4
SOURCE SEPARATED ORGANICS PROCESSING – UNIVERSAL RESOURCE RECOVERY

The Solid Waste Management Committee recommends the adoption of the recommendations contained in the following report, April 3, 2008, from the Commissioner of Environmental Services:

1. RECOMMENDATIONS

It is recommended that:

1. Universal Resource Recovery's proposal for the transportation and treatment of Source Separated Organic waste be accepted on the basis of its cost competitive pricing and the lack of other facilities able to provide the required processing service.

2. The Region enter into a contract with Universal Resource Recovery Ltd. to provide transportation and treatment of Source Separated Organic waste at a cost of $119.20 per tonne as outlined in this report pursuant to the sole source provisions of the Purchasing By-law.

3. The Commissioner be authorized to extend the contract for two additional two-year renewal periods.

4. The Regional Chair and Regional Clerk be authorized to sign the necessary agreement, subject to review by Legal Services.

2. PURPOSE

This report outlines the Universal Resource Recovery proposal for treatment of Source Separated Organics materials and recommends that York Region enter into a 30-month agreement for transportation and treatment of Source Separated Organic material at their facility currently under construction in Welland.

3. BACKGROUND

On September 22, 2005, Regional Council adopted Minute 152 "Results of Source Separated Organics RFP P-05-33" authorizing the Commissioner of Transportation and Works to negotiate an agreement with Orgaworld to provide transportation and Source Separated Organic treatment at their facility in London, Ontario of $122.44 per tonne. The negotiated agreement provided a maximum of 30,000 tonnes per year, a put or pay minimum of 21,000 tonnes and an additional contingency of 30,000 tonnes at $114.43 per tonne for ten (10) years, expiring on June 29, 2017.

On September 22, 2005, Regional Council adopted Minute 152 “Results of Source Separated Organics RFP P-05-33” to extend the agreement with GSI Environment Inc., for a maximum of three (3) years, to provide transportation and Source Separated Organic treatment at their facility in St. Henri, Quebec. The negotiated agreement provided a put or pay minimum of 10,000 tonnes per year at a cost of $135.00 per tonne. This agreement allows a maximum of 30,000 tonnes per year and expires on February 28, 2009. GSI’s experienced capacity challenges in 2007 and the first quarter of 2008 and the Region agreed to end the contract prematurely on March 3, 2008.

On November 15, 2007, Regional Council adopted Clause 4 of Report No. 10 of the Solid Waste Management Committee to enter into an agreement with Conporec Inc. to provide transportation and Source Separated Organic treatment at their facilities in Champlain and Béconcour Quebec, with a put or pay minimum of 20,000 tonnes per year at a cost of $128.00 per tonne. This agreement allows a maximum of 39,000 tonnes per year and expires on June 30, 2010.

On February 21, 2008, Regional Council adopted Clause 2 of Report No. 2 of the Solid Waste Management Committee to enter into an agreement with Covanta Niagara L.P. for the transportation and thermal treatment of Residual Waste and Source Separated Organics Waste at their facility in Niagara Falls, New York with a put or pay minimum of 400 tonnes per week at a cost of $65 per tonne for transportation and disposal. This agreement expires on July 31, 2008 with options for two additional two year terms. Covanta began receiving approximately 400 tonnes per week of material, originally sent to GSI, on March 3, 2008.

4. ANALYSIS AND OPTIONS

The loss of the GSI processing capacity required the Region to implement short-term alternatives that continue to divert Source Separated Organics from landfill. The temporary diversion of some Source Separated Organics to an energy from waste facility in the first half of 2008 will reduce the diversion rates reported to Waste Diversion Ontario. Staff have therefore investigated alternative processing capacity to process 100% of the Source Separated Organics in Ontario and Quebec.

York Dufferin Source Separated Organics Processing Request for Proposal

In October 2007, Dufferin County and York Region released a joint Request for Proposal for construction of a Source Separated Organics facility on a 50 hectare parcel of land in Dufferin County. If successful, staff expects the facility to commence operations in 2009 with an estimated available capacity of 40,000 tonnes per year available to York Region.

York Signed 30-month Contract with Conporec

York signed a 30-month contract with Conporec (as authorized by Council on November 15, 2007) for processing of up to 750 tonnes per week or 39,000 tonnes per year of Source Separated Organics. Conporec operates a temporary facility at Champlain, Quebec and expects to open operations at Béconcour, Quebec in April or May 2008. Conporec will continue to receive waste at about 400 to 500 tonnes per week until commissioning of the Béconcour facility, when it will ramp up to 750 tonnes per week. The facility will not have extra capacity beyond the 39,000 tonnes per year commitment for at least two years.

