

SPECIAL COMMITTEE OF THE WHOLE (BUDGET) - JANUARY 18, 2005

REVIEW OF FULL COST RECOVERY APPLIANCE COLLECTION PROGRAM

Recommendation

The Commissioner of Engineering and Public Works recommends that the report be received for information.

Purpose

As per the direction of the Budget Committee, January 11, 2005, *“that staff provide a detailed status report to the Special Committee of the Whole (Budget) meeting of January 18, 2005 with respect to the appliance collection service and the fee charged for said service.”*, this report has been prepared to enable a review of the appliance collection program in the City of Vaughan.

Background – Analysis and Options

On November 19, 2002, a report entitled *“Steps to Increase Waste Diversion”* (Item 4, Report 82) was put forth to Committee of the Whole (Special – Operating Budget). The report presented various recommendations and options that could be pursued in an effort to increase waste diversion and/or reduce waste management costs in the City of Vaughan. One of the recommendations contained in the report stated *“That Council provide direction with respect to the implementation of a user fee for residents using the City’s large appliance collection service”*.

In the body of that report, three scenarios were presented with respect to appliance collection options:

1. Status quo, whereby the City would continue to collect appliances at no direct cost to the resident ;
2. Up to 50% partial cost recovery, whereby the resident would be charged a percentage of the full cost; and,
3. Removing appliance collection from curbside collection services.

At the time the Committee report was prepared in 2002, the Town of Richmond Hill did not provide appliance collection; however, their service level changed during 2002 to include once per month appliance collection. The Town of Aurora required residents to make their own arrangements for disposal with the contractor, and East Gwillimbury did not provide an appliance collection service. East Gwillimbury still does not provide an appliance collection service.

On the other hand, Markham and Newmarket charged residents a fee for appliance collection services. Neither Newmarket nor Markham covered the entire cost of the services through this fee.

Even though a full cost recovery program was not an option presented in the staff report, Committee recommended that a new \$25 fee be introduced for appliance collection. Council, at its February 10, 2003, meeting adopted Committee’s recommendation, i.e. \$25/appliance, and the program was formally launched August 1, 2003.

At the time of that report, and as is currently, the City of Vaughan paid its contractor \$25.07 (+ plus tax) per appliance unit picked up. The \$25.07 fee that the contractor charges the City includes costs for preparing routes maps, rental of appliance collection vehicle, staffing, transportation of materials to the contractor's yard and hiring a company to evacuate appliances that contain CFC's in accordance with Regulation 356 (Ozone Depleting Substances) & Regulation 189/94 (Refrigerants) of the Environmental Protection Act.

The contractor then sells the appliances as scrap metal to a scrap metal dealer. Since the implementation of the full cost recovery program, the contractor has received significantly less revenue from the sale of the scrap metal (i.e. 50% less), as the number of appliances collected has dropped off dramatically. In 2004, the estimated revenue received by the contractor for the sale of scrap metal was approximately \$6,500 (119 MT @ \$55/t).

The year prior to the implementation of the full cost recovery program (2002), the contractor had invoiced the City for a total of \$109,605 for appliance collection services. Since the implementation of the program, the number of appliances collected has decreased by approximately 50% (Refer to Table 1), as residents are opting for alternative disposal options (i.e scrap metal dealers, the collection of old appliances by the retailer delivering the new one, free drop off at the Region's Georgina Transfer Station, donation of operating appliances to charitable organizations etc).

The appliance collection cost shown in 2004 (i.e. \$4,000), are costs predominantly associated with the collection of appliances placed in the 'appliance bunker' by City Parks and Road crews in the yard of the Joint Operations Centre. These appliances are found dumped in parks, or along the rural roadsides, and brought back into the yard until collected by the contractor.

Table 1
2002 to 2004 Appliance Collection
Net Cost and Number of Units Collected

Year	Net Cost	Number of Appliances Collected
2002	\$109,605	4,372
2003*	\$92,706	4,116
2004	\$3,947	2,003

* The full cost recovery program was implemented in August 1, 2003.
Source: City of Vaughan, Public Works & Finance Departments.

In order to compare various current service levels, Table 2 depicts appliance collection programs that municipalities currently offer – or may not offer – to their residents within the Region of York. Table 2 also provides comparative data citing the Cities of Barrie, Brampton and Ottawa. As shown in the table, the appliance collection programs offered by municipalities vary

Table 2
Appliance Collection Program in Other Municipalities

Municipality	Conditions	Frequency	Cost	Limit*
Aurora	Resident required to contact contractor to arrange for appliance appointment.	Once per month	No charge	No limit
East Gwillimbury	No collection. Resident required to take to depot.	n/a	n/a	n/a
Georgina	By appointment	Once per month	\$1.00/item	5
King	By appointment	Once per month	no charge	no limit
Markham	By appointment	Once per month	\$10 / pick up	5
Newmarket	By appointment	Once per week	\$11/item	no limit
Richmond Hill	By appointment	Once per month	no charge	5
Whitchurch-Stouffville	By appointment	Every other month	no charge	no limit
Brampton	By appointment	Once a week	no charge	no limit
Barrie	No collection. Resident required to take to landfill	n/a	n/a	n/a
Ottawa	No collection. Resident to make own arrangements.	n/a	n/a	n/a

- Source: Waste Management staff at respective municipality, January 2005.

- * Where municipalities have indicated 'No Limit', it infers a reasonable number being set out

Conclusion

The direction of Council was to implement a full cost recovery program for appliance collection and that has been successfully done for both single and multi-residential collections.

Through the implementation of this program, the City of Vaughan has realized cost savings in excess of \$100,000. With an annual (2004) net cost less than \$4,000, the appliance program is an effective cost recovery program that the residents of Vaughan.

Attachments

N/A

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