Agenda – Executive Policy Committee – March 18, 2025

Report – Standing Policy Committee on Water, Waste and Environment – March 10, 2025

Item No. 3 Solid Waste Utility Financial Plan and Rate Model 2025-2027

STANDING COMMITTEE RECOMMENDATION:

On March 10, 2025, the Standing Policy Committee on Water, Waste and Environment concurred in the recommendation of the Winnipeg Public Service, as amended, and submitted the following to Council:

1. That select existing fees as found in the 2025 Fees and Charges Schedule and summarized in Appendix A to this report be discontinued, increased or replaced with the new fees listed in Appendix A, including mandatory fees for residential and multi-unit properties, effective on the dates set out in Appendix A.

2. That the fees charged to City departments, summarized in Appendix B to this report be approved.

3. That Council approve adjustments to the operating budget as outlined in Appendix C to this report resulting from the implementation of the Solid Waste Financial Plan and Utility Model set out herein.

4. That the provision of recycling and garbage collection services, up to a maximum of 3,000 litres each per week, be provided free of charge to properties:

    A. registered as a Charity with Canada Revenue Agency but not categorized or serviced as a multi-unit property; and

    B. community centres and arenas owned by the City of Winnipeg.

    C. Business Improvement Zones upon application.

5. That Council repeal the decision of December 12, 2017, in which the Landfill Rehabilitation Reserve be funded through annual deposits from tipping fee revenue accounts of the Solid Waste Disposal Fund based on a portion of the tipping fee per tonne charged on garbage disposal (the current rate is $1.00 per tonne of material landfilled), and approve that future contributions to the reserve will be funded through the Solid Waste Utility and match planned capital spending to meet ongoing program needs.

Report – Standing Policy Committee on Water, Waste and Environment – March 10, 2025

STANDING COMMITTEE RECOMMENDATION (continued):

6. That Council approve a new Solid Waste Asset Management Reserve, for the purpose of funding Solid Waste capital programs and projects, including but not limited to collection carts and bins, billing systems, operational equipment and infrastructure including landfill gas expansions, cell construction and site improvements. Future contributions to the reserve will match planned capital spending to meet ongoing program needs for solid waste collection, solid waste disposal, recycling and waste diversion.

7. That, subject to the approval of Recommendation 6, the existing Waste Diversion Reserve, approved by Council on October 19, 2011, be phased out and no new funding be transferred to the reserve. The existing Council approval and established waste diversion programs will draw down the balance of the reserve and future programs will be funded from the Solid Waste Asset Management Reserve.

8. That Council request the Province of Manitoba to amend the City of Winnipeg Charter allow the City to charge differential rates for fees, such as the waste management fee, based on the assessed value of the property.

9. That the Solid Waste By-law 110/2012 be repealed and that the new Solid Waste By-law (draft By-law attached as Appendix D), to take effect April 1, 2025, be adopted.

10. That the Proper Officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

Agenda – Executive Policy Committee – March 18, 2025

Report – Standing Policy Committee on Water, Waste and Environment – March 10, 2025

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On March 10, 2025, the Standing Policy Committee on Water, Waste and Environment concurred in the recommendation of the Winnipeg Public Service with the following amendment(s):

- Add the following new Recommendation 4.C:

  "C. Business Improvement Zones upon application."

- Add the following new Recommendation 8, and renumber the remaining recommendations accordingly:

  "8. That Council request the Province of Manitoba to amend the City of Winnipeg Charter allow the City to charge differential rates for fees, such as the waste management fee, based on the assessed value of the property. "

and submitted the matter to the Executive Policy Committee and Council.

Glen Koroluk submitted a communication with respect to the matter.

On November 22, 2024, the Standing Policy Committee on Water, Waste and Environment concurred in the recommendation of the Winnipeg Public Service and granted an extension of time of 90 days to report back on a utility model for Solid Waste Services.

COUNCIL DECISION:

On March 20, 2024, Council adopted the recommendation of the Executive Policy Committee, which included the following:

1. That the following recommendations with respect to the 2024 Preliminary Operating Budget be approved by Council:

Report – Standing Policy Committee on Water, Waste and Environment – March 10, 2025

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

M. That the Water and Waste Department be directed to review the Solid Waste Utility rate structure and report back to the appropriate committee of Council within 240 days on a utility model that allows for cost recovery, waste diversion, expanded services such as composting, service levels definition and timelines, solid waste rate similar to water and sewer rate charges and other relevant information.

ADMINISTRATIVE REPORT

Title: Solid Waste Utility Financial Plan and Rate Model 2025-2027

Critical Path: The Standing Policy Committee on Water, Waste and the Environment – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
L. Szkwarek, CPA, CGA Manager, Finance and Administration	Tim W. Shanks, M. Eng., P. Eng., Director of Water and Waste Department	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

The Public Service is recommending a fully self-supporting Solid Waste utility model like many other cities across Canada. Solid waste collection, disposal, recycling, waste diversion services and green cart programs will be funded through fees that will recover the cost of these services. This report is recommending rate changes for years 2025 through 2027.

Garbage collection, disposal, and recycling operations at the City of Winnipeg are funded by different sources. Landfill operations are funded by tipping fees and grants. Recycling collection and operation of the 4R Winnipeg Depots are funded by sales of material, grants, and the Waste Diversion Fee (WDF). Until 2024, residential garbage collection was funded by property taxes. The 2024-2027 multi-year budget transferred garbage collection costs from property taxes to the Solid Waste Utility, and directed the Public Service to report back on a new financial model to fund all utility operations going forward.

Since garbage collection costs are currently not recovered, the Solid Waste Utility has a budgeted deficit of $28.77 million in 2025. The Utility will continue to be in deficit until a self-supporting financial model is adopted, as shown in the table below.

		2025 Adopted Budget ($Millions)		
Service	**Funding Source**	**Revenue**	**Expenditure**	**Surplus/(Deficit)**
Solid Waste Collection	Unfunded	$1.65	$29.82	($28.17)
Solid Waste Disposal	Tipping Fee/Grant	$17.84	$15.49	$2.35
Recycling and Waste Diversion	Waste Diversion Fee/Grant	$43.80	$46.75	($2.95)
Total		**$63.29**	**$92.06**	**($28.77)**

The Solid Waste Utility deficit is projected to be repaid in full by 2028 (noted as principal repayments in Appendix C).

This report recommends new fees to appropriately fund utility operations, including a single, combined Waste Management Fee (WMF) to replace the WDF. The WMF will apply to residential and multi-unit properties, and small commercial properties that have requested City collection services.

