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WASTE MANAGEMENT:
COLLECTION SERVICES CONTRACT

October, 1994

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October 4, 1994

**CHAIR AND MEMBERS
PUBLIC WORKS COMMITTEE**

**SUBJECT: WASTE MANAGEMENT:
COLLECTION SERVICES CONTRACT**

I OBJECTIVE

The objective of this joint report is to present to Council a series of recommendations relating to the Waste Collection Contract and Yard Waste Composting. This is one of four related reports. The accompanying reports deal with the Material Recovery Facility Request for Proposals and Waste Management Financing. The fourth report, Disentanglement of Waste Management will be brought forward when required. Part "A" of this report assumes that Regional Council has accepted the MRF RFP analysis and has awarded the proposal call. In the event that the MRF has not been accepted, alternate recommendations are provided in Part "B". Part "C" discusses Yard Waste Composting.

II OVERVIEW

1. Background

Over the past three years Council has received five previous reports dealing with the implications of the Region assuming operational responsibility for waste and recycling collection. The most recent of these reports (November 8, 1993) resulted in the deferral of this issue until:

- i) Tenders were called for the collection of waste.
- ii) The results were analyzed to determine the financial and operational benefits of the Region assuming Waste Management.
- iii) A fair apportionment of Waste Management costs was determined.

Council also directed that reports be prepared to address these issues. This joint report presents the results of the Waste Collection Tender and discusses Yard Waste Composting. This is one of four related reports. The other three deal with the Disentanglement of Waste Management Authority between the Region and the Area Municipalities, Waste Management Financing, and the Regional MRF Request for Proposals.

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Public Works Committee
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2. Structure of Report

Waste Management is a complex subject with many interrelated components. In an effort to assist Council in making decisions, this report is broken down into three main parts. Each part of this report is distinct but can only be considered in the context of the complete report as well as the three related reports.

The report is structured as follows:

Part A	Joint Collection Tender (assuming Regional MRF)
Part B	Alternate Recommendations (assuming no Regional MRF)
Part C	Yard Waste Composting Facility

Each Part will include recommendations relating to that Part. All of these recommendations are summarized in Appendix "1".

III DISCUSSION

PART A - JOINT COLLECTION TENDER (Assuming Regional MRF)

1. Introduction

The following tenders were received at 12:00 noon Wednesday, July 27, 1994, and were subsequently opened by the Tender Opening Committee at 12:15 p.m. in the Council Chambers, 5th Floor:

Browning Ferris Industries, Concord
Laidlaw Waste Systems, Mississauga
Philip Environmental, Toronto
Courtesy Transfer and Recycling, Mississauga
WMI Waste Management of Canada, Mississauga

All bids were reviewed, checked and found to be contractually in order except as noted below under Responsive Bidders. At the time of opening a series of prices were read out for audit purposes only and this information is on file.

Shortly after closing, staff realized we had omitted to ask bidders for a price for extending the contract to a seventh year for Yard Waste Collection in the Combined Cities of Mississauga and Brampton Form of Tender. Prior to award, this price will be confirmed with the contractor to avoid future negotiations. This has no impact on the analysis of the tenders.

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2. Responsive Bidders

Early analysis indicated that of the five bids received, one (Courtesy) was non-responsive due to no bid sureties being received at the Tender Opening. They were immediately dropped from further analysis. Also, BFI qualified their bid with unacceptable conditions with respect to Yard Waste Collection. BFI wished to collect yard waste on the "down day" of the collection schedule which would result in residents having to place material at the curb on two different days each week. This did not comply with the specifications in the tender documents. This bid was therefore not considered in any scenario which involved the collection of yard waste (except leaves only).

In addition to the base bid received by Philip, an alternative bid was submitted. Philip's proposal was to collect waste on a rotating schedule such that a residents day of collection would move forward one day every time there was a holiday (eleven times per year). Since this proposal did not meet the level of service required in the tender documents this alternative bid was not evaluated.

3. Summary of Base Analysis

The detailed analysis which was carried out shows that for the recommended level of service and assuming a Regional MRF is awarded, a single contract offers substantial savings over the award of two separate contracts for the Cities of Brampton and Mississauga. These savings will be apportioned in such a manner that both municipalities enjoy cost savings. The analysis showed that the collection of waste should be awarded to two contractors: one for the Front-End Containerized Collection and one for the balance of the collection services. Section 5 reviews the Collection Tender evaluation process in detail.

This part of the report assumes that the recycling processing costs developed during the analysis of the Material Recovery Facility Request for Proposals, and fully discussed within a separate report, are used in the following analysis. The MRF analysis showed a net credit of \$32,000 (ie: revenue) for Year one.

A) Front-End Containerized Collection (Apartments)

The Tender allowed the collection of garbage from apartments twice per week in front-end containers to be awarded independently of all other items to be awarded. An analysis of the annual cost of this service showed that under all scenarios the lowest bidder was Laidlaw Waste Systems Ltd. In addition, since there was a substantial savings (\$158,500) per annum between Laidlaw and WMI (the recommended contractor for the balance of collection services) any additional costs to administer the two contractors are easily covered. The collection of recyclables and yard waste from apartments would be performed by the contractor for the balance of the

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collection services. The current (based on 1994 budget) and new contract costs per annum for this service are shown below:

Existing Contract Costs¹

Brampton	\$452,000
Mississauga	\$940,000
Total	\$1,392,000
<u>New Contract Costs</u>	<u>\$559,680</u>
Peel	559,680
Savings	\$832,320

¹1994 Budget less GST plus 2% tonnage growth

Pursuant to procurement By-Law 98-89 Section 3, and subject to the assumption of Waste Management Authority by the Region, the following is presented for adoption:

RECOMMENDATION #1

IT IS RECOMMENDED THAT Tender 94T-021 Item #1 (without grass) for the combined cities of Brampton and Mississauga be awarded to Laidlaw Waste Systems Ltd. for a six year period with one year extension at the Region's option with an estimated annual (year one) amount of \$560,000.00 plus GST funded by the current budget;

AND FURTHER THAT the required documents be executed by the Region's duly authorized signing officers.

B) Other Collection Services

In summary, based on the analysis a single Waste Collection Contract for the Cities of Mississauga and Brampton should be awarded for collection only (without processing) to WMI Waste Management of Canada Inc. for the following services:

- i) Curbside Garbage Collection - without grass
- ii) Every Other Week Blue Box Collection of All Material Packages
- iii) White Goods Collection and Marketing
- iv) Weekly Yard Waste Collection - with grass

In comparison to existing contracts, this proposed level of service allows more material to be recycled and allows yard waste to be collected for composting while at the same time minimizing total Waste Management costs.

