

Clause 10 in Report No. 6 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 21, 2016.

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Georgina Transfer Station and Municipal Hazardous and Special Waste Facilities Contract Extension

Committee of the Whole recommends adoption of the following recommendations contained in the report dated March 10, 2016 from the Commissioner of Environmental Services:

1. Council authorize a fourteen month extension of the contract between York Region and Miller Waste Systems for operation of the Georgina Transfer Station, expiring November 30, 2017 at a cost not to exceed \$671,029, excluding applicable taxes.
2. Council authorize an eleven month extension of the contract between York Region and Hotz Environmental Services Inc. for operation of the Region's four Municipal Hazardous and Special Waste Facilities expiring November 30, 2017 at a cost not to exceed \$1,384,276, excluding applicable taxes.
3. Council authorize the Commissioner of Environmental Services to execute the contract extensions on behalf of the Region.

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Report dated March 10, 2016 from the Commissioner of Environmental Services now follows:

1. Recommendations

It is recommended that:

1. Council authorize a fourteen month extension of the contract between York Region and Miller Waste Systems for operation of the Georgina Transfer Station, expiring November 30, 2017 at a cost not to exceed \$671,029, excluding applicable taxes.
2. Council authorize an eleven month extension of the contract between York Region and Hotz Environmental Services Inc. for operation of the Region's

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four Municipal Hazardous and Special Waste Facilities expiring November 30, 2017 at a cost not to exceed \$1,384,276, excluding applicable taxes.

3. Council authorize the Commissioner of Environmental Services to execute the contract extensions on behalf of the Region.

2. Purpose

This report seeks authorization for the Commissioner of Environmental Services to extend the Region’s current agreement with Miller Waste Systems Inc. (Miller Waste) and Hotz Environmental Services Inc. (Hotz Environmental) for a term expiring November 30, 2017.

3. Background

Current operation of Public Waste Drop-off Facilities managed under separate contracts

York Region operates three public drop-off facilities for non-hazardous waste materials and four public drop-off facilities for municipal hazardous and special waste. These drop-off facilities are currently managed under four separate operations contracts as summarized in Table 1 below.

**Table 1  
Existing Waste Drop-Off Facilities**

Facility Name	Facility Location	Current Facility Operator	Contract Start Date	Contract End Date
Georgina Transfer Station	Georgina	Miller Waste Systems	Sep. 30, 2013	Sep. 29, 2016
Municipal Hazardous and Special Waste Facilities	Markham	Hotz Environmental	Jan. 1, 2012	Dec. 31, 2016
	East Gwillimbury, Vaughan			
	Georgina			
McCleary Court Community Environmental Centre	Vaughan	Tuff Recycling	Jun. 1, 2013	Aug. 31, 2016
Elgin Mills Community	Richmond Hill	GFL Environmental	Sep. 1, 2011	Aug. 31, 2016

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Facility Name	Facility Location	Current Facility Operator	Contract Start Date	Contract End Date
Environmental Centre				

Future operation of Public Waste Drop-off Facilities to be managed under a single contract

All waste drop-off facilities are operating under the original terms of their respective agreement. Agreements were set to expire between September and December 2016 to allow staff to procure a single contractor to operate all of the public drop-off facilities. To facilitate this option, staff tendered the McCleary Court Community Environmental Centre and Georgina Transfer Station operations in 2013 based on a three year term to align with the other facilities' contract expiration dates.

Benefits of managing all drop-off facilities under a single long-term operations contract include improved contract administration, consistency in the level and quality of service offered to the public as well as lower operating costs due to economy of scale as the contractor would be able to share staff, equipment and collection vehicles across multiple facilities. Issuing a single long-term operations contract would also make it economically feasible to include certain essential services in the contractor's scope of work as the cost required to provide these services will be distributed across all facilities. For example, staff will include snow removal services in the single long-term operations contract so that the contractor becomes responsible for ensuring facilities are cleared and ready for operations at all times during the winter season.

Construction schedules for capital upgrades at three facilities require an alternate sourcing strategy for operations.

Capital upgrade project timing adjusted to accommodate additional work

York Region will be initiating capital upgrades at the McCleary Court and Elgin Mills Community Environmental Centres and the Georgina Transfer Station starting in summer 2016. Upgrades to the Community Environmental Centres include the addition of municipal hazardous waste depot and weigh scales for customer vehicles at both sites along with associated buildings and appurtenances. At the Georgina Transfer Station, upgrades include an overall site reconfiguration to improve traffic flow, the addition of an elevated platform area for the new bulky recyclable collection programs and construction of a new building for household hazardous waste. The building will include waste electrical

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and electronic equipment storage, used oil storage, office space and a separate inbound scale house.

Completion of facility upgrades has been moved to summer 2017 as a result of additional time required to address site design challenges, confirm all required facility features and secure approvals. The additional time was also required to improve facility design to reduce projected capital costs and enhance operational efficiency. In turn, this revised construction schedule has moved procurement of a single long-term operations contract to Q4 2017, enabling staff to include any potential operational requirements arising out of the reconfiguration of the facilities.

Staff recommend issuing a long-term operations contract after capital upgrades are completed. Moving the start of the long term operations contract until after the upgrades are completed could potentially result in lower bid prices from contractors during the tender process as staff and bidders would have a better understanding of operational requirements after the construction period.

