



Item No. 11.1.3
Halifax Regional Council
January 28, 2014

TO: Mayor Savage 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: November 27, 2013

SUBJECT: Recycling Agreement with Municipality of Chester

ORIGIN

Municipality of Chester's letter of January 7, 2014, requesting HRM enter into an inter-municipal service agreement for processing the recyclables collected within their Municipality.

LEGISLATIVE AUTHORITY

HRM Charter, Part XIII, Solid Waste Resource Management.

RECOMMENDATION

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

BACKGROUND

Municipality of Chester has requested HRM staff review an option to enter into a contract to process approximately 1,000 - 1,200 tonnes per annum of recyclables generated in Chester.

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

The Municipality of Chester has signed a letter of intent to enter into a recyclable materials processing agreement with HRM for a term ending March 31, 2015, 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, 2015, is intended for review of the results of the operations over the first 12-month period to ensure the terms and operational/logistics plans are appropriate. As outlined below, the current operating agreement with Miller Waste expires on March 31, 2014. All new negotiated terms will be reflected in Chester's quarterly invoice starting on April 1, 2014.

DISCUSSION

Staff has completed a review of the MRF (materials recycling facility) 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 five (5) fiscal year (2008/09 – 2012/13) 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. HRM Staff have expressed their intention to renew the contract with Miller Waste pending Regional Council's decision on the future of the Strategy including the composting program and until this time, operations of the Miller Composting Facility will continue as they currently do. The operating fee applicable for the materials processing beyond March 31, 2014 is not known at this time, but will be reflected in Chester's quarterly invoice, once confirmed.

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. With the addition of 1,200-1,400 additional tonnes per year from East Hants and the proposed 1,000-1,200 additional tonnage from Chester, the total tonnage will still not exceed the contracted 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.

There are no regulations, policies or issues preventing HRM from entering into an agreement with Chester for processing recyclables. The terms are that Chester will collect, consolidate and deliver its recyclable materials to HRM's MRF at its own expense, and would pay HRM for processing of these recyclable materials based on HRM's net cost per tonne plus a 15% profit margin. The recommended cost calculation would be administered on an "every-3-month" basis for billing. The formula used to calculate Chester's invoice would be:

HRM's net cost (HRM's cost over 3 months less HRM's revenue over 3 months) divided by total tonnes processed = base cost per tonne + 15%.

Parties	Halifax Regional Municipality (HRM) & Municipality of Chester
Service Delivery	Recyclable Materials Processing
Facility	HRM Materials Recycling Facility – 20 Horseshoe Lake Drive Bayer's Lake Industrial Park
Material Types	Blue Bag Recyclables & Fibre – 2 Separate Streams
Tonnages	Range of 1,000 – 1,200 tonnes/annum
Delivery and Load Density	Delivery via 53 foot trailers. Separate trailer-load 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	Anticipated 2 trailer loads/week – Blue Bag Recyclables Anticipated 1 trailer load/week – Paper 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. Delivery and unloading anticipated 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. Days/week for delivery to be agreed upon between HRM and Chester and can change with advance notification as agreed to by both parties.
Processing Rate	To be based on HRM actual Net Cost/Tonne plus 15% margin and

	to be calculated every 3 months based on tonnage delivered and HRM material revenue yields.
Weights and Measures	HRM scale records of materials received.
Term	To March 31, 2015. 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 Chester. Both parties agree to work together to resolve any issues to accommodate delivery and processing.

HRM and the Municipality of Chester will extend or renegotiate terms when the initial assessment period ends, March 31, 2015, and also when the new MRF operating agreement is procured or negotiated on behalf of HRM.

FINANCIAL 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 R330-5508 Recovery External Parties (revenue). Based on the previous 5 year average of net costs at the MRF and the expected tonnage of 1,000 – 1,200 tonnes, the estimated revenue will be approximately \$8,000 - \$10,000 per year.

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.

ENVIRONMENTAL IMPLICATIONS

Action supports diversion programming.

ALTERNATIVES

HRM could decline to accept recyclable materials from Chester. Staff does not recommend this alternative.

ATTACHMENTS

Attachment 1 - Letter of Intent from Municipality of Chester – 7Jan14



KaizerMeadow

FAXED
2014-01-07

Kaizer Meadow Environmental Management Centre, 450 Kaizer Meadow Road/P.O. Box 369, Chester NS
P: (902) 275-2330 F: (902) 275-1468

TO: Gord Helm	FROM: Bruce Forest
COMPANY: Halifax Regional Municipality	RE: LOI From MODC
FAX NUMBER: 1-902-490-6690	DATE: January 7, 2014
# OF PAGES: 4 including cover	REPLY REQUEST:
<p>TELEPHONE: (902) 275-2330 FAX NUMBER: (902) 275-1468 EMAIL: tammy@kaizermeadow.ca WEBSITE: www.kaizermeadow.ca</p>	
<p>Gord,</p> <p>As discussed in an email sent earlier, please find attached the Letter of Intent from MODC.</p> <p>Regards,</p> <p>Original Signed</p> <p>Tammy Harnish Client Services Coordinator</p> <p>Kaizer Meadow Environmental Management Centre Municipality of the District of Chester</p>	
<p>**If you do not receive this transmission, please contact Tammy @ 275-2330**</p>	



KaizerMeadow

Kaizer Meadow Environmental Management Centre, 450 Kaizer Meadow Road, Chester NS
P: (902) 275-2330 F: (902) 275-1468

Letter of Intent

Dated this 7th day of January, 2014

BETWEEN:

Halifax Regional Municipality
("HRM")

and

The Municipality of Chester
("MODC")

WHEREAS:

- A. HRM is the owner of a Materials Recovery Facility; and
- B. MODC 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 MODC 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.



MUNICIPALITY OF THE DISTRICT OF CHESTER

PO Box 369, Chester, NS B0J 1J0

151 King Street, Chester, NS
email: info@kaizermeadow.ca

Halifax Regional Municipality

The Municipality of the District of Chester
Original Signed

Name:

Title:

Name: Bruce Forest

Title: Director of Solid Waste

RECYCLABLE MATERIALS MARKETING			
	2010-11	2011-12	2012-13
TYPE	TONNAGE	TONNAGE	TONNAGE
NEWSPRINT	0	0	0
MIXED FIBRE	521.59	489.19	563.11
CARDBOARD	108.51	108.71	124.9
BOXBOARD	0	0	0
NON BEVERAGE GLASS CONTAINER	41.88	32.24	30.15
NON BEVERAGE STEEL TIN CONTAINERS	43.78	36.85	43.07
NON BEVERAGE ALUMINUM	1.9	1.84	3.23
NON BEVERAGE PET PLASTIC #1	0	0	0
NON BEVERAGE PET PLASTIC #2	0	0	0
NON BEVERAGE MIXED PLASTIC	150.39	154.78	181.96
MILK CARTON POLYCOAT CONTAINERS	17.13	14.74	17.23
PLASTIC FILM (INCLUDING PLASTIC BAGS)	0	0	0
TOTALS	885.18	838.35	963.65