RECOMMENDATION:
That the White Goods and Scrap Metal Collection Program budget reduction request, which has an operating budget savings of $118,000 for 2007 and no FTE or capital budget impact, be received for consideration.

EXECUTIVE SUMMARY:
The City currently provides city wide call-in service for the collection of white goods and scrap metal. The termination of the White Goods and Scrap Metal Collection Program is being recommended as a proposed budget reduction. The program change is expected to reduce the 2007 Operating Budget by $118,000, based on a June 29, 2007 end date for the program, and an annualized reduction of $280,350 in 2008.

Should this budget reduction be approved, the following recommendations must go forward:

a) That the White Goods and Scrap Metal Collection Program with Waste Management of Canada Corporation (WMCC) currently operating within the City of Hamilton be terminated on June 29, 2007;

b) That residents be advised of the program cancellation outlined in Recommendation a) above when calling in for service;
c) That Contract C11-126-06 be cancelled and not awarded;
d) That the resulting cost savings estimated to be $118,000 from Recommendation a) above be incorporated into the 2007 Budget.

Contract C11-40-01 was awarded to Waste Management of Canada Corporation in April 2002 and was extended for one (1) year to December 2007. WMCC has indicated that they are willing to end the current contract early with a minimum of one (1) month’s notice.

Contract C11-126-06 was issued in November 2006 to solicit prices for a four (4) day collection program in connection with potential changes to other waste collection programs. Pricing for this service delivery came in significantly higher than the current contract prices.

Although this program is a source of diversion for the City, the increased value of scrap metal resulted in almost 50% scavenged call-ins booked by the City in 2006. In addition, vendors such as Home Depot, Sears and The Brick are now offering consumers the added convenience of disposing of old appliances when delivery of new appliances are scheduled. Additionally, several private sector businesses are involved in the scrap metal industry. The fees for this disposal service vary depending on the vendor, however they are competitive. The City will continue to provide a free recycling option at the Community Recycling Centres.

**BACKGROUND:**

The information provided in this report has City wide implications.

The City of Hamilton currently offers residents the following options for reuse and recycling of used appliances (white goods) and scrap metal as part of its Integrated Waste Management System:

- Curbside collection of residential white goods and scrap metal for the entire City of Hamilton is provided weekly on the designated collection days based on calls received by the City from residents;
- White goods and scrap metal can be delivered to the Dundas or Mountain Community Recycling Centres;
- If an appliance is functional, residents are encouraged to make arrangements with local charitable organizations for pick up or drop it off at the Mountain Community Recycle Centre.

Ozone depleting substances such as chlorofluorocarbons (CFCs), present in white goods items such as, refrigerators, freezers, dehumidifiers, air conditioners and water coolers, are currently subject to a $21 fee prior to collection.

Waste Management of Canada Corporation (WMCC) has operated the City’s White Goods Collection Program for the collection, processing and marketing of white goods since April 2002, scrap metal was added in 2005. This service is provided on a call-in basis and residents also have the option of delivering their materials to the WMCC facility located on Strathearn Avenue North (north of Burlington Street East), Hamilton.

The total number of bookings increased significantly in 2006 as a result of the introduction of the call-in service for bulk waste collection to single family residents.
Prior to April 2006, there were approximately 800 bookings per month. This has increased to approximately 1,500 bookings per month since April 2006. This increase is attributed to greater awareness of the collection service through the City’s Customer Contact Centre. There has also been an increase in the number of materials being scavenged due to the value of scrap metal in recent months. In 2005, 33% of the bookings resulted in no material at the curb side when the contractor arrived at the address. In 2006 that number increased to 46% of the bookings that were subject to scavenging and no material was out at the time of collection.

Table 1 indicates the numbers and trends regarding this program over the last two (2) years.

<table>
<thead>
<tr>
<th>Table 1 - Summary of White Goods and Scrap Metal Call-In</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of bookings for curbside collection of white goods and scrap metal</td>
<td>9,679</td>
<td>15,535</td>
</tr>
<tr>
<td>Number of bookings scavenged</td>
<td>3,102</td>
<td>7,216</td>
</tr>
<tr>
<td>Tonnes diverted</td>
<td>432</td>
<td>448</td>
</tr>
</tbody>
</table>

**ANALYSIS/RATIONALE:**

The purpose of this report is to present to Council a potential budget reduction within the Waste Management Division 2007 proposed budget. This opportunity has resulted from the evaluation of alternatives in conjunction with the delivery of the recycling program services and award of relevant contracts that is currently ongoing.

