

COUNCIL AGENDA/INFORMATION

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<u>RF</u> Director	<u>[Signature]</u> CAO
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DISTRICT OF WEST VANCOUVER

750 – 17TH STREET, WEST VANCOUVER, BC V7V 3T3

COUNCIL REPORT

Date: December 16, 2008 File: 1776-01
From: Allen Lynch, Manager, North Shore Recycling Program
Raymond Fung, Director, Engineering & Transportation
Subject: Markets for Recyclables

RECOMMENDED THAT:

1. The report dated December 16, 2008, entitled, "Markets for Recyclables" be received for information.

Purpose

To provide Council with an update on the status of markets for recyclables and its impact on solid waste utility rates.

1.0 Background

The North Shore Recycling Program (NSRP) is the tri-municipal agency responsible for administering the residential recycling contract for the District of West Vancouver, as well as the City and District of North Vancouver.

The collection, processing, and marketing of recyclables collected from all single family and multi-family homes is contracted out to Waste Management of Canada. That contract has a revenue sharing agreement that allows for the municipalities to receive 75% of the revenue from the sale of the recyclables collected in the program. In 2007 the District's portion of that revenue was \$311,178, which was the highest revenue received since 2000.

2.0 Policy

All three North Shore municipalities have agreed to the policy of having source-separated collection of recyclables, which maximizes the quality of the materials and makes them more marketable.

3.0 Analysis

3.1 Discussion

The GVS&DD Board received the attached report from Metro Vancouver (Metro) staff regarding the current recycling markets and actions to address the impact to local recycling. The current global economic downturn is affecting the demand and pricing of most commodities, including recyclables. Lessening demand, over supply, and high inventories of recycled products have resulted in some cases, where processors are refusing to accept certain materials. Staff have been involved with Metro, the Recycling Council of British Columbia (RCBC), recycling industry representatives, and other local municipalities to monitor and develop strategies to deal with the local situation.

Despite the negativity reported in some of the local media, paper and other recyclables are still being bought, albeit at lower prices. End markets will take advantage of tightened demand and will enforce quality specifications more stringently.

This is where the North Shore municipalities have an advantage over some other jurisdictions. Due to our source-separated, curbside collection system and because our residents are very conscientious that newspaper goes in the blue bag and mixed paper in the yellow bag, our newspaper is consistently sold at the highest grade for newsprint and demands the highest price. In 2007, over 45% of the 15,300 tonnes of recyclables collected from the North Shore municipalities was newspaper, and this resulted in revenues to the program of almost \$690,000. Mixed paper comprised 38% of the total recycling tonnes in 2007 and garnered another \$474,000 in revenue. Processors with good quality paper products can still find markets. None of the recyclables accepted in the North Shore program have been refused.

Meanwhile, single-stream recycling, the practice of mixing all recyclables together in one container, has gained popularity in some parts of the United States and Canada generally due to the perceived benefits of convenience, simplicity for the public to understand, ability to collect more material, and cheaper collection costs. However, the paper products, in particular lose value when they are mixed together with other recyclables, as they become contaminated with glass shards, food scraps and moisture.

Due to recent publicity about one rural recycling program that has stopped accepting low-grade plastics at their recycling depot, there have been rumours circulating that the North Shore Recycling Program is considering no longer collecting recyclables at the curb. This is totally incorrect.

The North Shore program has always focused on collecting materials that historically maintain stable values as feedstock for new products. As the markets for low-grade materials such as #3, #6 and #7 plastics, plastic bags, polystyrene, etc. become seriously compromised due to the inability of recycling processors to sell the materials overseas, the North Shore municipalities are in a much better position than other municipal programs which began collecting low-grade plastics and other hard-to-recycle items.

3.2 Environmental/Sustainability Implications

It is important that the residential recycling program continues on the North Shore to maintain the municipalities' commitment to the Metro's Zero Waste Challenge.

3.3 Financial Implications

The District's current Five Year Garbage Collection and Five Year Recycling Collection/Processing contracts both expire on July 31, 2009. Staff are in the process of preparing a Tender for new contracts next year. It is expected that prices will increase, however volatility with a number of factors, such as interest from potential Contractors and the price of fuel makes estimation of increases difficult. Meanwhile, Metro staff are in the midst of updating the regional Solid Waste Management Plan, which will also impact on garbage collection and recycling.


The initial 2009 budget revenue to the District from the sale of recyclables was \$298,650. Because of the economic situation, this revenue estimate has now been reduced to \$190,050.