The current (based on 1994 budget) and new contract costs (curbside) per annum are as follows:

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collection services. The current (based on 1994 budget) and new contract costs per annum for this service are shown below:

From end
contract next

Existing Contract Costs¹

Brampton \$452,000
Mississauga \$940,000

Total \$1,392,000
New Contract Costs \$559,680

Peel 559,680
Savings \$832,320 per annum

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The current (based on 1994 budget) and new contract costs (curbside) per annum are as follows:

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<u>Existing Contract Costs¹</u>			<u>Brampton Cmts</u>	
Brampton:	Garbage Collection	\$2,870,000	29%	\$ 4,490,000
	Recycling Collection and Processing	1,459,000 ²		452,000
	White Goods Collection	62,000 ²		4,942,000
	Yard Waste Collection	99,000 ²		
	<u>Total</u>	<u>\$4,490,000</u>		
Mississauga:	Garbage Collection	\$5,843,000	71%	
	Recycling Collection and Processing	5,207,000 ²		
	White Goods Collection	211,000 ²		
	Yard Waste Collection	50,000 ²		
	<u>Total</u>	<u>\$11,311,000</u>		
				<u>Misc. Costs</u>
				\$ 11,311,000
				990,000
				<u>\$ 12,251,000</u>
				Total: \$ 17,193,000

<u>New Contract Costs</u>		
Peel:	Garbage Collection	\$ 5,907,000
	Recycling Collection	3,115,000
	White Goods Collection	159,000
	Yard Waste Collection	1,540,000
	<u>Total</u>	<u>\$10,721,000</u>
	Processing Costs	(32,000) ³
	<u>Total</u>	<u>\$10,689,000</u>
	Savings (Annual)	\$5,112,000 <i>per annum</i>

¹1994 Budget less GST plus 2% tonnage growth

²Currently funded by Peel

³Refer to the Material Recovery Facility Request for Proposals report.

Over the six year life of the curbside contract the savings add up to more than \$30,000,000.00.] x

The Material Recovery Facility Request for Proposals report discusses in detail the evaluation of the Material Recovery Facility Request for Proposals which recommends that the Region award the proposal call to WMI Waste Management of Canada Inc. Appendix "2" summarizes the possible collection and processing options.

Pursuant to procurement By-Law 98-89 Section 3, and subject to the assumption of Waste Management Authority by the Region and the award of the Material Recovery Request for Proposals, the following is presented for adoption:

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RECOMMENDATION #2

IT IS RECOMMENDED THAT WMI Waste Management of Canada Inc. be awarded Tender 94T-021 as follows:

Item #2 - Curbside Garbage Collection - Without Grass

Item #3(b) - Every Other Week Blue Box Collection of the following material packages:

- a) Basic Blue Box As Defined
- b) Fibres
- c) Rigid Plastics
- d) Polycoat
- e) Other (Film)

Item #4 - White Goods Collection and Marketing

Item #5(b) - Weekly Yard Waste Collection - Grass Included

for a six year term with one year extension at the Region's option with an estimated annual (year one) amount of \$10,721,000.00 plus applicable GST, funded by the current budget;

and further that the required documents be executed by the Region's duly authorized signing officers.

C) Summary

In summary, the total collection and processing savings are as follows:

	<u>Annual</u>	<u>6 Year</u>
Front End	\$ 832,000	\$ 4,992,000
Curbside	<u>\$5,112,000</u>	<u>\$30,672,000</u>
Total	\$5,944,000	\$35,664,000
Miss. 71%	4,229,240	25,321,440
Rs. 29%	1,723,760	10,342,560

The proposed level of service will divert more material from disposal while at the same time minimizing Waste Management costs. The costs of recycling will now be significantly less than garbage collection and disposal.

4. General Observations

A) Reduction in Waste Collection and Processing Costs

The prices bid by all bidders in this tender represent significant cost reductions compared to current contracts. New costs will be almost \$6 million less than our existing contract costs, a reduction of 35%.

In addition, the costs of recycling will now be far less (\$60 for recycling versus \$104 for garbage) than the cost of garbage collection and disposal. Yard waste collection and composting costs will also be slightly less expensive (\$101 for yard waste versus \$104 for garbage) than collecting this material as garbage and sending it for disposal.

B) Sub-Contractors (Brokers) vs Company Staff

One of the objectives of the tender was to determine the cost savings, if any, of allowing contractors to sub-contract the collection of waste (ie: use brokers). Only two of the four bidders did not submit prices under the sub-contractor option, while two bidders did submit prices. However both of the bidders who did submit prices under this option bid the same prices for both options and indicated that they would only use company staff.

It could be inferred from this that there are no cost savings by using sub-contractors. The analysis only considered the use of company staff.

C) Single Regional Versus Area Municipal Contracts

As Council may recall staff previously reported that there would be an estimated 5% savings associated with a single contract versus two separate Area Municipal contracts. An analysis of the bid prices confirms these savings of at least 5%.

Under the recommended scenario one bidder showed a 13% reduction, a second bidder showed a 6% reduction and a third bidder showed a 1% reduction. This third bidder had higher costs in Mississauga than either the Brampton or Combined contract. The fourth bid which was analyzed showed no savings regardless of which contract was awarded.

5. Evaluation Process

The evaluation of the Tender was one of the most complex analyses undertaken by the staff involved. For each of the geographic areas (Brampton, Mississauga, and the combined area of Brampton/Mississauga) there were 120 possible scenarios (for a total of 360). This number of scenarios can be calculated as follows:

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Blue Box Options		Frequency of Blue Box Collection Options		Yard Waste/Garbage Options		Processing In/Out Option		Disentanglement Option	
5	x	2	x	6	x	2	x	3	
= 360									

For each of the possible scenarios, the tonnage of waste handled for each service was multiplied by the unit cost as bid to arrive at the annual cost (Year 1) for that service. The costs of the different services included in each scenario were then added to arrive at the total annual cost for each bidder. By comparing the annual costs from each bidder, the lowest bidder could be determined for each scenario.

After this, a series of comparisons were made to arrive at the recommended scenario contained in this report.

During the analysis it became apparent that with respect to the delivery of waste to a location more than 15 km from the centroid of waste generation (defined for each of the 3 areas) bidders had interpreted the wording in different ways. The bidders interpretation was clarified shortly after tender closing so that no misunderstandings would result when a contract is awarded. In all cases only the centroid area (0 - 15 km from the centroid) was used in the base analysis to determine the lowest bidder. Further in this report the impact of changing disposal locations is discussed under the heading Changes in Disposal/Composting Locations.

It also became clear that one bidder had made an error in either filling out the unit prices for recycling processing or in carrying their unit prices forward to the summary sheets and typical scenario calculations included within the Form of Tender. Staff requested clarification from the bidder as to their intent. The responses from the bidder were conflicting and not in agreement with the wording of the tender. After consultation with Legal Services staff have analyzed the tender based on the unit prices as bid and in a manner which is consistent with the tender documents and all other bid submissions and the bidder has been so advised.