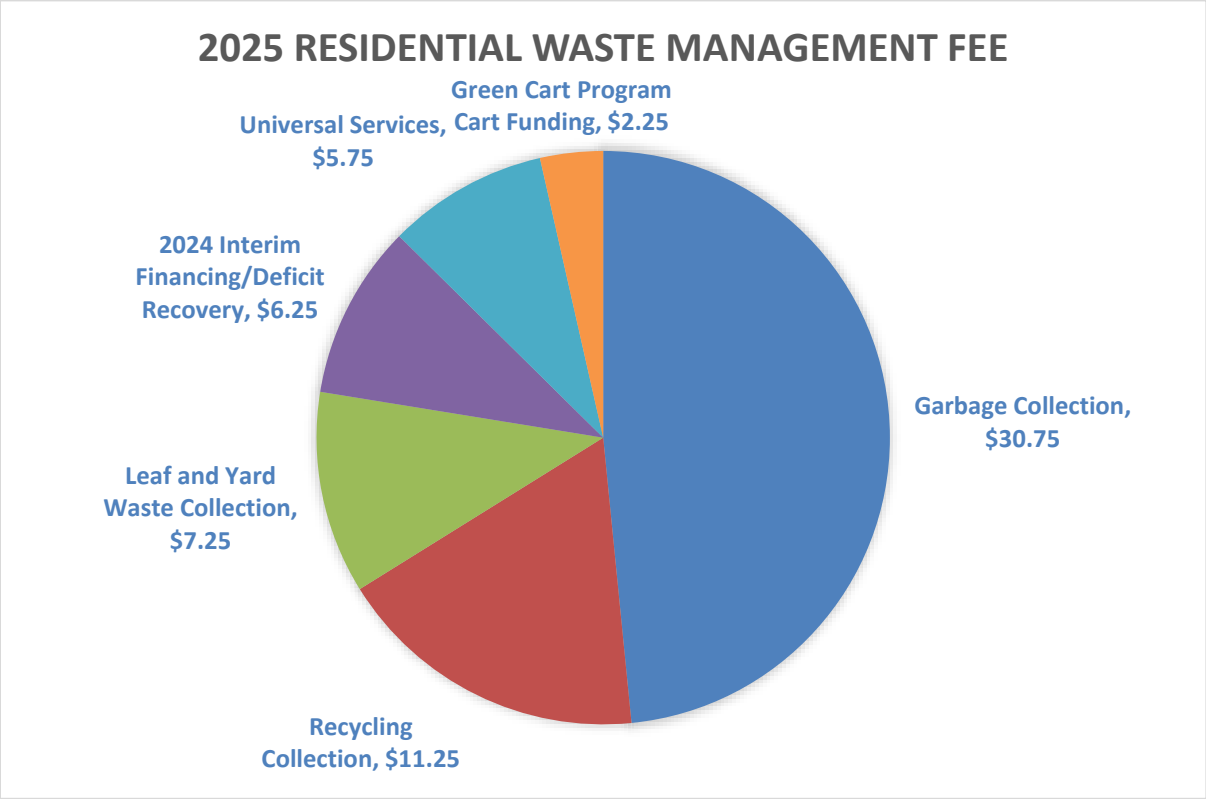
The net quarterly customer impact is as follows:

Property	2025 Waste Diversion Fee (Quarterly)	2025 New Waste Management Fee (Quarterly)	2025 Net Impact (Quarterly)
Residential	$23.25	$63.50	$40.25
Multi-Unit (per dwelling unit)	$0.00	$31.75	$31.75
Small Commercial (requesting City service)	$23.25	$63.50	$40.25

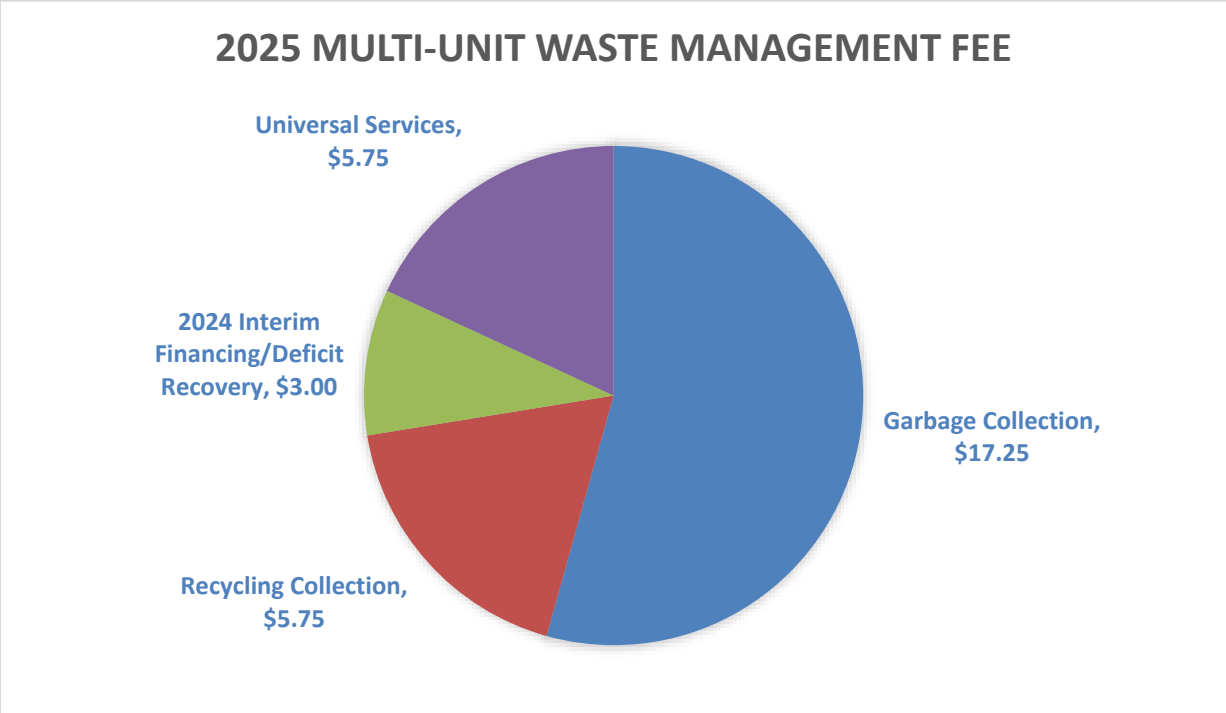
Note: Rates in the 2025 budget submission will be replaced with the proposed new waste management fee.

The new WMF for residential and small commercial properties as well as multi-unit properties is effective April 1, 2025.

The quarterly residential waste management fee breakdown is:



The quarterly multi-unit waste management fee breakdown is:



Difficult to administer fees, such as cart parts and replacements for lost or damaged carts, will be eliminated and the cost of these services will be funded by the WMF.

