



**REPORT TO:** Public Works Committee

**SUBJECT:** Review of Garbage Tag Fee

---

## **RECOMMENDATION**

1. An increase in the garbage tag fee to \$2.00 each **BE APPROVED** to reflect full cost recovery, effective April 30, 2012.
2. The \$0.20 per tag commission fee **BE APPROVED** for retailers selling the \$2.00 tags.
3. The Regional Clerk **BE DIRECTED** to amend the 2012 Regional Fees and Charges By-law to reflect this change in the garbage tag fee, effective April 30, 2012.

## **PURPOSE**

- Respond to staff direction

Staff was directed 'to report back to Committee and Council with recommendations regarding the move to a full cost recovery for tag fees in future years, after the impact of the new service level changes was assessed' (PWA 92-2010 - New Collection Contract Implementation Options, October 5, 2010).

## **BUSINESS IMPLICATIONS**

For 2012, the Region projected budgeted net garbage tag revenue of \$320,000, based on a \$1.00 per tag fee. If the new fee of \$2.00 per tag is approved beginning April 30, 2012, the projected additional revenue is expected to be approximately \$265,000. This will be partially offset by a \$100,000 cost for fee advertising, illegal dumping awareness support and by-law enforcement. Fewer tags may be sold for the following reasons:

- Improved efforts to divert recyclables and organics from the garbage stream;
- Better use of the maximum garbage container (bag/can) size and weight limits;
- Reduced sales due to the amount of the fee increase.

Based on the above, the 2012 Operating Budget is expected to experience a net favourable variance of approximately \$165,000, and the revised revenue and cost will be incorporated in the 2013 budget process.

## **REPORT**

### **Garbage Tag Fee**

The Region's garbage tag currently sells for \$1.00. The Region pays retailers a commission fee of \$0.20 per tag. Therefore, the Region nets \$0.80 per tag. Only single-family households and apartments with 2 to 6 units are permitted to place garbage tags on additional containers (bags/cans) over their allowable limit.

In 2012, the Region was projecting to sell 400,000 tags, for a net revenue of \$320,000, based on the current \$1.00 garbage tag fee. This 2012 projection was based on the assumption that residents will adjust to the new service levels and increased diversion programs, and respond to promotion and education initiatives.

### **Impact of Service Level Changes**

An increase in residential recyclable and organics diversion was experienced after new service level changes were implemented in February 2011. However, the results of the Region's 2010-2011 Waste Composition Study demonstrate that there is still room for improvement. The move to a full cost recovery for tag fees is expected to encourage residents to increase efforts in separating recyclables and organics from garbage. The Waste Composition Study results are summarized in Appendix 1.

### **Full Cost-Recovery Analysis**

The proposed \$2.00 garbage tag fee is based on the following components:

- Low density residential collection and disposal costs;
- Cost to produce the garbage tag; and
- Retail commission.

Appendix 2 provides a detailed breakdown of the full cost-recovery analysis for \$2.00/garbage containers.

Staff will report back with future proposed tag fee increases if substantial fee changes are warranted. Smaller, annual tag fee increases to reflect full cost recovery based on CPI are not recommended due to the associated advertising and administration costs and inconvenience for the retailers (e.g. the need to amend existing letters of understanding).

Appendix 3 provides a comparison of other municipalities' garbage tag and retail commission fees. Tags range in price from \$1.00 to \$3.10, including commission fee.

### **Illegal Dumping**

There are concerns that an increase in the garbage tag fee may result in increased incidents of illegal dumping. Experience has shown that illegal dumping incidents

increase shortly after a program change, but return to normal levels through active Waste Management By-law enforcement.

Generally, illegally-dumped materials include garbage bags. However, the majority consists of construction and demolition waste, shingles, furniture, appliances, carpeting and tires, which would not be placed in curbside containers for collection and would not be affected by a tag fee increase. To discourage illegal dumping, the Region will be:

- Implementing more public education,
- Increasing awareness of illegal dumping,
- Providing information about collection/disposal and recycling services, and
- Enforcing the Waste Management By-law, where appropriate.

### **Waste Management Advisory Committee (WMAC) Input**

Region staff met with the WMAC on January 10, 2012 to obtain their input on this report's proposed recommendations. WMAC supports the fee increase to \$2 per tag to reflect full cost recovery.

### **Implementation Plan**


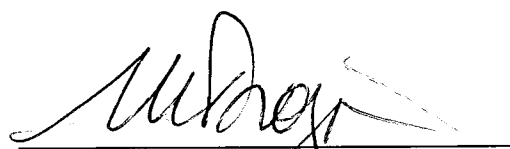
Appendix 4 details the implementation plan for informing residents and retailers of the tag fee increase.

### **PREVIOUS REPORTS PERTINENT TO THIS MATTER**

PWA 92-2010 - New Collection Contract Implementation Options, October 5, 2010.

