



City of Moose Jaw

COMMUNICATION # CC-2020-0294

TITLE: Landfill Commercial Rates and Contribution to Operating Fund

TO: City Council

FROM: Department of Public Works and Utilities

DATE: November 19, 2020

PUBLIC: PUBLIC DOCUMENT

RECOMMENDATION

THAT the City Landfill rates be adjusted for commercial tipping from \$69/tonne to \$80/tonne for City residents and from \$89/tonne to \$100/tonne for non-locals; and

THAT an annual \$500,000 contribution be transferred from the Solid Waste Utility to the City's Operating Fund on an ongoing basis to recognize increased maintenance on streets and lanes; and

That for 2021 this transfer of funds be used to reduce the amount of restart funding required for the operating budget; and

THAT Bylaw No. 5156, Waste Management Bylaw be amended and brought forth for City Council approval.

EXECUTIVE SUMMARY

The City landfill has seen a reduction in revenue in 2020 due to an operations efficiency change at the Buffalo Pound Water Treatment Plant. This has created a reduction in the amount of sludge being disposed of, resulting in a \$250,000 revenue loss at the landfill. In addition, the commercial tipping fee has remained unchanged for the past three years. To compensate for this loss of business and to adjust for increased operating costs, an increase in commercial tipping fees of \$11/tonne to \$80/tonne for City residents and \$100/tonne for non-locals is suggested.

The Solid Waste Utility is projected to generate enough funds to cover its capital needs including a new landfill over the next five years whereas the City Operating Budget is facing significant financial pressures. City Administration is recommending that surplus funds from the Solid Waste Utility Reserve be utilized to reduce the amount of restart funding required in 2021 and going forward that the surplus funds be utilized as a general

revenue of the Operating Fund to help lessen the tax burden on the citizens of Moose Jaw.

BACKGROUND

The City of Moose Jaw operates a legacy landfill site that has been in use for approximately 100 years. At the January 29, 2018 Budget Committee meeting, there were several motions contained in a presentation regarding Review of Curbside Criteria and Solid Waste Utility (attachment i).

Two specific motions presented were:

THAT the City Landfill rates be adjusted for commercial tipping from \$60/tonne to \$69/tonne; and,

THAT an elevation limit of 577 metres is set providing for an additional 5 years of operation at the current landfill site given estimated waste tonnage intake.

The elevation limit was approved, but a new motion was introduced by City Council aimed at maintaining the two-tiered rate structure at the landfill:

THAT Administration prepare a report for Budget Committee regarding the possible implementation of a two-tier fee structure – local and non-local – for the deposit of commercial waste at the City landfill.

At the February 13, 2018 Budget Committee the report Two-Tier Fee Structure – City Landfill (attachment ii) was considered and the following motion was adopted:

THAT the City implement a tiered rate of \$69/tonne local and \$89/tonne non-local where associated revenues over the cost recovery amount are transferred to the solid waste reserve.

The City landfill commercial tipping fee/tonne has remained unchanged for the last three years after the approval of this motion.

DISCUSSION

Space at the landfill is measured in terms of airspace remaining in elevation below the approved limit of 577 metres above sea level. Over the last three years, the City has been conducting regular drone surveys to monitor airspace consumption to provide an accurate record of the remaining lifespan rather than using consultant estimations. These surveys have concluded that the deposition rate at the landfill has been stable for the last three years and that the site will reach capacity in late 2025 if annual tonnage remains consistent. This has afforded the Solid Waste Utility with an extra two years of operation in which it can accumulate additional capital reserves.

The Buffalo Pound Water Treatment Plant (BPWTP) disposes of sludge annually which accounts for almost 25% of annual revenue at the landfill. In 2020, BPWTP made a change to its operations which has dramatically reduced the tonnage of sludge disposed of at the landfill resulting in a revenue decline of \$250,000, adversely affecting capital reserve

funding. To compensate for this loss of business and to adjust for increased operating costs over the last three years, an increase of \$11/tonne to \$80/tonne for city residents and \$100/tonne for non-locals is suggested. Current landfill rates in Saskatchewan are shown in the following table:

SK Landfills	Commercial Flat Rate per Load (on top of tonnage fee)	Commercial Tipping Fee (tonne)	Out of Town/Region Tipping Fee (tonne)
Saskatoon	\$15	\$105	None
Warman	\$13	\$105	None
Martensville	\$13	\$105	None
Swift Current	None	\$100	None
Regina	None	\$85	None
Yorkton	\$10	\$85	\$125
Meadow	None	\$85	\$200
North	\$5	\$83.75	None
Estevan	None	\$75	N/A
Weyburn	None	\$75	N/A
Prince Albert	None	\$73	\$146
Moose Jaw	None	\$69	\$89
Melfort	\$15	\$60	\$125
Humboldt	None	\$40 (1 t)/\$60 (3 t)	N/A

