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Director of Engineering Services, District of Kitimat

DATE: June 7, 2023

FROM: Carey McIver
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PROJECT: Cost Recovery

SUBJECT: Solid Waste Management – Cost Recovery Policy

1. Introduction

The District of Kitimat (the District or DOK) has engaged Carey McIver & Associates Ltd. (CMA) to develop a new cost recovery policy for the District's solid waste services. The District's Solid Waste Management Strategy and Action Plan (SWAP or Strategy) approved by Council in February 2020, recognized that the solid waste management system in Kitimat was inadequate with respect to waste diversion and residual management services. Since then, DOK Council has implemented or has plans to implement significant improvements to modernize the solid waste system. These actions will result in substantial capital and operating cost increases going forward.

Under the current cost recovery policy, system costs are recovered almost entirely from property taxes. Although commercial customers at the landfill pay a small disposal fee, residential customers can dump for free. Most local governments in BC that have faced similar cost increases have introduced tipping fees to recover a portion of their system costs instead of increasing property taxes. This is considered a more fair and equitable approach given that people generate garbage, not property. User-pay cost recovery policies also have the added advantage of promoting higher diversion which in turn conserves expensive landfill capacity.

This technical memorandum will address the policies, programs and projects contained in the SWAP for implementation over the next five years, the capital and operating cost increases associated with these initiatives, a fair and equitable option to recover these costs that encourages waste diversion, and a transition plan to implement the new cost recovery policy.

2. Solid Waste Management Strategy & Action Plan

In April 2019 the District of Kitimat engaged Maura Walker & Associates (MWA) in collaboration with CMA to develop a Solid Waste Management Strategy and Action Plan. The SWAP development process consisted of: an analysis of the existing system for managing solid waste in the District; the development of options to improve the system; the review and selection of the most appropriate options; preparation of a draft Strategy; review of the draft Strategy by Council; consultation with the public and stakeholders on the draft Strategy; and then final adoption.

MWA's analysis of the solid waste management system concluded that the DOK system was deficient with respect to waste diversion and residual waste management. The following sections outline issues related to residential curbside collection, the Kitimat Landfill, diversion of ICI (industrial, commercial, institutional) and industrial camp waste and harmonization with the Regional District of Kitimat-Stikine (RDKS).



Residential Curbside Collection System

Unlike many comparable communities in BC that had implemented can limits on residential garbage, curbside collection of recyclables, and to a lesser extent yard and or food waste collection, the District's garbage collection service still allowed households to put out up to three containers of garbage and two bags or bundles of yard waste at the curb every week. Although yard waste was set out separately from garbage, it was still collected in the same truck and deposited in the landfill as garbage.

Residual Waste Management – Kitimat Landfill

The analysis also concluded that the Kitimat Landfill, which is un-lined, was decades behind most other landfill operations in BC. Since the introduction of the 1993 Landfill Criteria, most local governments had moved towards closing unlined landfills and replacing them with transfer stations and fully engineered lined regional landfill facilities. Best practices in landfill operation also included the provision of weigh scales, improved safety by the separation of commercial and self-haul customers, as well as opportunities for recycling.

In 2016 the MOE updated the 1993 Landfill Criteria to outline new standards and operating procedures to ensure better environmental protection by requiring new landfills and lateral expansions of existing landfills to install liners and leachate collection systems.

In 2019 the District engaged AECOM to undertake a detailed Conformance Assessment against the 2016 Landfill Criteria. In this assessment AECOM concluded that the Kitimat Landfill was not in compliance with the 2016 Landfill Criteria. Particularly, planned expansion into the Phase 3 fill area (Phase 1 was closed in 2018 and garbage was currently being placed in Phase 2), would require the construction of a liner and leachate collection and treatment system at a substantial capital cost.

Landfill Capacity Shortage – Divert Residential, ICI and Industrial Camp Waste

This meant that once the Phase 2 fill area is full, which could be in less than five years, the District would not have the authority to move into Phase 3 without significant capital investment in design and operational improvements. This made it imperative that the District conserve the remaining capacity in Phase 2 to provide time to fully assess residual management options.

