



STAFF REPORT ACTION REQUIRED

Contract Extension for Region of Peel Waste Transfer Agreement

Date:	May 3, 2010
To:	Public Works and Infrastructure Committee
From:	General Manager, Solid Waste Management Services
Wards:	All
Reference Number:	p:/2010/swms/May/013PW

SUMMARY

The current contract between the Region of Peel (Peel) and the City of Toronto to transfer Peel residual non-hazardous waste through the City of Toronto's Disco Transfer Station will be expiring in July 2010. Peel has requested that the current arrangement continue for approximately an additional 5 years and 6 months under the same general terms and conditions.

The purpose of this report is to obtain City Council approval to enter into a contract with Peel, for the transfer of Peel residual non-hazardous waste through the City of Toronto's Disco Transfer Station, for a term ending on December 31, 2015 under the same general terms and conditions as the existing contract.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services recommends that:

1. the General Manager, Solid Waste Management Services be authorized to execute an Agreement with the Region of Peel for the Transfer of Region of Peel residual non-hazardous waste through the Disco Transfer Station on terms and conditions substantially as set out in the draft agreement in Attachment 1 and otherwise on terms and conditions satisfactory to the General Manager, Solid Waste Management Services and in a form satisfactory to the City Solicitor for a term from July 12, 2010 to December 31, 2015.

Implementation Points

Peel will be forwarding a report to the Peel Region Committee from its Commissioner of Public Works requesting authority to enter into this Agreement. Its report will be going forward on June 3, 2010.

Financial Impact

For the period July 12, 2010 to December 31, 2010, the expected revenue from Peel Region Waste is \$230,300 excluding GST or HST. The approved 2010 Operating Budget will accommodate the estimated cash flow for July to December in cost center SW0805-8580. Future year Operating Budget submissions will be adjusted as required. Total revenue over the term of this Agreement is \$2.674 million.

The estimated annual revenue during the term of the Agreement, based on the estimated tonnage shown below, net of GST or HST, is as follows:

Year	Rate per Tonne ¹	Estimated Annual Tonnage	Revenue
	\$		\$
July 12 – Dec 31, 2010	13.16	17,500	\$230,300
2011	13.42	35,000	\$469,700
2012	13.69	35,000	\$479,150
2013	13.96	35,000	\$488,600
2014	14.24	35,000	\$498,400
2015	14.52	35,000	\$508,200
Total	13.89	192,500	\$2,674,350

¹ The current 2010 Rate is \$13.16 per tonne. The contract terms and conditions contain a rate escalator based on the year-over-year change in the Consumer Price Index. For the table above the annual rate escalation is estimated at 2%.

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

DECISION HISTORY

The authority for the previous and existing Agreement with Peel can be found at:

Report No. 2, Clause 7 “Transfer Service Fee Agreement with Region of Peel for Use of Disco Transfer Station” of the Works Committee, as adopted by the Council of the City of Toronto at its meeting held on February 13, 14 and 15, 2002, can be viewed at:

<http://www.toronto.ca/legdocs/2002/agendas/council/cc020213/wks2rpt/cl007.pdf>

At its City Council meeting on July 16, 17, 18 and 19, 2007, adopted the following motions “PW7.17 - Contract Extension for Region of Peel Waste Transfer Agreement”, can be viewed at:

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-07-16-cc11-dd.pdf>

ISSUE BACKGROUND

Peel requires transfer capacity for excess weekly residual non-hazardous waste that cannot be managed at its incinerator or through its transfer operations due to capacity limitations. The City is currently providing waste transfer services to Peel under an agreement that commenced on July 12, 2002 and was extended and amended in 2007. That agreement will end on July 11, 2010.

The City of Toronto has existing infrastructure and capacity to provide transfer capacity to Peel, and the proximity of the Disco Transfer Station to the border with Peel has provided the City of Toronto the opportunity to provide this service to Peel.

COMMENTS

The recommended Agreement with Peel requires the City to receive residual non-hazardous waste from Peel at the Disco Transfer Station. The City is responsible for loading the waste onto a tractor trailer provided by Peel. Peel is responsible for all shipping and final disposal of the waste.

The current contract term expires on July 11, 2010. Peel has requested that the current arrangement continue until the end of 2015 under the same general terms and conditions as the existing contract. Either party may terminate the Agreement with 12 months notice.

The recommended Agreement does not obligate the City to provide service if the Transfer Station will exceed its capacity, and Peel is not required to provide any minimum or maximum tonnage. The City and Peel will mutually indemnify and save harmless its officers, elected officials, contractors, agents, servants and employees. Arrangements for the cost of dealing with unacceptable loads have changed because the proportions for sharing costs in the original agreement were based on previously forecasted volumes. Peel's volumes have since decreased, so the City will now accept a larger share of such costs. No increase in City costs is predicted as a result of the change.

In exchange for waste transfer service, Peel will pay the City of Toronto \$13.16 per tonne in 2010. The price will change annually in accordance with changes in the Consumer Price Index.

CONTACT

George South, Director, Transfer and Disposal Operations, Solid Waste Management Services, Telephone: 416-392-4687, Fax: 416-397-1348, E-mail: gsouth@toronto.ca

SIGNATURE

Geoff Rathbone
General Manager
Solid Waste Management Services

ATTACHMENTS

Attachment 1 – Draft Agreement with the Region of Peel