Agenda – Council – September 20, 2018

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – September 6, 2018

Item No. 1 Mattress and Box Spring Recycling Pilot Project with Mother Earth Recycling

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service, as amended, and submitted the following to Council:

1. That Council approve a single source negotiation with Mother Earth Recycling Inc. for a 1 (one) year pilot project to recycle mattresses and box springs from the Brady 4R Winnipeg Depot in the estimated amount of $193,000.00 ($45,000 for the cost of bins, $6,000 for advertising, $32,000 in lost tipping revenue, and grant of $110,000 to Mother Earth), GST and MRST extra as applicable, pursuant to Materials Management Policy B4.1 (g) where the supply is for testing or trial use.

2. That Council approve a net budget adjustment in the Brady 4R Winnipeg Depot Operating Budget Account Distribution No. 445 521020 201910 999 of $40,000.00 in 2018 and $153,000 in 2019, for a total budget amendment of $193,000.00 to allow for the implementation of the mattress recycling project in cooperation with Mother Earth Recycling.

3. That subject to approval of Recommendation 1. and 2., that Council approve that the City award, enter into, execute and deliver an agreement for a 1 (one) year pilot project to recycle mattresses and box springs from the Brady 4R Winnipeg Depot in the estimated amount of $193,000.00, GST and MRST extra as applicable with Mother Earth Recycling Inc. and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

4. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the 1 (one) year pilot project to recycle mattresses and box springs from the Brady 4R Winnipeg Depot in the estimated amount of $193,000.00, GST and MRST extra as applicable with Mother Earth Recycling Inc. and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

5. That the Province of Manitoba be requested to include a review of Mother Earth Recycling Inc.'s program as part of its Recycling Task Force.

6. That the Proper Officers of the City be authorized to do all things necessary to complete the intent of the foregoing.

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – September 6, 2018

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 12, 2018, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service with the following amendments:

- Delete Recommendation 1. a. in its entirety, and replace it with the following:
  "1. That Council approve a single source negotiation with Mother Earth Recycling Inc. for a 1 (one) year pilot project to recycle mattresses and box springs from the Brady 4R Winnipeg Depot in the estimated amount of $193,000.00 ($45,000 for the cost of bins, $6,000 for advertising, $32,000 in lost tipping revenue, and grant of $110,000 to Mother Earth), GST and MRST extra as applicable, pursuant to Materials Management Policy B4.1 (g) where the supply is for testing or trial use."

- Renumber Recommendation 1.b. as Recommendation 2. and amend as follows:
  - Delete the words "$90,000 in 2019 and $70,000.00 in 2020" and replace them with "$153,000 in 2019"
  - Delete "$200,000" and replace it with "$193,000.00"

- Amend Recommendation 3. as follows:
  - Delete "1.a and 1.b." and replace it with "1. and 2."
  - Delete "2 (two)" and replace it with "1 (one)"
  - Delete "$240,000" and replace it with "$193,000.00"

- Amend Recommendation 4 as follows:
  - Delete "2 (two)" and replace it with "1 (one)"
  - Delete "$240,000" and replace it with "$193,000.00"

- Add the following new Recommendation 5. and renumber the remaining Recommendation accordingly:

  "5. That the Province of Manitoba be requested to include a review of Mother Earth Recycling Inc.'s program as part of its Recycling Task Force.",

and forwarded the matter to Council.

Further on September 12, 2018, Damon Johnson, Aboriginal Council of Winnipeg, submitted a presentation dated September 12, 2018, with respect to the matter.

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – September 6, 2018

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION:

On September 6, 2018, due to a tie vote, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment submitted the matter to Executive Policy Committee and Council without recommendation.

Further on September 6, 2018, Terry Brown, Board of Directors, Mother Earth Recycling submitted a presentation dated September 6, 2018 with respect to the matter.

ADMINISTRATIVE REPORT

Title: **MATTRESS AND BOX SPRING RECYCLING PILOT PROJECT WITH MOTHER EARTH RECYCLING**

Critical Path: **Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Park, Acting Manager, Solid Waste Services	M. L. Geer, CPA, CA, Director, Water and Waste Department	M. Ruta	D. Wardrop, Acting CAO

EXECUTIVE SUMMARY

Mattresses and box springs currently dropped off by residents at the Brady Road Resource Management Facility (BRRMF) are considered waste, are subject to tipping fees and are subsequently landfilled.

The Water and Waste Department, in cooperation with Mother Earth Recycling Inc. (MER), has developed a plan to operate a pilot project to recycle mattresses and box springs collected at the BRRMF. The two-year pilot project would involve the City accepting from residents, free of charge, mattresses and box springs at the Brady Road 4R Winnipeg Depot. Collected mattresses and box springs would then be transported to MER's facility at 771 Main Street, where MER would deconstruct each mattress and box spring, sell marketable commodities and discard the residual material.

