
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 Agreement for contingency waste disposal services (Document 2017-248N) between the Region of Peel and Emerald Energy from Waste Inc. (Emerald), be amended to increase the maximum allowable tonnage of waste delivered to 20,000 tonnes per year and to reduce the unit price of waste processing by 0.69 percent for a total annual contract increase in the amount of \$717,200, excluding applicable taxes;

And further, that staff be authorized to exercise the one five-year optional extension term in the Agreement at the new reduced unit price;

And further, that the Region's duly authorized signing officers or the Commissioner of Public Works be authorized to execute an amendment to the Agreement, together with such further documents that may be required, to reflect the foregoing recommendations all 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 ability to redirect increased garbage to this facility would provide additional operational flexibility with no minimum tonnage commitment; and, through recent negotiations, a price per tonne reduction on all tonnes received by Emerald could be realized.
- Staff is recommending that the Region increase the allowable yearly tonnage delivered to Emerald by 10,000 tonnes for a total maximum amount of 20,000 tonnes per year without a minimum 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

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Disposal Services (Resolution 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.

The Peel Integrated Waste Management Facility (PIWMF) is the Region's primary site for the transfer and processing of green bin 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 bin recyclables, the transfer of garbage at the PIWMF requires careful management. Under a tonnage commitment contract with the Region, Waste Management of Canada Corp's (WMCC) Wentworth and Danville waste transfer stations are 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 WMCC's facilities with no minimum 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 continued through 2021, and are expected to continue this year, the Region could utilize additional contingency disposal capacity at this facility. Even beyond the end of the COVID-19 emergency, having added contingency disposal capacity in place will benefit the Region.

In a report to Regional Council on May 13, 2021, staff requested authority to increase the annual allowable tonnage directed to Emerald to 15,000 tonnes per year from the current 10,000 tonnes per year. The report was deferred to the May 20, 2021 Waste Management Strategic Advisory Committee where direction was given to staff to enter into discussions with Emerald to negotiate for an additional 10,000 tonnes per year on terms acceptable to the Region (Resolution 2021-559).

Staff engaged Emerald in negotiating the terms necessary to increase the allowable annual tonnage quantities. Through this process, Emerald has agreed to receive the proposed 10,000 tonnes per year increase, up to 20,000 tonnes per year at a price reduction of 0.69 percent per tonne for all tonnes received. The additional tonnage would fall under the same terms and conditions of the current Agreement. In order to increase the annual allowable tonnage to 20,000 tonnes per year, the maximum number of truckloads accepted per day would increase to 20 from the current 10 truckloads.

2. Proposed Amending Agreement Details

The proposed amendment to the Agreement between the Region and Emerald would see the 10,000 tonnes annual limit increased to 20,000 tonnes. The supply of garbage by Peel would be without a minimum tonnage commitment and utilized on an "as and when required basis" at the Region's discretion. The proposed amendment also includes a price reduction of 0.69 percent on all tonnes delivered by the Region for the duration of the agreement. 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.

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- The supply of waste by Peel would be without a minimum tonnage commitment.
- Emerald is still responsible for all aspects of managing waste (excluding hazardous waste) once received and accepted at Emerald's facility and for complying 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.

RISK CONSIDERATIONS

Since the proposed agreement does not require Peel to deliver a minimum tonnage, it does not present any significant risks to the Region.

FINANCIAL IMPLICATIONS

The per-tonne price to dispose of waste at Emerald is slightly higher than the per-tonne price to transfer, haul and dispose of waste at landfill. Increasing the maximum annual tonnage that can be sent to Emerald will, however, improve operational flexibility and reduce operational risk by providing the Region with additional local drop off capacity. Staff believes the reduction in operational risks make the added investment worthwhile.

If Emerald is utilized for the maximum additional tonnage allowed under this Agreement, the cost to dispose of the additional 10,000 tonnes will be approximately \$52,200 higher than it would have been to dispose of the 10,000 tonnes at landfill.

CONCLUSION

The proposed amendment to the Agreement to increase the annual maximum limit to 20,000 tonnes provides operational flexibility without a minimum tonnage commitment from the Region that can be accessed on an as-needed basis (subject to a maximum of 20 loads per day). Given that the proposed amendment to the Agreement with Emerald would provide operational flexibility without a minimum tonnage commitment, staff recommends its approval.

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