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TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE
	MEETING ON JULY 21, 2014
FROM:	JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER
SUBJECT:	BLUE BOX RECYCLING COLLECTION AND PROCESSING CONTRACTS

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer and on the advice of the Director, Environment, Fleet and Solid Waste, the following actions **BE TAKEN** with respect to the provision of Blue Box Collection and Processing Services by Miller Waste Systems Inc.:

- a) The renewal of the contracts with Miller Waste Systems Inc. for the collection of recyclables in the City of London and the collection of garbage and yard materials in the south portion of the City, including Lambeth, Riverbend and Settlement Trail, for one year as provided in the existing contracts **BE APPROVED**;
- b) The proposal submitted by the Miller Waste Systems Inc. for a further eleven (11) month extension of the Blue Box and garbage and yard materials collection contracts and an additional four (4) six (6) month renewals at the City's sole discretion **BE ACCEPTED**; it being noted this is a single/sole source procurement; in accordance with Procurement of Goods and Services Policy, Section 14.4 (Single Source), sub-section (d) and (e) and further noted that the Miller Waste Systems Inc. proposal includes service improvements and cost reductions that take effect immediately and aligning the Blue Box collection and recycling processing contracts is expected to provide opportunities for additional future savings by the City;
- c) The attached proposed by-law (Appendix "A") **BE INTRODUCED** at the Municipal Council meeting on July 29, 2014 to approve the Amending Agreements (Schedule "A" to the By-law) between the Corporation of the City of London and Miller Waste Systems Inc. to implement the changes to the collection and processing agreements in the Miller Waste Systems Inc. proposal which are noted herein;
- d) The hiring of a permanent part time (17.5 hours per week) staff person in Solid Waste Management to assist with overseeing the operation of the Manning Drive Material Recovery Facility **BE APPROVED** it being noted that savings from the new agreements with Miller Waste Systems Inc. will cover the cost of the person and allow for further reductions in the budget;
- e) Subject to (c) above, the Mayor and City Clerk **BE AUTHORIZED** to execute the agreements with Miller Waste Systems Inc.; and
- f) Civic Administration **BE AUTHORIZED** to undertake all administrative acts that are necessary in connection with this Report and the Agreements referenced herein.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Relevant reports that can be found at www.london.ca under City Hall (Meetings) include:

- Outcome of Request for Proposal 11-01 Residential Waste Management Collection Services, Community and Neighbourhoods Committee (CNC) Meeting on June 14, 2011, Agenda Item #6
- Additional Information on RFP 08-03 Design, Construction and Operation of a Material Recovery Facility, Special Committee of the Whole Meeting on February 26, 2010

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- Additional Information on RFP 08-03 Design, Construction and Operation of a Material Recovery Facility, Special Board of Control (BoC) Meeting on February 22, 2010
- Design, Construction and Operation of a Material Recovery Facility and Related Program Changes, Environment and Transportation Committee (ETC) Meeting on February 8, 2010, Agenda Item # 9
- RFP 07-23 Recycling Collection Services, BoC Meeting on March 19, 2008, Agenda Item #6

BACKGROUND

PURPOSE

The purpose of this report is to seek Committee's and Council's approval to extend the contracts with Miller Waste Systems Inc. ("Miller Waste") to collect Blue Box recyclables in London and to collect garbage and yard materials in the south portion of the City, including Lambeth, Riverbend and Settlement Trail.

SUMMARY

Miller Waste is proposing to provide additional services and cost reductions valued at approximately \$170,000 (consisting of \$55,000 in additional services provided at no cost and \$115,000 reduction in costs per year) if their existing recycling collection contracts are aligned with their processing contract. Miller Waste is proposing to:

- collect and process mixed polycoat (e.g. hot/cold beverage cups, ice cream containers) and blister packaging (e.g. rigid plastic around toys, hardware) at the existing pricing
- separate film plastic from large rigid plastic containers (currently sent to market mixed together) at no additional cost; this will increase the value of the materials
- cap contamination level used for calculation of payment of extra fees at 4.9%
- provide \$5,000 per year towards promotion and awareness initiatives

To achieve this, the City will be required to approve the one year extension that is already part of the existing contract, an eleven month sole source extension of Miller's two collection contracts, plus add an additional four (4) six (6) month renewals at the City's sole discretion.

In addition, due to the increasing recycling workload, it is proposed to use a portion of the savings from the contract extension to fund a permanent part-time (17.5 hours per week) solid waste technician to assist with overseeing the operation of the Manning Drive MRF.

Funding from Stewardship Ontario (SO) will be reduced because it is based on net costs. The actual annual net savings after adjustments have been made for reduced revenue from Stewardships Ontario (SO) and the addition of a permanent, part time employee is between \$40,000 and \$50,000.

The Miller Waste proposal requires the City to connect the existing septage storage tank to the leachate forcemain and to make modifications at the MRF to facilitate the storage of large rigid plastic containers. The cost of these capital projects are accounted for in the MRF capital budget and no new funds are being requested.

