

Clause No. 5 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 November 21, 2013.

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SECURING LONG TERM YARD WASTE COMPOSTING CAPACITY

Committee of the Whole recommends adoption of the following recommendation contained in the report dated November 5, 2013 from the Commissioner of Environmental Services:

1. RECOMMENDATION

It is recommended that:

1. Council authorize the Commissioner of Environmental Services to negotiate the 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 agreement.

2. PURPOSE

To seek authorization to negotiate a new contract with Miller Waste Systems to secure long term yard waste processing capacity that will accommodate the Region's current and future yard waste tonnage.

3. BACKGROUND

Miller Waste Systems yard waste composting contract secured following closure of Halton Recycling Ltd. in 2005

Prior to 2005, Region yard waste tonnage was primarily processed at Halton Recycling in the Town of Newmarket, with only 10,000 tonnes processing capacity with Miller Waste Systems at their Bloomington composting facility. Throughout 2005, Halton Recycling Ltd. experienced operational challenges and on October 23, 2005, Halton Recycling Ltd. was shut down by Order of the Ministry of the Environment due to persistent odour complaints. In preparation for the imminent closure of Halton Recycling Ltd., Region

staff proactively secured additional yard waste processing capacity with Miller Waste Systems.

On April 1, 2006, the contract with Miller Waste Systems was executed for the provision of yard waste composting services for an annual minimum of 20,000 tonnes per year up to 25,000 tonnes annually for a 10 year term, with an option to renew for an additional five year term at the discretion of the Region and with 12 months written notice. While Miller is not obligated to receive and process any amount of leaf and yard waste in excess of the contract minimum annually it has worked co-operatively with the Region to accommodate tonnage above the annual obligation. Through an amendment to their Certificate of Approval, Miller Waste Systems increased their site capacity on Bloomington Road to allow for processing of 50,000 tonnes and receipt of an additional 10,000 tonnes for transfer.

The current yard waste contract with Miller Waste Systems provides leaf and yard waste processing at a rate of \$56.00 per tonne plus annual CPI adjustments. Current pricing with CPI adjustments since 2007 is \$61.81 per tonne. This volume was based on total tonnage anticipated to be received and accepted from York Region through municipal curbside collection and public drop off at Miller's Bloomington facility.

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

The leaf and yard waste program is the oldest formal diversion program in York Region and annually contributes nearly 18 per cent of York Region's total diversion achievements. This successful program is very well known and received by residents.

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.

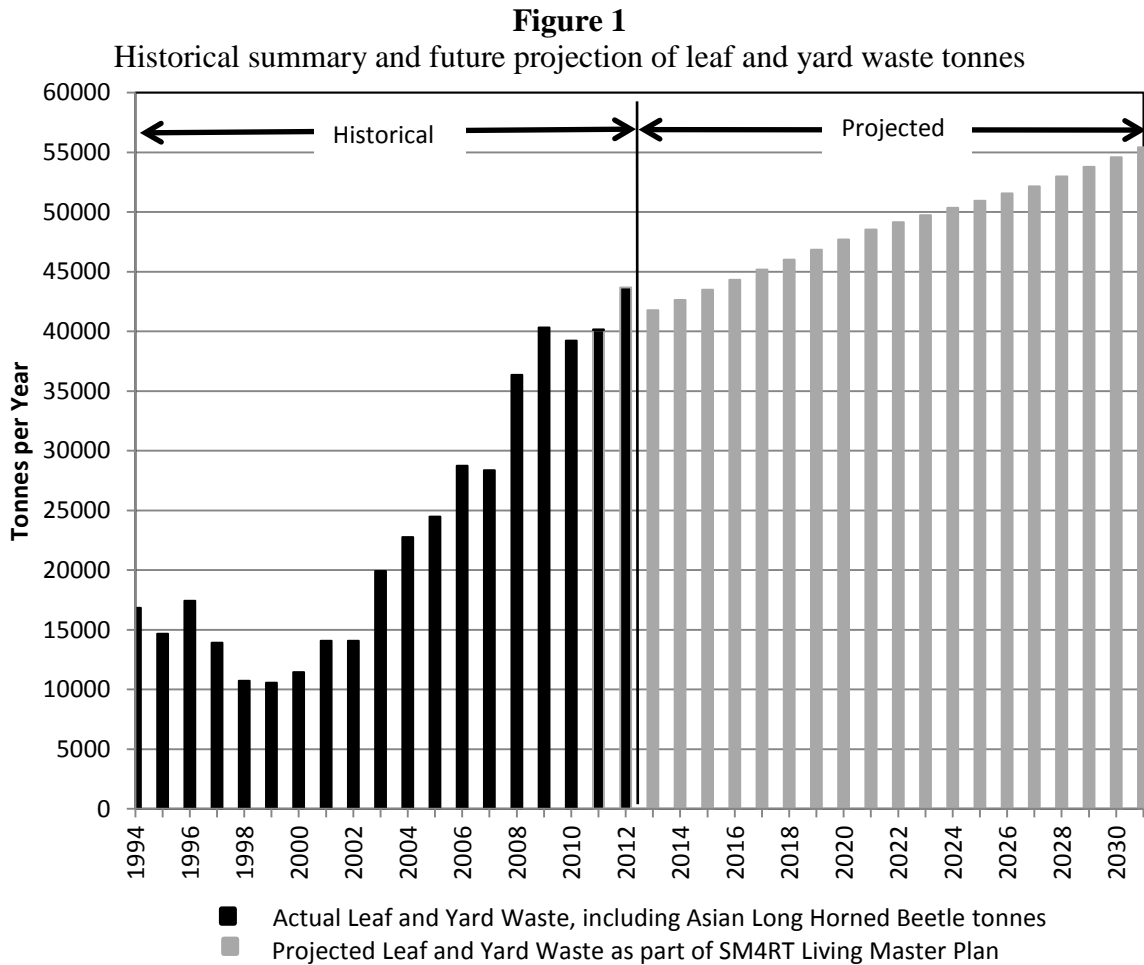
The leaf and yard waste strategy provided a decision framework to assess leaf and yard waste processing capacity as follows:

