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**REPORT TITLE:**     **Third Party Waste Transfer, Haulage and Disposal Services**

**FROM:**                Kealy Dedman, Commissioner of Public Works

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## **RECOMMENDATION**

- 1. That the contract (Document 2022-539N) for the Supply of Waste Transfer and Haulage Services at Wasteco’s Orenda and Columbus Transfer Stations, be awarded to Wasteco in the estimated amount of \$4,018,125 (excluding applicable taxes), for an initial five-year contract term, pursuant to Procurement By-law 30-2018, as amended; and**
- 2. That the contract (Document 2022-462N) for the Supply of Waste Transfer and Haulage Services at the Dufferin Transfer Station, be awarded to GFL Environmental Inc. in the estimated amount of \$1,115,675 (excluding applicable taxes), for an initial five-year contract term, pursuant to Procurement By-law 30-2018, as amended; and**
- 3. That the contract (Document 2022-548N) for the Supply of Waste Transfer and Haulage Services at the Mavis Transfer Station, be awarded to GFL Environmental Inc. in the estimated amount of \$786,625 (excluding applicable taxes), for an initial five-year contract term, pursuant to Procurement By-law 30-2018, as amended; and**
- 4. That the contract (Document 2022-588N) for the Supply of Waste Transfer, Haulage and Disposal Services for the Walker Transfer Station and Landfill be awarded to Walker Environmental Group Inc. in the estimated amount of \$2,083,125 (exclusive of applicable taxes), for a five-year contract term, pursuant to Procurement By-law 30-2018, as amended; and**
- 5. That staff be authorized to exercise the optional extension terms contemplated in each of the contracts in accordance with the contract terms, including price escalations, subject to satisfactory performance and approved budget, pursuant to Procurement By-law 30-2018, as amended; and**
- 6. That authority be granted to increase the quantities of contracted waste transfer, haulage and disposal services, for the initial and subsequent contract terms, where actual tonnages exceed the initial estimates, subject to the limits of the approved operating budget.**

## **REPORT HIGHLIGHTS**

- The Region utilizes a network of waste transfer stations to reliably manage the waste collected in Peel. The network includes a number of third-party transfer stations and Peel’s Integrated Waste Management Facility (PIWMF).

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- In 2016, the Region entered into several waste service agreements to supplement the existing network of transfer stations under contract with the Region including: waste transfer services with Wasteco at its Orenda and Columbus Transfer Stations, waste transfer and haulage services with GFL Environmental Inc (GFL) at its Dufferin Transfer Station, and waste transfer services with GFL at its Mavis Transfer Station. Each of these contracts, including all extension options, ends on December 31, 2022.
  - Since April 2022, the Region and the waste industry as a whole have been experiencing haulage issues due to a shortage of drivers and equipment, both of which were/are exacerbated by COVID-19, the war in Ukraine, and the current economic environment. To mitigate these impacts, alleviate the haulage pressures at PIWMF and the Region's third-party transfer stations and ensure the continued movement of waste collected within the Region, the Region entered into an emergency Purchase Order and agreement with Walker Environmental Group Inc. (Walker) for transfer services at its Walker Transfer Station in Burlington, Ontario, and disposal at its Walker Landfill in Niagara Falls, Ontario.
  - Staff is seeking authority to enter into new waste transfer and haulage agreements with Wasteco, and GFL for a firm term of five years, with five additional one-year extension options.
  - Staff is also seeking authority to enter into a transfer and disposal agreement with Walker for a firm term of five years.
  - Securing these agreements will ensure the Region's network of transfer stations, haulage and disposal options remain fulsome and robust for the continued management of waste collected within the Region.
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## DISCUSSION

### 1. Background

The Region of Peel utilizes a network of waste transfer stations that includes third party facilities and Peel's Integrated Waste Management Facility (PIWMF), to receive the waste collected within the Region and 'transfer' it into tractor trailers to be hauled to landfill for final disposal. Currently, the Region only has one Region owned and operated waste transfer station, PIWMF, which also manages all of the green bin organics and blue box recyclables collected within the Region and approximately 75 percent of all the yard waste collected within the Region. Management of these other material streams limits the amount of garbage that can be managed at the site daily. Third party transfer stations provide the Region with reliable and flexible waste transfer services within or in close proximity to the Region of Peel, helping to reliably manage daily waste collected, and aiding the Region in managing peak seasonal generation periods and alleviate tonnage restrictions at the Region's main waste transfer station, PIWMF.

The Region has long standing agreements with large transfer stations within the Region that manage a significant portion of the waste generated within the Region; however, three smaller waste transfer agreements with third party sites are expiring on December 31, 2022, with no option for extension. Each of the sites offer value to the Region and are needed to maintain reliability. As such, staff is recommending entering into new agreements with each of the facilities identified in this report.

The first contract that is expiring is Waste Transfer Agreement 2015-242N with Wasteco which began in January 2016, for transfer services at the Wasteco Orenda and Columbus

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Transfer Stations. Collectively, these two transfer stations handle approximately nine percent of Peel's waste and are situated within the Region of Peel. Wasteco's Orenda Transfer Station has extended weekday hours and is available on Saturdays.

The second contract that is expiring is Agreement 2016-156N with GFL for Waste Transfer and Haulage Services, at its Dufferin Transfer Station, located in Orangeville Ontario. Dufferin Transfer Station handles approximately 1 percent of the Region's waste and is geographically located to serve the Region's Community Recycling Centers and collection contractors in the northern portion of the Region.

