

## WASTE SERVICES 2025 RATE FILING

### Recommendation

That Utility Committee recommend to City Council - Budget:

1. That the 2025 Waste Services Utility Rate Filing, as set out in Attachment 1 of the November 8, 2024, City Operations report CO02415, be approved.
2. That the funding source adjustments in the Waste Containers (CM-81-2005) and Greenhouse Gas Mitigation Energy Transition Portfolio (CM-81-2049) capital profiles, as outlined in Attachment 2 of the November 8, 2024, City Operations report CO02415, be approved.

<b>Requested Action</b>	Council decision required		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Climate Resilience</b>		
<b>City Plan Values</b>	LIVE. PRESERVE.		
<b>City Plan Big City Move(s)</b>	Greener as we grow	<b>Relationship to Council's Strategic Priorities</b>	Climate adaptation and energy transition  Conditions for service success
<b>Corporate Business Plan</b>	Managing the corporation		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• 25-year Waste Strategy</li> <li>• Bylaw 20363 - Waste Services Bylaw</li> <li>• City Policy C203D - Debt Management Fiscal Policy</li> <li>• City Policy C558C - Waste Services Fiscal Policy</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>• CO01380, Proposed 2023-2026 Waste Services Utility Budget, Utility Committee, November 25, 2022</li> <li>• CO01466, Waste Services Future Multi-Year Rate Filing, Utility Committee, June 24, 2024</li> <li>• CO02676, Extended Producer Responsibility Update, Utility Committee, November 8, 2024</li> <li>• CO02705, Bylaw 20990 - Waste Services Bylaw 20363, Amendment No. 2, Utility Committee, November 8, 2024</li> </ul>		

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### Executive Summary

- The Waste Services 2025 Rate Filing presents a 10.7 per cent decrease in monthly waste utility rates for Council approval. The monthly waste utility rate for a ratepayer with a 240 litre garbage cart would be \$43.95, \$5.24 less per month than the monthly 2024 waste utility rate.
- This decrease is due to provincial Extended Producer Responsibility (EPR) regulation transferring the responsibility of paying for recycling and hazardous waste management services away from the City (i.e. utility ratepayers).
- A supplemental capital budget adjustment for the Energy Transition and Climate Resilience capital profile is included, helping advance internal projects to reduce greenhouse gas (GHG) emissions from Waste Services assets. There would be no additional financial impact to ratepayers as the funding for the projects is reallocated from savings in the Waste Containers capital profile.
- The proposed 2025 waste utility rates would continue advancing the City's waste reduction and diversion goals while providing efficient, reliable services to Edmontonians.

### REPORT

The Waste Services Utility (the Utility) is an essential part of The City Plan and supports the ConnectEdmonton goal of Climate Resilience. The Utility provides efficient and effective waste collection and drop-off services to over 430,000 residential households that receive either curbside or apartment and condo collection. Other services help meet necessary environmental liabilities; operate drop-off facilities like Eco Stations and the Reuse Centre; process waste; transport waste to end markets; educate Edmontonians about waste; and more. The Utility uses both utility rates and user fees to fund these services, each of which are set to reflect the cost of providing these services to ratepayers.

The Utility aims to lead by example by focusing on waste reduction and diversion programs while supporting and encouraging Edmontonians, businesses and institutions in their waste management practices. The following priorities in 2025 will help the Utility contribute to the City's Corporate Outcomes and the 25-year Waste Strategy's goals:

- A residential diversion rate target of 40 per cent.
- Further implementation of the Waste Reduction Roadmap to promote zero per cent growth in per-person residential waste generation.
- A mandatory source-separation program for approximately 167,000 residential households receiving apartment and condo collection.
- The development of an Industrial, Commercial and Institutional (ICI) sector waste management strategy.

### Utility Rates

Rate filings primarily address the Utility's yearly cost to provide service and sets monthly utility rates for residential ratepayers. Rate increases typically reflect inflationary pressures, new contracts, capital projects or programs, and other emerging or projected cost increases, as well

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as changes to offsetting non-rate revenues. Administration balances the Utility's goals and service obligations with the rate increase required to meet the Utility's yearly revenue requirement.