A) Blue Box Contents

The Tender included five possible options in regards to the material to be included in the Blue Box. It should be noted that these options can only be added sequentially as shown in Appendix "3".

An analysis was completed to calculate the incremental cost of adding different materials to the Basic Blue box (as defined) under the following possible outcomes:

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- a) Collection only (Delivery to Regional MRF)
- b) Collection and Processing under the Collection Contract

Prior to tender closing staff had decided that if incremental costs were less than a pre-determined level then adding material packages was economical. The analysis showed, including disposal savings, that the incremental costs were less than this level. A decision was therefore reached to recommend that the new Blue Box Service should contain all optional material packages. Under the recommended scenario, determined by subsequent analysis, the incremental costs to add material to the Blue Box ranged from actually saving money to \$47 per tonne, which is below our current disposal costs. This is shown as follows:

	Blue Box Collection	Garbage Collection Savings	Net Increase	Per Tonne
Basic Blue Box	\$2,634,000	---	---	---
Add Fibres	2,905,000	\$260,000	\$ 11,000	\$ 132
<u>then</u> Add Rigid Plastic	3,109,000	83,000	121,000	46.76
<u>then</u> Add Coated Paperboard	3,076,000	11,000	(44,000)	(12.25)
<u>then</u> Add Film	3,115,000	56,000	(17,000)	(9.56)
Total Additional Collection Cost			\$ 71,000 (A)	
Additional Disposal Savings (@\$70/tonne)			<u>890,000</u> (B)	
Net Savings			\$819,000 (A-B)	

This analysis merely confirms the decision reached at this point in the evaluation. It should be noted that under any of the above scenarios WMI is still the lowest bidder.

The new Blue Box, effective May 1, 1995, would therefore include the following materials:

- Basic Blue Box:
 - Newsprint
 - Magazines/Catalogues/Phone Books
 - O.C.C.
 - Glass
 - Steel Cans
 - Aluminium Cans/Foil
 - P.E.T.
 - Textiles
- Fibres:
 - Mixed Paper
 - Boxboard
- Rigid Plastics:
 - Polystyrene
 - Polypropylene (wide mouth tubs)
 - H.D.P.E.

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Coated Paperboard: Polycoat (milk cartons)
Drink Boxes

Plastic Film

This is the same content as the current Blue Box in Brampton and Mississauga except that boxboard, polycoat and mixed paper have been added.

B) Banning the Collection of Grass

Appendix "4" contains a review of other Municipalities' success (or lack thereof) with the banning of grass from curbside collection. Generally, residents were quite upset that this municipal service was being cut. Most residents consider banning the collection of grass a significant cut in service. In some cases municipalities received thousands of complaints and were forced to repeal the By-law banning the collection of grass. However, some municipalities have withstood the public's opposition and do enforce their bans. Given the new Waste Reduction Regulations, Peel must either collect grass in the yard waste stream or ban it from being collected. Given this mixed success rate with the banning of grass collection, staff are recommending that Peel continue to collect grass at the curbside at this time. With the award of weekly yard waste collection discussed below, grass would be redirected from the garbage stream and diverted to the yard waste stream. This new restriction will be promoted when the new contract commences.

The collection tender contained an option whereby the collection of grass could be banned and residents would therefore be required to manage grass on their own property through grasscycling (ie. leaving grass clippings on their lawn) and/or backyard composting. This would reduce the costs of managing residents waste because material would not be collected. An analysis of the tender shows that under the recommended scenario if grass was banned from the yard waste stream there would be the following annual cost impacts:

Collection Savings	\$303,000
Composting Savings	<u>\$611,000</u>
	\$914,000

C) Yard Waste Collection

A comparison was made between the costs to collect and process yard waste (grass allowed) versus the costs to provide only a leaf collection service and collect and dispose of yard waste in the garbage stream. In that the sizing of the IWA Landfill Site being proposed for Peel is predicated on Peel attaining 50% waste reduction, the yard waste collection/composting program is needed.

This yard waste collection analysis used an average long-term disposal cost of \$70.00 per tonne and a composting cost of \$50.00 per tonne. The analysis showed a range

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of incremental costs (including disposal savings/processing costs) from saving \$10.00 per tonne to additional costs of \$25.00 per tonne depending on the particular scenario. Prior to the tender closing staff had decided that if incremental costs were less than \$30.00 per tonne that a yard waste program was economical. A decision was therefore reached to recommend the introduction of a yard waste collection program. As discussed in Part C - Yard Waste Composting Facility, this will allow Peel to comply with the Provincial 3R's Regulations. With this new contract our collection and disposal costs for garbage will be about \$104.00 per tonne. Under the recommended scenario the collection cost for yard waste will be \$51.00 per tonne. When combined with the processing costs of \$50.00 per tonne the incremental SAVINGS will be about \$3.00 per tonne (or \$80,000 per year) showing we will actually save money by implementing this program.

D) Subsequent Analysis

The three previous recommendations could be made without deciding whether a single contract or two Area Municipal contracts should be awarded since there were no cost implications depending on which contract was awarded. This was the case since some recommendations would go one way only if Peel assumed Waste Management.

At this point in the analysis of the collection tender the remaining issues were:

- i) Weekly versus Bi-weekly Yard Waste Collection
- ii) Regional MRF versus Processing Included with Collection
- iii) Single Regional Versus Separate Area Municipal Contracts
- iv) Weekly versus Bi-weekly Blue Box Collection

The analysis therefore proceeded as follows:

For twelve of the twenty-four remaining scenarios the annual costs of a Regional MRF as determined under the MRF RFP analysis was added to the annual collection costs for delivery to the Regional MRF.

A comparison then showed that the lowest cost scenario was:

- i) Bi-weekly Yard Waste Collection
- ii) The Regional MRF RFP be awarded
- iii) A single Regional contract be awarded
- iv) Bi-weekly Blue Box Collection

A comparison was then done to see if additional costs or other considerations could justify not recommending the lowest cost scenario.

i) Weekly Versus Bi-Weekly Yard Waste Collection

An analysis was then completed comparing the collection costs for yard waste (with grass included) on a weekly versus a bi-weekly basis to see if additional costs to collect yard waste weekly could be justified. It is anticipated that if yard waste is collected every other week that 10% less material will be diverted from disposal. By offering a weekly service more material could be diverted from landfill. The additional cost to divert this 10% of the yard waste (after considering reduced disposal costs and increased composting costs) was \$46.00 per tonne. This is a net cost increase of \$160,000.

It is recommended that yard waste be collected on a weekly basis for the following reasons:

- i) Incremental costs are reasonable given other less environmentally acceptable methods of disposing of this waste (ie. incineration) are more expensive than our current long term disposal cost.
- ii) Costs are reasonable to maintain this level of weekly service.
- iii) The elimination of potential odour problems at residents homes and the composting site caused by the storage of grass for up to two weeks.
- iv) Additional material would be diverted from disposal.