In addition, this report recommends administrative changes needed to create the WMF and to complete Solid Waste Utility model, including:

- Updates to the Fees and Charges Schedule (Appendix A)
- Updates to fees charged to City Departments (Appendix B)
- Adjustments to the operating budget going forward (Appendix C)
- Provision of free collection service to registered charities (not classified as a multi-unit property) and City-owned community centres/arenas
- Changes to the funding process for the Landfill Rehabilitation Reserve
- Creation of a new Solid Waste Asset Management Reserve
- Discontinuation of the Waste Diversion Reserve
- Adoption of a new Solid Waste By-law to incorporate these changes

A ten-year solid waste rate model developed for this report takes into consideration financial stability for long-term spending and capital projects. The financial implications presented in this report are limited to a three-year timeframe, reflecting the uncertainty of planned major projects (including the full-scale green cart program, landfill gas to energy, and the 100 percent Extended Producer Responsibility program for recycling).

The proposed financial model is consistent with other jurisdictions, reduces the deficit of the Solid Waste Utility to provide a positive cash balance in 2028, and provides a comprehensive plan for long-term financial sustainability and customer equity. The plan and utility rate model will be reviewed on an annual basis. The Public Service will report back to Council if there are any updates or changes required.

RECOMMENDATIONS

1. That select existing fees as found in the 2025 Fees and Charges Schedule and summarized in Appendix A to this report be discontinued, increased or replaced with the new fees listed in Appendix A, including mandatory fees for residential and multi-unit properties, effective on the dates set out in Appendix A.

2. That the fees charged to City departments, summarized in Appendix B to this report be approved.

3. That Council approve adjustments to the operating budget as outlined in Appendix C to this report resulting from the implementation of the Solid Waste Financial Plan and Utility Model set out herein.

4. That the provision of recycling and garbage collection services, up to a maximum of 3,000 litres each per week, be provided free of charge to properties:

    A. registered as a Charity with Canada Revenue Agency but not categorized or serviced as a multi-unit property; and

    B. community centres and arenas owned by the City of Winnipeg.

5. That Council repeal the decision of December 12, 2017, in which the Landfill Rehabilitation Reserve be funded through annual deposits from tipping fee revenue accounts of the Solid Waste Disposal Fund based on a portion of the tipping fee per tonne charged on garbage disposal (the current rate is $1.00 per tonne of material landfilled), and approve that future contributions to the reserve will be funded through the Solid Waste Utility and match planned capital spending to meet ongoing program needs.

6. That Council approve a new Solid Waste Asset Management Reserve, for the purpose of funding Solid Waste capital programs and projects, including but not limited to collection carts and bins, billing systems, operational equipment and infrastructure including landfill gas expansions, cell construction and site improvements. Future contributions to the reserve will match planned capital spending to meet ongoing program needs for solid waste collection, solid waste disposal, recycling and waste diversion.

7. That, subject to the approval of Recommendation 6, the existing Waste Diversion Reserve, approved by Council on October 19, 2011, be phased out and no new funding be transferred to the reserve. The existing Council approval and established waste diversion programs will draw down the balance of the reserve and future programs will be funded from the Solid Waste Asset Management Reserve.

8. That the Solid Waste By-law 110/2012 be repealed and that the new Solid Waste By-law (draft By-law attached as Appendix D), to take effect April 1, 2025, be adopted.

9. That the proper officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On March 20, 2024, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the following recommendations with respect to the 2024 Preliminary Operating Budget be approved by Council:

    M. That the Water and Waste Department be directed to review the Solid Waste Utility rate structure and report back to the appropriate committee of Council within 240 days on a utility model that allows for cost recovery, waste diversion, expanded services such as composting, service levels definition and timelines, solid waste rate similar to water and sewer rate charges and other relevant information.

On November 22, 2024, Standing Policy Committee on Water, Waste and the Environment concurred in the recommendation of the Winnipeg Public Service and granted an extension of time of 90 days to report back on a utility model for Solid Waste Services.

IMPLICATIONS OF THE RECOMMENDATIONS

Adoption of the recommendations of this report will result in solid waste collection, solid waste disposal, and recycling and waste diversion services being fully funded through fees.

Changes to the capital reserves supporting solid waste services will ensure support for future capital expenditures. These changes include:

1) Creating a new Solid Waste Asset Management Reserve;
2) Phasing out the Waste Diversion Reserve;
3) Funding the Landfill Rehabilitation Reserve and Solid Waste Asset Management Reserve based on future projected capital expenditures.

Recommendations in this report will require changes to the existing Solid Waste By-law. A new Solid Waste By-law has been drafted (Appendix D) which incorporates those changes and better reflects existing practices in providing solid waste services. Except as discussed in this report, the new By-law does not involve substantive changes from the existing By-law.

Recommendations in this report will require changes to the operating budget as identified in Appendix C.

Failure to approve the recommendations will be detrimental as waste collection and diversion programs will continue to be underfunded resulting in cross subsidization of service and

inequitable rates for customers. Insufficient funding may pose challenges in maintaining service levels.

HISTORY/DISCUSSION

All property owners in Winnipeg are required by the Solid Waste By-law and the Neighbourhood Liveability By-law to ensure that garbage and other forms of solid waste do not accumulate on their properties or be carried or blow onto other properties. The City of Winnipeg (City) provides solid waste collection services to assist property owners (residential, multi-unit and small commercial) to comply with the by-laws. The City also operates landfill sites where residents and business can dispose of garbage. Until recently, garbage collection services have been largely tax-supported, with tipping fees at landfills helping to fund the costs of solid waste services.

On October 19, 2011, Council approved the Comprehensive Integrated Waste Management Strategy (CIWMS) with the intent to achieve a greater than 50 percent waste diversion rate. A large majority of the 29 recommendations have been implemented, including the rollout of 240 litre recycling carts, leaf and yard waste curbside collection, a composting facility at the Brady Road Resource Management Facility (BRRMF) and the development of three 4R Winnipeg Depots with the intent to partner with product stewards to divert materials from the landfill. The programs tied to the CIWMS recommendations have increased diversion and changed how Winnipeg manages its waste.

In the 2024 operating budget, the Solid Waste Collection service was transferred from the Tax Supported Fund to the Solid Waste Utility. In addition to the budgeted deficit driven by the introduction of diversion programs without a corresponding diversion fee for the multi-unit sector, the Solid Waste Utility is projecting a $28.77 million deficit for 2025. The deficit will continue until new fees are developed to recover the cost of these services.