**Submitted by:**

**Approved by:**

  
Kenneth J. Brothers, P. Eng.  
Commissioner of Public Works  
Mike Trojan  
Chief Administrative Officer

Appendix 1 - Results of 2010-2011 Waste Composition Study  
Appendix 2 - Garbage Container Full Cost Recovery Analysis  
Appendix 3 - Comparison of Other Municipalities' Garbage Tag Fees  
Appendix 4 - Implementation Plan for \$2.00 Garbage Tags

*This report was prepared by Brad Whitelaw, Program Manager and reviewed by Catherine Habermehl, Acting Director, Waste Management Services and Glen Cowan, Associate Director, Public Works Finance.*

## Appendix 1

### Results of 2010-2011 Waste Composition Study

**Table 1: Comparison of Audit Results - Before and After Service Level Changes**

Parameters	Waste Composition Study Results	
	Fall & Winter 2010 (Before Service Level Changes)	Spring & Summer 2011 (After Service Level Changes)
Total no. of garbage containers set out at the curb during the two waste audits	725	571
Total no. of households audited <sup>(1)</sup>	677	642
Average no. of garbage containers set out at the curb weekly across all households audited (includes households that did not have anything set out for collection)	1.07	0.89
Average <u>full garbage container equivalents</u> set out at the curb weekly across all households audited (includes households that did not have anything set out for collection)		
- Waste Audit Results	0.87	0.74
- Visual Survey Results	0.77	0.70
% households participating in Green Bin program		
- Waste Audit Results	38.50%	44.70%
- Visual Survey Results	39.70%	43.10%
% households participating in Blue/Grey Box program		
- Waste Audit Results	71.40%	74.10%
- Visual Survey Results	69.70%	73.20%

**Note:**

1) Total no. of households audited was based on the garbage stream over the two-week waste audit period.

**Table 2: What is Left Inside the Garbage Container After Service Level Changes**

Material	Spring & Summer 2011 Waste Audits
	% of Total
Green Bin Materials	52.59%
Blue Box Materials	6.16%
Grey Box Materials	6.67%
Garbage (Non-Divertible) Materials	34.57%
<b>Total</b>	<b>100.00%</b>

## Appendix 2 Garbage Container Full Cost Recovery Analysis

<b>Garbage Container Full Cost Recovery Analysis</b>	<b>2012 Budget</b>
<b><u>2012 Garbage Collection and Disposal Expenditures:</u></b>	
Total Base Level of Service (BLOS) Low-Density Residential (LDR) Waste Collection and associated Admin & Planning Costs: (excluding garbage tag revenue) <sup>(1)</sup>	\$5,982,403
Total BLOS LDR Landfill Disposal and associated Admin & Planning Costs: (excluding tipping fee revenues) <sup>(2)</sup>	\$7,410,563
<b>Total Waste Collection/Landfill Disposal /Admin &amp; Planning Costs (excluding tipping fee revenues)</b>	<b>\$13,392,966</b>
<b><u>Annual Number of Garbage Containers Set Out for Collection from all LDR Households:</u></b>	
Total Number of Low-Density Residential Households <sup>(3)</sup>	158,733
Average Number of Waste Containers Set-out per Household <sup>(4)</sup>	0.89
Total Number of Garbage Containers Eligible for Set Out per Week	141,272
Number of Weeks per Year	52
Total Number of Garbage Containers Eligible for Set Out per Year	7,346,163
Projected Number of Additional Garbage Tag Sales in 2012	400,000
<b>Total Number of Garbage Containers Eligible for Set Out per Year and Projected Garbage Tags Sold</b>	<b>7,746,163</b>
<b><u>Summary of Cost per Garbage Container (based on no. of garbage containers set-out and tags sold):</u></b>	
Waste Collection and associated Admin & Planning Cost (\$5,982,403 ÷ 7,746,163)	\$0.77
Disposal and associated Admin & Planning Cost (\$7,410,563 ÷ 7,746,163)	\$0.96
Printing Cost per Garbage Tag	\$0.07
Retail Commission per Garbage Tag	\$0.20
<b>Total Cost per Garbage Container (includes Waste Collection, Landfill Disposal, Admin &amp; Planning, Printing &amp; Retail Commission Cost)</b>	<b>\$2.00</b>

**Notes:**

- 1) Includes Base Level of Service (BLOS) Low-Density Residential (LDR) portion (%) of waste collection cost and associated planning & admin allocation, based on 20% of total planning & admin budget. Excludes any garbage tag revenue.
- 2) Includes Base Level of Service (BLOS) Low-Density Residential (LDR) portion (%) of landfill (open & closed) expenditures, debt-related charges, transfers to reserves and associated planning & admin allocation, based on 24% of total planning & admin budget. Excludes all tipping fees, IMS fees and recycling revenues generated from landfill sites.
- 3) Based on MPAC Property Assessment data for low-density households (1 to 6 units only).
- 4) Based on the average set-out rate for the two (2) waste audits conducted after the service level changes, as determined in the 2010-2011 Waste Composition Study.

