

December D, YYYY

ADMINISTRATIVE REPORT TO COUNCIL

ON

CURBSIDE RESIDENTIAL ORGANIC WASTE COLLECTION COSTS AND FUNDING

PURPOSE

The purpose of this report is to seek Council's authorization to allocate funds to apply for grant funding from the Green Municipal Fund and the CleanBC Organic Infrastructure and Collection Program - Residential Curbside Collection Stream.

COUNCIL STRATEGIC PLAN

This report supports Council's strategic priorities and areas of focus regarding:

- **Governance and Accountability**
 - Asset Management: We proactively plan for the repair and replacement of our infrastructure.
 - Community Engagement: We are committed to engaging and connecting with Kamloops residents and stakeholders.
 - External Relationships: We understand the importance of maintaining and improving key relationships.
 - Fiscal Responsibility: We are fiscally responsible and accountable.
- **Vibrant Economy**
 - Business Health: We cultivate a positive business environment and maintain a framework that facilitates jobs, economic sustainability, and growth.
 - Economic Strength: We support initiatives that increase our competitive advantage, cultivate growth, and support our residents.
 - Partnerships: We continue to nurture partnerships with key agencies and organizations.
- **Environmental Leadership**
 - Climate Action: We enhance the City's resiliency and capacity for mitigating and adapting to the impacts of climate change.
 - Sustainability: We implement strategies that reduce our impact on the environment.

SUMMARY

Staff presented a concept for curbside residential organic waste collection at the November 24, 2020, Regular Council Meeting. Council directed staff to continue planning a curbside organic waste collection program and directed staff to research funding opportunities for all three phases of the program

This report outlines cost estimates for all three phases of the program as well as the provincial and federal grant funding and potential financing opportunities for organic waste collection, including eligible and ineligible costs for each funding source, and the required commitment by

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December 10, 2020

the City. The report also shows the cost savings and greenhouse gas emission reductions by diverting organic waste from the landfill.

RECOMMENDATION:

That Council:

- a) **authorize allocating \$43,500 in 2020 and \$220,000 in 2021 from the Solid Waste Reserve for staff to apply for the Green Municipal Fund grants for a feasibility study and a pilot program**
- b) **authorize allocating \$1,020,000 in 2022 from the Solid Waste Reserve for staff to apply for the CleanBC Organics Infrastructure and Collection Program - Residential Curbside Collection Stream grant**
- c) **direct staff to present an alternative funding strategy if one or both grant applications are not successful**
- d) **direct the Corporate Services Director to update the 2021–2025 Five-Year Financial Plan accordingly**

SUPPORTING COUNCIL AND CORPORATE DIRECTION

- Sustainable Kamloops Plan, Solid Waste, How Will Success Be Measured?
 - reducing solid waste sent to landfill to 300 kilograms per capita by 2020 (50% reduction)—the City is currently at 750 kilograms per capita (down from 880 kilograms per capita in 2010)
 - reducing solid waste sent to landfill to 100 kilograms per capita by 2050, which would be an 85% reduction
 - extending the potential service life of the Mission Flats landfill to 2090
- The Sustainable Kamloops Plan and updates in 2015 and 2016 specify investigating curbside collection of compost (organic waste) as a diversion of waste from landfill opportunity.
- The Community Climate Action Plan recently underwent public engagement. Although Council has not adopted this plan yet, public engagement for the plan put organic waste collection as one of the top three policy changes supported by residents, and organic waste collection was supported by 95% of survey respondents.

DISCUSSION

Staff estimate that by implementing curbside organic waste collection, the City would reduce the community's carbon dioxide emissions by approximately 2,800 tonnes per year (equivalent to removing about 600 passenger vehicles) and save the City \$1 million in landfill airspace annually.

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Staff have prepared a work plan and budget for a three-phased approach to curbside residential organic waste collection. The report presented on the November 24, 2020, Regular Council Meeting details the activities for each of these phases, which are summarized as follows:

Phase 1 - Information Gathering (Current–June 2021) - During this phase, staff will undertake public consultation and perform audits of curbside garbage collection routes. The purpose of this phase is to gauge public support for organic waste collection and understand the organic composition of garbage collection routes.

Phase 2 - Testing (September 2021–August 2022) - During this phase, the City will collect organic waste in a select number of neighbourhoods with different topography and demographics. The purpose of this phase is to determine how residents participate in the program, the most suitable collection model, program costs, and the level of contamination and cross-contamination. Staff will engage with testing participants to understand the challenges and best practices to help inform the implementation of, and communication strategy for a full rollout.

