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GREENLANE LANDFILL CONTRACT RENEWAL

The Environmental Services Committee recommends the adoption of the recommendation contained in the following report dated March 27, 2012, from the Commissioner of Environmental Services.

1. RECOMMENDATION

It is recommended that:

1. Council authorize the Commissioner of Environmental Services to extend the Region's contract with the City of Toronto for disposal of residual waste at Greenlane landfill for the first of two additional five-year terms as provided for in the existing agreement.

2. PURPOSE

This report seeks authorization to exercise the Region's option to extend its contract with the City of Toronto for disposal of residual waste at Greenlane Landfill for the first of two optional five year terms. To extend the contract, staff must provide written notification to the City of Toronto by July 4, 2012 (180 days before the end of the initial term). The contract extension would be on the same terms and condition as the previous term.

3. BACKGROUND

Contract with City of Toronto provides option to extend for up to two additional five year terms

York Region's current commitment to Greenlane Landfill began in 2002, when the Region entered into an agreement with St. Thomas Sanitary Collection Service Limited for disposal of residual waste for a period of 10 years plus an option to renew for up to two additional five year terms. When the City of Toronto purchased the landfill from St. Thomas in April 2007, it was required to honour the previous agreement with York Region as a condition of sale. This commitment was formalized through a contract between York Region and the City of Toronto which was executed on September 1, 2009.

The initial term of the contract expires on December 31, 2012. At its sole option, York Region may extend the contract under the same terms and conditions for up to two

additional five year terms. To exercise the first five year option, York Region must provide written notice to Toronto by July 4, 2012 (180 days before the initial term expires on December 31, 2012). Terms of the contract are summarized in Table 1.

Table 1
Summary of Contract Terms During First Five Year Extension (2013-2017)

Base Disposal Fee ¹	\$40.69 per tonne
Disposal Fee for Tonnage above 75,000 tonnes ¹	\$65.37 per tonne
Minimum Annual Tonnage	25,000 Tonnes
Maximum Annual Tonnage ²	80,000 Tonnes
Daily, Weekly, or Monthly Tonnage Limits	None
Start Date	January 1, 2013
Expiry Date of First Extension ³	December 31, 2017

1. Prices shown are 2012 unit prices less HST. Prices in future years subject to annual adjustment for inflation in accordance with the existing agreement.
2. Current maximum tonnage of 82,000 t/y is reduced to 80,000 t/y during the first option term in accordance with the existing agreement.
3. Additional 5 year option to December 31, 2022 available with minimum 180 days written notice.

At current 2012 prices, the value of the Greenlane landfill contract ranges from \$1,017,250 to \$3,378,600 per year for disposal of 25,000 – 80,000 tonnes of residual waste.

Staff have confirmed with the local Ministry of the Environment District Office that there have been no enforcement actions or issues of concern since the City of Toronto assumed operational control of the landfill.

4. ANALYSIS AND OPTIONS

Greenlane contract provides flexibility to respond to seasonal peaks and provides contingency capacity during process upsets

During the first extension term, the Greenlane Landfill contract is subject to an annual maximum of 80,000 tonnes and an annual minimum of 25,000 tonnes. There are no daily, weekly, or monthly minimum or maximum tonnages, which makes the timing of these deliveries highly flexible. This makes the contract ideal for responding to seasonal tonnage variations. The 80,000 tonne annual maximum provides the Region with contingency capacity to respond to service disruptions at other processing or disposal facilities.

The Greenlane contract contributes to a diversified residual waste management system which provides reliable and resilient service to York Region residents. The Region's other residual waste disposal options include the Dongara Waste Pelletization Plant in

Vaughan and Walker Brothers Landfill in Niagara Falls, Ontario, owned by Niagara Waste Systems Limited. In addition, Durham Region and York Region are currently constructing an Energy from Waste Facility (EFW) in Durham Region, to be completed in mid-2014.

Between 2013 and 2022, York Region expects to generate between 140,000 and 163,400 tonnes of residual waste per year. As shown on Table 2, these tonnages are in the range of the contract tonnage commitments to Greenlane and its other residual waste disposal contractors.

Table 2
York Region Residual Waste Management Contracts

Facility	Contract Term	Minimum Tonnage	Maximum Tonnage
Dongara ¹	2008 – 2028	75,000	100,000
Walker Brothers ²	2010 – 2013	10,000	40,000
Durham York EFW ³	2014 – 2034	30,000	30,000
Greenlane ⁴	2013 – 2017	25,000	80,000

1. Initial term of 20 years with two optional 5 year extensions.
2. Initial 3-year term with option to extend for two additional 1-year terms and one 5-year term.
3. Durham York EFW scheduled to start operation in mid-2014. Initial operations term of 20 years with two optional 5-year extensions.
4. Option to extend Greenlane contract for additional 5 year term starting January 1, 2018.

Link to Key Council-approved Plans

The Region's commitment to diversion from landfill through waste reduction, reuse, recycling, and energy recovery is a key component of the Regional Official Plan and Sustainability Strategy. However, the Region will continue to need some limited landfill capacity in the medium term to provide contingency management of residual wastes and an outlet for non-recyclable wastes unsuitable for thermal treatment. The Greenlane contract fulfills these important functions within an overall waste management system designed to reduce reliance on landfilling.

5. FINANCIAL IMPLICATIONS

Greenlane landfill is York Region's least expensive residual waste contract

York Region's unit cost for landfill disposal at Greenlane in 2012 is \$40.69 per tonne plus an average haulage cost from the Region's three transfer stations of \$22.25 per tonne, making it the Region's least expensive disposal option. In accordance with the existing contract, disposal costs for future years are subject to an annual adjustment for inflation equal to 75 per cent of the annual percentage change in the Consumer Price Index for Toronto.

At current 2012 prices, the value of the Greenlane landfill contract ranges from \$1,017,250 to \$3,378,600 per year for disposal of 25,000 – 80,000 tonnes of residual waste.

6. LOCAL MUNICIPAL IMPACT

Renewing the Greenlane contract provides a diversified residual waste portfolio that mitigates processing impacts and ensures consistent service delivery to our residents in partnership with all nine local municipalities.

7. CONCLUSION

The Greenlane contract provides a flexible, reliable, cost effective disposal option which contributes to a diversified residual waste management portfolio. The contract provides an important contingency within an overall strategy designed to reduce landfilling of waste over the long term.

For more information on this report, please contact Laura McDowell, Director of Environmental Promotion and Protection at 905-830-4444 Ext. 5077.

The Senior Management Group has reviewed this report.