

Clause No. 5 in Report No. 10 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on May 15, 2014.

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UPDATE ON SECURING LONG TERM YARD WASTE COMPOSTING SERVICES

Committee of the Whole recommends adoption of the following recommendation contained in the report dated April 23, 2014 from the Commissioner of Environmental Services:

1. RECOMMENDATION

It is recommended that:

1. Council authorize the Commissioner of Environmental Services to enter into a new contract with Miller Waste Systems for yard waste composting services for a 10 year term at an estimated total contract price of \$37,233,300 with an option for one additional five year term if mutually agreed upon.

2. PURPOSE

To report back on the terms of an agreement with Miller Waste Systems for long term yard waste processing at the Bloomington facility in Richmond Hill and seek authorization for the Commissioner of Environmental Services to enter into a new contract with Miller Waste Systems for yard waste composting services.

3. BACKGROUND

Council authorized the Commissioner of Environmental Services to negotiate terms to secure long term, local yard waste processing capacity

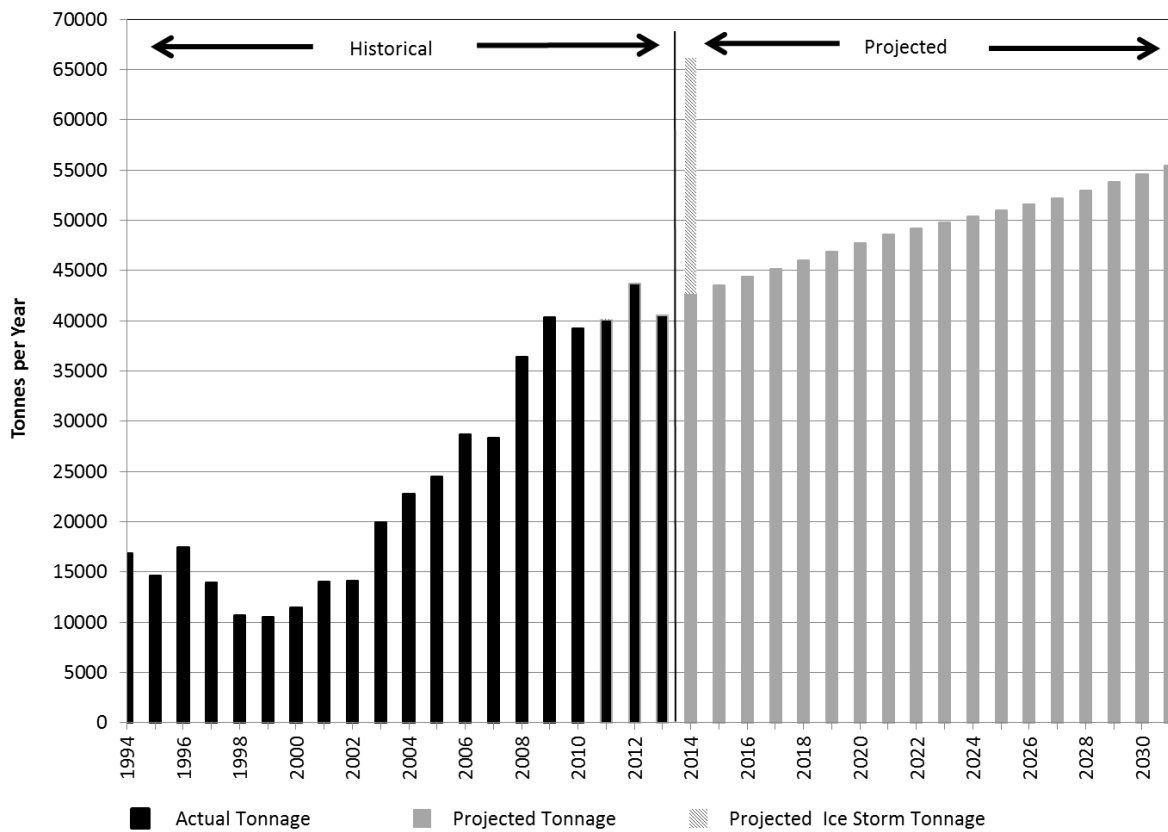
At its meeting of November 21, 2013 Council adopted Clause No.5 in Report No. 6 of Committee of the Whole authorizing the Commissioner of Environmental Services to negotiate terms of an agreement between York Region and Miller Waste Systems for long term yard waste processing at the Bloomington facility in Richmond Hill and report back to Council in Spring 2014 for authority to execute the contract. Council authorization was based on results of industry research on availability and cost of alternate yard waste processors in Ontario. This third party research concluded that a new agreement with Miller at current contract pricing offers cost competitive composting services with the advantage of being strategically located in York Region. Since this Council authorization, staff met with Miller Waste Systems on several occasions to define the terms of a new long term agreement, as outlined in this report.