Phase 3 - Implementation (July 2023) - During this phase, the City will implement curbside organic waste collection for all single-family households and multi-family households that are on curbside collection routes (individual carts, not shared carts or bins).

Staff have identified funding opportunities for all three phases of the program. The Green Municipal Fund provides grants for feasibility studies (Phase 1), pilot projects (Phase 2), and capital projects (Phase 3). Applications for these grants are accepted on an ongoing basis, with a fiscal year cycle of April 1 to March 31. The CleanBC program has a grant program for community-wide organic waste collection programs (Phase 3). The deadline to apply for this grant is January 12, 2021, and projects must be fully operational by March 2024.

Through communication with representatives from the funding agencies, staff have determined that the City's proposed concept for curbside organic waste collection is eligible for funding. Further details on the grants are discussed in the Financial Implication section of this report. The criteria for these grants are specific to waste diversion and will therefore not influence the eligibility of other City projects for grant funding.

ALTERNATIVES/OPTIONS

There are several options for moving forward with an organic waste collection and program funding. The following are options for consideration:

- apply for all grants and move forward with Phase 1 regardless of the outcome of the applications in order to meet with requirements of the CleanBC grant
- apply for all grants and move forward with all phases of the program regardless of the outcome of the grant applications
- apply for the Green Municipal Fund grants only and move forward with each phase of the program only if funding is successful
- apply for the CleanBC grant in 2022 if it becomes available

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December 10, 2020

FINANCIAL IMPLICATIONS

Costs and Funding Opportunities

The estimated capital cost for all three phases of the proposed program is approximately \$4.0 million. Ongoing operational costs are estimated to be \$1.7 million, with some of the operational costs shared across garbage and recycling collection.

Staff have identified grant funding and financing opportunities for the three phases presented above, including feasibility studies (Phase 1), pilot programs (Phase 2), and capital projects (Phase 3) that would be suited for a residential organic waste diversion program. Further details on funding opportunities are presented below.

These grant opportunities are specific to the solid waste diversion initiatives. The results of these applications will not influence the results of other funding opportunities for other future municipal projects.

Cost and Funding Opportunities by Phase

The Green Municipal Fund, which is administered by the Federation of Canadian Municipalities, accepts grant applications year-round and will close when all funding has been allocated. The CleanBC grant, which is administered by the Province, is accepting applications until January 12, 2021.

The following tables show the breakdown of estimated costs for each phase of the program, the potential funding, and the net cost to the City if grant applications were successful. The table also shows staff time and operating costs for each phase as well as ongoing costs. Phase 2 will determine how much of the staff time and operating costs can be absorbed in current operating budgets.

Phase 1

The Green Municipal Fund provides funding for feasibility studies up to 50% of eligible costs to a maximum of \$175,000. Eligible costs include staff time (salaries and benefits) for grant applications, administration, advertising, meetings and public gatherings, and other costs directly associated with the study.

Activity	Expected Costs	Potential Funding	Net Cost to the City
Route Audits and Public Engagement	\$87,000		
Green Municipal Fund (up to 50%)		(\$43,500)	
Total Impact to the City for Phase 1	\$87,000	(\$43,500)	\$43,500

Phase 2

The Green Municipal Fund provides funding up to 50% of eligible costs to a maximum of \$500,000 for pilot programs. Eligible costs include Phase 1 costs and capital costs associated during this program-testing phase.

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December 10, 2020

Phase 2 estimated total costs are \$349,000, with a contingency of \$40,000. The eligible costs for funding under the Green Municipal Fund pilot program are \$258,000, with a potential grant of \$129,000. The estimated net cost to the city is \$220,000. Phase 2 will determine how much of the staff time and operating costs can be absorbed in current operating budgets for Phase 3 implementation.

Activity	Expected Costs	Potential Funding	Net Cost to the City
Capital Costs (containers and infrastructure)	\$188,000		
Operating Costs and Engagement	\$121,000		
Green Municipal Fund (up to 50%)		(\$129,000)	
Subtotal	\$309,000	(\$129,000)	
Contingency	40,000		
Total Impact to the City for Phase 2	\$349,000	(\$129,000)	\$220,000

Phase 3

Phase 3 estimated total costs are \$5.264 million. Costs associated with the full implementation of curbside organic collection will require the additional containers, collection, education, and ongoing monitoring. Staff will apply for the Phase 3 grant through the Green Municipal Fund after Phase 2 is complete.

