
REPORT TITLE: **Request to Amend the Agreement for Contingency Waste Disposal Services with Emerald Energy from Waste Inc. (Document 2017-248N)**

FROM: Kealy Dedman, Commissioner of Public Works

RECOMMENDATION

That the contract for contingency waste disposal services (Document 2017-248N) between the Region of Peel and Emerald Energy from Waste Inc. (Emerald), dated July 14, 2017, be amended to increase the maximum allowable tonnage of waste delivered to Emerald, by 5,000 tonnes per year, up to a maximum of 15,000 tonnes of waste per year, in the estimated total annual amount of \$1.08 million (excluding applicable taxes and annual Consumer Price Index adjustments), in accordance with Procurement By-law 30-2018, as amended;

And further, that the Region's duly authorized signing officers be authorized to enter into an Amending Agreement with Emerald setting out the amendments to the contract to allow for the additional tonnage on business terms satisfactory to the Commissioner of Public Works and on legal terms satisfactory to the Regional Solicitor.

REPORT HIGHLIGHTS

- Under the existing agreement, Peel can send up to 10,000 tonnes of garbage per year to Emerald Energy from Waste Inc. (Emerald) for disposal.
- In 2020, due to COVID-19 impacts, Emerald was utilized to the maximum tonnage allowed under the existing Agreement.
- The cost of using Emerald is on par with the cost of delivering garbage to landfill, therefore the Region could redirect additional garbage to this facility with minimal impact to the current budget while achieving additional operational flexibility with no tonnage commitment.
- Staff is recommending that the Region increase the allowable yearly tonnage delivered to Emerald by 5,000 tonnes for a total of 15,000 tonnes maximum per year without a tonnage commitment, based on the current Terms and Conditions, for contingency waste disposal services to provide a supplementary disposal option on an as needed basis.

DISCUSSION

1. Background

At its meeting on July 6, 2017, Regional Council approved an agreement (the "Agreement") between the Region and Emerald Energy from Waste Inc. (Emerald) for Contingency Waste Disposal Services (2017-623). Under the Agreement, Peel can deliver up to 10,000 tonnes of garbage per year to Emerald for disposal without any tonnage commitment.

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The Peel Integrated Waste Management Facility (PIWMF) is the Region's primary site for the processing of green bins organics, leaf and yard waste and recyclables and is also used for the transfer of garbage for disposal. During peak collection periods, in order to efficiently manage green bin organics and blue cart recyclables, the transfer of garbage at the PIWMF requires careful management. Under a tonnage commitment contract with the Region, Waste Management's Wentworth waste transfer station is utilized to receive, and transfer for disposal, most of the garbage collected in Peel. The Emerald Energy from Waste facility, along with several other private transfer stations, are engaged to supplement the transfer capabilities of PIWMF and Wentworth with no annual tonnage commitments.

In 2020, the Region saw an increase in green bin organics, recyclables and garbage collected due to COVID-19. These COVID-19 related increases, in addition to normal seasonal tonnage fluctuations, resulted in the Region, for the first time during the life of the three-year-old agreement with Emerald, hitting the 10,000 tonne limit. Since COVID-19 impacts are expected to continue this year, and as the cost of using the Emerald facility remains on par with the cost of delivering waste to landfill, the Region could utilize additional contingency disposal capacity at this facility with minimal impact to the current budget. The additional tonnage would fall under the same terms and conditions of the current Agreement. In order to increase the tonnage to the 15,000 tonnes, the maximum number of truckloads accepted per day would increase to 15 from the current 10 truckloads. To investigate the feasibility of increasing the annual tonnage limit in the Agreement, staff entered into discussions with Emerald.

2. Proposed Amending Agreement Details

The proposed Amending Agreement between the Region and Emerald would see the 10,000 tonnes annual limit increased to 15,000 tonnes. The supply of garbage by Peel would be without a minimum tonnage commitment and utilized on an "as and when needed basis" to the Region. The following key terms from the current agreement will continue to apply:

- Five-year term (starting July 14, 2017) with an option for a one five-year extension at the discretion of Peel.
- The supply of waste by Peel would be without a minimum tonnage commitment.
- Emerald responsible for all aspects of managing waste once received and accepted at the Emerald facility, including but not limited to:
 - Acceptance of all delivered waste excluding hazardous waste;
 - Incineration of all waste accepted from Peel excluding Unacceptable Material and disposal of Unacceptable Material;
 - Adhering to all environmental performance and reporting requirements; and,
 - Comply with its Environmental Compliance Approval (ECA) and all other permits and approvals (Permits), any directives and/or requirements from the Ministry of the Environment, Conservation and Parks, stack testing and all applicable laws and regulations, and indemnify the Region of any consequences of its failure to do so.

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RISK CONSIDERATIONS

There are no significant risks associated with the recommendations contained within this report. Amending the current agreement with Emerald to increase the annual maximum tonnage without requiring Regional tonnage commitment would provide greater operational flexibility with minimal risk to the Region.

FINANCIAL IMPLICATIONS

It is estimated that the amended agreement with Emerald will increase in the annual amount paid to Emerald by \$360,000, to a total estimated annual cost of \$1.08 million. Since the cost of garbage disposal at the Emerald facility is comparable to the cost for the transfer, haulage and disposal of garbage at landfill, this increase would be offset by a similar decrease in the Region's cost to dispose of waste at landfill. Overall, the Region's transfer, haulage and disposal cost is not expected to increase as a result of the recommended amendment.

CONCLUSION

The proposed amendment to increase the annual maximum limit to 15,000 tonnes provides operational flexibility without a tonnage commitment from the Region that can be accessed on an as-needed basis (subject to a maximum of 15 loads per day). Given that proposed agreement with Emerald provides operational flexibility without a tonnage commitment, staff recommends that the Region increase the annual maximum tonnage based on the terms of the current agreement.

For further information regarding this report, please contact Norman Lee, Director, Waste Management, Ext. 4703, norman.lee@peelregion.ca.

Reviewed and/or approved in workflow by:

Department Commissioner, Division Director, Financial Support Unit, Legal Services and Procurement.