Staff supports the sole source extension of the Miller Blue Box collection contracts because:

- aligning the collection and processing contracts will allow the City to release these contracts at the same time in the future which may lead to additional synergies resulting in lower costs or enhanced service;
- London's Blue Box collection costs are at the low end of those in the Province for a large municipality with two stream Blue Box collection;
- public opinion survey shows over 90% of residents are very or somewhat satisfied with the City's Blue Box recycling service; and
- the minor increase in City staff resources can be fully covered by the annual cost reduction.

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CONTEXT

Blue Box Collection Contract (Main Recycling Collection Contract)

Miller Waste won the main Blue Box recycling collection contract through a competitive Request for Proposal process in 2007. The seven year contract covers Blue Box collection services to approximately 100,000 curbside homes and 50,000 multi-residential units. The contract started on December 1, 2008 and ends on November 20, 2015 with a one year renewal at the discretion of the City.

The contract ends in 29 months (including the one year extension at the City's sole discretion) and it may take up 16 months to select a new contractor who is prepared to perform the work. This includes four months for the selection of a contractor through a Request for Proposal process and up to one year for the contractor to have new recycling trucks delivered. Consequently, the City needs to make a decision as to whether or not it will exercise its one year renewal in a timely fashion to maximize the length of the existing contract.

Blue Box and Garbage Collection Contract

Miller Waste won the Blue Box recycling and garbage collection contract through a competitive Request for Proposal process in 2011. This 4 year and 1 month contract covers Blue Box collection services to approximately 12,000 curbside homes and comprehensive collections services (Blue Box, garbage and yard materials) to a further 5,000 curbside homes. The contract started on November 1, 2011 and has the same end date (November 20, 2015) as the above mentioned Main Recycling Collection Contract. This contract also has a one year renewal at the discretion of the City.

The contract ends in 29 months (including the one year extension at the City's sole discretion) and it may take up 16 months to select a new contractor who is prepared to perform the work. Consequently, the City must make a decision as to whether or not it will exercise its one year renewal on this contract to maximize the length of the existing contract.

Blue Box Recyclables Processing Contract

Miller Waste won the right to design, build and operate the City's Manning Drive MRF through a competitive Request for Proposal process. This contract started on August 1, 2011 and ends on October 30, 2017 with four six month renewals at the discretion of the City. The maximum length of the contract period is October 30, 2019.

DISCUSSION

Miller Proposal

Miller Waste approached staff in April 2014 about the upcoming decision by the City as to whether or not the City would exercise its option to extend the two existing collection contracts by one year. Miller suggested it might be advantageous to the City and Miller Waste to extend the two collection contracts by one year (already part of agreement) and eleven months (sole-source) so the collection contracts and the processing contract end at the same time. A proposal was submitted to the City on May 28, 2014.

By continuing to provide collection, Miller is able to control the quality of material coming to the MRF and eliminate any disagreements between the company collecting and the company processing. Aligning the two contracts will allow the City to release the collection and processing contracts at the same time which may lead to some additional synergies between the two contracts resulting in lower costs and/or better service.

Miller Waste is proposing a number of changes to the existing contracts that will take effect immediately if the collection contracts are aligned with the processing contract. These changes would improve service and lower costs and include:

- collection and processing of mixed polycoat (e.g., coffee cups, ice cream containers) and blister packaging (e.g., rigid plastic around toys, hardware) at the existing pricing
- separation of film plastic from large rigid plastic containers (currently sent to market mixed together) at no additional cost; this will increase the value of the materials
- cap extra fees that the City has to pay Miller for contamination at 4.9%
- provide \$5,000 per year towards promotion and awareness initiatives

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In order to provide the City with these enhancements, Miller is requesting that the City:

- continue to promote two stream recycling
- connect, as planned by the City, the existing septage storage tank to the existing adjacent leachate forcemain to eliminate septage haulage and disposal costs (savings of \$25,000 per year for Miller)
- pay for modifications at the MRF to facilitate the storage of large rigid plastic containers
- allow disposal of residue waste from the MRF at the W12A landfill at no cost (savings of \$45,000 per year for Miller)

Helps Implement Road Map 2.0 and the Interim Waste Diversion Plan

The existing Blue Box program already includes all the common and easy to recycle materials. These are materials that can be managed at a reasonable cost or materials that constitute a large portion of the waste stream. The report Road Map 2.0 - The Road to Increased Resource Recovery and Zero Waste looked at nine “more difficult” to recycle materials that are being recycled by at least one municipality in Ontario.

A review of the financial, environmental and social considerations as well as technical issues of adding these materials was presented in the report Road Map 2.0. The report recommended the City should investigate adding two materials of the nine potential materials (mixed polycoat such as hot and cold beverage cups and ice cream containers and blister packaging) in the near term (2014 or 2015). The report estimated the cost of adding these materials to range from \$40,000 to \$50,000. The proposal from Miller allows the City to implement this recommendation in the report immediately at no cost.

