



Report to: General Committee

Meeting Date: March 21, 2022

---

**SUBJECT:** Amendment of Environmental Services Fees  
**PREPARED BY:** Daphne Ross, Manager, Special Projects  
Claudia Marsales, Sr Manager, Waste & Environmental Mgmt

---

**RECOMMENDATION:**

- 1) That the report entitled "Amendment of Environmental Services Fees" be received;
- 2) And that Council authorize staff to increase the proposed fees outlined in Attachment "A" for services provided by the Environmental Services Department including increases to existing waterworks meter fees for subdivision agreements, infill homes, industrial, commercial & institutional properties, as well as developer waste fees for new home and multi-residential unit recycling kits effective April 1, 2022;
- 3) And that new fees be approved for Residential Infill background information requests, and new service connection application reviews, effective April 1, 2022;
- 4) And that By-Law No. 2002-276 be amended to update the user fees set under "Community Services – Water", and "Community Service – Waste" sections of Schedule A, with fees outlined in Attachment "A";
- 5) And that the By-Law No. 2002-276 be amended by deleting the following requirements: *"Supply water meter and remote readout device. Water Meter must be installed by purchaser's licensed plumber. Installation costs are the responsibility of the purchaser";* and *"Please Note: Water meters over 1" must be installed by a licensed plumber. ICI installation cost is the responsibility of the purchaser;*
- 6) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

**EXECUTIVE SUMMARY:**

Not Applicable

**PURPOSE:**

The purpose of this report is to obtain approval to amend By-Law No. 2002-766 to increase fees and to add new user fees effective April 1, 2022 for the following items in the Environmental Services Department:

- Increasing current fees to recover full current costs for water meter purchases;
- Including installation costs for ICI water meters purchases;
- Removing wording in Fee By-Law that refers to water meters being installed by a licensed plumber, as they will now be installed by the City's contractor;
- Increasing developer fees to recover full current costs of providing waste containers for new residential development;
- Introduction of new fees to include new water meter products available;

- 
- Introduction of a new fee to recover staff costs for preparing information packages for residential infill applications; and
  - Introduction of a new fee to recover staff costs for reviewing new service connection applications for residential infill applications.

**BACKGROUND:**

The City of Markham engages and promotes full cost accounting and recovery of its costs. User fees contribute to maintaining fiscal balance by recovering the full cost of providing ad hoc products and services. The City also endeavors to improve its funding mechanism by constantly seeking and adopting industry best practices in setting out rates and fees, and aligning its programs and actions with those of the Greenprint priorities, Best of the Best diversion initiatives, and water conservation programs.

Staff is authorized on an annual basis to review and update the existing Fee By-Law (No. 2002-766) effective January 1<sup>st</sup>, to align with the applicable CPI increase for Toronto all items. The CPI amount is derived from the prior September to September time period. Any new fees to be added to the Fee By-Law, and any amendment to user fees above the CPI amount for the annual update, must be approved by Council. The standard of increasing our fees to meet inflation was deferred for the 2021 calendar year as user fees were held at 2020 rates for 2021.

Environmental Services - Waterworks and Waste & Environmental Management have awarded contracts recently which have seen increases above the annual CPI amount (3.8% for September 2020 to September 2021, Toronto all items). These contract increases are due to fluctuating market conditions and rising commodity prices.

There are new water meter models available on the market that have been successfully introduced in local municipalities. These new meters need to be added to the Fee By-Law. Waterworks is also recommending implementing a best practice to have all water meters installed by the City's supplier, Neptune Technology Group (Neptune), to ensure quality and consistency in water meter installations.

Waterworks staff have identified two (2) new fees for residential infill applications to recover staff time reviewing and preparing information for these applications. There has been a steady influx of these applications over the last few years, and staff have determined the amount of time and effort to calculate these new fees.

