

Subject: West Carleton Environmental Centre Host Community Fee – Criteria and Process

File Number: ACS2024-PWD-SWS-0005

**Report to Finance and Corporate Services Committee on 1 October 2024
and Council 16 October 2024**

Submitted on September 19, 2024 by Shelley McDonald, Director, Solid Waste Services, Public Works Department

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Ward: West Carleton-March (5)

Objet : Droits de la municipalité hôte du Centre environnemental de West Carleton – Critères et processus

Numéro de dossier : ACS2024-PWD-SWS-0005

**Rapport présenté au Comité des finances et des services organisationnels
le 1er octobre 2024**

et au Conseil municipal le 16 octobre 2024

Déposé le 19 septembre 2024 par Shelley McDonald, directrice, Services des déchets solides, Direction générale des travaux publics

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Quartier : West Carleton-March (5)

REPORT RECOMMENDATIONS

That the Finance and Corporate Services Committee recommend that Council:

1. Approve the criteria and process for the distribution and utilization of the host

community fee and local initiatives amount resulting from West Carleton Environmental Centre Municipal Host Agreement report approved by Council in 2021;

2. Delegate authority to the City Treasurer and five Local Ward Councillors, as identified in this report, to identify projects/initiatives that will be funded using the Host Community Fee; and,
3. Direct the Finance and Corporate Service Department to report on usage of the Host Community Fee via the Annual Use of Delegated Authority Report submitted to the Finance and Corporate Services Committee annually.

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil municipal :

1. d'approuver les critères et le processus de répartition et d'utilisation des droits de la municipalité hôte et du montant des initiatives locales dans le cadre du rapport approuvé par le Conseil municipal en 2021 sur l'Entente avec la municipalité hôte du Centre environnemental de West Carleton;
2. de déléguer au trésorier municipal et aux cinq conseillers des quartiers locaux dont les noms sont indiqués dans ce rapport les pouvoirs permettant de recenser les projets et les initiatives à financer en faisant appel aux droits de la municipalité hôte;
3. d'inviter la Direction générale des finances et des services organisationnels à rendre compte de l'utilisation des droits de la municipalité hôte dans le rapport annuel sur l'exercice des pouvoirs délégués soumis au Comité des finances et des services organisationnels.

BACKGROUND

In 2021, Council approved the West Carleton Environmental Centre Municipal Host Agreement report ([ACS2021-ICS-LEG-0003](#)), which outlined the [Host Agreement](#) between the City of Ottawa and Waste Management Inc. resulting from the expansion of the West Carleton Environmental Centre (also known as the Carp Landfill). The approved Host Agreement outlined the financial considerations and requirements to ensure the community is fairly compensated for the perceived burden of hosting an expanded landfill in a municipal area.

Host Agreement Details

The agreement established the following Host Fees:

- \$3.35 per metric tonne of eligible waste disposed of in the expanded landfill footprint;
- \$0.05 per metric tonne of eligible waste disposed of in the expanded landfill footprint to be directed to community initiatives within the five impacted wards;
- \$1.00 per metric tonne on eligible waste that can be used as daily cover at the facility (capped at 60,000 metric tonnes per year; exceedances of eligible waste used as daily cover will be calculated at \$3.35 per metric tonne); and,
- \$0.05 increase following the fifth year of operation at the expanded landfill, increasing by the same every five years for the length of the agreement to maintain the value of the Host Fee.

Assuming that the maximum of 400,000 metric tonnes per year is disposed, the City of Ottawa would receive the following annual revenues, subject to a \$0.05/tonne increase every 5 years:

Table 1: Anticipated Annual Tonnages and Revenues

	Tonnes	\$/Tonne	Revenues
Annual Host Community Fee	400,000	3.35	\$1,340,000
Cover Soil Fee	60,000	1.00	\$60,000
Local Initiatives Fee	400,000	0.05	\$20,000
Total Annual Revenues			\$1,420,000

Assuming a typical average waste density of 70 per cent, the life expectancy of the landfill is estimated to be approximately 11.5 years, which translates into over \$16 million in revenues over the life of the landfill.

As outlined in the Host Agreement, the Fees shall be directed into various accounts, with:

- Seventy per cent allocated directly to accounts for Ward 5 (West-Carleton March), Ward 4 (Kanata North), Ward 6 (Stittsville), Ward 23 (Kanata South), and Ward 21 (Rideau-Jock) (collectively referred to as the “Local Wards”); and
- Thirty per cent allocated to a City-Wide account.

