



The Corporation of the City of Courtenay

# Staff Report

**To:** Council

**File No.:** 5360-04

**From:** Director of Operational Services

**Date:** April 23, 2025

**Subject:** Recycle BC Master Service Agreement and Statement of Work

## PURPOSE:

To seek authorization to renew the 2025 - 2029 Recycle BC Master Service Agreement (MSA) and Statement of Work (SOW) for curbside recycling collection.

## EXECUTIVE SUMMARY:

The City has an agreement with Recycle BC to be reimbursed for the curbside collection of recyclable materials referred to as the Master Services Agreement (MSA). A Statement of Work (SOW) is incorporated into and forms part of the MSA and defines the terms of how the recycling service will operate. The MSA and SOW both ended on December 31, 2024, however, they were both extended to April 30, 2025, to allow for the comparative rate analysis work to be completed and distributed to all participating parties. A new MSA and SOW, including new terms and incentive rates, will commence May 1, 2025, and continue until December 31, 2029. For the City to receive compensation for the recyclable materials the City collects and delivers to Recycle BC, both agreements need to be signed before April 16, 2025. As this report will be seen at the April 23, 2025, Council meeting, staff have received assurances from Recycle BC that a signed agreement received before May 1, 2025, is acceptable.

## BACKGROUND:

In 2024, Recycle BC engaged with collectors, including a survey of recycling collection costs from collectors across the province. The incentive rates in the new MSA and SOW reflect the average costs to provide the service (from the cost survey), while the changes to the language in the documents include clarifications and improved definitions. The Recycle BC SOW & MSA Significant Changes document is provided as **Appendix 1**, and the Draft Fees and Comparison to Current Fees document is **Appendix 2**.

A key change is that incentive rates will undergo a pricing adjustment on an annual basis using either the Consumer Price Index (CPI) or a cost study adjustment mechanism, so the City will see an annual increase in compensation from incentive rates rather than every few years when a cost study is completed.

## DISCUSSION:

The automated curbside collection service provides garbage, recycling and organics pickup for approximately 10,000 dwelling units in the City of Courtenay. The City of Courtenay's curbside collection contractor collects recyclable material on a biweekly basis from a single automated cart. This collection method defines the City as a Curbside Single-Stream collector using automated carts. A comparison of the curbside collection compensations, or Incentive Rates, between the current contract and the new 2025-2029 contract is listed below.

<b>Incentive and Cost Per Household Per Year</b>				
<b>Recycle BC Incentives (revenue)</b>	<b>2024</b>	<b>2025</b>	<b>\$ Change</b>	<b>% Change</b>
Single-Stream using automated carts – Mixed				
Containers and Paper and Cardboard	\$ 37.40	\$ 41.00	\$ 3.60	9.6%
Resident Education Top-up	0.75	1.25	0.50	66.7%
Service Administration Top-up	3.50	3.75	0.25	7.1%
<b>Total Revenue from Recycle BC</b>	<b>\$ 41.65</b>	<b>\$ 46.00</b>	<b>\$ 4.35</b>	<b>10.4%</b>
<b>Curbside Collection (expense)</b>	<b>2024</b>	<b>2025</b>	<b>\$ Change</b>	<b>% Change</b>
Collection	\$ 42.24	\$ 43.51	\$ 1.27	3.0%
Cart Fee	13.99	13.85	(0.14)	-1.0%
Administration	11.29	11.39	0.10	0.9%
<b>Total</b>	<b>\$ 67.52</b>	<b>\$ 68.75</b>	<b>\$ 1.23</b>	<b>1.8%</b>
<b>Net Cost per household</b>	<b>\$ 25.87</b>	<b>\$ 22.75</b>	<b>\$ (3.12)</b>	<b>-12.1%</b>

The 2025 Recycle BC compensation covers 94% for collection and 44% for administration. The 2025 solid waste budget and basic annual fee include the new incentive rates from Recycle BC therefore, no increases are required. As discussed, the SOW includes an annual CPI increase for payments from Recycle BC. The collection contract fees payable by the City are front-loaded in the ten-year agreement and also include an annual CPI increase for just the collection component of the contract, not cart fees. Over time, staff expect the incentive rates from Recycle BC to align with the costs of collection in Courtenay.

If the City chooses not to sign the new MSA and SOW, Recycle BC will no longer accept any recycling materials and the City would need to work with the collection contractor to sort and sell recyclable materials on the open market.

#### **FINANCIAL IMPLICATIONS:**

Recycling collection is funded through the Solid Waste budget. In 2025, the collection costs for curbside recycling are \$438,000, while revenue from Recycle BC is expected to be \$413,000. The delta of \$25,000 is funded by households in the curbside collection system, representing about \$22.75 annually per household.

#### **ADMINISTRATIVE IMPLICATIONS:**

Solid Waste staff will continue to work to maintain consistently low levels of recycling contamination as required by the Statement of Work.

#### **STRATEGIC PRIORITIES REFERENCE:**

This initiative addresses the following strategic priorities:

- Municipal Infrastructure - Continued regional collaboration: Regional Growth Strategy, Liquid Waste Management Plan, South Sewer Conveyance, organics/solid waste, air quality, and regional parks

**OPTIONS:**

1. THAT Council approve the 2025-2029 Recycle BC Master Services Agreement and Statement of Work and delegate authority to the Director of Operational Services to execute the agreement.
2. THAT Council provide alternative direction to staff.

**ATTACHMENTS:**

1. Recycle BC SOW & MSA Significant Changes.pdf
2. Draft Fees and Comparison to Current Fees.pdf

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