



COUNCIL REPORT

To: Paul Gipps, CAO

Date: June 28, 2022

From: Chris Anderson, Public Works Manager

Subject: **Recycle BC – Curbside Recycling Collection**

RECOMMENDATION

THAT Council requests Recycle BC undertake direct curbside recycling services within the City of West Kelowna commencing April 30, 2026; and

THAT Council authorize staff to submit the Recycle BC Acknowledgement letter on behalf of the City before July 1, 2022 to acknowledge and agree to the Recycle BC requirements as outlined in this report; and

THAT Council direct staff to work with Recycle BC to extend the current agreement to April 30, 2026 to align the commencement of the Recycle BC direct service with the expiration of the City's current curbside collection contract.

BACKGROUND

The RDCO is the governing body responsible for solid waste in the Central Okanagan region. Directly related to the Solid Waste function is recycling and diversion.

The City of West Kelowna is part of the RDCO and has contracted services for the delivery and coordination responsibilities for the management of the solid waste function.

The City has agreements with E360 for the collection of Solid Waste within our boundaries, including yard waste and recycling materials.

The City also has an agreement with Recycle BC that they provide us funding for the collection of materials that manufacturers are required to have recycled. In 2022 we expect to collect \$475,000 from Recycle BC for the recycling materials that manufacturers pay them to collect.

The City collects recycled products every second week through our contractor and sends it to Recycle BC processing facility where it gets sorted and prepared for marketing and customers. Over the course of our working relationship, Recycle BC has had to increase their direct costs in sorting to remove non-recyclable products (contamination) from their processing stream. The costs for this has continued to increase to a point where they

feel it would be better managed if they took over the collection of these products to reduce the back end costs of sorting.

With this thought in mind, the City of West Kelowna has been requested to consider the option of turning over the collection of recycled products under Recycle BC mandate so they can control their processing costs. If the City continues to provide recycling collection and cannot meet the guidelines for contamination, then the amount of funding we receive from Recycle BC will be reduced.

To date, Recycle BC collects 16 jurisdiction's recycled products. They are currently in the process of taking on the collection of recyclables for 3 local governments on the north shore in Metro Vancouver.

Since the presentation by the RDCO to Council in May, CWK staff and administration undertook additional investigation and here is a list of questions that were developed by the City and responded to by the RDCO:

- Q1: Our understanding is that the City (and all other Member Municipalities (MM)) will be able to tell Recycle BC when we plan to “hand the keys” back over to Recycle BC. In our case, our request would be April 30, 2026 to coincide with the expiry of the existing E360 contract, correct?
- A1: Correct, E360s contract's first potential end date is April 30, 2026. Recycle BC would be requested to take on direct service of curbside recycling at that time in order to keep the existing level of service with E360 until the end date of their contract.
- Q2: Further to the above, can the RDCO confirm that Recycle BC will be agreeable to a May 1, 2026 start date?
- A2: Recycle BC has provided written confirmation that they'd be willing to entertain the request for an April 30, 2026 transition date. They've also stated that provided we meet all the conditions of transition (as outlined in the stewardship plan) that they'd accept our request.
- Q3: In the event that the keys are handed back and Recycle BC starts their own collection earlier than May 1, 2026, what is the contractual status of such a change between E360 and the MM? Are we in breach of contract?
- A3: This would not occur. Our request for Direct Service requires the April 30, 2026 transition date. If not accepted by Recycle BC, we'd continue with the partnership as per current agreement. No breach would occur.
- Q4: For other communities that have handed the keys back to Recycle BC, what are their contamination rates? Are they indeed meeting their targets?
- A4: Handing back the keys means that you no longer manage contamination rates. Recycle BC holds their contractor to the same contamination rate requirements held of Local Governments. Multi-stream collection averages 4% contamination across BC, which indicates that there are likely Direct Service areas that do not meet the 3% contamination threshold.
- Q5: Are other communities that use the multi-stream approach and are funded by Recycle BC, meeting their contamination targets? If not, are service level failure credits (SLFC) being issued? Can you give specific examples of these municipalities please. What are their target rates?

