



City of
Peterborough

To: The Members of General Committee

From: W.H. Jackson,
Commissioner of Infrastructure and Planning Services

Meeting Date: August 27, 2018

Subject: IPSWM18-004 Recycling Contract Update and Amendment

Purpose

A report to examine the changes in the processing of recyclable material and to recommend an amendment to the existing recycling processor contract.

Recommendations

That Council approve the recommendations outlined in Report IPSWM18-004, dated August 27, 2018, of the Commissioner of Infrastructure and Planning as follows:

- a) That the following adjustments to the existing HGC Management Inc. contract with the City for the processing of recyclable materials at the Pido Road Recycling facility be made for the period January 1, 2018 to June 30, 2018 inclusive:
 - The processing fee for recyclable material be increased by \$1.86 per tonne for a total increase of \$7,824.54 and, in addition;
 - The contract be increased by \$8,000.00 to account for container recyclable materials collected in bags.
- b) That staff have quarterly inbound material audits undertaken at the Materials Recycling Facility on Pido Road to determine the City curb-side collected:
 - Residue level;

- Cross contamination level; and
 - Bagged container level in the blue boxes; and
- c) That Staff make future adjustments to the HGC Contract, using the verified results of quarterly audits to be completed over the remainder of the contract based on the adjustment factors described in Attachment 4 to Report IPSWM18-004.

Budget and Financial Implications

Based on the results of the first audit, the contract with HGC Management Inc. will be increased by \$15,824.54 from an estimated \$992,042.00 (depending on actual tonnage) to \$1,007,866.41 plus HST. Depending upon the results of future audits, additional increases to the contract may be necessary.

There are sufficient funds to allow for the cost of the quarterly audits (City's share is approximately \$2,500.00 per audit) in the 2018 budget and the 2019 budget will include the audit costs.

Background

The City has operated, via several contractors, the Pido Road Materials Recycling Facility (MRF) since 1989. Since 2002, HGC Management Inc. (HGC) has operated the MRF on the City's behalf.

1. Recycling Processing Contract History

HGC initially won the processing contract in 2002. The last RFP issued for these services was in 2007 for a contract to run from January 1, 2008 to December 31, 2014.

On September 9, 2013, through Report USWM13-007, an extension of the contract for two additional years, to December 31, 2016, was approved due to uncertainties around fundamental changes that were broadcast to be coming for the blue box system in Ontario. The promised changes did not occur by 2016, but provincial efforts to implement them continued. The Province enacted a change in law under Bill 151, Waste-Free Ontario Act, 2016 in November of that year, and it appeared that the shift from municipal to producer-run recycling programs was imminent and inevitable.

Based on this, Council approved, on September 8, 2015 (Report USWM15-008), a further three-year extension of HGC's contract to the end of 2019. At the time of the contract extension, it was expected clarity about the impact of legislative changes would be in place by the time a new contract was needed or the Producers took over. Unfortunately, this clarity has not materialized. In fact, there is some thought that the

recent Provincial Election may, in the shorter term, create even more uncertainty. When this last extension was negotiated with HGC, there was no request from them for any changes to contract conditions other than an additional charge for handling bulky Styrofoam.

The City is now in a position where two extensions to the MRF processing contract have been given without going to the market and despite the fact that uncertainty still prevails around the timing of Producers taking over responsibility for the blue box, it is believed a third extension to HGC's contract would not be prudent. Their existing contract will end on December 31, 2019.

2. Standard Material Recycling Processing Contract

The standard recycling processing contract has two relatively simple items: payment to the contractor for material that is processed and payment to the City for processed material that is sold.

a. Payment to the Contractor for Processing Material

The City pays HGC on a per tonne basis for all incoming material from our programs that are processed at the MRF. There is an allowance (5%) for material that is not recyclable ("residue"). Any amount of residue above the 5% allowance must be disposed at the Landfill at HGC's cost (\$95/tonne tipping fee).

b. Payment to the City for Processed Material Sold

To balance the cost of processing the recyclable material, the City receives payment for materials sold, based on an Ontario Composite Price index for the "basket of goods" that are marketed. This price index is published monthly by the Continuous Improvement Fund (CIF). The CIF is a partnership between the Association of Municipalities of Ontario, the City of Toronto, Stewardship Ontario and the Resource Productivity and Recovery Authority (formerly Waste Diversion Ontario). The CIF commenced operations on May 1, 2008 under a Memorandum of Agreement signed by the program partners. The CIF's mandate is to improve the effectiveness and efficiency of Ontario's municipal blue box Programs.

3. Recycling Industry Changes

Over the years, and especially since 2013, recycling has changed dramatically. Two major changes have occurred called the "evolving tonne" and the "National China Sword", and one, more minor change, called "wishful recycling".

a. Evolving Tonne

The "evolving tonne" is a term that describes the phenomenon of more, lightweight plastics, less glass and fewer newspapers now filling the blue boxes, resulting in more air and less weight.

This light-weighting, with declining tonnage, results in less processing revenues. At the same time, costs to process have increased since the lighter plastic materials tend to be more voluminous and require more handling.

b. China's National Sword

The biggest impact to the recycling business is the more recent occurrence of China - the world's biggest importer of recyclables - virtually closing its doors to all but the most pristine materials. On January 1, 2018, China began enforcing its new "National Sword" policy which bans 24 types of solid waste, including various plastics and unsorted mixed papers, and sets a much tougher standard for contamination levels. For example, the remnants of a greasy pizza box that gets thrown in with the recycling and ends up in the paper bales would be above the allowable contamination levels.

China's "National Sword" has resulted in a massive worldwide drop in commodity prices and much tighter specifications. Because the vast majority of recyclable materials were going offshore, local mills have been slow to develop to handle this material. With the tightness in the market place there might be mills that will be built but that could take upwards of four to five years to put in enough mills to handle the lost Chinese capacity. The ebb and flow of commodity markets and prices is not new for the recycling industry, but the scale of this change is unprecedented.

