



SK Recycles

2026 Cost Study
Methodology Review
October 8, 2025



AGENDA

- *Background*
- *2026 Cost study rationale*
- *2026 Methodology and process*
- *Third-party facilitation*
- *Timelines and next steps*
- *Questions and comments*



Background



MMSW COST STUDIES



Under the MMSW program, cost studies were performed every 2-3 years or as MMSW determined for program effectiveness.



MMSW conducted 3 cost studies over the following years:

2017 (\$8M)

2019 (\$14M)

2022 (\$17M)



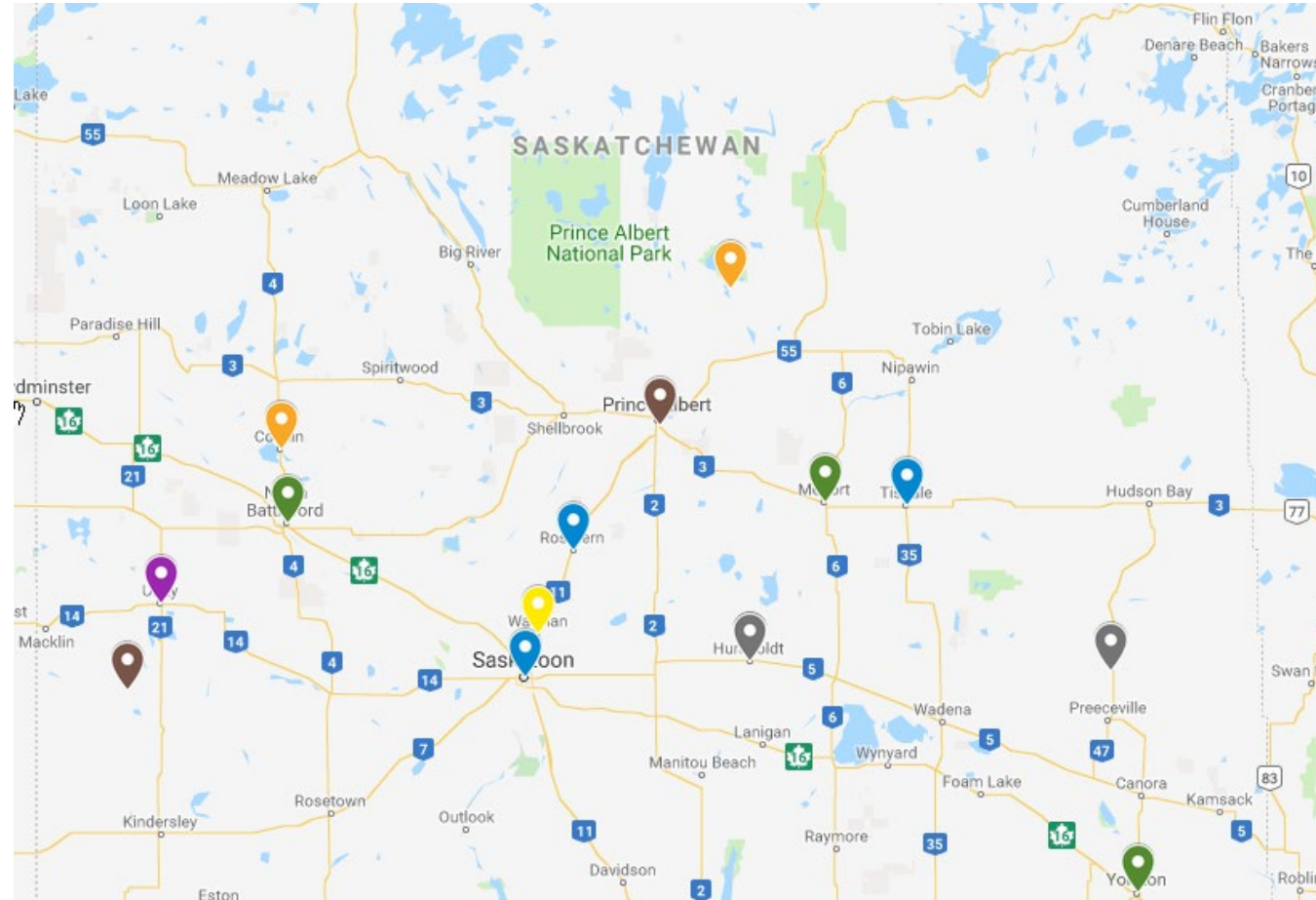
Previous cost studies examined both collection and post-collection costs

SAMPLE OF COLLECTORS



- Program Type
 - Curbside Only
 - Curbside and Depot
 - Depot Only
- Population Tiers
 - > 100,000
 - 5,000-100,000
 - 1,000-4,999
 - 0-999

ROBUST SAMPLE SIZE



2026 Cost Study Rationale



RATIONALE



SK Recycles' Program Plan objective (Sec. 4.2.5 and 4.4.9) is to conduct another cost study in preparation for setting incentive rates for DEPOT programs transitioning to the new full EPR program for Phase 3.

