



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Solid Waste Services Committee
From: Das Soligo, Manager of Solid Waste Services
Date: Tuesday, January 09, 2024
Subject: **Bagged Waste Fees**

Background:

In 2001 the County of Wellington assumed responsibility for waste management services and operations, as these functions were uploaded from the County's member municipalities. At that time, some of the member municipalities had user pay systems for bagged waste set out to the roadside for curbside collection.

One of the conditions for transferring waste management responsibilities to Wellington County, was that the County would adopt a full user pay system for bagged waste. The price was set for large User Pay garbage bags at \$1.75, and for small User Pay bags the cost was determined to be \$1.00. This fee structure remained in place until 2016, when bag fees were increased to \$2.00 for large user pay bags, and \$1.50 for small bags. These prices are the current fees today.

A user pay system is considered a Best Practice in Ontario, as charging a fee for waste provides a monetary incentive to residents to reduce their waste generation, while utilizing free waste diversion programmes such as organics and recycling services.

Every November user fee schedules are reviewed, and any recommended changes are considered at the various committees. During the November 2023 Solid Waste Services (SWS) Committee meeting staff did not make any recommendations to adjust the user pay bag fee. However, there was discussion during the Solid Waste Services (SWS) Committee meeting about considering a change to this fee.

Staff were directed to prepare a report which includes a recommendation for an appropriate user pay fee increase, an analysis of the budget impact of this change, and a methodology for determining future user pay fee increases.

Recommended Bagged Waste Fee Change:

In consideration of the request deriving from the November 2023 SWS Committee meeting, staff are recommending a fee increase of \$.50 for all bagged waste managed by the County. It is proposed that this fee increase be applied to large and small User Pay garbage bags, as well as to the bag fee for waste disposed of at the County's six waste facilities.

It is recommended that this proposed fee increase be effective July 1, 2024. A fee increase on this date allows sufficient time for retailers who sell User Pay garbage bags to adjust prices and provides the opportunity for staff to communicate this change to residents in a timely manner.

Bagged Waste User Fees	Current Fees	Proposed Fees
Large User Pay Bag	\$2.00	\$2.50
Small User Pay Bag	\$1.50	\$2.00
Bag Fee at Waste Facility	\$2.00	\$2.50

Maintaining a fee that is standardized between the User Pay bags collected at curbside and the bagged waste disposed of at waste facilities is important, as a lower fee at the waste sites may lead to undesirable consequences with respect to waste facility usage.

Rationale:

To guide the decision-making process in producing a bagged waste fee change recommendation, SWS staff researched other communities that utilize a similar user pay fee system for bagged waste, and reviewed the inflationary trends since the last bagged waste fee changes which occurred in 2016.

Municipal Comparators:

Staff limited the comparators to municipalities of over 5000 households that have similar user pay systems in place.

In looking at the 11 municipalities of over 5000 households which employ a comparable user pay system for waste collected at curbside, there is a per bag fee range of \$2.00 - \$5.25. The bag fees in Oxford County and Wellington County are the lowest of any of the municipal comparators.

Inflationary Trends

As the cost of producing or providing goods and services increases, the price of these products and services naturally increases as well. These inflationary trends lead to a cost-of-living that steadily increases, albeit at different rates at different times.

When considering potential changes to the bagged waste fees, it is worthwhile to compare the current fee against what it would be if it kept pace with inflation. In applying the percentage increase of the Ontario Consumer Price Index (CPI) (Statistics Canada. Table 18-10-0004-01 Consumer Price Index, monthly, not seasonally adjusted), to the bag fees since 2016, the last year there was a bagged waste increase; the bag fees at waste facilities and for large User Pay bags would be \$2.47, and a small User Pay bag would cost \$1.89.

A higher bagged waste fee that is more accurately aligned with the cost-of-living increases helps to strengthen the economic incentive to reduce and divert waste. In the context of scarce landfill capacity in Ontario, it is more important than ever to promote and encourage waste reduction and diversion through a multitude of different means.

Financial Implications:

A fee increase of \$.50 applied to all bagged waste will generate additional revenue. It is possible that a higher fee may reduce usage of County waste disposal services, which would impact the revenues generated. However, an estimate of the net financial implications of a bagged waste fee increase is provided below and is based on the number of bags of waste disposed through the curbside collection and waste facility operations in 2022.

Additional Revenue from Fee Change	2024 Impact	2025 Impact
User Pay	\$215,000	\$215,000
Bagged Waste at Sites	\$85,000	\$85,000
Total	\$300,000	\$300,000

Note the budget impact is distributed over two years, as the recommended bagged waste fee increase is proposed to come into effect on July 1, 2024.

Proposed Methodology for Considering Future Bagged Waste Fees:

The County of Wellington has a user fee policy which provides a decision matrix for determining whether a service should be funded through property taxes, user fees or a combination of each. The policy provides guidance that a service which benefits the community should be funded through taxation, while a service that benefits an individual solely, should be funded fully through user fees. Some services primarily benefit the community or individuals, and therefore should have a fee which employs a combination of taxation and user fees.

With this guidance in mind, the User Pay Bag programme has been determined to primarily benefit the community, as a fee applied to waste incentivizes waste reduction and diversion. Therefore, it is appropriate that bagged waste fees be funded by a blend of taxation and user fees.

As the bagged waste fee is not meant to recover the full cost of operating the curbside waste collection service, nor the full costs of managing bagged waste disposed of at waste facilities, it is appropriate to consider other methodologies for determining when a change to this fee should be considered.

Many communities increase their bag fees according to inflationary trends. Staff are recommending this methodology as it is simple and intuitive. Staff propose that the Ontario CPI be monitored. When the percentage increase of this CPI applied to the large bag fee is within five cents of the next \$.50 increment, staff will advise the SWS Committee of this, so that Committee and County Council can consider if they would like to proceed with a bag fee increase at that time.

This report and recommendation aligns with the Strategic Action of Making the Best Decisions for the Betterment of the Community.

Recommendation:

That the user fees for all bagged waste be approved to be increased by \$.50 effective July 1, 2024, and that the proposed methodology for considering future bagged waste fee increases be approved.

Respectfully submitted,



Das Soligo
Manager of Solid Waste Services