
TO: Solid Waste Management Select Committee **MEETING:** September 6, 2018

FROM: Vivian Schau, Zero Waste Coordinator **FILE:** 2240-20-MMBC

SUBJECT: Recycle BC Packaging and Printed Paper Extended Producer Responsibility Program Renewal

RECOMMENDATIONS

1. That the Board authorize the execution of the Recycle BC “Statement of Work for Curbside Collection Services Provided by Local Government” to be effective November 30, 2018 to December 31, 2023.

SUMMARY

In May 2014, the Regional District of Nanaimo (RDN) partnered with Recycle BC (formerly Multi Material British Columbia) to become a collector of Packaging and Printed Paper (PPP) for single family dwellings as required under the Provincial Recycling Regulation.

The 2019 RDN curbside program budget is estimated at \$5.2 million and is funded entirely by user fees. The partnership with Recycle BC allows the RDN to benefit from a rebate totaling \$1,129,164. The collection portion of \$1,057,059 is applied to lower user fees district wide, and the remaining \$72,105 is used to fund education and to administration the program.

The partnership with Recycle BC is recommended to continue for the curbside collection of PPP materials for single family dwellings as set out in the “Statement of Work for Curbside Collection Services Provided by Local Government” provided in Attachment 1.

BACKGROUND

The Recycle BC PPP collection services incentive programs are available for: residential; multifamily; and depots. The RDN has been in partnership with Recycle BC since 2014 as a curbside collector of PPP material for single family dwellings only (Bylaw No. 1591). RDN collection does not include multifamily dwellings and therefore, does not qualify for the multi-family collection incentive offered by Recycle BC. Additionally, Recycle BC provides for the inclusion of recycling from industrial, commercial, and institutional (ICI) sources in situations where it is not feasible for the commercial sector to service. The RDN has not requested any ICI inclusions and therefore this does not apply.

With regards to depots, the Regional Landfill and Church Road Transfer Station accept drop-off of garbage, organics and recyclables, some of which fall within the scope of Recycle BC depot program. The bulk of the recyclables received at the two facilities are primarily from ICI sources,

which are excluded from this program, such as wood, metal, corrugated cardboard, gypsum, organics and yard waste. The Recycle BC program is restricted to residential PPP only. In 2017, the amount of residential recyclables disposed at the Regional Landfill and Church Road Transfer Station in 2017 totalled 103 tonnes, which represents approximately 1.6% of the total recyclable material accepted at the facilities. Given there are a number of private and non-profit depots operating in the region, the RDN has elected not to actively pursue recyclables from the ICI sector as it may have an adverse impact on businesses. For the reasons stated above, the depot collection incentive has been excluded from further consideration.

The intent of the Recycle BC residential stewardship program for PPP is threefold:

- 1) To improve the recovery of PPP.
- 2) To incent less waste generation through a user pay system whereby the consumer pays for the full cost of the recycling (collection and processing) at point of sale.
- 3) To incent the producers of PPP to be environmentally accountable and responsible in their product and package design.

As per Section 6 of the Recycling Regulation, Recycle BC is required to review its approved Program Plan and submit proposed amendments to the British Columbia Provincial government for review and approval. Between November 2017 and June 2018, Recycle BC undertook a series of consultations to update their Program Plan and collector agreement. The RDN provided input into the consultation. Key changes to the revised Program Plan as it pertains to the RDN curbside collection program include:

- 1) New incentive payment rates, as shown in Table 1 below, to be applied to the new Statement of Work effective November 30, 2018:

Table 1. Recycle BC Curbside Collection Financial Incentive

Financial Incentive	Old Rate	New Rate	Change	
Curbside Incentive Rate	\$ 34.00	\$ 36.65	7%	\$ 2.65
Resident Education Top Up	\$ 0.75	\$ 0.75	0%	\$ -
Service Administration Top Up	\$ 2.50	\$ 1.75	-43%	\$ (0.75)
Total	\$ 37.25	\$ 39.15	5%	\$ 1.90

Based on the finalized June 2018 financial incentive offer in the Statement of Work template, the RDN will qualify for a total incentive of \$39.15 per household per year, a 5% increase from the 2014 agreement as shown in Table 1. The Resident Education Top Up remains unchanged at \$0.75 and is required to be used for the purpose of providing resident promotion and education activities in respect of the Collection Services. Based on the August 2018 household count, the RDN will receive \$21,631.50 to fund the summer outreach program to collect data and to improve recycling practices through education and outreach (including curbside inspections). The \$1.75 Service Administrative Top Up is a 43% decrease from the previous agreement due to the anticipated decrease in administrative activities as a result of Recycle BC's automated daily reporting, expected to be rolled out by yearend.

