



COUNCIL REPORT

Report Date: March 31, 2025
Contact: Alexander Ralph
Contact No.: 604-829-2092
RTS No.: 17849
VanRIMS No.: 08-2000-20
Meeting Date: April 16, 2025
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TO: Standing Committee on City Finance and Services
FROM: General Manager of Engineering Services and Chief Procurement Officer
SUBJECT: Contract Award for Depot Collection Services of Packaging and Paper Products – Revenue Contract

Recommendations

- A. THAT Council authorize City staff to negotiate a revenue agreement (the “Agreement”) with MMBC Recycling Inc., doing business as Recycle BC (“Recycle BC”), for the City to receive compensation for providing depot collection services of packaging and paper products at the Vancouver Landfill and Vancouver South Transfer Station (VSTS) totalling \$2,391,450 plus applicable taxes over an initial five-year term with an option to extend the Agreement for up to two further periods of one year each exercisable by Recycle BC, for a total value of \$3,348,030 plus applicable taxes over the potential seven-year term.
- B. THAT Council delegate its authority to execute the Agreement to the City's Director of Legal Services, Chief Procurement Officer, and General Manager of Engineering Services.

No legal rights or obligations will be created by Council's approval of Recommendations A and B unless and until the City executes and delivers the Agreement.

Purpose and Executive Summary

The City issued a Notice of Intent to Contract (“NOITC”) No. PS20241046-ENG-NOITC - Compensation for Depot Collection Services of Packaging and Paper Products on November 14, 2024, on BC Bid and the City of Vancouver website for 14 days in accordance with the City's Procurement Policy (ADMIN-008). Under this contract, the City will continue to collect packaging and paper products at the Vancouver Landfill and Vancouver South Transfer Station and will receive compensation from Recycle BC for that collection and distribution of the materials to third party recycling operations. The opportunity for residents to drop off packaging and paper products

at the Landfill and VSTS supports the City's Zero Waste Strategy and the revenue payable to the City pursuant to this contract exceeds the cost of delivering the associated services.

The City received no challenge or alternative proposals from the market during posting period, and on that basis staff and subsequently Bid Committee recommended that the City enter a revenue contract as described above with Recycle BC.

Council Authority/Previous Decisions

The City's Procurement Policy (ADMIN-008) requires Council approve contracts with a total value greater \$3,000,000 following review and recommendations by the City's Bid Committee. The Bid Committee has reviewed and recommend awarding this revenue contract to Recycle BC.

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

In support of the Vancouver Zero Waste Strategy 2040 and the Greenest City Action Plan, the City wants to offer its residents the opportunity for the diversion of materials, and to obtain the best value for the materials received. Recycle BC is a non-profit organization responsible for residential packaging and paper product ("PPP") recycling throughout British Columbia and has the authority to run the only approved Extended Producer Responsibility (EPR) program under the BC Recycling Regulation. EPR is a policy approach that shifts the responsibility (and cost) for managing waste and recycling from local governments and taxpayers to the producers of the products.

Recycle BC has offered compensation to the City of Vancouver for collection of PPP materials received by at two depots located at the Vancouver Landfill and VSTS. Recycle BC offers a diversity of recyclable materials accepted and a track record regarding environmental sustainability.

In November 2013, the City of Vancouver entered into an initial five-year Agreement with Recycle BC for depot collection services, curbside collection and multi-family collection services.

In November 2018, the Agreement for depot collection services was renewed for an additional five-year term and extended subsequently for an additional one year. A new Agreement for depot collection services for five years plus the option for two one-year extensions is the subject of the revenue contract award recommendation of this report.

The current contract with Recycle BC expires on May 1, 2025, and a new master service agreement will be required to be executed to avoid disruptions to the collection service and the compensation received by the City. High use of the City's depots is evidenced by the nearly 1.5 million kilograms of PPP dropped off by residents annually. The annual compensation being offered on this new service agreement by Recycle BC (approximately \$478,290 based on past tonnages) is higher than the last contract and more than the current estimated annual cost to operate the depots at the Landfill and VSTS of \$375,000 combined.

Discussion

The materials that Recycle BC collects at the Vancouver Landfill and VSTS include:

- Paper & Cardboard
- Mixed Containers (Plastic, Metal, Paper)
- Flexible Plastics
- Foam Packaging
- Glass Bottles & Jars

In addition to collection of these materials directly at the Vancouver Landfill and VSTS, Recycle BC provides post-collection services, managing the distribution of collected materials to different recycling processing plants.

Through a comprehensive analysis, it was determined that awarding this revenue contract to Recycle BC would provide the best overall value to the City, including:

- Annual compensation expected to increase from the current agreement approximately from \$300,000 to \$500,000;
- Contracting with Recycle BC offers the only revenue-positive option to provide this service to Vancouver residents (approximately \$103,290 per year).

The City issued a NOITC in accordance with the City's Procurement Policy ADMIN-008 with the purpose to publicly advertise the City's intent to contract with Recycle BC. The City received no challenges or alternative proposals from the market during the NOITC posting period.

Financial Implications

Finance has reviewed the estimated revenue to the City and concurs that compensation will be allocated as a cost recovery to 'MMBC Cost Recoveries', under the operating budget for Engineering Landfill Operation.

Recycle BC proposed pricing is fixed for the initial year, with an inflation adjustment mechanism that will follow the change of BC CPI as published annually on September 1st by Statistics Canada for each of subsequent years.

The estimated revenue for the initial five-year contract term is based on the estimated annual material quantity to be collected identified by the Engineering Solid Waste Management team, and is consistent with the five-year outlook presented in the 2025 Solid Waste Utility Fee Report. Quantities will vary depending on the actual recyclable material collection.

Legal Implications

The City's Procurement Policy (ADMIN-008) requires the Director of Legal Services to execute all contracts that have been awarded by the Bid Committee and Council.

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