Financial Evaluation of Miller Proposal

Operating Cost

An evaluation of Miller’s proposal on operating costs indicates a net annual value to the City of \$170,000 (Table 1 below). This consists of \$55,000 in additional services provided at no cost and \$115,000 reduction in costs.

Table 1: Change in Annual Operating Costs

Component	Value	Comment
Avoided Costs		
Collection and processing of Mixed Polycoat	\$35,000	Estimated increase in annual collection and processing fees to add these materials
Collection and processing of Blister Packaging	\$10,000	Estimated increase in annual collection and processing fees to add these materials
Separate Film Plastic from Large Rigid Plastic	\$10,000	Estimated increase in annual processing fees to separate materials
Subtotal - Avoided Costs	\$55,000	This amount will not be charged by Miller
Savings/Costs		
Mixed Polycoat - breakdown	\$0	Estimated capture of 150 tonnes that will sell for \$90/tonne and cost \$90/tonne to process
Loss from Blister Packaging	(\$8,000)	Estimated capture of 150 tonnes that will sell for \$40/tonne and cost \$90/tonne to process
Increase in Film Plastic revenue	\$4,000	Estimate 100 tonnes; increase revenue from \$0/tonne to \$40/tonne
Increase in Large Rigid Plastic containers revenue	\$10,000	Estimate 100 tonnes; increase revenue from \$0/tonne to \$100/tonne
Reduced processing fees charged by Miller	\$150,000	Capping contamination at 4.9% is expected to reduce costs by \$6/tonne
Funding for promotion/awareness	\$5,000	As per Miller proposal
City not charging for residue	(\$45,000)	Based on 1,150 tonnes at \$38/tonne
Sub-total - Savings/Costs	\$115,000	
TOTAL	\$170,000	Net Annual Value to the City

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The need for a permanent part-time (17.5 hours per week) staff person to assist with overseeing MRF operations is discussed in detail later in the report. It is proposed to use a portion of the savings (\$35,000 per year) from the contract extension proposed with Miller to fund this position.

A portion of Blue Box recycling costs are funded by industry through Stewardship Ontario (SO). The funding varies from year to year but is typically between 40% and 50% of net costs. Reducing costs by \$80,000 (savings of \$115,000 less \$35,000 for permanent part-time staff person) will reduce funding from SO by \$30,000 to \$40,000 leaving a net budget reduction of \$40,000 to \$50,000 as highlighted on Table 2.

Table 2: Change in Annual Operating Budget

Component	Value	Comment
Potential savings collection contract extensions	\$115,000	See Table 1
Cost of adding permanent part-time position	\$35,000	
<i>Subtotal</i>	<i>\$80,000</i>	
Estimated reduction in Blue Box funding	\$30,000 to \$40,000	40% to 50% of subtotal
Net Operating Savings Costs	\$40,000 to \$50,000	Net Annual Budget Reduction

Capital Cost

The Miller Waste proposal requires the City to connect the existing septage storage tank to the leachate forcemain and to make modifications at the MRF to facilitate the storage of large rigid plastic containers. The total net cost of these capital projects, ranging between \$80,000 and \$125,000 are accounted for in the MRF capital budget and no new funds are being requested.

The City was already planning on connecting the existing septage storage tank to the City's sewer system and included funds for the connection in the MRF construction budget. The connection is estimated to cost \$125,000. The connection will eliminate septage haulage and disposal costs for the MRF and should result in lower costs the next time the City goes out for pricing to operate the MRF.

Modifications to the MRF to facilitate the storage of large rigid plastic containers include installation of new storage bunker and a second container return line at the residue clean up station. These modifications are estimated to cost \$85,000. It is estimated this expenditure will increase revenue by \$14,000 annually.

A portion of the capital costs for both projects will be covered by increased funding from SO as amortized capital costs are included in the calculation of net Blue Box processing costs. As previously mentioned, SO funding ranges from 40% to 50%.

The City will also be applying for funding for the MRF modifications for large plastics storage to the Continuous Improvement Fund (CIF). If successful, this would reduce the cost of the MRF modifications by approximately \$25,000. The net capital cost is presented in Table 3.

Table 3: Capital Cost

Component	Value	Comment
Connection to the City's sewer system	\$125,000	
MRF modifications to handle oversized plastics	\$85,000	2 to 4 year payback depending on funding
<i>Subtotal</i>	<i>\$210,000</i>	
Estimated SO funding	\$85,000 to \$105,000	40% to 50% of subtotal
Potential CIF funding	\$0 to \$25,000	Potential additional funding for large plastics storage bunker
Net Capital Cost	\$80,000 to \$125,000	This amount is covered in the MRF Capital Budget

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Comparison of Recycling Programs Costs for ‘Two Stream’ Municipalities

Staff have compiled the most recent recycling collection cost data from the Waste Diversion Ontario DataCall for two-stream Blue Box programs with at least 100,000 households and presented this information in Table 4. The cost data for the different municipalities in this table is not an “apples to apples” comparison because of the differences in the programs (e.g., materials collected, frequency of collection, portion of multi-residential stops, etc.) but can be a useful indication of relative program costs.

