



## Solid Waste and Recycling Full Cost Recovery

Electoral Division: All

File: 4075-100

Date:	March 25, 2025
Presenter:	Mason Austen, Acting Supervisor
Department:	Utility Services

### REPORT SUMMARY

In collaboration with the Utility Financial Model and Long-Term Rate Strategy, Administration has updated the cost of servicing model as well as the funding model options for Solid Waste and Recycling.

Alberta's Extended Producer Responsibility (EPR) regulation will come into effect on April 1, 2025, which will have financial and operational benefits on the County's Waste and Recycling services. EPR shifts the physical and financial burden of collecting, sorting, processing, and recycling waste to the producer and away from local governments and taxpayers. This means that municipalities who are currently operating curbside recycling programs or self-haul facilities will receive financial compensation from producers of those materials to help cover the costs of those programs.

The EPR benefits on Langdon Curbside Master Rates would decrease the blue cart rate from \$10.69/month to \$3.96/month for a savings of \$6.73/month per Langdon resident. It is important to note that non-County managed programs are not currently eligible for EPR but may be eligible in phase 2 of the program, which is scheduled for October 2026.

The EPR benefits on the County's self-haul sites will result in an annual revenue increase of \$355,800 (prorated \$266,900 for 2025) with expenses remaining the same.

With the financial and operational benefits of EPR, it is important to assess how they align with the County's Solid Waste Servicing Strategy and how they impact the full cost recovery of Waste and Recycling services.

### ADMINISTRATION'S RECOMMENDATION

THAT Administration be directed to prepare amendments to the Master Rates Bylaw for Langdon Curbside Collection with a report back to Council by the end of Q2 2025.

THAT Administration be directed to incorporate the additional Waste and Recycling revenue from Extended Producer Responsibility into the Spring Budget Finalization.

### BACKGROUND

At the June 25<sup>th</sup>, 2024, Council Meeting, Council requested a Solid Waste and Recycling Full Cost Report in relation to Extended Producer Responsibility.

*MOVED by Deputy Reeve Kochan that Council directs Administration to prepare a report to be presented to Council, no later than the end of Q1 2025, with additional information on Solid Waste and Recycling funding options as it relates to Extended Producer Responsibility.*

## Solid Waste and Recycling Full Cost Recovery

Alberta's new Extended Producer Responsibility (EPR) regulation, effective April 1, 2025, introduces significant changes to waste management, with both benefits and challenges:

### Key Changes

- **Producer Responsibility:** Producers of single-use products, packaging, paper products (PPP), and hazardous/special products (HSP) must manage their end-of-life waste, shifting costs from municipalities to producers.
- **Operational Framework:** Producers can work through Producer Responsibility Organizations (PROs) to handle collection, recycling, and reporting.
- **Implementation Phases:** Phase 1 begins April 2025 for communities with existing services; Phase 2 starts October 2026 for non-County managed programs.

### Benefits

- **Cost Savings for Municipalities:** Shifts financial responsibility from taxpayers to producers.
- **Increased Recycling Rates:** Incentivizes producers to reduce waste and improve recycling systems
- **Circular Economy Growth:** Promotes job creation, innovation, and economic investment in recycling industries.

### Challenges

- **Compliance Cost:** Producers may face new fees, third party verification, and potential fines for non-compliance. Municipalities may have to adhere to stricter contamination standards.
- **Exclusion of Certain Sectors:** Industrial and commercial materials are not covered under the current framework, limiting its scope.

Waste and Recycling Services and Water and Wastewater Services serve distinct roles within municipal operations and should be clearly differentiated. Waste and Recycling Services are considered a core essential service and, unlike Water and Wastewater Services, are universally accessible to all residents.

Funding for waste and recycling programs typically comes from one or a combination of the following three methods:

- **User Fees** – Charges applied directly to individuals using waste and recycling services, such as:
  - Site entrance fees
  - Tipping fees (per tonne or per load)
  - Disposal fees for specific materials
- **Utility Fees** – A standardized monthly fee applied to each resident's utility account, often labeled as an "Eco Fee" or "Waste Management Fee."
- **Tax Subsidization** – Funding allocated from municipal property taxes to support waste and recycling services, ensuring access for all residents.

