

# Frequently Asked Questions - Waste Services Utility

## **What is the Waste Services Utility?**

When recycling was implemented in 2013 and 2014, these services were charged as a utility fee (a flat monthly fee that each household pays) and the Waste Services Utility was created.

Having waste charged as a utility means that residents are charged through their utility bill for their waste management services instead of having them funded through property taxes. In Saskatoon and most cities, residents are used to having their water and electricity services charged separately from property taxes through their utility bills. The amount charged for these services is based on use.

Because waste services also can vary by household, it makes sense to consider charging utility fees in a way similar to water and electricity.

## **Will all waste services be charged as a utility?**

The decision to expand the current Waste Services Utility, and by how much, has not yet been decided. The benefit of charging services as a utility is to ensure that the person or property benefiting from the service is charged for the service. This creates a sense of 'ownership' and control over the amount of service being requested. Services like water, waste, transit, and electricity all have direct user benefits. Other services, such as police, parks, environmental protection, and litter collection have overall user benefits and make sense to be charged through property taxes. The purpose of reviewing our waste management funding model and investigating a new design for the Waste Services Utility is to align user benefit with payer.

## **How will fees be set; will they be flat fees or based on weight and/or volume?**

The decision to expand the current Waste Services Utility, and by how much, has not yet been decided. No decisions have been made yet for how an expanded waste utility would be designed; but typically there is a mix of flat fees to cover a base level of service (i.e. a basic level of garbage, recycling, and, one day, composting collections) plus variable fees that are based on frequency of collection, size of bin, or program participation. Using variable fees allows users to reduce their costs by reducing their garbage and using compost and recycling appropriately.

## **Don't we already pay taxes for waste services? Why would we change?**

Garbage collection and most of the costs of landfilling (for residents) in Saskatoon is currently funded through property taxes. This method is not directly visible to residents and makes it more difficult to understand the true cost of waste management. It is also inequitable since costs are not aligned with services. The purpose of a utility would be

to provide better transparency and long-term financial stability for waste management in Saskatoon by ensuring waste service costs are more visible and equitably shared.

### **How is this more equitable?**

Under a utility, users pay directly for the services that they benefit from, unlike the current model where non-residential (commercial & industrial) users are supporting residential services through property taxes and user fees (such as at the landfill).

For instance, the cost of landfilling is not included in the cost of residential garbage collection services provided by the City even though more than 60% of the waste brought to the landfill is from City trucks providing residential garbage collection. As a result, commercial and self-haul customers are subsidizing the cost of waste disposal for residential households by approximately \$3.8M. At the landfill, commercial customers are charged the full cost of landfilling while residents self-hauling loads less than 150 kg are only charged the entrance fee.

Additionally, non-residential properties (businesses and institutions) pay property taxes (their share is 31%) some of which are allocated toward waste management, but they receive minimal waste management services. Instead, they pay additional fees to the City or a private contractor to collect their waste and recycling. Commercial property owners pay \$27.89 for every \$100,000 of assessed value each year while residential customers pay \$17.53 per \$100,000 of assessed value.

Lastly, all residents pay the same property tax rate for waste and recycling no matter how much they generate and/or divert.

### **Can I expect to pay more or less?**

Future changes to the waste utility may result in a higher overall cost to the average residential property due to the transfer of funding contributions from commercial to residential properties even after the cost of waste management is removed from the mill rate.

### **Does a waste utility consider ability to pay?**

Utility fees are not based on property value (unlike property taxes) and, therefore, are not directly related to ability to pay. Currently:

- properties valued at \$253,700 (10<sup>th</sup> percentile) pay \$44 per year (\$3.67/month);
- properties valued at \$385,000 (average) pay \$68 per year (\$5.67/month); and
- properties valued at \$534,500 (90<sup>th</sup> percentile) pay \$94 (\$7.83/month).

Under a variable fee structure, users can reduce their waste management fees by reducing the amount of waste they generate and dispose of. The City expects to explore other considerations for affordability.

**Has this been decided? When does this get implemented?**

There have been no decisions made. Administration is asking City Council for permission to study options for expanding the Waste Services Utility as a means to promote higher levels of community waste diversion. The transition to a utility model could also happen through a phased approach.

**Won't illegal dumping be a problem?**

As part of the continued research into this funding model, Administration will explore what enforcement options and programs have worked in other places to reduce illegal dumping. A combination of education and enforcement will likely be required.

