

CAPITAL PROFILE REPORT

PROFILE NAME: **WASTE CONTAINERS**
 PROFILE NUMBER: **CM-81-2005**
 DEPARTMENT: **Utilities**
 LEAD BRANCH: **Waste Management Services**
 PROGRAM NAME:
 PARTNER:
 BUDGET CYCLE: **2019-2022**

FUNDED

| | |
|-----------------------|-------------------|
| PROFILE STAGE: | Approved |
| PROFILE TYPE: | Composite |
| LEAD MANAGER: | Michael Labrecque |
| PARTNER MANAGER: | |
| ESTIMATED START: | January, 2019 |
| ESTIMATED COMPLETION: | December, 2022 |

| Service Category: Utilities | | Major Initiative: | |
|-----------------------------|----------------|------------------------------|--------------|
| GROWTH | RENEWAL | PREVIOUSLY APPROVED: | 9,072 |
| 44 | 56 | BUDGET REQUEST: | - |
| | | TOTAL PROFILE BUDGET: | 9,072 |

PROFILE DESCRIPTION

The Waste Container Capital Profile supports the replacement of existing assets and growth to support the current market conditions and the changing needs of Waste Services customers. An outcome of this profile is to provide funding for the purchase of front load, side load, roll-off containers and litter baskets used in the Waste Services' residential and non-residential collection programs. This profile also provides funding for purchasing the carts required to support the residential Source Separated Organics (SSO) pilot program in 2019.

The four-year total capital projection is approximately \$9.1 million. Out of this, approximately \$2.8 million is for growth, \$2.5 million is for replacement of containers and \$1.5 million for purchasing new plastic carts for the SSO pilot program. The remaining is for buying accessories for the containers and plastic carts. Front load containers, used primarily at multi-family sites, comprise the largest portion of the container capital profile by volume and asset value, and will be the main focus of this business case.

Alternatives identified and reviewed in this business case include:

Alternative 1: Continue funding through capital

Alternative 2: Refurbishment of containers currently in Waste Services inventory

Taking full consideration of the effectiveness, efficiency, and risks, Alternative1-Continue Funding Through Capital, is recommended. This alternative will continue to manage the inventory of containers to achieve maximum life while reducing the cost of service delivery and retaining the potential to earn a return on rate base for Waste Services.

PROFILE BACKGROUND

Waste Services provides waste collection services for the multi-unit residential sector in the City. Part of this service includes the provision of waste and recycling containers. A waste or recycling container, is defined as a metal or plastic container used to temporarily store both refuse and recycling waste at various locations such as multi-unit residences, Eco-Stations, the Edmonton Waste Management Centers (EWMC), Waste Services operates a container maintenance program that intakes containers for servicing, replacing parts and accessories along with pick up for painting and/or minor repairs when required. Containers that are still structurally sound may be repaired to extend their service life. However, some containers are damaged by fire or have other structural failures that require early replacement. The current weighted average age of Waste Services containers is nine years. etc.

PROFILE JUSTIFICATION

Waste Services has inventory of approximately 13,400 containers, each with an average life cycle of 15-years that require replacement at the end of their useful life. New containers are also required to match growing demands in residential and non-residential services due to conditions such as an increase in construction of new condos and multi-unit apartment buildings, new community commercial program partners, and an increase in number of litter basket locations across the City to better serve the public. Waste containers for both replacement and growth need to be purchased on a regular basis in order to maintain inventory levels and availability of stock on site to meet the demand requests.

The current weighted average age of Waste Services containers is nine years. If this profile is not approved for funding, at the end of 2022 the weighted average age of the containers is projected to be 13 years, which is very close to their end of asset life age of 15 years.

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In August 2018, Administration submitted a report on the Source Separated Organics (SSO) Pilot which was approved by Utility Committee and Council for implementation in 2019. This pilot program will test multiple options for source separating kitchen organic waste from the regular curbside garbage collection stream. This implementation requires one time purchase of plastic carts for the program in 2019.

Anticipated Outcomes:

Outcome 1: Maintain high levels of customer service delivered in both an efficient and effective way through different waste collection services that use current and new equipment to deliver excellent service to Waste clients.

Estimated Timeline: 85 percent satisfaction with multi-unit services in 2017. Waste Services will continue to monitor the satisfaction in this sector on an ongoing basis.

Outcome 2: Maintain an effective infrastructure to meet the service demands for both growth and replacement

Estimated Timeline: Ongoing

Outcome 3: Ensure a competitive market for services provided to commercial customers

Estimated Timeline: Reviewed constantly and on an ongoing manner as contracts are tendered for various services with different timelines

Outcome 4: Provide carts for the SSO pilot project

Estimated Timeline: Spring 2019

Scope

Front load steel containers

Side load steel containers

Roll-off steel containers

Litter baskets

Plastic carts for the SSO pilot program

Out of Scope

Private sector containers

ETS waste containers/baskets

Parks and Recreational Services waste containers/baskets

Eco station containers provided by on-site contractor

Critical Success Factors:

Timely acquisition of required containers.

