



City of Moose Jaw

COMMUNICATION # CC-2019-0154

TITLE: Recycling Collection Contract Renewal

TO: City Council

FROM: Department of Engineering Services

DATE: August 19, 2019

PUBLIC: PUBLIC DOCUMENT

RECOMMENDATION

THAT the City continue with the first optional two-year extension of the recycling program with Loraas Disposal Services Inc. as outlined in the Recycling Collection Services Agreement.

TOPIC AND PURPOSE

To obtain Council support in continuing with the first two-year extension in the residential collection recycling program.

BACKGROUND

The City entered into the Recycling Collection Services Agreement with Loraas Disposal Services Inc. on October 1, 2015. The contract included an initial three-year term along with two extensions of two years each. The first extension commenced on October 1, 2018 and will conclude on September 30, 2020. If the City desires to enact the second two-year extension, it must do so on or before April 1, 2020.

The City chose to finance the collection carts through Loraas Disposal Services Inc. over the initial term and potential extensions of the Agreement. If the agreement was terminated prior to fulfilling both extensions, there is a buy-out fee required to pay for the balance remaining on the carts. The financial terms of this arrangement are shown in the following table:

Period	Time	Cart Quantity	Cost/Cart	Buy-out
Completion of Initial Term	3 years	12,500	\$50	\$625,000
Conclusion of 1 st Extension	2 years	12,500	\$20	\$250,000
Conclusion of 2 nd Extension	2 years	12,500	\$0	\$0

DISCUSSION

Large scale programs, which involve the majority of residents in a municipality, should be considered from multiple perspectives. Recycling collection in Moose Jaw can be analysed through the Triple Bottom Line Concept. The Triple Bottom Line Concept is a sustainability framework that examines a company's or organization's social, environment, and economic impact. Instead of one traditional bottom line (economic), this concept proposes there should be three considered. This balances the wants and needs of an organization with the desires of its customers or stakeholders both locally and globally.

Economic

The City collects solid waste and recycling from approximately 11,600 homes. The monthly cost charged per property is \$9.77 for solid waste collection and \$7.09 for recycling collection. The recycling cost to the City's residents is partially offset by a subsidy from the Multi Material Recycling Western (MMSW) organization. The 2018 grant amounted to \$187,579 and is expected to increase in 2019 to \$340,290.

The Department of Engineering has contacted several municipalities in Saskatchewan to determine the different recycling collection models in use from a financial perspective. There are several different models in use making direct comparisons more difficult. These models include multiple contractors and/or cities performing the collection. Carts financed to own under a multi-year agreement, carts purchased outright, or carts owned completely by the contractor providing the collection service. The agreements are of varying lengths with varying contract extensions and some including processing of the material. This makes comparing the City of Moose Jaw's rate difficult with regards to competitiveness. The City has neither the lowest nor the highest collection rate in the Province rather being somewhere in the middle for costs. In communities that provided responses the high cost was \$9.25/mo.; the low cost was \$5.09/mo.; Moose Jaw's current rate is \$7.09/mo.

The solid waste tonnage collected from the residential cart program (household garbage) has decreased steadily over the last three years with the implementation of eight months of bi-weekly collection. 7,707 tonnes were collected and disposed of at the City landfill in 2018. Through 2019, this total is trending down 6.9% through the first 6 months. Conversely, recycling tonnage has only increased 0.2% over three full years of collection going from 1,341.4 tonnes to 1,344.4 tonnes annually. Based on current tonnages and customer charges, the cost for each household to dispose of a single kilogram of waste and recycling can be calculated. The cost to dispose of waste is \$0.18/kg and the cost to recycle is \$0.74/kg.

It is clear from an economic standpoint that the current multi-material recycling collection program is a cost-plus service.

Environment

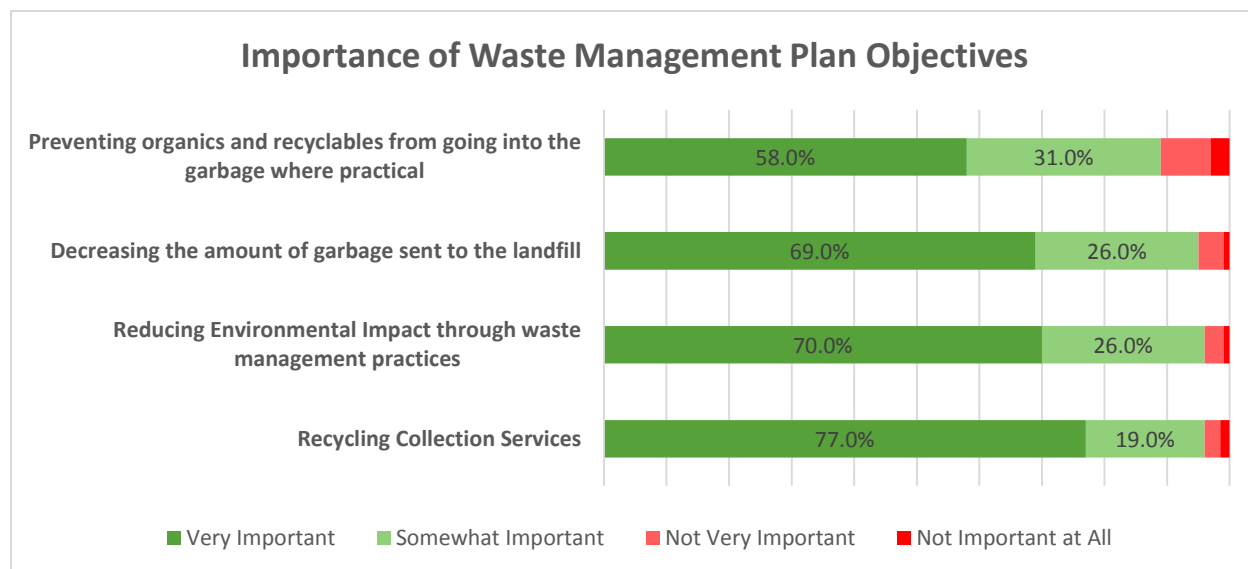
The environment bottom line concept is where an organization strives to minimize its environmental impact, reducing its ecological footprint. This can take many forms through programs aimed at managing the consumption of energy and non-renewables, reduction of waste, recovery of materials that can be re-purposed or recycled, etc.