SM4RT Living Integrated Waste Management Master Plan identifies capacity gap in leaf and yard waste processing

The leaf and yard waste program is the oldest formal waste diversion program in York Region and annually contributes nearly 18 per cent of York Region’s total diversion achievements.

The SM4RT Living Plan, developed in collaboration with all nine local municipalities, establishes the planning framework and strategic direction for waste management in York Region for the next 40 years. It builds on driving waste reduction and reuse while maximizing recycling and energy recovery from the materials remaining. The SM4RT Living Plan leaf and yard waste strategy focuses primarily on accommodating anticipated growth within the Region and addresses identified gaps and needs for continued success of the program. The Plan recommended the Region initiate steps to secure additional leaf and yard waste processing capacity to meet current and future tonnage projections identified in Figure 1.

Figure 1
Historical Summary and Future Projection of Leaf and Yard Waste Quantities



Current contract with Miller Waste Systems for yard waste composting needs updating to meet Region's current and growth requirements

On April 1, 2006, following the closure of Halton Recycling in the Town of Newmarket, the current contract with Miller Waste Systems was executed for provision of yard waste composting services at an annual minimum of 20,000 tonnes per year up to 25,000 tonnes annually for a ten year term. The current contract also includes an option for an additional five year term (with 12 months written notice) at the discretion of the Region. While Miller Waste Systems is not obligated to receive and process any amount of leaf and yard waste in excess of the annual contract minimum, they have worked co-operatively with the Region to accommodate tonnage above their annual contractual requirements. A recent example is when Miller worked collaboratively with the Region and our local municipalities to accommodate increased tonnages in 2014 as a result of the recent ice storm and resultant clean up debris. As shown in Figure 1, it is expected that by 2031, quantities of leaf and yard waste will increase by 27 per cent from 41,000 in 2013 to 55,400 tonnes in 2031.

New agreement will secure capacity to accommodate annual tonnage fluctuations and unanticipated events such as ice storms

Historical tonnages depicted in Figure 1 demonstrate the impact of fluctuations in yard waste generation. For example, although there is steady growth year over year, unforeseen spikes in yard waste generation do occur due to weather conditions, invasive species infestations etc.

As seen in Figure 1, the forecasted tonnage of ice storm debris alone could reach an additional 23,500 tonnes as the snow and ice melts this spring allowing residents to clean up yards and place materials at the curb for collection. While Miller Waste Systems has worked cooperatively with the Region to accommodate past spikes in leaf and yard waste tonnage, the new agreement will secure sufficient capacity for future tonnage fluctuations.

Bloomington Facility well known and well-received by York Region residents

Under the current leaf and yard waste composting arrangement, Miller sells the certified compost they produce from York Region's leaf and yard waste. The compost is certified through the Compost Quality Alliance established through the Compost Council of Canada. The Alliance ensures that all compost producers are using standardized testing methodologies and uniform operating protocols to improve customer confidence in compost selection and use.

The finished compost is sold to local commercial contractors and retailers for use in agriculture, horticulture, landscaping and home gardening. The public can also purchase the compost directly at the site, which increases awareness of the facility's operations of recovering leaf and yard waste into a valuable resource.

4. ANALYSIS AND OPTIONS

New contract secures long term capacity with competitive pricing including increased contract oversight with additional odour mitigation technology

The new contract is proposed to commence in October 2015 after the current contract expires. The following terms were negotiated and mutually agreed upon:

Contract Term

- Contract term is secured for the first 10 years commencing October 2015 and ending October 2025
- Contract can be extended for an additional five years under the same terms and conditions, if mutually agreed by both parties
- Use of the Bloomington Compost site is guaranteed for the first 5 years of the contract after which Miller Waste Systems will be required to provide 18 months notification in the event they choose to close the Bloomington site within the initial 10 year term
- In the event that Miller Waste Systems elects to close the Bloomington site prematurely, it is required to provide processing capacity at an alternate site subject to the Region's approval of the proposed site. The Region will be granted six months to conduct a due diligence review to ensure the new location is compliant with applicable regulations and that it meets the needs of the Region and its municipal partners. If the new location is deemed unacceptable, the Region at its sole discretion and upon 12 months written notice, reserves the right to end the contract and tender new services. Alternatively, Miller Waste Systems can continue to service York Region at the Bloomington site should the Region reject the proposed location.
- The new agreement will specify that Miller Waste Systems is responsible for all additional costs in excess of the negotiated and agreed upon contract price should the Bloomington site close. This would include additional expenses for haulage to an alternative location other than the Bloomington site and transfer should it be necessary.