Phase 3 launches February 1, 2027.

Results will also be used to reassess incentive rates currently applied to Phase 1 and 2 collectors and adjust if applicable.

2026 METHODOLOGY



- Considerations for Methodology:
 - Build off the successful historic process.
 - Incorporate feedback from collectors.
 - Incent operational best practices and efficiencies.
 - Incorporate Program Plan requirements.



COST STUDY PRINCIPLES



All collectors invited to participate

Use third party to ensure confidentiality/impartiality to results

Results used to set fair and reasonable incentives to maximize recovery and efficiency

Minimize complexity

Meet program performance targets and drive application of operational best practices

ELIGIBLE COSTS CHANGING



- SK Recycles will be responsible for all aspects of post-collection for PPP collected under each transition phase.

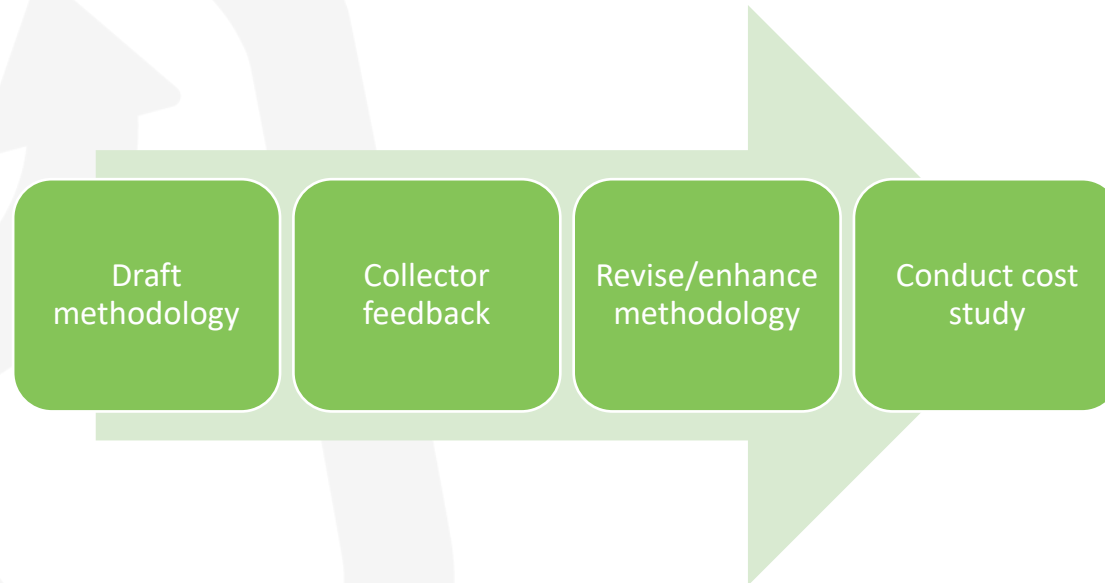
- This means our 2026 cost study will need to isolate 'collection only' costs for household recycling from costs associated with sorting, selling and shipping recycling to new markets for reuse.



YOU'RE THE EXPERT



- Your expertise is critical to ensuring our methodology is robust and directly reflects actual operations and associated costs



Methodology



Depot



2026 METHODOLOGY (DEPOTS)



- Considerations for Methodology:
 - Feedback from collectors (not all depots are created equally)
 - Operational best practices and efficiencies
 - Material and container properties
 - Program Plan requirements, including performance targets



2026 METHODOLOGY (DEPOTS)



- Questionnaire – a closer look:
 - Depot facility cost
 - Lease/rent, repairs and maintenance, utilities, site security, etc.
 - Categorizing depot type (Open access, secured, staffed, etc.)
 - Material handling costs
 - Labour, equipment costs: lease, repairs, electrical, etc.
 - Costs for baling, compactor, roll off, etc.
 - Capital investment costs
 - Equipment, building, retrofits, etc. (amortized)
 - Contract implications on cost
 - Labour costs for staffing requirements, insurance requirements.
 - Material specific costs
 - Allocating costs to materials - mixed paper, mixed containers, glass, tin, cardboard, etc.