While times were good and materials were moving well, municipalities and their processors were able to accept a broad range of mixed plastics and other non-traditional items. But now, as specifications tighten, these formally acceptable items are considered contaminants, and the tolerance for contamination has dropped to virtually zero. Some municipalities have had to resort to landfilling their products, something unheard of before now. We are now challenged with the need to pull back on what residents can throw in the blue box, an extremely difficult task.

c. Wishful Recycling

In addition, despite continuous education of residents by the City, the blue box mix has become "dirtier" over time. As the acceptable items expanded, tolerance was high and with strong markets, people began to assume virtually anything was recyclable. Its called "wishful recycling" whereby the general public, if in doubt, puts objects in the blue box assuming somebody will figure out what to do with it.

For instance, certain items that we once encouraged, such as Styrofoam, no longer have a market, and therefore must be treated as contamination and end up in landfill. Over time, the contamination levels appear to have increased within the blue box.

4 Impacts to Existing Contract

The situations described in Section 3 have created a perfect storm for municipalities and their contractors who must try to process and market recyclables. In consideration

of these issues, HGC is seeking adjustments to their existing contract to account for alleged increases in contamination in the inbound material and the decreased ability to market materials, especially fibre products.

Under the existing contract between the City and HGC there is a “Force Majeure” clause that allows for the consideration of occurrences beyond the control of the parties to the contract and how these occurrences may impact either party. It is under this clause that HGC has requested a review of the terms of the contract requesting an increase in the contract of approximately \$665,000.00 annually.

HGC’s proposal for compensation (see Attachment 1) includes multiple adjustments, which are outlined below with staff comments.

4.1 Allowable Residue Adjustment

Currently, the amount of residue or contamination that the City allows HGC is 5%. This was put in place to ensure they did their best to extract the highest amount of recyclables possible. We pay a processing fee on 100% of the tonnage brought to them, but receive revenues for 95% when they are sold. Five percent of the inbound tonnage can be land filled at the Peterborough County/City Waste Management Facility for no charge but for anything over that, HGC pays the current tip fee to dump.

- a) **HGC’s Request** – That the City allow them a 12% residue level, thereby allowing them to landfill 7% more material at no charge. The City would also be paid for 7% less material each month. Based on 2017 costs, this would result in a loss in revenue to the City of approximately \$170,000.00 per year.
- b) **Staff Recommendation** – the City, County and HGC contracted a third party auditor (AET) to complete inbound audits of both the City and the County’s inbound materials during the week of July 16-20, 2018 to verify HGC’s contention that contamination levels have increased markedly.

Analyses of the audit (Attachment 2) results indicate that the City’s true contamination level is in fact less than 5%. Therefore, Staff believes there is no rationale for an adjustment to the allowable residue level of 5% at this time

4.2 Process Fee Adjustment

Currently, the City pays HGC \$109.63 per tonne to process our inbound materials. This fee has remained essentially unchanged since 2008, except for the annual CPI increases.

- a) **HGC’s Request** – that an additional \$15.00 per tonne (a 14% increase from 2018 rates) be paid by the City to assist with the additional labour they say is required to meet tightened commodity specifications, and to deal with the cross-contamination found at the curb (e.g. papers going into the container blue box,

and vice versa). This equates to an additional cost to the City of approximately \$135,000.00 per year based on 2017 tonnages.

- b) **Staff Recommendation** – The recent audits indicate that the level of cross-contamination in City materials is 3.7%. There is nothing in the literature, nor in the existing contract with HGC, that talks to an acceptable level of cross-contamination. Given that HGC must essentially double handle this material, Staff feels that a fair means of compensation would be to increase their current processing fee by the percentage of cross-contamination that is above a minimal level since total elimination of cross-contamination can not be expected by either the processor or the City.

Without any better information, Staff believes the baseline cross-contamination level should be set at 2%. Any cross-contamination above this would result in compensation to HGC.

Based on a 2% baseline and a 3.7% audited cross-contamination level, HGC is therefore entitled to a 1.7% increase in the current processing fee, which amounts to \$1.86 per tonne, for a total processing fee of \$111.49 (2018). The total increase for the period from January 1 – June 30, 2018, in which the City had 4206.74 tonnes of material processed, would be \$7,824.54.

The cross-contamination percentage is completely separate from the true “residue” or “contamination” considered in Section 4.1. Cross-contamination material is still to be recycled so does not count towards the residue number.

4.3 Adjustment to Optical Sorter Investment

HGC is seeking financial compensation for a second optical sorter that was installed at the Pido Road facility in late 2017. They maintain that they expected their contract to be extended by three years, which would have allowed them to amortize the sorter over five years.

- a) **HGC’s Request** – that an adjustment of \$16.55 per tonne of inbound material be paid to HGC for 2018 and 2019. This equates to approximately \$150,000.00 per year based on 2017 rates.
- b) **Staff Recommendation** – Although there were informal discussions about the possibility of another extension to the recycling contract (given uncertainties with the industry on a provincial level), at no time was HGC ever guaranteed an extension. This was made clear at the time HGC advised they wished to install the second optical sorter. No requests were made to the City nor were there any discussions at that time about the City providing financial assistance. The decision was made by HGC and its new partner Canada Fibers to install this sorter, because it greatly increases processing efficiencies, allowing for better, faster sorting and ultimately, higher revenues through higher sales. So, the decision to proceed was made without a guarantee of a contract extension from the City. Since the sorter was

installed, HGC has imported ever-increasing volumes of materials from their other contracts around the province to be sorted at Peterborough's MRF, being paid by those customers to do so. Staff feels the City has no obligation to compensate HGC further for this sorter, which they own outright.

4.4 Change in Revenue Formula for Paper Grades

HGC pays the City each month for every tonne of material marketed from its program (inbound tonnes minus 5% for allowable residue). The payment is based on the CIF Price Sheet, which is updated each month. The Price Sheet relies on the input of various processors to say how much revenue they received for the materials they processed and sold each month. An example is attached as Attachment 3.

