

For Information

REPORT TITLE: **Waste Management Financial Plan – Update on Public Engagement Results**

FROM: Kealy Dedman, Commissioner of Public Works

OBJECTIVE

To provide an update on the results of recent public engagement activities for the development of the Waste Management Financial Plan and to highlight the next steps of the project.

REPORT HIGHLIGHTS

- Work continues with developing a Waste Management Financial Plan to fund future waste services and longer-term environmental sustainability efforts while incentivizing residents to divert waste as set out in Peel’s long-term waste management strategy “The Roadmap to a Circular Economy in Peel”.
 - To date, two rounds of public engagement have been completed that sought public input and sentiment regarding the potential introduction of user fees for waste management.
 - During the second round of public engagement, three funding approaches were presented: remaining on the tax base; paying fully with user fees; and using a hybrid model of partial tax and partial user fee funding.
 - Residents were provided important context and key considerations to help inform their feedback. Care was taken to ensure the information that was presented was unbiased so it would not influence or attempt to sway residents towards one particular option.
 - In February 2022, more than 10,000 comments were received about the three funding approaches through a series of consultation activities.
 - Next steps include additional financial forecasting, cost refinement, determining implementation requirements and possibly further resident engagement before making a final recommendation.
-

DISCUSSION

1. Background

In December 2017, Regional Council approved Peel’s long-term Waste Management Strategy (Resolution 2017-972) titled, “The Roadmap to a Circular Economy in Peel” (the Roadmap), which includes a list of 17 actions to achieve Peel’s target of 75 percent 3R’s diversion by 2034. The Roadmap identified a need for significant new funding and revenue sources to implement all the actions required to achieve Peel’s diversion target.

Waste Management Financial Plan – Update on Public Engagement Results

One of the Roadmap actions is the development of a Waste Management Financial Plan that sets out how capital and operating expenses of the 17 actions will be financed. Development of the Waste Management Financial Plan includes consideration of a volume-based user fee to incentivize waste diversion and is aligned with Region of Peel's Long-Term Financial Planning Strategy principles of respecting the taxpayer, managing assets, implementing user pay where appropriate, delivering value for money, and mitigating significant fluctuations in tax and utility rates (Resolution 2019-368).

Key Criteria for Informed Decision-Making

In addition to aligning with the principles set out in the Region of Peel's Long-Term Financial Planning Strategy, Regional Council endorsed four key criteria (Council Resolution 2020-933) that staff will use to assess funding options when developing the Waste Management Financial Plan:

- **Financial Sustainability** – the funding model must provide a stable revenue source that mitigates risks associated with the volatility or uncertainty of external revenues such as commodity revenues, stewardship funding and tipping fees and also mitigates against the risks associated with high variable user fees.
- **Incentivize Waste Reduction and Diversion** – the funding model should incentivize waste reduction and diversion and give residents more control over their waste management costs.
- **Administrative Impact** – the funding model should have minimal impacts on administrative burden and costs during the development, implementation and ongoing administration of the funding model.
- **Respect the Taxpayer** – the funding model should mitigate tax increases and take into account the public feedback on user fees.

Public Participation

The Region of Peel is committed to meaningful public participation as an important component of the development of the Waste Management Financial Plan. While the Region of Peel cannot base its decisions solely on public perspective, it will be important to factor public feedback into the overall decision-making alongside factors such as financial stability, incentivizing waste diversion and administrative impact.

First Round of Public Engagement:

In early 2020, a first round of public engagement activities took place to gauge initial public opinion on the use of waste user fees and what was important to residents as it relates to waste services. Different user-fee examples across North America and internationally were shared with residents for their feedback.

Staff presented the results of the first round of public engagement activities and next steps to the Waste Management Strategic Advisory Committee in October 2020 (Council Resolution 2020-933). Feedback from residents indicated that there was general support for the concept of 'pay for what you generate' as a fair way to charge for waste and encourage

Waste Management Financial Plan – Update on Public Engagement Results

waste reduction, but there was a concern with funding waste services entirely through user fees unless there was an offsetting reduction in taxes. Illegal dumping was raised as a concern if user fees were too high but that a balanced approach that incorporates taxes, as well as an affordable user fee, could help to mitigate the issue. Finally, many residents indicated that they are supportive of the current bin collection system and that any user-pay model should incorporate the use of bins.

Based on this resident feedback, staff narrowed down a set of funding approaches that were presented during the second round of public consultation.

