



TORONTO STAFF REPORT

January 3, 2006

To: Works Committee

From: Richard Butts, General Manager, Solid Waste Management Services

Subject: Test Results of New Recycling/Litter Bins

Purpose:

To report on the results of the test of the proposed new Eucan recycling/litter bins.

Financial Implications and Impact Statement:

There are no financial implications arising from this report at this time.

Recommendations:

It is recommended that:

- (1) this report be received for information and forwarded to the Community Councils for hearing of deputations at their meeting on February 7, 2006, and that the Community Councils report back to the March 7, 2006 Works Committee meeting with their recommendations; and
- (2) staff consolidate the responses of the Community Councils, provide an update on the status of the street harmonization Request for Proposals process and put forward a position on whether to accept Eucan's proposal, in a report to the March 7, 2006 meeting of Works Committee.

Background:

At its meeting on July 20-22, 2004, City Council had before it a report that outlined various options to acquire an additional 1,000 recycling/litter containers. One of the options was a proposal from Eucan to provide two newly designed containers, one that would contain advertising and one that would not. Council approved a three-month test of the new recycling/litter bins. The test was to obtain public feedback on the bins, consult with stakeholders, examine the functioning and effectiveness of these new litter/recycling bins and include hiring a financial third party expert to review the Eucan proposal.

Council requested that the Works Committee refer the results of the test project to the Community Councils for the hearing of deputations, and the Community Councils report back to the Works Committee with their recommendations.

Council also directed “that the Acting Commissioner of Works and Emergency Services be requested to develop a uniform strategy for street furniture to include garbage bins, signage pylons, benches and other types of street furniture” and that this motion be referred to the Roundtable on a Beautiful City for consideration.

Comments:

The test included both types of new recycling/litter bins provided by Eucan, the two new bins are called the EcoMupi and the EcoBox. Councillors that did not wish to take part in the test were exempt from the process. All councillors participating in the test were given the option to have up to four EcoMupis and four EcoBoxes installed in their ward.

In total, 82 EcoMupis and 55 EcoBoxes were tested in 28 wards. The test began on July 29, 2005 and finished on October 30, 2005.

I. Consultation Feedback

One of the key elements of the newly designed recycling/litter bin test was to provide the public with an opportunity to comment on the new bins. Council requested that the test should include consultation with the citizens of Toronto and with stakeholders including Business Improvement Areas (BIA's) and the Toronto Association of Business Improvement Areas (TABIA); Residents and Ratepayer Associations; and other interested groups highlighted by members of Council.

The following section summarizes the various consultation activities undertaken to encourage feedback on the bins from stakeholders and members of the public.

A. Citizens Feedback

Council requested that during the test, all advertising space on the EcoMupis be used by the City of Toronto to promote the test and to solicit public feedback. As a result, during the test, the EcoMupis displayed a phone number and a website for people to register their comments on the bins. The City primarily solicited public feedback on the EcoMupi bin since it is the largest, would contain advertising, and is positioned perpendicular to the street.

As directed by Council, the survey was available on the City's Web page at www.toronto.ca/bintest and available through an automated telephone survey by calling 416-392-6000. Staff also conducted on-street surveys to obtain the opinions of average citizens. In August and September, Solid Waste Management Services staff conducted on-street surveys at various test bin locations throughout the City. Two staff members visited 18 different bin locations asking passersby the survey questions and in total 199 on-street surveys were completed.

During the test, 1,748 telephone and 2,387 online surveys were received, totalling 4,334. Given the high number of surveys completed, an independent research firm, Northstar Research Partners, was hired to do the data coding, tabulation and analysis.

Northstar found that the results of the three surveys varied significantly and that there is no conclusive rationale to explain this variance. The online survey results were mostly against the bins whereas the results of the telephone survey were mostly in favour of the bins. In Northstar's opinion, if the results were truly representative of the citizens of Toronto, the results would not vary to the degree that they do. Northstar feels that the results indicate that other factors may have influenced the results such as a push by special interest group(s) or stakeholders to influence the results. Additionally, staff observed during the test that there were numerous newspaper articles that were strongly opinionated which could have influenced the results. Northstar stated the major weakness in the online and telephone survey was that the survey was not random, citizens chose to respond. SWMS was prohibited by the Corporate Access and Privacy office to place controls on the online and telephone surveys that would have required individuals to identify themselves. The same person or firm could complete the survey as many times as desired; and there was no way of telling if the respondents actually saw the bin.

