

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON AUGUST 12, 2019
FROM:	KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR - ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	AWARD OF CONTRACT (REQUEST FOR PROPOSALS 19-02) – RECYCLING COLLECTION (CITY-WIDE) AND GARBAGE AND YARD WASTE COLLECTION IN A PORTION OF LONDON

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental and Engineering Services & City Engineer, the following actions **BE TAKEN**:

- a) The proposal submitted by Miller Waste Systems Inc., 8050 Woodbine Avenue Markham, ON, L3R 2N8 for the provision of curbside, multi-residential and EnviroDepot Blue Box recycling collection services for the annual value of \$7,009,156 (based on parameters provided in the Request for Proposals - RFP document), **BE ACCEPTED**, noting the following:
 - i. the actual total annual fee for service is based on Unit Rates, multiplied by the actual units collected (households, multi-residential units, stops, carts, depots) per year,
 - ii. the proposed Unit Rates will be adjusted annually for inflation by the Consumer Price Index as outlined in the RFP document, and
 - iii. the term of contract will be four (4) years, beginning August 31, 2020, with four (4), one (1) year options at the sole discretion of the City.
- b) Civic Administration **BE DIRECTED** to finalize a recycling program for the downtown core that addresses the unique challenges of storing and collecting recyclables in congested areas,
- c) The proposal submitted by Miller Waste Systems Inc., for the provision of curbside recycling collection services in the downtown core for the annual value of \$31,096 (based on parameters provided in the RFP document), **BE ACCEPTED**, noting the following:
 - i. the actual total annual fee for service is based on Unit Rates, multiplied by the actual units collected per year,
 - ii. the proposed Unit Rates will be adjusted annually for inflation by the Consumer Price Index as outlined in the RFP document, and
 - iii. the term of contract will be four (4) years, beginning August 31, 2020, with four (4), one (1) year options at the sole discretion of the City.
- d) The proposal submitted by Miller Waste Systems Inc. for the provision of curbside garbage and yard waste collection services in the south-west portion of the city, including Lambeth, Riverbend and Settlement Trail for the annual value of \$385,728 (based on parameters provided in the RFP document), **BE ACCEPTED**, noting the following:
 - i. the actual total annual fee for service is based on Unit Rates, multiplied by the actual units collected (households) per year,
 - ii. the proposed Unit Rates will be adjusted annually for inflation by the Consumer Price Index as outlined in the RFP document, and
 - iii. the term of contract will be four (4) years, beginning August 31, 2020, with four (4), one (1) year options at the sole discretion of the City.
- e) The additional unit rates, service fees and/or one-time costs for the following items;

- i. changes to collection program frequency,
- ii. units rates to extend the Hefty® EnergyBag® project,
- iii. delivery service for recycling carts and Blue Boxes,
- iv. special event collections, and
- v. early termination of contract by Council as a result of Provincial Government regulatory changes dealing with *Resource Recovery and Circular Economy Act, 2016* and extended producer responsibility.

listed in the proposal submitted by Miller Waste Systems Inc., **BE ACCEPTED**;

- f) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase; and
- g) Approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract or having a purchase order, or contract record relating to the subject matter of this approval.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Relevant reports that can be found at www.london.ca under City Hall (Meetings) include:

- Current and Proposed Actions for Reducing and Managing Plastics in the Residential Sector and the Role for the Hefty® EnergyBag® Pilot Project (July 23, 2019 meeting of the Civic Works Committee (CWC), Item #2.5)
- Additional Short-Term Contract Amendment for Recycling Services (May 14, 2019 meeting of CWC, Item #2.6)
- Short-Term Contract Amendment for Recycling Services (October 30, 2018 meeting of CWC, Item #2.9)
- 60% Waste Diversion Action Plan (July 17, 2018 meeting of the CWC, Item #3.1)
- Options for Increased Recycling in the Downtown Core (December 12, 2016 meeting of CWC, Item #2.6)
- Exercise Renewal Options Curbside Collection & Material Recovery Facility Operations Contracts – Miller Waste Systems (September 7, 2016 meeting of CWC, Item #2.5)
- Blue Box Recycling Collection and Processing Contracts (July 21, 2014 meeting of CWC, Item #2.15)
- Outcome of Request for Proposal 11-01, Residential Waste Management Collection Services (June 14, 2011 meeting of Community and Neighbourhoods Committee, Item #1.2)
- Recycling Collection Services (March 19, 2008 meeting of Board of Control, Item #1.17)

COUNCIL’S 2019-2023 STRATEGIC PLAN

Municipal Council has recognized the importance of solid waste management and climate change in its 2019-2023 - Strategic Plan for the City of London as follows:

Building a Sustainable City

London has a strong and healthy environment

- Increase waste reduction, diversion and resource recovery
- Increase community knowledge and action to support the environment

Leading in Public Service

Londoners experience exceptional and valued customer service

- Increase community and resident satisfaction of their service experience with the City

BACKGROUND

Purpose

The purpose of this report is to seek approval from Committee and Council to award the Contract for Recycling Collection (City Wide), Garbage and Yard Waste Collection Services in a portion of London to Miller Waste Systems Inc, effective August 31, 2020.

