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**Subject:** Proposed Curbside Waste Diversion Container Distribution Program

**Report to:** Waste Management Planning Steering Committee

**Report date:** Monday, April 29, 2019

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## **Recommendations**

1. That the changes to the Curbside Waste Diversion Container Distribution program, as outlined in Report WMPSC-C 16-2019, **BE APPROVED**; and
2. That staff **BE DIRECTED** to report any additional proposed amendments to the Curbside Waste Diversion Container Distribution program once a final decision is made regarding service levels for the next waste collection contract to the Waste Management Planning Steering Committee.

## **Key Facts**

- The purpose of this report is to address the Councillor Information Request on the cost to supply Niagara Region residents with recycling and compost containers as raised at the March 19, 2019 Public Works Committee meeting, and to seek approval to expand the program to permit all new residents on the curbside collection program free access to containers (new homeowners and new renters).
- Niagara's current container program permits the provision of free containers (i.e. one blue box, one grey box, one green bin and one kitchen catcher) to new homeowners only (excluding renters) within six months of the possession date of their home.
- Currently, damaged boxes or bins can be replaced free of charge regardless of sector (residential or commercial) or ownership status (ownership or renter).
- The estimated annual net cost for the expanded container distribution program to provide free containers to new homeowners and renters within one year of moving is approximately \$257,200, and increase of approximately \$65,000 over the current program.
- In the event that every other week (EOW) garbage collection is implemented in the next waste collection contract, staff will report back with detailed costs associated with expanding access and delivery of free containers for all new and existing residents on the Niagara Region's curbside collection program.

## **Financial Considerations**

### Cost of Curbside Waste Diversion Containers

Over 27,000 curbside waste diversion containers were procured in 2018 for distribution, sale and exchange in 2018 under the Region's current Curbside Waste Diversion

Container Distribution program at a cost of \$223,000, including delivery to the Region's container distribution locations. The 2019 annual gross budget for the purchase of curbside waste diversion containers (blue boxes, grey boxes, green bins and kitchen catchers), including delivery is \$318,000. The budgeted 2019 revenue from the sale of containers is approximately \$66,000.

The program change to permit new residents (including new homeowners, renters and residents in social/co-op housing) access to free curbside waste diversion containers within one year of moving could increase gross annual costs by an estimated 20 per cent to \$382,000. Table 1 below provides further details. Resource Productivity and Recovery Authority (RPRA) funding of approximately 50 per cent would be applied to the blue and grey boxes, reducing container costs by an estimated \$72,000 bringing overall costs to \$310,000. Additionally, the program change is estimated to reduce annual revenue from the sale of containers by approximately 20 per cent to \$52,800. Staff anticipate an implementation date of July 2019 for this program change, with a total net cost increase for 2019 estimated to be \$32,400, which can be accommodated in the 2019 Waste Management Services operating budget.

Table 1: Financial Summary

	Current Program	Program Change*	Increase
2019 Budgeted Container Purchase & Delivery Costs	\$ 318,410	\$ 382,092	\$ 63,682
less: 2019 Budgeted Container Fee Revenue	\$ (66,000)	\$ (52,800)	\$ 13,200
less: Estimated 2019 RPRA Blue Box Funding (on Blue and Grey Box purchases only)	\$ (60,000)	\$ (72,000)	\$ (12,000)
<b>Net Container Cost (annualized)**</b>	<b>\$ 192,410</b>	<b>\$ 257,292</b>	<b>\$ 64,882</b>

\* Estimated 20% increase in purchase costs and off-setting revenue

\*\* Based on July 2019 start date, net cost increase would be approximately \$32,400

## Analysis

### Current Container Program

Niagara Region Waste Management Services partners with ten municipal and retail locations across the region to distribute curbside recycling and compost containers to Niagara residents. Four additional Regional sites also distribute containers, resulting in a total of 14 active distribution locations. Residents can attend any of the distribution locations to obtain containers.

Currently, one free set of curbside containers (one blue box, one grey box, one green bin and one kitchen catcher) is available to new homeowners within six (6) months of possession of their home and upon presentation of documentation reflecting their name,

address and possession date. Residents that are not new homeowners may purchase containers or exchange their existing broken containers free of charge at any container distribution location. Records of container transactions are documented on transaction log sheets available at each distribution location.

