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THREE-STREAM IMPLEMENTATION - NINE MUNICIPAL RESPONSES

The Solid Waste Management Committee recommends the adoption of the recommendations contained in the following report, November 29, 2004, from the Commissioner of Transportation and Works subject to changing the date in recommendation 1 to June 1, 2006:

1. RECOMMENDATIONS

It is recommended that:

1. All local municipalities be advised to implement a source separated organic collection program no later than January 1, 2006 or on the renewal date of their respective collection contracts, to ensure the Region is maximizing its diversion of waste from landfill and minimizing the amount of waste landfilled in Michigan.
2. The local municipalities pay all costs related to the collection of source separated organics, including the provision of collection containers, as it is their responsibility under the Municipal Act.
3. The Region continue to develop and implement its promotion and education plan for source separated organics as previously approved by Council in June 2004.
4. The local municipalities be informed the Bales Drive waste management facility will be operational on July 4, 2005 and that Halton Recycling is under contract with the Region to handle 60,000 tonnes per year of source separated organic waste until March 2009.

2. PURPOSE

The purpose of this report is to summarize and respond to the nine local municipal responses to Regional Council's request of January 22, 2004 for implementation plans regarding the household source separated organic (SSO) waste program.

3. BACKGROUND

Regional Council requested, at its meeting of January 22, 2004, all "nine local municipalities finalize and report back to Regional Council by May 2004 on the design and proposed implementation date of their collection systems for source separated organics with implementation occurring no later than July 1, 2005." These responses are required as the collection of waste is a lower-tier responsibility under the Municipal Act, and waste diversion programming and implementation is an upper-tier responsibility.

4. ANALYSIS AND OPTIONS

The Region has entered into a contract with Halton Recycling Ltd. to process household source separated organic (SSO) waste at its plant in Newmarket as part of our plan to implement the new three-stream waste management system. The SSO program is expected to divert up to 30% of our waste stream from landfill and significantly reduce the tonnage of waste being landfilled in Michigan.

Halton Recycling was able to start taking our SSO in September of this year and Markham was the first municipality to start the program on September 17 for about one quarter of their residents. The following sections of this report present the implementation plans as approved by each local municipality and the impact each plan will have on ensuring a successful region-wide SSO program. Three local municipalities have also requested the Region fund some capital and operating costs. To deal with these requests, the responsibilities for the upper and lower-tier municipalities, as outlined in the Municipal Act, will first be discussed.

4.1 Implementation Schedule and Program Details

The Region has received council resolutions from all nine local municipalities in response to the Region's request for SSO implementation plans (*see Attachment 1*). Tables 1 and 2 present the responses in a summarized form.

Table 1
Approved Implementation Schedules

Municipality	Proposed Start Date	Collection Frequency
Aurora	July 1, 2005	Not determined
East Gwillimbury	2005, after the opening of Bales Drive	Not determined
Georgina	September 2007	Not determined
King	Endorsed three-stream	Not determined
Markham	Phase 1 - September 2004 Phase 2 - September 2005	• SSO – weekly • Blue box - weekly • Residual - every second week
Newmarket	September 2005	Not determined
Richmond Hill	July 1, 2005	Not determined
Vaughan	No sooner than July 2005	Not determined

Whitchurch-Stouffville	September 2005	• SSO - weekly • Blue box - every 2nd week • Residual - weekly
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Some of the local municipalities have identified start dates for an SSO program while others have not. The Town of Richmond Hill has recently tendered a contract for the supply of SSO collection containers to enable its start date of July, 2005. It is staff's understanding that King and Vaughan are waiting for the results of their new collection contract tenders before committing to a start date. The municipalities that have not determined their collection frequencies are discussing this issue and costs with their contractors or waiting for the outcome of tender processes before making any decisions.

The Region is under pressure to reduce the amount of waste being landfilled in Michigan and the SSO program is the greatest opportunity we have to divert waste from landfill. It is therefore proposed that the Region require King Township and the City of Vaughan to implement SSO in 2005 on the renewal date of their collection contracts as they have not identified program implementation dates. Georgina's start date coincides with the renewal of their current collection contract. Given the expected volume of SSO in Georgina is only 2,000 tonnes per year, the delay of their implementation will not significantly impact the overall diversion rate for the Region in the short term.

4.2 Additional Requests of the Local Municipalities

Table 2 summarizes the additional requests some municipalities have asked of the Region as part of their SSO program implementation. Several municipalities have asked for funding from the Region and therefore the Region needs to decide if it wants to respond to these requests on an individual basis, or make policy decisions that would be applied consistently to all.

Table 2
Additional Requests from Local Municipalities

Municipality	Collection Container Funding	Education and Promotion Funding	Other
Aurora	N/A	N/A	N/A
East Gwillimbury	Regional subsidization	Region to implement and fund	N/A
Georgina	N/A	N/A	N/A
King	N/A	N/A	N/A

Markham	N/A	N/A	• Region to pay 50% of the additional transfer and processing costs from September 2004 to July 2005 • Region to pay 100% of blue box transfer and processing costs after July 2005
Newmarket	Region to pay capital cost	Region to provide	• Response on Regionalization of waste management responsibilities • Confirmation of Bales opening date • Confirmation of Halton Recycling's capacity
Richmond Hill	N/A	N/A	• Southern transfer of blue box and SSO • Use of bags for blue box collection
Vaughan	N/A	N/A	• Confirmation from Region that there is sufficient capacity at Halton Recycling for SSO and that the new MRF is operational
Whitchurch-Stouffville	Regional subsidization	Region to fund	

The following sections address the above noted requests.

