

CAPITAL PROFILE REPORT

PROFILE NAME: **WASTE CONTAINERS**
 PROFILE NUMBER: **CM-81-2005**
 DEPARTMENT: **Utilities**
 LEAD BRANCH: **Waste Services**
 PROGRAM NAME:
 PARTNER:
 BUDGET CYCLE: **2023-2026**

FUNDED

PROFILE STAGE: **Approved**
 PROFILE TYPE: **Composite**
 LEAD MANAGER: **Denis Jubinville**
 PARTNER MANAGER:
 ESTIMATED START: **January, 2023**
 ESTIMATED COMPLETION: **December, 2026**

Service Category: Utilities **Major Initiative:**

GROWTH	RENEWAL	PREVIOUSLY APPROVED:	19,009
40	60	BUDGET REQUEST:	-
		TOTAL PROFILE BUDGET:	19,009

PROFILE DESCRIPTION

The Waste Services Waste Container Capital Profile CM-81-2005 recommends funding for the purchase of steel bins (front load, side load, and roll-off waste containers), litter baskets, plastic bins, curbside carts, and associated accessories used in Waste Services' waste collection and drop-off programs. The purchase of waste containers supports Edmonton's urban growth as well as the replacement of waste containers that have reached the end of their service life or are beyond economically feasible repair. This profile will also support the growth of the curbside Source Separated Organics (SSO) program (i.e. curbside carts).

The four-year total capital projection is approximately \$16.1 million.

Containers are purchased each year to ensure an even expenditure pattern and maintain the desired service level of containers. The expected outcome is to continue to provide efficient collection service to Edmontonians in a safe, environmentally and economically sustainable manner.

The \$16.1 million requested in this profile considers forecasted demand for replacement and planned urban growth, including impacts related to global supply chain issues and resulting increases in commodity pricing. It also includes approximately \$4.6 million of curbside containers that were previously included under the Source Separated Organics standalone profile in 2019-2022.

PROFILE BACKGROUND

Waste Services has an inventory of over 500,000 waste containers each with an average service life of fifteen years, that require replacement at the end of their service life. New containers are required to meet growth demands for various waste collection and drop-off programs across the City. Waste containers for both replacement and growth need to be purchased on a regular basis to maintain an adequate inventory and availability of stock to meet demand. As Waste Services plans for future growth and replacement of older or damaged waste containers, there is an opportunity to adopt a proactive, long-term purchase planning approach to mitigate external risk factors, including global supply chain risks, uncertainty in the price of raw materials (steel, plastics, etc.) to build containers, and potential for changes to existing international trade agreements. Access to the required capital through the capital planning horizon enables mitigation of these risks and a level of certainty in the planning and purchase of waste containers.

PROFILE JUSTIFICATION

Waste Services retains a limited quantity of new containers in stock to meet urgent demands and ensure uninterrupted operation, however, this capital funding profile is used to purchase the required inventory to account for forecasted growth and lifecycle replacement of container assets.

Without support for this composite profile, container availability would be severely undersupplied leading to negative impacts on the environment and Waste Services programs and targets. The Utility would also experience higher risk of failure and maintenance costs of existing containers beyond their useful lives, leading to inefficiencies in waste collection services and potential safety issues. It is critical that this profile is approved to ensure continuity of container and accessory replacement and availability of stock.

The anticipated outcomes of the purchase of new waste containers include asset integrity, system reliability, efficiency, and enhanced safety: maintain high levels of customer service and realize process efficiencies through the use of sector-appropriate waste containers; maintain an adequate inventory of waste containers to meet the service demands for growth and replacement of containers at or near the end of their life cycle; and capitalize on opportunities to reduce operational costs.

STRATEGIC ALIGNMENT

Waste Services is committed to advancing Council's vision and goals. This capital funding request contributes to the overall strategic direction of City council and the goals and policies of the corporate strategic documents listed below. This contribution is made by demonstrating leadership in waste management and waste collection standards, and by increasing the diversion of residential and non-residential waste from landfill.

City of Edmonton Environmental Policy C512, Connect Edmonton: Vision 2050, Waste Services Business Plan 2022-2025, 25 Year Waste Strategy

CAPITAL PROFILE REPORT

ALTERNATIVES CONSIDERED

This is a capital funding request and does not present any alternatives for consideration. This profile is taking a status quo approach (purchasing new containers as required) as this was already determined to be the best alternative in the 2019-2022 budget cycle business case.

