

DATE: February 2, 2021**FILE:** 1700-02/2021/366**TO:** Chair and Directors
Electoral Areas Services CommitteeSupported by Russell Dyson
Chief Administrative Officer**FROM:** Russell Dyson
Chief Administrative Officer***R. Dyson*****RE: 2021 - 2025 Financial Plan – Royston Garbage Collection Service – Function 366****Purpose**

To provide the Electoral Areas Services Committee with the proposed 2021 - 2025 Financial Plan and work plan highlights for the Royston garbage collection service, function 366.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2021 – 2025 Financial Plan for the Royston garbage collection service, function 366, be approved as presented.

AND FURTHER THAT an increase in user rate revenue over 2021 by \$7,000 in 2022 and 2023, to be followed by an increase over 2021 of \$11,000 in 2024 and 2025 be approved in order to reduce the service's reliance on its sole future expenditure reserve to support operations. These changes are to be reflected in the 2021 – 2025 recommended Financial Plan for the Royston garbage collection service, function 366.

Executive Summary

- Revenues for the Royston garbage collection service are predominantly generated by user fees and Recycle BC incentives.
- User rates are proposed to remain unchanged at \$115.80 per household for 2021 but then estimated to increase to \$122 for years 2022 and 2023 and to \$126 for years 2024 and 2025.
- The above increases are recommended in order to reduce the reliance on current modest reserves to offset necessary operational costs for the service.
- Recycle BC continues to provide significant incentive payments to the service which helps to offset user fees. However the monthly discounts offered to residents in previous years are no longer included in the financial plan.
- In previous years some residents have expressed interest in a roadside yard waste service. Staff will continue to monitor this interest and report back to the committee if required.

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Board Strategic Drivers

The Comox Valley Regional District (CVRD) Board has set four strategic drivers to guide service delivery. Not all services will be influenced by all drivers. Table 1 notes the degree of influence the drivers have on projects and work plans.

Table 1: Board Strategic Drivers


| | |
|---|---|
| Fiscal responsibility: <ul style="list-style-type: none"> User fees are maintained at 2020 levels in 2021. In order to preserve reserve funds at minimum desired levels, a user fee increase is recommended in 2022 and again in 2024. The service is provided under contract which was established through a public process. The collection service is part of the Recycle BC program and receives incentive payments which help offset some of the operation costs of the program. | Climate crisis and environmental stewardship and protection: <ul style="list-style-type: none"> Recycle BC ensures materials are managed in accordance to the recycling regulations established by the Province. Roadside refuse and recycling collection reduces the amount of vehicle traffic travelling to the landfill or a recycling depot. |
| Community partnerships: <ul style="list-style-type: none"> Projects are not significantly influenced by this driver. | Indigenous relations: <ul style="list-style-type: none"> The Royston garbage collection service is not significantly influenced by this driver. |

Financial Plan Overview

The 2021 - 2025 proposed five-year Financial Plan for the Royston garbage collection service, function 366, including service establishment information, the requisition summary and the operating budget, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the CVRD Financial Plan web page at www.comoxvalleyrd.ca/currentbudget.

Table 2 below summarizes the 2021 proposed budget as compared to the 2020 adopted budget. Significant variances from 2020 adopted budget will be discussed in the Financial Plan sections that follow.

Table 2: Financial Plan Highlights

|  2021 Proposed Budget | | | | #366 Royston Refuse | | | |
|---|-------------------|----------------------|---------------------|----------------------------|--|--|--|
| Operating | 2020 Budget | 2021 Proposed Budget | Increase (Decrease) | | | | |
| Revenue | | | | | | | |
| Sale Services User Fees | 110,120 | 129,233 | 19,113 | | | | |
| Other Revenue/Recoveries | 43,300 | 43,970 | 670 | | | | |
| Transfer from Reserve | 898 | 2,886 | 1,988 | | | | |
| | \$ 154,318 | \$ 176,089 | \$ 21,771 | | | | |
| Expenditures | | | | | | | |
| Operating | 149,211 | 174,089 | 24,878 | | | | |
| Tsfr Other Functions | 2,000 | 2,000 | - | | | | |
| Contribution to Reserves | 3,107 | 0 | (3,107) | | | | |
| | \$ 154,318 | \$ 176,089 | \$ 21,771 | | | | |

Highlights of the 2021 - 2025 proposed Financial Plan for the Royston garbage collection function, 366 include:

Revenue Sources

The Royston garbage collection service is funded through a combination of user fees, incentive payments from Recycle BC and transfers from reserves.

The proposed plan continues to include annual user fees of \$115.80 per participating property in order to generate user fee revenue. This rate has been in place since 2013, however a rate increase will be required in 2022 and again in 2024 in order to prevent the use of reserves to fund this service.

Recycle BC incentives are estimated to be \$43,970 per year and continue to be included as revenue in each year of the five year plan. In the past these incentive payments have allowed the service to offer a small rebate to residents to offset cost, however due to increased operations costs this rebate has been eliminated from the budget moving forward.

Higher collection contractor costs, plus higher tipping fee costs, have necessitated the use of a small amount of reserves in order to balance the budget in 2021. The continued use of reserves for revenue is not sustainable beyond 2021 and a user fee increase will be required.

It is recommended that user fee revenue increase over 2021 by \$7,000 in 2022 and 2023 and then by \$11,000 in 2024 and 2025. This will equate to annual user fees of \$122.07 per household in 2022 and 2023, and \$125.66 per household in 2024 and 2025.

Personnel

The delivery of this service is provided for by contract and is overseen by the Manager of Comox Strathcona Waste Management Operations. No personnel costs are allocated to this service. There is a transfer to other functions of \$2,000 to offset the managers time spent on the administration of this service.

Operations

Most operating expenses remain largely unchanged from 2020, however contract costs plus higher tipping fee costs have resulted in a significant increase in operating expenses when compared to 2020. Contract costs increased by 10 per cent in 2021 and tipping fee costs by 27.7 per cent. The tipping fee cost increase is directly related to an increase in waste tonnages. This could be related to COVID-19 with more residents within the service staying at home and as a result generating more curbside waste. These increases combine for a total operating costs increase of 16.7 per cent in 2021. This is then predicted to stabilize for the remaining four years of the 2021-2025 Financial Plan.

Capital

There is no capital associated with this service.

Reserves

The balance of the future expenditure reserve is estimated to be \$67,892 on December 31, 2020. The reserve fund target is to retain a minimum balance of \$50,000 in order to address any legal issues, liabilities and penalties that may arise through service agreements. The proposed budget currently includes the use of the reserve for revenue generation that if implemented would see the reserve fund balance drop to \$33,000 by 2025. As stated above in this report it is recommended to increase user fees in order to avoid a significant reduction in the reserve balance.

Citizen/Public Relations

Staff continue to utilize the Recycle BC public education materials to develop an insert to be included with the quarterly billing mail outs. The information includes information on what is recyclable, where non-blue box items can be taken, and tips for recycling in general. This year's insert also includes an updated collection calendar designed to accommodate landfill closures on statutory holidays.