



2021 Annual Budget Update

Budget Amendment #10 (Added) - Revised Implementation (BC#1) – 60% Waste Diversion Action Plan

Strategic Area of Focus: Building a Sustainable City

Strategy: Work with residents and organizations to implement the 60% Waste Diversion Action Plan Update

Budget Amendment Type: New Council Direction

Description: Adjustment to 60% Waste Diversion Action Plan funding due to revised implementation timeline

Service(s): Recycling & Composting

Lead: Kelly Scherr, Managing Director, Environmental and Engineering Services & City Engineer

Budget Amendment Tax Levy Impact (\$ Thousands)	2020	2021	2022	2023	2020 to 2023 Total
Annual Net Tax Levy Impact	N/A	-\$2,300	-\$1,450	\$0	-\$3,750
Annual Net Incremental Tax Levy Impact	N/A	-\$2,300	\$850	\$1,450	\$0
Estimated Tax Levy Impact %	N/A	-0.36%	0.13%	0.21%	-0.01% Average
Estimated Rate Payer Impact \$ ¹	N/A	-\$11.08	-\$6.92	\$0	-\$4.50 Average

Subject to rounding.

1) Calculated based on the average assessed value of \$241,000 for a residential property (excludes education tax portion and impacts of tax policy).

60% Waste Diversion Action Plan Revision

What is the reason for the budget amendment?

The budget for the 60% Waste Diversion Action Plan (WDAP) multi-year implementation was approved as part of the 2020-2023 Multi-Year Budget on March 2, 2020. Shortly after this date, the COVID-19 emergency was declared provincially on March 17, 2020, and locally March 20, 2020. Among many items and actions, this included a reallocation of corporate priorities, work activities, employee disruptions and impacts, financial challenges, community engagement restrictions, hiring freeze, etc. As a result, the majority of the 60% Waste Diversion Action Plan actions items were placed on hold to ensure that essential services were operated in a safe manner following all rules from the Provincial Government and subsequent direction from public health officials, Council and the City's Senior Leadership Team. Pandemic impacts have delayed projects and programs within the 60% WDAP by six months and potentially as long as eighteen months for projects that require equipment (e.g., new collection vehicles).

Operating Budget Table (\$ Thousands)

60% Waste Diversion Action Plan Revision	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Total
Budget	\$700	\$3,900	\$6,500	\$6,500	\$17,600	\$24,000
Cumulative Amendment	N/A	-\$2,300	-\$1,450	\$0	-\$3,750	\$0
Amended Budget	\$700	\$1,600	\$5,050	\$6,500	\$13,850	\$24,000

Subject to rounding.

Staffing Impact Table

Staffing Summary - Changes	2020	2021	2022	2023
# of Full-Time Employees Impacted	N/A	0.0	0.0	0.0
# of Full-Time Equivalents Impacted	N/A	1.0	1.0	1.0
Cost of Full-Time Equivalents (\$ Thousands)	N/A	\$120	\$120	\$120

Subject to rounding.

Additional Details

Business Case #1 – 60% Waste Diversion Action Plan was approved by Municipal Council on March 2, 2020. All portions of the Business Case and supporting documentation remains unchanged with one exception. The transition of the Blue Box program to industry responsibility is much more likely now since the Province released a draft Blue Box Regulation on October 19, 2020. It is out for a 45 day review period (until December 3, 2020). The final regulation is expected at the end of 2020 or early in 2021. This will result in additional work activities in a shorter time period. This has been addressed through the reallocation of approved budget within the 60% Waste Diversion Action Plan.

Regarding recycling transition, there will be challenging and complex processes that will require additional technical consulting and contract staff resources (no permanent staff) in 2021, 2022 and possibly 2023, as noted in the staffing table above. Work will be required with industry negotiations, materials recovery facility (MRF) management, community readiness, transition requirements and reporting. For example, a review of the City-owned MRF will require an analysis of options such as i) revise operations, ii) lease, iii) sell, iv) operating partnership, or v) re-purpose.

A comprehensive report was submitted to the Civic Works Committee on November 17, 2020 which includes a revised timetable for the 21 actions in the Plan. The revised timetable has resulted in the adjustment of expenditures by year in 2020, 2021 and 2022. This is reflected in this budget amendment. At the appropriate time, key performance indicators associated with the Action Plan will be required to be pushed back one year. This would occur at the next Progress Report update for Council's Strategic Plan.

It is worth noting that the current commitment of Council, as part of the Environmental Assessment for the Expansion of the W12A Landfill process, to have programs in place and reach 60% waste diversion by the end of 2022 will only partially occur. The programs will be in place; however the delay in starting the programs may impact the actual diversion that will occur by the end of 2022. We do not anticipate any issues with Ministry of the Environment, Conservation & Parks (MECP) staff as they are aware of London's situation (and other municipalities) and are also working through these challenging times under different working circumstances.

What are the Risks of Not Making this Adjustment?

The risks of not proceeding are the same as the original Business Case #1 (2020 – 2023 Multi-Year Budget):

- Very unlikely that the MECP will approve the expansion of the W12A Landfill if the City does not demonstrate its willingness to achieve higher diversion levels through the Green Bin and other initiatives. This would also be reneging on a "commitment" made as part of the Terms of Reference for the Environmental Assessment for the W12A Landfill expansion.
- The Province has indicated that all municipalities of a certain size must reduce/recover 70% of food waste and organics by 2025.
- For many, a loss of public trust as residents expect the City to increase waste diversion and implement the Green Bin Program.

- For some/many, a loss of public trust as residents expect the City to take action on the declared climate emergency.
- The City's existing investment in the Waste Diversion Action Plan process for London would not be built upon in the same manner.
- Strategic Plan and the London Plan vision and direction will be more difficult to meet.

Other Information to Refer to?

Civic Works Committee, November 17, 2020, Updates – 60% Waste Diversion Action Plan Including Green Bin Program

Civic Works Committee, November 17, 2020, Community Engagement on Green Bin Program Design

Civic Works Committee, November 17, 2020, CommNet's on Environmental Registry of Ontario (ERO): Proposed Blue Box Regulation

Strategic Priorities and Policy Committee, September 22, 2020, 2020 Mid-Year Operating Budget Monitoring Report & COVID-19 Financial Impacts

Civic Works Committee, September 22, 2020, 2nd Report of the Waste Management Working Group

Civic Works Committee, May 26, 2020, Response to the Association of Municipalities of Ontario (AMO) Regarding Transition Process