Pre-Feasibility Study of Co-operative Marketing Programs for Blue Box Materials in Ontario

E&E Fund Project # 86

Prepared by the Association of Municipal Recycling Coordinators

April 2006

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Members of the Co-operative Marketing Project Committee are:
Joe Hall, Ottawa Valley Waste Resource Centre;
Rick Clow, Quinte Waste Solutions;
Cam Wright, Essex-Windsor Solid Waste Authority;
Al Tomek, City of North Bay,
and Leanne Crozier, Township of Armour.

1.0 Executive summary

In the 1990s, various municipalities in Ontario informally joined efforts to co sell their materials. This arrangement was ultimately formalized under the guidance of the AMRC Markets & Operations Committee and operated for about three years as the Association of Municipal Recycling Coordinators' (AMRC) Co-Sell Initiative.

The *Pre-Feasibility Study of Co-operative Marketing Programs for Blue Box Materials in Ontario* was designed to determine if a return to such cooperative approach to marketing recyclables presented an opportunity for decreasing shipping costs and increasing material revenues, particularly for smaller municipalities. In particular, the goal of this study was to research the AMRC Co-Sell experience and determine what worked and what didn't, and whether more feasibility work on co-operative marketing in Ontario is warranted now that programs have matured.

Given the passage of time, some of those who played key roles in the AMRC Co-Sell have moved on to other positions or have left the industry entirely. There are still however several former participants working in waste management, including the staff member who co-ordinated most of the work around the Co-Sell for the AMRC and is the author of this report.

After reviewing the AMRC files, a municipal participants' survey and a buyers' survey were developed and distributed. Research into other co-operatives was also undertaken and correspondence and interviews with the Northeast Resource Recovery Association of New Hampshire and the Recycling Marketing Cooperative for Tennessee provided another perspective. Feedback from the municipal and buyers' surveys, along with follow-up contacts and correspondence, and communications and insights from the municipal project partners form the basis for the analysis.

A number of factors lead to the conclusion that further study of the feasibility of co-operative marketing is not warranted unless it can be determined a sufficient supply of materials of consistent quality can be secured.

In 2006, municipalities are more experienced and have access to more expertise than they did when programs were less mature. More programs have chosen to make long-term supply agreements and this has reduced the amount of material available for "spot marketing". Notwithstanding that it is always influenced by market conditions affecting virgin materials, such as the price of oil, the market place for recyclable materials has for the most part settled down as it too has matured. While the prices may fluctuate, like any market, there are fewer price differentials from region to region and from program to program. The advantages to be gained from split loads have been largely offset by the increase in fuel costs.

Lastly, unlike ten years ago, there appears to be little enthusiasm for the idea at the municipal operations level and there continues to be opposition from those who purchase recyclable materials. It is acknowledged however, that a different organizational structure combined with renewed commitment to quality and supply from co-sellers may result in new interest for the co-operative marketing concept at both the seller's and buyer's level. There may also be merit in encouraging smaller programs who require assistance to work together or to "team up" with larger programs where feasible. This could likely be achieved under the rubric of the mentoring relationships anticipated by the "A Team" approach funded in other E&E Fund projects.

2.0 The work plan

Originally conceived as a much more ambitious initiative including a "trial run", this project was revised a number of times and ultimately pared down to a "pre-feasibility study" in three parts.

1. Review past co-operative marketing experience and determine key learnings
2. Survey participants
3. Review results and determine feasibility of a new co-operative marketing strategy

Based on the initial research, a survey was developed for both sellers and buyers of Co-Sell materials. All those who had participated in the AMRC Co-Sell that could be reached were circulated with a survey (see Section 4 below) as were those buyers with whom contact could be made. Those receiving the survey were municipal staff from the Region of Waterloo, the former Region of Haldimand-Norfolk, the Essex-Windsor Solid Waste Authority, the Town of Markham, the City of Guelph, the Bluewater Recycling Association, Bruce Area Solid Waste Recycling and Quinte Waste Solutions (formerly the Centre & South Hastings Waste Management Board). Buyers' surveys were sent to Canada Fibers, Canadian Plastics Recycling, Recyclable Materials Marketing, Atlantic packaging and Haycore Canada Inc. An initial report on the history of the Co-Sell was drafted based on the research and the responses and this was circulated to Co-Sell participants and buyers for further comment. Copies were also sent to selected small programs in Ontario, including the Township of Armour, the Township of North Glengarry and the City of North Bay and comments sought on their views of reactivating the co-operative marketing concept. Contact was also made with two co-operatives in the United States (the Northeast Resource Recovery Association of New Hampshire and the Recycling Marketing Cooperative for Tennessee) that still appear to be active and they were asked about their operations.

3. Past co-operative marketing research and experience

3.1 Preliminary evaluation report

In March, 1993 a preliminary evaluation of co-operative marketing of materials from municipal programs was undertaken by the AMRC and resulted in four recommendations:

1. Develop guidelines for co-op marketing, particularly material quality
2. Determine feasibility of backhauling
3. Explore different scenarios for co-op marketing
4. Explore marketing support activities

The report provides the following reasons to explore the co-operative marketing concept:

