

Report to Council



Date: September 17, 2018
File: 1845-10
To: City Manager
From: Kevin Van Vliet, Utility Services Manager
Subject: Update on Curbside Cart Collection and Recycle BC
Report Prepared by: Scott Hoekstra

Recommendation:

THAT Council direct staff to maintain the existing curbside recycling program

AND THAT Council authorizes the Mayor and the City Clerk to execute a contract extension with Recycle BC for a new five-year term (November 30, 2018 – December 31, 2023).

Purpose:

To seek Council's direction on partnering with Recycle BC and the City of Kelowna residential recycling program.

Background:

In 2010, the Provincial Government added Printed Paper and Packaging (PPP) to its Recycling Regulation triggering the industry to become responsible for PPP being produced and sent into the BC market. As a result, Recycle BC (formerly Multi Material BC) was formed to represent industry and develop a 5-year plan for approval by the Ministry of Environment to meet the industry's obligation under the recycling regulations. The final plan was approved by the Province in April 2013. In late 2013, the Regional District of Central Okanagan (RDCO) and its Member Municipalities (City of Kelowna, City of West Kelowna, District of Lake Country, District of Peachland) accepted Recycle BC's offer to provide financial incentives to help fund regional recycling collection on behalf of Recycle BC. The City of Kelowna (City) and other Member Municipalities each have individual contracts with Recycle BC and receive these financial incentives on a per household basis. Additionally, the Regional District receives education and service administration top up incentives from Recycle BC and continues to provide region wide recycling education, contamination reduction programming and overall support to the

Member Municipalities. Recycle BC also provides incentives to the Regional District for depot operations for the two regional depots (Westside Transfer Station and Glenmore Landfill) as well as two transfer stations in Electoral Area West.

For the last five years the Recycle BC funding to the City of Kelowna has exceeded our recycling collection and service costs. This is largely due to lower collection costs driven by Kelowna's relatively higher density.

Recycle BC is required to update their PPP plan every five years and have therefore been consulting on its updated plan throughout the Province since November 2017. As part of the Solid Waste Technical Advisory Committee (SWTAC), where all Member Municipalities have representation under the regional solid waste umbrella managed by the RDCO, City staff have been participating in various consultation opportunities over the last year and a half. A new five-year plan has now been proposed by Recycle BC and contract extension agreements have been provided to the City and each Member Municipality in the RDCO. The City and Member Municipalities have until October 1st, 2018 to sign and submit the new agreements to Recycle BC.

The offer (new agreement/contract extension) from Recycle BC is non-negotiable. The City's alternative to the status quo is to reject the agreement and request Recycle BC provide recycling collection service in the City at their cost. This would likely be a significant change in the level of service to our citizens, cost our citizens more in overall waste collection costs, and is not being recommended by the SWTAC. Therefore, it is the Solid Waste Technical Advisory Committee's recommendation to all Member Municipalities that these contract extensions be signed and submitted to Recycle BC prior to the October 1st, 2018 deadline.

Advantages of staying with Recycle BC agreement (maintain status quo):

- Continue to use current investment/infrastructure, i.e. continue to use cart system for recycling.
- Cart system is clean, efficient, user friendly and supported by residents – a recent residential survey done during the RDCO's Solid Waste Management Plan update showed 98% of households were either satisfied or very satisfied with the curbside collection service in their area
- Residents are familiar with existing system, sorting rules, and the recycling carts match the other two waste streams being collected curbside.
- Financial incentive will continue to be received from Recycle BC to support curbside collection.

It should also be noted that the Regional District and its Member Municipalities operate a fully automated curbside cart waste collection system including weekly garbage collection and biweekly recycling and yard waste collection. This current curbside collection contract expires in April 2019 and there is currently a Request for Proposal (RFP) for waste hauling contractors. The extension of the Recycle BC contract allows for curbside recycling service to be included in the RFP, increasing collection efficiency and lowering overall collection costs.