Second Round of Public Engagement:

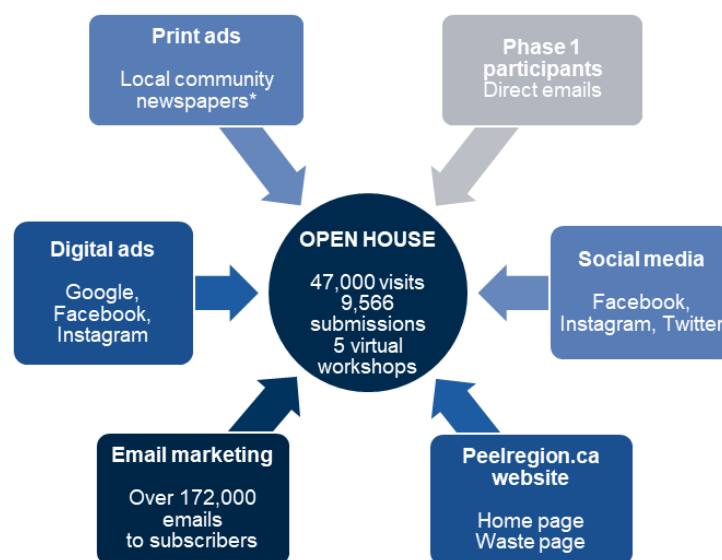
In September 2021, Regional Council endorsed the consultation plan for a second round of public engagement to seek resident input on three potential funding approaches (Resolution 2021-953). The three potential funding approaches included:

- Remaining on the Tax Base
- Switching fully to User Fees
- Hybrid (percentage of funding paid by taxes and a percent paid by user fees)

In early 2022, the Region hosted the second round of public engagement where residents were asked for their feedback on these three funding approaches. It is important to note that Region of Peel did not specifically ask residents to articulate which option they preferred, but rather to identify what they liked and disliked about each option and how each of the scenarios might impact them.

Comprehensive communications and promotional efforts were made over a six-week period to encourage resident participation involving the following tactics and channels:

Figure 1: Communications and Promotions for Phase 2 Public Consultations



Waste Management Financial Plan – Update on Public Engagement Results

The Region received more than 10,000 comments through:

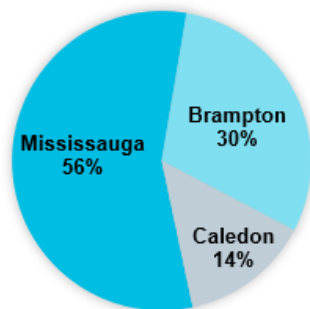
- four interactive virtual workshops,
- a month-long Online Open House, and
- a focus group meeting with the Peel Poverty Reduction Committee Lived Experience Roundtable.

Resident participation from each local municipality is shown below.

Figure 2: Resident Participation by Local Municipality during Phases 1 and 2 of Public Engagement

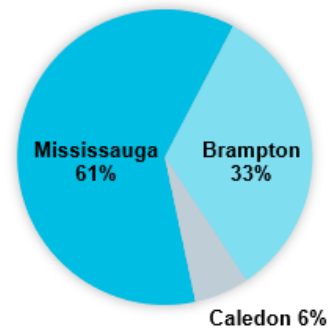
Phase 1

Over **8,500** public comments received



Phase 2

Over **10,000** public comments received



As part of the engagement activities, residents were provided with important context and key considerations to help inform their feedback. Significant effort was taken to ensure that any information that was presented was unbiased so it would not influence or attempt to sway residents towards one particular option.

Residents were provided the following information about the funding approaches:

- Description of the three funding approaches
- Key points to consider for each funding approach using four key criteria
 - Ease and Convenience
 - Environmental Impact
 - Financial Impact
 - Fairness

Using the information provided the residents were then asked what they liked and disliked about each approach and how each funding approach could impact them as residents.

Waste Management Financial Plan – Update on Public Engagement Results

2. Findings from the Second Round of Public Engagement

i. Key Findings

All feedback collected was analyzed and each piece of feedback received was labeled “Positive”, “Negative” or “Other” to reflect the overall preference of a response toward the given funding approach.