It is estimated that the BRRMF receives approximately 10,000 mattresses or box springs annually. Over the two-year pilot project, it is estimated that, of all mattresses/box springs received, 80% (16,000) could be diverted from the landfill, at a total cost of approximately $400,000.

The City is projecting approximately $128,000 of landfill air space savings (space which would have been used if this material had simply been landfilled) from the diversion of 16,000 mattresses.

This report is recommending Council approval of the pilot project, subject to MER finding other partners who will fund a minimum of 50% of the cost of the pilot project.

The Recommendations of this Report are compliant with the Materials Management Policy and the applicable Trade Agreements.

RECOMMENDATIONS

1. That subject to Mother Earth Recycling Inc. finding other sources to fund a minimum of 50% of the cost of the mattress recycling project,

    a. That Council approve a single source negotiation with Mother Earth Recycling Inc. for a 2 (two) year pilot project to recycle mattresses and box springs from the Brady 4R Winnipeg Depot in the estimated amount of $240,000.00, GST and MRST extra as applicable, pursuant to Materials Management Policy B4.1 (g) where the supply is for testing or trial use.

    b. That Council approve a net budget adjustment in the Brady 4R Winnipeg Depot Operating Budget Account Distribution No. 445 521020 201910 999 of $40,000.00 in 2018, $90,000 in 2019 and $70,000.00 in 2020 for a total budget amendment of $200,000.00 to allow for the implementation of the mattress recycling project in cooperation with Mother Earth Recycling.

2. That, subject to approval of Recommendation 1.a and 1.b, that Council approve that the City award, enter into, execute and deliver an agreement for a 2 (two) year pilot project to recycle mattresses and box springs from the Brady 4R Winnipeg Depot in the estimated amount of $240,000.00, GST and MRST extra as applicable with Mother Earth Recycling Inc. and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the “Ancillary Agreements”).

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the 2 (two) year pilot project to recycle mattresses and box springs from the Brady 4R Winnipeg Depot in the estimated amount of $240,000.00, GST and MRST extra as applicable with Mother Earth Recycling Inc. and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

4. That the proper officers of the City be authorized to do all things necessary to implement the foregoing.

REASON FOR THE REPORT

As the total estimated amount to be paid by the City pursuant to the contract to Mother Earth Recycling Inc. is $240,000.00 plus MRST and GST (on average $120,000 per

year plus MRST and GST), and the contract is for multiple years affecting yearly budgets not yet approved by Council, Council approval is required.

As per Section 288(2) of The City of Winnipeg Charter, Council has the authority to authorize expenditures before the operating or capital budget of a fiscal year is adopted.

IMPLICATIONS OF THE RECOMMENDATIONS

This report is requesting approval of operating budget adjustments in each of 2018, 2019 and 2020.

HISTORY/DISCUSSION

On May 28, 2013, the Standing Policy Committee on Infrastructure Renewal and Public Works requested the Winnipeg Public Service collaborate with MER to explore potential opportunities for recycling in the 4R Winnipeg Depots, which would have the following benefits:

- job creation for young Indigenous people
- ensuring a re-use option for surplus electronics
- ensuring pick up of surplus electronics, mattresses and furniture

Mattresses and box springs dropped off by residents at the BRRMF and collected through the City's Bulky Waste Pick-up Service are currently landfilled. The City of Winnipeg does not currently have a program to recycle mattresses and box springs.

The disposal of mattresses and box springs causes many issues for the City's landfill operations, including, but not limited to:

- Mattresses/box springs do not decompose well in landfills and air voids created in the metal coils promote bacterial growth (odour generation source) and potential internal combustion.
- Mattresses/box springs provide an area for landfill fires to smolder, allowing a deep seated fire to re-ignite after it was thought to be extinguished.
- Mattresses/box springs become localized leachate pockets within the landfill waste mass, which can cause leachate outbreaks.
- Mattresses/box springs have limited compaction (lowers overall waste density).
- Mattress/box spring metal coils (springs) get tangled in landfill equipment.

The Public Service has been meeting with MER since 2013 to investigate methods of providing an outlet for electronic waste and/or other recyclable materials that, at that time, were not being diverted by the City. The most recent discussions with MER have focused on mattress recycling, which will not only help achieve the City's goal of diverting items from the landfill, but also assist MER in making their mattress recycling operation sustainable.

On March 22, 2018, MER submitted a proposal for a two-year pilot project to recycle mattresses and box springs collected at the Brady 4R Winnipeg Depot. MER proposes

that, over a two-year period, they expect to receive a total of approximately 16,000 mattresses and box springs, which they will deconstruct, and then sell marketable commodities and discard residual material. The cost to recycle each unit is $15.00, with an estimated total cost of $240,000 for the two-year pilot project.

The intent of a pilot project is to establish baseline information that can be used to create a long-term sustainable recycling program for mattresses and box springs.