Through prudent financial management and stabilizing operating costs, Administration forecasts a zero per cent required rate increase for the Utility. This is due to increased customer growth, improved per capita waste reduction - lowering collection and processing costs - and lower interest costs balancing out increases in operating impacts.

In addition, Extended Producer Responsibility (EPR) takes effect on April 1, 2025. Through EPR, the responsibility for recycling and certain household hazardous waste categories<sup>1</sup> will transfer from municipalities, including Edmonton, to producers, who commonly use Producer Responsibility Organizations (PROs) to manage their obligations. The PROs will be responsible for ensuring the collection, processing and managing of designated waste materials. As outlined below, pending the successful outcome of ongoing negotiations, Administration will receive revenue for providing these services on behalf of PROs and as a result, the Utility would need to collect less revenue from ratepayers. Residential recycling collection and waste drop-off services are expected to continue at current levels, with no immediate operational changes.

The cost impacts of maintaining current service levels and executing approved projects while receiving EPR revenue would result in a 10.7 per cent utility rate decrease for most ratepayers in 2025. For most curbside collection customers, this is a \$5.24 decrease per month, or \$62.88 per year. The following table lists the proposed monthly rates for collection services<sup>2</sup> in 2025.

<b>Residential Waste Collection Service</b>	<b>2024 Current Monthly Rate</b> (January 1, 2024 to December 31, 2024)	<b>2025 Proposed Monthly Rate</b> (January 1, 2025 to December 31, 2025)	<b>Monthly Rate Decrease (\$)</b>	<b>Yearly Rate Decrease (\$)</b>
Curbside collection (120L garbage cart)	\$44.19	\$38.95	(\$5.24)	(\$62.88)
Curbside collection (240L garbage cart)	\$49.19	\$43.95	(\$5.24)	(\$62.88)
Curbside collection (360L garbage cart) <sup>3</sup>	\$59.19	\$53.95	(\$5.24)	(\$62.88)
Apartment and condo collection <sup>4</sup>	\$31.25	\$27.92	(\$3.33)	(\$39.96)

### Financial Impacts of Extended Producer Responsibility

In November 2022, the Government of Alberta's EPR regulation was introduced. EPR is intended to encourage companies to produce less waste and packaging, and to redevelop their products to keep them out of landfill. In addition, the responsibility of paying for utility services associated

<sup>1</sup> Includes materials like chemicals, batteries, and other forms of electronic waste; excludes materials already covered by product stewardship programs like tires, used oil, and beverage containers.

<sup>2</sup> Changes to transitional waste utility rates are included in Attachment 1 and are not included in the report for brevity.

<sup>3</sup> 360L garbage cart available only to qualifying households with seven or more people or producing non-hazardous home healthcare waste.

<sup>4</sup> Apartment and condo collection is referred to as "communal collection" in Bylaw 20363.

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with EPR shift away from municipalities, municipal taxpayers and utility ratepayers, to those directly producing and consuming goods.

In addition, the City is negotiating contracts to provide EPR-related services on behalf of PROs. Reaching agreements would enable the City to use its staff, facilities and expertise while earning revenue for these services. At the time of filing this report, contract negotiations are progressing, and Administration anticipates signing contracts prior to the EPR implementation date. Provided contractual agreements are finalized, the Utility would receive financial compensation from PROs for costs associated with recycling and managing household hazardous waste (collection, processing, etc.). This will be a permanent change to the Utility's revenue requirement which will begin in 2025, and be fully completed in 2026, as contracts are finalized and a full year effect of EPR is in place.

While EPR will take effect across Alberta on April 1, 2025, the Utility's yearly revenue requirement is calculated on an annual basis. Accordingly, the 2025 Rate Filing includes a prorated amount of \$24 million in EPR revenue based on a total annual estimated placeholder of \$32 million. EPR revenue is included in the annual total 2025 revenue requirement, allowing rates to be changed on January 1, 2025, pending a Bylaw 20363 - Waste Services Bylaw amendment. Finalized EPR contract revenues will be reflected and inform the 2026 Rate Filing.

