



P.O. Box 1749
Halifax, Nova Scotia
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Item No. 11.1.5
Halifax Regional Council
October 23, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 
Richard Butts, Chief Administrative Officer

Original Signed by 
Mike Labrecque, Deputy Chief Administrative Officer

DATE: October 23, 2012

SUBJECT: **Regional Cooperation – Recycling Agreement**

ORIGIN

Municipality of East Hants letter of June 25th, 2012 requesting HRM enter into an inter-municipal service agreement for processing East Hants recyclables.

RECOMMENDATION

It is recommended that Halifax Regional Council authorize the Mayor and Municipal Clerk to execute a contract with the Municipality of East Hants for the receipt and processing of East Hants' recyclable materials, based upon the terms and conditions table and budget implications as outlined in this report.

BACKGROUND

Municipality of East Hants' CAO requested HRM staff review an option to enter into a contract to process approximately 1,200 - 1,400 tonnes per annum of recyclables generated in East Hants.

The Municipality of East Hants currently has an arrangement with the Municipality of Colchester for recyclables processing. East Hants' contract with the Municipality of Colchester for recyclable materials processing has expired. The Colchester Recycling Facility continues to process East Hants' recyclables on a month-to-month basis.

The East Hants recycling program is a 2-stream blue & clear bag based program similar to HRM; one bag stream for paper/cardboard and the other stream for containers.

The Municipality of East Hants has signed a letter of intent to enter into a recyclable materials processing agreement with HRM for a term ending March 31, 2014, with the option to extend for three (3) additional one (1) year periods executable upon agreement by both parties. This initial period, ending March 31, 2014, is intended for review of the results of the operations over the first 18 month period to ensure the terms and operational/logistics plans are appropriate. This also coincides with the end of HRM's operating contract with the current contractor managing the HRM owned Materials Recovery Facility (MRF).

DISCUSSION

As a result of this request from East Hants, staff completed a review of the MRF operations contract agreement, which governs materials processing capacity and costs. In addition, staff and the contracted operator reviewed the logistics of operations in terms of handling these materials. The acceptance of these materials poses no significant issues for the current MRF operation.

Under the MRF operations contract, HRM pays the operator (Miller Waste), a base operating fee, less revenues from material sales. Over the past four (4) fiscal year (2008/09 – 2011/12) periods, HRM's net operating cost has ranged from a low of \$15/tonne to a high of \$54/tonne due to fluctuations in material markets and fluctuations in the tonnages of materials processed each year.

The current operating agreement with Miller Waste for operation of the HRM MRF has a term of April 1, 2009 to March 31, 2014. An operating fee applicable for the materials processing beyond that date is not known at this time.

Under the MRF operating agreement with Miller Waste, HRM has the authority to require Miller Waste to accept and process materials from outside HRM at the municipality's sole discretion so long as such materials do not exceed the MRF's processing capacity. The MRF currently has a processing capacity of 28,000 tonnes per annum, based on current configuration and operating model. It is assessed that the addition of 1,200-1,400 additional tonnes per year from East Hants will not exceed this current capacity.

HRM has the authority to contract with other municipalities or persons for the use of any component of its solid-waste management program pursuant to section 336(2) of the HRM Charter. While HRM by-laws do put limitations on the *export* of certain waste resource materials outside HRM, the by-laws do not affect HRM's ability to *import* waste resource materials generated outside of HRM. In addition, the opportunity to process materials from outside HRM has been identified as a potential source of additional revenues to support HRM's solid waste program.

The proposed terms and conditions follow:

Parties	Halifax Regional Municipality (HRM) & Municipality of East Hants
Service Delivery	Recyclable Materials Processing
Facility	HRM Materials Recycling Facility – 20 Horseshoe Lake Drive, Bayers Lake Industrial Park.
Material Types	Blue Bag Recyclables & Fibre – 2 Separate Streams
Tonnages	Range of 1,200T – 1,400 T/annum
Delivery and Load Density	Delivery via 53 foot trailers. Separate trailer loads deliveries of blue bag materials and paper. Compaction of blue bag material density not to exceed 150 pounds per cubic yard, this equates to 8.5 tonnes of blue bag materials/load so as not to compact materials that can impede processing.
Material Delivery Accommodations	<p>Anticipated 2 trailer loads /week – Blue Bag Recyclables</p> <p>Anticipated 1 trailer load /week – Paper</p> <p>Delivery of trailer is required to enter the exit door which will cause HRM operations to be paused to all other traffic to accommodate delivery.</p> <p>Delivery and unloading anticipated to up to one half hour in duration. Delivery is to be scheduled at 5:30 pm and unloading to be completed by 6:00 pm. Where the delivery may cause the facility to operate beyond 6:00 p.m. to accommodate unloading, additional costs may be incurred of approximately \$100 for each additional half hour accommodation.</p> <p>Days/week for delivery to be agreed upon between HRM and East Hants and can change with advance notification as agreed to by both parties.</p>

Processing Rate	To be based on HRM actual Net Cost/Tonne plus 15% margin – To be calculated every 3 months based on Tonnage Delivered and HRM material revenue yields. Appendix A are actual HRM net cost/tonne (based on operating fee and revenue) over the past 4 years.
Weights and Measures	HRM scale records of materials received.
Term	To March 31, 2014. The parties may extend the duration of the Agreement for up to 3 consecutive annual terms if agreed to in writing by both parties.
Conditions	These terms are subject to approval of HRM and East Hants Council. Both parties agree to work together to resolve any issues to accommodate delivery and processing.