Secured Capacity

- No maximum tonnage will be specified in the contract, with the condition that York Region must provide annual estimates for planning purposes
- Miller Waste Systems will accommodate an additional 10 per cent fluctuation above the annual estimated tonnage

- York Region will guarantee and pay for a minimum of 35,000 tonnes annually (“put-or-pay”) with assurance that all available curbside tonnage will be delivered to the site
- Yard waste projections presented in the SM4RT Living Leaf and Yard Waste Strategy combined with historical trends will be used to forecast tonnages until the end of the contract
- Miller Waste Systems has committed to apply for an amendment to their Environmental Compliance Approval in early 2015 to increase capacity to account for future growth and to ensure sufficient capacity to maintain current client base
- Miller Waste Systems will use best commercial efforts to obtain a revised Environmental Compliance Approval within one year of signing a new contract with York Region
- If Miller Waste Systems is unsuccessful in attaining the Environmental Compliance Approval for additional capacity, they must operate in compliance with the current Environmental Compliance Approval with no disruption to Regional service levels as defined within the contract

Improved Odour Control Technology

- Miller Waste Systems has committed to enhancements in mitigating odour concurrent with its application process for an amended Environmental Compliance Approval
- Proposed enhancements will include forced aeration to the composting process to help maintain optimum oxygen levels for composting efficiency and reduced odour levels

Contractor Performance Oversight

- Contract will establish conditions to allow access to planned and unplanned site visits, by York Region Contract Management Engineer
- York Region Contract Management Engineer will have access to onsite documentation as required
- York Region Contract Management Engineer will review and evaluate regulatory compliance and contract performance on a regular basis
- Miller Waste Systems will purchase and install Paradigm Software and give access to York Region transactions processed at the site, in order to improve accuracy of tracking and reconciliation of invoices and tonnages

Cost

- There is no increase in cost over the current contract as Miller Waste Systems has committed to current 2014 pricing of \$62.34 per tonne plus annual CPI adjustments to be maintained throughout the contract
- The total cost of the 10 year term is estimated at \$37,233,300

Link to key Council-approved plans

Yard waste composting contributes to the Region's Strategic Plan as an indicator of success for overall diversion of waste from landfill.

A long term yard waste processing contract to accommodate current and future yard waste generation in York Region is supported by the SM4RT Living Plan Guiding Principles. Securing long term processing of yard waste reflects decision making using "integrated systems" thinking while balancing environmental, social and fiscal responsibility and is aligned with our waste management hierarchy of maximizing reduction, reuse, recycling and recovery prior to disposal.

5. FINANCIAL IMPLICATIONS

New contract with Miller Waste Systems provides competitive pricing within forecasted operating budget outlook

York Region's unit cost for yard waste processing at Miller Waste System's Bloomington facility is \$62.34 per tonne, based on direct delivery of curbside trucks. A new contract with Miller Waste Systems at the current contract price, plus annual CPI increases as shown in Table 1, is within the forecasted waste management operating budget outlook and is competitively priced. Based on a third party review of southern Ontario markets, only 5 facilities licensed in southern Ontario are capable of accommodating York Region yard waste processing needs ranging in cost estimates from \$58 to \$101 per tonne. All 5 facilities are located in other jurisdictions outside York Region.

Table 1
Forecasted yard waste tonnage and cost for guaranteed term of new contract

Year	Estimated Tonnage	Cost per MT	Total Estimated Annual Cost*
2015	43,483	\$64.24	\$2,793,400
2016	44,333	\$65.53	\$2,905,100
2017	45,173	\$66.84	\$3,019,400
2018	46,013	\$68.18	\$3,137,200
2019	46,852	\$69.54	\$3,258,100
2020	47,692	\$70.93	\$3,382,800
2021	48,532	\$72.35	\$3,511,300
2022	49,137	\$73.80	\$3,626,300
2023	49,742	\$75.27	\$3,744,100
2024	50,347	\$76.78	\$3,865,600
2025	50,951	\$78.31	\$3,990,000

Total contract cost for 10 year term: \$37,233,300

*Includes 2 per cent annual CPI adjustments

6. LOCAL MUNICIPAL IMPACT

All nine local municipal yard waste collection programs will be supported through the new contract by securing a local processing facility. Local municipal curbside trucks ship directly to this facility centrally located within York Region. Continuation of this relationship with Miller Waste Systems will avoid service disruptions to local municipal curbside collection programs and limit risk of exposure to higher transportation costs.

7. CONCLUSION

New contract with Miller Waste Systems provides an opportunity to secure increased processing capacity at no additional cost premium over the current contract and secures a convenient centralized location for municipal curbside deliveries within York Region.

The terms negotiated for the new contract will address seasonal fluctuations, greater oversight by the Region's Contract Management Engineer and additional odour mitigation. The new contract is advantageous to the Region and its local municipal partners as it satisfies SM4RT Living Plan direction by securing long term capacity that is centrally located, while supporting local economic growth and maintaining alignment with the waste management hierarchy of reduction, reuse, recycling and recovery prior to disposal.

For more information on this report, please contact Laura McDowell, Director, Environmental Promotion and Protection at 905-830-4444 Ext. 75077.

The Senior Management Group has reviewed this report.