



City of
Peterborough

To: **Members of the Committee of the Whole**

From: **W.H. Jackson, Director of Utility Services**

Date: **November 6, 2017**

Subject: **Report USDIR17-013
Initiation of a Source Separation Organics System to Include
Collection, Processing via a Private/Public Partnership and an
Application to the Municipal GHG Challenge Fund for Grant
Funding**

Purpose

A report to request Council to authorize the development of a City-wide Source Separated Organics collection system, to sole source initiation of a Private/Public Partnership for the purposes of processing organics and to submit an application to the Municipal GHG Challenge Fund for grant funding for the project.

Recommendations

That Council approve the recommendations outlined in Report USDIR17-013 dated November 6, 2017, of the Director of Utility Services, as follows:

- a) That staff develop a program for the City-wide collection of Source Separated Organics including items such as the provision of green bins, the procurement of collection trucks and the public education and advertisement campaign necessary to the success of such a program;
- b) That the City sole source Triland Excavation and Hauling for the purposes of developing and implementing a facility to process the City's Leaf & Yard Waste and Source Separated Organics initially and potentially to also process the City's Biosolid Material from the Wastewater Treatment Plant in the future;

- c) That staff explore the benefits of a Private/Public Partnership with Triland Excavation with respect to the provision of organic processing capacity;
- d) That staff be requested to submit an application to the Municipal GHG Challenge Fund to support the collection and processing of the City's Leaf & Yard Waste and Source Separated Kitchen Organic material; and
- e) That staff report back on the details related to Recommendations a), b), c) and d) with information on any Private/Public Partnership arrangement that is achieved, including financial considerations.

Budget and Financial Implications

Source Separated Organics (SSO) collection including the supply and distribution of curbside green bins and kitchen catchers for all City single-family households, the design and planning for revamped waste collection routes, a comprehensive public education/communication campaign, and the purchase of new collection vehicles is estimated to cost \$4 million.

A processing facility of sufficient size to process the City's SSO, Leaf & Yard Waste and Biosolid waste would cost approximately \$5 million excluding the cost of land.

If the City is successful with an application to the Municipal GHG Challenge Fund, it is estimated that 50% of the \$9 million capital cost could be funded from the grant. The City's capital budget would fund the portion of the remaining costs that the City would be required to pay. In the 2017 Capital Budget, \$1 million was authorized for the new Leaf & Yard Waste facility with a further \$1.5 million proposed for each of the years 2018 and 2019.

In the draft 2018 Operating Budget, \$875,000 has been allocated to deal with the processing of Biosolids from the Wastewater Treatment Plant and \$325,000 has been allocated to operate the existing Leaf & Yard Waste program. A City-wide SSO collection and processing program would add further costs to the annual operating budget. With a Private/public partnership, these costs could decrease from what they would otherwise be if the City proceeded alone.

Background

Report USWM14-003 presented Council with the next steps toward an Organics Strategy for the City. At that time (June 30, 2014), the direction from Council was to move forward with the development of a Leaf & Yard Waste facility at the Peterborough County/City Waste Management Facility (PCCWMF) and to award a contract to process the biosolids from the Wastewater Treatment Plant. Although the matter of SSO (food waste), was ranked No. 1 in the City's Waste Management Master Plan, processing of

SSO was acknowledged to have more challenges and be much more costly than dealing with Leaf & Yard Waste and, accordingly, SSO diversion was deferred to a later time.

1. Present Status of Organic Diversion

Presently, the biosolids from the Wastewater Treatment Plant are processed under a contract to Lystek International Inc. This contract will run until March 31, 2022.

The approval process for the proposed Leaf & Yard Waste facility to be relocated to the PCCWMF is nearing completion. The required Zoning By-law and Official Plan amendments have been requested and an amended Environmental Compliance Agreement with the MOECC has been submitted. It is anticipated that by early 2018 all approvals will be in place to allow construction in 2018.

The elimination of SSO from the waste stream would reduce waste going to landfill by about 17% and, therefore, is a significant issue with regard to increasing the life of the landfill. However, the cost of collection including providing green bins to all City properties coupled with the cost and lack of processing capacity has hampered implementation of an SSO program in the City.

2. Change in Status of an SSO Program

Recently, a number of major changes have occurred in the matter of an SSO program that has the potential to move this project forward in a rapid fashion. Firstly, the Province has stated that upcoming legislation will require that no SSO be landfilled after March 2022. Secondly, it now appears that a local processing solution may be imminent and thirdly, a new funding source has emerged entitled the Municipal GHG Challenge Fund. The later two points are discussed in more detail below.

2.1 Local Processing Capacity/ Sole Source

On April 21, 2017, the City issued RFI-01-17 (closed on May 11, 2017) to investigate the potential for an Organics Processing System for the City. Through this RFI, the City sought information to determine the availability of viable systems to process and dispose of organic waste, including SSO, leaf and yard waste, and Biosolid material. The RFI stated that the City preferred a processing facility located in close proximity (within 25 kilometres or less of the City) thereby reducing high haulage costs and emissions and eliminating the need to construct a transfer facility.

