



Committee of the Whole Report

Report Number: **WWW2024-005**
Meeting Date: November 5, 2024
Title: **Septage Disposal Rate Review**
Description: A review and comparison of septage disposal fees across Ontario with recommended rate increase.
Author and Title: Ben Leggo, Water and Wastewater Technician

Recommendation(s):

That Report WWW2024-005, **Septage Disposal Rate Review**, be received;

That Staff be directed to prepare an annual amendment to Schedule B of By-law 2021-162, being the By-law to Regulate Water and Wastewater Services in the City of Kawartha Lakes, to update the septage disposal rates in alignment with the annual water and wastewater user rate increases;

That Section 5.06 of By-law 2016-219, being a By-Law to Govern Septage Disposal at the City of Kawartha Lakes Sewage Works, be amended to read:

Fees and Charges: All fees and charges established by this by-law shall be charged in accordance with Schedule B of By-Law 2021-162, being the By-law to Regulate Water and Wastewater Services in the City of Kawartha Lakes.”

That the necessary amending By-laws be brought forward for adoption;

That staff review septage disposal rates every five (5) years and report to Council if any adjustments are recommended; and

That this recommendation be brought forward to Council for consideration at the next Regular Council Meeting.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

The Lindsay Water Pollution Control Plant currently receives four (4) waste streams in addition to traditional sewage flows from within and outside the City of Kawartha Lakes ("the City"), which includes septage waste, holding tank waste, abattoir waste and leachate waste. Leachate waste is only collected from City owned landfills. Septage disposal within the City of Kawartha Lakes is governed by By-law 2016-219 "A By-law to Govern Septage Disposal at the City of Kawartha Lakes Sewage Works". Processing of these waste streams impacts operational capacity of the plant, and excessive concentrated waste materials can cause challenges in meeting effluent regulatory requirements under the Environmental Compliance Approval. It is acknowledged that receipt of these waste streams cause an increase in operational costs above and beyond regular wastewater treatment operations. The revenue generated from fees related to the receipt of these waste materials is collected to offset the operational cost of treating them.

"Septage waste" means any solid, liquid or semi-solid removed from septic tanks, cesspools, privies or other similar domestic wastewater treatment systems.

"Holding Tank waste" means any waste from a watertight, specialized containment unit designed to retain wastewater from all sources in a system until pumped out and transported for disposal.

"Abattoir waste" means waste by-products generated from animal slaughter and meat processing activity.

"Leachate waste" means any liquid that in passing through matter, extracts solutes, suspended solids or any other component of the material through which it has passed. i.e. such as a landfill.

In 2020, a review was completed that compared disposal rates for septage, holding tank and abattoir waste across twenty (20) municipalities in Ontario to calculate an average cost of treatment to be used as a benchmark for City rate adjustments. This value determined the City's variance in disposal rates to be ~15.5 - 37% lower than the provincial average across all three (3) waste streams. Concerns with this discrepancy arose through not accurately representing treatment costs with the posted disposal rates as well as incentivizing liquid waste haulers from outside Kawartha Lakes boundaries to discharge at the Lindsay Water Pollution Control Plant (due to lower

rates), both a reflection of an unsustainable model. This prompted the City to increase rates by \$1.27 per cubic meter per year over a five (5) year period. This helped align City rates to the provincial average and better account for ongoing operations, maintenance and capital upgrades associated with treating hauled liquid waste. Another rate review was to be conducted after this time period had elapsed to ensure rates were still in alignment with provincial averages, and determine potential future rate adjustments if necessary.

At the Council Meeting of March 19th, 2020 Council adopted the following resolution:

CW2020-074

That Report WWW2020-002, **Septage Disposal Rate Review**, be received;

That Staff be directed to prepare the necessary amendments to **Schedule B** of By-law 2018-039 "**A By-law to Regulate Water and Wastewater Services in Kawartha Lakes**", attached as Appendix A to Report WWW2020-002; and

That staff review rates in five (5) years and report to Council if any adjustments are recommended.

CR2020-072

This report addresses that direction.

As the rate for leachate disposal is already adjusted on an annual basis at the same percentage increase as wastewater user fees, there is no recommended change to this practice, and therefore will not be discussed further in this report.

Rationale:

A review of the disposal fees across twenty (20) Ontario municipalities was completed in 2020, the same municipalities were reviewed again in 2024 and yielded the results compiled in Table 1 below.

Table 1: A Comparison of Ontario Municipalities Septage Disposal Fees for Hauled Sewage in 2024.

