

Staff Report

Origin

At the June 12, 2002 Community Safety Committee meeting, the Environmental Programs level of service was reviewed. During that discussion, staff were directed to review the feasibility of establishing a 'quadrant' recycling program, as opposed to having one depot.

This report addresses this item and seeks an approved basis from which to prepare the 2003 annual budget. In addition, this report seeks approval to increase the yard waste disposal fee at the Recycling Depot from the current \$12 per cubic yard to \$15 per cubic yard.

Analysis

"Quadrant Recycling Program"

The City currently operates a Recycling Depot at 5555 Lynas Lane. The City's Recycling Depot is well utilized and provides residents the opportunity to dispose of larger items that are not accepted in our residential collection program. The depot service is particularly useful to residents, particularly since Richmond does not have a waste transfer station or disposal facility for residential waste.

The capital cost to set up the depot in 1993 was \$140,000 (at that time, the City received 1/3 funding from the provincial government as part of a financial incentive program to encourage recycling). The operating cost of the depot, based on 2002 budget figures, is \$367,500 annually. This figure includes \$220,100 for the basic depot operation, plus \$147,400 for handling, transporting and processing of yard waste. These figures do not take into account property costs.

In the recent tender document issued for residential garbage and recycling collection services, staff included an option for additional recycling depots in the city. While no specific cost information for establishing additional depots was provided by bidders, all expressed a willingness to provide the service and work out the cost details based on more detailed criteria pertaining to the City's requirements.

Based on the above, staff estimate that the cost to establish each additional depot operating centre, based on a basic service layout, would be \$250,000 - \$300,000 for capital costs, and between \$220,000 and \$367,500 for annual operating costs, depending on the range of services provided. For example, the costs would be at the lower end if yard waste disposal service was not provided at each new depot, and at the higher end if yard waste were accepted. Costs could also vary depending on whether contracted or city resources are used. These costs do not include property costs. We have assumed that existing City properties would be used for new depots. Three sites would have to be identified to achieve the "quadrant recycling program". Two potential sites which could be considered are the nursery operation at the south end of Gilbert Road, and the Sidaway Road city soil operation site. Capital costs would, of course, be dependent on the specific conditions at the selected sites.

Therefore, the additional costs to establish three additional depots to have “quadrant recycling” is estimated at \$750,000 - \$900,000 for capital and \$660,000 - \$1,100,000 annually for operating, exclusive of property costs:

- Estimated Capital Cost: \$750,000 - \$900,000
3 Depots x \$250,000 - \$300,000 each
- Estimated Annual Operating Cost: \$660,000 - \$1,102,500
3 Depots x \$220,000 each (if no yard waste)
3 Depots x \$367,500 each (with yard waste)

Based on this cost information, staff do not recommend the establishment of quadrant recycling depots. Staff also feel that the existing services are adequate, i.e. the existing City Recycling Depot is in a relatively central location. In addition, residents can dispose of yard waste at the Ecowaste Landfill on Triangle Road at no charge (the City pays Ecowaste directly for these costs). There is also a broad range of convenient recycling services available to residents, i.e. curbside recycling program, apartment recycling program, etc. There is also a privately-operated depot, Regional Recycling, located at 12240 Vulcan Way, as well as numerous privately-operated bottle return depots in Richmond.

Yard Waste Disposal Fee

Since November, 1997, a \$12.00 per cubic yard user fee has been in effect at the Recycling Depot for disposal of yard waste. Under the current arrangement, Richmond residents are permitted to dispose of up to 1 cubic yard of yard waste at no charge. Residents are charged for amounts above 1 cubic yard. The \$12.00 per cubic yard user fee, however, is charged to any and all amounts delivered by commercial operators.

This fee has been in effect for 5 years and should be reviewed. In addition, staff have noted an increase in the amount of yard waste material being brought in, particularly on weekends. This has resulted in the need for overtime callouts on weekends during busy periods to manage and adjust the yard waste pile to avoid traffic concerns. Staff have taken steps to manage this issue to ensure costs are maintained within budgeted amounts, however, feel an increase in the yard waste disposal fee would be a proactive measure deter yard waste being delivered to the Recycling Depot, thereby helping to avoid cost increases in future years.