Terminate Collection of White Goods and Scrap Metal Collection Program

Currently there is no legislation requiring Ontario municipalities to collect white goods and scrap metal and therefore a number of Ontario municipalities such as London, Ottawa, Kingston and Thunder Bay no longer offer this service to residents. They encourage residents to utilize scrap metal yards, charitable organizations and “take it back” options with retailers.

Should the White Goods and Scrap Metal Collection Program be eliminated from the City’s Integrated Solid Waste Management System, residents will have the following options to reuse and recycle the items:

- White goods and scrap metal can be delivered to the Dundas, Mountain and Kenora Community Recycling Centres free of charge;
- If the white good is serviceable, residents can make arrangements with local charitable organizations for pick up or drop it off at the Mountain Community Recycle Centre;
- Residents can make use of a private sector service as outlined in Table 2.
**Table 2 - Private Sector Alternatives for Recycling White Goods and Scrap Metal**

<table>
<thead>
<tr>
<th>Company</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Depot</td>
<td>If a new appliance is purchased and is being delivered, Home Depot will remove the old appliance for disposal for a fee of $20.</td>
</tr>
<tr>
<td>The Brick</td>
<td>If a new appliance is purchased and is being delivered, The Brick will remove the old appliance for disposal. There is an “environmental fee” of $25.</td>
</tr>
<tr>
<td>Leons</td>
<td>If a new appliance is purchased and is being delivered, Leons will take the old appliance to the curb, but will not dispose of it.</td>
</tr>
<tr>
<td>Centennial Maytag</td>
<td>If a new appliance is purchased and is being delivered, Centennial Maytag will remove the old appliance for disposal. There is a fee of $20. The appliances are disassembled and sold for scrap metal.</td>
</tr>
<tr>
<td>Goemans Appliances</td>
<td>Goemans Appliances offers a removal of the old appliance on a one-for-one basis (additional fee of $15 applies).</td>
</tr>
<tr>
<td>Sears</td>
<td>Sears offers through their silver ($50) and gold ($100) delivery service options the removal of old appliances.</td>
</tr>
<tr>
<td>Appliance Factory</td>
<td>If a new appliance is purchased and is being delivered, the Appliance Factory will remove the old appliances for disposal. There is a fee of $20.</td>
</tr>
</tbody>
</table>

**Scrap Metal Dealers**

<table>
<thead>
<tr>
<th>Company</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Posner Scrap Metal</td>
<td>Will accept used appliances and will pay ($75/tonne, $0.04/lb) - delivery only (no pick up).</td>
</tr>
<tr>
<td>Thomson Metals and Disposal</td>
<td>Will accept used appliances and will pay ($100/tonne) - delivery only (no pick up).</td>
</tr>
</tbody>
</table>

**Used Appliance Recyclers/Charitable Organizations**

<table>
<thead>
<tr>
<th>Company</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>Will accept items in good working condition - delivery only.</td>
</tr>
</tbody>
</table>

Cancelling the White Goods and Scrap Metal Collection Program and encouraging residents to utilize private sector options for reuse and recycling, endorses producer responsibility. Typically end-of-life considerations are not a high priority with vendors, the value in scrap metal makes the reuse and recycling of white goods and scrap metal much more attractive to private sector businesses.

The lowest bidder offered to perform this program as specified in Contract C11-126-06 for $419,364 per year which is significantly higher than the current cost of $267,000 per year.

Given the private sector alternatives for reuse and recycling, the increased amount of scavenging due to rising metal prices, and the significant increase in the cost to provide this program, staff are recommending the program be terminated and Contract C11-126-06 be cancelled.
A relatively small component of the City’s households will be affected by the change given the frequency that appliances are replaced. Residents will be advised of all their options when they call in requesting collection.

Once the program is cancelled, an influx of calls in advance of the termination date may be experienced.

Given the value of scrap metal and availability of options it is expected there will be minimal roadside dumping as a result of the program change.

**ALTERNATIVES FOR CONSIDERATION:**

There are two (2) alternatives for consideration other than Recommendation a) discussed in Analysis/Rationale;

1. **Status Quo**

   Should Council decide to continue with a five (5) day collection week and the White Goods and Scrap Metal Collection Program, financially it would be advisable to extend Contract C11-40-01 with WMCC for the remaining one (1) year extension to December 31, 2008, and then re-tender the program later this year or eliminate the program at that time.