SOLID WASTE PROGRAM FINANICAL PLAN AND UTILITY RATE MODEL

On October 1, 2019, in response to RFP 388-2019, the City hired Stack'd Consulting Inc. to complete a Solid Waste Program Management Ten Year Financial Plan and Utility Rate Model. The scope of work included a detailed review of the integrated waste management capital and operational programs, reserves and funding sources, utility model options based on best practices, and a cost of service rate analysis recommending a sustainable rate structure. Key objectives included cost of service rates, equitable level of customer service, and operational and financial sustainability.

In 2019, an external scan of other major cities was undertaken. The review focused on how community-based programming were funded. The data demonstrated there were several municipalities that implemented a self-supporting, full utility model, leading to a higher level of financial stability.

The proposed financial plan considered best practices and ability to bridge identified gaps, and determined the revenue requirements to fund solid waste services.

Highlights of the financial plan include:

- Reducing the deficit of the Solid Waste Utility to provide a positive cash balance in 2028.
- Creation of a new Waste Management Fee (WMF). The WMF will be mandatory for residential and multi-unit properties. Small commercial properties that request City service would also pay the WMF. Each property type will have separate rates. The existing waste diversion fee will be cancelled.
- Phasing in application of internal tipping rates over a three year period to align with cost of service in 2028.
- Application of cost of service rates to internal customers for specialized materials (such as leaf/yard waste, concrete, clean fill, and special waste).
- Continue to subsidize internal customers for wood waste hauled to the BRRMF and Summit Landfill to support soil fabrication.

CUSTOMER IMPACT AND RECOMMENDED RATES

The Public Service recommends a full self-supporting utility model for solid waste collection and disposal, recycling, and waste diversion services. The financial plan supports existing services within the WWD and has the flexibility to incorporate future unfunded programs.

The new fees support the collection, recycling and diversion of materials as well as community programming. It also delivers cost of service and customer equity while fully funding diversion initiatives and ensuring long term financial sustainability of the utility by eliminating the forecasted deficits by 2028.

The Public Service is recommending a three-year rate approval effective:

- April 1, 2025, January 1, 2026, and January 1, 2027, for residential, commercial and multi-unit fees.
- The extended 2025 schedule for implementation of multi-unit fees is necessary to ensure adequate communication with this sector and to modify the WWD utility billing system.

A three-year rate approval would allow the Public Service to coordinate solid waste with the water and sewer rates which would be scheduled for Council approval for 2028.

The Public Service recommends the deletion of existing waste diversion, small commercial and multi-unit waste diversion fees.

Recent comparative data can be found in Appendix E.

Residential Property

The recommended mandatory WMF for residential properties is $0.6959 per dwelling unit per day, an estimated annual cost of $254 per dwelling unit ($190.50 prorated as of April 1,2025), $0.7233 per dwelling unit per day, an estimated annual cost of $264 per dwelling unit as of January 1, 2026 and $0.7507 per dwelling unit per day or an estimated annual cost of $274 as of January 1, 2027. Future projected increases are influenced by inflation, growth, capital spending and operational requirements.

The estimated residential quarterly utility bill is:

Residential Customer Quarterly Bill	2025*	2026	2027
Garbage Collection	$ 30.75	$ 33.50	$ 37.50
Recycling Collection	$ 11.25	$ 11.75	$ 12.25
Leaf and Yard Waste Collection	$ 7.25	$ 7.75	$ 8.25
2024 Interim Financing/Deficit Recovery	$ 6.25	$ 5.00	$ 2.50
Universal Services	$ 5.75	$ 5.75	$ 5.75
Green Cart Program Cart Funding	$ 2.25	$ 2.25	$ 2.25
Total Quarterly Bill	$ 63.50	$ 66.00	$ 68.50
Quarterly Increase	$ -	$ 2.50	$ 2.50
January - March estimated cost	$ 23.25		
April - December estimated cost	$ 190.50		
Total Annual Bill	$ 213.75	$ 264.00	$ 274.00
Annual Increase - $		$ 50.25	$ 10.00
Annual Increase - %		19.8%	3.8%

*2025 assumes the January 1, 2025 approved waste diversion fee for the first quarter billing and implementation of the new waste management fee on April 1, 2025.

The residential rate is applicable to all residential properties as defined in the draft Solid Waste By-Law, which includes buildings, or a portion of a building with seven dwelling units or less, a care home and mobile homes.

The revenue is projected to be sufficient to fund the cost of base level garbage collection service (240 litre), base level recycling collection service (240 litre), leaf and yard waste collection and to cover the cost of universal services. Universal services include the 4R Winnipeg Depots, community recycling depots, dead animal collection, bulky waste sweeps for arson prevention, neighborhood cleanup tipping fees, landfill closure and post closure costs and services provided to organizations registered as a Charity with Canada Revenue Agency (CRA) that are not categorized as a multi-unit property, and City owned community centres and arenas.

The recommended rate also includes $9 per year ($2.25 per quarter) per dwelling unit to fund the purchase of green carts to support the upcoming green cart program. Total revenue requirements are projected at $59 million.

Any additional implications resulting from the approval and implementation of a green cart program are not included in the rates above but would be consolidated into the WMF once approved.

The WMF will replace the existing waste diversion fee but will follow the same billing logic of charging a daily rate on the customer's utility bill.

A customer with a residential property requesting more than the base level of collection service of 240 litres but up to 600 litres of each service per week will pay the applicable annual garbage cart rental fees and annual recycle cart rental fees.

Difficult to administer fees such as cart parts and replacements for lost or damaged carts will be eliminated and the cost of these services will be covered by the WMF.

Multi-Unit Property

The new mandatory WMF for multi-unit properties is recommended to be effective April 1, 2025, at a rate of $0.3479 per dwelling unit per day, an estimated annual cost of $127 per dwelling unit ($95.25 prorated as of April 1,2025), January 1, 2026, at a recommended rate of $0.3671 per dwelling unit per day, an estimated annual cost of $134 per dwelling unit, and January 1, 2027, at a recommended rate of $0.3918 per dwelling unit per day or an estimated annual cost of $143 per dwelling unit.

The proposed implementation of this fee in April 2025 will allow the Public Service time to communicate the new fee to the sector and allow time to modify the WWD utility billing system.

The estimated multi-unit quarterly utility bill is:

Multi-Unit Customer Quarterly Bill	**2025***	**2026**	**2027**
Garbage Collection	$ 17.25	$ 18.75	$ 21.00
Recycling Collection	$ 5.75	$ 5.75	$ 6.00
2024 Interim Financing/Deficit Recovery	$ 3.00	$ 3.25	$ 3.00
Universal Services	$ 5.75	$ 5.75	$ 5.75
Total Quarterly Bill	$ 31.75	$ 33.50	$ 35.75
Quarterly Increase	$ -	$ 1.75	$ 2.25
Total Annual Bill	$ 95.25	$ 134.00	$ 143.00
Annual Increase		$ 38.75	$ 9.00
Annual Increase - %		15.3%	6.7%
*2025 assumes the April 1, 2025 implementation date for fees.			