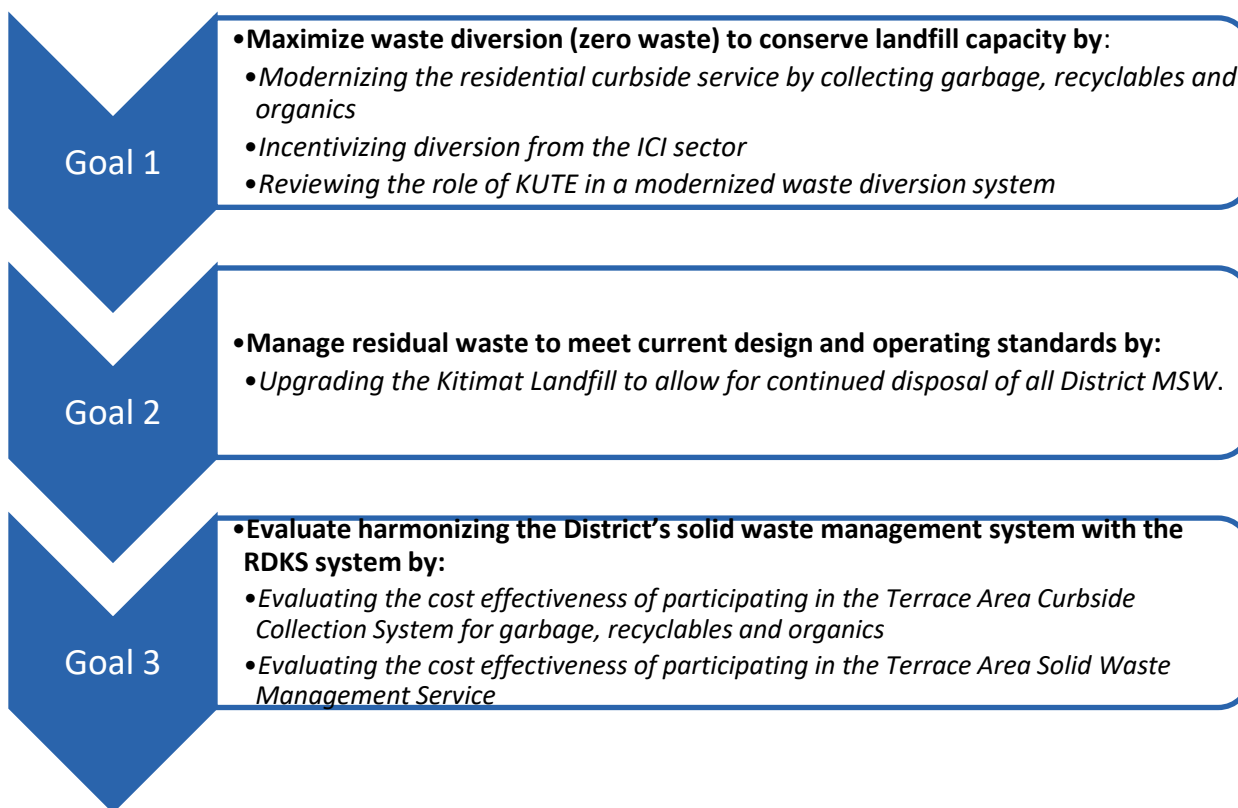
Harmonization with the RDKS System

In 2016 the RDKS modernized the solid waste management system in the Terrace Service Area by closing the Terrace and Thornhill landfills and replacing them with the Thornhill Transfer Station (adjacent to the closed Thornhill Landfill) and the Forceman Ridge Regional Waste Management Facility.

Forceman Ridge, which is roughly 30 kilometers from Kitimat, consists of a compost facility, septage receiving facility, an engineered landfill, and a five-stage leachate collection and treatment system. The Terrace Service Area also operates a residential curbside garbage, recyclables and organics collection program. Harmonization between the solid waste management systems operating in the District of Kitimat and the RDKS Terrace Service area may provide substantial benefits to both regional partners.



Based on an analysis of the current system the approved SWAP identified the following key goals and strategies to modernize the DOK solid waste system.



