



Alberta Registered Community Compensation

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1. Introduction

This document describes the approach to calculate the amount Circular Materials (CM) will pay a community with which it has an agreement to:

- Collect single-use products, packaging and paper products (PPP) at curbside and deliver collected material to a receiving facility; and/or
- Receive PPP from residents at drop-off depots; and
- If applicable, deliver PPP received at depots to a CM receiving facility; and
- As applicable, deliver local promotion and education (P&E).

The approach is designed to:

- Validate and build on the cost information previously provided by a community to CM;
- Utilize the community's audited financial information as recorded in the community's general ledger;
- Ensure that the manner in which compensation is determined is consistent, fair and equitable across all Alberta communities; and
- Ensure that compensation is based on actual costs to ensure community compensation aligns with producers' obligations under the Alberta EPR Regulation.

2. Approach to Compensation

Circular Materials will utilize the following steps to determine compensation to a community for PPP collection services:

Step 1: The community will provide:

- a) Its audited 2023 general ledger (GL) entries for the types of PPP collection services (curbside collection and/or depot collection¹) provided to residents in 2023;
- b) The number of single-family dwellings, multi-unit dwellings and other locations receiving curbside collection in 2023; and
- c) Whether household hazardous waste was accepted at each of the community's staffed depots in 2023.

Step 2: CM will:

- a) Review the GL entries to confirm applicability to PPP;
- b) Ask questions of clarification, as appropriate;
- c) Identify expenditures that are wholly attributable to curbside collection of PPP and expenditures that are wholly attributable to depot collection of PPP (direct costs);
- d) Identify expenditures that include activities not associated with PPP and/or materials other than PPP (shared costs);

¹ Depot collection could be solely operating the depot or it could include operating the depot and hauling the PPP collected at the depot to a CM receiving facility.



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- e) Apply a protocol to allocate a portion of shared costs attributable to PPP;
- f) Identify direct capital expenditures and the portion of shared capital expenditures attributable to PPP; and
- g) Apply a protocol to amortize capital costs associated with PPP to yield the annual amortized capital costs for PPP.

Step 3: To calculate a curbside collection cost per stop per month, CM will:

- a) Add (i) the direct curbside collection PPP costs, (ii) the portion of shared costs allocated to curbside collection of PPP and (iii) the direct annual amortized curbside collection capital costs and (iv) the portion of shared annual amortized curbside collection costs allocated to curbside collection of PPP to yield total 2023 PPP curbside collection costs;
- b) Add (i) the number of single-family dwellings, (ii) the number of multi-unit dwellings and (iii) the number of other locations that received curbside collection in 2023;
- c) Divide (a) by (b) to yield a curbside collection cost per stop in 2023; and
- d) Divide (c) by 12 to yield a curbside collection cost per month in 2023 (\$/stop/month).

Step 4: For depot collection cost per month, CM will:

- a) Add (i) the direct depot collection PPP costs, (ii) the portion of shared costs allocated to depot collection of PPP and (iii) the direct annual amortized depot collection capital costs and (iv) the portion of shared annual amortized depot collection costs allocated to depot collection of PPP to yield total 2023 PPP depot collection costs;
- b) Divide (a) by 12 to yield a depot collection cost per month in 2023 (\$/month).

Step 5: CM will apply a two-phase protocol to escalate the 2023 curbside collection cost per stop per month and the 2023 depot collection cost per month to (i) August 1, 2024 for purposes of the execution version of the agreement, and (ii) from August 1, 2024 to April 1, 2025 prior to the first payment to the community under the executed agreement.

Step 6: CM will:

- a) Enter the 2023 curbside collection cost per stop per month escalated to August 1, 2024 as the compensation in the Curbside Collection Statement of Work;
- b) Enter the 2023 depot collection cost per month escalated to August 1, 2024 as the compensation in the Depot Collection Statement of Work; and
- c) Provide the calculation of the compensation entered into the applicable agreement to the community.