- a) **HGC's Request** – There has been a severe softening in the prices paid for newsprint (or more recently called Sorted Residential Paper #56) since China's National Sword was implemented, and HGC does not feel this is being reflected in the CIF Price Sheet. HGC is therefore requesting that the City adjust the Price Sheet, effectively deleting the Newspaper/#56 entry. Based on the month of June 2018, the impact would be a \$26 per tonne decrease in City revenues or a total loss of revenue to the City of approximately \$210,000.00 per year.
- b) **Staff Recommendation** – The CIF Price Sheet has been used for over 20 years and for the entirety of this contract without complaint by HGC, and by a great many other Ontario municipalities for evaluating commodity prices. Adjusting the fundamental precepts of this tool for Peterborough alone would be challenging and risky for the City. It would require constant monitoring by staff (who do not have marketing knowledge), and there are factors and influences that we have virtually no direct knowledge of or control over. It is entirely HGC's decision as to how it operates its business, whether or not they produce a #56 grade of paper or not. We do not and will not necessarily know if they do or they don't. Some recycling facilities market it successfully, albeit at a reduced revenue currently, and HGC has the choice to also do so. The decision is theirs. As markets constantly fluctuate, Staff and HGC would need to continually chase the current price indices, a time consuming endeavour. The Price Sheet takes into account a total of 14 different blue box items, including various papers, plastics, glass, metal and aluminum. Aluminum, the highest valued item in the blue box basket of goods, has increased by 17% since January 2018. A number of items have experienced increases, including PETE plastics, steel, polycoat and even glass. These increases would serve to partially compensate for the losses resulting from the newspaper decline.

Staff acknowledges that the revenues for HGC have taken a hit recently as a consequence of China Sword. However, there have also been times over the duration of the contract when revenues were excellent, and there was no

adjustment made to the Price Sheet. It is the nature of the recycling industry that commodity prices raise and fall. Therefore, staff cannot recommend making monthly adjustments to this Price Sheet used for calculating revenue payments.

4.5 Bagged Recyclables

Although HGC's letter of June 5, 2018 did not specifically talk to an issue with bagged materials, there has been frequent mention by the processor of this being a significant problem.

Staff does not believe any compensation should be allowed for bagged fibres (newspapers etc.) since the bagging of papers and the inclusion of plastic film (in bags) in the fiber stream has always been allowed in this contract.

However, bagging of container recyclable material does cause a double handling of this material. Based on the July audit, 8.45% of the container recyclable material is bagged. Although education and advertisement efforts will be made to reduce this number, it is clear that additional work by HGC is required to deal with these bags, especially at this contamination level. The allowable residual level is set at 5% so, accordingly, it is believed that the allowable bagged container level should also be set at 5%. For any level above this, staff believe HGC should be compensated for the additional labour required to open all the bags and distribute the recyclable material inside the bags.

For the period January 1, 2018 to June 30, 2018, Staff proposes that the cost of ½ an FTE be added to the HGC contract. At a rate of \$15.00 per hour, this amounts to \$16,000.00 per year before tax or \$8,000.00 for the period January 1 to June 30.

4.6 Provincial Minimum Wage Policy

In addition to the adjustments HGC has requested, they had previously asked for, and received from the City, compensation for the mandatory increase in their labour costs through the province's minimum wage policy. It was determined that \$23,400 was the annual impact from this mandatory change of law, which is the amount the City is paying HGC for 2018. We await word on the new government's policy on this matter before determining if any further increases are needed for 2019.

Discussion

HGC's requested amount in total is roughly \$665,000.00 per year (based on 2017 statistics and current market data), or a 58% increase over our current net costs. These adjustments are requested for the two remaining years of the contract, 2018 and 2019.

Staff acknowledges that these are unusual times, and that some of the troubles HGC is experiencing were impossible to anticipate and budget for, especially back in 2007. The

only increases to the original price bid for processing has been the annual CPI. Consequently, some level of compensation is felt to be justified to keep HGC Management whole and allow them to continue to finish out the City's contract.

In consideration of the results of the recent audit, a number of adjustments to the HGC contract have been proposed for the period January 1 – June 30, 2018 in addition to the already approved adjustment related to the minimum wage increase.

Third-party quarterly audits are planned for the duration of the contract and a process to adjust the HGC contract based on the results of these audits is proposed for the periods July 1, 2018 to December 31, 2019 inclusive as detailed in Attachment 4.

Summary

Significant changes in the operation of the blue box system have given cause to re-examine the existing recyclable processing contract between the City and HGC Management Inc., the City's processor. Based on the results of an external audit, certain amendments to the contract with HGC Management, based on residue rates, cross-contamination rates and bagged container rates are proposed. The contract amendments will be based on quarterly third-party audits to be conducted until December 31, 2019.

Submitted by,

W. H. Jackson, P. Eng.
Commissioner of Infrastructure and Planning Services

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- Attachment 1: June 5, 2018 letter from HGC Management to the City and County of Peterborough
- Attachment 2: Summary of July 2018 Audit results (by AET)
- Attachment 3: Example of CIF Price Sheet (June 2018)
- Attachment 4: Proposed Amendments to the HGC Contract for the period July 1, 2018 to December 31, 2019 inclusive.



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June 5, 2018

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And

Ms. Tara Stephen
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Re: Adjustments to Existing Process Contracts

Dear Ms. Swinson and Ms. Stephen:

As discussed at our meeting on May 31st, the amount of contamination in the inbound recycling streams delivered by the city and county has grown to more than double the amount indicated in the original RFP. Further, the city and county have been unable to control this increase at source as indicated in the RFP.

