

REPORT TO COUNTY COUNCIL

2025 Garbage Bag Tag Fees

To: Warden and Members of County Council

From: Director of Public Works

RECOMMENDATION

1. That Schedule “A” to By-law 4889-2007, being a by-law to impose fees and charges for services provided by the County of Oxford that are not covered through direct taxation, be amended to increase the Bag Tag fee from \$2.00 to \$3.00, effective May 1, 2025, as outlined in Report PW 2025-09.

REPORT HIGHLIGHTS

- The purpose of this report is to seek County Council approval to increase the current garbage bag tag fee to \$3.00 effective May 1, 2025, to address program cost increases as a result of growth, inflationary pressures, and upcoming changes to curbside waste collection services.
- The County’s user pay system is intended to fully fund costs for curbside garbage collection/disposal (excluding large article) and promote use of waste diversion programs. Since 2021, annual program expenses have outpaced bag tag revenues and without an increase in bag tag fees, reserve funds will be nearly depleted by the end of 2025.
- A user fee program for curbside garbage collection will continue to promote waste diversion and is critical to the success of the upcoming source separated organics (green bin) collection program.

IMPLEMENTATION POINTS

Adopting the recommendation contained in this report will require an amendment to the 2025 Fees and Charges By-law, and implementation of the Communication Plan as noted below.

Authorized bag tag Vendors will be requested to report their bag tag inventory as of April 30, 2025 and will be invoiced for the increased fee.

Distribution of bag tags to Vendors and large individual purchases will be restricted to minimize revenue loss from a potential surge of bag tag purchases prior to implementation of the fee increase on May 1, 2025.

Financial Impact

The approved 2025 Business Plan and Budget includes a bag tag revenue calculation at \$2.00/tag. Should the proposed bag tag pricing structure not be approved, it is anticipated that the reserve will be nearly depleted by the end of 2025 requiring future program deficits to be funded from taxation.

Table 1 and Figure 1 below shows 2025 approved budget based on bag tag revenue at \$2.00/tag, and the revised budget through implementation of a fee increase to \$3.00/tag effective May 1, 2025. A five-year projection of expenses/revenues is also shown and represents upcoming changes to the curbside collection program. To encourage diversion activities, a fixed annual amount of \$200,000 from bag tag revenue will also be used to partially offset operational costs for the green bin program; doing this means that the reserve balance will increase at a slower rate than the target reserve balance.

The fixed annual revenue contribution of \$200,000 towards SSO collection is an arbitrary amount to offset the tax levy impact by 0.2%. To fully fund the SSO program through the user pay system would require bag tag fees to increase to \$4.75/tag.

Table 1: Bag Tag Fee Increase to \$3.00/tag on May 1, 2025

	2025 Approved Budget	2025 Forecast	2026 Projection*	2027 Projection*	2028 Projection*	2029 Projection*
Bag tag revenue	3,800,000	3,800,000	5,400,000	5,100,000	5,150,000	5,250,000
Fee Increase	-	650,000	-	-	-	-
Total Bag Tag Revenues	3,800,000	4,450,000	5,400,000	5,100,000	5,150,000	5,250,000
Waste collection expenses	4,600,000	4,600,000	5,150,000	4,800,000	4,750,000	4,900,000
SSO Program Transfer	-	-	200,000	200,000	200,000	200,000
Surplus (deficit) reserve transfer	(800,000)	(150,000)	50,000	100,000	200,000	150,000
Reserve closing balance	350,000	1,000,000	1,050,000	1,150,000	1,350,000	1,500,000
Target Reserve Balance	1,500,000	1,500,000	1,500,000	1,600,000	1,850,000	2,000,000
Target Reserve Surplus (Deficit)	(1,150,000)	(500,000)	(450,000)	(500,000)	(550,000)	(550,000)
SSO Transfer Levy Impact (using 2025 General Levy)			0.2%	0.2%	0.2%	0.2%

*Includes Council Approved Budget impacts through PW (CS) 2025-08 and PW 2024-44.