Niagara Region staff, as well as staff at partnering municipal and retail sites receive complaints regarding the Region's current Curbside Waste Diversion Container Distribution program. The common complaints include:

1. Renters and residents in social housing that deem it unfair to be denied free waste diversion containers because they are not new homeowners;
2. New homeowners that are denied free containers after the six month window for free containers has ended;
3. New homeowners that find it difficult to obtain or locate the required transfer deed or real estate documentation reflecting their name, address and possession date of their home; and
4. New homeowners that have built new homes on land that was purchased more than six months prior to their move-in date and are now ineligible for free containers.

In order to address these concerns, the following changes are recommended:

- Expansion of the current program to extend free containers to all new homeowners, renters and residents in social/co-op housing;
- Extend the time to provide proof of new residency from six months to one year; and
- Other documentation such as rental or lease agreements be acceptable proof of new residency for renters.

Once changes as noted above are approved by Council, staff will make necessary changes and promote these changes via existing communication means such as the Niagara Region's website and promotional literature, as well as on local area municipality websites and Leisure Guides. Staff anticipate implementation in July 2019.

A more fulsome expansion of the program to open up free access and delivery of curbside recycling and compost containers to all new and existing residents will be further analyzed by staff once a decision is made regarding service levels for the next waste collection contract and implementation of EOW garbage collection. However, in an effort to address the Councillor Information Request on the cost to supply Niagara Region residents with recycling and compost containers as raised at the March 19, 2019 Public Works Committee meeting, estimates for two scenarios have been provided below.

Scenario 1 - Free Door to Door Distribution to Households Without Containers (Parallel to the 2008 Green Bin Relaunch Campaign)

As a point of reference, a campaign focusing on the distribution of free green bins to low density households across ten (10) area municipalities (excluding Lincoln and West Lincoln since at that time they did not have organics collection service) was completed in 2008. Approximately 98,000 packages with green bins and information/promotional packages were delivered to households that did not already have the containers. Approximately 42,000 “Thank You” packages (consisting of sample packs of compostable bags and promotional materials) were delivered to households that were identified through available records as having green bins. The overall cost for the implementation of this campaign was \$2.7 million and included the purchase and door-to-door delivery of green bins, kitchen catchers, sample packs of compostable bags; related educational material, promotion, program feedback, related public relations activities and a waste composition study and report.

As part of another region-wide delivery of curbside recycling and organics containers, it could be assumed that households that were recorded as not participating in the Region’s curbside diversion collection programs during the 2014 curbside survey, would require new recycling and organics containers. The survey data is the best source of region-wide data that could be utilized as a basis for a distribution program that would exclude households known to be participating in the curbside programs. Based on that survey data, approximately 50 per cent of low density households are not participating in the organics program and approximately 15 per cent are not participating in the recycling program.

Based on roughly 150,000 low density households and the current cost of the containers for the households that are assumed to not have the appropriate containers, the estimated additional cost is shown below in Table 2. This estimate excludes the actual door-to-door delivery, any promotion, education or other supplemental items that were included in the 2008 campaign.

Table 2:

Delivery to Non-Participating Households :

	Current cost of box per unit	# of Households	# of Containers per Household	Total Cost (including non- recoverable HST)	RPRA Funding for Blue Box Program	Net Cost
Blue/Grey Boxes to 22,500 households	\$ 5.35	22,500	2	\$ 244,988	\$ (120,375)	\$ 124,613
Kitchen Catchers to 75,000 households	\$ 2.15	75,000	1	\$ 164,088	n/a	\$ 164,088
Green Bins to 75,000 household	\$ 13.75	75,000	1	\$ 1,049,402	n/a	\$ 1,049,402
						\$ 1,338,103

Considering that the other households currently participating in the curbside diversion programs may also wish to receive containers at no charge as a fairness issue or perhaps they would like additional capacity, the cost of free containers alone to all low density households would amount to approximately \$3.3 million. Table 3 below provides further details. This cost would further increase as a subset of households in mixed-use and multi-residential properties use curbside collection and should be

included in any potential free container distribution program and a tender would need to be issued to obtain current door-to-door delivery costs. Any additional staff costs associated with the administration and management of the program would need to be further developed.