During the pilot project, the City would be responsible for collecting mattresses and box springs at its Brady Road 4R Winnipeg Depot, and delivering each unit to MER's facility at 771 Main Street. The pilot project would, at this time, be limited to mattresses and box springs collected at the Brady Road 4R Winnipeg Depot and would not include those collected through the City's Bulky Waste Pick-up Service, as this material is currently mixed in with other waste products upon collection and is more likely to be contaminated.

The Public Service estimates that, over the two-year period, $160,000 would be required to cover costs associated with operating the pilot project, including:

- acquisition of collection containers, fleet and equipment
- daily operation of hauling mattresses and box springs to MER's processing facility
- program advertising
- potential loss of revenue (tipping fees currently associated with the landfilling of mattresses)

Diversion of mattresses and box springs from the BRRMF will have a direct benefit on the facility's longevity, as it will free up landfill air space for other municipal solid waste, as well as reduce operational issues currently caused by the landfilling of this material. It is estimated that the pilot project will save $128,000 worth of landfill air space.

A key stakeholder in MERs waste diversion activities is Manitoba Sustainable Development. Over the past four years, the Province has provided MER approximately $425,000 to support their mattress recycling efforts and are interested in future options to sustain long-term mattress recycling efforts.

The Public Service is satisfied that Mother Earth Recycling Inc. has the necessary experience and resources to perform all of the work in accordance with comparable waste diversion practices and has performed this work since their operation's inception.

On April 13, 2018, MER provided documentation from James Worthing Safety Consulting Services stating that the contractor has a workplace safety and health program meeting the requirements of The Workplace Safety and Health Act (Manitoba).

While there are social and waste diversion benefits associated with this proposed project, this will be a new pilot program for the Solid Waste Services division which requires a budget adjustment to fund a 50% share of the cost. A pilot program would

validate the uptake of mattress recycling and measure the costs and benefits of diversion for all parties involved.

This single source negotiation and award of contract is permitted pursuant to clause B4.1 (g) of the Materials Management Policy, which provides that a supply to be made to the City may be negotiated without the solicitation of competitive offers where it is in the best interest of the City, appropriate and necessary, and where the supply is for testing or trial use.

As Mother Earth Recycling Inc. represents itself as being a "*Winnipeg based Aboriginal Social Enterprise*", whose "*mission is to provide meaningful training and employment opportunities to the Aboriginal community through environmentally sustainable initiatives*" (from Mother Earth Recycling Inc.'s website), and one of the objectives of the Winnipeg Public Service's collaboration with Mother Earth Recycling Inc. is to provide employment opportunities for indigenous youth, this procurement is not subject to the application of the Canadian Free Trade Agreement (2017) ("CFTA"), as Article 800.1 of the CFTA provides that:

> *"This Agreement does not apply to any measure adopted or maintained by a Party with respect to Aboriginal peoples. It does not affect existing aboriginal or treaty rights of any of the Aboriginal peoples of Canada under section 35 of the Constitution Act, 1982*."

The value of this procurement does not rise above the threshold for application of the Comprehensive Economic and Trade Agreement (2016) ("CETA").

FINANCIAL IMPACT

Financial Impact Statement

Date: August 22, 2018

Project Name:

First Year of Program **2018**

MATTRESS AND BOX SPRING RECYCLING PILOT PROJECT WITH MOTHER EARTH RECYCLING

	2018	2019	2020	2021	2022
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 80,000	$ 180,000	$ 140,000	$ -	$ -
Less: Incremental Revenue/Recovery	40,000	90,000	70,000	-	-
Net Cost/(Benefit)	$ 40,000	$ 90,000	$ 70,000	$ -	$ -
Less: Existing Budget Amounts		-	-	-	-
Net Budget Adjustment Required	$ 40,000	$ 90,000	$ 70,000	$ -	$ -

Additional Comments: A net budget adjustment to Current Operating Account 445-521020-201910-999 for a total of $200,000 would be required to cost-share a maximum of 50% of the estimated cost of the pilot program.

"Original signed by L. Szkwarek, CPA, CGA"

Lucy Szkwarek, CPA, CGA
Manager of Finance and Admnistration

CONSULTATION

This Report has been prepared in consultation with:

Legal Services as to Legal issues

OURWINNIPEG POLICY ALIGNMENT

The Processing and Marketing Program is consistent with:

1. Section 02-2 Environment – "*Incorporate sustainable practices into internal civic operations and programs and services*"
   By entering into a pilot project with Mother Earth Recycling, the City will save on landfilling costs.

2. Section 02-2 Environment – "*set long range goals for solid waste diversion*"
   With the information gained from this project, the City will be able to diligently plan a sustainable recycling program for these units.

SUBMITTED BY

Department: Water and Waste Department
Division: Solid Waste Services Division
Prepared by: M. Kinsley/D. Doan
Date: August 22, 2018
File No.: G-246