

**CITY OF HAMILTON**

**PUBLIC WORKS DEPARTMENT  
Environmental Services Division**

<b>TO:</b> Chair and Members Public Works Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> May 16, 2013	
<b>SUBJECT/REPORT NO:</b> Recycling Council of Ontario Municipality Reimbursement Agreement for the Funding of Phase 2 Municipal Hazardous or Special Waste (PW13037) - (City Wide)	
<b>SUBMITTED BY:</b> Gerry Davis, CMA General Manager Public Works	<b>PREPARED BY:</b> Joel McCormick (905) 546-2424, Extension 5601
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the City of Hamilton enter into the Municipality Reimbursement Agreement with the Recycling Council of Ontario for the funding of Phase 2 material collected under the City of Hamilton's Municipal Hazardous or Special Waste program;
- (b) That the Mayor and City Clerk be authorized to execute all necessary documents, including a Municipality Reimbursement Agreement with the Recycling Council of Ontario, to implement recommendation (a) of Report PW13037 with content satisfactory to the General Manager of Public Works and in a form satisfactory to the City Solicitor.

**EXECUTIVE SUMMARY**

Under the existing New Municipal Hazardous or Special Waste Services Agreement and the Municipal Depot Transportation and Processing Incentive Program (MDT&PIP), the City of Hamilton (City) has been and is to receive partial or full funding from Stewardship Ontario (SO) for the collection, transportation and processing of Phase 1 & 2 Municipal Hazardous or Special Waste (MHSW) collected under the City's MHSW program.

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In the fall of 2012, the City received notice that the Ontario Ministry of the Environment (MOE) has appointed the Recycling Council of Ontario (RCO) to manage and distribute funds dedicated to the collection, transportation and processing of Phase 2 MHSW. SO will still retain responsibility for Phase 1 collection, transportation and processing funding disbursements.

In February 2013, the RCO provided to the City the Municipality Reimbursement Agreement for execution which will provide the City the opportunity to reduce the annual operating budget without affecting service levels to the residents of the City. The Municipality Reimbursement Agreement will provide funding to the City for eligible cost for Phase 2 MHSW. It is anticipated that the value of the funding may be as high as \$150,000 annually.

Staff does not anticipate any service issues or changes as a result of signing on to the Municipality Reimbursement Agreement. The City's contract with Hotz Environmental Services Inc. (Hotz), current MHSW contractor, will not be affected by the Municipality Reimbursement Agreement with the RCO. Hotz will continue to invoice the City as per the current contract and the City will then complete and forward semi-annual reimbursement claims to the RCO.

This report is guided by the principles of the Public Works Business Plan "Innovate Now". The recommendations in this report support the vision driver of finances as they provide sound financial management for the residents of the City.

**Alternatives for Consideration - See Page 5**

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS**

**Financial:** With the execution of the Municipality Reimbursement Agreement, it is estimated that the City may receive funding as high as \$150,000 annually from the RCO for the transportation and disposal of eligible Phase 2 MHSW materials. At this time, the RCO has not determined the amount of funding the City would receive, if any, for the administration cost and the eligible marketing cost.

Funding for the Municipality Reimbursement Agreement is provided to the RCO from the MOE. The amount of funding is pre-determined and capped. The RCO will disburse the funds to participating municipalities on a semi-annual basis. As the Municipality Reimbursement Agreement has only just been implemented it is unknown if the reimbursement claims from participating municipalities will exceed the pre-determined funding provided to the RCO.

The RCO's primary goal is to reimburse one hundred per cent (100%) of eligible costs outlined in the Municipality Reimbursement Agreement. If the reimbursement claims submitted to the RCO from participating municipalities exceed the available funding, the RCO will prioritize payments and the City may only receive a portion of the funding for all of the eligible cost outlined in the Municipality Reimbursement Agreement.

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If the situation arises that the reimbursement claims exceed the available funding, the RCO will prioritize payments in the following order on a prorated basis if required:

- First Priority: post-collection cost (transportation and processing of Phase 2 MHSW);
- Second Priority: administration cost
- Third Priority: eligible marketing cost

The funding received from the Municipality Reimbursement Agreement would offset the Environmental Services Division annual operating budget.

**Staffing:** There are no staffing implications.

**Legal:** In order to participate in the MHSW, the RCO requires the City to sign a Municipality Reimbursement Agreement. Said Agreement will allow the City to apply for reimbursement of eligible costs going back to October 1, 2012. Specified supporting documents will have to be submitted by the City along with its reimbursement claims. Pursuant to the Agreement in its current form, the RCO has the right to terminate the Agreement if the MOE terminates funding for the Phase 2 Program. The RCO also has the right to unilaterally amend, on sixty (60) days' notice, certain provisions of the Agreement, such as, the timeline for reimbursement, the list of eligible costs, and information that must be submitted by the City with its reimbursement claims. The Agreement, in its current template form, will expire in 2016, although this is subject to change.