- i) Determine if sufficient existing leaf and yard waste processing capacity in Ontario can be made available to the Region long term.
- ii) Based on positive results from (i), solicit proposals from private sector contractors to provide leaf and yard waste processing and end-product marketing services for the time frames and capacities identified on Figure 1.
- iii) Based on negative results from (i), negotiate contract options with Miller Waste Systems to provide a long term direct haul and local yard waste processing option to the Region for the time frames and capacities identified on Figure 1.

Region yard waste tonnage has increased beyond current Miller contract capacity due to population growth

Since 2005, yard waste tonnages have increased beyond anticipated population growth rates on an annual basis. In 2012, over 43,500 tonnes of yard waste was received at the Miller facility representing a 44 per cent increase in tonnage from 2005. Miller Waste Systems has accepted and processed Regional yard waste tonnage annually. Staff have received Council approval on an annual basis to increase the budget funding for these services. Requesting additional funding through Council approved budgets is acceptable under York Region's Purchasing Bylaw; however, securing a contract for current and future yard waste tonnage is recommended by the SM4RT Living Plan to ensure reliable long term processing and diversion of this material.

Figure 1 illustrates historical quantities of leaf and yard waste collected, as well as quantities projected within the time-frame of the SM4RT Living Plan. It is expected that by 2031 quantities of leaf and yard waste will increase by 27 per cent from 43,500 in 2012 to 55,400 tonnes in 2031. Yard waste tonnages can fluctuate significantly from year to year due to changes in weather conditions such as excessive rain or drought. Tonnages will continue to be monitored annually and reported through SM4RT Living Plan updates.



4. ANALYSIS AND OPTIONS

Industry research identifies limited availability of yard waste processing capacity with costly handling fees and long distances from York Region

As recommended in the SM4RT Living Plan leaf and yard waste strategy, external consulting services were secured by the Region to investigate the market availability of leaf and yard waste processing capacity for processing a minimum of 50,000 tonnes per year. The study concluded market capacity is limited. In addition to the Miller Waste Systems facility, only five facilities of 41 approved facilities in Ontario have capacity currently available to manage up to 50,000 tonnes of leaf and yard waste from York Region. These five facilities are located outside of York Region.

Cost estimates received from the five facilities ranged from \$58 to \$101 per tonne to transfer, haul and process up to 50,000 tonnes of yard waste from York Region using private contracted facilities. It should be noted that these prices are estimated and are not

negotiated firm pricing. The current Miller Waste Systems contract price is \$61.81 per tonne, which includes processing and is based on direct haulage from curbside vehicles to the centralized Bloomington facility. Miller has indicated that it will extend this current price with annual CPI increases subject to a long term commitment from the Region. The contract term and tonnage will be subject to negotiation and will be reported back to Council in Spring 2014 for authority to execute the agreement.

Based on market research conducted in August 2013, a tender for new services would likely identify the same service providers as the study due to current market constraints for leaf and yard waste processing. In addition, selection of a new service provider outside of York Region may disrupt the local municipal yard waste collection system. Tendering for leaf and yard waste services at this time is not recommended.