Orgaworld Expansion Expected for Late 2008

Orgaworld, operating in London, Ontario currently accepts 30,000 tonnes per year of material from York. They have obtained building permits to proceed with expansions to the facility increasing the site capacity to 130,000 tonnes per year. Toronto has purchased 70,000 tonnes of this capacity and York has an option for an additional 30,000 tonnes per year. Orgaworld anticipates that they can offer this capacity by December 2008 under the terms of York's existing agreement if York elects to exercise its option.

Universal Resource Recovery will Accept Source Separated Organics after August 2008

Universal Resource Recovery proposes to operate an aerobic composting facility, similar in concept to Orgaworld and Conporec, in Welland in the former Stelco tube plant. Construction began in December 2007 and they have obtained all required permits and approvals for operation. This facility is licensed to handle 30,000 tonnes per year of Source Separated Organics and will be the only unused capacity in Ontario when the plant opens in the fall of 2008. It is proposed that York enter into a contract with Universal Resource Recovery to manage our short-term needs so that we can eliminate the shipment of source separated organics to Covanta's energy from waste facility.

Staff propose an agreement with Universal Resource Recovery on the following terms:

- Initial term extending from August 1, 2008 to January 31, 2011 with options for two additional two-year renewals.
- Minimum put or pay tonnage of 10,000 tonnes per year of Source Separated Organic materials at a cost of $119.60 per tonne.
- Reduction in price to $116.60 per tonne if the Region sends more than 25,000 tonnes per year.
- The tipping fee includes all transportation costs from the Region's transfer stations.
- Insurance and Indemnification acceptable to York Region.
- Contractor responsible for transport, processing and disposal of residual materials to an energy from waste facility or acceptable alternative disposal option.
- Fuel surcharge agreement based on $1.00 per litre

- Annual price escalation based on 100% of the changes in the Consumer Price Index (CPI).

Staff also propose that Council delegate authority to the Commissioner of Environmental Services to exercise the contract term extensions within the scope of the agreement.

5. FINANCIAL IMPLICATIONS

The 2008 budget included costs to process 75,000 tonnes per year or an average of 6,250 tonnes per month of Source Separated Organics. An extrapolation of January and February shipping records for 2008 indicates that we may have to process 80,000 tonnes in 2008.

Universal Resource Recovery offers rates competitive with Orgaworld and lower than Conporec who are our current Source Separated Organic service providers. Universal Resource Recovery proposes a rate of $119.60 per tonne based on an Ontario fuel price of $1.00 per litre or a lower rate of $116.60 if the Region provides more than 25,000 tonnes in a contract year. This price includes all transportation, Source Separated Organic processing and residual disposal. Table 1 shows the total anticipated program costs for Source Separated Organic processing in 2008. It is anticipated that York Region will receive more than 80,000 tonnes of Source Separated Organics in 2008, and may exceed 2008 budget expectations by 7-10%.

Table 1
Source Separated Organics 2008 Annual Program Costs

	Anticipated Volumes 80,000 tonnes per year Source Separated Organics		**2008 Budget 75,000 tonnes per year Source Separated Organics**	
	Tonnes	Cost‡	Tonnes	Cost‡
Orgaworld	30,000	$3,477,708	30,000	$3,477,708
Conporec†	30,000	$3,905,400	25,000	$3,254,500
Universal Resource Recovery	6,700	$801,320	6,700	$801,320
GSI*	4,500	$640,397	11,300	$1,559,400
Covanta	8,800	$572,000	0	0
Total	80,000	$9,396,825	75,000	$9,092,928

* GSI received waste at 500 tonnes/week during Jan and Feb – no longer receiving SSO materials
† Conporec can receive 400 tonnes/wk for the first quarter and 750 tonnes/wk for the remainder of the year
‡ Costs normalized to $1.00 litre fuel price

6. LOCAL MUNICIPAL IMPACT

Entering into a contract with Universal Resource Recovery will provide a third processing option for York Region to ensure that we can continue to process and divert organic material collected by the local municipalities. The diversion of this material is necessary for the local municipalities and the Region to advance our waste diversion programs to achieve 65% diversion by 2010.

7. CONCLUSION

The Universal Resource Recovery treatment option will allow York Region to resume full organic treatment of all Source Separated Organic materials and will provide more stability in our program.

For more information on this report contact Alec Scott, Program Manager, Waste Disposal and Quality Control of the Solid Waste and Administration Branch at extension 5712 in the Environmental Services Department.

The Senior Management Group has reviewed this report.