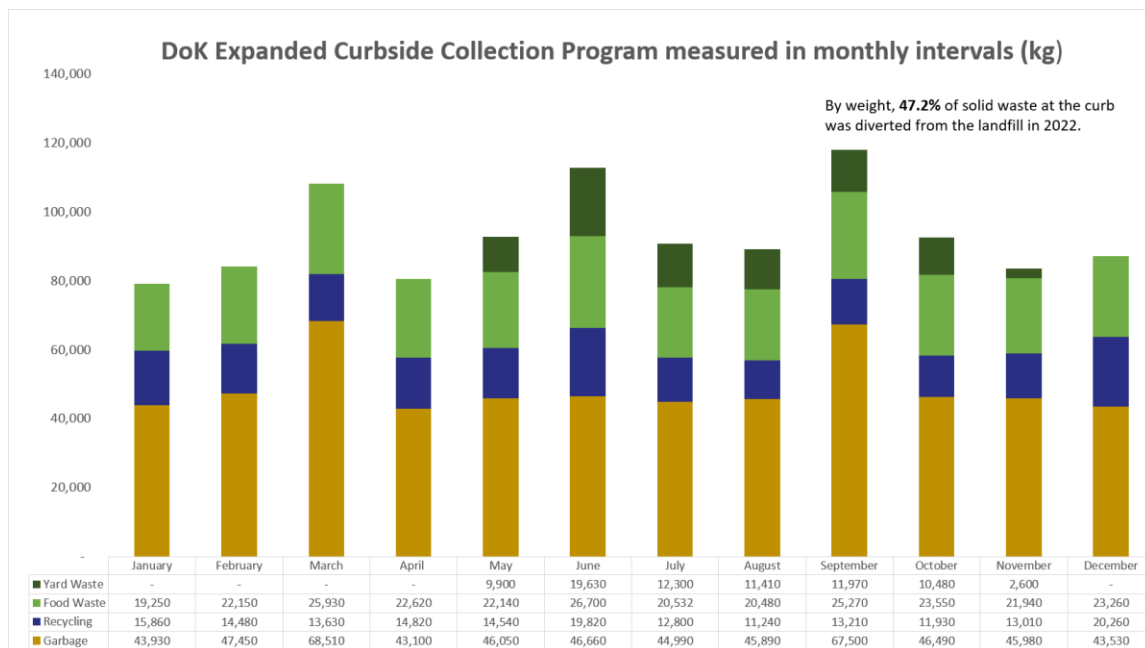
3. SWAP Actions to Date & Next Steps

The following sections provide a summary of the actions completed since 2020 as well as actions identified at the workshop for completion in the next five years.

3.1 Residential Curbside Collection Service

The residential curbside collection service in the DOK had been completely modernized. The service provides weekly collection of food waste, bi-weekly collection of recyclables and garbage on alternating weeks and seasonal bi-weekly collection of yard waste. This new service has resulted in significant improvement in waste diversion from landfill as indicated in the Figure 1 below. By weight, 47% of solid waste collected at the curb was diverted from landfill disposal.

With respect to contamination, Recycle BC audits indicate that DOK curbside customers have one of the lowest contamination rates in the province and RDKS report that the food waste transferred to the Forceman Ridge organics processing facility has minimal contamination. However, this might be because participation rates are low and system users are primarily keepers. Based on two collection surveys, only 59% of households set out garbage on collection day, 48% of households set out blue boxes and only 35% set out green bins.

**Figure 1: DOK Expanded Residential Curbside Collection Program**

The low participation rate for the service is likely because there are no tipping fees for disposal at the Kitimat Landfill. Without tipping fees there is no incentive for waste diversion. Given that the DOK pays the collection contractor a fixed fee regardless of whether material is set out at the curb, providing incentives for more households to use the system would increase diversion and reduce trips to the landfill.

Many curbside programs in BC incentivize participation and hence diversion by implementing tag systems whereby a limit is set on the number of garbage cans that can be collected without affixing a tag. For the District of Kitimat this could mean reducing the number of garbage cans from three to one or two every other week and requiring households with extra cans to purchase and affix tags. These programs are very effective in that households that generate more garbage pay more however they are only viable when there is a charge for disposal at the landfill.

These programs also are primarily user pay in that residential customers pay the full cost of collection and disposal. This currently not the case in the DOK. Although residential households pay a flat fee of \$146 per year per unit, payable by line charge as part of annual property taxes, this doesn't cover the full cost of the residential collection and disposal system.

While the cost of recycling collection is partially covered by Recycle BC, the District must pay the cost of transfer to Terrace. The DOK also pays for transfer of food waste to the RDKS Forceman Ridge composting site as well as a tipping fee of \$300 per tonne. Staff estimate that if these costs were included the annual 2022 user fee would have been closer to \$280 per year.

It is important to note that this annual cost estimate does not include the infrastructure costs associated with installing portable weigh scales as per Recycle BC requirements as well as transfer facilities for recyclables and food waste. The cost estimate also does not include a garbage disposal fee. Currently, all these capital and operating costs are recovered through property taxes.



3.2 Compost Facility

As discussed above, the District currently sends residential food waste to the RDKS Forceman Ridge compost facility at fee of \$300 per tonne. This fee reflects the current RDKS surcharge for out-of-service area waste. To reduce costs, the DOK was successful in obtaining a 2/3 funding grant to build an organics processing facility at the Kitimat Landfill at an estimated capital cost of \$1,365,576. Design and construction will start this year with final completion scheduled for March 2024.

This facility will allow the DOK to ban the disposal of commercial food waste from the landfill active face as outlined in the SWAP. Based on experience at other local government landfills, bans are successful when the tipping fee for garbage is higher than the fee for food waste processing. The current estimated \$20 per tonne garbage tipping fee charged to commercial customers provides little incentive to divert waste. To maximize diversion the DOK will need to establish an organics tipping fee to recover the costs associated with operating the facility as well as a garbage tipping fee that supports diversion.