The new revenue will fund the cost of base level garbage collection service (120 litres per dwelling unit), base level recycling collection service (120 litres per dwelling unit) from multi-unit properties (buildings, or portions of buildings with eight or greater dwelling units, including a building or portion thereof that is used as an assisted living facility) as well as cover the costs of universal services. Universal services include the 4R Winnipeg Depots, community recycling depots, dead animal collection, bulky sweeps for arson prevention, neighborhood cleanup tipping fees, landfill closure and post closure costs, services provided to organizations registered with CRA as a charity, and City owned community centres and arenas. Total revenue requirements are projected at $19 million.

Multi-unit property customers currently do not pay for recycling collection services or the use of waste diversion programs including the Community Recycling Depots and 4R Winnipeg Depots. Leaf and yard waste collection is not a service provided to the multi-unit category. The new WMF rate for multi-unit properties fee does not consider the implementation of a green cart program at this time.

Difficult to administer fees such as cart parts and replacements for lost or damaged carts will be eliminated and the cost of these services will be included in the WMF for multi-unit customers, similar to what is proposed for residential customers.

A customer with a multi-unit property requesting service above the base level of garbage collection service of 120 litres per dwelling unit, up to a maximum of 240 litres will additionally be charged the Collection and Disposal of Solid Waste fee on the additional volume as well as the WMF. Additional volumes above the maximum of 240 litres would require approval from the Director of Water and Waste, or their delegate and would also be subject to the Collection and Disposal of Solid Waste fee on the additional volumes.

Customers requesting service above the base level of recycling collection service of 120 litres per dwelling unit, up to a maximum of 240 litres will additionally be charged the Collection and Disposal of Recyclable Materials fee. Additional volumes above the maximum of 240 litres would require approval from the Director of Water and Waste, or their delegate and would also be subject to the Collection and Disposal of Recyclable Materials fee on the additional volumes. Additional services will be charged based on the City's approved fees and charges.

Small Commercial Property

These properties, as defined in the by-law, would include small commercial, community centres and arenas, not-for-profit and places of worship not registered as a charity with the CRA, and internal City departments. City service to these properties is by request, and the new WMF will only be applied to those properties receiving service.

Current service levels to this category are complex, resulting in inconsistent application of fees. Services are generally broken out into two segments – those that require a maximum of 600 litres of garbage or recycling collection a week, and those that require additional volumes by bin service, to a maximum of 3,000 litres per service per week. Fees are based on a variety of volumes and range from daily fee for garbage and recycling cart service to a per cubic metre volume rate for bin service. Exceptions include if an internal City property has cart service no fee is charged. Some charities, not-for-profits, and places of worship have been exempted from garbage and recycling collection service charges.

The Public Service recommends implementing a fee based on cost of service to equalize the services. This customer category would include small commercial properties as well as not-for-profit organizations and places of worship not registered as a charity with the CRA, and community centres and arenas not owned by the City. Customers in this category are entitled to obtain solid waste collection from private services providers but can request service by the City.

Small commercial properties requesting garbage and/or recycling collection service up to 600 litres of services per week each will be charged the new WMF at a rate of $0.6959 per day effective April 1, 2025 or approximately $254 per year ($190.50 prorated as of April 1,2025), $0.7233 per day or approximately $264 per year effective January 1, 2026, and $0.7507 per day or approximately $274 per year effective January 1, 2027.

The estimated small commercial quarterly utility bill is:

Small Commercial Customer Quarterly Bill	2025*	2026	2027
Garbage Collection	$ 30.75	$ 33.50	$ 37.50
Recycling Collection	$ 11.25	$ 11.75	$ 12.25
Leaf and Yard Waste Collection	$ 7.25	$ 7.75	$ 8.25
2024 Interim Financing/Deficit Recovery	$ 6.25	$ 5.00	$ 2.50
Universal Services	$ 5.75	$ 5.75	$ 5.75
Green Cart Program Cart Funding	$ 2.25	$ 2.25	$ 2.25
Total Quarterly Bill	$ 63.50	$ 66.00	$ 68.50
Quarterly Increase	$ -	$ 2.50	$ 2.50
January - March estimated cost	$ 23.25		
April - December estimated cost	$ 190.50		
Total Annual Bill	$ 213.75	$ 264.00	$ 274.00
Annual Increase - $		$ 50.25	$ 10.00
Annual Increase - %		19.8%	3.8%

*2025 assumes the January 1, 2025 approved waste diversion fee for the first quarter billing and implementation of the new waste management fee on April 1, 2025.

Revenue from this fee is expected to cover the cost of garbage collection service (240 litre), recycling collection service (240 litre), and leaf and yard waste collection as well as to cover the costs of universal services. Universal services include the 4R Winnipeg Depots, community recycling depots, dead animal collection, bulky sweeps for arson prevention, neighborhood cleanup tipping fees, landfill closure and post closure, and services provided to Canada Revenue Agency (CRA) that are not categorized as a multi-unit property, and City owned community Centres and arenas.

The recommended fee also includes $2.25 per quarter per dwelling unit to fund the purchase of green carts to support the upcoming green cart program. Total revenue requirements are projected at $2 million.

Any additional implications resulting from the approval and implementation of a green cart program are not included in the rates above but would be consolidated into the WMF once approved.

The WMF will replace the existing waste diversion fee but will follow the same billing logic of charging a daily rate on the customer's utility bill.

Difficult to administer fees such as cart parts and replacements for lost or damaged carts will be eliminated and the cost of these services will be included in the WMF rate for small commercial customers, similar to what is proposed for residential customers.

Any customer with a small commercial property requesting more than collection service of 240 litres of each service per week, up to 600 litres of each service per week, will pay the applicable annual garbage cart rental fees and annual recycle cart rental fees.

Properties, excluding internal City departments, requesting service above 600 litres per week of garbage or recycling collection service will not be charged the WMF fee and will be charged the

Collection and Disposal of Solid Waste and/or Collection and Disposal of Recyclable Materials fee based on a per cubic metre basis up to the maximum service level of 3,000 litres each.

Internal City departments will pay the Collection and Disposal of Solid Waste fee and Collection and Disposal of Recyclable Materials fee regardless of volume. The WMF fee would not apply as these properties do not require leaf and yard waste collection and do not benefit from the universal services in the same manner as other properties.

Small commercial properties with a charitable registration number with Canada Revenue Agency, and City owned community centres and arenas will receive garbage and recycling collection services free of charge up to standard service level of 3,000 litres each per week. Volumes above the standard service level will be charged applicable fees.

