

REPORT

Engineering Services

To: Mayor Johnstone and Members of Council
Date: February 27, 2023

From: Lisa Leblanc
Director of Engineering Services
File: 05.1035.10
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Item #: 2023-121

Subject: Transition to Provision of Recycling Services by Recycle BC

RECOMMENDATION

THAT Council receive this report for information.

PURPOSE

To provide Council with information regarding some of the implications of transferring the City's recycling program to Recycle BC.

BACKGROUND

The City of New Westminster (the City) is contracted by Recycle BC to collect Packaging and Paper Product (PPP) from curbside and multi-family households in New Westminster. City crews collect recycling from curbside households and multi-family collections are contracted to a third party.

On December 12, 2022, Council passed the following motion:

THAT Council directs staff to report back to Council, as part of the Strategic Plan, the opportunity to transfer the City's recycling program to Recycle BC.

DISCUSSION

The City is responsible for the collection of Packaging and Paper Product (PPP) from curbside and multi-family households in New Westminster. The City receives payment

from Recycle BC on a per household basis for these services, in accordance with the Agreement and Statement of Works (SOWs) with Recycle BC.

The current SOWs commenced on November 30, 2018 and had an original termination date of December 31, 2023. In accordance with Section 4 of the curbside and multi-family SOW, Recycle BC notified the City on February 8, 2022 of a one-year extension to the current SOWs term, which extended the term to December 31, 2024.

Under the current Program Plan¹, the City may request that Recycle BC directly operate PPP curbside services, provided the City meet the following criteria:

- A written request, accompanied by a formal resolution from Council, is made;
- A formal, written commitment is made to provide Recycle BC with all reasonable assistance and cooperation during the transition period;
- The request is to transfer services for the entire Service Area (i.e., City of New Westminster);
- At the discretion of Recycle BC, existing inventory of collection containers is provided to Recycle BC or left in the possession of residents at no cost;
- A minimum capture rate of 90 kilograms of PPP per curbside household is achieved in the curbside collection program in the previous calendar year;
- The City provides Recycle BC with a minimum of 18 months notice prior to the proposed transition date; and
- The transition date occurs on or after the original termination date of the applicable curbside and multi-family collection agreements.

Under the current Program Plan¹, the deadline for the City to submit a request to transition curbside services to Recycle BC was July 1, 2022. The next opportunity to turn provision of service over to Recycle BC, as per the language in the current Program Plan¹, would be January 1, 2030, with a written request required by July 1, 2028. This may change under the new Program Plan², pending feedback on the draft Plan, which Recycle BC had circulated for comment in late 2022. The comment period for the draft Plan closed December 31, 2022. Recycle BC will complete any revisions to the draft Plan and submit it to the British Columbia Ministry of Environment and Climate Change Strategy (BCENV) in April 2023.

FINANCIAL IMPLICATIONS

The City receives financial incentives from Recycle BC to provide curbside and multi-family recycling services. The following City-provided services are eligible for Recycle BC incentive payments under the current SOWs:

¹ Packaging and Paper Product Extended Producer Responsibility Plan (June 2019)
(https://recyclebc.ca/wp-content/uploads/2019/07/RecycleBCStewardshipPlan_16July2019.pdf)

² Draft Packaging and Paper Product Extended Producer Responsibility Plan (September 2022)
(<https://recyclebc.ca/wp-content/uploads/2022/09/Recycle-BC-Program-Plan-Consultation-Draft.pdf>)

- Curbside and multi-family collection services (per household per year rate);
- Segregated glass collection (per tonne rate);
- Resident education and service administration top ups (per household rate); and
- “Achieved” annual bonuses based on average weight of PPP collected (per household rate).

Recycle BC may also withhold payment for failure to meet any Service Level set out in the SOWs.

Incentive rates and service level failures are discussed below. The current rates are fixed over the remaining SOW term (i.e., to December 31, 2024).

Curbside Collection

The City is entitled to receive a maximum of approximately \$307K annually for providing curbside collection services, which is based on an incentive rate of \$37.40 per curbside household and assumes a baseline household total of 8,205 (Table 1). Recycle BC also provides the City with a financial incentive of \$80/tonne for glass collection segregated from other recycling materials. Additional top ups are available to the City for providing resident education (\$6,154/year) and service administration (\$28,718/year) of the curbside collection program, as well as an annual “achieved” bonus incentive, which varies based on the average weight of PPP collected per year (

Table 2).

Table 1 Incentive rates and estimated City costs for curbside recycle collection services.