Context

Contracted Solid Waste Collection Programs

The City provides for the collection, processing (Material Recovery Facility – MRF, large-scale composting) and/or disposal of residential garbage (including some business garbage), recyclables and yard waste. These services are provided by the City through contracted services, or directly by City staff.

In May 2019, a Request for Proposals (RFP) for the contracted collection services was released. The RFP also sought to obtain proposals for a new service to provide recycling collection services in the downtown core area.

Miller Waste Services is the City's current collection contractor, providing services under two contracts (effective December 2008 and November 2011). The contracts are for recycling collection for the entire City (excluding downtown), and waste (garbage) collection in Lambeth and surrounding area. Both contracts have had renewal options exercised, which will end August 30, 2020.

Recent short term contract amendments were approved by Council due to uncertainty of future provincial waste management legislation and regulations. Under the previous provincial government it appeared that legislative and regulatory changes were imminent, and undertaking a new RFP for recycling services was not recommended as entering into a new long term agreement without knowing potential impacts would add significant risk, uncertainty and costs to contractors and the City.

Status of Recycling in Ontario, Recycling Markets and Prices Paid (Appendix A)

An update on the move to full extended producer responsibility (EPR) in Ontario and the status of recycling markets in Ontario and beyond is provided in Appendix A. This information is key as it highlights provincial direction, the path to move 100% financial responsibility for Blue Box recycling to industry stewards (from the current 45% to 50%) and how recycling markets and prices are struggling.

From an overall cost perspective, recycling costs in Ontario and across Canada (and North America) have increased significantly in the last two to three years due several factors including:

- increased capital costs for vehicles,
- increased maintenance costs,
- collection labour cost increases of up to 15% (to find and/or retain qualified drivers and mechanics, MRF operators),
- insurance cost increases (reported as high as 7 to 10 times more),
- increased capital costs for MRF recycling equipment,
- increased MRF labour costs,
- extra human resources and equipment required to meet stringent market conditions caused by global conditions and fewer and more competitive end markets,
- increased quantity of harder to process container materials due to the changing material mix and end market requirements,
- decreased quantity of easier to process paper products such as newspaper, magazines and office paper, and
- the exchange rate and tariff (volatility) with the United States for equipment.

The Continuous Improvement Fund (CIF) organization reports that recent recycling collection contracts and integrated contracts (recycling and processing together) in Ontario have typically seen cost increases of 15% to 40%. Media articles indicating up to a doubling of recycling costs in some areas of Ontario (e.g., Thunder Bay).

From a material marketing perspective, London's recyclables continue to reach end markets as residents generally follow the rules (Sort it Right) coupled with processing and quality control at the MRF to produce high quality and desirable materials (Appendix A). London has not faced the difficult situation that some municipalities in Canada have with respect to significant stockpiling of recyclable materials due to lack of end markets including landfilling some materials.

RFP 19-02: Recycling, Garbage and Yard Waste Collection Services

The work specified in the RFP 19-02 included three Parts (details found in Appendix B):

- Part A - Collect recyclables from residential curbside stops, multi-residential buildings, and EnviroDepots
- Part B - Collect recyclables from the downtown core areas
- Part C - Collect garbage and yard waste from residential curbside stops in Lambeth and a number of other neighbouring subdivisions and surrounding rural area

In addition to submitting pricing for existing collection services, proponents were asked for pricing in the event that program changes would occur during the term of the contract:

1. Potential collection schedule changes - The 60% Waste Diversion Action Plan, approved by Municipal Council (subject to funding), proposed that bi-weekly garbage collection be implemented in conjunction with the Green Bin program. This would mean a change in the current collection schedule (42 collections per year). To provide pricing in advance of a potential change of collection schedule, Proponents were required to submit pricing on different collection frequency schedules, including: weekly, bi-weekly (for garbage only), a five-day work week and a four-day work week.
2. Potential early termination of the contract - Proponents were required to provide the cost to the City in the event of an early termination of the contract. This was added to the RFP due to potential Ontario regulatory changes that would have an impact on Ontario Blue Box programs in the near future (beginning as early as 2022 – 2023). Requesting termination costs up-front will protect the City from unexpected costs as a result of a change in the provincial program. Additionally, the length of contract term is shorter than is typical for collection contracts, which provides the City another option to implement any program changes under a new provincial program. The Contract term is four years, with four additional, one year extensions at the sole discretion of the City (for a potential of eight years in total).