Table 3:

Delivery to All Households :

	Current cost of box per unit	# of Households	# of Containers per Household	Total Cost (including non- recoverable HST)	RPRA Funding for Blue Box Program	Net Cost
Blue/Grey Boxes to 150,000 households	\$ 5.35	150,000	2	\$ 1,633,251	\$ (802,500)	\$ 830,751
Kitchen Catchers to 150,000 households	\$ 2.15	150,000	1	\$ 328,177	n/a	\$ 328,177
Green Bins to 150,000 households	\$ 13.75	150,000	1	\$ 2,098,804	n/a	\$ 2,098,804
						\$ 3,257,732

### Scenario 2 – Provision of Free Containers to All New and Existing Households on a Request Basis

As an alternative to Scenario #1, expanding access and delivery of free containers to any new and existing households on Niagara Region's curbside collection program on a request basis (regardless of property type or ownership status) can be considered. This scenario is estimated to incur an initial cost of \$1 million (Table 4 below provides details) and includes:

- The incremental capital building costs for an expansion to the Humberstone landfill storage building in Welland of \$580,000, less eligible RPRA blue box funding of approximately 50 per cent (over a 20 year amortization period), reducing overall incremental building costs to \$290,000
- The average annualized cost to purchase and maintain a delivery van for container deliveries across Niagara Region of \$10,200
- The estimated annual container costs for curbside blue boxes, grey boxes, green bins and kitchen catchers; less RPRA blue box funding of approximately 50 per cent for recycling boxes: \$663,500

Table 4:

**Provision of Containers to All Households on a Request Basis:**

	Total Estimated Cost (including Capital, assumed to be funded through reserves)	Less RPRA Blue Box Program Funding of ~50%	Year 1 Net Cost	On-Going Annual Net Operating Costs
Building Cost (capital)	\$ 580,033	\$ (290,017)	\$ 290,017	\$ -
Delivery Staff	\$ 79,068	\$ (19,767)	\$ 59,301	\$ -
Cargo Van	\$ 10,284	\$ -	\$ 10,284	\$ 10,284
Containers	\$ 831,381	\$ (167,904)	\$ 663,477	\$ 547,470
	\$ 1,500,765	\$ (477,688)	\$ 1,023,077	\$ 557,754

On an ongoing annual basis, the cost would amount to approximately \$558,000, an increase of approximately \$365,000 over the current program, plus costs associated with staff time to administer and manage the program. Alternatively, staff could also review the costs related to the use of an external delivery contractor.

## Alternatives Reviewed

Based on preliminary review, a free one-time door-to-door distribution of containers is not recommended due to the associated cost and lack of adequate assurance that the containers will be used for the purposes of waste diversion. For example, although nearly every low density household should have had a green bin in 2008/2009, the curbside organics program participation rates still fell to approximately 50 per cent. The delivery of free waste diversion containers upon resident request may be the preferred option as residents that request containers are more likely to participate in the Region's diversion programs. Staff will further analyze additional changes to the Curbside Waste Diversion Container Distribution program, including provision of free containers to all residents, pending the decision of EOW collection in the next waste collection contract.

The expansion of the current Curbside Waste Diversion Container Distribution program for the provision of free curbside recycling and compost containers to new homeowners and renters within one year of moving is being recommended as an interim program at this time.

## Relationship to Council Strategic Priorities

The recommendation contained within this reports supports Council's Strategic Priority of Doing Business Differently.

## Other Pertinent Reports

- PWP 18-2009, Update on Green Bin Relaunch

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**Prepared by:**

Lucy McGovern  
Collection & Diversion Program  
Manager  
Waste Management Services

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**Recommended by:**

Catherine Habermehl  
Acting Commissioner  
Public Works Department

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**Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was prepared in consultation with Sherri Tait, Acting Associate Director Waste Collection and Diversion and reviewed by Sara Mota, Program Financial Specialist, and Lydia Torbicki, Acting Director, Waste Management Services.*