

**TO:** CITY MANAGER

**DATE:** 1993 12 07

**FROM:** DIRECTOR ENGINEERING

**FILE:** 65-05-12

**SUBJECT:** PROCESSING AND MARKETING OF RECYCLABLES FROM  
CURBSIDE COLLECTION PROGRAMS

**PURPOSE:** To provide Council with information on current recycling processing and marketing opportunities in the region, and to seek approval to award a two year processing and marketing contract for materials collected in Burnaby's curbside and multi-family recycling programs.

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**RECOMMENDATIONS:**

1. THAT a unit price contract for "Processing and Marketing of Residential Recyclable Materials" be awarded to the low tenderer, Browning Ferris Industries Inc. (BFI) of Burnaby, for an estimated cost of \$63,375 per annum for a two year period from 1994 January through 1995 December.
2. THAT this report be forwarded to the GVRD and the office of the Project Manager of the Regional Solid Waste Management Plan Review for information.

**REPORT**

**1.0 BACKGROUND**

The City of Burnaby has been collecting old newspaper, mixed paper, as well as glass, metal and some plastic containers at curbside from 36,000 single and duplex type residences since 1991 January. This collection service was expanded in late 1992 to include multi-family dwelling complexes and schools, and to serve over 12,000 dwelling units and over 50 schools.

The collection program has been an innovator in the region, being the first to offer collection of this expanded range of recyclable materials in three distinct "source separated" streams. This collection technology evolved from the preliminary recommendations from the Recycling Action Plan of 1989, and Burnaby's program is now adopted as the standard of service in the City of Vancouver, Richmond, and Delta.

Markets for materials free of contamination and suitably processed have continued to grow. Burnaby has been delivering these materials continuously to International Paper Industries (IPI) on the North Shore for processing and marketing since the initial contract was awarded in 1990 and subsequently renewed in 1992. The current contract with IPI is due to expire on 1993 December 31.

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## **2.0 DEVELOPMENTS IN LOCAL PROCESSING AND MARKETING FACILITIES**

Since the last renewal of the contract with IPI, significant changes have occurred in industry plant capacity for processing and marketing of these recyclable materials, when only two processing and marketing operations were readily available in the region.

Late in 1992, a new plant in Surrey was opened by Environmental Technology Ltd./Canadian Fibre (ETL). This plant processes material from curbside programs from the City of Vancouver, Richmond, New Westminster, and Surrey. At about the same time IPI opened a secondary processing plant at the base of Oak Street Bridge in Vancouver, augmenting their primary receiving facility in the North Shore, and their existing plant in Surrey. Delta Recycling Society initiated construction of its own plant in Delta, and expects to be into full process by the Spring of 1994. In Burnaby, BFI completed installations on its new materials recovery facility in the Summer of 1993 and began processing and marketing different grades of paper and cardboard as well as containers separated from commercial inorganic waste streams.

## **3.0 BURNABY TENDER FOR PROCESSING AND MARKETING**

Three tenders for this work, "Processing and Marketing of Residential Recyclable Materials", were received by the closing time of 3:00pm, Monday, 1993 October 18 and were opened in the presence of representatives of the firms bidding. A tabulation of the tenders received is attached (Attachment A).

The tender documents featured significant improvements to the protocol of processing and marketing highlighting:

- *Committed price structures for variable volumes of three material streams:*

Tenderers were required to submit unit prices for the duration of the proposed contract period. The exact value of the contract depends on the volumes of materials delivered, but the unit price structure is committed for the old newspaper (ONP), mixed paper products (MPP), and mixed containers (MC) that Burnaby will deliver.

- *Reporting of end markets:*

The contractor shall be responsible for submitting to Burnaby a certificate containing details of each material marketed at the end of each quarter.

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- *Enhanced inventory control:*

The contractor shall produce a report of operating inventories of City materials. Total operating inventories of City materials shall be limited to two times the weight of each category delivered in the previous month.

Two of the bidders also submitted alternate tenders proposing substantial deviation from Burnaby's established recycling protocols and were therefore eliminated from further consideration.

Confidential information packages were submitted separately that detailed corporate experience, marketing abilities, and potential end markets. All tenderers met the necessary terms for this processing and marketing contract. All tenderers' facilities were subsequently inspected, and proposed end use markets were explored. All tenderers confirmed they could begin processing Burnaby materials immediately upon notification of award.

Of the processing plants inspected and considering their geographical relation to Burnaby, BFI and ETL offered closest delivery sites, both in Burnaby. Upon further investigation of the delivery sites, the BFI site was found to be superior in terms of access, and offloading capabilities directly at their plant on Thorne Avenue. The proposed ETL receiving site in Burnaby acts as a transfer station to their main processing plant in Surrey. The IPI operation on the North Shore is the same site and in the same configuration that Burnaby has been using over the last three years. Both BFI and ETL processing plants featured superior material upgrading capability, using semi-automated processing lines on their respective plant sites.

Marketing and end market capabilities of all proponents proved to be diverse. ETL and IPI, long established in this region, featured more local contacts. BFI in comparison has fewer local contacts but a strong international marketing group with the potential for local growth.

While the issue of a regional contract for processing and marketing is still unresolved pending the completion of the Solid Waste Management Plan Review, its adoption, and approval by the Provincial Government; Burnaby can continue to have cost effective processing and marketing provided under a City contract. Significant changes in local processing and marketing facilities occurred in 1993, and in awarding a new processing and marketing contract Burnaby can take advantage of favourable conditions brought on by a maturing industry, maturing marketplace, and the development of facilities in the region.

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#### **4.0 TENDER PRICE ANALYSIS AND FUNDING**

Prices received for this tender are associated with local plant capacity and competitive market conditions.

Based on current material streams, the recyclables would be split into:

Old Newspaper	51%
Mixed Paper Products	29%
Mixed Containers	20%

A total volume up to 7,500 tonnes per annum can be expected, and by applying these percentage splits to the tendered unit prices the tabulation of bids is arrived at. Estimated value of the 1994 and 1995 cost is \$60,375 per annum for the lowest bidder BFI, for a total contract value of \$120,750.

Funds required for the estimated 1994 expenditure have been provided for in the 1994 Provisional Operating Budget.

#### **5.0 CONCLUSION**

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. The bids received in the current processing and marketing tender have been reviewed by the Engineering Department in consultation with the Purchasing Agent.

It is recommended that Burnaby enter into a contract with the lowest bidder, Browning Ferris Industries Inc., for processing and marketing of residential recyclable materials for a two year period with an option to extend for an additional year upon mutual agreement between the City and the contractor. The Purchasing Agent concurs with recommendation of award.

  
DIRECTOR ENGINEERING

RGB:jb  
Attach.

cc: Director Finance  
Purchasing Agent

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1993 October 18

TENDER TABULATION

TENDER FOR  
PROCESSING AND MARKETING OF  
RESIDENTIAL RECYCLABLE MATERIALS

NAME	ESTIMATED ANNUAL COST
1. Browning Ferris Industries Ltd.	\$ 60,375.00
2. International Paper Industries Ltd.	\$ 78,975.00
3. ETL Environmental Technology Ltd.	\$150,959.00