A price to collect bags should the Hefty® EnergyBag® Pilot Project be extended was also requested in the RFP along with other related recycling collection services.

DISCUSSION

Purchasing Process

An open to the public Request for Proposal (RFP 19-02 for Recycling Collection, Garbage & Yard Waste Collection) as per Section 12.0 of the Procurement of Goods and Services Policy of the City of London was issued May 6, 2019 and closed June 20, 2019. The RFP was previewed and downloaded by seven companies. Three companies attended the non-mandatory site meeting. These three companies submitted proposals and were deemed compliant by Purchasing and Supply:

- Green For Life (GFL) Environmental
- Miller Waste Systems Inc.
- Waste Management of Canada Corporation

An evaluation team included three members from Solid Waste Management, the Director, Environment, Fleet & Solid Waste and one member from Purchasing and Supply.

Proponents were required to submit a Technical Proposal and a separate Financial Proposal. A score of 80% was required on the Technical Proposal in order for the Financial Proposal to be considered. All Proponents met the minimum requirements for the Technical Proposal.

Evaluation Criteria	Potential Points
Technical Proposal	
Criteria 1: Project Team Experience & Capability	18
Criteria 2: Operational Details	36
Criteria 3: Proposal Quality	6
Technical Proposal – maximum potential score	60
Financial Proposal – maximum potential score	40
Total Points	100

Outcome of Evaluation

Based on the evaluation criteria and process identified in the RFP, the evaluation team determined that the proposal from Miller Waste Systems to undertake all three services (Parts A, B and C of the RFP) achieved the highest score on both the Technical Proposal and Financial Proposal. In addition, Miller Waste Systems had the highest combined Technical and Financial score for each individual Part.

Overview of Miller’s Proposal

Part A: Blue Box Recycling

Highlights of Miller’s proposal include:

- a change in the configuration of the curbside recycling collection vehicles,
- an increase in the number of employees collecting at the curb (compared to current),
- a decrease in the number of curbside recycling collection vehicles, and
- no changes to how recyclables are collected from multi-residential buildings.

Miller proposes to use split compartment rear load compacting vehicles to collect Blue Box recyclables at the curb instead of the current vehicles (non-compacting side load). These vehicles have several advantages for collecting recyclables including:

- will reduce the amount of cross contamination that occurs when materials are unloaded,
- will allow for the collection of cardboard at the curb even if the homeowner has not broken down the material properly, and
- will hold more material than non-compacting trucks. This will reduce the number of trips to the MRF and the greenhouse gases generated.

The recyclables will be loaded in the rear of the vehicle, similar to the vehicles that are used for garbage collection by City crews. A proactive education program will be undertaken to ensure residents do not think the recyclables they set to the curb are being landfilled. The education program will include various forms of outreach as well as messaging on the collection vehicles.

Part B: Downtown Recycling

Staff were directed by Council to look at options for providing recycling services to the downtown core. The City has received many requests for recycling in the downtown core. In addition, many municipalities in Ontario offer curbside recycling collection to the smaller downtown business and residential units contained in small buildings or on top of businesses.

Miller proposes to send several of the curbside collection vehicles to the downtown to collect recyclables at the start of the day and be finished before the busy morning traffic

period starts. This is consistent with how garbage collection occurs in the downtown areas.

The cost to provide this service was included in the 2020 to 2023 multi-year budget. Pricing from the RFP was marginally less than the budget estimate. It is recommended that the City introduce Blue Box recycling to the downtown core in September 2020.

Part C: Lambeth and Area Garbage and Yard Waste Collection

Miller is proposing no changes to how garbage and yard waste are collected from Lambeth and surrounding area.

Financial Impact

Collection Services

The annual cost of the collection programs is based on a cost per unit serviced. Units include curbside households, multi-residential units and downtown stops. The unit rate will be adjusted annually by inflation and the number of units collected increases as new residential units/stops are added to the program. The new rates will come into effect on August 31, 2020.

Tables 1 and 2 (next page) provide the estimated contract unit rates for recycling collection (city-wide) and garbage and yard waste in Lambeth and Area.

Table 1 shows recycling collection cost increases above inflation; however it is on the low end of the range of cost increases, as a percentage, being experienced by other municipalities in Ontario. Table 2 shows a cost increases for garbage collection but a drop in yard waste collection costs. The increase in costs for garbage collection is a reflection of the below market rates the City received in the previous collection contract.