**OPTIONS/ DISCUSSION:****Amended Fees:***Waterworks – Water Meters*

Staff recommend increasing 2022 fees above CPI of 3.8 % (based on September to September, Toronto all items) due to market prices for water meters, increase in copper prices and timing of contract renewal. There have been changes in market prices for water meters, and higher price increases for the copper portion of the water meter. During the renegotiation of the 2022 contract extension, a review of the changes in pricing was performed with the supplier. Council approved the extension of contract on December 14, 2021 (Extension of Contract

---

022-R-14 for the Supply, Installation and Maintenance of Water Meters). The water meter contract had an increase of 11.6% over the prior contract. There are three key indexes that impact pricing of this contract. The changes since the original contract award are summarized below, as observed from March 2014 to September 2021:

- Consumers Price Index (CPI): +14.15%
- Price of Copper: +35.45%
- Industrial Product Producer Index (IPPI): +20.36%

On February 1, 2022, the contractual pricing increased by 4.4% for CPI and an additional one-time increase of 7.2% for industry related price increases, specifically for the price of copper. Therefore, in comparison with the current contract unit prices and based on actual volume utilized in 2020, the 2022 unit prices represent an overall annual increase of 11.6% (4.4% for CPI increase and a 7.2% one-time increase for industry related price increase). The extension years (2023 – 2026) only include an annual increase for CPI.

*Include installation on all water meter purchases*

The water meter prices effective April 1, 2022 will now include installation *for all water meters* by our supplier, Neptune Technology Group (Neptune), similar to what we are currently doing for new residential development. The current practice for residential development requires developers and owners to purchase the water meters which includes the cost for both the meter and installation. The current practice for ICI property is to only pay for the meter and touchpad. They are required to have a licensed plumber install the new meter before the City sends Neptune to inspect the meter installation and to install the touchpad for reading the meter.

Staff recommend to have Neptune install all ICI meters (similar to the practice in some other municipalities) going forward to ensure consistency and quality, and the amended fees will incorporate installation cost recovery in addition to the cost of the meter. The number of customers affected is minimal as an average of 20 ICI water meters were purchased each year over the last decade. Therefore, the following wording in the Fee By-Law are to be removed:

- *Supply water meter and remote readout device. Water Meter must be installed by purchaser's licensed plumber. Installation costs are the responsibility of the purchaser;*
- *Please Note: Water meters over 1" must be installed by a licensed plumber. ICI installation cost is the responsibility of the purchaser.*

A recent review of our fees updated the current staff charges and new contract costs for materials and supplies. The updated fees will fully recover the increased costs for the water meters and installation charges.

Description	Existing 2022 Fees	Proposed 2022 Fees (April 1 <sup>st</sup> )	Change %
<b>Waterworks Fees:</b>			
<b>New Development Meter Costs</b> - Supply & install water meter and remote readout device <i>Those with Asterisk (*) previously did not include installation</i>			
a) Subdivision Agreement: 5/8"x 3/4"	\$453.00	\$550.50	21.52%
b) Infill Homes 5/8"x 3/4"	\$519.50	\$614.00	18.19%
3/4"	\$606.00	\$706.50	16.58%
1"	\$606.00	\$770.00	27.06%
c) Industrial, Commercial & Institutional 2"	\$3,915.00*	\$4,159.50	6.25%
4"	\$8,295.50*	\$8,568.00	3.28%
6"	\$12,335.50*	\$14,327.00	16.14%
Prospectus - 4"	\$12,317.50*	\$13,681.50	11.07%
Prospectus - 6"	\$17,293.00*	\$19,107.50	10.49%
Prospectus - 8"	\$21,218.00*	\$21,969.00	3.54%
Prospectus - 10"	\$28,556.50*	\$30,489.50	6.77%
<b>Meter Replacement Costs</b> - Cost to replace a meter that has been frozen or damaged through the owners misuse or negligence.			
a) Residential Water Meter: 5/8" x 3/4"	\$517.00	\$627.50	21.37%
3/4"	\$604.50	\$720.50	19.19%
1"	\$727.50	\$845.00	16.15%
1 1/2"	\$1,204.50	\$1,327.50	10.21%
2"	\$1,358.50	\$1,490.50	9.72%

*Waste & Environmental Management Developer Fees– New Home Recycling Kit and New Multi-residential Unit Recycling Kit*

Waste & Environmental Management requires developers to pre-pay and provide a “recycling kit” to all new homes and condo/apartment units so that all households are able to participate in the City’s waste diversion programs upon occupancy. The kits provide each new house with two large blue boxes, a green bin, and a kitchen collector for organics, while each condo/apartment unit is provided with a reusable blue bag for recyclables and a kitchen collector for organics. Both kits include printed education materials.

Staff are seeking to increase these developer fees over and above CPI of 3.8% due to higher plastic resin market prices, higher operating costs and lag time between fee collection and occupancy of new residential units. It should be noted that plastic resin prices continued to dramatically increase subsequent to approval of the 2022 operating budget and industry vendors were unable to maintain their rates.

