



Administrative Report

Office of the County Solicitor

To: Warden MacDonald and Members of Essex County Council

From: David Sundin, BA (Hons), LL.B.
County Solicitor

Date: Wednesday, August 16, 2023

Subject: Regional Waste Management Initiative

Report #: 2023-0816-LCS-R12-DMS

Purpose

The purpose of this Administrative Report (the "**Report**") is to provide Council of the Corporation of the County of Essex (the "**County**") with an update on the regional waste management initiative and to provide County Council with the necessary information to discuss and vote on a By-law to upload the collection and delivery of waste from the local municipalities to the County.

Background

A detailed summary of what has occurred to date was provided to County Council at its Regular Council Meeting held on July 19, 2023 in Report # 2023-0719-LCS-R11-DMS (the "**July Report**"), a copy of which is appended to this Report as **Appendix "A"**.

When the July Report was presented to County Council, the Town of Kingsville, the Town of LaSalle, and the Municipality of Lakeshore had not yet been able to schedule presentations from the County and the Essex Windsor Solid Waste Authority ("**EWSWA**") to their respective Councils. As such, the recommendation at the time of the July Report was that County Council receive the "July Report for information purposes and background information in considering, discussing, and future voting on the necessary By-law should County Council choose to initiate the process to upload waste collection and delivery to the County from the local municipalities".

During the discussions related to the July Report some members of County Council raised concerns about whether a charge to the local municipalities on

the basis of (a) the general levy, (b) a user fee model, or (c) some hybrid combination of general levy and user fee would be recommended.

Recognizing the barrier this aspect of the uploading decision was creating, the County CAO/Director of Financial Services/Treasurer prepared a hybrid option for CAO's, Treasurers and the Regional Working Group to consider. The funding model proposal is detailed further below in this Report.

Since the July Report, the County and ESWWA were able to present to the Town of LaSalle on July 25, 2023. As of the time of the writing of this Report, the presentations to the Town of Kingsville and the Municipality of Lakeshore have not yet occurred but are scheduled for August 14 and 15 respectively.

Of the local municipalities that have received presentations to the date of this Report, all have voted in support of exploring the Regional Waste Initiative further. A verbal reporting of the results in Kingsville and Lakeshore will be made to County Council during the August 16 regular meeting of council.

Discussion

As the general consensus, subject to selection of the funding model, appears to be that the County proceed to make the collection and delivery of waste a regional service, with the power to be exercised by the upper tier, and not by the lower tier, County Administration recommends that County Council initiate the process to upload the service by passing the required By-law. A copy of the draft By-law is appended to this Report as **Appendix "B"**.

Again, County Council passing the By-law tonight does not in and of itself upload the service from the local municipalities to the County. It only starts the process. The *Municipal Act, 2001*, requirements are that at least 4 of the 7 local municipalities, comprising at least 50% of the electors in the County pass resolutions in support of the County's By-law before the service is uploaded.

Financial Implications

As per all previous Administrative Reports on this matter, there are no anticipated direct financial implications to the County. The financial impacts to the local municipalities depend on the funding model that is ultimately agreed to and implemented. Regardless of the funding model that is put in place, it is expected that there will be cost savings and administrative efficiencies that will benefit all the County's local municipalities by going to

market as a larger group and managing the collection of waste in a coordinated fashion on a regional basis.

As noted earlier in this Report, a hybrid funding model was proposed to the CAO's, Treasurers and Regional Municipal Working Group. The aim of the hybrid model is to recognize differing viewpoints on how local municipalities should contribute to the cost of the regional service. Factors influencing the differences in local viewpoints include:

- Existing contract pricing – some locals are currently enjoying below market pricing for waste collection services and prefer to continue to enjoy that pricing than risk moving to a regional contract that may see pricing increase.
- Existing service levels – while the majority of services in existing contracts are uniform, some locals offer elevated service levels that there is a preference to maintain (eg. Additional leaf and yard waste collections).
- Subsidization concerns – a straight general levy funding model would shift the payment of the regional service onto municipalities with higher weighted assessment and off of municipalities with lower weighted assessment irrespective of the actual use of the service.
- Existing catchment areas – while the majority of residents enjoy waste collection services, there are some residents in rural areas of the County that currently do not have waste collection services. Unless services were expanded, a general levy model would charge residents for services they are not able to participate in.
- Authority and decision making – there is a varying degree of support for moving the authority for decision making to the County even though there seems to be unanimous consensus that the cost for regional waste services can move to the County.

Proposed Hybrid Funding Model

The proposed hybrid funding model is based on a number of foundational assumptions which include:

- Assumes the triple majority of locals transfer authority for waste collection to the County (preferable by the end of September: County to take first step in Aug, locals to vote in favour as soon as possible after that in September).
- Assumes all residents of Essex County will receive organic collection services (not just urban settlement areas) and waste collection

services. This is the direction the Regional Waste Working Group has voiced approval for.