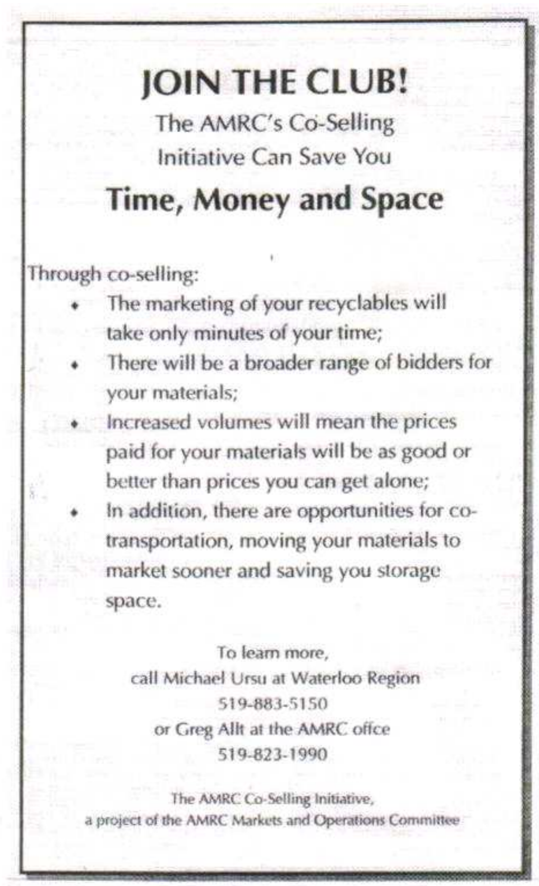
- The local area, because of its remote location perhaps, is under-serviced by the existing broker/buyer infrastructure and has an inability to attract large brokers or end-users on an individual basis.
- Individual contracts with buyers offer less financial return for material than one large contract. For example, economies of scale may be achieved in transportation using back-hauls and route trucks.
- Individual efforts duplicate services (e.g. processing, transportation and marketing).
- Small volumes of material require either storage or higher transportation charges for mixed truck loads of material.
- The buyer/broker infrastructure becomes monopolistic; one end-user controls pricing.
- The members have control over the flow of their material. Public control through a non-profit board ensures the public's resources remain in the hands of the public.
- Public interest (receiving the best price and service) does not conflict with private interest (receiving the most profit).

- Producers of small volumes of material often cannot secure a contract. Municipal officials prefer secure, long term contracts for their material.
- It is generally perceived that a larger, more powerful organization would have greater influence when competing for markets.

It was noted at the time that as provincial funding ended there would be even greater need for strong markets. Ministry of the Environment funding was on a sliding scale from 50-10 per cent, and was coming to an end.
"Rather than competing with one another," notes the report, "Ontario municipalities should work together to secure markets for their post-consumer recyclables."

3.2 Co-op marketing workshop

On March 7, 1994, the AMRC held a Co-operative Marketing Workshop. The meeting looked at the advantages and disadvantages of co-operative marketing, and the results from an informal needs assessment of AMRC members. Contract issues, the addition of new materials and the implications of revenue sharing were also discussed. All attendees indicated an interest in further workshops. Soon afterwards, a municipal MRF Materials Co-Sell Initiative began on an informal basis.



3.3 Informal co-selling

In the spring and summer of 1994 the Region of Waterloo, Bluewater Recycling Association and the City of Toronto began co-selling aluminum and reported that they received prices $20 to $100/tonne higher than other municipal programs. Waterloo and Toronto also co-operated on "back hauls" for glass.

3.4 First Co-Sell report

The first *Co-Sell* report appeared in the AMRC newsletter *For R Information* in the fall of 1995. It showed Co-sell prices versus what individual programs reported.

"The Municipal MRF Materials Co-Sell Initiative is going very smoothly and is gaining ground and acceptance in the market place," it reported.

Materials marketed were aluminum cans, steel cans, PET, HDPE and old boxboard, and there were plans to co-sell film and old corrugated containers (OCC — commonly known as *cardboard*). At this point, aluminum was being co-sold every two weeks. PET and steel were marketed every month or two months depending on the market conditions, as were HDPE and OBB.
The survey showed the Co-Sell receiving $970/MT for PET while other Ontario prices ranged from $600 to $970.

3.5 Formalization of the Co-Sell

In August of 1997 the Co-Sell was formalized, with Co-Sell Membership category for sellers and a Markets Membership category for buyers. This provided the opportunity to address issues faced by both sellers and buyers of recyclable materials, rather than deal with them program by program. At this point there were 13 municipal programs participating, with varying levels of activity. The "typical" municipal co-seller was a medium-sized city but three recycling associations and three regions also took part.

The Co-Sell Membership was set at $250 per year; the Markets Membership fee was set at $575 per year, and included bidding privileges on all recyclables in one of the three materials groupings: fibres, metals, and plastics. Effective September 15, 1997, only AMRC Markets Members were invited to bid on AMRC Co-Sell loads.

Association of Municipal Recycling Coordinators,
25 Douglas Street, Guelph ON N1H 2S7
tel: 519 823-1990 fax: 519 823-0084
Markets and Operations:

MRF Material Co-Sell Initiative (Ontario)

AMRC Co-Sell Update - prices/bidders (July 11/97)

Material	Period/# loads in contract period	latest price/ winning bidder	previous price/ period	previous price/ period	contract ends	comments
Aluminum	July 1-16/97 3 loads	81 cents/lb Philip Services	80.53cents/lb June 16-30	80.3cents/lb June 1-15	July 16/97	
Steel	Jul y 1 - Dec 31/ 97 90 loads	$92.50-112.50/MT (July) IW&S	$92.57/MT May 1-31	$90/MT April 1-30	Dec 31/97	price varies on location, monthly prices
OCC	Apr 1-Dec 31/97 25 loads/mo.	$90/MT (June) Paperboard	$80/MT May 1-31	$85/MT Apr 1-30	Dec 31/97	monthly prices
OCC/OBB	Apr 1 - Dec 31/97	$45/MT (June) Paperboard	$40/MT May 1-31	$53.40/MT April 1-30	Dec 31/97	monthly prices
OBB	Apr 1 - Dec 31/97	$35/MT (June) Paperboard	$35/MT May 1-31	$25/MT April 1-30	Dec 31/97	monthly prices
PET	July1- Sept 30/97 23 loads	8.55 cents/lb Plastrec	2.25 cents/lb Jan 1-June 30	6.5 cents/lb July-Sept 1996	Sept 30/97	option to renew for 3 more mos.
HDPE	July 1-Sept 30/97 16 loads	25.3 cents'lb Desbro	19.8 cents/lb April 1-30	18.8 cents/lb Jan-Mar /97	Sept 30/97	option to renew for 3 more mos.