If a bi-weekly service was offered the recommended contractor does not change.

Part C of this report, Yard Waste Composting Facility discusses the composting of yard waste in detail.

ii) Weekly Versus Bi-Weekly Blue Box Collection

An analysis was then carried out to determine if additional costs associated with the weekly collection of Blue Box materials could be justified. The analysis included the additional cost of approximately \$620,000 (amortized over 5 years) which will be incurred by supplying each low density home with a second Blue Box. In preparing the tender all staff felt a bi-weekly level of service would only be acceptable if a second Blue Box was supplied to residents. The cost to distribute these new boxes is included in the per tonne collection fee submitted by the bidders.

In the case of the recommended contractor their bid prices for Blue Box Collection was \$75.50 per tonne for weekly collection and \$61.10 for every other week collection, a decrease of 19%.

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It is anticipated that 5% more materials would be collected if the service was offered on a weekly basis. The incremental cost is \$687,212 annually to divert this small tonnage (2000 tonnes). Given this extremely high cost a decision was reached to recommend that the Blue Box program should be offered bi-weekly.

Discussions with other municipalities have shown a willingness of residents to accept Blue Box Collection every other week. Information from these municipalities show that the reduction in waste set out for recycling ranges from 0% to 10%. Changing to every other week collection does not affect service to apartments. The majority of residents do not put their Blue Boxes out every week. If weekly service was offered the recommended contractor does not change

Funding for this second Blue Box is available in Capital Project 95-6370 (Recycling Collection Containers).

Pursuant to the assumption of Waste Management Authority by the Region and the award of the Material Recovery Facility Request for Proposal, the following is presented for adoption.

RECOMMENDATION #3

IT IS RECOMMENDED THAT staff issue a tender to supply Blue Boxes in accordance with the purchasing By-Law;

AND FURTHER THAT the necessary funds estimated at \$620,000.00 plus GST be provided from Capital Project 95-6370 (Recycling Collection Containers) funded by the Capital Construction Reserve.

iii) Regional MRF

The costs for the recommended scenario were then compared to the costs of processing the recyclables under the collection contract. Based on a particular scenario of commodity tonnage and revenue, the analysis showed an annual savings of \$1,310,000 by awarding the MRF RFP to WMI Waste Management of Canada Inc. and not including processing under the collection tender. This is discussed fully in a separate report - Material Recovery Facility Request for Proposals.

iv) Single Regional Versus Separate Area Municipal Contracts

An analysis was done comparing the preferred scenario with the same level of service but the authority for Waste Management Collection remaining with the Area Municipalities. The analysis showed a collection only savings of \$1,415,000 annually by Peel assuming Waste Management. However, the lowest cost to provide this same service at the Area Municipal level is \$1,310,000 more expensive if processing was included with the collection contract and the Regional MRF RFP was not awarded (see Appendix "2"). A decision was therefore reached to recommend

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that Peel should assume Waste Management authority from the Area Municipalities based on this substantial cost savings assuming these savings can be fairly apportioned.

6. Changes in Disposal/Composting Locations

A sensitivity analysis was then done to see if the lowest bidder would change if the disposal site for garbage changed. Under a worst case scenario with all garbage being sent to a site 40 - 45 km away from the Regional centroid of waste generation (ie. PRRI not available) WMI's total annual cost would increase by \$1,368,000 per annum while the next lowest bidder's total annual cost would increase by \$959,000. Since this difference (\$409,000) is less than the total tender difference of \$1,310,000 it can be concluded that a change in disposal locations has no impact on the award of this tender.

7. Conclusion

In conclusion, the award of a single Regional Contract for the collection of waste in the Cities of Brampton and Mississauga will save \$1,310,000 annually or almost \$8 million over the life of the contract compared to Area Municipality awarded contracts.

The separation of collection and processing tenders/RFP's helped create a level playing field between bidders which assisted in allowing collection costs to decrease. Over the life of the contract there is a cost reduction of in total \$36 million (\$6 million annually) compared to our current costs.

The award of this tender, because of the large yard waste component, will significantly assist Peel in reaching its 50% waste reduction target.

PART B - ALTERNATE RECOMMENDATIONS (Assuming No Regional MRF)

In the event that the Regional MRF RFP is not awarded, processing of recyclable materials would then be included within the collection tender at the tendered price. A similar analysis was carried out as in Part "A" with the result that Laidlaw Waste Systems provided the lowest cost tender based on the same levels of services selected in Part "A". However, since Laidlaw bid the same price for weekly blue box collection as for every other week blue box collection, weekly collection is recommended.

The recommended levels of service are as follows:

1. Twice Per Week Front-End Containerized Garbage Collection
2. Weekly Curbside Garbage Collection (without grass)
3. Weekly Blue Box Collection of All Material Packages
4. White Goods Collection and Marketing
5. Weekly Yard Waste Collection (with grass)

The detailed analysis similar to that carried out in Part "A" is available if required.

It should be noted that the tender prices do not change whether the award is by each Area Municipality or jointly by the Region. The recommendations under Part "B" are independent of the Regional assumption of Waste Management Authority. The only difference being the awarding Agency.

In the event that Regional Council does not decide at this time to proceed with disentanglement, it is recommended that tenders be awarded at the Area Municipal level. Should disentanglement occur in the future, these contracts would be assumed by the Region.

ALTERNATIVE RECOMMENDATION A

Pursuant to procurement By-Law 98-89 Section 3, and subject to the assumption of Waste Management Authority by the Region, the following is presented for adoption:

IT IS RECOMMENDED THAT Laidlaw Waste Systems Ltd. be awarded Tender 94T-021 as follows:

- Item #1 - Front-End Containerized Garbage Collection
- Item #2 - Curbside Garbage Collection - Without Grass
- Item #4 - White goods Collection and Marketing
- Item #5(b) - Weekly Yard Waste Collection - Grass Included
- Item #6(a) - Weekly Blue Box Collection of the following material packages:
 - a) Basic Blue Box As Defined
 - b) Fibres
 - c) Rigid Plastics
 - d) Polycoat
 - e) Other (Film)

for a six year term with one-year extension at the Region's option with an estimated annual (year one) amount of \$12,559,000.00 plus GST, funded by the current budget;

AND FURTHER THAT the required documents be executed by the Region's duly authorized signing officers.

If Council decides not to proceed with disentanglement at this time the following is presented for adoption:

ALTERNATIVE RECOMMENDATION B

IT IS RECOMMENDED THAT the Area Municipalities award Tender 94T-021 at the local level to Laidlaw Waste Systems Ltd.

PART C - YARD WASTE COMPOSTING FACILITY**1. Introduction**

In that yard waste collection and composting are new initiatives, the appropriate funding authority has to be determined if disentanglement does not occur. This will be addressed in an accompanying report: Waste Management Financing.

