



Agenda No: 5.4

Mtg. Date: June 11, 2015

Regional Board Report

TO: Regional Board
FROM: Peter Rotheisler
Manager of Environmental Services
DATE: June 2, 2015
SUBJECT: Regional Recycling Depot Service

Purpose:

To review and establish regional recycling depot service for the remainder of 2015 and beyond.

Executive Summary:

Currently, the Regional District operates three recycling depots in the Central Okanagan. Historically, the Regional District provided the only comprehensive residential recycling depot service in the Central Okanagan. However, since Multi Material British Columbia's printed paper and packaging program launch on May 19, 2014, at least six new private recycling depots have started up in the Central Okanagan including a recycling depot located at the same site as the Regional District's Kirschner Road recycling depot. As a result of MMBC establishing six new recycling depots in the Central Okanagan, the Regional District is able to reduce the resources it devotes to recycling depot service while ensuring residents continue to have access to a high level of service. The recommended reduction in recycling depot service will result in financial savings of approximately \$160,000 per year.

RECOMMENDATION:

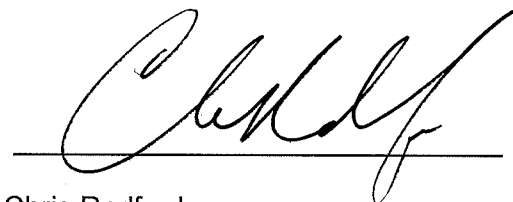
THAT the Regional Board approve eliminating the RDCO Kirschner Road recycling depot;

AND FURTHER THAT the Board approve reducing the days of operation at the Westside Recycling Depot from a seven day a week operation to a four day per week operation (Friday to Monday).

Respectfully Submitted:

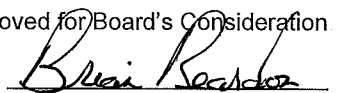


Peter Rotheisler
Manager of Environmental Services



Chris Radford
Director of Community Services

Approved for Board's Consideration


Brian Reardon, CAO

Implications of Recommendation:

Financial:	Potential Cost Savings of \$160,000
Strategic Plan:	Supports Environmental Sustainability and Zero Waste Targets

Background:

The Regional District operates three recycling depots in the Central Okanagan. The depots were established in the late 1990s and are located at the Kirschner Bottle Depot (1988 Kirschner Road), Glenmore Landfill and Westside Landfill. These depots provide a recycling option for residents living in multi-family residences without a recycling service and for residents with excess or over-sized recyclables. The depots are typically open from 7:30am to 4pm, seven days a week and, on average, serve several hundred customers a day at each site. Typically, about 3,000 tonnes of the recyclables are collected at the depots each year.

Depot operations are contracted to a local solid waste management company. Contracted services include staffing, equipment rental and hauling services. In addition, the Regional District has contracted with Multi Material British Columbia (MMBC) to provide depot service for MMBC's printed paper and packaging program. MMBC pays the Regional District based on the amount of material collected. Revenue generated from MMBC does not fully cover the cost of operating the depots. MMBC is obligated by the Province to provide depot service throughout British Columbia and as a result have also entered contracts with other Central Okanagan businesses to provide depot service as shown in Figure 1.

Historically, the Regional District provided the only comprehensive residential recycling depot service in the Central Okanagan. However, since MMBC's program launch in May, 2014 at least six new recycling paper and packaging recycling depots have started up in the Central Okanagan. The six new depots are at well-established recycling depot locations that historically targeted other recyclables regulated by the provincial government such as beverage containers, batteries, paint and electronics. One of the new MMBC recycling depots is located at the same location as the Regional District's Kirschner Road depot and is operated as part of the private depot business at that site.

Prior to the MMBC program (May 19, 2014), depot operations cost the Regional District approximately \$520,000 per year. In addition, the City of Kelowna incurs an additional cost of approximately \$30,625/year to lease the Kirschner Depot site. Beginning on May 19, 2014, the Regional District began receiving revenue from MMBC to offset the costs and MMBC took over all aspects of the transport of recyclables collected at all depots. In addition, beginning July 1, 2014, the Regional District arranged for the private depot operator at the Kirschner Road location to take over the operations of the Regional District's recycling depot on a trial basis, which resulted in approximately \$50,000 in savings in 2014. The trial has continued to date in 2015. The table below presents a financial summary of the relevant depot operational scenarios including the scenario recommended in this report.

Table 1 A comparison of depot operational budgets:

	MMBC Revenue	Other Revenue	Kirschner lease (City of Kelowna) (lease ends 2018)	Operating Cost	Total Net Cost
Pre-MMBC (2013)	\$0	\$0	\$30,625	\$519,810	\$550,435
2014 actual budget	\$49,382	\$0	\$30,625	\$428,756	\$409,999
Post-MMBC (traditional service)	\$87,000	\$0	\$30,625	\$375,000	\$318,625
Recommended	\$50,000	\$0	\$0 (\$30,625)	\$205,000 (\$235,625)	\$155,000 (\$185,626)

Given the establishment of six new recycling depots in the Central Okanagan and that the Regional District is about to enter into a new depot operations contract, it is an ideal time to reconsider the Regional District's role in recycling depot service. Eliminating the redundant Kirschner Road depot and reducing the hours of the Westside Landfill depot, from seven days a week to four days a week, represents a financial savings of approximately \$160,000 per year compared to operating all three depots on a full time basis (traditional service). As a result of the establishment of the six new private MMBC recycling depots, the majority of which are located near the Kirschner and Westside Landfill sites, the service level will still far exceed traditional service levels. In the event that private depots close, MMBC is required by the Province to provide adequate depot service in the Central Okanagan.