The new Recycle BC 5-year plan will continue to include financial incentives for curbside recycling as follows in Table No.1:

Table No.1

Curbside Collection Financial Incentives Offered by RecycleBC			
Single-Stream Automated Cart – Curbside excluding Glass			
Household Density	Current Rate	New Rate (+4%)	Notes
0.2 – 2 HH/ha	\$34.00/HH/year	\$35.40/HH/year	Kelowna, West Kelowna, Lake Country, Peachland
<0.2HH/ha	\$36.00/HH/year	\$37.40/HH/year	RDCO electoral areas

As part of the new Recycle BC 5-year plan, the Member Municipalities are projected to see the following revenues as noted in Table No.2:

Table No.2

Revenue Projections from Curbside Collection Financial Incentives			
Municipality	# Households	Incentive	Projected Revenue (annually)
Kelowna	38,564	\$35.40/HH	\$1,365,165.60
West Kelowna	11,111	\$35.40/HH	\$393,329.40
Lake Country	4,797	\$35.40/HH	\$169,813.80
Peachland	2,497	\$35.40/HH	\$88,393.80
Electoral Areas	1,683	\$37.40/HH	\$62,944.20
Total Region House Count	58,652		

As noted earlier, the RDCO will receive the following additional revenue as noted in Table No.3:

Table No.3

Resident Education and Service Administration Top Up (Received by RDCO Annually)			
	Current Rate	New Rate	Projected Revenue
Education Top Up	\$ 0.75/HH	\$ 0.75/HH	\$43,989
Service Admin Top Up	\$ 2.50/HH	\$ 1.75/HH	\$102,641
Depot Top Up (access to curbside)	\$ 0.75/HH	\$ 0.25/HH	\$14,663

For the City, these RDCO Top Ups are important to understand given the RDCO's responsibility for region wide education efforts, specifically with respect to recycling contamination. Contamination in recyclables is one of the most significant topics currently in Waste Management. In January 2018, International receivers of paper and plastics instituted a ban on wastes that contained contamination or

low-quality recyclables. Producers and Recycling operations are now responding in an effort to reduce contamination or else this material will not be accepted by the end users.

Service Level Failure Penalties for recycling contamination at the collection stage exist in the current Recycle BC contract, however these have not been charged to the City to date. These Service Level Failures are still included in the new agreement on an escalating basis over the 5-year term of the contract.

These Service Level Failure credits (or penalties) are noted in Table No.4 below:

Table No.4

Service Level Failure (over 3% contamination) – all max of 24 loads/year		
	Current Agreement	New Agreement
Kelowna (>25,000 HH)	\$5,000/load	\$5,000/load year 1 \$10,000/load year 2 \$15,000/load year 3 \$20,000/ load subsequent years
West Kelowna (10,000 – 25,000 HH)	\$5,000/load	\$5,000/load
Lake Country (2,500 – 4,999 HH)	\$2,500/load	\$2,500/load
Peachland (2,500 – 4,999 HH)	\$1,250/load	\$2,500/load*
RDCO (499 – 2,499 HH)	\$1,250/load	\$1,250/load

*Footnote - Peachland house count expected to be >2500 trigger early in the next agreement

The Service Level Failure credit rate increases with the Municipal Household count. Larger communities produce significantly more recyclables and contaminated material over time that is costly to manage. There are six levels of credits, with Kelowna being in the highest category of greater than 25,000 households.

It is unknown at this time how much risk there is for the City with respect to the Service Level Failure penalties that Recycle BC may charge to the City, however the SWTAC feels that the Service Level Failure Notification Letters the Member Municipalities received in 2018 could soon start to turn to penalties in the future, making the RDCO’s education efforts critically important.

Based on a cost/benefit analysis of the Funding Incentives and Service Levels Failure Credits, extending the Recycle BC contract is still recommended by City Staff and the members of the Regional SWTAC. Maximum penalties to the City in year 4 would amount to a reduction in revenues of approximately \$12 per household per year which would have to be made up through increased user fees. This is a significant incentive to decrease contamination. However, staff do not feel that even this cost in the final year is worth substantially changing residential recycling in Kelowna. A program that is fully managed by Recycle BC would likely be substantially different than the program currently valued by Kelowna citizens. Staff will monitor and review prior to the next contract renewal.

Internal Circulation:

Community Communications Manager

Purchasing Manager
Financial Planning Manager

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

Alternate Recommendation:

Submitted by:

K. Van Vliet, Utility Services Manager

Approved for inclusion:



J. Creron, Deputy City Manager

cc:

Purchasing Manager

Financial Planning Manager