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DONGARA PELLETIZATION FACILITY PROCESS START-UP

The Solid Waste Management Committee recommends the following:

- 1. The presentation by Alec Scott, Manager, Waste Disposal, and Betty Disero, Business Development, Dongara, be received; and**
- 2. The recommendation contained in the following report, September 15, 2008, from the Commissioner of Environmental Services, be adopted:**

1. RECOMMENDATION

It is recommended that:

1. This report be received for information.

2. PURPOSE

This report summarizes activities, process issues and resolutions, waste throughput and pellet production at the Dongara Pelletization Facility in the City of Vaughan since its start-up.

3. BACKGROUND

On December 15, 2005, Council adopted Clause 3 of Report No. 8 of the Solid Waste Management Committee, authorizing staff to negotiate additional capacity up to 100,000 tonnes per year with Dongara Developments Inc. for a 20-year period starting January 1, 2008. The report identified the City of Vaughan as the primary municipality sending its curbside residential waste to the facility and recommended a request, on behalf of York Region, to the Minister of the Environment to recognize the Enerpax+ product as an alternative fuel product in Ontario.

On March 23, 2006, Council was advised in Report No. 2 of the Solid Waste Management Committee that the Dongara facility expected to begin receiving the Region's waste in early 2008.

On June 19, 2008, Council received Report No. 8 of the Solid Waste Management Committee that included a presentation identifying July 1, 2008 as the start-up date for the Dongara facility.

4. ANALYSIS AND OPTIONS

Dongara Phase-in Period Ends with Full Production by October 6, 2008

The Dongara contract includes a phase-in period that accommodates adjustment of machinery and processes required to start up and optimize the pelletization process. During the first week of operation Dongara processed 123 tonnes per week from Vaughan and by August 25, 2008 began directly accepting all of Vaughan's curbside materials. Receipt of King Township materials started on September 8, 2008. Dongara expects to achieve full capacity by October 6, 2008 and at that point will be receiving approximately 1920 tonnes of residual waste per week.