Municipality	Standard septage (per m³)	Holding tank waste (per m³)	Abattoir Waste (per m³)
City of Kawartha Lakes ¹	\$22.70	\$22.70	\$22.70
Belleville	\$35.20	\$35.20	-
Brockville	\$14.31	\$14.31	-
Barrie	\$27.50	\$27.50	-
Cobourg	\$12.59	\$12.59	\$35.00
Collingwood	\$21.00	\$21.00	-
Hamilton ²	\$3.48-\$12.19	\$9.00	-
Leamington	\$23.77	\$23.77	-
London	\$16.69	\$16.69	-
Muskoka ³	\$34.95	\$34.95	-
Orillia ⁴	\$32.41	\$32.41	-
Ottawa	\$17.10	\$3.67	-
Oxford County	\$13.00	\$6.50	-
Peterborough	\$27.09	\$17.34	-
Port Hope	\$13.00	\$13.00	-
Quinte West	\$50.00	\$50.00	\$50.00
Region of Durham	\$21.00	\$21.00	\$21.00
Sarnia ⁵	\$31.44-\$45.83	\$31.44	-
Sudbury ⁶	\$26.74	\$18.36	-
York	\$24.87	\$24.87	-
Average	\$24.11	\$21.82	\$32.18

¹ All loads containing abattoir waste are subject to an additional environmental fee of \$100 per load.

² Flat rate based on total volume (\$55.36 up to 15.9m³; \$110.7 up to 22.7m³; \$166.06 up to 36.3m³; \$221.40 up to 45.43m³).

³ Operating at a loss.

⁴ All invoices subject to an additional 15% administration fee.

⁵ Flat rate based on total volume (\$70.75 up to 2.25m³; \$138.25 up to 4.5m³; \$206.25 for volumes >4.5m³).

⁶ Approved private holding tank septic systems are eligible for a rebate of \$18.36/m³.

The results determined the average treatment fees per cubic meter for septage, holding tank and abattoir waste in Ontario (2024) to be \$24.11, \$21.82 and \$32.18, respectively. Abattoir waste was only accepted by 4 municipalities, including the City, due to its significant organics concentration (typically 94% higher than normal sewage effluent) requiring increased treatment inputs. The City also imposes an additional \$100 fee for abattoir waste per load. There were 4 municipalities in which the waste streams require separate costs for disposal while the remaining have an equal rate for each. A total average of the septage and holding tank waste disposal rates was taken in order

to provide a uniform price adjustment to better match the provincial benchmark. This does not include abattoir waste due to minimal variation in price (i.e. only one municipality offered a separate rate for abattoir waste) and low occurrence, skewing the average beyond what is best representative of the provincial rates as a whole. This results in an average cost of disposal of septage and holding tank waste in Ontario in 2024 of \$22.96/m³, which is ~1.14% higher than the City rate.

In addition to the per cubic meter rates for the different waste streams, the City also charges an administration fee for septage hauled from outside municipal boundaries, set as a flat rate of \$7.00 per tonne, and an environmental compliance charge per load of abattoir waste, set at a flat rate of \$100 per load. These rates have not been adjusted since the 2020 review. It is being recommended that these fees also increase in alignment with the annual percentage increase for wastewater user fees.

Setting disposal rates comparable to other Ontario municipalities is integral to ensuring a financially sustainable model for the future. It removes the incentive to haul large quantities of waste to locations with the lowest disposal rate (particularly from outside municipal boundaries) and consequently overload treatment plant capacity. With the City rate only representing a small deviation from the provincial average, staff recommends hauled liquid waste (septage) disposal rates be increased on an annual basis on par with the water and wastewater user rate fee percentage increase, which is determined following Council's adoption of the annual water and wastewater operating budget.

The City's Water and Wastewater Rate Study, which has been incorporated into the Long Term Financial Plan, recommends a blended 3% user rate increase for 2025. For wastewater rates specifically, the recommended increase is 3.6%. Over the last few years, rate increases have been in alignment with the recommended increases in the rate study. Although the actual percentage increase for 2025 will not be determined until the 2025 water and wastewater operating budget is finalized, using the recommended 3.6% increase will ensure that the rates remain fair but competitive, with justifiable impact to local residents and businesses. Rates will be reviewed in comparison with other Ontario municipalities again in five (5) years to ensure rates are still in line with the provincial average.

