
MEMORANDUM

PWC-C 2-2021

Subject: Update on Walker Environmental Group's Residential Waste & Recycling Drop-off Depot and Composting Facility Operation

Date: Tuesday, January 12, 2021

To: Public Works Committee

From: Emil Prpic, Associate Director, Waste Disposal Operations & Engineering

The purpose of this memorandum is to provide Public Works Committee with an update on recent discussions with Walker's Environmental Group (WEG) related to the operation of their residential waste and recycling drop-off depot and composting facility.

Background

Niagara Region has contracts with WEG for the operation of WEG's residential waste and recycling drop-off depot and processing of Niagara's curbside collected organic materials. Report PW 21-2021 identified that staff would review the operation of the residential waste and recycling drop-off depot and analyze the future requirements for the processing of organics materials.

Residential Waste and Recycling Drop-off Depot

WEG constructed and has operated a residential waste and recycling drop-off depot at its Thorold location since 2001. As per report PW 21-2020, the current contract for the operation of WEG's residential waste and recycling drop-off depot, which was to expire on December 31, 2020, has been extended to December 31, 2025.

WEG's residential waste and recycling drop-off depot largely services residents from Niagara Falls, Niagara-on-the-Lake, St. Catharines and Thorold. Every year 85,000 residents drop-off 26,000 tonnes of material comprised of household waste, construction and demolition materials, soils, electronics, leaf and yard waste, and blue / grey box materials.

Customers are able to dispose of recyclable materials for free. A tipping fee payment is applied to dispose of materials such as household waste, appliances containing

refrigerants, concrete and asphalt, tree stumps, clean wood and shingles. WEG currently charges a minimum tipping fee of \$11 per load and \$116.99 per tonne plus HST. The existing contract allows the tipping fees to be adjusted annually, on March 1, by an amount that is to not exceed the Consumer Price Index (CPI), All Items, Ontario.

Upgrades to the residential waste and recycling drop-off depot will be required due to its age. WEG is proposing that the following areas require improvement:

- Drop-off pad – provide additional space for customers to drop-off materials, reduce congestion and enhance the customer experience
- Health and Safety – improve drop-off depot safety between customers, contractors and WEG operations e.g. heavy equipment
- Environmental compliance – maintain compliance by improving site infrastructure e.g. paving areas under concrete and asphalt pads

Since opening in 2001, WEG has been fully responsible for the maintenance and any capital improvements to the residential waste and recycling drop-off depot at no cost to the Region. WEG has requested that a one-time tipping fee increase be granted in order to assist in offsetting a portion of the identified capital improvement costs. Staff will continue discussions with WEG to ensure best value for the Region and report back to Committee with a recommendation in Q1 2021.

Organics Diversion

Current State of Organics Diversion in Ontario

As part of its *Resource Recovery and Circular Economy Act, 2016*, the province issued the Food and Organic Waste Policy Statement in April 2018 which provides direction to increase waste reduction and resource recovery of food and organic waste. As a result, organics diversion will be a focal point for the Ontario waste management industry over the coming years. According to the Food and Organic Waste Framework, a total of 3.7 million tonnes of organic material was generated in 2015, however, Ontario has approximately 2.5 million tonnes of approved processing capacity.

A 2016 Ontario Waste Management Association report states that there are roughly eighty (80) composting facilities in Ontario. Over the last several years a number of new facilities have been constructed or are in the process of becoming operational. Despite the fact that new facilities are being built, there is general consensus within the Ontario waste management industry that there will be insufficient organics processing capacity

in the future. Consequently, it is critical that Niagara Region begins the process of evaluating and securing processing capacity in advance of its future needs.

Niagara Region

In report PW 21-2020 staff indicated that additional analysis would be required to assess Niagara's future organics processing requirements. Since 2009, WEG has processed Niagara Region's organic material at its composting facility located in Thorold. The existing contract between WEG and Niagara Region for the processing of organic material is scheduled to expire on March 31, 2029.

At present, WEG's composting facility is designed and capable of processing all of the organic material that is currently being generated by Niagara residents. However, over the coming years, it is expected that the amount of organics generated in Niagara will continue to increase. In order to be well-positioned for future growth and to ensure sufficient available capacity, staff have begun to review possible options to manage Niagara's organic material.

Options

Staff are examining a number of options to ensure that Niagara maintains future processing capacity.

Option #1 – Expansion of Existing Composting Facility

Staff have had initial discussions with WEG regarding future organics processing capacity at their current facility. The WEG facility is designed and able to process the organic material currently generated by Niagara region residents. An expansion would include constructing additional capacity to WEG's current GORE system. At this time the structure of any potential agreement has not been determined. This option would be a non-competitive negotiation.

Option #2 – Alternate Processing Facility

Niagara Region could send its organic materials to an alternate third party processing facility. This option would need to consider both processing and haulage costs since these facilities are generally located outside of Niagara Region. Third party processor agreements tend to be put or pay contracts meaning that Niagara Region would be committed to delivering or paying for a minimum amount of organic material. Under this

scenario, Niagara Region would continue to send WEG the tonnage it is obligated to provide under the current contract, and any excess tonnage would be sent to an alternate third party processing facility.

Staff will conduct a market scan to better understand the potential of third party facility options, haulage requirements and contractual structure. This option would involve a competitive procurement process.

Next Steps

Staff will continue to meet with WEG staff with respect to both the residential waste and recycling drop-off depot and processing of Niagara's organic materials. In addition, staff will further evaluate options to address future organics processing needs. Staff will report back to Council with further developments.

Respectfully submitted and signed by

Emil Prpic
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