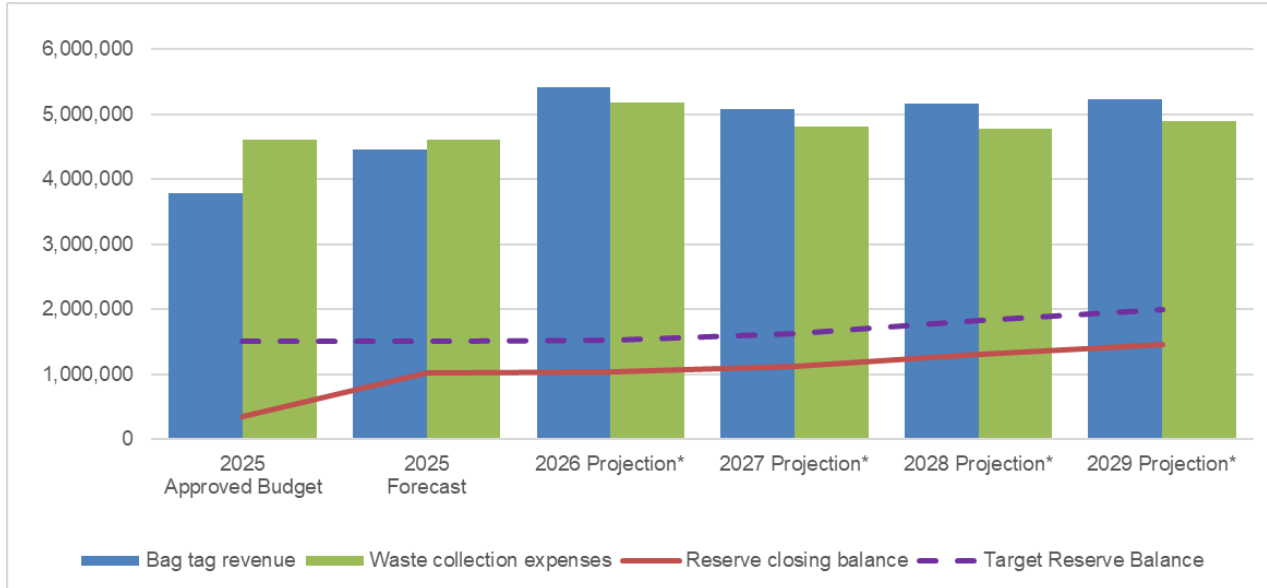


Figure 1: Bag Tag Fee Increase to \$3.00/tag on May 1, 2025

Communications

A comprehensive communication campaign will be undertaken to inform residents, bag tag vendors and Area Municipalities of the bag tag increase and implementation timeline. This will encompass media materials, web content, print and radio advertising, digital advertising, organic and paid social media, and push updates to the County’s Wasteline mobile app.

Communications will emphasize education about the bag tag program and offer multiple ways to bring questions forward to staff. Materials will be shared with Area Municipalities to support their proactive and reactive communication needs.

Report PW 2025-09 will be circulated to Area Municipalities for information.

2023-2026 STRATEGIC PLAN

Oxford County Council approved the [2023-2026 Strategic Plan](#) on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council’s vision of “Working together for a healthy, vibrant, and sustainable future.” These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendation in this report supports the following strategic goals.

Strategic Plan Pillars and Goals

PILLAR 1	PILLAR 2	PILLAR 3
		
Promoting community vitality	Enhancing environmental sustainability	Fostering progressive government
	Goal 2.2 – Preserve and enhance our natural environment	Goal 3.4 – Financial sustainability

See: [Oxford County 2023-2026 Strategic Plan](#)

DISCUSSION

Background

County Council was advised in Report [CS 2024-28](#), regarding the Fees and Charges By-law update, that continuation of a full user pay system for curbside garbage collection would require a bag tag fee increase in 2025 to address a trending decline in reserves and further cost increases anticipated for waste collection.

The County’s curbside garbage collection program has been funded 100% by user fees (bag tags) with surpluses/deficits each year allocated to or from a dedicated reserve. Up until 2021, revenues and expenses were closely aligned; however, since this time, expenses have outpaced revenues, resulting in a depletion of the reserve to a point where the target reserve balance is no longer being met as shown below in Figure 2.



Figure 2: Historical Performance of Bag Tag Program

The County-wide bag tag program was originally established by County Council through the enactment of By-law 4257-2002 to offset tax levy contributions and promote waste diversion through increased recycling. Bag tag fees exclusively fund the annual operating costs for curbside garbage collection and disposal. Table 2 provides a detailed break-down on various Waste Management Activities.

Table 2: Funding Sources for Waste Management Operational Activities

Waste Management Activity	Bag Tag Revenues/ Reserve	Taxation	Other Revenues ¹
Curbside Waste Collection and Disposal	✓		
Large Article Collection and Disposal		✓	
Salford Landfill and Closed Landfill Monitoring		✓	✓
Curbside Recycling Collection and Processing – <i>Note: January 1, 2026 this moves to a provincial responsibility. Non-Eligible Sourced (NES) Recycling Collection/Processing to be implemented in 2026</i>		✓	✓
County Special and Yard Waste Depots		✓	✓
Future Source Separated Organics (SSO) 2026 – Woodstock and SWOX; 2027 – County-wide	✓ ²	✓	

¹ Tipping fees, Stewardship Ontario, Recycling Processing Revenues, Service Recovery Fees (City of Woodstock for Enviro Depot and Town of Tillsonburg Transfer Station), Sale of Compost Materials

² Fixed annual amount of \$200,000 to offset taxation and encourage SSO participation

User pay systems for waste collection is considered best practice by Resource Productivity and Recovery Authority (RPRA) to promote recycling and other waste diversion. Full user pay systems impose fees for all curbside garbage whereas partial user pay systems only require user fees for additional garbage that exceeds a weekly set out limit. In addition to this, some municipal programs limit the total amount of curbside garbage that can be set out each week regardless of the fee structure in place.