The diversion of yard waste from disposal is an essential element in the Region's plans to reduce waste being sent for disposal by at least 50% by the year 2000. Currently, Mississauga and Brampton have vacuum leaf collection in selected areas of each city. Brampton has a bagged leaf collection service for the entire city. The leaf collection services are only for a few weeks each fall. Both Brampton and Mississauga have Christmas tree collection.

When implemented a weekly yard waste collection and composting program will divert over 30,000 tonnes per year - a significant amount of material. Generally, when the savings of not disposing of this material are considered the net cost of this program is quite low and in fact, when compared to the cost of incinerating, is less expensive. As mentioned previously in this report staff are recommending that a yard waste program be implemented and under the specific scenario recommended there is actually a cost savings compared to sending this material for disposal.

2. Provincial Regulations

As previously reported the much delayed Provincial Waste Reduction Regulations came into force on March 3, 1994. These new regulations require Municipalities with populations in excess of 50,000 to establish leaf and yard waste collection and composting programs by January 1, 1995. The regulations require that these programs must be "reasonably convenient". Staff believe that given the nature of the cities of Mississauga and Brampton that only the curbside collection of leaf and yard waste during the growing season and the fall (April to November - a period of eight months) would comply with the regulations. In practicality Peel must implement these programs when the new waste collection contract starts on May 1, 1995.

Although the Collection Tender included an option to collect only leaves this option is not awardable given the new regulations. This option was included in the tender because although the new regulation had been announced the guidelines were not available at the time the tender was written and staff believed the regulations may have permitted this option.

3. Yard Waste Composting Site - Interim Solution

With the introduction of a yard waste composting program material will need to be composted starting May 1, 1995. It is unlikely that a permanent composting facility will be operational by that time if one must be constructed, particularly if land must

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be located and purchased. A report was presented to Council in June of this year recommending that a consultant be hired to assist in the locating of a permanent facility. That report was deferred at the time.

Due to the limited internal staff resources available over the last few months (caused by the Collection Tender and MRF RFP) staff have not fully investigated the options available to Peel to compost this material until a permanent solution is found. Some of the possible interim solutions include delivering the yard waste to:

- 1) Brampton's Composting Site
- 2) Britannia Sanitary Landfill Site (for composting)
- 3) Municipal or Private Sites in the Surrounding Area

It is most likely that a combination of sites would need to be used given our substantial volumes. If needed, material could be transferred to transfer trailers at the Britannia Sanitary Landfill Site or at private transfer stations. Given the uncertainty of the location of the interim composting site costs cannot be accurately predicted at this time but staff are confident the costs will be reasonable.

RECOMMENDATION #4

IT IS RECOMMENDED THAT staff immediately investigate the options available to Peel to compost yard waste starting May 1, 1995;

AND FURTHER THAT the results of this analysis and a recommended course of action be brought to Regional Council for their review and approval.

4. **Yard Waste Composting Facility - Permanent Facility**

In order to ensure that the best and lowest cost long term solution is found to our composting needs staff recommend that a study should immediately be completed to document all available information on this issue. This will be referred to as Phase "A".

The study (Phase "A") would investigate the following issues:

- i) Background Documentation on Composting in Peel
- ii) Material Types, Quantities and Availability over 20 Years
- iii) Overview - Private Sector Capacity for Peel's Organics
- iv) Overview - End Market Opportunities and Applications
- v) Collection Container and Collection Alternatives
- vi) Processing Options
- vii) Siting Considerations
- viii) Conceptual Design
- ix) Ownership and Operation Arrangements
- x) Approvals
- xi) Communications Plan (Related to Siting)
- xii) Recommended System(s) and Cost Estimates
- xiii) Implementation Plan

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Some issues of significance which will be looked at as part of this study include:

- a) Should Peel have one composting site or a number of sites?
- b) Can Brampton's existing site be expanded to meet all or part of our future needs?
- c) Should a yard waste site be designed to handle the possible future collection of food waste? If so, how?
- d) What are the costs/benefits of collecting/processing yard waste without grass included?
- e) How do different methods of collection affect the composting facility?
- f) What approvals are needed to implement a composting facility?

Depending upon the approval process to be followed, all of the above issues need to be investigated and documented, particularly if a willing host site cannot be located.

At the conclusion of this study Council will be briefed on the recommendations (January/February 1995). The report may include recommendations that Peel should:

- i) Acquire land for a Composting Site and/or;
- ii) Issue an RFP for a Composting Site including operation and/or;
- iii) Issue a Tender for the construction of a composting site and/or;
- iv) Issue a Tender for operation of a Composting Site and/or;
- v) Negotiate with other Regions on the joint use of their Composting Site and/or;
- vi) Issue a Tender to market the yard waste.

This is being referred to as Phase "B".

In order to speed up finding a permanent composting site, if needed, some components of Phase "B" could be done during the latter part of Phase "A". Staff are recommending that this phase be started as early as possible and be underway when the results of Phase "A" are presented to Council early in the new year. Since Phase "B" may involve the searching for and acquiring land for a composting site staff are requesting authority to negotiate for the purchase of land at this time. Any suitable site found would be brought to Council for approval.

5. Capital and Operating Costs

The estimated Capital costs of a Yard Waste Composting Facility are \$2.0 - 4.0 million. The operating costs (including capital amortization) range from \$40 - \$60 per tonne based on other municipalities experience. For the purposes of the Collection Tender Analysis an average cost of \$50.00 per tonne was used. As discussed in Part A - Joint Collection Tender when waste collection and disposal savings are considered the costs to implement a yard waste collection and composting program are reasonable and may even save money.

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6. **Funding Requirements**

Funding is available in Capital Project #94-6360 (Yard Waste Composting Facility) for a total of \$5,000,000.00. It is proposed to reallocate \$151,000 of this funding to project #94-6361, Yard Waste Composting Studies and Siting to fund the following costs:

Phase "A"	\$85,000
Phase "B" (initiation only)	\$50,000
Other Regional Costs*	\$16,000

- * Other Regional Costs includes the printing of study reports, public consultation (advertising/hosting meetings) Legal Services and site searches by Realty Services.

Pursuant to By-Law 98-89, Section 3 the following is presented for adoption.

RECOMMENDATION #5

IT IS RECOMMENDED THAT the Region of Peel immediately retain the services of an environmental consulting firm to be approved by the C.A.O. to supply consulting services to the Region of Peel with regard to the development and implementation plan for an Organics Waste Diversion Strategy for a total expenditure of up to \$135,000 under Project # 94-6361 without further Council approval in accordance with Procurement By-Law 98-89;

AND FURTHER THAT funding in the amount of \$151,000 for Project 94-6361 be approved from Capital Construction Reserve (Waste) as a reallocation of the previously approved financing plan for Capital Project 94-6360;

AND FURTHER THAT authorization to sign the necessary documents be approved in accordance with the Regions Bylaws relating thereto.