3. Sources of Information

3.1 Community General Ledger



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Municipalities record expenses and revenue in a financial accounting system that includes a general ledger. A municipality's annual financial records are audited by an accredited, professional auditor. This third-party audit verifies for Circular Materials that the information in the general ledger accurately reflects the community's financial transactions.

Utilizing the general ledger entries related to PPP as the basis for the compensation ensures that producers are paying communities for their actual costs to provide PPP collection services.

A community wishing to provide curbside collection and/or depot collection services under the EPR system will be required to submit the following general ledger information to CM:

- Data from the following types of funds
 - General operating fund
 - Any other fund that includes costs related to PPP
- Data for assets utilized to deliver PPP collection services
 - Buildings if utilized for PPP
 - Equipment if utilized for PPP
 - Vehicles if utilized for PPP
- Data for liabilities/expenses associated with delivery of PPP collection services
 - Wages and benefits for municipal staff undertaking PPP collection activities
 - Repair and maintenance of buildings utilized for PPP
 - Utilities for the buildings utilized for PPP
 - Repair and maintenance of equipment utilized for PPP
 - Repair and maintenance of vehicles utilized for PPP
 - Diesel fuel for the equipment and/or vehicles utilized for PPP
 - Natural gas for the equipment and/or vehicles utilized for PPP
 - Licenses and permits applicable to PPP collection services
 - Insurance for buildings, equipment and/or vehicles utilized for PPP
 - Equipment rental if utilized for PPP
 - Supplies if utilized for PPP
 - Payments to contractors retained to provide PPP collection services
- Revenue associated with delivery of PPP collection services
 - Sale of collection containers to residents (if applicable)
 - Tip fees at depots paid by residents to drop off PPP (if applicable)
 - Grants received to support PPP collection services (if applicable)

Where the liabilities/expenses are shared across a range of services including but not limited to PPP, the community may also submit information to support a change to the assumed



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allocation percentage that will be applied to identify the portion of the shared cost that represents PPP costs as set out in the following



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3.2 Curbside and Depot Services

In order to calculate a cost per stop in 2023, a community submitting its general ledger information to CM will also be required to submit the number of single-family dwellings, multi-unit dwellings and other locations receiving curbside collection in 2023.

In order to determine the allocation percentages to apply to depot costs, a community submitting its general ledger information to CM will also be required to identify whether household hazardous waste is accepted at each of the community’s staffed depots.

3.2 Methodology to Allocate Shared Costs

GL expenditures that are wholly for collection of PPP from single-family dwellings and multi-family dwellings are not subject to allocation.

GL expenditures that include costs to collect PPP from single-family dwellings and multi-family dwellings as well as one or more of the following costs are subject to allocation:

- Costs to collect PPP from locations that are not single-family dwellings and multi-family dwellings; Costs to collect, receive, transfer, consolidate and/or process materials that are not PPP; Costs to receive, transfer, consolidate and/or process curbside collected PPP;
- Costs to transfer, consolidate and/or process depot collected PPP; and
- Costs to deliver, manage and administer other community services.

The following approaches and allocation percentage will be applied to allocate shared costs.

Administrative Staff Wages and Benefits	Approach	Assumed Allocation Percentage	Process to Adjust Assumed Allocation Percentage
Director	Percentage of time spent on PPP collection activities	5%	Community may submit time sheets for staff positions to support a revised Allocation Percentage
Manager		10%	
Co-ordinator		10%	
Support staff		10%	



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Administrative Staff Wages and Benefits	Approach	Assumed Allocation Percentage	Process to Adjust Assumed Allocation Percentage
Call centre staff		10%	