BRIEFLY

Attention fibre shippers!!!!!!!!! Paperboard Industries want ALL BALES TAGGED with name of supplier and fibre grade or they will deduct $10 per bale or reject the load. This is being done so they can meet ISO 9002 rules.
Please note Claudia Marsales is at the regional office, not the Haldimand-Norfolk MRF (tel 519-587-4911, fax 587-5554). Ottawa-Carleton's recycling staff direct fax # is 613-560-1274. Joe Hall is contact. Mary Little (Northumberland) is at the MRF - tel # is 905-349-3900, fax # is 905-349-3991. Susan Sauve's direct (Peterborugh) fax # is 705-876-4621. Tel (705-

(It should be noted that no ONP was co-sold. Some municipalities already had long-term contracts or relationships, they did not want to share their contacts or they preferred spot marketing their news.)

The Co-Sell was overseen by a sub-committee of the AMRC Markets & Operations Committee, with an AMRC staff member playing the role of overall co-ordinator and municipal material co-ordinators for metals, plastics and fibre.
At this point it was estimated that more than 2,000 tonnes of plastics, more than 3,400 tonnes of steel cans, more than 2,500 tonnes of aluminum cans and more than 3,400 tonnes of old corrugated containers (OCC) per year were being sold through the Co-Sell Initiative.
(For a copy of the Co-Sell first-year report, please refer to Appendix 1)

3.6 Co-Sell Updates

AMRC Co-Sell Updates were sent regularly to all Co-Sell members. They showed the number of loads shipped, the buyer, the winning price, the previous price and the date of the contract expiry. The Update included news, rumours and information on delinquent payers. Whatever the participating members had submitted was passed on to the members.

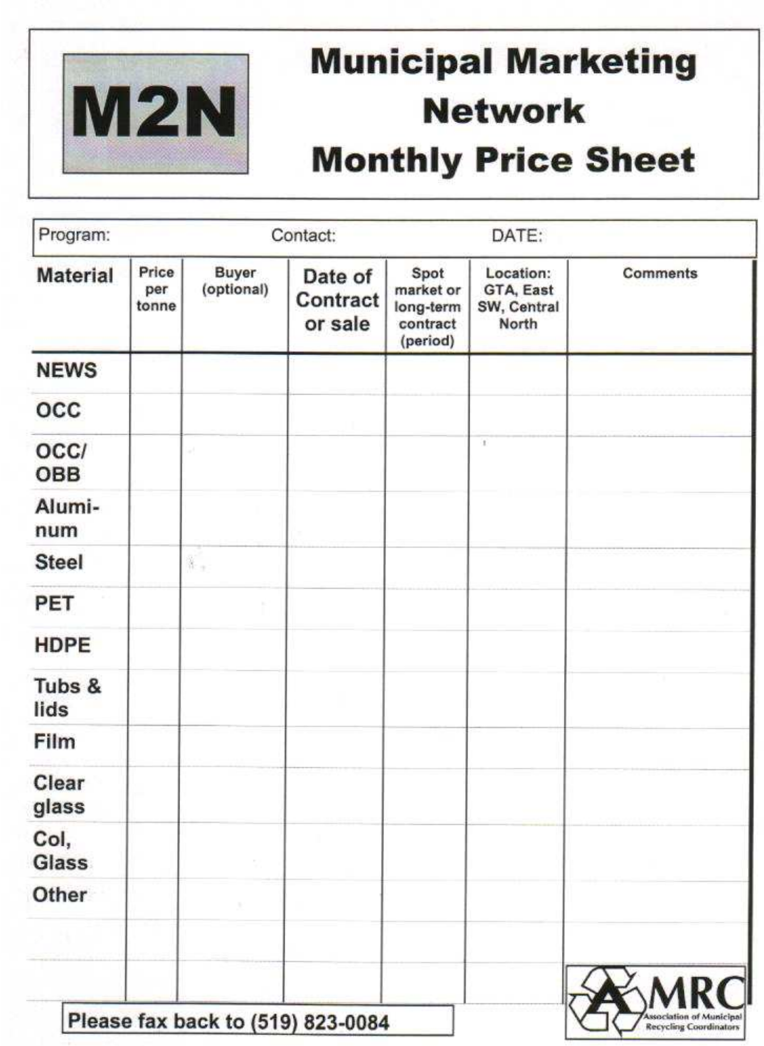
3.7 Changes to Co-Sell bidding requirements

There had always been complaints from the buyers that they had to pay to bid on Co-Sell material and some refused to participate as a result. In response to this, the following fall the requirements were changed so that buyers of recyclables through the AMRC Co-Sell only needed to be on a Bidders' List. This gave them bidding rights on all materials, for the year. It cost $125 to be on the bidders' list.
It is important to note that this was a time of reduced government funding and part of the driving force behind the Co-Sell was to provide sustainable income to the AMRC. All support from the Province

had been discontinued as many environment programs were cut or phased out by the new government.

3.8 Transition to the Municipal Marketing Network (M2N)

By the beginning of 2000, the Co-Sell members felt the Co-Sell initiative had been developed to the point where the advantages of co-op marketing had been pretty well exhausted (other than aluminum, which Essex-Windsor continued to look after, there were no materials being marketed co-operatively).


M2N

Municipal Marketing Network Monthly Price Sheet

Program: Contact: DATE:

Material	Price per tonne	Buyer (optional)	Date of Contract or sale	Spot market or long-term contract (period)	Location: GTA, East SW, Central North	Comments
NEWS						
OCC						
OCC/ OBB						
Alumi-num						
Steel						
PET						
HDPE						
Tubs & lids						
Film						
Clear glass						
Col, Glass						
Other						

Please fax back to (519) 823-0084

In a January 2000 teleconference it was decided that the Co-Sell would be replaced by the AMRC Marketing Information Cooperative (*later renamed Municipal Marketing Network – M2N*). The idea was to capitalize on the continuing need to share information.