The Solid Waste Utility is in good financial condition as illustrated by the table below:

**SOLID WASTE UTILITY RESERVE
2021 - 2025**

	2020	2021	2022	2023	2024	2025	Total
Opening Balance	\$1,722,300	\$8,411,103	\$9,484,513	\$10,077,163	\$2,676,314	\$4,224,698	
Contributions during the year	\$1,676,163	\$1,523,410	\$1,592,650	\$1,599,151	\$1,598,384	\$1,678,993	\$7,992,588
less Solid Waste Projects	\$117,500	\$450,000	\$1,000,000	\$9,000,000	\$50,000	\$25,000	\$10,525,000
less Uncompleted Works	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
Year End Balance	\$3,230,963	\$9,484,513	\$10,077,163	\$2,676,314	\$4,224,698	\$5,878,691	

**** The reserve balance increased in 2021 due to a revised landfill closure estimate which allowed for approximately \$5,000,000 to be re-allocated to the solid waste reserve.**

The utility is projected to generate sufficient funds to cover its capital needs including a new landfill over the next five years. Since the utility will have surplus funding in its reserves, City Administration is recommending that these surplus funds be transferred on an ongoing basis to the General Revenue Fund (Operating Fund) to help offset funding

shortfalls in that area. The contribution would also recognize the increased maintenance on the streets and lanes from the operation of garbage trucks.

The Operating Budget is facing significant financial pressures and in 2021 is utilizing all the Federal Government restart funding (one-time pandemic funding) as a revenue source to the Operating Budget. This restart funding totals \$2.182 million and will not be available in future years thus leaving the Operating Budget with a significant funding shortfall in future years.

For 2021, it is proposed that this \$500,000 transfer be utilized to reduce the amount of restart funding required and this will allow \$500,000 in restart funding to be utilized in the Operating Fund in 2022. This will provide some buffer as the City continues to make its operations more efficient and looks to generate additional revenues. In future years, 2022 and onward this contribution would become a general revenue of the Operating Fund. Therefore, the contribution of excess profit from the utility to the Operating fund will help lessen the tax burden on the citizens of Moose Jaw in the long run.

FINANCIAL IMPLICATIONS

- The increase in Landfill rates will generate an additional \$250,000 annually for the utility.
- The transfer of \$500,000 annually from the Solid Waste Utility to the Operating Fund will provide a steady stream of revenue to the Operating Fund that will lessen the need for tax increases and ultimately benefit the citizens of Moose Jaw.
- The loss of \$500,000 in funds from the Solid Waste Utility will not affect the operating or capital programs of the utility.

OPTIONS TO RECOMMENDATION

- THAT the City Landfill Commercial Tipping rates not be adjusted;
- THAT the City Landfill Commercial Tipping rates be adjusted in an alternate amount at City Council's discretion;
- THAT an annual \$500,000 contribution not be transferred from the Solid Waste Utility to the City's Operating fund on an ongoing basis;
- That surplus Solid Waste Utility funds not be used to reduce the amount of restart funding required in 2021 for the Operating Budget

COMMUNICATION PLAN

The new rates will be directly communicated to the largest customers. They will also be posted on the City of Moose Jaw website, at the landfill entrance, and updated in the Waste Management Bylaw No. 5156.

STRATEGIC PLAN

This report supports the long-term strategy to increase revenue sources and reduce reliance on residential property taxes under the Strategic Goal of Fiscal Management and Accountability.

PRESENTATION

Mr. Darrin Stephanson, Director of Public Works & Utilities, will provide a brief overview of this report.

ATTACHMENTS

- i. Review of Curbside Criteria and Solid Waste Utility Report
- ii. Two-Tier Fee Structure – City Landfill Report

REPORT APPROVAL

Written by: Darrin Stephanson, Director of Public Works & Utilities
Reviewed by: Tracy Wittke, Assistant City Clerk
Approved by: Jim Puffalt, City Manager
Approved by: Fraser Tolmie, Mayor

To be completed by the Clerk's Department only.

Presented to Regular Council or Executive Committee on _____.

Resolution No. _____

Report Approval Details

Document Title:	Landfill Commercial Rates and Contribution to Operating from Reserve - CC-2020-0294.docx
Attachments:	- Curbside Criteria and Solid Waste Utility.pdf - Two-Tier Fee Structure - City Landfill.pdf
Final Approval Date:	Nov 26, 2020

This report and all of its attachments were approved and signed as outlined below:

No Signature - Task assigned to Darrin Stephanson was completed by workflow administrator Maureen Latta

Darrin Stephanson

No Signature - Task assigned to Tracy Wittke was completed by assistant Maureen Latta

Tracy Wittke



Jim Puffalt



Fraser Tolmie