As part of the West Carleton Environmental Centre Municipal Host Agreement report ([ACS2021-ICS-LEG-0003](#)), Council approved Recommendation 2 which *directed Solid*

Waste Services staff to work with the City Treasurer's Office to provide recommendations on the criteria and process for utilizing the funds generated by the Host Community Fee, with a report outlining same to the Finance and Economic Development Committee and Council by the end of Q1 2022. Over the last three years, Solid Waste Services staff have been working with colleagues in Finance Services and Legal Services to determine the process for distribution and criteria for the utilization of the Host Fees as detailed in this report. A process for reporting out on the Host Fee usage has also been determined, as outlined below.

DISCUSSION

This report seeks Council's approval of the criteria and process for the distribution and utilization of the Host Community Fee and Location Initiatives resulting from the West Carleton Environmental Centre Municipal Host Agreement report ([ACS2021-ICS-LEG-0003](#)) approved by Council in 2021. This report also recommends Council delegate authority to the City Treasurer and five local Ward Councillors, as identified in this report, to identify projects/initiatives that will be funded using the Host Community Fee and direct the Finance and Corporate Service Department to report on usage of the Host Community Fee via the Annual Use of Delegated Authority Report submitted to the Finance and Corporate Services Committee annually.

Allocations of Host Community Fees

As per the 2021 [Agreement](#) between the City of Ottawa and Waste Management, all funds generated by the Host Community Fee shall be directed into two funds with:

- Seventy per cent allocated directly to the following Local Wards:
 - Thirty per cent to Ward 5 (West Carleton-March)
 - Twenty five per cent to Ward 6 (Stittsville)
 - Five per cent to Ward 4 (Kanata North)
 - Five per cent to Ward 21 (Rideau-Jock)
 - Five per cent to Ward 23 (Kanata South)
- Thirty per cent allocated to a City-Wide account.

Thirty per cent of the total 70 per cent allocated to Local Wards will be allocated to Ward 5 (West-Carleton March), given that the landfill itself falls within this ward's boundaries

and this community is more highly impacted by its activities and operations. As Ward 6 (Stittsville) is the nearest neighbour, this Ward will be allocated 25 per cent of the total 70. The remaining three Local Wards will receive five, respectively.

In addition to, and at the same time as the Host Community Fee, Waste Management will pay the City a further amount (called the “Local Initiatives Amount”) of \$0.05 per metric tonne on all eligible waste, as defined in the 2021 Agreement, disposed of at the Landfill. All Local Initiative Amounts will be allocated to initiatives within the Local Wards.

Process for Distribution and Reporting

The Host Community Fee and local initiatives amount will be paid quarterly to the City by Waste Management within thirty days of the end of each quarter. With each payment, documentation will be provided to detail the amounts and types of eligible waste disposed of in the Carp Landfill. Staff from Solid Waste Services in Public Works will audit that documentation once received.

Once validated, Waste Management will distribute funds owed to the City which will go to Financial Services, sent directly into a Deferred Revenue Account (DRA). Five DRA's will be set up – one for each Local Ward, based on the percentage split previously identified in this report. The money will remain in accounts until such time a Councillor determines an initiative for its use. Funds are dedicated to Wards, not Ward Offices, and any remaining funds at the end of a Council term will carry over into the new term, regardless of the Ward Councillor.

Once an initiative has been determined, Councillors will work with City departments to confirm staffing capacity and availability to action. Once Councillors and City Departments confirm the initiative can be actioned with existing resources, Financial Services will create an internal order and the amount required/available for the initiative will be allocated. At year end, the DRA will be verified against annual reporting the City receives from Waste Management, and Finance Services will report out on expenditures through the annual Use of Delegated Authority report to the Finance and Corporate Services Committee.

The 30 per cent of funds allocated for City-wide funds will go directly into Solid Waste Revenues; no DRA or project consultation/approval will be required.

The City of Ottawa could start receiving funds from Waste Management later this year, so long as the landfill opens in 2024.

Usage Criteria – Local Wards

The funds generated through the Host Community Fee should be spent to help off-set the environmental, social, and economic impact which can arise due to the operation of a landfill in a municipal area.

The Host Community Fee allocated to the five Local Wards should be spent on community initiatives within the ward boundaries and may not be used for office supply or enhancement purposes. Initiatives funded by the Host Community Fee will be a one-time capital expense, so cannot be used to support ongoing maintenance and renewal. The use of host community fee funds must comply with the Council Expense Policy and all other relevant [administrative policies](#). Suitable projects or community initiatives to use the Host Community Fee for include memorials, park infrastructure or enhanced traffic calming.

