

March 10, 2009

To: Executive Committee

From: Budget Committee

Subject: Amendment of the Capital Plan for Green Lane Landfill to Accelerate Cell
Excavation and Base Construction

Recommendations:

The Budget Committee recommended to the Executive Committee that:

- 1. City Council approve an amendment to the 10-Year Capital Plan and Forecast for Solid Waste Management Services as indicated in Appendix A of the report.**
- 2. Subject to the adoption of Recommendation 1, new commitments totalling \$7.5 million including \$0.5 million in 2009 and \$7.0 million in 2010, funded from the Waste Management Reserve Fund, be approved to advance cell development at Green Lane (Capital Account CSW007-05-05 - Cell Excavation & Base Construction).**

Background:

The Budget Committee on March 10, 2009, considered a report (March 2, 2009) from the General Manager, Solid Waste Management Services, entitled "Amendment of the Capital Plan for Green Lane Landfill to Accelerate Cell Excavation and Base Construction".

for City Clerk

Merle MacDonald/mb

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STAFF REPORT ACTION REQUIRED

Amendment of the Capital Plan for Green Lane Landfill to Accelerate Cell Excavation & Base Construction

Date:	March 2, 2009
To:	Budget Committee
From:	General Manager, Solid Waste Management Services
Wards:	All
Reference Number:	p:/2009/swms/March/003BC

SUMMARY

This report requests authority to reallocate funding to the 2009 Approved Green Lane Landfill Capital Budget within the Approved Green Lane Landfill 10-Year Capital Plan & Forecast and requests approval to commit the cashflow in 2009 and 2010 to more efficiently construct the required cells in order to accommodate the receipt of Toronto's waste beginning January 1, 2011. There is no net impact on the approved 10-Year Capital Plan & Forecast as a result of rescheduling this work.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services recommends that:

1. the 10-Year Capital Plan & Forecast for Solid Waste Management Services be amended as indicated in Appendix A; and
2. subject to the adoption of Recommendation 1, new commitments totalling \$7.5 million including \$0.5 million in 2009 and \$7.0 million in 2010, funded from the Waste Management Reserve Fund, be approved to advance cell development at Green Lane (Capital Account CSW007-05-05 - Cell Excavation & Base Construction).

Financial Impact

This report recommends that the 2009 Approved Capital Budget and future year commitments for Solid Waste Management Services be amended to include the excavation of an additional 2 cells at the Green Lane Landfill in 2009 and 2010 as outlined in Appendix A. The recommended changes in order to award the contract for cell development are as follows:

- i. advance and commit funding of \$3.5 million from the 10-year Capital Plan & Forecast to begin excavation of a second cell in 2009;
- ii. commit \$4.0 million in funding for 2010 included in the 5-year Capital Plan to facilitate the development of an additional third cell.

The increased cost is recommended to be funded from the Waste Management Reserve Fund. The reserve fund has a balance of \$21.153 million as of year-end 2008 and can accommodate these commitments.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its City Council Special Meeting on September 19, 2006. City Council issued instructions to staff, and in doing so, adopted, as amended, the confidential report (September 18, 2006) from the General Manager, Solid Waste Management Services, and the Deputy City Manager and Chief Financial Officer, entitled “Long Term Waste Disposal Capacity.” These instructions authorized the General Manager of Solid Waste Management Services to, in addition to other recommendations, negotiate and execute an agreement of purchase and sale for the purchase of the Green Lane Landfill Site based on the terms and conditions set out in the Term Sheet attached to the staff report. The following is the link to the September 19, 2006 City Council Decision document: <http://www.toronto.ca/legdocs/2006/agendas/council/cc060919sp/cofa.pdf>

At its City Council Special Meeting on November 6, 2008. City Council approved the Solid Waste Management Services 2009-2018 Capital Program that included commitments in 2009 and future years for various capital works projects at the Green Lane Landfill. The following is the link to the November 6, 2008 City Council Decision document (EX25.4 – Page 6): <http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-11-06-cc26-dd.pdf>

ISSUE BACKGROUND

At the time of purchase, excavation of two landfill cells were being undertaken by the former owners. Both cells (Cells 3 and 5) are currently active and receiving waste from paid customers, local municipalities and a portion of City of Toronto redirected waste allowed under the City’s current disposal contract. We anticipate these cells to have exhausted the remaining airspace by the end of 2009.