Table 1: Recycling Collection Unit Rates

	2017	2018	2019(a)	2020(b)	2021(c)
Curbside Unit Rate	\$0.91	\$0.93	\$0.96	\$1.07	\$1.20
Rate per Year (based on 42 pickups)	\$38.22	\$39.06	\$40.32	\$44.94	\$50.40
% increase over previous year	not applicable	2%	3%	12%	12%
Multi-res Unit Rate	\$0.217	\$0.221	\$0.227	\$0.253	\$0.281
Rate per Year (based on 52 pickups)	\$11.28	\$11.49	\$11.80	\$13.16	\$14.61
% increase over previous year	not applicable	2%	3%	12%	11%

- Notes: (a) Unit rates based on 10 months of existing contract and 2 months of contract extension approved in 2018.
 (b) Unit rates include 8 months of existing contract extension and 4 months of the new collection contract and assume 2% inflation adjustment over 2019.
 (c) Unit rates are estimated for a full year on the new collection contract and assumes a 2% inflation adjustment over 2020.

Table 2: Lambeth and Area Waste Collection Unit Rates

	2017	2018	2019(a)	2020(b)	2021(c)
Garbage - Unit Rate	\$0.87	\$0.90	\$0.91	\$1.11	\$1.43
Rate per Year (based on 42 pickups)	\$36.54	\$37.80	\$39.90	\$46.62	\$60.06
% increase over previous year	not applicable	3%	2%	22%	28%
Yard - Unit Rate	\$1.25	\$1.29	\$1.31	\$1.36	\$1.31

Rate per Year (based on 9 pickups)	\$11.25	\$11.61	\$11.79	\$12.24	\$11.79
% increase over previous year	not applicable	3%	2%	4%	-4%

- Notes: (a) Unit rates based on 10 months of existing contract and 2 months of contract extension approved in 2018.
(b) Unit rates include 8 months of existing contract extension and 4 months of the new collection contract and assume 2% inflation adjustment over 2019.
(c) Unit rates are estimated for a full year on the new collection contract and assumes a 2% inflation adjustment over 2020.

Collection costs go up each year by the growth of the city (assumed to be 1.5% for projected years) and inflation for unit prices. Changes also occur when Council approves new contract terms and rates. Historical and projected recycling collection costs (curbside, multi-residential and EnviroDepots) are presented in Table 3.

Table 3 Historical and Projected Recycling Collection Costs

Year	2017	2018	2019	2020	2021
	Actual			Projected	
Projected cost based on RFP units				\$6,303,000	\$7,009,000
Projected cost including 1.5% growth & 2% inflation	\$5,276,000	\$5,524,000	\$5,841,000	\$6,577,000	\$7,472,000

It is important to note that approximately 45% to 50% of all recycling costs are paid for by industry. This will include the increase in recycling costs under the new collection contracts. This will help mitigate the cost of the increase to London residents in the long term but the City will have to bear the entire cost of the increase in the short term, as the City does not receive the funding in the year the costs are incurred. The increase in costs in 2021 (first full year of the contract) are submitted to the funding agency in 2022 and the funding is not received until 2023.

Similar to Table 3, historical and projected garbage and yard waste collection costs for Lambeth and area are presented in Table 4.

Table 4: Historical and Projected Lambeth and Area Collection Costs

Year	2017	2018	2019	2020	2021
	Actual			Projected	
Projected cost based on RFP units				\$323,000	\$386,000
Projected cost including 1.5% growth & 2% inflation	\$236,000	\$274,000	\$294,000	\$340,000	\$420,000

Understanding Total and Net Recycling Program Costs in London

Total recycling program costs include recycling collection, processing (sorting) recyclables (e.g., sorting and baling materials into feedstocks for further processing into new products), providing marketing services and amortization of MRF equipment.

Deducted from these three cost areas are material revenues and between 45% and 50% funding from industry (partial producer responsibility) paid through the Resource Productivity and Recovery Authority (RPRA). London's historical (2014 to 2018) and estimated future Blue Box program costs (2019 to 2021) are identified on Table 5.