As shown in Figure 1 below, the RDN program contamination average has been consistently below the overall Recycle BC program average. The RDN has improved 43%

in reducing contamination since 2015, largely attributed to the summer outreach program which has been well received by residents and effective in minimizing contamination in the recycling stream as part of our contractual obligation with Recycle BC.

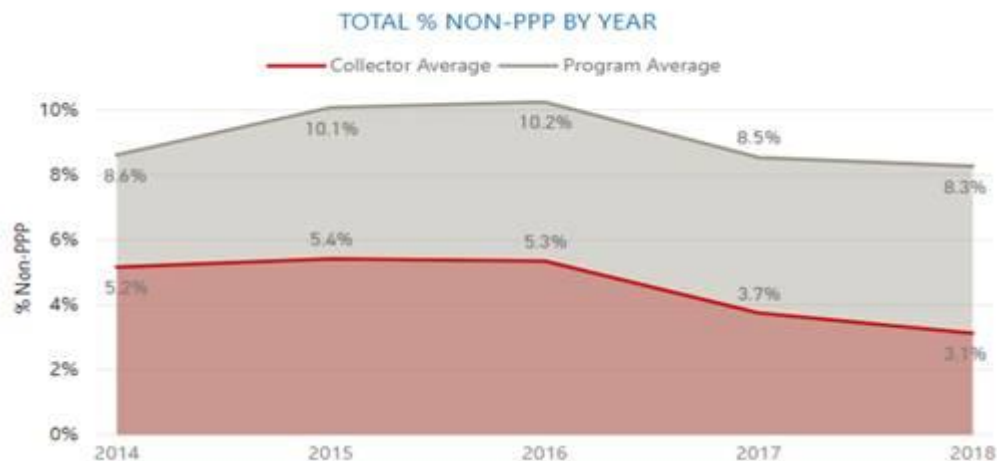


Figure 1 Recycle BC Contamination Scorecard - RDN Data May 2014 to April 2018

Recycle BC has confirmed while they are holding to the 3% contamination target, their current practice has been to work with any local government/municipality above the 10% contamination threshold on a quarterly basis in effort to reduce their contamination rates. In these instances, Recycle BC will require a detailed performance improvement plan to rectify the issue. Recycle BC recognizes a reduction of contamination requires a behavioural shift which takes time, as such, they are generally looking for a downward trend rather than an immediate change in contamination rate. It is only after failed concerted effort that a local government/municipality faces risk of reduction to in their anticipated rebate.

A review of the RDN curbside collection system is currently underway to determine the method of collection for the upcoming curbside collection contract in 2020. If the RDN pursues the automation option, there is a possibility we may see a slight increase in recycling contamination at the onset of the program switch from manual to automated collection. Contamination in single stream automated curbside collection can be effectively managed by way of optimal cart sizing to best align with the RDN diversion goals, as well as implementing diligent education and enforcement efforts.

The City of Nanaimo recently finished Phase 2 of their automated service rollout and have reported a negligible change in their contamination (as per Recycle BC reporting), primarily due to their effective communication strategy. Since the implementation of their Phase 1 roll out, the City of Nanaimo has been diligent in the use of their monitoring software and subsequent follow up to education residents regarding their non-compliance.

As noted previously, the RDN program contamination average has consistently been below the overall Recycle BC program average and is now approaching the 3% target. RDN residents' recycling behaviours are well entrenched and is not anticipated to change significantly as a result of changes in the method of curbside collection. The RDN is

committed to continually strive to reduce the overall contamination through our various education and promotion efforts and the risk of reduction in the anticipated rebate is low.

- 2) New cross-contamination threshold for multi-stream mis-sorted materials to reduce operational issues (3% by weight for paper/cardboard and 1% by weight for containers in paper/cardboard, both previously not defined in the current agreement).