The major advantage of the online and telephone survey was the large sample size. The major weakness in the on-street survey was the small sample size. The major strengths with the on-street survey is that the sample was conducted at random and therefore the people likely had no vested interest. It also ensured that different people completed the survey and that respondents actually saw the bins.

Given the strengths and weakness of all the surveys, Northstar feels that the most credible sample for analysis are the on-street surveys. Northstar states that the on-street "sample is the strongest mainly because there is a degree of randomness interjected in this sample. Street level respondents were not motivated one way or the other to register their opinion on the new Eucan bins. Their opinion is included by way of circumstance, they happened to be walking by one of the new bins while interviewers were present. Their opinion is likely more in line with that of the average resident of the City of Toronto. Taking all things into consideration, the opinions of street level respondents tend to be more balanced when compared to both on-line and telephone respondents". Northstar does not discount the online and telephone surveys but point out to keep in mind the above mentioned weakness when reviewing these results. The following are some of the key findings Northstar has highlighted in their Executive Summary:

- If the focus is put on the street level responses, we learn that the Eucan bins are well received. The majority of street level respondents (81%), those who actually have seen the bins, feel that they are practical and easy to use.
- There does appear to be a need to address the two-end collection issue – either via communications initiatives or better instructions on the actual bin. A sizeable proportion of street level respondents (40%) say that they did not know that both ends could be used to deposit litter. This design deficiency results in a greatly reduced litter capacity and as such might result in prematurely overflowing bins resulting in litter conditions.
- Some attention will also need to be paid to on sidewalk positioning if this pilot project is rolled out. Obviously, the bins will need to be positioned in such a way to minimize impact on both motorists and pedestrians.

- The majority of street level respondents feel that the benefits of the bins will outweigh any negative impact. 83% support the initiative citing revenue generation as the primary motivator.

Please see Appendix A for the full Northstar report

B. Stakeholder Feedback

Staff from Solid Waste Management Services and the Public Consultation Unit organized and conducted several consultation meetings to solicit feedback on the bins from specific stakeholder groups that Council requested be consulted with. The specific stakeholders consulted with included the Toronto Association of Business Improvement Areas (TABIA), local Business Improvement Areas (BIA's), Resident/Ratepayer Associations & Community Groups, Toronto Cycling Committee, Toronto Pedestrian Committee and the Roundtable on a Beautiful City.

1. Business Improvement Areas (BIA's)

Staff consulted with participating BIA's that had bins in their area and non-participating BIA's that did not have bins in their area.

(a) Participating BIA's

Feedback was solicited through a meeting and from a survey that was mailed out to 22 participating BIA's. Five BIA's and a TABIA representative were present at the meeting. Seven BIA's that were not present at the meeting returned a survey or provided comments. Therefore, the opinions received are reflective of 12 distinct participating BIA's. In total, out of the input received through the meeting, the surveys, and the submitted comments, 4 BIA's expressed their support of the new bins, while 8 BIA's expressed disapproval. Furthermore, 5 BIA's (Roncesvalles Village, West Queen West, Kennedy Road, The Danforth and GreekTown on the Danforth) expressed their official rejection of the Eucan proposal either verbally, via signed statements, or via community petitions.

(b) Non-Participating BIA's

Feedback was solicited through a meeting and from a survey that was mailed out to 30 non-participating BIA's. Four BIA's, a TABIA representative, and a representative from the City of Toronto's BIA office were present at the meeting and two BIA's that were not present at the meeting returned a survey or provided comments. Therefore, the opinions received are reflective of 6 distinct non-participating BIA's. Overall, out of the input received through the meeting and the surveys, 5 BIA's expressed their disapproval of the new bins.

2. Toronto Association of Business Improvement Areas (TABIA)

Although no surveys were returned from the TABIA consultation on May 31st, John Kiru, Executive Director of TABIA, expressed that if this proposal were to be accepted by Council, Toronto's BIA's should be given the opportunity to opt in or out of having the bins and that the City should work with BIA's to determine the location of the bins.

3. Resident/Ratepayer Associations and Community Groups

Feedback was solicited at four community consultation meetings and from surveys mailed out to 129 community groups.

In total, of the 129 resident/ratepayer associations and community groups invited to attend, 30 people were present at the meetings representing 7 groups. Of the 30 attendees, 11 were members of the Toronto Public Space Committee. The remaining 19 participants included representatives from 6 separate resident/ratepayer associations and community groups as well as 10 individual citizens

Survey packages were also sent to the same 129 groups. Twenty one resident association/community groups, that were not present at the consultation meetings returned surveys. Combining the opinions expressed by the 7 resident associations/community groups represented at the meetings, and the 21 groups that were not present at the meetings, 2 groups had no opinion, 6 groups supported the Eucan proposal, and 20 groups did not.

