SUBJECT: Municipal Household Special Waste Program - Stewardship Ontario Funding Agreement (PW08122) - (City Wide)

RECOMMENDATION:

(a) That the City of Hamilton enter into an Agreement with Stewardship Ontario for the funding of the City’s Municipal Hazardous or Special Waste Program;

(b) That the Mayor and Clerk be authorized to execute the Agreement referred to in recommendation (a) above, in a form satisfactory to the City Solicitor;

(c) That the MHSW funding in the amount of $514,000 be included in the Waste Management Division 2009 Operating Budget.

EXECUTIVE SUMMARY:

Following the designation of Municipal Hazardous or Special Waste (MHSW) under Ontario Regulation 542/06 in the Waste Diversion Act, on December 11, 2006 the Ontario Minister of the Environment forwarded a Program Request letter to Waste Diversion Ontario. The letter requested a diversion program for MHSW, which was to be administered by Stewardship Ontario.

Since December 2006, Stewardship Ontario has been developing the consultation plan and program requirements as outlined in the Minister’s letter. The MHSW program as submitted by Waste Diversion Ontario was approved by the Minister of the Environment
on February 19, 2008. The program calls for a multi-phase implementation of the MHSW plan.

Between February and July 2008 Stewardship Ontario has been developing all aspects of the MHSW plan including conducting waste audits, creating data tracking tables, and finalizing the contractual agreement to be signed by Stewardship Ontario and individual municipalities. The final version of the agreement was forwarded to municipalities in July 2008 with several schedules of the agreement being finalized in August 2008.

As per the agreement municipalities would receive funding for all post-collection services that apply to the materials designated in Phase 1. These materials include; paints and coatings, solvents, oil filters, oil containers, dry cell batteries (single use, non-rechargeable), antifreeze, pressurized containers (i.e. propane tanks), fertilizers and pesticides. Funding is based on the quantities of Phase 1 materials received.

The acceptance of the MHSW agreement would represent an opportunity to reduce the 2009 operating budget by approximately $514,000 without affecting service levels. This revenue would represent an approximately 50% offset to the entire 2009 operating budget for the City’s MHSW program. In addition, if the City were to sign off on the agreement prior to the December 15, 2008 deadline, the City would be eligible to receive retro payments for the MHSW that has been received at the City’s MHSW depots between July 1, 2008 to December 31, 2008. These funds have been identified as mitigation for the 2008 operating budget as per report CM08022.

Staff does not anticipate any service issues or changes as a result of signing onto the agreement. The City’s contract with Hotz Environmental Services Inc. (Hotz), current MHSW contractor, will not be affected by the agreement with Stewardship Ontario. Hotz will continue to invoice the City as per the current contract and the City will then complete and forward quarterly invoices to Stewardship Ontario for reimbursement.

**BACKGROUND:**

The information and recommendations in this report have City Wide implications.

The City’s MHSW (more commonly referred to as Household Hazardous Waste or HHW) program was established in an effort to reduce the amount of hazardous materials from homes going to landfill or the City’s sewer system. The program began in the late 1980’s and consisted of event days at set times of the year. It was expanded in 1992 to a year-round depot open on Saturdays and continued to be supplemented by seasonal events held at various locations in the community.

The program continued in this form until 2002 when depot hours were expanded to six (6) days a week, increasing service hours from (six) 6 hours to (forty-one) 41 hours per week. This change enhanced access to HHW drop off helping to increase participation in the program, while the City’s Solid Waste Management Master Plan (SWMMP) was being implemented.

The SWMMP recommended that Community Recycling Centres (CRCs) be established as one-stop waste diversion and disposal facilities, including HHW. All three CRCs are now open providing convenient drop off locations for HHW and other materials. With the implementation of the CRCs residents are now able to dispose of all materials including HHW (ten) 10 hours a day, (six) 6 days a week at each CRC.
The materials included in Phase 1 of the MHSW program include: paints and coatings, solvents, oil filters, oil containers, dry cell batteries (single use, non-rechargeable), antifreeze, pressurized containers (e.g. propane tanks), fertilizers and pesticides. The materials identified in Phase 1 represent approximately 60% of the total tonnage of material brought annually to City HHW depots.

Under the agreement all post-collection costs for Phase 1 materials will be funded. Post-collection services as defined by Stewardship Ontario includes "any activities related to the management of MHSW after the point of manifesting (bill of lading), including but not limited to transportation of waste from collection facilities, processing, recycling, disposal of waste and other waste management activities".

It is anticipated that Phase 2 of the MHSW program will be implemented during 2009. The materials that will be included in Phase 2 of the plan have been identified by Stewardship Ontario and include: all batteries (other than single use dry cell); aerosol containers; portable fire extinguishers; fluorescent light bulbs and tubes; pharmaceuticals; sharps, including syringes; switches that contain mercury; and thermostats, thermometers, barometers, or other measuring devices containing mercury.

The Term of the agreement is for three (3) years following agreement commencement. The agreement will automatically renew for up to two (2) additional one (1) year terms for a total of five (5) years. Either Stewardship Ontario or the City may terminate the agreement with ninety (90) days notice in advance of any renewal term commencement date. Both Stewardship Ontario and the City may terminate the agreement without cause with at least six (6) months advance notification.

