

Smart Contracts; Smart Marketing

*An AMRC workshop held September 28, 2004
in Waterloo, Ontario.*

FINAL REPORT

September 9, 2005



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1. Disclaimer

This Project has been delivered with the assistance of Stewardship Ontario's Effectiveness and Efficiency Fund, a Fund financed by Ontario municipalities and stewards of blue box waste in Ontario. Notwithstanding this support, the views expressed are the views of the author(s), and Waste Diversion Ontario, the Association of Municipalities of Ontario and Stewardship Ontario accept no responsibility for these views.

2. Background

The Smart Contracts; Smart Marketing Workshop was organized and presented by the AMRC's Markets, Operations and Contracts committee on September 28, 2004 at the Region of Waterloo Emergency Services Training Centre.

Each year, in addition to their regular meetings, all four of the AMRC committees undertake one major project, usually a workshop. This event was the committee's 2004 project. It was actually the second time the committee had organized a workshop on contracts. In March of 2001, the committee presented *Waste Management Contracts for a New Century* in Oakville. That workshop was attended by more than 50 people and feed back was very positive. With the increasing attention to reducing costs and increasing efficiencies and the opportunity to promote the workshop to those who do not normally attend such events, courtesy of the Stewardship Ontario Efficiency and Effectiveness Fund, the committee felt a second workshop on contracts was warranted.

3. Oversight

A subcommittee was set up to oversee the project; Rick Clow (Quinte Waste Solutions) chair, Michael Pinnock (York Region), Cam Wright (Essex-Windsor) Mike Ursu (Waterloo Region), Dan Lantz (MacViro). The AMRC provided administrative support.

4. The focus

The main focus of the contracts sessions was how a properly-designed contract could reduce costs and a poorly-designed contract could incur costs. Speakers were to cover how to write contract itself, factors which, from a contractor's point of view, increase costs, a review of contracts in Ontario and "hot button issues".

5. Promotion

The workshop was promoted via the traditional channels (the AMRC newsletter, the website, and email bulletins) as well as via listings with other organizations such as the Recycling Council of Ontario and the Municipal Waste Integration Network. An advertisement was also placed in Solid Waste and Recycling magazine.

In addition to general promotion of the workshop, individual letters were sent to each municipality that answered the newly-established annual 3Rs Financial Data Call. The indication from the data call responses suggested there were many programs whose contracts were coming close to renewal. It also showed that costs per tonne varied widely even among what appeared to be similar programs. It was determined therefore that it was important to “target” those municipalities that may have a particular interest in learning more about contracts – either because of timing or because of high cost. Accordingly, it was agreed that Stewardship Ontario would assist the AMRC in encouraging all program operators to attend and to offer incentives to those who had been “targeted”.

6. Personal invitations

Invitation letters were sent to all 194 municipalities who responded to the Financial Data Call, addressed to whomever was listed as the contact, usually the clerk-treasurer. After consultation with Stewardship Ontario, a selected group of 12 municipalities was offered free registration and assistance with travel costs while a larger group (43 programs) was offered a discounted registration fee of \$75. The regular fee was \$125.

7. The attendees

There were 67 delegates to the *Smarts Contracts; Smart Marketing Workshop*, including 43 municipal officials, representing 29 municipal programs.

- Town of Aurora
- City of Barrie
- City of Brantford
- Municipality of Chatham-Kent
- City of Cornwall
- Durham Region
- Town of Georgina
- City of Guelph
- Haldimand County
- Halton Region
- City of Hamilton
- City of Kawartha Lakes
- City of Kingston
- City of London
- Town of Markham
- Town of Mono
- Norfolk County
- Township of North Glengarry
- Northumberland County
- Ottawa Valley Waste Recovery Centre
- Peel Region
- City of Peterborough
- County of Peterborough
- Quinte Waste Solutions

- Simcoe County
- City of Vaughan
- Waterloo Region
- Wellington County
- York Region

The balance was made up of industry representatives, other organizations and consultants.

8. The program

The workshop was introduced by Rick Clow of Quinte Waste Solutions, who is chair of the AMRC Markets, Operations & Contracts Committee.

The first speaker was Alfred Von Mirbach from REIC Perth. Mr. Von Mirbach has worked with many municipalities over the years on contract design. His presentation—*Protecting Your Interests: Writing a Better Recycling Tender/Contract*—emphasized the importance of taking each aspect of the contracted service and ensuring the contract wording reflects what is actually required, and *does not* include services that are not required. Avoidance of ambiguity, and clarity in contract wording can reduce costs and unexpected expenses. Understanding the contractor's perspective and building a good working relationship with the contractor were also stressed.