Table 5: London's Historical and Estimated Future Blue Box Program Costs

	Actuals (in millions)					Estimated (in millions)		
	2014	2015	2016	2017	2018	2019	2020	2021
Gross Recycling Program Cost (a)	\$9.9	\$9.7	\$9.9	\$10.1	\$10.3	\$10.4	\$10.9	\$11.5
Material Revenues and RPRA Payment (b)	\$6.6	\$6.1	\$6.5	\$7.0	\$6.5	\$6.5	\$6.7	\$7.1
Net Recycling Program Cost	\$3.3	\$3.6	\$3.4	\$3.1	\$3.8	\$3.9	\$4.2	\$4.4
% increase over previous year	NA	9%	(6%)	(9%)	23%	3%	8%	5%
Cost Per Household (c)	\$19	\$20	\$19	\$17	\$21	\$21	\$22	\$23
Cost Per Tonne (d)	\$129	\$152	\$147	\$137	\$174	\$182	\$200	\$214

Notes:

- (a) Includes collection and processing costs and MRF amortization costs.
- (b) Material revenues are retained by the City. RPRA pays municipalities quarterly payments for industry's share. The amount does not reflect actual costs as there is a two year lag. Municipalities absorb the initial increase then recover about half of the costs two years later.
- (c) Assumes that the number of households (both single and multi-family) will increase by 1.5% for estimated years (2019 to 2021)
- (d) Assumes that the number of tonnes marketed will decrease by 2% for estimated years (i.e. light weighting of recyclable materials)

As outlined in Table 5 the estimated net cost of London's Blue Box recycling program for the projected years (i.e., 2019 to 2021) is increasing between 3% and 8% per year or approximately a \$1 per year on a cost per household basis. The net cost per household is similar to what was experienced between 2014 and 2018.

There are much larger increases in the cost per tonne, in both the previous year's actuals and the estimated years. This is a function of the changing nature of the materials collected in Blue Box programs. Changes to raw materials include less paper (e.g., less newsprint), more plastic, product and package lightweighting, concentrated products, bulk purchasing, etc. Although the weight of materials is going down, in most cases the volume is going up and is actually a more important indicator of recycling these days as it drives cost. This same trend has been observed across all Blue Box programs in Ontario.

The increase in collection costs noted above, along with all other costs and revenues for recycling, will be incorporated into the multi-year budget process.

CONCLUSION

It is recommended that Miller Waste Systems be awarded the contract for RFP19-02 Recycling Collection, and Garbage and Yard Waste Collection, including collection of recyclables from the downtown core area, as their proposal submitted in response to RFP19-02, achieved the highest technical and financial score(s) on each individual packages of work and the combined packages of work.

PREPARED BY:	PREPARED & SUBMITTED BY
MICHAEL LOSEE, B.SC., DIVISION MANAGER, SOLID WASTE MANAGEMENT	JAY STANFORD, MA, MPA DIRECTOR, ENVIRONMENT, FLEET & SOLID WASTE
RECOMMENDED BY:	
KELLY SCHERR, P. ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER	

Appendix A: Update on Full Extended Producer Responsibility (EPR) in Ontario and the Status of Recycling Markets in Ontario and Beyond

Appendix B: RFP 19-02: Scope of Work

c: John Freeman, Manager of Purchasing & Supply
John Stevely, Procurement Officer

Appendix A

Update on Full Extended Producer Responsibility (EPR) in Ontario and the Status of Recycling Markets in Ontario and Beyond

Update on Moving Towards Full EPR

In June of this year, the Minister of Environment, Conservation and Parks appointed Mr. David Lindsay, as Special Advisor on Recycling and Plastic Waste and to facilitate a discussion on transitioning the Blue Box program to full producer responsibility. This appointment has been viewed positively by municipalities as it has restarted the transition process which had been stalled since before the last provincial election.

Under a full producer responsibility program, industry would pay the full cost of municipal Blue Box programs, instead of the approximate 50% that is currently paid by industry in the form of quarterly financial grants to municipalities. This also includes taking operational responsibility for recycling and making sure materials are recycled. Also included in this new program will be the onus on industry stewards to make packaging decisions that deliver better environmental outcomes.

The Special Advisor's work is to be guided by the following policy objectives (which are reflective of the interests municipalities have advocated for):

- Standardization across the province of what can be recycled in homes, workplaces and public;
- Improve diversion rates and increase what materials can be recycled;
- Reduce litter and waste in communities and parks;
- Improve Ontario's Blue Box program by requiring producers to pay for the recycling of the products they produce, through achieving producer responsibility; and,
- Maintain or improve frequency of Blue Box collection.

The Special Advisor's Report with recommendations was submitted on July 20, 2019. The Association of Municipalities of Ontario (AMO) has been assured that municipal governments will be very involved in the transition process but these details are not known yet.

The anticipated timeline for when municipalities can expect to transition to a system of full extended producer responsibility is currently expected by 2022 to 2024. It is not expected that all municipalities will transition at once but rather over a period of three years depending on a variety of factors including operational strategies of industry stewards.