3.3 Limited Landfill Capacity

DOK staff and landfill engineering consultants have been working with the Ministry of Environment and Climate Change Strategy (ENV) to draft a new Design, Operations and Closure Plan (DOCP) and associated Operational Certificate (OC) for the Kitimat Landfill. This new OC will replace the permit issued to the DOK in 1995 and subsequently amended in 1996 to meet the 1993 Landfill Criteria.

ENV have confirmed the limits of waste in Phase 2 that will provide roughly five years of capacity from the date of the last airspace survey completed in late 2022. ENV have also informed us that they will likely issue a new OC by the end of 2023.

Under the new OC, the DOK will continue to improve the operating standards with respect to the acceptance of garbage, organics, and construction & demolition waste including inert fill. With defined disposal capacity, new infrastructure and progressive closure, there is limited space to accept and stockpile materials. These materials will require additional handling which will increase operating costs and likely require a tipping for cost recovery.

3.4 Participation in the RDKS Service – Infrastructure Requirements

Recognizing that the Kitimat landfill has limited disposal capacity, the SWAP recommends that the DOK evaluate the cost effectiveness of the participating in the Terrace Area Solid Waste Management Service operated by the RDKS. This is because the Forceman Ridge Waste Management Facility has well over 75 years of disposal capacity. If Council decides to participate in the RDKS service, the DOK could be responsible for the design and construction of a full service transfer station which includes the capital costs associated with completing the new scale plaza, self-haul drop-off area (Z wall), enclosed transfer building, transfer trailers and roll-off bins. The DOK will also be responsible for the closure and post-closure costs as well as annual environmental monitoring and reporting.

3.5 Proposed Five Year Capital Plan

Table 1 below provides the proposed five year capital plan associated with the new Operational Certificate and RDKS infrastructures requirements. This five year capital is for planning purposes only as Council reviews the plan each year and approves capital projects on an annual basis.



It is important to note that this plan assumes that landfill disposal capacity will be exhausted by 2027. However, landfill lifespan is still difficult to predict without the installation of weigh scales to provide accurate tonnages. Lifespan will also be impacted by diversion initiatives including those contained in the SWAP as well as other potential diversion initiative arising from discussions with RDKS and ENV regarding the new OC.

This is significant because any extension in disposal capacity would provide the District with more time to build reserves to construct the new transfer station. While these reserves can be funded through taxation, funding reserves through tipping fee revenue provides a fairer approach since landfill users, not property owners will fund the reserves. However, with respect to construction of the self-haul drop-off area, this project should be completed by 2024 to avoid further construction cost increases and to meet the requirements of the Operational Certificate.

Table 1: Proposed Five Year Capital Plan

Project	2023	2024	2025	2026	2027
Waste Mgmt Plan	\$ 50,000	\$ 25,000			
Landfill Conformance Plans	\$ 50,000	\$ 25,000			
Scale Plaza	\$ 829,500				
Self -Haul Drop-Off Area	\$ 300,000	\$ 1,500,000			
Compost Facility	\$ 1,365,576				
Phase 1 Vegetation Plan		\$ 60,000			
Water Reservoir		\$ 50,000	\$ 500,000		
Phase 2 Progressive Closure			\$ 150,000	\$ 1,500,000	
Eco-Depot			\$ 150,000	\$ 2,000,000	\$ 2,000,000
Tranfers Station - Garbage				\$ 200,000	\$ 2,000,000
Total	\$ 2,595,076	\$ 1,660,000	\$ 800,000	\$ 3,700,000	\$ 4,000,000

3.6 Landfill Operations Contract

The higher operating standards required under the new ENV Operational Certificate will result in higher residual management operating costs, particularly with respect to the landfill operations contract. The current contract, which expires in June 2023, is renewable for another two years. Since the self-haul drop-off and compost facility will not be completed until 2024, staff have negotiated a one-year extension to the current contract. An RFP for a new contract will be issued in October 2023. This contract will likely be for a four year term with an option to extend for 2-3 years depending on when the District joins the RDKS service.

To meet operational certificate requirements, the contract extension contains an updated scope of work which includes:

- Providing scale attendants, who will issue scale tickets for all incoming and outgoing loads, and will visually screen ingoing and outgoing materials, during all operating hours;
- Providing a landfill attendant to be present at the active face during operating hours; guiding and screening incoming loads of waste for residential and commercial waste;



- Snow clearing of the recycling and food waste transfer facility, scale house plaza and all necessary access roads;
- Maintenance of all existing and new facilities; and,
- Under the contract extension the contractor will no longer collect and retain tipping fees. Instead, the scale attendant will collect tipping fees on behalf of the DOK.

In recognition that this updated scope of work could entail a significant cost increase, to reduce costs, the contract extension changes the daily hours of operation from the current summer hours of 1 p.m. to 8 p.m. Monday, Wednesday, Thursday, and Friday and 11 a.m. to 5 p.m. Saturday and Sunday, to 10 a.m. to 5 p.m. each operating day in the summer. In the winter, the daily operating hours would change from 11 a.m. to 5 p.m. on each operating day to 10 a.m. to 4 p.m. These modifications to operating hours will bring the Kitimat Landfill in line with most other facilities in BC.