The third transfer contract that is expiring is Agreement 2016-140N with GFL for Waste Transfer Services at its Mavis Transfer Station, located in Mississauga, Ontario. Mavis Transfer Station is centrally located and handles approximately one percent of the Region's waste.

As Council was advised in July 2022, the waste haulage industry has experienced widespread shortages of drivers and equipment since April 2022. The shortages are due in part to COVID-19, the war in Ukraine, and the current economic environment. The industry has dealt with, and continues to deal with, supply chain delays, increased costs for operating including fuel, and driver shortages. Because of this, the Region experienced pressures and shortcomings at PIWMF and all of the Region's third-party transfer stations, as the Region contracted hauler supplies trailers to haul the Region's waste at the third-party sites. As a result of the shortcomings, the Region has had to employ several contingency measures to ensure continual operation.

One of the contingency measures involved the Region entering into an emergency purchase order (PO) and agreement with Walker Environmental Group Inc. (Walker) for the use of their Walker Transfer Station located in Burlington, Ontario and for disposal services at their Walker Landfill located in Niagara Falls, Ontario. Utilizing the Walker Transfer Station allowed the Region to direct collection contractors from the curb to empty at the Walker Transfer Station, which took some haulage pressure off of the Region's existing transfer station network as Walker employs its own haulage fleet. In addition to entering into an emergency PO with the transfer station, the Region also began delivering tractor trailer loads from PIWMF to Walker Landfill, which allowed a faster turnaround time compared to going to the Region's contracted landfill with Waste Management of Canada Corporation's (WMCC) Twin Creeks Landfill in Warwick, Ontario and allowed the Region to supplement their contracted waste haulage with these additional loads.

The Region secured the emergency services for transferring and disposing of waste with Walker as of July 11, 2022, until January 31, 2023 and December 31, 2022 respectively.

## **2. Proposed Waste Transfer, Haulage, and Disposal Agreements**

Staff recommend entering into the below agreements with each of the Vendors, based on the scarcity of available waste transfer and disposal capacity within close proximity to the Region of Peel, to best manage daily waste collected and peak seasonal generation periods and alleviate tonnage restrictions at the Region's owned waste transfer station, PIWMF. This procurement is in accordance with the Region's Procurement By-law, which permits direct negotiations where there is a scarcity of supply of services in the marketplace.

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### **Contract 2022-539N: Wasteco (Orenda and Columbus Transfer Stations) for Waste Transfer and Haulage Services**

This agreement includes transfer services at both the Orenda and Columbus Transfer Stations, with the option, at the Region's discretion, to utilize Wasteco's sub-contracted hauler, with no tonnage guarantees and a firm five-year term, with five additional one-year extension options.

### **Contract 2022-462N: GFL for Waste Transfer and Haulage Services at Dufferin Transfer Station**

This agreement includes transfer and haulage to the Region's contracted disposal site, with no tonnage guarantees and a firm five-year contract, with five additional one-year extension options.

### **Contract 2022-548N: GFL for Waste Transfer and Haulage Services at Mavis Transfer Station**

This agreement includes transfer services, with the option at the Region's discretion to utilize GFL's sub-contracted hauler, with no tonnage guarantees and a firm five-year contract, with five additional one-year extension options.

### **Contract 2022-588N: Waste Transfer into Walker Transfer Station and Disposal of Waste at Walker Landfill**

The 'Waste Transfer into Walker Transfer Station' portion of this agreement includes transfer services at the Walker Transfer Station in Burlington Ontario, along with haulage to and disposal at Walker's Landfill, for a five-year firm term, with an all-in transfer, haulage and disposal price. This portion of the agreement commits Peel to deliver 1,000 tonnes annually, which represents less than one percent of all waste transferred on an annual basis.

The 'Disposal of Waste at Walker Landfill' portion of this agreement is for separate, additional tonnage and includes direct delivery of tractor trailer loads of waste from PIWMF to the Walker Landfill, for a five-year firm term. This portion of the agreement commits Peel to deliver 3,000 tonnes annually, which represents approximately one percent of all waste disposed on an annual basis.

Securing this transfer station and disposal capacity will alleviate pressure the Region's existing network of transfer stations and the Region's hauler during peak periods and will help Peel provide reliable waste services to its residents and eligible businesses.

## **RISK CONSIDERATIONS**

Entering into the recommended contracts adds minimal risk to the Region and provides the Region with much needed operational flexibility, which is important given the challenges within the industry.

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### **FINANCIAL IMPLICATIONS**

Staff estimates that up to approximately 190,000 tonnes will be managed under the Wasteco and GFL agreements over the first five years of the agreements resulting in a five-year cost of approximately \$5.9 million, excluding pricing escalations as provided for in accordance with the contracts.

Staff estimates that approximately 30,000 tonnes will be managed under the Walker agreement over the five years of the agreement resulting in a five-year cost of approximately \$2.1 million, excluding pricing escalations as provided for in accordance with the contract.

The costs associated with entering into these agreements is in line with the costs that would be incurred should these tonnes flow through Peel's other third-party agreements which means the overall impact of entering into these agreements is minimal.

Funding for the proposed agreements is included in the proposed 2023 Waste Management Operating Budget and will be included in future Waste Management Operating Budget submissions.

### **CONCLUSION**

The agreements recommended in this report will provide the Region with much needed operational flexibility and help mitigate the challenges the industry is currently facing.

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Kealy Dedman, Commissioner of Public Works

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