The uncontrolled contamination has negatively impacted HGC financially, and HGC is seeking adjustment for 2018 and 2019 to compensate for the financial impact as follows:

- 1) **Allowable residue adjustment** – The added contamination has increased the residue level. Appendix 1 provides results from a recent third party audit. This indicates that the container stream contains over 15% non-program material and also over 12% by weight of cross contaminating fibre and film for an overall contamination rate of over 28%. The fibre stream has an overall contamination rate of over 2.3%. We are therefore requesting:
 - a) An increase in the allowable residue level sent to city landfill at no tip fee to 12% from 5%, and
 - b) An adjustment in the material revenue formula to change marketed tonnage to 88% of inbound delivered from 95% of inbound to reflect actual marketed tonnes.
- 2) **Process fee adjustment** – An adjustment to the process fee is needed to compensate for increased sorters required to remove contamination to produce marketable commodities, as well as slower production rates to meet recently tightened commodity specifications. We have calculated the required adjustment needed to be \$15 per MT processed.

- 3) **Adjustment for optical investment due to contamination** – HGC installed an optical sorter in 2015 to deal with increased PET plastic sorting challenges in the container stream arising from increased amounts of water bottles and introduction of PET clam

shell packaging for fruits and vegetables. The installation of the optical sorter with an investment of \$650,000 was done in order to be able to extend the contract with no increase in process rate. Unfortunately, the high contamination rate in the container stream required that we double-sort the material, which negated the advantage of having the optical sorter. HGC increased their investment in optical technology by a further \$800,000 through installation of a second machine, which allowed all material to be sorted with a single pass as originally envisioned. This installation was made at our sole cost and in good faith. We expected to amortize the investment over 5 years at \$160,000 per year as we envisioned a three-year extension. If the contract is not extended, it would leave \$480,000 unrealized. Therefore, we seek an adjustment of \$16.55 per MT processed in 2018 and 2019 as an appropriate adjustment to make HGC whole. If HGC were granted an extension of three years, this amount would not be required.

- 4) **Change in revenue formula from grade 54 instead of grade 56** – Appendix 2 provides information as to the closure of deinking mills and the impact of China's National Sword initiative. Due to the closure of deinking mills, the only major market for 56 grade news was China. Their implementation of a quality specification of 0.5 percent is impossible for recycling programs to meet without major capital investment in optical sorting technology or significant increase in labour. As a result of the inbound contamination and the current capability of the sort system, HGC is not able to meet this extremely stringent specification.

In order for us to maintain movement, HGC has shifted sales to packaging mills that buy grade 54 at a lower price. Our contract uses the composite index formula calculated by CIF Price Sheet. Unfortunately, the methodology assumes tonnage marketed as it was in 2016 when programs sold 56 grade. This is not the reality today. The correct methodology would be to use grade 54 price, as this is what Ontario recycling programs are now selling. The weighted percentage of news used by the CIF composite index is 51.8% of the blue box. The price differential last month between grade 56 and 54 was \$52 per MT. The impact, therefore, would be about \$26 per marketed tonne. The contract between HGC and Peterborough County did not originally intend for HGC to be at market risk, but the inaccuracy of the CIF formula has significantly jeopardized the standing of HGC. We request the formula be adjusted for 2018 and 2019 to correct this unintended effect.

We appreciate the collaborative approach Peterborough has taken during this difficult time. With help from our long-term partners, like Peterborough, we are confident that we will be able to continue diverting all recyclables from landfills, despite shifts in the global recycling market and the trend of increased contamination.

Sincerely,

Herb Lambacher
President, HGC Management Inc.

Other Materials							
All Other Non-Accepted Materials (Residue)	0.40%	7.17%	1.69%	9.63%	0.27%	15.22%	0.00%
Total Accepted Other Materials (fibres stream)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Accepted Other Materials (containers stream)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Accepted Other Materials	0.40%	7.17%	1.69%	9.63%	0.27%	15.22%	0.00%
Total Accepted Fibres Stream Material	96.81%	6.24%	96.71%	11.52%	98.77%	2.48%	100.00%
Total Accepted Containers Stream Material	2.77%	86.13%	1.60%	74.82%	0.96%	76.19%	0.00%
Total Non-Accepted Residue Material	0.41%	7.62%	1.69%	13.66%	0.27%	21.32%	0.00%
Total ALL Material	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Bagged Materials	3.27%	5.96%	0.00%	18.38%	4.85%	17.78%	0.00%
Combined Fibre & Container Bagged (65/35% Split)	4.21%		6.43%		9.37%		
Overall Bagged (Weighted by Sector)	5.10%						
Combined Fibre & Container Residue (65/35% Split)	2.94%		5.88%		7.64%		
Overall Residue (Weighted by Sector)	3.80%						
Combined Fibre & Container Cross Contamination (65/35% Split)	3.99%		5.07%		1.49%		
Overall Cross Contamination (Weighted by Sector)	3.69%						

	MONTHLY AVERAGES (CDN\$/Metric Tonne)																		# of Muni. (Monthly Change)
	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018	
Newspaper (ONP #8 / SRP #56) ¹	131	146	154	119	96	112	129	122	111	84	83	85	88	83	72	54	48	49	7 (0)
Mixed Paper #54 / ONP#6 ²	110	123	130	80	62	83	96	89	75	33	29	36	33	25	18	2	(2)	(3)	7 (0)
Corrugated (OCC)	174	216	281	255	235	249	262	255	243	161	163	165	160	147	147	130	120	119	11 (0)
Hardpack (OBB/OCC)	117	143	166	135	na	136	155	153	143	78	81	73	86	65	74	57	57	51	4 (-1)
Boxboard (OBB)	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	2 (-1)
Polycoat Containers	115	120	110	94	102	61	43	49	29	35	53	38	45	46	42	50	70	65	9 (0)
PET (mixed)	285	296	324	359	391	439	444	452	440	396	352	352	342	351	373	390	416	455	14 (1)
HDPE (mixed)	410	472	615	631	541	439	419	444	446	489	530	472	434	464	496	531	527	469	14 (3)
Plastic Tubs & Lids	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	2 (0)
Mixed Plastics ³	38	39	44	39	38	34	35	32	24	24	21	25	30	39	43	40	49	52	11 (-1)
Film Plastic	30	28	26	24	21	33	37	32	18	13	20	19	11	15	16	14	18	18	6 (0)
Aluminum Cans	1731	1829	1909	1877	1819	1721	1666	1729	1751	1809	1791	1681	1723	1756	1788	1828	1994	2044	13 (0)
Steel Cans	252	245	297	279	288	275	263	262	254	228	232	258	283	280	320	345	341	342	14 (0)
Glass (mixed)	(38)	(38)	(38)	(38)	(36)	(44)	(41)	(42)	(42)	(43)	(43)	(50)	(53)	(56)	(49)	(42)	(35)	(36)	7 (-1)
Composite Index	151	170	192	169	152	161	172	168	159	128	126	126	129	125	124	114	114	116	
Fibre Composite Index⁴	137	159	179	146	124	139	155	148	137	98	97	99	103	95	87	70	64	64	
Container Composite Index⁵	192	203	229	232	231	223	220	225	221	214	208	200	205	210	226	239	256	263	

