

E&E Project Evaluation Form

****Please be advised that completed evaluations are made available publicly and are posted on Stewardship Ontario's E&E Fund web site****

Project Name/Number/Priority area: Project #164 – Markets Help Desk

Lead Sponsor/competed by/date: Recyclable Materials Marketing/Region of Peel

Project Duration: Ten months (Jan 2006- Oct 2006)

Total project value: \$25,000

E&E funding amount: \$25,000

Section 1 –To be completed by Project Applicant

1) What were the Project Goals and Objectives (as per the E&E Application and/or Contract)?

The key objectives of project #164 of the Stewardship Ontario Effectiveness and Efficiency Fund were as follows:

1. Review commodities marketing efforts of up to ten municipal programs. Emphasis to be placed upon programs marketing larger amounts of material with lowest basket of good revenues (based on WDO 2004 datacall information).
2. Identify potential limitations, highlighting why revenues from selected municipalities are lower than the majority of other programs in the province.
3. Identify opportunities to increase net revenues for the selected programs.

2) Were the goals and objectives met? (and if not why not?)

1. A total of eight municipal programs were reviewed: Orillia, County of Simcoe, City of Hamilton, Peel Region, Cochrane Temiskaming Waste Mgmt Board, County of Northumberland, Kenora, Thunder Bay. This was consistent with objective #1.
2. Issues resulting in lower material revenues included the following: data reporting and interpretation, contract issues, transportation inefficiencies, high recyclable content in MRF residue, lower system costs (collection and processing) offset by lower net revenue.
3. Opportunities were identified to increase net revenues for selected programs. Some of the opportunities were not implemented due to contractual constraints. Also, time constraints limited follow-up to determine if municipalities were able to implement the recommendations.

Overall, the objectives of the project were met.

3) Summary of Project Accomplishments (i.e. what did the project do/achieve?):

Opportunities were identified for municipalities to increase net revenues from their recycling programs by:

- a) Auditing the residue generated from their recycling facilities to capture recyclable commodities being disposed.
- b) Examining the following areas: Materials Marketed, Load Weights of Commodities being marketed, Transportation Methods to Market materials, Reviewing and/or Enforcing Contract Provisions.
- c) Reviewing Net System Costs that may result in lower net revenues offset by lower collection and processing costs as part of awarded contracts.

4) Summary of Project Limitations (e.g. is there anything that should have been done differently?)

The scope of the project was likely too ambitious. It may have been more advantageous to study a smaller number of programs in greater detail.

Access to accurate data was also a limiting factor that resulted in several delays to the project. On the one hand, we were not able to access information in a timely manner due to time delays and staffing changes at WDO. On the other, in one instance, there was a discrepancy in the information reported by the WDO and the information reported by the municipality. For 2004, the Region of Peel reported 695 tonnes of aluminium cans marketed for a total revenue of \$1,240,353 (\$1,785 per tonne). The report we received from WDO however, indicated that Peel had marketed 825 tonnes of aluminium cans, for a total revenue of \$983,978 (\$1,193 per tonne).

5) What do you consider to have been the key “lessons learned” from this project? Does your project/activity represent a “best practice”?

Key lessons learned:

- a) Every program examined within the scope of this project has an opportunity to increase net revenue from the commodities generated by their programs.
- b) Net system costs need to be taken into consideration in identifying why some municipal programs receive less revenue than other programs.
- c) Recommendations to help increase net revenue were developed and a protocol for auditing residue generated by MRF’s was included. The use of this protocol can assist municipalities to identify recyclable commodities currently being disposed and serve as a tool in future MRF contracts.

6) What specifically are municipal staff doing with the experiences and data from this project? Do you have plans to apply these lessons in your program? Please explain how.

Hamilton, Peel and Northumberland are reviewing the current practices within their recycling facilities to determine if net revenue can be increased by capturing additional recyclable material from their programs that are currently being disposed as residue. Hamilton and Peel are reviewing their current operations to determine if net revenue can be increased from transportation efficiencies and contract management.

A few of the programs will not be making any changes since they have awarded contracts allowing the contractor to retain revenues in exchange for lower collection costs resulting in lower net system costs.

7) Has your municipal council been informed about the project and its results?

All of the municipalities studied were provided an opportunity to comment on the overall project overview and recommendations of the project. Municipalities were also provided with an opportunity to comment on the pertinent section(s) related to their specific program. Efforts were made to include municipal feedback into the final report.

8) Do you think there are opportunities to share/replicate the successful elements of this project with other Ontario programs? If yes, how and where?

Yes – other municipalities can use the residue audit protocol to identify recyclable commodities in their MRF residue. Also, other municipalities can share experiences based on transportation and contract management issues.

