

To: Regional and Corporate Services Committee
From: Jamie Benton, Environmental Services Coordinator

Date: 2020-02-11
File No: 5360 -26

Subject: FVRD Solid Waste Rates, Fees and Charges Bylaw

RECOMMENDATION

THAT the Fraser Valley Regional District Board consider giving three readings and adoption to the bylaw cited as "*Fraser Valley Regional District Solid Waste Rates, Fees and Charges Bylaw No. 1583, 2020*";

AND THAT the Fraser Valley Regional District Board repeal "*Fraser Valley Regional District Solid Waste Management Rates, Fees, and Charges Bylaw No. 0327, 1999*".

STRATEGIC AREA(S) OF FOCUS

Support Environmental Stewardship
Provide Responsive & Effective Public Services

PRIORITIES

Priority #1 Waste Management

BACKGROUND

As efforts to increase recycling and organic diversion rates expand throughout the region, the amount of municipal solid waste remaining that gets disposed of at a landfill is expected to go down, possibly by approximately 30%. While this decrease represents progress from an environmental perspective, it represents a significant decline in forecasted revenue for the Fraser Valley Regional District's Solid Waste Management program which is funded through a Tonnage Levy. The Tonnage Levy is applied to every tonne of waste taken to a disposal facility within the FVRD or leaves the region through a consolidation point (transfer station) for disposal outside of the FVRD. This Tonnage Levy not only serves as a user pay model for the FVRD's solid waste programs, it provides financial incentives to improve diversion.

The current rate of this Tonnage Levy has been set at \$1.65/tonne since 2014, but needs to increase to \$3.00/tonne in order for the FVRD to maintain current service levels. Consultation was conducted on options for how best to increase this Levy (quickly over 2 years, moderately over 4 years, or gradually over 7 years). The options were discussed in a November 2019 memo brought to the Regional and Corporate Services Committee and Board as well as amongst municipal staff and participants on the Industry Working Group.

DISCUSSION

The preferred option identified was the moderate option: a \$0.35/year increase in the Levy over 4 years. It was favoured over the quick option as it provides municipal partners that operate landfills the opportunity to incorporate the new rate into future budget planning, and it was preferred over the gradual option as it avoids the need for the FVRD to introduce a temporary tax requisition to offset short-term revenue shortfalls it would cause.

This preferred option would introduce a \$0.35/tonne increase beginning April 1, 2020 (the same date as the FVRD's Source Separation Bylaw, Bylaw No. 1495, 2018, comes into effect. Subsequent increases would occur as of January 1 each year.

<i>Year</i>	<i>Proposed Fee per Tonne</i>
Current rate	\$1.65
Starting 2020 (Apr 1)	\$2.00
2021 (Jan 1)	\$2.35
2022 (Jan 1)	\$2.65
2023 (Jan 1)	\$3.00
2024 (Jan 1)	\$3.00

Implementing this proposed rate increase in the Tonnage Levy requires adoption of a revised Solid Waste Rates, Fees and Charges Bylaw. This proposed bylaw replaces the "*Fraser Valley Regional District Solid Waste Management Rates, Fees, and Charges Bylaw No. 0327, 1999*" which is to be repealed upon adoption of the revised bylaw.

COST

Increasing the Tonnage Levy is needed to offset anticipated decreases in tonnage rates. Although the rate of decrease in tonnage is only estimated, budget forecasts for the suggested Tonnage Levy demonstrate possible short-term revenue deficits until 2022/23, but these temporary losses can be covered by funds in the associated Appropriated Surplus account.

<i>Year</i>	<i>Tonnage Disposed (Est)</i>	<i>Tonnage Levy</i>	<i>Revenue Collected</i>	<i>Budgeted Expenses</i>	<i>Balance</i>
2020	182,000	\$2.00	\$342,767	\$384,370	-\$41,603
2021	151,060	\$2.35	\$354,991	\$385,870	-\$30,879
2022	145,018	\$2.65	\$384,297	\$393,520	-\$9,223
2023	146,468	\$3.00	\$439,403	\$401,260	\$38,143
2024	147,932	\$3.00	\$443,797	\$408,770	\$35,027

CONCLUSION

The FVRD Solid Waste Rates, Fees and Charges Bylaw has been updated to increase the Solid Waste Tonnage Levy rate by \$0.35/tonne per year rising from \$1.65/tonne to \$3.00/tonne over four years. The subsequent revenue will allow the FVRD to maintain current solid waste service levels despite anticipated reductions in waste sent to landfills due to increases in diversion rates.

COMMENTS BY:

Stacey Barker, Director of Regional Services: Reviewed and supported.

Mike Veenbaas, Director of Financial Services: Reviewed and supported.

Jennifer Kinneman, Acting Chief Administrative Officer: Reviewed and supported.