



City of
Peterborough

To: **Members of the General Committee**

From: **W.H. Jackson,
Commissioner of Infrastructure and Planning Services**

Meeting Date: **August 27, 2018**

Subject: **Report IPSCOM18-012
Update on Source Separated Organics Program – Grant
Funding and Next Steps**

Purpose

A report to update Council on the City's Source Separated Organics (Kitchen Organics) Program specifically as it relates to grant funding and next steps.

Recommendation

That Council approve the recommendation outlined in Report IPSCOM18-012 dated August 27, 2018, of the Commissioner of Infrastructure and Planning Services, as follows:

That Report IPSCOM18-012 updating Council on the Source Separated Organics Program Grant Funding and Next Steps be received for information.

Budget and Financial Implications

With the withdrawal of the Municipal Challenge Fund GHG Fund grant, the City now needs to restart the process to move the Harper Leaf & Yard Waste facility to the Bensfort Waste Management Facility (Landfill). At the same time, it is prudent to investigate any alternative organics merchant capacity that may be available and also to determine the feasibility of phasing the Leaf & Yard Waste Facility such that it could, in the future, convert into a full Organics Processing facility. To this end, the following Budgets have been established:

- \$50,000 to reinitiate the relocation of the existing Leaf & Yard Waste composting facility from Harper Road to the Bensfort Waste Management Facility (Landfill); and
- \$20,000 to investigate the feasibility of phasing a Leaf & Yard Waste composting facility and a Source Separated Organics processing facility at the Landfill as well as review all possible merchant capacity within the Peterborough area respectively.

The funding for these budgets has been transferred from the Utility Services Reserve Fund. After the transfer, the Utility Services Reserve Fund will have \$266,035 remaining.

Background

A Source Separated Organics (SSO) program was identified as the first priority in the City's 2012 Waste Management Master Plan with the potential for diverting in the order of 17% of the waste stream from Landfill.

Since that time, a number of actions have occurred as described below.

Recent History

City Council, at its meeting of November 14, 2017 in considering Report USDIR17-013 authorized staff to, among other items:

- a) Develop a program for the City-wide household collection of SSO including items such as the provision of green bins, the procurement of collection trucks and the public education and advertisement program necessary to the success of such a program;
- b) Sole source Triland Excavation for the purpose of developing and implementing a facility to process the City's Leaf & Yard Waste and SSO;
- c) Explore the benefits of a Private/Public Partnership with Triland Excavation with respect to the provision of organic processing capacity; and
- d) Submit an application to the Municipal GHG Fund to support the collection and processing of the City's Leaf & Yard Waste and Kitchen Organic Materials.

The terms Kitchen Organics and SSO are interchangeable when talking about a residential program such as the program proposed for the City of Peterborough.

City's Leaf & Yard Waste Program

At its meeting of June 23, 2014, the Waste Management Committee was informed of the City's need to vacate the Harper Road Compost Facility and that the preferred alternative location was at the Landfill. Toward this end, a planning application to

develop a Leaf & Yard Waste facility at the Landfill was submitted to the Township of Otonabee South Monaghan in February 2016 and on June 26, 2017, a Public Planning Meeting was held at the Township offices.

Work was progressing toward implementation of the Leaf & Yard Waste facility at the Landfill but, with the November 14, 2017 City Council decision to work with Triland Excavation (Triland) such that they would handle both SSO and Leaf & Yard Waste at a single processing facility, the City closed off all work related to a facility to handle only Leaf & Yard Waste including:

- Withdrawing an application to the Province to amend the Landfill's existing ECA to allow a Leaf & Yard Facility at the Landfill;
- Withdrawing a planning application to the Township of Otonabee South Monaghan to allow a Leaf & Yard Waste facility at the Landfill; and
- Closing the Consultant's file on this matter.

Municipal GHG Funding Application

As directed by City Council on November 14, 2017, an application was submitted to the Municipal GHG Fund on November 30, 2017. The application was for 50% funding for:

- Various studies and requirements related to the planning approvals to locate a SSO facility at the Landfill;
- Construction of the SSO facility at the Landfill;
- A study of how best to collect SSO including the number and make-up of the collection fleet and most efficient routing; and
- Purchase of the required collection fleet.

The application was for a total of \$7,461,250 (50% of \$14,922,500) with \$5,202,500 for the processing facility and \$2,258,750 for the collection fleet.