Table 4 – Summary of 2012 Blue Collection Costs

Program Name	Total Residential Collection Costs	Total Households Served	Residential Collection Costs per Household (\$/hhld)	Marketed Recyclables (Tonnes)	Residential Collection Costs per Tonne (\$/Tonne)	Frequency of Pickup
Essex-Windsor	\$3,756,911	164,356	\$23	24,918	\$151	Biweekly
London	\$5,084,528	168,568	\$30 <i>(2nd lowest)</i>	26,670	\$191 <i>(3rd lowest)</i>	6-day cycle
Ottawa	\$12,603,399	387,732	\$33	60,886	\$207	Alternating
Waterloo Region	\$6,866,744	199,450	\$34	34,534	\$199	Weekly/biweekly
Niagara Region	\$6,658,375	190,710	\$35	39,465	\$169	Weekly
Hamilton	\$7,922,612	215,733	\$37	38,422	\$206	Weekly
Durham Region	\$9,578,932	213,317	\$45	44,429	\$216	Weekly
Simcoe County	\$5,836,447	131,150	\$45	25,511	\$229	Weekly

As shown in Table 4, London has the second lowest cost per household and the third lowest cost per tonne of the eight municipalities. The Region of Niagara has a lower collection cost per tonne while the Essex-Windsor Solid Waste Authority has a lower collection cost per tonne and a lower cost per household. It should be noted that Essex-Windsor only provides biweekly recycling collection which helps to reduce their costs. Overall, this table suggests that London collection costs are at the low end of those in the Province for a large municipality with two stream Blue Box collection.

Staff also directly contacted some of the municipalities listed in Table 4 to discuss their contract pricing. The information provided cannot be presented because of the confidential nature of the data but it can be reported that London’s pricing compared favourably.

Contractor Performance

The City recently hired Nordex Research to canvass public opinion about a number of waste management services. Nordex Research carried out a systematic, proportional random sample of 300 London residents through live interview telephone research on March 24, 25 and 27, 2014.

One of the questions asked was “How satisfied are you with the City’s Blue Box recycling service?” The responses are summarized in Table 5 and shows over 90% of residents are very or somewhat satisfied with the City’s Blue Box recycling service.

With respect to City-Contractor relations, Miller Waste has been very responsive, helpful and accountable in dealing with City staff and has been very responsive in addressing any issues brought to their attention by staff.

Table 5 Responses to How satisfied are you with the City’s Blue Box recycling service?

Response	Percent
very satisfied	62.7%
somewhat satisfied	28.0%
not so satisfied	7.7%
not satisfied at all	1.0%
don’t know	0.6%

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Update on MRF Operations

The Manning Drive Regional MRF opened in August 2011 receiving recyclables from the City of London. Since then nine other municipalities and organizations have started or are about to start bringing recyclables to the MRF. These municipalities and organizations are listed in Table 6.

This list may grow over the next year as a number of municipalities are expected to seek proposals for processing recyclables or for the collection and processing of recyclables in the next six months. As the number of municipalities and organizations using the facility increase, the cost to the City decreases due to “economies of scale”. Processing costs for London decreased in 2012 and 2013 are expected to decrease again in 2014.

Table 6 - Municipality/Organization Start Date at City MRF

Municipality/Organization	Start Date
Aylmer	May, 2012
Dutton-Dunwich	May, 2012
Bayham	June, 2012
Central Elgin	June, 2012
Mali hide	June, 2012
Thames Centre	Sept., 2012
Waste Management	Feb., 2014
St. Thomas	March, 2014
University of Western Ontario	Summer, 2014

Until now overseeing the operation of the MRF, including dealing with our customers, has been done with existing staff however the growth in municipalities and organizations using the MRF is making this impractical. A permanent part-time (17.5 hours per week) staff person is required. The operational savings in the proposal by Miller provides an opportunity to obtain the required staff resources without an increase in the budget. A part-time staff person will cost approximately \$35,000 per year including benefits.

ACKNOWLEDGEMENTS

This report was prepared with the assistance of Mike Losee, Manager, Solid Waste Engineering & Planning and Anne Boyd, Waste Diversion Coordinator.

PREPARED BY:	PREPARED & RECOMMENDED BY:
WESLEY ABBOTT, P. ENG. DIVISION MANAGER SOLID WASTE MANAGEMENT	JAY STANFORD, M.A., M.P.A. DIRECTOR, ENVIRONMENT, FLEET & SOLID WASTE
REVIEWED & RECOMMENDED BY:	REVIEWED & CONCURRED BY:
JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER	MIKE TURNER DEPUTY CITY TREASURER, FINANCE AND CORPORATE SERVICES

Appendix A - By-law to approve Amending Agreements for the Blue Box Recycling collection and processing agreements

cc: Denis Goulet, Vice President & General Manager, Miller Waste Systems Inc.
John Freeman, Manager – Purchasing

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APPENDIX A

Bill No.
2014

By-law No.