The yard waste disposal charge at Ecowaste is also \$12 per cubic yard for commercial drop off. This could result in commercial operators using the City depot more often due to its convenient location. To deter commercial drop off, it is suggested that the City’s yard waste disposal fee be increased to \$15.00 per cubic yard. This may also help to encourage more residents to take advantage of the curbside yard waste collection program and free drop off at Ecowaste, both of which are better value options for the City.

The fee increase could be made effective January 1, 2003, which would provide a sufficient time period for notification to depot users. The fee increase is not expected to result in considerable additional revenues, however, is expected to help deter potential cost increases in future years based on an apparent trend toward increasing yard waste volumes.

Other options which could be considered are an outright ban on use by commercial operators, or to discontinue accepted yard waste at the depot entirely. The latter would result in estimated annual savings of \$60,000. Both of these options are likely to result in complaints from the respective groups affected, i.e. commercial operators and/or residents.

Financial Impact

The additional cost to establish three additional depots to achieve “quadrant recycling depots” is estimated at \$750,000 - \$900,000 for capital, and \$660,000 - \$1,102,500 for annual operating costs. This would increase the solid waste/recycling utility rate by an estimated \$12.00 - \$20.00 per household annually.

The recommended increase in the per cubic yard charge for yard waste disposal is not expected to have an immediate significant financial benefit to the City. However, user patterns indicate a trend toward increased volumes, which would impact costs in future budget years. The increase is recommended as a proactive measure to deter cost increases.

Conclusion

This report presents the Environmental Programs service levels, and seeks an approved basis from which to prepared the 2003 annual budget. The report also considers the feasibility and cost to provide additional recycling depot facilities, and recommends that this initiative not be pursued based on the additional costs and level of service currently available.

A trend toward increased volumes of yard waste received at the Recycling Depot suggests that it may be an appropriate time to consider increasing the yard waste disposal fee at the Recycling Depot. This is presented as a proactive measure to deter future anticipated cost increases.



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SJB:

Ref. #	Department	Program/Service	Net Cost (approx. program and service level net costs)	Service Level	FTE (assigned to programs and service levels)
EXISTING PROGRAMS					
01	Sanitation & Recycling	Illegal Dumping Program - Collection of illegally dumped material	\$ 40,000	As required	-
02	Sanitation & Recycling	Litter collection services for City parks, roadsides and bustops	\$ 507,900	Use and Demand basis	6.0
03	Sanitation & Recycling	Spring clean up program for Richmond residents	\$ 15,000	One Week /Year	-
04	Sanitation & Recycling	Environmental Services - Program to address environmental concerns within the community	\$ 223,100	Daily	1.0
05	Sanitation & Recycling	Garbage collection services to single-family residents and townhouses	\$ 2,686,700	Weekly	Contract
06	Sanitation & Recycling	Disposal of garbage yard waste to single-family households	\$ 987,100	Once/week	Contract
07	Sanitation & Recycling	Curbside collection of recycling materials for single-family residents	\$ 1,232,900	Once/week	Contract
08	Sanitation & Recycling	Curbside blue box recycling services to townhomes	\$ 279,200	Once/week	Contract
09	Sanitation & Recycling	Apartment recycling program	\$ 294,700	Once/week	Contract
10	Sanitation & Recycling	Management/General Administration of Recycling, Litter & Garbage Contract/Operations	\$ 227,100	Daily	3.0
11	Sanitation & Recycling	Recycling Depot to Richmond residents	\$ 244,100	5 days/week	2.0
12	Sanitation & Recycling	Drop off Depot Yard Waste Program	\$ 147,400	5 days/week	Contract
13	Sanitation & Recycling	Revenues relating to sales of services (garbage utility, recycling and miscellaneous income)	\$ (6,885,200)		
MODIFICATION TO EXISTING PROGRAMS					
14	Sanitation & Recycling	Establish Quadrant Recycling Depot Program	Capital: \$750,000 - \$900,000. Operating: \$660,000 - \$1,102,500	5 days/week	6.0