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YORK-DURHAM RESIDUAL WASTE ENVIRONMENTAL ASSESSMENT, ENGAGEMENT OF FACILITY DEVELOPMENT CONSULTANT

The Solid Waste Management Committee recommends the adoption of the recommendation contained in the following report, February 9, 2007, from the Commissioner of Transportation and Works:

1. RECOMMENDATION

It is recommended that the Commissioner of Transportation and Works be authorized to seek requests for proposals from consulting firms who specialize in the management of energy from waste construction projects with 50% of the cost of the development and management of the construction of the facility to be shared by the Regional Municipality of Durham.

2. PURPOSE

The purpose of this report is to obtain authorization to issue a request for proposals for a consulting firm to manage the development and construction of the proposed energy from waste facility resulting from the York/Durham Residual Waste Environmental Assessment Study.

3. BACKGROUND

On April 21, 2005 Regional Council adopted Clause 1 of Report No. 3 of the Solid Waste Management Committee to initiate a partnership with Durham to jointly undertake a Residual Waste Environmental Assessment Study.

On June 23, 2005, Regional Council adopted Report No. 4 of the Commissioner of Transportation and Works to enter into an agreement with Durham for the York/Durham Residual Waste Environmental Assessment Study.

On December 15, 2005, Regional Council adopted Clause 2 of Report No. 8 of the Solid Waste Management Committee endorsing Durham Region's retention of MacViro Consultants Inc. for the completion of the York/Durham Residual Waste Environmental Assessment Study pursuant to the terms of an agreement between York and Durham Regions.

On June 22, 2006 Regional Council adopted Clause 1 of report No. 4 of the Solid Waste Management Committee that the preferred technology for the study has been identified as thermal treatment of mixed solid waste and recovery of energy, followed by the recovery of materials from the ash or char.

The next steps in the study are to identify the site for the development of an energy from waste facility and to complete the Environmental Assessment and Environmental Protection Act studies to be submitted to the Ministry of the Environment. The selection of a preferred site will be completed in 2007 and the completion and submission of the environmental studies will be in 2008.

4. ANALYSIS AND OPTIONS

The development of a long-term residual waste solution has at least three main phases: the Environmental Assessment, facility construction and facility operation. Given the complexities, uncertainties and time demands required to conduct and complete the project, MacViro Consultants Inc. was retained as the lead for the project Environmental Assessment phase. As the project progresses into the proposed facility development phase, there is a need to select a consulting firm with the experience to manage the design and construction of an energy from waste plant.

A request for proposals will be issued to selected vendors for the design and construction of the proposed energy from waste facility later in 2007. Staff believes that a consulting firm with experience in the construction of a thermal processing facility needs to be part of the project team to assist in the selection of the successful vendor to construct the proposed facility and to review the design of the proposed facility. MacViro, along with other consulting firms will have an opportunity to compete for this consulting assignment when the request for proposals is issued.

4.1 Selection of the Facility Development Management Consultant

Durham and York have each taken its turn at leading various tasks related to the Environmental Assessment study; thereby, sharing the workload associated with this time consuming and demanding process. Durham is currently the lead Region responsible for the following:

- Durham Finance staff will be initiating a request for qualifications process which will identify and pre-qualify a number of respondents to submit proposals for the design, construction and operation of the proposed energy from waste facility.
- Staff from the Durham Finance and Works Departments is presently in the process of reviewing qualified proposals to select a fairness consultant to review, offer guidance, monitor and report on the procurement and documentation activities, as appropriate, throughout the request for qualifications process identified above.

- Durham Finance staff has recently hired Deloitte & Touche LLP to provide an analysis of the various options available for the development and operation of the proposed energy from waste facility.

In order to share the current workload, York staff are proposing to take the lead in the process to select the technical facility development consultant. Durham staff will jointly be involved in the development of the terms of reference for the retention of the consultant, as well as in the selection process of the consultant.

4.2 Cost of Facility Development Management Consultant

Typically, construction management consulting fees are based on a percentage of the total construction costs. It is projected that the costs of the proposed energy from waste facility will be approximately \$250 million but these costs will not be known until early 2008 after a proper tender process. In addition, the proposed energy from waste vendor will design, construct and operate the facility and is, therefore, responsible for the majority of the construction management costs. Given the size of the project, staff propose that a Request for Proposal process be undertaken to retain the technical facility development management consultant. The results of the Request for Proposal process and the associated costs of the consultant will be reported to Committee and Council of both Regions for approval.

4.3 Durham Regional Council

On January 31, 2007 the Works Committee of the Regional Municipality of Durham adopted Report 2007-WR-6 with respect to this matter:

“That subject to the approval of the Finance and Administration Committee, Works Committee recommends that the Commissioners of Works and Finance be authorized to seek Requests for Proposals from companies who specialize in the management of Energy from Waste construction projects with fifty (50) percent of the cost of the management of the facility to be recovered from the Regional Municipality of York.”

Durham will consider this recommendation at its Finance Committee on February 7, 2007 and at Council on February 14, 2007. After both York Council and Durham Council adopt the proposed recommendations, staff will confirm which Region leads the procurement process and prepare and issue a joint Request for Qualification for the consultant.

4.4 Vision 2026

The York Durham Residual Waste Management Environmental Assessment Study seeks to provide a long-term waste management solution consistent with the “Managing and Minimizing Waste” actions to meet the “Infrastructure for a Growing Region” goal in Vision 2026. In addition, developing an energy from waste solution will contribute to the

goal of “Enhanced Environment, Heritage and Culture” by reducing air emissions resulting from the transportation and landfilling waste.

5. FINANCIAL IMPLICATIONS

A further report will be forwarded to Committee and Council outlining the proposed cost for the technical consultant at the completion of a public Request for Proposal process. The Memorandum of Understanding with Durham Region for the project requires that the Regions equally share the cost for this technical consultant.

6. LOCAL MUNICIPAL IMPACT

The success of the proposed energy from waste project will require active public participation for citizens and local municipalities across the Region. Staff and elected officials will be notified of all public meetings and are invited to attend. As the project proceeds, there may be the need for specific input and involvement from one or more local municipalities.

7. CONCLUSION

Staff is recommending that the Commissioner of Transportation and Works be given the authority to seek a technical consultant to manage the facility development and construction of the proposed energy from waste facility required to process the residual waste produced within the Regions of York and Durham.

For more information on this report contact Angelos Bacopoulos, Senior Project Manager of the Solid Waste Management Branch at 905-806-5544 in the Transportation and Works Department.

The Senior Management Group has reviewed this report.