4. Toronto Public Space Committee

Several members of the Toronto Public Space Committee, a local community group, were present at the Resident/Ratepayer Associations and Community Group meetings. Of the 30 meeting attendees, 11 people identified themselves as members of the Toronto Public Space Committee. Since they consisted of such a large group, their comments have been separated into their own category. As a result of the strong interest from this group, Public Consultation staff contacted the Toronto Public Space Committee to see if they wanted a separate meeting for their own members. This option was declined by the Coordinator of the Committee. It should be noted that while there were no official surveys received from the Toronto Public Space Committee, all meeting participants expressed their disapproval of the bins.

5. Roundtable on a Beautiful City

Staff have been in contact with the Roundtable on a Beautiful City. The Practices, Policies and Standards Subcommittee of the Roundtable are interested in providing advice to Committee on the Eucan proposal. It is expected that the Roundtable will state their official position on this issue prior to the March 7, 2006 meeting of Works Committee.

6. Toronto Cycling Committee

Solid Waste Management Services and Public Consultation staff consulted with the Toronto Cycling Committee on September 19, 2005. The Committee

requested staff to attend their meeting and answer questions about the bins and the test before they submitted their official comments. This Committee summarized their comments on the Eucan bin in a letter submitted on November 1, 2005. Overall they are opposed to the new bins citing safety concerns regarding sightline restrictions for cyclists.

7. Toronto Pedestrian Committee

Solid Waste Management Services and Public Consultation staff consulted with the Toronto Pedestrian Committee on two different occasions. A presentation was provided to the Committee on June 8, 2005, to explain the details of the test and the consultation process. Staff returned to the Committee on November 2, 2005 to listen and record comments on the new bins. This committee summarized their comments on the Eucan bin in a letter submitted on November 14, 2005. The committee expressed concern that the bins used the sidewalk space inefficiently and they expressed concerns over pedestrian safety when the bins are located close to the curb.

General Stakeholder Opinions

Throughout the consultation process, Solid Waste Management Services and Public Consultation staff heard significant opposition to the newly designed Eucan litter and recycling bins from BIA's, Resident Associations/Community Groups, and other groups. While many participants in the consultation process expressed their appreciation that more litter bins are required on city streets, there was a concern that these bins were not the appropriate solution. Many participants communicated that the bins should be smaller so that they could be sited more widely around the city and in locations where litter is generated. The following outlines the recurring themes and concerns expressed by the stakeholders consulted with. For the complete stakeholder public consultation report summarizing each group's comments please refer to Appendix B.

Aesthetics & Design

The size, particularly the height, of the EcoMupi was identified as unnecessary. The majority of participants felt that the EcoMupi was too big for sidewalk use and an eyesore on the landscape. Additionally, BIA's were concerned that their storefront windows would be blocked by the EcoMupis.

Advertising

The addition of increased advertising on the public road allowance is a concern for participating and non-participating BIA's and resident/community groups. Some BIA's were concerned that competitive advertising presents a disadvantage to local business. Many resident/community groups indicated that they felt there was already too much advertising in public spaces.

Safety

Some resident/community groups and businesses expressed a concern that the EcoMupi could facilitate assaults as assailants could hide behind the bins and attack unsuspecting passer-by's.

All stakeholder groups expressed concern that the EcoMupi would either block or interfere with pedestrian, cyclist and vehicular sightlines.

Positioning

A majority of participants were concerned that many bins were positioned too close to the edge of the curb. The concern is that this proximity to the curb makes it difficult for the public to access the curb side bin compartments consequently reducing the bin capacity, and making it unsafe for users that might step into the street to access this end of the bin. A significant proportion of participants noted that the bins were an inefficient use of sidewalk space, particularly because they were placed perpendicular to the road.

Functionality

Many BIA's and resident/community groups felt that the bins were not user-friendly. This was due to the following reasons:

- openings potentially not accessible for children and the disabled;
- poor labelling (unclear and only available in English); and
- EcoMupis do not resemble a litter bin.

General Comments

Some BIA's and resident/community groups felt that extending the Eucan contract with these bins would further delay the harmonization of Toronto's street furniture and many participants felt it would be more prudent to wait until the current Eucan contract has expired before exploring new bin designs.