Curbside & Multi-family



2026 METHODOLOGY



- Questionnaire – a closer look:
 - Travel
 - Kilometres, drive time/ hours
 - Labour
 - Operators, foremen, supervisors, training
 - Vehicle and equipment
 - lease, repairs and maintenance, insurance, fuel, etc.
 - Capital investment costs
 - Carts, vehicles, other (amortized)
 - Contract implications on cost
 - Insurance requirements

Third Party Facilitation

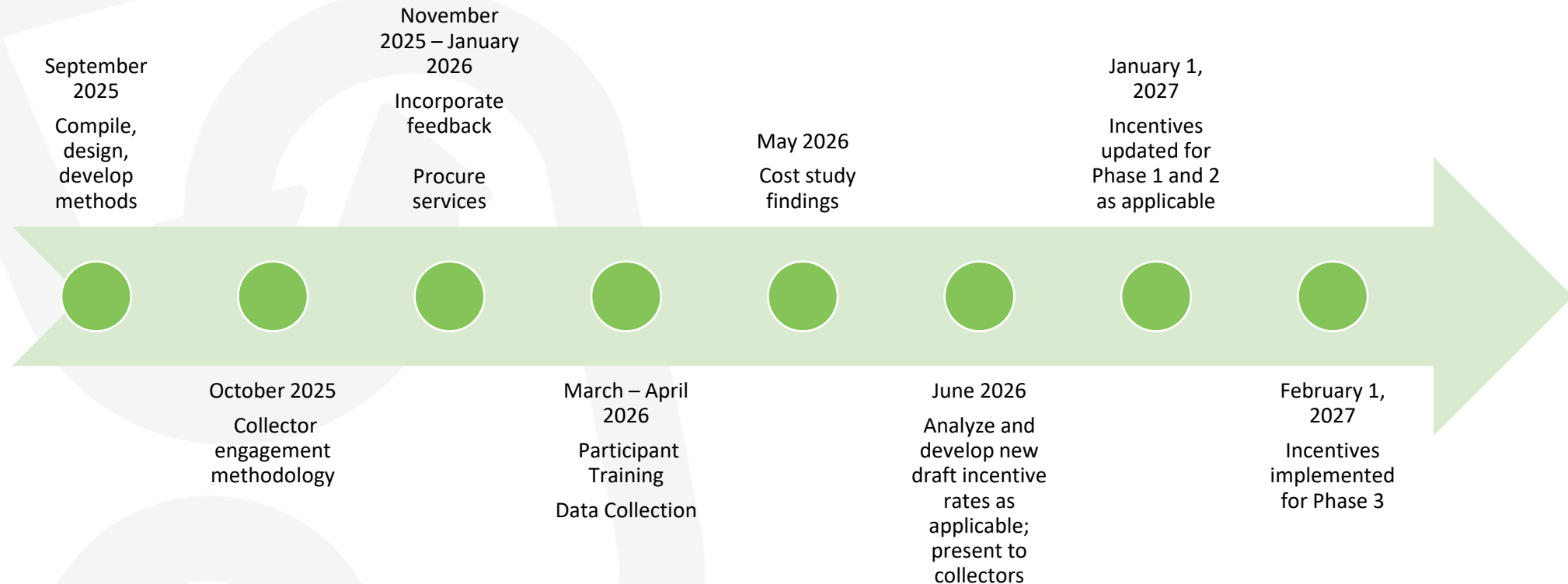


THIRD-PARTY FACILITATION

- Training for participating collectors
- Participation
- Data collection
- Confidentiality



TIMELINE 2025-2026



QUESTIONS AND COMMENTS



- Please add questions to the chat
- Comments and questions in chat will be compiled for review
- Contact for questions and comments: info@skrecycles.ca
- You can ask questions and provide feedback up until October 31, 2025.



Methodology Review Document



- Prior to today's webinar a more detailed list of proposed costs was provided.
- Please review and provide your feedback by October 31, 2025.
 - Have we adequately captured all cost drivers/cost centres?
 - Staffing, contracts, operations, equipment, assets, materials...
 - Does the methodology accurately reflect your household PPP program?
 - Have we missed anything? Let us know...

THANK YOU



SK Recycles acknowledges the time and effort required to participate in the cost study. We truly appreciate your contribution - it is essential to ensure the rates starting in 2027 are fair and reasonable.

A large, stylized graphic with a white background and a yellow chevron border. The words 'THANK YOU' are written in a large, yellow, hand-drawn font in the center.

THANK YOU