The 2009 Approved Capital Budget for Solid Waste Management Services includes \$4.0 million for the excavation and development of one landfill cell in 2009 in preparation of the closure of cells 3 and 5. In addition, the approved 10-Year Capital Plan & Forecast for the Green Lane Landfill contemplated the excavation and development of one landfill cell in 2010 to begin receiving all of Toronto’s waste beginning January 1, 2011, two landfill cells in 2011, one landfill cell annually to 2016 and two landfill cells in 2017 and one landfill cell in 2018.

COMMENTS

In order to more efficiently construct landfill capacity for all of Toronto's waste starting January 1, 2011, it is necessary to reorder the excavation and development schedule originally presented in the 2009 Capital Budget. In order to ensure sufficient capacity is always available to manage the City's waste and to construct the new cells in a more efficient manner, Solid Waste has determined it is necessary to reorder the original planned schedule with a reduction from the excavation of two cells in 2017 to one and a corresponding increase in the excavation of two cells in 2010 from one cell.

Based on the revised plan and a review of the seasonal restrictions associated with excavation work and the equipment and skilled resources that must be committed by a contractor, in addition to the mobilization and start up work required to build/upgrade haulage roads, prepare soil stockpile areas and prepare drainage facilities it was determined it is more operationally and cost efficient for the City to issue a contract for the construction of multiple cells. As a result, a Request for Qualification (RFQ) has been issued for the excavation of three (3) cells with work beginning no later than May 2009.

Capital Budget Requirements

Staff are requesting that the existing 10-Year Capital Plan & Forecast for the Green Lane Landfill be adjusted to accommodate 2 cells in 2010 by advancing funding in the amount of \$0.5 million in 2009 and \$3.0 million in 2010 for a total amount of \$3.5 million from 2017. There will be no net impact on the approved 10 Year Plan as a result of rescheduling of the work.

In order to award the required work, staff are also requesting approval to commit the 2009 and 2010 revised cashflows for the Green Lane Landfill. These commitments will allow staff the ability to award all three cells to the lowest bidder meeting specification and thereby ensuring all required space is excavated in the timelines required while realizing potential savings to the City due to the economies of scale.

The realignment of the Green Lane capital plan for the excavation of three cells is in the best interest of the City as it provides sufficient space to meet the City's disposal needs in 2009 and prepares the landfill for the receipt of all of the City's waste starting in 2011.

CONTACTS

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SIGNATURE

Geoff Rathbone
General Manager
Solid Waste Management Services

Appendix A – Green Lane Cash Flow Re-allocation and the Impact on the Approved 10-Year Capital Plan (in \$000's)

WBS Element No.	Project/Sub-Project Name	2009	2010	2011	2012	2013	2009 to 2013	2014 to 2018	10-Year Plan & Forecast
CSW007-05-05	Cell Excavation & Base Construction	4,000	4,000	8,000	4,000	4,000	24,000	28,900	52,900
Change	“	500	3,000				3,500	(3,500)	0
Revised	“	4,500	7,000	8,000	4,000	4,000	27,500	25,400	52,900

\$3.5 million will be advanced from 2017. New commitments required are \$0.5 million in 2009 and \$7.0 million in 2010. The funding source is the Waste Management Reserve Fund. As a result, sufficient funds will be available for all excavation work required in 2009 and will ensure no impact on critical start-up timelines. This will result in 3 cells being ready for 2011.