



# City of Moose Jaw

## COMMUNICATION #NA

**TITLE:** Two-Tier Fee Structure – City Landfill

**TO:** Budget Committee

**FROM:** Engineering Department

**DATE:** February 7, 2018

**PUBLIC:** Public Information

**IN-CAMERA:** Not applicable to this report

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### **RECOMMENDATION**

1) THAT the City implement a uniform commercial tipping fee of \$72/tonne.

### **JUSTIFICATION FOR IN-CAMERA**

Not applicable to this report.

### **TOPIC AND PURPOSE**

To inform Council of Saskatchewan municipal landfill fee structures and practices regarding local and non-local customer use.

### **BACKGROUND**

At the January 29, 2018 Budget Committee meeting, the Committee passed the following motion:

*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.*

There are fourteen cities in the Province of Saskatchewan. Most of these cities operate landfills, independently or as regional authorities, while two of the cities utilize a private landfill. There are several different types of rate structures and practices in place at these facilities. Following is a table presenting this information. Please note there are some gaps in the information that was either unable to be gathered at the time of this report or is unknown in the particular municipality.

SK Landfills	Residential Flat Rate (1/2 ton)	Commercial Tipping Fee (tonne)	Out of Town/Region Tipping Fee	Total tonnage per person in a year	% tonnage non-local
Saskatoon	\$15 (150 kg)	\$15 + \$105	None	Not available	Not available
Regina	\$10 (200 kg)	\$85	None	0.98	Not available
Prince Albert	\$10.50 (150 kg)	\$67	\$21/\$134	1.69	Not available
Moose Jaw	\$10	\$60	\$16/\$79	1.39	11.4%
Swift Current	\$10	\$80	None	2.12	Not available
Yorkton	\$6.50 (500 kg)	\$6.50 + \$55	\$6.50 + \$80	2.01	13.7%
North Battleford	\$5 + \$83.75/tonne	\$5 + \$125	None	1.11	Not available
Estevan	\$10	\$46	None	1.30	Not available
Warman	\$12 + \$105/tonne	\$12 + \$105/tonne	None	Private	Private
Weyburn	\$10	\$46	\$17/capita	1.61	Not available
Martensville	\$12 + \$105/tonne	\$12 + \$105/tonne	None	Private	Private
Humboldt	\$20	\$40 (1 t)/\$60 (3 t)	Not applicable	See below	Not applicable
Melfort	\$10 (100 kg)	\$10 + \$30	\$15/\$15 + \$100	Not available	Not available
Meadow Lake	\$85/tonne	\$85	\$200	Not available	Not available

Saskatoon, Regina, Swift Current, North Battleford, Estevan, Warman and Martensville do not charge different rates to non-local customers. These single tier fee cities all charge a higher rate than our local rate with the exception of Estevan.

Yorkton and Melfort charge a higher rate to out-of-town customers.

Weyburn does allow out of town use at their normal tipping rate but requires participating towns/communities to pay an annual amount equal to \$17 per person in the town/community.

Prince Albert operates within the North Central Saskatchewan Waste Management Company (NCSWMC) as a non-profit corporation owned by twelve municipalities in North Central Saskatchewan. The NCSWMC is run by a seven member Board of Directors. All other users of their landfill pay a higher tipping fee.

Humboldt operates within the Regional Authority of Carlton Trail (REACT). REACT serves thirty-one urban and sixteen rural municipalities with a population of approximately 26,000. Their commercial tipping fees are based on the size of the vehicle as they do not have a scale to weigh incoming waste.

Meadow Lake operates within the Northwest Regional Waste Management Authority (NWRWMA). The NWRWMA serves five municipalities. These founding members all contributed equity dollars in addition to borrowing on a line of credit. All other users of their landfill pay a higher tipping fee.

It is clear from this review that there is no 'standard' approach to landfill rate structures.

## **DISCUSSION**

Moose Jaw currently charges tipping fees on a two-tier system.

- In 2016, these rates were \$40/tonne local and \$79/tonne non-local.
- In 2017, these rates were \$60/tonne local and \$79/tonne non-local.
- The current motion is \$69/tonne local and \$89/tonne non-local.

Based on the chart provided in the background above, the impact of tiered rates is non-conclusive on tonnage received from non-local sources. The spectrum of possibilities can be summed up as follows:

- Increased non-local rates reduce the tonnage of non-local waste to the landfill.
- Increased non-local rates have no impact on the tonnage of non-local waste.
- Increased non-local rates increase the tonnage of non-local waste to the landfill.
- Uniform rates reduce the tonnage of non-local waste to the landfill.
- Uniform rates have no impact on the tonnage of non-local waste to the landfill.
- Uniform rates increase the tonnage of non-local waste to the landfill.