	YEARLY AVERAGES (CDN\$/Metric Tonne)																	
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Newspaper (ONP #8 / SRP #56) ¹	76	100	99	114	101	89	118	121	72	90	126	76	71	69	72	103	111	66
Mixed Paper #54 / ONP#6 ²															43	73	73	12
Corrugated (OCC)	55	106	89	114	95	80	131	111	68	149	173	133	131	131	127	152	221	137
Hardpack (OBB/OCC)	38	63	62	75	68	50	89	76	42	74	95	61	53	51	66	91	121	65
Boxboard (OBB)			43	62	53	41	70	62	26	61	84	62	46	48	50	50	na	na
Polycoat Containers	57	58	64	67	66	59	84	75	39	105	127	96	65	79	114	114	64	53
PET (mixed)	324	166	278	432	507	314	368	352	187	391	652	431	372	377	295	265	383	388
HDPE (mixed)	257	233	364	428	683	565	524	573	320	464	562	552	497	659	617	533	497	487
Plastic Tubs & Lids	5	0	12	51	104	128	146	204	22	54	247	265	na	na	na	na	na	na
Mixed Plastics ³											48	32	38	46	58	61	32	42
Film Plastic	26	0	8	55	148	137	51	35	3	13	25	23	14	29	47	40	24	16
Aluminum Cans	1700	1709	1619	1772	1763	2169	2065	1904	1215	1591	1790	1516	1523	1783	1548	1576	1772	1856
Steel Cans	26	47	76	191	116	141	168	245	89	263	335	277	257	299	179	200	262	318
Glass (mixed)	(15)	(15)	(19)	(12)	(31)	(31)	(31)	(24)	(18)	(15)	(11)	(18)	(22)	(22)	(30)	(37)	(42)	(45)
Composite Index	95	113	114	131	124	111	145	150	80	124	169	118	107	117	105	129	154	120
Fibre Composite Index⁴															77	109	132	80
Container Composite Index⁵																188	184	217

Disclaimer: The CIF Price Sheet represents the average commodity prices received across Ontario based on a sample number of municipalities. It may not be representative of local municipal conditions.

Pricing Notes:

1. Paper Stock Industries (PSI) have eliminated the ONP#8 grade specification. For continuity, the new PSI grade specification, Sorted Residential Paper (SRP #56), has been included as it most closely represents the ONP#8 commodity ON municipalities are producing.
2. Paper Stock Industries (PSI) have eliminated the ONP#6 grade specification and added a new PSI grade specification, Mixed Paper #54. Mixed Paper has already been captured on the price sheet with the new grade number being added.
3. The composition for mixed plastics varies from each municipality based on the range of materials accepted and the specifications from their end markets.
4. The Fibre Composite Index is calculated using ONP#8 / SRP#56, Mixed Paper #54 / ONP#6, Corrugated (OCC), Hardpack (OBB/OCC), and Boxboard (OBB).
5. Polycoat containers are included in the container composite index and NOT the fibre composite index.

General Notes:

- A. Prices are for baled post-consumer residential materials except glass, which is loose.
- B. As of May 2012, prices for all materials are FOB the municipality including glass. Prior to May 2012, prices for glass were delivered prices.
- C. The Composite Index is calculated using the overall composition of residential Blue Box material recovered and marketed in Ontario as reported from the approved 2016 RPRA (formerly WDO) Datacall with some additional allocations to material categories. Mixed glass includes coloured glass. Composition figures are updated annually. Details available upon request.
- D. Materials with a listed price of "NA" indicate either an insufficient number of municipalities reported a price in the given month (<4) or variation in the reported price which is not considered representative of Ontario.
- E. Prices are compiled from a range of municipal programs across Ontario combined with information from industry representatives. Prices may not be the same as actual prices being paid in any given program.

For more information:

