

TO: MAYOR & COUNCILLORS
FROM: GENERAL MANAGER ENGINEERING
SUBJECT: **SERVICE AGREEMENT RENEWAL – RECYCLEBC**
PURPOSE: To obtain approval to enter into a five-year agreement with RecycleBC as a Collector for recyclable packaging and paper product materials.

RECOMMENDATION

THAT staff be authorized to enter into a five-year agreement with RecycleBC as a Curbside, Multi-family, and Depot Collector for packaging and paper products, as outlined in the report titled "Service Agreement Renewal – RecycleBC" dated November 18, 2024.

1.0 POLICY SECTION

The City of Burnaby offers a robust solid waste and recycling program to its residents which supports climate action through waste diversion, material reuse and recycling, and a circular economy. This program is supported by the following legislative acts, regional plans, bylaws, and City policy directives:

- Environmental Management Act – Recycling Regulations
- Metro Vancouver Integrated Solid Waste Management Plan
- City of Burnaby Solid Waste and Recycling Bylaw (2010)
- City of Burnaby Climate Action Framework (2020)

2.0 BACKGROUND

In 2013, the City of Burnaby first entered into an agreement with RecycleBC (formerly Multi-Material BC) to become a Collector for Packaging and Paper Products (PPP). The City has since previously renewed this agreement in 2018. The current agreement is due to expire at the end of 2024.

RecycleBC has now issued renewal notices to local governments across the province. Staff are recommending that the City renew its agreement with RecycleBC for another five-year term.

3.0 GENERAL INFORMATION

The Ministry of Environment and Climate Change mandates that obligated PPP producers develop a program to manage the end-of-life recycling of their products. To support this mandate, the RecycleBC PPP Stewardship Plan was developed and

approved by the Ministry in 2013. The program covers residential PPP only. Industrial, Commercial, and Institutional recyclable materials are out of scope.

To assist in the implementation of the plan, RecycleBC partners with local governments to deliver its program to the residential communities. In exchange for providing collection and transport services, local governments (Collectors) are provided payment in the form of monetary incentives which offset the cost of delivering services.

3.1 Incentive Payment Revenues

The agreement provides cost recovery to Collectors in exchange for service delivery in the form of incentive payments. Incentive amounts are based on a formula which considers factors such as the type of service provided, the number of households served, and the quantity of material collected. The City of Burnaby’s collection program includes multi-stream recycling (Mixed Paper, Mixed Containers, and Glass) for residential curbside pickup, as well as a full suite of material drop-off options at the Eco Centre.

RecycleBC recently undertook an extensive cost study with its local government and industry partners. The study showed that certain collection models were not adequately recovering costs. As a result, the incentive rate structure in the updated agreement has been revised in a manner which better supports the multi-stream collection model.

The proposed incentive payment increases will provide an opportunity for the City of Burnaby to better recover the cost-of-service delivery as compared to the current contract. In addition to the incentive rate adjustments, the proposed agreement also provides for limited CPI adjustments over the term.

3.2 Term of Agreement

The deadline to enter into an agreement with RecycleBC is December 16, 2024. Upon execution, the new agreement will then come into effect January 1, 2025 and will expire December 31, 2029.

3.3 Collector Performance

The agreement includes contract terms relating to performance metrics such as material contamination rates and collection reporting requirements. Penalties (Service Level Failure Credits) can be applied against the Contractor for various actions, including, among others:

- Failure to properly report material types and quantities
- Failure to properly sort and separate material types
- Failure to maintain contamination levels below threshold values

However, in spite of these potential Service Level Failure Credits, contracting with RecycleBC remains a favourable option for the City of Burnaby. Whilst the possibility of penalties may exist, the opportunities for performance bonuses remain available.

In fact, the City has, for many years, received \$128,000 annually in bonus payments for low contamination rates.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

The Engineering Department performs ongoing community outreach and education work to inform Burnaby residents on waste diversion and recycling opportunities. Renewing the agreement with RecycleBC will demonstrate sustained service delivery to the community.

5.0 FINANCIAL CONSIDERATIONS

RecycleBC Service Agreement renewal will generate revenues to help offset the costs of providing recycling services. Total estimated revenue for the five-year term is currently valued at \$24,130,919. The final revenue amount will be based on actual quantities observed over the contract term. Revenue from the RecycleBC contract will be included in the 2025-2029 Operating Budget Plan.

Respectfully submitted,

May Phang, P. Eng., General Manager Engineering

REPORT CONTRIBUTORS

This report was prepared by Erik Schmidt, Director Public Works for Solid Waste and Recycling.