The Waste Services 2025 Rate Filing has been reviewed by the Utility Advisor and a separate response is provided in Attachment 3. An update on EPR and its broader impacts, including service information, contractual obligations, implementation timelines and other details, is included in the November 8, 2024, City Operations report CO02676, Extended Producer Responsibility Update.

### **Supplemental Capital Budget Adjustment**

The 2023-2026 Waste Services Climate Action Plan business case includes multiple energy efficiency projects and improvements available to the Utility to reduce energy consumption and GHG emissions from its assets and facilities. Details of the business case are included in the November 8, 2024 City Operations report CO02507, Waste Services Climate Action Plan. If approved, the projected \$2.69 million cost of climate action improvements in 2025 and 2026 would be realized through a transfer from the previously approved CM-81-2005 Waste Containers profile. This will have no additional ratepayer impact.

### **Budget/Financial Implications**

Rate filings are required to set utility rates based on the cost of providing service. They are made in alignment with the four-year budget cycle and reflect changing costs to the Utility. City Policy C558C - Waste Services Fiscal Policy allows the Utility to set rates for up to four years at a time. Administration is using one-year rate filings in both 2025 and 2026 to manage the shifting costs of EPR, mitigate financial risk and encourage more conservative rate forecasting.

### **Legal Implications**

If approved, 2025 utility rates would be amended under Bylaw 20990 - Waste Services Bylaw 20363, Amendment No. 2. Bylaw 20990 is scheduled to be presented at the November 8, 2024

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Utility Committee and to Council during budget deliberations for final approval. Bylaw 20363 authorizes the City Manager to determine the collection service type for each residential property in the City's boundaries, and can change the service type based on operational considerations.

### Community Insight

Waste Services is funded through a utility model, and the monthly utility rate appears on a resident's EPCOR bill. An explanation of how Waste Services funds its services is accessible at [edmonton.ca/WasteRates](https://edmonton.ca/WasteRates). Rates fund services identified as priorities by residents, businesses and other organizations in the guiding 25-year Waste Strategy, which was supported by the Future of Waste public engagement in 2018 and 2019. Administration is planning five-year updates to the 25-year Waste Strategy and the Waste Reduction Roadmap, which will be supported by public engagement in 2025.

An October 2023 survey assessing satisfaction with City services identified respondents perceive waste collection as a very or somewhat important civic service (91 per cent), are very or somewhat satisfied with their waste services (67 per cent) and believe the current investments in waste should remain the same (60 per cent)<sup>5</sup>.

### GBA+

Waste Services sets equitable utility rates for residential customers based on the collection service provided. These rates fund services accessible to all ratepayers, including drop-off facilities, waste reduction and outreach programs, and environmental management. A particular program, Assisted Waste Collection, helps Edmontonians who have difficulty moving waste to the designated set-out location with assistance from City staff and waste collectors. This service is offered at no extra charge, as the cost is subsidized by all ratepayers.

Administration developed a variable utility rate for curbside collection customers, encouraging ratepayers to choose a garbage cart size and utility rate aligned with their needs. Three garbage cart sizes (120L, 240L, 360L) are available to customers based on the amount of waste they produce, and are assigned to reflect the cost of providing service while encouraging waste reduction. The 360L cart is only available to households producing home medical waste or with seven or more people in the home.

### Environment and Climate Review

The Waste Services 2025 Rate Filing details how the Utility is funding its upcoming operations and projects, in alignment with the approved 2023-2026 Waste Services Utility Budget. In fall 2019, Council approved the 25-year Waste Strategy, which changed the way Edmontonians sort and manage waste. The City aims to divert 90 per cent of residential waste from landfills and increase the amount of waste being reduced across all sectors.

The effects and impacts of Waste Services' operations on GHG emissions will be monitored and mitigated. Maintaining environmental compliance and reducing the carbon footprint, while appropriately and transparently setting utility rates is a core principle of Waste Services.

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<sup>5</sup> [City of Edmonton Service Satisfaction - Online Survey](#), Advanis, October 2023

## **WASTE SERVICES 2025 RATE FILING**

### **Attachments**

1. Waste Services 2025 Rate Filing
2. Waste Services Fall 2024 Supplemental Capital Budget Adjustment
3. Utility Advisor Review - Edmonton Waste Services - 2025 Rate Filing