Overall public sentiment revealed that:

- The tax-based scenario showed the highest proportion of positive responses. Residents recognized that this funding approach does not incentivize waste diversion or address equity and fairness but they liked the simplicity of paying a single tax bill. The Lived Experience group, however, stressed the importance of incentivizing waste diversion and addressing equity and fairness and had more positive comments about approaches that incorporated user fees.
- The hybrid funding approach received a higher proportion of positive comments than the full user fee funding approach. However, resident feedback indicated an acknowledgement that both approaches meet the criteria for financial stability, incentivizing waste diversion and address fairness in terms of paying for what you generate.
- A percentage of responses had neither negative nor positive sentiment, which may indicate there is an opportunity to provide more education and detailed information on cost and impacts to help some residents form opinions about each funding approach and the overall project.
- The topic of “cost” and overall negative sentiment for all three funding approaches were highly correlated, suggesting that residents have an overall negative sentiment as it relates to any cost increases regardless of the funding approach. It could also be that the limited details on cost allowed their perception of cost to strongly influence their feedback, which suggests that further consultation once costs are better known may be useful.
- Low-income populations have different experiences with waste reduction – Feedback from the “Lived Experience group and other respondents suggests that what matters to low-income populations differs depending on their individual circumstance, which varies greatly across different low-income households. Some groups (for example, seniors) like the idea of rewarding low volume waste generators, while other groups (for example, multi-generational households) struggle to reduce waste. If user fees are introduced, subsidy programs could be explored for those who will struggle to pay.

An analysis of the comments received, grouped by the four key criteria, also revealed several emerging themes.

- Financial Impact – residents expressed concerns about incremental/hidden taxes, how household size impacts cost, concerns that taxes are high and increasing and general cost concerns.
- Ease and Convenience – residents expressed thoughts on the complexity of each funding approach, such as concerns about an additional bill to pay, administrative burden, making sure the system is transparent and logistical complexities and uncertainties around enforcement and implementation.

Waste Management Financial Plan – Update on Public Engagement Results

- Environmental Impacts – residents expressed concerns and thoughts about environmental impacts to each approach. Whether the funding approach would incentivise waste diversion, create illegal dumping, or encourage better recycling and composting behaviours.
- Fairness – residents expressed thoughts about fairness within each funding approach. Subthemes that emerged were pay for what you generate and consideration for seniors, low-income families, and large households.

ii. Further Reflections

Keep the engagement momentum going. Residents are ready for more detail on costs.

- There are some participants who sit objectively in the middle who may benefit from more information and insight into the specifics of what each funding approach would look like from a financial standpoint. For example, how much would taxes go up under the tax only approach, how much would user fees be under the full user fee approach and what would user fees and taxes be under the hybrid approach.
- Staff suggests that the Region provide updated and refined estimates for each funding approach to remove misconceptions and uncertainty.

Further waste management education is desired.

- Many residents across all engagement methods commented on a desire for more education around the waste system, waste reduction and the financial nuances of the Waste Management Financial Plan to help them develop proper waste disposal habits at home and better appreciate the value of the waste services they receive.

Continue engaging with the Peel Poverty Reduction Committee Lived Experience Roundtable

- This group is an incredibly valuable resource that provided a critical lens into how the Region should charge for services in the future and how that could impact the most vulnerable subsets of Peel's population. This group should be engaged regularly throughout the process.
- Feedback from this group indicates that more work needs to be done on how the impacts from the funding approaches may be passed onto renters, particularly in low-income communities.

It is also worth noting that the recent provincial policy changes regarding Extended Producer Responsibility was commonly raised by residents throughout the workshops. There was a general interest in learning more about how these policy changes could impact the promotion and enable better waste reduction. As such, additional communications about producer responsibility programs may help to address residents' perspectives on how these programs and producers' decisions impact waste reduction and how that affects residents' ability to reduce waste.

Staff will take both rounds of public engagement feedback, alongside factors such as financial stability, incentivizing waste diversion and administrative burden into account, when continuing

Waste Management Financial Plan – Update on Public Engagement Results

to develop the Waste Management Financial Plan for final recommendation to Regional Council.

Next Steps

Based on these findings and reflections, staff will:

- Refine financial forecasting for each funding approach;
- Refine what's involved in implementing and maintaining user fees; and
- Engage with residents again about refined cost details and potential implementation impacts.

This work will take place for the remainder of 2022 and staff intend to provide a final recommendation to Regional Council on the Waste Management Financial Plan in 2023.

FINANCIAL IMPLICATIONS

Sufficient funds are available in existing approved budgets to complete the additional work and public consultations required in the year of 2022/2023.

CONCLUSION

Staff will report back to Council in 2023 with a recommended Waste Management Financial Plan that identifies a funding structure that meets our objectives of providing stable funding and incentivizing diversion; is consistent with the principles set out in the Region's Long-Term Financial Planning Strategy; and appropriately reflects public feedback.

Authored By: Bernadette Celis-Clarke, Advisor, Waste Promotion and Education