

ITEM	27
MANAGER'S REPORT NO.	82
COUNCIL MEETING	<u>89/12/18</u>

RE: CONTRACT NO. 8925
1990 NEWSPAPER CURBSIDE COLLECTION

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Engineering be adopted.

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TO: MUNICIPAL MANAGER 1989 DECEMBER 13

FROM: DIRECTOR ENGINEERING

SUBJECT: CONTRACT #8925 - 1990 NEWSPAPER CURBSIDE COLLECTION

PURPOSE: To obtain approval to award a contract for the curbside collection of old newsprint (ONP) for 1990.

RECOMMENDATION:

1. THAT a contract be awarded to the lowest tenderer, Fraser Valley Community Recycling Society, at a unit price of \$30 per tonne of old newsprint (ONP) collected and recycled, to provide for the 1990 ONP curbside collection from Burnaby residences.

REPORT

Council, at its regular meeting of 1989 September 11, adopted a recommendation from the Environment and Waste Management Committee that the request from International Paper Industries Ltd. (I.P.I.) for a \$40 per tonne subsidy to continue ONP pick-up be denied. I.P.I. had requested that they receive this funding to offset the operating costs of the ONP recycling program.

The Corporation has a contract with I.P.I., which commenced 1985 June 03 and expires 1990 June 02, giving I.P.I. the exclusive rights for the pick-up of ONP at curbside throughout the Municipality. I.P.I. presently collects the ONP on a bi-weekly basis, with collection being the same day as the residents' regular refuse collection.

The market for ONP has fallen significantly in the last year. Since ONP recycling is popular and an integral component of our current and future recycling strategy, staff could have supported a subsidy to I.P.I. if it were the only alternative available to maintain continued service in the event that I.P.I. invoked the cancellation clause in their contract with the Municipality. I.P.I. has, in fact, notified the Municipality of the cancellation of their service effective 1989 December 31. Subsequent to this notice, staff advertised a tender for others who were willing to collect ONP in the Municipality and this tender closed 1989 December 12.

Four tenders for this work were received by the closing time of 3:00 p.m., Tuesday, 1989 December 12, and were opened by Municipal staff in the presence of the firms tendering. A tabulation of the tenders received is attached (Attachment A).

(Cont.)

The low tenderer, Fraser Valley Community Recycling Society, is a non-profit society whose income over expenses is used to fund a food bank for needy people. They have operated recycling programs in Surrey, White Rock, Langley and New Westminster for the last two years. They are currently undertaking Surrey's Multi-Material Curbside Collection program for approximately 36,000 homes and Surrey staff are satisfied with their performance. Their tender indicates they have the plant and personnel to undertake this work.

The Purchasing Agent concurs with the recommendation to award to the lowest tenderer.

As part of the tender evaluation process staff considered undertaking this collection with Municipal crews. Several different collection methods were field tested, but mainly due to attempting to use existing equipment and not having the specialized equipment necessary to efficiently undertake this program, and having no markets for the ONP collected available to the Municipality at this time, it is felt our efforts would be better expended in planning for an efficient implementation of our scheduled recycling programs, especially our Multi-Material Curbside Collection program.

The tender calls for weekly pick-up of ONP, at the curbside, from all single-family residences located in Burnaby and on the same day as their regular refuse collection. Collection was increased to weekly from the current bi-weekly as staff are of the opinion that the relatively low existing participation rate (25%) may be due to residents' confusion as to which week they should be putting out their ONP. Also this schedule is intended to get residents familiar with weekly collection of recyclables as weekly collection is intended for our planned Multi-Material Curbside Collection (MMCC) program scheduled for implementation 1990 November 01.

The term of contract is from 1990 January 01 until such a time as the Municipality initiates our own MMCC program, as mentioned presently scheduled to commence 1990 November 01. However, in keeping with Council's request for flexibility, this contract can be extended to the end of 1990 should deliveries delay the implementation of the MMCC program.

The tender is based upon an expected recovery of approximately 180 tonnes of ONP per month, but is solely dependent upon the degree of participation by Burnaby residents. This quantity is an estimate and may vary significantly and therefore the contract must be a unit price contract with final payment to be based upon the actual tonnage of ONP collected. The low tenderer, based upon his recent experience in Surrey, is of the opinion that once the program is fully established, they may collect as much as 350 tonnes per month. Consequently if this projected maximum figure is realized, and the contract is for a full year, the total tonnage collected may reach a high of 3,860 tonnes which would result in a contract value of \$115,800 (3,860 tonnes x \$30 per tonne). Therefore this contract has the potential to exceed \$100,000 and consequently would require Council approval for award.

(Cont.)

Although the more successful the recycling of ONP is and the higher the participation rate is, the more the Municipality will pay under the terms of this contract, we will not be paying the cost of disposing of this material at the G.V.R.D.'s Burnaby Incinerator. The avoided cost of disposal for 1990 will be \$52 per tonne and thus for every tonne collected under this program the Municipality saves \$22 per tonne ($\$52 - \$30 = \$22/\text{tonne}$).

I.P.I. had been picking up approximately 1,800 tonnes annually at no cost to the Corporation. Consequently the first 1,800 tonnes at \$30 per tonne would be an additional expenditure for the Municipality while any tonnage recycled in excess of this 1,800 tonnes will be offset by an avoided cost of disposal of \$52 per tonne, and thus there will be the net savings of \$22 per tonne. It can therefore be seen that as the tonnage recycled increases, the net total cost to the Corporation diminishes. If the program recycles the maximum projected tonnage of 3,860 tonnes in one year the net impact on the operating budget will approach zero. However, because the extent of participation is unknown at this time, staff will include sufficient funds in the 1990 Annual Budget to cover the cost of the service at the current level of participation.


D.C. Suttor

DIRECTOR ENGINEERING

HDH:jc
Attach.

cc: Director Finance
Purchasing Agent

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Attachment A

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TENDER TABULATION

Contract #8925 - 1990 Newspaper Curbside Collection

Name	Estimated Quantity	Unit Price	Extended Total
1. Waste Management of Greater Vancouver	2,200 tonnes	\$75/tonne	\$165,000
2. Laidlaw Waste Systems	2,200 tonnes	\$104.06/tonne	228,932
3. International Paper Industries Ltd.	2,200 tonnes	\$44.80/tonne	98,560
4. Fraser Valley Community Recycling Society	2,200 tonnes	\$30/tonne	66,000