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JOINT SOURCE SEPARATED ORGANICS TREATMENT FACILITY STATUS REPORT - PROJECT 71335

The Environmental Services Committee recommends the adoption of the recommendation contained in the following report dated December 17, 2009, from the Commissioner of Environmental Services.

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report updates Regional Council on the status of the Joint Source Separated Organics Treatment Facility project.

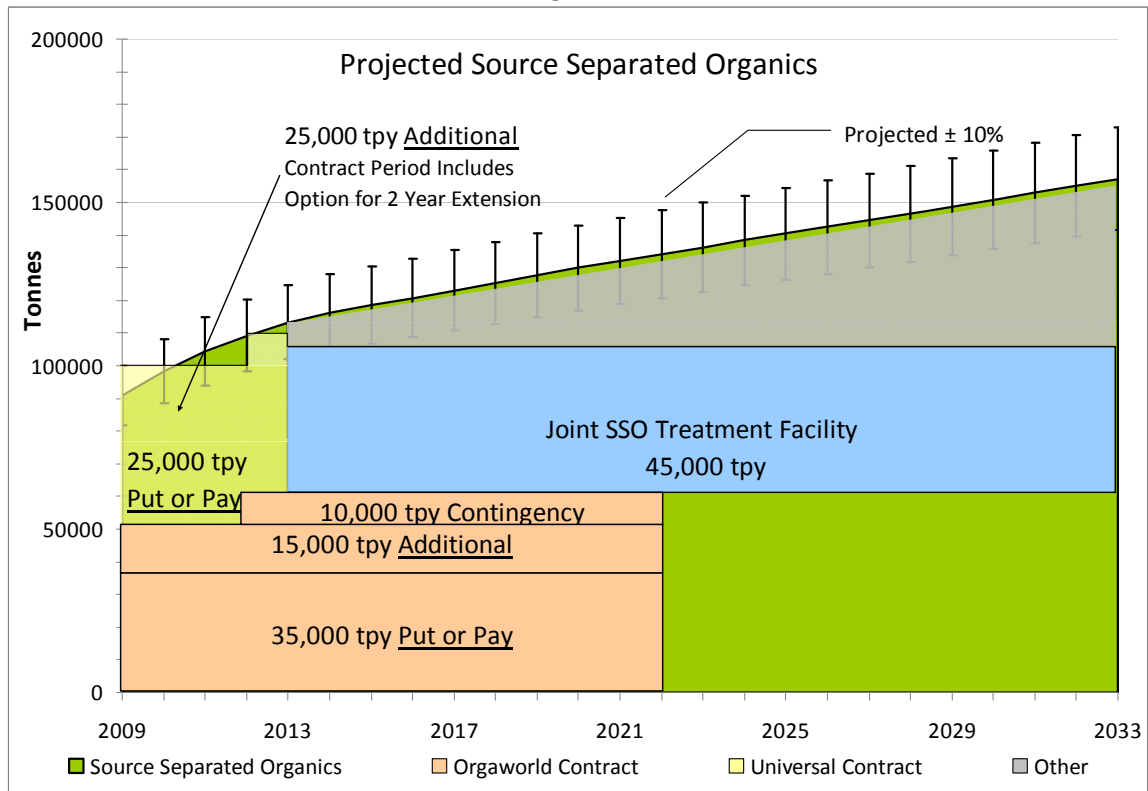
3. BACKGROUND

Moving forward with a Regionally owned source separated organic treatment facility

In Report No. 2 of March 7, 2007, Staff outlined the need for a Source Separated Organic (SSO) processing facility and reviewed different ownership options. It was projected that by 2017, the Region will need processing capacity for an estimated 80,000 tonnes per year of Source Separated Organics. Results of informal discussions with prospective proponents revealed that new private sector capacity will only be developed in response to award of long-term municipal contracts to permit amortization of development costs and in most instances, proponents wanted the Region to provide municipal lands for the facility. The report concluded that the Region should pursue one or more Regionally owned facilities, potentially in partnership with other jurisdictions, to ensure reliable composting capacity is available and to reduce program operating costs. However, current Region SSO processing capacity is actually higher than anticipated at that time.

A summary of current and projected Region SSO collection and processing capacity is presented below in Figure 1:

Figure 1



On March 29, 2007, Council approved Report No. 3 of the Solid Waste Management Committee directing staff to report back to the Committee in May 2007 with details relating to municipal partnership opportunities for development of directly owned Source Separated Organic processing facilities.

