



The Corporation of the City of Courtenay

# Staff Report

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**To:** Council  
**From:** City Manager (CAO)  
**Subject:** 2024-2028 Solid Waste Financial Plan

**File No.:** 1705-20/1830-05  
**Date:** January 24, 2024

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## PURPOSE:

The purpose of this report is to consider the 2024-2028 solid waste service financial plan and the proposed solid waste user fee changes.

## EXECUTIVE SUMMARY:

The costs associated with providing solid waste, recyclables, and organics collection are reviewed annually and user fees are established to cover the projected cost to deliver the services in the upcoming year. Generally, solid waste services are not funded from general property taxation however for 2024 there will be a small portion (\$60,000) funded from taxation for onetime costs pertaining to the new service.

In order to deliver the new automated service, Staff are recommending a solid waste user fee of \$357.50 for single residential dwellings (SRD) which is an increase of \$120.00 from 2023. For strata properties the recommendation is for a user fee of \$324.00 which is an increase of \$86.50 from 2023.

## BACKGROUND:

Council sets the solid waste user fee rate schedule by bylaw to ensure costs for the provision of solid waste, recyclables and organics waste collection services are fully recovered.

January 2024 marked the launch of the automated curbside collection service in Courtenay which includes the change from weekly to bi-weekly garbage collection, the cart-size limit on organics (kitchen and yard waste) away from unlimited yard waste prior to 2023, and the transition to automated carts. A conservative budget has been prepared for 2024 and includes a 77% cost increase for the collection contract, a tipping fee increase from \$145 to \$155 /mt for garbage and a continued tipping fee of \$110 /mt to dispose of the organic waste at the new regional facility.

As part of the automated collection service there are a number of changes which make up the increased costs including:

- Assisted set out service costing \$450 annually, and subsidized \$350 by the service;
- Wildlife-resistant carts which are limited in number but cost twice as much as regular carts, the difference in cost spread across the service;
- Reduced RecycleBC disbursements (from \$38.80 to \$37.40 annually per household due to the carts) for materials which assumes higher levels of contamination (and higher costs at the RecycleBC sorting facility);
- Staffing for contamination management in accordance with the City's approved RecycleBC Transition Plan for conversion to automated carts;
- Cart exchange costs due to the lack of a cart selection survey attributable to an unanticipated early order requirement for carts due to global supply-chain challenges;

- The old container collection, exchange, and recycling program in the first year of the program to divert old collection containers away from the landfill; and
- A pilot project to for a seasonal excess yard waste program.

The projections for 2024 to 2028 were developed to reflect the anticipated cost of the new automated curbside collection service to be implemented in January 2024.

**DISCUSSION:**

The City provides alternating bi-weekly curbside garbage and recycling collection and weekly organics (food and yard waste) collection. The user fee charged for this service must cover:

1. The costs of the contractor hired to provide municipal solid waste, recyclables, organics collection and transport services as well as provision of cart services.

The cost of the collection contract increased by 77% from 2023 budget to 2024 budget with the commencement of automated curbside collection.

2. The costs of regional landfill fees for disposal of mixed waste and the regional organics processing facility fees for the disposal of yard waste and organics.

For 2024, the CVRD confirmed an increase to the regional landfill tipping fee for garbage from \$145 to \$155 per tonne. The 2024 budget also accounts for the yard waste and organics being sent for processing at the regional organics processing facility at a cost of \$110 per tonne. The 2024-2028 solid waste projected budget includes organics tonnages from 2023 which provides a more accurate projection for solid waste diversion between the landfill and organics facility.

3. The internal costs to deliver the service.

Internal costs recovered include costs related to utility billing and collection, education efforts, as well as of the administration of the service.

2024 – 2028 Financial Plan:

The 2024 Financial plan is substantially different than that of prior years due to the new automated solid waste services. Revenue has increased by \$1,180,300 (43%) over the prior year and is directly related to the increase in user fees. Expenses have increased by \$1,439,500 (53%) over the prior year with the majority relating to the new contracted service. Normally fees would cover all expenses of solid waste services however due to the new system in place additional communication, advertising and education funds have been budgeted (\$60,000). Furthermore for 2024 cart exchange costs have been budgeted at \$200,000 which is substantially higher than the subsequent years (\$25,000) due to the anticipated volume of cart exchanges. For 2024 no fee will be charged to exchange carts, for 2025 and beyond a fee will be charged, and will offset cart exchange costs.

