

Report to Council



Date: June 13, 2022
To: Council
From: City Manager
Subject: Recycle BC Collection - Update
Department: Utility Services

Recommendation:

THAT Council receives for information, the report from Utility Services dated June 13, 2022, with regard to the Recycle BC and Curbside Collection Contract.

Purpose:

To provide Council with supplemental information regarding an upcoming decision, required before the end of June, to determine if the City of Kelowna or Recycle BC will be responsible for recycling collection in Kelowna.

Background:

Previous Council Resolution

Resolution	Date
THAT Council receives for information, the report from Utility Services dated May 2, 2022, with respect to the Recycle BC Program Update; AND THAT Council direct staff to report back to Council with a recommendation on the approach to provide recycling service, no later than the end of June 2022.	R0317/22/05/02

Staff considered various technical, financial, and operational impacts and risks of the existing City collection model against the potential options for Recycle BC to perform the collection. This review was performed with Regional and Municipal staff at the Solid Waste Technical Advisory Committee level and included research on program effectiveness and clarification of assumptions with Recycle BC. This review suggests having Recycle BC perform the collection and quality assurance will provide best value for our citizens.

The focus of this and the upcoming Reports to Council are about the time sensitive decision required in the contractual Scope of Work as to who will collect the Extended Producer Responsibility based paper and printed packaging. The City of Kelowna must notify Recycle BC by July 1, 2022 if the City intends to continue to collect recyclables in the curbside program on behalf of Recycle BC, or alternately notify Recycle BC that the City will no longer provide this collection service and Recycle BC will be responsible for the collection.

Recycle BC is the industry stewardship group that manages residential packaging and paper products (PPP) under the Provincial Extended Producer Responsibility (EPR) programs. The purpose of the ERP is to make manufacturers responsible for their materials to improve/make the final residuals more recoverable in a cost-effective manner so financial impacts would not be offloaded to municipal governments. This Recycle BC program relates solely to the contents of the blue bins and does not have any future impacts on expanding multi-family recycling programs, future products added to other Provincial EPR Programs, regional waste diversion options for organic materials such as food waste, or demolition debris recovery.

The City of Kelowna has a multi-year service agreement with Recycle BC that is coordinated by the Regional District of Central Okanagan (RDCO) for regional consistency. Under this agreement, the City operates as the Recycle BC collection contractor and collects the PPP as part of the existing curbside waste collection program. The City ensures that the contents of the blue bins are delivered to the Recycle BC material recovery facility for sorting and shipping to recyclers. There are no additional tipping fees for the processing to the City. This program is intended to be fully funded by Recycle BC and the City currently receives an incentive funding of \$35.40 per household to offset the cost of curbside collection of blue bins. This incentive is scheduled to be increased to \$37.40 on July 1, 2022. This incentive funds a portion of our collection contract, the cost of the blue bins, overhead to manage the program, and some of the education and enforcement of the recycling program.

All municipal contracts with Recycle BC in the region expire December 31, 2024.

Discussion:

Recycle BC will not speculate on details of the collection program or formal transition plan for Kelowna until the City has decided who will be responsible for the collection. There are complex financial and operational considerations for a program of this size and scope. It should be noted collection would be at minimum every second week and that all items allowed in the blue bins under the existing program will still be collected by Recycle BC.

If the collection program transitions to Recycle BC, they would work with the City and RDCO to ensure a smooth transition, with Recycle BC determining all details of the program. Recycle BC would determine single or multi stream, manual or automated collection, types and sizes of bins or carts, the collection routes, and days of collection. It is possible that the garbage and recycling collection may be on different days under this model as it is in the Regional District of North Okanagan (RDNO). In discussions with Recycle BC they have indicated that they work collaboratively with municipalities to align garbage and recycling schedules to benefit both collection programs.

Recycle BC has indicated that they would agree to extend our contract and fund City collection until the end of our current collection contract with E36oS on April 30, 2026. This eliminates financial risk of having contracts end at different times and allows for a smooth transition of service delivery.

In 2021, Kelowna collected just under 5,900 tonnes of recycling (approximately 145 kg per household) in the blue bins compared to 20,800 tonnes of garbage disposed (approximately 510 kg per household). An estimated 760 tonnes of recycling will be removed from the recycling program and disposed of as additional garbage due to contamination. A list of materials that is acceptable in the Blue bins is

included as Attachment 1. Recycling data below from Recycle BC and Kelowna suggests that both programs are comparable with multi stream programs typically recovering slightly more material, which could be for a variety of reasons.

Table 1 – Recycling Rates

Program	Contamination from not accepted materials	Net recycling household
Kelowna	7.4%	125 kg
All Single Stream across BC	8.8%	125 kg
All Multi Stream across BC	4.1%	139 kg

Recycle BC multi stream collection is currently used in all municipalities that have Recycle BC perform collection. Based on this existing system preference, staff predict the likely method would be a multi stream collection with a combination of carts, bins, and bags instead of the current City model of single cart collection. Recycle BC collects glass in 15 of 16 curbside programs they operate, and there is a likelihood that that glass would be included in the Recycle BC curbside collection program in Kelowna. This would be in an increase in the materials collected at curbside at no additional cost.

