

NO: R229

COUNCIL DATE: November 18, 2024

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **November 13, 2024**

FROM: **General Manager, Engineering**

FILE: **2320-20 (Recycle-BC)**

SUBJECT: **Recycle BC Contract Agreement - 2024 to 2030**

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The Engineering Department recommends that Council:

1. Authorize staff to enter into an agreement with Recycle BC for a five-year term from January 1, 2025, to December 31, 2030, as described in this report; and
2. Authorize the General Manager, Engineering to execute Master Services Agreements and a Statement of Work with Recycle BC.

## INTENT

The purpose of this report is to seek Council's approval to enter into a five-year agreement with Recycle BC, which includes new financial incentive rates for the collection of recyclables from single-family households and multi-family buildings.

## BACKGROUND

In 2011, the Provincial Government amended the BC Recycling Regulation (the "Regulation") to include Packaging and Paper Product ("PPP") as a regulated product category. Effective May 2014, this regulation requires PPP producers to manage their products' life cycles, including collection, processing and marketing from residential sources across the Province. Recycle BC, a non-profit agency, manages this PPP Stewardship Plan on behalf of private industry.

Under the PPP Stewardship Plan, local governments were instructed to choose from one of the following three options:

### **Option 1: Non-Direct Service Collectors (Accepted Recycle BC's Financial Incentive Offer)**

Local governments would provide recycling collection services through in-house or contracted service and receive financial incentives from Recycle BC. This option ensures minimal impact on municipal recycling services.

OR

### **Option 2: Direct Recycle BC**

Recycle BC would contract a third-party to provide recycling services, leaving local governments with limited control over collection management. This option risks interruptions due to potential changes in collection methods, schedules, and recycling receptacles.

OR

### **Option 3: Reject Recycle BC's Offers (reject Options 1 and 2)**

Under this option, local governments would not participate in the Recycle BC program and would not receive any financial incentive. Local governments would simply continue providing curbside recycling service through their current contractor or in-house. In doing so, local governments would be required to place a levy on its residential property owners for 100% of the annual costs associated with recyclables collection.

### **Current Agreement with Recycle BC**

The City opted for Option 1 to secure financial stability and entered into a contract with Recycle BC from 2014 to 2019. Upon expiration, the City renewed this agreement for another five-year term starting January 1, 2019. The incentives provided by Recycle BC offset the City's recycling program costs, ensuring stable waste collection levies.

### **DISCUSSION**

The current agreements with Recycle BC expire on December 31, 2024. Recycle BC aims to enter into new agreements with local partners, continuing collaborative PPP collection and processing. In preparation, Recycle BC convened a working group of stakeholders from private business, local government, and First Nations to review contract terms across various collection programs.

Key updates include increased financial incentives and revised contamination thresholds, both of which benefit the City. Other changes include updates to terms, definitions, material categories, and clarity existing provisions.

### **Financial Incentives**

The PPP Stewardship Plan establishes incentive rates based on market analysis and cost studies, considering factors, such as operational, cart, education and administrative expenses.

For this cycle, financial incentive for single-stream automated collection will increase by 10%, raising the City's annual funding that it receives from Recycle BC to approximately \$7.4 million, which represents an increase of \$300,000. An annual adjustment based on the Consumer Price Index will now be included, providing additional stability for municipal budgets.

## **Contamination**

Previous agreements with Recycle BC limited recyclables contamination to 3% by weight; however, local governments reported this threshold as unfeasible. Accordingly, Recycle BC has revised the threshold to 5% in the new agreement cycle.

Currently, the City's contamination rate is approximately 10%, consistent with other municipal single-stream programs in the Province. Recycle-BC can charge annual penalties for this overage in recyclables contamination which increases by \$5,000 per year reaching \$20,000 in year 5 of the contract and can only be applied up to a maximum of 24 loads per year. This amount is reduced from the annual \$7.4 million that the City will receive from Recycle BC. In previous contract years, the City has not been charged more than \$120,000/year. An effort to reduce the current 10% contamination level, staff are piloting AI technology to monitor contamination levels in real time. The system uses cameras and software to identify contaminants in recycling carts, enabling the City to send personalized feedback and educational materials to residents. If proven successful, this will reduce the annual penalty charged by Recycle BC to the City.

## **Staff Recommendations and Next Steps**

Recycle BC requires a decision from collectors by December 16, 2024. Staff recommend entering into a new agreement for 2024 to 2030, which provides the City with \$7.4 million annually, ensuring the stability of the waste collection utility levy.

## **CONCLUSION**

With the expiration of the current agreements on December 31, 2024, it is recommended that the City proceed with the new agreement to benefit from updated financial incentives and continued stability in recycling services.

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