REPORT TO GENERAL COMMITTEE

TO:	Mayor and Members of Council
FROM:	Peter Loukes, P.Eng. Director of Operations and Asset Management
PREPARED BY:	Claudia Marsales, Manager, Waste Management
DATE OF MEETING:	2005-March-21
SUBJECT:	Phase 2 Implementation Update

RECOMMENDATION:

THAT the report entitled "Phase 2 Implementation Update " be received;

AND THAT Phase 2 of Markham's 3-Stream collection system be implemented Town wide on Monday July 04, 2005 to approximately 55,000 single-family homes;

AND THAT the cost to transfer and process organics (SSO) for the months of July and August 2005 be shared equally between Markham and the Region of York to an upset limit of $77,300;

AND THAT the cost be funded from additional revenue to be received from the WDO in excess of the budgeted amount in Waste Management Provincial Grants and Subsidy Operating Account #770-772-8350;

AND FURTHER THAT the Region be requested to approve Markham's implementation plan as outlined in this report, at the March 31 2005, meeting of Regional Council.

PURPOSE:

The purpose of this report is to obtain approval to advance the implementation of Phase 2 from September 19, 2005 to July 4, 2005.

BACKGROUND:

On April 27, 2004, Council approved a new 3-stream collection system to be implemented in two phases.

On September 17, 2004, Phase 1 was successfully launched to 12,500 single-family homes in east Markham. Phase 2 is to be implemented in 2005 to the balance of Markham's approximately 55,000 single-family homes.

At the January 24, 2005, meeting of General Committee, staff provided an update on Phase 2 implementation and outlined the critical issues:

1. Need to secure curbside containers
2. Need to obtain "back-up" SSO processing facility
3. Need to assess the benefits of advancing Phase 2 implementation to July 4, 2005

1. Secure Curbside Containers

The availability of the curbside containers for either a summer or fall launch date has been confirmed and a purchase order issued for the manufacture and delivery of approximately 55,000 container sets.

2. SSO Processing Contingency

Comporec, a Quebec SSO processing facility is capable of processing SSO material contained in plastic bags. Regional staff have met with Comporec, and are preparing a report for Regional Council seeking approval to finalize a contingency plan to be put in effect should operations at Halton Recycling be interrupted.

3. Benefits Of Accelerating Phase 2 Launch Date to July 2005

Staff originally planned to implement Phase 2 in September 2005 to ensure the availability of Regional processing facilities. In 2004, Regional staff confirmed the availability of SSO processing capacity, but could not commit to a completion date for the Region's new co-mingled recycling facility in East Gwillimbury.

In December 2004, Regional Council notified the local municipalities that the construction of the Region's new recycling facility was ahead of schedule and will open on July 4, 2005. As such, the Region requested that all of the local municipalities expand their Blue Box recycling program effective July 4, 2005.

With both SSO and co-mingled recycling processing facilities now available in July 2005, staff notified the Region that Markham would prefer to implement the new 3-stream collection system all at once, and not implement blue box changes in July and then add SSO collection in September 2005. All of the local municipalities, with the exception of Markham, have postponed the implementation of SSO collection until 2006 or 2007.

There are many benefits to launching the new 3-stream program on July 4, 2005:

- Achieve our 70% diversion target ahead of schedule and lessen Markham and the Region's dependence on Michigan landfill;

- Implementing the new collection system all at once will be less confusing for residents and optimizes internal and external resources;

- A July launch allows use of summer students for pre- and post- launch activities. A September launch will require the hiring of temporary support;

- Moving the launch to July, reduces potential logistical conflict with Toronto's North York "Green Bin" launch planned for September/October 2005

- Secures SSO processing capacity at HRL facility, avoiding any potential facility capacity issues

- Collection changes will be less confusing for residents if there is distance between the implementation of SSO collection in plastic bags and the banning of plastic bags for leaf and yard waste

- From an operations perspective, as blue box recyclables and green bin organics will be collected in one truck Miller Waste prefers the new system be launched at the same time

Regional Response

In January 2005, a response was received from the Region to Markham's request to advance the SSO launch date. Regional staff does not support Markham's intention to begin collecting SSO and expanded blue box materials in July for the following reasons:

1. Concern over odour issues at the Newmarket SSO processing facility.

2. The Region's 2005 budget reflects a September date for processing Markham's SSO material. A July start date represents 2 months of additional SSO processing costs for the Region.

3. Markham can advance the SSO launch date to July if Markham pays 100% of the additional 2 month transfer and processing costs.

The Region's additional 2 month processing cost for Markham's SSO is outlined on Table #1 below:

TABLE #1
ADDITIONAL COST TO PROCESS SSO
JULY AND AUGUST

Phase 2 SSO/per month	Phase 2 SSO July & Aug	Cost differential between landfill and Halton Facility	Total cost July & August	Cost shared 50/50
1,250 t	2,500 t	$61.84 per tonne	$154,600	$77,300

Advancing the SSO launch to July will not result in additional collection costs to the Town.

Cost sharing model used to implement Phase 1

As previously outlined, implementing 3-stream collection in July as one program has many benefits for the Town, but will result in increased processing costs for the Region.

A similar situation occurred during Phase 1 implementation over the additional cost of processing the co-mingled recyclables. In order to facilitate the launch of Markham's Phase 1 program, the Town and the Region agreed to share equally the cost of processing co-mingled recyclables at a Toronto recycling facility.

Staff is recommending a similar cost-sharing model be considered for advancing the Phase 2 launch to July 4, 2005. Markham's share would be $77,300 that could be paid from the additional unbudgeted 2005 WDO revenues. Markham budgeted $450K for 2005 and will receive approximately $788K.

Options

If the Region does not agree to the cost-sharing model, outlined in Table #1, Markham's options are to pay 100% of the additional 2 month processing cost or launch Phase 2 in two parts: expanded recycling in July and SSO collection in September 2005.

The Phase 2 budget anticipated one promotion and education campaign. Implementing Phase 2 as two campaigns will result in additional promotion and education costs for Markham. The cost of a second campaign is estimated to be approximately $30,000.

FINANCIAL CONSIDERATIONS:

The 2005 Waste Management Operating Budget includes $450K in revenues from the WDO. The Region has notified Markham that the Town will receive approximately $788K in 2005, or $338,000 more than budgeted. The additional implementation cost of $77,300 could be funded from the $388,000 additional unbudgeted revenue to be received from the WDO in 2005.

If the Region does not support Markham launching its expanded recycling and SSO programs simultaneously, Markham will have to incur an additional cost of $30,000 to deliver an additional communication program which has not been budgeted.

Launching expanded recycling and SSO programs simultaneously will result only in additional the processing and transfer costs of $77,300 as outlined in Table 1 of this report. No additional collection costs will be incurred.

The additional processing cost of $77,300 is available from 2005 WDO funding in Account #770-772 8350 - Waste Management Provincial Grants and Subsidy Operating – of the 2005 Waste Management Operating Budget.

BUSINESS UNITS CONSULTED AND AFFECTED:

The Finance Department has reviewed this report.

Peter Loukes, P.Eng. Director of Operations & Asset Management	Jim Sales, Commissioner of Community and Fire Services

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