The second session brought in the contractor's perspective directly, with two speakers in a session titled *The Things That Drive Your Contract Costs Higher*. Herb Lambacher from HGC Management, which has provided collection and processing services for many programs in Ontario, stressed the importance of the practical side of responding to a contract tender or request for proposals. Programs must consider how long it takes to put together a proper tender response and need to understand the implications of high bid deposits and excessive insurance requirements. Longer contracts generally yield better prices.

Continuing the theme, Rob Cook from the Ontario Waste Management Association said the higher the risk the contractor has to take the higher the costs will be. He also stressed the importance of clarity and predictability in contract wording and fairness in the awarding process.

The third session featured Guy Perry from Stewardship Ontario. Mr. Perry reviewed recent contracts for blue box programs in Ontario. Of the 194 programs reporting under the Financial Data call, 150 reported that their programs are contracted out. The average term for a collection contract was 38 months, with the average processing contract being 43 months. Of the collection contracts reported 80 were to expire in the following 24 months. Of the processing contracts, 33 were to expire within 24 months. Mr. Perry also talked about the Model Contracts project and affirmed Stewardship Ontario's and Waste Diversion Ontario's willingness to assist municipalities on contract issues.

This session was followed by *Addressing the Hot Button Contracts Issues*, a general discussion where delegates were invited to bring up specific issues that concerned them or ideas that were prompted by the presentations.

9. Feedback

The comments received verbally and via the evaluation forms from those attending were very positive. A sample of comments follows.

“Good mix and representation from private and public”

“Presenters were very knowledgeable on their topics.”

“Getting questions ahead (for the Hot Button Topics session) was a good idea.”

“Excellent. Plenty of opportunity for discussion.”

“Very good variety of speakers.”

“I like saving the questions to the Hot Button session.”

“Very informative. Nice to hear from different perspectives.”

“It was great to hear the contractors’ point of view.”

10. Certificates

Each workshop participant was presented with a Certificate of Participation.

11. Follow up

A compact disc with copies of the Powerpoint presentations given at the workshop was sent to all workshop participants and individual presentations were posted on the AMRC website for downloading. The proceedings CD has since been sent to all municipal programs on the Financial Data Call list that did not attend the workshop, for the attention of the person listed as contact.

12. Conclusions

As a way of getting important and valuable information to municipal program operators, the workshop continues to be an effective tool. This workshop was well attended and the feedback positive. Given the importance of sound contract design to program costs, it is recommended these workshops be offered on a regular basis.

Like all events that take them away from their work, workshop delegates attend because they feel their time will be well-spent. The challenge in this case was to encourage attendance by representatives of those programs who it was felt would have the most to gain (i.e. those whose reported costs appeared unusually high) and those whose existing contracts were close to expiry. It was decided to augment the general promotion of the workshop by sending specific invitations all reporting programs and to have those invitations addressed to the person who signed off on the Financial Data Call reports. Financial incentives in the form of free or discounted registration fees were offered to those programs with high costs and soon-to-expire contracts.

While a few program operators took advantage of the free or discounted fees, some regular attendees of AMRC events did not take up the offer and registered at the regular price. Despite the incentives offered and the personal invitations, the attendance from non-AMRC members or those not considered part the active AMRC membership was not high. For future events, it may be more effective to follow up invitations to those not normally attending such events with direct telephone contact. Time constraints did not allow this on this occasion, but when we are dealing with non-traditional audiences the additional time would likely be a good investment.

Smart Contracts; Smart Marketing

Appendices:

Invitation letter to potential delegates

Attendance list

Workshop program

Appendix 1: Invitation letter to potential delegates



Suite 100, 127 Wyndham St. N.,
Guelph, ON N1H 4E9
Tel: (519) 823-1990 fax: (519) 823-0084
Email: amrc@golden.net Website; amrc.guelph.org

Sharing 3Rs experience and expertise since 1987

September 3, 2004

THIS LETTER WAS SENT TO ALL NON-MEMBERS WHO QUALIFIED, OFFERING A FREE WORKSHOP, MONEY FOR EXPENSES AND AMRC MEMBERSHIP TILL THE END OF THE YEAR

(Name and address added here)

Re: AMRC Contracts and Marketing Workshop

Dear,

On September 28, the Association of Municipal Recycling Coordinators (AMRC) is organizing a very important workshop on contracts and marketing and your municipality is being offered the opportunity to attend, AT NO REGISTRATION COST.