As alluded to above, due to the anticipated staff impact of some initiatives, each will require impacted-department's review and approval before the Host Community Fee can be allocated to said initiative; this will help ensure current staff capacity can support the initiative without impacting current levels of service to the City.

Usage Criteria – City-wide Funds

The 30 per cent City-wide portion of the Host Community Fee will be allocated to Solid Waste general revenues. This is the same practice as with other host community fees, such as the Navan Landfill. The funds generated through the West Carleton Environmental Centre Municipal Host Agreement will be allocated to initiatives approved through the 2024 Council-approved Solid Waste Master Plan ([ACS2024-PWD-SWS-0004](#)).

Public Disclosure

This report recommends that Delegated Authority be granted to the City Treasurer and five Local Ward Councillors to identify projects/initiatives to be funded using the Host Community Fee. Per the 2021 approved agreement:

“No expenditure will be eligible for financing in whole or in part by the Host Community Fee amounts in respect of any initiative which is in conflict with Waste Management’s West Carleton Environmental Centre operations (to be assessed by Waste Management acting reasonably). The City and Waste Management will be identified as co- sponsors of each initiative financed in whole or in part by the Host Community Fee amounts.”

Expenditures as a result of this Host Committee Fee will be publicly disclosed through the annual Use of Delegated Authority By-Law report to the Finance and Corporate Services Committee.

FINANCIAL IMPLICATIONS

The 30 per cent allocation of Host Community Fee towards the City-wide account could result in up to \$67,000 of unbudgeted revenues in 2024. An estimate of the expected annual allocation towards the City-wide account will be submitted as an increase in revenues as part of the 2025 Budget process.

The 70 per cent allocation of Host Community Fees towards the Local Wards will be received into a separate Deferred Revenue Account (DRA) for each ward. Funds will remain in the DRA until an initiative is implemented that meets the usage criteria as defined in this report, at which time the revenue will be recognized in equal measure to the initiative's expenses. The DRA is dedicated to a ward, and not to a Ward Office, and funds remaining at the end of a term of council will carry over into the new term.

LEGAL IMPLICATIONS

There are no legal implications associated with implementing the recommendations contained in this report. This report is a requirement arising from the approval of the Host Municipal Responsibility Agreement and addresses the narrow scope of process for the utilization of the host fee funds.

CONSULTATION

In September 2024, Solid Waste Services, Legal Services, and Finance Services met with each of the five Local Ward Councillors, as well as Waste Management, to discuss allocation of funds. Potential initiatives to use the funds for were outlined, as well as the requirement to confirm staffing capacity and availability to support actioning the initiative, prior to the funds being allocated to identified projects.

COMMENTS BY THE WARD COUNCILLOR

While I am willing to accept the proposed split in order for the report to go forward at this time, I look forward to revisiting the benefit share in future, as I believe that the communities most affected should receive the vast majority of this community benefit fund. I am struggling with the citywide recommendation of 30 per cent, which is equivalent to West Carleton-March's share.

I reject any suggestion that West Carleton-March should receive any less than 30 per cent and I will be advocating for an increase in Ward 5's share when the option presents itself.

We should not be relying on Waste Management to provide the details and information to us, we need to be proactive in verifying this information by City of Ottawa staff.

I understand the language in future reporting will be clarified to ensure that the funds are easy to access and won't be subject to undue delays and scrutiny by City staff and that ward Councillors will have the ability to respond to the requests of the community using these funds.

DELEGATION OF AUTHORITY IMPLICATIONS

This report seeks delegated authority for the City Treasurer and five Local Ward Councillors, as identified in this report, to identify projects/initiatives that will be funded using the Host Community Fee. Further, this report recommends that the Finance and Corporate Service Department be directed to report on usage of the Host Community Fee via the Annual Use of Delegated Authority Report submitted to the Finance and Corporate Services Committee annually.

ENVIRONMENTAL IMPLICATIONS

Funding for initiatives as a result of the Host Community Fee should be used to help offset the environmental, social and economic impact which can arise due to the operation of a landfill in a municipal area.

DISPOSITION

Upon approval and receipt of this report, and commencement of the funding transfers from Waste Management, the City will execute the Host Agreement as detailed within this report, and the 2021 Council-approved West Carleton Environmental Centre Municipal Host Agreement report ([ACS2021-ICS-LEG-0003](#)). Funding will be issued in accordance with the Council Expense Policy and all other relevant [administrative policies](#), and expenditures will be publicly disclosed of through the Financial and Corporate Services Annual Use of Delegated Authority legislative report.