A By-law to approve Amending Agreements for Blue Box Collection, Blue Box and Garbage Collection and Blue Box Processing contracts; and to authorize the Mayor and the City Clerk to execute the Amending Agreements.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001*, as amended, provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 10 of the *Municipal Act, 2001*, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public, and may pass by-laws respecting same, and respecting economic, social and environmental well-being of the City, and the health, safety and well-being of persons;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Amending Agreement for the Blue Box Collection Contract between The Corporation of the City of London and Miller Waste Systems Inc., dated October 10, 2008, attached hereto as Schedule 'A', is hereby approved.
2. The Amending Agreement for the Blue Box and Garbage Collection Contract between The Corporation of the City of London and Miller Waste Systems Inc., dated February 13, 2012, attached hereto as Schedule 'B', is hereby approved.
3. The Amending Agreement for the Blue Box Processing Contract between The Corporation of the City of London and Miller Waste Systems Inc., dated July 8, 2011, attached hereto as Schedule 'C', is hereby approved.
4. The Mayor and the City Clerk are hereby authorized to execute the Amending Agreements approved under sections 1, 2 and 3 of this by-law.
5. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on July 29, 2014

J. Baechler
Mayor

Catharine Saunders
City Clerk

First reading –
Second reading –
Third reading –

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APPENDIX A

1. **Term.** The Parties agree that Section 2.0 of the Agreement is deleted in its entirety and replaced with the following:

2.0 Term

The contract will commence December 1, 2008 for an eight (8) year and eleven (11) month period ending October 30, 2017.

2. **Renewal:** The Parties agree that Section 2.1 of the Agreement is deleted in its entirety and replaced with the following:

2.1 Renewal

The City, at its absolute sole discretion, has the option to renew the contract of an additional four (4) six (6) month terms.

3. **Scope of Service:** The Parties agree that Section 3.0 of the Agreement is amended by adding the following paragraph at the end of the existing text:

The materials collected by Miller for the fees listed in Section 4.0 FEES will include:

Material	Description
newsprint	includes all newspaper flyers, magazines, catalogues and telephone directories
mixed household paper	includes envelopes, writing paper and books with hard cover removed
cardboard boxes	
boxboard	including moulded pulp and excluding waxed paperboard
aluminium	liquid, food or beverage containers; empty aerosol cans
aluminium foil	includes rigid foil containers (e.g., pie plates)
rigid household plastic	liquid, food and beverage containers up to 25 litres in size; plant pots and trays; and blister packaging (rigid plastic around toys, hardware)
glass	liquid, food or beverage containers
polycoated paperboard containers	containers made primarily of paperboard and coated with low density polyethylene and/or aluminum, and used for food and beverages. Includes gabletop (e.g., milk and juice containers), drinking boxes, hot and cold beverage cups, ice cream containers and frozen microwave meal containers
spiral sound (Cardboard) cans	Composite (cardboard) can with a single wrap rigid body involving several layers of materials (including paper, foil and plastics) with at least one steel end (e.g., frozen juice containers)
Steel	Liquid, food or beverage containers; empty paint cans; empty aerosol cans

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SCHEDULE B

**AMENDING AGREEMENT
BLUE BOX AND GARBAGE COLLECTION SERVICES AGREEMENT**

WHEREAS:

1. The Corporation of the City of London and Miller Waste Systems Inc. (collectively, the "Parties") entered into an agreement concerning collection of Blue Box recyclables and garbage dated February 13, 2012 (the "Agreement");
2. The parties wish to make certain amendments to the Agreement as set out herein.

THE PARTIES THEREFORE AGREE AS FOLLOWS:

1. The Agreement is hereby amended effective August 1, 2014 as set out in Appendix "A" hereto.
2. Any section marked as "Intentionally Deleted" in the Agreement remains "Intentionally Deleted" and is not replaced by or amended by anything in Appendix "A".
3. All other provisions of the Agreement remain unamended and in full force and affect.

IN WITNESS WHEREOF the Parties have signed this AMENDING AGREEMENT as of August 1, 2014.

THE CORPORATION OF THE CITY OF LONDON

by: _____
J. Baechler, Mayor

by: _____
Catharine Saunders, City Clerk

MILLER WASTE SYSTEMS INC.

by: _____
Denis Goulet, General Manager
I have the authority to bind the Corporation

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APPENDIX A

1. **Term.** The Parties agree that Section 2.0 of the Agreement is deleted in its entirety and replaced with the following:

2.0 Term

The contract will commence November 1, 2011 for a six (6) year period ending October 30, 2017.