A total of nine responses were received but only the application from Triland Excavation and Haulage (Triland) provided a solution that was:

- within the required 25 kilometre radius;
- was on land already owned by the applicant;
- was going to use a proven and easily implemented solution; and

- could handle all three organic streams from the City.

Other responses could meet some of the above criteria but only Triland covered all four of the major criteria and only the Triland submission appeared to have the ability to meet the tight time lines necessary to ensure the City has processing capacity for both its Leaf & Yard and SSO material. In consideration of this, the Director of Corporate Services has, under her authority as set out in Section 9.1.2 f of Purchasing By-law 14-127 authorized a non-competitive procurement (in this case a private/public partnership) with Triland.

Staff has worked with Triland to help both parties better understand the steps necessary to implement an organics processing facility. Triland has hired a consultant and had initial meetings with Ministry of the Environment and Climate Change, ORCA and the Township where the facility is to be located. The City can assist, as best it can, to bring this project to fruition as it is a local (within Peterborough County) solution that will allow the City to avoid the need for a transfer station. If this project is successful, it will also allow the City to avoid having to construct and operate a composting facility dedicated to Leaf & Yard Waste material resulting in a significant avoidance of both capital and operating costs.

2.2 Municipal GHG Challenge Fund

A grant program entitled “Municipal GHG Challenge Fund” (GHG Fund) has recently emerged that matches what the City is trying to achieve in eliminating SSO from the waste stream.

The GHG Fund is a program funded by the proceeds from Ontario’s carbon market that aims to support community-led action on climate change. This program will fund up to 100% of the eligible costs for greenhouse gas emission reduction projects proposed by municipalities. A municipality may request up to \$10 million per project. Any Ontario municipality with a community-wide greenhouse gas inventory, emissions reduction targets and a strategy/plan to reduce emissions is eligible to apply.

The elimination of SSO from the landfill significantly reduces GHG emissions. Staff has confirmed that the funds from the GHG Fund can be used to fund non-municipally owned/operated facilities and, accordingly, the proposal for the City to start collecting SSO curbside and deliver it to a private market processor is an excellent project to put forth in requesting funding from the GHG Fund.

3. Proposed Project to be Submitted to the GHG Fund

The project that staff is suggesting be submitted to the GHG Fund will include the following:

- Design of new waste collection routes that will involve the collection of SSO separately;

- The procurement and distribution of residential green bins and kitchen catchers;
- A comprehensive public information and communication campaign;
- Procurement of the necessary vehicles to effect the collection of SSO; and
- Design, approval and implementation of a third party processing facility to process SSO and Leaf & Yard Waste material initially. Ultimately, the potential to also process the City's biosolids will be considered.

Funding for all of the above basic elements will be requested as part of our submission.

The evaluation of the City's application will include demonstrating significant and early GHG emission reductions (40%); alignment with municipal GHG emissions planning (10%); work plan and budget (30%) and project focus and co-benefits (20%). Although the grant will fund 100% of the costs, to be competitive, Ministry staff encourages local funding and an immediate 10 points is awarded if the City only seeks 50% funding. The application deadline is November 14, 2017 and projects must be started by March 31, 2019. Successful applicants will be informed by February 2018.

4. Form of a Private/Public Partnership Agreement

The discussion with Triland around the Private/Public partnership is in the very early days and the ultimate form of this agreement has not been determined yet. The City is interested in removing SSO from the landfill (will be mandated by March 2022) and also is interested in deferring the construction of its own Leaf & Yard Waste facility. There are both operating and capital expenditures involved in collecting and processing SSO and in building our own Leaf & Yard Waste facility.

Triland will also incur capital costs in constructing their proposed process facility and will expect to recoup both capital and operating costs (including a profit) from tipping fees.

With the potential grant from the GHG Fund and a commitment to supply the raw material to make the Triland facility viable, the City would be looking for an agreement with Triland to acknowledge the financial contribution of the City to their project.

Further details on the ultimate agreement will have to be brought back to Council for approval.

5. Next Steps

If Council is in agreement with the proposed course of action as described and recommended in this report, the next step will be to submit an application to the GHG Fund. The City will work with Triland on the details required for the application and will need to receive a commitment from Triland that they will move forward with this project in an expeditious manner.

Summary

This is a very exciting initiative. There are environmental and financial “wins” for the City if a Public/Private Partnership for processing organics can be negotiated in close proximity to the City. This processing capacity would enable the City to implement a collection program for SSO, and ultimately have all organic material processed locally.

A successful application to the Municipal GHG Challenge Fund could cover 50% of the costs associated with implementation of this program.

Submitted by,

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