Status of Recycling Markets in Ontario and Beyond

Focus – Newspaper and Other Paper Products

Over the past eighteen months to two years, the Chinese government introduced the National Sword and Blue Sky regulations to reduce the amount of contamination from imported recyclable materials. These restrictions resulted in North American municipalities and recycling companies facing challenges to find alternative markets for their recyclables, and in particular recovered paper.

The restrictions imposed by China are expected to remain in place for 2019 through 2021. Other countries (e.g., Malaysia, India, Taiwan, Vietnam, Thailand, Indonesia) have since imposed similar quality restrictions to prevent North American low-quality recyclables from entering their countries.

Due to a gradual closure of North American newsprint mills during the past number of years, there has been an increasing dependency on foreign newsprint mills to take North American recovered newsprint. In Ontario, paper mills in Whitby and Thorold,

which had previously provided a domestic market for all Ontario's newsprint, closed in 2010 and 2017.

A number of factors contributed to this changing landscape of newsprint recycling, including:

- increased newsprint production in Asia resulting in demand for recycled material,
- the low cost to ship recovered newsprint to China in returning otherwise empty sea containers that had shipped electronic and other merchandise to North America,
- a drastic decline in North American newsprint demand (from a peak of 14 million tonnes in 1988 to 4 million in 2015), and
- an increase of contamination levels in recovered recyclables resulting from recycling programs changing to single-stream recycling.

Initially the specifications in China had been more accepting of lower quality material containing higher levels of out-throws and contamination. North American mills were not willing or able to manage this same material quality. However, in more recent years, the Chinese became concerned that the amount of contamination in mixed paper and plastics was causing significant environmental challenges within their country, and imposed strict regulations (e.g., National Sword and Blue Sky) on the import of mixed paper grades in an effort to reduce the amount of contamination from other countries.

(Source: https://thecif.ca/wp-content/uploads/2019/02/789-Ontario_Fibre_Capacity_Final_Report.pdf)

Focus – Plastics and Other Packaging

Plastics, various metals and glass also are having challenges in foreign and in some North American locations. The situation points to a need for developing substantially more recycling markets domestically, especially for selected grades of paper and plastic. Material quality and contamination concerns continue to be one of the driving factors on materials moving slowly (or not moving at all) in the marketplace.

Another key challenge is the need for new products to contain an increasing percentage of recycled content and for large procurement agencies to commit to buying these materials.

Focus – Prices for Recyclable Materials Continue to Drop

In Ontario, the Continuous Improvement Fund (CIF) for recycling publishes a monthly Markets Price Sheet that contains a blend of municipal spot market prices for Ontario-based municipalities. It details current (monthly) and historical price trends for post-consumer metals, glass, plastic and fibre. The June 2019 Price Sheet (two pages) is at the end of Appendix A.

Items to note include:

- As of June 2019, the average Blue Box of materials is worth about \$88 per tonne and has dropped steadily for 18 months. Most of this slide is associated with paper products (fibres).
- The average over six months in 2019 is \$103 per tonne which represents the second lowest amount since 2002 (when data was published). The lowest year was 2009 when material prices dropped to an average of \$80 per tonne.

Focus – Where do London's Recyclables Go?

The London MRF, designed to handle two stream materials (fibres and containers separately versus a single stream MRF), handles recyclables from the City of London, 9 municipalities, Western University and some businesses. The incoming quantities currently exceed 37,000 tonnes per year with about 33,000 tonnes heading to end markets.

At the MRF, over 96% (sometimes as high as 97% to 98%) of the recyclable materials (by weight) that are requested in the recycling program make it to end markets.

Based on incoming tonnage, about 7 to 9% by weight is "non-recyclables" that people in London think are recyclable or are placed in the Blue Box/ Blue Cart in error. During the processing of all materials another 2 to 3% might be created as process residuals (e.g., glass that breaks and is too small to recover, a milk carton that makes its way through the processing system and the level of effort to recover it cannot be justified, etc.).

Generally the total residual rate at the London MRF ranges between 7% and sometimes as high as 11% with a typical annual amount being about 9%. This residual rate is considered on the low side compared to other MRFs in Ontario and Canada. Two stream MRFs also typically have lower residual rates than single streams MRFs.

As noted above, end markets for recyclables have gone through many twists and turns in the last three years. Miller Waste Systems use of marketing networks continue to move London's two stream recyclable materials into established markets including some difficult to reach overseas markets. The reason is London's two stream materials, processed to meet specifications, are considered desirable from quality and consistency perspectives. Miller continues to work with the City and Try Recycling on some alternative uses for more difficult to recycle materials like container glass and coffee cups.