2. **Renewal:** The Parties agree that Section 2.1 of the Agreement is deleted in its entirety and replaced with the following:

2.1 Renewal

The City, at its absolute sole discretion, has the option to renew the contract of an additional four (4) six (6) month terms.

3. **Scope of Service:** The Parties agree that Section 3.0 of the Agreement is amended by adding the following paragraph at the end of the existing text:

The materials collected by Miller for the fees listed in Section 4.0 FEES will include:

Material	Description
newsprint	includes all newspaper flyers, magazines, catalogues and telephone directories
mixed household paper	includes envelopes, writing paper and books with hard cover removed
cardboard boxes	
boxboard	including moulded pulp and excluding waxed paperboard
aluminium	liquid, food or beverage containers; empty aerosol cans
aluminium foil	includes rigid foil containers (e.g., pie plates)
rigid household plastic	liquid, food and beverage containers up to 25 litres in size; plant pots and trays; and blister packaging (rigid plastic around toys, hardware)
glass	liquid, food or beverage containers
polycoated paperboard containers	containers made primarily of paperboard and coated with low density polyethylene and/or aluminum, and used for food and beverages. Includes gabletop (e.g., milk and juice containers), drinking boxes, hot and cold beverage cups, ice cream containers and frozen microwave meal containers
spiral sound (Cardboard) cans	Composite (cardboard) can with a single wrap rigid body involving several layers of materials (including paper, foil and plastics) with at least one steel end (e.g., frozen juice containers)
Steel	Liquid, food or beverage containers; empty paint cans; empty aerosol cans

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APPENDIX A

1. **Recyclable Material.** The Parties agree to add the following after section 3.013 of the Agreement:

3.0.14 **Materials Processed**

The materials will be sorted into the following categories by Miller for the fees listed in Section 4.0 PRICING will include:

Material	Description
newsprint	includes all newspaper flyers, magazines, catalogues and telephone directories
mixed household paper	includes envelopes, writing paper and books with hard cover removed
cardboard	
Boxboard/hardback	including moulded pulp and excluding waxed paperboard
aluminium	liquid, food or beverage containers; empty aerosol cans
aluminium foil	includes rigid foil containers (e.g., pie plates)
PET (#1) plastic	liquid, food and beverage containers; plant pots and trays; and blister packaging (rigid plastic around toys, hardware); up to 10 litres in size
HDPE (#2) plastic	liquid, food and beverage containers; plant pots and trays; and blister packaging (rigid plastic around toys, hardware); up to 10 litres in size
mixed (#3 to #7) plastic	liquid, food and beverage containers; plant pots and trays; and blister packaging (rigid plastic around toys, hardware); up to 10 litres in size
oversized (#1 to #7) plastic	liquid, food and beverage containers; plant pots and trays; and blister packaging (rigid plastic around toys, hardware); between 10 to 25 litres in size
mixed glass	liquid, food or beverage containers
polycoated paperboard containers	containers made primarily of paperboard and coated with low density polyethylene and/or aluminum, and used for food and beverages. Includes gabletop (e.g., milk and juice containers), drinking boxes, hot and cold beverage cups, ice cream containers and frozen microwave meal containers
steel	Liquid, food or beverage containers; empty paint cans; empty aerosol cans; composite (cardboard) cans with a single wrap rigid body involving several layers of materials (including paper, foil and plastics) with at least one steel end (e.g., frozen juice containers)
film plastic	Limited to plastic bags used to contain recyclable material including shredded paper

3.0.15 **Promotion and Education Funding**

Miller will provide up to \$5,000 per year in funding towards the promotion and education of the Corporation’s Blue Box recycling program.

2. **Maximum Non-Recyclable Material Level.** The Parties agree to add the following after the first paragraph of section 4.0.1 of the Agreement:

The maximum non-recyclable material level to be used with the pricing sheets in Schedule B to determine the per-tonne Processing Fee is 4.9%.

The parties acknowledge that additional compensation will be negotiated should another municipality or organization using the Facility have non-recyclable material levels greater than those of the Corporation.

3. **Oversized Plastics Recycling.** The Parties agree to add the following after section 4.0.2 of the Agreement:

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4.0.3 Oversized Plastics Sorting Area

Miller Waste will construct an oversized plastics storage area, including a second container return line on the north side of the residue belt, for \$85,000.

4. **Disposal of Residue**: The Parties agree that Section 5.0.6 of the Agreement is deleted in its entirety and replaced with the following:

5.0.6 Disposal of Residue

Miller Waste may dispose of Residue at the W12A landfill at no charge.

5. **Disposal of Liquid Septage Waste** : The Parties agree that Section 5.0.9 of the Agreement is deleted in its entirety and replaced with the following:

5.0.9 Disposal of Liquid Septage Waste

The City will connect the existing septage holding tank to City’s sewer system to eliminate the need to haul septage. The City will be responsible for septage haulage costs if the connection to the City’s sewer system is not completed by January 1, 2015.