Landfill Tipping and Other Fees

Tipping fees for materials disposed of at the BRRMF depend on material type. Recommended tipping fee rates are set to be competitive in the landfill industry based on what the market will bear. The fees for materials delivered to BRRMF are subject to the $10 per tonne Waste Reduction and Recycling Support (WRARS) levy if they are landfilled. Historically, landfill tipping fees have funded the Landfill Rehabilitation Reserve. The financial model recommends funding this universal service through the proposed waste management fee to support equity amongst customer classes. Total revenue requirement is estimated at $13 million.

The Public Service is recommending the following:

- The cost recovery for solid waste services received from City departments be phased in and fees set at a per tonne rate of $34 in 2025, $41 for 2026 and $48 for 2027 with the intent to align with cost of service in 2028.
- Apply external tipping rates to internal customers for specialized materials such as:
    - Leaf and yard waste
    - Concrete
    - Clean Fill
    - Special Waste
- Continue to subsidize internal customers for wood waste hauled to BRRMF and Summit Landfill to support soil fabrication charging a consistent rate of $33 per tonne.
- Increase the minimum landfill tipping fee from $20 to $25 effective April 1, 2025.
- Increase extra garbage bags (surplus waste) from $20 to $25 effective April 1, 2025.
- Increase the bulky waste collection fee from $16 to $20 per item as of January 1, 2025, $25 per item as of January 1, 2026, and $30 per item as of January 1, 2027. This rate is set to minimize additional abandoned waste calls.

The implications of these internal rate changes are an estimated increase in tipping fee expenses of approximately $1,502,220 for 2025, $3,420,620 for 2026 and $5,020,620 for 2027 for internal City departments as outlined in Appendix C.

Recommended changes to other existing fees will reflect full cost of service. Total revenue requirements of other existing services (i.e. bulky waste) are projected at $2 million.

Other Customer Impacts

For customers that have difficulties paying their utility bill the following options are available to assist:

- Payment arrangements are considered if more time is needed to pay utility bills.
- The WWD currently assists customers in financial crisis with utility bills (water, sewer, and solid waste) through the H2O Help to Others Policy (H2O) approved by Council on June 20, 2017. The Public Service will continue to explore avenues to expand on the H2O program to include other fees billed on the Utility bill.

Planned is the implementation of an advanced metering system (AMS) which will offer the potential for monthly utility billing. This will allow customers the ability to better manage their utility bills.

Charging not-for-profit organizations and places of worship not registered with the CRA as a charity, and community centres and arenas not owned by the City for solid waste and recycling collection services may cause concern, but the Public Service is recommending that they pay for the services received.

KEY DRIVERS OF THE SOLID WASTE FINANCIAL PLAN

Inflation and Growth

As the services provided by the Solid Waste Utility are diverse, the financial plan incorporates a variety of assumptions for inflation and growth.

The financial plan assumes standard City inflation rates, and expected increases for collection contracts, processing contracts, and heavy machinery.

Growth assumptions (as provided by Economic Development) for the residential category are projected at 0.6 percent annually. Significant growth is expected in the multi-unit category and is projected between 2.5 percent and 4 percent annually and accounts for increased servicing of this sector with the introduction of a mandatory fee. The financial plan assumes no growth for the small commercial category as there is a competitive market for these services.

Volume assumptions such as customer dwelling unit counts include the same growth assumptions for residential and multi-unit categories. Garbage collection volumes project a slight increase based on population growth. Recycling collection volumes remain the same as the light weighting of materials (i.e. packaging is getting lighter than in previous years) has been seen over the past several years. The volume assumptions do not consider the effects of future waste minimization projects.

Non-rate revenue has been excluded from inflationary or growth adjustments. The two largest streams of non-rate revenue are driven by eligible recycling tonnages. As we are seeing light weighting of materials, increased contamination of recyclables and increase in capped materials

due to consumer purchasing trends, it is difficult to predict how these revenue streams will change. The Province of Manitoba has directed Multi-Material Stewardship Manitoba (MMSM) to introduce a 100 percent Extended Producer Responsibility program for blue box recycling. It is expected that the City will not see any changes to this revenue stream until 2028 at the earliest.

The Public Service is working with the Province of Manitoba in regards to converting methane gas captured at the landfill into a renewable natural gas. Once an agreement is place, the Public Service can expect a new non-rate revenue stream. The timing and expected materiality of this revenue stream is not significant enough to impact the proposed rates for 2025 to 2027.