### Appendix 3 Comparison of Other Municipalities' Garbage Tag Fees

**Table 1: Municipalities with a 1 Garbage Container Limit - Collected Weekly**

Municipality	Garbage Tag Fee	Retail Commission Fee	Municipalities with No Garbage Tags
Barrie	\$2.00/tag	No fee paid to retailers. Tags are also sold at their City Hall and community centres.	<ul style="list-style-type: none"> <li>• Hamilton</li> </ul>
Orillia	\$1.65/tag (minimum purchase of 5 tags for \$8.25)	No fee paid to retailers. Tags are sold at the landfill site, City Hall and 10 designated retailers.	
County of Simcoe	\$3.00/tag	Includes a fee of \$0.20 per tag paid to retailers only. Tags are also sold at their municipal building.	

**Table 2: Municipalities with a 2 or More Garbage Container Limit (or Other Program)**

Municipality	Garbage Tag Fee	Retail Commission Fee	Municipalities with No Garbage Tags
Durham Region (4 containers every other week)	Oshawa/Whitby - \$1.00/tag; Other municipalities - \$1.50/tag	No fee paid to retailers. Tags are also sold at municipal buildings, community centres, and libraries.	<ul style="list-style-type: none"> <li>• Essex- Windsor</li> <li>• Guelph</li> <li>• London</li> <li>• Ottawa</li> <li>• Waterloo</li> <li>• York Region: Aurora, East Gwillimbury, Markham</li> </ul>
Peel (2 containers weekly)	\$1.00/tag (minimum purchase of 5 tags for \$5.00)	Includes a fee of \$0.20 per tag (\$1.00 for 5 tags), paid to retailers only. Tags are also sold at municipal buildings, community centres and libraries.	
Sudbury (3 containers weekly)	\$2.00/tag (minimum purchase of 5 tags for \$10.00)	Includes a fee of \$0.10 per tag paid to retailers. Tags are also sold at municipal buildings, community centres and libraries.	
Toronto (carts every other week)	\$3.10/tag	Includes a fee of \$0.16 per tag paid to retailer. Tags are sold at Canadian Tire stores only.	
York Region (container limit varies by municipality)	Georgina, Newmarket, Richmond Hill, King, Vaughan, Whitchurch-Stouffville - varies by municipality from \$1.00 to \$2.40/tag	No fee paid. Tags are sold at municipal buildings and York Region's waste depots.	
Halton Region (6 containers every other week)	Halton's 2012-2016 Solid Waste Strategy was adopted by Council on Nov 16/11. This Strategy proposes to introduce a \$1-\$2/ tag, when next collection contract begins in 2015-2016.	N/A	

#### **Appendix 4**

### **Implementation Plan for the \$2.00 Garbage Tags**

- The following methods will be utilized to advertise the garbage tag fee increase to residents and retailers:
  - 1) **Retail Locations** – Retailers will be notified following Council approval of any change in tag fee. In-store signs will be provided to retailers, which will advertise the tag fee increase one month prior to implementation.
  - 2) **Newspaper Advertisements** – Ads will be placed in all local newspapers, which will advertise the tag fee increase, at least one month prior to the effective increase date of April 30, 2012 and will run for one month afterwards.
  - 3) **Media Release** – A media release will be distributed to all local media outlets, at least one month prior to the effective increase date of April 30, 2012, which will notify the media of the tag fee increase.
  - 4) **Niagara Region** – Information on the tag fee increase will be included on the Region's website and in the Niagara Current (internal newsletter). An article will be included in the spring 2012 Green Scene Newsletter, which will discuss the benefits of diversion and the garbage tag fee increase.
  - 5) **Municipalities** – Information on the tag fee increase will be provided to the area municipalities, for inclusion on their website, internal newsletter, etc.
- A limit will be placed on the quantity of \$1.00 garbage tags that a retailer may purchase during the transition period between Council approval and the effective increase date of April 30, 2012.
- Retailers will be reimbursed by the Region for their remaining inventory of yellow tags after the effective increase date.
- The new \$2.00 garbage tags will be printed on different colour paper to distinguish them from the current yellow \$1.00 garbage tags, for the benefit of the resident, retailer and collection contractor.
- After April 30, 2012, residents still using the \$1.00 yellow garbage tags will be required to place two (2) of these yellow tags on each additional garbage container.
- Residents who are permitted to set out additional garbage containers for collection due to medical or diaper exemptions will be mailed additional garbage tags.
- Seasonal residents (i.e. Wainfleet, Port Colborne, and Fort Erie) will be provided with targeted communications to inform them of the increase in the garbage tag fee.