The fees related to the sale of blue boxes and green bins directly to residents have already been adjusted for CPI this year. The current exchange fee for broken containers will remain the same at \$5.50 per exchange. This is to ensure continued participation in Markham’s waste management programs and encourage waste diversion.

A recent review of the process for procurement, assembly and delivery of “recycling kits” for new residential units determined:

- Increased purchasing costs for blue boxes, green bins and kitchen collectors due to inflation and volatility in crude oil markets affecting plastic resin prices

- Increased delivery and staff costs due to higher rates for fuel and labour
- Increased costs related to developing and printing educational materials
- Significant, multi-year lag time between the collection of developer fees and the actual development and occupancy of the property, resulting in lost revenue due to inflation

Blue boxes, green bins and kitchen collectors are made from plastic resin derived from crude oil. Ongoing volatility in the global crude oil markets has affected plastic resin supply chains limiting availability of the material used to produce these molded plastic products. Raw material availability remains scarce and plastic resin prices have increased over 40% due to high demand.

The City's contracted supplier for green bins, blue boxes and kitchen collectors received force majeure letters from its plastic resin suppliers last year advising of material shortages and production/delivery delays. These market conditions have continued into 2022 and the City's supplier has indicated that they are unable to hold contract pricing this year. Staff engaged alternate vendors and received pricing that exceeded that of the current vendor. It is unknown if or when resin prices will peak, and resin price increases may continue into 2023 and beyond.

In conclusion, Staff are not recommending an increase to the current fees charged to residents for purchase or exchange of waste containers at the City's recycling depots. Staff recommend an increase to the "recycling kit" fees charged to developers to fully offset a projected operating expense impact of \$54,300 in 2022, brought on by higher pricing for all waste containers as well as increased costs for fuel, labour, staff time and printing.

Description	Existing 2022 Fees	Proposed 2022 Fees (April 1 <sup>st</sup> )	Change %
<b>Waste Fees:</b>			
<b>New Home Recycling Kit</b> – 2-60 litre Blue Boxes, 1 Green Bin, 1 Kitchen Collector, Delivery	\$151.50	\$245.50	62%
<b>New Multi-Residential Unit Recycling Kit</b> – 1 Apartment Recycling Blue Bag, 1 Kitchen Collector, Delivery	\$41.00	\$66.50	62%

### **New Fees:**

#### *Fee for new models of water meters*

There are newer models of water meters in the market. The list of meters in the Fee By-Law needs to expand to include the newer MACH T-10 water meters (currently used in Vaughan, Richmond Hill, Stouffville, Georgina and Toronto).

#### *Residential Infill Applications*

To ensure the City promotes full cost accounting and recovery of its costs for services provided, the department is proposing to introduce a new fee for residential infill applications. The approximate number of applications has been steadily increasing over the past few years which requires Waterworks staff to provide background information packages and application reviews. The following two (2) services are recommended for new fees assessment:

1) Residential Infill Background Information Request Fee - \$150.00

To recover the cost of Waterworks staff time to prepare background information packages for all applications including as-built drawings, CCTV reports for sanitary sewer mains, curb box measurement and water meter sizing and/or service connection sizing.

Approximately 100 applications are received in a year. Expected revenue in 2022 is \$10,000, with annual revenue of \$15,000 starting in 2023.

2) Residential Infill New Service Connection Application Review Fee - \$240.00

To recover the cost of Waterworks engineering review and approval processing, payable upon circulation to Environmental Services. This process entails additional review for each application that covers hydraulic calculation for larger than 1 inch water service connections and/or condition assessment of the existing sanitary/storm service connections for re-use.

Approximately 40 applications are circulated to Waterworks in a year. Expected revenue in 2022 is \$6,400, with annual revenue of \$9,600 starting in 2023.

Description	Existing 2022 Fees	Proposed 2022 Fees (April 1 <sup>st</sup> )	Change %
<b>Waterworks Fees:</b>			
<b>New Development Meter Costs</b> - Supply & install water meter and remote readout device			
1 ½" T-10	n/a	\$2,286.50	<i>New</i>
2" T-10	n/a	\$2,397.00	<i>New</i>
<b>Subdivision &amp; Site Plan Admin Fee</b>			
Residential Infill Background Information Request Fee	n/a	\$150.00	<i>New</i>
Residential Infill New Service Connection Application Review Fee	n/a	\$240.00	<i>New</i>

Staff will monitor the revenues and expenses in 2022, and will include the new and amended revenue fees for consideration in the 2023 Operating Budget submission.