Even with modified hours of operation, the contract extension cost is significantly higher than staff had forecast for 2023. DOK staff estimate that under the contract extension, there will be a roughly \$125,000 increase to the 2023 operating budget for residual management.

4. Impacts of Cost Increases to Five Year Financial Plan

Table 3 provides a summary of the estimated impact of these cost increases to the five year financial plan. In this Table the 2023 property tax requisition is held constant for the next five years while operating and capital costs increase. This table also assumes that capital costs will be funded through taxation unless the District has sufficient reserves in place to fund the required projects. This means that future deficits will require significant increases to property taxes. Given competing needs in the District, funding solid waste services with property taxes may not be sustainable in the future.

Table 3: Estimated Five Year Financial Plan

	2023	2024	2025	2026	2027
Revenue					
Property Tax	\$ 3,428,180	\$ 3,428,180	\$ 3,428,180	\$ 3,428,180	\$ 3,428,180
Residential Collection Fee	\$ 525,162	\$ 525,162	\$ 525,162	\$ 525,162	\$ 525,162
Recycle BC Incentive	\$ 162,584	\$ 162,584	\$ 162,584	\$ 162,584	\$ 162,584
Grants (OICP & OIP)	\$ 910,384	\$ -	\$ -	\$ -	\$ -
Tipping Fees					
Total Revenue	\$5,026,310	\$4,115,926	\$4,115,926	\$4,115,926	\$4,115,926
Expenditures					
Residential Collection	\$ 822,754	\$ 715,941	\$ 734,433	\$ 748,162	\$ 762,171
Residual Operations	\$1,088,480	\$2,042,014	\$2,122,824	\$2,241,393	\$2,367,413
Closure Reserves	\$ 220,000	\$ 255,000	\$ 285,000	\$ 320,000	\$ 350,000
Capital	\$2,595,076	\$1,660,000	\$ 800,000	\$3,700,000	\$4,000,000
KUTE	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Total Expenditures	\$5,026,310	\$4,972,955	\$4,242,257	\$7,309,555	\$7,779,584
Surplus/Deficit	\$ -	-\$ 857,029	-\$ 126,331	-\$3,193,629	-\$3,663,658



5. Cost Recovery Options

5.1 Current Cost Recovery Policy

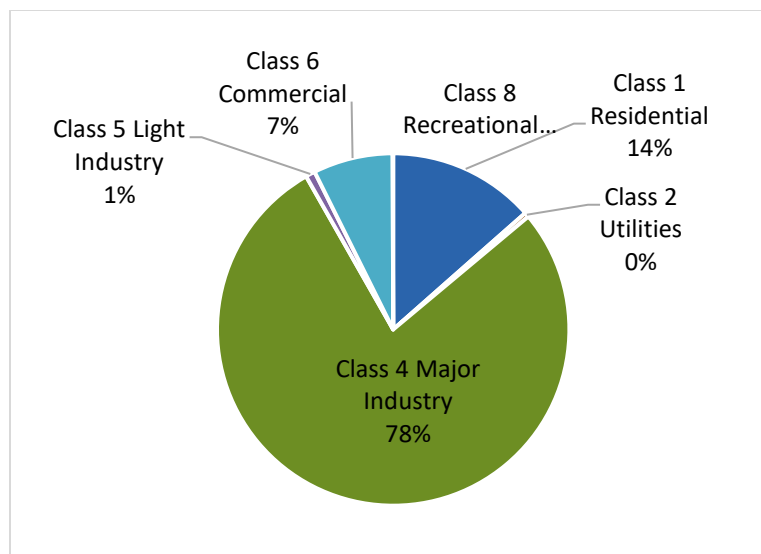
The current cost recovery policy for solid waste management services in the DOK is neither fair nor equitable. In 2022, roughly 79% of costs were recovered through property taxes, with only 16% recovered from residential collection user fees, and 5% from the Recycle BC incentive as illustrated in Table 4. Funding solid waste services through property taxes is inherently unfair since there is no relationship between property values and garbage generation.

Table 4: Current Cost Recovery in the DOK (2022)

Revenue	2022	Share
Property Tax	\$2,540,254	79%
Residential Collection Fee	\$ 525,162	16%
Recycle BC Incentive	\$ 162,584	5%
Grants (OICP & OIP)	\$ -	0%
Tipping Fees	\$ -	0%
Total Revenue	\$3,228,000	

It is also important to note that the property tax requisition in the District of Kitimat is highly skewed towards the industrial tax base as illustrated in Figure 4. Although this approach is not unique for resource based communities, this means that heavy industry, which is prohibited from using the Kitimat Landfill is actually paying the majority of the costs for the service.

