SUBJECT: Transportation Services Agreement with Recycled Materials Marketing (ReMM) (PW07051) (City Wide)

RECOMMENDATION:
That the General Manager of Public Works be authorized to enter into an agreement with Recyclable Materials Marketing (ReMM) for transportation services for recycling commodities for 2007 and 2008.

EXECUTIVE SUMMARY:
In September 2006, Council approved Report PW06132 - Contract Extension with Recycled Materials Marketing (ReMM). Staff was given direction to enter into an agreement with ReMM for marketing recyclable commodities collected through the City’s recycling program in 2007 with the allowance to extend the agreement with ReMM up to and including 2008.

In a continued effort to find potential savings in the recycling program, ReMM has offered to provide the transportation services to ship the recyclable commodities to end markets as part of their current marketing duties. The cost to transport recycling commodities to end markets in 2007 is approximately $385,000. This amount is included in the Waste Management Division’s 2007 operating budget. ReMM has agreed to provide transportation services for a total cost of $300,000 (plus GST) which is a favourable savings of approximately $85,000 in 2007.
It is recommended that the City retain ReMM to provide transportation services for the City’s recycling commodities in order to realize these cost savings.

**BACKGROUND:**

The information provided in this report has City wide implications.

Canada Fibers Limited (CFL), the City’s Materials Recycling Facility (MRF) operator, has provided recycling commodity transport services since March 2003. This service is an optional service provided by them under their current contract with the City. They will continue to be involved with the loading of recyclable commodities onto transport vehicles for shipment to end markets.

**ANALYSIS/RATIONALE:**

ReMM has provided marketing services for the City’s recycling program since 2002. The marketing service provided by ReMM has been very positive for the City and the City has exceeded the provincial commodity average since 2002.

It is more economical to have ReMM take over the transportation expenses since ReMM is directly involved with negotiating commodity revenues and shipping requirements with end markets. These services provided by ReMM, allows them to coordinate better savings on transportation to benefit the City as opposed to CFL or another external company that is not involved with marketing recyclable commodities for the City.

ReMM’s services will continue to include negotiating prices with end markets, reconciliation of all inbound and outbound loads of materials entering and leaving the MRF, and working with Finance staff to monitor payments from end markets.

**ALTERNATIVES FOR CONSIDERATION:**

Due to the coordination between the numerous functions from when materials are received at the MRF, the processing of these materials and the final marketing of these materials along with coordinating the loading and transport to market, transportation services can only cost effectively be provided by either the processor (CFL) or the marketing broker (ReMM). As ReMM has agreed to provide the transportation services in 2007 for approximately $85,000 less than CFL, no further alternatives have been considered. ReMM has also agreed to assume any additional transportation costs that exceed $300,000 in 2007.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

The City currently has an agreement with ReMM to market the City’s recyclable materials at a ceiling cost of $100,000 per year. A portion of their existing compensation is incentive based. Their current agreement would be broadened to include transportation services to end markets. The annual expenditure for transportation is included in the Waste Management Division’s 2007 operating budget submission, account number 512520-55961.
POLICIES AFFECTING PROPOSAL:

Retaining the services of ReMM for transportation of recycling commodities is being done in accordance with the City’s Purchasing Policy #11 - Policy for Negotiations, section 4.11 (1)(f): “When the single source for the supply of a particular Good and/or Service is being recommended because it is more cost effective or beneficial for the City.”

The proposal is also affected by the Solid Waste Management Master Plan. It more particularly relates to Recommendation #3 that focuses on the 65% waste diversion target.

As part of an efficient and effective recycling program, the marketing services used to maximize revenues on collected and processed materials set out by residents, contributes to fulfilling this recommendation.

RELEVANT CONSULTATION:

The City’s Purchasing Section in the Financial Services Division has been contacted and provided guidance through this process.

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
Public services and programs are delivered in an equitable manner, coordinated, efficient, effective and easily accessible to all citizens.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
Waste is reduced and recycled.

Economic Well-Being is enhanced. ☑ Yes ☐ No
Hamilton's high-quality environmental amenities are maintained and enhanced.

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

This report supports the City of Hamilton's strategic plan in the following manners:

- Sustainability: to contribute to a balanced community, economy and environment; to minimize the footprint of our activities and to do no harm.
- A Healthy, Safe and Green City – Reducing Waste going to Landfills. Council will commit to an aggressive waste diversion rate to increase the lifespan of our landfill and ultimately reduce costs, both financial and environmental, for taxpayers.

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