Financial Incentive	Incentive Rate (\$/yr)	
	Per Household ^a	Annual
Recycle Collection	\$37.40	\$306,867
Resident Education Top Up	\$0.75	\$6,154
Service Administration Top Up	\$3.50	\$28,718

^aHousehold baseline of 8,205, which is relevant to current SOW.
Incentive rates relevant to Change Order, effective July 1, 2022.

Table 2 Achieved bonus amounts for curbside recycling.

Average PPP Collected per Household per Year (kg)	Bonus Amount (\$ per household)
160 – 179	\$1.00
180 – 199	\$2.00
200 – 219	\$3.00
> 220	\$4.00

Multi-family Collection

The City receives approximately \$515K from Recycle BC for multi-family collection (Table 3), which is based on an incentive rate of \$21.90 per household and a multi-family household baseline of 23,503. Additional top ups are available to the City for resident education (\$23,503/year) and service administration (\$29,379/year) for multi-family collection services, as well as an “achieved” bonus, which varies based on the average weight of PPP collected per year (Table 4).

Table 3 Incentive rates and estimated City costs for multi-family recycle collection services.

Financial Incentive	Incentive Rate (\$/yr)	
	Per Household ^a	Annual
Recycle Collection	\$21.90	\$514,716
Resident Education Top Up	\$1.00	\$23,503
Service Administration Top Up	\$1.25	\$29,379

^aHousehold baseline of 23,503 (2018 numbers relevant to current SOW).

Table 4 Achieved bonus amounts for multi-family recycling.

Average PPP Collected per Household per Year (kg)	Bonus Amount (\$ per household)
80 – 89	\$0.50
90 – 99	\$1.00
100 – 109	\$1.50
110 – 119	\$2.00
120 – 129	\$2.50
> 130	\$3.00

Service Level Failure Credits (SLFC)

Section 2.1.2 (b) of the curbside and multi-family SOWs stipulate that materials collected by the City may not contain more than 3% by weight of Not Accepted Materials. Failure to meet these targets could result in Service Level Failure Credits (SLFC), where Recycle BC withholds payment to the City.

The City’s curbside collection program currently has a baseline contamination rate of 10.94% Not Accepted Materials. Under the current SOWs, SLFC are \$3,750 per load for curbside collections and \$5,000 per load for multi-family collections to a maximum of 24 loads per year for each program. This could result in a maximum annual SLFC of \$90,000 for curbside collections and \$120,000 for multi-family collections.

Furthermore, segregated glass collection must not exceed 1.5% by weight of Not Accepted Material, as per Section 2.1.2 (f) of the curbside SOW. Failure to meet this target may result in annual SLFC up to \$90,000 (\$3,750 per load to a maximum of 24

loads per year). Segregated glass collection services are not provided under the current multi-family SOW.

The City is currently working with Recycle BC on a Contamination Remediation Plan to reduce contamination in the curbside recycling program. This program is expected to launch February 1, 2023.

Outstanding Information

More information is required to determine whether revenues from Recycle BC fully offset the total operational and administrative costs for the curbside and multi-family recycling collections services. The following outstanding gaps need to be researched further:

- The City's current operational and administrative costs for curbside and multi-family collection services;
- Current curbside and multi-family household baselines;
- Capture rate (kilograms of PPP) per curbside household achieved in the previous calendar year;
- Baseline contamination rates in multi-family collections;
- Estimate of annual segregated glass collected by weight;
- Amount of incentives the City currently receives for the resident education top up, service administration top up and annual achieved bonus under the curbside and multi-family collection programs;
- Criteria to transfer multi-family services to Recycle BC.

INTERDEPARTMENTAL LIAISON

Staff in Engineering Services and Finance Department collaborated on this report.

OPTIONS

The following options are presented for Council's consideration:

1. That Council receive this report for information;
2. That Council provide staff with other direction.

Staff recommends Option 1.

CONCLUSION

Under the current Program Plan¹, the deadline for the City to submit a request to transition curbside collection services to Recycle BC was July 1, 2022. The next opportunity to turn provision of service over to Recycle BC is be January 1, 2030, with a written request required by July 1, 2028. This may change under the new Program Plan, which Recycle BC is expected to submit to BCENV in April 2023.

The City receives financial incentives from Recycle BC to provide curbside and multi-family recycling services. However, a more detailed cost-benefit analysis is needed to better understand cost implications and economic value of transitioning collection services to Recycle BC.

The City will continue to provide recycling services per the current SOWs, continue to work with Recycle BC on a contamination remediation plan, and reassess the opportunity and implications of transitioning services to Recycle BC under the new Program Plan.

APPROVALS

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