**ANALYSIS/RATIONALE:**

Over the last fifteen (15) years, the City’s award winning HHW program has continuously developed and expanded in order to provide a high level of service to residents. The HHW program provides a vital service to the City including:

- removing HHW from landfill and sewer system;
- removing HHW from entering the environment;
- reducing / eliminating illegal dumping of HHW;
- allowing residents to safely and properly dispose of HHW;
- providing residents convenient HHW disposal as there are very limited HHW disposal facilities in Hamilton.

At present there are no equivalent private HHW depots in the City where residents can dispose of their HHW. The available HHW disposal options for residents are limited to returning batteries (recyclable and non-recyclable) to retailers. As a result residents have become dependent on the HHW services the City provides. This is borne out in Table 1, which demonstrates that the number of users visiting the depots and the total tonnes of HHW diverted has continued to increase.
Table 1 - Number of Visits and Tonnes Diverted (2004 - 2008)

<table>
<thead>
<tr>
<th>Year</th>
<th># of Visits</th>
<th>Tonnes Diverted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>21,888</td>
<td>929</td>
</tr>
<tr>
<td>2005</td>
<td>21,910</td>
<td>960</td>
</tr>
<tr>
<td>2006</td>
<td>46,002</td>
<td>1286</td>
</tr>
<tr>
<td>2007</td>
<td>49,848</td>
<td>1394</td>
</tr>
<tr>
<td>2008 ¹</td>
<td>53,000</td>
<td>1420</td>
</tr>
</tbody>
</table>

Note: ¹ 2008 figures are projected.

Due to the lack of private HHW disposal facilities and limited HHW programs in Hamilton, the need to remove HHW from the environment and to provide a safe option for residents to dispose of their waste, the City will need to continue to operate the HHW program. The funding will assist with offsetting the cost of this vital program.

It is anticipated that there will be no disruption or change in service to residents. The depots will continue to operate (ten) 10 hours per day, six (6) days a week while the types of HHW materials accepted will remain the same. As set out in the agreement, Stewardship Ontario and the City will continually investigate different opportunities by which the HHW program could be improved.

As per the MHSW plan there will be a greater emphasis on reducing, reusing and recycling options for HHW. This will include educating residents on reducing the amount of HHW that they use and providing residents with more opportunities to reuse HHW materials that are disposed, such as paint. The increased emphasis on reducing and recycling will be communicated to residents by the Waste Management Division’s Community Outreach section. The communication costs will be funded by Stewardship Ontario.

The MHSW program is being funded by program stewards, who are the companies that are obligated to pay fees for this approved waste diversion program. Stewards are generally comprised of the retailers that are selling the products. In order to cover the additional cost of the MHSW program stewards are charging consumers (residents) a visible surcharge at point of purchase or the cost is included (hidden) in the total cost of the product.

The additional cost that stewards are charging consumers will be based on a per litre or unit basis and will vary depending on the product. Consequently, City residents are already paying into the program every time that they purchase one of these products.

The recommended signing of the MHSW agreement with Stewardship Ontario would take effect immediately and would offset the Waste Management Division operating budget. The City would be eligible for reimbursement on Phase 1 materials collected from July 1, 2008 onwards.

**ALTERNATIVES FOR CONSIDERATION:**

An alternative is for the City not to sign the Funding Agreement and the City to continue fully funding the entire HHW program through the operating budget.
FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial - As part of the August 2008 operating variance report (CM08023) it was estimated that the City would receive $50,000 in funding from Stewardship Ontario. This amount is expected to be greater now that the funding details have been confirmed. It is estimated that the City will receive approximately $514,000 in funding in 2009 to offset the cost of the City’s HHW program.

Staffing - There are no staffing implications.

Legal - The City receiving the funding is contingent upon the signing of the agreement with Stewardship Ontario. The standard agreement was developed in consultation with municipalities and has been reviewed by Legal Services.

POLICIES AFFECTING PROPOSAL:

a) Solid Waste Management Master Plan (SWMMP)

The proposed signing of the MHSW agreement relates to recommendation #14 of the SWMMP:

Recommendation #14 – The City of Hamilton should continue to lobby the federal and provincial governments to do everything in their power to support municipalities with waste management programs with appropriate legislation, funding and fiscal policy.

The recommended approval of the agreement will assist in the funding of the City’s HHW program.

b) Vision 20/20

Reducing and Managing Waste – to virtually eliminate hazardous waste in The City of Hamilton.

Provision of HHW depots at the CRCs provides safe diversion and disposal opportunities for these materials.

c) Public Works Strategic Plan

Services our communities connect with and trust – giving communities the opportunity to use all of the various waste management services available to them.

Sound financial management for the long haul – taking fiscal responsibility to reduce the cost to the operating budget without affecting service levels.

d) Corporate Strategic Plan

Financial Sustainability – agreement will assist with reducing/holding tax increase below rate of inflation.

Effective Intergovernmental Relations – agreement allows City to receive a greater share of provincial grants / funding.
RELEVANT CONSULTATION:

The funding agreement for the MHSW program was discussed with the City’s HHW contractor (Hotz Environmental Services Inc.), Legal Services and Corporate Services (Finance and Administration).

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
The HHW program provides residents with HHW disposal options and allows residents to dispose of these materials in a safe manner.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
The HHW program removes potentially harmful HHW materials from entering the environment.

Economic Well-Being is enhanced. ☑ Yes ☐ No
A savings of $514,000 has been identified to the 2009 Waste Management Operating Budget without affecting the current service levels.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No
The proposed change has no staffing implications.