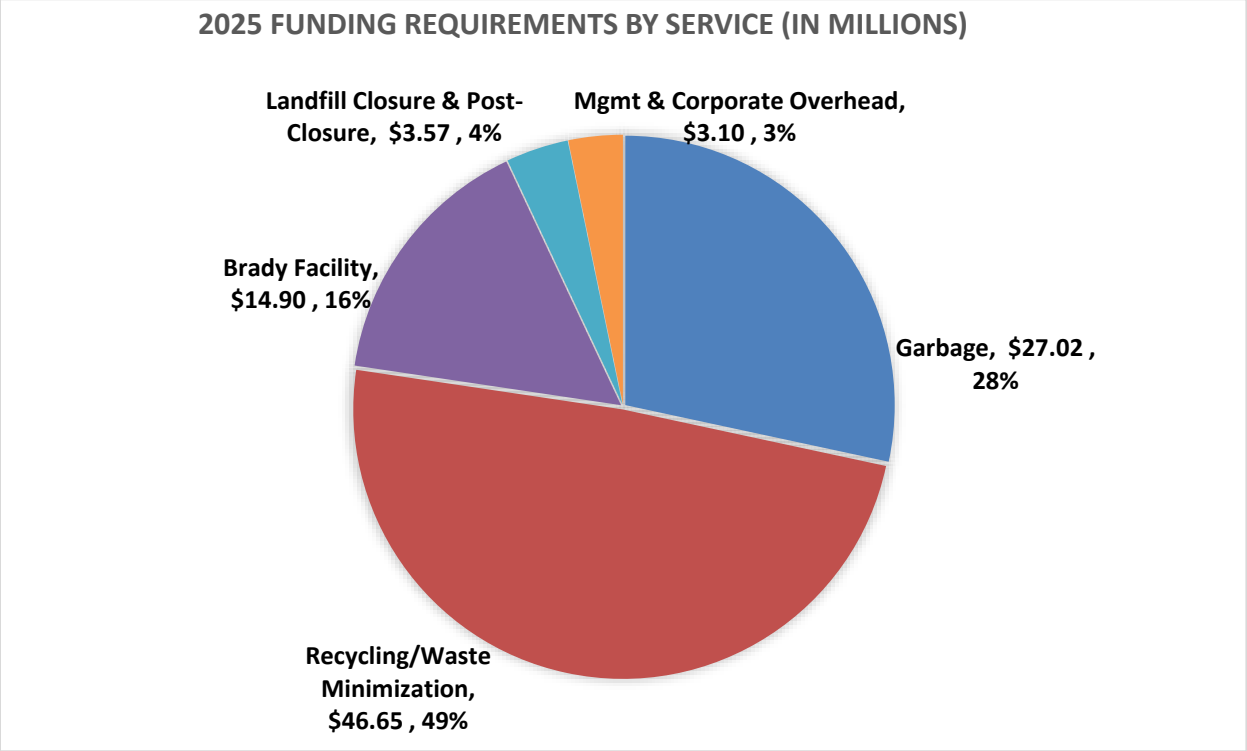
Financial Assumptions

The financial model is reflective of 2023 year-end balances of the Solid Waste Utility and June 2024 operating projections as well as existing capital cash flow projections. Projected operating and capital budgets for 2025 through 2027 are included.

The financial model assumes cost recovery by year, and allows for medium-term financial stability while projecting to reduce the budgeted annual operating deficit in 2028. These deficits are included in the revenue requirements noted in this report.

Revenue Requirements

For 2025, the Solid Waste Utility's total funding requirements are projected to be $95.24 million.



The Recycling and Waste Minimization service is projected to constitute the highest funding requirements at 49 percent of total. The Garbage function follows at 28 percent and BRRMF at 16 percent.

These costs include: operating and maintenance, debt-financing including interest and principal repayments, retained earnings and reserves funded capital projects, and the provincial WRARS levy currently $10 per tonne on landfilled materials.

The financial model sets rates based on revenue requirements, which incorporate operating costs, transfers to reserves and planned elimination of the deficit. As rates will be implemented on April 1, 2025, the full revenue requirements will not be met and the deficit will continue into 2025.

Reserves

Landfill Rehabilitation Reserve (LRR)

On December 12, 2017, Council approved to discontinue the Brady Landfill Site Rehabilitation Reserve effective January 1, 2018, and replace with a new Landfill Site Rehabilitation Reserve in accordance with section 289 of the City of Winnipeg Charter. The purpose of the new reserve is to provide funding, over time, for closure and post-closure landfill needs including leachate management, environmental monitoring and site restoration costs for all active and closed landfills maintained under the responsibility of the City.

Contributions to the reserve have historically been funded through tipping fees, with a $1 per tonne of material landfilled being transferred to the LRR. The financial plan is projecting to increase the annual transfer to the LRR based on planned capital spending to meet ongoing program needs.

This cost will be funded through the proposed waste management fee as closure and post closure costs are universal services and benefit the entire community, not a specific customer base. The maximum reserve balance will be approximately equal to the cumulative of the next five-year's projected funding requirements. Timing of capital project implementation or changes to licensing requirements may affect reserve contributions.

Waste Diversion Reserve (WDR) and Solid Waste Asset Management Reserve (SWAMR)

On October 19, 2011, Council approved the recommendation that a Waste Diversion Reserve be established where all surplus monies collected through the waste diversion fee are dedicated to waste diversion programs. The financial plan recommends phasing out the WDR and stopping any further funding to the reserve (except as approved by Council on July 18, 2024). Remaining funds will be utilized for future waste diversion initiatives.

The purpose of the SWAMR will be to fund the purchase or replacement of major capital assets for all Solid Waste services, including but not limited to garbage and recycling carts and bins, billing systems, operational equipment and infrastructure such as landfill gas expansions, cell construction and site improvements.

Contributions to the reserve will, in part, fund planned capital spending to meet ongoing program needs. The maximum reserve balance will be approximately equal to the next five

year's cumulative projected funding requirements. Timing of capital project implementation or changes to licensing requirements may affect reserve contributions.

Financial Stability

Working capital is comprised of current assets (cash and accounts receivable) net of current liabilities (current accounts payable) – cash or near cash items that can respond quickly to unexpected fluctuations. The working capital target provides medium-term stability, adequate liquidity to sustain operations and the ability to absorb losses in any given year when rate revenues fall short of anticipated levels and/or unforeseen emergency funds are required. Industry best practices recommend utilities maintain a minimum working capital balance. The Solid Waste Utility is targeting 30 to 60 days of operating and maintenance costs.

Operating Budget Changes

Changes resulting from the implementation of new fees for service, an increase or change in existing fees is noted in Appendix C. There is an expectation that there will be an increase in collection fees for the multi-unit sector with the implementation of a mandatory fee. Appendix C also projects the principal repayment resulting from the 2024/2025 operating budget deficit.

RISK

The primary risks in the financial plan include shortfalls from provincially mandated programs, commercial competition for landfill tonnage, unfunded liabilities and potential changes to legislation.

The Public Service is in discussions with all Producer Responsibility Organizations (PRO) and the Province of Manitoba regarding funding levels as the majority of the diversion programs implemented are underfunded.

Two other Class 1 landfills in the region follow suit and adjust their rates based on City posted gate rates at the BRRMF. Commercial tonnage continues to decline largely as a result.

The WWD manages 33 closed landfills in addition to the active landfill at BRRMF. The environmental liability for these locations, which remains largely unfunded, is estimated at $62.1 million (2023 Annual Financial Report) and is not included in the projections.

If the Province or Federal Government were to mandate new programs or change licensing requirements the financial plan would be impacted.

Should Council introduce new diversion programs, i.e. landfill gas to energy or green cart, this would necessitate revision to the financial plan.

WASTE DIVERSION STRATEGY

The Public Service is in discussions with Manitoba Conservation and Climate and the PROs responsible for the materials collected at the Household Hazardous Waste facilities to increase diversion of these materials.

Further discussions will continue with product stewards to explore accepting new materials into the waste diversion program.

On July 13, 2023, Council adopted the Multi-Family Waste Diversion and Management Strategy, which will include public consultation with the multi-unit sector to determine how to increase diversion while ensuring contamination levels remain low.

SOLID WASTE BY-LAW

The Public Service is recommending a new Solid Waste By-law (draft attached as Appendix D) to replace Solid Waste By-law No. 110/2012. To coincide with the introduction of the fees recommended in this report, the new By-law would take effect on April 1, 2025, with the provisions concerning fees payable taking effect on April 1, 2025, for the residential, non-residential sector and the multi-unit sector.

Primary Changes

The primary changes in the draft By-law have been made to reflect the changes to the fee structures set out in this report, as well to better reflect current solid waste service standards.

