

---

## 2012 OPERATING BUDGET BRIEFING NOTE

### Bridging of Single Stream Recyclable Processing Contracts

---

#### Issue/Background:

At its meeting on November 14, 2011, the Budget Committee requested the Acting General Manager, Solid Waste Management Services (SWMS) to provide a Briefing Note to the Executive Committee for its meeting on November 21, 2011 on the interruption in recycling contracts.

Solid Waste Management Services collects approximately 204,000 tonnes of single stream recycling materials per year which is currently processed under contracts with Canada Fibers Ltd (CFL) and Metro Municipal Recycling Services (MMRS) Inc. In 2010, CFL processed approximately 100,000 tonnes of SSRM at the City-owned Dufferin Material Recovery Facility and MMRS processed approximately 110,000 tonnes at its privately-owned material recovery facility. Together, both facilities will produce approximately 156,000 tonnes of marketable material. Currently both CFL and MMRS process all single stream recyclable material, purchase the fibre from the City and provide the container material for marketing directly by the City.

The contract with Metro Municipal will expire on August 11, 2012. At its meeting held on July 12, 2012, City Council adopted, report PW 5.8 Contract Award: Request for Proposal 9150-11-3066 for Single Stream Recyclable Materials Processing Contract, awarding CFL the contract for processing services of up to 140,000 tonnes per year of Single Stream Recyclable Materials (SSRM) for a period of seven (7) years with an optional extension period. The contract will commence April 2013. As a result there is a need for a contract to bridge the period between August 12, 2012 and April 2013. An RFP for the interim processing of single stream recyclable material processing for all materials processed under the current MMRS contract upon its expiration will be issued and awarded to up to 4 vendors in the 1<sup>st</sup> quarter of 2012 for a start date of August 12, 2012.

The requirement to bridge the MMRS contract is due to the Provincial Government's Minister of the Environment sudden change in 2010 not to revise the Stewardship Ontario Blue Box Program Plan and require industry to fund 100 per cent of the municipal blue box costs, which subsequently delayed the issuing of the new 140,000 tonne per year contract.

The 2012 Recommended Operating Budget assumes that, during the period August 12, 2012 to December 31, 2012, the proposed bridging contract(s) would result in the vendor(s) processing approximately 48,000 tonnes of material and purchasing all recovered materials from the City and marketing the materials directly. It was expected that the awarded processing fee(s) would include an allowance for all revenues that vendors will realize through the direct marketing of materials. As a result, the 2012 Recommended Operating Budget includes a reduced processing expenditure of \$2,505,938.

As well, since potential revenues were projected to be included in the lower processing cost of the bridge contractor(s) the 2012 budgeted revenues had been reduced to \$19,000,000 from the original 2012 revenue projections of \$21,201,659.

This change, coupled with strong pricing in the fibre market and some container markets has allowed for an overall savings in the single stream processing budget of \$304,279.

**Key Points:**

- There will be no interruption in the processing of single stream recyclable materials.
- Solid Waste Management Services will continue to process single stream recycling materials throughout 2012.
- A competitive call will be issued for bridge processing of the materials in the City's blue box program for the period August 12, 2012 and April 2013.
- The requirement for a bridging contract (s) will not impact the City's diversion rate.

---

**Prepared by:** Marianne Sirro, Senior Budget & Operations Analyst, PPF&A (416) 397-1766  
m@toronto.ca

**Further information:** Vince Sferrazza, Acting General Manager, (416) 392-4715  
vsferra@toronto.ca

**Date: November 18, 2011**