Table 1: 2023-2024 Solid Waste Budget Comparison

	2023 BUDGET	2024 BUDGET	BUDGET INCREASE (DECREASE)	VARIANCE %
Solid Waste Services				
SOLID WASTE REVENUE				
Solid Waste Revenue	\$ (2,739,600)	\$ (3,919,900)	\$ (1,180,300)	43%
<b>Total SOLID WASTE REVENUE</b>	<b>\$ (2,739,600)</b>	<b>\$ (3,919,900)</b>	<b>\$ (1,180,300)</b>	<b>43%</b>
SOLID WASTE EXPENSES				
Solid Waste				
JOB 15007 Solid Waste Admin	319,000	387,300	68,300	21%
JOB 15016 Solid Waste Old Container Program		30,000	30,000	
Solid Waste Contracted Services	1,499,200	2,649,200	1,150,000	77%
Solid Waste Tipping Fees	922,200	893,400	(28,800)	(3%)
Solid Waste Cart Exchange Costs		200,000	200,000	
Solid Waste Seasonal Excess Yard Waste		20,000	20,000	
<b>Total Solid Waste</b>	<b>2,740,400</b>	<b>4,179,900</b>	<b>1,439,500</b>	<b>53%</b>
<b>Total SOLID WASTE EXPENSES</b>	<b>2,740,400</b>	<b>4,179,900</b>	<b>1,439,500</b>	<b>53%</b>
<b>Total Solid Waste Services (surplus) / deficit</b>	<b>\$ 800</b>	<b>\$ 260,000</b>	<b>\$ 259,200</b>	

**Revenue**

Revenue - User Fee

In order to cover for the increased costs for contracted collection, cart fees, administration (assisted set out, enhanced education), increased tipping fee for garbage disposal and continued tipping fee for organics, an increase of 36% to the residential user fee for strata properties and a 50% increase to the residential user fee is for single residential dwellings. The annual strata fee will increase from \$237.50 in 2023 to \$324.00. The annual fee for SRD will increase from \$237.50 to \$357.50.

The 2024 Solid waste user fee is broken down in table 2 per is various components:

	SRD	Strata
Collection	\$176.02	\$176.03
Tipping	\$106.27	\$72.75
Cart purchase	\$41.98	\$41.98
Admin	\$33.23	\$33.23
<b>Total</b>	<b>\$357.50</b>	<b>\$324.00</b>

Revenue - RecycleBC

In 2023, the City extended the contract with RecycleBC to reimburse the City for recycling services to residential units in Courtenay and provide funding for recycling education. The City will continue to receive financial incentives through the program which covers the cost of providing the bi-weekly curbside pickup of recyclables to residences. It is expected the contract will be renewed with similar terms for 2025 onwards.

**Expense**

Expense – Solid Waste Admin

Administrative expenses have risen due to additional funding for the ambassador program to provide, increased advertising and education funding to assist with the new curbside service.

**Expense - Contracted Services**

Contracted services expense has increased substantially due to commencement of the automated curbside collection program.

**Expense – Tipping Fees**

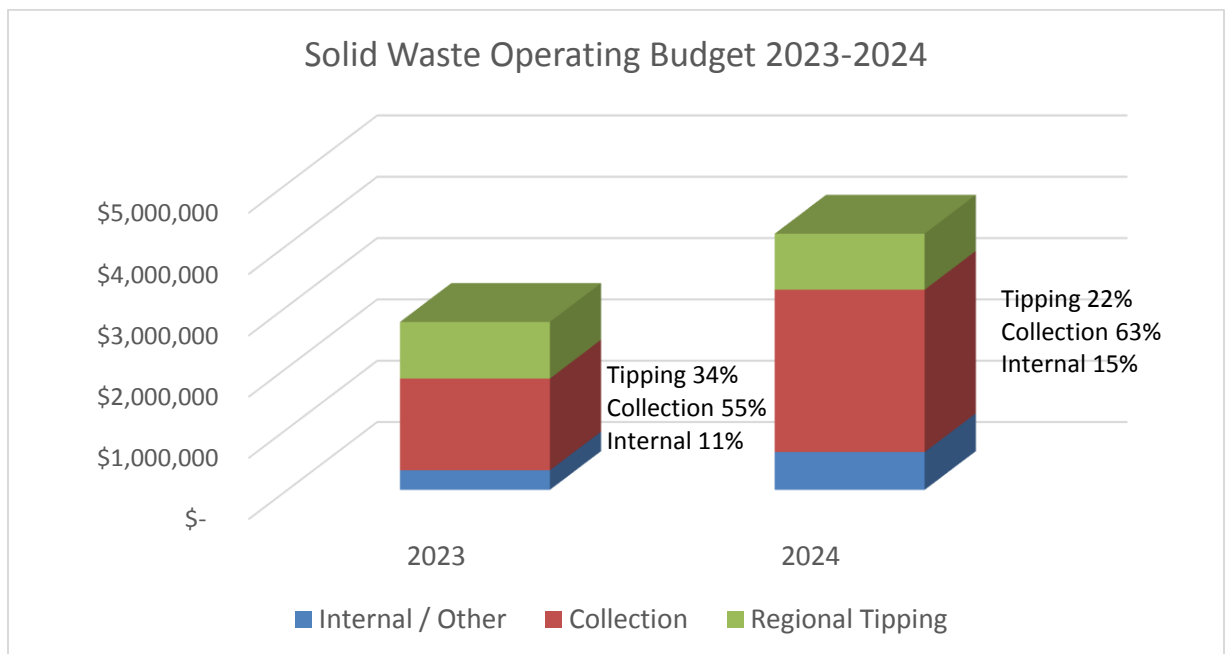
Tipping fee expenses have been reduced from prior year due to the anticipated diversion towards organics resulting in a reduction in volume of garbage tipping under the new service.

