



RECYCLE BC

RCBC Consultation

May 30, 2018

AGENDA

- Welcome and Introductions
- Five Year Cost Study Refresh Summary
- Update to Statement of Work – Key Changes
- Services Agreement Timeline
- Questions and Answers

WELCOME AND INTRODUCTIONS

- Welcome
- Presenting live and via webcast
- Will take questions at the end of the presentation; on the webcast please type questions into the Q+A section
- Speakers:
 - Tamara Burns, VP Supply Chain
 - Jordan Best, Director, Collection



COST STUDY

5-Year Refresh Summary

COST STUDY PURPOSE

- The purpose of this study was to determine current collection costs and to compare the current costs to those costs from five years earlier.
 - The first cost study occurred in Q1 2013 and used 2012 collection cost data,
 - This cost study occurred in Q1 2018 and used 2017 collection cost data.
- This research into packaging and paper collection costs was completed to assist in the setting of the financial incentive values, both for the 2014 Services Agreements and for the new Services Agreements being issued in 2018.

STUDY METHODOLOGY 2018

- Local governments, including both Regional Districts and Municipalities that participated in the 2013 study were requested to provide collection cost data to Williams Accounting Professional Corporation (the same accountant who performed the 2013 study).
- Where Recycle BC now provides direct service, the 2017 collection cost data was provided to the accountant by Recycle BC.
- Collection costs for curbside, multi-family and depot collection were studied. Promotion and education (P&E) and service administration were also reviewed.

STUDY SIZE

- In 2013, collection cost data was requested from 25 local governments. 23 chose to submit data.
- In 2018, collection cost data was requested from the same 23 locations which equates to 25 collectors due to changes to some local government collection structures and the mix of Recycle BC direct service and local government depot service in some communities.
 - Of the 25 local governments requested to provide cost data, only 12 submitted data.
 - Including the 5 locations with data supplied by Recycle BC, there were a total of 17 locations included in the 2017 data.

STUDY SIZE

- The difference in the data sets collected by cost category between the two studies is:

Collection Cost Category	2013 Participation	2018 Participation
Curbside Collection Costs	13	11
Multi-Family Collection Costs	8	5
Depot Collection Costs	16	8
P&E Costs	23	17
Service Administration Costs	23	17

- This lack of participation, and limited data set, suggests the data must be used with caution.

DATA COLLECTION METHODOLOGY

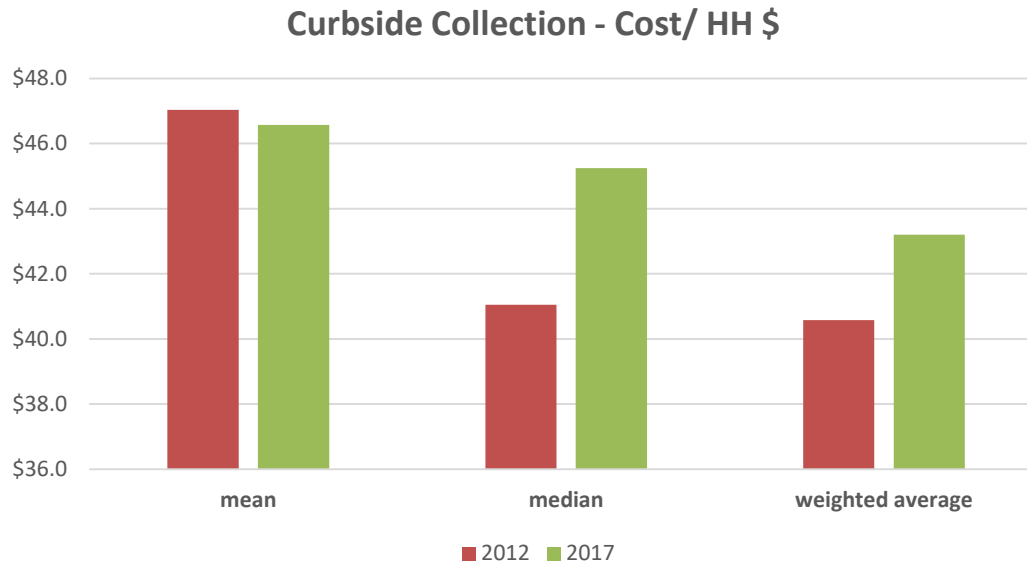
- In early January 2018, local governments were sent a letter from Recycle BC requesting their participation.
 - The local governments were then sent a data collection spreadsheet as well as a guideline document.
 - Meetings with Williams Accounting were arranged in January, February and March. All locations – except one – agreed to provide data.
 - Subsequent to the meetings, the local governments submitted their cost spreadsheets.
 - The data was reviewed and various questions asked for clarification. Key indicators were calculated for the summary.
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STUDY RESULTS – CURBSIDE COLLECTION