Curbside Collection	Approach	Assumed Allocation Percentage	Process to Adjust Assumed Allocation Percentage
Curbside collection costs (including amortized capital costs, staff wages and benefits) where a vehicle is used to co-collect PPP and another material (e.g., garbage or organics) on the same route	Percentage of vehicle capacity dedicated to PPP	40%	Community may submit tonnes of PPP collected in 2023 and tonnes of the other material co-collected with PPP in 2023 to support a revised Allocation Percentage
Curbside collection costs (including amortized capital costs, staff wages and benefits) where a vehicle is used to collect PPP on certain days/routes and another material (e.g., garbage or organics) on other days/routes	Days/routes dedicated to PPP as percentage of all days/routes serviced by vehicle	25%	Community may submit tonnes of PPP collected in 2023 and tonnes of the other material collected in 2023 on the same vehicle on another day/route to support a revised Allocation Percentage
Contracted curbside collection costs where the contractor price includes PPP and other collection services	Quantity of PPP as a percentage of total weight of materials collected under contract	25%	Community may submit tonnes of PPP collected in 2023 and tonnes of the other material(s) collected in 2023 under the single price contract to support a revised Allocation Percentage
Maintenance building and maintenance costs where PPP and other vehicles are maintained	PPP vehicles as a percentage of total vehicles	25%	Community may submit number of PPP vehicles and total number of collection vehicles to support a revised Allocation Percentage



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Vehicle storage building where PPP and other vehicles are parked	PPP vehicles as a percentage of total vehicles	25%	Community may submit number of PPP vehicles and total number of collection vehicles to support a revised Allocation Percentage
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Depot Collection	Approach	Assumed Allocation Percentage	Process to Adjust Assumed Allocation Percentage
Depot operating costs (including amortized capital costs, staff wages and benefits) where a depot accepts PPP and other materials excluding HHW	Quantity of PPP as a percentage of total weight of materials received at depot location	20%	Community may submit tonnes of PPP received in 2023 and tonnes of other materials received in 2023 to support a revised Allocation Percentage
Depot operating costs (including amortized capital costs, staff wages and benefits) where a depot accepts PPP and other materials including HHW	Quantity of PPP as a percentage of total weight of materials received at depot location	10%	Community may submit tonnes of PPP received in 2023 and tonnes of other materials received in 2023 to support a revised Allocation Percentage
Depot operating costs (including amortized capital costs, staff wages and benefits) that include receiving, consolidation, transfer and processing of PPP	Quantity of PPP as a percentage of total weight of materials received at depot location	10%	Community may submit tonnes of PPP received in 2023, tonnes of other materials received in 2023 and tonnes of PPP processed in 2023 to support a revised Allocation Percentage
Contracted depot operations costs where the contractor price includes PPP and other depot collection services excluding HHW collection services	Quantity of PPP as a percentage of total weight of materials collected under contract	20%	Community may submit tonnes of PPP collected in 2023 and tonnes of the other material(s) collected in 2023 under the single price contract to support a revised Allocation Percentage



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Depot Collection	Approach	Assumed Allocation Percentage	Process to Adjust Assumed Allocation Percentage
Contracted depot hauling costs where the contractor price includes PPP and other depot hauling services	Quantity of PPP as a percentage of total weight of materials collected under contract	20%	Community may submit tonnes of PPP collected in 2023 and tonnes of the other material(s) collected in 2023 under the single price contract to support a revised Allocation Percentage
Amortized depot building costs where a depot accepts PPP and other materials excluding HHW	Floor space used for PPP as a percentage of total floor space	20%	Community may submit depot building floor plan with dimensions showing areas for PPP collection and other areas to support a revised Allocation Percentage
Amortized depot building costs where a depot accepts PPP and other materials including HHW	Floor space used for PPP as a percentage of total floor space	10%	Community may submit depot building floor plan with dimensions showing areas for PPP collection and other areas and a comparison of building specifications for non-HHW and HHW portions of the building to support a revised Allocation Percentage
Amortized depot equipment costs where the equipment is used for PPP and other materials	Quantity of PPP as a percentage of total weight of materials received at depot location	20%	Community may submit tonnes of PPP received in 2023 and tonnes of other materials received in 2023 to support a revised Allocation Percentage