Members of the MIC(M2N) were to have access to closed web pages and would pay an annual fee of $250, effective April 1, 2000. Membership was open to any AMRC member, and access to the pages was to be by a separate member-exclusive password. The site was to feature up-to-date market information, provided by the members, and information on specific market issues, experiences and rumours etc. It ran for two years.

3.9 Issues with participation

As the M2N site contained information provided primarily by its members, the extent of information available depended on their input. It was always a challenge to get members to send in their information, and very little “news and rumours” were submitted.
Part of the M2N outreach activities included the sending out of a monthly sheet to all members. These forms were to be completed with marketing information and sent in to the AMRC for sharing. Chasers were sent out frequently. Other than a few stalwarts, however, response was sporadic. Some never sent anything in. Members were repeatedly reminded that this service was only as good as what they put in. CSR was at the time offering a similar service for prices. In June 2002 it was decided to discontinue the M2N program.

4. Survey of Co-Sell participants

4.1 Co-sell participant survey recipients

To determine their experiences about their Co-Sell participation, surveys were sent to all active municipal Co-Sell participants who are still working in the recycling field: Bluewater Recycling Association, Bruce Area Solid Waste Recycling, Essex-Windsor Solid Waste Authority, City of Guelph, the former Region of Haldimand-Norfolk, Quinte Waste Solutions and the Region of Waterloo.

A copy of this survey can be found in Appendix 3.

Another survey was sent to buyers of Co-Sell materials at the time who are still working in the recycling field: Canada Fibers, Canadian Plastics Recycling, Recyclable Materials Management, Atlantic Packaging and Haycore.

A copy of this survey can be found in Appendix 4.

4.2 Overview of comments from municipal survey

The municipal participants in the Co-Sell were asked why they joined, what they co-sold, how much they sold through the Co-sell, whether or not it actually saved them time, whether or not they got higher prices, if they would consider co-selling again and if not, whether they felt the concept still makes sense for others.

The respondents indicated they joined the Co-Sell to get better prices and to save time but they also wanted to help other municipalities with less expertise and experience, and to support the AMRC as an organization with their Co-Sell membership fees.

The amount that they sold through the Co-sell ranged from all loads to occasional shipments. On the question of time, the nature of the Co-Sell set-up meant that the volunteer marketers put in more time and this saved time for the less active Co-Sell members.

Most of the time the Co-Sell's prices were higher or as high as offered elsewhere in the market place but some admitted they used the Co-Sell price to "bump up" what they were offered by buyers. One program pointed out that some buyers actively worked against the Co-sell and sometimes offered better prices to non-Co-sell shipments. There is no question that the lack of solidarity within the Co-Sell hurt its position in the market place.

As for whether they would co-sell again, there was a mixed response from the municipalities. Most felt there is no need for the Co-sell now, with market price divergence having been leveled for the most part. The decrease in participation as the program matured is evidence of this.
All agreed the concept still may make sense for smaller programs looking to co-ordinate loads and get more clout in the market place, but the high cost of fuel may outweigh that advantage. Small program operators that do market their own materials advise they have not sent any split loads for several years and they could use the existing AMRC network and other resources to contact others if they were seeking to revisit the split load concept.

4.3 Overview of comments from buyers' survey

Buyers of co-Sell materials were asked if they were satisfied with the quality of each supplier's material, if they felt the fees were fair, whether or not the bidding process suited them, whether they preferred long-term or short-term contracts and if they would participate again as a buyer of Co-sell materials if a co-operative marketing initiative were re-activated.

Another buyer of secondary materials from the Co-Sell in the late 1990s did not like the co-sell set-up, and was only participating because of the large quantities that were offered. He felt the sellers manipulated the quantities they said they shipped based on market conditions rather than on availability. Consistent quality was also an issue, as different programs had different sorting techniques and the quality of the materials varied. Some programs, for example, used eddy currents to sort aluminum; some didn't. It would be fair to say that most buyers were opposed to the Co-sell.

5. Other co-operatives

The previously referred to 1993 AMRC report noted that several co-operatives existed in Ontario and outside the province, most of them with a much wider mandate that just marketing recyclables. Cooperatives in the United States at that time were frequently organized at the state-level, with a state-affiliated agency responsible for marketing post-consumer materials received from their counties. Additionally, states themselves had banded together to increase volumes. In one instance, North Dakota and four other states had joined Manitoba and Saskatchewan to form the Mid Continent Recycling Coalition but its telephone number is no longer in service.

Marketing Cooperatives outside of Ontario that are still in operation include the Northeast Resource Recovery Association (NRRA) of New Hampshire and the Recycling Marketing Cooperative for Tennessee (RCMT). Like some of the Ontario–based recycling organizations like Bluewater Recycling and Bruce Area Solid Waste Recycling, both NRRA and RCMT provide a number of services to smaller communities – education and program design, for example - and marketing recyclables is just one of the those services.

6. Analysis and conclusions

When the municipalities in Ontario first started looking into the possibilities of co-selling materials the municipal recycling industry was still relatively new and the market place for secondary materials a lot different from 2006. Surveys had shown a wide divergence in the prices paid to municipal programs for the same materials. As the new players on the scene, and with staff who were inexperienced in the ways of the market, some programs were not receiving fair prices for their materials, while others were unskilled at finding markets. This only really became evident when municipal staff began comparing notes at meetings with other recycling co-ordinators. To offset this imbalance in the market place, several municipalities began exploring the idea of co-selling material in large lots to the highest bidder, rather than accepting the first price offered.

This was only possible for those programs who were run by municipal staff or whose contracts with private operators did not include the marketing of material once it was collected and processed. Fortunately for the co-selling potential, there were several large programs that did their own marketing and had not chosen the stability offered by long-term supply agreements—something many have chosen to do in recent years. These included the City of Toronto, Essex-Windsor, and the Region of Waterloo. As long as large volumes were committed to the Co-Sell, the theory was that prices offered would be competitive. And this proved to be the case. Programs as large as Toronto, which was an early participant, represent 25% or more of the Ontario market place for blue box materials and they could have a strong impact on prices paid. If the City's recyclables were part of the Co-Sell offering, the potential purchasers could be expected to keep their prices higher than if they were not.