On February 15, 2018 the City was informed that the application for funding was approved in its full amount of \$7,461,250. An agreement between the City and Province was signed effective March 29, 2018 on how the funds would be dispersed and what reporting mechanisms were required of the City.

On July 10, 2018, the City received a letter from the Assistant Deputy Minister of the Ministry of the Environment, Conservation and Parks informing the City of the cancellation of the Cap and Trade Program and given the Municipal Challenge Fund was funded through Cap and Trade proceeds, the Municipal Challenge Fund agreements would also end.

The Province indicated that it may, at its sole discretion, provide reasonable costs to allow winding down of the project. To this end, the City was to provide, to the Province, the following information by August 1, 2018:

- A financial summary of the Project as of the Termination Date and estimate reasonable wind-down costs;
- A Project progress summary; and
- A description of the impact of Project termination on estimated greenhouse gas emission reductions.

On July 31, 2018 the requested information was submitted to the Province. The costs submitted included City and Triland costs and amounted to \$220,083.68 comprised of the following:

- \$55,000.00 City costs to date;
- \$107,983.68 Triland costs to date; and
- \$57,100.00 City cost to redo work related to the Leaf & Yard Waste Facility only.

In addition to the above, the Province requires the return of unused grant funds by August 31, 2018. The City had received its first grant installment of \$120,000 on April 4, 2018. None of these funds have been spent and, accordingly, all will be returned to the Province as requested.

Current Situation

The City still has to deal with the issue of moving the existing Leaf & Yard Waste composting facility from Harper Road. The present last date to accept material at the Harper Road facility is January 1, 2019 however; there is no hope of having another facility operational by that date. Accordingly, an application to amend the Environmental Compliance Agreement (ECA) has been submitted to push that date back to January 1, 2022.

The planning to move the Harper Road Composting facility to the Landfill had been moving along, albeit slowly, prior to receipt of the grant funds. With these funds, and Triland's initiative to construct and operate a processing facility for both Leaf & Yard and SSO materials, it was decided to halt all work related to the City's Leaf & Yard Waste project including withdrawing any applications that had been begun.

Now, however, with the cancellation of the grant funds, Triland has withdrawn from this project and, accordingly, the City is back to the same situation with insufficient funds to construct an SSO facility (or buy the required new collection vehicles), but still needing to move the existing compost facility from its Harper Road location to the Landfill.

Next Steps

The following options are available to move forward:

- Seek out private Organic processing capacity within an acceptable travel distance of the City;
- Reinitiate moving the Leaf & Yard Waste composting facility from Harper Road to the Landfill;

- Investigate the feasibility of phasing in an SSO processing facility at the Landfill by firstly composting Leaf & Yard waste and then adding SSO material.

Staff has kept abreast of developments within a reasonable travel distance of the City where SSO and Leaf & Yard Waste processing capacity may exist. To date, there is no such facility in operation.

Staff believe the process to secure Leaf & Yard Waste processing capacity at the Landfill must be reinitiated. Depending on the success of the application to amend the Harper Road ECA, the construction of the Composting facility at the Landfill may be as late as the summer of 2021. Based on work that remains to be done including resubmitting certain applications, a budget of \$50,000 is believed to be sufficient to complete this process.

Staff also believe it is worthwhile to more fully investigate the possibility of phasing an SSO processing facility by firstly constructing the facility to handle Leaf & Yard Waste and then, when appropriate, converting this facility to SSO processing. This investigation would also include the matter of trucks. The existing garbage fleet is due to be replaced within the next 1-3 years and, accordingly, a decision on the type and makeup of the collection vehicles needs to be made soon. Inasmuch as this is meant to be only a preliminary investigation without detailed design, staff believe a budget of \$20,000 would be sufficient for this review.

Funding of the Next Steps

Section 10.1.1 of Purchasing By-law 14-127 authorizes the Chief Administrative Officer or the City Treasurer to transfer approved budgets where the net required transfer is equal to or less than \$50,000. The transfer of funds from the Utility Services Reserve fund to create the budgets described in the above section has been authorized by the Chief Administrative Officer.

Summary

Cancelling the Cap and Trade Program has resulted in withdrawal of the grant the City received to construct a Source Separated Organics (including Leaf & Yard Waste) processing facility including the purchase of collection vehicles and household bins. A set of next steps has been proposed that will see the existing Harper Road composting facility relocated and, at the same time, consideration continued to be given to initiating a Source Separated Organics program.

Submitted by,

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