3.3 Methodology to Amortize Capital Costs



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Capital costs associated with PPP collection services will be amortized as follows:

Asset	Life-Span	Annual Amortization
New building	20 years	Straight line depreciation over 20 years (capital cost divided by 20)
Major modification to existing building	10 years	Straight line depreciation over 10 years (capital cost divided by 10)
Minor modification to existing building	5 years	Straight line depreciation over 5 years (capital cost divided by 5)
Curbside collection vehicle	10 years	Straight line depreciation over 10 years (capital cost divided by 10)
Retrofit to curbside collection vehicle ²	Remaining life of collection vehicle	Straight line depreciation over remaining life of collection vehicle (capital cost divided by remaining life of collection vehicle)
Curbside collection boxes	3 years	Straight line depreciation over 3 years (capital cost divided by 3)
Curbside collection carts	10 years	Straight line depreciation over 10 years (capital cost divided by 10)
Depot collection carts	10 years	Straight line depreciation over 10 years (capital cost divided by 10)
Depot collection compactors	20 years	Straight line depreciation over 20 years (capital cost divided by 20)
Depot collection roll-off containers	20 years	Straight line depreciation over 20 years (capital cost divided by 20)
Depot collection front-end containers	20 years	Straight line depreciation over 20 years (capital cost divided by 20)

3.4 Methodology to Escalate 2023 Costs to April 1, 2025

Curbside Collection Cost

A community's curbside collection cost per stop per month in 2023 will be escalated to April 1, 2025 as follows:

- The 2023 cost per stop per month will be escalated using 2.5% for purposes of entering the compensation in the Statement of Work for execution; and

² For example, adding a cart tipper.



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- The compensation in the executed Statement of Work will be escalated using the percentage change in the CPI Index published on January 1, 2024 and the CPI Index⁴ published on January 1, 2025 (the latest published index prior to April 1, 2025) for purposes of the first payment due to the community in April 2025.

⁴ "**CPI Index**" means the Consumer Price Index (All items), monthly, not seasonally adjusted – Alberta (Table 18-10-0004-01) (Formerly CANSIM 326-0020) (<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000401>).



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The following table displays the CPI Index calculation:

CPI Component	2023 curbside \$/stop/month	X	2.5% for purposes of compensation in the executed SoW % change in the CPI index from January 1, 2024 to April 1, 2025
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Depot Collection Cost

A community's depot collection cost per month in 2023 will be escalated to April 1, 2025 as follows:

- The 2023 cost per month will be escalated using 2.5% for purposes of entering the compensation in the Statement of Work for execution; and
- The compensation in the executed Statement of Work will be escalated using the percentage change in the CPI Index published on January 1, 2024 and the CPI Index published on January 1, 2025 (the latest published index prior to April 1, 2025) for purposes of the first payment due to the community in April 2025.

The following table displays the CPI Index calculation:

CPI Component	2023 depot \$/month	2.5% for purposes of compensation in the executed SoW % change in the CPI index from January 1, 2024 to April 1, 2025
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4. Applying Compensation

The curbside collection cost per stop per month entered in the executed Statement of Work escalated to April 1, 2025 will be applied to the number of single-family dwellings and multi-family dwellings listed in the Statement of Work. The curbside collection cost per stop per month will be the rate of compensation per stop per month for the term of the contract, subject to escalation as set out in the contract. The number of single-family dwellings and multi-family dwellings listed in the Statement of Work will be the most current data available at the time the Statement of Work is prepared for execution. The number of



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single-family dwellings and multi-family dwellings listed in the Statement of Work will be updated during the term of the contract to reflect natural growth.

The depot collection cost per month entered in the executed Statement of Work escalated to April 1, 2025 will be the rate of compensation per month for the term of the contract, subject to escalation as set out in the contract.

5. Summary

The following graphic summarizes the process to calculate the compensation to a community for providing curbside collection of PPP and/or depot collection of PPP.



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Registered Community Compensation Calculation