To be held, on Tuesday, September 28, 2004 in Waterloo, the workshop will begin at 8:30 a.m., and end by 4:30 p.m. The preliminary program is enclosed. Through its Effectiveness and Efficiency Fund, Stewardship Ontario is sponsoring the attendance of several recycling program operators whose contracts are scheduled for renewal. We hope you will take full advantage of this opportunity to send one or more representatives to the workshop. Please fax in the registration form on the back page of the program. You may also qualify for up to \$100 to cover travel expenses. Please submit the appropriate receipts to the address above within 10 days of attending the workshop.

The contracts aspect of the workshop will focus on clarifying the wording of recycling collection, processing and marketing contracts while covering the essentials, in order to secure the lowest possible conforming bids from contractors. The afternoon sessions are designed to support those who do not market their own materials to consider doing so, with information on short versus long-term supply agreements and the pros and cons of dealing with brokers versus end markets. The program will have broad appeal to all waste collection, processing and marketing sectors. The day will conclude with a panel responding to audience questions.

The AMRC is an incorporated not for profit organization formed in 1987 by municipal waste management professionals to facilitate the sharing of municipal waste reduction, reuse, HHW, composting and recycling information and expertise among municipalities. Representing more than 90% of municipalities with blue box recycling programs in the province, the AMRC has organized dozens of workshops in the past 17 years, and we sincerely hope you are able to attend. Those attending the workshop who are not currently members will be given a complimentary AMRC Municipal membership until the end of this calendar year.

The AMRC's Markets, Operations and Contracts Committee is very excited to be spearheading this endeavour, and we look forward to your active workshop participation.

Sincerely,

A handwritten signature in black ink that reads "Rick Clow". The signature is written in a cursive style and is positioned above the printed name and title.

Rick Clow,
Chair, AMRC Markets, Operations & Contracts Committee

Waste
Diversion
Ontario

Stewardship
ONTARIO

Appendix 2: Attendance list

AMRC SMART CONTRACTS; SMART MARKETING WORKSHOP, REGION OF WATERLOO

Affiliation	Name	Affiliation	Name
Aurora, Town	Janet Bridges	Northumberland County	Karl Allen
Barrie, City	Ruth Yole*	Ottawa Valley Waste Recovery Centre	Joe Hall
	Alec Scott*		
Brantford, City	Betty Ramsay	Ontario Waste Management Association	Rob Cook
Busch Systems	Serena Brooks	Peel, Region	Rob Rennie
	Jen Corswandt	Peterborough, City	Virginia Swinson
Canada Fibers	Jake Westerhof	Peterborough, County	Sherry Arcaro
Canadian Plastics Recycling	Dave Smith	Poscor	Sean Merritt
Cascades Inc.	Fatima Camara	Quinte Waste Solutions	Rick Clow
	Gareth Jones	Recycle America	Miro Seperic
Chatham-Kent, Municipality	Rick Kucera**	REIC	Alfred Von Mirbach
Cornwall, City	Neil Dixon**	REMM	Atul Nanda
Durham, Region	Tracey Hardy		Cathy Farrell
Georgina, Town	Glenn Phenix		Mike McCubbin
Guelph, City	Phil Zigby	Simcoe, County	Willma Bureau
	Trevor Barton		Tiina Nautras
Haldimand, County	Betty Mathews-Malone	Simcoe County District School Board	Virginia Olsen
	Nicole Mundy	Stewardship Ontario	Guy Perry
Halton, Region	Ben Morris	Tetra Pak Canada Inc.	John Lackie
	Nicole Cosgrove	Unical	Andre Racine
Hamilton, City	Navin Sharma	Vaughan, City	Caroline Kirkpatrick
	Adrienne Press		Russ Nicholson
	Anne Winning	Waste Diversion Ontario	John Fox
HGC Management	Herb Lambacher	Waterloo, Region	Richard Akerlund
Kawartha Lakes, City	Cassie Scobie**		Mike Ursu
Kingston, City	John Giles**	Waxman Waste Management	Gary Waxman
	John Rhodes	Wellington, County	Tracey Mather
London, City	Anne Boyd		Sharon
MacViro	Dan Lantz		McCorquedale
	Bronwen Smith		Doug Conrad
Markham, City	Claudia Marsales	York, Region	Mike Birett
Miller Waste	Julie McArthur		Kelly Spitzig
Mono, Town	Linda Robinson		Michael Pinnock
Norfolk, County	Jennifer Wilson		
North Glengarry/R.A.R.E.	Rene Jeurond		