In conclusion, while the majority of BIA's and resident/community groups did not support the proposal, there was a minority of BIA's and resident/community groups that did and there were many BIA's that expressed no opinion. In addition, the Toronto Cycling Committee expressed their official objection to the placement and design of the new recycling/litter bins in their current form and the Toronto Pedestrian Committee expressed their concerns relating to the size and placement of the new recycling/litter bins.

II. Collection and Ergonomic Observations

A. Batteries/Organics

Four EcoMupi containers were retrofitted for the collection of organics and batteries. The organic compartment replaced one of the refuse containers and the battery container replaced one of the ashtrays. The organics container was coloured green and the battery container was fitted with a face plate that was stamped batteries only. Similar to all other bins tested, the only promotion was done in the form of messages on the bins. Each bin contained messages on the front panels and at each end indicating what materials were accepted.

No separated organic material was collected from the 4 bins during the test, all of the material collected from these bins was the same composition as that collected in the garbage containers. The battery collection however was successful with very little contamination. During the three month test 2,550 batteries, equaling 65 kg, were collected. Various types of small batteries used in household electronic equipment

were collected, but the majority of the batteries collected were AA and AAA size. The quantity of batteries collected from the four bins over the three month period seems high and may not be representative of what would be collected from litter bins city-wide on an ongoing basis.

B. Cigarette Butts

Each new Eucan bin tested contained two ashtrays one located at each end, except for the 4 bins that converted one of the ashtrays into a battery receptacle. During the three month test all of the cigarette butts from the 82 EcoMupis were collected separately. In total 8.2 kg of cigarette butts were collected, amounting to approximately 17,700 butts. The results from this cigarette butt test are promising and future recycling/litter bin designs should consider the inclusion of an ashtray.

C. Ergonomic Review

A City of Toronto Senior Ergonomics Consultant examined the design of the new bins tested and monitored the collection crews servicing the units. Overall the bins performed well with only the following concerns. Both the EcoMupi and EcoBox have only one door that opens to access the recyclables unlike the two door design of the SilverBoxes. The concern with this single door opening is that when commercial/residential garbage is placed around the bins or when snow is piled around the door, there is no alternative unlike the SilverBox that has two doors that open. This is a minor concern as Eucan is responsible for shoveling snow around the bins.

The waste receptacle portion of the bin is exposed to the elements which results in water accumulating in the bin. This adds additional weight to the bin and may cause freezing in the bottom of the container. In the winter, ice and snow may accumulate on the top of the bin and when the panel is lifted the snow and ice may fall behind the side panel which could make it difficult to close the door and to re-insert the recycling bin. Also there is concern that the ice/snow could slide off the top of the EcoMupi and injure a worker. The above mentioned concerns have been discussed with Eucan and adjustments can be made to the prototype bin and these concerns can be resolved if their proposal is approved.

The EcoMupi panel is 54" wide, and must be opened to access the recycling containers. The easiest method to open this panel for workers who have a wide enough arm span is to grasp both sides of the door at the correct height. However, due to the excessive width of this panel there are individuals whose height and arm span would make it very difficult to open the EcoMupi door. Shorter workers will experience difficulty opening the doors and will have to exert higher forces. The ergonomic recommendation is that recycling/litter bins should be designed so that workers of all sizes can provide collection services in a safe and comfortable manner and that the width of any door opening should not exceed 52" and it is preferable to have a receptacle design that does not require raising a large, heavy door to access the bins. The width of the EcoMupi has been discussed with Eucan and they have assured us that the door width can be narrowed and/or the way in which the recycling bins are accessed can be redesigned so that the large panel does not have to be lifted to retrieve the recyclables.

In April 2004, the City of Toronto published Accessibility Design Guidelines that were developed at the request of City Council. The introduction to the document quotes the Official Plan, which states, “A key city-building principle is that public buildings, parks and open spaces should be open and accessible to all members of the public including people with disabilities.”

Section 1.4.9 of the Guidelines, titled “Waste Receptacles and Recycling Bins”, includes the policy statement: “Waste receptacles and recycling bins should be accessible to persons using various mobility aids and be permanently located to one side of any path or walkway so as not to encroach on walkway width.” Section 1.4.9 includes a height restriction for waste receptacle openings “no higher than 1065 mm from grade”. Although the litter bin opening height of 905 mm on the EcoMupi and EcoBox meets the accessibility height guideline, the recycling opening is not compliant. Recycling openings as high as 1320 mm were noted in the pilot project receptacles. By repositioning the ashtray and redesigning the recycling containers Eucan is confident that they could redesign the bin to meet the City’s height requirement.