- The County would assume all current waste collection contracts and associated costs (at a date to be determined – suggest Jan 1, 2024 to align with the next budget).
- The County would engage EWSWA to manage all existing waste contracts and take on responsibility to coordinate a combined procurement on a go forward basis at a date/time that is most advantageous to existing contract expiry and compliance requirements with ministry organics legislation.
- Service Levels would remain as established under local existing contracts until it is feasible and financially appropriate to move to a greater standardized service level. Continued working group meetings would be held to establish the standardized service level and associated RFT for collection services that would go to market in the future. Any services a local may wish to obtain in excess of the established regional standard could be billed to that municipality on a full cost recovery basis. (NOTE: The goal would be to reduce exceptions from the standard service level to increase the consistency of the customer experience across the region and the likelihood of contract savings. The more complex the RFT for services, the higher the cost will be. The higher the deviation from the standard service level, the more that municipality's residents would pay for waste services.)
- After the triple majority is passed, EWSWA would engage in a robust and collaborative education campaign. The goal of the campaign would be to raise awareness of the upcoming organics roll out, explain the need to implement waste best practices and prepare residents for collection frequency changes. The campaign would roll out during 2024 in anticipation of a regional standardized service roll out into 2025.
- The initial transfer of authority for waste collection to the County would afford an element of local municipal influence in that existing service levels would be maintained as outlined in existing contracts, for a time. Ultimately, the County, as the authority for the service, would move toward a future "standardized" residential service level. The Regional Waste Working Group is currently recommending that future standardized service level include:
 - Bi-weekly garbage collection (Change from weekly to make room for weekly organic collection)
 - Maintaining of bulk/large item collection

- Weekly organic collection (NEW – enhanced service level)
- Bi-weekly leaf/yard waste (from April to November)
- Monthly White Good Pick Up

On the basis of the above assumptions, the hybrid funding model would be calculated as follows:

- 1) Tonnages, household and population count data would be maintained for each local as they are now under EWSWA's existing billing model.
- 2) The cost for local existing collection contracts would form part of the County's Budget (proposing this begin for the 2024 Budget cycle). The County Budget would be amended to create a separate department/cost centre to transparently capture all regional waste program costs it now manages.
- 3) EWSWA would bill the County based on its existing billing model and provide sufficient detail to identify each local's tonnage/population. The County would pay EWSWA for these billings.
- 4) In preparing the 2024 Budget, the County would estimate the total cost of each local's waste collection contract.
- 5) When calculating the County Annual Tax Rate, **two tax rate calculations** would be made:
 - a) County Services (Not Including Waste Services) – calculated as normal based on global weighted assessment
 - b) County Waste Services – calculated as a separate special area rate that establishes a tax rate by the local municipality for only its share of the regional cost based on its own tonnage/households in relation to only its weighted assessment (not the share of global weighted assessment).

A homeowner would see four tax rates on their bill:

1. Local Municipal Rate
2. County General Levy Rate
3. County Waste Levy Rate
4. Education Rate

The hybrid model acknowledges the cost for the service is linked to usage (tonnage/households) and incentives environmentally friendly resident behaviours. The model also has the improved benefit of more transparently billing residents for the use of the regional waste service. At present, with the exception of a small number of residents who are currently charged a special area rate for garbage collection, no other residents are billed directly for waste services. The cost of waste collection is rolled into the general local

municipal rate. As education campaigns roll out and resident awareness increases related to waste program best practices, the visibility of the cost of the program will be even more important. Often behaviours can be changed when there is a connection between one's actions and the price one must pay. The hybrid billing model will create a separate charge on the tax bill to achieve this transparency.

From a service level perspective, the Regional Waste Working Group has reached a consensus that residential waste services should move to every other week garbage collection and weekly organics collection to achieve waste diversion targets and maximize total program savings. The group recognizes education and transition time will be critical to onboarding residents and achieving engagement. The most efficient way to manage the change is at the regional level. Burdening each local municipality with developing education campaigns and ensuring messaging across seven locals is consistent will be challenging and inefficient. Uploading the service prior to initiating any change will achieve the greatest level of efficiency and lowest level of cost/effort.

Consultations

In drafting this Report, the County Solicitor has consulted with ESWWA and the County's Finance Department directly, and has been involved in conversations being held with the local municipalities through the Regional Waste Working Group and through attendance on the presentations to the Councils of the local municipalities.

Recommendation

That Essex County Council receive this Report for information purposes and initiate the process of uploading the collection and delivery of waste from the local municipalities to the County by discussing and passing the By-law appended as **Appendix "B"** to this Report.

Approvals

Respectfully Submitted,

David M. Sundin

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Concurred With,

Sandra Zwiers

Sandra Zwiers, MAcc, CPA, CA, Chief Administrative Officer and Director,
Financial Services/Treasurer

Appendix Number	Title
"A"	Report # 2023-0719-LCS-R11-DMS
"B"	Draft By-law