AND FURTHER THAT staff be authorized to undertake a site selection process, including public consultation, for a composting facility;

AND FURTHER THAT staff be authorized to negotiate to purchase a site for a composting facility under Project 94-6360, funded from the capital Construction Reserve.

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Public Works Committee
October 4, 1994
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7. Conclusion

In conclusion, with the award of the collection of yard waste within the collection tender a site to compost yard waste is needed very soon. Staff must immediately plan for both an interim and a permanent solution to our composting needs.

The composting of yard waste will allow Peel to comply with Provincial 3Rs regulations. No net increase in costs will be incurred by the provision of this service to Peel residents.

IV SUMMARY AND CONCLUSIONS

This report discusses and analyzes a number of interrelated components of the Waste Management System in Peel. It includes a series of recommendations relating to the Joint Collection Tender and Yard Waste Composting. It recommends that should the Regional MRF proceed, a single tier be responsible for Waste Management in Peel. It recommends improvements to our current system at reduced costs and assumes a firm commitment to reducing waste being sent for disposal.

Part "A" recommends that should the Material Recovery Facility Request for Proposal analysis be accepted that WMI be awarded the Collection Tender for all services except Front-End Containerized Garbage Collection. Laidlaw would be awarded this service. Part "B" recommends that should the Material Recovery Facility not proceed that Laidlaw be awarded the Collection Tender, including processing of recyclables, for all services.

As discussed in the report, Disentanglement of Waste Management, Peel currently has no legislative authority for collection of garbage, recyclables or yard waste, or for the processing of recyclables or yard waste. Prior to passing the recommendations contained in this report Peel must assume this authority, by By-Law, from the Area Municipalities.

In order to avoid contradictory resolutions it is suggested that the recommendations contained in this report be passed in the order contained within the report after the Assumption By-Law is passed and the Regional MRF RFP is awarded.

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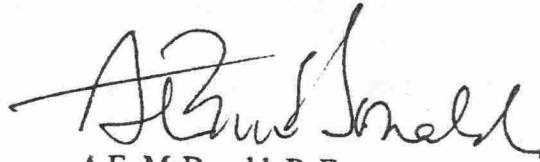
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V RECOMMENDATIONS

IT IS RECOMMENDED THAT the recommendations or alternate recommendations contained in Appendix "1" be approved.



A.D. MacMillan, P. Eng.,
Director, Maintenance and Operations
City of Brampton



A.E. McDonald, P. Eng.,
Commissioner of Public Works
City of Mississauga



D.J. Markle, P. Eng.
Commissioner of Public Works
Regional Municipality of Peel

File: #GA-A-E
File: #WR-A-B.5
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APPENDIX "1"

SUMMARY OF RECOMMENDATIONS

Pursuant to the assumption of Waste Management Authority by the Region and the award of the Material Recovery Facility Request for Proposal, the following is presented for adoption.

RECOMMENDATION #1 (Assuming Regional MRF)

IT IS RECOMMENDED THAT Tender 94T-021 Item #1 (without grass) for the combined cities of Brampton and Mississauga be awarded to Laidlaw Waste Systems Ltd. for a six year period with one year extension at the Region's option with an estimated annual (year one) amount of \$560,000.00 plus GST funded by the current budget;

AND FURTHER THAT the required documents be executed by the Region's duly authorized signing officers.

RECOMMENDATION #2 (Assuming Regional MRF)

IT IS RECOMMENDED THAT WMI Waste Management of Canada Inc. be awarded Tender 94T-021 as follows:

Item #2 - Curbside Garbage Collection - Without Grass

Item #3(b) - Every Other Week Blue Box Collection of the following material packages:

- a) Basic Blue Box As Defined*
- b) Fibres*
- c) Rigid Plastics*
- d) Polycoat*
- e) Other (Film)*

Item #4 - White Goods Collection and Marketing

Item #5(b) - Weekly Yard Waste Collection - Grass Included

for a six year term with one year extension at the Region's option with an estimated annual (year one) amount of \$10,721,000.00 plus GST, funded by the current budget;

and further that the required documents be executed by the Region's duly authorized signing officers.

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RECOMMENDATION #3 (Assuming Regional MRF)

IT IS RECOMMENDED THAT staff issue a tender to supply Blue Boxes in accordance with the purchasing By-Law;

AND FURTHER THAT the necessary funds estimated at \$620,000.00 plus GST be provided from Capital Project 95-6370 (Recycling Collection Containers) funded by the Capital Construction Reserve.

OR

ALTERNATIVE RECOMMENDATION A (Assuming No Regional MRF)

Pursuant to the assumption of Waste Management Authority by the Region the following is presented for adoption.

IT IS RECOMMENDED THAT Laidlaw Waste Systems Ltd. be awarded Tender 94T-021 as follows:

- Item #1 - Front-End Containerized Garbage Collection
- Item #2 - Curbside Garbage Collection - Without Grass
- Item #4 - White goods Collection and Marketing
- Item #5(b) - Weekly Yard Waste Collection - Grass Included
- Item #6(a) - Weekly Blue Box Collection of the following material packages:
 - a) Basic Blue Box As Defined
 - b) Fibres
 - c) Rigid Plastics
 - d) Polycoat
 - e) Other (Film)

for a six year term with one-year extension at the Region's option with an estimated annual (year one) amount of \$12,559,000.00 plus GST, funded by the current budget;

AND FURTHER THAT the required documents be executed by the Region's duly authorized signing officers.

OR

ALTERNATIVE RECOMMENDATION B (Assuming No Regional MRF)

IT IS RECOMMENDED THAT the Area Municipalities award Tender 94T-021 at the local level to Laidlaw Waste Systems Ltd.

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RECOMMENDATION #4

IT IS RECOMMENDED THAT staff immediately investigate the options available to Peel to compost yard waste starting May 1, 1995;

AND FURTHER THAT the results of this analysis and a recommended course of action be brought to Regional Council for their review and approval.

RECOMMENDATION #5

IT IS RECOMMENDED THAT the Region of Peel immediately retain the services of an environmental consulting firm to be approved by the C.A.O. to supply consulting services to the Region of Peel with regard to the development and implementation plan for an Organics Waste Diversion Strategy for a total expenditure of up to \$135,000 under Project # 94-6361 without further Council approval in accordance with Procurement By-Law 98-89;

AND FURTHER THAT funding in the amount of \$151,000 for Project 94-6361 be approved from Capital Construction Reserve (Waste) as a reallocation of the previously approved financing plan for Capital Project 94-6360;

AND FURTHER THAT authorization to sign the necessary documents be approved in accordance with the Regions Bylaws relating thereto.

AND FURTHER THAT staff be authorized to undertake a site selection process, including public consultation, for a composting facility;

AND FURTHER THAT staff be authorized to negotiate to purchase a site for a composting facility under Project 94-6360, funded from the capital Construction Reserve.

