

## E&E Project Evaluation Form

\*\*\*\*Please be advised that completed evaluations are made available publicly and are posted on Stewardship Ontario's E&E Fund web site\*\*\*\*

**Project Name/Number/Priority area:** Implementation of a Sustainable Financing System For Solid Waste Management in Ontario (PN 160)

**Lead Sponsor/completed by/date:** City of London and City of Ottawa

**Project Duration:** September, 2005 to February, 2009

**Total project value:** \$100,000

**E&E funding amount:** \$64,000

### **Section 1 –To be completed by Project Applicant**

#### **1) What were the Project Goals and Objectives (as per the E&E Application and/or Contract)?**

- Establish a Peer Learning Group to identify the issues and challenges associated with financing waste management through a self-financed structure in Ontario, to meet the requirements of the amended *Municipal Act 2001(amended in 2007)*;
- Carry out research on experience in other jurisdictions which moved to sustainable financing models, identify how they resolved various issues (mixed use buildings, multi-family housing, absent landlords, etc) and identify solutions which could be applied to Ontario;
- Identify particular financing system design features which have increased recovery of recyclables in other jurisdictions;
- Identify known impacts and evidence on the impacts of moving to sustainable financing on recycling system costs, identifying utility design features that may lower recycling system costs;
- Use lessons learned to help Ottawa and London identify actions, next steps and timing to implement a utility, and
- Develop a Toolkit and Implementation Manual to assist other Ontario municipalities to implement sustainable financing models for waste management system financing

#### **2) Were the goals and objectives met? (and if not why not?)**

*All of the objectives were met.*

#### **3) Summary of Project Accomplishments (i.e. what did the project do/achieve?):**

Seven Discussion Papers were developed throughout the project to address specific issues raised by the Peer Learning Group, and in particular to meet specific information requests by Ottawa and London, the project sponsors. The seven discussion papers addressed the following topics:

1. Issues Regarding the amended Ontario Municipal Act, 2001
2. Financing and Governance Arrangements for Selected Self Financing Entities For Solid Waste Management
3. Solid Waste Management Fee Structures and Billing Approaches
4. Household Fees and PAYT Rates to Finance Municipal Solid Waste Management Systems in Canadian Communities
5. Sustainable Financing Options for Multi Family Buildings
6. Practical Implementation Experience

7. Financing and Charging Features Which Improve Recovery of Recyclables. Impacts of Move to Utility on Costs and Diversion

Project results were presented on an on-going basis at various venues:

Venue and Audience	Presentation Date
Peel, Ontario AMRC User Pay Workshop	29 <sup>th</sup> Sept 05
Hockley Valley, Ontario, AMRC Annual Conference	15 <sup>th</sup> Feb 06
London, Ontario Regional Public Works Commissioners of Ontario	28 <sup>th</sup> April 06
Ottawa, Ontario Recyclers Workshop	1 <sup>st</sup> June 06
Hockley Valley, Ontario, AMRC Annual Conference	14 <sup>th</sup> Feb 07
Ontario Recyclers Workshop	May 07
Sustainable Financing Workshop (before scheduled ORW)	Nov 07

A workshop was arranged by the project team and was held on 23<sup>rd</sup> November, 2007 where practical experience from a number of Ontario municipalities profiled in the seven discussion papers and Implementation Manual (Toronto, Bluewater, Essex Windsor, Ottawa) was presented.

One of the significant achievements of the project was to clarify a number of misunderstandings regarding the powers of Ontario municipalities to implement utilities for sustainable financing of municipal solid waste management systems. The *Municipal Act, 2001* was amended in early 2007 and some of the work was updated to reflect changes regarding governance structures which Ontario municipalities could pursue for sustainable financing systems.

Significant practical experience from other sustainable financing programs was collected and presented in the seven discussion Papers developed throughout the project.

**4) Summary of Project Limitations** (*e.g. is there anything that should have been done differently?*)

Limited evidence could be found on the potential for sustainable financing systems to reduce costs of the recycling component. This finding lead to the conclusion that monitoring systems need to be established to collect the information needed to make this assessment. A separate AMRC project came to a similar conclusion regarding the difficulty of making any conclusions regarding sustainable financing systems and cost reductions based on the lack of data with which to draw this conclusion. While sustainable financing systems are desirable for transparency, and they can definitely be designed to substantially increase recycling tonnages, the link to reduced costs was less clear and remains unproven.

**5) What do you consider to have been the key “lessons learned” from this project? Does your project/activity represent a “best practice”?**

One of the key learnings was that Ontario municipalities have all the powers needed to set up solid waste management as a separate utility-like structure through a number of governance models currently available within the amended *Municipal Act, 2001* and other Ontario legislation. Available governance structures include setting up a Municipal Service Board or a Municipal Service Corporation.

There are a number of restrictions on how Ontario municipalities can remove residential waste management charges from the tax bill – the ratio of residential to IC&I taxes must remain within the “range of fairness”.