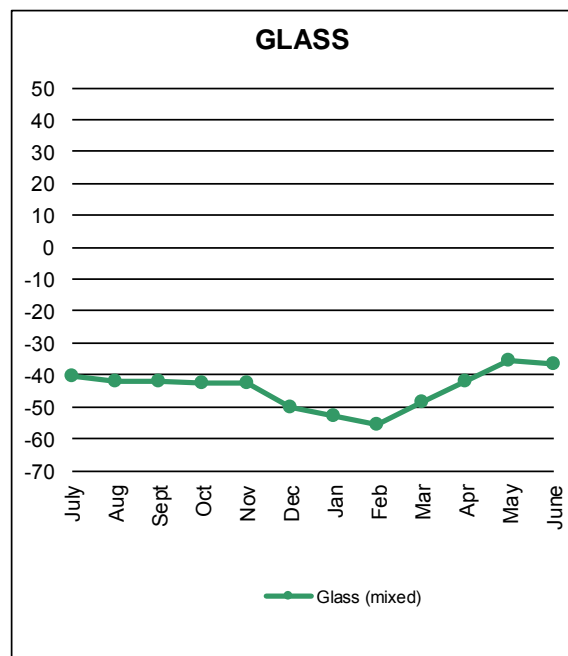
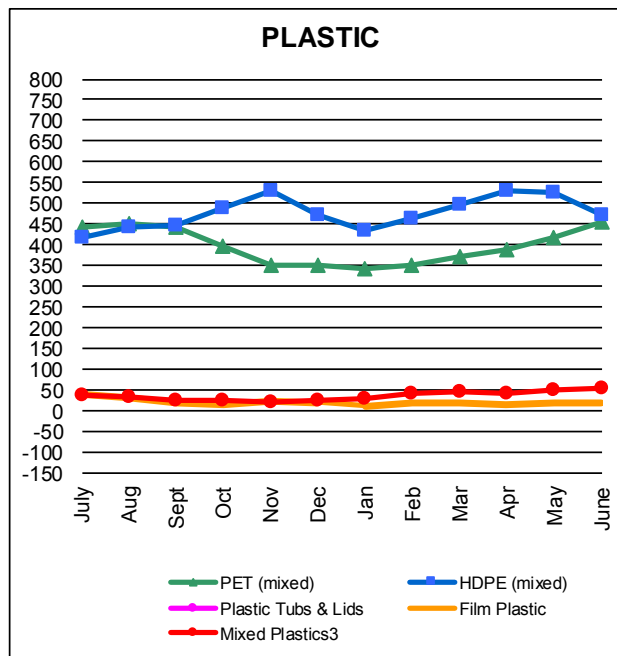
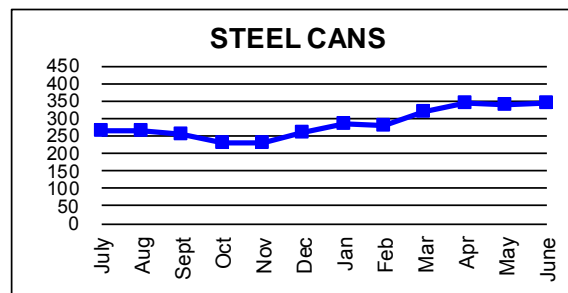
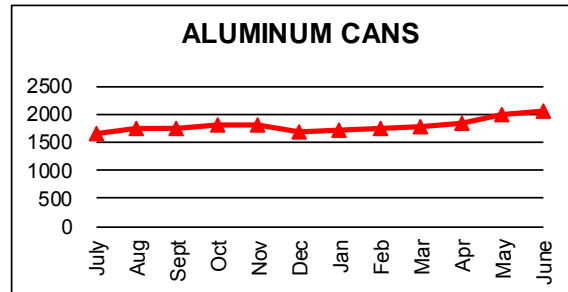
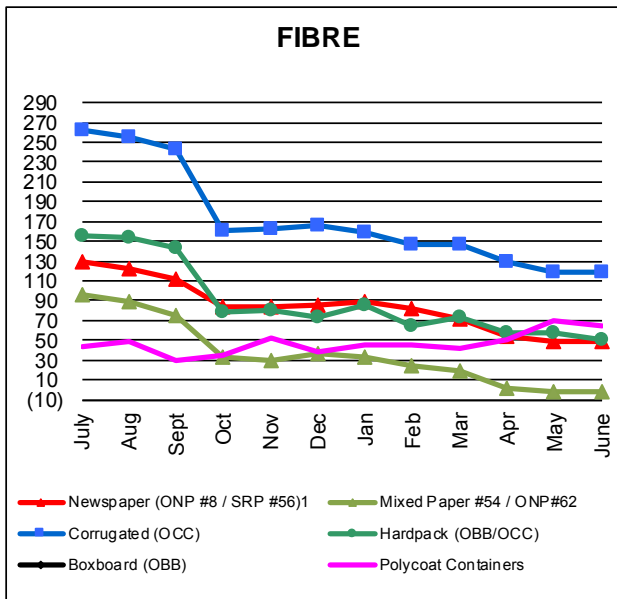
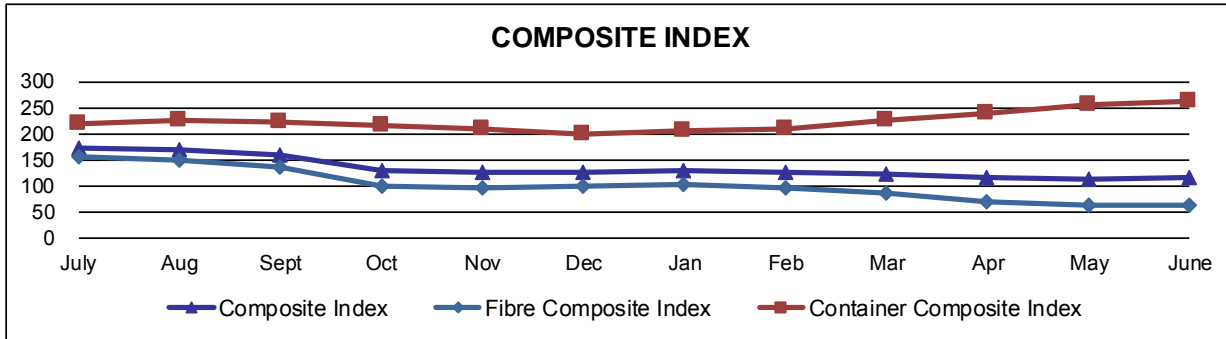
Neil Menezes, Reclay StewardEdge
nmenezes@reclaystewardedge.com, 416-644-8349

