

Ontario Tire Stewardship and Ontario Electronic Stewardship Agreements

Date:	September 21, 2009
To:	Public Works and Infrastructure Committee
From:	General Manager, Solid Waste Management Services
Wards:	All
Reference Number:	p:/2009/swms/Oct./014PW

SUMMARY

The purpose of this report is to request City Council authority for the City of Toronto to enter into agreements with Ontario Tire Stewardship (OTS) as a Collector and Hauler of used tires and with Ontario Electronic Stewardship (OES) as a Collector of Waste Electrical and Electronic Equipment (WEEE). The report also recommends that the General Manager have standing authority to enter into any amending agreements with OTS and OES as may become necessary. Finally, the report requests an exemption to the tire tipping fee (\$150.00 per tonne) at the City's transfer stations for used tire loads less than or equal to 100 kilograms (10 used tires).

RECOMMENDATIONS

The General Manager, Solid Waste Management Services recommends that:

1. City Council authorize and direct the General Manager, Solid Waste Management Services to negotiate and enter into Collector and Hauler agreements with Ontario Tire Stewardship, substantially on terms and conditions summarized in Appendix "A" and Appendix "B", respectively, with such modifications considered to be in the interests of the City by the General Manager, and otherwise on terms and conditions satisfactory to the General Manager and in a form satisfactory to the City Solicitor, in order to receive funding through the Used Tires Program Plan established by Ontario Tire Stewardship under the Waste Diversion Act.

2. City Council authorize and direct the General Manager, Solid Waste Management Services to negotiate and enter into a Collection Site Operator Agreement with Ontario Electronic Stewardship, substantially on terms and conditions summarized in Appendix “C”, with such modifications considered to be in the interests of the City by the General Manager, and otherwise on terms and conditions satisfactory to the General Manager and in a form satisfactory to the City Solicitor, in order to receive funding through the Waste Electrical and Electronic Equipment (WEEE) Program Plan established by Ontario Electronic Stewardship under the Waste Diversion Act.
3. City Council grant the General Manager, Solid Waste Management Services, the standing authority to negotiate and execute any future amendments to the agreements described in Recommendations (1) and (2) as appropriate, and within the provincially approved model of 100% industry cost recovery, on terms and conditions satisfactory to the General Manager and in a form satisfactory to the City Solicitor.
4. City Council adopt the exemption to the tire tipping fee of \$150.00 per tonne applied at the City’s transfer stations, as set out in Appendix “A” of Schedule 1 of Toronto Municipal Code Chapter 441, Fees and Charges, for tire loads less than or equal to 100 kilograms.

Financial Impact

Ontario Tires Stewardship

Under the Ontario Tire Stewardship (OTS) program, registered Collectors can no longer charge a fee for used tires for loads of 4 or less; registered Haulers can no longer charge a fee for hauling used tires; and Processors can no longer charge fees for processing used tires. The program is expected to be cost neutral for the City, as the costs of handling tires at transfer stations are offset by tipping fees and OTS funding.

Tipping Fee and OTS Revenues

In 2008, the City collected 770 tonnes of non-City generated used tires. The City collected fees on only 62.5% of the incoming used tires at \$150.00 per tonne. The remaining tires were received under the existing free tire disposal limit of 40 kg.

In 2010, Solid Waste Management staff expect less used tires collected at the transfer stations because the OTS program will offer consumers many other free disposal options. Furthermore, with the proposed amended free tire disposal limit set at 100 kg (10 used tires), it is expected that an even smaller percentage of used tires would be subject to tipping fees.

Based on the number of used tires collected at the transfer stations since the OTS program began in September 2009, staff estimate the City will collect approximately 400 tonnes of used tires in 2010. Based on the proposed amended free disposal limit, approximately 50% of used tires or 200 tonnes will generate \$30,000.00 in tipping fee

revenues at the proposed rate of \$150.00 per tonne. However, the OTS program provides the City with revenue for each used tire collected at a rate of \$88.00 per tonne. This amounts to an additional \$35,200.00 for 400 tonnes in 2010.

The OTS Program will also provide the City with used tire hauler funding based on \$1.70 per tonne/kilometre. The weighted average distance from our transfer stations to the processor is 12.19 km. Therefore, the hauler funding will add another \$8,289.00 for approximately 400 tonnes in 2010.