## **HISTORICAL BACKGROUND**

The City entered into the MHSW Management Shared Responsibility Agreement with Stewardship Ontario (SO) in July 2008, which provided funding to the City for the transportation and processing of Phase 1 and 2 MHSW collected from City residents at the City's three (3) Community Recycling Centres (CRC).

In early 2011, SO notified the City (and other municipalities) that the funding agreement would be terminated but would be replaced with the New Municipal Hazardous or Special Waste Services Agreement. Under this agreement, the City receives partial funding (related to Phase 1 MHSW) for the operations of the City's MHSW depots. The eligible materials for Phase 1 funding include:

- paints, coatings and their containers
- pressurized containers (non-refillable and refillable)
- single use dry cell batteries
- antifreeze and its containers
- oil containers
- oil filters

In addition to the new agreement, SO implemented the Municipal Depot Transportation and Processing Incentive Program (MDT&PIP) on January 1, 2012.

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The MDT&PIP is an incentive-based program where transporters and processors of approved Phase 1 MHSW are paid directly by the MOE for the services provided to the City. Under the MDT&PIP it was stipulated that the funding provided to the City for the collection, transportation and processing of Phase 2 MHSW would end on September 30, 2012 and that Phase 3 MHSW would be solely funded by the City (as was already the practice).

It was announced in September 2012 that the MOE had chosen the RCO to manage and distribute funds dedicated for the collection, transportation and processing of Phase 2 MHSW outlined in the MHSW Program. The transfer of responsibility from SO to the RCO for Phase 2 funding took place in October 2012. Implementation of the Municipality Reimbursement Agreement with the RCO does not impact or change the funding provided by SO under the New Municipal Hazardous or Special Waste Services Agreement and the MDT&PIP.

The RCO has since distributed to Ontario municipalities the Municipal Reimbursement Agreement which will provide funding to the City for the collection, transportation and processing of Phase 2 MHSW. The list of eligible Phase 2 MHSW that is included in the Municipal Reimbursement Agreement is as follows:

- Rechargeable batteries
- Portable fire extinguishers
- Fluorescent light bulbs and tubes
- Mercury-containing devices e.g. thermostats
- Pharmaceuticals
- Sharps and syringes

The Municipality Reimbursement Agreement outlines the protocol that will be used to disburse funds to participating municipalities. The funding that is provided to the RCO from the MOE for the Municipality Reimbursement Agreement is pre-determined and capped. At this time it is unknown if the reimbursement claims from participating municipalities will exceed the limited funding provided to the RCO since the program has only been implemented and is yet to go through a claims cycle.

The RCO's key objective is to reimburse one hundred per cent (100%) of eligible costs outlined in the Municipality Reimbursement Agreement. If the reimbursement claims submitted by participating municipalities exceed the available funding, the RCO will prioritize payments in the following order on a prorated basis if required:

- First Priority: post-collection cost including transportation and processing of Phase 2 MHSW
- Second Priority: administration cost which includes activities such as City staff time related to tracking and reporting for the purpose of the program
- Third Priority: eligible marketing cost such as activities and materials used to notify residents of depot collection e.g. various types of advertisement

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The deadline to sign the Municipality Reimbursement Agreement is May 31, 2013 and will permit the City to apply for retroactive funding to October 1, 2012. Funding received from the Municipality Reimbursement Agreement would be used to offset the Environmental Services Division annual operating budget for the MHSW program.

There will be no disruption or change in service to residents. The depots will continue to operate (ten) 10 hours per day, six (6) days a week and the types of MHSW accepted remains the same.

**POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS**

Not applicable.

**RELEVANT CONSULTATION**

The Municipality Reimbursement Agreement with the RCO for the funding of Phase 2 MHSW was reviewed with Legal Services and Corporate Services (Finance and Administration) and they are in agreement with executing the agreement.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

The signing of the Municipality Reimbursement Agreement with the RCO must be completed by May 31<sup>st</sup>, 2013. The City will be eligible for reimbursement of eligible cost from Phase 2 MHSW collected from October 1, 2012 onwards.

If the City enters into the Municipality Reimbursement Agreement, it is estimated that the City may receive as much as \$150,000 in funding annually to cover the cost of transportation and disposal of eligible Phase 2 MHSW. Since the overall funding is pre-determined and capped it is unknown what the exact amount of funding the City will ultimately receive.

The annual funding received would offset the annual MHSW operations budget in the Environmental Services Division.

**ALTERNATIVES FOR CONSIDERATION**

If Council elects not to enter into the Municipality Reimbursement Agreement, the City will continue to fully fund the collection, post-collection and disposal of eligible Phase 2 MHSW through the Environmental Services Division's annual operating budget.

**ALIGNMENT TO THE 2012 - 2015 STRATEGIC PLAN**

**Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

**Strategic Objective**

1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

**Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**

2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

2.3 Enhance customer service satisfaction.

**Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

**Strategic Objective**

3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.

3.3 Improve employee engagement.

**APPENDICES / SCHEDULES**

None