Project Synopsis

CIF Project # 1037 – Norfolk County MRF Conversion Options

Background

In light of the potential for transition of the Blue Box program under the Waste Free Ontario Act, the CIF in cooperation with Norfolk County (County) completed an assessment of options to convert the existing two-stream MRF in Simcoe to a transfer facility, and compare those options with existing MRF operations. The County owns the land and 16,000 square foot MRF structure. Processing is a contracted service and the contractor owns all existing processing equipment and rolling stock. Utilities are also the responsibility of the contractor.

The Norfolk MRF processes approximately 5,000 inbound tonnes per year. Containers account for approximately 1,800 tonnes with 3,200 tonnes in fibre.

A specialist was retained to complete the assessment. Given Norfolk's general location, larger MRFs in London and Niagara Falls were considered as the most likely destinations for transferred material.

All options reviewed were based on two-stream transfer. Containers were lightly compacted for all options. Transfer of fibre as loose, and compacted loads was also examined.

Summary of Results

The study determined that the Norfolk MRF could be easily converted to a transfer operation with few modifications. Estimated net transfer costs (after factoring in for revenue) were found to be similar to the current net cost of contracted MRF operations in Norfolk. At this time, there is no clear financial advantage to changing current practice.

Processing costs per tonne are generally lower at larger MRFs such as London and Niagara. However, the handling and hauling costs to transfer fibre and containers to these larger MRFs often cancels out the processing savings. Haul distance, level of contamination and annual tonnage all affect whether local processing or transfer realizes the greater net financial benefit.

For any given MRF, other factors such as the age and condition of the local processing equipment should also be considered to determine whether current local costs are ustainable over the mid to longer term. These factors are discussed in the **Learnings** section below.

Learnings

Sustainable Costs

Approximately two years remain on the private processing contract for the Norfolk MRF. As discussed above, the contractor owns all the sorting equipment, rolling stock and pays utilities. The specialist completing the assessment indicated that a new contract may result in increased costs of on the order of 20%. While the current equipment appeared suitable to finish out the contract term, major investment in upgraded equipment would be required to complete a subsequent processing contract in Norfolk.

Results from assessments such as that described above should be placed in the proper context to determine whether existing costs are sustainable over the mid to long-term period. For example, if a certain MRF building and equipment are both near the end of their useful lives, then current processing costs are likely to be significantly lower compared to future sustainable costs unless they include a reserve fund to replace these capital assets.

Conversely, a MRF with a good building condition and relatively new and well maintained equipment is likely to have sustainable processing costs over the next decade.

Fibre-Only Transfer Approach

While the Norfolk assessment considered "all or nothing" transfer of recyclables, fibre-only transfer from a MRF is considered financially advantageous in several municipalities with container sorting and baling remaining a local operation. The fibre-only transfer approach greatly reduces transfer costs incurred by hauling the lightweight containers even after some compaction of the containers. This approach has proven to be successful in Ontario and is another reasonable option for MRF owners to consider, whether in the context of Extender Producer Responsibility (EPR) or just when considering future operational choices.

Overall MRF Options for Municipalities

A recent CIF Blog describing MRF equipment valuations in Northumberland County (Project # 1042) also offers municipalities important information on go-forward options. The Northumberland Blog details the wide range of equipment valuations possible for a given MRF depending on whether the MRF remains as a processing centre (going concern"), or whether equipment is sold at auction. Auction value is often only 30% of the estimated value of the same equipment within a "going concern" processing centre.

MRF owners may also wish to consider developing a complete valuation assessment for their MRF in order to determine long-term direction for their facility in a future EPR environment. An overall valuation would typically include:

- Fair market of building (as MRF or repurposed);
- Auction and "going concern" equipment valuations;
- Fair market value of property if owned; and
- Any marketplace goodwill valuation for ongoing MRF operations.

The location, size and condition of a particular MRF can significantly affect actual valuation. MRF owners may wish to complete the above-referenced detailed evaluations to assess their particular circumstance.