Pending Waste-Free Ontario Act impacts will be incorporated into future facility operation requirements

While the capital upgrades timing was adjusted to accommodate the additional work, the situation is further complicated by the pending Waste-Free Ontario Act. This proposed Act is high-level enabling legislation that provides a framework to place full responsibility on producers for their packaging and products at end-of-life. Details on how this responsibility will be carried out and how services will be funded and delivered are unknown at this time. The Act is expected to have an operational and financial impact to the Region's public waste drop-off facilities. Should the bill pass, the Province anticipates roll out of changes to occur over next two to five years, beginning in 2016. Deferring the start of the single long term operations contract until after the capital upgrades would allow staff to better understand impacts from the pending Waste Free Ontario Act and make any adjustments to long term operations contract as required.

#### 4. Analysis and Options

Agreement in principle reached with Hotz Environmental on proposed contract extension

Subject to Council approval, Hotz Environmental has agreed to continue operation at the Region's four Municipal Hazardous and Special Waste facilities under the terms and conditions of the existing agreement for an additional eleven months, extending the contract to November 30, 2017. The existing agreement allows for Consumer Price Index adjustments.

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Hotz Environmental has been operating the Region's Municipal Hazardous and Special Waste facilities since January 2012 and is very familiar with the Region's household hazardous waste program. Throughout the existing contract with the Region, Hotz Environmental has been a flexible contractor, adjusting readily to program changes and collection schedules. Also, Hotz Environmental has a good understanding of York Region's ISO Environmental Management system as well as regulatory requirements associated with managing and transporting hazardous waste materials.

Agreement in principle reached with Miller Waste Systems on proposed contract extension with slight modification

Miller Waste Systems has also agreed to continue operation at Georgina Transfer Station with only a slight modification to the current terms and conditions in the contract. Specifically, Miller Waste has requested a Consumer Price Index adjustment to current pricing. The existing three year contract, awarded to Miller Waste based on a competitive tender process in 2013, does not contain a Consumer Price adjustment. The proposed extension is for fourteen months, extending the contract to November 30, 2017.

Miller Waste also operates York Region's Waste Management Centre located in the Town of East Gwillimbury. Employing the same contractor for both sites allows for contract efficiencies such as sharing of staff and equipment. For example, on previous occasions Miller Waste has deployed heavy equipment from the Waste Management Centre to the Georgina Transfer Station when equipment failure would otherwise necessitate closure of the site. This arrangement will be an asset during the capital upgrades when operations will undoubtedly be impacted.

Operation of two Community Environmental Centres will be tendered as one contract for the duration of the construction period

Tuff Recycling and GFL Environmental operate the Region's McCleary Court and Elgin Mills Community Environmental Centres respectively. Both companies requested additional funding beyond Consumer Price Index adjustments as preconditions to agreeing to extend their contract terms through the construction period. While executing short-term extensions with both contractors is preferable to tendering, staff do not recommend an increase in excess of the Consumer Price Index. A competitive contract for the operations of the two Community Environmental Centres will be awarded in September 2016 for a period of fifteen months to November 30, 2017. At that time, all capital upgrades will be completed and staff would be able to assess operational requirements before issuing a competitive long term contract for all facilities.

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Combining the operations of the two Community Environmental Centres under the same agreement could improve site operation efficiencies as the contractor would have the ability to share staff and equipment resources between the sites, which could lead to lower bid prices during the tender process. Further, the contractor will be allowed to use the Region's backhoe loader under this agreement, mitigating the risk of higher bid prices if the contractor was to supply their own equipment for operations.

Link to key Council-approved plans

Operation of the Region's public drop-off facilities contribute to the 2015 to 2019 Strategic Plan as a component of achieving overall diversion of waste from landfill. Recycling of bulky materials and household hazardous waste aligns with the waste management hierarchy of maximizing reduction, reuse, recycling, and recovery prior to disposal.

### 5. Financial Implications

Contract extension with Hotz Environmental and Miller Waste Systems will ensure continuity with no impact to the operating budget

The projected operation cost for the Georgina Transfer Station and the four Municipal Hazardous and Special Waste facilities during the extension term is provided in Table 2 below.

**Table 2**  
**Projected operation costs during the extension term**

Facility Name	Facility Operator	Extension Term Start Date	Extension Term End Date	Projected Operation Cost for the extension term <sup>1</sup>
Georgina Transfer Station	Miller Waste	Oct. 1, 2016	Nov. 30, 2017	\$671,029
Municipal Hazardous and Special Waste Facilities	Hotz Environmental	Jan. 2, 2017	Nov. 30, 2017	\$1,384,276

1. Pricing for Miller Waste and Hotz Environmental includes Consumer Price Index adjustments at two per cent annually

Extending the Miller Waste and Hotz Environmental contracts will not impact the solid waste operating budget. Projected operation costs in Table 2 are based on

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existing contract pricing plus Consumer Price Index adjustments of two per cent annually.

### 6. Local Municipal Impact

Adopting the recommended contract extensions will ensure a reliable level of service for residents using the Georgina Transfer Station and Municipal Hazardous and Special Waste facilities during capital upgrades.

### 7. Conclusion

In consideration of the need to provide continuous service to the public during the capital upgrades, staff recommend an extension of the Miller Waste and Hotz Environmental contract to November 30, 2017. The extension ensures minimal impact to operations at the Georgina Transfer Station and the Region's four Municipal Hazardous and Special Waste Facilities during capital upgrades, which are scheduled to commence summer 2016 and be completed by summer 2017. The extension would also provide staff with sufficient time to assess operational requirements following capital upgrades and incorporate any new requirements into a combined operating contract for the Region's seven waste drop-off facilities.

For more information on this report, please contact Laura McDowell, Director of Environmental Promotion and Protection at 905-803-4444 Ext. 75077

The Senior Management Group has reviewed this report.

March 10, 2016

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