- 11 curbside collection programs were studied.
- Diversion ranged from 42 Kgs/HH to 200 Kgs/HH
- Cost/HH ranged from \$27 to \$69
 - Mean \$47
 - Median \$45
 - Weighted average by HH \$43
- The five-year change in cost/HH ranged from a decrease of 55% to an increase of 156%
 - Mean -1%
 - Median 10%
 - Weighted Average 6%

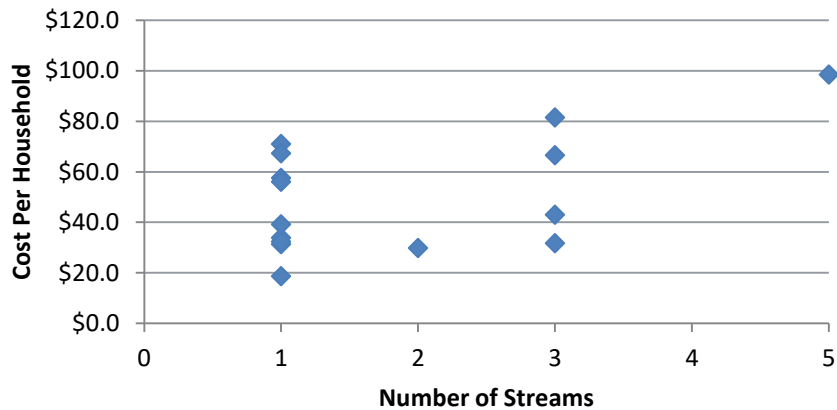
STUDY RESULTS – CURBSIDE COLLECTION

- The five-year change in cost/HH charted:

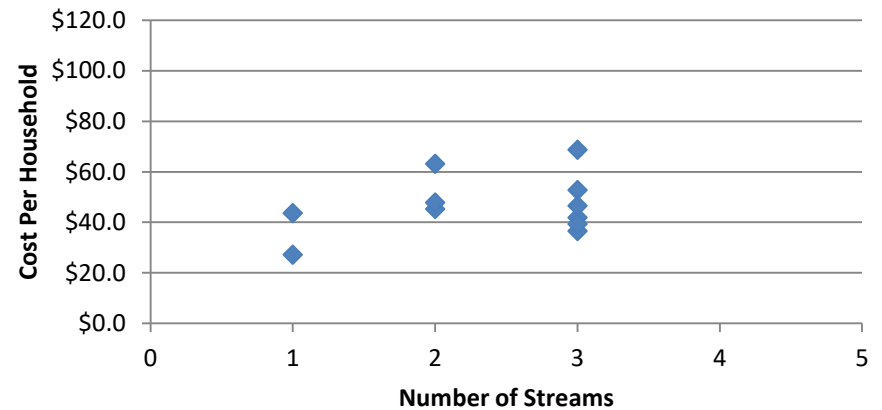


STUDY RESULTS – CURBSIDE COLLECTION

2012 - Cost/ HH vs # of Streams



2017 - Cost/ HH vs # of Streams

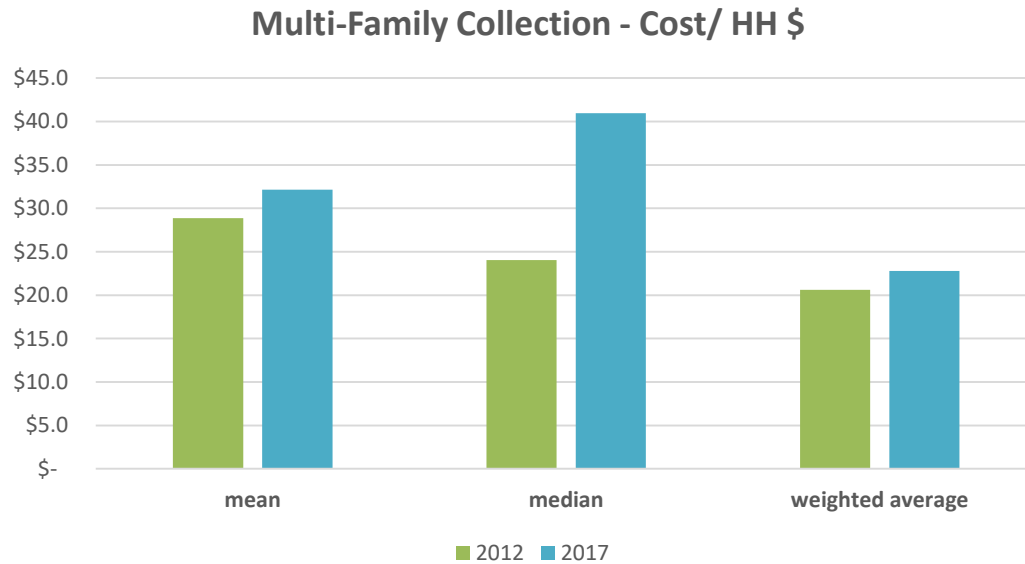


STUDY RESULTS – MULTI-FAMILY COLLECTION

- 5 multi-family collection programs were studied.
- Diversion ranged from 67 Kgs/HH to 91 Kgs/HH
- Cost/HH ranged from \$14 to \$43
 - Mean \$32
 - Median \$41
 - Weighted average by HH \$23
- The five-year change in cost/HH ranged from a decrease of 28% to an increase of 56%
 - Mean 11%
 - Median 70%
 - Weighted Average 11%

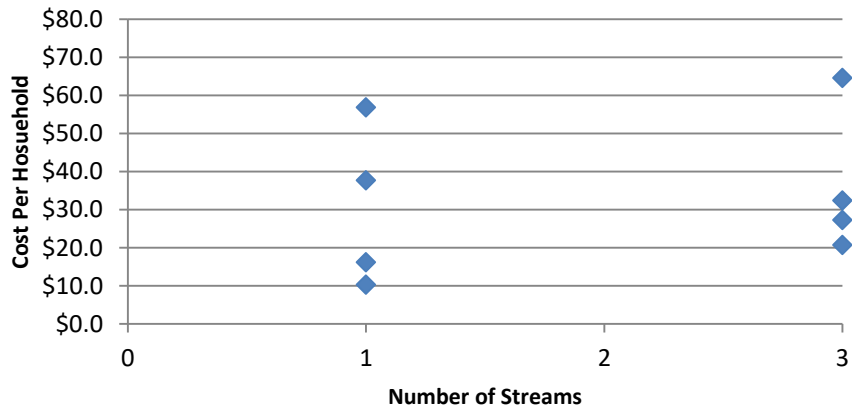
STUDY RESULTS – MULTI-FAMILY COLLECTION

- The five-year change in cost/HH charted:

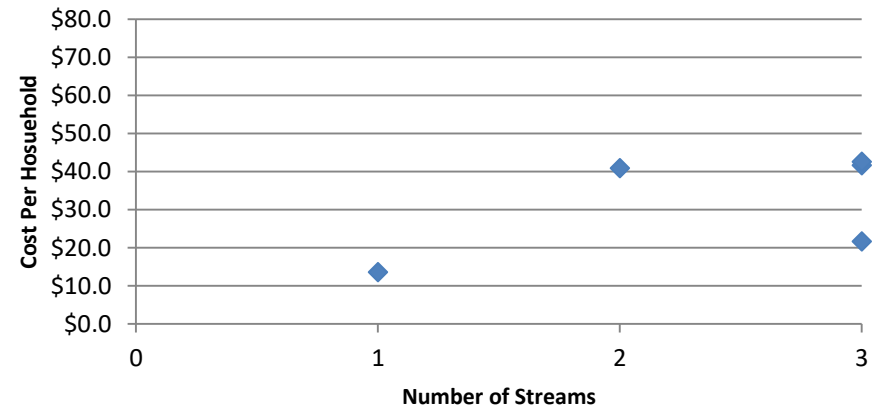


STUDY RESULTS – MULTI-FAMILY COLLECTION

2012 - Cost/ HH vs # of Streams



2017 - Cost/ HH vs # of Streams

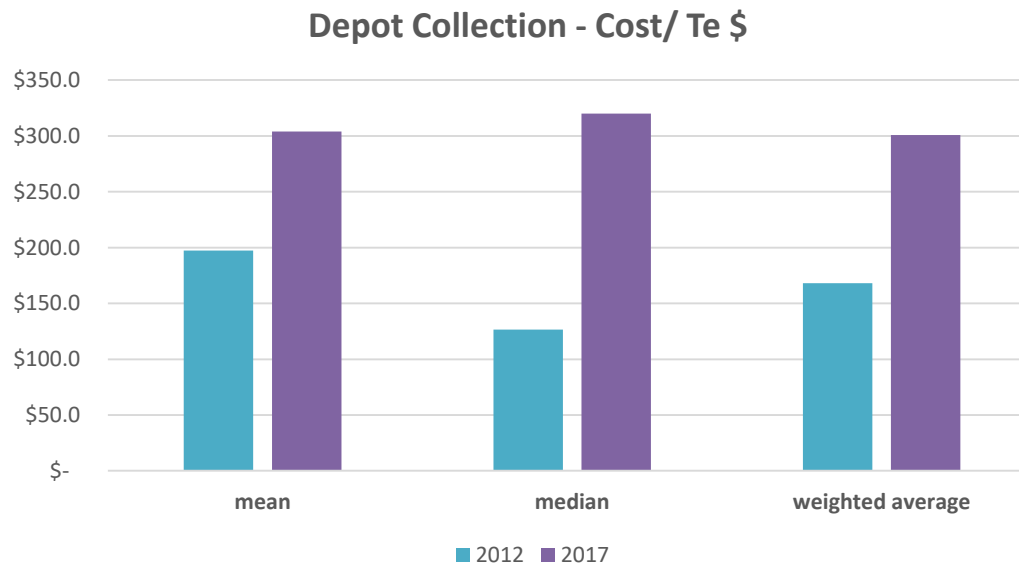


STUDY RESULTS – DEPOT COLLECTION

- 8 depot collection programs were studied.
 - Cost/Tonne ranged from \$148 to \$420
 - Mean \$304
 - Median \$320
 - Weighted average by HH \$301
 - The five-year change in cost/Te ranged from a decrease of 30% to an increase of 383%
 - Mean 54%
 - Median 153%
 - Weighted Average 79%
 - The substantial increase in costs appears to be attributable to a shift from unmanned depots to staffed depots.
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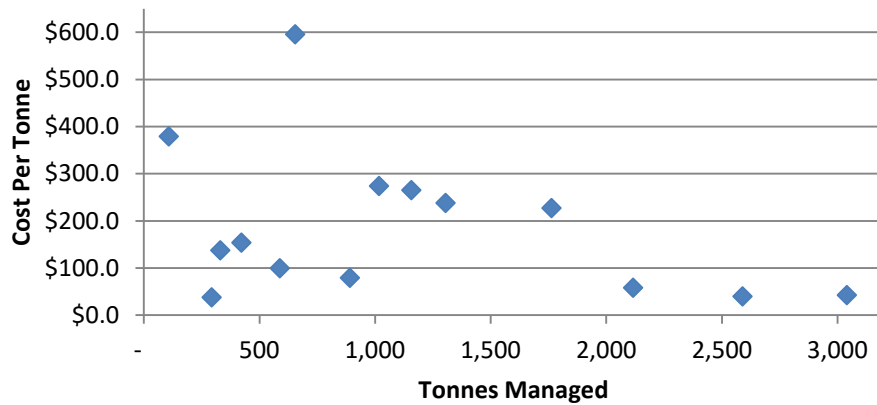
STUDY RESULTS – DEPOT COLLECTION

- The five-year change in cost/Te charted:

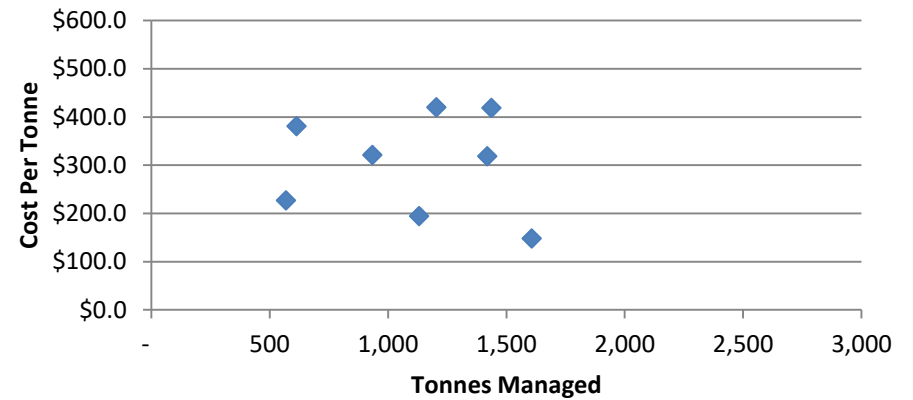


STUDY RESULTS – DEPOT COLLECTION

2012 - Cost per Tonne vs Tonnes Managed



2017 - Cost per Tonne vs Tonnes Managed

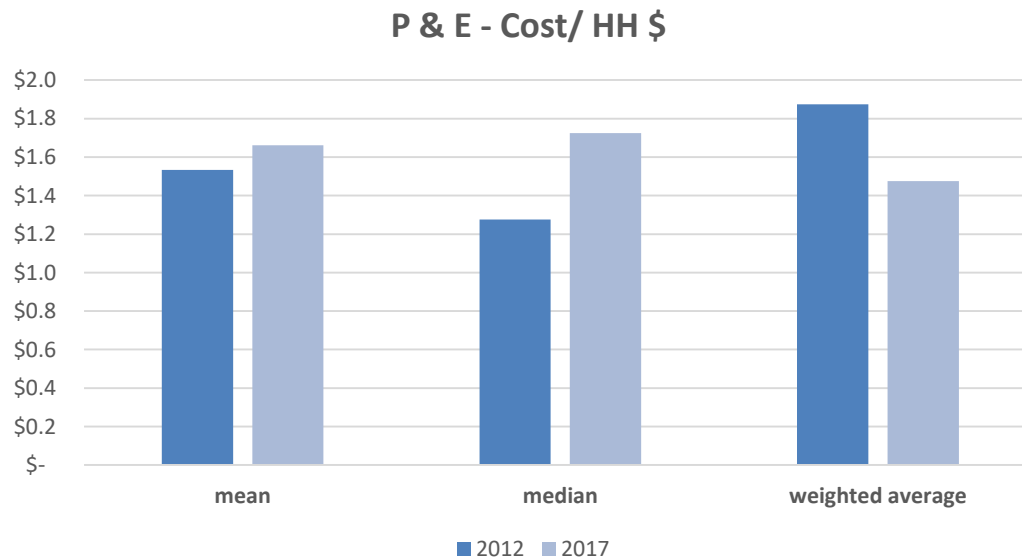


STUDY RESULTS – PROMOTION AND EDUCATION

- 17 locations' data were studied.
- Cost/HH ranged from \$0.02 to \$7
 - Mean \$1.70
 - Median \$1.70
 - Weighted average by HH \$1.50
- The five-year change in cost/HH ranged from a decrease of 98% to an increase of >2700%
 - Weighted Average -39%