Different municipalities fund their waste and recycling services in various ways:

- **Municipalities with an Eco Fee** (e.g., Cochrane, Airdrie, Okotoks) charge a monthly utility fee to finance their programs.
- **Municipalities with Landfills** (e.g., Calgary, Lethbridge, Red Deer) generate revenue through tipping and disposal fees, reducing reliance on tax funding.
- **Municipalities Without Landfills or Eco Fees** (e.g., Rocky View County, Strathcona County) primarily rely on tax funding, with approximately **70-80%** of costs covered by municipal taxes.
- **Rural Municipalities** (e.g., Wheatland County) often operate on a **100% tax-funded model**, as they lack alternative funding mechanisms.

## Solid Waste and Recycling Full Cost Recovery

In 2021, Rocky View County's Council approved the Solid Waste and Recycling Servicing Strategy, which evaluated funding models and identified a preferred approach based on key principles:

- **Fair Cost Distribution** – Residents who receive a standard level of service should contribute their fair share of costs. For example, curbside collection should be fully user-funded, while self-haul programs may receive some level of subsidy.
- **Public Benefit of Proper Waste Disposal** – Providing convenient waste and recycling options benefits the entire community. Therefore, services like self-haul programs, which serve all residents, should be partially subsidized through community-based funding.
- **Encouraging Positive Behaviors** – Diversion programs (e.g., recycling, composting) should remain low-cost or free to promote waste reduction and prevent illegal dumping.
- **Operational Sustainability** – The funding model must support long-term service stability, accounting for factors such as commodity market fluctuations, handling difficult materials, and ensuring consistent service levels.

This strategy ensures that Waste and Recycling Services remain accessible, equitable, and financially sustainable while promoting responsible waste management behaviors within the community.

### ANALYSIS

For 2024, applying the preferred funding principles previously mentioned resulted in an overall 110% recovery rate for Langdon curbside collection and 22% recovery for the self-haul and special event programs.

Combining curbside collection and self-haul services under Waste Collection and Processing results in a 34% cost recovery based on the 2025 budget. It is important to note that the County's intermunicipal agreements and special collection events, a total expense of \$325,069, are 0% cost recovery as they do not have a mechanism to recover costs.

2025	Curbside Collection Services (Langdon)	County Operated Transfer Sites & Recycle Depots	County Operated Chuck Wagons	Intermunicipal Transfer Sites & Recycle Depots	Agriculture Roundup Collections	Total
Direct O&M Costs	\$659,784	\$1,730,512	\$479,365	\$227,484	\$51,556	\$3,148,700
Dept Admin Costs	\$111,820	\$274,309	\$78,242	\$37,615	\$8,415	\$510,400
Capital Costs	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Service	\$771,605	\$2,004,820	\$557,606	\$265,099	\$59,971	\$3,659,100
Revenues	\$783,000	\$416,449	\$46,416	\$0	\$0	\$1,245,864
Net Costs	\$11,395	(\$1,588,371)	(\$511,191)	(\$265,099)	(\$59,971)	(\$2,413,236)
% Recovery	101%	21%	8%	0%	0%	34.0%

With the increased funding from EPR, the 2025 budget will be adjusted to the following, resulting in 44% cost recovery, or just over a \$2 million tax subsidization. The program is effective April 1<sup>st</sup> so 2025 will only see 9 months of funding.

## Solid Waste and Recycling Full Cost Recovery

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Capital Costs	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Service	\$771,605	\$2,004,820	\$557,606	\$265,099	\$59,971	\$3,659,100
Revenues	\$783,000	\$694,824	\$123,841	\$0	\$0	\$1,601,664
Net Costs	\$11,395	(\$1,309,996)	(\$433,766)	(\$265,099)	(\$59,971)	(\$2,057,436)
% Recovery	101%	35%	22%	0%	0%	44%

If full cost recovery is required, Council is offered options of other funding methods that could be applied, as presented in the Servicing Strategy.