Single stream recycling has been one common practice that municipalities have adopted to begin addressing capture and re-use of papers and plastics that are contributing to deforestation and non-degradable plasticized pollution worldwide. Generally, recycling is considered to have a positive environmental impact.

Currently the recycling industry worldwide is in a fair amount of turmoil. The effect of Asian countries closing their doors to the world's "dirty" recycling streams has had a significant global impact on the entire industry. Commodity prices have plunged, and material sorting and recycling facilities have begun to stockpile materials, waiting for the industry to sort itself out. It is a complex industry from supplier to manufacturer to customer to disposal/reuse. What is clear is that the most effective environmental control is reduction, elimination or innovation of materials used/created at their source. Unfortunately, North America has been slow in adopting these types of practices and it generally requires intervention from larger government bodies at provincial/state and federal levels in conjunction with large industry entities.

Social

Social equity bottom line concept is simply consideration of and impact on people and the community. How do programs affect social well-being; what are the communities wishes? As part of the solid waste master plan deliverables, community consultation was done on a variety of topics through phone surveys, online surveys and public consultation. Feedback with respect to recycling was very clear and overwhelming.



SUMA has an Urban Solid Waste Management Policy and has recently released three resolutions related to the reduction of plastic waste and pollution resolving to advocate and work with the federal and provincial governments. They are as follows:

- 1) Eliminate problematic and toxic products that pollute our environment such as micro-plastics and regulate the use of plastics and additives that are toxic or cannot be recycled;
- 2) Reduce the use of single-use plastics; and

- 3) Create incentives for reducing waste and the reusability of products and packaging, and to increase the reuse, recycling, and composting products and packaging.

In consideration of the items discussed in the Triple Bottom Line approach, the Department of Engineering Services recommends that the City continues with the first optional two-year extension of the recycling program with Loraas Disposal Services Inc. In consideration of the upheaval that currently exists in the recycling markets there is a risk to rate payers if the City were to go back to market with a new tender for recycling collection. Further, the community is very supportive of this program and in reducing environmental impact through waste management services.

It should also be noted that under the terms of the contract, Loraas has provided notice and are requesting that clam shell containers labelled as #1, and film plastic (plastic bags and starch wrap) no longer be included in the recycling contract and program. See Attachment ii. Engineering will work with Loraas to provide public communication and education on this issue.

The grant increase from MMSW is an additional \$152,711. In consideration of the significant infrastructure upgrades required within the city, City Council should consider how best to allocate these additional funds during budget deliberations.

OPTIONS TO RECOMMENDATION

- 1) Terminate the agreement with Loraas Disposal Services Inc. with a buy-out fee of \$625,000 and go back to market with a tender for recycling collection.
- 2) Terminate the agreement with Loraas Disposal Services Inc. with a buy-out fee of \$625,000 and cancel the recycling collection program.

OTHER CONSIDERATIONS/IMPLICATIONS

There is no other considerations or implications applicable to this report.

PUBLIC NOTICE

Public Notice pursuant to the Public Notice Policy is not required.

PRESENTATION

VERBAL: The Manager of Utilities, Department of Engineering Services, will be available to provide a brief verbal overview of this report.

ATTACHMENTS

- i. Recycling Collection Services Agreement
- ii. Letter from Loraas

REPORT APPROVAL

Written by: Darrin Stephanson, Manager of Utilities
Reviewed by: Tracy Wittke, Assistant City Clerk
Approved by: Josh Mickleborough, Director of Engineering Services
Approved by: Jim Puffalt, City Manager
Approved by: Fraser Tolmie, Mayor

To be completed by the Clerk's Department only.

Presented to Regular Council or Executive Committee on _____.

No. _____ Resolution No. _____

Report Approval Details

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Final Approval Date:	Oct 7, 2019

This report and all of its attachments were approved and signed as outlined below:



Josh Mickleborough



Tracy Wittke



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