Sustainable financing of solid waste management systems is a “best practice”. In particular, the development of sustainable financing systems leads to full cost accounting, which is a best practice.

**6) What specifically are municipal staff doing with the experiences and data from this project? Do you have plans to apply these lessons in your program? Please explain how.**

Many Ontario municipalities are currently exploring sustainable financing systems for solid waste management.

The information contained in the seven project Discussion Papers as well as the Implementation Manual will save all of these communities considerable time and effort, and avoid “re-inventing the wheel” if the information is appropriately shared.

**7) Has your municipal council been informed about the project and its results?**

London and Ottawa Councils have been kept informed of project progress.

Ottawa moved to a flat fee sustainable financing structure for waste management (with recycling remaining on the tax bill) in 2006, when the project had been underway for less than one year.

Ottawa presented at an Ontario Regional Public Works Commissioners of Ontario (RPWCO) meeting in London in April, 2006.

London has been pursuing options for a sustainable financing system and is likely to move forward with a number of sustainable financing measures over time.

**8) Do you think there are opportunities to share/replicate the successful elements of this project with other Ontario programs? If yes, how and where?**

Yes, this project has collected a significant amount of data which is valuable to any Ontario community contemplating a range of sustainable financing system options. It is important that the learnings from this project be communicated as widely as possible to Ontario municipal staff, so that the output of the project is used as much as possible.

A workshop was held on 23<sup>rd</sup> November, 2007 to present the results of the project to that time. It was attended by 34 people; 25 evaluations were completed. All evaluations were very positive, with a strong interest in sharing information from the project on an on-going basis. Practical implementation experience was of greatest interest to workshop participants. Two questions were specifically asked regarding Stewardship Ontario’s on-going role in supporting municipalities who were interested in moving to sustainable financing systems. The answers are listed below.

**Question 1: What other information or activities on sustainable financing options would help further (e.g. regional workshops, help line, on-line assistance)?**

- More Workshops (4)
- On-line assistance/web tools (4), help line
- Reports/updates on Toronto, BRA, Ottawa, EWSWA progress, lessons learned Regional workshops would be helpful for our finance staff along with identifying legal issues
- Greater detail on the actual programs – pros and cons

- Revisit the same group especially Toronto and Ottawa (the newer programs) in 6 months and 12 months from now
- Lessons for implementation (3)

**Question 2: What role would you like Stewardship Ontario to play in promoting sustainable financing?**

- Knowledge Network Tool for Implementation Manual
- Funding for studies
- Make information easily accessible to others
- Provide ways to promote to councilors and political leaders
- E&E – add incentives to help finance program switch-over
- Provide assistance, knowledge and examples of working models
- CIF funding for training, etc
- To pass the message and lessons to others
- Further research into systems for apartments vs single family households
- More workshops like today
- On-going encouragement

**9) Did this project result in either reduced costs per tonne of Blue Box waste recycled and/or increased Blue Box tonnes diverted? (Please explain)**

The project did not involve actual implementation of any system therefore it did not lead directly to reduces costs per tonne or increased tonnes of Blue Box material recovered. However, it has described sustainable financing mechanisms that could lead to considerably higher Blue Box tonnages if implemented in Ontario municipalities.

## **Section 2 –To be completed by Stewardship Ontario (and reviewed by applicant)**

### **9) Did this project do what it set out to do? If not, what were the reasons/ barriers?**

Yes, the project was successful in developing a very detailed and well laid out treatment, in a number of volumes dedicated to specific sub-topics, on the matter of sustainable financing for waste management systems, and more specifically through the development of an implementation guide for a sustainable financing system for solid waste management in Ontario.

### **10) What are the key learnings from this project? Are there any next steps? What is being done to share the results?**

Above all the project demonstrated that municipalities have the authority to establish sustainable financing structures for waste management, in effect removing the function as a taxpayer funded activity and restructuring waste management in a manner that costs are sustained by system users.

Stewardship Ontario is maintaining all discussion papers on both the SO website and the Recycling Knowledge Network, and numerous consultations, workshops and presentations were hosted as part of the development and later the sharing of project findings. Ultimately, the next steps lie with municipal jurisdictions who wish to establish such sustainable financing structures.

During the course of this study the City of Toronto converted their waste management system to a variable rate volume based pricing system, that removes the cost of residential waste management from the property tax base. Over the course of the project, Toronto personnel, including senior staff and politicians, participated in the workshops and corresponded with study proponents as they developed their approach. Now that Toronto has effectively demonstrated that the sustainable financing approach can be implemented, the combination of a working municipal model combined with the presence of detailed literature could possibly lead to uptake from other Ontario municipalities.