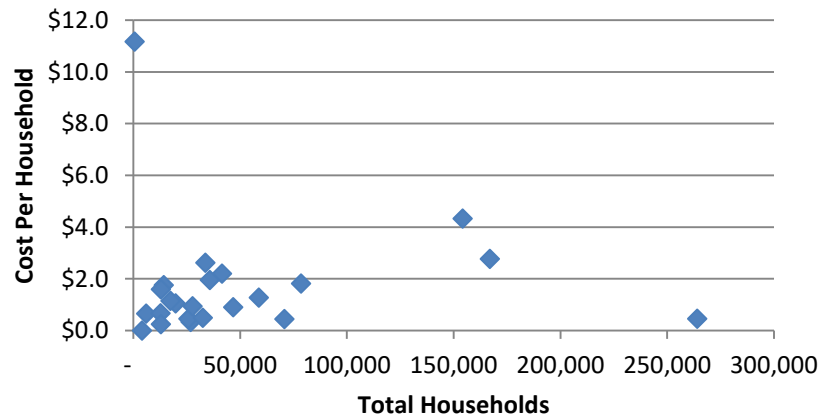
STUDY RESULTS – PROMOTION AND EDUCATION

- The five-year change in cost/HH charted:

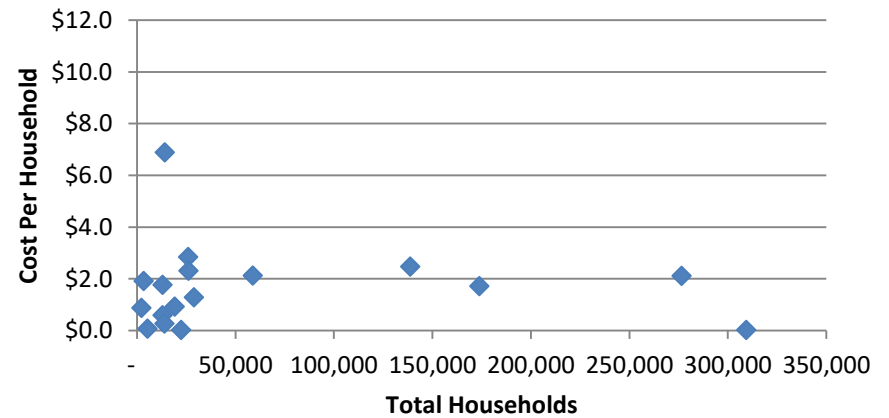


STUDY RESULTS – PROMOTION AND EDUCATION

2012 - P&E Cost/ HH vs Households



2017 - P&E Cost/ HH vs Households

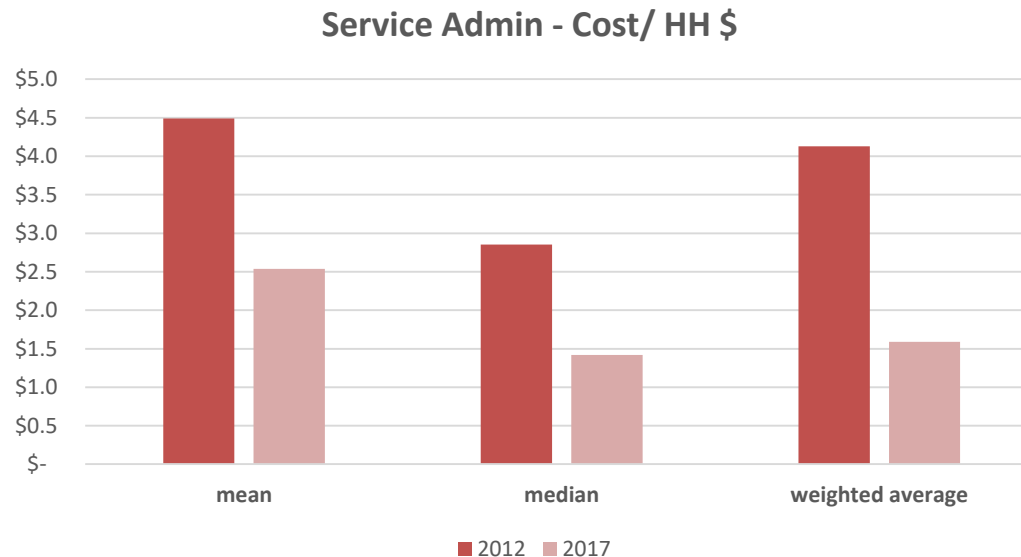


STUDY RESULTS – SERVICE ADMINISTRATION

- 17 locations' data were studied.
- Cost/HH ranged from \$0.18 to \$8
 - Mean \$2.50
 - Median \$1.40
 - Weighted average by HH \$1.60
- The five-year change in cost/HH ranged from a decrease of 96% to an increase of 142%
 - Weighted Average -62%