**How does this fit into the City's plan on waste diversion?**

This study is one potential component of the City's Waste Diversion Plan. Other components such as an organics program and additional requirements and programs for the commercial sector will be explored further in the coming months.

**How does this ensure 'long-term financial stability' of waste management services?**

The waste management program in Saskatoon is currently underfunded. In 2017, \$8.1M has been budgeted for waste management services from the mill rate but the actual burden on the mill rate is expected to be \$9.47 million, leaving a significant funding gap. In addition, \$3.5 million should have been spent for contributions to the Landfill Replacement Reserve and for processing of compost; these are necessary components of the waste management program but were deferred in 2016 due to budget constraints. Even without going toward a waste utility model, these funding gaps will need to be addressed.

**How is Waste Management funded now?**

The total cost of the waste management program in Saskatoon is greater than \$20M, this includes services funded by property taxes (garbage collection, part of the landfill, household hazardous waste collection, and the compost depots), utilities (the two residential recycling programs and the green cart program), user fees (the landfill and commercial garbage collection), and the Multi-material Recycling program (MMRP).

**How does this help us protect the environment?**

Cost awareness can influence waste reduction. The expanded waste utility will help increase public awareness of waste costs and help increase user accountability.

Increased waste reduction and diversion will help us protect our environment by reducing the amount of waste needing to be landfilled, reducing methane produced from burying organic waste at the landfill, and reducing our dependence on raw resources.

Research conducted by the US Environmental Protection Agency (2013) of waste programs in Canada and the United States found that waste utility models may improve waste diversion rates by between 6% and 40% (depending on the recovery rate for recyclables in the community prior to implementing the pricing model). In addition, communities reported a reduction in the amount of waste disposed of between 8% and 38%.

**If you remove the cost of waste services from my property tax bill can I expect a reduced bill?**

If the City moves to a full utility for waste management, approximately \$8.1 million will be removed from the mill rate to be funded from other sources. On average, this equates to approximately \$68 per year. It is unlikely that the City would transition all waste services off the mill rate to a utility at once. There are also aspects of the waste management program that provide benefit to all taxpayers that do not necessarily fit the utility model.

**When will this happen?**

If investigating the expansion of the waste utility is approved, Administration will present a report further on the design consideration for expanding the Waste Services Utility in August 2017. Financial implications could also be reported in time for consideration within the 2018 Business Plan and Budget deliberations.

**How much will the fee be?**

The financial implications of expanding the waste services utility in Saskatoon are not yet known as they are dependent on the design of the utility. If approved to proceed with further investigations, Administration would identify fees for consideration within the 2018 Business Plan and Budget deliberations.

**How will the project be communicated?**

If Administration is instructed to continue to the design phase of an expanded waste utility, it is critical that the public are informed and have the opportunity to learn about design options for the utility. As a result, a comprehensive communications plan will be developed to support public outreach and education.

For the larger waste diversion plan, Administration is developing a Communications Strategy that will focus on building public awareness and participation in future waste diversion engagement activities, strengthening stakeholder relationships, promoting new programs and ongoing communication for the reduction of solid waste in Saskatoon. Tactics could include the development of a community waste challenge; a waste diversion focused web page; social media; advertising and email. The goal is to

ensure stakeholders are not surprised by proposed changes and that they understand waste diversion issues, including how they can provide input into the development of potential solutions.

**How will the project consider public/stakeholder input?**

Waste as a utility is one component of a larger Waste Diversion Plan. Many of the topics within the Waste Diversion Plan will require community conversations and engagement. As a result, the Administration is developing a Waste Diversion Engagement Strategy and Framework to guide implementation and to ensure interactions with the community are meaningful, consistent, relevant, and effective.

This engagement strategy and framework could include the establishment of numerous stakeholder-focused working groups and include activities such as a series of workshops/forums, surveying and on- and offline discussions. The goal of waste diversion engagement is to help residents and businesses understand waste diversion challenges and provide input into prioritizing potential solutions. The output from waste diversion engagement will be a comprehensive report which outlines Saskatoon's waste diversion options for Council's future consideration. Public outreach and education will continue through the design phase if City Council chooses to advance toward implementation.

**How does this support the City of Saskatoon's strategic directions?**

This expansion of the Waste Services Utility supports the Strategic Goal of Environmental Leadership including the four-year priority to promote and facilitate city-wide composting and recycling and the long-term strategy to eliminate the need for a new landfill; It also supports the Strategic Goal of Asset and Financial Sustainability by reducing reliance on residential property taxes and setting long term sustainable rates.