D. Recovery and Contamination Levels

The litter and recyclable materials were collected as part of the regular collection but were not weighed separately. Collection crews and other SWMS personnel regularly inspected and qualitatively monitored the material in the test bins and found that the quantity of litter and quality of recyclables placed in the new bins appeared similar to the current SilverBoxes. The exception was in those EcoMupis that are placed close to the curb, the end closest to the curb was not used as frequently as the end facing the sidewalk. The contamination level in the recyclables is equal to or better than the SilverBoxes. It was observed that the new key hole recycling slot design makes it difficult for business and residents to stuff these bins with large recyclable items from their premises, which is a common occurrence observed with the SilverBoxes.

E. Power Usage

Eucan installed power to 18 of the EcoMupis tested, 10 were connected to hydro, 6 to solar power and 2 to wind turbines. Light emitting diode (LED) panels that use significantly less energy than the standard fluorescent tubes were used in the wind and solar bins. Eucan has reported that the wind turbines had several technical issues and the potential for this technology has still not been determined. Connecting the bins to hydro requires the sidewalks to be cut and replaced which costs on average approximately \$2,000 per bin. Solar power did prove to be financial and technically feasible and is limited only in shady spots such as areas blocked by buildings. Therefore, if their proposal is approved Eucan would power the bins with a combined approach of using solar and hydro and perhaps with wind turbines depending on the outcome of the future tests of this technology.

III. Options for 1,000 Additional Recycling/Litter Bins

The goal of Solid Waste Management Services is to provide a leadership role in reducing litter throughout the City. The primary purpose of the public space litter/recycling bin program is to achieve this goal and not to increase advertising revenue.

There are approximately 4,000 recycling/litter bins in place across the City. To enhance the Clean City campaign, it has been recommended that an additional 1,000 recycling/litter bins be required within the public road allowances to adequately collect litter.

There are currently three options available to the City if we wish to install at least 1,000 additional recycling/litter bins:

- (A) continue with the existing contract for litter bins with advertising with Eucan and independently purchase 1,000 additional recycling/litter bins without advertising; then plan for the end of the contract by either:
 - 1. Re-tendering for litter bins.
 - 2. Incorporating litter bin requirements into street furniture bid.
- (B) accept a proposal from Eucan to amend the existing agreement; or
- (C) accept Viacom's cash offer to purchase additional recycling/litter bins.

(A) Continue with Existing Contract and Purchase 1,000 Additional Recycling/Litter Bins:

The City is currently under contract to Eucan for the provision of recycling/litter bins with advertising at various locations within the public road allowances in the City of Toronto. The ten-year agreement expires on October 14, 2009. The agreement provides Eucan with the exclusive right to install recycling/litter bins with advertising, with the City entitled to purchase litter bins from any source, without advertising.

The current bins with advertising known as SilverBoxes are owned by Eucan and will be returned to them at the end of the contract. Eucan supplies, installs and maintains

the recycling/litter bins at their cost and the collection of the material from the bins is the responsibility of the City.

Under the terms of the current agreement, Eucan currently pays the City guaranteed revenue of \$20 per installed bin per month. In addition to this guaranteed revenue, Eucan pays the City ten percent of their gross advertising revenue, less standard advertising commissions, for the ten-year period. Additionally, the City is entitled to use five percent of all advertising faces for public service announcements, at no cost.

In order to acquire 1,000 additional recycling/litter bins, the City would need to purchase them at an estimated cost of \$500 - \$1,800 per bin depending upon design, including installation, replace them when required and maintain the bins at a cost of approximately \$180 per bin per year. The additional bins could be any style of bin as long as they do not contain advertising.

Before the existing agreement expires on October 14, 2009, the City would then either:

- issue a freestanding RFP for a minimum of 5,000 bins; or
- issue an RFP for a minimum of 5,000 as part of harmonized citywide street furniture program.

(B) Accept the Proposal from Eucan:

Eucan's original proposal contained three different supply options 1,500, 2,000 or 2,500 EcoMupis. Council directed that the 1,500 EcoMupis proposal be considered and the following analysis reviews that option.