6. **Disposal of Other Solid or Liquid Waste**: The Parties agree that Section 5.0.10 of the Agreement is deleted in its entirety and replaced with the following:

5.0.10 Disposal of Other Solid or Liquid Waste

Miller Waste is responsible for the cost of lawful and appropriate disposal of any other solid or liquid waste materials that result from performing the Work in accordance with the Contract Documents except as noted in Clauses 5.0.6, 5.0.7 and 5.0.9.

7. **Schedule A**: The Parties agree that Schedule A of the Agreement is deleted in its entirety and replaced with the following:

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Schedule A

Residue Auditing Protocol for Material Recovery Facility

Overview

1. Miller Waste Systems Limited ("Miller Waste") will conduct and the City will witness audits on a regular basis to determine the facilities capture rate of recyclables and the overall contamination rate of incoming material.

The City, when conducting a full audit to determine the capture rate of recyclables and contamination rate, will request the audit date giving sufficient notice for Miller Waste to prepare.

The City, when conducting an audit to only determine the capture rate of recyclables, is not required to give any notice to Miller Waste. An audit to determine the capture rate of recyclables only requires an audit of the residue and excludes collecting cross contamination that is normally placed directly into the correct material bunker or processing line (Sections 18 and 19).

2. The audit dates will be chosen during relatively "dry" times so as to not introduce moisture issues.
3. Miller Waste and the City warrant that the Residue samples chosen for the monthly audits shall be accepted as representative, in both nature and composition, of the Residue generated at the Materials Recovery Facility that month.
4. Miller Waste or the City may ask for an additional audit to replace one of the mandatory audits if the percentage of Residue on the audit day(s) or during the collection of the sample is significantly higher or lower than normal. A new audit would likely be required if the difference in the Residue between the audit sample and normal operations is more than 15%. For example, if the Residue rate is typically 8 % and the Residue rate during the audit was 10%, a new audit may be required. Each additional audit will be at the expense of the party that requested the additional audit.
5. The City may conduct additional audits to confirm the composition of the Residue.
6. During normal operations:
 - cross-contamination captured, placed in bins and sent to the tipping floor for reprocessing is weighed (primarily from the pre-sort room)
 - all residue sent for disposal is weighed
 - cross-contamination captured and placed directly into the correct material bunker or processing line is not weighed (primarily from the container and fiber sort rooms)

Residue Audit Objectives

7. Confirm:
 - the Recoverable Fibre Materials Required Recovery Rate of 98% is met;
 - the Recoverable Container Materials Required Recovery Rate of 94% is met; and
 - the Recoverable Glass Materials Required Recovery Rate of 95% is met.
 - See the Agreement for the list of materials making up each of the three (3) material categories identified above.
8. Determine the % Non-Recyclable Material (including Cross-Contamination) and % Recyclable Material Not Practical to Recover level applicable for the month.

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Residue Auditing Methodology

Audit Sample Size and Source

9. In the case of Fibres,

- It is assumed 100% of paper fiber products are captured because all paper fibres are negatively sorted into bunkers.
- Non-recyclables will be positively sorted and placed on the residue conveyor
- Cross-contamination (recyclable containers) captured and normally placed directly into the correct material bunker or processing line will be placed into large pails (lined with clear plastic bags). When a pail becomes full, the bag of recyclable containers will be removed from the pail and taken to the audit area for identification and weighing. Spare pails/bags should be available at each positive Residue sort station to minimize disruption to processing.

10. In the case of Mixed Containers,

- Cross-contamination (recyclable fibres) normally captured and placed directly into the correct material bunker or processing line will be placed into large pails (lined with clear plastic bags). When a pail becomes full, the bag of recyclable fibres will be removed from the pail and taken to the audit area for identification and weighing. Spare pails/bags should be available at each positive Residue sort station to minimize disruption to processing.
- Mixed containers are a combination of positive sorted items and negative sorted material.
- It is assumed 100% of glass is captured because glass is negatively sorted into bunkers.
- Residue from the container line, which includes missed recyclables, non-recyclables and cross-contamination that was not captured, is negatively sorted and will accumulate in a dedicated compactor bin.
- The residue compactor bin is to be empty at the start of the audit day. After the audit day is complete, the Residue bin is to be weighed again (the bin is to be tared so that the total Residue sample weight is determined). The contents of the bin are then discharged onto a suitable, clean floor area and, using a loader, a representative sample of the total Residue is isolated for auditing. The size of this representative sample shall be such that the total Residue sample for auditing, including positive sorted items, is approximately 200 kg.