On June 21, 2007, Council authorized staff to enter into a partnership with the Corporation of the County of Dufferin to jointly develop a SSO and yard waste processing facility in Dufferin County.

On September 27, 2007, the Region and the County of Dufferin released a Request for Proposal (RFP) for the design, construction and operation of a SSO processing facility. The RFP preparation was lead by the County of Dufferin. The site was located south of Highway 89, west of Shelbourne, on a 10.5 ha portion of a larger County of Dufferin owned property (see attachment). The term of the contract was for 5 to 10 years.

On January 23, 2008, the RFP closed but it did not result in an award. This earlier procurement process was lead by the County of Dufferin with support from the Region. The current effort is being lead by the Region with the support of the County.

On April 22, 2009, a Request for Information (RFI) was issued to collect industry information to assist the Region and the County of Dufferin prepare a new Design, Build

and Operate RFP for a SSO treatment facility. The RFI closed May 16, 2009 with the Region receiving seven submissions of varying detail.

Region and County staff have since retained a consultant and have been working together to finalize a revised RFP package to be released in January of 2010.

On December 16, 2009 Council endorsed mandatory use of certified compostable bags in York Region's Source Separated Organics Program commencing May 1, 2011. Dufferin County currently requires the use of certified compostable bags in their program.

4. ANALYSIS AND OPTIONS

KEY HIGHLIGHTS OF PROJECT STATUS

Request for information process increased Region's understanding of today's SSO processing market

Submissions received from the RFI were reviewed by Region and County staff. The review focused on identifying technical and business issues that might have the potential to restrict participation of proponents. The review identified that the Region should consider alternate project sites, avoid terms that could restrict proven technologies, offer a longer operating period and accommodate alternate proposals to the Terms of Reference so long as the resulting facility is co-owned by the Region and County.

Region retains consultant and leads proposal preparation efforts

In July 2009, GHD Inc. was retained to prepare a new Design, Build and Operate (DBO) based RFP for a SSO treatment facility. The facility will be designed to initially process 50,000 tonnes of SSO waste per year (45,000 tonnes for York Region and 5,000 tonnes for County of Dufferin) and allow for a future expansion for a total processing capacity of 100,000 tonnes. The consultant was instructed to prepare a DBO based RFP to comply with the Region's procurement policies, contractual preferences, related experience in Design Build projects and the lessons learned from the first RFP.

Workshops held to improve RFP content and direct process

On September 14 and 15, 2009, a series of workshops were held with staff from the Region and County of Dufferin to help define: project objectives; project delivery models; treatment processing and technical considerations; stakeholder requirements; procurement, contract and risk; and other matters including project schedule. Specific improvements identified through the workshops include:

There will be a prescribed Region and County owned facility base proposal but alternative proposals will be considered provided the base proposal meets minimum threshold requirements.

- Base proposal will be for a facility located on the Dufferin County site.
- Alternate proposals will be allowed to consider different sites, business models, ownership so long as the minimum processing capacity is 50,000 tonnes per year.
- The operating term will be for a period of 10 years with the option for two 5 year extensions.
- The facility will produce compost that meets Category AA set out in the draft Guidelines for Composting Facilities and Compost Use in Ontario.
- Facility will include a contingency or redundant odour control system and equipment.
- Facility design will incorporate LEED principles and encourage “green” technologies.
- Facility to be ISO 14001 compliant.
- Community liaison committee will be formed with participation of the operator.
- There will be a prescribed protocol for addressing resident complaints.
- Region and County will be able to remotely monitor all site activities, processes and conditions.
- RFP will include material input and output specifications and key objectives but it will not specify, or limit, any specific technology.
- Procurement will not include prequalification although the criteria in the RFP will differentiate credible proponents with proven technologies and financial capacity.
- Terms of Reference will establish common terminology and a common technical basis for comparison of proposals from a wide array of various technologies.
- Facilities systems will be compatible and where possible linked to the Region’s systems: access and security, weigh scale software and asset management.
- There will be specific performance parameters (like odour) that the operator must guarantee.
- RFP to enhance project management requirements.
- RFP to enhance requirements for the preparation of operation, maintenance and asset management plans and establish a Maintenance Fund.
- RFP will make provisions to preserve the Region’s ability to intervene and/or take over the facility - not only in contractual terms but as it relates to operations training and on-going access to facility systems.
- A fairness consultant will be retained.