It is recognized that the EcoMupi would not be suitable for all locations as the height and width of the unit could block some sightlines therefore, a combination of EcoMupis and EcoBoxes would be installed. The EcoBox is shorter than the EcoMupi but has the same components and capabilities of the EcoMupi but will not be used by Eucan for advertising. There is one clear panel on the EcoBox that the City could use for public service announcements. The EcoMupi has illuminated panels and requires electrical connection.

Their proposal includes the following terms:

- (1) The proportion of the different bins that needs to be maintained for their proposal to be financially viable to Eucan would be that for each EcoMupi installed, the City would receive one EcoBox and 1.20 SilverBoxes (e.g. if Eucan installed 1,500 EcoMupis, they would install 1,500 EcoBoxes and provide the City with 1,800 of the replaced SilverBoxes).
- (2) If additional EcoBoxes are required by the City, Eucan could provide them and would discount their cost from revenues owed to the City (e.g. if the City wished to purchase 2,000 EcoBoxes from Eucan to maintain the level of 5,000 new bins on the street allowance, the cost of the bins would be deducted from the share of the gross advertising revenue paid to the City). Eucan would additionally maintain and repair these new 2,000 EcoBoxes owned by the City over the term of the contract.

- (3) Eucan would transfer ownership of all the EcoMupis and EcoBoxes, as soon as they are installed, and the SilverBoxes, when they are removed from the road allowance. The ownership of the units will be transferred to the City, but all design and manufacturing rights, patents and trademarks would remain in the ownership of Eucan for the term of the contract.
- (4) Eucan would clean and maintain all 1,500 EcoMupis and 1,500 EcoBoxes, and replace damaged EcoMupis and EcoBoxes at their cost. Once the 1,800 SilverBoxes were donated to the City for potential use in parks, schools, public buildings and interior public places, it would be the City's responsibility to clean and maintain the SilverBoxes.
- (5) The City would be entitled to use ten percent of all advertising faces of installed EcoMupis for public service announcements and other City messages, and would be entitled to use 25 percent of all advertising faces on the SilverBoxes for public service announcements at no cost, during the transition period while SilverBoxes remain on the public road allowances. Additionally, each EcoBox has one clear panel that Eucan will not advertise on that the City could use year round for public service announcements.
- (6) The advertising space available for the City could be used in any city or country where Eucan's parent company Grupo Eumex has current operations (e.g. to attract potential tourists to the City). Eucan currently has operations in Argentina, Chile, Colombia, Panama, Dominican Republic, Costa Rica, El Salvador, Guatemala, Mexico, United States and Canada (Toronto, Montreal and Ottawa).
- (7) Eucan would pay the City guaranteed revenue of \$20 per installed EcoMupi per month. The \$20 per bin rate would also apply to the SilverBoxes until removed from the road allowances. Eucan would also pay the City an amount annually equivalent to 10 percent of its gross advertising revenue, less standard advertising commissions, from the EcoMupis and from the SilverBoxes during the transition period. Eucan would not pay any revenue on the EcoBoxes, or the SilverBoxes once they are donated to the City, as they would not contain advertising.
- (8) Eucan would compensate the City up to a total of \$1.0 million worth of advertising expenses during the first three years of the contract. This \$1.0 million could be used in various campaigns that the City deems appropriate to promote recycling/waste diversion programs (e.g. radio, television, newspaper, etc).
- (9) In order for Eucan to amortize the total investment, they have requested that the current contract be extended so that the duration of the new contract would be for approximately 10 years (approximately until October 2016 assuming necessary approvals/legal agreements etc are finalized with the City by October 2006). The EcoMupis must be installed within a period of two years after execution of the contract, by the City and Eucan making their best effort to find suitable locations. At the end of the term of the contract, the

City would have the option of extending the contract for three or five additional years.

- (10) The above terms and conditions are subject to the City providing Eucan with 1,500 locations for EcoMupis to be installed. A protocol would be established by Solid Waste Management Services and Transportation Services to approve individual locations for the EcoMupis. If Eucan were not allowed to install 1,500 bins, further negotiations and changes to the contract would be required.

Table 1 attached, outlines the financial analysis of the current program versus accepting Eucan's proposal to install 1,500 EcoMupis and to enter into a new contract for a ten year period (i.e. to October 2016, which is seven years beyond the current contract expiry date of October 2009)

There would not be a significant change in revenue to the City in 2006 if the City approved the Eucan proposal given that the earliest this approval would occur is the Spring of 2006 and that it would take 6 months following this Council authority to sign a new contract, manufacture the units, approve the locations and start installing the bins.