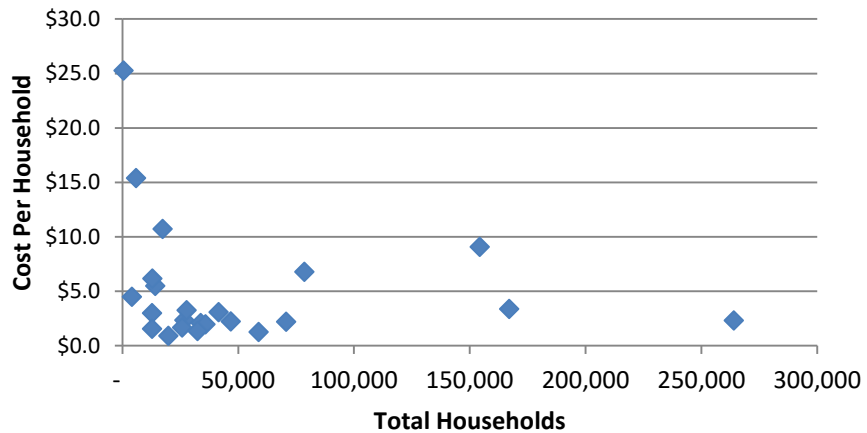
STUDY RESULTS – SERVICE ADMINISTRATION

- The five-year change in cost/HH charted:

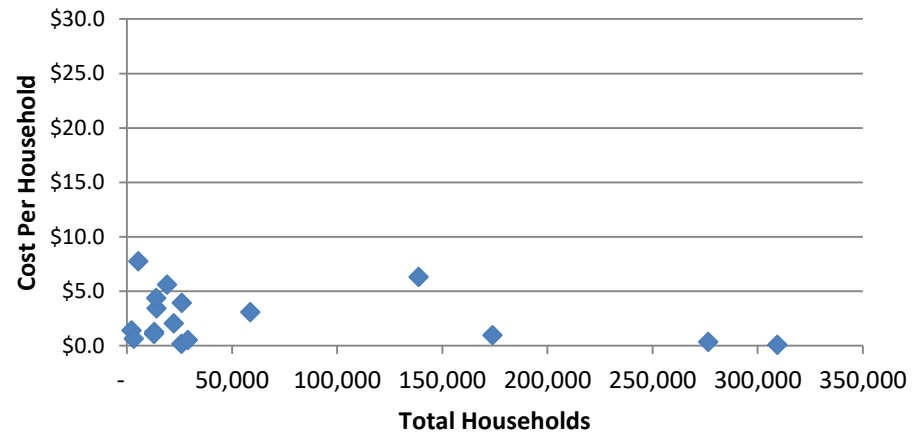


STUDY RESULTS – SERVICE ADMINISTRATION

2012 - Service Admin. Cost/ HH vs Households



2017 - Service Admin. Cost/ HH vs Households



NEXT STEPS

- A summary of the collection cost research will be published on Recycle BC's website.
- This research into packaging and paper collection costs has been used to assist in the setting of the financial incentive values for the new Services Agreements being issued in 2018.
- Recycle BC will be hosting a webinar in June to specifically discuss the incentive payment methodology and the new financial incentive values.



SOW UPDATE

Key Changes

KEY CHANGES – ITEMS REMOVED

- Based on feedback from the consultation, the following four items proposed will not be going forward in their respective Statements of Work and have changed to:
 - Depots that primarily service households with curbside/MF service will retain paper and container collection incentive payments,
 - Multi-family incentives will not be reduced at this time if cardboard (OCC) is collected separately and managed outside Recycle BC program,
 - Recycle BC's logo will not be mandatory on collection containers,
 - Curbside collectors switching out of single-use collection containers to reusable collection containers may consider resident-supplied reusable containers in low density collection areas, as approved by Recycle BC.