York Region and County of Dufferin re-initiate agreement negotiations

In Winter 2010, Region and County staff will update the existing Memorandum of Understanding.

The Dufferin County location continues to be the preferred project site although the new RFP accommodates alternate sites. The Dufferin site consist of 10.5 ha portion of a larger 74 ha property owned by the County and being developed as the Dufferin Eco-Energy

Park (DEEP). DEEP is a County of Dufferin initiative to transform the property into a hub of environment and energy focused uses including a composting facility, energy-from-waste (EFW) facility and supporting agricultural uses (greenhouses), alternative energy systems and renewable energy systems. Development and operation of the DEEP is intended to be environmentally progressive and focus on the four R's; reduce, reuse, recycle and recover both on the subject lands and the broader community.

In order to ensure separation, particularly related to Ministry of the Environment (MOE) approvals between the SSO and the future projects of DEEP, the County of Dufferin will sub-divide the 10.5 ha parcel required for the SSO facility. The 10.5 ha parcel will be co-owned between the Region and the County. The Region and the County will need to reach an agreement on the terms of the co-ownership of the property and the facility. The Region and the County will therefore also need to draft a facility management agreement.

County of Dufferin secures Official Plan Amendment and Zoning for the SSO land

The County of Dufferin made an Official Plan Amendment (OPA) application for the DEEP site to the Township of East Luther Grand Valley in December 2008. The OPA was adopted by the Township in January 2009 and provided to the Ministry of Municipal Affairs and Housing (MMAH) in February for approval. The Ministry and the Township reached agreement on the OPA and a decision from the Ministry is expected by the end of January 2010. A 20 day appeal period will follow.

On December 15, 2009, the Township of East Luther Grand Valley council approved the amendment of the Township wide Zoning By-law (09-10) to implement the adopted OPA and permit, among other things, composting facilities on the DEEP lands. The By-Law has been drafted to take effect upon approval of the OPA.

Ministry of the Environment support landfill diversion initiatives

The Region, the County and the consultant held a pre-consultation with MOE staff, in October 2009, to present the project and identify any potential regulatory requirements that could affect the project. MOE staff confirmed the Provincial Government supported landfill diversion initiatives and that the upcoming changes to composting regulations would not represent a future risk to the project.

The previous RFP referenced the Interim Guidelines for the Production and Use of Aerobic Compost in Ontario. It includes requirements for the composting process, compost quality and includes recommendations for good composting practice and for the characteristics of high quality compost. The RFP stipulated that the facility would produce a Category A Unrestricted Use compost.

The new Draft Guidelines expand on the Interim Guidelines by providing guidance on best management practices and standards including updated guidance on facility siting,

design equipment use and operating procedures, including feedstock control and odour prevention. In order to support the composting of more organic materials, the new Draft Guidelines also establish three new categories for finished compost (AA, A and B). The new guidelines do not have an impact on the project as the RFP already stipulates the production of the highest quality finished compost categorized by either Guideline. In addition, the siting, design, odour control and operational specifications contained in the RFP are in line with the Draft Guidelines as the intent had been to build a facility that met or exceeded current practices.

New Design/Build/Operate Request for Proposal to be released in Late January 2010

The new RFP includes broad input from York Region departments and the County of Dufferin. In addition, it incorporates lessons learned from the initial procurement effort and new market information obtained through the RFI.

Based on the Region's prior SSO facility procurement experience, it is estimated that the RFP respondents will require 3 to 4 months to prepare submissions. This suggests submission evaluation will take place in April 2010 with award by June 2010.

5. FINANCIAL IMPLICATIONS

2010 Ten Year Capital Program includes a budget of \$31.2 million for this project

The 10 year capital plan includes a total budget of \$31.2 million with \$2 million funded from General Reserve, \$300,000 as a grant from the Federation of Canadian Municipalities (FCM), a \$3 million no-interest loan from FCM and the balance funded through debentures.

6. LOCAL MUNICIPAL IMPACT

York Region's green bin program is currently collecting just under 90,000 tonnes of SSO waste. This quantity of SSO waste is being processed at the Universal and Orgaworld facilities under a service contract that provides the Region with processing capacity of up to 100,000 tonnes until 2013. The Joint SSO facility will provide a third processing option, that is owned by the Region, and offers 45,000 tonnes of SSO processing capacity with added processing / market certainty.