Processor Fees

In 2010, registered Processors can no longer charge the City processing fees for receiving used tires. Therefore, processing fees would be \$0. In 2008 the City paid \$68.13 per tonne for tire processing. The City would realize a savings of \$27,252.00 on 400 tonnes in 2010.

Table 1 below provides a breakdown of the total revenues as a result of the tipping fees and OTS funding.

Table 1: Used Tires Total Net Revenues

Used tire tipping fee revenue	\$30,000.00
Savings on Processor Fees	\$27,252.00
<u>OTS Funding</u>	
2010 Collector Subsidies (\$88.00 per tonne for PLT)	\$35,200.00
2010 Hauler Subsidies (\$1.70 per tonne/kilometre)	\$ 8,289.00
Subtotal OTS Funding	\$43,489.00
Total Net Revenue for Used Tires	\$100,741.00

Ontario Electronic Stewardship

Since the Ontario Electronic Stewardship (OES) Program Plan began in April 2010 the City has collected 328 tonnes of various Waste Electrical and Electronic Equipment (WEEE) from the following programs:

1. Environment Days
2. E-Waste Depots
3. Cherry Street Reuse (Recycling) Centre

The OES Program offers collectors funding set at \$165.00 per tonne. Thus, the City has accrued \$54,120.00 for the above mentioned period. Staff projects that the City’s current collection programs will manage an additional 400 tonnes of WEEE by December 31, 2009, which would generate an additional \$66,000.00 in revenue in 2009. In 2010,

approximately 940 tonnes of WEEE will be collected under the current programs which will generate \$155,000.00 of OES funding.

OTS and OES combined funding will provide the City with \$218,241.00 to offset the City's diversion program costs.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On September 28, 29, 30 and October 1, 2004, City Council adopted, as amended, Works Committee Report 8, Clause 2, entitled "Prohibition of Materials from Landfills in Michigan", which established the \$150.00 per tonne fee the City charges for tires at its Transfer Stations. City Council decision document can be viewed at:

<http://www.toronto.ca/legdocs/2004/agendas/council/cc040928/wks8rpt/cl002.pdf>

ISSUE BACKGROUND

Ontario Used Tire Program Plan

On April 9, 2009 the Ontario Minister of the Environment announced the approval of the Ontario Used Tire Program Plan under the *Waste Diversion Act, 2002*, with September 1, 2009 being the official launch date.

The program is 100% funded by Brand Owners and First Importers of tires supplied into the Ontario market, including tire manufacturers, retailers and vehicle manufacturers, who remit a Tire Stewardship Fee (TSF) to Ontario Tires Stewardship (OTS) for every tire supplied into the Province. These fees will be used by OTS to operate the Used Tire program, including the collection, transporting and processing costs of used tires, including those in stockpiles. The used tire plan has set a diversion rate for passenger tires at over 90%. The OTS plan is to divert these tires away from burning and landfilling to 3R's processing that will see them reused and recycled into tire derived products, such as auto parts, children's playgrounds and sport fields.

The OTS program's main goal is to divert tires from landfill by encouraging retailers to register as Collectors, thus setting up a system where residents can dispose of their own car tires for free. A limit of 4 free tires was set by OTS to ensure that it is the owner of the used tires disposing of them at a registered Collector and not a business that should itself register as a Collector. To prevent "un-registered" Collectors from being able to dispose of used tires for free, a 100 kg limit will be set at the transfer stations. The City currently accepts for recycling used off-the-rim rubber tires (excluding heavy truck tires, forklift and large off-road tires) in small quantities at Bermondsey, Commissioner, and Ingram Transfer Stations (no charge for under 5 tires). Dufferin Transfer Station accepts larger quantities of tires at a fee of \$150.00 per tonne.

Therefore, only a portion of the tires the City collects are currently subject to the \$150.00 per tonne fee.

The City of Toronto would like to enter into the OTS program as both a Collector and Hauler of tires. The agreements enable the City to obtain industry funding for the Collection (\$88.00 per tonne for passenger/light truck tire [PLT]) and Haulage of tires (\$1.70 per tonne/kilometre for On-Road tires). In order to be in compliance with the OTS program, the City will be prohibited from charging a fee for tires in quantities of four (4) or fewer. To reflect that most households have two vehicles, City staff are amending the existing free drop off limit policy from 40 kg to 100 kg (10 used tires).