9) Did this project result in either reduced costs per tonne of Blue Box waste recycled and/or increased Blue Box tonnes diverted? (Please explain)

The immediate results were difficult to quantify as some of the municipalities were still reviewing the report and working with contractors to implement some of the recommendations.

However, based on the residue audits at Peel, Hamilton and Northumberland, efforts were being undertaken to capture additional recyclable material from the MRF residue. The report identified that up to \$1 million worth of recyclable commodities are disposed as residue from these three programs. The Region of Peel is now conducting monthly MRF residue audits in an effort to identify recyclable materials that the contractor can capture in 2007. The City of Hamilton has initiated changes at their MRF to reduce transportation costs in 2007 based on the recommendations of the report.

Section 2 – To be completed by Stewardship Ontario (and reviewed by applicant)

9) Did this project do what it set out to do? If not, what were the reasons/ barriers?

The goal of this project was to maximize the commodity revenues of those programs reporting low revenues for their materials.

Specifically, ReMM was to work with up to 10 municipal programs to:

- determine if materials are being marketed to the highest level (e.g. can “hardpack” be marketed as OCC)
- determine if freight load weights are being maximized
- determine if revenue is being lost due to the use of third parties
- identify if materials currently being disposed of could potentially be baled for resorting overseas
- determine if high value items are ending up in the residue stream
- determine if plastic containers are being sorted to the highest level for revenue recovery
- determine if proper transportation methods are being used to ship glass

After reviewing the findings, ReMM was to present municipal program managers with a list of recommended actions for increasing net revenues, and was to follow up on any recommendations that were actually implemented to assess and quantify the impact.

Recommendations were made for eight selected municipal programs, but none of these were completely implemented within the project’s timeline (some of the recommendations are in process of being implemented) and it is therefore not possible to measure their respective impact.

10) What are the key learnings from this project? Are there any next steps? What is being done to share the results?

One of the key learnings from this project is the need to look at Blue Box recycling in the context of the overall waste management system, i.e. opportunities to maximize commodity revenues cannot be looked at in isolation from opportunities to lower overall waste management system costs. Three out of the 8 programs examined in this project (Simcoe, Orillia, and Thunder Bay) had opted not to retain any revenue obtained from the sale of their recyclables in return for lowered overall waste management program costs. This is particularly applicable to small and/or geographically isolated municipalities.

In terms of next steps, out of the 8 programs examined:

- 3 (Simcoe, Orillia, and Thunder Bay) award 100% of revenue to the contractor – hence no next step
- 2 (Cochrane or Kenora) did not provide any comments on their interest/the feasibility of implementing recommended actions
- 1 (Northumberland) agreed with the recommendations but is currently pursuing a separate E&E application to address these
- 2 (City of Hamilton and the Region of Peel) have proceeded with the following next steps:
 - Although not a direct product of this project, the Region of Peel has developed a MRF residue audit protocol and is conducting monthly MRF residue audits in an effort to identify recyclable materials that the contractor can capture in 2007. The availability of this protocol will be highlighted in the next issue of In-the-Loop and the pertinence of making it available on the Knowledge Network will be assessed.
 - According to the proponent's answer to question 9, Hamilton has initiated changes at their MRF to reduce transportation costs in 2007.

The report and its findings will be forwarded to AMRC's Market and Operations Committee.

11) Was the project good value for the money (e.g. were there measureable program or system cost reduction benefits, cost effective tonnage increases, etc?)

This was a \$25,000 project which was intended to have an impact on the net cost of the Blue Box recycling system through increasing the revenue obtained by the targeted municipalities for their recyclables.

No immediate benefits relating to system cost reduction can be quantified at the moment. This is mainly due to the fact that those municipalities who are acting upon the project's recommendations are still reviewing the report and working with contractors to implement these.

The report identified that up to \$1 million worth of recyclable commodities are disposed as residue from three programs targeted in this study (Peel, Hamilton, and Northumberland). Whether such revenues can actually be realized needs to be seen.

This project was intended to measure the value of providing such a service to municipalities,. Given that the results did not prove conclusive, Stewardship Ontario does not expect to roll out this service on a larger scale.

12) Does this project represent “best practices”? If yes, explain.

The practice of municipalities keeping 100% of the revenues from the sale of their materials has generally been identified as a best practice for maximizing revenues, and hence lowering system costs. A number of factors however, such as the fact that from a municipal perspective, Blue Box system costs cannot be looked at independently from overall waste management system costs, may conflict with this best practice.

Given the report’s findings that up to \$1 million worth of recyclable commodities are currently disposed as residue, carrying out periodic audits of MRF processors and holding processors accountable to keeping under maximum residue rates could be explored as a possible best practice.