## FINANCIAL CONSIDERATIONS

### Amended Fees:

#### *Waterworks:*

Staff will analyze the budget impact of the water meter purchase price increase and the full cost recovery. The overall net impact will be fully offset by the revenue increase. An amount will be determined during the 2023 Waterworks Operating Budget approval process.

#### *Waste & Environmental Management:*

Staff are seeking to fully offset an estimated \$54,300 expense impact to the 2022 Operating Budget due to increased costs for plastic waste containers as well as higher costs for fuel, labour, staff time and printing by increasing developer fees by 62%. The expense and revenue impact will be included in the 2023 Waste & Environmental Management Operating Budget, subject to Council approval of the budget.

### New Fees:

#### *Waterworks:*

The 2023 Waterworks Operating Budget will propose an increase in revenue in the amount of \$21,400 to reflect the new fees implemented for residential infill applications.

**HUMAN RESOURCES CONSIDERATIONS**

Not Applicable

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Municipal Services – assures adequate funding of mandated Waterworks services.

Growth Management – allows sustainable funding of increasing service needs and infrastructure lifecycle replacement.

Environment – supports Greenprint sustainability plan and “The Best of the Best #2” waste diversion strategy by sustaining programs that support environmental programs.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

Financial Services

**RECOMMENDED BY:**

Eddy Wu, P.Eng.

Director, Environmental Services

Morgan Jones

Commissioner, Community Services

**ATTACHMENTS:**

“A” – Environmental Services Fee Bylaw Amendments (effective April 1, 2022)  
(included in report)

Attachment "A"  
**Environmental Services Fee Bylaw Amendments (effective April 1, 2022)**

Description	Existing 2022 Fees	Proposed 2022 Fees (April 1 <sup>st</sup> )	Change %
<b>Waste Fees:</b>			
<b>New Home Recycling Kit</b> – 2-60 litre Blue Boxes, 1 Green Bin, 1 Kitchen Collector, Delivery	\$151.50	\$245.50	62%
<b>New Multi-Residential Unit Recycling Kit</b> – 1 Apartment Recycling Blue Bag, 1 Kitchen Collector, Delivery	\$41.00	\$66.50	62%
<b>Waterworks Fees:</b>			
<b>New Development Meter Costs</b> - Supply & install water meter and remote readout device <i>Those with Asterisk (*) previously did not include installation</i>			
a) Subdivision Agreement: 5/8" x 3/4"	\$453.00	\$550.50	21.52%
b) Infill Homes 5/8" x 3/4"	\$519.50	\$614.00	18.19%
3/4"	\$606.00	\$706.50	16.58%
1"	\$606.00	\$770.00	27.06%
1 1/2" T-10	n/a	\$2,286.50	<i>New</i>
2" T-10	n/a	\$2,397.00	<i>New</i>
c) Industrial, Commercial & Institutional 2"	\$3,915.00*	\$4,159.50	6.25%
4"	\$8,295.50*	\$8,568.00	3.28%
6"	\$12,335.50*	\$14,327.00	16.14%
Prospectus - 4"	\$12,317.50*	\$13,681.50	11.07%
Prospectus - 6"	\$17,293.00*	\$19,107.50	10.49%
Prospectus - 8"	\$21,218.00*	\$21,969.00	3.54%
Prospectus - 10"	\$28,556.50*	\$30,489.50	6.77%
<b>Meter Replacement Costs</b> - Cost to replace a meter that has been frozen or damaged through the owners misuse or negligence.			
a) Residential Water Meter: 5/8" x 3/4"	\$517.00	\$627.50	21.37%
3/4"	\$604.50	\$720.50	19.19%
1"	\$727.50	\$845.00	16.15%
1 1/2"	\$1,204.50	\$1,327.50	10.21%
2"	\$1,358.50	\$1,490.50	9.72%
<b>Subdivision &amp; Site Plan Admin Fee</b>			
Residential Infill Background Information Request Fee	n/a	\$150.00	<i>New</i>
Residential Infill New Service Connection Application Review Fee	n/a	\$240.00	<i>New</i>