COST BENEFITS

The following tangible benefits are anticipated:

Adequate waste container stock to meet service demands of growth
Adequate waste container stock to replace containers at or near end of service life
Predictable purchase pattern

The following intangible benefits are anticipated:

Mitigated purchase risks through ability to plan for purchases of waste containers and a predictable purchase pattern
Better inventory management practices in place to enhance business area's accountability

KEY RISKS & MITIGATING STRATEGY

RISK: Escalation in container pricing MITIGATION: Open and transparent competitive tendering process to attain lowest feasible cost for replacement

RISK: Limited numbers of manufacturing companies to provide containers MITIGATION: Work with Corporate Procurement and Supply Services to optimize tendering strategies to ensure specifications and timelines are managed

RISK: Delay in issuing tender and getting contract signed MITIGATION: Work with Corporate Procurement and Supply Services to optimize tendering strategies to ensure specifications and timelines are managed

RESOURCES

Corporate procurement methods will be used to purchase required waste containers and associated accessories.

CONCLUSIONS AND RECOMMENDATIONS

This profile will provide capital funding to purchase new and replacement waste containers and associated accessories to ensure Waste Services has an adequate supply through 2023-2026. This funding will ensure waste containers are available to support growth and replace waste containers that have reached the end of their service life.

It is recommended that this profile with funding of \$16.1 million be approved to assist Waste Services in delivering integrated and sustainable waste management services.

Project Sponsor is the Branch Manager of Waste Services. The overall capital program is managed by the Director of Technical Services, in collaboration with Sustainable Waste Processing Services, Collection Services, Business Integration and Waste Strategy, and Financial Services.

CHANGES TO APPROVED PROFILE

2024 Spring SCBA (#24-12, Council Item 7.8): To optimize use of its cash, the Waste Utility has decided to fund 2022 and 2023 costs of these profiles, with Retained Earnings in lieu of Self-Liquidating Debentures. This allows the Utility to forego borrowing at high interest rates while using excess cash. This was not brought forward in November 2023's SCBA report to ensure full 2023 costs could be captured and avoiding bringing a similar cost transfer forward for this profile twice.

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PROFILE NAME: **Waste Containers**
 PROFILE NUMBER: **CM-81-2005**
 BRANCH: **Waste Services**

FUNDED
 PROFILE TYPE: **Composite**

CAPITAL BUDGET AND FUNDING SOURCES (000's)

	Prior Years	2024	2025	2026	2027	2028	2029	2030	2031	2032	Beyond 2032	Total
APPROVED BUDGET												
Approved Budget												
Original Budget Approved	9,072	-	-	-	-	-	-	-	-	-	-	9,072
2019 Cap Council	-3,925	-	-	-	-	-	-	-	-	-	-	-3,925
2019 Cap Carry Forward	-	-	-	-	-	-	-	-	-	-	-	-
2020 Cap Carry Forward	-	-	-	-	-	-	-	-	-	-	-	-
2021 Cap Carry Forward	-	-	-	-	-	-	-	-	-	-	-	-
2021 Cap Release to Corp Pool	-2,269	-	-	-	-	-	-	-	-	-	-	-2,269
2022 Cap Budget Request for Next Cycle	3,383	4,016	4,232	4,501	-	-	-	-	-	-	-	16,131
2022 Cap Carry Forward	-	-	-	-	-	-	-	-	-	-	-	-
2023 Cap Carry Forward	-1,883	1,883	-	-	-	-	-	-	-	-	-	-
2024 Cap Council	-	-	-	-	-	-	-	-	-	-	-	-
Current Approved Budget	4,378	5,899	4,232	4,501	-	-	-	-	-	-	-	19,009
Approved Funding Sources												
Self-Liquidating Debentures	1,549	5,899	4,232	4,501	-	-	-	-	-	-	-	16,181
Waste Mgt Retained Earnings	2,829	-	-	-	-	-	-	-	-	-	-	2,829
Current Approved Funding Sources	4,378	5,899	4,232	4,501	-	-	-	-	-	-	-	19,009

BUDGET REQUEST												
Budget Request	-	-	-	-	-	-	-	-	-	-	-	-

REVISED BUDGET (IF APPROVED)												
Revised Budget (if Approved)	4,378	5,899	4,232	4,501	-	-	-	-	-	-	-	19,009
Requested Funding Source												
Self-Liquidating Debentures	1,549	5,899	4,232	4,501	-	-	-	-	-	-	-	16,181
Waste Mgt Retained Earnings	2,829	-	-	-	-	-	-	-	-	-	-	2,829
Requested Funding Source	4,378	5,899	4,232	4,501	-	-	-	-	-	-	-	19,009

CAPITAL BUDGET BY ACTIVITY TYPE (000's)

REVISED BUDGET (IF APPROVED)	Activity Type	Prior Years	2024	2025	2026	2027	2028	2029	2030	2031	2032	Beyond 2032	Total
	Equip FurnFixt	4,378	5,899	4,232	4,501	-	-	-	-	-	-	-	19,009
	Total	4,378	5,899	4,232	4,501	-	-	-	-	-	-	-	19,009

OPERATING IMPACT OF CAPITAL

Type of Impact:

Branch:																
	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE
Total Operating Impact	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-