Without empirical evidence on the impact of tiered rates, it would appear the most probable options are:

- 1) Increased non-local rates reduce the tonnage of non-local waste to the landfill.
- 2) Uniform rates increase the tonnage of non-local waste to the landfill.

At this time, there is no way of knowing the impact of a change on the Moose Jaw landfill and its specific situation until a change is implemented.

In 2017, the landfill received 47,000 tonnes of waste of which 11.4% or 5,400 tonnes was non-local. This amounts to \$426,600 in annual revenue or an additional \$102,600 above our local base rate.

In order to provide Council with an order of magnitude figure, it could be assumed an increased rate would reduce tonnage from non-local sources. If all of this tonnage was turned away through refusal of service or by a high non-local rate, the landfill could gain, over a five year period, an additional six months of airspace.

The potential loss of that revenue associated with non-local sources over five years of operation results in a loss of \$513,000 plus interest loss of \$48,000 to \$100,000 for a total loss of \$561,000 to \$613,000.

Given that the expected lifespan is five to six years currently, the City likely has sufficient time to source, seek approval and construct a solid waste management facility. Generating the capital (through rates) to fund solid waste management (landfill) should be the primary concern.

Again, there is not enough data to establish a firm relationship between rising rates and their effect on non-local waste.

While a tiered rate provides the opportunity to address funding capital challenge, the approach may also negatively impact any potential ability to access Provincial dollars in consideration of future construction activities.

Enforcement of non-local users also presents a challenge; enforcement is logistically difficult or near impossible. Based on the other city reporting on non-local revenues, the percentages are similar, leaving little room for improvement in the enforcement system. It appears any increase in associated revenue would be negligible.

It is Administration's recommendation that a single blended rate of \$72/tonne be established. This is consistent with managing the solid waste utility as a utility; providing for full cost recovery of all operational and capital expenses regardless of the source of the waste. It also alleviates potential fluctuations in revenue between local and non-local waste that could negatively impact the cost recovery model and further reduces administrative time to manage.

If Council chooses to implement a tiered rate, it is recommended any amount over \$72/tonne collected be applied as follows:

- 1) Transferred to reserves for the solid waste utility to offset future capital costs.
- 2) Transferred to general reserve, through a mechanism such as a franchise fee, for the benefit of all who reside in the City of Moose Jaw.

## **OPTIONS TO RECOMMENDATION**

- 1) 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.
- 2) 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 general reserve.

## **PUBLIC AND/OR STAKEHOLDER INVOLVEMENT**

Not applicable to this report.

## **COMMUNICATION PLAN**

Not applicable to this report.

## **STRATEGIC PLAN**

Not applicable to this report.

## **OFFICIAL COMMUNITY PLAN**

Not applicable to this report.

## **BYLAW OR POLICY IMPLICATIONS**

Not applicable to this report.

## **FINANCIAL IMPLICATIONS**

As outlined in the Discussion section.

## **PRIVACY IMPLICATIONS**

Not applicable to this report.

## **OTHER CONSIDERATIONS/IMPLICATIONS**

Not applicable to this report.

## **PUBLIC NOTICE**

Public Notice pursuant to the Public Notice Policy as incorporated into the City Administration Bylaw No. 5175 of 2016 is not required.



**PRESENTATION**

(Please indicate with an "X" if any/or none of these will be supporting the Department report.)

VERBAL: **X**

AUDIO/VISUAL:

NONE:

**ATTACHMENTS**

Not applicable to this report.

Respectfully Submitted By,

*Darrin Stephanson*

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Darrin Stephanson/Municipal Operations Manager

**APPROVAL OF REPORT RECEIVED****COMMENTS RECEIVED**

*Josh Mickleborough*

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Josh Mickleborough/Director of Engineering

*Myron Gulka-Tiechko*

\_\_\_\_\_  
Myron Gulka-Tiechko, Acting City Manager

*Fraser Tolmie*

\_\_\_\_\_  
Fraser Tolmie, Mayor

*To be completed by the Clerk's Department only.*

Presented to Regular Council or Executive Committee on \_\_\_\_\_.

No. \_\_\_\_\_ Resolution No. \_\_\_\_\_