Summary of Collection/Processing Combinations

		Front-End Collection	Other Collection Services	Processing	Total	Increase
1.	Peel	<u>Laidlaw</u> \$560,000	<u>WMI</u> \$10,721,000	<u>RFP/WMI¹</u> \$(32,000)	\$11,249,000	----
2.	Peel	<u>Laidlaw</u> \$560,000	<u>Laidlaw</u> \$12,136,000	<u>Tender/Laidlaw</u> \$(137,000)	\$12,559,000	\$1,310,000
3.	Peel	<u>Laidlaw</u> \$560,000	<u>Laidlaw</u> \$12,136,000	<u>RFP/WMI¹</u> \$(32,000)	\$12,664,000	\$1,415,000
4a)	Brampton	<u>Laidlaw</u> \$136,000	<u>Laidlaw</u> \$4,165,000			
				<u>RFP/WMI¹</u> \$(32,000)	\$12,664,000	\$1,415,000
b)	Mississauga	<u>Laidlaw</u> \$424,000	<u>Laidlaw</u> \$7,971,000			
5 a)	Brampton	<u>Laidlaw</u> \$136,000	<u>Laidlaw</u> \$4,165,000	<u>Tender/Laidlaw</u> \$(42,000)	\$ 4,259,000	\$ n/a
b)	Mississauga	<u>Laidlaw</u> \$424,000	<u>Laidlaw</u> \$7,971,000	<u>Tender/Laidlaw</u> \$(95,000)	\$ 8,300,000	\$ n/a
	Total	\$560,000	\$12,136,000	\$(137,000)	\$12,559,000	\$1,310,000

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Appendix '2'

¹ Note: Annual Processing Costs assume average Revenues and Tonnages - See Material Recovery Facility RFP Report

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BLUE BOX OPTIONS

- Option #1 Basic Blue Box
- Newsprint
 - Magazines/Catalogues/Phone Books
 - O.C.C.
 - Glass
 - Steel Cans
 - Aluminium Cans/Foil
 - P.E.T.
 - Textiles
- Option #2 Option #1 plus Fibres
- Mixed Papers
 - Boxboard
- Option #3 Option #2 plus Rigid Plastics
- Polystyrene
 - Polypropylene (wide mouth tubs)
 - H.D.P.E.
- Option #4 Option #3 plus Coated Paperboard
- Polycoat (Milk Cartons)
 - Drink Boxes
- Option #5 Option #4 plus Other
- Plastic Film

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Banning the Collection of Grass

Appendix 4

MUNICIPALITY	DATE IMPLEMENTED	OVERALL REACTION BY RESIDENTS
Town of Ajax	February 1, 1994	<ul style="list-style-type: none">* Mixed reaction.* Large number of calls received, many going to Councillors, resulting in the reversal of grass clipping ban.* Instances of illegal dumping, no specific numbers available.
City of Burlington	January 1, 1994	<ul style="list-style-type: none">* Several hundred calls were received, the greatest number in the spring.* Threat of petitions, none were presented to Council.* Illegal dumping, City enforced dumping by-laws.
City of Guelph	January 1, 1994	<ul style="list-style-type: none">* Poorly accepted possibly due to the late notification of residents.* Public outcry caused another Council Meeting to be called.* Ban not repealed, 4 special "yard waste collection weeks" were designated, could've been avoided with better notification.
City of Kitchener	June 1, 1993	<ul style="list-style-type: none">* Several hundred calls per week at first requesting information or complaining, about 20 irate callers.* Threats of petitions and dumping but only one or two instances of illegal dumping.
Town of Oakville	April 1, 1993	<ul style="list-style-type: none">* About 200 calls to hotline; 70%-80% wanted more information; 20% were negative, half of these were very negative.* Petition was started and presented to Council with 20 signatures, ban is still in effect.* No illegal dumping or backlash activities.
City of Waterloo	January 1, 1993	<ul style="list-style-type: none">* Once implemented, reaction was good.* 150 calls were received, most were for more information, 10 were negative.
Town of Whitby	Partial ban May 1, 1992 Full ban April 5, 1994	<ul style="list-style-type: none">* Reaction was poor.* Significant number of calls received, over 2500 in April, 1700 in May, several in July.* Council has re-evaluated by-law, but ban remains because of savings in tipping fees being paid.

October 5, 1994

**CHAIR AND MEMBERS OF
REGIONAL COUNCIL**

SUBJECT: WASTE FINANCING

I OBJECTIVE

The primary purpose of this report is to provide Council with an overview of the financial implications of the proposed changes to the Waste Management program, as set out in the two companion reports - **Waste Management: Collection Services Contract and Material Recovery Facility Requests for Proposals**. Therefore this report assumes the Region Material Recovery Facility option using the assumptions outlined in these related reports.

II BACKGROUND

As previously set out in the companion reports, the Region and the Area Municipalities have been jointly reviewing the implications of having the Region assume full responsibility for Waste Management operations. This review commenced in 1991 when Council assumed funding responsibility for the "bluebox" program. At that time it was decided that the interim source of funding would be the Waste Rate Stabilization reserve pending an ultimate decision as to whether the Region would formally assume full operational authority or not. In the four budget cycles which have passed since the interim funding solution was adopted, over \$22 million has been requisitioned from this capital reserve in order to fund current operating costs at the area municipal level.

In the last two budget years, staff have indicated that elimination of this contribution from the reserve is critical to the long term sustainability of the program. It is proposed that all savings realized from the recommended collections and processing contract and the overall integration of waste management operations be directed towards reducing the draw on reserves for recycling purposes.

III DISCUSSION

1. 1994 Regional Budget

The 1994 Regional Budget for the Waste Management Division is \$29.2 million including an allowance of \$6.0 million in grants to the area municipalities for recycling programs. The two major components of the financing plan include

taxation, \$19.8 million or 67.4%, and a contribution from the Waste Rate Stabilization reserve, \$6.8 million or 23.3%. The draw from reserve is required to finance the \$6.0 million grant to the area municipalities and \$825,633 is dedicated to ameliorating mill rate increases for Brampton and Caledon pending a review of the methodology used to allocate tonnages processed at the Britannia Public Waste Drop-off site.

After netting off fees and subsidies of \$2.6 million, the budget results in the following allocation amongst the area municipalities.

1994 Regional Waste Management Budget
(S000s)

	<u>Net Expenses Excluding Grants</u>	<u>Reserve Funded 3R Grants</u>	<u>Net Expenses Including 3R Grants</u>	<u>One-time Apportionment Grant</u>	<u>Net Tax Levy</u>
Mississauga	17,654	4,411	13,243	0	13,243
Brampton	7,542	1,331	6,211	712	5,499
Caledon	<u>1,401</u>	<u>258</u>	<u>1,143</u>	<u>114</u>	<u>1,029</u>
	<u>26,597</u>	<u>6,000</u>	<u>20,597</u>	<u>826</u>	<u>19,771</u>

The 1995 budget process will provide the analysis to substantiate a more accurate apportionment of tonnages at public drop-off sites and eliminate the *one-time* apportionment grant of \$825,633.

