

# Waste Services Supplemental Capital Budget Adjustment

## Recommendation

That Utility Committee recommend to City Council:

1. That capital profile 22-81-2054, Communal Collection Program, as set out in Attachment 2 of the June 25, 2021, City Operations report CO00650, be approved.
2. That a budget increase to capital profile 13-33-2023, High Solids Anaerobic Digestion Facility, in the amount of \$530,000, as outlined in Attachment 1 of the June 25, 2021, City Operations report CO00650, be approved.
3. That the single source procurement, as outlined in Attachment 3 of the June 25, 2021, City Operations report CO00650, be approved.
4. That Attachment 3 of the June 25, 2021, City Operations report CO00650 remain private pursuant to sections 16 (disclosure harmful to business interests of a third party), 25 (disclosure harmful to economic and other interests of a public body) and 27 (privileged information) of the *Freedom of Information and Protection of Privacy Act*.

## Executive Summary

The Waste Services Supplemental Capital Budget Adjustment includes one new profile recommended for funding and budget transfers to reallocate funding for an existing profile. A new capital profile is recommended for approval to support the implementation of a mandatory three stream source separation program for multi-unit residential properties that receive communal collection, a service that will be provided through the use of a variety of shared containers, such as bins and/or carts, as outlined in the June 25, 2021, City Operations report CO00581, Multi-Unit Strategy. A transfer between profiles is required for the Anaerobic Digestion Facility. Hot commissioning is nearing completion and will be followed by performance testing. Additional budget of \$530,000 is required for the project.

Funding for the recommended budget adjustments will be reallocated from approved capital profiles as set out in Attachment 1 and will not result in additional budget or rate increases for the Waste Services Utility. Both capital profile reports are detailed in Attachment 2.

## Report

### New Profile Recommended for Funding

The new capital profile request for 22-81-2054 Communal Collection Program supports the development of mandatory three stream source separation for multi-unit properties that receive communal collection, a service that will be provided through the use of a variety of shared containers, such as bins and/or carts, as outlined in the June 25, 2021, City Operations report CO00581, Multi-Unit Strategy. This program is necessary to increase source separation of waste throughout the community and progress toward the 90 percent waste diversion target as set out in the 25-year Waste Strategy.

Funding requirements for 2022 of \$5,918,000 will be transferred from existing approved budget as follows:

- \$5,268,000 of Waste Services retained earnings from Waste Services' Vehicles & Equipment profile CM-81-2048; and
- \$650,000 of self-liquidating debentures from Waste Containers profile CM-81-2005.

Budget for 2023 onwards is requested as a new funding requirement and will reduce future needs in Waste Services' vehicles and containers composite profiles.

### Recosting Profile

The Anaerobic Digestion Facility was approved by City Council in 2013 to process municipal solid waste and to produce high quality compost and biogas. The project outcome was to build a facility capable of processing 40,000 tonnes of organic waste per year and to make heat and electricity as a byproduct of the process.

Construction on the facility started in 2016 and the facility was originally intended to be fully commissioned by 2018. After previous commissioning delays associated with a relatively novel, high risk and complex facility, the Anaerobic Digestion Facility has resumed hot commissioning, which is nearing completion. This stage will be followed by performance testing. Additional budget is required for the project in the amount of \$530,000 as set out in Attachment 3.

There are no financial impacts from this adjustment as the funding required from this budget adjustment will be transferred from Waste Services Project Delivery (Integrated Infrastructure Services) composite profile CM-81-2045.

### Financial Implications and Budget

Funding for the recommended budget adjustments will be reallocated from approved capital profiles and will not result in additional budget or rate increases for the Waste Services Utility.

**Public Engagement**

Public engagement was not conducted for this current phase of work.

**Corporate Outcomes and Performance Management**

<b>Corporate Outcome(s): The City of Edmonton has a resilient financial position.</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
Edmonton's waste service rates are fair, equitable and value-driven.	Stable Rates	0.3% (2020)	0% (2021)

**Risk Assessment**

<b>Risk Element</b>	<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Score (with current mitigations)</b>	<b>Current Mitigations</b>	<b>Potential Future Mitigations</b>
Economic	Commodity / market price changes	3 - possible	3 - major	9 - medium	Ensure all projects are aligned with changing market requirements.	Monitor and adjust operations to meet market changes.
Financial	City's financial risk on various projects	3 - possible	3 - major	9 - medium	Effective monitoring of project delivery timelines and budget.	Ongoing budget management and capital planning.
Project Management	Delay of projects	3 - possible	3 - major	9 - medium	Effective monitoring of project delivery timelines and budget.	Ongoing budget management and capital planning.

**Attachments**

1. Waste Services June 2021 Supplemental Capital Budget Adjustment
2. Capital Profile Reports
3. Single Source Justification (Private)

**Others Reviewing this Report**

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- S. McCabe, Deputy City Manager, Urban Planning and Economy
- K. Fallis-Howell, Acting City Solicitor