Timely tender process as majority of containers are fabricated metal products that are directly impacted by local labour rates, global metal prices and any tariffs affecting the Canadian market.

Adherence to container maintenance program plan

STRATEGIC ALIGNMENT

This profile aligns with the following new strategic goals of the City of Edmonton:

Healthy City; Urban Places; Regional Prosperity & Climate Resilience.

This profile aligns to the City of Edmonton's Waste Management Policy C527 which commits to delivering sustainable waste management service exceeding provincial waste diversion and processing standards. This profile also aligns with Waste Services integrated 25-year strategic outlook.

ALTERNATIVES CONSIDERED

Several options were reviewed, please refer to pages 13-15 of the attached business case for details.

COST BENEFITS

Benefits

Increased accuracy of forecasting capital expenditure to make informed capital decisions

Increased adherence to budget and inventory schedules estimates

Structured process to evaluate readiness, scope and prioritization will improve project management practices within the organization

Please refer to pages 18-22 of the attached business case for detail financial analysis.

KEY RISKS & MITIGATING STRATEGY

The risks and mitigation strategies for the outlined alternatives are summarized in pages 22-24 of the attached business case.

RESOURCES

Alternative 1: Continue Funding through Capital: No additional resource costs incurred by WS.

Alternative 2: Refurbishment of Containers currently in inventory: No additional resourcing and equipment costs incurred by WS.

CONCLUSIONS AND RECOMMENDATIONS

Waste Services (WS) provides collection services to both residential & non-residential sectors. Financial analysis shows that Alternative 1 (funding through capital) has a lower financial impact of approximately \$9.1 million than Alternative 2 (refurbishment of containers in Waste Services inventory), where the capital impact is approximately \$13.5 million. This business case indicates that Alternative 1 has the least overall impact on Waste Services through comprehensive risk and impact analyses.

As such Alternative 1, Funding Through Capital is recommended. This alternative will continue to manage the inventory of containers to achieve maximum life while reducing the cost of service delivery and retaining the potential to earn a return on rate base for Waste Services

CAPITAL PROFILE REPORT

Profile Page 4

PROFILE NAME: **Waste Containers**

PROFILE NUMBER: **CM-81-2005**

BRANCH: **Waste Management Services**

FUNDED

PROFILE TYPE: **Composite**

CAPITAL BUDGET AND FUNDING SOURCES (000's)

| APPROVED BUDGET | | Prior Years | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Beyond 2026 | Total |
|-----------------|----------------------------------|-------------|------|-------|-------|-------|-------|------|------|------|------|-------------|-------|
| | Approved Budget | | | | | | | | | | | | |
| | Original Budget Approved | - | - | 3,074 | 1,930 | 1,998 | 2,070 | - | - | - | - | - | 9,072 |
| | Current Approved Budget | - | - | 3,074 | 1,930 | 1,998 | 2,070 | - | - | - | - | - | 9,072 |
| | Approved Funding Sources | | | | | | | | | | | | |
| | Self-Liquidating Debentures | - | - | 3,074 | 1,930 | 1,998 | 2,070 | - | - | - | - | - | 9,072 |
| | Current Approved Funding Sources | - | - | 3,074 | 1,930 | 1,998 | 2,070 | - | - | - | - | - | 9,072 |

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

| REVISED BUDGET (IF APPROVED) | Revised Budget (if Approved) | - | - | 3,074 | 1,930 | 1,998 | 2,070 | - | - | - | - | - | 9,072 |
|------------------------------|------------------------------|---|---|-------|-------|-------|-------|---|---|---|---|---|-------|
| | Requested Funding Source | | | | | | | | | | | | |
| | Self-Liquidating Debentures | - | - | 3,074 | 1,930 | 1,998 | 2,070 | - | - | - | - | - | 9,072 |
| | Requested Funding Source | - | - | 3,074 | 1,930 | 1,998 | 2,070 | - | - | - | - | - | 9,072 |

CAPITAL BUDGET BY ACTIVITY TYPE (000's)

| REVISED BUDGET (IF APPROVED) | Activity Type | Prior Years | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Beyond 2026 | Total |
|------------------------------|----------------|-------------|------|-------|-------|-------|-------|------|------|------|------|-------------|-------|
| | Equip FurnFixt | - | - | 3,074 | 1,930 | 1,998 | 2,070 | - | - | - | - | - | 9,072 |
| | Total | - | - | 3,074 | 1,930 | 1,998 | 2,070 | - | - | - | - | - | 9,072 |
| | | | | | | | | | | | | | |

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 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |