



**STAFF REPORT
ACTION REQUIRED**

City Transfer Stations: Loading Services and Fees

Date:	March 24, 2009
To:	Public Works and Infrastructure Committee
From:	General Manager, Solid Waste Management Services
Wards:	All
Reference Number:	p:/2009/swms/April/009PW

SUMMARY

The purpose of this report is to seek approval to:

1. provide private sector waste collectors and haulers with waste loading services for the transportation and final disposal of their commercially collected waste through the City’s transfer station network and set a fee and payment process for this service; and,
2. implement new transfer station fees and update others.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services, recommends that:

1. City Council authorize the General Manager, Solid Waste Management Services to provide waste loading services to the private sector for waste generated within City boundaries and within the Regions of Peel, York and Durham at a rate of \$13.00 per tonne, exclusive of G.S.T. beginning May 1, 2009;
2. Subject to the adoption of Recommendation 1, City Council approve the financial procedures outlined in Attachment 1 and authorize the General Manager to apply these procedures to all customers wishing to utilize the City’s waste loading services;
3. City Council authorize the General Manager to apply the financial procedures set out in Attachment 1, with any necessary modifications, to all transfer station and Green Lane Landfill customers;

4. City Council adopt the transfer station fee of \$100.00 for the new category of recyclable leaf and yard waste greater than 7.5cm (3”) in diameter shown in Attachment 2; and
5. City Council confirm the revised transfer station fees based on axle weights as shown in Attachment 2;
6. This report be forwarded to Budget Committee;
7. City Council amend the 2009 Approved Operating Budget for Solid Waste Management Services as indicated in the Financial Impact section of this report.

Financial Impact

The proposed \$13.00 per tonne rate charged to customers for waste loading services is consistent with the 2009 budgeted rate for the same services provided by the City to Peel Region. The Peel Region price was originally developed to cover the City’s estimated costs for the receipt and loading of their waste onto transfer trailers for final disposal. Therefore, no additional costs will be incurred by the City to provide this service to the other customers. Collection, haulage and final disposal costs will be borne entirely by the customers.

Annual revenue received from service fees associated with transferring private sector waste will depend on the demand by the private sector for such services. However, Solid Waste Management Services (SWMS) estimates that approximately 75,000 tonnes of private sector waste from Toronto, and the Regions of Peel, York and Durham may be available annually for transfer. This equates to annual revenue of \$975,000 (at \$13.00 per tonne). Assuming the provision of this service begins May 1, 2009. SWMS Transfer Station Operations will potentially realize additional revenue of approximately \$650,000 which will be offset by an increase in the contribution to the Waste Management Reserve Fund. SWMS will review and monitor the demand for this service annually and include financial implications in future Operating Budget submissions.

The addition of leaf and yard waste material greater than 7.5 cm (3”) in diameter, will result in approximately 300 tonnes of additional material being managed, resulting in \$30,000 in additional revenue which will be offset by \$30,000 in additional expenditures.

To reflect these anticipated changes which have a net zero impact on the Operating Budget, it is recommended that the 2009 Approved Operating Budget for SWMS be amended as follows:

Cost Centre	Cost Element	2009
SW0800 BERMONDSEY TS OPERATIONS	6030 CONT TO RES FNDS	200,000
SW0810 INGRAM TS OPERATIONS	6030 CONT TO RES FNDS	200,000
SW0835 COMMISSIONERS TS OPERATIONS	6030 CONT TO RES FNDS	250,000
SW0767 EMERALD ASH BORER - TRANSFER	4403 C. SVCS-MACH & EQUIP	30,000
Total Expenditures		680,000
SW0800 BERMONDSEY TS OPERATIONS	8580 DUMP FEES-WASTE-SWM	200,000
SW0810 INGRAM TS OPERATIONS	8580 DUMP FEES-WASTE-SWM	200,000
SW0835 COMMISSIONERS TS OPERATIONS	8580 DUMP FEES-WASTE-SWM	250,000
SW0825 DUFFERIN TS OPERATIONS	8590 DUMP FEES-RECYC-SWM	30,000
Total Revenues		680,000

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

ISSUE BACKGROUND

In March 2001, the Region of Peel approached the City of Toronto regarding the potential use of the Disco Road Transfer Station for the transfer of Peel Region's waste from collection vehicles to transfer trailers for final disposal as the Region did not have the infrastructure necessary to accommodate the transfer of their waste for haulage.

The agreement with the Region of Peel was contingent on (a) the existence of a contract between Peel and a licensed hauler for haulage and a licensed landfill for disposal of Peel waste from the Disco Transfer Station and (b) the ability of the City to meet all Ministry of the Environment Certificate of Approval requirements.

At its meeting of October 2, 3, and 4, 2001, City Council approved Works Committee Report No. 14, Clause 7, authorizing the Commissioner of Works and Emergency Services in consultation with the City Solicitor to negotiate a formal agreement with the Region of Peel for its use of the Disco Transfer station for the transfer of a portion of the Region of Peel's municipal waste for final disposal. The contract with the Region of Peel is still in effect.

City Council Decision Document can be viewed at <http://www.toronto.ca/legdocs/2001/agendas/council/cc011002/wks14rpt/cl007.pdf>

On October 12, 2001, the Ministry of the Environment approved the City's application to amend the Certificates of Approval for all its transfer stations to include the Regions of Peel, Durham and York.

On September 28, 29 and 30 and October 1, 2004, City Council adopted Municipal Code Chapter 846, Waste Transfer Stations and authorized the amendment of Chapter 441, Fees and Charges, to include fees or charges for services at transfer stations.

On April 20 and 23, 2007, City Council adopted, as amended, Executive Committee Item 7.1, which authorized the increase in waste tip fees from \$95.00 to \$100.00 per tonne and recycling tip fees from \$50.00 per tonne to \$75.00 per tonne.

COMMENTS

Waste Loading Services

SWMS has a network of 7 transfer stations servicing all areas of the City. The City's Ministry of Environment Certificate of Approval allows for an annual maximum waste receipt and transfer at each transfer station from within the City limits and from the Regions of Peel, Durham and York. Both paid waste and Region of Peel waste have decreased year over year since the closure of Keele Valley. Therefore, this capacity surplus within the City's transfer station network has created an opportunity to manage additional waste without increasing existing resources. The provision of waste loading services will benefit the City of Toronto by continuing to optimize the existing transfer station network and its resources, while providing an additional revenue stream that can potentially be used to offset costs associated with future diversion programs.

In an effort to optimize the existing infrastructure, staff reviewed the ability to receive waste at the City's sites from the private sector whereby the City's only responsibility for these types of customers will be loading of their waste onto the customers' contracted haulage trailers bound for their contracted waste disposal sites. The City will not bear the operational, financial or environmental responsibility for the haulage and disposal of this waste. This service will attract customers who do not have the necessary infrastructure to accommodate the transfer of all their waste for haulage and final disposal. SWMS estimates that approximately 75,000 tonnes annually is available for this service. SWMS is requesting approval to initiate this service beginning May 1, 2009. If approved, the estimated additional revenue in 2009 of \$650,000. will be offset by an equivalent contribution to the Waste Management Reserve Fund.

Implementation of this service will also provide for an overall increase in the operational flexibility at the Transfer Stations to allow for the future segregation of commercial waste to alternate disposal or processing sites if beneficial to the City of Toronto.

Any waste loading services provided to the private sector will be contingent on the existence of contracts between the customer, a licensed hauler and a licensed landfill operator, and the ability of the City to meet all Ministry of the Environment Certificate of

Approval requirements for throughput tonnages. The City will reserve the right to request confirmation/proof of valid contracts on a regular basis and set a minimum tonnage threshold to be received from any individual licensed hauler.

Financial Procedures

In addition to the requirement for hauler and landfill contracts, each customer wishing to purchase waste loading services from the City will be required to post a Letter of Credit and pay a monthly invoice as per the terms and conditions of the City of Toronto. This requirement is necessary to protect the City by ensuring sufficient available security to haul and dispose of waste in the event a customer does not send their contracted hauler to pick up its waste or does not pay an invoice in the allotted timeframe.

Because of the current economic situation, SWMS believes that credit checks may also be necessary to determine whether the normal security amount as set out in paragraph (d) of Attachment 1 is sufficient or whether a larger letter of credit should be obtained when the credit check is unsatisfactory. It is recommended that the procedures in Attachment 1 be adopted not only for waste loading customers, but for other transfer station customers and Green Lane Landfill customers as well.

The conditions related to financial security are outlined in Attachment 1.

The requirements in Attachment 1 are consistent with requirements for charge accounts for the disposal of waste and materials at all City Transfer Stations and the Green Lane Landfill with the exception of the option to increase the amount of the security if a credit check is unsatisfactory.

Transfer Station Fee Adjustments

In addition to the recommended new fee for private sector waste collectors and haulers two other transfer station fees require adjustment:

Fee for Recyclable Material Loads – designated Transfer Stations:

Transfer Stations have restricted recyclable leaf and yard waste material to 7.5 cm or 3” in diameter or less. However, in 2008, the City received an Order from the Canadian Food Inspection Agency (CFIA), which prevents citizens from moving firewood from any tree species outside of the City of Toronto, as a result of an infestation from the Emerald Ash Borer. As a result, Transfer Stations determined a need to receive larger body wood and tree limbs at the Dufferin Station. Although this material will be sent for composting along with other leaf and yard waste material, it requires additional mechanical grinding. Regular leaf and yard waste has a tipping fee rate of \$75.00 per tonne; however, to offset the additional expense with handling larger body wood and tree limbs, a new tipping fee of \$100.00 per tonne is required for this material. This will result in approximately 300 tonnes of additional material being managed, resulting in

\$30,000 in additional revenue which will be offset by \$30,000 in additional expenditure. This new fee is shown in Attachment 2.

Alternative Transfer Station Fees Based on Axle Weights

When the weigh scales are unavailable for any reason, axle weights are used as a method of calculating weights of loads delivered to transfer stations. Transfer station fees based on this calculation method were included in Municipal Code Chapter 441, Fees and Charges, Appendix A, Waste Collection and Disposal Fees and Water and Sewage Usage Rates. When an increase in the waste tipping fee and recycling tipping fee was authorized in 2007, the increased fee per load was implemented through By-law No. 705-2007. The increase was not, however, shown in the base axle weight rate for circumstances where the weigh scales are not operating, and was therefore not carried into the calculations for heavier axle weights. Changes in the axle weight rates, using a base rate of \$100.00 instead of \$95.00 per 1,000 kg for Waste Loads and a base rate of \$75.00 instead of \$50.00 per 1000 kg for Recyclable Material Loads, are shown in Attachment 2. SWMS will utilize an axle rate charge only in the unlikely event of a temporary weighscale failure and as such, these rates are not used for the basis of revenue projections and changes to these rates will not have a material impact on the approved 2009 Operating Budget.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1 – Financial Security Requirements for Waste Loading Customers
Attachment 2 – Transfer Station Fees