- (C) Accept the Proposal from Viacom:

Viacom submitted a proposal to the City on January 5th, 2005 which provides a one time cash offer to the City of \$2,700,000 to purchase any type of garbage/recycling containers it so desires. Viacom's offer is tied to a request that their current transit shelter contract which expires on August 31, 2007 be extended by 2 years and that the City not proceed with the implementation of the new Eucan format following the initial 3 month approved test period. Guaranteed revenue paid to the City for the transit shelter advertising would be \$5.3 million and \$5.6 million in extension years one and two respectively, compared to \$5 million in the last year of the current contract.

IV. Third Party Financial Analysis

Council requested that Eucan's proposal be subject to evaluation by an objective third party with knowledge of the advertising industry. The business case and financial analysis conducted by this consultant was to include a review of the need to extend the length of the existing contract and to include comparisons with other options. The City of Toronto issued a Request for Proposals to three advertising consultants, two bids were received and the award went to the lowest bidder Education Plus. Education Plus has years of experience as a marketing and advertising consultant providing advice on media evaluation, advertising planning, sponsorship, promotion, evaluation, etc. Education Plus conducted its review of the Eucan proposal in the spring of 2005 and a final report was issued to the City on August 4, 2005.

A copy of the Education Plus's report is attached as Appendix C. The report states that "although it is difficult to create an "Apples to Apples" comparison when evaluating both of these proposals, Eucan's proposal to the City offers a viable, long term financial benefit, flexibility, and an overall improvement versus the current SilverBox program. We judge Eucan's proposal to be superior to Viacom". However, what the report does not do is determine what revenue the City would realize if it went out to tender when the current Eucan

contract expires in October 2009 and financially compare this to the Eucan proposal. This is due to the fact that Education Plus does not feel it is possible to predict that far in the future what the advertising sales and subsequently the revenue to the City would be if the City was to issue a Request for Proposals in October 2009 for advertising on recycling/litter bins. Since advertising sales could not be predicted, Education Plus could also not determine the potential loss of revenue in the future to the City for transit shelter advertising if the Eucan proposal was approved.

The report also states that "The City also has the option of undertaking a unified and integrated RFP process at some date in the future, and ask all major suppliers (Eucan, Viacom, Pattison, etc) to submit long-term proposals dealing with the multiple street property considerations – transit shelters, garbage cans, recycling containers, park benches and other information type pillars."

One of the major focus's of Education Plus research analysis was to determine whether Eucan's advertising revenue projections for the EcoMupis and subsequently the predicted revenue share to the City was realistic. Education Plus reported that the larger size of advertising space on the new Eucan product would be expected to generate a higher return on a per m2 basis, thereby allowing Eucan to sell at much better rates than they currently charge for the SilverBox program. They noted that this potential variable revenue increase could be lower or higher, depending on Eucan's absolute sales performance against their advertisers. However, they are of the opinion, that the estimates provided by Eucan were conservative and achievable.

V. Review of Options:

Option A - Continue with Existing Contract and Purchase 1,000 Additional Recycling/Litter Bins.

Continuing with the current contract and purchasing recycling/litter bins without advertising has the following advantages:

- (1) as part of a harmonized street furniture strategy the City could release a comprehensive harmonized RFP for the supply of all street furniture including benches, transit shelters and litter/recycling bins, information pillars, etc that could be phased in as the various contracts expire. The recycling/litter bin existing Eucan contract expires on October 14, 2009. The transit shelter advertising program with Viacom expires in 2007.
- (2) the City could release an RFP to purchase the additional 1,000 recycling/litter bins without advertising ensuring that the City purchases bins at the lowest available price. These bins would provide service from 2006 until expiration of the Eucan contract.

There are, however, the following disadvantages:

- (1) the City would be required to purchase, maintain and replace 1,000 new bins at an approximate total cost of \$4,500,000; and
- (2) the City may wish to modify all the existing bins to accept cigarette butts and batteries.

Option B – Accept the Proposal from Eucan to Modify the Existing Contract:

The proposal from Eucan appears to have certain advantages:

- (1) the City would own the bins after the contract expires;
- (2) the new bins would have a number of operational advantages over the existing bins including:
 - (a) 20 percent greater capacity to receive waste and recyclables;
 - (b) waste being placed directly into an open top compartment without having to touch a metal flap as is currently the case with the existing bins;
 - (c) better locking mechanism to keep bin doors closed;
 - (d) capable to collect cigarette butts and batteries;
- (3) Comparing the amount of advertising space with the current Eucan contract versus the new proposal to install 1,500 EcoMupis and 1,500 Ecoboxes, the amount of advertising space available to Eucan would reduce from 9,424m² to 5,400m² a reduction of approximately 43 percent of commercial street advertising space.
- (4) The amount of potential advertising space available for City use would increase.