As markets became more volatile in the late 1990s, and municipal dollars were squeezed by provincial downloading, more programs began to seek the comfort of a guaranteed price over a longer period and the opportunity to build a relationship with a buyer.

The entrepreneurial spirit that had driven the Co-Sell in the mid-1990s was dampened by the combination of falling prices for secondary materials, uncertainty in the market place and the continuing failure to secure stewardship funding support to replace the provincial subsidies of the early 1990s.

As a result, there was less material available on the "spot market" and the advantages of being part of a joint selling effort diminished. This was particularly so for the larger programs, many of whom had originally participated more to support the smaller programs than to get better prices for their own materials. The trend towards supply agreements was also seen with the Co-Sell itself as periods offered for bidding increased from what had been every two weeks in some cases, to three-month periods and even to six and nine months at a time.

The nature of the co-operative marketing concept means any such initiative requires commitment to the venture from its members. While some, mostly smaller programs, shipped all their materials via the Co-Sell, there were from the very early days those municipalities who were only occasional supporters of the Co-Sell, and in some cases, those who "reneged" on commitments if higher prices were offered by buyers directly. Others adopted a 50/50 approach, committing half their loads to the Co-Sell and making arrangements with buyers for the other half. Given the financial pressures some programs were under this was understandable but it did weaken the Co-Sell's "clout" in the market place.

One of the benefits that had been anticipated with the co-operative marketing concept was the opportunity to market split loads of recyclables from different programs, with the hauler doing a "milk run". In 2006, there are very few small programs who do their own marketing and rising fuel costs have mostly offset any benefit from such arrangements.

The feedback from those involved in the AMRC Co-Sell in the second half of the 1990s suggests for the most part that there would be little support for any attempt to reactivate some kind of cooperative marketing initiative. There is a great deal more knowledge and experience at the municipal level in 2006 than there was in the mid-1990s and fewer likely participants among the larger programs whose volumes would be required to gain any additional market "clout" that may come from larger offerings.

Another factor that pertains in 2006 is the increasing trend toward building long-term relationships with mills and buyers. Many programs have entered into supply agreements with buyers that extend for long periods. While this provides price stability for those programs and some assurance that loads will be able to move even if the market demand softens, there is less tonnage available on the spot market. With major sellers locked into contractual agreements with mills and brokers, and other big players including marketing of recyclables as part of their processing contracts, there may not be enough material supply left in the market place to affect the price, even if it were sold co-operatively.

The buyers of recyclables have never liked the idea of having to bid on loads of recyclables from different sources with different quality levels and load characteristics. The buyers' lack of enthusiasm may be seen as a sign that they are being forced to be competitive in their pricing, which would be a good thing from the municipal perspective. Unless the quality issues are addressed, however, whatever volumes can be assembled for co-selling may not be enough of an incentive. With the trend toward single-stream recycling, material quality is becoming more of an issue and anything that increases the buyer's risk will have an effect on the price offered. Based on their experience several years ago, and with increasing concern about contamination, buyers would likely need to be reassured of consistent quality levels before there were any ongoing price advantage offered to co-operative marketers.

A new organizational structure and a renewed commitment toward supply and quality from the co-sellers could potentially result in new enthusiasm for the co-operative marketing concept at both the seller's and buyer's level. Exactly how much supply may be available for co-selling, once already-committed material was factored in would need to be determined. It might be that co-operative marketing aimed at longer-term relationships with buyers, rather than spot marketing, would be found more acceptable. This was, after all, the direction in which the Co-Sell was headed (for some materials) before it was discontinued.

It should be noted that the opportunity for information sharing about markets, shipping and specific material issues is still highly valued by municipalities. Indeed, each AMRC Markets, Operations and Contracts Committee meeting includes updates on these topics and agenda time is allotted for this at general meetings of the organization. In addition, the committee provides market information via the committee's webpage.

With the establishment of Waste Diversion Ontario and the commitment on all sides to increased efficiencies, there may be a role for some co-ordination of marketing under one of the Waste Diversion Ontario (WDO) committees. Those programs which are not receiving good prices for their material compared to others will no doubt be scrutinized more closely now that cost bands have been introduced. If it is determined that these programs would benefit from some assistance to increase revenues and reduce net costs this may be more effective at the one-on-one level using the "mentoring" program offered by the Municipal Industry Programs Committee (MIPC) of WDO. MIPC has recently hired a recycling program adviser tasked with identifying opportunities to increase the cost-effectiveness of Ontario's residential blue box recycling programs and to help identify best practices on a one-on-one basis.

Appendices

Appendix 1 AMRC Co-Sell: first year report - 1998 and co-selling data from 1996-1998
Appendix 2 AMRC co-operative marketing initiatives - a brief history
Appendix 3 Seller survey
Appendix 4 Buyer survey

APPENDIX 1

The AMRC Co-Sell - review of the first year's operation.

The AMRC Co-Sell has been operating under the new structure for one year, as of the end of June, 1998. We agreed at the time to review the situation after one year.

Current status

Eligible Co-Sell participants:

Armour Township
Bluewater
Bruce Area
C&SH
Cochrane-Temiskaming.
EWSWA
Guelph
Haldimand-Norfolk
KARC
North Simcoe
Peterborough
RMOC
Sarnia
Waterloo Region
Woodstock

Basic members (info loop):

Niagara Recycling
Peel
RARE
Toronto
York Region

Markets Members:

Canada Fibers
Connecticut Metals
Desbro
Canadian Plastics
Harmon
ITW Alliance
Philip
Plastrec
Puretech
Royal Recycling

Performance of the Co-Sell

Plastics: Good. Six eligible bidders. Good prices, no quality problems.
NOTE: We don't have Petco, Polychem, Entropex, RPM, Resource, Politech, Polychem, Haycore.
Current contract ends June 30/98.