Attachment 1 provides a comparator municipal scan of user pay programs for curbside garbage collection with fees ranging from \$2.00 to \$8.00 and associated residential waste diversion rates. In 2003, the County saw an increase in blue box material diversion of 11% with the implementation of county-wide user fee program for garbage, demonstrating that bag tags promote waste diversion from the black bag.

The County's current bag tag program is a full user pay system requiring each bag or equivalent (i.e. container) to have a bag tag affixed to it. There is no weekly limit to the amount of garbage that can be set out, assuming compliance with other program requirements.

A chronological history of bag tag fees since program inception is summarized below in Table 3. Bag tag fees have seen nominal increases since 2003 and have remained at the current fee of \$2.00/tag since July 1, 2014.

Table 3: Chronological Summary of County Waste Collection User Fees (Bag Tags)

Bag Tag Fee Effective Date	Bag Tag Fee
January 1, 2003	\$1.00/tag
July 1, 2006	\$1.25/tag
May 1, 2010	\$1.50/tag
July 1, 2014	\$2.00/tag

Bag tag fees have been reassessed historically to address changes to waste collection expenses in order to maintain reserve continuity. A bag tag program sustainability review was last conducted in 2021 (Report [PW 2021-21](#)) to assess the financial stability of the program through to 2025. Since then, staff have annually reviewed the bag tag program.

Comments

The County wide bag tag program was originally implemented in 2003 to promote waste diversion through increased recycling and to reduce tax levy contributions from property types (industrial, commercial, institutional and agricultural) that do not receive this service. The bag tag program has also contributed to waste collection financial reserves that have been used to stabilize cost increases.

Utilizing a user fee program for curbside garbage collection has a number of advantages including:

- **Incentives for residents:** Residents pay for what they produce. Residents can save money on waste disposal by utilizing recycling programs and making reductions at home as opposed to paying a flat fee on taxes.
- **Environmental:** User fees are an incentive to divert materials away from the landfill and into recycling streams. Also, it represents an incentive to find other ways to reduce waste such as buying products in reusable/recyclable packaging and reducing food waste.
- **Fairness:** Households pay for the amount of garbage they actually produce as opposed to paying on the assessed value of their property. All households across the County pay the same rate per unit (bag) of garbage.
- **Increased Awareness:** When we are aware of the cost of a service, we are able to make a conscious effort to reduce that cost.

Contributing factors that are impacting the Bag Tag Program financial sustainability include the following:

- Residential growth trends – i.e. COVID, household growth and changes.
- Increased landfill tipping fees \$/tonne.
- Annual inflationary increases.
- Provincial responsibility for curbside recycling collection and processing (effective January 1, 2026).
- Contract renewal of curbside collection services and associated program changes.

The County's current and new curbside waste collection contract will be seeing substantial changes over the next few years.

- January 1, 2026 – end of County's combined recycling/garbage collection service for all service contracts (City of Woodstock, Township of South-west Oxford and third-party Contractor (Emterra)).
- January 1, 2026 – new six-day curbside co-collection program of garbage and SSO to start in Woodstock and SWOX, County provided waste collection services co-collected with Common Collection System (CCS) blue box materials, and County provided weekly NES recycling collection County wide.
- May 1, 2027 – County-wide implementation of new curbside collection program with SSO.

The ending of the County's co-collection program (garbage and recycling) represents an efficiency loss and consequently will increase the cost of curbside garbage collection. Award of the new curbside waste collection contract (Report [PW 2024-44](#)) will result in an overall cost increase but is expected to see a reduction in garbage set outs as a result of SSO collection, and thus a reduction in program costs for landfill tipping fees as well as individual user fees for residents.

Continuation of the garbage user fee program will be critical to the success of the upcoming green bin (SSO) program to promote waste diversion along with other programs, including but not limited to, blue box recycling, and yard waste drop off that will contribute to extending the life of the County's current landfill site.

To maintain a fully funded user pay system and target reserve balance, it is recommended to increase bag tag fees starting on May 1, 2025 to \$3.00. It is forecasted that this fee will continue to fund the program through to the end of 2029. If the price is to remain at \$2.00, the reserve will be largely exhausted by the end of 2025, with little room for deviation in revenue/expense projection.

Funding of the curbside garbage collection entirely through taxation (i.e. elimination of the bag tag program December 31, 2025) will increase by General Levy by almost \$5.0 million annually or 5.5%.

CONCLUSIONS

A bag tag fee increase to \$3.00/tag will ensure financial sustainability of the curbside garbage collection program and will promote use of waste diversion programs. The County-wide implementation of SSO collection will reduce individual amounts of garbage set out each week by residents and a reduction in the annual number of bag tags required per household.

SIGNATURES

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ATTACHMENT

Attachment 1 - User Pay Systems – Municipal Comparator