Staff recommends that the Regional District continue to provide recycling depots at the Westside Landfill and Glenmore Landfills, despite MMBC revenue not covering costs, for the following reasons:

- The Westside Landfill and Glenmore Landfill continue to represent the busiest solid waste management sites in the Central Region and therefore provide a high level of convenience for residents to dispose of garbage, yard waste and recyclables at the same site; and
- traffic volume and the quantity of material managed at those sites may pose challenges for the private depots to handle at the present time.

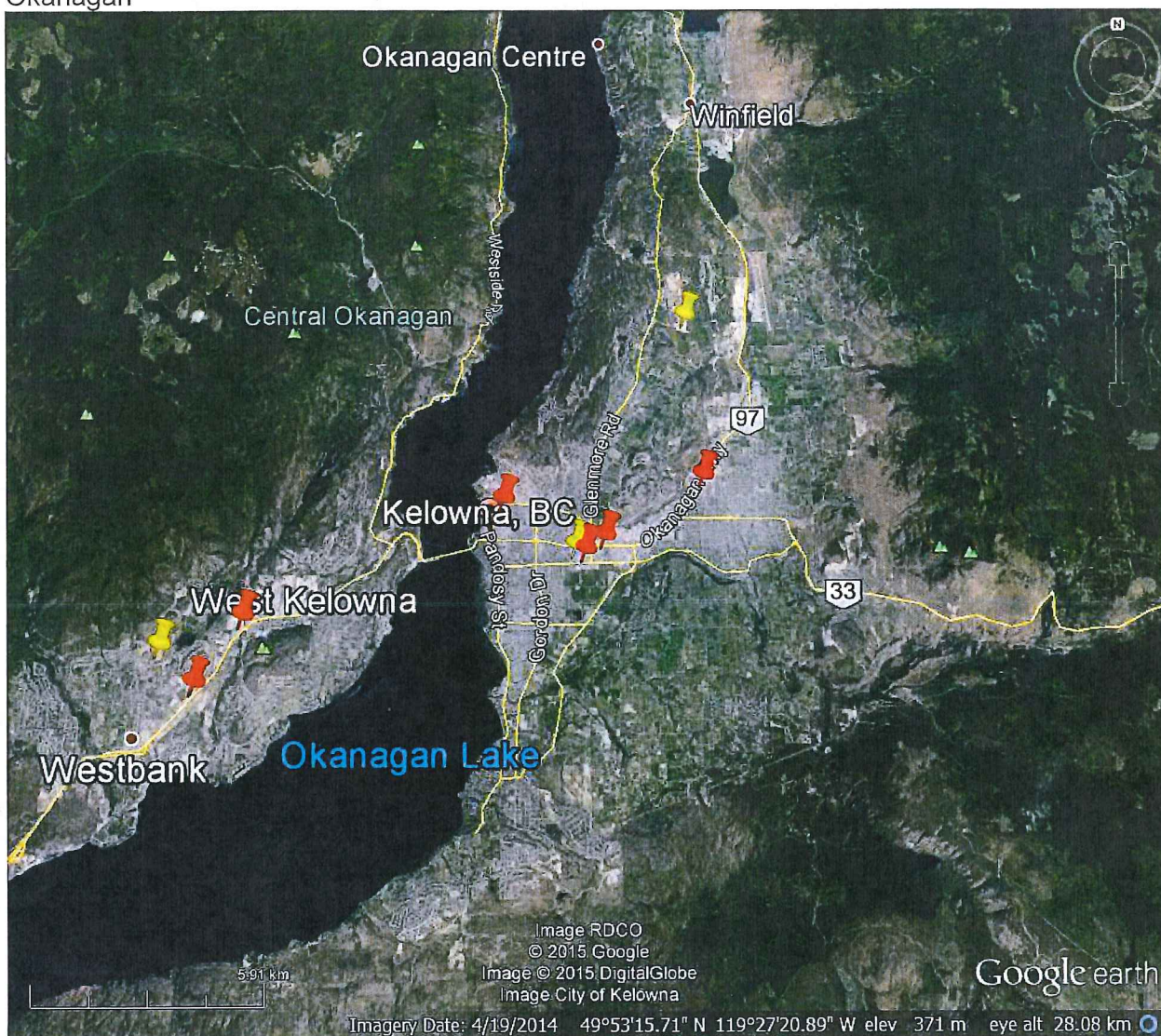
Private recycling depot operators are not interested in owning and operating recycling depots at the Westside Landfill and Glenmore Landfill sites as it does not represent a profitable business model. MMBC's depot incentive model is based on depot locations having multiple revenue sources and does not support the operation of financially sustainable stand alone MMBC recycling depots.

The recommended reduction in hours of operation at the Westside Landfill depot will align the depot hours with the hours of operation of the residential solid waste transfer station that is located at the same site (Friday to Monday). User survey data indicates that 75% of Westside Landfill depot users come between Friday and Monday with only 25% coming between Tuesday and Thursday.

The recommended changes to the Regional District recycling program will be implemented over the remainder of 2015 after Central Okanagan residents are informed about the operational changes and the Regional District's contract with MMBC is amended. The Regional District's

contract with MMBC includes a Termination for Convenience clause and allows either party to amended or terminate the contract with a maximum of six months notice.

Figure 1 Recycling depot locations in the Central Okanagan



Notes:

1. Yellow icons identify traditional RDCO depot locations.
2. Red icons identify new private MMBC depot locations.