Aluminum: Fair. Three eligible bidders. Prices appear comparable even without Alcan but because of markdowns it is difficult to know for sure. There have been quality problems but how much of this is real or politics is uncertain. (Toronto recently had three loads rejected by Connecticut - for plastic contamination.) Only one bidder on last Co-Sell. NOTE: We don't have Alcan.
Contracts are every two weeks.

Steel : Fair, given the circumstances. Four eligible metals bidders but only really one serious steel bidder, hence unsatisfactory market conditions. Can we go out-of-province? Current contract ends December 31/98.

OCC/OBB: Fair. Two eligible fibre bidders, but only one serious bidder.
NOTE: We don't have Paperboard, Paper Fibres. ReMM, Continental.
Contract ends December 31/98.

Other materials: Should we look at ONP, tubs and lids, film, polycoat (if only to coordinate)?

Long-term arrangements/purchase agreements: Should we look at Mike Ursu's concept of supply agreements with three or four buyers and ship to whoever is hungry at the time? If not all materials, is this an option for some, like steel, aluminum and OCC/OBB?

Level of work for material coordinators: Are they okay with it or do they want to pass the fax-out work to Ben? Copies of fax-outs: receipt of faxes: quite good, but often late.

Contamination sub-committees: They never were set up. Are people fixing their problems at source or is there insufficient interest in this?

The UPDATE bulletin: Do people find it valuable?

Options:

1/. ***Stay as we are***...fibre and steel already tied up till end of year. Could probably get renewals from Jake and Sean of Markets membership but only having one effective bidder is not a good situation. Paperboard might buy a Markets Membership but they had lots of chance last year and didn't act. Would they this time?
How do municipal co-sell members feel about things?

2/. ***Reduce the municipal fee.***.. would this lead to more co-sellers? probably not; those who are not in the Co-Sell have contract obligations. Little likelihood of many more participant members. May be a possibility of adding more basic members (who pay $95 to receive the update, essentially, and thus stay in the info loop). Do we remove the co-sell numbers from the newsletter and promote the basic co-sell membership? (NOTE: as this is technically public information, this might be tricky.)

3/. ***Reduce the bidder's fee***....this is unquestionably where we faced opposition last year. Some paid anyway, some didn't. Would reducing the fee help? Possibly. Would removing the fee but insisting bidders be AMRC corporate members (and thus pay $385 a year, as opposed to 585 or more) bring us more bidders? Probably would get Alcan back.

4/. ***Remove the bidder's fee altogether***...would obviously bring all bidders back. Would also bring back the time-wasters. Should we have an annual fee like Toronto? Or, should we ask the winning bidder to pay a fee, but not charge a fee to bid? Or a combination of the two?

Note

If we don't have competing bidders there is not much point in co-selling. While the income for AMRC would be missed, the viability of the co-sell is first priority.
In the case of fibres, they are there are bidders but they won't pay. With steel, it is not so easy. With aluminum, we have some but really should have Alcan in the loop.

Recommendation:

Reduce the Markets Membership (bidders') fee to the same level as the Corporate Membership - $385. Promote this fact to the current markets. The existing memberships expire Sept 30, but there's no reason why we can't push for new ones now, and credit existing Markets members who renew with a special rate.

Reduce the Co-sell Participant fee from $490 to $425 for the complete package, but leave the basic fee and the partial participant fees as they are. Push the basic fee to those who want to be kept in the info loop on a regular basis. Leave the co-sell numbers in the newsletter.

Ben Bennett, Co-Sell Coordinator
April 22, 1998

(To ensure everyone has the opportunity to participate in this discussion, please complete the following and fax it in to the AMRC office at 519 823-0084 - even if you do plan to attend.

I agree with the recommendations.............Yes ( ) No ( )

My comments.. ....…
...
...……………………………..…….

co-selling data from 1996-1998—sheet 1

Material	Steel	OCC	OCC/OBB	OBB	PET	HDPE
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices** ***same price**	jan-mar 96 29/33 130/mt laidlaw /IW&S Wa,HN, Bl/ EW, Tr,Co,Pe Sherbanuk/120 Ivaco/110.30 CT Metal/102.15 Kimco/90.50Royal/85	jan-mar 96 41 72.20/mt Ja 77.12/mt Fe Paper Fibres Wa, HN, Bl, Gu Laidlaw/42 HGC/40.01 Royal/35	jan-mar 96 1 25/mt Royal Bl HGC/5.01	jan-mar 96 13 30/mt Royal Wa, HN,Gu,Ki,Ot HGC/5.01	jan-mar 96 14 20cents/lb Petco Wa,EW,HN,Bl Tr,Ki,Co,Ot Plastrec/19 Fuland/15 Royal/15	jan-mar 96 8 10.5/cents/lb Entropex Wa,HN,Tr Ki, Co, Nb Royal/06 Canadian Pastic/04 Clearvue Pol/03 Envirosave P./10.25 Resouce/07.5
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices**	apr-jun 96 62 113-120/mt IW&S Wa,Tr,HN,EW, Ki,Pe,Gu Laidlaw/110-120 Conn Metal 100.10 Ivaco 91.18 Kimco 75.16-85.16 Royal 40-60	apr15-jul15 96 47 61.25/mt Canada Fibres Wa,HN,Bl,Gu Paperboard/50 paper Fibres/49 Continental/46 Metro Waste/42.50	apr15-jul15 96 3 40/mt Paperboard Bl Canada Fibres/20	apr-jul15 96 27 10/mt Paperboard Wa,HN,Ki,Gu,Tr	apr-jun 96 22 16.05cents/lb Plastrec Ki, HN, Bl, EW,Wa Wo,Tr,Pe,Gu	apr-jun 96 17 9.52/lb Polychem Ki, HN, Bl, EW,Wa Wo,Tr,Pe,Gu
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices**	July 96 23 115-117/MT Laidlaw R Wi,Wa,Tr,HN,Gu Ki,Bl,Pe,So IW&S/100-110 Conn Metals/101.10 Intermetco/81.57 Kimco/70-80	july15-sept15 96 73 70/mt Ju Paperboard Wa,HN,Bl,Gu Canada Fibres/61 Paper Fibres/60.63 Royal/30	jul15-sep15 96 15 43/mt Paperboard Bl, Gu,So Canada Fibres/40.50	jul15-sep15 96 27 10/mt Paperboard Wa,HN,Ki,Tr	jul -sep 96 26 13/cents/lb Petco Wa, Tr,HN Bl,Gu,Ki Wellman/6.75 Plastrec/7.02	jul-sep 96 14 13.3/lb Desbro Wa,Tr,HN,EW,Bl Pe,Ni,Gu,Ki Polychem/10.4 Resource/10 Entropex/9 Continental/8 Philip/8 Politex/6.1
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices**	August 96 23 110-115/MT Laidlaw R Wi,Tr,Gu,Bl,So Wa,HN,Ki,Pe IW&S/100-110 ConnMetal/101 Royal 75-95 Kimco/60.50					