- A5: The only community we are aware of that has received Service Level Failure Credits in recent history is Surrey; they've had 19 penalties. Recycle BC has stated that some communities that do not have contamination management plans in place, or, are not actively working to minimize contamination, are candidates for near-term penalties.
- Q6: With respect to SLFC, we were very surprised to hear that Recycle BC still has no plans to implement the SLFC, can you comment on this?
- A6: Our messaging has been very careful to confirm that the risk for SLFC application is low, and that we are positioned so that Recycle BC would successfully be able to penalize us this year given our failure to meet a very specific performance target after 6 months of effort.
- Q7: Similarly, if not every municipality still hasn't even submitted their contamination reduction plan to Recycle BC, how is Recycle BC justified in potentially issuing SLFC to our Member Municipalities?
- A7: We'd prefer not to use the inaction of other Municipalities as a defense for our own independent non-contractual performance. I agree that it would be illogical for them to pursue RDCO communities as a priority for penalties. These comments from Recycle BC only came to light within the last two weeks. They confirm the low potential for penalties, but they do not promise no penalties in the future.
- Q8: Is there any opportunity to push back on the July 1st deadline date?
- A8: We think that this door is thoroughly closed. They've confirmed that their stance was defended through the Province, and that if we claimed the "April 2026 gives you lots of time" angle, then we'd have that door shut on us AND our only Direct Service option would be Jan 1, 2025.
- Q9: West Kelowna's Council is very keen to see an example of what "handing the keys" back to Recycle BC might look like. How many bins, what frequency of pickup, what streams of pickup? I know the RDCO has been pushing, but this is a very important item that would be great to have confirmed.
- A9: We've pushed Recycle BC for something, and they are working on crafting something for the near future. It won't be a commitment, but I suspect it will be framed similar to, "If we made the transition today, there would be a very high likelihood that the service would be multi-stream and include the three boxes at curbside (paper, glass, containers)." Followed by a disclaimer... "Market conditions, recycling options, technologies, businesses, and other details will influence how this program will look in 4 years."
- Q10: Can you comment on the concern that multi-stream is a less convenient approach and may decrease overall recycling and diversion?
- A10: Recycle BC confirmed 125 kg/HH/year of recycling on average for co-mingled, and 138 kg/HH/year of recycling with multi-stream. Their numbers suggest overall recycling and diversion go **UP** with multi-stream.
- Q11: Have we done enough ourselves to reduce contamination?
- A11: We'd need to be willing to enforce fines and penalties on our residents, and staff up our Bylaw Enforcement to enable this.
- Q12: Are single use plastics the main source of contamination? If so, do we look at other measures to help reduce contamination such as banning single use plastics?

- A12: Garbage is the main source of contamination. Single use plastic bans is something that is coming down the pipe that the SWTAC will be digging into deeper later in 2022.

The key questions staff feel that have the greatest impact to our citizens and the administration of the service are answered in the discussion portion of this report.

DISCUSSION

Recycle BC is looking to control its costs in processing the recyclables collected and improve the products it markets to increase recycling overall. They feel the best way is at the source through education and control of collection (service withheld to individuals on noncompliance).

Recycle BC is looking to coordinate a public call for service tender for the collection of recyclables across the province and hoping that the more areas they can provide the service, the better the financial response to a tender will be. They have chosen July 1, 2022 as the closing of interested Local Governments to facilitate their timing for such a call.

Senior Staff from the RDCO, Kelowna and West Kelowna attended a TEAMS meeting with the representatives of Recycle BC including the Executive Director and the Director for recycling for western Canada.

From that meeting, we received confirmation on several outstanding concerns with considering allowing recyclable collections to fall under Recycle BC's control.

First and foremost is the potential for litigation through the reopening or breach of our contract with E360 for the collection of solid waste, yard waste and recyclables. Recycle BC has stated and affirms that the contract with E360 will not be impacted prior to the end of the contract in April 2026. Therefore a breach in our contract with E360 is unlikely with considering a change in service management by the City of West Kelowna.

Recycle BC has made it clear they want to coordinate the collection of Recyclable materials with Local Governments to avoid repeated trips to the curb for residents as will repeated trips through residential streets.

Recycle BC has also made it clear they will take on their own communication and management of the service for service requests, clarifications and complaints relieving administration of this burden.

Recycle BC has not decided how best to collect recyclables with respect to single bin or multi bin. They want to leave that option open to bidders of the service providing service expectations can be met. Any change to this part of the program will see coordination with the Local Government to the reuse of existing bins.

Recycle BC has stated it is their intent to coordinate all aspects of recycle collection with the local government including opportunities for input into system design. There are no

binding agreements expected to be entered into with Recycle BC in this case so Council, and the City of West Kelowna are essentially only participants and not partners and could be left disappointed. Having said that, the financial risk associated with collection and meeting service delivery requirements of Recycle BC to fund this program will be eliminated.

As part of the SWTAC's review of this potential relationship change away from partnering with Recycle BC, and after feedback from the Regional Board and Council's of all Member Municipalities, the SWTAC completed a "Record of Recommendation" document which is attached to this report and summarized as follows:

That Recycle BC be requested to directly undertake curbside recycling services in the Central Okanagan commencing on April 30, 2026.