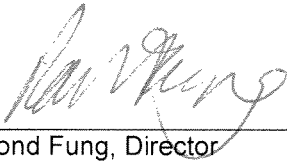
Despite all this uncertainty, staff are not currently considering an increase to the solid waste utility rates for the beginning of 2009. For the typical single family home, fees for garbage collection and recycling are \$22.50 and \$15.83 per quarter respectively. These rates are the lowest on the North Shore and have not increased since 1998. A significant surplus has accumulated in the solid waste utility account in recent years, primarily due to higher than estimated revenues from recyclables. Therefore, the reduction in expected revenues in 2009 can be accommodated without an increase in user rates. Once the new garbage and recycling contracts are awarded in late Spring, 2009, staff will be in a better position to determine specific impacts to users. Since utility billing occurs on a quarterly basis, staff have the option of implementing a solid waste utility rate increase for the latter half of 2009, if necessary.

3.4 Consultation

Staff continue to keep up-to-date with the market situation and development of the Solid Waste Management Plan at Metro, through the Solid Waste Coordinators Committee and the REAC Solid Waste Sub-Committee. Continued contact will be maintained with other stakeholders, such as RCBC and recycling industry representatives.

Author:


Allen Lynch, Manager
North Shore Recycling Program


Raymond Fung, Director
Engineering & Transportation

Attachment

1. November 25, 2008 Metro Vancouver report to GVS&DD Board re: Recycling Markets

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GVS&DD Board Meeting Date: November 28, 2008

To: GVS&DD Board

From: Toivo Allas, Manager, Policy and Planning

Date: November 25, 2008

Subject: **Recycling Markets**

Recommendation:

That the Board receive the report titled "Recycling Markets" and dated November 25, 2008 for information.

1. PURPOSE

To inform the Board on the current recycling market and actions to address the impact to local recycling.

2. CONTEXT

Recyclable materials are commodities in the international markets. The current global economic downturn is affecting the demand and pricing of most commodities including recyclables. Many of the recyclable materials collected in North America are normally sold to China and India for processing and recycling and the demand for these materials has been dramatically reduced. The reduction in demand is resulting in significantly lower prices and in some cases processors are refusing to accept certain materials. The situation is unprecedented and the immediate and long term implications are unknown. Locally the situation is a setback for Metro Vancouver's Zero Waste Challenge and may ultimately increase landfill disposal tonnages.

Metro Vancouver staff has met with recycling industry representatives, Recycling Council of British Columbia (RCBC) and several municipal representatives to monitor and to develop strategies to deal with the local situation. There was agreement amongst the meeting participants that the following messages should be communicated to the public:

1. The situation is unprecedented. Recycling is a business and it's being affected by global market forces just as other commodities are.
2. There are still markets for most of what is recycled. Residents and businesses should be encouraged to continue recycling.
3. The best way to reduce waste is to not create it in the first place.

A second meeting will be hosted by Metro Vancouver and the attendance will be expanded to include provincial representation and additional municipal and industry stakeholders.

Other jurisdictions are currently monitoring the recycling situation and in some cases stockpiling material. Metro Vancouver and municipal staff are participating in a conference call with other Canadian jurisdictions on Friday, November 28 to review impacts in other areas and discuss possible actions.

Recyclers in Metro Vancouver indicate there is still a demand for most fibres (newsprint, cardboard, mixed paper) and No. 1 and 2 plastics (pop bottles, milk jugs) although the price of these materials has dropped precipitously. The demand for other plastic types, glass and most metals has disappeared. The market for metals is cyclical in nature and will recover eventually. The future markets for glass and No. 3 – 7 plastics are uncertain. Most recyclers are stockpiling the recyclables for which there are no immediate markets with the hope that demand will increase in the near future.

Municipalities may be affected in different ways depending on the terms of contracts with waste and recyclable haulers and brokers. Some recyclable materials which generated revenue several weeks ago are now requiring a fee for processing.

3. ALTERNATIVES

Metro Vancouver is currently looking at the following potential courses of action:

- a) Allow the disposal of unmarketable materials when there are no other options available. Metro Vancouver will continue to impose restrictions under its material disposal ban programs. This means that incoming loads with excessive quantities of banned materials will be required to pay the tipping fee surcharge.
- b) Stockpile material until markets recover. Recyclers are currently doing this but will run out of space eventually. Public facilities could be made available to store materials until markets improve.
- c) Look for alternative uses. Explore the diversion of combustible materials to facilities such as cement plants in order to recover the energy value of the material and displace fossil fuels. Explore the use of crushed glass as an aggregate in certain construction applications.
- d) Renew efforts to promote waste reduction and reuse through education and social marketing. Utilize the situation to emphasize waste reduction, reuse and more thoughtful consumption through program's such as Metro Vancouver's Christmas Campaign.
- e) Continue to work in cooperation with municipalities, the recycling industry, RCBC and the Provincial Government to manage the effects of the downturn in recyclable markets.

4. CONCLUSION

Staff will continue to meet with municipal and industry stakeholders to monitor and respond to the situation affecting the recycling industry and will report regularly to the Board.