Recyclable Material Not Practical to Recover

11. The following items are considered Recyclable Materials Not Practical to Recover:

- program bags used to contain recyclables (e.g., clear plastic bags, translucent plastic bags and grocery sacs)
- glass less than 64 mm (2 ½") in length and width at its longest/widest points
- fibre products less than 150 mm (6") in length and width at their longest/widest points
- containers less than 64 mm (2 ½") in length and width at their longest/widest points
- individual materials compounded together (i.e., separate recyclable materials that have become entwined/bound together and as a result causes them to act as one physical object)
- "spiral wound" containers (e.g., cardboard cans such as: frozen juice cans, Pringles containers, refrigerated dough containers, powder drink mixes, baby formula containers)
- waxed boxes (e.g. frozen food boxes) or paper
- foil coated boxes (e.g., dishwasher detergent boxes) or paper
- dark coloured or construction paper
- metallic foil wrapping paper
- Containers containing product (i.e., bottles, tubs and jugs that contain at least 10% (by volume of the container) retained product)

12. Recyclable Material Not Practical to Recover shall not be included in the determination of the % Recyclable or % Non-Recyclable Material each month. The weight of these items is to be included in any throughput calculations.

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Determination of Residue Component Weights

13. All weigh scales intended to be used for the audits will be checked prior to the audit to confirm accuracy.
14. Each audit sample will be spread out onto a clean, open floor area at the MRF and separated into the following components:
 - Missed Recyclables (limited to Mixed Containers as any paper fibres are assumed to be cross contamination)
 - Non-Recyclable Material
 - Recyclable Material Not Practical to Recover
 - Cross Contamination (limited to Fibres as any containers are assumed to be missed recyclables)
15. Miller Waste is to provide audit sort staff to sort the Residue into the above components.
16. Each of the above components will be collected in clear plastic bags then weighed (using the 1.5m x 1.5m weigh scale) and recorded directly into an audit details spreadsheet. The clear plastic bags containing materials should be set aside until the audit spreadsheet is confirmed to have correct/accurate entries. The clear plastic bags make for easy identification of materials by those doing spreadsheet weight entries and also easy re-weighing if necessary.
17. With each audit the following information will be recorded into the audit details spreadsheet:
 - the weight of audit sample;
 - the weight of missed Recoverable Containers in the audit sample;
 - the weight of Cross Contamination (Fibers) in the audit sample;
 - the weight of Recyclable Material Not Practical to Recover in the audit sample; and
 - the weight of Non-Recyclable Material in the audit sample.
18. The audit data will be used to determine the weight of missed Recoverable Containers, Cross Contamination (Fibers), RNPR and Non-Recyclable Material in the Residue for the month as follows:
 - Missed Recoverable Containers = (weight of missed Recoverable Containers in the audit sample/ weight of audit sample) X weigh of Residue for the month
 - Cross Contamination (Fibers) = (weight of missed Cross Contamination (Fibers) in the audit sample/ weight of audit sample) X weigh of Residue for the month
 - RMNRP = (weight of RMNRP in the audit sample/ weight of audit sample) X weigh of Residue for the month
 - Non-Recyclable Material = (weight of missed Non-Recyclable Material in the audit sample/ weight of audit sample) X weigh of Residue for the month

Determination of Cross-Contamination Weight Cross-Contamination Captured Placed Directly into the Correct Material Bunker or Processing Line

19. With each audit the following information will be recorded into the audit details spreadsheet:
 - the weight of the container cross-contamination (recyclable containers in the fiber stream) captured and be placed into large pails (lined with clear plastic bags);
 - the weight of the fiber cross-contamination (recyclable fibers in the container stream) captured and be placed into large pails (lined with clear plastic bags);
20. The audit data will be used to determine the weight of cross-contamination captured and placed directly into the correct material bunker or processing line for the month as follows:
 - *Container Cross-contamination Placed Directly into the Correct Material Bunker or Processing Line = (weight of the container cross-contamination during the audit/ weight of material processed during the audit) X Material Processed during the month*
 - *Fiber Cross-contamination Placed Directly into the Correct Material Bunker or Processing Line = (weight of the fiber cross-contamination during the audit/ weight of material processed during the audit) X Material Processed during the month*

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Determination of Recovery Rates

21. Required Recovery Rates will be assessed based on the recovery rates achieved during the audits only. Each material category's recovery rate achieved will be determined based on the following formula (expressed as a percentage):

- *Recovery rate of all fibres = 100%*
- Recovery rate of mixed glass = 100%
- Recovery rate of mixed containers (excluding glass) = $\frac{\text{Quantity of Recovered Material shipped for the month}}{\text{Quantity of Recovered Material shipped for the month category} + \text{quantity of missed Recoverable Containers for the month}}$

Determination of % Contamination

22. The % Contamination for the month will be determined based on the following formula (expressed as a percentage):

- $\frac{(\text{Weight of Non-Recyclable Material in the Residue} + \text{Weight of Cross Contamination in the Residue} + \text{Weight of Cross-contamination (Fiber and Container) Placed Directly into the Correct Material Bunker or Processing Line} + \text{Weight of Cross-contamination Captured and Sent to the Tipping Floor for Reprocessing})}{\text{Total Weight of Shipped Material}}$

Reporting

23. Miller Waste is to prepare an Audit Summary Report outlining the audit results with all spreadsheets and other supporting material appended.