Figure 4: DOK Property Tax Apportionment 2022





Although the Municipal Code charges commercial users a volume based tipping fee and commercial customers that generate more garbage pay more, at an estimate of \$20 per tonne, this minimal fee does little to encourage diversion. And residential self-haul customers do not pay any fee at all, which is also unfair since residents that have made efforts to reduce their garbage are equal to residents who have not.

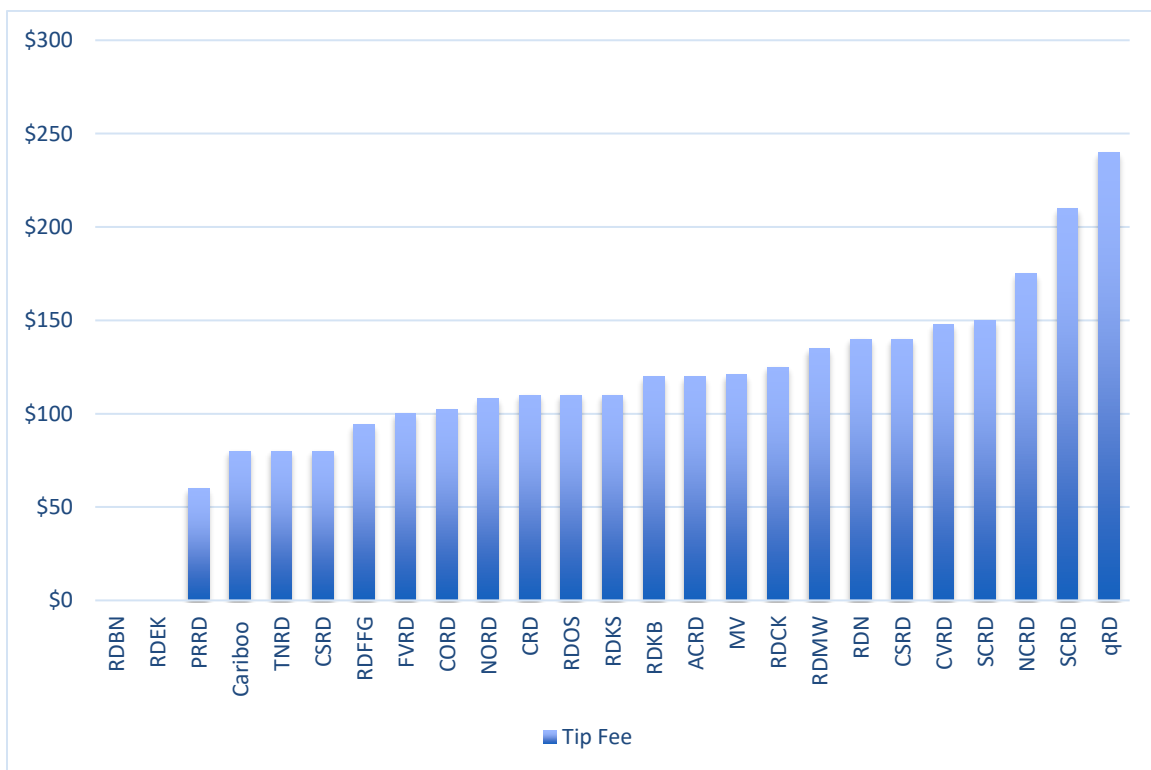
The current cost recovery policy is also unbalanced because tipping fees are only charged to commercial customers and not residential. Most solid waste management services in BC have moved away from making a distinction between users based on whether they are commercial or residential and instead charging all customers at the same rate with a minimum charge for self-haul users.

5.2 Cost Recovery in BC Solid Waste Management Systems

As stated previously, most local governments in BC that have faced cost increases due to higher environmental protection and operating standards at their landfills have adopted cost recovery policies that incorporate tipping fees. While the actual split between property taxes and tipping fees varies between regional districts due to differences in population, economies, and environmental standards, for the majority of landfill operators in BC, at least 50% of their system costs are recovered through tipping fees.

Figure 5 below illustrates the range of tipping fees that were charged for municipal solid waste (MSW) by regional districts in 2022.

Figure 5: Tipping Fees Charges for Municipal Solid Waste by Regional District in 2022





It is important to note that although the Regional District of Bulkley-Nechako (RDBN) does not charge tipping fees for MSW, landfill fees were charged for other materials such as construction/demolition (CD) waste, bulky waste, landclearing waste, asbestos, contaminated soil, and work camp waste. And, with respect to MSW, the RDBN has been reviewing their cost recovery policy and intends to implement tipping fees for this MSW in the near future.