KEY CHANGES – ITEM ADDED

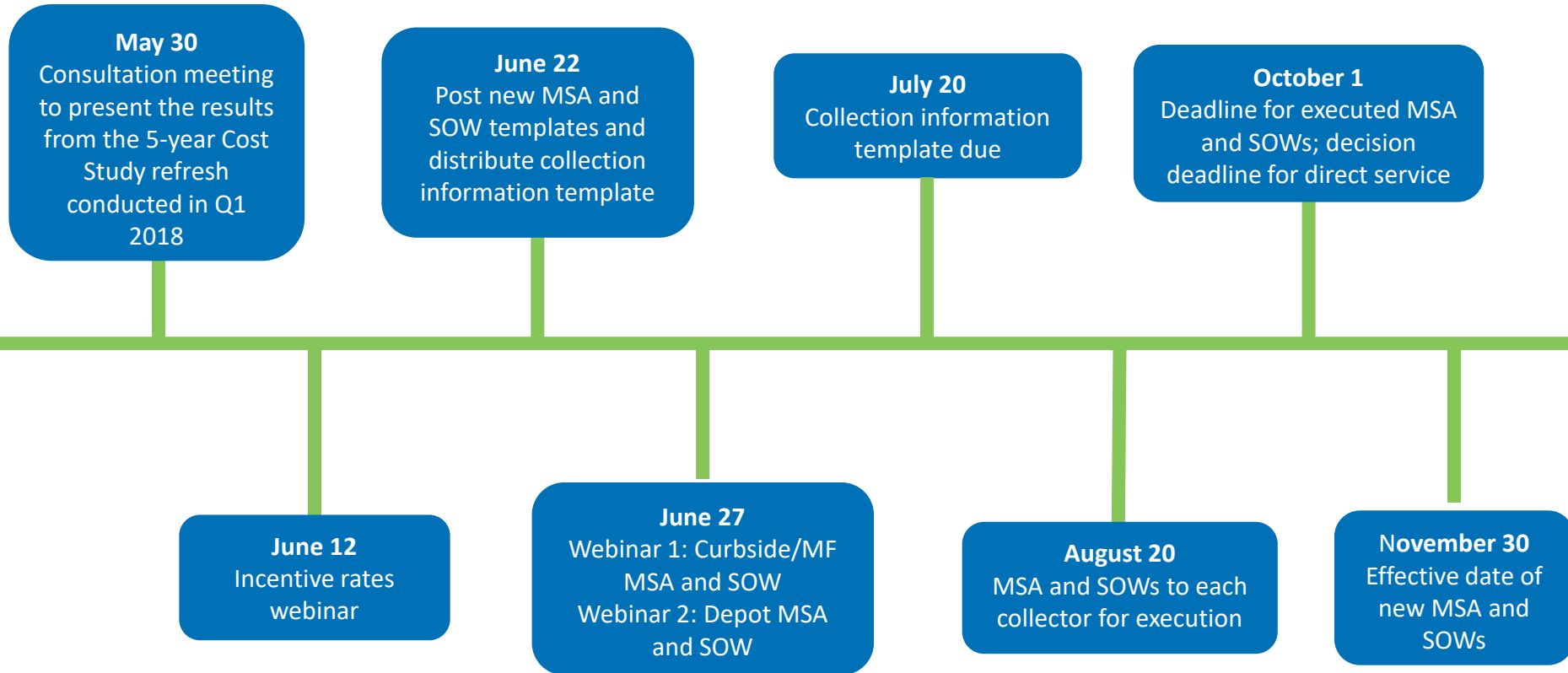
- Due to global market conditions demanding significantly stricter quality standards, and the China Ban impact on the marketing of paper worldwide, the following change is being made to the Service Level Failure Credit (SLFC) for >3% non-packaging and paper contamination:
 - Addition of new tier to the SLFC process for largest curbside and multi-family collectors , which will include a year-over-year stepped increase to the value of the SLFC when the collector has received a SLFC and in the subsequent year(s) does not decrease contamination in their service area to 3% or less.
 - Year 1 - \$5,000 per load, Year 2 - \$10,000 per load, Year 3 - \$15,000 per load, Year 4 & 5 - \$20,000 per load
 - Maximum of 24 loads per year remains
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TIMELINE

Services Agreement

TIMELINE FOR SERVICES AGREEMENTS





QUESTIONS



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