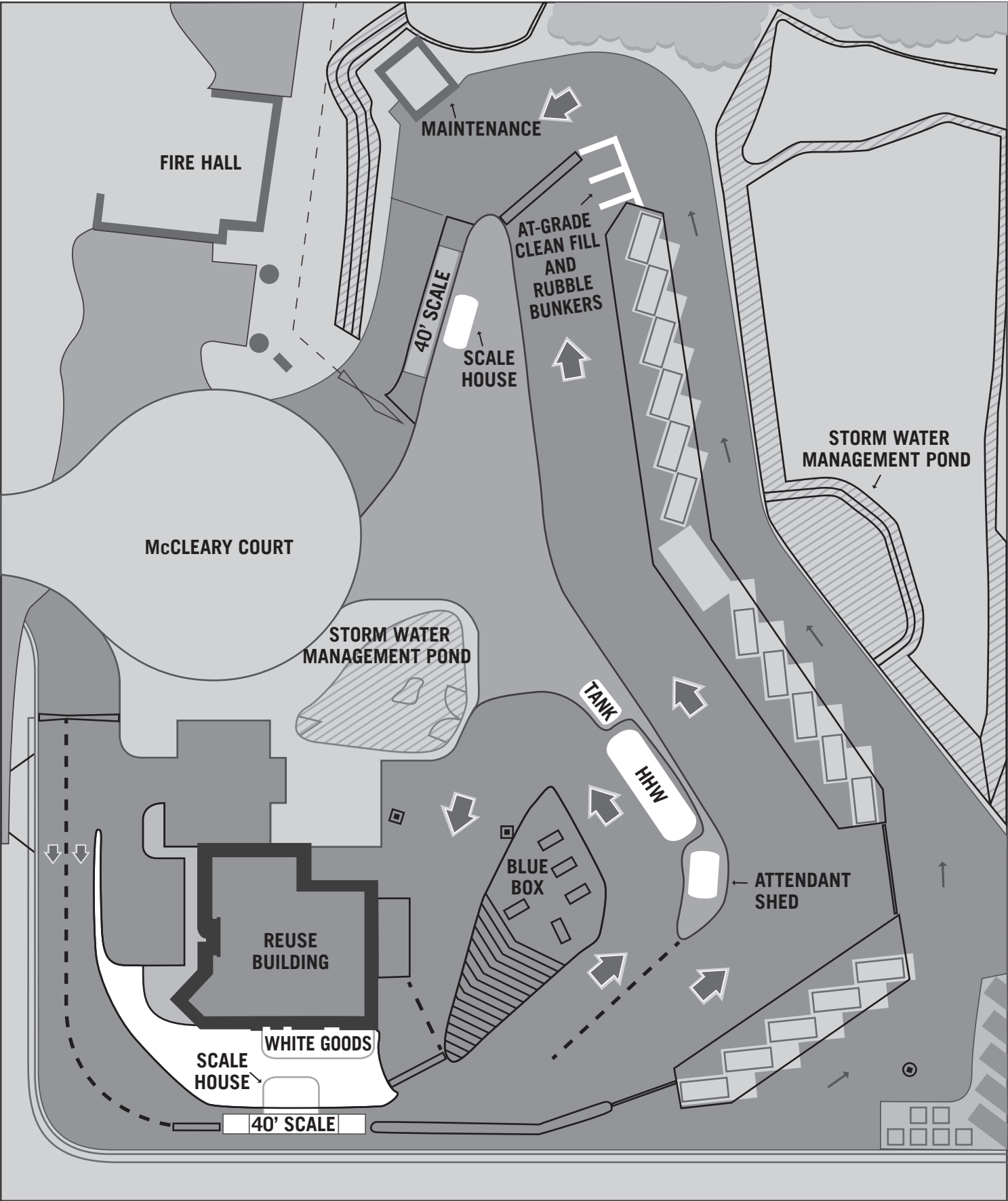
Currently construction and demolition materials are accepted at no cost to customers. Fully burdened costs to manage these materials were \$144 per tonne in 2011. Construction and demolition materials represent one third of the tonnes managed and 39 per cent of total costs to run the facility and usage has been increasing. Fees for construction and demolition material disposal are recommended as this would improve cost recovery and the long term financial sustainability of Community Environmental Centres.

For more information on this report, please contact Laura McDowell, Director, Environmental Promotion and Protection at 905 830-4444 Ext. 5077.

The Senior Management Group has reviewed this report.

(The two attachments referred to in this clause are attached to this report.)

McCLeary Court Community Environmental Centre - PROPOSED LAYOUT



ELGIN MILLS COMMUNITY ENVIRONMENTAL CENTRE - PROPOSED LAYOUT

☐ PROPOSED MODIFICATIONS ARE IN WHITE