Exercising five year option in current Miller contract does not meet Region's current or future leaf and yard waste capacity needs

Extension of the current Miller Waste Systems contract, from 2016 to 2021, does not allow the Region to increase tonnage. The current contract includes a provision for an additional five year extension at the current pricing and contract capacity of 20,000 tonnes per year. However, this extension does not provide for processing of increased yard waste tonnage resulting from Regional growth.

In order to accommodate the Region's current and future yard waste tonnage, while also satisfying private client commitments, Miller Waste Systems requires an amendment to their Environmental Compliance Approval to increase processing capacity at the Bloomington site up to 75,000 tonnes. It is possible that the Ministry will require more stringent odour control as a condition of the amendment. Miller acknowledges that there have been periodic odour issues at the Bloomington facility. The financial stability afforded through a long term commitment by the Region will enable Miller Waste Systems to address any additional requirements imposed by the Ministry related to odour control.

Environmental Services' Contract Management Engineer will conduct periodic site visits of the Bloomington facility throughout the duration of the contract to ensure that any odour issues are being addressed by Miller Waste Systems and that the site is being operated within its Environmental Compliance Approval. This is consistent with due diligence reviews currently implemented on other waste management contracts.

Recognizing that the Bloomington facility is owned and operated by Miller Waste Systems, the majority of the tonnage at the site will have originated through collection by our local municipal partners. The majority of the local municipalities ban grass clippings from yard waste collection which may contribute to odour issues. If required, consideration of further restrictions on yard waste (ie. ban on grass clippings Region

wide) would be evaluated through the integrated partnership model to determine a preferred solution.

Contact with Ministry of the Environment staff on October 29, 2013 revealed that the Ministry of the Environment has not received any complaints related to the Bloomington Yard Waste site in 2013. Miller Waste Systems is in compliance with their Environmental Compliance Approval at this site.

Negotiation of a new contract with Miller Waste Systems allows for increased processing capacity over the long term

Negotiating a new contract with Miller Waste Systems provides an opportunity to secure increased processing tonnage at costs not to exceed current contract pricing and maintains the centralized location for municipal curbside deliveries.

Opening the contract for further negotiation will also allow staff to require installation of Paradigm scale software. Having consistent software at all waste management facilities will allow staff and Miller Waste Systems to consistently and accurately track yard waste tonnage over time. Additional contract options that benefit both parties can be discussed during negotiation and will be reported to Council in Spring 2014.

Negotiation of a new contract with Miller Waste Systems is advantageous to the Region and its local municipal partners and is recommended as it satisfies the SM4RT Living Plan Guiding Principles as follows:

- Secures long term processing capacity to ensure yard waste diversion and alignment with the waste management hierarchy of reduction, reuse, recycling and recovery prior to disposal
- Cost effective pricing at a local approved facility is reflective of “integrated systems” thinking whereby environmental, social and fiscal responsible aspects are balanced
- Processing at a centrally located facility in York Region will nurture and cultivate local economic growth, innovation and entrepreneurship
- Uninterrupted service to the local municipalities direct from curbside supports the integrated partnership model of decision making

Link to Key Council–approved Plans

Yard waste composting contributes to the 2011 to 2015 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

Miller Waste Systems contract offers York Region competitive pricing

York Region's unit cost for yard waste processing at Miller Waste System's Bloomington facility in 2013 is \$61.81 per tonne, including direct delivery of curbside trucks. A new contract with Miller Waste Systems at the current contract price, plus annual CPI increases, is within the forecasted waste management operating budget outlook.

6. LOCAL MUNICIPAL IMPACT

The Miller Waste Systems contract supports the local municipal yard waste curbside collection program. All nine local municipalities transport yard waste directly to this facility to be processed into compost. Continuing a contract relationship with Miller Waste Systems will minimize disruptions to local municipal curbside collection programs and limit the risk of exposing local municipalities to higher transportation costs.

This successful program is well known and received by residents and is recommended for continuation throughout the implementation of the SM4RT Living Plan. Additional opportunities to secure long term contracted processing capacity would be beneficial. Investigating the feasibility of enhanced programming/policies to encourage all residents to leave grass clippings on the lawn rather than collecting them as yard waste is also recommended.

7. CONCLUSION

Based on results of industry research on availability and cost of alternate yard waste processors in Ontario, it is recommended that a new contract be negotiated with Miller Waste Systems for yard waste processing at their Bloomington facility. Negotiation of a new contract with Miller is required to continue cost effective service delivery while accommodating the Region's current and future yard waste processing needs. This will provide an opportunity to negotiate additional terms mutually beneficial to both parties, including but not limited to installation of Paradigm scale software. The Miller facility offers a unique service platform that includes a one-stop full service facility that is strategically located within the Region.

For more information on this report, please contact Laura McDowell, Director
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The Senior Management Group has reviewed this report.