
Subject: Tip Fees at the Thorold Residential Recycling & Waste Drop-off Depot

Report to: Public Works Committee

Report date: Tuesday, June 15, 2021

Recommendations

1. That Regional Council **APPROVE** increasing the per tonne tip fee at the Thorold Residential Recycling & Waste Drop-off Depot from the current \$117 per tonne to: \$120 per tonne in 2021, \$122.50 per tonne in 2022, and \$125 per tonne in 2023, excluding applicable HST.

Key Facts

- The purpose of this report is to seek Council's approval to increase the per tonne waste disposal tip fee at the Thorold Residential Recycling & Waste Drop-off Depot marginally beyond the current agreement provision with Walker Environmental Group (WEG), which only permits an annual increase not exceeding the Ontario – All Items Consumer Price Index (CPI) for the previous year.
- WEG has requested an increase to the current per tonne tip fee of \$117 to \$120 in 2021 (likely commencing July 1), \$122.50 in 2022 and \$125 in 2023 (plus HST) which equates to a 2.2 per cent annual increase. There would be no annual CPI adjustment applied to these new rates.
- WEG has requested to increase the per tonne tip fee over a three year period (2021 to 2023) to offset capital upgrade costs and to align with industry tip fee rates.
- Based on staff's research, the current industry average per tonne tip fee is \$120.22 (blended rate of both municipal and private facilities).
- Niagara Region has an agreement with WEG for the operation of WEG's residential waste and recycling drop-off depot until December 31, 2025.

Financial Considerations

Under the terms of the agreement with Niagara Region, WEG is permitted to increase tip fees once per year by an amount not greater than the Ontario – All Items Consumer Price Index for the previous year. Currently WEG's per tonne waste disposal tip fee (unchanged from 2020) is \$117 plus HST.

The residential waste and recycling depot agreement with WEG is a net revenue-generating contract to Niagara Region. The agreement requires WEG to pay Niagara

Region quarterly royalty payments of four per cent (4%) of gross revenues generated by WEG at the residential waste and recycling drop-off depot. The royalty payment is dependent on the tonnage of materials dropped off and the tip fee being charged by WEG to residents to dispose of materials. From 2016 to 2020, Niagara Region has annually received approximately \$107,000 in royalty payments.

Actual 2020 royalty revenues were \$117,060. Applying a 2.6% increase to tip fees (increasing from \$117 to \$120 in 2021) would translate to an estimated annual increase in royalty payments of approximately \$3,000 to Niagara Region using 2020 figures as a baseline.

There are minor costs incurred by Niagara Region through this agreement that partially offset the royalty revenue. Under the agreement, Niagara Region is responsible to provide recycling carts for the receipt of recyclable materials as required and to recognize WEG's facility as part of Niagara Region's Solid Waste Management System, including advertising/communications.

Analysis

WEG Residential Waste and Recycling Drop-off Depot

WEG constructed and has operated a residential waste and recycling drop-off depot at its Thorold location since 2001. This depot location and associated agreement with WEG was developed to fill a service gap, when the Glenridge Landfill site closed at the end of 2001. As per report PW 21-2020, the current contract for the operation of WEG's residential waste and recycling drop-off depot has been extended to December 31, 2025.

WEG's residential waste and recycling drop-off depot largely services residents from Niagara Falls, Niagara-on-the-Lake, St. Catharines and Thorold. Every year, approximately 85,000 residents drop-off 26,000 tonnes of material comprised of household waste, construction and demolition materials, soils, electronics, leaf and yard waste, and blue / grey box materials.

Customers are able to dispose of recyclable materials at no charge. A tip fee of \$117 per tonne plus HST is applied to dispose of household waste materials. The existing contract allows the tip fees to be adjusted annually, on March 1, by an amount that is not to exceed the Consumer Price Index (CPI), All Items, Ontario.

Due to its age, the residential waste and recycling drop-off depot requires a number of upgrades. WEG has indicated that the following areas require improvement:

- Drop-off pad – create additional space for customers to drop-off materials, lessen congestion and to enhance customer service
- Health and Safety – improve drop-off depot safety between customers, contractors and WEG operations e.g. separation of heavy equipment
- Environmental compliance – maintain compliance by improving site infrastructure e.g. paving areas under concrete and asphalt pads

Since opening in 2001, WEG has been fully responsible for capital improvements and maintenance of the residential waste and recycling drop-off depot which have all been completed at no cost to Niagara Region. WEG has requested that the tip fee increase be granted to offset a portion of the identified capital improvement costs.

WEG's Proposed Fee Increase

WEG is proposing to increase the current per tonne tip fee of \$117 to \$120 in 2021, \$122.50 in 2022 and \$125 in 2023 plus HST which equates to a 2.2 per cent annual increase. In their request, WEG has confirmed that all other tip fee rates will remain status quo minus any permitted annual adjustments.

Industry Tip Fee Rates

Niagara Region staff completed a review of both private and public drop-off depot per tonne tip fees. The current blended (combined private and public) per tonne tip fee is \$120.20. WEGs requested fee increase would bring them in line with industry tip fees. Additionally, applying an average two percent (2%) consumer price index increase in 2022 and 2023 would result in per tonne tip fees of \$122.40 and \$124.85 respectively, which corresponds with WEGs request.

Alternatives Reviewed

Niagara Region could deny WEG's request to increase tip fees that go beyond the current agreement condition, as they will continue to receive an annual CPI increase. However, WEG's request is reasonable and aligns with market pricing and therefore this alternative is not being recommended. The funds generated from the tip fee increase will be used to improve drop-off pad operations, health and safety, and to maintain compliance,

Relationship to Council Strategic Priorities

This recommendation aligns with Council's strategic priority of Responsible Growth and Infrastructure Planning, specifically as it relates to Environmental Sustainability and Stewardship. By granting a per tonne tip fee increase to WEG, Niagara Region will continue to enhance waste diversion opportunities and provide a high level of customer service to residents.

Other Pertinent Reports

- PW 21-2020
- PWC-C 2-2021

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