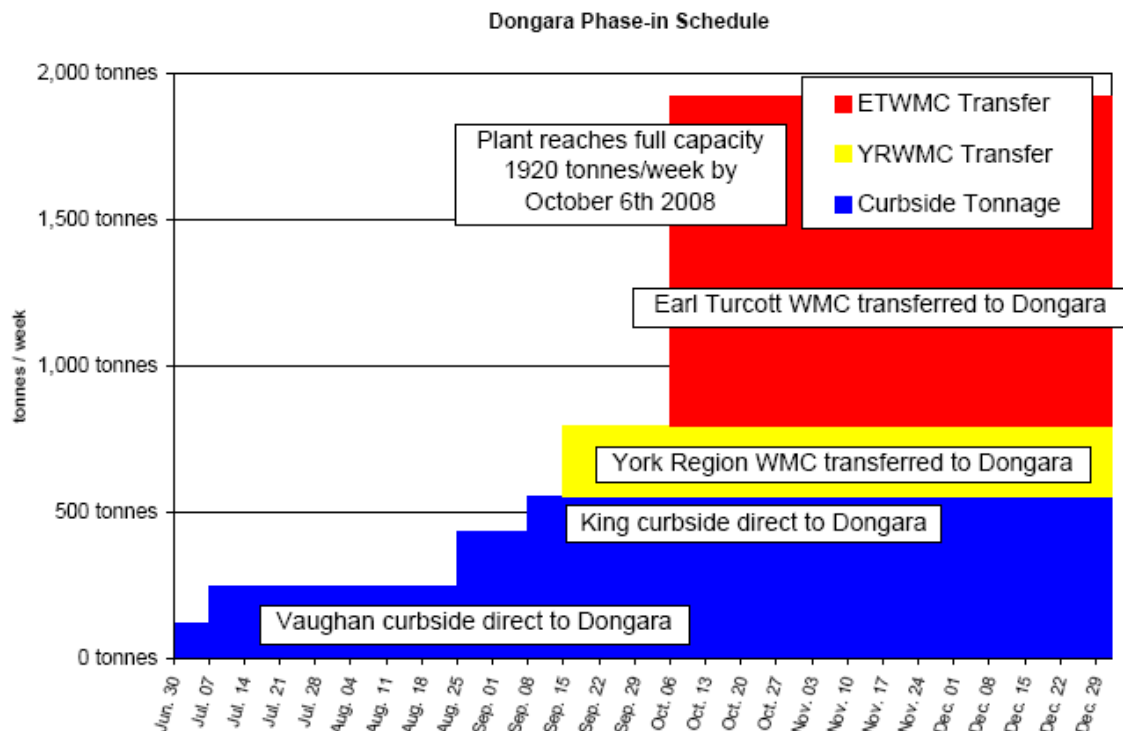


Figure 2: Weekly Waste Quantities during Dongara Phase-in Period

During this start up period Dongara has worked to resolve start up issues at the facility.

Table 1
Dongara start-up issues and their resolution

Issue	Resolution
Delay in weigh scale calibration	Arrangements made for use of offsite scales at transfer stations. Status: Complete
Bag breaker modifications required to optimize performance.	Status: Complete
Silo implosion due to rapid cooling of hot process air by fire suppression system. Silo top 5 rings to be replaced. Silos not required for full operational status.	Engineering to redesign silos with pressure and temperature sensors and pressure plates. Silo re-construction underway. Expected Resolution: Early October
High contamination of metals in material stream	Installation of magnetic roller heads to increase metals capture rate from 85% to expected 98% Status: Complete
Missing rails for weigh scale	Status: Complete
Voltage spikes - irregularities from in-feed power from Powerstream	Adjustments made to feed. Status: Complete
Remasco construction and approvals delay prevent shipment of pellets to Leamington facility.	Remasco Test burn conducted July 28 to Aug 1 and results currently being analyzed by testing company. Status: C of A Expected October 31
Delivery of pellet dies	Resolution: October 6

Dongara currently has two contracts to supply pellets for use as coal and heating oil replacement. The Remasco contract contemplates using approximately 25% of the pellets for heating greenhouse operations in Southwestern Ontario. A second contract with Nautilus Inc., a Delaware based company will use the remaining 75% of the pellets for use in energy from waste and other uses as a substitute for coal and oil fuels. Regional staff is currently following up with Dongara to resolve further information on throughput issues including processing of unsuitable and oversized bulky items. The formal opening of the facility is scheduled for late fall 2008.

5. FINANCIAL IMPLICATIONS

Processing of residual waste materials at Dongara costs \$84.00 per tonne. Landfilling at Green Lane currently costs \$57.59 per tonne but does not meet York Region's goal of diversion from landfill.

Residual waste from Vaughan, received directly at the Dongara facility realizes the greatest financial benefit by saving transfer station fees and additional handling costs associated with curbside material delivery to the Miller Earl Turcott Waste Management Centre in Markham or the York Region Waste Management Centre in East Gwillimbury. Handling of materials at the transfer stations and removal using bulk waste haulers adds approximately \$20.00 per tonne to processing costs. Because existing Richmond Hill and Markham contracts contemplate delivery of materials to the Earl Turcott Waste Management Centre, this practice will continue until these collection contracts come due for renegotiation in 2013.

6. LOCAL MUNICIPAL IMPACT

York Region is responsible for the disposal of municipal solid waste generated in its nine member municipalities. Dongara represents a long term non landfill solution that supports the Joint Waste Diversion Strategy of 65% diversion from landfill by 2010. Some local municipal contracts may realize a cost increase upon renegotiation if curbside materials are delivered directly to the Dongara facility rather than to the transfer stations.

7. CONCLUSION

Dongara's progress achieved full production of approximately 1920 tonnes per week by October 6, 2008. The Dongara process represents a long term, sustainable, diversion from landfill solution to meet York Region's waste management needs.

For more information on this report contact Alec Scott, Manager Waste Disposal at 905-830 4444 Ext. 5712 in the Environmental Services Department.

The Senior Management Group has reviewed this report.