co-selling data from 1996-1998—sheet 2

Material	Steel	OCC	OCC/OBB	OBB	PET	HDPE
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices**	Sep-Dec 96 96 112.50-118.50/MT Se 101.50-108.50/MTOc Cambridge Metal Wi,Tr,Gu,Bl,So Wa,HN,Ki,Pe Kimco/56.50-61.50 Conn Metal/107.10 Royal/75-100	Oct 15/96 -Apr 15/97 150 (25/mo.) 85/mt Oc Paperboard Wa,HN,Bl,Gu Canada Fibres/85 Paper Fibres/8487 Paper Recycling/75 Atlantic/71.65 Royal/68	Oct 96 51/mt oct 96 Paperboard	Oct 96 20/mt Paperboard		14.3/lb Nov 96+ Desbro
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices**	Jan-Mar 97 110.50/MT Ja 115.50/MT Fe 100.50/MT Ma IW&S	95/mt mar97 Paperboard	57/mt mar97 Paperboard	20/mt mar 97 Paperboard	jan-jun 97 35 2.25/cents/lb Plastrec Wa,Bl,Tr,Gu, HN,Pe,Ot,So Can Pla Rec/02.15 Entropex/01 New Age/01	jan-jun 97 26 18.8cents/lb(19.8 Ap) Desbro Wa,Bl,Tr,Gu, HN,Pe,Ot,So Resource/18.26 Entropex/17.2 USA Polymer/17 Polychem/16.6 RPM/15 Can Pla Rec/12 New Age/09 Politech/07 Can Plast Lum/00
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices**	Apr-Jun 97 66 90/MT Ap 92.57 Ma Triple M Wi,Tr,Ki,Pe Wa,Gu.Bl,So Royal 60-90 Philip/70.50-75.50 Cambridge 68.50-70.50 Kimco/61.33-69.33	apr 1-dec 31/97 89/mt ap97 80/mt may 97 90/mt jun 97 Paperboard	apr 1-dec 31/97 53.40/mt apr 97 40/mt may 97 45/mt jun 97 Paperboard	apr 1-dec 31/97 25/mt apr 97 35/mt may 97 35/mt jun 97 Paperboard		

co-selling data from 1996-1998—sheet 3

Material	Steel	OCC	OCC/OBB	OBB	PET	DPE
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices**	Jul - Dec 97 90 92.50-112.50/MT Jul Au Se Oc No De IW&S Wa,Br,Gu,Tr,Ki, Co,Pe,So Cambridge/74.80-102 Conn. M. 79.25-86.10 Royal/65-85 Kimco 70.10-90.10 Intermetco/40	122/mt jul 97 167 aug 152 sep 121 oct 114 nov 93 dec Paperboard	61/mt jul 97 83.50 aug 76.00 sep 60.50 oct 57.00 nov 46.50 dec Paperboard	35/mt jul 97 40.00 aug 45.00 sep 45.00 oct 45.00 nov 45.00 dec Paperboard	july-sep 97 23 8.55/cents/lb Plastrec Bl, So,C-T,EW,Gu HN,Tr,Pe,AT,Wa Can. Plast. 8.51 Royal 5.00 ReMM 5.00	ul-sep 97 16 25.3cents/lb Desbro Bl, So,EW,Gu HN,Tr,Pe,Wa Harmon 25.25 Entropex 22.6 ReMM 22.3 RPM 21.5 Resource 20.75 Polychem 20.5 Can. Plas. 15.2 Royal 5.00
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices**					oct-dec 97 23 loads 11.57 cents/lb Plastrec Wa,Tr,HN,Bl, Pe, Gu, EW, Ki Can Plas 11.57	oct-dec 97 14 loads 19.3 cents/lb Desbro Wa. Tr, Bl, Pe, Gu, Ki Can Plas 16.3
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices**	Mar - Dec Philip Tr, HN, Pe, Gu, Ki, Pb, Mar 118 (delivered, minus $28 processing) one bidder	Jan/Dec 98- 240 loads 101 Jan 116 Fe 100 Mar Canada Fibers HN,Bl, Gu, Ki, Tr one bidder	Jan/Dec 98 70 47.00 54.50 47.50 Can Fib Bl, Gu	Jan/Dec98 30 35.50 35.50 35.50 Can Fib HN, Ki, Tr	Jan - Mar 98 22 loads 17.63 cents/lb Plastec Wa, Tr, HN,Bl,Gi, EW, Ki Signode 17.5, Can Plas 16.51 Puretech 15.5	Jan-mar 98 15 loads 15.8 cents/lb Desbro Wa, Tr, HN,Bl. Gu. Ki Connecticut 10.74, Can Plas 10.01
Period/# loads in contract period price/ **winning bidder participants** **other bidders/prices**	Apr May Jun	85.00 Apr 75.00 May Jun	40.00 37.50	35.50 33.50	Apr-Jun 98 23 loads 16.76 cents/lb Plastrec Wa, Tr,HN,Bl, Pe, So, Gu, EW,Ki Can Plas 16.76, Connect. 12.7	Apr-Jun 98 14 loads 15.76 cents/lb Desbro Wa, Tr,HN,Bl,Pe, Gu, ,Ki Harmon 15.76,Connect 14.16 Can Plas 10