Like the existing By-law, the draft By-law sets out the levels of solid waste collection service the City is obligated to offer to residential properties, and a corresponding mandatory fee for the service. A new feature in the draft By-law is that it extends this obligation and fee to multi-unit properties, which have been defined in the draft as properties with eight or more dwelling units, and includes assisted living facilities.

The draft By-law also permits the owners of both residential and multi-unit properties to request additional collection services to a maximum of 600 litres (for residential) and 240 litres (for multi-unit) per week each of garbage and recyclable waste per dwelling unit. The Director or designate may approve such additional services, for an additional fee, at their discretion; the intent of this scheme, however, is to avoid accumulation of garbage at the properties at most need of these additional services.

The draft By-law also sets out the levels of solid waste collection service that can be provided to commercial properties through contract, upon application and approval by the designated employee. These commercial contracts will be facilitated through provisions of the new By-law and consequential amendments to the Execution of Documents By-law that will allow the Director to approve and execute service agreements with commercial properties.

In addition to these clearly defined categories of properties, the draft By-law also makes provision that if a property does not clearly fall into one of these categories, the classification of the property will be determined by the Director. Determinations will be based on inspections, and information from assessment, taxation, and occupancy data.

Other Changes

The following changes have been made in the draft by-law to clarify existing service standards. Like the existing by-law, the draft by-law continues to permit the provision of additional services to residential properties at a customer’s request and upon payment of the applicable fees, but now extends this provision to multi-unit properties.

There are also a number of changes to the definition of “residential property” under the new by-law, and replaces the definition of “non-residential property” with a definition of “commercial property”. The change to the definition of “residential property” is to clarify that care homes are considered residential properties. The change from “non-residential property” to “commercial property” is intended to reflect the operational reality, which is that solid waste services are not typically provided to industrial-use facilities. A number of examples of “commercial property” are set out in the by-law, including hotels, hospitals, protection and emergency services, and schools/universities.

The definition of “bulky waste” will no longer refer to items of solid waste “designated as eligible for collection… at times other than during the normal schedules of collection of solid waste”, but will be determined in accordance with rules established by the Director.

A number of definitions have been added or changed to conform with the definitions included within the Winnipeg Zoning By-law No. 200/2006. This ensures that shifts in the Winnipeg Zoning By-law will be reflected in the new Solid Waste By-law, and will ensure billing based on use codes remains accurate over time.

The draft By-law also continues to allow a reduction in or the suspension of solid waste collection services to residential properties where dwelling units will not be available for occupancy for a lengthy period of time (a minimum of six months is specified) or where buildings are vacant and the vacant building owner holds a boarded building permit, a boarded building exemption certificate, or a demolition permit. This would apply where multiple-suite buildings have been converted to single family dwellings, where rental suites cannot be occupied (due to renovations or other reasons), or where properties are vacant. In these situations, the mandatory fees proposed in this report would also be reduced or suspended. It should be noted that multi-unit unit owners are not permitted to seek a reduction in the base collection level through this By-law.

The draft By-law also provides clarity for billing and payment of fees in regards to condominium corporations, and clarifies that fees will be reduced or removed where solid waste services to a property are reduced, suspended, or refused.

Because this report proposes the elimination of fees for repairs and replacement of residential garbage and recycling carts, the draft by-law does away with provisions in the existing By-law detailing the responsibility for care and maintenance of the carts as well as applicable fees should the carts be damaged, lost or stolen. However, this by-law change does not alter the expectation that customers will still take responsibility for the care of their carts. Added responsibilities include that carts are stable and placed on a flat surface at time of collection and kept free of ice or snow accumulation that may prohibit collection.

The draft By-law gives the Department flexibility to determine the number, type and size of containers to be used to provide solid waste collection services to properties. However, it is intended that carts will continue to be provided by the City, and the current practice of customers obtaining their own garbage bins will continue. Recycling bins will continue to be provided to the customer free of charge to encourage waste diversion.

The administrative and enforcement authority of the Director, as well as prohibitions on certain conduct, are substantively unchanged with the exception that:

- The property owner’s additional responsibility mentioned above, and

- That all prohibitions will now be enforceable through the Municipal By-law Enforcement Act Enabling By-law.

Lastly, the draft By-law establishes an administrative process for reconsiderations of the suspension of service. This process would ensure that proper decisions are made administratively, and reduces the likelihood of appeals being routed to the Standing Policy Committee on Water, Waste and Environment.

COMMUNICATION

Following Council approval, the Public Service will develop a comprehensive communication strategy to provide information to customers on changes to waste management billing. The strategy, which will have a multi-media approach, and will be rolled out in Q1 2025.

The WWD will also consult with Manitoba Residential Tenancies Branch and other organizations to offer advance notice and to work collaboratively to implement the new charges.

Requested Changes

At a Reports Briefing on October 21, 2024, an earlier draft of this administrative report was reviewed by members of the Executive Policy Committee and the following revisions were requested:

- A pie graph or other visualization to show how the collected money will be spent.
- Revisions to the cross-jurisdictional scan (Appendix E):
    - Make the comparison consistent (quarterly or annually pro-rated)
    - Moving Winnipeg's information to a cleaner position.
- Revise reporting so that all financial impacts are consistent as a "quarterly impact" in alignment with how water rates are currently billed.

FINANCIAL IMPACT

Financial Impact Statement **Date:** 8-Feb-25

Project Name:

SOLID WASTE PROGRAM MANAGEMENT FINANCIAL PLAN AND UTILITY RATE MODEL

COMMENTS:

The financial implications are detailed in Appendix C of this report. Recommendations for rate approvals are for a three-year period to facilitate the evaluation of program estimates, manage future rate increases to align with City multi-year budget schedules, and allow the Public Service to coordinate solid waste, water and sewer rate reports which would be scheduled for Council approval for 2028.

Lucy Szkwarek, CPA, CGA

Lucy Szkwarek, CPA, CGA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services

OURWINNIPEG POLICY ALIGNMENT

This report is in accordance with the OurWinnipeg 2045 policies through:

Leadership and Good Governance,

- Acting in the intergenerational, and city-wide public interest, for broad community benefit, and
- Practicing sound and sustainable fiscal management of public funds

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects with the Winnipeg Climate Action Plan (WCAP) and its Goals and Objectives. It was determined that the WCAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (WPRS) and its Goals and Objectives, and it was determined that the WPRS is not applicable to this specific report.

SUBMITTED BY

Department: Water and Waste Department
Division: Finance and Administration
Prepared by: Melissa Bunkowsky, CPA, CGA
Date: February 8, 2025
File No.: G-259

ATTACHMENTS:
Appendix A Fees and Charges
Appendix B Internal Fees and Charges
Appendix C Budget Adjustment
Appendix D Draft Solid Waste By-law
Appendix E External Scan