In the Regional District of East Kootenay (RDEK), there is no charge for MSW from commercial or residential customers. However, the RDEK does charge for controlled wastes such as animal carcasses, asbestos, biomedical waste, mixed loads of CD waste, food processing waste, land clearing waste, septic sludge, contaminated soil, clean soil as well as fees for some recyclable materials such as asphalt, auto hulks and tires.

All other regional districts charge tipping fees for MSW ranging from \$60 per tonne in the Peace River Regional District (PRRD) to \$240 per tonne in the Qathet Regional District. The average MSW tipping fee in these regional districts was \$124 per tonne in 2022.

If the District chooses to join the RDKS solid waste service, then the RDKS cost recovery policy will apply to the DOK. Currently the RDKS policy is based on 50% taxation and 50% tipping fees. At the Thornhill Transfer Station, a minimum charge of \$10 applies to all loads up to 200 lbs or 90 kg of material. The MSW tipping fee of \$113.50 per tonne is charged for loads over the 90 kg limit. Under the Terrace Area Waste Management Facility Regulation Amendment Bylaw No. 774, 2022, the fee for garbage will increase annually to \$124 per tonne in 2026. This bylaw also charges fees for other materials such as animal carcasses, clean wood, CD waste, land clearing waste, metal, organic materials, and asbestos.

5.3 Cost Recovery Option for the District of Kitimat

As stated previously, funding the DOK solid waste management system primarily through property taxes is neither fair nor equitable and does not incentivize diversion. The District's own policy regarding sources of revenue states that taxation is preferred if the service has a broad public benefit regardless of the quantity of services any individual consumes while user pay is the preferred method if there is no broad public benefit accruing to those who do not consume the service.

In other words, it is fair to fund services such as parks and recreation from property taxes since it is undesirable to discourage consumption through user fees. However, for solid waste services it is fair to charge user fees that will discourage consumption, control costs, and promote diversion. Also, charging tipping fees for solid waste services may allow the District to reallocate property tax funding to other services.

District staff have developed the following phased cost recovery option for Council's consideration. Once the scale plaza is complete in September 2023, the current volume based tipping fee charged to commercial customers would be converted to weight based and increased from the equivalent of \$20 per tonne to \$50 per tonne. In January 2024 tipping fees would be charged to all customers at the same rate, with self-haul customers paying a minimum charge of \$5 per trip up to 100 kg after which the tipping fee will apply.



Under this proposal, garbage tipping fees would be increased to \$75 per tonne in 2024, \$100 per tonne in 2025, \$110 per tonne in 2026 and \$120 per tonne in 2027. And, similar to the RDKS, in 2025 self-haul loads under 100 kg would be charged a flat rate of \$10 per load.

Table 5 indicates the tipping fee revenue that could be generated from this phased cost recovery proposal. It is important to recognize that the projected tipping fee revenue is based on estimated tonnages. The installation of weigh scales will allow for more accurate revenue projections.

Table 5: Proposed Tipping Fee Policy and Revenue Estimates

Tipping Fees	2023	2024	2025	2026	2027
Commercial - Per Tonne	\$ 50	\$ 75	\$ 100	\$ 110	\$ 120
Estimated Revenue	\$ 100,000	\$ 300,000	\$ 400,000	\$ 440,000	\$ 480,000
Commercial - Food Waste Per Tonne	\$ -	\$ 50	\$ 50	\$ 75	\$ 90
Estimated Revenue	\$ -	NA	NA	NA	NA
Residential - Per trip -100kg max	\$ -	\$ 5	\$ 10	\$ 10	\$ 10
Estimated Revenue	\$ -	\$ 98,981	\$ 197,962	\$ 200,000	\$ 200,000
Residential - over 100 kg - Per Tonne	\$ 50	\$ 75	\$ 100	\$ 110	\$ 120
Estimated Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Residential - Free Trips per year	Unlimited	\$ 4	\$ 4	\$ 4	\$ 4
Total Revenue	\$ 100,000	\$ 398,981	\$ 597,962	\$ 640,000	\$ 680,000

This staff proposal also recommends the provision of four free trips to the landfill each year for residential curbside customers. At this point District staff envision that “free trip” tags would be mailed to curbside residential customers with the annual curbside collection calendar. This approach will provide residents with a transition to full user pay at the landfill and may deter any increase in illegal dumping.

5.4 Municipal Code Amendments

If Council provides direction to develop a cost recovery strategy similar to the proposal outlined in Section 5.3, then staff will prepare amendments to the Municipal Code to reflect these changes. As discussed previously, the current bylaw charges volumed based fee for garbage only. Under a modernized bylaw, the fee schedule will include charges for other materials that would include but not be limited to animal carcasses, clean wood, CD waste, inert waste, land clearing waste, metals, organic materials, and asbestos.