Currently London's materials are moving to end markets located in the following jurisdictions:

- Newspaper, each month the location adjusts, whenever possible end markets in China or India are used if higher prices can be obtained. For the first half of 2019, more newspaper has been shipped to United States paper mills with a large portion heading to India. Hopefully in the near future a small amount may be marketed in Ontario again depending on the availability of markets on a week to week basis.
- Other papers and/or hardpack - 100% stays in North America. Paper mills are generally located in Ontario, Quebec, and United States.
- Cardboard – generally stays in Ontario (Toronto) with some to various United States locations.
- Glass – Ontario (Guelph).
- Steel – Ontario (Toronto, Hamilton) where it is aggregated then sent to various United States locations.
- Polyethylene terephthalate (PET #1) - Ontario (Shelbourne, Toronto) & Quebec (Joliette).
- High density polyethylene (HDPE #2) – Ontario (Listowel) and United States (various locations).
- Mixed plastics – Ontario (Listowel).
- Aluminum – United States (various locations)
- Film Plastic – Ontario (Listowel)
- Polycoat - India

Price Sheet – June 2019

Ontario Market Price Trends | CDN\$/Metric Tonne | Page 1

		MONTHLY AVERAGES (CDN\$/Metric Tonne)												# of Muni. (Monthly Change)	Price Range (CDN/Metric Tonne)					
Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019			Mar 2019	Apr 2019	May 2019	June 2019	
Newspaper (ONP #8 / SRP #56) ¹	88	83	72	54	48	49	55	64	54	61	54	57	61	55	56	50	39	40	7 (-1)	17 - 78
Mixed Paper #54 / ONP#6 ²	33	25	18	2	(2)	(3)	(13)	(11)	(8)	(7)	(6)	(0)	(9)	(12)	(8)	(1)	(9)	(16)	6 (0)	(50) - 11
Corrugated (OCC)	160	147	147	130	120	119	120	121	118	120	119	122	128	111	109	96	80	72	11 (-1)	63 - 80
Hardpack (OBB/OCC)	86	65	74	57	57	51	49	44	53	49	54	45	45	39	40	29	12	6	4 (-1)	2 - 10
Boxboard (OBB)	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	3 (0)	na
Polycoat Containers	45	46	42	50	70	65	84	72	85	79	67	49	38	45	51	50	50	36	10 (3)	7 - 70
PET (mixed)	342	351	373	390	416	455	475	486	469	479	462	479	485	482	468	450	453	432	14 (0)	375 - 463
HDPE (mixed)	434	464	496	531	527	469	435	468	461	492	492	523	514	498	471	480	437	435	13 (-1)	400 - 466
Plastic Tubs & Lids	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	2 (-1)	na
Mixed Plastics ³	30	39	43	40	49	52	49	46	44	48	57	69	68	66	69	72	75	78	12 (-1)	0 - 170
Film Plastic	11	15	16	14	18	18	15	18	15	16	13	15	15	14	11	4	na	0	7 (4)	0 - 0
Aluminum Cans	1723	1756	1788	1828	1994	2044	1923	1847	1643	1526	1388	1339	1328	1350	1398	1428	1431	1396	14 (1)	1168 - 1565
Steel Cans	283	280	320	345	341	342	343	326	298	314	332	343	316	313	336	316	276	236	13 (-1)	206 - 263
Glass (mixed)	(53)	(56)	(49)	(42)	(35)	(36)	(35)	(39)	(41)	(26)	(39)	(38)	(40)	(40)	(43)	(43)	(41)	(43)	7 (-1)	(80) - (30)
Composite Index	129	125	124	114	114	116	118	121	112	117	110	114	116	110	110	104	93	88		
Fibre Composite Index⁴	103	95	87	70	64	64	68	74	67	72	67	70	72	63	64	57	44	42		
Container Composite Index⁵	205	210	226	239	256	263	259	256	238	244	232	238	239	238	238	234	227	214		

