



Webinar on the Financial Incentive Review Including Cost Study Results, July 7 & 8, 2020 Q&A

July 7

#	Sector	Question	Answer
1	Local Government	When will the new incentive rates be applied?	This step in the process is presenting the proposed rates in the context of the financial incentive review methodology and obtaining feedback with a 30-day feedback period. Once we review the feedback we will be in a better position to know the timing for next steps. A Consultation Report will be published that will describe the feedback and how it is actioned. Still several steps to go in this process.
2	Local Government	For those communities that Recycle BC is the service provider will only the incentive rates be paid to the contracted collector? For example, is Smithrite-GFL in Vancouver paid the incentive rate or is the per household rate higher or lower?	Rates for direct service areas are determined via a competitive RFP process. Direct service rates went into the mix of responses to comprise this cost study's results; however, their payments are part of a contract with them whereas this cost study, with these proposed financial payments, is to determine our incentive rates and not what we pay through a competitive procurement process.
3	Regional District	What are the 3 rates for each type of collection system again? \$36, \$37, \$38?	The rates are on slide 39: \$37.40, \$38.80, \$42.80
4	Anonymous	Please elaborate on policy to not increase incentive in sectors where no response was given	A lack of responses and submissions was considered evidence that sufficient interest or concern did not exist pertaining to that incentive rate and that the existing rate was therefore sufficient. All collectors were invited to participate in the cost study.
5	Anonymous	Why not use inflation or CPI rate for incentive increase in these areas of no response	CPI rates were considered when the existing incentive rates were determined in 2018. For this study where we felt we had insufficient responses in multi-family the overall MF proposal reflected CPI rates. Without costs from collectors in other response categories we made our best judgement on when to apply CPI in place of responses. CPI rates will be considered again when incentives are next reviewed with the next service agreements.
6	Regional District	When would these new rates be implemented?	Today's webinar is to determine what feedback we get from this proposal. Once we review the feedback we will be in a better position to know the timing for next steps. A Consultation Report will be published that will describe the feedback and how it is actioned.



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7	Regional District	Can you clarify. Does this mean if someone did not reply, they will not get the depot increases? Staff were not able to allocate time to provide the data required. Our costs are covered by only approx 1/4 by incentives.	The incentive adjustments outlined in this presentation will be applied to all collectors via a change order if implemented regardless of whether collectors participated in the cost study or not.
8	Anonymous	Can you provide the rationale behind eliminating the admin top ups for Local gov. when it is clear that the cost for local gov to operate at depot then privately run depot? why not give private depots the top up?	We included the cost study findings on administration for depots when we determined the proposed increase for depots. By adjusting the tonnage payment amount we looked at what the additional increase would be, which ended up being a 58% increase overall. That % increase overall, while it is expressed as an amount per material, the total dollar value of that increase includes the cost study finding on increased administration costs. In order to bring private depots and local government depots to a place equally on payments, and effectively administer the payments, it was determined necessary to make it a per tonnage payment rather than a per household top-up as private depots do not have a defined number of households they service.

July 8

#	Sector	Question	Answer
1	Private Depot	Is the depot model based on a 5 year term or will it be increased yearly?	The depot model is based on our service agreement periods which are generally 5 years. This study is unusual as the government requested all stewardship programs undertake a cost study. This cost study is not typical as it does not align to a service agreement renewal and will require a change order to put these rates into effect - these rates if implemented will run for the length of the current services agreement.
2	Private Depot	What is the definition of "Depot"? 38 Depots that took part in study... How many were "return it centres"	For this study, 25 local governments and 13 private depot collectors provided responses (private depots were not broken out by Return-It vs other private depot types). All depots were given the opportunity to participate in this cost study.
3	Regional District	Government depots came in with lower costs than private depots, did this surprise you and what were the driving factors?	It didn't surprise us - everything in this study gave us a greater range of costs than previous studies. We looked at driving factors and found that how depots categorize costs between collection and administration is



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			quite different. It is more that cost structures on all of the cost categories for depots - how they structure their business and define their costs - is quite different than a particular driving factor between local government and private depot collectors.
4	Private Depot	Also, what about an incentive based model on volume increase per year?	As mentioned, this is not a typical financial review and study since it is not creating a new model (as we have the opportunity to do when we develop new contracts). This is an in-between check-in on the incentive rates so the decision early on was to keep the existing model and look at changes to the rates within the model not re-engineer our model in the middle of a contract cycle. If you have suggestions for a new model structure for the next contract cycle as part of the next program plan renewal it would be great to receive as feedback.
5	Regional District	Have you considered an incentive based system for depots, to encourage high performance like with curbside?	
6	Private Depot	For a depot operator that supplies a compactor / bin for OCC collection I believe there should be an increase in rates over 5 years due to wear & tear on equipment supplied.	The cost study had 11 cost line items for depots including several categories pertaining to equipment – the full list is on pages 6 & 7 of the cost study report (http://recyclebc.ca/wp-content/uploads/2020/07/Recycle-BC_2019-Cost-Study-Report.pdf) – so this element was one part of the review to determine the financial incentive payment model and rates.
7	Private Depot	Are other factors such as area clean up and extreme rising insurance costs considered in this study?	This study looked at 2019 actual costs – a point in time – so insurance 2019 costs vs. 2017 are captured. Area clean-up was considered a collection cost in other duties performed during collection for this study.
8	Private Depot	How many Return It Depots collect PPP for RBC? There are 170 in BC	There are 75 Return-It depots in our program. All were given the opportunity to participate in the cost study.
9	Private Depot	Return It Centres collect materials that curbside is not able to because of contamination and quality control. Collection of these materials are at a much higher cost. Including equipment, real estate, labour etc...Was this a consideration?	We reviewed collection costs from depots that collect curbside as well as depots that serve communities without curbside. All data points were analyzed. Some residents with curbside go to a depot with curbside material but the program has paid for curbside service and that is the primary channel. We consider depot service in respect to developing the payment rates based on what is necessary, effective and efficient. Yes, cost categories as mentioned were considered in this study.



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10	Regional District	How did the curbside programs run directly by Recycle BC compare to local government run programs?	We did a random sample generation to determine the provincial representative sample for this study (mandatory participants) and also invited all collectors to participate (volunteers). Five direct service communities were randomly selected and went into the mix of responses to comprise this cost study's results. We are not providing the results of competitive procurement as it is commercially sensitive.
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