During the review, it was identified that the fee schedule, Schedule B, in By-law 2021-162 "Consolidated By-law to Regulate Water and Wastewater Services in the City of Kawartha Lakes" was incorrectly referenced in By-law 2016-219 "A By-law to Govern

Septage Disposal at the City of Kawartha Lakes Sewage Works". Attached as Appendix 'A' to this report, are the recommended changes to By-law 2016-219, to be adopted to correct this discrepancy.

Other Alternatives Considered:

Do Nothing:

A 'do nothing' approach is not recommended due to the long-term operational and capital costs involved in managing hauled liquid waste. The initial rate comparison study in 2014 was part of a broader initiative to ensure the sustainability of the City's water and wastewater infrastructure, which will not be achieved through this alternative. If Council chooses not to approve adjusting the rate structure in alignment with the annual water and wastewater user rates, the current fees will stay the same, as there are no further rate increases approved. The fees will become outdated and eventually fail to accurately reflect the resources needed to sustainably operate and maintain the system.

Increase Rates to Match Highest:

Another option is to raise the disposal rates to match those of the municipality with the highest rates (\$50.00/m³), which would represent a ~120.3% increase from the City's current rate. This approach is not recommended as it also fails to reflect the actual cost of treating hauled liquid waste in Kawartha Lakes. It would impose an undue financial burden on businesses and residents that use the City's disposal facility.

Alignment to Strategic Priorities

The City's recommendation for increasing hauled liquid waste disposal rates on par with annual water and wastewater user rates relates to the 2024-2027 Strategic Plan in the following ways:

Healthy Environment

Creating a sustainable framework for pricing hauled liquid waste disposal ensures the treatment systems will face minimal risk of overloading while maintaining local accessibility. This directly helps protect and preserve source water quality by providing an expanded operating budget for efficient and effective wastewater treatment. It also allows for the revenue to aid in offsetting operational and maintenance costs and be

put towards maintaining and expanding the associated infrastructure for better preparedness against environmental issues, especially climate change.

A Vibrant and Growing Economy

Offering a fair price of disposal will provide new and local business with incentives for using City facilities and fosters economic development within the municipality. The associated revenue can be used to maintain infrastructure and proactively increase treatment capacity to account for an ever-growing population.

Good Government

Municipal assets such as the Lindsay Water Pollution Control Plant will be appropriately funded for effective operations and maintenance of the system, as well as help fund necessary capital expenditures. This helps achieve the goal of continuous improvement of City services as well as the responsible management of resources through long-term financial planning. Residents will continue to receive affordable and sustainable services while also providing financial resources for the City's operational needs.

Adjusting these disposal fees appropriately aligns with the objectives of the Strategic Plan. This route emphasizes the goals of enhancing environmental stewardship and mitigating effects of climate change, aiding in economic growth and sustainability, and responsible management of municipal assets. It ensures the communities of Kawartha Lakes will continue to receive fair and consistent service for both the present and foreseeable future.

Financial/Operation Impacts:

Based on the Water and Wastewater Rate Study and Long Term Financial Plan recommended rate increase of 3.6%, the estimated rate adjustment for 2025 is summarized in Table 1. The actual rate increase, however, will not be determined until the 2025 Water and Wastewater Operating Budget is adopted by Council later in 2024.

Table 1. Estimated 2025 Hauled Liquid Waste Disposal Rates

	Standard Septage Waste	Holding Tank Waste	Abattoir Waste
per 1000 gal	\$107.00	\$107.00	\$107.00
per m³	\$23.52	\$23.52	\$23.52

The Administration Fee for septage hauled from outside municipal boundaries will increase from the current \$7.00 per tonne to \$7.25 per tonne in 2025.

The Environmental Compliance Charge for abattoir waste will increase from the current \$100.0 per load to \$105.00 per load in 2025.

An average annual volume of 13,500m³ of hauled liquid waste is disposed of at the Lindsay Water Pollution Control Plant’s Receiving Station, representing just over \$300,000 in revenue annually (2024 rates). With the user rate adjustment for 2025 projected at 3.6%, representing a \$0.82 increase per cubic meter, there is an estimated additional revenue of ~\$11,000 projected for 2025. No operational changes are to be expected with the introduction of these price adjustments. Any operational requirements as a result of the rate increase is already captured in the typical working capacity of the Water and Wastewater Division.

Consultations:

Manager, Water and Wastewater
 Manager, Revenue and Taxation
 Director of Public Works

Attachments:



Appendix A By-law
 2016-219 A By-law t

Appendix A – By-law 2016-219 “A By-law to Govern Septage Disposal at the City of Kawartha Lakes Sewage Works” tracked changes

Department Head email: brobinson@kawarthalakes.ca

Department Head: Bryan Robinson