5.5 Implications

The cost recovery strategy proposed in this technical memorandum provides a more sustainable approach to funding the District’s modernized solid waste management service. Charging tipping fees will offset increases in property taxes while encouraging more diversion. Table 6 includes potential tipping revenue as outlined in Table 5, Section 5.3 to the estimated Five Year Financial Plan outlined in Section 4, Table 3.

**Table 6: Impact of Tipping Fees to Estimated Five Year Financial Plan**

	2023	2024	2025	2026	2027
Revenue					
Property Tax	\$ 3,328,180	\$ 3,328,180	\$ 3,328,180	\$ 3,328,180	\$ 3,328,180
Residential Collection Fee	\$ 525,162	\$ 525,162	\$ 525,162	\$ 525,162	\$ 525,162
Recycle BC Incentive	\$ 162,584	\$ 162,584	\$ 162,584	\$ 162,584	\$ 162,584
Grants (OICP & OIP)	\$ 910,384		\$ -	\$ -	\$ -
Tipping Fees	\$ 100,000	\$ 398,981	\$ 597,962	\$ 640,000	\$ 680,000
Total Revenue	\$ 5,026,310	\$ 4,414,907	\$ 4,613,888	\$ 4,655,926	\$ 4,695,926
Expenditures					
Residential Collection	\$ 822,754	\$ 715,941	\$ 734,433	\$ 748,162	\$ 762,171
Residual Operations	\$ 1,088,480	\$ 2,042,014	\$ 2,122,824	\$ 2,241,393	\$ 2,367,413
Closure Reserves	\$ 220,000	\$ 255,000	\$ 285,000	\$ 320,000	\$ 350,000
Capital	\$ 2,595,076	\$ 1,660,000	\$ 800,000	\$ 3,700,000	\$ 4,000,000
KUTE	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Total Expenditures	\$ 5,026,310	\$ 4,972,955	\$ 4,242,257	\$ 7,309,555	\$ 7,779,584
Surplus/Deficit without Tip Fees	\$ -	-\$ 957,029	-\$ 226,331	-\$ 3,293,629	-\$ 3,763,658
Surplus/Deficit with Tip Fees	\$ -	-\$ 558,048	\$ 371,631	-\$ 2,653,629	-\$ 3,083,658

It is important to note that this table is a high-level projection of how tipping fees could impact future property tax increases. This table does not consider whether future capital projects will be funded from municipal reserves, annual taxes, or grant funding. It is also conservative with respect to tonnages since actual tonnage data will not be available until after September 2023.

The proposed approach would be fair, since users that generate more garbage will pay more. It would also be more equitable in that rates will not be applied based on waste source (commercial vs residential) but by how the waste is delivered (commercial haulers vs self-haul). This approach will also have better environmental outcomes not only because it will optimize diversion but also that it will provide the District with more funds to modernize the service to meet current environmental operating standards and no longer be out-of-step with other local governments in BC.

6. Communications Plan

District staff have prepared a communications plan to inform landfill customers (residents, businesses, contractors, and local haulers), the general public and the Haisla Nation of the new cost recovery policy. This plan will announce changes to the customer experience at the landfill, explain the need for the changes, and generate enthusiasm and buy-in for the changes. Communications tools will include a media release, a letter to affected stakeholders, updates to the District website, handouts and signage at the landfill, a brochure, and a social media posting.



7. Summary and Recommendations

The District's Solid Waste Management Strategy and Action Plan approved by Council in February 2020, recognized that the solid waste management system in Kitimat was inadequate with respect to waste diversion and residual management services. Since then, DOK Council has implemented or has plans to implement significant improvements to modernize the solid waste system. These actions will result in substantial capital and operating cost increases going forward.

Under the current cost recovery policy, system costs are recovered almost entirely from property taxes. Although commercial customers at the landfill pay a small disposal fee, residential customers can dump for free. Most local governments in BC that have faced similar cost increases have introduced tipping fees to recover a portion of their system costs instead of increasing property taxes. This is considered a more fair and equitable approach given that people generate garbage, not property. User-pay cost recovery policies also have the added advantage of promoting higher diversion which in turn conserves expensive landfill capacity.

This technical memorandum provides a fair and equitable proposal to cost recovery that encourages waste diversion in a phased approach that will allow residents and businesses the time transition to a more sustainable solid waste management service.

Based on this proposed strategy, CMA provide the following recommendations:

1. That the District develop an amendment to the Municipal Code Part 7 Division 2 Solid Waste Disposal based on the cost recovery strategy presented herein whereby tipping fees are introduced to all users in a phased fashion and that residential users be provided with four free trips to the landfill each year.
2. That to the District develop an amendment to the Municipal Code Part 7 Division 1 Residential Solid Waste Collection to reduce the number of garbage containers from three (3) to two (2) per collection period and require tags for extra containers.