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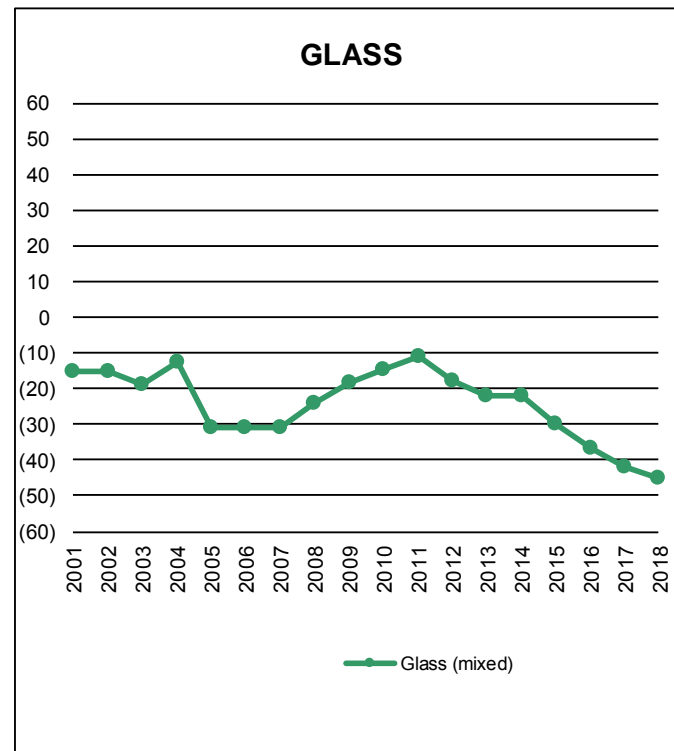
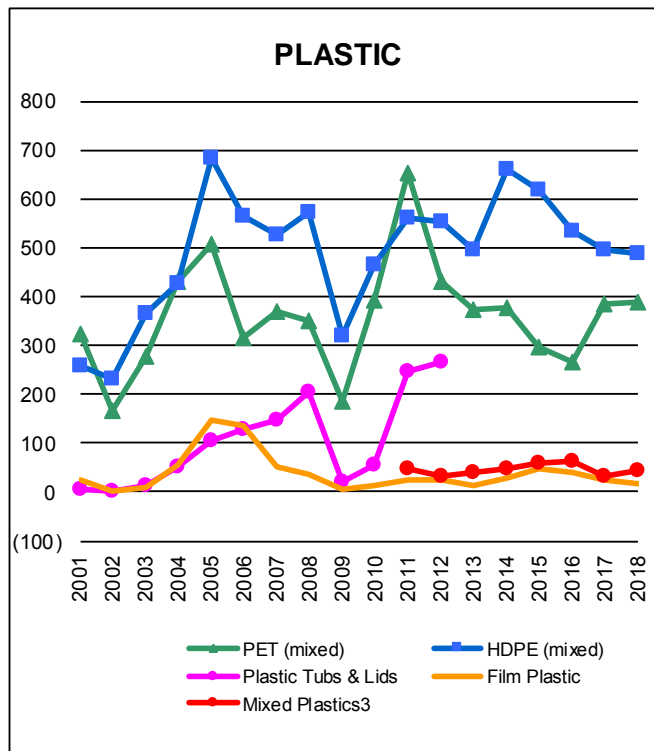
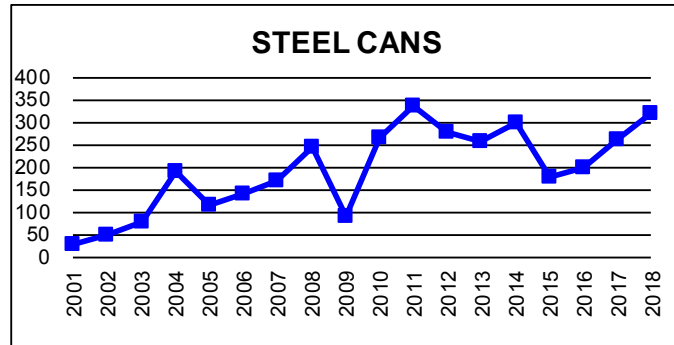
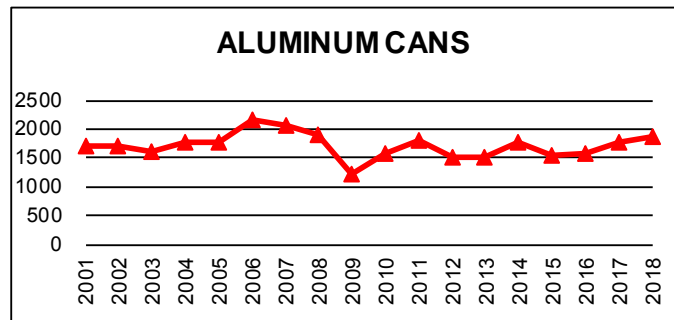
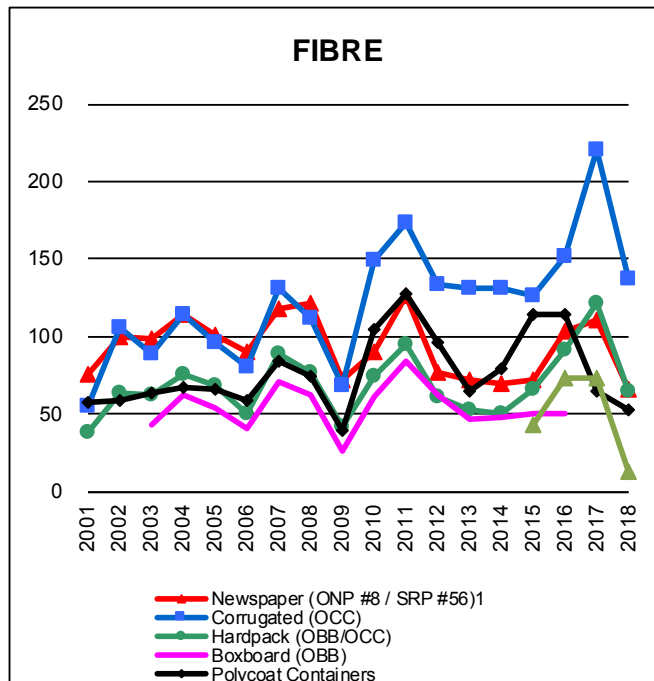


Produced for CIF by:

Reclay StewardEdge
 Product Stewardship Solutions



Graphs produced from Monthly Averages Table.