4.2.1 Funding for Collection Containers

The issuance of curbside collection and kitchen containers to all households for SSO is policy for Durham Region, the City of Toronto and Markham. Niagara Region, by contrast, allows residents to place the material at the curbside in bags, special containers or any properly marked container as long as the container meets the weight restrictions. Our contract with Halton Recycling allows the municipalities to deliver SSO in plastic bags or loose. As such, the Region has left the collection issue to the local municipalities as collection is their responsibility under the Municipal Act.

The Region needs to make a policy decision regarding funding collection containers given the local municipal requests. Typically, the curbside and kitchen containers designed to hold SSO cost \$20 to \$25 per household. If each household in the Region receives one curbside container and one kitchen container, the total cost will be \$5 million to \$5.5 million, with additional costs each year for new residents and replacements. It should be noted the Region does not have sufficient funds in the Solid Waste Capital Reserve Fund to finance this operating expenditure or container expenditure based on the draft 2005 10-year Capital program. If the draft capital plan is approved by Council and if the reserve fund is not contributed to, the reserve fund will be totally depleted by the end of 2007. Moreover, the processing of SSO is a Regional responsibility and cost and is estimated to increase the Region's annual operating cost by \$3.9 million over the cost of landfilling waste once the program is fully implemented.

Therefore, the Region has the following three options to consider:

- Pay 100% of the SSO container costs.
- Partially subsidize the costs of the SSO containers.
- Do not pay for SSO containers.

4.2.1.1 Option 1 – Pay 100% of SSO Container Costs

As noted above, this option would cost the Region between \$5 million and \$5.5 million initially. This cost would represent a Regional tax levy increase slightly above 1%. On an ongoing annual basis, the cost may be \$300,000 for containers for new households and replacements.

4.2.1.2 Option 2 – Partially Subsidize SSO Container Costs

Council could determine to pay any portion of the amount identified in Option 1. This cost would need to be funded from the tax levy.

4.2.1.3 Option 3 – Do Not Pay for SSO Containers

Regional staff acknowledges the advantage of providing residents with SSO collection containers to ensure participation in the program. York Region does not require the local municipalities provide SSO containers and has left this decision to them as collection standards are their responsibility. As such, Regional staff have not planned or budgeted for collection container costs as it should be paid by the level of government with the associated responsibility.

Looking at the SSO programs which have been implemented in Ontario, Niagara Region does not require a standardized container and Durham Region only pays for containers in the communities it has full waste management jurisdiction (i.e. the local municipalities pay if the local municipality does collection). Durham, like York, has a two-tier waste management delivery system. Durham worked with the lower municipalities in 2002 when it was preparing to improve its diversion efforts and SSO implementation, to rationalize their collection routes and programs to enhance service and lower costs. Durham offered to pay for SSO collection containers in a municipality if that lower-tier municipality transferred collection responsibilities to the Region. Four lower-tier municipalities transferred their waste management powers to the Region as per the Municipal Act at that time while the three larger municipalities decided to retain their collection responsibilities. In 2004, Pickering decided to relinquish its collection responsibilities to the Region as they could not afford the collection costs related to the SSO program and because the overall waste management collection program implemented by the Region was adequate for its residents.

4.2.1.4 Comments

Staff believes the collection containers are part of waste collection and therefore a responsibility and cost of the lower-tier. The Region is paying its share of the costs for implementing the SSO program in that our waste management costs will increase by 100% (an annual increase of \$3.9 million) for the volume of waste diverted from landfill to SSO. In addition, the Region has budgeted \$750,000 for promotion and education for SSO.

The approach taken by the Region of Durham with its local municipalities has merit in that it clearly identifies each tiers' role in waste management. It also offers an alternative if the lower-tier cannot afford the collection costs required by SSO implementation, or if they believe transferring waste responsibilities to the upper-tier will be more effective.

It is therefore proposed that Council adopt Option 3 with respect to SSO container costs.

4.2.2 Promotion and Education

Council approved a promotion and education program in July 2004 which included SSO delivery. In addition, staff have been working with the Town of Markham on the development and delivery of the September SSO launch. The lessons learned from the Markham launch are intended benefit the Region and other local municipalities.

Approximately \$750,000 (i.e. \$3 per household) has been budgeted by the Region for a region-wide promotion and education program. This program is planned to be delivered in conjunction with the local municipalities. It is proposed staff continue to work with the local municipalities to assure there is no duplication of efforts and that an effective program is delivered. The current budget was established with the expectation the Region would need to support the smaller municipalities in the Region with their SSO education programs. Staff will be in a better position to determine the promotion and education needs and costs once these municipalities finalize their collection start dates and collection frequencies and with the lessons learned from the SSO launch in Markham in September.

5. FINANCIAL IMPLICATIONS

The new SSO program will increase the Region's operational costs by \$3.9 million per year once the program is fully implemented. In addition, the Region budgeted \$250,000 for SSO promotion and education in 2004 and \$400,000 for processing. In addition, staff have included \$500,000 in the draft 2005 operating budget for promotion and education and \$2.9 million for processing.

6. LOCAL MUNICIPAL IMPACT

The nine local municipalities are all facing increased collection costs due to the new three-stream program. It is important the local municipalities and the Region work together to effectively educate and promote the new program. It is understood the smaller municipalities in the Region need additional assistance and support to properly inform the public of the SSO program. If the recommendations of this report are adopted, the local municipalities should have adequate time to prepare and approve the appropriate local tax levy increases required to support the implementation of their SSO collection program.

7. CONCLUSION

The Region has received responses from all nine local municipalities on their implementation plans for SSO. Some plans are not complete and some municipalities have asked the Region for funding for collection containers and promotion and education. The recommendations of this report are based on the roles and responsibilities placed on each tier of government in York Region under the Municipal Act.

The Senior Management Group has reviewed this report.

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