SWTAC Justification for this recommendation:

- removes all financial risk and allows the SWTAC, RDCO, and Member Municipalities to refocus on Regional waste reduction.
- will likely improve services through the inclusion of curbside glass collection at no cost to residents.
- does not conflict with future initiatives or programs to expand curbside diversion activities to include materials currently not accepted at curbside.
- does not conflict with future initiatives or programs to expand recycling within multifamily residences.
- does not conflict with future initiatives or programs to minimize waste and wildlife interactions.
- will likely reduce landfill bound waste through contamination reduction.
- will result, as a minimum, in the collection of the same material, at the same frequency as is collected now.
- aligns with feedback from other municipalities, which suggests net positive outcomes with direct Recycle BC service.
- uploads responsibility of curbside recycling completely to the provincial established Extended Producer Responsibility (EPR) program and removes the need for local government subsidization and minimized risk.
- enables current recycling carts to be repurposed and reused to support other curbside collection programs.
- will educate residents on the role of Recycle BC in the management of paper and packaging.

Recycle BC will not speculate on details of the collection program or formal transition plan for West Kelowna until the City has decided who will be responsible for the collection and they have gone to tender to see what the market will deliver. There are complex financial and operational considerations for a program of this size and scope. It should be noted, collection would be at a 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 is returned to Recycle BC, they would work with the RDCO and the City of West Kelowna 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). Recycle BC has indicated that they would agree to continue to fund City collection until the end of our current collection contract with E360 on April 30, 2026. This eliminates financial risk of having contracts end at different times and allows for a smoother transition of service delivery.

FINANCIAL IMPLICATIONS

The City of West Kelowna has a multi-year service agreement with Recycle BC that is coordinated by the RDCO for Regional consistency. Under this agreement, the City operates as the Recycle BC's collection contractor and collects recycling as part of the existing curbside waste collection program via our separate contract with E360. 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 in the blue bins. This incentive is scheduled to be increased to \$37.40 on July 1, 2022. This incentive helps to fund a portion of our E360 recycling collection contract, including the cost of the blue bins.

As noted previously, by having Recycle BC provide this direct curbside recycling service, all potential financial risk that could come via a contamination service level failure credit, is eliminated.

The City's total contribution in 2022 to the RDCO for waste management related items such as overhead to manage the programs and some education and enforcement, is funded through a parcel tax of \$16.32/parcel for a total transfer to the RDCO of \$278,535.

CONCLUSION

The following data was brought forward by the RDCO at the May 17, 2022 Council presentation based on their recent, statistically valid, "Recycling and Single Use Plastic Survey":

- 87% satisfaction with existing curbside recycling service
- 87% of residents are willing to sort recyclables at curbside into multiple boxes
- 84% of residents would be more willing to sort recyclables at curbside if glass collection was included
- 86% of residents would be more willing to sort recyclables at curbsides if it avoided a future fee increase

As part of these recommendations, Council is being asked to authorize that staff acknowledge and agree to the following Recycle BC requirements in writing before July 1, 2022 (Attachment 2):

- Recycle BC will, at its own sole discretion, determine applicable packaging and paper curbside service details, including but not limited to:
 - Service frequency (e.g. weekly vs bi-weekly service)
 - Inclusion of segregated glass collection at curbside
 - Selection of collection contractor
 - Collection start times
 - Collection schedule
 - Collection routes
 - Policies for replacement of recycling containers.
- The existing inventory of collection containers will be left in the possession of residents at no cost, at the discretion of Recycle BC.
- Recycle BC will be provided with all reasonable assistance and cooperation during the transition period, including:
 - The provision by a date reasonably determined by Recycle BC of a complete household count and address list of households packaging and paper curbside service;
 - Detailed service area and collection route maps, including those used by the local government's collection contractor where feasible and applicable;
 - Cooperation by the current curbside collection service-provider (in-house or sub-contracted service) during the transition for a seamless resident experience;
 - Collaboration with Recycle BC on resident communication prior to the transition date to ensure aligned messaging to the resident.
- After the transition period, Recycle BC will be provided with quarterly updates on households added or removed in the local government's jurisdiction, including but not limited to households added or removed from the local government's curbside garbage service, new occupancy permits and demolitions; and
- Reasonable notice will be provided to Recycle BC on changes to the local government's curbside garbage service and all reasonable efforts will be made to collaborate with Recycle BC on the joint establishment of collection schedules and routes.

Based on the survey data, the Record of Recommendation from the RDCO's Solid Waste Technical Advisory Committee, and CWK's Senior Staff discussion with Recycle BC, staff is supportive of the recommended motions for Council's approval.

REVIEWED BY

Allen Fillion, Director of Engineering and Operations

Warren Everton, Director of Finance / CFO

Shelley Schnitzler, Legislative Services Manager/Corporate Officer

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

Powerpoint: Yes ☒ No ☐

Attachments:

- A1 – SWTAC's Record of Recommendation (May 18, 2022)
- A2 – Recycle BC Acknowledgement Letter