1. Utility User Fee (\$11/household/month)
  - o Standard monthly fees charged to each Residential account to represent service availability.
  - o Can maintain usage fees for select materials to encourage diversion.
  - o Since waste and recycling services are primarily tax funded, the \$132/household/year may not result in a proportionate decrease of \$132/household/year to their taxes.
2. Site Based Entrance/Usage Fees (\$37/visit)
  - o Charges customers based on actual usage/visits to County Transfer Sites and Chuck Wagons.
  - o Site Entrance Fee on top of existing Tipping and Disposal Fees.
  - o This could have unintended consequences of lower usership and therefore lower revenue. Additionally, this could have environmental impacts such as increased illegal dumping or burning of materials.
3. Service Reductions
  - o As highlighted in the table below, several currently free waste disposal services are costly to operate. To offset these expenses, Council may consider reducing service levels or adjusting collection policies to align with full cost recovery objectives.
  - o Administration advises Council that the highest-demand disposal services are currently offered for free, so any fee adjustments may significantly impact residents.

If the goal is to become closer to full cost recovery but not 100%, Council is offered the following funding methods:

4. Proportional Master Rates changes
  - o The table below shows some high-level commodities with the current County Master Rate, the highest rate in the province, and what the rate would be to fully recover costs.

Commodity	Current Rate	Highest Regional Rate	Full cost recovery rate
Bagged Garbage	\$4/bag	\$5/bag	\$22.5/bag
Bulk Garbage	\$50/load	\$65/load	\$60/load
Freon (fridges/freezers)	\$21	\$40	\$42
Grass and Leaves	\$0	\$20/load	\$69/load
Branches	\$0	\$20/load	\$150/load
Appliances	\$0	\$40	\$0
Ag/HHW Roundup events	\$0	\$0	\$257.38/person

- o Implementing the 'Highest Regional Rate' to the County's Master Rates would result in approximately a \$370,000 increase in revenue. This would continue to decrease the overall budgeted tax funding to approximately \$1.7 million and increase cost recovery to 54%.

## Solid Waste and Recycling Full Cost Recovery

### 5. Langdon Curbside Master Rate

- EPR provides a cost savings of \$6.27/household/month to Langdon residents for their blue cart service.
- Rather than passing the cost savings to Langdon residents, the County could choose to keep the current master rate in place, which is \$10.69/household/month, and use the additional revenue of approximately \$150,000 from EPR to help fund self-haul sites, such as the Langdon Transfer Site.
  - Accounting for EPR funding, the 2025 net cost for the Langdon Transfer Site is approximately \$189,000. 70% of the usage of the Langdon Transfer Site is Langdon Residents.
  - It is important to note that this option may not be available in the future as Alberta's EPR program advances.

## COMMUNICATIONS / ENGAGEMENT

When the *Master Rates Bylaw* is updated based on Council direction, it will be published on the County's website to ensure it is accessible to the public, along with additional customer communication and notification.

## IMPLICATIONS

### Financial

EPR will help reduce operational and processing costs for recyclable materials resulting in a decrease of \$6.73/month to the Langdon blue cart Master Rate and an increased revenue of \$355,800 (prorated \$266,850 for 2025) to the waste and recycling services.

## STRATEGIC ALIGNMENT

Key Performance Indicators			Strategic Alignment
Effective Service Delivery	SD1: Services levels are clearly defined, communicated and transparent to citizens	SD1.1: Services with defined service levels	Goal 6 of the Solid Waste Servicing Strategy establishes appropriate levels of service that ensure efficient waste management and diversion options are accessible to County residents.
Effective Service Delivery	SD4: Services are continually assessed for improvements in cost efficiency, effectiveness, and customer experience	SD4.1: Services that are assessed annually for innovation opportunities and have demonstrable efficiency improvements	Extended Producer Responsibility will reduce operating and processing costs, which could allow for increased or innovative diversion programs. Master Rate Changes would result in increased revenues.

Solid Waste and Recycling Full Cost Recovery

ALTERNATE DIRECTION

Alternate Direction 1

THAT Administration be directed to amend the Master Rates Bylaw and to prepare a corresponding budget adjustment for the implementation of a Utility User Fee of \$11/month for all Rocky View County households, with a report back to Council by the end of Q2 2025.

Alternate Direction 2

THAT Administration be directed to amend the Master Rates Bylaw and to prepare a corresponding budget adjustment for the implementation of a Site Based Entrance Fee of \$37/visit for all Rocky View County waste and recycling facilities, with a report back to Council by the end of Q2 2025.

ATTACHMENTS

Attachment A: Solid Waste and Recycling Full Cost Recovery Presentation

APPROVALS

Manager:	Desiree Vetter
Executive Director/Director:	Byron Riemann
Chief Administrative Officer:	Reegan McCullough