2. **Award of Contract for a Four (4) Day Collection Week (effective March 31, 2008)**

   During the review of the recycling program and associated contracts for 2008, it was necessary to obtain a cost for the four (4) day week collection options for white goods and scrap metal collection, as the current contractor WMCC requested an increase in compensation to change to four (4) day collection service.

   Contract C11-126-06 White Goods and Scrap Metal Collection Services for the City of Hamilton was issued on November 24, 2006 and closed on December 8, 2006. A total of seven (7) bidders picked up copies of the tender. A total of three (3) bids were received in response to this tender, however only two (2) of the bids that were submitted by the three (3) bidders were in compliance with the tender requirements as determined by the Purchasing Division. Waste Management staff reviewed the remaining two (2) bids and confirmed that the bids were in compliance with requirements and conditions of the tender specifications.

   Table 3 below provides a financial summary of the bids that were received.

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Contract Price 60 month duration Five (5) Day</th>
<th>Total Contract Price 60 month duration Four (4) Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Halton Recycling Limited</td>
<td>$2,096,820</td>
<td>$2,096,820</td>
</tr>
<tr>
<td>Waste Management of Canada Corporation</td>
<td>$2,401,080</td>
<td>$2,471,040</td>
</tr>
<tr>
<td>International Marine Salvage</td>
<td>DISQUALIFIED</td>
<td>DISQUALIFIED</td>
</tr>
</tbody>
</table>

   The base bid for this contract was for a collection five (5) days of the week, with the optional pricing based on collection for four (4) days, likely Tuesday to Friday. The bids for this contract have been evaluated and Halton Recycling Limited (HRL) is the lowest,
offering to perform this contract for $419,364 per year for either the Five (5) Day or Four (4) Day collection option. This tender is significantly higher than the current cost for the program, which is $267,000.

Should Council decide to proceed with a four (4) day collection week and continue the White Goods and Scrap Metal Collection Program, Contract C11-126-06 would be awarded to Halton Recycling Limited. This would be done in conjunction with the upcoming changes to the recycling program.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial
Table 4 summarizes the potential program costs depending on the contract scenarios.

<table>
<thead>
<tr>
<th>Year</th>
<th>Operational Scenarios</th>
<th>Budgeted Gross Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>WMCC January to December</td>
<td>$255,000</td>
</tr>
<tr>
<td>2007</td>
<td>a) WMCC January to December</td>
<td>$267,000 (12 months)</td>
</tr>
<tr>
<td>or b)</td>
<td>WMCC January to June - end program (Recommended)</td>
<td>$118,000 (6 months)</td>
</tr>
<tr>
<td>2008</td>
<td>a) WMCC January to December existing contract plus 5% (approx. escalation factor)</td>
<td>$280,350</td>
</tr>
<tr>
<td>or b)</td>
<td>WMCC January to March existing contract plus 5% and HRL April to December ($70,087 + $314,523)</td>
<td>$384,610</td>
</tr>
<tr>
<td>2009</td>
<td>Halton Recycling Limited</td>
<td>$419,364 + escalation %</td>
</tr>
</tbody>
</table>

Legal
The current contract with WMCC requires a four (4) month notice of change. The company has agreed to reduce the notice of change one (1) month.

POLICIES AFFECTING PROPOSAL:

The proposal is affected by the Solid Waste Management Master Plan. It more particularly relates to Recommendation #2 and #3 which focus on the preservation of landfill capacity and which states:

Recommendation #2 - “The Glenbrook landfill is a valuable resource, and the City of Hamilton must optimize the use of its disposal capacity to ensure that there is a disposal site for Hamilton’s residual materials that cannot be otherwise diverted.”

Recommendation #3 - “The City of Hamilton must set an aggressive objective of 65% waste diversion by the end of 2008, based upon 2000 waste generation rates.”

An efficient and effective collection service contributes to fulfilling both of these recommendations. The recommended change is expected to continue to achieve the City’s waste diversion objectives.
RELEVANT CONSULTATION:
This recommendation and the resulting budget reduction has been reviewed with Legal, Finance and Administration staff, and the Solid Waste Management Master Plan Steering Committee.

CITY STRATEGIC COMMITMENT:
By evaluating the “Triple Bottom Line”, (community, environment, 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
Material will continue to be removed, benefiting the private sector.

Environmental Well-Being is enhanced. ☑ Yes  ☐ No
Material will continue to be removed from the waste stream, protecting the environment.

Economic Well-Being is enhanced. ☐ Yes  ☑ No

Does the option you are recommending create value across all three bottom lines? ☑ Yes  ☐ No
More economical for the City, will benefit the private sector and continues to protect the environment.

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes  ☑ No