Graphs produced from Yearly Averages Table

Report IPSWM18-004: Attachment 4:

Proposed Amendments to the HGC Contract for the period January 1, 2018 to December 31, 2019 inclusive.

Beginning in July, 2018, quarterly audits will be undertaken of the on-street collected recyclable material received at the Pido Road Material Recovery Facility. The contamination rates will be determined for:

- Residue contamination, being contamination that cannot be recycled and must go to landfill;
- Cross-contamination, being contamination of either the fiber blue box by container recyclable material or the container blue box by fibre material; and
- Bagged contamination being containers that are set out at the curb in bags.

Based on these quarterly audits, following amendments to the existing HGC Contract will be made for the three months preceding the audit:

- An increase in the allowable residue rate over 5% to mirror the audited results for the City. For greater clarity, if the audited residue contamination from inbound City material is, for example, 8%, the allowable residue rate will be increased by 3% to 8%. No rebate from HGC is expected for residue levels below 5%.
- An increase in the processing fee for the level of audited cross-contamination from the City above 2%. For greater clarity, if the audited cross-contamination level from City material is 5% then the HGC processing fee will be increased by 3%.
- An increase in the HGC contract for a portion of the annual cost for ½ an FTE to deal with bagged inbound City container material when the bagged City container material is greater than 5%.

Amending Agreement re Processing Agreement, the Drop-off Agreement, and the HHWF Agreement and made this 2nd day of October 2018

Between

The Corporation of the City of Peterborough
(the "City")

and

HGC Management Inc.
(the "Contractor")

Recitals

- A. The Contractor and the City are currently parties to three service agreements.
- B. The first agreement between the parties had an effective date of 1 January 2008 concerning the Contractor's provision of its processing services at the City's building known as the Material Recycling Centre (the "MRF") located at 390 Pido Road in the City of Peterborough (the "Processing Agreement").
- C. The second agreement between the parties had an effective date of 1 January 2008 concerning the Contractor's provision of drop-off labour and services at the MRF (the "Drop-off Agreement").
- D. The third agreement between the parties had an effective date of 1 January 2010 concerning the Contractor's provision of labor and services at the City's Household Hazardous Waste Facility ("HHWF") located at 400 Pido Road in the City of Peterborough (the "HHWF" Agreement).
- E. By way of an extension agreement dated 15 November 2015, each of the three service agreements, being the Processing Agreement, the Drop-off Agreement and the HHWF Agreement had their terms extended until 31 December 2019.
- F. The City and the Contractor have agreed to amend all three aforementioned agreements as set out herein.

Now the parties, in consideration of the mutual covenant set out herein and the exchange of valuable consideration the receipt and sufficiency of which is hereby acknowledged, agree as follows:

Definition

Vacant Possession – in relation to the Yard and the MRF, means that each is free and clear of: (1) the Tenant's chattels and (2) the products, materials and by-products used

during or created as a result of the Tenant's occupancy and use of the Yard and/or the MRF.

The Processing Agreement

1. Article 1.2 of the Processing Agreement is hereby deleted in its entirety and replaced with the following:
 - "1.2 In all matters related to each Party's obligations and to the Contractor's Work, time is of the essence. The Parties agree that the Contractor's Work commenced on 1 January 2008 and that the Work shall end at the close of business on 31 October 2019.
 - 1.2.1 In addition to the foregoing, the Contractor shall provide the City with Vacant Possession of:
 - a. the Yard at the MRF on 1 October 2019. The Yard is the area outlined on the attached Schedule A to this Amending Agreement; and
 - b. the MRF on 30 November 2019."

The Drop-off Agreement

2. Article 1.2 of the Drop-off Agreement is hereby deleted in its entirety and replaced with the following:
 - "1.2 In all matters related to each Party's obligations and to the Contractor's Work, time is of the essence. The Parties agree that the Contractor's Work commenced on 1 January 2008 and that the Work shall end at the close of business on 31 October 2019.
 - 1.2.1 In addition to the foregoing, the Contractor shall provide the City with Vacant Possession of the MRF on 30 November 2019 and the Contractor shall ensure that the drop-off area is suitable for occupancy and operation as a drop-off site by a contractor as of 30 November 2019."

The HHW Agreement

3. Article 1.2 of the HHW Agreement is hereby deleted in its entirety and replaced with the following:
 - "1.2 In all matters related to each Party's obligations and to the Contractor's Work, time is of the essence. The Parties agree that the Contractor's Work commenced on 1 January 2010 and that the Work shall end at the close of business on 31 October 2019."

1.2.1 In addition the Contractor shall ensure that the HHW Drop-off area is suitable for occupancy and operation as a HHW drop-off site by a contractor as of 1 November 2019."

Miscellaneous

4. Except as otherwise amended above, all of the provisions of the Processing Agreement, the Drop-off Agreement, the HHWF Agreement and Extension Agreement dated 14 November 2015 shall continue in full force and effect and continue to bind the parties.

In witness whereof, the parties hereto have set their hands and seals as of the date first written above.

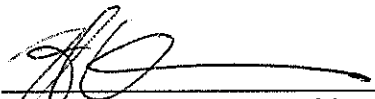
Signed, Sealed & Delivered

The Corporation of the City of Peterborough

Daryl Bennett, Mayor

John Kennedy, City Clerk

HGC Management Inc.



Herb Lambacher, President

I have the authority to bind the corporation

Schedule A – The Yard





The Yard

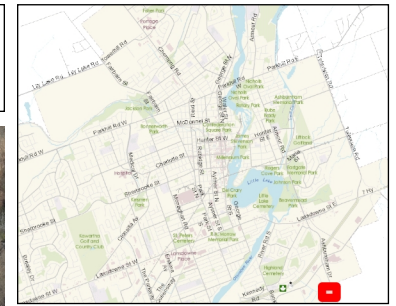


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Legend

Parcel (White)



City of
Peterborough