Multi-stream recycling refers to source separating recyclables at the point of generation into their respective material types (i.e. paper fibers, glass, plastics, etc.) into. The RDN currently operates a single stream recycling system and therefore, this does not apply. However, if the RDN decides to change to multi-stream recycling, this will need to be taken into consideration. It is important to note, changing from single stream to multi-stream recycling would require a fundamental shift in recycling behaviour, as well as increase the cost of collection by approximately \$13 to \$26 per tonne¹. The anticipated increased in education and enforcement cost to affect behaviour change, and the increase in collection cost will not be offset by the minimal increase in Recycle BC rebate. Therefore, it is unlikely the RDN will switch multi-stream recycling and will not be negatively impacted by this new requirement.

- 3) New requirement for multi-stream collection drivers to assist in cleaning up incidents at the receiving facility resulting from emptying of both recycling compartments from split trucks, or high levels of cross contamination at receiving facility (and the collector to be charged for associated clean-up cost).

As note above in point #2, the RDN operates a single stream recycling system and therefore, this does not apply. However, if the RDN decides to change to multi-stream in the future (which is unlikely), this will need to be taken into consideration.

- 4) Requirement for collectors to report key customer service metrics to Recycle BC (i.e. missed collection complaints per month).

The RDN is already reporting out the requirements on a quarterly basis. Recycle BC plans to further simplify the reporting process with set templates prior to the commencement of the new SOW.

- 5) Requirement to provide household count changes to Recycle BC at least once per year.

The RDN is already reporting out the requirements on a quarterly basis (beyond the current requirements), as it is in the RDN's best interest to provide updated household count information to ensure our monthly financial incentive payment reflect actuals.

- 6) Requirement to seek Recycle BC approval for all recycling related communication material.

The RDN already provides Recycle BC the draft communication material prior to publication out of courtesy and will continue this practice.

- 7) Requirement to provide a detailed transition plan and receive approval from Recycle BC prior to changing container type to ensure a process is in place to reduce contamination.

¹ <http://wastewiki.info.yorku.ca/single-vs-multi-stream-recycling/>

If the RDN decides to switch to automated service, the RDN will be required to provide a detailed plan in order to change to a cart based system a minimum of 6 months prior to the schedule/planned change. As confirmed by Recycle BC, approval will not be reasonably withheld upon receipt of the plan and has committed to a 2-4 week turnaround on plan approval.

- 8) New performance bonus threshold introduced to incent higher average PPP capture rate as shown in Table 2 below:

Performance Level	Annual kg/HH	\$ per Curbside HH
1	160-179	\$1
2	180-199	\$2
3	200-219	\$3
4	>220	\$4

The minimum threshold to qualify for the performance bonus was previously set at 180 kg/household/yr and now lowered to 160 kg/household/yr. During consultation, the RDN advised Recycle BC that this is not an achievable amount based on the RDN historical data – averaging at 100 kg/household/yr over the past 5 years. A number of local governments and municipalities also echoed the same sentiment during the consultation process. Only 10 municipalities have qualified for this bonus, all higher density municipalities located within the Metro Vancouver area. The RDN’s demographics attributes (older median age and small household size of 2.2 person per household) may be contributing factors to the lower rate, as well as our exclusion of glass which reduces the overall weight. Recycle BC did consider lowering the threshold further but given the increasingly challenging global market conditions, Recycle BC ultimately arrived at the 160 kg/household/yr threshold. The RDN has never received this bonus and will not unlikely be eligible in the near future, hence, this is of no risk to the RDN. This performance bonus does present an opportunity for improvement and the RDN will continue to strive to improve recycling rates as we work to advance the goals of the Solid Waste Management Plan.

- 9) Requirement to spend the total Residential Education Top Up payments on promotion, education and outreach programs (estimated at \$21,632 for 2019).

The RDN summer curbside outreach program is entirely funded by the residential education top up payments and can provide proof of documentation.

- 10) Updated escalated service level failure credit for >3% for non-accepted material contamination due to stricter quality standards (a deduction applied to the rebate based on the schedule set out in Attachment 3.4 to Schedule 2.1(a) of the Statement of Work).