If Kelowna has Recycle BC take over the collection, the City would be the first single stream collection municipality to do so. As such, it should be noted that continuing with the single stream collection model is still a viable option for Recycle BC. Under the agreement, Recycle BC has the first right of refusal to keep the existing blue bins and could choose to maintain these carts and increase the recovery rate by different techniques such as increasing education and compliance at the point of pick up and improve the effectiveness of removing contamination from the existing stream. In the event that these bins would not be kept by Recycle BC, The City and RDCO would likely repurpose the bins for yard waste or other programs.

In either the single or multi stream collection process, Recycle BC would then be fully responsible to manage this waste as intended by the Province’s Extended Producer Responsibility program. Having Recycle BC perform the collection would effectively be a change in the management and curbside collection contractors and would not impact the Regional goals of increasing recycling at multi-family residences or the current review of expanding organics diversion.

With respect to additional customization of a collection program, it is unlikely that Recycle BC would customize their collection system as this has not been performed in any other Recycle BC municipalities. Should the City wish to add different materials to curbside collection this would be implemented solely at the cost of the City regardless of whether the City or Recycle BC provides collection.

The Regional District Waste Reduction Office consulted with other Recycle BC Municipalities. In general, Recycle BC serviced municipalities had positive feedback and are satisfied with the responsiveness and services provided, and noted that documented service complaints were unchanged or reduced when Recycle BC took over the collection program. While an initial spike in complaints is expected during any collection transition, these are typical in any change of contractor or system and

would be expected to be resolved in a short period of time. All indications are that Recycle BC and their collection contractors have been providing good service to their customers, however; all other programs transferring to Recycle BC were already multi stream. There is no reference point for a transition process similar to ours to predict community response.

One significant benefit of having Recycle BC perform the collection is that it would result in increased capacity for City and Regional District staff. The RDCO has four waste ambassadors and two Waste Reduction Facilitators that spend a disproportionate amount of their time on contamination education, compliance, and enforcement. If Recycle BC collects the cart materials, they would also be responsible for the education and enforcement of contamination. This additional Waste Reduction Office staff capacity could be used to advance other waste reduction initiatives such as expanding the organics diversion programs and building deconstruction. Expanded organics and building deconstruction would result in a larger waste diversion from disposal than an incremental expansion of recyclables in the Curbside Collection program.

Survey results highlights

The RDCO recently completed a statistically valid survey of residents on recycling within the RDCO. Highlights of this resident survey focusing on curbside collection are:

- 91% are satisfied with the current curbside collection service
- 85% willing to sort into separate blue bins
- 78% including glass at curbside would increase likelihood of sorting
- 77% use depots at least a couple times per year
- 61% not willing to pay for curbside glass because the service is not required
- 55% not willing to pay for curbside flexible plastics because the service is not required
- 53% willing to spend 11 minutes or more per week to sort recycling

Financial/Budgetary Considerations

From the financial review, staff considered the best value for the City by eliminating future cost uncertainty. Expected increases in long term collection costs are likely to be greater than the incentives revenue from Recycle BC. This combined with the potential implementation of surcharges due to contamination in the recycling stream, suggests having Recycle BC perform the collection is the best financial alternative for the City if our ratepayers are not to subsidize recycling collection.

Recycle BC maintains an audit program to ensure that the collection is meeting maximum contamination levels. When contamination levels exceed the limits in the agreement, Service Level Failure Credits (surcharges) may be issued on a "per load basis" which lower the funding to the City. These surcharges are incremental based on the size of the municipality and repeated infractions. The surcharges for the City of Kelowna could start as early as 2022 at a maximum of \$120,000 per year (\$5,000/load for up to 24 loads) and would increase up to a maximum of \$480,000 per year (\$20,000/load for up to 24 loads) within 4 years. These surcharges could result in taxation increases of approximately \$12 per household per year.

The City and the RDCO are working with Recycle BC on a Contamination Reduction Plan to lower the Contamination rate from the current 12 – 14% level down to the 3% specified in the agreement. While

Recycle BC has historically not surcharged Municipalities, the Contamination Reduction Plan is the start of this process to initiate the surcharges. Even though it is unlikely to have the maximum surcharges levied every year, it is expected that there will be some impact in the future.

The increases in the City's curbside collection costs and cart purchases over the last three years is greater than increases in the incentive payments provided to us by Recycle BC. Currently Recycle BC funding covers all of the City's collection costs with a small amount left over. An increase in collection costs of 2% will require additional funding from Kelowna residents in addition to any surcharges that Recycle BC may levy. Based on historical cost increases, the city will be subsidizing recycling which is intended to be fully covered under the Provincial Stewardship Program within 2 years.

Communications Comments:

Communications would be critical in the event that the City does switch collection to Recycle BC in April 2026. The details and public education required in the transition plan would be coordinated between internal Communications staff, the RDCO Waste Reduction Office and Recycle BC operations at that time.

Conclusion:

A summary of the benefits and challenges of switching recycling collection from the City of Kelowna to Recycle BC is provided in Attachment 2.

Internal Circulation:

Communications
Financial Services

Considerations not applicable to this report:

Legal/Statutory Authority:
Legal/Statutory Procedural Requirements:
External Agency/Public Comments:
Existing Policy:

Submitted by: S. Hoekstra, Manager - Landfill and Composting Operations

Approved for inclusion: M. Logan, Infrastructure General Manager

Attachment 1: RDCO Recycling Guide
Attachment 2: Recycle BC – Benefits and Challenges
Attachment 3: Recycle BC and Curbside Collection Contract Presentation

cc: Divisional Director, Corporate Strategic Services
Divisional Director, Financial Services