YEARLY AVERAGES (CDN\$/Metric Tonne)																		
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Newspaper (ONP #8 / SRP #56) ¹	100	99	114	101	89	118	121	72	90	126	76	71	69	72	103	111	62	50
Mixed Paper #54 / ONP#6 ²														43	73	73	2	(9)
Corrugated (OCC)	106	89	114	95	80	131	111	68	149	173	133	131	131	127	152	221	128	99
Hardpack (OBB/OCC)	63	62	75	68	50	89	76	42	74	95	61	53	51	66	91	121	57	29
Boxboard (OBB)		43	62	53	41	70	62	26	61	84	62	46	48	50	50	na	na	na
Polycoat Containers	58	64	67	66	59	84	75	39	105	127	96	65	79	114	114	64	63	45
PET (mixed)	166	278	432	507	314	368	352	187	391	652	431	372	377	295	265	383	431	462
HDPE (mixed)	233	364	428	683	565	524	573	320	464	562	552	497	659	617	533	497	483	473
Plastic Tubs & Lids	0	12	51	104	128	146	204	22	54	247	265	na	na	na	na	na	na	na
Mixed Plastics ³										48	32	38	46	58	61	32	47	71
Film Plastic	0	8	55	148	137	51	35	3	13	25	23	14	29	47	40	24	15	9
Aluminum Cans	1709	1619	1772	1763	2169	2065	1904	1215	1591	1790	1516	1523	1783	1548	1576	1772	1733	1389
Steel Cans	47	76	191	116	141	168	245	89	263	335	277	257	299	179	200	262	322	299
Glass (mixed)	(15)	(19)	(12)	(31)	(31)	(31)	(24)	(18)	(15)	(11)	(18)	(22)	(22)	(30)	(37)	(42)	(41)	(42)
Composite Index	113	114	131	124	111	145	150	80	124	169	118	107	117	105	129	154	118	103
Fibre Composite Index⁴														77	109	132	75	57
Container Composite Index⁵														188	184	217	239	232

Disclaimer: The CIF Price Sheet provides an estimate of the average commodity prices from a sample of municipalities located across Ontario. Please note the estimate in no way represents, reflects or captures all municipal conditions. You acknowledge that in using the CIF Price Sheet neither CIF, nor any of its agents, partners, affiliates, directors, employees, assigns and associates may be held liable, responsible or accountable for any type of damage, litigation or other legal action that may arise directly or indirectly from the reliance on the CIF Price Sheet.

RFP 19-02: Scope of Work

An overview of the Scope of the Work to be completed is provided below. This Work has been divided into “Parts”. Proponents were able to submit a proposal on one or more of the Parts.

Part A – Curbside, Multi-residential Building, EnviroDepot Recycling Collection Services

Curbside Collection:

Provide a Curbside Recycling Collection Service to 127,000 households. Currently collection is scheduled on a ‘different-day’ cycle (once every six business days). The City may move to a weekly collection cycle in the future for recycling and Green Bin; therefore prices for both current and possible future frequencies were requested. Proponent were required to submit pricing on three collection schedule options:

- Option 1) Collect on a different day schedule (42 pickups annually)
- Option 2) Collect on a weekly schedule (52 pickups annually, on 5 day schedule).
- Option 3) Collect on a weekly schedule (52 pickups annually, on 4 day schedule).

Multi-residential Building and EnviroDepot Recycling Collection

Provide a Multi-residential Recycling Collection Service. Collection of Recyclables from Multi-residential Buildings to include:

- a) Two-stream recyclables in 360 litre carts on a weekly schedule at 55,000 households in 870 buildings, and
- b) Fibre Materials (predominately old corrugated cardboard) in Front-end Loading Bins on a weekly schedule from 100 buildings.

Collection of Recyclables from EnviroDepots to include:

- a) Two-stream recyclables in 360 litre carts on a variable schedule from four EnviroDepots.

Part B – Downtown Area Recycling Collection Services

Collect residential and business Recyclables from designated Downtown Area at 460 stops to include:

- a) Collection of two-stream recyclables in blue bags or blue boxes from the curbside, and
- b) Collection of cardboard (either bundled or stacked).

Part C – Lambeth and Area Garbage and Yard Waste Collection Services

Provide a Curbside Garbage and Yard Waste Collection Service to 5,600 households. Garbage is currently collected on a ‘different-day’ cycle (once every six business days). The City may move garbage collection to weekly or bi-weekly in the future and therefore required prices for all collection frequencies.

- Option 1) Collect Garbage on a different-day schedule (42 pickups annually) and collect Yard Waste (9 pickups annually),

- Option 2) Collect Garbage on a weekly schedule (52 pickups annually, 5 day schedule), and collect Yard Waste (9 pickups annually),
- Option 3) Collect Garbage on a bi-weekly schedule (26 pickups annually, 5 day schedule) and collect yard waste (9 pickups annually).
- Option 4) Collect Garbage on a weekly schedule (52 pickups annually, 4 day schedule), and collect Yard Waste (9 pickups annually),
- Option 5) Collect Garbage on a bi-weekly schedule (26 pickups annually, 4 day schedule) and collect yard waste (9 pickups annually).

Part D – Includes all Work as described under Parts A and C.

To submit a proposal on Part D, Proponents must also submit separate proposals on Part A and Part C.

Part E – Includes all Work as described under Parts A, B and C.

To submit a proposal on Part E, Proponents must also submit separate proposals on Part A, Part B and Part C.

Part F – Alternative Proposal(s)