The risk to the RDN is considered low based on our performance history. To date, only a few municipalities have reached this level after many months of failed effort to improve

As detailed above, the key changes to the revised Program Plan are not expected to pose significant risk of negative financial impact to the RDN. If the RDN decides to pursue the automated collection option, the issue of contamination can be effectively managed and it is not anticipated pose significant risk to the overall program.

Inclusion of Nanoose First Nations

Recycle BC has confirmed the Nanoose First Nations can be added as part of the regular quarterly change order process to modify the total RDN household count, which will in turn, adjust the monthly financial incentive payment to account for the additional households when Nanoose comes online in October 2018.

New Collection Agreement Timeline

The effective date of the new Statement of Work is November 30, 2018 and will extend to December 31, 2023, unless otherwise agreed. The deadline for the RDN to submit a signed Statement of Work (SOW) to Recycle BC is October 1, 2018 to guarantee inclusion in the Recycle BC program. RDN staff submitted the information template required for Recycling BC to prepare the executable version of the Statement of Work prior to the July 20 deadline specified by Recycle BC. At time of reporting, the executable version of the Statement of Work has not yet been received from Recycle BC. For reference, the template and blacklined versions (considered as final) can be found in Attachment 1 and 2, respectively.

Alternative Scenario

At this time, the RDN has the opportunity to opt out of the Recycle BC program. Under this scenario, the RDN would be responsible for the collection, processing and marketing of the recyclables. Due to the increasing focus on reducing contamination to meet strict quality standards imposed by global markets, it would be difficult and expensive for the RDN to assume this role. If the RDN Board chooses to decline the Recycle BC financial incentive, the RDN will have to increase user fees to account for the additional cost of collection and processing of recyclables. Moreover, this scenario would require renegotiations with the current curbside collection contract provider, Waste Connections, to provide the collection and processing of recyclables, which could be disruptive to residents and likely not result in any savings from the current arrangement.

At time of reporting, Recycle BC has confirmed all local government/municipalities currently approved under the PPP program are proceeding with the new Statement of Work to continue as a curbside collector of PPP material. There is currently a wait list for eligible local government/municipalities to join the Recycle BC PPP program.

ALTERNATIVES

1. Accept the Recycle BC curbside collection service provider financial incentive and sign the new Statement of Work to continue to collect packaging and paper products under the Recycle BC program.
2. Decline the Recycle BC agreement to opt out of the current curbside collection program and commence collection, processing and marketing of packaging and paper products independent of the Recycle BC program.
3. Provide alternate direction.

FINANCIAL IMPLICATIONS

The 2019 RDN curbside program budget is estimated at \$5.2 million and is funded entirely by user fees, with no taxation to supplement the program. As shown in the program rebate breakdown in Table 2, the partnership with Recycle BC allows the RDN to benefit from a rebate totaling \$1,129,164 based on August 2018 residential single family household count of 28,842.

The collection portion of the rebate of \$1,057,059 is applied to lower user fee district wide, and the education and administration component totaling \$72,105 is retained to provide public education materials and summer outreach program to residents and to administer the curbside program.

Table 2. 2019 RDN Curbside Collection Program Rebate Breakdown

Financial Incentive	New Rate	Program Contribution
Curbside Incentive Rate	\$ 36.65	\$ 1,057,059.30
Resident Education Top Up	\$ 0.75	\$ 21,631.50
Service Administration Top Up	\$ 1.75	\$ 50,473.50
Total	\$ 39.15	\$ 1,129,164.30

STRATEGIC PLAN IMPLICATIONS

The residential curbside collection program is entirely funded by user fees to cover the costs associated with the contracted collection, disposal, program administration, education, and communications services. Consistent with the *focus on organizational excellence and services* as set out in the Strategic Plan, the execution of the agreement with Recycle BC is recommended to maintain the economic viability of the curbside service and to avoid disruption for residents.



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 August 23, 2018

Reviewed by:

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- R. Alexander, General Manager, Regional and Community Utilities
- P. Carlyle, Chief Administrative Officer

Attachments

1. Recycle BC “Statement of Work for Curbside Collection Services Provided by Local Government” template
2. Recycle BC “Statement of Work for Curbside Collection Services Provided by Local Government” blacklined