City of Hamilton Partnership with Recyclable Materials Marketing (ReMM) November 21, 2011

Presentation Overview

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1. Agenda Item 8.1 Contract Extension Negotiations with Canada Fiber

- Recommendation
  c) That Canada Fibers Limited be authorized to market container processing line materials from the City of Hamilton’s Material Recycling Facility in addition to fibres and this be incorporated into the Contract outlined in recommendation (a) of report PW 1103b

2. ReMM Background

- ReMM is a Hamilton based business.
- ReMM staff have more than 60 years of collective experience (City of Toronto, Laidlaw, Domtar, Norampac) in dealing with blue box materials.
- Recyclable Materials Marketing (ReMM) was formed in 1996 to provide a unique ‘one-stop’marketing service for commodities collected in curbside programs (paper, plastic, metal, glass).
- ReMM markets materials from more than 25 recycling facilities in Canada & the U.S. including Region of Peel, City of Guelph & County of Northumberland, Essex-Windsor.
ReMM Expertise

- ReMM has experience in dealing with end markets that is not available within the City of Hamilton.
- ReMM staff acts as a valuable resource for the City staff to respond to questions related to the recycling industry and MRF issues.
- ReMM assists the City staff with inventory management of recyclable materials, reconciliation of inbound and outbound tonnages.

3. City of Hamilton & ReMM Partnership 2002

- ReMM worked with City of Hamilton on a trial basis for the final six months of 2002 to improve revenues from recycling program.
- During this six month period, ReMM helped the City generate approximately $1.9 million in revenue compared to a budget of $975,000.
- Based on 2002 success, ReMM was retained to provide marketing services until 2006.
- Based on ReMM’s proven financial benefits, City renewed ReMM’s agreement in 2006 until 2008.

- ReMM’s marketing services allowed the City to exceed provincial commodity average by an accumulative $810,000 between July 2002 and June 2008.
- ReMM assumed transportation services in 2007 from Canada Fibers resulting in savings of $170,000 in 2007 and 2008 compared to previous years.
- ReMM’s benefits to Hamilton were approximately $1 million between 2002 and 2008 resulting in current contract extension.
- ReMM value adds: waste audits, input for RFP’s, monitoring fiber pricing, reconciliation of tonnages, promotional material review, budgets.
- “Although commodity processors are capable of providing commodity marketing and transportation services, staff’s experience is that these arrangements are not preferred as they do not ensure maximum savings and revenue generation for the City.”

5. ReMM Benefits
2002-2011

![Graph showing City of Hamilton Recycling Revenue vs. CSR/Stewards Edge from 2002 to 2011]
ReMM Benefits

- ReMM continues exceeding provincial average for commodities marketing between 2008-2011.
- ReMM’s marketing services allowed City to exceed provincial average by an accumulative $1.3 million between 2002 and 2011.
- ReMM has provided transportation savings of more than $400,000 since assuming these responsibilities from Canada Fibers in 2007.
- ReMM has provided the City of Hamilton more than $1.7 million in financial benefits between 2002-2011.
- ReMM continues to provide value added services for the City – markets update, RFP advice, identification of cost saving opportunities, budget input, resident inquiries.

6. Process

- During regularly scheduled meeting on Sept 13, 2011, ReMM identified to staff that significant savings could be realized for the City as part of a marketing contract extension.
- No additional discussions occurred between staff and ReMM regarding a contract extension or proposed savings.
- On Thursday, November 17, 2011, staff notified ReMM that a report was going forward recommending Canada Fibers assume container marketing, replacing ReMM.
- Recommendation states that Canada Fibers will “Market container material on behalf of the City with many of the same terms and conditions of the City’s current marketing contract.”
7. Future Relationship – City of Hamilton and ReMM

- Proven nine year partnership with the City of Hamilton that has resulted in more than $1.7 million benefit for City by ReMM’s ability to generate higher revenues and reduce costs for the City.
- ReMM discussed opportunity for significant savings to City in September 2011.
- Requesting City to defer recommendation c) of Report PW 11030b and engage in discussions with ReMM for cost savings options to City.