### **11) Was the project good value for the money (e.g. were there measureable program or system cost reduction benefits, cost effective tonnage increases, etc?)**

Perspective will determine value for this project. Clearly there will be value for those who implement successful, sustainable financing waste management systems that are designed to encourage waste diversion activities, including recycling. The point of this project was to resolve issues around, and provide implementation guidelines for, the conversion of waste management systems into sustainable financing systems for solid waste management in their entirety. System costs, what ever they may be, are covered by users and financially sustained generally through garbage related activities: collection, tipping fees, etc. This approach is thought to encourage participation in recycling and other diversion programs, which are financially sustained or partially sustained through other activities. Determining hard measures for project success at this stage, however, is difficult.

### **12) Does this project represent “best practices”? If yes, explain.**

Yes. Promotion and facilitation of sustainable financing systems for waste management is consistent with the establishment of policies that induce waste diversion, as cited in the Blue Box Program Enhancement and Best Practices Assessment Project (2007), E&E #226. Any of the economic incentives noted in the Best Practices project (user pay, variable volume rates, etc) can be accommodated in a sustainable financing system.

**13) Tonnage and Financial Summary** Not applicable: this project is a study for guidance purposes, there is no direct implementation outcome. Over time, however, the figures for the City of Toronto’s

variable rate system will become evident (although the 2009 strike may mean that the impact of the policy may be distorted or muted until numbers beyond 2009 become available.)

**Blue Box tonnes recycled in previous year** N/A  
**Blue Box tonnes recycled during project year** N/A  
**Blue Box tonnes recycled (est) for next year** N/A

**Did this project have a direct impact on Blue Box tonnes recycled ? (Please explain)** No.  
This is a study/consultation project.

**Program costs for previous datacall** N/A  
**Term of E&E project** 2006 through 2008  
**Projected cost for next year** Project complete

**Did this project have a direct impact on the cost of Blue Box recycling? (Please explain)**  
No, as noted above

*Total project cost - \$100,000*  
*E&E contribution – \$55,000 plus GST (Contribution limit was \$64,000 plus GST)*  
*Other Cash/in-kind contributions - \$16,000 cash, \$20,000 in-kind from Cities of London and Ottawa combined.*

#### **14 ) Other Comments?**

E&E staff consider the project to be of high value, in the sense that \$64,000 of E&E Funds were used to develop a highly detailed and broadly communicated, through a collaborative process, set of reports that can be applied to all municipalities in Ontario.

The actual tonnage impacts and cost implications will likely be difficult to measure over time since, if adopted, sustainable financing systems for waste management will most certainly be introduced in combination with a number of other activities that also are thought to boost recycling participation: renewed and high-profile promotion and education programs, and the possible introduction of complementary new diversion programs and services.

## **E&E Project Summary Report**

**Project Title/number:**

**Priority area:** Innovative Financing and Program Compliance

**Lead Sponsor/other partners:**

**Project Timing:** Initially anticipated to occur in 2006, but updates and continued consultations and input, including the revision of the originally completed documents, lasted until early 2009.

**Project Summary:**

i) **Goals**

- Establish a Peer Learning Group to identify the issues and challenges associated with financing waste management through a self-financed structure in Ontario, to meet the requirements of the amended *Municipal Act 2001(amended in 2007)*;
- Carry out research on experience in other jurisdictions which moved to sustainable financing models, identify how they resolved various issues (mixed use buildings, multi-family housing, absent landlords, etc) and identify solutions which could be applied to Ontario;
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## ii) **Accomplishments**

A total of seven well-researched, well communicated discussion papers were completed and posted. There was enough interest in the subject matter to host a dedicated workshop on the subject prior to the November 2007 ORW.

## iii) **Lessons Learned/Best Practice implications**

The creation of sustainable financing systems for solid waste management is achievable, has and is being done, and is considered to support the best practice for policies supporting waste diversion.

## iv) **Limitations**

The decision to institute a sustainable financing system by a municipality is resource-intensive, politically sensitive, and a radical departure from most existing municipal financial structures. The generation of this study will help to answer a large number of questions associated with the change and even provide implementation guidance, but ultimately the move requires that responsible individuals with vision for the next level of waste management are given the authority by their politicians to mobilize their resources to make this happen. This takes time, effort and political support.

## v) **Impacts (including tonnes diverted and cost impacts)**

Not measurable at this time and may never be quantified as the utility function operates at a high level and is not, in itself, a discrete or easily isolated program operator.

### **Financial Summary**

**Total project cost** \$100,000

**E&E fund contribution** \$ 55,000 plus GST (contribution limit was \$64,000 plus GST)

### **Additional information (list of resources & tools/ how/where to access additional information/ follow-up contacts):**

Discussion papers for E&E PN 160 are posted at <http://www.stewardshipontario.ca/bluebox/eefund/projects.htm#160> and [http://www.vubiz.com/V5/Stewardship/Sustain\\_Main.asp](http://www.vubiz.com/V5/Stewardship/Sustain_Main.asp)