BUDGET IMPLICATIONS

There would be a profit margin of 15% yield for HRM as noted above and application of the current formula for processing services. This revenue would be applied to R330 5600 Materials Recovery Facility revenue. Based on the previous 3 year average of net costs at the MRF and the expected tonnage of 1,200 – 1,400 tonnes, the estimated revenue will be approximately \$5,000 - \$6,000 per year.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

This is a positive initiative which benefits HRM program costs through the generation of a new additional revenue stream. No additional community engagement is recommended. However, the examination of the potential introduction of other jurisdictions' materials into the HRM recycling program is a component of the ongoing strategy review and will form part of the options analysis for the upcoming Community Engagement process.

ENVIRONMENTAL IMPLICATIONS

Action supports diversion programming.

ALTERNATIVES

HRM could decline to accept recyclable materials from East Hants.

ATTACHMENTS

Attachment A - Letter dated June 25, 2012 from East Hants CAO

Attachment B - Letter of Intent dated October 4, 2012 signed by East Hants CAO

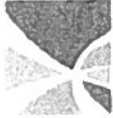
If the report is released to the public, a copy can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Laurie Lewis, Diversion Planning Coordinator, Solid Waste Resources, 490-7176

Report Approved by: _____
Gord Helm, Manager, Solid Waste Resources, 490-6606

Financial Approval by: _____
Greg Keefe, Director of Finance & Information Technology, 490-6308

Report Approved by: _____
Ken Reashor, P. Eng., Director Transportation & Public Works 490- 4855



EAST HANTS

Municipality of East Hants

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June 25, 2012

Richard Butts, Chief Administrative Officer
Halifax Regional Municipality
PO Box 1749
1841 Argyle Street, 3rd Floor
Halifax, NS B3J 3A5

RE: Meeting Request to Discuss Recycling Processing

Dear Mr. Butts,

The Municipality of East Hants would like to request a meeting between our solid waste staff and yours to discuss a potential contract partnership with respect to recycling processing.

The Municipality is currently operating without a contract for the processing of our municipal recyclable materials. We are looking to inquire if the Halifax Regional Municipality would be able and willing to enter into a term contract.

We are looking for a contract between 3-5 years which would allow East Hants to re-evaluate its recycling strategy. With our small annual volume of approximately 1,200 tonnes per year, we hope that HRM could aid East Hants with respect to processing our tonnage in the short term.

We hope that you see this as an opportunity to trial partnerships with neighboring municipalities to see if it could benefit HRM in future operating strategies.

Sincerely,

Original signed

Connie Nolan, CA, CFE
Chief Administrative Officer

c.c. Mike Labrecque, Deputy Chief Administrative Officer, HRM
Gord Helm, Manager of Solid Waste, HRM
Laurie Lewis, Diversion Planning Coordinator, HRM
Jesse Hulsman, Director of Operational Services, MEH
Andrea Trask, Acting Manager of Solid Waste, MEH

Attachment A



Letter of Intent

Dated this 4th day of October, 2012

BETWEEN:

Halifax Regional Municipality
("HRM")

and

The Municipality of East Hants
("MEH")

WHEREAS:

- A. HRM is the owner of a Materials Recovery Facility; and
- B. MEH desires to send its recyclable materials to be processed at HRM's materials recovery facility.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

- 1. This Letter of Intent is intended to set out the frames of reference for a Recyclable Materials Processing Agreement, to be agreed upon between the parties at a later date.
- 2. The parties intend that the basic terms of such Recyclable Materials Processing Agreement shall be as attached hereto.
- 3. The parties shall use their reasonable best efforts to finalize all terms and conditions of the recyclable Materials Processing Agreement within the next four (4) weeks.
- 4. Unless and until a formal Recyclable Materials Processing Agreement is approved by HRM Council and executed by the parties, neither party will be under any legal obligation of any kind whatsoever with respect to the provision or use of recyclable materials processing services.

Halifax Regional Municipality

The Municipality of East Hants

Original signed

Name:

Title:

Name: *Connie Nolan*

Title: *CAO*

Table of Terms and Conditions

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APPENDIX "A"	2008-09	2009-10	2010-11	2011-12
MRF Processing	Actual	Actual	Actual	Actual
Revenue				
Material Sales	-1,260,278	-1,336,773	-1,901,259	-2,128,259
Other	-	-310	-1,170	-
Deposits	-220,634	-229,243	-337,219	-301,393
Total Revenues	-1,480,911	-1,566,326	-2,239,648	-2,429,652
Expenditure				
Operating Costs	2,681,856	2,468,425	2,607,540	2,806,584
Total Expenditures	2,681,857	2,468,425	2,607,545	2,806,584
Gross Cost Per Tonne	\$ 122	\$ 109	\$ 111	\$ 115
Net Cost	1,200,945	902,099	367,897	376,932
Net Cost Per Tonne	\$ 54.61	\$ 39.68	\$ 15.71	\$ 15.50
Tonnes	21,991	22,733	23,417	24,318

East Hants would be charged quarterly based on Net Cost Per Tonne + 15% margin for administration.