Waste Electrical and Electronic Equipment (WEEE) Program Plan

On July 9, 2008 the Ontario Minister of the Environment announced the approval of Phase 1 of the Waste Electrical and Electronic Equipment (WEEE) Program Plan under the *Waste Diversion Act, 2002*, with the official launch date of April 1, 2009.

Under the WEEE program plan, the City was required to register as a collector of Phase 1 WEEE prior to the launch date of April 1, 2009. The Collection Site Operator Agreement with OES and the City is still under development but OES confirmed that funding set at \$165.00 per tonne will be provided to the City for all Phase 1 WEEE collected after April 1, 2009 if it is managed in accordance with OES Standards and the WEEE Program Plan.

The Phase 1 products as identified in the revised WEEE Program Plan include:

- Desktop computers
- Portable computers
- Computer peripherals (e.g., mouse, keyboards, computer cables, add on cards)
- Monitors
- Televisions
- Printing devices

On August 14, 2009 the Ontario Minister of the Environment announced the approval of a revised program to include Phase 1 and Phase 2 of the Waste Electrical and Electronic Equipment (WEEE) Program Plan with the official launch date of April 1, 2010.

The Phase 2 products identified in the revised WEEE Program Plan include:

- Computer peripherals will include modems
- Printing devices will include copiers, scanners, and typewriters.
- Telephones (physical and accessories) and cellular phones
- PDA's and pagers
- Audio and video players/projectors/recorders
- Cameras
- Equalizers, (pre)amplifiers, receivers, tuner
- Radios

- Speakers
- Turntable
- Personal hand held computers

COMMENTS

The City currently receives funding from Stewardship Ontario under the Blue Box Program Plan and the Municipal Hazardous or Special Waste Program. The Ontario Tire Stewardship (OTS) and Ontario Electronics Stewardship (OES) programs are newly approved programs under the *Waste Diversion Act, 2002*. The OTS program will increase used tire diversion from landfill by providing subsidies to Collectors and Haulers of used tires and establishes a system for free processing. The OES program ensures that unwanted electronics are reused or recycled, and stems the flow of these materials to landfill or improper processing in developing nations.

The OTS and OES agreements will assist the City in recovering some of its operating expenditures, while increasing the quantity of tires and electronics recycled. The Collector and Hauler agreements are being negotiated as a standard-form agreement with all Collectors and Haulers, which may be amended from time to time as the OTS Program evolves. The City will continue to receive tires in limited quantities (up to 100 kg) at Bermondsey, Commissioners and Ingram Transfer Stations due to space limitations. Larger quantities of tires will continue to be received at the Dufferin Transfer Station.

The General Manager of Solid Waste Management Services is seeking authority to negotiate and enter into agreements with OTS as a Collector and Hauler of Tires and OES as a collector of Waste Electrical and Electronic Equipment (WEEE).

Key terms of the agreements are summarized in Appendix “A”, Appendix “B” and Appendix “C”. The agreements in question are based on standardized agreements prepared by OTS and OES. The standardized agreements for Collectors and Haulers of Tires are located on the OTS website:

Collector Agreement:

<https://www.ontariots.ca/files/Collector%20Registration%20Form%20and%20Agreement.pdf>

Hauler Agreement:

<https://www.ontariots.ca/files/Hauler%20Registration%20Form%20and%20Agreement.pdf>.

The standardized agreement for Collection Site Operator Agreements of WEEE is located on the OES web site:

http://www.ontarioelectronicstewardship.ca/pdf/collectors/operator_agreement.pdf

As the plans evolve there may be future amendments to the agreements to reflect changes to the OTS and OES Programs. Therefore, the General Manager is seeking the standing authority to allow the appropriate City officials to negotiate and execute such agreements, on terms and conditions satisfactory to the General Manager and in a form satisfactory to the City Solicitor.

CONTACT

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SIGNATURE

Geoff Rathbone
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ATTACHMENTS

Appendix "A" – Summary of Key Terms in Draft Collector Agreement with Ontario Tire Stewardship

Appendix "B" – Summary of Key Terms in Draft Haulage Agreement with Ontario Tire Stewardship

Appendix "C" – Summary of Key Terms in Draft Collection Site Operator Agreement with Ontario Electronics Stewardship