The following disadvantages have been identified with the proposal:

- (1) the City would have extended and significantly amended a contract with an existing supplier instead of conducting a public request for proposals to ensure the best financial terms and arrangements that best meet the City's needs;
- (2) extending the existing Eucan contract would not allow for a comprehensive, harmonized approach to street furniture to be in place until after April 2016; and
- (3) the implications of introducing 1,500 or more illuminated advertising structures with litter/recycling bins into the streetscape.

Option C Accept the Proposal from Viacom:

The advantage to this proposal is that the City would save \$2.7 million dollars by using this money towards the purchase of new recycling/litter bins.

The disadvantage of accepting Viacom's cash offer is that the City would extend the Viacom contract for an additional 2 years which would consequently delay the roll-out of a harmonized street furniture program. As well, without actually tendering, there is no way of determining whether the City would realize higher revenues than Viacom's offer for the extension years. Education Plus recommended that the Viacom offer should be rejected.

Street Furniture Harmonization

Currently there is a street furniture project underway that is examining the various types of street furniture programs and contracts in the City. The intent of this street furniture harmonization project is to develop a unified City strategy for street furniture that will ensure that future street furniture will have a harmonized design, that the placement of street furniture is functional and accessible and attempts to reduce clutter. This harmonized strategy will include a Request for Proposals (RFP) that will consolidate the current contracts for street furniture including transit shelters, litter/recycling bins, news vending boxes, benches, bicycle racks, etc. The first major contract that expires is the Viacom transit shelter contract in 2007, and to ensure that a street furniture harmonized strategy can start as soon as possible the plan is to submit a report to Council in April-May 2006 seeking approval of the street furniture design guidelines and the structure of the RFP for release of a harmonized street furniture RFP in June 2006.

It is expected that there will be benefits to the City from a harmonized street furniture program. For example, transit stops are major waste generation points on City property and subsequently recycling/litter bins are needed near these transit stops. There are approximately 3,850 transit shelters in Toronto of which 1,900 contain advertising space. Currently in Toronto recycling/litter bins and transit shelters both contain advertising from competing advertising companies. Consequently recycling/litter bins containing ads cannot be close or joined to transit shelters with ads as they must be placed a distance away from each other so that one company does not block the others advertisement. From a litter generation perspective SWMS would like to have recycling/litter bins as close as possible or even adjoined to all transit shelters as this will in turn minimize litter. Future street furniture harmonization plans could include the combination of litter/recycling bins as part of new redesigned transit shelters.

Conclusions:

There are at least three options available to the City if we wish to enhance the City's Clean City campaign by installing at least 1,000 additional recycling/litter bins:

- (a) continue with the existing contract for litter bins with advertising with Eucan and purchase 1,000 additional recycling/litter bins without advertising; then plan for the end of the contract by either re-tendering for litter bins or incorporating litter bin requirements into the street furniture bid;
- (b) accept the proposal from Eucan, which would extend the term of the existing agreement by approximately seven years, amend the financial returns and place 1,500 or more advertising bins in the road allowance; or
- (c) accept the offer from Viacom for \$2.7million to purchase additional containers and extend their contract until 2009.

Without actually tendering, there is no way of determining what the City's royalties could be after the current agreement expires. Education Plus cannot say with certainty that accepting the proposal from Eucan would end up being financially advantageous to the City compared to maintaining the existing contract, purchasing 1,000 additional bins and tendering once the current contract with Eucan expires. We also have concerns about extending an existing contract by seven years without offering a competitive process.

The City is engaging in a harmonized street furniture process as part of the City's Beautiful City campaign and accepting either the Eucan proposal or Viacom offer would either delay this initiative, or result in litter containers not being a part of the harmonized street furniture approach.

A subsequent report will be submitted to the March Works Committee meeting with a recommendation on whether or not to proceed with the Eucan proposal taking into account the feedback received from the Community Councils, and including updated information on the street furniture harmonization study.

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Attachments:

Table 1 – Cash Flow Analysis – Comparing New Proposal to Existing Program
Appendix A – Northstar, Public Responses to New Bins
Appendix B – Consultation Report
Appendix C – Third Party Financial Analysis

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