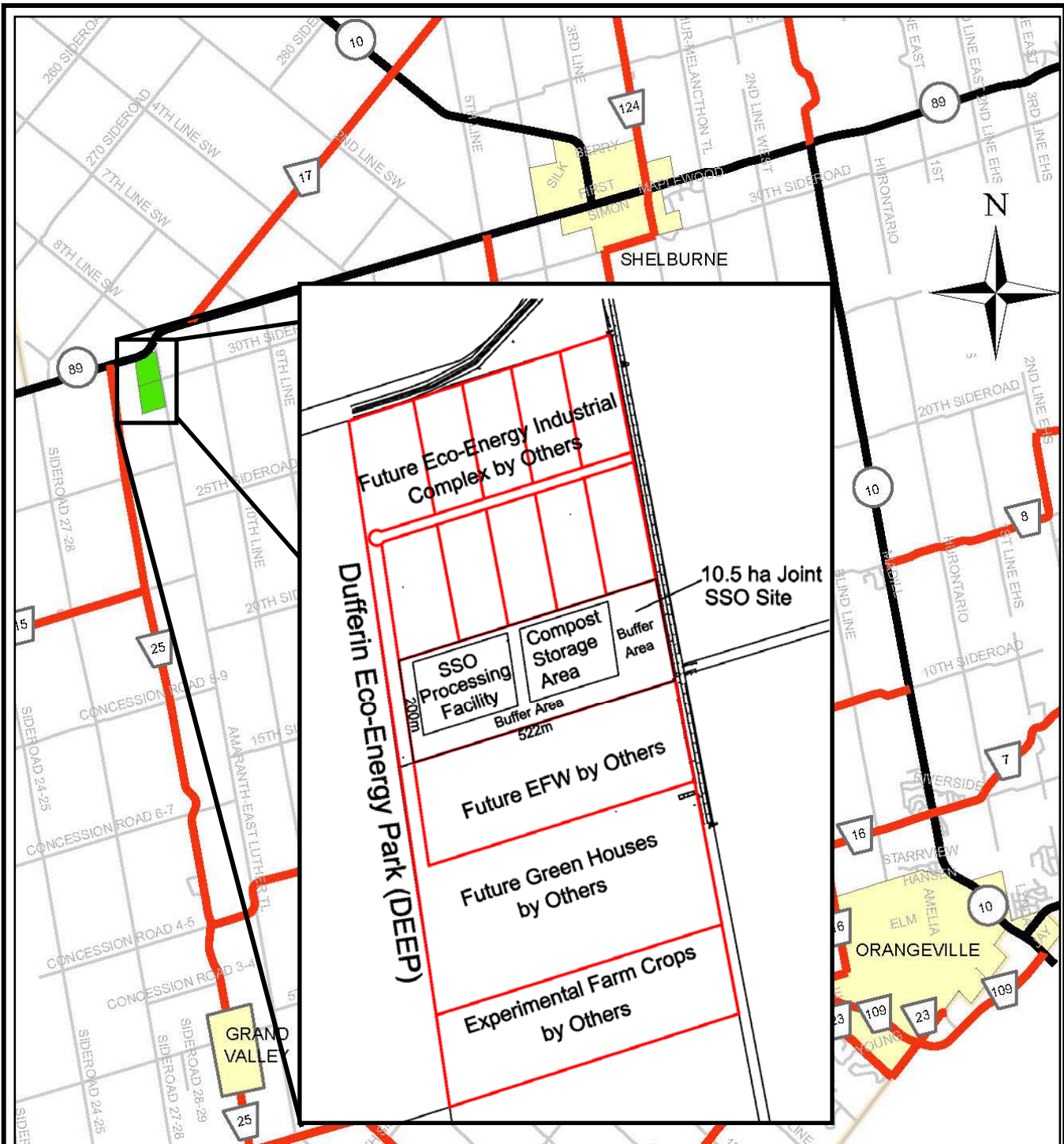
7. CONCLUSION

The Joint Source Separated Organics Treatment Facility project is on target to issue a Design/Build/Operate Request for Proposal in January 2010 with the schedule for contract award by June 2010. The Region's current 10-Year Capital Program accommodates planned work in 2010.

For more information on this report, please contact Daniel Kostopoulos, Director, Capital Planning and Delivery, Environmental Services at extension 5070.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)



LOCATION PLAN

Joint Source Separated Organics
Treatment Facility Status Report – Project 71335



Environmental Services