APPENDIX 2

AMRC co-operative marketing initiatives - a brief history

March 1993

- Preliminary Evaluation of Co-operative marketing recommends developing guidelines for co-op marketing, particularly material quality, determining the feasibility of backhauling, exploring different scenarios for co-op marketing and marketing support activities.

March 7, 1994

- AMRC Co-operative Marketing Workshop
- All attendees indicate an interest in further workshops
- Municipal MRF Materials Co-Sell Initiative begins informally

Spring/summer 1994

- Region of Waterloo, Bluewater and Toronto co-sell aluminum and get prices $20 to $100/tonne higher.
- Waterloo and Toronto also co-operate on backloads for glass.

Fall 1995

- First Co-Sell report*: For R Information*
- Shows Co-sell prices versus what individual programs reported. Co-Sell has been operating for a year and all is going well. OBB, OCC and maybe even film are next.)

August 27, 1997

- Co-Sell formalized
- Membership category for sellers - $250 per year
- Markets Membership category for buyers. - $575 per year

Effective September 15, 1997

- Only AMRC Markets Members were invited to bid on AMRC Co-Sell loads.

July 11, 1997

- First AMRC Co-Sell Update sent to Co-Sellers

Fall 1998

- Changes to Co-Sell bidding requirements - buyers of recyclables through the AMRC Co-Sell only need to be on the Bidders' List – cost $125.

January 2000

- Co-Sell becomes Municipal Marketing Network (M2N)

June 2002

- M2N discontinued because of insufficient participation

APPENDIX 3

Questions for Co-sell participants

Name…………………………………………………………………..
Municipality………………………………………………………..
Tel:………………………………………………………………….
Email……………………………………………………………….

Please note: we are looking for straight answers here – please be as honest as you can. We are looking to learn from what worked as well as what didn't. Thanks!

1/. Why did you join the Co-Sell? (M – main reason; S – secondary reason; N – not a factor in our decision – <u>Please respond to all reasons</u>

- to get better prices for your materials	M S N
- to save time	M S N
- to be able to ship materials earlier by joining split loads	M S N
- to learn more about marketing	M S N
- to help other municipalities with their marketing*	M S N
- to support the AMRC	M S N
- other (please explain)	M S N

(…………………………………………………………………………………………
………………………………………………………………………………………)

* You may recall that the MOE had encouraged us to work with the smaller programs

2/. Were you a full participant? - F
regular (say 50/50)? - R
occasional? - O

3/. Which material did you co-sell?:

OCC	Y N
OBB	Y N
PET	Y N
HDPE	Y N
Tubs & lids	Y N
Film	Y N
Steel	Y N
Aluminum	Y N

4/. Can you estimate what percentage of your material you co-sold (excluding ONP, which we didn't co-sell)?

Other fibres	%
Plastics	%
Steel	%
Aluminum	%

5/. If you only co-sold some materials please explain why :
I already had long-term contract in place
I got better prices outside of the Co-Sell
The selling periods did not suit me
Other reason (please explain)
(………………………………………………………………………………………
…………………………………………………………………………………….)

6/. Did being in the Co-sell actually save you time? Y N

If No, please explain
…………………………………………………………………………………………………
…………………………………………………………………………………...

7/. Did you actually get higher prices being in the Co-sell? Y N

If No, please explain
…………………………………………………………………………………………………
…………………………………………………………………………………...

8/. Would you participate again if the Co-sell were re-activated?
All materials Y N
Some materials Y N
If No, please explain
…………………………………………………………………………………………………
…………………………………………………………………………………...

9/. If you chose not to participate, do you think the Co-sell concept would work for other municipalities?
All materials Y N
Some materials Y N
If No, please explain
…………………………………………………………………………………………………
…………………………………………………………………………………...

PLEASE FAX YOUR RESPONSES TO THE AMRC AT 519 823-0084. Thanks!

APPENDIX 4

Questions for Buyers of Co-sell materials

Name…………………………………………………………………..
Company………………………………………………………..
Tel:…………………………………………………………………….
Email………………………………………………………………….

Please note: we are looking for straight answers here – please be as honest as you can. We are looking to learn from what worked as well as what didn't. Thanks!

1/. Why did you buy materials from the Co-Sell? (M – main reason; S – secondary reason; N – not a factor in our decision – <u>Please respond to all reasons</u>

- to save time (dealing with one contact rather than several) M S N
- to support the AMRC M S N
- other (please explain) M S N

(………………………………………………………………………………………………
………………………………………………………………………………………)

2/. Which material did you purchase from the co-sell?:

OCC	Y N
OBB	Y N
PET	Y N
HDPE	Y N
Tubs & lids	Y N
Film	Y N
Steel	Y N
Aluminum	Y N

4/. Were you satisfied with the quality of each supplier's material?

5/. Were the fees fair?

6/. Did the bidding process suit you?

7/. Did you prefer long-term or short-term contracts?

8/. Would you participate again as a buyer of Co-sell materials if the Co-sell were re-activated? If No, please explain
………………………………………………………………………………………………
…………………………………………………………………………………………...

9/. Please add any others comments you may have as a buyer from the Co-Sell
………………………………………………………………………………………………
…………………………………………………………………………………………...

PLEASE FAX YOUR RESPONSES TO THE AMRC AT 519 823-0084. Thanks!