



TO: Municipal Manager 1991 DECEMBER 11

FROM: Director Engineering FILE: 65-05-12

SUBJECT: PROCESSING AND MARKETING SERVICES FOR RECYCLABLE MATERIALS

PURPOSE: To request Council's authority to proceed with an interim processing and marketing contract for the materials collected in Burnaby's curbside and multi-family recycling programs.

RECOMMENDATIONS:

1. THAT until such time as regional issues of processing and marketing are resolved through the Solid Waste Management Plan review program now under way, Burnaby continue to deliver the recyclable materials from its collection programs under the terms outlined in this report.
2. THAT a processing and marketing contract with International Paper Industries be approved for a one year period with the option to renew for a further one year.
3. THAT a copy of this report be sent to the GVRD and the office of the Solid Waste Management Plan Review for information.

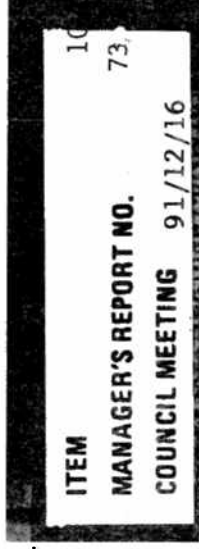
REPORT

1.0 BACKGROUND

Council received a report 1990 NOVEMBER 05 at which time it approved implementation of recycling collection and processing and marketing whereby Burnaby's recyclables are delivered to International Paper Industries (IPI). The system adopted at that time allowed Burnaby to offer collection of old newspaper (ONP), mixed paper, and mixed containers, thereby expanding recycling opportunities to its citizens over the more traditional newspaper, metal, glass recycling services then in operation.

For 1990 Burnaby entered into a contract with International Paper in North Vancouver to process and market the recyclables collected under the Multi-Material Curbside Collection (MMCC) program. The current contract is for one year and due to expire January 1, 1992. To provide continuity in the services, IPI has been requested to submit a quotation for the provision of the same services in 1992.

This report provides an update of our current operations and market conditions and seeks Council's approval on the proposed price structure for 1992 submitted by IPI.



2.0 CURRENT OPERATIONS AND MARKET CONDITIONS

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With almost one year of curbside collection experience, the Burnaby curbside recycling program has (on average) been able to divert over 100 tonnes (15%) of material from the waste stream each week. By year end over 5000 tonnes of recyclables will have been delivered to IPI for processing and marketing.

Burnaby has had good cooperation from IPI in the off-loading of the materials at the North Shore plant, and normally the recycling fleet of 8 vehicles are off-loaded and sent back to Burnaby within 30 minutes. Operating protocols have been established with IPI and these turnaround times and efficient operating procedures have helped make Burnaby's program a model for the region. Our collection procedures and operating protocols are now being studied by the Capital Regional District, and the City of Vancouver as alternatives to their current systems in use.

For 1991 IPI accepted material from Burnaby with a revenue to Burnaby on the ONP, while charging for the marketing and processing of the mixed paper and the mixed containers.

A breakdown of the recyclables collected by Burnaby and delivered to the IPI plant in North Vancouver is given as follows:

	<u>Weight</u>
ONP	51%
Mixed Paper	29%
Mixed Containers	20%

Current market conditions indicate a temporary surplus of all recyclable materials in the market place, due in part to existing industries not being able to fully utilize the processed materials, and lack of legislation on end use and minimum recycling content procurement policies.

This surplus of material has caused certain jurisdictions to face paying to deliver newspaper, a traditional revenue material, to processing and marketing plants. The surplus has also led to generally higher costs for marketing the recyclables in the Greater Vancouver area.

3.0 STATUS OF THE REGIONAL SOLID WASTE MANAGEMENT PLAN REVIEW

Key issues in solid waste management, including the processing and marketing of recyclables, are currently under review in the Provincially mandated GVRD Solid Waste Management Plan Review.

While it is recognized that this process is a most needed facet to the development of a comprehensive management plan for the region, it has also created a gap between needed services and overall management plan approval. Until the issues of regional processing and marketing are addressed through the Solid Waste Management Review process, short term processing and marketing for each municipality must be maintained on an individual basis.

To that end most municipalities in the region are working on shorter duration processing and marketing contracts, generally under 2 years duration, some on a month to month basis.

4.0 BURNABY PROCESSING AND MARKETING CONTRACT

Burnaby's current processing and marketing contract with International Paper expires at the end of this year. Staff have reviewed the status of processing and marketing in the region and have found no significant changes in the recycling infrastructure in the past year.

Staff's report to Council of November 1990 commented on the other companies in the Greater Vancouver area that were invited to tender on the services required for 1991. These companies were not selected due to higher total costs and operating methods not in conformance with municipal requirements.

Given the favorable operating procedures with International Paper over the past year, and the need for future flexibility when the issue of processing and marketing is resolved through the regional review process, staff felt that it would be advantageous for the Municipality to maintain the existing operation and requested IPI to submit a proposal for continuation of present services for 1992.

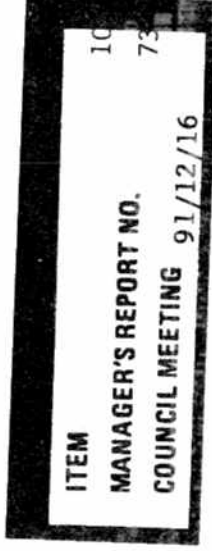
The IPI proposal for services for a 12 month period starting January 1, 1992 include a revised price structure reflecting the current shorter term market conditions. The contract could be extended for a further 12 months based on the same conditions and price structure for 1992 if that option is exercised by Burnaby no later than September 1, 1992.

The price structure submitted by IPI would see a revenue for paper to Burnaby of \$22 per tonne, while mixed paper, and mixed container commodities would cost Burnaby \$65 per tonne to deliver. The waste diversion through recycling would result in the saving of municipal disposal fee paid to the GVRD which is estimated at \$69.00 per tonne for 1992. Based on current volumes of material collected and the expansion of our program to multi-family dwelling units, and the percentage split of ONP to mixed paper to mixed containers, staff estimate the total worth of processing and marketing for 1992 to be approximately \$120,000.

Given the current market situations on recyclable materials, the price structure proposed by IPI is deemed to be reasonable. In addition, the terms of the contract would allow Burnaby the flexibility to move towards a more regional approach to processing and marketing at some point in the future. Further review of market conditions and the status of the Solid Waste Management Plan review at mid 1992 would allow staff to make a more informed recommendation to Council, pertaining to the need for a further extension of the contract.

5.0 FUNDING

Provision for the annual operating costs for the processing and marketing of recyclables has been included in the 1992 Provisional Operating Budget.



6.0 SUMMARY

The foregoing report has discussed the proposed procedures for processing and marketing of recyclable materials collected by Burnaby in its curbside and multi-family programs.

It is proposed that Burnaby continue to use the services of IPI for the processing and marketing of its recyclable materials for 1992. Continuity with IPI will allow the Municipality to maintain its existing scope and range of materials collected and further will provide continuity of truck routes and collection schedules. Services provided by IPI are satisfactory and current operating procedures at the IPI North Shore Plant work well with Burnaby's overall collection program. IPI is proceeding with plans to open another receiving facility in Vancouver augmenting its North Shore Plant.

The proposed processing and marketing contract submitted by IPI offers a competitive price structure based on current market conditions and flexible terms to the Municipality. We recommend that the contract be awarded to IPI for a 12 month period commencing 1992 January 01 with the option to renew for another 12 months at the discretion of the Municipality.

RGB/LSC:

cc: Director Finance
Purchasing Agent


DIRECTOR ENGINEERING