2. **Future Apportionment of Waste Management Costs**

One of the key issues coming from the integration debate is how the savings that will be realized from the ultimate contract awards will be "apportioned" between Mississauga, Brampton and the Region. Given the complexity of the actual contract review process, the various options that Council has before them and the fact that the full savings will be realized over a transition period that will extend into 1996, this report can only set out some probable outcomes and not a firm recommendation for the 1995 budget.

The companion reports which have been presented to Council recommend a series of actions which incorporate an integration option for the future management of the Waste Management program. Notwithstanding any possible scenario which Council may direct staff to work towards, it is anticipated that we will maintain an apportionment process which allocates costs on the basis of tonnage whether picked up at the curbside or dropped off at one of our depots. Should Council choose to develop, at some time in the future, a full blown user-pay methodology for collection of waste management costs, the need for annual review of the apportionment process would be eliminated.

a) **Integrate**

Under this scenario the annual contract savings have been estimated at \$5.9 million. Against this collections saving we will have to recognize additional costs related to providing composting facilities to manage the yard waste component of the waste stream. Public Works has estimated that annual operating costs of \$1.5 million would have to be incurred. After savings related to administrative efficiencies and GST are factored into the equation, the revised savings are about \$4.7 million. As a large portion of the collection savings are related to the "blue box" program, provincial subsidy is also expected to fall by about \$1.5 million. This results in a net saving of about \$3.2 million, summarized in the following table.

	<u>Total Savings</u>	<u>Existing 3Rs Related</u> (\$ millions)	<u>Other</u>
Gross Collection Savings	5.9	3.7	2.2
New Yard Waste Processing Costs	(1.5)	-	(1.5)
Reduced Subsidy	(1.5)	(1.5)	-
Administrative/GST Savings	<u>0.3</u>	<u>0.1</u>	<u>0.2</u>
Net Savings	<u>3.2</u>	<u>2.3</u>	<u>0.9</u>

These savings can be realized in two basic manners:

i) Full Recognition

In this scenario, the area municipalities and the Region would adjust their mill rates to factor in the previous contract cost levels. The Region's budget would then present a draw from the waste reserve which would be \$3.2 million less than current levels. This is the Staff preferred option. It is important to note that this option does not impact existing taxation levels as only the draw from reserve would be affected.

ii) Partial Recognition

In this scenario, the Region would recognize the savings from the blue box collection portion of the contract while the areas would realize the net savings from the balance of the collection contract.

The 3Rs portion of the collection contract results in a saving of approximately \$3.7 million. After factoring in subsidy loss of \$1.5 million and GST savings of \$0.1 million, the Region would realize a reduction in the contribution from reserve of \$2.3 million. The balance of the \$0.9 million net saving in the collection contract could be shared between Brampton and Mississauga in a number of possible options, such as relative tonnage.

b) No Integration

While not part of the staff recommendation, Council does have the option to choose not to integrate the waste management program at the Region. This scenario gives up between \$1.2 and \$1.3 million in net savings and, depending on how yard waste will be processed, will result in minimal non-recycling costs being realized as indicated below.

	<u>Total Impact</u>	<u>Existing 3Rs Related (\$ millions)</u>	<u>Other</u>
Net Savings Under Integration Option	3.2	2.3	0.9
Cost of Non-integration	<u>(1.3)</u>	<u>(0.3)</u>	<u>(1.0)</u>
Reduced Savings Under Non-integration	<u>1.9</u>	<u>2.0</u>	<u>(0.1)</u>

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In the case where integration is not supported, Council would also have to look at the relevance of continuing to use the Region's reserves to fund local operating costs. In this scenario, the draw on the reserve would be reduced by \$2.0 million, down to \$4.0 million. Elimination of the remaining grant levels might be phased in over a number of years to phase in the impact on mill rates.

IV CONCLUSION

Based on the underlying analysis in the companion reports regarding integration of waste operations and the collection and processing contracts, there are significant savings to be realized on behalf of the property tax payers in the Region of Peel. The following table indicates that net savings of between \$2.0 and \$3.2 million will be realized.

Net Annual Expenditures
 (\$ millions)

	Area <u>Municipality</u>	Adjusted <u>Gross</u>	<u>Regional</u>		Region Total <u>Net</u>	Cumulative <u>Saving</u>
			Draw*	Net		
Base Current Costs	11.0	26.5	(6.8)	19.7	30.7	-
Non-integration Option	11.1	24.5	(6.8)	17.7	28.8	1.9
Integration Option	-	3.3	(6.8)	27.5	27.5	3.2

* Reserve Draws held constant for purpose of this analysis

Given the significant level of subsidy which the reserve is providing to the mill rate base, the opportunity exists to take advantage of the actions recommended in the companion reports to reduce our reliance on the reserves. Under the proposed solution of directing all savings to reducing the draw on reserves, we would be able to realize a significant movement towards a longer term fiscally sustainable base, to the benefit of all the ratepayers of Peel.

As part of the transition to the proposed operating regime for the waste management program, it is anticipated that individual municipalities might experience some temporary mill rate pressures.

Under the recommended scenario, where all contract savings are directed to reducing the draw from reserve, there would still exist an estimated draw from the reserve of about \$3.6 million. The reserve could be used as a means of stabilizing mill rates until such time as the full impact of the transition to full integration occurs in 1996. This would also provide the time to integrate the potential impact of an IWA landfill site, further potential loss of recycling grants, new regulations on our cost structure, realizing any efficiencies in our landfill operations as a result of the new contract and the implications of a user pay system before establishing any further mill rate increases for the waste program.

V RECOMMENDATIONS

IT IS THEREFORE RECOMMENDED THAT the full value of savings realized in the joint report of the Public Works Commissioners of the City of Brampton, the City of Mississauga and the Region of Peel entitled "Waste Management: Collection Services Contract" and the report of the Committee of Public Works entitled "Material Recovery Facility Requests for Proposals" accrue to the Region of Peel, in order to reduce the dependency on the Waste Rate Stabilization Reserve as a source of operating funding for recycling programs,

AND FURTHER THAT once Council has awarded the collection services and processing contracts, the appropriate Finance and Public Works staff of the City of Brampton, the City of Mississauga and the Region of Peel develop the financial transition plan to allow for the appropriate restatement of mill rates for the 1995 budget cycle,

AND FURTHER THAT the results of the joint efforts to develop the financial transition plan be presented to Council.

Louise Eason

L. Eason
Treasurer and
Commissioner of Finance

DJL/dle

94-301 *ew*

[Handwritten signature]