* Discounted registration fee

** Free registration

Appendix 3: Workshop program



**AMRC MARKETS, OPERATIONS &
CONTRACTS COMMITTEE PRESENTS**



Smart Contracts; Smart Marketing

Tuesday, September 28, 2004

Region of Waterloo Training Facility,
Waterloo

Protecting Your Interests—Writing a Better Recycling Tender/Contract
The Things That Drive Your Contract Costs Higher
Review of recent contracts
Addressing the Hot Button Contracts Issues
Wider or Deeper? That is the Question
Overcoming the Fear Factor: Marketing Your Own Materials
Material Issues
Selling to Brokers Versus End Markets
Spot Marketing Versus Long-term Supply Contracts
Addressing the Hot Button Marketing Issues

\$125 for AMRC members

\$175 for future AMRC members



PRELIMINARY PROGRAM





Smart Contracts; Smart Marketing
Presented by the AMRC Markets, Operations & Contracts Committee

Hosted by the Region of Waterloo

Tuesday, September 28, 2004

Region of Waterloo Training Facility,

Morning agenda

8:00 – 8:30

Registration, coffee and trade show

8:30 – 8:40

Welcome

Representative, Region of Waterloo

8:40 - 8:50

Introduction

Cam Wright, chair, AMRC

8:50 - 9:45

Protecting Your Interests—Writing a Better Recycling Tender/Contract

Alfred Von Mirbach, REIC

9:45 - 10:15

Refreshment break and trade show

10:15 - 10:45

The Things That Drive Your Contract Costs Higher

Herb Lambacher, HGC Management

Rob Cook, Ontario Waste Management Association

10:45 - 11:15

Review of contracts in Ontario

Guy Perry, Stewardship Ontario

11:15 - 12:00

Addressing the Hot Button Contracts Issues (see back page*)

Let's hear from you—facilitated by Ben Bennett

12:00 - 1 p.m.

Lunch/trade show



Smart Contracts; Smart Marketing

Presented by the AMRC Markets, Operations & Contracts Committee

Hosted by the Region of Waterloo

Tuesday, September 28, 2004

Region of Waterloo Training Facility,

Afternoon agenda

1:00 - 1:30

Wider or Deeper? That is the Question

Dan Lantz, MacViro Consultants

1:30 - 2:30

Overcoming the Fear Factor: Marketing your own Materials

A brief history of the market place

Mike Ursu, Region of Waterloo

Spot marketing versus long-term contracts

Trevor Barton, City of Guelph

You are not alone: co-marketing/municipal associations

Vince Cascone, Bruce Area Solid Waste Recycling

Split loads

Rick Clow, Quinte Waste Solutions

2:30 - 3:00

Material Issues:

Review of prices over the past 10 years

Michael Pinnock, Region of York

Put your time where your dollars are

Atul Nanda, Recyclable Materials Management

3:00 - 3:15

Refreshment break and trade show

3:15 - 3:45

Selling to Brokers Versus End Markets; Spot Marketing Versus Long-term Supply Contracts

Jake Westerhof, Canada Fibers;

Dave Smith, Canadian Plastics Recycling

3:45 - 4:15

Addressing the Hot Button Marketing Issues (see back page*)

Let's hear from you—facilitated by *Ben Bennett*

4:15

Close

Smart Contracts; Smart Marketing

Region of Waterloo Training Facility,
Waterloo, ON

TUESDAY, September 28, 2004

REGISTRATION FORM

Please fax registration to the Association of Municipal Recycling Coordinators, at **519 823-0084**
Or mail cheque to: AMRC, 127 Wyndham St., North, Suite 100, Guelph, ON, N1H 4E9

Name(s): _____

Affiliation: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Special dietary needs (Roast beef is scheduled) _____

Registration fee: \$125.00 (AMRC members) \$175.00 (future members)

PLEASE SEND CHEQUE FOR FULL AMOUNT OR USE YOUR VISA/MAASTERCARD

Visa Master Card _____
Cardholder's name as it appears on card Expiry date

_____ Credit card number

_____ Cardholder's signature

DO YOU HAVE A HOT BUTTON CONTRACTS OR MARKETING ISSUE?
(for the Hot Button Issue sessions)

PLEASE FAX TO THE AMRC AT (519) 823-0084

Cancellation policy: Notice must be given in writing before September 21, 2004 for refund of fees, less \$25.00 administration fee. No refunds after September 21, 2004.

A map will be sent to all registrants.