Description	Expected Budget
Capital Costs:	
Containers	\$2,160,000
Vehicles and Equipment	\$1,050,000
Transfer Station	\$300,000
Total Capital Costs:	\$3,510,000
Ongoing Annual Operating Costs:	
Engagement and Education	\$100,000
Collection and Handling	\$1,654,000
Total Ongoing Annual Operating:	\$1,754,000
Total Phase 3 Investment	\$5,264,000

CleanBC Grant Funding

The CleanBC grant provides funding for up to two-thirds of eligible project costs to facilitate organic waste diversion and processing. Eligible costs include management and professional service costs, collection containers, education and outreach materials, and program administration. The CleanBC grant program requires a Council resolution.

The estimated eligible costs for funding under the CleanBC grant are \$2.7 million. The net cost to the city is \$1.02 million, which includes a contingency of \$186,000.

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Activity	Expected Costs	Potential Funding	Net Cost to the City
Eligible Costs Through CleanBC Program Funding	\$2,503,000		
Eligible CleanBC grant		(\$1,669,000)	
Contingency	\$186,000		
Net Impact After CleanBC grant	\$2,689,000	(\$1,669,000)	\$1,020,000

Green Municipal Fund Grant and Loan

The eligible costs under the Green Municipal Fund Grant criteria are \$2.307 million. This program provides an opportunity for a grant of 15% of the loan. This would result in a possible grant of \$346,000, with the remainder costs eligible for a low interest loan through the funder.

The Green Municipal Fund provides low-interest financing of up to 80% of eligible costs for capital projects to a maximum of \$5–\$10 million, depending on available funds. Eligible costs include Phase 2 costs and financial audits if required for funding.

Activity	Expected Costs	Potential Funding	Net Cost to the City
Eligible Costs Through the Green Municipal Fund Grant/Financing Only	\$2,307,000		
Eligible Green Municipal Fund Grant (Green Municipal Fund)		(\$346,000)	
Eligible Green Municipal Fund Low-Interest Loan			*\$1,961,000
Net Impact After Green Municipal Fund grant	\$2,307,000	(\$346,000)	*\$1,961,000

*Cost to the City includes \$1.961 million low-interest loan through the Green Municipal Fund.

The following table is a summary of CleanBC and Green Municipal Fund funding opportunities on Phase 3 activities.

Activity	Expected Costs	Potential Funding	Net Cost to the City
Total Budget	\$5,264,000		
CleanBC Funding		(\$1,669,000)	
Green Municipal Fund Funding		(\$346,000)	*\$1,961,000
Total Phase 3	\$5,264,000	(\$2,015,000)	\$3,249,000

*Cost to the City includes \$1.961 million low-interest loan through the Green Municipal Fund.

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December 10, 2020

Overall Program Cost Expectations

Activity	Expected Costs	Potential Funding	Net Cost to the City
Total Phase 1	\$87,000	(\$43,500)	\$43,500
Total Phase 2	349,000	(\$129,000)	220,000
Total Phase 3	5,264,000	(2,015,000)	*3,249,000
Total Start Up to Year 1	\$5,700,000	(\$2,187,500)	\$3,512,500

*Cost to the City includes \$1.961 million low-interest loan through the Green Municipal Fund.

Early estimates indicate that the ongoing operational costs of organic collection services will be approximately \$1.7 million annually. Phase 2 will provide a more accurate estimate of ongoing operational costs.

PERSONNEL IMPLICATIONS

There are no personnel implications for Phases 1 and 2 of the proposed plans for organics collection. Based on information gathered in Phase 2 of the program, the potential for additional staff requirements for Phase 3 implementation will be better understood. Some of the current variables include level of service and collection frequency of garbage, recycling, and organics.

SUSTAINABILITY IMPLICATIONS

Diverting organic waste leads to a significant reduction in materials being sent to the landfill, which saves landfill space and reduces greenhouse gas emissions. Organic waste breaks down anaerobically in landfills and generates methane gas, which is a greenhouse gas 26 times more potent than carbon dioxide. In addition, diverting organic waste to composting provides a nutrient-rich soil amendment that improves soil productivity.

IMPLEMENTATION PLAN

The initial stages of an implementation plan are already underway. If approved by Council, staff will develop a full implementation plan during Phases 1 and 2 of the program, with community-wide curbside organics collection taking place in Phase 3.




When curbside organics collection has been established, subsequent phases would expand into the multi-family sector and potentially the commercial sector, and exploring opportunities with the Thompson-Nicola Regional District and the Tk'emlúps te Secwépemc.

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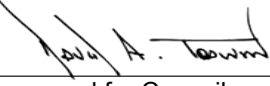
December 10, 2020

COMMUNICATIONS PLAN


The Streets and Environmental Services Division will work with the Communications and Community Engagement Division to develop a communication and engagement strategy for each phase of this program, utilizing the information collected at each stage to inform the next.



J. Fretz, P.Eng.
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December 10, 2020