**Expense – Cart Exchange**

Cart exchange costs of \$200,000 will be funded from prior years surplus while additional communication, advertising and education costs of \$60,000 will be funded through current year taxation. This approach is being taken to smooth the solid waste user fee and to recognize the uncertainty of cart exchange volume and accompanying expense.

The different components of the Solid Waste Operating Budget between 2023 and 2024 are illustrated in Graph 1 below. The significant increase in the budget is attributable to the increase contractor costs for collection with the transition to automated curbside collection.

Graph 1: Solid Waste Operating Budget 2023-2024



See attachment 1 2024-2028 Solid Waste Service Financial Plan for details on the 5-year plan.

**POLICY ANALYSIS:**

Section 194 of the *Community Charter* allows Council to charge a user fee to cover the cost of delivery of a service.

**FINANCIAL IMPLICATIONS:**

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In order to deliver the new automated service, Staff are recommending a solid waste user fee of \$357.50 for single residential dwellings (SRD) which is an increase of \$120.00 from 2023. For strata properties the recommendation is for a user fee of \$324.00 which is an increase of \$86.50 from 2023.

Reflecting this information, 2024-2028 Solid Waste Service Financial Plan (Attachment No. 1) is presented for Council’s consideration for inclusion in the 2024-2028 Five Year Financial Plan and Solid Waster Service Fees and Charges Amendment Bylaw No. 3126, 2024 (Attachment No.2) is presented for consideration of three readings.

**ADMINISTRATIVE IMPLICATIONS:**

Subsequent to Council endorsing the recommended increase for the 2024-2028 solid waste service financial plan and user fees bylaw, staff will update the financial system with the new rates, prior to the 2024 utility billing.

Once finalized, solid waste service financial plan will be incorporated as part of the statutory component of the five-year financial plan.

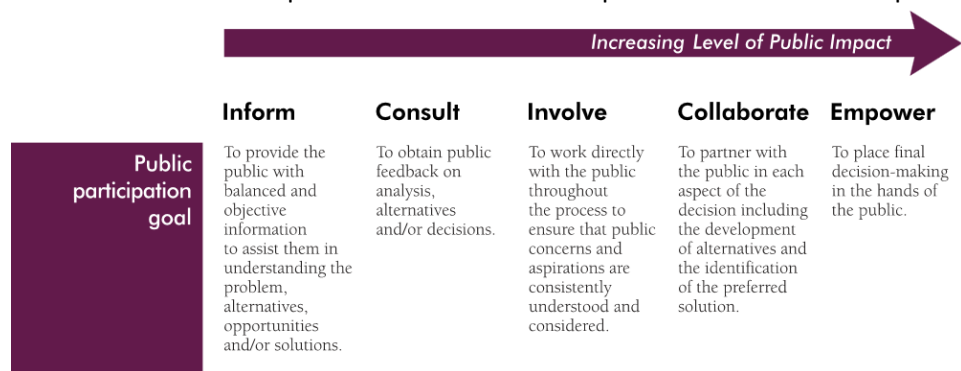
**STRATEGIC PRIORITIES REFERENCE:**

This initiative addresses the following cardinal directions:

COURTENAY WILL BE RESPONSIBLE FOR THE FUTURE by being more thoughtful, strategic, and efficient in all resources that we use whether it be land, energy, or public infrastructure, to ensure that actions deliver on multiple goals of fiscal responsibility, economic resilience, social equity, and ecological health.

**PUBLIC ENGAGEMENT:**

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



**OPTIONS:**

1. THAT Council give first, second and third readings to Fees and Charges Amendment Bylaw No. 3126, 2024 (solid waste)  
and  
That Council approves the 2024-2028 Solid Waste Financial Plan as presented for inclusion in the 2024-2028 Five-year plan.
2. THAT Council provide alternative direction to staff.

**ATTACHMENTS:**

1. 2024-2028 Solid Waste Service Financial Plan
2. Fees and Charges Amendment Bylaw No. 3126, 2024 (solid waste)

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Reviewed by: Chris Thompson, Manager of Solid Waste Services  
Concurrence: Geoff Garbutt, M.Pl., MCIP, RPP, City Manager (CAO)